

ECONOMIC BULLETIN

Metropolitan Life Insurance Company
Business Research Bureau

RECENT INVESTMENT, ECONOMIC, AND INSURANCE CONDITIONS

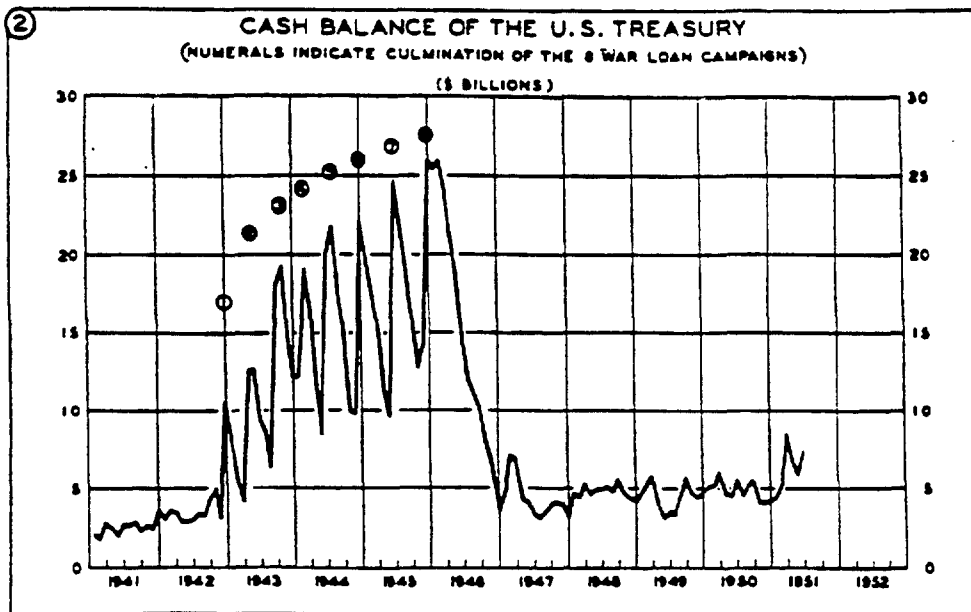
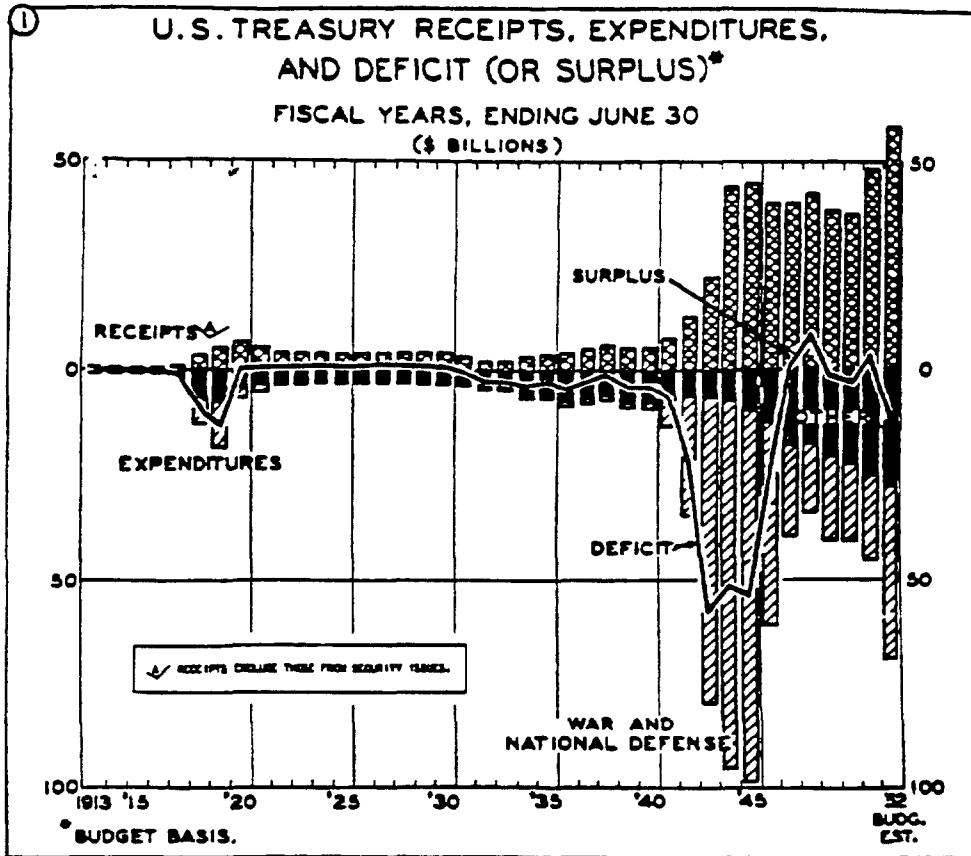
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Vol. 28, No. 7 : July 19, 1951



FEDERAL FISCAL PICTURE ; 1951 RESULTS ; REVISED OUTLOOK FOR 1952

Further evidences of an improved fiscal outlook make timely a brief review of latest developments. Prospects appear favorable for a considerably smaller deficit and less onerous tax bill than recently estimated by the Administration.

The \$3.5 bn. budget surplus for fiscal '51 just ended June 30 was the second-largest on record (peak was \$8.4 bn. in '48), but only the third surplus in the past 20 years; see Chart 1. The consolidated cash surplus, when finally reported, will be approximately \$7.7 bn. -- of which \$1.8 bn. was added to the cash balance and \$5.9 bn. was used to retire debt from the hands of the public. Debt outstanding shows a net decline of only \$2.1 bn. however, because cash retirement was offset in part by addition to debt for accrued interest on Savings Bonds and by sale of issues to Trust Accounts.

For the first quarter (July-Sep.) of fiscal '52, a deficit of about \$3.5 bn. is expected according to a recent statement of Secy. Snyder. That is the reason the Treasury has taken advantage of the strong demand for short-terms to gain about \$200 mn. "new money" per week, beginning July 5, by that much issue of Bills in excess of weekly maturities -- despite a cash balance at the end of fiscal '51 (Chart 2) some \$2.4 bn. above the \$5 bn. which Secy. Snyder considers a necessary working balance at present. (A deficit in the first fiscal quarter is not usual, even for years of fiscal surplus.)

For fiscal '52 as a whole, there may be no such deficit as envisioned in the latest official outlook -- around \$10 bn. on the administrative budget basis or about \$6 bn. on a consolidated cash basis, both before any new taxation. (Only six months ago the official view for '52 was for a much larger deficit -- about \$16.5 bn. (Budget basis) or \$12.8 bn. (Cash basis) -- which we, among others, questioned even then.)

- (1) The House has cut the Administration's request in nearly every appropriation Bill for '52 upon which it has acted thus far, although those Bills cover only a small part of the Budget; Congress has not yet acted finally upon any.
- (2) The rate of Defense outlays is still accelerating more slowly than the Administration anticipated.
- (3) Some new taxes are almost certain to be enacted, even if not in the full amount requested by the Administration.

