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# INVESTIGATION OF CONCENTRATION OF ECONOMIC POWER

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## TEMPORARY NATIONAL ECONOMIC COMMITTEE

A STUDY MADE FOR THE TEMPORARY NATIONAL  
ECONOMIC COMMITTEE, SEVENTY-SIXTH CONGRESS,  
THIRD SESSION, PURSUANT TO PUBLIC RESOLUTION  
NO. 113 (SEVENTY-FIFTH CONGRESS), AUTHORIZING  
AND DIRECTING A SELECT COMMITTEE TO MAKE A  
FULL AND COMPLETE STUDY AND INVESTIGATION  
WITH RESPECT TO THE CONCENTRATION OF ECONOMIC  
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MONOGRAPH No. 37

SAVING, INVESTMENT, AND NATIONAL INCOME

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MONOGRAPH No. 37

## SAVING, INVESTMENT, AND NATIONAL INCOME

BY

OSCAR L. ALTMAN

## ACKNOWLEDGMENT

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The Temporary National Economic Committee is greatly indebted to the author for this contribution to the literature of the subject under review.

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(Signed) JOSEPH C. O'MAHONEY,  
*Chairman, Temporary National Economic Committee.*

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## PREFACE

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In May 1939 one question dominated the T. N. E. C. hearings underlying this study—why the United States continued to have idle men and idle machinery, why the United States did not reach out for the economic security, the personal opportunity, the health, and the standard of living that were within reach.

That question has been changed. Millions of Americans now ask whether we have enough idle men and enough idle machines to produce planes, ships, guns, and other military requirements without reducing our standard of living. The question is posed currently in terms of butter and guns. Can we produce both guns and butter, or must we sacrifice butter to guns? And if sacrifice is called for, to what extent is it the result of the fear that after the defense program has ended swords will be beaten into plowshares and factories designed for guns will produce too much butter?

This study discusses the interrelationships of savings, investment, and the level of national income. It points out that the United States is a high-savings economy. Concentration has helped make it so. The distribution of income, the distribution of wealth, the incidence of the tax structure, the pattern of saving habits, the institutional if not automatic character of much of individual saving, and the large amount of saving by corporations result in a large volume of savings at high levels of national income. To preserve the level of national income that makes this large volume of savings possible, it is indispensable that current savings be invested or otherwise offset. The amount of income not currently spent for consumption—the amount of income saved—must currently be returned to the income stream. During the twenties a large volume of offsets to savings was forthcoming. By the end of the twenties many of these outlets were contracting, and the depression followed. By the end of the thirties a multitude of inconspicuous changes and technological advances, unheralded by fanfares of stock speculation and nonproductive security flotations, had raised the level of consumption to a new high, but the failure to develop offsets to saving in the volume required by our savings potentialities meant that our peak of consumption was reached without full employment.

The intoxication of a national defense program must not obscure the fact that the United States did not solve this peacetime problem. The problems of attaining full employment, an unbroken circulation of income, and a stabilized, high level of economic activity have been shelved, not solved. They will reappear. They may reappear under more dangerous political conditions. They will have to be solved. In the meantime, this study may perhaps contribute something to understanding whether we can have more guns and more butter and at what point it is necessary to decide between one and the other.

The body of this study was originally designed for publication in the form of chapters on savings and on investment in the summary report of the T. N. E. C. These chapters were rearranged and somewhat expanded on short order into this monograph. Some of the peculiarities of arrangement and some of the inadequacies of treatment may be explained on these accounts.

Herbert Goodman was of great assistance in the collection and analysis of data. Mrs. Marguerite Coker typed the manuscript.

OSCAR L. ALTMAN.

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