

FEBRUARY 1950

SURVEY OF

CURRENT
BUSINESS

*Annual
Review
Number*



U. S. DEPARTMENT OF COMMERCE

OFFICE OF BUSINESS ECONOMICS

SURVEY OF CURRENT BUSINESS

Vol. 30



No. 2

FEBRUARY 1950

The Economy in Adjustment

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Published by the Department of Commerce, CHARLES SAWYER, Secretary. Office of Business Economics, M. JOSEPH MEEHAN, Director. Subscription price, including weekly statistical supplement, \$3 a year; Foreign \$4. This issue 30 cents. Send remittances to any Department of Commerce Field Office or to the Superintendent of Documents, United States Government Printing Office, Washington 25, D. C. Special subscription arrangements, including changes of address, should be made directly with the Superintendent of Documents. Make checks payable to Treasurer of the United States.

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The Economy in Adjustment

A REVIEW OF 1949

NINETEEN FORTY-NINE was another year of high production, income, and employment. The output of the economy was as large as in 1948 in real terms. Major changes from the earlier postwar period occurred in the disposition of output, however, and in the trend of economic activity—which in the first half moved downward for the first time since the reconversion shift from war to peace output 3 years earlier.

Two preceding full-employment years in which an unusual proportion of output was laid aside for capital accretion had eliminated a great part of the backlog investment demand arising from the war. Swift accumulation of inventories from 1946 through 1948 had brought aggregate business stocks into adequate relation with sales by the end of that period, and in many industries the most urgent needs for expansion in plant capacity and equipment had also been met.

In 1949, the proportion of current output devoted to capital formation was sharply reduced, to a moderate extent because of declining plant and equipment expenditures and net foreign investment, but largely because the inventory buildup of the year before ceased and was succeeded by some liquidation of stocks. Lower capital formation, with the continuance of total output at about the same high volume as in the previous year, permitted a small increase in the flow of goods and services to consumers, at the same time that there was a marked expansion in purchases by all levels of government. On the whole, the consumer on a per capita basis

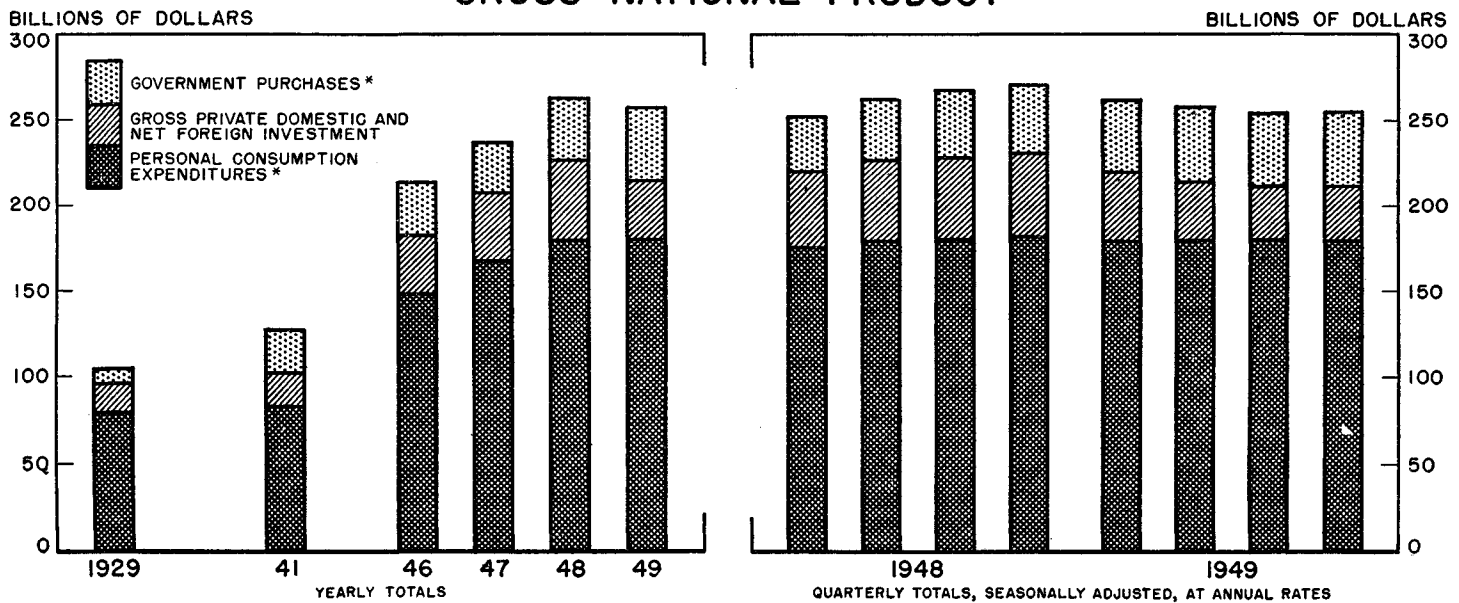
fares at least as well as in any other year, especially when the intangibles of quality, choice, and the previous difficulties of meeting his wants under conditions of short supply are considered.

• Better balance between supply and demand

The reduced need for domestic investment, a lessening of foreign demand in our markets as fewer dollars were available to foreign countries, and some diminution in the urgency of consumer requirements for most types of durable goods and for some nondurables, reduced the pressure of aggregate demand. Simultaneously, the improved availability of raw materials, the expansion in the labor force, and the continuing large volume of plant and equipment expenditures expanded total productive capacity. The easing of demand and growth of capacity brought a better balance in supply-and-demand relationships which was reflected in a moderate lowering of prices. The beginnings of these developments had already been evident before the close of 1948.

The modest extent of the price change—1 percent in consumer prices and 6 percent in wholesale commodity prices on a year-to-year basis, although more from monthly peak to trough—was due not only to the maintenance of final demand despite the changes noted, but also to the fact that

GROSS NATIONAL PRODUCT



U. S. DEPARTMENT OF COMMERCE, OFFICE OF BUSINESS ECONOMICS

* INCLUDE GOODS AND SERVICES

50-29

major elements in the cost structure remained relatively stable. Labor costs were affected by slightly higher wage rates and increased supplementary benefits, which served to counteract savings from improved productivity and reduced overtime. Transportation costs were higher and overhead costs, including business rent, were marked by little or no change.

Except in agriculture, where prices and income were sharply down from the extraordinary levels of the previous years, price declines were insufficient to affect business earnings from current production very much. Because of the shift in price trends, however, corporate profits and profit margins were substantially reduced when conventionally measured so as to include inventory profits and losses.

• *Downward adjustment in first half*

The shift from inventory rebuilding, which had absorbed output at a high rate in the fourth quarter of 1948, to some inventory liquidation by the second quarter of 1949 provided a severe test of the strength of the economy in the first half of the year. Business investment in plant and equipment and residential construction were also sliding off in the first half. During this period industrial production fell, unemployment increased from the minimal levels prevailing in the preceding 2 years of labor scarcity, and many prices yielded ground.

However, the impact of the adjustment was largely limited to the segments of economic activity directly affected by the decline in investment—particularly manufacturing, mining, and transportation of goods—although agricultural prices, which were affected by other factors, were also moving downward. Moderating the investment impact was an expansion in government buying, while government operations in such fields as farm price supports, lending operations, and unemployment insurance—together with declining tax revenues—exerted a supporting influence in many sectors of the economy.

Supported by sustained high disposable income of consumers and stimulated by an expanding flow of automobiles for which backlog demand continued unsatisfied, aggregate consumer spending, comprising two-thirds of gross national product, held firm. The impact of reduced investment spending was absorbed without touching off a wave of secondary effects elsewhere in the economy such as has at other times instituted a downward spiral of deflation.

• *Stabilization of economy in second half*

By midsummer, the decline in aggregate investment had been checked. The rate of inventory liquidation began to diminish as the underlying core of demand made necessary a revival of business orders, and substantial recovery occurred in residential construction for which the backlog of demand continued large.

During the last half of the year these two favorable factors approximately offset further declines in business expenditures for producers' durable equipment and nonresidential construction, and a reduction in foreign investment. Concurrently with the stabilization of aggregate investment, however, the expansion of government buying ceased. With these formerly dynamic factors at comparative rest during the second half of the year, sales, production, employment and prices were nearly stable in most industries. Some increases were appearing, particularly in industrial segments, and such declines as continued—as in agricultural prices—were taking place at a diminished rate.

The year was thus divided into two dissimilar periods. The first half was one of adjustment from the inflationary movement of the earlier postwar period which had culminated late in 1948. The adjustment is seen in retrospect to have been remarkably mild insofar as the over-all situation is concerned, though it sharply affected individual business concerns and to some extent whole industries, and brought lessened employment opportunities for labor. The second half was one of over-all stability within which were embraced moderate advances in some of the earlier declining segments. As a whole the year's results, in terms of real production, were practically on a par with those of 1948.

• *Personal sector stable*

A feature of the year's developments was the extraordinary stability of the consumer sector. A slight down trend in personal income was associated with the farm component; monthly data for nonagricultural income showed an extreme variation between the high and low month of only 2 percent, and 11 of the 12 months were within a 1-percent range. Consumer expenditures, available only quarterly, showed virtually no variation at all, while monthly data for total retail sales confirmed the quarterly stability. Accompanying the steadiness of consumer income and outlays, the monthly index of consumer prices showed only minor changes during the year.

With their January 1949 positions somewhat below the 1948 peaks, personal income, retail sales, and consumer prices all averaged a little less in 1949 than in 1948. Disposable personal income was maintained, despite the small reduction in personal income, because of lower personal taxes. Personal consumption expenditures and personal savings were also the same as in 1948. The reduction in consumer prices was such as to indicate an increase of about 1.6 percent in the real flow of goods and services moving to consumers.

• *Diversity of economic movements*

Among the myriad of detailed economic series many were higher in 1949 than in 1948, while many others were lower. This circumstance is apt to yield an impression of extraordinary diversity of economic behavior in this period. To some extent this impression is, indeed, valid, for the 1949 adjustment struck heavily at some areas of the economy while leaving others untouched.

Nevertheless, it should be pointed out that if rates of change, rather than merely direction, are taken as the significant measure of variation, the differences in movement were not notably greater in 1949 than in previous years. In 1947 and 1948, for example, the dispersion had been against a background of sizable increases in aggregate production, average prices, and other summary measures. These general measures changed relatively little from 1948 to 1949.

It is with this caution as a preliminary that subsequent sections of this review record the diversity of experience in various fields. Thus, it is pointed out that consumer expenditures for automobiles and services were higher, but current dollar expenditures on most commodities decreased. In industrial production, manufactured foods, automobiles, and aircraft, among others, were above 1948, but a majority of industries were lower. In the field of construction activity, public, institutional, and utility construction were higher, residential construction was little changed, and industrial and commercial construction were down. Employment outside manufacturing was above 1948 in the aggregate, but the contraction in manufacturing was sufficient to carry with it the all-industry total.

Prices, both at wholesale and those paid by consumers, displayed a similarly mixed pattern. Price declines were largest, most pervasive, and most continuous in the volatile field of farm products and foods, which prices had paced the war and postwar rise. Among industrial commodities for which wholesale quotations are available, declines outnumbered advances during the period of adjustment in the ratio of 3 to 2 (with about one-fifth of all quotations unchanged), and the average for retail commodities was slightly lower. The predominant movement in the prices of consumer services was upward. In general, prices which had advanced most in preceding years fell farthest in 1949, while those which had previously advanced least continued upward, so that on the whole the price structure moved closer to prewar relationships.

● *Position at year end*

In view of the shifting pattern of business behavior over the course of the year and of the divergent trends of various economic indicators, it is desirable to summarize the position of the economy as the year ended.

In the fourth quarter of 1949, the gross national product in current dollars was 6 percent below the fourth quarter of 1948, its peak. The decline in physical terms was much smaller. Employment in December was down a little more than 1 percent from the end of 1948. Retail sales were slightly below the previous year in dollar amount, but in physical terms they were a little higher. From December

1948 to December 1949 consumers' prices were off 2 percent and wholesale commodity prices 7 percent.

The year concluded with a tone of firmness in most areas of economic activity. The two largest sources of demand for the gross national product—government and consumers—were buying at a stable rate. In the offing for consumers was the non-recurring receipt of the \$2.8 billion National Service Life Insurance dividend and State veterans' bonus payments—to be partly offset, however, by an increase in employee contributions to the Federal Old Age and Survivors' Insurance fund at an annual rate of nearly one-half billion dollars.

The most notable expansionary influence was the markedly rising trend of residential construction, which was beginning to carry commercial construction upward with it. This revival was sufficient to bring total private construction back to its peak by the fourth quarter of 1949. Further, the rate of liquidation of nonfarm business inventories had slackened. With business buying more closely geared to current sales for final use, this major factor of change in 1949 was no longer exercising its retarding influence.

Exerting a contrary force were the steady declines in business purchases of durable equipment, and in industrial construction. Surveys of business plans indicated that these declines would continue into 1950 as backlog demands were further reduced, despite low costs of financing. Also operating on the down-side was the contraction in foreign trade, notably in exports of agricultural products, and in the export balance.

National Income and National Product in 1949

GROSS national product—the market value of the Nation's output of goods and services—amounted to \$257 billion in 1949, as compared with \$262 billion in 1948. The national income, which measures output in terms of earnings accruing from current production, showed a similar movement, from \$226 billion in 1948 to \$221½ billion in 1949.

Production thus continued at a very high rate during the past year. In neither of these major aggregates was the decline in dollar value more than 2 percent. Personal income, which measures all incomes received by persons, including transfers, was maintained even better. The decline was only 1 percent, from \$212 billion to \$210 billion.

When allowance is made for lower prices in 1949, it would appear that the change in the physical volume of production was slight, although evidence is at present insufficient to permit actual measurement. Available data also suggest that in private nonagricultural industries as a whole increases in productive efficiency approximately offset small declines in employment and in the average workweek.

Although aggregate production in 1949 differed little from that in 1948, significant shifts occurred in the use of the Nation's output. These shifts were reflected in variations in the pace of economic activity during 1949 and in the changed pattern of the income flow.

Maintenance of final demand

There were marked differences in movement between the inventory and noninventory elements of national output. In 1948, \$6.5 billion, or 2½ percent of gross national production, was devoted to net additions to business inventories, whereas in 1949 there was a net reduction of \$2.3 billion. Four-fifths of the \$9 billion swing stemmed from the movement of nonfarm business inventories; farm inventories contributed about \$2 billion.

That the total reduction in the value of national production from 1948 to 1949 was slight is attributable to the fact that the flow of goods and services to final purchasers—that is, domestic consumers, fixed capital investors, government, and foreign nations—increased from \$256 billion to \$260 billion. The substantial growth of Federal and State and local government purchases was responsible for the increase. But even exclusive of the government component, final purchases made a favorable showing. Thus, the dollar volume of personal consumption expenditures in 1949 was about the same as in 1948; and the decline in business investment in fixed capital assets, including residential construction, was of moderate proportions.

Reduction in inventories

On a quarterly basis also, final purchases showed a high degree of stability, and fluctuations in inventory investment were the immediate cause of the major changes in the pace of economic activity during the year. The shift from a net inventory accumulation of \$9 billion at annual rates in the fourth quarter of 1948 to a net reduction of \$3 billion in the second quarter of 1949 is reflected in the business recession that developed during this period.

The mildness of the recession—national income and national product declined less than 5 percent—is traceable to the sustained strength of final demand. Inventories continued to be reduced during the second half of the year, but no further shifts in the *rate of change* comparable to those of the first half occurred. In turn, over-all economic activity, as measured by national income and product, was stabilized in the latter part of 1949.

The pattern of the income flow reflected these changes. In the nonfarm sector, the decline in national income was centered in manufacturing, where reduced inventory re-

quirements resulted in a curtailment of production. Income originating in other industrial divisions of this sector was, in general, much better maintained. Farm income shrank sharply, as a consequence mainly of lower agricultural prices.

These salient features of the economic situation are traced in greater detail in the following review of the income and product flows.

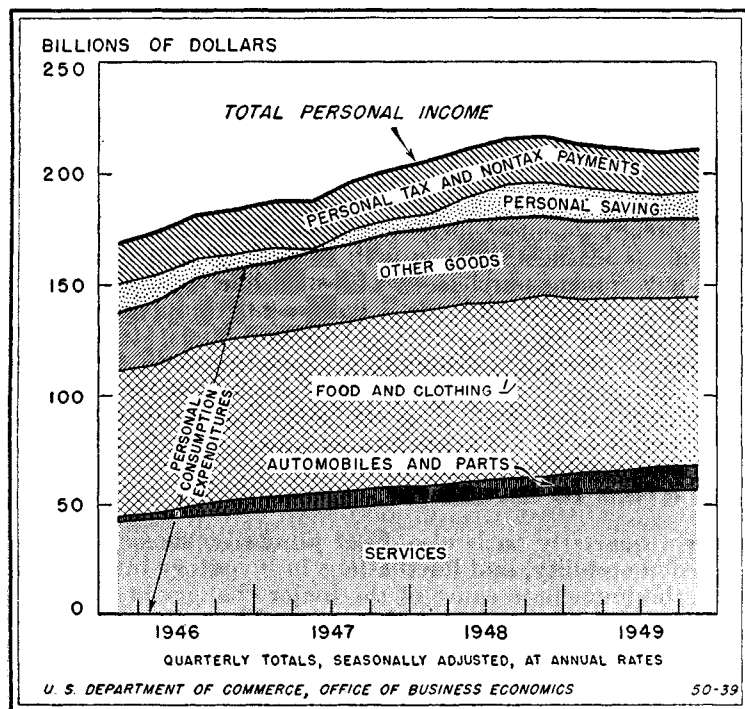
Private Domestic Demand for Gross National Product

Over-all stability of consumption

Personal consumption expenditures last year, at \$179 billion, were about the same as in 1948 in dollar volume and somewhat larger in real terms. After a decline of modest proportions in the first quarter from the record level of the previous year end, the total remained almost constant in each succeeding quarter.

A major cause of this stability, which is depicted in chart 2, was that income available for consumer spending and saving was maintained better than income originating in productive activity. In contrast to the \$5-billion decline in national income, consumer disposable income held up in 1949. Stable disbursements of dividends and other property incomes to individuals in spite of a reduced business earnings, an increase in government transfer payments, and lower individual income taxes were the major factors accounting for the difference.

Chart 2.—Disposition of Personal Income



¹ Includes food and alcoholic beverages, and clothing and shoes.

Source of data: U. S. Department of Commerce, Office of Business Economics.

Also, the ratio of consumption to disposable income firmed, after declining in 1948. In interpreting this evidence of the firming of consumer demand, it should be noted that larger automobile purchases underlay the increase of the over-all income-consumption ratio during 1949. These purchases, still reflecting accumulated shortages, increased in each quarter except the fourth, when model changes interrupted the flow to consumers. For the year as a whole, automobile purchases were \$2 billion, or about one-fourth, above the

total for 1948. The ratio of consumption exclusive of automobiles to income was approximately constant during the year.

The movements of consumer purchases of durables other than automobiles were mixed. Furniture and household equipment sales had sagged in the last quarter of 1948 and continued downward through mid-1949. In the second half of the year, however, there was a partial recovery, led by television sets, but including refrigerators, other appliances and—toward the end of the year—home furnishings. Despite these upswings, purchases of durables other than automobiles declined from \$15 billion to \$14 billion from 1948 to 1949.

Expenditures for nondurables were \$99 billion in 1949 more than \$3 billion below the 1948 total. Purchases of most of these items declined throughout the year. Food and clothing were the major factors in the decrease. Outlays for other nondurable goods also diminished, but not, on the whole, very substantially. The reduction in food expenditures reflected largely price movements, as aggregate volume was approximately maintained. However, retail sales data suggest an appreciable shift towards home consumption. Grocery store sales were scarcely changed from 1948, while sales of eating and drinking places fell 7 percent—nearly twice as much as consumer food prices. Expenditures for apparel were reduced 8 percent from 1948 to 1949, with price and volume factors contributing fairly equally to the decline.

Consumer expenditures for services rose from \$53 billion in 1948 to \$56 billion in 1949, continuing the steady advance of earlier postwar years. Housing, including the imputed rental value of owner-occupied homes, was the biggest single element in the 1949 increase.

Weakening of domestic investment

Both fixed capital formation and business inventory investment declined last year, the former moderately and the latter by substantial proportions. The contrast between them is shown in chart 3, where the solid line indicates total gross private domestic investment, the dotted line fixed investment, and the shaded area between them the change in business inventories. The striking feature of the chart is the rapid shift from inventory accumulation at the rate of \$9 billion annually in the final quarter of 1948 to liquidation in the second and subsequent quarters of 1949.

Fixed investment down moderately

Private fixed investment amounted to \$37 billion in 1949, a reduction of \$1½ billion from the previous year. There was a marked contrast in movement between residential construction and investment in business plant and equipment.

Residential building which, on a seasonally adjusted basis, declined substantially from the third quarter of 1948 into the second quarter of 1949, picked up thereafter and was an expansionary force in the economy during the latter half of the year. Improved opportunities for financing and some success of the building industry in tapping unsatisfied demands for less expensive types of housing appear to have been significant factors in the upturn, although it is not clear that they provide a full explanation. The rapidly expanding secondary mortgage market provided by the Government through the Federal National Mortgage Association undoubtedly contributed to the easing of financing opportunities.

Downward tendencies in most types of plant and equipment expenditures were evident throughout 1949, reflecting the gradual completion of war-deferred expansion programs and probably also the effects of lower sales and profits ex-

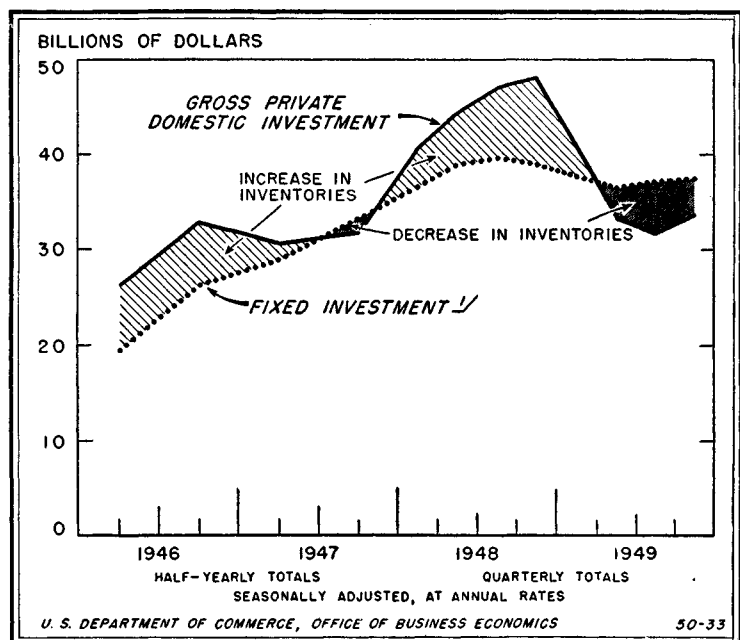
pectations. Industrial building accounted for most of the decline in plant expansion. Commercial construction also fell off during the first 3 quarters, but firmed toward the year end. An exception to the general trend was furnished by public utility construction, which advanced well beyond 1948 levels before tapering off in the fourth quarter.

Business purchases of durable equipment decreased from \$21 billion in 1948 to \$20 billion last year. Industrial machinery constituted the biggest element of this decline, which was concentrated in manufacturing. Railroad investment in rolling stock and other equipment held up well for the year, although it diminished during the latter half. Other transportation industries purchased considerably less equipment than in 1948. Agricultural machinery, while bought in larger dollar amounts last year than in 1948, was in reduced demand during the past several quarters.

Reduced inventory demand

Last year's inventory liquidation of \$2.3 billion was in marked contrast to the accumulation of \$6.5 billion in 1948. By the end of 1948 inventories had been rebuilt after the war depletion to a volume about in line with high post-war sales, and business demand for this purpose dropped.

Chart 3.—Gross Private Domestic Investment



¹ Includes new construction plus producers' durable equipment.

Source of data: U. S. Department of Commerce, Office of Business Economics.

A shift from a situation in which part of current production was being used to build up inventories to a situation in which part of current demand was satisfied by depletion of them occurred rather rapidly, reflecting more cautious buying policies adopted by business generally in the face of uncertainties about prices and sales.

Widespread cut-backs of new orders began in the Fall of 1948 and continued on an accelerated scale until February of last year. With the time lag involved in altering business commitments, production was lowered in response to smaller orders. As has been pointed out earlier, current demand other than for inventory purposes was relatively well maintained, and as a consequence the part of production which went into inventory accumulation was greatly reduced in the first quarter of 1949. In the second quarter, a moderate inventory liquidation occurred as production was cut below the prevailing rate of total final purchases.

Maintenance of a high level of final purchases led to an increase in business purchasing to a volume in line with this sustained final demand. This was evidenced by the sharp pick-up of manufacturers' new orders in August and September. Despite this firming, production in each of the last 2 quarters remained lower than consolidated business sales. This reflected the normal lag in adjusting production to demand, as well as special factors interrupting production, such as the steel strike. Thus, the drawing down of inventories continued, but no fluctuations in net inventory purchases comparable to those of the first half of the year occurred.

Liquidation of nonfarm inventories for 1949 as a whole occurred mainly in manufacturers' stocks. Retailers and wholesalers reduced their inventories during the first half of 1949. In the second half, a further moderate liquidation of retail holdings occurred, while wholesalers more than restored their stocks. At the end of the year, trade inventories combined were only slightly lower in physical volume (although much lower in book value) than at the close of 1948.

The farm inventory change was minus \$½ billion last year, as compared with plus \$1½ billion in 1948. The shift in farm holdings reflected an increased physical volume of crop marketings, coupled with somewhat lower crop production. Livestock inventories showed a slight increase. It should be noted that increased price-support acquisitions by the Federal Government, which are included in farm marketings, were responsible for part of the difference in farm inventory movements in the last 2 years. Total crop carryovers, inclusive of Government holdings, increased further in 1949, although not so sharply as in 1948.

Foreign Demand and the Role of Government

Last year's decline in private domestic purchases of the Nation's output was largely offset by expanded purchases of the Government sector. The Federal and State and local governments absorbed goods and services valued at \$43 billion in 1949, as compared with \$37 billion the previous year. Net foreign investment, the remaining component of the gross national product, declined from \$2 billion to approximately zero.

Large-scale financing by the Federal Government of foreign purchases of American output deprives the conventional distinction between "Government purchases" and "net foreign investment" of some of its significance, and makes it desirable during the postwar years to consider these components of aggregate demand jointly. For example, a shift from loans to grants in financing foreign aid will cause an increase in Government purchases and an offsetting decline in net foreign investment, because foreign grants are included in the former category, whereas loan-financed exports are reflected in net foreign investment. While such a shift would not be without significance, it would not necessarily reflect changes either in the flow of goods and services or in the basic sources of effective demand, and would be misleading if these are the focus of interest. Shifts of this type were not substantial from 1948 to 1949, but they were in earlier postwar years, and allowance should therefore be made for them.

This is done in chart 4, which breaks down the sum of the conventional classifications of Federal purchases and net foreign investment (top panel) to show, first, the net international flow of goods and services—irrespective of the source of financing—as distinct from Government purchases for domestic purposes (middle panel); and, second, the net international flow of goods and services, exclusive of foreign aid as distinct from Federal purchases inclusive of all foreign aid, loans as well as grants (bottom panel). The last

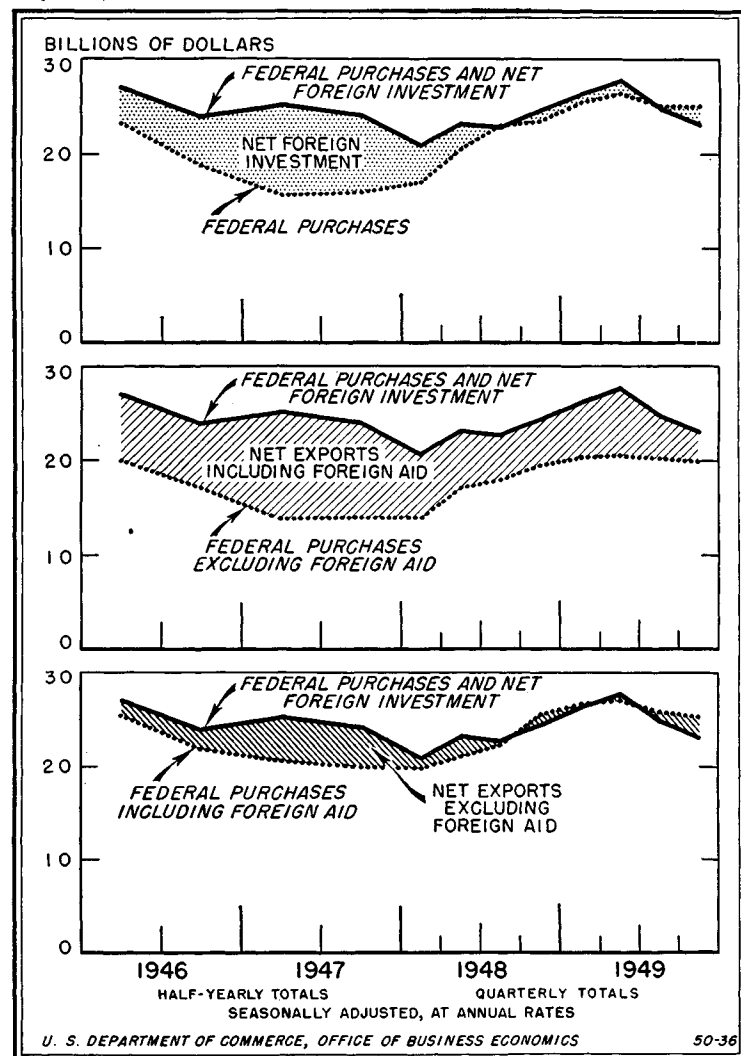
panel is the closest statistical approximation to a break-down reflecting the basic sources of effective demand, and hence is best adapted for analyzing the fiscal impact of the Federal Government.

Drop in commercial exports

It is clear from this panel that commercially financed foreign demand, already far down from earlier postwar years by 1948, slackened further last year, especially in the latter half. The exceptional volume of exports characteristic of our postwar foreign trade reflected primarily the enormous needs of war-devastated economies abroad, and

Chart 4.—Break-downs of Federal Government Purchases of Goods and Services, and Net Foreign Investment

NOTE.—U. S. Government foreign aid excludes United States subscriptions to capital of the International Bank for Reconstruction and Development and the International Monetary Fund, but includes dollar disbursements by these organizations.



Source of data: U. S. Department of Commerce, Office of Business Economics.

was supported not only by large-scale assistance from the U. S. Government, but by a very heavy drawing-down of gold and dollar reserves. By 1949, these reserves had approached low levels, and a further shrinkage in the second quarter was followed by nearly world-wide devaluation of currencies in the Fall. As a reflection of these critical developments abroad, there was a large reduction of American exports after midyear, with some restoration of foreign countries' gold and dollar reserves by the year end.

Expansion of Government purchases

The dotted line in the lowest panel of chart 4 reflects Federal Government purchases, inclusive of all foreign aid. It will be seen that an expansion began early in 1948, and that purchases increased through the first half of 1949, tapering off thereafter. A few major programs were primarily responsible for this large growth. Chief among them were military procurement, foreign aid, and agricultural price support activities.

Military expenditures rose rapidly from the third quarter of 1948 through mid-1949, after which they were stabilized by economy measures in the National Military Establishment. Foreign aid, relatively low in the second quarter of 1948 after exhaustion of the British loan, expanded again with initiation of the European Recovery Program, reaching a peak in the second quarter of last year. Farm price support outlays for the calendar year exceeded those for 1948, although on a seasonally adjusted annual rate basis they did not rise beyond the previous fourth quarter. There was also a moderate expansion of public works and pay rolls, with increases in both civilian and military pay rates contributing to the latter.

State and local government expenditures advanced throughout the year, so that total purchases in 1949 were \$2 billion above 1948. Principal components of this growth were increased compensation of employees and a growing volume of school, highway, and other new construction.

Changes in fiscal position of government

The influence of government expenditures and receipts upon the economy in the past 2 years was not confined to the expansionary force of increased purchases. Other expenditures, such as transfer payments, as well as changes in government receipts, provided significant support to private components of aggregate demand through their effects upon individual and corporate incomes. A comprehensive summary of all these transactions is provided by the course of the government surplus or deficit.

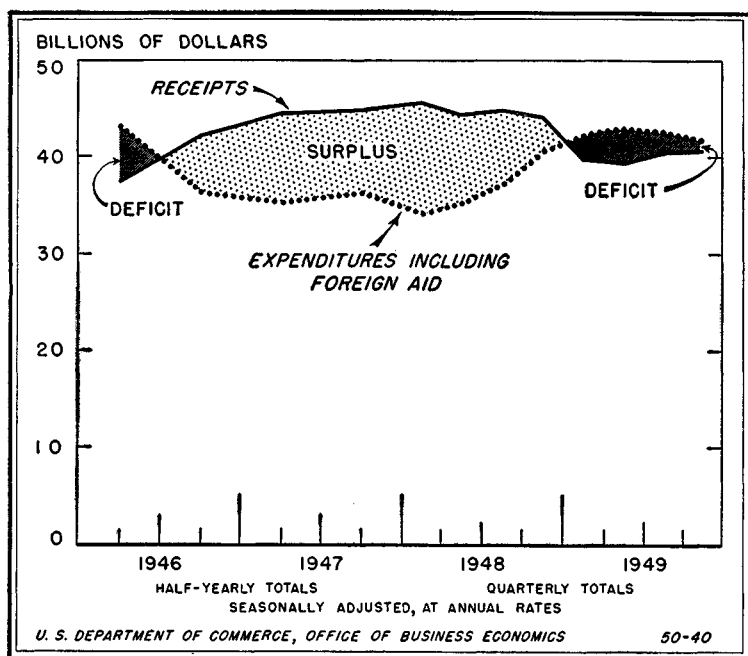
Federal, State, and local governments together, after showing a combined surplus (as measured in the context of the national income accounts) of \$8½ billion in 1948, incurred a deficit of \$3 billion last year. Federal Government components of this shift are illustrated, in broad outline, in chart 5. The State and local contribution, not shown in the chart, was of lesser magnitude, but reinforced the Federal movement during the past 2 years.

Some of the changes summarized in the shift from surplus to deficit were such as to provide independent stimulus to the private economy, while others were linked explicitly to a falling-off of business activity. Only the former type can fully offset downward trends in the private sector. The latter may have a cushioning effect, but can occur only to the extent that the declines with which they are associated materialize.

For example, personal incomes were supported in 1949 by a \$1 billion rise in transfer payments. This rise, however, consisted mainly of unemployment insurance benefits and was predicated entirely upon the actual growth in unemployment. It eased the impact of the latter upon personal incomes, but could not entirely replace the ensuing loss of wages. Similarly, the fall of \$2 billion in corporate profits tax accruals was in response to a decline of book profits.

On the other hand, a reduction of \$2.8 billion in Federal personal taxes stemmed mainly from year-end settlement of individual income tax liabilities at rates lower than those applicable in 1948, and tended to bolster disposable personal income independently of influences from other sources. With the exception of price-support operations activated by falling

Chart 5.—Federal Government Receipts and Expenditures¹



¹ Receipts consist of personal tax and nontax receipts, corporate profits tax accruals, indirect business tax and nontax accruals, and contributions for social insurance. Expenditures consist of purchases of goods and services, net foreign loans, transfer payments, grants-in-aid to State and local governments, net interest paid, and subsidies less current surplus of government enterprises.

Source of data: U. S. Department of Commerce, Office of Business Economics.

farm prices, that part of the fiscal shift embodied in expanding purchases of goods and services also contributed directly to private incomes regardless of existing trends in the latter.

National Income by Industries

Despite the relative stability of the national income from 1948 to 1949, there were significant shifts in its distribution by industrial origin. As shown in table 1, there were sizable declines in income originating in agriculture, mining, and manufacturing. Marked increases, on the other hand, occurred in government and in communications and public utilities. Comparatively minor changes were recorded for the other industrial divisions.

Table 1.—National Income by Major Industrial Divisions, 1948 and 1949¹

[Billions of dollars]

Item	1948	1949	Absolute change, 1948-49	Percentage change, 1948-49
All industries, total.....	226.2	² 221.5	-4.7	-2.1
Agriculture, forestry, and fisheries.....	22.5	17.9	-4.6	-20.4
Mining.....	4.9	4.1	-.8	-17.1
Contract construction.....	10.2	10.3	.1	1.1
Manufacturing.....	68.2	64.6	-3.6	-5.3
Wholesale and retail trade.....	45.1	45.3	.2	.5
Finance, insurance, and real estate.....	16.7	17.3	.6	3.4
Transportation.....	12.2	11.8	-.4	-3.2
Communications and public utilities.....	5.9	6.6	.7	11.3
Services.....	20.0	20.9	.9	4.4
Government and Government enterprises.....	20.0	22.3	2.3	11.5
Rest of the world.....	.5	.5	0	0

¹ Components will not necessarily add to totals because of rounding.

² See footnote 3 to table 2.

NOTE: Estimates of national income by industrial origin for the entire 1929-48 period may be obtained from the National Income Supplement to the July 1947 SURVEY OF CURRENT BUSINESS and the July 1949 SURVEY (National Income Section), table 13.

Source: U. S. Department of Commerce, Office of Business Economics.

Sharp drop in agricultural income

The largest decrease, both relative and absolute, was in agriculture, where income originating dropped from \$22.5 billion to \$17.9 billion. Farm production in 1949 was down by about 3 percent from 1948, but by far the most important factor in the decline of agricultural income was the drop of 13 percent in farm prices. The drop was mitigated by large-scale price-support outlays of the Federal Government.

The decline in prices received by farmers appeared to stem primarily from materialization of a second consecutive year of large-volume production, as 1949 output, while below 1948, remained high in comparison with all prior years. The supplies thus made available, when added to sizable carryovers of inventories from 1948, were sufficient to exert a downward pressure on prices. Some diminution in the intensity of consumer demand may also have been present, as was a prospective weakening of export demand. In fact, although agricultural exports increased for the year as a whole, in the second half they were far below the exceptional amounts sent abroad in the first.

