

APPENDIX I
(TO CHAPTER II)

THE QUESTIONNAIRES

The length and the number of questionnaires prepared makes it impossible to reproduce them here in their entirety. Altogether 12 different ones were used, although many of them contained identical or similar questions. A few characteristic parts of three questionnaires are presented here.¹ Double asterisks indicate questions which the interviewer was instructed not to omit under any circumstances, single asterisks those which were to be omitted only if absolutely necessary.

From the Questionnaire for Retailers of Apparel and Housefurnishings

Section B. Prices and Qualities

****We** are studying the changes in prices and qualities since the GMPR. Are there any articles which you buy now at substantially the same prices as in May, 1942? Any articles for which you pay more than in May, 1942? Are there any articles the quality of which remained unchanged and any of which the quality is poorer?

- **B 1** Articles bought in which both price and quality are substantially the same as in May, 1942:
- **B 2** Articles bought in which price is the same but quality is poorer than in May, 1942:
- **B 3** Articles bought in which price is higher than in May, 1942:
 - B 4** Do the answers apply to selling prices? If not, what are the differences? Reasons for the differences.
 - B 5** When did the price changes occur? Continuously, or was there a period in which they were more pronounced than in other periods?
- **B 6** Why did prices change? (Ask with reference to specific article and watch out for the following considerations.)
 - 6.1** Because of changes in the price regulations.
 - 6.2** Because of formulas used by suppliers.
 - 6.3** Because of new articles introduced.
 - 6.4** Because of purchasing from new suppliers.
 - 6.5** Because of changes in discounts or markdowns.
 - 6.6** Other reasons.
- **B 7** Why did price and quality remain unchanged in some articles; price go up or quality deteriorate in others?
 - 7.1** Because of differences in regulations.
 - 7.2** Because of differences of compliance in different lines.
 - 7.3** Because one commodity is more controllable than the other.

¹ Several additional questions are quoted verbatim in the text.

- 7.4 Other explanations.
- B 8.1 Are the prices quoted by different suppliers for the same goods more uniform than before price control?
- 8.2 Are the differences between your prices and those of your competitors larger, the same, or smaller than before price control?
- **B 9.1 If now you put up the same money as in May, 1942 for (name the most important articles with higher prices or lower qualities) how does the merchandise you obtain compare? How much less is the merchandise worth? How much less would you have paid for that same merchandise when the GMPR went into effect?
- 9.2 If a customer spends the same amount of money as in May, 1942, in your store for . . . how does the merchandise he buys compare?

Section E. Evaluation of the OPA

- **We are interested in knowing what you think about the OPA.
- *E 1 Would you say that on the whole the OPA did a good job or a bad job, or did more good than harm, or more harm than good?
- *E 2 What would you say were the main positive achievements of the OPA in your line of business?
- *E 3 What would you say were the main mistakes made by the OPA in your line of business?
- *E 4 Has there been an improvement or a deterioration in the administration of price control in the last few months? In what way?
- *E 5 Would you say that the OPA regulations were generally fair or unfair?
- 5.1 Were some types of business benefited or hurt by the regulations? How? To what extent?
- *5.11 Small or large firms?
- 5.12 Manufacturers? Wholesalers? Retailers?
- 5.2 Do you think OPA has done better or worse in your line of business than in other lines?
- E 6 Are the OPA orders usually clear and easy to understand?
- E 7 Has the OPA done a satisfactory job in checking up on compliance with its regulations?
- 7.1 Or would you say that the methods of enforcing price control should be changed? How? Why?
- **E 8 Would you be in favor of changing the OPA regulations applied to your business? How? Why (Why not?)
- 8.1 By abandoning the GMPR? If so, what should be done?
- 8.2 What do you think of the proposal of introducing dollar-and-cent ceilings on the retail level?
- 8.3 What kind of formula ceilings would be appropriate?
- 8.4 Should ceilings be made simpler or be differentiated to a larger extent?
- *8.5 What would be the effect on prices of the changes you favor?
- E 9 What were the effects of price control on supplies?
- 9.1 Have price ceilings, in your opinion, hampered production?
- E 10 Should the OPA be abolished or reorganized?

