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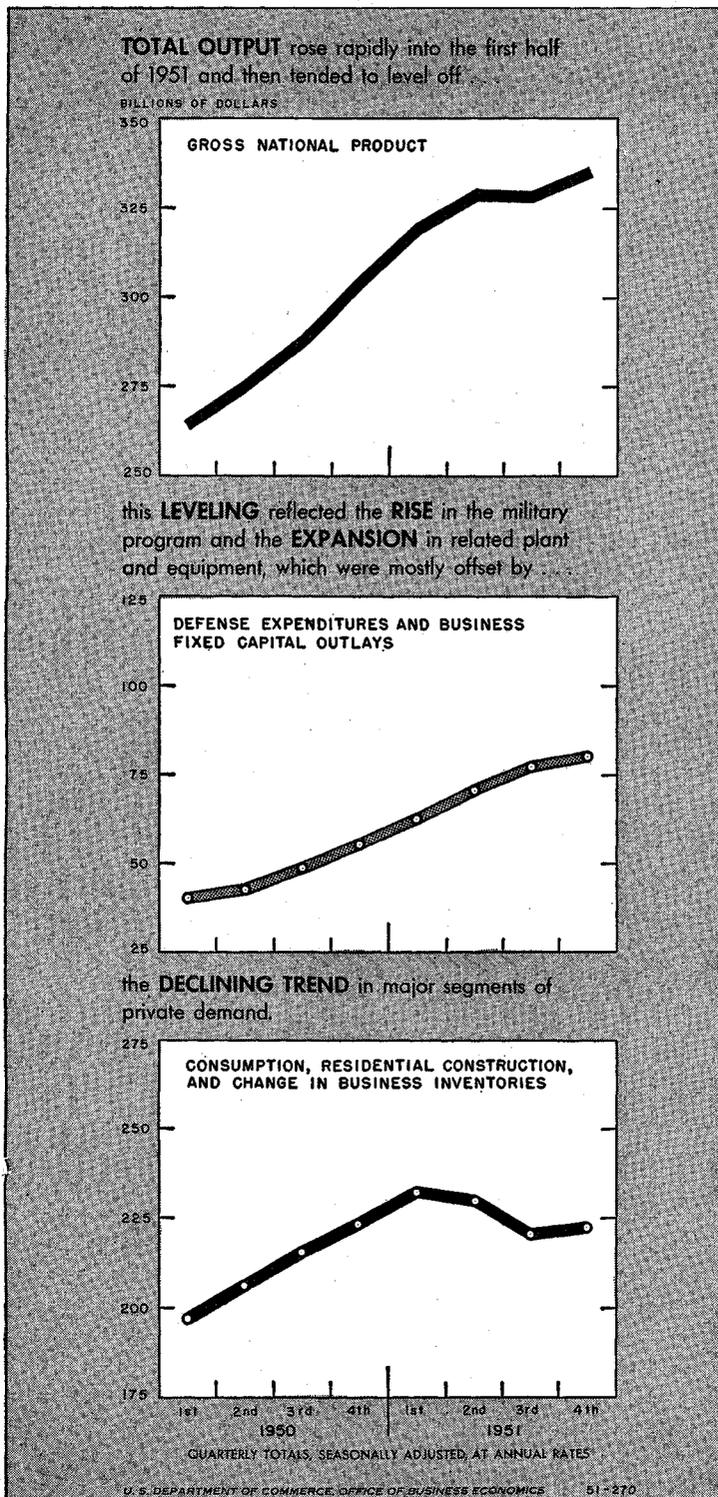
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# Mobilizing Production for Defense

**A REVIEW OF 1951**

By the Office of Business Economics



**EXPANSION** was the keynote of the American economy in 1951. It was this basic fact which made possible the adjustments required in mobilizing our resources for defense, without impairment of the high standard of living of the people. The physical output of goods and services rose 8 percent to a record total and, although an increasing share was for military use, the aggregate quantity of goods for private use was as high as in 1950. Part of this latter flow went to expand the Nation's capacity to produce, so that a further increase in output is possible this year.

As the year progressed, four features stood out. First, total production continued to increase but at a slackened pace as compared with 1950 when more unemployed resources were available for use. Second, substantial progress was made toward the goal of building the Nation's military strength, both in being and in underlying capacity to forge the required armaments. Third, sharply divergent industry trends emerged, with some industries—particularly the defense and related segments—booming, while others, associated with consumer demand, experienced considerable reductions. And, fourth, basic measures were taken by the Government which while assuring the diversion of the necessary resources to the military and essential programs, imposed restraints upon inflationary forces. Together with the slowing down in consumer purchases, these measures helped to relieve the demand pressures which dominated the economic pattern as 1951 was ushered in.

## Record total output

The substantial increase in the total output of goods and services over 1950 reflected both the more intensive utilization of human and material resources as well as the use of newly completed facilities. During the course of the year the rate of advance in output slackened, in part owing to the frictions involved in the conversion process, to the limitations of basic metals, and to capacity to produce military and related goods. But also important was the reduced demand for many types of consumer goods which resulted in curtailed operations of some industries and in the systematic liquidation of inventories of such goods.

The doubling of the armed forces and the increase of 1 million in civilian employment not only absorbed the normal entrants into the labor market but reduced unemployment to 2 million. With more intensive use of existing capital equipment, and with some shift toward industries where output per man is high, the rise in total output exceeded increase in input.

The table which follows shows for 1950 and 1951 the physical volume and the value of national output in total and for personal consumption plus private new fixed investment. All of the physical increase in total output occurred in the categories not shown in this table, i. e., in Government purchases of goods and services, in business inventories, and in net foreign investment, each of which advanced in 1951.

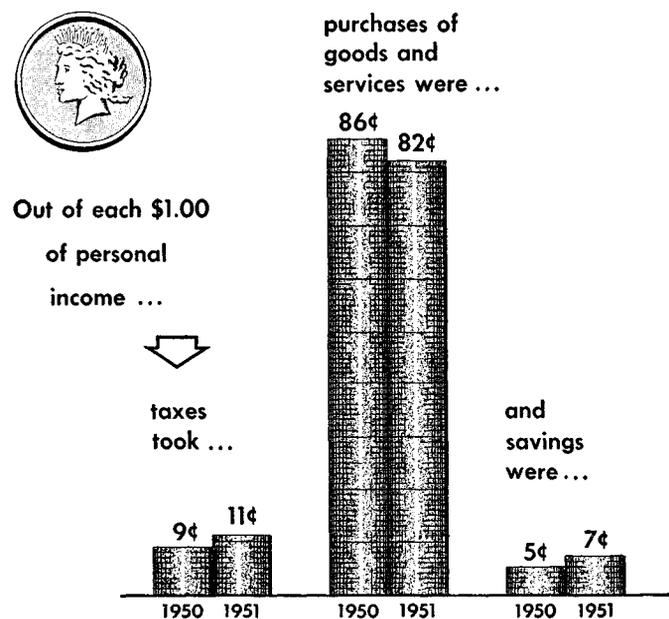
## Gross National Product

	In current dollars		In 1939 dollars	
	Total	Personal consumption plus private new fixed investment	Total	Personal consumption plus private new fixed investment
1950.....	282.6	238.1	154.3	131.3
1951.....	327.8	255.0	166.0	130.8
Percent change.....	16.0	7.1	7.6	- .4

## Capacity additions at peak rates

The large 1950-51 production advances were attributable in part to the broad expansion in the new productive facilities put in place by business. The boom in basic plant and equipment facilities construction in 1951 was unprecedented, and the demands it made on available resources constituted an important source of competition with other civilian demands and with the requirements of the defense program. In the year following Korea, increased investment was fairly widespread among industries but with the completion of many programs and with the restrictions imposed by the Federal authorities on less essential expansion, increases after the middle of the year were concentrated in defense and defense-supporting facilities. The expansion in basic facilities, however, was sufficiently strong to cause total plant and equipment expenditures by business to continue to rise into 1952.

## THE CONSUMER ALTERED HIS SPENDING - SAVING RATIO IN 1951 ...



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Investment was sparked by a variety of incentives, some of which were associated with near-term needs while others involved long-term considerations of prospects for demand. Businessmen have acted on the basis that a defense economy would result in higher levels of activity and demands, and also in higher costs. These were the fundamentals involved in the upsurge in expansion programs which occurred in the latter part of 1950 and the first part of 1951. Many other programs were stimulated by the Government through the granting of certificates of necessity and tax amortization advantages to expedite the construction of essential capacity. The extent to which industry has taken advantage of these incentives is

indicated by the fact that the total contemplated cost of such facilities, as approved through January 1952, is estimated to be about \$12 billion, of which something like two-fifths was already in place.

## Defense program stimulus

The defense program in 1951 shaped the trends of many other sectors of the economy, not only by reason of its direct impact but also through the stimulus which it gave to investment generally. Defense expenditures plus private outlays on plant and equipment amounted to \$80 billion at annual rates at the end of 1951, compared with \$47 billion in 1950, and the total is scheduled to continue to move upward throughout this year.

Production in 1951 was characterized not so much by a large volume of munitions deliveries—albeit this expansion was relatively great—as by the extensive preparations which were made for a greater flow of such items in the following periods. In the 18 months since June 1950, the value of defense contracts placed for procurement amounted to \$54 billion. Of this total, \$19 billion represented actual deliveries during this period, with the remainder constituting a large backlog of orders which was being worked on by industry.

By the year-end, the defense agencies had about \$33 billion of unobligated funds for procurement purposes which, when combined with the backlog of unfilled defense orders and taking into account the additional funds requested in the President's budget for the fiscal year 1953, constitutes a total of approximately \$110 billion of work on order or to be contracted. While this total reflects deliveries to be made in an extended period, nevertheless, considering its magnitude, it is clear that the defense program continues as the dominant force in 1952.

In addition, funds have been made available to the military forces for other purposes—for payrolls, transportation, etc. Expenditures for these nonprocurement elements of the program are now running at an annual rate of \$15-\$20 billion and are scheduled to rise further.

Throughout 1951 the proportion of total defense expenditures representing purchases of military hard goods items (aircraft, tanks, ammunition, etc.) and construction increased relatively, and by the end of the year represented about two-fifths of the total. However, the production and delivery of such items will constitute a rising proportion of the total in view of the slowing down in the rate of increase in the Armed Forces and, consequently, also in the rise in payrolls, subsistence, and clothing items. Thus, the 1952 requirements of the defense program for basic materials will be substantially greater than in the past year.

## Contrasting trends by industry

In past periods, a capital goods boom has been accompanied by a general rise in activity in other segments of the economy. Only in wartime periods, when resources are directed into war work, has this not been the case. In the twilight zone of 1951, business was confronted with a situation where, despite the availability of goods and rising purchasing power, important segments of private demand were reduced. A pattern of industry trends emerged which was more mixed than usually occurs in periods of rising business activity.

The output of defense and related industries rose substantially during the year. For example, production of the machinery industry (excluding consumer durable goods) increased one-sixth over the 12 months of 1951; and output of the transportation equipment industry (other than passen-

ger motor vehicles) rose by two-thirds. Similarly, the output of steel ingots rose 8 percent to an annual rate at year-end of 107 million tons. The production of other basic materials such as aluminum, zinc, and rubber also rose substantially.

In contrast, production of many types of consumer goods declined, including electrical appliances, automobiles, furniture, certain textiles, and apparel. Also residential starts, while continuing high, were reduced by about 300,000 units from the 1950 record of 1,400,000.

### *Improved balance of supply-demand forces*

The divergent trends of business led to an appreciable change in the forward buying and inventory position during the year. Whereas until early 1951, business engaged in a widespread endeavor to lengthen commitments and expand inventory, this process was reversed in the spring of 1951. Backlogs of manufacturers still went up as the military orders flowed, but the commitments for civilian goods declined as the pace of inventory build-up slowed to a point of small increase in the final quarter.

The halt in the inflationary upsurge found reflection in price trends which leveled off insofar as final prices are concerned at about 10 percent above the pre-Korean average. In the last 6 months of the year, wholesale prices were stable at a level 4 percent below the peak reached in March, up 13 percent from the mid-1950 position. Further slight advances were occurring at the year-end in final product prices, a reflection of increases in uncontrolled segments as well as the rises permitted under the Price Control Act as amended in July.

### *Consumers saving higher in 1951*

A significant development affecting sales and prices was the marked shift in the consumer propensity to save—from a postwar ratio of personal saving to disposable income of 4 percent in the first quarter of the year to about 9 percent in the last three quarters. As will be indicated in subsequent sections of this review, this shift reflected a reduced rate of purchasing of a wide range of consumer goods, though it was most pronounced in the durable goods.

Actually, the reduction in total dollar consumer purchases of goods and services during the course of 1951 was not large. All of the drop occurred from the first to the second quarters of the year, after which the rate of spending remained relatively constant. Personal consumption expenditures in the last three quarters of 1951 were about 2 percent below the peak rate of the first quarter of the year, and 4 percent above the corresponding 9 months of 1950. Of course, within these relatively small over-all changes, there was a wide dispersion with purchases in some lines sharply curtailed. For example, in the last 9 months of 1951 consumption expenditures, excluding services and foods, were 10 percent below the first quarter on a seasonally adjusted basis.

This slackening in consumer spending, discussed in detail later, was in marked contrast to the trend of money purchasing power during 1951 which rose in each of the quarters of the year. The disposable personal income (personal income less personal taxes paid) in the final quarter of the year, at an annual rate of \$227 billion, was 6 percent above the fourth quarter of 1950. The disparity between income and spending also is apparent even after allowing for the price differentials. Real disposable personal income in 1951 was nearly 2 percent higher than in 1950, but real personal consumption expenditures were moderately lower.

Although all the major economic groups participated in the income rise in 1951, as in other periods of increasing in-

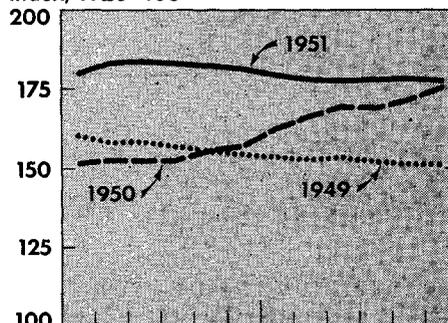
comes, a substantial proportion of the income recipients did not share in the advance. This was particularly true of such groups as pensioners and retired workers, but also included large numbers of individuals and families in all types of occupations whose incomes remained the same or were lower.

### *Economic controls imposed in 1951*

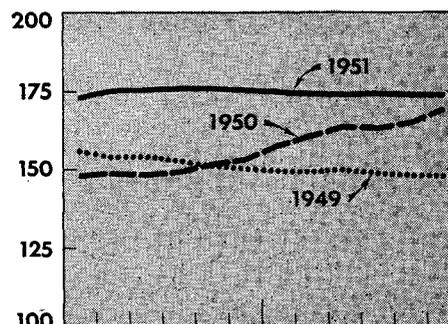
Conditioning the economic structure in 1951 were the Government controls of prices, wages, credit, and of the flow of certain basic metals.

**Price movements in 1951.**

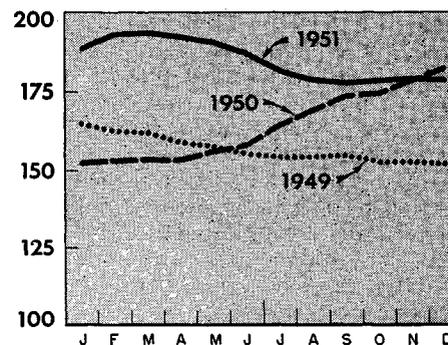
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WHOLESALE PRICES eased off after the first quarter of 1951 . . .



with MANUFACTURED PRODUCTS remaining stable at a high level and . . .



SEMIMANUFACTURED GOODS and RAW MATERIALS declining during midyear and firming at the year end.

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Following the price freeze under the General Ceiling Price Regulation imposed by the Office of Price Stabilization on January 25, 1951, steps were taken to correct the inequities which had developed as a result of the upward price-cost spiral in the second half of 1950. The general freeze was amended by specifically tailored regulations for a number of commodity groups thereby permitting price adjustments to correct inequities in the price structure, but also to conform to the provisions of the Congressional amendments which permit ceiling price increases to reflect increase costs from the start of the Korean war through July 26, 1951, and to permit usual mark-ups in distributive trades.

The general policy of the Wage Stabilization Board was to limit wage-rate increases under standards gradually established. The cost-of-living increase was the most important single standard, but increases have been permitted beyond this particular yardstick.

As 1951 progressed, the initial priorities system designed to insure military needs gave way to the broader Controlled Materials Plan. Initiated in July 1951 to control the flow of steel, copper, and aluminum through the National Production Authority, it was modeled after a similar plan in effect in the latter period of World War II, though it was not so extensive in scope.

The controlling factor in this decision was the need to insure an adequate flow of metals to preferred uses under conditions where competing demands from a wide variety of sources were very great.

## Military programs dominate 1952 economy

As 1952 opened, it was apparent that economic trends would continue to be dominated by military and related requirements. The defense program would require an increasing share of the Nation's output. Business investment programs were strong, and higher investment in housing was only prevented by Government restrictions. In view of the erratic shifts over the past year or so, the pattern of consumer behavior in the near-term is not readily determinable, but with rising income and higher savings, an increased demand from this segment is entirely possible, if not probable.

## National Income and Product in 1951

ECONOMIC developments in 1951 were centered around the Nation's effort to increase its military strength. This imposed serious strains upon the economy, but a generally orderly adaptation to rapidly changing conditions characterized most of the year.

That the transition under way proceeded as smoothly as it did can be attributed to the tremendous productive capacity and flexibility of the United States economy. The combination of substantial progress toward national defense objectives and maintenance of high standards of civilian consumption was made possible only by a vast expansion of total production, together with a rapid shift in its composition.

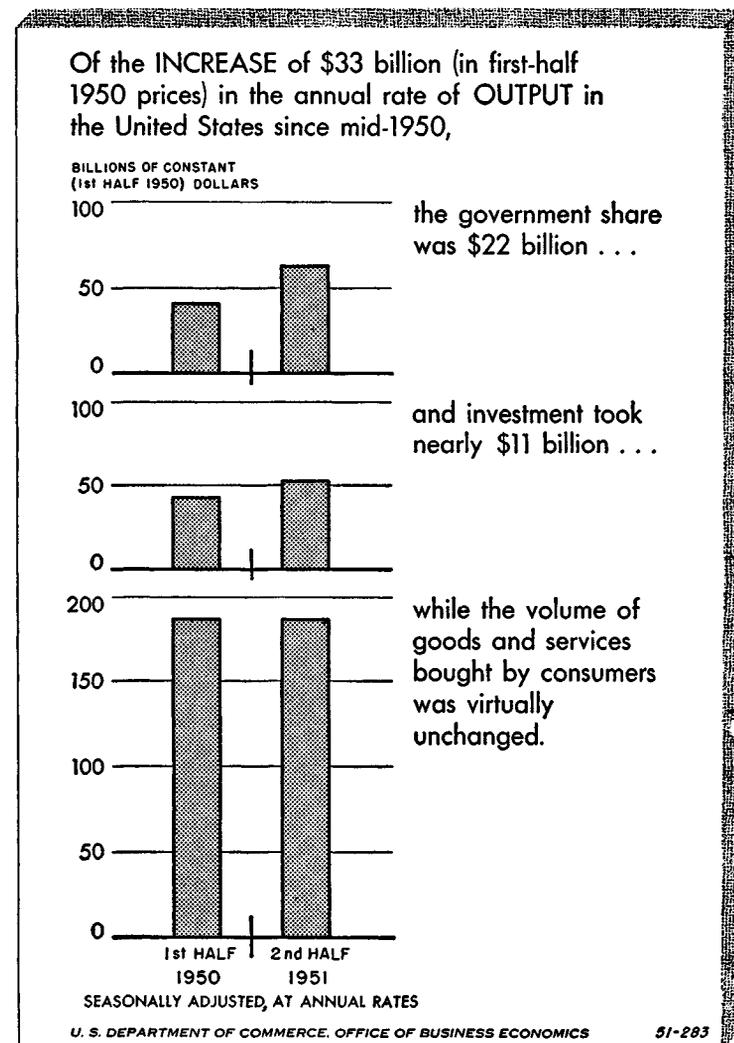
A broad picture of changes in the size and use of the national output over the first 18 months of the mobilization program is given by the accompanying chart. In the second half of 1951, the volume of goods and services purchased by Government was larger by one-half, and that going into investment uses was larger by one-fourth, than in the 6 months before Korea. Yet these increases were accomplished without serious inroads upon consumption standards. Although the percentage share of the gross national product taken by consumers dropped from 69 to 62 over this period, the absolute volume of their purchases showed only a fractional decline. Moreover, this reduction was largely voluntary, as is evidenced by the absence of significant shortages of consumer goods and by the availability throughout the year of unspent purchasing power.

### Volume of production 8 percent larger in 1951

For last year as a whole, the Nation's output of goods and services rose, in real terms, about 8 percent above that of 1950, exceeding for the first time the peak year of World War II. This increase stemmed both from fuller use of our growing manpower resources and from higher output per worker.

Unemployment, which averaged a little over 3 million in 1950, was cut below 2 million last year. Coupled with the growth of the population and a somewhat higher labor force participation rate, this permitted a moderate increase of employment in private industries, as well as in Government civilian jobs, despite fulfillment of the greatly expanded personnel requirements of the Armed Forces.

The rise in real product per man-hour last year, although apparently somewhat less pronounced than from 1949 to 1950, contributed materially to the expansion of the national



output. It remained above the long-term trend (a little over 2 percent per annum in private industries) in spite of the inevitable dislocations involved in the shift to defense production.

Primarily responsible for the continued rise in productivity was the large stock of new capital equipment recently added to the Nation's resources by a record rate of fixed business investment. More intensive use of existing facilities may also have contributed, especially in the defense industries, but this factor was generally of less significance than in 1950, when considerable idle plant capacity was available at the beginning of the year.

While the increase in the total volume of production was the most basic feature of economic developments in 1951, the movement of prices was also an important factor. The violent waves of price increases which had begun in mid-1950 carried over into the early months of last year, leading to the imposition of a broad price and wage freeze late in January and the issuance of the General Ceiling Price Regulation in February. At the same time, there occurred a general reaction from the private buying spree under way at the beginning of the year, and the upward spurt of prices was largely arrested during the first quarter.

Thereafter, wholesale prices receded gradually and consumer prices were nearly constant until around the beginning of the fourth quarter, when the former firmed and the latter again showed a moderate tendency to advance. Although prices were thus relatively steady during most of 1951, the general average of final product prices was almost 8 percent above that of 1950.

### Value of output up 16 percent

This general price rise, added to the 8 percent gain in real output, carried the current market value of the gross national product to \$328 billion last year, as compared with \$283 billion in 1950—an increase of 16 percent. The national income, which measures net output in terms of total earnings of labor and property arising from current production, advanced similarly, from \$239 billion to \$276 billion.

As reflected by either of these aggregates, the rate of advance in economic activity slackened during the course of the past year. Changes from the end of 1950 to the end of 1951 (measured in terms of the respective fourth-quarter annual rates) were only about three-fifths as great as those revealed by the annual comparisons.

More exactly, the turning point in the rate of expansion came toward the end of the first quarter. Through that period, quarterly increments in gross national product since mid-1950 had averaged nearly \$15 billion. In the second quarter, however, the advance was \$9 billion, and it dropped to an average of \$3 billion per quarter in the latter half of 1951.

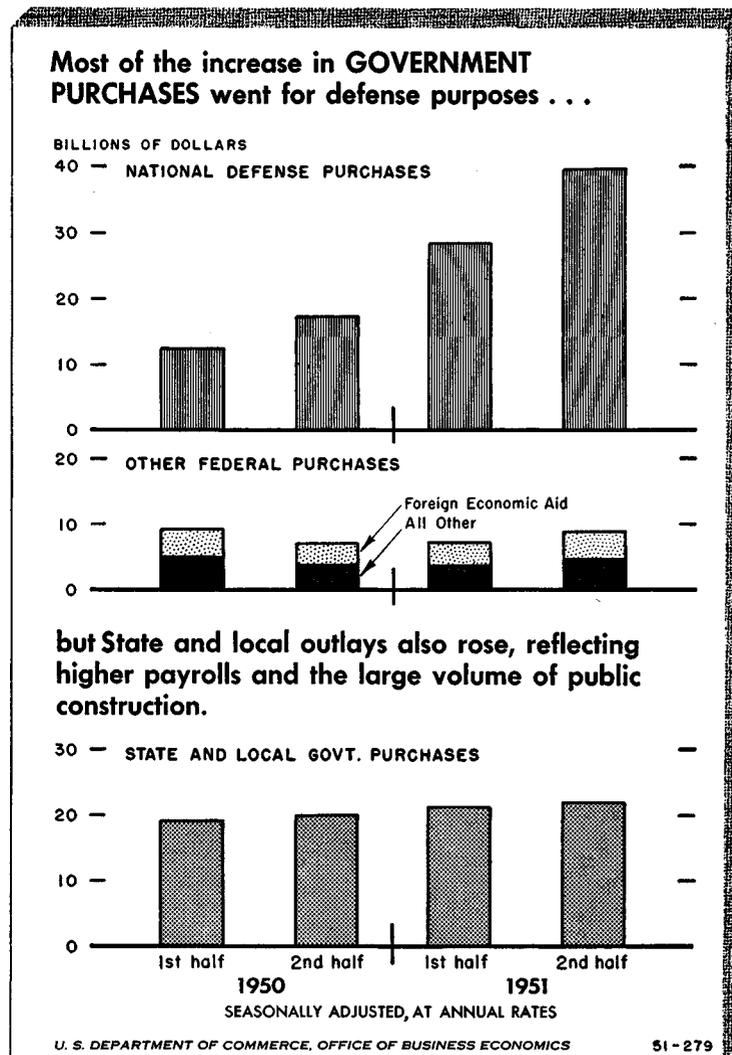
Insofar as the retardation reflected a slower growth in the physical volume of production, it can be traced partly to the increasing difficulty encountered in further expanding real output, once such slack as was present in the economy at the beginning of the mobilization effort was taken up. Also important, however, and of critical significance in connection with the price aspects of total economic activity, was a general easing in the intensity of effective private demand toward the end of the March quarter.

### Easing of civilian demands

This easing did not stem from any lapse in the fundamental expansionary forces of the mobilization period—the Government defense program and the closely allied fixed investment programs of private business. Combined purchases under these two headings, in fact, showed as large advances in the

second and third quarters of 1951 as in any of the three preceding quarters, although the rise in business capital outlays did taper off somewhat in the latter half of the year.

The softening occurred, rather, in consumer demand and in the intimately related business demand for inventories of civilian goods, both of which had previously reinforced—and in fact together outweighed—defense and fixed investment demand in fueling inflationary fires.



Initially, the weakening of these basic civilian components of aggregate demand was largely an aftermath of the two waves of anticipatory spending which had followed the outbreak of hostilities in Korea. With the improvement of the military situation there, with many consumer needs unusually well satisfied by several months of heavy buying, with a reassuring volume of production dissipating the specter of serious shortages, and with the stabilization of prices removing another incentive to forward purchasing, consumers reduced their expenditures markedly in the second quarter. This downturn was paralleled by a curtailment of business buying, which had formerly been geared to the same set of anticipatory forces and to the resultant abnormal volume of sales.

Because of lags in adjusting business commitments, however, the shift in business buying policies was not actually reflected in the rate of inventory accumulation until after midyear. Meanwhile, the continued piling-up of stocks on dealers' shelves encouraged further caution and price resistance on the part of consumers, which in turn accentuated businessmen's efforts to curb their stock-sales ratios.

The restraint in consumer spending persisted during the second half of the year, as did the process of retrenchment of business inventory positions. These interrelated developments were the strategic factors behind the relative stability which characterized the economy—despite the growing momentum of the defense program—from late spring through the year-end.

A detailed review of product and income flows in 1951 follows:

### Government Demand

Combined Federal, State, and local government purchases of goods and services increased from \$42½ billion in 1950 to \$63 billion last year. The proportion of the gross national product taken for government use was thus raised from just over one-seventh to almost one-fifth, and, with a sharply upward trend prevailing, it was considerably higher by year-end.

#### *Defense program basic force*

The cause of this expansion—and the primary driving force conditioning all economic developments since mid-1950—was, of course, the national defense program of the Federal Government. Until the beginning of 1951, its principal impact had been of an indirect character, in the form of pronounced effects upon consumer and business expectations. Recruitment of military personnel and placement of armament orders were already sharply on the upgrade, however, and a start had been made in expanding munitions output. During the course of the past year, the indirect influences faded in importance, having already had their principal effects, while the concrete impact which they had anticipated became progressively greater.

As shown in the chart on page 5, total Government purchases for national defense—including those for Mutual Defense Assistance, stockpiling, and atomic energy, as well as for the military departments themselves—rose rapidly during 1951. At an annual rate of \$40 billion in the last 6 months, they were more than triple the corresponding total for the first half of 1950.

In its earlier phases, the expansion was primarily in military payrolls and expendable supplies, such as food, clothing, etc., where output could be most readily increased. The proportion of “hard goods” rose markedly during the last year, however, and most of the further expansion in procurement will be concentrated in this category, reflecting especially the coming into volume production of complex items of equipment involving long lead-times between placement of orders and delivery to the Government.

It should be noted that the defense purchase figures plotted in the chart understate appreciably the actual expansion of military output to date, since additional amounts of goods in process on defense orders, as well as finished goods not yet delivered to the Government, are reflected in gross national product as part of the change in private business inventories. Also, the installation of new private plant and equipment for armament production is included in business investment.

#### *Nondefense outlays relatively stable*

Apart from the defense program, there were few significant changes last year in Federal Government expenditures for goods and services. Other national security purchases, consisting chiefly of foreign economic aid, ran moderately below their 1950 level, with most of the drop having already occurred in the second half of that year.

In operations outside of the national security programs, perhaps the most noteworthy change was the statutory raise

in Federal pay rates in the latter half of 1951. The largest part of the rise in nonsecurity purchases in that period, however, stemmed from the movement of Government-held farm price-support inventories included under this heading. Liquidation of these inventories had been sizable, on a seasonally adjusted basis, during the year ending last June.

**Table 1.—Gross National Product, or Expenditure in Constant Dollars, 1945–51<sup>1</sup>**

[Billions of 1939 dollars]

Item	1945	1946	1947	1948	1949	1950	1951
<b>Gross National Product</b> .....	<b>153.4</b>	<b>138.4</b>	<b>138.6</b>	<b>143.5</b>	<b>143.5</b>	<b>154.3</b>	<b>166.0</b>
Personal consumption expenditures....	86.3	95.7	98.3	100.3	102.9	108.7	107.2
Durable goods .....	5.3	10.4	12.3	12.6	12.9	15.5	13.3
Nondurable goods .....	47.9	50.2	49.5	49.7	50.4	51.7	51.6
Services .....	33.2	35.2	36.4	38.0	39.6	41.6	42.3
Gross private domestic investment....	8.3	20.3	19.3	22.7	17.8	24.8	28.2
New construction .....	2.6	6.0	6.9	8.0	7.9	9.4	8.8
Producers' durable equipment .....	6.7	9.9	11.8	12.6	11.6	13.2	14.8
Change in business inventories .....	-1.0	4.4	.6	2.1	-1.7	2.2	4.5
<b>Net foreign investment</b> .....	<b>-1.8</b>	<b>2.7</b>	<b>4.8</b>	<b>1.4</b>	<b>.6</b>	<b>.0</b>	<b>2.1</b>
Government purchases of goods and services.....	60.6	19.6	16.1	19.2	22.2	20.8	28.5
Federal .....	54.6	12.8	8.5	10.9	13.0	11.0	18.6
State and local .....	6.0	6.8	7.6	8.2	9.2	9.8	10.0
<b>Gross private product</b> <sup>2</sup> .....	<b>129.7</b>	<b>125.6</b>	<b>128.8</b>	<b>133.7</b>	<b>133.2</b>	<b>143.8</b>	<b>152.7</b>
<b>Gross Government product</b> <sup>3</sup> .....	<b>23.7</b>	<b>12.8</b>	<b>9.8</b>	<b>9.7</b>	<b>10.3</b>	<b>10.5</b>	<b>13.2</b>

<sup>1</sup> Data for earlier years are contained in the National Income Supplement to the SURVEY OF CURRENT BUSINESS, 1951. Detail will not necessarily add to totals because of rounding.

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

<sup>3</sup> Compensation of general government employees.

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

State and local governments, while not a major influence in the increased public spending in 1951, nevertheless expanded their outlays to \$21½ billion, as compared with about \$19½ billion in the previous year. More than half of the rise was in payrolls, reflecting the general advance of wage rates throughout the economy. Owing mainly to intensive school-building programs, construction expenditures also contributed to the increase. These reached their peak in the first half of the year, however, and subsequently tapered off as shortages of materials began to have an effect upon public building projects.

### Investment Demand

Gross private domestic investment in 1951, at \$59 billion, was higher by 20 percent in dollar value and by about 11 percent in real terms than in 1950, the previous record year on either basis. This unprecedented rate of investment represented a rapid fulfillment of large-scale capital requirements not only for the expansion of defense production, but also for the maintenance of a high-level civilian economy.

The \$10 billion increase in the value of total domestic investment comprised advances of approximately \$5 billion each in producers' outlays for durable equipment and in the rate of business inventory accumulation, with little overall change in expenditures for new private construction. Within the latter category, however, there was a 20 percent rise in nonresidential construction, offset by a sharp drop in home-building.

The prevalence of a trend in housing contrary to that in the other major components of private capital formation was attributable primarily to the residential mortgage credit controls imposed, with the objective of freeing resources for use in defense production, in the fall of 1950. Even before the beginning of last year, these restrictions were forcing a rapid shrinkage in the rate of residential building, and by

the third quarter it was down nearly 30 percent from its peak a year earlier. Following the partial relaxation of mortgage down-payment and maturity requirements under Regulation X in September, however, home-building activity leveled off in the fourth quarter.

### Fixed business investment booms

Second only to the defense program itself as a basic force in stepping up the pace of economic activity last year was the expansion in business outlays for new productive facilities. Total expenditures for capital equipment and nonresidential construction rose to \$39 billion, as compared with \$32 billion in 1950.

