

86th Congress }
2d Session }

JOINT COMMITTEE PRINT

EMPLOYMENT, GROWTH, AND
PRICE LEVELS

INDEX TO HEARINGS

BEFORE THE

JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES

WITH

TABLES OF CONTENTS OF STUDY PAPERS
AND STAFF REPORT

JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES



DECEMBER 30, 1960

Printed for the use of the Joint Economic Committee

U.S. GOVERNMENT PRINTING OFFICE

62808 O

WASHINGTON : 1961

JOINT ECONOMIC COMMITTEE

(Created pursuant to sec. 5(a) of Public Law 304, 79th Cong.)

PAUL H. DOUGLAS, Illinois, *Chairman*
WRIGHT PATMAN, Texas, *Vice Chairman*

SENATE

JOHN SPARKMAN, Alabama
J. W. FULBRIGHT, Arkansas
JOSEPH C. O'MAHONEY, Wyoming
JOHN F. KENNEDY, Massachusetts
PRESCOTT BUSH, Connecticut
JOHN MARSHALL BUTLER, Maryland
JACOB K. JAVITS, New York

HOUSE OF REPRESENTATIVES

RICHARD BOLLING, Missouri
HALE BOGGS, Louisiana
HENRY S. REUSS, Wisconsin
FRANK M. COFFIN, Maine
THOMAS B. CURTIS, Missouri
CLARENCE E. KILBURN, New York
WILLIAM B. WIDNALL, New Jersey

STUDY OF EMPLOYMENT, GROWTH, AND PRICE LEVELS

(Pursuant to S. Con. Res. 13, 86th Cong., 1st sess.)

OTTO ECKSTEIN, *Technical Director*
JOHN W. LEHMAN, *Administrative Officer*
JAMES W. KNOWLES, *Special Economic Counsel*

LETTERS OF TRANSMITTAL

DECEMBER 30, 1960.

To Members of the Joint Economic Committee:

For the assistance of members of the Joint Economic Committee and other users of the materials prepared under the "Study of Employment, Growth, and Price Levels" there is transmitted herewith a consolidated index of the 13 volumes of the hearings, and tables of contents of the study papers and reports.

PAUL H. DOUGLAS,
Chairman, Joint Economic Committee.

DECEMBER 15, 1960.

HON. PAUL H. DOUGLAS,
Chairman, Joint Economic Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR DOUGLAS: Transmitted herewith is a consolidated index of the "Hearings on Employment Growth, and Price Levels" with tables of contents of the study papers and the reports prepared as part of that same study.

This index is designed to provide users with ready identification of materials and subjects of discussion by broad economic areas, with appropriate subdivisions. The tables of contents of the study papers and reports provide additional information in somewhat lesser detail. Since the papers were prepared on individual subjects no attempt has been made at consolidation. The list of witnesses, statements, and exhibits of each of the hearings is included for those who wish a ready reference for number and kinds of witnesses included in a particular hearing.

The index has been prepared by Mrs. Viola Ure of the committee staff. Miss Mona Salyer, from the Vassar-Wellesley intern program, assisted with parts 1 and 2.

JOHN W. LEHMAN,
Clerk and Acting Executive Director.

FOREWORD

From March 20, 1959, to January 1960, the Joint Economic Committee held 10 sets of hearings in connection with its "Study on Employment, Growth, and Price Levels." The printed testimony covers 3,486 pages published in 13 volumes.

A consolidated index of these hearings has been prepared to assist members of the Joint Economic Committee and others by making more readily available the valuable materials and views submitted by the witnesses on the many aspects of this complex subject.

In addition to the hearings, there were 23 study papers published in 16 committee prints, a staff report, and a committee report (S. Rept. 1043, 86th Cong., 2d sess.). While it has not been possible at this time to prepare a similar index for the study papers and reports, there are included with the index of hearings in this committee print the quite detailed tables of contents of the various papers and reports.

The materials are arranged as follows:

1. Consolidated index of the hearings.
2. List of witnesses, statements, and exhibits of the hearings, parts and subparts 1 through 10.
3. Tables of contents of study papers 1 through 23.
4. Table of contents of the staff report.
5. Table of contents of the committee report.

CONTENTS

Section:	Page
Consolidated index of hearings	1
List of witnesses, statements, and exhibits, hearings, parts 1 through 10	33
Index to study papers Nos. 1 through 23	53
Index to staff report	81
Index to committee report (S. Rept. 1043)	93

CONSOLIDATED ALPHABETICAL INDEX TO HEARINGS

	Page
Abramovitz, Moses, statement of, on long swings in U.S. growth.....	411-466
Accelerator-multiplier models, formal attributes of.....	731
AFL-CIO:	
Areas of substantial labor surplus (table).....	3105
Average family personal income (table).....	3131
How family income was shared (table).....	3132
Operating rates as percent of capacity (table).....	3108
Policies to stimulate economic growth.....	526
Statement of, on reconciling and obtaining economic goals.....	3089-3143
Statement of Peter Henle.....	511-526
The slowdown in economic growth (table).....	3094
Wage and salary jobs (table).....	3104
Agriculture:	
(See also American Farm Bureau Federation, Government programs, Subsidies.)	
Effects of farm program on labor force.....	569, 579
Integration in.....	3173-3174
Policies for.....	63-64, 90, 1020-1022, 1059
Productivity in.....	172, 317, 357, 358
Research and development in, government expenditures for.....	2787
American Bankers Association:	
Farm programs out of control (chart).....	3072
How spending programs grow (chart).....	3062
Inflation in construction costs (chart).....	3075
Our inflationary Federal budget (chart).....	3064
Statement of, on growth without inflation.....	3055-3080
The mounting short-term debt (chart).....	3066
American Can Co.....	
American Farm Bureau Federation:	
Extract from Farm Bureau's 1959 policies on monetary and tax matters.....	3086-3087
Statement of.....	3081-3087
Anderson, Hon. Robert B.:	
(See also Treasury.)	
Statement of, on debt management operations.....	1087-1230
Anderson, Theodore A., statement of, on effects of monopolistic and quasi-monopolistic practices.....	
Antitrust:	
And foreign trade.....	987-988, 2100-2101
At the State level.....	2127-2132
Changes in.....	2089
Coverage, exemptions from.....	2036-2088, 2148-2154
Criteria used in selection of cases.....	2031
Division.....	2013, 2018
Effectiveness of, in two-party negotiated contracts.....	2121
To achievement of national goals.....	2116
Interplay of, and trademark protection concepts in the import field.....	2022-2026
Legal versus economic analysis in.....	2116
Need for increased funds for.....	2122-2123
Policy.....	62-63, 2001, 2003, 2005, 2019, 2963
Union.....	2007, 2010, 2034, 2629, 2639-2650
Assets, U.S., abroad, and foreign, in the United States (chart).....	
Automatic stabilizers. (See Business cycles.)	
Automation. (See Technology.)	
Automobile industry. (See Industry.)	

	Page
Balance of payments (<i>see also</i> Gold, Exports, Imports, Trade):	
And income movements	984-986
As bargaining device for redistribution of aid	980
Deficit in	945-950, 3342-3344, 3372-3373
Developing and maintaining balance in international payments	3384-3385
"Dollar shortage" in Europe	1025
Favorable effects of net dollar outflow	942-943
Gold and U.S. dollar settlements (chart)	967
Gold reserves and liquid dollar holdings of foreign countries and international institutions (chart)	942
International position of the U.S. dollar, and inflation	3059
Monetary gold and dollar holdings, 1949-59 (table)	2917
Need to shift resources rather than further restrictions	973
Of the United States, 1952-59 (table)	2915
Of the United States, by classification, in 1958 ⁵ (chart)	939
Of the United States, 1949-59 (chart)	2926
Of the United States, 1946-58 (chart)	941
Present prospects for improvement in	943-944
Remaining problems	944-945
Reprint of Edward M. Bernstein on international position of U.S. dollar	964-971
Reprint of Randall Hinshaw on shift in United States	959-964
Statement of Robert E. Baldwin	972-974
Statement of Charles P. Kindleberger	950-958
Statement of Walther Lederer	933-945
Statement of Wilson E. Schmidt	945-950
Types and size of foreign transactions	940-942
U.S. assets abroad and foreign assets in the United States (chart)	969
United States, on current account and net exports of U.S. capital, 1949-59 (table)	2916
Baldwin, Robert E., statement of, on balance of payments	972-974
Ball, George W., statement of, on European Common Market	991-1017
Bankers' Trust Co., as dealer in Government securities	1823,
1830, 1834, 1840, 1845, 1848, 1861, 1866, 1874-1875, 1880-1881,	
1887, 1888, 1897, 1900, 1903-1904, 1912, 1922, 1927, 1931, 1935,	
1939-1941.	
Banking Act, of 1933, 1935	1473
National Banking Act	3032
(<i>See also</i> part 10 of the hearings.)	
Bartow Leeds & Co., as dealer in Government securities	1823,
1830, 1834, 1840, 1845, 1848, 1861, 1867, 1875, 1881, 1888, 1897,	
1900, 1904-1905, 1912-1913, 1922, 1927, 1931, 1935-1936, 1941-	
1943, 1973-1974.	
Baumol, William J., statement of, on reconciling and obtaining economic goals	2792-2818
Beck, Paul V., letters and enclosures of, to chairman	3460-3471
Berliner, Joseph, book by, "Soviet Economic Aid" (reference to)	904
Bernstein, Edward M., reprint on "International Position of the U.S. Dollar"	964-971
Bethlehem Steel	2101
Beveridge report	726
Bicks, Robert A., statement of, on effects of monopolistic and quasi-monopolistic practices	2018-2089
Booms. (<i>See</i> Business cycles.)	
Borrowing:	
By corporations	2487-2489
By member banks	1640
Extent of [lending], lack of data	1715
Bowyer Savings Bank, reaction of, to changes in monetary and debt management policies	1410-1450
Briggs, Schaedle & Co., Inc., as dealer in Government securities	1823,
1830-1831, 1834, 1840, 1845, 1849-1850, 1861, 1867, 1875, 1881,	
1888, 1897, 1900, 1905, 1913, 1922, 1927, 1932, 1936, 1943-1944.	
Brown, Murray F., statement of, on dealings of C. F. Childs & Co., in Government securities	1577-1621
Budd, Edward C., statement of, on economic significance of collective bargaining	2616-2627

	Page
Budget (Federal):	
(See also Debt management; Debt, national; Government; Fiscal policy; Taxes; and part 10 of the hearings.)	
And national prosperity	104, 112, 201-204
Balancing	221-222, 1455, 1627, 3063, 3110, 3154-3155
Classification of expenditures	51
Deficit, and bond prices	1588, 1627-1628
Emphasis on "tight" budget rather than "tight" money	3006
How spending programs grow (chart)	3062
In World War II	138, 152
Mammoth size of, inflationary	3060-3061
Needed increases in	125-132
Our inflationary Federal budget (chart)	3064
Purpose of	99-102
Sources of income	201
Spending	1147
Surplus	1092, 1455, 1627
Where cuts are needed most	3063
Bulwinkle Act, exempting railroads from antitrust laws	2121
Bureau of Labor Statistics:	
Reports of	330, 355, 364-365, 373
Statement of Ewan Clague	467-526
Business (see also Corporations, Industry):	
Absentee ownership versus local ownership	781-782, 1438-1440
Chemicals and monopoly	2002, 2005, 2012, 2018
Construction industries	2003
Effectiveness of entry by already established firms	1981-1999
Financing expansion	3204-3209
General Electric	2005
General Motors	2005, 2011
Luxurious expenditures by	2511
Professional groups	2003
Service trades	2003
Size of, and concentration of power	1996-1998, 2005, 2011
Small, effect of high interest and tight money on	3366-3367
Business cycles:	
And built-in stabilizers	66-67, 2484, 2764, 2865-2869, 2879, 2977-2978, 2985
And interest rates	2986, 3251-3254
And labor	556-557
And profits on securities	1133, 1652
And psychological variables	2452, 2868, 2876, 2879, 2888-2889
And the Federal budget	3063-3065
Boom, 1955-57	1500, 2977
Cause of decline in prices of securities	1669
Depression	427-428, 459-460, 386-387, 617, 694, 1473, 2219, 2760, 3058
Econometric Institute, model of	2451
Future needs in stabilization policy	2868
Impact of fiscal policy of all Government bodies combined in business fluctuations quarterly 1947-58 (table)	2869-2870
Lessons of the 1958 recession (AFL-CIO)	3097-3099
Recession	145-147, 474-476, 516, 519, 524, 1655, 2448, 2483, 2957, 2977, 3097-3099, 3364-3380
Recurrence of, symptomatic of growth disequilibrium	2384
Stabilization of inventories	2879
Swing in percents of full-employment GNP (chart)	2867
California Packing Corp.	2028
Campbell Soup Co.	2029
Capital:	
Development, in underdeveloped areas	1054
Exports, rule of	1064-1065
For new entrants	2139-2147
Formation	237-239, 250-251, 1003, 1090, 2385, 2388-2389, 3057
Funds:	
Available from savings sources 1947-58	1356
Mortgages and securities	1361-1362

Capital—Continued

Funds—Continued

	Page
Net uses:	
Corporate pension funds.....	1368
Life insurance companies.....	1369-1370
Mutual savings banks.....	1366-1367
Uses of:	
In corporate financing.....	1356-1360
In Government financing.....	1363
In real estate mortgage market 1947-58.....	1356
Goods, exports of.....	972, 2926
Investment:	
Internal financing for.....	3165
Small farms.....	2722
Taxation of.....	2460
Marginal efficiency of.....	772-773, 2008
Misallocation of, by inflation.....	3369-3370
Movements, short-run, and exchange rates.....	983
Of commercial banks.....	877-878, 1459
Rate of return on.....	361
Requirements.....	57, 65-66, 212
Tangible and intangible.....	308-312, 331, 364
U.S., increased movement of, to Western Europe and Common Market countries.....	1022
U.S. private, outflow of, and U.S. Government transfers abroad (chart).....	968
Carlson, Reynold E., statement of.....	1052, 1057
Celler Anti-Merger Act.....	2125
Chamber of Commerce of the United States statement of.....	3145-3156
Chamberlain, Neil W., statement of, on "Structural Unemployment: Extent, Causes, Remedies".....	2703-2707
Chemical Bank New York Trust Co.:	
As dealer in Government securities.....	1823-1824,
1831, 1834-1835, 1841, 1845, 1850, 1861-1862, 1867, 1875, 1882,	
1888, 1897; 1900, 1905-1906, 1913, 1922, 1927, 1932, 1936, 1944	
Statement of Alfred H. Hauser, Investment Division.....	1622
Chemical Corn Exchange Bank. (See Chemical Bank New York Trust Co.)	
Childs, C. F., & Co.:	
As dealer in Government securities.....	1824,
1831, 1835, 1841, 1845, 1850, 1862, 1867-1868, 1875-1876, 1882,	
1888, 1897-1898, 1900, 1906, 1913, 1922-1923, 1928, 1932, 1936,	
1945.	
Statement of Murray F. Brown, executive vice president.....	1577
Childs, Joseph, statement of, on labor mobility and reemployment.....	587-595
Christ, Carl F., statement of, on economic analysis and econometric models.....	2483-2485
Clague, Ewan, statement of, on employment and unemployment.....	467-511
Clark, Colin C., statement of, on econometric predictions.....	2448-2461
Clayton Act.....	2011, 2027, 2089, 2120, 2121, 2123, 2133, 2149-2154
Collective bargaining:	
Automatic cost-of-living and productivity adjustments contracts, impact of.....	2550-2553
Characteristics of.....	3111-3114
Economic significance of.....	2543-2545,
2548-2549, 3115-3117, 3226-3227	
Impact of:	
On distribution of income.....	2538-2539, 3117-3118
On technological change.....	3120-3121
On wage level.....	2536-2538, 3117-3118
On wage structure.....	2539-2541, 2556-2582
Implications for U.S. international trade.....	2567-2572
Nonwage, impact of, on economic growth.....	2583-2628
Number of workers covered by.....	3114
Proposals to prohibit industrywide bargaining or to fragment national unions.....	2335-2367, 2565, 2964, 2968-2970
Public policy for.....	2542-2543, 3121-3126
"Wages and Income Distribution," by Edward C. Budd.....	2516-2527
Commerce, Department of, national income estimates.....	239

	Page
Commercial banks:	
Capital requirements of	877-878
Loans, control of	2879, 2882-2883, 2892-2897
Methods used in restricting commercial bank subscriptions to cash offerings of Treasury bonds (table)	3309
Profits of	678, 1132-1133, 1136, 1143-1144, 1183, 1237-1241, 1254-1255, 1601-1602, 1651
Questions concerning member banks of the Federal Reserve System	3421-3433
Committee for Economic Development: Statement of, on reconciling and obtaining economic goals	3157-3162
Common Market:	
And comparative-advantage argument	1018
And percentage of foreign trade to GNP	1040-1045
And restrictionist policy	1045-1048
Creation of, and the Nordic Common Market	894-895, 900-901
Divisible qualities of	1011-13
Extent of trade disadvantage	1009-1010
Institutions of	994, 1009
Need for U.S. initiative	1013
Political content of	1008
Repercussions of, on the U.S. economy	1009, 2947
Statement of:	
George W. Ball on	1007-1013
Emile Despres on	1030-1037
Tibor Scitovsky on	1048-1051
U.S. investment in	946, 1010-1011
Competition:	
And free markets, spur to economic growth	1018, 1091
And public policy	1979
And structural flexibility	61
As a basic economic principle	25, 1091
Effective, lack of	30
Employment and income under	2121
Foreign	56, 261-262, 573, 575-576, 893, 946, 951-952, 972, 977, 981, 1024, 2568-2574, 2963, 2965-2967
Imperfect	1100, 2007
In chemicals	2002
In government securities	69, 1380-1381, 1753-1757
Legal enforcement of	62, 2566
Perfect	2262-2264, 2304-2305
"Socially useful,"	2016
Compo (shoe machinery)	2027
Congress, "sense of" (resolution)	1139-1143, 1165-1167, 1241-1245, 1272-1276, 1287-1294, 1313, 1320, 1328-1330, 1479, 1612-1620, 2336-2337
Conklin, George T., Jr., statement of, on the Government's management of its monetary, fiscal, and debt management operations	1335-1407
Consumer Price Index:	
And rising prices in nonunionized sectors	14
As indicator of inflation	59, 84-85, 206, 213, 1092, 1308-1309, 1382-1383, 1635, 1656-1657, 2224, 2760, 2960, 3258
Components of	391, 393, 496
For services	2655-2661
Rise in the Consumer Price Index in 16 industrial countries in Europe and North America 1948-1953 and 1953-1957 (table)	2545
Consumption:	
And capital formation	1090
And investment in the private sector	3108
Changes in consumer tastes	2232-2233, 3163-3165
Deficiency in	115-117, 154-155, 474-475
Equilibrium	96
Expenditures, 1839-1959	237-238
Of goods in domestic market	375
Propensity to consume	772
Public and private	114, 159-160
Continental Can Co	2027

Continental Illinois National Bank & Trust Co. of Chicago, as dealer in Government securities.....	1824, 1831, 1835, 1841, 1845, 1851, 1862, 1868, 1876, 1882, 1888-1889, 1898, 1901, 1906-1907, 1913-1914, 1923, 1928, 1932, 1936, 1945-1947, 1974-1976.	Page
Cooperative League of the United States of America, statement of...		3163-3180
Cooperatives:		
Agricultural, and exemptions from antitrust coverage.....		2081-2088
And mutual business, a corrective.....		3166
Credit unions.....		3176-3177
Farm credit systems.....		3174
Group health plans.....		3171
Housing.....		3166-3167
Markets.....		3167
Mutual insurance companies.....		3177
Mutual savings banks, association of.....		3217-3223
Rural electric.....		3168-3170
Corporations (see also Business, Industry):		
Absentee ownership, effect on local demand for money and credit...		781-782, 1438-1440
Amounts borrowed by, compared with Federal, State, and local governments.....		1095-1098
Divestment of assets of.....		2105-2107
Financing of.....		223-224, 3165
Ownership and control of, separation of.....		2749
Ownership of.....		217
Net corporate debt (chart).....		3208
Profits of, increase in, in 1960.....		2454
Council of Economic Advisers.....		80-81, 86, 151, 545, 875
Council of Foreign Relations.....		902
Countercyclical policies. (See Business Cycles.)		
Counterpart funds.....		906-917
Credit:		
And money markets, institutional frictions in.....		847-887
Bank, increasing.....		1455, 1457, 1459, 1482, 2509
Consumer.....	27, 87, 114, 228, 1490, 2368-2370, 2787, 2790-2791, 2976-2987, 3036, 3163, 3175-3177, 3227-3229, 3230	
Consumer debt analysis (table).....		3230
Controls.....		636-637, 3068-3071
Net corporate debt (chart).....		3208
Policy, of the Federal Reserve.....		37, 3068-3069, 3222-3223
Restraint.....		8, 69, 102, 3377-3378
Credit unions, as stabilizing influences.....		3177
Cultural conflict.....		4, 26, 152, 160
Currency (see also Money):		
Devaluation of, in Korea.....		921
Profiteering in, in Laos.....		921
Cycles (see also Business Cycles) in behavior of money.....		692-693
Dealers, security:		
Answers to questions submitted to.....		1821-1957
Bank dealers.....		1508
Bankers Trust Co.....		1823-1941
Bartow Leeds & Co.....		1823-1974
Bidding by.....		1537
Briggs, Schaedle & Co., Inc.....		1823-1944
Chemical Bank New York Trust Co.....		1622, 1823-1944
Childs, C. F., & Co.....		1577-1621, 1824-1945
Continental Illinois National Bank & Trust Co. of Chicago.....		1824-1976
Devine, C. J., & Co.....		1824-1937, 1948
Discount Corp. of New York.....		1659-1718, 1825
Effectiveness of, in serving needs of banking system.....		3396-3398
Financial statements of, publishing.....		1586, 1587
First Boston Corp.....		1826-1951
First National Bank of Chicago.....		1826-1952
Functions and practices of.....		1535, 1823-1874
Growth of.....		1659, 1660
Lanston, Aubrey G., & Co., Inc.....		1827-1953, 1965-1973

Dealers, security—Continued	Page
“Leaks” to	1539
Margin requirements of, professional, nonprofessional	1559, 1560, 1624
Meetings with, by New York Federal Reserve Bank	1543-1545
Morgan Guaranty Trust Co. of New York	1827-1953
New York Hanseatic Corp.	1828, 1954
Nonbank dealers	1508
Pollock, Wm. E. & Co., Inc.	1828-1954
Quincey, Charles E., & Co.	1643, 1828-1965
Rates of turnover of	676-679
Regulation of	1568, 1571
Repurchase agreements with	1553, 3294
Requirements of	1512
Rich, D. W., & Co., Inc.	1829-1939, 1956
Salomon Bros. & Hutzler	1558-1576, 1830-1957, 1974
Standards for	1509, 1592, 1593
Supplementary statements of five	1959-1976
Debt management (see all of pts. 6A, 6B, 6C, pp. 1087-1976, and pt. 10, pp. 3241-3486):	
Advisory committees, Treasury Department, hearings on June 5, 7, 1956 (excerpt from)	1221-1230
As social security for investors	2791
Criteria for	1246, 1298
“Debt Management, 1959” by Alvin H. Hansen	761
Theory and practice of	1721-1729
To attain economic objectives	2766-2768, 2999, 3023-3026, 3051, 3066, 3067, 3155, 3182
Debt, national:	
Amount borrowed by Federal Government compared with borrowings by State and local governments and corporations	1095-1098
And general stabilization policies	1092
And inflation	1384
And tax reduction	1145
Distribution of	1632, 1633
Interest payment on	227, 267, 685
Impact on economy of adding to	763
Lengthening the	3261, 3268-3270, 3339
Marketing the	1246, 1247
Maturity of	1095, 1098, 1181, 1182, 1298, 1372, 2767
Prior to 1917	1660
Reducing the, of another country, through use of local currency or counterpart funds	916
Retiring the	2507
Shortening of, increases velocity of circulation	684, 685
The mounting short-term debt (chart)	3066
Total gross Federal debt, selected years 1929-58	1098
Turnover of	1569
Debt, total gross, selected years, 1929-58	1098
Decisions, economic:	
Aggregate demand and aggregate supply	771-775, 794-797
By whom?	167, 168
Free market	769, 897, 898, 1093
Historical setting and clash of ideas	769, 793, 794
Necessity for new set of analytical tools	770-792
“Old ideas die hard”	807-810
Role of:	
Growth	776-780, 804-807
Money	775, 797-801
Prices	775, 801-804
Defense:	
And the labor force	569, 579
Contracts, and competition	1978, 2005, 2006, 2121
Expenditures for	51, 128, 152, 202, 203, 214, 259, 579, 890, 920, 921, 947, 951, 1374, 1589, 1590
Reallocation of costs of NATO defense	1024
Relocation of industry, civilian shelters, and lag in rocketry	2762

	Page
Deficit:	
A form of subsidy	26
Alternative corrective measures	970, 971
And bond prices	1588, 1627, 1628
Cash	35
During World War II	161-162
Economic (chart)	109
Federal	19, 26, 78, 83, 203
In balance of payments	934, 939, 945-950, 3342-3344, 3372, 3373
Means of reducing unemployment	28, 215
New money needed because of	1136, 1137
Not necessarily inflationary	2393, 2903
Size of, concern over, by foreign banks	1453
deLaittre, John, statement of National Association of Mutual Savings Banks	3217
Demand:	
Aggregate	771-775, 794-797
Composition of	2171, 2188, 2195-2199
Curves	2206, 2213
Deficiency of	26, 60, 78
Excess	880, 2188-2191
For American foodstuffs	387, 973
For loanable funds	857-860
For money	773, 781-782
In the short run	4
Public, for goods and services	96, 109
Satiated?	2373-2375
Deposits:	
Cash balances	610, 630
Demand, and interest	3029, 3030
Demand, and long-term investment	1401
Depositors, and the public interest	1410
Time	632, 848-852, 876, 3030
Treasury, in banks	1188, 1190-1206, 3317, 3318, 3325-3332
Turnover	676, 691, 692
FDIC	2941, 3031, 3032, 3049, 3052
Depression. (See Business Cycles.)	
Despres, Emile, statement of, on significance of European Common Market to American economy	1018-1037
Development Loan Fund	905, 2936
Devine, C. J., & Co., as dealer in Government securities	1824, 1825, 1831, 1835, 1841, 1845, 1851, 1852, 1863, 1868, 1877, 1883, 1889, 1898, 1901, 1907, 1908, 1914-1917, 1923, 1928, 1932, 1936, 1937, 1948.
Diebold, William, Jr., statement of, on general position of the United States in world economy	889-930
Discount Corp. of New York:	
As dealer in Government securities	1825, 1826, 1831, 1832, 1835, 1836, 1842, 1846, 1852, 1853, 1863, 1868, 1869, 1877, 1878, 1883, 1884, 1889-1893, 1898, 1901, 1917, 1918, 1923, 1928, 1929, 1932, 1937, 1948-1951.
Statement by Herbert N. Repp	1659-1718
Interlocking directors of, and seven New York banks with major financial institutions (chart)	1672
Rebuttal of, to above chart	1673
Interlocking directors of, and its owner-banks, with major financial institutions	1678-1694
Ownership and interlocking connections of, revised	1677
Douglas, Paul H.:	
Depressed areas bill	535-537, 590, 591
"Theory of Wages"	540, 556, 571, 583, 361
Draper Committee	980
Dunlop, John T., statement of, on collective bargaining	2733-2755
Du Pont	2012, 2021, 2101
Durable goods, industry	517, 535
Dusenberry, James S., statement of, on monopoly and quasi-monopoly	2324-2333

Earnings. (<i>See</i> Wages.)	Page
Eastman Kodak	2026
Eccles, Marriner S., statement of, on problems and prospects of the American economy	199-228
Econometric Institute, Inc.:	
Statement of:	
Colin G. Clark	2447, 2448, 2448-2461
Peter W. Hoguet	2445-2448
Economic analysis:	
As guides to public policy	2225, 2226, 2333-2337, 2448-2461, 2483-2498
Assumptions for forecast of 1960, increase over 1959 (table)	2498
Detailed review of 1949 forecast (table)	2497
Econometric Institute Model of U.S. Business Fluctuations (chart)	2451
Extracts from Econometric Institute forecasts	2449
Outlook for 1960 (table)	2498
Research seminar in quantitative economics (University of Michigan)	2493
Review of forecasts (table)	2493
"The Economic Outlook for 1960 as Forecast by an Econometric Model of the United States," by Daniel B. Suits	2496-2498
Economic Commission for Europe, staff of, quoted on balance of payments	947
Economic development:	
Aid and trade	891
And pressure on balance of payments	946
Defense support funds in southeast Asia	920, 921
Economic aid to Western Europe	2381
Foreign aid:	
Cut in	1453-1454, 1590, 1637
Sustantial and sustained, case for	2762
Of underdeveloped countries, share expenses of, with Europe	894, 919-921, 953, 958, 974-976, 978-982
Soviet economic aid	903, 904
Underdeveloped areas and the U.S. economy	1052-1086
Economic Indicators, references to	45, 1428, 1635, 1637
Economic Report of the President:	
For 1955	512, 522
For 1958	330, 373, 472, 512
Regarding consumer credit outstanding	2987
Proposals concerning	151, 155, 2961
Economies (world):	
Economic thinking, past 30 years	3189, 3190
Effects of arms expenditures on	890
European, great improvement in	984
International influences on the American economy (pt. 5)	889-1086
Of West European countries, able to meet burdens of foreign aid	894, 919-921
Our American Economy	3385-3388
The American Economy, problems and prospects, part 1	1-228
The Growing Economic Strength of Other Industrial Nations	3209-3212
Germany	3210
Japan	3210-3211
France	3211
U.S., agreeable surprises of postwar economy	2863-2864
U.S., major differences in present, from earlier economies	2205-2206
Education:	
And the labor force	531-532, 568, 578
Federal aid to	129, 153, 2460-2461, 2698, 2765, 2794, 2797-2799, 2891-2892, 3014-3018, 3133-3134
Increasing and improving	3160
"The Public Schools Sector: Longrun Trends and Relationship to Inflation and Growth"	2671-2701
Eisner, Robert:	
Statement of, on income-expenditure approach to the analysis of money relationships	767-844
"Underemployment Equilibrium Rates of Growth"	811-827
"On Growth Models and the Neo-Classical Resurgence"	829-844

	Page
Employment:	
And equilibrium growth.....	2386-2392
And price stability.....	626, 726, 783-784
And productivity trends.....	359-360
As a goal of public policy.....	596, 726, 2758-2759, 2821-2822, 2958, 3146-3148
As percentage of labor force.....	172
Classical.....	770
Classification of, by BLS.....	494-495
"Constructive Suggestions for Reconciling and Simultaneously Obtaining the Three Objectives of Maximum Employment, an Adequate Rate of Growth, and Substantial Stability of the Price Level" (pts. 9A and 9B).....	2757-3239
Distribution of.....	473-474
Full, and balanced economic growth (AFI-CIO).....	3092-3111
Full, and price stability, problem of equating.....	2189
Full-employment GNP, 1947-1958 (tables).....	2869-2871
"Historical and Comparative Rates of Labor Force, Employment, and Unemployment" (pt. 3).....	467-604
In Europe.....	953
Problem of (ILO).....	2811-2812
Service sector.....	34-35, 173-174, 474, 505
Stability, explanations of.....	2865-2866
Statistics of.....	467-511, 527-529, 542-543
Swing in percents of full-employment GNP.....	2867
"The Effect of Increases in Wages, Salaries and the Prices of Personal Services, Together With Union and Professional Practices Upon Prices, Profits, Production, and Employment" (pt. 8).....	2445-2755
"The Effect of Monopolistic and Quasi-Monopolistic Practices Upon Prices, Profits, Production, and Employment (pt. 7).....	1977-2443
Underemployment.....	812-827
Employment Act of 1946:	
Amendment to include price stability as one of the objectives of.....	86, 570, 584, 627, 726, 1372, 2228-2230, 3071-3072
And capabilities and needs of our economy.....	98
And Economic Reports of the President.....	151
Dependence upon, by business and labor.....	2957
Employment Act of 1946: "The Dynamics of Public Economic Policy," reference to (<i>see also</i> study on "The Relationship of Prices to Economic Stability and Growth," March 31, 1958, for text).....	3218
Full employment as national goal, ambiguities of.....	2759, 2821-2822
Objectives of.....	95, 163, 3151
Employment, growth, and price levels (study of). (<i>See</i> "Publications of the Joint Economic Committee," Congress of the United States, for list of titles of all hearings, studies and staff reports on this subject, and their availability.)	
Escalation principle.....	13, 68, 204
Euratom.....	995
Europe:	
Divisive potentialities of the Common Market.....	1018
Unification of.....	1005-1006, 1018, 1023
European Coal and Steel Community High Authority.....	991, 993-995
European Economic Community.....	991, 993-994, 2947-2953
European Payments Union.....	2946
Exchange rates (<i>see also</i> Foreign Exchange).....	982-983
Export Import Bank.....	905, 916, 2936
Exports (<i>see also</i> Balance of payments):	
And foreign competition.....	9-10, 893, 946, 591-952, 972, 977, 981, 1024
And imports, American, and private foreign investment.....	899
And imports, size of U.S., as result of formation of Common Market.....	1021-1022
Capital, rule of.....	1064-1065
Common Market, percentage of their foreign trade to their GNP.....	1040-1048
Demand for American foodstuffs.....	387, 973
Of Agricultural products and raw materials.....	973
Of manufactured commodities.....	972
Of raw materials.....	892
Quotas.....	899

Exports—Continued	Page
Shares in world exports of manufactures.....	966
Tariffs..... 21-22, 24, 64, 371-372, 895, 899-900, 981, 993, 998	1058-1061
To underdeveloped countries.....	1063-1064
Trends in of nonindustrialized countries.....	940-942
Types and size of foreign transactions.....	966
U.S., as share of world total (1950-58).....	939
U.S. balance of international payments (1958).....	2916
U.S. capital, net (1949-59) (table).....	281-377
Fabricant, Solomon, statement of, on trends in productivity, production, and related economic developments.....	2941,
Farm Bureau. (See American Farm Bureau Federation.)	3031-3032, 3049, 3052
Federal Deposit Insurance Corporation (see also pt. 10 of the hearings, "Additional Materials Submitted for the Record," 3241-3486).....	878-879, 1536
Federal Funds Market.....	1165, 1167
Federal Reserve Act:	2961
Changes in.....	1313, 1410, 3050
Proposal for labor representation.....	1699-1714
Vault cash amendment.....	1471-1473
Federal Reserve Banks:	1410
And branches, chairmen and deputy chairman of Boards of Direc- tors.....	1508, 1649-1650
Auditing of.....	958
Central reserve city banks.....	1317
Federal Reserve Bank of New York.....	3428-3429
Gold reserves of.....	3422-3424
History of reserve ratios of member banks.....	1300
Initial reserve payments made from member banks.....	1761-1820, 3345-3450
Member bank, hypothetical example of organizing a new bank.....	1231-1333, 1451-1504
"Sources and Uses of Member Bank Reserves, 1914-1952".....	755-759, 3453-3455
Federal Reserve Board:	1245,
Answers to questions submitted to Chairman of.....	1248-1249, 1280, 1285, 1295, 1321, 1575, 1594-1596, 1605,
Chairman of, testimony.....	1625, 1666-1667, 1668, 1959-1965, 2766, 2780-2781, 2998, 3005,
Chairman of, correspondence with.....	3045-3056, 3340-3342.
Federal Reserve Policies:	879, 1640, 1655, 3030-3033, 3042-3044
Bills only.....	2764-2779
Discount rate.....	625, 1282, 1405-1407, 1508,
Integration of, with Executive policy.....	1523, 1530, 1555, 1558-1562, 1585, 1596, 1624, 1656-1657, 1669
Margin requirements of.....	5,
Monetary.....	37, 71, 87, 102, 173-174, 202, 612-616, 624, 633, 787, 873-887,
Open-market operations.....	1137, 1140, 1241-1245, 1249-1251, 1252-1255,
Basic economics of.....	1330, 1351-1353, 1373, 1436, 1455, 1460, 1494, 1904, 2508-2511,
For the Treasury, proposed.....	2768, 3388-3390.
Purpose of.....	1233-1235
Repurchase agreements.....	2768
Reserve requirements.....	1547-1548
Reserve requirements.....	1282, 1563-1566, 1570, 1669
Reserve requirements.....	1140,
Reserve requirements.....	1241-1245, 1254-1255, 1287, 1299, 1313-1317, 1410, 1455, 1459,
Reserve requirements.....	1483, 1494, 1716, 2509-2511, 3032, 3044-3050, 3177-3178, 3334-
Reserve requirements.....	3338, 3388-3390.
Federal Reserve System:	2963
And Treasury, need for closer coordination between.....	1715
As central place to receive data from security dealers on volume of lending.....	1698
Federal Advisory Council, members of.....	2963-2965
Independence of.....	720,
Open Market Committee.....	879, 1235, 1277, 1312, 1320, 1477, 1515-1518, 1552-1555, 1570,
Open Market Committee.....	1592, 1625, 1954, 2220.

