

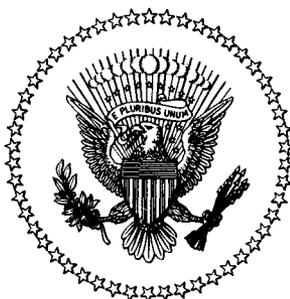
ECONOMIC REPORT
OF THE PRESIDENT



Transmitted to the Congress
January 1969

Together With
THE ANNUAL REPORT
of the
COUNCIL OF ECONOMIC ADVISERS

Economic Report of the President



Transmitted to the Congress
January 1969

TOGETHER WITH
THE ANNUAL REPORT
OF THE
COUNCIL OF ECONOMIC ADVISERS

UNITED STATES GOVERNMENT PRINTING OFFICE
WASHINGTON : 1969

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. Price \$1.50

CONTENTS

	Page
ECONOMIC REPORT OF THE PRESIDENT.....	1
THE RECORD OF ACHIEVEMENT.....	4
Contribution of Policy.....	4
Gains in 5 years.....	5
DEVELOPMENTS IN 1968.....	6
THE PROGRAM FOR 1969.....	7
The Budget.....	7
Economic Outlook.....	9
TOWARD PRICE-COST STABILITY.....	9
The Roads to Avoid.....	10
The Roads to Follow.....	10
REINFORCING THE FISCAL-MONETARY FRAMEWORK.....	12
Budget Policy and Procedures.....	12
Monetary Policy.....	13
After Vietnam.....	14
THE INTERNATIONAL ECONOMY.....	14
Balance-of-Payments Adjustment.....	14
World Monetary System.....	15
Trade.....	16
Aid.....	17
KEY AREAS OF FEDERAL GOVERNMENT RESPONSIBILITY.....	17
Quality of the Environment.....	18
Community Development and Housing.....	18
Education.....	18
Consumer Protection.....	19
Worker Protection.....	19
Social Security.....	21
OUR COMMITMENT TO ELIMINATE POVERTY.....	21
Employment Opportunities.....	21
Education, Health, and Nutrition.....	22
Housing.....	22
Income Support.....	22
CONCLUSION.....	23

	Page
ANNUAL REPORT OF THE COUNCIL OF ECONOMIC ADVISERS*	25
CHAPTER 1. STRENGTHENING THE FOUNDATION OF PROSPERITY	33
CHAPTER 2. POLICIES FOR BALANCED EXPANSION	61
CHAPTER 3. PRICE STABILITY IN A HIGH EMPLOYMENT ECONOMY ...	94
CHAPTER 4. THE INTERNATIONAL ECONOMY	123
CHAPTER 5. COMBATING POVERTY IN A PROSPEROUS ECONOMY	151
 REPORT TO THE PRESIDENT FROM THE CABINET COORDINATING COMMITTEE ON ECONOMIC PLANNING FOR THE END OF VIETNAM HOSTILITIES	 181
 APPENDIXES	 213
 APPENDIX A. REPORT TO THE PRESIDENT ON THE ACTIVITIES OF THE COUNCIL OF ECONOMIC ADVISERS DURING 1968	 213
APPENDIX B. STATISTICAL TABLES RELATING TO INCOME, EMPLOYMENT, AND PRODUCTION	221

*For a detailed table of contents of the Council's Report, see page 29.

**ECONOMIC REPORT
OF THE PRESIDENT**

ECONOMIC REPORT OF THE PRESIDENT

To the Congress of the United States:

I regard achievement of the full potential of our resources—physical, human, and otherwise—to be the highest purpose of governmental policies next to the protection of those rights we regard as inalienable.

I cited this as my philosophy in my first Economic Report in January 1964. I reaffirm it today.

In the past 5 years, this Nation has made great strides toward realizing the full potential of our resources. Through fuller use and steady growth of our productive potential, our real output has risen nearly 30 percent.

Most important of all are our human resources. Today the vast majority of our workers enjoy productive and rewarding employment opportunities. For those who lack skills, we have made pioneering efforts in training. We have improved education for the young to enhance their productivity and their wisdom as citizens of a great democracy.

Our capital resources—plant and equipment—are being used intensively and have been continually expanded and modernized by a confident business community.

This has all been accomplished in an environment that preserved—indeed, enlarged—the traditional freedom of our economic system. In today's prosperous economy, our people have more freedom of choice—among jobs, consumer goods and services, types of investments, places to live, and ways to enjoy leisure.

I look upon the steady and strong growth of employment and production as our greatest economic success. In recent years, prosperity has become the normal state of the American economy. But it must not be taken for granted. It must be protected and extended

—by adopting sound and prudent policies for this year and

—by improving procedures for fiscal and monetary policymaking to meet our needs for the long run.

I shall discuss these tasks in this Report. I shall also consider how we might deal with some of our key unsolved economic problems.

- We must find a way of combining our prosperity with price stability. Reconciling these two objectives is the biggest remaining over-all economic challenge facing the Nation.
- We must more fully secure the foundations of the world monetary system and of our own balance of payments. The international monetary system has undergone important evolutionary improvements, but we must seek more effective ways of coping with the stresses that can still develop.
- We must fulfill our many unmet public needs such as good education, efficient transportation, clean air, and pure water. Quality as well as quantity is the key to a better life.
- We must share more equitably the fruits of prosperity among all our citizens. A Nation as prosperous as ours can afford to open the doors of opportunity to all. Indeed, it cannot afford to leave any citizen in poverty.