From the Questionnaire for Manufacturers of Apparel and Housefurnishings

Section C. Sales and Assortment

- **C 1 It has frequently been said that selling merchandise has become easier than before the war. What has been your experience in this respect?
- 1.1 Does that mean that everything you have to offer now finds a ready market? Exceptions? When? What?
- *1.2 Do you still try to increase the market for your goods?
- 1.21 If not, since when?
- 1.22 If so, how? When? Why? Promotions; advertising (unchanged, increased or reduced)? Any changes in number and function of your salesmen?
- C 2 Do changes in demand or customers' wishes determine the type and assortment of merchandise you produce? In what respect?
- **C 3 What other important considerations govern your taking up the production of new merchandise, or of new styles, grades, patterns?
- **3.1 What considerations govern your discontinuing old merchandise or old styles, grades, patterns? (Watch out for the following considerations.)
- a. Government orders.
- b. Shortages.
- c. Changes in demand.
- d. Larger or smaller profits in different types of goods.
- e. Evasion of regulations.
- *3.2 What changes in the assortment or in the proportion of the goods produced have you made in 1942 and 1943? (Try to get description of specific instances.) Why were the changes made?
- C 4 Can you satisfy the demand of your customers?
- 4.1 If not, since when?
- **4.2 What do you do about it? In what way do you allocate your merchandise?
- *4.3 Do you have a preference for certain types of customers?
- 4.4 Do you treat all customers alike?
- Important considerations:
- a. Preference for large or small customers.
- b. Preference for old customers.
- c. Business friendship.
- 4.5 Do you consider the question of how urgent your customers' needs are?
- *4.6 How do you treat new customers?
- 4.7 Are there more or less changes in your clientele than there used to be? Why?
- 4.8 Do customers complain about your allocation of goods?
- 4.81 More or less frequently than they used to?

From the Questionnaire for Wholesale and Retail Grocers (June-July, 1943)

Section B. The New Grocery Regulations

- **We are interested in finding out how the new markup and dollar-and-cent ceilings on groceries work. Would you tell us what you think about these regulations? What are your main complaints, what your main recommendations?
- B 1 How did the regulations affect you?
- **1.1 Is your margin satisfactory? In what commodities, yes? In what commodities, no?

- 1.2 Is your task too complicated? In what respect?
- 1.3 Are frequent recalculations necessary?
- B 2 What do you think of the regulations from the point of view of stabilizing prices?
 - **2.1 Do the regulations assure price stability?
 - 2.2 Do the regulations help enforcement?
 - *2.3 Has compliance with the regulations improved or deteriorated?
- *B 3 Are the differences in the markups of the various commodities justified?
 - *3.1 How do the markups compare with those which you had before the regulations went into effect?
 - *3.11 In which articles did the markups increase, in which did they remain unchanged, in which did they decrease?
- **B 4 What do you think of the retail store differentials (the classification of wholesalers)?
 - 4.1 Are the different classes of retailers (wholesalers) properly determined?
 - 4.2 Do the differences in margins compensate for services rendered?
 - 4.3 What do you think of the publicity given to store differentials?
 - *4.4 Have the differentials caused any shift in consumer buying (in retailers' buying)?
- *B 5 Did the ceilings have any effect on the assortment of goods you carry?
 - 5.1 Have you discontinued carrying available merchandise because margins are insufficient?
 - 5.2 Do you feature certain merchandise because margins are favorable?
- *B 6 Selling below ceilings.
 - 6.1 Has it become more or less frequent since the new regulations went into effect?
 - 6.2 How frequent is selling below ceilings? In what commodities? How much below ceilings?
- **B 7 How do the new regulations compare with those which they replaced?
 - 7.1 Were the new regulations necessary? If so, why?
 - 7.2 What would you say are the main differences between the new and the old regulations?
 - 7.3 Which do you prefer? Why?
 - *7.4 How did the old regulations work?
- B 8 Are there any articles you carry which are not under the new regulations?
 - *8.1 Should the new regulations be applied to them?
- *B 9 Do you think the new regulations will remain in force in their present form for a long time to come?
 - 9.1 If not, what changes do you expect? Why will these changes be made?
 - 9.2 If yes, what will be the long-term effect of the regulations?

APPENDIX II
(TO CHAPTER III)

THE SAMPLE

The sample is broken down in Table 47 according to the kinds of business of the firms interviewed. Further breakdowns of apparel and housefurnishings retailers (A 1), food dealers (B), and smaller fields (C) follow.

