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Together With
THE ANNUAL REPORT
of the
COUNCIL OF ECONOMIC ADVISERS

Economic Report of the President



Transmitted to the Congress
January 1966

TOGETHER WITH
THE ANNUAL REPORT
OF THE
COUNCIL OF ECONOMIC ADVISERS

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**ECONOMIC REPORT
OF THE PRESIDENT**

To the Congress of the United States:

A year ago I reported that we were “in the midst of the greatest upsurge of economic well-being in the history of any nation.” That upsurge, now about to enter its sixth year, continues without let-up.

- The value of our Nation’s annual output of goods and services rose more than one-third from 1960 to 1965. Last year alone, our gross national product (GNP) made a record advance of \$47 billion.
- This swelling production has generated an unprecedented rise in the incomes of the American people. Total personal income in December was at an annual rate of \$550 billion, up 37 percent in the past 5 years and 7½ percent in the latest 12 months.
- In the past 5 years, the number of Americans at work increased by nearly 7 million; in 1965 alone, by about 2½ million. The rate of unemployment dropped from 6.6 percent in December 1960 (and a high of 7.1 percent in May 1961) to 4.1 percent in December 1965.
- And American jobs are better than ever before. The weekly take-home pay of the average manufacturing worker with three dependents has risen 26 percent in the past 5 years. In the last 12 months alone his gain was 4 percent.
- The profits of our corporations, after taxes, last year were 67 percent ahead of their earnings 5 years earlier—up 20 percent over 1964.
- And average farm income last year rose 23 percent, breaking all records.

Our Nation’s industries, shops, and farms—our workers, owners of businesses, professional men and women—prosper today far beyond the dreams of any people, anytime, anywhere.

NEW ECONOMIC ENVIRONMENT

In the light of these unprecedented and continuing gains, some observers are posing questions not heard in almost a decade.

- Will there be enough plant capacity to produce all the goods and services buyers will seek?
- Can our employers find the labor they will require to man their production lines?

- Can we avoid bottlenecks in major industries or key skills that would hamper our expansion?
- Can we keep a destructive price-wage spiral from getting underway?
- Can we move ahead with the Great Society programs and at the same time meet our needs for defense?

My confident answer to each of these questions is YES.

But the fact these questions are seriously asked and require serious answers is proof enough that we are in a new economic environment. We are approaching full use of our resources, and this brings new problems.

To those who fear these new problems, I say this:

- These are the problems we have been waiting to encounter for nearly 10 years.
- These problems are the price of our success.
- These are the welcome problems of prosperity.

Over the past 5 years we have faced very different economic problems. In meeting these problems we have learned that

- recessions are not inevitable;
- high production does not necessarily mean overproduction;
- expansion need not generate inflation or imbalances that make further expansion unsustainable;
- affluence has not sapped the inherent strength and dynamism of the American economy;
- automation need not create mass unemployment;
- millions who were unemployed are not unemployable;
- prudently expansionary fiscal policies can restore high employment; and
- domestic expansion can go hand in hand with strengthened external payments and a sound dollar.

We have learned how to achieve prosperity. Now we must sustain it, deal with its problems, and make the most of the opportunities it presents.

VIETNAM AND OUR ECONOMY

We face the challenges of prosperity while some 200,000 of our fellow citizens and billions of dollars of our resources are engaged in a bitter defense of freedom in Vietnam. The true costs of this conflict are death, pain, and grief; interrupted careers and separation from loved ones. They are incalculable. But the *economic* cost of Vietnam imposes no unbearable burden on our resources.

Vietnam does, however, add to the usual problems of maintaining balanced prosperity. It imposes special burdens on some industries, and raises, as well, uncertainties both for the fiscal planning of Government and the private planning of business. These uncertainties underscore the need for flexibility in Government policies and responsibility in private decisions.

Production for Vietnam accounts for less than 1½ percent of our GNP. These expenditures are a part of the total demand that provides a full market for our manpower and our production. But the private demands of consumers and businesses, and high-priority civilian programs of Government, could and would provide a far more welcome market for that output if there were no war in Vietnam. Our prosperity does not depend on our military effort.

THE PRINCIPLES OF ECONOMIC POLICY

In a time of high prosperity, economic policy faces new problems. But it is still guided by the basic principles that have served us so well.

Twenty years ago next month, the Employment Act of 1946—which prescribes this Report—became law. The principles of our policy emerge from that Act and from our two decades of experience under it.

The essential and revolutionary declaration of the Employment Act was that the Federal Government must accept a share of responsibility for the performance of the American economy. The nature of that share has been more and more clearly defined over the years, by the recommendations of four Presidents and the enactments of ten Congresses.

I see these as the main tasks of Federal economic policy today:

1. To attain full employment without inflation; to use fiscal and monetary policies to help to match total demand to our growing productive potential, while helping to speed the growth of that potential through education, research and development, manpower policies, and enlarged private and public investment;

2. To help to open the doors of opportunity to all, through developing human resources and removing barriers of discrimination, ignorance, and ill-health;

3. To help to solve social and economic problems that neither private action nor State and local governments can solve alone—an efficient transportation system, the protection of our environment, the health of our agriculture, the reconstruction of our cities;

4. To achieve and maintain equilibrium in the Nation's external payments, and to press for improvements in the international economic order;

5. To maintain and enhance healthy competition;

6. To achieve national purposes as far as possible by enlisting the voluntary cooperation of business, labor, and other groups.

Recognition of these responsibilities of the Federal Government neither lessens the responsibilities nor impairs the freedoms of individuals and private groups; nor does it challenge the authority of State and local governments.

The tasks involve new and growing problems of an increasingly complex and interdependent economy and society. Only the Federal Government can assume these tasks. But the Federal Government by itself cannot create prosperity, reduce unemployment, avoid inflation, balance our external accounts, restore our cities, strengthen agriculture, eliminate poverty, or make people healthy.

Only through a creative and cooperative partnership of all private interests and all levels of government—a creative Federalism—can our economic and social objectives be attained. This partnership has written the story of American success. And a new vitalization of this partnership and a new confidence in its effectiveness have produced the extraordinary economic and social gains of recent years.

OUR ECONOMIC GAINS

Our economy is so vast, and our progress has been so rapid, that it is difficult to keep our gains in proper perspective. Here are a few examples:

- In only seven other countries of the world is *total* output in a year as large as the *increase* in our output last year.
- Our stock of private plant and equipment, valued in constant prices, *increased* as much in 1965 alone as it did in the 4 years 1957 through 1960.
- The *increase* in Federal cash receipts between fiscal years 1961 and 1967—in spite of \$20 billion of tax cuts—will exceed the entire cash receipts of the Federal Government in any peacetime fiscal year prior to 1951.

JOBS, INCOMES, AND PRODUCTION

The register of our economic gains during 1965 starts with jobs:

- 2.4 million more, over-all;
- 1.0 million more for teenagers;
- 350,000 more for Negroes;
- 900,000 more for women;
- 1.2 million more for blue-collar workers;
- 900,000 more on manufacturing payrolls;
- 450,000 more on State and local government payrolls;
- 1.0 million more in trade and services.

It continues with pay:

- average hourly earnings up 3 percent in manufacturing, 4½ percent in retail trade;
- average weekly earnings up 3½ percent in manufacturing, 3⅓ percent in trade.

Other forms of income rose, too:

- farm proprietors' average income up 22 percent;
- average income of owners of unincorporated businesses and professional workers up 7½ percent;
- total dividends paid up 12 percent.

And corporations prospered, with

- profits before taxes up 15 percent;
- profits after taxes up 20 percent;
- corporate retained earnings up 29 percent.

With more people earning, and earning more,

- total personal incomes rose \$39 billion, or 7½ percent;
- aggregate consumers' incomes after taxes rose \$34 billion, also 7½ percent.

Governmental units benefited from the surge of incomes.

- Federal cash receipts rose \$8½ billion.
- State and local governments took in \$4⅓ billion more, reducing the need for tax rate increases to meet their expanding burdens.

The higher incomes of individuals, businesses, and governments came from expanding production (year 1965 over year 1964):

Production of goods and services for consumers.....	up \$29½ billion
Production of new plants and machinery.....	up \$9½ billion
Production for use of the Federal Government.....	up \$1½ billion
Production for use of State and local governments.....	up \$5 billion
Production for additions to inventories.....	up \$2½ billion
Residential construction.....	no change
Production for export (less imports).....	down \$1½ billion
Total production (GNP).....	up \$47 billion

We could produce \$47 billion of additional output last year because:

- We had a large net addition of 1.4 million to our labor force;
- We put to work this entire net increment plus about 400,000 who were previously unemployed;
- On the average, each employed person worked a few more hours during the year; and
- Each man-hour worked in the private economy produced on the average 2.8 percent more output than in 1964.

Increased employment and higher productivity were possible because business investment had provided a substantial expansion of plant capacity; because the new and the previously existing capacity were used more fully than in the year before; and because our labor force was better educated and more skilled than ever before. Our efforts to equip the unskilled and inexperienced to take advantage of rapidly expanding job opportunities have been—and will continue to be—an investment in our productive capacity.

The enlarged market demands which called forth this higher output came from every sector. The two dominant forces, however, were the growing boom in business spending for new plant and equipment and the continued dependability of consumer spending, following close on consumer income. Excise tax cuts and larger social security benefits in 1965 helped to swell the income and buying of households. The tax cuts provided by the Revenue Act of 1964 were sustaining private demand all year. By year's end they had added \$30 billion to GNP.

GAINS FOR THE DISADVANTAGED

The disadvantaged and less fortunate members of our society also shared in our 1965 economic gains.

- For the poor who were able to earn, there were lower unemployment, fuller work schedules, and higher pay.
- For the poor who were capable of earning more, there were job training and help in finding jobs, improvements in education, and the breaking down of barriers of discrimination.
- For the poor who could not earn, there were more adequate social security benefits, new medical programs, and better social services.
- For the poor too young to earn, there were more effective education, assistance to enable them to stay in school, and better health services.

Between 1964 and 1965, an estimated 2.2 million persons moved above the poverty line. Millions of others, mostly children and young people, will have a better chance to break out of poverty in the years ahead as a result of the help they will receive from new Federal education, health, and antipoverty programs enacted in 1964 and 1965.

But 32 million Americans remain in poverty, and millions more are unable to realize their full economic potential. America's abundance leaves behind too many who are aged, who are stranded in declining rural areas, who are in broken families, who are uneducated or handicapped or victims of discrimination. Unemployment among Negroes remains twice that of whites. And an unemployment rate of 13 percent among teenagers means that too many youths find disappointment in moving from school into jobs.

The war on poverty, ignorance, ill-health, discrimination, and inadequate opportunity must go forward.

STRENGTHENED PAYMENTS BALANCE

In 1965 we reduced our balance of payments deficit to less than half that in 1964 and 1963. We have shown a skeptical world that a voluntary program—relying on the patriotic cooperation of businesses and banks—could work.

We made substantial progress in 1965

- despite the fact that our new program did not start until late in the first quarter of the year;
- despite increased responsibilities in Vietnam;
- despite a temporary decline in our trade surplus;
- despite conversion by the U.K. Government of more than \$½ billion of U.S. securities and other assets.

Last year we moved forward toward payments balance without sacrificing our vital domestic or international objectives. And we intend to complete the job this year.

THE RECORD OF COSTS AND PRICES

Until a year ago, American costs and prices had been essentially unchanged since 1958. Last year, largely through a surge in agricultural and food prices, the record was blemished. Even so, we have not lost ground to our major competitors overseas, whose prices and costs have generally risen more than ours.

Some internationally traded raw materials—particularly metals and hides—are costing us more. And higher prices for petroleum products and some machinery have also nudged up our price indexes.

But labor costs—the most basic element in the structure of our costs—have barely moved, as gains in productivity have largely offset moderate increases in hourly labor costs.

In many major sectors of our economy, price stability is still the rule, and some important prices are still going down, in line with lower costs. In December, some of the wholesale prices that were lower than a year earlier were:

fresh and dried fruits and vegetables	millwork
plant and animal fibers	building paper and board
coal	motor vehicles
electric power	heating equipment
packaged beverage materials	household appliances
manmade fibers	televisions, radios, phonographs
inedible fats and oils	floor coverings
paint materials	flat glass
crude rubber	gypsum products.

Many industries and markets have demonstrated that the gains of lower costs and rapidly rising productivity can be shared with consumers. Wholesale prices of the following categories of products in December averaged at least 5 percent lower than in 1957–59:

fresh and dried fruits and vegetables	tires and tubes
grains	plywood
plant and animal fibers	building paper and board
packaged beverage materials	heating equipment
manmade fibers	household appliances
paint materials	televisions, radios, and phonographs
drugs and pharmaceuticals	asphalt roofing
crude rubber.	

Those who proclaim inflation is already here have not turned over all the price tags.

ECONOMIC OUTLOOK FOR 1966

Demand will continue to grow rapidly in 1966 and production will respond. The vigor of *investment spending* demonstrates strong business confidence in the growing sales, rising profits, and firm operating rates which spur expansion and modernization. The rising *defense needs* of the Federal Government are an important new force in the economy. With growing support from Federal grant programs, *State and local purchases* will keep moving ahead. Rising consumer incomes from wages, dividends, interest, professional work, and farming will again largely be devoted to *expenditures for better living*.

These forces should add very nearly as much to our GNP in 1966 as the record gain of \$47 billion last year. As the midpoint of a \$10 billion range, \$722 billion is the projected level of GNP in 1966. With that output, we foresee

- an extra \$40 billion of spending and production for civilian needs, both private and public;
- unemployment shrinking below 4 percent, and below any yearly average rate since 1953;
- great advances in the productive capacity of our industries;
- further good gains in productivity; and
- full use, without overuse or strain, of our productive capacity.

FISCAL AND MONETARY POLICY

The fiscal program I recommend for 1966 aims at full employment without inflation. It is a responsible program. It recognizes that vigorous private demand and required defense spending could upset the balance of supply and demand so diligently pursued by fiscal and monetary policies in recent years, and now so effectively achieved.

Until this year, pursuit of this balance has pointed fiscal policies toward the stimulation of demand. Now a stimulus is no longer appropriate.

I have reviewed every program of Government to make room for the necessities of defense. I have sharply reduced or eliminated those civilian programs of lowest priority.

But, as I indicated in my State of the Union Message, I am unwilling to declare a moratorium on our progress toward the Great Society. My budget will add \$3.2 billion to our war against poverty, ignorance, and disease. Yet savings elsewhere will hold the rise in the Administrative Budget—apart from the added costs of Vietnam—to only \$600 million.

Moreover, I am asking the Congress to enact promptly a combination of proposals affecting tax payments in the year ahead:

- a rescheduling of the January 1, 1966 and later excise tax reduction enacted last June for automobiles and telephone service;
- a graduated withholding system that will improve the pay-as-you-go basis of our personal income taxes without increasing tax rates or tax liabilities;
- a corresponding speed-up in payments of corporate income taxes this year and next, also without increasing tax rates or tax liabilities; and
- a method of paying self-employment Social Security taxes on a current basis.

These measures will let us stay close to a high-level balance between the revenues that the Federal Government draws out of the economy and the expenditures that it puts back into the spending stream, and to a high-level balance between total demand and the economy's capacity to produce. It is my judgment that this budget provides the appropriate fiscal environment for the maintenance of basic price stability with continued growth.

I will also look to the Federal Reserve System to provide assistance in promoting the objectives we all share:

- meeting the credit needs of a vigorous and growing economy, while
- preventing excessive credit flows that could carry the pace of expansion beyond prudent speed limits.

THE UNCERTAINTIES

We have made the best economic judgments we can. This year, they were unusually difficult. If the tax measures I am now proposing, in conjunction with the moderating influence of monetary policy, do not hold total demand within bounds of the Nation's productive capacity, I will not hesitate to ask for further fiscal restraints on private spending. Nor will I hesitate to ask for such further fiscal action if additional defense requirements demand it during the year. And I will welcome

the opportunity to alter my budget in the event that a relaxation of international tensions permits lower defense outlays than are now foreseen.

Our defense needs are great; but our growth is far greater. The demands on our economy are strong; but its productive capabilities are enormous. Surprises surely lie ahead; but our ability to cope with change is strong and improving.

MAINTAINING COST-PRICE STABILITY IN 1966

One of the problems of prosperity we face in 1966 is that of achieving stability of prices and costs at full employment.

The basic precondition for price stability is a fiscal-monetary policy that deters total demand for goods and services from outrunning potential supply. But history proclaims that something more is needed: a sense of responsibility to the public interest by labor and business in setting wages and prices.

The vigorous economy we foresee in 1966 will tempt labor unions to demand wage increases that would raise costs, and businesses to raise prices when profit margins are already fully adequate. Labor must remember that growing employment and productivity are the foundation of higher wages, and business that an expanding economy is the basic source of profit gains. These foundations must not be jeopardized.

The Federal Government does not have authority to impose ceilings on wages and prices.

But when 200,000 of our fellow citizens are risking their lives in the defense of freedom overseas, the Government's duty is to ask those who enjoy a comfortable prosperity at home to exercise responsibly their freedom to set prices and wages.

Foregoing the freedom to act irresponsibly is no real sacrifice. For irresponsible action can only bring on an inflation that would damage all—labor, business, and the national interest.

The attached Report of the Council of Economic Advisers contains a thorough discussion of its guideposts for noninflationary wage and price behavior. To maintain price stability in the expanding economy of 1966, it is vitally important that labor and industry follow these guideposts.

The public can expect that the responsible actions of labor and management will be strengthened and supplemented by all the policies of the Federal Government:

- Manpower, education, and rehabilitation programs will continue to train the unemployed and to prepare our youth, increasing the supply of qualified workers and their productivity.
- Where available, surplus Federal stockpiles will be used to prevent unnecessary shortages of materials and commodities

- Defense procurement, agricultural, and other policies will be adjusted where necessary to avoid contributing to instability of prices.
- Fair Labor Standards legislation and Government pay increases should be consistent with the guideposts.

There are no general labor shortages in our economy now, and none should develop in the year ahead. But in some industries, occupations, and areas, limited stringencies are appearing.

Prompt and effective action will be taken to meet any problem of specific labor shortage. I have instructed the Secretary of Labor to take all possible and necessary steps. And I have asked all other Departments to cooperate in this effort.

It will not be easy to reconcile price stability and full employment. Some price movements reflect worldwide changes in supply and demand. But over-all stability of costs and prices will be preserved in the year ahead, provided that during 1966

- public policies maintain a balance between over-all supply and demand and address themselves vigorously to any emerging sectoral imbalances, and
- business and labor accept the principles of the guideposts for noninflationary behavior.

We will have demonstrated that a free economy can both maintain full employment and avoid inflation—and do so without arbitrary controls.

INTERNATIONAL ECONOMIC POLICIES FOR 1966

These are the objectives of our international economic policies in 1966:

- to correct our remaining balance of payments deficit, so that the dollar will remain strong;
- to work toward reduction of trade barriers, so that all nations may reap the benefits of freer trade;
- to improve the international monetary system, so that it will continue to facilitate sound and orderly growth of the world economy;
- to press forward with the other fortunate nations in the great international task of our age: helping those countries now economically less advanced which are prepared to help themselves make rapid progress toward a better life in freedom.

BALANCE OF PAYMENTS

Decisive progress was made in 1965 toward reducing our balance of payments deficit. Though the results for 1965 are gratifying, we cannot afford to relax. We have not yet balanced our external accounts.

For 1966, external balance is our goal. It requires that

- Business continue to cooperate wholeheartedly in following the strengthened guidelines governing capital flows announced in December;
- Banks and financial institutions maintain their excellent performance of last year;
- Businesses sell even more abroad this year, in spite of full domestic order books;
- Business and labor keep costs and prices stable in order to maintain the competitiveness of our goods and services in international markets;
- Government work vigorously to minimize the dollar drain abroad of its aid and defense programs as well as all other activities;
- The Congress pass the tax legislation I recommended last year to enhance opportunities for foreigners to invest in the United States;
- We intensify our efforts to encourage our own citizens and foreigners to travel in the United States. I am directing that high priority be given to these efforts.

TRADE

The year 1966 is the year when the world can take a giant step forward in liberalizing international trade by successfully concluding the Kennedy Round of negotiations to reduce trade barriers on all classes of products. The resulting growth of world trade and world income will benefit all countries, developing as well as industrial. The United States will bend every effort to get meaningful negotiations back on the track. This great venture in international cooperation must not fail.

We shall continue our efforts to improve the trade prospects of the developing countries by helping to stabilize commodity trade, by supporting regional integration among them where practicable, by providing access to markets, and by giving positive assistance to export promotion.

INTERNATIONAL MONETARY REFORM

As we achieve and maintain balance in our external accounts, dollars will no longer add to international monetary reserves as they have in the past. We learned long ago that we cannot rely on gold alone. The free world must look to new sources of liquidity—rather than to deficits in the U.S. balance of payments—to support growing international trade and payments.

We are, therefore, pressing forward with other nations

- to assure the adequate and orderly growth of world monetary reserves;
- to improve the adjustment of imbalances by both surplus and deficit countries;
- to strengthen the monetary system that has served the world so well.

I hope that the major industrial nations—and then the entire community of free nations—will reach an agreement that will make creation of new reserve assets a deliberate decision of the community of nations to serve the economic welfare of all.

ECONOMIC ASSISTANCE

We have molded our foreign assistance policies into more efficient tools with which to confront one of history's gravest challenges—the development of the impoverished but awakening and turbulent two-thirds of the world.

The United States stands ready to continue to assist those countries which have demonstrated their commitment to the task of moving their economies forward toward self-sustaining growth under freedom.

In recent years, I have consciously held back further increases in our foreign assistance request while we designed a lean but effective program to give maximum impact to each dollar we spend.

Today, we are ready to move forward with special emphasis on three areas in which the United States is particularly well qualified to help:

- agriculture*, to stimulate food production where it fails to keep pace with spiraling populations;
- health*, to strengthen millions who could contribute more fully to their own economic progress;
- education and training*, to provide the modern skills needed for development.

URBAN PROBLEMS AND POLICIES

We are an urban society. In 1900, America's urban areas contained 30 million people, 40 percent of our population. By the year 2000, 250 million, 80 percent of our population, are likely to be urban. The quality of American life increasingly depends on the physical, economic, aesthetic, and social qualities of our urban centers.

American cities possess some of the rarest treasures of art, the finest music and theater, the greatest universities, the loveliest parks, the most splendid vistas, the most elegant and luxurious living, in the entire world. Yet they also contain degrading poverty, revolting slums, incredible traffic congestion, bitter racial tensions, physical decay and ugliness, political disorganization, and rising crime and delinquency.

The Congress created last year a Department of Housing and Urban Development, giving it responsibilities for coordinating Federal programs affecting housing, urban areas, and urban people, and for administering many such programs. I have no intention of letting it become merely a housekeeping agency to supervise miscellaneous programs.

With the help of the finest minds in the Nation, we have been developing a program to rebuild—in cooperation with State and local governments, private agencies, business enterprises, and local citizens—the

physical, institutional, and social environment of our urban areas. Each city should plan on an integrated basis for its own physical, economic, and social development. And where those plans are imaginative, far-sighted, and efficient, the Federal Government should help to make them realities.

I am asking the Congress to consider proposed legislation to carry out these objectives. I am also preparing proposals for legislation to bar discrimination in the sale or rental of housing—a condition which has contributed to many urban problems.

TRANSPORTATION

The revolutionary changes in transportation technology of the past half century have not been matched by equal progress in our public policies or our Federal organization.

I am recommending the creation of a Department of Transportation —to manage the vast Federal promotional programs in highways, waterways, air travel, and maritime affairs, and —to take leadership in the development of new transportation policies in accord with current realities.

I am proposing again this year increased user charges on highways and aviation and the introduction of nominal user charges on inland waterways. Such charges will improve efficiency in the use of resources, and reimburse the Federal Government for a part of its expenditures which directly benefit the users of these facilities.

We spend billions of dollars in medical research each year to conquer disease and prolong life. Yet we still put up with the senseless slaughter of thousands of Americans on our highways.

Fifty thousand Americans met their death in traffic accidents during 1965. About 3½ million were injured. The economic cost of accidents is estimated at around \$8 billion a year.

We can no longer ignore the problem of automobile safety. We can no longer procrastinate and hope that the situation will improve. I will propose new programs to protect the safety of our citizens and the efficient flow of our commerce.

CONTROLLING POLLUTION

Our means for attacking the shameful pollution of our environment were strengthened in the first session of this Congress by important new standard-setting authority over water quality and automotive exhausts.

Federal agencies have begun cleaning up the numerous and extensive sources of water pollution from their own facilities, in response to my Executive Order. Despite budgetary stringency, expenditures for this purpose will be given high priority. I shall issue an Executive Order covering air pollution from Federal installations.

I propose that, in cooperation with appropriate State and local authorities and private interests, we carry out projects to clean up several entire river basins, following the example of our efforts to clean up the Potomac. Special Federal financial assistance will be necessary; this should be conditioned on new financial and organizational arrangements by State and local authorities.

LABOR AND MANAGEMENT

UNION SECURITY AGREEMENTS

Strong and responsible collective bargaining is an important instrument of a free and healthy economy.

To improve its functioning and to make the national labor policy uniform throughout the country, I again urge the Congress to repeal Section 14(b) of the Taft-Hartley Act.

STRIKE EMERGENCIES

The recent transit strike in New York City illustrates our helplessness in preventing extreme disruption to the lives and livelihoods of a city of 8 million people. I intend to ask the Congress to consider measures that, without improperly invading State and local authority, will enable us to deal effectively with strikes that may cause irreparable damage to the national interest.

UNEMPLOYMENT INSURANCE

Our system of Unemployment Insurance has not kept pace with our advancing economy. The time to modernize it is now, when unemployment is low and the cost of improved protection can be readily absorbed. We need a program that will provide more realistic benefits, including benefits for more workers and for longer periods of joblessness; that will correct abuses and assure efficient and responsible administration; and that will broaden the system's tax base and strengthen its financing. I urge the Congress to enact such a program.

FAIR LABOR STANDARDS

Millions of workers at the bottom of our wage scale still lack the protection of Federal minimum standards. At the same time, we need to reinforce this protection by raising the minimum wage.

I recommend the extension of the Fair Labor Standards Act to large numbers of additional workers. In enacting higher minimum wage levels, the Congress should consider carefully their effects on substandard incomes, on cost and price stability, and on the availability of job opportunities for marginal workers.

TAX REFORM AND SIMPLIFICATION

Against a background calling for fiscal restraint, I cannot this year endorse any specific legislative measure, however meritorious, involving significant net tax reduction. The danger of inflation from increased demand would be too great, and any special tax reduction now would postpone the time when we can achieve a meaningful general tax reduction.

Although tax reduction is not feasible this year, improvement of our tax system is a continuing need which will concern this Administration and which deserves the support of all Americans.

One major goal must be simplification of the tax law. Another aim must be a more equitable distribution of the tax load. The great variation of tax liability among persons with equivalent income or wealth must be reduced. Further, when tax reduction once again becomes feasible, particular attention must be given to relief of those at or near poverty levels of income.

Finally, we must review special tax preferences. In a fully employed economy, special tax benefits to stimulate some activities or investments mean that we will have less of other activities. Benefits that the Government extends through direct expenditures are periodically reviewed and often altered in the budget-appropriation process, but too little attention is given to reviewing particular tax benefits. These benefits, like all other activities of Government, must stand up to the tests of efficiency and fairness.

We must constantly seek improvements in the tax code in the interests of equity and of sound economic policy.

I welcome the concern over these problems shown by the Chairmen of the tax committees of the Congress.

As a specific tax reform which can be accomplished this year, I call upon the Congress to deal with abuses of tax-exempt private foundations.

We must always be prepared to meet quickly any problems that arise in the path of continued, stable economic growth, whether the problems call for fiscal stimulus or fiscal restraint. Background tax studies by both the Congress and Executive Branch should therefore be adequate to permit quick decisions and prompt action to accommodate short-run cyclical changes. If quick action is ever needed, we should not have to begin a long debate on what the changes in taxes should be.

FINANCIAL INSTITUTIONS IN OUR CHANGING ECONOMIC ENVIRONMENT

The vigor and soundness of our financial institutions are vital to the vigor and soundness of our economic expansion. Actions to ease unnecessarily restrictive regulations have been taken in the past; they

have borne fruit in stronger competition and a more efficient flow of funds from savers to borrowers with the most urgent needs.

But appropriate regulations are clearly required to protect the safety of savings of American families, to assure the most efficient and equitable regulation of financial institutions, and to create still better channels for the flow of funds to borrowers.

For these reasons, I recommend Congressional action on financial legislation to

- arm regulatory agencies with a wider range of effective enforcement remedies;
- strengthen statutory provisions dealing with savings and loan holding companies;
- increase the maximum amount of insurance coverage for bank deposits and savings and loan accounts; provide safeguards against conflict of interests in the management of these institutions; and make regulations applying to various types of institutions as parallel as possible;
- provide for Federal chartering of mutual savings banks.

CONSUMER PROTECTION

I have already asked for the cooperation of business and labor in preserving the stability of costs and prices. But the consumer also has a responsibility for holding the price line.

To fulfill his responsibility, the consumer must have access to clear, unambiguous information about products and services available for sale. This will enable him to reward with his patronage the most efficient producers and distributors, who offer the best value or the lowest price.

We should wait no longer to eliminate misleading and deceptive packaging and labeling practices which cause consumer confusion. The fair packaging and labeling bill should be enacted.

While the growth of consumer credit has contributed to our rising standard of living, confusing practices in disclosing credit rates and the cost of financing have made it difficult for consumers to shop for the best buy in credit.

Truth-in-lending legislation would provide consumers the necessary information, by requiring a clear statement of the cost of credit and the annual rate of interest.

Our legislation protecting the public from harmful drugs and cosmetics should be strengthened. I shall propose legislation for this purpose.

CONCLUSION

A few years ago, much was heard of the "European economic miracle." Today, across the Atlantic and around the world one hears once again of the "American economic miracle."

For the American economy, in the past 5 years, has demonstrated anew the confident vitality, the internal dynamism, and the enormous productivity which had long been its hallmark. We had settled for a while on what seemed a plateau of affluence; now, once again, there has been the strong thrust of progress—but a newly steady and balanced progress.

We have again shown the world what free men and a free economy can achieve. The peoples struggling toward economic development see with renewed interest that free markets and free economic choices can be a mighty engine of progress.

Moreover, there is new respect in the world for an America concerned with using its abundance to enhance the quality of human life: for a people

- who undertake a war on poverty along with the defense of freedom;
- who seek to restore their cities to greatness and to conserve the beauties of their landscape;
- who are determined to break down a centuries-old barrier of prejudice and injustice;
- who are resolved to lift the quality of education at every level;
- who are determined to promote and reward excellence in every endeavor;
- who have provided new health services and better social security for their older citizens;
- who offer to share their abundance and technical skills with a needy world.

The new vigor and progress of America can be a source of satisfaction. Yet we cannot rest on past accomplishments. Continuing problems challenge our determination and our resourcefulness.

Perhaps our most serious economic challenge in 1966 will be to preserve the essential stability of costs and prices which has contributed so significantly to our balanced progress.

I do not know what additional burdens of defense the American economy will be asked to assume in 1966. Whatever they are, they will be met, and they will be small relative to the growth of our abundance. But in an economy approaching full use of its resources, the new requirements of Vietnam make our task of maintaining price stability more difficult.

To insure against the risk of inflationary pressures, I have asked Americans to pay their taxes on a more nearly current basis, and to postpone a scheduled tax cut. If it should turn out that additional insurance is needed, then I am convinced that we should levy higher taxes rather than accept inflation—which is the most unjust and capricious form of taxation.

We know that we do not need to put our growing economy into a straight jacket, or to throw it into reverse. But the extent of the fiscal or monetary restraint that will be needed to avoid inflationary pressures

will depend directly on the restraint and moderation exercised by those who have power over wages and prices.

I again ask every leader of labor and every businessman who has price or wage decisions to make in 1966 to remember that his decisions affect not alone the wages of his members or the returns of his stockholders. Shortsighted pursuit of short-run interests fails in the longer run to advance the interests of either labor or management. And it surely does not advance the interests of the Nation.

I am confident that the overwhelming majority of private decisions in 1966 will be sound and responsible—just as I am determined that public decisions will be fully responsible.

If they are, the American economic miracle will remain in 1966 the single most important force in the economic progress of mankind.

A handwritten signature in black ink, appearing to read "Lyndon B. Johnson". The signature is fluid and cursive, with a long horizontal stroke at the end.

January 27, 1966.

**THE ANNUAL REPORT
OF THE
COUNCIL OF ECONOMIC ADVISERS**

LETTER OF TRANSMITTAL

COUNCIL OF ECONOMIC ADVISERS,
Washington, D.C., January 20, 1966.

THE PRESIDENT:

SIR: The Council of Economic Advisers herewith submits its Annual Report, January 1966, in accordance with Section 4(c) (2) of the Employment Act of 1946.

Respectfully,



GARDNER ACKLEY,
Chairman.



OTTO ECKSTEIN



ARTHUR M. OKUN

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Chapter 1

Approaching Full Employment

THE AMERICAN ECONOMY took a giant step in 1965 toward the achievement of the Employment Act's goals of "maximum employment, production, and purchasing power." It was the fifth year of uninterrupted economic expansion, and the second year of declining unemployment as output moved closer to the economy's growing productive potential.

Since the Revenue Act of 1964 became effective, the economy has shown new vigor. Living standards have risen at an unprecedented rate, and businessmen have found new and stronger incentives to expand and modernize their productive facilities. Employment has forged ahead dramatically, enlarging job opportunities, particularly for the young and the less advantaged groups in the labor force. As the year closed, the unemployment rate was 4.1 percent, within inches of the 4 percent interim goal set by the Kennedy Administration in the 1962 Economic Report and below any rate achieved since the mid-1950's. Meanwhile, despite some pressures on prices for particular commodities, the over-all price record remained far better than in that earlier period. In addition, last year witnessed significant progress toward equilibrium in the balance of payments.

Today, our vigorous economy is in a strong position to carry the new burdens imposed by expanded national defense requirements. With another large advance in total production ahead, defense needs will be met while consumer living standards again improve strongly and the capital stock is further enlarged. Indeed the *increase* in output available for civilian uses this year is expected to be one of the largest in our history.

National security, of course, has first priority on the budget and the first claim on production. It certainly represents a less welcome use of our national output than would Federal civilian programs or the private spending that would come from tax reduction. Progress will continue in building the Great Society, but the pace of Federal civilian programs reflects the current urgency of national defense.

Furthermore, rising defense requirements clearly complicate the task of economic policy. The stimulative fiscal policies of recent years have achieved their mission. Consumer spending and investment demand have both been invigorated. The same logic that called for fiscal stimuli when demand was weak now argues for a degree of restraint to assure that the

pace of the economy remains within safe speed limits. Measures to moderate the growth of private purchasing power are needed to offset, in part, the expansionary influence of rising defense outlays if intensified price and wage pressures are to be avoided. A combination of such measures—affecting excise tax rates and the timing of individual and corporate tax payments—is thus a key proposal in the President's fiscal program.

At the same time, the Administration looks toward further declines in unemployment during the year ahead—indeed, to the lowest level since 1953. These ambitious targets are a renewed expression of confidence in the vigor, adaptability, and productivity of our private economic system—a confidence which has been richly reaffirmed and rewarded in the past 2 years by the Nation's smooth progress and efficient performance in approaching full employment. Nonetheless, this is a year of many uncertainties: the advance into the new territory of still lower unemployment must be made with care; meanwhile, defense requirements could shift suddenly in either direction in the months ahead. Fiscal policy stands ready to meet any changing needs and unanticipated developments, and will look to assistance from monetary policy in maintaining flexibility.

This chapter reviews the recent record of progress toward full employment, appraises the current state of the economy, evaluates the outlook for gross national product and employment in 1966 in the light of fiscal and monetary policies, and explores future contingencies. Chapter 2 examines in detail the outlook for price-cost stability. Problems of the U.S. balance of payments are reviewed in Chapter 6.

PROGRESS TOWARD FULL EMPLOYMENT

Nearly 5 years of expansion have yielded a gain of \$190 billion in gross national product (GNP). Revised historical estimates of our national product through 1964 were published last August by the Department of Commerce, and updated provisional estimates for 1965 were released at the start of this year; these new estimates give a more accurate picture of the growth of GNP and the relationship of its components. They show that total GNP advanced at a 7.0 percent annual rate in the last 4¾ years. After adjustment for the modest upward drift in prices, the average annual rate of growth of real output over this period was 5.5 percent.

When measured from the peak year of 1960 to 1965, real growth averaged 4.5 percent, in sharp contrast to the 2.4 percent annual rise from 1953 to 1960. This rapid growth in the United States exceeds the target rate for the 1960's established collectively by the member countries of the Organization for Economic Cooperation and Development (OECD). At mid-decade, the Secretary General of the OECD reported to the Ministers, "During the period 1960-65, gross national product for OECD countries taken together has increased at a somewhat higher rate than that needed

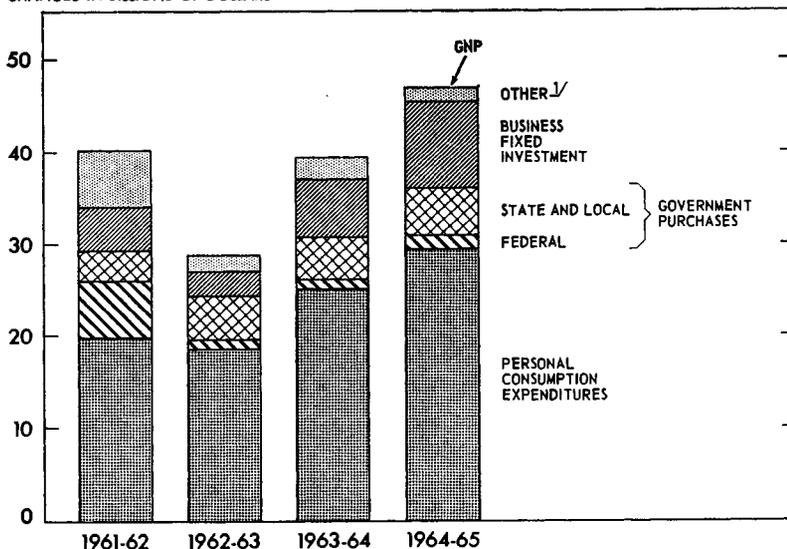
to meet the target of 50 percent for the decade 1960–1970 [4.1 percent a year] set by the Ministers in 1961.” The United States accounts for virtually all of the surplus above the target rate. In contrast to the decade of the 1950’s, when most OECD countries enjoyed virtually uninterrupted expansion while the United States suffered periodic downturns, it has been the United States that has experienced continuing strong expansion thus far in the 1960’s.

Sustained and balanced progress is the hallmark of the current expansion. But the pace of the advance has varied over time (Chart 1). In the initial recovery period from the 1960–61 recession, output rebounded sharply; the unemployment rate, which had been 7 percent early in 1961, fell rapidly late in the year, reaching 5½ percent by mid-1962. The upswing was spurred by the characteristic shift from liquidation to accumulation of inventories, and by higher Federal Government spending, partly associated with the 1961 Berlin crisis. However, the expansion then faltered when fixed investment outlays failed to take over as the main expansionary force in the economy. As the growth of total output slowed, unemployment threatened to be stuck on a 5½ percent plateau. The Kennedy Administration was convinced that adequate total demand could reduce

Chart 1

Changes in Gross National Product Since 1961

CHANGES IN BILLIONS OF DOLLARS



✓ RESIDENTIAL STRUCTURES, CHANGE IN BUSINESS INVENTORIES, AND NET EXPORTS OF GOODS AND SERVICES.

SOURCE: DEPARTMENT OF COMMERCE.

unemployment at least to 4 percent without inflation. To accomplish this objective, it developed a comprehensive program of tax measures, including lower personal and corporate tax rates, depreciation reform, and an investment tax credit. The personal tax cuts raised after-tax earnings and spurred more spending by consumers. The corporate measures added further to private investment incentives and to the volume of investible funds.

The economy responded well to these measures, and especially to the major tax cut of February 1964. GNP rose by nearly \$40 billion in 1964, compared with the gain of almost \$30 billion in 1963, and the unemployment rate fell to 5.0 percent by the end of the year.

Statistical analysis of the impact of the tax reduction suggests that it was responsible for nearly the entire \$10 billion step-up in the annual increase of GNP. The reduction in tax liabilities in 1964 boosted the after-tax incomes of households and businesses. Spending by these sectors, particularly consumer outlays, rose in response to these larger after-tax incomes. This higher spending increased sales, employment, and earnings. Larger earnings, in turn, provided the basis for still more consumption spending. Investment was also stimulated by gains in business sales and higher capacity utilization. By early 1965, the contribution of the tax cut in lifting consumption and investment spending was more than \$20 billion (annual rate). Since the effects of the tax cut cumulate through time, its contribution has grown further, reaching \$30 billion by the end of 1965.

As 1965 opened, the remaining lift from the Revenue Act of 1964 was not in itself sufficient to assure a sustained reduction in unemployment. Consequently, a good opportunity was presented for a long-awaited reduction in excise taxes and a liberalization of Social Security benefits, both of which were desirable on equity grounds. These actions were proposed in the fiscal 1966 budget, presented in January 1965. In combination with expected modest increases in other expenditures, they more than offset the normal growth of Federal revenues, and thus provided a net fiscal stimulus for calendar 1965. The stimulus was planned for the second half of the year since heavy stocking of steel inventories in anticipation of a strike was expected to stimulate demand early in the year and subsequently to be reversed.

The fiscal actions in 1965 were a success. The economy did move further toward full employment, even more rapidly than anticipated; yet demand did not outstrip capacity to produce.

SOURCES OF STRENGTH

Personal consumption and business fixed investment, the two types of spending expected to be most responsive to the major 1964 tax reduction, surged ahead in 1964 and 1965. Buoyancy in these sectors outweighed sluggishness in residential construction outlays and moderation in inventory investment (Table 1).

TABLE 1.—Changes in gross national product since early 1961

Expenditure group	1961 I	1963 IV	1965 IV ¹	Percentage change per year	
				1961 I to 1965 IV ¹	1963 IV to 1965 IV ¹
	Billions of dollars ²				
Gross national product.....	503.6	603.6	604.6	7.0	7.3
Personal consumption expenditures.....	328.4	379.5	440.1	6.4	7.7
Private business fixed investment.....	46.0	56.5	73.2	10.3	13.8
Change in business inventories.....	-3.5	8.1	7.0	(³)	(³)
Residential structures.....	21.7	27.0	27.2	4.9	-1.3
Net exports of goods and services.....	6.6	7.3	7.4	(³)	(³)
Government purchases of goods and services.....	104.3	124.3	136.6	6.3	6.0
Federal.....	55.4	64.4	69.7	5.0	4.0
State and local.....	49.0	59.9	66.9	7.8	8.0

¹ Preliminary.

² Seasonally adjusted annual rates.

³ Percentage change not computed because of small or negative base.

NOTE.—Detail will not necessarily add to totals because of rounding.

Sources: Department of Commerce and Council of Economic Advisers.

Consumption

The consumer was a bulwark in the strong general economic gains of 1964 and 1965. Except for the fourth quarter of 1964, when strikes curtailed automobile sales, consumption grew by \$7 billion or more in every quarter of this period. Only twice before, once at the start of the Korean war and again at the beginning of 1959, had quarterly increases of this size occurred.

A notable feature of the recent sharp advance in consumption expenditures is its pervasiveness. The sharpest relative increases occurred in purchases of durables, which are generally most sensitive to fluctuations in the growth of income. From the end of 1963 to the end of 1965, real expenditures on automobiles topped all previous records, rising on average by 11 percent a year. Yet this strong rise was closely paralleled by outlays for other durables. And real outlays on both nondurables and services rose at an unusually strong 5½ percent annual rate.

Consumers were able to take these forward strides because of rapid gains in their purchasing power. Real disposable income grew at an average annual rate of 6.3 percent in the 2 years after the 1964 tax cut, in contrast to the growth rate of 3.9 percent in the preceding 2 years. The consumer continued to be a dependable performer in the economy. During the past 2 years, the rise of almost \$61 billion in consumption amounted to 91 percent of the \$66 billion increase in disposable income. Spending on consumer goods and services has typically absorbed approximately this proportion of increases in disposable income, when allowance is made for some lag in adjustment to unusually large income gains.

The largest beneficiaries of the rapid rise in income were workers rescued from unemployment. Other consumers also benefited, although less dra-

TABLE 2.—Changes in employment and income since early 1961

[Seasonally adjusted]

Series	Unit	1961 I	1963 IV	1965 IV ¹	Percentage change per year	
					1961 I to 1965 IV ¹	1963 IV to 1965 IV ¹
Civilian labor force:						
Employment.....	Millions of persons.	² 66.6	69.3	73.0	2.0	2.6
Unemployment.....	do.....	² 4.9	4.1	3.2	-8.4	-12.1
Personal income:³						
Total (before taxes).....	Billions of dollars.	406.6	475.6	546.0	6.4	7.1
Wage and salary disbursements.....	do.....	270.9	318.8	368.1	6.7	7.5
Disposable (after taxes).....	do.....	354.8	414.0	480.3	6.6	7.7
Corporate profits:³						
Before taxes.....	do.....	45.0	60.8	⁴ 74.6	⁴ 11.9	⁴ 12.4
After taxes.....	do.....	24.4	33.8	⁴ 44.5	⁴ 14.3	⁴ 17.0

¹ Preliminary.² Adjusted for comparability with subsequent data.³ Quarterly data at annual rates.⁴ Profits data relate to 1965 III.

Sources: Department of Labor, Department of Commerce, and Council of Economic Advisers.

matically, through lower taxes, higher wages, and fuller work schedules (Table 2). Thus, expansionary fiscal policies were translated for most Americans into rising standards of living—more and better provision of the physical necessities, the social amenities, and the personal conveniences of civilized life. Real consumption per capita (1958 prices) grew over the 2-year interval by \$190—as much as in the preceding 8 years.

Investment

A buoyant economy with rising sales and operating rates, surging profits, and the incentives of tax reduction gave new stimulus to business to expand and modernize capacity. The result was an 11½ percent jump in outlays for business fixed investment in 1964 and a 15½ percent spurt in 1965. These gains compare with an average annual rate of increase of 7½ percent in the preceding 2 years.

Investment plans were repeatedly revised upward in 1964 and 1965 as business confidence grew. The second time that businessmen reported spending plans for a given quarter—in the Department of Commerce-Securities and Exchange Commission survey—their plans exceeded the first anticipations. Their actual outlays invariably topped the second anticipations (Table 3)—a clear indication of the general availability of capital goods. In sharp contrast, during 1956 and early 1957, businessmen were not able to invest as much as they had planned because of bottlenecks in construction and delivery of equipment.

The stepped-up pace of final sales in 1964 and 1965 also required additional inventories. Nevertheless, the \$5.4 billion accumulation of nonfarm stocks in 1964 was unusually small in relation to the advance in final sales as inventory-sales ratios declined during most of the year. During

TABLE 3.—Planned and actual expenditures for new plant and equipment, 1964-65

[Billions of dollars, seasonally adjusted annual rates]

Quarter	Planned expenditures		Actual expenditures
	Middle of preceding quarter	Middle of current quarter	
1964: I.....	40.8	41.2	42.6
II.....	42.7	43.4	43.5
III.....	44.3	44.6	45.6
IV.....	46.2	46.7	47.8
1965: I.....	47.9	48.8	49.0
II.....	49.6	49.6	50.4
III.....	50.8	51.2	52.8
IV.....	53.0	54.8	(1)

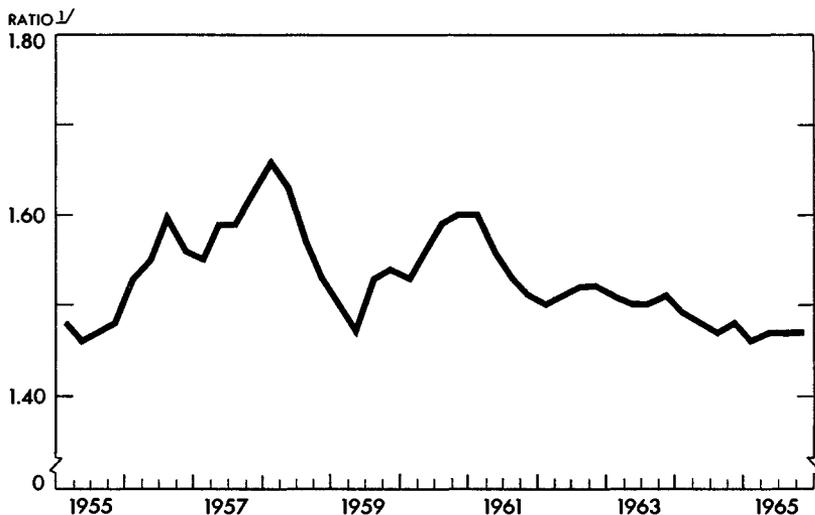
¹ Not available.

Sources: Department of Commerce and Securities and Exchange Commission.

1965, quarterly rates of inventory investment reflected temporary influences: the post-strike rebuilding of automobile inventories, the buildup of steel stocks, and the backlog of exports associated with the dock strike, early in the year; and, on the other hand, liquidation of steel stocks in the closing months. For 1965 as a whole, however, nonfarm inventory investment of \$7.1 billion was in line with the growth of final sales. As Chart 2 shows, inventory-sales ratios remained remarkably stable throughout the past 4 years, in marked contrast to the cyclical ups and downs in the late 1950's. In recent

Chart 2

Business Inventory-Sales Ratio



¹/RATIO OF MANUFACTURING AND TRADE INVENTORIES TO SALES; BASED ON SEASONALLY ADJUSTED QUARTERLY AVERAGES OF MONTHLY SALES AND END-OF-MONTH INVENTORIES.

SOURCE: DEPARTMENT OF COMMERCE.

years, businessmen's sales expectations were validated or surpassed by performance; moreover, prudent management helped to keep stocks closely geared to sales.

Residential construction was the only major component of private spending which remained weak in 1964 and 1965. In the 1961-63 period, the average annual addition of 1.46 million units to the private housing stock exceeded by an unusually large margin the average annual rate of net family formation (870,000). Excess supply developed in particular housing markets, especially in the West and in high priced apartments in scattered other locations. Thus, the upswing in residential construction activity ended early in 1964. The number of private housing starts fell from an annual rate of 1.7 million units in the first quarter of 1964 to a low of 1.4 million units in the third quarter of 1965. The real value of home construction held up somewhat better—because of a shift toward bigger and better quality new homes. Nevertheless, residential construction added practically nothing to the growth of GNP—even in current prices—in 1964, and was again a conspicuously lagging sector in 1965.

THE RECENT RECORD

The strength of the advance in 1965 was exceptional and surpassed expectations. The Council's Annual Report of 1965, which contained one of the more optimistic forecasts current at that time, estimated a gain of \$38 billion in GNP for the year—the midpoint of a \$33-43 billion range. In contrast, the actual gain was a record \$47 billion.

The major reason for the unforeseen gain was the unusually large revision in investment plans. Evidence available at the beginning of 1965 pointed to a rise in business fixed investment for the year which would be close to, but not quite match, the increase in 1964. The actual advance, however, totaled \$9½ billion, substantially exceeding the \$6 billion rise in the preceding year. Federal purchases of goods and services rose by \$1½ billion for the year as a whole, compared with the \$½ billion increase that had been anticipated. Consumption outlays exceeded the Council's original estimate, but this was primarily because of higher disposable income that, in turn, reflected the greater strength of other sectors.

The extraordinary strength of demand became more clearly established as the year 1965 progressed. Much of the unusually large advance in the opening quarter was attributable to the rebound from the strike in the automobile industry, which had depressed output in the closing quarter of 1964. Even though automobile output retreated in the second quarter, GNP advanced strongly. Sharp increases in fixed investment in the third and fourth quarters reinforced continued rapid rises in consumption.

Finally, defense outlays added to demand, particularly from the second to the fourth quarter, when they rose by \$2.8 billion. About \$1 billion of this rise came from the military pay increase enacted in September.

Moreover, the prospect of further substantial increases in Federal defense expenditures was a major factor contributing to buoyant expectations and investment demand in the second half of the year.

Thus, gains in GNP grew to \$13 billion each in the third and fourth quarters of 1965. The advance in the fourth quarter was especially remarkable in view of the liquidation of steel inventories, at an annual rate of about \$2 billion, following the September labor settlement. Although the impact of the slowdown in steel production was evident in the industrial production index in September and October, the index rose strongly thereafter; for the year as a whole, it was 8 percent above the 1964 average.

The strength of spending lifted the economy toward more complete use of its resources. Under the influence of favorable fiscal and monetary policies, the economy has achieved the best balance of over-all demand and productive capacity in nearly a decade.

THE BALANCE OF THE ECONOMY TODAY

The potential output of the American economy has continued to grow rapidly in the past 5 years. Aggregate demand, however, has advanced even faster. Output has risen to within 1½ percent of the economy's estimated potential. Meanwhile, private investment has forged ahead to match high-employment private saving. The good balances of demand with potential output and of investment with high-employment saving are two related measures of our progress.

BALANCE OF OUTPUT AND POTENTIAL

In 1965, the American economy achieved fuller utilization of its vast human and physical resources than at any time since 1957. Jobs were provided for more persons able and willing to work, thus leading to a more equitable distribution of the Nation's output and reducing the ranks of those unfairly condemned to a meager subsistence because they cannot find work. More and more Americans have had the chance to exercise their preference for employment rather than doles. Adult males had an unemployment rate of 5.7 percent in 1961. The rate fell to 2.6 percent by the end of 1965, not because attitudes toward work were uplifted, but because opportunities for work widened greatly.

A high-employment economy generates benefits for the rest of the Nation as well as for the previously unemployed. The additional output directly attributable to the efforts of the reemployed is just one part of the larger output that accompanies increased employment. In addition, productivity is higher as a result of improved utilization, primarily reflecting the more efficient use of overhead labor, such as clerical, professional, maintenance, and managerial employees.

Improving employment opportunities also attract more persons into the job market and thus add to the measured labor force. Manpower supplies

are further increased in periods of advancing activity by the lengthening of the work week, as part-time employees are converted to full-time and as overtime work increases.

In the last four Economic Reports, the Council has discussed the concept of potential GNP, defined as the volume of goods and services that the economy would ordinarily produce at the interim target unemployment rate of 4 percent. The measurement of potential GNP must incorporate the effects of the higher productivity, the larger labor force, and the fuller work schedules which accompany reduced unemployment.

Potential GNP does not stand still. Over time, population trends add to the number of persons in the labor force. Furthermore, increases in the quantity and quality of capital, advances in technology, and improvements in the quality of labor raise the potential productivity of the labor force.

The evidence indicates that, from the mid-1950's and into the early 1960's, the potential labor force grew at the rate of about $1\frac{1}{4}$ percent a year. Normal growth of man-hour productivity for the entire work force (including Government as well as private workers) was $2\frac{1}{2}$ percent a year. Hours worked a year trended downward at a rate of nearly one-fourth of 1 percent annually. Thus, potential GNP grew by $3\frac{1}{2}$ percent a year.

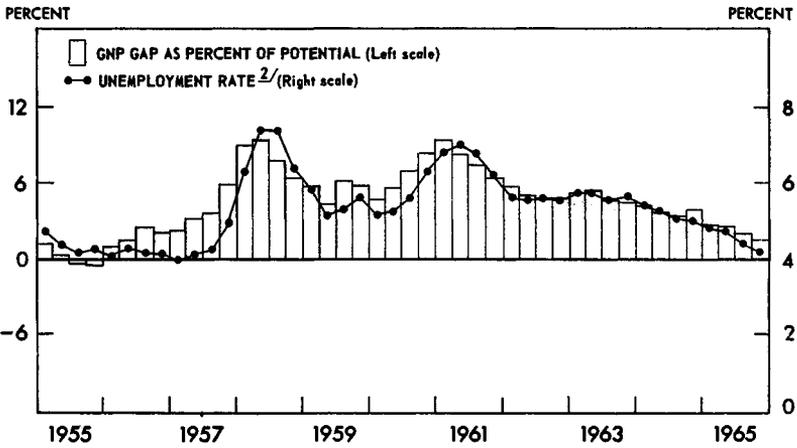
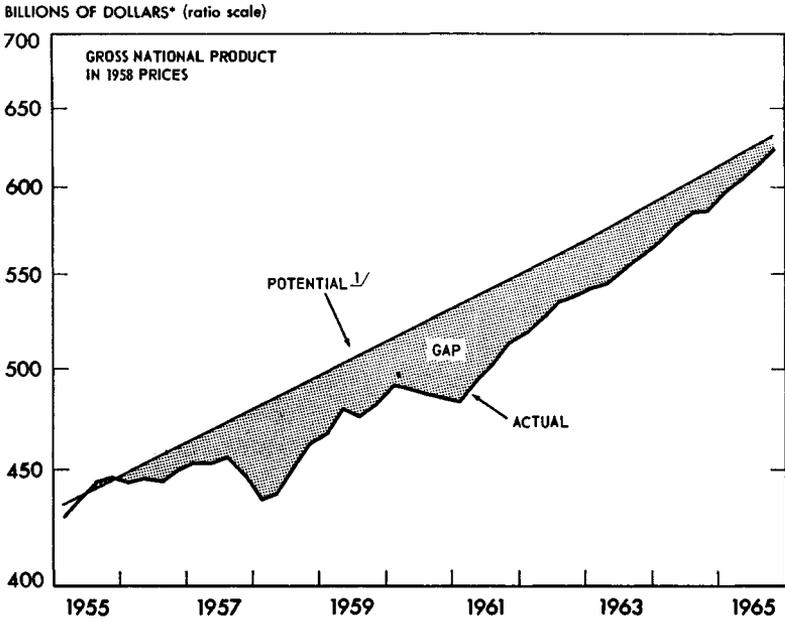
For recent years, a real growth rate of actual GNP somewhat greater than $3\frac{1}{2}$ percent has been required to hold the unemployment rate constant. Hence, the Council last year raised its estimated rate of growth of potential GNP to $3\frac{3}{4}$ percent, beginning in 1963. More rapid growth of the labor force will further increase the growth rate of potential GNP in the years ahead. During 1966, the Department of Labor will release a study, summarizing the results of extensive research on the prospects and patterns of growth by 1970.

The disparity or "gap" between potential and actual output (Chart 3) represents the goods and services foregone because of the underutilization of resources. The persistent gap since the mid-1950's has meant a total of \$260 billion (in 1958 prices) in lost output. This loss was at a peak annual rate of \$50 billion in the first quarter of 1961. The gap was reduced during the next few years. It shrank dramatically in 1965, reaching \$10 billion, in the final quarter when the unemployment rate was $4\frac{1}{4}$ percent.

During the second half of 1965, unemployment fell somewhat more rapidly than would have been expected from the rate of advance of real GNP. It now appears likely that the unemployment rate will reach 4.0 percent while the trend calculation still shows a small GNP gap. Recent experience has been influenced by the expansion of the armed services and of Government antipoverty programs for training young unskilled workers, both of which have a stronger effect on unemployment than on output. Despite the discrepancy between the estimate of the gap and the movement of unemployment that emerged late in 1965, it is clear that the Council's estimates of the potential GNP associated with 4 percent unemployment have been close to the mark throughout the expansion. Potential

Chart 3

Gross National Product, Actual and Potential, and Unemployment Rate



* SEASONALLY ADJUSTED ANNUAL RATES.

^{1/} TREND LINE OF 3% THROUGH MIDDLE OF 1955 TO 1962 IV; TREND LINE OF 3% THEREAFTER.

^{2/} UNEMPLOYMENT AS PERCENT OF CIVILIAN LABOR FORCE; SEASONALLY ADJUSTED.

SOURCES: DEPARTMENT OF COMMERCE, DEPARTMENT OF LABOR, AND COUNCIL OF ECONOMIC ADVISERS.

output has proved to be quantifiable within a sufficiently narrow range to justify its use as a key concept in the analysis of stabilization problems and policies.

The 4 percent unemployment rate has been viewed consistently by the Administration as an interim target obtainable by aggregate demand policies *alone* without sacrificing essential price stability. But aggregate demand policies have *not* been alone. Other public and private policies have improved the functioning of markets and the skills of the labor force, as Chapters 2 and 3 explain in detail. These policies have now made prudent a reduction in the unemployment rate to a level below 4 percent.

BALANCE OF INVESTMENT AND SAVING

The resurgence of private demand in 1965 was marked by an improved balance of investment and private saving.

As statistically measured, total national saving—personal saving, gross business saving, and the net surplus of Federal, State, and local governments—is always necessarily equal to private investment (except for whatever statistical discrepancy may creep into the measurement of income and product flows). Total gross national income equals the value of spending for current production—consumption, government purchases, and investment. Saving is that part of total income which is neither spent for personal consumption nor used for government purchases. Therefore, it must equal the value of spending for the remaining portion of GNP, i.e., investment.

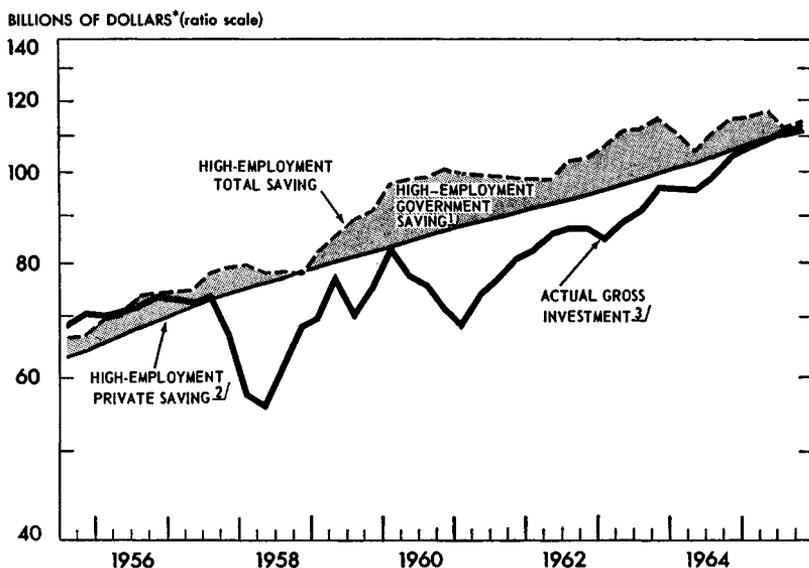
This equality of saving and investment will hold whether the economy is depressed or fully employed. But the economy can have high employment only if actual investment demands of businesses are large enough to match the amount that consumers, businesses, and governments wish to save at high-employment incomes. If actual investment falls short of high-employment saving, total spending will fall short of high-employment output. Because of insufficient demand, production will be held to some lower level where a smaller volume of saving does match the forthcoming investment.

Actual gross investment did, in fact, fall short of high-employment saving for nearly 8 years after 1957. Balance between the two was finally restored during 1965. Much of the discrepancy prior to 1965 is attributable to a fiscal policy that would have yielded excessively large surpluses at high income levels. Since investment demand was not strong enough to match this excessive Federal high-employment surplus, lower incomes resulted.

A comparison between actual private investment and estimated total high-employment saving from 1956 to 1965 is given in Chart 4. At high employment, total private saving would be expected to remain a fairly stable fraction of GNP, between 15½ and 16 percent. It will, of course, vary from year to year, reflecting changes in the personal saving rate, changes in tax rates and transfer payments that would alter the share of disposable income in GNP, and shifts in corporate dividend policies or in depreciation allowances.

Chart 4

Investment and High-Employment Saving



* SEASONALLY ADJUSTED ANNUAL RATES.

1/ FEDERAL HIGH-EMPLOYMENT SURPLUS PLUS STATE AND LOCAL ACTUAL SURPLUS.

2/ 15¾ PERCENT OF TREND GNP IN CURRENT PRICES.

3/ GROSS PRIVATE DOMESTIC INVESTMENT PLUS NET FOREIGN INVESTMENT.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

Nevertheless, no great variation would ordinarily be expected; total private saving is approximated on the chart at 15¾ percent of potential GNP. Private saving thus appears as an almost straight line in the chart since potential GNP (even in current dollars) grows rather smoothly. State and local governments typically stay very close to balanced budgets on a national income accounts basis. Their contribution to high-employment saving is approximated by their actual small surpluses or deficits.

The Federal contribution to total high-employment saving is measured by its high-employment surplus, a concept that has been explained in previous Annual Reports. It is the excess of Federal revenues that would be generated by high-employment incomes over actual Federal expenditures, adjusted for the reduced level of unemployment compensation.

The unevenness of the total high-employment saving line is due almost entirely to fluctuations in the high-employment Federal surplus. This reflects the major changes in fiscal policy during the post-1957 period. The dip in 1958 is a result of vigorous fiscal measures to stimulate recovery from recession; the steep rise in 1959 and 1960 marks an extremely restrictive fiscal policy. This rise is reversed in 1961 and early 1962, reflecting expenditure measures taken by the Kennedy Administration to stimulate recovery and strengthen defense, as well as the 1962 depreciation reform

and investment tax credit. The line turns up sharply late in 1962 as a result of leveling expenditures. The Revenue Act of 1964 shows up in a sharp decline in saving, as do the late 1965 excise tax reduction, social insurance liberalization, and step-up in defense purchases.

These fiscal measures have brought total high-employment saving down from excessive levels. Equally important, they have had a decisive impact on the investment side of the balance. Investment demand looked particularly weak in 1962 and 1963, and there were doubts that it could reach the range of 15½ to 16 percent of GNP, even at high employment. In that event, sizable and persistent Government deficits would have been required to achieve high employment. But the experience of the past 2 years has refuted these pessimistic assessments of the strength of private demand. With stronger consumer markets and higher after-tax profits, business fixed investment has broken out of its earlier lethargy. Balance was restored in 1965 between private investment and private high-employment saving, demonstrating that high employment was in fact achievable without substantial, permanent Government deficits.

FINANCING BALANCED EXPANSION

The availability and cost of credit significantly influence spending. Stable prosperity must have a sound underpinning of credit. And the appropriate growth of credit is an important element in the over-all balance of the economy.

The appropriate amount of credit expansion depends on a variety of factors including (1) the balance between total demand and potential output in the economy—with proper allowance for the role of fiscal policy; (2) the structure and position of financial institutions; and (3) the ability of borrowers to absorb further debt. Only from an over-all view of the needs of the economy can the appropriate growth of credit and the appropriate role of monetary policy be evaluated.

The Federal Reserve System exerts a major influence on the cost of credit and the rate of growth of credit from all financial institutions. The reserve credit it supplies is particularly significant, because it provides the base for a multiple expansion in commercial bank credit to borrowers, thereby affecting all credit markets. Reserve credit is the keystone of the system, although it is only a small portion of total credit. It rose by only \$3.8 billion in 1965, compared with almost \$55 billion of funds supplied by financial institutions as intermediaries and the total of almost \$72 billion raised in all credit markets.

PATTERN OF CREDIT FLOWS AND THE DEMAND FOR FUNDS

The flow of funds through financial markets accelerates when the pace of economic activity is stepped up. The similarity in the behavior of credit flows between the current upswing and the two weaker preceding

expansions is striking. In 1965, however, total credit flows to private domestic sectors rose somewhat faster relative to GNP than in earlier periods of prosperity—primarily in response to the growing external financing needs of businesses (Table 4).

TABLE 4.—*Net funds raised by private domestic nonfinancial sectors, 1953–65*

Period	Net funds raised as percent of GNP ¹	Types of credit as percent of funds raised ¹				
		Consumer credit	Bank loans to business ²	State and local government obligations	Corporate securities	Home mortgages ³
Expansion years:						
1955	8.94	17.98	14.89	9.27	13.48	34.83
1956	7.78	10.74	18.40	9.20	18.10	33.13
1959	8.46	15.65	13.45	11.00	12.71	31.78
1962	7.89	12.44	10.86	11.31	11.54	29.41
1963	8.47	13.43	12.02	13.43	7.21	30.46
1964	8.88	12.37	13.62	10.57	9.68	28.32
1965 ⁴	9.61	13.71	19.57	10.02	10.79	23.42
Downturn or early recovery years:						
1953	5.84	18.31	-3.76	17.37	24.41	35.21
1954	5.92	5.09	(⁵)	20.37	23.61	43.06
1957	6.96	8.47	5.86	14.33	28.66	28.01
1958	6.39	.70	3.15	18.18	27.27	34.27
1960	6.55	13.64	8.79	10.91	15.15	31.82
1961	6.52	5.01	6.49	14.45	20.94	33.63

¹ Net funds raised by private domestic nonfinancial sectors include, in addition to types of credit shown here, mortgages on multi-family dwellings and on farm and commercial land and buildings; and acceptances, commercial and finance company paper, and Commodity Credit Corporation (CCC) loans.

² Bank loans to nonfinancial business not classified elsewhere.

³ Mortgages on one- to four-family homes.

⁴ Preliminary estimates.

⁵ Loans were less than \$50 million.

NOTE.—Data are based on flow of funds accounts.

Source: Board of Governors of the Federal Reserve System.

The composition of borrowing during the current expansion has also been similar to that of other recent expansions, although the sources of funds have differed. Consumer credit and bank loans to business have risen substantially, relative to other types of borrowing. When employment and income are high, a larger proportion of households' income typically is spent for durable goods and housing which are likely to be financed by credit. The share of GNP going into inventories and plant and equipment also rises, spurring business borrowing, particularly from banks.

Households

Borrowing by households has been rising significantly since the end of 1961. As a proportion of disposable personal income, however, it reached a peak of 6.5 percent in 1963; this figure had been surpassed only in 1955 and 1959. Since 1963, the proportion has edged down to about 6 percent. Nevertheless, borrowing remains large relative to consumers' "capital" expenditures. Even though there has been a rapid advance in

consumer expenditures on durable goods, total household expenditures for durable goods plus home construction have been smaller relative to disposable income than in previous expansions since the Korean war.

Households have simultaneously stepped up their borrowing and the growth of their financial assets. Households' financial assets have grown annually by 10 to 11 percent of disposable income since 1962, compared with slightly below 9 percent in 1955–56. Higher incomes have made more households both creditworthy and able to save. Moreover, the growing importance of contractual saving, through insurance and pension funds, has often led even the same households to add both to their financial assets and to their liabilities.

Business

While borrowing by households and State and local governments maintained a fairly rapid pace in 1965, it was the financial demands of businesses which accounted for the acceleration in credit flows. Last year, business capital expenditures significantly outpaced the strong rise in gross retained earnings, and the ratio of capital outlays to retained earnings rose abruptly. Indeed, it exceeded the ratio for all years in the post-Korean period, except 1956. External financing, however, rose even more sharply, reaching a new high relative to gross retained earnings that surpassed even the 1956 relationship. This strong rise is partly attributable to the growing volume of funds committed by corporations to uses other than capital outlays. In the past 2 years, corporations have markedly increased their net extensions of trade and consumer credit. Meanwhile, corporate holdings of liquid assets have declined steadily as a proportion of their financial assets. Consequently, corporations are now less able to economize on liquid assets in order to provide for other uses of funds.

A number of special factors in 1965 also contributed to the sharp increase in business borrowing. Inventories were rising rapidly and foreign investment by corporations was unusually high early in the year.

All in all, the volume of borrowing was not significantly out of line with past experience. Furthermore, the total demand for goods and services—supported in part by the expansion of credit—was in good balance with the supply capabilities of the economy in 1965.

POSITION OF FINANCIAL INSTITUTIONS

Sustainable growth of credit depends on the sound operation of financial institutions. As new types of financial “intermediation” evolve to meet new needs, more lending and institutional saving will take place. Such credit growth will occur smoothly if financial institutions adjust to innovations without assuming dangerous risks.

During the current expansion, the most striking institutional change in the financial area has been the rapidly growing role of commercial banks.

Total bank credit has risen at an average rate of 8½ percent a year since the end of 1960, while total credit to nonfinancial sectors of the economy has risen by 7 percent a year. Commercial banks have accounted for over one-third of total funds raised in credit markets during recent years, in contrast to the one-sixth share in earlier post-Korean periods of prosperity. The larger proportion of credit flowing through the commercial banking system has resulted from various influences: first, a sequence of increases in the ceiling rates of interest permissible on time and savings deposits, which has enabled the commercial banks to compete more aggressively for deposits and thus to expand their lending; second, the greatly expanding scope of bank lending and investment practices; and third, the more liberal policy pursued by the Federal Reserve System in supplying bank reserves.

Much of the recent growth of bank deposits has taken the form of time certificates of deposit. Another sizable increase in such certificates and in commercial bank lending can reasonably be expected in the early part of this year, in response to the increase last December in the maximum permissible interest on time deposits. Nevertheless, banks which have expanded lending greatly on the basis of short-term certificates of deposit have at times found it costly to raise needed funds when the certificates mature in quantity. This experience should introduce more caution in the pursuit of new business.

Savings and loan associations and mutual savings banks have borne the brunt of competition from commercial banks. Meanwhile, the demand for mortgages, in which such institutions customarily place most of their funds, has grown less rapidly than other types of credit, and yields on mortgages showed little change during most of the 1960's. Consequently, some savings institutions eager for growth, have sought higher yielding and occasionally more risky outlets for investment while repeatedly raising their dividend or deposit rates. In order to prevent the assumption of excessive risk by savings and loan associations, the Federal Home Loan Bank Board strengthened its surveillance and issued several new selective regulations in the past year.

The President's current legislative program includes proposals to reform the structure of financial regulations, to give regulatory agencies a greater variety of enforcement powers, and to increase deposit insurance coverage. This important legislation includes proposals that will make regulations over various types of financial institutions more consistent with each other, thus fostering competition while providing the authority to curb speculative excesses. These same objectives have prompted legislative recommendations to allow Federal chartering of mutual savings banks for the first time.

POSITION OF BORROWERS

Rapid growth in borrowing by households and businesses relative to their incomes raises the question whether still more debt can be readily absorbed

without threatening an abrupt cutback in future spending. Danger signals are commonly sought in three basic types of indicators: growth of the ratio of debt repayment to income or of total debt to total assets; growth of "easier" credit terms, such as smaller downpayments, longer maturities, or higher appraisal values; and growth of certain losses, such as foreclosures or defaults.

The ratios of household debt repayments or income commitments to disposable personal income have risen over the past 12 years (Table 5).

TABLE 5.—*Relation of selected commitments of the household sector to disposable personal income, 1951-65*

Year	Percent of disposable personal income			
	Repayments of instalment debt	Repayments of instalment and mortgage debt	Basic fixed commitments ¹	Basic fixed commitments and essential outlays ²
1951.....	10.2	12.0	16.3	57.7
1952.....	10.7	12.7	17.0	58.3
1953.....	11.1	13.2	17.8	57.6
1954.....	11.8	14.3	19.0	59.1
1955.....	12.2	14.7	19.5	58.5
1956.....	12.7	15.3	20.1	58.5
1957.....	12.9	15.8	20.6	58.9
1958.....	12.6	15.7	20.6	59.3
1959.....	12.6	15.8	20.7	59.1
1960.....	13.1	16.4	21.5	59.7
1961.....	13.1	16.4	21.5	59.5
1962.....	13.1	16.4	21.6	59.2
1963.....	13.6	17.2	22.5	59.7
1964.....	13.9	17.3	22.7	59.2
1965.....	³ 14.2	³ 17.8	(4)	(4)

¹ Consists of repayments of instalment and mortgage debt, tenant rent, and property taxes on households.

² Essential outlays consist of consumer outlays for food, clothing, utilities, and local public transportation.

³ Based on first 2 quarters.

⁴ Not available.

Sources: Board of Governors of the Federal Reserve System, Department of Commerce, National Industrial Conference Board, and Council of Economic Advisers.

Most of the rise is accounted for, however, by widening use of instalment credit rather than the rise in the average repayment burden for families using credit. Almost one-fourth more families, particularly young parents, are now using instalment credit. Debt repayment, however, is only one type of commitment undertaken by households. Whether households are overextending themselves must be viewed in terms of a broader concept of commitments including other contractual obligations and essential consumer outlays. When viewed in this way, the measure of "burden" has been roughly stable. Certain claims on income substitute for others: mortgage payments for rent, and automobile payments for some purchased transportation.

Use of aggregate ratios can hide distributional problems. Surveys suggest that families which have a relatively small amount of liquid assets account for a large proportion of the instalment debt outstanding; their creditworthiness is established by their earnings rather than their accumu-

lated assets. However, there was a slight decline from 1954 to 1965 in the proportion of families which have as much as 20 percent of their disposable income committed to instalment debt repayments.

“Easier” terms of credit may be either a warning signal of excessive credit expansion or a welcome evolution. The widening availability of credit has been a key feature of American financial development over the long run. Certain types of lending that were once considered “risky”—such as consumer instalment credit—have proven to be quite sound and profitable. Other such innovations have come at a rapid pace in recent years.

Delinquency rates on consumer credit have varied in the post-Korean period—mainly reflecting fluctuations in economic activity—but they have remained consistently well below their 1950–53 level.

In contrast, the rate of mortgage foreclosures has shown a distinct upward trend during the past 15 years. From World War II through the Korean war, the inflation of real estate values bailed out poor credit risks and held down mortgage defaults. Subsequently, foreclosures on conventional mortgages began to rise, but they have increased only slightly since 1961. Much of the uptrend in the over-all foreclosure rate since 1961 has taken place in Federal Housing Administration (FHA) insured mortgages which had been written with unusually liberal terms. Thus, FHA procedures and regulations have recently been tightened. By any reasonable criterion, today’s over-all foreclosure rate on home mortgages, about $\frac{1}{2}$ percent a year, is not out of line with the risk premium that such assets carry.

Nevertheless, a sharp drop in incomes could certainly have unfavorable financial repercussions. Despite the strong position of financial institutions and the insurance of various types of deposits and mortgages, the quantity of outstanding credit is an element increasing the economy’s vulnerability to cumulative declines if aggregate demand is permitted to collapse. Well-timed fiscal and monetary policies to maintain economic stability hence become even more important.

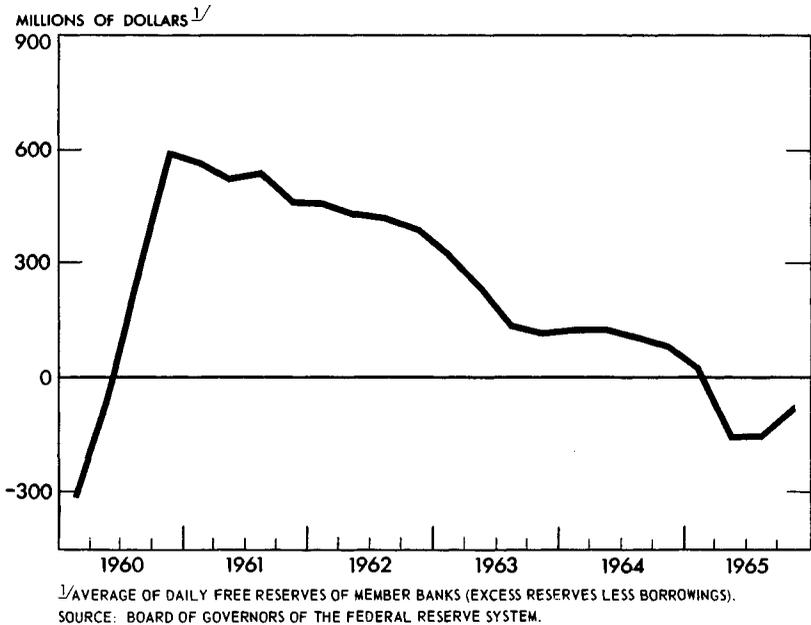
MONETARY POLICY

The growth of total credit in the current expansion has contributed to the improved balance between total spending and potential output. Until mid-1965, the cost and availability of credit remained unusually stable for a period of strong advance in economic activity. The increase in the discount rate announced last December 5 was the first monetary policy action aimed specifically at domestic credit flows.

Previous movements toward less ease in monetary policy had been directed primarily toward restraining the flow of funds abroad for balance of payments reasons. The discount rate increase in November 1964 was aimed at forestalling outflows of short-term capital threatened by an increase in the British Bank rate. Reserve availability was again reduced after new balance of payments measures were announced last February (Chart 5). Following this move, free reserves remained almost continuously in the

Chart 5

Free Reserves



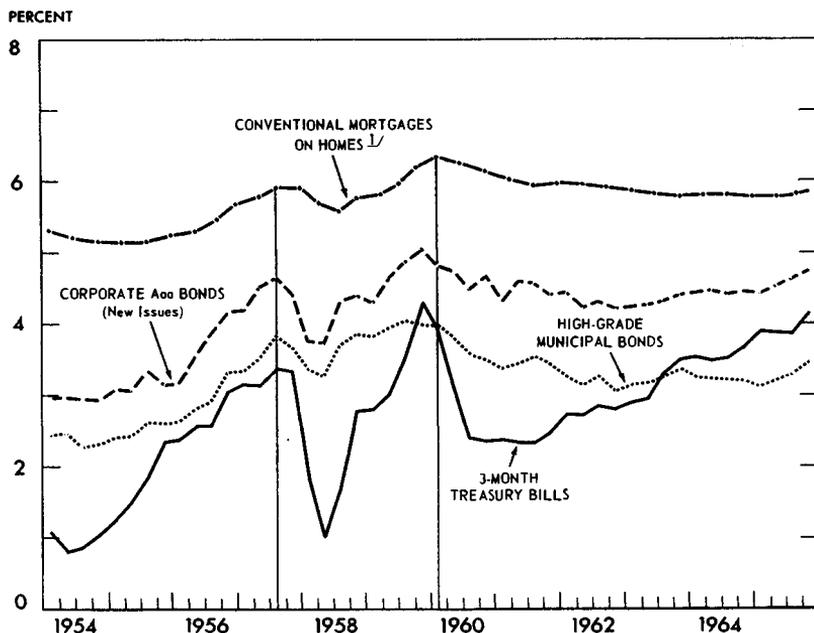
negative range (i.e., borrowings from the Federal Reserve System exceeded member bank holdings of excess reserves).

From October 1964 to the end of 1965, Treasury bill rates rose by nearly 1 percentage point, almost equaling the total rise in the discount rate. Moreover, in 1965, long-term interest rates turned up after a period of remarkable stability (Chart 6). Yields on newly issued corporate and State and local bonds began to rise in the first quarter of the year as the volume of new issues expanded rapidly, relative to the supply of funds. Short-term funds remained readily available during the spring and summer, buttressed by the exceptionally large cash flow to particular industries (such as automobiles and steel) early in the year, by funds repatriated from abroad in connection with the new balance of payments measures, and by net repayments of Treasury debt during this period. After mid-summer, however, these funds had largely been absorbed, and virtually all interest rates began to rise more substantially. Expectations were buoyant, corporate security flotations began to grow again, and the Treasury became a net borrower.

Furthermore, despite a rapid growth of total bank credit and of deposits at commercial banks (Table 6), rising interest rates reflected both surging credit demands and firmer monetary policy. During 1963 and 1964, most of the reserves needed by the commercial banking system to meet credit demands were supplied through the open market operations of the Federal

Chart 6

Selected Interest Rates



¹/ SERIES BEGINS IN 1954; NEW AND EXISTING HOMES THROUGH 1960 I, AND NEW HOMES ONLY THEREAFTER.

NOTE: VERTICAL LINES SHOW GNP PEAK QUARTERS: 1957 III AND 1960 I.

SOURCES: FEDERAL HOUSING ADMINISTRATION, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, MOODY'S INVESTORS SERVICE AND STANDARD & POOR'S CORPORATION.

TABLE 6.—Changes in commercial bank credit, money supply, and time deposits, 1963–65

[Based on seasonally adjusted data]

Item	Percentage change (annual rate) during						
	1963	1964	1965				1965
			Year ¹	I	II	III		IV ^{1}
Commercial bank loans (excluding inter-bank) and investments.....	8.0	8.4	10.0	12.4	10.6	4.8	10.9
Investments:							
U.S. Government securities.....	-4.8	-1.1	-6.2	-11.7	-12.8	-8.3	7.8
Other securities.....	19.9	10.6	15.2	14.5	20.0	13.3	10.1
Loans (excluding interbank).....	11.6	11.8	14.8	20.8	16.4	7.0	12.0
Money supply and time deposits ²	8.2	7.9	9.8	8.5	7.2	11.0	11.0
Money supply ³	3.8	4.3	4.8	1.5	3.8	6.2	7.6
Time deposits ⁴	14.7	12.8	16.0	17.4	11.5	16.8	15.0

¹ Preliminary.

² Changes based on averages of daily figures for last month in period.

³ Currency outside banks and demand deposits.

⁴ Time deposits at all commercial banks.

Source: Board of Governors of the Federal Reserve System.

Reserve System. During the first three quarters of 1965, however, open market operations supplied a smaller proportion of the growth in banks' required reserves—resulting in slower growth of nonborrowed reserves. More reserve needs were met by borrowing at the discount window. Reduced availability of reserves tended to moderate the growth of bank credit.

THE CURRENT FISCAL PROGRAM

The strong advance of the economy over the past 2 years is reflected in a remarkable rebound of Federal revenues following the 1964 tax reduction. From the close of 1963 to the final quarter of 1965, Federal revenues advanced by about \$9 billion; yet during this period, tax reductions of \$16 billion had taken effect through the Revenue Act of 1964 and the Excise Tax Reduction Act of 1965. As Federal expenditures grew very modestly in 1964 and early 1965, the budget on the national income accounts basis swung quickly into balance and showed a surplus exceeding \$3½ billion in the first half of 1965. Its subsequent retreat to a \$2½ billion deficit in the second half of the year resulted from several important deliberate stimulative measures plus the unforeseen rise in defense spending.

THE IMPACT OF 1965 BUDGET ACTIONS

The President proposed excise tax reduction in last January's budget; his specific recommendations were submitted to the Congress in May and the legislation was enacted 1 month later. The final act called for \$4.6 billion of reductions in several stages extending to 1969. The first stage took effect immediately in mid-June and reduced taxes by \$1¾ billion (annual rate), mostly on consumer durable goods.

In line with recommendations by the President, the Social Security Act was amended by the Congress last July. In addition to the initiation of medical insurance for the aged, which will take effect this July, and increased payroll tax rates, effective January 1, 1966, the legislation provides for increased old-age benefits which were made effective retroactively to January 1, 1965. The retroactive portion of increased benefits, amounting to \$885 million, was disbursed in September. The liberalization raised transfer payments thereafter by more than \$2 billion annually.

Furthermore, once payments on 1964 tax liabilities were completed last spring, a final dividend of personal tax reduction provided by the Revenue Act of 1964 helped to lift disposable income in the second half of 1965. These measures, together with the unexpectedly strong rise of Federal purchases, provided expansionary actions totaling \$10½ billion (annual rate) in the second half of 1965. With normal semiannual revenue growth of a little more than \$3½ billion at high employment, there was a net fiscal stimulus of about \$7 billion in the second half of 1965.

Scheduled tax changes are having a marked restrictive fiscal impact in the first half of 1966, as the rise in payroll taxes of nearly \$6 billion far outweighs the expansionary influence of the \$1¾ billion "second-stage" of excise cuts that took effect at the start of 1966. On the other hand, further increases in defense expenditures will be stimulating the economy in this period, and will continue to do so throughout the next 18 months. The combined effect of budgeted expenditures, including the benefits that will begin under hospital insurance in July, and tax laws now in effect would be more stimulative than now seems appropriate for the period ahead.

FISCAL PLANS FOR 1966-67

The objective of promoting balance between over-all demand and productive capacity pointed to tax cuts in recent years when demand was inadequate. That same criterion now calls for tax action to moderate the growth of private spending. In line with these principles, the President has asked the Congress to enact promptly four measures affecting tax payments.

The first of these would reform the withholding system for individual income taxes and place the income tax more firmly on a "pay-as-you-go" basis. The present system, with a single 14 percent rate, overwithholds from some low-income individuals and underwithholds from many other taxpayers, requiring large final settlements the following year. The proposed graduated rate schedule and other modifications will reduce both underwithholding and overwithholding. Once in effect, the new system will siphon off \$1.2 billion (annual rate) from disposable income for the rest of 1966.

The second proposal would place corporate tax payments also on a more nearly current basis. Under present law, corporations with tax liabilities exceeding \$100,000 are scheduled to pay only 68 percent of the estimated tax due on 1966 incomes by the end of the calendar year, with the remaining 32 percent not paid until the first half of 1967. There is already a formula under existing law that would move corporations to a current basis by 1970. It is now proposed to accelerate this step-up to achieve current payment status within 1967. This action would increase cash payments to the Treasury by an estimated \$1 billion this spring and \$3.2 billion in the spring of 1967, reducing the carry-over of unpaid liabilities into 1967 and 1968 by comparable amounts.

The rescheduling of corporate tax payments will not add to final tax liabilities nor will it alter after-tax profits in either business or national income accounting. It will nonetheless reduce the availability of internal funds for investment and should thus have a moderating influence on investment demands, particularly in the light of firmer credit conditions.

A third proposal to put tax payments on a more current basis affects the social security taxes of the self-employed. It calls for quarterly declarations, paralleling those of the individual income tax, instead of a single large pay-

ment at year end. It also more nearly parallels the treatment of wage earners, whose social security taxes are collected on a current basis through withholding. The proposal would increase revenues by \$100 million in each of the fiscal years 1966 and 1967. It will reduce disposable income by \$400 million (annual rate) in the second half of this calendar year.

The fourth proposal affects excise taxes. In view of the large revenue involved in the excise taxes on automobiles and telephone service, they were scheduled to be cut gradually in the Excise Tax Reduction Act of 1965. The Congress is being asked to reschedule the reduction to meet current economic needs. Each step in the present timetable, commencing with the January 1, 1966 instalment, would be shifted forward 2 years. The reinstatement will restore \$0.9 billion of revenues, and the postponement of the scheduled January 1967 cuts will avoid a further revenue drop of \$0.6 billion next year.

With these measures, both the actual and high-employment budgets on the national income accounts basis are expected to be approximately in balance in fiscal 1967. Over the full budget planning period to the first half of 1967, Federal expenditures are estimated to rise about \$17½ billion from their level in the second half of 1965. The increase includes \$6 billion in defense purchases, \$6½ billion in transfers, and \$3 billion in grants to States and localities. Normal revenue growth at high employment will total about \$11½ billion over this period. Meanwhile, tax measures that have already been enacted and those now proposed will result in a net addition of \$7 billion to Federal revenues.

The aim of fiscal policies in the next 18 months is to preserve the sound expansion enjoyed in 1965—to maintain a strong and healthy prosperity; to promote a cautious movement toward lower unemployment without moving so far or so fast that bottlenecks and inflationary pressures arise.

THE OUTLOOK FOR ECONOMIC ACTIVITY

In the light of the fiscal program outlined above, GNP for 1966 is expected to be within a \$10 billion range centered on \$722 billion, given the \$675.6 billion level now estimated for 1965. At the midpoint of this range, the advance would be \$46½ billion, virtually identical with the gain scored in 1965. No major departure is expected from the 1.8 percent increase of over-all prices in 1965, as explained in Chapter 2. Thus, total real output should advance by nearly 5 percent in 1966.

Civilian employment, which rose by 1.8 million persons in 1965, should register a similar large increase this year. In addition, the armed services will expand by 300,000. On the other hand, the total labor force will rise strongly. The unemployment rate, which averaged 4.6 percent in 1965, should decline this year to about 3¾ percent, the lowest rate since 1953.

GAINS BY SECTOR

While strong demands will be characteristic of most sectors of the economy, defense spending and business fixed investment will provide the major thrust to over-all demand. The special implications of these sectors are explored in more detail below. In brief, the increase in Federal purchases made necessary by the Vietnam situation will deliver a major stimulus to the economy, accounting for most of the prospective \$7 billion rise in total Federal purchases. Business expenditures for fixed investment will rise strongly again in 1966, although the advance is not expected to match the 15½ percent increase of last year. According to present indications, capital outlays are likely to exceed the 1965 total by about \$7 billion.

State and Local Government

State and local government purchases, a particularly reliable component of GNP, are expected to rise by about \$5 billion, continuing their recent trend. They will receive continuing support from growing Federal grants that meet pressing needs for public services.

Inventories

Last year's inventory investment of \$7 billion (1958 prices) was in line with the real growth of \$29 billion in final sales. Still, irregular and special factors in the automobile and steel industries added a little, on balance, to inventory investment last year. In the absence of such special influences, a fractional decline from last year's rate is probable in 1966.

Homebuilding

The fundamental demographic factors influencing residential construction will not change significantly in 1966: the increase in the number of households is expected to be about the same as the 1960-65 average. Financing conditions may be less favorable, since conventional mortgage rates began to rise last September for the first time in 5 years and some further increases appear possible. On the other hand, the excess supplies of new housing in selected areas seem to be dwindling. On balance, the value of residential construction is likely to change little in 1966.

Consumption

Consumer outlays depend primarily on the growth of disposable income. Unlike 1964 and 1965, tax reductions and increases in transfer payments will provide no net stimulus to consumer incomes this year. Between 1963 and 1965, cuts in personal income taxes added about \$10 billion directly to consumer take-home pay, and government transfer payments increased by nearly \$4 billion. This year, transfer payments are expected to rise strongly, paced by the launching of the hospital insurance

program. However, social insurance taxes are higher, the new withholding system will moderate the growth of after-tax income, and the second stage of excise reduction will be adding very little to household purchasing power once the President's proposals are enacted. Nevertheless, rapid gains can be expected in disposable income this year owing to strong increases in wages and salaries, interest, dividends, and self-employment incomes.

Little change in the personal saving rate is anticipated for 1966. The saving rate of 5.4 percent in 1965 was close to the average of recent years. Consumer confidence and spending intentions remain high. Allocation of income among various types of consumer goods may shift moderately. The fraction of disposable income spent on automobiles and parts may decline somewhat from the exceptionally high 6.4 percent in 1965 (which included purchases deferred by the late-1964 strike). Prospects seem particularly bright, however, for durable goods other than cars; color television sets are a notable example. Sales of nondurable goods other than food should also rise strongly and continue to reflect upgrading of quality.

In sum, consumer expenditures are expected to account for about 60 percent of the rise in GNP this year, compared with their 63 percent share in the 1965 advance.

KEY ROLE OF BUSINESS FIXED INVESTMENT

This year, business fixed investment is again expected to be one of the two major expansionary forces in the economy. After 2 years of rapid increases, it reached 10½ percent of GNP late in 1965. This surge followed a period of weak investment dating from 1958 and extending into the early years of the current expansion. The proportion of GNP devoted to nonresidential fixed investment averaged only 9.2 percent from 1961 to 1963, well below the 9.6 percent average during the preceding decade.

Major Determinants

The revival of fixed investment in the past 2 years can be traced to improvements in three major determinants of investment demand. First, the economic expansion has raised final demands relative to the stock of productive facilities. In manufacturing, for example, 91 percent of capacity was utilized in 1965, in contrast to an average of 85 percent in the preceding 10 years. To avoid bottlenecks, delays, and lost sales, businessmen now have the incentive to build capacity in advance of rising demand. Second, the generation of internal funds through profits and depreciation has facilitated corporate financing, while monetary policy has enabled external financing needs to be satisfied readily. Third, the anticipated future returns from investment have been enhanced by the prospect of continuing economic expansion and by the investment tax credit, the liberalized depreciation rules, and the lowered corporate income tax rates.

This year, financing conditions may be less favorable, after-tax profits are unlikely to repeat last year's exceptional 20 percent spurt and available internal funds will be held down by the new corporate payments schedule. Nevertheless, the major determinants of investment spending suggest that capital outlays should rise strongly again in 1966. According to the investment anticipations reported in the Government survey last November, the annual rate of plant and equipment spending by nonagricultural businesses in the first half of 1966 will exceed the full-year 1965 level by \$6 billion, or by 11½ percent. The rise is expected to continue in the second half of the year. Nonresidential fixed investment for the entire year will probably be slightly above 10½ percent of GNP.

Longer-Term Prospects

The current strength of investment demand provides new evidence and, at the same time, raises new issues concerning the longer-term prospects for capital outlays. Nagging doubts about a possible secular weakening of capital spending have now been resolved. Yet, it is obvious that business fixed investment cannot continuously grow twice as fast as GNP, as it did in 1964 and 1965, and that it cannot always be a propelling sector of demand. Nor is it certain that the economy can regularly maintain the current 10½ percent investment share at full employment, a share which matches the postwar peak.

Some of the current strength in investment demand may represent a catching-up after a period marked by slow growth of plant and equipment capacity and by aging of the capital stock. From 1957 to 1963, manufacturing capacity grew less than 3½ percent a year. This kept pace with actual manufacturing output but was considerably less than the normal full-employment growth of manufacturing output. As the economy returns to full employment, additional capital facilities are needed to complement higher employment and output. The same catching-up process occurs in the modernization of the capital stock. Prolonged economic slack leaves the Nation with older productive facilities. Because the Great Depression and World War II reduced investment drastically, the average age of capital rose from about 16.5 years in the mid-1920's to over 21 years by the end of 1945. Rapid investment during the first postwar decade reduced the average age of the capital stock to 17 years by 1957. This trend was subsequently altered by the sluggish pace of investment. Now, however, businessmen have stronger incentives to make up for lost time in their pursuit of modernization programs.

Even after catching-up is finished, several factors are likely to be working to strengthen investment demand. A higher prospective return can stimulate "capital deepening", i.e., investment that provides each worker with more capital. Profitability will be higher owing to the investment tax credit and lower corporate income tax rates, as well as improved prospects

for sustained full utilization. Some cost-cutting investments which would not have been profitable in the past may now yield an expected after-tax return high enough to justify the required outlay.

In addition, a more rapidly growing labor force can add to investment demand, providing full employment is maintained. In that event, unless capital is expanded more rapidly, each worker would have fewer tools. Businessmen will find it profitable to equip the additional workers. If businessmen respond fully, the extra growth of capital stock will match the additional growth of employment. Over the remaining years of the 1960's, the labor force is expected to grow about one-half of 1 percent faster, on average, than its yearly growth rate of 1.3 percent in the past decade. Adding an extra 0.5 percent to employment in any year, and providing the new workers with the usual amount of equipment and facilities would require a matching 0.5 percent increment to the capital stock. It would take an addition of about 5 percent to the current annual total of investment to provide that extra capital.

To be sure, the possibility cannot be ruled out that a part of the strength of current investment might be associated with overly optimistic expectations by some businessmen. Errors can be made in investment decisions because such decisions are necessarily forward looking and based on anticipations of future profits and sales. On the other hand, market experience does provide incentives and information about recent and prospective developments. And businessmen have increasingly used scientific techniques to rationalize their capital budgets. Business investment programs in the past 2 years seem to have added to capital in the right places and in appropriate amounts, as discussed in Chapter 2. Programs planned for 1966 should continue these trends.

THE IMPACT OF DEFENSE

National defense outlays will be the other major expansionary force this year. The upward movement in defense spending alters a pattern of stability maintained from mid-1962 into 1965. During that period, the national defense establishment was considerably modernized and better equipped; yet over-all defense expenditures were stable or declining. Since the economy was expanding rapidly, the percentage of GNP channeled into defense purchases declined from 9.2 in 1962 to 7.4 in the first half of 1965.

We are not now engaged in wartime mobilization, nor entering such a mobilization period. The present defense buildup is vastly different in size from the mobilizations at the outset of World War II or the Korean conflict. When the United States entered World War II, it had to build a military establishment almost from scratch; and the Korean war followed a period of rather thorough demobilization and de-emphasis of defense. In both cases, the outbreak of hostilities required a fundamental reevaluation of the country's defense posture, leading to vast increases in expenditures.

Ever since the Korean war, the United States has given greater attention to the requirements of military preparedness in an uneasy world. After Korea, defense expenditures dropped sharply from their peak rate of nearly \$50 billion, but they have never fallen below \$38 billion. In contrast, they had totaled \$13 billion in 1949. Since 1953, the country has invested mightily in defense; it has continually rolled over its stock of defense goods and equipment to take advantage of new developments in weapons systems and has maintained general purpose defense capabilities. The Vietnam conflict, therefore, finds us well prepared. The procurement and personnel increases are modest by earlier standards and by comparison with total supply capabilities.

The percentage increase in defense expenditures this year will slightly exceed that in over-all national output. Defense purchases of goods and services, which were 7.5 percent of GNP in the fiscal year ended June 1965, are expected to average 7.6 percent in both fiscal 1966 and fiscal 1967 (Table 7). This contrasts markedly with the buildup after the outbreak of

TABLE 7.—*Defense impact in relation to GNP, Korean war period and current period*

Period and fiscal year	Budget expenditures for national defense (billions of dollars)	Federal purchases of goods and services for national defense	
		Amount (billions of dollars)	Percent of GNP
Korean war period:			
1950	13.0	12.7	4.8
1951	22.5	21.7	7.0
1952	44.0	41.8	12.4
1953	50.4	48.8	13.6
Current period:			
1965	50.2	48.8	7.5
1966 ¹	56.6	53.0	7.6
1967 ¹	60.5	56.6	7.6

¹ Estimates.

Sources: Bureau of the Budget, Department of Commerce, and Council of Economic Advisers.

the Korean war when defense outlays more than tripled in 2 years and rose from under 5 percent of GNP in fiscal 1950 to over 12 percent in fiscal 1952.

The increase in purchases for defense of \$6 billion this calendar year represents nearly 13 percent of the increase in GNP. These outlays will exert a broad fiscal stimulus. Indeed, because they directly and immediately add to GNP, defense purchases tend to have a somewhat larger and more rapid economic effect than a tax reduction (or increase in transfers) of the same size, which must be respent before it can stimulate production. Although not as general as most tax cuts would be, even the direct impact of defense is felt throughout the economy. This is evident in the distribution of added defense expenditures among various types of products. About 35 percent of the step-up in defense expenditures for 1966 is for direct personnel

costs—pay and allowances—of the increased number of military and civilian personnel. An additional 10 percent of the total increase is for training, food, lodging, clothing, and transportation costs directly associated with the increased manpower. Another 22 percent represents gasoline, ammunition, ordnance, and similar mass-produced production-line items. A further 18 percent can be attributed to large, sophisticated weapons systems, such as aircraft, ships, and missiles.

Defense procurement by itself will not be placing extreme demands on particular industries, although textiles and selected other industries receiving increased defense orders are already experiencing high operating rates as a result of buoyant private demand.

The present Defense Materials System, which has been in effect since the end of the Korean war, will continue to deal with allocation problems. It gives priority to defense and defense-related orders in the event of any conflict with civilian orders for the same materials or for use of industrial capacity, and allots certain categories of controlled materials on the basis of priority. With the economy operating considerably below capacity, these priorities and allocations have been routinely executed in the past without bumping private demands to any noticeable extent. With operating rates now higher than before, there may be some cases where the execution of civilian orders will be somewhat delayed. However, these will be exceptional, and will not be such as to require alteration in our present machinery for materials priorities and allocations.

THE NEED FOR FLEXIBILITY

Economic policy for 1966 is guided by a thorough and realistic assessment of the outlook for the economy and by the objective of maintaining a well-paced advance. Fiscal policies for 1966 have been fashioned in the light of an evaluation of both the strength of private demand and the moderating influence of monetary policy. Clearly, fiscal and monetary policies must be closely coordinated, and effective coordination has prevailed in the past 5 years. The Administration regretted that the discount rate increase last December interrupted that pattern. Consultations between the Federal Reserve and the Administration continue, helping to assure that monetary and fiscal policy together will provide appropriately for sustained and balanced expansion. Both are keenly aware of uncertainties in the outlook and are prepared to respond to emerging developments.

CONTINGENCIES IN 1966

This year, the economy will be moving into new territory as rates of unemployment reach the lowest levels in more than a decade. While prospects are excellent that this course can be safely traversed, there can be no certainty. The defense program introduces an especially important set of uncertainties into the outlook. The budget is based upon a careful judg-

ment of the defense requirements imposed by our commitments in Vietnam and throughout the world. Nevertheless, these requirements could change in the year ahead—in either direction. Finally, private demand is a constant source of uncertainty. Its particular strength in 1965 was a surprise. This buoyancy has been recognized in the forecast for 1966, but the accuracy of such an evaluation cannot be guaranteed.

In considering these uncertainties, it is important to appreciate the internal resistance of the economy to disturbances, as reflected in the record of recent years. To be sure, the economy can be pushed into boom or recession by sufficiently potent forces. But it is a mistake to view the path of economic activity as a tightrope from which one false step would mean spiralling inflation or cumulative contraction. One important sector of the economy, residential construction, lagged behind during most of 1964 and again during much of 1965; nevertheless, its sluggishness was barely noticeable in the aggregate pattern of activity. The strikes in the automobile industry in the fourth quarter of 1964 left a clear mark on the output of that quarter, but had no lasting effect on the vigor of expansion. Nor did the recent strong buildup and subsequent absorption of steel inventories disturb the over-all pace of economic activity.

Production and employment have shown stability in the face of volatile movements in financial markets. The sharp plunge of stock prices in the late spring of 1965 presumably was associated with a marked shift in investors' sentiment; yet spending for goods and services by consumers and business remained remarkably unaffected by the gyration.

Perhaps the clearest recent example of the economy's inherent stability was its response to the deliberate stimulus of tax reduction. The 1964 tax cut was indeed massive, but the response was gradual and the effect in lifting national output was spaced out over many quarters. Meanwhile, labor markets adapted and investment responded to create new capacity which permitted a remarkably balanced, noninflationary advance.

While the economy's own adaptation is the first line of defense, economic policy has a major role to play in countering disturbances. The program outlined earlier in this chapter is designed to meet the prospective needs of the Nation. But major changes in the outlook during the year could require new actions by the Administration, the Congress, and the Federal Reserve System. If military needs should prove to be larger than is anticipated in the fiscal 1967 budget—or if private expenditures should advance sharply so as to endanger price stability—further fiscal or monetary restraints would be necessary to prevent the rise in total demand from outpacing the growth in productive capacity. The President has indicated that he will not hesitate to recommend further tax increases in such circumstances.

On the other hand, a peaceful conclusion of the Vietnam hostilities could point to a reversal of policy actions premised on rising military spending. It would offer the welcome opportunity to encourage private expenditures

by reducing taxes once again or to add to high-priority Federal expenditures for civilian programs now limited by defense requirements. It could also point toward easing monetary policy.

LONGER-RUN OUTLOOK

In the longer run, defense will not continue to contribute as strongly to aggregate demand as in 1966. The current defense buildup meets an exceptional need and will be reversed as soon as reduction of world tension permits. In the years ahead, moreover, investment will certainly not rise consistently as fast as it will this year. It may even decline as a proportion of GNP. Yet, the factors determining investment do not point to a slump in capital outlays, provided that alert policies preserve the general health of the economy.

Shifting patterns of defense and capital outlays need not throw the economy off its track. The maintenance of steady advance at full employment does not require a growth of demand as strong as that needed to eliminate slack. The economy would face serious inflation if such strong expansionary pressures continued for very long. But continual growth of demand is needed to maintain balance with potential output. Strength in other types of spending will be required to lead that growth in the future.

New sources of strength may be generated elsewhere within the private economy. In particular, later in this decade, more vigor can be expected from residential construction, an important component of private investment which for demographic and temporary reasons has been conspicuously lagging. Moreover, if additional demand is needed, fiscal policy can help through new or expanded productive civilian programs or through tax reduction to support consumer purchasing power.

The prospects for sustained expansion thus continue to be favorable for the longer run. Even so, our ability to counter recession can and should be improved. Long-needed reforms in the unemployment insurance system are one important step that should be taken this year. There is also a good opportunity now to intensify discussion and study of the type of tax action which could best combat the threat of recession. A social consensus on this issue would help to avoid prolonged debate in a time of urgency.

Both in meeting surprises and in laying systematic plans, the lessons learned in the last 5 years will remain relevant. The American economy has demonstrated its capacity for strong growth and its ability to move steadily ahead, as long as a reasonable balance between total supply and over-all demand is maintained. The promotion of such a balance will remain the basic task of domestic fiscal and monetary policies.

Chapter 2

Prospects for Cost-Price Stability

AS THE ECONOMY enters its sixth year of uninterrupted expansion and its third successive year of high growth, the gap between potential and actual production is fast disappearing. Unemployment is near 4 percent, and operating rates in many industries are moving close to preferred rates. The past 5 years have demonstrated that the economy can operate free of recurrent recession. Now the United States is entering a period that will test whether sustained full utilization of our human and physical resources is possible without the injustice, dislocation, and decline in competitive position that accompany inflation.

History alone is not reassuring. Still, there are sound reasons for confidence that a higher degree of cost and price stability can be achieved at high employment than during previous such periods since World War II. The pattern of economic activity shows superior balance. Productivity gains are larger and more extended. Private attitudes in key wage and price decisions are considerably more responsible. New competition from abroad reinforces keen domestic competition for markets, and new policies of active manpower development are permitting the fuller use of our human resources.

If both full employment and price stability can be maintained, the United States will enjoy continuing real growth that will provide abundant resources to meet simultaneously the demands of national security and of domestic welfare. The last few years have shown what the American economy can do when its progress is free of interruption. Incomes from wages and profits have leaped ahead. With over-all unemployment down sharply, the disadvantaged groups that suffered most during the period of slower growth are improving their positions. If the economy remains on its path of balanced growth, it will be an engine of great social progress, and—together with the Great Society programs—will move us steadily closer to our ideals. But only if inflation can be avoided will prosperity be sustainable and the economy achieve its full promise.

DETERMINATION OF THE PRICE LEVEL

The relation between the volume of economic activity and the price level is not simple. As a first approximation, the classical law of supply

and demand leads one to expect that the change in the price level will depend mainly on the size of the gap between capacity and actual output. The more production falls short of potential—i.e., the greater is excess productive capacity—the further prices should drop. Conversely, when demand outruns aggregate supply, the imbalance should raise prices. History shows that things are rather more complicated. For example, the second half of 1955 was a period when there was no gap between potential production and actual production, yet the GNP deflator—our most comprehensive indicator of the price level—rose little. In 1957 and 1958, when the gap was beginning to assume considerable size, the GNP deflator rose substantially. The GNP deflator rose at a fairly steady and modest pace, both in the years when the gap was large—in 1958–61—and when it narrowed substantially—from 1961 to 1965. Clearly, more detailed analysis is necessary.

Some important components of the price level have risen continuously over the years, particularly in construction, services, and Government. Other components of the price level, especially agricultural and some raw material prices, are influenced by supply conditions which move relatively independently of the general economy.

The industrial component of the price level has proved to be most systematically responsive to the general degree of prosperity. But even industrial prices cannot be accurately predicted by reference to levels of activity alone. For example, industrial prices have been much more stable for any given degree of utilization of industrial capacity in the last 5 years than in the preceding decade.

Industrial price movements are mainly determined by four elements:

First, prices move roughly parallel with the basic cost trends. This does not mean that the causation runs wholly from costs to prices. Both are subject to many common influences; moreover, prices directly influence costs because wage increases respond in part to price and profit levels. But clearly, other things equal, higher costs tend to raise prices.

Second, the state of demand affects prices. When markets are weak and part of capacity is idle, list prices are discounted and may even be lowered. Delivery periods are shortened, quality may be raised, freight absorbed, and other terms of the transaction changed. When markets become stronger, business finds it easier to raise prices. Once shortages develop and industry is unable to keep shipments in pace with desired purchases, the likelihood of price rises becomes very much greater.

Third, the nature of the price-setting process of an industry can influence the price changes associated with any given set of cost and demand conditions. In highly concentrated industries, where a few producers or a single price leader can determine prices, the response may be quite different from that in an industry of many small firms, where wholly impersonal market forces keep supply and demand in balance through price adjustments. Differences are especially great in bad times. In competitive industries, prices are likely to fall; in concentrated industries, production is more likely

to be cut back, with only limited price adjustments. When markets are roughly in balance, the sequence and magnitude of price changes is less predictable. What happens in the more concentrated industries depends on the price policies followed by the principal producers. The Government's price guidepost is an attempt to avoid inflation resulting from industry's use of discretionary pricing power.

Expectations and attitudes also affect actual price changes. An economy accustomed to price stability is less vulnerable to inflation. Price adjustments to changing conditions come more slowly and moderately, and include both pluses and minuses. It is free of the inventory hoarding that adds to inflationary demands. And speculation in commodities does not raise raw material costs. Conversely, when an inflationary psychology takes hold, inventory hoarding and anticipatory placing of orders accentuate any market imbalances and further raise costs of production and distribution.

Finally, in a mixed economy such as ours, Government actions have an important effect on industrial prices. Fiscal policies help determine the over-all size of markets. The Government is the biggest customer for many industries and hence the largest single influence on demand. It also affects competitive conditions through tariff policies, quotas, and other forms of protection, through regulatory policies, stockpile, and commodity stabilization policies, and in other ways. If the objective of price stability is given recognition in the full range of economic policies, prices will be more stable.

THE PRICE RECORD

Our over-all price record during the present expansion has been remarkable—unmatched by any industrialized nation. But during 1965, the record developed some blemishes; prices, as measured by any of the major indicators, advanced more rapidly.

After increasing at an average annual rate of 1.3 percent between 1960 and 1964, the GNP deflator rose by 1.8 percent in 1965. The most prominent elements in this acceleration were more rapid increases in the deflators for construction, nondurable goods, and the Federal Government (reflecting the large military pay increase in 1965).

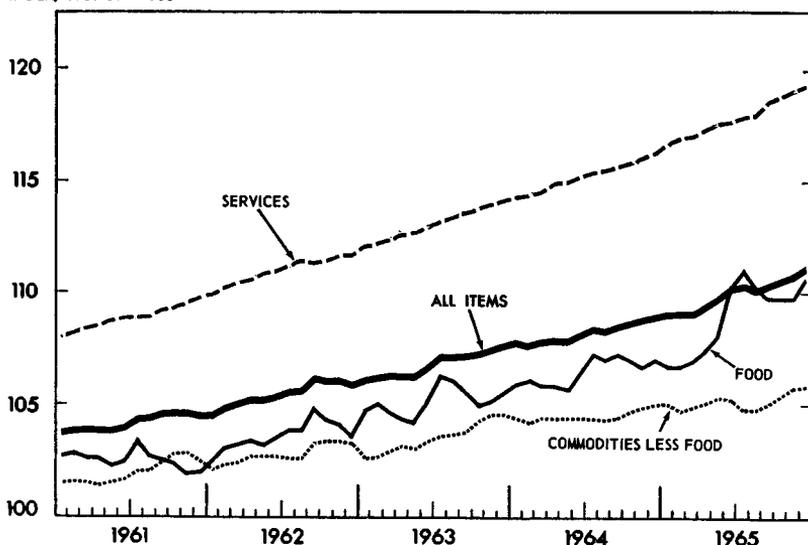
Consumer prices rose at an average annual rate of only 1.2 percent a year from 1960 to 1964, but by 1.7 percent in 1965 (Chart 7). Substantial advances in the prices of food, apparel, and footwear were mainly responsible for the faster rise. The reduction of excise taxes mitigated the increase of the index by 0.2–0.3 percent.