The achievements we have made and the lessons we have learned point the way for further progress.

THE RECORD OF ACHIEVEMENT

The Nation is now in its 95th month of continuous economic advance. Both in strength and length, this prosperity is without parallel in our history. We have steered clear of the business-cycle recessions which for generations derailed us repeatedly from the path of growth and progress.

This record demonstrates the vitality of a free economy and its capacity for steady growth. No longer do we view our economic life as a relentless tide of ups and downs. No longer do we fear that automation and technical progress will rob workers of jobs rather than help us to achieve greater abundance. No longer do we consider poverty and unemployment permanent landmarks on our economic scene.

CONTRIBUTION OF POLICY

Our progress did not just happen. It was created by American labor and business in effective partnership with the Government.

Ever since the historic passage of the Employment Act in 1946, economic policies have responded to the fire alarm of recession and boom. In the 1960's, we have adopted a new strategy aimed at fire prevention—sustaining prosperity and heading off recession or serious inflation before they could take hold.

- In 1964 and 1965, tax reductions unleashed the vigor of private demand and brought the economy a giant step toward its full potential.
- In 1966 and 1967, restrictive monetary and fiscal policies offset the strains of added defense spending. The adjustment was far from ideal, however, because of the delay in increasing taxes to pay the bills for the defense buildup and for continuing urgent civilian programs.
- In 1968, our Nation's finances were finally adjusted to the needs of a defense emergency. The Revenue and Expenditure Control Act strengthened the foundation of prosperity.

GAINS IN 5 YEARS

Aided by these policies in the past 5 years, the Nation's total output of goods and services—our gross national product—has increased by more than \$190 billion, *after* correcting for price changes. This is as large as the gain of the previous 11 years.

The prosperity of the last 5 years has been accompanied by benefits that extend into every corner of our national life

- more than 8½ million additional workers found jobs,
- over-all unemployment declined from 5.7 percent of our labor force to 3.3 percent,
- unemployment of nonwhite adult males dropped particularly dramatically, from 9.7 percent to 3.4 percent,
- the number of persons in poverty declined by about 12½ million—progress greater than in the entire preceding 13 years,
- the average income of Americans (after taxes and after correction for price rises) increased by \$535—more than one-fifth and again more than in the previous 13 years combined,
- corporate profits rose by about 50 percent,
- wages and salaries also went up by 50 percent,
- net income per farm advanced 36 percent,
- the net financial assets of American families increased \$460 billion—more than 50 percent, and
- Federal revenues grew by \$70 billion, helping to finance key social advances.

Meanwhile, a solid foundation has been built for continued growth in the years ahead.

- *Through Investment in Plant and Equipment.* In the last 5 years, the stock of capital equipment has grown by nearly a

third. Only 5 percent of manufacturing corporations report that their capacity is in excess of currently foreseen needs.

- *Through Investment in Manpower.* More than a million Americans have acquired skills in special training institutions or on the job—as a result of new Federal efforts.
- *Through Investment in Education.* College enrollment has risen by 2¼ million since 1963. Expenditures on all public education have increased at an average of 10 percent a year; Federal grants have almost quadrupled.
- *Through Investment in Our Neighborhoods.* Our urban centers are beginning to be restored as decent places to live and initial steps have been taken to help ensure construction of 26 million new or rehabilitated housing units by 1978.

DEVELOPMENTS IN 1968

Our economy had an exceptionally big year in 1968.

- Our gross national product increased by \$71 billion to \$861 billion. Adjusted for price increases, the gain was 5 percent.
- Payroll employment rose by more than two million persons.
- Unemployment fell by 160,000.
- The after-tax real income of the average person increased by 3 percent.
- An estimated four million Americans escaped from poverty, the largest exodus ever recorded in a single year.
- Our balance-of-payments results were the best in 11 years.

In some ways, 1968 was too big a year. Even our amazingly productive economy could not meet all the demands placed upon it. Nearly half of the extra dollars spent in our markets added to prices rather than to production. The price-wage spiral turned rapidly.

- Consumer prices rose by 4 percent and wholesale prices by 2½ percent.
- Both union and nonunion wages increased about 7 percent—responding to higher costs of living and causing higher costs of production.
- Some of the extra demands for goods were met out of foreign production, and imports soared 22 percent.

The main source of the overheating was the excessive and inappropriate stimulus of the Federal budget in late 1967 and the first half of 1968. In January 1967, I pointed to the need for a tax increase. In the summer, when the upsurge was even more clearly foreseen, I urged im-

mediate enactment of a 10-percent income tax surcharge. The subsequent delay in enactment resulted in a massive budget deficit of \$25 billion for fiscal year 1968, which

- accelerated the economy beyond safe speed limits,
- weakened confidence in the dollar abroad, and
- placed a heavy burden on credit markets at home, pushing interest rates sharply higher.

Ultimate passage of the Revenue and Expenditure Control Act of 1968 at midyear brought a much needed swing to fiscal restraint. The budget now shows a surplus of \$2.3 billion for fiscal 1969. Because of both greater revenues and reduced expenditures, this picture has changed dramatically since last January when we estimated a deficit of \$8 billion.