The proportion of national income accruing from agriculture in 1949 was substantially lower than in the immediately preceding years of high farm prices, but it compared favorably with that prevailing in the prewar period. It should be noted in this connection that depreciation charged in the calculation of income originating is on a current-replacement cost basis for agriculture, but on an original-cost basis for other industries. The application of either procedure, on a consistent basis, to all industries would raise appreciably agriculture's share of the national income in recent years, when owing to rising prices there was a widening gap between replacement cost and original cost.

Decline in manufacturing

Among the nonagricultural industries, the largest absolute decrease occurred in manufacturing, which accounts for roughly 30 percent of the national income. Income originating in this industry fell by nearly \$4 billion, or 5 percent. This reflected primarily the direct effects of the 1949 inventory recession upon manufacturing. This industry is in a particularly sensitive position with respect to business inventory policies, because it produces the bulk of inventory goods held in the economy. Both reduction of output and lower prices contributed to the adverse movement of income originating in manufacturing, although the former was considerably the more important factor.

Apart from manufacturing, the only major nonagricultural industries in which income originating declined in 1949 were the closely allied mining and transportation groups. The disproportionate decline in the former is traceable mainly to coal mining, where output was curtailed by a prolonged 3-day workweek and several work stoppages. In transportation, the decrease was accounted for by the railroads. Loss of income normally earned in hauling coal was a significant special factor.

Favorable showing of other industries

The maintenance or increase of income originating in other nonagricultural industries in 1949 was a broad reflection of the continued strength of final demand for the Nation's output. In trade, services, contract construction, and finance, insurance and real estate, 1949 incomes matched or slightly exceeded those of the preceding year. In government and in communications and public utilities, relatively large increases, about 11 percent, were recorded. Both the Federal and the State and local governments contributed to the rise of income originating in government, which is measured by compensation of employees. Continued strong and expand-

Table 2.—National Income and Product, 1948 and 1949¹

[Billions of dollars]

Item	1948	1949	Quarterly							
			Unadjusted				Seasonally adjusted at annual rates			
			I	II	III	IV	I	II	III	IV
NATIONAL INCOME BY DISTRIBUTIVE SHARES										
National income	226.2	³ 221.5	55.8	55.2	55.3	(⁴)	224.7	220.8	220.7	(⁴)
Compensation of employees.....	140.3	141.1	34.9	35.2	35.4	35.7	141.9	140.8	141.1	140.9
Wages and salaries.....	135.3	135.6	33.5	33.7	34.0	34.4	136.5	135.4	135.6	135.3
Private.....	116.1	114.6	28.3	28.5	29.1	28.8	116.1	114.7	114.4	113.5
Military.....	3.9	4.2	1.0	1.0	1.1	1.1	4.1	4.1	4.2	4.5
Government civilian.....	15.2	16.8	4.1	4.3	3.9	4.5	16.3	16.6	16.9	17.3
Supplements to wages and salaries.....	5.0	5.5	1.4	1.4	1.4	1.3	5.4	5.5	5.5	5.6
Proprietors' and rental income ²	49.5	44.8	11.8	11.3	10.8	10.9	47.1	45.1	43.1	43.7
Business and professional.....	24.5	24.0	6.0	6.0	6.0	6.0	24.1	24.1	24.0	24.0
Farm.....	18.4	14.1	4.1	3.6	3.1	3.2	16.4	14.3	12.6	12.9
Rental income of persons.....	6.6	6.7	1.7	1.7	1.6	1.7	6.7	6.7	6.6	6.8
Corporate profits and inventory valuation adjustment.....	32.6	³ 31.4	8.1	7.7	8.1	(⁴)	31.6	30.7	32.3	(⁴)
Corporate profits before tax.....	34.8	³ 28.8	7.5	6.6	7.3	(⁴)	29.4	26.4	28.9	(⁴)
Corporate profits tax liability.....	13.6	³ 11.4	2.9	2.6	2.9	(⁴)	11.5	10.6	11.4	(⁴)
Corporate profits after tax.....	21.2	³ 17.3	4.6	3.9	4.4	(⁴)	17.9	15.8	17.5	(⁴)
Inventory valuation adjustment.....	-2.2	2.6	.5	1.1	.8	.2	2.2	4.3	3.3	.7
Net interest.....	3.8	4.2	1.0	1.0	1.1	1.1	4.1	4.2	4.2	4.3
Addendum: Compensation of general Government employees.....	17.8	19.9	4.9	5.0	4.7	5.3	19.3	19.6	20.1	20.7
GROSS NATIONAL PRODUCT OR EXPENDITURE										
Gross national product	262.4	257.4	63.2	62.5	64.2	67.6	262.0	257.9	254.6	255.2
Personal consumption expenditures.....	178.8	179.4	42.0	44.5	44.1	48.7	178.7	179.3	179.7	179.8
Durable goods.....	23.5	24.4	5.0	5.8	6.3	7.2	23.0	23.6	25.7	25.2
Nondurable goods.....	102.2	98.9	23.1	24.6	23.7	27.4	100.4	99.8	97.6	97.7
Services.....	53.1	56.1	13.9	14.0	14.1	14.2	55.3	55.9	56.5	56.9
Gross private domestic investment.....	45.0	34.7	10.4	6.4	9.6	8.3	40.0	33.2	32.1	33.7
New construction.....	17.9	17.3	3.5	4.1	4.9	4.8	16.8	16.4	17.4	18.7
Producers' durable equipment.....	20.7	19.7	5.0	5.0	4.9	4.8	20.7	20.0	19.6	18.7
Change in business inventories, total.....	6.5	-2.3	1.9	-2.7	-2	-1.3	2.5	-3.2	-5.0	-3.7
Nonfarm only.....	5.1	-1.8	1.7	-2.6	.1	-1.1	1.9	-2.5	-4.0	-2.8
Net foreign investment.....	1.9	.0	.2	.4	-.2	-.4	1.0	1.2	-.3	-2.0
Government purchases of goods and services.....	36.7	43.4	10.4	11.2	10.7	11.0	42.3	44.2	43.2	43.7
Federal.....	21.5	25.8	6.4	6.7	6.4	6.3	25.5	26.7	25.8	25.2
Less: Government sales.....	.6	.4	.1	.1	.2	.1	.3	.3	.8	.2
State and local.....	15.8	18.0	4.1	4.6	4.5	4.8	17.1	17.8	18.2	18.8
DISPOSITION OF PERSONAL INCOME										
Personal income	211.9	209.8	52.1	52.5	51.7	53.6	212.0	210.0	208.2	209.3
Less: Personal tax and nontax payments.....	21.1	18.6	7.3	3.3	4.4	3.6	18.6	18.6	18.6	18.6
Federal.....	19.0	16.2	6.6	2.7	3.8	3.1	16.2	16.2	16.2	16.1
State and local.....	2.1	2.4	.7	.6	.6	.5	2.4	2.4	2.4	2.5
Equals: Disposable personal income.....	190.8	191.2	44.8	49.2	47.3	49.9	193.4	191.4	189.5	190.7
Less: Personal consumption expenditures.....	178.8	179.4	42.0	44.5	44.1	48.7	178.7	179.3	179.7	179.8
Equals: Personal saving.....	12.0	11.8	2.8	4.7	3.2	1.2	14.8	12.1	9.8	10.8
RELATION OF GROSS NATIONAL PRODUCT, NATIONAL INCOME, AND PERSONAL INCOME										
Gross national product	262.4	257.4	63.2	62.5	64.2	67.6	262.0	257.9	254.6	255.2
Less: Capital consumption allowances.....	15.7	16.8	4.1	4.2	4.2	4.3	16.4	16.9	16.9	17.2
Indirect business tax and nontax liability.....	20.3	21.2	5.0	5.2	5.5	5.5	20.6	21.2	21.8	21.4
Business transfer payments.....	.6	.6	.2	.2	.2	.2	.6	.6	.6	.6
Statistical discrepancy.....	-.3	-2.5	-1.8	-2.2	-1.9	(⁴)	.0	-1.3	-5.0	(⁴)
Plus: Subsidies less current surplus of Government enterprises.....	.1	.3	.1	.1	.1	.1	.3	.3	.3	.3
Equals: National income	226.2	³ 221.5	55.8	55.2	55.3	(⁴)	224.7	220.8	220.7	(⁴)
Less: Corporate profits and inventory valuation adjustment.....	32.6	³ 31.4	8.1	7.7	8.1	(⁴)	31.6	30.7	32.3	(⁴)
Contributions for social insurance.....	5.1	5.6	1.5	1.5	1.4	1.3	5.6	5.6	5.6	5.6
Excess of wage accruals over disbursements.....	.0	.0	.0	-.1	.0	.0	.1	-.3	.0	.0
Plus: Government transfer payments.....	10.5	11.6	2.8	2.9	2.9	3.0	11.2	11.7	11.9	11.8
Net interest paid by government.....	4.4	4.7	1.0	1.4	1.0	1.3	4.5	4.6	4.7	4.7
Dividends.....	7.9	8.4	1.9	2.0	1.9	2.7	8.3	8.2	8.1	8.9
Business transfer payments.....	.6	.6	.2	.2	.2	.2	.6	.6	.6	.6
Equals: Personal income	211.9	209.8	52.1	52.5	51.7	53.6	212.0	210.0	208.2	209.3

¹ Detail will not necessarily add to totals because of rounding.² Includes noncorporate inventory valuation adjustment.³ Data for estimating fourth-quarter corporate profits are not yet available. In order to arrive at national income and corporate profits for the year, corporate profits for the fourth quarter were obtained arbitrarily through averaging the results derived by holding constant, first, third-quarter corporate profits before tax, and second, third-quarter corporate profits and inventory valuation adjustment. It is believed that annual totals calculated on this basis will be sufficiently accurate for general purposes.⁴ Not available.

NOTE.—Data for prior years are published in the July 1949 SURVEY OF CURRENT BUSINESS and in the National Income Supplement to the July 1947 SURVEY.

Source: U. S. Department of Commerce, Office of Business Economics.

ing demand for their services underlay the advance in the communications and public utility industries. Despite this improvement, the share of national income earned in these industries in 1949 was smaller than in prewar years.

Distributive Shares of National Income

The changes in the distributive shares of national income from 1948 to 1949 were almost entirely the byproduct of industrial developments, rather than of independent movements among the distributive shares as such.

Employee compensation stable

Total compensation of employees, which accounts for nearly two-thirds of the national income, was virtually unchanged from 1948 to 1949. Its composition, however, was altered considerably, and a moderate downward trend was apparent in the first half of last year.

Private wages and salaries were about \$1½ billion lower than in 1948. This small decline stemmed from reduced employment and, in lesser degree, from a slightly shorter average workweek. Roughly three-fifths of the total reduction in man-hours, however, was offset by moderate, but fairly general, increases in average hourly rates of pay.

The drop in private wages and salaries in 1949 was materially greater from the high rates of late 1948 than on an annual average basis. It was concentrated in the first half of the year, however, and confined largely to manufacturing pay rolls. As early as May, slight monthly advances began to show up in nondurable-goods industries, although the falling trend for manufacturing as a whole continued at a reduced rate through midsummer. By August, the decrease of durable-goods factory pay rolls was halted, and during the remainder of the year stability prevailed, except for the effects of the steel strike.

Steady increases in wages and salaries of government employees during 1949 sufficed to counterbalance most of the decline in the private sector. These movements, however, were not large enough to obscure the predominance of factory pay rolls in the quarterly pattern of total wages and salaries.

Nonfarm proprietors' income well maintained

The proprietors' and rental income share embraces groups whose 1949 experience diverged widely. Business and professional earnings and rental income of persons were generally well maintained. Because of the preponderance of the corporate form of organization in manufacturing, the year's developments in that industry had little direct impact upon total proprietors' income. Factory proprietors sustained a relatively large loss of earnings, as might be expected, but this did not figure heavily in the total.

Nearly all of the decline in total proprietors' and rental income occurred in the income of farm proprietors. The substantial reduction in farm proprietors' net income—from \$18.4 billion to \$14.1 billion—was the principal change in the distributive shares of national income from 1948 to 1949.

Net income of farmers declined steadily throughout the quarters of 1949. The accuracy of the general downward

movement, which was a byproduct largely of falling prices, is not in doubt; but precision should not be attached to the exact quarterly changes. Because of the discontinuous character of farm production, seasonal adjustments are difficult in this area; and special problems are encountered in measuring the inventory component of farm income on a less-than-annual basis.

Change in corporate profits share slight

Information on corporate profits in 1949 is at present confined to published reports for the first 3 quarters of the year, as reviewed in last month's issue of the SURVEY. However, a fairly adequate basis for comparison with the previous year is provided by the estimates for the first 3 quarters in combination with an arbitrary assumption about the fourth, as described in footnote 3 to table 2. It is believed that totals yielded by this assumption will be near enough to the final estimates for most general purposes.

The corporate profits component of national income—"corporate profits and inventory valuation adjustment"—was an estimated \$31.4 billion in 1949, as compared with \$32.6 billion in the preceding year. The decline in this measure of corporate earnings was very much less than that shown by "corporate profits before tax". The sizable drop in the latter measure, from \$34.8 billion to \$28.8 billion, reflected very largely the predominant corporate practice of charging inventories to cost of sales in terms of prior-period prices, rather than current replacement prices.

In 1948, when prices were rising, the replacement cost of inventories used in production exceeded the reported "book" cost; and the opposite was true in 1949, when the course of prices was downward. The "inventory valuation adjustment"—the difference between the book cost and the current replacement cost of inventories used in production—is added to reported profits before tax in order to eliminate inventory profits and losses and thus secure a measure of earnings from current production appropriate for inclusion in the national income.

The sharp difference between the two profit series helps to explain one striking aspect of corporate financial policy in 1949—the steady flow of dividend disbursements in the face of the apparent substantial decline in total profits. Not only were corporate profits including the valuation adjustment well maintained in 1949 on a before-tax basis, but they actually increased on an after-tax basis. Tax liabilities declined by more than \$2 billion because of the substantial drop in book profits, on which they are based.

Accordingly, after account is taken of reduced dollar requirements for inventory replacement and for income taxes, corporate profits available for distribution and reinvestment actually were higher in 1949 than in the previous year. In addition to these, other factors—such as diminished investment needs in many industries and the unusually low proportion of dividend distribution throughout the war and in the postwar periods, when capital outlays by business for expansion created extraordinary demands for investment funds—undoubtedly contributed to the maintenance of dividend disbursements in 1949.

The Trend of Prices

PRICES declined moderately in 1949, in contrast with the inflationary upswing in progress from the end of the war through the late summer of 1948. The reversal in movement reflected the passing of widespread scarcities typical of the earlier postwar period and the adjustment in business investment and production which characterized the year. Though the reduction in prices had important repercussions upon the economy—and especially upon the purchasing policies of business—it achieved no great momentum during the year and, in fact, left some sectors of the price system entirely unaffected. Overall, wholesale prices declined by less than 7 percent from the end of 1948 to the end of 1949. Consumer prices were down by 2 percent.

In industrial markets the downtrend was halted in July and was followed by stability as business purchasing and industrial production improved. Farm and food prices yielded ground throughout the year, but at a gradually retarded rate. Among consumers' prices, moderately rising rents and services nearly offset reductions for most commodities.

Limiting the price declines through the year were the firmness in demand of final consumers, the heavy support for farm products provided by the Government, and the stability of important elements in the cost structure of the majority of industrial goods. Labor costs were buttressed by higher wage rates and larger contributions to pension and welfare funds which served to counteract savings accrued from improved productivity and reduced overtime. Transportation costs were higher and overhead costs of business, including rent, were marked by little or no change.

The scattering of adjustments in the Nation's markets—illustrated by the wide variety in the dates of price peaks by type of commodity, shown in table 3—was another factor which may have minimized the amplitude of the downswing.

Table 3.—Changes in Wholesale and Consumer Prices

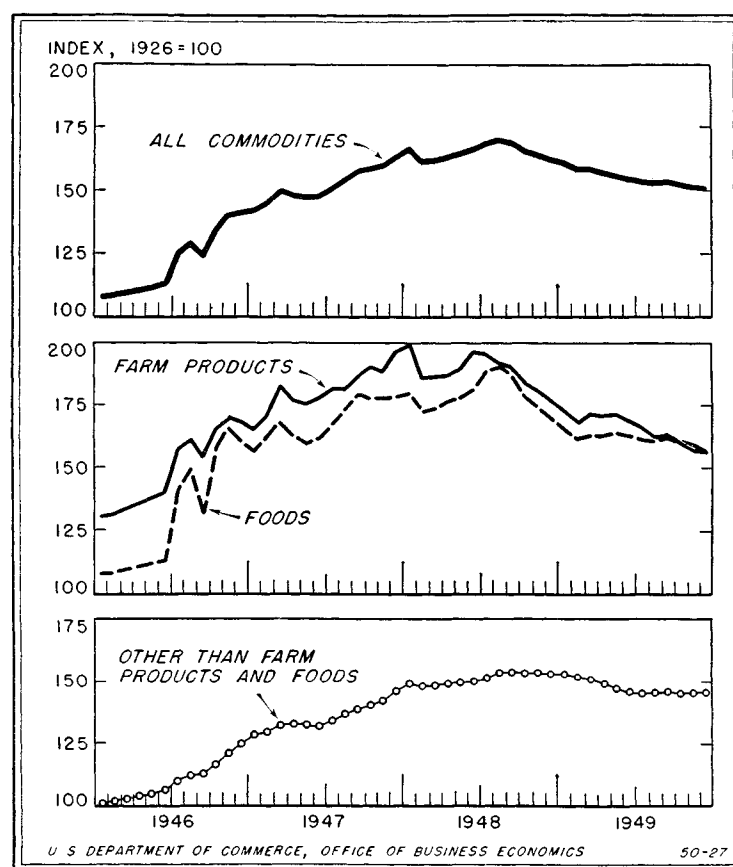
Item	1939	Postwar peak	December 1948	December 1949	Percent change		
					1939 to postwar peak	Postwar peak to December 1949	December 1948 to December 1949
Wholesale prices (1926=100)	77.1	169.8 (Aug. 1948)	162.4	151.3	+120.2	-10.9	-6.8
Farm products.....	65.3	199.2 (Jan. 1948)	177.3	155.3	+205.1	-22.0	-12.4
Foods.....	70.4	189.8 (Aug. 1948)	170.2	155.7	+169.6	-18.0	-8.5
Other than farm products and foods.....	81.3	153.6 (Sept. 1948)	153.1	145.5	+88.9	-5.3	-5.0
Hides and leather products.....	95.6	203.4 (Dec. 1947)	185.3	179.9	+112.8	-11.6	-2.9
Textile products.....	69.7	152.1 (May 1948)	146.7	138.4	+118.2	-9.0	-5.7
Fuel and lighting materials.....	73.1	137.6 (Nov. 1948)	137.2	130.8	+88.2	-4.9	-4.7
Metals and metal products.....	94.4	175.5 (Feb. 1949)	173.8	167.8	+85.9	-4.4	-3.5
Building materials.....	90.5	204.1 (Sept. 1948)	202.2	190.3	+125.5	-6.8	-5.9
Chemicals and allied products.....	76.0	137.5 (Apr. 1948)	131.1	115.3	+80.9	-16.1	-12.1
Housefurnishings goods.....	86.3	148.8 (Jan. 1949)	148.4	144.1	+72.4	-3.2	-2.9
Miscellaneous.....	74.8	123.6 (Jan. 1948)	118.5	110.7	+65.2	-10.4	-6.6
Consumer prices (1935-39=100)	99.4	174.5 (Aug. 1948)	171.4	167.5	+75.6	-4.0	-2.3
Food.....	95.2	216.8 (July 1948)	205.0	197.3	+127.7	-9.0	-3.8
Apparel.....	100.5	201.6 (Oct. 1948)	200.4	185.8	+100.6	-7.8	-7.3
Fuel, electricity, and refrigeration.....	99.0	139.7 (Dec. 1949)	137.8	139.7	+41.1	0	+1.4
Housefurnishings.....	101.3	198.8 (Oct. 1948)	198.6	185.4	+96.2	-6.7	-6.6
Rent.....	104.3	122.2 (Dec. 1949)	119.5	122.2	+17.2	0	+2.3
Miscellaneous.....	100.7	155.5 (Dec. 1949)	154.0	155.5	+54.4	0	+1.0

Source: U. S. Department of Commerce, Office of Business Economics, from data of U. S. Department of Labor, Bureau of Labor Statistics.

Changing structure of prices

Accompanying the modest decline in the general level of prices, however, was a pronounced alteration in their internal structure. Essentially, this adjustment mirrored the realignment of market forces as the abnormal relations between demand and supply characteristic of the postwar period were replaced by more balanced conditions. Typically sensitive prices, which had increased sharply because of strong inflationary pressures in earlier years, moved closer to the general level in 1949. Foremost among these, as depicted in chart 6, were farm prices which had advanced more than any other major group throughout the war period—and also in the postwar years under the impetus of the world food crisis.

Chart 6.—Wholesale Prices



Source of data: U. S. Department of Labor, Bureau of Labor Statistics.

Other highly sensitive prices which had advanced most during the inflationary rise such as nonferrous metals, scrap steel, wood pulp, hides, fats and oils and petroleum products, likewise declined materially. Many of these raw and semi-manufactured material prices remained high—and later in the year some regained part of the ground they had lost—but in general these movements tended to restore relationships among prices more in line with those prevailing in prewar years.

Limited reductions in industrial markets

The downtrend in industrial prices was not only shortlived—ending in July, as noted above—but it affected less than half of all industrial prices. This is shown in table 4 which

presents a distribution of changes for 777 prices included in the Bureau of Labor Statistics' wholesale price index.

In August 1949, 53 percent of all commodities, excluding farm products and foods, were unchanged from, or were actually higher than, the quotations prevailing in August 1948 when the over-all index was at its peak. At the same time, an additional 4 percent of these commodities were less than 2 percent below the August 1948 prices. On the average, industrial prices were down during this period by somewhat more than 5 percent, and remained generally stable from this point to the end of the year.

Table 4.—Distribution of Percent Changes in Wholesale Prices August 1948 to August 1949

Amount of percent change	Farm products and foods		Commodities other than farm products and foods	
	Number of commodities	Percent of total	Number of commodities	Percent of total
Total	138	100.0	639	100.0
Percent increases:				
0.1-1.9.....	6	4.4	41	6.4
2-4.9.....	5	3.6	51	8.0
5-9.9.....	14	10.1	67	10.5
10-14.9.....	6	4.4	22	3.4
15-19.9.....	1	.7	9	1.4
20 and over.....	6	4.4	9	1.4
Total increases	38	27.6	199	31.1
Unchanged	10	7.2	139	21.8
Percent decreases:				
0.1-1.9.....	2	1.5	25	3.9
2-4.9.....	13	9.4	57	8.9
5-9.9.....	20	14.5	64	10.0
10-14.9.....	14	10.1	51	8.0
15-19.9.....	8	5.8	44	6.9
20 and over.....	33	23.9	60	9.4
Total decreases	90	65.2	301	47.1

Source: U. S. Department of Commerce, Office of Business Economics, from data of U. S. Department of Labor, Bureau of Labor Statistics.

Included among the stable or rising group of prices were such important commodities as steel, automobiles, tractors and other farm machinery, heavy chemicals and construction materials such as brick, tile, and plumbing and heating equipment. Together, the commodities in this group shared one or more of the following three characteristics: (1) demand was sustained at a high rate throughout the period of adjustment, as in the case of automobiles, cement and certain other types of building materials; (2) price increases from prewar through 1948 were appreciably smaller than the corresponding rise in the general price level, as in the case of steel, many chemicals and most utility rates; (3) prices are typically sluggish and unlikely to change materially except under the influence of a revision in the demand or cost situation which is both large and enduring, as in the case of farm machinery.

Competition increasing

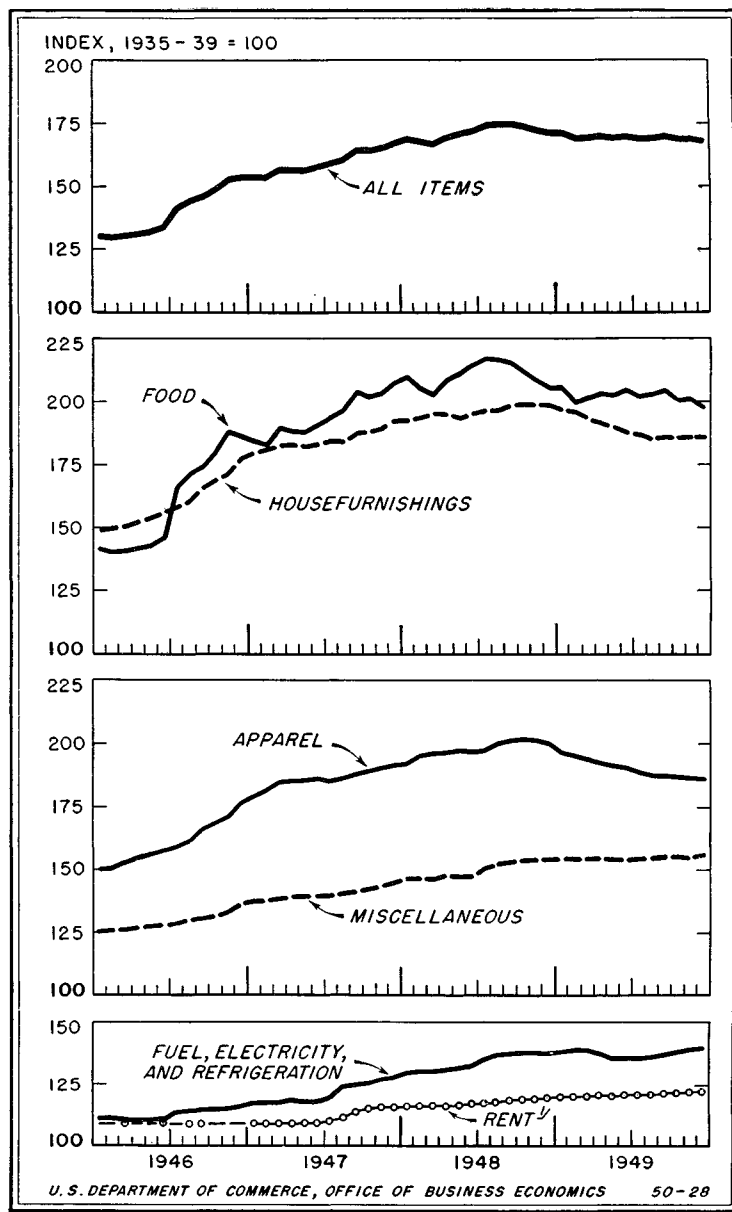
It should be noted, however, that stable price quotations in 1949 were in some cases coupled with trimming of extra charges, increases in discounts or improvements in quality, all of which reflected the growing pressure of competition and resulted in some reduction in actual net costs to purchasers. There was in addition, particularly among consumer goods such as washing machines, some lines of men's apparel, television sets and vacuum cleaners, a more abundant supply of medium and low-end items which in 1948 were produced in only limited volume if at all.

Farm prices weaken

For farm products and foods, the average decline as well as the proportion of reductions was substantially greater than

for industrial commodities. As indicated in table 4, 63 percent of all such commodities were more than 2 percent lower in August 1949 than in August 1948, and in 40 percent of all cases the reductions amounted to more than 10 percent. The weighted average of farm and food prices declined 15 percent in this period and in contrast to the industrial segment, the downward trend persisted, though at a diminished rate, in the last 4 months of the year.

Chart 7.—Consumers' Prices



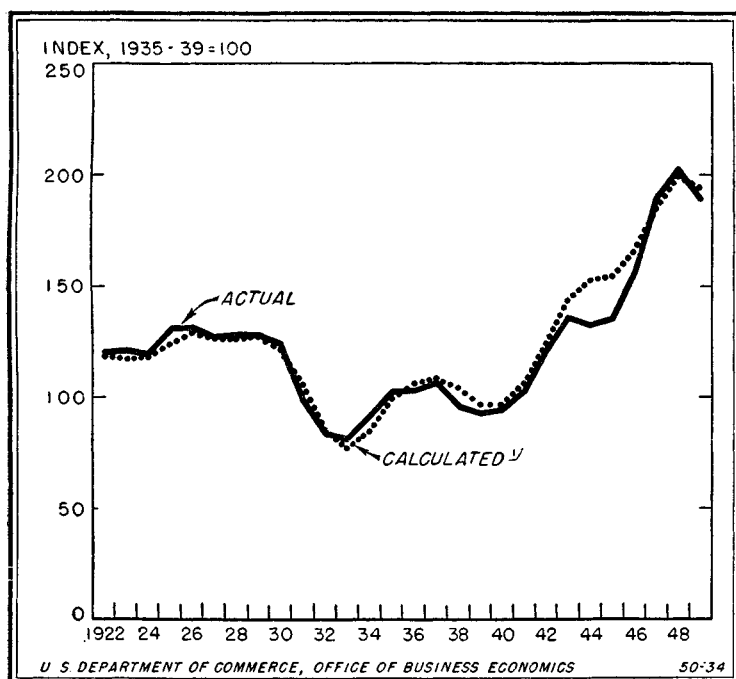
¹ Data are available only for March, June, August, and September of 1946. Source of data: U. S. Department of Labor, Bureau of Labor Statistics.

While these declines represented a considerable adjustment from the extraordinary supply-demand conditions prevailing in the earlier postwar period, even at the end of 1949 farm and food prices were high in relation to those for other commodities when compared with the prewar situation in either 1939 or 1926, as shown below:

Percent Increase in Wholesale Prices

Item	December 1926 to December 1949	December 1939 to December 1949
Farm products.....	63.6	129.7
Foods.....	54.8	116.6
Commodities, other than farm products and foods.....	48.5	73.4

Chart 8.—Retail Prices of Foods Derived From Domestic Farm Products: Actual and Calculated



¹ Calculated from a linear least squares regression of the logarithms of retail food prices on the logarithms of prices received by farmers for the equivalent physical quantities of foods sold at retail, adjusted for the lag in retail prices, for the years 1922-41.

Sources: Basic data, U. S. Department of Agriculture, Bureau of Agricultural Economics; indexes for Actual and Calculated, U. S. Department of Commerce, Office of Business Economics.

Small reduction in living costs

In the aggregate, living costs were influenced only modestly by the 1949 adjustment in wholesale prices. The over-all reduction was 2 percent, though some further saving to consumers resulted from quality improvements and the greater availability of low-end items noted above. Rents moved upward slowly over the year, as controls were relaxed in many areas of the Nation. Persistently strong demand maintained prices of almost all services, of automobiles and certain other durables, and of most pharmaceuticals.

Some slackening in demand was reflected in the declines of about 7 percent in prices of apparel and housefurnishings,

depicted in chart 7. Contributing to these reductions were lower material costs and also the virtual elimination of backlog demands for radios and such electrical appliances as vacuum cleaners. Furniture prices were also depressed by a lag in expenditures early in the year, but in this case there was a subsequent firming associated with the rise in residential building.

Relationship between retail food and farm food prices

Food costs were only moderately lower—by about 4 percent—in December 1949 as compared with December 1948. When appraised on the basis of historical performance, however, this decline was approximately in line with the 15 percent reduction in prices of food at the farm. Changes in retail prices normally follow farm prices only after a lag, and the amplitude of variation is usually smaller because of the sluggishness of distribution and processing costs.

The closeness of the relationship between retail and farm prices of food—and the consistency of behavior in this respect during 1949—is illustrated in chart 8. The calculated line depicts the cost of food to consumers as derived from the average relationship between comparable retail and farm prices during the years 1922 through 1941. The near coincidence of actual and calculated lines—except for the war years when price controls limited distributive margins—suggests the high degree of consistency with which this historical relationship has been followed.

Devaluation has minor effects

Except for shortlived fluctuations in prices of internationally traded raw materials, in the short period from September through the end of the year, the domestic price level was little affected by the devaluation of foreign currencies by Great Britain and 29 other nations in September and October. Domestic demand remained the dominant factor determining prices of most imported commodities, consumed in large quantities in the United States, with the major exception of coffee which rose on indications of crop damage in Brazil. As described in the chapter on foreign trade, adjustments in international prices are still in progress and it is as yet too early to evaluate the impact of revisions in exchange rates upon the competitive positions of the nations affected.

Industrial Production

THE adjustment in business activity in 1949 was reflected more directly in the manufacturing and mining segment than in any other major area of economic activity except agriculture. Total industrial production, which reached a peak rate in the fourth quarter of 1948, was reduced significantly through the early summer of 1949 and recovered partially thereafter.

Existing data representing the course of total industrial production do not provide exact measures of actual changes in output of all of the various industries. An analysis of the production data of the Board of Governors of the Federal Reserve System and of the data on the value of manufacturers' sales of the Office of Business Economics, adjusted to a production basis and for price changes, indicates that for the year 1949 as a whole the decline in total industrial production was moderate, about 5 percent below the record peacetime volume of 1948.

The cut-backs were fairly widespread by industries and were much sharper for the durable-goods group than the

nondurables. Automobiles provided a major exception to the trend, as consumers continued to purchase cars in quantities limited during most of the year only by the industry's capacity to produce.

The reduced industrial output which in many cases was below sales was primarily due to: (1) The more cautious purchasing policy adopted by business in general during the year, so that while part of the production in 1948 went for additions to inventories, this was not the case in 1949, and (2) a reduction in demand for producers' durable goods in line with the reduction of business capital outlays. Manufacturers' dollar sales—part of which were made from inventory in 1949 in contrast to 1948 when all were made from current production—were only 6 percent below 1948 and about half of this reduction was due to lower prices. The partial recovery in production which occurred in the last 5 months of the year reflected the maintenance at a high level of final demand.

In contrast to previous postwar years there were no pro-

nounced raw material shortages, and no problem of filling distributive pipe lines. Only in automobiles did production problems still retard the attainment of peak output, and in this case the volume of production exceeded the previous high of 1929.

Greatest declines in durable goods

The sharpest decline in manufacturing activity during 1949 was in the heavy-goods industries, which were affected by both the inventory adjustment and the slackening in demand for producers' durable goods.

The effect of the decline in business outlays for capital equipment was evident in the production trends of almost all producers' durables, including especially machine tools, most types of industrial machinery, transportation equipment, mining and oil-well equipment, and integral and fractional horsepower motors. Over the year, declines in the value of manufacturers' shipments for these commodities ranged from 14 to well over 25 percent. Notable exceptions to the general downward trend were heavy electrical equipment, reflecting the continued expansion in investment by electric utilities, and heavy construction machinery which mirrored the record volume of building activity.

The magnitude of the reduction in selected segments of the transportation equipment industry is depicted in chart 9.

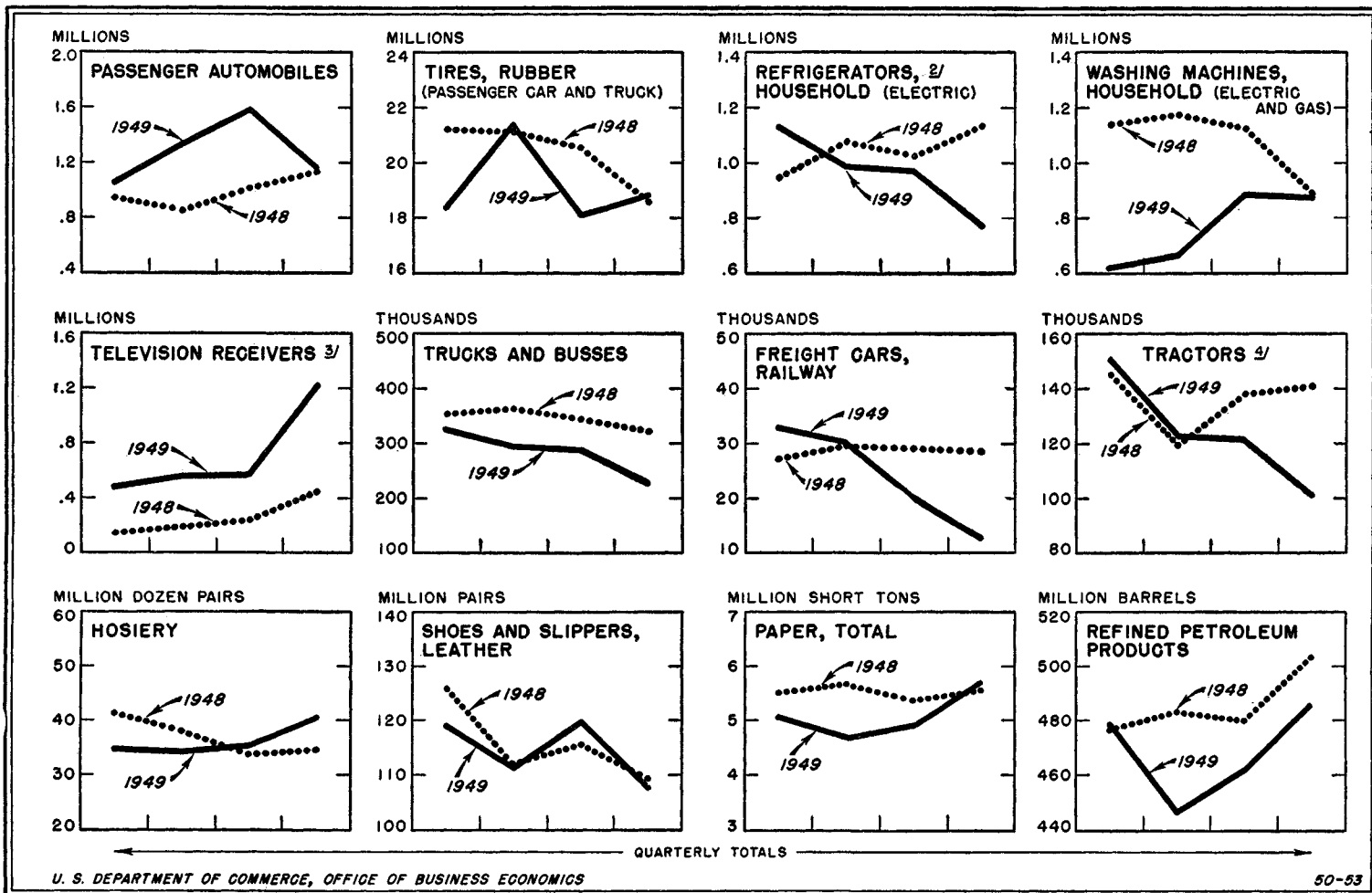
In the case of freight cars, the precipitous fall in monthly shipments from the peak rate of 12,600 cars in March to 3,400 in December followed the sharp reduction in new orders placed by railroads during the year. While output for the year as a whole remained high, backlogs were reduced from 107,000 units at the beginning of 1949 to 12,500 at the end of December, the lowest in the postwar period.