The tax Bill which passed the House on June 22, designed to raise \$7.2 bn. additional revenues, would provide for stiff increases in individual and corporate income taxes and in certain excises. It is now under hearing by the Senate Finance Committee, which will probably pass the total. Final enactment seems unlikely before Autumn.

Some private groups are advocating uniform manufacturer's excises or retail sales taxes (consumption taxes) in lieu of further advance in individual or corporate income tax rates. They argue that:

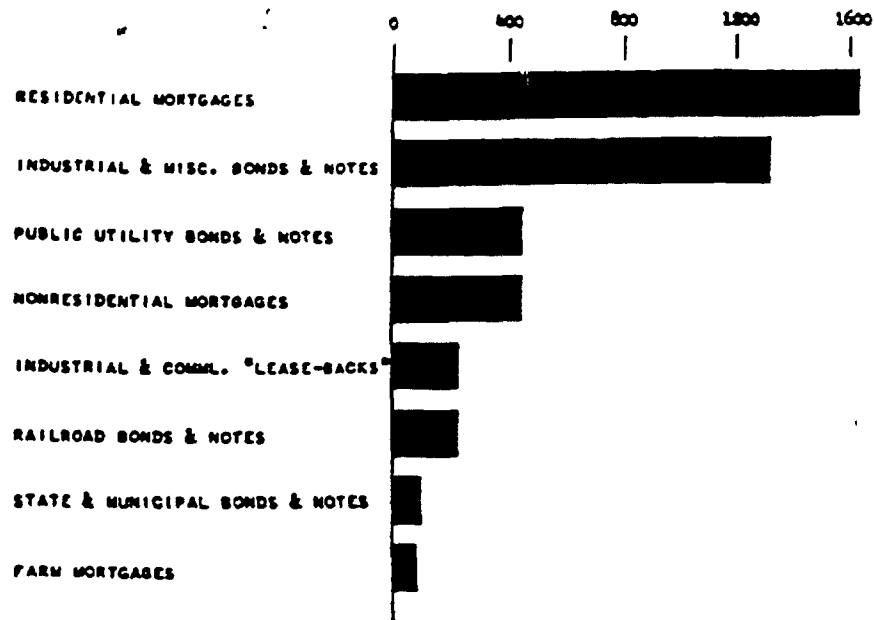
- (1) The House proposals would intensify the already heavily concentrated tax burdens and the adverse effects on incentives to produce -- that there will be the least injury when the tax load is distributed over the broadest possible base;
- (2) The impact of such consumption taxes upon the smaller incomes would not be serious -- merely proportional, rather than truly regressive;

(concluded on next page)

OUTSTANDING INVESTMENT COMMITMENTS

OF 45 LIFE COMPANIES* AT MAY 31, 1951

(\$ MILLIONS)



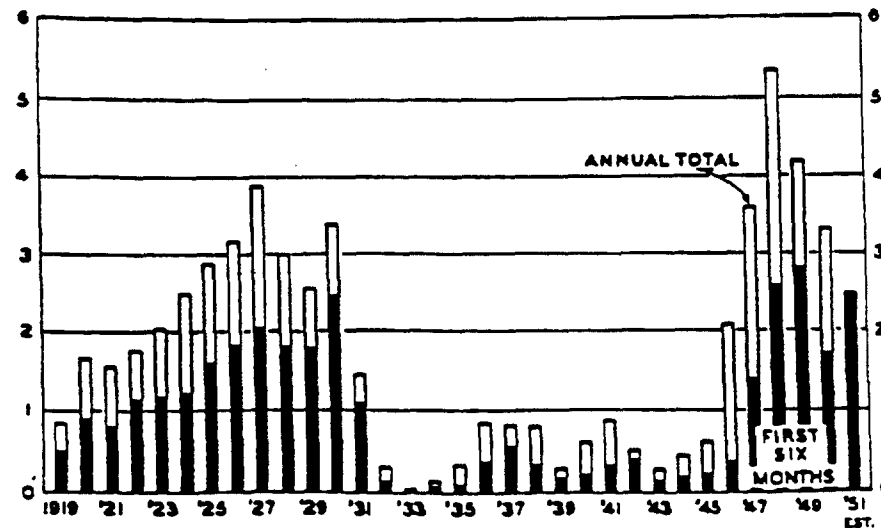
* OWN ABOUT 8% OF ALL U.S. LIFE COMPANIES' ASSETS.

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FLOTATIONS OF CORPORATE BONDS AND NOTES*

FOR NEW CAPITAL ONLY

(BILLIONS OF DOLLARS)



*AS REPORTED BY THE "CHRONICLE".

- (3) Such consumption taxes would have the advantages
- (a) of dampening, in these inflationary times, competitive demands for commodities and materials without retarding incentives,
 - (b) of distributing the tax load more fairly, spreading tax consciousness,
 - (c) of providing ampler revenues.

LIFE COMPANY INVESTMENT COMMITMENTS ; METRO'S INVESTING & INTEREST RATES

Striking evidence of the wide margin of demand over supply of funds for private investment is reflected in heavy commitments to lend, which can now be estimated for all U.S. Life companies at roughly \$5 bn. Naturally some backlog is always present, but it is especially significant in that a \$5 bn. one exceeds even the highest net investing by the companies during any single year. Furthermore, the pressure to meet heavy commitments explains in large degree the disposal of Federals earlier this year.

Chief sources of capital demand are handily arrayed in Chart 1 at left, covering 45 companies at May 31. The greatest call for funds emanates from the field of Residential Mortgages, with Industrial and Miscellaneous Bonds and Notes only a little less. Combined, those two major categories account for almost two-thirds of the total. Of the remainder, Public Utilities and Nonresidential Mortgages are most important.

Metropolitan's net investing during the first half of this year is dominated by acquisitions of Industrial Bonds and Notes at \$395 mn. and City Mortgages at \$226 mn. The former is almost 6 times the same period last year, and the latter is fully treble. Other types of outlets show relatively small activity.

Gross interest earnings on Metropolitan's purchases of long-term Corporates so far this year continue at some 3.4%. City Mortgage acquisitions during '51 yield 3.7%, which is the contract rate after deducting commissions on correspondent loans. Earnings on new City loans made have been drifting downward in the past year and a half, mainly because of large V.A. and F.V.A. acquisitions.