Just as the overly stimulative effects of the huge budget deficit of fiscal 1968 were unmistakable, so there can scarcely be doubt that the reverse swing—of even larger size—will improve balance in our economy. But just as inappropriate fiscal stimulus took a while to cause obvious problems, so needed fiscal restraint is taking time to work its full beneficial effects on the economy.

By the time the surcharge was enacted, the forces of boom and inflation had developed great momentum. Our economy continued to advance too rapidly throughout 1968—but growth did slow from a hectic 6½ percent rate early in the year to about 4 percent at yearend. The budget is now in harmony with the needs of the economy, and its welcome effects are gradually emerging.

THE PROGRAM FOR 1969

The challenge to fiscal and monetary policies this year is difficult indeed. Enough restraint must be provided to permit a cooling off of the economy and a waning of inflationary forces. But the restraint must also be tempered to ensure continued economic growth. We must adopt a carefully balanced program that curbs inflation and preserves prosperity.

THE BUDGET

My final budget is designed to meet this demanding assignment. It is a tight and prudent program for fiscal 1970.

- It holds total Federal expenditures within the bounds of available revenues, yielding a surplus of \$3.4 billion.
- It finances our continued military efforts in Vietnam while we strive to bring about peace.

- It provides funds for our continuing national campaign against poverty, injustice, and inequality.
- It limits increases in expenditures to programs of highest priority: the encouraging JOBS program and other manpower training, Model Cities and key housing programs, law enforcement, and education.
- It trims lower priority programs wherever possible.

The budget calls for the extension of the income tax surcharge at its current rate of 10 percent for 1 year from July 1, 1969 to June 30, 1970. My economic and financial advisers unanimously agree that this fiscal restraint is essential to safeguard the purchasing power of the dollar and its strength throughout the world. Indeed, the need for continued fiscal restraint is agreed upon by all informed opinion in both of our political parties.

In today's economic and military environment, an immediate lowering of taxes would be irresponsible. The American people would be poorly served by a small short-run gain that would endanger their enormous long-term stake in a steady and stable prosperity. I hope and I believe that Members of the Congress of both parties will support timely action on taxes to continue on the course of fiscal responsibility which we have worked together to achieve.

I asked for the surcharge as a temporary measure and that is the way I regard it. My proposal for a 1-year extension preserves the option of the new Administration and the Congress to eliminate the surcharge more rapidly if our quest for peace is successful in the near future. It is my conviction that the surcharge should be removed just as soon as that can be done without jeopardizing our economic health, our national security, our most urgent domestic programs, or international confidence in the dollar. Clearly, that time has not yet arrived.

The extended surcharge will continue to take 1 percent of the income of the average American—less than half of the tax cut he received in 1964–65. In return, he will receive improved protection against the ravages of inflation, world financial crisis, and neglect or mismanagement of our priorities. It is the best investment in responsible fiscal management that the United States can make in 1969.

Including this budget, I have been responsible for 6 years of fiscal planning. From fiscal 1965 to fiscal 1970, the Federal Government will have spent \$969 billion on programs and received \$936 billion in revenues. The total deficit for that period amounts to \$33½ billion. The bulk of that total deficit occurred in fiscal 1968, when action on taxes was long delayed.

By comparison, these six budgets

- provided \$35 billion of net tax reductions, even allowing for higher social security taxes, and
- carried \$109 billion of outlays to cover the special costs of the war in Vietnam.

ECONOMIC OUTLOOK

With this budget and appropriate monetary policy, our gross national product for 1969 should rise about \$60 billion.

- Increased expenditures on new plant and equipment will help expand and modernize our productive capacity.
- State and local governments will continue to increase their spending rapidly to meet public needs. But Federal purchases will rise little.
- Consumer spending and homebuilding activity should advance less than last year.
- The over-all gains will not and should not be as large as those in 1968, but they will still make for a highly prosperous year.
- For the fourth straight year, unemployment should be less than 4 percent of the labor force.

Because fiscal policy is soundly planned, monetary policy should not be overburdened. It will need to support firmly the objective of moderating economic expansion. But homebuilding and other credit-sensitive areas need not be subjected to the sharp and uneven pressures of a credit squeeze. Monetary policy should be flexible and prepared to lessen restraint as the economy cools off.

As pressures of demand moderate, our trade performance in world markets should improve. We should also see a gradually improving trend in prices and costs, although the wage-price spiral will continue to be troublesome.

TOWARD PRICE-COST STABILITY

The immediate task in 1969 is to make a decisive step toward price stability. This will be only the beginning of the journey. We cannot hope to reach in a single year the goal that has eluded every industrial country for generations—that of combining high employment with stable prices.

There is no simple nor single formula for success. But this combination can and must be achieved—by the United States and within the next several years. Now that we have learned to sustain prosperity, we can surely not allow inflation to erode or erase that victory.

THE ROADS TO AVOID

We stand at a critical turning point for national policy. We can meet the challenge, or we can try to evade it.

Price stability could be restored unwisely by an overdose of fiscal and monetary restraint. This has been done before, and it would work again. But such a course would mean stumbling into recession and slack, losing precious billions of dollars of output, suffering rising unemployment, with growing distress and unrest. It would be a prescription for social disaster as well as for unconscionable waste.