All of the drop in truck production in 1949—from around 1.4 million to 1.1 million—occurred in the middle-weight and heavy duty classifications where volume in the two preceding years was at an exceptionally high rate. Lower agricultural incomes as well as diminished backlogs were reflected in a substantial reduction in output of tractors for farm use.

Steel reflects adjustment

The over-all reduction in activity in the durable-goods industries was reflected in the operation of the Nation's steel mills in 1949. Following a high first quarter in which output totaled a record 24 million tons of steel ingot and castings, production moved sharply downward in line with the behavior of the principal consuming industries, except automobiles and construction. At the low point in July the weekly ingot rate was 61 percent of rated capacity compared with over 100 percent of capacity earlier in the year.

Chart 9.—Production of Selected Durable and Nondurable Manufactured Products ¹



¹ Data represent production or shipments.
² Data represent only shipments reported by members of the association.
³ Include radio and radio-phonograph combinations. Data represent approximately 100 percent of the industry based upon monthly production reported by members of the association.
⁴ Include wheel and tracklaying types, but excludes garden type.

Sources of data: Passenger cars and trucks, Automobile Manufacturers Association; tires, Rubber Manufacturers Association; refrigerators, National Electrical Manufacturers Association; washing machines, American Washer and Ironer Manufacturers Association; television receivers, Radio Manufacturers Association; freight cars, American Railway Car Institute; tractors, *Implement and Tractor*, Implement Trade Journal Company; hosiery, National Association of Hosiery Manufacturers; shoes, U. S. Department of Commerce, Bureau of the Census; paper, American Paper and Pulp Association; refined petroleum products, U. S. Department of the Interior, Bureau of Mines.

The subsequent recovery was interrupted by the work stoppage in October, but in December output was pushed to an average of 95 percent of rated capacity to meet the rising backlog of new orders accumulated during the strike. For the year as a whole, production of steel ingots and castings aggregated 77.9 million tons, about 12 percent below 1948.

Nondurable goods reflect steady demand

In the nondurable-goods segment production in 1949 was considerably more stable. In clothing and food lines, demand was well maintained during the year and some price reductions from the high 1948 levels helped to sustain the volume of consumption. In other lines producing finished goods, such as shoes and tobacco, output was typically stable.

Activity in industries producing semifinished commodities, however, reflected the general adjustment of inventories which retarded output especially during the first 7 months of the year. Lines particularly affected included textile fabrics and paper, which declined by nearly 25 percent and 15 percent, respectively, to the midsummer low. Nevertheless, subsequent recovery was swift and by December output was as high as, or higher than, in 1948. In petroleum products—shown in chart 9—plentiful supplies of home heating oils carried over from the previous year remained a depressing influence, and even with the increase in output of refined products in the second half of the year the production rate at year end was still below that of a year ago.

Consumer goods output high

The record output of passenger cars more than offset the declines from 1948 peaks in most other consumer durables. Aided, except at the year end, by adequate supplies of steel for the first time since the end of the war, the industry rolled out over 5.1 million passenger cars in 1949, about 1.2 million more than in 1948 and well over 500,000 above the previous record number produced in 1929. The sharp decline in assemblies in November and December, depicted in the chart, was due in large measure to model change-overs as well as to the effects of the work stoppage in steel.

With backlog demands in most cases materially reduced, production declines of major electrical appliances, outside the new and growing television industry, ranged from 7 to nearly 35 percent below volumes of the previous year. With the exception of radios, however, output exceeded the 1941 rate by a considerable margin as shown in the table below:

Percent Change in Production of Electrical Appliances

Appliance	1941 to 1949	1948 to 1949
Electric refrigerators.....	+35	-7
Washing machines.....	+55	-30
Vacuum cleaners.....	+73	-14
Electric ranges.....	+45	-34
Electric water heaters.....	+239	-33
Radios, including phonograph combinations.....	-19	-34
Television receivers.....		+180

It is notable that the reduction in output of refrigerators was relatively modest and attributable in the main to the material shortage in the final quarter of the year following the work stoppage in steel mills. Of additional interest is the pick-up in shipments of washing machines late in the year—depicted in chart 9 stimulated by the introduction of lower priced models as well as the completion of a record number of new dwelling units.

Smaller decline in manufacturers' sales

The total dollar value of manufacturers' sales in 1949 was \$213 billion, 6 percent below the peak of \$228 billion in

1948, as shown in table 5. A large part of the drop in sales reflected lower prices and when adjusted for price changes the decline in sales was less than that in output.

Dollar sales of the durable- and nondurable-goods industries were lowered in the same proportion, with the sharper physical output decline in durables roughly balanced by the more extensive price cuts for nondurable goods. Movements in sales of each group throughout the year were similar to those of total sales, but in the soft-goods lines the post-summer pick-up was somewhat stronger.

Table 5.—Value of Manufacturers' Sales

Industry	(Millions of dollars)			
	1939	1947	1948	1949 ^a
All manufacturing	61,340	205,105	228,008	213,400
Durable-goods industries, total	22,454	82,597	94,713	89,100
Iron, steel, and products.....	6,079	20,615	24,134	21,200
Nonferrous metals and products.....	1,726	6,639	7,368	6,300
Electrical machinery and equipment.....	1,861	8,772	9,493	8,800
Machinery, except electrical.....	3,571	13,545	15,278	13,900
Automobiles and equipment.....	3,578	11,540	13,827	16,400
Transportation equipment, except automobiles.....	865	3,711	4,859	5,200
Lumber and timber basic products.....	1,154	4,628	5,478	4,800
Furniture and finished lumber products.....	1,385	4,598	4,917	3,900
Stone, clay, and glass products.....	1,563	3,973	4,493	4,400
Other durable-goods industries.....	672	4,575	4,865	4,100
Nondurable-goods industries, total	38,886	122,508	133,295	124,300
Food and kindred products.....	11,253	36,590	37,588	35,100
Beverages.....	1,842	5,914	6,161	7,200
Tobacco manufactures.....	1,334	3,026	3,302	3,300
Textile-mill products.....	4,020	13,246	14,697	12,400
Apparel and related products.....	3,202	11,293	12,474	10,300
Leather and products.....	1,318	4,279	3,848	3,400
Paper and allied products.....	1,785	6,234	6,622	6,400
Printing and publishing.....	2,512	6,301	6,711	7,000
Chemicals and allied products.....	4,339	13,608	14,626	13,900
Petroleum and coal products.....	5,266	15,052	20,140	18,800
Rubber products.....	1,072	3,517	3,505	3,200
Other nondurable-goods industries.....	943	3,503	3,623	3,500

^a Preliminary.

Source: U. S. Department of Commerce, Office of Business Economics.

Total sales of the non-durable-goods industries in 1949 were \$124 billion compared with \$133 billion in 1948. All industries within the group, except beverages, tobacco, and printing and publishing, reported a lower value of goods shipped than in the previous year. The largest declines—each in excess of 10 percent—occurred in textile, apparel, and leather.

Durable-goods sales totaled \$89 billion. Increases over 1948 sales approached 20 percent for motor vehicles and 10 percent for other transportation equipment—with aircraft showing the major increase in the latter group. All other groups declined.

Order backlogs decline in 1949

Orders placed for manufactured goods, where orders are not measured by sales, were smaller than sales in 1949—the

Table 6.—Ratios of Manufacturers' New Orders to Sales

Item	1948		1949	
	First half	Second half	First half	Second half
All manufacturing	0.99	0.98	0.93	1.00
Nondurable-goods industries.....	.99	.98	.98	1.01
Durable-goods industries.....	.99	.97	.86	.99
Iron, steel, and products.....	1.01	.98	.86	1.06
Nonferrous metals and products.....	.96	.97	.90	1.05
Electrical machinery and equipment.....	.94	1.00	.91	.98
Machinery, except electrical.....	.93	.87	.80	.88
Transportation equipment, except autos.....	1.32	1.02	.50	.70
Other durable-goods industries.....	.98	1.00	.92	1.02

Source: U. S. Department of Commerce, Office of Business Economics.

difference representing a reduction in the backlog of orders on hand at the end of the year. In 1948, new orders had been closely in line with sales, but late in that year incoming business began to decline more rapidly than sales (see table 6). The disparity widened during the first half of 1949. After mid-year the trend reversed and orders in the aggregate were equal to sales in the second half.

Among the durable-goods industries the improvement in the order-sales relationships during the second half of 1949 was sizable. For each of the industries in this group, except in the cases of general machinery and railroad equipment,

new orders in the second half of 1949 were about in line with sales. However, as a result of the unfavorable first half backlogs on the average were reduced by one-fourth during 1949 and unfilled orders of durables amounted to 2½ months of sales at the end of the year as compared with 3 months in December 1948. The ratio of unfilled orders to sales remained somewhat higher than it was prior to the war.

In the nondurable-goods industries, the relative importance of unfilled orders is typically of much less significance, and fluctuations in the volume of sales followed movements in new orders closely throughout the year.

Agricultural Production and Income

FARM production in 1949 was again near the peak rate attained in the preceding year, but farm income moved downward primarily as a result of the effect upon prices of accumulating supplies and some decline in foreign demand. Agricultural prices, which had been consistently above parity with nonagricultural prices since 1942, averaged 100 percent of parity for the year 1949 and were 5 percent below parity in December on the revised basis for calculation recently adopted by the Department of Agriculture.

New farm legislation during the year provided higher support prices for "basic" commodities in 1950 than those previously scheduled to go into effect and changed the computation of parity in such a manner that many of the principal "non-basic" commodities now have higher parity prices.

Although stocks of agricultural commodities are not yet burdensome, production has been running in excess of consumption since the world food crisis of 2 years ago. A substantial proportion of this output has been acquired by the government as a means of supporting prices. As a part of the price support program, production controls were announced for all basic commodities by the year end.

The year 1949 thus represented the last of a series of years beginning in 1942 in which production with the major exception of tobacco was substantially free of governmental control measures. Farmers planted the largest crop acreage in 15 years and expanded livestock production for the first time since the war. With somewhat less favorable weather than in 1948, however, yields per acre and total crop production were lower than in 1948, but both were higher than in any other year.

Although few crops were of record size in 1949, output of most of the principal crops including cotton, corn, wheat, oats, and soybeans was well above average. Of this group, however, only cotton exceeded the harvest of a year earlier. A total of 16 million bales was ginned—the largest crop since 1937.

Shift in farm output

The composition of farm output in each of the past 2 years was very similar, but this pattern represents an important shift from that prevailing in the late war and early postwar period. Expanded crop production in 1948 and 1949 more than offset a reduction in livestock output from other recent years. Furthermore, the crop expansion was in nonfood products—chiefly cotton and feed grains—and some decline occurred in food crops. Thus, although total farm output has been at a record rate, food production has been moderately lower in the past 2 years than in the preceding 2- to 4-year period and this has been reflected in a moderate decline in food prices than in agricultural prices as a whole.

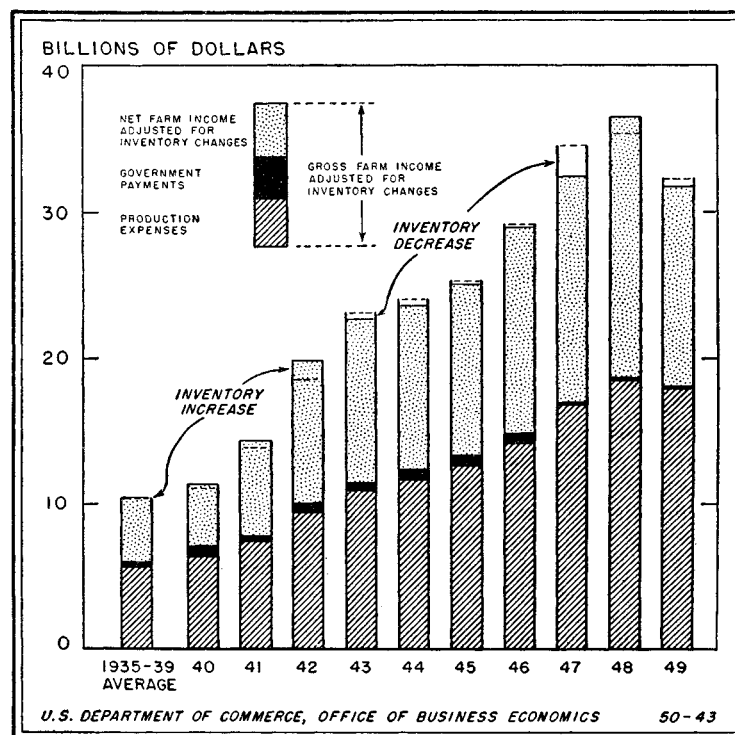
Nevertheless, the low point in food production was reached in 1948 and a gradual upswing in the output of meat, dairy products, and poultry and eggs occurred in 1949. Both the beef and pork output were a little higher thus bringing to an end the declining trend in meat supplies which had persisted

since 1944. The rise in output of dairy products and eggs, however, was about absorbed by purchases for price support by the Commodity Credit Corporation as prices of these products weakened during the year.

Net income lower

Although little change occurred in the domestic demand for agricultural products, farm income declined substantially in 1949 from the peak reached in 1948. As indicated in the national income and product section, disposable income was a little higher in 1949 than in 1948 and consumer expenditures for food were only a little lower. Foreign demand for United States farm products was also less urgent as supplies abroad recovered further from the low point reached at the end of 1947. Despite the curtailment in shipment of farm products in the latter half of the year, the value of farm exports for

Chart 10.—Income and Expenses of Farm Operators¹



¹ Value of inventory changes include all crops and livestock whether held for sale or for use on the farm.

Source of data: U. S. Department of Agriculture, Bureau of Agricultural Economics.

1949 was as great as in 1948 principally because of expanded shipments under the Economic Recovery program in the first 6 months of the year. As indicated below, perhaps the most important influence contributing to the decline in farm income was the continued accumulation of agricultural commodities, principally in the hands of the government.

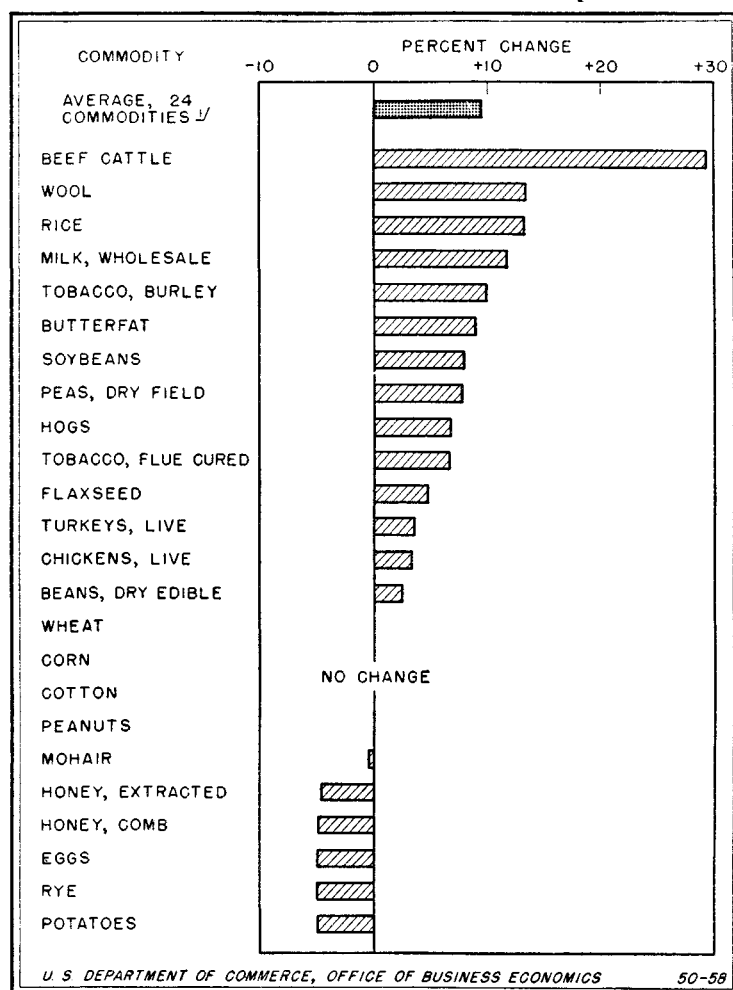
Cash receipts from marketings, at \$27.5 billion were about 10 percent below the record established in the preceding year. There was little decline in production expenses, however, and net income of farm proprietors registered a decline of nearly 25 percent (see chart 10). At about \$14.1 billion, farm proprietors' incomes were lower in relation to total national income than during the war or in other postwar years but remained somewhat higher than the average proportion obtained during the years 1929-40. On a per capita

the prices of crops grown in 1948 but not marketed before the turn of the year, whereas in the latter part of the year extensive purchases and loans were made for the 1949 crops. Although support was extended to a number of commodities in 1949 which did not require either loans or purchases in 1948, support expenditures on the current crop at the end of 1949 were running a little less than a year earlier primarily because of a reduction in the amount of cotton placed under loan.

Parity revised to include labor cost

The Agricultural Act of 1949 provides for higher support levels for "basic" commodities in 1950 than those contained in the previously existing law and includes wages paid to hired farm laborers in the computation of parity with the result that most "non-basic" commodities as well as two of the "basic" group now have higher parity prices.

Chart 11.—Percent Change in Parity Prices, Resulting From Revisions in the Method of Computation



¹ Average was weighted on the basis of cash receipts from farm marketings in 1948.

Source: Basic data, U. S. Department of Agriculture, Bureau of Agricultural Economics.

In addition to the changes in the formula for calculating the general parity level, individual parity prices were adjusted in accordance with price relationships existing during the most recent 10-year period, instead of maintaining the pattern existing in the base period, which is 1910-14 for most commodities. Any increases in parity which result from calculation on this revised basis will be fully effective in 1950, but any decreases in parity prices of the principal basic commodities are avoided by the use of an alternative calculation, as noted below, and decreases for other commodities are limited to 5 percent.

Table 7.—Index Numbers of Volume of Production for Sale and Home Consumption

[1935-39=100]

Commodity group	1940	1944	1945	1946	1947	1948	1949 ¹
Livestock and products:							
Meat animals.....	118	155	147	145	145	134	136
Dairy products.....	105	115	119	119	117	114	117
Poultry and eggs.....	112	166	170	160	157	153	163
All livestock.....	112	143	141	138	137	130	134
Crops:							
Food grains.....	110	148	155	164	197	190	165
Feed crops.....	114	153	144	172	131	206	182
Cotton (lint and seed).....	95	94	68	66	93	117	126
Truck crops.....	111	137	142	158	141	144	144
Other vegetables.....	101	106	110	128	107	123	115
Tobacco.....	101	135	137	160	145	136	137
Fruits and tree nuts.....	110	123	113	133	129	127	155
Oil-bearing crops.....	171	270	291	277	300	363	327
Sugar crops.....	104	81	94	103	110	89	99
All crops.....	107	128	122	135	135	154	148
Food production.....	111	140	139	140	140	135	136
Non-food production.....	105	126	113	122	120	156	151
All commodities.....	110	137	134	137	136	139	139

¹ Production estimates are based on the December crop report and estimated marketings and home consumption of livestock and livestock products.

Source: U. S. Department of Agriculture, Bureau of Agricultural Economics.

or a per family basis, the comparison is more favorable for farmers during the recent period since farm population is now about 10 percent lower than the 1929-40 average, whereas nonfarm population is about 25 percent higher.

Price decline throughout 1949

Declining farm income in 1949 was principally the result of a continued weakening in farm prices. During the course of the year, farm prices declined 12 percent, which is about the same extent as that occurring during 1948 but the movement during the 2 years followed different patterns. Although the highest monthly average in 1948 was in January and the lowest in December, on a quarterly average basis prices rose both in the second and in the third quarter before dropping sharply in the final months of the year. In 1929, however, prices averaged lower in each succeeding quarter. Furthermore, the decline was general. Of 10 major commodity groups, only fruit and tobacco registered advances. The rise in fruit prices reversed a 2-year decline which had occurred in 1947 and 1948 and was the result of a sharp drop in output of citrus fruit. The rise in tobacco represented a mixed price situation in which declining prices prevailed for some of the principal types of tobacco. For 2 years reduced marketing quotas have curtailed tobacco output and a substantial portion of total production has been placed under government loan in order to support prices.

For the major livestock and products groups, the price decline reflected rising production. Among the crops, increased world supplies were important factors in price reductions for cotton, grains, and oilseeds.

The decline in farm prices and in farm income was moderated by the largest price-support expenditure made by the Government in any one calendar year. During the early part of the year, heavy expenditures were made to support

For the basic commodities, support prices will be based upon the higher of (1) the old method of calculating parity and (2) the new formula. The revised parity calculations of the Department of Agriculture show that the old formula is higher for 4 of the 6 basic commodities—wheat, corn, cotton, and peanuts. For the other two “basics”—rice and tobacco—the new formula provides higher parity prices. The new formula is also to be used in computing parity prices for all the nonbasic commodities.

The net effect of the revision in parity calculations for 1950 is an increase of about 9 percent in average parity prices, weighted on the basis of cash receipts. As shown in chart 11, substantial increases in parity occur for livestock and most principal livestock products except eggs. On the other hand, there is no change in parity for the big crops—cotton, corn, and wheat and the weighted average rise for all crops is only 1 percent.

In contrast to the specific mandatory support levels provided for basics, the nonbasic commodities have a range within which support is provided, either on a mandatory or a permissive basis. Dairy products must be supported at from 75 to 90 percent of parity with the provision that the support level should assure an adequate supply. The other commodities in this “designated” group for which supports are mandatory—wool, mohair, tung nuts, honey, and potatoes—are to be supported at from 60 to 90 percent of parity. However, there is a special provision that the support price of wool is to be established at a level that will encourage production at a rate of 360 million pounds of shorn wool per year, which is about two-thirds higher than the current rate of output obtained with a support level of about 95 percent.

Support levels not fixed

For the remaining nonbasic products, support is permissive rather than mandatory at not more than 90 percent of

parity. Price support may exceed 90 percent of parity for any agricultural product, however, if the Secretary of Agriculture determines after a public hearing that such a level is necessary to prevent or alleviate a shortage of an essential commodity or to stimulate production of a commodity in the interest of national security.

The Agricultural Act of 1949 also contains a forward pricing provision, directing the Secretary of Agriculture to announce the support price level for field crops in advance of the planting season and for other commodities before the start of the marketing year or season. Although forward price support levels announced may later be increased, they are not to be reduced, even though actual parity prices, when determined, are lower than the announced forward prices.

The law also authorizes loans to cooperatives for the erection of storage facilities and places restrictions on the sale of commodities by the Commodity Credit Corporation, but these restrictions have important exceptions. Foods in danger of deterioration may be (1) exchanged for commodities not produced in the United States, or (2) given to public welfare programs, including school lunches or to private welfare organizations for distribution at home and abroad. This provision for disposition of perishable commodities will ease the problem created by the rise in price-support purchase of these foods in recent months.

The year 1949 was one of transition in American agriculture from the former period in which attention had been focused upon expanding output to fill world-wide demands to a period in which emphasis has shifted to price-support operations and the attendant production controls. This shift was reflected in the farm legislation during the year which revised the method of calculating parity, extended wartime price supports with some changes, and designated more specific criteria to be used in curtailing production.

Construction Activity

A MAJOR element of strength in the economy in 1949 was the rise in public works and residential construction. As a result of the substantial expansion in public construction, aided during the latter months of the year by the sharp recovery in residential housing, the total value of all construction put in place reached a new high of \$19.3¹ billion in 1949, one-half billion dollars over 1948. Additional expenditures by public authorities of more than \$1 billion offset a contraction in the private sector of approximately one-half billion dollars.

Housing, after a moderate decline during the first 4 months of 1949, picked up in the late spring and reached a record level in the fourth quarter. The value of residential construction for the year as a whole was slightly below 1948, partly because of the low volume of starts in the closing months of the earlier year. However, its upsurge after April was sufficient to bring total private construction close to its postwar high in the fourth quarter of 1949, despite the continued downdrift in private nonresidential construction.

Average construction costs declined only slightly from 1948 to 1949, implying that the increase in the physical volume of construction was slightly more than that indicated by the dollar expenditures. The price average for all building materials declined about 3 percent in 1949, due chiefly to noticeable declines in lumber prices. The monthly average of most of the remaining building materials prices showed increases over 1948.

¹ This differs from the new construction total shown in the private domestic investment component of the gross national product in that the \$19.3 billion includes expenditures on public construction but excludes oil well drilling activity and other items discussed in the July 1949 SURVEY OF CURRENT BUSINESS, p. 7.

At the year end, construction activity was substantially above the year as a whole, on a seasonally adjusted basis, and for some segments, particularly residential construction, commitments for construction presaged high activity for some months to come. Private work, because of the contra-seasonal increases in residential building, was progressing at a relatively faster rate than public construction. During the last quarter most building materials prices, including lumber, were already above their low points for the year, reversing the pattern of slow declines during earlier months.

Public construction up in 1949

Public expenditures for construction amounted to about \$5.3 billion or 25 percent more than in 1948. The largest increase, dollar-wise, was reported in public nonresidential building. Highway expenditures were still the largest item of public construction expenditures although the 5 percent increase in 1949 was considerably less than the relative increase in 1948 over 1947.

Public housing, as indicated in table 8, almost tripled in 1949, but comprised only about 3 percent of total housing expenditures. All of these expenditures were under non-Federal programs which will continue to expand during 1950 as the Public Housing Act of 1949 is implemented.

Private construction trends mixed

In the private sector, the pattern for 1949 was rather mixed but the over-all total declined. The industrial com-

Table 8.—New Construction Activity, 1943-49¹

(Millions of dollars)

Item	1948	1949	Seasonally adjusted at annual rates			
			1948		1949	
			First half	Second half	First half	Second half
Total new construction	18,775	19,329	17,988	19,562	18,548	20,110
Total private	14,563	14,059	14,240	14,886	13,498	14,620
Residential.....	7,223	7,025	7,176	7,270	6,358	7,692
Nonresidential.....	3,578	3,178	3,466	3,690	3,354	3,002
Industrial.....	1,397	974	1,466	1,328	1,138	810
Warehouses, offices and loft buildings.....	323	294	294	352	320	268
Stores, restaurants, garages.....	901	707	894	908	732	682
Other nonresidential buildings.....	957	1,203	812	1,102	1,164	1,242
Farm construction.....	500	450	506	494	398	502
Public utility.....	3,262	3,406	3,092	3,432	3,388	3,424
Total public	4,212	5,270	3,748	4,676	5,050	5,490
Residential ²	85	215	86	84	144	286
Nonresidential.....	1,057	1,665	886	1,228	1,642	1,688
Military and naval ²	137	120	144	130	98	142
Sewer and water.....	481	570	418	544	572	568
Highway.....	1,585	1,670	1,448	1,722	1,622	1,718
Other public.....	867	1,030	766	968	972	1,088

¹ Excludes oil well drilling activity and certain other adjustments to gross national product level.

² Not seasonally adjusted.

Source: U. S. Department of Commerce, Office of Domestic Commerce.

ponent continued the decline apparent in 1948, dropping more than 10 percent.

Expenditures by the utilities continued to rise because the gas and electric companies, which had not yet completed their postwar expansions, increased their expenditures by about one-sixth over 1948 to \$2.4 billion. Expenditures for railroad construction increased only moderately after the big expansion recorded in 1948, while telephone and telegraph companies decreased their expenditures about 20 percent.

Construction of stores, restaurants, and garages showed some increase in the last quarter after declining from the first through the third quarter of the year. It is not unlikely that a strong demand for such service establishments will continue as a result of the recent trend of residential construction and the new subdivisions which have been developed.

Warehouse, office, and loft buildings also showed a slight improvement in the last quarter after having declined steadily during the first nine months of 1949, resulting in the yearly total about 9 percent below the total for 1948.

The backlog of demand for institutional services resulted in substantially higher institutional construction in 1949 compared with 1948, but with a diminished annual rate of increase. Religious edifice construction showed the largest relative increase in this category.

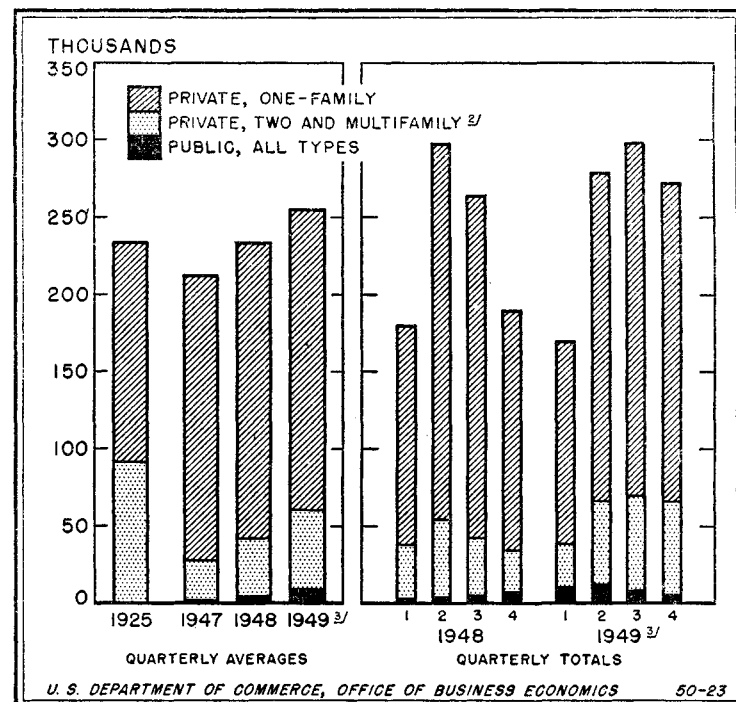
Residential construction up sharply at year end

The recovery in new residential construction activity from the low point recorded in April, after allowing for seasonal influences, was the most impressive development in construction activity during 1949. This rise beginning in the spring was made possible by the large backlogs of the war period, but the activation of this demand in its 1949 resurgence was influenced by: (1) some reduction from the peak in the unit costs of new houses, (2) easier financing terms, and (3) diminished expectations by prospective buyers that postponement of purchases would bring savings from further price reductions, a factor in the decline of sales during the early part of the year. Total dwelling units

placed under construction in 1949, estimated at over 1 million, as indicated in chart 12, were well over the number started in 1948 and also above the total for the previous record year, 1925, when 937,000 were started. Private starts alone in 1949, about 984,000, exceeded the previous record which included no public activity.

However, 35,500 publicly financed starts in 1949 were almost double the 1948 total and will continue to increase as Federal activity approaches the statutory limit of 135,000 starts per year. If conditions warrant such action, this limit could be increased to 200,000 units by Presidential authorization.

An important change from 1948 to 1949 in the pattern of privately financed starts, indicated in chart 12, is the increase in the number of multi- and two-family units as well as the proportion it represents of the total, moving from 16 percent in 1948 to 20 percent in 1949. This proportion, however, is still considerably short of the figure in 1925 when approximately 40 percent were of this type.

Chart 12.—Permanent Nonfarm Dwelling Units Started, by Type and Financing¹

¹ Data represent dwelling units privately and publicly financed and include prefabricated housing units. Figures exclude temporary units, conversions, dormitory accommodations, trailers, and military barracks.

² Data include units in 1- and 2-family structures with stores and units in multifamily structures with stores.

³ Data for total dwelling units started for the fourth quarter of 1949 are preliminary; components are estimated.

Sources of data: U. S. Department of Labor, Bureau of Labor Statistics, except components for fourth quarter of 1949, which were estimated by the U. S. Department of Commerce, Office of Business Economics.

The rise in rental type housing from 1948 to 1949 was undoubtedly aided by the liberal use made of Section 608 of Title VI of the National Housing Act by the construction industry during the past year.

In contrast, the number of single-family units while increasing over last year constituted a smaller proportion of the total. It is interesting to note that while the number of these units increased in 1948 over the 1947 total, the increase in that year occurred in spite of rising costs and the erection of a substantial number of expensive units. The decline in starts toward the end of 1948 probably reflected the diminished demand for houses with the high costs and financial difficulties then prevalent.

This condition appears to have been adjusted during 1949 with a larger proportion of smaller and less expensive units developed by the industry. This, coupled with easier financing made possible by continued operations of the Federal National Mortgage Association as a secondary mortgage market, facilitated by the recent liberalization of the Act and additional authorization of funds aided in tapping a broadened base of demand in lower income brackets.

In addition to the specific aids achieved by legislation,

the general policies of the Treasury and Board of Governors of the Federal Reserve System have aided in retaining a low rate of interest and supply of available funds. Further, there also seemed to be a greater flow of private funds into the mortgage market as the result of somewhat less attractive alternative forms of investment. These factors in combination appear to have created less restrictive policies by mortgage companies both with respect to interest rates and other terms of financing than prevailed during most of 1948.

Domestic Business Investment

A DROP of \$10 billion in gross private domestic investment was the largest change among the major components of the national product from 1948 to 1949. As pointed out in an earlier section, the principal part of the reduction in gross private domestic investment represented a shift from accumulation of inventories to disinvestment, and practically all of the remainder reflected lower outlays by nonfarm business for plant and equipment.

The portion of the decline in total output resulting from inventory changes was very substantial. However, it should not be overlooked that inventory liquidation in 1949 was small, and that in the main it was the elimination of the appreciable accumulation characterizing 1948 which accounted for the depressing influence of this component of investment. But since inventories generally were not excessive early in 1949, liquidation was checked by the firm demand for final products earlier discussed.

Plant and Equipment Expenditures

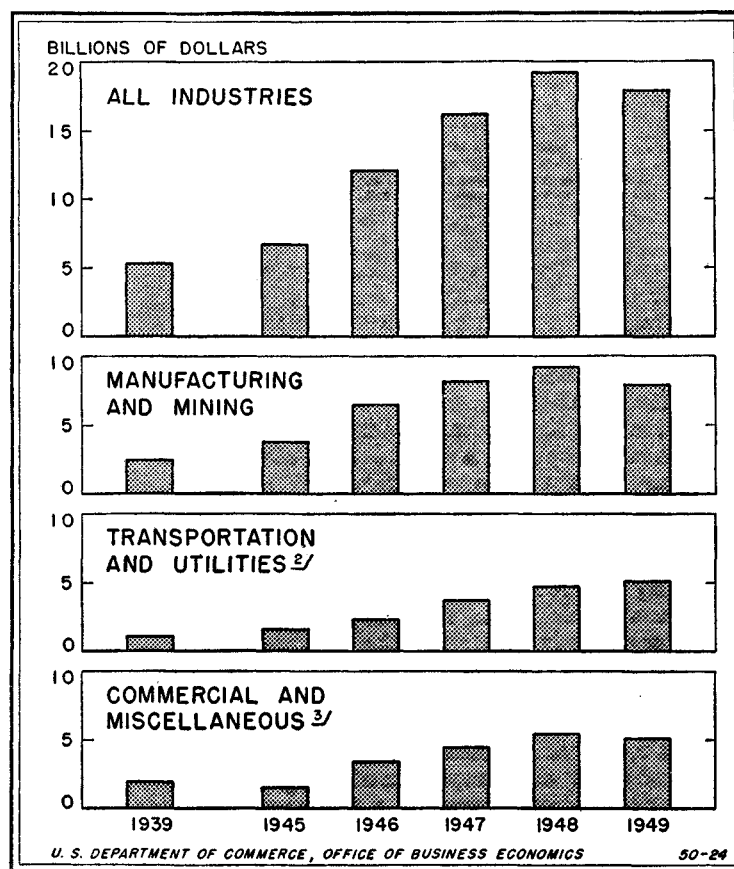
Nonagricultural business firms spent \$17.9 billion for new plant and equipment during 1949, a decline of 7 percent from the \$19.2 billion in 1948.¹ The year 1949 marked the first downward movement in annual capital acquisitions since the end of the war (see chart 13). However, outlays for fixed assets were higher than in any year prior to 1948 both in dollar terms and physical volume. Plant and equipment costs, which had reached their highest point early in 1949, declined somewhat during the year and average prices for 1949 approximated the 1948 level.

It is interesting to note that the investment programs reported by business at the beginning of 1949 were, as a whole, carried out during the course of the year. Anticipated outlays were only slightly higher—about 1 percent in total—than actual expenditures for new capital facilities.

Quarterly trends

The high point of outlays for plant and equipment was reached in the second half of 1948. After rough allowance for seasonal factors, total outlays during the first quarter of 1949

Chart 13.—Business Expenditures for New Plant and Equipment¹



¹ Exclude expenditures of agricultural business and outlays charged to current account. Data for 1949 include preliminary expenditures for the fourth quarter.

² Include railroads, other transportation, and electric and gas utilities.

³ Include trade, service, communications, construction, and finance.

Sources: Data for 1945-49, U. S. Department of Commerce, Office of Business Economics, and Securities and Exchange Commission; data for 1939, Board of Governors of the Federal Reserve System.

slipped slightly below the previous quarter. During subsequent quarterly periods this downward tendency was somewhat accelerated. The decline in the investment rate during 1949 and the consistent year-to-year gains which had previously characterized capital outlays are shown in table 9.

New investment during the early months of 1949 was bolstered by the substantial increases made by railroads and electric and gas utilities. During the remainder of the year all major industries except electric and gas utilities showed year-to-year declines. Even the increases shown by the utilities during the latter half of the year were moderate when compared to previous gains.

¹ These expenditures make no allowance for outlays charged by business to current account. The fourth quarter of 1949 is preliminary.

Table 9.—Year-to-Year Percentage Change in New Plant and Equipment Expenditures

Industry	1945 to 1946	1946 to 1947	1947 to 1948	1948 to 1949	1948-1949	
					First half	Second half
All industries.....	+82	+34	+19	-7	+1	-14
Manufacturing.....	+84	+26	+12	-14	-5	-23
Mining.....	+27	+23	+16	-9	0	-17
Railroads.....	+4	+60	+45	+2	+26	-18
Other transportation.....	+106	+21	-12	-28	-25	-30
Electric and gas utilities.....	+65	+83	+41	+18	+27	+11
Commercial and miscellaneous.....	+123	+34	+22	-6	-2	-11

Source: U. S. Department of Commerce, Office of Business Economics.