The wholesale price index increased 2.0 percent from 1964 to 1965 after 4 years of stability (Table 8 and Chart 8). Farm and food products accounted for over half of this increase. Industrial prices, which had remained virtually constant from 1960 to 1964, moved up by 1.3 percent last year. Increases were found particularly in nonferrous metals, nonelectrical machinery, fabricated structural products, gas fuels and petroleum, lumber, fertilizer materials, hides and skins, and manufactured animal feeds.

Chart 7

Consumer Prices

INDEX, 1957-59 = 100



SOURCE: DEPARTMENT OF LABOR.

In some respects, price behavior in 1965 showed a continuation of the healthy pattern that has characterized the present expansion. Prices in such important sectors of manufacturing as automobiles, steel, and electrical machinery remained essentially stable, and there were still many declines.

TABLE 8.—Changes in wholesale prices, 1961–65

Commodity group	Percentage change ¹		Contribution to total change (percent) ¹	
	1961 to 1965	1964 to 1965	1961 to 1965	1964 to 1965
All commodities.....	2.2	2.0	100	100
Farm products.....	2.5	4.3	12	23
Processed foods.....	4.4	4.1	29	30
All other than farm products and processed foods (industrials).....	1.7	1.3	59	47
Textile products and apparel.....	2.1	.6	7	3
Hides, skins, leather and leather products.....	2.8	4.4	2	3
Fuels and related products, and power.....	-1.8	1.9	-7	7
Chemicals and allied products.....	-1.7	.7	-5	2
Rubber and rubber products.....	-3.3	.4	-2	(²)
Lumber and wood products.....	5.4	.5	7	(²)
Pulp, paper, and allied products.....	1.1	.9	2	2
Metals and metal products.....	5.0	2.8	31	19
Machinery and motive products.....	1.4	.8	12	7
Furniture and other household durables.....	-1.5	-.5	-3	-1
Nonmetallic mineral products.....	-.1	.2	(²)	(²)
Tobacco products and bottled beverages.....	4.4	.3	5	(²)
Miscellaneous products.....	6.8	1.6	10	3

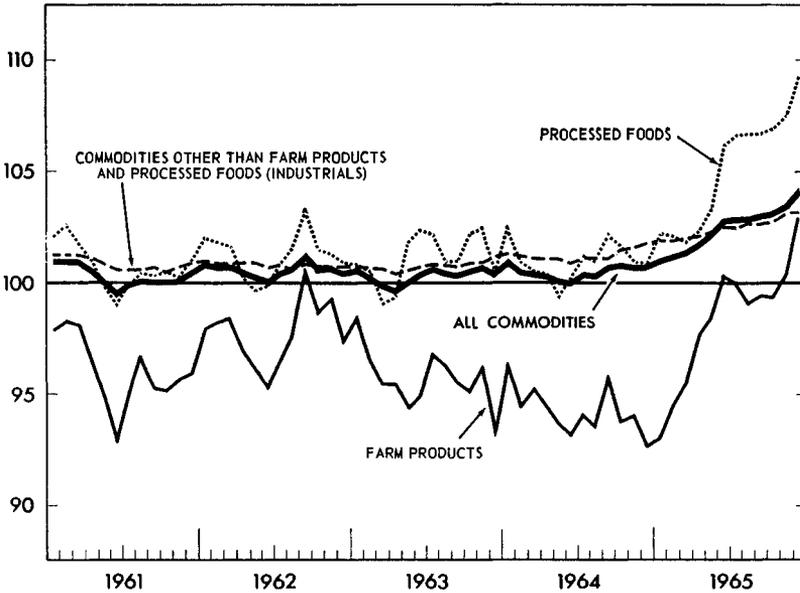
¹ Based on preliminary data for December 1965.² Less than 0.5 percent.

Source: Department of Labor.

Chart 8

Wholesale Prices

INDEX, 1957-59 = 100



SOURCE: DEPARTMENT OF LABOR

Some of the increases reflected nonrecurring factors. The rise in prices of nonferrous metals reflected increases of world prices which do not influence adversely our competitive position. And the sharp rise in food prices in large part reflected production cycles in agricultural products.

SUPPLY AND DEMAND IN THE PRODUCT MARKETS

The fiscal and monetary policies outlined in Chapter 1 are intended to assure that total civilian and military purchases of goods and services do not exceed the economy's ability to produce. But price pressures can also develop from imbalances within specific sectors. If prices do not fall in sectors where potential supply exceeds demand as readily as they increase where demand outruns supply, imbalances in the composition of demand will raise the price level.

In recent years, measures have been developed which can serve as rough indicators of the supply-demand relationships of specific industries.

OPERATING RATES OF INDUSTRIES

Operating rates of industries are a direct measure of the relation between production based on current demand and the capacity to produce. Although the concept of capacity is an elusive one, most producers seem

able to give it quantitative meaning, and also to identify a rate of utilization of that capacity which is "preferred"—presumably a level of operation which management feels can be sustained efficiently for an extended period.

Starting from a low of 77 percent at the beginning of the expansion (compared with an average preferred rate of 92 percent), the seasonally adjusted average rate of utilization of manufacturing capacity as measured by McGraw-Hill rose by 6 points, to 83 percent at the end of 1961. During the following year, a parallel growth of output and capacity kept utilization rates rather steady. In 1963, output began to rise faster, raising average utilization to 88 percent by the end of 1964.

The strength of industrial investment in 1965 enabled capacity in manufacturing to increase by an estimated 5½ percent. Manufacturers increased output dramatically without running into significant bottlenecks. The average operating rate climbed to 89 percent by the end of the year as the gain in the rate of output accelerated under the impetus of investment and military demand.

The pattern of investment last year contributed to the general balance between output and capacity. Of the four industries which were operating at or above their preferred rates in December 1964, two subsequently succeeded in building up their productive capacity by more than the growth of output (Table 9). Others, which were operating below preferred rates at the end of 1964, added more slowly to capacity in 1965, so that they, too, came closer into balance.

In four industries, high demand has raised production beyond preferred utilization rates. In three of these industries, particularly large increases of investment are planned for the first quarter of 1966.

TABLE 9.—*Manufacturing capacity utilization, 1964-65*

Industry	Output as percent of capacity ¹		Preferred rate (percent) ²
	December 1964	December 1965	
Total manufacturing ³	88	89	92
Iron and steel.....	88	75	91
Nonferrous metals.....	98	103	95
Machinery.....	87	91	91
Electrical machinery.....	84	91	93
Autos, trucks, and parts.....	95	93	96
Other transportation equipment.....	80	93	88
Fabricated metals and instruments.....	87	94	92
Stone, clay, and glass.....	80	85	88
Chemicals.....	85	85	90
Paper and pulp.....	94	93	97
Rubber.....	96	94	94
Petroleum and coal products.....	91	91	95
Food and beverages.....	86	84	86
Textiles.....	96	98	96
Miscellaneous manufacturing.....	88	89	94

¹ Data for 1964 except iron and steel from McGraw-Hill; estimates for iron and steel for 1964 and all industries for 1965 by Council of Economic Advisers after consultation with McGraw-Hill.

² From McGraw-Hill survey of business plans for new plant and equipment, April 1963.

³ Not comparable with data in Table C-34 because of differences in methods of computation.

Sources: McGraw-Hill Publishing Company, Board of Governors of the Federal Reserve System, and Council of Economic Advisers.

When the operating rate for all manufacturing averages (say) 2 points below the preferred rate, there will be less price pressure if each individual industry shows a similar 2-point gap between its actual and its preferred rates than if some are above preferred rates and some far below. While there are always some differences among industries, the balance was unusually favorable in 1965. Sectoral balance can be measured by the weighted average of the absolute amounts by which the gap between each industry's own operating rate and its own preferred rate exceeds the gap between the operating rate for all manufacturing and the preferred operating rate for all manufacturing. This average "excess gap" was 1.7 percentage points in 1965, down from 2.9 in 1964. In contrast, the average "excess gap" was 6.6 in 1955, reflecting the severe sectoral imbalance of that high employment year. Investment expected in 1966 will raise manufacturing capacity by about 7 percent. This should keep the average operating rate essentially unchanged from 1965. The sectoral composition of rates should also continue in general balance.

For the nonmanufacturing sectors of the economy, less information is available on capacity utilization. Indexes prepared at the University of Pennsylvania show that operating rates outside of manufacturing rose by 1 to 4 points in the last year, as output rose substantially (Table 10). Output is expected to rise again considerably in 1966, but the anticipated high rates of investment should generate rapid growth of capacity as well.

TABLE 10.—*Capacity utilization and change in output of selected industries, 1964-65*

Industry	Capacity utilization (percent) ¹		Percentage increase in output, 1964 to 1965 ³
	1964	1965 ²	
Coal mining.....	64	68	4
Metal mining.....	78	81	6
Stone and earth minerals.....	94	97	6
Electric utilities.....	90	91	8
Gas utilities.....	94	96	5
Services ⁴	95	96	(5)

¹ Output as percent of the trend line through peaks in output, except for services.

² Average of first 3 quarters.

³ Average of available months in 1965 over average of equivalent period in 1964. Based on seasonally adjusted data.

⁴ Includes air and rail transport, office space rental, and residential housing. For method of computation, see R. Summers, "An Index of Capacity Utilization in Service Industries," Wharton School of Finance.

⁵ Not available.

Sources: Wharton School of Finance and Board of Governors of the Federal Reserve System.

BACKLOG OF ORDERS

In those industries where production is based significantly on orders (mainly durable goods industries), the relation of orders to shipments provides further indication of the state of demand relative to supply in the market. Since producers wish to translate an irregular flow of orders into a smooth production schedule, some backlog of orders is normal and desir-

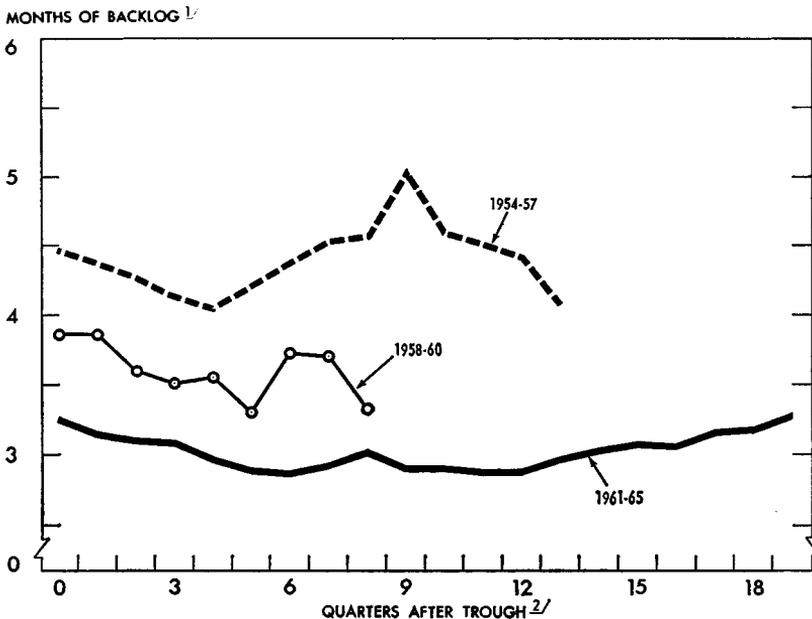
able. But when the ratio of unfilled orders to shipments increases rapidly, it may indicate that demands are exceeding producers' present supply capabilities, or that buyers are placing orders for future delivery farther ahead.

During recent years, the ratio of unfilled orders to shipments in the durable goods industries as a group has been roughly constant, equal to a backlog of about 3 months. In the two previous expansions, the orders backlog was both substantially higher relative to sales and considerably less stable (Chart 9). The average backlog reached 5 months in 1956, indicating the clear presence of excessive demand in some sectors.

Today, there is only isolated evidence of undue buildups of orders. The absolute volume of unfilled orders has increased in almost every industry. But the over-all increase in the backlog relative to shipments over the last 12 months was moderate. Increases of up to 0.3 month occurred last year in all durable goods industries except primary metals, where the backlog declined by 0.2 month, reflecting the steel adjustment. In the 1954-57 expansion, the backlog for the entire group of durable goods industries rose by as much as 0.9 month in a 12-month period.

Chart 9

Backlog of Manufacturers' Unfilled Orders for Durable Goods in Three Postwar Expansions



^{1/} RATIO OF UNFILLED ORDERS (END OF QUARTER) TO SHIPMENTS (QUARTERLY AVERAGE); EXCLUDES INDUSTRIES WITH NO ORDERS. BASED ON SEASONALLY ADJUSTED DATA.

^{2/} TROUGH QUARTERS FOR GNP WERE 1954 II, 1958 I, AND 1961 I.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

In 1966, order backlogs are likely to increase somewhat further under the impetus of rising demand. But the rapid rise of capacity should generally permit shipments to respond to rising orders, preventing the emergence of major price pressures from this source. However, this indicator of demand pressures will need to be followed closely. Should order books lengthen substantially, the efficient and moderate inventory policies that have kept orders at reasonable levels could be altered, leading to imbalances in industrial markets.

SUPPLY AND DEMAND IN THE LABOR MARKETS

Cost-price stability cannot be achieved if the supply of labor is inadequate to allow production to respond freely to demand. When workers having the needed skills are readily available for employment, industry is able to utilize its physical capacity fully and efficiently. When major labor shortages develop, they may be translated into production bottlenecks that limit the supply of finished products and thereby result in demand pressure on prices. Alternatively, or in addition, tight labor markets put upward pressures on labor costs, as unions press for excessive wage increases and employers bid against each other for the skills in short supply, and as employers are forced to hire less qualified workers with resulting lower productivity.

The growth of the U.S. labor force has accelerated since 1962. From 1955 to 1962, the average annual increase was 825,000. During the last 3 years, it averaged 1.2 million, and in 1965 the increase was 1.4 million. This acceleration resulted mainly from the high birth rates following World War II and the increased participation of women in the labor force, partly in response to more favorable job opportunities.

The employment gains of recent years have been large and widely distributed. Every labor force group has benefited from the sustained economic growth which has created an average of more than 1.3 million additional jobs a year since 1961. During the past 2 years, especially large gains have been made by teenagers, adult nonwhites, the long-term unemployed, and the unskilled. This pattern gives testimony not only to the power of high economic growth to bring benefits to inexperienced and disadvantaged workers, but also to the ability of employers effectively to absorb such workers into productive employment. If this pattern can continue, the supply of labor will be sufficient to meet manpower needs without serious bottlenecks.

The capacity of labor markets to adjust can be seen from a study of employment gains by occupation. In 1965, for example, employment in professional and technical occupations rose by 333,000; but in 1964 there had been only 150,000 unemployed workers whose last employment was in these occupations. Since there was a reduction of unemployment of such workers of only 17,000 between 1964 and 1965, a minimum of 316,000 new professional and technical employees must have come from among new entrants into the labor force, from upgrading, or through hiring of unemployed whose

last employment was in some other type of occupation. Similar comparisons can be made for other occupations.

Negroes and teenagers found better job opportunities as the labor market tightened (Table 11). When the job market was slack and output grew

TABLE 11.—Changes in employment, 1961–65

Type of change and period	Total ¹	Teenagers	Nonwhites	Adult whites
<u>Change in employment (thousands of persons):</u>				
1961-62 ²	1,203	237	159	813
1962-63	963	-38	137	847
1963-64	1,548	268	246	1,075
1964-65	1,822	558	267	1,038
<u>Percentage change in employment:</u>				
1961-62	1.8	4.6	2.3	1.5
1962-63	1.4	- .7	1.9	1.5
1963-64	2.2	5.1	3.4	1.9
1964-65	2.6	10.0	3.6	1.8
<u>Percent of total employment change:</u>				
1961-62	100.0	19.7	13.2	67.6
1962-63	100.0	-3.9	14.2	88.0
1963-64	100.0	17.3	15.9	69.4
1964-65	100.0	30.6	14.7	57.0

¹ Detail shown will not add to totals because of duplication (nonwhites include some teenagers).

² Data for 1962 are adjusted for comparability with data for 1961.

NOTE.—Teenagers include those 14–19 years of age; nonwhites, 14 years of age and over; and white adults, 20 years and over.

Sources: Department of Labor and Council of Economic Advisers.

only enough to create jobs for the normal increase in the labor force, adult whites secured the largest share of new jobs. But in 1965, when over-all employment increased by a very large 2.6 percent, nonwhite employment rose by 3.6 percent, and teenage employment increased by 10.0 percent, representing nearly one-third of the total additional employment.

These employment gains, combined with the changes in the labor force, resulted in an improvement in the pattern of unemployment. Unemployment rates for white teenagers fell despite the great influx of this group into the labor force, and rates for nonwhite adults fell to 5.8 percent by the end of 1965. Nonwhite teenagers were an exception; their rates remained very high (Table 12).

TABLE 12.—Unemployment rates for selected groups, 1960–65
[Percent]

Period	Teenagers		Adults			
	White	Nonwhite	Men	Women	White	Nonwhite
<u>Annual average:</u>						
1960	12.4	22.1	4.7	5.1	4.3	9.1
1961	13.8	25.4	5.7	6.3	5.3	11.2
1962	12.0	23.7	4.6	5.4	4.2	9.8
1963	14.0	28.4	4.5	5.4	4.2	9.3
1964	13.3	26.2	3.9	5.2	3.8	8.2
1965	12.2	25.3	3.2	4.5	3.3	6.6
1965: IV ¹	11.1	27.1	2.8	4.2	2.9	5.8

¹ Based on seasonally adjusted data.

Sources: Department of Labor and Council of Economic Advisers.

OUTLOOK FOR LABOR MARKETS IN 1966

So far, the ability of both workers and employers to adjust rapidly to changing economic conditions has permitted the economy to move toward full employment without experiencing significant labor shortages which could retard growth or endanger price stability.

As production has expanded and the hiring of certain skills has become more difficult, managements have resorted to the normal procedures used in prosperity to economize on skilled labor: redesigning and subdividing of specific jobs; upgrading of experienced employees to more skilled classifications; intensifying on-the-job training for younger workers; stepping up investment to modernize facilities; wherever possible, concentrating the increase of production in plants in areas of labor surplus; hiring women for jobs usually filled by men; recruiting workers abroad; hiring students on a part-time basis; and raising starting salaries.

According to data recently gathered by the Department of Labor, noticeable shortages were reported only among engineers, teachers, technicians, skilled metal workers, and certain kinds of repairmen. Shortages of some of these types of workers have been common for some years, but they have not interfered with rapid gains in production.

Some difficulties in recruiting labor have been reported by employers in medical services, restaurants, and laundries. Employment in household services actually declined between 1964 and 1965. These are generally the low-wage sectors of the economy. Hourly earnings in laundries, for instance, are more than 40 percent lower than those in manufacturing and 30 percent below the earnings in wholesale and retail trade. When unemployment was high, these low-wage employers could count on an ample supply of labor. But it is inevitable that as unemployment is reduced they will encounter stronger competition for labor from higher paying employers. If the past is any guide, the low-paying establishments will solve their labor problems by more extensive hiring among the groups with relatively high unemployment rates—nonwhites and youths—by raising their wages more rapidly than other firms, and by mechanization and more efficient use of their employees.

Job openings in interstate recruitment with the U.S. Employment Service rose sharply at the end of 1965 and were about 65 percent higher than in the same period of 1964, but there were still 224 active job applicants registered with public employment offices for every 100 registered job openings. Pilot surveys of job vacancies in 1965 indicate that, on an over-all basis, available opportunities were still lagging behind the number unemployed. However, the index of help-wanted advertising in 52 cities compiled by the National Industrial Conference Board reached a record high at the end of last year. Our present information system on job vacancies is little more than fragmentary. A comprehensive set of vacancy statistics, comparable to those collected in other countries, would be a most useful tool of analysis.

The further reduction in unemployment expected this year seems likely to follow the 1965 pattern, with perhaps even greater relative gains made by the long-term unemployed, older workers, unskilled workers, and non-whites. Employment of teenagers can be expected to increase sharply. Additional women may be drawn into the labor force. And migration from agriculture and from depressed areas may accelerate. These are the principal remaining sources of labor for industrial expansion.

The enlistment or conscription of young men into the armed services reduces the supply of civilian labor. By the end of 1966, about 20 percent of the male labor force in the 20–24 year old category will be in the armed services. This represents only a small increase from the 17 percent prevailing figure in 1964, before the current buildup. A relatively large part of the increase in the armed services in 1966 will be in the 16–19 year age group. But with the substantial labor force growth, the percentage of this age group in the armed services by December 1966 should be little different from the 14 percent figure in 1964. The increase in military personnel is expected to total about 300,000 in 1966. This is modest, compared with the Korean war period, when over a million men joined the armed services in 9 months, about 2 million in 2 years.

The current military increases are coming in sectors of the labor force where unemployment rates are high. In December 1965, unemployment among males 20–24 years old was 5.3 percent (unadjusted for seasonality), 1.5 percentage points above the national average for the entire labor force, and unemployment of males in the 16–19 year group was 12.4 percent. In short, men removed from the civilian labor force to go into the armed services are coming from parts of the labor force where they should be more readily replaceable.

Our labor markets will be able to support a large further expansion of the economy. But as production rises and unemployment falls, it will become more difficult for employers to find exactly the right man for each new job. The need for upgrading, for on-the-job training, and other changes in employment practices will become greater. Public and private manpower policies will face their greatest challenge.

As shortages of some skills have begun to develop, programs to train highly skilled people have been intensified under the Manpower Development and Training Act. For example, current activities include an on-the-job training contract with the Chrysler Corporation to train automobile mechanics, and a contract with the National Tool, Die, and Precision Machine Association to double the number of tool and die trainees. Many contracts are presently under negotiation to provide skilled workers for such defense industries as aircraft, ordnance, and electronics. Also, improvement in the Employment Service will help to fill job vacancies.

Active manpower policies are discussed in detail in Chapter 3. They have already contributed importantly to making the labor force better suited for

present job requirements. Their importance will become even greater in 1966.

EMPLOYMENT GOALS

The 1962 Annual Report of the Council specified an interim unemployment target. It was stated that "in the existing economic circumstances, an unemployment rate of about 4 percent is a reasonable and prudent full employment target for stabilization policy. If we move firmly to reduce the impact of structural unemployment, we will be able to move the unemployment target steadily from 4 percent to successively lower rates . . . circumstances may alter the responsiveness of the unemployment rate and the price level to the volume of aggregate demand. Current experience must therefore be the guide." It was made clear that this goal "should be achievable by stabilization policy alone. Other policy measures . . . will help to reduce the goal attainable in the future below the 4-percent figure."

The unemployment rate has now virtually reached the interim target and is projected to fall below 4 percent in 1966. There is strong evidence that the conditions originally set for lowering the target are in fact being met, and that the economy can operate efficiently at lower unemployment rates. The quality of the American labor force has been improving steadily. In 1957, the last year in which unemployment was 4 percent, workers had an average of 11.6 years of schooling; by 1965 they had 12.2 years. Whereas 33 percent of all workers had no more than 8 years of education in 1957, the figure had fallen to 23 percent by 1965. The ease of attaining a given over-all unemployment rate is increased by this higher educational achievement. To be sure, jobs may now require, on the average, more education than they did in 1957. Nevertheless, it is highly significant that, if the unemployment rate for every education group were the same now as it had been in March 1957, the over-all unemployment rate would be 0.4 percentage point lower than it was in 1957.

Partly offsetting the better educational preparation of today's workers is the increasing number of young and relatively inexperienced men and women who now constitute a larger proportion of the labor force than they did in 1957. These workers normally have higher unemployment rates than older, experienced workers. As a result, if every age and sex group in 1965 had the same unemployment rate as in March 1957, the over-all unemployment rate would now be 0.1 percentage point higher than it was in 1957.

The training and manpower policies instituted since 1961 are beginning to reduce the attainable level of unemployment both by raising the employability of workers and by directly altering their labor force status. During 1966, an average of about 300,000 youths will be engaged in special work and training programs. If most of these youths would otherwise have been unemployed, the programs would be reducing the national unemployment rate by about 0.1 to 0.2 percentage point. The absorption of these

workers does not appreciably reduce the supply of labor available for other jobs while they are in training; it does increase their suitability for other employment when their training is completed.

The substantial increase in the number of young men entering military service will have a direct impact on the attainable unemployment rate of civilians. On the assumption that most of the added young men in the armed services in 1966 would otherwise have been in the civilian labor force, but that most of the jobs they would have filled can readily be filled from among the unemployed, the attainable unemployment rate would be lowered by about 0.2 percentage point.

The improved ability of the economy to sustain lower unemployment without inflation arises not only from developments in the labor market. Other factors, which could not be taken into account when the interim target was first set, are equally relevant: the fact that so fine a balance could be maintained between production and capacity—both over-all and by sectors—as the economy moved toward full employment; the higher productivity gains; the increasing keenness of international competition in our markets; the more responsible attitudes displayed by business and labor in wage and price decisions; and the dependability and prudence of consumer and business decisions.

Thus the economic circumstances which accompanied a 4 percent unemployment rate in 1957, or which it was assumed in 1962 would accompany such a rate, now correspond to a lower national unemployment rate. While we will find satisfaction in reaching the interim target, it would be incorrect to identify this accomplishment with full attainment of the goal of an employment opportunity for every American willing and able to work.

Our target should be steady progress, at a pace which permits the economy to adapt to decreasing unemployment rates and growing demand in the product markets. Private and public policies should be able to preserve the reasonable cost and price stability which is necessary for sustainable progress.

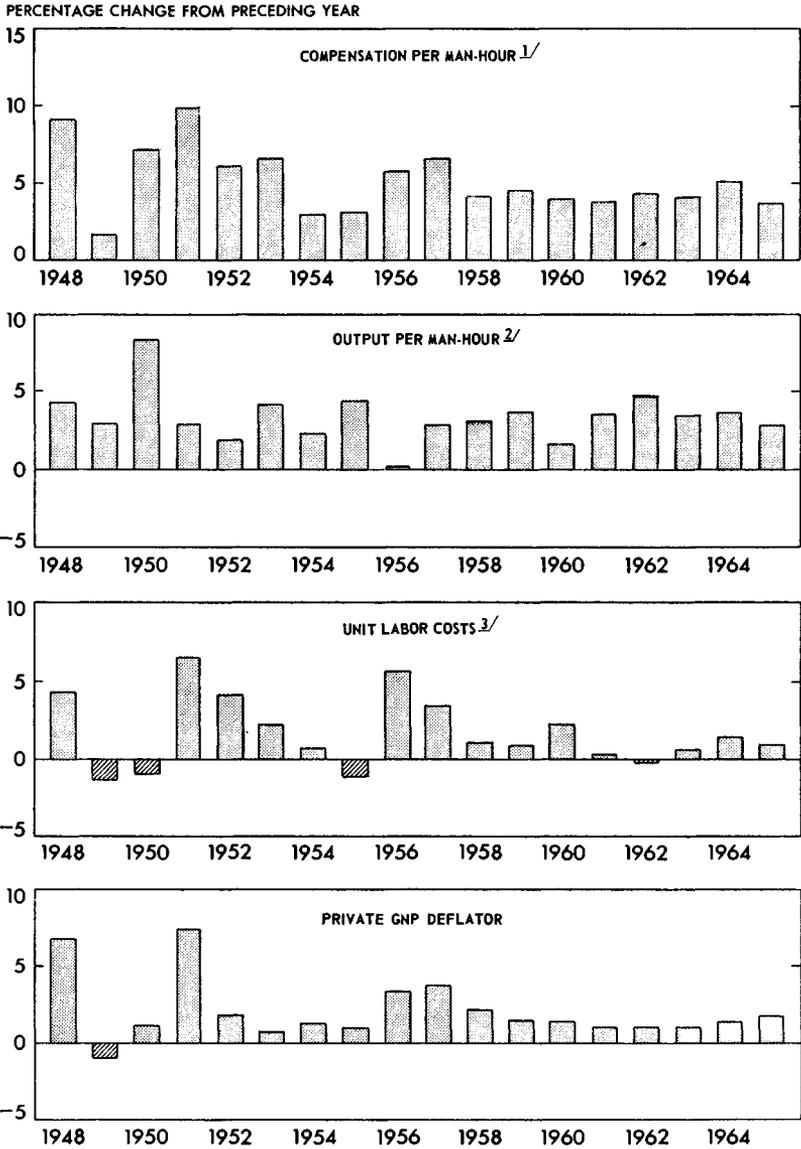
LABOR COST TRENDS

Labor costs per unit of output are an important determinant of over-all cost and price changes. In the postwar period, their widely varying movements have frequently been associated with similar changes in the price level (Chart 10).

Labor costs per unit of output reflect both hourly compensation and output per man-hour or productivity. Increases in compensation raise unit labor costs; increases in productivity lower it. Whether labor costs per unit of output rise during the particular period depends on the relative balance between increase of compensation and of productivity.

Chart 10

Changes in Compensation, Prices, and Productivity in the Private Economy



1. TOTAL COMPENSATION DIVIDED BY ALL PERSONS MAN-HOURS WORKED.

2./PRIVATE GNP DIVIDED BY ALL PERSONS MAN-HOURS WORKED.

3./COMPENSATION PER MAN-HOUR DIVIDED BY OUTPUT PER MAN-HOUR.

SOURCES: DEPARTMENT OF LABOR, DEPARTMENT OF COMMERCE, AND COUNCIL OF ECONOMIC ADVISERS.

WAGES

Wage movements of recent years must clearly be characterized as moderate. During the first 4 years of the expansion, gross hourly earnings of manufacturing workers rose at an average annual rate of 3.2 percent; corrected for overtime, the annual increase averaged 2.7 percent. Outside of manufacturing, the record is more varied. In mining, gross hourly earnings increased at an average annual rate of only 2.4 percent, and in wholesale trade at a rate of 3.3 percent; but in construction the average yearly increase was 3.8 percent and in retail trade 3.9 percent. When account is taken of increases in fringe benefits, the corresponding figures for total compensation per man-hour would in most cases undoubtedly be somewhat higher. Nevertheless, when combined with the strong yearly gains in productivity, the average increase in total hourly compensation was consistent with relative stability of average unit labor costs throughout the economy.

During the past 12 months, wages have been rising at a pace little different from that of earlier years. Gross hourly earnings of manufacturing workers rose in 1965 by 3.1 percent, and the yearly increase of straight-time earnings was 2.8 percent. In the nonmanufacturing sector, most industries had somewhat larger increases than in the earlier expansion years. Between November 1964 and November 1965, hourly earnings increased by 3.1 percent in mining and in wholesale trade, 4.5 percent in construction, and 5.3 percent in retailing.

The many collective bargaining contracts signed during 1965 were characterized, by and large, by a relative moderation of gains in wages and fringe benefits. In some industries—aerospace, for example—the negotiated increases exceeded somewhat the Council's guideposts for noninflationary wage behavior. But in other industries—steel, rubber, maritime trades, New York newspapers, aluminum—the results of the contracts either fell within or were close to the guidepost standards. The settlement in rubber provided an increase of 3.2 percent, that in aluminum 3.5 percent, and the important steel settlement also 3.2 percent. The pay increase for Federal workers likewise fell within the guideposts. A special Labor Department analysis of the major contracts (those covering 10,000 workers or more) that were concluded during the first 9 months of 1965 indicates that the average yearly wage adjustment resulting from these contracts was 3.3 percent; for contracts covering a period longer than a year, the adjustment was smaller—only 2.7 percent. This analysis considered only wage changes; inclusion of fringe benefits might raise these figures by three-fourths of a percentage point.

In construction, the 1965 contracts—as in previous years—generally resulted in higher wage advances than elsewhere. Between October 1964 and October 1965, union wage scales increased, on the average, by 4.1 percent. Construction is clearly an industry that raises serious problems for wage-price stability.

The generally satisfactory record of 1965 wage contracts has important implications for wage trends in 1966. Many industries have negotiated long-term agreements. The only major industries which will negotiate new contracts in 1966 will be electrical machinery, telephone, and construction; major reopenings could take place in railroads and coal mining. Because of the relatively light calendar of expiring contracts, the basic pattern of wages for most key industries has already been set for 1966.

It is likely, however, that compensation will rise more rapidly in the low-wage and largely nonunionized sectors of the trade and service industries. Many workers at the bottom of the economy's wage structure now face opportunities of moving into more advantageous jobs. Accordingly, wage increases in the low-paid sectors are likely to exceed the average wage rise in the economy as a whole. As indicated by the 5.3 percent increase of hourly earnings in retail trade between late 1964 and late 1965, this has already been occurring.

PRODUCTIVITY AND UNIT LABOR COSTS

A key element in the impressive U.S. record of price stability has been the high rate of productivity advance. Based on tentative figures for 1965, productivity in the private economy (real total private GNP divided by total private man-hours worked) has grown at an average rate of 3.6 percent a year since 1960. Because of these large productivity gains, average annual increases of 4.2 percent in compensation per man-hour have raised average unit labor costs in the private economy by only 0.6 percent a year.

This record contrasts sharply with the experience in the short expansions of the mid-1950's. In the period between the business cycle peaks of 1953 and 1957, unit labor costs increased by 2.1 percent a year; compensation per man-hour rose by 4.6 percent a year while output per man-hour advanced only 2.4 percent a year. In 1956 and 1957, an average annual increase of 4.5 percent in unit labor costs exerted a strong upward push on prices. Between the 1957 and 1960 cyclical peaks, average hourly compensation gains were more moderate—4.2 percent a year—but since productivity was rising at a rate of only 2.7 percent, labor costs were pushed up by 1.4 percent a year.

Manufacturing productivity figures based upon the index of industrial production of the Federal Reserve Board show output per employee man-hour rising by 4.0 percent a year since 1960. Comparing this figure with the 3.6 percent average advance in hourly manufacturing compensation implies that unit labor costs in manufacturing were lower in 1965 than in 1960.

According to preliminary figures for 1965, productivity in the entire private economy increased by about 2.8 percent—below the average for the whole expansion and slightly below the historical average for the entire post-war period. Compensation per man-hour in the private sector rose by 3.7 percent, resulting in an increase of 0.9 percent in unit labor costs. Productivity in manufacturing, based upon the industrial production index,

rose by 3.8 percent and hourly compensation increased by only 3.0 percent. Thus, unit labor costs in manufacturing decreased by 0.8 percent last year.

The good record of productivity during the past 5 years was aided by the sustained expansion of output that has boosted operating rates. As operating rates improve, capital and overhead labor are more effectively utilized. These oversized gains in productivity cannot be expected to continue indefinitely. As preferred operating rates are reached and surpassed, older, less efficient standby equipment must be used, and less-skilled labor must be hired and trained. Partly offsetting this, new and more efficient plant and equipment will be continually coming into use. On balance, therefore, the rate of increase of productivity can be expected to gravitate toward its long-run trend, and the more modest gain in 1965 undoubtedly reflects this.

The exact value of the trend rate of productivity growth—that rate which technological advance, the constantly improving quality of the labor force, and the growing capital stock can sustain—is difficult to ascertain. To isolate the “underlying” trend, adjustments for all short-run factors would be required. But these adjustments cannot be made perfectly. Nor is it likely that the “true” trend would remain precisely constant over time. The factors determining productivity growth have not been and will not be historical constants.

A long-run historical average provides one estimate of the trend rate of productivity growth. The postwar average, from 1947 to 1965, is 3.3 percent. But this may reflect especially favorable factors in the immediate postwar years. On the other hand, the much lower average of 2½ percent for the longer period from 1919 to 1965 is subject to the suspicion that it seriously understates the higher trend in the depression-free postwar period.

The productivity trend can also be estimated from data for the shorter postwar period, using sophisticated statistical techniques to adjust for the short-run factors. Several such techniques have been employed by the Council to obtain the best possible estimate of the postwar trend rate of growth of productivity. While these different methods do not yield identical estimates, for the private sector they fall within the range of 3.0 to 3.3 percent a year.

In 1966, the increase of productivity is expected to continue close to its trend value, though not likely to exceed it. The increase in employer payroll taxes which occurred on January 1 will raise average employment costs this year by about two-thirds of 1 percent. The expected rise in productivity, however, should hold the average increase in unit labor costs to about 1½ percent for the entire private economy. These costs should be approximately stable in manufacturing.

COSTS AND PRICES IN SELECTED PROBLEM AREAS

Some sectors in the economy pose particular problems for the achievement of cost-price stability, either because of especially unfavorable long-

term cost trends or because of potential market imbalances. Five of these areas are examined here: agricultural and food products; nonferrous metals; machinery; construction; and medical services.

FOOD

From 1961 to 1964, consumer food prices rose by only 1.0 percent a year while all other consumer prices were rising by 1.3 percent. But from December 1964 to December 1965, prices of food increased by 3.5 percent while other consumer prices rose by 1.6 percent. The same pattern is even more evident at the wholesale level. Between December 1964 and December 1965, prices of processed food rose by 8.5 percent and of farm products by 11.1 percent. These increases accounted for two-thirds of the total rise in the wholesale price index over this period.

About three-fourths of the rise in retail food prices in 1965 can be attributed to a 13.5 percent advance in meat. There were smaller price increases in poultry, fish, dairy products, and bakery products. On the other hand, prices of fruits and vegetables declined by 3.1 percent during the year, after reaching a peak in the spring.

At the wholesale level, meat prices rose by 29 percent in 1965, in response to a 34 percent rise in livestock prices. Particularly large increases were registered in hog prices, but cattle prices were also up substantially.

These sharp increases were the result of a combination of rapidly growing demand for meat and an unfavorable supply situation. Rising personal incomes and a growing population increase the demand for meat. Supplies, on the other hand, are relatively inelastic in the short run because of the long time period required to expand livestock breeding stocks.

Hog production was reduced during the second half of 1964 and in 1965 as a result of depressed prices received by hog producers in 1963 and 1964. The resultant high pork prices led consumers to switch to poultry and other meats; although beef production increased, supplies were not sufficiently responsive to keep beef prices from rising. Because of the much shorter period required to produce poultry, the supply of broilers responded rapidly to satisfy part of the substantial increases in demand. Thus, poultry prices rose much less than beef or pork prices in 1965—by 7.2 percent in 1965 at the wholesale level and 9.3 percent at the farm.

In the past, hog production has expanded when hog prices were favorable in relation to feed (mostly corn) costs. The hog-corn price ratio has been extremely favorable to producers in recent months. But the increasing importance of nonfeed costs (labor, overhead, etc.) in hog production has made the hog-corn ratio a less reliable indicator of future production. Nevertheless, the evidence indicates that hog producers are now responding to favorable prices; farmers intend to raise 7 percent more pigs during December 1965–May 1966 than they did one year earlier. Thus, while hog prices will probably continue strong throughout the first half of this year, they should begin to decline in the second half when the expanded

spring crop is marketed. Beef production will increase slightly in 1966, but beef prices will probably continue at their high levels through most of the year.

General prosperity was a contributing factor to the rise in food prices in 1965, but supply conditions certainly were the major element. This year should witness a less rapid increase in food prices than was experienced during 1965. Meat prices may rise further in the first half of the year, but some relief is expected in the second half when expanded supplies reach the market. Citrus fruits and fresh vegetables should have lower average prices in 1966 than in 1965 if normal weather prevails. Poultry is also expected to be cheaper.

The rise in farm and food prices has had some limited spillover into the industrial sector. Although the extent of automatic wage escalation with consumer prices is very much reduced from prior years, the wages of about 2 million workers have been raised by the faster rise of consumer prices in 1965.

NONFERROUS METALS

In the last 2 years, consumption of nonferrous metals by U.S. industry has risen substantially. The prices of these primary metals have advanced rapidly, with aluminum ingot up 6.5 percent from December 1963 to December 1965, copper ingot 16.1 percent, pig lead 28.1 percent, pig tin 33.3 percent, and slab zinc 11.1 percent. These increases produced higher prices for fabricated products and were an important factor in the over-all increase of industrial prices.

Earlier in the postwar period, the Government accumulated large stockpiles of a wide variety of materials, including many of the nonferrous metals. Consistent with long-range security objectives, substantial supplies of materials can be made available to help to meet the requirements of the increased military effort and an expanding civilian economy. In the coming year, the availability of the stockpiles should help to prevent a repetition of the imbalances in the markets of certain of these materials that occurred during the last 2 years.

Copper was particularly affected when expanding world demand, coupled with production setbacks resulting from strikes and political troubles in the Republic of the Congo, Zambia, and Chile, caused wide price swings in the secondary markets.

The Government has repeatedly eased pressures by releasing surplus copper from its stockpile. In January 1965, 20,000 tons, and in April 100,000 tons, were released for sale to commercial users. The Mint obtained 30,000 tons in December 1964 and 110,000 tons last October from the stockpile for its coinage needs. After price increases in October by major foreign producers, the President announced a 4-point program, including the release of an additional 200,000 tons of copper from the stockpile; controls on the

export of copper scrap; removal of the 1.7 cent tariff on imported copper; and a request to the Commodity Exchange of New York to raise margin requirements to curb speculative trading in copper futures. In January of this year, export controls were extended to virtually all copper and copper products.

The outlook for copper remains highly uncertain because of political factors abroad. Government policy will continue to strive to maintain supplies adequate for rising military and civilian demands.

Domestic production of lead and zinc has recently been insufficient to satisfy high demands, and surplus metal was released from the stockpile at the request of the industry. Further, the President, on the recommendation of the Tariff Commission, revoked the import quotas which had been instituted during a period of excess supply in 1958. No imbalances are expected in 1966.

The demand for aluminum rose rapidly in 1964 and 1965. Defense requirements will continue to increase in 1966, to between 300,000 and 400,000 tons a year—double the requirements before the increased military activities in Vietnam. The industry has been operating close to capacity but supplies have been augmented by a rising flow of imports. Ingot prices began to rise in late 1963. Announcements of further price increases were made by producers in October 1965.

To help to restore balance in the market for primary aluminum, the Federal Government intensified negotiations for the orderly release of the 1.4 million ton stockpile of aluminum in excess of emergency needs. Agreement was reached with the industry, calling for sale to the industry of a minimum of 100,000 tons of aluminum a year for 10 to 12 years; in the event that added defense requirements exceed this level, additional releases can be made up to a maximum of 200,000 tons a year. This release will assure continued availability of sufficient amounts of aluminum and should preserve balance between production and demand in the market at stable prices.

MACHINERY

In the inflation of the mid-1950's, higher machinery prices played an important part in raising the wholesale price index. The index for electrical machinery increased by 16.2 percent between 1955 and 1957, construction machinery by 16.6 percent. This year will again see heavy investment spending, and the possibility of similar machinery price increases must be examined.

In December 1965, the wholesale price index of nonelectrical machinery was 11.9 percent above the 1957-59 average. In the last year, prices rose by 1.8 percent, compared with an average annual increase of 1½ percent in the preceding 6 years. Some of these increases probably reflect an improved product, not fully adjusted for in the index. But prices have also reflected sharply rising demands, expanding profit margins, and some increases in costs.

Trends of wage rates and material costs for the industry have been moderate in the past few years. Gross average hourly earnings advanced at an average rate of 3.0 percent a year from 1960 to 1964. In 1965 they were up 2.8 percent, partly reflecting the greater use of overtime. The Federal Reserve Board's index of industrial materials prices rose by more than 1.0 percent in 1965, after 4 years of relative stability. The price of steel, a major input, rose little, in sharp contrast to the 1950's.

Profits in 1965 were appreciably above 1964. Industry profits in nonelectrical machinery in the first 3 quarters were 23 percent higher than a year earlier, to yield a 14 percent after tax return on equity.

Avoiding bottlenecks in the machinery industry depends on the expansion of capacity to meet rising demands and on the availability of skilled labor. The last 5 years have seen a steady rise in the output of machinery. In 1960, production of nonelectrical machinery was at a rate equal to 70 percent of industry capacity. Modest output increases in the next 2 years raised operating rates to 79 percent of capacity by the end of 1962. Output spurted by 12 percent in 1964, reflecting the large rise in investment expenditures, bringing the industry's operating rate to 87 percent by the end of the year. Another 12 percent gain in output occurred in 1965, as business investment rose once more, higher farm income raised sales of agricultural machinery, and defense needs called for increasing amounts of construction machinery. During the year, the nonelectrical machinery industry operated at about 88 percent of capacity, still 3 percentage points below the preferred rate. The industry's own anticipated spending on plant and equipment promises to raise its capacity about 8 percent in 1966. Thus, while utilization rates may rise, no general pressure on productive capacity is currently foreseen. Some limited segments of the industry will be straining capacity, however.

The backlog of unfilled orders for nonelectrical machinery has been relatively steady during the expansion, rising gradually from 2.6 months of shipments in 1963 to 2.8 months in 1964 and 3.2 months in November 1965. In the sensitive machine tools sector of metalworking machinery, the backlog of unfilled orders was 7.7 months in October for metal cutting tools, up from 6.8 months a year earlier. For metal forming tools, however, the backlog fell to 10.2 months, from 11.1 a year earlier. Given current operating rates, these backlogs are not unduly large.

In 1965, the industry expanded its employment by 7.0 percent, training many new workers to fill its enlarged requirements. This year, another large employment increase will be necessary, and even more new workers will have to be trained through private and public efforts.

In summary, increased nonelectrical machinery production should be able to provide the equipment needed by an expanding economy. The industry may have some difficulty finding enough skilled labor. But given the expected trends in costs, and the apparent availability of adequate physical

capacity, the large price increases which disturbed investment in the mid-1950's are not likely to recur this year.

The electrical segment of the machinery industry maintained stable prices in 1965. Prices were no higher than in 1964, and indeed were 3.2 percent below the 1957-59 average. Capacity in this industry has been ample, costs have been stable, and competition, including that from abroad, has been keen. These factors will continue to support price stability in 1966. The wage negotiations this October will affect cost trends in the future.

CONSTRUCTION

Construction is one of our largest industries. In 1965, it employed more than 4 million workers. Construction prices and wages have been rising more rapidly than in most other sectors of the economy. Between 1960 and 1965, price indexes of finished construction rose by 2.2 percent a year on the average. Over the same period, both average hourly earnings and union wage rates of construction workers were rising at an annual rate of 3.8 percent. Larger fringe benefits probably bring the increase in total hourly compensation a fraction of a percentage point higher.

Higher prices have reflected both substantial increases in employment costs and some possible widening of profit margins. Wholesale prices of construction materials have been relatively stable during most of the expansion. While estimates of labor productivity in construction are highly imperfect, they nevertheless suggest that the annual increase in output per man-hour is below the economy-wide average, and substantially below the annual increase in employee compensation.

During the past year, the rise in construction prices has accelerated. The increase in the GNP deflator in 1965 was 2.9 percent for total construction, 2.7 percent for nonresidential construction, and 3.3 percent for private residential construction. The rise for residential building is particularly disturbing in view of the fact that there has been no increase of activity in this sector for several years.

The rate of wage increase in construction has also accelerated. Between October 1964 and October 1965, the average increase in union rates of construction workers was 4.1 percent; and average hourly earnings increased during the year by 4.5 percent. Moreover, many of the construction contracts signed last year provided relatively large deferred compensation increases in 1966 and 1967. Again this year, construction costs and prices are expected to rise more rapidly than the over-all GNP deflator.

The inflationary cost and price situations in the industry reflect to some extent its prosperity, especially in its industrial and commercial sectors. They also suggest the existence of more permanent structural problems which should be of vital concern for both the industry and the community

at large. There have been many important technological changes in various sectors of the industry, but the total technical progress is clearly insufficient.

Ways must also be found to expand more quickly the supply of skilled construction labor. Restrictions on entry not only retard the growth of the industry but also have adverse social effects, since they tend to keep Negro youths out of attractive types of employment. To meet the needs of rapid growth and equality, vocational programs for skilled craftsmen must be stepped up.

There is need for institutional arrangements that will increase the geographical mobility of skilled workers. Labor mobility in construction has been reduced by the spread of locally instituted welfare and pension plans whose benefits are not "portable" from one area to another. Development of national pension and health and welfare programs as well as broader vesting and interarea portability of rights and benefits will contribute to greater mobility and more efficient utilization of the present supply of construction workers.

MEDICAL SERVICES

Persistently and strongly rising fees and charges for medical services have exerted an upward influence on the consumer price index throughout the postwar period. As shown in Table 13, medical care prices, which account

TABLE 13.—Changes in consumer prices for medical care, 1947–65

Period	Annual percentage change in consumer prices			
	Medical care			All other items
	Total	Medical services	Prescriptions and drugs	
1947 to 1953.....	4.2	4.6	2.1	3.0
1953 to 1960.....	3.7	4.0	1.7	1.3
1960 to 1965.....	2.5	3.1	-.8	1.2
1960 to 1961.....	3.0	3.7	-1.2	.9
1961 to 1962.....	2.6	3.3	-1.5	1.1
1962 to 1963.....	2.5	3.0	-.9	1.1
1963 to 1964.....	2.1	2.4	-.3	1.4
1964 to 1965.....	2.4	3.2	-.3	1.5

Source: Department of Labor.

for about 6 percent of consumer expenditures, have risen twice as rapidly as the average of all other consumer prices for most of the postwar period, and have contributed one-tenth to two-tenths of 1 percent to the rise of the index in most years.

In the most recent 5 years, medical costs have risen less rapidly than during the 1950's. This has been due primarily to the fact that prices of prescriptions and drugs have been declining. Also, the increase in charges for medical services—including doctors' and dentists' fees, eye examinations and

eyeglasses, and hospital rates—has slowed down in comparison with the earlier period.

The higher hospital and doctor charges reflected in the consumer price index may overstate the true increase in the cost of medical care when account is taken of the rising effectiveness of the care received. With the dramatic improvements in medical technology that have taken place over the postwar period, many patients get more real “services” from each day’s stay in the hospital, or each visit to the doctor, than before.

The basic sources of rising medical costs are the inadequate supply of personnel and facilities, the sharply rising cost of hospital construction and of continually more complex medical equipment, the rapid increase in salaries of medical personnel relative to productivity gains as presently measured, and the expanding demand for medical services. Although some of these conditions may be relieved in the longer run, they will not be in the immediate future. The advent of Medicare will add to the expanding demand for medical services and facilities. Thus, the urgency of public policies to augment medical care resources and to improve their organization for efficient use will be even greater.

OUTLOOK FOR COST-PRICE STABILITY IN 1966

The above review shows that the economy is making a good adjustment to the altered economic environment. With the unemployment rate at 4.1 percent and clearly moving downward, there is strong evidence that the substantial inflation of industrial prices experienced in the mid-1950’s is not recurring.

The outlook for unit labor costs is good. Although a few individual settlements may be out of line, the general advance of wages should not accelerate this year, and productivity can be expected to remain close to the trend rate. So long as costs do not move up substantially, price changes will remain limited.

Producers are generally able to meet rising orders out of growing capacity and to find the labor needed for expanding production. Competition remains keen, and imports are limiting price advances in several key sectors. There are occasional examples of shortsighted pricing policies on the part of a few firms, and there will probably be more. But most industries have learned to fear the fool’s paradise of rising prices that produce unsustainable profits, shrinking markets, and permanently higher labor costs.

With the economy now approaching full utilization of its resources, the risk of price increases becomes greater. Occasional disturbances to the supply of some key commodities are likely to occur, although their specific form cannot be foreseen. The ability of employers to redesign jobs and train additional skilled workers may not fully match the rising demands for skilled labor in all industries.

But so long as labor costs remain generally stable, difficulties in obtaining materials remain isolated, consumers and businesses retain moderate expectations, and key decisionmakers continue to respect the public interest in setting wages and prices, the prospects are excellent that the recent generally good record of costs and prices will continue.

GUIDEPOSTS FOR NONINFLATIONARY PRICE AND WAGE BEHAVIOR

Most earlier periods of high employment since World War II have been accompanied by inflation. In some of those years, the cause clearly was excessive demand. In other years, no general excess of demand was evident, yet prices continued to creep upward. The movement continued even during some periods in which—on any reasonable criterion—over-all demand was quite inadequate. The exact diagnosis remains a matter of some disagreement among economists. But almost all agree that an important part of the explanation lies in the fact that, in many industries, unions or managements or both possess considerable discretionary power to set wages and prices, and that in too many instances they have used that power to raise wages and prices in ways not consistent with basic supply and demand forces in the market.

The apparent “inflationary bias” in our wage-making and price-making institutions has been of almost continuous concern for the Council of Economic Advisers for many years. Appeals for responsibility and moderation—for taking the public interest into account in wage and price decisions—have had a perennial place in successive Economic Reports. In its Annual Report of January 1962, the Council for the first time attempted to provide private decisionmakers with rather more specific standards for judging whether their decisions were responsible and took adequate account of the public interest. These standards or “guideposts” were also designed to permit the public to reach its own conclusions concerning the degree of responsibility exercised by leaders of business and labor.

INCREASING IMPORTANCE OF THE GUIDEPOSTS

In the years since 1962, the guideposts have gained increasing significance. The slow and difficult progress in restoring equilibrium in our international balance of payments has underlined the necessity that American goods retain or improve their competitive position in export markets and in our own market. Our goal of balance of payments equilibrium in 1966 and thereafter will permit no retreat from cost-price stability.

During the recent years of still excessive unemployment and idle capacity, strong competition for jobs and markets reinforced a growing sense of responsibility on the part of labor and management. The fuller use of resources achieved last year and the excellent prospects for 1966 may reduce

that reinforcement. We now confront the task of reconciling full employment with stable prices.

The record reviewed in previous sections of this chapter makes it clear that the overwhelming majority of private wage and price decisions in recent years has been consistent with the guideposts, whatever the extent to which the guideposts may have consciously entered into the decisions reached. It is clear, however, that in many instances the guideposts have consciously affected these decisions. On numerous occasions, Government officials have specifically reminded unions or managements of the guidepost standards—either publicly or privately, either generally or with reference to specific situations. Several of the more important of these situations have attracted considerable public attention.

In January 1965, the President requested the Council of Economic Advisers to prepare an analysis of steel prices, following certain increases in such prices and at a time when important wage negotiations were pending. The Report, made public in early May, analyzed the position of the industry and the factors affecting it. It showed that wage and price decisions consistent with the guideposts would be in the interest of both labor and management and of the Nation. Later, the Government helped the two parties to reach a peaceful settlement in the steel wage negotiations. A damaging strike was avoided, and a settlement was achieved within the wage guideposts. According to the best estimates of its cost available to the Government, the settlement averaged 3.2 percent a year, computed over the full 39-month period.

Following the labor settlement, prices on tin plate were raised in October; this was accompanied by a price reduction on a new black plate, which is expected to substitute increasingly for tin plate in many uses. At the year's end, the Bethlehem Steel Company announced a \$5 a ton increase on structural steel and pilings. The Council pointed out that such an increase was not justified under the guideposts. In January, the U.S. Steel Corporation announced a smaller increase, accompanying it with price reductions on other steel products.

In October, the Council prepared a guidepost analysis of price increases initiated by producers of primary aluminum; the companies later rescinded these increases.

Also in October, the President, by threatening a veto, persuaded the Congress to enact a pay increase for civil service and postal employees of the Federal Government which was within the guideposts.

These actions and many others clearly reaffirmed the Administration's strong commitment to the guideposts as an essential pillar for price stability.

THE GUIDEPOSTS RESTATED

1. The general guidepost for wages is that the *annual rate of increase of total employee compensation (wages and fringe benefits) per man-hour worked should equal the national trend rate of increase in output per man-hour.*

2. The general guidepost for prices is that *prices should remain stable in those industries where the increase of productivity equals the national trend; that prices can appropriately rise in those industries where the increase of productivity is smaller than the national trend; and that prices should fall in those industries where the increase of productivity exceeds the national trend.*

Within a given industry, the guideposts allow for individual wage and price adjustments that do not affect the over-all wage or price level of the industry. Increases for some groups of workers or products can be balanced by reductions for others.

Observance of the guideposts would mean that unit labor costs would decline in the industries where productivity gains are above average, and rise in industries where such gains are below the national average. Average unit labor cost in the economy would remain constant. Similarly, the decrease of prices in industries with above-average increases in productivity would offset the price rises in industries with below-average productivity gains. The average level of prices would remain stable.

Adherence to the standards would mean that *all* the participants in the productive processes—employees and owners of invested capital—would share in the over-all gains in productivity created by the growth of capital equipment, improved technology, and a better educated, healthier, and more skilled labor force. This can readily be seen from a simple example. Suppose output in an industry is 1 million units, each selling at \$1, for total sales of \$1 million. Suppose labor compensation is \$600,000. If productivity and wages both rise 3 percent, and employment remains unchanged, production will expand to 1,030,000 units, which, at \$1 a unit would raise revenues to \$1,030,000. Labor compensation would rise to \$618,000. Labor would thus receive 60 percent of the added value, keeping unchanged the share of labor costs in total revenues. If prices of materials and other purchased inputs were unchanged, and the quantities used were expanded in proportion to output, then gross income of owners would rise in the same proportion as wage income. Thus, the division of income between labor and capital would remain unchanged. And with capital requirements per unit of output unchanged (as has been approximately true), the return per unit of capital would remain unchanged as well.

The actual sharing of gross corporate income between labor and capital has remained virtually unchanged since World War II. There have been repeated short-run swings, with labor's share rising in recession and falling during expansion. Thus, for example, the share of nonwage income rose from 27.2 percent in 1961 to 29.2 percent in 1965. This recent figure is virtually identical with the division of income in 1955 and 1948. The inflationary wage-price spirals of the 1940's and 1950's did not, in fact, change the distribution of income.

Public policy is and should remain neutral with respect to wage and price decisions that attempt to change the distribution of industry's income between labor and capital. But when such decisions lead to inflationary pressure, they properly become a subject of public concern.

EXCEPTIONS TO THE GENERAL GUIDEPOSTS

Some exceptions to the general guideposts are necessary to promote economic objectives. Wage increases above the general guideposts may be desirable

- where wage rates are inadequate for an industry to attract its share of the labor force necessary to meet the demands for its products;
- where wages are particularly low—that is, near the bottom of the economy's wage scales; or
- where changes in work rules create large gains in productivity and substantial human costs requiring special adjustment of compensation.

Because the industries in which unions possess strong market power are largely high-wage industries in which job opportunities are relatively very attractive, the first two of these exceptions are rarely applicable.

On the price side, increases in price above the general guidepost standard may occasionally be appropriate

- to reflect increases in unit material costs, to the extent that such increases are not offset by decreases in other costs and significantly impair gross profit margins on the relevant range of products, or
- to correct an inability to attract needed capital.

The large firms to which guideposts are primarily addressed typically have ready access to sources of capital; moreover, the profits of virtually every industry have risen sharply and are at record levels as a byproduct of the general prosperity in the economy. The second exception is thus not widely applicable in the present environment.

SHORT-RUN AND TREND ELEMENTS IN PRODUCTIVITY AND THE GENERAL WAGE GUIDEPOSTS

In the original discussion of the guideposts in the Council's Annual Report of 1962, it was pointed out that, "it is desirable to segregate the trend movements in productivity from those that reflect business-cycle forces." During the last 5 years, the economy has been closing a substantial gap between actual and potential production. This has augmented the yearly productivity gain beyond the long-term sustainable trend. Now that the economy has little gap remaining to close, the trend of productivity gains will be determined only by capital investment, an improving labor force, and technological progress. The temporarily high productivity gains that come from utilizing equipment and manpower more efficiently through higher operating rates are largely behind us.

To assure future stability of unit labor costs, wages should increase no faster than the sustainable trend of productivity.

The original formulation of the guideposts did not specify any particular trend productivity figure, but rather listed various historical averages, covering different time spans and various segments of the economy. Since the economy was just recovering from the second of two recessions in a very short interval, it was difficult to identify the trend productivity rate from the immediately preceding experience. This difficulty was compounded by speculation that the trend rate might be accelerating as a result of faster technological change, particularly the spread of automation.

In the Report of 1964, no single figure for trend productivity was specified, but in a related table the now well-known 3.2 percent appeared as the latest figure in a column labelled "Trend productivity." The figures in that column were described as the "annual average percentage change in output per man-hour during the latest 5 years." A 5-year period was chosen because, at that time, it was sufficiently long to include both the extraordinarily high productivity gains of a year of recovery (1962) and the extraordinarily low productivity gains of a year of recession (1960). Under the conditions of 1964, a 5-year average gave a good approximation of the trend productivity, because, in effect, it averaged out the ups and downs of cyclical productivity swings. These same conditions prevailed in 1964, and the 3.2 percent figure appeared for that year in a similar table in the 1965 Report. Subsequent revisions of GNP data would have made the 5-year average 3.4 percent in both 1964 and 1965.

Now that the economy is at the end of its fifth year of uninterrupted expansion, a 5-year average no longer gives a reasonable approximation of the true productivity trend. The last recession year drops out of the average, yet the unsustainable productivity gains of a year of recovery and 4 years of improving utilization are retained. If use of the 5-year average were continued this year and in coming years, the figure yielded by the 5-year moving average would rise at this time to 3.6 percent and would undoubtedly fall substantially thereafter.

An analysis of recent productivity movements was presented earlier in this chapter. It is clear from this analysis that 3.6 percent would not be an accurate measure of the true trend of productivity. Rather, it appears that the long-term trend, independent of cyclical swings, is slightly over 3 percent.

For 1966, the Council specifically recommends that the general guidepost for wages of 3.2 percent a year be continued. We make this recommendation in the light of the following additional considerations:

- (1) With the economy approaching full employment and the crucial test of our ability to reconcile our employment and our cost-price goals at hand, it would be inappropriate to raise the guidepost.
- (2) The actual productivity gain that can be expected over the next few years is not likely to be above the trend value.

- (3) The 3.2 percent rate has been consistent with the approximate stability of industrial wholesale prices which has strengthened our competitive position in the world. Now is not the time to abandon that standard.
- (4) On January 1, employer payroll taxes to finance social security and Medicare rose substantially, raising labor costs per hour by an average of two-thirds of a percent. These taxes are not included in the definition of employee compensation for purposes of the guideposts, since the rates and the benefits are determined by law rather than by collective bargaining. Nonetheless, recognition has to be taken of the extraordinary increase in these taxes at this time, which will both raise unit labor costs and yield future benefits to employees.

GUIDEPOST POLICY ON PRICES

The guideposts must continue to aim at complete stability of average domestic prices. While individual prices will rise from time to time, others must fall if upward pressure on the general price level is to be avoided. To achieve that goal in a fully employed economy will require that unions refrain from insistence on irresponsible wage settlements, and an even greater willingness by management to take the public interest fully into account in its pricing decisions. Every management with some market power must ask itself: Is a price increase justified by increases in costs? Or is it an attempt to take advantage of prosperity to widen profit margins? Those companies that incur rising costs for materials or purchased services must see if these cannot be absorbed from lowered costs elsewhere in their operations. And those companies with exceptionally favorable productivity gains must consider whether this is the time to seek to keep the gains in the form of still higher profits, or whether to share them with consumers through lower prices. Unions which are in a favorable bargaining situation must remember that wage increases that force employers to raise prices will be paid for by the workers in other industries.

Both unions and managements should reflect on the fact that if their actions create an inflationary spiral, the most likely outcome will be restrictive fiscal and monetary policies which will aim to stop further price increases but will in the process also reduce output, cut back profits, and reduce employment.

Chapter 3

Strengthening Human Resources

THE 89TH CONGRESS, in its first session, enacted a body of domestic legislation unparalleled in 3 decades. The content and purpose of the Great Society programs are not purely economic. Yet, their consequences for the economy are so profound that they must be viewed as an integral part of economic policy. Only a few of the new programs are discussed in this chapter; Appendix A contains a more complete list of legislation of economic significance enacted last year.

The common goal of the programs discussed here is to strengthen our human resources: to improve the education, health, and productivity of our working force, and to break down barriers which have prevented some citizens from the full development and use of their abilities and training.

Since these programs were undertaken, the burdens on our national resources have expanded. Even our wealthy Nation cannot realize all its goals at once. The programs begun in 1965 have already invested an additional \$1.5 billion in our human resources. The investment will rise further in 1966, but at a slower rate than initially planned. Over time, economic growth and lessened defense demands should again permit resumption of a more rapid investment in human resources. The objectives and the instruments for such investment were importantly expanded in 1965; the foundation has been laid for great progress in the years ahead.

EDUCATION

“Education will not cure all the problems of society, but without it no cure for any problem is possible. It is high among my own concerns, central to the purposes of this Administration, and at the core of our hopes for a Great Society.” With these remarks to the White House Conference on Education last July, President Johnson again affirmed education’s high priority.

Even when viewed in the narrow perspective of economic benefit alone, the direct returns to individuals and society from investment in education have been shown by recent studies to be high, and to compare favorably with the returns available from other forms of investment. Although much of the economic return from education accrues to individuals in the form of

higher productivity and earnings, education also enhances the well-being and supports the economic growth of the community that provides it. Recognition of the economic and social benefits of a literate and efficient population and an informed electorate was responsible for the adoption many years ago, and the subsequent extension and improvement, of free, compulsory education by State and local governments.

More recently, the Federal Government's interest and responsibility in the field of education have greatly expanded. In the late 1950's, a keener awareness of the critical role of science and technology in determining the Nation's economic and military strength as well as its esteem in the world prompted the Federal Government to undertake massive new support for scientific and technical education.

In the last two years, Federal support for primary and secondary education has also greatly expanded. Two closely related premises underlie the decision that exclusive reliance on State and local support for primary and secondary education is no longer adequate from the standpoint of the national interest. The first is the recognition that every community suffers from inadequate education in other parts of the country. The second is the recognition that education must be a key element in the attack on poverty to which the Nation is now committed.

The resources devoted to schooling and the resultant quality of education vary widely among areas of the United States. In 1964-65, the mean current expenditure per pupil in average daily attendance in public elementary and secondary schools was \$484; it ranged from \$273 in Mississippi to \$790 in New York. Even the high average expenditure in New York did not provide a satisfactory education for many young people in that State.

States with low personal incomes often spend relatively more on education than their wealthier neighbors. Mississippi, with the lowest absolute expenditure per pupil in average daily attendance, devoted 4.4 percent of personal income to education last year, compared with the national average of 3.8 percent. New Mexico spent 5.8 percent—the highest proportion of any State—yet its per pupil expenditure still fell short of the national average.

When nearly 6.5 million people move across State lines every year and far larger numbers move within States, it is obvious that no community is immune to the effects of substandard education in other localities. Studies have shown that areas that are losing population—particularly their young people—spend less per student on education than those which are growing. The communities gaining population—typically our larger cities—are crowded with migrants who are often inadequately prepared to assume their social responsibilities or to qualify for urban jobs.

Moreover, the Nation has accepted the fundamental objective of eradicating poverty wherever it is found. Whether or not they migrate elsewhere, inadequately educated children of poor parents are handicapped in escaping

the poverty in which they were reared. Education is the most powerful tool we have for raising the productivity and motivation of the children of poor families, and for breaking the cycle of poverty and dependency.

The tax base in communities with many poor families is often too weak to finance good schools. Even communities with more ample resources have frequently not provided schools which would encourage and assist children of the poor to make their own way out of poverty. Federal assistance clearly is required if every school district is to provide an education that is adequate for an economy of growing interdependence and for a society that is determined to eradicate poverty.

BUILDING THE LADDER OF EDUCATIONAL OPPORTUNITY

Programs adopted in 1965 will open new educational opportunities for millions of children and youths. These new programs will aid many disadvantaged children to get off to an equal start with others; assure them school facilities comparable with those of others; and remove some of the financial blocks which might prematurely halt their progress toward higher education. For persons no longer in school, the new measures will provide useful skills and training, or help to update skills outmoded by rapid technological change, thus making them more productive and preparing them for better jobs.

Much of the direct return from these new measures will accrue to the disadvantaged in the form of increased incomes which will help to lift them—and their children—out of poverty. Indirectly, all Americans will benefit through greater economic growth and reduced social tensions.

Project Head Start

Each year close to a million children from poor families begin their formal schooling. Most of these children suffer from extreme cultural and social deprivation. They have lacked the chance to build a vocabulary and to develop the other tools of learning. When they begin school, they are in a world that they do not understand.

In the summer of 1965, project Head Start—under the auspices of the Community Action Program of the Office of Economic Opportunity—was inaugurated to help these youngsters. To encourage widespread community involvement, parents and volunteers also participated in the program, which reached 560,000 preschool children at 13,400 Head Start Centers in 2,500 urban and rural communities. The summer program will be continued, and plans are being developed to extend Head Start on a year-round basis for 100,000 children in 1966.

Last summer, thousands of children had books for their own use for the first time; children whose diets typically consist of starches received fresh fruits and vegetables; many whose world had been confined to crowded slums began to explore their communities and visited zoos or museums.

Project Head Start is also concerned with a child's health. In examinations conducted as part of the program in Boston, volunteer doctors discovered that 71 percent of the children had one or more problems—pediatric, dental, or emotional—which required referral for further diagnosis and treatment. Without the Head Start program, many serious defects would have remained undetected and uncorrected for many years—perhaps to become uncorrectable.

This program will give millions of children a better chance to succeed in school. Unfortunately, however, many of these deprived youngsters will enter schools which—rather than being the best—are among the weakest in the country.

Elementary and Secondary Education

After years of controversy over Federal aid to education, the Elementary and Secondary Education Act of 1965 brought the Federal Government into a creative partnership with States and communities to improve the quality of all schools, and particularly those serving disadvantaged children. The Act authorizes more than \$1 billion annually in grants to school districts with heavy concentrations of children from low-income families. Each district is eligible for a Federal payment of up to one-half the average State expenditure per child multiplied by the number of its poor school-age children. These grants will finance special programs to meet the needs of 5 million educationally deprived children from low-income families—10 percent of the 50 million school-age children.

The Act also provides funds for books, maps, and other educational materials which many schools currently lack. More than two-thirds of public elementary schools, serving almost 10 million children, have no library.

Supplementary educational centers will be established throughout the country to bring more of the cultural resources of an area into the educational process. Regional laboratories connected with major universities will seek better ways of teaching, and will seek to promote the transfer of new knowledge to the classroom. Funds are also provided to improve the operations of State educational agencies, thus strengthening their capacity for planning and decision-making.

Higher Education

Although setbacks to the educational progress of the disadvantaged occur most frequently prior to the completion of high school, many talented students from poor families are unable to attend college for financial reasons. The Higher Education Act of 1965 established a broad program to make higher education available to all who may benefit from it. Its most important innovation is a program of educational opportunity grants of up to \$1,000 for 115,000 high school graduates from low-income families.

In addition, a guaranteed-loan program and an expanded Work-Study program will aid more than 700,000 students.

The Act will also help institutions of higher education to become more responsive to the current problems. It will encourage them to undertake community service programs, including extension, continuing education, and research programs designed to assist in the solution of community problems. It also sets up a new grant program to upgrade the academic quality of small developing colleges and establishes fellowships to encourage qualified persons to teach at these institutions.

The legislation authorizes the creation of a National Teachers Corps to augment the supply of qualified instructors in poor areas. Although the Congress did not appropriate funds to establish the Teacher Corps in 1965, the Administration continues to give this program high priority.

Most programs of direct financial aid to students have been directed toward the college-bound graduate and have failed to provide for many youths who wish to obtain training in business, trade, and technical schools. This omission will be corrected by the establishment of a vocational student loan insurance program which, when fully funded, will help as many as 100,000 students a year.

Out-of-School Programs

The 1965 legislation also strengthened several programs which provide job training and work experience as well as basic education. These programs are designed to equip workers with the skills and productivity required to raise their potential earnings.

The Neighborhood Youth Corps program encourages persons aged 16-21 to stay in or return to school by providing full-time and part-time work experience and training. It provides counseling and basic literacy training, and it places young men and women in newly created positions to do work that would normally not be done in hospitals, settlement houses, schools, libraries, and other community agencies. Almost 1,500 projects have been approved in communities throughout the Nation for the employment of 350,000 young men and women in 1966.

The Job Corps provides education and work experience in rural conservation centers and in urban training centers where enrollees live, work, and learn. About 300,000 young people have expressed interest in joining this program. It is expected that about 30,000 will be enrolled by June 1966.

The Work Experience Program is designed to demonstrate the benefits of helping heads of families with dependent children to prepare for productive employment by providing them with work experience and job training along with basic literacy instruction. In 1965, the program aided 66,000 participants with 198,000 dependents.

The Adult Basic Education program is aimed at the 7.3 million Americans age 25 and over who have less than 5 years of education. It provides basic education when a lack of schooling stands in the way of

successful training or employment. In fiscal 1965, about 38,000 adults in 15 States were enrolled. By June 1966, the program is expected to reach 229,000 adults in all the States and the territories.

ACTIVE MANPOWER POLICIES

Manpower policies have three principal objectives: to fit the unskilled for better jobs, to augment the supply of scarce skills, and to improve the efficiency of labor markets. These policies not only help individuals to achieve their full capabilities, but also add to the national productive potential. They are a continuation of the educational opportunity programs and should serve to keep the quality of the labor force advancing in pace with the demands created by technological progress.

TRAINING PROGRAMS

The Manpower Development and Training Act (MDTA) programs provide training and basic literacy instruction for unemployed (and some underemployed) persons who have had previous work experience, in order to up-grade their job skills. Between passage of the law in 1962 and the end of 1965, enrollment had reached a cumulative total of 370,000, with 315,000 in institutional training and 55,000 in on-the-job training. About 30 percent have been trained for skilled occupations and another 30 percent for clerical, sales, and service jobs.

Amendments to the MDTA in 1965 have made it possible to extend the scope and to increase the effectiveness of these training projects. The maximum period during which training allowances can be paid has been extended from 72 to 104 weeks, making it possible to train persons for more highly skilled work. Eligibility for training allowances has been broadened; and the previous limitation on the number of youths who can benefit has been liberalized.

It is appropriate that MDTA training programs have been strengthened during a period of rapidly rising employment and increasing demand for labor. Workers who are now being trained can count on finding jobs quickly and benefiting immediately from the training they receive. And the upgrading of skills for thousands of the unemployed will help to provide a more flexible and mobile labor force, thus contributing to the stability of costs and prices in our expanding economy.

IMPROVING THE EFFICIENCY OF THE LABOR MARKET

Expansion of the economy is facilitated when labor markets operate efficiently. The Federal-State Employment Service is the principal agency of our manpower policy designed to help to match people with available jobs.

Most jobs are filled by direct hiring "at the gate" and through informal contacts with relatives and friends; many others are filled with the assist-

ance of advertisements, unions, private agencies, college placement officers, and other means. But through its more than 2,000 local offices, the Employment Service maintains an active placement service for all workers desiring assistance.

A major task of the Employment Service has been to provide job counseling and placement service to those in the labor force (including new workers, the handicapped, and nonwhites) who require special assistance to enable them to compete in the job market. The Service also provides a flow of information about changing manpower requirements in local labor markets. This information is useful in planning occupational training under the MDTA; in reorientation of our vocational education programs; and in helping individuals to make rational vocational choices, and guiding them to areas of favorable employment opportunities.

A Special Task Force appointed by the Secretary of Labor has studied the operation of the Employment Service and recommended ways to make it achieve its goals more effectively.

RAISING LABOR PRODUCTIVITY

By 1985, the labor force will total about 110 million workers. On the assumption that present programs will be continued on the scale now projected, about one-tenth of these workers will be more productive because they have benefited from an MDTA or other out-of-school training program. Nearly one-half will be better educated as a result of one or more of the newly enacted programs. And these benefits will be concentrated among those individuals now least likely to climb the ladder of educational opportunity.

America has always invested heavily in education and training, and our economic achievements show that it has paid off handsomely. But the investment was not made sufficiently in all Americans, and perhaps as many as a third enter the work force ill-equipped to assume a fully productive role. The programs that have been begun will extend a more adequate investment in education and training to that third of our people.

HEALTH

America is a healthy nation, and Americans take justifiable pride in the quantity and quality of available medical services. Yet, such significant indicators of U.S. health as life expectancy, infant mortality, and the incidence of heart disease must cause concern when compared with rates prevailing abroad or when our recent progress is measured against that of other nations.

After declining steadily and dramatically throughout the first half of this century, the U.S. death rate has remained close to 9.4 per 1,000 of the population since 1955. By contrast, in a number of other industrial coun-

tries, death rates have fallen sharply during the past decade, and life expectancy at birth exceeds that in the United States by a significant margin—as much as 5 years among males. Infant mortality has declined little since 1955 and remains close to 25 per 1,000 live births, whereas it is substantially lower and falling more rapidly in many other developed countries. Changes since 1940 in selected health indicators are shown in Table 14.

TABLE 14.—*Health indicators, selected years 1940–64*

Indicator	1940	1950	1960	1964
Years				
Life expectancy ¹				
At birth.....	63.6	68.1	69.7	70.2
White.....	64.9	69.0	70.6	71.0
Nonwhite.....	² 53.9	60.7	63.6	64.1
At age 45.....	26.9	28.5	29.4	29.7
White.....	27.3	28.9	29.7	30.1
Nonwhite.....	² 22.8	24.8	26.2	26.6
Deaths per 1,000 live births				
Infant mortality rate				
Total.....	47.0	29.2	26.0	24.8
White.....	43.2	26.8	22.9	21.6
Nonwhite.....	73.8	44.5	43.2	41.1
Deaths per 10,000 live births				
Maternal mortality rate				
Total.....	37.6	8.3	3.7	3.3
White.....	32.0	6.1	2.6	2.2
Nonwhite.....	77.4	22.2	9.8	9.0
Deaths per 1,000 population				
Death rates				
All causes.....	10.8	9.6	9.5	9.4
Diseases of cardiovascular system.....	4.1	4.9	5.2	5.1
Cancer.....	1.2	1.4	1.5	1.5
Influenza and pneumonia.....	.7	.3	.4	.3
Accidents.....	.7	.6	.5	.5
All other.....	4.1	2.4	1.9	2.0

¹ Life expectancy figures in first two columns are for 1939–41 and 1949–51, respectively.

² Negroes only.

Source: Department of Health, Education, and Welfare.

Between 1910 and 1940, the death rate from influenza and pneumonia was reduced by 55 percent, and since 1940 it has been halved again. Maternal mortality has been cut by nearly 95 percent over the past half century and by 60 percent during the last 15 years. Since 1940, however, death rates from heart disease and cancer have each increased by one-fourth; the U.S. rate for heart disease is among the highest in the world. Mortality rates among males in the productive age bracket of 40 to 54 years are substantially and consistently higher in the United States than in other industrial countries and almost twice the rate in Sweden.

Foodborne diseases are being increasingly recognized as a leading cause of acute sickness in this country and probably account for more illness than all other environmental elements combined. Salmonellosis—the most serious such disease—now is much more widespread than it was 15 years ago because of inadequate controls in new methods of food production and processing. Further, almost one-third of the U.S. population is drinking water which is not assured of meeting minimal standards.

COST OF ILLNESS

The total cost to society of illness and premature death cannot be accurately measured, if for no other reason than our inability to quantify the value of human life or the cost of suffering, pain, and grief. It is impossible to say, on the basis of economic criteria alone, how much should be spent on health care, research, and facilities. Nevertheless, at close to full employment of our resources—particularly of scientific and technical manpower—a decision to spend more for health implies spending less elsewhere. The issue facing the Nation is not whether better health is desirable, but how best to allocate resources within the health area and between health and all other competing uses.

Outlays for health are important in building and maintaining a productive labor force as well as in improving the lives of people and the quality of our society. The productivity of American workers could not have reached its present height if, in the past, there had not been investment in medical knowledge, in disease prevention, and in treatment and rehabilitation. Yet the potential return from further health investment remains large.

The annual expenditure on all health and medical care services in this country increased from \$13 billion in 1950 and \$27 billion in 1960 to approximately \$40 billion last year. Such expenditures now amount to 5.9 percent of the gross national product (GNP). Private spending for personal health care—more than \$26 billion last year—accounts for about 6.1 percent of personal consumption expenditures.

In 1963, disease and mortality during the year cost society the potential product of 4.6 million man-years of work. Direct public and private expenditures for personal health care associated with illnesses in that year amounted to about \$22.5 billion, whereas the indirect costs from output lost totaled almost \$24 billion. These figures make no allowance for the much larger losses in that year that were due to deaths occurring in earlier years or the present value of economic losses in future years resulting from current illness or death. Recent estimates of the direct and indirect costs associated with certain specific illnesses in 1963 are summarized in Table 15.

TABLE 15.—*Economic costs of illness, 1963*

(Millions of dollars)

Diagnostic category	Total costs	Direct expenditures ¹	Indirect costs ²	
			Mortality ³	Morbidity
Economic cost of illness: Total.....	46,303	22,530	2,731	21,042
Mental, psychoneurotic, and personality disorders.....	7,036	2,402	10	4,624
Diseases of circulatory system.....	6,413	2,287	1,226	2,920
Diseases of digestive system.....	5,502	4,158	123	1,220
Diseases of respiratory system.....	4,887	1,581	139	3,166
Injuries.....	3,755	1,703	242	1,811
Diseases of nervous system and sense organs.....	3,242	1,416	300	1,526
Neoplasms.....	2,614	1,279	484	851
Other.....	12,855	7,723	207	4,925

¹ Includes only hospital and nursing home care and services of physicians, dentists, nurses, and other health professionals associated with 19 major diagnostic categories; excludes drugs, medical research and facilities construction, training expenditures, and other nonpersonal health services.

² Equivalent to the value of lost output.

³ Losses in 1963 due to deaths throughout that year; no allowance made for present discounted value of future losses.

Source: Department of Health, Education, and Welfare.

PUBLIC POLICY AND LEGISLATIVE ACCOMPLISHMENTS

The rapid growth of demand for medical services is a consequence of a multitude of factors, some of which are strongly influenced by public policy. Rising incomes, better education, urbanization, expanding insurance coverage, the changing age structure of the population, and the increased availability and effectiveness of health services are all raising demand. Supply has not kept pace with the expansion of demand, and at present the supply of most health services falls short of the Nation's needs as determined by reference to medical standards of adequacy. Deliberate public and private action—including new and more efficient forms of organization—are required to increase the supply and accessibility of these services. But to improve the health of our population, it is not enough to graduate more doctors or build more clinics. Programs are also required to translate medical needs into effective demand for health services. At the same time, there must be greater coordination between demand-creating policy measures and those aimed at improving the supply and distribution of medical services and facilities.

Average figures conceal large differences in the incidence of illness and the availability of medical services within the United States. The distribution of doctors, for example, continues to vary widely from region to region and between urban and rural communities. Some differences in the distribution of facilities and the utilization of health services are consistent with an efficient allocation of resources and varying personal consumption patterns. However, existing disparities in both the supply and effective demand seriously affect the relative availability and accessibility of health care throughout the country and among different income groups. Thus, high morbidity and mortality rates resulting from causes that have

been successfully controlled in other groups still exist for nonwhites and the poor. Mortality rates among nonwhite infants more than 1 month old are almost three times as high as those for white infants. Poverty and its attendant circumstances are a major source of increased health hazards and, despite a popular desire to believe otherwise, low income is often a serious barrier to obtaining medical care. The 1960–62 National Health Survey found that the number of physician visits a year for children from families with annual incomes below \$2,000 was only 40 percent of the number for children from high-income families.

The Administration's basic health goal, as stated by the President, is "to assure the availability of and accessibility to the best health care for all Americans, regardless of age or geography or economic status." To meet this goal, four types of effort are necessary: (1) expanding medical knowledge through increased basic research in the life sciences; (2) faster dissemination of new information and techniques to health practitioners, health policymakers, and the public; (3) more and better organized health facilities and manpower, including research laboratories and medical schools, general hospitals and nursing homes, highly trained specialists and nursing aides; and (4) improved financing of medical services.

The first session of the 89th Congress passed a dozen major bills in the health field, designed to strengthen and improve health services in all four ways.

Medical Research

Total medical and health-related research expenditures in 1965 amounted to almost \$1.9 billion—nearly 9 percent of the Nation's outlay for all research and development. Expenditure on medical research was more than ten times that in 1950, representing an annual increase of almost 18 percent. Federal support rose from 45 percent to 64 percent of the total, but the Government's role in the direct conduct of such research declined slightly—from 22 percent to 17 percent. Public investment in health research is channeled mainly through the National Institutes of Health (NIH) whose budget for research, research facilities, and training has grown from less than \$100 million 10 years ago to over \$1 billion today. NIH support now accounts for two-fifths of all medical research expenditures in the United States.

Dissemination of Medical Knowledge

Our knowledge of life processes and of new methods of preventing and treating disease has rapidly moved ahead of our ability to apply this knowledge widely to the health needs of the Nation. Shortening the interval between the discovery and general application of medical advances is perhaps the single most important way to improve the productivity of the medical care industry.

Today, one cancer patient in three is being saved, but wider use of existing knowledge and techniques could save half the victims of this disease. More extensive use of new detection and diagnostic procedures and improved means of reaching and treating patients could reduce deaths from cervical cancer by 25 percent by 1970 and by 80 percent a decade from now. Instrumentation now in existence or being perfected could forestall many of the 400,000 strokes which occur each year.

To help close such gaps between knowledge and application, the Congress took a number of important steps in 1965. The Heart Disease, Cancer, and Stroke Amendments authorize support for a network of regional medical complexes. (The three diseases noted in the title of the Amendments account for 70 percent of all deaths in the United States.) The grants will assist hospitals, universities, and other institutions to establish cooperative programs for research, training, and demonstration. Such programs will bring new scientific advances more quickly to America's practicing physicians and their patients.

Medical Facilities and Manpower

A country's health standards change as income grows, knowledge accumulates, and concepts of adequacy evolve. Our current requirements for medical facilities and manpower reflect not only changes in the size and composition of the population and shifting patterns of disease and disability, but also a growing consensus that access to high-quality services is a right of all citizens.

Since passage of the Hill-Burton legislation in 1946, more than \$7.7 billion, including a Federal share of \$2.4 billion, has been invested through this program to provide additional hospital and nursing-home capacity of more than 340,000 beds. New general-hospital capacity is now being made available nationally at the rate of about 30,000 beds a year. Nevertheless, it is estimated that about one-third of the general-hospital capacity in the country is obsolete; a majority of the obsolete facilities are in metropolitan areas where two-thirds of the Nation's population live. Facilities containing 260,000 beds are in need of immediate modernization or replacement and those containing another 130,000 beds will require modernization before 1975. In dollar terms, current modernization needs of general hospitals have been estimated at more than \$6 billion, compared with new general-hospital requirements of less than \$1 billion. New financing techniques must be found to facilitate the modernization of hospitals, particularly in the large urban areas where deficiencies are now largest and where existing Federal programs have their smallest impact.

There are also large and rising needs for medical manpower. Part of this need is being met through organizational changes that raise the productivity of doctors, dentists, and nurses. For example, the development of group practice arrangements, the use of more elaborate (and more expensive) hospital and office equipment, reductions in travel time, and the

employment of paramedical personnel to perform routine or less complicated procedures have made it possible for doctors to render more and better service to larger numbers of patients than ever before.

The ratio of physicians to the population of the United States has been approximately constant since before World War II. The proportion actually engaged in clinical practice—as opposed to teaching and research—has declined markedly, however. Despite measures to economize on the use of physicians' time, a substantial decline in their availability would impose strains on the cost and quality of medical services. To maintain the existing ratio of doctors to population, it would be necessary for admissions to medical schools to increase approximately 50 percent during the next decade. The Health Professions Educational Assistance Act of 1963 authorized a program of grants and loans in support of medical schools and students. In 1965, for the first time, Congress established a scholarship program for needy students in the health field, and added a four-year grant program for the improvement of teaching programs in the health professions.

Too frequently, today, the administration and organization of public health services are badly fragmented. Measures to stimulate better coordination of Federal, State, and local efforts in planning for and providing these services and the gradual replacement of prevailing categorical programs with comprehensive community health services would be desirable.

Financing Medical Care

Private health insurance has made a major contribution to the better financing of health costs. The proportion of Americans with some form of private health insurance has risen from 9 percent in 1940 to 80 percent today. But gross benefits from such insurance covered only 25 percent of total expenditures for personal health needs in 1965. Furthermore, those most in need of assistance in meeting medical payments are frequently unable to buy insurance. Only about one-third of persons in families with annual incomes under \$2,000, and about one-half of all elderly persons, were covered by any type of private hospital insurance in 1963. Yet these groups spend a particularly large fraction of their low incomes for health. In 1961, average medical expenses amounted to 10 percent for families with annual incomes between \$1,000 and \$2,000, compared with 4 percent for families with incomes between \$10,000 and \$15,000.

Among the most important actions of the 89th Congress was the provision of health insurance for the aged under Social Security. Medicare will protect families against the economic risk of major medical expenses in old age. Benefits for 17 million Social Security beneficiaries, plus benefits from general revenues for almost 2 million additional elderly persons not covered by Social Security, will amount to about \$3.5 billion in 1967 and will cover at least 40 percent of the total medical costs of the aged. The basic program consists of hospital insurance, extended care, and home health

services for the aged, financed through a separate trust fund supported by employee and employer payroll taxes. A voluntary, supplementary program covers physicians' fees and other services and is financed through monthly premiums (currently \$3) by individuals over 65, which are matched equally by a general revenue contribution.

The legislation also greatly improved the quality and expanded the coverage of State medical assistance programs. The Kerr-Mills program for the aged was expanded to cover a total of about 8 million needy persons, including, for the first time, the blind, the disabled, and dependent children.

The 1965 Child Health amendments will make more health services available to expectant mothers, infants, and children, including crippled and retarded children. The progressive extension of crippled children's and child health services to youngsters throughout each State is required by 1975. Previously, these programs were aimed primarily at rural areas, but in the future they will provide equal assistance for low-income families in urban centers. Family planning services will also be strengthened.

EQUALITY OF OPPORTUNITY

Not all groups of Americans share equally in their country's prosperity. In 1964, the average income of nonwhite families was only 56 percent of the average income of white families. This and similar figures provide telling indicators of the task that the Nation still faces in assuring equality of opportunity and achievement for all its citizens (Table 16). They also indicate an incredible waste of our human resources.

Three important and distinct types of discrimination help to explain the difference between white and nonwhite incomes.

Discrimination results in lower wages for Negroes (who comprise 90 percent of the nonwhite group) even when they are doing the same kind of work as whites. Available data show that Negroes receive less income in every industry, in every occupation, and at every level of education.

Discrimination also excludes many Negroes from higher-paying jobs that would fully utilize their talents or training. Negroes are frequently forced to hold jobs that whites with the same experience and training would not ordinarily hold; and Negroes suffer from higher unemployment rates within all skill categories.

Finally, part of the income difference is explained by past discrimination which has lowered the potential productivity of Negroes by providing less investment in human resources for them than for their white contemporaries. This type of discrimination is manifested by lower expenditures for schools and health facilities in Negro neighborhoods.

Low family incomes are a product of these factors; but low incomes would tend to perpetuate these factors even if discrimination were eliminated. Low incomes for poor whites also result in lesser educational achievement,

poorer health, fewer skills, and consequently higher unemployment. To promote real equality, Negroes must break through the barrier of discrimination; but this will not be sufficient. They must also break out of the cycle of poverty.

TABLE 16.—*Selected measures of discrimination and inequality of opportunity, 1965*

Selected measure	White	Nonwhite
Income¹		
Median income of families.....	\$6,858	\$3,839
Percent of households in poverty ²	17.1	43.1
Percent of families with incomes of \$10,000 or more.....	24.1	8.3
Education		
Median years of school completed, males 25 years of age and over.....	12.0	9.0
Percent completed high school, persons 20-24 years of age.....	76.3	50.2
Male.....	75.6	51.3
Female.....	77.0	49.4
Percent college graduates, persons 25 years of age and over.....	9.9	5.5
Labor force participation rate (percent of noninstitutional population)³		
Male.....	78.6	76.0
Female.....	37.0	46.1
Employment (percent of total civilian employment)³		
White-collar occupations.....	47.5	19.5
Craftsmen-foremen occupations.....	13.5	6.7
Unemployment rate (percent of civilian labor force)³		
Adult males.....	2.9	6.0
Adult females.....	4.0	7.4
Teenagers.....	12.2	25.3

¹ Data relate to 1964.

² Households are defined here as the total of families and unrelated individuals.

³ Relates to persons 14 years of age and over.

Sources: Department of Commerce, Department of Health, Education, and Welfare, and Department of Labor.

PROSPERITY: A CONDITION FOR NEGRO PROGRESS

A combination of social and economic change is necessary to correct the disparities between Negroes and whites. But prosperity is also an essential requirement because it creates and opens up jobs for the disadvantaged. This has been effectively demonstrated by postwar experience.

During the period of slow economic growth in the middle and late 1950's, the absolute gap between Negro and white incomes and employment widened. In 1952, the median income of nonwhite families was 57 percent of the median income of white families, and the unemployment rate for nonwhites was 4.6 percent, compared with a rate of 2.4 percent for whites. By 1958, the median income of nonwhite families had fallen to 51 percent of that of white families, and the unemployment rate of nonwhites had risen to 12.6 percent, compared with 6.0 percent for whites.

In 1964, a high-growth year, the median income of white families increased 4.7 percent over 1963, and that of nonwhites, 10.8 percent; the income gap narrowed in both percentage and absolute terms as income of

nonwhites rose by \$374 and that of whites by \$310. As a result, the median income of nonwhites rose from 53 percent of the median income of whites in 1963 to 56 percent in 1964. The gains in median incomes were representative of increases throughout the income scale. In 1964, the proportion of nonwhite families with incomes of more than \$10,000 rose from 5.7 percent to 8.3 percent, but it was still far below the figure of 24.1 percent for white families. The proportion with less than \$3,000 dropped from 43.1 percent to 37.3 percent. Final data for 1965 will not be available for several months, but preliminary indications suggest that incomes of Negroes again rose substantially.

The progress of the last two years confirms a crucial lesson. A prosperous economy and the labor demand that it generates are potent forces for eliminating discrimination and income differentials even though they cannot create equality. Improved Negro purchasing power will not fully overcome the effects of discrimination, but it will have a beneficial influence.

CIVIL RIGHTS LAWS AND ECONOMIC DISCRIMINATION

The 1964 Civil Rights Act contains several important provisions that alter those conditions which make discrimination possible. Its Title VII directly outlaws discrimination in hiring, firing, conditions of work, apprenticeship, or training. The Equal Employment Opportunity Commission was established to carry out these provisions. The Commission began operation in July 1965 and in its first 100 days processed more than 1,300 complaints. Hiring attitudes will not change abruptly, but the Civil Rights Act makes an important, direct attack on this basic barrier to full equality.

Negroes are also at a disadvantage in the housing market. Many Negroes live in substandard housing because their incomes are low; but others are forced to do so by direct discrimination. While 57 percent of nonwhite households with annual incomes of less than \$4,000 live in substandard housing, only 27 percent of whites at these same income levels live in such housing. Among households with more than \$4,000 a year, 6 percent of the white families live in substandard housing, compared with 20 percent for nonwhite families. Discrimination in housing forces Negroes to pay higher rents and in many places to attend inferior schools. The President has announced that he will ask for legislation to prevent discrimination in private sales or rental of housing.

To help Negroes achieve equality of educational opportunity, the Civil Rights Act authorizes the Attorney General to file suit for the desegregation of public schools and colleges upon receipt of written complaints from parents unable to bring their own actions. After 10 years of slow progress following the Supreme Court decision outlawing segregated schools, the pace of integration has now accelerated; but segregated housing continues to retard this process. In addition to eliminating segregation, the Government is trying to improve the quality of Negro education by its new programs

for primary and secondary education, Project Head Start, and other anti-poverty programs. Also, Title VI of the Civil Rights Act assures that access to schools, hospitals, and other federally aided facilities will not be denied to anyone on the basis of his race.

ECONOMIC COST OF DISCRIMINATION

Although economic losses are not the major reason for eliminating discrimination, they serve to emphasize its economic cost to all Americans. When there is a surplus of labor of all types and skills, eliminating discrimination results mainly in a redistribution of income. The economic cost of discrimination becomes most evident when there is near full employment of the white labor force.

If economic and social policies could be specifically designed to lower Negro unemployment to the current unemployment level of whites, the resulting gain in GNP would be \$5 billion. Part of this gain would be in wages of the new Negro employees, and part would accrue as other forms of income. A further gain would result if all Negroes were able to obtain jobs which would better utilize their abilities and training.

National output can be further expanded by improving the average level of productivity of each individual. Education and training are two of the most important means to this end. If the average productivity of the Negro and white labor force were equalized at the white level, total production would expand by \$22 billion. If both unemployment rates and productivity levels were equalized, the total output of the economy would rise by about \$27 billion—4 percent of GNP. This is a measure of the annual economic loss as a result of discrimination. Of course, to achieve this increase in output, some resources would have to be devoted to investment in the human capital of America's Negro citizens. But this would be an investment yielding important economic as well as social returns for the entire Nation.

REDUCTION OF POVERTY

Investment in human resources is a means to an end, not an end in itself. It is a means to rising living standards, to greater opportunity for individual achievement, and to the abolition of poverty. Thus, the pursuit of an effective program of human resource development and the pursuit of successful antipoverty measures are closely related processes.

Five years of prosperity and continued economic expansion have contributed significantly to reducing the number of people who live in poverty. Between 1959 and 1964, the number of persons defined as poor decreased from 38.9 million to 34.1 million (Table 17). As a result both of further economic growth and of the new antipoverty programs, the data for 1965 will undoubtedly show a further drop in the number of poor.

A fully employed economy is—and will continue to be—a powerful weapon in the war against poverty. However, full employment alone is not suf-

TABLE 17.—Number of poor persons and incidence of poverty, 1959–64

Year	Total persons ¹	Poor persons	
		Number ¹	Incidence of poverty (percent) ²
Millions of persons			
1959.....	176.5	38.9	22.1
1960.....	179.5	40.1	22.3
1961.....	181.4	38.1	21.1
1962.....	184.4	37.0	20.1
1963.....	187.2	35.3	18.9
1964.....	189.7	34.1	18.0

¹ Data relate to March of following year. Excludes inmates of institutions and a small number of children under 14 years of age who live with families to whom they are not related. (There were about 200,000 such children in March 1965.) Includes members of the armed forces in the United States living off post or with their families on post.

² Incidence of poverty is measured by the percent that poor persons are of the total.

NOTE.—Poverty is defined by the Social Security Administration poverty-income standard; it takes into account family size, composition, and place of residence. Poverty-income lines are adjusted to take account of price changes during the period.

Sources: Department of Commerce and Department of Health, Education, and Welfare.

ficient. The purpose of the Economic Opportunity Act of 1964 is to promote investment in the health, education, training, and work experience of the poor which will enable them to contribute more effectively, and thereby to earn incomes more comparable to those in the rest of society.

Many public and private programs exist to help to eradicate poverty and to aid the needy. The Office of Economic Opportunity (OEO) was established by the 1964 Act to coordinate these efforts, and to develop new approaches to combat the multiple causes of poverty. Several of the Administration's antipoverty programs are discussed in the section on education. In addition, OEO's Community Action Programs—discussed in the Council's 1965 Report—are mobilizing local and Federal resources to aid the poor. This year, important new data on the incidence of poverty are presented which illustrate the progress of the past 5 years.

CHANGES IN POVERTY: 1959–64

In order to assess progress and to evaluate alternative approaches effectively, it is necessary to have a clear-cut quantitative definition of poverty. Last year, the Social Security Administration developed the present definition, which takes account of differing family size and composition and differences between living conditions in urban areas and on farms. This new poverty-income definition is based on a minimum, nutritionally sound food plan designed by the Department of Agriculture for "temporary or emergency use when funds are low." The food costs in this subsistence plan are used to determine the minimum total income requirements for different-sized families. Budget levels for farm families are reduced by 30 percent to allow for lower cash expenditures required where home-grown food is available and to recognize the lower cost of farm housing. Computed in

this way, the 1964 poverty-income line for nonfarm individuals was \$1,540; for farm individuals, \$1,080. Four-person nonfarm families were defined as poor if their money income was below \$3,130; for farm families of this size, the poverty-income line was \$2,190. Income standards for past years were adjusted to take account of price changes during the 1959-64 period. Although no statistical definition of poverty is available which fully recognizes such factors as regional differences in the cost of living and which allows for differences in asset-holdings of families, there can be little dispute that almost all people with incomes at or below these minima are indeed poor.

The new figures on the number of poor show clearly the relationship between over-all economic conditions and the incidence of poverty. In 1959, poor persons represented 22.1 percent of the total noninstitutional population. By 1964, the number had dropped by 4.8 million, to 18.0 percent of the population. For the 1959-64 period as a whole, the incidence of poverty declined by 0.6 of a percentage point a year. From 1959 to 1962, a period which included a recession, the number of poor declined by an average of 633,000 persons a year. During the subsequent two years of expansion, the average decrease was 1,450,000 a year.

TABLE 18.—Number of poor households and incidence of poverty, by race, 1959 and 1964

Item	All poor households		White		Nonwhite	
	1959	1964	1959	1964	1959	1964
Millions						
Number						
Total households ¹	13.4	11.9	10.3	9.1	3.0	2.8
Unrelated individuals.....	5.1	5.1	4.1	4.2	.9	.9
Under 65 years of age.....	2.6	2.3	1.9	1.8	.7	.5
65 years of age and over.....	2.5	2.8	2.2	2.4	.2	.4
Families of 2 or more.....	8.3	6.8	6.2	4.9	2.1	1.9
With no children under 18 years of age.....	3.0	2.3	2.4	1.9	.5	.3
With children under 18 years of age.....	5.3	4.5	3.7	3.0	1.6	1.5
Percent						
Incidence of poverty²						
Total households ¹	24.0	19.8	20.7	17.1	52.2	43.1
Unrelated individuals.....	47.4	42.0	45.4	40.2	59.3	53.0
Under 65 years of age.....	36.8	31.2	32.9	28.5	54.8	44.0
65 years of age and over.....	68.1	59.3	67.2	57.2	78.5	79.3
Families of 2 or more.....	18.4	14.2	15.1	11.5	49.6	39.1
With no children under 18 years of age.....	16.4	11.7	14.6	10.8	37.8	22.5
With children under 18 years of age.....	19.7	16.0	15.5	12.0	55.3	47.7

¹ Households are defined here as the total of families and unrelated individuals.

² Incidence of poverty is measured by the percent that poor households are of the total number of households in the category.

NOTE.—Poverty is defined by the Social Security Administration poverty-income standard; it takes into account family size, composition, and place of residence. Poverty-income lines are adjusted to take account of price changes during the period.

Detail will not necessarily add to totals because of rounding.

Sources: Department of Commerce and Department of Health, Education, and Welfare.

TABLE 19.—Incidence of poverty and distribution of poor households, 1964

Type of household ¹	Incidence of poverty (percent) ²	Percentage distribution of poor households
All households.....	19.8	100.0
Farm households.....	30.0	9.1
Nonfarm households:		
Head 65 years of age and over.....	38.0	34.7
Head under 65 years of age:		
White:		
Male head.....	8.1	23.7
Female head.....	31.3	16.0
Nonwhite:		
Male head.....	28.2	8.9
Female head.....	60.2	7.6

¹ Households are defined here as the total of families and unrelated individuals.

² Incidence of poverty is measured by the percent that poor households are of the total number of households in the category.

NOTE.—Poverty is defined by the Social Security Administration poverty-income standard; it takes into account family size, composition, and place of residence.

Sources: Department of Commerce, Department of Health, Education, and Welfare, and Council of Economic Advisers.

A similar improvement can be seen in the number of poor households (including unrelated individuals as one-person households). Their number fell from 13.4 million in 1959 to 11.9 million in 1964. This represented a drop in the incidence of family poverty from 24.0 percent to 19.8 percent (Table 18).

The encouraging record of progress is marred, however, by the figures for particular groups. The total number of poor, unrelated individuals over 65 years of age increased by 300,000 during the 1959–64 period. This increase is explained by the fact that the total number of unrelated individuals over 65 years of age increased by 1 million during this period. The incidence of poverty among such individuals actually declined, however.

The number of large families with 5 or more children living in poverty also showed no decline, remaining constant at about 1.1 million. The total number of poor children in such families, however, decreased slightly during the 5-year period.

Progress in alleviating poverty has also been slow among families headed by females (including women living alone). In 1959, there were 5.4 million such poor households; in 1964, 5.5 million.

The total number of poor, nonwhite households declined by 200,000 between 1959 and 1964. The largest declines were among childless, nonwhite families and single persons under 65. However, in 1964 almost 48 percent of all nonwhite families with children were still living in poverty.

Although the incidence of poverty is far higher among nonwhites, the aged, and white families headed by females than for the population generally; however, families headed by white males below age 65 accounted for nearly one-fourth of all poor households in 1964 (Table 19).

Encouraging progress has been made during the last 5 years, but the dimensions of poverty in America are still disturbing. Expanded investment in human resources and the eradication of racial discrimination are vital parts of the total antipoverty program. However, for the aged and for families headed by females, continued improvement of income-maintenance programs remains the major route out of poverty, since most of them are not—and cannot be—active members of the labor force.

INCOME MAINTENANCE

Over the last 30 years, the United States has developed a set of public income maintenance programs for many families who need assistance in order to maintain adequate standards of living. In fiscal year 1965, an estimated \$20 billion of the \$40 billion total spent on these public transfer payment programs went to persons who were, or would otherwise have been below the poverty-income line; these payments helped to raise some 3 million households out of poverty, but about 12 million units still received insufficient income to meet the minimal living levels now used to define poverty. People who remained poor received about \$10 billion of all public transfer payments. To eliminate completely the poverty-income gap—the amount by which total money income falls short of meeting the poverty-income standard—would require that almost \$12 billion be added to the income of the poor.

In 1964, of the 34.1 million persons who failed to meet the Social Security Administration poverty-income standard, 14.8 million (43 percent) were children under 18 years of age, 5.4 million (16 percent) were 65 years old or over, and 13.9 million (41 percent) were neither aged nor children under 18. Public assistance payments (including those under State-local general assistance programs) went to only 7.3 million of these people, just over one-fifth of the noninstitutionalized needy. (Some aid was also provided to 500,000 additional persons in institutions and to almost 270,000 aged persons who received help only in meeting their medical bills.)

About 26 million poor persons were not receiving aid under public assistance programs in June 1965: 11.5 million poor children, their 7 million parents, and about 3.5 million aged. The remainder of the unaided poor were adults aged 18–64 without dependent children.

Eight million poor persons were aided by other Federal income maintenance programs, including an estimated 6.7 million of the 19.8 million beneficiaries under Social Security (OASDI). The remainder received payments under such programs as unemployment insurance, veterans' pensions and compensation, Railroad Retirement, and workmen's compensation. The highest proportion of needy persons aided by income-maintenance programs is found among those aged 65 or over and those under 18. While there are a large number of programs that help the poor in the 18–64 age range, large gaps in coverage exist under present arrangements. About half of the poor now receive no public transfer income.

In addition to the large gaps in coverage under existing public assistance programs, the benefits paid to the eligible poor are often extremely low. Most persons now receiving assistance do not receive enough to enable them to live at even a minimum subsistence level. For example, the average annual total income of aged public assistance recipients is \$970 a person; of blind recipients, \$1,110 a person; of disabled recipients, \$910 a person; and for families with dependent children, \$1,680 a family (four persons). For a mother and three children, this amounts to only \$1.15 a day for each person, to cover the costs of food, shelter, clothing, and all the other necessities of life.

Increasing concern about these problems is producing a variety of new income-maintenance proposals. One approach would make public assistance coverage more comprehensive and assure all recipients more adequate benefit levels. Another approach is the institution of uniformly determined payments to families based only on the amount by which their incomes fall short of minimum subsistence levels. Such a system could be integrated with the existing income tax system. This plan is now receiving intensive study by many scholars. It could be administered on a universal basis for all the poor and would be the most direct approach to reducing poverty. In future years, these and other proposals deserve further exploration.

Chapter 4

Areas for Further Legislative Progress in 1966

LAST YEAR'S legislative achievements mark a major milestone in the social and economic progress of the American people. The President's program for 1966 contains fewer items of economic legislation; yet it includes major proposals relating to several key areas of the economy. This chapter presents three areas of importance for the domestic economy in which there are new proposals, and provides some of the relevant economic background. The economic background for other new proposals is developed in Chapters 1, 3, and 6.

THE URBAN ENVIRONMENT

Every large metropolitan area is a cluster of communities, usually consisting of a central core city plus surrounding suburbs. Almost without exception, the central core cities, which are the heart of the metropolitan area, have experienced a gradual process of physical and economic deterioration. Partly as a result of people's desire for more space and homeownership, and made possible by the development of the automobile, central cities have been losing middle- and upper-income families to the suburbs. This movement accelerated when cities became caught in a vicious spiral of spreading slums, rising crime, and worsening congestion. Once a neighborhood began to deteriorate, it did not pay any individual landlord to attempt to stem the decline; the private return on new investment fell, since little extra rent could be charged for better apartments in slum areas. This deterioration was accentuated by housing shortages after World War II and by the artificial shortages created by racial discrimination in housing which preserves a captive market for dilapidated slum buildings in large cities all over the United States. As a result, primarily two groups of people have tended to remain in core cities—the very rich, who can afford to live in luxury apartments, and the poor, especially minorities who have no choice but to live in the limited housing available to them.

This process has created an almost impossible financial situation for many cities. They have had to bear public assistance payments and other welfare costs for the low-income groups in the slums, as well as to continue

to provide mass transportation, fire and police protection, and education; but their tax base has failed to expand correspondingly as the high- and middle-income groups and some industry and commerce have fled the city—a departure speeded by rising tax rates.

Although housing deterioration is perhaps the most important single factor contributing to the decline of central cities, it is but one of many handicaps facing downtown areas. Many families have moved to the suburbs, but their jobs have not moved to the same extent. This means that an increasing number of individuals must commute to work in the central city. Compounding this problem has been the increase in urban land values which encourages taller buildings with dense occupancy. As the buildings become larger, the number of people who have to be transported to a particular point expands, putting an additional strain on the transportation system. Congestion, with all of its ramifications, is the result. Since builders do not have to bear the costs of bringing workers from low density suburban areas to very high density central cities in rush hour peak periods, these costs fall upon local governments which must make large investments in transportation facilities. From the point of view of efficiency, these investments often should have been in facilities for mass transit. Instead, for many reasons, they have been primarily in automobile expressways, which only increase the congestion in the center.

Many of the problems of central cities, such as air pollution, can be traced to the increasing size and density of America's urban population. In small cities or rural areas, automobile fumes are not a serious problem, since the natural cleaning capacities of the air are enough to eliminate noxious fumes. As the number of automobiles increases, the natural capacities of the air to purify itself are reached and surpassed. Similar factors are evident in water supplies. As population densities rise, local wells and streams become inadequate. Water has to be brought from increasingly distant areas at rising cost.

In small cities, extensive city parks and open areas are less necessary, since individuals can easily reach natural recreation areas; but in major metropolitan centers, natural recreation areas may be many miles away. As a city grows, parks, playgrounds, and other recreational resources become more necessary, but they also become much more expensive because of high land values in the core. Although recreational areas and open spaces can be supplied privately, the importance of outdoor areas for calm, healthy living means that these goods should not be confined strictly to those able to pay the price.

These formidable problems have made it necessary for the Federal Government to attempt to stimulate the search for new and creative solutions.

IMPROVING OUR CITIES

The Housing and Urban Development Act of 1965, the Cabinet Department created last year, and 1964 legislation in the areas of mass

transportation, civil rights, and economic opportunity constitute a major Federal effort to aid urban development.

The strategy for improving our urban environment embodied in this legislation has a double emphasis. First, it focuses on the quality of residential neighborhoods, including both the adequacy of housing and the suitability of the related community facilities. Second, while retaining flexibility to meet the separate needs of central cities and suburbs, it views them as an interrelated area and insists that public and private efforts follow consistent and coordinated plans comprehending the entire urban complex, if they are to receive Federal support.

Federal mortgage insurance, public and low-rent housing programs, and urban renewal have long had influence upon the pattern of metropolitan development. The Housing and Urban Development Act contains additional tools for dealing with these problems. It provides assistance for community facilities ranging from neighborhood centers to city parks and playgrounds. The open space program will be expanded by grants for urban beautification. Grants to cover interest charges on loans for the acquisition of land for public facilities in advance of its development—before speculative influences inflate prices—should reduce future problems in this area as well as encourage long-range plans for efficient land use.

The Act also continues the urban renewal program and authorizes an additional \$2.9 billion in grants. It strengthens requirements for workable programs and emphasizes the importance of building codes, zoning ordinances, local tax policies, and development standards. It provides grants to municipalities to help to defray the costs of enforcing codes and, where necessary, demolishing unsound structures.

A major innovation in the Act is the program for rent supplements. Under this program, more than 250,000 units of new or rehabilitated housing are scheduled to be approved over the next 4 years. The Federal Government will pay nonprofit, cooperative, and limited-dividend owners of private property the difference between fair market rents for their units and one-fourth of an occupant's income. Like interest subsidy programs, rent supplements can help to encourage construction and rehabilitation of adequate housing for low-income families.

The destruction of old neighborhoods as a result of urban renewal frequently involves high human costs. New public housing and rent supplement programs facilitate the purchase or rehabilitation of older housing and thus help to maintain and restore existing neighborhoods. Moreover, newly authorized grants for projects of code enforcement in deteriorating areas may conserve older residential neighborhoods and prevent or retard the development of slums. Joint administrative action by the Urban Renewal Administration and the Federal Housing Administration since early 1964 has resulted in the rehabilitation of over 48,000 units; another 90,000 are currently undergoing rehabilitation.