	Page
Federal Reserve System—Continued	
Operation of, book on, by Robert V. Roosa	1557
Powers of	631, 635-636, 688, 725-726, 761-763, 787, 876
Purpose of	1456
Report on raising reserve requirement	1483
Treasury-Federal Reserve study of Government securities market	1209-1221, 1517, 1525, 1533, 1539, 1542, 1546, 1578, 1585, 1645, 1647, 1658-1659.
Fellner, William J., statement of, on monopolistic and quasi-monopolistic practices	2333-2337
Ferber, Robert, statement of, on effects of wage increases upon prices, profits, production, and employment	2655-2661
Financial intermediaries:	
Alleged differences between, and commercial banks	865-867
Control of	879, 881-887, 2790-2791
Holding increasing fraction of wealth	631
Ultimate lenders, monetary system, and nonmonetary intermediaries, as markets for loanable funds	847-848, 1102, 1247, 1373
First Boston Corp., as dealer in Government securities	1826, 1832, 1836, 1842, 1846, 1853, 1863, 1869-1870, 1878, 1884, 1893, 1898, 1901, 1908, 1918, 1923, 1929, 1933, 1937, 1951.
First National Bank of Chicago, as dealer in Government securities	1826-1827, 1832, 1836, 1843, 1846, 1853-1854, 1864, 1870, 1878, 1884, 1893-1894, 1898-1899, 1901, 1908-1909, 1918-1919, 1923, 1929, 1933, 1937, 1951-1952.
Fiscal policy:	
Administered wages and prices in relation to	2960-2962
And attaining economic objectives	2763-2766, 3026-3027
And the Government securities market in 1958	1589
Countercyclical	66-67, 151, 787, 875, 1095, 1137, 1374, 1476, 2193, 2215, 2807, 2877
Erroneous thinking and action in	99-102
Flexibility of	60, 2985, 2998
Government's management of	1087-1976
Impact of, of all Government bodies combined in business fluctuations quarterly, 1947-58 (table)	2869-2870, 2877
Major overhaul of, proposed	2794-2796
Of the administration	3225
Recommendations for Federal, by the American Bankers Association	3060-3067
Recommendations for Federal, by the Investment Bankers Association	3182
Shifts of, and of postponable private expenditures between selected half-years, 1947-58 (table)	2871
Stabilizing	2866-2868, 3221-3222
Tax as a measure of	100-102, 119, 167, 3086-3087, 3109-3110, 3152-3155
Tax reform	65-66, 154, 1374, 1476, 2507, 2511
Fisher, Irving and the 100-percent reserve system	1459, 3032, 3047-3050
Foreign Exchange (<i>see also</i> Balance of payments).	
"The Gold Shortage, the Dollar Glut, and the Future of Convertibility"	2918-2925
Foreign policy:	
And the Common Market	1018
Council of Foreign Relations	902-904
Economic aid to underdeveloped countries	892-894, 919-921, 953, 958, 974-976, 978-982
Implications for U.S.	1065
International influences on the American economy, part 5	889-1086
Trade	891, 1060, 2216, 2784, 2789, 2812, 2814-2817, 3073-3074, 3028
Fortune magazine, item-by-item analysis re components of U.S. balance of payments (reference to)	947
Friedman, Milton:	
"Quantity Theory of Money—A Restatement"	649-668
Statement of, on prices and changes in effective supply of money	605-669
Statement of, on reconciling and attaining economic objectives	3019-3053

	Page
Fringe benefits:	
And decline in labor turnover.....	589, 597-600
And reemployment opportunities.....	592-593, 596-600
As percent of payroll.....	330-331
Impact of nonwage collective bargaining practices on economic growth.....	2583-2628
Understate real earnings.....	365, 373
Gass, Oscar, statement submitted by, on management of the public debt.....	3444-3450
GATT.....	896, 900, 999, 1006, 1022, 1025-1026, 1044-1046, 1071-1074, 2907, 2913, 2923, 2947-2948
General Motors.....	2011, 2021, 2090, 2101
Gilmartin, Maurice A., Jr., statement of, on dealings of Charles E. Quincey & Co. in Government securities.....	1643-1658
Ginsberg, Eli, statement of, on manpower aspects of the service sector of the economy.....	2661-2670
Goals (economic):	
A restatement of economic purpose.....	95-97
Causes of economic losses.....	113-132
Departure from.....	97-113
Policy and program recommendations for.....	152-164
Reconciling and attaining economic objectives (pts. 9A and 9B).....	2757-3239
Gold, Nathan J., statement of views of National Retail Merchants Association, on attaining economic objectives.....	3225-3230
Gold (see also Balance of payments):	
And U.S. dollar settlements, 1950-58 (table).....	967
Dumping of, on foreign markets.....	626
German accumulation of.....	977
Holdings, United States, 1949-58 (table).....	970
Inflow of.....	1317, 1319
Monetary, and dollar holdings, 1949-59 (table).....	2917
Outflow of.....	625, 942-950, 954-958, 1189
Price of.....	626, 938-945, 974
Purchases of, by Treasury, from foreign central banks.....	3414-3416
Reserves, and liquid dollar holdings of foreign countries (chart).....	942
Standard, and U.S.S.R.....	626, 988
Stock, size of.....	948
The gold shortage, the dollar glut, and the future of convertibility.....	2918-2925
The international monetary position of the United States.....	2905-2917
United States and foreign dollar holdings (chart).....	2930
Goldfinger, Nat, letter to Otto Eckstein and reply, regarding steel and post-war inflation.....	3471-3477
Goldsmith, Raymond W.:	
Statement of, on long-term trends in national product and income.....	230-279
Letter to the chairman transmitting table and additional information.....	3455-3456
Gordon, Robert A., statement of, on reconciling and attaining economic objectives.....	2955-2988
Government, Federal:	
As sector, in the private economy.....	3108-3109
Borrowing by, compared with State and local.....	1095-1098
Effects of high interest and tight money on State and local facilities.....	3368
Expenditures, increase in.....	159, 2121, 2453, 2460-2461, 2484, 2491, 2507
Expenditures, reduction of.....	117, 129, 1374, 1589-1590, 3061-3063
Financing and debt management policies.....	1338-1339
Management of monetary, fiscal, and debt operations.....	1087-1976, 3241-3486
Policies of.....	4, 18, 100-102, 112, 200-203, 569-570, 780, 2483, 2499, 2633, 2639-2647, 2868-2869, 3085, 3197, 3151-3156
Programs. (See Government programs.)	
Securities. (See Government securities; dealers, security.)	
Government programs:	
And monopoly.....	2099
Expenditures for.....	2465-2469, 2501-2503, 3152
Farm programs out of control (chart).....	3072
Farm subsidy.....	1163, 2502, 2963, 3063, 3072-3073
FHA and VA mortgages.....	1376, 1380-1381, 1385-1387, 1475
FNMA.....	1447-1448, 1598-1599

	Page
Government programs—Continued	
Foreign trade policies.....	3073-3074
Highway construction.....	1454, 1466-1470, 3235
Home Loan Bank.....	1447
Housing and urban redevelopment.....	3134-3139
Housing.....	5, 41, 129, 568, 577, 3074-3075, 3166-3168
National fuels policy, suggestion for.....	3732-3235
Research and development.....	1163,
	2327, 2345-2347, 2762, 2964, 3079-3080, 3160
Social Security.....	119, 598, 2235
To combat inflation. (See Inflation.)	
To strengthen public sector.....	3141-3143
Transportation, secondary roads.....	3138
Trust funds.....	1479
Unemployment relief.....	88,
	132, 201, 519, 533, 547, 599, 2723, 2758, 2880, 3074, 3235
Government securities:	
Advance funding of.....	1373
Aggregate transactions in....	1567, 1579-1581, 1622, 1657, 1670, 2219, 3278
Allotments of Treasury bonds offered for cash, 1953-59 (table).....	3307
And the budget.....	173-174, 211, 222, 676-679
Auctioning of.....	1148-1162, 1179, 1245, 1257-1272,
	1378-1380, 1433, 1531, 1566, 1597, 1658, 3292, 3294-3305
Bids for large municipal bond offers(table).....	3324
Bills, offerings of.....	1178, 3025
Bills only. (See Federal Reserve policies.)	
Competition in market for.....	1180, 1753-1757
Dealers in. (See Dealers, security.)	
Federal Reserve portfolio of.....	720-722
Financial intermediaries, and.....	881
Interest ceiling on.....	69,
	70, 179, 202, 211, 225-226, 263, 1137, 1139, 1241, 1245, 1255-1257,
	1292-1293, 1313, 1318, 1373, 1477-1478, 2483, 2507-2509, 2767,
	2998, 3249-3251.
Interest rates on.....	69, 70, 179,
	202, 211, 225, 226, 263, 1184, 1245, 1387-1392, 1397, 1515-1518
Issues of, 1945-58.....	1096-1097
Local bonds.....	228, 3324
Long-term, short-term (definition).....	1323
Market analysis for.....	1189-1190
Minimum and maximum accepted bids on offerings of 91-day Treasury bills, April to June, 1959 (table).....	3025
Net market purchases or sales of Federal securities for investment accounts handled by Treasury (table).....	3322
Open market purchases (see also Federal Reserve policies).....	1145
Oversubscriptions.....	1648, 2768, 2791, 3274-3277, 3305
Ownership of.....	1104-1109, 1113-1131
Price of.....	1312
Profits on sale of.....	676-678, 1132-1133,
	1136, 1143-1144, 1183, 1237-1241, 1254-1255, 1601-1603, 1651
Refundings.....	1096-1099
Repurchase agreements. (See Federal Reserve policies.)	
Short selling of.....	1643-1647
Speculation in.....	1132-1133, 1562, 1666-1667
Stabilization fund for.....	3316
Subscriptions, other than bills.....	1173-1177
Swapping operations.....	1245
The competitive position of Treasury securities.....	1753-1757
Treasury-Federal Reserve study on.....	1088, 1094-1095, 1209-1221, 1517,
	1525, 1533, 1539, 1542, 1546, 1578, 1585, 1645, 1647, 1658-1659
Government, State and local:	
Bids for large municipal bond offerings (table).....	3324
Borrowing by, compared with Federal Government.....	1095-1098
Effects of high interest and tight money on.....	3368
Local, and stabilization aids.....	2880
Gray, Horace M., "Private Affluence and Public Poverty," excerpt from Illinois Business Review.....	3456-3460

	Page
Great Britain, growth of GNP.....	244-247, 249-250, 260
Grether, E. T., statement of, on effects of monopolistic and quasi-monopolistic practices.....	2115-2119
Gross national product:	
And obsolescence.....	16-17
And U.S. imports (chart).....	966
As measure of economic growth.....	16, 31-32, 230-231, 1089
Changes in, and effect on real earnings.....	320-323
Cyclical fluctuations in.....	251, 475-476
Deficit in, 1953-58 (chart).....	109
Full-employment GNP, 1954 and current dollars (table).....	2869-2870
Full employment GNP, fiscal magnitudes as percent of (table).....	2871
Full employment GNP, private postponable expenditures as percent of (table).....	2871
Full employment GNP, swing in percents of (table).....	2867
Full employment level, relation of 1954 dollar GNP to (table).....	2871
Hypothetical increase in, of \$100 billion.....	2322-2323
Inflation in.....	1310
Long swing of.....	251
Of the Common Market countries.....	1040-1041
Per capita.....	16, 31-32, 73, 231, 267
Per man-hour.....	298-299, 351-352
Relative increases in gross national product, money supply, velocity of money, and prices (table).....	3417
Revised index.....	1326-1327
Trend of.....	230-279
Growth, economic:	
Analysis and econometric models as guide to future prospects and policy decisions.....	2483-2491
And energy resources.....	367-368
And growth in investment expenditures.....	464-465
And inflation.....	2831, 3058-3059
And other indicators of economic activity.....	416-421
And ratio of monopoly and competition.....	1979
And severe depressions.....	427-428, 462
And the Common Market.....	1018
And the price level.....	458-460
And the quantity theory of money.....	464
As a goal of public policy.....	1088-1091, 2760-2762, 2958-2959, 2989-2992, 3148-3149, 3182-3184
As net gain, truism only.....	2760-2761
Balanced, and full-employment (AFL-CIO).....	3092-3111
Capital formation.....	423-434
Comparative, United States-Soviet.....	2456, 2473-2482, 2792, 2886, 3164
Constructive suggestions for reconciling and attaining objectives of.....	2757-3239
Offset of high interest rate and tight money on.....	3365-3366
Effect of strikes and automation upon.....	3226-3227
Effects of arms expenditures on.....	890-891
Essential facts on.....	347-349
Extensive and intensive.....	235-236
Factors in recent rate of growth.....	460-462
Five basic chronologies in the long-swing process.....	428-433
Forced.....	2761, 2776-2778, 2786-2787, 2819-2821
General character of.....	412-414
Imbalance of.....	260-261
Impact of monopoly on.....	2347-2353
Impact of nonwage collective bargaining on.....	2602-2603
Impediments to.....	225
In financial intermediaries.....	856
Ingredients of.....	3057-3058
In the public-school sector.....	2671-2701
In the service sector.....	2655-2701
In underdeveloped areas of the world.....	1053-1086
In Western Europe, Soviet Union.....	2380-2382
Long swings in.....	411-466

	Page
Growth, economic—Continued	
Longrun determinants of United States	2379-2443, 2455
Measure of	16, 31-32, 73, 106, 208, 414-416, 1236-1237
Need for	2-3, 95-96, 107
Physical output, imput, and productivity	424-427
Policies to stimulate	526
Population growth and economic progress	421-423, 2397-2400
Problems of, in the 1960's	3187-3216
Quality of	2873, 2888
Rate of	82, 105, 119-120, 208-211, 230-231, 416-421, 434-453, 458-460, 1062-1064, 2455, 2792-2796
Rapid	412, 459-460, 2960-2971
Revised index of	1326-1327
Role of	776-780, 804-807
Savings and taxes	1164
Short run	5
Slow, reasons for	2160-2162, 2166, 2381, 3094, 3164-3165
Theories of	2386-2392, 2401-2417
Unsustainable	1414
United States	105, 230-279, 3094
Gurley, John G., statement of, on institutional frictions in money and credit markets	847-887
Hamberg, D., statement of, on effects of monopolistic and quasi-monopolistic practices	2337-2358
Hansen, Alvin H.:	
"Debt Management, 1959"	761
"Inflationary Pressures, 1955-57: A Neglected Factor"	760-761
Hart, Albert G., statement of, on reconciling and attaining economic objectives	2861-2903
Hausser, Alfred H., statement of, on dealings of Chemical Corn Exchange Bank in Government securities	1622-1642
Health programs:	
Doctors, supply of	2689
Health education	2695
Heller, Walter W., statement of, on reconciling and attaining economic objectives	2988-3018
Highway construction:	
In distressed labor areas	3225
Pay-as-you-go plan	1454, 1466-1470, 1493
Trust fund	1492
Hildebrand, George H., statement of, on economic significance of collective bargaining	2528-2543
Hines, Howard H., statement of, on effects of monopolistic and quasi-monopolistic practices	1977-1999
Hinshaw, Randall, "Implications of the Shift in the U.S. Balance of Payments"	959-964
Hirsch, Werner Z., statement of, on the public schools sector	2671-2687
Hoguet, Peter W., statement of, on the Econometric Institute, Inc.	2445-2448
Holmes, Justice Oliver Wendell: quoted, on imperfect knowledge	2988
Hoover, Calvin B., statement of, on effects of monopolistic and quasi-monopolistic practices	2379-2384
Hoover, Ethel D., statement of, on history of wholesale and retail prices	384-393
Houser, T. V., statement of, Committee for Economic Development, on reconciling and attaining economic objectives	3157-3161
Housing (<i>see also Government programs</i>):	
And urban redevelopment	3134-3139
Cooperative	3166-3167
Effects of high interest and tight money on	3367-3368
Homeownership and labor mobility (<i>see also Labor, mobility of</i>)	568, 577
Immigration, effects on labor force	568, 578
Imports (<i>see also Balance of Payments; Tariffs</i>):	
Acceleration of	946
And domestic labor wages	977
And the gross national product (chart)	966
Increasing consumer interest in	951, 956
Of raw materials	972
Quotas on agricultural commodities and metals	893, 973
Quotas versus tariffs as import-curtailling devices	1027
Tariffs on imports of foreign cars	981

	Page
Income:	
And price trends.....	154-159
Average family personal income (table).....	3131
Distribution.....	2516-2628, 3165
Farm.....	119, 1183, 3367
Groups, low.....	3126-3132
Held in the form of money.....	630
How family income was shared (table).....	3132
Per capita.....	518-519, 694
Personal.....	1640, 3131-3132
National.....	2379
Rate of growth of, in different sectors.....	243
Velocity.....	673-675, 690-691, 984-986, 3435-3443
Income-expenditure approach to analysis of money relationships.....	767-845
Indexes (see also Consumer Price Index):	
Deficiencies in wholesale price.....	388
Derivation of wholesale price index for the United States, 1720-1958.....	399
Employment-unemployment, need for.....	2759
Index numbers of money supply and prices (table).....	3354
Price, correspondence from Federal Reserve Board.....	1485-1489
Production.....	1640
Retail prices, 1800 to 1958.....	397-398
Wholesale prices, 1720 to 1958.....	394-397
Weaknesses of.....	2267
Industrial feudalism.....	588
Industrial revolution in America.....	253-254, 269
Industry (see also Business; Corporations):	
Automobile.....	87, 213-214, 222, 510, 574-575, 2011, 2021, 2090, 2101
Concentration in.....	2117, 2314-2321, 2324-2326, 2558-2560, 2639
Construction (see also Government programs).....	2003, 3166-3167
Freedom of entry into.....	1978-1979,
	1981-1999, 2003, 2123, 2139-2147, 2216, 2847
Integration.....	2280
Horizontal.....	2280-2293
Vertical.....	2293-2294
Large-scale, encouragement of wage restraint and price reductions in.....	2566
Locating.....	509-510
Relocation of, for defense.....	2762
Manufacturing, price inflation in, 1955-59.....	2155-2169
Productivity of (see also Production).....	356-357
Protection of, from competition.....	2231
Stainless steel flatware.....	48-49
Tax incentives for (see also Taxes).....	2765
Training of labor by.....	520
Inflation:	
A definition of "true".....	3175
And collective bargaining.....	2615-2628
And economic objectives.....	2758, 2808, 2955-2958
And employment.....	552-553, 2830-2831
And Government policy.....	569-570
And growth.....	57-59, 98, 856, 3368-3377
And incentive to save.....	1092, 1162
And international position of U.S. dollar.....	954, 1024, 3059
And market power of unions.....	2628-2653
And system of taxation.....	2459-2482
Campaign against.....	1392-1396, 1451, 3258, 3261
Cost-push, demand-pull.....	8, 132-151, 262-263, 699, 700-719, 728, 2169,
	2188, 2208, 2334, 2577, 2824-2825, 3226, 3375-3376
"Creeping".....	47, 59-62, 68, 77, 85, 203, 242, 272, 2830-2831
During Civil War.....	386
During Revolutionary War.....	381-382
Effective control over.....	1093, 1308, 1372, 2155, 2215-2217, 2261, 2265,
	2308, 2483-2484, 2507, 2827-2830
Effect of, on pensions.....	13
Extent of postwar.....	169-171, 201, 607, 701-706
Fear of, and fixed investments.....	1382-1384, 1629-1630, 1634, 1657
Implications of.....	699

	Page
Inflation—Continued	
In construction costs.....	3075
In Europe.....	12-13
“Inflationary pressures, 1955-57: A Neglected Factor”.....	760-761
Nature of current.....	2194-2205, 2824-2827
Necessary.....	21, 57, 788-789
New type of.....	671
Overemphasis on.....	2528, 2872, 2890
Policies for prosperity without inflation.....	3056-3080
Postwar, centers on velocity.....	682
Potential sources of.....	3192-3193
Price.....	11, 29, 206, 2155-2169
Recent inflation in the United States.....	2193-2205
Reliance on fiscal and monetary restraints.....	2566-2567
Secular.....	2199, 2831
Sellers', treatment for.....	2261, 2265
“The Service Sector: Longrun Trends and Relationships to Inflation and Growth”.....	2655-2670
Innovation. (See Technology.)	
Inter-American Development Bank.....	896
Interest rates:	
As a determinant of velocity of money.....	694
As administered prices.....	3444-3445
And business cycles.....	2986, 3251-3254
And demand deposits.....	854, 3029-3030
And economic growth.....	3365-3368
And impact on, of Federal Reserve purchases of Government securities.....	1252-1253
And inflation.....	3176, 3381-3383
And income velocity.....	3435-3443
And savings.....	1184, 1375, 1515, 1517, 1572, 2800, 3255-3256, 3355-3358
Ceiling, on long-term bonds.....	69, 70, 179, 202, 211, 225-226, 263, 1137, 1139, 1241, 1245, 1255-1257, 1292-1293, 1313, 1318, 1373, 1477-1478, 2483, 2507-2509, 2767, 2998, 3249-3251
Comparison of, and various measures of consumer saving (table)....	3356
Cost of money.....	772
Federal Reserve discount rates.....	879, 1640, 1655, 3030-3033, 3042-3044
Increasing, prevent unsustainable growth.....	1414, 2392
Influencing, by Federal Reserve.....	2810, 3349-3352, 3360
Influencing, by Treasury.....	1095, 1099, 1101, 3277-3278
Influences other than competition on.....	1102
Interest payments of Government in proportion to total economy.....	1208
Interest payments on national debt.....	227-267, 685
On demand deposits.....	854, 3029-3030
On Government bonds.....	69, 70, 179, 202, 211, 225-226, 263, 1184, 1245, 1387-1392, 1397, 1515-1518
On primary securities.....	848-852, 854-855
On time deposits.....	854
“Pegging”.....	1104, 1315, 1399
Short-term.....	1103, 3271
To decrease.....	773
International balance of payments. (See Balance of payments.)	
International Business Machines Co.....	2026, 2100
International Central Bank, proposal for.....	2938-2945
International Cooperation Administration:	
Rates of.....	905
The use of local currency counterpart for debt retirement, 1948-52....	912-915
International Development Authority.....	916, 920, 2907
International Influences on the American Economy (pt. 5).....	889-1086
International Monetary Fund.....	39, 905, 947, 970, 2928, 2931-2945, 2950-2951

International Trade (<i>see also</i> Trade, Markets, Exports, Imports):	Page
As substitute for domestic market.....	250
And deficiency in U.S. balance of payments situation.....	219-220
And protective tariffs.....	371-372
Cost differential.....	48-49
Reduction of quotas.....	48-49
With free world.....	42-43
Inventory accumulation.....	2879, 2882-2883, 2892-2896
Investment:	
Abroad.....	946, 951, 956, 999, 1022
As means of expanding production.....	96, 155, 212
And cost of money.....	772
And consumption in the private sector, balance between.....	3108
And monetary policy.....	102
And taxation.....	66, 101
Capital, and taxation.....	2460, 2513
Equilibrium.....	96
Equity.....	224-225
Growth in.....	776-778
Incentives, and concentration of market power.....	2324-2326
In new enterprise.....	2139-2147
In plant and equipment.....	5, 147-148, 162, 772
Net private and foreign (chart).....	109
Of corporations.....	2487-2489
Of insurance funds.....	1335-1407
Of savings banks.....	1410-1450
Per additional worker required by existing techniques of production.....	2389
Stocks versus bonds.....	3254-3255
Private foreign, relation to U.S. exports and imports.....	898-899
To accelerate growth.....	3160
Investment Bankers Association of America, statement of.....	3181-3184
Jacoby, Neil H., statement of, on longrun problems of structural change and adaptation of the U.S. economy.....	55-91
Kahn, Mark L., statement of, on nonwage collective bargaining.....	2583-2588
Kendrick, John, reference to works of.....	292, 351, 355
Kennedy, Thomas, letter of, submitting statement of United Mine Workers.....	3231
Kerr, William D., letter of, submitting statement of Investment Bankers Association.....	3181-3184
Killingsworth, Charles C., statement of, on market power of unions.....	2628-2632
Kindleberger, Charles P., statement of: On balance of payments deficit.....	954-958
On equilibrating influence of income.....	984-986
Keyserling, Leon H., statement of, on redirecting economic efforts to meet the challenge at midcentury.....	93-197
Klein econometric model.....	2486, 2493, 2500
Korean war.....	95, 112, 138, 156-157, 406, 520, 526, 560
Labor:	
And cyclical fluctuations.....	556, 557
And enlightened self-interest.....	2169
And management, need for competing in world markets.....	977
And productivity gains, fear of.....	2162
Annual increment to supply of.....	2388, 2389
Areas of substantial labor surplus (table).....	3105
Average productivity of, at full employment.....	2388, 2389
Bureau of Labor Statistics.....	467-511
Collective bargaining (for breakdown <i>see</i> Collective bargaining).....	2335-2367, 2516-2628, 2734-2744, 2964, 2968-2970, 3111-3126, 3226-3227.
Costs of.....	204, 477, 3200-3203
Department of.....	578
Division of, in world market.....	375
Educational effects on.....	531-532
"Featherbedding".....	2620-2622, 2599-2601, 2605-2609
Force:	
Changing growth in.....	513, 514, 522, 523, 527, 539-567, 582, 583, 588, 589
Effects of immigration on.....	568, 578
Total labor, ratio of unemployment to (table).....	2720
Women in.....	472, 473, 479, 505, 541-543, 561, 568, 578, 584

Labor—Continued	Page
“Historical and Comparative Rates of Labor Force, Employment, and Unemployment” (pt. 3)	467-604
Labor-management relations, role of Government in	2735,
2736, 2769, 2770, 2783, 2784, 2998	
“Manpower Aspects of the Service Sector of the Economy”	2661-2670
Markets	62, 469, 555, 572, 573, 2371, 2628-2653, 2717, 2956
Maximum use of, and monopoly	2008
Mobility of	478, 479, 535-537, 567-586,
587-604, 2574-2582, 2601, 2602, 2704-2707, 2709, 2727, 2976	
Monthly Report of Labor Force Survey	470, 471, 496, 511, 515, 523, 528, 554
Permanent loss of, during depressions	2385
Policy, national	2564-2575
Productivity (<i>see also</i> Productivity)	7, 249, 324-327
Rate of return on	361
Requirements, net nonagricultural, indicators for (table)	2720
Rise in demand for professional, technical and skilled labor	2573, 2742
Seniority rights	597, 600, 601, 2586, 2587, 2614-2620
Service sector	2655-2701
Supply-demand situation, current (table)	2720
Supply, effects of seasonal or temporary factors (table)	2720
Surplus:	
Major areas of substantial (table)	2718, 3105
Smaller areas of substantial (table)	2718
“The Economic Impact of Contracts with Automatic Cost-of-Living and Productivity Adjustments”	2550-2553
“The Effect of Increases in Wages, Salaries, and the Prices of Personal Services, Together with Union and Professional Practices Upon Prices, Profits, Production, and Employment” (pt. 8)	2445-2755
Trade unions, collective bargaining, and wage structures	2549
Trends in unit labor cost (chart)	3201
War effects	541-543
Working rules and conditions	2583-2628
Workweek	554, 555, 2602, 2603, 2625-2628
Labor Unions (<i>see also</i> AFL-CIO, United Mine Workers of America):	
Antitrust laws applicable to	2108-2113
Decentralization of	9, 2335-2367, 2565, 2964, 2968-2970
Exemption of, from antitrust laws	2007, 2068-2080
Management of	220
Market power of	204-205, 2010, 2371, 2728-2653, 2956
Policies recommended by, to stimulate growth	526, 3092-3111, 3231-3239
Trade unions, impact of, on general wage level	2544-2549
Lanston, Aubrey G., & Co., Inc.:	
As dealer in Government securities	1827,
1832, 1837, 1843, 1846, 1854-1855, 1864, 1870-1872, 1878-1879,	
1884-1885, 1894-1895, 1899, 1901, 1909, 1919, 1923, 1929-1930,	
1933, 1937-1938.	
Supplementary statement of	1965-1973
Lanzilotti, Robert K., statement of, on monopolistic and quasi-monopolistic practices	2237-2262
Latané, Henry A.:	
Reference to	3241-3242
Reprint, “Income Velocity and Interest Rates—A Pragmatic Approach”	3435-3443
Latin America, underdeveloped countries of	1066-1071
Lebergott, Stanley, statement of, on labor mobility	567-586
Lederer, Walther, statement of, on recent trends and current problems in balance of international payments	938-945
Legislation:	
Banking Act	1743, 3032
Bulwinkle Act	2121
Celler Antimerger Act	2125
Clayton Act	2011, 2027, 2120, 2123, 2133, 2149-2154, 2389, 2121
Employment Act of 1946. (<i>See separate entry.</i>)	
Federal Reserve Act	1165, 1167, 1313, 1410, 2961, 3050
Miller-Tydings Amendment	2121
Proposed, to reduce size of labor unions and corporations	2335-2337