Industrial trends

Expenditures for new plant and equipment by the combined manufacturing and mining industries were \$7.9 billion in 1949 as compared with \$9.1 billion in the preceding year with both plant and equipment expenditures declining. The plant segment, however, bore the brunt of the cut-back as industrial construction activity fell approximately 30 percent below 1948.

Within manufacturing, most of the major industries considerably reduced their rate of investment during 1949. It is worthy of note that from 1948 to 1949 there was a fairly close correspondence between the changes in profits and sales of the different industries and the changes in capital investment. This was also true in terms of size of firm with both profits and capital outlays declining relatively more among the small firms than among large ones.

Table 10.—Business Expenditures on New Plant and Equipment, 1945-49¹

[Millions of dollars]

Industry	1945	1946	1947	1948				Total	1949				Total ³
				January-March	April-June	July-September	October-December		January-March	April-June	July-September	October-December ²	
All industries	6,630	12,040	16,180	4,170	4,820	4,830	5,410	19,230	4,460	4,660	4,360	4,430	17,910
Manufacturing.....	3,210	5,910	7,460	1,800	2,140	2,090	2,320	8,340	1,850	1,880	1,690	1,710	7,130
Mining.....	440	560	690	180	200	200	220	800	190	190	180	170	730
Railroad.....	550	570	910	270	310	320	410	1,320	360	380	310	290	1,340
Other transportation.....	320	660	800	180	190	170	170	700	130	140	130	110	510
Electric and gas utilities.....	630	1,040	1,900	500	640	690	850	2,680	680	780	790	900	3,160
Commercial and miscellaneous ⁴	1,480	3,300	4,430	1,240	1,340	1,360	1,440	5,390	1,260	1,290	1,260	1,250	5,040

¹ Data represent expenditures of nonagricultural business only and exclude outlays charged to current account.

² Based on anticipated capital expenditures of business in October and November.

³ Annual estimates include anticipations for the last quarter of the year.

⁴ Includes trade, service, finance, construction and communication.

Source: U. S. Department of Commerce, Office of Business Economics, and Securities and Exchange Commission.

The rubber, paper, apparel, and lumber products industries were among the manufacturing groups showing the largest percentage declines in plant and equipment expenditures, as well as in sales and profits. On the other hand, capital outlays, sales and profits in food and transportation equipment (excluding autos) were close to their 1948 levels. A notable exception was the automobile industry where capital outlays did not rise in spite of a sizeable increase in operations. This was due both to the considerably smaller capital outlays arising from the 1950 model change-over than from the 1949 model change-over, and to a decline in outlays for plant. In addition, capital expenditures as reported by this industry generally do not include a substantial amount of expenditures on special tools which are charged to current account and which are closely related to the volume of output.

Since the correspondence between investment and operating experience was not so evident in the earlier postwar years, there is some indication that 1949 marks a return to a more normal relationship between investment and current operations, reflecting the completion of a large part of the immediate postwar expansion programs of business. However, analysis based on the long-term growth in producers' equipment outlays suggests that some upward pressure of wartime deferred demand was still being exerted in 1949.²

Plant and equipment expenditures by the petroleum industry declined moderately in 1949. The largest relative reduction was in outlays for refining facilities—while investment in pipe lines and oil- and gas-well drilling was little changed. In the transportation equipment group, investment was supported by a sharp increase in plant and equipment outlays by the aircraft industry. Despite reductions in over-all outlays by the electrical machinery industry, expenditures for television production facilities continued at a very high rate during 1949.

Capital outlays by railroads, which increased slightly from 1948 to 1949, reached a turning point at the middle of the year. During the second half of 1949, expenditures declined abruptly and were approximately one-fifth lower than the corresponding period of 1948.

Investment of electric and gas utilities reached a record

total of \$3.2 billion in 1949, an advance of 18 percent over 1948. Both electric and gas utilities shared in this increase. In the gas utility industry, the substantial postwar outlays were due, in the main, to the expansion of pipe-line facilities from the Texas fields, arising out of the significant shift to natural gas consumption.

Examination of investment plans by business for the first quarter of 1950 gives some evidence of a deceleration of the downward trend in the rate of investment.³ This may be a reflection of the upturn in business expectations which occurred in the latter months of the year. However, the year-end level was well below that of the preceding year.

Inventories

The book value of inventories held by nonfarm business reached a postwar high early in 1949, and from then to the end of the year moved steadily downward. The value of business inventories was reduced by \$5.1 billion over the year. Most of this decline was due to price changes, but physical volume also was lower.

The most important part of business inventories is held by manufacturing and trade firms, whose stocks of goods on hand had a year-end book value of \$53.5 billion (see table 11). Inventories of these companies were reduced by \$4.7 billion in 1949 under the effects of declining replacement costs and reductions in physical quantities of goods in stock. Lower prices were the major factor in this decline. In addition, following the slowing of sales in the early fall of 1948, inventory policy turned to physical liquidation rather than to accumulation.

Table 11.—Book Value of Business Inventories, End of Period, 1948 and 1949

[Unadjusted, billions of dollars]

Item	1948		1949	
	First Half	Second Half	First Half	Second Half
Total	54.6	58.2	55.4	53.5
Manufacturing.....	32.0	34.3	32.9	31.0
Wholesale trade.....	8.8	9.6	8.8	9.2
Retail trade.....	13.9	14.4	13.7	13.3

Source: U. S. Department of Commerce, Office of Business Economics.

² See "The Demand for Producers' Durable Equipment" SURVEY June, 1949.

³ A detailed analysis of prospective investment trends in 1950, based on the annual survey of Capital Budgets, will soon be available.

Inventory movements during 1949 showed differences in timing and magnitude in the various sectors. Retailers and wholesalers were the first to adjust their inventories to the shift in business in the fall of 1948. For these groups, inventory book values reached their peak late in 1948, and then declined through the first half of 1949. During the first 3 months of the year lower prices accounted for all of the drop, and there was practically no change in volume of inventories. In the second quarter, liquidation became important.

Book values of trade inventories reversed their trend in mid-summer and rose in the third quarter. In the last 3 months of the year wholesalers' inventories changed relatively little while those of retailers declined, mainly because of reductions in the stocks of automobile dealers.

Retailers' stocks at the end of the year were \$13.3 billion, about \$1 billion below a year ago. Wholesale inventories were down \$400 million over the year to \$9.2 billion.

Major decline in manufacturing

The book value of manufacturers' inventories reached its post-war high in the middle of the first quarter of 1949. Thereafter book values moved down through most of the year. The period of the most sizable decline was the third quarter, when liquidation was heaviest. In the final months of the year declines were small as increases in inventories of the nondurable goods industries almost offset the continued declines in the durable goods group. The reduction over the year totaled \$3.2 billion, and brought year-end book values to \$31.0 billion.

From table 12, it is apparent that the changes in manufacturing inventories were dominated by the movements of durable-goods inventories. Here the decline in book values over the year amounted to \$2.4 billion, compared with a drop of \$900 million in the nondurable industries. The extent of the reduction in durable goods inventories reflects in part the year-end tightness in steel supply. However, there are indications that at the beginning of 1949 inventory holdings were somewhat out of line with sales, so that some downward adjustment was called for.

Finished-goods inventories of the "heavy goods" indus-

tries continued to increase well into the second quarter of the year. In large measure this increase represented involuntary rather than planned accumulations. During the second half of 1949, however, these stocks were substantially reduced.

The nondurable-goods industries reduced the book value of their inventories during the first 3 quarters of the year

Table 12.—Change in Book Value of Manufacturers' Inventories, 1948 and 1949

[Unadjusted, millions of dollars]

Period	Durable goods		Nondurable goods	
	Total inventories	Finished goods	Total inventories	Finished goods
1948:				
First quarter.....	446	299	409	195
Second quarter.....	439	138	663	644
Third quarter.....	444	83	761	621
Fourth quarter.....	660	390	422	315
1949:				
First quarter.....	490	481	-388	-42
Second quarter.....	-880	69	-562	-115
Third quarter.....	-1,473	-561	-446	-152
Fourth quarter.....	-488	-1	519	347

Source: U. S. Department of Commerce, Office of Business Economics.

but increased them during the last 3 months. Finished-goods inventories of these industries, which had risen rapidly in 1948, declined throughout most of the year, but increased in the final quarter.

Inventories in the hands of manufacturing and trade firms at the end of the year generally did not appear high in relation to sales when judged by prewar standards. The tendency for liquidation to taper off at the end of 1949 appears to be in line with this inference.

In addition, there was an important difference between the situations at the beginning and end of 1949. At the start of the year, continued accumulation at a substantial rate would have been needed to avoid the deflationary effect of a decline in inventory investment. At the close, maintenance of the size of stocks would imply no reduction in investment and hence would have no retarding influence on total output.

Retail Sales

CONSUMER demand in the aggregate remained firm in 1949, providing a source of economic strength in a year of declining investment. Although the dollar value of retail-store sales dipped slightly, month-to-month movements were marked by unusual stability, and the difference between the highest month—September—and the lowest—December—was only about 3 percent.¹

Nevertheless, within the retail sector, many groups contributed to and were affected by the business downturn, particularly in the early part of 1949. Also, this was the first year since 1938 in which retail-store sales failed to advance over the previous year. Purchases in retail establishments, at \$128 billion, trailed 1948 by about 1½ percent (see table 13). In view of the decline in prices, however, the physical volume of goods moving through retail channels in 1949 was, roughly, equal to the 1948 total.

Automotive sales sustain total

The unprecedented number of passenger cars sold in 1949, which permitted motor vehicle dealers to record an 18-percent increase in dollar sales for the year, contributed materially to the strength of consumer buying. Sales of retail stores other than motor vehicle dealers were 5 percent below 1948.

¹ The trend of services is not discussed in this section, though they constitute, of course, a substantial part of consumer expenditures.

Analysis indicates that in 1949 there remained a substantial backlog of demand for autos, and output was large enough to bring dollar sales above the level which would correspond, on the basis of prewar relationships, to current disposable income.² However, other major kinds of retail business generally did not appear to be high in relation to income when judged by historical standards. The one exception—food—was in line with prewar behavior in real or quantity terms, but high in terms of dollar sales.

Food sales firm

Among the nondurable-goods groups, the greatest strength was shown by food stores and filling stations with sales practically unchanged from a year ago. With prices down moderately, there may have been a small increase in the physical volume of food sold at retail. Food stores account for about a third of all nondurable-goods sales and their high activity has helped to prop up the sales total for the nondurable-goods groups.

The remaining groups of nondurable-goods stores reported fairly substantial decreases in sales. At both men's wear and women's wear stores, dollar sales were down about 8 percent from the previous year. However, part of these drops—particularly in women's apparel—reflected the avail-

² See "Trend of Sales of Consumer Durable Goods", SURVEY, April 1949.

Table 13.—Sales of Retail Stores by Kinds of Business, 1947-49
[Millions of dollars]

Kind of business	1947	1948	1949
All retail stores	118,908	130,042	128,183
Durable-goods stores	32,142	38,008	39,874
Automotive group.....	15,528	19,309	22,728
Motor-vehicle dealers.....	13,850	17,530	21,085
Parts and accessories.....	1,678	1,779	1,643
Building-materials and hardware group.....	9,092	10,710	9,509
Building materials.....	5,695	6,801	6,202
Farm implements.....	1,180	1,555	1,401
Hardware.....	2,217	2,354	2,088
Home-furnishings group.....	6,213	6,725	6,537
Furniture and housefurnishings.....	3,746	4,045	3,744
Household appliances and radios.....	2,467	2,680	2,793
Jewelry.....	1,309	1,264	1,100
Nondurable-goods stores	86,766	92,034	88,309
Apparel group.....	9,413	9,865	9,175
Men's clothing and furnishings.....	2,414	2,412	2,223
Women's apparel and accessories.....	4,141	4,530	4,193
Family and other apparel.....	1,325	1,386	1,281
Shoes.....	1,533	1,537	1,478
Drug stores.....	3,659	3,687	3,605
Eating and drinking places.....	12,035	12,112	11,240
Food group.....	28,384	30,506	30,298
Grocery and combination.....	22,364	24,111	24,154
Other food.....	6,020	6,395	6,144
Filling stations.....	5,193	6,325	6,363
General-merchandise group.....	16,033	17,015	16,019
Department, including mail order.....	10,645	11,337	10,618
General, including general merchandise, with food.....	1,858	1,958	1,769
Dry goods and other general merchandise.....	1,538	1,609	1,509
Variety.....	1,992	2,131	2,123
Other retail stores.....	12,049	12,524	11,609
Liquor.....	1,916	1,854	1,700
All other.....	10,133	10,670	9,849

Source: U. S. Department of Commerce, Office of Business Economics.

ability of goods of equal or higher quality at lower prices than in 1948, and trading down may also have been important. At shoe stores, where prices were more stable, the 1949 decline in sales was about 4 percent. Drug-store sales were down 2 percent, and department stores 6 percent.

Data on tax collections indicate that sales of luxury goods continued the downward slide evidenced in 1948. Excise taxes on furs fell about 28 percent, on cabaret expenditures 14 percent, and on jewelry 10 percent. In addition, an examination of department-store sales by departments points to greater decreases in sales in those departments in which higher-priced merchandise is carried. The same tendency is shown by the fact that sales in basement stores, which generally display lower-priced items, were down only 3 percent for the year while for the main store the corresponding figure was 7 percent.

Most durables decline

Although the durable-goods group as a whole showed an increase in sales because of the large gains of motor vehicle dealers, declines were registered by most stores whose major lines of trade consist of consumers' durable goods other than autos. In the home-furnishings group, trade was bolstered by increased purchases of television receivers and some major household appliances, and by strengthening in demand for furniture and furnishings in the latter part of the year, but dollar sales declined by about 3 percent in 1949. In building materials and hardware and in jewelry stores the drop in the dollar value of sales was substantially larger. As in the case of the nondurables these declines reflected in part decreased prices and the greater availability of lower price lines.

Improvement in fourth quarter

In most of the store groups the downward drift in sales continued through the first 7 or 8 months of the year, with some signs of recovery evident subsequently. The home-furnishings group showed a substantial pick-up as price

reductions in television sets and electrical appliances helped to stimulate demand for these items, while the high level of residential construction contributed to higher activity in furniture and house furnishings.

Some of the increased sales strength in the second half of the year may be traced to the influence of easier credit terms. Total installment sales credit for the year was up more than a third, with auto and home-furnishing stores showing the greatest increases. For these groups installment sales credit at the year end had risen 60 and 25 percent respectively.

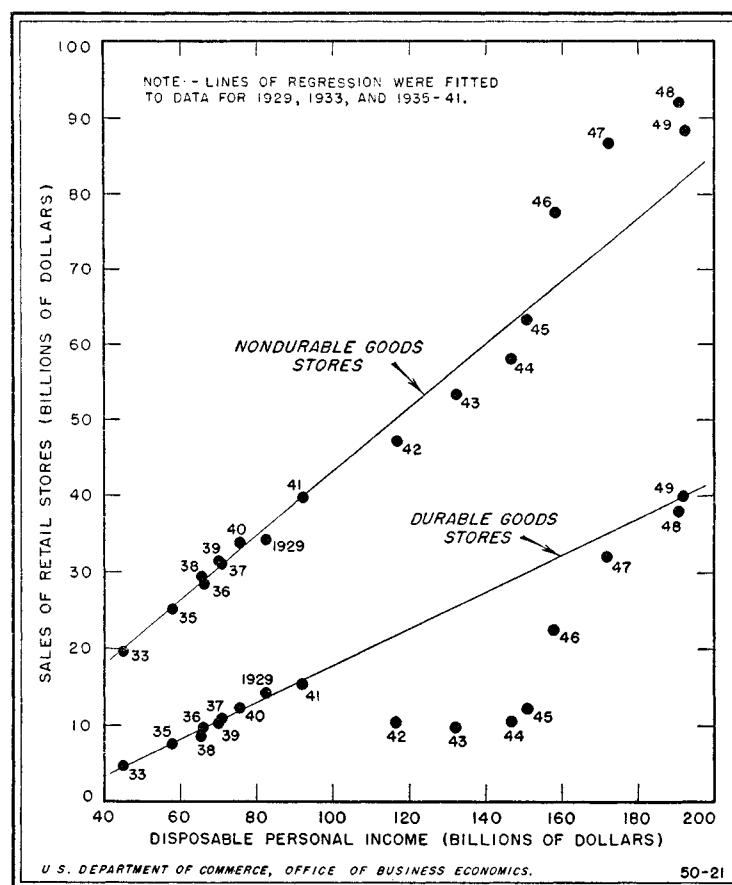
The renewed impetus in buying evident late in the third quarter in many lines of trade was offset, however, by a drop in automobile sales. The decline in this group was primarily the result of the preparations for model change-overs which, together with some tightness in steel supplies, accounted for a reduction in the number of cars produced in the final months of the year.

Retail trade patterns change

To appraise the current position of retail store sales, several bases of comparison with prewar conditions have proved useful. These include correlation and percentage relations between retail sales and income, and percentage distributions of retail sales by kinds of business. These measures are consistent in their summary of the year 1949, in relation to the change from 1948.

Sales in 1949 declined relative to income, the drop coming at the start of the year and bringing total sales closer in line with the relationship characteristic of the years before the war. The downward movement reversed a trend which had begun immediately following the war's end and had

Chart 14.—Relationship Between Sales of Durable and Nondurable Goods Retail Stores and Disposable Personal Income



Source of data: U. S. Department of Commerce, Office of Business Economics.

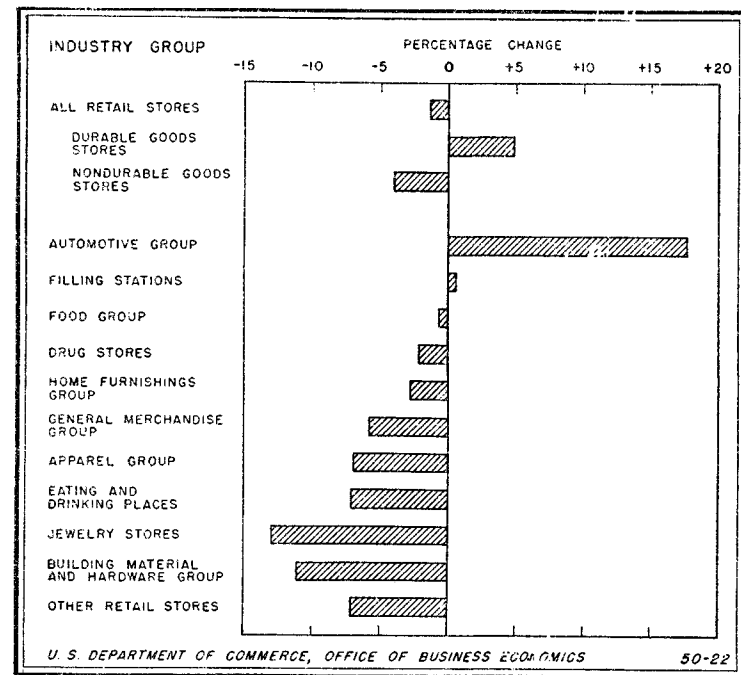
continued until the middle of 1948. During the early post-war surge in buying, sales of retail stores were higher than might have been expected on the basis of the prewar relationship between sales and income.

Chart 14 shows how sales of durable- and nondurable-goods stores have moved relative to disposable personal income since 1929. Both cases reveal a divergence from the prewar pattern during the war and early postwar years, and a recent tendency to revert to the historical relationship.

For the nondurables as a whole (upper curve) sales declined relative to income during 1949. The downward movement in the nondurables began about the middle of 1948 and has become more sharply defined in the past year.

Sales at durable-goods stores, on the other hand, have continued their upward trend relative to income which began in 1945, although the gains have been getting smaller. The 1949 increase carried durable sales by the second half of the year to a point a little above the value indicated by the prewar relation with income.

Chart 15.—Percentage Change in Sales of Retail Stores, 1948 to 1949, by Kinds of Business



Source of data: U. S. Department of Commerce, Office of Business Economics.

Autos take larger share of income

Although the proportion of disposable personal income spent at retail stores has declined somewhat in the past 2 years, it remains higher than before the war. In such years as 1929 and 1939 or 1941, about 60 percent of disposable income was expended in retail establishments, whereas in 1949 retail sales amounted to two-thirds of such income.

A good deal of the extra spending went for autos, and sales of motor vehicle dealers represented a higher percentage of income than in any earlier year. At other durable-goods stores, the proportions of disposable income expended were generally close to the values that characterized the years 1929 and 1941.

The proportion of income going to retail stores in the non-durable categories has moved downward in the last few years. For most groups the ratios are now little different from those typical of the prewar years of high activity.

Increasing importance of durables

The pattern of retail activity may also be analyzed in terms of the relative importance of the different groups of stores in the retail structure. Table 14 gives the shares of the retail dollar spent at each type of store in selected years.

Table 14.—Percent Distribution of Retail Sales by Kinds of Business

Kind of business	1929	1933	1939	1941	1948		1949	
					First half	Second half	First half	Second half
Durable-goods stores	29.3	19.8	24.7	28.1	28.7	29.7	30.4	31.8
Automotive group.....	14.5	9.7	13.2	15.4	14.2	15.4	17.1	18.4
Motor-vehicle dealers.....	13.3	8.7	12.0	14.0	12.9	14.1	15.8	17.1
Parts and accessories.....	1.2	.9	1.2	1.4	1.4	1.4	1.3	1.3
Building materials and hardware group.....	7.9	5.5	6.5	7.0	8.3	8.2	7.4	7.4
Building materials.....	5.4	3.5	4.2	4.4	5.3	5.2	4.6	4.8
Farm implements.....	1.1	.7	.8	.9	1.2	1.2	1.2	1.0
Hardware.....	1.5	1.3	1.5	1.6	1.8	1.8	1.7	1.6
Home-furnishings group.....	5.7	3.9	4.1	4.7	5.2	5.1	4.9	5.3
Furniture and house-furnishings.....	3.7	2.6	2.9	3.2	3.2	3.1	2.9	2.9
Household appliances and radios.....	1.9	1.3	1.3	1.5	2.1	2.1	2.0	2.3
Jewelry.....	1.1	.7	.9	1.1	1.0	.9	.9	.8
Nondurable-goods stores	70.7	80.2	75.3	71.9	71.3	70.3	69.6	68.2
Apparel group.....	8.8	7.9	7.8	7.5	7.6	7.6	7.5	6.8
Men's clothing and furnishings.....	2.8	2.2	2.0	2.0	1.9	1.8	1.8	1.6
Women's apparel and accessories.....	3.1	3.1	3.1	3.0	3.4	3.5	3.4	3.1
Family and other apparel.....	1.2	.9	1.1	1.1	1.1	1.1	1.0	1.0
Shoes.....	1.7	1.7	1.5	1.4	1.2	1.2	1.2	1.1
Drug stores.....	3.5	4.3	3.7	3.3	2.9	2.8	2.9	2.8
Eating and drinking places.....	4.4	5.8	8.4	8.6	9.4	9.2	8.9	8.6
Food group.....	22.6	27.6	24.2	22.7	23.6	23.3	23.7	23.6
Grocery and combination.....	15.2	20.4	18.4	17.3	18.7	18.4	18.9	18.8
Other food.....	7.5	7.2	5.8	5.4	4.9	4.9	4.8	4.8
Filling stations.....	3.7	6.2	6.7	6.2	4.9	4.8	4.9	5.0
General-merchandise group.....	18.6	20.3	15.4	14.3	13.0	13.2	12.6	12.4
Department (excluding mail order).....	8.1	9.5	8.4	7.9	7.7	7.8	7.4	7.4
Mail order.....	.9	.9	1.1	1.1	1.0	1.0	.9	.9
General, including general merchandise with food.....	5.6	4.8	2.2	1.8	1.5	1.5	1.4	1.3
Dry goods and other general merchandise.....	2.2	2.4	1.4	1.3	1.2	1.2	1.2	1.1
Variety.....	1.9	2.8	2.3	2.1	1.6	1.7	1.7	1.6
Other retail stores.....	9.2	8.0	9.2	9.3	9.9	9.4	9.1	9.0
Liquor.....	.1	1.4	1.4	1.4	1.4	1.4	1.4	1.4
All other.....	9.2	7.9	7.8	7.9	8.4	8.0	7.7	7.7

Source: U. S. Department of Commerce, Office of Business Economics.

During the past year the percentage of retail store sales going to durable-goods stores was the highest on record. This was due entirely to motor vehicle dealers, the group increasing its share of the total business at the expense of such lines as building materials and hardware, apparel, eating and drinking places and department and other general-merchandise stores. It may be noted that because of the exceptional demand for autos, the proportions of total retail sales at the various types of stores in 1949 were still appreciably different from the typical pattern of prewar years of high activity. As previously pointed out, however, these results do not imply that the groups other than autos were generally out of line with their historical relationships to income.

Foreign Trade

UNITED STATES foreign traders during 1949 felt the impact of intensified foreign balance of payments difficulties which arose from the swifter pace of postwar readjustments in the United States than abroad. Largely because of the widespread dislocations caused by the war, these difficulties in foreign countries persisted despite the large flow of aid funds made in the form of grants and otherwise by the United States to facilitate economic rehabilitation abroad. It is, of course, only through these programs that foreign countries have procured an unprecedented volume of peacetime goods in United States markets. In 1949, United States foreign aid programs financed 30 percent of the total exports of goods and services, making possible the continuation of the large disparity between exports and imports.

In domestic markets, supplies of most goods became adequate as production came into a more balanced relationship with demand, with a resultant downward movement of prices. In most foreign countries, the same development toward easing of supplies, though already apparent during 1949, was as yet far less advanced than in the United States where wartime dislocations and accompanying inflation were relatively far less acute and hence overcome with less of a time lag.

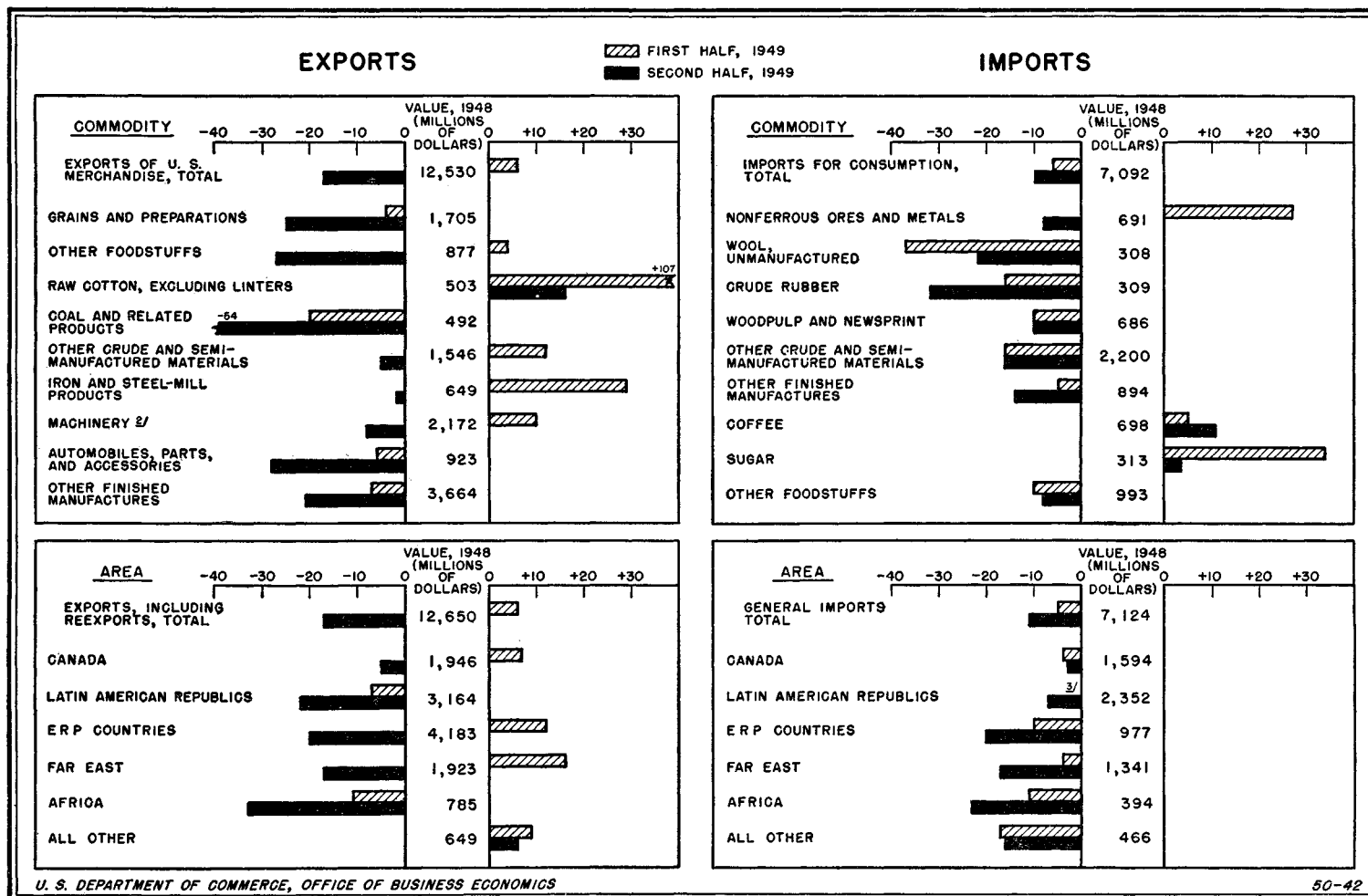
Despite the expansion in output to or even beyond prewar levels in Europe and the at least partial satisfaction of many deferred demands both in those areas most directly concerned in the recent war and in other areas, there remained a heavy dependence upon United States goods.

The continued large import demands from abroad were met by United States producers, many of whom became increasingly interested in foreign markets as in many fields domestic outlets began to absorb a smaller portion of the greater productive capacity available.

Concurrently, this country's demand for foreign goods contracted with the general economic adjustment described in earlier chapters of this review. Domestic requirements for some major raw and semiprocessed imports declined and were filled in part from inventories; and domestic output of similar or competitive materials displaced other imports; many of which now became even less able than previously to compete pricewise in the American market.

Inevitably, the unbalanced postwar trade relationships were reflected in price disparities in international markets, and widespread foreign currency devaluations in the latter part of the year were undertaken in an effort to bring about adjustments in the external currency values which would

Chart 16.—United States Foreign Trade: Percentage Change in Value, First and Second Halves of 1949 from 1948¹



¹ Percentage changes are based upon data for the first 6 months of 1949, last 5 months of 1949 (except imports of sugar for which 6 months data are available), each raised to an annual rate, and 12 months, 1948.

² Include agricultural, electrical, and industrial machinery, and tractors, parts, and accessories.

³ Percentage change is negligible and does not show on chart.

Source: Basic data, U. S. Department of Commerce, Bureau of the Census.

relieve balance-of-payments pressures while fundamental adjustments were undertaken.

Exports high through midyear 1949; imports fall

During the first half of 1949, exports from the United States reached an annual rate of \$13,400 million, \$700 million above the rate for the previous year. Since at the same time commodity imports into the United States provided foreign countries with 300 million fewer dollars at an annual rate than in 1948, the higher exports were financed chiefly by increased United States Government foreign-aid payments and renewed inroads upon foreign reserves of gold and dollars.

Chart 16 compares changes in the annual dollar rates of exports and imports by areas and by commodities during the first and second halves of 1949 with the rate in 1948. Western Europe and the Far East, to which virtually all United States Government foreign-aid expenditures were directed, accounted for most of the expansion in United States exports during the first half of 1949.

That foreign economic recovery was progressing under the stimulus of American aid is indicated by the commodity composition of the expansion in United States exports to these areas. The increase during the first 6 months was chiefly in shipments of raw cotton, machinery, and other goods to be used in foreign production lines rather than for immediate consumption.

By contrast, United States shipments to Latin America and Africa in the first 6 months of 1949 fell below the 1948 rate. In many of these countries demand and supply were equated either through satisfaction of the deferred demand or through rising prices and declining currency values. While demands for imported goods had thus receded to some extent, they were subject to further curtailment by tighter import restrictions (especially drastic in the Union of South Africa and Argentina) imposed to conserve, and if possible, strengthen depleted dollar resources.

The reduction in this country's commodity imports, from an annual rate of \$7,500 million in the fourth quarter of 1948 to an annual rate of \$6,400 million by the second quarter of 1949, was more than could be explained by seasonal factors and the moderate contraction in the gross national product of this country. The drop in imports was due mainly to the relatively serious decline in consumption of some major imported products such as wool, rubber, woodpulp, and burlap. A further reduction in imports of these and other commodities, moreover, resulted from the desire on the part of domestic industry to reduce previously accumulated stocks in view of the more ample conditions of supply and, in some cases, from expectations of further price reductions.

By midyear it had also become apparent that imports from Europe, for which prices remained comparatively high and even increased in some cases, were encountering increasing difficulties as the trend away from a "sellers" market gradually developed in this country. Such imports as automobiles, tractors, textiles, and iron and steel products had been seriously curtailed (see table 15) as the supply of more attractively price domestically produced items became more ample.

The net result of the lower imports and high exports during the first half of the year was an increase in our export surplus with practically every area except the Latin American Republics and Africa.

Lower exports after June; imports register further decline

In July 1949, total United States exports declined to \$10,800 million on an annual basis and remained near that rate for the remainder of the year. The drop in shipments

extended to almost every major area and commodity group (see chart 16). This reduction was primarily a consequence of the tighter import control measures instituted during the second quarter of the year, particularly by the United Kingdom and other countries in the sterling area, to halt the rapid drain on their reserves of gold and dollars.

Also contributing to the decline in foreign purchases from the United States was the fact that in some foreign countries supplies from current production gradually became more closely equated with prevailing demands. These countries were thus in a position to reduce their imports and also to market more goods abroad at prices reflecting relatively favorable supply conditions. The less countries were successful in reducing the gap between demand and supply

Table 15.—Imports for Consumption into the United States of Commodities from the 16 Countries Participating in the European Recovery Program

[Millions of dollars]

Commodity	1948 Quarterly average	1948 Fourth quarter	1949			
			First quarter	Second quarter	Third quarter	Fourth quarter ¹
Total	242.9	271.1	238.9	177.6	186.2	230.0
Woodpulp.....	14.8	7.5	5.6	4.6	5.0	13.5
Newsprint.....	5.5	5.8	6.6	2.2	3.1	1.2
Clocks, watches, and parts.....	15.0	17.4	11.6	12.3	12.7	15.9
Fibers and textiles, total.....	41.3	43.0	37.6	24.4	29.7	40.6
Woolens and woolen manufactures.....	12.7	14.2	11.8	8.7	12.3	14.7
Cotton manufactures.....	7.3	8.1	7.4	5.2	5.4	7.5
Synthetic fibers and manufactures.....	7.1	5.0	3.1	1.0	1.0	2.7
Flax, hemp, and ramie manufactures.....	5.6	5.6	5.7	4.2	4.7	5.7
Other fibers and textiles.....	8.6	10.1	9.6	5.3	6.3	10.0
Cigarette leaf tobacco.....	11.1	10.4	10.4	10.5	10.8	9.8
Diamonds.....	10.8	8.7	5.5	5.4	7.5	8.9
Whiskey.....	9.7	12.4	8.0	8.8	9.0	14.1
Other beverages.....	4.3	6.0	3.6	4.4	3.3	6.1
Steel mill products.....	8.3	18.9	27.8	12.0	3.4	2.4
Iron and steel scrap.....	1.7	3.5	10.8	7.6	2.2	.3
Iron ore.....	2.3	2.7	.9	3.4	8.4	3.3
Automobiles.....	7.4	9.5	4.5	1.1	.5	2.1
Tractors.....	3.1	3.7	3.2	(²)	(²)	(²)
Coal tar products.....	4.0	3.5	3.4	2.2	2.0	3.6
Other chemicals.....	3.7	3.8	4.3	3.5	1.6	4.5
Chinaware, porcelain, earthenware and glassware.....	3.8	4.6	4.0	3.8	4.2	4.1
Furs and manufactures.....	4.4	2.2	3.7	3.1	3.2	2.9
Sardines.....	2.4	2.2	1.9	1.3	1.8	1.5
Other fish and fish products.....	1.7	2.3	2.1	1.5	.9	2.4
All other imports.....	87.6	103.0	83.4	65.5	76.9	92.8

¹ October-November at quarterly rate.

² Less than \$50,000.

Source: U. S. Department of Commerce, Bureau of the Census.

the more urgent was the need to devalue their currencies as a means of reducing domestic demands for imported goods and diverting a greater volume of merchandise to markets abroad.

The generally higher production abroad made possible another development which contributed to the fall in United States exports. This was the increased success of efforts on the part of most countries to obtain imports from areas other than the United States, as evidenced by the numerous bilateral trade agreements concluded between foreign countries during 1949, and more concretely, by available data covering the foreign trade of other countries. While United States exports to Western Hemisphere countries and to Western Europe registered sizable declines from the second to the third quarters of the year, shipments from each of these areas to the other showed some increase. This development will be further accentuated by the greater ability, since devaluation, of foreign goods to compete in price with United States products in third markets.

The further contraction in United States imports during the third quarter, although partially a seasonal movement, reflected in general an extension of developments which had become apparent earlier in the year. Relatively large supplies of nonferrous metals imported during previous months of 1949 remained unconsumed and hence lessened the need for current imports. Price uncertainties undoubtedly added some further impetus to the decline in import demands, particularly for goods supplied by Western Europe and other countries where currency devaluation was anticipated in many quarters.

Since the decline in imports during the third quarter was substantially smaller than the corresponding contraction in exports, there occurred a substantial reduction in the United States export surplus, especially with Western Europe. In October and November, moreover, there was a further drop in the trade deficit of other countries with the United States as a result of an upswing in imports and a continued fall in exports.

While the heavier United States foreign buying during the last months of the year included a substantial amount for the Christmas trade and larger seasonal shipments of products such as coffee, it also reflected the general recovery in United States consumption of raw materials in the latter half of 1949, and the more limited ability of consumers to draw upon inventories, many of which had now become relatively low.