Where substandard housing has blighted a whole area, however, the most economic approach often is to clear the entire area, to provide space for new housing or other uses consistent with an over-all urban plan. Relocation payments to ease the hardships incurred by such clearing were liberalized in 1964, and the 1965 Act extended such payments to families displaced by the construction of mass transportation systems, by community and neighborhood facilities programs or advance land acquisition, as well as by urban renewal or public housing programs.

The President's new proposals for 1966 legislation contemplate the planned rebuilding, on a demonstration basis, of large areas of a number of cities of all sizes, enlisting local and private resources along with new measures of Federal assistance. The details of the program will be presented in a separate message.

The establishment last year of the Department of Housing and Urban Development did not itself add to the list of Federal policy instruments available to our cities. But it will make all these instruments and the new ones to be proposed more effective by providing an organizational focus for a unified Federal approach to metropolitan redevelopment, change, and growth. It will assure that all Federal programs that affect the city and its people will be brought to bear effectively to solve the city's problems.

THE ABATEMENT OF POLLUTION

Contamination of the environment is a problem of major national proportions. Polluted streams are found in all sections of the country. They increase the cost of obtaining fresh water supplies for municipalities and industry; they impair the recreational and aesthetic values of our areas of greatest natural beauty; and they destroy useful aquatic life. Air pollution is found in every major metropolitan area. Buildings and vegetation are damaged; transportation and communication are delayed; the attractiveness of our cities is reduced; and chronic health damage may result. Obsolete methods of solid waste disposal create problems in both urban and rural areas. The approaches to major cities are marred by unsightly accumulations of automobiles. The burning of rubbish in open dumps causes air pollution, and the careless use of refuse for land fill causes extensive stream pollution. Pesticides in water and soil have been found harmful to all forms of life.

It is not difficult to understand why an industrial society produces excessive amounts of pollution. For most resources, users are charged amounts which represent the value of these resources to others; indeed, this is a basic reason for the efficiency of a market economy. In the case of pollution, however, those who contaminate the environment are not charged in accordance with the damage they do. Thus, the cost of a municipality's discharge of raw sewage into a stream is borne not by the local residents but by

potential downstream users. And the cost of discharge of sulfurous fumes into the air by a thermal electric plant is not borne by the users of electricity but by the citizens who breathe the polluted air. Public policies must be designed to reduce the discharge of wastes in ways and amounts that more nearly reflect the full cost of environmental contamination.

Water pollution is primarily a product of organic wastes in the process of decomposing and of the phosphates, nitrates, and other minerals contained in discharges. The decomposition of organic wastes removes oxygen from the water, limiting its capacity to support fish and wildlife and its desirability for recreation. The inorganic substances cause water hardness, stream discoloration and odor, and the growth of algae. Damage from pollution is suffered by municipalities, industries, agriculture, and fisheries that cannot use contaminated water, and by individuals as a result of the aesthetic and recreational losses. Costs of treatment by municipalities and industries are a measure of the first type of damage; lower property values in the vicinity of polluted waters indicate aesthetic losses. An exact value cannot yet be placed on these losses. The capital cost of additional plants for municipal sewage treatment to the extent necessary to allow the use of streams for other than disposal of wastes is estimated at \$20 billion over the next 10 years; recreational losses alone are estimated to be in excess of \$6 billion a year.

Air pollution also has considerable impact on the health and welfare of the Nation. More than half is from automobiles, and most of the remainder from industry, electric power generation, and refuse burning. The costs of property damage alone have been estimated as exceeding \$11 billion a year; aesthetic and health damages substantially increase this cost.

Improper disposal of garbage, rubbish, and junk automobiles has imposed costs on neighboring residences and industries. Installed incinerator capacity would have to be increased 50 percent, at an estimated cost of \$280 million, to bring disposal in all cities to the minimum Public Health Service standards for air pollution. Since the Korean war, a stock of more than 2½ million junk automobiles has been accumulated in farmers' fields, garage lots, junkyards, or along highways. These junk piles have become so offensive that a number of cities, such as St. Paul and Oklahoma City, have removed them to isolated locations.

PROGRAMS FOR POLLUTION ABATEMENT

Governments have recognized the damages from pollution and have acted in several ways to prohibit or limit the dumping of untreated wastes. First, both State and Federal statutes authorize the regulation of waste disposal to improve the quality of the environment. Second, most municipalities provide public facilities for the collection and treatment of waterborne wastes; in addition, the Federal Government provides financial assistance to municipalities for the construction of such facilities, and for devices to measure air pollution. It would be desirable, wherever feasible, to add

as a third method a system of economic incentives to abate waste discharges. Incentives might include fees or charges levied against a pollutor in accordance with the damages caused by his pollutants.

The existing programs have been partially successful. In many areas, raw sewage and industrial wastes are no longer freely dumped into streams, often as a direct result of Federal proceedings. Half of the total population now lives in cities and towns where municipal sewage at least receives treatment to remove solid matter. Reports on air quality, based on new monitoring systems, have increased community awareness of the pollution problem, and have led to some programs of abatement. The extent—and results—of Federal concern, however, have been limited.

Enforcement of Water Quality Standards

Federal agencies have been concerned with water pollution since passage of the Rivers and Harbors Act of 1899 prohibiting discharges that impeded navigation. This and succeeding legislation of the same kind had little effect on dumping of municipal and industrial wastes, however. Not until the Federal Water Pollution Control Act of 1948 provided Federal authority to require the elimination of waste discharges in interstate waters were effective abatement policies inaugurated at the Federal level. The 1957 and 1961 Amendments strengthened and broadened the enforcement powers to deal with pollution problems within the confines of one State (upon the invitation of the State government). "Enforcement" begins with collecting evidence that the pollution endangers the health or welfare of specific persons, continues with a conference of control agencies leading to a schedule of remedial measures, and, if necessary, culminates in public hearings and court action to effect the remedial measures.

As a result of 37 actions taken under this procedure, there have been significant improvements in water quality. Between 1957 and 1965, completed Federal enforcement actions at 10 specific locations resulted in the reduction of pollution to an acceptable level. For example, in the Corney Creek drainage basin of Arkansas-Louisiana, oil field brines were brought under control so as to reduce significantly chloride pollution destructive to agriculture and fishing. In the Animas River in Colorado and New Mexico, radioactive uranium milling wastes that contaminated water supplies were brought under control. In the lower Columbia River, significant progress has been made in cleaning up parts of the river fouled by pulp and paper wastes and municipal discharges.

The conference procedure, however, is cumbersome and time consuming. Abatement has seldom taken place within 3 years of public notice of Federal surveys, and half of the actions begun as long ago as 1957 have not yet been completed.

The long delays in some cases result from the technological problems involved in achieving adequate treatment of particular wastes. But most of

the delays follow from difficulties with organizational and financial arrangements among Federal, State, and local governments. Municipalities frequently refuse to band together to construct area-wide treatment systems, so as to take advantage of economies in larger pipeline and plant operations. Communities operating independently have experienced delays in getting voter authorizations for financing, or have not constructed adequate plants because of local limitations on borrowing. Enforcement schedules have had to be set to take account of such local problems.

The enforcement action to curtail pollution in the Potomac River illustrates these problems of finance and organization. The first session of the conference of control agencies was held in 1957. Water quality has improved somewhat since then. But raw sewage continues to be dumped into the river because certain local treatment facilities were not constructed and arrangements for combining the facilities of a number of Virginia communities were not worked out. Not until the construction last year of the large Dulles Airport sewer were several Virginia communities finally integrated into the District of Columbia system.

More rapid progress is possible. The 1965 Water Quality Act established a program and a new agency—the Water Pollution Control Administration in the Department of Health, Education, and Welfare (HEW)—to consolidate and expand enforcement activities. States are required to set water quality standards on their portions of interstate waters, and to establish enforcement procedures by July 1, 1967, or else the new agency must do so. Water quality below these standards is subject to the Federal abatement proceedings without detailed proof of specific damages. As a consequence, enforcement procedures can take place concurrently on all interstate waters and an accelerated approach to acceptable water quality can result.

Enforcement of Air Quality Standards

The Clean Air Act of 1963 provides for cooperation between State and Federal agencies in dealing with air pollution and establishes an enforcement procedure similar in the first stages to that for water pollution. The program has not been in operation long enough to have had substantial effects on air quality. In 1965, the Act was amended to require that national standards be set for automobile exhaust emissions on 1968 model cars.

Federal Financial Assistance for Pollution Abatement

Enforcement actions have been combined with financial incentives. The Water Pollution Control Act provides for technical assistance, matching grants for the construction of waste treatment facilities, and assistance on comprehensive or area-wide planning of treatment facilities. The extent of financial assistance is limited, however. Because of restrictions on the dollar amount provided to any one city, on average only 20 percent, of State and local authorities' total expenditures on treatment, and only about 5 percent of large cities' expenditures, have been covered.

The combination of clumsy enforcement procedures and limited incentive grants has so far been insufficient to give promise of cleaning up water pollution within a reasonable period. Adequate treatment is now provided for the wastes in areas containing only 38 percent of the population; at the present rate of construction, new facilities will little more than keep pace with the growth of population.

An extended program was authorized by the last session of Congress. Legislation increased the total authorization of Federal grants for treatment facilities and relaxed somewhat the dollar limits on individual grants. Additional Federal assistance was included in the Economic Development Act of 1965 and as part of the programs of the Department of Agriculture and of the Department of Housing and Urban Development. Federal help is also available for monitoring and controlling air pollution, for research activities on water and air pollution, and for demonstration projects for the control of wastes from storm sewers. But grant limits are still restrictive, and the research cannot be expected to produce immediate results.

Rubbish, Garbage, and Junk Automobiles

Solid waste disposal has long been a service of local government; recently, some Federal aid has been provided for extending this service. The Department of Housing and Urban Development will help communities plan for solid waste disposal programs and for the construction of facilities. Research and equipment demonstrations have been organized in HEW and the Department of the Interior following last year's Solid Waste Disposal Act.

Last year's Highway Beautification Act calls for the screening or removal of junk yards from areas adjacent to federally assisted highways. This is essential as a beginning attack on the problem, but much more can be done in the reuse of waste materials. The emphasis in this legislation is on screening the junk from view, rather than moving it through the scrap utilization process. Unless it is moved more rapidly, the increasing number of automobiles to be junked will engulf more and more of our countryside in the next few years. Research on new methods of melting and shredding junk automobiles for economical use by the steel industry shows long-term promise for keeping the junk automobile problem within manageable dimensions.

NEW FEDERAL LEADERSHIP IN POLLUTION ABATEMENT

Leadership begins with setting the example: Federal facilities should demonstrate the nature and extent of practical pollution abatement. In an Executive Order of November 17, 1965, the President required that water pollution from all Federal facilities be controlled. Despite budgetary stringency, expenditures for waste treatment at Federal installations are being stepped up in the year ahead. A similar order on air pollution from Federal installations is forthcoming.

Federal leadership could be more effective if the recently required water quality standards for interstate waters could be extended to cover waters entirely within one State, and if the existing enforcement procedures could be accelerated. If information on waste discharge could be obtained from all polluters when necessary, stream deterioration could more effectively be predicted and prevented.

Pollution control can be truly effective only if it covers all sources in a river basin, and only if it is based on the relationships between stream quality at any one location and the discharges at all upstream locations. Methods must be devised to assure that upstream treatment is coordinated with downstream water use. The Government is taking the lead in experiments to achieve such coordination. For the Potomac River—hopefully, pollution-free by 1975—the Government has proposed that the enforcement action be accelerated by bringing together the localities in four States to begin treating the pollution problem as a river basin problem. The President has announced that he will propose to extend the example of the Potomac, in order to demonstrate how entire river basins can become scenic and recreational assets.

Although it must assist in eliminating the large backlog of capital requirements, the Federal Government cannot and should not finance local waste treatment indefinitely. In the long run, localities should collect revenues from the polluters, adequate to sustain the system and to expand it in line with normal growth. Charges based on use of treatment facilities provide long-run incentives for the abatement of pollution. Effluent charges on polluters in sections of the river where there is no municipal treatment could have a similar effect: when waste discharges cost the industrial firm a certain amount for every pound discharged, the volume of wastes will be reduced and the revenue collected will help to pay for collective treatment.

Existing Federal programs for pollution abatement, even when strengthened by the new measures to be proposed, cannot be expected by themselves to eliminate the pollution problem in this country. If—unlike our fathers—we are to leave a cleaner America to those who follow, then pollution abatement has to become not only a more pressing concern of localities, States, and the Federal Government, but also an urgent concern of corporate and individual policy.

EFFICIENCY IN TRANSPORTATION

The national transportation system is a crucial element in our economy. Personal mobility of Americans is unparalleled, because of both public transportation and the private automobile. Freight transportation, with which this discussion is primarily concerned, created the first and biggest of the common markets, thus permitting other industries to capitalize upon the economies of specialization and large-scale production.

Since World War II, the productivity of our transportation industries has increased—with Government support—through an impressive number of innovations. The postwar development of long-haul trucking has added new flexibility in service, time-in-transit, and origins and destinations served. The emergence of air travel has not only vastly increased the mobility of millions of Americans but also has permitted overnight coast-to-coast movement of mail and high-value freight. New high-pressure, large-diameter pipelines have lowered the cost of moving oil and provided the benefits of natural gas to cities many hundreds of miles away from the gas fields. Improved barge equipment has substantially increased productivity of carriers on the inland waterways.

As a result of these innovations, the different forms of transportation have experienced varying growth rates, high for motor carriers and oil pipelines and low for railroads. As shown in Table 20, railroad freight traffic did not participate at all in the growth of the total transportation market between 1950 and 1960. The railroad share of total ton-miles declined at an average rate of nearly 1 percentage point a year from 1940 to 1960. Meanwhile, the share of motor carriers rose steadily. Since 1960, however, the market share of the railroads has been stabilized. This has followed in part from imaginative new services—such as truck trailers on flat cars and three-decker automobile carriers—and from concurrent reductions in rail rates.

TABLE 20.—*Volume of intercity freight traffic, selected years, 1940-64*

Transport agency	1940	1950	1960	1961	1962	1963	1964
	Billions of ton miles						
Number of ton miles ¹							
Total ²	619	1,063	1,314	1,310	1,371	1,450	1,531
Railways.....	379	597	579	570	600	629	666
Motor vehicles.....	62	173	285	296	309	332	³ 347
Inland waterways.....	118	163	220	210	223	234	250
Oil pipelines.....	59	129	229	233	238	253	266
	Percent						
Percentage distribution ⁴							
Total ²	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Railways.....	61.3	56.2	44.1	43.5	43.7	43.4	43.5
Motor vehicles.....	10.0	16.3	21.7	22.6	22.6	22.9	³ 22.7
Inland waterways.....	19.1	15.4	16.8	16.0	16.3	16.1	16.3
Oil pipelines.....	9.6	12.2	17.4	17.8	17.3	17.5	17.4

¹ Estimates.

² Total includes airways freight, not shown separately in this table.

³ Preliminary.

⁴ Percentage distribution based on unrounded data.

Source: Interstate Commerce Commission.

The emergence of new forms of transportation and the resulting changes in traffic patterns are only the more dramatic manifestations of technical change. Truck trailers have steadily increased in size; freight cars have become bigger, lighter, and smoother riding; and jets have replaced piston

aircraft. All of these innovations have provided more ton-miles of transport per unit of capital and labor.

Private initiative has been facilitated by public investment in transportation facilities, such as in the Interstate Highway System and the Federal Airways System. Recently, public investment has taken the form of direct aid to innovation; for example, for the development and demonstration of high-speed rail passenger trains in the Northeast corridor between Boston and Washington. The extent of Federal involvement is reflected in the more than \$5 billion expended during 1965 on domestic transportation programs, such as highway construction, river and harbors navigation aid, and airways operations and construction.

While these dramatic changes have been taking place, Federal policy has also been evolving. Although the formal philosophy of regulatory policy has not been reshaped since 1920, many changes have been taking place through decisions in individual cases and legislative amendments. Four main directions of Federal policy appear to be emerging: (1) the development of a rate structure more oriented toward costs; (2) the planning of transportation to provide comprehensive services; (3) promoting the adjustment of transport investment to meet changing demand requirements; and (4) speeding the response to new technical opportunities.

COST-ORIENTED RATES

Rates charged by carriers are the signals that guide shippers to select that form of transportation which minimizes transportation costs for a particular shipment. Intelligent shippers always balance carrier rates against service advantages in terms of time-in-transit, warehousing, shipment size, and possible freight damage. Shippers can be counted upon to make the most economical choices, from their own standpoint. But these choices will not necessarily be the most economical from the standpoint of the national economy unless carrier rates truly reflect the cost to the economy of the service, including provision for adequate carrier profits. Hence, one condition for transportation efficiency is a cost-oriented rate structure.

Yet transportation rates still depend in part on so-called "value of service." This is usually defined in terms of value of shipment—rates are higher for diamonds than for coal shipments of the same size. Rates are also set sometimes by carriers and approved by the regulatory commissions to preserve historical divisions of traffic among modes of transport. Reductions in rates made possible by reductions in costs are often opposed and may be disallowed, because they are not in line with value of service or because they are destructive of existing traffic shares.

In recent years, competing carriers have increasingly sought to prevent rate reductions based on costs. For example, in 1964 the Interstate Commerce Commission (ICC) handled 4,959 protests on rate adjustments. About 90 percent (4,415 protests) involved rate reductions and three-fourths

(3,654) were from competing carriers rather than customers. Such a distribution of protests reflects an attempt to orient regulation to the settlement of disputes between competitors on tonnage shares. Although protests before the ICC Board of Suspension were involved in only about 2½ percent of the 203,721 rates filed with the ICC in 1964, the controversial rate reductions have been the important cases.

A major example of the attachment to rates based on existing divisions of tonnage, rather than to rate reductions permitting the introduction of cost saving innovations, is illustrated by the ICC case, *Coal to New York Harbor*. Multiple carload service, which allowed considerable cost savings, was one alternative means of shipment for more than 20 million tons of coal annually to East Coast electric generating stations. The alternative—proposed by the railroads—was to reduce rates on higher-cost single carload service, but only on the 10 million tons competitive with oil. The Commission approved the selective rate reductions on the carload service, since multiple carload rates “would have application to all coal received by utilities, only a part of which is vulnerable to displacement by oil,” and thus would include more extensive rate reductions than necessitated by demand conditions. The historical pattern of rates was protected until competitive forces finally brought about across-the-board reductions and the lower-cost multiple carload service in 1963.

For maximum economic efficiency, rates should be related to costs, but not to an arbitrary allocation of costs. Railroads and pipelines require large, indivisible capital inputs such as rights-of-way and terminals. These indivisibilities result in relatively high fixed costs, which, if allocated over each traffic unit on an arbitrary basis, result in average costs unrelated to the variable expenses of additional traffic. These average costs do not and cannot serve as a rigid basis for rate making.

“Cost-oriented rates” in the true economic sense are related to the economist’s concept of marginal cost—the increase in total expenses as a result of carrying additional ton-miles of traffic. In order to ensure efficiency, marginal, rather than average, cost should be the principal regulatory criterion in applications for rate reductions. Some traffic, on which rate reductions are not proposed, will pay more than marginal cost and in this fashion fixed costs will be met. But where competition and new technology dictate rate reductions, competitive rates could be lowered to the level of marginal cost. The gains for users from allowing rates to be appropriately geared to costs include lower rates on a larger volume of shipments. On railroad transportation alone, according to an independent estimate, savings from possible rate reductions would come to more than \$400 million a year.

At the same time, costs should reflect the value of all resources required to provide the service. Federally provided transportation facilities have continually expanded. Users should pay their fair share of the cost and maintenance of the highways, waterways, and airways facilities. As it is, there

are uneven payments from different classes of users—some making substantial payments and others none at all. Adequate user charges should be instituted in the interest of both equity and over-all transportation efficiency. The President's Budget Message again proposes new or increased transportation user charges.

COMPREHENSIVE POLICY PLANNING

Because there is competition among types of carriers for substantial portions of the freight tonnage, policies affecting one segment of the industry impinge upon other segments. A comprehensive approach to transportation recognizes the costs and services of each component part, and develops rate and service policies that provide transportation at minimum costs to the Nation. This approach is now followed, to some extent, by the independent regulatory commissions and the Executive Branch of the Federal Government, and is effected through considerable informal policy coordination. But it must be extended by organizational reform.

Each one of a number of executive agencies is now responsible for an aspect of transportation policy. An effective means for promoting transport development will be to combine all the major programs now within the Executive Branch in a single Department of Transportation—as the President has proposed. This will include the transportation activities now under the Department of Commerce, as well as the promotional and safety functions in aviation, urban mass transit, and maritime shipping. The new Department will be an effective instrument for the coordinated development of a national transportation system.

FLEXIBILITY IN TRANSPORT INVESTMENT

Traditionally, common carriers have a duty to serve. Regulation has institutionalized that obligation with controls over entry and abandonments. The rationale for such controls has been partially undermined, however, by technological changes, particularly in intercity trucking. Trucks now can quickly bring service to shippers without the large fixed investment required in railroading or pipelines. Regulatory policy has not yet fully capitalized upon this flexibility of truck capital and operations.

While controls over entry and abandonment are surely desirable, considerably more flexibility would seem to be appropriate in this period of promising technical developments—particularly in railroads and trucks—in order to free private initiative to perform its traditional function of economizing. More liberal standards for the modification of the scope of service offered by a carrier, and particularly for the abandonment of unneeded railroad service, could allow a competing service—if available and more efficient—to handle the traffic. Investment capital is scarce; if capital can be withdrawn from little used service, capacity can be expanded in the areas of profitable growth.

SPEED OF RESPONSE TO TECHNOLOGICAL CHANGE

Growing efficiency in transportation requires that new technological opportunities be seized promptly. With a constantly changing technology, the lag between average practice and the best possible practice is critical, and reducing this lag will increase productivity gains. Prompt adoption of new technical opportunities enhances the returns to the public and to the carrier from private initiative in innovation.

The nature of the problem is illustrated by the case of the "Big John" freight car service. The Southern Railway announced in June 1961 that shipments of grain would be made in new, four-compartment aluminum cars, each able to transport 90 tons. The service was to consist of 450-ton shipments in groups of five "Big John" cars, at rates approximately 60 percent below the prevailing carload rates. This service was suspended and appealed through the courts to the Supreme Court twice, once on the matter of continuing suspension beyond the maximum 7-month period, the second time on the reasonableness of rates. Rate reductions were permitted in 1963 on a provisional basis pending final action. Only after the final court review—in September 1965—were the rates found to be "just and reasonable."

Difficulties of this type will be mitigated as cost-oriented rates and flexibility in investment become more integral parts of regulatory policy. The benefits of the "Big John," for example, extend beyond the carrier and the shipper to the economy of the region served. Consumer savings, estimated at \$30–\$40 million annually, on meat, bread, butter, and milk have occurred in the Southern Railway region from the expansion of the livestock and grain industries. No economy can be fully efficient if it takes 4 years to determine pricing for such new innovations.

Other innovations cut across carrier types, as in the trailer-on-flat-car service. New technological opportunities could be fully exploited by removing obstacles to combinations of modes of transport and by more ready acceptance of shipper and carrier-owned equipment by railroads and motor carriers.

MARITIME POLICY

A special relationship has long existed between the Government and the maritime industry. For reasons of defense, the Federal Government provides extensive assistance to our merchant marine. In the past year, an Interagency Task Force completed a comprehensive study of U.S. maritime policy. Its many recommendations were designed in part to improve the competitive position of the industry. Bulk ships of a new and specialized construction would be built and subsidized, enabling their operators to compete for commercial bulk cargoes. In addition, cargo preference would be modified and ultimately eliminated.

Operating subsidies would be restructured by adding incentives to reward efficiency. Operators of unprofitable, subsidized passenger operations would

be encouraged to phase out their operations. Greater operating freedom in route selection would be granted to U.S. operators, and a reduction of detailed Government supervision would be instituted.

The subsidy for U.S. shipyard support would be related to national emergency need for shipyard capability. Beyond that need, ships could be built either in the United States or abroad, whichever was more economical for the ship operator.

In view of the major restructuring of maritime policy recommended in the report, the maritime industry and maritime specialists both within and outside Government have been asked to study the proposals. Their reactions and suggestions will serve as a constructive basis for implementing new directions in this portion of transportation.

Chapter 5

Progress and Problems in Agriculture

AGRICULTURE is one of the most progressive segments of the American economy. Productivity has grown faster there than in any other major economic sector. U.S. agricultural abundance is the envy of the world. Yet incomes of most farm families continue to fall short of those earned in other occupations. And agricultural employment is steadily declining. This paradox is a perennial source of confusion and protest.

For many years our commercial farms have had a total capacity to produce far in excess of the ability of our markets to absorb at reasonable prices. The causes of this are not hard to understand. As incomes have expanded, an ever smaller fraction of them has been used to buy the products of our farms. Over the past 50 years, disposable real income per capita in the American economy has nearly doubled; per capita consumption of farm products has risen by only 17 percent. As we become more affluent, we eat better and dress better. But most of our additional income goes for other goods and services that require little or no input from farms. Because the "income elasticity" of demand for farm products is low, the fraction of the labor force engaged in agriculture would be expected to decline as total incomes rise.

This relative decline in the need for farmers' services has been greatly intensified by another essential fact: the productivity of farm workers has been increasing much more rapidly than productivity in the economy generally. Because of the slow growth of demand and the rapid increase in productivity, there has been a persistent tendency for farm products to be overproduced, depressing farm prices. But the "price elasticity" of demand is likewise low: lower market prices do not result in greatly increased consumption of most farm products in the U.S. market.

Exactly 50 years ago, the American farm population reached its peak—32.5 million people—32 percent of the total population. One American farm worker produced sufficient food and fiber to supply himself and 7 other people. Today, farm people total less than 13 million and make up 6.4 percent of the population. Each farm worker produces enough food and fiber to meet the needs of more than 33 persons.

The steady and rapid decline in the demand for farm labor and the natural increase of the farm population have meant that agriculture is rapidly expelling a sizable fraction of its actual and potential workers.

Since 1940, 25 million people—on the average, 1 million a year—have left the farm. Although the vast migration from farm to nonfarm occupations and from rural to urban areas proves that mobility is high, the outward movement has never been fast enough to improve significantly the economic position of farm labor relative to labor in the nonfarm economy. Despite programs designed to minimize the income gap, farm incomes historically have been depressed relative to incomes elsewhere.

Today, incomes of many farm families are low, particularly incomes of those who live on small inefficient farms and who have been unable to adapt to modern agricultural technology. However, a substantial number of farmers who have successfully adapted and who produce the bulk of our food and fiber are realizing incomes nearly equal to what their resources could earn off the farm.

For many low-income persons, a move to nonfarm occupations is not possible. Some farm residents are too old, do not have or cannot acquire the necessary skills, or simply lack the resources needed to finance a change. Consequently, the least mobile portion of the farm labor force remains stranded in eddies of rural unemployment or underemployment—on small farms, or in barely remunerative rural nonfarm occupations. Poverty is one of rural life's most urgent yet neglected problems. And some of those who do move to cities in hope for a better life often find themselves ill equipped for the jobs that are available and socially unable to adjust to the ways of urban life.

Farm people who are able to migrate successfully usually earn more than they could in farming. Those who remain are helped as well, since the transfer of labor out of agriculture reduces the excess resources which hold down average farm incomes.

These few basic considerations oversimplify the complex factors at work in U.S. agriculture and the difficult issues involved in framing agricultural policy. Some of these issues and complexities are discussed in the sections which follow: the changing importance of labor, land, and purchased inputs in farming; the potentially vast but uncertain world market for our farm products; the increasingly separate problems of commercial agriculture and of rural poverty; and the various public policy approaches for dealing with these problems.

COMMERCIAL AGRICULTURE IN THE 1960'S

Midway through the 1960's commercial agriculture is a highly efficient, competitive industry adjusting to market forces and a rapidly changing technology. Labor and, to a lesser extent, land are being replaced by such other inputs as fertilizers, insecticides, machinery, and equipment. Bigger and faster machines enable the individual farmer to operate on a larger scale. Thus commercial farms are becoming fewer in number and larger in size.

Between 1950 and 1965, farm output increased by 35 percent while the quantity of total inputs rose by only 3 percent. Output would have risen more if there had not been production control programs. The production gains were achieved with 11 percent less cropland and 45 percent fewer man-hours than in 1950. But the use of fertilizer more than doubled, and somewhat more mechanical power was employed. Today, 56 million acres of cropland are withheld from production through Government programs—about one-sixth of the crop acreage in the United States.

Productivity per acre has grown rapidly. Crop production per acre in 1965 was 18 percent greater than the 1959–61 average. Wheat yields rose by 12 percent, cotton 19 percent, and corn 29 percent. Increases in yields will continue as farmers adopt the new technology constantly being devised by university and Department of Agriculture scientists, agricultural chemical companies, and machinery manufacturers.

STRUCTURAL CHANGES

The economic development of U.S. agriculture is producing two distinct sectors—one expanding and one contracting—within the farm economy.

The contracting sector, presently comprised of about 2 million farms with gross annual sales of less than \$10,000, is characterized by a rapidly declining number of farms. It has been the source of much of the labor flow from agriculture. The decrease in the total number of farms between 1960 and 1965 is estimated at 573,000—with most of this decline resulting from a decrease in the number of full-time farms with annual sales of less than \$5,000. Many of these small units disappeared through consolidation with other farms; some grew in size and entered agriculture's expanding sector. This trend of declining numbers of small farms is expected to continue.

The expanding sector, made up of farms with annual gross sales in excess of \$10,000, is growing rapidly. Many of the farmers in this sector are realizing returns nearly comparable with what their resources could earn in nonfarm occupations. During 1960–65, the number of farms in this sector increased by one-fifth, to slightly more than 1 million, or 31 percent of all farms; the share of farm marketings provided by these farms rose from 73 percent of the total to an estimated 83 percent. Yet the farms in the expanding sector typically remain family enterprises: the percentage of family farms (farms with families as risk-taking managers and using less than 1.5 man-years of hired labor) has not changed since 1960.

Adjustments in agriculture's expanding sector have required greatly increased amounts of financial capital. Total farm indebtedness has increased more than 50 percent since 1960, largely in the form of higher farm real estate debt. Rapid farm consolidation has required additional real estate credit as well as shorter term credit for equipment and working capital. Active bidding for available farm land has helped to raise agricultural land values by 6 percent during the past year. The average value of real estate per farm now exceeds \$50,000. Increased land values permitted farm pro-

prietors' equities to grow to record levels in 1965. Although the increasing ratio of farm debt to total farm assets and incomes is evoking some concern, foreclosure rates remain very low.

FARM INCOME

Gross farm income, including marketing receipts, Government payments, and nonmoney income from farms, has risen steadily since 1960. Gross income in 1965 totaled \$44.4 billion, an increase of more than 5 percent from 1964 and 17 percent from 1960. Total marketing receipts in 1965 rose sharply above those in 1964, largely as a result of higher prices for meat animals. Receipts from crops increased moderately, reflecting higher prices and larger marketings of vegetables and oil crops. Direct Government payments to farmers are estimated to have been \$250 million more than the \$2.2 billion paid in 1964.

Realized net farm income (excluding net inventory change) in 1965 is estimated at \$14.1 billion, nearly 9 percent above 1964 and the highest since 1952. On a per farm basis, operators' realized net income in 1965 reached a record \$4,175, a 12 percent increase over 1964 and 41 percent higher than in 1960.

The 1966 prospect for commercial agriculture appears favorable, owing in large part to continued prosperity in the nonfarm sector. Rising levels of income at home and abroad will strengthen the demand for many farm products. The Food and Agriculture Act of 1965 will provide some income gains to farmers. Net farm income is expected to rise moderately. Much of this gain will accrue to the 1 million farms in agriculture's expanding sector.

POVERTY IN AGRICULTURE

Even in a prosperous economy, many rural people are unable to earn a satisfactory living in agriculture. Estimates based on the 1960 Population Census indicate that 4.9 million farm people in 1959 were living in poverty, as defined by the Social Security Administration's poverty-income standard. Many of these were families living on low-production farms, seriously undercapitalized in equipment and livestock. Today, nearly all families operating full-time farms with gross sales of less than \$2,500 a year fall into this classification; many of those with annual sales of between \$2,500 and \$5,000 are also poor. Families on most of these farms derive relatively little benefit from Government price and income support programs.

Underemployment is the common malady of the farm poor. Their hope for a more adequate income lies in their ability to obtain work off the farm. For some, this requires migration to localities where nonfarm jobs are available. For many, it means occupational migration—remaining on the land but earning a livelihood from some occupation other than farming.

But others, for health, age, or financial reasons, may find neither type of migration possible. These persons constitute the "hard core" of rural poverty. Their problems are the most intractable of all.

Both occupational and geographic migration have been occurring at a rapid pace in recent years. Net migration from farms during the early 1960's is estimated at 816,000 people annually. Preliminary data from the 1964 Census of Agriculture indicate that much of this movement occurred in the Mississippi Delta and other areas of the South.

Included in this migration have been large numbers of Negro farm families—a group with a particularly high incidence of poverty. Between 1960 and 1964, the numbers of nonwhites on farms decreased by 35 percent whereas the white farm population fell by 14 percent. Nonwhites account for one-third of the total decline in the farm population since 1960.

Although the number of farm people in poverty has declined substantially in recent years, this has resulted more from outmigration than from an improvement in the earnings of low-income farmers. Some of those who give up farming earn more adequate incomes in their new jobs and thus escape poverty. Those less fortunate in their search for other employment may drop out of farm poverty only to find themselves among the nonfarm poor.

Prosperous conditions in the nonfarm economy have aided many of the farm poor by facilitating their transfer to higher paying jobs outside of agriculture. Government programs emphasizing education and regional economic growth will also assist rural low-income people. The Manpower Development and Training programs are providing some persons with the skills necessary to compete effectively for nonfarm jobs. During the summer of 1965, 156,000 rural children participated in Project Head Start. The Economic Opportunity Act of 1964 provides health facilities, day camps, and special education programs for children of migrant workers. Education in rural areas will be improved through the Elementary and Secondary Education Act of 1965 which allocates Federal funds to school districts with heavy concentrations of children from low-income families. The Public Works and Economic Development Act of 1965 authorizes funds for regional economic development programs in low-income areas. The Department of Agriculture's newly established Rural Community Development Service will facilitate the extension to rural areas of services provided by Government programs.

But the remaining tasks are great. In 1964, the incidence of poverty among farm households was 30 percent, compared with 19 percent for non-farm families. Money income that year for poor farm households averaged \$954; income for other farm households averaged \$5,671.

Farm poverty exists in many rural areas of the United States but is particularly prevalent in the South and in Appalachia. Scattered but significant farm poverty persists in the Ozark region and some areas of the Southwest and Northwest. Migrant and other hired farm workers continue

to be among the most disadvantaged people in America. National prosperity scarcely touches the lives of these individuals.

THE EXPORT MARKET

The export market for U.S. farm products has grown rapidly in recent years. Strong foreign demand and measures to assist some exports have raised the value of total farm exports by more than 35 percent since fiscal 1960. In fiscal 1965, agricultural exports accounted for 17 percent of the cash receipts from farm marketings; in recent years, the foreign market has taken two-thirds of our total annual wheat production, nearly two-thirds of rice, almost one-half of soybeans, one-third of cotton, and nearly one-fourth of tobacco.

Between 1959-61 and 1965, feed grain exports rose by 56 percent; soybean exports increased by 66 percent. Today, the United States provides nearly half of all feed grains moving in world trade. In 1965, shipments of soybean meal, a component in animal feeds, were more than three times those in 1959-61. The large gains in these exports reflect the growing affluence of the developed world and the increased preference by consumers for the better foods derived from these products—cooking and table fats, poultry, eggs, dairy products, and meats. If access to the markets of the developed countries can be maintained, the United States will continue to be an important supplier of these products.

Exports of wheat and tobacco have grown much less rapidly than shipments of feed grains and soybeans; and cotton exports have fluctuated sharply in recent years. Export competition in these products is likely to increase in the future. Greater competition in the world wheat market may come from traditional wheat exporters; and larger supplies may be expected from Western Europe. Several developing countries view cotton and tobacco exports as important sources of foreign exchange, and they may provide larger supplies to the world market. Increased competition from foreign producers of synthetic fibers may also restrict the growth of U.S. commercial cotton exports.

Most U.S. farm exports are sold commercially for dollars, although sales through special export programs at noncommercial terms are also very large. Concessional exports in 1964 through the Food for Peace program accounted for two-thirds of wheat exports, two-fifths of milled rice shipments, and about one-fifth of cotton and edible vegetable oil exports. In fiscal 1965, the total value of farm exports was \$6.1 billion, of which approximately 73 percent constituted dollar sales. Since 1959-61, dollar sales have risen by 47 percent and shipments through Food for Peace by 21 percent.

The dollar excess of agricultural exports over imports contributed \$439 million to the U.S. trade balance in fiscal 1965. The local currencies generated by Food for Peace sales conserve dollars through their use in payment

of some U.S. Government expenses abroad. Long-term dollar credit sales of Food for Peace shipments will generate exchange earnings in future years.

FARM COMMODITY STOCKS

Because of large export demands and recent modifications of domestic commodity programs, the size and composition of U.S. Government controlled stocks of farm products have undergone substantial change in recent years. The repository of these products accumulated under price support programs is the Commodity Credit Corporation (CCC). This agency acquires products during periods of excess supplies and adds to market supplies when demand warrants, thereby contributing to price stability at the farm and retail levels. Reserves held by the CCC have proven valuable in times of national and international emergency. But excessive stocks are burdensome to taxpayers and cause concern among our international trading partners.

Between June 30, 1960 and mid-1965, total CCC investment in farm products declined by approximately 13 percent (Table 21). Total investment in wheat and wheat products, rice, feed grains (corn, barley, grain sorghums, and oats), and peanuts declined by 41 percent. By mid-1965, carryover stocks of wheat were the smallest since 1953. Strong foreign demand, particularly from developing countries with food shortages, should lead to further reductions in grain inventories.

TABLE 21.—*Investment of Commodity Credit Corporation in commodities, fiscal years 1960–65*
[Millions of dollars]

Fiscal year	Total	Feed grains ¹	Wheat and products	Cotton ²	Tobacco	Other commodities
1960.....	7,323	3,122	2,615	889	418	280
1961.....	7,039	3,360	2,707	352	388	232
1962.....	6,657	2,594	2,292	840	305	626
1963.....	7,257	2,450	2,329	1,470	437	570
1964.....	7,098	2,489	1,798	1,750	667	394
1965.....	6,387	1,968	1,433	1,898	826	261

¹ Includes corn, barley, grain sorghums, and oats.

² Includes upland and long staple.

NOTE.—Detail will not necessarily add to totals because of rounding.

Source: Department of Agriculture.

Stocks of cotton and tobacco have continued to grow. By mid-1965, Government held stocks of upland cotton totaled 11.9 million bales, valued at \$1.86 billion—a supply adequate to meet domestic mill requirements for more than 15 months at 1964 consumption rates. A further increase of 2 million bales is expected by August 1966. Government held stocks of tobacco have more than doubled since 1962. Clearly, stocks of these commodities are excessive. The prospect for reducing them rests on the 1965 cotton and tobacco legislation which is designed to lower production and raise total consumption.

FARM POLICY IN THE 1960'S

The dominant problem in agriculture, as manifested by a long history of farm legislation, is that average farm income is low relative to incomes in the rest of the economy. The income problem exists primarily because the capacity to produce has grown more rapidly than consumption. Under present demand conditions, too many resources are committed to farm production in the United States.

One set of policies has approached this problem from the supply side—by attempting to reduce the resources used in production through various controls and land retirement programs. Other measures have been designed to expand domestic and foreign demand for American farm products. Few of the programs of the past three decades have been unqualified successes. Many have produced income benefits; all have provided experience useful in improving old policy tools and forging new ones.

THE FOOD AND AGRICULTURE ACT OF 1965

The Food and Agriculture Act of 1965 is based upon experience gained from these policies of the past. It recognizes the national goals of a prosperous, efficient agriculture and of abundant, moderately priced food for consumers. It reflects the fact that agriculture must export to remain prosperous and therefore that American farm products must remain competitive on world markets. It recognizes the increasing productivity of American agriculture and the need to withdraw excess resources from production in order to balance supply and demand at reasonable prices. Yet it provides flexibility to meet present and future needs for food and fiber.

The legislation deals with the problem of excess supplies in agriculture and the need to divert some farmland from crop production. Through the Cropland Adjustment Program, up to 40 million acres of farmland can be shifted from crop production to other uses. The land adjustment contracts, running for a period of up to 10 years, promise to move land out of production at less Government cost than would be required under annual diversion programs. The Program will also help to meet the rapidly growing demand for land for recreational and conservation uses.

The 1965 agricultural legislation continues the trend of American farm policy toward lower price supports and a modified system of direct payments to producers. Direct payments, for several years a part of domestic wool and sugar programs, have only recently been applied to major farm commodities. In 1961, a modified version of this principle, together with low price supports and land diversion payments, was implemented for feed grains. Later, it was applied to wheat; the 1965 legislation applies it to cotton.

This approach separates to a substantial degree the price mechanism from the income support operation. Price supports are set at low levels, and pro-

ducers' incomes from the market are supplemented by direct Government payments. Consumers enjoy favorable food and fiber prices, producers realize adequate incomes, and exporters can compete more effectively in the world market.

The principle of direct payments is illustrated by the cotton provisions of the Food and Agriculture Act. For the 1966 crop, the average cotton support price to producers will be set at 21 cents a pound, compared with 29 cents in 1965. Producers who participate in the program and divert some land from cotton production to soil conserving uses will receive a direct payment of approximately 9½ cents a pound on that part of their production used domestically. This lower support rate will permit cotton to move abroad without the export subsidy required in previous years—equal to 5.75 cents a pound for the 1965 crop. Domestic mills will also be able to purchase cotton at lower prices. Larger total consumption of American cotton should result.

The Act gives the Secretary of Agriculture important new flexibility in the administration of commodity programs. This will assure that the programs can be adapted to changing production and market conditions.

NATIONAL COMMISSION ON FOOD AND FIBER

Existing agricultural programs do not end the search for sound farm policy, but provide a good base upon which to build. This search will be carried on aggressively within the Government and by the President's newly established 30-member National Advisory Commission on Food and Fiber. The Commission is to make a penetrating and comprehensive study of agricultural and related foreign trade policies of the United States. This review will consider consumer interests, the welfare of agricultural suppliers, producers and processors, and the national interest. It is expected that the recommendations of this group will move American agricultural policy further toward the objectives of abundant farm products at reasonable prices, parity of opportunity for farm people, and efficient use of our agricultural resources.

Chapter 6

The International Economy

THE WORLD ECONOMY has shown remarkable progress during the two decades since the end of World War II. In the developed countries, economic expansion has been far more rapid and steady than ever before. The less developed countries have also experienced unprecedented growth. Yet in this latter group, absolute levels of income remain disturbingly low, and few countries show clear promise of attaining adequate, self-sustaining economic growth in the near future. The world's single most important—and most intractable—economic problem lies in the less developed countries of Africa, Asia, and Latin America.

In the period between the two World Wars, the recognized common economic problems of the industrial countries were economic stagnation, large-scale unemployment, and wide fluctuations in output and prices. Today, these problems have essentially been mastered. But these countries are now confronted with the problems of determining how their economies can successfully adjust to the requirements of an increasingly integrated world economic system and how international monetary arrangements can best serve to assist and facilitate this adjustment.

The first major section of this chapter briefly considers some of the problems of the less developed countries and ways the industrial countries can help to solve them. Next, the evolving integration of the world economy and the new problems associated with it are sketched. The chapter then discusses the changes in economic and financial policies needed to ease the mutual adjustment of countries to balance of payments disturbances and to provide for the adequate and dependable growth of international liquidity. Finally, it treats the U.S. balance of payments and the policies adopted to restore the international equilibrium of the U.S. economy.

THE LESS DEVELOPED COUNTRIES: PROGRESS, PROBLEMS, AND POLICIES

Since 1950 the less developed countries of Africa, Asia, and Latin America as a group have increased their real production at an estimated average rate of 4½ percent a year. However, population growth in these countries has also been rapid—between 2 and 3 percent a year. As a result, the annual

rise in real output per person has averaged roughly 2 percent—well below the rate in the developed countries. Moreover, very few of the less developed countries could maintain even this pace of economic expansion without considerable assistance from abroad; despite this aid, there appears to have been some slowdown in their growth in recent years.

Aggregate figures conceal significant differences among the less developed countries. In a number of them—for example, Israel, Jordan, Taiwan, and Thailand—real output from 1957 to 1964 increased by 7 percent a year or more. In others—Indonesia, Lebanon, Morocco, Paraguay—output failed to keep pace with population increases.

FOREIGN ASSISTANCE

Capital

To achieve an adequate pace of economic growth, most developing areas of the world require more capital than they can accumulate from domestic savings or can raise externally on commercial terms. Foreign aid can therefore contribute to economic development. But the way the recipient countries use their resources is much more important. Consequently, as a condition for its bilateral development assistance, the United States stipulates that the recipient country adopt policies which effectively utilize local resources.

The less developed countries are themselves financing the major part of their development needs. In recent years, three-fourths of their gross investment has come from domestic savings. Table 22 shows their sources

TABLE 22.—*Net flow of long-term financial resources to less developed countries, 1960-64*
[Billions of dollars]

Source	1960	1961	1962	1963	1964
Net flow to less developed countries ¹	7.2	8.6	8.2	8.9	² 9.7
Bilateral flow from countries: ³					
From DAC countries: ⁴					
Official: Total.....	4.2	5.2	5.4	5.7	5.6
United States.....	2.5	3.2	3.4	3.6	3.3
Private: Total.....	2.3	2.6	1.9	2.0	2.6
United States.....	1.0	1.1	.8	.7	1.3
From other countries:					
Other industrial countries ⁵.....	.1	.2	.2	.2	(⁶)
Communist countries.....	.2	.3	.4	.4	(⁶)
Flow from multilateral organizations ⁷.....	.3	.3	.4	.7	.8

¹ Excludes loans and credits of 5 years maturity or less. Loans are net of repayments.

² Estimate.

³ Bilateral grants and loans.

⁴ Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) consists of Austria, Belgium, Canada, Denmark, France, Federal Republic of Germany, Norway, Portugal, United Kingdom, and United States. (Sweden joined DAC in July 1965.)

⁵ Australia, Finland, New Zealand, South Africa, Sweden, and Switzerland.

⁶ Not available.

⁷ Disbursements by multilateral organizations to less developed countries.

NOTE.—In addition to receipts shown in this table, the less developed countries receive contributions from nonindustrial countries, notably Kuwait.

The table does not net out private capital flow from less developed countries to developed countries.

Detail will not necessarily add to totals because of rounding.

Source: Organization for Economic Cooperation and Development.

of foreign capital. Although the total has increased somewhat, official bilateral aid has been stable in recent years.

Estimates of the foreign exchange requirements of the less developed countries vary widely, but they all indicate the need for a substantially increased inflow of foreign capital. The World Bank staff recently estimated that over the next five years the less developed countries could effectively use \$3–4 billion a year more than is currently available to them.

The need to finance existing foreign indebtedness is an important and growing claim on the foreign exchange resources of the less developed countries. About half of their gross capital inflow is offset by \$6 billion of payments for amortization and interest on loans and dividends on investments. In July 1965, the major countries extending aid agreed in principle that more grants and softer loans are required.

The International Development Association (IDA), an affiliate of the World Bank, is one of the international organizations which meets the needs of developing countries for capital on soft terms—interest-free loans, a modest service charge, and a repayment period of 50 years. The IDA's resources are derived from contributions by the economically advanced member countries and from the earnings of the World Bank. The Association must have additional funds from its members if it is to continue even its current level of operations.

In 1965, President Johnson announced U.S. support for an intensified program of economic and social development in Southeast Asia. The United States pledged \$200 million to the \$1 billion capital of a new multilateral lending institution, the Asian Development Bank, designed to foster the economic development of the region. In addition, the United States has indicated its willingness to provide \$100 million for a special fund for soft loans and grants for Southeast Asian development, if other countries will join in such a venture.

Private foreign investment also makes a crucial contribution to the less developed countries. It provides not only capital but associated technical and managerial skills. As economic growth begins, private investors—where they are welcome—will respond to opportunities for investment. For example, in three countries with successful growth records—Greece, Israel, and Taiwan—the inflow of private foreign capital rose from 1.8 percent of gross national product (GNP) in 1957 to 3.1 percent in 1963.

Agricultural Production and Food Aid

The recent slowdown in economic growth in some less developed countries can be ascribed to the failure of their agriculture to expand sufficiently. Indeed, in Latin America and in the Far East, per capita food production is below levels reached prior to World War II.

America's agricultural abundance has long been used to help to meet the food needs of the less developed world. Our food aid program, Food for

Peace, is also important in the promotion of economic growth and has helped by freeing resources for industrial development. But food aid must not be allowed to impede the development of agriculture, since, in many countries, agriculture may be the most rapid route to general economic growth. Moreover, such progress in agriculture is essential to the long-run solution of foreign food shortages. If the gap between food needs and production in the less developed countries continues to widen at the rate of the past few years, even the United States with its vast food-producing capacity will not be able to fill it.

This year, in addition to the Food for Peace program, the United States will institute a special assistance program to help foreign lands expand their agricultural output.

Human Resources

The less developed countries are seriously handicapped by shortages of trained manpower—indeed, illiteracy is a major problem. Since 1957, the less developed countries have increased their investment in education by an average of 15 percent a year. The United States is assisting educational development through some 350 educational projects in 65 developing countries and in the past 3 years has financed the construction of approximately 210,000 classrooms to accommodate 6.7 million students. Substantial assistance has been given to develop teacher training colleges, to modernize educational systems and curricula, and to link educational programs to the manpower requirements of these countries.

The U.S. Government is now joining a new worldwide endeavor of educational cooperation and assistance, emphasizing the educational needs of school-age children and encouraging more of our teachers and school administrators to serve abroad.

The United States has long been deeply committed to improving health conditions in the less developed countries. Major support is provided to the health programs of the United Nations, its specialized agencies, and five multilateral regional organizations. Total international health obligations of the U.S. Government will amount to approximately \$270 million in the current fiscal year and are scheduled to rise substantially next year. However, our potential for technical assistance in this field is only now being fully mobilized by the Federal Government. New programs will give priority to the development of a cadre of U.S. international health workers and to helping the less developed countries train more health workers themselves. The United States will also increase substantially its support for the eradication of communicable diseases and for the provision of potable water supplies in many regions of the world.

Child malnutrition increases susceptibility to infectious diseases. In many countries, this combination kills half of all children before the age of five. Physical and mental retardation of the surviving malnourished youngsters frequently is permanent. To assist developing nations in their

efforts to meet the nutritional needs of many additional millions of children, U.S. programs will be substantially expanded this year.

Rapid population growth compounds economic and social problems in the less developed countries. As a result of deliberate efforts to limit the size of families, population growth rates have leveled off or are falling in Hong Kong, Singapore, and Taiwan. Korea, Pakistan, Tunisia, and Turkey also have initiated programs. But in the less developed world as a whole, population growth is continuing at an increasing rate.

In the short run, population control can limit the number of dependent children supported by each member of the labor force. But it will be some time before it can have an appreciable impact on total numbers. Over the longer run, it can ease problems of unemployment and underemployment and raise individual productivity.

To help countries which request U.S. assistance with their population problems, the United States will mobilize and make available technical and financial resources, including the support of training programs for foreign personnel who can in turn train the thousands of individuals required to carry forward family planning programs.

IMPROVING TRADE PROSPECTS

Both the advanced and the emerging nations must give greater attention to policies to accelerate the growth of the export earnings of the less developed countries. For these countries as a group, export earnings yield four times as much foreign exchange as do all loans, grants, and direct investments from abroad. Yet these nations are not fully sharing in the tremendous growth of world trade. The reasons for this are to be found largely in the sluggish secular growth of demand for their traditional primary products. Although exports of manufactured products from less developed countries doubled between 1953 and 1964, foodstuffs, raw materials, and petroleum nevertheless accounted for 85 percent of their total shipments in 1964. Rising domestic demand, inflation, and overvalued exchange rates in some countries have also adversely affected sales abroad.

Most less developed countries are vulnerable to short-term export instability. For individual primary commodities and primary exporters, a major source of instability has been the wide and erratic movement of prices. The less developed countries need greater assurance that development programs will not be vitiated by unpredictable declines in export earnings which are beyond their control. International agreements for some commodities, such as coffee, represent one technique for dealing with this problem.

Financial arrangements to help to offset shortfalls are another technique. Three years ago, the International Monetary Fund (IMF) established a special drawing arrangement for compensatory financing of short-term fluctuations in members' export earnings. Only three countries have thus far used the facility, since price trends of primary commodities were generally favorable to producers throughout 1963 and much of 1964. In view of

recent price declines, more applications may be expected. The United States and other governments are now considering new ways to provide additional short- and long-term financing to offset export shortfalls.

Liberal commercial policies by the developed countries will contribute to world economic development. A successful Kennedy Round will benefit the less developed as well as the developed countries. However, there will remain room for further tariff reductions and import liberalization of special significance for development. Many advanced countries could abolish or relax a number of import restrictions without causing economic dislocation. Recent studies indicate that general tariff reductions, even on those manufactures which are protected by low duties, might ultimately yield a significant increase in exports of less developed countries. The developed countries could also contribute to their own growth and that of the less developed countries by reducing agricultural protectionism. Moreover, nontariff barriers to imports, such as quantitative restrictions and the high consumption taxes which some countries impose on tropical products (coffee, cocoa, and bananas) for purely fiscal reasons, frequently place a serious burden on the less developed countries.

RECENT CHANGE IN THE DEVELOPED COUNTRIES

The main problem of the developed countries in the 1960's is not how to promote growth but how to avoid stunting growth in dealing with the balance of payments and domestic price stability.

The rapid postwar economic growth of the developed countries may be due to basic structural and technological changes which only future economic historians will be able to distinguish clearly. But there can be no question that growth has been spurred by two highly visible developments. First, and more important, the governments of most countries have assumed an active responsibility to promote expansion and growth, guided by a new understanding of how government policy affects economic activity. Second, in many countries of Europe and in Japan, a dynamic source of expansion and modernization has been the growth of export markets, stimulated by the dramatic postwar movement toward economic integration. Rapid growth in each country has provided expanding export markets for the products of others, in a chain of mutually supporting expansion.

A number of postwar institutions have contributed to integration: the General Agreement on Tariffs and Trade (GATT), the International Monetary Fund (IMF), and the Organization for Economic Cooperation and Development (OECD). Through their efforts, import quotas on trade in manufactured products have been largely abandoned; tariffs have been greatly reduced; the principal currencies have become convertible. Moreover, great new free trade areas have been created, especially the European Economic Community (EEC) and the European Free Trade Association (EFTA). By the beginning of 1966, internal tariffs within the EEC and EFTA had been reduced by 80 percent.

THE GROWTH OF INTERNATIONAL TRADE

As a result of all of these developments, international commerce has flourished. In the decade from 1954 to 1964, exports of the advanced industrial economies grew by an extraordinary 117 percent, and exports of the less developed areas rose by 59 percent.

To be sure, uncertainties within Europe are now having their impact both on further integration within the EEC and on the external relations of the EEC, including the current Kennedy Round of trade negotiations. The pace of integration and especially the movement toward more liberal world trade have been slowed. The Kennedy Round is at a virtual standstill.

The American commitment to the Kennedy Round—the boldest and most significant effort to liberalize the world trading structure yet undertaken—is as firm as ever. But the protracted internal crisis of the EEC has prevented any significant negotiations with that group of states since last summer. The longer this paralysis continues, the more uncertain are the prospects. The negotiating authority provided by the Trade Expansion Act expires in less than 18 months. If these important negotiations are to yield their full potential benefits, meaningful deliberations must resume, at the latest, early this spring. Were the Kennedy Round to fail, the world would have missed a unique opportunity for further reduction of trade barriers against both industrial and agricultural products and for a further widening of world markets to the benefit of both the developed and developing nations.

The United States is also giving increased attention to the lowering of barriers to trade with the countries of the Soviet bloc. For both political and economic reasons, this country has not fully participated in the steady expansion of East-West trade during the past decade. U.S. trade with the Soviet bloc amounted to barely 1 percent of total U.S. foreign commerce in 1964. Last year, the President's Special Committee on U.S. Trade Relations with East European Countries and the Soviet Union recommended an expansion of peaceful trade with the European Communist countries and urged that the President be given discretionary authority to remove trade restrictions against those countries.

The President has indicated that he will ask Congress for selective authority to grant most-favored-nation treatment to imports from the countries of Eastern Europe, including the U.S.S.R. While no sudden expansion of trade is likely, the opportunities for increased trade may prove significant for individual firms and products.

PROBLEMS OF RAPID GROWTH AND INTEGRATION

The new economic dynamism of the developed countries of the free world has brought great gains—but also problems. These problems have both domestic and international dimensions, closely interrelated.

The main domestic problem in most countries today is that of reconciling prosperity with stability of costs and prices. This has been a problem for all the countries of Western Europe at one time or another in the past 2 decades. But even though wage rates and other money incomes rose at a rapid pace, increases in labor costs were often restrained by extremely rapid improvements in productivity. In fact, in Germany and Italy, as well as in Japan, they held stable or fell in the early 1950's as a result of the rapid gains in productivity that went with the development of new industries and processes, the modernization of obsolete equipment, and the great expansion of the size of domestic and international markets. Moreover, there were labor resources to be drawn from domestic sectors of low productivity—and often from such sectors in other countries—which restrained upward pressures on wages. But now productivity gains are slowing down from phenomenal to merely exceptional; sources of low-cost labor are harder to come by; and the income demands of labor and other groups continue to increase. Rapid growth and full employment are more generally accompanied by upward pressure on costs and prices.

Internationally, the problem of adjusting to rapid growth has taken complex forms. The closer integration of international markets and increased freedom of payments have been among the main sources of domestic growth in many countries. But they also have contributed to strains in the balance of international payments.

Growth rates, while generally high, have not been the same in all countries, and internal price levels have not changed equally. Large structural changes accompanying and responsible for growth in some of the countries have altered their international competitive position. Tax systems have been adjusted, with resulting effects on prices of imports and exports. The formation of EEC and EFTA has affected members and nonmembers differently. Profound changes associated with the termination of colonial status have affected the markets and obligations of several European nations. The costs of defense and aid commitments vary significantly among countries.

All of these factors have considerably affected the external transactions of each of the industrial countries, at times creating large surpluses or deficits in trade or government payments.

Reduction of government restrictions, the convertibility of currencies, increasing knowledge of opportunities abroad, growing confidence in existing governments, larger supplies of investible funds, and rapid growth of markets have brought a spectacular expansion of international capital movements. The flow of capital has also been affected by national policies to restrain inflationary pressures, by the differences in the development of national capital markets, by country-to-country differences in profits and interest rates, and, on occasion, by hopes or fears of currency revaluations. Although international flows of capital have contributed to world economic

growth, they have at times created problems for both the importing and the exporting country.

Thus for the capital account as well as the current account, the closer economic integration of the newly dynamic Western economies has been a source of severe balance of payments strains. And measures taken by Western European Governments to deal with deficits have been a major factor behind the occasional slowdowns in the pace of economic expansion.

In the past 15 years, many potential strains have been effectively masked by large U.S. deficits. They have allowed most other countries to maintain rapid expansion while still gaining reserves. Even so, there have been serious deficits at various times in France, Canada, Italy, Japan, and the United Kingdom. Had the U.S. international payments been in equilibrium during this period, many more potential strains would have become visible. Once the umbrella of the U.S. deficit is removed, the problems of adjusting to rapid growth and change in a world of relatively free trade and payments may become more evident and more difficult to resolve.

DEVELOPMENTS IN 1965

Many of the problems of mutual adjustment were brought into sharp focus during 1965, as payments positions of major countries underwent particularly large and rapid changes. For the United States, there had been a sudden increase in the deficit in late 1964 and early 1965. Following President Johnson's program of corrective measures in February 1965, however, the balance of payments showed a major improvement.

The payments position of the United Kingdom remained precarious from the autumn of 1964 until the late summer of 1965, causing heavy speculative attacks on the pound. However, as a result of forceful measures taken by the British Government to defend the value of its currency—aided by large-scale financial assistance from the IMF and, on a cooperative basis, from major nations—pressures on the pound subsided significantly by the autumn, and the United Kingdom has continued to regain reserves. The British Government, moreover, has given convincing evidence that it will take all steps needed to bring its payments position into balance by late 1966. Meanwhile, the German surplus, which had been of serious concern for several years, was eliminated in 1965.

However, at the very time that the large deficits of the two major reserve currency countries were being reduced and the troublesome German surplus corrected, new problems of payments imbalance emerged elsewhere. Italy, in particular, developed very sizable surpluses. A surplus also appeared in Japan. At the same time, France had a surplus even larger than that of 1964.

These divergent developments were in many cases closely related to the policies adopted by the various countries to affect domestic demand. In the United States, to be sure, the payments imbalance was reduced substantially

without impeding domestic expansion. For the United Kingdom, however, restrictive domestic measures were part of its program to bring the payments deficit under control, as well as to counter inflationary pressures at home. In Italy and Japan, the brakes previously applied to their expanding economies, to help counter payments deficits and domestic inflation, had proved in some respects too effective. Such policy measures as were taken in 1965 to revive demand brought only relatively slow progress. In France, also, the larger surplus position was clearly associated with a low rate of economic expansion, reflecting the Government's hesitation to take more active stimulative measures because of the fear of possible inflation. On the other hand, burgeoning domestic demands clearly contributed to the elimination of Germany's surplus.

The policies adopted by various countries to deal with domestic and balance of payments problems had, in turn, significant implications for the growth prospects of other countries, both developed and less developed. To the extent that such policies depressed export markets, there was danger that world economic growth would be impeded.

The challenge to the developed nations as a group is to find mutual arrangements and institutions that can support healthy economic growth and at the same time maintain reasonable external equilibrium in a world community of increasing interdependence.

IMPROVING THE INTERNATIONAL MONETARY SYSTEM

Soundly functioning international financial arrangements should permit countries to make necessary adjustments to changes in their external payments positions with minimum impairment of the broader objectives shared by all nations: relatively full employment, a satisfactory rate of economic growth, an efficient allocation of international resources, and reasonable price stability. These arrangements should provide for a satisfactory expansion of total international reserves and liquidity as an underpinning for a growing volume of trade and payments. And they should command such widespread confidence that international transactions will not be disrupted by excessive speculation, or by sudden and unpredictable shifts from one form of international reserve asset into another.

Balance of payments adjustment, reserve creation, and maintenance of confidence are, of course, closely interrelated. Under the prevailing system of fixed exchange rates, it usually requires time to correct payments imbalances in a way that is consistent with the achievement of basic objectives. This means that countries need sufficient reserves or credit to provide a reasonable margin of safety for dealing with actual or potential deficits. If reserves or credit facilities are inadequate, even surplus countries may feel impelled to follow unduly restrictive policies. Moreover, too small a margin of safety may encourage undesirable speculative flows,

adding further to the need for liquidity. Too large a volume of liquidity, on the other hand, could be inflationary. Improvements in the adjustment process which would reduce imbalances—without sacrifice of broader objectives—would cut back liquidity needs and strengthen confidence.

During the past year, these closely related matters have received intensive consideration in discussions concerned with ways of improving the international monetary system—by the IMF, the OECD, the leading industrial countries known as the Group of Ten, and various bodies associated with the UN and the EEC.

The discussions within the Group of Ten and in Working Party 3 of OECD have been of particular importance. A report examining the issues raised by various proposals to create new reserve assets was submitted to the Group of Ten last summer by a working group under the chairmanship of Rinaldo Ossola of Italy. With this study completed, the Finance Ministers and Central Bank Governors of the Group of Ten, at the time of the Annual Meeting of the IMF Governors last September, requested their deputies to “determine and report to Ministers what basis of agreement can be reached on improvements needed in the international monetary system, including arrangements for the future creation of reserve assets, as and when needed. . . .” The deputies are to report on their progress this spring. Meanwhile Working Party 3 is to accelerate its study of ways to improve the adjustment process.

As soon as a basis for agreement has been reached among the Ten, negotiations on means to improve the international monetary system would then proceed to a second stage in which all members of the IMF would have a more direct opportunity to voice their views. The following two sections present some of the issues involved in the study of the adjustment process and in the negotiations to improve international liquidity arrangements.

THE ADJUSTMENT PROCESS

The Council's Annual Report for 1964 described at some length the balance of payments adjustment process which operated—or was supposed to have operated—in a relatively automatic fashion under the 19th century gold standard. It pointed out that this method of adjustment relied on the maintenance of a rigid link between changes in countries' gold holdings and internal monetary conditions, in nations without active fiscal policies, and could only work by subordinating domestic welfare to the requirements of external balance.

Such a system is neither possible nor acceptable in the modern world. All nations today follow discretionary policies directed toward multiple objectives, internal as well as external. Quite appropriately, they are reluctant to resolve payments problems at the expense of economic growth, high employment, and price stability. But in today's interdependent world, the independent pursuit of individual countries' objectives can often bring

their policies into conflict and produce results against the interests of all. A satisfactory balance of payments adjustment process requires a high degree of international cooperation.

At any given time, some countries will be in deficit while others will be in surplus. For the world as a whole, deficits and surpluses will be roughly equal. Under existing international liquidity arrangements, the main exception reflects additions to the stock of monetary gold, which allow some surpluses not offset by deficits elsewhere.

Some swings in country payments positions are bound to occur. And when the imbalance represents only a temporary departure from equilibrium, or when appropriate corrective measures take time to become fully effective, forcing an immediate restoration of balance may involve excessive economic and social costs. Moreover, where the *level* of a country's reserves is chronically excessive (or deficient) in relation to its needs, that country may appropriately run a deficit (or surplus) over a longer period. Thus, persistent U.S. deficits during the early 1950's were clearly in the interests of all countries.

Nevertheless, if a deficit continues too long or becomes too large, the strength of the country's currency can be impaired. There is, in fact, an absolute limit of any country's ability to continue in deficit; eventually, it must run out of reserves as well as borrowing capacity.

Built-in pressures to correct surpluses are less powerful. A country that continually runs a surplus deprives itself of the real resources that would have accrued to it had it exported less or imported more. As the surplus persists, this cost becomes increasingly burdensome relative to the benefits derived from additional accumulations of reserves.

However strongly they may wish to, all or most countries cannot run surpluses simultaneously. If they try, some are bound to find their actual balance of payments positions falling short of what they had desired. Unrealistic payments targets can thus lead to destructive policy competition among countries. Countries must determine their adjustment policies in the light of balance of payments targets that are mutually compatible.

Alternative Means for Dealing with Imbalances

What are the broad strategies a country can adopt when confronted with an imbalance in its international payments?

First, it may simply let the imbalance persist, at least for some time, and rely on financing. For a deficit country, this entails either a drawing down of reserves or borrowing; for a surplus country, a rise in reserves or deliberate lending.

Second, a country can seek to correct the payments imbalance by fiscal and monetary measures that affect the total level of internal demand. For countries in deficit, a restriction of demand would be designed to reduce

imports and increase exports. If monetary policy is used to achieve restraint, higher interest rates may also deter monetary outflows or even induce net capital inflows.

Third, countries can make varying use of selective measures specifically directed at external transactions—for example, import surcharges or quotas, direct restrictions on capital movements, or disincentive devices like the U.S. Interest Equalization Tax. On the other hand, surplus countries may remove existing restrictions or use special incentives to induce net capital outflows.

Fourth, a variety of other internal measures can be used. These include selective internal policies to improve a country's productivity, efficiency, or financial structure; changes in the "mix" of different kinds of policy instruments, notably as between fiscal and monetary policy; and wage-price policies.

Fifth, countries can, under the IMF Articles of Agreement, resort in some instances to adjustments of their exchange rates.

None of these options represents an ideal or fully feasible solution under all circumstances. Reliance on financing may merely postpone needed corrective action. Measures to affect total internal demand may conflict with domestic objectives. Direct restrictions on international trade and payments may interfere with efficient resource allocation. Other selective measures may not be available in time or not be sufficiently powerful to bring about the desired correction. Finally, various disadvantages are inherent in exchange rate adjustments, and governments are properly reluctant to resort to them—particularly reserve currency countries.

Criteria for Selection

Despite these drawbacks, any one of these options may prove the most desirable—or least undesirable—under particular circumstances; and in many cases, a combination of strategies may be called for. What, then, determines which policies are appropriate for a country in a given situation? Major relevant considerations include the following:

First, the nature of the underlying ailment is important. If either deficient or excessive internal demand is a major cause of the imbalance, then measures to affect such demand may provide the best solution. If part of the underlying difficulty is connected with a deterioration in a country's competitive position, various selective measures to improve productivity and resource mobility may be called for. If the difficulty stems from speculative or other unusual capital flows, use of selective instruments might be far more efficient than resort to general measures. And to the extent that the payments imbalance stems from broad structural differences in capital markets—such as those that exist between the United States and continental Europe—the longer-term solution lies in improving the efficiency of the less fully developed capital markets.

Second, any given strategy for achieving balance of payments equilibrium should as far as possible be consistent with the attainment of broader objectives. Often, this presents no problem. For example, if a country suffers from both internal inflation and a payments deficit, policies to restrict overall demand may achieve internal and external objectives simultaneously. Similarly, a country seeking to reduce an external surplus and to expand internal demand can usually use general fiscal and monetary measures to meet both objectives.

Even in these cases, however, difficulties in the choice of instruments can sometimes arise. For example, the United Kingdom in 1965 had both an external deficit and excess domestic demand. Nevertheless, there were also indications that the country's competitive performance was suffering from low productivity. The U.K. authorities therefore combined measures to restrain domestic demand with more specific steps to improve the country's competitive position, including measures to encourage productive investment over the long run. Or a surplus country with lagging internal demand may be suffering from upward cost and price pressures. In this case, resort to incomes (price-cost) policies, reductions in tariff barriers, and other special devices may be required to avoid price increases that might inhibit vigorous use of expansionary monetary and fiscal policies.

More difficult situations arise where deficits are accompanied by domestic underemployment, or surpluses by inflation. In recent years, the first of these situations has been characteristic of the United States, the second of Germany. The United States has leaned more heavily on fiscal policy to stimulate demand, making it appropriate to use a somewhat less expansionary monetary policy than would otherwise have been desirable. This, together with the Interest Equalization Tax and voluntary restraint on foreign lending and investment, has helped to dampen capital outflows. Germany, on the other hand, has been advised by the OECD to combat its domestic inflation more actively through tighter fiscal policies and to pursue a relatively easier monetary policy in order not to attract funds from abroad.

Third, there are differences in the effectiveness of given policy instruments in various countries. For example, where international transactions constitute a relatively high proportion of total transactions, and where both exports and imports tend to be highly responsive to variations in domestic incomes, even relatively mild measures to influence total demand may rather quickly bring about the desired adjustment in the balance of payments. Thus, in a country like the Netherlands, where imports equal about 40 percent of GNP, primary reliance on instruments to affect over-all demand may frequently be entirely appropriate for payments adjustment and entail a relatively small economic cost. But in many other countries, the foreign sector accounts for a much smaller proportion of total national transactions; in the United States, for example, imports are only 3 percent of GNP. If this country were to place sole reliance on general demand

measures to achieve a given balance of payments result, a relatively large change in total demand would be necessary, exposing the economy to severe inflation or unemployment. Even where *both* domestic *and* external payments conditions call for either restrictive or expansionary measures, the “dose” appropriate for the domestic economy may not be strong enough to correct the payments imbalance—or it might be too strong.

Fourth, the effects on other countries must be considered. For example, the industrial countries as a group should clearly be concerned with the impact that their measures will have on the less developed countries. Moreover, the effect of particular corrective measures taken by one industrial country could be cancelled if similar measures were taken by others, or could be sharply reduced by other “rebound” effects.

The Division of Responsibilities for Adjustment

Surplus countries tend to argue that the primary task of bringing about adjustment must necessarily lie with deficit countries, since it would be unreasonable to expect the surplus countries to suffer such inflation as might be induced by expansionary actions on their part. Deficit countries, on the other hand, argue that if they bear a greater share of the responsibility for adjustment, this imparts a deflationary bias to the world economy.

There is no *a priori* case for assigning a greater share of the responsibility to either deficit or surplus countries. Countries in either situation should be willing to use the instruments at their disposal in the most effective way. There could be specific situations where a larger share of the responsibility should be assumed by either deficit or surplus countries, but this should be subject to careful international consideration.

Possibilities for Improving the Adjustment Process

The past few years have seen significant gains in international consultation and cooperation in balance of payments adjustments. Nevertheless, the fact remains that balance of payments surpluses and deficits in recent years have often been very large and that the adjustment techniques currently used are far from perfect. There is need, and wide scope, for further improvement.

One obvious area of improvement involves the development of additional policy instruments as well as more efficient use of existing instruments. In particular, there is a major need in many countries for making fiscal policy a more flexible tool of economic policy. Much more imaginative use could also be made of different techniques of monetary management. Furthermore, surplus countries have considerably more scope for reducing trade barriers and broadening capital markets.

It may be possible to develop some general guidelines regarding appropriate balance of payments adjustment that could prove helpful in the context of international discussions. Such guidelines should be flexible and

informal, and sufficiently comprehensive to permit effective selection of policy tools in the light of all the considerations set forth above: the nature of imbalances; the full range of economic objectives; differences among countries; and effects of each country's policies on other nations.

In any case, much can be done to improve further the existing mechanisms of international consultation and cooperation to help to assure that the measures used by individual countries are best suited to the interests of the international community as a whole.

INTERNATIONAL LIQUIDITY ARRANGEMENTS

Improvements in the adjustment process alone cannot assure that the international monetary system will work smoothly. In the words of Secretary of the Treasury Henry Fowler “. . . a new and crucial challenge is presenting itself with growing urgency before the nations of the free world—the challenge of assuring ample liquidity to support expanding world trade in the years ahead.” He stated that “. . . there will be . . . bilateral and multilateral talks at all levels as we move ahead toward exploring this most complex problem and toward reaching some kind of workable consensus. There is . . . no fixed timetable. But we are moving ahead—and we will spare no effort to speed our progress toward a sensible and workable solution.”

The Need for Adequate Growth in International Liquidity

How large is the volume and growth of monetary reserves and other forms of liquidity needed to support a smoothly functioning system of international transactions? There is no simple answer to this question. In approaching it, however, several key distinctions need to be kept in mind.

The great bulk of international transactions takes place among private traders, bankers, or other intermediaries. Predominantly, these transactions involve the major trading or “vehicle” currencies—the dollar and the pound sterling. Over the years, the volume of private working balances in these currencies has tended to grow along with the volume of international transactions. A continuing net flow of dollars into foreign private hands sufficient to satisfy such legitimate private business needs is thus likely to be desirable.

A second need for international liquidity arises from the desire of monetary authorities to hold reserves and other forms of liquidity to enable them to settle payments deficits that might develop. Of course, monetary authorities normally have the option of obtaining credit on conditional terms when the need arises. In recent years, credit facilities have been greatly expanded, notably through improvements in the medium-term lending operations of the International Monetary Fund and through cooperative arrangements among central banks; and further improvements should prove possible in the future. But countries also want “unconditional liquidity,” either in the form of gold or reserve currencies or of assured lines of credit (such as the fully automatic drawing rights on the Fund).

Moreover, as the absolute volume of international transactions rises, the size of potential deficits also increases. This is why most countries seek to enlarge their reserve positions over the years, at least modestly.

There are now three principal ways in which net additions to international reserves occur: (1) through the flow of newly available gold into official national reserves; (2) through enlargement of countries' automatic drawing rights at the Fund; and (3) through increases in the holdings of U.S. dollars by the monetary authorities of other countries.

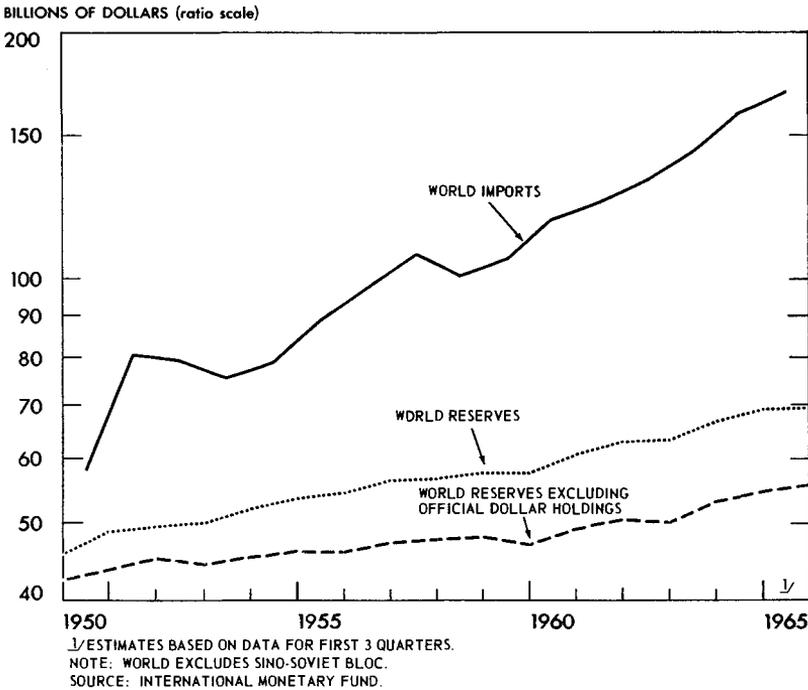
Increases in the aggregate gold holdings of monetary authorities are the oldest way of creating reserves. And they are the only way that does not usually depend on the emergence of a balance of payments deficit for one or more countries. From 1960 through 1964, gold contributed about \$700 million annually to over-all reserve growth of the free world. Recognition that Fund automatic drawing rights constitute international reserves is very recent; net additions in them averaged about \$150 million a year during 1960-64. The other major contribution to over-all reserve growth—increases in foreign official claims on the United States—averaged about \$1 billion a year over this period. There has been virtually no net expansion since the early 1950's in official holdings of sterling, the second major reserve currency.

Expansion of world reserves through a growth of dollar holdings worked well in the earlier postwar years, when official reserves outside the United States were low. However, the United States can now no longer continue to run large-scale balance of payments deficits without endangering confidence in its own currency. Thus dollars cannot contribute to growth of world reserves as they have in the past. Moreover, to the extent that foreign monetary authorities convert existing dollar holdings into gold, the net volume of international liquidity actually declines.

It was against this background that the United States acted with new determination last year to bring its payments into equilibrium. As it succeeds in this effort, however, the international monetary system is faced with a dilemma. Gold alone will not add sufficiently to official reserves to insure a smoothly functioning payments system. Prudent planning, therefore, calls for the development of additional kinds of reserve assets that could add to international liquidity independently of the balance of payments deficits of particular countries.

According to preliminary indications, growth in the world's total reserve assets slowed markedly in 1965 (Chart 11). There is little to suggest that the annual growth of about \$2 billion in the years prior to 1965 had been excessive. Moreover, there is a strong presumption that, over time, the growth of international trade and the world economy will be hampered unless there is a continuing expansion in the total volume of reserve assets. Hence, the United States took the initiative in the summer of 1965 in urging an intensified exploration of the possibilities for agreement on the development of a new reserve asset.

World Trade and Reserves



Ways of Creating Additional Reserve Assets

At least two major, and potentially complementary, approaches to the creation of additional reserve assets are likely to receive serious attention in current world discussions. The first calls for the creation of a completely new reserve unit. Each participating country would be issued given amounts of the new units from time to time, and rules would be set for their use. The unit could be backed by a guarantee against depreciation in terms of gold and would be counted in "owned" reserves. Creation of the new unit would require formal international agreement and would thus offer clear evidence that the participating countries were joined in a major and deliberate effort to provide for an appropriate growth in international liquidity.

A second method would build on the procedures for reserve creation already available in the Fund. It would expand automatic drawing rights on the Fund. The additional drawing rights would be immediately usable as new reserve assets by member countries. This approach would not necessarily require revision of the Fund's Articles of Agreement.

Under reserve unit schemes, participating countries provide backing for the unit in terms of their national currencies and undertake to accept the units from one another. In the case of new Fund automatic drawing rights, member countries might be asked to provide lines of credit to the

Fund to assure that the Fund itself could readily supply the amounts and types of currencies required by members exercising their drawing rights. In either case, however, one basic principle holds: the acceptability of the new reserve asset will fundamentally depend on the willingness of participating countries to view it as a form of international money.

Each approach—"reserve unit" and "drawing rights"—has distinctive characteristics that can make it particularly useful for certain purposes. In many respects, the two approaches need not differ greatly in effect. What is important in assessing the numerous specific versions and combinations of these two approaches that have been proposed is to see how they deal with certain key questions. These include the following:

(1) *By whom and in what manner shall decisions regarding the new reserve assets be made?*

As Secretary Fowler stated before the Annual Meeting of the Governors of the International Monetary Fund,

It is true that only a limited number of countries hold the bulk of the official reserves of the world. No doubt these countries, including my own, have deep interests and responsibilities of a unique kind in the system by which reserves are generated and regulated. But other countries, which are not large reserve holders, also have legitimate and vital interests in these matters. This is why all the countries of the free world have a fair and reasonable claim that their views must be heard and considered at an appropriate stage in the process of international monetary improvement.

There are various types of decisions regarding international monetary arrangements that need to be made. A basic "constitutional" decision has to be taken regarding the nature of the new arrangements. Thereafter, decisions will be required from time to time on various operational matters, such as the amounts of new assets to be created. The procedures for settling these various questions might differ.

Whatever the precise arrangement, it seems highly desirable that the Fund play a central role in the decision-making process. As has been well stated in the Ossola Report, "The Fund's prestige and experience as a monetary institution make it the natural center for new functions involving deliberate creation of reserve assets and provide assurance of its capacity to conduct, and keep distinct, conditional lending and deliberate reserve creation."

(2) *To whom shall the reserve assets be distributed?*

The distribution of new reserve assets poses difficult problems which will require further discussion and study. While there is no simple answer, certain principles are clear. All countries need reserves, and an effective system of reserve creation should give all an opportunity to add to their holdings. At the same time, the large industrial countries, other developed nations, and the less developed countries have special needs and characteristics that must be reflected in any over-all arrangements. Furthermore, such arrangements should be sufficiently flexible to permit an increasing degree of participation by countries as they meet certain relevant standards.

IMF quotas provide one benchmark which might be considered in the initial distribution of new reserve assets.

While no distribution can be set forth as ideal, the nations of the world can be expected to develop an equitable plan which will meet the recognized need for growth of reserves. Every nation has a clear interest in its own share of new reserve assets, but it has an even greater stake in the development of an effective system for reserve creation that will encourage the pursuit of economic growth and liberal trade policies.

(3) *What should be the relationship between new reserve assets and existing types of reserve assets, and what techniques are required to achieve an appropriate relationship?*

Any new type of reserve asset that might be created should clearly be attractive enough so that countries will wish to hold it. But it must not be so attractive as to displace existing forms of reserve holdings, for it would then fail in its primary purpose of adding to over-all liquidity.

One proposal to enhance acceptability has been to link the *creation* of a new reserve unit in a rigid proportion to each country's gold holdings. Such a rigid link to gold in the creation of the unit is clearly undesirable, however. It would be inequitable, penalizing countries that now hold a low proportion of their total international reserves in gold. It would, moreover, provide incentives for all countries to increase the ratio of gold to total reserves. By thus affecting the willingness of countries to hold existing reserve currencies, it could lead to an undesirable shrinkage in world liquidity.

Alternatively or additionally, it has been suggested that the *use* of the new reserve unit in settlements should only be permitted in association with a specified quantity of gold. The same considerations that apply to a gold link in creation also raise doubts about the proposal for a link in use. Moreover, any rigid link with gold would tend to enhance the importance of gold in the monetary system, and thereby to assign a new reserve unit second-class citizenship.

If there is no close link to gold, what is required to make a new reserve unit readily acceptable? One possibility might be an agreement that countries would accept such units as full legal tender, to be considered "as good as gold." Or, an agreement might provide for specific limits on the obligation of creditor countries to accept the reserve units in settlement. Special procedures might also be adopted to prevent countries from using the new units to change the composition of existing reserves in a way that might lead to a reduction in total liquidity.

Creditor limits are automatically incorporated in the procedures for expansion of automatic drawing rights at the Fund. Moreover, their relationship with gold and reserve currencies poses no problems.

(4) *Does the method used in creating a new reserve asset allow for the proper expansion in liquidity, and for a flexible response to changing needs?*

Both proposals cited would permit substantial additions to liquidity. However, a separate new reserve unit may be essential as part of a program to

assure adequate increases in liquidity. Such a unit might also be more easily recognized as constituting "owned" reserves, and might therefore make countries feel more "liquid" than would corresponding command over automatic drawing rights.

Expansion of drawing rights, on the other hand, might be arrangeable on a more flexible basis. Moreover, to the extent that countries may be reluctant to allow their holdings of reserve units to decline but are willing to make active use of automatic drawing rights, the latter might at times actually prove to be more "liquid," in the sense of providing resources when needed.

Concluding Comments

While reserves in the form of units and drawing rights have much in common, the characteristics that give each of the approaches special usefulness in particular situations suggest that both have a constructive role to play in reserve creation.

In any event, it is essential that the negotiations provide for (1) efficient as well as equitable rules for the creation, distribution, and use of new assets; (2) smooth integration of new assets within the existing framework; and (3) the appropriate degree of expansion in the over-all volume of international liquidity which will foster sound world economic growth.

U.S. BALANCE OF PAYMENTS

The U.S. balance of payments moved significantly closer to equilibrium in 1965. In considerable part, this reflected the effects of the President's program announced in February. The improvement was primarily manifested in a substantially reduced outflow of private capital, which more than offset a drop in the trade surplus (Chart 12).

MEASURES OF DEFICIT OR SURPLUS

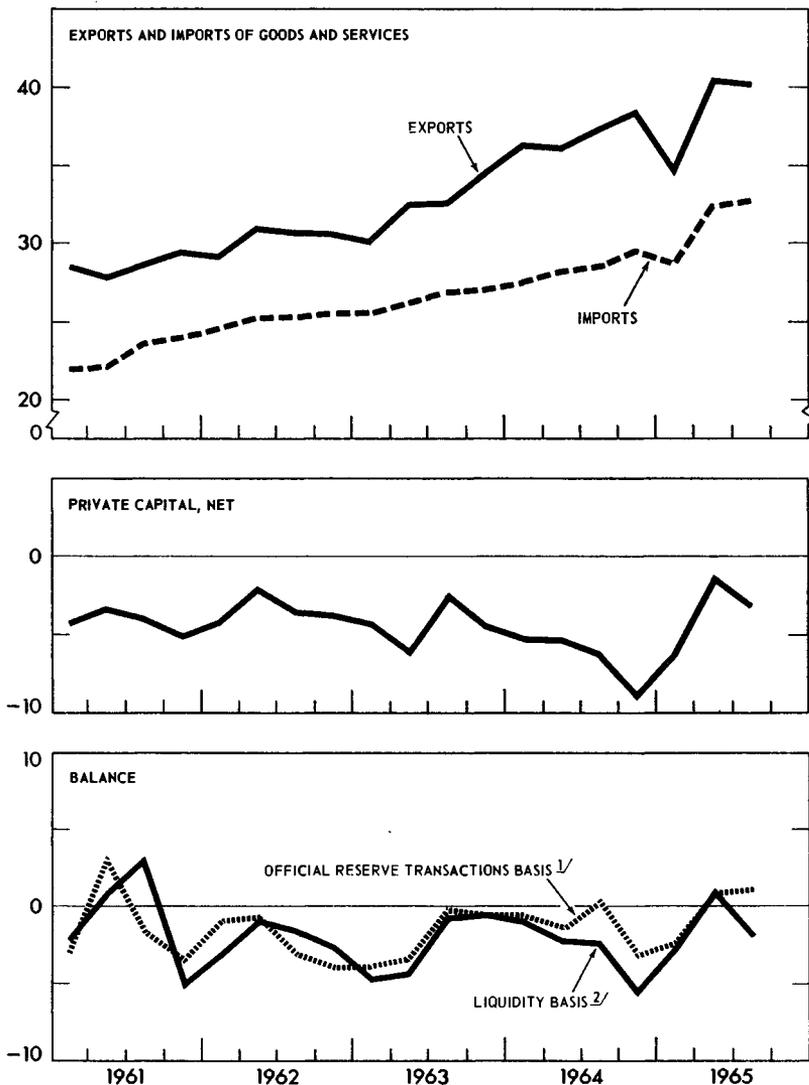
In a fundamental sense, a country's external payments cannot be in satisfactory equilibrium unless the domestic economy is in reasonable balance and its basic national and international economic objectives are being met. In a more immediate sense, however, equilibrium in external payments relates to a country's international reserve position and to its ability to maintain the value of its currency in international transactions. Statistics on a country's international transactions, summarized in its balance of payments accounts, bear only on the more immediate concept of equilibrium.

Balance of payments accounts summarize a system of double-entry book-keeping. The total of debits equals the total of credits; the net difference is zero. Thus any positive or negative balance—a surplus or deficit—includes only selected payments and receipts. A variety of such measures has been used in recent years, including among others the "basic balance," the "balance on regular transactions," the "liquidity balance," and the "balance on official reserve transactions" ("official settlements"). No single concept

Chart 12

U.S. Balance of International Payments

BILLIONS OF DOLLARS*



* SEASONALLY ADJUSTED ANNUAL RATES.

1/ EQUALS CHANGES IN LIQUID AND NONLIQUID LIABILITIES TO FOREIGN OFFICIAL HOLDERS AND CHANGES IN OFFICIAL RESERVE ASSETS CONSISTING OF GOLD, CONVERTIBLE CURRENCIES, AND THE U.S. GOLD TRANCHE POSITION IN THE IMF.

2/ EQUALS CHANGES IN LIQUID LIABILITIES TO FOREIGN OFFICIAL HOLDERS, OTHER FOREIGN HOLDERS, AND CHANGES IN OFFICIAL RESERVE ASSETS CONSISTING OF GOLD, CONVERTIBLE CURRENCIES, AND THE U.S. GOLD TRANCHE POSITION IN THE IMF.

SOURCE: DEPARTMENT OF COMMERCE.

is best for all analyses. The measure that is most appropriate for one country at one time may be less appropriate under other circumstances.

All definitions of the balance of payments surplus or deficit relate to changes in a country's reserve assets. By any definition, a contribution to surplus is recorded whenever the reserve holdings of our monetary authorities are increased by gains in gold, claims on the IMF, or liquid assets in convertible currencies. But the measures of balance also take into account changes in certain claims that could be exercised against our reserves.

Various types of assets differ in the extent and directness of their claim on U.S. reserves. Liquid claims on the United States held by foreign monetary authorities may at any time be presented for gold, and thus directly expose us to the possibility of reserve losses. Privately held liquid U.S. assets of foreigners can readily be turned into official claims. And nonliquid dollar assets held by foreigners can be sold and thus converted into liquid holdings. Indeed, in a world of convertible currencies, any marketable claim held abroad is to some degree a potential claim on our reserves. Dollar holdings of Americans could even flow abroad in a crisis and flow back as a demand for gold. It is difficult to select the group of assets that should count as claims on our reserves (with an increase contributing to a U.S. deficit). It is mainly on this point that the alternative measures of the deficit or surplus divide.

In 1965, after a careful review of its present and foreseeable situation, the U.S. Government decided to place primary stress on two measures of its general balance of payments performance—the “liquidity balance” and the “balance on official reserve transactions” (“official settlements”).

The liquidity balance spotlights the liquid claims of foreigners, both private and official, against the United States. The potential exposure of the United States is measured by the volume of such liquid claims, and any increase in them (not offset by a growth of reserve assets) is recorded as a U.S. deficit. Thus, the line is drawn between liquid and nonliquid foreign dollar holdings.

The official settlements balance, however, draws the line between the dollar holdings of foreign monetary authorities (whether liquid or nonliquid) and those of private foreign holders. If privately held foreign liquid claims on the United States increase (and there are no other offsetting transactions), this is treated as an inflow of private capital, rather than as an addition to the deficit, which it is under the liquidity definition. The official settlements concept, in other words, concentrates on the dollar claims that foreign monetary authorities have acquired (or relinquished)—usually in the process of maintaining the parity of their currencies.

After years of sizable deficits on liquidity balance, averaging \$3 billion between 1958 and 1964, the U.S. deficit appears to have been reduced to about \$1¼ billion in 1965. The deficit as measured by official settlements moved from an average of about \$2 billion in the early 1960's to \$1.2 billion in 1964 and remained at approximately that level in 1965.

Gold purchases from the United States in 1965 bore little direct relationship to the U.S. deficit in that year. Net sales of U.S. gold jumped from \$0.1 billion in 1964 to nearly \$1.7 billion in 1965. About \$260 million represented a transfer to the IMF in connection with the enlargement of our quota. Primarily, however, these sales resulted from decisions on the part of a few countries to convert dollars accumulated in earlier years and a concentration of payments surpluses in countries that do not wish to increase their dollar holdings. More than half of the total could be attributed to the purchases of one country—France—although Spain and Austria also completed sizable purchase programs.

During 1958–64, the official settlements deficit was, on the average, nearly \$1 billion lower than the liquidity measure, reflecting the growth in private foreign liquid claims on the United States. The two measures were very close in 1965 when private dollar holdings did not advance as rapidly. The behavior of private demands for dollars in the years ahead will provide additional evidence as to the relative significance that should be attached to the liquidity and official settlements measures in guiding the United States to a sustained external payments equilibrium.

DEVELOPMENTS AND POLICIES IN THE 1960'S

When the Kennedy Administration took office in 1961, the United States had just recorded the largest payments deficit of any year in the postwar period. The country was losing gold rapidly and incurring a large buildup of liquid claims abroad that threatened further losses. Action was imperative. The result has been a series of measures of increasing severity and scope, to meet a problem that proved more intractable than was believed earlier. The measures taken through 1964 were fully reviewed in earlier Reports of the Council. Further significant measures—discussed below—were taken in February and December of 1965.

As a result of these measures, and of other developments, the U.S. payments position strengthened. The basic trading position and earnings on investments improved especially. Over this period, the surplus on non-military goods and services increased from \$6.8 billion in 1960 to \$9.1 billion in 1965 (Table 23). Despite rising prices and wages abroad, drastic economies were achieved in military expenditures abroad, and offsetting sales of military equipment were increased sharply; these improvements were sufficient to offset the net increase in Government grants and capital outflows. Moreover, such grants and capital outflows are now almost completely tied to the export of U.S. goods and services.

GROWTH OF PRIVATE CAPITAL OUTFLOWS

The outflow of U.S. private capital rose from \$3.9 billion in 1960 to \$6.5 billion in 1964. Through this outflow, the United States was acquiring a large volume of foreign assets and adding rapidly to its net international own-

TABLE 23.—United States balance of payments, 1960–65

(Billions of dollars)

Type of transaction	1960	1961	1962	1963	1964	1965: First 3 quarters ¹
						<i>Seasonally adjusted annual rates</i>
Balance on goods and services	4.1	5.6	5.1	5.9	8.6	7.1
Balance on nonmilitary goods and services	6.8	8.2	7.6	8.2	10.6	9.1
Balance on trade	4.8	5.4	4.4	5.1	6.7	4.6
Balance on services	2.0	2.8	3.1	3.1	4.0	4.5
Net travel	-1.3	-1.2	-1.5	-1.7	-1.6	² -1.8
Income on direct investments	2.4	2.8	3.1	3.1	3.7	4.3
Other .....	.9	1.2	1.5	1.7	1.9	2.0
Military expenditures, net	-2.7	-2.6	-2.4	-2.3	-2.1	-2.0
Remittances and pensions	-.7	-.7	-.7	-.8	-.8	-1.0
Government grants and capital, net	-2.8	-2.8	-3.0	-3.6	-3.6	-3.3
Government grants and capital	-3.4	-4.1	-4.3	-4.6	-4.3	-4.4
Transactions involving no direct dollar outflows from the U.S.	-2.3	-2.9	-3.2	-3.7	-3.6	-3.6
Dollar payments to foreign countries and international institutions	-1.1	-1.1	-1.1	-.8	-.7	-.8
Scheduled repayments on Government loans .....	.6	.6	.6	.6	.6	.8
Nonscheduled repayments on Government loans .....	.1	.7	.7	.3	.1	.3
Other capital, net	-3.5	-3.5	-2.4	-3.8	-5.8	-3.6
U.S. private capital, net	-3.9	-4.2	-3.4	-4.5	-6.5	-3.6
Long-term, net	-2.5	-2.6	-2.9	-3.7	-4.4	-4.7
Short-term, net	-1.3	-1.6	-.5	-.8	-2.1	1.0
Foreign nonliquid capital, net .....	.4	.7	1.0	.7	.7	(³)
Errors and omissions	-1.0	-1.0	-1.2	-.4	-1.2	-.5
LIQUIDITY BALANCE	-3.9	-2.4	-2.2	-2.7	-2.8	-1.3
Plus: Increase of liquid dollar claims of non-official foreigners .....	.3	1.1	.2	.6	1.6	1.0
Less: Increase in nonliquid liabilities to foreign official monetary institutions ⁴ .....			.3	-.1	(³)	
OFFICIAL SETTLEMENTS BALANCE	-3.6	-1.3	-2.2	-2.0	-1.2	-2
						<i>Unadjusted totals</i>
Gold (decrease +)	1.7	.9	.9	.5	.1	1.5
Convertible currencies (decrease +)		-.1	(³)	-.1	-.2	-.5
IMF gold tranche position (decrease +) .....	.4	-.1	.6	(³)	.3	-.1
Foreign monetary official claims (increase +)	1.4	.7	.7	1.6	1.1	-.7
Net purchases of nonmarketable convertible bonds and notes (increase +) .....				.7	.4	.2
Other liquid claims (increase +)	1.4	.7	.5	1.0	.7	-.9
Net purchase of nonmarketable nonconvertible bonds and notes (increase +) ⁴ .....			.3	-.1	(³)	

¹ Preliminary indications for some components available for the fourth quarter suggest that most of the figures shown in this column are a reasonable approximation to the annual total. Significant exceptions are foreign monetary official claims, which rose substantially, and liquid dollar claims of nonofficial foreigners, which declined late in the year. Consequently, the official settlements deficit for 1965 is estimated to be approximately the same as for 1964.

² Estimate.

³ Less than \$50 million.

⁴ Provisional.

NOTE.—Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce.

ership position as well as to its future receipts of interest, dividends, and re-mitted profits. But the assets acquired through this investment were largely illiquid, and were obtained by parting with liquid assets that added to both private and official claims against us. The U.S. reserve position declined continually.

The growth of U.S. private capital outflow is not difficult to explain. As market integration has progressed and as individuals and businesses have become increasingly familiar with international financial operations, there has been a natural tendency for capital to become more mobile, and more responsive to market forces.

U.S. corporations have shown an increasing interest in business operations overseas and have been sending a rising flow of funds abroad to build and equip new plants and distribution facilities. The extremely rapid growth of incomes, particularly in Europe, Canada, and Japan, has greatly expanded consumer demand, especially for manufactured goods. Wage rates generally are lower abroad, and when American management and technology are exported the productivity of foreign labor is frequently brought close to the U.S. level, making American enterprises in other countries often extremely profitable. The virtual disappearance of internal tariffs in the EEC and EFTA, while external tariffs are retained, has created a large and expanding market which can be readily served by large-scale production in Europe. Of course, direct investment abroad is also made for the purpose of developing or expanding sources of raw materials, often for use in the firm's operations in the United States or elsewhere.

With few exceptions, U.S. money and capital markets are much better developed and freer from restrictions than those abroad, and this attracts foreign borrowers. In part because of this better organization, interest rates and flotation costs are considerably lower in this country. Consequently, there is a tendency for foreigners seeking capital to look to U.S. markets and for interest-sensitive funds to move abroad in search of higher returns.

Long-standing interest rate differentials, and the growing mobility of capital, were important factors in the spurt of long-term portfolio lending that occurred in 1962 and 1963. New foreign security issues in the U.S. market doubled from 1961 to 1962, and the acceleration continued in early 1963. This growth was arrested by the introduction in mid-1963 of the Interest Equalization Tax (IET), which raised the effective interest rate for most foreign borrowing here. Meanwhile, other capital flows began to accelerate, offsetting much or all of the gains from the IET. Bank loans rose sharply, from \$1.5 billion in 1963 to \$2.5 billion in 1964. Direct U.S. investment abroad also accelerated in 1963 and 1964.

THE FEBRUARY 1965 PROGRAM

At the beginning of 1965, it was evident that the rapid rise in capital outflows was creating growing problems for the U.S. balance of payments. Accordingly, the program announced by the President on February 10 applied the IET to most bank loans with a duration of a year or more to borrowers

in developed countries, asked for a 2-year extension of the IET, and attempted in other ways to stem the outflow of private capital through the voluntary cooperation of American business.

U.S. banks and other financial institutions were asked to observe appropriate "guidelines" with respect to their foreign operations in 1965. Banks were asked by the Federal Reserve System to limit the increase in their claims on foreigners in 1965 to 5 percent of the value of their outstanding foreign credits as of December 31, 1964. Top priority was to be assigned to *bona fide* export credits, and second priority to credits to less developed countries. A related program was applied to credits and investments abroad by nonbank financial institutions.

Under the part of the program administered by the Department of Commerce, about 500 large nonfinancial corporations were asked to make a maximum effort to expand the net balance of (a) their exports of goods and services plus (b) their repatriation of earnings from the developed countries less (c) their capital outflows to such countries. They were also asked to bring liquid funds back to the United States.

Although considerable skepticism was initially expressed—particularly abroad—regarding the effectiveness of a voluntary program, it is now clear that the response was excellent. The net outflow of U.S. private capital declined from \$6.5 billion in 1964 (and an annual rate of \$8.9 billion in the fourth quarter) to an annual rate of \$3.6 billion in the first three quarters of 1965. Short-term capital—both bank and nonbank—accounted for a great part of this dramatic shift: the movement of such funds changed from a net outflow of \$2.1 billion in 1964 to a net inflow at an annual rate of \$1.0 billion in the first three quarters of 1965. The success of the voluntary program in shifting the movement of short-term funds was reinforced by the intensified demand for funds in the domestic market, as a result both of sharply rising activity and some tightening of monetary policy.

The U.S. payments deficit in 1965 was adversely affected by certain unusual transactions of the United Kingdom. As a part of the U.K. program to protect the pound, the British authorities converted certain holdings of U.S. securities. Together with the deferment of payments on intergovernmental debts, these transactions reduced U.S. net receipts by well over \$½ billion, on both the official settlements and the liquidity basis.

Despite good over-all results of the payments program, the volume of U.S. direct investment outflows were at a record high in 1965. In the first three quarters, they reached an annual rate of \$3.4 billion, compared with a 1964 total of \$2.4 billion. However, they declined substantially during the course of 1965. Since such outflows are usually planned long in advance, and businesses were not asked to interrupt projects already underway, a lag in the response to the February program was expected. Nevertheless, there was disquieting evidence that plans for direct investment in 1966 remained at a high level. With the sharp reversal in the trend of bank lending abroad, direct investment became the primary area of concern.

PROGRAM FOR 1966

By the autumn of 1965, it was clear that the February program had been successful and that a substantial improvement in the balance of payments had been achieved. Nevertheless, even further improvement was necessary if payments equilibrium was to be attained. Consequently, decisions were announced in December to reinforce and renew the existing programs for 1966. Further attention was placed on encouraging U.S. exports, on promoting foreign tourism and foreign investment in the United States, and on minimizing the effect on the balance of payments of Government transactions. But the principal focus of the supplementary steps had to be on the further containment of direct investment outflows.

Consequently, new guidelines for direct investment were developed for nonfinancial corporations. Each of about 900 individual corporations was asked to hold its combined 1965 and 1966 direct investment outflows (plus earnings retained abroad) in specified advanced countries and mineral exporting nations to no more than 90 percent of the total of these items in the years 1962-64. This will permit an increase of about 35 percent in the average annual outflow of direct investments in 1965-66 over the average annual rate in the 1962-64 base period. A joint target was set for the years 1965 and 1966 in order not to penalize firms which had cut back in 1965, and in order to seek greater restraint by those which had invested more heavily last year. Direct investment in 1966 under the program would be lower than in 1965, though it would remain high relative to outflows of earlier years.

Financial institutions were given guidelines for 1966 that permitted about the same outflow as had been suggested for 1965. The guidelines provided for nonbank institutions were somewhat more detailed than those for 1965. New arrangements with the Canadian authorities were announced on the understanding that continued exemption from the IET would not threaten the goals of the U.S. program.

Efforts to reduce even further the impact of Government activities on the balance of payments will continue in 1966. Net overseas defense expenditures have been quite successfully reduced since 1960. Unfortunately, expanding defense needs will prevent further reduction in 1966. The bulk of Government aid will continue either to be given "in kind," with no dollar flows, or tied to procurement in the United States.

U.S. TRADE POSITION

The outstanding performance of U.S. trade in the 1960's has been strongly supported by our excellent price record, as well as by the rapid expansion of output and incomes abroad. However, the slowdown of economic expansion in Europe and Japan contributed to a reduced trade surplus in 1965. The January-March dock strike not only redistributed the time pattern of sales (somewhat inflating the 1964 level), but also caused a sizable loss of export sales.

Imports showed an unusually large gain in 1965; both manufacturing goods and raw materials rose substantially. Only agricultural imports declined, primarily because of lower prices for such commodities as coffee, sugar, and cocoa. Many U.S. firms, fearing a possible steel strike, turned in part to foreign suppliers in 1965, raising steel imports to about \$1.2 billion—an all-time high. In addition, the rapid expansion of the U.S. economy in 1965 brought a larger rise in our imports than in previous years. The boom in the home market may also in some cases have reduced the interest of American producers in finding or serving markets overseas, particularly where their production made full use of existing capacity or labor.

The 1965 decline in the trade surplus was not the result of any basic deterioration in our competitive position. Our price performance in 1965 continued to match that of our major trading partners, so that we retained the relative advantage achieved in earlier years.

CONCLUSION

Over the longer run, the policies required to assure equilibrium in the U.S. balance of payments will be influenced by many factors, including—among others—the growth rates of our major trading partners throughout the world, the extent to which European nations learn to rely actively on fiscal as well as monetary policy as a means of adjusting over-all demand, the development of capital markets in Europe, changes in the indispensable foreign exchange costs of national security, our rate of technological innovation, our record of productivity growth and price stability, and the progress of improvements in international financial machinery.

If our current account surplus continues to expand, a renewed growth of capital outflows could be compatible with over-all payments equilibrium. For the present, however, the volume of capital outflows likely to occur in the absence of any measures to moderate them would clearly be inconsistent with equilibrium in our external payments. Given that private capital outflows must be contained, the selective measures currently in use seem, for the present, an essential component of our policy. Compared with reliance solely on restrictive general monetary measures that might conceivably hold down capital flows to the same extent, the selective credit techniques have the obvious advantage of allowing monetary policy to respond to the needs for domestic credit, as well as to affect the 5-10 percent of total credit that flows abroad.

The selective approach is consistent with an appropriate composition of the private capital outflow. The exemptions in the IET and the priorities established in the voluntary programs protect the access of less developed countries to U.S. capital. The Federal Reserve program, moreover, gives priority to export financing, which could be squeezed under a highly restrictive monetary policy. By increasing the cost of borrowing in the United States, the IET contains its own escape valve: countries in urgent need of new U.S. capital issues are still free to enter our markets; the less

urgent needs are screened out. The guideline approach of the voluntary programs tends to permit the business firms and banks themselves to select the most attractive investment opportunities; the investments foregone would yield a smaller return than the average for all new U.S. foreign investments.

The voluntary program continues to permit growth in both the ownership of U.S. productive facilities abroad and of the U.S. loans outstanding abroad. But it keeps that growth within the bounds permitted by the U.S. current surplus and the cost of essential defense and aid. The voluntary program remains the foundation of improvement in the U.S. balance of payments this year.

Our efforts to achieve full equilibrium in 1966 should also benefit from the improved situation for sterling; in 1965, special transactions by the United Kingdom accounted for roughly half of our deficit. Prospects are also strengthened by recent understandings established with Canada on the handling of its capital needs from the United States. Strong domestic expansion will continue to increase imports this year, and defense expenditures abroad will have to rise in 1966. Nevertheless, the United States has the determination and the means to continue the sharp improvement effected last year in bringing its balance of payments into equilibrium.

Chapter 7

The Employment Act: Twenty Years of Policy Experience

THERE WERE great expectations and not a few qualms when the Employment Act was signed into law on February 20, 1946, following enactment by heavy bipartisan majorities in both houses of Congress. This year, which marks the 20th anniversary of that enactment, is a suitable occasion to review our experience under the Act, to take stock of where we stand today, and to consider the challenges ahead.

THE ACT AND ITS BACKGROUND

The legislation of 1946 set forth the following declaration of policy:

The Congress declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy, with the assistance and cooperation of industry, agriculture, labor, and State and local governments, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power.

In making this declaration, the Congress recognized that the billions of independent spending and saving decisions of a free economy could well result in levels of total demand either short of full employment or in excess of productive capacity. Furthermore, it took the view that Government policies could play a constructive role in improving the stability and balance of the economy.

The Act was a product of the experiences of the Great Depression and World War II. The Depression shook but did not destroy the faith in an automatic tendency of the economy to find its proper level of operation. In the early 1930's, public works and other antidepression programs were justified as temporary "pump priming," to help the private economy get back on its track after an unusual and catastrophic derailment. And the departure from orthodox fiscal principles was made with regret and without complete consistency. The Government expenditures explicitly designed to

combat depression necessarily increased budget deficits; but this implication was veiled by financing these outlays through an "extraordinary" budget. Meanwhile, taxes were raised, and salaries and housekeeping expenditures cut in the regular budget, thereby reducing the over-all stimulation of Government measures.

The relapse of the economy in 1937 into a sharp decline from a level still far below full employment gave rise to conflicting interpretations. To some, it proved that pump priming and Government deficits had undermined the confidence of the business community and thereby only worsened the situation. Others, however, concluded that it pointed to the need for larger and more sustained fiscal and monetary actions to revive the economy. In drawing this conclusion, economists were buttressed by the writings of J. M. Keynes, who offered a theoretical explanation of the disastrous depression. The Keynesian conclusions received additional support during World War II because they offered a satisfactory explanation of why the high deficit-financed defense expenditures of that period not only wiped out unemployment but went beyond to create inflationary pressures.

Memories of the disastrous 1930's were very much in the public mind as World War II was drawing to an end. Many active proponents of "full employment" legislation in 1945 and 1946 feared a relapse into depressed levels of economic activity like those of the 1930's, once military spending ended. They looked toward Federal public works spending as a peacetime replacement—at least, in part—for the wartime defense outlays.

The opponents of "full employment" legislation had several reservations and objections. Some feared that it would mean a statutory blessing for perpetual budgetary deficits, soaring public expenditures, and massive redistribution of income from upper to lower income groups. There were doubts that Government actions could and would on balance raise employment; and there were fears that these actions would lead to regimentation and would jeopardize the free enterprise system. The proponents of legislation, on the other hand, argued that the Act would merely provide a setting essential to the proper functioning of the free enterprise system because a depressed economy heightened social tensions, discouraged innovation and initiative, dulled competition, and undermined confidence.

The legislation which finally emerged from this discussion wisely abstained from diagnosing depression as the disease and public works as the cure, but instead concentrated on establishing the principle of continuing Government responsibility to review and appraise economic developments, diagnose problems, and prescribe appropriate remedies. And it placed major responsibility squarely upon the President, who was asked to discuss his execution of that responsibility in an Economic Report to be transmitted to the Congress at the start of each year.

The Act also established two agencies—the Council of Economic Advisers in the Executive Branch and the Joint Committee on the Economic Report (later named the Joint Economic Committee) of the Congress—with inter-

related but separate responsibilities. These institutions have each filled a vital and previously missing role in their respective branches of Government—they have provided a coordinated overview of the economic impact of the entire spectrum of Government tax, expenditure, monetary, and other activities. To maintain the emphasis on advice and coordination, the Joint Economic Committee was not given any substantive legislative responsibility nor the Council any policy-executing duties. Both agencies have participated actively in the counsels of Government; both have conscientiously striven for a thoroughly professional economic competence and approach in their respective reports and recommendations; and both have contributed to the public understanding of economic issues.

Today's economic policies reflect the continuing impact of the Employment Act in all the years since its inception. And our accumulating experience is certain to be reflected in the policies of the future. This chapter reviews the development of policy in the past 20 years and outlines the present relationship between economic analysis and economic policy.

AVOIDING DEPRESSIONS AND BOOMS

The Congress proved wise in its decisions to state goals broadly and to concentrate on continuing review, analysis, and proposals, since the specific problems that actually arose were somewhat different from those which many supporters of the Employment Act had anticipated.

Although an important part of the impetus for the Employment Act derived from the prolonged depression of the 1930's and the resulting fear of stagnation in the American economy, this problem did not prove to be the primary challenge to economic policymaking under the Act. Indeed, immediately after World War II, excess-demand inflation proved to be the key problem. Subsequently, policy was focused on the age-old problem of limiting the size and duration of cyclical swings. Only much later and in a much different and milder form did stagnation arise as a live issue.

Thus, much of our experience under the Act consisted of policy actions to combat recession—lest it turn into depression—and to contain excess demand pressure—lest it generate inflationary boom.

COMBATING RECESSIONS

A series of relatively short and mild recessions required Government attention in the postwar period. The problem of cyclical declines was not unexpected by the framers of the Employment Act, nor was it new to the American economy. In the period between 1854 (the beginning of the business cycle annals of the National Bureau of Economic Research) and World War II, we had experienced 21 periods of recession or depression. Our postwar record is blemished by 4 additional periods of contracting economic activity—1948–49, 1953–54, 1957–58, and 1960–61.

Compared with the previous cyclical record, the postwar recessions have been far shorter, considerably milder, and substantially less frequent. Postwar recessions ranged in duration from 8 to 13 months; the average duration of previous declines had been 21 months, and only 3 had been shorter than 13 months in length. Measured by the decline in industrial production from peak to trough, postwar recessions ranged in magnitude from 8 percent to 14 percent. By comparison, in the interwar period, the declines ranged from 6 to 52 percent; three of the five contractions exceeded 30 percent and only one was less than the 14 percent maximum of the postwar period. During the past 20 years, the economy has spent a total of 42 months, or 18 percent of the time, in periods of recessions, far less than the 43 percent applicable to the 1854–1939 era.