	Page
Legislation—Continued	
Robinson-Patman Act.....	2011, 2097, 2120, 2124, 2137, 2147-2148
Sherman Act.....	2011, 2019, 2022, 2027, 2120, 2121-2124
Webb-Pomerene Act.....	212, 2152
Lerner, Abba, statement of, on monopolistic and quasi-monopolistic practices.....	2262-2266
Libby, McNeil & Libby.....	2028
Life Insurance Association of America, statement of, on reconciling and attaining economic objectives.....	3185-3186
Liabilities, to foreign official institutions, 1949-58 (part of table).....	970
Loanable Funds Market. (See Markets, Financial Intermediaries, and Gurley, John G.)	
Long, Clarence D., statement of, on the labor force under changing income and employment.....	539-567
McDonald, David J.:	
Letter to chairman commenting on Study Paper No. 2, "Steel and the Postwar Inflation".....	3477-3479
Chairman's reply.....	3479
McGraw-Hill, survey of American manufacturing industries.....	65
Machlup, Fritz, statement of, on reconciling and attaining economic objectives.....	2819-2861
Management:	
And labor, need for competing in world markets.....	977
And labor relations, role of Government in.....	2735-2736, 2769-2770, 2783-2784
And wage increases.....	2956
Rights and functions of.....	2584-2588, 2591
Manufacturing. (See Industry, Prices, Production, Wages.)	
Markets:	
And price indexes of wholesale commodities for period 1720-1861....	380
Availability of, to sustain production.....	374
Common. (See separate entry.)	
Communist Chinese.....	902-903
Capital, net flow.....	1428
Competitive, role of.....	1231-1232, 2003
"Disorderly".....	1276-1277, 1414, 1603-1605
Domestic.....	375
Effects on performance of, by entry of outside firms.....	1981-1992
Entry into:	
And monopoly.....	1978, 2123, 2139-2147, 2216
By established firms.....	1979, 1981-1999, 2003
Farmers.....	119
Federal funds.....	1536
Foreign.....	374-375
"Futures".....	2885, 2899
Government securities.....	1094, 1189-1190, 1232-1247, 1277-1280, 1535, 1569, 1573, 1626-1627, 1638, 1659-1660, 1668, 1757-1760, 1800-1802, 1911-1957.
Investment and savings.....	202
Loanable funds, demand, supply, and equilibrium in.....	848
London money market.....	1660
Market power, price policies, and growth.....	2364-2378
Mechanisms.....	1094-1095
Money and credit, institutional frictions in.....	847-887
Mortgage.....	1444
Nordic Common.....	900-901
Oligopolistic.....	1979
"Pegged".....	1286, 1373, 1399, 1413
Performance of, for Treasury securities.....	1757-1760, 1800-1820, 1911-1957
Stability in.....	1587
Trends in.....	375
Margin requirements. (See Federal Reserve policies.)	
Markham, Jesse W., statement of, on monopolistic and quasi-monopolistic practices.....	2119-2123
Marshall Plan.....	906-907, 1024
Martin, William H., statement of, on monopolistic and quasi-monopolistic practices.....	2000-2018

	Page
Martin, William McChesney, Jr.:	
Statement of, on the Government's management of its monetary, fiscal, and debt operations.....	1231-1333, 1451-1504
Answers to supplementary questions of the Joint Economic Committee.....	1763-1820, 3349-3450
Letter to the chairman.....	3453-3455
Meany, George; letter transmitting statement of AFL-CIO on reconciling and attaining economic objectives.....	3089-3092
Mergers:	
A parenthesis on.....	1992-1994
Clayton Act, section 7, on.....	2028-2029, 2038-2045
Horizontal and vertical.....	2101
Premerger notification.....	2090, 2093-2094
Meyer, John R., statement of on methods of forecasting growth, employment and prices.....	2485-2496
Mikesell, Raymond F., statement of, on underdeveloped areas and the U.S. economy.....	1058-1065
Military expenditures. (See Defense.)	
Miller, John Perry, statement of, on monopolistic and quasi-monopolistic practices.....	2123-2126
Miller-Tydings amendment to Clayton Act, exempting vertical price fixing from antitrust laws.....	2121
Minsky, Hyman P.:	
Reprint, "Monetary Systems and Accelerator Models".....	730-754
Statement of, on monopolistic and quasi-monopolistic practices.....	2205-2217
Mix of policies, monetary-fiscal (see also Fiscal policy, Monetary policy, Debt Management).....	2762, 2770-2772, 2962-2963, 3035
Models, economic.....	98-99, 158, 731, 829-844, 2225-2498
Monetary policy (see also Federal Reserve policies, Fiscal policy, Debt management):	
Administered wages and prices in relation to.....	2960-2962
As a device to restrict investment.....	2771
And adverse balance of payments.....	625
And fiscal policy, inadequate.....	203-204, 206-207
And excessive credit expansion (see also Credit).....	636-637, 1092, 1311, 1328-1329, 2392, 2509, 2771, 3068-3071, 3175-3179
And its relation to debt management.....	1719-1721, 2766-2768, 2998-2999, 3451-3486
And stock of money.....	611, 616
And tax policies.....	3086-3087, 3109-3110, 3152-3155
And time lags.....	611, 615
And unemployment.....	2226, 2335-2336, 2392
Brief U.S. history of.....	1458
Decided by Federal Reserve (see also Federal Reserve policies).....	167, 3256-3257
Distinguish between, and credit policy.....	621
During recent postwar period.....	869-872
Extension of, over financial intermediaries.....	879
Flexible, need for.....	1095, 3181, 3221
General.....	1763-1785, 2166, 2168, 2172, 3040-3052, 3109-3110
Inflexible.....	60, 66-67, 102-103
International.....	2905-2917, 2918-2925
Monetary restraint.....	154, 1246, 2531, 2892-2893
Monetary systems and accelerator models.....	730-754
Regressive.....	119, 151
Selective.....	2193, 2215, 2219-2220, 2335-2337, 2383, 2392, 2531-2543
The Government's management of its monetary, fiscal, and debt operations.....	1987-1976
Wise national.....	611
Money (see also Credit):	
Academic thinking about.....	606-611
A commodity?.....	1103
"Agenda for Monetary Reform".....	3022
And absentee ownership.....	781-782
And credit markets, institutional frictions in.....	847-887

Money—Continued	Page
And income flow.....	607
And interest rates.....	782-783
Annual velocities for.....	680
Behavior of.....	614, 671-699
Cash balances adjusted to longer term level of income.....	610
Changes in factors of equation.....	608-609
Cheap money policies.....	607
Congressional control over, and credit.....	662
Cost of holding cash balances.....	610
Cycles in the behavior of.....	692-693
Definition of.....	621, 632
Demand for, and credit.....	781-782
Deposit turnover.....	676, 691
Economic research on recent operation of monetary forces.....	607
Equation of exchange.....	672, 682
"Fiat".....	3418
Flo of, and Federal Reserve policy.....	1460
Holdings in the form of.....	630
Including time deposits as part of.....	632
Income-expenditure approach to analysis of money relationships.....	767-845
Increases and decreases of, effects of.....	609, 775, 879
Influence on prices of changes in the effective supply of.....	605-887
Markets.....	1904, 1099, 1100
Monetary reform in Western Germany.....	607
Monetary reserve position of the United States (table).....	970
Monetary systems and accelerator models.....	730-754
Quantity theory of.....	608, 649-668, 672, 790-792, 1330
Real stock of, factors affecting.....	610
Relation between stock of money and flow of income (Keynes).....	606
Role of.....	775, 797-801
Stock of.....	606, 607, 610, 614, 618-619
Substitutes.....	684-686
Supply of.....	136,
	205, 464, 605-887, 1100, 1140, 1241, 1245, 1251-1252, 1400, 1460,
	1496-1500, 1606-1609, 2458, 3034-3042, 3198-3199, 3416-3417.
Time deposits as.....	632
"Tight".....	154, 1246, 1384-1385,
	1415, 2392, 2500, 2531, 2978-2983, 2986-2987
Velocity of.....	671-699, 1330, 1410, 1457, 2209
Monopoly:	
And competition.....	1100
And fair trade.....	2006
And labor unions.....	2007, 2010, 2628-2653
And level of consumption and development.....	2119
And unit prices, net profits.....	2009
Diminishes output.....	2008
Effects of.....	1977-2443
Effects on market performance of entry by outside firms.....	1981-1992
Extent of.....	1978, 2000
In construction.....	2003
In industrial chemicals.....	2002
In professional groups.....	2003
In service trades.....	2003
Relationships between, and employment, price levels, and growth.....	1979,
	2001, 2347-2350, 3163, 3165, 3172
Size of firm, monopoly, and economic growth.....	2337-2358
Monopsony.....	576, 1100
Morgan Guaranty Trust Co. of New York, as dealer in Government securities.....	1827-1828,
	1832-1833, 1837, 1844, 1846-1847, 1855-1856, 1864, 1872, 1879,
	1885, 1895, 1899, 1901, 1909, 1920, 1924, 1930, 1933, 1938, 1953.
Morse, Gerry E., statement of, on personnel practices affecting the mobility of employees.....	595-604
Musgrave, Richard A., statement of, on reconciling and attaining economic objectives.....	2757-2791
Multiplier.....	159, 176, 731
Mutual Security Act.....	979

	Page
National Association of Manufacturers, statement of, "The Emerging Economic Problems of the 1960's".....	3187-3216
Export prices expressed in U.S. dollars (chart).....	3213
Net corporate debt (chart).....	3208
Ratio of money supply to annual output (chart).....	3199
Retained profits in the postwar period (chart).....	3206
Trends in unit labor cost (chart).....	3201
Trends in unit profit (chart).....	3202
Wholesale prices in the United States (chart).....	3194
Wholesale price indexes, by sectors (chart).....	3197
National Association of Mutual Savings Banks, statement of, on reconciling and attaining economic objectives.....	3217-3223
National Dairy.....	2020-2021
National Defense Education Act.....	531
National Economic Council, suggestion for creation of.....	67, 76, 80
National Retail Merchants Association, statement of, on reconciling and attaining economic objectives.....	3225-3230
NATO.....	979
Naumann, Charles F., statement of, on reconciling and attaining economic objectives.....	3228-3230
New York Clearing House, turnover of accounts of securities dealers..	1405, 1511
New York Hanseatic Corp., as dealer in Government securities.....	1828,
1833, 1838, 1844, 1847, 1856-1857, 1864, 1872-1873, 1879,	
1885-1886, 1895, 1899, 1902, 1909-1910, 1920, 1924, 1930,	
1933-1934, 1938, 1953-1954.	
New York Stock Exchange.....	1509, 1529, 1559, 1565, 1567, 1647, 1657, 1660
Nordic Common Market.....	900-901
OEEC.....	2913, 2923
Ohlenbusch, John M., statement of, on the Government's management of its monetary, fiscal, and debt operations.....	1410-1450
Open-Market Operations. (<i>See</i> Federal Reserve policies.)	
Okun, Arthur M., statement of, on monopolistic and quasi-monopolistic practices.....	2169-2171
Ornati, Oscar A., statement of, on economic significance of collective bargaining.....	2543-2582
Output:	
As measure of economic growth.....	1089
Expansion of, by curtailing monopoly.....	2008
Government.....	376
In manufacturing industries, 1955-59 (table).....	2156
Rate and prices of, supply and demand determines.....	769
Ratio of, to input.....	376
Operating rates as percent of capacity (table).....	3108
Overhead costs per unit of, rising.....	2957
Utilizing capacity.....	2322-2323
Patent policy.....	2126
Pierson, Frank C., statement of, on market power of unions.....	2632-2635
Pensions, effects of inflation on.....	13, 160
Pollack, Wm. E. & Co., Inc., as dealer in Government securities.....	1828,
1833, 1838, 1844, 1847, 1857, 1865, 1873, 1879, 1886, 1895, 1899,	
1902, 1910, 1920, 1924, 1930, 1934, 1938, 1954.	
Population:	
Changes of growth in, and aggregate national product.....	240, 272, 521
Growth, and economic progress.....	2397-2400
Growth, and the money supply.....	628
In underdeveloped countries.....	1055
Post Office Department, rates for first-, second-, and third-class mail...	2502 2503
Power, John H., statement of, on monopolistic and quasi-monopolistic practices.....	2384-2423
Power. (<i>See</i> Technology.)	
President's Committee on Government Contracts.....	530
President's Economic Report. (<i>See</i> Economic Report of the President.)	
Prices (<i>see also</i> Inflation):	
Administered.....	141-143,
151, 166-167, 180, 216-217, 687, 875, 977, 1311, 2091, 2098,	
2237-2324, 2260-2261, 2295-2311, 2393, 2956, 2971-2976,	
3165.	

Prices—Continued

Page

Aggregate GNP, 1839-1959, current and constant	232-233
And cost pressures	687
And depreciation	2453
And international trade	1024
And level of taxation	2459
And other economic developments	385
And rate of growth	409-419
And the equation of exchange	672
And wages	7, 114, 1029, 3220
Basing point system of	2091, 2151
Big sweeps in	407
Changes in, and aggregate national product	240, 242-243
Changes in, from year to year	402-404
Controlled	163
Export (chart)	3213
Farm	64, 1637
Fixing	70, 2021, 2134-2138
History of	381-410, 3193-3204
Increases in, 1955-58	1093, 2453, 2956-2958
Increases in, since 1946	385, 2169
Increases in wages, salaries, and prices of personal services together with union and professional practices, effects of, on prices, profits, production, and employment	2445-2755
Indexes, comparisons of	408-409
Industrial wage and price practices	3076-3078
Inflation-deflation pattern in	388
Influences on, of changes in effective supply of money	605-887
In manufacturing industries	2155-2169
Level of	389, 574-575, 954, 1024, 2170
Retail	379-384, 389-393, 397-398
Rise in, bottleneck thesis	2170
Rise in, cost of keeping production at maximum	789
Rise of, in nonunionized sector	15
Role of, in the economy	775, 801-804
Measurement of	2270-2272
Monopoly	1977-2443
Secular movement of	407
Target return	2260-2261, 2295-2311, 2393, 3165
Trends in	380-381, 688
Wholesale	379-389, 394-395, 405, 1484, 1485, 3194, 3197, 3238-3239
Price stability (<i>see also</i> Inflation):	
As a goal of public policy	2, 6-10, 66, 67, 86, 98, 208, 252-253, 405-406, 569-570, 580-584, 2757-3239
And growth rate	2, 6-10, 2158-2169
And international trade	58
And employment	626-627
Contribution to, by credit unions	3177
Future policy needs for	2868, 2960
Preferred environment for	3376-3377
Purchasing power	96-97, 113, 154-156, 164, 200, 220, 3384
Productivity:	
And foreign competition	977
And increases in national product	308-312
And inflation	171
And the rise in real hourly earnings	319-327
And unemployment	520, 603
Basic facts on	283-377
Effects of increases in	2269, 2829, 2957, 3099-3107, 3220
Fluctuations in	300-307, 576
Government	376-377
Historical and comparative rates of production, productivity, and prices	229-466
Comparative levels of prices, productivity, and taxation	2476-2482
In agricultural products	1024
Indexes of	348-351, 376, 1640
In individual industries	313-319

	Page
Productivity—Continued	
Impact of nonwage collective bargaining on.....	2598-2601
Long-term rate of increase in.....	293-300
National product and income.....	267-279
Organization of.....	254-255
The effect of monopolistic and quasi-monopolistic practices upon prices, profits, production, and employment.....	1977-2443
The effect of increases in wages, salaries, and the prices of personal services, together with union and professional practices upon prices, profits, production, and employment.....	2445-2755
Total industrial production.....	293-300, 387
Trends in.....	149-151, 247, 327-346, 2424
Profits:	
Corporate.....	205, 212, 2454
Monopoly.....	1977-2443, 3165, 3169
Net, in manufacturing industries, 1955-59 (table).....	2156
Of commercial banks, on sale of Government securities.....	678, 1132-1133, 1136, 1143-1144, 1183, 1237-1241, 1254-1255, 1601-1603, 1651
Rate of, same for all industries.....	2847
Retained, in postwar period (chart).....	3206
The effects of increases in wages, salaries, and the prices of personal services, together with union and professional practices upon prices, profits, production, and employment.....	2445-2755
The effects of monopolistic and quasi-monopolistic practices upon prices, profits, production, and employment.....	1977-2443
Trends in unit profit, 1939-58 (chart).....	3202
Public opinion:	
Campaign against inflation.....	3258, 3261
Improving public understanding.....	3078-3079
Influencing, by Government.....	2974-2975
Persuasion and motivation of consumer tastes.....	3163-3165
Public utilities, bonds, ruling by SEC.....	1387
Quantity theory of money.....	608, 649-668, 672, 790-792, 1330
Quincey, Charles E., & Co.:	
As dealer in Government securities.....	1828-1829, 1833, 1838, 1844, 1847, 1857-1860, 1865, 1873-1874, 1880, 1886, 1895-1896, 1902, 1910-1911, 1920-1921, 1924-1925, 1930, 1934, 1938, 1954-1956.
Statement of, by Maurice A. Gilmartin, Jr.....	1643-1658
Supplementary statement of, on "bills only" policy.....	1956-1965
Randall Commission.....	590
Raw materials:	
Availability of, to sustain productivity.....	374
Complexity of stabilization in.....	893
Exports of, relation to economic development.....	892
Imports of, growing dependence upon.....	972
Protectionism, in the United States.....	893
Recession. (See Business cycles.)	
Reciprocal Trade Agreements Act.....	64, 1025
Extension act.....	998
Regulated industries, exemption from antitrust.....	2038
Repurchase agreements. (See Federal Reserve policies.)	
Repp, Herbert N., statement of, for Discount Corp. of New York, on dealings in Government securities.....	1659-1718
Research and development (see also Technology):	
Administration emphasis on.....	1163, 2964
And size of firm.....	2341-2345, 2376
By Government.....	2345-2347, 2787, 3079-3080, 3160
By very large companies. 2003, 2011-2012, 2099, 2326-2328, 2337-2367, 3160	
In the coal industry.....	3235
In the health field.....	2377-2378, 2901-2902
Rocketry, disastrous lag in.....	2762
Some statistics on expenditures for.....	2340-2341
Study on (1953-54).....	2327

	Page
Reserves (<i>see also</i> Federal Reserve policies):	
"Free," as reported weekly by Federal Reserve.....	1716
History of reserve ratios of member banks.....	1317
Initial reserve payments made from member banks' own vaults and through correspondent banks (table).....	3428-3429
No actual, in Federal Reserve Bank of New York.....	1650
One-hundred percent reserve system (Fisher).....	1459, 3032, 3047-3050
"Sources and Uses of Member Bank Reserves, 1914-52" (Smith).....	1300-1306
Vault-cash amendment.....	1313, 1410, 3050
Resources:	
And productivity.....	309-312
Efficient use of.....	4, 22, 96, 119, 249, 687, 973, 974, 981, 1090-1091, 1146, 2009, 2333, 2797, 3160-3161
Federal development of.....	129
Natural.....	3139-3141
National fuels policy, suggestion for.....	3232-3235
Pressures on, in time of war.....	136
Rich, D. W. & Co., Inc., as dealer in Government securities.....	1829,
1833, 1840, 1844, 1847, 1860, 1866, 1874, 1880, 1887, 1897, 1899, 1902, 1911, 1921, 1926, 1930, 1934, 1939, 1956.	
Robinson-Patman Act.....	2011-2097, 2120, 2124, 2137, 2147-2148
Ross, Arthur, "Do We Have New Industrial Feudalism?".....	588
Rottenberg, Simon, statement of, on underdeveloped areas.....	1066-1071
Rouse, Robert G., statement of, on Federal Reserve open-market opera- tions.....	1507-1557
Ruggles, Richard, statement of, on monopolistic and quasi-monopolistic practices.....	2266-2294
Russia. (<i>See</i> U.S.S.R.)	
Salaries. (<i>See</i> Wages.)	
Salomon Bros. & Hutzler:	
As dealer in Government securities.....	1830, 1833, 1840, 1844, 1847-1848, 1860, 1866, 1874, 1880, 1887, 1896-1897, 1899-1900, 1902, 1911, 1921, 1926, 1930, 1935, 1939, 1956-1957.
Supplementary statement of.....	1974
Savings:	
And economic growth.....	1092, 3160
And increase in interest rates.....	1375, 1515, 1517, 1572, 3255-3256, 3355-3358
And inflation.....	12, 57, 83, 1162, 3370-3372
And the market for loanable funds.....	848-887
Bonds, and the debt.....	173-174, 211, 222, 676-679, 1146, 1513
Comparison of interest rates and various measures of consumer saving (table).....	3356
Competition for.....	1101, 1180, 1753-1757
Equity in, of small investor.....	2759-2760, 2784-2785
Full employment, output ratio.....	2389
Increasing flow of.....	3219-3220
In the form of real cash balances.....	629-631
Investment as determinant of.....	12
Marginal propensity to save.....	772, 2765
Personal.....	5, 203, 207, 772, 848-887, 2765
Schmidt, Wilson E., statement of, on the recent deficit in U.S. balance of payments.....	945-950
Schools:	
Declining productivity of.....	2681-2682
Financing.....	2683-2701
Public.....	2671-2701
Expenditures for.....	2672-2676
Schultz, Charles L., statement of, on monopolistic and quasi-monopolistic practices.....	2172-2205
Science and Technology. (<i>See</i> Technology.)	
Scitovsky, Tibor, statement of, on the Common Market.....	1037-1051
Securities (<i>see also</i> Government Securities):	
Investment in, stocks versus bonds.....	3254-3255
Foreign, purchases of.....	946, 952, 955
Primary, channels through which sold.....	847-848
Segal, Martin, statement of, on market power of unions.....	2635-2640
Selden, Richard T., statement of, on the behavior of money.....	671-699
Plus reprint of "Cost-Push Versus Demand-Pull Inflation, 1955-57".....	700-719

	Page
Seniority of employees (<i>see also</i> Labor, mobility of).....	597,
	600-601, 2586-2587, 2614-2620
Service sector:	
Expenditures for services, by category (table).....	2661
Longrun trends in, and relationship to inflation and growth.....	2655-2661
Manpower aspects of.....	2661-2670
Opportunities in, for displaced workers.....	173
Prices of services (tables).....	2660-2661
Public services, neglect of.....	3132-3143
Public schools, longrun trends in.....	2671-2701
Shifts in employment to.....	474
Unionism in.....	34-35
Women in.....	505
Shepherd, B. E., statement of.....	3185-3186
Sherman Act.....	2011, 2019, 2022, 2027, 2120, 2121, 2123-2124
Shoe machinery.....	2027
Shopping centers, financing of.....	1439
Shuman, Charles B., letter transmitting views of American Farm Bureau Federation.....	3081
Sienkiewicz, Casimir A.:	
Letter transmitting views of American Bankers Association, "Policies for Prosperity Without Inflation".....	3055
Letter to chairman, commenting on staff report on the study of employment growth and price levels.....	3483-3484
Silbert, Myron S., statement of, on quality of system of measurements of labor conditions.....	527-538
Slichter, Sumner H.:	
Statement of, on problems and prospects of the American economy.....	2-55
Tribute to, by colleagues and committee members.....	2515-2516
Smithies, Arthur, statement of, on effects of monopolistic practices.....	2423-2428
Social security.....	119, 598, 3235
Soviet. (<i>See</i> U.S.S.R.)	
Spencer, Girard L., statement of, on Government securities, open market operations.....	1558-1576
Stability. (<i>See</i> Price stability.)	
Stock market securities, dealers in, rate of turnover of.....	676-679
Stieber, Jack, statement of, on nonwage aspects of collective bargaining.....	2597-2628
Stokely-Van Camp.....	2028
Stoltz, Merton P., statement of, on structural unemployment.....	2707-2732
Straus report.....	917
Subsidies.....	50-55, 76, 1448, 1599, 2231-2232, 3037-3040, 3165-3166
Suits, Daniel B., statement of, on econometric models as guides to public policy.....	2492-2513
Supply and demand, law of.....	2166-2167
Taft, Philip, statement of, on structural unemployment.....	2707-2732
Tapp, Jesse W., letter to chairman commenting on staff report on "study of employment, growth and price levels".....	3484-3486
Tariffs:	
Agricultural protectionism in Europe.....	1020-1022
Elimination of.....	993, 2216
European external.....	895, 998, 1045-1048
Higher, appeals by labor for.....	2784, 2789, 2812
On imports of foreign autos.....	24, 981
Protective.....	371-372, 893-895, 2963
Reduction of.....	21-22, 64
Versus quotas as import-curtailing devices.....	899, 1027
Tax (<i>see also</i> Fiscal policy):	
Capital gains.....	223, 519, 2462, 2807, 3004, 3183
Concessions.....	898-899, 978, 980
Corporate, and inflation.....	2460
Credits on percentage basis (Curtis-Ikard bill).....	2803
Depreciation allowance.....	2512, 3000-3002
Estate.....	3227
Excise.....	3010-3011, 3227
Exemption.....	265, 1534

Tax—Continued	Page
Gasoline.....	1476
Herlong-Sadlak bill.....	2796
Income:	
Averaging of.....	3183
And excise, effect on economy of.....	3227
Personal, formula flexibility.....	2880-2881
Split.....	3008, 3011-3012
Loopholes.....	1374, 1476, 2507, 2511
Maximum safe limit of.....	2446, 2459, 2491, 2503-2506
Measure of fiscal policy.....	100-102, 119, 167
On dividends and interest.....	3007, 3183
Percentage depletion.....	3003
Policies.....	3086-3087, 3109-3110, 3152-3155
Rate necessary for rivaling Russian military strength.....	4
Reduction.....	1145
Reforms.....	19-20, 65-66, 154
Selective.....	2193, 2807
“Single”.....	2472
Structure.....	370-371, 2999, 3065
System.....	1092, 1372, 2794-2817
Withholding.....	1206-1208
Taylor, George Rogers, statement of, on prices, wholesale and retail.....	379-384
Taylor, George W., statement of, on economics of working conditions.....	2588-2597
Technology:	
And increased output per man (1864-79).....	386-387
And productivity.....	363, 367, 777-778
And science:	
Acceleration of rate of development of.....	255
Effect on longrun growth rate.....	4, 155
Effect on unemployment.....	33,
473, 480, 525, 539, 549-550, 596, 2741-2742, 3170, 3226-3227	
Automation.....	88, 263, 549-550, 597, 360, 362, 1653, 3226-3227
Gap in, between United States and Europe.....	952, 956
Innovation:	
Loss of, by management.....	977
Monopoly.....	1979-2089
Technological, and free markets.....	1018
Innovation and foreign competition.....	982
Innovation and growth rate.....	250-251,
1089-1091, 1163-1164, 2573-2574, 2970-2971, 3170	
Inventions:	
Hamberg list of.....	2355
Jewkes list of.....	2354
Sources of.....	2339-2340
Power (see also Resources).....	366-368
Resistance to.....	387, 2162, 2169
Teper, Lazare:	
Letter of, to Otto Eckstein on Study Paper No. 2, “Steel and the Postwar Inflation”.....	3480-3482
Mr. Eckstein’s reply.....	3482-3483
Time deposits:	
Interest rate ceiling on.....	854, 3030
Mechanism for restraining growth of.....	876
Of commercial banks:	
Included in definition of money.....	632
Nonmonetary intermediary in money and credit markets.....	848-852
Time periods, for composite index of wholesale commodity prices.....	380
Trade (see also Competition):	
And aid.....	905-906, 977
Common Market. (See separate entry.)	
Development Loan Fund.....	905, 2936
European Economic Community. (See separate entry.)	
Export-Import Bank. (See separate entry.)	
“Fair”.....	2003, 2006, 2147
Foreign, barriers to.....	2003, 2963
Free trade area.....	895, 1003

Trade—Continued

	Page
GATT. (See separate entry.)	
International.....	42-43, 48-49, 219-220, 250, 371-372, 2814-2817, 3028
International balance of payments. (See Balance of payments.)	
International Central Bank.....	2938-2945
International Cooperation Administration. (See separate entry.)	
International Development Authority. (See separate entry.)	
International influences on the American economy.....	889-1086
International Monetary Fund. (See separate entry.)	
Reciprocal Trade Agreements Act.....	64, 998, 1025
Relations, American-Japanese.....	902
Relations, East-West.....	891
Relations, Japanese-Chinese.....	902-903
Restrictions. (See Tariffs.)	
Trade Agreements Extension Act.....	998
Types and size of foreign transactions.....	940-943
U.S., and economic growth of underdeveloped areas.....	1054
U.S., surplus on, and current account, 1950-58 (chart).....	968
World Bank.....	905
World markets (see also Markets).....	374-375, 947, 952
Trademark, protection of.....	2022-2026
Transfer payments.....	119, 124, 132, 968
Treasury, U.S.:	
Advisory committees.....	1441, 1695-1697, 3280, 3284-3290
Anderson, Hon. Robert B., statement of, on debt management operations.....	1087-1230
Anderson, Hon. Robert B., questions submitted to and answers by... 1185-1189, 1719-1760, 3241-3344	
"Bills only" policy, questions on.....	1189
Cash balances of.....	3317-3318, 3325-3332
Federal Reserve study (joint statement on Government securities market).....	1209-1221
Further references to study.....	1088, 1094-1095, 1517, 1525, 1533, 1539, 1542, 1546, 1578, 1585, 1645, 1647, 1658-1659
Financing and debt management policies in perspective.....	1339-1351
Gold purchases by, from foreign central banks.....	3414-3416
Influence of, on interest rates.....	1095, 1099, 1101, 3277-3278
Meetings of, with American Bankers Association.....	1168-1170, 1225-1230
Open market operations proposed for.....	2768
Relations of, with Federal Reserve.....	1135, 2963
Treaty of Rome.....	992-993, 1020-1022, 1045
Triffin, Robert:	
Statement of, on the international monetary position of the United States.....	2905-2917
The gold shortage, the dollar glut, and the future of convertibility.....	2918-2954
Tripartite agreement.....	2953
Underdeveloped areas (see also Economic development):	
And the U.S. economy.....	1052-1086
International Development Authority.....	916, 920, 2907
Unemployment:	
Areas, distressed.....	535-537, 589-591, 602-604, 1440, 2611, 2718
As antiinflationary measure.....	2758
And budget deficits.....	20, 83
And Federal Reserve policy.....	38, 855
And inflation.....	170-171, 201-202
And minority groups.....	529-530, 542
And redistribution of wealth.....	2873
And reduction of tariffs.....	22
Classical.....	770
Compensation.....	88,
132, 201, 519, 533, 547, 599, 2723, 2758, 2880, 3074, 3235	
Cyclical.....	501-503, 581-582, 603
Effect on, of recession.....	474-476, 516, 519, 524
Effect on, of wage rise.....	8, 2549-2550
Forms of.....	2703
Frictional.....	33, 472-473, 539, 540, 687, 2773-2774, 2809, 2899
Full time equivalent of part time.....	157,
499, 512-513, 532-534, 545, 551-553, 568-569	

Unemployment—Continued	Page
Growth of.....	532-533, 2452
Historical and comparative rates of labor force, employment, and unemployment.....	467-604
Index, need for.....	2759, 2772-2775
Keynes, quoted on.....	770
Level of.....	107, 503
Of coal miners.....	3231
Rate of, among young people.....	3, 505-506
Rate of, maximum tolerated.....	2216, 2311-2313, 2775-2777, 2975
Reduction of.....	28, 164, 215
Remedies for.....	3232, 3238, 3383
At the State level.....	2723
Seasonal.....	570-571, 581
Short term.....	479
Structural, extent, causes, remedies.....	2703-2732
Technological.....	571, 581, 3170
United Mine Workers of America, statement of, on achieving maximum employment, an adequate rate of growth, and reasonable stability in the price level.....	3231-3239
United States Steel.....	2011, 2090-2091, 2102
United Shoe Co.....	2027
Ulman, Lloyd:	
Statement of, on negotiation of wages under collective agreements.....	2556-2567
Tribute to Sumner H. Slichter.....	2515-2516
U.S. balance of payments: (See Balance of payments.)	
U.S.S.R.:	
Cultural conflict.....	4
Economic aid.....	903-905
Economic competition.....	520
Economic system.....	200
Rate of growth of.....	250-251, 2456, 2473-2482, 2792, 2886, 3164
The gold standard.....	626, 988
Velocity (see also Money, quantity theory of money):	
Aggregate.....	690-691, 695
As center of postwar inflation.....	682
And savings.....	629-630
Cyclical behavior of.....	694-695
Determinants of.....	693-695, 722-725
Digression on theory of.....	706-707
Effect of increase in quantity of money on.....	790-792
Of circulation.....	671-699
Of money within particular groups.....	676
Ratio between a flow of payments to a stock of money.....	693
Reasons for postwar rise in.....	697-698
Sector.....	691, 695
Voorhis, Jerry, statement of, for Cooperative League of the U.S.A., on reconciling economic objectives.....	3163-3180
Wages:	
Aggressive increases in.....	2826-2831, 2844
Average, statistics of.....	498, 2639
Average annual earnings.....	2522, 2526
And collective bargaining.....	2516-2628
And inflation.....	2190-2193, 2206-2207, 2211, 3226
And labor mobility.....	592-594
And prices, public policy for.....	119, 2556, 2743-2755, 2768-2769, 3220
Changes in, in manufacturing industries, 1955-59 (chart).....	2156
Compensation of employees (charts).....	7,
44, 205, 2522, 2523, 2424-2527, 2547-2550	
Deficit in, 1953-58 (chart).....	109, 171
Effect of, on short-run growth.....	6, 7
Fringe benefits.....	330-331, 365, 373, 532, 589, 592-593, 596-600, 2583-2628
In Europe.....	953-954
Minimum.....	132, 507
Real hourly.....	319-327, 360-363, 390
Real weekly.....	391