While all major industrial segments of the economy participated in this expansion, it was concentrated in those most directly engaged in meeting the demands of the defense program. These industries, in addition to facing a better sales and orders outlook than other groups, were favored by preferential treatment in Government allocations of critical materials, by the authorization of accelerated plant amortization for tax purposes, and by generally freer access to credit. Particularly large percentage increases in plant and equipment expenditures were reported by producers of primary metals, rubber, chemicals, nonautomotive transportation equipment, and nonelectrical machinery.

In nondefense industries, the rise was much less pronounced, and tended to taper off earlier in the year, partly because of shortages of materials under controlled allocation and the dampening influence of slackened consumer demand. These differential trends are discussed in detail in another part of this issue.

### Uneven rate of inventory accumulation

For last year as a whole, the contribution of increased plant and equipment outlays to the expansion of domestic investment was almost matched by a doubling of the rate of inventory accumulation—from \$4½ billion in 1950 to \$9½ billion in 1951. This large advance, however, was very unevenly distributed, both over time and among industries.

Chronologically, the inventory build-up was heavily concentrated in the first 6 months, reaching an extraordinary peak of \$16 billion, at annual rates, in the second quarter. Thereafter, the rate of accumulation dropped rapidly to \$8 billion in the third quarter and \$5 billion in the fourth. During the latter half of the year, accordingly, the inventory trend was a major counter-inflationary influence in the economy.

Nonfarm stocks accounted for the bulk of the annual change in the rate of accumulation, although the increase in agricultural inventories was also greater in 1951 than in 1950. Industrial differentials in nonfarm inventory movements reflected essentially a contrast between the defense and the nondefense industries. While a clean line cannot be drawn between them, either conceptually or statistically, the broad pattern of the divergence last year in their inventory trends is clear.

In the defense group, the building up of working stocks was a basic prerequisite to the desired expansion of output. These industries accounted for the year's accumulation, and the quarterly pattern of their inventory investment appears to have been relatively smooth.

The erratic quarterly fluctuations, then, were concentrated in the nondefense industries. These, including wholesale and retail trade, most nondurable manufacturing industries, and a few segments of the durable-goods manufacturing group, held a physical volume of stocks at year-end somewhat below that of the previous December. In the interim, however, there had been a large accumulation of civilian-

goods inventories until around midyear, followed by substantial liquidations in the last 6 months. A general outline of the interrelationship between these trends and the decline in consumer spending after the first quarter, with emphasis on their strategic role in stabilizing the economy since then, has already been given.

### Upswing in foreign investment

Net foreign investment in 1951 was negligible, reflecting an approximate balance for the full year in the international receipts and payments of the United States on current account. While there was a net export surplus of about \$5 billion on trade, service, and investment income transactions, it represented goods and services financed by net United States Government grants and private remittances. The value of exports corresponding to these items is included in gross national product as part of Government purchases and personal consumption expenditures, respectively, rather than as a component of net foreign investment.

As compared with negative net foreign investment of \$2½ billion in 1950, last year's slight positive balance represented an appreciable advance. Both exports and imports rose sharply in total dollar value, but the relative increase in the

Table 2.—National Income by Major Industrial Divisions, 1949, 1950, and 1951<sup>1</sup>

Item	Billions of dollars				Percentage change, 1950-51
	1949	1950	1951	Absolute change, 1950-51	
<b>All industries, total</b> .....	<b>216.7</b>	<b>239.0</b>	<b>275.8</b>	<b>36.8</b>	<b>15.4</b>
Agriculture, forestry, and fisheries.....	17.0	17.7	21.2	3.5	20.1
Mining.....	4.6	5.0	5.7	.7	13.3
Contract construction.....	10.6	12.2	14.9	2.7	21.8
Manufacturing.....	63.2	74.1	88.2	14.1	19.1
Wholesale and retail trade.....	41.7	43.3	47.2	3.9	9.1
Finance, insurance, and real estate.....	18.4	20.3	21.6	1.3	6.8
Transportation.....	11.9	13.2	14.1	.9	6.8
Communications and public utilities.....	6.7	7.2	8.1	.9	11.3
Services.....	20.4	22.0	23.8	1.8	8.1
Government and Government enterprises....	21.8	23.4	30.4	7.0	29.7
Rest of the world.....	.5	.5	.6	.1	5.3

<sup>1</sup> Components will not necessarily add to totals because of rounding.

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

former—roughly two-fifths—outstripped that of the latter, which was only about one-fourth. Worthy of note is the fact that higher unit values accounted for virtually the entire annual change in purchases from abroad, while United States sales to foreign countries, though also reflecting fairly sizable price advances, expanded primarily in real terms.

### Consumer Demand

Personal consumption expenditures in 1951 amounted to \$205½ billion, as compared with \$193½ billion in 1950. Although they were carried up to an annual rate of \$209 billion in the first quarter by the buying wave with which the year opened, they eased to \$202 billion in the following quarter and were not much above that rate during the last 6 months. For the full year, the \$12 billion advance represented only one-fourth of the increase in the gross national product, and the share of total output bought by consumers, which had been close to 70 percent in other years since World War II, was thus lowered to 62½ percent.

### Volume of consumer purchases reduced

It was only in reflection of the higher prices prevailing during 1951 that the value of consumer purchases increased

at all. In real terms, their volume slipped about 1 percent below that of 1950, and for the last three quarters of 1951 in comparison with the preceding 9 months of abnormally heavy buying, the drop was more than 3 percent. As already emphasized, this softening of consumer demand was of the utmost significance in balancing the economy against the tremendous pressures of Government and fixed investment demand.

The decline was not attributable to any dearth of purchasing power. Personal income advanced steadily—though at a gradually retarding rate—throughout the year, and totaled \$251 billion, as compared with \$225 billion in 1950. Personal taxes, reflecting the effects of the last two Revenue Acts, rose by nearly two-fifths to \$28 billion, but left disposable income \$18 billion higher than in 1950. Here, too, the quarterly advance proceeded without interruption.

Only in the first half of 1951 was this rise in income after taxes temporarily outstripped by the increase in consumer prices. For the year as a whole, real disposable income was almost 2 percent above that of 1950, and a similar differential is found in comparing the respective second halves, as illustrated in the chart on page 10.

### Sharp rise in saving

A corollary to the recent divergent movements of disposable personal income and consumption expenditures was the notable rise in personal saving, from \$10½ billion in 1950 to \$17 billion last year. Although these figures are based on a residual calculation of the difference between income and expenditures, the magnitude of the rise is confirmed by alternative estimates of personal saving in terms of changes in individuals' assets and liabilities. Preliminary data of the latter type for 1951, together with comparable 1950 figures, are as follows:

Disposition of Personal Saving			
	[Billions of dollars]		
	1950	1951	Change, 1950-51
Net accumulation of cash and securities	7½	11½	+4
Net increase in private insurance and pension reserves	4	4	-----
Net liquidation of consumer debt	-3	½	+3½
Net investment in nonbusiness real property <sup>1</sup>	3	2	-1
Net investment in unincorporated enterprises (including farms) <sup>2</sup>	1	1	-----
Errors and omissions	-2	-2	-----
<b>Personal saving</b>	<b>10½</b>	<b>17</b>	<b>+6½</b>

<sup>1</sup> Gross acquisitions of nonfarm dwellings, together with nonprofit institutional construction, less depreciation and the net increase in mortgage debt.

<sup>2</sup> Gross investment in plant and equipment, plus the net change in inventories, less depreciation and the net increase in mortgage and other debt.

In the analysis of the data in this table, it should be remembered that isolated changes in particular assets or liabilities may reflect merely the transfer of accumulated savings from one form to another, rather than new saving out of current income. Also, the impossibility of separately identifying various population groups poses some troublesome problems of interpretation.

### Increased saving highly liquid

Nevertheless, the data presented bring out certain broad characteristics of the recent upsurge in personal saving. Both its growth from 1950 to 1951 and the disposition of the total in the latter year took a highly liquid form.

With the \$6½ billion rise in 1951, there was an increase of \$4 billion in the rate of accumulation of cash and securities. In addition, the net change in consumer debt—a large negative element in 1950—was \$3½ billion lower, while net investment in dwellings declined moderately, and other major components showed little change.

As a result of these shifts, the disposition of the \$17 billion personal saving total in 1951 included a net increase of about \$11½ billion in holdings of cash and securities, in addition to \$5½ billion in less liquid forms of savings. Barring the possibility of some rather unlikely bias in the distribution of the increase in liquid assets among particular population groups, it would appear that the public generally was not hampered in its retail spending last year by a lack of ready funds. Moreover, it is worth noting that the possibility of such a bias is limited, though not conclusively, by the composition of the increase in personal income. The share of it going to farmers, whose saving rate tends to exceed the average, was much more than proportionate; but the reverse was true of most forms of income—nonfarm proprietors' earnings, interest, and dividends—whose recipients characteristically include a high proportion of large savers.

### Factors restraining consumer spending

While it is difficult to arrive at a fully satisfactory explanation for the divergence between income and consumption trends which developed last year, some of the more important factors contributing to the phenomenon may be listed.

Initially, at least, much of the decline in consumer spending was simply an aftermath of the buying sprees which characterized the three quarters immediately following the Korean outbreak. Many consumers had accelerated their purchasing of a wide range of durable goods, together with a few semidurables. When shortages failed to develop on any substantial scale, not only did this sort of demand disappear from the market, but those who had indulged it were left unusually well-stocked with types of merchandise ordinarily bought only at infrequent intervals. Moreover, they were in many cases left in depleted financial positions, with consequent need to replenish their savings.

With the continuation of generally plentiful supplies and the stabilization of prices, important psychological factors previously operative were eliminated. Resistance to the price increases which had already occurred became firmer, and the postponement of marginal purchases was encouraged.

Also, expenditures for consumer durables were inhibited to some degree last year by the credit controls effective under Regulation W. There was a modest pick-up in outlays for durable goods other than autos in the third and fourth quarters, however, following partial relaxation of the credit controls in July.

Finally, it should be recognized that a significant part of the fall in demand for consumer durables after last March may well have represented a longer-term reaction from the high rate of spending for them throughout the entire postwar period. There is as yet no means, however, of disentangling from the various temporary and special influences in the picture the possible effects of such a fundamental reversion to more normal replacement buying.

Durable goods, being the ones primarily affected by most of the factors listed above, were the only class for which the dollar total of consumption expenditures was lower in 1951 than in 1950—\$27 billion as compared with \$29 billion. Purchases of nondurables, while little changed in real terms, advanced from \$102½ billion to \$112 billion in reflection of higher prices, and outlays for services continued their steady rise, both dollar-wise and in volume.

### National Income by Industries

The impact of the expanding mobilization program upon the economy last year was quite unevenly distributed among the Nation's industries. While all major industrial divisions shared in the 15½ percent growth of the national income,

Table 3.—National Income and Product, 1949, 1950, and 1951<sup>1</sup>

[Billions of dollars]

Item	1949	1950	1951	Quarterly, 1951							
				Unadjusted				Seasonally adjusted at annual rates			
				I	II	III	IV	I	II	III	IV
<b>NATIONAL INCOME BY DISTRIBUTIVE SHARES</b>											
<b>National income</b> .....	216.7	239.0	275.8	66.0	68.5	70.1	71.1	269.4	274.3	278.0	281.2
Compensation of employees.....	139.9	153.3	178.1	42.4	44.3	45.3	46.1	172.1	177.5	180.6	182.0
Wages and salaries.....	133.4	145.8	169.4	40.2	42.0	43.2	44.1	163.6	168.9	171.7	173.1
Private.....	113.0	123.6	140.3	33.4	34.8	35.9	36.1	137.1	140.6	141.3	142.0
Military.....	4.2	5.1	( <sup>3</sup> )	1.9	2.2	( <sup>3</sup> )	( <sup>3</sup> )	7.8	8.9	( <sup>3</sup> )	( <sup>3</sup> )
Government civilian.....	16.1	17.2	( <sup>3</sup> )	4.8	4.9	( <sup>3</sup> )	( <sup>3</sup> )	18.8	19.4	( <sup>3</sup> )	( <sup>3</sup> )
Supplements to wages and salaries.....	6.5	7.5	8.7	2.3	2.3	2.2	2.0	8.5	8.7	8.9	8.9
Proprietors' and rental income <sup>4</sup> .....	41.4	44.0	48.9	12.2	12.0	12.3	12.4	48.8	48.1	49.1	49.8
Business and professional.....	20.9	22.3	23.7	6.0	5.9	5.8	5.9	24.1	23.6	23.4	23.6
Farm.....	13.0	13.7	16.9	4.1	4.1	4.3	4.4	16.4	16.3	17.3	17.6
Rental income of persons.....	7.5	8.0	8.3	2.1	2.0	2.1	2.1	8.3	8.2	8.4	8.5
Corporate profits and inventory valuation adjustment.....	30.5	36.2	43.0	10.0	10.8	11.1	11.1	42.9	43.0	42.6	43.6
Corporate profits before tax.....	28.3	41.4	44.5	12.2	11.4	10.4	10.5	51.8	45.4	39.8	41.1
Corporate profits tax liability.....	11.0	18.6	26.6	7.3	6.8	6.2	6.3	31.1	27.0	23.7	24.5
Corporate profits after tax.....	17.3	22.8	18.0	4.9	4.6	4.2	4.3	20.7	18.4	16.1	16.7
Inventory valuation adjustment.....	2.1	-5.1	-1.5	-2.2	-6	.7	.6	-8.9	-2.3	2.8	2.5
Net interest.....	4.9	5.4	5.7	1.4	1.4	1.4	1.5	5.6	5.7	5.8	5.8
Addendum: Compensation of general government employees.....	19.4	20.9	27.7	6.4	6.8	7.0	7.6	25.2	27.0	29.0	29.7
<b>GROSS NATIONAL PRODUCT OF EXPENDITURE</b>											
<b>Gross national product</b> .....	257.3	282.6	327.8	78.5	79.4	82.0	88.0	319.5	328.2	329.5	334.6
Personal consumption expenditures.....	180.2	193.6	205.5	49.5	49.9	50.0	56.1	208.8	202.4	204.0	206.7
Durable goods.....	23.9	29.2	26.8	6.9	6.3	6.2	7.4	31.3	25.9	25.2	25.0
Nondurable goods.....	98.7	102.3	111.8	26.1	26.9	27.1	31.7	112.1	110.1	111.5	113.6
Services.....	57.6	62.1	66.8	16.5	16.7	16.6	17.0	65.4	66.5	67.3	68.1
Gross private domestic investment.....	33.0	48.9	59.1	16.7	14.4	14.7	13.4	60.2	65.6	56.6	54.6
New construction.....	17.2	22.1	22.2	5.0	5.7	6.1	5.4	23.8	22.7	21.6	20.7
Residential nonfarm.....	8.3	12.6	10.9	2.6	2.8	2.9	2.7	12.9	10.9	9.8	10.1
Other.....	9.0	9.5	11.3	2.4	2.9	3.2	2.7	10.9	11.7	11.8	10.6
Producers' durable equipment.....	19.0	22.5	27.3	6.4	7.0	6.5	7.4	25.9	27.2	27.0	29.0
Change in business inventories, total.....	-3.2	4.3	9.7	5.3	1.7	2.0	.7	10.6	15.8	8.0	4.9
Nonfarm only.....	-2.5	3.6	8.0	4.9	1.2	1.6	.3	9.1	14.1	6.2	3.3
Net foreign investment.....	.5	-2.3	.2	-7	.0	.3	.6	-2.7	-1	1.2	2.5
Government purchases of goods and services.....	43.6	42.5	63.0	13.0	15.2	17.0	17.8	53.2	60.3	67.7	70.7
Federal.....	25.9	23.1	41.8	8.1	9.8	11.6	12.3	32.4	39.1	46.4	49.2
National security.....	19.3	19.1	37.5	7.2	8.8	10.5	11.0	28.9	35.3	41.8	44.1
National defense <sup>5</sup> .....	13.6	14.9	34.1	6.4	7.9	9.6	10.1	25.6	31.7	38.6	40.5
Other national security <sup>6</sup> .....	5.7	4.3	3.4	.8	.9	.8	.9	3.3	3.6	3.2	3.6
Other.....	6.6	3.9	4.2	.9	.9	1.2	1.3	3.5	3.7	4.6	5.1
Less: Government sales.....	.4	.2	.2	.0	.0	.0	.0	.2	.2	.2	.2
State and local.....	18.1	19.7	21.4	4.9	5.5	5.5	5.5	21.0	21.3	24.4	21.7
<b>DISPOSITION OF PERSONAL INCOME</b>											
<b>Personal income</b> .....	205.1	224.7	251.1	60.0	62.2	63.2	65.8	244.1	249.9	253.2	257.0
Less: Personal tax and nontax payments.....	18.6	20.5	28.4	10.5	5.7	6.4	5.9	27.6	28.1	28.4	29.7
Federal.....	16.2	17.8	25.5	9.6	4.9	5.8	5.2	24.7	25.1	25.4	26.7
State and local.....	2.5	2.7	3.0	.9	.8	.7	.6	2.9	3.0	3.0	3.1
Equals: Disposable personal income.....	186.4	204.3	222.6	49.5	56.5	56.7	59.9	216.5	221.8	224.9	227.2
Less: Personal consumption expenditures.....	180.2	193.6	205.5	49.5	49.9	50.0	56.1	208.8	202.4	204.0	206.7
Equals: Personal saving.....	6.3	10.7	17.2	.0	6.6	6.8	3.8	7.8	19.4	20.8	20.5
<b>RELATION OF GROSS NATIONAL PRODUCT, NATIONAL INCOME, AND PERSONAL INCOME</b>											
<b>Gross national product</b> .....	257.3	282.6	327.8	78.5	79.4	82.0	88.0	319.5	328.2	329.5	334.6
Less: Capital consumption allowances.....	19.1	21.2	23.5	5.6	5.8	5.9	6.1	22.6	23.1	23.7	24.5
Indirect business tax and nontax liability.....	21.7	23.8	25.4	6.3	6.2	6.3	6.6	25.9	24.9	25.1	25.8
Business transfer payments.....	.7	.8	.8	.2	.2	.2	.2	.8	.8	.8	.8
Statistical discrepancy.....	-8	-1.8	2.9	.5	-1.1	-1.5	4.0	1.6	5.9	2.3	2.5
Plus: Subsidies less current surplus of Government enterprises.....	.0	.3	.5	.2	.2	.1	.0	.8	.8	.4	.1
<b>Equals: National Income</b> .....	216.7	239.0	275.8	66.0	68.5	70.1	71.1	269.4	274.3	278.0	281.2
Less: Corporate profits and inventory valuation adjustment.....	30.5	36.2	43.0	10.0	10.8	11.1	11.1	42.9	43.0	42.6	43.6
Contributions for social insurance.....	5.7	7.0	8.5	2.3	2.3	2.1	1.8	8.3	8.4	8.5	8.6
Excess of wage accruals over disbursements.....	.0	.0	.0	.0	.0	.2	-.2	.0	.0	.7	-.7
Plus: Government transfer payments.....	11.6	14.3	11.7	2.9	2.9	2.9	3.0	11.5	11.8	11.8	11.8
Net interest paid by Government.....	4.6	4.7	4.9	1.1	1.4	1.1	1.3	4.8	4.8	4.8	4.9
Dividends.....	7.6	9.2	9.4	2.1	2.2	2.2	2.9	8.8	9.6	9.6	9.8
Business transfer payments.....	.7	.8	.8	.2	.2	.2	.2	.8	.8	.8	.8
<b>Equals: Personal income</b> .....	205.1	224.7	251.1	60.0	62.2	63.2	65.8	244.1	249.9	253.2	257.0

<sup>1</sup> Detail will not necessarily add to totals because of rounding.<sup>2</sup> Since the usual source materials on corporate profits are not yet available for the fourth quarter, tentative and preliminary estimates of profits in that period, based upon the past relationship of corporate profits and inventory valuation adjustment to private nonfarm gross national product, are utilized above.<sup>3</sup> Not available.<sup>4</sup> Includes noncorporate inventory valuation adjustment.<sup>5</sup> Includes the purchases of the following agencies: Atomic Energy Commission, Defense Department, Maritime Administration (before 1950), National Advisory Committee for Aeronautics, and Selective Service System; and for the following programs: Defense production and economic stabilization, foreign military assistance administered by Mutual Security

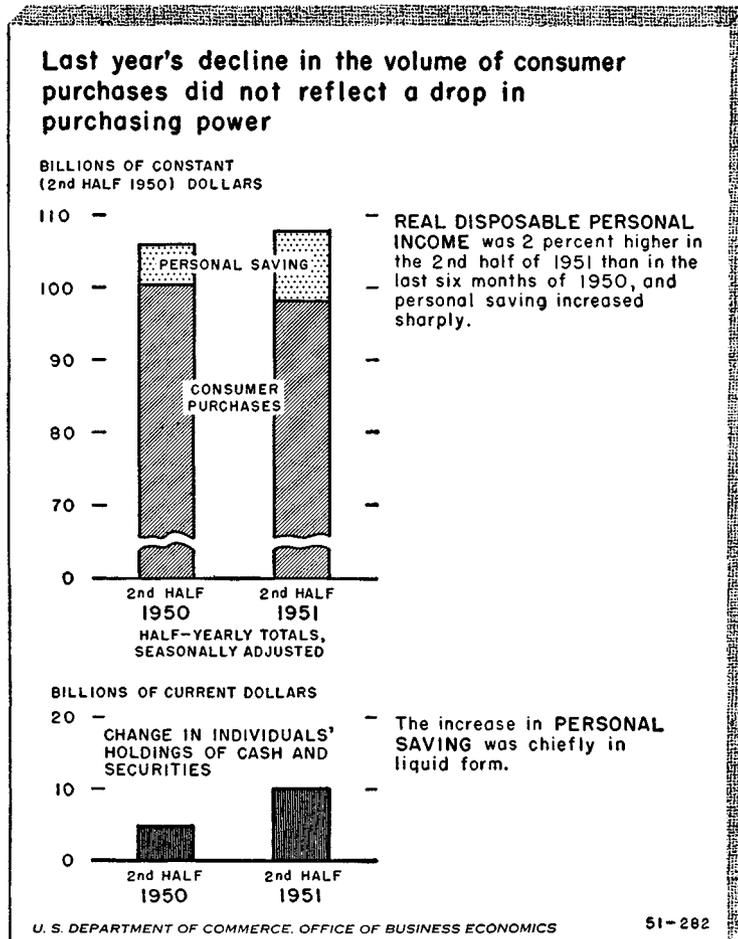
Agency (formerly Mutual Defense Assistance program), and the stockpiling of strategic and critical materials.

<sup>6</sup> Includes the purchases of the following agencies: Maritime Administration (after 1949), National Security Council, National Security Resources Board, Philippine War Damage Commission, and State Department; and for the following foreign economic assistance programs: Those now administered by the Mutual Security Agency, government and relief in occupied areas, India Emergency Food Aid, International Children's Emergency Fund, and Yugoslav Emergency Relief Assistance.

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

there were significant shifts in the industrial pattern of the income flow.

By far the largest proportionate increase was that in the Government sector, which amounted to 30 percent. Advances approximating one-fifth were registered in manufacturing, contract construction, and agriculture, with the first of these accounting for nearly half the absolute rise in all private industries. The relative expansion of income originating in other divisions lagged—in most cases by a substantial margin—behind the national average.



Primarily responsible for the striking advance in the Government sector was, of course, the rapid growth of the Armed Forces. In terms of personnel, their average strength last year was roughly double that of 1950. In addition, income originating in Government—which consists entirely of compensation of Government employees—reflected an increase in Federal wage rates and the rise of civilian employment in defense and economic stabilization agencies, as well as the moderate advance in payrolls at the State and local level.

### Major expansion in manufacturing

Last year's notable increase in the relative importance of the manufacturing industries mirrored the character of the principal expansionary demands in the economy. Both the types of goods emphasized in the military procurement program and those required for the private investment boom are produced primarily by these industries.

Within the manufacturing division, the above influences were felt chiefly in the durable-goods segment, where defense and related activities not only accounted for the very sizable increase in total output, but also displaced a large volume of

production of consumer durables. Generally speaking, there was little step-up from 1950 in the average tempo of operations in nondurable goods factories.

The favorable showing of contract construction was made despite the adverse effects of curbs on residential and commercial building. Industrial and public utility plant expansion tended to sustain total private demand for the industry's output, and it was called upon, in addition, to meet large new Government demands for military, naval, and atomic energy facilities.

Of the other major industrial divisions in the private non-agricultural sector of the economy, only two came close to maintaining their 1950 percentage shares of the national income. These were mining and communications and public utilities, whose operations were significantly affected by the heavy requirements of the manufacturing industries for ores and electric power.

In the trade, service, finance, and transportation groups, percentage changes in income from 1950 to 1951 were clustered around a figure approximating one-half of that for all industries. The proportion of the national income originating in these four industrial divisions thus dropped from 41½ percent in 1950 to 38½ percent last year.

### Price rise boosts agricultural income

Agriculture, though obviously a vital cog in the defense economy, is not one of the industries primarily engaged in defense production. The large expansion of income originating in that sector, however, can be attributed rather directly to the mobilization program, or at least to the inflationary upsurge generated by its initiation.

Owing to such factors as the difficulty of anticipating the volume of farm output and the relative lack of producers' control over it, agricultural prices characteristically show much wider fluctuations than the general price level, and this was strikingly the case during the period from mid-1950 to early 1951. It was almost entirely this favorable movement of prices which gave rise to the more-than-proportionate growth of agricultural income, as farm production expanded substantially less in real terms than that of the nonfarm economy. With livestock prices rising much more than crop prices, and with the moderate volume increase also primarily in livestock, the latter phase of agricultural operations was responsible for the bulk of the sector's income expansion last year.

### Distributive Shares of National Income

As a result of the expansion in total economic activity and the associated industrial shifts described above, the distributive-share composition of the national income was appreciably altered last year. Employee compensation, corporate earnings, and farm proprietors' income rose in relative importance, while interest, rental, and nonfarm entrepreneurial incomes, though also advancing in absolute terms, lagged behind the overall movement.

Compensation of employees, increasing from \$153 billion in 1950 to \$178 billion last year, accounted for just over two-thirds of the advance in the national income. The somewhat better-than-average showing of this distributive share may be traced primarily to the expanding role of Government, where no other forms of income are earned. Compensation of employees in private industries, on the other hand, did not quite keep pace with the change in total income originating in the private sector.

### Large increase in private payrolls

Despite the more striking percentage advance in Government, the bulk of the absolute increase in wages and salaries

came from private industries. At \$140 billion in 1951, their payrolls were \$17 billion higher than the year before.

Half of this increment was attributable to the manufacturing industries, with durable goods factories accounting for the major share. In the latter, wages and salaries rose by nearly one-fourth, as compared with one-tenth elsewhere in the manufacturing sector. Proportionate advances in payrolls of the distributive and service industries were also clustered in the neighborhood of one-tenth.

For private nonagricultural industries in the aggregate, higher average hourly earnings were the most important single factor in last year's payroll expansion, accounting for somewhat over half of it. Most of the remainder stemmed from increased employment, but a shift of employment toward higher-paying industries was an additional influence. Average hours worked per week did not change significantly for the year as a whole, although they were above the 1950 average during the first half.

hourly earnings grew progressively greater, however, as employment leveled off while they continued to rise.

### Corporate earnings substantially higher

Information on corporate profits in 1951 is at present confined to published reports for the first three quarters of the year, as reviewed in last month's issue of the SURVEY, and data for the fourth quarter are fragmentary. However, a broad annual comparison with 1950 can be made at this time.

Corporate earnings—profits before tax plus the inventory valuation adjustment—rose from \$36 billion in 1950 to about \$43 billion last year. As is typical of a period of marked economic expansion, this rise was somewhat greater percentage-wise than that in most other distributive shares.

Despite the magnitude of the year-to-year gain, however, it is important to note that corporate earnings had already spurred to substantially their 1951 level by the fourth quarter of the previous year, and that they did not share appreciably in the quarterly increments in national income thereafter. This flattening out can be attributed broadly to the greater stability of total sales volume, as well as of price-cost relationships, which emerged early last year.

Corporate profits before tax, as reported under generally prevailing inventory accounting practices, rose only from \$41½ billion in 1950 to \$44½ billion in 1951. The smaller relative increase in these "book profits" than in the corporate earnings share of the national income reflected a marked drop in the inventory profits which are included in the former figure, but which are eliminated (by means of the inventory valuation adjustment) in computing the latter.

Such inventory profits (or losses) arise not from current production, but from differences between the current replacement cost of inventories charged to cost-of-sales and their book value, which under the accounting methods in widest use reflects prior-period costs. These differences were very sizable in 1950, when prices were rising sharply, but narrowed—with a consequent drop in inventory profits—when prices leveled off during 1951.

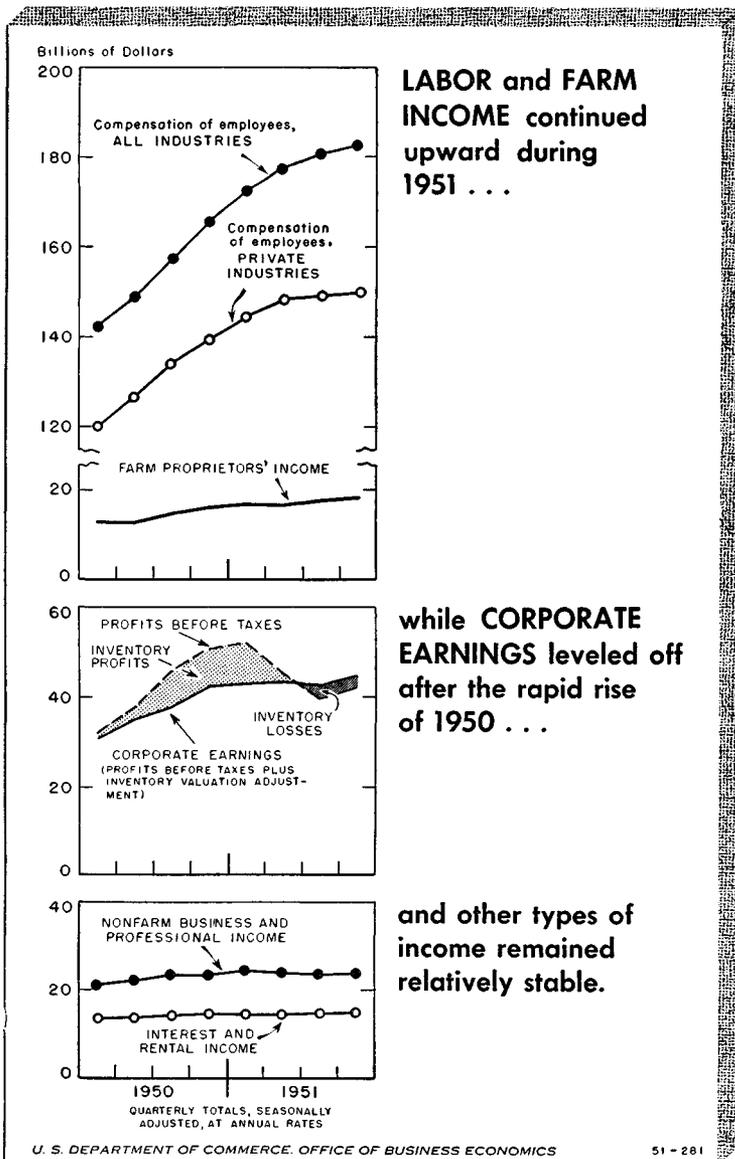
On a quarterly basis, in fact, the downdrift of wholesale prices after March led to moderate inventory losses in the latter half of the year. Owing to these wide swings in inventory profits, the quarterly movement of book profits before tax over the past 2 years has differed markedly from that of the adjusted corporate earnings series. The former reached a much higher peak in the first quarter of last year, and then fell off sharply while the latter held steady in the second and third quarters. (See the accompanying chart.)

With the passage of the Revenue Act of 1951, corporate income and excess profits tax liabilities were raised from \$18½ billion in 1950 to \$26½ billion last year, or from about 45 to 60 percent of profits before tax. Profits after tax were thus left nearly \$5 billion lower than in 1950. Notwithstanding this drop, the flow of corporate dividend disbursements was maintained on a better than even keel, as undistributed profits absorbed the full burden of the heavier tax bite.

### Relatively small rise in proprietors' income

At \$49 billion in 1951, total proprietors' and rental income was \$5 billion, or 11 percent, higher than in the previous year. Two-thirds of the increase went to farmers, who were the principal beneficiaries of the favorable agricultural price movements already discussed.

Nonfarm business and professional proprietors' earnings, rising by only 6 percent to \$23½ billion, lagged well behind the growth of most other income shares. The explanation for this relatively weak showing lies in the high proportion of



The other factors listed above also varied in relative importance during the course of the year, as well as from industry to industry. Increased employment was the chief influence for the full period in a few sectors, such as durable-goods manufacturing, and its predominance was more general during the early months. The relative contribution of

such proprietors in wholesale and retail trade, which were adversely affected by the retarded pace of consumer spending after the first quarter, as well as in the service industries, where below-average gains were recorded. Unincorporated enterprises in manufacturing and construction fared relatively well, but carry little weight in the total.

Rental income of persons was an insignificant element in

the year's expansion of aggregate earnings, as was the remaining distributive share, net interest. Both of these forms of income are subject to contractual conditions not immediately responsive to the developments which dominated the economic scene in 1951, and rental income was subject in many localities to the additional restrictive influence of Government controls.

## Manufacturing Production

**I**NDUSTRIAL production was sustained at a high rate throughout 1951 averaging, according to the F. R. B. production index, about 10 percent higher than in 1950.

Emergence of strong divergent trends among the various broad groups of manufacturing featured the year. The production of consumer durable goods declined sharply primarily because of a reduction in demand, but output of defense and defense-supporting industries continued upward. Consumer soft goods industries also fared quite differently, with increases and decreases about canceling out in the aggregate.