Currency devaluations abroad late in year

While the currency devaluations had been in effect for only about a quarter of the year, and it is too early to state definitive conclusions as to the effects in United States markets, certain generalizations can be made upon the observed effects to date. Devaluations have had little effect on prices of major United States import commodities, most of which are determined by demands prevailing in this, the principal market. Prices of items such as whiskey, for which foreign supplies remained low relative to United States import demands at pre-devaluation prices, also remained unaffected.

For numerous products supplied by Europe (such as textiles, brandy, automobiles, olive oil, and leather goods) the drop after devaluation in delivered dollar prices, although generally not in full proportion to the reduction in foreign currency values, was nevertheless substantial. More important, delivered dollar prices currently being quoted by European producers of some items, such as certain iron and steel products, are below those prevailing for similar items produced in the United States.

As a result of such adjustments and the efforts on the part of these and other countries to improve techniques of marketing abroad and to reduce costs in both home consumption and export industries, foreign competition will presumably assume a gradually more prominent role in regulating world trade. At the same time, it should be feasible to eliminate many of the import and foreign exchange controls by means of which foreign countries are currently attempting to achieve closer balance in their international accounts.

Financial Developments

FINANCIAL developments in 1949 differed in several important respects from the pattern which had prevailed throughout the greater part of the postwar period. One of the most significant changes from 1948 was the sharp reduction in the demand for new capital funds by business—a reflection of the reversal of the expansionary forces which had previously dominated the general economic situation.

The terms on which funds were made available to both business and consumers were eased during the year and interest rates were generally lower. This was in part the result of actions taken to cushion the recessionary tendencies which emerged early in the year. The reduction in business demand for funds was, however, also important in this respect.

Some moderation in the terms of equity financing was also indicated by developments in the stock market in 1949. The generally downward trend of stock prices which began in the latter part of 1946 persisted with some interruptions through the spring of 1949. A strong upward surge of stock prices, however, occurred in the second half of the year at a time when corporate earnings were well below and corporate dividends only slightly above the postwar peak reached in 1948.

Business requirements lower; those of Government higher

With gross private domestic investment lower in 1949, there was less reliance by business on external financing. There was, however, a substantial increase in the financing needs of the Federal Government as a result of a shift from a surplus in 1948 to a deficit in 1949. This shift largely counter-balanced the reduction in business investment which occurred last year.

With the Federal Government shifting from a surplus to deficit position and thus increasing its outstanding debt,

sales of Federal securities were channeled largely into the hands of nonfinancial business and consumers. Although commercial banks also added to their holdings, there was an offsetting reduction at Federal Reserve banks, and hence little net change in the over-all banking system's ownership of Federal securities.

Increased liquidity characterized most of nonfinancial business but was especially pronounced in manufacturing. In this sector financial developments permitted not only an increase in cash and U. S. Government securities at a time when prices and sales were lower, but also allowed a substantial reduction in short-term debt.

At the consumer level the net change in cash and U. S. Government security holdings was small, and in contrast to business, indebtedness continued to rise with the increased housing and greater availability of durable consumer goods and the easing of credit terms. On an over-all basis, indebtedness of both business and consumers at the end of 1949 was not abnormally large, if viewed in historical perspective, with reference to the relation of servicing charges to the level of incomes currently earned.

Business Financing

Recent changes in the financing of business are pictured in table 16 showing the principal sources and uses of funds of nonfinancial corporations. In this table, expenditures for fixed assets and additions to other assets are classed as "uses" of funds; corporate savings, depreciation allowances, net sales of new corporate securities and increases in other liabilities are classed as "sources". Decreases in assets or liabilities are, for convenience, shown as negative uses or sources respectively.

Table 16.—Sources and Uses of Corporate Funds 1946-49¹

[Billions of dollars]

Item	1946	1947	1948	1949 ²
Uses:				
Plant and equipment	11.6	15.0	17.3	16.0
Inventories (book values)	11.2	8.9	6.3	-3.7
Receivables	4.8	5.7	2.3	-7
From business	5.1	4.2	.8	-1.6
From consumers	1.7	1.7	1.4	.9
From government	-2.0	-.2	.2	(³)
Cash and deposits ⁴	1.1	1.3	-1	.9
U. S. Government securities ⁴	-5.8	-1.5	.1	1.9
Other current assets	-7	-1	(³)	-2
Total	22.2	29.3	25.9	14.2
Sources:				
Retained profits ⁵	7.7	11.4	12.5	7.8
Depreciation	4.2	4.9	5.5	6.2
Payables (trade)	4.0	2.6	.9	-1.6
Federal income tax liability	-1.6	2.7	.9	-2.3
Other current liabilities	1.8	.6	(³)	.3
Bank loans (excluding mortgage loans)	3.3	2.6	1.2	-1.8
Short-term	1.9	1.5	.5	-1.4
Long-term	1.4	1.2	.6	-.4
Mortgage loans	.6	.8	.7	.5
Net new issues	2.3	4.4	6.0	5.1
Stocks	1.3	1.3	1.2	1.3
Bonds	1.0	3.1	4.8	3.8
Total	22.3	30.0	27.7	14.2
Discrepancy	-.1	-.7	-1.8	0

¹ Excluding banks and insurance companies.² All data for 1949 are partly estimated.³ Less than \$50,000,000.

⁴ Previously published tables, cash and U. S. securities were classified as sources of funds since unusually large wartime accumulations made possible a substantial reduction of these liquid assets to finance expansion in the early postwar period. In view of the substantial increase in these assets in 1949—reverting to a more normal status as a use of funds—these items were changed to the “uses” side. The shift in classification affects particularly total sources and uses in 1946 which were reduced by \$4.7 billion. Totals for the years 1947 and 1948 were changed but slightly since there was little or no net change in these assets.

⁵ Retained profits include depletion. Actual fourth quarter data on corporate profits are not yet available. In deriving retained earnings and Federal income tax liability estimates for 1949, estimates of corporate profits for the year were obtained in the manner described in footnote 3 of table 2.

Source: U. S. Department of Commerce based on Securities and Exchange Commission and other financial data.

\$12 billion reduction in corporate requirements

Total uses of corporate funds in 1949 amounted to about \$14 billion, or \$12 billion less than in 1948. As may be seen from the table, there was only a moderate decline in plant and equipment outlays of corporations from \$17.3 billion in 1948 to \$16 billion in 1949.¹ In contrast, the book value of corporate inventories fell by \$3.7 billion in 1949 reversing the sharp upswing which was maintained throughout the earlier postwar period. The reversal of inventory trends alone, centering primarily in manufacturing corporations, accounted for a net reduction of about \$10 billion from 1948 to 1949 in the total demand for new capital; for whereas the expansion of inventories in 1948 required about \$6.3 billion of new financing, the 1949 contraction—a negative use or a source of funds—actually freed about \$3.7 billion for other uses.

Reduced requirements also prevailed in corporate financing of customers. Throughout the first three full years of the postwar period, expanding sales of corporations were accompanied by increased credit granted to consumers and other customers. During 1948, the credit expansion, while below that of the previous year, amounted to the sizeable total of \$2.3 billion. In 1949, corporations reduced their customer credit outstanding by \$700 million.

A more meaningful picture of the financial requirements associated with the changes in corporate receivables is obtained if viewed in connection with corporate payables, since a large part of the movement of these items reflects intercorporate business financing. (For example, if one corporation sells its product on credit to another corporation, corporate receivables and payables both rise by an equal amount and no new outside financing is required at that time.) Referring to the table, it may be noted that the

¹ Unlike related data in the gross national product accounts, these estimates of plant and equipment expenditures exclude capital outlays charged to current account.

drop of \$1.6 billion in corporate receivables from business firms was equal to the reduction of corporate (trade) payables. Thus, net receivables (total receivables less payables) rose by about \$0.9 billion, largely reflecting the further extension of credit to consumers. This increase was, however, somewhat lower than that which occurred in 1948.

Corporations add to liquid assets

The shifting emphasis in corporate financing in the postwar period is clearly reflected in the trend of liquid asset holdings. Emerging from the war in an unusually liquid state as a result of the limited private capital investment outlets during the war years, corporations helped finance their heavy initial postwar capital requirements by drawing on their accumulations of U. S. Government securities. Liquidation of these securities in 1946 exceeded additions to cash by about \$4.7 billion. In 1947 and 1948 on the other hand, holdings of liquid assets—cash and U. S. Government securities—underwent little change. Relatively, however, the liquidity position of corporations continued downward in these years as the volume of activity and prices continued to rise. By way of contrast, in 1949 corporations were in a position to add almost \$3 billion to their liquid assets, an increase which occurred while sales and prices were falling moderately. As a result of these changes, there was a substantial increase in corporate liquidity in 1949.

Lower business savings and borrowing

In meeting the reduced financial requirements in 1949, corporations continued to rely primarily on such sources of funds as retained profits and depreciation allowances. Corporate dividend payments were up slightly from 1948 to 1949; hence the full impact of the lower profit levels in 1949 was reflected in retained corporate earnings which fell by about \$5 billion from 1948. Taking into account the moderate increase in depreciation, the total for these sources in 1949 amounted to \$14 billion as compared with \$18 billion in 1948. With total requirements showing a larger percentage decline, internal financing, including changes in tax reserves as well as retained earnings and depreciation allowances, was relatively more important in 1949 than in the preceding year.

With working capital requirements reduced, corporate business liquidated about \$1.8 billion of outstanding bank loans during 1949, thus reversing the steady upward trend of business borrowing from banks which had been under way since the end of the war. The reduction was largely confined to the first half of the year, and as might be expected from the change in financing requirements, was centered in loans with maturities of less than a year.

Long-term corporate debt continued to expand throughout 1949 reflecting the still heavy fixed capital requirements of business corporations. Despite the substantial postwar increase in interest-bearing indebtedness, corporate interest payments in 1949 continued low in relation to corporate earnings. These payments represented, for example, approximately 8 percent of corporate profits before taxes and interest payments in 1949, as compared with 20 percent in 1940 and 30 percent in 1929.

Net new securities issues of \$5 billion

Sales of new securities (less retirements) by nonfinancial business corporations continued to be an important source of capital funds in 1949, although the total of \$5 billion was about \$1 billion lower than in the peak year 1948. The \$1.3 billion sales of equity securities was at about the same level as in each of the three preceding years. Net sales of debt issued were about \$1 billion lower than in 1948 but still substantially higher than in 1946 and 1947. While the

proportion of equity to total new issues rose somewhat in 1949, the equity share of total funds raised in the securities markets has, since 1947, remained below the ratios during comparable periods of economic activity in the past.

If, however, account is taken of the considerable volume of financing from retained earnings in recent years, the share of total equity financing relative to total requirements compares favorably with the prewar proportions.

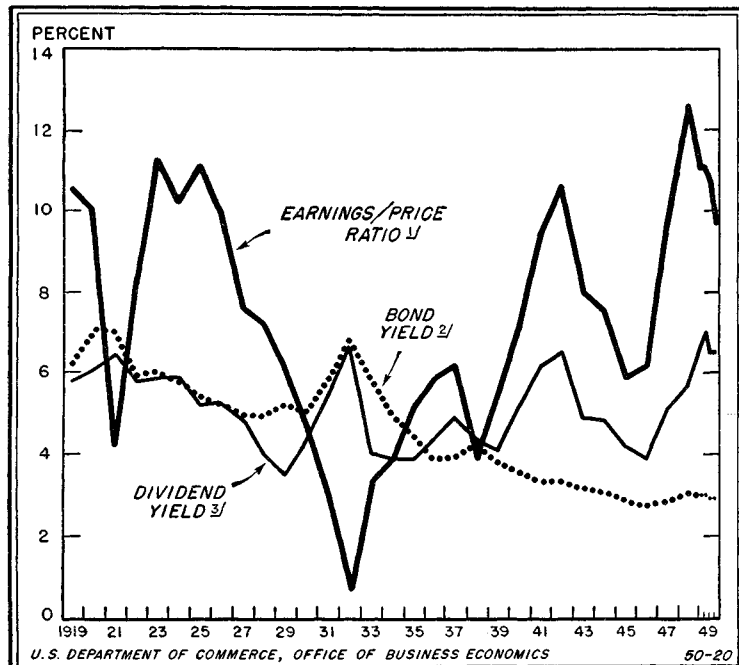
In view of their still heavy financing needs, public utilities maintained their net sales of securities in 1949 at the volume of the preceding year. It may be noted that these corporations placed more emphasis on stock issues in 1949 than in previous postwar years and their increased offerings largely offset reduced sales of equity issues of other major corporate groups.

Reduced Cost of Raising Funds

A general easing of terms of financing for both business and consumers occurred in 1949. This was a result of direct government actions towards easier credit coupled with the lower investment demand of business. Following the downturn of general business activity early in the year, legal reserve requirements of banks were lowered thus freeing bank resources for income-yielding investments. At the end of June, the Federal Reserve Board announced a change in policy related to its investments in U. S. securities which aimed at moderating terms of borrowing and preventing any pressure on bank lending activity which might be associated with a downturn in business activity.

Consumer borrowing—both long and short-term—was stimulated by the elimination of controls on instalment purchases which, after a temporary lapse, had been reimposed in late 1948, and by a broadening of the secondary market for "G-I" mortgages. Action was also taken to increase the availability of credit for stock purchases by reducing

Chart 17.—Corporate Bond and Common Stock Yields, and Earnings/Price Ratios



¹ Based upon data for common stocks listed on the New York Stock Exchange; total reported earnings for the year expressed as a percentage of the total market value (number of shares times average prices) of these stocks.

² Data are averages of daily figures.

³ Based upon data for common stocks listed on the New York Stock Exchange; total dividends for the year expressed as a percentage of the total market value (number of shares times average prices) of these stocks.

Sources of data: Bond yield, Moody's Investors Service; earnings/price ratio and dividend yield through 1938, Common Stock Indexes, Cowles Commission Monograph No. 3, and for the following years extrapolated on the basis of movements shown by Moody's earnings, stock prices, and dividend series.

margin requirements to 50 percent, a rate not much higher than in the late prewar and wartime (through 1944) period when a 40 percent requirement was in effect.

With reserve requirements reduced, banks increased their holdings of short-term U. S. securities, which were for the most part purchased from the Federal Reserve System. The stimulus to find investment outlets for funds freed by the reduced requirements served to increase the availability of funds to private borrowers. In 1948, banks found it necessary to sell U. S. securities to the Federal Reserve in order to secure funds for business and consumer loans.

Yields on U. S. Government securities reacted quickly to the easier monetary conditions. Prices of government issues, especially those with intermediate and short-term maturities, rose substantially in the middle months of the year and thereafter steadied or continued slowly upward to levels which involved, for the year as a whole, sizable reductions in yields on both long- and short-term securities.

The easier financing terms for corporate business are reflected in the trends shown in chart 17. Already low in historical perspective at the start of the year, though higher than in the immediate postwar years, the yield on corporate bonds declined from 3.1 to 2.9 percent in 1949, bringing the average to the lowest point since early 1947. Terms of equity financing were also down in 1949, after reaching a 3-decade high in 1948. A decline in corporate earnings in 1949 coupled with a sharp upturn of stock prices in the second half of the year reduced the earnings-price ratio to 9.7 percent by the last quarter of the year as compared with an average of 12.6 percent in 1948. By the end of the year, the relation of earnings to stock prices was down to the 1947 level. Dividend yields also turned down in the second half of 1949.

At the close of the year, terms of equity financing in general did not compare unfavorably with those which prevailed in the prosperous period of the middle twenties. Since interest rates are currently well below those prevailing in that earlier period, however, the relative attractiveness of borrowed funds has been increased considerably.

Consumer Financing

The major factor in determining the level of consumer spending is, of course, the current income received by individuals. Since the end of the war, however, spending out of current income has been buoyed by record holdings of liquid assets and by the relatively low volume of consumer debt. Actually holdings of U. S. Government securities by individuals and unincorporated businesses continued to increase through the postwar period, although in 1948 and 1949 the net purchases amounted to only about \$1.0 billion a year. During each of the last 2 years, holdings of cash were reduced by an approximately equal amount. Individuals have, of course, continued to add to their savings in the form of insurance reserves, shares in savings and loan associations, and to an increasing extent in the most recent period, in the form of purchases of securities other than Federal issues.

At the same time, consumers increased their outstanding debt. During 1949, their mortgage debt rose by about \$3.5 billion and their short-term instalment indebtedness by \$2.0 billion. The latter rise was accounted for almost entirely by increased buying of consumer durables, particularly automobiles. While easier terms, following upon the removal of all government restrictions by mid-1949, undoubtedly contributed to the high volume of new consumer short-term borrowing, a major influence in the 1949 rise, as in previous postwar years, was the expanded flow of goods available to consumers. Despite the rapid postwar rise in consumer debt, however, the amount outstanding at the end of the year was not unusually high relative to consumer income currently being earned.

Employment and Labor Developments

THE demand for labor continued strong throughout most of 1949. However, with activity reduced from the peak reached in late 1948, notably in manufacturing, and with the more effective organization of production, job opportunities were fewer.

The average number of civilian workers employed during the year was 58.7 million—670,000 below 1948 but exceeding the employment in any peacetime year except 1948. With the labor force larger, unemployment rose above the minimum levels characterizing the earlier postwar years, expanding from an average of about 2 million workers in 1948 to 3.5 million in 1949. With the improvement in economic conditions around midyear, total employment increased somewhat although it showed no further significant gains after August. In the closing months of the year employment was moderately below the postwar highs of a year earlier.

Along with reduced employment, weekly hours worked were also cut, due in part to the increase in involuntary part-time work and the lessened necessity for overtime work as production overtook demand in more and more lines. Thus, the man-hour input in 1949 in the private sector of the economy was below 1948. Real private national output was not materially different from 1948 so that output per man-hour in this sector apparently increased moderately. This conclusion is necessarily based on an approximate measure of the real output and man-hours because of the inadequacy of the basic data and the difficulties in the problems of measurement.

The productivity gain in 1949 is attributable in part to the large volume of new and more efficient equipment installed as reflected by the extraordinarily high expenditures of producers of capital goods in the postwar years. Another contributing factor was the greater availability of resources during most of the year in relation to output, which had the effect of removing most production bottlenecks and providing an adequate flow of materials.

Major labor force trends

The labor force, including the military services, averaged 63.6 million in 1949, more than 800,000 over 1948. The increment was only moderately in excess of the normal increase based upon population growth. About a fourth of the gain in the labor force between 1948 and 1949 originated in the entry of veterans of World War II who had not been job seekers in 1948, a fact which accounts for the more than normal increase in the labor force last year. It is to be noted that the growth of the civilian labor force in 1949 was roughly half that of the preceding year.

Women, youngsters, and older workers continued working in proportions above the prewar pattern with the result that the labor force as a whole remained larger than is implied in the labor-force projections based on the trend in prewar participation rates. As a group, women comprised 29 percent of the labor force in 1949; in 1940 they accounted for a little more than 25 percent. About 1 million more boys and girls, aged 14 to 17, were both employed and enrolled in school at the beginning of the school year than at the time of the 1940 census.

At the same time relatively fewer young men between the ages of 20 and 24 were in the labor force, mainly because of the extended schooling of veterans. Similarly, the proportion of working women, aged 20 to 34, was well below the prewar pattern because of increased responsibility for home and child care.

Employment in 1949

Total civilian employment averaged about 58.7 million, 670,000 under 1948, but 700,000 above 1947. Agricultural employment on the average was slightly higher during the

first half of the year, largely because of more favorable weather conditions, but by the year's end the number of farm workers was about 600,000 below December 1948. After midyear, nonagricultural employment rose for a time and, apart from the adverse effects of the coal and steel strikes, remained at the higher level. In each of the last four months of 1949 nonagricultural employment was about 300,000 below the corresponding months a year ago.¹

The most marked decline in nonagricultural employment occurred in manufacturing in which the number of employees averaged 14.1 million in 1949, about 1.2 million under 1948. Even so, average employment in manufacturing in 1949 comprised a slightly higher proportion of total private nonagricultural employment than in 1929 and 1939. Less-severe losses were experienced in transportation and mining. Trade, services, and construction remained virtually unchanged at the high 1948 average. Government employment, especially at the State and local levels, and finance increased slightly.

Thus the commodity-producing industries which had been operating at unusually high levels decreased their employment as postwar backlogs were replenished. Two major exceptions, the construction and automobile industries, held their workers while increasing output indicated improved efficiency and better-balanced materials supply during most of the year.

The trend within manufacturing

The loss in employment in manufacturing, both in absolute and relative terms, was generally much greater in the durable-goods industries than in the nondurable group, as is evident from chart 18. This chart shows a comparison of the employment change by percent and in numbers for 20 major manufacturing industries arranged in the order of the volume of change from September 1948 to September 1949. September was selected as the month of comparison rather than some later month since employment was at or near the postwar peak in September 1948 and the volume of employment in some major industries in the months after September 1949 was influenced temporarily by the effects of the steel strike.

Because of the marked increase in activity in nondurable goods beginning in June, employment in these industries as a whole during the last quarter was only about 3 percent below the 1948 peak. The decline in the durable-goods industries was deepened in October and, to a lesser extent, in November by the direct and indirect effects of the steel strike. The decline in employment from September 1948 to September 1949 was about 12 percent which represented a loss of about 1 million jobs.

Unemployment higher during the year

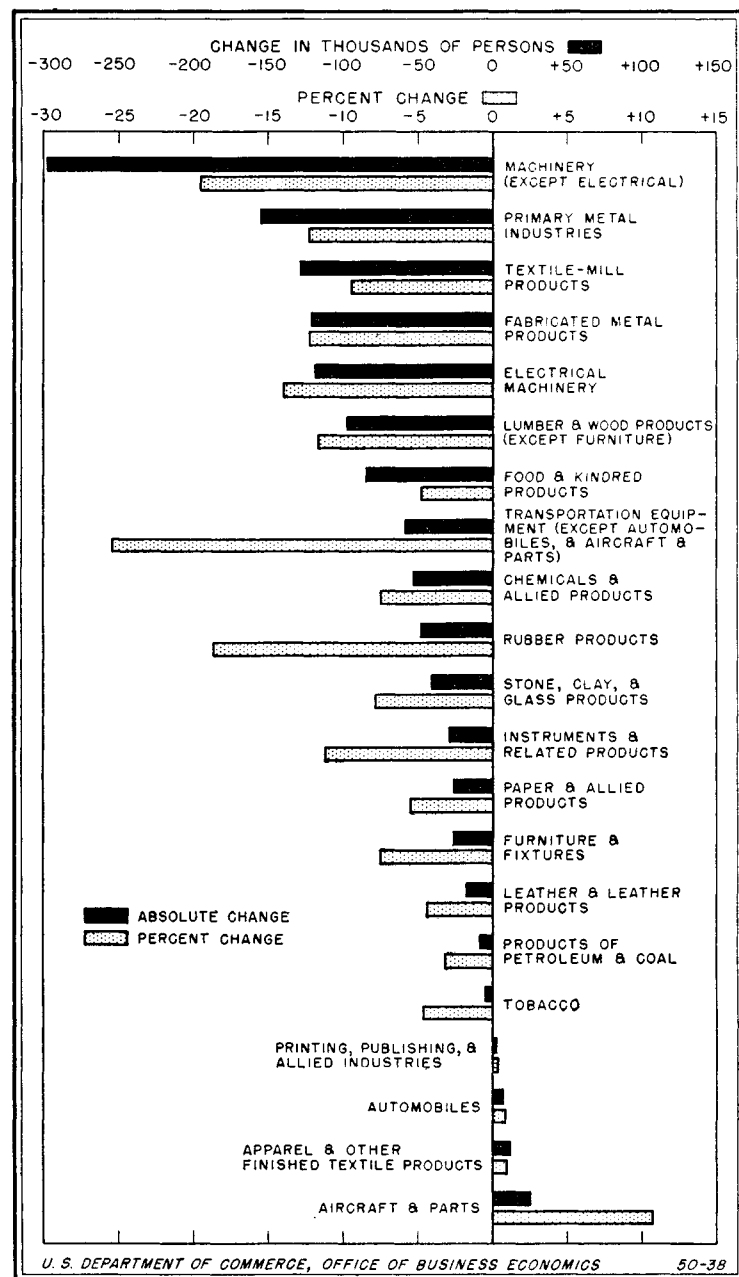
Unemployment reached a seasonal peak of 4 million in July and remained around 3.5 million during the last five months of the year. Unemployment among men rose relatively more than among women, but unemployment rates during the last quarter were about the same, 5.6 percent of the respective labor force for both groups.

Unemployment and its relative incidence as a percent of the civilian labor force for the last three years, and for 1940, is shown below:

Year:	Average number unemployed (millions)	Percent of the civilian labor force
1940.....	8.1	14.6
1947.....	2.1	3.6
1948.....	2.1	3.4
1949.....	3.4	5.5

¹ Because of a change in sample in August 1949, the data are not strictly comparable, and according to census reports nonagricultural employment was probably closer to half a million below the level of December 1948. The labor-force data were similarly affected.

Chart 18.—Absolute and Percent Change in Employment for Major Manufacturing Industries, September 1948 to September 1949¹



¹ Include all major industry groups, except ordnance and miscellaneous.
Source of data: U. S. Department of Labor, Bureau of Labor Statistics.

The average duration of unemployment in December 1949 remained low, although somewhat above December 1948. Furthermore, of the 3.5 million unemployed in December 1949 about 2.7 million had been without work less than 15 weeks.

The concentration of unemployment in manufacturing centers in New England and a few other centers of specialized production became sufficiently serious to receive special attention from Federal and State authorities beginning about mid-1949.

Fewer job opportunities in 1949

Labor turn-over in manufacturing furnishes further evidence of the loosening of the job market in 1949. The rate of hiring remained below 1948, and about equal to 1939. Separation rates for all causes were about as high as 1948 and well above

1939, a year of increasing employment. The quit rate, which measures the rate of persons voluntarily leaving jobs, was well below 1948 and for the first time in the postwar period began to approach the prewar figure. During the first six months, the lay-off rate reached the highest level of the postwar period.

Decline in hours

Not only did nonagricultural employment decline, but average weekly hours dropped about half an hour between 1948 and 1949. Part-time employment, especially of the involuntary type, increased. The average number of workers, 38.5 million, who were employed 35 hours per week or more was down 5 percent from 1948, although total civilian employment was off only 1 percent.

Weekly hours worked in manufacturing averaged 39.1 in 1949, 1 hour less than in 1948. Rather sharp declines in hours worked occurred in the lumber and primary metal manufacturing industries. Many industries, including the textile, apparel, furniture, and rubber groups, however, raised hours rather sharply in the fall of the year, apparently in an effort to meet increased orders.

Most nonmanufacturing industries, including trade, construction, services, communication, and transportation reduced hours worked moderately during the year. In coal and metal mining, especially copper, average hours were down markedly.

Average hourly and weekly earnings higher

Because of moderately lower consumers' prices the average worker was better off in 1949 as a whole than in 1948. In manufacturing, real weekly earnings were up about 3 percent in contrast to the movement between 1947 and 1948 when the increase was negligible. Utilities workers fared even better. Coal miners, on the other hand, experienced a reduction in real weekly earnings with the shortened week, though their hourly earnings continued to rise.

Average hourly earnings for all wage earners increased between 2 and 3 percent from November 1948 to November 1949. Only workers in the transportation, communication, and gas and electric industries, with about a 12-percent gain, obtained substantially more than this. Establishment of the 40-hour week on railroads without loss of pay was an important factor. The rise in average hourly earnings in manufacturing during the period was slight.

These comparisons cover cash wages paid and do not include the income secured by employees in the form of insurance and retirement benefits. Settlements of labor disputes involved substantial increases in so-called fringe benefits of both contributory and noncontributory nature, including pensions, and various types of insurance became of increasing importance in 1949. These settlements will mean a significant rise in non-wage income although many of them did not become effective until 1950, especially those concerned with large numbers of workers in the steel and automotive industries.

Because of reduced hours worked, average weekly earnings increased less than the hourly rates—between 1 and 2 percent on an all-industry basis. The largest gains were obtained in transportation and public utilities, and trade and service. The fall pick-up in hours worked in manufacturing was sufficient to raise weekly earnings for the year to an average above 1948 and about equal to the peak reached in the last quarter of that year—although there was considerable variation in movement among individual manufacturing industries. Construction workers averaged slightly more in average weekly earnings in 1949 than in 1948. Wage rate increases were sufficient to offset slightly reduced hours. Both wholesale and retail trade reported relatively stable hours and moderately higher average hourly and weekly

earnings. Telephone workers added about \$3.00 to their weekly earnings and utilities workers gained about the same increase.

Wage rates in manufacturing, as indicated roughly by straight-time hourly earnings, increased by about 1.4 percent (September to September), slightly more in durable goods manufacture, less in nondurable goods. For the year as a whole, however, the increase in average straight-time hourly earnings in 1949 over 1948 was 5 percent, reflecting wage rate increases obtained in 1948 and maintained during the past year as well as some 1949 increases.

Labor relations and negotiations

With the moderate decline in the cost of living and reduction of employment and profits in many industries, no pattern of money wage increase emerged and the number and size of wage increases fell sharply. In a large number of industries the emphasis shifted from wage increases to pension and

welfare benefits, resulting in protracted negotiations in which the steel and automobile industries set the pace.

A number of industries, including men's clothing and segments of the shoe and textile industries, agreed to the continuation of the existing wage rates. Concurrently, wage increases were extended to some workers in the public utilities, paper, printing, transportation, and the metal-working industries. In a few instances some workers accepted wage cuts for the first time in the postwar period, in accordance with previous agreements tying wages with the cost of living.

After more than 7 months during which industrial disputes resulting in work stoppages reached the lowest levels of the postwar period, the combined effect of the steel and coal strikes brought the total time lost for the year up to almost half that of 1946 and higher than any other postwar year except 1946. Man-days idle because of industrial disputes comprised 0.6 percent of estimated working time in 1949, more than twice the rate of the 1935-39 average.

The Business Population

THE business population during 1949 followed the course of business activity, declining in the first 2 quarters and then leveling off in the later months. Fewer businesses were started and discontinuances increased. Firms in operation during the year averaged approximately 3,900,000, about 2 percent lower than in 1948 but 18 percent or 600,000 more than in 1939.

Seasonal influences

Although the number of firms in operation has shown a steady decline since mid-1948, it is necessary to take account of the fact that the business population is subject to seasonal influences. Characteristically the number of new businesses formed is relatively high in the first half of the year; this was true even in years like 1946 and 1947. In this earlier period, however, the number of firms in operation was so low relative to the general level of business activity that births were substantially in excess of deaths and the seasonal declines in births in the second half of the year were still insufficient to cause a drop in the business population. Now that this "deficit" in firms has been made up, births and deaths are much more nearly in balance and these seasonal movements cannot be ignored.

On a seasonally adjusted basis the peak in the business population was reached about the end of 1948, even though there was an actual drop in the number of operating firms in the latter half of 1948.

The slackened pace of business activity in the first half of 1949 dampened the rise in new firm formation and the increasingly competitive market situation which accompanied the easing in prices and output took heavier toll of existing businesses. The 50,000 decline in the number of firms in operation was clearly counter-seasonal in character. Tentative estimates for the last 6 months of the year indicate little more than the usual seasonal decline in births while the stabilization of activity in the remainder of the year had the effect of reducing slightly the number of discontinuances. Consequently, the number of firms in existence at the close of 1949 was substantially unchanged from the mid-year level if seasonal influences are taken into account.

Change in factors affecting births and deaths

In 1949, to a greater extent than in other postwar years, movements in births and deaths were governed by changes in the general business situation. The trend in the number of new and discontinued businesses since 1944 is illustrated in chart 19, which brings out the initial rise and subsequent

fall in the number of new firms and the steady upward movement in discontinuances.

During the war the number of firms fell quite sharply, while the immediate postwar years saw an extraordinary expansion of the business population until its normal relationship with gross national product was reestablished early in 1948. The decline in births between 1946 and 1948 was a reflection of the fact that a decreasing number of firms was required to make up the "deficit" in the business population which had been caused by the war. Although the number of discontinued businesses has shown a steady rise since 1944, the rise up to 1948 for the most part reflected the fact that a large proportion of the firms in the business population was very young and the mortality rate of such firms is ordinarily quite high.

Fewer operating firms in most industries

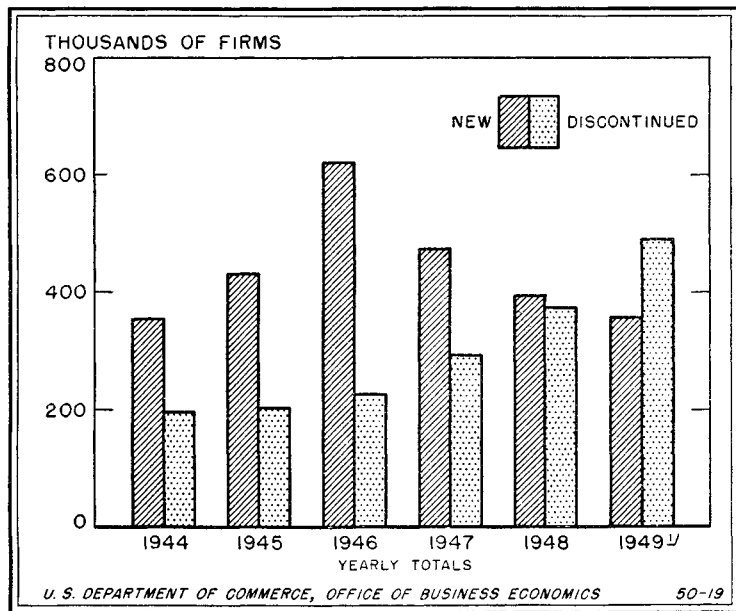
More firms were discontinued last year than were formed in each of the major industry divisions. In terms of the average number of firms in operation during the year, however, there appears to have been a small rise over 1948 in contract construction, as indicated in table 17. With the exception of mining and quarrying and manufacturing, however, the percentage declines in the major industries were quite small.

The excess of deaths over births in manufacturing represents a continuation of the 1948 trend. The decline in the demand for the products of manufacturing plants in the first half of 1949, which was evident in the sharp drop in manufacturing output, was accompanied by a marked rise in discontinuances in a number of industries, notably lumber and wood products, paper, chemicals and metals and metal products. Although detailed data on discontinuances in the second half of 1949 are not yet available for these industries, what information is at hand suggests that a drop in discontinuances accompanied the third and fourth quarter rise in manufacturing output.

Manufacturing loses much of postwar gain

Manufacturing represents the interesting case of an industry which has lost a large portion of its postwar growth. As can be seen from table 17, the number of manufacturing firms in operation during 1949 was fractionally below the number in existence during 1946, although it was about one-third greater than in 1939, or well above the all-industry average increase of 18 percent. In a few manufacturing industries there have been substantial declines from postwar peaks—food, tobacco, lumber, chemicals, stone and trans-

Chart 19.—Number of New and Discontinued Businesses



¹ Data are preliminary; include estimates for the last half of year.

Source of data: U. S. Department of Commerce, Office of Business Economics.

portation equipment have declined approximately 15 percent or more from the peak level of firms in operation. Most other manufacturing industries have experienced rather small relative declines while a few—petroleum, for example—have shown a fairly steady rise throughout the postwar period.

One reason for this behavior in the manufacturing population is traceable to the fact that, unlike the other major industry divisions, the business population in manufacturing increased steadily throughout the defense and war period. As can be seen in table 17, manufacturing firms in operation during 1943 averaged 7 percent above 1939. The manufacturing population has typically been much more volatile than other industries and the postwar demand for goods and high profits stimulated a very pronounced expansion in the number of manufacturing firms. Data on manufacturing profits indicate that profits of the smallest firms have undergone the greatest relative decline since 1947—just as earlier they had risen the most—and this has had adverse repercussions on new firm formation and business discontinuances.

Failures higher

Not only was there an increase in total discontinuances between 1948 and 1949 but in addition there was a sharp increase in the number of failures as reported by Dun and Bradstreet. As has been pointed out in previous issues of

Table 17.—Average Number of Firms in Operation and Percent Change, by Major Industry Divisions, Selected Years, 1939-49

Industry group	Average number of firms in operation (Thousands)						Percent change			
	1939	1943	1946	1947	1948	1949 ^p	1939-1943	1943-1948	1948-1949	1939-1949
All industries.....	3,305.6	3,045.1	3,605.4	3,879.0	3,976.1	3,907.7	-7.9	+39.6	-1.7	+18.2
Mining and quarrying.....	36.0	32.3	32.4	33.8	35.0	33.1	-10.3	+8.4	-5.4	-8.1
Contract construction.....	199.7	157.5	242.6	289.3	318.4	321.8	-21.1	+102.2	+1.1	+61.1
Manufacturing.....	223.0	238.8	301.9	330.5	327.9	297.1	+7.1	+37.3	-9.4	+33.2
Transportation, communication, and other public utilities.....	143.2	121.0	163.0	180.8	187.5	187.0	-15.5	+55.0	-3	+30.6
Wholesale trade.....	137.0	141.5	181.1	196.6	202.1	201.9	+3.3	+42.8	-1	+47.4
Retail trade.....	1,558.9	1,400.3	1,574.0	1,672.8	1,704.7	1,676.7	-10.2	+21.7	-1.6	+7.6
Finance, insurance and real estate.....	306.0	301.2	337.6	344.7	346.3	345.4	-1.6	+15.0	-3	+12.9
Service industries.....	701.8	652.5	772.8	830.5	854.2	844.9	-7.0	+30.9	-1.1	+20.4

^p Preliminary. Source: U. S. Department of Commerce Office of Business Economics.

the SURVEY the Dun and Bradstreet failures represent only a small fraction of discontinuances, being confined primarily to bankruptcies.

For the year as a whole failures were about 75 percent greater than in 1948, although by prewar standards failures in the aggregate were still quite low, being 20 percent below the 1941 level. In terms of the business population increase since 1941 the comparison of failures over this period appears even more favorable. It is interesting to note, however, that all the decline in the number of failures since 1941 is concentrated in retail trade. In manufacturing and mining, wholesale trade, construction, and commercial service the number of failures in 1949 averaged higher than in 1941, but for the most part failure rates—failures relative to the business population—were lower than before the war.

Lower demand for capital goods by new firms

In previous issues of the SURVEY it was pointed out that the rapid expansion of the business population in the early postwar years gave rise to a considerable demand for new investment. In 1946 it is estimated that expenditures on new plant and equipment and inventories by new nonfarm

business were 10 to 15 percent of the corresponding volume of investment by all nonfarm business. In a period of declining business population such as has occurred in the past year the demand for capital goods stemming from new firm formation has been of slight proportions. The rise in discontinuances has resulted in an increasing stock of capital goods—in the form of used plant and equipment—available for new businesses.