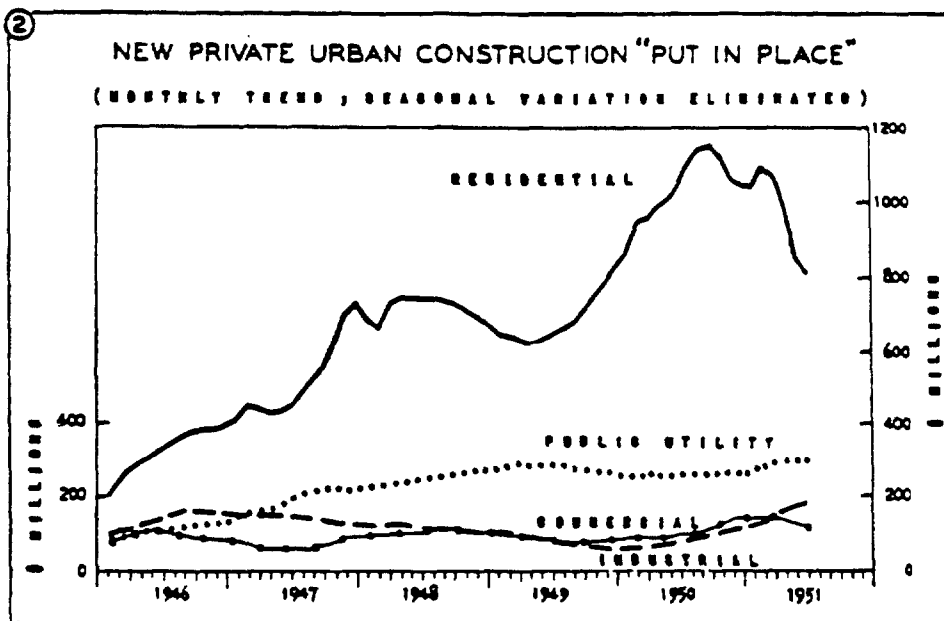
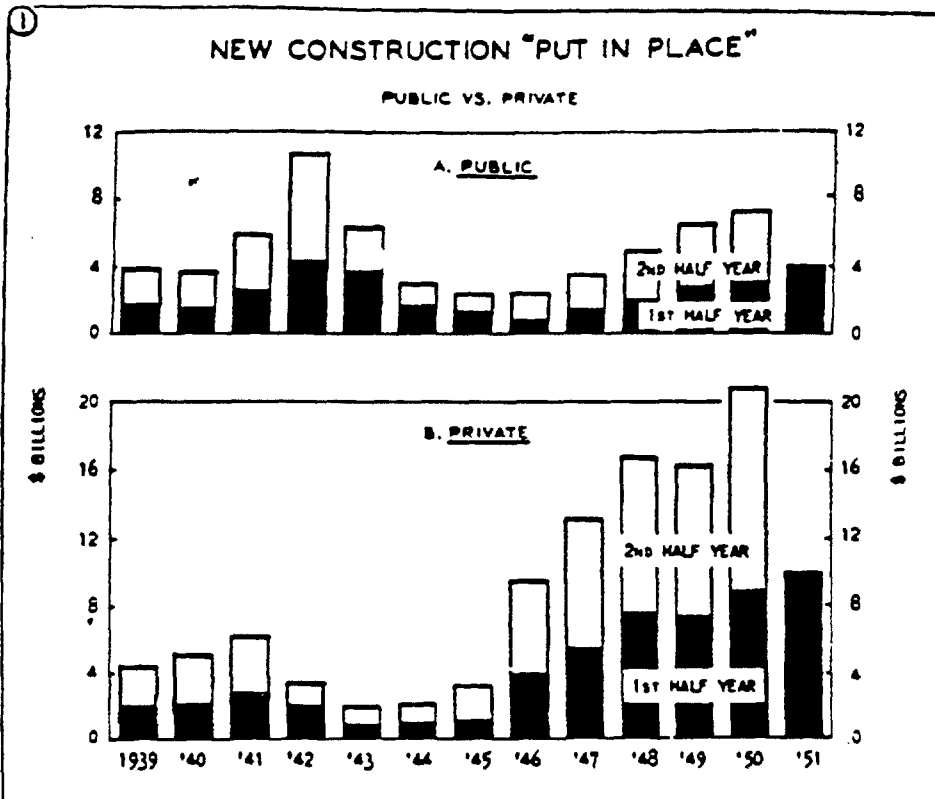
SECURITY FLUTATIONS

Flotation of corporate securities is continuing on a large scale in July -- in line with the Federal Reserve's expectation that reliance on the capital markets for corporate financing would be heavy in 1951. (Economic Bulletin for June, p. 10.) No estimates are published yet on the amount withheld from the market because of Voluntary Credit Restraint. Offering yields on large long-term issues now give lenders an additional 1/4% and more over those of a year ago.

For the first six months, new-capital offerings of corporate bonds and notes approach the record first half of '49 (Chart 2), and may exceed it when final tabulations are complete. Both Industrials and Utilities were heavy, Rails modest. Refunding was the least for any half year in over a decade and a half, excepting the second half of '48 and the first half of '49. Stock issues (largely Commons) were still moderate, amounting to around one-fourth of total offering.

Direct Placements were high for the first half-year, and comprised around half of all bonds and notes offered in the period -- close to the record proportion of 52% for the year '50.

State and Local Government offerings, although off about one-third from last year's enormous record first half, exceed most entire years prior to '47. This area is one in which it was felt particularly desirable to have credit restraint; but political opposition to such restraint runs high, even when some Veteran benefit is not involved.



Total new construction expenditures in the U.S. reached almost \$14 bn. during the first half of 1951, or nearly one-sixth above the same time last year. Although higher building costs account in large part for that gain, the physical volume of construction so far this year tops all comparable periods in history.

As credit controls, material controls, etc. begin to stem private construction, Public expenditures climb and thus counter any relief from the strong inflationary pressures in the building field. During the first six months, Government spending on new construction amounts to \$4 bn., or virtually the same as for the similar period at the peak of major wartime preparation in '42 (Chart 1, Panel A). Moreover, military building expenditures are only beginning to get under way under the Defense program.

Public housing starts during the first half of '51 total some 60,000 units, contrasted with 9,000 for the same time a year ago. Of those started this year, fully two-thirds were begun last month in the rush by Local Housing Authorities to get projects going before the end of the last fiscal year.

In line with Pres. Truman's stand for "a substantial public housing program," despite its inflationary aspects, a Senate-House Conference Committee just approved a much debated authorization for 50,000 public starts for the fiscal year ending next June 30. The Senate had previously approved that number, but the House only 5,000.

The N.Y.C. Housing Authority -- already landlord to well over 55,000 families or 200,000 people -- announced last week that it was awaiting Congressional approval to begin the City's most expensive project, at a proposed cost of \$31 1/2 mn., to accommodate nearly 2,200 families. Other cities, too, are pushing plans for subsidized housing. In the face of such competition, is it any wonder that Life companies and other private investors show only moderate interest in investing in rental housing projects?