The production of military end items was appreciably higher and the rate was increasing at the year-end. Materials, except for some of the metals, were generally adequate to meet all requirements. Although the military take of total industrial production increased during the year—from a small proportion in 1950 to somewhat under 15 percent at the end of 1951—adequate supplies of most consumer goods were available partly because of the large inventories accumulated after Korea.

The production performance was made possible by the combined influence of larger supplies of raw materials, a greatly expanded plant capacity, and more continuous operations.

### Extension of materials controls

In order to facilitate the expansion of defense production, controls and limitations on the use of scarce materials which were put into effect early in the year were widened and strengthened. Effective on July 1, 1951, a Controlled Materials Plan was adopted. This plan which covers three key metals—steel, copper, and aluminum—is similar to but smaller in scope than the one employed in World War II.

Consumption of materials in defense and defense supporting industries expanded from quarter to quarter and at the end of the year was still increasing. Allotments for defense and defense-supporting industries in the fourth quarter accounted for one-third of the available supply of steel and about one-half of the copper and aluminum. Allocations earmarked for direct military, including Atomic Energy, alone represented 10 percent of the available supply of steel. Somewhat larger proportions were allocated for the first half of the current year.

The diversion of larger quantities of materials to defense needs coincided with the drop in demand for consumer durable goods, large consumers of metals. Under NPA material allocations for the third quarter of 1951, producers of consumer durable goods were permitted to use 70 percent of steel, 60 percent of copper, and 50 percent of aluminum consumed in the base period (quarterly average, first half 1950). These proportions were further reduced for the

fourth quarter and were cut again for the first and second quarters of 1952.

During 1951, actual cutbacks in output of nondefense goods because of shortages of materials were limited to a few areas and even in these instances the curtailments were generally from very high levels. Through flexibility combined with the application of substitute materials and the use of existing inventories, producers were able to turn out a somewhat greater quantity of goods than that implied by the amounts of materials received.

The Government-industry program for the expansion of the Nation's basic facilities which got under way following the Korean conflict in June 1950 moved forward in 1951. Despite the time required to increase productive capacity, notable advances have already materialized in the form of an expanded rate in the flow of steel, aluminum, magnesium, and rubber.

### Record supplies of raw materials

Raw materials were produced in record volume in 1951 and in the aggregate were approximately 10 percent higher than in 1950 and nearly one-fourth above the peak war years. The large consumption of materials in 1951 as compared with World War II years may be explained by the

Table 4.—Supplies of Raw and Semifinished Metals <sup>1</sup>

Commodity	Unit	Total new supplies <sup>2</sup>			New supplies available for domestic consumption <sup>3</sup>		
		1943	1950	1951	1943	1950	1951
Pig iron.....	Million short tons.....	61,778	66,244	72,273	61,633	66,237	72,270
Steel ingots and steel for castings.....	do.....	88,836	96,836	105,133	88,836	96,836	105,133
Steel products <sup>4</sup> .....	do.....	62,229	73,340	81,400	55,281	70,273	78,090
Copper, refined.....	Thousand short tons.....	1,782	1,562	1,451	1,605	1,417	1,328
Lead, refined.....	do.....	715	971	680	702	968	678
Zinc, slab.....	do.....	998	1,000	1,022	901	987	990
Tin.....	Thousand long tons.....	34	116	61	32	115	60
Aluminum, primary.....	Thousand short tons.....	1,056	906	977	938	886	966
Magnesium, primary.....	do.....	184	16	41	184	16	41

<sup>1</sup> For the nonferrous metals, the data exclude all secondary production.

<sup>2</sup> Represents domestic production plus imports.

<sup>3</sup> Represents domestic production plus imports minus exports.

<sup>4</sup> Excludes shipments to members of industry for further conversion.

Sources: Domestic production of pig iron, steel ingots and steel products, American Iron and Steel Institute; nonferrous metals, U. S. Department of Interior, Bureau of Mines; and imports and exports of individual commodities, U. S. Department of Commerce, Bureau of the Census.

fact that civilian production absorbs larger quantities of materials with a lesser degree of fabrication than materials consumed in the processing of highly complicated finished military end items. The enlarged volume of new supplies resulted from a sizable expansion in output from domestic sources and, with some exceptions, imported materials.

Despite the greatly increased demands for materials in defense production, most raw materials, with the exception of certain metals, were in a generally favorable supply position. Of the metals, copper was in the most critical position, largely because of reduced imports. As the year drew to a close there was increasing evidence of an easier supply situation for a number of commodities, notably rubber, paper, and a few industrial chemicals.

The magnitude of supplies required to support virtually capacity operations of the metal-working industries can be seen in table 4 which shows new supplies (domestic production plus imports) and the quantity available for domestic consumption (domestic production plus imports minus exports) of nine basic metals for the past 2 years.

With the exception of four nonferrous metals—copper, lead, tin, and magnesium—new supplies as well as the quantity available for domestic consumption reached new peaks. While new supplies of zinc and aluminum expanded—the latter chiefly as a result of higher domestic production made possible by new additions to rated capacity during the year—supplies of other nonferrous metals decreased owing largely to reduced imports for consumption. In general, producers of basic metals and other raw materials kept operations geared at or close to capacity levels throughout the year.

Aside from some of the metals, significant production increases occurred for a number of building products, industrial chemicals, paper, synthetic rubber, bituminous coal, and crude petroleum. While consumption of raw materials was the highest of record, the volume of new supplies of many products exceeded consumption and permitted some rebuilding of working stocks held by processors and fabricators.

Of special significance is the record volume of steel supplies. Aided by the addition of new production facilities, which increased by 4.4 million tons, the Nation's steel mills turned out more than 2.0 million tons per week, a rate slightly in excess of the weekly rated capacity in existence on January 1, 1951. Total production of over 105 million tons of steel ingots and castings provided about 79 million tons of finished steel products; the latter figure, after deducting exports, representing a gain of 7 million tons over 1950, the previous top, and 16 million more than the best wartime year.

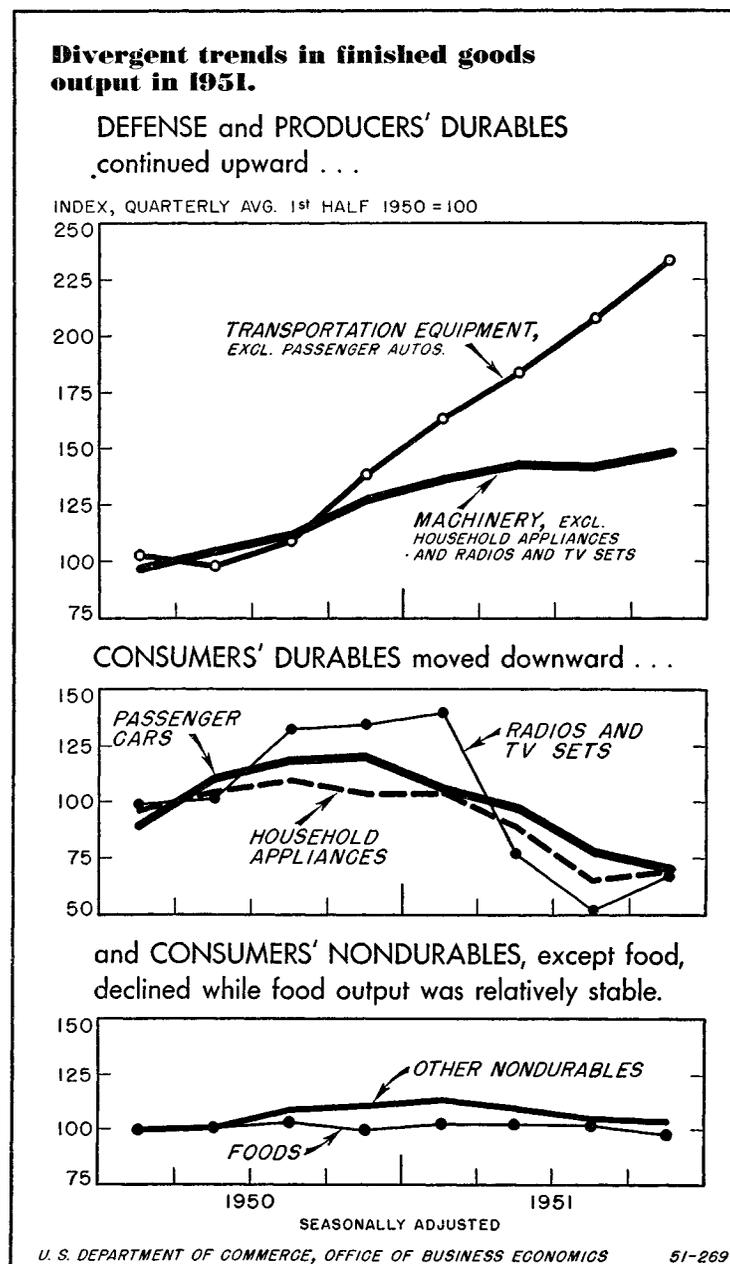
As previously pointed out, the nonferrous metals were in short supply as the over-all demand in 1951 was considerably in excess of new supplies. Reduced foreign metals accounted for almost all of the drop as domestic production expanded for copper, zinc, and aluminum and was about as high as in 1950 for lead. Imports of copper, lead, zinc, and tin available for domestic consumption, however, were from 20 to 50 percent below the high volume received in 1950, a year when the flow of these metals to the United States greatly exceeded the average in the postwar years of 1947-49. The strong world-wide demand in 1951 coupled with price differentials in this country were important factors limiting United States imports of these metals.

Because of the straightened supply-demand situation of nonferrous metals, withdrawals of copper, lead, and aluminum were made from the Government stockpile for sale to consuming markets in accordance with allocations of the NPA.

### *Uptrend in defense production*

The general trend of output in the metal-working industries is evident from the steadily rising curve of activity in plants producing electrical and nonelectrical machinery (excluding consumer durable industries normally included in this group) and transportation equipment—aircraft, shipbuilding, railroad equipment, and motor trucks.

The indexes used in the chart represent for the most part output of finished goods, as measured by the Federal Reserve index of industrial production and its newly constructed index of major consumer durable goods, recomputed to a base using the quarterly average, first half, 1950 equal to 100. For the purpose of this analysis, rough approximations were made in the transportation equipment and machinery groups in order to eliminate the influence of consumer durable goods output which is shown separately in the middle panel of the chart.



Activity in aircraft plants and shipbuilding yards—now almost wholly engaged in military production—accounted for the bulk of the rise in the transportation index. Increased activity in railroad equipment shops and in auto plants producing motor trucks also contributed to the rise in the transportation equipment index.

The upward movement in output of all types of electrical and nonelectrical machinery while much more modest than that for transportation equipment was nevertheless an important factor in sustaining total industrial production. The general uptrend reflects, of course, the expansion in private business outlays for new plant and equipment engendered

in large part by the over-all defense programs. Activity leveled off somewhat during the summer vacation period but the rise was resumed in the fourth quarter. Measured in terms of the dollar value of manufacturers' sales, deliveries in this period reached a new high for the year, and were up one-fifth from the final quarter of 1950.

### Sharp decline in consumer durables

The sharp curtailment in output of consumer durable goods in 1951 is shown in the middle panel of the chart. While restrictions on the use of materials would have required limited cutbacks the major influence was perhaps the reduction in consumer buying which developed at a time when production was close to peak rates. Moreover, inventories were accumulating at a rapid rate. The decline which actually began toward the end of the first quarter of 1951 continued through June, accelerated in July and August, and recovered only slightly thereafter.

Total output, as measured by the Federal Reserve production index of major consumer durable goods, was about one-fifth lower than the record volume of 1950. Despite the sizable reduction in output, the flow of consumer durable goods for civilian consumption, as shown in the accompanying table, was considerably higher than in 1949. At the reduced fourth quarter rate, however, output of these products was in the aggregate equal to the 1947-49 levels.

[In thousands of units]

	1947-49 average	1949	1950	1951	Fourth quarter 1951 at annual rate
Passenger cars.....	4,195	5,119	6,666	5,337	4,250
Refrigerators, electric.....	4,205	4,450	6,200	4,075	2,500
Freezers, farm and home.....	594	485	890	1,050	850
Washing machines.....	3,711	3,033	4,290	3,373	3,200
Dryers.....	84	106	319	495	650
Vacuum cleaners.....	3,350	2,887	3,529	2,729	2,800
Ranges, electric.....	1,289	1,056	1,830	1,400	1,250
Radios.....	13,337	10,400	14,590	12,299	9,900
Television sets.....	1,384	3,000	7,464	5,385	5,200

In the important automobile industry, assemblies of passenger cars drifted downward throughout the year, from an annual rate of 6.4 million in the first quarter when materials were still in relatively good supply to 4.3 million units in the final period of 1951 when production was limited by NPA. Notwithstanding progressive limitations on the use of metals,

factory assemblies of 6.8 million cars and trucks were the highest for any year except 1950. Exports were the highest in the postwar years, except 1947, and represented 7 percent of total production.

In the household appliance field, the reduction in output while substantial for the group as a whole varied from product to product, ranging from 20 percent for electric ranges and vacuum cleaners to an extreme decline of nearly 40 percent for electric refrigerators. Exceptions to the downward trend were electric freezers and dryers, products which have generally shown a consistent upward movement throughout the postwar period. The steep cutback in sales of refrigerators accounted for a large part of the drop in the household appliance index.

The production of radio and television sets reached a peak in the first quarter of 1951, dropped precipitously in the second and third quarters, and then moved moderately upward. The cutback in output was much sharper for television than for radios. Production of TV sets in July and August represented only one-fifth of the first-quarter monthly rate of nearly 750,000. The pickup in the final quarter of 1951, however, boosted completions to a rate approximating 60 percent of the record first quarter volume. Inventories held by manufacturers and distributors, which reached a high of 1.4 million at the end of July, were substantially reduced by the end of 1951. They were still about 50 percent higher than at the beginning of the year. In contrast, the decline in radio output was relatively more moderate and inventories were also considerably smaller than for the television industry.

### Consumer nondurables more stable

In the consumer nondurable goods segment, production in 1951 was considerably more stable as increases in output of food, cigarettes, certain types of paper products, refined petroleum, and rubber products offset to a large extent the declines in textile and shoe manufacturing and in the distilling industry. The reduction in textile mill activity was outstanding in the developments of the year. The sharp curtailment, particularly in the second half of the year, reflected a considerable reduction in the volume of clothing sold in retail stores. A somewhat similar development was experienced for shoes.

## Agricultural Production and Income

FARM production was somewhat larger in 1951 than in 1950 and about equal to the previous high in 1949. Freed from production controls on the principal crops, farmers expanded their production plans in 1951 in accordance with the production goals set by the Government. Good yields were obtained on the acreage harvested despite considerable adverse weather conditions for growing and harvesting crops which led to a larger abandonment of planted fields than in other recent years. Marketings of livestock and products were the highest since the end of the war, and there was a sizable increase in livestock numbers on farms during the year.

Cash farm income reached \$32.8 billion in 1951, 14 percent higher than the year before, and about 8 percent above the 1948 peak. There was some further rise in production expenses on farms in 1951 but net income of farm proprietors was 25 percent higher than in 1950, and about the same as in 1948.

The more rapid rise in farm income than in nonagricultural income in 1951 follows 2 years in which the trend of farm income had been less favorable. After the peak reached in 1948, income of farm proprietors fell 25 percent in 1949 and remained about unchanged in 1950, whereas nonagricultural income leveled off in 1949 and rose about 10 percent in 1950.

## Sustained demand for farm products

The advance in farm income in 1951 reflected the strong demand for farm products at home and abroad throughout the year. Although the let-up in consumer demand beginning in the second quarter of the year brought reduced spending in many important lines, in the case of food and tobacco demand was relatively stable through the year. The demand for textile fibers, however, declined substantially.

Foreign demand for agricultural products increased materially. The value of agricultural exports was one-third higher than in 1950 as all major groups of farm products moved abroad in larger volume. Total farm exports were valued at about \$3.9 billion, equal to the previous high in 1947.

Prices received by farmers were 18 percent higher in 1951 than in 1950 and averaged 5 percent above parity for the year. Following the rapid advance in the latter half of 1950, the index of farm prices rose to a peak in February of 313 (1910-14=100). They drifted lower during the second and third quarter, partly because of good crop prospects, and then rose again in the final quarter as crop harvests were below expectations.

## Livestock production higher

Output of livestock and products was moderately higher in 1951 than in 1950, continuing the uptrend in marketings over the past 3 years. Poultry and egg production was up 7 percent from 1950, and was about 20 percent above the 1947-49 average. Dairy products were in about the same volume as in other recent years, but there was some increase in the portion going into fluid milk and cream and a decline in butter production. Meat production was slightly higher in 1951 as hog slaughter increased, but slaughter of other meat animals was lower. The reduced beef and veal production in 1951 reflected the retention of a high proportion of calves and cattle on farms in order to expand livestock herds. As a result, the total number of cattle on farms increased substantially, reaching a new high during the year. The number of cattle on feed at the year-end was also at an all-time high, and more than 10 percent above a year earlier.

A somewhat different trend has occurred in pork production, where output reached a high point since the end of the war, but turned downward toward the end of 1951. The pig crop exceeded 100 million head in 1951, the largest since the record number in 1943, but the fall pig crop was tapering off in the late months of the year, and farmers reported that they planned a substantial decrease in the 1952 spring pig crop. This decrease in hog production was an adjustment to the reduced corn crop harvested in 1951 which brought a curtailment in total feed supplies. As evidence of the deterioration in the corn crop developed in the summer and early fall of 1951, corn prices advanced and the ratio of hog prices to the price of corn declined more than seasonally—the usual prelude to a curtailment in pig production.

## Feed reserves lower

The production of feed-crops was moderately lower in 1951 than in 1950 and below the average for 1947-49. Output of each of the principal feed grains declined, and in the case of corn the quality of the crop was impaired by early frosts in the western part of the Corn Belt. The effect of this was partially offset by an increase in hay production. The supply of byproduct feeds will be as large as the preceding year's record total and somewhat more of the food grains

may be available for livestock feeding. The total supply of feed concentrates is about 5 percent lower for the current feeding year than for the preceding year (ending October 1951). Since the number of livestock to be fed is slightly larger this year, a more substantial dip into feed reserves is expected than for the past year. Although the carry-over of feed is large enough to support an increasing livestock population, the tightening in the feed supply has brought a less favorable price relationship between feed and hogs. In order to provide an adequate feed supply for the maintenance of a large livestock population, the Secretary of Agriculture has announced an increased goal for feed grain production in 1952.

Food grain production was also moderately lower in 1951 than in 1950 and more than one-fifth below the 1947-49 average as a combination of drought and rainy harvesting weather forced abandonment of acreage and reduced yields. An increased goal has also been asked for 1952. The seeding of the winter wheat crop in the fall of 1951 was on an expanded acreage and the crop was in good condition at the end of the year.

**Table 5.—Index Numbers of Volume of Production for Sale and Home Consumption**

[1947-49=100]

Item	1945	1946	1947	1948	1949	1950	1951 <sup>1</sup>
<b>Livestock products:</b>							
Meat animals.....	106	104	104	96	100	101	103
Dairy products.....	103	103	101	98	101	102	101
Poultry and eggs.....	106	100	98	96	106	114	121
<b>All livestock.....</b>	<b>105</b>	<b>102</b>	<b>102</b>	<b>97</b>	<b>102</b>	<b>104</b>	<b>106</b>
<b>Crops:</b>							
Food grains.....	84	89	107	103	90	80	78
Feed crops.....	82	98	75	118	107	100	91
Cotton (lint and seed).....	62	60	83	104	113	70	107
Truck crops.....	100	107	98	101	101	102	111
Other vegetables.....	95	111	93	108	100	100	78
Tobacco.....	99	115	104	98	98	101	113
Fruits and tree nuts.....	93	110	104	95	101	104	104
Sugar crops.....	96	105	112	98	95	114	89
<b>All crops.....</b>	<b>84</b>	<b>93</b>	<b>93</b>	<b>105</b>	<b>102</b>	<b>93</b>	<b>96</b>
Food production.....	101	102	102	98	101	102	102
Nonfood production.....	79	86	83	109	107	92	102
All commodities.....	97	99	98	100	102	100	102

<sup>1</sup> Production estimates are based on crop estimates as of December 1 and estimated marketings and home consumption of livestock and livestock products.

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

Oil seed production was at a new high in 1951—7 percent above 1950. Soybean output was only a little below 1950 and there was a large rise in cottonseed production. The increase in supplies has been accompanied by a substantial drop in fats and oils prices.

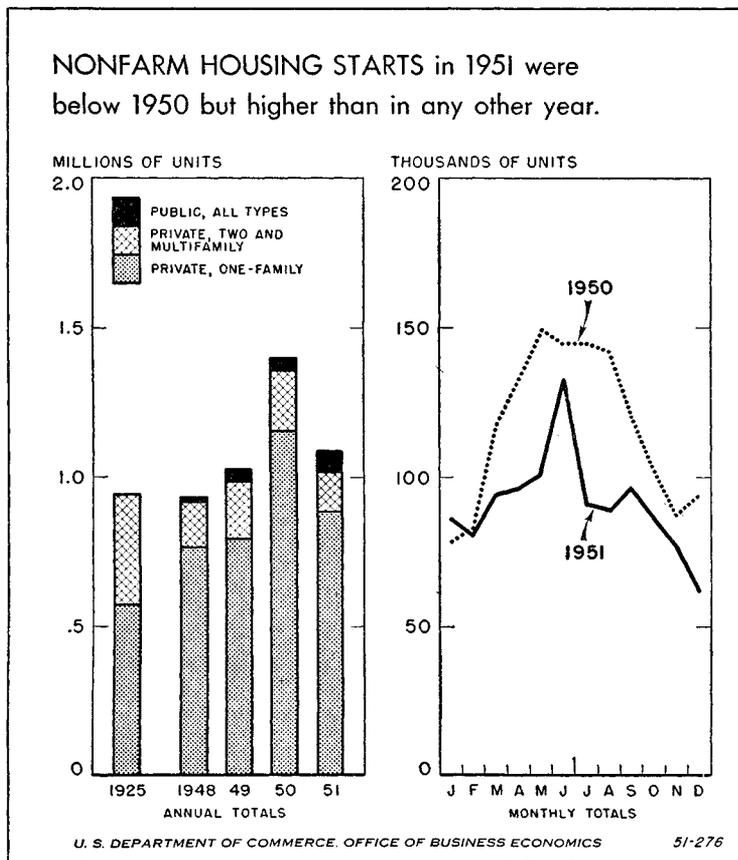
The tobacco crop was 10 percent above a year earlier and the largest in several years. Fruit production and truck crops for processing were also higher in 1951, but there was some decline in truck crops for fresh market.

The potato crop was one-fourth lower than in 1950 and the smallest in more than a decade as a result of a sharp decline in planted acreage. After several years in which large expenditures were made in order to support the price of potatoes, support was discontinued after the 1950 crop. In December, potato prices were more than twice as high as a year earlier. As they rose above parity, price ceilings were imposed.

Fifteen million bales of cotton were produced in 1951, an increase of 50 percent above the small 1950 crop. Early season prospects for a considerably larger crop were reduced by unfavorable growing conditions.

## New Construction

NEW construction of all types rose to \$30 billion in 1951, an increase of 7 percent over 1950. This rise reflected a similar advance in costs, the volume of construction remaining unchanged from that of the preceding year. The reason for this unvarying aggregate is the restrictions put upon certain types of construction—most notably residential—to free resources for other purposes. The result of these restrictions—both directly through materials controls, and indirectly through credit controls—was to slow the construction boom in important segments. By the fourth quarter of the year, construction outlays were slightly lower in dollars than a year earlier and were down perhaps 6 or 7 percent in volume.



The effects of controls can be seen not only in the decline in total volume, but also in the changing pattern of construction activity during the year, shown by the accompanying table. Thus, by the final quarter of 1951, new public construction had risen by one-fourth, due mainly to expansion of military construction, and of industrial and related public residential building. These increases were more than offset by the decline in private activity. Aside from the major drop in residential, reductions were also made in commercial, religious, social, and recreational facilities.

### Unit construction costs up

Average unit costs in the industry rose by about 8 to 9 percent between 1950 and 1951, with materials and wage

rates showing about equal relative advances. Building materials prices reached their peak by the end of the first quarter, at the same time that the unit volume of activity was greatest. The subsequent decline came chiefly in prices of lumber and paints. By fall, prices were firming again, and in the fourth quarter averaged about 2 percent higher than in the same quarter of 1950. Construction wage rates continued up throughout the year, however, and by the final quarter were 7 percent higher than a year earlier.

The movement in the unit volume of new construction was roughly paralleled by the output of basic construction materials. A somewhat larger production of materials in 1951 than in the preceding year led to accumulation of many types, particularly lumber, and other nonmetallic materials. Progressive tightening in the supply of steel, aluminum, and copper, however, has created a short supply of components made of these metals, despite the cutbacks of certain types of activity.

By the fourth quarter, when the industry was put completely under the Controlled Materials Plan, the index of production of selected construction materials was approximately 7 percent below the level of a year earlier. Although this aggregate drop paralleled that in the total unit volume of activity, the supply situation varied widely among the different types of materials.

Labor was not generally a limiting factor in 1951. The increase in construction employment and average weekly hours per worker reflect chiefly the shifting composition of construction activity towards types with higher labor requirements per unit of production.

### Residential construction reduced

Residential construction during 1951 was at a reduced, but nevertheless, high rate. Expenditures for private home building amounted to \$11 billion, a decline of approximately 13 percent from the 1950 aggregate. In terms of physical volume the reversal was much sharper since increased costs accounted for approximately 7 percent of the dollar totals. Total starts during 1951 were 1.1 million—or about one-fifth below the record total in 1950, as shown by the chart. In the last quarter, at a seasonally adjusted annual rate, starts were in the neighborhood of 1.0 million; the dollar volume put in place was about \$10 billion, down by more than one-fifth from the corresponding period of 1950.

The moderation in home building during 1951 was attributable in large part both to direct controls on realty credit imposed late in 1950 and to the tightening of mortgage lending due to money market developments in the past year. Enough financing commitments had been made prior to restrictions imposed under credit Regulation X to insure a large carry-over of projects into the first quarter of 1951, so the full impact of this regulation was not felt until the second quarter. The rise in long-term interest rates, given impetus late in March 1951 when the price of Government bonds were permitted to fall below par, made the fixed-interest Federal Housing Administration and Veterans' Administration loans relatively less attractive to investors. The relaxation of controls in September and a temporary easing in mortgage credit contributed some strength to the housing market in the last months of the year.

Publicly financed starts increased from 44 thousand in 1950 to a postwar high of 71 thousand in 1951. This rise in publicly financed building was largely concentrated in

the first half of the year. A record total of 42 thousand public units started in June, largely in anticipation of the impending legislative action which limited public housing to 50 thousand in fiscal 1952, accounts for the peak in that month shown by total starts in the chart.

Private two- and multi-family units constituted 12 percent of total starts this past year, compared with 14 percent in 1950 and 20 percent in 1949. The decline in rental units reflected in part the suspension of aid under Section 608 of the National Housing Act. During 1951 an estimated 50 thousand units were started under 608 provisions, as compared with approximately 135 thousand of these units last year. Nevertheless, more multifamily structures were built annually during the past few years than in any period since the housing boom in the 1920's.

Although most of the multifamily units were built for rental purposes, less than 2 percent of the single-family houses were built to rent. This reflects the general trend towards greater home ownership during the past decade. The Bureau of Labor Statistics concludes from a survey of metropolitan areas that approximately one out of five new units were built to rent in the fall and winter of 1950-51. An increasing proportion of new rental units fell into the higher-price brackets in most cities compared with the previous year.

Private single-family dwellings, meanwhile, remained about the same percentage of the total as in 1950. The heavier down payments required under the credit regulations of late 1950 served to reduce some of the effective demand for the "economy" type homes prevalent in 1949. For example, \$9,650 was the average price of new homes in the first quarter of 1951 based on VA loans closed, while the average in the

the restrictions on the use of metals favor the smaller units. Public Law 169 liberalizes significantly the credit requirements on housing in the \$12,000 and under bracket and makes special provision for low and medium-priced housing in designated critical defense areas. While financing is made much easier under the act, the ability of buyers to obtain loans under the more favorable terms will depend on the general credit situation which was again tightening at year-end.

Availability of building materials was not generally a factor limiting new home building in 1951. Even when the industry was entirely placed under CMP in the last quarter, builders of single-unit houses were able to obtain enough metallic materials under the self-certification procedure to sustain the relatively high volume of starts. The further cuts in allotments of the basic metals to producers of building materials in the first and second quarters of 1952 will create a squeeze on these materials and tend to reduce new starts. But due to the possibilities of utilizing existing inventories, of substitutions, and reduction in unit requirements for the metallic materials, the ultimate number of new starts in 1952 will hinge in part on the ingenuity of homebuilders.

### Private nonresidential construction

The decline in private residential activity in 1951 was largely offset by the growth in other than residential building put in place. As more fully discussed in the preceding section on business investment, large increases during the year were shown by the industrial and public utility sectors, while little change occurred in commercial building activity. Farm construction was up in 1951, reflecting the better financial position of farmers and the availability of materials for their generally small-scale projects.

Institutional construction in 1951 also rose somewhat from the preceding year, although Government policy in this and, more importantly, in the commercial area resulted in declining activity in both groups after midyear. As a result, aggregate private nonresidential construction expenditures (after seasonal adjustment) began to decline in the summer months.

### Public defense-related construction up sharply

Public construction valued at \$9 billion accounted for 30 percent of total expenditures for new construction in 1951, up from 25 percent in 1950. Almost all of the \$2 billion increase for the year came in the categories concerned with national defense.

The dollar volume of the various types of construction necessary to meet direct military and naval requirements grew sixfold, accounting for half the total increase in public activity. Expenditures for industrial construction expanded fourfold, much of which represented Atomic Energy Commission projects. Publicly financed housing increased by three-fourths.

More new public schools were built than in 1950. Larger outlays were also made for hospitals, although by the end of the year this program had fallen below 1950 levels, as had other types of nonresidential building.

Heavy construction—highways, and conservation and development work—was somewhat below 1950 levels, despite the great need which exists in this area. The current reduction in highway and other heavy construction, made necessary by the defense program, is creating new public works backlogs, however, which will help insure a high level of this type of construction in future years.

Table 6.—Expenditures for New Construction

[Millions of dollars and percent changes]

Item	Annual totals			Quarterly totals, seasonally adjusted, at annual rates		
	1950	1951	Percent change	Fourth quarter 1950	Fourth quarter 1951	Percent change
<b>Total new construction</b> .....	<b>27,902</b>	<b>29,863</b>	<b>+7.0</b>	<b>29,664</b>	<b>28,840</b>	<b>-2.8</b>
Total private <sup>1</sup> .....	20,789	20,823	+ .2	22,000	19,264	-12.4
Residential.....	12,600	10,915	-13.4	13,068	10,056	-23.0
Nonresidential.....	3,777	4,907	+29.9	4,552	3,984	-12.5
Industrial.....	1,062	1,975	+86.0	1,340	1,780	+32.8
Warehouses, office and loft buildings.....	402	518	+28.9	536	380	-29.1
Stores, restaurants, and garages.....	886	794	-10.4	1,148	492	-57.1
Other nonresidential building.....	1,427	1,620	+13.5	1,528	1,332	-12.8
Farm construction.....	1,170	1,250	+6.8	1,140	1,304	+14.4
Public utility.....	3,130	3,685	+17.7	3,150	3,844	+21.6
All other private.....	112	66	-41.1	80	76	-5.0
<b>Total public</b> <sup>2</sup> .....	<b>7,113</b>	<b>9,040</b>	<b>+27.1</b>	<b>7,664</b>	<b>9,576</b>	<b>+24.9</b>
Residential.....	345	600	+73.9	360	812	+125.6
Nonresidential.....	2,402	3,318	+38.1	2,856	3,388	+18.6
Military and naval.....	177	1,045	+490.4	296	1,688	+470.3
Highway.....	2,350	2,225	-5.3	2,268	1,964	-13.4
Sewer and water.....	671	703	+4.8	732	648	-11.5
Miscellaneous public service enterprises.....	186	210	+12.9	232	200	-13.8
Conservation and development.....	858	800	-6.9	836	816	-2.4
All other public.....	96	79	-17.7	84	60	-28.6

<sup>1</sup> New private construction in the gross national product accounts comprises this total plus expenditures for oil and gas well drilling. The latter item increased from \$1.3 billion in 1950 to \$1.4 billion in 1951; the number of wells drilled increased from 43.3 thousand in 1950 to approximately 45 thousand in 1951.

<sup>2</sup> Part of government purchases of goods and services in the gross national product accounts.

Source: U. S. Department of Labor and U. S. Department of Commerce.

final quarter was approximately \$10,500—an increase of roughly 12 percent during the year. Veterans continued in 1951 to purchase the majority of new homes sold in metropolitan areas.

The provisions of Public Law 169 as well as the nature of

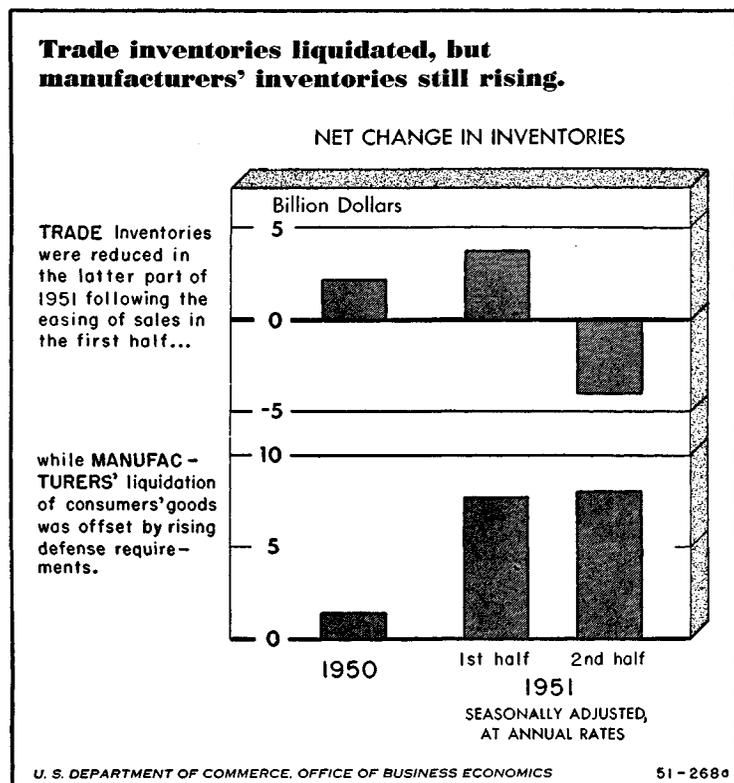
## Domestic Business Investment

**N**ONAGRICULTURAL domestic business investment in fixed assets and in inventories during 1951 increased about \$10 billion from 1950, accounting for almost one-fourth the increase in aggregate output. A decline in residential construction offset the increase in farmers' investment so that total gross private domestic investment also accounted for one-fourth of the change in national product from 1950 to 1951.