TABLE 47
SAMPLE ACCORDING TO KINDS OF BUSINESS

Kinds of Business	Total Number of Firms	Number of Case Studies*	Total Number of Interviews
A. Apparel and Housefurnishings			
1. Retailers			
Department stores†-----	23	7	38
Women's wear-----	31	7	44
Men's wear-----	22	2	31
Shoes-----	13	3	24
Furniture-----	13	3	18
Other housefurnishings-----	20	0	21
	122	22	176
2. Wholesalers-----	21	2	25
3. Manufacturers			
Women's wear-----	21	3	29
Men's wear-----	19	4	24
Shoes and gloves-----	12	1	15
Furniture-----	15	2	18
	67	10	86
Total-----	210	34	287
B. Food			
Retailers-----	60	8	79
Groceries: Wholesalers and processors-----	46	7	56
Meat: Packers, processors, and wholesalers-----	35	7	58
Restaurants-----	35	2	41
Total-----	176	24	234
C. Smaller Fields			
Drugs-----	38	0	42
Liquor-----	23	3	27
Laundries-----	23	0	25
Cleaners-----	8	0	10
Flowers-----	14	0	14
Jewelry-----	16	0	16
Paper-----	20	0	21
Total-----	142	3	155
Total Sample-----	528	61	676

* Included in total number of firms.

† Also mail-order houses and variety chains.

Surveys among Apparel and Housefurnishings Retailers

All department stores and some specialty stores were interviewed about several of the different commodity lines they carried. Table 48 presents the list of surveys and the total number of firms with which each survey was conducted.

TABLE 48
SURVEYS OF APPAREL AND HOUSEFURNISHINGS RETAILERS
23 Department and 99 Specialty Stores

Commodity Line	Number of Stores Specializing in the Respective Line	Number of Other Stores Inter- viewed about the Respective Line
Women's outerwear and underwear.....	24	16
Men's outerwear and underwear.....	22	10
Shoes.....	13	9
Furniture.....	13	8
Furs*.....	3	12
Millinery†.....	4	8
Handbags.....	2	9
Luggage.....	3	6
China and glassware.....	5	6
Linen and sheets.....	3	7
Carpets and floor coverings.....	2	8
Hardware and novelties.....	5	8
	—	
	99	

* The fur questionnaire was also used in interviews with 4 fur wholesalers.

† The millinery questionnaire was also used in interviews with 3 hat manufacturers.

Food Surveys

Among retailers three separate surveys were conducted: one concerning meat, one concerning groceries and produce, and one concerning baked goods. The sample of 60 firms is subdivided as follows:

- 7 chains: meat, groceries, and produce;
- 18 independents: meat, groceries and produce;
- 19 independents: groceries and produce;
- 6 independents: meat only;
- 10 bakeries.

Among wholesalers and processors of groceries, two separate surveys were conducted: one among wholesalers and processors of canned and dry groceries, and one among wholesalers of produce. The sample of 46 firms is subdivided as follows:

- 22 general-line wholesalers (usually also processors);
- 15 produce wholesalers;
- 9 processors.

Two further food surveys were made: one among meat packers, processors, and wholesalers, and one among restaurants.

In 6 department stores separate interviews were made with the managers of the grocery departments and restaurants; these were included in Table 47 not among department stores but among food retailers and restaurants, respectively.

Surveys in Smaller Fields

Flowers and jewelry: retailers only.

Drugs, liquor, and paper: 54 retailers;

22 wholesalers;

5 paper manufacturers.

Of the 23 laundries interviewed, 7 were also cleaners and were interviewed about both lines.

TABLE 49
NUMBER OF REINTERVIEWS

NUMBER OF TIMES INTERVIEWED	KIND OF BUSINESS			Total Number of Interviews
	Apparel and House- furnishings	Food	Smaller Fields	
One.....	156	131	129	416
Two.....	36	35	13	168
Three.....	13	7	0	60
Four.....	5	3	0	32
Total.....	210	176	142	676

Small Firms

Only in a few surveys did the problems in which we were interested necessitate interviewing a relatively large number of small firms: Among retail grocers, 16 of the 37 independents interviewed had sales under \$50,000 in 1942 (Class I grocers, according to the OPA price schedules). Among 30 retail drug stores, 12 were small neighborhood stores; and among 23 laundries, 7 were "hand laundries." Of the 35 restaurants, 9 had less than 6 employees, while 9 were national or local chains or had over 100 employees. Of the total of 122 retailers of apparel and housefurnishings, 35 were small, having 4 or less employees; here, of course, very small neighborhood stores are much less numerous and less important than in the food and service lines. Among manufacturers and wholesalers of apparel and housefurnishings the proportion of small firms is believed to be similar, but no exact data can be given because our information on the sales volume of the firms and the number of their employees is not complete.