Discretionary Policies

This improvement in the postwar record of the economy was aided by the deliberate discretionary steps taken by the Government to modify the impact of business downturns and thereby to prevent cumulating declines into depression. The speed and force of these actions—in both the fiscal and monetary areas—varied among the recessions. Thus, in 1949 little new fiscal action was taken, partly because inflation was viewed as a key problem even during the decline, and partly because Government measures taken the previous year were expected to have a considerable impact on the economy: the tax reductions of 1948 were supplying large refunds, and large expenditure increases were forthcoming under the recently enacted Marshall Plan. The Federal Reserve did act to reduce reserve requirements in a series of steps during the spring and summer of 1949, reversing a two-year rise in short-term interest rates.

In 1953–54, as military outlays declined and aggregate activity retreated, the principal expansionary influence came from previously scheduled reductions of corporate and personal income taxes. But some new action was taken to reduce excise taxes and to speed up expenditures. All three major instruments of monetary policy—reserve requirements, the discount rate, and open market operations—were used to encourage the expansion of credit-financed expenditures. Meanwhile, the Administration planned larger fiscal steps that might be taken if the recession seemed likely to be prolonged. Significantly, in 1954, the bipartisan character of expansionary fiscal policies was established for the first time, as the Republican Administration of President Eisenhower adopted measures that had previously been linked to the New Deal and Keynesian economics.

In 1958, the recession was considerably deeper than its two postwar predecessors and both the Eisenhower Administration and the Congress were more vigorous in taking action. An important concern of earlier years—that business confidence might be disturbed by Government recognition of a recession—seemed insignificant since the sharp recession was obvious to all.

Several important measures were taken. The benefit period for unemployment compensation was temporarily extended. Grants to States under the Federal highway program were enlarged and accelerated, and other programs in the budget also were expanded or rescheduled to provide an earlier stimulative effect. The Government also acted to spur housing activity by financial operations in the mortgage market and by altering terms on Government-guaranteed home mortgages. The important measures were launched near, or after, the trough of the recession. Thus, in retrospect, policy helped most to strengthen the early recovery rather than to contain or shorten the recession. Nevertheless, in view of the general recognition that the Government would be running a substantial deficit in any case, these additions to Federal outlays were a significant reflection of changed attitudes toward the role of fiscal policy.

Monetary policy also played a constructive role in the 1957–58 recession, once the monetary authorities moved to ease credit 3 months after the peak in economic activity. Thereafter, Federal Reserve actions contributed to a revival in housing and other investment by promoting a sharp reduction in interest rates, both short- and long-term.

The first fiscal measures to deal with the 1960–61 recession were taken with the inauguration of President Kennedy in January 1961, when the recession had just about run its course. Nevertheless, improvements in the social insurance system, rescheduling of Federal expenditures, and expanded programs (including defense and space) were an important stimulus to the recovery during 1961. In contrast to the delay in taking fiscal measures, the Federal Reserve reversed a tight money policy early in 1960, prior to the downturn.

Not all discretionary changes in taxes or expenditures have contributed to economic stability. Indeed, some steps taken to pursue national security or social goals had destabilizing economic impacts, which were not always appropriately offset. Previously scheduled payroll tax increases took effect in 1954, 1959, and 1962, and drained off purchasing power in recession or in initial recovery. In 1953, defense outlays declined and triggered a recession before offsetting expansionary policies were adopted.

Structural Changes for Stability

On the whole, discretionary fiscal and monetary actions made a distinct positive contribution in limiting declines. Even more important in this respect was the strengthened inherent stability of the postwar economy.

In large measure, this can be traced simply to the greater size of the Government relative to the total economy: that is, the increased importance of Government expenditures—both purchases of goods and services and transfer payments. Government outlays do not participate in the downward spiral of recession; because of its borrowing capacity, the Federal Government—unlike businesses and households—can maintain its spending in the face of declining income receipts. Although State and local governments do

not have equal immunity from the need to tighten their belts, they have been able to maintain their growing spending programs relatively unaffected during the mild postwar recessions.

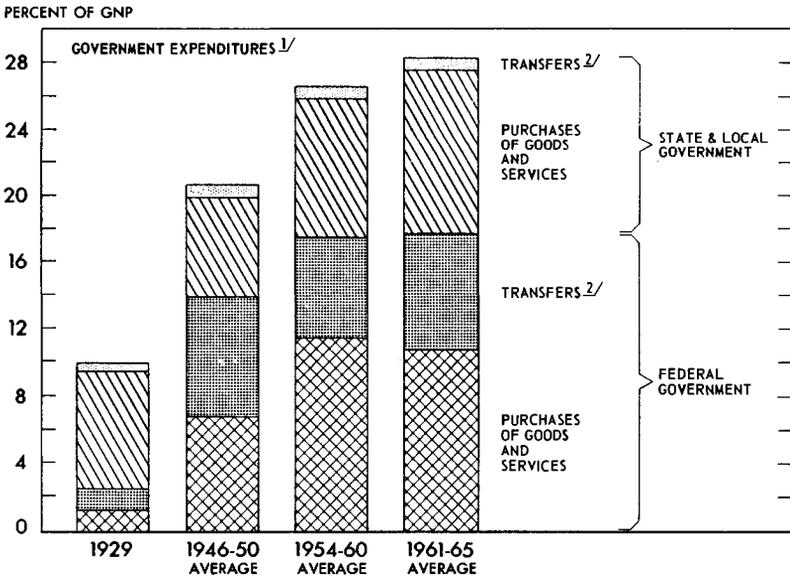
The increased relative importance of Government outlays is shown in Chart 13. Social insurance and national defense have added especially to the postwar totals of Federal outlays. State and local outlays have been rising rapidly in an effort to catch up with neglected needs and to keep up with the desires of a wealthier society for improved public services.

The contribution to the stability of the economy resulting from a high level of Government expenditures, insulated from revenue declines, has been augmented by the cushions to private purchasing power provided by the built-in fiscal stabilizers.

When private incomes and employment decline, purchasing power is automatically supported by both a decline of Federal revenues and an increase in unemployment compensation payments. Transmission of the virus of deflation is thus impeded. During postwar recessions, the progressive Federal personal income tax has not had to demonstrate its full stabilizing effectiveness because of the mildness of dips in personal earnings. There have, however, been sharp declines in corporate incomes; the Federal Treas-

Chart 13

Role of Federal and State and Local Governments in the Economy



1/ NATIONAL INCOME ACCOUNTS BASIS.

2/ TRANSFER PAYMENTS, NET INTEREST, AND SUBSIDIES LESS CURRENT SURPLUS OF GOVERNMENT ENTERPRISES.

SOURCE: DEPARTMENT OF COMMERCE.

ury has shared about half of the drop in profits, thereby helping to bolster dividends and to cushion cash flow, and hence investment outlays.

A number of improvements in our financial structure were developed in the 1930's to assure that financial collapse and declines in economic activity would not generate a vicious downward spiral as they did after 1929. These important financial mechanisms include Federal insurance of private deposits; the separation of commercial and investment banking functions; the Federal Reserve's increased ability to provide banks with reserves in time of crisis; and the joint work of the Federal Reserve and the Securities and Exchange Commission to reduce harmful speculation in the stock market. The very existence of these structural changes has contributed to stability by improving confidence.

With the help of the more stable structure of the economy, recessions in the postwar era have been limited to declines in investment spending (and, in 1953-54, Federal outlays). Consumer incomes have not declined significantly, and hence households have maintained their spending in recession. With the nearly two-thirds of GNP represented by consumer expenditures insulated from decline and with a solid foundation of public outlays, declines in private investment have not cumulated. In contrast, the Great Depression generated a decline of consumer outlays of 40 percent from 1929 to 1933, and the shrinkage of consumer markets aggravated and reinforced the collapse in investment spending.

CONTAINING INFLATIONARY PRESSURES

The desirability of price stability was clearly recognized in the legislative discussion of the Employment Act. But few considered the danger of postwar inflation nearly as great as the opposite danger of relapse into depression. The legislation itself emphasized the objectives of using resources fully and attaining high employment. It did not explicitly label price stability an objective of policy, although this was implicit in the Act and fully reflected in the policies of every Administration. Nevertheless, concern has been expressed at times that policies for "maximum employment" might allow demand to press too hard on available resources, thus biasing the American economy toward inflation.

In the wartime environment, inflationary pressures of excess demand had been suppressed by direct controls on prices and by rationing. It turned out, however, during the years immediately following World War II that these measures had served partly to postpone—rather than to eliminate—significant demand pressures. Substantial backlogs of demand emerged in the 1946-48 period. Consumers and businesses possessed large accumulations of liquid assets to finance the rebuilding of their depleted stocks of household appliances, machinery, and equipment, and their houses and plants.

Thus, contrary to expectations, the initial years of the postwar era were marked by excessive rather than inadequate demand. In this environment, living standards of consumers, the productivity of labor, and the capacity

of businesses rose rapidly. But so did the price level, with a jump of 31 percent in consumer prices from June 1946 to August 1948. Automatic fiscal stabilizers helped to contain the growth of private after-tax incomes, and were reflected in budgetary surpluses during the period. The economic policymaking machinery set up under the Employment Act may have moderated pressures to cut taxes drastically. Meanwhile, monetary policy was tied to a policy of supporting Government bond prices and was not free to combat inflation.

During the Korean war, however, the Government acted vigorously to counter inflationary tendencies close to their source. The March 1951 Federal Reserve-Treasury "accord" unleashed monetary policy. Selective controls on consumer instalment credit and on home mortgages were instituted. The enactment of three large increases in income and profits tax rates in 1950 and 1951 is one of the better examples of timely fiscal policy. These actions reflected, in part, recommendations by the Council of Economic Advisers and hearings and reports of the Joint Economic Committee.

Right after the outbreak of hostilities, prices had risen sharply in a flurry of consumer and business buying and, as a result, prices and wage ceilings had been imposed early in 1951. Once the restraining influence of over-all fiscal and monetary policies was fully felt, there was little pressure on the ceilings, and the economy was able to meet the peak defense demands of the emergency without inflationary strain.

The immediate postwar period and the early months of the Korean war are the two blemishes of clearly excessive demand on our postwar record. Apart from these two intervals, wholesale prices have shown a net increase of only 2 percent in the postwar era. In 1956 and 1957, the only other periods of marked price increases, over-all demand was not generally excessive. That inflation raised new issues, which are discussed below. In view of the whole postwar record, it can hardly be said that the Employment Act has biased policy toward inflation.

EVOLVING PROBLEMS AND POLICIES

During the postwar era, the American economy has remained free of the malignant diseases of depression and run-away inflation. And the rate of economic growth has considerably exceeded its long-term average. The objectives of the Employment Act, however, have not always been fully met. In particular, experience has demonstrated that the avoidance of depression did not guarantee the achievement of "maximum employment" and the avoidance of excess-demand booms did not assure the maintenance of price stability.

INADEQUATE DEMAND IN EXPANSION

The strength of private demand in the early postwar years and then again immediately after the Korean war led to a reassessment of the tasks of

stabilization policy. After a decade of postwar experience, suspicions arose that the typical problem would be to contain rather than to stimulate private demand.

Any such conclusion was soundly refuted by the facts of the ensuing years. With the backlogs met, and with a marked decline in the rate of family formation, private demand weakened in the late 1950's. The economy's performance weakened correspondingly because Government did not act to compensate. Thus, while unemployment had averaged 4.2 percent of the civilian labor force in the first postwar decade, it remained above that level every month between late 1957 and October 1965, averaging 5.7 percent.

The problem of inadequate demand in expansion, which became the primary focus of fiscal action in the 1960's, was a new challenge to policy-making under the Employment Act. In the first postwar decade, each time the economy advanced or rebounded from a recession, it reached the neighborhood of full employment. The policymakers had been ready in the early postwar years to deal with noncyclical problems of submerged prosperity or stagnating production. They had seen maximum employment as a moving target which could be maintained only through a substantial growth of output. Both the Council of Economic Advisers and the Joint Economic Committee had given these issues repeated attention in the late 1940's and early 1950's. But until the late 1950's, no experience had been encountered to distinguish the problem of full employment from that of cyclical prosperity.

Then came a sequence of disturbing events: the 1957-58 recession followed a year of slow advance; the 1960-61 recession began from a peak far below full employment; and the expansion that began in 1961 seemed to be running out of steam after little more than a year.

During the initial years of this period, Government policy maintained vigilance against excessive buoyancy of demand when that was no longer the problem. Restrictive fiscal and monetary actions choked off the recovery of 1958-60. The shift to an expansionary fiscal policy by the Kennedy Administration early in 1961 was designed primarily to initiate a thriving recovery. A determined policy strategy to assure complete recovery was first formulated when the economy faltered in 1962.

The combination of fiscal stimuli to consumer demand and direct tax incentives to investment, together with monetary actions permitting an ample rise in credit, promoted a vigorous and sustained expansion after 1963. The inherent strength of both consumption and investment demand appeared in a new light, once the Revenue Act of 1964 exerted its invigorating influence.

INFLATION AT LESS THAN FULL EMPLOYMENT

Another problem encountered at times during the postwar era has been the tendency of prices to rise even in the absence of over-all excess demand pressures. This tendency reflects structural characteristics of the Ameri-

can economy. The economy is not made up of fully competitive labor and product markets in which large numbers of buyers and sellers interact and respond passively to prices. On the contrary, in many industries both unions and businesses exercise a considerable degree of market power. As a first result, wages and prices are both somewhat rigid in a downward direction. To the extent that prices rise more readily in response to excess demand than they decline in the face of excess supply, the price level is given an upward bias, which can become particularly acute if there are sharp shifts in demand among various sectors of the economy. Secondly, because of market power, some firms augment increases in costs originating elsewhere and unions can escalate their wage demands if prices begin to rise. Third, firms can use a strong market position to widen margins in a period of prosperity even if there are no upward pressures on their costs. Fourth, in the nature of the collective bargaining process, key wage bargains in some industries may tend to establish a pattern applied elsewhere. In particular, if the industries with key wage bargains happen to have excess demands and very strong profits, the pattern will tend to pull wages upward more rapidly throughout the economy.

An important, broadly oriented study by the Joint Economic Committee analyzed the workings of these important influences in the 1956–57 inflation. In that period, excess demands that were present in machinery and equipment, automobile, and metals industries led to price increases that were not offset elsewhere. Large wage settlements in these industries with high demand and high profits had pattern-setting effects on many other contracts, thus adding to costs on a broad front.

Rising prices that originate from such a process can affect expectations, jeopardize the stability and balance of an expansion, and create inequities and distortions just as readily as demand inflation. But measures to restrain these price increases by reducing over-all demand will enlarge unemployment and impair the productivity record so important to cost-price stability over the longer run. Policies to improve the operations of markets, increase resource mobility and accelerate technical change can help to increase the economy's resistance to rising prices. But in a world where large firms and large unions play an essential role, the cost-price record will depend heavily upon the responsibility with which they exercise the market power that society entrusts to them.

The need for responsible private action was brought to public attention in the Economic Reports of President Eisenhower's second Administration. Through the major innovation of the guideposts in the Kennedy and Johnson Administrations, this need has since been focused and developed into a national policy to enlist the force of public opinion to maintain cost-price stability. The emergence of such a policy has been all the more important in recent years because of the balance of payments problem that has persisted alongside the domestic need for more expansion.

ECONOMIC POLICY TODAY

Two decades of economic analysis and policy experience have shaped the development of a revised economic policy. By some, current policy has been labeled the "new economics." It draws heavily on the experience and lessons of the past, and it combines both new and old elements. Current policy represents a coordinated and consistent effort to promote balance of over-all supply and aggregate demand—to sustain steady balanced growth at high employment levels with essential price stability.

This approach to policy has several key aspects, not entirely novel by any means. First, it emphasizes a continuous, rather than a cyclical, framework for analyzing economic developments and formulating policies. Stimulus to demand is not confined to avoiding or correcting recession, but rather is applied whenever needed for the promotion of full-utilization and prosperity. Second, in this way, it emphasizes a preventive strategy against the onset of recession. Third, in focusing on balance of the economy, this policy strategy cannot give top priority to balance in the budget. When private investment threatens to outrun saving at full employment, a Government surplus is needed to increase total saving in the economy while restrictive monetary policy may also be called for to restrain investment outlays. When, as in recent years, private saving at full employment tends to outrun actual private investment, the balance should be corrected by budget deficits and expansionary monetary policy. Fourth, it considers the budget and monetary conditions in the framework of a growing economy, recognizing that revenues expand and thereby exert a fiscal drag on demand unless expansionary actions are taken; similarly, it recognizes that money and credit must expand just to keep interest rates from rising. Fifth, this strategy emphasizes the use of a variety of tools to support expansion while simultaneously pursuing other objectives. Manpower policies, selective approaches to control capital outflows, as well as general fiscal and monetary measures, are all part of the arsenal. Sixth, it calls for responsible price-wage actions by labor and management to prevent cost-inflation from impeding the pursuit of full employment. Finally, it makes greater demands on economic forecasting and analysis. The job of the economist is not merely to predict the upturn or the downturn but to judge continuously the prospects for demand in relation to a growing productive capacity.

THE NATURE OF CYCLICAL INSTABILITY

An industrial economy is vulnerable to cumulative upward and downward movements in activity, so evident in our long-term record. While they can have diverse specific causes, these cyclical fluctuations can be explained as the result of imbalances between the rate of growth of productive capacity and the rate of growth of final demands that make use of productive capacity.

During periods of prosperity, a considerable part of the Nation's output is used to increase productive capacity through investment in plant and equipment and business inventories. If demand keeps pace, sales expand and the new capacity turns out to be profitable. Businessmen find that their decisions to increase capacity have been validated and they continue to pursue expansionary investment policies. If, on the other hand, inventory stocks are built up far in advance of need—on the basis of overly optimistic sales forecasts or as an inflation-hedge—businessmen will subsequently wish to cut back their rate of accumulation. Similarly, if outlays for business fixed investment add to productive capacity faster than demand expands, overheads on new capital cut into profits, inducing business firms to trim their capital outlays. Even if businessmen continue to add somewhat to their productive capacity, the mere decline in the rate of expansion can mean an absolute reduction in the demand for capital goods and for output to go into inventories. Payrolls and purchasing power are thereby curtailed and a decline in total demand can result. Thus a slowdown in economic activity is converted into a definite downturn—a recession or depression.

Imbalance can arise because businessmen in the aggregate invest too much and overbuild, creating more capacity than the economy can—even at best—put to productive use. Or alternatively it can stem from “underbuying,” a growth of final demand too slow to make use of even moderate additions to capacity. In principle, cyclical movements can also be triggered by overbuilding of new homes and consumer durables.

Overbuilding of inventories—partly encouraged by expectations of rising prices—was probably the key factor in the first postwar downturn, which occurred in 1948. That experience demonstrated that a situation of high total demand could deteriorate rapidly into recession without any change in the basic underlying factors in the private economy or any restraining shift in public policy. In 1953, the sharp decline in defense outlays reduced final demands and precipitated recession; productive capacity became temporarily excessive and investment spending declined. In 1956–57, rapid growth of productive capacity was associated with an investment boom; meanwhile, final demands grew very slowly. It is not possible to deliver a clear verdict on whether more vigorous growth of final demand would have justified the high investment levels then obtaining. But with the slow growth of demand that actually occurred, there was an abrupt decline in plant and equipment spending as well as inventory investment in 1957. In 1959–60, the rate of expansion of capacity (including inventories) was not excessive measured against the capabilities of the economy; the failure of the economy to support that growth of capacity must be attributed to “underbuying,” the inadequate expansion of final demand, in an environment of restrictive fiscal and monetary policies.

In the future as in the past, policies to avert recession cannot wait until imbalances develop and the signs of a downturn are clear. The fact that economic activity is rising cannot be an assurance of continued growth if

the expansion is too slow to match the growth of productive capacity. Nor can a strong level of investment be relied on to sustain expansion if it threatens an excessive growth of productive capacity. Recognizing these tasks, Government must apply its fiscal and monetary policies continuously to sustain and support a balanced expansion, sometimes by moderating the strength of an excessive investment boom, sometimes by adding to the strength of lagging final demand. The best defense against recession is a policy to sustain continued expansion. In a free economy, fluctuations in private demand will inevitably occur, and the Government will not always have the wisdom or the ability to counteract them. Continued expansion cannot be guaranteed, but recurrent recession need not be accepted as a necessary fact of economic life.

POLICY FOR A GROWING ECONOMY

In order to achieve the goal of maximum employment, the Government must coordinate all its policies to take account of the persistent growth of the economy's potential output.

The Problem of Fiscal Drag

One consequence of economic growth is that budgetary policies become more restrictive if they stand still. If tax rates are unchanged, Federal revenues will grow continuously as the economy expands. Meanwhile, if Federal expenditures are held constant in the face of growing revenues, the Federal budget will exert a continuing "fiscal drag" on private demand.

Either increased expenditures or reduced tax rates can offset this influence. A total of these two types of stimulative actions which exactly matched the dollar amount of normal revenue growth would provide a precise offset to fiscal drag (and would leave unchanged the high-employment surplus, discussed in Chapter 1).

A simple mechanical offset to fiscal drag is not, however, a satisfactory rule for fiscal policy. When aggregate demand threatens to exceed the supply capacity of the economy, some fiscal drag should be allowed to operate. On the other hand, waning strength in private demand points to fiscal action that would more than offset the drag, effecting a desirable decline in the high-employment surplus.

Furthermore, tightness or ease of monetary policy is important in determining appropriate fiscal actions. There is an analog to drag in the monetary area: A growing economy generates rising demands for liquid assets and increasing needs for borrowing. If monetary policies stand still in the sense of holding supplies unchanged, continually tighter credit conditions and higher interest rates will be the result.

Accelerating Growth

The growth of the economy is a major influence on policy; the opposite side of the coin is the major role of policy in influencing potential economic

growth. The larger the amount of current output invested in physical and human resources, the more rapidly productivity and the productive capacity of the economy will increase.

A number of policy choices can speed growth by shifting resources into various types of investment. Public investment in human and physical resources can yield rich returns in more rapid economic growth. Some public investments, such as those on research and development, encourage complementary private investment. Outlays for manpower training improve labor skills and productivity. Throughout our history, investment in education has been one of the key contributors to growth. Private investment in plant and equipment is a key determinant of our industrial capacity. It can be stimulated by easing monetary policies. It can also be encouraged by selective tax reductions, such as the investment credit and depreciation reform of 1962 and the reductions in corporate tax rates in 1964 and 1965.

When the economy is below full employment, any stimulative measure is likely to add to private investment, thereby contributing to the growth of potential, as well as to actual, output. But, at full employment, more resources can be devoted to capital formation only if current consumption is restrained. A policy strategy to accelerate growth may therefore point to higher personal income taxes or similar measures to hold consumption below what would otherwise be appropriate.

Choices of Tools

Economic policy has many tools available in pursuing the goals of full employment, rapid growth, price stability, and balance of international payments. The full range of economic objectives must be reflected in the selection of policies to meet particular circumstances.

Policy instruments differ in their impact. Sometimes policy tools can advance the economy toward more than one goal. For example, manpower policies help to maintain price stability at high employment and to promote economic growth. Conflicts may occur, however. For example, high interest rates impinge particularly on investment both at home and abroad, hence somewhat reducing foreign capital outflows but also reducing aggregate demand and slowing economic growth. In the case of potential conflicts, instruments must be used more selectively; for example, moderate changes in interest rates can be supplemented by taxes on foreign investment, like the Interest Equalization Tax.

The potential for timely results differs for various policy instruments. Monetary policy can be altered readily, although its full economic impact will not be immediate. While some restraint or speedup in Federal outlays can be applied by Executive authority alone, tax rate changes must, of course, be approved by the Congress. The speed of congressional action on tax changes has varied. It acted rapidly to increase taxes in 1950, and to reduce excise taxes both in 1954 and 1965. On the other hand, it took

13 months to enact the comprehensive Revenue Act of 1964. Tax revision can help to avoid the necessity for abrupt changes in Federal expenditures, which could require stopping a project before its conclusion or starting a new one with inadequate planning.

Given the possibility for achieving needed short-run stimulus or restraint through changes in taxes, transfer payments, or monetary policy, decisions on expenditures for public services can rest on basic judgments of costs and benefits of public and private spending. The availability of this choice permits resources to be devoted to the highest priority uses.

PREREQUISITES OF SUCCESSFUL POLICY

Choice of the right policy action demands full information about the state of the economy and understanding of its workings. And execution of stabilizing policy requires public understanding and acceptance.

INFORMATION

An important requirement of economic policymaking is a firm and timely knowledge of where the economy stands. Spurred by the need for prompt and enlightened decisions, the Federal statistics program has made rapid forward strides in the postwar period, and now provides a much better gauge of current economic developments. Of the 369 monthly series now carried in *Economic Indicators*, the statistical summary prepared by the Council and issued by the Joint Economic Committee, only 60 percent would have been available by the monthly publication date at the time *Economic Indicators* was launched in the late 1940's.

In addition to the information on current developments, a number of anticipatory surveys have been instituted which provide important information on the probable future course of the economy. Outstanding among these is the Commerce-Securities and Exchange Commission survey on plant and equipment; additional important clues to future developments come from the Commerce inventory survey and the Census quarterly survey of consumer buying intentions. Important information also is obtained from private sources including the University of Michigan's Survey Research Center, the National Industrial Conference Board, and McGraw-Hill, Inc.

Yet, our data are not completely satisfactory. The revisions of the national accounts last summer gave evidence of how much we learn later that could have been helpful on a current basis. There are any number of areas—capital stock and capacity, productivity, employee fringe benefits, job vacancies, among them—where there are important gaps and weaknesses in our quantitative information which can be remedied only by expansion of our statistical programs.

Not all the information useful to the Council comes from published sources or takes the form of numbers. The Council, as enjoined by the Act, finds it most useful to consult regularly with business and labor. These

consultations provide valuable information and opinions, and also allow the Council to explain and clarify Administration views.

PROFESSIONAL KNOWLEDGE

Facts are the essential raw materials for analysis, but they require intelligent processing to be useful in guiding policy. The ability of economists to diagnose and forecast on the basis of current facts and to evaluate the impact of alternative policy measures is a key determinant of what policy can do to maintain stable balanced growth.

Our economic knowledge has made great advances in the past generation, but many important questions remain, answers to which should be and can be improved through further research.

There are many quantitative uncertainties in forecasting the strength of private demands. Some of these were illustrated in 1965 when the improvement in profits and sales—coupled with the shifting defense picture—generated a more rapid and greater surge in investment demand than was foreseen initially. Furthermore, the linkage between monetary policy actions and changes in ultimate spending also require more exploration. And even in areas that are more readily quantified, such as the impact on GNP of changes in Government purchases and personal tax reductions, there remains a considerable range of doubt about the timing of the impacts and the specific influences on consumption and investment.

Departing from the domain of aggregative output effects, we need a better understanding of many more specialized problems, such as the functioning of labor markets—how job vacancies are filled, how skill shortages are met, and how excess supplies in one area are ultimately absorbed elsewhere. Such knowledge can be a useful guide to the possibilities for expanding output and employment while avoiding bottlenecks.

But while much remains to be learned about our economy, it would be a disservice to understate the power of economic analysis, and to underrate the substantial contribution of the profession to the successful course of our economy in the postwar period. The Employment Act provided the framework in which this professional contribution could be rendered and be given its proper place in the framing of public policy.

PUBLIC UNDERSTANDING

Not all of the needed improvements in knowledge and understanding are of a technical character. Even though viewed as correct by the professional analyst, policies cannot be applied effectively unless the Congress and the public at large understand how the proposed measures intend to further desirable objectives.

If policy proposals of the Administration are to be converted into legislation, they must be convincing to the Congress. Twenty Annual Economic Reports have explained the rationale for the programs of four Presidents. And the Joint Economic Committee has rendered invaluable service

in contributing to an understanding of general economic policy and specific proposals. The principles of fiscal policy and their implications for tax and expenditure legislation have been central to the Nation's economic education in the past 20 years. The great increase in understanding is best seen in the sophisticated current level of public discussion.

Proper understanding of policies by the public, moreover, contributes to the very success of the policy measures. In the absence of public understanding, there can be perverse reactions. If people read policies to maintain price stability as an announcement that inflation has arrived, rather than an exercise of determination to avoid it, destabilized prices may be the result. If people see steps to combat recession as a sign of panic rather than a support to the economy, this too can have adverse psychological effects. In particular, a firm appreciation by the American people of the rationale of wage-price guideposts is essential to make them effective and to limit the need for active participation by Government. It is the public that gets hurt by irresponsible wage-price decisions, and public reaction can be the best reminder to those with market power of their social responsibility.

CONCLUSION

As the primary objective set by the Employment Act is being reached, new problems move to the fore and are receiving increasing attention in public policy. These include the efficient use of the Nation's human and natural resources, the conquest of poverty and suffering, the reconstruction of our cities, and the many other tasks set forth in the preceding pages of this Report. And undoubtedly in the pursuit of the goals of the Employment Act during the next 20 years, policymakers will encounter a new range of problems, no more completely foreseeable now than were the issues of today in 1946.

While important problems remain, we are nonetheless at an historic point of accomplishment and promise. Twenty years of experience have demonstrated our ability to avoid ruinous inflations and severe depressions. It is now within our capabilities to set more ambitious goals. We strive to avoid recurrent recessions, to keep unemployment far below rates of the past decade, to maintain essential price stability at full employment, to move toward the Great Society, and, indeed, to make full prosperity the normal state of the American economy. It is a tribute to our success under the Employment Act that we now have not only the economic understanding but also the will and determination to use economic policy as an effective tool for progress.

Appendix A

**MAJOR LEGISLATION AND ADMINISTRATIVE
ACTIONS OF ECONOMIC SIGNIFICANCE IN 1965**

Major Legislation and Administrative Actions of Economic Significance in 1965

February

VOLUNTARY RESTRAINT PROGRAM FOR BALANCE OF PAYMENTS

In a special message to the Congress, the President asked bankers and businessmen to “exercise voluntary restraint in lending money or making investment in developed nations.” The President said that restraint should particularly apply to short-term loans and direct investment. This led to the issuance by the Federal Reserve Board of guidelines to be followed by banks and by nonbank financial institutions in their foreign lending and investment activities, and to requests by the Department of Commerce for similar restraint by the business community.

March

GOLD COVER—P.L. 89-3

Eliminates the requirement that each Federal Reserve Bank maintain gold certificate reserves valued at not less than 25 percent of the amount of commercial bank deposits it holds.

APPALACHIAN PROGRAM—P.L. 89-4

Authorized Federal aid for the development of the economically depressed 11-state Appalachian region. Established an Appalachian Regional Commission to coordinate the many projects—road building, construction of health facilities and vocational schools, land improvement, reclamation of mining areas, and development of timber and water resources.

April

ELEMENTARY AND SECONDARY EDUCATION—P.L. 89-10

Authorized a 3-year program of Federal grants to school districts with large numbers of children from low-income families. Authorized a 5-year program of grants for the purchase of library books, other library materials, and textbooks. Also authorized programs to establish supplementary community education centers, expand educational research, and strengthen State departments of education.

MANPOWER PROGRAMS—P.L. 89-15

Extended and expanded the Manpower Development and Training Act (MDTA). Permitted 100 percent Federal financing to continue through June 30, 1966. Increased the maximum training period from 72 weeks to 2 years and provided additional training allowances and benefits. Brought the Area Redevelopment Act training program under MDTA.

FINANCIAL AND CREDIT REGULATIONS

The Federal Home Loan Bank Board issued several new regulations aimed at protecting depositors and shareholders at savings institutions from the possibility that competitive forces would encourage these institutions to extend excessively risky credit. The Federal Housing Administration also tightened regulations pertaining to its mortgage insurance program.

May

INTERNATIONAL COFFEE AGREEMENT—P.L. 89-23

Enabled the United States to carry out its obligations under the International Coffee Agreement of 1962. The Agreement was designed to bring more stability to coffee prices.

June

INTERNATIONAL MONETARY FUND CONTRIBUTION—P.L. 89-31

Authorized a 25-percent increase in the U.S. contribution to the IMF.

EXCISE TAX REDUCTION—P.L. 89-44

Provided excise tax reductions totaling \$4.7 billion between 1965 and 1969. Provided for the elimination of all Federal excises by 1969 except user, regulatory, and sumptuary levies and a 1-percent manufacturer's tax on passenger automobiles.

REDUCTION OF DUTY-FREE TOURIST EXEMPTION—P.L. 89-62

Made permanent the existing temporary \$100 exemption and provided for its calculation on the retail value of goods rather than the lower wholesale value. Reduced from one gallon to one quart the amount of duty-free foreign alcoholic beverages that could be brought into the country, and changed the valuation under the existing \$10 exemption for mailed packages from wholesale to retail.

July

RIVER BASIN PLANNING—P.L. 89-80

Provided for Federal and regional coordination of plans for water resource development.

SILVER COINAGE—P.L. 89-81

Revised the Nation's coinage by authorizing coinage of half dollars with less silver content and quarters and dimes without silver content.

HEALTH CARE AND SOCIAL SECURITY—P.L. 89-97

Provided a health care insurance program for persons 65 and older, expanded to other needy individuals the Kerr-Mills program of medical care payments to the indigent aged, strengthened child health care programs and other Federal-State public assistance programs. Increased Social Security benefits by 7 percent, retroactive to January 1965, and raised Social Security taxes and covered wages, effective January 1966.

August

STAFFING SUPPORT FOR COMMUNITY MENTAL HEALTH CENTERS—P.L. 89-105

Authorized a new 7-year program of grants to pay the initial costs of professional and technical personnel at community health centers; expanded teacher training and research and demonstration projects for education of handicapped children.

COMMUNITY HEALTH SERVICE EXTENSION—P.L. 89-109

Expanded and extended for an additional year the general public health grants to States and the authority for project grants to support community health services; extended for 3 years the mass immunization program; expanded and extended for 3 years the migratory workers' health program.

HEALTH RESEARCH FACILITIES—P.L. 89-115

Extended for 3 years and expanded the existing program of grants for construction of health research facilities.

OMNIBUS HOUSING ACT—P.L. 89-117

Established a program of rent supplements for low-income families; extended and amended laws relating to public housing, urban renewal, relocation grants, open space land, and metropolitan organization and planning; provided a new grant program for the construction of essential water and sewer facilities.

ECONOMIC DEVELOPMENT—P.L. 89-136

Authorized up to \$3.25 billion in grants and loans for public works, development facilities, and other projects intended to aid economically depressed areas and to aid planning for economic development.

September

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—P.L. 89-174

Created a cabinet level Department of Housing and Urban Development. Transferred to the new Department all of the functions of the Housing and Home Finance Agency and its components.

ANTITRUST EXEMPTIONS—P.L. 89-175

Provided exemptions from the antitrust laws to strengthen the U.S. balance of payments. Established procedures for voluntary agreements among banks, trusts, pension funds, etc., to curtail the outflow of dollars and credit.

STATE TECHNICAL SERVICES—P.L. 89-182

Provided matching grants to States which establish technical information programs to apprise local businesses and industries of the opportunities for using scientific information and techniques.

HIGH-SPEED GROUND TRANSPORT—P.L. 89-220

Authorized the Secretary of Commerce to conduct a 3-year \$90 million research, development, and demonstration project in high-speed ground transportation.

October

WATER POLLUTION CONTROL—P.L. 89-234

Provided for the establishment and enforcement of water quality standards for interstate streams. Increased Federal financial aid for construction of community waste treatment projects and created a new Water Pollution Control Administration within the Department of HEW.

IMMIGRATION—P.L. 89-236

Revised the Nation's immigration system to eliminate national origins quotas and to set general priorities for admission to the United States.

REGIONAL MEDICAL PROGRAMS—P.L. 89-239

Authorized a 3-year program of grants to support the establishment of a network of regional medical complexes in the fields of heart disease, cancer, stroke, and related diseases.

INTEREST EQUALIZATION TAX—P.L. 89-243

Extended through July 1967 the tax on the purchase by Americans of certain foreign securities.

AIR POLLUTION CONTROL—P.L. 89-272

Provides for control of air pollution from automotive exhaust emissions and authorizes a national research program for disposal of solid wastes.

CANADIAN AUTO AGREEMENT—P.L. 89-283

Authorized the President to remove tariff duties on Canadian automobiles and parts for original equipment, and eased the eligibility criteria for granting assistance to injured workers and firms.

HIGHWAY BEAUTIFICATION—P.L. 89-285

Provided for the removal of billboards and junkyards from primary and interstate highway systems. Authorized grants to the States for landscaping and roadside development.

VOCATIONAL SCHOOL LOANS—P.L. 89-287

Provided insured loans and interest subsidies for students engaged in post-high school business, trade, technical, and other vocational education.

HEALTH PROFESSIONAL EDUCATION—P.L. 89-290

Extended for 3 years and expanded the existing programs of Federal grants for construction of teaching facilities to train health personnel and of loans for students in health fields; initiated a new program of scholarships and institutional grants for financial support and curriculum improvement.

MEDICAL LIBRARIES—P.L. 89-291

Authorized a 4-year program of Federal grants-in-aid to build medical library facilities and a 5-year program of other assistance.

November

FARM PROGRAM—P.L. 89-321

Extended with some modifications existing programs for wheat, wool, and feed grains; provided authority for new programs for dairy products and cotton; authorized a cropland adjustment program; and provided for rice acreage diversion payments, if the national rice acreage allotment is reduced.

HIGHER EDUCATION—P.L. 89-329

Established Federal scholarships for financially needy undergraduate students. Authorized a National Teacher Corps to improve education in slums and other impoverished areas. Authorized guaranteed loans for college students, graduate fellowships for elementary and high school teachers, and Federal aid to improve college libraries, college instructional equipment, and community service programs.

SUGAR QUOTAS—P.L. 89-331

Revised and extended through 1971 quotas on domestic and imported sugar. Increased mainland domestic quotas by 580,000 tons a year and granted quotas for U.S. imports to 31 nations.

WATER POLLUTION

The President issued an Executive Order aimed at prevention, control, and abatement of water pollution by Federal activities.

December

DISCOUNT RATE AND REGULATION Q ACTION

Federal Reserve Bank discount rates were raised from 4 to 4½ percent. At the same time, maximum rates that member banks can pay on time deposits and certificates of deposit maturing in 30 days or more were raised to 5½ percent from 4 percent on such deposits maturing in 30 to 90 days, and 4½ percent on those maturing in 90 days or more; no change was made in the 4 percent rate payable on savings deposits. The Federal Deposit Insurance Corporation also increased the maximum interest rate which can be paid on time deposits by insured nonmember banks.

REVISION OF GUIDELINES FOR FINANCIAL INSTITUTIONS AND CORPORATIONS

The Federal Reserve Board and the Department of Commerce issued revised guidelines for foreign credits and investment by financial institutions and businesses in 1966.

Appendix B

**REPORT TO THE PRESIDENT ON THE ACTIVITIES OF
THE COUNCIL OF ECONOMIC ADVISERS DURING 1965**

LETTER OF TRANSMITTAL

DECEMBER 31, 1965.

The PRESIDENT.

SIR: The Council of Economic Advisers submits this report on its activities during the calendar year 1965 in accordance with the requirements of Congress, as set forth in section 4(d) of the Employment Act of 1946.

Respectfully,

GARDNER ACKLEY, *Chairman*
OTTO ECKSTEIN
ARTHUR M. OKUN

Report to the President on the Activities of the Council of Economic Advisers During 1965

The Council of Economic Advisers was established as an agency in the Executive Office of the President by the Employment Act of 1946. Under the Act, the Council is charged with the responsibility of analyzing and interpreting economic developments and trends and formulating and recommending economic policies that will promote the goals of "maximum employment, production, and purchasing power."

The Council endeavors to keep the President and his immediate staff fully informed concerning economic developments and prospects, and emerging problems that may affect the Nation's economy. At the request of the President, and members of his staff, or on its own initiative, the Council studies particular areas or problems, and makes recommendations concerning Government programs and policies. Continuous contact is maintained with all major Government agencies having responsibilities in the economic field, and the Council participates frequently in interagency discussions of problems of economic policy. In addition, it participates in, and sometimes chairs, a number of more formal interagency committees.

The Council undertakes the responsibility of explaining and clarifying the Administration's economic policies both within Government and to the public at large. This is carried out through speeches, articles, statements, special studies (including, this year, the *Report to the President on Steel Prices*), Congressional testimony, and the *Annual Report of the Council of Economic Advisers*.

An important phase of the Council's work involves its participation in the activities of international organizations of which the United States is a member. Council members and staff have been particularly active in the various committees and working groups of the Organization for Economic Cooperation and Development.

Gardner Ackley, Otto Eckstein, and Arthur M. Okun continued to serve as Council members in 1965, with Mr. Ackley as Chairman. Messrs. Ackley, Eckstein, and Okun are on leave from the University of Michigan, Harvard University, and Yale University, respectively.

On December 27, the President announced that James S. Duesenberry, Professor of Economics, Harvard University, will succeed Mr. Eckstein, who is returning to the Harvard University faculty about February 1, 1966.

Following is a list of all past Council members and their dates of service:

Name	Position	Oath of office date	Separation date
Edwin G. Nourse.....	Chairman.....	August 9, 1946.....	November 1, 1949.
Leon H. Keyserling.....	Vice Chairman.....	August 9, 1946.....	
	Acting Chairman.....	November 2, 1949.....	
	Chairman.....	May 10, 1950.....	January 20, 1953.
John D. Clark.....	Member.....	August 9, 1946.....	
	Vice Chairman.....	May 10, 1950.....	February 11, 1953.
Roy Blough.....	Member.....	June 29, 1950.....	August 20, 1952.
Robert C. Turner.....	Member.....	September 8, 1952.....	January 20, 1953.
Arthur F. Burns.....	Chairman.....	March 19, 1953.....	December 1, 1956.
Nell H. Jacoby.....	Member.....	September 15, 1953.....	February 9, 1955.
Walter W. Stewart.....	Member.....	December 2, 1953.....	April 29, 1955.
Joseph S. Davis.....	Member.....	May 2, 1955.....	October 31, 1958.
Raymond J. Saulnier.....	Member.....	April 4, 1955.....	
	Chairman.....	December 3, 1956.....	January 20, 1961.
Paul W. McCracken.....	Member.....	December 3, 1956.....	January 31, 1959.
Karl Brandt.....	Member.....	November 1, 1958.....	January 20, 1961.
Henry C. Wallfisch.....	Member.....	May 7, 1959.....	January 20, 1961.
James Tobin.....	Member.....	January 29, 1961.....	July 31, 1962.
Kermit Gordon.....	Member.....	January 29, 1961.....	December 27, 1962.
Walter W. Heller.....	Chairman.....	January 29, 1961.....	November 15, 1964.
John P. Lewis.....	Member.....	May 17, 1963.....	August 31, 1964.

At the end of 1965, members of the Council's professional staff were John J. Arena, Guy Black, Stanley W. Black, John W. Dorsey, Jr., Theodore J. Goering, Frances M. James, Susan J. Lepper, Wilfred Lewis, Jr., David W. Lusher, Paul W. Mac Avoy, Benjamin A. Okner, Theodore K. Osgood, Alfred Reifman, R. Robert Russell, Frank W. Schiff, Martin Segal, Lewis J. Spellman, and Paul J. Taubman.

Each year a number of staff members who have joined the Council on a temporary basis return to posts in private life or in government. Those leaving the Council in 1965 were Jarvis M. Babcock, James T. Bonnen, W. Lee Hansen, Edwin S. Mills, Theodore Morgan, Frederic Q. Raines, Melvin Rothbaum, Lester D. Taylor, Lester C. Thurow, Joseph J. Walka, and Ramsay Wood.

The Council consults frequently with leading members of the economics profession. The following served the Council as consultants during 1965: W. H. Locke Anderson, William J. Baumol, Barbara Berman Bergmann, William G. Bowen, Harvey E. Brazer, E. Cary Brown, Richard E. Caves, Richard N. Cooper, James S. Duesenberry, John Dunlop, Kermit Gordon, Walter W. Heller, Maynard M. Hufschmidt, Myron L. Joseph, Carl Kaysen, Charles P. Kindleberger, Mark W. Leiserson, Harold M. Levinson, John V. Lintner, Jr., Richard A. Musgrave, Joseph A. Pechman, Merton J. Peck, George L. Perry, Frank C. Pierson, Albert E. Rees, Walter Salant, Paul A. Samuelson, Warren L. Smith, Robert M. Solow, Charles A. Taff, James Tobin, and Lloyd Ulman.

The Council also consults from time to time with various groups from industry and labor, including its Liaison Committee of the Business Council, the AFL-CIO economists and research directors, and the Conference of Business Economists.

The Council continued its summer student intern program begun in 1961. Those participating in the program this past summer were William H.

Branson, Faith G. Halfter, Allen H. Lerman, Heather L. Ross, and David A. Starrett. In addition, David J. Ott joined the Council staff for the summer.

In 1965, as in most of the preceding 10 years, the Council relied upon the editorial skills of Miss Dorothy Wescott in preparing its Annual Report.

PUBLICATIONS

The January 1965 *Economic Report of the President*, together with *The Annual Report of the Council of Economic Advisers*, was distributed to members of the Congress, Government officials, the press, and depository libraries. The Superintendent of Documents sold more than 50,000 copies to the public.

The monthly *Economic Indicators*, an important compilation of current economic statistics, has been prepared since 1948 at the Council under the direction of Miss Frances M. James, and is published by the Joint Economic Committee of the Congress. Under authority of a Joint Resolution of the Congress, copies are furnished to members of the Congress and to depository libraries. The Superintendent of Documents sells more than 8,000 copies a month to the public.

Appendix C

**STATISTICAL TABLES RELATING TO INCOME,
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Note.—Detail in these tables will not necessarily add to totals because of rounding.

Data for Alaska and Hawaii are not included unless specifically noted.

Unless otherwise noted, all dollar figures are in current prices.

NATIONAL INCOME OR EXPENDITURE

TABLE C-1.—Gross national product or expenditure, 1929-65

(Billions of dollars)

Year or quarter	Total gross national product	Personal consumption expenditures ¹	Gross private domestic investment ²							Net exports of goods and services ³	Government purchases of goods and services				
			Total	Fixed investment				Change in business inventories	Total		Federal			State and local	
				Total	Nonresidential		Residential structures				Total	National defense ⁴	Other		
					Total	Structures									Producers' durable equipment
1929	103.1	77.2	16.2	14.5	10.6	8.3	4.0	2.3	1.7	1.1	8.5	1.3	1.3	7.2	
1930	90.4	69.9	10.3	10.6	8.3	4.0	4.3	2.3	-0.4	1.0	9.2	1.4	1.4	7.8	
1931	75.8	60.5	5.6	6.8	5.0	2.3	2.7	1.7	-1.1	0.5	9.2	1.5	1.5	7.7	
1932	58.0	49.6	1.0	3.4	2.7	1.2	1.5	0.7	-2.5	0.4	8.1	1.5	1.5	6.6	
1933	55.6	45.8	1.4	3.0	2.4	0.9	1.5	0.6	-1.6	0.4	8.0	2.0	2.0	6.0	
1934	65.1	51.3	3.3	4.1	3.2	1.0	2.2	0.9	-0.7	0.6	9.8	3.0	3.0	6.8	
1935	72.2	55.7	6.4	5.3	4.1	1.2	2.9	1.2	1.1	1.1	10.0	2.9	2.9	7.1	
1936	82.5	61.9	8.5	7.2	5.6	1.6	4.0	1.6	1.3	1.1	12.0	4.9	4.9	7.0	
1937	90.4	66.5	11.8	9.2	7.3	2.4	4.9	1.9	2.5	3	11.9	4.7	4.7	7.2	
1938	84.7	63.9	6.5	7.4	5.4	1.9	3.5	2.0	-0.9	1.3	13.0	5.4	5.4	7.6	
1939	90.5	66.8	9.3	8.9	5.9	2.0	4.0	2.9	0.4	1.1	13.3	5.1	1.2	3.9	8.2
1940	99.7	70.8	13.1	11.0	7.5	2.3	5.3	3.4	2.2	1.7	14.0	6.0	2.2	3.8	8.0
1941	124.5	80.6	17.9	13.4	9.5	2.9	6.6	3.9	4.5	1.3	24.8	16.9	13.8	3.1	7.9
1942	157.9	88.5	9.8	8.1	6.0	1.9	4.1	2.1	1.8	(^b)	59.6	51.9	49.4	2.5	7.7
1943	191.6	99.3	5.7	6.4	5.0	1.3	3.7	1.4	-0.6	-2.0	88.6	81.1	79.7	1.4	7.4
1944	210.1	108.3	7.1	8.1	6.8	1.8	5.0	1.3	-1.0	-1.8	96.5	89.0	87.4	1.6	7.5
1945	212.0	119.7	10.6	11.7	10.2	2.9	7.3	1.5	-1.0	-0.6	82.3	74.2	73.5	0.7	8.1
1946	208.5	143.4	30.6	24.2	17.0	6.8	10.2	7.2	6.4	7.5	27.0	17.2	14.7	2.5	9.8
1947	231.3	160.7	34.0	34.4	23.4	7.5	15.9	11.1	-5.5	11.5	25.1	12.5	9.1	3.5	12.6
1948	257.6	173.6	46.0	41.3	26.9	8.8	18.1	14.4	4.7	6.4	31.6	16.5	10.7	5.8	15.0
1949	256.5	176.8	35.7	38.8	25.1	8.5	16.6	13.7	-3.1	6.1	37.8	20.1	13.3	6.8	17.7
1950	284.8	191.0	54.1	47.3	27.9	9.2	18.7	19.4	6.8	1.8	37.9	18.4	14.1	4.3	19.5
1951	328.4	206.3	59.3	49.0	31.8	11.2	20.7	17.2	10.3	3.7	59.1	37.7	33.6	4.1	21.5
1952	345.5	216.7	51.9	48.8	31.6	11.4	20.2	17.2	3.1	2.2	74.7	51.8	45.9	5.9	22.9
1953	364.6	230.0	52.6	52.1	34.2	12.7	21.5	18.0	4.4	4.4	81.6	57.0	48.7	8.4	24.6
1954	364.8	236.5	51.7	53.3	33.6	13.1	20.6	19.7	-1.5	1.8	74.8	47.4	41.2	6.2	27.4
1955	398.0	254.4	67.4	61.4	38.1	14.3	23.8	23.3	6.0	2.0	78.2	44.1	38.6	5.5	30.1
1956	419.2	266.7	70.0	65.3	43.7	17.2	26.5	21.6	4.7	4.0	78.6	45.6	40.3	5.3	33.0
1957	441.1	281.4	67.8	66.5	46.4	18.0	28.4	20.2	1.3	5.7	80.6	49.5	44.2	5.3	36.6
1958	447.3	290.1	60.9	62.4	41.6	16.6	25.0	20.8	-1.5	2.2	94.2	53.6	45.9	7.7	40.6
1959	483.6	311.2	75.3	70.5	45.1	16.7	28.4	25.5	4.8	1.1	97.0	53.7	46.0	7.6	43.3
1960	503.8	325.2	74.8	71.3	48.4	18.1	30.3	22.8	3.6	4.1	99.6	53.5	44.9	8.6	46.1
1961	520.1	335.2	71.7	69.7	47.0	18.4	28.6	22.6	2.0	5.6	107.6	57.4	44.7	9.6	50.2
1962	560.3	355.1	83.0	77.0	51.7	19.2	32.5	25.3	6.0	5.1	117.1	63.4	51.6	11.8	53.7
1963	589.2	373.8	86.9	81.2	54.3	19.7	34.6	26.9	5.7	5.9	122.6	64.4	50.8	13.6	58.3
1964	628.7	398.9	92.9	88.1	60.5	21.1	39.4	27.5	4.8	8.6	128.4	65.3	49.9	15.4	63.1
1965 ⁶	675.6	428.5	104.9	97.5	69.8	24.3	45.5	27.6	7.4	7.2	135.0	66.7	49.9	16.8	68.2
Seasonally adjusted annual rates															
1963: I	577.0	368.0	82.6	78.1	52.1	19.0	33.1	26.0	4.5	4.5	121.9	65.4	51.5	13.9	56.5
II	583.1	371.1	84.8	80.1	53.4	19.2	34.2	26.7	4.7	6.2	120.9	63.6	50.5	13.1	57.4
III	593.1	376.6	87.9	82.1	55.1	20.0	35.1	26.9	5.8	5.7	123.0	64.2	51.0	13.2	58.8
IV	603.6	379.5	92.4	84.3	56.5	20.5	36.0	27.9	8.1	7.3	124.3	64.4	50.3	14.1	59.9
1964: I	614.0	389.1	89.7	86.5	58.1	20.7	37.5	28.4	3.3	8.8	126.3	65.0	49.8	15.2	61.3
II	624.2	396.0	90.9	86.8	58.9	21.1	37.9	27.9	4.1	7.7	129.7	67.0	51.7	15.3	62.7
III	634.8	404.6	92.6	88.8	61.6	21.1	40.5	27.2	3.8	8.8	128.7	64.9	49.5	15.4	63.8
IV	641.1	405.9	97.7	90.2	63.5	21.5	42.0	26.7	7.5	8.9	128.6	64.3	48.8	15.5	64.3
1965: I	657.6	416.9	103.4	94.6	66.9	23.2	43.7	27.7	8.8	6.0	131.3	64.9	48.8	16.1	66.4
II	668.8	424.5	102.8	96.4	68.4	24.5	43.9	28.0	6.4	8.0	133.5	65.7	49.2	16.5	67.8
III	681.5	432.5	106.2	98.6	70.9	24.2	46.7	27.7	7.6	7.4	135.4	66.5	49.8	16.7	68.9
IV ⁶	694.6	440.1	107.5	100.5	73.2	25.4	47.8	27.2	7.0	7.4	139.6	69.7	52.0	17.7	69.9

¹ See Table C-8 for major components.

² See Table C-9 for further detail and explanation of components.

³ See Table C-6 for exports and imports separately.

⁴ This category corresponds closely to the national defense classification in the *Budget of the United States Government for the Fiscal Year ending June 30, 1967*.

⁵ Less than \$50 million.

⁶ Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE C-2.—Gross national product or expenditure, in 1958 prices, 1929-65

(Billions of dollars, 1958 prices)

Year or quarter	Total gross national product	Personal consumption expenditures				Gross private domestic investment								Change in business inventories
		Total	Durable goods	Non-durable goods	Services	Total	Fixed investment					Residential structures		
							Total	Nonresidential			Producers' durable equipment			
								Total	Structures	Producers' durable equipment				
1929.....	203.6	139.6	16.3	69.3	54.0	40.4	36.8	26.5	13.9	12.6	10.4	3.5		
1930.....	183.3	130.4	12.9	65.9	51.5	27.3	27.9	21.6	11.7	9.9	6.3	-6		
1931.....	169.2	126.1	11.2	65.6	49.4	16.6	19.1	13.9	7.4	6.6	5.1	-2.4		
1932.....	144.1	114.8	8.4	60.4	45.9	4.6	10.8	8.1	4.3	3.8	2.7	-6.2		
1933.....	141.5	112.8	8.3	58.6	46.0	5.3	9.6	7.6	3.3	4.3	2.1	-4.3		
1934.....	154.3	118.1	9.4	62.5	46.1	9.4	12.0	9.2	3.6	5.6	2.9	-2.7		
1935.....	169.6	125.5	11.7	65.9	47.9	18.0	15.6	11.6	4.1	7.5	4.0	2.4		
1936.....	193.0	138.4	14.5	73.4	50.5	24.1	20.9	15.8	5.5	10.3	5.1	3.1		
1937.....	203.3	143.1	15.1	76.0	52.0	30.0	24.5	18.9	7.1	11.8	5.6	5.5		
1938.....	193.0	140.2	12.2	77.1	50.9	17.0	19.4	13.7	5.6	8.1	5.7	-2.4		
1939.....	209.4	148.2	14.5	81.2	52.5	24.7	23.5	15.3	5.9	9.4	8.2	1.2		
1940.....	227.2	155.7	16.7	84.6	54.4	33.0	28.1	18.8	6.7	12.1	9.2	4.9		
1941.....	263.7	165.4	19.1	89.9	56.3	41.6	32.0	22.2	8.1	14.2	9.8	9.6		
1942.....	297.8	161.4	11.7	91.3	58.5	21.4	17.3	12.5	4.6	7.9	4.9	4.0		
1943.....	337.2	185.8	10.2	93.7	61.8	12.8	13.0	10.1	2.9	7.2	2.9	-2		
1944.....	361.3	171.4	9.4	97.3	64.7	14.0	15.9	13.5	3.8	9.6	2.5	-1.9		
1945.....	355.4	183.0	10.6	104.7	67.7	19.8	22.7	19.9	5.9	14.1	2.8	-2.9		
1946.....	312.6	203.5	20.5	110.8	72.1	52.3	42.3	30.2	12.5	17.7	12.1	10.0		
1947.....	309.9	206.3	24.7	108.3	75.4	51.5	51.7	36.2	11.6	25.6	15.4	-2		
1948.....	323.7	210.8	26.3	108.7	75.8	60.4	55.9	38.0	12.3	25.7	17.9	4.6		
1949.....	324.1	216.5	28.4	110.5	77.6	48.0	51.9	34.5	11.9	22.6	17.4	-3.9		
1950.....	355.3	230.5	34.7	114.0	81.8	69.3	61.0	37.5	12.7	24.8	23.5	8.3		
1951.....	383.4	232.8	31.5	116.5	84.8	70.0	59.0	38.6	14.1	25.5	19.5	10.9		
1952.....	395.1	239.4	30.8	120.8	87.8	60.5	57.2	38.3	13.7	24.6	18.9	3.3		
1953.....	412.8	250.8	35.3	124.4	91.1	61.2	60.2	40.7	14.9	25.8	19.6	4.9		
1954.....	407.0	255.7	35.4	125.5	94.8	59.4	61.4	39.6	15.2	24.5	21.7	-2.0		
1955.....	438.0	274.2	43.2	131.7	99.3	75.4	69.0	43.9	16.2	27.7	25.1	6.4		
1956.....	446.1	281.4	41.0	136.2	104.1	74.3	69.5	47.3	18.5	28.8	22.2	4.8		
1957.....	452.5	288.2	41.5	138.7	108.0	68.8	67.6	47.4	18.2	29.1	20.2	1.2		
1958.....	447.3	290.1	37.9	140.2	112.0	60.9	62.4	41.6	16.6	25.0	20.8	-1.5		
1959.....	475.9	307.3	43.7	146.9	116.8	73.6	68.8	44.1	16.2	27.9	24.7	4.8		
1960.....	487.8	316.2	44.9	149.7	121.6	72.4	68.9	47.1	17.4	29.6	21.9	3.5		
1961.....	497.3	322.6	43.9	153.1	125.6	69.0	67.0	45.5	17.4	28.1	21.6	2.0		
1962.....	530.0	338.6	49.2	156.4	131.1	79.4	73.4	49.7	17.9	31.7	23.8	6.0		
1963.....	550.0	352.4	53.2	161.8	137.3	82.3	76.6	51.9	18.0	33.8	24.7	5.7		
1964.....	577.6	372.1	58.5	169.4	144.2	86.3	81.7	57.1	18.9	38.3	24.6	4.6		
1965 ^a	609.0	394.1	65.4	177.0	151.6	96.1	88.9	65.0	21.2	43.8	23.9	7.2		
Seasonally adjusted annual rates														
1963: I.....	541.2	348.3	52.0	161.0	135.3	78.7	74.2	50.0	17.6	32.4	24.2	4.4		
II.....	544.9	350.0	52.3	161.2	136.5	80.5	75.8	51.2	17.6	33.5	24.6	4.6		
III.....	553.7	355.1	54.1	163.0	138.0	83.0	77.2	52.6	18.3	34.3	24.6	5.8		
IV.....	560.0	356.4	54.7	162.1	139.6	86.9	79.0	53.7	18.6	35.1	25.3	7.9		
1964: I.....	567.1	364.5	57.0	166.4	141.1	83.8	80.7	55.1	18.7	36.4	25.7	3.0		
II.....	575.9	369.8	58.7	167.8	143.3	85.2	80.7	55.7	18.9	36.8	25.0	4.5		
III.....	582.6	377.3	60.2	171.6	145.5	86.0	82.2	58.1	18.8	39.3	24.1	3.8		
IV.....	584.7	376.8	57.9	171.8	147.1	90.2	83.1	59.6	19.0	40.6	23.6	7.1		
1965: I.....	597.7	386.1	64.5	173.2	148.4	95.4	86.8	62.5	20.3	42.2	24.3	8.6		
II.....	603.5	390.5	63.4	176.4	150.7	94.2	88.1	63.7	21.4	42.3	24.4	6.2		
III.....	613.0	396.9	66.4	177.8	152.7	96.9	89.7	66.0	21.0	45.0	23.7	7.2		
IV ^b	621.7	402.8	67.4	180.8	154.7	97.8	91.0	67.9	22.0	45.9	23.1	6.8		

See footnotes at end of table.

TABLE C-2.—Gross national product or expenditure, in 1958 prices, 1929-65—Continued

[Billions of dollars, 1958 prices]

Year or quarter	Net exports of goods and services			Government purchases of goods and services		
	Net exports	Exports	Imports	Total	Federal ¹	State and local
1929.....	1.5	11.8	10.3	22.0	3.5	18.5
1930.....	1.4	10.4	9.0	24.3	4.0	20.2
1931.....	.9	8.9	7.9	25.4	4.3	21.1
1932.....	.6	7.1	6.6	24.2	4.6	19.6
1933.....	(²)	7.1	7.1	23.3	6.0	17.3
1934.....	.3	7.3	7.1	26.6	8.0	18.6
1935.....	-1.0	7.7	8.7	27.0	7.9	19.2
1936.....	-1.2	8.2	9.3	31.8	12.2	19.6
1937.....	-.7	9.8	10.5	30.8	11.5	19.4
1938.....	1.9	9.9	8.0	33.9	13.3	20.6
1939.....	1.3	10.0	8.7	35.2	12.5	22.7
1940.....	2.1	11.0	8.9	36.4	15.0	21.4
1941.....	.4	11.2	10.8	56.3	36.2	20.1
1942.....	-2.1	7.8	9.9	117.1	98.9	18.3
1943.....	-5.9	6.8	12.6	164.4	147.8	16.6
1944.....	-5.8	7.6	13.4	181.7	165.4	16.3
1945.....	-3.8	10.2	13.9	156.4	139.7	16.7
1946.....	8.4	19.6	11.2	48.4	30.1	18.4
1947.....	12.3	22.6	10.3	39.9	19.1	20.8
1948.....	6.1	18.1	12.0	46.3	23.7	22.7
1949.....	6.4	18.1	11.7	53.3	27.6	25.7
1950.....	2.7	16.3	13.6	52.8	25.3	27.5
1951.....	5.3	19.3	14.1	75.4	47.4	27.9
1952.....	3.0	18.2	15.2	92.1	63.8	28.4
1953.....	1.1	17.8	16.7	99.8	70.0	29.7
1954.....	3.0	18.8	15.8	88.9	56.8	32.1
1955.....	3.2	20.9	17.7	85.2	50.7	34.4
1956.....	5.0	24.2	19.1	85.3	49.7	35.6
1957.....	6.2	26.2	19.9	89.3	51.7	37.6
1958.....	2.2	23.1	20.9	94.2	53.6	40.6
1959.....	.3	23.8	23.5	94.7	52.5	42.2
1960.....	4.3	27.3	23.0	94.9	51.4	43.5
1961.....	5.1	28.0	22.9	100.5	54.6	45.9
1962.....	4.5	30.0	25.5	107.5	60.0	47.5
1963.....	5.6	32.2	26.5	109.8	59.7	50.0
1964.....	8.5	36.5	27.9	110.7	57.8	52.8
1965 ³	6.0	37.3	31.3	112.8	57.2	55.6
Seasonally adjusted annual rates						
1963: I.....	4.0	29.6	25.7	110.3	61.3	49.1
II.....	5.8	32.2	26.4	108.7	59.2	49.5
III.....	5.5	32.5	27.0	110.0	59.7	50.3
IV.....	7.1	34.3	27.2	109.6	58.7	50.8
1964: I.....	9.0	36.0	27.0	109.9	58.2	51.7
II.....	8.1	35.7	27.6	112.8	59.9	52.9
III.....	8.7	36.8	28.1	110.5	57.1	53.4
IV.....	8.3	37.3	29.0	109.4	56.1	53.3
1965: I.....	5.1	32.9	27.8	111.2	56.4	54.8
II.....	6.6	38.5	31.9	112.1	56.8	55.3
III.....	6.2	38.3	32.1	113.0	57.0	56.0
IV ⁴	6.1	39.5	33.4	114.9	58.6	56.3

¹ Net of Government sales.

² Less than \$50 million.

³ Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE C-3.—*Gross national product by major type of product, 1929-65*

[Billions of dollars]

Year or quarter	Total gross national product	Final sales	Inventory change	Goods output									Services	Structures
				Total			Durable goods			Nondurable goods				
				Total goods	Final sales	Inventory change	Total	Final sales	Inventory change	Total	Final sales	Inventory change		
1929	103.1	101.4	1.7	56.1	54.3	1.7	17.5	16.1	1.4	38.5	38.2	0.3	35.6	11.4
1930	90.4	90.7	-.4	46.9	47.3	-.4	11.4	12.5	-1.0	35.5	34.8	.7	34.2	9.2
1931	75.8	77.0	-1.1	37.4	38.6	-1.1	7.7	9.0	-1.2	29.7	29.6	.1	31.7	6.7
1932	58.0	60.5	-2.5	26.7	29.2	-2.5	3.6	5.7	-2.0	23.1	23.6	-.4	27.5	3.8
1933	55.6	57.2	-1.6	27.0	28.6	-1.6	4.9	5.4	-.5	22.1	23.2	-1.1	25.7	2.9
1934	65.1	65.8	-.7	34.4	35.1	-.7	7.4	7.3	.1	27.0	27.8	-.9	27.1	3.5
1935	72.2	71.2	1.1	39.9	38.8	1.1	9.3	8.9	.3	30.6	29.9	.7	28.3	4.0
1936	82.5	81.2	1.3	45.8	44.5	1.3	12.2	11.2	.9	33.6	33.3	.3	31.0	5.6
1937	90.4	87.9	2.5	51.5	48.9	2.5	13.9	13.1	.8	37.6	35.8	1.8	32.3	6.7
1938	84.7	85.6	-.9	45.3	46.2	-.9	9.9	10.8	-.9	35.4	35.4	(1)	33.2	6.2
1939	90.5	90.1	.4	49.0	48.6	.4	12.7	12.4	.3	36.3	36.2	.1	34.0	7.5
1940	99.7	97.5	2.2	56.0	53.8	2.2	16.6	15.4	1.2	39.3	38.4	1.0	35.4	8.3
1941	124.5	120.1	4.5	72.5	68.0	4.5	26.8	23.8	3.0	45.6	44.2	1.4	40.3	11.8
1942	157.9	156.2	1.8	93.6	91.9	1.8	35.5	34.5	1.0	58.1	57.4	.7	50.3	14.0
1943	191.6	192.2	-.6	120.4	121.0	-.6	54.2	54.2	(1)	66.2	66.8	-.6	62.5	8.7
1944	210.1	211.1	-1.0	132.3	133.3	-1.0	57.9	58.5	-.6	74.4	74.8	-.3	71.8	6.1
1945	212.0	213.0	-1.0	128.9	129.9	-1.0	48.9	50.2	-1.3	80.0	79.7	.2	76.5	6.6
1946	208.5	202.1	6.4	124.9	118.5	6.4	36.9	31.6	5.3	88.0	86.9	1.1	68.0	15.6
1947	231.3	231.8	-.5	139.7	140.1	-.5	46.0	44.3	1.7	93.7	95.9	-2.2	70.2	21.4
1948	257.6	252.9	4.7	152.2	149.4	4.7	48.7	48.0	.7	105.5	101.5	4.0	75.7	27.7
1949	256.5	259.6	-3.1	147.5	150.5	-3.1	47.8	49.9	-2.1	99.7	100.6	-1.0	80.8	28.3
1950	284.8	278.0	6.8	162.4	155.6	6.8	60.4	56.3	4.1	102.0	99.3	2.7	87.0	35.4
1951	328.4	318.1	10.3	189.7	179.4	10.3	73.7	66.8	6.9	116.0	112.6	3.4	101.2	37.5
1952	345.5	342.4	3.1	195.6	192.5	3.1	74.6	73.5	1.1	121.0	119.1	2.0	110.8	39.1
1953	364.6	364.1	.4	204.1	203.7	.4	79.4	78.5	.9	124.8	125.2	-.5	118.8	41.7
1954	364.8	366.4	-1.5	217.1	198.6	-1.5	72.1	74.6	-2.5	125.0	124.1	1.0	123.5	44.2
1955	398.0	392.0	6.0	196.4	210.4	6.0	85.7	82.7	3.0	130.7	127.7	2.9	132.6	49.0
1956	419.2	414.5	4.7	225.4	220.7	4.7	90.3	87.5	2.8	135.1	133.2	1.9	142.3	51.5
1957	441.1	439.8	1.3	234.6	233.3	1.3	94.4	93.1	1.3	140.2	140.2	(1)	154.2	52.3
1958	447.3	448.8	-1.5	230.8	232.3	-1.5	83.6	86.4	-2.8	147.2	145.9	1.3	163.4	53.1
1959	483.6	478.9	4.8	249.1	244.4	4.8	95.6	93.2	2.3	153.6	151.1	2.4	176.2	58.3
1960	503.8	500.2	3.6	259.6	256.0	3.6	99.5	97.4	2.1	160.1	158.6	1.5	187.3	56.8
1961	520.1	518.1	2.0	262.3	260.2	2.0	96.5	96.6	-.1	165.8	163.7	2.1	199.5	58.3
1962	560.3	554.3	6.0	284.5	278.5	6.0	109.0	106.2	2.8	175.5	172.2	3.2	213.3	62.6
1963	589.2	583.5	5.7	296.8	291.1	5.7	115.9	113.1	2.8	181.0	178.1	2.9	226.9	65.5
1964	628.7	623.9	4.8	316.1	311.3	4.8	126.1	122.8	3.3	190.0	188.4	1.5	244.0	68.6
1965 ²	675.6	668.1	7.4	340.8	333.3	7.4	139.3	133.4	5.9	201.5	200.0	1.5	261.1	73.7
Seasonally adjusted annual rates														
1963: I	577.0	572.5	4.5	291.7	287.2	4.5	111.8	109.8	2.0	179.9	177.4	2.5	222.1	63.2
II	583.1	578.4	4.7	293.9	289.2	4.7	115.4	112.0	3.4	178.5	177.2	1.4	225.1	64.1
III	593.1	587.3	5.8	298.7	292.9	5.8	116.6	114.3	2.3	182.2	178.6	3.5	228.2	66.2
IV	603.6	595.5	8.1	303.4	295.3	8.1	120.0	116.2	3.8	183.4	179.1	4.3	232.1	68.0
1964: I	614.0	610.7	3.3	308.2	304.9	3.3	122.3	120.1	2.2	185.9	184.9	1.1	237.3	68.5
II	624.2	620.1	4.1	312.4	308.3	4.1	125.0	121.6	3.5	187.4	186.8	.6	242.8	69.0
III	634.8	631.0	3.8	319.8	316.0	3.8	128.1	125.4	2.7	191.7	190.6	1.1	246.4	68.6
IV	641.1	633.6	7.5	323.3	315.8	7.5	128.8	124.3	4.4	194.6	191.5	3.1	249.7	68.1
1965: I	657.6	648.8	8.8	331.6	322.8	8.8	137.2	130.1	7.1	194.4	192.8	1.6	253.8	72.1
II	668.8	662.4	6.4	335.5	329.1	6.4	136.6	130.3	6.2	198.9	198.7	.2	259.0	74.2
III	681.5	673.9	7.6	344.6	337.1	7.6	141.9	135.4	6.5	202.7	201.7	1.0	263.0	73.9
IV ²	694.6	687.5	7.0	351.4	344.4	7.0	141.5	137.7	3.8	210.0	206.7	3.2	268.6	74.5

¹ Less than \$50 million.
² Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.
 Source: Department of Commerce, Office of Business Economics.

TABLE C-4.—Gross national product by major type of product, in 1958 prices, 1929–65

(Billions of dollars, 1958 prices)

Year or quarter	Total gross national product	Final sales	Inventory change	Goods output									Services	Structures
				Total			Durable goods			Nondurable goods				
				Total goods	Final sales	Inventory change	Total	Final sales	Inventory change	Total	Final sales	Inventory change		
1929.....	203.6	200.0	3.5	103.9	100.4	3.5	33.6	30.9	2.7	70.4	69.5	0.8	69.3	30.3
1930.....	183.3	183.9	- 6	90.5	91.1	- 6	22.4	24.5	-2.1	68.0	66.5	1.5	67.7	25.2
1931.....	169.2	171.6	-2.4	82.2	84.7	-2.4	16.1	19.0	-3.0	66.2	65.7	.5	66.8	20.1
1932.....	144.1	150.4	-6.2	68.7	74.9	-6.2	8.3	13.4	-5.1	60.4	61.5	-1.1	61.9	13.6
1933.....	141.5	145.9	-4.3	68.8	73.2	-4.3	11.7	13.4	-1.7	57.1	59.8	-2.7	63.0	9.7
1934.....	154.3	156.9	-2.7	77.9	80.5	-2.7	16.9	16.7	.2	61.0	63.8	-2.8	65.3	11.1
1935.....	169.6	167.1	2.4	88.6	86.2	2.4	21.5	20.6	.9	67.1	65.6	1.5	68.1	12.8
1936.....	193.0	189.9	3.1	102.2	99.1	3.1	28.7	26.3	2.4	73.5	72.8	.7	73.3	17.5
1937.....	203.3	197.8	5.5	110.2	104.8	5.5	31.0	29.1	1.9	79.2	75.7	3.6	73.9	19.1
1938.....	193.0	195.3	-2.4	103.0	105.3	-2.4	21.8	24.1	-2.3	81.2	81.3	-.1	72.3	17.7
1939.....	209.4	208.2	1.2	110.7	109.5	1.2	27.6	27.0	.6	83.0	82.5	.6	76.9	21.8
1940.....	227.2	222.3	4.9	124.0	119.0	4.9	35.6	32.8	2.7	88.4	86.2	2.2	80.0	23.2
1941.....	263.7	254.1	9.6	143.4	133.8	9.6	50.0	43.5	6.6	93.4	90.3	3.1	89.8	30.5
1942.....	297.8	293.8	4.0	158.1	154.1	4.0	57.2	54.4	2.9	100.9	99.7	1.2	107.7	31.9
1943.....	337.2	337.4	-.2	187.4	187.6	-.2	85.6	85.2	.4	101.7	102.4	-.6	131.8	18.0
1944.....	361.3	363.2	-1.9	204.8	206.7	-1.9	95.9	97.4	-1.5	108.8	109.3	-.4	144.0	12.5
1945.....	355.4	358.3	-2.9	198.0	201.0	-2.9	84.3	87.4	-3.1	113.7	113.5	.2	144.3	13.1
1946.....	312.6	302.6	10.0	172.1	162.1	10.0	54.7	46.1	8.6	117.4	116.0	1.4	113.3	27.2
1947.....	309.9	310.1	-.2	172.2	172.4	-.2	60.1	58.6	1.5	112.2	113.8	-1.7	106.5	31.2
1948.....	323.7	319.1	4.6	178.4	173.8	4.6	61.3	60.0	1.2	117.1	113.8	3.3	109.3	36.1
1949.....	324.1	328.1	-3.9	174.2	178.1	-3.9	58.0	61.0	-3.0	116.2	117.1	-.9	112.4	37.5
1950.....	355.3	347.0	8.3	192.6	184.3	8.3	73.4	68.3	5.2	119.1	116.0	3.1	117.5	45.2
1951.....	383.4	372.5	10.9	208.4	197.5	10.9	84.1	76.1	8.0	124.3	121.4	2.9	130.5	44.4
1952.....	395.1	391.8	3.3	214.0	210.7	3.3	84.6	83.2	1.5	129.4	127.6	1.8	136.3	44.7
1953.....	412.8	411.8	.9	225.4	224.5	.9	91.0	89.9	1.2	134.4	134.6	-.2	140.3	47.0
1954.....	407.0	409.0	-2.0	215.1	217.1	-2.0	81.9	84.8	-3.0	133.2	132.3	.9	141.8	50.2
1955.....	438.0	431.6	6.4	236.1	229.7	6.4	96.5	93.0	3.4	139.7	136.7	3.0	147.5	54.3
1956.....	446.1	441.2	4.8	239.0	234.2	4.8	96.5	93.5	3.0	142.5	140.7	1.8	153.0	54.0
1957.....	452.5	451.2	1.2	239.8	238.5	1.2	96.2	95.0	1.2	143.6	143.6	(1)	160.1	52.6
1958.....	447.3	448.8	-1.5	230.8	232.3	-1.5	83.6	86.4	-2.8	147.2	145.9	1.3	163.4	53.1
1959.....	475.9	471.1	4.8	247.8	242.9	4.8	94.0	91.6	2.4	153.7	151.3	2.5	171.2	57.0
1960.....	487.8	484.3	3.5	256.1	252.7	3.5	97.8	95.9	2.0	158.3	156.8	1.5	176.6	55.0
1961.....	497.3	495.3	2.0	257.4	255.4	2.0	94.9	94.9	(1)	162.5	160.5	2.0	184.0	55.8
1962.....	530.0	524.0	6.0	277.5	271.5	6.0	107.0	104.1	2.8	170.5	167.4	3.1	193.7	58.8
1963.....	550.0	544.4	5.7	288.3	282.6	5.7	114.0	111.2	2.8	174.3	171.4	2.9	201.5	60.2
1964.....	577.6	573.0	4.6	304.6	300.0	4.6	123.1	120.0	3.1	181.5	180.0	1.5	211.5	61.4
1965 ²	609.0	601.8	7.2	324.6	317.4	7.2	135.9	130.2	5.7	188.7	187.2	1.5	220.3	64.0
Seasonally adjusted annual rates														
1963: I.....	541.2	536.8	4.4	283.5	279.1	4.4	109.9	108.0	1.9	173.6	171.1	2.5	198.8	58.9
II.....	544.9	540.3	4.6	285.1	280.4	4.6	113.3	110.0	3.2	171.8	170.4	1.4	200.6	59.3
III.....	553.7	547.8	5.8	290.6	284.7	5.8	114.9	112.7	2.3	175.7	172.1	3.6	202.6	60.5
IV.....	560.0	552.1	7.9	294.2	286.3	7.9	117.9	114.2	3.7	176.2	172.1	4.2	204.0	61.8
1964: I.....	567.1	564.1	3.0	297.6	294.6	3.0	119.4	117.3	2.0	178.3	177.2	1.0	207.4	62.0
II.....	575.9	571.4	4.5	302.2	297.7	4.5	122.3	119.0	3.4	179.9	178.8	1.1	211.5	62.2
III.....	582.6	578.8	3.8	308.4	304.7	3.8	125.2	122.5	2.7	183.2	182.1	1.1	213.0	61.1
IV.....	584.7	577.7	7.1	310.2	303.1	7.1	125.5	121.2	4.3	184.7	181.9	2.8	214.3	60.3
1965: I.....	597.7	589.2	8.6	317.9	309.3	8.6	133.7	126.7	7.0	184.3	182.7	1.6	216.4	63.9
II.....	603.5	597.3	6.2	319.1	313.0	6.2	132.5	128.5	6.0	186.6	186.5	.2	219.5	64.7
III.....	613.0	605.8	7.2	327.9	320.7	7.2	138.8	132.6	6.2	189.1	188.1	1.0	221.3	63.0
IV ²	621.7	614.9	6.8	333.6	326.8	6.8	138.7	135.1	3.6	194.9	191.7	3.2	224.1	64.5

¹ Less than \$50 million.
² Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE C-5.—Implicit price deflators for gross national product, 1929-65

[Index numbers, 1958=100]

Year or quarter	Gross national product ¹	Personal consumption expenditures				Gross private domestic investment ¹				
		Total	Durable goods	Non-durable goods	Services	Total	Fixed investment			Residential structures
							Total	Structures	Producers' durable equipment	
1929.....	50.6	55.3	56.4	54.5	56.1	39.4	39.9	35.7	44.6	38.1
1930.....	49.3	53.6	55.3	51.6	55.7	38.1	38.3	34.4	43.0	37.1
1931.....	44.8	47.9	49.1	44.1	52.7	35.5	36.1	31.7	41.1	33.6
1932.....	40.3	42.3	43.2	37.7	48.3	31.8	33.3	28.2	39.1	27.3
1933.....	39.3	40.6	41.9	38.0	43.6	30.7	31.7	28.1	34.5	27.1
1934.....	42.2	43.5	44.7	42.7	44.3	33.8	35.0	29.1	38.8	30.1
1935.....	42.6	44.4	43.7	44.5	44.4	34.2	35.8	30.4	38.7	29.8
1936.....	42.7	44.7	43.6	44.8	45.0	34.5	35.6	30.1	38.5	31.3
1937.....	44.5	46.5	45.8	46.4	46.8	37.7	38.7	34.3	41.4	34.3
1938.....	43.9	45.6	46.7	44.0	47.7	38.1	39.2	33.8	43.0	35.5
1939.....	43.2	45.1	46.0	43.2	47.7	37.6	38.7	33.1	42.2	35.7
1940.....	43.9	45.5	46.5	43.8	47.9	39.0	40.1	34.1	43.4	36.9
1941.....	47.2	48.7	50.4	47.7	49.8	42.0	42.7	36.4	46.3	40.3
1942.....	53.0	54.8	59.3	55.6	52.7	46.5	47.8	41.3	51.5	43.3
1943.....	56.8	59.9	64.2	62.5	55.3	49.0	49.5	45.5	51.1	47.0
1944.....	58.2	63.2	71.5	66.2	57.5	51.0	50.8	48.1	51.9	51.6
1945.....	59.7	65.4	75.9	68.7	58.7	51.4	50.9	49.0	51.7	54.9
1946.....	66.7	70.5	76.8	74.3	62.7	58.5	56.3	54.4	57.5	59.7
1947.....	74.6	77.9	82.7	83.6	67.9	66.7	64.5	64.4	64.6	71.7
1948.....	79.6	82.3	86.3	88.5	72.1	73.9	70.7	71.5	70.3	80.8
1949.....	79.1	81.7	86.8	85.6	74.3	74.7	72.8	71.2	73.6	78.5
1950.....	80.2	82.9	87.8	86.0	76.3	77.5	74.4	72.9	75.2	82.5
1951.....	85.6	88.6	94.2	93.3	80.0	83.1	80.4	79.3	80.9	88.6
1952.....	87.5	90.5	95.4	94.3	83.6	85.3	82.6	83.2	82.2	90.8
1953.....	88.3	91.7	94.3	93.9	87.7	86.6	84.0	84.9	83.5	91.9
1954.....	89.6	92.5	92.9	94.2	90.0	86.8	84.8	86.0	84.0	90.4
1955.....	90.9	92.8	91.9	93.6	92.0	89.0	86.7	88.1	85.9	92.9
1956.....	94.0	94.8	94.9	94.9	94.6	94.0	92.4	93.4	91.8	97.4
1957.....	97.5	97.7	98.4	97.7	97.3	98.5	97.9	98.6	97.5	99.8
1958.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1959.....	101.6	101.3	101.4	99.8	103.0	102.6	102.2	102.7	102.0	103.1
1960.....	103.3	102.9	100.9	101.1	105.8	103.4	102.9	104.0	102.2	104.5
1961.....	104.6	103.9	100.6	101.8	107.6	103.9	103.4	105.6	102.1	105.0
1962.....	105.7	104.8	100.7	102.6	109.0	104.9	104.1	107.1	102.3	106.7
1963.....	107.1	106.1	100.4	103.8	110.9	106.0	104.6	109.2	102.2	108.9
1964.....	108.9	107.2	100.5	104.8	112.7	107.8	106.0	111.8	103.1	112.0
1965 ^a	110.9	108.7	99.1	106.7	115.2	109.7	107.4	114.8	103.8	115.9
1963: I.....	106.6	105.7	100.4	103.5	110.2	105.2	104.2	108.2	102.0	107.5
1963: II.....	107.0	106.0	100.7	103.8	110.7	105.7	104.4	108.8	102.1	108.3
1963: III.....	107.1	106.1	100.0	103.8	111.1	106.3	104.8	109.6	102.2	109.6
1963: IV.....	107.8	106.5	100.5	104.2	111.6	106.7	105.1	110.2	102.4	110.2
1964: I.....	108.3	106.8	100.7	104.4	112.0	107.1	105.5	110.5	103.0	110.5
1964: II.....	108.4	107.1	100.6	104.7	112.5	107.5	105.7	111.4	102.8	111.6
1964: III.....	109.0	107.2	100.5	104.8	112.9	108.0	106.0	112.3	103.0	112.8
1964: IV.....	109.6	107.7	100.1	105.3	113.6	108.5	106.6	113.0	103.5	113.4
1965: I.....	110.0	108.0	100.2	105.5	114.2	108.9	107.0	114.1	103.5	114.0
1965: II.....	110.8	108.7	100.1	106.5	114.9	109.4	107.3	114.0	103.8	114.9
1965: III.....	111.2	109.0	98.4	107.2	115.7	109.9	107.4	115.2	103.7	116.9
1965: IV ^a	111.7	109.3	97.6	107.7	116.1	110.4	107.9	115.7	104.2	117.8

See footnotes at end of table.

TABLE C-5.—*Implicit price deflators for gross national product, 1929-65—Continued*

[Index numbers, 1958=100]

Year or quarter	Exports and imports of goods and services ¹		Government purchases of goods and services			Gross private product ²
	Exports	Imports	Total	Federal	State and local	
1929.....	59.5	57.3	38.6	36.0	39.1	51.7
1930.....	52.3	49.0	37.9	34.1	38.7	50.5
1931.....	41.0	39.3	36.3	34.5	36.6	45.7
1932.....	34.7	31.5	33.4	31.9	33.8	40.9
1933.....	33.7	28.8	34.5	33.1	35.0	39.9
1934.....	40.6	33.6	36.8	37.4	36.6	43.0
1935.....	42.3	36.0	37.0	37.0	37.0	43.5
1936.....	43.4	36.7	37.6	40.5	35.9	43.4
1937.....	46.5	40.7	38.4	40.7	37.1	45.3
1938.....	43.8	37.9	38.3	40.5	36.8	44.6
1939.....	44.1	38.6	37.9	40.8	36.3	43.9
1940.....	48.6	40.8	38.5	40.2	37.3	44.7
1941.....	53.0	43.0	44.0	46.6	39.2	48.7
1942.....	61.5	48.3	50.9	52.5	42.3	55.5
1943.....	65.2	51.2	53.9	54.9	44.6	60.8
1944.....	69.9	53.2	53.1	53.8	46.1	62.0
1945.....	71.3	56.4	52.6	53.1	48.6	62.6
1946.....	75.4	64.9	55.8	57.3	53.2	68.2
1947.....	87.3	79.4	62.9	65.6	60.4	76.3
1948.....	92.7	86.4	68.1	69.8	66.4	81.4
1949.....	87.0	82.2	71.0	73.0	68.9	80.6
1950.....	84.9	88.7	71.8	72.9	70.8	81.4
1951.....	97.0	107.2	78.5	79.4	76.9	87.4
1952.....	98.8	103.6	81.0	81.2	80.6	89.0
1953.....	95.2	99.1	81.8	81.4	82.8	89.6
1954.....	94.3	100.8	84.1	83.5	85.3	90.8
1955.....	94.9	100.6	87.1	86.9	87.5	91.6
1956.....	97.5	102.5	92.1	91.7	92.7	94.5
1957.....	101.3	104.0	96.4	95.8	97.3	97.9
1958.....	100.0	100.0	100.0	100.0	100.0	100.0
1959.....	98.8	99.3	102.4	102.2	102.6	101.4
1960.....	99.9	101.0	105.0	104.2	105.9	102.7
1961.....	101.9	100.1	107.1	105.2	109.4	103.7
1962.....	100.8	98.5	109.0	105.6	113.2	104.7
1963.....	100.6	99.6	111.7	107.8	116.5	105.7
1964.....	101.5	101.8	116.0	112.9	119.3	107.1
1965 ³	104.9	102.1	119.6	116.6	122.8	108.9
1963: I.....	101.2	99.5	110.5	106.7	115.1	105.3
II.....	100.7	99.3	111.2	107.3	116.0	105.7
III.....	100.2	99.6	111.7	107.5	116.8	105.8
IV.....	100.3	99.9	113.5	109.6	117.9	106.2
1964: I.....	101.0	101.9	114.9	111.7	118.6	106.6
II.....	100.7	102.2	115.0	111.9	118.5	106.7
III.....	101.3	101.6	116.5	113.7	119.5	107.1
IV.....	102.9	101.7	117.5	114.6	120.6	107.8
1965: I.....	105.2	102.9	118.1	115.1	121.2	108.1
II.....	104.9	101.5	119.1	115.7	122.5	108.9
III.....	104.8	102.0	119.8	116.6	123.1	109.2
IV ³	104.8	102.0	121.5	118.9	124.2	109.5

¹ Separate deflators are not available for total gross private domestic investment, change in business inventories, and net exports of goods and services.

² Gross national product less compensation of general government employees. See also Table C-7.

³ Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE C-6.—*Gross national product: Receipts and expenditures by major economic groups, 1929-65*

[Billions of dollars]

Year or quarter	Persons					Government						Surplus (+) or deficit (-) on income and product account
	Disposable personal income			Personal consumption expenditures	Personal saving (+) or dis-saving (-)	Net receipts			Expenditures			
	Total excluding interest and transfers	Total ¹	Interest paid and transfer payments to foreigners			Net receipts	Tax and non-tax receipts or accruals	Transfers, interest, and subsidies ²	Purchases of goods and services	Total expenditures	Transfers, interest, and subsidies ²	
1929	81.4	83.3	1.9	77.2	4.2	9.5	11.3	1.8	8.5	10.3	1.8	1.0
1930	73.3	74.5	1.2	69.9	3.4	8.9	10.8	1.9	9.2	11.1	1.9	- .3
1931	63.1	64.0	.9	60.5	2.6	6.3	9.5	3.1	9.2	12.4	3.1	-2.9
1932	48.0	48.7	.7	48.6	-.6	6.3	8.9	2.6	8.1	10.6	2.6	-1.8
1933	44.9	45.5	.7	45.8	-.9	6.7	9.3	2.7	8.0	10.7	2.7	-1.4
1934	51.7	52.4	.6	51.3	.4	7.4	10.5	3.1	9.8	12.9	3.1	-2.4
1935	57.8	58.5	.7	55.7	2.1	8.0	11.4	3.4	10.0	13.4	3.4	-2.0
1936	65.5	66.3	.8	61.9	3.6	8.8	12.9	4.1	12.0	16.1	4.1	-3.1
1937	70.3	71.2	.9	66.5	3.8	12.2	15.4	3.2	11.9	15.0	3.2	-.3
1938	64.6	65.5	.8	63.9	.7	11.2	15.0	3.8	13.0	16.8	3.8	-1.8
1939	60.4	70.3	.9	66.8	2.6	11.2	15.4	4.2	13.3	17.6	4.2	-2.2
1940	74.7	75.7	1.0	70.8	3.8	13.3	17.7	4.4	14.0	18.4	4.4	-.7
1941	91.6	92.7	1.1	80.6	11.0	21.0	25.0	4.0	24.8	28.8	4.0	-3.8
1942	116.1	116.9	.8	88.5	27.6	28.2	32.6	4.4	59.6	64.0	4.4	-31.4
1943	132.7	133.5	.8	99.3	33.4	44.4	49.2	4.7	88.6	93.3	4.7	-44.1
1944	145.5	146.3	.8	108.3	37.3	44.7	51.2	6.5	96.5	103.0	6.5	-51.8
1945	149.3	150.2	1.0	119.7	29.6	42.8	53.2	10.4	82.3	92.7	10.4	-39.5
1946	158.6	160.0	1.4	143.4	15.2	32.4	50.9	18.5	27.0	45.5	18.5	5.4
1947	168.0	169.8	1.8	160.7	7.3	39.5	56.8	17.3	25.1	42.4	17.3	14.4
1948	186.9	189.1	2.2	173.6	13.4	40.1	58.9	18.8	31.6	50.3	18.8	8.5
1949	186.2	188.6	2.4	176.8	9.4	34.7	56.0	21.3	37.8	59.1	21.3	-3.2
1950	204.1	206.9	2.8	191.0	13.1	45.8	68.7	22.9	37.9	60.8	22.9	7.8
1951	223.5	226.6	3.0	206.3	17.3	64.9	84.8	19.9	59.1	79.0	19.9	5.8
1952	234.9	238.3	3.5	216.7	18.2	70.8	89.8	19.0	74.7	93.7	19.0	-3.8
1953	245.3	252.6	4.3	230.0	18.3	74.8	94.3	19.5	81.6	101.2	19.5	-6.9
1954	252.9	257.4	4.5	236.5	16.4	67.8	89.7	21.9	74.8	96.7	21.9	-7.0
1955	270.2	275.3	5.1	254.4	15.8	76.9	100.4	23.4	74.2	97.6	23.4	2.7
1956	287.3	293.2	5.9	266.7	20.6	83.5	109.0	25.5	78.6	104.1	25.5	4.9
1957	302.2	308.5	6.3	281.4	20.8	86.8	115.6	28.7	86.1	114.9	28.7	.7
1958	312.4	318.8	6.5	290.1	22.3	81.6	114.7	33.0	94.2	127.2	33.0	-12.5
1959	330.3	337.3	7.0	311.2	19.1	95.0	128.9	34.0	97.0	131.0	34.0	-2.1
1960	342.3	350.0	7.8	325.2	17.0	103.3	139.8	36.5	99.6	136.1	36.5	3.7
1961	356.3	364.4	8.1	335.2	21.2	103.3	144.6	41.3	107.6	149.0	41.3	-4.3
1962	376.7	385.3	8.6	355.1	21.6	114.2	157.0	42.8	117.1	159.9	42.8	-2.9
1963	394.3	403.8	9.6	373.8	20.4	123.8	168.3	44.6	122.6	167.1	44.5	1.2
1964	425.2	435.8	10.5	398.9	26.3	125.9	172.7	46.8	128.4	175.1	46.8	-2.4
1965	453.6	465.3	11.7	428.5	25.1	137.2	185.9	49.7	135.0	184.7	49.7	8.2
Seasonally adjusted annual rates												
1963: I	386.5	395.7	9.2	368.0	18.5	120.4	165.3	44.9	121.9	166.8	44.9	-1.6
1963: II	390.0	399.4	9.4	371.1	18.9	123.6	167.4	43.8	120.9	164.7	43.8	2.6
1963: III	396.3	406.1	9.7	376.6	19.8	124.6	169.9	44.2	123.0	167.2	44.2	1.7
1963: IV	404.0	414.0	10.0	379.5	24.4	126.7	171.5	44.8	124.3	169.1	44.8	2.4
1964: I	412.5	422.6	10.1	389.1	23.3	124.6	171.4	46.7	126.3	173.0	46.7	-1.6
1964: II	423.3	433.6	10.4	396.0	27.3	123.2	169.6	46.4	129.7	176.1	46.4	-6.4
1964: III	429.6	440.3	10.7	404.6	25.0	126.7	173.5	46.8	128.7	175.5	46.8	-2.1
1964: IV	435.4	446.4	11.0	405.9	29.5	129.4	176.5	47.1	128.6	175.7	47.1	.8
1965: I	440.2	451.4	11.2	416.9	23.3	136.0	184.8	48.8	131.3	180.1	48.8	4.7
1965: II	446.9	458.5	11.6	424.5	22.4	138.4	186.6	48.2	133.5	181.7	48.2	4.9
1965: III	459.3	471.2	11.9	432.5	26.8	134.7	186.4	51.7	135.4	187.1	51.7	-.7
1965: IV	468.1	480.3	12.2	440.1	28.0	(⁹)	(⁹)	50.1	139.6	189.7	50.1	(⁹)

See footnotes at end of table.

TABLE C-6.—*Gross national product: Receipts and expenditures by major economic groups, 1929-65—Continued*

[Billions of dollars]

Year of quarter	Business			Transfers to foreigners by persons and Government	International			Excess of transfers (+) or of net exports (-) ⁶	Total income or receipts	Statistical discrepancy	Gross national product or expenditure
	Gross retained earnings ¹	Gross private domestic investment ⁴	Excess of investment (-)		Net exports of goods and services						
					Net exports	Exports	Imports				
1929	11.2	16.2	-5.1	0.4	1.1	7.0	5.9	-0.8	102.4	0.7	103.1
1930	8.6	10.3	-1.6	.3	1.0	5.4	4.4	-7	91.2	-8	90.4
1931	5.3	5.6	-.3	.3	.5	3.6	3.1	-.2	75.1	.7	75.8
1932	3.2	1.0	2.2	.2	.4	2.5	2.1	-.2	57.7	.3	58.0
1933	3.2	1.4	1.8	.2	.4	2.4	2.0	-.2	55.0	.6	55.6
1934	5.2	3.3	1.9	.2	.6	3.0	2.4	-.4	64.5	.5	65.1
1935	6.4	6.4	(⁹)	.2	.1	3.3	3.1	.1	72.5	-.2	72.2
1936	6.7	8.5	-1.8	.2	.1	3.5	3.4	.1	81.3	1.2	82.5
1937	7.7	11.8	-4.0	.2	.3	4.6	4.3	-.1	90.5	(⁹)	90.4
1938	8.0	6.5	1.6	.2	1.3	4.3	3.0	-1.1	84.1	.6	84.7
1939	8.4	9.3	-.9	.2	1.1	4.4	3.4	-.9	89.2	1.3	90.5
1940	10.5	13.1	-2.7	.2	1.7	5.4	3.6	-1.5	98.7	1.0	99.7
1941	11.4	17.9	-6.5	.2	1.3	5.9	4.6	-1.1	124.1	.4	124.5
1942	14.5	9.8	4.6	.2	(⁹)	4.8	4.8	.2	159.0	-1.1	157.9
1943	16.3	5.7	10.6	.2	-2.0	4.4	6.5	2.2	193.6	-2.0	191.6
1944	17.1	7.1	10.0	.3	-1.8	5.3	7.1	2.1	207.6	2.5	210.1
1945	15.1	10.6	4.5	.8	-.6	7.2	7.9	1.4	208.0	4.0	212.0
1946	14.5	30.6	-16.1	2.9	7.5	14.7	7.2	-4.6	208.4	.1	208.5
1947	20.3	34.0	-13.7	2.6	11.5	19.7	8.2	-8.9	230.4	.9	231.3
1948	28.1	46.0	-18.0	4.5	6.4	16.8	10.3	-1.9	259.6	-2.0	257.6
1949	29.7	35.7	-6.0	5.6	6.1	15.8	9.6	-.5	256.2	.3	256.5
1950	29.4	54.1	-24.7	4.0	1.8	13.8	12.0	2.2	283.3	1.5	284.8
1951	33.1	59.3	-26.2	3.5	3.7	18.7	15.1	-2	325.1	3.3	328.4
1952	35.1	51.9	-16.8	2.5	2.2	18.0	15.8	.3	343.3	2.2	345.5
1953	36.1	52.6	-16.5	2.5	.4	16.9	16.6	.2	361.6	3.0	364.6
1954	39.0	51.7	-12.7	2.3	1.8	17.8	15.9	.4	362.0	2.9	364.8
1955	46.3	67.4	-21.1	2.5	2.0	19.8	17.8	.5	395.9	2.1	398.0
1956	47.3	70.0	-22.8	2.4	4.0	23.6	19.6	-1.6	420.4	-1.1	419.2
1957	49.8	67.8	-18.1	2.3	5.7	26.5	20.8	-3.4	441.1	(⁹)	441.1
1958	49.4	60.9	-11.5	2.3	2.2	23.1	20.9	.1	445.8	1.6	447.3
1959	56.8	75.3	-18.5	2.4	.1	23.5	23.3	2.3	484.5	-.8	483.6
1960	56.8	74.8	-18.0	2.3	4.1	27.2	23.2	-1.7	504.8	-1.0	503.8
1961	58.7	71.7	-13.0	2.6	5.6	28.6	22.9	-3.1	520.8	-.7	520.1
1962	66.3	83.0	-16.8	2.7	5.1	30.3	25.1	-2.5	559.8	.5	560.3
1963	69.1	86.9	-17.8	2.8	5.9	32.4	26.4	-3.2	589.9	-.7	589.2
1964	75.4	92.9	-17.5	2.7	8.6	37.0	28.5	-5.8	629.2	-.5	628.7
1965 ⁷	⁸ 82.8	⁸ 104.9	⁸ -22.1	2.8	7.2	39.2	32.0	-4.4	⁸ 676.4	⁸ -.8	⁸ 675.6
Seasonally adjusted annual rates											
1963: I	67.3	82.6	-15.4	2.6	4.5	30.0	25.6	-1.8	576.8	0.2	577.0
II	68.4	84.8	-16.4	2.8	6.2	32.4	26.2	-3.5	584.7	-1.6	583.1
III	70.3	87.9	-17.6	2.8	5.7	32.6	26.9	-2.9	594.1	-1.0	593.1
IV	70.4	92.4	-22.0	2.8	7.3	34.4	27.1	-4.5	603.9	-.3	603.6
1964: I	74.2	89.7	-15.5	2.7	8.8	36.3	27.5	-6.1	614.0	(⁹)	614.0
II	75.2	90.9	-15.7	2.9	7.7	36.0	28.2	-4.8	624.5	-.2	624.2
III	76.5	92.6	-16.1	2.7	8.8	37.3	28.5	-6.1	635.4	-.7	634.8
IV	75.8	97.7	-21.9	2.7	8.9	38.4	29.5	-6.2	643.3	-2.2	641.1
1965: I	82.0	103.4	-21.4	2.6	6.0	34.7	28.6	-3.4	660.7	-3.1	657.6
II	82.0	102.8	-20.8	3.0	8.0	40.4	32.4	-5.0	670.2	-1.4	668.8
III	83.2	106.2	-23.0	2.7	7.4	40.1	32.7	-4.7	680.1	1.4	681.5
IV ⁷	(⁹)	107.5	(⁹)	2.8	7.4	41.4	34.1	-4.6	(⁹)	(⁹)	694.6

¹ Personal income less personal tax and nontax payments (fines, penalties, etc.).

² Government transfer payments to persons, foreign net transfers by Government, net interest paid by government, and subsidies less current surplus of government enterprises.

³ Undistributed corporate profits, corporate inventory valuation adjustment, capital consumption allowances, and wage accruals less disbursements.

⁴ Private business investment, purchases of capital goods by private nonprofit institutions, and residential housing. See Table C-9.

⁵ Net foreign investment with sign changed.

⁶ Less than \$50 million.

⁷ Preliminary estimates.

⁸ Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.

⁹ Not available.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE C-7.—Gross private and government product, in current and 1958 prices, 1929–65

(Billions of dollars)

Year or quarter	Current prices					1958 prices				
	Total gross national product	Gross private product ¹			Gross government product ²	Total gross national product	Gross private product ¹			Gross government product ²
		Total	Farm	Non-farm			Total	Farm	Non-farm	
1929.....	103.1	98.8	9.7	89.1	4.3	203.6	190.9	17.0	173.9	12.7
1930.....	90.4	85.8	7.7	78.2	4.5	183.3	170.0	16.1	153.9	13.3
1931.....	75.8	71.2	6.3	64.9	4.7	169.2	155.7	18.5	137.2	13.5
1932.....	58.0	53.6	4.5	49.1	4.4	144.1	130.9	18.0	112.9	13.2
1933.....	55.6	50.9	4.6	46.3	4.7	141.5	127.5	17.5	110.0	14.0
1934.....	65.1	59.5	4.7	54.8	5.6	154.3	138.3	14.6	123.7	16.0
1935.....	72.2	66.3	7.0	59.3	5.9	169.6	152.5	16.5	136.0	17.1
1936.....	82.5	75.2	6.4	68.8	7.3	193.0	173.1	14.9	158.2	19.9
1937.....	90.4	83.5	8.3	75.3	6.9	203.3	184.4	17.9	166.5	18.9
1938.....	84.7	77.0	6.6	70.5	7.6	193.0	172.6	17.8	154.8	20.4
1939.....	90.5	82.9	6.3	76.6	7.6	209.4	188.8	18.2	170.6	20.6
1940.....	99.7	91.9	6.5	85.4	7.8	227.2	205.6	17.5	188.1	21.6
1941.....	124.5	115.1	8.9	106.2	9.4	263.7	236.5	18.8	217.7	27.2
1942.....	157.9	142.8	13.0	129.8	15.1	297.8	257.3	20.6	236.7	40.5
1943.....	191.6	166.0	15.3	150.8	25.6	337.2	272.9	19.6	253.3	64.3
1944.....	210.1	177.9	15.3	162.7	32.2	361.3	286.9	19.4	267.5	74.4
1945.....	212.0	176.9	15.9	160.9	35.2	355.4	282.6	18.1	264.5	72.8
1946.....	208.5	187.7	18.8	169.0	20.8	312.6	275.1	18.5	256.6	37.5
1947.....	231.3	214.6	20.2	194.4	16.7	309.9	281.3	17.0	264.3	28.6
1948.....	257.6	240.2	23.3	216.9	17.4	323.7	295.0	19.0	276.0	28.7
1949.....	256.5	237.1	18.8	218.3	19.4	324.1	294.0	18.4	275.6	30.1
1950.....	284.8	263.9	20.0	243.9	20.9	355.3	324.2	19.4	304.8	31.1
1951.....	328.4	301.0	22.9	278.1	27.4	383.4	344.6	18.4	326.2	38.8
1952.....	345.5	314.3	22.2	292.1	31.2	395.1	353.3	19.0	334.3	41.8
1953.....	364.6	332.7	20.3	312.4	31.9	412.8	371.1	20.0	351.1	41.7
1954.....	364.8	332.3	19.6	312.7	32.5	407.0	366.1	20.4	345.7	40.9
1955.....	398.0	363.8	18.8	345.0	34.2	438.0	397.3	20.9	376.4	40.7
1956.....	419.2	382.6	18.6	364.0	36.6	446.1	404.8	20.8	384.0	41.3
1957.....	441.1	402.0	18.4	383.6	39.1	452.5	410.6	20.3	380.3	41.9
1958.....	447.3	405.2	20.8	384.4	42.1	447.3	405.2	20.8	384.4	42.1
1959.....	483.6	439.4	19.6	419.8	44.3	475.9	433.4	21.1	412.3	42.5
1960.....	503.8	456.3	20.5	435.8	47.5	487.8	444.1	21.9	422.2	43.7
1961.....	520.1	469.2	20.9	448.3	50.9	497.3	452.5	22.2	430.3	44.8
1962.....	560.3	505.6	21.2	484.4	54.7	530.0	483.1	22.1	461.0	46.9
1963.....	589.2	531.0	21.6	509.4	58.2	550.0	502.2	22.9	479.3	47.8
1964.....	628.7	565.8	20.4	545.4	62.9	577.6	528.5	22.3	506.2	49.1
1965 ³	675.6	608.4	22.5	585.5	67.2	609.0	558.4	23.3	535.1	50.6
Seasonally adjusted annual rates										
1963: I.....	577.0	520.2	(⁴)	(⁴)	56.8	541.2	493.9	(⁴)	(⁴)	47.3
II.....	383.1	325.5	(⁴)	(⁴)	37.6	544.9	497.2	(⁴)	(⁴)	47.7
III.....	593.1	534.7	(⁴)	(⁴)	58.4	553.7	505.6	(⁴)	(⁴)	48.1
IV.....	603.6	543.6	(⁴)	(⁴)	60.0	560.0	511.8	(⁴)	(⁴)	48.2
1964: I.....	614.0	552.7	(⁴)	(⁴)	61.3	567.1	518.7	(⁴)	(⁴)	48.4
II.....	624.2	562.0	(⁴)	(⁴)	62.2	575.9	527.0	(⁴)	(⁴)	48.9
III.....	634.8	571.2	(⁴)	(⁴)	63.6	582.6	533.2	(⁴)	(⁴)	49.4
IV.....	641.1	576.6	(⁴)	(⁴)	64.5	584.7	535.0	(⁴)	(⁴)	49.7
1965: I.....	657.6	592.4	(⁴)	(⁴)	65.2	597.7	547.9	(⁴)	(⁴)	49.8
II.....	668.8	602.6	(⁴)	(⁴)	66.2	603.5	553.3	(⁴)	(⁴)	50.2
III.....	681.5	614.1	(⁴)	(⁴)	67.4	613.0	562.3	(⁴)	(⁴)	50.7
IV ³	694.6	624.4	(⁴)	(⁴)	70.2	621.7	570.2	(⁴)	(⁴)	51.5

¹ Gross national product less compensation of general government employees; i.e., gross product accruing from domestic business, households, and institutions, and from the rest of the world.

² Includes compensation of general government employees and excludes compensation of employees in government enterprises. Government enterprises are those agencies of government whose operating costs are at least to a substantial extent covered by the sale of goods and services, in contrast to the general activities of government which are financed mainly by tax revenues and debt creation. Government enterprises, in other words, conduct operations essentially commercial in character, even though they perform them under governmental auspices. The Post Office and public power systems are typical examples of government enterprises. On the other hand, State universities and public parks, where the fees and admissions cover only a nominal part of operating costs, are part of general government activities.

³ Preliminary estimates.

⁴ Not available.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE C-8.—Personal consumption expenditures, 1929-65

(Billions of dollars)

Year or quarter	Total personal consumption expenditures	Durable goods				Nondurable goods					Services				
		Total	Automobiles and parts	Furniture and household equipment	Other	Total	Food, excluding alcoholic beverages ¹	Clothing and shoes ²	Gasoline and oil	Other	Total	Housing ³	Household operation	Transportation	Other
1929.....	77.2	9.2	3.2	4.8	1.2	37.7	19.5	9.4	1.8	7.0	30.3	11.5	4.0	2.6	12.2
1930.....	69.9	7.2	2.2	3.9	1.1	34.0	18.0	8.0	1.7	6.3	28.7	11.0	3.9	2.2	11.5
1931.....	60.5	5.5	1.6	3.1	.9	29.0	14.7	6.9	1.5	5.7	26.0	10.3	3.5	1.9	10.3
1932.....	48.6	3.6	.9	2.1	.6	22.7	11.4	5.1	1.5	4.8	22.2	9.0	3.0	1.6	8.6
1933.....	45.8	3.5	1.1	1.9	.5	22.3	10.9	4.6	1.5	5.3	20.1	7.9	2.8	1.5	7.9
1934.....	51.3	4.2	1.4	2.2	.6	26.7	12.2	5.7	1.6	7.2	20.4	7.6	3.0	1.6	8.2
1935.....	55.7	5.1	1.9	2.6	.7	29.3	13.6	6.0	1.7	7.9	21.3	7.7	3.2	1.7	8.7
1936.....	61.9	6.3	2.3	3.2	.8	32.9	15.3	6.6	1.9	9.1	22.8	8.0	3.4	1.9	9.5
1937.....	66.5	6.9	2.4	3.6	1.0	35.2	16.5	6.8	2.1	9.8	24.4	8.5	3.7	2.0	10.2
1938.....	63.9	5.7	1.6	3.1	.9	34.0	15.6	6.8	2.1	9.5	24.3	8.9	3.6	1.9	9.9
1939.....	66.8	6.7	2.2	3.5	1.0	35.1	15.7	7.1	2.2	10.1	25.0	9.1	3.8	2.0	10.1
1940.....	70.8	7.8	2.7	3.9	1.1	37.0	16.6	7.4	2.3	10.7	26.0	9.4	4.0	2.1	10.4
1941.....	80.6	9.6	3.4	4.9	1.4	42.9	19.2	8.8	2.6	12.2	28.1	10.2	4.3	2.4	11.2
1942.....	88.5	6.9	.7	4.7	1.6	50.8	23.3	11.0	2.1	14.4	30.8	11.0	4.8	2.7	12.3
1943.....	99.3	6.6	.8	3.9	1.9	58.6	27.4	13.4	1.3	16.5	34.2	11.5	5.2	3.4	14.0
1944.....	108.3	6.7	.8	3.8	2.2	64.3	29.9	14.6	1.4	18.4	37.2	12.0	5.9	3.7	15.6
1945.....	119.7	8.0	1.0	4.6	2.5	71.9	33.2	16.5	1.8	20.5	39.8	12.5	6.4	4.0	16.8
1946.....	143.4	15.8	4.0	8.6	3.2	82.4	39.0	18.2	3.0	22.1	45.3	13.9	6.8	5.0	19.7
1947.....	160.7	20.4	6.2	10.9	3.3	90.5	43.7	18.8	3.6	24.4	49.8	15.7	7.5	5.3	21.4
1948.....	173.6	22.7	7.5	11.9	3.4	96.2	46.3	20.1	4.4	25.4	54.7	17.5	8.1	5.8	23.3
1949.....	176.8	24.6	9.9	11.6	3.2	94.5	44.8	19.3	5.0	25.4	57.6	19.3	8.5	5.9	23.9
1950.....	191.0	30.5	13.1	14.1	3.3	98.1	46.0	19.6	5.4	27.1	62.4	21.3	9.5	6.2	25.4
1951.....	206.3	29.6	11.6	14.4	3.6	108.8	52.1	21.2	6.1	29.3	67.9	23.9	10.4	6.7	26.9
1952.....	216.7	29.3	11.1	14.3	3.9	114.0	54.7	21.9	6.8	30.5	73.4	25.5	11.1	7.1	28.7
1953.....	230.0	33.2	14.2	14.9	4.1	116.8	55.5	22.1	7.7	31.6	79.9	29.3	12.0	7.8	30.8
1954.....	236.5	32.8	13.6	15.0	4.2	118.3	56.5	22.1	8.2	31.5	85.4	31.7	12.6	7.9	33.2
1955.....	254.4	39.6	18.4	16.6	4.6	123.3	58.1	23.1	9.0	33.1	91.4	33.7	14.0	8.2	35.5
1956.....	266.7	38.9	16.4	17.5	5.0	129.3	60.4	24.1	9.8	34.9	98.5	36.0	15.2	8.6	38.6
1957.....	281.4	40.8	18.3	17.3	5.2	135.6	63.9	24.3	10.6	36.7	105.0	38.5	16.2	9.0	41.3
1958.....	290.1	37.9	15.4	17.1	5.4	140.2	66.6	24.7	11.0	37.9	112.0	41.1	17.3	9.3	44.3
1959.....	311.2	44.3	19.5	18.9	5.9	146.6	68.4	26.4	11.6	40.2	120.3	43.7	18.5	10.1	48.0
1960.....	325.2	45.3	20.1	18.9	6.3	151.3	70.1	27.3	12.3	41.6	128.7	46.3	20.0	10.8	51.6
1961.....	335.2	44.2	18.4	19.3	6.5	155.9	72.1	27.9	12.4	43.5	135.1	48.7	20.8	10.6	54.9
1962.....	355.1	49.5	22.0	20.5	6.9	162.6	74.4	29.6	12.9	45.7	143.0	52.0	22.0	11.0	58.0
1963.....	373.8	53.4	24.3	21.9	7.3	168.0	76.5	30.5	13.5	47.6	152.3	55.5	23.1	11.4	62.3
1964.....	398.9	56.7	25.8	24.7	8.2	177.5	79.9	33.3	14.0	50.3	162.6	59.5	24.4	11.7	67.0
1965 ⁴	428.5	64.8	29.9	25.9	9.0	189.0	84.9	35.1	14.7	54.3	174.7	64.7	25.8	12.2	72.0
Seasonally adjusted annual rates															
1963: I.....	368.0	52.2	23.6	21.4	7.2	166.6	76.0	30.3	13.3	47.1	149.2	54.5	22.8	11.3	60.5
II.....	371.1	52.6	23.9	21.4	7.3	167.4	76.3	30.2	13.4	47.6	151.1	55.3	22.8	11.4	61.6
III.....	376.6	54.1	24.6	22.1	7.4	169.2	76.7	31.1	13.5	47.8	153.3	55.7	23.5	11.4	62.8
IV.....	379.5	54.9	24.9	22.7	7.3	168.9	76.8	30.6	13.7	47.8	155.7	56.5	23.3	11.5	64.4
1964: I.....	389.1	57.4	25.5	23.9	8.0	173.7	78.4	32.3	14.0	49.0	158.0	57.5	23.6	11.7	65.1
II.....	396.0	59.1	25.7	25.1	8.2	175.7	79.0	33.2	13.9	49.6	161.2	58.8	24.4	11.7	66.3
III.....	404.6	60.5	27.1	25.0	8.4	179.8	80.8	33.8	14.0	51.1	164.3	60.1	24.8	11.8	67.6
IV.....	405.9	57.9	24.8	24.8	8.3	180.9	81.4	34.0	14.2	51.3	167.1	61.4	24.8	11.9	69.1
1965: I.....	416.9	64.6	30.3	25.5	8.8	182.8	81.9	34.3	14.2	52.4	169.5	62.7	24.9	11.9	70.0
II.....	424.5	63.5	29.3	25.4	8.9	187.9	84.1	35.0	14.7	54.0	173.1	64.0	25.5	12.1	71.4
III.....	432.5	65.4	30.3	26.0	9.1	190.5	85.9	35.2	14.8	54.5	176.7	65.3	26.3	12.3	72.7
IV.....	440.1	65.7	29.6	26.9	9.2	194.8	87.8	36.0	14.9	56.1	179.6	66.7	26.6	12.5	73.8

¹ Quarterly data are estimates by Council of Economic Advisers.² Includes standard clothing issued to military personnel.³ Includes imputed rental value of owner-occupied dwellings.⁴ Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics (except as noted).