This is not to suggest that there is no positive demand for investment by new firms with a declining business population since the used equipment of the discontinuing firms may not be of the kind required by the new firms; in addition, there may be geographical differences in the areas where used plant or equipment is available and where new firms are being formed. Moreover, of the large number of new firms which came into existence in the 1945-47 period, many are still in a process of growth and are making new outlays for expansion.

Nonetheless, with new businesses some 45 percent lower than in 1946 and actually lower than deaths, new capital expenditures by new firms have shrunk considerably in the past few years and this has been an important element in the weakening of aggregate business demand for new investment.

Monthly BUSINESS STATISTICS



THE DATA here are a continuation of the statistics published in the 1949 Statistical Supplement to the SURVEY OF CURRENT BUSINESS. That volume contains monthly data for the years 1945 to 1948, and monthly averages for earlier years back to 1935 insofar as available; it also provides a description of each series and references to sources of monthly figures prior to 1945. Series added or revised since publication of the 1949 Supplement are indicated by an asterisk (*) and a dagger (†), respectively, the accompanying footnote indicating where historical data and a descriptive note may be found. The terms "unadjusted" and "adjusted" used to designate index numbers and dollar values refer to adjustment of monthly figures for seasonal variation.

Data subsequent to December for selected series will be found in the Weekly Supplement to the SURVEY.

Unless otherwise stated, statistics through 1948 and descriptive notes are shown in the 1949 Statistical Supplement to the Survey	1948	1949											
	December	January	February	March	April	May	June	July	August	September	October	November	December
GENERAL BUSINESS INDICATORS													
NATIONAL INCOME AND PRODUCT													
Seasonally adjusted quarterly totals at annual rates:													
National income, total..... bil. of dol.	234.3			† 224.7			† 220.8			† 220.7			
Compensation of employees, total..... do.	144.9			† 141.9			† 140.8			† 141.1			140.9
Wages and salaries, total..... do.	139.8			† 136.5			† 135.4			† 135.6			135.3
Private..... do.	119.6			† 116.1			† 114.7			† 114.4			113.5
Military..... do.	4.1			4.1			4.1			4.2			4.5
Government civilian..... do.	16.1			† 16.3			16.6			† 16.9			17.3
Supplements to wages and salaries..... do.	5.0			† 5.4			† 5.5			† 5.5			5.6
Proprietors' and rental income, total♂..... do.	49.7			† 47.1			† 45.1			† 43.1			43.7
Business and professional♂..... do.	24.5			† 24.1			24.1			† 24.0			24.0
Farm..... do.	18.5			† 16.4			† 14.3			† 12.6			12.9
Rental income of persons..... do.	6.7			6.7			6.7			† 6.6			6.8
Corporate profits and inventory valuation adjustment, total..... bil. of dol.	35.7			† 31.6			† 30.7			† 32.3			
Corporate profits before tax, total..... do.	34.5			29.4			26.4			28.9			
Corporate profits tax liability..... do.	13.6			11.5			10.6			11.4			
Corporate profits after tax..... do.	20.9			17.9			15.8			17.5			
Inventory valuation adjustment..... do.	1.2			† 2.2			† 4.3			† 3.3			7
Net interest..... do.	4.1			† 4.1			† 4.2			† 4.2			4.3
Gross national product, total..... do.	270.3			† 262.0			† 257.9			† 254.6			255.2
Personal consumption expenditures, total..... do.	180.9			† 178.7			† 179.3			† 179.7			179.8
Durable goods..... do.	22.9			† 23.0			† 23.6			† 25.7			25.2
Nondurable goods..... do.	103.3			† 100.4			† 99.8			† 97.6			97.7
Services..... do.	54.8			† 55.3			55.9			† 56.5			56.9
Gross private domestic investment..... do.	48.0			† 40.0			† 33.2			† 32.1			33.7
New construction..... do.	17.9			16.8			16.4			† 17.4			18.7
Producers' durable equipment..... do.	21.2			† 20.7			† 20.0			† 19.6			18.7
Change in business inventories..... do.	9.0			† 2.5			† -3.2			† -5.0			-3.7
Net foreign investment..... do.	1.0			1.0			1.2			† -3			-2.0
Government purchases of goods and services, total..... bil. of dol.	40.3			42.3			† 44.2			† 43.2			43.7
Federal (less Government sales)..... do.	23.4			25.2			† 26.4			† 25.0			25.0
State and local..... do.	16.9			† 17.1			17.8			† 18.2			18.8
Personal income, total..... do.	216.6			† 212.0			† 210.0			† 208.2			209.3
Less: Personal tax and nontax payments..... do.	20.4			† 18.6			† 18.6			† 18.6			18.6
Equals: Disposable personal income..... do.	196.2			† 193.4			† 191.4			† 189.5			190.7
Personal saving‡..... do.	15.3			† 14.8			† 12.1			† 9.8			10.8
PERSONAL INCOME, BY SOURCE													
Seasonally adjusted, at annual rates:													
Total personal income..... bil. of dol.	217.0	† 214.6	† 211.3	† 210.2	† 210.5	† 210.2	† 209.4	† 207.2	† 209.1	† 208.3	† 207.0	† 209.4	211.5
Wage and salary receipts, total..... do.	137.1	† 135.9	† 134.0	† 132.3	† 133.9	† 133.7	† 132.9	† 133.0	† 133.4	† 133.7	† 132.7	† 132.5	134.1
Employer disbursements, total..... do.	139.4	† 138.2	† 136.3	† 134.6	† 136.0	† 135.9	† 135.2	† 135.2	† 135.6	† 135.9	† 134.9	† 134.7	136.3
Commodity-producing industries..... do.	62.3	† 60.5	† 59.4	† 57.4	† 57.4	† 57.0	† 56.7	† 56.4	† 56.9	† 57.1	† 55.5	† 56.0	57.4
Distributive industries..... do.	40.0	† 40.3	39.5	39.4	40.7	40.9	40.3	40.5	40.5	40.5	40.2	† 39.5	39.6
Service industries..... do.	16.9	† 17.1	† 17.0	† 17.3	† 17.3	† 17.4	† 17.3	† 17.1	17.1	17.1	† 17.5	17.4	17.4
Government..... do.	20.2	20.3	† 20.4	† 20.5	20.6	† 20.6	† 20.9	† 21.2	† 21.1	† 21.2	† 21.7	† 21.8	21.9
Less employee contributions for social insurance..... bil. of dol.	2.3	2.3	2.3	2.1	2.2	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Other labor income..... do.	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.2	2.2
Proprietors' and rental income..... do.	50.3	† 48.5	† 46.6	† 46.2	† 45.0	† 45.2	† 45.1	† 42.8	† 43.9	† 42.7	† 42.9	† 44.9	43.4
Personal interest income and dividends..... do.	16.9	17.0	† 17.0	† 17.0	† 17.1	† 17.0	† 17.0	† 16.9	† 17.1	† 17.2	† 17.3	† 17.4	19.1
Total transfer payments..... do.	10.7	† 11.2	† 11.6	† 12.6	† 12.4	† 12.2	† 12.3	† 12.4	† 12.6	† 12.6	† 12.0	† 12.4	12.7
Total nonagricultural income..... do.	193.6	† 192.0	† 191.0	† 190.5	† 191.8	† 191.4	† 190.5	† 190.2	† 191.4	† 192.2	† 190.3	† 191.3	194.1
NEW PLANT AND EQUIPMENT EXPENDITURES													
All industries, quarterly total..... mil. of dol.													
Manufacturing..... do.	5,410			4,460			4,660			4,360			14,430
Mining..... do.	2,320			1,850			1,880			1,690			11,710
Railroad..... do.	220			190			190			180			1,170
Other transportation..... do.	410			360			380			310			1,290
Electric and gas utilities..... do.	170			130			140			130			1,110
Commercial and miscellaneous..... do.	850			680			780			790			1,900
	1,440			1,260			1,290			1,260			11,250

† Revised. † Estimates based on anticipated capital expenditures of business.

♂ Includes inventory valuation adjustment.

‡ Personal saving is excess of disposable income over personal consumption expenditures shown as a component of gross national product above.

Unless otherwise stated, statistics through 1948 and descriptive notes are shown in the 1949 Statistical Supplement to the Survey	1948		1949										
	December	January	February	March	April	May	June	July	August	September	October	November	December
GENERAL BUSINESS INDICATORS—Continued													
MANUFACTURERS' NEW ORDERS, NET *													
Value (unadjusted), total.....mil. of dol.	18,050	16,860	16,534	17,962	15,968	15,734	16,300	15,496	18,697	19,441	18,359	18,165	16,337
Durable-goods industries, total.....do.	7,570	6,703	6,734	7,185	6,127	5,993	6,544	6,195	7,407	7,634	7,432	7,402	6,412
Iron, steel, and products.....do.	2,023	2,034	1,832	1,816	1,425	1,328	1,504	1,284	1,776	1,513	1,837	1,771	1,557
Nonferrous metals and their products.....do.	582	594	514	570	437	358	418	365	615	583	566	525	536
Electrical machinery and equipment.....do.	786	699	612	754	619	584	702	561	687	810	841	724	654
Machinery, except electrical.....do.	1,075	918	1,016	1,151	985	986	1,017	858	938	996	970	953	954
Transportation equipment, except autos.....do.	444	1-155	384	296	160	495	217	263	244	377	246	711	206
Other durable-goods industries.....do.	2,650	2,613	2,376	2,598	2,501	2,241	2,686	2,805	3,146	3,355	2,972	2,718	2,505
Nondurable-goods industries.....do.	10,480	10,157	9,800	10,778	9,841	9,742	9,756	9,301	11,290	11,807	10,926	10,763	9,926

BUSINESS POPULATION

OPERATING BUSINESSES AND BUSINESS TURN-OVER													
Operating businesses, total, end of quarter.....thous.	3,964.7			3,938.1			3,911.9						
Contract construction.....do.	323.8			323.2			322.8						
Manufacturing.....do.	319.8			307.9			296.1						
Service industries.....do.	852.1			848.8			845.7						
Retail trade.....do.	1,696.9			1,688.3			1,679.5						
Wholesale trade.....do.	202.7			202.2			202.1						
All other.....do.	569.4			567.5			565.7						
New businesses, quarterly total.....do.	77.6			95.0			99.0						
Contract construction.....do.	11.3			16.1			16.9						
Manufacturing.....do.	7.5			9.1			9.0						
Service industries.....do.	16.4			19.8			20.0						
Retail trade.....do.	28.8			34.5			37.9						
Wholesale trade.....do.	3.9			4.4			4.2						
All other.....do.	9.8			11.1			11.0						
Discontinued businesses, quarterly total.....do.	102.0			121.6			125.2						
Contract construction.....do.	12.9			16.6			17.3						
Manufacturing.....do.	15.3			21.0			20.8						
Service industries.....do.	20.6			23.2			23.1						
Retail trade.....do.	38.0			43.1			46.7						
Wholesale trade.....do.	4.0			4.7			4.4						
All other.....do.	11.2			12.9			12.8						
Business transfers, quarterly total.....do.	70.6			102.2			83.6						
BUSINESS INCORPORATIONS													
New incorporations (48 States)*.....number.	7,421	7,906	6,362	7,637	7,273	7,445	7,260	6,424	6,828	6,867	6,877	6,755	7,857
INDUSTRIAL AND COMMERCIAL FAILURES													
Failures, total ^onumber.	531	566	685	847	877	775	828	719	810	732	802	835	770
Commercial service ^odo.	36	41	44	77	76	58	75	49	53	67	58	63	50
Construction.....do.	64	53	63	77	68	63	74	61	55	71	90	83	80
Manufacturing and mining.....do.	155	129	170	215	229	202	215	188	221	183	181	197	201
Retail trade.....do.	217	267	318	366	406	351	372	344	385	329	364	395	349
Wholesale trade.....do.	59	76	90	102	98	101	92	77	96	82	109	97	90
Liabilities, total ^othous. of dol.	31,731	19,159	27,567	37,118	31,930	24,583	28,161	21,804	31,175	20,598	23,894	22,799	19,251
Commercial service ^odo.	924	1,174	896	4,792	5,774	1,599	1,862	1,393	1,187	1,289	1,248	1,281	668
Construction.....do.	2,396	1,892	2,476	3,018	1,519	1,434	2,476	1,845	2,272	2,148	1,989	4,362	1,814
Manufacturing and mining.....do.	21,980	8,625	15,009	17,075	14,523	11,182	13,500	10,183	16,008	9,379	11,897	8,419	7,465
Retail trade.....do.	4,247	4,841	5,728	7,269	6,139	6,034	6,234	5,629	6,424	4,929	5,833	5,929	6,234
Wholesale trade.....do.	2,184	2,627	3,458	5,034	3,975	4,334	4,089	2,754	5,284	2,853	2,927	2,808	3,020

COMMODITY PRICES

PRICES RECEIVED AND PAID BY FARMERS													
Prices received, all farm products †\$...1910-14=100..	266	265	255	258	256	253	249	246	244	247	242	237	233
Crops.....do.	229	239	234	232	234	235	225	221	214	212	210	210	210
Food grain.....do.	236	233	223	226	229	229	213	209	205	211	213	215	219
Feed grain and hay.....do.	183	186	171	176	177	174	168	171	165	166	161	157	168
Tobacco.....do.	408	404	404	403	403	403	404	400	393	396	396	369	394
Cotton.....do.	249	246	245	242	251	252	253	253	246	250	241	233	223
Fruit.....do.	181	199	198	207	225	239	235	217	181	180	180	172	174
Truck crops.....do.	181	256	267	235	196	194	155	168	170	188	174	213	196
Oil-bearing crops.....do.	303	294	262	261	256	245	232	219	241	227	221	220	225
Livestock and products.....do.	299	289	275	281	276	271	271	269	271	279	271	262	255
Meat animals.....do.	330	323	309	327	324	319	323	316	310	319	301	286	280
Dairy products.....do.	285	275	265	254	241	235	233	237	244	251	258	261	261
Poultry and eggs.....do.	259	239	216	215	220	215	212	213	225	236	230	216	194
Prices paid:†													
All commodities.....1910-14=100..	247	246	242	245	244	244	242	240	238	238	237	236	237
Commodities used in living.....do.	250	248	245	247	246	245	245	244	242	240	239	238	239
Commodities used in production.....do.	244	242	238	243	242	242	239	235	234	234	235	234	235
All commodities, interest, taxes, and wage rates 1910-14=100..	257	256	252	255	254	253	252	250	249	248	246	245	246
Parity ratio†.....do.	104	104	101	101	101	100	99	98	98	100	98	97	95

† Minus denotes excess of cancellations over new orders. ^o For comparability with data prior to 1945, figures for certain subsequent months have been revised to exclude railroad failures. Revisions are as follows (for December 1945, November 1946, July 1947, and October 1948, respectively): Total number of failures—41; 103; 297; 459; number of commercial failures—4; 12; 28; 50; total liabilities (thous. of dol.)—1,654; 9,511; 20,701; 25,114; commercial service liabilities (thous. of dol.)—202; 202; 3,427; 1,763. Revisions for 1949 are as shown above.

* New series. Beginning with the December 1949 SURVEY, dollar values of manufacturers' new orders have been substituted for the indexes shown prior to the October 1949 issue; figures back to January 1946 and details regarding the new series are given on pp. 18-24 of the December 1949 SURVEY. Data on new incorporations are compiled by Dun and Bradstreet, Inc.; they are available for the 48 States beginning 1946, and for 47 States (excluding Louisiana) beginning July 1945.

† January 1950 indexes: All farm products, 235; crops, 219; food grain, 218; feed grain and hay, 170; tobacco, 382; cotton, 222; fruit, 185; truck crops, 261; oil-bearing crops, 228; livestock and products, 249; meat animals, 286; dairy products, 254; poultry and eggs, 158.

‡ Revised series. Beginning with this issue of the SURVEY, data are revised (effective back to 1910) to reflect changes prescribed in the Agricultural Acts of 1948 and 1949; revisions prior to December 1948 will be shown later.

Unless otherwise stated, statistics through 1948 and descriptive notes are shown in the 1949 Statistical Supplement to the Survey	1948		1949									
	December	January	February	March	April	May	June	July	August	September	October	November

CONSTRUCTION AND REAL ESTATE—Continued

CONSTRUCTION COST INDEXES—Con.													
Engineering News-Record: ♂													
Building..... 1913=100.....	355.0	352.9	352.5	351.4	348.9	349.3	349.4	350.7	352.0	353.5	352.8	353.1	356.1
Construction..... do.....	477.4	475.4	474.8	473.5	472.1	473.8	477.5	478.3	479.8	480.4	480.0	480.3	484.7
Bu. of Public Roads—Highway construction: Composite, standard mile..... 1925-29=100.....	165.3			161.4			155.5			148.7			145.3
CONSTRUCTION MATERIALS													
Production of selected construction materials, index: Unadjusted..... 1939=100.....	132.7	117.0	108.2	129.9	130.5	132.6	135.3	123.6	146.7	148.7	139.8	142.1	
Adjusted..... do.....	150.1	137.0	131.2	137.5	131.3	125.3	126.4	116.2	129.6	138.3	126.2	143.4	
REAL ESTATE													
Home mortgages insured by Fed. Hous. Admin.: New premium paying mortgages..... thous. of dol..	214,407	208,312	183,152	188,634	162,187	156,122	168,527	154,576	186,312	173,970	198,235	199,841	211,758
Loans outstanding of agencies under the Home Loan Bank Board: Federal Home Loan Banks, outstanding advances to member institutions..... mil. of dol..	515	427	386	357	339	333	358	332	331	333	347	371	427
Home Owners' Loan Corporation, balance of loans outstanding..... mil. of dol..	369			344			319			291			
New mortgage loans of all savings and loan associations, estimated total..... thous. of dol..	249,828	206,577	214,931	269,128	279,606	293,215	326,637	304,343	348,276	354,194	353,909	343,260	342,028
By purpose of loan: Home construction..... do.....	70,011	56,428	59,611	76,666	84,277	87,517	97,963	90,397	101,022	108,280	102,151	105,784	112,463
Home purchase..... do.....	114,090	89,192	90,348	111,523	116,051	125,073	141,674	128,657	149,867	155,915	159,050	150,877	141,059
Refinancing..... do.....	23,549	23,198	24,181	30,562	29,383	28,849	31,838	29,026	34,443	33,188	31,814	33,441	33,358
Repairs and reconditioning..... do.....	11,506	10,502	11,822	14,242	15,663	17,375	17,714	16,732	19,510	18,362	17,796	15,735	14,384
All other purposes..... do.....	30,672	27,257	28,969	36,135	34,232	34,401	37,448	39,531	43,434	38,449	43,098	37,423	40,764
New nonfarm mortgages recorded (§20,000 and under), estimated total..... thous. of dol..	958,764	802,410	770,561	896,790	922,023	950,653	1,018,427	967,440	1,068,813	1,065,431	1,117,212	1,114,041	1,125,200
Nonfarm foreclosures, adjusted index..... 1935-39=100.....	9.2	9.4	9.7	10.3	9.7	9.7	10.9	11.8	12.8	11.9			
Fire losses..... thous. of dol..	69,397	57,926	62,424	67,218	55,290	54,162	51,787	49,592	50,150	49,678	48,914	53,116	67,279

DOMESTIC TRADE

ADVERTISING													
Advertising indexes, adjusted: Printers' Ink, combined index..... 1935-39=100.....	284	296	301	318	310	309	302	276	270	292	306	304	
Magazines..... do.....	322	302	334	350	346	338	314	284	297	301	294	308	
Newspapers..... do.....	237	277	274	306	280	290	286	264	252	286	305	291	
Outdoor..... do.....	255	314	310	296	279	289	296	274	284	299	323	320	
Radio..... do.....	319	310	303	307	309	308	305	252	256	278	289	287	
Tide advertising index..... do.....	253.5	277.8	287.6	301.2	284.6	286.4	283.2	257.6	272.2	293.2	284.5	274.1	
Radio advertising: Cost of facilities, total..... thous. of dol..	17,951	17,704	16,119	17,700	16,763	17,074	15,425	12,085	12,160	14,082	16,423	15,856	
Apparel and accessories..... do.....	117	146	123	124	119	114	75	89	71	96	117	101	
Automotive, incl. accessories..... do.....	772	782	612	657	729	809	663	332	335	404	485	463	
Drugs and toiletries..... do.....	4,760	4,650	4,042	4,616	4,240	4,470	4,285	3,473	3,544	3,829	4,494	4,382	
Electric household equipment..... do.....	651	624	601	612	653	683	644	222	208	247	189	198	
Financial..... do.....	364	347	320	342	349	364	336	318	287	298	282	278	
Foods, soft drinks, confectionery..... do.....	4,948	4,768	4,493	5,006	4,690	4,608	4,127	2,994	3,073	4,006	4,597	4,463	
Gasoline and oil..... do.....	613	636	570	620	530	460	408	379	376	377	416	407	
Household furnishings, etc..... do.....	186	201	162	164	169	197	158	148	103	112	128	139	
Soap, cleansers, etc..... do.....	1,955	1,708	1,707	1,936	1,818	1,852	1,698	1,148	1,255	1,467	1,547	1,583	
Smoking materials..... do.....	1,966	2,090	1,915	1,948	1,960	1,990	1,966	1,844	1,743	1,782	2,126	2,089	
All other..... do.....	1,618	1,752	1,573	1,585	1,506	1,526	1,067	1,139	1,165	1,465	2,041	1,753	
Magazine advertising: ‡ Cost, total..... do.....	39,209	29,115	39,069	46,365	51,170	50,659	40,642	28,582	31,495	41,729	51,213	45,882	
Apparel and accessories..... do.....	3,488	1,748	3,373	5,224	5,509	4,937	3,185	771	3,436	5,273	4,919	3,813	
Automotive, incl. accessories..... do.....	2,756	2,309	3,227	3,923	4,795	4,562	3,856	3,481	3,330	3,490	4,216	3,438	
Building materials§..... do.....	775	963	1,286	1,842	2,545	2,427	1,774	956	917	1,789	2,001	1,346	
Drugs and toiletries..... do.....	4,681	4,037	5,203	5,610	5,584	5,463	5,162	4,538	4,284	5,093	6,397	6,020	
Foods, soft drinks, confectionery..... do.....	5,242	4,845	6,584	6,299	6,479	6,396	5,678	4,938	4,812	5,665	7,568	6,693	
Beer, wine, liquors§..... do.....	3,420	1,744	2,066	2,435	2,413	2,432	2,215	1,755	1,614	2,002	2,815	2,790	
Household equipment and supplies§..... do.....	3,166	1,095	1,998	3,007	3,861	3,781	2,970	1,318	1,025	2,129	3,326	2,866	
Household furnishings§..... do.....	1,725	965	1,617	2,272	2,978	3,332	1,712	489	956	2,633	3,389	2,827	
Industrial materials§..... do.....	1,584	1,389	1,648	1,910	2,165	2,075	1,996	1,456	1,286	1,822	2,133	1,829	
Soaps, cleansers, etc..... do.....	729	574	1,027	1,300	1,387	1,478	1,098	833	1,040	1,441	1,606	1,295	
Smoking materials..... do.....	1,351	1,098	1,205	1,334	1,356	1,455	1,345	1,191	1,348	1,252	1,634	1,416	
All other..... do.....	10,284	8,349	9,834	11,208	12,187	12,320	9,651	6,858	7,447	9,139	11,208	11,549	
Linage, total..... thous. of lines..	3,015	3,410	3,921	4,301	4,350	3,806	2,814	2,854	3,494	3,921	4,464	3,645	2,838
Newspaper advertising: Linage, total (52 cities)..... do.....	204,428	163,977	163,379	202,070	205,466	210,677	193,287	164,040	170,504	197,858	214,935	207,909	207,865
Classified..... do.....	37,624	38,498	35,559	42,195	43,404	45,386	41,476	40,082	40,713	40,050	42,295	38,306	36,061
Display, total..... do.....	166,804	125,479	127,820	159,875	162,062	165,291	151,811	123,959	129,791	157,808	172,640	169,603	171,805
Automotive..... do.....	5,843	7,362	7,335	9,698	9,791	9,554	9,265	8,115	8,887	8,224	10,033	9,891	7,330
Financial..... do.....	2,112	2,952	1,744	2,236	2,143	2,001	2,039	2,252	1,609	1,752	2,140	2,337	2,139
General..... do.....	25,703	21,955	26,920	34,029	32,453	33,758	31,045	24,534	21,879	29,766	38,417	33,689	26,337
Retail..... do.....	133,146	93,210	91,820	113,914	117,676	119,978	109,462	89,057	97,416	118,066	122,051	123,686	135,999

♠ Revised. † Preliminary. ♂ Data, reported at the beginning of each month, are shown here for the previous month.
 ‡ Revisions for 1944–November 1948 are available upon request.
 § Comparable data on magazine advertising cost (Publishers' Information Bureau, Inc.) are available back to January 1948 only. Beginning with the October 1949 SURVEY, five new components are shown (marked with "§"); the total of the two components "household equipment, etc." and "household furnishings" covers all items formerly included in "electric household equipment" and "household furnishings, etc." Data for January–July 1948 for the new components are available upon request.
 ¶ See note marked "†" above.

Unless otherwise stated, statistics through 1948 and descriptive notes are shown in the 1949 Statistical Supplement to the Survey	1948		1949										
	November		January	February	March	April	May	June	July	August	September	October	November

EMPLOYMENT AND POPULATION—Continued

WAGES—Continued													
Average hourly earnings, etc.—Continued													
All manufacturing industries—Continued													
Nondurable-goods industries—Continued													
Apparel and other finished textile products													
Men's and boys' suits and coats.....dollars.....	1.203	1.221	1.212	1.196	1.149	1.125	1.133	1.159	1.175	* 1.196	* 1.173	* 1.138	1.172
Men's and boys' furnishings and work clothing.....dollars.....	1.366	1.358	1.354	1.366	1.342	1.345	1.317	1.306	1.342	* 1.353	* 1.346	* 1.339	
Women's outerwear.....do.....	.934	.937	.924	.929	.923	.924	.915	.915	.901	* .918	* .917	.922	
Paper and allied products.....do.....	1.492	1.533	1.504	1.460	1.360	1.303	1.339	1.431	1.465	* 1.484	* 1.453	1.374	
Pulp, paper, and paperboard mills.....do.....	1.330	1.335	1.331	1.328	1.327	1.330	1.340	1.352	1.346	* 1.353	* 1.353	1.354	* 1.356
Printing, publishing, and allied industries.....dollars.....	1.404	1.403	1.398	1.395	1.392	1.401	1.410	1.427	1.416	1.420	* 1.421	1.420	
Newspapers.....do.....	1.750	1.751	1.770	1.802	1.807	1.819	1.821	1.825	1.836	* 1.842	* 1.850	* 1.843	* 1.855
Commercial printing.....do.....	2.062	2.028	2.039	2.068	2.086	2.117	2.105	2.114	2.137	* 2.146	* 2.138	2.133	
Chemicals and allied products.....do.....	1.685	1.690	1.715	1.749	1.741	1.751	1.770	1.760	1.759	* 1.760	* 1.777	1.777	
Industrial organic chemicals.....do.....	1.396	1.404	1.410	1.406	1.415	1.430	1.448	1.464	1.451	* 1.441	* 1.427	* 1.432	* 1.437
Drugs and medicines.....do.....	1.490	1.499	1.513	1.515	1.525	1.533	1.545	1.565	1.548	* 1.566	* 1.556	1.556	
Paints, pigments, and fillers.....do.....	1.368	1.387	1.392	1.385	1.391	1.403	1.400	1.410	1.408	* 1.410	* 1.408	1.415	
Products of petroleum and coal.....do.....	1.432	1.429	1.449	1.452	1.458	1.455	1.454	1.450	1.448	* 1.467	* 1.470	1.470	
Petroleum refining.....do.....	1.772	1.779	1.775	1.773	1.777	1.772	1.787	1.808	1.796	* 1.812	* 1.807	* 1.803	* 1.808
Rubber products.....do.....	1.857	1.856	1.852	1.850	1.858	1.857	1.873	1.896	1.887	* 1.904	* 1.889	1.887	
Tires and inner tubes.....do.....	1.498	1.501	1.500	1.498	1.504	1.514	1.526	1.520	1.507	* 1.514	* 1.513	* 1.509	* 1.518
Leather and leather products.....do.....	1.719	1.720	1.723	1.718	1.721	1.741	1.751	1.761	1.731	* 1.789	* 1.738	1.735	
Footwear (except rubber).....do.....	1.143	1.137	1.136	1.135	1.138	1.141	1.136	1.128	1.129	* 1.141	* 1.143	* 1.142	* 1.136
Nonmanufacturing industries:	1.102	1.101	1.101	1.101	1.102	1.099	1.090	1.085	1.091	* 1.104	* 1.101	1.094	
Mining:													
Metal.....do.....	1.520	1.538	1.527	1.528	1.519	1.510	1.491	1.491	1.473	* 1.489	* 1.485	1.471	
Anthracite.....do.....	1.861	1.872	1.838	1.846	1.857	1.866	1.935	1.888	1.829	* 1.863	* 1.934	1.905	
Bituminous coal.....do.....	1.956	1.947	1.941	1.938	1.934	1.946	1.951	1.910	1.897	* 1.943	* 1.983	2.002	
Crude-petroleum and natural-gas production: Petroleum and natural-gas production.....dollars.....	1.738	1.784	1.768	1.756	1.762	1.768	1.778	1.800	1.764	* 1.792	1.802	1.784	
Nonmetallic mining and quarrying.....do.....	1.282	1.286	1.285	1.280	1.302	1.313	1.320	1.308	1.306	* 1.312	1.304	1.330	
Contract construction.....do.....	1.862	1.869	1.877	1.875	1.872	1.864	1.856	1.862	1.862	* 1.874	* 1.881	1.891	
Nonbuilding construction.....do.....	1.712	1.710	1.714	1.703	1.709	1.712	1.704	1.712	1.712	* 1.730	* 1.741	1.751	
Building construction.....do.....	1.915	1.918	1.930	1.933	1.934	1.930	1.924	1.922	1.932	* 1.938	* 1.944	1.948	
Transportation and public utilities:													
Local railways and bus lines.....do.....	1.391	1.415	1.423	1.420	1.430	1.436	1.435	1.446	1.442	* 1.457	* 1.456	1.453	
Telephone.....do.....	1.288	1.298	1.317	1.327	1.324	1.343	1.340	1.348	1.343	* 1.363	* 1.378	1.403	
Telegraph.....do.....	1.387	1.390	1.392	1.394	1.399	1.409	1.399	1.409	1.411	* 1.412	1.415	1.419	
Gas and electric utilities.....do.....	1.493	1.509	1.512	1.507	1.521	1.535	1.541	1.550	1.544	* 1.564	* 1.578	1.573	
Trade:													
Wholesale trade.....do.....	1.387	1.403	1.403	1.401	1.407	1.421	1.416	1.426	1.403	* 1.409	1.428	1.424	
Retail trade:													
General-merchandise stores.....do.....	.919	.943	.937	.933	.936	.960	.968	.964	.961	* .961	.957	.952	
Food and liquor.....do.....	1.206	1.233	1.228	1.231	1.227	1.234	1.244	1.244	1.244	* 1.258	* 1.249	1.250	
Automotive and accessories dealers.....do.....	1.257	1.261	1.256	1.273	1.302	1.310	1.312	1.312	1.306	* 1.308	* 1.295	1.292	
Service:													
Hotels, year-round.....do.....	.732	.735	.738	.731	.732	.738	.745	.746	* .745	* .746	.742	.755	
Laundries.....do.....	.833	.843	.841	.845	.843	.850	.849	.844	* .840	* .842	.842	.841	
Cleaning and dyeing plants.....do.....	.986	.987	.983	.986	.994	1.011	.997	.986	* .978	* .990	.980	.984	
Miscellaneous wage data:													
Construction wage rates (E. N. R.):													
Common labor.....dol. per hr.....	1.413	1.417	1.417	1.424	1.424	1.431	1.441	1.465	1.470	1.478	1.478	1.478	1.478
Skilled labor.....do.....	2.347	* 2.354	2.353	2.376	2.378	2.384	2.394	2.412	2.434	2.453	2.458	2.462	2.462
Farm wage rates, without board or room (quarterly)*.....do.....		.77			.71			.74			.64		.75
Railway wages (average, class I).....do.....	1.338	1.352	1.370	1.337	1.380	1.389	1.375	1.392	1.373	1.565	1.562	1.569	
Road-building wages, common labor.....do.....		1.00			1.06			1.16			1.17		

FINANCE

BANKING													
Acceptances and commercial paper outstanding:													
Bankers' acceptances.....mil. of dol.....	259	262	228	215	204	195	198	194	189	207	215	251	272
Commercial paper.....do.....	269	268	268	257	249	219	199	211	230	265	278	* 278	257
Agricultural loans outstanding of agencies supervised by the Farm Credit Administration:													
Total.....mil. of dol.....	1,677	(1)	(1)	1,710	(1)	(1)	1,786	(1)	(1)	1,791	(1)	(1)	1,712
Farm mortgage loans, total.....do.....	932	(1)	(1)	936	(1)	(1)	946	(1)	(1)	951	(1)	(1)	956
Federal land banks.....do.....	857	(1)	(1)	866	(1)	(1)	880	(1)	(1)	890	(1)	(1)	899
Land Bank Commissioner.....do.....	75	(1)	(1)	70	(1)	(1)	65	(1)	(1)	62	(1)	(1)	57
Loans to cooperatives.....do.....	311	299	289	270	262	252	250	258	261	281	306	313	306
Short-term credit.....do.....	435	444	466	504	* 537	* 565	* 591	* 600	* 590	* 559	* 506	* 471	* 450
Bank debits, total (141 centers).....do.....	109,908	94,080	80,180	98,335	89,206	88,969	98,276	88,353	88,536	90,266	90,792	88,588	106,274
New York City.....do.....	46,194	38,429	31,982	39,698	35,832	36,974	42,890	36,467	36,070	37,191	36,334	35,249	45,781
Outside New York City.....do.....	63,714	55,651	48,198	58,637	53,374	51,995	55,386	51,886	52,466	53,075	54,458	53,339	60,493
Federal Reserve banks, condition, end of month:													
Assets, total.....mil. of dol.....	50,043	48,585	48,448	48,051	47,396	45,483	45,502	44,937	44,192	44,323	43,513	44,272	45,643
Reserve bank credit outstanding, total.....do.....	24,007	22,914	22,855	22,267	21,737	20,092	19,696	19,239	18,225	18,415	17,800	18,267	19,499
Discounts and advances.....do.....	223	456	251	246	303	247	103	317	531	109	283	322	78
United States Government securities.....do.....	23,333	22,109	22,342	21,688	21,094	19,704	19,343	18,529	17,524	18,010	17,316	17,682	18,885
Gold certificate reserves.....do.....	22,966	23,023	23,045	23,077	23,099	23,116	23,245	23,285	23,362	23,350	23,320	23,232	23,176
Liabilities, total.....do.....	50,043	48,585	48,448	48,051	47,396	45,483	45,502	44,937	44,192	44,323	43,513	44,272	45,643
Deposits, total.....do.....	22,791	22,248	22,235	21,754	21,304	19,582	19,246	18,968	18,036	18,173	17,632	17,793	18,906
Member bank reserve balances.....do.....	20,479	19,540	19,617	19,118	19,076	18,024	17,867	17,437	16,512	15,947	15,850	16,058	16,568
Excess reserves (estimated).....do.....	1,202	477	808	686	638	794	948	752	1,175	771	589	* 671	* 1,030
Federal Reserve notes in circulation.....do.....	24,161	23,609	23,528	23,383	23,327	23,346	23,373	23,305	23,273	23,278	23,247	23,373	23,453
Reserve ratio.....percent.....	48.9	50.2	50.4	51.1	51.8	53.8	54.5	55.1	56.6	56.3	57.0	56.4	54.7

* Revised. † Preliminary. ‡ Rate as of January 1, 1950.
 1 Beginning July 1, 1948, farm mortgage loan data are reported quarterly.
 2 In accordance with Public Law 38, 81st Congress, the Regional Agricultural Credit Corporation of Washington, D. C., was dissolved and as of April 16, 1949, its assets were transferred to the Farmers Home Administration.
 † Revised series. See note marked "†" on p. S-11.
 ‡ Rate as of February 1, 1950: Common labor, \$1.485; skilled labor, \$2.466.
 * New series. Comparable data prior to January 1948 are not available.