Chronological Sequence of Surveys

The different surveys were conducted at the following times: end of 1942 and January and February, 1943, the meat industry and retailers of apparel and housefurnishings;

spring of 1943, manufacturers and wholesalers of apparel and housefurnishings; summer of 1943, wholesale and retail grocers and restaurants; fall of 1943, second surveys of the meat industry, and of manufacturers and retailers of apparel and housefurnishings; winter of 1943, smaller surveys. Occasional reinterviews were made at various times in 1943, and the first quarter of 1944 was devoted exclusively to reinterviews in all fields.

APPENDIX III (TO CHAPTER XV)

SALES AND PROFITS

1. Sales Trends in Different Business Lines

In collecting data on the sales of different commodities detailed interviews of a small sample cannot, and need not, compete with the extensive national surveys of established statistical agencies. The most complete available data on the *dollar sales of retail stores* have been compiled by the Bureau of the Census and the Bureau of Foreign and Domestic Commerce (Tables 51 and 52). They are, however, broken down according to types of store rather than commodities. For our purpose of determining whether changes in sales of a commodity were correlated with the pricing procedures adopted by sellers of that commodity, the published data have the following shortcomings:

a) The information on the sales of individual commodities is incomplete in that it does not include the sales of those commodities by department stores. Department stores constitute a separate entry which is not subdivided by departments. Therefore the published data represent the sales trend of each commodity only if the business of department and of specialty stores developed in the same manner.

b) Many specialty stores also sell several different commodities. Therefore the sales trend of, say, shoe stores, as reported in the published data, is representative of the trend of shoe sales only if the sales trends in hosiery, handbags, etc., were the same as those of shoes.

c) In the published data, different types of the same commodity are not distinguished. For example, sales of women's apparel stores include the sales of expensive and inexpensive garments, hats, blouses, suits, etc.; sales of furniture stores include refrigerators and radios together with wooden and upholstered furniture.

By supplementing the general statistical data with information from our surveys it will be possible to indicate certain trends in the sales of individual commodities which are not apparent from the published figures; though, of course, the small size of our sample and its geographical limitation must be kept in mind.

Apparel. Table 50 shows that the physical production volume of men's garments decreased while that of women's garments increased in 1942 and 1943. According to the nationwide statistics, the dollar retail sales of both women's and men's apparel rose in those years but the former much more than the latter (Tables 51 and 52). It was found in our surveys that men's apparel included at least two groups with unequal sales development: men's suits and coats, and furnishings. In the first four months of 1942, that is, immediately before the introduction of price control, the sales of men's suits and coats increased greatly (at that time it was expected that wool would become scarce, and certain restrictions—on trouser cuffs, two-pants suits, etc.—were announced in advance), while in the following eight months they declined. In 1943 there was some improvement in dollar sales but not in physical volume. Changes from 1942 to 1943 in the dollar retail sales of suits and coats as reported by our respondents ranged from an

TABLE 50
 VOLUME OF PHYSICAL PRODUCTION OF CLOTHING FOR CIVILIANS
 1935-39 average = 100

	1939	1941	1942	1943
Women's and children's garments.....	110	124	127	131
Men's and boys' garments.....	108	124	102	84
Shoes, hosiery, hats, and gloves.....	107	117	103	99

Source: *Federal Reserve Bulletin*, Vol. 30, April, 1944, p. 309.

Garments include outerwear and underwear.

The index is based on data on monthly output or shipments, active machinery hours, and man-hours worked; price changes do not affect the index.

increase of 12 per cent to a decrease of 20 per cent. In men's furnishings, on the other hand, our respondents said that their physical volume rose slightly and their dollar sales greatly from 1942 to 1943. Reported increases in dollar sales of furnishings ranged from 10 to 40 per cent.

Our findings agree with the published data that the sales of women's outerwear rose much more than those of men's outerwear (Table 53). Yet we found extensive differences in the sales of individual sellers and of different types of women's clothing. The manufacturers and retailers of women's clothing in our sample reported increases in their dollar sales ranging from 5 to 50 per cent in 1942, from 17 to 35 per cent in 1943; the increases were much greater in blouses and small wear than in coats and suits. Most sellers of women's wear said that not only dollar sales but also the number of dresses, coats, etc., increased both in 1942 and in 1943. The number of hats sold was reported to have increased much less.