	Page
Wages—Continued	
Stability of, and union democracy	2739-2741
Theory of (Douglas)	361, 540, 556, 571, 583
Trends in	361
Wage and salary jobs (table)	3104
Wage earner—who is?	507
War (<i>see also</i> Defense):	
Financing World War II	138, 152
Fluctuations in labor force during	541-543, 560
Price and growth trends during:	
American Revolution	381-383, 388, 390
Civil War	380, 383-388, 407, 409, 418-419, 428
Korean war	405-408, 473, 516, 560
Napoleonic Wars	384, 407-408
War of 1812	383, 389, 407
World War I	383, 388, 405, 413, 421-423, 501
World War II	385, 389-390, 405, 461-462, 480, 516, 541, 557, 573, 576
Transition to peace	132-138, 161
Wealth:	
Measured in real terms	776
Some forms of	631
Total U.S.	630
"Web" chart, interlocking directors, Discount Corp., with New York banks	1672-1673
Webb-Pomerene Act	2121
Weston, J. Frederick, statement of, on monopolistic and quasi-monopolistic practices	2294-2300
Withholding tax. (<i>See</i> Taxes.)	
World Bank	905

EMPLOYMENT, GROWTH, AND PRICE LEVELS

Hearings Before the Joint Economic Committee, Congress of the
United States, 1959

INDEX TO HEARINGS

PART 1—THE AMERICAN ECONOMY: PROBLEMS AND PROSPECTS.....	Page 1-228
WITNESSES IN ORDER OF APPEARANCE	
Sumner H. Slichter, Harvard University.....	2
Neil H. Jacoby, professor and dean, Graduate School of Business Administration, University of California, Los Angeles.....	55
Leon H. Keyserling, former Chairman, Council of Economic Advisers; consulting economist and attorney; and President, Conference on Economic Progress.....	93
Marriner S. Eccles, chairman, First Securities Corp., Utah, formerly Chairman, Board of Governors of the Federal Reserve System.....	199
STATEMENTS AND EXHIBITS	
Eccles, Marriner S., chairman, First Securities Corp., Utah, former Chairman, Board of Governors of the Federal Reserve System.....	199
Jacoby, Neil H., professor and dean, Graduate School of Business Administration, University of California, Los Angeles.....	55
Exhibit: Relationship of price and source structure, monetary-fiscal policy, and rate of real economic growth.....	61
Keyserling, Leon H., former Chairman, Council of Economic Advisers; consulting economist and attorney; and President, Conference on Economic Progress.....	93
Exhibits:	
Aggregate difference in economic activity—1958-64 as a whole—between high and low growth rates.....	122
Aggregate difference in income, 1958-64 as a whole, between high and low growth rates.....	123
Averages and average changes for selected economic indicators, various periods—arithmetic average of annual percentage changes, selected periods.....	183
Budgetary outlays and the public debt in relation to GNP—1953-58 and projected 1960 and 1964 goals.....	195
Consumer prices continued to rise throughout the recession, consumer price increases, September 1957 to June 1958.....	145
Consumption lagged behind investment in means of production, 1953-57 and 1955-57.....	115
Deficiency in consumption is our basic economic trouble.....	116
Deficits in GNP and components, 1947-53 and 1953-58.....	185
Deficits in personal income 1947-58.....	186
Differences between low and high growth rates—employment, unemployment, GNP.....	188
Differences between low and high growth rates—GNP and components.....	189
Differences between low and high growth rates—GNP, national income, personal income.....	190
Differences between low and high growth rates—personal income.....	191
Downturn in heavy industries accompanied by price hikes, changes in production and in wholesale prices, January 1957 to June 1958.....	145
During period 1929-58, most inflation due to war—average annual change in prices.....	133
During relatively full prosperity productivity rose as rapidly as average hourly wage rates—but when the economy was slack, productivity gains slowed down—and when recession developed, productivity was hard hit and wage rates moved slower.....	150
Economic growth needed for economic health.....	107

Keyserling, Leon H., former Chairman—Continued

Exhibits—Continued

Economic trends during first years of the Korean war, 1949-51 (prices, production, and employment, and Government expenditures and private money supply).....	Page 139
Economic trends during reconversion, 1945-48 (prices, production, and employment, and Government expenditures and private money supply).....	137
Economic trends during the period of "the new inflation," 1952-58 (prices, production, and employment, and Government expenditures and private money supply).....	140
Economic trends during World War II, 1939-45 (prices, production, and employment, and Government expenditures and private money supply).....	135
Farmers' income deficiency as part of consumer-income deficiency. Federal budget as percent of total national production (GNP)....	118
Federal conventional budget—actual fiscal 1955-60 and goals for calendar 1960 and 1964.....	127
Federal outlays should be geared to growing needs and capabilities.....	193
Goals for full prosperity, 1960 and 1964, 1960 and 1964 goals compared with estimated 1958.....	129
Goals for total Federal budget with expansion to meet main needs. Gross national product: Actual 1953-57, estimated 1958, and goals for 1960 and 1964.....	125
Growth rates, U.S. economy, 1920-58—average annual rates of change in gross national product.....	126
High growth rate, 1958-64, would yield \$400 billion, more total production than low rate.....	187
High growth rate would provide employment for many more people.....	105
Inflation of wholesale prices severest among giant industries— and the bigger price jumps have yielded high profits.....	105
Large losses to all economic groups.....	121
Large national economic deficits during 6-year period, 1953-58..	121
National debt as percent of total national production (GNP)....	121
\$152 billion lag in total economic activity, 1953-58, stunted vital domestic programs and defense.....	144
Our productivity—the average output per man-hour—is rising at a faster rate.....	109
Personal income, disposable income, and saving, actual 1953-57, estimated 1958, and goals for 1960 and 1964.....	109
Price increases brought big profits.....	127
Production has lagged.....	111
Proposed calendar 1960 and 1964 budgetary outlays, compared with fiscal 1954-59, 1959, and 1960.....	149
Selected economic indicators and their year-to-year change, 1929-58.....	192
Summary of budget expenditures, per capita (1957 dollars) and as percent of GNP—total, national security and selected welfare items.....	142
Supply of GNP—actual 1956-57, estimated 1958, and goals for 1960 and 1964.....	107
"The new inflation" after 1955—average annual change in prices.....	194
"True" unemployment, 1953-58.....	181, 182
Unemployment has risen.....	196
Wage and salary deficiency as part of consumer income deficiency. Wage increases needed to expand consumption, lagged far behind investment in means of production, first quarter 1956 to third quarter 1957 in current dollars.....	188
Wage increases needed to expand consumption, lagged far behind profits feeding investment boom, first three quarters 1956, to first three quarters 1957, in current dollars.....	133
We have the productive resources for full economic expansion— 1960 and 1964 goals compared with estimated 1958.....	184
	107
	118
	148
	147
	120

Keyserling, Leon H., former Chairman—Continued

Exhibits—Continued

When sales of some big concerns rose rapidly, they lifted prices instead of holding them steady, percentage increase in sales of large corporations and in wholesale prices in these industries, first half of 1956 to first half of 1957—but emerging production slowdown did not bring price restraint.....	Page 146
Slichter, Sumner H., Harvard University.....	2
Exhibits:	
Changes in compensation of employees per man-hour in private industry, changes in real product per man-hour, and changes in prices during the last 11 years.....	7
Comparison of the consumer price index, 1948-53 and 1953-57..	12
Comparison of unemployment rates among young males in several recent Januarys.....	3
Increase in the consumer price level and increase in real product per capita in 15 countries.....	11

ADDITIONAL INFORMATION

Maximum monthly dollar benefits and benefits adjusted for price increases for a single retired worker.....	52
Wage earners now receive record share of U.S. income, article in the Birmingham News, March 18, 1959.....	46
Your money's worth: Social Security "Illusion," article in the Washington Star, March 16, 1959.....	52

PART 2—HISTORICAL AND COMPARATIVE RATES OF PRODUCTION, PRODUCTIVITY, AND PRICES..... 229-466

WITNESSES IN ORDER OF APPEARANCE

Raymond W. Goldsmith, professor of economics, New York University..	230
Solomon Fabricant, director of research, National Bureau of Economic Research, Inc., and professor of economics, New York University.....	281
George Rogers Taylor, professor of economics, Amherst College, and chairman, Council of Research in Economic History.....	379
Ethel D. Hoover, Chief of the Commodities and Services Branch, Bureau of Labor Statistics.....	384
Moses Abramovitz, National Bureau of Economic Research, and professor of economics, Stanford University.....	411

STATEMENTS AND EXHIBITS

Abramovitz, Moses, National Bureau of Economic Research, and professor of economics, Stanford University.....	411
Exhibits:	
Additions to the total labor force, immigration and nonfarm unemployment rates; average reference-cycle standings, 1871-1955.....	449
Amplitude of long swings in rates of growth of GNP and its major components, 1871-1950.....	436
Amplitude of long swings in rates of growth of physical output, total input and productivity, 1892-1953.....	439
Changes in natural increase, net immigration and total population increase, overlapping decades, 1877-1947.....	448
Chronology of severe contractions compared with peaks and troughs of long swings in capital formation.....	439
Chronology of the peaks and troughs in five basic aspects of the long swings in economic growth.....	440
Gross capital formation and its components (1929 prices) average reference-cycle standings, 1871-1951.....	451
Gross national product in 1929 prices, 1869-1953; annual data and average reference-cycle standings.....	441

Abramovitz, Moses, National Bureau of Economic Research—Continued Exhibits—Continued

	Page
Gross national product in 1929 prices; rates of growth per annum between average reference-cycle standings.....	442
Immigrants from all countries; average reference-cycle standings, 1824-81.....	450
Net additions to population by nativity and net immigration, overlapping decades, 1875-1950.....	447
Output, input and productivity, rates of growth per annum between average reference-cycle standings, 1892-1953.....	453
Peaks and troughs in the rate of growth, economic activity and in the volume of additions to capital stock:	
Pre-Civil War period.....	437
Post-Civil War period.....	438
Peaks and troughs of long swings in the rate of growth of output and economic activity—duration of the long swings, 1815-1940.....	435
Peaks and troughs of long swings in the rates of growth of output, input and productivity, 1892-1953.....	439
Rate of growth of economic activity—peaks and troughs of rates of change between average reference-cycle standings, selected series:	
1860-1948.....	434
1800-1860.....	435
Relative timing of peaks and troughs of long swings in rate of growth of economic activity or output—additions to total labor force and immigration, 1846-1940.....	437
Residential construction and capital expenditures by railroads and public utilities (1929 prices) and additions to population, average reference-cycle standings, 1871-1955.....	452
Selected indicators of economic activity, 1860-1950; rates of growth per annum between average reference-cycle standings.....	443
Share of changes in net immigration and natural increase in changes in total population increase, overlapping decades, 1870-1955.....	436
Fabricant, Solomon, director of research, National Bureau of Economic Research, Inc., and professor of economics, New York University.....	281
Exhibits:	
Basic Facts on Productivity Change, Occasional Paper 63 of the National Bureau of Economic Research, Inc.....	283
Hours per week per worker—33 industries of the United States—percentage change from 1899 to 1953.....	346
Persons engaged—11 major industrial groups of the United States—1889-1957.....	343, 344
Physical output—five major industrial groups of the United States—1889-1953 or 1957.....	342
Physical output—persons engaged and real tangible capital used—33 industries of the United States—percentage change from 1899 to 1953.....	341
Productivity—33 industries of the United States—percentage change from 1899 to 1953.....	340
Real tangible capital used—five major industrial groups of the United States, 1889-1953.....	345
Goldsmith, Raymond W., professor of economics, New York University.....	230
Exhibits:	
Aggregate gross national product, current and constant (1929) prices.....	232
Contribution of growth of prices, population and real GNP per head to growth of aggregate current GNP.....	241
Debt-asset ratios.....	260
Main national accounting aggregates and their components, 1957.....	248
Personal consumption expenditures (1929 prices) aggregate and per full consumer.....	236
Real gross national product (1929 prices) aggregate and per head.....	234
Secular growth of real national income per head in United States and Great Britain (1929 prices).....	245
Trend in real gross national product per head, 1839-1959 (5-year moving averages).....	238

Goldsmith, Raymond W., professor of economics—Continued
Exhibits—Continued

Trend of gross national product and personal consumption, 1839-1959 (percent increase per year)-----	Page 271
Hoover, Ethel D., Chief of the Commodities and Services Branch, Bureau of Labor Statistics-----	384
Exhibits:	
Consumer Price Index, 1800-1958, preliminary-----	397
Consumer price indexes-----	393
Indexes of wholesale prices, estimated for the United States, 1720-1958, and for five important markets, 1720-1890-----	394
Percent changes for retail and wholesale prices-----	390
Price changes from year to year-----	402-404
Tentative reference dates of business cycles in the United States--	398
Wholesale and consumer prices, 1800-1958-----	397
Wholesale price index, 1720-1958 and consumer price index, 1800-1958-----	Facing 394
Wholesale prices in 5 U.S. markets, 1720-1861-----	Facing 394
Wholesale price indexes-----	393
Taylor, George Rogers, professor of economics, Amherst College, and chair- man, Council of Research in Economic History-----	397
Exhibits. (See exhibits of Ethel D. Hoover.)	

**PART 3—HISTORICAL AND COMPARATIVE RATES OF LABOR
FORCE, EMPLOYMENT, AND UNEMPLOYMENT..... 467-604**

WITNESSES IN ORDER OF APPEARANCE

Ewan Clague, Commissioner of the Bureau of Labor Statistics (accom- panied by Robert Pearl, Chief of Economic Statistics Branch, Popula- tion Division, Census Bureau; Louis Levine, Assistant Director for Pro- gram, Bureau of Employment Security; and Harold Goldstein, Assistant Chief, Division of Manpower and Employment Statistics, Bureau of Labor Statistics)-----	467
Peter Henle, assistant director of research, AFL-CIO-----	511
Myron S. Silbert, vice president of Federated Department Stores, Cin- cinnati, Ohio (also chairman, Committee on Manpower and Employ- ment Statistics, Business Research Advisory Counsel to U.S. Bureau of Labor Statistics)-----	527
Clarence D. Long, professor of economics, the Johns Hopkins University--	539
Stanley Lebergott, Bureau of the Budget, on leave-----	567
Joseph Childs, vice president, International Union, United Rubber, Cork, Linoleum, and Plastic Workers of America, AFL-CIO-----	587
Gerry E. Morse, vice president, Industrial Relations, Minneapolis-Honey- well Corp-----	595

STATEMENTS AND EXHIBITS

Childs, Joseph, vice president, International Union, United Rubber, Cork, Linoleum, and Plastic Workers of America, AFL-CIO-----	587
Clague, Ewan, Commissioner of the Bureau of Labor Statistics (accom- panied by Robert Pearl, Chief of Economic Statistics Branch, Popula- tion Division, Census Bureau; Louis Levine, Assistant Director for Pro- gram, Bureau of Employment Security; and Harold Goldstein, Assistant Chief, Division of Manpower and Employment Statistics, Bureau of Labor Statistics)-----	467
Exhibits:	
Average family size and average number of children under 18, by family type, for the United States, 1947-58-----	518
Comparison of actual and projected total labor force, annual average, 1950-58-----	485
Employment and hours of work in manufacturing industries, seasonally adjusted, January 1948 to date-----	493
Employment in goods-producing industries compared with em- ployment in service industries, annual averages, 1919-58-----	486
Employment in three postwar recessions, selected industries, seasonally adjusted-----	490

Clague, Ewan, etc.—Continued

Exhibits—Continued

	Page
Growing proportions of white-collar workers in major industries, 1947 and 1957, nonproduction or supervisory workers as a percent of total employed.....	487
Increasing family size and family incomes.....	517
Levels and percent changes in per capita income from 1947 to 1957 (in current dollars) for family persons and other individuals in the United States.....	518
Long-term unemployment in three recessions, persons unemployed 15 weeks or more.....	492
Nonagricultural employment, seasonally adjusted, January 1948 to date.....	489
Persons unemployed 15 weeks or more by age and sex, March 1957, 1958, and 1959.....	484
Persons unemployed 15 weeks or more by color and sex, March 1957, 1958, and 1959.....	484
Persons unemployed 15 weeks or more by industry, March 1957, 1958, and 1959.....	483
Persons unemployed 15 weeks or more by major occupation group, March 1958 and 1959.....	483
Production and nonproduction workers in manufacturing, seasonally adjusted, January 1948 to date.....	488
Total and long-term unemployment, 11 months after trough in 3 postwar recessions.....	534
Unemployment as a percent of the civilian labor force, seasonally adjusted, 1948-50, 1953-55, and 1957 to date.....	491
Unemployment by age and sex, March 1957, 1958, and 1959.....	481
Unemployment by color and sex, March 1957, 1958, and 1959.....	482
Unemployment by industry, March 1957, 1958, and 1959.....	480
Unemployment by major occupation group, March 1958 and 1959.....	481
Unemployment by marital status, March 1957, 1958, and 1959.....	482
Unemployment by weeks of duration, March 1957, 1958, and 1959.....	482
Henle, Peter, assistant director of research, AFL-CIO.....	511
Exhibits:	
Seasonally adjusted rate of unemployment.....	524
Total and percent unemployed, March 1957, 1958, and 1959.....	525
Wage and salary jobs in nonagricultural establishments, seasonally adjusted.....	524
Lebergott, Stanley, Bureau of the Budget, on leave.....	567
Exhibits:	
Business declines 1837-1915 (ranked by relief load rise), percentage changes in.....	585
Business dollar declines 1900-54 (ranked by unemployment rises), percentage change.....	585
Long, Clarence D., professor of economics, the Johns Hopkins University..	539
Exhibits:	
Association between labor force participation rates of females and males: 5 countries, various years, 1890-1951.....	565
Germany, including the Saar, Austria, and the Sudetenland: population and labor force by sex, 1939-44.....	558
Labor force compared with Armed Forces and the unemployed, United States, 1940-56 (labor force per 1,000 in same population group).....	559
Labor force of native white, foreign-born white, and colored persons: United States, census dates, 1890-1950.....	564
Number of persons by which the labor force during the severe unemployment of April 1940 differed from the average of the moderately high-employment census dates April 1930 and 1950, in relation to population and unemployment by sex and age group, United States and its urban and rural areas.....	557
Number of persons by which the labor force of the depression years 1934-36 differed from that of the April 1930 and 1940 average in relation to population and unemployment, by sex and age group, four States.....	556

Long, Clarence D., professor of economics—Continued	
Exhibits—Continued	
Persons 14 years and older in the labor force per 1,000 in same population group: Five countries, various years, 1890-1951; and standardized for age and sex.....	Page 562, 563
Variation in the proportion of the labor force to population and the corresponding range of error in the labor force sample estimates, United States and Canada, 1946-52 (per 1,000 population of same sex and age).....	560
Morse, Gerry E., vice president, industrial relations, Minneapolis-Honeywell Corp.....	595
Silbert, Myron S., vice president of Federated Department Stores, Cincinnati, Ohio (also chairman, Committee on Manpower and Employment Statistics, Business Research Advisory Counsel to U.S. Bureau of Labor Statistics).....	527

PART 4—THE INFLUENCE ON PRICES OF CHANGES IN THE EFFECTIVE SUPPLY OF MONEY..... 605-887

WITNESSES IN ORDER OF APPEARANCE

Milton Friedman, University of Chicago and National Bureau of Economic Research.....	605
Richard T. Selden, research associate, National Bureau of Economic Research, and associate professor of banking, Columbia University.....	671
Robert Eisner, professor, Northwestern University.....	767
John G. Gurley, senior staff member, Brookings Institution.....	847

STATEMENTS AND EXHIBITS

Eisner, Robert, professor, Northwestern University.....	767
Exhibits:	
Article reprinted from the Economic Journal, the quarterly journal of the Royal Economic Society.....	829
Employment and price levels.....	803
Hypothetical aggregate supply and demand functions.....	796
Hypothetical aggregate supply and demand functions after reduction in cost of capital and increase in assets stemming from increase in quantity of money.....	799
Hypothetical aggregate supply and demand functions after reduction in cost of capital stemming from increase in quantity of money.....	798
Unemployment equilibrium rates of growth.....	811
Friedman, Milton, University of Chicago and National Bureau of Economic Research.....	605
Exhibits:	
Demand deposit turnover rates, 1943-58.....	643
Deposits and currency, all banks in the United States—June and December through 1942, end of month 1943-46, last Wednesday of month 1947.....	641
Elements of the equation of exchange, quarterly, 1947-58.....	642
Flow of funds sector velocities, 1939-56.....	644
Four measures of aggregate monetary velocity.....	640
Money Stock, income, and income Velocity, 1869-1957.....	638
Monthly rate of change in money stock, 1907-58.....	639
Sector Velocity components, statistics of income, 1931-56.....	645
Selected asset size velocities, nonfinancial corporations, statistics of income, 1946-55.....	648
Selected sector velocities by major industry groups, statistics of income, 1946-56.....	646
The Quantity Theory of Money—A Restatement.....	649

	Page
Gurley, John G., senior staff member, Brookings Institution.....	847
Exhibits:	
Average annual net issues of primary securities and GNP by short cycles, 1897-1958.....	872
Average annual net issues of primary securities and their purchasers by short cycles, 1897-1958.....	873
Market for loanable funds.....	857
Money supply, time deposits, and other nonmonetary indirect assets, 1948-58.....	870
Net issues of primary securities by short cycles, 1897-1958.....	872
Percentage composition of primary security issues by selected periods, 1897-1958.....	861
Percentage of primary security issues purchased by ultimate lenders, monetary system, and nonmonetary intermediaries, by short cycles, 1897-1958.....	868
Ratio of primary security issues to GNP by short cycles, 1897-1958.....	860
Selected indirect securities, 1947-58.....	873
Yields on U.S. Government securities.....	874
Selden, Richard T., research associate, National Bureau of Economic Research, and associate professor of banking, Columbia University.....	671
Exhibits (see also chart presentation in Mr. Friedman's statement, p. 638):	
Cost-push versus demand-pull inflation, 1955-57.....	700
Cyclical movements in income, money stock, income velocity, and prices: difference in monthly rates of change between reference expansion and contraction, annual analysis, 1870-1954, excluding war cycles.....	693

ADDITIONAL INFORMATION

Correspondence between the Chairman and the Federal Reserve Board...	755
Debt management, 1959.....	761
Inflationary pressures, 1955-57.....	760
Insured commercial banks, 1936-58, profits on securities sold.....	678
Monetary Systems and Accelerator Models, article in the American Economic Review.....	730
Money rates.....	759
Selected data on interbank demand deposits and total demand deposits, 1939-58.....	758

PART 5—INTERNATIONAL INFLUENCES ON THE AMERICAN ECONOMY

WITNESSES IN ORDER OF APPEARANCE

William Diebold, Jr., director of economic studies, Council of Foreign Relations, Inc., New York City, N.Y.....	889
Walther Lederer, Office of Business Economics, U.S. Department of Commerce.....	933
Wilson E. Schmidt, associate professor of economics, George Washington University.....	945
Charles P. Kindleberger, professor of economics, Massachusetts Institute of Technology.....	950
Robert E. Baldwin, professor of economics, University of California, Los Angeles.....	972
George W. Ball, Washington, D.C.....	991
Emile Despres, professor of economics, Williams College.....	1018
Tibor Scitovsky, professor of economics, University of California, Berkeley, Calif.....	1037
Reynold E. Carlson, professor of economics, Vanderbilt University.....	1053
Raymond F. Mikesell, professor of economics, University of Oregon.....	1058
Simon Rottenberg, professor of economics, University of Chicago.....	1066

STATEMENTS AND EXHIBITS

	Page
Baldwin, Robert E., professor of economics, University of California, Los Angeles.....	972
Ball, George W., Washington, D.C.....	991
Exhibits:	
European Common Market—Overall tariff level changes (internal and external) during the transition period, January 1, 1958, to January 1, 1970, or not later than January 1, 1973....	997
Fixed capital formation.....	1002
Indexes of industrial production, metal products.....	1014
Indexes of industrial production, 1953=100:	
Chemicals.....	1015
Manufacturing.....	1000
Institutions of the European Communities.....	994
Population and gross national product.....	1016
Representative industrial production.....	1017
Trade among the European Coal and Steel Community Countries.....	1041
Carlson, Reynold E., professor of economics, Vanderbilt University.....	1053
Diebold, William, Jr., director of economic studies, Council on Foreign Relations, Inc., New York City, N. Y.....	889
Exhibit: Letter to chairman, and enclosure re counterpart funds....	908
Despres, Emile, professor of economics, Williams College.....	1018
Kindleberger, Charles P., professor of economics, Massachusetts Institute of Technology.....	950
Exhibits:	
Equilibrating influence of income.....	984
Gold and U.S. dollar settlements, 1950-58.....	967
Monetary reserve position of the United States.....	970
Shares in world exports of manufactures.....	966
U.S. assets abroad and foreign assets in the United States.....	969
U.S. exports as share of world total, 1950-58.....	966
U.S. imports and the gross national product.....	966
U.S. private capital outflow and U.S. Government transfers abroad.....	968
U.S. surplus on trade and current account, 1950-58.....	968
Lederer, Walther, Office of Business Economics, U.S. Department of Commerce.....	933
Exhibits:	
Gold reserves and liquid dollar holdings of foreign countries and international institutions.....	942
U.S. balance of international payments.....	941
U.S. balance of international payments in 1958.....	939
Mikesell, Raymond F., professor of economics, University of Oregon.....	1058
Exhibit: Net imports of primary products in Western Europe and North America, 1953-55 and prospective 1973-75.....	1073
Rottenberg, Simon, professor of economics, University of Chicago.....	1066
Exhibits:	
American investments in Latin America.....	1070
Percent of total U.S. imports originating in Latin America.....	1069
Selected comparative physical data.....	1066
Schmidt, Wilson E., associate professor of economics, George Washington University.....	945
Scitovsky, Tibor, professor of economics, University of California, Berkeley, Calif.....	1037

ADDITIONAL INFORMATION

Implications of the shift in the U.S. balance of payments, by Randal Hinshaw, Oberlin College.....	959
International position of the U.S. dollar, by Edward M. Bernstein, formerly an assistant to the Secretary of the U.S. Treasury and until January 1958 Director of Research and Statistics at the International Monetary Fund.....	964

PART 6A—THE GOVERNMENT'S MANAGEMENT OF ITS MONETARY, FISCAL AND DEBT OPERATIONS..... Page 1087-1504

WITNESSES IN ORDER OF APPEARANCE

Hon. Robert B. Anderson, Secretary of the Treasury; accompanied by Julian B. Baird, Under Secretary of the Treasury for Monetary Affairs; Charles E. Walker, assistant to the Secretary; Robert P. Mayo, assistant to the Secretary; Nils Lennartson, assistant to the Secretary; and R. Duane Saunders, Chief, Office of Debt Analysis Staff, Department of the Treasury.....	1087
Hon. William McChesney Martin, Jr., Chairman, Board of Governors of the Federal Reserve System; accompanied by Ralph A. Young, Director, Division of Research, Federal Reserve Board; Winfield W. Rieffer, assistant to the Chairman, Federal Reserve Board; and Robert Roosa, vice president, New York Federal Reserve Bank.....	1231, 1451
Resumed.....	1307
George T. Conklin, Jr., vice president, finance, the Guardian Life Insurance Co. of America, New York; accompanied by Sherwin C. Badger, financial vice president, New England Mutual Life Insurance Co., Boston; Robert B. Patrick, vice president Bankers Life Co. of Des Moines; Richard K. Paynter, Jr., executive vice president, New York Life Insurance Co.; James J. O'Leary, director of economic research, Life Insurance Association of America, New York.....	1335
John M. Ohlenbusch, senior vice president, Bowery Savings Bank, New York City; accompanied by Saul B. Klamman, director of research, National Association of Mutual Savings Banks, New York City.....	1410

STATEMENTS AND EXHIBITS

Anderson, Hon. Robert B., Secretary of the Treasury; accompanied by Julian B. Baird, Under Secretary of the Treasury for Monetary Affairs; Charles E. Walker, assistant to the Secretary; Robert P. Mayo, assistant to the Secretary; Nils Lennartson, assistant to the Secretary; and R. Duane Saunders, Chief, Office of Debt Management, Department of the Treasury.....	1087
Exhibits:	
Allotments by investor classes on subscriptions for public marketable securities other than weekly Treasury bills.....	1104
Amount of Treasury marketable debt maturing within the next 12 months.....	1181
Joint statement relating to the Treasury-Federal Reserve study of the Government securities market.....	1209
Judging the appropriateness of a "sense of Congress" action relating to the techniques of a monetary policy.....	1165
Net profits by banks on securities—calendar years 1955-58.....	1143
Offerings of public marketable securities other than regular weekly Treasury bills.....	1171
Ownership of U.S. Government securities, December 31, 1958.....	1113
Question of commercial banks paying interest on Treasury accounts.....	1201
Question of deposits to be maintained in commercial banks.....	1202
Question of Treasury requirements of banks to pay interest on minimum balance maintained by the Treasury.....	1191
Question whether law which prohibits commercial banks from paying interest on demand deposits should be repealed.....	1204
Questions Representative Patman has asked the Treasury to answer.....	1185

Anderson, Hon. Robert B., etc.—Continued

Exhibits—Continued

	Page
Selling Treasury securities through auction.....	1150
Selling U.S. Government direct and guaranteed issues by tender.....	1156
Summary by investor class—all districts.....	1108
Taxes subject to the individual income tax.....	1207
Conklin, George T., Jr., vice president finance, the Guardian Life Insurance Co. of America, New York; accompanied by Sherwin C. Badger, financial vice president, New England Mutual Life Insurance Co., Boston; Robert B. Patrick, vice president, Bankers Life Co. of Des Moines; Richard K. Paynter, Jr., executive vice president, New York Life Insurance Co.; James J. O'Leary, director of economic research, Life Insurance Association of America, New York.....	1335
Exhibits:	
Capital funds available from principal savings sources, 1947-58.....	1356
Comparative yields of U.S. savings bonds, marketable bonds, and savings deposits.....	1370
Holdings by type of investor of long-term Treasury bonds (due or callable in 10 years or over) as percent of total outstanding, 1945-59.....	1365
Hypothetical Federal debt transactions during a year.....	1364
Long-term Treasury bonds, by type of investor, 1945-59 (due or callable in 10 years or over).....	1365
Net uses of funds in selected investments of corporate pension funds, 1947-58.....	1368
Net uses of funds in selected investments of life insurance companies, 1947-58.....	1369-70
Net uses of funds in selected investments of mutual savings banks, 1947-58.....	1366-67
Uses of capital funds in corporate financing, 1947-58.....	1359-60
Uses of capital funds in residential mortgages, commercial mortgages and corporate securities, 1947-58.....	1361-63
Uses of capital funds in the real estate mortgage market, 1957-48.....	1357-58
Uses of funds in Government financing, 1947-58.....	1363-64
Martin, Hon. William McChesney, Jr., Chairman, Board of Governors of the Federal Reserve System, accompanied by Ralph A. Young, Director, Division of Research, Federal Reserve Board; Winfield W. Piefer, assistant to the Chairman, Federal Reserve Board; and Robert Poosa, vice president, New York Federal Reserve Bank.....	1231, 1451
Exhibits:	
Basic commodity price indexes in relation to price analysis.....	1485
Demand for credit.....	1490
Differences in techniques between raising or lowering money supply to counteract cyclical changes and raising the money supply in relation to long-range secular growth.....	1496
Federal Reserve policy actions.....	1460, 1491
Profits, recoveries, and losses on securities—member banks, 1951-58.....	1238
Ratio of outstanding E and H savings bonds to gross public debt, 1954-59.....	1283
What constitutes disorderly conditions in the Government securities market.....	1278
Wholesale commodity prices.....	1489
Ohlenbusch, John M., senior vice president, Bowery Savings Bank, New York City; accompanied by Saul B. Klamman, director of research, National Association of Mutual Savings Banks, New York City.....	1410
Exhibits:	
Balance sheets reflecting assumed bank's position before and after bond transactions described in text.....	1425
Holdings and transactions in U.S. Government securities.....	1449
Officers.....	1423
Statement of condition as of June 30, 1959.....	1424
Summary—bond income, profits and losses, 1946-58.....	1426
Transactions of the Bowery Savings Bank in U.S. Government obligations.....	1450