TABLE C-9.—Gross private domestic investment, 1929-65

[Billions of dollars]

Year or quarter	Total gross private domestic investment	Fixed investment									Change in business inventories	
		Total	Nonresidential				Residential structures				Total	Non-farm
			Total	Structures		Producers' durable equipment		Total	Non-farm	Farm		
				Total	Non-farm	Total	Non-farm					
1929.....	16.2	14.5	10.6	5.0	4.8	5.6	4.9	4.0	3.8	0.2	1.7	1.8
1930.....	10.3	10.6	8.3	4.0	3.9	4.3	3.7	2.3	2.2	.1	-.4	-.1
1931.....	5.6	6.8	5.0	2.3	2.3	2.7	2.4	1.7	1.6	.1	-1.1	-1.6
1932.....	1.0	3.4	2.7	1.2	1.2	1.5	1.3	.7	.7	(1)	-2.5	-2.6
1933.....	1.4	3.0	2.4	.9	.9	1.5	1.3	.6	.5	(1)	-1.6	-1.4
1934.....	3.3	4.1	3.2	1.0	1.0	2.2	1.8	.9	.8	.1	-.7	-.2
1935.....	6.4	5.3	4.1	1.2	1.2	2.9	2.4	1.2	1.1	.1	1.1	.4
1936.....	8.5	7.2	5.6	1.6	1.6	4.0	3.3	1.6	1.5	.1	1.3	2.1
1937.....	11.8	9.2	7.3	2.4	2.4	4.9	4.1	1.9	1.8	.1	2.5	1.7
1938.....	6.5	7.4	5.4	1.9	1.8	3.5	2.9	2.0	1.9	.1	-.9	-1.0
1939.....	9.3	8.9	5.9	2.0	1.9	4.0	3.4	2.9	2.8	.1	.4	.3
1940.....	13.1	11.0	7.5	2.3	2.2	5.3	4.6	3.4	3.2	.2	2.2	1.9
1941.....	17.9	13.4	9.5	2.9	2.8	6.6	5.6	3.9	3.7	.2	4.5	4.0
1942.....	9.8	8.1	6.0	1.9	1.8	4.1	3.5	2.1	1.9	.2	1.8	.7
1943.....	5.7	6.4	5.0	1.3	1.2	3.7	3.2	1.4	1.2	.2	-.6	-.6
1944.....	7.1	8.1	6.8	1.8	1.7	5.0	4.2	1.3	1.1	.1	-1.0	-.6
1945.....	10.6	11.7	10.2	2.9	2.7	7.3	6.3	1.5	1.4	.1	-1.0	-.6
1946.....	30.6	24.2	17.0	6.8	6.1	10.2	9.2	7.2	6.7	.5	6.4	6.4
1947.....	34.0	34.4	23.4	7.5	6.7	15.9	14.0	11.1	10.4	.7	-.5	1.3
1948.....	46.0	41.3	26.9	8.8	8.0	18.1	15.5	14.4	13.6	.9	4.7	3.0
1949.....	35.7	38.8	25.1	8.5	7.7	16.6	13.7	13.7	12.8	.8	-3.1	-2.2
1950.....	54.1	47.3	27.9	9.2	8.5	18.7	15.7	19.4	18.6	.8	6.8	6.0
1951.....	59.3	49.0	31.8	11.2	10.4	20.7	17.7	17.2	16.4	.8	10.3	9.1
1952.....	51.9	48.8	31.6	11.4	10.5	20.2	17.6	17.2	16.4	.8	3.1	2.1
1953.....	52.6	52.1	34.2	12.7	11.9	21.5	18.6	18.0	17.2	.8	.4	1.1
1954.....	51.7	53.3	33.6	13.1	12.3	20.6	18.0	19.7	19.0	.7	-1.5	-2.1
1955.....	67.4	61.4	38.1	14.3	13.6	23.8	21.2	23.3	22.7	.6	6.0	5.5
1956.....	70.0	65.3	43.7	17.2	16.5	26.5	24.2	21.6	20.9	.7	4.7	5.1
1957.....	67.8	66.5	46.4	18.0	17.2	28.4	25.9	20.2	19.5	.7	1.3	.8
1958.....	60.9	62.4	41.6	16.6	15.8	25.0	22.0	20.8	20.1	.6	-1.5	-2.3
1959.....	75.3	70.5	45.1	16.7	15.9	28.4	25.4	25.5	24.8	.6	4.8	4.8
1960.....	74.8	71.3	48.4	18.1	17.4	30.3	27.7	22.8	22.2	.6	3.6	3.3
1961.....	71.7	69.7	47.0	18.4	17.7	28.6	25.8	22.6	22.0	.6	2.0	1.7
1962.....	83.0	77.0	51.7	19.2	18.5	32.5	29.4	25.3	24.8	.6	6.0	5.3
1963.....	86.9	81.2	54.3	19.7	19.0	34.6	31.2	26.9	26.3	.6	5.7	4.9
1964.....	92.9	88.1	60.5	21.1	20.4	39.4	35.8	27.5	27.0	.6	4.8	5.4
1965 ²	104.9	97.5	69.8	24.3	23.7	45.5	41.3	27.6	27.1	.6	7.4	7.1
Seasonally adjusted annual rates												
1963: I.....	82.6	78.1	52.1	19.0	18.4	33.1	30.0	26.0	25.4	0.6	4.5	3.8
II.....	84.8	80.1	53.4	19.2	18.5	34.2	30.9	26.7	26.1	.6	4.7	4.2
III.....	87.9	82.1	55.1	20.0	19.4	35.1	31.8	26.9	26.4	.6	5.8	5.2
IV.....	92.4	84.3	56.5	20.5	19.8	36.0	32.3	27.9	27.3	.6	8.1	6.9
1964: I.....	89.7	86.5	58.1	20.7	20.0	37.5	33.9	28.4	27.8	.6	3.3	3.6
II.....	90.9	86.8	58.9	21.1	20.4	37.9	34.4	27.9	27.3	.6	4.1	5.1
III.....	92.6	88.8	61.6	21.1	20.5	40.5	36.8	27.2	26.6	.6	3.8	4.6
IV.....	97.7	90.2	63.5	21.5	20.8	42.0	38.3	26.7	26.2	.6	7.5	7.8
1965: I.....	103.4	94.6	66.9	23.2	22.5	43.7	40.1	27.7	27.1	.6	8.8	9.2
II.....	102.8	96.4	68.4	24.5	23.8	43.9	40.2	28.0	27.5	.6	6.4	6.6
III.....	106.2	98.6	70.9	24.2	23.6	46.7	42.2	27.7	27.1	.6	7.6	7.0
IV ²	107.5	100.5	73.2	25.4	24.8	47.8	42.9	27.2	26.7	.5	7.0	5.8

¹ Less than \$50 million.

² Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE C-10.—National income by type of income, 1929–65

[Billions of dollars]

Year or quarter	Total national income ¹	Compensation of employees			Business and professional income and inventory valuation adjustment			Income of farm proprietors ³	Rental income of persons	Corporate profits and inventory valuation adjustment			Net interest
		Total	Wages and salaries	Supplements to wages and salaries ²	Total	Income of unincorporated enterprises	Inventory valuation adjustment			Total	Corporate profits before taxes ⁴	Inventory valuation adjustment	
1929	86.8	51.1	50.4	0.7	9.0	8.8	0.1	6.2	5.4	10.5	10.0	0.5	4.7
1930	75.4	46.8	46.2	.7	7.6	6.8	.8	4.3	4.8	7.0	3.7	3.3	4.9
1931	59.7	39.8	39.1	.6	5.8	5.1	.6	3.4	3.8	2.0	-.4	2.4	5.0
1932	42.8	31.1	30.5	.6	3.6	3.3	.3	2.1	2.7	-1.3	-2.3	1.0	4.6
1933	40.3	29.5	29.0	.5	3.3	3.0	-.5	2.6	2.0	-1.2	1.0	-2.1	4.1
1934	49.5	34.3	33.7	.6	4.7	4.8	-.1	3.0	1.7	1.7	2.3	-.6	4.1
1935	57.2	37.3	36.7	.6	5.5	5.5	(5)	5.3	1.7	3.4	3.6	-.2	4.1
1936	65.0	42.9	41.9	1.0	6.7	6.8	-.1	4.3	1.8	5.6	6.3	-.7	3.8
1937	73.6	47.9	46.1	1.8	7.2	7.2	(5)	6.0	2.1	6.8	6.8	(5)	3.7
1938	67.4	45.0	43.0	2.0	6.9	6.7	-.2	4.4	2.6	4.9	4.0	1.0	3.6
1939	72.6	48.1	45.9	2.2	7.4	7.6	-.2	4.4	2.7	6.3	7.0	-.7	3.5
1940	81.1	52.1	49.8	2.3	8.6	8.6	(5)	4.5	2.9	9.8	10.0	-.2	3.3
1941	104.2	64.8	62.1	2.7	11.1	11.7	-.6	6.4	3.5	15.2	17.7	-2.5	3.2
1942	137.1	85.3	82.1	3.2	14.0	14.4	-.4	9.8	4.5	20.3	21.5	-1.2	3.1
1943	170.3	109.5	105.8	3.8	17.0	17.1	-.2	11.7	5.1	24.4	25.1	-.8	2.7
1944	182.6	121.2	116.7	4.5	18.2	18.3	-.1	11.6	5.4	23.8	24.1	-.3	2.3
1945	181.5	123.1	117.5	5.6	19.2	19.3	-.1	12.2	5.6	19.2	19.7	-.6	2.2
1946	181.9	117.9	112.0	5.9	21.6	23.3	-1.7	14.9	6.6	19.3	24.6	-5.3	1.5
1947	199.0	128.9	123.0	5.9	20.3	21.8	-1.5	15.2	7.1	25.6	31.5	-5.9	1.9
1948	224.2	141.1	135.4	5.8	22.7	23.1	-.4	17.5	8.0	33.0	35.2	-2.2	1.8
1949	217.5	141.0	134.5	6.5	22.6	22.2	-.5	12.7	8.4	30.8	28.9	1.9	1.9
1950	241.1	154.6	146.8	7.8	24.0	25.1	-1.1	13.5	9.4	37.7	42.6	-5.0	2.0
1951	278.0	180.7	171.1	9.6	26.1	26.5	-.3	15.8	10.3	42.7	43.9	-1.2	2.3
1952	291.4	195.3	185.1	10.2	27.1	26.9	-.2	15.0	11.5	39.9	38.9	1.0	2.6
1953	304.7	209.1	198.3	10.9	27.5	27.6	-.2	13.0	12.7	39.6	40.6	-1.0	2.8
1954	303.1	208.0	196.5	11.5	27.6	27.6	(5)	12.4	13.6	38.0	38.3	-.3	3.6
1955	331.0	224.5	211.3	13.2	30.3	30.5	-.2	11.4	13.9	46.9	48.6	-1.7	4.1
1956	350.8	243.1	227.8	15.2	31.3	31.8	-.5	11.4	14.3	46.1	48.8	-2.7	4.6
1957	366.1	256.0	238.7	17.3	32.8	33.1	-.3	11.3	14.8	45.6	47.2	-1.5	5.6
1958	367.8	257.8	239.9	17.9	33.2	33.2	-.1	13.4	15.4	41.1	41.4	-.3	6.8
1959	400.0	279.1	258.2	20.9	35.1	35.3	-.1	14.4	15.6	51.7	52.1	-.5	7.1
1960	414.5	294.2	270.8	23.4	34.2	34.3	(5)	12.0	15.8	49.9	49.7	-.2	8.4
1961	427.3	302.6	278.1	24.6	35.6	35.6	(5)	12.8	16.0	50.3	50.3	-.1	10.0
1962	457.7	323.6	296.1	27.5	37.1	37.1	(5)	13.0	16.7	55.7	55.4	-.3	11.6
1963	481.1	341.0	311.2	29.8	37.8	37.8	(5)	13.0	17.6	58.1	58.6	-.4	13.6
1964	514.4	385.3	333.5	31.8	39.1	39.1	(5)	12.0	18.2	64.5	64.8	-.3	15.2
1965 ^e	554.6	391.9	357.4	34.5	40.3	40.6	-.3	14.3	18.6	73.1	74.6	-1.5	16.5
Seasonally adjusted annual rates													
1963: I	470.4	333.6	304.5	29.0	37.5	37.4	0.1	13.2	17.1	56.3	56.1	0.2	12.7
II	476.7	338.0	308.4	29.6	37.6	37.7	-.1	12.9	17.4	57.6	58.5	-.9	13.2
III	484.6	343.0	312.9	30.1	37.9	38.0	-.1	13.0	17.7	59.1	58.9	.2	13.9
IV	492.6	349.5	318.8	30.7	38.0	38.0	(5)	13.0	18.0	59.6	60.8	-1.2	14.5
1964: I	501.6	355.1	324.2	30.8	38.5	38.5	(5)	11.9	17.9	63.6	64.0	-.4	14.5
II	510.5	361.9	330.4	31.5	39.0	39.1	-.1	12.0	18.1	64.5	64.5	(5)	15.0
III	519.5	369.0	336.8	32.2	39.4	39.5	-.1	12.0	18.3	65.5	65.3	.2	15.4
IV	526.3	375.4	342.6	32.7	39.6	39.5	.1	12.2	18.5	64.9	65.9	-1.0	15.7
1965: I	540.6	382.4	348.9	33.5	39.9	40.0	-.1	12.0	18.5	71.7	73.1	-1.4	16.1
II	549.5	387.9	353.6	34.3	40.1	40.6	-.5	14.5	18.6	72.0	73.9	-1.8	16.4
III	557.9	393.7	359.0	34.7	40.4	40.7	-.3	15.0	18.6	73.5	74.6	-1.2	16.7
IV ⁶	(5)	403.6	368.1	35.5	40.7	40.9	-.2	15.5	18.7	(5)	(5)	-1.6	17.1

¹ National income is the total net income earned in production. It differs from gross national product mainly in that it excludes depreciation charges and other allowances for business and institutional consumption of durable capital goods, and indirect business taxes. See Table C-11.

² Employer contributions for social insurance and to private pension, health, and welfare funds; compensation for injuries; directors' fees; pay of the military reserve; and a few other minor items.

³ Excludes income resulting from net reductions of farm inventories and gives credit in computing income to net additions to farm inventories during the period.

⁴ See Table C-64 for corporate tax liability and profits after taxes.

⁵ Less than \$50 million.

⁶ Preliminary estimates.

⁷ Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.

⁸ Not available.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE C-11.—Relation of gross national product and national income, 1929-65

[Billions of dollars]

Year or quarter	Gross national product	Less: Capital consumption allowances	Equals: Net national product	Plus: Subsidies less current surplus of government enterprises	Less:					Equals: National income
					Indirect business taxes			Business transfer payments	Statistical discrepancy	
					Total	Federal	State and local			
1929.....	103.1	7.9	95.2	-0.1	7.0	1.2	5.8	0.6	0.7	86.8
1930.....	90.4	8.0	82.4	-1	7.2	1.0	6.1	.5	-.8	75.4
1931.....	75.8	7.9	68.0	(1)	6.9	.9	6.0	.6	.7	59.7
1932.....	58.0	7.4	50.7	(1)	6.8	.9	5.8	.7	.3	42.8
1933.....	55.6	7.0	48.6	(1)	7.1	1.6	5.4	.7	.6	40.3
1934.....	65.1	6.8	58.2	.3	7.8	2.2	5.6	.6	.5	49.5
1935.....	72.2	6.9	65.4	.4	8.2	2.2	6.0	.6	-.2	57.2
1936.....	82.5	7.0	75.4	(1)	8.7	2.3	6.4	.6	1.2	65.0
1937.....	90.4	7.2	83.3	.1	9.2	2.4	6.8	.6	(1)	73.6
1938.....	84.7	7.3	77.4	.2	9.2	2.2	6.9	.4	.6	67.4
1939.....	90.5	7.3	83.2	.5	9.4	2.3	7.0	.5	1.3	72.6
1940.....	99.7	7.5	92.2	.4	10.0	2.6	7.4	.4	1.0	81.1
1941.....	124.5	8.2	116.3	.1	11.3	3.6	7.7	.5	.4	104.2
1942.....	157.9	9.8	148.1	.2	11.8	4.0	7.7	.5	-1.1	137.1
1943.....	191.6	10.2	181.3	.2	12.7	4.9	7.8	.5	-2.0	170.3
1944.....	210.1	11.0	199.1	.7	14.1	6.2	8.0	.5	2.5	182.6
1945.....	212.0	11.3	200.7	.8	15.5	7.1	8.4	.5	4.0	181.5
1946.....	208.5	9.9	198.6	.9	17.1	7.8	9.3	.5	.1	181.9
1947.....	231.3	12.3	219.1	-.2	18.4	7.8	10.6	.6	.9	199.0
1948.....	257.6	14.5	243.0	-.1	20.1	8.0	12.1	.7	-2.0	224.2
1949.....	256.5	16.6	239.9	-.1	21.3	8.0	13.3	.8	.3	217.5
1950.....	284.8	18.3	266.4	.2	23.3	8.9	14.5	.8	1.5	241.1
1951.....	328.4	21.2	307.2	.2	25.2	9.4	15.8	.9	3.3	278.0
1952.....	345.5	23.2	322.3	-.1	27.6	10.3	17.3	1.0	2.2	291.4
1953.....	364.6	25.7	338.9	-.4	29.6	10.9	18.7	1.2	3.0	304.7
1954.....	364.8	28.1	336.8	-.2	29.4	9.7	19.7	1.1	2.9	303.1
1955.....	398.0	31.5	366.5	-.1	32.1	10.7	21.4	1.2	2.1	331.0
1956.....	419.2	34.1	385.2	.8	34.9	11.2	23.6	1.4	-1.1	350.8
1957.....	441.1	37.1	404.0	.9	37.3	11.8	25.5	1.5	(1)	366.1
1958.....	447.3	38.9	408.4	.9	38.5	11.5	27.0	1.6	1.6	367.8
1959.....	483.6	41.4	442.3	.1	41.5	12.5	28.9	1.7	-.8	400.0
1960.....	503.8	43.4	460.3	.2	45.2	13.5	31.7	1.9	-1.0	414.5
1961.....	520.1	45.2	474.9	1.4	47.7	13.6	34.1	2.0	-.7	427.3
1962.....	560.3	50.0	510.4	1.4	51.5	14.6	36.9	2.1	.5	457.7
1963.....	589.2	52.8	536.5	.7	54.6	15.3	39.2	2.2	-.7	481.1
1964.....	628.7	55.7	573.0	1.2	58.0	16.1	41.9	2.3	-.5	514.4
1965 ²	675.6	58.7	616.8	1.2	62.0	16.8	45.2	2.3	³ -.8	³ 554.6
Seasonally adjusted annual rates										
1963: I.....	577.0	51.5	525.5	1.0	53.7	15.2	38.5	2.1	0.2	470.4
II.....	583.1	52.5	530.6	.8	54.1	15.2	38.9	2.2	-1.6	476.7
III.....	593.1	53.2	540.0	.6	54.7	15.3	39.5	2.3	-1.0	484.6
IV.....	603.6	54.0	549.6	.6	55.6	15.5	40.1	2.3	-.3	492.6
1964: I.....	614.0	54.6	559.4	.9	56.4	15.6	40.8	2.3	(1)	501.6
II.....	624.2	55.2	569.0	1.2	57.6	16.0	41.6	2.3	-.3	510.5
III.....	634.8	56.1	578.6	1.3	58.8	16.4	42.4	2.3	-.7	519.5
IV.....	641.1	56.9	584.3	1.5	59.3	16.4	42.9	2.4	-2.2	526.3
1965: I.....	657.6	57.7	599.9	1.4	61.5	17.7	43.8	2.3	-3.1	540.6
II.....	668.8	58.3	610.5	1.3	61.4	16.7	44.7	2.3	-1.4	549.5
III.....	681.5	59.1	622.4	1.2	62.0	16.1	45.9	2.3	1.4	557.9
IV ²	694.6	59.8	634.7	1.1	62.9	16.5	46.4	2.3	(4)	(4)

¹ Less than \$50 million.

² Preliminary estimates.

³ Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.

⁴ Not available.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE C-12.—Relation of national income and personal income, 1929-65

(Billions of dollars)

Year or quarter	National income	Less:			Plus:				Personal income
		Corporate profits and inventory valuation adjustment	Contributions for social insurance	Wage accruals less disbursements	Government transfer payments to persons	Interest paid by government (net) and by consumers	Dividends	Business transfer payments	
1929	86.8	10.5	0.2	-----	0.9	2.5	5.8	0.6	85.9
1930	75.4	7.0	.3	-----	1.0	1.8	5.5	.5	77.0
1931	59.7	2.0	.3	-----	2.1	1.8	4.1	.6	65.9
1932	42.8	-1.3	.3	-----	1.4	1.7	2.5	.7	50.2
1933	40.3	-1.2	.3	-----	1.5	1.6	2.0	.7	47.0
1934	49.5	1.7	.3	-----	1.6	1.7	2.6	.6	54.0
1935	57.2	3.4	.3	-----	1.8	1.7	2.8	.6	60.4
1936	65.0	5.6	.6	-----	2.9	1.7	4.5	.6	68.6
1937	73.6	6.8	1.8	-----	1.9	1.9	4.7	.6	74.1
1938	67.4	4.9	2.0	-----	2.4	1.9	3.2	.4	68.3
1939	72.6	6.3	2.1	-----	2.5	1.9	3.8	.5	72.8
1940	81.1	9.8	2.3	-----	2.7	2.1	4.0	.4	78.3
1941	104.2	15.2	2.8	-----	2.6	2.2	4.4	.5	96.0
1942	137.1	20.3	3.5	-----	2.6	2.2	4.3	.5	122.9
1943	170.3	24.4	4.5	0.2	2.5	2.6	4.4	.5	151.3
1944	182.6	23.8	5.2	- .2	3.1	3.3	4.6	.5	165.3
1945	181.5	19.2	6.1	-----	5.6	4.2	4.6	.5	171.1
1946	181.9	19.3	6.0	-----	10.8	5.2	5.6	.5	178.7
1947	199.0	25.6	5.7	-----	11.1	5.5	6.3	.6	191.3
1948	224.2	33.0	5.2	-----	10.5	6.1	7.0	.7	210.2
1949	217.5	30.8	5.7	-----	11.6	6.5	7.2	.8	207.2
1950	241.1	37.7	6.9	-----	14.3	7.2	8.8	.8	227.6
1951	278.0	42.7	8.2	.1	11.5	7.6	8.6	.9	255.6
1952	291.4	39.9	8.7	-----	12.0	8.1	8.6	1.0	272.5
1953	304.7	39.6	8.8	- .1	12.8	9.0	8.9	1.2	288.2
1954	303.1	38.0	9.8	-----	14.9	9.5	9.3	1.1	290.1
1955	331.0	46.9	11.1	-----	16.1	10.1	10.5	1.2	310.9
1956	350.8	46.1	12.6	-----	17.1	11.2	11.3	1.4	333.0
1957	366.1	45.6	14.5	-----	19.9	12.0	11.7	1.5	351.1
1958	367.8	41.1	14.8	-----	24.1	12.1	11.6	1.6	361.2
1959	400.0	51.7	17.6	-----	24.9	13.6	12.6	1.7	383.5
1960	414.5	49.9	20.7	-----	26.6	15.1	13.4	1.9	401.0
1961	427.3	50.3	21.4	-----	30.4	15.0	13.8	2.0	416.8
1962	457.7	55.7	24.0	-----	31.2	16.1	15.2	2.1	442.6
1963	481.1	58.1	26.8	-----	33.0	17.5	15.8	2.2	464.8
1964	514.4	64.5	27.8	-----	34.2	19.1	17.2	2.3	495.0
1965 ¹	² 554.6	³ 73.1	³ 29.5	-----	36.8	20.6	18.9	2.3	530.7
Seasonally adjusted annual rates									
1963: I	470.4	56.3	26.2	-----	33.5	17.0	15.6	2.1	456.1
II	476.7	57.6	26.6	-----	32.5	17.2	15.7	2.2	460.1
III	484.6	59.1	27.0	-----	32.7	17.8	15.8	2.3	467.1
IV	492.6	59.6	27.4	-----	33.3	18.2	16.1	2.3	475.6
1964: I	501.6	63.6	27.3	-----	34.6	18.7	16.7	2.3	483.0
II	510.5	64.5	27.6	-----	33.9	18.8	17.1	2.3	490.6
III	519.5	65.5	28.0	0.1	34.1	19.4	17.4	2.3	499.1
IV	526.3	64.9	28.4	- .1	34.4	19.5	17.7	2.4	507.1
1965: I	540.6	71.7	28.9	-----	36.0	19.9	18.0	2.3	516.2
II	549.5	72.0	29.2	-----	35.1	20.4	18.6	2.3	524.7
III	557.9	73.5	29.6	-----	38.9	20.8	19.2	2.3	536.0
IV ¹	(3)	(3)	30.2	-----	37.3	21.1	19.9	2.3	546.0

¹ Preliminary estimates.

² Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.

³ Not available.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE C-13.—Sources of personal income, 1929-65

[Billions of dollars]

Year or quarter	Total personal income	Wage and salary disbursements ¹						Other labor income ¹	Proprietors' income	
		Total	Commodity-producing industries		Distributive industries	Service industries	Government		Business and professional	Farm ²
			Total	Manufacturing						
1929.....	85.9	50.4	21.5	16.1	15.6	8.4	4.9	0.6	9.0	6.2
1930.....	77.0	46.2	18.5	13.8	14.5	8.0	5.2	.6	7.6	4.3
1931.....	65.9	39.1	14.3	10.8	12.5	7.1	5.3	.5	5.8	3.4
1932.....	50.2	30.5	9.9	7.7	9.8	5.8	5.0	.5	3.6	2.1
1933.....	47.0	29.0	9.8	7.8	8.8	5.2	5.1	.4	3.3	2.6
1934.....	54.0	33.7	12.1	9.6	9.9	5.7	6.1	.4	4.7	3.0
1935.....	60.4	36.7	13.5	10.8	10.7	5.9	6.5	.5	5.5	3.3
1936.....	68.6	41.9	15.8	12.4	11.8	6.5	7.9	.6	6.7	4.3
1937.....	74.1	46.1	18.4	14.6	13.2	7.1	7.5	.6	7.2	6.0
1938.....	68.3	43.0	15.3	11.8	12.6	6.8	8.2	.6	6.9	4.4
1939.....	72.8	45.9	17.4	13.6	13.3	7.1	8.2	.6	7.4	4.4
1940.....	78.3	49.8	19.7	15.6	14.2	7.5	8.4	.7	8.6	4.5
1941.....	96.0	62.1	27.5	21.7	16.3	8.1	10.2	.7	11.1	6.4
1942.....	122.9	82.1	39.1	30.9	18.0	9.0	16.0	.9	14.0	9.8
1943.....	151.3	105.6	49.9	40.9	20.1	9.9	26.6	1.1	17.0	11.7
1944.....	165.3	116.9	50.3	42.9	22.7	10.9	33.0	1.5	18.2	11.6
1945.....	171.1	117.5	45.8	38.2	24.8	12.0	34.9	1.8	19.2	12.2
1946.....	178.7	112.0	46.0	36.5	31.0	14.4	20.7	1.9	21.6	14.9
1947.....	191.3	123.0	54.3	42.5	35.2	16.1	17.4	2.3	20.3	15.2
1948.....	210.2	135.3	61.0	47.2	37.6	17.9	18.9	2.7	22.7	17.5
1949.....	207.2	134.6	57.7	44.7	37.7	18.6	20.6	3.0	22.6	12.7
1950.....	227.6	146.7	64.6	50.3	39.9	19.9	22.4	3.8	24.0	13.5
1951.....	255.6	171.0	76.1	59.4	44.3	21.7	28.9	4.8	26.1	15.8
1952.....	272.5	185.1	81.8	64.2	46.9	23.3	33.1	5.3	27.1	15.0
1953.....	288.2	198.3	89.4	71.2	49.8	25.1	34.1	6.0	27.5	13.0
1954.....	290.1	196.5	85.4	67.6	50.2	26.4	34.6	6.3	27.6	12.4
1955.....	310.9	211.3	92.8	73.9	53.4	28.9	36.2	7.3	30.3	11.4
1956.....	333.0	227.8	100.2	79.5	57.7	31.6	38.3	8.4	31.3	11.4
1957.....	351.1	238.7	103.8	82.5	60.5	33.9	40.4	9.5	32.8	11.3
1958.....	361.2	239.9	99.7	78.7	60.8	35.9	43.5	9.9	33.2	13.4
1959.....	383.5	258.2	109.1	86.9	64.8	38.7	45.6	11.3	35.1	11.4
1960.....	401.0	270.8	112.5	89.7	68.1	41.5	48.7	12.0	34.2	12.0
1961.....	416.8	278.1	112.8	89.8	69.1	44.0	52.2	12.7	35.6	12.8
1962.....	442.6	296.1	120.8	96.7	72.5	46.8	56.0	13.9	37.1	13.0
1963.....	464.8	311.2	126.7	100.6	76.0	49.9	59.6	14.8	37.8	13.0
1964.....	495.0	333.5	133.9	107.2	81.1	54.1	64.3	16.5	39.1	12.0
1965 ⁶	530.7	357.4	143.9	115.5	86.5	58.1	68.9	18.2	40.3	14.3
Seasonally adjusted annual rates										
1963: I.....	456.1	304.5	123.0	98.6	74.5	48.8	58.2	14.4	37.5	13.2
II.....	460.1	308.4	124.7	99.7	75.3	49.4	59.0	14.6	37.6	12.9
III.....	467.1	312.9	126.6	101.0	76.4	50.2	59.7	14.9	37.9	13.0
IV.....	475.6	318.8	128.6	103.0	77.7	51.1	61.5	15.4	38.0	13.0
1964: I.....	483.0	324.2	130.2	104.1	79.0	52.4	62.6	15.8	38.5	11.9
II.....	490.6	330.4	132.9	106.2	80.4	53.5	63.5	16.3	39.0	12.0
III.....	499.1	336.7	135.2	108.4	81.9	54.6	65.0	16.7	39.4	12.0
IV.....	507.1	342.7	137.4	110.0	83.2	55.9	66.2	17.1	39.6	12.2
1965: I.....	516.2	348.9	140.8	113.0	84.7	56.5	66.8	17.5	39.9	12.0
II.....	524.7	353.6	142.3	114.2	86.1	57.5	67.7	18.1	40.1	14.5
III.....	536.0	359.0	144.4	116.0	87.0	58.5	69.0	18.4	40.4	15.0
IV ⁶	546.0	368.1	148.0	118.9	88.2	59.9	72.0	18.9	40.7	15.5

See footnotes at end of table.

TABLE C-13.—Sources of personal income, 1929-65—Continued

[Billions of dollars]

Year or quarter	Rental income of persons	Dividends	Personal interest income	Transfer payments					Less: Personal contributions for social insurance	Non-agricultural personal income ³
				Total	Old-age and survivors insurance benefits	State unemployment insurance benefits	Veterans' benefits	Other		
1929	5.4	5.8	7.2	1.5			0.6	0.9	0.1	77.6
1930	4.8	5.5	6.8	1.5			.6	.9	.1	70.8
1931	3.8	4.1	6.7	2.7			1.6	1.1	.2	60.8
1932	2.7	2.5	6.3	2.2			.8	1.4	.2	46.7
1933	2.0	2.0	5.7	2.1			.5	1.6	.2	43.2
1934	1.7	2.6	5.8	2.2			.4	1.8	.2	49.8
1935	1.7	2.8	5.7	2.4			.5	1.9	.2	53.9
1936	1.8	4.5	5.5	3.5			1.9	1.6	.2	63.0
1937	2.1	4.7	5.6	2.4	(*)	(*)	.6	1.8	.6	66.7
1938	2.6	3.2	5.5	2.8	(*)	0.4	.5	1.9	.6	62.6
1939	2.7	3.8	5.5	3.0	(*)	.4	.5	2.0	.6	66.9
1940	2.9	4.0	5.4	3.1	(*)	.5	.5	2.0	.7	72.3
1941	3.5	4.4	5.5	3.1	0.1	.3	.5	2.2	.8	87.8
1942	4.5	4.3	5.3	3.1	.1	.3	.5	2.2	1.2	111.0
1943	5.1	4.4	5.3	3.0	.2	.1	.5	2.2	1.8	137.3
1944	5.4	4.6	5.6	3.6	.2	.1	.9	2.4	2.2	151.2
1945	5.6	4.6	6.3	6.2	.3	.4	2.8	2.7	2.3	156.4
1946	6.6	5.6	6.8	11.3	.4	1.1	6.7	3.1	2.0	161.0
1947	7.1	6.3	7.5	11.7	.5	.8	6.7	3.7	2.1	173.0
1948	8.0	7.0	7.9	11.2	.6	.8	5.8	4.1	2.2	189.4
1949	8.4	7.2	8.5	12.4	.7	1.7	5.1	4.9	2.2	191.3
1950	9.4	8.8	9.2	15.1	1.0	1.4	4.9	7.9	2.9	210.9
1951	10.3	8.6	9.9	12.5	1.9	.8	3.9	5.9	3.4	236.4
1952	11.5	8.6	10.6	13.0	2.2	1.0	3.9	6.0	3.8	254.1
1953	12.7	8.9	11.8	14.0	3.0	1.0	3.7	6.3	4.0	271.9
1954	13.6	9.3	13.1	16.0	3.6	2.0	3.9	6.5	4.6	274.7
1955	13.9	10.5	14.2	17.3	4.9	1.4	4.3	6.8	5.2	296.4
1956	14.3	11.3	15.7	18.5	5.7	1.4	4.3	7.2	5.8	318.5
1957	14.8	11.7	17.6	21.4	7.3	1.8	4.4	7.9	6.7	336.6
1958	15.4	11.6	18.9	25.7	8.5	3.9	4.6	8.7	6.9	344.3
1959	15.6	12.6	20.7	26.6	10.2	2.5	4.6	9.4	7.9	368.5
1960	15.8	13.4	23.4	28.5	11.1	2.8	4.6	10.0	9.3	385.2
1961	16.0	13.8	25.0	32.4	12.6	4.0	4.8	10.9	9.6	400.0
1962	16.7	15.2	27.7	33.3	14.3	2.9	4.8	11.2	10.3	425.5
1963	17.6	15.8	31.1	35.2	15.2	2.8	5.0	12.1	11.8	447.4
1964	18.2	17.2	34.3	36.6	16.0	2.6	5.3	12.7	12.4	478.7
1965 ⁴	18.6	18.9	37.1	39.2	18.0	2.2	5.6	13.4	13.2	512.1
Seasonally adjusted annual rates										
1963: I	17.1	15.6	29.7	35.6	15.0	3.0	4.9	12.7	11.6	438.6
II	17.4	15.7	30.4	34.7	15.1	2.8	5.0	11.8	11.7	442.9
III	17.7	15.8	31.7	35.0	15.4	2.7	5.0	11.8	11.9	449.7
IV	18.0	16.1	32.7	35.6	15.5	2.7	5.1	12.2	12.0	458.3
1964: I	17.9	16.7	33.2	36.9	15.8	2.7	5.2	13.1	12.2	466.8
II	18.1	17.1	33.8	36.2	15.9	2.6	5.3	12.5	12.3	474.1
III	18.3	17.4	34.8	36.4	16.1	2.5	5.3	12.5	12.5	482.8
IV	18.5	17.7	35.3	36.7	16.3	2.4	5.3	12.7	12.7	490.7
1965: I	18.5	18.0	36.0	38.4	16.6	2.4	5.5	13.9	12.9	500.0
II	18.6	18.6	36.7	37.5	16.6	2.2	5.6	13.1	13.0	505.7
III	18.6	19.2	37.5	41.2	20.4	2.2	5.6	13.1	13.3	516.6
IV ⁵	18.7	19.9	38.2	39.7	18.6	2.0	5.7	13.4	13.6	526.1

¹ The total of wage and salary disbursements and other labor income differs from compensation of employees in Table C-10 in that it excludes employer contributions for social insurance and excludes the excess of wage accruals over wage disbursements.

² Excludes income resulting from net reductions of inventories and gives credit in computing income to net additions to inventories during the period.

³ Nonagricultural income is personal income exclusive of net income of unincorporated farm enterprises, farm wages, agricultural net interest, and net dividends paid by agricultural corporations.

⁴ Less than \$50 million.

⁵ Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE C-14.—Disposition of personal income, 1929-65

Year or quarter	Personal income	Less: Personal tax and nontax payments	Equals: Disposable personal income	Less: Personal outlays				Equals: Personal saving	Percent of disposable personal income		
				Total outlays	Personal consumption expenditures	Interest paid by consumers	Personal transfer payments to foreigners		Personal outlays		Personal saving
									Total	Consumption expenditures	
Billions of dollars								Percent			
1929	85.9	2.6	83.3	79.1	77.2	1.5	0.3	4.2	95.0	92.7	5.0
1930	77.0	2.5	74.5	71.1	69.9	.9	.3	3.4	95.4	93.8	4.6
1931	65.9	1.9	64.0	61.4	60.5	.7	.3	2.6	95.9	94.4	4.1
1932	50.2	1.5	48.7	49.3	48.6	.5	.2	- .6	101.3	99.8	-1.3
1933	47.0	1.5	45.5	46.5	45.8	.5	.2	- .9	102.0	100.6	-2.0
1934	54.0	1.6	52.4	52.0	51.3	.5	.2	.4	99.3	98.0	.7
1935	60.4	1.9	58.5	56.4	55.7	.5	.2	2.1	96.3	95.2	3.7
1936	68.6	2.3	66.3	62.7	61.9	.6	.2	3.6	94.6	93.3	5.4
1937	74.1	2.9	71.2	67.4	66.5	.7	.2	3.8	94.7	93.4	5.3
1938	68.3	2.9	65.5	64.8	63.9	.7	.2	.7	98.9	97.6	1.1
1939	72.8	2.4	70.3	67.7	66.8	.7	.2	2.6	96.3	95.0	3.7
1940	78.3	2.6	75.7	71.8	70.8	.8	.2	3.8	94.9	93.6	5.1
1941	96.0	3.3	92.7	81.7	80.6	.9	.2	11.0	88.2	86.9	11.8
1942	122.9	6.0	116.9	89.3	88.5	.7	.1	27.6	76.4	75.7	23.6
1943	151.3	17.8	133.5	100.1	99.3	.5	.2	33.4	75.0	74.4	25.0
1944	165.3	18.9	146.3	109.1	108.3	.5	.4	37.3	74.5	74.0	25.5
1945	171.1	20.9	150.2	120.7	119.7	.5	.5	29.6	80.3	79.7	19.7
1946	178.7	18.7	160.0	144.8	143.4	.8	.6	15.2	90.5	89.6	9.5
1947	191.3	21.4	169.8	162.5	160.7	1.1	.7	7.3	95.7	94.6	4.3
1948	210.2	21.1	189.1	175.8	173.6	1.5	.7	13.4	92.9	91.8	7.1
1949	207.2	18.6	188.6	179.2	176.8	1.9	.5	9.4	95.0	93.8	5.0
1950	227.6	20.7	206.9	193.9	191.0	2.4	.4	13.1	93.7	92.3	6.3
1951	255.6	29.0	226.6	209.3	206.3	2.7	.4	17.3	92.4	91.0	7.6
1952	272.5	34.1	238.3	220.1	216.7	3.0	.4	18.2	92.4	90.9	7.6
1953	288.2	35.6	252.6	234.2	230.0	3.8	.5	18.3	92.7	91.1	7.3
1954	290.1	32.7	257.4	241.0	236.5	4.0	.5	16.4	93.6	91.9	6.4
1955	310.9	35.5	275.3	259.5	254.4	4.7	.4	15.8	94.3	92.4	5.7
1956	333.0	39.8	293.2	272.6	266.7	5.4	.5	20.6	93.0	91.0	7.0
1957	351.1	42.6	308.5	287.8	281.4	5.8	.5	20.8	93.3	91.2	6.7
1958	361.2	42.3	318.8	296.5	290.1	5.9	.5	22.3	93.0	91.0	7.0
1959	383.5	46.2	337.3	318.2	311.2	6.5	.6	19.1	94.3	92.3	5.7
1960	401.0	50.9	350.0	333.0	325.2	7.3	.5	17.0	95.1	92.9	4.9
1961	416.8	52.4	364.4	343.2	335.2	7.6	.5	21.2	94.2	92.0	5.8
1962	442.6	57.4	385.3	363.7	355.1	8.1	.5	21.6	94.4	92.2	5.6
1963	464.8	60.9	403.8	383.4	373.8	9.0	.6	20.4	94.9	92.6	5.1
1964	495.0	59.2	435.8	409.5	398.9	10.0	.6	26.3	94.0	91.5	6.0
1965 ¹	530.7	65.4	465.3	440.2	428.5	11.1	.6	25.1	94.6	92.1	5.4
Seasonally adjusted annual rates											
1963: I	456.1	60.4	395.7	377.1	368.0	8.6	0.6	18.5	95.3	93.0	4.7
II	460.1	60.6	399.4	380.5	371.1	8.8	.6	18.9	95.3	92.9	4.7
III	467.1	61.0	406.1	386.3	376.6	9.2	.6	19.8	95.1	92.7	4.9
IV	475.6	61.6	414.0	389.5	379.5	9.4	.6	24.4	94.1	91.7	5.9
1964: I	483.0	60.4	422.6	399.3	389.1	9.6	.6	23.3	94.5	92.1	5.5
II	490.6	56.9	433.6	406.3	396.0	9.8	.5	27.3	93.7	91.3	6.3
III	499.1	58.8	440.3	415.3	404.6	10.2	.5	25.0	94.3	91.9	5.7
IV	507.1	60.7	446.4	416.9	405.9	10.4	.6	29.5	93.4	90.9	6.6
1965: I	516.2	64.8	451.4	428.1	416.9	10.6	.6	23.3	94.8	92.4	5.2
II	524.7	66.2	458.5	436.1	424.5	11.0	.6	22.4	95.1	92.6	4.9
III	536.0	64.8	471.2	444.4	432.5	11.3	.6	26.8	94.3	91.8	5.7
IV	546.0	65.7	480.3	452.3	440.1	11.6	.6	28.0	94.2	91.6	5.8

¹ Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE C-15.—Total and per capita disposable personal income and personal consumption expenditures, in current and 1958 prices, 1929-65

Year or quarter	Disposable personal income				Personal consumption expenditures				Population (thousands) ¹
	Total (billions of dollars)		Per capita (dollars)		Total (billions of dollars)		Per capita (dollars)		
	Current prices	1958 prices	Current prices	1958 prices	Current prices	1958 prices	Current prices	1958 prices	
1929	83.3	150.6	683	1,236	77.2	139.6	634	1,145	121,875
1930	74.5	139.0	605	1,128	69.9	130.4	567	1,059	123,188
1931	64.0	133.7	516	1,077	60.5	126.1	487	1,016	124,149
1932	48.7	115.1	390	921	48.6	114.8	389	919	124,949
1933	45.5	112.2	362	893	45.8	112.8	364	897	125,690
1934	52.4	120.4	414	952	51.3	118.1	406	934	126,485
1935	58.5	131.8	459	1,035	55.7	125.5	437	985	127,362
1936	66.3	148.4	518	1,158	61.9	138.4	483	1,080	128,181
1937	71.2	153.1	552	1,187	66.5	143.1	516	1,110	128,181
1938	65.5	143.6	504	1,105	63.9	140.2	492	1,079	129,969
1939	70.3	155.9	537	1,190	66.8	148.2	510	1,131	131,028
1940	75.7	166.3	573	1,259	70.8	155.7	536	1,178	132,122
1941	92.7	190.3	695	1,427	80.6	165.4	604	1,240	133,402
1942	116.9	213.4	867	1,582	88.5	161.4	656	1,197	134,860
1943	133.5	222.8	976	1,629	99.3	165.5	726	1,213	136,739
1944	146.3	231.6	1,057	1,673	108.3	171.4	782	1,238	138,397
1945	150.2	229.7	1,074	1,642	119.7	183.0	855	1,308	139,928
1946	160.0	227.0	1,132	1,605	143.4	203.5	1,014	1,439	141,389
1947	169.8	218.0	1,178	1,513	160.7	206.3	1,115	1,431	144,126
1948	189.1	229.8	1,290	1,567	173.6	210.8	1,184	1,438	146,931
1949	188.6	230.8	1,264	1,547	176.8	216.5	1,185	1,451	149,188
1950	206.9	249.6	1,364	1,646	191.0	230.5	1,259	1,520	151,684
1951	226.6	255.7	1,469	1,657	206.3	232.8	1,337	1,509	154,287
1952	238.3	263.3	1,518	1,678	216.7	239.4	1,381	1,525	156,954
1953	252.6	275.4	1,583	1,726	230.0	250.8	1,441	1,572	159,565
1954	257.4	278.3	1,585	1,714	236.5	255.7	1,456	1,575	162,391
1955	275.3	296.7	1,666	1,795	254.4	274.2	1,539	1,659	165,275
1956	293.2	309.3	1,743	1,839	266.7	281.4	1,585	1,673	168,221
1957	308.5	315.8	1,801	1,844	281.4	288.2	1,643	1,683	171,274
1958	318.8	318.8	1,831	1,831	290.1	290.1	1,666	1,666	174,141
1959	337.3	333.0	1,905	1,881	311.2	307.3	1,758	1,735	177,073
1960	350.0	340.2	1,937	1,883	325.2	316.2	1,800	1,750	180,684
1961	364.4	350.7	1,983	1,909	335.2	322.6	1,824	1,756	183,756
1962	385.3	367.6	2,064	1,969	355.1	338.6	1,902	1,814	186,656
1963	403.8	380.6	2,132	2,009	373.8	352.4	1,973	1,861	189,417
1964	435.8	406.5	2,268	2,116	398.9	372.1	2,076	1,937	192,119
1965 ²	465.3	428.1	2,391	2,200	428.5	394.1	2,202	2,025	194,583
Seasonally adjusted annual rates									
1963: I	395.7	374.3	2,100	1,986	368.0	348.3	1,953	1,848	188,454
II	399.4	376.8	2,112	1,993	371.1	350.0	1,963	1,851	189,072
III	406.1	382.7	2,140	2,016	376.6	355.1	1,984	1,871	189,809
IV	414.0	388.7	2,173	2,040	379.5	356.4	1,991	1,870	190,560
1964: I	422.6	395.7	2,211	2,070	389.1	364.5	2,035	1,907	191,161
II	433.6	404.9	2,261	2,111	396.0	369.8	2,065	1,928	191,780
III	440.3	410.7	2,288	2,134	404.6	377.3	2,102	1,960	192,478
IV	446.4	414.5	2,311	2,146	405.9	376.8	2,101	1,950	193,182
1965: I	451.4	417.9	2,330	2,157	416.9	386.1	2,152	1,993	193,762
II	458.5	421.7	2,360	2,170	424.5	390.5	2,185	2,010	194,298
III	471.2	432.3	2,418	2,218	432.5	396.9	2,219	2,036	194,910
IV ²	480.3	439.4	2,456	2,247	440.1	402.8	2,251	2,060	195,536

¹ Population of the United States including armed forces abroad. Annual data are for July 1; quarterly data are for middle of period.

² Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Sources: Department of Commerce (Office of Business Economics and Bureau of the Census) and Council of Economic Advisers.

TABLE C-16.—Number and money income of families and unrelated individuals, 1947-64

Year	All families		Poor families ¹	
	Number (millions)	Median income (1964 prices)	Number (millions)	Incidence
Families				
1947	37.2	\$4,214	11.5	31
1948	38.6	4,119	12.2	32
1949	39.3	4,049	13.0	33
1950	39.9	4,293	12.1	30
1951	40.6	4,439	11.5	28
1952	40.8	4,557	11.0	27
1953	41.2	4,928	10.3	25
1954	42.0	4,819	11.2	27
1955	42.9	5,143	10.3	24
1956	43.5	5,478	9.5	22
1957	43.7	5,466	9.6	22
1958	44.2	5,457	9.8	22
1959	45.1	5,773	9.4	21
1960	45.5	5,904	9.3	20
1961	46.3	5,970	9.5	20
1962	47.0	6,135	9.0	19
1963	47.4	6,358	8.7	18
1964	47.8	6,569	8.4	18
Individuals				
	All individuals		Poor individuals ²	
	Number (millions)	Median income (1964 prices)	Number (millions)	Incidence
1947	8.2	\$1,392	4.3	53
1948	8.4	1,353	4.5	54
1949	9.0	1,418	4.7	52
1950	9.4	1,410	4.9	52
1951	9.1	1,458	4.7	51
1952	9.7	1,671	4.6	47
1953	9.5	1,642	4.6	48
1954	9.7	1,442	5.0	51
1955	9.9	1,540	4.8	49
1956	9.8	1,650	4.7	48
1957	10.4	1,699	4.8	46
1958	10.9	1,652	5.1	47
1959	10.9	1,699	5.0	46
1960	11.1	1,836	5.0	45
1961	11.2	1,842	4.9	44
1962	11.0	1,820	4.7	43
1963	11.2	1,842	4.8	43
1964	12.1	1,983	5.1	42

¹ Poverty is defined to include all families with total money income of less than \$3,000 in 1964 prices; these are also referred to as poor families. Incidence of poverty is measured by the percent that poor families are of all families.

² Poverty is defined to include all unrelated individuals with total money income of less than \$1,500 in 1964 prices. Incidence of poverty is measured by the percent that poor unrelated individuals are of all unrelated individuals.

NOTE.—The number of poor and incidence of poverty shown in this table differ from data shown in Chapter 3, Tables 17, 18 and 19. In Chapter 3, poverty is defined by the new Social Security Administration poverty-income standard; it takes into account family size, composition, and place of residence (as well as the amount of money income).

Data for Alaska and Hawaii included beginning 1959.

Source: Department of Commerce, Bureau of the Census.

TABLE C-17.—Financial saving by individuals, 1939-65¹

(Billions of dollars)

Year or quarter	Total	Curren- cy and bank de- posits	Sav- ings shares (²)	Securities			Private insur- ance re- serves (⁴)	Non- insur- ed pen- sion funds	Gov- ern- ment insur- ance and pen- sion re- serves ⁵	Less: Increase in debt			
				Total	U.S. sav- ings bonds	Other gov- ern- ment ³				Cor- porate and other	Mort- gage debt ⁶	Con- sumer debt ⁷	Secu- rities loans ⁸
1939	4.2	3.0	0.1	-0.8	0.7	-0.9	-0.6	1.7	0.1	1.3	0.5	0.8	-0.2
1940	4.2	2.9	.3	-.4	.9	-.8	-.4	1.8	.1	1.3	.9	1.0	-.2
1941	10.5	4.8	.4	2.6	2.8	-.4	-.5	2.1	.1	1.9	.8	4.7	-.1
1942	29.3	10.9	.3	10.3	8.0	2.3	(⁹)	2.5	.2	2.6	.1	-3.0	.3
1943	38.7	16.2	.6	14.1	11.1	3.3	-.7	3.2	.2	3.9	-.4	-1.0	.6
1944	41.4	17.5	.9	15.7	11.8	4.6	-.7	3.2	.6	5.0	-.1	1.1	1.4
1945	37.3	19.0	1.1	9.9	6.9	4.2	-1.2	3.5	.9	5.1	-.2	2.2	1.5
1946	14.5	10.6	1.2	-1.4	1.0	-2.6	.2	3.4	.3	3.5	3.2	2.3	-2.3
1947	6.7	2.0	1.3	2.2	2.0	-.2	-.4	3.6	.3	3.5	4.7	2.8	-.8
1948	2.7	-1.8	1.3	3.0	1.6	.5	.9	3.7	.4	3.6	4.7	2.4	.4
1949	2.1	-1.4	1.6	2.3	1.5	.1	.7	3.7	.6	2.3	4.0	2.6	.3
1950	1.3	3.5	1.7	.9	.3	-.1	.7	3.9	.9	1.1	6.8	3.7	.2
1951	11.1	5.9	2.3	.7	-.5	-.4	1.6	4.1	1.5	4.2	6.9	1.0	-.3
1952	13.1	7.0	3.3	3.4	.1	1.2	2.1	4.8	1.7	4.4	6.4	4.4	.6
1953	10.9	4.7	4.0	3.4	.2	2.0	1.2	5.0	2.0	3.2	7.3	3.7	.4
1954	9.6	5.4	4.7	.2	.6	-1.1	.6	5.2	2.2	2.6	8.8	1.0	.9
1955	6.8	3.3	5.2	6.2	-.3	3.7	2.2	5.5	2.4	3.7	12.1	1.1	.6
1956	14.2	4.7	5.4	5.2	-.1	3.2	1.9	5.5	2.8	3.7	10.5	3.2	-.8
1957	16.4	4.9	5.2	5.2	-1.9	4.4	2.8	5.1	3.1	3.2	7.9	2.4	-.1
1958	16.9	10.2	6.4	1.1	-.2	-1.0	2.6	5.3	3.3	.6	9.3	2.2	.4
1959	13.2	4.4	7.2	9.7	-1.8	10.8	.6	5.5	3.8	2.3	13.2	6.1	.2
1960	8.0	2.7	8.3	-.5	-.2	-.9	.6	5.5	4.1	3.4	10.9	4.2	.3
1961	15.9	8.7	9.4	-.9	.6	-.4	.5	5.8	4.4	1.1	11.1	1.5	1.0
1962	21.2	18.0	10.0	-.9	-.4	.9	-2.2	6.4	4.4	3.0	13.4	5.0	1.1
1963	22.3	17.5	11.8	.5	1.2	2.0	-2.8	6.6	4.7	4.4	15.9	6.3	.9
1964	31.8	19.8	11.3	4.4	.9	4.1	-.6	7.6	5.4	5.4	15.6	6.5	.1
1965 ¹⁰	34.3	23.6	9.5	6.2	.5	5.7	(⁹)	8.1	5.9	5.1	15.6	8.8	-.4
1963: I	6.6	3.2	3.2	-.9	.4	-.7	-.6	1.4	1.2	(⁹)	3.5	-.7	-1.3
1963: II	3.4	2.3	3.3	-.3	.2	-.2	-.7	1.5	1.1	2.8	3.8	2.5	.9
1963: III	6.8	5.5	1.7	1.5	.3	2.0	-.7	1.7	1.1	1.5	4.0	1.5	.8
1963: IV	5.5	6.5	3.7	.1	.3	.6	-.8	1.9	1.3	.1	4.6	3.0	.5
1964: I	7.2	2.3	2.5	1.6	.2	1.6	-.2	1.9	1.2	.3	3.8	-.7	-.6
1964: II	7.7	3.6	3.3	1.3	.2	.9	-.2	1.8	1.4	3.2	3.8	2.6	.6
1964: III	8.5	5.7	2.1	1.4	.2	1.5	-.3	1.8	1.2	1.9	3.8	1.6	.3
1964: IV	8.5	8.2	3.5	.1	.3	.1	-.3	2.0	1.5	(⁹)	4.2	3.0	-.3
1965: I	6.7	1.9	2.1	1.5	.2	1.3	(⁹)	2.1	1.5	.6	3.4	-.4	-.1
1965: II	8.3	5.0	2.5	2.0	.1	1.3	.6	1.7	1.4	3.6	3.8	3.4	.7
1965: III	10.7	7.9	1.4	1.3	.1	1.5	-.3	2.1	1.4	1.0	4.1	2.3	-2.0
1965: IV ¹⁰	8.6	8.8	3.6	1.4	.1	1.6	-.3	2.2	1.6	-.1	4.3	3.5	1.0

¹ Individuals' saving, in addition to personal holdings, covers saving of unincorporated business, trust funds, and nonprofit institutions in the forms specified.

² Includes shares in savings and loan associations and shares and deposits in credit unions.

³ "Other government" includes U.S. Government issues (except savings bonds), State and local government securities, and beginning 1951, nonguaranteed Federal agency issues, which are included in "corporate and other" for years prior to 1951.

⁴ Includes insured pension reserves.

⁵ Includes Social Security funds, State and local retirement systems, etc.

⁶ Mortgage debt to institutions on one- to four-family nonfarm dwellings.

⁷ Consumer debt owed to corporations, largely attributable to purchases of automobiles and other durable consumer goods, although including some debt arising from purchases of consumption goods. Policy loans on Government and private life insurance have been deducted from those items of saving.

⁸ Change in bank loans to brokers, dealers, and others for the purpose of purchasing or carrying securities.

⁹ Less than \$50 million.

¹⁰ Preliminary estimates.

NOTE.—In addition to the concept of saving shown above, there are other concepts of individuals' saving, with varying degrees of coverage, currently in use. The personal saving estimates of the Department of Commerce are derived as the difference between personal income (after taxes) and personal outlays. A comparison of the two series is being prepared.

The flow-of-funds system of accounts of the Board of Governors of the Federal Reserve System includes estimates of gross saving and net financial investment of households.

Data for Alaska and Hawaii included for all periods.

Source: Securities and Exchange Commission.

TABLE C-18.—Sources and uses of gross saving, 1929-65

[Billions of dollars]

Year or quarter	Gross private saving and government surplus or deficit on income and product transactions							Gross investment			Statistical discrepancy
	Total	Private saving			Government surplus or deficit (-)			Total	Gross private domestic investment	Net foreign investment ¹	
		Total	Personal saving	Gross business saving	Total	Federal	State and local				
1929	16.3	15.3	4.2	11.2	1.0	1.2	-0.2	17.0	16.2	0.8	0.7
1930	11.8	12.1	3.4	8.6	-3	.3	-6	11.0	10.3	.7	-8
1931	5.1	8.0	2.6	5.3	-2.9	-2.1	-8	5.8	5.6	.2	.7
1932	.8	2.5	-6	3.2	-1.8	-1.5	-3	1.1	1.0	.2	.3
1933	.9	2.3	-9	3.2	-1.4	-1.3	-1	1.6	1.4	.2	.6
1934	3.2	5.6	.4	5.2	-2.4	-2.9	.5	3.8	3.3	.4	.5
1935	6.6	8.6	2.1	6.4	-2.0	-2.6	.6	6.4	6.4	-1	-2
1936	7.2	10.3	3.6	6.7	-3.1	-3.6	.5	8.4	8.5	-1	1.2
1937	11.9	11.5	3.8	7.7	.3	-4	.7	11.8	11.8	.1	(²)
1938	7.0	8.7	.7	8.0	-1.8	-2.1	.4	7.6	6.5	1.1	.6
1939	8.8	11.0	2.6	8.4	-2.2	-2.2	(³)	10.2	9.3	.9	1.3
1940	13.6	14.3	3.8	10.5	-7	-1.3	.6	14.6	13.1	1.5	1.0
1941	18.6	22.4	11.0	11.4	-3.8	-5.1	1.3	19.0	17.9	1.1	.4
1942	10.7	42.0	27.6	14.5	-31.4	-33.1	1.8	9.6	9.8	-2	-1.1
1943	5.5	49.7	33.4	16.3	-44.1	-46.6	2.5	3.5	5.7	-2.2	-2.0
1944	2.5	54.3	37.3	17.1	-51.8	-54.5	2.7	5.0	7.1	-2.1	2.5
1945	5.2	44.7	29.6	15.1	-39.5	-42.1	2.6	9.2	10.6	-1.4	4.0
1946	35.1	29.7	15.2	14.5	5.4	3.5	1.9	35.2	30.6	4.6	.1
1947	42.0	27.6	7.3	20.3	14.4	13.4	1.0	42.9	34.0	8.9	.9
1948	50.0	41.4	13.4	28.1	8.5	8.4	.1	47.9	46.0	1.9	-2.0
1949	35.9	39.1	9.4	29.7	-3.2	-2.4	-7	36.2	35.7	.5	.3
1950	50.4	42.5	13.1	29.4	7.8	9.1	-1.2	51.9	54.1	-2.2	1.5
1951	56.2	50.4	17.3	33.1	5.8	6.2	-4	59.5	59.3	.2	3.3
1952	49.5	53.3	18.2	35.1	-3.8	-3.8	(²)	51.7	51.9	-3	2.2
1953	47.5	54.4	18.3	36.1	-6.9	-7.0	.1	50.5	52.6	-2.1	3.0
1954	48.4	55.4	16.4	39.0	-7.0	-5.9	-1.1	51.3	51.7	-4	2.9
1955	64.8	62.1	15.8	46.3	2.7	4.0	-1.3	66.9	67.4	-5	2.1
1956	72.7	67.8	20.6	47.3	4.9	5.7	-9	71.6	70.0	1.6	-1.1
1957	71.3	70.5	20.8	49.8	.7	2.1	-1.4	71.3	67.8	3.4	(²)
1958	59.2	71.7	22.3	49.4	-12.5	-10.2	-2.3	60.8	60.9	-1	1.6
1959	73.8	75.9	19.1	56.8	-2.1	-1.2	-8	73.0	75.3	-2.3	-8
1960	77.6	73.9	17.0	56.8	3.7	3.5	.2	76.6	74.8	1.7	-1.0
1961	75.5	79.8	21.2	58.7	-4.3	-3.8	-5	74.8	71.7	3.1	-7
1962	85.0	87.9	21.6	66.3	-2.9	-3.8	.9	85.5	83.0	2.5	.5
1963	90.7	89.5	20.4	69.1	1.2	.3	.9	90.0	86.9	3.2	-7
1964	99.3	101.7	26.3	75.4	-2.4	-3.8	1.4	98.7	92.9	5.8	-5
1965 ³	110.2	107.9	25.1	82.8	2.3	4.6	1.7	109.3	104.9	4.4	-8
Seasonally adjusted annual rates											
1963: I	84.3	85.8	18.5	67.3	-1.6	-2.5	0.9	84.5	82.6	1.8	0.2
II	89.9	87.3	18.9	68.4	2.6	1.8	.9	83.3	84.8	3.5	-1.6
III	91.7	90.0	19.8	70.3	1.7	.6	1.0	90.8	87.9	2.9	-1.0
IV	97.2	94.8	24.4	70.4	2.4	1.2	1.3	96.9	92.4	4.5	-3
1964: I	95.9	97.5	23.3	74.2	-1.6	-2.6	1.0	95.9	89.7	6.1	(²)
II	96.0	102.4	27.3	75.2	-6.4	-7.6	1.2	95.7	90.9	4.8	-3
III	99.4	101.5	25.0	76.5	-2.1	-3.6	1.5	98.7	92.6	6.1	-7
IV	106.1	105.3	29.5	75.8	.8	-1.1	1.9	103.9	97.7	6.2	-2.2
1965: I	110.0	105.3	23.3	82.0	4.7	3.6	1.1	106.8	103.4	3.4	-3.1
II	109.3	104.4	22.4	82.0	4.9	3.8	1.1	107.8	102.8	5.0	-1.4
III	109.3	110.0	26.8	83.2	-7	-2.9	2.2	110.9	106.2	4.7	1.4
IV ⁴	(⁵)	(⁵)	28.0	(⁵)	(⁵)	(⁵)	(⁵)	112.1	107.5	4.6	(⁵)

¹ Net exports of goods and services less net transfers to foreigners.

² Less than \$50 million.

³ Preliminary estimates.

⁴ Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.

⁵ Not available.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

POPULATION, EMPLOYMENT, WAGES, AND PRODUCTIVITY

TABLE C-19.—Population by age groups: Estimates, 1929-65, and projections, 1970-85

[Thousands of persons]

July 1	Total	Age (years)						
		Under 5	5 to 13	14 to 19	20 to 24	25 to 44	45 to 64	65 and over
Estimates:								
1929	121,767	11,734	22,131	13,796	10,694	35,862	21,076	6,474
1930	123,077	11,372	22,266	13,937	10,915	36,309	21,573	6,705
1931	124,040	11,179	22,263	13,980	11,003	36,654	22,031	6,928
1932	124,840	10,903	22,238	14,015	11,077	36,988	22,473	7,147
1933	125,579	10,612	22,129	14,070	11,152	37,319	22,933	7,363
1934	126,374	10,331	21,964	14,163	11,238	37,662	23,435	7,582
1935	127,250	10,170	21,730	14,296	11,317	37,987	23,947	7,804
1936	128,053	10,044	21,434	14,442	11,375	38,288	24,444	8,027
1937	128,825	10,009	21,082	14,558	11,411	38,589	24,917	8,258
1938	129,825	10,176	20,668	14,680	11,453	38,954	25,387	8,508
1939	130,880	10,418	20,253	14,748	11,519	39,354	25,823	8,764
1940	132,122	10,579	19,936	14,770	11,690	39,868	26,249	9,031
1941	133,402	10,850	19,674	14,682	11,907	40,383	26,718	9,288
1942	134,860	11,301	19,427	14,534	11,955	40,861	27,196	9,584
1943	136,739	12,016	19,319	14,381	12,064	41,420	27,671	9,867
1944	138,397	12,524	19,246	14,264	12,062	42,016	28,138	10,147
1945	139,928	12,979	19,326	13,942	12,036	42,521	28,630	10,494
1946	141,389	13,244	19,625	13,597	12,004	43,027	29,064	10,828
1947	144,126	14,406	20,118	13,447	11,814	43,657	29,498	11,185
1948	146,631	14,919	20,990	13,171	11,794	44,288	29,931	11,538
1949	149,188	15,607	21,634	13,006	11,700	44,916	30,405	11,921
1950	152,271	16,410	22,424	12,839	11,680	45,673	30,849	12,397
1951	154,878	17,333	22,998	12,727	11,552	46,103	31,362	12,803
1952	157,553	17,312	24,501	12,807	11,350	46,494	31,884	13,203
1953	160,184	17,638	25,701	12,986	11,062	46,786	32,393	13,617
1954	163,026	18,057	26,887	13,230	10,832	47,002	32,941	14,076
1955	165,931	18,566	27,925	13,501	10,714	47,195	33,507	14,527
1956	168,903	19,003	28,929	13,981	10,616	47,380	34,058	14,937
1957	171,984	19,494	29,672	14,795	10,603	47,441	34,591	15,387
1958	174,882	19,887	30,651	15,337	10,756	47,336	35,109	15,805
1959	177,830	20,175	31,767	15,816	10,969	47,192	35,663	16,248
1960	180,684	20,364	32,985	16,217	11,116	47,134	36,208	16,659
1961	183,756	20,657	33,296	17,566	11,408	47,061	36,756	17,013
1962	186,656	20,746	33,943	18,483	11,889	46,969	37,316	17,311
1963	189,417	20,750	34,606	19,075	12,620	46,933	37,868	17,565
1964	192,119	20,691	35,298	19,813	13,152	46,874	38,434	17,856
1965	194,583	20,434	35,888	20,639	13,667	46,789	39,011	18,156
Projections: ¹								
1970: Series A ...	211,430	23,991	37,748	22,940	17,104	48,216	41,860	19,571
Series D ...	205,886	19,444	36,751					
1975: Series A ...	230,415	27,312	41,057	24,801	19,057	53,597	43,419	21,172
Series D ...	218,855	21,276	35,533					
1980: Series A ...	252,056	30,557	46,826	25,930	20,624	61,784	43,250	23,086
Series D ...	233,140	23,164	36,984					
1985: Series A ...	275,622	33,048	52,719	29,301	21,472	71,094	42,984	25,007
Series D ...	247,953	24,235	40,447					

¹ Two of four series projected by the cohort method and based on different assumptions with regard to completed fertility, which moves gradually toward a level of 3,350 children per 1,000 women for Series A and 2,450 children per 1,000 women for Series D. For further explanation of method of projection and for additional data, see *Population Estimates, Current Population Reports, Series P-25, No. 286, July 1964*.

NOTE.—Data for armed forces overseas included beginning 1940 and Alaska and Hawaii beginning 1950.

Source: Department of Commerce, Bureau of the Census.

TABLE C-20.—Noninstitutional population and the labor force, 1929-65

Year or month	Non-institutional population ¹	Total labor force (including armed forces) ¹	Armed forces ¹	Civilian labor force					Total labor force as percent of non-institutional population	Unemployment as percent of civilian labor force
				Total	Employment ²			Unemployment ²		
					Total	Agricultural	Non-agricultural			
Thousands of persons 14 years of age and over								Percent		
Old definitions²										
1929	(³)	49,440	260	49,180	47,630	10,450	37,180	1,550	(³)	3.2
1930	(³)	50,060	260	49,820	45,480	10,340	35,140	4,340	(³)	8.7
1931	(³)	50,680	260	50,420	42,400	10,290	32,110	8,020	(³)	15.9
1932	(³)	51,250	250	51,000	38,940	10,170	28,770	12,060	(³)	23.6
1933	(³)	51,840	250	51,590	38,760	10,090	28,670	12,830	(³)	24.9
1934	(³)	52,490	260	52,230	40,890	9,900	30,990	11,340	(³)	21.7
1935	(³)	53,140	270	52,870	42,260	10,110	32,150	10,610	(³)	20.1
1936	(³)	53,740	300	53,440	44,410	10,000	34,410	9,030	(³)	16.9
1937	(³)	54,320	320	54,000	46,300	9,820	36,480	7,700	(³)	14.3
1938	(³)	54,950	340	54,610	44,220	9,690	34,530	10,390	(³)	19.0
1939	(³)	55,600	370	55,230	45,750	9,610	36,140	9,480	(³)	17.2
1940	100,380	56,180	540	55,640	47,520	9,540	37,980	8,120	56.0	14.6
1941	101,520	57,530	1,620	55,910	50,350	9,100	41,250	5,560	56.7	9.9
1942	102,610	60,380	3,970	56,410	53,750	9,250	44,500	2,660	58.8	4.7
1943	103,660	64,560	9,020	55,540	54,470	9,080	45,390	1,070	62.3	1.9
1944	104,630	66,040	11,410	54,630	53,960	8,950	45,010	670	63.1	1.2
1945	105,530	65,300	11,440	53,860	52,820	8,580	44,240	1,040	61.9	1.9
1946	106,520	60,970	3,450	57,520	55,250	8,320	46,930	2,270	57.2	3.9
1947	107,608	61,758	1,590	60,168	58,027	8,266	49,761	2,142	57.4	3.6
New definitions²										
1947	107,608	61,758	1,590	60,168	57,812	8,256	49,557	2,356	57.4	3.9
1948	108,632	62,898	1,456	61,442	59,117	7,960	51,156	2,325	57.9	3.8
1949	109,773	63,721	1,616	62,105	58,423	8,017	50,406	3,682	58.0	5.9
1950	110,929	64,749	1,650	63,099	59,748	7,497	52,251	3,351	58.4	5.3
1951	112,075	65,963	3,099	62,864	60,784	7,048	53,736	2,099	58.9	3.3
1952	113,270	66,580	3,594	62,986	61,035	6,792	54,243	1,932	58.8	3.1
1953	115,094	67,362	3,547	63,815	61,945	6,555	55,390	1,870	58.5	2.9
1954	116,219	67,818	3,350	64,468	60,890	6,495	54,395	3,578	58.4	5.6
1955	117,388	68,896	3,048	65,848	62,944	6,718	56,225	2,904	58.7	4.4
1956	118,734	70,387	2,857	67,530	64,708	6,572	58,135	2,822	59.3	4.2
1957	120,445	70,744	2,798	67,946	65,011	6,222	58,789	2,936	58.7	4.3
1958	121,950	71,284	2,637	68,647	63,966	5,844	58,122	4,681	58.5	6.8
1959	123,366	71,946	2,552	69,394	65,581	5,836	59,745	3,813	58.3	5.5
1960	124,878	72,820	2,514	70,306	66,392	5,696	60,697	3,913	58.3	5.6
<i>Including Alaska and Hawaii</i>										
1960	125,368	73,126	2,514	70,612	66,681	5,723	60,958	3,931	58.3	5.6
1961	127,852	74,175	2,572	71,603	66,796	5,463	61,333	4,806	58.0	6.7
1962 ⁴	130,117	74,839	2,228	72,611	67,999	5,255	62,744	4,012	57.5	5.6
1962	130,081	74,681	2,827	71,854	67,846	5,190	62,657	4,007	57.4	5.6
1963	132,124	75,712	2,737	72,975	68,809	4,946	63,863	4,166	57.3	5.7
1964	134,143	76,971	2,738	74,233	70,357	4,761	65,596	3,876	57.4	5.2
1965	136,241	78,357	2,722	75,635	72,179	4,585	67,594	3,456	57.5	4.6
1964: Jan.	133,200	74,514	2,721	71,793	67,228	3,993	63,234	4,565	55.9	6.4
Feb.	133,358	75,259	2,732	72,527	68,002	3,931	64,071	4,524	56.4	6.2
Mar.	133,519	75,553	2,743	72,810	68,517	4,017	64,500	4,293	56.6	5.9
Apr.	133,678	76,544	2,745	73,799	69,877	4,429	65,448	3,921	57.3	5.3
May	133,866	77,490	2,748	74,742	71,101	5,007	66,094	3,640	57.9	4.9
June	134,041	79,389	2,744	76,645	71,953	5,853	66,100	4,692	59.2	6.1
July	134,216	78,958	2,740	76,218	72,405	5,819	66,586	3,813	58.8	5.0
Aug.	134,400	78,509	2,751	75,758	72,104	5,400	66,704	3,654	58.4	4.8
Sept.	134,586	76,865	2,743	74,122	70,805	5,230	65,575	3,317	57.1	4.5
Oct.	134,772	77,112	2,737	74,375	71,123	5,126	65,997	3,252	57.2	4.4
Nov.	134,952	76,897	2,731	74,166	70,793	4,545	66,248	3,373	57.0	4.5
Dec.	135,135	76,567	2,726	73,841	70,375	3,785	66,590	3,466	56.7	4.7

See footnotes at end of table.

TABLE C-20.—Noninstitutional population and the labor force, 1929-65—Continued

Year or month	Noninstitutional population ¹	Total labor force (including armed forces) ¹	Armed forces ¹	Civilian labor force					Total labor force as percent of noninstitutional population	Unemployment as percent of civilian labor force
				Employment ²				Unemployment ²		
				Total	Agricultural	Non-agricultural				
Thousands of persons 14 years of age and over										
Percent										
1965: Jan.....	135,302	75,699	2,707	72,992	68,996	3,739	65,257	3,996	55.9	5.5
Feb.....	135,469	76,418	2,704	73,714	69,496	3,803	65,694	4,218	56.4	5.7
Mar.....	135,651	76,612	2,703	73,909	70,169	3,989	66,180	3,740	56.5	5.1
Apr.....	135,812	77,307	2,686	74,621	71,070	4,473	66,597	3,552	56.9	4.8
May.....	135,982	78,425	2,684	75,741	72,407	5,128	67,278	3,385	57.7	4.4
June.....	136,160	80,683	2,680	78,003	73,716	5,622	68,094	4,287	59.3	5.5
July.....	136,252	81,150	2,693	78,457	74,854	5,626	69,228	3,602	59.6	4.6
Aug.....	136,473	80,163	2,693	77,470	74,212	5,136	69,077	3,258	58.7	4.2
Sept.....	136,670	78,044	2,723	75,321	72,446	4,778	67,668	2,875	57.1	3.8
Oct.....	136,862	78,713	2,760	75,953	73,196	4,964	68,242	2,757	57.5	3.6
Nov.....	137,043	78,598	2,795	75,803	72,837	4,128	68,709	2,966	57.4	3.9
Dec.....	137,226	78,477	2,841	75,636	72,749	3,645	69,103	2,888	57.2	3.8
Seasonally adjusted ³										
1964: Jan.....		76,355		73,634	69,538	4,920	64,618	4,096		5.6
Feb.....		76,585		73,853	69,886	4,802	65,084	3,967		5.4
Mar.....		76,617		73,874	69,864	4,656	65,208	4,010		5.4
Apr.....		77,236		74,491	70,500	4,735	65,765	3,991		5.4
May.....		77,146		74,398	70,566	4,792	65,774	3,832		5.2
June.....		77,001		74,257	70,283	4,809	65,474	3,974		5.4
July.....		78,859		74,119	70,420	4,839	65,581	3,690		5.0
Aug.....		77,033		74,283	70,482	4,800	65,682	3,800		5.1
Sept.....		77,095		74,352	70,528	4,831	65,697	3,824		5.1
Oct.....		77,053		74,316	70,450	4,720	65,730	3,866		5.2
Nov.....		77,205		74,474	70,832	4,699	66,133	3,642		4.9
Dec.....		77,473		74,747	71,037	4,611	66,426	3,710		5.0
1965: Jan.....		77,590		74,883	71,252	4,533	66,719	3,631		4.8
Feb.....		77,767		75,063	71,326	4,608	66,718	3,737		5.0
Mar.....		77,723		75,020	71,483	4,588	66,895	3,537		4.7
Apr.....		77,988		75,302	71,688	4,769	66,819	3,614		4.8
May.....		77,990		75,306	71,816	4,869	66,947	3,490		4.6
June.....		78,331		75,651	72,085	4,651	67,434	3,566		4.7
July.....		78,747		76,054	72,618	4,639	67,979	3,436		4.5
Aug.....		78,465		75,772	72,387	4,572	67,815	3,385		4.5
Sept.....		78,334		75,611	72,297	4,418	67,879	3,314		4.4
Oct.....		78,606		75,846	72,561	4,551	68,010	3,285		4.3
Nov.....		78,907		76,112	72,914	4,273	68,641	3,198		4.2
Dec.....		79,408		76,567	73,441	4,486	68,955	3,126		4.1

¹ Data for 1940-52 revised to include about 150,000 members of the armed forces who were outside the United States in 1940 and who were, therefore, not enumerated in the 1940 Census and were excluded from the 1940-52 estimates.

² See Note.

³ Not available.

⁴ Averages adjusted by Council of Economic Advisers for comparison with previous data. See Note.

⁵ Based on revised seasonal factors; see footnote 4, Table C-21.

NOTE.—Civilian labor force data beginning with January 1963 are based on a 357-area sample. For January 1960-December 1962 on a 333-area sample; for May 1956-December 1959 on a 330-area sample; for January 1954-April 1956 on a 230-area sample; for 1946-53 on a 68-area sample; for 1940-45 on a smaller sample; and for 1929-39 on sources other than direct enumeration.

Effective January 1957, persons on layoff with definite instructions to return to work within 30 days of layoff and persons waiting to start new wage and salary jobs within the following 30 days are classified as unemployed. Such persons had previously been classified as employed (with a job but not at work). The combined total of the groups changing classification has averaged about 200,000 to 300,000 a month in recent years. The small number of persons in school during the survey week and waiting to start new jobs are classified as not in the labor force instead of employed, as formerly. Persons waiting to open new businesses or start new farms within 30 days continue to be classified as employed.

Beginning July 1955, monthly data are for the calendar week ending nearest the 15th of the month; previously, for week containing the 8th. Annual data are averages of monthly figures.

Beginning April 1962, estimating procedures make use of 1960 Census data; January 1953-March 1962, 1950 Census data were used, and 1940-52, 1940 Census data. For the effects of this change on the historical comparability of the data, see *Employment and Earnings, May 1962*, p. xiv.

Source: Department of Labor, Bureau of Labor Statistics (except as noted).

TABLE C-22.—Selected unemployment rates, 1948-65

[Percent]

Year or month	All workers	By sex and age			By race		By selected groups				Labor force time lost through unemployment and part-time employment ⁴
		Both sexes, 14-19 years	Men, 20 years and over	Women, 20 years and over	White	Non-white	Experienced wage and salary workers	Married men ¹	Full-time workers ²	Blue-collar workers ³	
New definitions											
1948	3.8						4.2			4.2	
1949	5.9	12.2	5.4	5.3			6.7	3.4	5.4	8.0	
1950	5.3	11.3	4.7	5.1			6.0	4.6	5.0	7.2	
1951	3.3	7.7	2.5	4.0			3.7	1.5	2.6	3.9	
1952	3.1	8.0	2.4	3.2			3.3	1.4	2.5	3.6	
1953	2.9	7.1	2.5	2.9			3.2	1.7		3.4	
1954	5.6	11.4	4.9	5.5	5.0	9.8	6.0	4.0	5.2	7.2	
1955	4.4	10.2	3.8	4.4	3.9	8.7	4.8	2.8	3.8	5.8	
1956	4.2	10.4	3.4	4.2	3.7	8.4	4.4	2.6	3.7	5.1	5.1
1957	4.3	10.8	3.6	4.1	3.9	8.0	4.5	2.8	4.0	6.2	5.3
1958	6.8	14.4	6.2	6.1	6.1	12.6	7.2	5.1	7.2	10.1	8.1
1959	5.5	13.2	4.7	5.2	4.9	10.7	5.6	3.6		7.6	6.6
1960 ⁵	5.6	13.6	4.7	5.1	5.0	10.2	5.7	3.7		7.8	6.7
1961	6.7	15.2	5.7	6.3	6.0	12.5	6.8	4.6	6.7	9.2	8.0
1962 ⁶	5.6	13.3	4.6	5.4	4.9	11.0	5.5	3.6		7.4	6.7
1963	5.7	15.6	4.5	5.4	5.1	10.9	5.5	3.4	5.5	7.3	6.4
1964	5.2	14.7	3.9	5.2	4.6	9.8	5.0	2.8	4.9	6.3	5.8
1965	4.6	13.6	3.2	4.5	4.1	8.3	4.2	2.4	4.3	5.3	5.0
Seasonally adjusted⁷											
1964: Jan.	5.6	14.9	4.2	5.6	4.9	10.3	5.3	3.1	5.3	7.0	6.2
Feb.	5.4	14.2	4.0	5.5	4.9	9.5	5.2	2.9	5.2	6.7	6.0
Mar.	5.4	14.8	4.0	5.6	4.9	9.6	5.2	2.9	5.2	6.6	5.9
Apr.	5.4	15.5	3.9	5.4	4.8	9.8	5.1	2.8	5.1	6.4	5.9
May	5.2	15.1	3.7	5.1	4.6	9.9	4.9	2.6	5.0	6.0	5.8
June	5.4	15.1	4.0	5.2	4.8	9.9	5.2	2.8	5.1	6.3	6.0
July	5.0	13.4	3.8	5.0	4.3	10.3	4.9	2.7	4.7	6.2	5.7
Aug.	5.1	15.4	3.7	4.9	4.5	9.9	4.8	2.6	4.9	6.2	5.7
Sept.	5.1	14.4	3.8	5.0	4.6	9.7	4.9	2.8	4.8	6.3	5.7
Oct.	5.2	14.4	4.0	5.0	4.6	9.7	4.9	3.0	4.7	6.3	5.7
Nov.	4.9	14.1	3.5	5.0	4.3	9.2	4.7	2.4	4.5	5.9	5.2
Dec.	5.0	15.5	3.5	4.8	4.5	9.0	4.5	2.6	4.4	5.7	5.4
1965: Jan.	4.8	15.2	3.5	4.5	4.3	9.0	4.5	2.7	4.5	5.6	5.3
Feb.	5.0	14.5	3.5	5.0	4.5	9.2	4.6	2.6	4.7	5.6	5.4
Mar.	4.7	14.1	3.4	4.6	4.2	8.6	4.3	2.5	4.4	5.3	5.2
Apr.	4.8	14.7	3.4	4.6	4.4	8.2	4.5	2.5	4.5	5.7	5.3
May	4.6	14.0	3.3	4.4	4.2	7.8	4.3	2.5	4.4	5.4	5.2
June	4.7	14.0	3.2	4.8	4.3	8.3	4.6	2.4	4.6	5.6	5.3
July	4.5	13.4	3.2	4.4	4.0	8.9	4.2	2.3	4.4	5.5	5.2
Aug.	4.5	12.9	3.1	4.4	4.1	7.7	4.2	2.6	4.2	5.0	5.1
Sept.	4.4	13.2	3.0	4.2	3.9	8.1	4.0	2.2	4.1	5.1	4.7
Oct.	4.3	13.2	2.9	4.2	3.9	7.9	3.9	2.1	3.8	4.8	4.6
Nov.	4.2	12.3	2.8	4.3	3.7	8.1	4.0	2.0	3.7	4.6	4.5
Dec.	4.1	12.9	2.6	4.0	3.7	7.5	3.6	1.8	3.5	4.4	4.4

¹ Married men living with their wives. Data for 1949 and 1951-54 are for April; 1950, for March. Data prior to 1955 have not been adjusted to reflect the change in the definition of employment and unemployment adopted in January 1957. See Note, Table C-20.

² Data for 1949-61 are for May. Seasonally adjusted data not yet available on revised basis.

³ Includes craftsmen, operatives, and nonfarm laborers. Data for 1948-57 are based on months, January, April, July, and October.

⁴ Beginning in 1963, this series not strictly comparable with preceding data. Under the current concept, the percent of labor force time lost assumes that unemployed persons looking for full-time work lost 37.5 hours, unemployed persons looking for part-time work lost the average hours worked by voluntary part-time employees, and those on part-time for economic reasons lost difference between 37.5 hours and actual number of hours worked.

⁵ Beginning 1960, data for Alaska and Hawaii included.

⁶ Not comparable with prior data. See Note, Table C-20.

⁷ See footnote 3, Table C-23.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE C-23.—Unemployment by duration, 1947-65

Year or month	Total unemployment	Duration of unemployment			
		4 weeks and under	5-14 weeks	15-26 weeks	Over 26 weeks
Thousands of persons 14 years of age and over					
New definitions					
1947	2,356	1,255	704	234	164
1948	2,325	1,349	669	193	116
1949	3,682	1,804	1,195	427	256
1950	3,351	1,515	1,055	425	357
1951	2,069	1,223	574	166	137
1952	1,932	1,183	517	148	84
1953	1,870	1,178	482	132	79
1954	3,578	1,651	1,115	495	317
1955	2,904	1,387	815	367	336
1956	2,822	1,485	805	301	232
1957	2,936	1,485	890	321	239
1958	4,681	1,833	1,397	785	667
1959	3,813	1,658	1,113	469	571
1960 ¹	3,931	1,798	1,176	502	454
1961	4,806	1,897	1,375	728	804
1962 ²	4,007	1,754	1,134	534	585
1963	4,166	1,847	1,231	535	553
1964	3,876	1,787	1,116	491	482
1965	3,456	1,718	983	404	351
Seasonally adjusted ³					
1964: Jan.	4,096	1,869	1,119	568	518
Feb.	3,967	1,768	1,173	502	489
Mar.	4,010	1,854	1,103	534	510
Apr.	3,991	1,876	1,197	474	476
May	3,832	1,828	1,095	459	494
June	3,974	1,844	1,110	535	502
July	3,699	1,586	1,130	466	526
Aug.	3,800	1,816	1,118	431	487
Sept.	3,824	1,806	1,095	482	436
Oct.	3,866	1,801	1,104	479	445
Nov.	3,642	1,656	1,059	483	438
Dec.	3,710	1,732	1,062	437	445
1965: Jan.	3,631	1,695	1,044	417	407
Feb.	3,737	1,776	1,030	476	411
Mar.	3,537	1,741	1,003	436	364
Apr.	3,614	1,818	1,029	440	373
May	3,490	1,829	1,046	373	341
June	3,566	1,788	1,015	415	364
July	3,436	1,791	980	354	332
Aug.	3,385	1,722	980	403	314
Sept.	3,314	1,703	858	399	329
Oct.	3,285	1,562	992	352	345
Nov.	3,198	1,618	903	334	310
Dec.	3,126	1,532	869	354	306

¹ Beginning January 1960, data for Alaska and Hawaii included.

² Beginning April 1962, not comparable with prior data; see Note, Table C-20.

³ Based on seasonal factors incorporating data through December 1965. Series based on revised factors incorporating data through December 1965 will appear in *Employment and Earnings and Monthly Report on the Labor Force, February 1966*.

NOTE.—See Note, Table C-20, for information on area sample used and reporting periods.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE C-24.—Unemployment insurance programs, selected data, 1940-65

Year or month	All programs			State programs					Benefits paid	
	Covered employment ¹	Insured unemployment (weekly average) ^{2,3}	Total benefits paid (millions of dollars) ^{2,4}	Insured unemployment ⁵	Initial claims	Ex-haustions ⁵	Insured unemployment as percent of covered employment		Total (millions of dollars) ⁽⁴⁾	Average weekly check (dollars) ⁶
							Unadjusted	Seasonally adjusted		
	Thousands			Weekly average, thousands			Percent			
1940	24,291	1,331	534.7	1,282	214	50	5.6	-----	518.7	10.56
1941	28,136	842	358.8	814	164	30	3.0	-----	344.3	11.06
1942	30,819	661	350.4	649	122	21	2.2	-----	344.1	12.66
1943	32,419	149	80.5	147	36	4	.5	-----	79.6	13.84
1944	31,714	111	67.2	105	29	2	.4	-----	62.4	15.90
1945	30,867	720	574.9	589	116	5	2.1	-----	445.9	18.77
1946	31,082	2,804	2,878.5	1,295	189	38	4.3	-----	1,094.9	18.50
1947	33,876	1,805	1,785.0	1,009	187	24	3.1	-----	775.1	17.83
1948	34,646	1,468	1,328.7	1,002	210	20	3.0	-----	789.9	19.03
1949	33,098	2,479	2,269.8	1,979	322	37	6.2	-----	1,736.0	20.48
1950	34,308	1,605	1,467.6	1,503	236	36	4.6	-----	1,373.1	20.76
1951	36,334	1,000	802.9	969	208	16	2.8	-----	840.4	21.09
1952	37,006	1,069	1,043.5	1,024	215	18	2.9	-----	998.2	22.79
1953	38,072	1,065	1,050.6	995	218	15	2.8	-----	962.2	23.58
1954	36,622	2,048	2,291.8	1,865	303	34	5.2	-----	2,026.9	24.93
1955	40,018	1,395	1,560.2	1,254	226	25	3.5	-----	1,350.3	25.04
1956	42,633	1,318	1,540.6	1,212	226	20	3.2	-----	1,380.7	27.02
1957	43,436	1,567	1,913.0	1,450	268	23	3.6	-----	1,733.9	28.17
1958	44,412	3,269	4,209.2	2,509	370	50	6.4	-----	3,512.7	30.58
1959	45,728	2,099	2,803.0	1,682	281	33	4.4	-----	2,279.0	30.41
1960	46,334	2,067	3,022.7	1,906	331	31	4.8	-----	2,726.7	32.87
1961	46,264	2,994	4,358.2	2,290	350	46	5.6	-----	3,422.7	33.80
1962	47,776	1,946	3,160.0	1,783	302	32	4.4	-----	2,675.4	34.56
1963	48,434	1,973	3,025.9	1,806	298	30	4.3	-----	2,774.7	35.28
1964	49,637	1,753	2,749.2	1,605	268	26	3.8	-----	2,522.1	35.96
1965 ⁸	-----	1,450	2,260.0	1,328	232	21	3.0	-----	2,070.0	37.00
1964: Jan	47,688	2,563	345.6	2,395	412	30	5.7	4.1	319.3	36.07
Feb	47,764	2,410	307.9	2,243	291	31	5.3	3.9	283.8	36.24
Mar	48,168	2,201	315.6	2,050	259	32	4.9	3.9	292.6	36.26
Apr	48,862	1,918	281.0	1,755	246	34	4.2	3.9	258.0	36.02
May	49,412	1,605	218.3	1,447	218	31	3.4	3.8	201.5	35.50
June	50,161	1,448	199.3	1,297	218	27	3.1	3.7	183.1	35.27
July	50,347	1,491	195.6	1,343	282	24	3.1	3.7	180.5	35.35
Aug	50,675	1,396	180.2	1,261	212	23	2.9	3.6	164.5	35.60
Sept	50,767	1,256	163.7	1,125	194	21	2.5	3.5	148.4	35.42
Oct	50,412	1,264	157.8	1,138	225	20	2.6	3.5	143.2	35.92
Nov	50,485	1,417	162.0	1,293	276	20	3.0	3.4	147.0	36.38
Dec	50,897	1,801	230.4	1,675	348	22	3.9	3.6	211.4	36.81
1965: Jan	-----	2,135	273.0	1,996	355	25	4.6	3.4	252.1	37.18
Feb	-----	2,066	265.8	1,932	269	25	4.5	3.3	245.7	37.39
Mar	-----	1,863	294.9	1,718	222	25	4.0	3.2	273.4	37.41
Apr	-----	1,622	242.7	1,470	220	27	3.4	3.2	224.0	37.16
May	-----	1,316	179.2	1,179	186	24	2.7	3.0	165.7	36.40
June	-----	1,182	169.3	1,059	191	22	2.4	3.0	156.3	36.07
July	-----	1,255	160.6	1,132	252	19	2.6	3.0	149.5	36.40
Aug	-----	1,218	160.7	1,102	215	18	2.5	3.1	148.0	36.58
Sept	-----	1,068	150.3	959	173	17	2.2	2.9	138.6	37.23
Oct	-----	1,013	128.2	916	189	16	2.0	2.7	117.8	37.32
Nov	-----	1,123	143.0	1,033	225	15	2.3	2.7	132.2	38.08
Dec ⁸	-----	1,394	188.0	1,307	290	17	3.0	2.7	175.0	38.10

¹ Includes persons under the State, UC FE (Federal employee, effective January 1955), and RRB (Railroad Retirement Board) programs. Beginning October 1958, also includes the UCX program (unemployment compensation for ex-servicemen).

² Includes State, UC FE, RR, UCX, UCV (unemployment compensation for veterans, October 1952-January 1960), and SRA (Servicemen's Readjustment Act, September 1944-September 1951) programs. Also includes Federal and State programs for temporary extension of benefits from June 1958 through June 1962, expiration date of program.

³ Covered workers who have completed at least 1 week of unemployment.

⁴ Includes benefits paid under extended duration provisions of State laws, beginning June 1958. Annual data are net amounts and monthly data are gross amounts.

⁵ Individuals receiving final payments in benefit year.

⁶ For total unemployment only.

⁷ Programs include Puerto Rican sugarcane workers for initial claims and insured unemployment beginning July 1963.

⁸ Preliminary.

⁹ December 1964 is latest month for which data are available for all programs combined. Workers covered by State programs account for about 87 percent of the total.

NOTE.—Data for Alaska and Hawaii included for all periods and for Puerto Rico since January 1961.

Source: Department of Labor, Bureau of Employment Security.

TABLE C-25.—Number of wage and salary workers in nonagricultural establishments, 1929-65¹

[Thousands of employees]

Year or month	Total wage and salary workers	Manufacturing			Mining	Contract construction	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Service and miscellaneous	Government	
		Total	Durable goods	Non-durable goods							Federal	State and local
1929	31,339	10,702	(2)	(2)	1,087	1,497	3,916	6,123	1,509	3,440	533	2,532
1930	29,424	9,562	(2)	(2)	1,009	1,372	3,655	5,797	1,475	3,376	526	2,622
1931	26,649	8,170	(2)	(2)	873	1,214	3,254	5,284	1,407	3,183	560	2,704
1932	23,628	6,931	(2)	(2)	731	970	2,816	4,683	1,341	2,931	559	2,666
1933	23,711	7,397	(2)	(2)	744	809	2,672	4,755	1,295	2,873	565	2,601
1934	25,953	8,501	(2)	(2)	833	862	2,750	5,281	1,319	3,058	652	2,647
1935	27,053	9,069	(2)	(2)	897	912	2,786	5,431	1,335	3,142	753	2,728
1936	29,082	9,827	(2)	(2)	946	1,145	2,973	5,809	1,388	3,326	826	2,842
1937	31,026	10,794	(2)	(2)	1,015	1,112	3,134	6,265	1,432	3,518	833	2,923
1938	29,209	9,440	(2)	(2)	891	1,055	2,863	6,179	1,425	3,473	829	3,054
1939	30,618	10,278	4,715	5,564	854	1,150	2,936	6,426	1,462	3,517	905	3,090
1940	32,376	10,985	5,363	5,622	925	1,294	3,038	6,750	1,502	3,681	996	3,206
1941	36,554	13,192	6,968	6,225	957	1,790	3,274	7,210	1,549	3,921	1,340	3,320
1942	40,125	15,280	8,823	6,458	992	2,170	3,460	7,118	1,538	4,084	2,213	3,270
1943	42,452	17,602	11,084	6,518	925	1,567	3,647	6,982	1,502	4,148	2,905	3,174
1944	41,883	17,328	10,856	6,472	892	1,094	3,829	7,058	1,476	4,163	2,928	3,116
1945	40,394	15,524	9,074	6,450	836	1,132	3,906	7,314	1,497	4,241	2,808	3,137
1946	41,674	14,703	7,742	6,962	862	1,661	4,061	8,376	1,697	4,719	2,254	3,341
1947	43,881	15,545	8,385	7,159	955	1,982	4,166	8,955	1,754	5,050	1,892	3,582
1948	44,891	15,582	8,326	7,256	994	2,169	4,189	9,272	1,829	5,206	1,863	3,787
1949	43,778	14,441	7,489	6,953	930	2,165	4,001	9,264	1,857	5,264	1,908	3,948
1950	45,222	15,241	8,094	7,147	901	2,333	4,034	9,386	1,919	5,382	1,928	4,098
1951	47,849	16,393	9,089	7,304	929	2,603	4,226	9,742	1,991	5,576	2,302	4,087
1952	48,825	16,632	9,349	7,284	898	2,634	4,248	10,004	2,069	5,730	2,420	4,188
1953	50,232	17,549	10,110	7,438	866	2,623	4,290	10,247	2,146	5,867	2,305	4,340
1954	49,022	16,314	9,129	7,185	791	2,612	4,084	10,235	2,234	6,002	2,188	4,563
1955	50,675	16,882	9,541	7,340	792	2,802	4,141	10,535	2,335	6,274	2,187	4,727
1956	52,408	17,243	9,742	7,409	822	2,999	4,244	10,858	2,429	6,536	2,209	5,069
1957	52,894	17,174	9,856	7,319	828	2,923	4,241	10,886	2,477	6,749	2,217	5,399
1958	51,368	15,945	8,830	7,116	751	2,778	3,976	10,750	2,519	6,811	2,191	5,648
1959	53,297	16,675	9,373	7,303	732	2,960	4,011	11,127	2,594	7,115	2,233	5,850
1960	54,203	16,796	9,459	7,336	712	2,885	4,004	11,391	2,669	7,392	2,270	6,083
1961	53,989	16,326	9,070	7,256	672	2,816	3,903	11,337	2,731	7,610	2,279	6,315
1962	55,515	16,853	9,480	7,373	650	2,902	3,906	11,566	2,800	7,947	2,340	6,550
1963	56,602	16,995	9,616	7,380	635	2,963	3,903	11,778	2,877	8,226	2,358	6,868
1964	58,156	17,259	9,813	7,446	633	3,056	3,947	12,132	2,964	8,569	2,348	7,248
1965 ²	60,432	17,984	10,379	7,604	628	3,211	4,031	12,585	3,043	8,903	2,379	7,667
Seasonally adjusted												
1963: Jan	55,897	16,900	9,548	7,352	631	2,911	3,818	11,648	2,840	8,079	2,346	6,724
Feb	56,027	16,885	9,540	7,345	629	2,890	3,907	11,670	2,846	8,098	2,351	6,751
Mar	56,142	16,921	9,559	7,362	631	2,888	3,898	11,698	2,855	8,136	2,350	6,765
Apr	56,353	16,984	9,601	7,383	636	2,960	3,900	11,722	2,861	8,153	2,351	6,786
May	56,488	17,025	9,628	7,397	638	2,968	3,907	11,740	2,870	8,175	2,349	6,816
June	56,562	17,009	9,625	7,384	638	2,970	3,919	11,762	2,874	8,210	2,346	6,834
July	56,670	17,030	9,636	7,394	639	2,986	3,921	11,767	2,880	8,236	2,345	6,866
Aug	56,727	17,001	9,611	7,390	637	2,996	3,919	11,792	2,885	8,272	2,339	6,886
Sept	56,856	17,028	9,645	7,383	636	2,998	3,925	11,824	2,888	8,288	2,342	6,927
Oct	57,008	17,060	9,657	7,403	633	2,988	3,916	11,841	2,903	8,334	2,345	6,988
Nov	57,038	17,037	9,656	7,381	634	2,974	3,912	11,869	2,908	8,347	2,341	7,016
Dec	57,205	17,083	9,691	7,392	636	2,989	3,902	11,901	2,918	8,374	2,344	7,058

See footnotes at end of table.

TABLE C-25.—Number of wage and salary workers in nonagricultural establishments, 1929-65¹—Continued

(Thousands of employees)

Year or month	Total wage and salary workers	Manufacturing			Mining	Contract construction	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Service and miscellaneous	Government	
		Total	Durable goods	Non-durable goods							Federal	State and local
Seasonally adjusted												
1964: Jan.....	57,252	17,089	9,694	7,395	632	2,882	3,916	11,958	2,924	8,421	2,342	7,088
Feb.....	57,606	17,131	9,711	7,420	632	3,065	3,924	12,006	2,933	8,460	2,340	7,115
Mar.....	57,694	17,156	9,749	7,407	632	3,060	3,920	12,016	2,943	8,477	2,339	7,151
Apr.....	57,781	17,176	9,762	7,414	633	3,031	3,937	12,035	2,949	8,490	2,341	7,189
May.....	57,864	17,180	9,748	7,432	629	3,033	3,936	12,069	2,953	8,522	2,339	7,203
June.....	58,033	17,222	9,776	7,446	635	3,054	3,933	12,116	2,963	8,549	2,325	7,236
July.....	58,190	17,260	9,821	7,439	637	3,053	3,943	12,164	2,971	8,603	2,325	7,234
Aug.....	58,301	17,299	9,855	7,444	631	3,056	3,958	12,180	2,971	8,615	2,328	7,263
Sept.....	58,499	17,413	9,954	7,459	631	3,046	3,965	12,198	2,982	8,643	2,322	7,299
Oct.....	58,370	17,146	9,679	7,467	633	3,074	3,965	12,225	2,987	8,656	2,331	7,353
Nov.....	58,879	17,477	9,966	7,511	636	3,124	3,972	12,250	2,994	8,674	2,350	7,402
Dec.....	59,163	17,565	10,044	7,521	635	3,179	3,994	12,303	2,999	8,705	2,348	7,435
1965: Jan.....	59,295	17,638	10,098	7,540	634	3,185	3,926	12,374	3,003	8,732	2,342	7,461
Feb.....	59,581	17,703	10,150	7,553	634	3,211	3,985	12,423	3,013	8,771	2,338	7,503
Mar.....	59,814	17,762	10,194	7,568	632	3,238	4,017	12,460	3,023	8,794	2,342	7,546
Apr.....	59,846	17,803	10,241	7,562	629	3,145	4,013	12,494	3,024	8,814	2,344	7,580
May.....	60,032	17,835	10,266	7,569	627	3,188	4,020	12,532	3,032	8,843	2,345	7,610
June.....	60,290	17,943	10,345	7,598	626	3,195	4,034	12,580	3,041	8,857	2,355	7,659
July.....	60,501	18,032	10,424	7,608	633	3,154	4,031	12,619	3,049	8,929	2,376	7,678
Aug.....	60,621	18,072	10,476	7,596	627	3,189	4,049	12,600	3,053	8,946	2,379	7,706
Sept.....	60,756	18,098	10,494	7,604	617	3,186	4,067	12,641	3,061	8,967	2,379	7,740
Oct.....	61,001	18,163	10,523	7,640	622	3,202	4,071	12,684	3,069	9,019	2,388	7,785
Nov.....	61,430	18,323	10,621	7,702	627	3,271	4,081	12,744	3,073	9,060	2,400	7,851
Dec.....	61,797	18,428	10,699	7,729	633	3,383	4,078	12,807	3,076	9,095	2,410	7,887

¹ Includes all full- and part-time wage and salary workers in nonagricultural establishments who worked during, or received pay for, any part of the pay period which includes the 12th of the month. Excludes proprietors, self-employed persons, domestic servants, and unpaid family workers. Not comparable with estimates of nonagricultural employment of the civilian labor force (Table C-20) which include proprietors, self-employed persons, domestic servants, and unpaid family workers; which count persons as employed when they are not at work because of industrial disputes, bad weather, etc.; and which are based on a sample survey of households, whereas the estimates in this table are based on reports from employing establishments.

² Not available.

³ Preliminary.

NOTE.—Data are based on the 1957 Standard Industrial Classification and March 1964 benchmark data. Data for Alaska and Hawaii included beginning 1959.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE C-26.—Average weekly hours of work in selected industries, 1929-65

Year or month	Manufacturing			Contract construction	Retail trade	Wholesale trade	Bituminous coal mining	Class I railroads ¹	Telephone communication ²
	Total	Durable goods	Non-durable goods						
1929	44.2	(3)	(3)	(3)	(3)	(3)	38.1	(3)	(3)
1930	42.1	(3)	(3)	(3)	(3)	(3)	33.3	(3)	(3)
1931	40.5	(3)	(3)	(3)	(3)	(3)	28.1	(3)	(3)
1932	38.3	32.5	41.9	(3)	(3)	(3)	27.0	(3)	(3)
1933	38.1	34.7	40.0	(3)	(3)	(3)	29.3	(3)	(3)
1934	34.6	33.8	35.1	(3)	(3)	(3)	26.8	(3)	(3)
1935	36.6	37.2	36.1	(3)	(3)	41.6	26.2	(3)	(3)
1936	39.2	40.9	37.7	(3)	(3)	42.9	28.5	(3)	(3)
1937	38.6	39.9	37.4	(3)	(3)	43.1	27.7	(3)	38.8
1938	35.6	34.9	36.1	(3)	(3)	42.3	23.3	(3)	38.9
1939	37.7	37.9	37.4	(3)	43.4	41.8	26.8	43.7	39.1
1940	38.1	39.2	37.0	(3)	43.2	41.3	27.8	44.3	39.5
1941	40.6	42.0	38.9	(3)	42.8	41.1	30.7	45.8	40.1
1942	43.1	45.0	40.3	(3)	41.8	41.4	32.4	47.0	40.5
1943	45.0	46.5	42.5	(3)	40.9	42.3	36.3	48.7	41.9
1944	45.2	46.5	43.1	(3)	41.0	43.0	43.0	48.9	42.3
1945	43.5	44.0	42.3	(3)	40.9	42.8	42.0	48.5	41.7
1946	40.3	40.4	40.5	(3)	41.3	41.6	41.3	46.0	39.4
1947	40.4	40.5	40.2	38.2	41.0	41.1	40.3	46.4	37.4
1948	40.0	40.4	39.6	38.1	40.9	41.0	37.7	46.2	39.2
1949	39.1	39.4	38.9	37.7	41.0	40.8	32.3	43.7	38.5
1950	40.5	41.1	39.7	37.4	41.1	40.7	34.7	40.8	38.9
1951	40.6	41.5	39.5	38.1	40.9	40.8	34.9	41.0	39.1
1952	40.7	41.5	39.7	38.9	40.5	40.7	33.8	40.6	38.5
1953	40.5	41.2	39.6	37.9	39.8	40.6	34.1	40.6	38.7
1954	39.6	40.1	39.0	37.2	39.7	40.5	32.3	40.8	38.9
1955	40.7	41.3	39.9	37.1	39.6	40.7	37.3	41.9	39.6
1956	40.4	41.0	39.6	37.5	39.1	40.5	37.5	41.7	39.5
1957	39.8	40.3	39.2	37.0	38.7	40.3	36.3	41.7	39.0
1958	39.2	39.5	38.8	36.8	38.7	40.2	33.3	41.6	38.4
1959	40.3	40.7	39.7	37.0	38.7	40.6	35.8	41.9	39.2
1960	39.7	40.1	39.2	36.7	38.5	40.5	35.8	41.7	39.6
1961	39.8	40.3	39.3	36.9	38.1	40.5	35.9	42.3	39.4
1962	40.4	40.9	39.6	37.0	37.9	40.6	37.0	42.6	39.9
1963	40.5	41.1	39.6	37.3	37.8	40.6	38.9	42.9	40.0
1964	40.7	41.4	39.7	37.2	37.0	40.7	39.2	43.5	40.2
1965 ⁷	41.1	42.0	40.1	37.4	36.6	40.8	40.1	(3)	40.4

	Seasonally adjusted						Unadjusted		
	Total	Durable goods	Non-durable goods	Contract construction	Retail trade	Wholesale trade	Bituminous coal mining	Class I railroads ¹	Telephone communication ²
1964: Jan	40.1	40.9	39.2	35.0	37.0	40.4	39.6	43.5	39.3
Feb	40.6	41.3	39.8	37.6	37.1	40.6	38.6	43.1	39.6
Mar	40.6	41.3	39.7	37.3	37.0	40.7	36.8	42.8	39.5
Apr	40.8	41.6	39.9	37.3	36.9	40.7	37.6	43.4	39.3
May	40.6	41.4	39.7	37.2	37.1	40.7	39.0	42.4	39.8
June	40.7	41.4	39.6	37.3	37.0	40.7	40.4	44.3	40.0
July	40.7	41.4	39.7	36.9	37.2	40.7	(3)	44.3	40.2
Aug	40.8	41.6	39.8	37.0	37.1	40.7	39.8	42.3	40.2
Sept	40.6	41.5	39.5	35.8	36.9	40.5	37.7	43.8	41.8
Oct	40.7	41.2	39.9	37.2	37.0	40.7	40.7	43.3	40.8
Nov	40.9	41.7	39.9	37.6	36.8	40.8	40.3	42.7	41.3
Dec	41.2	42.0	40.1	39.0	36.9	40.8	41.0	44.3	40.4
1965: Jan	41.2	42.1	40.1	37.6	36.8	40.8	40.0	42.4	39.9
Feb	41.2	42.1	40.2	37.5	36.8	40.8	39.8	44.1	40.1
Mar	41.3	42.2	40.2	37.5	36.8	40.9	39.7	43.8	39.8
Apr	41.0	41.9	39.9	37.0	36.9	40.7	39.5	43.6	39.8
May	41.1	42.0	40.0	37.5	36.8	40.9	40.4	43.0	40.1
June	41.0	41.8	39.9	37.1	36.6	40.8	41.5	44.2	39.9
July	41.0	41.7	40.0	37.4	36.8	40.7	(3)	43.7	40.6
Aug	41.0	41.7	40.0	37.3	36.7	41.0	41.1	43.4	40.4
Sept	40.9	41.6	40.1	36.2	36.5	40.8	39.4	(3)	41.3
Oct	41.2	42.0	40.1	37.0	36.4	40.9	41.8	(3)	40.9
Nov	41.4	42.2	40.3	37.0	36.4	40.8	37.7	(3)	42.0
Dec	41.4	42.2	40.3	39.4	(3)	(3)	(3)	(3)	(3)

¹ Data relate to all employees who received pay during the month, except executives, officials, and staff assistants.