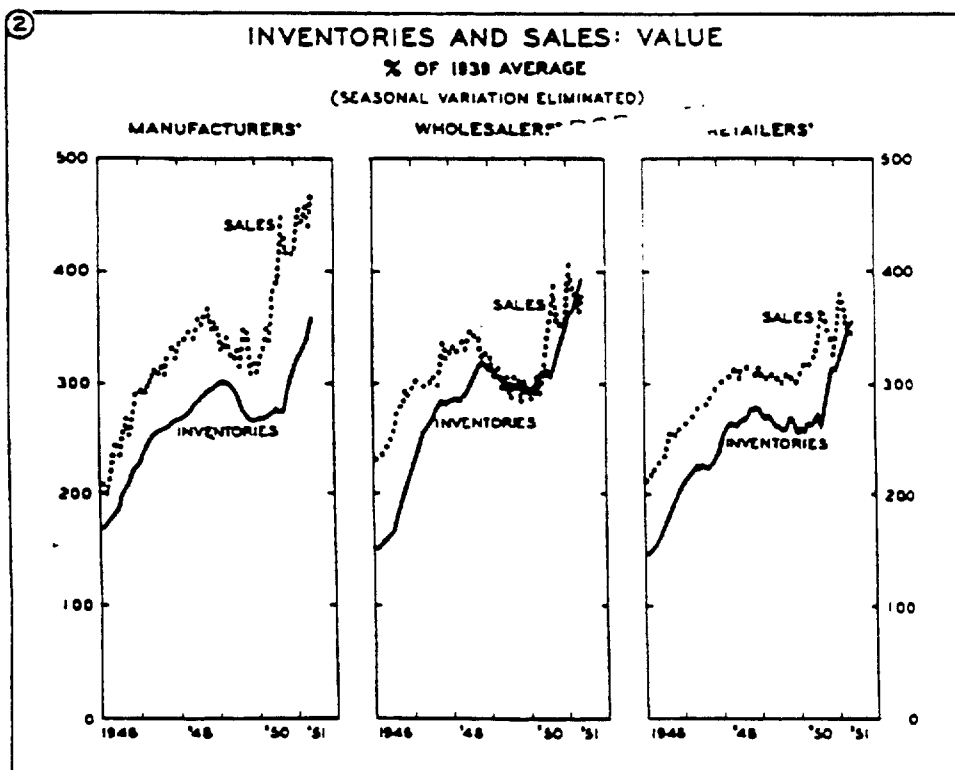
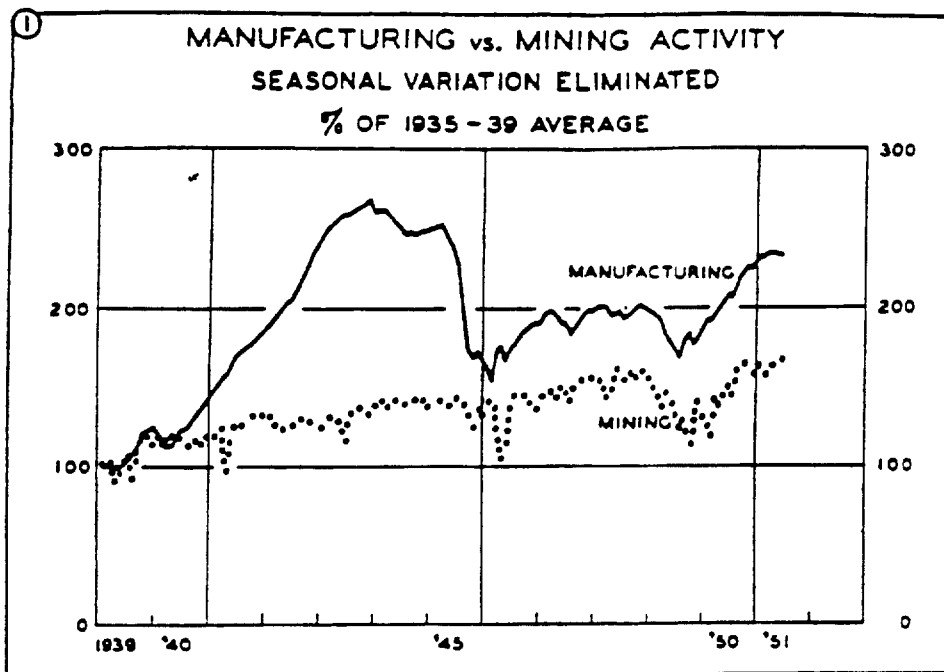
In Private construction (Panel B) expenditures for the year to date show a record high at close to \$10 bn. But that achievement must be judged at what is happening to monthly trends compared in Chart 2.

Only Industrial building continues strong, indeed even stronger than at any time since World War II. But the Industrial boom falls far short of offsetting the weaknesses in Commercial and especially in Residential construction; Public Utility edges upward to a new high. Housing "put in place" is now lower than at any time during the past year and a half, after allowing for seasonal variations. Private starts eased off again in June; consequently, for the year to date, they number about 514,000 -- fully one-fourth below the same period a year ago. A further cut in private home-building is expected to pare total starts in the U.S. for the full year '51 to between 900,000 and 1 million, or one-third under '50, according to an "unofficial" forecast just made by the chief of the Dept. of Labor's Construction Div. (That estimate is a little above the current "official" one of 800,000 to 850,000.)

Mortgage credit for home purchase continues tight, as many lenders "work off" large backlogs of commitments; compare those for Life companies at p. 2. The supply of mortgage funds is also curbed by the fact that the F.H.A. is no longer issuing new commitments under Title II, after now having exhausted its \$9 bn. authorization. V.A.-guaranteed loans become increasingly unattractive at the pegged 4% rate, as market yields on other investment opportunities strengthen. Authority for the V.A. to make direct loans expired last June 30 after roughly \$120 mn. had been loaned.

In an effort to stimulate ready financing in certain Defense areas, Government credit controls have been eased there somewhat. The Federal National Mortgage Assn., which provides a secondary market for F.H.A. and V.A. loans, also just liberalized its purchasing regulations in those areas.

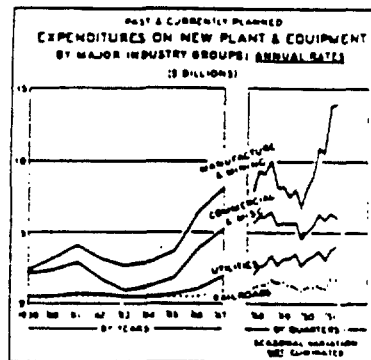
Federal Home Loan Banks now become completely owned by their private members -- chiefly savings and loan associations -- as the last of \$125 mn. of Government-advanced capital is paid off. But the Home Loan Banks are still under Government direction of policy, as are the farmers' Federal Land Banks, which became privately owned just four years ago when the last of some \$300 mn. of capital and surplus was repaid to the Government.



tenth above a year ago. Manufacture and Mining have both held steady, following their sharp upswings last year; see Chart 1. The important steel industry has recently been in full operation at an annual rate of about 108 mn. tons; plans call for expansion of capacity to 118 mn. tons by mid-'53 compared with 95 mn. in '45. Mining stands at an all-time high (dot curve). It averages some 11% above last year -- mainly a reflection of a one-fifth expansion for crude petroleum.

Basic economic factors underlying the ~~domestic~~ domestic ~~status~~ status remain strong. The economy would continue to be buoyed by armament expenditures, even should these level off if the Korean conflict ends soon.

Currently planned outlays for new plant and equipment set new peaks. Manufacture + Mining third quarter anticipated expenditures stand nearly 60% above a year ago; see inset chart. For Manufacture alone, the nine month total, up 65%, exceeds any other full year. Other main industry groups show significant gains also for the first three quarters compared with that portion of a year ago: Commercial & misc. and Utilities each up one-fifth, and Railroads up two-fifths. The momentum already attained by these programs assures heavy outlays in the balance of '51 at least, according to an early July special (McGraw-Hill) canvass.



