

An American Survey

From Our American Correspondent

Washington, September 6

A Balance Sheet of Agriculture—Steel Strike—Ford Pension Scheme—Coal Dispute—Stock Prices Up—Expansion of Consumer Credit—Decline in Bank Deposit.

MOST of the figures relating to the crop year that ended in June are in by now, making it possible to get a fairly accurate picture of America's agricultural economy; and in some ways, it is a very curious picture, too.

Farm prices and incomes in the U.S. this year have been generally below those in last year. August prices of farm products were 20 per cent below the peaks reached in 1948. Farm incomes in cash have dropped to 27 or 28 billion dollars from 30.8 billion in 1948. Nevertheless, farmers still look much the most prosperous section of the community, this side of the Atlantic.

This is because the total farm production has been running close to the record levels of 1948, two-fifths above the 1935-39 average! Despite larger exports and domestic consumption, therefore, crop inventories have been steadily going up during the last 12 months. The balance sheet of agriculture drawn up in the accompanying tables tells its own story.

But higher production and heavier carry-over have not brought down prices steeply, because of the farm prices support policies of the Federal Government, which are now under review, by the Congress. The balance sheet of agriculture shows that as on January, 1949 total assets of agriculture were valued at 8127 billion, i.e., 5 per cent higher than in 1948, while the total agricultural liabilities amounted to a little over 11 billion dollars, an increase of a little

BALANCE SHEET OF U. S. AGRICULTURE

(In millions of dollars)

	At Current Prices				At 1940 Prices		
	1940	1945	1948	1949	1940	1948	1949
ASSETS:							
Physical Assets							
Real Estate	33,642	46,813	62,813	65,168	33,642	33,642	33,642
Non-real							
Estate	15,171	25,754	36,657	40,286	15,171	17,832	19,995
Financial Assets							
Cash, U. S.							
Securities	4,975	15,778	21,939	21,860	4,975	21,939	21,860
Total	53,788	87,921	121,409	127,314	53,788	73,413	75,497
LIABILITIES							
Real Estate							
debt	6,586	4,933	4,882	5,108	6,586	4,882	5,108
Non-real Estate							
debt	3,404	3,437	4,186	6,076	3,404	4,186	6,076
Total	9,990	8,370	9,068	11,184	9,990	9,068	11,184

PRODUCTION AND EXPORT OF MAJOR CROPS

(in millions)

		Crop Years		
		1949	1948	1935-39
Corn (bushels)				
Production	.. ..	3,526	3,651	Average 2,316
Export	.. ..	..	120	44
Cotton (bales)				
Production	.. ..	14.6	14.6	12.9
Export	.. ..	..	4.8	5.3
Wheat (bushels)				
Production	.. ..	1,129	1,288	759
Export	.. ..	..	502	56

over \$2 billion over the previous year,



The steel industry, it had been mentioned in these columns, was prepared to contribute 10 cents an hour towards pension and welfare benefits, provided labour also agreed to pay its share. This the Union refused to do, with the result that from the 1st, steel workers went on strike. The strike in a basic industry Mike steel is going to have far-reaching effects not only on the U.S. economy but also on the rest of the world outside the Soviet block in so far as the latter is dependent on America. The strike is particularly ill-timed; it came just when the U.S. had recovered from the recession which had set in the first half of the year. If it continues for long, it may bring back the recession once again.

Already as a result of the strike, thousands of railway employees have been laid off; shortage of steel has forced scores of factories to trim their production schedules. Automobile manufacturers may soon have to curtail output. Westinghouse have started rationing deliveries to dealers and General Electric, too, may soon follow suit. Government are reported to be considering the imposition of controls on the export of steel in order to conserve domestic supplies.