Or we could conceivably travel the route to mandatory controls on prices and wages. But the vital guiding mechanism of a free economy is lost when the Government fixes prices and wages. We did not impose such regulations on our businessmen and our workers during the recent years of military buildup and hostilities. We surely must not turn down this path—a dead end for economic freedom and progress.

Or we could throw up our hands and allow the price-wage spiral to turn faster and faster. This counsel of despair would eventually undermine our prosperity and our financial system—wrecking the strong international position of the dollar and imposing unjust burdens on millions of our citizens.

THE ROADS TO FOLLOW

Price stability in a prosperous economy must be pursued by a coordinated program involving a wide range of actions.

The fiscal and monetary program I outlined earlier is our first line of defense against inflation. The Nation has surely learned that inflation will emerge unless responsible budget and credit policies keep demand within the bounds of the economy's productive capacity.

Even then, advances in prices and wages at high employment can prove troublesome. No free economy can escape these tendencies entirely. But it can keep them from developing when unemployment is too high, and it can moderate the pressures that do emerge. To do so effectively requires reinforcing other important measures to reinforce fiscal and monetary policies.

Productivity and Efficiency

First, although the productive efficiency of our industries and of our workers is already the envy of the world, we must keep striving for further improvements.

Productivity can be raised even more rapidly and manpower can be employed more effectively through many methods in which Government can lend a hand—by training programs that better match skills to job requirements, by developing the potential of the disadvantaged, by using the wasted abilities of those who are out of work seasonally or intermittently, by providing better information about job opportunities, and by encouraging research and investment in better technology.

Government, business, and labor can work together to improve industrial efficiency. We can strengthen our dedication to the competitive principles and practices that have made American industry preeminent. Impediments to efficiency must be identified and tackled, industry by industry, wherever they exist—as they do particularly in medical care and construction.

The Government should look at its own programs and policies to ensure that they do not add an unnecessary penny to the costs of production. To fulfill this goal, public policies must be reviewed continually in many areas—procurement, regulation, international trade, commodity programs, and research and development.

Voluntary Cooperation

Second, both in their own interest and in the public interest, business and labor should exercise the utmost restraint in price and wage decisions. It is understandable that, with living costs rising sharply, labor cannot now accept wage agreements limited to the rise in productivity. It is also understandable that, with production costs increasing, business cannot now hold prices entirely stable.

But the process of deceleration must take hold for both prices and wages. The demands for incomes by business and labor combined must be brought more closely into line with the amount of real income the economy can generate. A decisive step toward price stability in 1969 requires labor and business to accept some mutual sacrifices in the short run to preserve their enormous long-term interest in prosperity and a stable value of the dollar.

In recent years, business, labor, and Government have been discussing the big economic issues—sometimes debating, but often agreeing. The dialogue should go forward and should explore new forms of labor-management cooperation to ensure greater fulfillment of common interests.

A year ago, I established the Cabinet Committee on Price Stability to coordinate efforts within the Administration to help improve efficiency, enlist voluntary restraint, and contribute to public education and dis-

cussion on the wage-price problem. In its recent Report, the Committee made many important recommendations which deserve the most serious consideration. The work of the Committee has proved its value, and should be continued in some appropriate form.

The stakes are enormous in our efforts to combine high employment and price stability. We can sacrifice neither goal. The challenge can be met if we have the will.

REINFORCING THE FISCAL-MONETARY FRAMEWORK

The unparalleled economic expansion of the past 8 years testifies to the accomplishments of our fiscal and monetary policies. Yet the blemishes on that record show plainly that further improvements are needed.

BUDGET POLICY AND PROCEDURES

The budget is the keystone of Federal Government operations. It is a plan developed within the Executive Branch and a recommended program for action by the Congress. It is a blueprint for fiscal and economic policy.

In my many years in Washington, I have worked intensively on the budget on both the legislative and executive sides. I know the difficulties of

- coordinating a host of appropriation requests into a total program that accurately reflects national priorities,
- making the dollar sum of the parts equal a whole that remains within prudent bounds, and
- ensuring that decisions on tax revenues go hand in hand with those on expenditures.

The Executive Branch coordinates its budgetary decisions through the Bureau of the Budget, with extensive cooperation from the Department of the Treasury and the Council of Economic Advisers. The Congress has no parallel process. I urge the Congress to review its procedures for acting on the annual budget and to consider ways that may improve the coordination of decisions among Federal programs and on Federal revenues in relation to expenditures.

My experience has thoroughly convinced me of the fundamental wisdom of our system of checks and balances. The system works well because both the President and the Congress subject their own operations continually to careful scrutiny and review in light of experience.

Costly delays in enacting recent tax legislation demonstrate the need

for a review of procedures in this area. Congress should ask: How can a prompt response to a Presidential request for tax action be assured?

When such a recommendation takes a simple form (like the current income tax surcharge) and when it is made to head off a threat to prosperity, the Nation is entitled to a prompt verdict.

To provide the fiscal flexibility needed in our modern economy, the Congress might be willing to give the President discretionary authority to initiate limited changes in tax rates, subject to Congressional veto. I believe that the President should have such authority. Alternatively, the Congress might choose to establish its own rules for ensuring a prompt vote—up or down—on a Presidential request for tax action.