As to our current Military program, Mobilization Director Wilson states in his recent second quarterly report:

"We have placed orders during this 3 month [April-June] period for close to \$10 billion of military goods and facilities. The Nation's production plant is working on outstanding orders which now exceed \$32 billion and are increasing month by month.

"Deliveries of supplies, equipment, and facilities for our Armed Forces during the 3 months were over \$4 billion."

Foreign trade, another very active segment of the economy, has benefited from worldwide demand for goods. Merchandise exports (value) to date average about 50% above year-ago levels, and imports nearly two-thirds higher.

INVENTORIES AND SALES

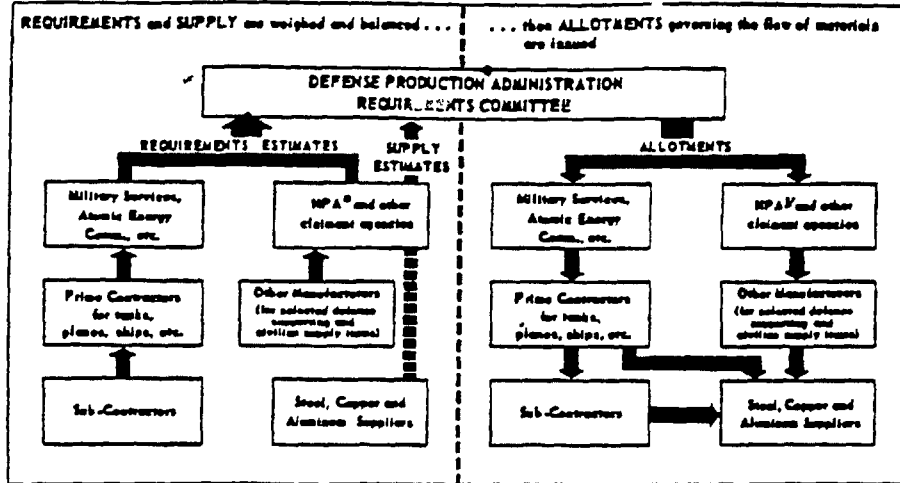
The inventory position of industry assumes added significance, now that recent sales for many lines have failed to attain anticipated levels. The broad picture thus far involves few acute areas, but it does point up the validity of the caution by the National Voluntary Credit Restraint Committee last March against "excess inventory accumulation."

Wholesalers and Retailers have lately faced a decline in sales, while inventories continued to expand. Note the recent crossing of the two sets of curves on the middle and right hand panels of Chart 2. The ratio of inventories to sales for both groups now averages well above most recent years.

Manufacturers, on the other hand, continue in a more favorable position. Sales hold at record levels, thanks to extensive armament shipments. Although inventories have risen to a new peak (left hand panel of Chart 2), the ratio of inventories to sales stands below most recent years.

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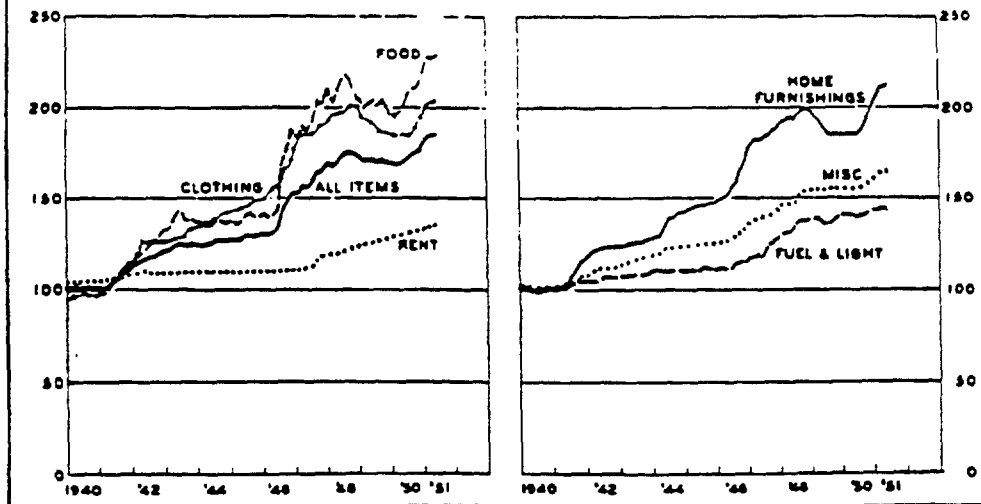
How the Controlled Materials Plan works



* National Production Authority; other claimant agencies include Depts. of Agriculture and Interior, Defense Transport Admin. and General Services Admin.

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CONSUMER PRICES FOR MODERATE-INCOME URBAN FAMILIES BY GROUPS OF ITEMS % OF 1933-39 AVERAGE



Warrent planning, as in essential industry outputs, has reached an advanced stage with the launching of the Controlled Materials Plan. Through direct end-use control of the key metals, Steel, Aluminum, and Copper, the Defense Production Administration greatly strengthens its power to establish output volumes for consumer as well as military items. These raw materials, so widely used throughout the economy, have no ready substitutes. Limitation of their absorption by industry automatically lessens output volumes for a broad range of finished products, which in turn helps curtail demand for other items in short supply.

Under CMP, approved Defense and essential Civilian lines receive specific allotments of controlled materials to fulfill production schedules; see Chart 1. Similarly, producers of such key metals must set aside given percentages of their output to meet these preferred allotments. In addition, the National Production Authority controls the distribution of CMP materials in their raw state so that refined production will be available to meet CMP allocations. Unallocated, and allocated but unabsorbed, output, which comprises the so-called "free area" market, may be purchased by Consumer lines up to permitted limits. This so-called "open end" CMP is generally expected to lead soon to the "closed end" plan, wherein Defense authorities allocate the entire output of key items throughout the economy.

Already certain scarce items, such as tungsten, cobalt, cadmium, and tin, have been placed under 100% allocation, and on Aug. 1, zinc and lead will be added. Uses of others such as asbestos, platinum, industrial diamonds, etc., continue restricted in varying degree. Here limitation orders, inventory controls, etc., have proved adequate to meet priority allotments.