1948 and descriptive notes are shown in the 1949 Statistical Supplement to the Survey	1949											
	December	January	February	March	April	May	June	July	August	September	October	November

FINANCE—Continued

BANKING—Continued													
Federal Reserve weekly reporting member banks, condition, Wednesday nearest end of month:													
Deposits:													
Demand, adjusted.....mil. of dol.	47,794	46,945	46,112	44,909	46,175	46,364	46,093	46,282	46,737	46,457	46,848	47,618	48,253
Demand, except interbank:													
Individuals, partnerships, and corporations.....mil. of dol.	48,214	46,576	46,014	44,341	45,737	46,128	45,805	45,685	46,416	46,465	46,867	48,037	48,857
States and political subdivisions.....do.	3,282	3,408	3,418	3,588	3,548	3,683	3,361	3,432	3,367	3,165	3,299	3,255	3,296
United States Government.....do.	1,274	1,476	1,706	2,095	1,188	790	1,356	1,591	2,196	2,636	2,355	2,117	1,955
Time, except interbank, total.....do.	15,028	15,087	15,132	15,151	15,226	15,283	15,375	15,282	15,270	15,255	15,228	15,102	15,288
Individuals, partnerships, and corporations.....mil. of dol.	14,403	14,419	14,452	14,458	14,485	14,513	14,596	14,520	14,502	14,501	14,500	14,431	14,537
States and political subdivisions.....do.	540	582	593	602	648	667	664	641	647	632	605	608	621
Interbank (demand and time).....do.	10,602	10,174	10,163	9,364	9,203	9,703	9,526	10,032	10,095	10,065	10,637	10,305	10,729
Investments, total.....do.	37,192	37,452	37,559	36,137	36,945	38,525	38,699	40,637	42,288	42,064	42,341	42,226	42,527
U. S. Government obligations, direct and guaranteed, total.....mil. of dol.	32,987	33,268	33,069	31,750	32,951	34,035	34,149	35,773	37,307	37,004	37,388	37,248	37,469
Bills.....do.	1,807	1,987	2,000	1,063	1,827	2,105	1,793	2,608	3,260	2,608	2,618	2,345	2,544
Certificates.....do.	4,742	5,364	5,048	4,624	4,712	5,225	5,274	5,716	6,392	7,181	7,273	7,237	6,856
Bonds and guaranteed obligations.....do.	24,594	24,890	24,992	25,136	25,458	25,734	26,132	26,394	26,536	26,091	26,347	26,470	24,637
Notes.....do.	1,844	1,027	1,029	927	954	971	950	1,000	1,119	1,124	1,150	1,176	3,432
Other securities.....do.	4,205	4,184	4,290	4,387	4,354	4,490	4,550	4,804	4,981	5,060	4,953	4,978	5,058
Loans, total.....do.	25,559	25,244	24,617	25,034	24,010	23,811	23,883	23,159	23,491	23,998	24,325	24,613	24,894
Commercial, industrial, and agricultural.....do.	15,577	15,318	15,147	14,904	14,162	13,476	13,181	12,826	12,965	13,384	13,694	13,775	13,904
To brokers and dealers in securities.....do.	1,351	1,297	947	1,548	1,328	1,678	1,955	1,520	1,609	1,668	1,618	1,623	1,608
Other loans for purchasing or carrying securities.....mil. of dol.	679	663	630	638	617	628	657	663	665	638	597	626	599
Real-estate loans.....do.	4,062	4,079	4,082	4,083	4,078	4,092	4,118	4,143	4,185	4,207	4,246	4,299	4,342
Loans of banks.....do.	241	258	266	308	263	353	292	264	273	233	207	214	319
Other loans.....do.	3,930	3,918	3,837	3,851	3,863	3,904	3,981	4,049	4,102	4,178	4,266	4,393	4,445
Money and interest rates: ²													
Bank rates to customers: [†]													
In New York City.....percent.	2.34			2.42				2.35		2.32			2.38
In 7 other northern and eastern cities.....do.	2.68			2.65				2.86		2.64			2.67
In 11 southern and western cities.....do.	3.02			3.12				3.17		3.07			3.03
Discount rate (N. Y. F. R. Bank).....do.	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Federal land bank loans.....do.	4.04	4.08	4.08	4.08	4.08	4.08	4.08	4.08	4.08	4.08	4.08	4.08	4.08
Federal intermediate credit bank loans.....do.	2.00	2.02	2.02	2.02	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04
Open market rates, New York City:													
Acceptances, prime, bankers', 90 days.....do.	1.19	1.19	1.19	1.19	1.19	1.19	1.19	1.06	1.06	1.06	1.06	1.06	1.06
Commercial paper, prime, 4-6 months.....do.	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.44	1.38	1.38	1.38	1.38	1.31
Time loans, 90 days (N. Y. S. E.).....do.	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.63
Call loans, renewal (N. Y. S. E.).....do.	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.63
Yield on U. S. Govt. securities:													
3-month bills.....do.	1.154	1.160	1.163	1.162	1.155	1.156	1.158	.990	1.027	1.062	1.044	1.073	1.097
3-5 year taxable issues.....do.	1.64	1.59	1.57	1.54	1.53	1.49	1.42	1.26	1.137	1.137	1.137	1.137	1.137
Savings deposits, balance to credit of depositors:													
New York State savings banks.....mil. of dol.	10,326	10,402	10,446	10,518	10,550	10,600	10,718	10,753	10,786	10,830	10,860	10,296	11,087
U. S. postal savings.....do.	3,330	3,334	3,333	3,327	3,314	3,294	3,277	3,266	3,248	3,228	3,214	3,199	3,182
CONSUMER CREDIT													
Total consumer credit, end of month.....mil. of dol.	16,319	15,748	15,325	15,335	15,595	15,843	16,124	16,108	16,453	16,801	17,221	17,810	18,788
Installment credit, total.....do.	8,600	8,424	8,339	8,429	8,630	8,888	9,123	9,335	9,622	9,897	10,164	10,439	10,912
Sale credit, total.....do.	4,528	4,370	4,306	4,364	4,917	4,718	4,870	5,010	5,223	5,438	5,661	5,882	6,262
Automobile dealers.....do.	1,961	1,965	1,996	2,105	2,241	2,386	2,499	2,610	2,761	2,876	2,986	3,085	3,149
Department stores and mail-order houses.....mil. of dol.	874	815	778	756	760	771	774	766	781	818	855	906	1,010
Furniture stores.....do.	750	704	685	675	683	704	718	730	755	784	822	858	939
Household-appliance stores.....do.	387	366	353	348	351	367	382	405	417	435	454	465	511
Jewelry stores.....do.	152	141	130	124	125	123	124	121	121	123	123	127	163
All other retail stores.....do.	404	379	364	356	359	367	373	378	388	404	421	441	490
Cash loans, total.....do.	4,072	4,054	4,033	4,065	4,113	4,170	4,253	4,325	4,299	4,459	4,508	4,557	4,650
Commercial banks.....do.	1,709	1,705	1,695	1,720	1,749	1,788	1,826	1,866	1,897	1,922	1,936	1,944	1,952
Credit unions.....do.	312	309	308	315	323	333	346	357	369	379	385	394	402
Industrial banks.....do.	204	202	201	203	207	213	219	225	230	235	239	244	250
Industrial-loan companies.....do.	160	159	159	161	163	165	167	169	171	172	172	173	175
Insured repair and modernization loans.....mil. of dol.	739	737	734	729	727	722	726	732	747	761	778	790	800
Small-loan companies.....do.	817	812	806	807	815	818	827	843	851	855	858	875	929
Miscellaneous lenders.....do.	131	130	130	130	131	131	132	133	134	135	135	137	142
Charge accounts.....do.	3,854	3,457	3,169	3,121	3,232	3,235	3,274	3,123	3,064	3,123	3,197	3,454	3,909
Single-payment loans.....do.	2,902	2,904	2,865	2,816	2,764	2,739	2,752	2,768	2,799	2,808	2,866	2,926	2,980
Service credit.....do.	963	963	952	969	969	981	975	972	968	994	991	987	987
Consumer installment loans made during the month, by principal lending institutions:													
Commercial banks.....mil. of dol.	251	236	215	287	278	288	303	282	294	278	272	269	280
Credit unions.....do.	67	42	44	58	58	60	68	59	66	65	59	64	69
Industrial banks.....do.	37	31	28	36	33	35	38	35	37	34	34	36	41
Industrial-loan companies.....do.	31	26	25	30	29	28	28	28	29	27	26	28	31
Small-loan companies.....do.	180	112	109	142	146	135	140	155	143	128	134	161	232
FEDERAL GOVERNMENT FINANCE													
Budget receipts and expenditures:													
Receipts, total.....mil. of dol.	4,062	3,675	3,935	6,133	2,306	2,751	4,928	2,061	2,917	4,885	1,993	2,727	4,255
Receipts, net.....do.	4,014	3,579	3,381	5,435	1,340	1,945	4,767	1,946	2,479	4,832	1,881	2,344	4,191
Customs.....do.	38	30	29	34	29	28	28	25	32	33	35	37	35
Income and profits taxes.....do.	3,042	2,762	2,690	5,100	1,308	1,544	3,819	1,209	1,568	3,893	1,060	1,489	3,214
Employment taxes.....do.	134	54	438	168	81	410	137	65	404	144	65	356	139
Miscellaneous internal revenue.....do.	702	638	654	720	644	656	704	653	749	714	753	722	720
All other receipts.....do.	146	192	122	111	244	114	240	110	165	101	79	124	147
Expenditures, total.....do.	3,603	2,968	2,646	3,621	2,748	2,822	4,579	3,434	3,585	3,995	3,111	3,127	3,722
Interest on public debt.....do.	1,112	819	141	589	178	125	1,570	322	125	544	255	3,306	1,008
Veterans Administration.....do.	555	528	547	640	548	614	525	494	522	859	502	547	489
National defense and related activities.....do.	1,017	1,043	930	1,109	1,043	950	1,159	987	1,134	985	959	1,024	1,069
All other expenditures.....do.	920	1,078	1,027	1,283	979	1,133	1,325	1,631	1,804	1,607	1,395	1,251	1,157

[†] Revised. [‡] Preliminary. ¹ Beginning September 12, series changed from one to two bond issues (2 percent December 1952-54 and 2½ percent March 1956-58). Average for old series for September is 1.25 percent. ² Beginning November 1949, data represent interest due and payable; previously, interest paid. ³ For bond yields see p. S-19. ^{††} Revised series. Bank rates to customers have been revised to reflect a change in the reporting form; for the series shown here no revisions were made prior to June 1948.

Unless otherwise stated, statistics through 1948 and descriptive notes are shown in the 1949 Statistical Supplement to the Survey	1949											
	1948 December	January	February	March	April	May	June	July	August	September	October	November

FINANCE—Continued

FEDERAL GOVERNMENT FINANCE—Con.													
Debt, gross:													
Public debt (direct), end of month, total mil. of dol.	252,800	252,620	252,721	251,642	251,530	251,889	252,770	253,877	255,852	256,680	256,778	256,982	257,130
Interest-bearing, total.....do.	250,579	250,435	250,603	249,573	249,509	249,890	250,762	251,880	253,921	254,756	254,876	255,124	255,019
Public issues.....do.	218,865	218,675	218,799	217,647	217,676	217,975	217,986	218,831	220,563	220,842	221,066	221,295	221,123
Special issues.....do.	31,714	31,760	31,804	31,926	31,833	31,914	32,776	33,049	33,358	33,914	33,810	33,829	33,896
Noninterest bearing.....do.	2,220	2,186	2,118	2,068	2,021	2,000	2,009	1,996	1,931	1,923	1,901	1,858	2,111
Obligations guaranteed by U. S. Government, end of month.....mil. of dol.	55	36	26	24	23	23	27	26	27	29	28	29	29
U. S. savings bonds:													
Amount outstanding, end of month.....do.	55,197	55,467	55,763	55,982	56,103	56,195	56,333	56,522	56,602	56,663	56,729	56,774	56,910
Sales, series E, F, and G.....do.	540	647	599	590	454	433	485	511	449	398	388	373	495
Redemptions.....do.	432	476	369	440	398	415	451	425	439	411	396	415	466
Government corporations and credit agencies:													
Assets, except interagency, total.....mil. of dol.	21,718			22,324			22,232			22,594			
Loans receivable, total (less reserves).....do.	11,692			12,228			11,770			11,720			
To aid agriculture.....do.	3,632			4,209			3,847			3,617			
To aid home owners.....do.	768			851			980			1,123			
To aid railroads.....do.	140			141			120			120			
To aid other industries.....do.	310			337			364			407			
To aid banks.....do.	5			5			4			4			
To aid other financial institutions.....do.	520			367			368			347			
Foreign loans.....do.	6,102			6,098			6,108			6,090			
All other.....do.	584			589			488			494			
Commodities, supplies, and materials.....do.	627			674			1,140			1,596			
U. S. Government securities.....do.	1,854			2,077			2,004			2,069			
Other securities.....do.	3,518			3,515			3,508			3,501			
Land, structures, and equipment.....do.	3,060			3,048			2,946			2,933			
All other assets.....do.	967			782			865			775			
Liabilities, except interagency, total.....do.	2,666			2,834			2,377			1,957			
Bonds, notes, and debentures:													
Guaranteed by the United States.....do.	38			23			26			28			
Other.....do.	964			884			865			856			
Other liabilities.....do.	1,663			1,927			1,487			1,074			
Privately owned interest.....do.	166			170			172			177			
U. S. Government interest.....do.	18,886			19,320			19,682			20,460			
Reconstruction Finance Corporation, loans and securities (at cost) outstanding, end of month, total.....mil. of dol.	1,282	1,323	1,362	1,411	1,465	1,419	1,458	1,522	1,603	1,670	1,737	1,825	1,874
Industrial and commercial enterprises, including national defense.....mil. of dol.	321	330	340	349	362	380	384	399	416	434	443	472	481
Financial institutions.....do.	129	127	126	125	124	123	123	122	123	122	121	118	114
Railroads, including securities from PWA.....do.	138	138	138	139	138	138	117	117	117	117	117	117	112
States, territories, and political subdivisions.....do.	134	137	135	138	138	30	30	30	30	30	30	29	29
United Kingdom and Republic of the Philippines.....mil. of dol.	194	192	191	185	182	179	174	173	176	167	165	161	149
Mortgages purchased.....do.	331	363	395	438	483	531	592	643	703	762	824	891	951
Other loans.....do.	37	37	37	37	37	37	37	37	38	37	37	37	37
LIFE INSURANCE													
Assets, admitted:													
All companies (Institute of Life Insurance), estimated total.....mil. of dol.	55,383	55,746	55,984	56,309	56,589	56,872	57,233	57,503	57,768	58,082	58,407	58,699	59,280
Securities and mortgages.....do.	50,265	50,465	50,735	50,995	51,323	51,498	51,921	52,251	52,390	52,640	52,903	53,171	53,652
49 companies (Life Insurance Association of America), total.....mil. of dol.	49,483	49,778	49,999	50,278	50,519	50,763	51,073	51,292	51,520	51,789	52,065	52,321	
Bonds and stocks, book value, total.....do.	36,125	36,191	36,319	36,404	36,537	36,548	36,779	36,921	36,883	36,957	37,038	37,136	
Govt. (domestic and foreign) total.....do.	17,235	17,189	17,134	17,005	16,792	16,575	16,361	16,133	16,001	15,972	15,891	15,783	
U. S. Government.....do.	15,204	15,151	15,097	14,957	14,748	14,529	14,324	14,093	13,962	13,871	13,770	13,672	
Public utility.....do.	8,289	8,322	8,388	8,467	8,585	8,678	8,968	9,082	9,127	9,145	9,189	9,254	
Railroad.....do.	2,863	2,861	2,856	2,857	2,855	2,853	2,865	2,861	2,855	2,856	2,857	2,859	
Other.....do.	7,737	7,818	7,942	8,076	8,304	8,442	8,585	8,846	8,900	8,983	9,101	9,240	
Cash.....do.	731	802	711	727	730	731	675	648	702	690	721	694	
Mortgage loans, total.....do.	8,893	9,009	9,128	9,275	9,404	9,532	9,687	9,804	9,946	10,092	10,209	10,363	
Farm.....do.	837	842	855	862	882	899	912	925	935	944	955	963	
Other.....do.	8,057	8,167	8,273	8,409	8,522	8,633	8,775	8,879	9,011	9,147	9,254	9,400	
Policy loans and premium notes.....do.	1,788	1,800	1,809	1,822	1,833	1,845	1,859	1,870	1,884	1,896	1,907	1,917	
Real-estate holdings.....do.	932	947	971	980	995	1,007	1,028	1,042	1,045	1,059	1,077	1,090	
Other admitted assets.....do.	1,013	1,029	1,061	1,070	1,057	1,100	1,044	1,008	1,060	1,095	1,114	1,121	
Life Insurance Agency Management Association: Insurance written (new paid-for-insurance):													
Value, estimated total.....mil. of dol.	2,303	1,821	1,711	2,224	1,852	1,861	1,890	1,657	1,778	1,718	1,861	1,901	2,195
Group.....do.	664	335	193	454	182	185	242	179	250	249	267	308	504
Industrial.....do.	321	357	375	433	414	431	396	356	381	384	416	395	360
Ordinary, total.....do.	1,318	1,129	1,143	1,337	1,256	1,245	1,252	1,122	1,147	1,085	1,178	1,198	1,331
New England.....do.	85	86	78	89	84	83	81	73	69	67	77	83	86
Middle Atlantic.....do.	289	292	298	335	302	294	289	263	249	234	277	278	289
East North Central.....do.	289	254	250	290	267	258	263	235	243	231	251	256	280
West North Central.....do.	133	103	99	124	122	118	127	113	116	112	111	113	133
South Atlantic.....do.	147	118	123	147	141	141	135	124	132	123	137	140	156
East South Central.....do.	54	42	46	55	52	53	52	46	50	49	53	52	58
West South Central.....do.	107	87	97	111	106	108	114	99	108	101	99	102	117
Mountain.....do.	47	33	34	41	41	43	45	40	42	38	40	41	52
Pacific.....do.	158	113	118	145	141	147	145	130	138	128	134	133	160
Institute of Life Insurance:													
Payments to policyholders and beneficiaries, estimated total.....thous. of dol.	333,180	296,940	269,380	326,028	285,303	274,398	304,428	267,451	286,065	276,238	276,422	276,654	339,057
Death claim payments.....do.	131,229	123,024	117,839	143,484	124,889	119,043	124,888	115,810	130,188	115,711	121,365	120,828	132,673
Matured endowments.....do.	42,975	46,076	38,101	44,426	37,960	37,318	42,636	34,227	35,505	36,027	38,565	38,559	37,933
Disability payments.....do.	8,812	8,580	7,825	8,142	8,013	7,385	8,347	7,475	7,912	7,641	8,136	7,867	8,534
Annuity payments.....do.	18,641	24,207	17,630	20,500	19,256	19,998	20,868	19,970	18,739	19,856	20,078	19,689	17,097
Policy dividends.....do.	80,727	54,399	46,239	58,889	46,348	42,061	56,118	42,990	43,828	47,329	39,729	38,638	83,640
Surrender values.....do.	50,796	40,654	41,746	50,587	48,837	48,593	51,571	46,979	49,893	49,674	48,549	51,073	59,180

* Revised. 1 Excludes securities from PWA.

Unless otherwise stated, statistics through 1948 and descriptive notes are shown in the 1949 Statistical Supplement to the Survey	1948	1949												
	December	January	February	March	April	May	June	July	August	September	October	November	December	
FINANCE—Continued														
LIFE INSURANCE—Continued														
Life Insurance Association of America:														
Premium collections (39 cos.), total, thous. of dol.	622,752	449,865	452,169	527,368	406,923	437,739	499,843	373,628	435,090	466,669	414,820	435,499	-----	-----
Accident and health.....do.....	37,742	27,817	29,185	34,267	26,391	31,655	32,955	28,171	32,927	29,964	31,116	31,627	-----	-----
Annuities.....do.....	114,939	76,348	54,430	67,864	47,377	46,497	63,102	14,316	50,965	52,865	53,964	51,973	-----	-----
Group.....do.....	44,759	39,000	37,036	40,824	32,182	34,905	34,690	30,362	37,535	30,435	32,973	31,606	-----	-----
Industrial.....do.....	98,231	72,171	67,507	78,615	58,935	68,541	75,606	61,015	66,277	78,015	63,806	61,410	-----	-----
Ordinary.....do.....	327,081	234,529	264,011	305,798	242,038	256,141	293,490	239,764	247,356	277,340	232,961	258,883	-----	-----
MONETARY STATISTICS														
Gold and silver:														
Gold:														
Monetary stock, U. S.....mil. of dol.	24,244	24,271	24,290	24,314	24,332	24,342	24,466	24,520	24,608	24,602	24,584	24,479	24,427	-----
Net release from earmark\$.....thous. of dol.	-45,945	-2,690	-22,201	-16,725	-17,741	37,775	121,632	-19,936	-208,540	-154,799	-89,117	-63,939	-59,399	-----
Gold exports.....do.....	24,123	6,399	4,499	5,108	12,019	1,612	5,483	6,890	11,563	15,857	2,397	2,998	10,111	-----
Gold imports.....do.....	112,141	52,333	25,978	24,879	25,615	11,142	12,389	137,986	268,936	114,002	58,527	10,629	8,697	-----
Production, reported monthly total\$.....do.	60,208	58,358	56,335	62,227	60,755	63,109	64,761	63,107	40,380	39,366	39,012	-----	-----	-----
Africa.....do.....	37,682	37,456	35,529	39,275	37,941	38,902	39,307	39,966	38,224	38,300	38,400	38,400	38,400	38,400
Canada.....do.....	11,444	10,843	10,766	11,994	11,442	11,635	12,015	11,421	12,569	12,735	12,798	-----	-----	-----
United States\$.....do.....	4,832	3,864	3,869	5,544	5,674	5,623	5,529	5,728	6,505	6,239	7,306	7,385	6,609	-----
Silver:														
Exports.....do.....	1,419	581	261	214	4,783	514	1,818	11,910	2,090	160	86	184	680	-----
Imports.....do.....	4,908	2,116	3,278	6,444	2,825	12,190	10,237	6,824	6,056	5,628	7,508	6,370	4,060	-----
Price at New York.....dol. per fine oz.	.700	.700	.708	.715	.715	.715	.715	.715	.719	.732	.733	.733	.733	-----
Production:														
Canada\$.....thous. of fine oz.	1,206	976	969	1,298	1,246	1,499	2,198	1,735	1,196	1,144	-----	-----	-----	-----
Mexico.....do.....	3,600	4,400	4,100	4,800	4,000	4,400	4,300	3,500	4,600	4,700	-----	-----	-----	-----
United States.....do.....	2,281	2,761	2,821	2,743	3,341	3,614	2,676	2,349	2,909	2,167	2,884	-----	-----	-----
Money supply:														
Currency in circulation.....mil. of dol.	28,224	27,580	27,557	27,439	27,417	27,507	27,493	27,394	27,393	27,412	27,407	27,543	27,596	-----
Deposits, adjusted, all banks, and currency outside banks, total ^omil. of dol.	170,570	170,200	169,300	167,600	167,500	167,600	167,930	167,900	170,000	170,300	171,500	171,800	173,100	-----
Currency outside banks.....do.....	26,079	25,200	25,100	25,100	24,900	25,000	25,266	24,900	25,100	24,900	24,900	25,100	25,000	-----
Deposits, adjusted, total, including U. S. deposits ^omil. of dol.	145,491	145,000	144,200	142,500	142,600	142,600	142,664	143,000	144,900	145,400	146,600	146,700	148,100	-----
Demand deposits, adjusted, excl. U. S. do.....	85,520	85,400	83,400	81,100	82,400	82,500	81,877	83,100	83,400	83,300	84,600	85,500	86,700	-----
Time deposits, incl. postal savings.....do.....	57,520	57,600	57,800	58,000	58,100	58,200	58,483	58,400	58,400	58,400	58,400	58,400	58,400	-----
Turn-over of demand deposits, except interbank and U. S. Government, annual rate:														
New York City.....ratio of debits to deposits.....	32.1	29.3	27.1	27.2	27.6	28.3	29.8	28.7	25.5	28.0	27.3	27.2	32.5	-----
Other leading cities.....do.....	21.0	19.3	18.6	19.2	18.6	18.5	18.7	18.5	17.1	18.6	18.5	19.1	20.0	-----
PROFITS AND DIVIDENDS (QUARTERLY)														
Manufacturing corporations (Federal Reserve):*														
Profits after taxes, total (200 cos.).....mil. of dol.	958	-----	823	-----	750	-----	799	-----	-----	-----	-----	489	-----	-----
Durable goods, total (106 cos.).....do.....	564	-----	498	-----	491	-----	504	-----	-----	-----	-----	379	-----	-----
Primary metals and products (39 cos.).....do.....	240	-----	220	-----	161	-----	130	-----	-----	-----	-----	150	-----	-----
Machinery (27 cos.).....do.....	105	-----	72	-----	70	-----	71	-----	-----	-----	-----	-----	-----	-----
Automobiles and equipment (15 cos.).....do.....	176	-----	180	-----	229	-----	267	-----	-----	-----	-----	-----	-----	-----
Nondurable goods, total (94 cos.).....do.....	394	-----	325	-----	259	-----	295	-----	-----	-----	-----	-----	-----	-----
Food and kindred products (28 cos.).....do.....	71	-----	52	-----	54	-----	63	-----	-----	-----	-----	-----	-----	-----
Chemicals and allied products (26 cos.).....do.....	119	-----	105	-----	87	-----	109	-----	-----	-----	-----	-----	-----	-----
Petroleum refining (14 cos.).....do.....	141	-----	119	-----	92	-----	86	-----	-----	-----	-----	-----	-----	-----
Dividends, total (200 cos.).....do.....	499	-----	343	-----	354	-----	332	-----	-----	-----	-----	-----	-----	-----
Durable goods (106 cos.).....do.....	274	-----	196	-----	188	-----	184	-----	-----	-----	-----	-----	-----	-----
Nondurable goods (94 cos.).....do.....	225	-----	146	-----	166	-----	148	-----	-----	-----	-----	-----	-----	-----
Electric utilities, profits after taxes (Fed. Res.) mil. of dol.	176	-----	206	-----	180	-----	173	-----	-----	-----	-----	-----	-----	-----
Railways and telephone cos. (see p. S-23).	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
SECURITIES ISSUED														
Commercial and Financial Chronicle:														
Securities issued, by type of security, total (new capital and refunding).....mil. of dol.	831	690	500	695	949	757	1,644	765	617	707	823	489	-----	-----
New capital, total.....do.....	753	633	436	600	904	681	1,550	685	309	519	675	379	-----	-----
Domestic, total.....do.....	753	618	436	584	904	681	1,535	441	291	510	639	379	-----	-----
Corporate.....do.....	627	419	231	383	681	295	1,196	432	117	127	405	150	-----	-----
Federal agencies.....do.....	0	7	14	26	33	51	24	9	0	69	0	0	-----	-----
Municipal, State, etc.....do.....	126	192	191	174	190	335	315	0	174	314	234	229	-----	-----
Foreign.....do.....	0	15	0	16	0	0	15	244	18	10	36	0	-----	-----
Refunding, total.....do.....	78	57	64	96	45	76	94	79	308	188	148	109	-----	-----
Domestic, total.....do.....	78	57	64	96	45	76	94	78	204	188	148	109	-----	-----
Corporate.....do.....	3	1	7	39	1	31	31	22	8	38	91	35	-----	-----
Federal agencies.....do.....	72	55	53	55	44	38	62	56	195	146	53	52	-----	-----
Municipal, State, etc.....do.....	3	1	4	1	1	7	1	0	1	4	4	22	-----	-----
Securities and Exchange Commission: †														
Estimated gross proceeds, total.....do.....	1,992	1,408	1,289	1,395	1,606	1,493	2,672	2,327	2,079	1,612	1,667	1,183	1,759	-----
By type of security:														-----
Bonds and notes, total.....do.....	1,910	1,336	1,275	1,314	1,423	1,351	2,541	2,268	2,012	1,550	1,562	1,102	1,602	-----
Corporate.....do.....	700	273	308	330	515	246	1,126	415	105	113	345	143	336	-----
Common stock.....do.....	68	65	8	41	133	60	74	46	46	35	61	44	123	-----
Preferred stock.....do.....	14	8	5	40	50	82	57	14	21	27	45	36	35	-----
By type of issuer:														-----
Corporate, total.....do.....	783	345	321	411	698	388	1,257	475	173	174	451	223	493	-----
Industrial.....do.....	231	169	129	117	340	102	211	251	47	36	166	55	89	-----
Public utility.....do.....	497	120	106	183	281	198	925	138	99	99	203	148	312	-----
Railroad.....do.....	45	36	35	88	18	49	45	51	20	16	41	10	31	-----
Real estate and financial.....do.....	9	20	32	23	59	39	76	34	6	24	42	11	61	-----
Noncorporate, total.....do.....	1,209	1,063	968	985	908	1,105	1,415	1,852	1,907	1,433	1,216	959	1,266	-----
U. S. Government.....do.....	1,080	870	763	792	717	759	1,099	1,606	1,608	894	978	707	1,011	-----
State and municipal.....do.....	129	193	204	175	190	346	316	245	198	327	238	251	255	-----
Foreign governments.....do.....	0	0	0	16	0	0	0	0	100	0	0	0	0	-----
Nonprofit.....do.....	(1)	(1)	(1)	1	2	0	0	1	1	1	1	1	(1)	-----

* Revised. † Preliminary. ‡ Less than \$500,000.

§Or increase in earmarked gold (-). ¶Revisions for January–May 1948 for United States and total gold production are shown in the August 1949 SURVEY, p. S-18. Revisions for January–July 1948 for securities issued (SEC data) are available upon request.

ⓄRevised data for January–August 1948 are shown in the November 1949 SURVEY, p. S-18.

ⓁU. S. Government deposits at Federal Reserve banks are not included.

*New series on large manufacturing corporations (assets end-of-year 1946, \$10,000,000 and over); annual data beginning 1939 and quarterly data beginning 1946 are available upon request.

Unless otherwise stated, statistics through 1948 and descriptive notes are shown in the 1949 Statistical Supplement to the Survey	1948		1949										
	December	January	February	March	April	May	June	July	August	September	October	November	December

FINANCE—Continued

SECURITIES ISSUED—Continued													
Securities and Exchange Commission—Continued													
New corporate security issues:													
Estimated net proceeds, total..... mil. of dol.	771	336	318	403	688	380	1,244	468	168	171	445	219	484
Proposed uses of proceeds:													
New money, total..... do.	677	312	220	319	553	340	1,074	430	140	118	272	163	336
Plant and equipment..... do.	586	274	172	253	402	254	958	393	119	87	229	134	226
Working capital..... do.	91	38	48	66	151	85	116	37	21	31	43	29	111
Retirement of debt and stock, total..... do.	80	9	32	81	127	33	161	30	24	40	88	38	82
Funded debt..... do.	7	0	7	37	1	13	40	18	7	19	58	18	75
Other debt..... do.	70	7	25	44	126	15	116	12	17	2	29	20	6
Preferred stock..... do.	3	2	0	0	0	5	4	1	0	20	1	0	1
Other purposes..... do.	14	16	66	3	7	7	9	8	4	12	84	18	66
Proposed uses by major groups:													
Industrial, total..... do.	228	162	128	114	336	100	207	249	46	35	163	53	87
New money..... do.	166	139	99	85	215	92	113	236	27	2	118	23	77
Retirement of debt and stock..... do.	59	9	23	26	118	7	91	11	14	2	23	23	5
Public utility, total..... do.	489	118	104	179	276	192	916	136	97	97	199	144	306
New money..... do.	461	118	102	125	270	171	856	134	93	54	108	120	173
Retirement of debt and stock..... do.	27	0	2	54	7	21	54	2	4	37	65	16	72
Railroad, total..... do.	45	36	54	87	17	49	45	51	20	16	41	10	31
New money..... do.	45	36	50	87	17	49	45	51	13	16	41	10	27
Retirement of debt and stock..... do.	0	0	4	0	0	0	0	0	7	0	0	0	4
Real estate and financial, total..... do.	9	20	32	23	58	39	76	33	6	23	41	11	60
New money..... do.	5	19	29	21	51	28	60	9	5	22	5	10	69
Retirement of debt and stock..... do.	2	(1)	3	2	7	5	16	16	(1)	1	0	0	(1)
State and municipal issues (Bond Buyer):													
Long-term..... thous. of dol.	131,720	199,063	203,674	171,704	198,762	349,557	324,825	244,173	218,662	332,967	230,822	265,519	250,254
Short-term..... do.	84,614	126,809	120,198	133,002	110,200	61,224	120,040	67,450	196,516	105,586	46,514	119,155	125,851
COMMODITY MARKETS													
Volume of trading in grain futures:													
Corn..... mil. of bu.	301	250	395	254	209	173	169	199	216	153	128	237	198
Wheat..... do.	337	328	445	357	368	380	552	660	420	371	244	294	284
SECURITY MARKETS													
Brokers' Balances (N. Y. S. E. Members Carrying Margin Accounts)													
Cash on hand and in banks..... mil. of dol.	349						280						306
Customers' debit balances (net)..... do.	550	537	527	530	626	660	681	690	690	740	733	813	881
Customers' free credit balances..... do.	586	573	565	551	542	537	528	530	548	584	586	596	633
Money borrowed..... do.	257	247	225	254	329	355	493	399	404	418	416	445	523
Bonds													
Prices:													
Average price of all listed bonds (N. Y. S. E.), total\$..... dollars.	100.18	100.47	100.45	100.58	100.56	100.49	100.98	101.40	101.82	101.80	101.81	102.00	102.43
Domestic..... do.	100.69	100.96	100.93	101.04	101.01	100.93	101.45	101.86	102.28	102.27	102.27	102.45	102.89
Foreign..... do.	68.41	69.82	70.26	71.35	72.18	72.20	71.40	71.77	72.07	71.82	72.48	72.92	73.70
Standard and Poor's Corporation:													
Industrial, utility, and railroad:													
High grade (11 bonds)..... dol. per \$100 bond.	98.9	100.5	100.5	100.7	101.0	101.0	100.9	102.0	103.0	103.1	102.8	103.2	103.7
Medium grade:													
Composite (12 bonds)..... do.	90.9	92.1	92.7	91.9	91.7	91.9	91.7	91.8	92.6	93.3	93.7	93.5	94.5
Industrial (4 bonds)..... do.	94.7	96.1	97.0	97.1	98.0	98.9	98.7	98.6	98.2	99.0	99.9	100.3	101.0
Public utility (4 bonds)..... do.	93.6	93.8	94.7	95.5	95.6	95.7	96.3	96.9	97.7	98.8	99.2	99.5	100.1
Railroad (4 bonds)..... do.	84.5	86.4	86.6	83.1	81.6	81.2	80.0	79.9	81.9	82.1	82.0	80.8	82.2
Domestic municipal (15 bonds)..... do.	127.8	129.9	128.5	128.8	129.0	129.0	127.5	127.9	129.1	128.6	128.8	129.6	130.3
U. S. Treasury bonds, taxable..... do.	100.89	101.16	101.51	101.67	101.65	101.62	101.72	103.29	103.63	103.86	103.90	104.22	104.36
Sales:													
Total, excluding U. S. Government bonds:													
All registered exchanges:													
Market value..... thous. of dol.	63,470	60,686	52,009	56,225	53,189	50,767	49,004	60,737	47,468	64,646	64,646	84,642	84,642
Face value..... do.	89,347	80,599	70,080	80,637	76,590	67,997	67,171	87,224	78,549	59,560	68,959	84,467	111,120
New York Stock Exchange:													
Market value..... do.	60,152	57,073	49,038	52,359	50,459	47,431	46,165	69,941	57,108	44,469	47,938	60,157	80,274
Face value..... do.	84,620	75,419	66,056	75,821	72,458	63,601	63,433	84,074	73,916	55,721	64,706	79,064	105,909
New York Stock Exchange, exclusive of stopped sales, face value, total\$..... thous. of dol.													
U. S. Government, total\$..... do.	78,063	69,725	63,661	67,820	66,839	62,284	64,257	64,021	66,223	55,413	63,934	74,692	99,080
Other than U. S. Government, total\$..... do.	21	65	202	13	3	5	30	31	52	61	12	0	22
Domestic..... do.	69,941	62,188	55,150	59,523	54,953	54,847	58,133	58,779	59,388	47,169	56,494	67,065	91,063
Foreign..... do.	8,018	7,301	8,043	8,155	11,804	7,350	6,035	5,166	6,769	8,166	7,412	7,598	7,938
Value, issues listed on N. Y. S. E.:													
Market value, total, all issues\$..... mil. of dol.	131,306	131,897	131,863	132,065	132,098	132,029	131,686	132,813	133,643	132,210	132,221	132,445	128,464
Domestic..... do.	129,660	130,230	130,188	130,368	130,392	130,326	130,000	131,124	131,956	130,535	130,509	130,726	126,755
Foreign..... do.	1,401	1,419	1,426	1,447	1,455	1,452	1,432	1,436	1,432	1,422	1,458	1,463	1,452
Face value, total, all issues\$..... do.	131,068	131,276	131,272	131,304	131,360	131,381	130,402	130,975	131,254	129,874	129,870	129,854	125,410
Domestic..... do.	128,771	128,994	128,993	129,027	129,094	129,120	128,146	128,724	129,017	127,644	127,608	127,597	123,190
Foreign..... do.	2,048	2,032	2,030	2,016	2,016	2,011	2,006	2,001	1,988	1,981	2,012	2,007	1,970
Yields:													
Domestic corporate (Moody's)..... percent.	3.09	3.02	3.00	3.00	3.00	3.00	3.00	2.98	2.92	2.90	2.90	2.89	2.86
By ratings:													
Aaa..... do.	2.79	2.71	2.71	2.70	2.70	2.71	2.71	2.67	2.62	2.60	2.61	2.60	2.58
Aa..... do.	2.88	2.81	2.80	2.79	2.79	2.78	2.78	2.75	2.71	2.69	2.70	2.68	2.67
A..... do.	3.16	3.08	3.05	3.05	3.05	3.04	3.04	3.03	2.96	2.95	2.94	2.93	2.89
Baa..... do.	3.53	3.46	3.45	3.47	3.45	3.45	3.47	3.46	3.40	3.37	3.36	3.35	3.31
By groups:													
Industrial..... do.	2.85	2.80	2.79	2.78	2.78	2.78	2.75	2.70	2.68	2.68	2.68	2.67	2.65
Public utility..... do.	3.06	2.99	2.99	2.97	2.96	2.95	2.93	2.89	2.86	2.84	2.83	2.81	2.79
Railroad..... do.	3.36	3.26	3.24	3.27	3.27	3.26	3.29	3.21	3.19	3.19	3.20	3.20	3.14
Domestic municipal:													
Bond Buyer (20 cities)..... do.	2.20	2.17	2.21	2.17	2.13	2.21	2.20	2.13	2.12	2.16	2.13	2.11	2.08
Standard and Poor's Corp. (15 bonds)..... do.	2.26	2.15	2.23	2.21	2.20	2.20	2.28	2.26	2.20	2.22	2.21	2.17	2.13
U. S. Treasury bonds, taxable..... do.	2.44	2.42	2.39	2.38	2.38	2.38	2.38	2.27	2.24	2.22	2.22	2.20	2.19

* Revised. † Less than \$500,000.

† Revisions for January-July 1948 are available upon request.

‡ Sales figures include bonds of the International Bank for Reconstruction and Development not shown separately; these bonds are included also in computing average price of all listed bonds.

§ Total includes bonds of the International Bank for Reconstruction and Development not shown separately.