Nonresidential construction activity in 1951 rose above \$2 billion, while nonfarm equipment expenditures and inventory investment each contributed somewhat over \$4 billion to the change from 1950 rates. Within the year, however, the tightened metals supply situation and a weakening in consumer markets resulted in a slackened rate of increase in fixed investment and, more importantly, in a reduction in the rate of inventory accumulation—so that the bulk of the increased rate of investment noted above had taken place by mid-1951. Inventory developments contributed materially to the stabilization of demand pressures in the second half of last year.

### Plant expansion in record volume

At the close of 1951, nonfarm plant and equipment expenditures were at the highest rate on record, and current surveys indicate a continuation of this rate at least through the first part of this year. The capacity expansion programs of the



defense industries afford considerable stimulus to the output of capital goods. Expenditures by these industries, which account for a substantial proportion of total fixed investment, are scheduled in the 1952-53 period at an annual average rate higher than in 1951. Other expansion programs, however, will be limited by material shortages.

Business inventories at the end of 1951 appeared to have returned to their usual peacetime relationship to sales—though stocks of consumers' goods were typically high, while stocks of capital and defense goods were generally low. Thus, in the near-term, domestic investment may continue the trends in the latter part of 1951 with both inventories and fixed investment in defense areas continuing to rise, while investment in both inventories and fixed assets in nondefense industries will be determined by consumer market developments and material allocations.

### Inventory Developments

The book value of inventories held by manufacturing and trade companies rose over \$9.5 billion during 1951, and totaled about \$69 billion at the end of the year. Higher

Table 7.—Book Value of Business Inventories

[Billions of dollars]

Item	Seasonally adjusted							
	1950				1951			
	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Total.....	51.1	52.8	55.1	60.4	65.2	69.4	69.9	69.9
Manufacturing.....	28.4	29.1	30.1	33.3	35.6	39.0	41.1	41.6
Wholesale trade.....	7.8	8.1	8.4	9.4	9.9	10.2	10.1	10.0
Retail trade.....	14.9	15.6	16.6	17.8	19.7	20.3	18.8	18.3

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

replacement costs for the year as a whole accounted for about one-fourth of this increase. It should be noted, however, that lowered costs predominated in the second half of 1951 so that the stability in book values during this period (table 7) also reflected further accumulation of inventories.

### Conflicting forces in inventory demand

The course of inventories in 1951, as most other economic trends, was determined primarily by the rising needs of defense programs and by the dampening in consumers' demand. As a result of the differential impact of these factors, movements in manufacturers', wholesalers', and retailers' inventories diverged quite widely.

While retail stocks increased about \$400 million for the full year 1951, retailers had added almost \$3 billion to their books by May of that year. About two-fifths of the latter increase reflected higher prices and the remainder, except for some voluntary stocking-up in the early part of this period, resulted from the steady decline in sales in the February-May period. Sales leveled out in the remaining months of 1951 and, through sharp curtailment in orders, retailers reduced their book value of inventories by about \$2.5 billion. On a physical volume basis, the liquidation in this period exceeded somewhat the accumulation during the first 5 months of 1951.

The book value of wholesale inventories in 1951 generally followed the same trend as retail inventories—increasing \$600 million during the year as a net result of accumulation in the first half and a lesser rate of liquidation in the latter half of the year. Although the physical volume of stocks of consumers' goods was lower at the end of 1951 than at the end of 1950, this decline was somewhat more than offset by the

increased holdings of defense-related stocks (such as metals, machinery, and nonconsumer electrical supplies).

**Most of increase was in manufacturers' hands**

Thus all but \$1 billion of the almost \$9.5 billion increase in business inventories in 1951 occurred in the manufacturing sector with about 90 percent of the manufacturing change representing a rise in physical volume. In this area, as a result of rising expenditures by Government and by business for capital goods, inventories increased throughout the year. The physical volume changes in the first and second halves of 1951 were about equal (see chart, p. 18), reflecting in the second half the offsetting reduction in stocks of consumers' goods.

On a book-value basis, however, manufacturers' inventories increased \$5.8 billion in the first half of last year and only \$2.9 billion (all in durable goods industries) in the last 6 months. Examination of the industrial detail indicates that stocks in such essentially consumer goods industries as food, beverages, textiles, apparel, leather, and furniture declined about \$1 billion in the second half after rising by over \$1.5 billion in the earlier part of 1951. The experience among defense-related industries was quite different. Despite the general easing in prices and some liquidation of consumers' goods, book-value increases during the second half of 1951 in the metals-fabricating industries, industrial chemicals, petroleum, and rubber were larger than in the first half.

**Sales-inventories balanced at high levels**

At year-end 1951, inventories as a whole appeared generally in balance—using as yardsticks both ratios to sales and average prewar relationships to sales. Manufacturers' stocks were only slightly high on the latter basis (entirely attributable to durable goods), while ratios to sales for both durable and nondurable goods were a little above their 1948-49 averages—the postwar period most closely approaching a normal supply-demand situation.<sup>1</sup> Trade inventories were somewhat below their historical relationships to sales but slightly higher relative to sales than in the 1948-49 period.

**Inventories still excessive in some lines**

Within manufacturing, however, stock-sales ratios at year-end 1951 in consumers' goods industries such as food, beverages, tobacco, textiles, apparel, leather, lumber, and furniture were considerably higher than in the earlier postwar period. The reverse is true of industries engaged in the output of defense and capital goods, e. g., primary metals, nonelectrical machinery, and rubber. The stock-sales ratios of other industries were somewhat high, reflecting differences in demand pressures for nondefense and defense goods in their product mix.

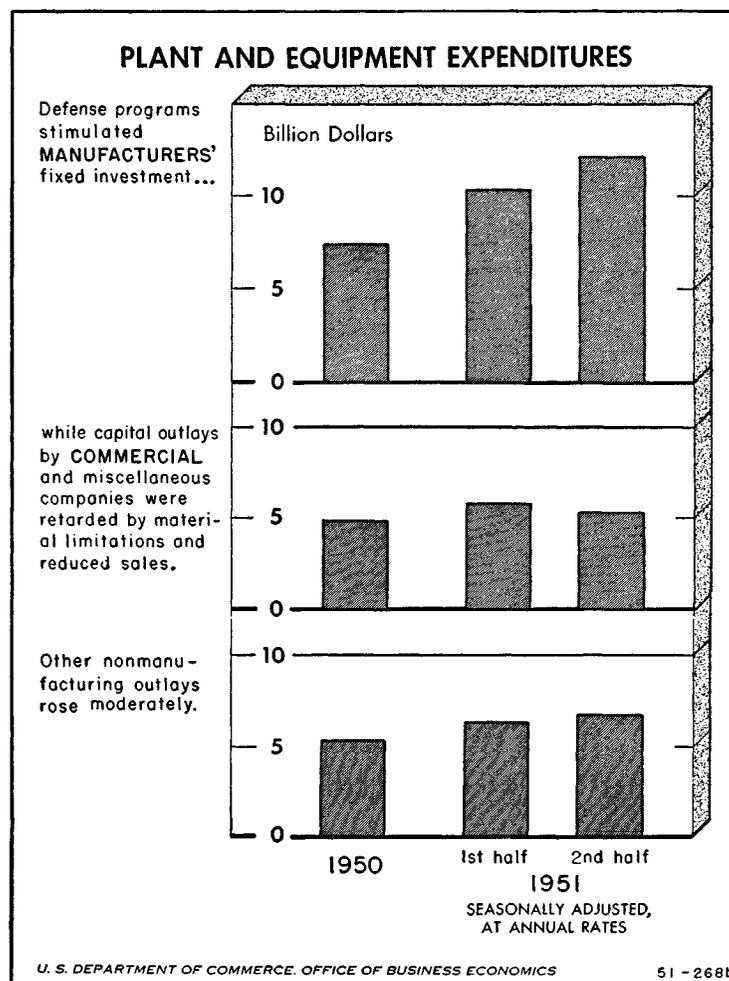
Among retailers, stock-sales ratios at the end of 1951 were higher than 1948-49 averages at all major kinds of durable goods stores and at apparel, drug, and liquor stores. There was little change between the two periods, however, in the ratios at general merchandise and food stores and at eating and drinking places—so that current inventories relative to sales at all nondurable goods outlets are not significantly out of line with the earlier postwar period.

Department store inventories at the end of 1951, as a result of sharp cuts in orders and a moderate improvement in sales since spring lows, appeared to be in reasonable

balance with sales in each Reserve District. It is worthy of note that new orders by department stores, which had been considerably below corresponding months of 1950 from February to September, again exceeded 1950 rates in the last 3 months of 1951.

**Record Plant and Equipment Expenditures**

The year 1951 was one of the highest on record in the expansion of industrial facilities. Nonfarm outlays of more than \$23 billion for new plant and equipment were about



30 percent in dollars, and over 20 percent in physical volume, greater than in 1950. Expenditures rose continuously throughout 1951—though at a slackening pace—to a seasonally adjusted annual rate of about \$25 billion in the fourth quarter.

The capital goods picture in 1951 was characterized by continuing demand pressures in a rapidly tightening civilian supply situation. Although capital outlays in the latter half of 1951 by producers and distributors of consumers' goods were discouraged by the softening in consumers' demand and, perhaps more importantly, by materials allocations, the increasing capacity requirements in defense areas were more than offsetting.

The capital expansion programs in the latter sectors reflected not only the continued high sales, orders, and earnings situation but also the Federal aids to facilities expansion in these industries. At the end of 1951, these aids covered about \$12 billion of proposed investment under the rapid tax amortization program and more than \$2 billion of guaranteed and direct loans and of purchase agreements.

<sup>1</sup> It may be noted that 1948-49 stock-sales ratios were generally higher than in 1950 and lower than in 1939 and 1940.

About one-fifth of nonfarm capital outlays in the last half of 1951 was in facilities covered by certificates of necessity. The proportion was slightly higher in manufacturing than in nonmanufacturing industries—although this was primarily due to the negligible participation of the commercial and miscellaneous group in the accelerated tax amortization program. The proportion of value put in place under this program to total outlays was highest in the railroads, primary steel, primary aluminum, aircraft, and chemicals industries.

### General industrial expansion

Fixed investment by every major industry expanded from 1950 to 1951, with only the nonrail transportation group failing to reach a new high. The 50 percent rise in manufacturers' capital outlays in 1951 was the largest increase, followed by almost 40 percent by the railroads. Nonrail and mining expenditures each were up almost 20 percent, while the electric and gas utilities and the commercial and

**Table 8.—Expenditures on New Plant and Equipment by U. S. Business, 1950-52<sup>1</sup>**

[Millions of dollars]

Industry	1950	1951 <sup>3</sup>	1951				1952
			Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec. <sup>3</sup>	
Manufacturing <sup>2</sup> .....	7,491	11,141	2,154	2,802	2,841	3,345	3,010
Durable goods industries.....	3,135	5,213	923	1,231	1,363	1,697	1,523
Primary iron and steel.....	599	1,310	190	283	352	485	427
Primary nonferrous metals.....	134	312	45	62	70	135	125
Fabricated metal products.....	350	430	97	104	100	128	88
Electrical machinery and equipment.....	245	355	62	87	90	115	104
Machinery except electrical.....	411	638	121	149	181	187	152
Motor vehicles and equipment.....	510	797	136	193	207	263	(7)
Transportation equipment excluding motor vehicles.....	82	277	25	42	54	107	121
Stone, clay and glass products.....	280	380	75	98	100	107	(7)
Other durable goods <sup>4</sup> .....	524	764	172	213	209	170	139
Nondurable goods industries.....	4,356	5,928	1,230	1,571	1,476	1,648	1,485
Food and kindred products.....	523	631	157	184	153	137	106
Beverages.....	237	299	78	82	79	60	45
Textile mill products.....	450	676	158	216	167	135	118
Paper and allied products.....	327	494	106	122	126	140	131
Chemicals and allied products.....	771	1,266	254	339	319	355	350
Petroleum and coal products.....	1,587	2,040	356	490	511	682	608
Rubber products.....	102	187	40	43	42	61	68
Other nondurable goods <sup>5</sup> .....	359	334	81	95	79	78	59
Mining.....	684	806	183	203	199	221	208
Railroad.....	1,136	1,564	303	412	377	472	399
Other transportation.....	437	517	125	136	120	136	138
Electric and gas utilities.....	3,167	3,654	753	893	933	1,075	884
Commercial and miscellaneous <sup>6</sup> .....	4,917	5,443	1,345	1,467	1,374	1,257	1,090
<b>Total.....</b>	<b>17,832</b>	<b>23,126</b>	<b>4,863</b>	<b>5,913</b>	<b>5,844</b>	<b>6,506</b>	<b>5,729</b>

<sup>1</sup> Excludes agriculture. These figures do not agree precisely with the totals included in the gross national product estimates of the Department of Commerce. The main difference lies in the inclusion in Commerce figures of certain outlays charged to current account.

<sup>2</sup> Revised.

<sup>3</sup> Estimates for the fourth quarter of 1951 and the first quarter of 1952 are based on anticipated capital expenditures of business as reported in late October and during November.

<sup>4</sup> Includes lumber products, furniture and fixtures, instruments, ordnance and miscellaneous manufactures.

<sup>5</sup> Includes apparel and related products, tobacco, leather and leather products and printing and publishing.

<sup>6</sup> Includes trade, service, finance, communication, etc.

<sup>7</sup> Data not available separately but are included in totals.

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

miscellaneous group invested 15 and 10 percent, respectively, more than in 1950. With the exception of the commercial group, all major industry groups showed generally rising trends in capital outlays throughout 1951.

Within manufacturing, all major industries other than apparel and furniture expended more for new industrial facilities in 1951 than in 1950. The greatest relative increases occurred in those industries most closely related to defense production, while lower than average gains were found in consumer goods industries such as food, beverages, and leather products.

### Military and supporting industries expand most

After mid-1951 only the defense-supporting industries were increasing their capital outlays. While all size groups of firms contributed appreciably to the substantial increase in fixed investment in 1951, expenditures by the smaller-size groups of manufacturers also began to decline in the third quarter of 1951. This was in part due to the greater relative importance of smaller companies in consumers' goods areas.

In the durable goods group, 1951 capital outlays by the transportation equipment industry were almost triple 1950, while expenditures by both primary steel and primary nonferrous metals producers more than doubled. Fixed investment in 1951 by both machinery and motor vehicle and equipment producers was half again as high as in 1950; outlays by the fabricated metal products and stone, clay, and glass industries rose relatively somewhat less; while only the furniture industry failed to exceed its 1950 rate of investment.

Among nondurable goods industries, the largest relative increases in capital outlays from 1950 occurred in rubber and chemical products: 85 and 65 percent, respectively. Paper and textiles producers invested 50 percent more, while additions to productive facilities rose from 20 to 30 percent in food, beverages, and petroleum. Apparel was the only major nondurable goods industry to reduce its rate of investment from 1950.

### Transport and power pace nonmanufacturing industries

Capital expenditures by the railroads in 1951 reached a new high of almost \$1.6 billion, as against about \$1.1 billion in 1950. Equipment expenditures rose about two-fifths while expenditures for roads increased about one-fourth from 1950 rates. The larger increase in equipment stemmed entirely from the more than doubling in freight-car deliveries, with the installation of diesel-electric locomotives up moderately, while purchases of steam locomotives and passenger cars declined substantially. Expenditures for freight cars under defense programs are scheduled at a higher average annual rate in 1952 and 1953 than in 1951—although the material situation may keep deliveries in the first half of 1952 below the fourth quarter 1951 rate.

Fixed investment by the electric and gas utilities during 1951 totaled about \$3.7 billion, or 15 percent higher than in 1950. Both gas and electric companies contributed to this rise, with the former group showing a substantially larger relative increase. Expenditures on transmission by the electric utilities were up somewhat more than were their outlays for other types of facilities. The realization of the current capacity expansion program in this area will keep capital expenditures at peak rates for the next 2 years and possibly longer.

Plant and equipment outlays in 1951 by mining and nonrail transportation companies each rose about \$100 million and commercial and miscellaneous companies increased their expenditures by more than \$500 million. In the latter group, however, fixed investment declined steadily after a second-quarter peak. Affected by declining demand and stringent materials and construction limitations, outlays at the end of 1951 were one-fourth below the second-quarter rate.

# Retail Trade

**C**ONTRASTING movements characterized retail trade in 1951, both in time-sequence and by lines of business. The year began with an upsurge in spending that was part of the second buying wave associated with military developments (see upper panel of accompanying chart). Sales in the first quarter of the year rose to a seasonally adjusted annual rate of \$158 billion, exceeding the previous peak reached in the third quarter of 1950.

After the effect of this stimulus had been spent, sales declined sharply in the second quarter, with the decline in durable goods sales being especially marked. Beginning with the midyear, however, retail trade was generally stable at a level somewhat above the first half of 1950. Total sales for the year amounted to \$151 billion, to exceed 1950 by 5 percent.

Despite this advance, the physical volume of goods sold through retail channels declined. While the rate of increase in prices of goods sold at retail stores was slowed after the beginning of 1951, the average was up about 9 percent over the previous year, implying a drop in sales volume of about 4 percent. It is interesting to note that while the dollar peak in retail sales was recorded in the first quarter of 1951, the record physical volume was achieved in the third quarter of the preceding year.

The behavior of retail sales was not uniform for all types of retail stores. Sharp differences both in magnitude and direction were shown in the sales for the durable and non-durable categories. The more volatile durable groups accounted for a major portion of the upturn during the periods of scarce buying and for a large part of the subsequent downturn.

## Food store sales bolster total

Among the nondurables, apparel showed a significant weakening in consumer demand. Expenditures for food were the major exception to the general pattern in this group, being strong and steady throughout the year (see second panel of chart). Consumers continued to maintain their quantity purchases of food despite the higher prices charged so that dollar sales tended steadily upward.

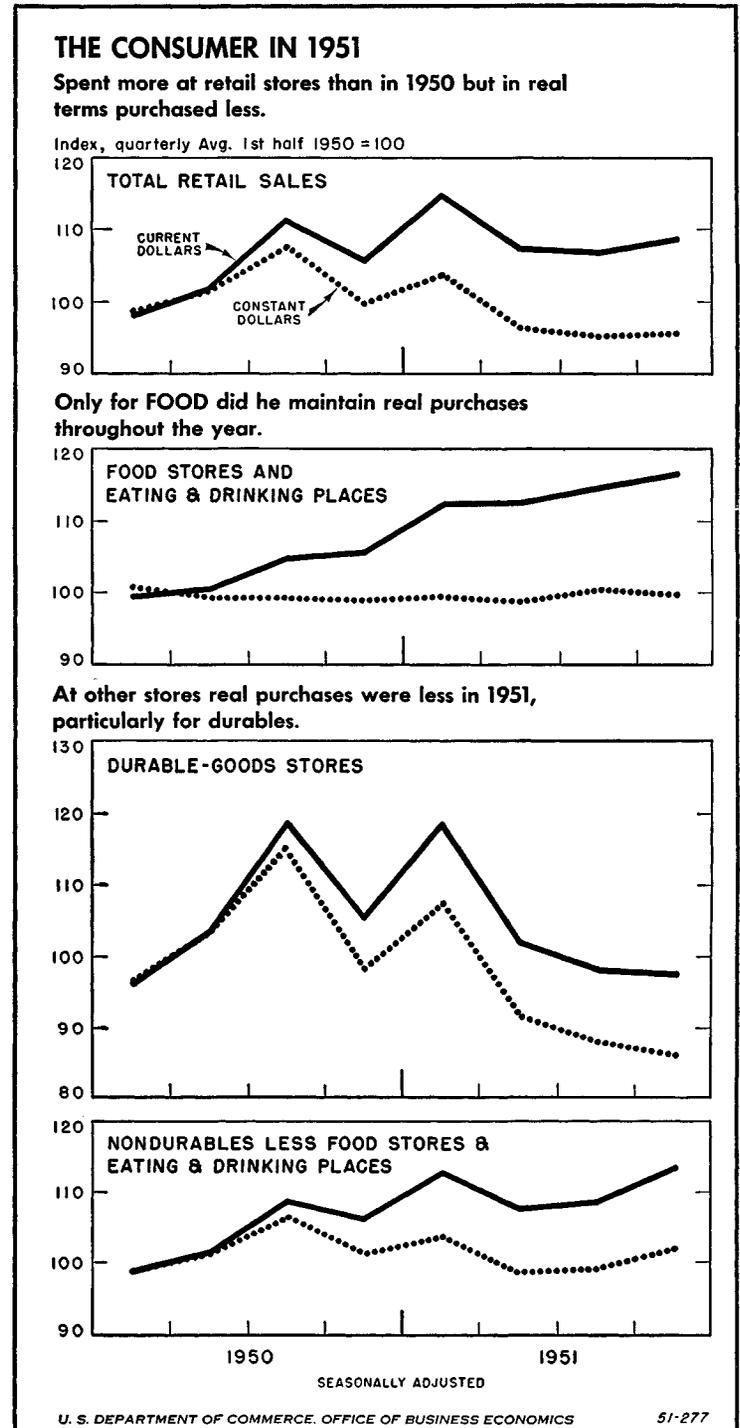
The other nondurable goods groups (lower panel of chart) generally occupied an intermediate position between durables and food. Their sales advance equaled that of the food group in the first quarter of the year but did not show as much strength for the year as a whole. To a considerable extent this behavior can be attributed to the influence of durables (primarily home furnishings) sold at department stores and therefore in the sales of nondurable goods stores. However, apparel and certain nondurable home-furnishing items also experienced a fairly sharp rise in the first quarter followed by a considerable decline. Although sales in this group returned to the first quarter level at the year's end, nevertheless, the physical volume of sales in these nondurable categories was still somewhat below that at the beginning of the year and slightly above the first half of 1950.

## Durable sales decline to level of early 1950

Although the dollar value of total sales in the latter half of the year tended to stabilize at a rate in excess of that in the first half of 1950, this has not been true for the durables.

In this group the largest declines from the first quarter were shown for the automotive and home-furnishings stores.

The setback in the automotive group was the first significant one in this sector since the termination of World War II.



Both new- and used-car market activity fell below the previous year. The volume of new automobile sales is now back to the rate in mid-1949. The automotive segment accounts for about half of all durable goods sales; it has had a marked

effect upon the total. Despite this lessened intensity of consumer demand, prices of used cars continued high in relation to new car prices, in terms of prewar relationships, although prices of new cars were advanced during the year under OPS pricing regulations.

Substantial declines after the first quarter peak were also shown for home furnishings, but some strengthening of sales

**Table 9.—Sales of Retail Stores as a Percentage of Disposable Personal Income**

Kind of business	1929	1941	1950 quarters				1951 quarters			
			First	Second	Third	Fourth	First	Second	Third	Fourth
<b>All retail stores</b> .....	58.7	60.1	68.5	71.2	74.0	67.7	73.0	66.6	65.4	65.7
<b>Durable goods stores</b> .....	18.9	18.7	24.3	26.2	28.7	24.4	27.3	23.0	21.8	21.4
Automotive group.....	8.5	9.7	13.1	14.1	15.2	13.0	14.1	11.8	11.1	10.7
Motor vehicle dealers.....	7.8	8.9	12.4	13.4	14.3	12.2	13.1	11.1	10.4	10.0
Parts and accessories.....	.7	.8	.7	.7	.9	.8	1.0	.7	.7	.7
Building material and hardware group.....	4.0	3.6	4.5	5.1	5.4	4.7	5.5	4.9	4.5	4.4
Building materials.....	3.2	2.7	3.3	3.8	4.0	3.4	4.0	3.6	3.3	3.1
Hardware.....	.9	1.0	1.2	1.3	1.4	1.3	1.5	1.3	1.2	1.3
Home furnishings group.....	3.3	2.8	3.9	3.8	4.6	3.8	4.3	3.3	3.3	3.4
Furniture and house furnishings.....	2.2	1.9	2.3	2.3	2.6	2.3	2.5	2.0	2.1	2.1
Household appliances and radios.....	1.1	.9	1.6	1.5	2.0	1.5	1.8	1.2	1.2	1.2
Jewelry.....	.6	.6	.6	.6	.6	.6	.6	.5	.5	.5
Other durable goods stores.....	2.4	2.0	2.3	2.6	2.8	2.4	2.8	2.6	2.4	2.4
<b>Nondurable goods stores</b> .....	39.8	41.4	44.1	45.0	45.4	43.3	45.7	43.6	43.6	44.4
Apparel group.....	5.1	4.5	4.5	4.7	4.6	4.5	4.7	4.3	4.3	4.4
Men's clothing and furnishings.....	1.6	1.2	1.1	1.1	1.1	1.0	1.1	1.0	1.0	1.0
Women's apparel and accessories.....	1.8	1.8	1.7	1.8	1.8	1.8	1.7	1.7	1.7	1.7
Family and other apparel.....	.7	.8	1.0	1.0	1.0	1.0	1.0	.9	.9	1.0
Shoes.....	1.0	.8	.8	.8	.7	.7	.7	.7	.7	.7
Drug stores.....	2.0	2.0	2.1	2.1	2.0	2.1	2.0	2.0	2.0	2.0
Eating and drinking places.....	2.6	5.0	5.3	5.3	5.1	5.0	5.2	5.1	5.0	5.0
Food group.....	13.3	13.3	16.0	16.2	16.3	15.7	16.7	16.4	16.6	16.6
Grocery and combination.....	8.9	10.1	12.8	13.1	13.2	12.7	13.5	13.2	13.4	13.5
Other food.....	4.4	3.2	3.2	3.1	3.1	3.0	3.2	3.2	3.2	3.2
Gasoline service stations.....	2.2	3.8	3.6	3.7	3.8	3.6	4.0	3.7	3.6	3.8
General merchandise group.....	10.9	8.7	8.1	8.5	9.1	8.1	8.5	7.9	8.0	8.0
Department, including mail order.....	5.3	5.3	4.9	5.2	5.7	5.0	5.3	4.8	4.9	4.8
Variety.....	1.1	1.4	1.3	1.3	1.3	1.2	1.3	1.2	1.3	1.2
Other general merchandise.....	4.6	1.9	1.9	2.0	2.1	1.9	2.0	1.9	1.9	2.0
Other nondurable goods stores.....	3.7	4.2	4.5	4.5	4.5	4.3	4.5	4.2	4.2	4.6
Liquor.....	.9	1.2	1.3	1.3	1.2	1.3	1.2	1.2	1.2	1.3
All other.....	3.7	3.2	3.2	3.2	3.2	3.1	3.2	3.0	3.0	3.3

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

in this group was evidenced in the last quarter of the year. The largest declines in the home-furnishings category were registered by household appliance and radio stores, primarily as a result of a substantial drop in demand for television sets, which resulted in sales for these stores lower than in the first half of 1950. In the building-material and hardware group sales, though down from the peaks established in 1950 and 1951, were still above the first half of the preceding year.

As pointed out in earlier sections of this Review the varying behavior of sales of hard and soft goods can be attributed in part to the impact of international developments. The two buying waves in 1950 and 1951 tended to have a temporary satiating effect on the demand for durables with the anticipatory buying of these goods resulting in high consumer inventories. Moreover, the pre-Korean postwar period of high durable goods expenditures had probably taken care of most of the deferred and pressing demands in this area.

The regulation of consumer credit in the latter part of 1950 served to restrain demand for the more important con-

sumer durables. As a result of the decline in durable goods sales consumer credit restrictions were eased after the middle of 1951. While no accurate measure of the effect of this change is available, it has undoubtedly aided in stimulating sales in the second half of the year; there is little indication, however, that the effect has been marked.

### Ratio of durable sales to income declines

In the last quarter of 1951 durable goods stores took 21 cents of the consumer dollar, down from 29 cents in the third quarter of 1950 to a point slightly below the average for 1948-49 but still above the share taken in years of high income prior to World War II (see table 9). The 44 cent segment going to nondurable goods stores at the year's end was below the average in the postwar years before 1950 but not very different from the first half of 1950 or in prosperous years prior to 1942. Partly as a result of factors tending to depress durable goods sales, as discussed above, and partly as a result of other factors, such as price controls, affecting all types of goods sold, the ratio of total retail sales to disposable income has tended to stabilize since the middle of 1951 at the lowest point since 1946.

**Table 10.—Sales of Retail Stores, by Kinds of Business, 1949-51**

(Millions of dollars)

Kind of business	1949	1950	1951
<b>All retail stores</b> .....	<b>130,721</b>	<b>143,689</b>	<b>150,589</b>
<b>Durable goods stores</b> .....	<b>43,882</b>	<b>52,935</b>	<b>51,882</b>
Automotive group.....	22,940	28,289	26,465
Motor vehicle dealers.....	21,669	26,702	24,783
Parts and accessories.....	1,271	1,587	1,682
Building materials and hardware group.....	8,237	10,092	10,722
Lumber and building materials.....	5,895	7,458	7,798
Hardware.....	2,342	2,634	2,924
Home furnishings group.....	6,790	8,249	7,863
Furniture and house furnishings.....	4,155	4,847	4,850
Household appliances and radios.....	2,635	3,402	3,013
Jewelry.....	1,136	1,174	1,170
Other durable goods stores.....	4,779	5,131	5,662
<b>Nondurable goods stores</b> .....	<b>86,839</b>	<b>90,754</b>	<b>98,707</b>
Apparel group.....	9,332	9,333	9,856
Men's clothing and furnishings.....	2,183	2,175	2,249
Women's apparel and accessories.....	3,698	3,606	3,846
Family and other apparel.....	1,997	2,041	2,155
Shoes.....	1,454	1,511	1,606
Drug stores.....	4,037	4,166	4,478
Eating and drinking places.....	10,470	10,626	11,321
Food group.....	30,965	32,768	36,940
Grocery and combination.....	24,800	26,412	29,816
Other food.....	6,165	6,356	7,124
Gasoline service stations.....	6,957	7,553	8,390
General merchandise group.....	16,307	17,235	18,030
Department, including mail order.....	10,018	10,638	10,962
Variety.....	2,506	2,587	2,782
Other general merchandise.....	3,783	4,010	4,286
Other nondurable goods stores.....	8,771	9,073	9,692
Liquor.....	2,474	2,550	2,789
All other.....	6,297	6,523	6,903

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

It should be pointed out that comparisons of sales-income ratios over time must be made with considerable caution. The appraisal of changes in the ratio of sales to disposable income is complicated by cyclical and secular shifts in the proportion of income spent for various commodities. Thus in comparing the proportion of durable and nondurable sales to income in the postwar period with corresponding ratios in prosperous prewar years no allowance is made for secular trends.

## International Trade

**T**RADER with foreign countries amounted to \$26 billion at an annual rate during the 11 months ended November 1951, well in excess of the dollar total reached during any prior calendar year. Of the record total, imports accounted for about \$11 billion, over \$2 billion more than in 1950, the next highest year. The \$15 billion of shipments to other countries was over 40 percent greater than in 1950 and even approached the 1947 rate when exports to meet the wartime backlog of foreign demand for American goods and reconstruction requirements abroad were at their peak.

The United States Government continued in 1951 the large-scale foreign aid which has made this excess of exports possible throughout the post-war period.

Figures which measure volume or quantities of exports and imports show a different picture from the dollar totals. Although for the year as a whole, the volume of exports was about one-third higher than during 1950, the quantity of imports in 1951 was no higher than in the previous year. Hence price increases were responsible for at least part of the rise in export values and, what is more important, the entire annual advance in dollar payments for imports. The terms of trade, as measured by these relative price changes, were thus altered to the benefit of foreign countries in 1951 as compared to the previous year.

### Export volume up, imports down

It is of interest to analyze the changing relationship between United States international trade and domestic business activity on the basis of volume indexes (see chart, opposite). Throughout 1951 both exports and imports continued to be greater on a volume basis than in the year preceding the aggression in Korea. But the import volume declined from the first quarter peak, in contrast to the export volume and the quantity of national output which continued an upward trend throughout the year.

The expansion in the volume of imports which began in the months immediately following "Korea" and continued through the early months of 1951 was relatively far greater than the increase in real gross national product over the same period. The rise in exports on the other hand, did not begin until September 1950, but continued for some months after imports started to decline in the second quarter of 1951. At the end of 1951 the export volume was running about one-third greater than during the year preceding Korea, in contrast to the import volume which had declined from its earlier peak to only about 10 percent above the pre-Korean rate.

### Imports lowered by using inventories

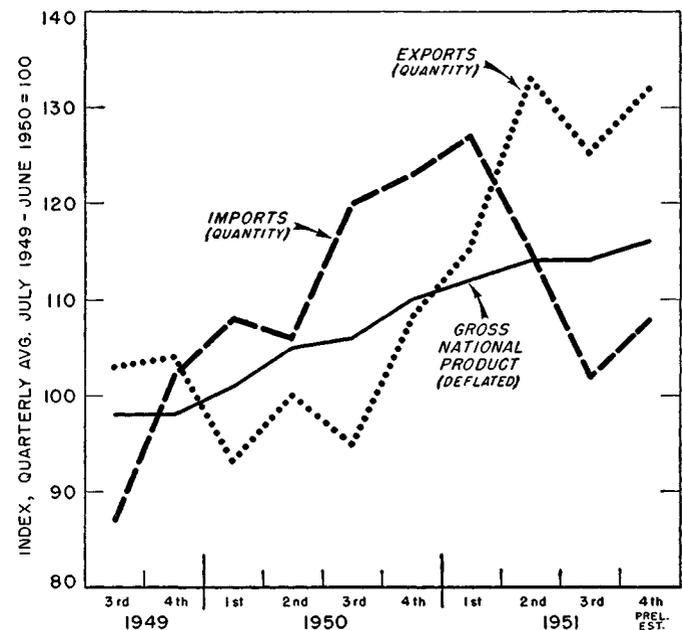
These changes in the pattern of our international trade and their relation to the domestic business situation can be explained by a number of factors. The decline in this country's foreign buying after the first quarter of 1951 resulted largely from the conviction on the part of many in the business community that inventories had reached, for many products, unusually high volumes relative to sales.