² Prior to April 1945, data relate to all employees except executives. See footnote 2, Table C-28.

³ Not available.

⁴ Nine-month average, April through December, because of new series started in April 1945.

⁵ Eleven-month average; excludes data for July.

⁶ Beginning 1964, data include eating and drinking places. Comparable data excluding eating and drinking places are 37.4 hours for 1964.

⁷ Preliminary.

NOTE.—See Note, Table C-25.

Data are for production workers in manufacturing and mining, for construction workers in contract construction, and for nonsupervisory employees in other industries (except as noted). Data are for pay period which includes the 12th of the month.

The annual figures for 1965 are arithmetic averages of the monthly figures shown and are not strictly comparable with the averages for earlier years, which are weighted by data on employment.

See Table C-29 for unadjusted average weekly hours in manufacturing.

Data for Alaska and Hawaii included beginning 1959.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE C-27.—Average gross hourly earnings in selected industries, 1929-65

Year or month	Manufacturing			Contract construction	Retail trade	Wholesale trade	Bituminous coal mining	Class I railroads ¹	Telephone communication ²	Agriculture ³
	Total	Durable goods	Non-durable goods							
1929	\$0.560	(4)	(4)	(4)	(4)	(4)	\$0.659	(4)	(4)	\$0.241
1930	.546	(4)	(4)	(4)	(4)	(4)	.662	(4)	(4)	.226
1931	.509	(4)	(4)	(4)	(4)	(4)	.626	(4)	(4)	.172
1932	.441	(4)	(4)	(4)	(4)	(4)	.503	(4)	(4)	.129
1933	\$0.492	\$0.412	(4)	(4)	(4)	(4)	.485	(4)	(4)	.115
1934	.437	.467	.410	(4)	(4)	(4)	.451	(4)	(4)	.129
1935	.526	.550	.505	(4)	(4)	(4)	.651	(4)	(4)	.142
1936	.544	.571	.520	(4)	(4)	\$0.610	.720	(4)	(4)	.152
1936	.550	.580	.519	(4)	(4)	.628	.768	(4)	(4)	.172
1937	.617	.667	.566	(4)	(4)	.658	.828	(4)	\$0.774	.166
1938	.620	.679	.572	(4)	(4)	.674	.849	(4)	.816	.166
1939	.627	.691	.571	(4)	\$0.484	.688	.858	\$0.730	.822	.169
1940	.655	.716	.590	(4)	.494	.711	.854	.733	.827	.206
1941	.726	.799	.627	(4)	.518	.763	.960	.743	.820	.268
1942	.851	.937	.709	(4)	.559	.828	1.030	.837	.843	.353
1943	.957	1.048	.787	(4)	.606	.898	1.101	.852	.870	.423
1944	1.011	1.105	.844	(4)	.653	.948	1.147	.948	.911	.472
1945	1.016	1.099	.886	(4)	.699	.990	1.199	.955	962	.515
1946	1.075	1.144	.995	(4)	.797	1.107	1.357	1.087	1.124	.547
1947	1.217	1.278	1.145	\$1.541	.901	1.220	1.582	1.186	1.197	.580
1948	1.328	1.395	1.250	1.713	.972	1.308	1.835	1.301	1.248	.559
1949	1.378	1.453	1.295	1.792	1.015	1.360	1.877	1.427	1.345	.561
1950	1.440	1.519	1.347	1.863	1.050	1.427	1.944	1.572	1.398	.625
1951	1.56	1.65	1.44	2.02	1.13	1.52	2.14	1.73	1.49	.661
1952	1.65	1.75	1.51	2.13	1.18	1.61	2.22	1.83	1.59	.672
1953	1.74	1.86	1.58	2.28	1.25	1.70	2.40	1.88	1.68	.661
1954	1.78	1.90	1.62	2.39	1.29	1.76	2.40	1.93	1.76	.675
1955	1.86	1.99	1.67	2.45	1.34	1.83	2.47	1.96	1.82	.705
1956	1.95	2.08	1.77	2.57	1.40	1.94	2.72	2.12	1.86	.728
1957	2.05	2.19	1.85	2.71	1.47	2.02	2.92	2.26	1.95	.757
1958	2.11	2.26	1.91	2.82	1.52	2.09	2.93	2.44	2.05	.798
1959	2.19	2.36	1.98	2.93	1.57	2.18	3.11	2.54	2.18	.818
1960	2.26	2.43	2.05	3.08	1.62	2.24	3.14	2.61	2.26	.834
1961	2.32	2.49	2.11	3.20	1.68	2.31	3.12	2.67	2.37	.856
1962	2.39	2.56	2.17	3.31	1.74	2.37	3.12	2.72	2.48	.880
1963	2.46	2.63	2.22	3.41	1.80	2.45	* 3.15	2.76	2.56	.904
1964	2.53	2.71	2.29	3.55	1.75	2.52	* 3.30	2.80	2.62	.951
1965 ⁸	2.61	2.79	2.36	3.68	1.82	2.60	3.49	(4)	2.69	.962
1964: Jan	2.51	2.68	2.28	3.57	1.73	2.48	3.21	2.76	2.60	.827
Feb	2.50	2.68	2.27	3.53	1.73	2.50	3.20	2.80	2.59	.897
Mar	2.51	2.68	2.27	3.51	1.73	2.51	3.20	2.76	2.60	.915
Apr	2.52	2.70	2.28	3.53	1.74	2.51	3.28	2.76	2.59	.966
May	2.53	2.70	2.28	3.50	1.75	2.53	3.30	2.78	2.62	.984
June	2.53	2.71	2.28	3.49	1.75	2.51	3.32	2.77	2.61	.984
July	2.53	2.70	2.29	3.52	1.75	2.52	(4)	2.77	2.60	.984
Aug	2.52	2.70	2.28	3.54	1.75	2.52	3.34	2.81	2.60	.984
Sept	2.56	2.74	2.32	3.58	1.77	2.54	3.35	2.81	2.61	.984
Oct	2.52	2.69	2.30	3.61	1.77	2.54	3.34	2.80	2.65	.984
Nov	2.55	2.72	2.31	3.57	1.78	2.56	3.38	2.85	2.66	.984
Dec	2.58	2.76	2.32	3.63	1.77	2.55	3.37	2.89	2.69	.984
1965: Jan	2.58	2.76	2.33	3.62	1.79	2.56	3.47	2.99	2.67	.984
Feb	2.59	2.77	2.33	3.68	1.79	2.58	3.48	3.03	2.67	.984
Mar	2.59	2.78	2.33	3.65	1.79	2.58	3.46	2.97	2.67	.984
Apr	2.60	2.78	2.34	3.61	1.80	2.59	3.47	2.98	2.68	.984
May	2.61	2.79	2.35	3.65	1.82	2.61	3.50	3.01	2.69	.984
June	2.61	2.79	2.35	3.66	1.82	2.59	3.51	2.99	2.69	.984
July	2.61	2.79	2.36	3.64	1.82	2.60	(4)	3.00	2.67	.984
Aug	2.59	2.77	2.36	3.68	1.82	2.60	3.52	2.99	2.68	.984
Sept	2.63	2.81	2.38	3.74	1.85	2.62	3.50	(4)	2.73	.984
Oct	2.63	2.82	2.38	3.76	1.86	2.63	3.50	(4)	2.73	.984
Nov ⁸	2.65	2.83	2.39	3.73	1.86	2.64	3.51	(4)	2.76	.984
Dec ⁸	2.66	2.84	2.40	(4)	(4)	(4)	(4)	(4)	(4)	.984

¹ For coverage of series, see footnote 1, Table C-26.

² Prior to April 1945, data relate to all employees except executives; for April 1945-May 1949, mainly to employees subject to the Fair Labor Standards Act; and beginning June 1949, to nonsupervisory employees only.

³ Weighted average of all farm wage rates on a per hour basis.

⁴ Not available.

⁵ Nine-month average, April through December, because of new series started in April 1945.

⁶ Eleven-month average; excludes data for July.

⁷ Beginning 1964, data include eating and drinking places. Comparable data excluding eating and drinking places are \$1.87 for 1964.

⁸ Preliminary.

NOTE.—See Note, Table C-25.

Data are for production workers in manufacturing and mining, for construction workers in contract construction, and for all nonsupervisory employees in other industries (except as noted). Data are for pay period which includes the 12th of the month.

The annual figures for 1965 are arithmetic averages of the monthly figures shown and are not strictly comparable with the averages for earlier years, which are weighted by data on man-hours.

Data for Alaska and Hawaii included beginning 1959.

Sources: Department of Labor, Bureau of Labor Statistics, and Department of Agriculture.

TABLE C-28.—Average gross weekly earnings in selected industries, 1929-65

Year or month	Manufacturing			Contract construction	Retail trade	Wholesale trade	Bituminous coal mining	Class I railroads ¹	Telephone communication ²
	Total	Durable goods	Non-durable goods						
1929.....	\$24.76	\$26.84	\$22.47	(³)	(³)	(³)	\$25.11	(³)	(³)
1930.....	23.00	24.42	21.40	(³)	(³)	(³)	22.04	(³)	(³)
1931.....	20.64	20.98	20.09	(³)	(³)	(³)	17.59	(³)	(³)
1932.....	16.89	15.99	17.28	(³)	(³)	\$26.75	15.58	(³)	(³)
1933.....	16.65	16.20	16.76	(³)	(³)	25.19	14.21	(³)	(³)
1934.....	18.20	18.59	17.73	(³)	(³)	25.44	17.45	(³)	(³)
1935.....	19.91	21.24	18.77	(³)	(³)	25.38	18.86	(³)	(³)
1936.....	21.56	23.72	19.57	(³)	(³)	26.96	21.89	(³)	(³)
1937.....	23.82	26.01	21.17	(³)	(³)	28.36	22.94	(³)	\$30.03
1938.....	22.07	23.70	20.65	(³)	(³)	28.51	19.78	(³)	31.74
1939.....	23.64	26.19	21.36	(³)	\$21.01	28.76	22.99	\$31.90	32.14
1940.....	24.96	28.07	21.83	(³)	21.84	29.36	23.74	32.47	32.67
1941.....	29.48	33.56	24.39	(³)	22.17	31.36	29.47	34.03	32.88
1942.....	36.68	42.17	28.57	(³)	23.37	34.28	33.37	39.34	34.14
1943.....	43.07	48.73	33.45	(³)	24.79	37.99	39.97	41.49	36.45
1944.....	45.70	51.38	36.38	(³)	26.77	40.76	49.32	46.36	38.54
1945.....	44.20	48.36	37.48	(³)	28.59	42.37	50.36	46.32	40.12
1946.....	43.32	46.22	40.30	(³)	32.92	46.05	56.04	50.00	44.29
1947.....	49.17	51.76	46.03	\$58.87	36.94	50.14	63.75	55.03	44.77
1948.....	53.12	56.36	49.50	65.27	39.75	53.63	69.18	60.11	48.82
1949.....	53.88	57.25	50.38	67.56	41.62	55.49	60.63	62.36	51.78
1950.....	58.32	62.43	53.48	69.68	43.16	58.08	67.46	64.14	54.38
1951.....	63.34	68.48	56.88	76.96	46.22	62.02	74.69	70.93	58.26
1952.....	67.16	72.63	59.95	82.86	47.79	65.53	75.04	74.30	61.22
1953.....	70.47	76.63	62.57	86.41	49.75	69.02	81.84	76.33	65.02
1954.....	70.49	76.19	63.18	88.91	51.21	71.28	77.52	78.74	68.46
1955.....	75.70	82.19	66.63	90.90	53.06	74.48	82.13	82.12	72.07
1956.....	78.78	85.28	70.09	96.38	54.74	78.57	102.00	88.40	73.47
1957.....	81.59	88.26	72.52	100.27	56.89	81.41	106.00	94.24	76.05
1958.....	82.71	89.27	74.11	103.78	58.82	84.02	97.57	101.50	78.72
1959.....	88.26	96.05	78.61	108.41	60.76	88.51	111.34	106.43	85.46
1960.....	89.72	97.44	80.36	113.04	62.37	90.72	112.41	108.84	89.50
1961.....	92.34	100.35	82.92	118.08	64.01	93.56	112.01	112.94	93.38
1962.....	96.56	104.70	85.93	122.47	65.95	96.22	114.46	115.87	98.95
1963.....	99.63	108.09	87.91	127.19	68.04	99.47	121.43	118.40	102.40
1964.....	102.97	112.19	90.91	132.06	64.75	102.56	128.91	121.80	105.32
1965 ⁴	107.27	117.18	94.64	137.63	66.61	106.08	139.71	(³)	108.68
1964: Jan.....	99.90	108.81	88.46	121.38	63.49	99.70	127.12	120.06	102.18
Feb.....	100.75	109.88	89.44	126.37	63.66	100.75	123.52	120.68	102.56
Mar.....	101.40	110.15	89.67	128.12	63.49	101.66	117.76	118.13	102.70
Apr.....	102.06	111.78	90.06	130.61	63.86	101.91	123.33	119.78	101.79
May.....	102.97	112.05	90.52	133.00	64.40	102.97	128.70	117.87	104.28
June.....	103.73	113.28	90.97	133.32	65.28	102.41	134.13	122.71	104.40
July.....	102.97	111.51	91.37	134.11	66.33	103.32	122.84	122.71	104.52
Aug.....	103.07	112.32	91.43	136.64	66.15	102.56	132.93	118.86	104.52
Sept.....	104.19	113.98	91.87	131.39	65.31	102.87	126.30	123.08	109.10
Oct.....	102.82	111.10	92.00	135.99	65.14	103.38	135.94	121.24	108.12
Nov.....	104.30	113.42	92.17	131.73	64.79	104.45	136.21	121.70	109.86
Dec.....	107.07	117.02	93.50	133.95	65.84	104.81	138.17	128.03	108.68
1965: Jan.....	105.52	115.37	92.50	131.41	65.34	103.94	138.80	126.78	106.53
Feb.....	105.93	115.79	92.73	131.38	65.34	104.49	138.50	133.62	107.07
Mar.....	106.71	117.04	93.20	133.96	65.34	105.01	137.36	130.09	106.27
Apr.....	105.82	115.93	92.20	132.49	66.06	105.15	137.07	129.93	106.66
May.....	107.53	117.46	94.00	140.16	66.43	106.75	141.40	129.43	107.87
June.....	107.79	117.74	94.47	139.08	67.16	105.93	145.67	132.16	107.33
July.....	107.01	116.06	94.87	140.50	68.25	106.60	137.11	131.10	108.40
Aug.....	106.45	115.51	95.11	143.15	68.07	106.60	144.67	129.77	108.27
Sept.....	107.83	117.18	95.68	138.75	67.53	106.90	137.90	(³)	112.75
Oct.....	108.62	118.72	95.68	144.01	67.33	107.57	146.30	(³)	111.66
Nov ⁵	109.71	119.43	96.32	135.40	66.96	107.71	132.33	(³)	115.92
Dec ⁶	110.92	120.98	97.20	(³)	(³)	(³)	(³)	(³)	(³)

¹ For coverage of series, see footnote 1, Table C-26.

² Prior to April 1945, data relate to all employees except executives; for April 1945–May 1949, mainly to employees subject to the Fair Labor Standards Act; and beginning June 1949, to nonsupervisory employees only.

³ Not available.

⁴ Nine-month average, April through December, because of new series started in April 1945.

⁵ Beginning 1964, data include eating and drinking places. Comparable data excluding eating and drinking places are \$69.94 for 1964.

⁶ Preliminary.

NOTE.—See Note, Table C-25.

Data are for production workers in manufacturing and mining, for construction workers in contract construction, and for nonsupervisory employees in other industries (except as noted). Data are for pay period which includes the 12th of the month.

The annual figures for 1965 are the product of unweighted arithmetic averages of average weekly hours and average hourly earnings for the months shown and are not strictly comparable with the averages for earlier years.

Data for Alaska and Hawaii included beginning 1959.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE C-29.—Average weekly hours and hourly earnings, gross and excluding overtime, in manufacturing industries, 1939-65

Year or month	All manufacturing industries				Durable goods manufacturing industries				Nondurable goods manufacturing industries				
	Average weekly hours		Average hourly earnings		Average weekly hours		Average hourly earnings		Average weekly hours		Average hourly earnings		
	Gross	Excluding overtime	Gross	Excluding overtime	Gross	Excluding overtime	Gross	Excluding overtime	Gross	Excluding overtime	Gross	Excluding overtime	
1939.....	37.7	(1)	\$0.627	(1)	32.2	(1)	\$0.691	(1)	37.4	(1)	\$0.571	(1)	
1940.....	38.1	(1)	.655	(1)	(1)	39.2	(1)	.716	(1)	37.0	(1)	.590	(1)
1941.....	40.6	(1)	.726	\$0.691	33.4	42.0	(1)	.799	\$0.762	38.9	(1)	.627	\$0.613
1942.....	43.1	(1)	.851	.793	27.5	45.0	(1)	.937	.872	40.3	(1)	.709	.684
1943.....	45.0	(1)	.957	.881	24.8	46.5	(1)	1.048	.966	42.5	(1)	.787	.748
1944.....	45.2	(1)	1.011	.933	24.7	46.5	(1)	1.105	1.019	43.1	(1)	.844	.798
1945.....	43.5	(1)	1.016	3.949	24.5	44.0	(1)	1.099	1.031	42.3	(1)	.886	3.841
1946.....	40.3	(1)	1.075	1.035	20.4	40.4	(1)	1.144	1.111	40.5	(1)	.995	.962
1947.....	40.4	(1)	1.217	1.18	57.8	40.5	(1)	1.278	1.24	40.2	(1)	1.145	1.11
1948.....	40.0	(1)	1.328	1.29	63.2	40.4	(1)	1.395	1.35	39.6	(1)	1.250	1.21
1949.....	39.1	(1)	1.378	1.34	66.1	39.4	(1)	1.453	1.42	38.9	(1)	1.295	1.26
1950.....	40.5	(1)	1.440	1.39	68.2	41.1	(1)	1.519	1.46	39.7	(1)	1.347	1.31
1951.....	40.6	(1)	1.56	1.51	73.6	41.5	(1)	1.65	1.59	39.5	(1)	1.44	1.40
1952.....	40.7	(1)	1.65	1.59	77.4	41.5	(1)	1.75	1.68	39.7	(1)	1.51	1.46
1953.....	40.5	(1)	1.74	1.68	81.6	41.2	(1)	1.86	1.79	39.6	(1)	1.58	1.53
1954.....	39.6	(1)	1.78	1.73	84.3	40.1	(1)	1.90	1.84	39.0	(1)	1.62	1.58
1955.....	40.7	(1)	1.86	1.79	86.9	41.3	(1)	1.99	1.91	39.9	(1)	1.67	1.62
1956.....	40.4	37.6	1.95	1.89	91.5	41.0	38.0	2.08	2.01	39.6	37.2	1.77	1.72
1957.....	39.8	37.5	2.05	1.99	96.2	40.3	37.9	2.19	2.12	39.2	37.0	1.85	1.80
1958.....	39.2	37.2	2.11	2.05	100.2	39.5	37.6	2.26	2.21	38.8	36.6	1.91	1.86
1959.....	40.3	37.6	2.19	2.12	103.5	40.7	38.0	2.36	2.28	39.7	37.0	1.98	1.92
1960.....	39.7	37.3	2.26	2.20	106.6	40.1	37.7	2.43	2.36	39.2	36.7	2.05	1.99
1961.....	39.8	37.4	2.32	2.25	109.6	40.3	38.0	2.49	2.42	39.3	36.8	2.11	2.05
1962.....	40.4	37.6	2.39	2.31	112.3	40.9	38.1	2.56	2.48	39.6	36.9	2.17	2.09
1963.....	40.5	37.7	2.46	2.37	115.2	41.1	38.2	2.63	2.54	39.6	36.9	2.22	2.15
1964.....	40.7	37.6	2.53	2.44	118.0	41.4	38.1	2.71	2.60	39.7	36.8	2.29	2.21
1965 ¹	41.1	37.5	2.61	2.50	120.8	42.0	38.1	2.79	2.67	40.1	37.0	2.36	2.26
1964: Jan.....	39.8	37.1	2.51	2.43	117.2	40.6	37.7	2.68	2.59	38.8	36.3	2.28	2.20
Feb.....	40.3	37.6	2.50	2.42	117.3	41.0	38.2	2.68	2.59	39.4	36.8	2.27	2.19
Mar.....	40.4	37.6	2.51	2.43	117.4	41.1	38.2	2.68	2.59	39.5	36.9	2.27	2.20
Apr.....	40.5	37.6	2.52	2.43	117.7	41.4	38.3	2.70	2.60	39.5	36.8	2.28	2.21
May.....	40.7	37.7	2.53	2.44	117.8	41.5	38.3	2.70	2.60	39.7	36.9	2.28	2.21
June.....	41.0	37.8	2.53	2.43	117.8	41.8	38.4	2.71	2.60	39.9	37.0	2.28	2.20
July.....	40.7	37.7	2.53	2.43	117.9	41.3	38.1	2.70	2.60	39.9	37.0	2.29	2.21
Aug.....	40.9	37.6	2.52	2.42	117.9	41.6	38.1	2.70	2.59	40.1	37.0	2.28	2.20
Sept.....	40.7	37.2	2.56	2.46	118.7	41.6	37.9	2.74	2.62	39.6	36.4	2.32	2.23
Oct.....	40.8	37.5	2.52	2.42	118.1	41.3	37.9	2.69	2.58	40.0	36.9	2.30	2.21
Nov.....	40.9	37.6	2.55	2.45	118.7	41.7	38.2	2.72	2.61	39.9	36.9	2.31	2.23
Dec.....	41.5	37.9	2.58	2.47	119.2	42.4	38.4	2.76	2.64	40.3	37.2	2.32	2.24
1965: Jan.....	40.9	37.6	2.58	2.48	119.7	41.8	38.2	2.76	2.65	39.7	36.9	2.33	2.25
Feb.....	40.9	37.6	2.59	2.48	120.0	41.8	38.1	2.77	2.65	39.8	36.9	2.33	2.25
Mar.....	41.2	37.7	2.59	2.49	120.1	42.1	38.3	2.78	2.66	40.0	37.0	2.33	2.25
Apr.....	40.7	37.6	2.60	2.50	120.4	41.7	38.2	2.78	2.67	39.4	36.7	2.34	2.26
May.....	41.2	37.7	2.61	2.50	120.6	42.1	38.2	2.79	2.66	40.0	36.9	2.35	2.26
June.....	41.3	37.7	2.61	2.50	120.8	42.2	38.2	2.79	2.67	40.2	37.1	2.35	2.26
July.....	41.0	37.6	2.61	2.50	120.9	41.6	37.9	2.79	2.67	40.2	37.1	2.36	2.27
Aug.....	41.1	37.6	2.59	2.49	120.7	41.7	37.9	2.77	2.65	40.3	37.1	2.36	2.26
Sept.....	41.0	37.2	2.63	2.51	121.7	41.7	37.7	2.81	2.68	40.2	36.7	2.38	2.28
Oct.....	41.3	37.4	2.63	2.52	121.8	42.1	37.9	2.82	2.68	40.2	36.8	2.38	2.28
Nov ²	41.4	37.5	2.65	2.53	122.2	42.2	37.9	2.83	2.69	40.3	36.9	2.39	2.29
Dec ³	41.7	37.7	2.66	2.54	(1)	42.6	38.2	2.84	2.70	40.5	37.2	2.40	2.30

¹ Not available.

² Annual average not available; April used.

³ Eleven-month average; August 1945 excluded because of VJ Day holiday period.

⁴ Preliminary.

NOTE.—See Note, Table C-25.

Data relate to production workers and are for pay period which includes the 12th of the month. The annual figures for 1965 are arithmetic averages of the monthly figures shown and are not strictly comparable with the averages for earlier years, which are weighted by data on employment (in the case of hours) and man-hours (in the case of earnings).

See Table C-26 for seasonally adjusted average gross weekly hours.

Data for Alaska and Hawaii included beginning 1959.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE C-30.—Average weekly earnings, gross and spendable, in manufacturing industries, in current and 1957-59 prices, 1939-65

Year or month	Average gross weekly earnings		Average spendable weekly earnings ¹			
	Current prices	1957-59 prices ²	Worker with no dependents		Worker with three dependents	
			Current prices	1957-59 prices ²	Current prices	1957-59 prices ²
1939.....	\$23.64	\$48.84	\$23.37	\$48.29	\$23.40	\$48.35
1940.....	24.96	51.15	24.46	50.12	24.71	50.64
1941.....	29.48	57.47	27.96	54.50	29.19	56.90
1942.....	36.68	64.58	31.80	55.99	36.31	63.93
1943.....	43.07	71.43	35.95	59.62	41.33	68.54
1944.....	45.70	74.55	37.99	61.97	43.76	71.39
1945.....	44.20	70.49	36.82	58.72	42.59	67.93
1946.....	43.32	63.71	37.31	54.87	42.79	62.93
1947.....	49.17	63.20	42.10	54.11	47.58	61.16
1948.....	53.12	63.39	46.57	55.57	52.31	62.42
1949.....	53.88	64.92	47.21	56.88	52.95	63.80
1950.....	58.32	69.59	50.26	59.98	56.36	67.26
1951.....	63.34	69.99	52.97	58.53	60.18	66.50
1952.....	67.16	72.61	55.04	59.50	62.98	68.09
1953.....	70.47	75.61	57.59	61.79	65.60	70.39
1954.....	70.49	75.31	58.45	62.45	65.65	70.14
1955.....	75.70	81.14	62.51	67.00	69.79	74.80
1956.....	78.78	83.19	64.92	68.55	72.25	76.29
1957.....	81.59	83.26	66.93	68.30	74.31	75.83
1958.....	82.71	82.14	67.82	67.35	75.23	74.71
1959.....	88.26	86.96	71.89	70.83	79.40	78.23
1960.....	89.72	87.02	72.57	70.39	80.11	77.70
1961.....	92.34	88.62	74.60	71.59	82.18	77.87
1962.....	96.56	91.61	77.96	73.87	85.53	81.15
1963.....	99.63	93.37	79.82	74.81	87.58	82.07
1964.....	102.97	95.25	84.40	78.08	92.18	85.27
1965 ³	107.27	97.61	88.87	80.86	96.56	87.86
1964: Jan.....	99.90	92.76	81.98	76.12	89.65	83.24
Feb.....	100.75	93.63	82.65	76.81	90.35	83.97
Mar.....	101.40	94.15	83.16	77.21	90.89	84.39
Apr.....	102.06	94.68	83.68	77.63	91.43	84.81
May.....	102.97	95.52	84.40	78.29	92.18	85.51
June.....	103.73	96.05	85.00	78.70	92.81	85.94
July.....	102.97	95.08	84.40	77.93	92.18	85.12
Aug.....	103.07	95.26	84.48	78.08	92.26	85.27
Sept.....	104.19	96.12	85.36	78.75	93.19	85.97
Oct.....	102.82	94.76	84.28	77.68	92.06	84.85
Nov.....	104.30	95.95	85.45	78.61	93.28	85.81
Dec.....	107.07	98.41	87.63	80.54	95.56	87.83
1965: Jan.....	105.52	96.90	87.47	80.32	95.09	87.32
Feb.....	105.93	97.27	87.80	80.62	95.43	87.63
Mar.....	106.71	97.90	88.42	81.12	96.09	88.16
Apr.....	105.82	96.82	87.71	80.25	95.34	87.23
May.....	107.63	98.11	89.08	81.28	96.78	88.30
June.....	107.79	97.90	89.29	81.10	96.99	88.09
July.....	107.01	97.11	88.66	80.45	96.34	87.42
Aug.....	106.45	96.77	88.21	80.19	95.87	87.15
Sep.....	107.83	97.85	89.32	81.05	97.03	88.05
Oct.....	108.62	98.39	89.95	81.48	97.69	88.49
Nov ¹	109.71	99.20	90.83	82.12	98.61	89.16
Dec ¹	110.92	99.93	91.80	82.70	99.62	89.75

¹ Average gross weekly earnings less social security and income taxes.

² Earnings in current prices divided by the consumer price index on a 1957-59 base.

³ Preliminary.

NOTE.—See Note, Table C-25.

Data relate to production workers and are for pay period which includes the 12th of the month.

The annual figures in current prices for 1965 are the product of unweighted arithmetic averages of average weekly hours and average hourly earnings for the 12 months and are not strictly comparable with the averages for earlier years.¹

Data for Alaska and Hawaii included beginning January 1959.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE C-31.—Indexes of output per man-hour and related data, 1947-65

[1957-59=100]

Year	Output per man-hour			Output ¹			Man-hours		
	Total private	Agri-culture	Non-agri-cultural industries	Total private	Agri-culture	Non-agri-cultural industries	Total private	Agri-culture	Non-agri-cultural industries
Establishment basis ²									
1947.....	69.2	50.7	74.3	67.6	82.1	66.8	97.7	161.8	89.9
1948.....	72.1	58.9	76.5	70.8	91.8	69.7	98.2	155.8	91.1
1949.....	74.4	57.4	79.5	70.6	88.9	69.6	94.9	154.8	87.6
1950.....	80.6	65.3	84.6	77.9	93.7	77.0	96.7	143.4	91.0
1951.....	82.9	65.4	86.3	82.8	88.9	82.4	99.9	136.0	95.5
1952.....	84.5	70.9	87.2	84.8	91.8	84.5	100.4	129.4	96.9
1953.....	88.0	80.2	89.7	89.1	96.6	88.7	101.3	120.5	98.9
1954.....	90.0	84.3	91.7	87.9	98.6	87.4	97.7	117.0	95.3
1955.....	94.0	84.8	95.7	95.4	101.0	95.1	101.5	119.1	99.4
1956.....	94.1	88.3	95.1	97.2	100.5	97.0	103.3	113.8	102.0
1957.....	96.9	93.3	97.2	98.6	98.1	98.6	101.8	105.1	101.4
1958.....	99.7	103.0	99.6	97.3	100.5	97.1	97.6	97.6	97.5
1959.....	103.4	104.7	103.1	104.1	101.9	104.2	100.7	97.3	101.1
1960.....	105.1	110.3	104.4	106.7	105.8	106.7	101.5	95.9	102.2
1961.....	119.0	119.0	107.4	108.7	107.2	108.7	100.0	90.1	101.2
1962.....	113.7	121.4	112.3	116.0	106.8	116.5	102.0	88.0	103.7
1963.....	117.7	132.6	115.4	120.6	110.6	121.1	102.5	83.4	104.9
1964.....	121.9	133.8	119.5	126.9	107.7	127.9	104.1	80.5	107.0
1965 ³	125.3	143.6	122.4	134.1	112.6	135.2	107.0	78.4	110.5
Labor force basis ⁴									
1947.....	67.9	50.7	72.9	67.6	82.1	66.8	99.6	161.8	91.6
1948.....	70.2	59.0	74.4	70.8	91.8	69.7	100.8	155.6	93.7
1949.....	71.9	57.0	76.7	70.6	88.9	69.6	98.2	156.1	90.8
1950.....	78.5	65.1	82.4	77.9	93.7	77.0	99.2	143.9	93.5
1951.....	82.1	65.0	85.6	82.8	88.9	82.4	100.9	136.8	96.3
1952.....	84.5	70.5	87.6	84.8	91.8	84.5	100.4	130.2	96.5
1953.....	88.4	79.7	90.3	89.1	96.6	88.7	100.8	121.2	98.2
1954.....	90.8	83.8	92.8	87.9	98.6	87.4	96.8	117.6	94.2
1955.....	94.7	84.3	96.7	95.4	101.0	95.1	100.7	119.8	98.3
1956.....	94.6	87.8	95.8	97.2	100.5	97.0	102.7	114.5	101.2
1957.....	97.2	93.3	97.7	98.6	98.1	98.6	101.4	105.1	100.9
1958.....	99.4	103.1	99.1	97.3	100.5	97.1	97.9	97.5	98.0
1959.....	103.4	104.6	103.1	104.1	101.9	104.2	100.7	97.4	101.1
1960.....	104.6	110.3	103.8	106.7	105.8	106.7	102.0	95.9	102.8
1961.....	107.4	119.5	105.8	108.7	107.2	108.7	101.2	89.7	102.7
1962.....	113.0	121.6	111.4	116.0	106.8	116.5	102.7	87.8	104.6
1963.....	116.5	132.9	114.1	120.6	110.6	121.1	103.5	83.2	106.1
1964.....	120.2	134.3	117.6	126.9	107.7	127.9	105.6	80.2	108.8
1965 ³	123.1	144.0	119.9	134.1	112.6	135.2	108.9	78.2	112.8

¹ Output refers to gross national product in 1958 prices.

² Man-hour estimates based primarily on establishment data.

³ Preliminary.

⁴ Man-hour estimates based primarily on labor force data.

NOTE.—For information on sources and methodology, see Bureau of Labor Statistics (Department of Labor) Bulletin No. 1249, *Trends in Output per Man-hour in the Private Economy, 1909-58*. Data for Alaska and Hawaii included beginning 1960.

Source: Department of Labor, Bureau of Labor Statistics.

PRODUCTION AND BUSINESS ACTIVITY

TABLE C-32.—Industrial production indexes, industry groupings, 1947-65

[1957-59=100]

Year or month	Total industrial production ¹	Manufacturing								
		Total	Durable manufactures							
			Total	Primary metals	Fabricated metal products	Machinery	Transportation equipment	Instruments and related products	Clay, glass, and lumber	Furniture and miscellaneous
1947.....	65.7	66.4	64.3	90.7	75.9	65.3	42.9	53.7	75.8	73.5
1948.....	68.4	68.9	67.0	94.3	77.2	66.5	46.9	55.2	79.7	77.4
1949.....	64.7	65.1	60.9	79.4	69.8	59.0	47.1	49.2	72.3	71.6
1950.....	74.9	75.8	74.1	99.9	85.4	72.7	56.4	57.3	87.7	83.7
1951.....	81.3	81.9	83.5	108.7	91.2	83.0	62.9	65.7	92.0	80.2
1952.....	84.3	85.2	88.5	99.3	89.0	92.1	73.1	78.1	89.3	82.4
1953.....	91.3	92.7	99.9	112.5	100.3	100.5	91.7	85.3	92.7	89.7
1954.....	85.8	86.3	88.4	91.3	90.2	87.7	83.8	82.9	89.6	86.8
1955.....	96.6	97.3	101.9	118.4	98.3	96.5	102.0	88.7	100.7	97.9
1956.....	99.9	100.2	104.0	116.4	98.8	107.1	97.4	95.4	102.0	101.0
1957.....	100.7	100.8	104.0	112.2	101.5	104.2	106.4	98.0	97.5	97.6
1958.....	93.7	93.2	90.3	87.5	92.9	88.8	89.5	92.1	94.1	93.3
1959.....	105.6	106.0	105.6	100.4	105.5	107.1	104.0	109.9	108.5	109.0
1960.....	108.7	108.9	108.5	101.3	107.6	110.8	108.2	116.5	105.7	113.3
1961.....	109.7	109.6	107.0	98.9	106.5	110.4	103.6	115.8	104.5	114.1
1962.....	118.3	118.7	117.9	104.6	117.1	123.5	118.3	132.0	109.3	124.5
1963.....	124.3	124.9	124.5	113.3	123.4	129.2	127.0	130.2	114.4	129.1
1964.....	132.3	133.1	133.5	129.1	132.7	141.4	130.7	136.4	121.1	138.4
1965 ²	143.3	144.9	148.3	137.8	148.2	160.3	148.9	151.4	127.4	151.7
Seasonally adjusted										
1964: Jan.....	127.9	128.6	128.3	113.7	128.3	135.0	130.8	132.2	117.9	133.0
Feb.....	128.4	129.2	129.1	118.7	129.1	133.7	131.1	133.6	121.6	133.9
Mar.....	129.3	130.1	130.3	122.1	129.4	136.2	130.1	134.2	121.9	134.7
Apr.....	130.8	131.7	131.8	123.4	131.0	137.8	133.0	134.7	121.6	135.6
May.....	131.8	132.6	133.1	129.0	131.3	138.7	134.3	134.6	120.9	136.2
June.....	132.0	132.7	133.6	126.3	132.0	140.5	135.5	134.8	120.1	138.0
July.....	133.3	134.2	135.4	131.8	133.4	142.2	135.3	136.4	122.6	138.5
Aug.....	134.0	134.9	136.2	134.4	134.9	143.2	135.9	137.4	121.4	139.0
Sept.....	134.0	134.8	135.3	132.9	134.3	144.4	131.3	138.6	120.7	138.4
Oct.....	131.6	132.0	129.9	133.6	130.7	145.2	105.3	137.6	121.0	141.7
Nov.....	135.4	136.4	137.0	136.1	136.9	147.7	129.2	140.2	120.9	143.4
Dec.....	138.1	139.4	140.9	138.6	139.7	150.1	140.3	142.0	121.1	145.4
1965: Jan.....	138.6	140.2	142.0	139.6	140.6	150.7	141.4	142.7	124.9	145.2
Feb.....	139.2	140.8	142.7	136.9	145.0	152.5	139.7	145.3	125.9	147.6
Mar.....	140.7	142.3	144.8	140.4	145.2	153.9	144.4	146.9	126.0	148.4
Apr.....	140.9	142.4	145.5	141.4	147.4	155.4	144.6	145.5	124.1	149.5
May.....	141.6	143.1	146.4	140.2	146.0	156.9	147.3	147.0	125.5	150.1
June.....	142.7	144.1	148.1	143.0	146.4	159.0	149.5	149.8	124.7	150.3
July.....	144.2	145.7	150.0	148.7	148.0	160.6	149.8	152.1	126.3	149.7
Aug.....	144.5	146.0	150.5	146.5	147.5	161.4	151.5	152.6	127.5	151.5
Sept.....	143.5	145.2	148.2	131.2	147.0	162.8	149.4	155.7	127.3	152.0
Oct.....	144.8	146.3	149.7	123.3	149.5	165.6	153.6	158.0	128.5	155.1
Nov.....	146.3	147.9	151.3	121.1	154.2	167.3	156.0	159.2	129.1	158.0
Dec ²	148.3	150.1	154.7	128	157	170	159	161	135	160

See footnotes at end of table.

TABLE C-32.—Industrial production indexes, industry groupings, 1947-65—Continued

[1957-59=100]

Year or month	Manufacturing					Mining	Utilities
	Nondurable manufactures						
	Total	Textile, apparel, and leather products	Paper and printing	Chemical, petroleum, and rubber products	Foods, beverages, and tobacco		
1947	67.2	81.0	66.7	47.5	80.7	79.9	36.5
1948	69.5	84.5	69.4	50.8	80.0	84.0	40.8
1949	68.3	80.6	69.3	49.4	80.8	74.5	43.4
1950	76.0	89.1	76.7	60.7	83.6	83.2	49.5
1951	78.5	87.4	79.4	67.4	85.4	91.3	56.4
1952	80.0	89.5	77.7	69.9	87.3	90.5	61.2
1953	83.6	90.7	82.6	75.2	88.2	92.9	66.8
1954	83.6	86.9	85.0	74.7	89.8	90.2	71.8
1955	91.6	95.5	92.5	86.8	93.1	99.2	80.2
1956	95.4	98.0	97.1	91.4	96.6	104.8	87.9
1957	96.7	96.9	97.8	95.6	96.7	104.6	93.9
1958	96.8	95.0	97.0	95.5	99.4	95.6	98.1
1959	106.5	108.1	105.2	108.9	103.9	99.7	108.0
1960	109.5	107.5	109.0	113.9	106.6	101.6	115.6
1961	112.9	108.4	112.4	118.9	110.2	102.6	122.3
1962	119.8	115.1	116.7	131.2	113.3	105.0	131.4
1963	125.3	118.5	120.1	141.8	116.8	107.9	140.0
1964	132.6	125.2	127.5	152.5	120.8	111.3	151.3
1965 ²	140.6	135.8	135.1	164.7	123.0	114.5	161.4
	Seasonally adjusted						
1964: Jan	128.9	121.1	123.5	146.3	120.3	109.4	145.6
Feb	129.3	121.5	124.5	147.1	119.6	109.6	145.1
Mar	129.9	121.3	125.4	148.0	120.2	109.4	146.6
Apr	131.5	122.4	127.5	150.3	121.0	110.3	148.5
May	131.9	123.8	128.2	150.6	120.7	111.7	150.3
June	131.5	123.2	126.6	152.1	119.5	111.9	151.8
July	132.8	125.5	128.0	152.8	120.5	111.7	152.7
Aug	133.2	126.4	127.9	154.0	120.2	112.1	153.9
Sept	134.2	127.0	127.4	157.1	120.4	112.2	155.0
Oct	134.6	128.9	128.8	156.2	120.5	112.0	154.9
Nov	135.6	130.2	128.2	156.2	123.3	112.8	155.4
Dec	137.6	131.5	132.1	158.5	123.9	112.5	157.1
1965: Jan	137.9	133.3	132.0	158.2	124.2	111.8	154.9
Feb	138.4	133.8	131.8	160.4	123.4	111.8	156.1
Mar	139.1	133.7	132.9	162.0	123.7	112.5	158.5
Apr	138.5	133.9	133.2	160.8	122.4	113.0	159.9
May	138.8	135.0	134.2	161.2	121.5	114.0	160.4
June	139.0	134.5	134.0	161.6	122.3	115.3	162.5
July	140.4	134.7	135.9	164.1	122.9	116.0	161.6
Aug	140.4	134.1	136.4	164.9	122.3	117.0	161.9
Sept	141.3	135.5	135.4	166.9	123.1	112.6	165.3
Oct	142.0	137.0	135.8	167.8	123.0	115.9	165.7
Nov	143.6	138.8	137.9	169.3	124.2	116.5	166.5
Dec ²	144.4	141	139	170	125	118	167

¹ Annual indexes for 1929-46 are, respectively: 38.4, 32.0, 26.5, 20.7, 24.4, 26.6, 30.7, 36.3, 39.7, 31.4, 38.3, 43.9, 56.4, 69.3, 82.9, 81.7, 70.5, and 59.5.

² Preliminary.

Source: Board of Governors of the Federal Reserve System.

TABLE C-33.—Industrial production indexes, market groupings, 1947-65

[1957-59=100]

Year or month	Total industrial production	Final products						Materials		
		Total	Consumer goods ¹			Equipment		Total	Durable goods	Non-durable goods
			Total	Auto-motive products	Home goods	Total, including defense	Business			
1947.....	65.7	64.2	67.1	69.4	68.8	55.4	69.9	67.0	68.2	64.9
1948.....	68.4	66.6	69.2	72.6	71.7	58.3	72.6	70.2	71.0	68.2
1949.....	64.7	64.5	68.8	68.8	66.3	52.0	63.5	64.8	64.2	64.2
1950.....	74.9	72.8	78.6	90.6	91.4	56.4	68.0	76.9	79.5	73.3
1951.....	81.3	78.6	77.8	80.1	78.7	78.4	83.1	83.8	87.8	78.8
1952.....	84.3	84.3	79.5	72.1	78.8	94.1	94.1	84.3	88.9	79.0
1953.....	91.3	89.9	85.0	91.3	90.2	100.5	96.6	92.6	100.7	84.1
1954.....	85.8	85.7	84.3	88.3	86.0	88.9	85.1	85.9	88.4	83.3
1955.....	96.6	93.9	93.3	118.3	97.3	95.0	91.9	99.0	104.7	93.0
1956.....	99.9	98.1	95.5	97.8	100.9	103.7	104.7	101.6	105.3	97.7
1957.....	100.7	99.4	97.0	105.2	96.6	104.6	105.3	101.9	104.8	98.9
1958.....	93.7	94.8	96.4	86.7	92.8	91.3	89.8	92.7	90.0	95.4
1959.....	105.6	105.7	106.6	108.1	110.7	104.1	104.9	105.4	105.1	105.7
1960.....	108.7	109.9	111.0	123.2	110.8	107.6	110.2	107.6	106.6	108.7
1961.....	109.7	111.2	112.6	111.8	112.2	108.3	110.1	108.4	104.8	112.0
1962.....	118.3	119.7	119.6	131.1	122.2	119.6	122.1	117.0	114.1	120.2
1963.....	124.3	124.9	125.2	141.2	129.6	124.2	128.3	123.7	121.2	126.3
1964.....	132.3	131.8	131.7	145.1	141.1	132.0	139.1	132.8	131.2	134.3
1965 ²	143.3	142.4	140.3	167.1	154.8	146.8	156.5	144.2	144.3	144.1
Seasonally adjusted										
1964: Jan.....	127.9	128.9	129.4	146.6	135.6	127.8	132.8	126.7	123.0	130.6
Feb.....	128.4	128.5	129.1	145.5	137.6	127.2	132.0	128.4	126.1	130.8
Mar.....	129.3	128.6	128.5	144.3	137.2	128.9	134.3	129.5	127.8	131.2
Apr.....	130.8	131.0	131.1	149.3	138.7	130.8	136.6	131.1	129.5	132.7
May.....	131.8	131.4	131.4	151.2	137.7	131.4	138.1	132.2	131.1	133.3
June.....	132.0	131.9	131.7	151.8	138.8	132.1	139.1	132.4	131.7	133.2
July.....	133.3	132.3	132.2	152.6	140.9	132.5	140.0	134.5	133.8	135.2
Aug.....	134.0	132.1	133.1	155.8	141.7	133.2	141.1	135.3	135.2	135.3
Sept.....	134.0	132.8	132.5	144.7	140.6	133.5	141.4	135.6	135.3	135.8
Oct.....	131.6	130.5	129.5	105.9	144.0	132.5	140.6	132.6	128.6	136.7
Nov.....	135.4	135.2	134.5	143.0	147.7	136.7	146.1	135.9	134.9	137.0
Dec.....	138.1	138.1	138.0	166.2	150.5	138.4	148.5	138.0	136.8	139.2
1965: Jan.....	138.6	138.4	138.4	165.7	151.7	138.2	147.7	138.8	138.0	139.5
Feb.....	139.2	138.5	138.0	163.8	152.7	139.4	149.2	139.7	139.0	140.5
Mar.....	140.7	140.1	140.0	173.1	154.0	140.4	150.1	141.7	142.6	140.6
Apr.....	140.9	139.4	138.5	166.9	152.1	141.2	150.9	142.6	142.9	142.4
May.....	141.6	140.2	138.6	168.1	151.8	143.7	153.5	142.6	143.4	141.8
June.....	142.7	140.7	138.7	168.1	151.3	144.9	154.6	144.5	146.1	143.4
July.....	144.2	141.7	139.3	167.8	151.2	147.0	156.4	146.4	148.4	145.0
Aug.....	144.5	142.3	139.5	169.8	149.8	148.4	157.8	146.1	147.3	144.8
Sept.....	143.5	143.3	140.7	166.5	153.0	149.0	159.0	143.7	142.8	144.5
Oct.....	144.8	145.3	141.3	168.4	156.0	153.9	163.8	144.3	142.1	147.2
Nov.....	146.3	147.3	143.0	169.2	159.2	156.5	166.7	145.8	143.8	147.9
Dec ²	148.3	148.1	143.9	169		157.3	167	148.6	147	150

¹ Also includes apparel and consumer staples, not shown separately.

² Preliminary.

Source: Board of Governors of the Federal Reserve System.

TABLE C-34.—*Manufacturing capacity, output, and utilization rate, 1948-65*

Period	Capacity ¹	Output (1957-59= 100)	Utilization rate (percent) ²
1948.....	80	69	86
1949.....	84	65	78
1950.....	87	76	88
1951.....	90	82	91
1952.....	94	85	90
1953.....	100	93	93
1954.....	104	86	83
1955.....	108	97	90
1956.....	113	100	88
1957.....	119	101	85
1958.....	122	93	76
1959.....	126	106	84
1960.....	131	109	83
1961.....	134	110	82
1962.....	139	119	86
1963.....	145	125	86
1964.....	151	133	88
1965 ³	160	145	91
Seasonally adjusted			
1961: I.....	133	103	78
II.....	134	108	81
III.....	135	112	83
IV.....	136	115	85
1962: I.....	137	117	85
II.....	138	119	86
III.....	139	120	86
IV.....	141	120	85
1963: I.....	142	121	85
II.....	144	125	87
III.....	145	126	87
IV.....	147	127	87
1964: I.....	148	129	87
II.....	150	132	88
III.....	152	135	89
IV.....	154	136	88
1965: I.....	156	141	90
II.....	159	143	90
III.....	161	146	91
IV ³	163	148	91

¹ For description and source of data see Frank de Leeuw "The Concept of Capacity," *Journal of the American Statistical Association*, December 1962, vol. 57, pp. 826-84, and Peter Gajewski "Manufacturing Capacity Measures and Current Economic Analysis," a paper presented at the 1964 American Statistical Association Meetings. See also McGraw-Hill surveys on "Business Plans for New Plants and Equipment" for data on capacity and operating rates.

² Output as percent of capacity; based on unrounded data.

³ Preliminary.

Source: Board of Governors of the Federal Reserve System (output) and sources in footnote 1 (capacity and utilization rate).

TABLE C-35.—*New construction activity, 1929-65*
[Value put in place, millions of dollars]

Year or month	Total new construction	Private construction							Public construction		
		Total	Residential building (nonfarm)		Nonresidential building and other construction				Total	Federal	State and local
			Total	New housing units	Total	Commer- cial ²	In- dus- trial	Other ³			
1929	10,793	8,307	3,625	3,040	4,682	1,135	949	2,598	2,486	235	2,251
1930	8,741	5,883	2,075	1,570	3,808	893	532	2,383	2,858	313	2,545
1931	6,427	3,768	1,565	1,320	2,203	454	221	1,528	2,659	506	2,153
1932	3,538	1,676	630	485	1,046	223	74	749	1,862	444	1,418
1933	2,879	1,231	470	290	761	130	176	455	1,648	802	846
1934	3,720	1,509	625	380	884	173	191	520	2,211	1,347	864
1935	4,232	1,999	1,010	710	989	211	158	620	2,233	1,381	852
1936	6,497	2,981	1,565	1,210	1,416	290	266	860	3,516	2,363	1,153
1937	6,999	3,903	1,875	1,475	2,028	387	492	1,149	3,096	1,893	1,203
1938	6,980	3,560	1,990	1,620	1,570	285	232	1,053	3,420	2,037	1,383
1939	8,198	4,389	2,680	2,270	1,709	292	254	1,163	3,809	2,136	1,673
1940	8,682	5,054	2,985	2,560	2,069	348	442	1,279	3,628	2,128	1,500
1941	11,957	6,206	3,510	3,040	2,696	409	801	1,486	5,751	4,448	1,303
1942	14,075	3,415	1,715	1,440	1,700	155	346	1,199	10,660	9,788	872
1943	8,301	1,979	885	710	1,094	33	156	905	6,322	5,877	445
1944	6,259	2,186	815	570	1,371	56	208	1,107	3,073	2,631	442
1945	5,809	3,411	1,276	720	2,135	203	642	1,290	2,398	1,836	562
1946	12,627	10,396	4,752	3,300	5,644	1,153	1,689	2,802	2,231	1,109	1,122
1946 new series ⁴	14,308	12,077	6,247	4,795	5,830	1,153	1,689	2,988	2,231	1,109	1,122
1947	20,041	16,722	9,850	7,765	6,872	957	1,702	4,213	3,319	1,249	2,070
1948	26,078	21,374	13,128	10,506	8,246	1,397	1,397	5,452	4,704	1,594	3,110
1949	26,722	20,453	12,428	10,043	8,025	1,182	972	5,871	6,269	1,949	4,320
1950	33,575	26,709	18,126	15,551	8,583	1,415	1,062	6,106	6,866	2,078	4,788
1951	35,435	26,180	15,881	13,207	10,299	1,498	2,117	6,684	9,255	3,445	5,810
1952	36,828	26,049	15,803	12,851	10,246	1,137	2,320	6,789	10,779	4,735	6,044
1953	39,136	27,894	16,594	13,411	11,300	1,791	2,229	7,280	11,242	4,839	6,403
1954	41,380	29,668	18,187	14,931	11,481	2,212	2,030	7,239	11,712	4,103	7,609
1955	46,519	34,804	21,877	18,242	12,927	3,218	2,399	7,310	11,715	3,508	8,207
1956	47,601	34,869	20,178	16,143	14,691	3,631	3,084	7,976	12,732	3,583	9,149
1957	49,139	35,080	19,006	14,736	16,074	3,564	3,557	8,953	14,059	4,243	9,816
1958	50,153	34,696	19,789	15,445	14,907	3,589	2,382	8,936	15,457	5,493	9,964
1959	55,305	39,235	24,251	19,233	14,984	3,930	2,106	8,948	16,070	6,435	9,635
1960	53,941	38,078	21,706	16,410	16,372	4,180	2,851	9,341	15,863	5,889	9,974
1961	55,447	38,299	21,680	16,189	16,619	4,674	2,780	9,165	17,148	6,305	10,843
1962	59,576	41,707	24,292	18,638	17,415	4,955	2,949	9,511	17,869	6,469	11,400
1963	62,755	43,859	25,843	20,064	18,016	5,200	2,962	9,854	18,896	7,120	11,776
1964	65,817	45,891	26,507	20,612	19,384	5,656	3,303	10,425	19,926	7,311	12,615
1965 ⁵	68,112	47,878	26,647	20,723	21,231	6,434	4,010	10,787	20,234	7,068	13,166
Seasonally adjusted annual rates											
1964: Jan.	65,024	45,778	26,993	21,065	18,785	5,566	3,103	10,116	19,246	(9)	(6)
Feb.	66,011	46,422	27,443	21,569	18,979	5,657	3,122	10,200	19,589		
Mar.	66,235	46,903	27,803	21,931	19,000	5,708	3,146	10,146	19,432		
Apr.	66,550	46,547	27,406	21,505	19,141	5,694	3,146	10,301	20,303		
May	65,540	46,087	26,759	20,834	18,328	5,746	3,199	10,383	19,462		
June	66,361	46,188	26,586	20,658	19,532	5,742	3,218	10,622	20,193		
July	66,384	46,088	26,551	20,617	19,537	5,642	3,280	10,615	20,296		
Aug.	65,480	45,508	26,252	20,314	19,256	5,493	3,361	10,402	19,972		
Sept.	65,968	45,571	25,934	20,003	19,637	5,587	3,400	10,650	20,397		
Oct.	64,861	45,294	25,685	19,801	19,609	5,653	3,445	10,511	19,567		
Nov.	65,153	45,368	25,638	19,812	19,730	5,709	3,521	10,500	19,785		
Dec.	66,178	45,684	25,953	20,161	19,731	5,641	3,610	10,480	20,494		
1965: Jan.	66,168	46,446	26,676	20,845	19,770	5,662	3,792	10,316	19,722		
Feb.	66,947	46,912	26,713	20,866	20,199	5,701	3,871	10,627	20,035		
Mar.	67,646	47,219	26,602	20,735	20,617	5,903	3,934	10,780	20,427		
Apr.	67,606	47,560	26,675	20,762	20,885	6,089	3,997	10,799	20,046		
May	67,572	47,982	27,070	21,077	20,912	6,254	4,012	10,646	19,590		
June	68,950	48,616	27,224	21,203	21,392	6,574	4,040	10,778	20,334		
July	68,599	48,603	26,983	20,990	21,620	6,826	4,073	10,721	19,996		
Aug.	67,953	48,194	26,621	20,657	21,573	6,815	4,096	10,662	19,759		
Sept.	69,311	48,068	26,413	20,491	21,655	6,754	4,114	10,787	21,243		
Oct.	67,616	47,844	26,343	20,416	21,501	6,529	4,099	10,873	19,772		
Nov. ⁶	69,349	48,045	26,195	20,293	21,850	6,675	4,050	11,125	21,304		
Dec. ⁶	69,330	48,394	26,239	20,329	22,155	7,029	3,998	11,128	20,936		

¹ Total includes additions and alterations and nonhousekeeping units not shown separately.

² Office buildings, warehouses, stores, restaurants, and garages.

³ Farm, institutional, public utilities, and all other private.

⁴ New series differs from old in that it reflects differences in 1946 due to the new higher level series of housing starts and farm construction expenditures and the new reduced level value in place series for public utility construction. See *Construction Report C90-61 (Supplement)* for a description of the differences.

⁵ Preliminary.

⁶ Not available on a seasonally adjusted basis.

NOTE.—Data for Alaska and Hawaii included beginning 1959.

Source: Department of Commerce, Bureau of the Census.

TABLE C-36.—Business expenditures for new plant and equipment, 1939 and 1945-66

[Billions of dollars]

Year or quarter	Total ¹	Manufacturing			Mining	Transportation		Public utilities	Commercial and other ²
		Total	Durable goods	Non-durable goods		Rail-road	Other		
1939	5.51	1.94	0.76	1.19	0.33	0.28	0.36	0.52	2.08
1945	8.69	3.98	1.59	2.39	.38	.55	.57	.50	2.70
1946	14.85	6.79	3.11	3.68	.43	.58	.92	.79	5.33
1947	20.61	8.70	3.41	5.30	.69	.89	1.30	1.54	7.49
1948	22.06	9.13	3.48	5.65	.88	1.32	1.28	2.54	6.90
1949	19.28	7.15	2.59	4.56	.79	1.35	.89	3.12	5.98
1950	20.60	7.49	3.14	4.36	.71	1.11	1.21	3.31	6.78
1951	25.64	10.85	5.17	5.68	.93	1.47	1.49	3.66	7.24
1952	26.49	11.63	5.61	6.02	.98	1.40	1.50	3.89	7.09
1953	28.32	11.91	5.65	6.26	.99	1.31	1.56	4.55	8.00
1954	26.83	11.04	5.09	5.95	.98	.85	1.61	4.22	8.23
1955	28.70	11.44	5.44	6.00	.96	.92	1.60	4.31	9.47
1956	35.08	14.95	7.62	7.33	1.24	1.23	1.71	4.90	11.05
1957	36.96	15.96	8.02	7.94	1.24	1.40	1.77	6.20	10.40
1958	30.53	11.43	5.47	5.96	.94	.75	1.50	6.09	9.81
1959	32.54	12.07	5.77	6.29	.99	.92	2.02	5.67	10.88
1960	35.68	14.48	7.18	7.30	.99	1.03	1.94	5.68	11.57
1961	34.37	13.68	6.27	7.40	.98	.67	1.85	5.52	11.68
1962	37.31	14.68	7.03	7.65	1.08	.85	2.07	5.48	13.15
1963	39.22	15.69	7.85	7.84	1.04	1.10	1.92	5.65	13.82
1964	44.90	18.58	9.43	9.16	1.19	1.41	2.38	6.22	15.13
1965 ³	51.83	22.51	11.34	11.18	1.30	1.68	2.83	6.84	16.66
Seasonally adjusted annual rates									
1963: I	36.95	14.85	7.35	7.50	1.05	0.90	1.70	5.20	13.25
II	38.05	15.30	7.65	7.65	1.00	1.00	2.05	5.45	13.30
III	40.00	15.95	8.00	8.00	1.05	1.20	1.85	5.90	14.05
IV	41.20	16.45	8.30	8.15	1.05	1.35	2.10	5.80	14.50
1964: I	42.55	17.40	8.85	8.55	1.15	1.40	2.30	5.95	14.35
II	43.50	17.80	9.00	8.80	1.15	1.25	2.25	6.30	14.75
III	45.65	18.85	9.60	9.20	1.20	1.50	2.40	6.30	15.40
IV	47.75	20.15	10.15	10.00	1.30	1.55	2.60	6.35	15.80
1965: I	49.00	20.75	10.40	10.40	1.25	1.75	2.55	6.80	15.85
II	50.35	21.55	10.80	10.70	1.30	1.55	2.70	6.85	16.40
III	52.75	23.00	11.75	11.25	1.25	1.70	3.00	6.75	17.00
IV ³	54.85	24.35	12.20	12.15	1.40	1.70	3.10	6.95	17.30
1966: I ³	56.70	24.70	12.40	12.25	1.35	1.80	3.90	7.65	17.30
II ³	58.85	25.85	13.25	12.60	33.00				

¹ Excludes agriculture.

² Commercial and other includes trade, service, finance, communications, and construction.

³ Estimates based on anticipated capital expenditures reported by business in late October and November 1965. The quarterly anticipations include adjustments, when necessary, for systematic tendencies in anticipatory data.

NOTE.—Annual total is the sum of unadjusted expenditures; it does not necessarily coincide with the average of seasonally adjusted figures.

These figures do not agree precisely with the plant and equipment expenditures included in the gross national product estimates of the Department of Commerce. The main difference lies in the inclusion in the gross national product of investment by farmers, professionals, institutions, real estate firms, and of certain outlays charged to current account.

These series are not available for years prior to 1939 and for 1940 to 1944.

Sources: Department of Commerce (Office of Business Economics) and Securities and Exchange Commission.

TABLE C-37.—New housing starts and applications for financing, 1929-65

(Thousands of units)

Year or month	Housing starts										New private housing units authorized ²	Proposed home construction ³		
	Total private and public (including farm) ¹	Total private (including farm)	Private nonfarm			Total private (including farm)	Private nonfarm			FHA		VA	Applications for FHA commitments	Requests for VA appraisals
			Total ¹	One-family	Two or more families		Total	Government home programs						
								FHA	VA					
1929.....			509.0	509.0	316.0	193.0		509.0						
1930.....			330.0	330.0	227.0	103.0		330.0						
1931.....			254.0	254.0	187.0	67.0		254.0						
1932.....			134.0	134.0	118.0	16.0		134.0						
1933.....			93.0	93.0	76.0	17.0		93.0						
1934.....			126.0	126.0	109.0	17.0		126.0						
1935.....			221.0	215.7	182.2	33.5		215.7	13.2			4	20.6	
1936.....			319.0	304.2	238.5	65.7		304.2	48.8				47.8	
1937.....			336.0	332.4	265.8	66.6		332.4	57.0				49.8	
1938.....			406.0	399.3	316.4	82.9		399.3	106.8				131.1	
1939.....			515.0	458.4	373.0	85.4		458.4	144.7				179.8	
1940.....			602.6	529.6	447.6	82.0		529.6	176.6				231.2	
1941.....			706.1	619.5	533.2	86.3		619.5	217.1				288.5	
1942.....			356.0	301.2	252.3	48.9		301.2	160.2				238.5	
1943.....			191.0	183.7	136.3	47.4		183.7	126.1				144.4	
1944.....			141.8	138.7	114.6	24.1		138.7	83.6				62.9	
New Series														
1945.....			326.1	324.9				324.9	38.9	8	8		56.6	
1946.....			1,023.2	1,015.2				1,015.2	67.1	91	8		121.7	
1947.....			1,268.5	1,265.1				1,265.1	178.3	160	3		286.4	
1948.....			1,362.1	1,344.0				1,344.0	218.4	71	1		293.2	
1949.....			1,466.1	1,429.8				1,429.8	252.6	90	8		327.0	
1950.....			1,951.9	1,908.1				1,908.1	328.2	191	2		397.7	
1951.....			1,491.0	1,419.8				1,419.8	186.9	148	6		192.8	
1952.....			1,503.9	1,445.4				1,445.4	229.1	141	3		267.9	
1953.....			1,437.6	1,402.1				1,402.1	216.5	156	5		253.7	
1954.....			1,550.5	1,531.8				1,531.8	250.9	307	0		338.6	
1955.....			1,646.0	1,626.6				1,626.6	268.7	392	9		306.2	
1956.....			1,349.1	1,324.9				1,324.9	183.4	270	7		197.7	
1957.....			1,223.9	1,174.8				1,174.8	150.1	128	3		198.8	
1958.....			1,382.0	1,314.2				1,314.2	270.3	102	1		341.7	
1959.....	1,553.5	1,516.8	1,531.3	1,494.6	1,211.9	282.7	1,516.8	1,494.6	307.0	109	3	1,208.3	369.7	
1960.....	1,296.0	1,252.1	1,274.0	1,230.1	972.9	257.2	1,252.1	1,230.1	225.7	74	6	998.0	242.4	
1961.....	1,365.0	1,313.0	1,336.8	1,284.8	946.4	338.6	1,313.0	1,284.8	198.8	83	3	1,064.2	243.8	
1962.....	1,492.4	1,462.8	1,468.7	1,439.1	967.8	471.1	1,462.8	1,439.1	197.3	77	8	1,186.6	221.1	
1963.....	1,640.9	1,609.2	1,613.5	1,581.7	993.2	588.5	1,609.2	1,581.7	166.2	71	0	1,334.7	190.2	
1964.....	1,590.8	1,557.4	1,563.8	1,530.4	944.5	585.9	1,557.4	1,530.4	154.0	59	2	1,285.8	182.1	
1965 ⁴	1,540.7	1,503.0	1,518.3	1,480.6	942.1	538.5	1,503.0	1,480.6	159.9	52	6	1,240.1	188.9	

See footnotes at end of table.

TABLE C-37.—New housing starts and applications for financing, 1929-65—Continued

(Thousands of units)

Year or month	Housing starts										New private housing units authorized ²	Proposed home construction ³			
	Total private and public (including farm) ¹	Total private (including farm)	Private and public nonfarm	Private nonfarm			Total private (including farm)	Private nonfarm		FHA		VA	Applications for FHA commitments	Requests for VA appraisals	
				Total	One-family	Two or more families		Total	Government home programs						
									FHA						VA
Seasonally adjusted annual rates															
1964: Jan.	101.7	100.3	100.4	99.0	53.9	45.1	1,776	1,753	158	75	1,324	178	138		
Feb.	102.2	101.3	99.7	98.7	61.1	37.6	1,750	1,706	192	83	1,412	193	135		
Mar.	133.5	130.3	131.8	128.6	80.3	48.3	1,593	1,571	165	68	1,379	190	124		
Apr.	152.0	148.2	149.3	145.5	86.3	59.2	1,532	1,506	146	60	1,288	190	111		
May.	158.3	155.4	156.0	153.0	96.3	66.7	1,618	1,496	174	61	1,280	173	99		
June.	164.9	159.4	162.2	156.7	99.3	57.4	1,621	1,593	152	60	1,305	177	103		
July.	146.0	143.5	143.8	141.2	89.6	51.6	1,500	1,475	145	56	1,264	162	109		
Aug.	145.7	142.3	143.2	139.7	87.5	52.2	1,513	1,489	142	52	1,285	176	88		
Sept.	127.4	124.0	125.3	121.9	77.0	44.9	1,445	1,422	136	52	1,243	174	121		
Oct.	146.1	144.0	143.5	141.4	89.3	52.1	1,522	1,495	146	50	1,236	183	112		
Nov.	114.6	112.0	112.4	109.9	67.3	42.6	1,505	1,480	152	57	1,256	194	118		
Dec.	98.3	96.7	96.4	94.8	56.7	38.1	1,610	1,575	151	53	1,195	193	118		
1965: Jan.	85.6	81.5	84.2	80.1	50.4	29.7	1,442	1,417	168	69	1,280	202	113		
Feb.	87.9	85.4	87.1	84.7	50.7	34.0	1,482	1,468	171	69	1,224	203	124		
Mar.	124.9	120.7	123.0	118.8	74.8	44.0	1,489	1,465	166	59	1,269	184	110		
Apr.	154.9	152.2	152.8	150.1	97.7	52.4	1,552	1,532	147	51	1,187	190	95		
May.	162.1	157.5	159.8	155.2	99.9	55.3	1,516	1,501	160	66	1,240	183	109		
June.	162.3	155.5	159.6	152.8	97.0	55.8	1,566	1,539	154	54	1,254	155	93		
July.	143.9	141.3	141.6	139.0	91.8	47.2	1,473	1,447	151	51	1,243	168	92		
Aug.	138.0	134.6	136.2	132.8	86.5	46.3	1,427	1,409	146	46	1,217	184	89		
Sept.	125.9	124.3	124.3	122.7	78.4	44.3	1,453	1,436	154	44	1,180	187	98		
Oct.	135.7	133.6	133.0	130.9	84.4	46.5	1,411	1,380	164	46	1,259	192	97		
Nov. ⁴	117.6	115.4	116.3	114.1	69.9	44.2	1,537	1,521	171	53	1,282	229	105		
Dec. ⁵	101.9	101.0	100.3	99.4	60.6	38.8	1,746	1,712	186	49	1,319	229	117		

¹ Military housing starts, including those financed with mortgages insured by FHA under Section 803 of the National Housing Act, are included in publicly financed starts but excluded from total private starts and from FHA starts.

² Data beginning 1963 cover approximately 12,000 permit-issuing places. Data for 1959-62 are based on reports from approximately 10,000 places. In 1963, the additional 2,000 permit-issuing places accounted for almost 50,000 new privately owned housing unit authorizations.

³ Units in mortgage applications or appraisal requests for new home construction.

⁴ FHA program approved in June 1934; all 1934 activity included in 1935.

⁵ Monthly estimates for September 1945-May 1950 were prepared by Housing and Home Finance Agency.

⁶ Preliminary; data for 1965 partly estimated by Council of Economic Advisers.

NOTE.—Census series beginning 1945 include Alaska and Hawaii. FHA and VA series include Alaska, Hawaii, and Puerto Rico for all periods.

Seasonally adjusted Census data, and some of the unadjusted data, have been revised beginning April 1960. See *Housing Starts C20-65-5, May 1965* for the seasonally adjusted data.

Sources: Department of Commerce (Bureau of the Census), Federal Housing Administration (FHA), and Veterans Administration (VA), except as noted.

TABLE C-38.—Sales and inventories in manufacturing and trade, 1947-65

[Amounts in millions of dollars]

Year or month	Total manufacturing and trade			Manufacturing			Merchant wholesalers			Retail trade		
	Sales ¹	Inventories ²	Ratio ³	Sales ¹	Inventories ²	Ratio ³	Sales ¹	Inventories ²	Ratio ³	Sales ¹	Inventories ²	Ratio ³
1947.....				15,513	25,897	1.58				10,200	14,241	1.26
1948.....	35,260	52,507	1.42	17,316	28,543	1.57	6,808	7,957	1.13	11,135	16,007	1.39
1949.....	33,788	49,497	1.53	16,126	26,321	1.75	6,514	7,706	1.19	11,149	15,470	1.41
1950.....	38,596	59,822	1.36	18,634	31,078	1.48	7,695	9,284	1.07	12,268	19,460	1.38
1951.....	43,356	70,242	1.55	21,714	39,306	1.66	8,597	9,886	1.16	13,046	21,050	1.64
1952.....	44,840	72,377	1.58	22,529	41,136	1.78	8,782	10,210	1.12	13,529	21,031	1.52
1953.....	47,987	76,122	1.58	24,843	43,948	1.76	9,052	10,686	1.17	14,091	21,488	1.53
1954.....	46,443	73,175	1.60	23,355	41,612	1.81	8,993	10,637	1.18	14,095	20,926	1.51
1955.....	51,694	79,516	1.47	26,480	45,069	1.62	9,893	11,678	1.13	15,321	22,769	1.43
1956.....	54,063	87,304	1.55	27,740	50,642	1.73	10,513	13,260	1.19	15,811	23,402	1.47
1957.....	55,879	89,052	1.59	28,736	51,871	1.80	10,475	12,730	1.23	16,667	24,451	1.44
1958.....	54,233	86,922	1.60	27,280	50,070	1.84	10,257	12,739	1.24	16,696	24,113	1.43
1959.....	59,583	91,964	1.51	30,219	52,707	1.70	11,413	13,952	1.18	17,951	25,305	1.40
1960.....	69,530	94,610	1.56	30,796	53,814	1.76	11,440	13,983	1.23	18,294	26,813	1.45
1961.....	60,748	95,576	1.55	30,884	55,087	1.74	11,629	14,251	1.21	18,234	26,238	1.43
1962.....	65,078	100,271	1.51	33,308	57,753	1.70	12,158	14,580	1.19	19,613	27,938	1.38
1963.....	68,002	105,127	1.50	34,774	60,147	1.69	12,692	15,597	1.18	20,536	29,383	1.39
1964.....	72,647	110,535	1.48	37,129	62,944	1.64	13,715	16,461	1.17	21,802	31,130	1.40
1965 ^{4,5}	78,648	118,296	1.46	40,300	67,100	1.61	14,789	17,684	1.17	23,559	33,533	1.39
Seasonally adjusted												
1964: Jan.....	70,992	105,551	1.49	36,677	60,006	1.64	13,315	15,818	1.19	21,000	29,727	1.42
Feb.....	71,013	105,746	1.49	36,235	60,123	1.66	13,245	15,719	1.19	21,533	29,904	1.39
Mar.....	70,649	106,056	1.50	36,222	60,326	1.67	13,204	15,734	1.19	21,223	29,996	1.41
Apr.....	71,787	106,722	1.49	37,167	60,531	1.63	13,228	15,879	1.20	21,392	30,312	1.42
May.....	72,660	107,083	1.47	37,186	60,528	1.63	13,697	16,053	1.17	21,777	30,502	1.40
June.....	72,187	107,270	1.49	36,791	60,398	1.64	13,623	16,043	1.18	21,773	30,829	1.42
July.....	73,693	107,372	1.46	37,963	60,488	1.59	13,795	16,017	1.16	21,935	30,867	1.41
Aug.....	73,204	107,613	1.47	37,168	60,763	1.63	13,770	15,986	1.16	22,266	30,864	1.39
Sept.....	73,358	108,504	1.48	37,312	61,019	1.64	13,792	16,222	1.18	22,254	31,263	1.40
Oct.....	72,131	108,539	1.50	36,811	61,777	1.68	13,937	16,276	1.17	21,383	30,486	1.43
Nov.....	73,371	109,320	1.49	37,514	62,377	1.66	14,196	16,384	1.15	21,661	30,559	1.41
Dec.....	76,277	110,535	1.45	39,318	62,944	1.60	14,178	16,461	1.16	22,781	31,130	1.37
1965: Jan.....	75,913	111,465	1.47	38,585	63,213	1.63	14,128	16,774	1.19	22,900	31,478	1.37
Feb.....	75,956	111,884	1.47	38,693	63,382	1.64	13,946	16,867	1.21	23,317	31,635	1.36
Mar.....	77,815	113,032	1.45	40,285	63,708	1.58	14,725	17,064	1.16	22,805	32,260	1.41
Apr.....	77,529	113,761	1.47	40,044	63,999	1.60	14,620	17,216	1.18	22,865	32,546	1.42
May.....	77,884	114,542	1.47	39,814	64,269	1.61	14,718	17,450	1.19	23,352	32,823	1.41
June.....	78,010	115,049	1.47	39,943	64,625	1.62	14,736	17,410	1.18	23,331	33,014	1.42
July.....	80,023	116,012	1.45	41,452	65,394	1.58	14,828	17,530	1.18	23,743	33,088	1.39
Aug.....	78,891	116,683	1.48	40,518	65,788	1.62	14,829	17,535	1.18	23,544	33,360	1.42
Sept.....	78,883	116,967	1.48	40,173	66,267	1.65	14,936	17,655	1.18	23,774	33,045	1.39
Oct.....	79,502	117,653	1.48	40,548	66,642	1.64	14,995	17,715	1.18	23,959	33,296	1.39
Nov. ⁵	80,963	118,296	1.46	41,447	67,079	1.62	15,503	17,684	1.14	24,013	33,533	1.40
Dec. ⁵										24,303		

¹ Monthly average shown for year and total for month.² Seasonally adjusted, end of period.³ Inventory/sales ratio. For annual periods, ratio of weighted average inventories to average monthly sales; for monthly data, ratio of inventories at end of month to sales for month.⁴ Where December data not available, data for year calculated on basis of no change from November.⁵ Preliminary.

NOTE.—The inventory figures in this table do not agree with the estimates of change in business inventories included in the gross national product since these figures cover only manufacturing and trade rather than all business, and show inventories in terms of current book value without adjustment for revaluation.

Data for Alaska and Hawaii included beginning 1958 for manufacturing, beginning 1960 for retail trade, and beginning 1961 for merchant wholesalers.

Source: Department of Commerce (Office of Business Economics and Bureau of the Census).

TABLE C-39.—Manufacturers' shipments and inventories, 1947-65

(Millions of dollars)

Year or month	Shipments ¹			Inventories ²									
	Total	Durable goods industries	Non-durable goods industries	Total	Durable goods			Nondurable goods					
					Total	Materials and supplies	Work in process	Finished goods	Total	Materials and supplies	Work in process	Finished goods	
1947	15,513	6,694	8,819	25,897	13,061					12,836			
1948	17,316	7,579	9,738	28,543	14,662					13,881			
1949	16,126	7,191	8,935	26,321	13,060					13,261			
1950	18,634	8,845	9,789	31,078	15,539					15,539			
1951	21,714	10,493	11,221	39,306	20,991					18,315			
1952	22,529	11,313	11,216	41,136	23,731					17,405			
1953	24,843	13,349	11,494	43,948	25,878	8,966	10,720	6,206	18,070	8,317	2,472	7,409	
1954	23,355	11,828	11,527	41,612	23,710	7,894	9,721	6,040	17,902	8,167	2,440	7,415	
1955	26,480	14,071	12,409	45,069	26,405	9,194	10,756	6,348	18,664	8,556	2,571	7,666	
1956	27,740	14,715	13,025	50,642	30,447	10,417	12,317	7,565	20,195	8,971	2,721	8,622	
1957	28,736	15,287	13,499	51,871	31,728	10,608	12,837	8,125	20,143	8,775	2,864	8,624	
1958	27,280	13,572	13,708	50,070	30,095	9,847	12,294	7,749	19,975	8,671	2,800	8,498	
1959	30,219	15,544	14,675	52,707	31,839	10,585	12,952	8,143	20,868	9,089	2,928	8,857	
1960	30,796	15,817	14,979	53,814	32,360	10,286	12,780	9,190	21,454	9,113	2,935	9,353	
1961	30,884	15,532	15,352	55,087	32,646	10,234	13,225	9,088	22,441	9,511	3,120	9,707	
1962	33,308	17,184	16,124	57,753	34,326	10,571	14,129	9,593	23,427	9,770	3,304	10,246	
1963	34,774	18,071	16,794	60,147	36,028	10,879	14,857	10,292	24,119	9,769	3,479	10,871	
1964	37,129	19,231	17,898	62,944	38,412	11,688	15,933	10,791	24,532	9,619	3,522	11,391	
1965 ³	40,300	21,100	19,200	67,100	41,800	12,900	17,700	11,200	25,300	9,800	3,800	11,700	
Seasonally adjusted													
1964: Jan	36,877	19,144	17,533	60,006	35,970	10,827	14,833	10,310	24,036	9,666	3,452	10,918	
Feb	36,235	19,027	17,208	60,123	35,960	10,792	14,880	10,288	24,163	9,661	3,403	11,099	
Mar	36,222	18,887	17,335	60,326	36,079	10,817	15,001	10,261	24,247	9,632	3,446	11,169	
Apr	37,167	19,359	17,808	60,531	36,277	10,830	15,112	10,335	24,254	9,534	3,459	11,261	
May	37,186	19,138	18,048	60,528	36,300	10,828	15,127	10,345	24,228	9,528	3,452	11,248	
June	36,791	19,023	17,768	60,398	36,492	10,866	15,211	10,415	23,906	9,432	3,422	11,052	
July	37,963	19,861	18,102	60,488	36,597	10,870	15,325	10,402	23,891	9,293	3,406	11,192	
Aug	37,168	19,164	18,004	60,763	36,790	10,917	15,442	10,431	23,973	9,351	3,426	11,196	
Sept	37,312	19,284	18,028	61,019	37,037	11,072	15,497	10,468	23,982	9,412	3,457	11,113	
Oct	36,811	18,633	18,178	61,777	37,517	11,277	15,622	10,618	24,260	9,565	3,508	11,187	
Nov	37,514	19,291	18,223	62,377	38,040	11,500	15,799	10,741	24,337	9,637	3,497	11,203	
Dec	39,318	20,559	18,759	62,944	38,412	11,688	15,933	10,791	24,532	9,619	3,522	11,391	
1965: Jan	38,885	20,415	18,470	63,213	38,495	11,802	15,934	10,759	24,718	9,585	3,532	11,601	
Feb	38,693	20,374	18,319	63,382	38,692	11,876	16,008	10,808	24,690	9,541	3,531	11,618	
Mar	40,285	21,284	19,001	63,708	38,972	12,068	16,041	10,863	24,736	9,557	3,533	11,646	
Apr	40,044	20,915	19,129	63,999	39,233	12,406	16,114	10,713	24,766	9,660	3,533	11,573	
May	39,814	20,513	19,301	64,269	39,475	12,512	16,162	10,801	24,794	9,675	3,558	11,561	
June	39,943	20,652	19,291	64,625	39,951	12,537	16,533	10,881	24,674	9,608	3,611	11,455	
July	41,452	21,820	19,632	65,394	40,600	12,664	17,053	10,883	24,794	9,537	3,591	11,666	
Aug	40,518	21,191	19,327	65,788	40,814	12,672	17,283	10,859	24,974	9,645	3,662	11,667	
Sept	40,173	20,924	19,249	66,267	41,300	12,812	17,380	11,108	24,967	9,766	3,702	11,499	
Oct	40,548	21,146	19,402	66,642	41,523	12,886	17,502	11,135	25,119	9,769	3,825	11,525	
Nov ⁴	41,447	21,610	19,837	67,079	41,807	12,880	17,730	11,197	25,272	9,799	3,834	11,639	
Dec ⁴		21,984											

¹ Monthly average for year and total for month.² Book value, seasonally adjusted, end of period.³ Preliminary estimates.⁴ Preliminary.

NOTE.—Data for Alaska and Hawaii included beginning 1958.

Source: Department of Commerce, Bureau of the Census.

TABLE C-40.—Manufacturers' new and unfilled orders, 1947-65

[Amounts in millions of dollars]

Year or month	New orders ¹				Unfilled orders ²			Unfilled orders-shipments ratio ³		
	Total	Durable goods		Non-durable goods	Total	Durable goods	Non-durable goods	Total	Durable goods	Non-durable goods
		Total	Machinery and equipment							
1947	15,256	6,388	-----	8,868	34,266	28,379	5,887	-----	-----	-----
1948	17,692	8,126	-----	9,566	30,552	26,459	4,093	-----	-----	-----
1949	15,614	6,633	-----	8,981	23,877	19,504	4,373	-----	-----	-----
1950	20,110	10,165	-----	9,945	41,166	35,222	5,944	-----	-----	-----
1951	23,907	12,841	-----	11,066	66,862	63,077	3,785	-----	-----	-----
1952	23,203	12,061	-----	11,142	75,478	72,317	3,161	-----	-----	-----
1953	23,533	12,105	2,084	11,428	60,346	57,854	2,492	-----	-----	-----
1954	22,313	10,743	1,770	11,570	48,195	45,233	2,962	3.42	4.12	0.96
1955	27,423	14,954	2,499	12,469	60,044	56,369	3,675	3.63	4.27	1.12
1956	28,383	15,381	2,870	13,002	67,473	64,067	3,406	3.87	4.55	1.04
1957	27,514	14,073	2,566	13,441	53,251	50,464	2,787	3.35	4.00	.85
1958	26,901	13,170	2,354	13,731	48,785	45,709	3,076	-----	-----	-----
1959	30,679	15,951	2,878	14,728	54,101	50,428	3,673	-----	-----	-----
1960	30,115	15,223	2,791	14,892	45,820	43,187	2,633	-----	-----	-----
1961	31,061	15,664	2,854	15,397	47,868	44,818	3,050	2.52	3.01	.76
1962	33,167	17,085	3,096	16,082	46,242	43,666	2,576	2.44	2.94	.65
1963	35,036	18,300	3,326	16,736	49,149	46,193	2,956	2.36	2.85	.66
1964	37,697	19,803	3,706	17,895	55,962	53,042	2,920	2.45	2.96	.61
1965 ⁴	41,100	21,800	4,100	19,300	64,100	60,800	3,300	2.66	3.23	.62
Seasonally adjusted										
1964: Jan	37,148	19,740	3,617	17,408	50,083	47,072	3,011	2.33	2.80	0.65
Feb	36,657	19,499	3,413	17,158	50,586	47,644	2,942	2.39	2.86	.65
Mar	36,547	19,262	3,455	17,285	50,697	47,805	2,892	2.39	2.88	.63
Apr	38,184	20,461	3,610	17,723	51,679	48,840	2,839	2.38	2.88	.60
May	37,893	19,945	3,929	17,948	52,004	49,225	2,779	2.39	2.91	.57
June	37,782	20,016	3,916	17,766	52,833	50,037	2,796	2.46	2.98	.60
July	39,315	21,254	3,774	18,061	54,075	51,302	2,773	2.40	2.92	.56
Aug	37,509	19,342	3,772	18,167	54,216	51,366	2,850	2.51	3.04	.60
Sept	38,018	19,907	3,686	18,111	55,042	52,135	2,907	2.50	3.02	.61
Oct	37,846	19,623	3,786	18,223	56,067	53,137	2,930	2.54	3.08	.60
Nov	37,720	19,454	3,882	18,266	56,363	53,406	2,957	2.53	3.08	.60
Dec	39,590	20,720	3,917	18,870	57,044	53,958	3,086	2.45	2.96	.61
1965: Jan	39,704	21,271	3,958	18,433	57,317	54,280	3,037	2.48	3.01	.60
Feb	39,469	21,130	3,799	18,339	58,160	55,092	3,068	2.53	3.07	.61
Mar	40,712	21,714	4,024	18,998	58,595	55,531	3,064	2.46	2.98	.59
Apr	41,120	22,043	4,078	19,077	59,463	56,374	3,089	2.51	3.04	.60
May	40,181	20,992	4,069	19,189	59,897	56,875	3,022	2.56	3.13	.57
June	40,689	21,310	4,091	19,379	60,588	57,454	3,134	2.58	3.15	.60
July	41,846	22,195	4,348	19,651	60,981	57,830	3,151	2.48	3.02	.58
Aug	40,926	21,509	4,159	19,417	61,391	58,148	3,243	2.57	3.12	.62
Sept	41,483	22,163	4,153	19,320	62,699	59,385	3,314	2.66	3.23	.64
Oct	41,843	22,425	4,249	19,418	63,993	60,664	3,329	2.69	3.28	.63
Nov ⁵	42,266	22,406	4,298	19,860	64,810	61,458	3,352	2.66	3.23	.62
Dec ⁵	-----	22,501	4,281	-----	-----	62,075	-----	-----	-----	-----

¹ Monthly average for year and total for month.² End of period.³ Ratio of shipments for period to unfilled orders at end of period. Annual figures relate to seasonally adjusted data for December.⁴ Preliminary estimates.⁵ Preliminary.

NOTE.—Data for Alaska and Hawaii included beginning 1958.

Source: Department of Commerce, Bureau of the Census.

PRICES

TABLE C-41.—Wholesale price indexes, by major commodity groups, 1929-65
[1957-59=100]

Year or month	All commodities	Farm products	Processed foods	All commodities other than farm products and foods (industrials)*				
				Total	Textile products and apparel	Chemicals and allied products	Rubber and rubber products	Lumber and wood products
1929	52.1	63.9	54.3	51.7	67.8	(1)	57.6	26.4
1930	47.3	54.0	49.5	48.1	60.3	(1)	50.4	24.1
1931	39.9	39.6	41.6	42.4	49.8	(1)	42.8	19.6
1932	35.6	29.4	33.9	39.7	41.2	(1)	37.1	16.9
1933	36.1	31.3	33.7	40.2	48.6	46.6	39.0	20.0
1934	41.0	39.9	39.6	44.2	54.7	48.8	45.5	23.5
1935	43.8	48.0	48.3	44.0	53.3	50.9	45.8	22.6
1936	44.2	49.4	46.4	44.9	53.7	51.2	49.4	23.6
1937	47.2	52.7	48.6	48.1	57.3	53.6	58.1	27.9
1938	43.0	41.9	42.3	46.1	50.1	51.0	57.1	25.4
1939	42.2	39.9	40.2	46.0	52.3	50.7	59.3	26.1
1940	43.0	41.3	40.4	46.8	55.4	51.6	55.3	28.9
1941	47.8	50.1	46.7	50.3	63.7	56.1	59.6	34.5
1942	54.0	64.6	54.8	53.9	72.8	62.3	69.4	37.5
1943	56.5	74.8	57.2	54.7	73.1	63.1	71.3	39.7
1944	56.9	75.3	56.0	55.6	73.9	63.8	70.4	42.8
1945	57.9	78.3	56.4	56.3	75.1	64.2	68.3	43.4
1946	66.1	90.6	71.7	61.7	87.3	69.4	68.6	49.7
1947	81.2	109.1	91.1	75.3	105.7	92.2	68.3	77.4
1948	87.9	117.1	98.4	81.7	110.3	94.4	70.5	88.5
1949	83.5	101.3	88.8	80.0	100.9	86.2	68.3	81.9
1950	86.8	106.4	92.6	82.9	104.8	87.5	83.2	94.1
1951	96.7	123.8	103.3	91.5	116.9	100.1	102.1	102.5
1952	94.0	116.8	100.9	89.4	105.5	95.0	92.5	99.5
1953	92.7	105.9	97.0	90.1	102.8	96.1	86.3	99.4
1954	92.9	104.4	97.6	90.4	100.6	97.3	87.6	97.6
1955	93.2	97.9	94.3	92.4	100.7	96.9	99.2	102.3
1956	96.2	96.6	94.3	96.5	100.7	97.5	100.6	103.8
1957	99.0	99.2	97.9	99.2	100.8	99.6	100.2	98.5
1958	100.4	103.6	102.9	99.5	98.9	100.4	100.1	97.4
1959	100.6	97.2	99.2	101.3	100.4	100.0	99.7	104.1
1960	100.7	96.9	100.0	101.3	101.5	100.2	99.9	100.4
1961	100.3	96.0	100.7	100.8	99.7	99.1	96.1	95.9
1962	100.6	97.7	101.2	100.8	100.6	97.5	93.3	96.5
1963	100.3	95.7	101.1	100.7	100.5	96.3	93.8	98.6
1964	100.5	94.3	101.0	101.2	101.2	96.7	92.5	100.6
1965 ²	102.5	98.4	105.1	102.5	101.8	97.4	92.9	101.1
1964: Jan.	101.0	96.3	102.5	101.3	101.2	96.3	93.7	99.0
Feb.	100.5	94.5	100.9	101.2	101.2	96.4	93.6	99.9
Mar.	100.4	95.2	100.5	101.1	101.2	96.5	93.9	101.0
Apr.	100.3	94.4	100.4	101.1	101.1	96.6	93.1	101.8
May	100.1	93.7	99.4	101.1	101.2	96.7	92.6	101.8
June	100.0	93.2	100.2	100.9	101.0	96.5	91.6	101.4
July	100.4	94.1	101.2	101.1	101.1	96.6	91.8	101.2
Aug.	100.3	93.6	101.0	101.1	101.2	96.5	91.8	100.9
Sept.	100.7	95.7	102.2	101.1	101.2	96.6	91.9	100.6
Oct.	100.8	93.8	101.7	101.5	101.4	96.9	92.1	100.3
Nov.	100.7	94.0	100.9	101.6	101.4	97.1	92.2	99.6
Dec.	100.7	92.7	100.8	101.8	101.5	97.2	92.2	99.4
1965: Jan.	101.0	93.0	102.2	101.9	101.5	97.3	92.3	100.8
Feb.	101.2	94.5	102.1	101.9	101.5	97.5	92.2	100.8
Mar.	101.3	95.4	101.8	102.0	101.5	97.5	92.2	100.7
Apr.	101.7	97.6	102.3	102.1	101.5	97.6	92.3	100.5
May	102.1	98.4	103.3	102.3	101.6	97.6	92.9	100.4
June	102.8	100.3	106.1	102.5	101.9	97.4	93.1	100.3
July	102.9	100.0	106.6	102.5	101.9	97.4	93.0	100.5
Aug.	102.9	99.1	106.7	102.7	101.9	97.1	93.2	101.8
Sept.	103.0	99.5	106.7	102.7	102.1	97.2	93.3	102.0
Oct.	103.1	99.4	106.9	102.8	102.0	97.6	93.4	101.6
Nov.	103.5	100.3	107.6	103.2	101.9	97.5	93.5	101.6
Dec. ²	104.1	103.0	109.4	103.2	102.0	97.6	93.5	101.9

* See following page for other items.
See footnotes at end of table.

TABLE C-41.—Wholesale price indexes, by major commodity groups, 1929-65—Continued
[1957-59=100]

Year or month	All commodities other than farm products and foods (industrials)—Continued								
	Hides, skins, leather, and leather products	Fuels and related products, and power	Pulp, paper, and allied products	Metals and metal products	Machinery and motive products	Furniture and other household durables	Nonmetallic mineral products	Tobacco products and bottled beverages	Miscellaneous products
1929.....	56.6	61.5	(1)	44.1	(1)	56.4	53.4	67.4	(1)
1930.....	52.0	58.2	(1)	39.7	(1)	55.5	53.2	67.8	(1)
1931.....	44.7	50.0	(1)	35.7	(1)	51.1	49.7	67.2	(1)
1932.....	38.0	52.1	(1)	32.8	(1)	45.0	46.5	63.3	(1)
1933.....	42.0	49.3	(1)	33.6	(1)	45.1	49.2	56.6	(1)
1934.....	44.9	54.3	(1)	37.1	(1)	49.0	52.6	59.2	(1)
1935.....	46.5	54.5	(1)	37.0	(1)	48.6	52.6	59.1	(1)
1936.....	49.5	56.5	(1)	37.8	(1)	49.3	52.7	59.0	(1)
1937.....	54.3	57.5	(1)	43.2	(1)	54.7	53.9	59.5	(1)
1938.....	48.2	56.6	(1)	41.6	(1)	53.4	52.2	59.4	(1)
1939.....	49.6	54.2	(1)	41.2	43.7	53.2	51.2	59.4	(1)
1940.....	52.3	53.2	(1)	41.4	44.2	54.4	51.2	60.1	(1)
1941.....	56.1	56.6	(1)	42.2	45.8	57.8	52.4	60.8	(1)
1942.....	61.1	58.2	(1)	42.8	47.7	62.5	54.5	61.5	(1)
1943.....	61.0	59.9	(1)	42.7	47.4	62.1	54.7	64.6	(1)
1944.....	60.5	61.6	(1)	42.7	47.4	63.8	55.8	64.9	(1)
1945.....	61.3	62.3	(1)	43.4	47.8	63.9	58.1	66.7	(1)
1946.....	70.7	66.7	(1)	48.5	53.6	67.8	61.8	69.8	(1)
1947.....	96.5	79.7	75.3	60.2	61.8	77.8	69.1	75.6	108.7
1948.....	97.5	93.8	78.6	68.5	67.5	82.5	74.7	78.2	111.2
1949.....	92.5	89.3	75.2	69.0	71.2	83.8	76.7	79.6	103.5
1950.....	99.9	90.2	77.1	72.7	72.6	85.6	78.6	80.5	104.1
1951.....	114.8	93.5	91.3	80.9	79.5	92.8	83.5	85.1	113.1
1952.....	92.8	93.3	89.0	81.0	81.2	91.1	83.5	87.0	116.7
1953.....	94.1	95.9	88.7	83.6	82.2	92.9	86.9	89.8	105.4
1954.....	89.9	94.6	88.8	84.3	83.2	93.9	88.8	93.8	110.5
1955.....	89.5	94.5	91.1	90.0	85.8	94.3	91.3	94.6	99.1
1956.....	94.8	97.4	97.2	97.8	92.1	96.9	95.2	95.1	98.1
1957.....	94.9	102.7	99.0	99.7	97.7	99.4	98.9	98.0	96.6
1958.....	96.0	98.7	100.1	99.1	100.1	100.2	99.9	99.7	101.5
1959.....	109.1	98.7	101.0	101.2	102.2	100.4	101.2	102.2	101.9
1960.....	105.2	99.6	101.8	101.3	102.4	100.1	101.4	102.5	99.3
1961.....	106.2	100.7	98.8	100.7	102.3	99.5	101.8	103.2	103.9
1962.....	107.4	100.2	100.0	100.0	102.3	98.8	101.8	104.1	107.3
1963.....	104.2	99.8	99.2	100.1	102.2	98.1	101.3	106.1	110.4
1964.....	104.6	97.1	99.0	102.8	102.9	98.5	101.5	107.4	109.2
1965 ¹	109.2	98.9	99.9	105.7	103.7	98.0	93.3	107.7	111.0
1964: Jan.....	102.7	99.5	99.8	101.7	102.5	98.4	101.1	107.6	112.6
Feb.....	102.5	99.0	99.9	101.8	102.5	98.5	101.2	107.1	110.9
Mar.....	102.5	97.0	99.3	102.0	102.7	98.5	101.1	107.1	109.8
Apr.....	104.5	96.1	99.1	102.2	102.9	98.6	101.3	107.1	109.5
May.....	104.7	96.4	98.7	102.1	103.3	98.6	101.3	107.3	107.2
June.....	104.8	96.3	98.7	102.3	103.0	98.5	101.4	107.4	106.7
July.....	105.4	96.7	98.7	102.5	103.1	98.6	101.5	107.3	107.5
Aug.....	105.6	96.4	98.7	103.0	102.9	98.6	101.7	107.5	107.3
Sept.....	105.4	95.2	98.7	103.0	102.9	98.6	101.8	107.5	109.2
Oct.....	106.0	96.7	99.1	103.8	103.0	98.5	101.8	107.6	110.1
Nov.....	105.5	97.6	98.9	104.3	103.2	98.5	101.8	107.5	108.5
Dec.....	105.4	98.1	98.9	104.7	103.1	98.4	101.6	107.5	110.7
1965: Jan.....	104.9	98.5	99.0	104.5	103.3	98.3	101.7	107.5	110.0
Feb.....	105.1	97.9	99.0	104.6	103.5	98.2	101.8	107.6	109.6
Mar.....	105.7	97.9	99.5	104.8	103.5	98.3	101.9	107.5	109.5
Apr.....	106.3	97.6	99.8	105.2	103.7	98.0	101.9	107.8	110.3
May.....	107.4	98.4	100.0	105.7	103.7	98.0	101.9	108.1	108.9
June.....	107.7	98.7	100.0	105.9	103.8	98.0	102.0	107.6	111.0
July.....	108.8	98.7	99.9	105.8	103.7	97.8	101.7	107.6	112.6
Aug.....	112.2	99.0	99.0	106.2	103.8	97.7	101.6	107.6	111.5
Sept.....	111.3	99.2	100.0	106.2	103.8	97.7	101.6	107.7	111.5
Oct.....	113.3	99.4	100.5	106.3	103.9	97.8	101.6	107.7	111.2
Nov.....	113.6	100.3	100.8	106.7	104.1	98.0	101.6	107.7	113.2
Dec ²	114.3	100.6	100.9	106.6	104.1	98.1	101.6	107.9	112.5

¹ Not available.

² Preliminary.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE C-42.—Wholesale price indexes, by stage of processing, 1947-65

[1957-59=100]

Year or month	All commodities	Crude materials				Intermediate materials, supplies, and components* 1						
		Total	Food-stuffs and feed-stuffs	Non-food materials, except fuel	Fuel	Total	Materials and components for manufacturing				Materials and components for construction	
							Total	Materials for food manufacturing	Materials for non-durable manufacturing	Materials for durable manufacturing		Components for manufacturing
1947	81.2	100.8	113.0	86.5	73.6	76.5	75.5	102.6	94.0	58.8	63.0	69.6
1948	87.9	110.5	122.2	96.2	87.0	82.7	81.5	105.8	99.5	66.4	68.0	77.0
1949	83.5	95.6	101.5	87.5	86.5	79.4	78.0	91.0	90.7	68.2	69.3	77.2
1950	86.8	104.2	108.9	100.0	86.1	83.0	81.8	94.7	95.2	72.1	71.9	81.2
1951	96.7	119.6	126.0	115.3	87.7	93.0	92.7	105.5	110.3	80.1	81.6	88.8
1952	94.0	109.9	118.6	99.9	88.3	90.3	88.8	101.4	99.3	80.3	81.8	88.2
1953	92.7	101.5	106.2	95.6	91.4	90.8	90.2	101.6	98.5	83.9	83.3	89.7
1954	92.9	100.6	106.2	93.8	87.3	91.3	90.4	100.7	96.9	85.7	83.7	90.1
1955	93.2	96.7	96.2	99.1	87.1	93.0	92.6	97.5	97.3	90.0	87.4	93.7
1956	96.2	97.2	94.2	102.8	93.3	97.1	96.9	97.9	98.8	95.7	95.4	98.5
1957	99.0	99.4	98.4	101.4	98.6	99.4	99.3	99.7	100.1	98.8	99.1	99.1
1958	100.4	101.6	104.2	97.6	99.8	99.6	99.7	102.0	99.1	99.5	99.9	99.1
1959	100.6	99.0	97.4	101.0	101.6	101.0	101.0	98.3	100.8	101.8	101.1	101.8
1960	100.7	96.6	96.2	96.8	102.5	101.0	101.0	99.5	100.8	101.9	100.6	101.1
1961	100.3	96.1	94.9	97.9	102.3	100.3	99.8	102.6	98.6	100.5	99.6	99.7
1962	100.6	97.1	96.8	97.4	101.8	100.2	99.2	100.5	98.0	100.4	98.8	99.3
1963	100.3	95.0	94.0	96.2	103.0	100.5	99.4	105.5	97.1	100.5	98.8	99.6
1964	100.5	94.1	91.9	97.8	102.5	100.9	100.4	104.0	97.8	102.5	99.7	100.6
1965 4	102.5	98.9	98.3	99.8	103.2	102.2	102.0	106.6	98.7	104.6	101.3	101.4
1964: Jan	101.0	95.1	94.0	96.6	104.5	101.3	100.6	109.1	97.6	101.8	99.5	100.1
Feb	100.5	94.0	92.2	96.6	105.1	101.2	100.4	106.2	97.6	101.9	99.6	100.3
Mar	100.4	94.3	92.5	97.1	103.2	100.9	100.4	104.4	97.8	102.3	99.7	100.4
Apr	100.3	94.2	92.1	97.9	101.0	100.9	100.4	104.2	97.8	102.4	99.9	100.7
May	100.1	93.5	91.3	97.3	99.9	100.6	100.2	102.5	97.8	102.3	99.9	100.7
June	100.0	92.4	89.6	97.5	99.8	100.3	100.0	101.7	97.6	102.3	99.4	100.6
July	100.4	93.8	91.5	97.5	101.7	100.5	100.0	102.1	97.6	102.4	99.3	100.6
Aug	100.3	94.1	91.7	97.9	102.3	100.4	100.1	102.1	97.5	102.5	99.3	100.6
Sept	100.7	95.7	94.4	97.7	101.9	100.6	100.2	102.8	97.6	102.5	99.4	100.6
Oct	100.8	94.3	91.8	98.5	102.7	101.1	100.8	103.8	98.0	103.2	100.0	100.7
Nov	100.7	94.0	91.0	99.1	103.8	101.1	101.0	104.3	98.2	103.3	100.3	100.7
Dec	100.7	94.0	90.6	99.6	104.2	101.4	101.0	105.0	98.3	103.4	100.3	100.7
1965: Jan	101.0	94.2	91.8	98.3	103.5	101.6	101.5	106.3	98.5	103.7	100.4	100.9
Feb	101.2	95.5	93.5	98.7	104.3	101.6	101.4	106.3	98.5	103.9	100.5	100.9
Mar	101.3	95.8	93.9	99.0	103.6	101.6	101.5	105.6	98.5	104.0	100.5	100.9
Apr	101.7	96.9	95.4	99.7	101.5	101.8	101.6	105.8	98.6	104.2	100.7	101.0
May	102.1	98.3	97.3	100.2	101.5	101.9	101.7	104.9	98.7	104.6	101.2	101.2
June	102.8	100.6	101.0	99.8	101.7	102.2	101.9	105.9	98.7	104.8	101.4	101.2
July	102.9	100.5	100.9	99.6	101.9	102.3	102.0	106.2	98.7	104.8	101.4	101.3
Aug	102.9	100.8	101.1	100.0	102.7	102.4	102.1	108.5	98.7	105.0	101.6	101.7
Sept	103.0	100.0	100.0	99.9	103.7	102.5	102.2	106.9	98.7	105.1	101.6	101.7
Oct	103.1	100.1	100.1	100.1	104.3	102.6	102.4	107.5	98.9	105.1	101.9	101.7
Nov	103.5	100.8	100.7	100.7	104.8	103.0	102.5	108.1	98.8	105.3	102.2	101.8
Dec 4	104.1	103.1	104.1	101.3	105.4	103.0	102.6	108.8	98.9	105.2	102.3	101.9

*See following page for other items.
See footnotes at end of table.

TABLE C-42.—Wholesale price indexes, by stage of processing, 1947-65—Continued

[1957-59=100]

Year or month	Finished goods					Special groups of industrial products			
	Total	Consumer finished goods				Producer finished goods	Crude materials ²	Intermediate materials, supplies, and components ³	Consumer finished goods excluding foods
		Total	Foods	Other non-durable goods	Durable goods				
1947	80.1	86.1	90.7	86.5	75.9	61.8	79.2	73.4	83.1
1948	86.4	92.6	99.0	92.0	81.1	67.4	92.5	79.8	88.4
1949	84.0	88.3	91.0	88.2	83.2	70.7	84.0	77.8	86.5
1950	85.5	89.8	92.8	89.6	84.1	72.4	93.6	81.4	87.8
1951	93.6	98.2	104.2	96.5	89.7	79.5	102.9	91.2	94.2
1952	93.0	97.0	103.3	94.1	90.4	80.8	93.1	88.3	92.9
1953	92.1	95.4	97.9	95.0	91.1	82.1	92.4	89.4	93.7
1954	92.3	95.3	97.1	95.3	91.8	83.1	88.0	89.8	94.1
1955	92.5	94.7	94.7	95.8	92.8	85.6	96.6	92.5	94.8
1956	95.1	96.1	94.5	97.7	95.9	92.0	102.3	97.0	97.1
1957	98.6	98.9	97.8	99.9	98.7	97.7	100.9	99.6	99.5
1958	100.8	101.0	103.5	99.3	100.1	100.2	96.9	99.4	99.6
1959	100.6	100.1	98.7	100.8	101.3	102.1	102.3	101.0	100.9
1960	101.4	101.1	100.8	101.5	100.9	102.3	98.3	101.4	101.3
1961	101.4	100.9	100.4	101.5	100.5	102.5	97.2	100.1	101.2
1962	101.7	101.2	101.3	101.6	100.0	102.9	95.6	99.9	101.0
1963	101.4	100.7	100.1	101.9	99.5	103.1	94.3	99.6	101.0
1964	101.8	100.9	100.6	101.6	99.9	104.1	97.1	100.2	100.9
1965 ⁴	103.6	102.8	104.5	102.8	99.6	105.4	100.9	101.5	101.7
1964: Jan.	102.1	101.5	101.4	102.4	99.5	103.5	94.9	100.1	101.4
Feb.	101.6	100.8	99.9	102.1	99.6	103.7	94.9	100.2	101.2
Mar.	101.5	100.7	100.2	101.5	99.6	103.8	95.2	100.2	100.8
Apr.	101.3	100.3	99.7	101.1	99.7	103.9	96.2	100.2	100.6
May	101.3	100.2	98.9	101.3	100.1	104.3	95.6	100.1	100.8
June	101.7	100.8	100.7	101.2	100.0	104.1	95.9	99.9	100.7
July	102.1	101.2	101.4	101.5	100.1	104.3	96.6	100.0	100.9
Aug.	101.9	100.9	100.9	101.4	99.9	104.3	98.3	100.0	100.8
Sept.	102.1	101.3	102.2	101.0	99.9	104.2	98.1	99.9	100.6
Oct.	102.1	101.2	101.4	101.6	100.0	104.3	99.1	100.4	101.0
Nov.	102.1	101.1	100.9	101.9	99.9	104.6	99.8	100.5	101.1
Dec.	101.9	100.8	99.9	102.1	99.9	104.5	100.6	100.6	101.3
1965: Jan.	102.3	101.2	100.8	102.3	99.8	104.9	99.0	100.8	101.4
Feb.	102.3	101.2	100.9	102.2	99.7	105.0	99.4	100.8	101.3
Mar.	102.4	101.4	101.3	102.2	99.7	105.1	99.7	100.9	101.3
Apr.	102.8	101.9	102.6	102.2	99.7	105.3	100.1	101.1	101.3
May	103.2	102.3	103.5	102.5	99.6	105.3	101.0	101.4	101.5
June	103.9	103.2	105.6	102.6	99.7	105.4	100.5	101.5	101.6
July	104.0	103.4	106.0	102.7	99.6	105.4	100.4	101.5	101.6
Aug.	103.8	103.1	105.3	102.8	99.5	105.5	101.7	101.7	101.6
Sept.	104.1	103.5	106.1	103.0	99.5	105.5	101.3	101.8	101.8
Oct.	104.3	103.7	106.3	103.3	99.5	105.6	102.0	101.9	102.0
Nov.	104.7	104.2	107.2	103.6	99.5	105.9	102.7	102.1	102.2
Dec. ⁴	105.3	104.9	108.9	103.7	99.6	106.0	102.6	102.2	102.3

¹ Includes, in addition to subgroups shown, processed fuels and lubricants, containers, and supplies.

² Excludes crude foodstuffs and feedstuffs, plant and animal fibers, oilseeds, and leaf tobacco.

³ Excludes intermediate materials for food manufacturing and manufactured animal feeds.

⁴ Preliminary.

NOTE.—For a listing of the commodities included in each sector, see Table 2B, *Wholesale Prices and Price Indexes, 1962* (BLS Bulletin 1411).

Source: Department of Labor, Bureau of Labor Statistics.

TABLE C-43.—Consumer price indexes, by major groups, 1929-65

For city wage earners and clerical workers

[1957-59=100]

Year or month	All items	Food	Housing		Apparel and upkeep ¹	Transportation	Medical care	Personal care	Reading and recreation	Other goods and services
			Total	Rent						
1929	59.7	55.6	(?)	85.4	55.3	(?)	(?)	(?)	(?)	(?)
1930	58.2	52.9	(?)	83.1	54.1	(?)	(?)	(?)	(?)	(?)
1931	53.0	43.6	(?)	78.7	49.2	(?)	(?)	(?)	(?)	(?)
1932	47.6	36.3	(?)	70.6	43.6	(?)	(?)	(?)	(?)	(?)
1933	45.1	35.3	(?)	60.8	42.1	(?)	(?)	(?)	(?)	(?)
1934	46.6	39.3	(?)	57.0	46.1	(?)	(?)	(?)	(?)	(?)
1935	47.8	42.1	56.3	56.9	46.5	49.4	49.4	42.6	50.2	52.7
1936	48.3	42.5	57.1	58.3	46.9	49.8	49.6	43.2	51.0	52.6
1937	50.0	44.2	59.1	60.9	49.3	50.6	50.0	45.7	52.5	54.0
1938	49.1	41.0	60.1	62.9	49.0	51.0	50.2	46.7	54.3	54.5
1939	48.4	39.9	59.7	63.0	48.3	49.8	50.2	46.5	54.4	55.4
1940	48.8	40.5	59.9	63.2	48.8	49.5	50.3	46.4	55.4	57.1
1941	51.3	44.2	61.4	64.3	51.1	51.2	50.6	47.6	57.3	58.2
1942	56.8	51.9	64.2	65.7	59.6	55.7	52.0	52.2	60.0	59.9
1943	60.3	57.9	64.9	65.7	62.2	55.5	54.5	57.6	65.0	63.0
1944	61.3	57.1	66.4	65.9	66.7	55.5	56.2	61.7	72.0	64.7
1945	62.7	58.4	67.5	66.1	70.1	55.4	57.5	63.6	75.0	67.3
1946	68.0	66.9	69.3	66.5	76.9	58.3	60.7	68.2	77.5	69.5
1947	77.8	81.3	74.5	68.7	89.2	64.3	65.7	76.2	82.5	75.4
1948	83.8	88.2	79.8	73.2	95.0	71.6	69.8	79.1	86.7	78.9
1949	83.0	84.7	81.0	76.4	91.3	77.0	72.0	78.9	89.9	81.2
1950	83.8	85.8	83.2	79.1	90.1	79.0	73.4	78.9	89.3	82.6
1951	90.5	95.4	88.2	82.3	98.2	84.0	76.9	86.3	92.0	86.1
1952	92.5	97.1	89.9	85.7	97.2	89.6	81.1	87.3	92.4	90.6
1953	93.2	95.6	92.3	90.3	96.5	92.1	83.9	88.1	93.3	92.8
1954	93.6	95.4	93.4	93.5	96.3	90.8	86.6	88.5	92.4	94.3
1955	93.3	94.0	94.1	94.8	95.9	89.7	88.6	90.0	92.1	94.3
1956	94.7	94.7	95.5	96.5	97.8	91.3	91.8	93.7	93.4	95.8
1957	98.0	97.8	98.5	98.3	99.5	96.5	95.5	97.1	96.9	98.5
1958	100.7	101.9	100.2	100.1	99.8	99.7	100.1	100.4	100.8	99.8
1959	101.5	100.3	101.3	101.6	100.6	103.8	104.4	102.4	102.4	101.8
1960	103.1	101.4	103.1	103.1	102.2	103.8	108.1	104.1	104.9	103.8
1961	104.2	102.6	103.9	104.4	103.0	105.0	111.3	104.6	107.2	104.6
1962	105.4	103.6	104.8	105.7	103.6	107.2	114.2	106.5	109.6	105.3
1963	106.7	105.1	106.0	106.8	104.8	107.8	117.0	107.9	111.5	107.1
1964 ²	108.1	106.4	107.2	107.8	105.7	109.3	119.4	109.2	114.1	108.8
1965	109.9	108.8	108.5	108.9	106.8	111.1	122.3	109.9	115.2	111.4
1964: Jan ³	107.7	105.8	106.9	107.3	105.0	109.4	118.2	108.5	113.1	108.3
Feb.	107.6	106.0	106.9	107.5	105.1	108.6	118.5	108.4	113.3	108.4
Mar.	107.7	105.7	107.1	107.5	105.3	108.9	118.7	108.7	113.6	108.5
Apr.	107.8	105.7	107.0	107.7	105.6	109.0	119.0	108.7	114.0	108.6
May	107.8	105.5	106.9	107.7	105.7	109.1	119.1	108.9	114.1	108.7
June	108.0	106.2	107.1	107.8	105.7	109.2	119.3	109.1	114.0	108.7
July	108.3	107.2	107.1	107.8	105.5	109.4	119.5	109.3	114.1	108.9
Aug.	108.2	106.9	107.2	107.9	105.3	109.3	119.8	109.4	114.2	108.9
Sept.	108.4	107.2	107.4	107.9	105.9	108.9	119.7	109.5	114.3	109.0
Oct.	108.5	106.9	107.6	108.2	106.2	109.4	119.9	109.7	114.5	109.1
Nov.	108.7	106.8	107.7	108.3	106.4	110.0	120.2	109.7	114.9	109.1
Dec.	108.8	106.9	107.8	108.4	106.6	110.5	120.3	110.0	114.9	109.2
1965: Jan.	108.9	106.6	108.1	108.4	105.6	111.1	120.6	110.0	115.0	109.3
Feb.	108.9	106.6	108.2	108.5	105.8	110.6	121.0	110.1	115.2	109.4
Mar.	109.0	106.9	108.2	108.7	106.0	110.6	121.4	110.4	115.4	109.5
Apr.	109.3	107.3	108.2	108.8	106.3	111.0	121.6	110.7	115.9	110.3
May	109.6	107.9	108.2	108.8	106.8	111.4	121.8	111.0	115.9	110.6
June	110.1	110.1	108.2	108.8	106.9	111.2	122.2	111.0	115.7	111.0
July	110.2	110.9	108.3	108.9	106.1	111.5	122.7	108.7	114.6	111.5
Aug.	110.0	110.1	108.2	109.0	106.4	111.0	122.8	109.0	114.3	112.6
Sept.	110.2	109.7	108.6	109.1	107.2	111.0	122.8	109.2	114.8	112.7
Oct.	110.4	109.7	109.0	109.2	107.8	111.2	123.0	109.2	115.2	113.3
Nov.	110.6	109.7	109.2	109.3	108.1	111.5	123.4	109.6	115.4	113.3
Dec.	111.0	110.6	109.4	109.5	108.1	111.6	123.7	110.0	115.4	113.4

¹ Not comparable to previous "apparel" series; index revised to include laundry and drycleaning; formerly included in housing group; indexes prior to 1953 estimated.