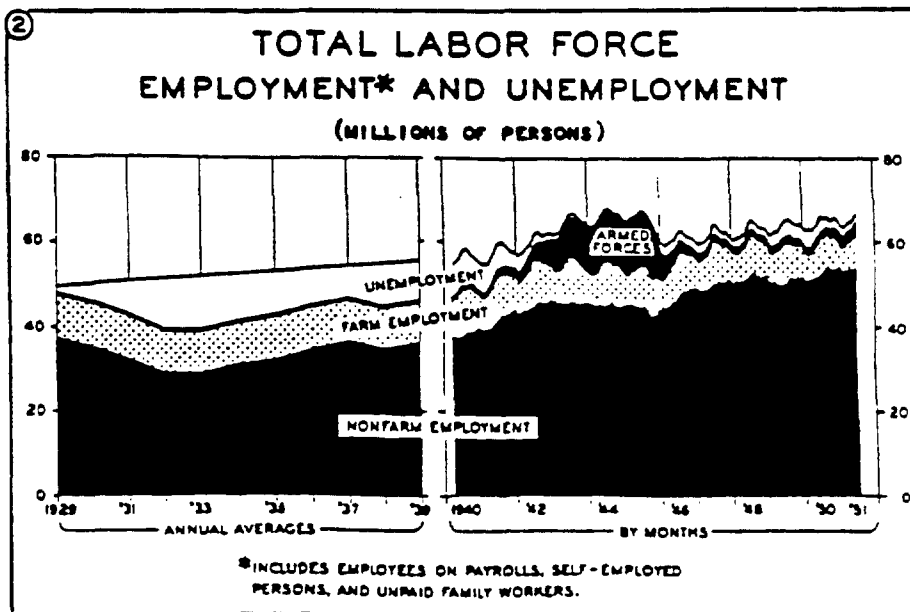
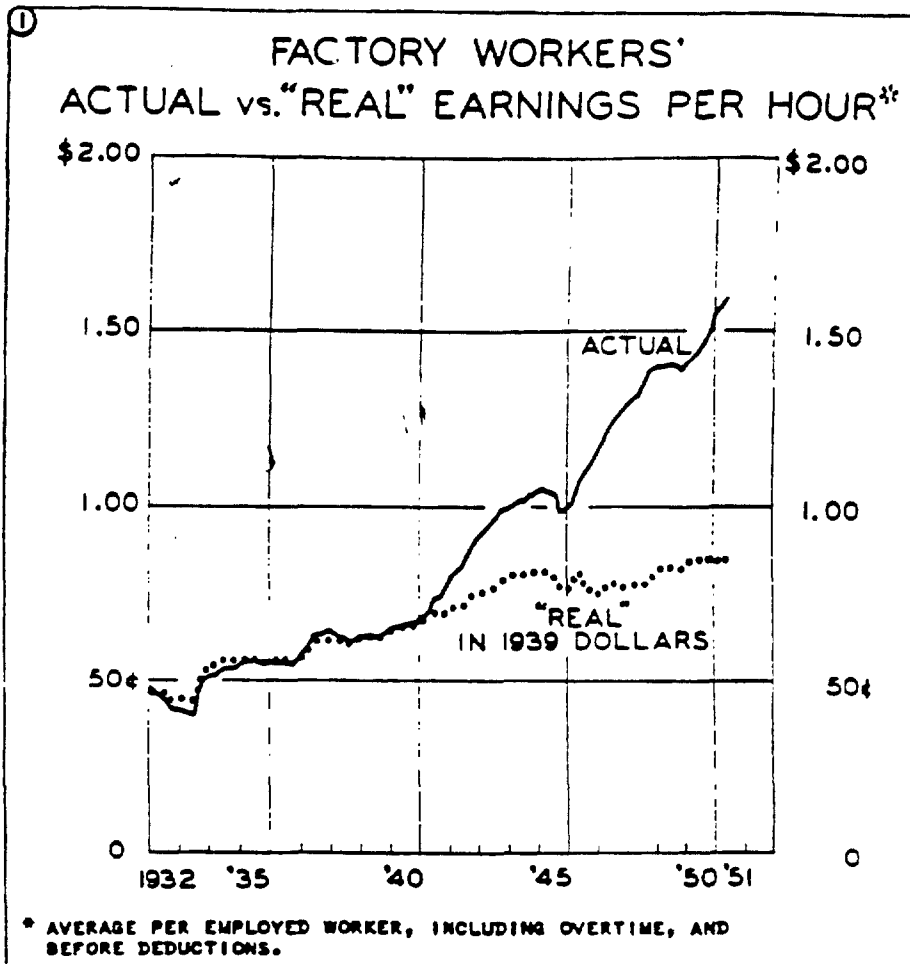
PRICES AND CONTROLS

During late June and in July there has been further easing down of wholesale prices. Within these past few weeks, Industrial products have shown the most weakness, while earlier in the year Farm products had been responsible for the softening. However, the drop in these two groups and in manufactured Foods has thus far been mild, and all are at very high levels. Most commodities reached their peak in March, and their average decline since then is only 2%, leaving composite wholesale prices 14% higher than just before the outbreak of the Korean War.

The Consumer Price Index for moderate-income Urban families is available only to mid-May, and by then its climb had begun to slacken. The Fuel & Light group has been turning down, in part at least, for seasonal reasons. Foods are the only section of the family budget upon which data on a few cities are available to the last week in June, and their prices average little different than in May. Recent developments in all classes of goods and services can be readily gleaned in Chart 2.

Food, Homefurnishings, and Clothing have since pre-War days gone up most in cost -- double or more. Rentals paid by moderate-income Urban families are up the least since then -- about 3% -- and the index charted for these is one that has been revised upward, taking account also of housing built in post-War years and not subject to rent control.

Government price controls are obviously in a state of great uncertainty, and debate is still going on in Congress as to how much power to give the President. At present, and until the end of July, controls are being operated under a 1-month extension of the Defense Production Act which expired on June 30. The extension, however, carries a restriction upon the Administration, prohibiting it from making any further rollbacks in prices during this 31-day period. This "stop-gap" law also forbids the clamping of ceilings on commodities not already having them, unless they be farm products which happen to reach "parity" during July. Thus, in the main, the Congressional extension of the Defense Production Act has led to a temporary freeze of whatever price ceilings had been in effect on June 30.



Earnings of employed Factory workers are averaging close to \$1.60 an hour, and have climbed without interruption during the past year and a half (solid line, Chart 1). Much of this rise is attributable to increases in straight-time wage scales, but some of it is due to more overtime and to shifts from lower-paid to higher-wage industries. While the general ceiling imposed on wage and salary scales last January has acted as a brake, the various exceptions made by the Wage Stabilization Board have operated to permit much increase, as explained in previous Bulletins.

Since the outbreak of the Korean War, average hourly earnings of Factory workers have moved up 9%, or by practically as much as the rise in the Government's Consumer Price Index for moderate-income Urban families. While outlays for labor provide income for the recipients, such expenditures are also an important cost of production, and necessarily become reflected in price levels. Furthermore, Factory workers produce such a wide variety of goods that any general and sharp expansion in their cost has a pervasive effect upon consumer prices. The dot curve in Chart 1 shows how hourly earnings of Factory workers made no "real" gains in purchasing power over the past year, when account is taken of higher consumer prices.

What has happened to hourly earnings in Nonfactory industries? The inset table shows the extent to which they too have gone up from June '50 to Apr. '51 (latest available). It also indicates that even in those activities in which workers have succeeded in raising their money wages by more than the 9% increase in consumer prices since June '50, the gains have amounted to very little more -- up only about 10 or 11%. Higher wages in these lines, too, add to the production costs of important goods and services used by families and industrial consumers.