Because the urge to build up inventories of imported raw materials subsided as political conditions abroad and economic developments at home appeared to have stabilized, spot prices of certain major import commodities, such as wool, copra, burlap, and tin, began to decline during the second quarter from the highs recorded earlier in the year. These and subsequent price reductions for other items brought about a further reversal in buying policies.

At the same time, weaknesses in the domestic market for consumer items seemed to confirm the advisability of a more cautious attitude on the part of importers and their customers. Hence, the reduced rate of import arrivals (especially during the third and fourth quarters), though partly a seasonal phenomenon, reflected in large measure a "wait and see" attitude on the part of many buyers. This situation, however, seems to be a temporary one. The ability to consume from stocks is, of course, limited. As the national

### Exports continued up but imports dropped

From pre-Korea to the end of 1951, export volume had risen faster than domestic output. The wide swing in imports reflects, in part, shifting inventory policies.



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output and income expand, the volume of imports, particularly of raw materials and foodstuffs, which bulk large in the total, should also rise again.

### Exports rose to meet emergency requirements abroad

The proportionately greater expansion in export shipments than in gross national product during 1951 resulted in part from the fact that the most urgent increases in foreign requirements, particularly in Europe and Asia, involved a relatively few key commodities or groups of finished products. The higher exports of these items had a far greater effect upon the total export volume than their production had upon the total national output.

In the first place, a series of special unrelated developments reduced or cut off certain countries' normal supply sources of essential commodities. The loss of Iran as a source of petroleum; the reduction in shipments of grains, lumber, and other goods from Eastern to Western Europe; the failure or contraction of the grain crops in India, Canada, Argentina, and

some other producing countries—all of these made the consuming countries more dependent than would otherwise have been the case upon imports of these particular commodities from the United States.

The resumption of American coal shipments to Europe resulted from a situation which might also be classified as extraordinary. With the major exception of the period im-

Foreign cotton purchases here during the latter part of 1951 were likewise unusually large, since during the previous crop year such purchases had been officially restricted by the United States. After the harvest of the new and better crop during 1951, our controls were lifted and foreign countries were free to rebuild stocks and to meet more fully their current requirements.

The rise in shipments financed by military-aid appropriations also contributed significantly to the over-all increase in export volume during the past year. These exports, which can be expected to expand greatly during the course of the current year, also increased the export volume to a relatively greater extent than production of similar items increased the total gross national product.

### Exports lagged behind foreign dollar incomes

Aside from these special developments abroad and the rise in shipments of military goods, there was another obvious reason for the relatively large rise in exports during 1951. Many of the countries which benefited most from the substantial upsurge in United States import purchases and rising prices during the latter part of 1950 had deferred some of their own increased demands for American goods in order first to build up their reserves of gold and dollars.

Dollar receipts of foreign countries<sup>1</sup> as a group rose almost steadily from the second quarter of 1950 through the first quarter of 1951 (see chart, opposite). The fact that no significant rise in exports occurred until the fall of 1950, or about 6 months after the supply of dollars began to rise, indicates that some countries considered the replenishment of their reserves to be a more pressing problem than the need for an immediate increase in their dollar imports.

Once exports started to rise, they increased relatively faster than the aggregate dollar receipts of foreign countries. Furthermore, the downturn in total exports in the last half of 1951 was far less steep than the corresponding contraction in foreign dollar incomes. This downturn in exports, while due in part to the satisfaction of some foreign demands, was influenced to a large extent by seasonal factors and by the shipping strike. At any rate, the high exports during November 1951 seem to indicate that peak foreign demands for United States goods continued for some months after foreign dollar receipts began to decline in the second quarter of 1951.

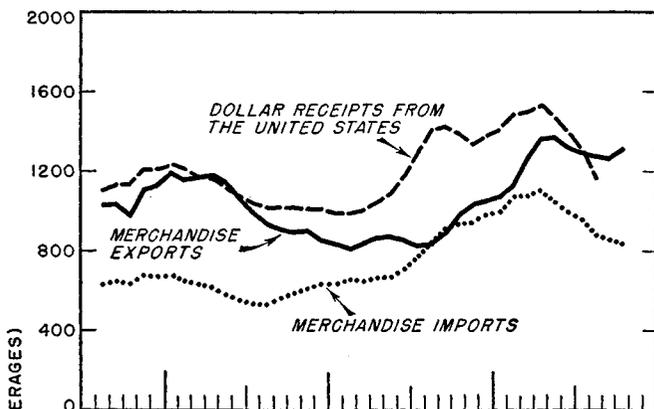
### Exchange controls delayed rise in exports

Individual areas differed widely in their reactions to increased dollar receipts from the United States. Those countries or groups of countries which in the past have felt most the lack of gold and dollar reserves and which have adopted extensive exchange restrictions, were among the slowest to allow increased dollar imports.

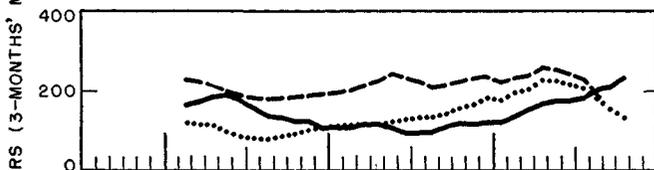
The sterling area continued to maintain strict control over its purchases from the United States by means of import and exchange restrictions for some time after it started to benefit from the sharp rise in prices and demand for raw materials. Reserves accumulated for about 9 months before the decline in our exports to the sterling area was finally halted in mid-1950. Subsequently, there has been a fairly continuous rise in their purchases here, which have consisted mainly of essentials such as foodstuffs, cotton, fuel, and industrial equipment, but also to some extent of textiles, tobacco, and other consumer items. Such purchases, in the aggregate, have not yet declined, even though, beginning in the second

### Varying response of foreign countries to increased dollar receipts.

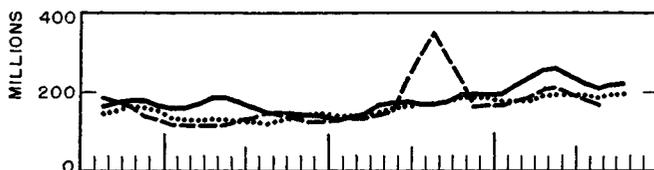
The rise in total exports began in the last half of 1950 - about 6 months after foreign dollar receipts started to increase.



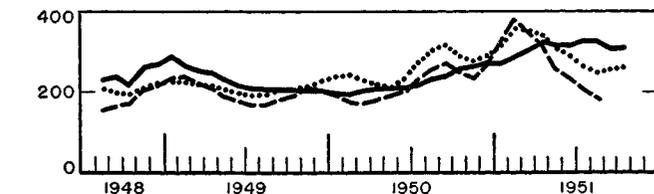
Sterling area countries were among the slowest to permit greater imports from the United States after dollar incomes rose.



In contrast, exports to Canada reacted almost immediately to increased dollar receipts from the United States.



Because Latin America includes countries with and without exchange restrictions, the lag in dollar expenditures behind receipts is near the average for all countries.



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mediately following World War II Europe has been able to supply its own coal requirements. But late in 1950, Europe's coal production became inadequate to meet its growing industrial requirements and it was necessary to import from the United States, at least temporarily.

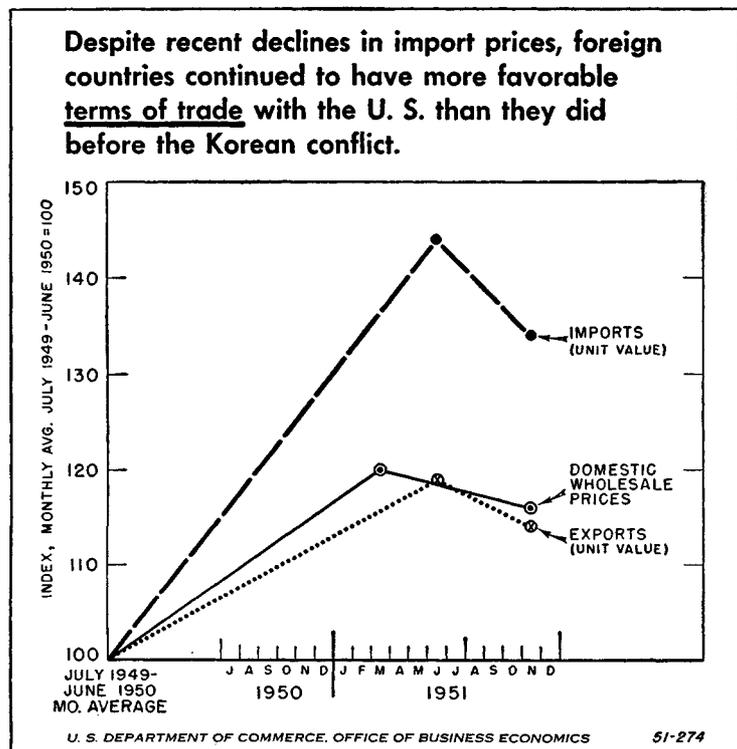
<sup>1</sup> Including receipts arising from United States imports of goods, net service transactions, net United States long- and short-term capital movements, and net private and Government grants.

quarter of 1951, the sterling area's dollar receipts began to shrink, following the easing off of the raw materials boom. Demand for wool, tin, rubber, burlap, and other commodities dropped, not only here, but to some extent also, elsewhere. Exports from the sterling area thus declined significantly in price as well as in volume during 1951.

### *Faster increase to markets without exchange controls*

On the other hand, Western Hemisphere countries, which generally have been less severely affected by political developments and by difficulties in earning enough foreign exchange to meet their import demands, have been quicker to increase their imports when dollars become more plentiful. Unlike the sterling area countries and other areas not shown separately on the chart, a number of these countries—notably Canada, Cuba, Venezuela and Mexico—have only few or no exchange restrictions. Hence their demands for imports from the United States are far more responsive to changes in current incomes than are the demands of the rest of the world.

This is particularly true in the case of Canada which began to increase purchases here (chiefly machinery, iron and steel, automobiles, textiles, and a variety of other producer and consumer items) as early as the beginning of 1950 and continued to buy more until the middle of 1951. By that time, many Canadian businessmen, like their American neighbors, had built up inventories which were often more than adequate in view of the slackening in consumer demand.



The downturn in the Canadian market for consumer goods during the latter part of 1951 also reflected the imposition of credit restrictions which were tighter than those in the United States. In contrast to the sterling area countries, however, Canada did not experience abrupt declines in United States demands for its goods, nor have the prices of Canada's leading exports (such as pulp and paper, lumber,

and metals) weakened. Moreover, in December 1951, Canada announced a complete abandonment of controls over foreign exchange—only a short time after the sterling area countries were forced to tighten their restrictions. It appears, then, that Canada's purchases from the United States may be expected to continue at a fairly high rate, although they may become partially restricted by any supply shortages which develop in this country.

As discussed above, United States exports to Latin America, in the main, responded more quickly to the stimulus of increased dollar earnings than did exports to the sterling area. However, there was a significant lag, even in the case of the American Republics, and our exports to those countries as a group did not reach their peak until the summer months of 1951—somewhat later than the peak in their dollar receipts from this country. Several factors accounted for this development. First, many potential consumers of American goods did not immediately benefit from the higher over-all incomes of these countries, which arose primarily from higher prices for coffee, cocoa, metals, and other foodstuffs and raw materials. Secondly, a number of these countries continued to exercise fairly strict control over their foreign transactions and hence were able to postpone or retard the increase in imports until after their supplies of gold and dollars had reached more satisfactory amounts.

Through most of 1950 our exports to Latin America increased more slowly than did our payments to that area. But exports continued to rise through August 1951 even though Latin America's dollar income had begun to decline about 6 months earlier. The reduction in our export shipments after August resulted primarily from a recession in demand for consumer goods similar to that which had occurred somewhat earlier in this country and in Canada.

The decline during most of 1951 in our imports of Latin American products such as wool, coffee, sugar, and metals, reflects mainly the change in forward buying. In recent months seasonal influences have also been responsible for the lower import purchases. Therefore some rise in Latin America's dollar earnings again may be anticipated.

### *Trade surplus with Latin America and sterling area*

Because of the greater expansion in the value of exports than in the value of imports as compared with 1950, this country developed surpluses in its trade with Latin America and with the sterling area (see chart, p. 24). Existing surpluses with Canada, nonsterling Far Eastern countries, and especially with Europe, likewise were higher than during 1950. The foregoing analysis attempts to show, however, that for many countries which supply the bulk of United States imports (raw materials and foodstuffs), the development of or increase in trade deficits with the United States during 1951 may be only a temporary situation.

### *Countries outside Europe benefit from high prices*

At the end of 1951 most countries outside Europe continued to benefit from terms of trade with the United States which were far more favorable than in the year immediately preceding the aggression in Korea (see chart, opposite). Despite the break in prices during the second quarter, average unit values (or prices paid) for goods imported into the United States in the final months of 1951 remained about one-third higher than in the year ended June 1950. In contrast, prices received for American exports were only about 13 percent higher than during the year before "Korea."

### *Larger trade surplus with Europe*

Western European nations and certain other countries which, like the United States, are primarily importers of raw materials and exporters of finished products, were not among those which enjoyed more favorable terms of trade with this country. Nevertheless, prices of Western European exports apparently have risen at least as much, since the second quarter of 1950, as have prices of American goods. It is true that even if the volume of our exports to and imports from Western Europe had remained unchanged, higher prices would have increased the amount of their over-all dollar trade deficit with the United States although the relationship between United States and European export prices did not change. But the growing difficulties which many Western European countries are encountering in balancing their accounts with the United States can be attributed to higher American export prices only to a minor extent.

The greater volume of United States exports of foods, cotton, fuel, chemicals, military equipment, and other goods was primarily responsible for the rise in our trade surplus with Western Europe during 1951. Europe's exports to the

United States, especially iron and steel and other goods which became less freely available from domestic sources, also increased substantially. But Western Europe's increased imports from the United States to replace supplies such as food and petroleum normally obtained from other sources, to meet rising industrial requirements, and to strengthen military defenses, were not matched by a corresponding ability of these countries to increase production for, and sales in, United States markets. Consequently, this adverse trend had to be corrected through action by the importing countries as their increased payments depleted their dollar reserves.

Certain important export items such as fuel and foodstuffs may be in less demand in the future if output in Western Europe and other sources can be increased. On the other hand, shipments of military equipment and other goods to support the common defense effort which are financed by United States grants are currently below the rate implied by existing aid appropriations. The rise in exports of these items may offset or even outweigh possible declines in Western Europe's demand for other commodities. It appears, therefore, that the surplus in United States trade with Western Europe may continue large.

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## *Financial Developments*

**D**EMAND for new capital by American business in 1951 continued in record volume. While inventory accumulation was considerably moderated in the latter part of the year, pressure for fixed capital expansion was steadily upward throughout the year, with the additions called for under the defense facilities program more than offsetting the tapering off of less essential projects. As in previous postwar years, no major difficulties were encountered in financing the huge capital requirements of business.

At the year-end, the liquid position of individuals compared favorably with that of a year earlier. There appeared little indication that over-all purchasing of goods and services was limited by the lack of financial resources despite the fact that in some areas Government credit policies were impinging on demand.

### **Financing Corporate Business**

The general picture of the capital requirements of non-financial corporations and of the means of financing these requirements is presented in the chart on page 27 and in table 11. Total requirements in 1951 amounted to \$38 billion, only slightly below those of 1950 and well above any prior total. By far the major factors in the maintenance of the demand for capital funds were the continued expansion of plant and equipment outlays and business inventory accumulation earlier reviewed.

The expansion in fixed capital and inventory requirements was, however, more than offset by the slower rate of increase in other working capital needs. Of particular note was the decrease in customer financing requirements. Increases in liquid asset ownership by business were lower last year due

in considerable degree to the unusually heavy physical assets requirements coupled with reduced availability of internal funds.

### *Retained profits lower*

In meeting the near-record financial requirements in 1951, corporations were able to rely to a much lesser degree than in 1950 on funds retained from operations. Although corporate profits for 1951 as a whole were somewhat larger than in the preceding year, tax liabilities increased even more rapidly under the full impact of the 1950 tax rate increases and the new imposts required in the tax law of 1951. The resultant drop in after-tax profits combined with the maintenance of dividend payments resulted in a \$5 billion reduction of retained earnings of the nonfinancial sector of corporate business from the total of \$13 billion in 1950.

Even though dividends were maintained in the face of falling profits, they still represented a lower proportion of earnings than was generally the case in prewar years of prosperity. However, from a 4-year average of about 40 percent for the period 1947-50, inclusive, the percentage of current earnings disbursed rose to slightly in excess of 50 percent in 1951.

### *Tax accruals temporary source*

An increase in profit taxes provides a temporary source of financing for corporate business since the provision for these taxes as they accrue from current operations exceeds tax payments which are based on previous year earnings. This excess of tax accruals over payments in 1951 amounted to \$8 billion, about \$1 billion more than the similar excess in 1950.

As a result of a 1950 amendment to the tax laws, corporations may no longer pay their past year taxes in four equal installments as has been customary in the past but are required, beginning in 1951, to pay a larger proportion in the first half of the year following the incurrence of the liability. By 1955, corporations will pay their previous year's tax liability in two equal installments in the first and second quarters of the year. This change in scheduling of tax payments reduces the time interval over which tax accruals serve as a source of financing.

*Rise in external financing*

Offsetting the substantial drop in financing from internal sources, corporations stepped up the use of outside funds. Indebtedness in the form of bank loans rose by \$3.5 billion in 1951, an expansion approaching the previous high reached in 1946. In both of these years, it will be noted, business inventories were expanding rapidly. As 1951 progressed, however, with inventory accumulation slackening and the voluntary credit restraint program getting under way, the expansion of bank loans to corporate business was moderated, and the further extension of credit which took place was attributable in large degree to expanding working capital needs of defense industries and to normal seasonal requirements of industry.

A feature of this past year was the increased activity of corporations in the new issues markets. Net proceeds from the sale of bonds and stocks were in excess of \$5.5 billion, about \$2 billion more than in 1950, and practically matching the previous postwar peak net new issues reached in 1948. Under the generally buoyant conditions which prevailed in

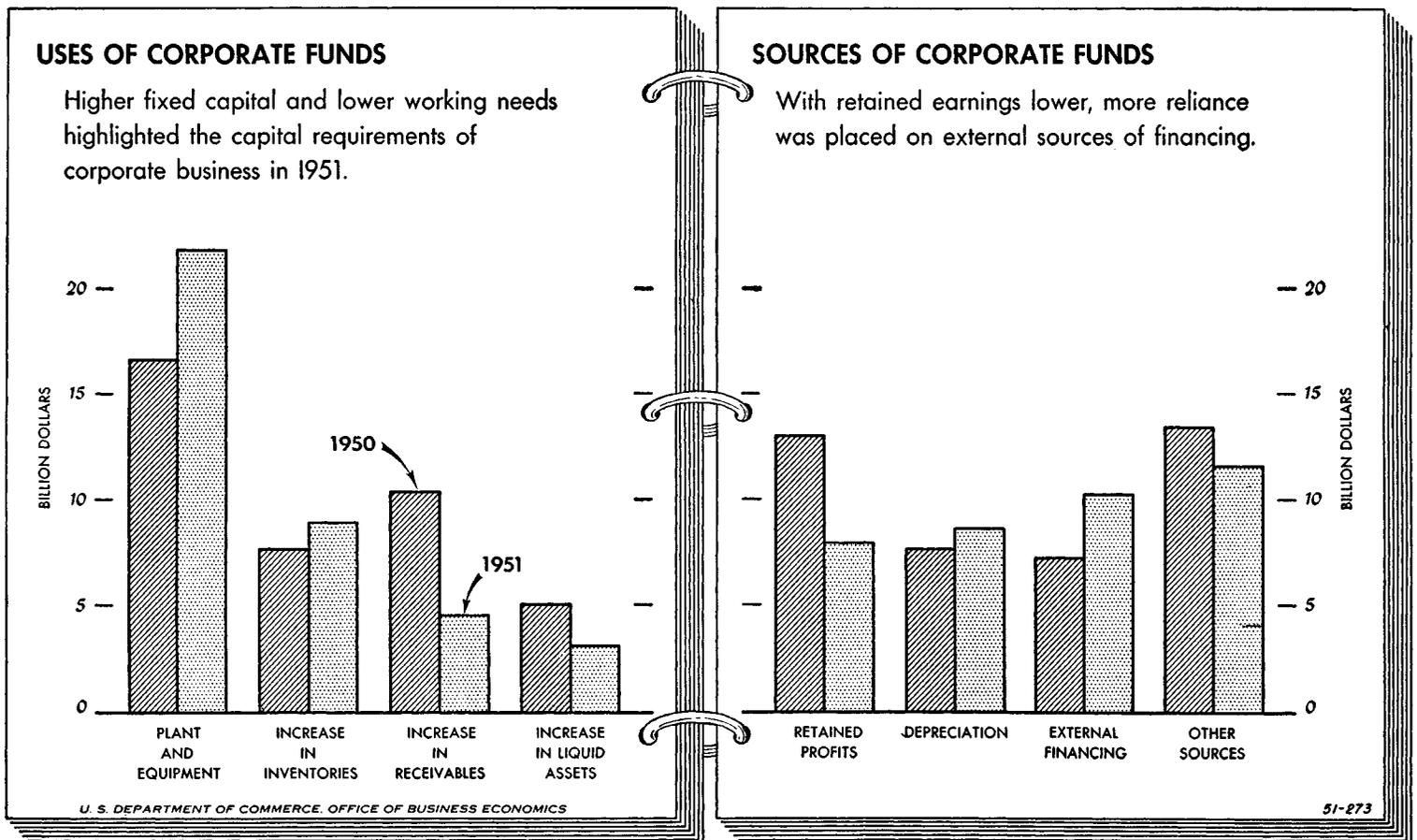
the stock markets in 1951, corporations were able to float net new stock issues amounting to \$2 billion, or substantially in excess of total net flotations in any previous year in the past two decades.

Net funds received from sale of bonds were up even more sharply in 1951, with the sum of \$3.5 billion thus raised being about \$1.5 billion higher than in 1950 and exceeded in volume only by \$4.7 total issued in 1948. Manufacturing concerns in particular were much more active in 1951 in sales of new issues than in the preceding 2 years, with net funds received equaling or slightly exceeding the previous postwar high. The reemergence of these concerns in the new issues market was in large part a reflection of the unusually high fixed capital requirements of firms engaged in defense-expansion programs.

*Interest rates up*

As a result of concerted efforts by Government and private lending institutions to limit the use of credit for less essential capital requirements, the terms of borrowing were further tightened in 1951. Agreement by Treasury and monetary authorities in the spring of the year made possible a modification of the long standing policy of maintaining Government bond prices at or above par. In subsequent months yields on Treasury bonds rose appreciably and by the year-end, the general structure of interest rates was substantially above the pattern which had previously prevailed, with short-term rates exhibiting the larger relative advances.

On the other hand, the terms of common stock financing eased from 1950 to 1951. While preferred stock yields followed more closely the pattern of interest rate changes,



earnings-price ratios and dividend yields on common stocks followed a generally downward path, as earnings fell from post-war peaks reached in late 1950, dividends held more or less firmly, and a strongly upward trend prevailed in the market for common stocks. At the year-end the earnings-price ratio on these stocks was at the lowest point in the postwar period.

### Liquidity position still favorable

Despite the very large capital expansion programs in the postwar period, business has been able to maintain a relatively favorable financial position. This has been possible in large part because of the generally prosperous conditions which have prevailed over this period. The additions to liquid asset holdings this past year did not, however, keep pace with the increase in activity of corporate business.

The proportion of year-end holdings of cash and United States Government securities to sales, for example, was about 11 percent in 1951, compared with 11.6 percent in 1950, and 12.0 percent in 1949. It should be noted, however, that most indexes of liquidity were at least as high as those generally prevailing in prewar years with comparable rates of business activity.

TABLE 11.—Sources and Uses of Corporate Funds <sup>1</sup>

[Billions of dollars]						
Item	1946	1947	1948	1949	1950	1951 <sup>2</sup>
<b>Uses:</b>						
Plant and equipment.....	12.4	16.2	18.0	16.1	16.6	21.7
Inventories (book value).....	11.2	7.1	4.2	-4.3	7.5	8.8
Manufacturing.....	6.3	4.3	2.7	-2.9	4.5	7.6
Retail trade.....	2.3	1.2	.7	-.5	1.6	.5
Wholesale trade.....	1.9	.9	.5	-.5	1.1	.4
Other.....	.7	.7	.3	-.4	.3	.3
Receivables.....	4.8	7.6	4.0	-.5	10.0	4.0
From business.....	5.1	6.0	2.4	-2.2	8.0	3.0
From Government.....	-2.0	-.2	.2	.3	.5	1.0
From consumers.....	1.7	1.8	1.4	1.4	1.5	( <sup>3</sup> )
Cash and deposits.....	1.1	2.2	.2	1.0	1.0	3.0
U. S. Government securities.....	-5.8	-1.0	1.7	2.0	4.0	.5
Other current assets.....	-.7	-.1	.1	-.2	.3	.5
<b>Total.....</b>	<b>23.0</b>	<b>32.0</b>	<b>28.2</b>	<b>14.1</b>	<b>39.4</b>	<b>38.0</b>
<b>Sources:</b>						
Retained profits <sup>4</sup> .....	7.6	11.6	12.8	9.1	12.9	7.8
Depreciation.....	4.3	5.2	6.2	7.0	7.5	8.5
Payables (trade).....	4.0	4.6	1.2	-2.9	5.9	2.5
Federal income tax liabilities.....	-1.6	2.3	.8	-2.1	7.1	8.0
Other current liabilities.....	2.1	1.0	( <sup>5</sup> )	-.1	.3	1.0
Bank loans (excluding mortgage loans).....	3.7	2.6	1.1	-1.9	2.5	3.5
Short-term.....	1.9	1.4	.5	-.8	3.0	n. a.
Long-term.....	1.8	1.2	.6	-1.1	-.5	n. a.
Mortgage loans.....	.6	.6	.7	.7	.9	1.0
Net new issues.....	2.3	4.4	5.9	4.9	3.7	5.7
Stocks.....	1.3	1.3	1.2	1.6	1.7	2.2
Bonds.....	1.0	3.1	4.7	3.3	2.0	3.5
<b>Total.....</b>	<b>23.0</b>	<b>32.3</b>	<b>28.7</b>	<b>14.7</b>	<b>40.8</b>	<b>38.0</b>
<b>Discrepancy.....</b>		<b>-.3</b>	<b>-.5</b>	<b>-.6</b>	<b>-1.4</b>	

<sup>1</sup> Excluding banks and insurance companies.

<sup>2</sup> Preliminary and based on incomplete data.

<sup>3</sup> Less than 50 million dollars.

<sup>4</sup> Including depletion.

n. a. Not available.

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

It may also be noted that despite the almost steady expansion of business borrowing since the end of the war, the interest charge on outstanding corporate debt is still well below previous prewar experience. In this connection it may be noted interest paid by corporations in 1951 constituted less than 7 percent of profits (calculated, for this purpose, to include interest payments) as compared with a ratio of 12 percent in 1941, and over 30 percent in the twenties.

## Consumer Financing

In the field of consumer financing, the most striking development was the sharp increase in personal savings from \$10.7 billion in 1950 to \$17.3 billion in 1951. Even allowing for increased incomes, late 1951 savings were well above the rate of savings in any comparable period since 1946, and it is evident that the 1951 savings trends contributed substantially to the abatement of inflationary pressures during the year.

There were two particularly interesting aspects in the change in the savings picture between 1950 and 1951. Savings in the form of liquid assets—cash and securities—increased greatly from about \$7.3 billion to about \$11.4 billion. At the same time the sharp increase in consumer indebtedness which had featured most of the preceding postwar years—and which was somewhat accelerated in the summer buying wave of 1950—was brought to a halt by the end of that year. Subsequent changes were held within narrow limits. Thus, this debt element—negative savings—which constituted a net contribution of slightly more than \$3 billion to consumer buying power in 1950 was largely absent in 1951.

### Reduced impact of borrowing

The major shift in the consumer indebtedness position between 1950 and 1951 was in the installment loan component. New loans of this type were made in about the same volume in the 2 years, but the steadily rising trend of repayments on debt already incurred continued into 1951 and for the year as a whole were about \$1 billion greater than the preceding year. The imposition of Regulation W restrictions on consumer installment borrowing in the fall of 1950 reduced the impact of consumer short-term borrowing on consumer buying in 1951, but probably more important in the overall change in the debt picture was the general weakening of consumer demand, particularly for durable goods, after the first quarter of the year.

### Housing purchases down

Among the other elements of savings, it may be noted that trends in housing purchases slackened in 1951, after an almost uninterrupted postwar upsurge. Purchases of new nonfarm dwellings totaled about \$10 billion, more than \$1 billion less than in the preceding year, but still far above any preceding year on record. These reduced purchases largely accounted for the slackened pace in the incurrence of mortgage debt by consumers, which increased by about \$6 billion in 1951 or \$1 billion less than in 1950. While Government restrictions on the terms of mortgage lending under Regulation X served to top off the building boom in 1950, the impact in 1951 was moderated by the large backlog of building commitments made prior to the effective date of the Regulation. Moreover, new legislation enacted in mid-1951 significantly weakened the restrictive effect on lower priced houses.

As the year closed there was some possibility of tightness in the money markets in the early part of 1952 due in large part to a concentration of tax payments in the first half of the year at a time when investment demand is expected to remain very strong. However, the longer-term outlook in the terms of financing appeared more favorable. In the absence of any marked change in the current high level of savings and with investment demands tapering off, the outlook appeared to suggest an overall adequacy of savings for prospective investment requirements.

## Employment and Labor Conditions

**E**MPLOYMENT was high throughout 1951, varying but little from the beginning to the end of the year, except for the usual seasonal movements. Civilian employment averaged 61 million for the year as compared with 60 million in 1950. Most of the rise in the annual average reflected the substantial increase that occurred in 1950 and in the first quarter of 1951, with slight variation thereafter.

Although the total labor force expanded substantially during 1951, the strong demand for civilian workers throughout the year and the increased size of the armed forces brought a drop in unemployment. After the first quarter, unemployment fell below 2 million and remained at close to minimum levels throughout the year.

### Labor supply generally adequate

Although the labor market was generally balanced during 1951, occasional exceptions developed in the supply of particular skills and in the adequacy of labor in certain localities. On the other hand, pockets of unemployment appeared, either as a result of cutbacks caused by materials shortages or by high costs and declining demands.

Generally speaking, areas with labor shortages were those in which defense industries were concentrated; areas with surpluses were those in which there has been a long-term decline in the regions' industries. Three Michigan cities serve as notable exceptions to this rule. Surpluses were created in the Detroit and Flint areas, where layoffs occurred in the automotive industry. In Grand Rapids a labor surplus resulted from the curtailment in demand for furniture and from material shortages in the metal products industries. Of the 174 labor areas of the country, only 23 reported major unbalance—5 reported shortages and 18 substantial surplus.

Under the generally favorable labor conditions of 1951—expanding job opportunities and higher wages—the number of man-days lost due to work stoppages was the lowest in the postwar period. Although the total number of stoppages was almost equal to that of 1950, most were of short duration.

### Employment trends mixed

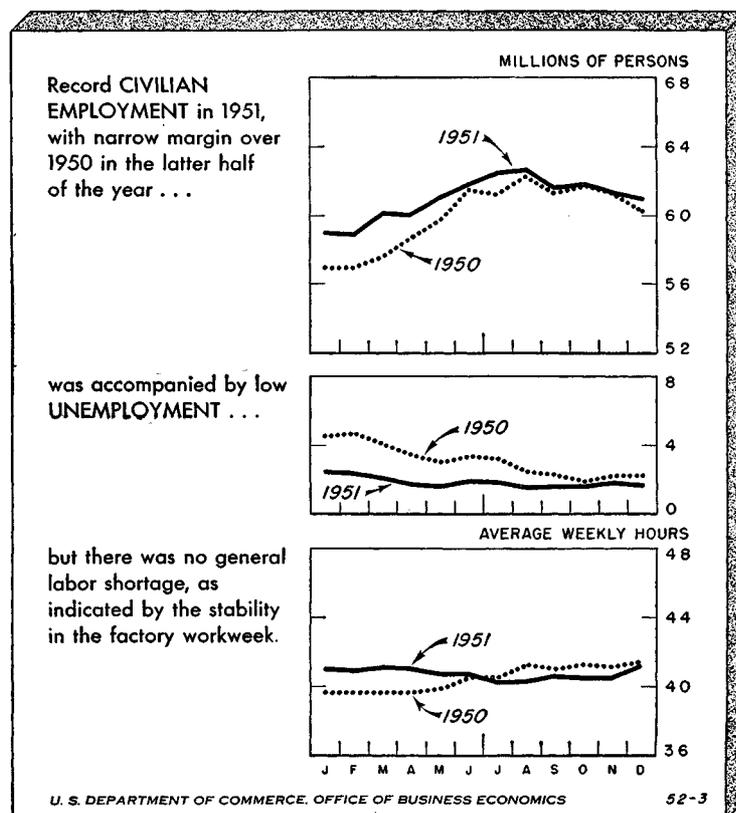
For the most part, changes in employment during 1951 were relatively small. The number of employees in non-agricultural establishments increased 2 percent from December 1950 to December 1951, with the largest increase—7 percent—occurring in the Government sector. The rise in Federal employment accounted for most of the total Government increase in 1951, and this was associated with the increased needs of the expanding defense and related programs.