² Not available.

³ New series, beginning January 1964. For details, see Department of Labor release, *Major Changes in the Consumer Price Index, March 3, 1964.*

Source: Department of Labor, Bureau of Labor Statistics.

TABLE C-44.—Consumer price indexes, by special groups, 1935-65

For city wage earners and clerical workers

[1957-59=100]

Year or month	All items	All items less food	All items less shelter	Commodities					Services		
				All commodities ¹	Food	Commodities less food			All services ¹	Rent	All services less rent ¹
						All ¹	Durable ¹	Non-durable			
1935	47.8	52.5	46.1	45.0	42.1	50.2	47.1	48.8	52.2	56.9	49.3
1936	48.3	53.0	46.7	45.6	42.5	50.8	47.8	49.2	52.8	58.3	49.0
1937	50.0	54.9	48.2	47.4	44.2	53.0	50.8	51.2	54.4	60.9	49.5
1938	49.1	55.5	46.8	45.6	41.0	53.0	51.7	50.9	55.4	62.9	49.9
1939	48.4	55.1	46.0	44.7	39.9	52.1	50.6	50.1	55.5	63.0	49.9
1940	48.8	55.3	46.3	45.1	40.5	52.4	50.2	50.6	55.7	63.2	50.0
1941	51.3	56.9	49.1	48.2	44.2	55.0	53.7	52.8	56.4	64.3	50.6
1942	56.8	60.9	55.3	55.2	51.9	61.2	60.9	58.4	58.2	65.7	52.8
1943	60.3	62.6	59.5	60.1	57.9	63.8	63.0	60.9	59.3	65.7	55.2
1944	61.3	65.0	60.5	60.8	57.1	67.3	68.7	64.0	60.7	65.9	57.9
1945	62.7	66.5	62.1	62.6	58.4	70.0	73.9	66.3	61.5	66.1	59.1
1946	68.0	69.4	68.4	69.4	66.9	74.4	77.4	71.1	62.7	66.5	61.2
1947	77.8	75.8	79.4	83.4	81.3	83.9	83.8	81.7	65.3	68.7	64.3
1948	83.8	81.3	85.6	89.4	88.2	90.3	88.0	88.0	69.4	73.2	68.0
1949	83.0	82.1	84.1	87.1	84.7	89.0	91.3	86.3	72.6	76.4	71.4
1950	83.8	83.1	84.7	87.6	85.8	88.9	92.3	86.2	75.0	79.1	73.4
1951	90.5	88.4	91.8	95.5	95.4	95.6	99.3	92.7	78.9	82.3	77.8
1952	92.5	90.5	93.6	96.7	97.1	96.4	100.1	93.2	82.4	85.7	81.5
1953	93.2	92.3	93.9	96.4	95.6	96.6	99.5	94.0	86.0	90.3	84.9
1954	93.6	92.8	93.9	95.5	95.4	95.6	97.1	94.4	88.7	93.5	87.4
1955	93.3	93.1	93.4	94.6	94.0	94.9	95.3	94.4	90.5	94.8	89.4
1956	94.7	94.7	94.7	95.5	94.7	95.9	95.4	96.5	92.8	96.5	91.9
1957	98.0	97.9	97.8	98.5	97.8	98.8	98.5	99.1	96.6	98.3	96.1
1958	100.7	100.1	100.7	100.8	101.9	99.9	100.0	99.8	100.3	100.1	100.2
1959	101.5	102.0	101.5	100.9	100.3	101.2	101.5	101.0	103.2	101.6	103.6
1960	103.1	103.7	103.0	101.7	101.4	101.7	100.9	102.6	106.6	103.1	107.4
1961	104.2	104.8	104.2	102.3	102.6	102.0	100.8	103.2	108.8	104.4	110.0
1962	105.4	106.1	105.4	103.2	103.6	102.8	101.8	103.8	110.9	105.7	112.1
1963	106.7	107.4	106.7	104.1	105.1	103.5	102.1	104.8	113.0	106.8	114.5
1964 ²	108.1	108.9	108.0	105.2	106.4	104.4	103.0	105.7	115.2	107.8	117.0
1965	109.9	110.4	109.6	106.4	108.8	105.1	102.6	107.2	117.8	108.9	120.0
1964: Jan ²	107.7	108.4	107.6	104.9	105.8	104.3	102.9	105.6	114.2	107.3	116.0
Feb.	107.6	108.4	107.5	104.8	108.0	104.1	102.9	105.3	114.3	107.5	116.0
Mar.	107.7	108.6	107.5	104.8	105.7	104.3	102.9	105.6	114.5	107.5	116.3
Apr.	107.8	108.6	107.7	104.9	105.7	104.3	102.9	105.6	114.8	107.7	116.5
May	107.8	108.7	107.7	104.8	105.5	104.3	102.8	105.7	114.9	107.7	116.6
June	108.0	108.8	107.9	105.0	106.2	104.3	102.9	105.6	115.1	107.8	116.8
July	108.3	108.8	108.2	105.3	107.2	104.3	102.9	105.6	115.3	107.8	117.0
Aug.	108.2	108.9	108.1	105.2	106.9	104.2	102.8	105.6	115.4	107.9	117.2
Sept.	108.4	109.0	108.2	105.4	107.2	104.3	102.8	105.8	115.5	107.9	117.4
Oct.	108.5	109.2	108.3	105.5	106.9	104.6	103.1	106.0	115.7	108.2	117.6
Nov.	108.7	109.5	108.5	105.6	106.8	104.8	103.5	106.1	116.0	108.3	117.9
Dec.	108.8	109.6	108.6	105.7	106.9	104.9	103.4	106.3	116.2	108.4	118.2
1965: Jan	108.9	109.8	108.6	105.6	106.6	104.9	103.6	106.1	116.6	108.4	118.6
Feb.	108.9	109.8	108.6	105.5	106.6	104.7	103.3	106.1	116.9	108.5	118.9
Mar.	109.0	109.9	108.7	105.6	106.9	104.8	103.2	106.2	117.0	108.7	119.1
Apr.	109.3	110.1	109.1	105.9	107.3	105.0	103.0	106.8	117.3	108.8	119.3
May	109.6	110.3	109.4	106.2	107.9	105.2	102.9	107.2	117.5	108.8	119.5
June	110.1	110.3	110.0	106.9	110.1	105.1	102.6	107.3	117.6	108.8	119.7
July	110.2	110.2	110.1	106.9	110.9	104.7	102.3	106.9	117.8	108.9	120.0
Aug.	110.0	110.2	109.8	106.6	110.1	104.7	101.8	107.1	117.9	109.0	120.0
Sept.	110.2	110.6	110.0	106.6	109.7	104.9	101.7	107.7	118.5	109.1	120.7
Oct.	110.4	110.9	110.2	106.9	109.7	105.3	102.1	108.0	118.7	109.2	121.0
Nov.	110.6	111.2	110.4	107.1	109.7	105.6	102.4	108.3	119.0	109.3	121.3
Dec.	111.0	111.3	110.8	107.4	110.6	105.7	102.4	108.4	119.3	109.5	121.6

¹ Indexes have been revised to reflect transfer of home purchase from services to durable commodities; indexes prior to 1956 estimated. For details, see Department of Labor release, *Major Changes in the Consumer Price Index, March 5, 1964.*

² New series beginning January 1964.

Source: Department of Labor, Bureau of Labor Statistics.

MONEY SUPPLY, CREDIT, AND FINANCE

TABLE C-45.—*Money supply, 1947-65*

[Averages of daily figures, billions of dollars]

Year and month	Total money supply and time deposits adjusted	Money supply ¹			Time deposits adjusted ²	Total money supply and time deposits adjusted	Money supply ¹			Time deposits adjusted ²	U.S. Government demand deposits ³
		Total	Currency component	Demand deposit component			Total	Currency component	Demand deposit component		
Seasonally adjusted					Unadjusted						
1947: Dec	148.5	113.1	26.4	86.7	35.4	151.0	115.9	26.8	89.1	35.1	1.0
1948: Dec	147.5	111.5	25.8	85.8	36.0	150.0	114.3	26.2	88.1	35.7	1.8
1949: Dec	147.6	111.2	25.1	86.0	36.4	150.0	113.9	25.5	88.4	36.1	2.8
1950: Dec	152.9	116.2	25.0	91.2	36.7	155.6	119.2	25.4	93.8	36.4	2.4
1951: Dec	160.9	122.7	26.1	96.5	38.2	163.8	125.8	26.6	99.2	38.0	2.7
1952: Dec	168.5	127.4	27.3	100.1	41.1	171.7	130.8	27.8	103.0	40.9	4.9
1953: Dec	173.3	128.8	27.7	101.1	44.5	176.3	132.1	28.2	103.9	44.2	3.8
1954: Dec	180.6	132.3	27.4	104.9	48.3	183.6	135.6	27.9	107.7	48.0	5.0
1955: Dec	185.2	135.2	27.8	107.4	50.0	188.2	138.6	28.4	110.2	49.6	3.4
1956: Dec	188.8	136.9	28.2	108.7	51.9	191.7	140.3	28.8	111.5	51.4	3.4
1957: Dec	193.3	135.9	28.3	107.6	57.4	196.0	139.3	28.9	110.4	56.7	3.5
1958: Dec	206.5	141.1	28.6	112.6	65.4	209.3	144.7	29.2	115.5	64.6	3.9
1959: Dec	209.3	141.9	28.9	113.1	67.4	212.2	145.6	29.5	116.1	66.6	4.9
1960: Dec	214.0	141.1	28.9	112.1	72.9	216.8	144.7	29.6	115.2	72.1	4.7
1961: Dec	228.2	145.5	29.6	116.0	82.7	231.2	149.4	30.2	119.2	81.8	4.9
1962: Dec	245.3	147.5	30.6	116.9	97.8	248.3	151.6	31.2	120.3	96.7	5.6
1963: Dec	265.3	153.1	32.5	120.6	112.2	268.3	157.3	33.1	124.1	111.0	5.1
1964: Dec	286.3	159.7	34.2	125.4	126.6	289.2	164.0	35.0	129.1	125.2	5.5
1965: Dec	314.3	167.4	36.3	131.2	146.9	317.3	172.0	37.0	135.0	145.3	4.5
1964: Jan	267.1	153.6	32.6	121.0	113.5	270.7	157.7	32.4	125.2	113.0	4.1
Feb	268.4	153.8	32.8	121.1	114.6	268.2	153.7	32.3	121.3	114.5	4.8
Mar	269.4	154.1	32.9	121.2	115.3	268.6	152.9	32.6	120.2	115.7	6.0
Apr	270.7	154.5	33.0	121.4	116.2	271.6	154.9	32.8	122.2	116.7	4.2
May	271.8	154.5	33.3	121.2	117.3	270.2	152.2	33.1	119.2	118.0	6.8
June	274.0	155.5	33.4	122.1	118.5	272.5	153.4	33.4	120.0	119.1	7.6
July	276.0	156.6	33.6	123.0	119.4	275.0	155.0	33.7	121.3	120.0	6.9
Aug	278.1	157.1	33.8	123.3	121.0	276.1	155.0	33.9	121.1	121.1	6.3
Sept	280.3	158.2	33.9	124.3	122.1	279.1	157.1	33.9	123.2	122.0	6.5
Oct	282.3	158.8	34.0	124.8	123.5	282.4	159.0	34.1	124.9	123.4	5.5
Nov	284.2	159.1	34.2	124.8	125.1	284.7	160.6	34.6	126.1	124.1	5.8
Dec	286.3	159.7	34.2	125.4	126.6	289.2	164.0	35.0	129.1	125.2	5.5
1965: Jan	288.8	160.0	34.5	125.5	128.8	292.7	164.4	34.4	130.1	128.3	4.2
Feb	290.7	159.7	34.7	125.1	131.0	290.3	159.5	34.2	125.3	130.8	5.7
Mar	292.4	160.3	34.7	125.6	132.1	291.7	159.0	34.3	124.6	132.7	6.7
Apr	294.6	161.1	34.7	126.4	133.5	295.6	161.6	34.5	127.1	134.0	5.6
May	294.6	160.0	34.9	125.1	134.6	293.0	157.6	34.6	123.0	135.4	9.7
June	297.7	161.8	35.0	126.8	135.9	296.2	159.6	34.9	124.6	136.6	9.3
July	300.1	162.5	35.2	127.3	137.6	299.2	160.9	35.4	125.6	138.3	9.1
Aug	302.8	162.7	35.4	127.3	140.1	300.7	160.5	35.5	125.0	140.2	7.4
Sept	305.9	164.3	35.6	128.7	141.6	304.6	163.2	35.6	127.5	141.4	5.6
Oct	309.2	165.6	35.9	129.7	143.6	309.3	165.8	36.0	129.8	143.5	5.0
Nov	311.2	165.7	36.1	129.6	145.5	311.8	167.4	36.5	130.9	144.4	4.0
Dec	314.3	167.4	36.3	131.2	146.9	317.3	172.0	37.0	135.0	145.3	4.5

¹ Money supply consists of (1) currency outside the Treasury, the Federal Reserve, and vaults of all commercial banks; (2) demand deposits at all commercial banks, other than those due to domestic commercial banks and the U.S. Government, less cash items in process of collection and Federal Reserve float; and (3) foreign demand balances at Federal Reserve Banks.

² Time deposits adjusted are time deposits at all commercial banks other than those due to domestic commercial banks and the U.S. Government.

³ Deposits at all commercial banks.

⁴ Preliminary.

NOTE.—Between January and August 1959, the series were expanded to include data for all banks in Alaska and Hawaii.

Source: Board of Governors of the Federal Reserve System.

TABLE C-46.—Selected liquid assets held by the public, 1946-65

[Billions of dollars, seasonally adjusted]

End of year or month	Total	Demand deposits and currency ¹	Time deposits		Postal savings system	Savings and loan shares	U.S. Government savings bonds ²	U.S. Government securities maturing within one year ²
			Commercial banks	Mutual savings banks				
1946.....	239.1	108.5	33.9	16.9	3.3	8.5	48.6	19.4
1947.....	246.2	112.4	35.3	17.8	3.4	9.7	50.9	16.6
1948.....	254.1	110.5	35.9	18.4	3.3	11.0	53.4	21.6
1949.....	262.1	110.4	36.3	19.3	3.2	12.5	55.0	25.5
1950.....	271.4	115.5	36.6	20.1	2.9	14.0	55.8	26.4
1951.....	281.0	120.9	38.2	20.9	2.7	16.1	55.4	26.8
1952.....	296.0	125.5	41.2	22.6	2.5	19.2	55.7	29.3
1953.....	311.5	127.3	44.6	24.4	2.4	22.8	55.6	34.4
1954.....	320.3	130.2	48.2	26.3	2.1	27.2	55.6	30.6
1955.....	332.5	133.3	49.7	28.1	1.9	32.0	55.9	31.6
1956.....	343.2	134.6	52.0	30.0	1.6	37.0	54.8	33.2
1957.....	356.0	133.5	57.5	31.6	1.3	41.7	51.6	38.8
1958.....	373.1	138.8	65.4	33.9	1.1	47.7	50.5	35.6
1959.....	393.9	139.7	67.4	34.9	.9	54.3	47.9	48.8
1960.....	399.2	138.4	73.1	36.2	.8	61.8	47.0	41.9
1961.....	424.6	142.6	82.5	38.3	.6	70.5	47.4	42.6
1962.....	459.0	144.8	98.1	41.4	.5	79.8	47.6	46.8
1963.....	495.4	149.6	112.9	44.5	.5	90.9	49.0	48.1
1964.....	530.4	156.7	127.1	49.0	.4	101.3	49.9	46.1
1965 ³	572.5	163.7	146.8	52.5	.3	109.7	50.5	49.0
1964: Jan.....	498.9	149.5	114.8	45.0	.5	91.4	49.1	48.6
Feb.....	499.6	148.4	115.5	45.4	.4	92.4	49.0	48.4
Mar.....	504.0	150.2	115.9	45.6	.4	93.5	49.0	48.3
Apr.....	506.1	149.9	117.0	46.0	.4	94.1	49.1	49.5
May.....	507.7	149.7	117.9	46.3	.4	94.9	49.1	49.4
June.....	511.4	151.2	118.6	46.8	.4	95.8	49.2	49.4
July.....	511.8	151.8	119.8	47.1	.4	96.6	49.3	46.7
Aug.....	514.9	152.2	120.6	47.5	.4	97.8	49.3	47.1
Sept.....	521.0	155.0	121.9	47.9	.4	99.1	49.4	47.4
Oct.....	523.4	155.0	123.8	48.3	.4	99.8	49.4	46.8
Nov.....	526.9	155.0	125.9	48.6	.4	100.8	49.5	46.7
Dec.....	530.4	156.7	127.1	49.0	.4	101.3	49.9	46.1
1965: Jan.....	534.9	156.1	130.6	49.4	.4	101.7	50.0	46.8
Feb.....	536.4	154.8	131.9	49.6	.4	102.6	49.9	47.3
Mar.....	542.8	158.6	135.0	49.8	.4	103.6	49.9	47.6
Apr.....	543.3	156.3	134.1	50.1	.4	103.9	49.9	48.6
May.....	543.0	155.4	134.9	50.4	.4	104.4	49.9	47.6
June.....	550.2	159.6	136.3	50.8	.4	105.1	50.0	48.0
July.....	550.9	157.7	138.3	51.1	.4	105.5	50.1	47.9
Aug.....	555.6	157.8	139.8	51.3	.3	106.5	50.1	49.8
Sept.....	560.6	160.6	141.6	51.6	.3	107.7	50.1	48.7
Oct ⁴	565.0	161.1	144.0	52.0	.3	108.3	50.1	49.1
Nov ⁴	568.2	160.3	146.5	52.3	.3	109.2	50.1	49.4
Dec ⁴	572.5	163.7	146.8	52.5	.3	109.7	50.5	49.0

¹ Agrees in concept with money supply, Table C-45, except for deduction of demand deposits held by mutual savings banks and savings and loan associations. Data for last Wednesday of month.

² Excludes holdings of Government agencies and trust funds, domestic commercial and mutual savings banks, Federal Reserve Banks, and beginning February 1960, savings and loan associations.

³ Preliminary.

NOTE.—Between January and August 1959, series for all commercial banks expanded to include data for all banks in Alaska and Hawaii. Data for all member banks include one national bank in Alaska beginning 1954.

Source: Board of Governors of the Federal Reserve System.

TABLE C-47.—Bank loans and investments, 1929-65

(Billions of dollars)

End of year or month	All commercial banks ¹				Weekly reporting member banks ³
	Total loans and investments ²	Loans ²	Investments		
			U.S. Government securities	Other securities	Business loans ⁴
1929 ⁵	49.4	35.7	4.9	8.7	-----
1930 ⁵	48.9	34.5	5.0	9.4	-----
1931 ⁵	44.9	29.2	6.0	9.7	-----
1932 ⁵	36.1	21.8	6.2	8.1	-----
1933 ⁵	30.4	16.3	7.5	6.5	-----
1934 ⁵	32.7	15.7	10.3	6.7	-----
1935	36.1	15.2	13.8	7.1	-----
1936	39.6	16.4	15.3	7.9	-----
1937	38.4	17.2	14.2	7.0	5.1
1938	38.7	16.4	15.1	7.2	4.2
1939	40.7	17.2	16.3	7.1	4.7
1940	43.9	18.8	17.8	7.4	5.3
1941	50.7	21.7	21.8	7.2	7.1
1942	67.4	19.2	41.4	6.8	6.3
1943	85.1	19.1	59.8	6.1	6.4
1944	105.5	21.6	77.6	6.3	6.5
1945	124.0	26.1	90.6	7.3	7.3
1946	114.0	31.1	74.8	8.1	11.3
1947	116.3	38.1	69.2	9.0	14.7
1948 ¹	113.0	41.5	62.3	9.2	15.6
1949	118.7	42.0	66.4	10.3	13.9
1950	124.7	51.1	61.2	12.4	17.9
1951	130.2	56.5	60.3	13.4	21.6
1952	139.1	62.8	62.1	14.2	23.4
1953	143.1	66.1	62.3	14.7	23.4
1954	153.1	69.0	67.7	16.4	22.4
1955	157.6	80.5	60.3	16.8	26.7
1956	161.6	88.0	57.3	16.3	30.8
1957	166.4	91.4	57.1	17.9	31.8
1958	181.2	95.6	65.1	20.5	31.7
1959	185.9	107.6	57.8	20.5	30.7
1960	194.5	113.8	59.9	20.8	32.2
1961	209.8	120.5	65.4	23.9	32.9
1962 ⁶	228.3	133.9	65.2	29.2	35.2
1963 ⁶	246.5	149.4	62.1	35.0	38.8
1964	267.2	167.1	61.4	38.7	42.1
1965 ⁷	294.0	191.8	57.6	44.6	50.6
1964: Jan	246.7	151.0	60.8	34.9	37.2
Feb	248.4	151.8	61.2	35.4	37.6
Mar	251.4	153.9	62.1	35.4	38.2
Apr	251.8	155.4	60.8	35.6	38.1
May	253.5	157.3	60.3	35.9	38.3
June	256.3	160.0	60.0	36.3	38.7
July	254.5	159.7	58.4	36.4	38.5
Aug	258.7	161.5	60.2	37.0	38.9
Sept	261.7	163.0	61.2	37.5	40.0
Oct	261.1	163.2	60.0	37.9	39.9
Nov	265.5	165.4	61.6	38.5	40.5
Dec	267.2	167.1	61.4	38.7	42.1
1965: Jan	269.6	170.2	59.9	39.5	41.8
Feb	272.1	171.9	60.2	40.0	43.0
Mar	275.5	175.8	59.6	40.1	44.6
Apr	277.3	177.1	59.1	41.1	44.6
May	279.4	179.5	58.6	41.3	45.2
June	282.8	183.0	57.7	42.1	46.8
July ⁷	281.5	182.7	56.4	42.4	46.3
Aug ⁷	286.1	185.8	57.0	43.3	46.9
Sept ⁷	286.2	186.2	56.5	43.5	48.1
Oct ⁷	288.9	188.0	57.0	43.9	48.2
Nov ⁷	291.5	189.8	57.6	44.1	49.0
Dec ⁸	294.0	191.8	57.6	44.6	50.6

¹ Data are for last Wednesday of month (except June 30 and December 31 call dates) for all commercial banks. Seasonally adjusted data beginning 1948.

² Adjusted to exclude interbank loans beginning 1948.

³ Member banks are all national banks and those State banks which have taken membership in the Federal Reserve System. Weekly reporting member banks comprise about 350 large banks in over 100 leading cities. Data are for last Wednesday of month.

⁴ Commercial and industrial loans and prior to 1956, agricultural loans. Beginning July 1959, loans to financial institutions excluded. Series revised beginning July 1946, October 1955, July 1958, and July 1959. Prior to 1943 published data adjusted to include open market paper.

⁵ June data are used because complete end-of-year data are not available prior to 1935 for U.S. Government obligations and other securities.

⁶ Commercial bank data are estimates for December 31.

⁷ Preliminary.

NOTE.—National bank data in Alaska and Hawaii included beginning April 1954 and 1959, respectively. All other bank data in Alaska and Hawaii included beginning January 1959 and August 1959, respectively.

Source: Board of Governors of the Federal Reserve System.

TABLE C-48.—Bond yields and interest rates, 1929-65
[Percent per annum]

Year or month	U.S. Government securities				Corporate bonds (Moody's)		High-grade municipal bonds (Standard & Poor's)	Average rate on short-term bank loans to business—selected cities	Prime commercial paper, 4-6 months	Federal Reserve Bank discount rate
	3-month Treasury bills ¹	9-12 month issues ²	3-5 year issues ³	Taxable bonds ⁴	Aaa	Baa				
1929.....	(6)	(6)	-----	-----	4.73	5.90	4.27	(7)	5.85	5.16
1930.....	(6)	(6)	-----	-----	4.55	5.90	4.07	(7)	3.59	3.04
1931.....	1.402	(6)	-----	-----	4.58	7.62	4.01	(7)	2.64	2.11
1932.....	.879	(6)	-----	-----	5.01	9.30	4.65	(7)	2.73	2.82
1933.....	.515	(6)	2.66	-----	4.49	7.76	4.71	(7)	1.73	2.56
1934.....	.256	(6)	2.12	-----	4.00	6.32	4.03	(7)	1.02	1.54
1935.....	.137	(6)	1.29	-----	3.60	5.75	3.40	(7)	.75	1.50
1936.....	.143	(6)	1.11	-----	3.24	4.77	3.07	(7)	.75	1.50
1937.....	.447	(6)	1.40	-----	3.26	5.03	3.10	(7)	.94	1.33
1938.....	.053	(6)	.83	-----	3.19	5.80	2.91	(7)	.81	1.00
1939.....	.023	(6)	.59	-----	3.01	4.96	2.76	2.1	.59	1.00
1940.....	.014	(6)	.50	-----	2.84	4.75	2.50	2.1	.56	1.00
1941.....	.103	(6)	.73	-----	2.77	4.33	2.10	2.0	.53	1.00
1942.....	.326	(6)	1.46	2.46	2.83	4.28	2.36	2.2	.66	⁵ 1.00
1943.....	.373	0.75	1.34	2.47	2.73	3.91	2.06	2.6	.69	⁵ 1.00
1944.....	.375	.79	1.33	2.48	2.72	3.61	1.86	2.4	.73	⁵ 1.00
1945.....	.375	.81	1.18	2.37	2.62	3.29	1.67	2.2	.75	⁵ 1.00
1946.....	.375	.82	1.16	2.19	2.53	3.05	1.64	2.1	.81	⁵ 1.00
1947.....	.594	.88	1.32	2.25	2.61	3.24	2.01	2.1	1.03	1.00
1948.....	1.040	1.14	1.62	2.44	2.82	3.47	2.40	2.5	1.44	1.34
1949.....	1.102	1.14	1.43	2.31	2.66	3.42	2.21	2.7	1.49	1.50
1950.....	1.218	1.26	1.50	2.32	2.62	3.24	1.98	2.7	1.45	1.59
1951.....	1.552	1.73	1.93	2.57	2.86	3.41	2.00	3.1	2.16	1.75
1952.....	1.766	1.81	2.13	2.68	2.96	3.52	2.19	3.5	2.33	1.75
1953.....	1.931	2.07	2.56	2.94	3.20	3.74	2.72	3.7	2.52	1.99
1954.....	.953	.92	1.82	2.55	2.90	3.51	2.37	3.6	1.58	1.60
1955.....	1.753	1.89	2.50	2.84	3.06	3.53	2.53	3.7	2.18	1.89
1956.....	2.658	2.83	3.12	3.08	3.36	3.88	2.93	4.2	3.31	2.77
1957.....	3.267	3.53	3.62	3.47	3.89	4.71	3.60	4.6	3.81	3.12
1958.....	1.839	2.09	2.90	3.43	3.79	4.73	3.56	4.3	2.46	2.16
1959.....	3.405	4.11	4.33	4.08	4.38	5.05	3.95	⁶ 5.0	3.97	3.36
1960.....	2.928	3.55	3.99	4.02	4.41	5.19	3.73	5.2	3.85	3.53
1961.....	2.378	2.91	3.60	3.90	4.35	5.08	3.46	5.0	2.97	3.00
1962.....	2.778	3.02	3.57	3.95	4.33	5.02	3.18	5.0	3.26	3.00
1963.....	3.157	3.28	3.72	4.00	4.26	4.96	3.23	5.0	3.55	3.23
1964.....	3.549	3.76	4.06	4.15	4.40	4.83	3.22	5.0	3.97	3.55
1965.....	3.954	4.09	4.22	4.21	4.49	4.87	3.27	5.0	4.38	4.04
1963: Jan.....	2.914	2.97	3.47	3.89	4.21	4.91	3.12	-----	3.34	3.00
Feb.....	2.916	2.89	3.48	3.92	4.19	4.89	3.18	-----	3.25	3.00
Mar.....	2.897	2.99	3.50	3.93	4.19	4.88	3.11	5.00	3.34	3.00
Apr.....	2.909	3.02	3.56	3.97	4.21	4.87	3.11	-----	3.32	3.00
May.....	2.920	3.06	3.57	3.97	4.22	4.85	3.15	-----	3.25	3.00
June.....	2.995	3.17	3.67	4.00	4.23	4.84	3.27	5.01	3.38	3.00
July.....	3.143	3.33	3.78	4.01	4.26	4.84	3.29	-----	3.49	3.24
Aug.....	3.320	3.41	3.81	3.99	4.29	4.83	3.22	-----	3.72	3.50
Sept.....	3.379	3.54	3.88	4.04	4.31	4.84	3.27	5.01	3.88	3.50
Oct.....	3.453	3.59	3.91	4.07	4.32	4.83	3.32	-----	3.88	3.50
Nov.....	3.522	3.70	3.97	4.11	4.33	4.84	3.41	-----	3.88	3.50
Dec.....	3.523	3.77	4.04	4.14	4.35	4.85	3.34	5.00	3.96	3.50

See footnotes at end of table.

TABLE C-48.—Bond yields and interest rates, 1929-65—Continued

[Percent per annum]

Year or month	U.S. Government securities				Corporate bonds (Moody's)		High-grade municipal bonds (Standard & Poor's)	Average rate on short-term bank loans to business—selected cities	Prime commercial paper, 4-6 months	Federal Reserve Bank discount rate
	3-month Treasury bills ¹	9-12 month issues ²	3-5 year issues ³	Taxable bonds ⁴	Aaa	Baa				
1964: Jan.....	3.529	3.66	4.06	4.15	4.37	4.83	3.23	-----	3.97	3.50
Feb.....	3.532	3.63	4.02	4.14	4.36	4.83	3.17	-----	3.88	3.50
Mar.....	3.553	3.67	4.15	4.18	4.38	4.83	3.32	4.99	4.00	3.50
Apr.....	3.484	3.63	4.18	4.20	4.40	4.85	3.29	-----	3.91	3.50
May.....	3.482	3.67	4.07	4.16	4.41	4.85	3.21	-----	3.89	3.50
June.....	3.478	3.83	4.03	4.13	4.41	4.85	3.20	4.99	4.00	3.50
July.....	3.479	3.68	3.99	4.13	4.40	4.83	3.18	-----	3.96	3.50
Aug.....	3.506	3.73	3.99	4.14	4.41	4.82	3.20	-----	3.88	3.50
Sept.....	3.527	3.82	4.03	4.16	4.42	4.82	3.25	4.98	3.89	3.50
Oct.....	3.575	3.83	4.04	4.16	4.42	4.81	3.26	-----	4.00	3.50
Nov.....	3.624	3.88	4.04	4.12	4.43	4.81	3.18	-----	4.02	3.62
Dec.....	3.856	3.96	4.07	4.14	4.44	4.81	3.15	5.00	4.17	4.00
1965: Jan.....	3.828	3.87	4.06	4.14	4.43	4.80	3.06	-----	4.25	4.00
Feb.....	3.929	3.97	4.08	4.16	4.41	4.78	3.10	-----	4.27	4.00
Mar.....	3.942	4.03	4.12	4.15	4.42	4.78	3.18	4.97	4.38	4.00
Apr.....	3.932	4.00	4.12	4.15	4.43	4.80	3.17	-----	4.38	4.00
May.....	3.895	3.99	4.11	4.14	4.44	4.81	3.19	-----	4.38	4.00
June.....	3.810	3.98	4.09	4.14	4.46	4.85	3.26	4.99	4.38	4.00
July.....	3.831	3.96	4.10	4.15	4.48	4.88	3.26	-----	4.38	4.00
Aug.....	3.836	4.00	4.19	4.19	4.49	4.88	3.25	-----	4.38	4.00
Sept.....	3.912	4.11	4.24	4.25	4.52	4.91	3.36	5.00	4.38	4.00
Oct.....	4.032	4.18	4.33	4.28	4.56	4.93	3.42	-----	4.38	4.00
Nov.....	4.082	4.29	4.46	4.34	4.60	4.95	3.47	-----	4.38	4.00
Dec.....	4.362	4.66	4.77	4.43	4.68	5.02	3.56	5.27	4.65	4.42

¹ Rate on new issues within period. Issues were tax exempt prior to March 1, 1941, and fully taxable thereafter. For the period 1934-37, series includes issues with maturities of more than 3 months.

² Includes certificates of indebtedness and selected note and bond issues (fully taxable).

³ Selected note and bond issues. Issues were partially tax exempt prior to 1941, and fully taxable thereafter.

⁴ First issued in 1941. Series includes bonds which are neither due nor callable before a given number of years as follows: April 1953 to date, 10 years; April 1952-March 1953, 12 years; October 1941-March 1952, 15 years.

⁵ Treasury bills were first issued in December 1929 and were issued irregularly in 1930.

⁶ Not available before August 1942.

⁷ Not available on same basis as for 1939 and subsequent years.

⁸ From October 30, 1942, to April 24, 1946, a preferential rate of 0.50 percent was in effect for advances secured by Government securities maturing or callable in 1 year or less.

⁹ Series revised to exclude loans to nonbank financial institutions.

NOTE.—Yields and rates computed for New York City except for short-term bank loans.

Sources: Treasury Department, Board of Governors of the Federal Reserve System, Moody's [Investors Service, and Standard & Poor's Corporation.

TABLE C-49.—Federal Reserve Bank credit and member bank reserves, 1929-65

[Averages of daily figures, millions of dollars]

Year and month	Reserve Bank credit outstanding				Member bank reserves			Member bank free reserves (excess reserves less borrowings)
	Total	U.S. Government securities	Member bank borrowings	All other, mainly float	Total	Required	Excess	
1929: Dec.	1,643	446	801	396	2,395	2,347	48	-753
1930: Dec.	1,273	644	337	292	2,415	2,342	73	-264
1931: Dec.	1,950	777	763	410	2,069	2,010	60	-703
1932: Dec.	2,192	1,854	281	57	2,435	1,909	526	245
1933: Dec.	2,669	2,432	95	142	2,588	¹ 1,822	¹ 766	671
1934: Dec.	2,472	2,430	10	32	4,037	2,290	1,748	1,738
1935: Dec.	2,494	2,430	6	58	5,716	2,733	2,983	2,977
1936: Dec.	2,498	2,434	7	57	6,665	4,619	2,046	2,039
1937: Dec.	2,628	2,565	16	47	6,879	5,808	1,071	1,055
1938: Dec.	2,618	2,564	7	47	8,745	5,520	3,226	3,219
1939: Dec.	2,612	2,510	7	99	11,473	6,462	5,011	5,008
1940: Dec.	2,305	2,188	3	114	14,049	7,403	6,646	6,643
1941: Dec.	2,404	2,219	5	180	12,812	9,422	3,390	3,385
1942: Dec.	6,035	5,549	4	483	13,152	10,776	2,376	2,372
1943: Dec.	11,914	11,166	90	659	12,749	11,701	1,048	958
1944: Dec.	19,612	18,693	265	654	14,168	12,884	1,284	1,019
1945: Dec.	24,744	23,708	334	702	16,027	14,536	1,491	1,157
1946: Dec.	24,746	23,767	157	821	16,517	15,617	900	743
1947: Dec.	22,858	21,905	224	729	17,261	16,275	986	762
1948: Dec.	23,978	23,002	134	842	19,990	19,193	797	663
1949: Dec.	19,012	18,287	118	607	16,291	15,488	803	685
1950: Dec.	21,606	20,345	142	1,119	17,391	16,364	1,027	885
1951: Dec.	25,446	23,409	657	1,380	20,310	19,484	826	169
1952: Dec.	27,299	24,400	1,593	1,306	21,180	20,457	723	-870
1953: Dec.	27,107	25,639	441	1,027	19,920	19,227	693	252
1954: Dec.	26,317	24,917	246	1,154	19,279	18,576	703	457
1955: Dec.	26,853	24,602	839	1,412	19,240	18,646	594	-245
1956: Dec.	27,156	24,765	688	1,703	19,535	18,883	652	-36
1957: Dec.	26,186	23,982	710	1,494	19,420	18,843	577	-133
1958: Dec.	28,412	26,312	557	1,543	18,899	18,383	516	-41
1959: Dec.	29,435	27,036	906	1,493	² 18,932	18,450	482	-424
1960: Dec.	29,060	27,248	87	1,725	19,283	18,527	756	669
1961: Dec.	31,217	29,098	149	1,970	20,118	19,550	568	419
1962: Dec.	33,218	30,546	304	2,368	20,040	19,468	572	268
1963: Dec.	36,610	33,729	327	2,554	20,746	20,210	536	209
1964: Dec.	39,873	37,126	243	2,504	21,609	21,198	411	168
1965: Dec. ³	43,853	40,885	454	2,514	22,715	22,272	443	-11
1964: Jan.	35,770	33,200	256	2,314	20,673	20,242	431	175
Feb.	35,028	33,009	304	1,715	20,146	19,753	393	89
Mar.	35,454	33,389	259	1,806	20,213	19,855	358	99
Apr.	35,602	33,498	213	1,891	20,277	19,897	380	167
May.	35,981	33,907	255	1,819	20,220	19,883	337	82
June.	36,760	34,631	270	1,859	20,558	20,168	390	120
July.	37,077	34,898	265	1,914	20,665	20,265	400	135
Aug.	37,170	35,118	334	1,718	20,566	20,149	417	83
Sept.	37,578	35,273	331	1,974	20,928	20,508	420	89
Oct.	37,747	35,334	309	2,104	21,033	20,618	415	106
Nov.	38,421	36,036	430	1,955	21,159	20,763	396	-34
Dec.	39,873	37,126	243	2,504	21,609	21,198	411	168
1965: Jan.	39,245	36,684	299	2,262	21,620	21,215	405	106
Feb.	39,244	37,052	405	1,787	21,231	20,790	441	36
Mar.	39,535	37,315	416	1,804	21,246	20,905	341	-75
Apr.	39,882	37,637	471	1,774	21,511	21,145	366	-105
May.	40,340	38,111	505	1,724	21,472	21,147	325	-180
June.	41,153	38,840	528	1,785	21,709	21,363	346	-182
July.	41,651	39,249	524	1,878	21,863	21,513	350	-174
Aug.	41,504	39,318	564	1,622	21,617	21,187	430	-134
Sept.	41,610	39,108	528	1,974	21,729	21,356	373	-155
Oct.	42,048	39,601	490	1,957	21,959	21,618	341	-149
Nov. ³	42,649	40,128	452	2,069	21,953	21,568	370	-82
Dec. ³	43,853	40,885	454	2,514	22,715	22,272	443	-11

¹ Data from March 1933 through April 1934 are for licensed banks only.² Beginning December 1959, total reserves held include vault cash allowed.³ Preliminary.

NOTE.—Data for member banks in Alaska and Hawaii included beginning 1954 and 1959, respectively.

Source: Board of Governors of the Federal Reserve System.

TABLE C-50.—Short- and intermediate-term consumer credit outstanding, 1929-65

[Millions of dollars]

End of year or month	Total	Instalment credit				Noninstalment credit			
		Total	Auto-mob- ile paper ¹	Other con- sumer goods paper ¹	Repair and modern- ization loans ²	Per- sonal loans	Total	Charge ac- counts	Other ³
1929.....	7, 116	3, 524	1, 384	1, 544	27	569	3, 592	1, 996	1, 596
1930.....	6, 351	3, 022	986	1, 432	25	579	3, 329	1, 833	1, 496
1931.....	5, 315	2, 463	684	1, 214	22	543	2, 852	1, 635	1, 217
1932.....	4, 026	1, 672	356	834	18	464	2, 354	1, 374	980
1933.....	3, 885	1, 723	493	799	15	416	2, 162	1, 286	876
1934.....	4, 218	1, 999	614	889	37	459	2, 219	1, 306	913
1935.....	5, 190	2, 817	992	1, 000	253	572	2, 373	1, 354	1, 019
1936.....	6, 375	3, 747	1, 372	1, 290	364	721	2, 628	1, 428	1, 200
1937.....	6, 948	4, 118	1, 494	1, 505	219	900	2, 830	1, 504	1, 326
1938.....	6, 370	3, 686	1, 099	1, 442	218	927	2, 684	1, 403	1, 281
1939.....	7, 222	4, 503	1, 497	1, 620	298	1, 088	2, 719	1, 414	1, 305
1940.....	8, 338	5, 514	2, 071	1, 827	371	1, 245	2, 824	1, 471	1, 353
1941.....	9, 172	6, 085	2, 458	1, 929	376	1, 322	3, 087	1, 645	1, 442
1942.....	5, 983	3, 166	742	1, 195	255	974	2, 817	1, 444	1, 373
1943.....	4, 901	2, 136	355	819	130	832	2, 765	1, 440	1, 325
1944.....	5, 111	2, 176	397	791	119	869	2, 935	1, 517	1, 418
1945.....	5, 665	2, 462	455	816	182	1, 009	3, 203	1, 612	1, 591
1946.....	8, 384	4, 172	981	1, 290	405	1, 496	4, 212	2, 076	2, 136
1947.....	11, 598	6, 695	1, 924	2, 143	718	1, 910	4, 903	2, 381	2, 522
1948.....	14, 447	8, 996	3, 018	2, 901	853	2, 224	5, 451	2, 722	2, 729
1949.....	17, 364	11, 590	4, 555	3, 706	898	2, 431	5, 774	2, 854	2, 920
1950.....	21, 471	14, 703	6, 074	4, 799	1, 016	2, 814	6, 768	3, 367	3, 401
1951.....	22, 712	15, 294	5, 972	4, 880	1, 085	3, 357	7, 418	3, 700	3, 718
1952.....	27, 520	19, 403	7, 733	6, 174	1, 385	4, 111	8, 117	4, 130	3, 987
1953.....	31, 393	23, 005	9, 835	6, 779	1, 610	4, 781	8, 388	4, 274	4, 114
1954.....	32, 464	23, 568	9, 809	6, 751	1, 616	5, 392	8, 896	4, 485	4, 411
1955.....	38, 830	28, 906	13, 460	7, 641	1, 693	6, 112	9, 924	4, 795	5, 129
1956.....	42, 334	31, 720	14, 420	8, 606	1, 905	6, 789	10, 614	4, 995	5, 619
1957.....	44, 970	33, 867	15, 340	8, 844	2, 101	7, 582	11, 103	5, 146	5, 957
1958.....	45, 129	33, 642	14, 152	9, 028	2, 346	8, 116	11, 487	5, 060	6, 427
1959.....	51, 542	39, 245	16, 420	10, 630	2, 809	9, 386	12, 297	5, 104	7, 193
1960.....	56, 028	42, 832	17, 688	11, 525	3, 139	10, 480	13, 196	5, 329	7, 867
1961.....	57, 678	43, 527	17, 223	11, 857	3, 191	11, 256	14, 151	5, 324	8, 827
1962.....	63, 164	48, 034	19, 540	12, 605	3, 246	12, 643	15, 130	5, 684	9, 446
1963.....	69, 890	53, 745	22, 199	13, 766	3, 389	14, 391	16, 145	5, 871	10, 274
1964.....	76, 810	59, 397	24, 521	15, 303	3, 502	16, 071	17, 413	6, 300	11, 113
1965 ⁴	86, 100	67, 500	28, 200	17, 500	3, 600	18, 200	18, 600	6, 800	11, 800
1964: Jan.....	69, 203	53, 597	22, 189	13, 638	3, 354	14, 416	15, 606	5, 339	10, 267
Feb.....	68, 786	53, 552	22, 271	13, 467	3, 335	14, 479	15, 234	4, 805	10, 429
Mar.....	68, 913	53, 795	22, 471	13, 451	3, 321	14, 552	15, 118	4, 634	10, 484
Apr.....	69, 816	54, 382	22, 830	13, 476	3, 328	14, 748	15, 434	4, 833	10, 601
May.....	70, 945	55, 120	23, 255	13, 599	3, 364	14, 902	15, 825	5, 099	10, 726
June.....	71, 907	55, 914	23, 702	13, 730	3, 395	15, 087	15, 993	5, 238	10, 755
July.....	72, 456	56, 496	24, 024	13, 813	3, 426	15, 233	15, 960	5, 240	10, 720
Aug.....	73, 069	57, 055	24, 251	13, 923	3, 466	15, 415	16, 014	5, 231	10, 783
Sept.....	73, 495	57, 446	24, 295	14, 046	3, 493	15, 612	16, 049	5, 223	10, 826
Oct.....	73, 923	57, 826	24, 423	14, 222	3, 509	15, 672	16, 102	5, 352	10, 750
Nov.....	74, 371	58, 085	24, 367	14, 431	3, 516	15, 771	16, 286	5, 394	10, 892
Dec.....	76, 810	59, 397	24, 521	15, 303	3, 502	16, 071	17, 413	6, 300	11, 113
1965: Jan.....	76, 145	59, 342	24, 574	15, 204	3, 473	16, 091	16, 803	5, 724	11, 079
Feb.....	75, 741	59, 363	24, 743	14, 984	3, 446	16, 190	16, 378	5, 154	11, 224
Mar.....	76, 085	59, 788	25, 063	14, 944	3, 440	16, 341	16, 297	4, 977	11, 320
Apr.....	77, 483	60, 803	25, 615	15, 056	3, 439	16, 693	16, 680	5, 210	11, 470
May.....	78, 687	61, 739	26, 109	15, 229	3, 484	16, 917	16, 948	5, 453	11, 495
June.....	79, 887	62, 990	26, 685	15, 422	3, 524	17, 159	17, 097	5, 528	11, 569
July.....	80, 686	63, 609	27, 171	15, 573	3, 553	17, 312	17, 077	5, 534	11, 543
Aug.....	81, 454	64, 393	27, 493	15, 738	3, 597	17, 565	17, 061	5, 498	11, 563
Sept.....	81, 924	64, 846	27, 555	15, 954	3, 613	17, 724	17, 078	5, 496	11, 582
Oct.....	82, 569	65, 368	27, 766	16, 214	3, 625	17, 763	17, 201	5, 645	11, 556
Nov.....	83, 390	66, 012	27, 976	16, 515	3, 638	17, 883	17, 378	5, 740	11, 638
Dec.....	86, 100	67, 500	28, 200	17, 500	3, 600	18, 200	18, 600	6, 800	11, 800

¹ Includes all consumer credit extended for the purpose of purchasing automobiles and other consumer goods.

² Includes only such loans held by financial institutions; those held by retail outlets are included in "other consumer goods paper."

³ Single-payment loans and service credit.

⁴ Preliminary; December by Council of Economic Advisers.

NOTE.—Data for Alaska and Hawaii included beginning January and August 1959, respectively.

Source: Board of Governors of the Federal Reserve System (except as noted).

TABLE C-51.—*Instalment credit extended and repaid, 1946-65*

(Millions of dollars)

Year or month	Total		Automobile paper		Other consumer goods paper		Repair and modernization loans		Personal loans	
	Ex-tended	Re-paid	Ex-tended	Re-paid	Ex-tended	Re-paid	Ex-tended	Re-paid	Ex-tended	Re-paid
1946.....	8,495	6,785	1,969	1,443	3,077	2,603	423	200	3,026	2,539
1947.....	12,713	10,190	3,692	2,749	4,498	3,645	704	391	3,819	3,405
1948.....	15,585	13,284	5,217	4,123	5,383	4,625	714	579	4,271	3,957
1949.....	18,108	15,514	6,967	5,430	5,865	5,060	734	689	4,542	4,335
1950.....	21,558	18,445	8,530	7,011	7,150	6,057	835	717	5,043	4,660
1951.....	23,576	22,985	8,956	9,058	7,485	7,404	841	772	6,294	5,751
1952.....	29,514	25,405	11,764	10,003	9,186	7,892	1,217	917	7,347	6,593
1953.....	31,558	27,956	12,981	10,879	9,227	8,622	1,344	1,119	8,006	7,336
1954.....	31,051	30,488	11,807	11,833	9,117	9,145	1,261	1,255	8,566	8,255
1955.....	38,972	33,634	16,734	13,082	10,642	9,752	1,393	1,316	10,203	9,484
1956.....	39,868	37,054	15,515	14,555	11,721	10,756	1,582	1,370	11,051	10,373
1957.....	42,016	39,868	16,465	15,545	11,807	11,569	1,674	1,477	12,069	11,276
1958.....	40,119	40,344	14,226	15,415	11,747	11,563	1,871	1,626	12,275	11,741
1959.....	48,052	42,603	17,779	15,579	13,982	12,402	2,222	1,765	14,070	12,857
1960.....	49,560	45,972	17,654	16,384	14,470	13,574	2,213	1,883	15,223	14,130
1961.....	48,396	47,700	16,007	16,472	14,578	14,246	2,068	2,015	15,744	14,967
1962.....	55,126	50,620	19,796	17,478	15,685	14,939	2,051	1,996	17,594	16,206
1963.....	60,822	55,111	22,013	19,354	17,007	15,846	2,178	2,035	19,624	17,876
1964.....	66,070	60,418	23,565	21,243	19,162	17,625	2,182	2,069	21,161	19,481
1965 ¹	74,700	66,600	27,400	23,700	21,400	19,200	2,200	2,100	23,700	21,600
Seasonally adjusted										
1964: Jan.....	5,276	4,848	1,888	1,684	1,493	1,441	185	176	1,710	1,547
Feb.....	5,421	4,842	1,953	1,716	1,578	1,395	186	171	1,704	1,560
Mar.....	5,480	4,956	1,942	1,735	1,665	1,468	179	174	1,694	1,579
Apr.....	5,371	4,959	1,961	1,759	1,544	1,453	174	172	1,692	1,575
May.....	5,552	5,059	2,023	1,776	1,589	1,483	187	175	1,753	1,625
June.....	5,399	5,029	1,962	1,768	1,537	1,486	183	170	1,717	1,605
July.....	5,541	5,058	1,996	1,781	1,546	1,448	189	171	1,810	1,658
Aug.....	5,529	5,094	2,017	1,789	1,570	1,496	186	172	1,756	1,637
Sept.....	5,617	5,104	2,024	1,802	1,588	1,491	186	172	1,819	1,639
Oct.....	5,507	5,097	1,924	1,788	1,582	1,456	180	167	1,821	1,686
Nov.....	5,456	5,155	1,858	1,818	1,631	1,509	175	174	1,792	1,654
Dec.....	5,816	5,256	2,043	1,864	1,719	1,505	180	177	1,874	1,710
1965: Jan.....	5,883	5,213	2,120	1,830	1,729	1,526	181	171	1,853	1,686
Feb.....	6,022	5,381	2,228	1,897	1,760	1,632	175	172	1,859	1,680
Mar.....	6,030	5,393	2,229	1,924	1,698	1,567	186	171	1,917	1,731
Apr.....	6,189	5,445	2,272	1,936	1,645	1,487	189	190	2,083	1,832
May.....	6,105	5,435	2,215	1,940	1,728	1,564	190	172	1,972	1,759
June.....	6,139	5,537	2,250	1,960	1,717	1,587	199	179	1,973	1,811
July.....	6,278	5,612	2,301	1,972	1,792	1,612	179	169	2,006	1,859
Aug.....	6,288	5,679	2,313	2,030	1,794	1,658	194	180	1,987	1,811
Sept.....	6,331	5,645	2,324	1,996	1,834	1,629	172	168	2,001	1,855
Oct.....	6,306	5,717	2,266	2,028	1,883	1,648	177	170	1,980	1,871
Nov.....	6,405	5,748	2,408	2,112	1,852	1,666	182	173	1,963	1,797
Dec ¹	6,700	6,000	2,500	2,200	1,900	1,700	200	200	2,100	1,900

¹ Preliminary; December by Council of Economic Advisers.

NOTE.—Data for Alaska and Hawaii included beginning January and August 1959, respectively. Therefore, the difference between extensions and repayments for January and August 1959 and for the year 1959 does not equal the net change in credit outstanding.

Source: Board of Governors of the Federal Reserve System (except as noted).

TABLE C-52.—Mortgage debt outstanding, by type of property and of financing, 1939-65

(Billions of dollars)

End of year or quarter	All properties	Nonfarm properties						Multi-family and commercial properties ²	Farm properties
		Total	1- to 4-family houses				Conventional ¹		
			Total	Government under-written					
				Total	FHA insured	VA guaranteed			
1939.....	35.5	28.9	16.3	1.8	1.8	-----	14.5	12.5	6.6
1940.....	36.5	30.0	17.4	2.3	2.3	-----	15.1	12.6	6.5
1941.....	37.6	31.2	18.4	3.0	3.0	-----	15.4	12.9	6.4
1942.....	36.7	30.8	18.2	3.7	3.7	-----	14.5	12.5	6.0
1943.....	35.3	29.9	17.8	4.1	4.1	-----	13.7	12.1	5.4
1944.....	34.7	29.7	17.9	4.2	4.2	-----	13.7	11.8	4.9
1945.....	35.5	30.8	18.6	4.3	4.1	0.2	14.3	12.2	4.8
1946.....	41.8	36.9	23.0	6.1	3.7	2.4	16.9	13.8	4.9
1947.....	48.9	43.9	28.2	9.3	3.8	5.5	18.9	15.7	5.1
1948.....	56.2	50.9	33.3	12.5	5.3	7.2	20.8	17.6	5.3
1949.....	62.7	57.1	37.6	15.0	6.9	8.1	22.6	19.5	5.6
1950.....	72.8	66.7	45.2	18.9	8.6	10.3	26.3	21.6	6.1
1951.....	82.3	75.6	51.7	22.9	9.7	13.2	28.8	23.9	6.7
1952.....	91.4	84.2	58.5	25.4	10.8	14.6	33.1	25.9	7.2
1953.....	101.3	93.6	66.1	28.1	12.0	16.1	38.0	27.5	7.7
1954.....	113.7	105.4	75.7	32.1	12.8	19.3	43.6	29.7	8.2
1955.....	129.9	120.9	88.2	38.9	14.3	24.6	49.3	32.6	9.0
1956.....	144.5	134.6	99.0	43.9	15.5	28.4	55.1	35.6	9.8
1957.....	156.5	146.1	107.6	47.2	16.5	30.7	60.4	38.5	10.4
1958.....	171.8	160.7	117.7	50.1	19.7	30.4	67.6	43.0	11.1
1959.....	190.8	178.7	130.9	53.8	23.8	30.0	77.0	47.9	12.1
1960.....	206.8	194.0	141.3	56.4	26.7	29.7	84.8	52.7	12.8
1961.....	226.3	212.4	153.1	59.1	29.5	29.6	93.9	59.3	13.9
1962.....	251.6	236.4	166.5	62.2	32.3	29.9	104.3	69.9	15.2
1963.....	281.2	264.4	182.2	65.9	35.0	30.9	116.3	82.2	16.8
1964.....	311.6	292.7	197.6	69.2	38.3	30.9	128.4	95.1	18.9
1965 ³	341.9	320.7	212.9	(4)	(4)	(4)	(4)	107.8	21.2
1962: I.....	231.1	216.8	155.3	59.9	30.3	29.6	95.4	61.5	14.2
II.....	237.8	223.1	159.1	60.5	30.9	29.6	98.7	64.0	14.7
III.....	244.5	229.6	162.9	61.2	31.5	29.6	101.7	66.7	14.9
IV.....	251.6	236.4	166.5	62.2	32.3	29.9	104.3	69.9	15.2
1963: I.....	257.1	241.6	169.2	63.0	33.0	30.0	106.2	72.4	15.6
II.....	265.3	249.2	173.7	63.8	33.5	30.3	109.9	75.5	16.2
III.....	273.4	256.8	178.2	64.6	34.3	30.4	113.6	78.6	16.6
IV.....	281.2	264.4	182.2	65.9	35.0	30.9	116.3	82.2	16.8
1964: I.....	287.4	270.0	185.4	66.6	35.7	31.0	118.8	84.6	17.3
II.....	295.5	277.5	189.8	67.3	36.3	30.9	122.5	87.7	18.1
III.....	303.6	285.1	193.9	68.4	37.4	31.1	125.4	91.2	18.5
IV.....	311.6	292.7	197.6	69.2	38.3	30.9	128.3	95.1	18.9
1965: I ³	317.7	298.3	200.5	70.1	39.0	31.0	130.5	97.7	19.5
II ³	326.0	305.8	204.8	70.7	39.7	31.0	134.1	101.0	20.2
III ³	334.0	313.3	209.0	72.0	40.9	31.1	136.9	104.3	20.7
IV ³	341.9	320.7	212.9	(4)	(4)	(4)	(4)	107.8	21.2

¹ Derived figures.

² Includes negligible amount of farm loans held by savings and loan associations.

³ Preliminary.

⁴ Not available.

Source: Board of Governors of the Federal Reserve System, estimated and compiled from data supplied by various Government and private organizations.

TABLE C-53.—*Net public and private debt, 1929-65*¹

[Billions of dollars]

End of year ²	Total	Federal Government and agency	State and local government ²	Private									
				Total	Corporate			Individual and noncorporate					
					Total	Long-term	Short-term	Total	Farm ³	Nonfarm			
										Total	Mortgage	Commercial and financial ⁴	Consumer
1929	190.9	16.5	13.2	161.2	88.9	47.3	41.6	72.3	12.2	60.1	31.2	22.4	6.4
1930	191.0	16.5	14.1	160.4	89.3	51.1	38.2	71.1	11.8	59.3	32.0	21.6	5.8
1931	181.9	18.5	15.5	147.9	83.5	50.3	33.2	64.4	11.1	53.3	30.9	17.6	4.8
1932	174.6	21.3	16.6	136.7	80.0	49.2	30.8	56.7	10.1	46.6	29.0	14.0	3.6
1933	168.5	24.3	16.7	127.5	76.9	47.9	29.1	50.6	9.1	41.5	26.3	11.7	3.5
1934	171.4	30.4	15.9	125.1	75.5	44.6	30.9	49.6	8.9	40.6	25.5	11.2	3.9
1935	174.7	34.4	16.0	124.2	74.8	43.6	31.2	49.4	9.1	40.5	24.8	10.8	4.9
1936	180.3	37.7	16.2	126.4	76.1	42.5	33.5	50.3	8.6	41.7	24.4	11.2	6.1
1937	182.0	39.2	16.1	126.7	75.8	43.5	32.3	50.9	8.6	42.3	24.3	11.3	6.7
1938	179.6	40.5	16.0	123.1	73.3	44.8	28.4	49.8	9.0	40.9	24.5	10.1	6.3
1939	183.2	42.6	16.3	124.3	73.5	44.4	29.2	50.8	8.8	42.0	25.0	9.8	7.2
1940	189.9	44.8	16.5	128.6	75.6	43.7	31.9	53.0	9.1	43.9	26.1	9.5	8.3
1941	211.6	56.3	16.3	139.0	83.4	43.6	39.8	55.6	9.3	46.3	27.1	10.0	9.2
1942	259.0	101.7	15.8	141.5	91.6	42.7	49.0	49.9	9.0	40.9	26.8	8.1	6.0
1943	313.6	154.4	14.9	144.3	95.5	41.0	54.5	48.8	8.2	40.5	26.1	9.5	4.9
1944	370.8	211.9	14.1	144.8	94.1	39.8	54.3	50.7	7.7	42.9	26.0	11.8	5.1
1945	406.3	252.7	13.7	139.9	85.3	38.3	47.0	54.6	7.3	47.4	27.0	14.7	5.7
1946	397.4	229.7	13.6	154.1	93.5	41.3	52.2	60.6	7.6	53.0	32.5	12.1	8.4
1947	417.4	223.3	14.4	179.7	108.9	46.1	62.8	70.8	8.6	62.3	38.8	11.9	11.6
1948	433.6	216.5	16.2	200.9	117.8	52.5	65.3	83.1	10.8	72.4	45.1	12.9	14.4
1949	448.4	218.6	18.1	211.7	118.0	56.5	61.5	93.7	12.0	81.8	50.6	13.9	17.3
1950	490.3	218.7	20.7	250.9	142.1	60.1	81.9	108.8	12.3	96.6	59.4	15.8	21.4
1951	524.0	218.5	23.3	282.2	162.5	66.6	95.9	119.7	13.6	106.2	67.4	16.2	22.6
1952	555.2	222.9	25.8	306.5	171.0	73.3	97.7	135.5	15.2	120.4	75.2	17.8	27.4
1953	586.5	228.1	28.6	329.8	179.5	78.3	101.2	150.3	16.9	133.6	83.8	18.4	31.4
1954	612.0	230.2	33.4	348.4	182.8	82.9	100.0	165.6	17.6	147.9	94.6	20.8	32.5
1955	672.3	231.5	38.4	402.5	212.1	90.0	122.2	190.4	18.8	171.6	108.7	24.0	38.9
1956	707.5	225.4	42.7	439.4	231.7	100.1	131.7	207.7	19.5	188.2	121.3	24.4	42.5
1957	738.9	224.4	46.7	467.8	246.7	112.1	134.6	221.1	20.3	200.8	131.6	24.3	44.8
1958	782.6	232.7	50.9	499.1	259.5	121.2	138.4	239.5	23.3	216.2	144.6	26.5	45.1
1959	846.2	243.2	55.6	547.4	283.3	129.3	154.0	264.1	23.0	241.1	160.8	28.7	51.5
1960	890.2	241.0	60.0	589.2	302.8	139.1	163.6	286.4	25.1	261.4	174.5	30.8	56.0
1961	947.8	248.1	65.0	634.7	324.4	149.5	175.0	310.3	27.5	282.8	190.4	34.8	57.7
1962	1,019.5	255.8	73.7	690.0	348.4	161.4	187.0	341.6	30.2	311.4	210.6	37.6	63.2
1963	1,095.7	261.0	79.5	755.2	376.2	174.5	201.7	379.0	33.2	345.8	234.0	42.0	69.9
1964	1,171.7	267.2	85.2	819.4	401.7	188.0	213.7	417.6	35.7	382.0	259.3	45.8	76.8
1965 ⁵	1,260.0	270.0	92.8	897.2	439.5	206.0	233.5	457.7	41.1	416.6	283.5	47.0	86.1

¹ Net public and private debt outstanding is a comprehensive aggregate of the indebtedness of borrowers after elimination of certain types of duplicating governmental and corporate debt. For a further explanation of the concept, see *Survey of Current Business, October 1950*.

² Data for State and local government debt are for June 30.

³ Farm mortgages and farm production loans. Farmers' financial and consumer debt is included in the nonfarm categories.

⁴ Financial debt is debt owed to banks for purchasing or carrying securities, customers' debt to brokers, and debt owed to life insurance companies by policyholders.

⁵ Preliminary estimates by Council of Economic Advisers.

NOTE.—Revisions for 1929-39 and 1955-57 in the consumer credit data of the Board of Governors of the Federal Reserve System have not yet been fully incorporated into this series.

Sources: Department of Commerce (Office of Business Economics), Treasury Department, Board of Governors of the Federal Reserve System, and Federal Home Loan Bank Board (except as noted).

GOVERNMENT FINANCE

TABLE C-54.—U.S. Government debt, by kind of obligation, 1929-65

[Billions of dollars]

End of year or month	Gross public debt and guaranteed issues ¹	Interest-bearing public debt					Special issues ⁴
		Marketable public issues		Nonmarketable public issues			
		Short-term issues ²	Treasury bonds	United States savings bonds	Treasury tax and savings notes	Investment bonds ³	
1929	16.3	3.3	11.3				0.6
1930	16.0	2.9	11.3				.8
1931	17.8	2.8	13.5				.4
1932	20.8	5.9	13.4				.4
1933	24.0	7.5	14.7				.4
1934	31.5	11.1	15.4				.6
1935	35.1	14.2	14.3	0.2			.7
1936	39.1	12.5	19.5	.5			.6
1937	41.9	12.5	20.5	1.0			2.2
1938	44.4	9.8	24.0	1.4			3.2
1939	47.6	7.7	26.9	2.2			4.2
1940	50.9	7.5	28.0	3.2			5.4
1941	64.3	8.0	33.4	6.1	2.5		7.0
1942	112.5	27.0	49.3	15.0	6.4		9.0
1943	170.1	47.1	67.9	27.4	8.6		12.7
1944	232.1	69.9	91.6	40.4	9.8		16.3
1945	278.7	78.2	120.4	48.2	8.2		20.0
1946	259.5	57.1	119.3	49.8	5.7		24.6
1947	257.0	47.7	117.9	52.1	5.4	1.0	29.0
1948	252.9	45.9	111.4	55.1	4.6	1.0	31.7
1949	257.2	50.2	104.8	56.7	7.6	1.0	33.9
1950	256.7	58.3	94.0	58.0	8.6	1.0	33.7
1951	259.5	65.6	76.9	57.6	7.5	13.0	35.9
1952	267.4	68.7	79.8	57.9	5.8	13.4	39.2
1953	275.2	77.3	77.2	57.7	6.0	12.9	41.2
1954	278.8	76.0	81.8	57.7	4.5	12.7	42.6
1955	280.8	81.3	81.9	57.9	(9)	12.3	43.9
1956	276.7	79.5	80.8	56.3	(9)	11.6	45.6
1957	275.0	82.1	82.1	52.5	(9)	10.3	45.8
1958	283.0	92.2	83.4	51.2	(9)	9.0	44.8
1959	290.9	103.5	84.8	48.2	(9)	7.6	43.5
1960	290.4	109.2	79.8	47.2	(9)	6.2	44.3
1961	296.5	120.5	75.5	47.5	(9)	5.1	43.5
1962	304.0	124.6	78.4	47.5	(9)	4.4	43.4
1963	310.1	121.2	86.4	48.8	(9)	3.7	43.7
1964	318.7	115.5	97.0	49.7	(9)	3.4	46.1
1965	321.4	110.4	104.2	50.3	(9)	2.8	46.3
1964: Jan	309.3	119.9	88.7	48.9	(9)	3.6	41.9
Feb	311.1	122.2	87.0	49.0	(9)	3.6	42.9
Mar	310.4	121.2	87.0	49.1	(9)	3.6	43.2
Apr	308.4	120.4	87.0	49.1	(9)	3.6	42.0
May	312.3	119.5	88.5	49.2	(9)	3.6	45.0
June	312.5	118.0	88.5	49.3	(9)	3.5	46.6
July	312.0	109.7	97.1	49.4	(9)	3.5	45.7
Aug	314.9	110.6	97.1	49.4	(9)	3.5	47.4
Sept	316.5	111.9	97.1	49.5	(9)	3.5	47.4
Oct	316.5	113.1	97.0	49.6	(9)	3.4	46.3
Nov	319.3	115.4	97.0	49.7	(9)	3.4	46.7
Dec	318.7	115.5	97.0	49.7	(9)	3.4	46.1
1965: Jan	318.6	111.6	102.8	49.8	(9)	3.4	44.2
Feb	320.6	114.3	100.6	49.9	(9)	3.3	45.6
Mar	318.4	112.0	100.5	49.9	(9)	3.3	45.7
Apr	317.2	112.0	100.5	50.0	(9)	3.3	44.4
May	319.8	108.5	102.5	50.0	(9)	3.3	47.8
June	317.9	106.2	102.5	50.0	(9)	3.3	48.6
July	317.1	106.2	102.5	50.1	(9)	3.3	47.8
Aug	318.7	104.1	104.3	50.2	(9)	3.3	49.8
Sept	317.3	104.1	104.3	50.2	(9)	3.2	48.1
Oct	319.4	107.8	104.3	50.3	(9)	2.8	47.0
Nov	322.2	110.4	104.2	50.3	(9)	2.8	47.1
Dec	321.4	110.4	104.2	50.3	(9)	2.8	46.2

¹ Total includes non-interest-bearing debt, fully guaranteed securities (except those held by the Treasury), Postal Savings bonds, prewar bonds, adjusted service bonds, depositary bonds, armed forces leave bonds, Rural Electrification Administration series bonds, foreign series certificates and notes, foreign currency certificates and bonds, Treasury certificates, and U.S. retirement plan bonds, not shown separately. Not all of total shown is subject to statutory debt limitation.

² Bills, certificates of indebtedness, and notes.

³ Series A bonds through September 1965 and, beginning April 1951, series B convertible bonds.

⁴ Issued to U.S. Government investment accounts. These accounts also held \$15.6 billion of public marketable and nonmarketable issues on December 31, 1965.

⁵ Less than \$50 million.

⁶ The last series of Treasury savings notes matured in April 1956.

Source: Treasury Department.

TABLE C-55.—Estimated ownership of U.S. Government obligations, 1939-65

(Par values,¹ billions of dollars)

End of year or month	Gross public debt and guaranteed issues ²									
	Total	Held by U.S. Government investment accounts	Held by Federal Reserve banks	Held by "the public"						
				Total	Commercial banks ³	Mutual savings banks and insurance companies	Other corporations ⁴	State and local governments ⁵	Individuals ⁶	Miscellaneous investors ⁷
1939	47.6	6.5	2.5	38.6	15.9	9.4	2.2	0.4	10.1	0.7
1940	50.9	7.6	2.2	41.1	17.3	10.1	2.0	.5	10.6	.7
1941	64.3	9.5	2.3	52.5	21.4	11.9	4.0	.7	13.6	.9
1942	112.5	12.2	6.2	94.0	41.1	15.8	10.1	1.0	23.7	2.3
1943	170.1	16.9	11.5	141.6	59.9	21.2	16.4	2.1	37.6	4.4
1944	232.1	21.7	18.8	191.6	77.7	28.0	21.4	4.3	53.3	7.0
1945	278.7	27.0	24.3	227.4	90.8	34.7	22.2	6.5	64.1	9.1
1946	259.5	30.9	23.3	205.2	74.5	36.7	15.3	6.3	64.2	8.1
1947	257.0	34.4	22.6	200.1	68.7	35.9	14.1	7.3	65.7	8.4
1948	252.9	37.3	23.3	192.2	62.5	32.7	14.8	7.9	65.5	8.9
1949	257.2	39.4	18.9	198.9	66.8	31.5	16.8	8.1	66.3	9.4
1950	256.7	39.2	20.8	196.8	61.8	29.6	19.7	8.8	66.3	10.5
1951	259.5	42.3	23.8	193.4	61.6	26.3	20.7	9.6	64.6	10.6
1952	267.4	45.9	24.7	196.9	63.4	25.5	19.9	11.1	65.2	11.7
1953	275.2	48.3	25.9	201.0	63.7	25.1	21.5	12.7	64.8	13.2
1954	278.8	49.6	24.9	204.2	69.2	24.1	19.1	14.4	63.5	13.9
1955	280.8	51.7	24.8	204.3	62.0	23.1	23.2	15.4	65.0	15.6
1956	276.7	54.0	24.9	197.8	59.5	21.3	18.7	16.3	65.9	16.1
1957	275.0	55.2	24.2	195.5	59.5	20.2	17.7	16.6	64.9	16.6
1958	283.0	54.4	26.3	202.3	67.5	19.9	18.1	16.5	63.7	16.6
1959	290.9	53.7	26.6	210.6	60.3	19.5	21.4	18.0	69.4	22.1
1960	290.4	55.1	27.4	207.9	62.1	18.1	18.7	18.7	66.1	24.2
1961	296.5	54.5	28.9	213.1	67.2	17.5	18.5	19.0	65.9	25.0
1962	304.0	55.6	30.8	217.6	67.2	17.6	18.6	20.1	66.0	28.0
1963	310.1	58.0	33.6	218.5	64.3	17.1	18.7	21.1	68.2	29.2
1964	318.7	60.6	37.0	221.1	64.0	16.8	17.9	21.2	70.0	31.2
1965 ⁸	321.4	61.9	40.8	218.7	60.3	15.8	16.0	22.9	72.3	31.4
1964: Jan	309.3	56.5	32.8	220.0	62.9	17.2	20.0	21.2	68.7	30.1
Feb	311.1	57.5	33.2	220.5	62.2	17.2	21.0	21.4	69.0	29.6
Mar	310.4	57.6	33.8	219.0	61.6	17.2	19.8	21.7	69.5	29.1
Apr	308.4	56.1	33.2	219.1	61.1	17.1	20.2	22.6	68.7	29.6
May	312.3	59.4	34.2	218.8	60.0	17.0	20.8	22.6	69.1	29.2
June	312.5	61.1	34.8	216.6	60.2	16.9	18.5	22.5	69.2	29.3
July	312.0	59.9	35.1	217.0	59.3	16.9	19.0	22.2	69.5	30.2
Aug	314.9	61.8	35.2	218.0	60.1	17.1	19.0	22.6	69.0	30.2
Sept	316.5	61.8	35.4	219.3	61.9	17.2	17.7	22.1	69.6	30.9
Oct	316.5	60.5	35.7	220.2	62.2	17.0	18.7	21.9	69.8	30.6
Nov	319.3	61.2	36.8	221.4	63.6	16.9	18.5	21.6	69.7	31.2
Dec	318.7	60.6	37.0	221.1	64.0	16.8	17.9	21.2	70.0	31.2
1965: Jan	318.6	59.1	36.7	222.8	62.9	17.1	18.6	22.2	70.6	31.5
Feb	320.6	60.4	36.9	223.3	61.7	17.2	19.0	23.0	71.0	31.4
Mar	318.4	60.7	37.6	220.2	60.4	17.0	17.2	23.2	71.5	30.8
Apr	317.2	59.2	37.8	220.3	59.7	16.8	17.0	24.3	71.2	31.3
May	319.8	62.7	38.7	218.5	58.4	16.6	17.6	24.4	71.2	30.2
June	317.9	63.4	39.1	215.4	58.3	16.3	15.1	24.1	71.1	30.5
July	317.1	62.3	39.2	215.6	57.3	16.3	15.9	24.1	71.7	30.3
Aug	318.7	64.8	39.0	214.9	56.5	16.3	16.1	23.8	71.7	30.5
Sept	317.3	63.6	39.8	213.9	57.5	16.3	14.7	23.1	72.0	30.2
Oct	319.4	62.3	39.7	217.5	59.7	16.0	15.6	23.4	72.1	30.8
Nov	322.2	62.8	40.6	218.8	60.0	15.8	16.7	22.9	72.2	31.3
Dec ⁸	321.4	61.9	40.8	218.7	60.3	15.8	16.0	22.9	72.3	31.4

¹ United States savings bonds, series A-F and J, are included at current redemption value.

² Excludes guaranteed securities held by the Treasury. Not all of total shown is subject to statutory debt limitation.

³ Includes commercial banks, trust companies, and stock savings banks in the United States and Territories and island possessions; figures exclude securities held in trust departments. Since the estimates in this table are on the basis of par values and include holdings of banks in United States Territories and possessions, they do not agree with the estimates in Table C-47, which are based on book values and relate only to banks within the United States.

⁴ Exclusive of banks and insurance companies.

⁵ Includes trust, sinking, and investment funds of State and local governments and their agencies, and of Territories and possessions.

⁶ Includes partnerships and personal trust accounts.

⁷ Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, and investments of foreign balances and international accounts in this country. Beginning with December 1946, the international accounts include investments by the International Bank for Reconstruction and Development, the International Monetary Fund, the International Development Association, the Inter-American Development Bank, and various U.N. funds, in special non-interest-bearing notes and bonds issued by the U.S. Government. Beginning with June 30, 1947, includes holdings of Federal land banks.

⁸ Preliminary estimates by Council of Economic Advisers.

Source: Treasury Department (except as noted).

TABLE C-56.—Average length and maturity distribution of marketable interest-bearing public debt, 1946-65

End of year or month	Amount outstanding	Maturity class					Average length	
		Within 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and over	Years	Months
Millions of dollars								
Fiscal year:								
1946.....	189,606	61,974	24,763	41,807	17,461	43,599	9	1
1947.....	168,702	51,211	21,851	35,562	18,597	41,481	9	5
1948.....	160,346	48,742	21,630	32,264	16,229	41,481	9	2
1949.....	155,147	48,130	32,562	16,746	22,821	34,888	8	9
1950.....	155,310	42,338	51,292	7,792	28,035	25,853	8	2
1951.....	137,917	43,908	46,526	8,707	29,979	8,797	6	7
1952.....	140,407	46,367	47,814	13,933	25,700	6,594	5	8
1953.....	147,335	65,270	36,161	15,651	28,662	1,592	5	4
1954.....	150,354	62,734	29,866	27,515	28,634	1,606	5	6
1955.....	155,206	49,703	39,107	34,253	28,613	3,530	5	10
1956.....	154,953	58,714	34,401	28,908	28,578	4,351	5	4
1957.....	155,705	71,952	40,669	12,328	26,407	4,349	4	9
1958.....	166,675	67,782	42,557	21,476	27,652	7,208	5	3
1959.....	178,027	72,958	58,304	17,052	21,625	8,088	4	7
1960.....	183,845	70,467	72,844	20,246	12,630	7,658	4	4
1961.....	187,148	81,120	58,400	26,435	10,233	10,960	4	6
1962.....	196,072	88,442	57,041	26,049	9,319	15,221	4	11
1963.....	203,508	85,204	58,026	37,335	8,360	14,444	5	1
1964.....	206,489	81,424	65,453	34,929	8,355	16,328	5	0
1965.....	208,695	87,637	56,198	39,169	8,449	17,241	5	4
1964: Jan.....	208,589	88,445	57,509	37,900	8,357	16,378	5	1
Feb.....	209,218	85,046	63,392	36,053	8,357	16,372	5	1
Mar.....	208,223	84,044	63,413	36,047	8,356	16,363	5	1
Apr.....	207,356	82,554	64,057	36,041	8,355	16,350	5	0
May.....	208,009	82,930	62,825	37,561	8,355	16,359	5	1
June.....	206,489	81,424	65,453	34,929	8,355	16,328	5	0
July.....	206,776	77,231	60,672	43,010	8,354	17,508	5	4
Aug.....	207,692	81,389	57,443	43,002	8,354	17,505	5	4
Sept.....	208,981	82,689	57,452	42,995	8,353	17,491	5	3
Oct.....	210,118	84,135	63,422	36,725	8,353	17,483	5	2
Nov.....	212,414	88,443	61,427	38,963	6,108	17,473	5	1
Dec.....	212,454	88,451	64,007	36,421	6,108	17,467	5	0
1965: Jan.....	214,411	86,798	57,886	43,902	6,107	19,718	5	5
Feb.....	214,863	89,829	59,703	39,532	6,106	19,693	5	4
Mar.....	212,507	87,517	62,135	37,120	6,106	19,630	5	4
Apr.....	212,451	88,126	61,487	37,116	6,106	19,616	5	3
May.....	210,954	89,901	56,178	39,172	8,450	17,253	5	4
June.....	208,695	87,637	56,198	39,169	8,449	17,241	5	4
July.....	208,664	87,635	56,192	39,166	8,448	17,222	5	3
Aug.....	208,402	92,446	55,266	35,032	8,448	17,210	5	3
Sept.....	208,381	92,444	55,264	35,027	8,447	17,199	5	3
Oct.....	212,097	96,491	54,952	35,024	8,446	17,184	5	1
Nov.....	214,619	93,392	60,593	35,021	8,446	17,167	5	0
Dec.....	214,604	93,396	60,602	35,013	8,445	17,148	5	0

NOTE.—All issues classified to final maturity except partially tax-exempt bonds, which are classified to earliest call date.

Source: Treasury Department.

TABLE C-57.—Federal administrative budget receipts by source and expenditures by function, fiscal years 1939-67¹

(Millions of dollars)

Fiscal year	Net receipts									Expenditures		
	Total	Individual income taxes	Corporate income taxes	Excise taxes (net)	Employment taxes	Estate and gift taxes	Customs	Miscellaneous receipts	Interfund transactions	Total	National defense	International affairs and finance
1939....	4,979	1,022	1,138	1,861	127	357	302	188	-17	8,841	1,075	20
1940....	5,137	959	1,123	1,973	165	357	331	237	-7	9,055	1,498	51
1941....	7,096	1,400	2,029	2,555	117	403	365	235	-7	13,255	6,054	145
1942....	12,547	3,205	4,727	3,393	154	421	369	286	-9	34,037	23,970	1,839
1943....	21,947	6,490	9,570	4,093	160	442	308	924	-39	79,368	63,216	3,299
1944....	43,563	19,701	14,737	4,761	200	507	417	3,313	-73	94,986	76,757	3,642
1945....	44,362	18,415	15,146	6,267	189	638	341	3,480	-113	98,303	81,277	3,312
1946....	39,650	16,157	11,833	6,999	213	669	424	3,476	-122	60,326	43,226	3,107
1947....	39,677	17,835	8,569	7,207	314	770	477	4,614	-109	38,923	14,398	6,536
1948....	41,375	19,305	9,678	7,356	50	890	403	3,807	-113	32,955	11,779	4,566
1949....	37,663	15,548	11,195	7,502	235	780	367	2,069	-33	39,474	12,926	6,052
1950....	36,422	15,745	10,448	7,549	225	698	407	1,422	-73	39,544	13,018	4,674
1951....	47,480	21,643	14,106	8,648	234	708	609	1,620	-88	43,970	22,471	3,736
1952....	61,287	27,913	21,225	8,851	256	818	533	1,794	-104	65,303	44,037	2,826
1953....	64,671	30,108	21,238	9,868	274	881	596	1,850	-154	74,120	50,442	2,216
1954....	64,420	29,542	21,101	9,945	283	934	542	2,309	-235	67,537	46,986	1,732
1955....	60,209	28,747	17,861	9,131	579	924	585	2,562	-181	64,389	40,695	2,310
1956....	67,850	32,188	20,880	9,929	322	1,161	682	3,003	-315	66,224	40,723	2,467
1957....	70,562	35,620	21,167	9,055	328	1,365	735	2,760	-467	68,966	43,368	3,311
1958....	68,550	34,724	20,074	8,612	333	1,393	782	3,200	-567	71,369	44,234	3,305
1959....	67,915	36,719	17,309	8,504	321	1,333	925	3,160	-355	80,342	46,483	4,802
1960....	77,763	40,715	21,494	9,137	339	1,606	1,105	4,062	-694	76,539	45,691	3,064
1961....	77,659	41,338	20,954	9,063	(*)	1,896	982	4,080	-654	81,615	47,494	3,954
1962....	81,409	45,571	20,523	9,585	-----	2,016	1,142	3,206	-633	87,787	51,103	4,301
1963....	86,376	47,588	21,579	9,915	-----	2,167	1,205	4,435	-513	92,642	52,755	4,151
1964....	89,459	48,697	23,493	10,211	-----	2,394	1,252	4,076	-664	97,684	54,181	3,687
1965....	93,072	48,792	25,461	10,911	-----	2,716	1,442	4,619	-870	96,507	50,163	4,304
1966 ²	100,000	51,400	29,700	9,169	-----	2,932	1,655	5,791	-647	106,428	56,560	3,932
1967 ³	111,000	56,240	34,400	8,879	-----	3,301	1,845	7,047	-712	112,847	60,541	4,177

See footnotes at end of table.

TABLE C-57.—Federal administrative budget receipts by source and expenditures by function, fiscal years 1939-67—Continued ¹

(Millions of dollars)

Fiscal year	Expenditures—Continued											
	Space research and technology	Agriculture and agricultural resources	Natural resources ²	Commerce and transportation	Housing and community development	Health, labor, and welfare	Education	Veterans benefits and services	Interest	General government	Allowance for contingencies	Interfund transactions ³
1939	2	1,199	360	662	-148	3,866	41	560	950	335	-----	-80
1940	3	1,538	471	454	35	3,000	41	552	1,056	370	-----	-14
1941	8	1,314	452	577	129	2,536	43	566	1,123	409	-----	-101
1942	12	1,482	533	2,600	215	1,926	47	558	1,272	515	-----	-933
1943	23	610	501	7,211	309	1,132	47	606	1,825	825	-----	-236
1944	30	1,215	402	7,725	316	881	94	745	2,623	989	-----	-433
1945	38	1,607	319	4,143	-185	864	154	2,095	3,662	880	-----	139
1946	32	747	342	886	-193	865	79	4,415	4,816	1,047	-----	955
1947	35	1,243	548	655	356	1,148	62	7,381	5,012	1,353	-----	196
1948	38	575	743	1,218	94	1,213	68	6,653	5,248	1,263	-----	-501
1949	49	2,512	1,057	1,618	295	1,433	67	6,725	5,445	1,054	-----	239
1950	54	2,795	1,206	1,759	268	1,790	78	6,646	5,817	1,170	-----	267
1951	62	676	1,275	1,625	531	1,863	103	5,400	5,714	1,307	-----	-793
1952	67	1,060	1,375	1,888	593	1,916	191	4,933	5,934	1,445	-----	-961
1953	79	2,949	1,454	1,926	396	2,052	320	4,368	6,583	1,461	-----	-154
1954	90	2,564	1,326	1,219	-628	2,122	326	4,341	6,470	1,226	-----	-235
1955	74	4,246	1,216	1,225	136	2,165	377	4,522	6,438	1,166	-----	-181
1956	71	4,234	1,125	1,892	-10	2,462	343	4,810	6,846	1,576	-----	-315
1957	76	3,186	1,320	1,305	-118	2,632	437	4,870	7,307	1,738	-----	-467
1958	89	3,320	1,570	1,632	30	3,059	541	5,184	7,689	1,284	-----	-567
1959	145	5,533	1,705	2,025	970	3,877	732	5,287	7,671	1,466	-----	-355
1960	401	3,606	1,757	1,963	122	3,690	866	5,266	9,266	1,542	-----	-694
1961	744	3,667	2,056	2,573	320	4,244	943	5,414	9,050	1,709	-----	-654
1962	1,257	4,338	2,206	2,774	349	4,538	1,076	5,403	9,198	1,875	-----	-633
1963	2,552	5,311	2,431	2,843	-67	4,789	1,244	5,186	9,980	1,979	-----	-513
1964	4,171	5,475	2,563	3,002	-80	5,475	1,339	5,492	10,765	2,280	-----	-664
1965	5,093	4,898	2,750	3,499	-104	5,898	1,544	5,495	11,435	2,402	-----	-870
1966 ⁴	5,600	4,313	2,920	3,202	77	8,377	2,318	5,122	12,104	2,476	75	-647
1967 ⁵	5,300	3,372	3,062	2,672	123	9,962	2,834	5,721	12,854	2,591	350	-712

¹ For administrative budget surplus or deficit, see Table C-58.

² Beginning with 1952, includes watershed projects of the Soil Conservation Service; these are classified under "Agriculture and agricultural resources" in the earlier years.

³ Includes adjustment to Daily Treasury Statement prior to 1953.

⁴ Less than \$500,000.

⁵ Estimate.

Sources: Treasury Department and Bureau of the Budget.

TABLE C-58.—Federal administrative budget receipts and expenditures and the public debt, 1929–67

(Millions of dollars)

Fiscal or calendar year	Net receipts ¹	Expenditures	Surplus or deficit (–)	Public debt at end of year ²
Fiscal year:				
1929.....	3,861	3,127	734	16,931
1930.....	4,058	3,320	738	16,185
1931.....	3,116	3,577	-462	16,801
1932.....	1,924	4,659	-2,735	19,487
1933.....	1,997	4,598	-2,602	22,539
1934.....	3,015	6,645	-3,630	27,734
1935.....	3,706	6,427	-2,721	32,824
1936.....	3,997	8,422	-4,425	38,487
1937.....	4,956	7,733	-2,777	41,089
1938.....	5,588	6,765	-1,177	42,018
1939.....	4,979	8,841	-3,862	45,890
1940.....	5,137	9,055	-3,918	48,497
1941.....	7,096	13,255	-6,159	55,332
1942.....	12,547	34,037	-21,490	76,991
1943.....	21,947	79,368	-57,420	140,796
1944.....	43,563	94,986	-51,423	202,620
1945.....	44,362	98,303	-53,941	259,115
1946.....	39,650	60,326	-20,676	269,898
1947.....	39,677	38,923	754	258,376
1948.....	41,375	32,955	8,419	252,366
1949.....	37,663	39,474	-1,811	252,798
1950.....	36,422	39,544	-3,122	257,377
1951.....	47,480	43,970	3,510	255,251
1952.....	61,287	65,303	-4,017	259,151
1953.....	64,671	74,120	-9,449	266,123
1954.....	64,420	67,537	-3,117	271,341
1955.....	60,209	64,389	-4,180	274,418
1956.....	67,850	66,224	1,626	272,825
1957.....	70,562	68,966	1,596	270,634
1958.....	68,550	71,369	-2,819	276,444
1959.....	67,915	80,342	-12,427	284,817
1960.....	77,763	76,539	1,224	286,471
1961.....	77,659	81,515	-3,856	289,211
1962.....	81,409	87,787	-6,378	298,645
1963.....	86,376	92,642	-6,266	306,466
1964.....	89,459	97,684	-8,226	312,526
1965.....	93,072	96,507	-3,435	317,864
1966 ³	100,000	106,428	-6,428	320,000
1967 ³	111,000	112,847	-1,847	321,680
Calendar year:				
1948.....	40,800	35,559	5,241	252,854
1949.....	37,464	41,056	-3,592	257,160
1950.....	37,235	37,657	-422	256,731
1951.....	52,877	56,236	-3,358	259,461
1952.....	64,705	70,547	-5,842	267,445
1953.....	63,654	72,811	-9,157	275,244
1954.....	60,938	64,622	-3,683	278,784
1955.....	63,119	65,891	-2,771	280,822
1956.....	70,616	66,838	3,779	276,731
1957.....	71,749	71,157	592	275,002
1958.....	68,262	75,349	-7,088	283,031
1959.....	72,738	79,778	-7,040	290,925
1960.....	79,518	77,565	1,953	290,373
1961.....	78,157	84,463	-6,306	296,499
1962.....	84,709	91,907	-7,199	303,988
1963.....	87,516	94,188	-6,672	310,089
1964.....	88,696	96,945	-8,248	318,750
1965 ⁴	96,679	101,378	-4,699	321,359

¹ Gross receipts less refunds of receipts and transfers of tax receipts to the old-age and survivors insurance trust fund, the disability insurance trust fund, the railroad retirement account, the unemployment trust fund, and the highway trust fund.

² Includes guaranteed issues. The change in the public debt from year to year reflects not only the budget surplus or deficit but also changes in the Government's cash on hand, and the use of corporate debt and investment transactions by certain Government enterprises.

³ Estimate.

⁴ Preliminary.

Sources: Treasury Department and Bureau of the Budget.

TABLE C-59.—Government cash receipts from and payments to the public, 1946-67

[Billions of dollars]

Fiscal or calendar year	Total			Federal ¹			State and local ²		
	Cash receipts	Cash payments	Excess of receipts or of payments (-)	Cash receipts	Cash payments	Excess of receipts or of payments (-)	Cash receipts	Cash payments	Excess of receipts or of payments (-)
Fiscal year:									
1946	54.2	70.2	-16.0	43.5	61.7	-18.2	10.7	8.5	2.2
1947	55.6	47.5	8.1	43.5	36.9	6.6	12.0	10.6	1.5
1948	59.4	50.0	9.4	45.4	36.5	8.9	14.0	13.5	.5
1949	57.2	56.3	.8	41.6	40.6	1.0	15.6	15.8	-2.2
1950	57.9	61.4	-3.5	40.9	43.1	-2.2	16.9	18.2	-1.3
1951	72.1	65.2	6.9	53.4	45.8	7.6	18.7	19.4	-.7
1952	88.4	88.7	-.3	68.0	68.0	(³)	20.4	20.8	-.4
1953	93.6	98.6	-5.0	71.5	76.8	-5.3	22.1	21.8	.3
1954	95.2	95.6	-.5	71.6	71.9	-.2	23.6	23.8	-.2
1955	92.9	97.2	-4.3	67.8	70.5	-2.7	25.1	26.7	-1.6
1956	105.0	101.3	3.7	77.1	72.5	4.5	27.9	28.8	-.9
1957	112.7	111.5	1.2	82.1	80.0	2.1	30.6	31.5	-.9
1958	114.4	118.0	-3.5	81.9	83.5	-1.6	32.5	34.5	-2.0
1959	116.3	131.8	-15.6	81.7	94.8	-13.1	34.6	37.1	-2.5
1960	133.8	132.5	1.3	95.1	94.3	.8	38.7	38.2	.6
1961	138.8	141.2	-2.5	97.2	99.5	-2.3	41.5	41.7	-.2
1962	146.4	152.7	-6.3	101.9	107.7	-5.8	44.6	45.0	-.5
1963	158.3	161.5	-3.2	109.7	113.8	-4.0	48.5	47.7	.8
1964	167.4	171.3	-3.9	115.5	120.3	-4.8	51.8	51.0	.9
1965	175.6	176.8	-1.2	119.7	122.4	-2.7	55.9	54.4	1.5
1966 ⁴				128.2	135.0	-6.9			
1967 ⁵				145.5	145.0	.5			
Calendar year:									
1946	52.7	50.8	1.9	41.4	41.4	.1	11.3	9.4	1.9
1947	57.2	50.6	6.6	44.3	38.6	5.7	12.9	12.0	.9
1948	59.8	51.6	8.1	44.9	36.9	8.0	14.8	14.7	.1
1949	57.7	59.7	-2.0	41.3	42.6	-1.3	16.3	17.0	-.7
1950	60.2	61.0	-.8	42.4	42.0	.5	17.8	19.0	-1.3
1951	78.8	76.1	2.7	59.3	58.0	1.2	19.5	20.0	-.5
1952	92.6	93.3	-.7	71.3	72.0	-.6	21.3	21.3	(⁶)
1953	93.1	100.1	-7.0	70.2	77.4	-7.2	22.9	22.7	.2
1954	92.8	95.0	-2.2	68.6	69.7	-1.1	24.2	25.3	-1.1
1955	97.8	99.9	-2.1	71.4	72.2	-.7	26.4	27.7	-1.4
1956	109.6	105.0	4.7	80.3	74.7	5.6	29.3	30.2	-.9
1957	116.2	116.4	-.2	84.5	83.4	1.1	31.7	33.0	-1.3
1958	115.3	124.8	-9.5	81.7	89.0	-7.2	33.5	35.9	-2.3
1959	123.9	132.8	-8.9	87.6	95.6	-8.0	36.4	37.3	-.9
1960	138.6	134.8	3.7	98.3	94.7	3.6	40.3	40.1	.2
1961	141.0	145.4	-4.4	97.9	104.7	-6.8	43.1	43.7	-.5
1962	153.3	158.0	-4.8	106.2	111.9	-5.7	47.1	46.2	.9
1963	162.8	166.5	-3.8	112.6	117.2	-4.6	50.2	49.3	.9
1964	169.1	173.0	-3.9	115.0	120.3	-5.2	54.1	52.7	1.3
1965 ⁶	181.8	184.8	-3.0	123.4	127.9	-4.5	58.4	56.9	1.5

¹ For derivation of Federal cash receipts and payments, see *Budget of the United States Government for the Fiscal Year ending June 30, 1967*, and Table C-62.

² Estimated by Council of Economic Advisers from receipts and expenditures in the national income accounts. Cash receipts consist of personal tax and nontax receipts, indirect business tax and nontax accruals, and corporate tax accruals adjusted to a collection basis. Cash payments are total expenditures less Federal grants-in-aid and less contributions for social insurance. (Federal grants-in-aid are therefore excluded from State and local receipts and payments and included only in Federal payments.) See Table C-60.

³ Surplus of \$49 million.

⁴ Estimate.

⁵ Deficit of \$13 million.

⁶ Preliminary.

Sources: Treasury Department, Bureau of the Budget, Department of Commerce (Office of Business Economics), and Council of Economic Advisers.

TABLE C-60.—Government receipts and expenditures in the national income accounts, 1929-65

(Billions of dollars)

Calendar year or quarter	Total government			Federal Government ¹			State and local government		
	Re-ceipts	Ex-pen-ditures	Sur-plus or deficit (-) on income and product account	Re-ceipts	Ex-pen-ditures	Sur-plus or deficit (-) on income and product account	Re-ceipts	Ex-pen-ditures	Sur-plus or deficit (-) on income and product account
1929.....	11.3	10.3	1.0	3.8	2.6	1.2	7.6	7.8	-0.2
1930.....	10.8	11.1	-.3	3.0	2.8	-.3	7.8	8.4	-.6
1931.....	9.5	12.4	-2.9	2.0	4.2	-2.1	7.7	8.5	-.8
1932.....	8.9	10.6	-1.8	1.7	3.2	-1.5	7.3	7.6	-.3
1933.....	9.3	10.7	-1.4	2.7	4.0	-1.3	7.2	7.2	-.1
1934.....	10.5	12.9	-2.4	3.5	6.4	-2.9	8.6	8.1	.5
1935.....	11.4	13.4	-2.0	4.0	6.5	-2.6	9.1	8.6	.6
1936.....	12.9	16.1	-3.1	5.0	8.7	-3.6	8.6	8.1	.5
1937.....	15.4	15.0	.3	7.0	7.4	-.4	9.1	8.4	.7
1938.....	15.0	16.8	-1.8	6.5	8.6	-2.1	9.3	9.0	.4
1939.....	15.4	17.6	-2.2	6.7	8.9	-2.2	9.6	9.6	(²)
1940.....	17.7	18.4	-.7	8.6	10.0	-1.3	10.0	9.3	.6
1941.....	25.0	28.8	-3.8	15.4	20.5	-5.1	10.4	9.1	1.3
1942.....	32.6	64.0	-31.4	22.9	56.1	-33.1	10.6	8.8	1.8
1943.....	49.2	93.3	-44.1	39.3	85.8	-46.6	10.9	8.4	2.5
1944.....	51.2	103.0	-51.8	41.0	95.5	-54.5	11.1	8.5	2.7
1945.....	53.2	92.7	-39.5	42.5	84.6	-42.1	11.6	9.0	2.6
1946.....	50.9	45.5	5.4	39.1	35.6	3.5	12.9	11.0	1.9
1947.....	56.8	42.4	14.4	43.2	29.8	13.4	15.3	14.3	1.0
1948.....	58.9	50.3	8.5	43.3	34.9	8.4	17.6	17.4	.1
1949.....	56.0	59.1	-3.2	38.9	41.3	-2.4	19.3	20.0	-.7
1950.....	66.7	60.8	7.8	49.9	40.8	9.1	21.1	22.3	-1.2
1951.....	84.8	79.0	5.8	64.0	57.8	6.2	23.3	23.7	-.4
1952.....	89.8	93.7	-3.8	67.2	71.0	-3.8	25.2	25.3	(³)
1953.....	94.3	101.2	-6.9	70.0	77.0	-7.0	27.2	27.0	.1
1954.....	89.7	96.7	-7.0	63.8	69.7	-5.9	28.8	29.9	-1.1
1955.....	100.4	97.6	2.7	72.1	68.1	4.0	31.4	32.7	-1.3
1956.....	109.0	104.1	4.9	77.6	71.9	5.7	34.7	35.6	-.9
1957.....	115.6	114.9	.7	81.6	79.6	2.1	38.2	39.5	-1.4
1958.....	114.7	127.2	-12.5	78.7	88.9	-10.2	41.6	44.0	-2.3
1959.....	128.9	131.0	-2.1	89.7	91.0	-1.2	46.0	46.8	-.8
1960.....	139.8	136.1	3.7	96.5	93.0	3.5	49.9	49.6	.2
1961.....	144.6	149.0	-4.3	98.3	102.1	-3.8	53.6	54.1	-.5
1962.....	157.0	159.9	-2.9	106.4	110.3	-3.8	58.6	57.6	.9
1963.....	168.3	167.1	1.2	114.3	114.0	.3	63.1	62.2	.9
1964.....	172.7	175.1	-2.4	114.5	118.3	-3.8	68.6	67.2	1.4
1965 ⁴	186.9	184.7	2.3	124.1	123.5	.6	74.2	72.6	1.7
Seasonally adjusted annual rates									
1963: I.....	165.3	166.8	-1.6	112.4	114.9	-2.5	61.4	60.5	0.9
II.....	167.4	164.7	2.6	113.9	112.1	1.8	62.2	61.3	.9
III.....	168.9	167.2	1.7	114.5	113.9	.6	63.8	62.7	1.0
IV.....	171.5	169.1	2.4	116.2	115.1	1.2	65.2	63.9	1.3
1964: I.....	171.4	173.0	-1.6	114.8	117.5	-2.6	66.4	65.4	1.0
II.....	169.6	176.1	-6.4	112.0	119.6	-7.6	68.0	66.8	1.2
III.....	173.5	175.5	-2.1	114.6	118.2	-3.6	69.5	67.9	1.5
IV.....	176.5	175.7	.8	116.8	117.9	-1.1	70.5	68.6	1.9
1965: I.....	184.8	180.1	4.7	123.7	120.1	3.6	71.8	70.8	1.1
II.....	186.6	181.7	4.9	124.4	120.6	3.8	73.2	72.1	1.1
III.....	186.4	187.1	-.7	122.7	125.6	-2.9	75.4	73.2	2.2
IV ⁴	(⁵)	189.7	(⁵)	(⁵)	127.6	(⁵)	(⁵)	(⁵)	(⁵)

¹ See Note, Table C-61.

² Surplus of \$32 million.

³ Deficit of \$41 million.

⁴ Preliminary estimates.

⁵ Not available.

Note.—Federal grants-in-aid to State and local governments are reflected in Federal expenditures and State and local receipts and expenditures. Total government receipts and expenditures have been adjusted to eliminate this duplication.

Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE C-61.—Federal Government receipts and expenditures in the national income accounts, 1946-67

[Billions of dollars]

Year or quarter	Receipts					Expenditures							Surplus or deficit (-) on income and product account
	Total	Personal tax and non-tax receipts	Corporate profits tax accruals	Indirect business tax and non-tax accruals	Contributions for social insurance	Total	Purchases of goods and services	Transfer payments		Grants-in-aid to State and local governments	Net interest paid	Subsidiary current surplus of government enterprises	
								To persons	To foreigners (net)				
Fiscal year:													
1946	38.4	16.9	8.3	7.4	5.8	55.5	40.1	(1)	(1)	0.9	3.7	2.1	-17.1
1947	42.7	18.8	10.6	7.9	5.5	29.5	13.0	8.3	1.8	1.5	4.2	.7	13.2
1948	43.6	20.0	11.2	7.9	4.6	30.9	13.2	8.7	2.6	1.8	4.2	.5	12.7
1949	40.0	16.3	11.0	8.0	4.8	39.6	19.3	8.1	5.0	2.1	4.3	.8	4.4
1950	42.0	16.5	11.9	8.2	5.5	42.4	19.0	11.3	4.3	2.4	4.4	1.0	-.5
1951	60.8	23.2	21.5	9.5	6.6	44.6	25.1	8.1	3.1	2.4	4.6	1.3	16.2
1952	65.1	28.8	19.3	9.7	7.3	66.0	46.6	8.5	2.6	2.5	4.8	1.1	-1.0
1953	69.3	31.4	19.7	10.7	7.5	75.8	56.1	9.3	2.1	2.8	4.8	.9	-6.5
1954	65.8	30.3	17.3	10.4	7.8	74.2	53.2	10.5	1.7	2.9	5.0	1.0	-8.5
1955	67.2	29.7	18.7	10.0	8.7	67.3	43.9	12.1	2.1	3.0	4.9	1.3	-.1
1956	75.8	33.6	21.1	10.8	10.2	69.8	45.2	12.8	1.8	3.2	5.1	1.7	6.0
1957	80.7	36.7	20.6	11.7	11.7	76.0	47.7	14.4	1.9	3.7	5.5	2.8	4.7
1958	77.9	36.3	17.8	11.6	12.2	83.1	50.7	17.8	1.7	4.7	5.7	2.5	-5.1
1959	85.4	38.2	21.5	11.9	13.8	90.9	54.7	19.8	1.8	6.2	5.9	2.4	-5.5
1960	94.8	42.5	22.3	13.2	16.7	91.3	52.7	20.6	1.8	6.8	7.0	2.3	3.5
1961	95.3	43.6	20.3	13.3	18.1	98.0	55.5	23.6	2.1	6.9	6.8	3.2	-2.7
1962	104.2	47.3	22.9	14.2	19.9	106.4	60.9	25.1	2.1	7.6	6.8	3.8	-2.1
1963	110.2	49.6	23.6	15.0	22.1	111.4	63.4	26.4	2.1	8.4	7.5	3.6	-1.2
1964	115.1	50.7	25.3	15.6	23.6	117.1	65.8	27.3	2.2	9.8	8.1	3.8	-1.9
1965	119.6	51.2	27.0	16.8	24.6	118.3	64.5	28.2	2.1	10.9	8.6	4.1	1.2
1966 ²	128.8	54.8	29.3	15.9	28.8	131.0	70.7	32.0	2.2	12.8	9.0	4.3	-2.2
1967 ²	142.2	60.5	31.1	16.5	34.1	142.7	74.4	37.0	2.2	14.7	9.7	4.7	-.5
Calendar year:													
1946	39.1	17.2	8.6	7.8	5.5	35.6	17.2	9.2	2.2	1.1	4.2	1.6	3.5
1947	43.2	19.6	10.7	7.8	5.1	29.8	12.5	8.8	1.9	1.7	4.2	.6	13.4
1948	43.3	19.0	11.8	8.0	4.5	34.9	16.5	7.6	3.8	2.0	4.3	.7	8.4
1949	38.9	16.1	9.8	8.0	4.9	41.3	20.1	8.7	5.1	2.2	4.4	.8	-2.4
1950	49.9	18.1	17.0	8.9	5.9	40.8	18.4	10.8	3.6	2.3	4.5	1.2	9.1
1951	64.0	26.1	21.5	9.4	7.1	57.8	37.7	8.5	3.1	2.5	4.7	1.3	6.2
1952	67.2	31.0	18.5	10.3	7.4	71.0	51.8	8.8	2.1	2.6	4.7	1.0	-3.8
1953	70.0	32.2	19.5	10.9	7.4	77.0	57.0	9.5	2.0	2.8	4.9	.8	-7.0
1954	63.8	29.0	17.0	9.7	8.1	69.7	47.4	11.5	1.8	2.9	5.0	1.1	-5.9
1955	72.1	31.4	20.6	10.7	9.3	68.1	44.1	12.4	2.0	3.1	4.9	1.5	4.0
1956	77.6	35.2	20.6	11.2	10.6	71.9	45.6	13.4	1.9	3.3	5.3	2.4	5.7
1957	81.6	37.4	20.2	11.8	12.2	79.6	49.5	15.7	1.8	4.2	5.7	2.6	2.1
1958	78.7	36.8	18.0	11.5	12.4	88.9	53.6	19.5	1.8	5.6	5.6	2.7	-10.2
1959	89.7	39.9	22.5	12.5	14.8	91.0	53.7	20.1	1.8	6.8	6.4	2.1	-1.2
1960	96.5	43.6	21.7	13.5	17.7	93.0	53.5	21.5	1.9	6.5	7.1	2.5	3.5
1961	98.3	44.7	21.8	13.6	18.2	102.1	57.4	24.9	2.1	7.2	6.6	3.8	-3.8
1962	106.4	48.6	22.7	14.6	20.5	110.3	63.4	25.5	2.2	8.0	7.2	4.0	-3.8
1963	114.3	51.5	24.5	15.3	23.0	114.0	64.4	27.0	2.2	9.1	7.8	3.6	.3
1964	114.5	48.6	26.0	16.1	23.7	118.3	65.3	27.8	2.2	10.4	8.4	4.3	-3.8
1965 ³	124.1	53.9	28.3	16.8	25.2	123.5	66.7	29.9	2.2	11.4	8.8	4.5	.6
Seasonally adjusted annual rates													
Calendar quarter:													
1963: I	112.4	51.2	23.4	15.2	22.6	114.9	65.4	27.6	2.0	8.6	7.6	3.7	-2.5
II	113.9	51.3	24.4	15.2	22.9	112.1	63.6	26.5	2.2	8.7	7.6	3.6	1.8
III	114.5	51.5	24.6	15.3	23.2	113.9	64.2	26.7	2.3	9.4	7.9	3.5	.6
IV	116.2	51.9	25.4	15.5	23.5	115.1	64.4	27.1	2.2	9.9	8.0	3.5	1.2
1964: I	114.8	50.2	25.7	15.6	23.3	117.5	65.0	28.2	2.1	9.9	8.3	3.9	-2.6
II	112.0	46.5	25.9	16.0	23.5	119.6	67.0	27.5	2.3	10.3	8.2	4.2	-7.6
III	114.6	48.1	26.2	16.4	23.9	118.2	64.9	27.6	2.1	10.6	8.5	4.4	-3.6
IV	116.8	49.8	26.5	16.4	24.2	117.9	64.3	27.7	2.1	10.8	8.4	4.7	-1.1
1965: I	123.7	53.5	27.7	17.7	24.7	120.1	64.9	29.2	2.0	10.8	8.6	4.6	3.6
II	124.4	54.8	28.0	16.7	24.9	120.6	65.7	28.2	2.4	11.0	8.7	4.5	3.8
III	122.7	53.2	28.3	16.1	25.2	125.6	66.5	32.0	2.1	11.7	8.8	4.5	-2.9
IV ³	(1)	54.0	(1)	16.5	25.8	127.6	69.7	30.3	2.1	12.0	8.9	4.4	(1)

¹ Not available.

² Estimate.

³ Preliminary estimates.

NOTE.—These accounts, like the cash budget, include the transactions of the trust accounts. Unlike both the administrative budget and the cash statement, they exclude certain financial transactions. In general, they do not use the cash basis for transactions with business. Instead, corporate profits taxes are included in receipts on an accrual instead of a cash basis; expenditures are timed with the delivery instead of the payment for goods and services; and CCC guaranteed price-support crop loans financed by banks are counted as expenditures when the loans are made, not when CCC redeems them.

Data for Alaska and Hawaii included beginning 1960.

Sources: Department of Commerce (Office of Business Economics) and Bureau of the Budget.

TABLE C-62.—Reconciliation of Federal Government receipts and expenditures in the administrative budget and the consolidated cash statement with receipts and expenditures in the national income accounts, fiscal years 1963-67

[Billions of dollars]

Receipts or expenditures	Fiscal years				
	1963	1964	1965	1966 ¹	1967 ¹
RECEIPTS					
Administrative budget receipts	86.4	89.5	93.1	100.0	111.0
Plus: Trust fund receipts.....	27.7	30.3	31.0	33.5	41.6
Less: Intragovernmental transactions.....	4.3	4.2	4.3	4.5	5.5
Receipts from exercise of monetary authority.....	(2)	.1	1	.9	1.6
Equals: Federal receipts from the public	109.7	115.5	119.7	128.2	145.5
Less:					
Coverage differences:					
District of Columbia.....	.3	.3	.3	.3	.3
Other.....	.1	.1	.1	.1	.1
Financial transactions.....	.7	.5	.4	.1	.2
Miscellaneous.....	.2	.1	.2	.1	.1
Plus:					
Netting differences:					
Contributions to Government employees retirement funds.....	1.9	2.0	2.2	2.2	2.2
Other.....	-1.9	-1.9	-1.5	-2.1	-2.3
Timing differences.....	1.7	.4	2	1.0	-2.6
Miscellaneous.....	.1	(2)	(2)	.1	.1
Equals: Federal receipts in the national income and product accounts	110.2	115.1	119.6	128.8	142.2
EXPENDITURES					
Administrative budget expenditures	92.6	97.7	96.5	106.4	112.8
Plus: Trust fund expenditures (including Government-sponsored enterprises, net).....	26.5	28.9	29.6	33.8	37.9
Less: Intragovernmental transactions.....	4.3	4.2	4.3	4.5	5.5
Debt issuance in lieu of checks and other adjustments.....	1.2	2.0	- .6	.7	.2
Equals: Federal payments to the public	113.8	120.3	122.4	135.0	145.0
Less:					
Coverage differences:					
District of Columbia.....	.3	.3	.4	.4	.5
Federal home loan banks and Federal land banks.....	.5	1.8	1.2	.4	.5
Other.....	.2	.2	.2	.3	.3
Financial transactions:					
Net lending.....	.7	1.8	2.4	1.5	-1.4
Net purchase of foreign currency.....	1.2	.9	.9	1.0	1.0
Timing differences:					
Checks outstanding and certain other accounts.....	.1	-.9	.9	-.1	.1
Miscellaneous.....	.3	.1	.7	.4	.7
Plus:					
Netting differences:					
Contributions to Government employees retirement funds.....	1.9	2.0	2.2	2.2	2.2
Other.....	-1.9	-1.9	-1.5	-2.1	-2.3
Timing differences.....	.4	(2)	1.5	-.6	-.8
Miscellaneous.....	.6	.8	.4	.4	.3
Equals: Federal expenditures in the national income and product accounts	111.4	117.1	118.3	131.0	142.7

¹ Data for 1966 and 1967 are estimates.