The Nation should never again be subjected to the threat of fiscal stalemate.

MONETARY POLICY

Our institutions allow monetary policy to adjust promptly and smoothly, and the value of this flexibility has become evident. When fiscal action has been delayed, monetary policy has been able to continue the battle against inflation. But tight credit, soaring interest rates, pressures on homebuilding, and nervous financial markets are the unhappy results of an overburdened monetary policy. Greater fiscal flexibility would help to ensure that monetary policy is not asked to carry an undue share of the load in restraining—or stimulating—the economy.

The Administration and the Federal Reserve have learned to work together closely and to coordinate effectively, while preserving the appropriate independence of the Federal Reserve within the Government. Our monetary institutions are working well, and I see a need for only a few reforms to enhance their effectiveness.

- The term of Chairman of the Federal Reserve Board should be appropriately geared to that of the President to provide further assurance of harmonious policy coordination.
- The rigid requirement that no more than a single member of the Federal Reserve Board may be appointed from any one Federal Reserve District should be removed so that the President, with the advice and consent of the Senate, may choose the very best talent for the Board.
- The Congress should review procedures for selecting the presidents of the 12 Reserve Banks to determine whether these positions should be subject to the same appointive process that applies to other posts with similarly important responsibilities for national policy.

AFTER VIETNAM

Despite some encouraging signs of progress toward peace, hostilities in Vietnam continue. In planning our budget, we must assume continuation of the war. But we must also be ready to adjust to peace whenever that welcome day arrives.

Early in 1967, to ensure our readiness for peace, I established the Cabinet Coordinating Committee on Economic Planning for the End of Vietnam Hostilities.

The Report of that Committee emphasizes the demanding task that will confront fiscal and monetary policies once a secure peace permits demobilization. The resources freed from war must not—and need not—be squandered in idleness. Rather, this manpower and material should be promptly enlisted in the service of peaceful progress.

In addition to its immeasurable human benefits, peace will provide an economic dividend to the Nation and to the Federal budget. But that dividend is dwarfed by the urgent needs of our society. The Nation will have to weigh the priorities among attractive programs carefully and wisely to take full advantage of this dividend. High on the list of priorities is the commitment to provide equal and full economic opportunities for all our citizens.

THE INTERNATIONAL ECONOMY

BALANCE-OF-PAYMENTS ADJUSTMENT

Our international accounts were in balance in 1968—for the first time since 1957. Much of the improvement came from the program I announced in an atmosphere of world financial crisis a year ago. The contrast today is striking and gratifying.

The excellent results of last year were aided by temporary factors. Hence, we cannot relax our efforts to achieve fundamental improvement—especially in our disappointing trade performance. To strengthen our trade surplus and achieve a healthy balance of payments, we must

- restore price stability at home,
- encourage our farms and factories to become ever more competitive in quality and price so that they can export more,
- intensify efforts to secure the removal of barriers to freer trade,
- bring more foreign tourists to our shores to enjoy America with us, and
- minimize the foreign exchange cost of our military commitments and economic aid overseas.

Our temporary programs to restrain capital outflows worked well in 1968. American businesses showed remarkable ingenuity and cooperation in pursuing their activities abroad while drastically cutting the drain on the Nation's balance of payments. These programs clearly aided in preserving the strength of the dollar.

Capital restraints should never become permanent features of our economy. They should be ended as soon as possible.

But the war continues and the movement toward noninflationary prosperity has just begun. We cannot now scrap our defenses against large capital outflows. For the present, we must

- renew the Interest Equalization Tax before it expires on July 31,
- maintain the direct investment control program in the more flexible form recently announced, and
- continue the Federal Reserve program of voluntary restraint of foreign lending.

To maintain our gains, ever closer international cooperation is needed among the highly interdependent nations of the world. Countries in deficit must meet their responsibilities. And countries in surplus must also pursue appropriate policies—striving especially for rapid economic expansion and giving world traders greater access to their markets.

WORLD MONETARY SYSTEM

The international monetary system was strengthened in 1968. An historic international agreement was reached, creating in the International Monetary Fund a new reserve asset—the Special Drawing Right.

We spent 3 years studying, exploring, and negotiating with our commercial partners in order to reach this agreement. I eagerly await the day that actual distribution of SDR's will begin. They can meet the future needs of the world for international liquidity—in the proper amounts and in a usable form. I am proud that the United States acted so promptly to ratify this agreement with such overwhelming bipartisan support in the Congress.

Some did not believe that such an agreement was possible, arguing that a rise in the official price of gold was the only way to increase international reserves. We and our trading partners rejected this futile course; it would have offered a ransom payment to speculators and would have failed to provide for the orderly growth of reserves. I have carried out my pledge that the United States would sell gold to official holders of dollars at \$35 an ounce. There is clearly no need to change that price.

Myths about gold die slowly. But progress can be made—as we have demonstrated. In 1968, the Congress ended the obsolete gold-backing requirement for our currency.

Another major step in freeing the international monetary system from disturbances by gold speculators was taken in March, when the United States and the other active gold pool countries agreed to cease supplying gold to the private market. The resulting two-price system for gold is working successfully.