ADDITIONAL INFORMATION

Analysis of the recommendations on debt management of the Committee on Government Borrowing of the American Bankers Association to the Secretary of the Treasury.....	Page 1229
Average maturity of the Federal marketable interest-bearing public debt: semiannually, December 1949 through December 1958.....	1098
Corporations' securities issues: by purpose of issue, 1945-58.....	1097
Federal Government issues of certificates, notes, and bonds: by purpose of issue, 1945-58.....	1096
Government's management of its monetary, fiscal, and debt operations....	1245
Interest payments in proportion to the total economy.....	1208
Letter of Hon. William McChesney Martin, Jr., Chairman, Board of Governors of the Federal Reserve System, to Hon. Richard M. Simpson.....	1287
Member bank earning assets—potential expansion arising from reduction in reserve requirements, July 1, 1953, to June 30, 1959.....	1331
Member bank reserve requirements.....	1317
Sources and uses of member bank reserves, 1914 to 1952.....	1300
State and local governments' securities issues: by purpose of issue, 1945-58.....	1096
Total debt and Federal debt: Selected years, 1929-58.....	1098
Total securities issues of the Federal Government, State and local governments, and corporations, by purpose of issue, 1945-58.....	1097

6B—THE GOVERNMENT'S MANAGEMENT OF ITS MONETARY,
FISCAL AND DEBT OPERATIONS..... 1505-1718

WITNESSES IN ORDER OF APPEARANCE

Robert G. Rouse, vice president, Federal Reserve Bank of New York, and manager, Open Market Account; accompanied by John J. Larkin and Spencer S. Marsh, Jr., assistant vice presidents, Federal Reserve Bank of New York.....	1507
Girard L. Spencer, partner, Salomon Bros. & Hutzler, New York, N.Y.; accompanied by John Brown, office manager and senior cashier.....	1558
Murray F. Brown, executive vice president, C. F. Childs & Co., New York; accompanied by Timothy Cantwell, vice president, trading operations; Robert Van Cleave, vice president for research; and Charles Giamondi, assistant treasurer and cashier.....	1577
Alfred H. Hauser, vice president in charge of investment division, Chemical Corn Exchange Bank, New York; accompanied by Albert H. Shrader, manager of Government bond department, Chemical Corn Exchange Bank, New York.....	1622
Maurice A. Gilmartin, Jr., partner, Charles E. Quincey & Co., New York, N.Y.....	1643
Herbert N. Repp, president, Discount Corp. of New York; accompanied by Robert M. Coon, vice president and treasurer; and Robert H. Bethke, vice president, Discount Corp. of New York.....	1659

STATEMENTS AND EXHIBITS

Brown, Murray F., executive vice president, C. F. Childs & Co., New York; accompanied by Timothy Cantwell, vice president, trading operations; Robert Van Cleave, vice president for research; and Charles Giamondi, assistant treasurer and cashier.....	1577
Gilmartin, Maurice A., Jr., partner, Charles E. Quincey & Co., New York, N.Y.....	1643
Hauser, Alfred H., vice president in charge of investment division, Chemical Corn Exchange Bank, New York; accompanied by Albert H. Shrader, manager of Government bond department, Chemical Corn Exchange Bank, New York.....	1622
Repp, Herbert N., president, Discount Corp. of New York; accompanied by Robert M. Coon, vice president and treasurer; and Robert H. Bethke, vice president, Discount Corp. of New York.....	1659
Exhibit: Rebuttal of the "Webb Chart" and accompanying statement....	1672
Rouse, Robert G., vice president, Federal Reserve Bank of New York, and manager, open market account; accompanied by John J. Larkin and Spencer S. Marsh, Jr., assistant vice presidents, Federal Reserve Bank of New York.....	1507

Spencer, Girard L., partner, Salomon Bros. & Hutzler, New York, N.Y.; accompanied by John Brown, office manager and senior cashier.....	Page 1558
--------------------------------------------------------------------------------------------------------------------------------------------	--------------

ADDITIONAL INFORMATION

All insured commercial banks—profits or losses on securities.....	1603
Changes in money supply, real gross national product, and interstate rates, 1946-58.....	1607
Gross national product and money supply, 1946-58.....	1608
Inflationary increases in the money supply before and after the Federal Reserve-Treasury accord.....	1606
Interlocking directors of Discount Corp. and seven New York banks with major financial institutions..... Facing..	1672
Correspondence re.....	1672
Letter of Rossant, M. J., Business Week, to Hon. Wright Patman.....	1544

6C—THE GOVERNMENT'S MANAGEMENT OF ITS MONETARY,
FISCAL AND DEBT OPERATIONS..... 1719-1976ANSWERS TO QUESTIONS ON MONETARY POLICY AND
DEBT MANAGERMENTS

Answers to questions submitted to the Secretary of the Treasury.....	1719
Answers to questions submitted to the Chairman of the Board of Governors of the Federal Reserve System.....	1761
Answers to questions submitted to dealers in Treasury securities.....	1821
Supplementary statements submitted by five of the dealers.....	1959

PART 7—THE EFFECTS OF MONOPOLISTIC AND QUASI-MONOPO-
LISTIC PRACTICES..... 1977-2443

WITNESSES IN ORDER OF APPEARANCE

Howard H. Hines, associate professor of economics, Iowa State University, Ames, Iowa.....	1977
William H. Martin, Pennsylvania State University.....	2000
Robert A. Bicks, Acting Assistant Attorney General, Antitrust Division, Department of Justice.....	2018
E. T. Grether, University of California.....	2115
Jesse W. Markham, professor of economics, Princeton University.....	2119
John Perry Miller, professor of economics, Yale University.....	2123
Theodore A. Anderson, University of California, Berkeley.....	2154
Arthur M. Okun, assistant professor of economics, Yale University.....	2169
Charles L. Schultze, department of economics, Indiana University.....	2172
Hyman P. Minsky, associate professor of economics, University of Cali- fornia, Berkeley, Calif.....	2205
Robert K. Lanzillotti, State College of Washington.....	2237
Abba Lerner, labor and industrial research center, Michigan State Uni- versity.....	2262
Richard Ruggles, Yale University.....	2266
J. Frederick Weston, University of California, Los Angeles, Calif.....	2294
James S. Duesenberry, Harvard University.....	2324
William J. Fellner, Yale University.....	2333
D. Hamberg, University of Maryland.....	2337
Calvin B. Hoover, Duke University.....	2379
John H. Power, Williams College.....	2384
Arthur Smithies, Harvard University.....	2423

STATEMENTS AND EXHIBITS

	Page
Anderson, Theodore A., University of California, Berkeley.....	2154
Exhibits:	
Comparison of the excess in wage increases over productivity gains with price increases for the major manufacturing industries.....	2156
Industries with large gains in output usually showed the largest gains in productivity.....	2160
Industry price increases were proportionate to the excess of wage rate increases over productivity gains.....	2157
Percentage changes in prices, wages, profits, productivity for 12 manufacturing industries from the 1st quarter 1955 to 1st quarter 1959.....	2156
Quarter to quarter changes in real gross national product 1955 to second quarter 1959.....	2159
Rate of plant utilization by all manufacturers.....	2162
Trends in output and prices, 1955-59.....	2158
Bicks, Robert A., Acting Assistant Attorney General, Antitrust Division, Department of Justice.....	2018
Exhibits:	
Cases filed by the antitrust division between January 1, 1953, and September 22, 1959, in which divestiture, divorcement, or dissolution relief was sought.....	2105
Classification of 20 antitrust cases filed between 1953 and 1959 by types of illegal labor union activity.....	2108
Exemptions from antitrust coverage.....	2036
Five major patent judgments.....	2022
Duesenberry, James S., Harvard University.....	2324
Fellner, William J., Yale University.....	2333
Grether, E. T., University of California.....	2115
Hamberg, D., University of Maryland.....	2337
Exhibits:	
Chemical and allied products—United States, 1951. Percentage of cost of research and development to value of sales.....	2357
Fifteen largest oil companies in the United States.....	2357
Jewkes list of inventions.....	2354
Hamberg list of inventions (so far completed (of a list of 45)....	2355
United States, 1951: ranking (1-14) of major industrial groups as to research and development expenditure and size of firms.....	2357
United States, 1953: expenditure on research and development per company for all companies conducting research and development—by size groups of companies and industries.....	2356
Hines, Howard H., associate professor of economics, Iowa State University, Ames, Iowa.....	1977
Exhibit: Effectiveness of "Entry" by already established firms.....	1981
Hoover, Calvin B., Duke University.....	2379
Lanzillotti, Robert K., State College of Washington.....	2237
Exhibits:	
Chart presentation.....	2241-2259
Net changes in wholesale price levels, by product groups, 1948-59.....	2239
Wholesale price changes by product groups, July 1953-July 1959.....	2240
Wholesale price changes during post World War II business cycles by product groups.....	2238
Lerner, Abba, Labor and Industrial Research Center, Michigan State University.....	2262
Markham, Jesse W., professor of economics, Princeton University.....	2119
Martin, William H., Pennsylvania State University.....	2000
Miller, John Perry, professor of economics, Yale University.....	2123
Minsky, Hyman P., associate professor of economics, University of California, Berkeley, Calif.....	2205
Exhibit: Conventional and pigouvian velocity.....	2216
Okun, Arthur M., assistant professor of economics, Yale University.....	2169
Power, John H., Williams College.....	2384
Exhibits:	
Capital-labor ratio, 1900-1959.....	2396
Capital-output ratios at peak employment years.....	2396
Change in labor productivity, 1947-59.....	2395
Civilian labor force—percentage change in labor force.....	2395
Measures of U.S. economic growth, 1869-78 to 1944-53.....	2396

	Page
Power, John H., Williams College—Continued	
Exhibits—Continued	
Percent unemployment at peak years in the business cycle.....	2394
Ratio scale.....	2391
Saving-output ratios.....	2397
The economic framework of a theory of growth.....	2401
Unemployment and changes in wage rates.....	2394
Ruggles, Richard, Yale University.....	2266
Exhibits:	
Average hourly earnings, output per full time equivalent employee, and the implicit deflator of the gross national product, 1934-37 and 1955-58 (percentage change from preceding year).....	2279
Behavior of costs and prices, 1956-58 (percentage change from preceding year).....	2279
Components of the cost of living index, 1947-49=100.....	2280
Implicit price deflators for gross national product, 1946-59.....	2278
Industrial integration, prices and output.....	2280
Wages and salaries paid by corporations and corporate profits, 1955-58 (seasonally adjusted totals of annual rates).....	2279
Schultze, Charles L., department of economics, Indiana University.....	2172
Exhibits:	
Changes in manufacturing costs and prices.....	2181
Changes in output, employment, and wage rates; manufacturing, May-June 1955 to May-June 1957.....	2175
Changes in prices and output.....	2178
Indexes of capacity, employment and output in manufacturing industries.....	2181
Smithies, Arthur, Harvard University.....	2423
Weston, J. Frederick, University of California, Los Angeles, Calif.....	2294

PART 8—THE EFFECT OF INCREASES IN WAGES, SALARIES, AND THE PRICES OF PERSONAL SERVICES, TOGETHER WITH UNION AND PROFESSIONAL PRACTICES UPON PRICES, PROFITS, PRODUCTION, AND EMPLOYMENT..... 2445-2755

WITNESSES IN ORDER OF APPEARANCE

Colin C. Clark, director of research, the Econometric Institute, Inc.; accompanied by Peter W. Hogue, president, and Mrs. Ruth Gomulicka, researchist.....	2445
Carl F. Christ, University of Chicago.....	2483
John R. Meyer, Harvard University.....	2485
Daniel B. Suits, University of Chicago.....	2492
Lloyd Ulman, professor of economics and industrial relations, University of California, Berkeley, Calif.....	2515, 2556
Edward C. Budd, assistant professor of economics, Yale University.....	2516
George H. Hildebrand, professor of economics and director, Institute of Industrial Relations, University of California, Los Angeles, Calif.....	2528
Oscar A. Ornati, associate professor of economics, and director of labor education center, New School for Social Research, New York, N.Y.....	2543
Mark L. Kahn, Wayne State University.....	2583
George W. Taylor, professor of industry, Wharton School, University of Pennsylvania.....	2588
Jack Stieber, Labor and Industrial Relations Center, Michigan State University.....	2597
Charles C. Killingsworth, Michigan State University.....	2628
Frank C. Pierson, professor of economics, Swarthmore College.....	2632
Martin Segal, Dartmouth College.....	2635
Robert Ferber, Bureau of Economic and Business Research, University of Illinois.....	2655
Eli Ginsberg, Columbia University.....	2661
Werner Z. Hirsch, Washington University.....	2671
Neil W. Chamberlain, professor of economics, Yale University.....	2703
Philip Taft and Merton P. Stoltz, Department of Economics, Brown University.....	2707
John T. Dunlop, Harvard University.....	2733

STATEMENTS AND EXHIBITS

	Page
Budd, Edward C., assistant professor of economics, Yale University.....	2516
Exhibits:	
Average annual earnings and relative employment in strongly and weakly unionized sectors of the private economy.....	2526
Average annual earnings (including supplements) of, and proportion of those engaged accounted for by, strongly and weakly unionized sectors of the private domestic economy, selected years.....	2522
Share of employee compensation in gross and net income originating in corporations, selected periods.....	2523
Share of employee compensation in gross and net national income (at factor cost) in strongly and weakly unionized sectors of the private economy.....	2527
Share of employee compensation in net and gross income originating in strongly and weakly unionized sectors of the private domestic economy, selected years.....	2525
Share of employee compensation in private domestic income for selected peacetime, nondepression years.....	2525
Chamberlain, Neil W., professor of economics, Yale University.....	2703
Christ, Carl F., University of Chicago.....	2483
Clark, Colin C., director of research, the Econometric Institute, Inc.; accompanied by Peter W. Hogue, president, and Mrs. Ruth Gomulicka, researchist.....	2445
Exhibits:	
Comparable levels of taxation and the rate of price increase in various countries.....	2481
Econometric Institute model of U.S. business fluctuations.....	2451
Extracts from Econometric Institute forecasts.....	2449
General summary—U.S.S.R. net national product revalued in billions of dollars of 1950 purchasing power.....	2478
Prices, productivity and taxation.....	2480
Productivity per man-hour in Soviet Union.....	2482
Statistics on Russian man-hours worked and real net product per man-hour.....	2476
U.S. statistics on labor's share of net national product (nonfarm).....	2479
Dunlop, John T., Harvard University.....	2733
Ferber, Robert, Bureau of Economic and Business Research, University of Illinois.....	2655
Exhibits:	
Change in deflated personal service expenditures, by category, 1936-58.....	2661
Estimated change in price of consumer services, by category, 1936-58.....	2660
Influence of price in increase in personal service expenditures, by category, 1936-58.....	2661
Ginsberg, Eli, Columbia University.....	2661
Hildebrand, George H., professor of economics and director, Institute of Industrial Relations, University of California, Los Angeles, Calif.....	2528
Hirsch, Werner Z., Washington University.....	2671
Exhibits:	
Total current expenditure (plus debt service) for public primary and secondary education, selected years, 1900-58.....	2672, 2673
Total current expenditure (plus debt service) for public primary and secondary education minus expenditures for auxiliary services, selected years, 1900-1958.....	2678
Kahn, Mark L., Wayne State University.....	2583
Killingsworth, Charles C., Michigan State University.....	2628
Meyer, John R., Harvard University.....	2485
Ornati, Oscar A., associate professor of economics, and director of labor education center, New School for Social Research, New York, N.Y.....	2543
Exhibits:	
Employment, prices and wages in 1949, 1954, and 1958.....	2550
Indexes of hourly money earnings in manufacturing in selected countries, 1946-57.....	2547
Rise in the consumer price index in 16 industrial countries in Europe and North America, 1948-53, 1953-57.....	2545

	Page
Pierson, Frank C., professor of economics, Swarthmore College.....	2632
Segal, Martin, Dartmouth College.....	2635
Exhibit: Percentage increases in average hourly earnings, 1953-58....	2639
Stieber, Jack, Labor and Industrial Relations Center, Michigan State University.....	2597
Suits, Daniel B., University of Chicago.....	2492
Exhibits:	
The economic outlook for 1960 as forecast by an econometric model of the United States.....	2496
Review of forecasts.....	2493
Taft, Philip, and Merton P. Stoltz, Department of Economics, Brown University.....	2707
Taylor, George W., professor of industry, Wharton School, University of Pennsylvania.....	2588
Ulman, Lloyd, professor of economic and industrial relations, University of California, Berkeley, Calif.....	2515, 2556

ADDITIONAL INFORMATION

Summary of the September 1955 and September 1959 classifications for labor market areas.....	2717
-------------------------------------------------------------------------------------------------	------

PART 9A—CONSTRUCTIVE SUGGESTIONS FOR RECONCILING AND SIMULTANEOUSLY OBTAINING THE THREE OB- JECTIVES OF MAXIMUM EMPLOYMENT, AN ADE- QUATE RATE OF GROWTH, AND SUBSTANTIAL STA- BILITY OF THE PRICE LEVEL.....	2757-3053
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------

WITNESSES IN ORDER OF APPEARANCE

Richard A. Musgrave, professor of political economy, the Johns Hopkins University.....	2757
William J. Baumol, Princeton University.....	2792
Fritz Machlup, the Johns Hopkins University.....	2819
Albert Gailord Hart, Columbia University.....	2861
Robert Triffin, professor of economics, Yale University.....	2905
Robert A. Gordon, professor of economics, chairman of the Department of Economics, University of California, Berkeley, Calif.....	2955
Walter W. Heller, University of Minnesota.....	2988
Milton Friedman, University of Chicago and National Bureau of Economic Research.....	3019

STATEMENTS AND EXHIBITS

Baumol, William J., Princeton University.....	2792
Friedman, Milton, University of Chicago and National Bureau of Eco- nomic Research.....	3019
Exhibit: Minimum and maximum accepted bids on offerings of 91-day Treasury bills, April-June 1959.....	3025
Gordon, Robert A., professor of economics, chairman of the Department of Economics, University of California, Berkeley, Calif.....	2955
Hart, Albert Gailord, Columbia University.....	2861
Exhibits:	
Impact of fiscal policy of all Government bodies combined in business fluctuations, quarterly, 1947-58.....	2869
Shifts of fiscal policy and of postponable private expenditures between selected half-years, 1947-58.....	2871
Swing in percents of full-time employment, GNP.....	2867
Heller, Walter W., University of Minnesota.....	2988
Machlup, Fritz, the Johns Hopkins University.....	2819
Exhibits:	
Definition of an "Aggressive" wage increase.....	2845
Letter to chairman.....	2860
Musgrave, Richard A., professor of political economy, the Johns Hopkins University.....	2757

	Page
Triffin, Robert, professor of economics, Yale University.....	2905
Exhibits:	
Balance of payments of the United States, 1952-59 and 1949-59.....	2915, 2926
Letter to chairman.....	2945
Monetary gold and dollar holdings, 1949-59.....	2917
The gold shortage, the dollar glut, and the future of convertibility.....	2918
U.S. balance of payments on current account and net exports of U.S. capital, 1949-59.....	2916
U.S. gold and foreign dollar holdings.....	2930

ADDITIONAL INFORMATION

Resolutions of the AFL-CIO re international trade.....	2814, 2815
--------------------------------------------------------	------------

PART 9B—CONSTRUCTIVE SUGGESTIONS FOR RECONCILING AND SIMULTANEOUSLY OBTAINING THE THREE OBJECTIVES OF MAXIMUM EMPLOYMENT, AN ADEQUATE RATE OF GROWTH, AND SUBSTANTIAL STABILITY OF THE PRICE LEVEL..... 3055-3239

Materials Submitted by 12 Organizations at the Invitation of the Joint Economic Committee:

American Bankers Association.....	3055
Farm programs out of control, budget estimates and expenditures for stabilization of farm prices and farm income.....	3072
How spending programs grow; expenditures other than national security, international affairs and debt service.....	3062
Inflation in construction costs, selected price indexes: 1948-58.....	3075
Our inflationary Federal budget, budget surpluses (plus) and deficits (minus) fiscal years 1950-59.....	3064
The mounting short-term debt, marketable treasury debt due within 1 year.....	3066
American Farm Bureau Federation.....	3081
Extract from Farm Bureau's 1959 policies on monetary and tax matters.....	3086
American Federation of Labor and Congress of Industrial Organizations.....	3089
Areas of substantial labor surplus (unemployment of 6 percent or more of the labor force).....	3105
Average family personal income before and after Federal individual income tax liability.....	3131
How family income was shared by income fifths and by the top 5 percent, 1935-36, 1944, 1954, 1957.....	3132
Operating rates as percent of capacity.....	3108
The slow-down in economic growth 1947-53, 1953-59.....	3094
Wage and salary jobs.....	3104
Chamber of Commerce of the United States.....	3145
Committee for Economic Development.....	3157
Cooperative League of the United States of America.....	3163
Investment Bankers Association of America.....	3181
Life Insurance Association of America.....	3185
National Association of Manufacturers.....	3187
Export prices expressed in U.S. dollars, 1953=100.....	3213
Net corporate debt.....	3208
Ratio of money supply to annual output of privately purchased goods and services in current prices.....	3199
Retained profits in the post-war period showing amounts required to maintain inventory and to make good the deficiency in depreciation.....	3206
Trends in unit labor cost.....	3201
Trends in unit profit.....	3202
Wholesale price indexes for economic sectors, 1947-49=100.....	3197
Wholesale prices in the United States, 1850-59=100.....	3194
National Association of Mutual Savings Banks.....	3217

	Page
National Retail Merchants Association.....	3225
Nathan J. Gold, president.....	3225
Charles F. Naumann, chairman, credit management division.....	3228
Consumer debt analysis.....	3230
United Mine Workers of America.....	3231
Wholesale prices (average value per ton), consumer prices (retail-residential), average hourly earnings and productivity—bituminous coal, 1948 through 1958 (index number 1948=100).....	3238

PART 10—ADDITIONAL MATERIALS SUBMITTED FOR THE RECORD..... 3241-3486

Letter of Hon. Wright Patman, to chairman.....	3241
Answers by the Secretary of the Treasury to questions submitted during the committee hearings by the vice chairman, Congressman Wright Patman.....	3241-3344
Answers by the Chairman of the Board of Governors of the Federal Reserve System to questions submitted during the committee hearings by the vice chairman, Congressman Wright Patman.....	3345-3418
Material completing the record of part 6 of the hearings—"the Government's Management of its Monetary, Fiscal, and Debt Operations".....	3451
Income velocity and interest rates—a pragmatic approach, by Henry A. Latané, University of North Carolina.....	3435
Statement submitted by Oscar Gass, consulting economist, Washington, D.C.....	3444
Letter of Hon. William McChesney Martin, Jr., Chairman of the Board of Governors of the Federal Reserve System, to chairman....	3453
Letter and enclosures of Raymond W. Goldsmith, National Bureau of Economic Research, Inc., to chairman.....	3455
"Private Affluence and Public Poverty," by Horace M. Gray, excerpt from Illinois Business Review.....	3456
Letters and enclosures of Paul V. Beck, Tulsa, Okla., to chairman....	3460
Letter of Nat Goldfinger, assistant director of research, AFL-CIO, to Otto Eckstein, technical director, "Study of Employment, Growth, and Price Levels".....	3471
Reply.....	3477
Letter of David J. McDonald, president, United Steelworkers of America, to chairman.....	3477
Reply.....	3479
Letter of Lazare Teper, director, research department, International Ladies' Garment Workers' Union, AFL-CIO, to Otto Eckstein, technical director, "Study of Employment, Growth, and Price Levels".....	3480
Reply.....	3482
Letter of Casimir A. Sienkiewicz, chairman, committee for economic growth without inflation, to chairman.....	3483
Letter of Jesse W. Tapp, chairman economics policy commission, The American Bankers Association, to chairman.....	3484

INDEX TO STUDY PAPERS

STUDY PAPER NO. 1, "RECENT INFLATION IN THE UNITED STATES," BY CHARLES L. SCHULTZE, INDIANA UNIVERSITY

	Page
Introduction—Statement of findings	1
Chapter 1. General summary	4
The current controversy: Demand-pull versus cost-push	4
The nature of the recent inflation	8
The importance of the composition of demands	8
Overhead costs	10
A detailed analysis of the 1955-57 period	13
Demands and prices	13
Wages	14
Overhead costs	14
Consumer prices	15
Some implications	15
Chapter 2. Prevailing theories of the inflationary process	17
Introductory remarks	17
The current debate	17
Classification and discussion of various inflationary mechanisms	20
Prices, wages and the level of real demands	21
Type A, inflation	26
Type B, inflation	31
Type C, inflation	34
Type D, inflation	36
Summary of the demand versus cost inflation theories	39
The mechanics of inflation	40
Policy implications of existing theories	41
The aggregate nature of existing theories	42
The changing nature of costs	43
Chapter 3. The inflationary implication of shifts in the composition of demand	44
The importance of the composition of aggregate spending	44
The demand and price flexibility requirements of a stable price level	46
The implications of the model for cost-push inflation	49
Aggregate demand inflation	50
The spread of inflation throughout the economy	54
The relationship of prices and costs	55
Wage determination	59
From particular to general price increases	70
Additional considerations	71
The relationship of relative demands to relative prices	73
Secular inflation	76
Some qualifying comments	77
Chapter 4. The impact of overhead costs on the inflationary process	78
Introduction	78
The changing structure of costs, 1947-57	79
Overhead costs per unit of output	82
Secular aspects	84
Overhead labor	84
Other fixed costs	87
Cyclical aspects	88
Fixed costs and price policies	90
The self-defeating nature of the premature "capture" of overhead costs	91
Summary	95

	Page
Study Paper No. 1—Continued	
Chapter 5. The nature of inflation, 1955-57.....	97
Some phenomena to be explained.....	97
Prices, expenditures and output.....	103
The pattern of demands.....	103
Changes in final goods prices; GNP categories.....	105
Industrial prices, wages, and output.....	106
Summary.....	113
The behavior of wages.....	113
Summary.....	121
Overhead costs.....	122
Factor inputs and unit costs.....	123
Consumer prices.....	125
Food prices.....	127
Service prices.....	129
Some implications.....	132
Appendix A. Notes and sources for charts and tables.....	135

LIST OF CHARTS

Chart 3-1. Relationship between wage changes and unemployment, 1900-1958.....	60
Chart 3-2. Relationship between wage changes and unemployment, selected periods.....	61
Chart 3-3. Changes in wages and consumer prices, 1900-1958.....	63
Chart 3-4. Changes in wages and consumer prices, selected periods.....	64
Chart 3-5. Schematic diagram (supply-demand shifts).....	73
Chart 3-6. Schematic diagram (price-output relationships).....	74
Chart 3-7. Schematic diagram (price-output relationships).....	75
Chart 4-1. Schematic diagram (capacity, costs, output, 1955-57).....	89
Chart 4-2. Schematic representation of changes in costs and output.....	90
Chart 4-3. Relationship between rate of return and percent of capacity operated, United States Steel Corp., 1909-58.....	92
Chart 5-1. Changes in industrial prices and output, May-June 1955 to May-June 1957.....	110

LIST OF TABLES

Table 1-1. Changes in manufacturing costs and prices.....	10
Table 1-2. Indexes of capacity; employment and output in manufacturing industries.....	11
Table 2-1. Price changes in the United States and selected other industrial nations, 1953-57.....	25
Table 2-2. Changes in prices and costs—Private nonfarm economy.....	32
Table 2-3. Changes in prices and costs—Manufacturing industries.....	33
Table 4-1. Employment by occupation, 1947-57.....	80
Table 4-2. Employment in manufacturing, 1947-57.....	80
Table 4-3. Percent change in selected price indexes, 1947-57.....	81
Table 4-4. Manufacturing costs, 1947-57.....	82
Table 4-5. Changes in selected manufacturing costs, 1947-57.....	82
Table 4-6. Prices and unit costs in manufacturing, 1947-57.....	83
Table 4-7. Changes in manufacturing prices and costs, 1947-57.....	83
Table 4-8. Changes in productivity, earnings, and unit costs—Production and nonproduction workers in manufacturing.....	85
Table 4-9. Indexes of capacity, employment, and output in manufacturing industries.....	89
Table 5-1. Change in output—Selected periods.....	100
Table 5-2. Capacity and output: Manufacturing industries.....	101
Table 5-3. Changes in expenditures and prices, 1954-57.....	104
Table 5-4. Wholesale prices and construction costs, 1955-57.....	107
Table 5-5. Relationship of finished goods prices and materials costs—Selected industries.....	108
Table 5-6. Price and output changes for selected commodity groups, May-June 1955 to May-June 1957.....	112
Table 5-7. Changes in output, employment and wage rates—Manufacturing industries—Selected periods.....	114

Study Paper No. 1—Continued	
Table 5-8. Changes in output, employment and wage rates—Manufacturing industries—Selected countries	Page 114
Table 5-9. Regression of changes in output for man-hour on changes in output—15 manufacturing industries	115
Table 5-10. Changes in manufacturing productivity in eight industrial nations	117
Table 5-11. Prices and hourly earnings in capital goods and other industries	118
Table 5-12. Prices, hourly earnings, and unit costs in capital goods and other industries	119
Table 5-13. Employment by industry, 1955-57	122
Table 5-14. Changes in total private nonfarm wage and salary employment by occupational groups, April-July 1955 to April-July 1957	123
Table 5-15. Changes in manufacturing employment 4 Q 1955 to 3 Q 1957	123
Table 5-16. Changes in manufacturing prices and costs, 1955-57	124
Table 5-17. Relative importance of different costs, 1955-57—Manufacturing industries	124
Table 5-18. Changes in consumer prices, March 1956 to September 1957	126
Table 5-19. Indexes of farm production and marketings	127
Table 5-20. Distribution of increases in food prices, 1 Q 1956 to 3 Q 1957	128
Table 5-21. Components of food marketing margins	128
Table 5-22. Changes in food marketing margins and components	128
Table 5-23. Rate of change in service prices	131

STUDY PAPER NO. 2, "STEEL AND THE POSTWAR INFLATION," BY
OTTO ECKSTEIN AND GARY FROMM

I. Introduction	3
II. The inflation in industrial prices	4
III. The strategic importance of steel prices	4
IV. The magnitude of the cost-push from steel	6
V. The mechanism of inflation in the steel industry	14
A. The labor market:	
1. Steel wages compared to other high-wage industries	14
2. Restoration of "normal" wage relationships	15
3. Demand factors and the labor market	17
4. The structure of the labor and product markets in steel	19
5. The influence of Government on steel wages	19
6. Conclusion on wages	20
B. Productivity	21
C. Other cost characteristics: Material costs, tax costs, etc.	22
D. Profits and prices	24
1. Profit margins	24
2. Rates of return	29
3. The significance of demand factors	33
E. Financing new capacity	33
F. Summary on the causes of the increase of steel prices	33
VI. Conclusion	34
Appendixes	
Technical appendix I.—Theoretical formulation of the input-output computation	35
Technical appendix II.—The applicability of input-output analysis to the cost-push computation	36

LIST OF FIGURES

Figure 1. Wholesale price index—comparison of all items in actual index with index if steel prices had risen only as much as average of all other prices	7
Figure 2. Wholesale price index (excluding food and farm products)—Comparison of items in actual index with index if steel prices had risen only as much as average of all other prices	8
Figure 3. Wholesale price index (finished products)—Comparison of all items in actual index with index if steel prices had risen only as much as average of all other prices	10

Study Paper No. 2—Continued

Figure 4. Wholesale price index (finished products excluding food and farm)—Comparison of all items in actual index with index if steel prices had risen only as much as average of all other prices.....	Page 11
Figure 5. Wholesale price index—Comparison of all items in actual index with index if rubber prices had risen only as much as average of all other prices.....	13
Figure 6. Ratio: Average hourly earnings—Steel works and rolling mills to all manufacturing.....	16
Figure 7. Profit margins in steel, manufacturing, and durable manufacturing before Federal income tax.....	24
Figure 8. Profit margins in steel, manufacturing, and durable manufacturing after Federal income tax.....	25
Figure 9. Profitability and capacity utilization.....	26
Figure 10. Gross return on stockholders' equity.....	27
Figure 11. Net return on stockholders' equity.....	28
Figure 12. Net rate of return on equity versus utilization rates.....	29
Figure 13. Annual and quarterly utilization rates of steel capacity.....	30
Figure 14. Unfilled orders: Monthly.....	31
Figure 15. Ratio of unfilled orders to sales.....	32

LIST OF TABLES

Table 1. Implicit price deflators for gross national product, percentage change, 1953-58.....	3
Table 2. The rise in industrial prices, a component analysis of change in the wholesale price index, excluding food and farm products.....	5
Table 3. Inflationary impact of steel price increases on wholesale price indexes, 1947-58.....	12
Table 4. Inflationary impact of steel price increases on specific industries and economic sectors, 1953-58.....	12
Table 5. Wage increases in manufacturing and selected industries, 1947-58, 1947-53, and 1953-58.....	15
Table 6. Average hourly earnings including overtime, selected periods.....	15
Table 7. Percent increases in wages, steel and manufacturing, selected periods.....	17
Table 8. Changes in employment and wages, steel and all manufacturing.....	17
Table 9. Classification of labor markets in the steel centers.....	18
Table 10. Productivity indexes, output per man-hour.....	21
Table 11. Income statement in ratio form, 1939 and 1947-58.....	22
Table 12. Revenues, costs, and profits per ton in the steel industry, 1947, 1953, and 1958.....	23
Table 13. Analysis of increase of revenue per ton in steel industry, 1947-58.....	24
Appendix table 1. Ratios of indexes of steel shipments to consuming industries to output of consuming industries.....	37