² Less than \$50 million.

NOTE.—Data for Alaska and Hawaii included.

Sources: Bureau of the Budget and Department of Commerce (Office of Business Economics).

TABLE C-63.—State and local government revenues and expenditures, selected fiscal years, 1927-64

[Millions of dollars]

Fiscal year ¹	General revenues by source ²						General expenditures by function ³					
	Total	Prop-erty taxes	Sales and gross receipts taxes	Indi-vidual income taxes	Corpo-ration net income taxes	Reve-nue from Fed-eral Gov-ernment	All other reve-nue ³	Total	Edu-cation	High-ways	Public wel-fare	All other ⁴
1927.....	7,271	4,730	470	70	92	116	1,793	7,210	2,235	1,809	151	3,015
1932.....	7,267	4,487	752	74	79	232	1,643	7,765	2,311	1,741	444	3,269
1934.....	7,678	4,076	1,008	80	49	1,016	1,449	7,181	1,831	1,509	889	2,952
1936.....	8,395	4,093	1,484	153	113	948	1,604	7,644	2,177	1,425	827	3,215
1938.....	9,228	4,440	1,794	218	165	800	1,811	8,757	2,491	1,650	1,069	3,547
1940.....	9,609	4,430	1,982	224	156	945	1,872	9,229	2,638	1,573	1,156	3,862
1942.....	10,418	4,537	2,351	276	272	858	2,123	9,190	2,586	1,490	1,225	3,889
1944.....	10,908	4,604	2,289	342	451	954	2,269	8,863	2,793	1,200	1,133	3,737
1946.....	12,356	4,986	2,986	422	447	855	2,661	11,028	3,356	1,672	1,409	4,591
1948.....	17,250	6,126	4,442	543	592	1,861	3,685	17,684	5,379	3,036	2,099	7,170
1950.....	20,911	7,349	5,154	788	593	2,486	4,541	22,787	7,177	3,803	2,940	8,867
1952.....	25,181	8,652	6,357	998	846	2,566	5,763	26,098	8,318	4,650	2,788	10,342
1953.....	27,307	9,375	6,927	1,065	817	2,870	6,252	27,910	9,390	4,987	2,914	10,619
1954.....	29,012	9,967	7,276	1,127	778	2,966	6,897	30,701	10,557	5,527	3,060	11,557
1955.....	31,073	10,735	7,643	1,237	744	3,131	7,584	33,724	11,907	6,452	3,168	12,197
1956.....	34,667	11,749	8,691	1,538	890	3,335	8,465	36,711	13,220	6,953	3,139	13,399
1957.....	38,164	12,864	9,467	1,754	984	3,843	9,252	40,375	14,134	7,816	3,485	14,940
1958.....	41,219	14,047	9,829	1,759	1,018	4,865	9,699	44,851	15,919	8,567	3,818	16,547
1959.....	45,306	14,983	10,437	1,994	1,001	6,377	10,516	48,887	17,283	9,592	4,136	17,876
1960.....	50,505	16,405	11,849	2,463	1,180	6,954	11,634	51,876	18,719	9,428	4,404	19,324
1961.....	54,037	18,002	12,463	2,613	1,266	7,131	12,563	56,201	20,574	9,844	4,720	21,063
1962.....	58,252	19,054	13,494	3,037	1,308	7,871	13,489	60,206	22,216	10,357	5,084	22,549
1963.....	62,890	20,089	14,456	3,269	1,505	8,722	14,850	64,816	24,012	11,136	5,481	24,187
1962-63 ⁵	62,269	19,833	14,446	3,267	1,505	8,663	14,555	63,977	23,965	11,150	5,420	23,442
1963-64 ⁵	68,443	21,241	15,762	3,791	1,695	10,002	15,952	69,302	26,533	11,664	5,766	25,339

¹ Fiscal years not the same for all governments. See footnote 5.

² Excludes revenues or expenditures of publicly owned utilities and liquor stores, and of insurance-trust activities. Intergovernmental receipts and payments between State and local governments are also excluded.

³ Includes licenses and other taxes and charges and miscellaneous revenues.

⁴ Includes expenditures for health, hospitals, police, local fire protection, natural resources, sanitation, housing and urban renewal, local parks and recreation, general control, financial administration, interest on general debt, and other unallocable expenditures.

⁵ Data for fiscal year ending in the 12-month period through June 30. Data for 1963 and earlier years include local government amounts grouped in terms of fiscal years ended during the particular calendar year.

NOTE.—Data are not available for intervening years.

Data for Alaska and Hawaii included beginning 1959 and 1960, respectively.

See Table C-54 for net debt of State and local governments.

Source: Department of Commerce, Bureau of the Census.

CORPORATE PROFITS AND FINANCE

TABLE C-64.—Profits before and after taxes, all private corporations, 1929-65

(Billions of dollars)

Year or quarter	Corporate profits (before taxes) and inventory valuation adjustment					Corporate profits before taxes	Corporate tax liability ¹	Corporate profits after taxes			Corporate capital consumption allowances ²	Profits plus capital consumption allowances ³	
	All industries	Manufacturing			Transportation, communication, and public utilities			Total	Dividend payments	Undistributed profits			
		Total	Durable goods industries	Non-durable goods industries									
1929	10.5	5.2	2.6	2.6	1.8	3.4	10.0	1.4	8.6	5.8	2.8	4.2	12.8
1930	7.0	3.9	1.5	2.4	1.2	1.9	3.7	.8	2.9	5.5	-2.6	4.3	7.2
1931	2.0	1.3	(4)	1.3	.5	.2	-4	.5	-9	4.1	-4.9	4.3	3.5
1932	-1.3	-5	-1.0	.5	.2	-.9	-2.3	.4	-2.7	2.5	-5.2	4.0	1.3
1933	-1.2	-4	-4	(4)	.8	-.8	1.0	.5	-4	2.0	-1.6	3.8	4.2
1934	1.7	1.1	.3	.8	.4	.3	2.3	.7	1.6	2.6	-1.0	3.6	5.2
1935	3.4	2.1	.9	1.1	.4	.9	3.6	1.0	2.6	2.8	-.2	3.6	6.3
1936	5.6	3.2	1.7	1.5	.7	1.7	6.3	1.4	4.9	4.5	.4	3.6	8.5
1937	6.8	3.8	1.7	2.1	.8	2.2	6.8	1.5	5.3	4.7	.6	3.6	8.9
1938	4.9	2.3	.8	1.6	.5	2.1	4.0	1.0	2.9	3.2	-.2	3.7	6.6
1939	6.3	3.3	1.7	1.7	1.0	2.0	7.0	1.4	5.6	3.8	1.8	3.7	9.3
1940	9.8	5.5	3.1	2.4	1.3	3.0	10.0	2.8	7.2	4.0	3.2	3.8	11.0
1941	15.2	9.5	6.4	3.1	2.0	3.7	17.7	7.6	10.1	4.4	5.7	4.2	14.4
1942	20.3	11.8	7.2	4.6	3.4	5.1	21.5	11.4	10.1	4.3	5.9	5.0	15.2
1943	24.4	13.8	8.1	5.7	4.4	6.2	25.1	14.1	11.1	4.4	6.6	5.4	16.4
1944	23.8	13.2	7.4	5.9	3.9	6.7	24.1	12.9	11.2	4.6	6.5	6.1	17.2
1945	19.2	9.7	4.5	5.2	2.7	6.7	19.7	10.7	9.0	4.6	4.4	6.4	15.4
1946	19.3	9.0	2.4	6.6	1.8	8.5	24.6	9.1	15.5	5.6	9.9	4.7	20.2
1947	25.6	13.6	5.8	7.8	2.2	9.9	31.5	11.3	20.2	6.3	13.9	5.8	26.0
1948	33.0	17.6	7.5	10.0	3.0	12.5	35.2	12.5	22.7	7.0	15.6	7.0	29.7
1949	30.8	16.2	8.1	8.1	3.0	11.6	28.9	10.4	18.5	7.2	11.3	7.9	26.5
1950	37.7	20.9	12.0	8.9	4.0	12.7	42.6	17.8	24.9	8.8	16.0	8.8	33.7
1951	42.7	24.6	13.2	11.4	4.6	13.5	43.9	22.3	21.6	8.6	13.0	10.3	31.8
1952	39.9	21.6	11.7	9.9	4.9	13.3	38.9	19.4	19.6	8.6	11.0	11.5	31.0
1953	39.6	22.0	11.9	10.1	5.0	12.6	40.6	20.3	20.4	8.9	11.5	13.2	33.5
1954	38.0	19.9	10.5	9.4	4.7	13.4	38.3	17.7	20.6	9.3	11.3	15.0	35.5
1955	46.9	26.0	14.3	11.8	5.6	15.2	48.6	21.6	27.0	10.5	16.5	17.4	44.4
1956	46.1	24.7	12.8	11.9	5.9	15.6	48.8	21.7	27.2	11.3	15.9	18.9	46.1
1957	45.6	24.0	13.3	10.7	5.8	15.8	47.2	21.2	26.0	11.7	14.2	20.8	46.8
1958	41.1	19.3	9.3	10.0	5.9	15.9	41.4	19.0	22.3	11.6	10.8	22.0	44.3
1959	51.7	26.3	13.6	12.7	7.0	18.4	52.1	23.7	28.5	12.6	15.9	23.5	52.0
1960	49.9	24.4	12.0	12.4	7.5	17.9	49.7	23.0	26.7	13.4	13.2	24.9	51.6
1961	50.3	23.3	11.4	11.9	7.9	19.1	50.3	23.1	27.2	13.8	13.5	26.2	53.5
1962	55.7	26.6	14.1	12.5	8.5	20.5	55.4	24.2	31.2	15.2	16.0	30.1	61.3
1963	58.1	28.7	15.4	13.2	9.2	20.2	58.6	26.0	32.6	15.8	16.8	32.0	64.5
1964	64.5	32.1	17.2	14.9	10.0	22.4	64.8	27.6	37.2	17.2	19.9	34.0	71.2
1965 ⁴	73.1	37.3	20.7	16.7	10.8	24.9	74.6	30.1	44.5	18.9	25.6	36.1	80.5
Seasonally adjusted annual rates													
1963: I	56.3	26.8	14.2	12.6	8.9	20.6	56.1	24.9	31.2	15.6	15.6	31.0	62.2
II	57.6	28.7	15.4	13.4	9.1	19.7	58.5	26.0	32.6	15.7	16.8	31.8	64.3
III	59.1	29.5	16.1	13.4	9.5	20.1	58.9	26.1	32.8	15.8	17.0	32.2	65.0
IV	59.6	29.7	16.1	13.5	9.4	20.4	60.8	27.0	33.8	16.1	17.7	32.8	66.6
1964: I	63.6	31.9	17.5	14.4	9.9	21.9	64.0	27.3	36.7	16.7	20.0	33.2	69.9
II	64.5	32.1	17.1	15.0	10.1	22.3	64.5	27.5	37.0	17.1	19.9	33.6	70.7
III	65.5	32.5	17.5	15.0	10.2	22.8	65.3	27.8	37.5	17.4	20.1	34.3	71.8
IV	64.9	32.3	17.1	15.3	10.1	22.5	65.9	28.1	37.8	17.7	20.0	34.8	72.6
1965: I	71.7	37.3	20.8	16.6	10.5	23.8	73.1	29.5	43.6	18.0	25.7	35.4	79.1
II	72.0	36.7	20.1	16.6	10.5	24.9	73.9	29.8	44.1	18.6	25.5	35.8	79.8
III	73.5	37.3	20.7	16.6	11.0	25.2	74.6	30.1	44.5	19.2	25.3	36.3	80.8
IV ⁵	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	19.9	(7)	36.8	(7)

¹ Federal and State corporate income and excess profits taxes.

² Includes depreciation and accidental damages.

³ Corporate profits after taxes plus corporate capital consumption allowances.

⁴ Less than \$50 million.

⁵ Preliminary estimates.

⁶ Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.

⁷ Not available.

NOTE.—Beginning 1962 data reflect the new depreciation guidelines issued by the Treasury Department July 11, 1962, and the investment tax credit provided in the Revenue Act of 1962.

Source: Department of Commerce, Office of Business Economics.

TABLE C-65.—Relation of profits after taxes to stockholders' equity and to sales; private manufacturing corporations, by industry group, 1958-65¹

Year or quarter	Durable goods industries *													Miscellaneous manufacturing (including ordnance)
	All private manufacturing corporations	Total durable	Lumber and wood products (except furniture)	Furniture and fixtures	Stone, clay, and glass products	Primary iron and steel industries	Primary non-ferrous metal industries	Fabricated metal products	Machinery (except electrical)	Electrical machinery, equipment, and supplies	Motor vehicles and equipment	Aircraft and parts	Instruments and related products	
<i>Ratio of profits after Federal taxes (annual rate) to stockholders' equity—percent</i>														
1958.....	8.4	7.8	5.6	6.2	10.0	7.1	5.9	7.3	6.8	9.9	8.1	12.7	10.3	8.0
1959.....	10.2	10.1	9.2	8.5	12.4	8.0	7.8	7.8	9.6	11.9	14.1	8.0	12.6	9.1
1960.....	9.1	8.4	3.7	6.4	9.6	7.3	7.2	5.5	7.5	9.2	13.3	7.2	11.1	8.9
1961.....	8.7	8.0	3.9	4.8	8.7	6.1	7.0	6.0	7.7	8.8	11.3	9.2	10.2	9.7
1962.....	9.6	9.5	5.7	7.7	8.7	5.4	7.4	7.8	8.9	9.7	15.9	12.2	11.9	9.3
1963.....	10.1	10.0	8.1	8.2	8.6	6.0	7.6	8.1	9.6	9.9	16.4	11.1	11.9	8.7
1964.....	11.4	11.5	9.4	9.8	9.3	8.7	9.6	10.0	12.1	11.0	16.8	11.9	13.8	9.3
1962: I.....	9.0	8.9	1.4	4.6	3.7	7.6	8.2	6.3	8.1	9.2	16.8	12.3	9.8	6.8
II.....	10.3	10.8	7.6	7.2	11.8	5.8	8.8	9.8	10.8	10.4	18.3	12.7	12.6	7.1
III.....	9.3	8.6	8.4	10.6	11.9	3.4	5.8	8.6	9.2	9.2	9.3	11.8	12.0	12.1
IV.....	10.5	10.2	4.9	9.1	8.0	5.0	7.3	6.9	8.2	11.0	20.6	13.9	13.5	11.3
1963: I.....	8.6	8.2	3.7	3.5	1.5	5.1	6.9	5.9	7.9	9.2	17.3	10.3	8.8	4.6
II.....	11.0	11.7	9.1	7.9	12.9	9.6	8.1	8.9	11.1	10.2	19.6	12.9	11.5	8.6
III.....	10.0	9.3	12.6	12.0	11.8	5.5	6.9	10.0	9.7	9.6	9.4	11.5	12.8	11.0
IV.....	11.4	11.3	7.3	9.6	8.4	7.8	8.6	8.3	9.7	11.2	20.6	10.6	15.0	10.9
1964: I.....	10.5	10.6	8.1	7.0	4.1	7.6	9.2	7.4	10.7	9.7	20.3	10.4	11.5	6.0
II.....	12.3	13.4	12.1	9.0	12.4	9.4	10.4	11.0	13.9	10.8	22.5	12.8	13.9	7.7
III.....	11.2	10.8	11.7	11.5	12.5	8.0	8.4	11.4	12.9	11.0	9.2	12.9	15.6	10.3
IV.....	12.4	12.2	7.9	12.8	9.2	10.1	11.2	10.7	12.3	13.3	15.5	12.6	16.3	13.9
1965: I.....	12.1	12.9	6.7	9.8	4.6	11.0	11.8	11.3	12.0	11.7	22.9	12.2	14.5	8.7
II.....	13.8	15.3	10.7	13.0	12.1	11.5	13.3	15.0	15.8	13.1	23.5	14.7	15.4	10.5
III.....	12.3	12.3	12.7	14.6	13.5	8.6	10.4	14.1	14.4	13.2	10.3	16.4	17.3	9.4
<i>Profits after taxes per dollar of sales—cents</i>														
1958.....	4.2	3.9	2.8	2.0	6.8	5.4	4.7	3.1	3.7	3.8	4.0	2.4	5.4	3.0
1959.....	4.8	4.8	4.2	2.7	7.9	5.4	5.8	3.2	4.8	4.4	6.3	1.6	6.5	3.5
1960.....	4.4	4.0	1.7	2.1	6.6	5.1	5.4	2.4	3.9	3.5	5.9	1.4	5.9	3.5
1961.....	4.3	3.9	1.9	1.6	5.8	4.6	5.3	2.5	4.1	3.5	5.5	1.8	5.4	3.6
1962.....	4.5	4.4	2.5	2.3	5.6	3.9	5.5	3.1	4.5	3.7	6.9	2.4	5.9	3.4
1963.....	4.7	4.5	3.3	2.4	5.3	4.8	5.3	3.2	4.7	3.8	6.9	2.3	6.0	3.3
1964.....	5.2	5.1	3.9	2.9	5.6	5.6	6.5	3.7	5.8	4.2	7.0	2.6	7.2	3.6
1962: I.....	4.3	4.2	.7	1.5	2.8	4.9	5.8	2.7	4.3	3.5	7.1	2.3	5.1	2.7
II.....	4.7	4.8	3.2	2.1	6.9	4.0	6.2	3.8	5.1	3.8	7.4	2.3	6.1	2.8
III.....	4.4	4.0	3.4	3.1	6.8	2.6	4.5	3.3	4.6	3.6	4.9	2.2	6.0	4.3
IV.....	4.8	4.5	2.1	2.6	4.9	3.8	5.4	2.7	4.1	4.0	7.8	2.6	6.3	3.8
1963: I.....	4.2	3.9	1.7	1.1	1.2	3.7	5.0	2.5	4.1	3.5	7.0	2.1	4.6	1.9
II.....	5.0	5.0	3.5	2.3	7.2	5.8	5.6	3.4	5.1	3.8	7.6	2.6	5.8	3.3
III.....	4.6	4.3	4.6	3.3	6.5	4.0	5.0	3.7	4.8	3.7	4.9	2.3	6.5	4.1
IV.....	5.1	4.8	2.8	2.6	5.0	5.6	5.7	3.1	4.7	4.1	7.5	2.1	6.9	3.8
1964: I.....	4.9	4.8	3.4	2.1	2.8	5.2	6.3	3.0	5.2	3.8	7.9	2.1	6.2	2.5
II.....	5.5	5.6	4.5	2.6	6.8	5.9	6.7	4.0	6.1	4.0	8.4	2.6	7.0	2.9
III.....	5.1	4.9	4.4	3.2	6.8	5.1	5.7	4.1	6.0	4.2	4.7	2.9	7.8	3.8
IV.....	5.4	5.2	3.2	3.5	5.5	6.0	7.3	3.7	5.7	4.7	6.4	2.7	7.4	4.7
1965: I.....	5.4	5.5	2.9	2.9	3.1	6.2	7.6	4.2	5.7	4.3	8.1	2.7	7.5	3.6
II.....	5.8	6.0	4.2	3.7	6.7	6.2	7.7	5.1	6.6	4.6	8.2	3.1	7.5	3.9
III.....	5.4	5.3	4.7	4.0	7.2	5.2	6.7	4.8	6.3	4.7	4.8	3.6	8.6	3.4

* See next page for nondurable goods industries.
See footnotes at end of table.

TABLE C-65.—Relation of profits after taxes to stockholders' equity and to sales, private manufacturing corporations, by industry group, 1958-65¹—Continued

Year or quarter	Nondurable goods industries										
	Total non-durable	Food and kindred products	Tobacco manufactures	Textile mill products	Apparel and related products	Paper and allied products	Printing and publishing (except newspapers)	Chemicals and allied products	Petroleum refining	Rubber and miscellaneous plastic products	Leather and leather products
<i>Ratio of profits after Federal taxes (annual rate) to stockholders' equity—percent</i>											
1958.....	9.0	8.6	13.1	3.5	4.9	8.0	9.0	11.1	9.7	8.8	5.5
1959.....	10.2	9.1	13.1	7.4	8.6	9.3	11.0	13.4	9.6	10.8	8.2
1960.....	9.7	8.6	13.1	5.8	7.6	8.4	10.4	12.1	9.9	8.9	6.2
1961.....	9.4	8.7	13.4	4.9	6.9	7.7	8.3	11.6	10.0	9.0	4.4
1962.....	9.8	8.7	12.9	6.1	9.1	8.1	10.1	12.3	9.9	9.3	6.9
1963.....	10.3	8.9	13.0	6.1	7.5	8.0	9.2	12.9	11.1	9.1	6.8
1964.....	11.3	9.8	13.1	8.4	11.2	9.1	12.2	14.3	11.2	10.4	10.4
1962: I.....	9.1	7.1	11.7	5.3	6.7	7.4	7.7	11.5	10.0	9.1	6.3
II.....	9.8	8.9	12.9	6.3	7.9	8.7	11.1	13.5	8.8	10.9	5.2
III.....	10.0	10.2	13.7	6.0	11.3	8.0	11.6	12.2	9.7	8.5	6.4
IV.....	10.8	9.1	14.0	7.3	11.4	8.3	10.6	12.5	11.8	9.8	9.6
1963: I.....	9.1	7.1	11.1	4.4	6.4	6.3	6.3	11.1	11.0	8.2	5.8
II.....	10.4	8.9	13.6	6.2	6.7	8.4	9.9	14.3	10.3	10.2	4.4
III.....	10.7	10.2	14.4	6.6	8.7	7.9	12.7	12.7	11.0	8.8	8.0
IV.....	11.4	9.7	14.3	7.0	8.9	9.8	7.5	13.5	12.9	9.7	9.3
1964: I.....	10.4	8.2	10.6	5.8	8.6	8.2	10.3	13.1	11.6	9.1	8.4
II.....	11.3	9.6	14.3	7.2	8.5	9.7	13.7	15.5	10.8	11.3	9.1
III.....	11.7	11.5	14.0	10.2	17.2	8.8	14.5	14.0	10.5	10.7	12.0
IV.....	12.5	10.8	14.6	10.6	12.4	10.5	11.8	15.1	12.8	11.4	12.6
1965: I.....	11.4	9.5	11.5	9.9	9.5	8.8	13.8	14.5	11.6	10.2	10.9
II.....	12.3	10.4	14.3	10.5	10.8	10.1	12.4	16.4	11.8	11.7	10.5
III.....	12.4	11.6	14.6	10.9	15.3	9.9	15.6	15.0	11.5	11.1	11.2
<i>Profits after taxes per dollar of sales—cents</i>											
1958.....	4.4	2.2	5.4	1.6	1.0	4.7	3.1	7.0	9.5	3.5	1.7
1959.....	4.9	2.4	5.4	3.0	1.5	5.2	4.0	7.9	9.5	4.0	2.2
1960.....	4.8	2.3	5.5	2.5	1.4	5.0	3.6	7.5	9.9	3.6	1.6
1961.....	4.7	2.3	5.7	2.1	1.3	4.7	2.8	7.3	10.3	3.8	1.1
1962.....	4.7	2.3	5.7	2.4	1.6	4.6	3.4	7.4	9.7	3.7	1.8
1963.....	4.9	2.4	5.9	2.3	1.4	4.5	3.2	7.5	10.8	3.6	1.8
1964.....	5.4	2.7	5.9	3.1	2.1	5.1	4.3	7.9	10.9	4.1	2.6
1962: I.....	4.4	1.9	5.4	2.2	1.3	4.4	2.6	7.2	9.5	3.7	1.6
II.....	4.6	2.3	5.5	2.5	1.4	4.9	3.6	7.6	8.8	4.1	1.4
III.....	4.8	2.7	5.8	2.4	1.9	4.5	3.9	7.3	9.5	3.4	1.6
IV.....	5.0	2.3	6.1	2.8	1.9	4.5	3.4	7.5	11.0	3.7	2.4
1963: I.....	4.4	1.9	5.3	1.8	1.2	3.7	2.2	6.8	10.2	3.4	1.5
II.....	4.9	2.3	5.8	2.4	1.2	4.7	3.4	8.0	10.0	3.9	1.2
III.....	5.0	2.7	6.1	2.5	1.5	4.4	4.5	7.4	10.6	3.5	2.1
IV.....	5.3	2.5	6.3	2.5	1.6	5.3	2.5	7.7	12.1	3.6	2.3
1964: I.....	5.0	2.2	5.3	2.3	1.7	4.7	3.6	7.5	10.8	3.7	2.1
II.....	5.4	2.6	6.1	2.7	1.6	5.3	4.8	8.2	10.5	4.3	2.4
III.....	5.4	3.0	6.0	3.7	2.9	4.9	5.0	7.7	10.3	4.2	2.9
IV.....	5.6	2.7	6.2	3.7	2.1	5.5	3.9	8.0	12.1	4.2	3.0
1965: I.....	5.4	2.5	5.5	3.7	1.9	4.9	4.9	7.7	10.9	3.9	2.7
II.....	5.6	2.7	6.0	3.8	2.0	5.4	4.3	8.2	11.0	4.1	2.7
III.....	5.6	3.0	6.1	3.8	2.7	5.3	5.3	7.9	10.9	4.1	2.7

¹ Based on 1957 Standard Industrial Classification.

NOTE.—Data on a comparable basis are not available for earlier periods. For explanatory notes concerning compilation of the series, see *Quarterly Financial Report for Manufacturing Corporations*, Federal Trade Commission and Securities and Exchange Commission.

Data for Alaska and Hawaii included for all periods.

Sources: Federal Trade Commission and Securities and Exchange Commission.

TABLE C-66.—Sources and uses of funds, nonfarm nonfinancial corporate business, 1954-65

[Billions of dollars]

Sources or use of funds	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Sources, total.....	29.1	53.6	47.2	42.0	42.1	55.5	47.3	54.5	61.0	63.6	68.0	86.7
Internal sources ¹	23.3	29.2	28.9	30.6	29.5	35.0	34.4	35.6	41.8	44.3	49.4	55.4
Undistributed profits ¹	9.0	13.9	13.2	11.8	8.3	12.6	10.0	10.2	12.4	13.8	16.7	22.0
Corporate inventory valuation adjustment.....	- .3	-1.7	-2.7	-1.5	- .3	- .5	.2	- .1	.3	- .4	- .3	-1.5
Capital consumption allowances ¹	14.6	17.0	18.4	20.3	21.4	22.9	24.2	25.4	29.2	31.0	32.9	34.9
External sources.....	5.8	24.5	18.3	11.4	12.6	20.6	12.9	18.9	19.2	19.3	18.6	31.2
Stocks.....	1.6	1.9	2.3	2.4	2.1	2.2	1.6	2.5	.6	- .3	1.4	.2
Bonds.....	3.5	2.8	3.6	6.3	5.7	3.0	3.5	4.6	4.6	3.9	4.0	6.3
Mortgages.....	.7	.7	.4	.3	1.2	1.2	.7	1.7	2.9	3.4	3.4	3.6
Bank loans, n.e.c.....	-1.0	3.4	4.8	1.2	- .7	3.1	1.3	(²)	2.4	2.8	3.4	8.6
Other loans.....	- .2	(²)	(²)	.7	.2	.4	1.0	.3	.7	.5	1.3	1.5
Trade debt.....	2.3	8.5	5.3	.4	4.4	4.6	3.2	6.7	3.8	5.3	2.4	5.7
Profits tax liability.....	-3.0	4.2	-2.0	-2.3	-2.3	2.2	-2.2	1.7	.4	1.8	.2	1.6
Other liabilities.....	1.8	3.0	3.9	2.4	2.1	3.8	3.9	1.4	3.8	1.9	2.5	3.7
Uses, total.....	26.9	50.7	44.9	40.7	40.9	52.8	42.5	52.1	56.0	60.5	64.5	81.7
Purchases of physical assets.....	20.5	29.7	35.0	33.8	26.5	35.1	36.7	34.9	42.0	43.6	49.6	58.7
Nonresidential fixed investment.....	21.4	24.0	29.7	32.6	27.5	29.2	32.5	31.1	34.3	35.7	41.3	49.1
Residential structures.....	1.1	.7	.4	.7	1.5	1.7	1.2	2.3	3.0	3.7	3.7	3.6
Change in business inventories.....	-1.9	4.9	4.9	.6	-2.5	4.1	3.0	1.5	4.7	4.2	4.6	6.0
Increase in financial assets ²	6.3	21.0	9.9	6.8	14.4	17.7	5.8	17.2	14.0	16.9	14.9	23.0
Liquid assets.....	- .2	5.2	-4.2	- .2	2.4	5.6	-4.1	3.3	2.4	3.0	.5	.7
Demand deposits and currency.....	2.1	1.0	.2	(²)	1.5	-1.0	- .5	1.6	-2.3	-1.9	-2.6	-3.6
Time deposits.....	.2	- .1	(²)	(²)	.9	- .4	1.3	1.9	3.7	3.9	3.2	5.0
U.S. Government securities.....	-2.3	4.2	-4.5	- .4	(²)	6.6	-5.4	- .3	.2	.4	-1.5	-1.5
Finance company paper.....	- .2	.1	.1	.3	(²)	.5	.6	.1	.8	.7	1.4	.8
Consumer credit.....	.3	.7	.4	.2	.5	.8	.2	.1	.9	.7	1.0	1.0
Trade credit.....	4.7	10.9	7.6	3.0	7.5	6.9	6.3	9.4	7.8	8.0	8.9	11.3
Other financial assets.....	1.4	4.0	6.0	3.7	3.6	3.7	3.5	4.4	2.9	5.2	4.5	10.0
Discrepancy (uses less sources).....	-2.2	-2.9	-2.3	-1.3	-1.2	-2.8	-4.8	-2.4	-5.0	-3.1	-3.5	-5.0

¹ The figures shown here for "internal sources," "undistributed profits," and "capital consumption allowances" differ from those shown for "cash flow, net of dividends," "undistributed profits" and "capital consumption allowances" in the corporate gross product table for the following reasons: (1) these figures include, and the statistics in the corporate gross product table exclude, branch profits remitted from foreigners net of corresponding U.S. remittances to foreigners; and (2) these figures exclude, and the corporate gross product figures include, the internal funds of corporations whose major activity is farming.

² Less than \$50 million.

³ Includes some categories not shown separately.

NOTE.—Includes data for Alaska and Hawaii.

Source: Board of Governors of the Federal Reserve System.

TABLE C-67.—Current assets and liabilities of United States corporations, 1939-65¹

(Billions of dollars)

End of year or quarter	Current assets						Current liabilities					Net working capital	
	Total	Cash on hand and in banks	U.S. Government securities	Receivables from U.S. Government ²	Other notes and accounts receivable	Inventories	Other current assets ³	Total	Advances and prepayments, U.S. Government ²	Other notes and accounts payable	Federal income tax liabilities		Other current liabilities
1939	54.5	10.8	2.2	-----	22.1	18.0	1.4	30.0	-----	21.9	1.2	6.9	24.5
1940	60.3	13.1	2.0	0.1	23.9	19.8	1.5	32.8	0.6	22.6	2.5	7.1	27.5
1941	72.9	13.9	4.0	.6	27.4	25.6	1.4	40.7	.8	25.6	7.1	7.2	32.3
1942	83.6	17.6	10.1	4.0	23.3	27.3	1.3	47.3	2.0	24.0	12.6	8.7	36.3
1943	93.8	21.6	16.4	5.0	21.9	27.6	1.3	51.6	2.2	24.1	16.6	8.7	42.1
1944	97.2	21.6	20.9	4.7	21.8	26.8	1.4	51.7	1.8	25.0	15.5	9.4	45.6
1945	97.4	21.1	21.1	2.7	23.2	26.3	2.4	45.8	.9	24.8	10.4	9.7	51.6
1946	108.1	22.8	15.3	.7	30.0	37.6	1.7	51.9	.1	31.5	8.5	11.8	56.2
1947	123.6	25.0	14.1	-----	38.3	44.6	1.6	61.5	-----	37.6	10.7	13.2	62.1
1948	133.0	25.3	14.8	-----	42.4	48.9	1.6	64.4	-----	39.3	11.5	13.5	68.6
1949	133.1	26.5	16.8	-----	43.0	45.3	1.4	60.7	-----	37.5	9.3	14.0	72.4
1950	161.5	28.1	19.7	1.1	55.7	55.1	1.7	79.8	.4	47.9	16.7	14.9	81.6
1951	179.1	30.0	20.7	2.7	58.8	64.9	2.1	92.6	1.3	53.6	21.3	16.5	86.5
1952	186.2	30.8	19.9	2.8	64.6	65.8	2.4	96.1	2.3	57.0	18.1	18.7	90.1
1953	190.6	31.1	21.5	2.6	65.9	67.2	2.4	98.9	2.2	57.3	18.7	20.7	91.8
1954	194.6	33.4	19.2	2.4	71.2	65.3	3.1	99.7	2.4	59.3	15.5	22.5	94.9
1955	224.0	34.6	23.5	2.3	86.6	72.8	4.2	121.0	2.3	73.8	19.3	25.7	103.0
1956	237.9	34.8	19.1	2.6	95.1	80.4	5.9	130.5	2.4	81.5	17.6	29.0	107.4
1957	244.7	34.9	18.6	2.8	99.4	82.2	6.7	133.1	2.3	84.3	15.4	31.1	111.6
1958	255.3	37.4	18.8	2.8	106.9	81.9	7.5	136.6	1.7	88.7	12.9	33.3	118.7
1959	277.3	36.3	22.8	2.9	117.7	88.4	9.1	153.1	1.7	99.3	15.0	37.0	124.2
1960	289.0	37.2	20.1	3.1	126.1	91.8	10.6	160.4	1.8	105.0	13.5	40.1	128.6
1961	306.8	41.1	20.0	3.4	135.8	95.2	11.4	171.2	1.8	112.8	14.1	42.5	135.6
1962	326.7	42.9	20.2	3.7	146.7	100.9	12.4	184.0	2.0	121.2	15.0	45.7	142.8
1963	349.9	44.5	20.6	3.6	159.7	107.3	14.3	198.8	2.5	131.8	16.3	48.2	151.2
1964	371.0	45.0	19.1	3.4	173.8	114.3	15.5	209.9	2.7	140.0	17.0	50.2	161.1
1963: I	328.6	39.1	20.8	3.5	148.9	102.6	13.6	184.9	2.3	121.7	14.2	46.7	143.7
1963: II	335.8	40.3	20.3	3.3	153.3	104.0	14.6	189.8	2.5	125.3	14.3	47.7	146.0
1963: III	342.9	40.8	19.7	3.4	158.1	105.8	15.2	194.1	2.5	128.1	15.3	48.3	148.8
1963: IV	349.9	44.5	20.6	3.6	159.7	107.3	14.3	198.8	2.5	131.8	16.3	48.2	151.2
1964: I	350.6	40.6	21.4	3.3	161.3	108.6	15.5	195.9	2.6	128.9	15.6	48.8	154.7
1964: II	356.7	42.5	20.2	3.0	165.6	109.6	15.9	199.6	2.6	131.7	15.2	50.1	157.1
1964: III	364.3	43.1	19.1	3.2	171.6	111.2	16.1	204.9	2.7	135.0	16.0	51.2	159.4
1964: IV	371.0	45.0	19.1	3.4	173.8	114.3	15.5	209.9	2.7	140.0	17.0	50.2	161.1
1965: I	376.4	42.5	18.5	3.3	177.5	117.3	17.2	212.9	2.8	141.4	16.6	52.1	163.5
1965: II	384.3	43.7	16.3	3.2	182.8	119.7	18.4	218.0	2.9	145.9	15.9	53.2	166.2
1965: III	393.5	43.6	16.0	3.6	188.3	123.4	18.6	224.4	3.1	150.2	17.0	54.1	169.1

¹ All United States corporations, excluding banks, savings and loan associations, and insurance companies. Year-end data through 1961 are based on *Statistics of Income* (Treasury Department), covering virtually all corporations in the United States. *Statistics of Income* data may not be strictly comparable from year to year because of changes in the tax laws, basis for filing returns, and processing of data for compilation purposes. All other figures shown are estimates based on data compiled from many different sources, including data on corporations registered with the Securities and Exchange Commission. As more complete information becomes available, estimates are revised.

² Receivables from and payables to U.S. Government do not include amounts offset against each other on the corporation's books or amounts arising from subcontracting which are not directly due from or to the U.S. Government. Wherever possible, adjustments have been made to include U.S. Government advances offset against inventories on the corporation's books.

³ Includes marketable securities other than U.S. Government.

Source: Securities and Exchange Commission.

TABLE C-68.—State and municipal and corporate securities offered, 1934-65¹

[Millions of dollars]

Year or quarter	State and municipal securities offered for cash (principal amounts)	Corporate securities offered for cash ²									
		Gross proceeds ³				Proposed uses of net proceeds ⁴					
		Total	Common stock	Preferred stock	Bonds and notes	Total	New money			Retirement of securities	Other purposes
							Total	Plant and equipment	Working capital		
1934.....	939	397	19	6	372	384	57	32	26	231	95
1935.....	1,232	2,332	22	86	2,224	2,266	208	111	96	1,865	193
1936.....	1,121	4,572	272	271	4,028	4,431	858	380	478	3,368	204
1937.....	908	2,310	285	406	1,618	2,239	991	574	417	1,100	148
1938.....	1,108	2,155	25	86	2,044	2,110	681	504	177	1,206	222
1939.....	1,128	2,164	87	98	1,980	2,115	325	170	155	1,695	95
1940.....	1,238	2,677	108	183	2,386	2,615	569	424	145	1,854	192
1941.....	956	2,667	110	167	2,390	2,623	868	661	207	1,583	172
1942.....	524	1,062	34	112	917	1,043	474	287	187	396	173
1943.....	435	1,170	56	124	900	1,147	308	141	167	739	100
1944.....	661	3,202	163	369	2,670	3,142	657	252	405	2,389	96
1945.....	795	6,011	397	758	4,855	5,902	1,080	638	442	4,555	267
1946.....	1,157	6,900	891	1,127	4,882	6,757	3,279	2,115	1,164	2,868	610
1947.....	2,324	6,577	779	762	5,036	6,466	4,591	3,409	1,182	1,352	524
1948.....	2,690	7,078	614	492	5,973	6,959	5,929	4,221	1,708	3,070	722
1949.....	2,907	6,052	736	425	4,890	5,959	4,606	3,724	882	401	952
1950.....	3,532	6,361	811	631	4,920	6,261	4,006	2,966	1,041	1,271	984
1951.....	3,189	7,741	1,212	838	5,691	7,607	6,531	5,110	1,421	486	589
1952.....	4,401	9,534	1,369	564	7,601	9,380	8,180	6,312	1,868	664	537
1953.....	5,558	8,898	1,326	489	7,083	8,755	7,960	5,647	2,313	260	535
1954.....	6,969	9,516	1,213	816	7,488	9,365	6,780	5,110	1,670	1,875	709
1955.....	5,977	10,240	2,185	635	7,420	10,049	7,957	5,333	2,624	1,227	864
1956.....	5,446	10,939	2,301	636	8,002	10,749	9,663	6,709	2,954	364	721
1957.....	6,958	12,884	2,516	411	9,957	12,661	11,784	9,040	2,744	214	663
1958.....	7,449	11,558	1,334	571	9,653	11,372	9,907	7,792	2,115	549	915
1959.....	7,681	9,748	2,027	531	7,190	9,527	8,578	6,084	2,494	135	814
1960.....	7,230	10,154	1,664	409	8,081	9,924	8,758	5,662	3,097	271	895
1961.....	8,360	13,165	3,294	450	9,420	12,885	10,715	7,413	3,303	868	1,302
1962.....	8,568	10,705	1,314	422	8,969	10,501	8,240	5,652	2,588	754	1,507
1963.....	10,107	12,237	1,022	342	10,872	12,081	8,993	5,405	3,588	1,528	1,561
1964.....	10,544	13,957	2,679	412	10,865	13,792	11,233	7,003	4,230	754	1,805
1965 ⁵	11,055	15,821	1,535	724	13,561	15,610	12,897	7,637	5,261	943	1,770
1963: I.....	2,798	2,700	222	65	2,414	2,665	2,067	1,453	614	314	285
II.....	2,899	3,634	344	81	3,209	3,587	2,425	1,538	887	740	422
III.....	1,967	2,436	208	79	2,149	2,404	1,884	1,016	868	295	225
IV.....	2,453	3,466	249	117	3,100	3,425	2,617	1,397	1,220	179	629
1964: I.....	2,661	2,548	262	38	2,248	2,518	2,086	1,149	937	103	330
II.....	2,764	4,965	1,735	154	3,076	4,911	4,441	3,230	1,211	173	297
III.....	2,642	2,876	357	137	2,382	2,837	2,077	1,219	858	216	544
IV.....	2,478	3,588	324	83	3,160	3,526	2,629	1,405	1,224	262	635
1965: I.....	2,746	3,007	297	132	2,578	2,972	2,427	1,520	907	234	311
II.....	2,991	5,043	665	255	4,123	4,977	4,164	2,324	1,840	188	625
III.....	2,694	3,912	231	151	3,529	3,869	3,177	2,104	1,073	336	356
IV ⁵	2,623	3,859	342	186	3,331	3,792	3,129	1,689	1,441	185	478

¹ These data cover substantially all new issues of State, municipal, and corporate securities offered for cash sale in the United States in amounts over \$100,000 and with terms to maturity of more than 1 year.

² Excludes notes issued exclusively to commercial banks, intercorporate transactions, sales of investment company issues, and issues to be sold over an extended period, such as offerings under employee-purchase plans.

³ Number of units multiplied by offering price.

⁴ Net proceeds represents the amount received by the issuer after payment of compensation to distributors and other costs of flotation.

⁵ Preliminary.

NOTE.—Data for Alaska and Hawaii included for all periods.

Sources: Securities and Exchange Commission, *The Commercial and Financial Chronicle*, and *The Bond Buyer*.

TABLE C-69.—Common stock prices, earnings, and yields, and stock market credit, 1939-65

Year or month	Standard & Poor's common stock data					Stock market credit				
	Price index ¹				Dividend yield ² (per cent)	Price/earnings ratio ³	Customer credit (excluding U.S. Government securities)			Bank loans to brokers and dealers ⁴
	Total	Industrial	Public utilities	Railroads			Total	Net debit balances ⁵	Bank loans to "others" ⁶	
1941-43=10					Millions of dollars					
1939	12.06	11.77	16.34	9.82	4.05	13.80	(7)	(7)	(7)	715
1940	11.02	10.69	15.05	9.41	5.59	10.24	(7)	(7)	(7)	584
1941	9.82	9.72	10.93	9.39	6.82	8.26	(7)	(7)	(7)	535
1942	8.67	8.78	7.74	8.81	7.24	8.80	(7)	(7)	(7)	850
1943	11.50	11.49	11.34	11.81	4.93	12.84	(7)	(7)	(7)	1,328
1944	12.47	12.34	12.81	13.47	4.86	13.66	(7)	(7)	353	2,137
1945	15.16	14.72	16.84	18.21	4.17	16.33	1,374	942	432	2,782
1946	17.08	16.48	20.76	19.09	3.85	17.69	976	473	503	1,471
1947	15.17	14.85	18.01	14.02	4.93	9.36	1,032	517	515	784
1948	15.53	15.34	16.77	15.27	5.54	6.90	968	499	469	1,331
1949	15.23	15.00	17.87	12.83	6.59	6.64	1,249	821	428	1,608
1950	18.40	18.33	19.96	15.53	6.57	6.63	1,798	1,237	561	1,742
1951	22.34	22.68	20.59	19.91	6.13	9.27	1,826	1,263	573	1,419
1952	24.50	24.78	22.86	22.49	5.80	10.47	1,980	1,332	648	2,002
1953	24.73	24.84	24.03	22.60	5.80	9.69	2,445	1,665	780	2,248
1954	29.69	30.25	27.57	23.96	4.95	11.25	3,436	2,388	1,048	2,688
1955	40.49	42.40	31.37	32.94	4.08	11.50	4,030	2,791	1,239	2,852
1956	46.62	49.80	32.25	33.65	4.09	14.05	3,984	2,823	1,161	2,214
1957	44.38	47.63	32.19	28.11	4.35	12.89	3,576	2,482	1,094	2,190
1958	46.24	49.36	37.22	27.05	3.97	16.64	4,537	3,285	1,252	2,569
1959	57.38	61.45	44.15	35.09	3.23	17.05	4,461	3,280	1,181	2,584
1960	55.85	59.43	46.96	30.31	3.47	17.09	4,415	3,222	1,193	2,814
1961	66.27	69.90	60.20	32.83	2.98	21.06	5,802	4,259	1,343	3,398
1962	62.38	65.54	59.16	30.56	3.37	16.68	5,494	4,125	1,369	4,352
1963	69.87	73.39	64.90	37.58	3.17	17.62	7,242	5,515	1,727	4,754
1964	81.37	86.19	69.91	45.46	3.01	18.08	7,053	5,079	1,974	4,631
1965	88.17	93.48	76.08	46.78	3.00	-----	(7)	(7)	2,184	4,137
1964: Jan	76.45	80.85	67.26	41.00	3.06	-----	7,250	5,524	1,726	4,095
Feb	77.39	81.96	67.20	41.54	3.05	-----	7,120	5,384	1,736	3,862
Mar	78.80	83.64	66.78	42.88	3.03	18.16	7,141	5,366	1,775	4,042
Apr	79.94	84.92	67.30	43.27	3.00	-----	7,814	5,510	1,804	4,047
May	80.72	85.79	67.29	44.86	3.01	-----	7,277	5,439	1,838	4,317
June	80.24	85.13	67.46	46.29	3.05	17.61	7,229	5,370	1,859	4,654
July	83.22	88.19	70.35	48.93	2.96	-----	7,160	5,289	1,871	4,443
Aug	82.00	86.70	71.17	47.17	3.03	-----	7,096	5,187	1,909	3,989
Sept	83.41	88.27	72.07	47.14	3.00	17.87	7,142	5,221	1,921	4,794
Oct	84.85	89.75	73.37	48.69	2.95	-----	7,101	5,185	1,916	3,878
Nov	85.44	90.36	74.39	48.01	2.96	-----	7,108	5,160	1,948	4,133
Dec	83.96	88.71	74.24	45.75	3.05	18.67	7,053	5,079	1,974	4,631
1965: Jan	86.12	91.04	75.87	46.79	2.99	-----	6,940	4,986	1,954	4,011
Feb	86.75	91.64	77.04	46.76	2.99	-----	6,872	5,007	1,865	3,851
Mar	86.83	91.75	76.92	46.98	2.99	17.69	6,941	5,055	1,886	4,434
Apr	87.97	93.08	77.24	46.63	2.95	-----	7,001	5,066	1,935	4,571
May	89.28	94.69	77.50	45.53	2.92	-----	7,085	5,129	1,956	4,495
June	85.04	90.19	74.19	42.52	3.07	15.93	7,084	5,114	1,970	5,325
July	84.91	89.92	74.63	43.31	3.09	-----	6,833	4,863	1,970	3,673
Aug	86.49	91.68	74.71	46.13	3.06	-----	6,874	4,886	1,988	3,710
Sept	89.38	94.93	76.10	46.96	2.98	17.10	7,036	4,994	2,042	3,323
Oct	91.39	97.20	76.69	48.46	2.91	-----	7,117	5,073	2,044	3,480
Nov	92.15	98.02	76.72	50.23	2.96	-----	7,304	5,209	2,095	3,734
Dec	91.73	97.66	75.39	51.03	3.06	-----	(7)	(7)	2,184	4,137

¹ Includes 500 common stocks, 425 are industrials; 50 are public utilities; and 25 are railroads. Annual data are averages of monthly figures and monthly data are averages of daily figures.

² Aggregate cash dividends (based on latest known annual rate) divided by the aggregate monthly market value of the stocks in the group. Annual yields are averages of monthly data.

³ Ratio of quarterly earnings (seasonally adjusted annual rate) to price index for last day in quarter. Annual ratios are averages of quarterly data.

⁴ As reported by member firms of the New York Stock Exchange carrying margin accounts. Includes net debit balances of all customers (other than general partners in the reporting firm and member firms of national exchanges) whose combined accounts net to a debit. Balances secured by U.S. Government obligations are excluded. Data are for end of period.

⁵ Loans by weekly reporting member banks to others than brokers and dealers for purchasing or carrying securities except U.S. Government obligations. From 1953 through June 1959, loans for purchasing or carrying U.S. Government securities were reported separately only by New York and Chicago banks. Accordingly, for that period any loans for purchasing or carrying such securities at other reporting banks are included. Series also revised beginning July 1946, March 1953, July 1958, and April 1961. Data are for last Wednesday of period. For details, see *Federal Reserve Bulletin, June 1961*.

⁶ Loans by weekly reporting member banks for purchasing or carrying securities, including U.S. Government obligations. Series revised beginning July 1946, January 1952, July 1958, July 1959, and April 1961. Data are for last Wednesday of period. For details, see *Federal Reserve Bulletin, June 1961*.

⁷ Not available.

Sources: Board of Governors of the Federal Reserve System, Standard & Poor's Corporation, and New York Stock Exchange.

TABLE C-70.—Business population and business failures, 1929-65

Year or month	Index of net business formation (1957-59 = 100) ¹	New business incorporations (number) ²	Business failures ^{3, 4}						
			Business failure rate ⁵	Number of failures			Amount of current liabilities (millions of dollars)		
				Total	Liability size class		Total	Liability size class	
					Under \$100,000	\$100,000 and over		Under \$100,000	\$100,000 and over
1929			103.9	22,909	22,165	744	453.3	261.5	221.8
1930			121.6	26,355	25,408	947	668.3	303.5	364.8
1931			133.4	28,285	27,230	1,055	736.3	354.2	382.2
1932			154.1	31,822	30,197	1,625	928.3	432.6	495.7
1933			100.3	10,859	10,880	979	457.5	215.5	242.0
1934			61.1	12,091	11,421	670	334.0	138.5	195.4
1935			61.7	12,244	11,691	553	310.6	135.5	175.1
1936			47.8	9,607	9,285	322	203.2	102.8	100.4
1937			45.9	9,490	9,203	287	183.3	101.9	81.4
1938			61.1	12,836	12,553	283	246.5	140.1	106.4
1939			69.6	14,768	14,541	227	182.5	132.9	49.7
1940			63.0	13,619	13,400	219	166.7	119.9	46.8
1941			54.5	11,848	11,685	163	136.1	100.7	35.4
1942			44.6	9,405	9,282	123	100.8	80.3	20.5
1943			16.4	3,221	3,155	66	45.3	30.2	15.1
1944			6.5	1,222	1,176	46	31.7	14.5	17.1
1945			4.2	809	759	50	30.2	11.4	18.8
1946		132,916	5.2	1,129	1,002	127	67.3	15.7	51.6
1947		112,638	14.3	3,474	3,103	371	204.6	63.7	140.9
1948	123.1	96,101	20.4	5,250	4,853	397	234.6	93.9	140.7
1949	96.7	85,491	34.4	9,246	8,708	538	308.1	161.4	146.7
1950	102.3	92,925	34.3	9,162	8,746	416	248.3	151.2	97.1
1951	102.8	83,649	30.7	8,058	7,626	432	259.5	131.6	128.0
1952	108.0	92,819	28.7	7,611	7,081	530	283.3	131.9	151.4
1953	103.5	102,545	33.2	8,862	8,075	787	394.2	167.5	226.6
1954	99.8	117,164	42.0	11,086	10,226	860	462.6	211.4	251.2
1955	107.6	139,651	41.6	10,989	10,113	876	449.4	206.4	243.0
1956	103.2	140,778	48.0	12,686	11,615	1,071	562.7	239.8	322.9
1957	98.3	136,697	61.7	13,739	12,547	1,192	615.3	267.1	348.2
1958	97.1	150,280	55.9	14,964	13,499	1,465	728.3	297.6	430.7
1959	104.6	193,067	61.8	14,653	12,707	1,346	662.8	278.9	413.6
1960	99.8	182,713	67.0	15,445	13,650	1,795	938.6	327.2	611.4
1961	95.4	181,535	64.4	17,075	15,006	2,069	1,090.1	370.1	720.0
1962	98.0	182,057	60.8	15,782	13,772	2,010	1,213.6	346.5	867.1
1963	100.6	186,404	56.3	14,374	12,192	2,182	1,352.6	321.0	1,031.6
1964	104.4	197,724	53.2	13,501	11,346	2,155	1,329.2	313.6	1,015.6
1965	106.1		53.3	13,614	11,340	2,174	1,321.7	321.7	1,000.0
1964: Jan.	103.1	16,250	53.9	1,217	992	225	96.7	27.9	68.9
Feb.	102.8	16,018	55.3	1,241	1,050	191	123.9	29.2	94.7
Mar.	102.9	15,992	56.6	1,320	1,139	181	111.0	30.4	80.6
Apr.	103.7	16,180	51.3	1,197	969	228	112.9	26.2	86.6
May	106.3	16,917	49.4	1,075	914	161	93.4	25.1	68.3
June	103.9	16,919	53.2	1,157	1,003	154	144.5	27.6	116.9
July	104.0	16,379	54.9	1,096	908	188	125.6	24.5	101.1
Aug.	103.6	16,074	59.1	1,169	1,018	151	95.2	28.9	66.3
Sept.	104.3	16,605	56.3	1,034	837	197	114.6	22.3	92.3
Oct.	106.6	16,493	50.7	1,060	893	167	93.8	25.4	68.3
Nov.	106.8	17,103	50.3	967	810	157	119.3	22.4	97.0
Dec.	106.8	17,154	48.3	968	813	155	98.2	23.7	74.5
1965: Jan.	107.6	17,375	53.8	1,137	950	187	89.3	26.7	62.5
Feb.	107.6	17,367	51.7	1,114	930	184	112.0	25.6	86.3
Mar.	108.1	17,112	54.8	1,332	1,097	235	146.6	31.1	115.4
Apr.	105.3	16,504	50.8	1,179	1,030	149	83.2	28.9	54.3
May	105.0	16,043	54.1	1,183	1,001	182	133.1	28.2	104.9
June	106.8	16,671	50.1	1,094	881	213	144.6	25.0	119.6
July	106.4	16,366	52.8	1,074	906	163	121.5	25.8	95.7
Aug.	106.4	16,957	56.9	1,131	965	166	135.0	28.0	107.0
Sept.	105.3	17,138	59.7	1,100	893	207	105.0	25.5	79.4
Oct.	106.1	16,744	51.5	1,047	912	135	82.1	24.9	57.2
Nov.	105.9	17,418	51.4	1,033	893	140	71.7	25.5	46.2
Dec.			54.2	1,090	882	208	97.6	26.3	71.3

¹ Monthly data are seasonally adjusted.

² Total for period. Monthly data are seasonally adjusted.

³ Total for period.

⁴ Commercial and industrial failures only. Excludes failures of banks and railroads and, beginning 1933, of real estate, insurance, holding, and financial companies, steamship lines, travel agencies, etc.

⁵ Failure rate per 10,000 listed enterprises. Monthly data are seasonally adjusted.

⁶ Series revised; not strictly comparable with earlier data.

⁷ Includes data for Hawaii beginning 1959 and Alaska beginning 1960. (Data for 1958 comparable to 1959 are 150,781; data for 1960 comparable to 1959 are 182,374.)

⁸ Includes data for District of Columbia beginning 1963.

⁹ Preliminary.

Sources: Department of Commerce (Bureau of the Census) and Dun & Bradstreet, Inc.

AGRICULTURE

TABLE C-71.—Income from agriculture, 1929-65

Year or quarter	Personal income received by total farm population			Income received from farming					Net income per farm, including net inventory change	
				Realized gross		Production expenses	Net to farm operators			
	From all sources	From farm sources	From non-farm sources ¹	Total ²	Cash receipts from marketings		Excluding net inventory change	Including net inventory change ³	Current prices	1965 prices ⁴
						Billions of dollars					Dollars
1929				13.9	11.3	7.7	6.3	6.2	945	1,890
1930				11.5	9.1	6.9	4.5	4.3	651	1,385
1931				8.4	6.4	5.5	2.9	3.3	506	1,265
1932				6.4	4.7	4.5	1.9	2.0	304	869
1933				7.1	5.3	4.4	2.7	2.6	379	1,053
1934	5.4	3.2	2.2	8.6	6.4	4.7	3.9	2.9	431	1,078
1935	7.7	5.4	2.3	9.7	7.1	5.1	4.6	5.3	775	1,938
1936	7.2	4.6	2.6	10.8	8.4	5.6	5.1	4.3	639	1,598
1937	9.0	6.2	2.7	11.4	8.9	6.2	5.2	6.0	905	2,155
1938	7.2	4.7	2.5	10.1	7.7	5.9	4.2	4.4	668	1,670
1939	7.4	4.8	2.6	10.6	7.9	6.3	4.3	4.4	685	1,756
1940	7.6	4.8	2.8	11.1	8.4	6.9	4.2	4.5	706	1,810
1941	10.1	6.8	3.3	13.9	11.1	7.8	6.1	6.5	1,031	2,455
1942	14.1	10.1	3.9	18.8	15.6	10.0	8.8	9.9	1,588	3,243
1943	16.5	12.1	4.4	23.4	19.6	11.6	11.8	11.7	1,927	3,569
1944	16.6	12.2	4.4	24.4	20.5	12.3	12.1	11.7	1,950	3,421
1945	17.2	12.8	4.4	25.8	21.7	13.1	12.8	12.3	2,063	3,439
1946	20.0	15.5	4.6	29.5	24.8	14.5	15.0	15.1	2,543	3,853
1947	21.1	15.8	5.3	34.1	29.6	17.0	17.1	15.4	2,615	3,353
1948	23.8	18.0	5.8	34.7	30.2	18.8	15.9	17.7	3,044	3,712
1949	19.5	13.3	6.2	31.6	27.8	18.0	13.6	12.8	2,233	2,827
1950	20.4	14.1	6.3	32.3	28.5	19.4	12.9	13.7	2,421	3,026
1951	22.7	16.2	6.5	37.1	32.9	22.3	14.8	16.0	2,946	3,348
1952	22.1	15.4	6.7	36.8	32.5	22.6	14.1	15.1	2,896	3,254
1953	19.8	13.4	6.4	35.0	31.0	21.3	13.7	13.1	2,626	2,984
1954	18.4	12.5	5.9	33.6	29.8	21.6	12.0	12.5	2,606	2,961
1955	17.6	11.4	6.2	33.1	29.5	21.9	11.2	11.5	2,463	2,767
1956	17.8	11.2	6.6	34.3	30.4	22.4	11.9	11.1	2,535	2,817
1957	17.7	11.0	6.6	34.0	29.7	23.3	10.7	11.3	2,590	2,796
1958	19.5	12.8	6.7	37.9	33.5	25.2	12.7	13.5	3,189	3,429
1959	18.1	11.0	7.0	37.5	33.5	26.1	11.4	11.5	2,795	2,973
1960	18.7	11.4	7.2	37.9	34.0	26.2	11.7	12.0	3,043	3,203
1961	19.0	12.1	6.9	39.6	34.9	27.0	12.6	12.9	3,389	3,567
1962	19.2	12.2	7.0	41.1	36.2	28.5	12.5	13.1	3,562	3,710
1963	18.7	12.0	6.7	42.1	37.3	29.6	12.5	13.1	3,671	3,785
1964	17.9	11.1	6.8	42.2	36.9	29.2	12.9	12.1	3,496	3,558
1965 ⁵	20.0	13.2	6.8	44.4	38.9	30.3	14.1	14.4	4,280	4,280
Seasonally adjusted annual rates										
1964: I				42.1	36.9	29.5	12.6	12.0	3,460	3,530
1964: II				42.3	37.0	29.3	13.0	12.1	3,480	3,550
1964: III				42.3	37.0	29.2	13.1	12.1	3,480	3,550
1964: IV				42.1	36.7	29.0	13.1	12.3	3,540	3,610
1965: I				42.2	36.7	29.7	12.5	12.1	3,590	3,630
1965: II				45.0	39.5	30.2	14.8	14.6	4,330	4,330
1965: III				44.8	39.3	30.3	14.5	15.1	4,480	4,480
1965: IV ³				45.5	40.0	31.1	14.4	15.6	4,620	4,620

¹ Includes all income received by farm residents from nonfarm sources such as wages and salaries from nonfarm employment, nonfarm business and professional income, rents from nonfarm real estate, dividends, interest, royalties, unemployment compensation and social security payments.

² Cash receipts from marketings, Government payments, and nonmoney income furnished by farms.

³ Includes net change in inventory of crops and livestock valued at the average price for the year.

⁴ Income in current prices divided by the index of prices paid by farmers for family living items on a 1965 base.

⁵ Preliminary.

Source: Department of Agriculture.

TABLE C-72.—Farm production indexes, 1929-65

[1957-59=100]

Year	Farm output ¹	Crops								Livestock and products				
		Total ²	Feed grains	Hay and forage	Food grains	Vegetables	Fruits and nuts	Cotton	Tobacco	Oil crops	Total ³	Meat animals	Dairy products	Poultry and eggs
1929...	62	73	62	79	68	73	75	120	88	13	63	62	75	44
1930...	61	69	56	66	74	74	73	113	95	14	64	63	76	45
1931...	66	77	63	72	79	75	92	138	89	14	65	66	78	44
1932...	64	73	73	74	63	76	75	105	58	13	66	67	79	44
1933...	59	65	56	69	47	73	76	105	80	11	67	70	79	44
1934...	51	54	33	64	45	80	71	78	63	13	61	59	78	41
1935...	61	70	60	82	55	81	90	86	76	21	59	53	78	41
1936...	55	59	38	66	54	75	70	101	68	16	63	60	79	44
1937...	69	81	67	75	74	82	93	154	91	18	62	58	79	44
1938...	67	76	65	81	77	81	84	97	80	22	65	63	81	45
1939...	68	75	65	75	63	81	96	96	110	29	70	71	82	48
1940...	70	78	66	86	69	83	93	102	84	34	71	72	84	49
1941...	73	79	71	86	79	84	99	88	73	37	75	76	89	54
1942...	82	89	81	93	83	89	98	105	81	56	84	87	92	62
1943...	80	83	74	91	72	97	84	93	81	60	91	97	91	71
1944...	83	88	78	90	88	92	98	100	113	50	86	88	92	71
1945...	81	85	75	93	92	94	89	74	114	54	86	84	95	74
1946...	84	89	82	87	95	105	106	71	134	52	83	82	94	69
1947...	81	85	63	84	111	91	101	97	122	55	82	81	93	68
1948...	88	97	91	84	107	97	92	122	115	67	80	79	90	67
1949...	87	92	80	83	92	94	98	131	114	61	85	83	93	74
1950...	86	89	81	89	86	96	98	82	117	71	88	89	93	78
1951...	89	91	75	92	85	89	100	124	135	65	92	95	92	81
1952...	92	95	79	90	109	90	97	124	130	63	92	95	92	82
1953...	93	94	77	92	100	95	98	134	119	63	93	94	97	84
1954...	93	93	81	92	88	93	99	111	130	71	96	98	98	87
1955...	96	96	86	98	83	96	99	120	127	78	99	103	99	86
1956...	97	95	85	94	87	102	103	108	126	92	99	100	101	94
1957...	95	93	93	101	82	98	94	89	96	91	97	96	101	95
1958...	102	104	101	102	121	102	102	93	100	111	99	98	100	101
1959...	103	103	106	97	97	100	104	118	104	98	104	106	99	104
1960...	106	108	109	103	115	103	98	116	112	105	102	103	101	104
1961...	107	107	99	102	106	110	109	116	119	122	106	106	103	112
1962...	108	107	100	105	98	108	98	121	134	123	107	108	104	111
1963...	112	112	110	105	102	108	102	125	135	128	111	114	103	115
1964...	112	110	97	105	114	106	113	123	129	129	113	116	104	118
1965 ⁴ ...	116	117	113	111	117	112	115	122	110	155	112	112	104	122

¹ Farm output measures the annual volume of farm production available for eventual human use through sales from farms or consumption in farm households. Total excludes production of feed for horses and mules.

² Includes production of feed for horses and mules and certain items not shown separately.

³ Includes certain items not shown separately.

⁴ Preliminary.

Source: Department of Agriculture.

TABLE C-73.—Indexes of prices received and prices paid by farmers, and parity ratio, 1929-65

[1957-59=100]

Year or month	Prices received by farmers											
	All farm products ¹	Crops							Livestock and products			
		All crops ¹	Food grains	Feed grains and hay		Cotton	Tobacco	Oil-bearing crops	All livestock and products ¹	Meat animals	Dairy products	Poultry and eggs
				Total	Feed grains							
1929.....	61	61	55	74	77	57	35	62	62	50	65	102
1930.....	52	52	44	67	68	40	29	48	52	43	55	81
1931.....	36	34	27	46	44	24	20	32	38	30	43	62
1932.....	27	26	21	31	28	19	18	19	28	20	33	51
1933.....	29	32	31	36	36	26	22	25	27	19	34	47
1934.....	37	44	43	60	60	39	32	45	32	22	40	56
1935.....	45	46	46	68	70	38	35	55	44	38	45	74
1936.....	47	49	51	65	68	38	33	52	46	38	49	73
1937.....	51	53	57	79	84	36	41	56	49	42	51	70
1938.....	40	36	35	45	45	27	36	42	43	37	45	69
1939.....	39	37	34	46	44	28	31	42	41	36	43	61
1940.....	42	41	40	54	54	32	28	45	42	35	47	62
1941.....	51	48	46	58	58	43	32	60	53	46	55	77
1942.....	66	65	57	72	73	60	51	80	66	60	63	96
1943.....	80	84	70	96	97	64	66	88	77	66	77	121
1944.....	82	89	78	108	109	66	72	97	76	62	86	112
1945.....	86	91	81	106	104	69	74	100	82	67	89	126
1946.....	98	102	95	127	131	91	78	114	94	81	104	127
1947.....	114	118	128	161	171	105	77	158	111	107	106	141
1948.....	119	114	118	162	170	104	78	153	122	117	117	153
1949.....	103	100	103	112	109	94	82	106	106	101	98	140
1950.....	107	104	106	122	123	108	83	120	108	110	97	118
1951.....	125	119	115	143	147	129	90	148	130	133	112	144
1952.....	119	120	116	147	150	119	89	129	119	115	118	130
1953.....	105	108	111	130	132	102	89	122	104	94	104	140
1954.....	102	108	110	128	130	105	91	133	97	92	96	113
1955.....	96	104	107	116	116	104	90	109	90	80	96	121
1956.....	95	105	106	115	116	103	93	111	88	76	99	112
1957.....	97	101	106	105	105	101	96	106	94	89	101	102
1958.....	104	100	98	97	97	97	100	98	106	109	99	108
1959.....	99	99	96	98	98	102	104	96	100	102	100	90
1960.....	99	99	96	95	93	97	103	93	98	96	101	101
1961.....	99	102	99	95	94	100	109	112	98	97	101	92
1962.....	101	104	107	97	95	104	109	108	99	101	99	92
1963.....	100	107	106	103	101	104	102	113	95	94	99	92
1964.....	98	106	90	105	102	100	101	112	91	88	100	90
1965.....	102	104	77	109	106	94	105	116	101	104	101	92
1964: Jan.....	101	109	109	105	101	98	101	117	94	89	103	99
Feb.....	100	109	108	103	99	98	101	115	93	88	101	94
Mar.....	99	108	102	105	101	101	101	114	92	90	99	91
Apr.....	98	110	106	106	103	102	101	110	89	87	95	96
May.....	98	111	103	106	104	104	101	107	87	86	92	84
June.....	96	108	80	106	105	106	101	107	87	86	92	85
July.....	96	104	77	103	102	105	100	108	91	89	95	88
Aug.....	96	101	76	103	101	99	101	106	92	89	98	92
Sept.....	98	103	77	107	105	99	100	111	95	91	103	93
Oct.....	98	104	78	104	101	100	103	114	93	87	107	91
Nov.....	97	105	79	101	98	97	102	115	91	84	107	91
Dec.....	97	105	79	108	105	95	102	119	91	85	106	88
1965: Jan.....	98	105	79	110	106	89	101	120	92	88	104	86
Feb.....	98	105	79	111	107	89	103	123	93	91	102	87
Mar.....	99	106	78	112	108	93	103	123	93	92	100	88
Apr.....	101	109	77	113	110	95	103	123	95	95	97	91
May.....	104	111	76	115	112	96	103	119	99	104	94	86
June.....	106	109	75	113	113	98	103	120	103	112	93	87
July.....	105	106	76	112	111	97	103	118	104	112	96	90
Aug.....	103	100	76	108	107	93	105	113	105	112	100	92
Sept.....	103	100	76	108	106	95	110	107	105	108	104	95
Oct.....	103	99	77	101	99	95	109	107	106	108	108	95
Nov.....	103	98	79	98	94	94	109	107	106	108	109	97
Dec.....	107	100	80	105	101	90	113	111	112	116	109	104

See footnotes at end of table.

TABLE C-73.—Indexes of prices received and prices paid by farmers, and parity ratio, 1929-65—
Continued

[1957-59=100]

Year or month	Prices paid by farmers										Parity ratio ⁵	
	All items, interest, taxes, and wage rates (parity index)	Commodities and services							Interest ²	Taxes ³		Wage rates ⁴
		All items	Family living items	Production items								
				All production items ¹	Feed	Motor vehicles	Farm machinery	Fertilizer				
1929.....	55	55	54	56	68	36	43	85	116	56	32	92
1930.....	52	51	50	52	61	35	43	83	113	57	30	84
1931.....	44	44	43	43	43	35	42	75	108	56	24	67
1932.....	38	38	37	38	32	34	40	66	101	51	18	58
1933.....	37	38	38	38	37	34	39	61	90	44	15	64
1934.....	41	43	43	44	52	36	40	69	80	38	17	75
1935.....	42	45	43	46	53	37	41	68	74	36	18	88
1936.....	42	45	43	46	55	35	42	64	68	36	20	92
1937.....	45	48	45	50	62	39	43	67	64	36	22	93
1938.....	42	45	43	47	47	42	44	67	60	38	22	78
1939.....	42	44	42	46	47	40	43	66	58	37	22	77
1940.....	42	45	42	47	50	40	43	64	56	38	22	81
1941.....	45	48	45	50	54	42	43	64	54	38	26	93
1942.....	52	55	52	57	66	45	46	71	51	38	34	105
1943.....	58	61	58	63	78	47	48	76	46	37	45	113
1944.....	62	64	61	66	87	51	49	77	43	37	54	108
1945.....	65	66	64	67	86	53	49	79	41	39	62	109
1946.....	71	72	71	73	100	55	51	79	40	43	66	113
1947.....	82	85	83	85	118	63	58	88	42	48	72	115
1948.....	89	92	88	95	125	71	67	96	43	56	76	110
1949.....	86	88	85	91	103	78	76	98	45	60	74	100
1950.....	87	90	86	94	105	78	78	94	49	65	73	101
1951.....	96	100	94	104	118	83	83	100	54	68	81	107
1952.....	98	100	95	104	126	87	86	102	59	71	87	100
1953.....	95	96	94	97	114	86	87	103	63	74	88	92
1954.....	95	96	94	97	113	86	87	102	68	77	88	89
1955.....	94	95	95	96	106	87	87	101	74	81	89	84
1956.....	95	96	96	95	103	89	92	100	83	87	92	83
1957.....	98	98	99	98	101	96	96	100	91	93	96	82
1958.....	100	101	100	100	99	100	100	100	100	100	99	85
1959.....	102	101	101	102	100	104	104	100	109	107	105	82
1960.....	102	101	102	101	98	102	107	100	120	117	109	80
1961.....	103	101	102	101	98	102	110	100	131	125	110	79
1962.....	105	103	103	103	100	105	111	100	145	132	114	80
1963.....	107	104	104	104	104	109	113	100	162	139	116	78
1964.....	107	104	105	103	103	111	116	100	181	147	119	76
1965 ⁷	110	106	107	105	104	113	119	100	204	155	125	77
1964: Jan.....	107	104	104	104	106	-----	-----	-----	182	146	116	78
Feb.....	107	104	105	103	105	-----	-----	-----	182	146	116	77
Mar.....	107	104	105	104	104	111	115	100	182	146	116	77
Apr.....	107	104	105	104	104	-----	-----	99	182	146	121	75
May.....	107	104	105	103	103	111	-----	-----	182	146	121	75
June.....	107	104	105	103	102	111	116	99	182	146	121	74
July.....	107	104	105	103	101	-----	-----	-----	182	146	121	74
Aug.....	107	104	105	103	101	-----	-----	-----	182	146	121	74
Sept.....	107	104	105	103	103	110	118	100	182	146	121	76
Oct.....	107	104	105	103	103	110	-----	-----	182	146	119	76
Nov.....	107	104	105	103	102	111	-----	-----	182	146	119	75
Dec.....	107	104	105	103	104	112	118	100	181	147	119	75
1965: Jan.....	108	105	106	104	104	-----	-----	-----	204	155	122	74
Feb.....	109	105	106	104	104	-----	-----	-----	204	155	122	75
Mar.....	109	105	106	104	104	113	118	100	204	155	122	75
Apr.....	109	106	106	105	105	-----	-----	100	204	155	126	76
May.....	110	107	108	106	105	115	-----	-----	204	155	126	78
June.....	110	107	107	106	105	114	119	100	204	155	126	79
July.....	110	107	107	106	104	-----	-----	-----	204	155	125	78
Aug.....	110	106	107	106	104	-----	-----	-----	204	155	125	78
Sept.....	110	106	107	106	104	111	121	100	204	155	125	78
Oct.....	110	106	107	105	103	111	-----	-----	204	155	128	77
Nov.....	110	106	107	105	102	113	-----	-----	204	155	128	77
Dec.....	111	107	108	106	103	-----	-----	-----	204	155	128	80

¹ Includes items not shown separately.

² Interest payable per acre on farm real estate debt.

³ Farm real estate taxes payable per acre (levied in preceding year).

⁴ Monthly data are seasonally adjusted.

⁵ Percentage ratio of prices received for all farm products to parity index, on a 1910-14=100 base.

⁶ Includes wartime subsidy payments.

⁷ Preliminary.

Source: Department of Agriculture.

TABLE C-74.—Selected measures of farm resources and inputs, 1929-65

Year	Crops harvested (millions of acres) ¹		Live-stock breeding units (1957-59 = 100) ²	Man-hours of farm work (billions)	Index numbers of inputs (1957-59=100)						
	Total	Exclusive of use for feed for horses and mules			Total	Farm labor	Farm real estate ³	Mechanical power and machinery	Fertilizer and lime	Feed, seed, and live-stock purchases ⁴	Miscellaneous
1929	365	298	92	23.2	98	218	92	38	21	27	76
1930	369	304	92	22.9	97	216	91	40	21	26	76
1931	365	303	93	23.4	96	220	89	38	16	23	78
1932	371	311	95	22.6	93	213	86	35	11	24	79
1933	340	281	98	22.6	91	212	87	32	12	24	76
1934	304	247	98	20.2	86	190	86	32	14	24	69
1935	345	289	86	21.1	88	198	88	33	17	23	66
1936	323	269	90	20.4	89	192	89	35	20	31	68
1937	347	295	87	22.1	94	208	90	38	24	29	68
1938	349	301	87	20.6	91	193	91	40	23	30	70
1939	331	286	93	20.7	94	194	92	40	24	37	72
1940	341	298	95	20.5	97	192	92	42	28	45	73
1941	344	304	94	20.0	97	188	92	44	30	46	74
1942	348	309	104	20.6	100	194	91	48	34	57	75
1943	357	320	117	20.3	101	191	89	50	38	63	76
1944	362	326	114	20.2	101	190	88	51	43	64	76
1945	354	322	109	18.8	99	177	88	54	45	72	76
1946	352	323	107	18.1	99	170	91	58	53	69	77
1947	355	329	104	17.2	99	162	92	64	56	73	78
1948	356	332	98	16.8	100	158	95	72	57	72	74
1949	360	338	99	16.2	101	152	95	80	61	69	82
1950	345	326	102	15.1	101	142	97	86	68	72	85
1951	344	326	103	15.2	104	143	98	92	73	80	88
1952	349	334	103	14.5	103	136	99	96	80	81	88
1953	348	335	100	14.0	103	131	99	97	83	80	91
1954	346	335	104	13.3	102	125	100	98	88	82	91
1955	340	330	106	12.8	102	120	100	99	90	86	94
1956	324	315	104	12.0	101	113	99	99	91	91	98
1957	324	316	101	11.1	99	104	100	100	94	93	95
1958	324	317	99	10.5	99	99	100	99	97	101	100
1959	324	318	100	10.3	102	97	100	101	109	106	105
1960	324	319	97	9.8	101	92	100	100	110	109	106
1961	303	299	98	9.5	101	89	100	97	116	123	109
1962	295	291	99	9.1	101	85	101	97	124	121	113
1963	300	296	100	8.8	102	83	101	99	141	124	115
1964	301	297	101	8.4	103	79	102	101	155	123	120
1965 ⁵	302	298	101	8.2	104	77	100	101	166	124	124

¹ Acreage harvested (excluding duplication) plus acreages in fruits, tree nuts, and farm gardens.

² Animal units of breeding livestock, excluding horses and mules.

³ Includes buildings and improvements on land.

⁴ Nonfarm inputs associated with farmers' purchases.

⁵ Preliminary.

Source: Department of Agriculture.

TABLE C-75.—Farm population, employment, and productivity, 1929-65

Year	Farm population (April 1) ¹		Farm employment (thousands) ²			Farm output			Crop production per acre ⁴	Live-stock production per breeding unit	
	Number (thousands)	As percent of total population ²	Total	Family workers	Hired workers	Per unit of total input	Per man-hour				
							Total	Crops			Live-stock
Index, 1957-59=100											
1929	30,580	25.2	12,763	9,360	3,403	63	28	28	48	69	68
1930	30,529	24.9	12,497	9,307	3,190	63	28	27	47	64	70
1931	30,845	24.9	12,745	9,642	3,103	69	30	30	47	72	70
1932	31,388	25.2	12,816	9,922	2,894	69	30	30	47	68	69
1933	32,393	25.8	12,739	9,874	2,865	65	28	27	46	61	68
1934	32,305	25.5	12,627	9,765	2,862	59	27	27	43	51	62
1935	32,161	25.3	12,733	9,855	2,878	69	31	31	44	66	69
1936	31,737	24.8	12,331	9,350	2,981	62	29	28	46	56	70
1937	31,266	24.2	11,978	9,054	2,924	73	33	33	46	78	71
1938	30,980	23.8	11,622	8,815	2,807	74	35	35	48	73	75
1939	30,840	23.5	11,338	8,611	2,727	72	35	34	50	74	75
1940	30,547	23.1	10,979	8,300	2,679	72	36	37	50	76	75
1941	30,118	22.6	10,689	8,017	2,652	75	39	39	51	77	80
1942	29,914	21.4	10,504	7,949	2,555	82	42	43	56	86	81
1943	29,186	19.2	10,446	8,010	2,436	79	42	41	58	78	78
1944	24,815	17.9	10,219	7,988	2,231	82	44	44	56	83	75
1945	24,420	17.5	10,000	7,881	2,119	82	46	46	58	82	79
1946	25,403	18.0	10,295	8,106	2,189	85	49	50	59	86	78
1947	25,829	17.9	10,382	8,115	2,267	82	50	50	61	82	79
1948	24,383	16.6	10,363	8,026	2,337	88	56	57	62	92	82
1949	24,194	16.2	9,964	7,712	2,252	86	57	57	66	85	86
1950	23,048	15.2	9,926	7,597	2,329	85	61	63	68	84	86
1951	21,890	14.2	9,546	7,310	2,236	86	62	61	72	85	89
1952	21,748	13.9	9,149	7,005	2,144	89	68	67	74	90	89
1953	19,874	12.5	8,864	6,775	2,089	90	71	69	76	89	93
1954	19,019	11.7	8,651	6,570	2,081	91	74	73	80	88	92
1955	19,078	11.5	8,381	6,345	2,036	94	80	77	85	91	93
1956	18,712	11.1	7,852	5,900	1,952	96	86	83	89	92	95
1957	17,656	10.3	7,600	5,660	1,940	96	91	90	92	93	96
1958	17,128	9.8	7,503	5,521	1,982	103	103	105	100	105	100
1959	16,592	9.4	7,342	5,390	1,952	101	106	105	108	102	104
1960	15,635	8.7	7,057	5,172	1,885	105	115	114	113	109	105
1961	14,803	8.1	6,919	5,029	1,890	106	120	119	120	113	108
1962	14,313	7.7	6,700	4,873	1,827	107	127	124	127	116	108
1963	13,367	7.1	6,518	4,738	1,780	110	135	132	137	119	111
1964	12,954	6.8	6,110	4,506	1,604	109	141	133	147	117	112
1965 ⁵	12,400	6.4	5,609	4,125	1,484	112	151	148	149	124	111

¹ Farm population as defined by Department of Agriculture and Department of Commerce, i.e., civilian population living on farms, regardless of occupation.

² Total population of United States as of July 1 includes armed forces abroad and Alaska and Hawaii beginning January and August 1959, respectively.

³ Includes persons doing farm work on all farms. These data, published by the Department of Agriculture, Statistical Reporting Service, differ from those on agricultural employment by the Department of Labor (see Table C-21) because of differences in the method of approach, in concepts of employment, and in time of month for which the data are collected. For further explanation, see monthly report on *Farm Labor, September 10, 1958*.

⁴ Computed from variable weights for individual crops produced each year.

⁵ Preliminary.

Sources: Department of Agriculture and Department of Commerce (Bureau of the Census).

TABLE C-76.—Comparative balance sheet of agriculture, 1929-66

(Billions of dollars)

Beginning of year	Assets								Claims				
	Total	Real estate	Other physical assets				Financial assets			Total	Real estate debt	Other debt	Proprietors' equities
			Live-stock ¹	Machinery and motor vehicles	Crops ²	Household furnishings and equipment	Deposits and currency	U.S. savings bonds	Investment in co-operatives				
1929	(3)	48.0	6.6	3.2	(3)	(3)	(3)	(3)	(3)	9.8	(3)	(3)	
1930	68.5	47.9	6.5	3.4	2.5	4.0	3.6	(3)	0.6	68.5	9.6	5.0	53.9
1931	(3)	43.7	4.9	3.3	(3)	(3)	(3)	(3)	(3)	(3)	9.4	(3)	(3)
1932	(3)	37.2	3.6	3.0	(3)	(3)	(3)	(3)	(3)	(3)	9.1	(3)	(3)
1933	(3)	30.8	3.0	2.5	(3)	(3)	(3)	(3)	(3)	(3)	8.5	(3)	(3)
1934	(3)	32.2	3.2	2.2	(3)	(3)	(3)	(3)	(3)	(3)	7.7	(3)	(3)
1935	(3)	33.3	3.5	2.2	(3)	(3)	(3)	(3)	(3)	(3)	7.6	(3)	(3)
1936	(3)	34.3	5.2	2.4	(3)	(3)	(3)	(3)	(3)	(3)	7.4	(3)	(3)
1937	(3)	35.2	5.1	2.6	(3)	(3)	(3)	(3)	(3)	(3)	7.2	(3)	(3)
1938	(3)	35.2	5.0	3.0	(3)	(3)	(3)	(3)	(3)	(3)	7.0	(3)	(3)
1939	(3)	34.1	5.1	3.2	(3)	(3)	(3)	(3)	(3)	(3)	6.8	(3)	(3)
1940	52.9	33.6	5.1	3.1	2.7	4.2	3.2	0.2	.8	52.9	6.6	3.4	42.9
1941	55.0	34.4	5.3	3.3	3.0	4.2	3.5	.4	.9	55.0	6.5	3.9	44.6
1942	62.9	37.5	7.1	4.0	3.8	4.9	4.2	.5	.9	62.9	6.4	4.1	52.4
1943	73.7	41.6	9.6	4.9	5.1	5.0	5.4	1.1	1.0	73.7	6.0	4.0	63.7
1944	84.6	48.2	9.7	5.4	6.1	5.3	6.6	2.2	1.1	84.6	5.4	3.5	75.7
1945	94.2	53.9	9.0	6.5	6.7	5.6	7.9	3.4	1.2	94.2	4.9	3.4	85.9
1946	103.5	61.0	9.7	5.4	6.3	6.1	9.4	4.2	1.4	103.5	4.8	3.2	95.5
1947	116.4	68.5	11.9	5.3	7.1	7.7	10.2	4.2	1.5	116.4	4.9	3.6	107.9
1948	127.9	73.7	13.3	7.4	9.0	8.5	9.9	4.4	1.7	127.9	5.1	4.2	118.6
1949	134.9	76.6	14.4	10.1	8.6	9.1	9.6	4.6	1.9	134.9	5.3	6.1	123.5
1950	132.5	75.3	12.9	12.2	7.6	8.6	9.1	4.7	2.1	132.5	5.6	6.8	120.1
1951	151.5	86.6	17.1	14.1	7.9	9.7	9.1	4.7	2.3	151.5	6.1	7.0	138.4
1952	167.0	95.1	19.5	16.7	8.8	10.3	9.4	4.7	2.5	167.0	6.7	8.0	152.3
1953	164.3	96.5	14.8	17.4	9.0	9.9	9.4	4.6	2.7	164.3	7.2	8.9	148.2
1954	161.2	95.0	11.7	18.4	9.2	9.9	9.4	4.7	2.9	161.2	7.7	9.2	144.3
1955	165.1	98.2	11.2	18.6	9.6	10.0	9.4	5.0	3.1	165.1	8.2	9.4	147.5
1956	169.7	102.9	10.6	19.3	8.3	10.5	9.5	5.2	3.4	169.7	9.0	9.8	150.9
1957	178.0	110.4	11.0	20.2	8.3	10.0	9.4	5.1	3.6	178.0	9.8	9.6	158.6
1958	186.0	115.9	13.9	20.2	7.6	9.9	9.5	5.1	3.9	186.0	10.4	10.0	165.6
1959	202.8	124.4	17.7	22.1	9.3	9.8	10.0	5.2	4.3	202.8	11.1	12.6	179.1
1960	203.9	129.9	15.6	22.3	7.8	9.6	9.2	4.7	4.8	203.9	12.1	12.8	179.0
1961	204.3	131.4	15.5	22.0	8.0	8.9	8.7	4.6	5.2	204.3	12.8	13.4	178.1
1962	213.0	137.4	16.4	22.5	8.7	9.1	8.8	4.5	5.6	213.0	13.9	14.8	184.3
1963	221.0	142.8	17.2	23.3	9.2	8.7	9.2	4.4	6.2	221.0	15.2	16.6	189.2
1964	229.1	150.7	15.7	24.1	9.8	8.8	9.2	4.2	6.6	229.1	16.8	18.1	194.2
1965	237.8	159.4	14.4	25.2	8.9	8.8	9.6	4.2	7.3	237.8	18.9	18.6	200.3
1966 ⁴	253.2	170.0		61.4				21.8		253.2	21.1	20.0	212.1

¹ Beginning with 1961, horses and mules are excluded.

² Includes all crops held on farms and crops held off farms by farmers as security for Commodity Credit Corporation loans. The latter on January 1, 1965, totaled \$606 million.

³ Not available.

⁴ Preliminary.

Source: Department of Agriculture.

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TABLE C-77.—United States merchandise exports and imports, by commodity groups, 1957-65

(Millions of dollars)

Period	Merchandise exports						Merchandise imports						Merchandise trade surplus, seasonally adjusted
	Total, including reexports ¹		Domestic exports				General imports ²		Imports for consumption ³				
	Seasonally adjusted	Unadjusted	Total ⁴	Food, beverages, and tobacco	Crude materials and fuels ⁵	Manufactured goods ^(*)	Seasonally adjusted	Unadjusted	Total ⁴	Food, beverages, and tobacco	Crude materials and fuels ⁵	Manufactured goods ^(*)	
Monthly average:													
1957	1,626	1,611	236	390	1,058	1,105	1,102	280	369	423	521		
1958	1,364	1,351	224	254	962	1,105	1,101	296	342	433	259		
1959	1,367	1,352	238	250	931	1,302	1,285	296	382	575	65		
1960	1,634	1,617	263	324	1,072	1,251	1,251	283	379	556	383		
1961	1,679	1,659	286	318	1,063	1,226	1,221	286	361	539	453		
1962	1,745	1,723	307	277	1,157	1,366	1,354	306	381	630	379		
1963	1,869	1,846	342	311	1,218	1,429	1,417	320	386	666	440		
1964	2,135	2,106	387	362	1,360	1,557	1,550	332	413	756	578		
1965 ⁷	2,183	2,155	371	351	1,422	1,747	1,742	326	441	914	436		
1964: Jan.	\$, 043	2,035	2,008	385	353	1,277	1,434	1,463	306	428	680	609	
Feb.	\$, 046	2,006	1,977	375	343	1,285	1,460	1,337	276	374	631	586	
Mar.	\$, 074	2,140	2,112	387	342	1,372	1,620	1,590	364	404	740	554	
Apr.	\$, 061	2,138	2,102	389	339	1,388	1,641	1,561	354	400	754	580	
May	\$, 062	2,221	2,190	404	345	1,429	1,659	1,456	432	309	685	523	
June	\$, 034	2,047	2,106	342	336	1,334	1,618	1,594	315	408	800	516	
July	\$, 123	2,046	2,020	318	391	1,314	1,678	1,611	1,613	304	449	810	545
Aug.	\$, 109	1,900	1,871	327	325	1,237	1,676	1,491	1,490	292	427	725	534
Sept.	\$, 236	2,085	2,058	405	320	1,331	1,646	1,562	1,568	333	411	776	689
Oct.	\$, 156	2,259	2,230	414	399	1,403	1,643	1,613	1,644	363	413	810	607
Nov.	\$, 197	2,183	2,158	440	382	1,342	1,698	1,672	1,655	392	399	813	499
Dec.	\$, 430	2,561	2,526	452	463	1,605	1,642	1,755	1,720	376	454	842	788
1965: Jan.	1,817	1,188	1,171	137	209	826	1,206	1,113	1,138	173	386	535	11
Feb.	1,633	1,514	1,491	225	246	1,052	1,601	1,464	1,489	264	416	759	-8
Mar.	2,753	2,892	2,860	484	461	1,888	1,869	2,040	1,999	386	508	1,041	884
Apr.	2,330	2,529	2,502	389	410	1,708	1,836	1,855	1,821	331	484	963	545
May	2,278	2,381	2,351	392	378	1,555	1,799	1,724	1,720	332	409	913	479
June	2,186	2,219	2,191	382	382	1,455	1,836	1,907	1,878	349	474	989	350
July	2,263	2,172	2,140	414	362	1,343	1,670	1,633	1,636	261	410	902	593
Aug.	2,346	2,124	2,096	363	321	1,393	1,725	1,718	1,729	315	449	909	621
Sept.	2,293	2,141	2,111	401	303	1,371	1,787	1,798	1,795	353	431	946	511
Oct.	2,349	2,420	2,387	431	383	1,530	2,002	1,997	2,004	409	462	1,061	347
Nov.	2,406	2,440	2,407	459	402	1,525	1,903	1,967	1,953	417	424	1,034	503

¹ Total excludes Department of Defense shipments of grant-aid military supplies and equipment under the Military Assistance Program.

² Total arrivals of imported goods other than intransit shipments.

³ Imported merchandise released from Customs custody for entry into U.S. consumption channels, entries into bonded manufacturing warehouses, and ores and crude metals after smelting and refining in bonded warehouses.

⁴ Total includes commodities and transactions not classified according to kind.

⁵ Includes fats and oils.

⁶ Includes chemicals, metals, machinery, transportation equipment, and other manufactures. Military grant-aid shipments are included in these commodity data.

⁷ January-November average.

NOTE.—Data include trade of Alaska, Hawaii, and Puerto Rico.

Source: Department of Commerce, Bureau of International Commerce.

TABLE C-78.—United States balance of payments, 1947-65

[Millions of dollars]

Year or quarter	Exports of goods and services					Imports of goods and services				Balance on goods and services	Remittances and pensions	
	Total	Merchandise ¹	Military sales	Income on investments		Other services	Total	Merchandise ¹	Military expenditures			Other services
				Private	Government							
1947.....	19,737	16,015	(9)	1,036	66	2,620	8,208	5,979	455	1,774	11,529	-715
1948.....	16,789	13,193	(9)	1,238	102	2,266	10,349	7,563	799	1,987	6,440	-617
1949.....	15,770	12,149	(9)	1,297	98	2,226	9,621	6,879	621	2,121	6,149	-630
1950.....	13,807	10,117	(9)	1,484	109	2,097	12,028	9,108	576	2,344	1,779	-523
1951.....	18,744	14,123	(9)	1,684	198	2,739	15,073	11,202	1,270	2,601	3,671	-457
1952.....	17,992	13,319	(9)	1,624	204	2,845	15,766	10,838	2,054	2,874	2,226	-645
1953.....	16,947	12,281	192	1,658	252	2,564	16,561	10,990	2,615	2,956	386	-617
1954.....	17,759	12,799	182	1,955	272	2,551	15,931	10,354	2,642	2,935	1,828	-615
1955.....	19,804	14,280	200	2,170	274	2,890	17,795	11,527	2,901	3,367	2,009	-585
1956.....	23,595	17,379	161	2,468	194	3,393	19,628	12,804	2,949	3,875	3,987	-665
1957.....	26,481	19,390	375	2,612	205	3,899	20,752	13,291	3,216	4,245	5,729	-702
1958.....	23,067	16,264	300	2,538	307	3,658	20,861	12,952	3,435	4,474	2,206	-722
1959.....	23,476	16,282	302	2,694	349	3,849	23,342	15,310	3,107	4,925	134	-791
1960.....	27,244	19,489	335	3,001	349	4,070	23,177	14,732	3,048	5,397	4,067	-672
1961.....	28,557	19,636	402	3,561	380	4,278	22,924	14,507	2,954	5,463	5,633	-705
1962.....	30,278	20,604	656	3,954	471	4,593	25,139	16,173	3,078	5,878	5,149	-738
1963.....	32,353	22,069	659	4,156	498	4,971	26,436	16,992	2,929	6,515	5,917	-837
1964.....	37,017	25,288	762	5,003	454	5,510	28,457	18,619	2,824	7,014	8,560	-839
1965 ¹⁰	38,377	25,520	817	5,741	555	5,744	31,240	20,871	2,799	7,571	7,137	-999
Seasonally adjusted annual rates												
1963: I.....	30,012	19,972	656	4,196	492	4,696	25,556	16,232	3,020	6,304	4,456	-884
II.....	32,436	21,976	976	4,068	496	4,920	26,204	16,876	2,952	6,376	6,232	-848
III.....	32,552	22,438	412	4,116	500	5,036	26,868	17,372	2,884	6,612	5,684	-804
IV.....	34,412	23,840	592	4,244	504	5,232	27,116	17,488	2,860	6,768	7,296	-832
1964: I.....	36,336	24,596	776	5,064	520	5,380	27,512	17,640	2,928	6,944	8,824	-836
II.....	35,964	24,268	764	5,052	528	5,352	28,244	18,396	2,880	6,968	7,720	-812
III.....	37,340	25,528	672	5,040	528	5,572	28,544	18,336	2,764	6,944	8,796	-828
IV.....	38,428	26,760	836	4,856	240	5,736	29,528	19,604	2,724	7,200	8,900	-880
1965: I.....	34,660	22,344	696	5,640	556	5,424	28,628	18,652	2,648	7,328	6,032	-896
II.....	40,368	26,992	916	6,000	584	5,876	32,388	21,876	2,808	7,704	7,980	-1,160
III ¹²	40,104	27,224	540	5,584	524	5,932	32,704	22,084	2,940	7,680	7,400	-940

See footnotes at end of table.

TABLE C-78.—United States balance of payments, 1947-65—Continued

(Millions of dollars)

Period	U.S. private capital, net			Foreign capital net ²	Errors and unrecorded transactions	Balance		Changes in selected liabilities (decrease (-)) ⁵			Changes in gold, convertible currencies, and IMF gold tranche position (increase (-))	
	U.S. Government grants and capital, net ²	Direct investment	Other long-term			Short-term	Liquidity basis ³	Official reserve transactions basis ⁴	To foreign official holders ⁴			To other foreign holders ⁵
									Liquid	Non-liquid ⁷		
1947	-6,121	-749	-49	-189	-75	936	4,567	(11)	-1,252		-3,315	
1948	-4,918	-721	-69	-116	-173	1,179	1,005	(11)	731		-1,736	
1949	-5,649	-660	-80	187	83	775	175	(11)	91		-286	
1950	-3,640	-621	-495	-149	90	-21	-3,580	-3,312	1,554	268	1,758	
1951	-3,191	-508	-437	-103	243	477	-305	538	-505	843	-33	
1952	-2,380	-852	-214	-94	212	601	-1,046	-822	1,237	224	-415	
1953	-2,055	-735	185	167	178	339	-2,152	-2,104	848	48	1,256	
1954	-1,554	-667	-320	-635	240	173	-1,550	-1,523	1,043	27	480	
1955	-2,211	-823	-241	-191	394	503	-1,145	-741	559	404	182	
1956	-2,302	-1,951	-603	-317	653	543	-935	-261	1,130	674	-869	
1957	-2,574	-2,442	-859	-276	487	1,157	520	1,145	20	625	-1,165	
1958	-2,587	-1,161	-1,444	-311	22	488	-3,529	-3,027	735	502	2,292	
1959	-1,986	-1,372	-926	-77	863	412	-3,743	-2,283	1,248	1,460	1,035	
1960	-2,769	-1,674	-863	-1,348	366	-988	-3,881	-3,592	1,449	289	2,143	
1961	-2,790	-1,599	-1,025	-1,556	797	-1,045	-2,370	-1,287	681	1,053	606	
1962	-3,013	-1,654	-1,227	-644	1,021	-1,197	-2,203	-2,241	457	251	1,533	
1963	-3,531	-1,976	-1,695	-785	688	-401	-2,670	-1,977	1,673	-74	378	
1964	-3,563	-2,376	-1,975	-2,111	667	-1,161	-2,798	-1,224	1,073	-20	154	
1965 ¹⁰	-3,327	-3,420	-1,247	1,027	44	-485	-1,269	-236	(11)	(11)	(11)	
	Seasonally adjusted annual rates							Quarterly totals unadjusted				
1963:												
I	-3,684	-2,504	-2,248	376	312	-640	-4,796	-3,896	276	5	397	32
II	-4,400	-1,864	-2,344	-1,944	1,040	-304	-4,432	-3,372	926	-29	141	124
III	-2,460	-1,064	-1,276	-388	540	-1,072	-840	-72	320	-50	49	227
IV	-3,780	-2,472	-912	-1,184	860	412	-612	-568	151		32	-5
1964:												
I	-3,012	-1,856	-1,096	-2,356	456	-1,152	-1,028	-544	-400	-50	227	-51
II	-3,560	-2,160	-1,024	-2,192	308	-608	-2,328	-1,404	215		114	303
III	-3,580	-2,204	-2,448	-1,624	680	-1,164	-2,372	184	389		562	70
IV	-4,100	-3,284	-3,332	-2,272	1,224	-1,720	-5,464	-3,132	869	30	651	-151
1965:												
I	-3,188	-4,636	-2,716	1,188	1,392	-12	-2,836	-2,568	-861		199	842
II	-3,836	-3,564	400	1,696	-240	-308	968	820	-107		-161	68
III ¹²	-2,956	-2,060	-1,424	196	-1,020	-1,136	-1,940	1,040	252		683	40

¹ Adjusted from customs data for differences in timing and coverage.

² Includes certain special Government transactions.

³ Equals changes in liquid liabilities to foreign official holders, other foreign holders, and changes in official reserve assets consisting of gold, convertible currencies, and the U.S. gold tranche position in the IMF.

⁴ Equals changes in liquid and nonliquid liabilities to foreign official holders and changes in official reserve assets consisting of gold, convertible currencies, and the U.S. gold tranche position in the IMF.

⁵ Includes short-term official and banking liabilities and foreign holdings of U.S. Government bonds and notes.

⁶ Central banks, governments, and U.S. liabilities to the IMF arising from reversible gold sales to, and gold deposits with the U.S. Data for years before 1960 include estimates of official transactions in marketable U.S. Government bonds and notes.

⁷ Provisional.

⁸ Private holders; includes banks and international and regional organizations, excludes IMF.

⁹ Not reported separately.

¹⁰ Average of the seasonally adjusted annual rates for the first three quarters.

¹¹ Not available.

¹² Preliminary.

NOTE.—Data exclude military grant-aid and U.S. subscriptions to International Monetary Fund.

Source: Department of Commerce, Office of Business Economics.

TABLE C-79.—United States merchandise exports and imports, by area, 1957-65

[Millions of dollars]

Period	Total	Canada	Twenty Latin American Republics	Western Europe	All other areas
Exports (including reexports)¹					
1957.....	20,862	4,045	4,687	6,753	5,377
1958.....	17,916	3,540	4,208	5,447	4,721
1959.....	17,633	3,829	3,613	5,456	4,735
1960.....	20,558	3,810	3,575	7,175	5,998
1961.....	20,962	3,825	3,529	7,197	6,411
1962.....	21,672	4,045	3,333	7,597	6,697
1963.....	23,351	4,251	3,300	8,161	7,639
1964.....	26,442	4,898	3,816	9,075	8,653
January-November:					
1964.....	23,829	4,444	3,430	8,192	7,763
1965.....	24,742	5,120	3,395	8,282	7,945
General imports					
1957.....	13,255	3,042	3,769	3,078	3,366
1958.....	13,255	2,965	3,589	3,297	3,404
1959.....	15,627	3,352	3,602	4,523	4,150
1960.....	15,018	3,153	3,528	4,185	4,152
1961.....	14,713	3,270	3,213	4,058	4,172
1962.....	16,389	3,660	3,387	4,539	4,803
1963.....	17,142	3,829	3,451	4,729	5,133
1964.....	18,685	4,241	3,524	5,206	5,714
January-November:					
1964.....	16,930	3,859	3,172	4,699	5,200
1965.....	19,215	4,363	3,295	5,520	6,037

¹ Includes "special category" shipments.

NOTE.—Data include trade of Alaska, Hawaii, and Puerto Rico.

Source: Department of Commerce, Bureau of International Commerce.

TABLE C-80.—United States foreign assistance, by type and area, fiscal years 1946-65

[Millions of dollars]

Type and fiscal period	Net obligations and loan authorizations						
	Total	Near East and South Asia	Latin America	Far East	Africa	Europe	Other and non-regional
Foreign assistance:							
Total postwar.....	115,875	23,600	10,343	25,842	3,237	44,676	8,178
1962-64 average.....	6,505	2,120	1,210	1,359	480	554	782
1965.....	5,958	2,045	1,346	1,390	347	511	320
Economic aid:							
Total postwar.....	81,197	17,324	9,430	16,191	3,051	30,292	4,910
Loans.....	32,008	9,366	6,720	2,925	1,285	11,494	218
Grants.....	49,189	7,958	2,710	13,267	1,766	18,797	4,692
1962-64 average.....	4,861	1,792	1,114	764	454	335	402
Loans.....	2,682	1,234	767	220	170	266	25
Grants.....	2,179	558	347	545	285	69	376
1965.....	4,645	1,680	1,282	726	329	204	424
Loans.....	2,643	1,336	778	190	157	132	-----
Grants.....	2,002	344	504	535	172	22	424
AID and predecessor agencies:							
Total postwar.....	40,030	9,103	3,010	8,525	1,683	15,230	2,479
1962-64 average.....	2,314	922	548	356	248	4	236
1965.....	2,026	669	532	408	150	-1	267
Food for Peace:							
Total postwar.....	13,225	6,311	1,390	1,980	852	2,334	358
1962-64 average.....	1,671	798	225	283	161	154	50
1965.....	1,527	922	107	210	117	118	52
Export-Import Bank long-term loans:							
Total postwar.....	8,770	987	3,573	896	360	2,909	25
1962-64 average.....	461	67	115	83	30	165	(1)
1965.....	522	78	258	86	34	65	-----
Other economic aid:²							
Total postwar.....	19,172	922	1,456	4,791	136	9,819	2,048
1962-64 average.....	416	5	226	42	16	11	115
1965.....	571	11	385	22	27	22	105
Military assistance:³							
Total postwar.....	34,678	6,276	913	4 9,651	186	14,384	3,268
Loans.....	586	150	132	4 35	11	126	134
Grants.....	34,092	6,126	781	4 9,616	175	14,259	3,134
1962-64 average.....	1,644	328	96	4 595	26	219	380
Loans.....	50	2	6	4 12	(1)	19	11
Grants.....	1,594	326	90	4 583	26	200	369
1965.....	1,313	365	64	4 664	18	307	-104
Loans.....	71	25	8	-----	(1)	19	19
Grants.....	1,242	340	55	4 664	17	288	-123
Addendum—Repayments and interest:⁵							
Economic assistance:							
Total postwar.....	12,156	1,312	2,474	830	298	7,129	115
1965.....	1,012	275	324	156	36	211	10
Military assistance:							
Total postwar.....	302	57	59	14	3	101	67
1965.....	42	4	5	14	(1)	11	9

¹ Less than \$500,000.

² Includes capital subscriptions to Inter-American Development Bank, International Bank for Reconstruction and Development, International Development Association, and International Finance Corporation (1946-65, \$1,541 million; 1962-64 average, \$135 million; 1965, \$312 million) and Peace Corps (1946-65, \$246 million; 1962-64 average, \$54 million; 1965, \$85 million).

³ Includes grant-aid and credit assistance under the Foreign Assistance Act (FAA) plus military assistance grants under other acts. Regional totals for the former include country aid programs only; all other programs are shown in "other and nonregional." FAA military data are from the Department of Defense. Annual data are for deliveries. "Total postwar" entries are program totals.

⁴ Excludes Australia and New Zealand, shown in "other and nonregional."

⁵ Data for certain programs from Department of Commerce, Office of Business Economics, and Department of Defense. Calculations for 1962-64 period not available at time of publication.

Source: Agency for International Development (except as noted).

TABLE C-81.—International reserves, 1949, 1953, and 1960-65 ¹

[Millions of dollars; end of period]

Area and country	1949	1953	1960 ²	1961	1962	1963	1964	1965	
								Sep- tember	De- cember
All countries	45,515	51,780	60,665	62,695	63,070	66,510	68,905	³ 68,865	-----
Developed areas	37,240	41,390	50,940	53,705	54,275	56,715	59,015	58,205	-----
United States	26,024	23,458	19,359	18,753	17,220	16,843	16,672	⁴ 15,721	⁴ 15,447
United Kingdom	1,752	2,670	3,719	3,318	3,308	3,147	2,316	2,755	3,004
Other Western Europe	6,455	10,515	22,555	25,820	26,975	29,280	32,315	32,490	-----
Austria	92	325	716	845	1,081	1,229	1,317	1,339	1,311
Belgium	978	1,144	1,506	1,813	1,753	1,940	2,192	2,327	2,304
France	580	829	2,272	3,365	4,049	4,908	5,724	6,248	6,343
Germany	196	1,773	7,032	7,163	6,956	7,650	7,882	7,364	7,428
Italy	⁽⁵⁾	788	3,251	3,799	3,818	3,406	3,824	4,156	4,414
Netherlands	434	1,232	1,863	1,958	1,946	2,102	2,349	2,423	2,416
Scandinavian countries (Denmark, Finland, Norway, and Sweden)	537	1,026	1,402	1,607	1,610	1,875	2,380	2,219	2,328
Spain	⁽⁶⁾	150	547	894	1,055	1,152	1,518	1,523	1,409
Switzerland	1,692	1,768	2,324	2,759	2,872	3,078	3,123	2,876	3,247
Other ⁶	1,343	1,500	1,643	1,615	1,836	1,940	2,004	2,013	-----
Canada	1,197	1,902	1,989	2,276	2,547	2,603	2,881	3,025	3,027
Japan	⁽⁵⁾	892	1,949	1,666	2,022	2,058	2,019	2,014	2,152
Australia, New Zealand, and South Africa	1,582	1,952	1,369	1,875	2,203	2,786	2,814	2,197	-----
Less developed areas ⁷	8,280	10,390	9,725	8,985	8,795	9,790	9,885	³ 10,665	-----
Latin America	2,775	3,400	2,920	2,665	2,290	2,790	2,930	3,180	-----
Middle East	1,475	1,200	1,410	1,470	1,735	2,205	2,260	-----	-----
Other Asia	3,395	3,840	3,395	3,215	3,160	3,415	3,295	-----	-----
Other Africa	⁶ 290	1,800	1,865	1,505	1,500	1,290	1,255	1,380	-----

¹ Includes gold holdings, reserve position in the International Monetary Fund, and foreign exchange of all countries except U.S.S.R., other Eastern European countries, and Communist China.

² Beginning 1959, when most of the major currencies of the world became convertible, data exclude known holdings of inconvertible currencies, balances under payments agreements, and the bilateral claims arising from liquidation of the European Payments Union.

³ Estimate.

⁴ Includes U.S. gold subscription payments made in anticipation of increases in Fund quotas.

⁵ Not available separately.

⁶ In addition to other Western European countries, includes unpublished gold reserves of Greece and an estimate of gold to be distributed by the Tripartite Commission for the Restitution of Monetary Gold.

⁷ Includes unpublished gold holdings not allocable by area.

Source: International Monetary Fund, *International Financial Statistics*.

TABLE C-82.—United States gold stock and holdings of convertible foreign currencies by U.S. monetary authorities, 1949–65

[Millions of dollars]

End of year or month	Total	Gold stock ¹		Foreign currency holdings
		Total ²	Treasury	
1949	24,563	24,563	24,427	
1950	22,820	22,820	22,706	
1951	22,873	22,873	22,695	
1952	23,252	23,252	23,187	
1953	22,091	22,091	22,030	
1954	21,793	21,793	21,713	
1955	21,753	21,753	21,690	
1956	22,058	22,058	21,949	
1957	22,857	22,857	22,781	
1958	20,582	20,582	20,534	
1959	19,507	19,507	19,456	
1960	17,804	17,804	17,767	
1961	17,063	16,947	16,889	116
1962	16,156	16,057	15,978	99
1963	15,808	15,596	15,513	212
1964	15,903	15,471	15,388	432
1965 ³	14,584	13,807	13,733	777
1964: Jan	15,847	15,540	15,512	307
Feb	15,865	15,518	15,462	347
Mar	15,990	15,550	15,461	440
Apr	15,991	15,727	15,462	264
May	15,946	15,693	15,463	253
June	15,805	15,623	15,461	182
July	15,840	15,629	15,462	211
Aug	15,890	15,657	15,460	233
Sept	15,870	15,643	15,463	227
Oct	15,702	15,606	15,461	96
Nov	16,324	15,566	15,386	758
Dec	15,903	15,471	15,388	432
1965: Jan	15,572	15,206	15,185	364
Feb	15,220	14,993	14,937	227
Mar	15,129	14,639	14,563	490
Apr	14,884	14,480	14,410	404
May	14,511	14,362	14,290	149
June	14,595	14,049	13,934	546
July	14,697	13,969	13,857	728
Aug	14,953	13,916	13,857	1,037
Sept	14,884	13,925	13,858	959
Oct	14,795	13,937	13,857	858
Nov	14,686	13,879	13,835	807
Dec ⁴	14,584	13,807	13,733	777

¹ Includes gold sold to the United States by the International Monetary Fund with the right of repurchase, which amounted to \$800 million on December 31, 1965. Also includes gold deposit of IMF; see footnote 4.

² Includes gold in Exchange Stabilization Fund.

³ Preliminary.

⁴ Includes gold deposited by the IMF (\$8 million as of September 30, \$9 million as of October 31 and \$34 million as of November 30 and December 31, 1965) to mitigate the impact on the U.S. gold stock of purchases by foreign countries for gold subscriptions on increased IMF quotas. The United States has a corresponding gold liability to the IMF.

NOTE.—Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States.

Sources: Treasury Department and Board of Governors of the Federal Reserve System.

TABLE C-83.—Price changes in international trade, 1957-65

[1958=100]

Area or commodity class	1957	1958	1959	1960	1961	1962	1963	1964	1965
									Third quarter
Unit value indexes by area									
Developed areas									
Exports.....	103	100	99	100	101	101	102	103	105
Terms of trade ¹	96	100	102	103	104	105	104	104	105
United States ²									
Exports.....	101	100	100	101	103	102	102	103	106
Terms of trade ¹	96	100	102	101	105	107	105	103	106
Less developed areas									
Exports.....	104	100	97	98	95	93	95	97	98
Terms of trade ¹	100	100	99	99	97	95	97	97	97
Latin America									
Exports.....	107	100	95	95	93	91	94	101	³ 100
Terms of trade ¹	105	100	95	96	95	93	97	103	³ 102
Latin America excluding petroleum									
Exports.....	111	100	94	95	93	91	95	104	³ 104
Terms of trade ¹	109	100	94	96	95	92	97	105	³ 106
World export price indexes ⁴									
Primary commodities, total.....	106	100	97	97	95	94	100	103	100
Foodstuffs.....	103	100	93	91	90	90	103	106	99
Coffee, tea, and cocoa.....	103	100	83	77	72	70	73	87	80
Cereals.....	100	100	97	96	98	103	102	105	100
Other agricultural commodities ⁵	113	100	105	107	103	99	103	105	103
Fats, oils, and oilseeds.....	105	100	100	94	97	89	95	98	105
Textile fibers.....	126	100	98	104	105	101	112	116	104
Wool.....	144	100	106	108	107	106	127	131	109
Minerals.....	103	100	94	93	92	92	92	94	96
Metal ores.....	107	100	97	98	100	99	96	104	110
Nonferrous base metals.....	111	100	111	114	110	109	110	135	153
Manufactured goods ⁴	101	100	99	101	102	102	103	104	106

¹ Terms of trade indexes are unit value indexes of exports divided by unit value indexes of imports.

² Includes foreign trade of Alaska, Hawaii, and Puerto Rico.

³ Data are for second quarter 1965.

⁴ Data for manufactured goods are unit value indexes.

⁵ Includes nonfood fish and forest products.

NOTE.—Data exclude trade of Eastern Europe and Communist China.

Sources: United Nations and Department of Commerce (Bureau of International Commerce).