The international economy has made major strides in the past. But we must recognize the problems that remain. The financial crises of 1968 stimulated constructive discussion of many proposals for further evolutionary improvements in the international economic system.

These proposals are not an agenda for action in a week or a month or even a year. The issues posed cannot be resolved in a summit meeting or by a superplan. But they can be tackled effectively with the same kind of careful study and negotiation that led to the successful SDR plan. The United States should actively participate in such a procedure in order to strengthen the foundation of the world economy.

TRADE

World trade has continued to expand briskly—virtually unaffected by the sporadic crises in financial markets. Tariff barriers that once stifled international commerce have been substantially lowered—most notably by the Kennedy Round reductions which began in 1968 and will continue until 1973.

We must reinforce this success by devoting equal energy to the removal of nontariff barriers. On our part, Congressional action to rescind the American Selling Price provision is essential for achieving reductions of nontariff barriers offered by several of our trading partners.

Other nontariff barriers also need revision.

- Agriculture has been the stepchild of trade negotiations, and deserves prompt and proper attention.
- The international rules governing border tax adjustments should be revised so that they no longer give a special advantage to countries that rely heavily on excise and other indirect taxes.

While we work to reduce trade barriers, we must not drop our guard against the advocates of protectionism at home and abroad. We will never neglect the legitimate concerns of any citizen. But the only real solutions are ones that improve our economy—not ones that erect new barriers that could provoke retaliation, or insulate producers from the

invigorating force of world competition. To provide the right kind of aid to those seriously hurt by import competition, present provisions for temporary adjustment assistance must be liberalized, as I have repeatedly recommended.

Aid

Important economic progress is being made in the world's less developed countries. The beginnings of spectacular advances in world agriculture are now clearly evident. Family planning is gaining widespread support.

The United States can and should help to promote further progress in world agriculture and family planning, and the achievement of more rapid economic growth in the less developed countries. Only if funds for foreign aid programs are restored to an adequate level can we do our part.

The United States has long supported multilateral assistance as an equitable and efficient means of channeling aid from wealthy to poorer nations. We must reaffirm this support by promptly authorizing the U.S. contributions to the replenishment of the International Development Association and to the Special Funds of the Asian Development Bank.

KEY AREAS OF FEDERAL GOVERNMENT RESPONSIBILITY

The bountiful output of the American private enterprise system has made our high standard of living possible. Yet this same abundance has created a growing need for public action to improve the quality of life in our cities, towns, and countryside. The Federal Government must continue its partnership with the private sector and with State and local governments to provide better public services.

Increased efforts are needed to

- improve the environment by ensuring clean air, pure water, and the conservation of natural resources,
- assist in community development and in education,
- protect the consumer against unfair practices and unwholesome products,
- ensure safe employment conditions, and
- provide a more comprehensive social insurance system to protect against the financial impacts of retirement, unemployment, job accidents, and long-term illness of a breadwinner.

QUALITY OF THE ENVIRONMENT

More than ever, Americans realize that purposeful action is required to ensure an environment we can all enjoy. In the last 5 years, legislation has been enacted to abate air and water pollution and to control the disposal of solid wastes. Despite progress, many of our rivers still are open sewers, our atmosphere often unfit to breathe, and much of our land littered with discarded junk. We must

- develop new methods for financing water treatment plants,
- attack oil pollution of harbors and beaches,
- strengthen laws for clean air and solid waste disposal,
- stop the ravages of strip mining, and
- preserve more parks and wilderness areas.

COMMUNITY DEVELOPMENT AND HOUSING

Rapid population growth in our cities and rising living standards have created a backlog of community and housing needs.

Local governments are finding it increasingly difficult to finance essential community facilities—schools, parks, hospitals, and transportation systems. The Federal Government must develop new ways to help communities raise capital for public facilities.

The capacity of the housing industry must be enlarged and updated to meet the Nation's goal of adding 26 million decent homes and apartments over the next decade.

To improve our communities and meet our housing needs, I recommend

- an independent, federally established, Urban Development Bank to provide low-interest loans to State and local governments,
- increased Federal research and development to improve construction technology,
- a Federal program to test housing materials and to improve building standards and practices,
- the training of more construction workers through federally assisted manpower programs in cooperation with trade unions and contractors, and
- an urban mass transportation trust fund, financed by a portion of the automobile excise tax.

EDUCATION

Providing good education is a national responsibility in which the Federal Government must do its part. Great progress has been made in

recent years toward our goal of providing every child all the education he wants and can absorb. But continued and expanded efforts will be needed. This Nation must strive to

- provide every child with year-round opportunity for preschool education,
- offer every teacher assistance for continuing education,
- bring the cost of higher education within the means of every qualified student through expanded loans and grants, and
- provide funds for higher education adequate to ensure instruction of finest quality.

CONSUMER PROTECTION

The confidence of consumers in the American marketplace is vital for a healthy economy. In the past 5 years, the Congress has ushered in a new era of consumer protection by enacting 20 major measures in this field. We have made great strides toward our goals of

- ensuring that all products are safe and wholesome,
- providing full and fair disclosure in the marketplace, and
- eliminating fraud and deception by the few who prey on the unsuspecting, the elderly, and the poor.