Though the Taft-Hartley Act empowers the President to get an 80-day injunction against a strike in the case of a national emergency and to appoint a special investigation board, the immediate intervention of the Federal Government is regarded as unlikely. For, in this particular case, the Union had, in response to the President's request, voluntarily postponed the strike by 77

EXPORT OF FARM COMMODITIES

		(in millions of dollars)			
		Year ending June 30			
		1949	1948	1947	1935-39
		Average			
Grains	.. ..	1,704	1,748	1,341	95
Other foods	.. ..	850	1,078	1,230	178
Cotton	.. ..	815	314	594	318
Tobacco	.. ..	225	206	326	128
Others	.. ..	223	133	118	29
Total	.. ..	3,817	3,506	3,609	748

COMPARATIVE INCOME STATEMENT FOR AGRICULTURE

		(in millions of dollars)		
		1940	1947	1948
<i>How Net Income was obtained</i>				
Gross income from agriculture				
Cash receipts from farm marketings		8,364	30,014	30,545
Value of products retained on farms for home consumption		1,254	3,095	3,155
Rental value of farm homes		625	1,220	1,342
Total	.. ..	10,243	34,329	35,042
Non-Labour Production Costs				
Adjustments for changes in inventory		96	-1,059	639
Total net income from Agriculture		5,601	20,954	21,858
Government Payments		766	314	257
Total net income from Agriculture and Government Payments		6,367	21,268	22,115
<i>How Net Income was distributed</i>				
Wages to hired labour (cash & perquisites)		1,023	2,837	3,062
Net rent and Govt. payments to Landlords not living on farms		430	1,474	1,442
Interest to holders of farm mortgages		293	222	229
Returns to operators		4,621	16,735	17,382
		6,376	21,268	22,115

days, and a fact-finding board has already reported on the dispute. Besides, it would not be correct tactics for President Truman, who is bent upon repealing the Taft-Hartley Act, to have recourse to it. Whichever side can hold out and the trend of public opinion will determine the outcome.

The strike in the Ford Motor Company has been averted as a result of the Company agreeing to make a non-contributory payment of 10 cents an hour for pension and social benefits. This is expected to have a decisive influence on the other auto companies as well as on industry in general. The main features of the pension scheme are:

(1) Employees with 30 years' service with the Ford and 65 years of age can retire with monthly benefits of \$100 they must retire at 68.

(2) Employees with less than 30 years' service and of 65 years can retire at reduced benefits.

(3) Totally disabled employees can retire at 55 with flat benefits of \$50 monthly.

(4) A joint board of the company and Union representatives is to administer the pension fund.

The coal strike is taking an interesting turn. Although the

majority of the coal-miners continue to be on strike, the miners' leader John Lewis has ordered more than 100,000 anthracite workers back to work, because of the shortage of coal in some areas and the fears of substitution of oil for coal. He is expected to conclude a contract with the operators pretty soon, because of the probability of Presidential action by appointment of a fact-finding board, to which idea Lewis is opposed.

* * *

After the initial weakness on the commencement of strikes, stock prices are looking up, probably in anticipation of early termination of the disputes. September has been the peak month of trading on the New York Stock Exchange since 1946. In fifteen consecutive sessions sales exceeded a million-share mark, the highest being 1.72 million shares on September 13th. The total turnover in September was 23,837 million shares compared with 21.785 million in August this year and 17.563 million in September 1948. In spite of several setbacks during the month, such as devaluation of several currencies and

strikes in some major industries, stock prices reached higher levels for the third consecutive month. The total transactions in stocks in the first nine months of the year, however, totalled only 176.7 million as against 225.5 million in the corresponding period of last year, which will give an idea of the degree of recession that is now over.

In few countries does consumer credit play such an important part in promoting sales of merchandise as in the U.S.A. According to the latest figures, the total consumer credit outstanding on August 31 this year was \$16,452 million, which was \$1,636 million higher than last year.

Deposits of all banks in the U.S.A. and possessions totalled \$157 billion on June 30, 1949, about the same as a year before, but \$5 billion below the figure as on January 1st this year. The decline was in checking accounts, savings and time deposits actually showing a rise. On the side of assets, there was a decline of \$4 billion, mostly under loans. Bank capital showed an increase as did U.S. Government obligations.

The Economic Weekly

Devoted to
Current Economic and Political
Affairs

Published every Saturday.

Price: As. 8.

Annual Subscription Rs. 24/-
Post Free.

Six months Subscription Rs. 12/-

**BUY
VICTORIA
FABRICS**

**Dhoties, Sarees, Long Cloth,
Bed-Sheets, Towels, Etc.**

**THE
NEW VICTORIA MILLS
COMPANY LIMITED
CAWNPORE**