STUDY PAPER NO. 3, "AN ANALYSIS OF THE INFLATION IN MACHINERY PRICES," BY THOMAS A. WILSON

I. A theory of inflation generation as a result of sectoral demand pressure.....	41
The transmission of excess demands to the capital goods sector.....	42
II. Empirical analysis of the 1954-58 inflation in machinery prices.....	43
1. Machinery prices and wages and material costs.....	43
2. The behavior of overtime hours worked.....	44
3. Plant and equipment expenditures and capital appropriations.....	45
4. Capacity and output relative to previous peak.....	47
5. Orders data and prices for machinery.....	47
6. Additional evidence suggesting demand pressure hypothesis—movements in prices of machinery compared with movements in steel prices—concentration indexes.....	51
Summary of empirical analysis of demand pressure and machinery prices.....	52
III. Machinery inflation over more than one cycle.....	52

Study Paper No. 3—Continued

IV. The significance of a capital goods inflation for price level stability and economic growth.....	Page	54
1. the direct impact of machinery prices upon two measures of the general level of industrial prices.....		54
2. Indirect effect of machinery prices upon other prices.....		56
(i) wage effects.....		56
(ii) Current input cost effects.....		57
(iii) Capital cost effects.....		58
3. A capital goods inflation and economic growth.....		59
V. Conclusions.....		61
1. The role of demand pressure.....		61
2. Machinery inflation over more than one cycle.....		61
3. More general price implications of the machinery inflation.....		61
4. The effect of high machinery prices upon growth.....		61
5. Policy implications.....		61
Appendix.....		63
Technical appendix I. The multiple regression analysis.....		63
Technical appendix II. Quality change and the wholesale price index for machinery.....		65
Technical appendix III. Data sources.....		66
Technical appendix IV. Charts and tables.....		67

LIST OF CHARTS

Chart 1. Machinery prices compared with industrial prices.....	48
Chart 2. Machinery: New orders, sales, unfilled orders, and inventories..	49
Chart 3. Price indexes of important inputs into machinery.....	53
Chart 4. Wages in the machinery sector.....	55
Chart 5. Nonelectrical machinery: New orders and sales.....	74
Chart 6. Electrical machinery: New orders and sales.....	75
Chart 7. Plant and equipment expenditures: Nonelectrical machinery and electrical machinery.....	76
Chart 8. Downward rigidity of machinery prices during the past two recessions.....	77-81

LIST OF TABLES

Table 1. Changes in value added components, 1955-57.....	44
Table 2. Overtime hours: Machinery compared with manufacturing.....	45
Table 3. Plant and equipment expenditures: Peak to previous peak ratios..	46
Table 4. New appropriations less cancellations.....	46
Table 5. The behavior of output relative to its previous peak during periods of suspected demand pressures.....	47
Table 6. Concentration ratios and price changes for machinery subsectors..	52
Table 7. Percentage increases in wholesale prices: Machinery compared with industrial goods.....	52
Table 8. Direct impact of machinery prices upon two general industrial price indexes.....	56
Table 9. Average hourly earnings: A comparison of machinery with manufacturing.....	57
Table 10. Percentage changes in wholesale price indexes and in average hourly earnings, 1954-57 for six machinery subgroups.....	57
Table 11. Current machinery input requirements of five sectors.....	58
Table 12. Changes in unit costs in manufacturing, 1955-57.....	59
Table 13. Erosion of capital purchasing power of personal savings.....	60
Appendix table 1. Regression equations.....	67
Appendix table 2. Matrix of simple correlation coefficients: Machinery group.....	68
Appendix table 3. Matrix of simple correlation coefficients: Steel.....	69
Appendix table 4. Wholesale price indexes: Machinery, industrial goods, and industrial goods excluding machinery.....	70
Appendix table 5. Total machinery: New orders, sales, unfilled orders, and inventories.....	71
Appendix table 6. Electrical machinery: New orders, sales, and unfilled orders.....	72
Appendix table 7. Nonelectric machinery: New orders, sales, and unfilled orders.....	73

STUDY PAPER NO. 4, "ANALYSIS OF THE RISING COSTS OF PUBLIC EDUCATION," BY WERNER Z. HIRSCH

	Page
Introduction—Statement of findings.....	1
Chapter 1. General summary.....	2
Introduction.....	2
State and local government sector.....	2
Costs of public education.....	3
Teachers' salaries—the overwhelming cost factor.....	4
Ability to afford education—income elasticity.....	5
The near term prospect.....	5
Some implications.....	6
Chapter 2. The State and local government sector.....	6
Introduction.....	6
Nature of data.....	6
An overview.....	8
Functional breakdown.....	9
Current versus capital expenditures.....	13
Cost comparisons in constant dollars.....	13
Chapter 3. The public primary and secondary education sector.....	15
Introduction.....	15
Nature of data.....	15
Factors affecting expenditure level.....	16
Number of pupils in average daily attendance.....	17
Sociological characteristics of population.....	18
Age structure.....	18
Geographical distribution.....	18
Economic characteristics.....	19
Price level of goods and services bought by schools.....	19
Income level.....	20
Physical characteristics.....	21
Productivity of school system.....	21
Governmental characteristics.....	24
Variety, scope, and quality of education.....	25
Addition or deletion of services.....	25
Scope of services.....	26
Quality of services.....	26
Test of hypothesis.....	30
Education cost in constant terms.....	32
Income elasticity of public education.....	35
The 1960 and 1965 outlook.....	39
Appendix—Economies of scale.....	41

CHARTS

Chart 1. Total current expenditures (plus debt service) for public primary and secondary education, selected years, 1900–1958.....	16
Chart 2. Current expenditures (plus debt service) for public primary and secondary education minus expenditures, for auxiliary services, selected years, 1900–1958.....	35

TABLES

Table 1. State and local government expenditures, selected years, 1902–58.....	8
Table 2. General expenditures of State and local government by function, selected years, 1902–58.....	10
Table 3. Percent of general expenditures by service function.....	11
Table 4. Current general expenditures of State and local government by function.....	12
Table 5. Capital outlay general expenditure of State and local government by function.....	12
Table 6. State and local government purchases of goods and services in current and constant (1954=100) dollars, 1929–57.....	14
Table 7. Pupils in average daily attendance (ADA), selected years, 1900–1958.....	17

Study Paper No. 4 (list of tables, continued)

Table 8. Public high school relative to total public enrollment, selected years, 1900-1958.....	Page
Table 9. Urbanization of school population, selected years, 1900-1958.....	18
Table 10. Average annual salaries of public school teachers, selected years, 1900-1958.....	19
Table 11. Per capita personal income, selected years, 1900-1958.....	20
Table 12. Auxiliary school service expenditures, selected years, 1900-1958.....	21
Table 13. Length of school term, selected years, 1900-1958.....	25
Table 14. Total number of principals, superintendents, and consultants per 1,000 pupils in average daily attendance in public primary and secondary schools, selected years, 1900-1958.....	25
Table 15. Total current expenditures (plus debt service) for public primary and secondary education, selected years, 1900-1958.....	29
Table 16. Total current expenditure (plus debt service) for public primary and secondary education minus auxiliary services, selected years, 1900-1958.....	33
Table 17. Income elasticities of select local public services, St. Louis city-county area, 1951-52 and 1954-55.....	34
	38

STUDY PAPER NO. 5, "TRENDS IN THE SUPPLY AND DEMAND OF MEDICAL CARE," BY MARKLEY ROBERTS

Introduction and summary.....	47
Chapter 1. Demand for medical care.....	49
Total demand.....	49
Health consciousness.....	49
Total spending.....	50
Private demand.....	52
Total personal consumption spending.....	52
Family medical care spending.....	55
Growth of prepayment.....	56
Health needs of older people.....	59
Public spending.....	60
Public support for health and medical care.....	60
Federal support for research.....	61
Demand for hospital services.....	62
Trend to hospitals for health care.....	62
Hospitalization insurance.....	62
Utilization by older people.....	64
Mental illness and chronic diseases.....	64
Chapter 2. Supply of medical care.....	65
Organization of medical services.....	65
Quality changes in medical care.....	66
Supply of medical personnel.....	67
Physicians (medical doctors).....	67
Dentists.....	68
Nurses.....	68
Other health workers.....	71
Supply of hospital facilities.....	72
Increases and shortages.....	72
Types of hospitals.....	73
Distribution of hospitals.....	75
Hospital services and costs.....	76
Hospital construction.....	77
Chapter 3. The price index of medical care.....	78
Trends.....	78
Limitations.....	80
Chapter 4. A look ahead.....	83
Expanding demand for medical care.....	83
Inadequacies of supply.....	83
Continuing price inflation.....	84
Providing an adequate supply of medical care.....	84

Study Paper No. 5—Continued

CHARTS

	Page
Chart 1. Spending for health and medical care.....	51
Chart 2. Personal consumption spending (for medical care).....	53
Chart 3. Growth of health insurance coverage.....	57
Chart 4. Supply of physicians, dentists, and nurses, in relation to population, with projections on the basis of currently predicted output of medical, dental, and nursing needs.....	69
Chart 5. Ownership of hospital beds.....	74
Chart 6. Medical care price index and selected components.....	79

TABLES

Table 1. Private and public spending for health and medical care, selected fiscal years, 1929-58.....	52
Table 2. Personal consumption spending for medical care, 1946-58.....	54
Table 3. Charges incurred by families for health services, by income and health insurance status.....	56
Table 4. Family outlays for medical care as a percentage of family income, by income and health insurance status.....	56
Table 5. Growth of health insurance coverage, number of people protected against hospital expenses, surgical expenses and regular medical expenses.....	58
Table 6. Health problems of people aged 65 and over, 1957-58.....	60
Table 7. Public spending for health and medical care, selected fiscal years, 1929-58.....	61
Table 8. Physicians, dentists, and nurses: Trends and projections of supply.....	70
Table 9. Ownership of hospital beds.....	74
Table 10. Hospital personnel and payroll costs.....	77
Table 11. Hospital construction, value put in place and value by source of funds.....	78
Table 12. Relative importance of medical care price index components as percent of Consumer Price Index, all-items total.....	80
Table 13. Medical care price index, selected items and groups, 1947-June 1959.....	82

STUDY PAPER NO. 6, "THE EXTENT AND NATURE OF FRICTIONAL UNEMPLOYMENT," BY BUREAU OF LABOR STATISTICS

Summary.....	1
Introduction.....	2
The extent of short-term frictional unemployment.....	3
Long-term employment.....	4
Structural employment.....	6
Chapter I. Short- and long-term unemployment.....	8
Current monthly survey data.....	8
Annual work experience survey data.....	12
Characteristics of the short- and long-term unemployed in 1957.....	14
Age and sex.....	14
Marital status.....	18
Color.....	18
Industry.....	20
Occupation.....	25
Long-term unemployed as a percent of all workers.....	28
Appendix I to chapter I.....	30
Source of duration and turnover data.....	30
Appendix II to chapter I.....	31
Selection of period for study.....	31
Chapter II. Turnover, or gross changes, in unemployment.....	32
How much turnover.....	32
Patterns of gross changes in labor force and unemployment.....	33
Patterns of gross changes between employment and unemployment.....	34
Chapter III. Unemployment associated with job shifts.....	37
Summary of results.....	38

	Page
Study Paper No. 6—Continued	
Frictional unemployment due to mobility.....	39
Unemployment related to involuntary and job changing.....	40
Duration of unemployment.....	40
Effect of differences in mobility on unemployment rates.....	41
Age and sex.....	44
Occupation and industry.....	46
Conclusion.....	50
Chapter IV. Seasonal unemployment.....	52
Seasonal unemployment in 1957.....	54
Appendix to chapter IV.....	59
Technical note on seasonal unemployment.....	59
Chapter V. Some postwar trends in unemployment.....	60
The trend in total unemployment.....	60
New versus continuing unemployment.....	61
Changes in labor force patterns and the rate of unemployment.....	62
Other industry-occupation changes and the rate of unemployment.....	64
New workers.....	69

LIST OF CHARTS

Employment status of entrants into the labor force, 1957.....	37
Industry unemployment rates by seasonal and nonseasonal components, 1957.....	53
Job changing and unemployment among persons who worked in 1955.....	51
Seasonal variations in unemployment by age and sex.....	58
Summary characteristics of unemployment in a period of high employment.....	7
Trends in unemployment rates, 1948 and 1956.....	68
Unemployment totaling 15 weeks or longer for selected groups during calendar year 1957.....	13

LIST OF TABLES

Table I-1.—Persons unemployed 4 weeks or less, by industry group: January 1955–December 1957.....	9
Table I-2.—Persons unemployed 15 weeks or longer, by industry group: January 1955–December 1957.....	11
Table I-3.—Duration of unemployment, by age and sex: Annual average, 1957.....	15
Table I-4.—Cumulative weeks of unemployment, by age and sex: Calendar year 1957 (based on survey of annual work experience).....	17
Table I-5.—Duration of unemployment by color and sex: Annual average, 1957.....	19
Table I-6.—Cumulative weeks of unemployment by color and sex: Calendar year 1957 (based on survey of annual work experience).....	19
Table I-7.—Average monthly duration of unemployment by industry, 1957.....	21
Table I-8.—Cumulative weeks of unemployment, by industry division of longest job: 1957 (based on survey of annual work experience).....	22
Table I-9.—Persons unemployed a cumulative total of 15 weeks or longer, by spells of unemployment, by selected characteristics: Calendar year 1957 (based on survey of annual work experience).....	24
Table I-10.—Average monthly duration of unemployment, by major occupation group, 1957.....	26
Table I-11.—Cumulative weeks of unemployment, by occupation of longest job in 1957 (based on survey of annual work experience).....	27
Table I-12.—Persons unemployed a cumulative total of 15 weeks or longer as a percent of total with work experience, by selected characteristics: Calendar year 1957 (based on survey of annual work experience).....	29
Table II-1.—Gross changes in unemployment, by type of change: Annual average, 1957.....	32
Table II-2.—Gross changes in the labor force, by type of change: Annual average, 1957.....	33
Table II-3.—Gross changes in the labor force by age and sex: Annual average, 1957.....	34
Table II-4.—Gross changes in unemployment, by age and sex: Annual average, 1957.....	35

Study Paper No. 6—Continued

	Page
Table II-5.—Gross reductions in unemployment, by type, by duration of unemployment in previous month: Annual average, 1957.....	36
Table III-1.—Unemployment levels and rates, by job mobility status: Calendar year 1955.....	39
Table III-2.—Cumulative weeks of unemployment, by job mobility status: Calendar year 1955.....	41
Table III-3.—Unemployment associated with voluntary job mobility, by personal characteristics: Calendar year 1955.....	42
Table III-4.—Unemployment associated with voluntary job mobility, by occupation and industry of longest job in 1955.....	43
Table III-5.—Unemployment and job mobility status, by age and sex: Calendar year 1955.....	45
Table III-6.—Unemployment and job mobility status, by major occupation group of longest job in 1955.....	47
Table III-7.—Unemployment and job mobility status, by major industry group of longest job in 1955.....	49
Table III-8.—Job changers with unemployment during 1955.....	50
Table IV-1.—Distribution of seasonal and nonseasonal unemployment by industry of last full-time job, 1957.....	52
Table IV-2.—Total and seasonal unemployment in 1957.....	55
Table IV-3.—Comparative seasonal unemployment by sex and major age group between months of peak and low point.....	57
Table V-1.—New, continuing, and total unemployment, 1948-56.....	61
Table V-2.—Selected measures of the duration of unemployment, 1948, 1952, and 1956.....	62
Table V-3.—Changes in experienced labor force and unemployed, 1948-56, by type of activity and class of worker.....	63
Table V-4.—Changes in civilian labor force and unemployed, 1948-56, by age and sex.....	64
Table V-5.—Changes in unemployment between 1948 and 1956, by major industry group for wage and salary workers.....	65
Table V-6.—Changes in unemployment between 1948 and 1956, by major occupation group.....	66
Table V-7.—Experienced labor force, unemployment, and long-term unemployment in goods-producing and service-rendering industries wage and salary workers, 1956.....	67

STUDY PAPER NO. 7, "THE INCIDENCE OF INFLATION: OR WHO GETS HURT?" BY SEYMOUR E. HARRIS, HARVARD UNIVERSITY, CAMBRIDGE, MASS.

Chapter 1.....	1
General summary.....	1
Inflation and growth.....	2
Kind of inflation.....	2
Incidence of inflation on Government.....	3
Welfare programs: Old-age insurance.....	4
Unemployment compensation.....	6
Other income maintenance programs.....	7
Mortgages and the inflationary process.....	9
Wages, other shares, and prices.....	10
Attempts to beat inflation.....	11
Some international aspects.....	12
Chapter 2.....	12
The problem.....	12
Chapter 3.....	14
Inflation and growth.....	14
Introductory.....	14
Inflation, a necessary cost of growth?.....	15
The case for growth.....	16
Growth and prices: the historical record.....	18
Prices and output—by countries.....	20
Prices and per capita output in recent years.....	21
Creeping inflation leads to what?.....	22

Study Paper No. 7—Continued	Page
Recent movements of prices and output in individual countries.....	23
Chapter 4.....	24
The incidence of inflation on Government.....	24
Introductory.....	24
Distribution of tax burdens among different levels of Govern- ment.....	26
Percentage of changes in assessed valuation of real and personal property in large cities, 1940-53.....	33
Some empirical material on the responses of taxes to income and price changes.....	34
Inflation and the yield of income tax.....	36
Some conclusions.....	37
Chapter 5.....	38
Welfare programs and inflation.....	38
Introductory.....	38
Adjustment of benefits to rising prices and incomes.....	40
Raising maximum covered wages.....	42
Minimum and maximum benefits and prices.....	43
Increased benefits through increased coverage of family members.....	46
Old-age assistance and other assistance programs.....	48
Some comments on old-age insurance and assistance.....	55
Chapter 6.....	56
Unemployment compensation.....	56
Introductory.....	56
Conclusion.....	65
Chapter 7.....	66
Income maintenance payments with particular reference to veterans' programs.....	66
Workmen's compensation.....	66
Long-term commitments.....	68
Veterans' benefits.....	69
Pension funds.....	74
Chapter 8.....	76
Assets and inflation.....	76
Chapter 9.....	80
Mortgages, installment payments, and the inflationary process.....	80
Chapter 10.....	83
Wages, other shares, and prices.....	83
Introductory; the causes of inflation.....	83
Relation of price movements and other variables.....	86
Some historical evidence.....	88
Teachers.....	89
Productivity, prices, and wages.....	91
The share going to labor.....	96
Inflation and depreciation.....	98
Prices and wages in cycles.....	99
Conclusion.....	103
Chapter 11.....	104
Attempts to beat inflation.....	104
Chapter 12.....	109
Some international aspects.....	109

TABLES

Table 3-1. Trend of gross national product and personal consumption, 1839-1959.....	18
Table 3-2. Rise of wholesale prices and industrial output, 1947-57.....	24
Table 4-1. Tax revenues and percent Federal, State, and local tax revenues of total tax revenues, all levels of Government, 1902, 1927, 1938, 1948, 1957.....	27
Table 4-2. Percent tax revenue of general revenue.....	29
Table 4-3. Percent insurance and trust revenue of general revenue.....	31
Table 4-4. Percent selected tax categories to total tax revenue, 1902, 1927, 1938, 1948, and 1957.....	34
Table 4-5. Percentages of family personal income taken by the Federal individual income tax at successive levels of income, all consumer units, 1941 and 1950.....	36

Study Paper No. 7—Continued

	Page
Table 4-6. Percentage of family personal income taken by the Federal individual income tax, for quintiles of consumer units ranked by size of family personal income, 1941 and 1950.....	37
Table 5-1. Social welfare expenditures in the United States under certain public programs, fiscal years 1934-35, 1945-46, 1956-57.....	39
Table 5-2. Average monthly payments to retired worker beneficiaries under three social insurance programs to veterans of World War I receiving pensions and to old-age assistance recipients, June 1948 and June 1958.....	40
Table 5-3. Old-age, survivors, and disability insurance: Average monthly old-age and widow's benefits in current-payment status, in current and in September 1958 dollars, 1940-58.....	41
Table 5-4. Annual earnings for a full-time employee, contributions and benefits under old-age, survivors, and disability insurance, 1935-58.....	45
Table 5-5. Public assistance benefits: Average monthly payments in current and 1958 dollars, 1940-58.....	49
Table 5-6. Legislative chronology of provision for Federal participation in assistance.....	52
Table 6-1. Unemployment benefits for full-time work in relation to price and wage movements—1939, 1946, 1952, 1957.....	58
Table 6-2. Percentage changes in average monthly cash income and outlay of household before and during unemployment of claimants in one- and four-person households.....	59
Table 6-3. Average monthly wages and unemployment benefits of claimants compared with total average monthly cash income of households before and during unemployment of claimants in one- and four-person households.....	60
Table 6-4. Average weekly cash outlay of household on all expenses and selected types of expenses during unemployment and average weekly benefit amount of claimants in one- and four-person households.....	61
Table 6-5. Amount of unemployment insurance payments per dollar of contribution.....	65
Table 7-1. Veterans' Administration budget expenditures under present laws, selected fiscal years, 1940-2000.....	70
Table 7-2. Estimated total living war veterans and veterans aged 65 and over, selected dates, 1940-2000.....	70
Table 7-3. Public expenditures for income maintenance programs and the national income, selected years, 1940-85.....	71
Table 7-4. Estimated average cost of veterans' benefits per serviceman in each war.....	72
Table 7-5. Per capita income in four major wars, compared with veteran pensions per serviceman in each war, under present laws and assuming service pension for recent conflicts.....	73
Table 7-6. Rise in veterans' benefits for 100 percent disability and rise in the cost of living, 1914-54, various years.....	74
Table 8-1. The share of national saving in changes in national wealth and combined net worth, period totals: 1897-1949.....	77
Table 8-2. Comparison of personal saving and net worth changes for the period 1901-49.....	78
Table 8-3. Ratio of intangible assets to total assets.....	79
Table 8-4. Percent price-sensitive to total assets, major saver groups, 1900-1949.....	79
Table 8-5. Debt ratio of major saver groups, 1900, 1929, 1949.....	80
Table 9-1. Characteristics of one-family new home transactions, FHA, section 203, 1952 and 1957.....	81
Table 9-2. Characteristics of FHA-insured and VA-guaranteed mortgage loans on new houses, 1948 and 1956.....	83
Table 10-1. Behavior of selected economic variables for manufacturing industries, 1949-56.....	84
Table 10-2. Major gains by factors, various periods.....	87
Table 10-3. Cost of living and real wages (1890-99 equals 100).....	88
Table 10-4. Average rates of increase in productivity, total input per man-hour, and real hourly earnings, 1889-1957.....	92
Table 10-5. Indexes of labor and nonlabor payments per dollar of real product, prices real product per man-hour, employee compensation per hour in current and constant dollars, private nonagricultural sector of the economy, 1947-56.....	92

Study Paper No. 7—Continued	
Table 10-6. Output, real hourly earnings, output per unit of input, and prices, 1899-1953, (1899 equals 100)	Page 95
Table 10-7. Ratio, rise of real hourly earnings to the increase of the total output to the total input, 1899-1953	95
Table 10-8. Average hourly earnings, prices, and production in manufacturing, 1921-38	100
Table 10-9. Changes in gross average hourly earnings (including overtime) wholesale prices, and production (seasonally adjusted) for selected industrial groups the three postwar recessions	101
Table 11-1. Changes in the nominal value of various types of investments, 1948-58, in current dollars and in dollars of 1948 purchasing power	106
Table 11-2. Some common stock declines since 1900 versus consumer price index	107
Table 12-1. Comparison of domestic inflations, autumn 1957	110
Table 12-2. North America's trade in manufactures and total, 1955-58	112

STUDY PAPER NO. 8, "PROTECTION AGAINST INFLATION," BY H. S. HOUTHAKKER, STANFORD UNIVERSITY, STANFORD, CALIF.

Contents:

The summary	117
The analysis: Protection against inflation	118
The burden of inflation	118
Redistributive effects	118
A proposal for improved statistics	119
The fear in inflation	120
Hedging against inflation	120
Miscellaneous items	120
Equities	121
The pattern of yields	122
In the long run	122
Some reservations	124
Will inflation continue?	124
Differences in expectations	126
Insurance policies linked to share prices	127
The need for assets	128
Two proposals	129
Index bonds	129
Increasing the supply of shares	131
The Government bond market	133
Appendix: The return from common stocks	134

STUDY PAPER NO. 9, "THE SHARE OF WAGES AND SALARIES IN MANUFACTURING INCOMES, 1947-56," BY ALFRED H. CONRAD, HARVARD UNIVERSITY, CAMBRIDGE, MASS.

TABLES

Table 1. Income shares—All manufacturing, 1947-56	143
Table 2. Frequency distribution changes in share of wages and salaries in manufacturing value added, 1946-57	145
Table 3. Profit margins, 200 large manufacturing corporations	147
Table 4. Simple correlation coefficients: annual changes, all 3-digit industries, 1949-56	149
Table 5. Simple correlation coefficients: average annual changes, all 3-digit industries, 1949-56	150
Tables 6 and 7. Regression equations	151, 152

STUDY PAPER NO. 10, "POTENTIAL PUBLIC POLICIES TO DEAL WITH INFLATION CAUSED BY MARKET POWER," BY EMMETTE S. REDFORD

Introduction	1
I. Inflationary concentrations of market power	1

	Page
Study Paper No. 10—Continued	
II. Basic approaches in policy.....	3
Introductory comments.....	3
Corrective forces within the economy.....	4
Demand controls.....	5
Antitrust.....	6
Withdrawal of Government support for market power.....	7
Public consideration of wage and price increases.....	8
III. Problems involved in public consideration of wage and price increases..	10
The problem of scope of control.....	10
Prices or both prices and wages.....	10
Increases or increases and failures to reduce prices.....	10
Industries, companies, or products to be included.....	11
Criteria of inclusion.....	11
Market structure.....	11
Market behavior.....	12
Inflationary potential.....	13
Conclusion.....	14
Width of inclusion.....	14
Method of decision.....	15
The problem of standards.....	16
Criteria for judgment on price increases.....	16
Criteria for judgment on wage increases.....	18
Cost of living.....	19
Comparable wage rates.....	19
Ability to pay.....	19
Productivity increases.....	20
Maintenance of purchasing power.....	20
Essentiality.....	20
Conclusion.....	20
The problem of type of action.....	21
The problem of organization.....	25
IV. Conclusions.....	27

STUDY PAPER NO. 11, "A BRIEF INTERPRETIVE SURVEY OF WAGE-PRICE PROBLEMS IN EUROPE," BY MARK W. LEISERSON

I. Introduction.....	33
II. The statistical record.....	35
III. Wage-price stability and the coordination of economic policy.....	39
IV. Centrally coordinated wage policies.....	40
Netherlands.....	41
Norway.....	43
Sweden.....	45
United Kingdom.....	46
Conditions for effective national wage policy.....	49
V. Wage policy by indirection and default.....	52
Germany.....	52
France.....	54
VI. Conclusions.....	55
Practicability of a national wage policy.....	55
Other alternatives.....	57
Final remarks.....	58
Selected bibliography.....	58
Appendix: "Comparative Notes on Wage-Price Setting in Western Europe," by Donald R. Snodgrass.....	61
Austria.....	61
Belgium.....	63
Denmark.....	65
France.....	67
Germany.....	70
Italy.....	73
Netherlands.....	75
Norway.....	77
Sweden.....	80
United Kingdom.....	83

Study Paper No. 11—Continued

TABLES

Table 1. Average annual changes in per capita output and prices, by country, 1949-58.....	Page 36
Table 2. Changes in price levels and import prices, by country, 1949-58.....	37
Table 3. Average annual percentage of unemployment, by country, 1950-56.....	37
Table 4. Average annual changes in money and real wages in industry, by country, 1949-58.....	38
Table 5. Average annual changes in manufacturing output, output per man-hour, and wage costs, by country, 1950-56.....	39
Table 6. Wage drift in Norwegian and Swedish industries, 1948-56.....	50

STUDY PAPER NO. 12, "THE LOW INCOME POPULATION AND ECONOMIC GROWTH," BY ROBERT J. LAMPMAN

Chapter I. Introduction and summary.....	3
Introduction.....	3
Summary.....	4
Chapter II. Who are the low-income people?.....	5
Numbers below a selected income level.....	5
Composition of the low-income group.....	5
Size of consumer unit.....	6
Age.....	6
Rural-farm residence.....	7
Nonwhite color.....	8
Southern region.....	8
Consumer units headed by females.....	8
Educational attainment of family head.....	9
Employment status and occupation of family head.....	10
Industry of family head.....	10
Summary statement on composition of low-income population.....	11
Chapter III. How has the low-income problem changed in 10 years?.....	13
Smaller share of population in low-income status.....	13
Process by which change occurred.....	14
Factors encouraging increase in number of low-income persons.....	14
Change among consumer-unit size groups.....	14
Change in age.....	15
Changing participation in employment.....	16
Factors encouraging reduction of low-income units.....	21
Summary of changes.....	23
Chapter IV. The future of the low-income problem.....	24
Projections for the future of numbers in low-income status.....	24
Will reduction of poverty be slower in the future?.....	24
Evaluation of the Galbraith thesis.....	25
What groups do not benefit by economic growth?.....	26
Low-income group's share of income.....	28
Changes in economic inequality.....	29
Government policy toward inequality.....	30
Possibilities for the future.....	30
A program to hasten the reduction of poverty.....	31
Appendix. How many low-income persons are there in the United States?.....	33
Alternative estimates.....	33
Number under \$2,000 minimum.....	33
Minimum income varying with family size.....	34
Income defined as personal income.....	35
The range of estimate.....	36

TABLES

Table 1. Distribution of low income persons by family size, based on minimum income varying with family size, 1957.....	6
Table 2. Distribution of families with income under \$2,000 and unattached individuals with income under \$1,000, by age of head, 1957.....	8

Study Paper No. 12—Continued

	Page
Table 3. Distribution of all families and of families with total money income under \$2,000, by residence, 1957.....	9
Table 4. Distribution of all families and of families with total money income under \$2,000, by color.....	9
Table 5. Percentage distribution of families with income under \$2,000, by region, 1957.....	9
Table 6. Distribution of families with total money income under \$2,500, by occupational group of family head, 1957.....	11
Table 7. Distribution of families with employed family head and total money income under \$2,500, by industry of head, 1957.....	11
Table 8. Numbers and percent of low income population and percent of total population having specified characteristics, 1957.....	12
Table 9. Percent of consumer units and persons having low-income status in selected years, 1947-58. Estimated by alternative methods.....	13
Table 10. Distribution and frequency of low income consumer units, by size of unit, 1947 and 1957.....	15
Table 11. Distribution and frequencies of low income families and single individuals, by age of head, 1947 and 1957.....	17
Table 12. Distribution and frequency of low income families, by employment status of head, 1948 and 1957.....	18
Table 13. Percentage distribution of persons age 65 and over by total money income in 1948 and 1957 by sex.....	19
Table 14. Work experience during the year, by age and sex for the United States, 1957 and 1950.....	20
Table 15. Family composition: Fifths of families ranked by size of money income, 1948-57.....	21
Table 16. Distribution and frequency of low income families and unattached individuals by place of residence, 1947 and 1957.....	22
Table 17. Distribution and frequency of low income families, by occupation of head, 1948 and 1957.....	22
Table 18. Distribution and frequency of low income families, by industry of head, 1948 and 1957.....	23
Table 19. Importance of selected characteristics in future determination of low income population.....	29
Table A-1. Percentages of population groups having low income status, 1957, estimated by alternative methods.....	34

STUDY PAPER NO. 13, "THE ADEQUACY OF RESOURCES FOR ECONOMIC GROWTH IN THE UNITED STATES," BY JOSEPH L. FISHER AND EDWARD BOORSTEIN

Introduction.....	39
Chapter 1. Historical background.....	39
Chapter 2. Resources and growth in the modern U.S. economy.....	42
Trends in resources consumption, output, employment, prices, and trade.....	42
The future economy and resources.....	47
Chapter 3. Future adequacy of selected resources materials.....	51
Wood and lumber.....	51
Oil.....	55
Selected metals.....	61
Water.....	64
Chapter 4. Summary of trends and problems ahead.....	68

STUDY PAPER NO. 14, "LIQUIDITY AND FINANCIAL INSTITUTIONS IN THE POSTWAR ECONOMY," BY JOHN G. GURLEY

The growth of liquid assets, 1939-58.....	3
Liquid assets and interest rates, 1945-58.....	6
Postwar behavior of interest rates.....	6
The demand for liquid assets and interest rates.....	7
Postwar liquidity ratios and interest rates.....	8
Postwar liquidity, interest rates, and prices.....	9
A general equilibrium model.....	9
Alternative adjustment processes.....	13