INCREASE IN HOURLY EARNINGS SINCE OUTBREAK OF KOREAN WAR	
Bituminous coal mines	+11½
Metal mines	+11
Crude petroleum, etc.	+10
Quarries, etc.	+10
Interstate Railroads	+10
Factories	+9
Building Construction	+9
Anthracite mines	+9
Gas & Electric Cos.	+7
Wholesale Trade	+7
Retail Trade	+6
Telephone	+5
Laundries	+5
Cleaners & Dyers	+4
St. Ryrs. & Busses	+4
Telegraph	+1

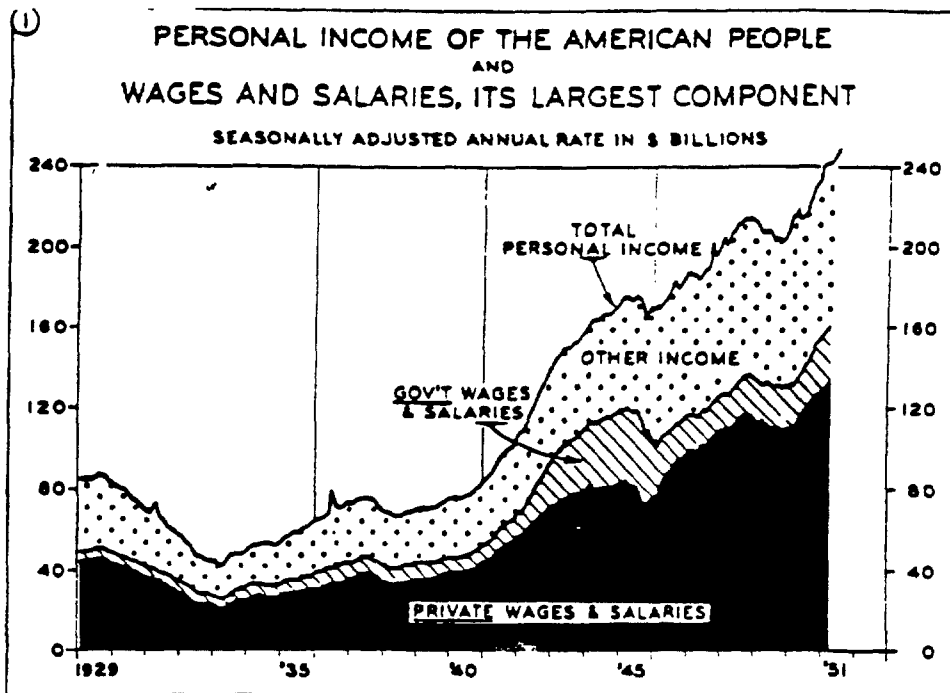
Economic Stabilizer Johnston has appointed the five members of the Salary Stabilization Board, designating Dr. Raymond B. Allen, President of the University of Washington, as its Chairman. (Chairman George W. Taylor of the Wage Stabilization Board is a nonvoting ex-officio member, for the purpose of providing "a uniform and coordinated" stabilization program in line with his own Board.)

The function of this new Salary Board is confined to the compensation of executive, administrative, and professional employees, and outside salesmen, as defined in the exclusions made under the Fair Labor Standards Act, provided they are not represented by labor organizations. The Salary Board has not yet issued any regulations peculiar to its own field, but just prior to its first meeting Mr. Johnston issued General Salary Stabilization Regulation No. 1, continuing application of all the rules that had already been adopted by the Wage Stabilization Board for wages and salaries generally.

THE LABOR FORCE ; EMPLOYMENT AND UNEMPLOYMENT

Including the Armed Forces, the Country's labor force probably totals around 67 mn., or within a million of the World War II peak in the Summer of 1944 (Chart 2). The Armed Forces are presumably between 3 and 3.5 mn. now, as compared with over 11 mn. then. Unemployment has been running about 2 mn. recently -- a low volume, but of course more than had existed during full-scale War in '44.

The reason total labor force stands so close to the World War II highs is of course the much greater Urban employment now than then. In recent months, persons engaged in Nonfarm activities have totaled nearly 54 mn., or about 9 mn. more than in mid-'44 (bottom area in Chart 2).



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DISTRIBUTION OF FAMILY SPENDING UNITS ACCORDING TO INCOME AND LIQUID ASSETS* OWNED, BY INCOME GROUPS

Money Income Before Taxes	Family Spending Units		Liquid Assets* Owned			
			Proportion of Total Early in:		Median Early in:	
	1950	1945	1951	1946	1951	1946
under \$1000	13%	20%	6%	7%	0	\$ 20
\$1000-2000	17	27	8	14	\$ 30	230
2000-3000	19	23	11	17	190	470
3000-4000	19	15	12	16	250	900
4000-5000	12	7	12	10	530	1450
5000-7500	14	5	23	13	1000	2700
over 7500	6	3	28	23	3860	7270
Total	100%	100%	100%	100%	\$300	\$430

*U.S. Bonds, savings and checking accounts. (But see text opp.)

DISPOSITION OF CONSUMER INCOMES, OWNERSHIP OF LIQUID ASSETS

Note on Personal Income Received by the American People: Newspapers early this week stated that the American people's Personal Income was being received in May at an annual rate of "\$249 1/2 bn. ... virtually unchanged from April." But April's rate of \$244 1/2 bn. (Jun. 21, p. 3) had been \$5 bn. smaller -- a substantial amount even for these days. The people's income in May thus reaches still another new high, as can be seen from the top line in Chart 1.