Manufacturing employment leveled off in the spring of 1951, following a rapid advance in the latter half of 1950. In the third and fourth quarters the number of factory workers was slightly lower than in the first half of the year, with the decline amounting to 300,000 by the end of the year, on a seasonally adjusted basis.

The number of production workers in all manufacturing establishments in December 1951 was about the same as a year earlier as substantial cutbacks in factories producing primarily consumers' goods were about offset by increases in defense plants and in those producing equipment for industrial expansion. Declines were largest in the automobile and the textile industries, exceeding 100,000 workers in each case. In furniture, leather, and lumber industries, there were also relatively large decreases in employment. All of these industries were affected by the curtailment in consumer

demand after the first quarter of 1951 and the subsequent inventory adjustment by distributors which was still in process at the end of the year.

In contrast, employment expanded during 1951 in large segments of heavy industry, with the specialized defense group showing large advances. Shipyards employment got off to a slow start in the early months of the year and then rose at a rapid rate in the closing months. Substantial increases in employment also occurred in the machinery industries, as they shifted more toward defense and industrial equipment fabrication.



The long-run trend for the agricultural work force to decline continued in 1951. The total number of farm workers was the lowest in decades as farm youths went into military service or to the more normal outlet of better paying jobs in industry. Substantial crops were produced nonetheless as a result of continuing improvement in the utilization of chemicals, machines, and manpower.

### Manufacturing workweek unchanged

The balanced labor market for the economy as a whole was reflected in the stability of the workweek. Average weekly hours in manufacturing were 40.7, essentially the same as in 1950, the rise in durable goods hours roughly offsetting the decline in nondurables. Despite semimobilization, weekly hours were only fractionally higher than in other recent prosperous postwar years. From August 1950 to April 1951 hours were at a new postwar high, due to increases in defense industries and in consumer industries

which were meeting two buying waves by distributors and consumers. After April, the workweek fell to an average more nearly normal for the postwar period. This resulted from the fact that longer hours in defense industries did not fully compensate for the fall in hours in consumer goods industries. In most nondurables weekly hours declined over the year. As has been true in recent years, the workweek in durables was somewhat higher than in nondurables. For durable goods as a whole the average workweek in 1951 exceeded slightly the previous year and represented a post-war high.

### Earnings rise slowly under controls

In January the Wage Stabilization Board placed a temporary freeze on wages as part of the Nation's economic stabilization program. In February, increases in wages were allowed up to 10 percent over January 15, 1950, levels to prevent inequities as a result of the freeze. An August ruling allowed wages to rise in relation to increases in the cost of living subsequent to January 16, 1951. This made possible the maintenance of real wages, constituting a continuation of the general policy established by the original 10 percent allowable increase. Other rulings increased the flexibility of the regulations, permitting increases beyond the cost-of-living.

Straight time average hourly earnings of manufacturing production workers advanced rapidly as the economy moved ahead at an accelerated pace after mid-1950. Since the institution of economic controls the rate of growth of wages had slowed considerably. This slow growth in hourly earnings continued steadily throughout 1951, roughly paralleling the rise in living costs of an urban moderate-income family, as measured by the Bureau of Labor Statistics. Since June of 1950 both straight time hourly earnings and the Consumers' Price index have risen approximately 10 percent. This average reflects considerable diversity as some workers have obtained larger advances, while the purchasing power of others has declined.

Gross average hourly earnings in the manufacturing industries increased on an average by  $\frac{1}{2}$  percent per month during the 12 months of 1951 to reach \$1.64 in December.

Table 12.—Manufacturing Production Workers

[Number of workers in thousands]

Industry	Monthly average		Percent change	December		Percent change
	1950	1951		1950	1951	
Aircraft, ordnance and shipbuilding <sup>1</sup> .....	287	464	62	338	558	65
Railroad equipment <sup>1</sup> .....	48	56	17	52	62	10
Instruments and related products.....	186	222	20	211	232	10
Machinery (except electrical).....	1,040	1,233	19	1,163	1,262	9
Chemicals.....	496	535	8	524	538	3
Petroleum and coal products.....	185	185	5	191	196	3
Primary metal.....	1,053	1,160	10	1,142	1,168	2
<i>All durable goods</i> .....	<i>6,622</i>	<i>7,336</i>	<i>11</i>	<i>7,254</i>	<i>7,350</i>	<i>1</i>
Electrical machinery.....	636	711	12	724	728	1
Printing and publishing.....	503	513	2	518	519	0
Tobacco.....	81	81	0	83	83	0
<i>All manufacturing</i> .....	<i>12,264</i>	<i>13,053</i>	<i>6</i>	<i>13,056</i>	<i>12,889</i>	<i>-1</i>
Stone, clay and glass.....	441	478	8	474	466	-2
Rubber.....	203	219	8	222	216	-3
Apparel.....	1,042	1,039	0	1,034	1,031	-3
<i>All nondurable goods</i> .....	<i>5,642</i>	<i>5,697</i>	<i>1</i>	<i>5,802</i>	<i>5,559</i>	<i>-4</i>
Food.....	1,168	1,168	0	1,155	1,102	-5
Paper.....	404	419	4	428	408	-5
Fabricated metal products (n. e. c.).....	776	831	7	852	808	-5
Lumber.....	730	741	2	754	700	-7
Leather.....	355	342	-4	359	326	-9
Textiles.....	1,206	1,186	-2	1,258	1,140	-9
Furniture.....	311	300	-4	326	293	-10
Automobiles <sup>1</sup> .....	709	725	2	760	657	-14

<sup>1</sup> 11 months used for annual comparison, and November 1950 and 1951 used for monthly data.

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

This compares with an average monthly increase of 1 percent in the last 6 months of 1950. Average weekly earnings reached a record, following its long-term upward trend. In December the figure was \$67.36, about 5 percent above the December of 1950.

## The Business Population

**D**URING 1951 the business population rose to slightly over 4 million firms which approximates the previous postwar peak reached in the middle of 1948. Except for some seasonal variation, the number of operating businesses has remained relatively stable throughout the past year.

Although at a record level, the business population contained fewer firms than might be expected if conditions were not complicated by the necessities of defense production. Generally the number of firms in operation can be quite accurately estimated from the level of business activity, as the chart shows, but during 1950-51 a widening gap has developed between the actual and what would under more usual conditions be "expected."<sup>1</sup>

<sup>1</sup> The calculated or expected number of firms in operation shown in the chart is based upon a relationship in which deflated gross national product originating in private nonfarm business is used as a measure of business activity or the physical volume of goods and services produced. The linear least square regression equation for the years 1929-40 and 1948-49 is  $Y = 2,302 + 11.79X + 6.89t$ , where  $Y$  = number of firms (thousands);  $X$  = gross national product excluding government and agriculture (billions of 1939 dollars); and  $t$  = time in 6-month intervals centered at December 31, 1934. The coefficient of correlation for this relationship is 0.998.

During 1948 and 1949 the number of firms in operation followed changes in business activity closely. However, starting in the first quarter of 1950, deflated gross national product began a steady increase which continued through the middle of 1951. The business population did not parallel this increase in business activity.

Between the beginning of 1950 and the end of 1951 an increase of 290,000 firms or over 7 percent would have been expected on the basis of the "normal" relationship between the business population and deflated GNP originating in private business; however, the business population increased by only 38,000 firms or less than 1 percent. In many respects the past 2 years are similar to the years 1941-42, although the business population slightly declined during the earlier period and has showed slight gains in the past 2 years. The current "deficit" between the actual and expected number of firms, 7 percent, is somewhat less than the 10 percent difference found for 1942.

The similarity between the current situation in the business population and that of a decade ago is hardly surprising. Since the outbreak of hostilities in Korea, and even more strongly during the period of this country's preparation for and participation in World War II, many factors combined to upset the usual relationship between number of firms in operation and business activity. Perhaps the most significant of these factors were: the induction of men into the armed services or the calling up of reservists; actual or prospective shortages of certain types of civilian goods; governmental controls or regulations of credit, prices, and the use of certain critical materials; and increases in the relative importance of defense production in total output.

### Recent trends among major industries

At the end of 1951 the business population as a whole contained practically the same number of firms as when the Korean war began, but the different industrial sectors have responded in different ways to developments during the past 18 months. Over this period the only two major industry divisions to show declines were retail trade, where the number of firms in operation decreased 1.8 percent, and the service industries where the decrease was much smaller, 0.3 percent. Most of the decline in retail trade and all of it in the service industries took place in the last 9 months of 1951, reflecting the appearance of some weakness in consumer demand as well as the various restrictive Government actions associated with the defense program.

All other major industrial sectors of the business population have increased since Korea, the largest relative gains occurring in transportation, communication, and other public utilities (5.5 percent), contract construction (3.2 percent), and manufacturing (2.2 percent).

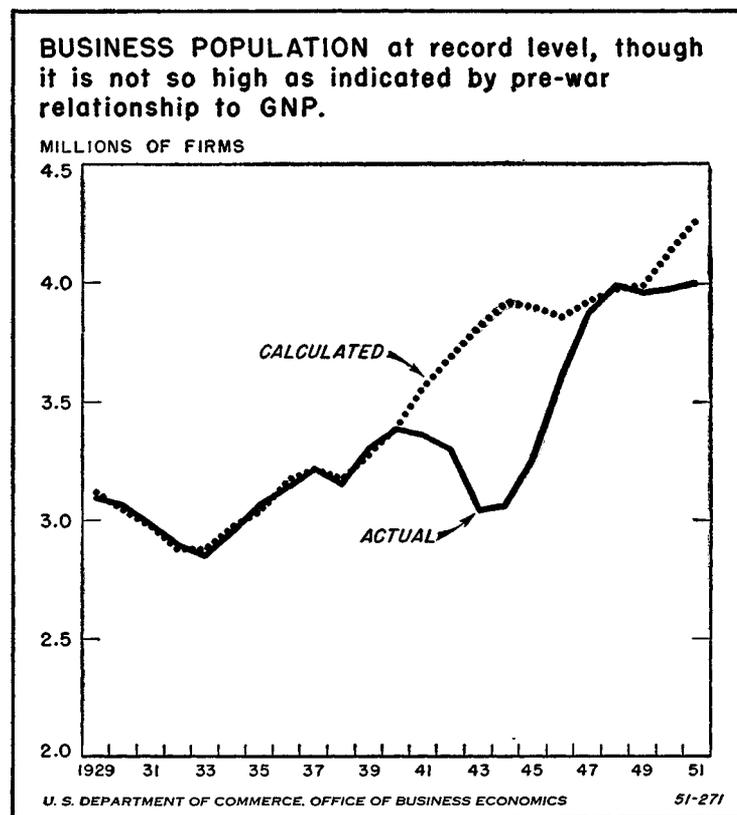
The increase in manufacturing is small but particularly noteworthy since early 1950 saw the reversal of a downward trend in the number of manufacturers which had been under way since 1947.

Manufacturing was the only major industry division in which the number of firms increased during World War II, and as may be seen in table 13, the entire increase occurred among producers of durable goods. Since Korea, the non-durable goods segment of manufacturing has actually declined 4.4 percent, while the number of firms producing durable goods has increased nearly 10 percent. The comparative change is influenced by the high demand for defense and producer goods, and the slackened demand for consumer goods. It is of interest that while manufacturing as a whole reached its postwar peak in 1947, about 1 year earlier than

most other industry divisions, the number of durable goods manufacturers continued to increase until the middle of 1948 after which this segment as well as the total business population turned down.

### Business turnover

The effect of Korea upon the number of businesses started or discontinued was negligible. On a seasonally adjusted basis, both new and discontinued businesses were slightly



more numerous in the period from July 1950 through March 1951 than in the preceding 9-month period. Final estimates of the number of new and discontinued businesses are at present available only through March 1951; however, data on new incorporations and industrial and commercial failures strongly suggest that the trends in business turnover ob-

Table 13.—Number of Firms in Operation, and Percent Change, By Major Industry Divisions, Selected Dates, 1940–51

Industry	Number of firms in operation (thousands)						Percent change							
	1940, June 30	1942, June 30	1943, Dec. 31 (low)	1948, June 30 (high)	1949, Dec. 31 (low)	1950, June 30 (Korea)	1951		June 1940 to June 1942	June 1940 to December 1943	December 1943 to June 1948	June 1948 to December 1949	December 1949 to June 1950	June 1950 to December 1951
							Mar. 31	Dec. 31 <sup>1</sup>						
<b>All industries</b> .....	3,377.0	3,313.2	2,985.8	4,010.2	3,953.3	3,986.1	4,007.4	3,991.2	-1.9	-11.6	34.3	-1.4	0.8	0.1
Mining and quarrying.....	37.2	36.4	31.2	35.5	34.1	34.1	34.2	34.2	-2.2	-16.1	13.8	-3.9	0	.3
Contract construction.....	199.5	175.6	147.2	324.7	339.5	362.4	372.3	374.0	-12.1	-26.2	120.6	4.6	6.7	3.2
Manufacturing.....	226.5	237.8	237.8	331.5	302.4	303.5	306.7	310.2	5.0	5.0	39.4	-8.8	.4	2.2
Durable.....	85.3	93.7	96.8	158.2	139.1	142.8	149.3	156.7	9.8	13.5	63.4	-12.1	2.7	9.7
Non-durable.....	141.2	144.1	141.0	173.3	163.3	160.6	157.5	153.5	2.1	-1	22.9	-5.8	-1.7	-4.4
Transportation, communication, and other public utilities.....	147.6	141.7	116.5	189.1	189.9	194.2	202.3	205.1	-4.0	-21.0	62.3	.4	2.3	5.6
Wholesale trade.....	146.5	157.4	140.2	203.3	202.9	203.9	206.6	207.4	7.4	-4.3	45.0	-2	.5	1.7
Retail trade.....	1,593.6	1,547.2	1,370.6	1,716.6	1,687.5	1,686.2	1,676.8	1,656.1	-2.9	-14.0	25.2	-1.7	-1.1	-1.8
Finance, insurance and real estate.....	308.0	315.3	306.3	347.7	344.3	347.4	351.4	352.1	2.4	-6	13.5	-1.0	.9	1.4
Service industries.....	718.1	701.8	636.0	861.9	852.6	854.4	857.2	852.1	-2.3	-11.4	35.5	-1.1	.2	-3

<sup>1</sup> Preliminary.

served for the 9 months following Korea have continued through 1951.

Mobilization appears to have affected the usual strong tendency for the number of new businesses to move in the same direction in all major industry divisions. The same situation is evident for discontinued businesses.

A comparison of seasonally adjusted new businesses from June 1950 through March 1951 with the previous 9-month period reveals that following Korea the over-all number of new businesses increased 3 percent, but the number of new manufacturing firms increased 20 percent, and transportation and finance firms also increased sharply. On the other hand, new construction firms declined sharply (11 percent). Wholesale business births were up moderately, while retail and services remained about the same.

During this period, while the total number of discontinued businesses (seasonally adjusted) increased slightly, 1.5 per-

cent, the number of discontinued construction firms increased sharply (+20 percent) while in finance (+7 percent) and retail trade (+2.6 percent) discontinuances increased moderately. In all other major industry divisions, business deaths decreased, from -14 percent in wholesale trade to -2.2 percent in manufacturing.

Although more businesses were started than were discontinued within the construction industry early in 1951, the recent trends in seasonally adjusted new and discontinued businesses suggest that the period of persistent and at times spectacular increases in the number of contract construction firms may be drawing to an end. There are now more than 2½ times as many construction firms than there were December 31, 1943. In manufacturing on the other hand, recent trends in business births and deaths have resulted in an increasing rate of growth in the number of operating businesses.

# New or Revised STATISTICAL SERIES

Department-Store Sales—United States: Revised Series for Page S-10<sup>1</sup>

[1947-49=100]

Month	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950
<b>WITHOUT ADJUSTMENT FOR SEASONAL VARIATION</b>																																
January	21	28	28	25	27	30	29	31	31	31	31	30	28	22	18	20	21	23	26	26	25	27	30	41	43	46	52	61	71	77	78	74
February	21	25	26	24	27	29	30	30	31	31	32	31	28	22	18	21	22	24	28	26	26	27	32	39	52	47	58	70	76	81	78	77
March	23	31	30	26	32	30	32	33	33	34	37	32	32	24	18	26	26	28	33	29	31	34	36	46	48	57	72	81	91	98	87	89
April	26	31	30	31	33	35	36	35	38	36	36	38	35	26	24	26	29	31	34	33	34	34	43	47	55	58	59	87	92	99	101	99
May	26	35	31	31	34	34	35	38	36	37	37	36	33	25	24	28	28	33	36	31	34	36	43	44	52	60	62	84	96	103	99	99
June	26	33	30	29	34	33	34	35	35	35	37	34	31	23	23	25	28	31	34	30	33	36	41	41	52	55	63	86	91	100	93	97
July	21	25	23	22	25	25	26	27	27	28	28	25	23	16	17	18	21	24	25	23	25	27	33	35	42	47	55	70	75	83	75	98
August	21	25	22	23	26	25	27	28	28	29	27	24	18	21	22	23	26	27	25	27	31	43	42	46	53	57	82	80	89	82	97	97
September	27	31	27	30	33	33	34	36	36	39	40	36	31	25	26	28	31	35	38	35	38	42	50	53	58	66	71	94	103	109	103	114
October	31	35	33	35	38	36	42	41	40	40	42	39	33	27	28	29	32	38	39	36	39	41	46	56	62	70	78	95	103	113	101	107
November	33	38	33	36	40	41	42	43	43	43	43	39	33	26	27	30	34	39	38	37	40	45	52	62	72	83	92	115	129	123	117	122
December	48	50	46	52	56	57	61	63	68	66	65	57	49	37	43	48	52	58	57	58	64	68	76	87	91	108	119	151	167	170	166	185
Year	27	32	30	30	34	34	36	37	37	37	38	35	32	24	24	27	29	33	35	32	35	37	44	50	56	62	70	90	98	104	98	105
<b>ADJUSTED FOR SEASONAL VARIATION</b>																																
January	23	32	32	29	32	35	34	37	37	37	38	37	34	28	22	26	27	30	35	33	33	35	39	52	54	58	66	79	94	101	102	97
February	25	31	32	29	32	35	35	36	37	37	38	37	34	28	22	26	28	30	35	33	33	35	40	47	61	56	68	83	94	103	99	98
March	25	32	31	29	33	34	35	35	37	36	39	37	34	26	20	28	29	31	35	33	34	35	41	48	52	58	71	86	95	102	100	99
April	25	32	31	30	34	34	35	36	36	36	37	36	35	27	23	27	28	31	35	32	34	35	42	47	53	59	63	86	95	105	100	100
May	25	34	30	30	34	34	35	37	36	37	37	36	33	25	24	27	27	32	36	31	34	36	44	46	54	63	65	88	97	104	100	100
June	26	33	30	30	35	34	35	36	36	37	39	35	33	24	24	26	29	33	35	31	34	37	43	45	57	60	68	91	96	105	98	103
July	28	34	30	30	34	34	35	37	37	38	38	35	32	23	25	26	29	34	35	32	34	37	45	48	56	62	71	90	96	106	95	122
August	28	33	29	30	35	33	35	37	38	37	38	35	31	23	27	28	29	33	35	31	34	38	51	50	55	63	68	98	96	105	96	114
September	29	33	28	31	34	34	35	37	36	39	39	35	30	24	25	27	29	33	35	32	35	38	46	51	56	64	70	92	99	104	98	108
October	28	31	29	31	35	33	38	37	37	37	38	35	30	24	25	27	29	34	35	32	35	38	42	52	57	65	73	90	90	108	97	103
November	30	33	29	31	34	35	36	37	37	38	38	34	29	23	24	27	30	34	33	33	35	39	45	52	58	67	74	93	105	102	98	103
December	30	31	29	33	34	34	36	37	37	39	38	33	29	22	25	28	30	34	33	33	37	40	45	53	57	68	75	94	102	102	99	110

<sup>1</sup> Compiled by the Board of Governors of the Federal Reserve System. The monthly indexes of Department-store sales and stocks have been revised for the period 1919 to date. For details regarding the revisions, see the December 1951 Federal Reserve Bulletin. The principal features of the revisions are:

- (1) The definition of "department stores" has been changed to that given in the revised Standard Industrial Classification Manual (see Vol. II, Nonmanufacturing Industries, May 1949 edition). The new definition is somewhat narrower than that previously used, eliminating certain stores which are now considered to be in the miscellaneous general-merchandise and variety-store categories.
- (2) The indexes of department-store sales have been adjusted to reflect changes indicated by comprehensive Census data for the two years 1939 and 1948. Estimates of the total retail value of department-store stocks for these two Census years have been compiled and the stocks indexes adjusted to these levels.
- (3) The base period for the indexes has been changed from 1935-39 to 1947-49.
- (4) Seasonal adjustment factors have been reviewed for the period 1940 to date and have been revised where necessary.

# Monthly BUSINESS STATISTICS



THE STATISTICS here are a continuation of the data published in BUSINESS STATISTICS, the 1951 Statistical Supplement to the SURVEY OF CURRENT BUSINESS. That volume (price \$1.50) contains monthly data for the years 1947 to 1950, 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 1947. Series added or revised since publication of the 1951 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 1951 for selected series will be found in the Weekly Supplement to the SURVEY.

Unless otherwise stated, statistics through 1950 and descriptive notes are shown in the 1951 Statistical Supplement to the Survey	1951												
	December	January	February	March	April	May	June	July	August	September	October	November	December
<b>GENERAL BUSINESS INDICATORS</b>													
<b>NATIONAL INCOME AND PRODUCT</b>													
Seasonally adjusted quarterly totals at annual rates:													
National income, total, bil. of dol.	260.1			269.4			274.3			† 278.0			281.2
Compensation of employees, total, do.	165.2			172.1			177.4			† 180.6			182.0
Wages and salaries, total, do.	157.2			163.6			† 168.9			† 171.7			173.1
Private, do.	132.7			137.1			† 140.6			† 141.3			142.0
Military, do.	6.6			7.8			† 8.9						
Government civilian, do.	17.9			18.8			† 19.4						
Supplements to wages and salaries, do.	7.9			8.5			8.7			† 8.9			8.9
Proprietors' and rental income, total, do.	47.2			48.8			48.1			49.1			49.8
Business and professional, do.	23.0			24.1			23.6			23.4			23.6
Farm, do.	15.8			16.4			16.3			17.3			17.6
Rental income of persons, do.	8.4			8.3			8.2			8.4			8.5
Corporate profits and inventory valuation adjustment, total, bil. of dol.	42.2			42.9			43.0			42.6			43.6
Corporate profits before tax, total, do.	50.3			51.8			45.4			39.8			41.1
Corporate profits tax liability, do.	22.5			31.1			27.0			23.7			24.5
Corporate profits after tax, do.	27.8			20.7			18.4			16.1			16.7
Inventory valuation adjustment, do.	-8.2			-8.9			-2.3			2.8			2.5
Net interest, do.	5.6			5.6			5.7			5.8			5.8
Gross national product, total, do.	303.7			† 319.5			† 328.2			† 329.5			334.6
Personal consumption expenditures, total, do.	198.4			† 208.8			† 202.4			† 204.0			206.7
Durable goods, do.	29.4			† 31.3			† 25.9			† 25.2			25.0
Nondurable goods, do.	104.9			† 112.1			† 110.1			† 111.5			113.6
Services, do.	64.0			† 65.4			† 66.5			† 67.3			68.1
Gross private domestic investment, do.	60.2			† 60.2			65.6			† 56.6			54.6
New construction, do.	23.3			† 23.8			† 22.7			† 21.6			20.7
Producers' durable equipment, do.	25.0			† 25.9			† 27.2			† 27.0			29.0
Change in business inventories, do.	11.8			† 10.6			† 15.8			† 8.0			4.9
Net foreign investment, do.	-2.7			-2.7			-1			1.2			2.5
Government purchases of goods and services, total, bil. of dol.	47.8			† 53.2			† 60.3			† 67.7			70.7
Federal (less Government sales), do.	27.3			† 32.2			† 38.9			† 46.2			49.0
State and local, do.	20.4			† 21.0			† 21.3			† 21.4			21.7
Personal income, total, do.	238.3			244.1			249.9			253.2			257.0
Less: Personal tax and nontax payments, do.	23.1			† 27.6			† 28.1			† 28.4			29.7
Equals: Disposable personal income, do.	215.2			† 216.5			† 221.8			† 224.9			227.2
Personal savings, do.	16.8			† 7.8			† 19.4			† 20.8			20.5
<b>PERSONAL INCOME, BY SOURCE</b>													
Seasonally adjusted, at annual rates:													
Total personal income, bil. of dol.	244.4	243.6	243.3	245.5	249.0	249.8	251.0	252.4	253.7	253.6	257.5	† 256.5	257.1
Wage and salary receipts, total, do.	155.9	158.0	160.0	162.2	164.8	165.1	166.4	167.1	167.4	168.3	169.5	† 170.7	170.8
Employer disbursements, total, do.	158.9	161.6	163.4	165.9	168.2	168.8	169.9	170.6	170.8	171.7	173.1	† 174.3	174.2
Commodity-producing industries, do.	70.8	71.7	72.4	73.7	75.0	74.6	75.2	74.8	74.5	75.0	75.1	† 75.1	76.2
Distributive industries, do.	43.6	44.3	44.5	44.9	45.3	45.6	45.6	46.0	46.2	46.4	46.1	† 46.1	46.2
Service industries, do.	19.6	19.9	19.8	20.0	20.1	20.2	20.3	20.3	20.3	20.3	20.4	† 20.5	20.4
Government, do.	24.9	25.7	26.7	27.3	27.8	28.4	28.8	29.5	29.8	30.0	31.5	† 32.6	31.4
Less employee contributions for social insurance, bil. of dol.	3.0	3.6	3.4	3.7	3.4	3.7	3.5	3.5	3.4	3.4	3.6	† 3.6	3.4
Other labor income, do.	3.7	3.7	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	† 3.9	3.9
Proprietors' and rental income, do.	48.1	50.5	48.2	47.7	48.1	48.0	48.0	49.2	49.7	48.3	50.5	† 49.1	49.6
Personal interest income and dividends, do.	25.0	18.8	19.2	19.7	20.2	20.2	20.0	19.7	20.1	20.7	20.8	† 20.2	20.5
Total transfer payments, do.	11.7	12.6	12.1	12.1	12.1	12.7	12.8	12.6	12.7	12.5	12.9	† 12.6	12.3
Total nonagricultural income, do.	223.4	221.4	222.9	225.2	227.8	229.0	230.1	230.1	231.3	232.1	234.5	† 234.8	234.3
<b>NEW PLANT AND EQUIPMENT EXPENDITURES</b>													
All industries, quarterly total, mil. of dol.	5,517			4,863			5,913			5,844			16,506
Manufacturing, do.	2,474			2,154			2,802			2,841			13,345
Mining, do.	198			183			203			199			† 221
Railroad, do.	320			303			412			377			† 472
Other transportation, do.	145			125			136			120			† 136
Electric and gas utilities, do.	935			753			893			833			† 1,075
Commercial and miscellaneous, do.	1,445			1,345			1,467			1,374			† 1,257

† 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.

‡ Revised beginning 1945. For revised annual data for 1945-51, see p. 5 of the January 1952 SURVEY; and for quarterly data beginning 1947 for manufacturing, p. 20 of the December 1951 issue.



Table header with columns for months from December 1950 to December 1951. Includes sub-headers for 1950 and 1951.

GENERAL BUSINESS INDICATORS—Continued

INDUSTRIAL PRODUCTION—Continued
Federal Reserve Index—Continued
Adjusted σ—Continued
Manufactures—Continued
Nondurable manufactures—Continued
Paper and products... 1935=100

BUSINESS SALES AND INVENTORIES††
Business sales (adjusted), total... mil. of dol.
Manufacturing, total... do.
Durable-goods industries... do.
Nondurable-goods industries... do.
Wholesale trade, total... do.
Retail trade, total... do.

MANUFACTURERS' SALES, INVENTORIES, AND ORDERS†
Sales:
Value (unadjusted), total... mil. of dol.
Value (adjusted), total... do.
Durable-goods industries, total... do.
Primary metals... do.
Fabricated metal products... do.
Electrical machinery and equipment... do.
Machinery, except electrical... do.
Motor vehicles and equipment... do.
Transportation equipment, n. e. s... do.
Furniture and fixtures... do.
Lumber products, except furniture... do.
Stone, clay, and glass products... do.
Professional and scientific instruments... do.
Other industries, including ordnance... do.

inventories, end of month:
Book value (unadjusted), total... do.
By stages of fabrication: σ
Purchased materials... do.
Goods in process... do.
Finished goods... do.
Book value (adjusted), total... do.
Durable-goods industries, total... do.
Primary metals... do.
Fabricated metal products... do.
Electrical machinery and equipment... do.
Machinery, except electrical... do.
Motor vehicles and equipment... do.
Transportation equipment, n. e. s... do.
Furniture and fixtures... do.
Lumber products, except furniture... do.
Stone, clay, and glass products... do.
Professional and scientific instruments... do.
Other industries, including ordnance... do.

σ Revised. σ Preliminary. †See note marked "σ" on p. S-2.
††The term "business" here includes only manufacturing and trade. Business inventories as shown on p. S-1 cover data for all types of producers, both farm and nonfarm. Unadjusted data for manufacturing are shown below on pp. S-3 and S-4; those for retail and wholesale trade, on pp. S-8, S-9, and S-10.
† Revised series. All components of business sales and inventories have been revised; for appropriate explanations of changes and earlier data (except figures beginning 1948 for retail sales which have been further revised and are available upon request), see pp. 15-21 of the October 1951 SURVEY. Manufacturers' sales and inventories have been revised beginning 1948, wholesale trade beginning 1939, and retail trade beginning 1940; moreover, the adoption of revised industry definitions for manufacturing beginning with the 1948 data results in discontinuity of industry figures for earlier periods.
σ Data prior to December 1951 will be shown later.

Unless otherwise stated, statistics through 1950 and descriptive notes are shown in the 1951 Statistical Supplement to the Survey	1951													
	December	January	February	March	April	May	June	July	August	September	October	November	December	
<b>GENERAL BUSINESS INDICATORS—Continued</b>														
<b>MANUFACTURERS' SALES, INVENTORIES, AND ORDERS†—Continued</b>														
Inventories, end of month—Continued														
Book value (adjusted)—Continued														
Nondurable-goods industries, total, mil. of dol.	16,894	17,243	17,406	17,981	18,737	19,145	19,412	19,605	19,650	19,719	19,608	19,468	19,289	
Food and kindred products	3,006	3,112	3,191	3,330	3,551	3,580	3,542	3,554	3,619	3,546	3,545	3,465	3,378	
Beverages	1,073	1,112	1,149	1,222	1,242	1,254	1,254	1,209	1,201	1,201	1,200	1,204	1,194	
Tobacco manufactures	1,650	1,613	1,591	1,605	1,630	1,652	1,642	1,656	1,668	1,712	1,706	1,824	1,841	
Textile-mill products	2,531	2,662	2,710	2,800	3,046	3,137	3,214	3,222	3,190	3,130	3,048	2,911	2,843	
Apparel and related products	1,586	1,565	1,543	1,590	1,616	1,667	1,687	1,746	1,686	1,644	1,644	1,445	1,425	
Leather and leather products	562	613	590	640	666	677	691	652	622	637	607	554	569	
Paper and allied products	732	761	779	808	840	855	857	917	924	936	942	959	1,004	
Printing and publishing	632	670	678	684	661	681	694	702	711	711	711	733	738	
Chemicals and allied products	2,356	2,383	2,424	2,520	2,626	2,699	2,771	2,850	2,906	2,970	3,004	3,030	3,047	
Petroleum and coal products	2,219	2,191	2,196	2,228	2,294	2,360	2,420	2,481	2,523	2,574	2,582	2,566	2,515	
Rubber products	547	592	555	554	565	583	610	616	640	659	705	736	736	
New orders, net (unadjusted), total	22,871	28,190	25,765	28,490	23,820	23,580	24,100	21,595	22,976	21,166	23,916	22,717	21,340	
Durable-goods industries, total	11,703	15,050	13,474	15,542	12,987	12,404	13,303	11,274	11,046	9,880	11,584	11,090	10,322	
Primary metals	2,242	2,396	2,110	2,587	2,264	2,175	2,907	2,037	2,002	1,487	2,179	1,876	1,256	
Fabricated metal products	1,244	1,698	1,476	1,441	1,282	1,147	1,091	937	1,090	1,074	1,146	1,093	891	
Electrical machinery and equipment	1,463	1,402	1,399	1,732	1,304	1,246	1,453	1,284	1,064	1,207	1,188	1,212	1,476	
Machinery, except electrical	2,234	2,680	2,810	2,644	2,304	2,308	2,291	2,259	2,180	1,745	1,966	1,981	1,841	
Transportation equipment, including motor vehicles and parts, mil. of dol.	2,273	3,793	2,956	4,128	3,199	3,198	4,349	2,453	2,330	2,154	2,612	2,926	3,073	
Other industries, including ordnance	2,247	3,082	2,723	3,009	2,634	2,331	2,143	2,305	2,380	2,213	2,494	2,002	1,785	
Nondurable-goods industries, total	11,168	13,139	12,291	12,948	10,834	11,176	10,797	10,321	11,930	11,286	12,332	11,627	11,018	
Unfilled orders (unadjusted), total	39,948	46,036	50,712	55,550	57,403	58,416	60,264	61,771	62,186	61,688	61,492	61,916	61,938	
Durable-goods industries, total	34,766	39,878	43,714	47,608	50,049	51,662	54,058	56,024	56,800	56,718	56,811	57,292	57,367	
Primary metals	6,917	7,325	7,676	8,190	8,486	8,589	8,518	8,822	8,877	8,556	8,691	8,613	7,957	
Fabricated metal products	4,439	5,054	5,464	5,704	5,858	5,884	5,868	5,879	5,849	5,827	5,676	5,597	5,409	
Electrical machinery and equipment	3,860	4,186	4,518	5,029	5,287	5,541	6,008	6,530	6,599	6,776	6,809	6,898	7,190	
Machinery, except electrical	6,255	7,394	8,575	9,276	9,739	10,178	10,144	10,803	11,251	11,304	11,242	11,313	11,276	
Transportation equipment, including motor vehicles and parts, mil. of dol.	8,569	10,418	11,398	13,117	14,118	15,070	17,220	17,775	18,013	18,128	18,452	19,193	19,929	
Other industries, including ordnance	4,726	5,501	6,082	6,294	6,560	6,400	6,299	6,216	6,212	6,127	5,941	5,677	5,606	
Nondurable-goods industries, total	5,182	6,158	6,998	7,741	7,354	6,755	6,206	5,746	5,385	4,970	4,681	4,624	4,570	

## BUSINESS POPULATION

<b>OPERATING BUSINESSES AND BUSINESS TURN-OVER</b>													
Operating businesses, end of quarter, total, thous.	3,985.6			4,007.4									
Contract construction	365.5			372.3									
Manufacturing	303.1			306.7									
Service industries	853.6			857.2									
Retail trade	1,676.9			1,676.8									
Wholesale trade	205.0			206.6									
All other	581.6			587.8									
New businesses, quarterly total	80.7			122.0									
Contract construction	12.2			21.0									
Manufacturing	9.6			14.4									
Service industries	15.4			21.9									
Retail trade	27.7			41.3									
Wholesale trade	3.7			5.3									
All other	12.2			18.1									
Discontinued businesses, quarterly total	92.8			100.2									
Contract construction	13.6			14.3									
Manufacturing	9.8			10.8									
Service industries	18.0			18.3									
Retail trade	37.3			41.4									
Wholesale trade	3.6			3.7									
All other	10.5			11.8									
Business transfers, quarterly total	67.0			93.8									
<b>BUSINESS INCORPORATIONS</b>													
New incorporations (48 States), number	6,780	8,515	6,590	7,649	7,653	7,544	6,810	6,428	6,496	5,950	6,812	6,289	6,894
<b>INDUSTRIAL AND COMMERCIAL FAILURES<sup>§</sup></b>													
Failures, total, number	679	775	599	732	693	755	699	665	678	620	643	587	612
Commercial service	67	63	59	69	52	64	43	55	56	39	57	48	48
Construction	62	67	60	83	81	94	71	74	89	84	85	68	71
Manufacturing and mining	143	132	107	115	119	128	129	130	136	150	150	106	131
Retail trade	330	410	304	377	365	385	390	340	333	277	304	307	296
Wholesale trade	77	73	69	88	76	84	66	66	64	70	47	58	66
Liabilities, total, thous. of dol.	21,044	21,685	16,009	17,652	17,064	22,504	22,773	21,088	26,417	26,643	29,742	17,567	19,403
Commercial service	3,205	1,482	1,399	1,375	1,055	1,871	1,906	1,398	1,358	782	2,044	952	1,874
Construction	4,748	2,393	2,228	3,292	2,268	4,655	3,085	2,606	4,290	4,068	1,037	3,740	2,251
Manufacturing and mining	5,352	5,175	6,134	5,169	5,894	5,497	5,014	7,790	10,497	14,908	12,219	6,158	6,515
Retail trade	5,479	10,376	4,357	5,005	5,617	7,487	7,434	4,778	6,173	4,826	6,707	4,369	5,177
Wholesale trade	2,260	2,259	1,891	2,211	2,200	3,994	6,284	4,456	4,099	1,459	6,835	2,348	3,586

\* Revised. † Preliminary. ‡ Revised series. See corresponding note on p. S-3. § Data are from Dun & Bradstreet, Inc.