Department stores interviewed by us reported substantial increases in sales of women's and children's wear and toilet goods, and decreases in men's civilian suits, furniture, housefurnishings, toys, and "hard lines" in general.¹

National statistics on the dollar sales of shoe retailers show substantial increases in 1942 and small further increases in 1943. Shoe production declined in 1943, and it appears that after the introduction of rationing the number of rationed shoes sold at retail likewise declined. We found that both physical volume and dollar sales of expensive shoes advanced while those of inexpensive shoes declined after rationing (cf. Table 45, Chap. XXI).

Housefurnishings. According to national statistics, retailers of furniture and housefurnishings experienced practically no increases in their dollar sales in 1942 and 1943. The sales of these retailers include, however, different articles with unequal sales trends. They sell radios, lamps, and other appliances in which business fell off sharply, and wooden and upholstered furniture, in which—according to our information—dollar sales advanced somewhat during price control.

Food. According to the compilations of the Bureau of Agricultural Economics, the physical volume of civilian consumption increased in 1942 and 1943 for most food prod-

¹ Cf. the breakdowns of department stores sales according to durable and nondurable goods in *Survey of Current Business*, Vol. 23, October, 1943, p. 5; according to departments in every issue of the *Federal Reserve Bulletin*, which, however, gives only monthly changes in per cent.

TABLE 51
SALES OF INDEPENDENT RETAIL STORES
Percentage Change of Dollar Sales as Compared with Preceding Year

TYPE OF STORE	CHICAGO			34 STATES		
	1942	1943	First half 1944	1942	1943	First half 1944
Men's apparel.....	+10%	+ 3%	- 6%	+21%	+17%	- 1%
Women's apparel.....	+14	+25	+10	+22	+33	+ 9
Shoes.....	+10	+13	-12	+33	+16	- 3
Dry goods.....	+26	+27	+15	+29	+25	+ 7
Furniture.....	-10	- 3	+ 8	0	+ 3	- 2
Food (total).....	+26	+27	+10	+21	+19	+ 5
Thereof: Groceries without meat.....	—	+25	+ 4	+22	+21	+6
Drugs.....	+11	+21	+17	+22	+24	+12
Liquor.....	—	+27	+ 7	+27	+ 8	+ 8
Restaurants.....	+18	+26	+ 9	+25	+30	+11
Jewelry.....	+ 5	+36	+13	+27	+29	+10
Flowers.....	+ 3	+23	+21	+ 9	+30	+22
Department stores, total.....	+15	+12	+ 4	+16	+17	+ 8
Other kinds of business, total.....	—	+16	+10	—	+13	+ 5
All stores.....	+ 6	+15	+ 8	+ 4	+15	+ 7

Source: *Bureau of the Census*, Current Statistical Service, Releases for December, 1942, December, 1943, and June, 1944.

Samples of over 700 firms in Chicago, and of over 19,000 firms with more than \$3.5 billion sales (1943) in the 34 states.

ucts, except those that were rationed. Per capita consumption of canned fruits and vegetables declined considerably, and meat consumption slightly, from high levels reached in 1941. Total consumer expenditures for food and dollar sales of food stores rose in both years, but national data on the dollar sales of different food products are not available.

According to their annual reports, the total dollar sales of the large meat packers (including sales to government agencies and sales of poultry, eggs, by-products, etc.) were roughly twice as large in 1943 as in 1939, and in most cases somewhat larger in 1943 than in 1942, although the tonnage did not increase in 1943 as it had in previous years. Retail meat dealers in our sample showed substantial sales increases up to the time of meat rationing and again after November, 1943. Total 1943 sales trends differed from store to store: in 6 stores meat sales were found to have been higher in 1943 than in 1942, in 6 they were about the same, and in 7 they were lower.

Both the published data and our surveys indicate that grocery sales expanded considerably in 1942, and in our sample the trend of the different departments did not differ greatly. In 1943 sales of fresh fruits and vegetables showed further great advances;

TABLE 52
SALES OF ALL RETAIL STORES
1941 Dollar Sales = 100

Type of Store	1939	1941	1942	1943
Department, including mail order.....	79	100	111	122
Men's clothing and furnishings.....	77	100	118	138
Women's apparel and accessories.....	78	100	128	173
Shoes.....	81	100	128	135
Furniture and housefurnishings.....	66	100	109	105
Grocery and combination.....	81	100	127	136
Drug stores.....	83	100	122	147
Liquor.....	72	100	140	167
Eating and drinking places.....	74	100	129	167
Jewelry.....	62	100	128	165
Florists.....	77	100	118	—
All durable-goods stores	66	100	64	58
All nondurable-goods stores	79	100	119	134
All stores.....	76	100	104	113

Source: Bureau of Foreign and Domestic Commerce, *Survey of Current Business*, Vol. 23, November, 1943, p. 7; the estimates given there for 1943 were corrected by data from later issues.