Study Paper No. 14—Continued	Page
The postwar adjustment process.....	15
Summary.....	19
The market for loanable funds and the creation of liquid assets.....	20
The demand for loanable funds.....	20
The supply of loanable funds.....	22
Market equilibrium.....	22
Internal and external finance.....	23
Creation of financial and liquid assets.....	23
The scope of monetary controls.....	23
The efficacy of monetary controls in the postwar period.....	24
Net issues of primary securities, 1947-58.....	25
Primary security issues and gross national product.....	25
Basic determinants of the issues—GNP ratio.....	26
Determinants of postwar ratio of net issues to GNP.....	29
Summary.....	32
The composition of primary security issues, 1947-58.....	32
Purchases of primary securities, 1947-58.....	36
Direct and indirect finance.....	37
Determinants of nonmonetary intermediation.....	38
Monetary and nonmonetary intermediation.....	41
Creation of liquid claims by financial intermediaries.....	45
Summary.....	48
Summary and conclusions.....	48
Appendix.....	52

CHARTS

Chart 1. Relation between weighted liquidity ratios and corporate bond yield 1945-59.....	10
Chart 2. Relation between weighted liquidity ratios and prime commercial paper rate 1945-59.....	11
Chart 3. Equilibrium in markets for current output and liquid assets.....	12
Chart 4. Position of the economy in early postwar period.....	14
Chart 5. Alternative paths of the economy to general equilibrium.....	14
Chart 6. Relation between prices and interest rates 1946-58.....	17
Chart 7. Flexibility of prices and interest rates during postwar recessions.....	18
Chart 8. The market for loanable funds.....	21
Chart 9. Actual and calculated issues—GNP ratios, 1947-58.....	31
Chart 10. Actual and calculated issues—GNP ratios, 1950-58.....	32
Chart 11. Actual and calculated shares of group one issues in total issues 1947-58.....	35
Chart 12. Actual and calculated proportions of primary issues purchased by nonmonetary intermediaries 1947-58.....	40
Chart 13. Actual and calculated ratios of primary security purchases by financial intermediaries to total issues, 1947-58.....	44
Chart 14. Actual and calculated ratios of increase in liquid claims on nonmonetary intermediaries to primary issues, 1947-58.....	47
Chart 15. Hypothetical demand schedules for money and liquid assets.....	53
Chart 16. Hypothetical demand schedules for money and liquid assets.....	55
Chart 17. Demand schedules for money and liquid assets 1945-58.....	57

TABLES

Table 1. Liquid assets of nonfinancial sectors and GNP, 1939-59.....	5
Table 2. Increase in components of liquid assets during 1939-46 and 1946-58.....	5
Table 3. Short-term and long-term interest rates, 1946-59.....	6
Table 4. Real output, liquidity, prices, and interest rates during postwar period.....	15
Table 5. Increase in prices and long-term interest rates during 1946-49, 1949-54, and 1954-58.....	16
Table 6. Probable movements of prices and interest rates within short cycles during earlier and later phases of postwar period.....	19
Table 7. Net issues of primary securities and GNP, 1947-58.....	26
Table 8. The issues—GNP ratio and its determinants, 1947-58.....	30
Table 9. Net issues of primary securities, 1947-58.....	33

	Page
Study Paper No. 14—Continued	
Table 10. Percentage composition of primary security issues, 1947-58.....	33
Table 11. Net purchases of primary securities by financial intermediaries and other lenders, 1947-58.....	37
Table 12. Percentage of primary issues purchased by monetary system, nonmonetary intermediaries, and other lenders, 1947-58.....	38
Table 13. Basic data for estimating proportion of primary issues purchased by nonmonetary intermediaries, 1947-58.....	41
Table 14. Primary security purchases by financial intermediaries and the growth of indirect liquid assets, 1947-58.....	45

STUDY PAPER NO. 15, "PROFITS, PROFIT MARKUPS, AND PRODUCTIVITY: AND EXAMINATION OF CORPORATE BEHAVIOR SINCE 1947," BY EDWIN KUH

Summary.....	61
1. Change in profits.....	61
2. Change in markup.....	62
3. Some explanations.....	62
I. Quarterly variations in corporate profit levels.....	64
II. Quarterly variations in profit markups.....	75
III. Some possible explanations for observed behavior.....	82
A. The formation of prices.....	82
B. Determinants of man-hours and productivity.....	85
C. Conclusions.....	93
Appendix A. Description of basic series.....	95
1. Price index.....	95
2. Estimated man-hours in corporate activity.....	95
3. The construction of the demand ratchet.....	97
4. Approximation for changes in variables, which are products.....	99
5. Means, standard deviations and range for variables in regression equations.....	99
Appendix B. List of symbols.....	100
Appendix C. Tables.....	101

CHARTS

Chart 1. Corporate net value product, wage bill and net profit.....	66
Chart 2. Net corporate output, gross corporate output, and the corporate output price index.....	67
Chart 3. Corporate man-hours and wage rate.....	68
Chart 4. Changes in profits, net value product, net output, and prices....	70
Chart 5. Changes in profits, wage bill, man-hours, and wage rates.....	71
Chart 6. Price and quantity effect on profit change.....	73
Chart 7. Net and gross markup.....	76
Chart 8. Markup change and effects from wage rate and man-hour changes	78
Chart 9. Markup change and effects from weighted price and quantity changes.....	79
Chart 10. Relative price-wage variable and output per man-hour division of markup.....	81
Chart 11. Relation of man-hours to output during early upswing, late upswing and downswing: Intercycle.....	90
Chart 12. Relation of man-hours to output during early upswing, late upswing and downswing: Intracycle.....	92
Chart 13. Scatter diagram of corporate wage rate and average hourly earnings in manufacturing, 1947-58.....	98

TABLES

Table 1. Corporate value product, wage bill, and profits.....	101
Table 2. Constant dollar corporate gross and net constant dollar product and price index of corporate output.....	102
Table 3. Corporate man-hours and wage rate.....	103
Table 4. Change in profits, change in net corporate value product, and weighted changes in output and price.....	104

Study Paper No. 15—Continued

Table 5. Change in wage bill and weighted changes in man-hours and wage rate.....	Page 105
Table 6. Profit change divided into quantity and price-wage effects.....	106
Table 7. Net and gross markup.....	106
Table 8. Change in net markup and weighted changes in output, price, man-hours, and wage rate.....	107
Table 9. Quantity, price-wage, net value product and wage bill effects on net markup.....	108
Table 10. Productivity and price-wage components of net and gross markup.....	109
Table 11. Demand ratchet and output divided according to business cycle phase.....	110
Table 12. Average hourly earnings in manufacturing and estimated corporate wage rate.....	111

STUDY PAPER NO. 16, "INTERNATIONAL EFFECTS OF U.S. ECONOMIC POLICY," BY EDWARD M. BERNSTEIN

Chapter I. Summary and conclusions.....	1
The United States and the world economy.....	3
Trade and investment.....	3
Aid and Government expenditures abroad.....	5
Economic policy and international objectives.....	6
Chapter II. The United States in the world economy.....	7
Role of the United States.....	7
United States and world trade.....	9
Importance of other areas.....	12
Service transactions.....	13
Investment, aid, and Government expenditures.....	14
U.S. payments and transfers.....	15
Chapter III. Fluctuations in prices and production.....	17
Fluctuations in prices.....	17
Fluctuations in production and employment.....	20
Stabilizing effect of the world economy.....	22
Responsibility of individual countries.....	24
Chapter IV. Economic growth and world payments.....	26
Growth in the United States and other regions.....	26
Capital, technology and growth.....	29
Increase in trade and investment.....	31
Payments effects of economic growth.....	33
Chapter V. International trade policy.....	36
U.S. reciprocal trade policy.....	36
Restrictions and discriminations.....	38
Regional preferences and multilateral trade.....	40
Future trade policy.....	42
Chapter VI. Food and raw materials problems.....	44
Surplus disposal program.....	45
Agricultural import policy.....	47
Long-term position of primary products.....	48
Fluctuations in prices of primary products.....	52
Stabilization of prices and export receipts.....	54
Chapter VII. U.S. private foreign investment.....	55
Direct investment.....	56
Portfolio investment and other private credit.....	59
International Bank for Reconstruction and Development.....	61
Cyclical fluctuations in capital flow.....	61
Restraint on foreign investment.....	65
Chapter VIII. U.S. aid and Government expenditures.....	67
International payments through Government account.....	67
U.S. military expenditures and military grants.....	69
Economic aid and Government loans.....	71
Exports and aid.....	74
Chapter IX. The problem of monetary reserves.....	76
Geographic distribution of monetary reserves.....	77
Reserve position of the United States.....	78

Study Paper No. 16—Continued	Page
U.S. monetary policy and reserves.....	80
Monetary reserves and the IMF.....	83
Problem of the reserve centers.....	84
Chapter X. Economic policy and international objectives.....	86
Economics and foreign policy.....	87
Objectives of foreign economic policy.....	88
U.S. resources and free world strength.....	89
A new aid policy.....	91

CHARTS

Chart 2-1. U.S. balance of payments, 1958.....	16
Chart 6-1. Relative prices of raw materials, 1958 adjusted for U.S. whole- sale prices.....	51
Chart 6-2. Prices of three primary products.....	52
Chart 7-1. U.S. direct investment abroad and investment in plant and equipment in manufacturing.....	63
Chart 7-2. New issues of U.S. corporate and foreign securities.....	64
Chart 7-3. Remittances from private foreign investment and net private foreign investment, 1951-59.....	66
Chart 9-1. Gold sales and increase in foreign dollar balances.....	81

TABLES

Table 2-1. U.S. dollar receipts of the rest of the world, 1950-58.....	9
Table 2-2. U.S. exports as share of world total (selected years and 1950- 58).....	10
Table 2-3. U.S. imports as share of world total (selected years and 1950- 58).....	10
Table 2-4. Geographic distribution of U.S. imports, 1957 and 1958.....	11
Table 2-5. World imports, by countries and regions, 1958.....	12
Table 3-1. Wholesale prices in selected countries, 1946-59.....	19
Table 3-2. Imports of leading industrial countries, 1957 and 1958.....	22
Table 4-1. Percentage increase in gross national product, adjusted for prices.....	28
Table 4-2. Value of world trade, 1948-59.....	31
Table 4-3. Share of countries and groups of countries in world exports, 1951-58.....	32
Table 4-4. GNP and imports, 1951-58.....	35
Table 5-1. U.S. imports and weighted average rate of duty, 1931-38 and 1946-58.....	37
Table 6-1. Government surplus crop holdings.....	45
Table 6-2. Agricultural exports, fiscal years 1955-59.....	46
Table 6-3. Estimates of world exportable production of green coffee, 1950- 51 to 1959-60.....	49
Table 7-1. U.S. net private capital outflow, 1946-58.....	56
Table 7-2. U.S. direct investment, new funds, 1946-59.....	57
Table 7-3. New funds going into direct investment, by geographic regions, 1956-58.....	57
Table 7-4. Distribution of U.S. direct investment by industry and area, end of 1958.....	58
Table 7-5. New foreign security issues in the United States by areas, 1951-58.....	59
Table 7-6. U.S. private foreign investment, except direct investment, end of 1958.....	60
Table 8-1. International receipts, payments, and transfers, U.S. Govern- ment, 1958.....	67
Table 8-2. Principal foreign expenditures and transfers of U.S. Govern- ment, 1946-58.....	68
Table 8-3. U.S. military expenditures abroad, by regions, 1946-58.....	69
Table 8-4. U.S. military grants, by regions, 1946-58.....	70
Table 8-5. Economic grants of the U.S. Government, by regions, 1946-58.....	72
Table 8-6. U.S. Government net capital outflow, 1946-58.....	73
Table 8-7. U.S. Government credits and claims, by regions, end of 1958.....	74
Table 8-8. Interest and principal payments on credits of U.S. Govern- ment, 1946-58.....	74

Study Paper No. 16—Continued

Table 9-1. Official gold and foreign exchange reserves of countries and regions.....	Page 78
Table 9-2. Principal constituents in the U.S. Reserve position, 1950-59.....	79
Table 9-3. Ratio of gross monetary reserves to imports, 1951-58.....	83

STUDY PAPER NO. 17, "PRICES AND COSTS IN MANUFACTURING INDUSTRIES," BY CHARLES L. SCHULTZE AND JOSEPH L. TRYON

I. Introduction.....	3
Basic method.....	3
Food and kindred products.....	6
Data and statistical methods used.....	7
Warnings on the use of the unit cost indexes.....	8
II. The pattern of changes in output, prices, and costs.....	10
Output.....	10
Prices and costs.....	15
Unit labor costs, average earnings, and demands.....	39
Wages, productivity, and unit labor costs.....	42
Unit labor costs and "product mix".....	45
Prices and costs in recession and recovery.....	46
Summary of conclusions.....	52
Appendixes:	
Appendix A. Sources of data and derivation of basic series for cost indexes.....	54
Wages and salaries.....	54
Net business income.....	54
Capital consumption allowances.....	55
Indirect business taxes.....	55
Index of physical output.....	56
Appendix B. The adjustment of aggregates to convert from a company reporting basis to an establishment reporting basis.....	56
Table B-1. Percent of gross product originating subtracted from and added to each industry to shift the basic series from company reporting basis to establishment reporting basis, 1954.....	58

TABLES

Table 1. Percent of total change in manufacturing output contributed by various industries.....	14
Table 2. Unit cost indexes for all manufacturing except petroleum and coal products.....	17
Table 3. Point contribution of each industry to unit cost index for all manufacturing.....	18
Table 4. Year to year changes in points of manufacturing industries in unit and cost index for all manufacturing.....	19
Table 5. Cost indexes for manufacturing industries.....	20
Table 6. Percent changes in prices, component costs per unit, gross margins, and output in manufacturing, 1948-56.....	32
Table 7. Relationship of changes in demands, unit labor costs and gross margins, 1948-56.....	34
Table 8. Consistency of actual behavior with expectations, 19 manufacturing industries, 1948-56.....	35
Table 9. Relationship of change in employment to change in average hourly earnings of production workers.....	40
Table 10. Relationship of changes in output to changes in average hourly earnings of production workers.....	40
Table 11. Relationship of changes in employment to change in average annual earnings (wage and salary workers).....	42
Table 12. Percent changes in compensation per employee, output per man-hour, and unit labor costs, manufacturing industries, 1948-56.....	43
Table 13. Comparison of unit labor costs, average compensation, and productivity, 15 manufacturing industries, 1948-56.....	44
Table 14. Comparison of productivity, average compensation, and unit labor costs, 15 manufacturing industries, 1948-56.....	44
Table 15. Comparison of 2 indexes of unit labor costs, all manufacturing industries.....	46

Study Paper No. 17—Continued	Page
Table 16. Changes in various prices in postwar recessions.....	47
Table 17. Changes in prices and unit costs in postwar recessions, manufacturing industries.....	49
Table 18. Behavior of labor cost and capital consumption per unit during declines and recoveries in output.....	51

STUDY PAPER NO. 18, "NATIONAL SECURITY AND THE AMERICAN ECONOMY IN THE 1960's," BY HENRY ROWEN

Acknowledgments.....	1
Summary.....	1

PART I. OUR SECURITY PROSPECTS IN THE 1960's

A. Our major military objectives.....	8
Deterring direct attack on the United States.....	9
Limiting damage and obtaining best war outcome if deterrence fails.....	13
The defense of major allies.....	17
Defense of other allies and of the free world.....	18
B. The evolution of U.S. postwar military policy—challenge and response.....	20
The strength of Russian ground forces.....	20
The nuclear breakthrough and beginnings of strategic air power.....	21
The development of thermonuclear weapons and advances in rocketry.....	24
C. The future of general war.....	26
The world annihilation view.....	26
The mutual suicide view.....	29
The deterrence-plus-insurance view.....	37
The extended deterrence view.....	40
The massive retaliation view.....	43
D. The direct defense of peripheral areas.....	45
Dependence on tactical nuclear forces.....	45
Establishment of independent nuclear forces.....	48
Use of nonnuclear forces.....	51
E. The arms race and its control.....	53
F. Outline for a defense policy.....	60

PART II. DEFENSE AND THE ECONOMY

A. How much defense should we buy?.....	63
Budget first versus strategy first.....	64
A balanced view.....	65
How much defense can we stand.....	68
Allied defense budgets.....	71
B. The significance of GNP for war.....	72
C. Implications of Communist growth.....	75
D. Some alternative budget trends.....	77

STUDY PAPER NO. 19, "DEBT MANAGEMENT IN THE UNITED STATES," BY WARREN L. SMITH

Summary.....	1
Chapter I. The Federal debt in perspective.....	17
Introduction.....	17
Budget and debt accounts.....	18
The Federal Reserve and debt management.....	24
Net claims against the Federal Government.....	26
Debt management and monetary policy.....	27
Changes in the public debt since World War II.....	28
Appendix to Chapter I: The economic significance of the trust funds.....	40
Chapter II. Present debt management techniques.....	43
Regular bill financing.....	43
Tax anticipation financing.....	44
Other cash offerings.....	46

	Page
Study Paper No. 19—Continued	
Refunding operations.....	52
Concluding comment.....	55
Chapter III. Recent debt management experience and problems.....	56
Survey of recent debt operations.....	56
The competitive position of Government securities.....	61
Other recent problems.....	72
Chapter IV. Economic effects of debt operations.....	80
Interest cost to the Treasury.....	81
Effects on the level of private expenditures.....	90
Debt management as a species of selective control.....	101
The outstanding debt as an automatic stabilizer.....	102
Combining interest cost and stabilization effects.....	107
The handling of budget deficits and surpluses.....	113
Appendix to chapter IV.....	116
Chapter V. Federal Reserve open market operations.....	118
An evaluation of the bills-only policy.....	120
Advantages of a more flexible open market policy.....	130
Conclusion.....	133
Chapter VI. Some suggestions concerning debt management policy.....	135
A suggested approach to debt management.....	135
Relation of debt management to other policies.....	137
Possible innovations in debt management technique.....	142
The interest rate ceiling.....	153

CHARTS

Chart I-1. Percentage distribution of publicly held marketable debt, fiscal years 1946-58.....	39
Chart III-1. Yields on Treasury, corporate, and municipal bonds, 1947-59.....	67
Chart IV-1. Illustrative interest-rate patterns.....	84
Chart IV-2. Term structure of interest rates: March 1958 and August 1959.....	87
Chart IV-3. Short-term and long-term markets.....	93
Chart IV-4. Short-term and long-term markets.....	94
Chart IV-5. Long-term debt.....	108
Chart V-1. Relation between weekly changes in Treasury bill rate and weekly changes in free reserves, January 1, 1958, to May 13, 1959.....	127
Chart V-2. Relation between weekly changes in Treasury bill rate and weekly changes in yield on long-term Treasury bonds, January 4, 1958, to May 30, 1959.....	128

TABLES

Table I-1. Ownership of U.S. Government securities, fiscal years 1946-59.....	18
Table I-2. Administrative budget, public debt change, and resulting change in Treasury's cash balance, fiscal years 1947-59.....	19
Table I-3. Relations between surplus or deficit in administrative budget and surplus or deficit in cash budget: Fiscal years 1947-59.....	20
Table I-4. Federal Government cash transactions with public: Fiscal years 1947-59.....	21
Table I-5. Summary of operations affecting public holdings of Federal securities: Fiscal years 1947-59.....	23
Table I-6. Publicly held debt and gross national product: 1947-58.....	28
Table I-7. Net public and private debt outstanding: 1947-58.....	29
Table I-8. Net interest paid by the Federal Government in relation to national income: 1947-58.....	31
Table I-9. Ownership of the publicly held Federal debt: Fiscal years 1946-59.....	34
Table I-10. Composition of the publicly held Federal debt: Fiscal years 1946-59.....	38
Table II-1. Regular Treasury bills outstanding: July 31, 1959.....	44
Table II-2. Sales and redemptions of tax anticipation bills and certificates, fiscal years 1953-59.....	45
Table III-1. Summary of operations affecting the publicly held debt by quarters, 1951-59.....	57
Table III-2. Comparison of surplus or deficit in cash budget and in national income and product accounts budget, 1957-59.....	74

Study Paper No. 19—Continued

Table III-3. Operations of U.S. savings bond program: Fiscal years 1947-59.....	Page 78
Table IV-1. Factors affecting money supply: December 31, 1954-September 25, 1957.....	103
Table IV-2. Changes in commercial bank holdings of marketable Treasury securities by maturity classification for specified periods.....	105
Table IV-3. Changes in holdings of Government securities by various investor groups, December 31, 1955-June 30, 1957.....	114

STUDY PAPER NO. 20, "THE POTENTIAL ECONOMIC GROWTH IN THE UNITED STATES," BY JAMES W. KNOWLES

PART I

Chapter I. The nature and significance of potential economic growth.....	1
The Employment Act goals.....	2
A dynamic economy.....	4
Economic growth.....	4
Current economic performance.....	5
Potential output versus capacity.....	6
The rate of employment.....	8
The measurement of potential growth.....	9
Chapter II. The determinants of potential economic growth.....	11
Supply, demand, growth, and output.....	11
Capacity and growth.....	12
The production function.....	13
Production in the individual plant versus the total economy.....	13
The design of an aggregate production function.....	16
Chapter III. The statistical analysis of output.....	19
The variables and their measurement.....	19
Three transformations.....	22
Fitting the production function to the historical data.....	28
The final equation.....	31
Interpreting the production function in economic terms.....	33
Potential output: 1909-60.....	35
Chapter IV. Potential growth: Prospects and problems.....	38
Alternative assumptions: 1959-75.....	38
The alternative projections.....	40
Implications of the projections.....	43

PART II

Technical materials.....	45
--------------------------	----

CHARTS

Chart I. Capacity, output, and potential—an explanatory sketch.....	6
Chart II. Computed gross stocks of business plant and equipment at constant (1959) prices (ratio scale).....	21
Chart III. Estimated percentages of original installations of plant and equipment surviving after the periods indicated.....	22
Chart IV. Gross national product in constant dollars and related variables, 1909-58.....	24
Chart V. Gross national product in constant dollars, 1909-58, actual versus predicted.....	32
Chart VI. Potential gross national product compared to actual 1909-59, and projected for 1975.....	36

TABLES

Table 1. The variables used in the analysis, and their components, 1909-58.....	26
Table 2. Actual, predicted, and potential gross national product in 1954 dollars for the United States, 1909-60.....	37
Table 3. Selected indicators of economic growth potentials.....	40

STUDY PAPER NO. 21, "POSTWAR MOVEMENT OF PRICES AND WAGES IN MANUFACTURING INDUSTRIES," BY HAROLD M. LEVINSON

	Page
I. Introduction.....	1
Sources and limitations.....	1
II. Wage movements in the postwar period.....	2
Wage patterns in the postwar period.....	7
III. The movement of manufacturing prices.....	13
Trends in specific manufacturing industries.....	17
Sources and limitations of data.....	19
IV. Summary.....	21

APPENDIXES

Appendix A. Sources of basic data.....	23
Appendix B. Cross-section correlation matrixes.....	49
Appendix C. Trends in individual industries relative to all manufacturing.....	54

TABLES

Table 1. Simple cross-section correlation coefficients between wage changes and selected variables, 1947-58.....	3
Table 2. Cross-section regress equations: Wages.....	4
Table 3. Simple time series correlation coefficients between annual changes in wages and selected variables, 1947-58.....	5
Table 4. Time series partial correlation coefficients between annual changes in wages and employment and profits, 1947-58.....	6
Table 5. Changes in wages, profit rates, concentration ratios, union strength, and employment in manufacturing industries, 1947-53 and 1953-58.....	7
Table 6. Wage-fringe adjustments in selected manufacturing industries, 1946-58.....	8
Table 7. Basic trends in the steel and automobile industries, 1947-58.....	11
Table 8. Wholesale price indexes in manufacturing industries, 1947-58.....	14
Table 9. Simple cross-section correlation coefficients between price changes and selected variables, 1947-58.....	15
Table 10. Cross-section regression equations: Prices.....	16
Table 11. Simple time series correlation coefficients between annual changes in prices and selected variables, 1947-58.....	17
Table 12. Time series partial correlation coefficients between annual changes in prices, output, and hourly earnings, 1947-58.....	17
Table 13. Basic trends in all manufacturing, 1947-58.....	18
Table 14. Ratio of indexes in specific industries relative to all manufacturing, 1947-58.....	20

SUPPLEMENTAL STAFF MATERIAL TO THE STAFF REPORT

Technical Note No. 1—The service section: Data on output, employment, prices, and income, by George W. Bleile.....	63
Technical Note No. 2—Productivity and output in the postwar period, by Thomas A. Wilson.....	129

STUDY PAPER NO. 22, "AN EVALUATION OF ANTITRUST POLICY: ITS RELATION TO ECONOMIC GROWTH, FULL EMPLOYMENT, AND PRICES," BY THEODORE J. KREPS

Introduction.....	1
I. What is the meaning of antitrust policy.....	2
II. Diversity of views concerning its impact.....	3
1. Antitrust policy potentially and actually beneficial.....	5
German cartel advocates disagree.....	6
Prewar regimes in France, Italy, and Japan disagree.....	7
Antitrust policy and totalitarianism.....	9
2. Antitrust policy beneficial if adequately enforced.....	10
Hearings on antitrust policy in 1955.....	11
The Antimerger Act of 1950.....	13
The ambivalent role of government.....	14
Exemptions from antitrust laws.....	17

Study Paper No. 22—Continued

	Page
3. Antitrust policy potentially effective with substantive amendments.....	18
Views of small automobile manufacturer.....	19
Reforms advocated by a distinguished legislator.....	20
4. Antitrust policy unworkable and detrimental.....	22
The NRA interlude.....	22
Resurgence of resistance to antitrust laws after World War II.....	23
III. Is the relation to antitrust policy to economic growth, employment, and price levels measurable?.....	24
Direct performance relationships not measurable.....	25
Indirect measurement via impact on structure.....	26
IV. The relation of antitrust policy to economic growth.....	27
V. The relation of antitrust policy to 'full' employment.....	29
Oligopsony in labor markets.....	31
Labor unions and the antitrust laws.....	32
Complaint against high wages.....	34
VI. The relation of antitrust policy to price levels.....	35
Antitrust policy and farm prices.....	37
Target-return pricing.....	41
Summary of findings.....	42
Appendix.—Billionaire enterprises—Business versus Governmental, ranked according to size.....	47

STUDY PAPER NO. 23, "THE STRUCTURE OF UNEMPLOYMENT IN AREAS OF SUBSTANTIAL LABOR SURPLUS," BY BUREAU OF LABOR STATISTICS

Part I.....	4
Unemployment.....	6
Personal characteristics of the unemployed.....	7
Industry and occupation of latest job held by the unemployed.....	8
Duration of unemployment.....	11
Employment.....	13
Industry and occupation.....	13
Hours of work.....	14
Population and labor force.....	15
Appendix to part I.....	20
List of areas included in each class.....	20
Sampling errors for estimates of characteristics of the labor force from the MLRF sample.....	21
Standard error of level of estimates.....	22
Standard errors of percentages.....	22
Part II.....	22
Introduction.....	22
Age, sex, and marital status.....	24
Industry and occupation.....	25
Exhaustions, duration, and spells of insured unemployment.....	27
Appendix to part II.....	34
Sampling errors for estimates of characteristics of the insured unemployed from the 0.2 percent sample.....	34
The approximate sampling error in percentage terms.....	34

CHARTS

Chart 1. Industrial composition of the unemployed, by loan market area grouping: Spring 1959.....	10
Chart 2. Long-term and short-term unemployed, by labor market area grouping: Spring 1959.....	12
Chart 3. Labor force participation rates for men by age, by labor market area grouping: Spring 1959.....	18
Chart 4. Labor force participation rates for women by age, by labor market area grouping: Spring 1959.....	19
Chart 5. Occupational distribution of the insured unemployed in distressed and other areas: July 1956 to June 1957.....	33

Study Paper No. 23—Continued

TABLES

Table 1. Unemployment by age and sex, by labor market area class, spring 1959.....	7
Table 2. Unemployment by marital status, color, and sex, labor market area class, spring 1959.....	8
Table 3. Unemployment by industry of last job, labor market area class, spring 1959.....	9
Table 4. Unemployment by occupation group, by labor market area class, spring 1959.....	11
Table 5. Unemployment, by duration, by labor market area class, spring 1959.....	13
Table 6. Employment by industry group, by labor market area class, spring 1959.....	13
Table 7. Employment by occupation group, by labor market area class, spring 1959.....	14
Table 8. Employment in nonfarm industries by hours of work, by labor market area class, spring 1959.....	15
Table 9. Civilian noninstitutional population by age and sex, by labor market area class, spring 1959.....	15
Table 10. Labor force status by age and sex, by labor market area class, spring 1959.....	17
Table 11. Insured unemployment by type of area, by age, sex, and marital status, July 1956 to June 1957.....	25
Table 12. Insured unemployment by type of area, by industry, July 1956 to June 1957.....	26
Table 13. Insured unemployment by type of area, by occupation, July 1956 to June 1957.....	27
Table 14. Duration and spells of insured unemployment by type of area, by age, sex, and marital status, July 1956 to June 1957.....	28
Table 15. Duration and spells of insured unemployment by type of area, by industry, July 1956 to June 1957.....	30
Table 16. Duration and spells of insured unemployment by type of area, by occupation, July 1956 to June 1957.....	31

INDEX TO STAFF REPORT

STAFF REPORT ON EMPLOYMENT, GROWTH, AND PRICE LEVELS

	Page v
Letters of transmittal.....	
CHAPTER SUMMARIES	
Chapter 1. Introduction.....	XXI
Chapter 2. Economic growth in the long run.....	XXIII
Chapter 3. The slowing down of the economy during recent years.....	XXV
Chapter 4. Potential growth.....	XXVI
Chapter 5. The postwar inflation.....	XXVII
Chapter 6. The problem of unemployment.....	XXVIII
Chapter 7. The problem of American agriculture.....	XXIX
Chapter 8. Fiscal policy.....	XXXI
Chapter 9. Monetary policy and debt management.....	XXXIII
Chapter 10. Public policy and market power.....	XXXVII
Chapter 11. America's role in a changing world economy.....	XXXVIII
CHAPTERS	
Chapter 1. Introduction.....	1
Chapter 2. Economic growth in the long run.....	33
Chapter 3. The slowing down of the economy in recent years.....	67
Chapter 4. Potential growth.....	97
Chapter 5. The postwar inflation.....	103
Chapter 6. The problems of unemployment.....	161
Chapter 7. The problems of American agriculture.....	189
Chapter 8. Fiscal policy.....	205
Chapter 9. Monetary policy and debt management.....	315
Chapter 10. Public policy and market power.....	431
Chapter 11. U.S. position in the World economy.....	441
CHAPTER 1. INTRODUCTION	
I. Our economic objectives.....	1
A. Economic growth.....	1
1. What is economic growth?.....	1
2. How is economic growth used?.....	2
(a) Rising standards of living.....	2
(b) Public responsibilities.....	3
1. The military security of the American people.....	3
2. Economic aid to underdeveloped countries.....	4
3. Domestic public responsibilities.....	4
B. The importance of high-level employment.....	6
C. The importance of price-level stability.....	7
II. The American growth potential.....	7
III. The recent record.....	9
IV. Economic growth and price stability.....	9
A. Three theories of growth and prices.....	10
1. Promoting growth by fighting inflation.....	10
2. Fighting inflation by promoting growth.....	13
3. Growth and inflation as separate problems.....	14
B. Inflation and growth in recent years: An analysis.....	14
1. Causes of the recent inflation.....	14
(a) Inflation and economic instability.....	15
(b) The exercise of market power.....	16
(c) Inflation in the services sector.....	17
2. The slowdown in economic growth: Its causes.....	18
(a) Economic instability.....	18
(b) Inadequate growth of demand.....	19
(c) Trouble in the goods sector.....	20
3. The causes of economic instability.....	21

	Page
V. Economic policies for growth and price-level stability	21
A. Economic policy in recent years	22
1. Monetary policy	22
2. Fiscal policy	24
B. Monetary and fiscal policies to reconcile price level stability and economic growth	26
C. Debt management	27
D. Policies to reduce the inflationary effect of the exercise of market power	28
(a) An annual labor-management conference	29
(b) Direct intervention in key price and wage decisions	29
E. Increasing the supply of services	30
F. Improvement in the price indexes	30
G. Policies to strengthen long-term growth	31
VI. The problems of American agriculture	32

CHAPTER 2. ECONOMIC GROWTH IN THE LONG RUN

I. The measurement of economic growth	33
II. The long-run record of growth	34
A. The growth of output	34
B. The growth of consumption	34
C. The rate of growth of output has been uneven	34
D. The allocation of growth: Uses of GNP	38
III. Factors in our growth	40
A. The growth of supply versus demand	40
IV. The long run growth of supply	41
A. Expansion of labor force	41
B. Shortening number of hours of work	41
C. Rising productivity	44
D. Capital	44
E. The rising quality of the labor force	45
1. Education	45
2. Increasing skills	47
3. Improving health	47
F. Technological progress	48
G. Resources	48
H. Interindustry shifts	50
I. Concluding comment on the long-run increase in the supply of output	50
V. The longrun growth of demand	50
VI. Longrun policies for growth	52
A. Provision for an adequate growth of demand	53
B. Improvement of the labor force: The potential of education	53
C. Improvement of the labor force: Health	56
D. Maintaining the rate of productivity advance: Facilitating the introduction of new technology	56
E. Maintaining the rate of productivity advance: Raising skills	58
F. The promotion of science and technology	59
G. Accelerating the accumulation of capital	63
H. Resource policy	64
I. Strengthening the competitiveness of the economy and improving the allocation of resources	64
J. Preservation of a stable political and economic system	65
K. Encouragement of individual initiative	65
L. Provision of public services and investments	65