To carry on the work so well begun, legislation is needed to

- prevent deceptive sales practices by giving new authority to the Federal Trade Commission,
- reduce the likelihood of massive electric power failures which can paralyze our cities,
- ensure that the small investor shares in the benefits of our thriving mutual fund industry, and
- complete the circuit of Federal inspection for foods commonly served at the family dinner table.

WORKER PROTECTION

American workers are the most productive in the world and they have made our high standard of living possible. They and their families deserve a safe working place and adequate protection against the loss of income from on-the-job accidents, disability, and unemployment.

Safety

The human costs of accidents are immense—14,000 people killed on the job each year, 2.2 million workers injured. The monetary cost alone

is a staggering \$5 billion. Recent tragedies in our factories, mines, and other work places have dramatized once more the need for better safety practices. Must we wait for tragedy to strike again?

The Congress failed to act last year on an urgently needed Occupational Safety and Health Bill and on the Coal Mine Safety Bill. We can delay no longer. This Nation must put an end to this senseless waste from job accidents—through comprehensive legislation that will ensure the best job safety and health practices in all American work places.

Workmen's Compensation

Workmen's compensation should ensure that no victim of a job-related accident lacks the funds to pay his medical bills and support his family. Currently, one employee in five has no workmen's compensation protection. Benefit levels are too often tragically low. The Federal Government should act now to ensure that the States provide adequate workmen's coverage and benefits.

Disability Insurance

Today disabled workers wait as long as 6 months before receiving benefits—and their disability must be expected to last more than 1 year. In addition, disabled workers are too often unable to pay for the medical care they need. To meet these shortcomings, I recommend that

- the waiting period for benefits be reduced from 6 to 3 months,
- the minimum duration of qualifying disability be reduced to 3 months, and
- the totally and permanently disabled be eligible for Medicare.

Unemployment Insurance

Even in the height of prosperity during 1968, two million workers were out of work for a period of 15 weeks or longer. About a million workers spent at least half the year fruitlessly looking for work.

Congress should strengthen the Federal-State Unemployment Insurance system by

- extending coverage to five million more workers,
- raising benefit levels,
- lengthening payment periods, and
- providing special federally financed benefits for the long-term unemployed, with recipients required to accept job training and other employment services under appropriate circumstances.

Social security is one of the oldest and best social programs. Currently, 25 million people—one out of every eight Americans—receive a social security check every month. Largely because of social security, two-thirds of the beneficiaries—the elderly, widows, orphans, and the disabled—are above the poverty line. Yet we need to do more. I recommend an average increase in benefits of 13 percent, including

- a rise of at least 10 percent for every beneficiary,
- a 45 percent increase from \$55 to \$80 for the five million Americans receiving the minimum benefit,
- a \$100 monthly minimum benefit for those who have contributed to social security for 20 years or more, and
- a liberalization of benefits for the elderly who choose to work.

OUR COMMITMENT TO ELIMINATE POVERTY

No achievement gives me greater pride than the advances in the war on poverty. No social challenge gives me greater concern than the elimination of poverty.

Since the passage of the Economic Opportunity Act, which established the Nation's commitment to eliminate poverty, the number of poor Americans has been reduced by about 11 million. Still, 22 million Americans remain poor.

The effective programs of the Office of Economic Opportunity must be preserved and strengthened. For this purpose, I am recommending a 2-year extension of the Economic Opportunity Act.

EMPLOYMENT OPPORTUNITIES

In recent years, our national prosperity has rapidly expanded job opportunities for the poor. To maintain progress, we must not retreat from high employment. The doors to opportunity are bound to be locked to the disadvantaged and to new workers if senior and skilled employees are being laid off.

At the same time, we cannot count on normal economic growth to create as many jobs for the poor as were created when we moved out of a slack economy. We must therefore increase the emphasis on manpower programs in order to provide effective aid to the disadvantaged.

In 1968, we launched a major new partnership with private industry—the National Alliance of Businessmen. Job Opportunities in

the Business Sector is a promising route for providing jobs and training for the hard-core unemployed. The JOBS program has reached its initial target 6 months ahead of schedule. My budget provides for major expansion of this program.

The experience with JOBS encourages us to develop a similar program for employment in the rapidly growing public sector.

EDUCATION, HEALTH, AND NUTRITION

The poor are often handicapped by inferior education, ill health, and inadequate diets. Federal Government programs have begun to attack these roots of poverty. Head Start, Follow Through, and Title I of the Elementary and Secondary Education Act help in educating disadvantaged children. These should ultimately be expanded to meet the needs of all poor children.

Medicaid has a high proportion of poor beneficiaries and should ultimately free the needy from the bonds of inadequate health care.

Good health is essential for a good start in life. Expectant mothers and infants in poor families should be provided comprehensive health care.

America, blessed with agricultural abundance, should not tolerate hunger among its people. The Food Stamp program should be expanded and a cooperative Federal-State effort launched to protect all Americans against hunger and malnutrition.

HOUSING

With the Housing and Urban Development Act of 1968 we set the goal of eliminating all substandard housing in the next decade. We must back that commitment with the needed resources—financial, technical, and human. First priority must be given to the needs of the poorest of the poor through the Model Cities program, rent supplements, home ownership, and public housing. And all families must be assured full and fair access to housing—with no discrimination.