Summary of the sales of all retail stores in the United States; total sales in 1943, \$62.9 billion.

wholesalers interviewed by us who specialized in these products increased their business from 30 to 150 per cent against 1942. On the other hand, of 14 general-line wholesalers whose major products were canned and dry groceries, only 9 had larger sales in 1943 than 1942, and the gains were slight. Most independent retailers interviewed increased their total dollar sales (cf. Table 43, Chap. XXI; average increase, 11 per cent), but there were several whose sales of dry and canned groceries declined from 1942 to 1943, while their produce sales rose. To what extent the latter development was due to the considerable price increases in fresh fruits and vegetables could not be determined.

Drugs. Drug stores increased their business volume consistently and substantially according to the national statistical data. Fountain sales doubtless played some part in this increase, but could not have been solely responsible for it, since 83 per cent of the retail druggists interviewed by us reported a "substantial increase" in their sales of drugs, pharmaceuticals and toiletries (Table 54).

Liquor. National dollar sales of retail liquor stores increased both in 1942 and 1943, but to a greater extent in the former than the latter year when consumers found whiskey very scarce. We found in our surveys that in 1943 the trend differed from store to store to an exceptionally great degree: exact data from 12 stores showed a spread from 5 per cent decrease to 70 per cent increase in dollar sales (the Bureau of the Census reported an average increase of 27 per cent for Chicago). The physical volume was said to have increased in one half and decreased in the other half of the 12 stores.

Laundries and cleaners. All laundries interviewed (24) reported that demand for their services had increased; yet because of labor shortages several laundries had limited

TABLE 53
 SALES OF MEN'S AND WOMEN'S OUTERWEAR
 Percentage Change of Dollar Sales in 1943 as Compared with 1942
 From Case Studies with 10 Chicago Retailers

Type of Store	Men's Civilian Clothing	Women's Clothing
A. Department store.....	+12%	+30%
B. Department store.....	-20	+27
C. General apparel store.....	+10	+25
D. General apparel store.....	-7	+31
E. Men's specialty store.....	+10	—
F. Men's specialty store.....	+5	—
G. Men's specialty store.....	+4	—
H. Women's specialty store.....	—	+25
I. Women's specialty store.....	—	+22
J. Women's specialty store.....	—	+24

The table includes 10 firms that supplied exact data for two comparable periods. The data for stores B, G, and J refer to the first 9 months of 1943 as against the first 9 months of 1942.

their high-price services. Thereby 4 laundries had reduced their business volume in 1943, and 9 had allowed it to increase only slightly. The dollar sales of most cleaners rose 15 to 20 per cent from 1941 to 1943, but a few inexpensive cleaners reported unchanged or even declining sales because of lack of demand for their services.

Uncontrolled commodities. All available data indicate that in 1942 and in 1943 the increase in the sales of restaurants and of jewelry and flower stores was greater than the average increase of all other types of retail stores. In 1942 jewelers specializing in installment sales experienced a decline, and other jewelers an increase in dollar volume; in 1943 the sales of all jewelers increased because they all expanded their cash business. As to the dollar sales of Chicago florists, the Bureau of the Census reports an increase of 3 per cent in 1942 and of 23 per cent in 1943 (weighted average of 12 and 10 florists respectively), while we found a 15 per cent increase in 1942 and a 26 per cent increase in 1943 (unweighted average of 14 florists). In view of the large price increases in flowers (cf. V, 2) it is questionable whether the physical volume of sales changed greatly. In restaurants the sales increase was greater in 1943 than in 1942.

Many respondents who did not give us annual sales data furnished information about the trend of their dollar sales in the last few months before the interview as compared with the same period of the preceding year. Of 455 respondents, 55 per cent said that their sales had increased substantially (20 per cent or more) and only 25 per cent that they had remained unchanged or declined (Table 54). Substantial gains were reported most frequently by sellers of drugs, groceries and produce, women's wear, and shoes; least frequently by sellers of men's wear, furniture, and liquor.