CHAPTER 3. THE SLOWING DOWN OF THE ECONOMY DURING RECENT YEARS

I. Introduction	67
II. The magnitude and cyclical characteristics of the decline in growth	67
III. Further evidence of weakness: underutilization of labor and capital	70
A. Capital	70
B. Labor	71
C. Underutilization of labor and capital in the 1958-59 recovery	74

	Page
IV. Causes of the decline: Trouble in the goods sectors.....	74
A. Why growth slowed down at the end of 1955.....	74
B. The shift toward service.....	79
1. Demographic changes.....	79
2. The erosion of the growth of consumers purchasing power.....	80
(a) The growth of disposable income has slowed down.....	81
(b) Service expenditures as family overhead costs.....	81
C. Summary of trouble in the goods sectors.....	82
V. Results of the trouble in the goods sector: Underutilization and slowed growth of productivity.....	83
A. The absorption of labor by the services and trade sectors..	83
1. Was labor pulled into services and trade by demand..	85
2. Services as a sponge for labor.....	87
3. Meaning of shift for growth.....	88
B. The decline in the growth of aggregate productivity.....	88
1. The effect of labor shifting between sectors.....	89
2. The behavior of productivity between sectors.....	90
C. Summary of analysis of productivity growth.....	93
VI. Summary and policy implications.....	94
A. Summary.....	94
B. Policy implications.....	95

CHAPTER 4.—POTENTIAL GROWTH

The determinants of potential economic growth.....	97
1. Labor.....	98
2. The stock of capital.....	98
3. The age of capital.....	99
4. All other variables.....	99
The potential economic growth to 1975.....	100

CHAPTER 5.—THE POSTWAR INFLATION

The historical record.....	103
Some problems of the price indexes.....	106
The gains and losses from inflation.....	110
The distribution of income.....	110
The distribution of wealth.....	112
The volume of real output and its rate of growth.....	114
Theories of the inflationary process.....	114
Demand-pull inflation.....	115
Market-power inflation.....	115
Structural inflation.....	116
The complex real world.....	117
The Product market.....	118
Manufacturing.....	118
Steel.....	123
Machinery.....	124
Other manufacturing.....	125
Construction.....	126
The Service industries.....	130
The diverse nature of the Service industries.....	131
Medical care.....	133
Unskilled services.....	134
Skilled services.....	135
Summary.....	136
The labor market:	
The movement of industrial wages.....	136
The structure of wages.....	145
Wage trends in nonmanufacturing industries.....	149
Wage "patterns" in the postwar period.....	150
Developments during 1955-58.....	154
General conclusions.....	156
Summary.....	158

CHAPTER 6.—THE PROBLEM OF UNEMPLOYMENT

	Page
Introduction.....	161
The historical record.....	162
Long-term trends.....	162
Postwar experience.....	162
Effect of recessions.....	162
Unemployment in prosperous times.....	165
Unemployment of long duration.....	167
Who are the unemployed.....	167
By age.....	167
By sex.....	168
By major occupation group.....	168
Unemployment a growing problem.....	170
Structural unemployment rising.....	170
Characteristics of areas with persistent labor surplus.....	176
Chronically depressed areas.....	178
Major areas with chronic labor surpluses.....	179
Causes of chronically depressed conditions.....	179
Outlook for depressed areas.....	180
Difficulties of business revival.....	181
Long-term unemployment not merely a problem of depressed areas.....	182
Policies for dealing with unemployment.....	183
Reduction of frictional unemployment.....	183
Policies for cyclical unemployment.....	183
Policies relating to structural unemployment.....	184
(a) Relocation of workers.....	184
(b) Training and retraining workers.....	185
(c) Income maintenance for persistent unemployment.....	185
(d) Aid for chronically depressed areas.....	185
Federal policy: What has been done?.....	185
State and local efforts.....	186
Outlines of Federal policy for depressed areas.....	186

CHAPTER 7. THE PROBLEMS OF AMERICAN AGRICULTURE

Introduction.....	189
I. The problems of overproduction.....	189
II. Falling farm incomes.....	191
III. The stability of farm incomes.....	195
IV. Poverty in agriculture.....	195
V. The accumulation of surpluses and the drain on the Federal budget.....	196
VI. Agriculture and the price level.....	198
VII. Policies for American agriculture.....	200
Policies to deal with overproduction and falling farm incomes.....	200
Policies for low-income farmers.....	203

CHAPTER 8. FISCAL POLICY

I. Fiscal policy and the Employment Act's objectives.....	205
A. Dimensions of fiscal policy.....	207
1. Short-run economic stabilization.....	207
2. Secular focus on economic growth.....	208
B. Constraints against the use of fiscal policy to achieve the Employment Act's objectives.....	208
C. The mechanics of fiscal policy.....	210
(1) Basic budget-income relationships.....	210
(2) Differences in effects on income of different types of expenditures and revenue sources.....	211
(3) Built-in fiscal stabilizers.....	212
(4) Repercussions of fiscal developments on monetary conditions.....	212
(5) The impact of Government orders on economic activity.....	213

	Page
II. The record of postwar fiscal policy-----	215
A. The stabilization record-----	215
1. Postwar reconversion and expansion: 1946-48-----	217
(a) Reconversion: 1946-----	217
(b) Expansion: 1947-----	220
(c) The 1948 boomlet and tapering off-----	222
(d) Overall appraisal of fiscal policy, 1946-48-----	225
2. The recession of 1949-----	227
3. Recovery and Korea: 1950-53-----	231
4. The 1953-54 recession-----	238
5. Recovery and boom: 1954-55-----	242
(a) Recovery in 1954-----	242
(b) The 1955 boom-----	244
6. Inflation on the level: 1956-57-----	245
7. Recession again: 1957-58-----	250
8. Recovery and expansion, mid-1958 and mid-1959-----	253
B. Secular changes in the Federal fiscal framework-----	255
1. The decline in fiscal restraint-----	256
2. The change in mix of fiscal and monetary policies-----	258
3. Secular trends in the Federal tax structure-----	260
4. Implications of secular trends in Federal expenditures for economic stability-----	262
III. Improving Federal fiscal policy for economic growth and stability---	263
A. Increasing the contribution of Federal fiscal policy to economic stability-----	263
B. Changes in the framework of Federal fiscal policy in the inter- est of a higher rate of growth-----	268
 CHAPTER 9. MONETARY POLICY AND DEBT MANAGEMENT 	
I. Monetary policy and debt management since 1946-----	315
A. Preaccord monetary debt policy-----	315
The wartime background-----	315
The immediate postwar situation-----	317
Monetary-debt policy in 1947-48-----	318
The 1949 recession-----	321
Recovery and the beginning of the Korean war-----	321
The Treasury-Federal Reserve controversy and the Douglas committee report-----	322
The Treasury-Federal Reserve accord of March 1951-----	323
B. Monetary-debt policy since the Treasury-Federal Reserve accord-----	324
Immediate postaccord policies-----	324
The 1950 boom in residential construction-----	324
Monetary policy in 1951-52-----	325
The 1953 changes in open-market policy: the adoption of bills only-----	325
The new administration's attitudes toward debt manage- ment-----	326
Monetary-debt policies in the first half of 1953-----	329
The recession of 1953-54-----	329
Debt management during the recession-----	331
Easy money and the expansion in residential construc- tion-----	332
The beginning of restrictive monetary policy in early 1955-----	332
Residential construction in 1955-57-----	333
Consumer credit and the automobile boom in 1955-----	333
Monetary and economic developments during 1955-57-----	334
Commercial bank adjustments, 1955-57-----	337
Fiscal policy and debt management in 1955-57-----	338
The recession of 1957-58-----	338
The beginning of recovery in 1958-----	339
Debt management in 1957-58-----	340
The speculative episode of mid-1958-----	340
Interest rate adjustments in 1958-59-----	341
Monetary policy in 1958-59-----	342
Summary of monetary-debt policy since the accord-----	343

	Page
II. Some limitations on the overall effectiveness of monetary policy.....	344
A. The effects of commercial bank portfolio adjustments.....	346
B. Adjustments in corporate liquidity.....	349
C. Effects of financial intermediaries on velocity.....	351
D. Changes in holdings of Treasury securities by investor groups.....	356
E. Other offsets to monetary controls.....	357
F. Why can't induced velocity changes be offset?.....	359
1. Need to keep the financial market on an even keel.....	359
2. Debt management problems.....	360
3. Uncertainty.....	360
4. Uneven incidence of monetary policy.....	361
Summary of limitations on overall effectiveness of monetary policy.....	361
III. The effect of general credit controls on the major sectors of the economy.....	362
A. Residential construction.....	363
B. Business plant and equipment expenditures: General.....	368
C. Plant and equipment: Public utilities.....	376
D. Effects on small versus large firms.....	378
E. State and local government expenditures.....	381
F. Consumer durable goods.....	385
G. Inventory investment.....	390
H. Lags in monetary policy.....	392
I. Concluding comment.....	393
Summary.....	393
IV. Possibilities of making monetary policy more effective.....	394
A. Policies directed at stable growth of output.....	394
Plant and equipment.....	396
1. Increasing the influence of the interest rate.....	396
2. Other possibilities.....	398
Consumer durable goods.....	398
Inventory investment.....	399
Residential construction.....	400
Summary.....	401
B. Monetary policy and inflation.....	401
C. Alternative proposals for monetary policy.....	403
1. Steady growth of the money supply.....	403
2. Continuation of present policies.....	404
D. Techniques and administration of monetary controls.....	405
The discount rate.....	405
Reserve requirement changes.....	405
Open market operations.....	406
Administrative arrangements.....	407
Summary of suggestions for making monetary policy more effective.....	408
V. Debt management.....	409
The size of the debt.....	409
Interest cost of the debt.....	411
Volume of debt operations.....	412
Composition of the debt.....	412
Ownership of the debt.....	414
1. Investors whose holdings have declined steadily.....	414
2. Investors whose holdings have increased steadily.....	415
3. Investors whose holdings have fluctuated substantially.....	415
The competitive position of Government securities.....	415
Principles of debt management.....	416
1. Interest-rate effects.....	416
2. Liquidity effects.....	417
Interest cost of the debt as a policy consideration.....	418
Combining economic stabilization and cost minimization.....	419
Present debt management techniques.....	420
Bill financing.....	420
Fixed-price issues.....	420
Underwriting of short-term cash offerings.....	421
Refunding operations.....	421

V. Debt management—Continued	Page
A program for improved debt management	422
Reducing the magnitude of the problem	422
1. Less restrictive monetary policy	422
2. A better "mix" of monetary policies	422
3. Greater reliance on selective credit controls	422
4. Open market operations versus reserve requirement changes	423
Possible improvements in debt management	424
1. Auctioning of longer term securities	424
2. Frequent small offerings	425
3. Regularizing debt operations	425
4. More effective underwriting	425
5. Better selling organization	426
6. Elimination of erratic fluctuations in bond prices	426
7. Advance refunding	426
8. Call features	427
9. Purchasing-power bonds	427
The interest-rate ceiling	427
Summary concerning debt management	428

CHAPTER 10.—PUBLIC POLICY AND MARKET POWER

Three alternative approaches	432
Policies to reduce market power and increase competition	432
Antitrust action	432
Recommendations for strengthening antitrust	433
Reductions of tariffs	434
The antitrust laws and labor unions	434
Policies to encourage businessmen and labor to restrain their use of market power	436
Greater Government participation in the price-wage setting process	437
Summary	439

CHAPTER 11. U.S. POSITION IN THE WORLD ECONOMY

Introduction	441
The postwar behavior of the U.S. balance of payments	441
1. The accounting framework	441
2. An overall view of the postwar record 1946-58	443
The U.S. overall payments balance	443
The gold drain	443
The export balance	446
Net governmental expenditures abroad	446
Private capital balances	446
Errors and omissions	446
Net private capital flows	447
Net Government capital outflows	447
Summary of changes in the items in the balance of payments	448
Some relationships among the items in the balance of payments	448
The U.S. trade position in the postwar period	451
1. The overall behavior of the trade balance	451
2. The U.S. share of world trade	452
3. Distribution of U.S. merchandise trade by area, 1946-58	454
4. Distribution of U.S. merchandise exports by kind, 1946-50	455
5. Changes in the market shares of U.S. exports	456
Wage-price comparisons	461
The special case of steel	463
The financial structure of U.S. private foreign investment, 1946-58	464
U.S. foreign investment in the postwar period	466
The value of U.S. direct foreign investments, 1950-58	467
U.S. Government foreign expenditure balances	470
Economic grants	471
Government net capital outflow	471
U.S. military expenditures abroad	472
Defense expenditures abroad for goods and services by major category	473

The impact of inadequate international liquidity upon the U.S. balance of payments.....	Page 475
The impact of transitory factors upon the U.S. balance of payments, 1947-58.....	480
Other special factors of major importance.....	482
The growth of regionalism.....	482
Review and discussion of the findings.....	486
1. The gold outflow.....	486
2. U.S. export competitiveness.....	486
3. The problem of international liquidity.....	487
4. The alternative.....	487
5. The functions and problems of a key currency nation.....	487
6. The problem of international liquidity.....	488
7. The problem of regionalism.....	488
8. Conclusions.....	489

CHARTS

Chart 2-1 Aggregate gross national product—Current and constant (1929) prices.....	35
Chart 2-2. Real gross national product (1929 prices)—Aggregate and per head.....	36
Chart 2-3. Personal consumption expenditures (1929 prices)—Aggregate and per full consumer.....	37
Chart 2-4. GNP and its allocation.....	39
Chart 2-5. Persons engaged, 1929=100.....	42
Chart 2-6. Average weekly hours—Production workers, manufacturing.....	43
Chart 3-1. GNP in constant (1954) dollars, index numbers.....	69
Chart 3-2. Capacity and output in manufacturing, 1948-59.....	72
Chart 3-3. Unemployment rate, 1946-59 (quarterly, seasonally adjusted).....	73
Chart 3-4. Consumer durable expenditures, and housing starts (seasonally adjusted at annual rates).....	75
Chart 3-5. GNP components, in constant dollars (1954).....	77
Chart 3-6. Nonagricultural employment—Analysis of increase by industry, 1953-57 and 1953-59.....	84
Chart 3-7. National income per person participating in production—in constant dollars—Services, 1929-58 (selected years)—Trade, 1929-57.....	92
Chart 5-1. Wholesale Price Index, 1720-1958, and Consumer Price Index, 1800-1958.....	107
Chart 5-2. Rates of unemployment, major sectors, 1946-58.....	140
Chart 5-3. Relationship between percentage changes in earnings and rates of unemployment, 1947-58.....	142
Chart 5-4. Distribution of industries, by amount of wage increases, selected periods, 1947-58.....	146
Chart 5-5. Negotiated settlements, first 6 months 1955 and 1959.....	156
Chart 6-1. Unemployment as a percent of the civilian labor force, seasonally adjusted, 1948-50, 1953-55, and 1957 to date.....	164
Chart 6-2. Comparison of actual and projected total labor force, annual average, 1950-59.....	166
Chart 6-3. Employment in three postwar recessions, selected industries, seasonally adjusted.....	171
Chart 6-4. Long-term unemployment in three recessions—persons unemployed 15 weeks or more.....	172
Chart 6-5. Employment in goods-producing industries compared with employment in service industries, annual averages, 1919-58.....	174
Chart 7-1. Productivity of farm labor.....	190
Chart 7-2. Persons supported by one farmworker.....	191
Chart 7-3. U.S. population and farm output.....	192
Chart 7-4. Parity ratio.....	193
Chart 7-5. Net income per farm, 1947-59 (current dollars).....	194
Chart 7-6. Price support holdings—Owned, under loan and purchase agreements.....	197
Chart 7-7. Food prices and Consumer Price Index.....	199
Chart 7-8. Price of wheat (average, 1954-55 and 1955-56) received by farmers.....	202
Chart 9-1. Excess reserves, discounts and advances, and free reserves, 1951-59.....	330
Chart 9-2. Selected interest rates, 1951-59.....	335

Chart 9-3. Private nonfarm housing starts, financed by conventional, FHA-insured, and VA-guaranteed mortgages, 1951-59 (seasonally adjusted annual rates).....	Page 364
Chart 9-4. Differential between yield on high-grade corporate bonds and ceiling interest rates on FHA-insured and VA-guaranteed mortgages, 1951-59.....	366
Chart 9-5. Expenditures on plant and equipment, 1947-59.....	369
Chart 9-6. Yields on outstanding and newly issued high-grade corporate bonds, 1947-59.....	370
Chart 9-7. Expenditures on plant and equipment by public utilities and railroads, 1947-59.....	377
Chart 9-8. State and local government construction contracts awarded (centered 12-month moving averages, 1947-59).....	384
Chart 9-9. Consumer expenditures on durable goods, 1947-58.....	386
Chart 9-10. Consumer installment credit outstanding, 1947-59.....	388
Chart 9-11. Percentage distribution of publicly held marketable debt, by maturity, fiscal years 1946-58.....	413
Chart 11-1. The relationship between U.S. net capital export and the U.S. trade surplus, 1946-58.....	449
Chart 11-2. Rates of direct U.S. private investment to total U.S. private investment, 1946-59.....	465

TABLES

Table 1-1. Selected indicators of economic growth potentials, 1959-75.....	8
Table 1-2. Growth of output and changes of prices, successive decades, in some advanced countries.....	12
Table 1-3. Average annual changes in per capita output and prices, by country, 1949-58.....	13
Table 1-4. Growth of gross national product and its components—Constant dollars, selected periods, 1953-59.....	19
Table 2-1. Trend of gross national product and personal consumption, 1839-1959.....	34
Table 2-2. Gross national product rates of growth, peak to peak.....	38
Table 2-3. Average rates of productivity before and after 1919, private domestic economy.....	44
Table 2-4. Educational attainment of the adult population 25 years old and over, by year of school completed.....	46
Table 2-5. School enrollment as a percent of school-age population.....	46
Table 2-6. Length of school term and student absenteeism.....	46
Table 2-7. Occupational distribution of experienced civilian labor force, 1940-57, and gainful workers, 1910-30, as a percent of total labor force.....	47
Table 2-8. Resource trends in the United States, 1870-1954.....	49
Table 2-9. Differences in education expenditures, amount of schooling.....	54
Table 2-10. Funds for research and development performance financed by the Federal Government, by industry, 1957.....	60
Table 2-11. Funds for research and development performance, by industry, 1956-57.....	61
Table 3-1. Indexes of production and capacity in manufacturing.....	70
Table 3-2. Average annual increase in civilian labor force, selected periods, 1947-59.....	71
Table 3-3. Growth of gross national product and its components in constant dollars, selected periods, 1947-59.....	78
Table 3-4. Growth of goods and services compared, selected periods, 1909-58.....	79
Table 3-5. Civilian population by age groups.....	80
Table 3-6. Inflation in prices of "overhead services".....	82
Table 3-7. Nonagricultural employment, industrial composition of increases during selected periods, 1925-59.....	85
Table 3-8. Increase in average annual earnings, 1953-57.....	86
Table 3-9. Average annual earnings and value added per person engaged in production: Services and trade compared with other private nonagricultural sectors (1958).....	86
Table 3-10. Ratio of part-time to full-time employees, by industry.....	87
Table 3-11. Comparison of growth in private gross national product with real product per man-hour.....	88
Table 3-12. Indexes of real product per man-hour for private economy, 1947-58.....	90

	Page
Table 3-13. Growth of real product per man-hour: Sectors of the private economy, 1947-57.....	90
Table 3-14. Service and trade: National income originating per person participating in production, 1929-58.....	93
Table 3-15. Average annual rates of growth in productivity in service and trade.....	93
Table 4-1. Selected indicators of economic growth potentials, 1959-75....	101
Table 5-1. Changes in the price level, 1945-59.....	104
Table 5-2. Percentage change in prices in selected sectors, 1947-58.....	105
Table 5-3. How family income was shared by income tax and by the top 5 percent, 1935-36, 1944, 1954, 1957.....	112
Table 5-4. Trends in output, prices, profits, wages, and employment in manufacturing, 1947-58.....	119
Table 5-5. The rise in industrial prices, a component analysis of change in the wholesale price index, excluding food and farm products.....	122
Table 5-6. Value added price indexes in manufacturing industries, 1947-58....	123
Table 5-7. Trends in manufacturing industries, 1947-57.....	126
Table 5-8. Price and output trends in construction, 1947-58.....	127
Table 5-9. Output trends in the service industries, 1947-58.....	131
Table 5-10. Price trends in the service industries, 1947-58.....	132
Table 5-11. Percent increase in wages in selected service and manufacturing industries, 1947-58.....	135
Table 5-12. Employment, unemployment, and earnings in the entire economy and in selected major sectors, 1945-58.....	136
Table 5-13. Changes in earnings, profit rates, concentration ratios, and estimated union strength, 1947-53 and 1953-58.....	148
Table 5-14. Cross-section correlation coefficients between changes in straight-time hourly earnings, profits, concentration ratios, and production worker employment in manufacturing industries, 1947-58.....	149
Table 5-15. Wage and fringe adjustments in selected industries, 1946-58....	151
Table 5-16. Profits in the steel and automobile industries, 1947-58.....	154
Table 6-1. Increase in rates of unemployment during business declines, 1900-1958.....	163
Table 6-2. Persons unemployed 15 weeks or more by major occupation group, March 1958 and 1959.....	167
Table 6-3. Unemployment by age and sex, March 1957, 1958, and 1959....	168
Table 6-4. Unemployment by major occupation group, March 1958 and 1959.....	169
Table 6-5. Unemployment by color and sex, March 1957, 1958, and 1959....	169
Table 6-6. Selected measures of the duration of unemployment, 1948, 1952, and 1956.....	173
Table 6-7. Changes in unemployment between 1948 and 1956, by major industry group for wage and salary workers.....	175
Table 6-8. Unemployment by labor market area group, by age and sex, April and May 1959.....	177
Table 6-9. Unemployment by labor market area group, by duration of unemployment, April and May 1959.....	178
Table 6-10. Unemployment and unemployment rates, major areas with chronic labor surpluses, September 1959 and annual averages 1954-59....	181
Table 7-1. Reduction in number of farms, selected periods.....	192
Table 7-2. Relation of farm size and output share.....	195
Table 7-3. Expenditure for stabilization of farm prices and income, 1954-59.....	196
Table 7-4. Price support holdings, owned under loan and purchase agreements, United States, by quarters, June 1948 to June 1959.....	198
Table 8-1. Unemployment as a percent of the civilian labor force, by quarters, seasonally adjusted annual rates, 1946-59.....	275
Table 8-2. Gross national product or expenditure, seasonally adjusted quarterly totals at annual rates, 1946-58.....	276-279
Table 8-3. Gross national product or expenditure, seasonally adjusted quarterly totals at annual rates, in constant dollars, 1947-58.....	280-283
Table 8-4. Defense obligations for hard goods and new and unfilled orders and inventories in durable goods manufacturing industries, quarterly, 1946-59.....	284-285
Table 8-5. Government receipts and expenditures, seasonally adjusted quarterly totals at annual rates, 1946-58.....	286-293
Table 8-6. Implicit price deflators for seasonally adjusted quarterly gross national product or expenditure, 1947-58.....	294-297

Table 8-7. Personal income and its disposition, seasonally adjusted quarterly totals at annual rates, 1946-58.....	Page 298-301
Table 8-8. Consumer and wholesale price indexes, all items, quarterly, 1948-58.....	302
Table 8-9. Expenditures for new plant and equipment (excluding agriculture), seasonally adjusted quarterly totals at annual rates, in current prices and constant (1954) dollars, 1947-58.....	303
Table 8-10. Selected items of Federal expenditures and purchases, seasonally adjusted quarterly totals at annual rates, 1946-58.....	304
Table 8-11. Corporate profits before and after tax, seasonally adjusted quarterly, totals at annual rates, 1946-59.....	305-306
Table 8-12. Employment as percent of civilian labor force, and Federal surplus or deficit on income and product account as percent of gross national product, quarterly, seasonally adjusted at annual rates, 1946-58.....	307
Table 8-13. Employment as percent of labor force, and excess of Federal cash receipts from the public over payments to the public as percent of gross national product, quarterly, seasonally adjusted at annual rates, 1946-58.....	307
Table 8-14. Relationship of Federal surplus on income and product account as percent of GNP to seasonally adjusted rate of unemployment, 1946, third quarter, to 1951, second quarter, and 1954, first quarter, to 1958, third quarter.....	308
Table 8-15. Relationship of Federal "cash budget" surplus as percent of GNP to seasonally adjusted rate of unemployment, 1946, third quarter, to 1951, second quarter, and 1954, first quarter, to 1958, fourth quarter.....	308
Table 8-16. Federal cash receipts from and payments to the public, quarterly, 1947-59, before and after seasonal adjustment.....	309-310
Table 8-17. Gross and net national saving related to gross national product, seasonally adjusted quarterly totals at annual rates, 1946-58.....	311
Table 8-18. Percentage distribution of Federal, State, and local government receipts by source, 1946-58.....	312
Table 8-19. Percentage distribution of total (Federal, State, and local) taxes by quintiles of personal money income.....	313
Table 8-20. Effective rate of tax (combined Federal, State, and local) by quintiles of personal money income.....	313
Table 8-21. Dollar limits of quintiles of personal money income.....	313
Table 8-22. Relative weights of Federal compared with State and local taxes.....	313
Table 8-23. Estimated relative weight of Federal taxes on saving and consumption, 1946-57.....	314
Table 8-24. Measures of stability in broad categories of Federal expenditures, selected periods, 1946-58.....	314
Table 9-1. Factors affecting money supply, December 31, 1941, to December 31, 1945.....	316
Table 9-2. Composition of the publicly held Federal debt, 1946-59.....	328
Table 9-3. Major debt-lengthening operations by the Treasury, October 1953 to February 1955.....	331
Table 9-4. Changes in selected interest rates, 1955-57.....	336
Table 9-5. Factors affecting the money supply, December 31, 1954, to September 25, 1957.....	337
Table 9-6. Major debt-lengthening measures by the Treasury, September 1957 to June 1958.....	340
Table 9-7. Comparison of changes in money supply and in income velocity during upward and downward movements of gross national product since the first quarter of 1947.....	345
Table 9-8. Factors responsible for changes in money supply during periods of monetary ease and restriction, November 26, 1952, to September 30, 1959.....	347
Table 9-9. Sources and uses of funds for nonfinancial corporations by sub-periods, June 30, 1954, to March 31, 1959.....	350
Table 9-10. Sources of funds supplied to the private sector by financial institutions other than commercial banks during periods of monetary ease and restriction, December 31, 1952, to December 31, 1958.....	355
Table 9-11. Average interest rates paid on various types of fixed-value redeemable claims, 1946-58.....	355

	Page
Table 9-12. Changes in holdings of Treasury securities during periods of monetary ease and restriction, November 30, 1952, to August 31, 1959.	357
Table 9-13. Expenditures on fixed capital investment by the corporate and unincorporated business, 1952-58.	379
Table 9-14. Sources and uses of funds, State and local governments, 1954-59.	382
Table 9-15. Increments on the school-age population, 1950-59.	385
Table 9-16. Relation between different concepts of the public debt, fiscal years 1946-59.	410
Table 9-17. Ownership of the publicly held Federal debt, fiscal years 1946-59.	415
Table 11-1. Summary of the U.S. balance of payments.	442
Table 11-2. Major elements within U.S. balance of payments.	445
Table 11-3. U.S. exports and imports, 1946-58.	451
Table 11-4. Ratios of the merchandise export balance to the merchandise export, 1946-58.	452
Table 11-5. U.S. exports as share of world total, selected years and 1950-58.	452
Table 11-6. U.S. imports as share of world total, selected years and 1950-58.	453
Table 11-7. Share of countries and groups of countries in world exports, 1951-58.	453
Table 11-8. U.S. exports and imports of merchandise, by continent, selected years, 1946-58.	454
Table 11-9. Percentage distribution of U.S. exports and imports, by kind: Averages for 1946-50, 1951-55, and selected years.	455
Table 11-10. Absolute and percentage changes in U.S. commodity trade, 1954-58.	456
Table 11-11. The U.S. share of totals of exports from the United States, Western Europe, and Japan to the nonindustrialized nations, 1954-56 and 1958.	458
Table 11-12. U.S. share of total chemical exports by Western Europe, the United States, and Japan into the nonindustrialized nations—1954-56 and 1958.	459
Table 11-13. U.S. share of total machinery and transport exports by Western Europe, the United States, and Japan to the nonindustrialized nations—1954-56 and 1958.	460
Table 11-14. U.S. share of total miscellaneous manufactures exports by Western Europe, the United States, and Japan to the nonindustrialized nations—1954-56 and 1958.	460
Table 11-15. Percentage changes in hourly earnings in the United States and five European nations, 1950-58.	462
Table 11-16. Ratios of 1958 indexes of percent increases in wages and prices to average indexes for 1954-56.	462
Table 11-17. Wholesale prices of steel: five countries, 1950-58.	464
Table 11-18. U.S. net capital outflow, 1946-58.	465
Table 11-19. Total of U.S. private investment, direct investment, and ratios of direct to total investment by groups of years, 1946-58.	466
Table 11-20. Value of direct private investment of U.S. investment abroad by industry groups.	467
Table 11-21. Percentage distribution of direct private investment of U.S. investment abroad by industry groups and areas.	468
Table 11-22. U.S. direct investments by areas, selected years, 1950-58.	469
Table 11-23. Distribution of book value of U.S. direct investments in Western Europe.	469
Table 11-24. Economic grants of the U.S. Government, by regions, 1946-1958.	471
Table 11-25. U.S. Government net capital outflow, 1946-58.	472
Table 11-26. U.S. military expenditures abroad, by regions, 1946-58.	473
Table 11-27. Defense expenditures abroad for goods and services, by major category, January 1953 through June 1959.	474
Table 11-28. Defense expenditures abroad for goods and services, by major country, January 1953 through June 1959.	474
Table 11-29. Gold, dollars, gold plus dollars, and imports for the world, the United States, and the world minus the United States.	476
Table 11-30. Annual rate of change.	477
Table 11-31. Ratio of reserves to imports.	477

INDEX TO COMMITTEE REPORT

REPORT OF THE JOINT ECONOMIC COMMITTEE (S. REPT. 1043)

	Page
Introduction.....	1
Conclusions.....	2
Policies.....	4
I. The Nation's economic objectives.....	7
Economic growth.....	7
High and stable rate of employment.....	9
Stability in the general level of prices.....	9
II. Past performance and future potential of the U.S. economy.....	11
The record on growth.....	11
Employment.....	13
The recent behavior of prices.....	15
Our growth potential.....	16
III. Fiscal policy.....	19
IV. Monetary policy.....	29
The purpose of the Treasury-Federal Reserve accord of 1951.....	29
Policies since the accord.....	29
Reasons for the shortcomings.....	30
A broader range of monetary tools.....	32
Expansion of money and credit for longrun growth.....	33
Truth in the cost of money.....	34
Summary of policy recommendations.....	34
V. Debt management.....	35
Introduction.....	35
Recommendations for improved debt management.....	36
The interest rate ceiling.....	36
VI. Policies to improve the structure of the economy.....	49
Reducing the exercise of market power.....	49
Strengthening antitrust policy.....	50
Reduction of tariffs.....	52
Patents.....	53
Voluntary restraint.....	53
Government participation in key price-wage decisions.....	53
Other changes to improve the structure of the economy.....	54
VII. The farm problem.....	55
Program for commercial agriculture.....	56
VIII. America's changing position in the world economy.....	59
The causes of the balance-of-payments deficit.....	59
Recommendations.....	60
Note by Senator William J. Fulbright.....	61
Supplemental views of Representative Wright Patman.....	63
Minority views.....	73
Additional views of Senator John Marshall Butler.....	93
Additional views of Senator Jacob K. Javits.....	135

APPENDIXES

Text of S. Con. Res. 13.....	143
Hearings, study papers, and reports prepared under Study of Employment, Growth, and Price Levels.....	145
Recommendations of the American Bankers Association Advisory Committee to the Treasury, 1952-59. (Excerpt from Hearings, pp. 1221-1228.).....	149

CHART

Unemployment rate, seasonally adjusted, January 1948 to date.....	14
-------------------------------------------------------------------	----

TABLES

	Page
Table 1.—Difference in gross national product in selected years if the economy grows at 2.5 percent, 3.5 percent, or 4.5 percent.....	3
Table 2.—Comparative rates of growth of gross national product in the United States by varying periods.....	11
Table 3.—United States of America compared with other advanced countries—annual average growth rates.....	12
Table 4.—Selected indicators of economic growth potentials, 1959–75.....	17
Table 5.—U.S. average annual growth rates, 1909–59.....	Facing 18
Table 6.—Disposition of advice of the American Bankers Association to the Treasury with respect to new issues, 1952–59.....	38
Table 7.—Reductions in member bank reserve requirements and comparisons with equivalent open-market purchases by Federal Reserve System, July 1, 1953, to December 31, 1959.....	45