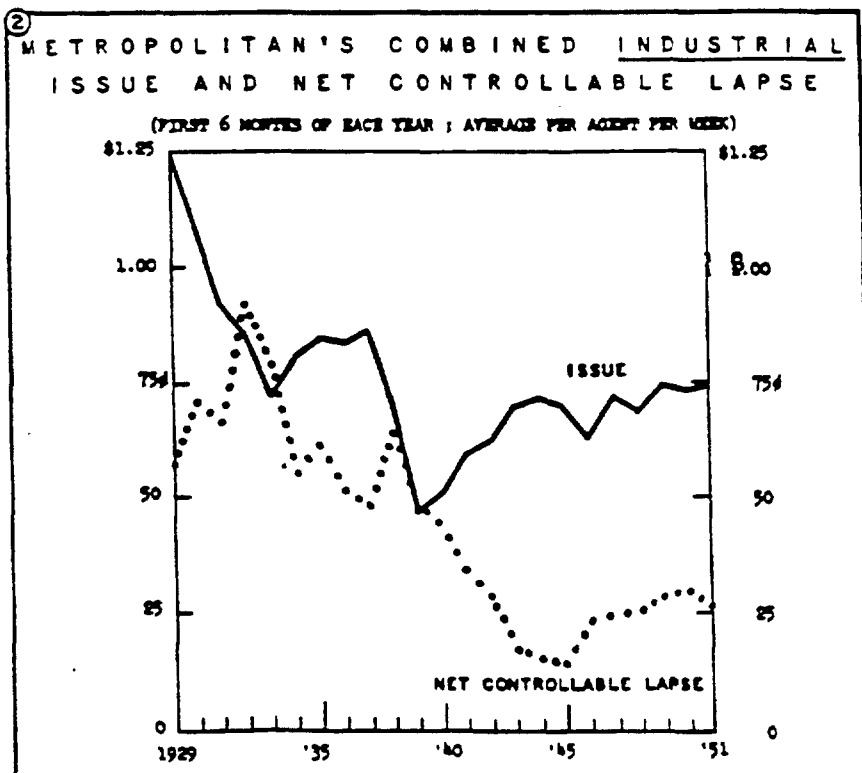
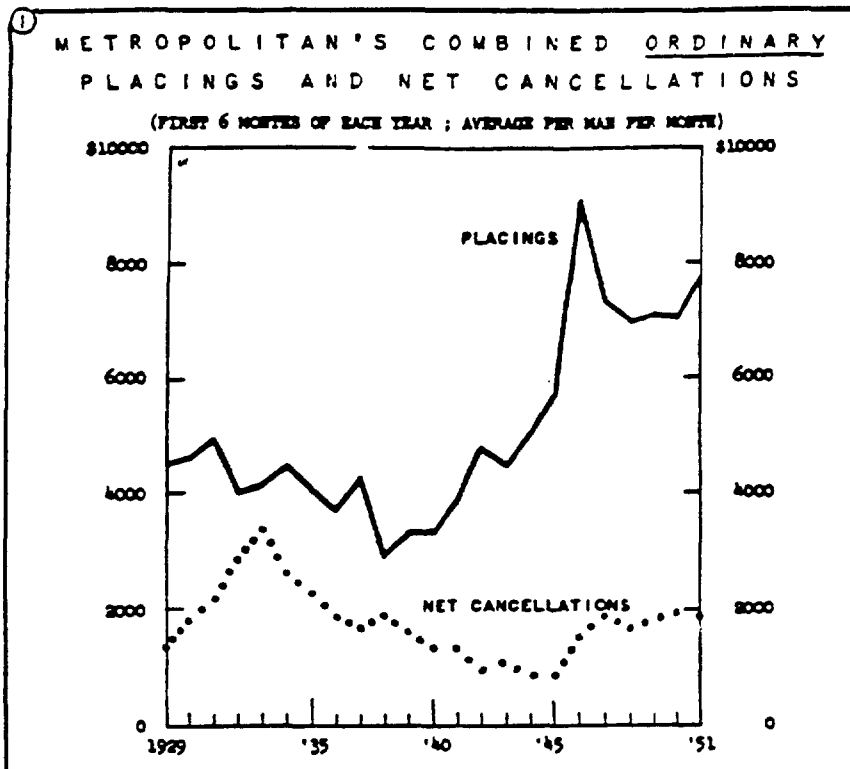
Further shifts of families to higher income brackets accompanied the sharp expansion in the American people's income in 1950. According to figures just released by the Federal Reserve Board, from its sixth annual Consumer Survey made early this year, one-fifth of all family spending units received over \$5000 before taxes in '50; that is more than twice as large a proportion as only five years before. Only 30% report incomes less than \$2000, in contrast to 47% at the end of World War II. Half of all units fall in the great middle bracket, \$2000 to \$5000. The striking changes in income distribution since '45 are seen in the left panel of Table 2.

The average (median) income of all units hit \$3000. This is half again as much as at "V-J," and contrasts with an expansion of 30% in the Nation's total personal income over the same period. Incidentally, about 4 in 10 family units expect higher incomes in '51 than the year before, and an equal number anticipate no change. Only 1 in 10 expects to receive less this year. The others were uncertain.

Ownership of liquid assets (as narrowly defined in the Consumer Survey) became more widespread in '50, although the average amount owned went down. Some 72% of all family spending units reported some funds in the form of U.S. Bonds, savings and checking accounts. This is a higher proportion than in the previous two years, and it took place in the moderate-sized holdings of \$200 to \$2000. The percentage of families owning more than \$2000 declined. The average (median) owned declined during the year, from \$800 to \$700. (The \$300 average shown in the table is based on all family spending units, whether they hold any liquid assets or not.) For average holdings within each income group, see right columns of Table 2. The Survey indicates that, as in early '50, the top tenth of all family spending units enjoy more than one-third of all liquid assets; the top fifth hold half the assets. For those who reduced their holdings, the most frequently stated reason was, as in other years, medical expenses. The second-ranking reason was to purchase durable goods.

One question in the Survey asked what plans, if any, people had for using monies received from U.S. Savings Bonds maturing in 1951-52. About one-sixth of all family units owned some bonds that would mature during that period, and for about half of them the amount is less than \$200. About two-thirds of them had definite plans in mind: more than half expected to reinvest in U.S. Savings Bonds, and another fifth would seek some similar noninflationary investment. (No specific mention was made of life insurance as a use for such funds.)

As to shifts in investment preferences, one outstanding example is that which took place among the higher income groups (i.e., over \$7500). A 3 to 1 preference for investments of unchanging money value (Savings Bonds, bank deposits) over variable money value (common stocks, real estate) early in '49, has this year become 1 to 1



METROPOLITAN'S LIFE INSURANCE OPERATIONS THROUGH MIDYEAR

Combined Ordinary Placings through June average close to \$7800 per man per month -- a decided improvement over the past few years, and 2nd only to phenomenal 1946 (solid line, Chart 1).

Net Controllable Cancellations per man also compare favorably with recent years, dipping slightly below last year (dot line, Chart 1). The '51 Rates continue at low levels for both Regular and Monthly Ordinary.

Net Gain, like Placings, ranks 2nd to '46 only. The downward trend from 1946 to '50 is thus sharply reversed, and brings the average per man to \$5860, or more than \$750 above last year's post-War low.

Combined Industrial Issue through June is within a hair's breadth of 75¢ per agent per week (partly estimated) -- best in at least a dozen years (solid line, Chart 2). The continued strength of Industrial emphasizes the public's need for this type of coverage, and the ever growing importance of Monthly-premium indicates our Company's desire to meet that need in a way most convenient to the Policyholder.

The low level of Lapses is vividly brought out by the dot line in Chart 2. The Combined average, hovering around 25¢ ever since World War II, this year drops below the past two years. The Weekly-premium Lapse ratio of 3 1/2% (equivalent annual basis) continues the low level of the past decade, as does Monthly-premium.

These favorable conditions in the Industrial Department yield a Gross Increase of 48¢ per agent per week -- the best 6-months' performance in half a dozen years. Aside from 1943-5, when lapsation ran abnormally low, this year's Gross Increase averages higher than any similar period back to '29.

Metropolitan's Combined Life Sales by midyear reach \$1.8 bn. -- larger than the Total Inforce of all but 20 U.S. and 2 Canadian companies. Our 6-months' Ordinary Sales are but \$12 mn. short of \$1 bn. -- exceeded only in '46. Industrial's \$360 mn. makes this year one of the better recent years. The \$570 mn. of Group Life ranks 2nd to last year's record-breaker.

PERSONAL A & H

Personal A & H Sales continue at high levels. The initial impact of extending eligibility to certain occupations carried Applications to 3600 a week for May. In June, they slipped back a bit to 3000, but even that outranks by far virtually all other weeks in the past decade or more. Reflecting this great surge in sales, First-year Premiums climbed above record-breaking May, to \$560,000 in June. This more than doubles June 1949, just before the introduction of new policies. It will be recalled that sales at that time rose sharply to new all-time records, but these are now shattered by present performance. Policies placed in June, at nearly 9400, are the best in many years; compare inset chart above.

PERSONAL ACCIDENT AND HEALTH
POLICIES PLACED AND PAID FOR
(THOUSANDS OF POLICIES BY MONTH)