† Beginning with the December 1951 SURVEY, the orders series include additional data for motor vehicles producers; also, data heretofore included for the motor vehicles industry have been shifted from the "other industries" category to the transportation equipment group. The new estimates have been incorporated in the series back to June 1950; unpublished revisions (June-September 1950) for the indicated series are available upon request.











Unless otherwise stated, statistics through 1950 and descriptive notes are shown in the 1951 Statistical Supplement to the Survey	1951												
	December	January	February	March	April	May	June	July	August	September	October	November	December
<b>DOMESTIC TRADE—Continued</b>													
<b>RETAIL TRADE—Continued</b>													
Department stores:													
Accounts receivable, end of month:													
Charge accounts.....1941 average=100..	314	269	236	227	220	224	218	195	196	215	230	258	334
Instalment accounts.....do.....	276	269	262	255	244	235	226	215	214	218	226	240	260
Ratio of collections to accounts receivable:													
Charge accounts.....percent.....	49	50	46	50	47	49	49	46	48	47	50	50	45
Instalment accounts.....do.....	18	19	17	19	18	18	19	18	19	19	21	20	19
Sales by type of payment:													
Cash sales.....percent of total sales..	50	45	46	48	48	48	50	50	48	47	46	47	49
Charge account sales.....do.....	42	45	44	43	43	44	42	41	41	43	43	43	42
Instalment sales.....do.....	8	10	10	9	9	8	8	9	11	10	11	10	9
Sales, unadjusted, total U. S. †.....1947-49=100..	185	96	90	98	99	103	99	84	93	112	112	134	183
Atlanta.....do.....	194	94	96	115	101	103	97	89	99	116	116	138	202
Boston.....do.....	186	99	83	93	95	101	98	73	82	110	105	129	188
Chicago.....do.....	178	94	89	97	99	105	99	85	95	113	112	132	175
Cleveland.....do.....	193	102	93	99	103	106	100	84	94	114	115	140	181
Dallas.....do.....	193	100	95	108	106	109	100	96	104	124	119	144	203
Kansas City.....do.....	183	99	93	101	100	104	97	85	102	119	117	131	185
Minneapolis.....do.....	174	88	86	84	100	101	94	81	97	112	118	120	165
New York.....do.....	185	96	90	95	96	98	105	74	80	106	108	131	179
Philadelphia.....do.....	193	93	89	105	99	105	99	76	83	112	114	144	185
Richmond.....do.....	188	88	88	100	100	109	103	86	95	118	121	145	193
St. Louis.....do.....	171	93	86	94	96	102	90	85	95	111	111	130	168
San Francisco.....do.....	185	99	93	94	95	98	97	93	101	108	107	125	188
Sales, adjusted, total U. S. †.....do.....	110	125	115	105	104	104	105	105	109	107	108	112	109
Atlanta.....do.....	116	123	114	113	105	107	114	111	110	111	111	121	120
Boston.....do.....	104	123	111	102	98	100	98	106	108	100	103	106	106
Chicago.....do.....	111	123	116	107	103	105	101	100	106	109	110	109	109
Cleveland.....do.....	116	136	120	104	108	104	106	107	108	108	112	114	109
Dallas.....do.....	116	129	118	112	112	111	113	114	115	114	119	122	122
Kansas City.....do.....	112	132	116	110	103	104	104	104	111	112	110	116	113
Minneapolis.....do.....	109	117	117	93	101	100	98	101	109	101	104	107	104
New York.....do.....	106	120	110	103	102	100	108	103	106	101	103	104	103
Philadelphia.....do.....	110	125	120	109	105	104	103	105	111	107	108	109	105
Richmond.....do.....	107	125	115	105	111	110	110	105	121	109	114	118	109
St. Louis.....do.....	108	128	108	99	98	98	104	106	105	105	105	109	107
San Francisco.....do.....	108	125	112	102	102	104	103	108	106	108	106	114	109
Stocks, total U. S., end of month: †													
Unadjusted.....do.....	110	114	125	139	145	139	129	127	129	132	135	133	107
Adjusted.....do.....	122	127	129	133	138	136	136	138	134	128	121	117	119
Mail-order and store sales:													
Total sales, 2 companies.....thous. of dol.	499,058	296,659	253,570	310,175	311,771	328,424	322,649	273,067	328,568	338,278	374,319	398,865	477,842
Montgomery Ward & Co.....do.....	164,190	88,572	77,573	95,107	95,175	100,408	92,911	79,657	98,508	100,873	117,371	121,494	146,189
Sears, Roebuck & Co.....do.....	334,868	208,088	175,997	215,068	216,596	228,017	229,738	193,410	230,060	237,405	256,949	277,371	331,653
Rural sales of general merchandise:													
Total U. S., unadjusted.....1935-39=100..	517.0	287.7	269.3	291.5	287.6	285.3	287.0	242.6	294.9	334.1	362.0	439.3	499.6
East.....do.....	481.3	270.1	230.9	279.4	269.5	261.3	265.9	216.1	261.8	285.1	325.6	445.9	453.7
South.....do.....	552.3	305.0	304.4	323.5	304.0	293.3	304.2	263.3	301.7	369.0	418.0	500.6	534.4
Middle West.....do.....	489.8	276.2	251.3	275.8	270.9	276.6	271.1	228.5	281.3	316.1	340.7	411.6	468.5
Far West.....do.....	601.6	324.7	295.5	312.0	325.5	317.8	349.2	307.1	366.1	394.4	403.8	456.1	606.5
Total U. S., adjusted.....do.....	365.1	380.1	321.7	307.8	300.5	318.1	323.6	329.2	321.6	302.1	302.7	339.0	340.8
East.....do.....	333.1	356.3	278.1	279.4	271.1	291.0	306.3	323.5	298.5	274.9	271.3	319.2	314.0
South.....do.....	399.3	381.2	350.0	340.5	331.2	353.8	371.4	376.7	336.0	324.3	327.1	365.9	386.4
Middle West.....do.....	330.1	368.3	314.1	290.3	277.6	312.2	296.0	305.9	303.8	293.8	290.0	313.2	315.7
Far West.....do.....	383.7	441.2	395.6	346.7	348.1	354.7	385.9	376.3	375.5	344.8	359.3	363.7	386.8
<b>WHOLESALE TRADE*</b>													
Sales, estimated (unadj.), total.....mil. of dol.	9,206	9,533	8,392	8,820	8,078	8,483	8,265	7,980	9,124	8,925	10,129	9,795	9,252
Durable-goods establishments.....do.....	2,764	2,980	2,750	3,087	2,888	2,858	2,736	2,508	2,889	2,836	3,103	2,812	2,516
Nondurable-goods establishments.....do.....	6,442	6,553	5,642	5,733	5,190	5,625	5,529	5,472	6,235	6,089	7,026	6,983	6,736
Inventories, estimated (unadj.), total.....do.....	9,286	9,551	9,841	10,122	10,187	10,235	10,005	10,097	9,987	10,059	10,116	10,077	9,849
Durable-goods establishments.....do.....	4,012	4,159	4,404	4,661	4,875	5,032	5,034	5,019	4,867	4,792	4,723	4,650	4,605
Nondurable-goods establishments.....do.....	5,274	5,392	5,437	5,461	5,312	5,203	4,971	5,078	5,120	5,267	5,393	5,427	5,244

**EMPLOYMENT AND POPULATION**

<b>POPULATION</b>													
Population, continental United States:													
Total, incl. armed forces overseas.....thousands..	152,879	153,085	153,302	153,490	153,699	153,900	154,122	154,353	154,595	154,853	155,107	155,356	155,575
<b>EMPLOYMENT</b>													
Employment status of civilian noninstitutional population:													
Estimated number 14 years of age and over, total.....thousands.....	109,193	109,170	108,933	108,964	108,879	108,832	108,836	108,856	108,896	108,956	109,064	109,122	109,200
Male.....do.....	52,491	52,419	52,140	52,108	51,980	51,883	51,834	51,798	51,778	51,780	51,826	51,824	51,844
Female.....do.....	56,702	56,751	56,793	56,856	56,899	56,949	57,002	57,058	57,118	57,176	57,238	57,298	57,356
Civilian labor force, total.....do.....	62,538	61,514	61,313	62,325	61,789	62,803	63,783	64,382	64,208	63,186	63,452	63,164	62,688
Male.....do.....	43,535	43,093	42,894	43,379	43,182	43,508	44,316	44,602	44,720	43,672	43,522	43,346	43,114
Female.....do.....	19,003	18,421	18,419	18,946	18,607	19,294	19,467	19,780	19,488	19,514	19,930	19,818	19,574
Employed.....do.....	60,308	59,010	58,905	60,179	60,044	61,193	61,803	62,526	62,630	61,580	61,836	61,336	61,014
Male.....do.....	42,076	41,433	41,300	42,102	42,154	42,558	43,149	43,504	43,764	42,830	42,632	42,344	42,106
Female.....do.....	18,232	17,577	17,605	18,077	17,890	18,635	18,654	19,022	18,866	18,750	19,204	18,992	18,908
Agricultural employment.....do.....	6,234	6,018	5,930	6,393	6,645	7,440	8,035	7,908	7,688	7,526	7,668	7,022	6,378
Nonagricultural employment.....do.....	54,075	52,993	52,976	53,785	53,400	53,753	53,708	54,618	54,942	54,054	54,168	54,314	54,636
Unemployed.....do.....	2,229	2,503	2,407	2,147	1,744	1,609	1,980	1,856	1,578	1,606	1,616	1,828	1,674
Not in labor force.....do.....	46,657	47,658	47,619	46,638	47,092	46,029	45,053	44,474	44,688	45,770	45,612	45,958	46,512

† Revised. \* Preliminary.

† Revised series. Data have been revised back to 1919 to reflect use of new base period and to incorporate other major changes. Revisions through 1950 for total United States sales are shown on p. 23 of this issue of the SURVEY; revised data for sales by districts and all stocks data prior to December 1950 will be shown later.

\* Data on total wholesale trade have been substituted for the series on service and limited-function wholesalers. Figures for earlier periods appear on pp. 15-24 of the October 1951 SURVEY.





Unless otherwise stated, statistics through 1950 and descriptive notes are shown in the 1951 Statistical Supplement to the Survey	1950		1951									
	December	January	February	March	April	May	June	July	August	September	October	November

**EMPLOYMENT AND POPULATION—Continued**

<b>LABOR CONDITIONS—Continued</b>												
Average weekly hours per worker, etc.—Continued												
Nonmanufacturing industries:												
Mining:												
Metal.....hours.....	43.9	43.7	43.7	43.3	44.0	44.2	41.8	42.0	44.5	† 44.1	† 44.5	43.5
Anthracite.....do.....	32.8	35.9	30.2	23.1	21.6	30.1	31.0	35.3	26.3	† 27.2	34.0	-----
Bituminous coal.....do.....	38.5	37.6	34.1	33.6	33.9	33.3	34.8	32.7	34.9	† 36.5	36.4	36.0
Crude-petroleum and natural-gas production:												
Petroleum and natural-gas production												
.....hours.....	40.2	40.6	40.5	40.6	41.2	40.4	40.4	42.1	40.2	† 41.8	40.3	40.3
Nonmetallic mining and quarrying.....do.....	43.5	43.3	42.0	43.6	45.0	45.7	45.7	45.8	46.3	46.1	47.2	44.6
Contract construction.....do.....	37.3	37.1	35.7	36.3	37.4	38.3	38.4	39.0	39.1	38.9	39.4	36.8
Nonbuilding construction.....do.....	40.2	39.4	37.7	38.5	40.3	41.8	41.3	42.9	42.7	† 41.9	42.5	38.7
Building construction.....do.....	36.7	36.7	35.3	35.8	36.8	37.5	37.7	38.1	38.2	38.2	38.6	36.4
Transportation and public utilities:												
Local railways and bus lines.....do.....	46.3	45.9	46.0	45.7	45.9	46.5	46.8	46.5	46.2	† 46.1	† 46.1	46.0
Telephone.....do.....	39.1	38.9	39.2	38.9	38.7	39.0	39.4	39.8	39.2	39.4	39.1	39.2
Telegraph.....do.....	44.8	44.5	44.7	44.6	44.6	45.4	45.1	44.8	44.6	44.4	44.3	44.2
Gas and electric utilities.....do.....	42.0	41.8	42.0	41.5	41.5	41.7	42.0	41.9	42.2	† 42.2	42.0	-----
Trade:												
Wholesale trade.....do.....	41.2	40.8	40.6	40.6	40.6	40.6	40.7	40.7	40.7	† 40.9	† 40.9	40.9
Retail trade (except eating and drinking places)*.....hours.....	40.7	40.3	40.1	39.7	39.9	39.8	40.4	40.8	40.8	† 40.0	† 39.7	39.3
General-merchandise stores.....do.....	38.2	36.7	36.3	35.8	35.9	35.5	36.5	37.1	36.9	† 35.9	35.6	34.8
Food and liquor stores.....do.....	40.3	39.9	39.5	39.3	39.6	39.7	40.5	41.1	41.0	40.0	39.6	39.5
Automotive and accessories dealers.....do.....	46.0	45.7	45.5	45.4	45.5	45.2	45.6	45.3	45.3	† 45.2	† 45.3	45.0
Service:												
Hotels, year-round.....do.....	43.9	43.4	43.2	43.3	43.3	43.4	43.4	43.4	43.3	† 42.9	† 43.2	43.4
Laundries.....do.....	41.2	41.0	40.5	40.9	41.1	41.4	41.5	41.3	40.9	41.3	41.2	41.0
Cleaning and dyeing plants.....do.....	41.1	41.4	40.1	40.2	42.4	43.1	42.6	41.6	40.3	† 41.6	41.5	40.6
Industrial disputes (strikes and lock-outs):												
Beginning in month:												
Work stoppages.....number.....	218	† 438	† 345	† 353	† 363	† 432	† 389	† 440	† 490	† 430	† 470	300
Workers involved.....thousands.....	61	† 238	† 199	† 131	† 162	† 164	† 189	† 276	† 210	200	240	70
In effect during month:												
Work stoppages.....number.....	423	550	550	550	550	580	560	600	625	600	640	550
Workers involved.....thousands.....	114	215	300	280	235	250	260	320	350	340	360	190
Man-days idle during month.....do.....	912	† 1,280	† 1,900	† 1,730	† 1,910	† 1,820	† 1,790	† 1,880	† 2,600	† 2,420	2,750	1,600
Percent of available working time.....do.....	.12	† .16	† .28	† .22	.25	† .23	† .23	† .24	† .31	† .34	.32	.12
U. S. Employment Service placement activities:												
Nonagricultural placements.....thousands.....	421	486	438	513	552	610	585	586	628	621	610	498
Unemployment compensation:												
Initial claims.....do.....	1,051	1,080	770	719	983	908	1,118	1,086	950	724	902	948
Continued claims.....do.....	3,873	4,923	3,845	3,627	3,534	3,977	3,704	4,042	4,071	3,329	3,692	3,817
Benefit payments:												
Beneficiaries, weekly average.....do.....	832	983	883	807	740	773	821	748	801	758	713	749
Amount of payments.....thous. of dol.....	66,969	91,560	71,369	71,584	62,294	70,799	68,780	65,925	75,131	62,049	67,449	68,607
Veterans' unemployment allowances:												
Initial claims.....thousands.....	5	4	3	2	1	1	1	1	1	1	1	1
Continued claims.....do.....	25	27	19	15	9	6	5	5	5	3	3	3
Amount of payments.....thous. of dol.....	464	554	391	315	197	146	97	105	93	66	53	50
Labor turn-over in manufacturing establishments:												
Accession rate.....monthly rate per 100 employees.....	3.0	5.2	4.5	4.6	4.5	4.5	4.9	4.2	4.5	4.3	4.4	† 3.9
Separation rate, total.....do.....	3.6	4.1	3.8	4.1	4.6	4.8	4.3	4.4	5.3	5.1	4.7	† 4.3
Discharges.....do.....	.3	.3	.3	.3	.4	.4	.4	.3	.4	.3	.4	.3
Lay-offs.....do.....	1.3	1.0	.8	.8	1.0	1.2	1.0	1.3	1.4	1.3	1.4	† 1.7
Quits.....do.....	1.7	2.1	2.1	2.5	2.7	2.8	2.5	2.4	3.1	3.1	2.5	1.9
Military and miscellaneous.....do.....	.3	.7	.6	.5	.5	.4	.4	.4	.4	.4	.4	.3
<b>WAGES</b>												
Average weekly earnings (U. S. Department of Labor):												
All manufacturing industries.....dollars.....												
Durable-goods industries.....do.....	63.88	63.76	63.84	64.57	64.70	64.55	65.08	64.24	64.32	† 65.49	† 65.41	† 65.81
Ordinance and accessories.....do.....	68.32	67.65	68.18	69.30	69.68	69.60	70.27	68.79	69.55	† 71.01	† 71.14	† 72.58
Lumber and wood products (except furniture).....do.....	68.34	69.55	70.92	72.71	70.97	72.45	71.02	73.10	73.71	† 76.47	† 75.16	† 74.91
Non-durable-goods industries.....dollars.....												
Sawmills and planing mills.....do.....	57.59	55.73	56.13	55.58	58.55	59.72	61.51	57.43	60.49	† 61.51	† 62.17	† 60.64
Furniture and fixtures.....do.....	56.83	54.84	55.30	55.06	58.49	59.22	60.92	57.46	60.29	† 61.06	† 60.95	59.76
Stone, clay, and glass products.....do.....	56.77	56.93	58.15	58.67	56.96	56.28	56.03	55.74	57.53	† 58.40	† 58.66	58.92
Glass and glass products.....do.....	63.60	63.48	63.15	64.53	65.09	65.11	65.25	65.04	64.74	† 65.74	† 66.00	† 64.95
Primary metal industries.....do.....	65.89	66.10	65.04	66.17	66.91	65.81	65.97	67.14	63.19	† 65.40	† 65.31	65.39
Blast furnaces, steel works, and rolling mills.....do.....	74.36	74.42	73.12	75.11	75.70	75.02	76.03	74.76	73.70	† 75.79	† 75.41	† 75.57
Primary smelting and refining of nonferrous metals.....dollars.....												
Fabricated metal prod. (except ordnance, machinery, transportation equipment).....do.....	75.21	76.41	74.16	77.35	77.92	76.90	78.70	77.64	75.25	† 78.72	† 76.89	77.73
Heating apparatus (except electrical) and plumbers' supplies.....dollars.....	69.47	70.67	69.18	69.14	70.18	70.18	70.73	69.90	70.46	† 68.64	† 70.64	69.91
Machinery (except electrical).....dollars.....												
Electrical machinery.....do.....	68.26	67.80	68.18	69.55	69.51	69.18	69.43	67.98	68.68	† 70.14	† 70.43	† 70.18
Transportation equipment.....do.....	68.88	68.85	69.60	70.89	70.22	69.67	69.50	67.40	67.23	† 69.89	† 70.61	69.41
Automobiles.....do.....	74.20	74.47	75.08	76.43	76.78	76.30	76.65	75.42	75.94	† 77.24	† 77.90	† 77.49
Aircraft and parts.....do.....	65.15	64.42	64.80	65.34	65.58	66.57	67.15	66.13	66.34	† 68.06	† 68.27	† 68.76
Ship and boat building and repairs.....do.....	66.75	65.79	67.06	67.64	68.55	68.78	69.44	68.18	68.51	† 69.93	† 70.22	† 70.68
Railroad equipment.....do.....	66.75	65.79	67.06	67.64	68.55	68.78	69.44	68.18	68.51	† 69.93	† 70.22	† 70.68
Instruments and related products.....do.....	66.75	65.79	67.06	67.64	68.55	68.78	69.44	68.18	68.51	† 69.93	† 70.22	† 70.68
Miscellaneous mfg. industries.....do.....	57.50	57.37	58.41	58.18	58.03	57.39	57.85	56.46	56.82	† 57.61	† 57.96	† 58.44

\* Revised. † Preliminary ‡ See note marked "†" on p. S-11.  
 \* New series. † Data beginning 1947 will be shown later.







Unless otherwise stated, statistics through 1950 and descriptive notes are shown in the 1951 Statistical Supplement to the Survey	1951												
	December	January	February	March	April	May	June	July	August	September	October	November	December
<b>FINANCE—Continued</b>													
<b>FEDERAL GOVERNMENT FINANCE—Con.</b>													
Public debt and guaranteed obligations:													
Gross debt (direct), end of month, total													
mil. of dol.	256,708	256,125	255,941	254,997	254,727	255,093	255,222	255,657	256,644	257,353	258,298	259,604	259,419
Interest-bearing, total	254,283	253,704	253,382	252,553	252,280	252,729	252,852	253,325	254,321	254,958	255,940	257,253	257,070
Public issues	220,575	219,712	219,448	219,028	218,690	218,680	218,198	218,618	219,174	219,321	220,325	221,391	221,168
Special issues	33,707	33,992	33,933	33,525	33,590	34,049	34,653	34,707	35,146	35,637	35,615	35,862	35,902
Noninterest bearing	2,425	2,421	2,559	2,444	2,447	2,364	2,370	2,332	2,323	2,395	2,359	2,351	2,348
Obligations guaranteed by U. S. Government, end of month	24	18	18	21	21	29	29	28	32	33	37	43	42
U. S. savings bonds:													
Amount outstanding, end of month	58,248	58,191	58,133	58,020	57,938	57,842	57,784	57,733	57,691	57,662	57,666	57,710	57,739
Sales, series E, F, and G	541	475	386	359	310	295	289	310	312	272	334	315	296
Redemptions	509	653	528	560	472	477	475	481	436	390	410	364	401
Government corporations and credit agencies:													
Assets, except interagency, total	24,635			25,104			25,188			25,668			
Loans receivable, total (less reserves)	13,228			13,496			13,504			13,906			
To aid agriculture	3,884			3,931			3,675			3,896			
To aid home owners	1,528			1,721			1,809			1,981			
To aid railroads	110			108			105			104			
To aid other industries	458			473			498			494			
To aid banks	(1)			(1)			(1)			(1)			
To aid other financial institutions	824			760			824			755			
Foreign loans	6,078			6,116			6,151			6,133			
All other	531			564			627			720			
Commodities, supplies, and materials	1,774			1,764			1,719			1,515			
U. S. Government securities	2,075			2,162			2,185			2,236			
Other securities	3,473			3,467			3,474			3,472			
Land, structures, and equipment	2,945			2,951			2,999			3,025			
All other assets	1,141			1,264			1,308			1,514			
Liabilities, except interagency, total	2,406			2,500			2,340			2,383			
Bonds, notes, and debentures:													
Guaranteed by the United States	23			19			29			34			
Other	1,190			1,247			1,378			1,399			
Other liabilities	1,193			1,234			932			949			
Privately owned interest	234			268			315			322			
U. S. Government interest	21,995			22,337			22,533			22,962			
Reconstruction Finance Corporation, loans and securities (at cost) outstanding, end of month, total	893	890	884	883	885	882	872	862	856	831	823	819	803
Industrial and commercial enterprises, including national defense	436	439	439	447	458	462	463	460	457	442	433	428	419
Financial institutions	103	102	99	98	97	95	94	93	92	92	92	91	84
Railroads	108	106	106	106	105	104	103	103	102	102	102	102	99
States, territories, and political subdivisions	23	22	22	20	20	20	19	18	18	18	18	18	19
United Kingdom and Republic of the Philippines													
Mortgages purchased	97	95	93	87	84	81	75	72	71	60	60	60	60
Other loans	92	90	90	89	86	83	82	81	81	80	80	79	78
Other loans	36	36	36	36	36	36	36	35	36	37	40	42	44
<b>LIFE INSURANCE</b>													
Assets, admitted:													
All companies (Institute of Life Insurance), estimated total	63,688	64,296	64,539	64,822	65,156	65,496	65,727	66,128	66,455	66,777	67,181	67,476	
Securities and mortgages	57,244	57,592	57,881	58,060	58,309	58,759	59,085	59,437	59,701	59,961	60,347	60,514	
49 companies (Life Insurance Association of America), total	56,519	56,886	57,131	57,362	57,641	57,894	58,091	58,431	58,702	58,975	59,282	59,556	
Bonds and stocks, book value, total	37,676	37,593	37,577	37,414	37,342	37,455	37,486	37,574	37,572	37,652	37,776	37,759	
Govt. (domestic and foreign), total	14,221	14,064	13,916	13,514	13,147	13,021	12,741	12,657	12,410	12,329	12,229	12,060	
U. S. Government	12,023	11,865	11,718	11,307	10,927	10,787	10,480	10,417	10,166	10,050	9,956	9,829	
Public utility	10,187	10,192	10,225	10,303	10,350	10,376	10,457	10,503	10,548	10,687	10,647	10,703	
Railroad	2,968	3,011	3,005	3,008	3,005	3,017	3,024	3,033	3,044	3,065	3,088	3,111	
Other	10,270	10,325	10,431	10,589	10,839	11,041	11,263	11,381	11,570	11,675	11,812	11,885	
Cash	789	863	792	908	977	804	765	751	739	721	735	851	
Mortgage loans, total	13,252	13,573	13,848	14,141	14,397	14,675	14,921	15,139	15,365	15,518	15,676	15,851	
Farm	1,148	1,170	1,196	1,218	1,239	1,263	1,283	1,298	1,310	1,319	1,330	1,338	
Other	12,104	12,403	12,652	12,923	13,158	13,412	13,639	13,841	14,054	14,198	14,347	14,512	
Policy loans and premium notes	2,067	2,078	2,089	2,107	2,119	2,133	2,146	2,156	2,167	2,175	2,182	2,190	
Real-estate holdings	1,278	1,286	1,296	1,304	1,311	1,321	1,323	1,342	1,361	1,378	1,401	1,408	
Other admitted assets	1,457	1,493	1,529	1,488	1,495	1,506	1,450	1,468	1,499	1,531	1,511	1,497	
Life Insurance Agency Management Association: Insurance written (new paid-for insurance):													
Value, estimated total	2,973	2,068	2,355	2,463	2,284	2,428	2,295	2,219	2,165	1,946	2,283	2,446	2,535
Group	1,142	333	649	429	316	411	343	334	281	212	253	446	534
Industrial	389	395	424	486	466	505	475	420	424	449	481	453	436
Ordinary, total	1,442	1,340	1,282	1,548	1,502	1,512	1,477	1,465	1,460	1,285	1,549	1,547	1,565
New England	94	105	92	107	100	96	93	95	93	81	104	102	101
Middle Atlantic	323	336	318	381	369	368	356	346	323	284	347	357	333
East North Central	300	281	273	326	322	324	315	320	321	284	336	328	333
West North Central	146	120	114	137	126	133	134	128	118	132	139	152	152
South Atlantic	162	147	147	173	172	172	166	172	174	155	195	184	199
East South Central	56	52	49	57	58	58	58	57	58	54	75	76	68
West South Central	129	115	110	143	136	135	138	130	142	116	132	128	138
Mountain	59	45	43	56	53	55	49	51	53	47	54	54	60
Pacific	174	139	137	169	166	171	166	164	167	145	174	177	181
Institute of Life Insurance: Payments to policyholders and beneficiaries, estimated total	345,502	370,946	364,142	366,291	336,397	338,335	338,256	307,283	327,525	288,393	327,648	315,371	
Death claim payments	137,352	157,309	129,006	153,724	146,005	149,159	142,116	135,428	148,811	122,338	147,059	136,825	
Matured endowments	39,566	50,856	41,556	47,349	43,726	43,178	42,984	38,234	39,785	35,119	40,377	42,448	
Disability payments	8,222	9,487	7,959	8,682	8,831	8,846	8,247	8,152	8,580	7,453	8,605	8,311	
Annuity payments	18,131	27,999	22,573	22,689	21,715	23,573	22,512	22,550	22,966	21,506	22,601	24,109	
Surrender values	54,309	59,291	53,161	62,476	58,309	60,249	57,296	54,131	56,691	47,832	58,909	53,220	
Policy dividends	87,922	66,004	49,887	71,371	57,811	53,330	65,101	48,788	50,692	54,145	50,097	50,458	

\* Revised. <sup>1</sup> Less than \$500,000.

† Revisions for January–July 1950 are shown in corresponding note in the October 1951 SURVEY.