Since we determined in each interview what type of pricing procedure the businessman adopted, we were in a position to compare each respondent's sales trend and pricing procedure. The two are not correlated. Pearson's mean-square contingency coefficient between each businessman's sales trend (as classified in Table 54) and pricing procedure

TABLE 54

CLASSIFICATION OF INTERVIEWS ACCORDING TO TREND OF DOLLAR SALES
Sales Trend before Interviews as Compared to Same Period of Preceding Year
Surveys between October, 1942, and May, 1944

KIND OF BUSINESS	SAMPLE (NUMBER OF INTERVIEWS)	PER CENT OF SAMPLE WITH		
		Substantial Increase	Small Increase	No Change or Decline
All firms.....	455	55%	20%	25%
Men's Wear.....	46	22	17	61
Thereof: Men's suits and coats.....	21	9	14	77
Women's wear.....	57	68	23	9
Shoes and gloves.....	35	63	17	20
Apparel, general.....	45	69	11	20
Furniture.....	46	28	48	24
Drugs.....	42	83	10	7
Meat.....	52	48	29	23
Groceries and produce.....	77	65	23	12
Liquor.....	25	32	32	36
Laundries and cleaners.....	30	50	33	17

Note: The groupings of the different business fields in this table correspond to those in Table 22, Chap. XI, where they are explained in detail. Each commodity line includes the manufacturers, wholesalers, and retailers in that field. "Men's suits and coats" includes all manufacturers of those commodities and only those retailers who furnished separate data about their sales of suits and coats.

Respondents were asked to compare their sales in the three months preceding the interview with those in the corresponding period of the preceding year.

"Substantial increase" means an increase of 20 per cent or more; "small increase," 1 to 20 per cent.

(as classified in Table 22, Chap. XI) is 0.04 for the total sample, and is not significant for any commodity line. If we take the largest group alone, the interviews in which "substantial sales increases" were reported, we find that approximately equal proportions kept prices stable, raised them indirectly, and raised them directly.²

2. Profit Trends in Different Business Lines

The currently available information on 1942 and 1943 profits of firms engaged in the different business lines studied in this monograph is incomplete.³ We shall have to rely on a few national compilations of corporate earnings, on the published annual reports of leading corporations, and on fragmentary information from interviews.

Table 55 shows that the 1942 profits before taxes of the corporations engaged in the retail and wholesale trade and in the manufacturing of "food" and "textiles and

² Of 250 respondents with sales increases of 20 per cent or more as against the preceding year, 30 per cent adopted pricing procedure A, 36 per cent procedure B, and 34 per cent procedure C (cf. Chap. XI for definition of the pricing procedures).

³ At the time of this writing the Bureau of Internal Revenue has not released its profit statistics for those years.

leather" exceeded substantially those of the excellent year 1941; and in 1943 there was a further although much smaller increase in most groups. Tax measures appear to have had a much greater effect on profits than price control: profits after taxes rose much less than profits before taxes, and in most groups the changes in profits after taxes were insignificant in 1942 and in 1943.

TABLE 55
ESTIMATED CORPORATE PROFITS (NATIONAL TOTALS)
1941 = 100

KIND OF BUSINESS	BEFORE TAXES		AFTER TAXES	
	1942	1943	1942	1943
Trade: Total.....	137.3	143.3	109.6	108.5
Retail	145.1	148.1	113.7	115.4
Wholesale	128.1	137.5	104.5	99.8
Manufacturing: Total*.....	128.7	146.6	106.5	113.5
Food, beverages, tobacco.....	140.9	160.1	112.3	116.2
Textiles, leather.....	151.4	147.6	104.6	100.5

Source: *Survey of Current Business*, Vol. 24, July, 1944, p. 6.

* Includes manufacturers of durable goods, producers of war materials, etc.

The National City Bank in compiling the profits after taxes of the leading corporations found the following percentage changes from 1942 to 1943 in some of the fields discussed in this study: miscellaneous retailers and wholesalers + 12.6 per cent, department stores + 12.2 per cent, clothing manufacturers + 5.6 per cent, food chain stores + 2.2 per cent, other chain stores + 1.0 per cent, mail-order houses - 0.8 per cent, meat packers - 3.2 per cent, shoe manufacturers - 4.4 per cent, furniture manufacturers - 18.5 per cent.⁴

That both 1942 and 1943 were very profitable years for the retail apparel trade was confirmed by the compilations of the Controllers' Congress of the National Retail Dry Goods Association. Profits (before taxes) of 299 department stores and apparel specialty stores amounted to 6.1 per cent of sales in 1941, 7.5 per cent in 1942, and 10.2 per cent in 1943. (The sales of these stores increased 17 per cent in 1943.)