Unless otherwise stated, statistics through 1948 and descriptive notes are shown in the 1949 Statistical Supplement to the Survey	1949												
	December	January	February	March	April	May	June	July	August	September	October	November	December
FINANCE—Continued													
SECURITY MARKETS—Continued													
Stocks													
Cash dividend payments publicly reported:													
Total dividend payments.....mil. of dol.	1,318.9	532.1	204.0	705.6	474.4	193.3	825.8	493.6	189.6	725.7	463.5	190.8	1,497.4
Finance.....do.	111.5	103.8	37.9	38.0	68.3	27.0	68.8	105.4	35.1	43.7	70.4	23.7	143.0
Manufacturing.....do.	838.7	223.3	99.1	440.6	217.7	102.0	515.0	226.3	93.9	448.7	207.3	102.1	1,015.4
Mining.....do.	119.8	14.0	2.1	65.2	6.8	1.6	70.5	5.3	1.3	63.7	6.6	1.5	100.1
Public utilities:													
Communications.....do.	14.5	55.5	4	14.1	57.5	4	13.7	54.8	4	24.7	55.5	4	26.2
Heat, light, and power.....do.	45.9	48.0	36.8	40.8	52.1	38.8	49.7	43.4	40.9	47.8	57.5	42.8	61.1
Railroad.....do.	68.5	22.4	9.7	37.5	19.7	12.6	39.5	13.7	5.9	27.7	15.6	3.7	51.7
Trade.....do.	84.5	55.0	15.8	50.2	41.8	7.5	46.6	34.7	9.1	48.5	42.3	3.0	65.3
Miscellaneous.....do.	35.5	10.1	2.2	19.2	10.5	3.4	22.0	10.0	3.0	20.9	8.3	3.6	34.6
Dividend rates, prices, yields, and earnings, 200 common stocks (Moody's):													
Dividends per share, annual rate (200 stocks)													
Industrial (125 stocks).....dollars	3.04	3.07	3.07	3.08	3.09	3.08	3.05	3.04	3.03	3.01	3.01	3.26	3.27
Public utility (25 stocks).....do.	3.14	3.17	3.17	3.18	3.18	3.17	3.14	3.12	3.10	3.08	3.09	3.42	3.44
Railroad (25 stocks).....do.	3.30	3.30	3.31	3.31	3.32	3.32	3.31	3.30	3.29	3.30	3.31	3.31	3.28
Bank (15 stocks).....do.	2.40	2.42	2.42	2.46	2.46	2.46	2.46	2.46	2.46	2.45	2.36	2.30	2.24
Insurance (10 stocks).....do.	2.34	2.35	2.35	2.35	2.35	2.35	2.33	2.33	2.33	2.33	2.37	2.39	2.47
Insurance (10 stocks).....do.	1.99	1.99	1.99	1.99	1.99	1.99	2.03	2.03	2.03	2.10	2.11	2.11	2.34
Price per share, end of month (200 stocks).....do.													
Industrial (125 stocks).....do.	46.30	46.40	44.70	46.22	45.37	43.77	43.58	45.76	46.64	47.72	49.25	49.27	51.39
Public utility (25 stocks).....do.	46.33	46.36	44.52	46.21	45.28	43.46	43.48	46.01	46.91	48.18	49.94	49.89	52.28
Railroad (25 stocks).....do.	54.23	54.62	54.34	54.64	54.31	53.05	52.28	53.48	54.29	54.44	55.23	55.87	56.02
Insurance (10 stocks).....do.	31.31	31.14	28.86	29.60	28.52	27.60	26.52	27.43	27.52	28.30	28.26	28.37	30.42
Yield (200 stocks).....percent.													
Industrial (125 stocks).....do.	6.57	6.62	6.85	6.66	6.81	7.04	7.00	6.64	6.50	6.31	6.11	6.62	6.36
Public utility (25 stocks).....do.	6.78	6.84	7.12	6.88	7.02	7.29	7.22	6.78	6.61	6.39	6.19	6.86	6.58
Railroad (25 stocks).....do.	6.09	6.04	6.09	6.06	6.11	6.26	6.33	6.17	6.06	6.06	5.99	5.92	5.86
Bank (15 stocks).....do.	7.67	7.77	8.39	8.31	8.63	8.91	9.28	8.97	8.94	8.66	8.35	8.11	7.36
Insurance (10 stocks).....do.	4.74	4.67	4.70	4.66	4.71	4.75	4.76	4.70	4.51	4.52	4.41	4.61	4.54
Insurance (10 stocks).....do.	3.34	3.33	3.33	3.27	3.34	3.38	3.52	3.35	3.26	3.21	3.10	3.00	3.18
Earnings per share (at annual rate), quarterly:													
Industrial (125 stocks).....dollars	7.65			6.60			6.00			6.25			
Public utility (25 stocks).....do.	3.95			3.84			3.73			3.80			
Railroad (25 stocks).....do.	6.29			1.72			4.04			3.40			
Dividend yields, preferred stocks, high-grade, 11 stocks (Standard and Poor's Corp.).....percent.													
	4.15	4.09	4.04	4.07	4.07	4.04	3.98	3.97	3.90	3.85	3.88	3.89	3.88
Prices:													
Average price of all listed shares (N. Y. S. E.) Dec. 31, 1924=100.....													
Dow-Jones & Co., Inc. (65 stocks) dol. per share.	73.0	72.9	69.9	72.0	70.5	67.9	67.0	70.1	71.3	73.1	75.9	76.2	79.1
Industrial (30 stocks).....do.	64.24	65.37	63.15	63.29	63.47	62.79	59.25	61.61	63.79	64.68	66.66	67.98	70.35
Public utility (15 stocks).....do.	176.31	179.75	174.46	175.88	175.65	174.03	165.59	173.34	179.24	180.93	186.47	191.61	196.78
Railroad (20 stocks).....do.	33.09	34.43	34.51	35.08	35.73	35.73	34.31	35.31	36.54	37.65	38.25	39.22	40.55
Standard and Poor's Corporation: Industrial, public utility, and railroad:\$ Combined index (416 stocks).....1935-39=100..	53.27	53.16	49.37	48.19	48.27	45.90	42.89	44.31	46.14	46.65	48.68	48.46	51.21
Industrial, total (365 stocks).....do.	119.4	121.0	117.2	118.0	118.5	117.7	112.0	117.8	121.8	123.8	127.3	129.1	132.7
Capital goods (121 stocks).....do.	125.5	127.3	122.7	123.7	124.2	123.5	117.0	123.0	128.0	134.4	136.5	140.3	143.0
Consumers' goods (182 stocks).....do.	115.9	117.6	113.2	113.1	111.6	110.4	104.3	110.5	114.5	116.0	119.7	123.8	128.6
Public utility (31 stocks).....do.	120.2	122.8	120.4	120.9	121.2	121.2	116.7	123.9	127.4	129.2	133.0	135.2	140.2
Railroad (20 stocks).....do.	92.9	94.2	94.4	95.3	96.1	95.3	93.0	95.4	98.5	100.0	101.2	102.6	104.1
Banks, N. Y. C. (19 stocks).....do.	105.8	105.9	99.6	97.4	97.1	95.8	88.4	90.6	94.2	95.1	97.6	96.2	101.0
Fire and marine insurance (18 stocks).....do.	90.3	92.6	92.6	93.4	93.9	93.3	91.0	92.5	95.5	96.8	99.5	99.3	99.6
Fire and marine insurance (18 stocks).....do.	135.7	138.6	140.9	141.5	140.9	139.7	134.5	138.1	144.9	149.0	157.2	160.1	168.1
Sales (Securities and Exchange Commission):													
Total on all registered exchanges:													
Market value.....mil. of dol.	1,077	854	720	754	853	765	705	626	807	871	1,083	1,222	1,480
Shares sold.....thousands.	49,092	37,069	31,509	36,915	40,684	37,411	39,437	37,950	39,057	40,437	51,455	55,245	68,535
On New York Stock Exchange:													
Market value.....mil. of dol.	914	716	601	626	722	639	587	526	672	729	906	1,035	1,252
Shares sold.....thousands.	35,534	26,471	22,153	26,182	30,293	26,709	28,776	29,139	28,977	29,937	38,474	40,464	52,028
Exclusive of odd lot and stopped sales (N. Y. Times).....thousands.													
	27,963	18,825	17,180	21,136	19,314	18,179	17,767	18,752	21,785	23,837	28,891	27,244	39,293
Shares listed, New York Stock Exchange:													
Market value, all listed shares.....mil. of dol.	67,048	67,478	65,325	67,518	66,238	64,147	63,921	67,279	68,668	70,700	72,631	73,175	76,292
Number of shares listed.....millions.	2,018	2,030	2,045	2,051	2,060	2,072	2,140	2,150	2,154	2,162	2,145	2,152	2,166

INTERNATIONAL TRANSACTIONS OF THE UNITED STATES

BALANCE OF PAYMENTS (QUARTERLY):													
Goods and services:													
Receipts, total.....mil. of dol.	4,201			4,266			4,414			3,631			
For goods exported.....do.	3,306			3,453			3,494			2,817			
Income on investments abroad.....do.	415			283			350			298			
For other services rendered.....do.	480			550			570			516			
Payments, total.....do.	2,683			2,608			2,422			2,470			
For goods imported.....do.	2,028			1,963			1,741			1,620			
For foreign investments in U. S.do.	85			81			57			64			
For other services received.....do.	570			564			624			786			
Unilateral transfers (net), total.....do.													
Private.....do.	-1,149			-1,420			-1,631			-1,339			
Government.....do.	-174			-147			-141			-124			
Government.....do.	-975			-1,273			-1,490			-1,215			
Long-term capital movements (net), total.....do.													
Private.....do.	-695			-519			-283			+32			
Government.....do.	-173			-223			-171			-61			
Government.....do.	-522			-296			-112			-29			
Gold and short-term capital movements (net), total.....mil. of dol.													
Gold and foreign short-term capital in U. S.do.	+184			+100			-236			-404			
U. S. capital abroad.....do.	+139			+70			-372			-289			
U. S. capital abroad.....do.	+45			+30			+136			-115			
Errors and omissions.....do.	+142			+181			+158			+550			

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‡Number of stocks represents number currently used; the change in the number does not affect the continuity of the series.

†Balance-of-payments revisions for the first two quarters of 1948 are shown on p. S-20 of the October 1949 SURVEY.

Unless otherwise stated, statistics through 1948 and descriptive notes are shown in the 1949 Statistical Supplement to the Survey	1948	1949												
	December	January	February	March	April	May	June	July	August	September	October	November	December	
CHEMICALS AND ALLIED PRODUCTS—Continued														
FATS, OILS, ETC.—Continued														
Vegetable oils, oilseeds, etc.—Continued														
Oleomargarine:														
Production.....thous. of lb..	74,308	81,652	76,045	80,185	65,754	59,613	63,590	56,118	79,106	74,408	75,471	71,278		
Consumption (tax-paid withdrawals).....do.....	69,918	80,336	75,305	78,904	64,719	60,415	61,978	55,366	79,346	71,172	73,938	73,072		
Price, wholesale, vegetable, delivered (Chicago).....dol. per lb..	.303	.283	.269	.256	.229	.224	.224	.224	.248	.249	.224	.224	.224	
Shortenings and compounds:														
Production.....thous. of lb..	129,341	114,917	112,150	125,607	119,576	125,908	122,213	83,355	156,696	133,849	123,178	139,965	125,783	
Stocks, end of month.....do.....	66,390	73,773	70,850	72,800	80,436	84,851	85,821	64,438	52,851	59,315	62,860	61,889	81,722	
PAINT SALES														
Paint, varnish, lacquer, and filler, total														
Classified, total.....thous. of dol..	65,824	76,961	70,190	84,124	86,236	89,083	88,465	74,215	87,911	84,376	76,219	67,128	57,598	
Industrial.....do.....	59,386	69,853	63,968	75,938	77,852	79,913	79,546	67,613	79,375	75,453	69,016	60,719	52,184	
Trade.....do.....	28,797	27,950	26,124	30,178	28,473	27,582	28,755	25,775	30,821	30,227	28,682	25,215	23,664	
Unclassified.....do.....	30,589	41,903	37,844	45,760	49,379	52,331	50,791	41,839	48,554	45,225	40,334	35,503	28,550	
Miscellaneous.....do.....	6,438	7,108	6,222	8,186	8,384	9,170	8,919	6,601	8,537	8,923	7,203	6,409	5,383	
SYNTHETIC PLASTICS AND RESIN MATERIALS														
Production:*														
Cellulose acetate and mixed ester plastics:														
Sheets, rods, and tubes.....thous. of lb..	1,745	1,826	1,521	1,563	1,329	1,650	1,242	1,332	1,405	1,530	2,138	1,992		
Molding and extrusion materials.....do.....	3,951	4,077	4,322	4,548	4,610	3,449	4,303	3,431	4,626	5,798	6,904	5,183		
Nitrocellulose, sheets, rods, and tubes.....do.....	752	810	691	728	750	754	626	372	517	431	453	440		
Other cellulose plastics.....do.....	1,034	784	890	1,010	1,022	709	176	433	113	712	749	423		
Phenolic and other tar acid resins.....do.....	21,588	21,428	20,195	20,585	18,260	14,828	14,952	11,232	17,834	22,569	25,056	29,256		
Polystyrene.....do.....	13,209	12,330	14,920	17,257	17,548	16,331	15,029	15,905	19,749	20,723	22,156	20,901		
Vinyl and melamine resins.....do.....		10,868	10,641	9,248	8,500	8,049	7,931	6,273	9,569	10,239	13,239	13,312		
Alkyd resins.....do.....	20,110	22,467	19,065	22,219	23,613	20,407	20,636	18,853	23,663	29,098	31,786	33,503		
Rosin modifications.....do.....		16,918	15,242	16,038	16,069	17,853	19,149	17,304	19,258	21,114	20,787	20,619		
Miscellaneous resins.....do.....	*10,247	18,115	17,095	16,084	14,547	14,162	14,825	14,877	16,646	19,399	18,896	18,709		

ELECTRIC POWER AND GAS

ELECTRIC POWER													
Production (utility and industrial), total													
Electric utilities, total.....mil. of kw.-hr..	30,478	30,374	27,463	29,514	27,745	27,875	28,025	27,946	29,492	28,358	28,110	28,539	31,096
By fuels.....do.....	25,716	25,570	22,996	24,721	23,215	23,348	23,617	23,684	25,021	23,922	24,288	24,328	26,321
By water power.....do.....	18,250	17,803	15,701	16,585	15,057	15,290	16,393	16,355	17,672	16,946	17,353	17,467	18,705
Privately and municipally owned utilities.....mil. of kw.-hr..	7,467	7,767	7,295	8,136	8,158	8,058	7,224	7,330	7,349	6,976	6,936	6,861	7,616
Other producers.....do.....	21,985	21,838	19,506	21,028	19,749	19,785	20,034	19,973	20,965	19,934	20,430	20,781	22,456
Industrial establishments, total.....do.....	3,731	3,733	3,490	3,694	3,466	3,563	3,583	3,711	4,055	3,987	3,858	3,548	3,865
By fuels.....do.....	4,762	4,804	4,467	4,793	4,530	4,526	4,407	4,262	4,471	4,436	3,822	4,211	4,775
By water power.....do.....	4,340	4,355	4,027	4,327	4,053	4,048	4,012	3,881	4,067	4,055	3,465	3,837	4,310
Miscellaneous.....do.....	422	449	440	466	478	479	395	381	404	382	357	374	465
Sales to ultimate customers, total (Edison Electric Institute).....mil. of kw.-hr..	21,465	21,831	21,143	20,882	20,420	19,914	19,904	19,960	20,769	20,895	20,293	20,690	
Commercial and Industrial:													
Small light and power.....do.....	3,823	3,834	3,835	3,709	3,685	3,611	3,759	3,975	4,033	4,046	3,876	3,891	
Large light and power.....do.....	10,720	10,647	10,220	10,304	10,141	9,967	9,888	9,533	10,130	10,158	9,693	9,835	
Railways and railroads.....do.....	613	595	532	580	525	499	473	462	470	452	470	499	
Residential or domestic.....do.....	4,959	5,424	5,269	5,006	4,763	4,464	4,375	4,419	4,422	4,618	4,749	5,031	
Rural (distinct rural rates).....do.....	472	459	456	465	531	627	664	825	873	809	626	541	
Street and highway lighting.....do.....	270	266	233	229	205	190	178	184	202	224	251	272	
Other public authorities.....do.....	557	560	550	536	522	510	522	516	592	541	581	572	
Interdepartmental.....do.....	52	46	48	52	48	46	46	46	46	46	46	49	
Revenue from sales to ultimate customers (Edison Electric Institute).....thous. of dol..	390,128	398,487	389,527	382,150	374,713	368,578	371,446	375,419	382,161	387,529	383,250	391,078	
GAS													
Manufactured and mixed gas (quarterly):													
Customers, end of quarter, total.....thousands..	10,537			10,590			10,541				10,262		
Residential (incl. house-heating).....do.....	9,844			9,885			9,842				9,582		
Industrial and commercial.....do.....	686			697			699				672		
Sales to consumers, total.....mil. of cu. ft..	143,721			186,071			139,231				101,730		
Residential.....do.....	94,456			128,942			90,229				60,288		
Industrial and commercial.....do.....	47,938			55,576			47,875				40,077		
Revenue from sales to consumers, total.....thous. of dol..	143,338			176,698			144,513				113,390		
Residential (incl. house-heating).....do.....	105,368			131,379			107,058				82,663		
Industrial and commercial.....do.....	37,089			44,272			36,725				29,641		
Natural gas (quarterly):													
Customers, end of quarter, total.....thousands..	11,773			11,971			12,328				12,663		
Residential (incl. house-heating).....do.....	10,894			10,961			11,293				11,649		
Industrial and commercial.....do.....	869			1,000			1,026				1,004		
Sales to consumers, total.....mil. of cu. ft..	749,156			924,244			715,282				615,338		
Residential (incl. house-heating).....do.....	216,009			390,136			192,659				91,452		
Industrial and commercial.....do.....	501,618			511,640			501,154				492,683		
Revenue from sales to consumers, total.....thous. of dol..	259,309			358,296			246,490				183,487		
Residential (incl. house-heating).....do.....	136,622			224,031			127,776				74,471		
Industrial and commercial.....do.....	117,423			130,165			115,664				98,181		

* Revised. † Not available for publication. ‡ Not comparable with data beginning January 1949 because of the inclusion at that time of some companies not previously reporting.
 *New series. The data for production, compiled by the U. S. Tariff Commission beginning July 1948, are essentially comparable with the series for shipments and consumption (reported by the Bureau of the Census) previously shown here, except for inventory changes (which tend to balance out over a short period) and the inclusion of a few companies not formerly covered. Unpublished figures for July 1948 are shown on p. 26 of the October 1949 Survey. Data for alkyd resins and rosin modifications are not available prior to 1949.

Unless otherwise stated, statistics through 1948 and descriptive notes are shown in the 1949 Statistical Supplement to the Survey	1949												
	December	January	February	March	April	May	June	July	August	September	October	November	
FOODSTUFFS AND TOBACCO—Continued													
GRAINS AND GRAIN PRODUCTS													
Exports, principal grains, including flour and meal thous. of bu.	54,232	58,612	60,184	65,849	45,380	57,458	47,295	46,059	59,045	46,153	37,905	49,150	
Barley:													
Production (crop estimate)..... do	315,894												238,104
Receipts, principal markets..... do	11,300	8,323	5,254	8,991	5,860	11,906	19,312	24,843	24,940	14,954	11,003	9,015	6,820
Stocks, domestic, end of month:													
Commercial..... do	16,457	15,214	12,426	11,197	9,491	10,057	14,922	24,659	33,056	33,976	35,942	34,109	32,630
On farms..... do	156,357			111,408			59,308			148,973			107,532
Exports, including malt..... do	1,162	2,614	2,653	2,864	3,390	1,636	2,111	4,199	6,410	3,382	1,888	1,468	
Prices, wholesale (Minneapolis):													
No. 2, malting..... dol. per bu.	1,480	1,474	1,344	1,312	1,256	1,249	1,253	1,290	1,327	1,523	1,556	1,560	1,509
No. 3, straight..... do	1,346	1,375	1,242	1,200	1,178	1,184	1,163	1,236	1,290	1,455	1,502	1,451	1,418
Corn:													
Production (crop estimate)..... mil. of bu.	3,682												3,375
Grindings, wet process..... thous. of bu.	9,927	9,958	9,357	9,902	8,813	8,632	8,910	8,658	10,637	10,501	11,206	10,647	9,554
Receipts, principal markets..... do	45,269	38,281	20,139	23,694	19,646	21,198	21,977	19,683	22,064	23,967	43,947	58,975	33,364
Stocks, domestic, end of month:													
Commercial..... do	50,330	50,639	43,903	25,895	15,266	11,589	10,888	4,744	5,711	9,614	20,020	46,400	51,688
On farms..... mil. of bu.	2,547.9			1,797.5			1,255.2			708.4			2,401.3
Exports, including meal..... thous. of bu.	11,040	11,355	13,081	21,267	11,251	8,209	4,611	8,926	8,369	7,116	7,513	20,238	
Prices, wholesale:													
No. 3, white (Chicago)..... dol. per bu.	1,443	1,464	³	1,427	1,403	1,410	³	1,451	1,340	1,262	1,390	1,308	1,450
No. 3, yellow (Chicago)..... do	1,424	1,428	1,271	1,337	1,370	1,358	1,353	1,402	1,307	1,312	1,152	1,157	1,296
Weighted average, 5 markets, all grades..... do	1,329	1,303	1,160	1,224	1,322	1,279	1,276	1,327	1,256	1,238	1,134	1,142	1,248
Oats:													
Production (crop estimate)..... mil. of bu.	1,493												1,323
Receipts, principal markets..... thous. of bu.	9,335	9,321	5,311	8,915	10,175	9,874	13,988	33,804	24,804	9,338	5,953	5,460	7,163
Stocks, domestic, end of month:													
Commercial..... do	11,434	9,544	5,916	4,215	3,635	4,129	6,167	17,745	30,095	26,706	25,254	21,218	19,029
On farms..... do	928,377			578,832			270,501			1,053,296			819,701
Exports, including oatmeal..... do	2,936	2,988	2,539	1,392	1,869	503	3,182	562	6,719	1,765	1,045	2,430	
Price, wholesale, No. 3, white (Chicago)..... dol. per bu.	866	819	741	753	741	701	673	638	637	678	687	759	762
Rice:													
Production (crop estimate)..... thous. of bu.	185,056												89,141
California:													
Receipts, domestic, rough..... thous. of lb.	40,833	53,677	27,300	37,216	55,691	48,913	45,785	46,994	68,741	48,951	236,472	39,427	65,207
Shipments from mills, milled rice..... do	42,987	21,904	18,049	19,003	61,988	30,421	26,728	31,968	64,909	26,998	48,435	22,610	81,654
Stocks, rough and cleaned (cleaned basis), end of month..... thous. of lb.	45,769	56,962	56,651	59,154	38,289	37,944	39,358	35,752	13,806	16,508	114,029	115,691	81,914
Southern States (Ark., La., Tenn., Tex.):													
Receipts, rough, at mills, thous. of bbl. (162 lb.)	1,485	544	684	841	665	412	377	183	781	4,315	4,188	3,703	1,596
Shipments from mills, milled rice, thous. of lb.	219,803	149,711	130,522	141,767	120,202	134,241	132,777	78,233	81,631	194,961	265,382	226,358	262,745
Stocks, domestic, rough and cleaned (cleaned basis), end of month..... thous. of lb.	519,213	434,167	379,906	332,121	286,353	202,235	113,173	57,291	65,554	316,540	489,341	650,284	566,941
Exports..... do	146,866	92,254	69,715	51,418	117,042	106,781	60,952	88,768	39,932	63,013	136,387	108,470	
Imports..... do	534	215	103	439	458	809	772	909	606	423	310	252	
Price, wholesale, head, clean (N. O.)..... dol. per bu.	103	998	993	993	992	991	989	987	984	971	970	977	982
Rye:													
Production (crop estimate)..... thous. of bu.	126,449												18,697
Receipts, principal markets..... do	1,858	735	245	431	3,348	727	748	1,772	3,131	1,043	2,195	5,071	569
Stocks, commercial, domestic, end of month..... do	4,740	3,980	2,971	2,075	3,618	2,732	2,993	4,091	6,170	5,435	5,401	10,005	9,338
Price, wholesale, No. 2 (Minn.)..... dol. per bu.	1,676	1,632	1,364	1,352	1,361	1,362	1,346	1,454	1,384	1,428	1,465	1,418	1,457
Wheat:													
Production (crop estimate), total..... mil. of bu.	1,313.5												1,146.5
Spring wheat..... do	305.7												244.8
Winter wheat..... do	1,007.9												901.7
Receipts, principal markets..... thous. of bu.	30,397	17,923	14,067	36,604	27,560	49,082	64,749	130,305	76,031	50,170	27,586	24,296	18,492
Disappearance, domestic..... do	293,936			280,287			274,325			304,149			251,063
Stocks, end of month:													
Canada (Canadian wheat)..... do	166,144	155,367	142,276	130,737	118,551	89,097	70,146	55,199	86,400	162,524	176,459	165,267	165,657
United States, domestic, total ² do	868,474			585,572			307,347		1,159,159	1,159,159			908,106
Commercial..... do	166,348	150,165	125,504	124,656	116,806	114,242	128,158	234,493	260,412	261,109	244,664	227,502	219,038
Interior mills, elevators, and warehouses				148,287			75,859			282,881			236,284
Merchant mills..... do	103,113			63,229			32,361			133,688			117,749
On farms..... do	391,379			246,024			67,172			472,209			327,230
Exports, total, including flour..... do	39,094	40,572	41,389	39,095	29,812	46,555	36,667	31,796	37,366	33,495	26,589	24,067	
Wheat only..... do	25,917	29,123	30,771	32,358	23,020	40,617	30,313	24,789	34,230	30,082	22,693	20,482	
Prices, wholesale:													
No. 1, dark northern spring (Minneapolis) dol. per bu.	2,397	2,351	2,337	2,348	2,342	2,328	2,367	2,379	2,285	2,374	2,431	2,395	2,375
No. 2, hard winter (Kansas City)..... do	2,287	2,250	2,196	2,241	2,260	2,221	1,951	2,004	2,060	2,152	2,188	2,202	2,221
No. 2, red winter (St. Louis)..... do	2,444	2,294	2,287	2,329	2,366	2,344	1,828	1,872	1,865	2,013	2,083	2,161	2,200
Weighted avg., 6 markets, all grades..... do	2,308	2,286	2,246	2,278	2,285	2,254	2,160	2,096	2,185	2,253	2,282	2,274	2,269
Wheat flour:													
Production: [†]													
Flour..... thous. of sacks (100 lb.)	22,695	22,620	19,969	20,391	17,187	17,333	20,116	18,994	19,957	20,357	20,895	19,221	18,679
Operations, percent of capacity..... do	74.6	74.1	74.1	64.1	56.3	59.2	66.1	65.3	63.5	70.2	69.0	68.9	61.8
Offal..... short tons	431,000	429,293	381,285	392,149	333,615	337,890	390,721	380,597	405,071	413,639	424,907	389,304	378,000
Grindings of wheat..... thous. of bu.	51,986	51,816	45,779	46,910	39,581	39,990	46,344	44,222	46,561	47,541	48,740	44,852	43,542
Stocks held by mills, end of month													
thous. of sacks (100 lb.)	5,118			5,428			4,500			4,757			4,948
Exports..... do	5,897	5,062	4,784	3,041	3,044	2,623	2,727	3,007	1,346	1,465	1,672	1,539	
Prices, wholesale:													
Standard patents (Minneapolis) dol. per sack (100 lb.)	5,712	5,445	5,469	5,400	5,269	5,255	5,512	5,575	5,340	5,600	5,715	5,744	5,669
Winter, straights (Kansas City)..... do	5,231	5,135	5,119	5,106	4,980	4,938	4,869	4,915	4,869	5,069	5,165	5,119	5,115

[†] Revised. ¹ Revised estimate. ² December 1 estimate. ³ No quotation.

[†]The total includes wheat owned by the Commodity Credit Corporation and stored off farms in its own steel and wooden bins; such data are not included in the break-down of stocks.

[†]Revised series. Data for rough rice, included in rice exports, have been revised using a new conversion factor supplied by the U. S. Department of Agriculture, which takes into account changes in milling practices; revisions for 1933 to July 1948 are available upon request. Revised data for January 1947 to July 1948 for wheat flour production and grindings of wheat will be published later.

Unless otherwise stated, statistics through 1948 and descriptive notes are shown in the 1949 Statistical Supplement to the Survey

Table with columns for years: 1948 (December), 1949 (January, February, March, April, May, June, July, August, September, October, November, December)

FOODSTUFFS AND TOBACCO—Continued

Main data table with categories: LIVESTOCK (Cattle and calves, Hogs, Sheep and lambs), MEATS (Total meats, Beef and veal, Lamb and mutton, Pork, Lard), POULTRY AND EGGS (Poultry, Eggs), MISCELLANEOUS FOOD PRODUCTS (Candy, Cocoa, Coffee, Fish)

Revised. No quotation. Revised series. U. S. Department of Agriculture data replace the series for U. S. standards published prior to the October 1949 issue of the SURVEY. Data for September 1944 to July 1945 are available upon request.

Table header for the main survey, including '1948' column and '1949' columns for each month from January to December.

PETROLEUM, COAL, AND PRODUCTS—Continued

Main data table for 'PETROLEUM, COAL, AND PRODUCTS—Continued'. Includes sub-sections like 'Refined petroleum products—Continued', 'Motor fuel', 'Aviation gasoline', 'Asphalt', and 'Wax'.

PULP, PAPER, AND PRINTING

Main data table for 'PULP, PAPER, AND PRINTING'. Includes sub-sections like 'PULPWOOD AND WASTE PAPER', 'WOOD PULP', and 'PAPER AND PAPER PRODUCTS'.

Revised. Beginning January 1949, data exclude stocks of unfinished aviation gasoline; comparable figures for December 1948 (thous. of bbl.): Total, 5,915; 100-octane, 2,504.

Unless otherwise stated, statistics through 1948 and descriptive notes are shown in the 1949 Statistical Supplement to the Survey	1948	1949											
	December	January	February	March	April	May	June	July	August	September	October	November	December
STONE, CLAY, AND GLASS PRODUCTS													
ABRASIVE PRODUCTS													
Coated abrasive paper and cloth, shipments, reams.....	122,239	125,701	131,393	143,753	132,813	120,863	123,343	111,262	132,950	144,716	148,461	126,936	124,653
PORTLAND CEMENT													
Production.....thous. of bbl.....	17,425	15,261	13,751	15,439	17,682	18,622	18,279	18,856	18,715	19,181	19,069	18,040	16,936
Percent of capacity.....	84	73	73	74	85	86	87	87	87	92	88	86	78
Shipments.....thous. of bbl.....	12,741	8,756	9,134	14,539	17,779	19,426	20,667	19,321	23,633	22,763	21,277	17,269	11,606
Stocks, finished, end of month.....do.....	11,084	17,591	22,206	23,104	22,977	22,170	19,785	19,313	14,381	10,797	8,569	9,341	14,671
Stocks, clinker, end of month.....do.....	3,781	5,475	6,752	7,764	7,560	7,440	6,922	6,212	5,798	4,461	3,610	3,356	4,524
CLAY PRODUCTS													
Brick, unglazed:													
Production.....thous. of standard brick.....	453,574	389,199	345,696	399,729	420,477	459,671	488,860	449,182	506,890	492,123	511,501	491,254	-----
Shipments.....do.....	413,324	307,702	289,331	380,361	407,003	433,772	464,536	444,523	507,886	500,344	526,164	499,371	-----
Price, wholesale, common, composite, f. o. b. plant.....dol. per thous.....	23.868	24.085	24.060	24.050	24.021	24.002	24.000	23.964	24.045	24.043	24.010	24.045	24.055
Clay sewer pipe, vitrified:													
Production.....short tons.....	124,647	116,015	114,311	124,781	125,128	126,612	125,012	105,703	126,139	123,021	122,020	126,101	-----
Shipments.....do.....	100,836	83,965	80,815	112,870	112,584	117,523	121,010	111,298	132,431	129,811	136,580	120,750	-----
Structural tile, unglazed:													
Production.....do.....	103,514	100,398	101,059	117,742	114,878	112,150	111,533	120,780	121,209	109,675	111,161	107,355	-----
Shipments.....do.....	94,289	85,222	89,899	105,978	100,093	112,997	111,846	105,648	118,388	115,559	107,601	101,739	-----
GLASS PRODUCTS													
Glass containers:													
Production.....thous. of gross.....	6,751	7,302	6,501	7,288	7,035	7,663	8,036	8,108	8,662	7,550	8,283	7,375	6,963
Shipments, domestic, total.....do.....	6,026	6,203	6,029	6,929	6,869	7,811	7,928	7,746	8,933	7,981	7,737	6,963	6,322
General-use food:													
Narrow-neck food.....do.....	569	601	589	645	649	715	701	748	1,108	1,164	760	632	522
Wide-mouth food (incl. packers' tumblers).....thous. of gross.....	1,731	1,761	1,667	1,822	1,763	2,020	2,084	2,022	2,528	1,965	2,157	1,861	1,701
Beverage (returnable and nonreturnable).....thous. of gross.....													
Beer bottles.....do.....	250	159	218	396	538	816	1,025	911	486	206	164	176	228
Liquor and wine.....do.....	332	278	327	464	480	567	646	538	443	317	298	304	333
Medicinal and toilet.....do.....	872	811	799	1,035	841	840	837	874	942	1,121	1,359	1,227	968
Chemical, household and industrial.....do.....	1,564	1,792	1,605	1,678	1,612	1,666	1,584	1,526	1,992	1,975	2,024	1,887	1,823
Dairy products.....do.....	417	507	540	563	587	628	553	561	728	687	652	611	444
Fruit jars and jelly glasses.....do.....	281	277	244	262	251	227	242	253	346	341	308	255	304
Stocks, end of month.....do.....	11	16	39	64	148	333	255	311	359	205	115	110	(1)
Other glassware, machine-made:													
Tumblers:													
Production.....thous. of dozens.....	4,835	4,722	4,707	4,796	4,621	5,242	4,608	3,899	4,907	4,770	5,521	4,940	-----
Shipments.....do.....	4,347	4,288	4,450	5,038	4,905	5,055	4,993	4,197	5,157	4,734	5,436	4,961	-----
Stocks.....do.....	8,245	8,366	8,693	8,474	8,270	8,615	8,154	7,689	7,715	7,618	7,676	7,615	-----
Table, kitchen, and householdware, shipments.....thous. of dozens.....	2,785	2,959	3,084	3,645	3,264	3,672	3,368	2,528	3,323	3,349	3,801	3,647	-----
GYPSUM AND PRODUCTS													
Crude gypsum:													
Imports.....thous. of short tons.....	895	-----	-----	357	-----	-----	511	-----	-----	991	-----	-----	-----
Production.....do.....	1,827	-----	-----	1,466	-----	-----	1,500	-----	-----	1,615	-----	-----	-----
Calined, production.....do.....	1,607	-----	-----	1,382	-----	-----	1,313	-----	-----	1,418	-----	-----	-----
Gypsum products sold or used:													
Uncalined.....short tons.....	612,919	-----	-----	508,200	-----	-----	485,097	-----	-----	473,462	-----	-----	-----
Calined:													
For building uses:													
Base-coat plasters.....do.....	490,297	-----	-----	397,763	-----	-----	443,069	-----	-----	514,531	-----	-----	-----
Keene's cement.....do.....	12,419	-----	-----	10,263	-----	-----	11,734	-----	-----	12,659	-----	-----	-----
All other building plasters.....do.....	139,265	-----	-----	108,453	-----	-----	108,400	-----	-----	118,814	-----	-----	-----
Lath.....thous. of sq. ft.....	640,924	-----	-----	512,015	-----	-----	393,725	-----	-----	538,427	-----	-----	-----
Tile.....do.....	6,991	-----	-----	6,052	-----	-----	6,991	-----	-----	9,341	-----	-----	-----
Wallboard.....do.....	729,939	-----	-----	629,052	-----	-----	574,797	-----	-----	610,334	-----	-----	-----
Industrial plasters.....short tons.....	55,067	-----	-----	57,575	-----	-----	57,052	-----	-----	54,958	-----	-----	-----

TEXTILE PRODUCTS

CLOTHING													
Hosiery:													
Production.....thous. of dozen pairs.....	11,280	11,165	11,243	12,009	11,158	11,024	11,786	9,693	12,354	12,997	13,564	13,905	12,653
Shipments.....do.....	9,663	10,939	11,408	12,808	11,714	10,898	11,205	9,450	12,809	13,883	14,526	14,434	11,635
Stocks, end of month.....do.....	25,051	25,420	25,234	24,386	23,820	23,938	25,800	26,044	25,589	24,703	23,741	23,212	24,230
COTTON													
Cotton (exclusive of linters):													
Production:													
Ginnings.....thous. of running bales.....	13,430	14,140	-----	14,580	-----	-----	-----	298	1,247	5,309	9,544	13,976	15,641
Crop estimate, equivalent 500-lb. bales.....	-----	-----	-----	14,868	-----	-----	-----	-----	-----	-----	-----	-----	16,034
Consumption.....thous. of bales.....	675,466	674,283	640,179	721,378	598,502	580,476	600,651	454,426	664,133	709,958	725,602	771,833	734,013
Stocks in the United States, end of month, total.....thous. of bales.....													
Domestic cotton, total.....do.....	12,526	11,470	10,346	9,019	7,877	6,836	5,781	5,283	18,829	18,369	17,403	16,548	15,369
On farms and in transit.....do.....	12,410	11,361	10,247	8,925	7,786	6,754	5,705	5,214	18,771	18,305	17,328	16,483	15,304
Public storage and compresses.....do.....	2,050	1,603	1,167	775	557	479	319	251	14,194	11,487	7,907	4,576	3,036
Consuming establishments.....do.....	8,785	8,203	7,532	6,657	5,842	5,057	4,388	4,128	3,942	6,120	8,344	10,501	10,664
Foreign cotton, total.....do.....	1,575	1,554	1,548	1,492	1,385	1,216	998	834	3,635	6,988	1,077	1,405	1,604
-----	116	110	99	95	91	83	76	69	68	64	75	65	65

* Revised. 1 Data for wide-mouth food containers include jelly glasses in October and November 1949 and both jelly glasses and fruit jars in December 1949.

2 Total ginnings of 1948 crop. 3 December 1 estimate of 1949 crop.

4 Includes laminated board, reported as component board. 5 Total ginnings to end of month indicated.

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