Unless otherwise stated, statistics through 1950 and descriptive notes are shown in the 1951 Statistical Supplement to the Survey

	1950	1951											
	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.	649	269	378	994	810	739	812	505	537	371	541	590	p 826
Proposed uses of proceeds:													
New money, total.....do.....	433	243	314	845	626	676	685	452	474	334	462	504	p 725
Plant and equipment.....do.....	242	193	243	699	504	487	431	336	352	281	367	438	p 640
Working capital.....do.....	190	49	71	146	122	189	253	116	121	53	95	66	p 85
Retirement of debt and stock, total.....do.....	168	25	57	121	129	46	112	47	43	32	56	70	p 68
Funded debt.....do.....	83	12	28	68	13	14	54	20	22	17	3	48	p 42
Other debt.....do.....	84	11	27	53	64	26	49	26	21	15	51	21	p 23
Preferred stock.....do.....	1	2	2	0	52	6	9	0	1	0	2	1	p 2
Other purposes.....do.....	49	2	6	28	55	18	15	6	20	4	23	16	p 32
Proposed uses by major groups:													
Manufacturing, total.....do.....	166	37	64	298	405	384	361	141	250	165	244	165	p 416
New money.....do.....	119	29	53	219	301	353	314	115	218	146	203	139	p 357
Retirement of debt and stock.....do.....	43	8	9	73	94	20	42	23	26	17	37	21	p 39
Public utility, total.....do.....	173	132	219	151	278	209	249	190	169	118	179	274	p 269
New money.....do.....	140	126	199	97	230	204	234	180	161	115	162	226	p 246
Retirement of debt and stock.....do.....	33	6	20	36	20	3	13	11	8	4	16	21	p 23
Railroad, total.....do.....	69	44	26	30	20	14	26	18	9	23	18	70	p 22
New money.....do.....	13	44	8	30	20	14	26	18	9	23	16	55	p 22
Retirement of debt and stock.....do.....	56	0	18	0	0	0	0	0	0	0	2	15	p 0
Communication, total.....do.....	4	2	2	423	24	4	3	51	3	8	14	35	p 48
New money.....do.....	4	2	2	422	24	4	2	51	3	8	14	35	p 48
Retirement of debt and stock.....do.....	0	0	0	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0	0	p 1
Real estate and financial, total.....do.....	117	27	39	20	35	50	123	74	28	15	57	14	p 22
New money.....do.....	99	25	33	16	30	37	73	71	14	12	46	11	p 16
Retirement of debt and stock.....do.....	5	1	3	2	2	10	49	1	1	2	0	1	p 2
State and municipal issues (Bond Buyer):													
Long-term.....thous. of dol.	170,557	180,040	205,771	169,623	237,662	433,961	335,166	364,091	156,214	249,434	381,580	299,109	257,457
Short-term.....do.....	176,520	115,289	158,609	89,529	191,699	162,557	105,887	74,901	84,760	36,315	191,104	210,915	215,196
COMMODITY MARKETS													
Volume of trading in grain futures:													
Corn.....mil. of bu.	227	265	186	181	155	222	185	175	163	249	220	286	242
Wheat.....do.....	391	449	480	426	409	434	389	445	458	308	340	454	380
SECURITY MARKETS													
Brokers' Balances (N. Y. S. E. Members Carrying Margin Accounts)													
Cash on hand and in banks.....mil. of dol.	397						364						
Customers' debit balances (net).....do.....	1,356	1,411	1,367	1,304	1,286	1,287	1,275	1,266	1,260	1,290	1,291	1,279	p 1,292
Customers' free credit balances.....do.....	890	948	953	918	879	855	834	825	816	843	853	805	p 824
Money borrowed.....do.....	745	690	642	715	661	681	680	672	624	640	653	649	p 695
Bonds													
Prices:													
Average price of all listed bonds (N. Y. S. E.), total\$.....dollars.....	100.93	101.18	100.90	99.30	98.72	98.28	97.86	98.48	99.23	98.72	98.29	97.82	97.43
Domestic.....do.....	101.45	101.69	101.38	99.77	99.24	98.79	98.37	98.98	99.73	99.22	98.78	98.30	97.92
Foreign.....do.....	70.41	71.71	72.56	71.94	71.85	71.70	71.78	73.10	73.66	72.93	73.00	72.65	72.44
Standard and Poor's Corporation:													
Industrial, utility, and railroad (A1+ issues):													
Composite (17 bonds).....dol. per \$100 bond.....	121.1	121.4	121.3	119.4	117.8	117.4	116.6	116.2	117.1	118.0	116.9	115.3	114.8
Domestic municipal (15 bonds).....do.....	137.4	140.5	140.7	135.5	131.9	131.1	128.6	129.4	132.1	132.0	131.3	131.6	130.9
U. S. Treasury bonds, taxable.....do.....	101.53	101.56	101.44	100.28	98.93	97.90	97.62	97.93	98.90	99.10	98.22	97.52	96.85
Sales:													
Total, excluding U. S. Government bonds:													
All registered exchanges:													
Market value.....thous. of dol.	97,580	112,608	77,203	72,842	106,614	69,822	54,048	52,767	53,065	54,075	66,533	47,052	58,376
Face value.....do.....	120,019	135,822	86,108	83,272	108,793	80,270	63,267	66,368	60,666	62,621	79,818	56,942	71,347
New York Stock Exchange:													
Market value.....do.....	95,099	110,023	74,563	70,081	104,014	67,378	51,192	50,590	51,120	52,560	64,609	45,275	56,026
Face value.....do.....	116,476	132,186	82,658	79,406	105,659	77,369	60,114	62,649	57,957	60,534	75,600	53,328	67,670
New York Stock Exchange, exclusive of stopped sales, face value, total\$.....thous. of dol.													
U. S. Government.....do.....	23	1	0	9	1,946	5	0	2	0	0	10	0	0
Other than U. S. Government, total\$.....do.....	111,199	119,999	86,996	76,659	74,084	67,809	55,399	56,398	52,111	56,211	67,281	48,559	0
Domestic.....do.....	101,824	110,535	77,384	68,618	67,413	61,391	49,191	45,698	45,548	49,960	58,350	41,895	0
Foreign.....do.....	9,355	9,446	9,592	8,009	6,601	6,408	6,179	10,650	6,515	6,192	8,867	6,613	0
Value, issues listed on N. Y. S. E.:													
Market value, total, all issues\$.....mil. of dol.	115,952	116,165	115,801	114,382	100,247	99,938	97,818	98,457	99,271	97,925	97,511	97,151	95,634
Domestic.....do.....	114,347	114,541	114,163	112,758	98,630	98,278	96,163	96,777	97,580	96,290	95,876	95,427	93,920
Foreign.....do.....	1,354	1,374	1,389	1,377	1,373	1,369	1,366	1,389	1,399	1,347	1,345	1,339	1,332
Face value, total, all issues\$.....do.....	114,889	114,808	114,769	115,183	101,545	101,692	99,958	99,975	100,045	99,197	99,206	99,318	98,158
Domestic.....do.....	112,716	112,643	112,605	113,019	99,384	99,482	97,754	97,775	97,846	97,050	97,063	97,075	95,920
Foreign.....do.....	1,923	1,916	1,914	1,914	1,912	1,910	1,904	1,900	1,899	1,847	1,843	1,843	1,839
Yields:													
Domestic corporate (Moody's).....percent.....	2.88	2.86	2.85	2.96	3.07	3.09	3.16	3.17	3.12	3.08	3.13	3.20	3.25
By ratings:													
Aaa.....do.....	2.67	2.66	2.66	2.78	2.87	2.89	2.94	2.94	2.88	2.84	2.89	2.96	3.01
Aa.....do.....	2.72	2.71	2.71	2.82	2.93	2.99	2.99	2.99	2.88	2.88	2.93	3.02	3.06
A.....do.....	2.91	2.89	2.88	3.00	3.11	3.15	3.21	3.23	3.17	3.15	3.18	3.26	3.31
Baa.....do.....	3.20	3.17	3.16	3.23	3.35	3.40	3.49	3.53	3.50	3.46	3.50	3.56	3.61
By groups:													
Industrial.....do.....	2.70	2.69	2.69	2.81	2.89	2.90	2.96	2.97	2.92	2.89	2.93	2.97	3.00
Public utility.....do.....	2.87	2.85	2.86	2.96	3.07	3.10	3.18	3.19	3.13	3.09	3.14	3.21	3.24
Railroad.....do.....	3.07	3.03	3.01	3.11	3.24	3.28	3.33	3.36	3.31	3.27	3.31	3.42	3.50
Domestic municipal:													
Bond Buyer (20 bonds).....do.....	1.70	1.58	1.63	1.82	1.94	2.07	2.21	2.06	2.00	2.05	2.04	2.07	2.11
Standard and Poor's Corp. (15 bonds).....do.....	1.77	1.62	1.61	1.87	2.05	2.09	2.22	2.18	2.04	2.05	2.08	2.07	2.10
U. S. Treasury bonds, taxable.....do.....	2.39	2.39	2.40	2.47	2.56	2.63	2.65	2.63	2.57	2.56	2.61	2.66	2.70

\* Revised. 1 Less than \$500,000.  
 † Sales and value 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.





































Unless otherwise stated, statistics through 1950 and descriptive notes are shown in the 1951 Statistical Supplement to the Survey	1951												
	December	January	February	March	April	May	June	July	August	September	October	November	December
<b>STONE, CLAY, AND GLASS PRODUCTS</b>													
<b>ABRASIVE PRODUCTS</b>													
Coated abrasive paper and cloth, shipments...reams..	155,823	189,440	184,326	206,940	179,507	191,138	162,002	161,093	174,180	171,584	195,139	188,389	132,524
<b>PORTLAND CEMENT</b>													
Production.....thous. of bbl..	19,116	17,434	15,201	18,708	20,184	21,924	21,984	22,439	22,513	22,269	22,797	20,736	19,874
Percent of capacity.....	87	79	76	82	91	96	99	98	98	100	99	93	85
Shipments.....thous. of bbl..	12,477	12,237	11,294	17,692	20,953	24,892	24,935	24,266	25,852	23,256	26,140	18,001	11,790
Stocks, finished, end of month.....do..	13,018	18,222	22,127	23,139	22,364	19,393	16,439	14,615	11,282	10,287	6,945	9,916	18,000
Stocks, clinker, end of month.....do..	3,925	5,473	7,097	8,068	8,194	7,482	6,682	5,601	4,851	4,138	3,544	3,882	4,699
<b>CLAY PRODUCTS</b>													
<b>Brick, unglazed:</b>													
Production.....thous. of standard brick..	499,694	480,607	422,134	534,077	553,468	605,304	600,516	571,338	603,781	538,774	591,281	532,937	-----
Shipments.....do..	450,800	470,730	408,766	550,274	552,881	599,905	577,686	540,545	571,081	516,533	578,080	466,690	-----
Price, wholesale, common, composite, f. o. b. plant.....dol. per thous..	26.378	26.549	26.589	26.602	26.588	26.591	26.604	26.604	26.642	26.662	26.651	26.650	26.634
<b>Clay sewer pipe, vitrified:</b>													
Production.....short tons..	127,951	137,211	122,046	139,653	142,356	144,666	138,922	137,727	151,181	137,430	158,121	141,154	-----
Shipments.....do..	114,439	124,503	96,487	125,328	134,777	141,774	137,142	141,255	150,323	135,057	154,034	121,239	-----
<b>Structural tile, unglazed:</b>													
Production.....do..	95,265	108,816	98,593	110,146	105,268	106,045	104,547	101,903	103,493	93,164	101,922	98,965	-----
Shipments.....do..	85,471	103,293	89,645	108,738	108,653	108,866	105,045	100,040	101,782	94,063	100,142	85,529	-----
<b>GLASS PRODUCTS</b>													
<b>Glass containers:</b>													
Production.....thous. of gross..	9,321	10,279	9,201	10,987	11,075	10,849	10,489	10,355	10,575	9,134	9,341	7,804	7,603
Shipments, domestic, total.....do..	9,153	9,499	8,563	10,250	9,583	10,390	9,847	9,372	10,543	9,397	8,948	7,714	7,568
<b>General-use food:</b>													
Narrow-neck food.....do..	786	835	931	1,116	1,067	999	908	738	1,125	1,432	1,072	632	674
Wide-mouth food (incl. packers' tumblers, jelly glasses, and fruit jars).....thous. of gross..	2,272	2,410	2,129	2,472	2,332	2,666	2,410	2,416	2,782	2,281	2,426	2,122	1,885
<b>Beverage (returnable and nonreturnable)</b>													
Production.....thous. of gross..	654	457	345	447	617	803	969	858	602	332	297	319	532
Beer bottles.....do..	532	450	541	978	1,190	1,468	1,786	1,848	2,279	1,344	746	840	873
Liquor and wine.....do..	1,317	1,543	1,425	1,302	931	880	730	746	805	1,171	1,328	1,097	906
Medicinal and toilet.....do..	2,397	2,637	2,183	2,740	2,389	2,426	1,965	1,805	1,901	1,782	1,985	1,810	1,795
Chemical, household and industrial.....do..	791	844	724	883	823	878	823	695	722	717	782	634	572
Dairy products.....do..	404	324	285	313	235	271	255	266	326	338	312	290	339
Stocks, end of month.....do..	6,776	7,240	7,631	8,091	9,293	9,426	9,714	10,375	10,102	9,839	9,884	9,710	9,453
<b>Other glassware, machine-made:</b>													
<b>Tumblers:</b>													
Production.....thous. of dozens..	5,702	6,959	6,506	7,570	7,534	7,292	6,384	5,560	5,807	4,656	4,966	3,889	-----
Shipments.....do..	5,253	6,831	6,132	7,156	6,851	6,760	5,737	5,733	4,387	5,414	4,645	-----	-----
Stocks.....do..	9,887	9,602	9,940	10,340	10,933	11,381	11,974	11,769	12,256	12,556	11,978	11,228	-----
Table, kitchen, and householdware, shipments.....thous. of dozens..	3,218	3,667	3,364	3,998	3,439	3,408	2,682	2,766	3,506	2,892	3,459	3,368	-----
<b>GYPSUM AND PRODUCTS</b>													
<b>Crude gypsum, quarterly total:</b>													
Imports.....thous. of short tons..	967	-----	-----	613	-----	-----	664	-----	-----	1,171	-----	-----	-----
Production.....do..	2,355	-----	-----	2,102	-----	-----	2,305	-----	-----	2,271	-----	-----	-----
Calcined, production, quarterly total.....do..	1,960	-----	-----	1,838	-----	-----	1,981	-----	-----	1,977	-----	-----	-----
<b>Gypsum products sold or used, quarterly total:</b>													
Uncalcined.....short tons..	626,833	-----	-----	660,470	-----	-----	656,070	-----	-----	697,477	-----	-----	-----
<b>Calcined:</b>													
<b>For building uses:</b>													
Base-coat plasters.....do..	595,988	-----	-----	512,238	-----	-----	591,646	-----	-----	592,558	-----	-----	-----
Keene's cement.....do..	15,200	-----	-----	14,328	-----	-----	15,053	-----	-----	13,711	-----	-----	-----
All other building plasters.....do..	147,409	-----	-----	137,878	-----	-----	154,610	-----	-----	169,219	-----	-----	-----
Lath.....thous. of sq. ft..	754,849	-----	-----	710,197	-----	-----	745,224	-----	-----	704,333	-----	-----	-----
Tile.....do..	12,012	-----	-----	10,002	-----	-----	10,710	-----	-----	9,386	-----	-----	-----
Wallboard.....do..	807,734	-----	-----	849,933	-----	-----	877,894	-----	-----	855,222	-----	-----	-----
Industrial plasters.....short tons..	74,208	-----	-----	76,976	-----	-----	71,181	-----	-----	68,612	-----	-----	-----

**TEXTILE PRODUCTS**

<b>CLOTHING</b>													
<b>Hosiery:</b>													
Production.....thous. of dozen pairs..	12,817	14,971	14,337	14,736	13,149	12,925	12,205	9,198	12,597	11,804	13,558	12,401	11,490
Shipments.....do..	11,842	14,637	14,601	14,621	11,905	10,985	11,446	9,098	12,847	12,474	14,302	13,748	11,459
Stocks, end of month.....do..	25,456	25,934	25,633	25,780	27,048	29,008	30,208	30,308	30,058	29,388	28,643	27,297	27,328
<b>COTTON</b>													
<b>Cotton (exclusive of linters):</b>													
<b>Production:</b>													
Ginnings.....thous. of running bales..	9,178	9,688	-----	19,908	-----	-----	-----	224	2,014	5,468	10,022	12,803	14,508
Crop estimate, equivalent 500-lb. bales.....thous. of bales..	-----	-----	-----	10,012	-----	-----	-----	-----	-----	-----	-----	-----	15,290
Consumption.....bales..	784,636	1,047,275	898,991	903,041	985,227	832,581	817,154	768,072	754,119	722,004	905,062	730,817	672,715
<b>Stocks in the United States, end of month, total:</b>													
Domestic cotton, total.....thous. of bales..	10,306	8,949	7,712	6,461	5,008	3,822	2,958	2,278	16,198	15,125	13,646	12,128	10,759
On farms and in transit.....do..	1,025	8,906	7,625	6,349	4,906	3,716	2,848	2,166	16,090	15,022	13,550	12,037	10,672
Public storage and compresses.....do..	1,616	1,057	749	480	227	108	125	134	13,652	10,734	6,840	4,754	3,492
Consuming establishments.....do..	6,644	5,626	4,596	3,554	2,403	1,586	1,034	719	1,438	3,289	5,514	5,886	5,644
Foreign cotton, total.....do..	1,994	2,223	2,280	2,315	2,276	2,022	1,690	1,313	1,000	999	1,196	1,397	1,536
Foreign cotton, total.....do..	52	43	88	112	102	106	110	112	108	103	96	92	87

Revised. <sup>1</sup>Total ginnings of 1950 crop. <sup>2</sup>Ginnings to January 16. <sup>3</sup>December 1 estimate of 1951 crop.

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

¶ Data for January, April, July, and October 1951 cover 5-week periods and for other months, 4 weeks; stock data are for end of period covered.

Unless otherwise stated, statistics through 1950 and descriptive notes are shown in the 1951 Statistical Supplement to the Survey	1951												
	December	January	February	March	April	May	June	July	August	September	October	November	December
<b>TEXTILE PRODUCTS—Continued</b>													
<b>COTTON—Continued</b>													
<b>Cotton (exclusive of linters)—Continued</b>													
Exports.....	448,561	316,626	428,599	354,302	480,085	371,417	204,006	129,144	145,758	356,209	583,927	803,580	-----
Imports.....	6,407	2,342	93,800	3,114	9,740	16,102	18,412	7,529	3,679	2,320	5,722	1,046	-----
Prices received by farmers.....	40.4	41.3	41.8	42.7	43.2	42.5	42.0	39.1	34.6	33.7	36.2	41.0	40.3
Prices, wholesale, middling, 1½/16", average, 10 markets.....	42.6	44.2	(1)	45.1	45.2	45.2	45.2	40.1	35.0	35.1	36.9	41.5	42.2
<b>Cotton linters:¶</b>													
Consumption.....	111	116	110	125	111	115	96	90	88	114	136	131	117
Production.....	145	151	105	77	52	36	31	21	64	175	267	247	205
Stocks, end of month.....	519	542	542	517	468	398	327	260	231	272	367	460	538
<b>COTTON MANUFACTURES</b>													
<b>Cotton cloth:</b>													
<b>Cotton broad-woven goods over 12 inches in width, production, quarterly ♂ mil. of linear yards:</b>													
Exports.....	53,256	57,472	57,643	79,574	73,942	72,409	73,786	63,092	63,850	65,408	53,745	64,127	-----
Imports.....	3,597	4,948	10,223	7,486	3,950	4,807	2,614	2,497	1,935	2,174	1,600	1,690	-----
<b>Prices, wholesale:</b>													
Mill margins.....	50.21	50.12	(1)	49.80	45.60	42.57	39.77	38.77	37.62	33.88	31.20	28.72	29.95
Denim, 28-inch.....	38.3	38.3	38.3	38.3	(1)	39.4	41.0	39.9	36.3	35.6	35.6	36.1	37.3
Print cloth, 38½-inch, 64 x 60.....	22.5	22.9	23.0	23.0	20.6	19.4	19.0	16.3	15.1	15.1	15.1	15.8	16.2
Sheeting, unbleached, 36-inch, 56 x 60.....	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	24.2	19.2	18.2	19.5	19.5
<b>Cotton yarn, Southern, prices, wholesale, mill:</b>													
22/1, carded, white, cones.....	.887	.917	.921	.921	.921	.915	.867	.806	.767	.720	.712	.769	.791
40/1, twisted, carded, skeins.....	1.166	1.172	1.176	1.176	1.176	1.176	1.127	1.058	.968	.926	.911	.948	.960
<b>Spindle activity (cotton system spindles):¶</b>													
Active spindles, last working day, total.....	22,084	22,292	22,221	22,246	21,134	21,770	22,145	22,128	22,000	21,895	21,609	21,758	21,516
Consuming 100 percent cotton.....	20,730	20,900	20,885	20,957	19,903	20,516	20,910	20,871	20,755	20,714	20,394	20,519	20,264
Spindle hours operated, all fibers, total mil. of hr.....	9,942	13,273	11,069	11,083	12,447	10,399	10,287	9,858	9,368	9,247	11,393	9,050	8,336
Average per working day.....	523	542	563	554	505	533	514	411	468	474	460	464	439
Consuming 100 percent cotton.....	9,376	12,459	10,394	10,436	11,699	9,768	9,677	9,241	8,786	8,745	10,721	8,486	7,823
Operations as percent of capacity.....	141.3	145.9	152.0	149.7	136.4	144.1	138.9	110.7	126.3	127.8	124.1	125.4	118.4
<b>RAYON AND MANUFACTURES AND SILK</b>													
<b>Rayon yarn and staple fiber:</b>													
<b>Consumption:</b>													
Filament yarn.....	86.8	78.7	74.9	85.5	79.8	81.9	83.4	78.7	69.6	57.1	56.4	56.9	57.5
Staple fiber.....	29.4	26.0	25.1	27.3	27.2	29.2	26.3	28.4	28.5	24.8	26.1	27.0	23.8
<b>Stocks, producers', end of month:</b>													
Filament yarn.....	6.1	10.3	10.5	8.4	10.1	11.3	12.7	20.0	36.1	54.2	73.2	84.2	91.3
Staple fiber.....	2.0	3.8	3.8	4.0	3.6	4.7	4.2	4.9	6.1	8.7	9.4	10.7	15.2
Imports.....	11,845	12,075	8,638	7,372	8,767	5,310	9,696	9,738	7,810	7,591	6,506	5,144	-----
<b>Prices, wholesale:</b>													
Yarn, viscose, 150 denier, first quality, minimum filament.....	.770	.780	.780	.780	.780	.780	.780	.780	.780	.780	.780	.780	.780
Staple fiber, viscose, 1½ denier.....	.400	.400	.400	.400	.400	.400	.400	.400	.400	.400	.400	.400	.400
<b>Rayon broad-woven goods, production, quarterly ♂ thous. of linear yards:</b>													
Imports.....	727	748	628	576	499	395	375	364	577	645	842	708	-----
Price, wholesale, Japan, white, 13/15 (N. Y.).....	4.11	\$ 5.35	\$ 5.62	\$ 5.62	\$ 5.21	\$ 4.58	\$ 4.37	\$ 4.30	\$ 4.13	\$ 4.42	\$ 4.65	\$ 4.68	\$ 4.77
<b>WOOL</b>													
<b>Consumption (scoured basis):§</b>													
Apparel class.....	28,896	40,255	29,656	27,944	42,940	33,724	33,376	30,700	28,892	27,392	\$ 31,790	25,368	-----
Carpet class.....	14,364	16,890	13,248	12,716	12,270	7,200	6,560	2,395	4,388	4,500	\$ 7,895	6,728	-----
Imports.....	42,994	73,139	50,179	66,878	74,872	55,264	45,190	33,761	41,632	23,330	31,998	29,665	-----
<b>Prices, wholesale, Boston:</b>													
Raw, territory, 64s, 70s, 80s, scoured.....	\$ 2.650	\$ 3.340	\$ 3.600	\$ 3.750	\$ 3.338	3.130	\$ 2.850	\$ 2.600	\$ 2.230	\$ 1.825	\$ 1.980	\$ 1.962	\$ 1.850
Raw, bright fleeces, 56s, 58s, greasy, 47 percent shrinkage.....	\$ 1.131	\$ 1.420	\$ 1.535	1.564	1.325	1.236	1.125	.982	.872	.730	.770	.762	.740
Australian, 64s, 70s, good topmaking, scoured, in bond.....	\$ 2.600	\$ 3.240	\$ 3.450	\$ 3.600	\$ 3.275	\$ 3.010	\$ 2.825	\$ 2.450	\$ 2.200	\$ 1.825	\$ 1.820	\$ 1.750	\$ 1.650
<b>WOOL MANUFACTURES</b>													
<b>Machinery activity (weekly average):§</b>													
<b>Looms:⊙</b>													
<b>Woolen and worsted:</b>													
Pile and Jacquard.....	133	136	145	153	124	140	145	110	139	141	124	130	-----
Broad.....	2,275	2,272	1,984	1,852	2,258	2,200	2,252	1,685	1,908	1,772	\$ 1,750	1,786	-----
Narrow.....	15	20	22	22	21	25	18	11	13	14	9	10	-----
<b>Carpet and rug:</b>													
Broad.....	162	163	164	168	148	120	116	46	89	89	98	96	-----
Narrow.....	87	85	86	88	73	64	64	25	45	41	43	41	-----
<b>Spinning spindles:</b>													
Woolen.....	76,483	78,464	76,973	73,704	76,926	75,376	79,070	58,540	71,567	67,806	\$ 69,869	72,852	-----
Worsted.....	102,780	\$ 108,779	\$ 95,260	\$ 89,941	\$ 111,730	\$ 104,316	\$ 100,875	\$ 75,843	\$ 83,351	\$ 77,342	\$ 77,098	\$ 76,815	-----
Worsted combs.....	176	194	164	139	200	185	184	131	142	129	\$ 124	120	-----
<b>Wool yarn:</b>													
Production, total.....	59,664	\$ 77,785	\$ 60,268	\$ 57,744	\$ 76,445	\$ 59,248	\$ 59,376	\$ 50,665	\$ 52,356	\$ 48,648	\$ 46,670	\$ 51,192	-----
Knitting.....	6,084	8,300	\$ 7,312	\$ 6,816	\$ 8,655	\$ 6,524	\$ 6,336	\$ 5,315	\$ 6,008	\$ 5,416	\$ 46,795	\$ 45,572	-----
Weaving.....	37,480	48,440	\$ 37,048	\$ 35,460	\$ 50,235	\$ 41,320	\$ 42,160	\$ 40,225	\$ 39,036	\$ 36,520	\$ 44,465	\$ 36,724	-----
Carpet and other.....	16,100	\$ 21,045	15,908	15,468	17,555	11,404	10,880	5,125	7,312	6,712	\$ 10,410	8,896	-----
Price, wholesale, worsted yarn (Bradford weaving system) 2/32s.....	4.175	4.754	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

Revised. 1 No quotation. 2 Substituted series. Data beginning January 1951 represent a composite wholesale price for raw silk, Japan, white, 20-22 denier, 87 percent, AA grade tested; December 1950 quotation, \$4.55. 3 Nominal price. 4 Includes operations on the American system in cotton mills which were previously reported as cotton-system spindle operations; data beginning 1951, therefore, are not strictly comparable with earlier figures. For January 1951, the activity of these spindles not previously attributed to the worsted system amounted to approximately 5.3 million active hours weekly and 1.2 million pounds of yarn spun.

¶ Data for January, April, July, and October 1951 cover 5-week periods and for other months, 4 weeks; stock data and number of active spindles are for end of period covered. ♂ Beginning 1951, production of broad-woven goods is classified according to principal fiber content; production of fabrics containing 25.0-49.9 percent wool (which cannot be distributed between cotton and rayon goods) and rayon and cotton fabrics produced on woolen and worsted looms amounted to approximately 73 million yards in 1950.

§ Data for January, April, July, and October 1951 cover 5-week periods; other months, 4 weeks. ⊙ Beginning 1951, looms weaving fabrics principally wool by weight.

Unless otherwise stated, statistics through 1950 and descriptive notes are shown in the 1951 Statistical Supplement to the Survey	1951											
	December	January	February	March	April	May	June	July	August	September	October	November

**TEXTILE PRODUCTS—Continued**

WOOL MANUFACTURES—Continued													
Woolen and worsted woven goods, except woven felts:†													
Production, quarterly, total.....thous. of lin. yd.	110,179			95,702			96,746				84,829		
Apparel fabrics, total.....do.	93,310			81,737			79,874				69,174		
Government orders.....do.	4,418			9,517			23,451				32,329		
Other than Government orders, total.....do.	88,892			72,220			56,423				36,845		
Men's and boys'.....do.	43,397			38,025			29,666				17,179		
Women's and children's.....do.	45,495			34,195			26,757				19,666		
Nonapparel fabrics, total.....do.	16,869			13,965			16,872				15,655		
Blanketing.....do.	5,011			4,781			8,065				9,500		
Other nonapparel fabrics.....do.	11,858			9,184			8,807				6,095		
Prices, wholesale, f. o. b. mill:													
Suiting, unfinished worsted, 13 oz., dol. per yd.	4.306	4.306	( <sup>1</sup> )	3.886	3.886								
Women's dress goods, flannel, 8 oz., 54-inch dol. per yd.	2.846	2.846	3.514	3.514	( <sup>1</sup> )	3.302	3.302	3.302	3.302	3.302	2.722	2.722	( <sup>1</sup> )

**TRANSPORTATION EQUIPMENT**

AIRCRAFT													
Civil aircraft, shipments.....number	305	255	239	272	247	248	216	207	171	184	124	162	
Exports:†	85	114	60	78	64	96	66	103	48	57	49	62	
MOTOR VEHICLES													
Factory sales, total.....number	* 640,924	606,833	618,321	755,022	639,272	652,727	617,685	492,316	549,708	476,002	526,447	450,800	382,468
Coaches, total.....do.	† 665	661	521	829	819	742	838	665	783	743	1,174	833	845
Domestic.....do.	* 602	631	483	792	764	702	773	630	778	660	1,108	710	752
Passenger cars, total.....do.	521,371	478,589	505,865	617,399	503,038	511,938	482,029	381,407	426,932	365,906	414,533	356,788	293,305
Domestic.....do.	507,120	459,567	481,239	588,435	475,316	482,263	457,293	359,276	404,590	350,246	401,392	346,048	284,323
Trucks, total.....do.	* 118,588	127,583	111,935	136,794	135,415	140,047	134,818	110,244	121,993	109,353	110,740	93,179	88,318
Domestic.....do.	* 103,520	109,262	94,834	118,235	117,483	121,461	115,079	91,517	99,007	90,445	92,275	75,653	70,834
Exports, total:†	24,578	28,737	35,628	42,668	43,436	43,337	38,978	39,224	40,502	39,463	26,038	34,857	
Passenger cars.....do.	11,986	12,559	19,332	23,115	25,461	24,352	22,507	21,148	19,638	18,986	11,777	14,270	
Trucks.....do.	12,592	16,178	16,246	19,553	17,975	18,985	16,411	18,076	20,864	20,477	14,261	20,587	
Truck trailers, production, total:‡	6,283	6,483	6,044	7,102	6,351	6,861	5,591	4,648	4,763	4,598	5,568	4,704	
Complete trailers.....do.	6,103	6,265	5,841	6,309	5,999	6,529	5,330	4,416	4,475	4,344	5,263	4,457	
Vans.....do.	4,127	3,952	3,660	3,950	3,459	3,613	2,685	1,984	1,667	1,599	2,210	1,853	
All other.....do.	1,976	2,313	2,172	2,859	2,540	2,916	2,645	2,482	2,778	2,745	3,953	2,604	
Trailer chassis.....do.	180	218	203	293	352	332	261	232	288	254	305	247	
Registrations:													
New passenger cars.....do.	552,259	472,766	430,797	512,599	467,313	470,446	454,665	406,333	424,422	406,217	373,162	332,099	* 314,807
New commercial cars.....do.	89,273	88,058	78,581	86,287	84,961	90,627	87,461	84,021	87,646	84,814	92,281	76,517	* 63,951
RAILWAY EQUIPMENT													
American Railway Car Institute:													
Shipments:													
Freight cars, total.....number	5,701	* 5,953	5,842	7,011	8,274	* 9,774	9,644	5,290	7,183	8,578	10,129	9,845	8,470
Equipment manufacturers, total.....do.	3,966	4,405	4,514	4,966	5,781	7,198	7,185	4,014	5,156	5,755	6,794	6,336	5,690
Domestic.....do.	3,965	4,405	4,514	4,966	5,781	7,198	7,185	4,014	5,156	5,755	6,777	6,315	5,678
Railroad shops, domestic.....do.	1,735	* 1,548	1,328	2,045	2,493	2,572	2,459	1,276	2,027	2,823	3,335	3,509	2,789
Passenger cars, total.....do.	54	26	19	† 26	29	23	38	19	14	25	21	45	25
Equipment manufacturers, total.....do.	54	26	19	† 14	17	17	34	19	14	25	21	45	25
Domestic.....do.	54	21	12	7	8	6	13	10	† 2	16	17	18	14
Railroad shops, domestic.....do.	0	0	0	12	12	6	4	0	0	0	0	0	0
Association of American Railroads:													
Freight cars (class I), end of month:§													
Number owned.....thousands	1,718	1,719	1,721	1,722	1,727	1,731	1,736	1,736	1,737	1,741	1,743	1,748	1,752
Undergoing or awaiting classified repairs.....thousands	89	86	84	82	87	89	90	96	91	92	87	84	90
Percent of total ownership.....	5.2	5.0	4.9	4.8	5.0	5.1	5.2	5.5	5.3	5.3	5.0	4.8	5.2
Orders, unfilled.....number	109,174	126,438	135,936	137,349	138,319	134,348	128,540	125,846	121,359	118,073	113,394	110,325	104,831
Equipment manufacturers.....do.	78,137	91,431	96,658	98,625	94,837	91,775	86,935	84,858	81,623	80,522	76,530	70,914	67,973
Railroad shops.....do.	31,037	35,007	39,278	38,724	43,482	42,573	41,605	40,988	39,736	37,551	36,864	39,411	36,858
Locomotives (class I), end of month:													
Steam, undergoing or awaiting classified repairs.....number	3,114	3,257	3,283	3,317	3,290	3,077	3,003	3,048	3,091	3,180	3,009	2,901	2,718
Percent of total on line.....	12.3	13.0	13.1	13.3	13.3	12.7	12.6	13.0	13.3	13.9	13.5	13.3	12.8
Orders, unfilled:													
Steam locomotives, total.....number	16	21	21	20	18	16	14	12	10	23	21	20	19
Equipment manufacturers.....do.	0	0	0	0	0	0	0	0	0	0	0	0	0
Railroad shops.....do.	16	21	21	20	18	16	14	12	10	23	21	20	19
Other locomotives, total.....do.	1,628	1,620	1,631	1,863	1,737	1,823	1,660	1,590	1,547	1,804	1,721	1,789	1,720
Equipment manufacturers.....do.	1,628	1,620	1,631	1,863	1,737	1,823	1,660	1,590	1,547	1,804	1,721	1,789	1,720
Railroad shops.....do.	0	0	0	0	0	0	0	0	0	0	0	0	0
Exports of locomotives, total.....do.	47	37	27	34	52	34	39	48	63	50	60	65	
Steam.....do.	4	4	1	0	1	1	0	0	0	1	1	3	
Other.....do.	43	33	26	34	51	33	38	48	63	49	59	62	
INDUSTRIAL ELECTRIC TRUCKS AND TRACTORS													
Shipments, total.....number	291	440	461	595	397	464	604	538	591	447	587	728	673
Domestic.....do.	271	393	398	519	354	420	519	484	529	385	545	652	581
Export.....do.	20	47	63	76	43	44	85	54	62	62	42	76	92

\* Revised. † Preliminary. ‡ No quotation.  
 † Revised series. Beginning with data for 1951, the Bureau of the Census reports for woolen and worsted woven fabrics refer to goods which are principally wool by weight (i. e., exclude fabrics containing 25-49.9 percent wool previously included).  
 ‡ Excludes "special category" exports not shown separately for security reasons.  
 § Revisions for January-August 1950 are available upon request.  
 § Not including railroad-owned private refrigerator cars.

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