Among Chicago meat packers operating profits advanced substantially from 1939 to 1942 and also, but to a smaller extent, from 1942 to 1943. They reported, however, that their beef and pork departments operated with losses which were counterbalanced by profits from by-products and other divisions. According to the annual reports of the "big four" packers their operating incomes, before dividends received, fixed charges, and income taxes, were \$32 million in 1939, \$96 million in 1942, and \$118 million in 1943 (net incomes after taxes, \$22, \$43, and \$43 million, respectively). The business year in this industry ends on October 31; in the winter of 1943-44 both volume and margins increased.

⁴ *Monthly Letter of the National City Bank of New York*, April, 1944.

TABLE 56

CLASSIFICATION OF INTERVIEWS ACCORDING TO TREND OF PROFITS BEFORE TAXES
 Surveys between October, 1942 and May, 1944
 Profit Trend before Interviews as Compared with Same Period of Preceding Year

KIND OF BUSINESS	SAMPLE (NUMBER OF FIRMS)	PER CENT OF SAMPLE WITH		
		Rising and Satisfactory Profits	Inter- mediate Cases	Declining and Unsatis- factory Profits or Losses
All Firms.....	370	45%	25%	30%
First Grouping:				
Nonfood retailers	151	53	16	31
Nonfood wholesalers	23	35	39	26
Nonfood manufacturers	52	44	14	42
Food retailers	43	39	35	26
Food processors and whole- salers	71	39	34	27
Laundries and cleaners.....	30	30	43	27
	370			
Second Grouping:				
Men's wear.....	31	39	16	45
Women's wear.....	49	49	14	37
Shoes and gloves.....	30	53	10	37
Apparel, general	34	65	32	3
Furniture and housefurnish- ings	30	40	23	37
Drugs	26	46	4	50
Meat	49	43	24	33
Groceries and produce.....	65	37	22	41
Liquor	21	62	9	29
Laundries and cleaners.....	30	30	43	27
	365			

See Table 22, Chap. XI, for explanation of groupings and business fields.

In our surveys all grocers called 1942 a very good year: with 3 exceptions all 37 wholesale and retail grocers who answered our inquiry said that profits before taxes were substantially larger in 1942 than in 1941; 7 declared spontaneously that in that year profits were the highest ever made. In 1943 the profits of 7 informants increased further, those of 16 were smaller than in 1942 but larger than in 1941, and those of 5 smaller than in 1941.

Although we obtained exact profit data only in a few interviews, most respondents indicated the trend of their profits shortly before the interview. We inquired about

the rate of profits before taxes "in the last few months" (preferably the six months before the interview) as compared to the profits in the corresponding period of the preceding year.⁵

In presenting the information received it would not be sufficient for our purposes to differentiate between rising and falling profits; rising profits may have been subjectively unsatisfactory for the merchant if they were absolutely very small. We distinguish rather for each business field surveyed between (a) profits that were higher than in the corresponding period of the previous year and were deemed to be satisfactory, (b) profits that were declining and were unsatisfactory (including losses),⁶ and (c) intermediate cases (Table 56).

Differences in the profit trends in the various commodity lines and business levels were not very great, although it appears that nonfood retail stores, especially department stores included under "apparel, general," were more profitable than other businesses.⁷ For the entire sample no correlation was found between profit trends and pricing actions. Stable prices were maintained (pricing procedure A) by 27 per cent of the 166 respondents with rising and "satisfactory" profits and by 30 per cent of the 111 respondents with declining and "unsatisfactory" profits. In two business lines, however, the meat industry and laundries, profit trends and pricing procedures did appear to be associated: here compliance with price control regulations seemed to be more satisfactory among firms with rising profits than among those declining profits. The question of correlation between pricing procedures and profits calls for further analysis. This is given in Chapter XV, where the former are studied under various conditions of supply and demand, which determined profits. The size of our sample does not permit a statistical (multiple) correlation analysis involving all these variables.

⁵ We did not ask about profits after taxes although they may have been more relevant for the businessmen's satisfaction or dissatisfaction with price control than profits before taxes. But during considerable parts of 1942 and 1943 no businessman could know the rate of his profits after taxes since tax legislation was pending and taxes were enacted retroactively. Moreover, profits before taxes varied to a much greater extent from firm to firm than profits after taxes.

⁶ While rising profits were often not considered satisfactory, especially in comparison with the profits of defense industries or the income of wage earners, falling profits were practically always considered unsatisfactory, even when profits were still substantial.

⁷ In this group increases in sales volume and reductions in markdowns (Chap. VIII) contributed to the profit increases.