INCOME SUPPORT

No matter how well we succeed in other efforts, cash assistance will be needed by many of the poor—the elderly, the disabled, and some mothers with sole responsibility for the care of young children. Although such funds do not directly remove the causes of poverty, they sustain life and

hope and help prevent poverty from being bequeathed from one generation to the next.

Income support programs need a thorough review. The public discussion required to illuminate this area is well under way and will benefit from the report of the Commission on Income Maintenance, due at the end of this year. Americans will soon have to decide how best to help those who cannot earn enough to escape from poverty.

Whatever strategies we choose, the effort to reduce poverty must be redoubled. Victory in the war on poverty can be won with only a modest share of the Nation's income gains. The total shortfall of income below the poverty line amounts to only 1 percent of our gross national product—one-fourth of our normal growth in a single year. A fully effective anti-poverty program would initially cost more than that—but would not be out of range. Surely Americans will make the investment needed to eliminate poverty.

CONCLUSION

The American economy has been steadily on the march in the 1960's. It has shattered all records for progress toward the Employment Act's goals of "maximum employment, production, and purchasing power." It has bestowed great blessings of abundance on the vast majority of Americans in all walks of life.

Economic growth has provided the resources for urgent defense needs and has still permitted a major expansion of civilian production—both public and private. It has allowed us to send a youngster to Headstart and a man to the moon.

When our economy was less prosperous, many of our social problems were neglected—eclipsed by the struggle of families to make ends meet. The plight of the poor was fatalistically accepted when the majority of Americans were vulnerable to unemployment and deprivation. Our needs for improved schools, better cities, and a healthier environment were pushed into the background.

As the average American's standard of living soared, we could afford to focus on new challenges. Facing these issues squarely has in itself been a great accomplishment. We have marshaled our determination to provide a good job, a decent standard of living, quality education, and a pleasing environment for everyone.

We have begun to make progress toward these new aspirations. But we have *only* begun. And because we have so far to go, many of us are

impatient. This feeling is in the great American tradition. High aspirations and impatience have constantly spurred us to greater achievements.

And they will again. Our economy will not rest on the laurels of the 1960's. We will not relax to count or consolidate our gains. We will not retreat from the unprecedented prosperity we have achieved. This Nation will remain on the march.

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

January 16, 1969.

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

LETTER OF TRANSMITTAL

COUNCIL OF ECONOMIC ADVISERS,
Washington, D.C., January 10, 1969.

THE PRESIDENT:

SIR: The Council of Economic Advisers herewith submits its Annual Report, January 1969, in accordance with Section 4(c) (2) of the Employment Act of 1946.

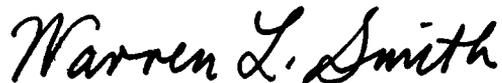
Respectfully,



ARTHUR M. OKUN,
Chairman.



MERTON J. PECK.



WARREN L. SMITH.

CONTENTS

	Page
CHAPTER 1. STRENGTHENING THE FOUNDATION OF PROSPERITY	33
Economic Gains in 1968	34
Production and Productivity	34
Employment and Income	34
The Composition of Demand	36
Economic Policy in 1968	37
Fiscal Policy	38
Monetary Policy and Financial Developments	39
Pattern of Activity During the Year	40
Upsurge During the First Half of 1968	40
Expansion in the Second Half	41
Key Sectors in 1968	42
Retrospect	45
Wages and Prices in 1968	45
Wages and Compensation	46
Real Earnings and Unit Labor Costs	47
Prices in 1968	48
Balance of Payments in 1968	49
Goods and Services	50
Capital Account	52
Economic Policy for 1969	53
Anti-Inflationary Strategy	53
Fiscal Program for 1969	54
Monetary Policy	55
Economic Outlook for 1969	55
Outlook by Sectors	56
Price Outlook	58
Outlook for the Balance of Payments	59
CHAPTER 2. POLICIES FOR BALANCED EXPANSION	61
Realizing the Economy's Potential	61
The Choice of a Target	62
Potential Output	64
Economic Gains of the Expansion	67
The Problem of Economic Fluctuations	70
Short-Run Instability	70
Automatic Stabilizers and Fiscal Drag	72
The Record of Policy	74
Strategy for Expansion: 1961 to Mid-1965	74
Fiscal Problems of Defense and High Employment: 1965-68	75
Lessons of the Policy Record	77

CHAPTER 2. POLICIES FOR BALANCED EXPANSION—Continued	Page
Formulating Fiscal Policy	78
The Role of Economic Forecasting	78
Preparing the Annual Budget	80
Congressional Procedures	82
Adjusting to New Developments	84
Some Issues of Monetary Policy	85
The Conduct of Monetary Policy	85
Monetary Policy and the Money Supply	89
Looking Ahead	93
CHAPTER 3. PRICE STABILITY IN A HIGH EMPLOYMENT ECONOMY . . .	94
Prices, Wages, and Employment	94
The Record in the Sixties	96
The Task for Policy	97
Improving Labor and Product Markets	98
Improving Labor Mobility	99
Efficient Use of Manpower	103
Manpower Training Programs	104
Competition and Antitrust Policy	106
Legal Restrictions on Competition	108
Improving Consumer Information	109
Regulated Industries	111
Government Procurement	113
Agriculture	115
International Trade and Price Stability	116
Voluntary Restraint in Prices and Wages	118
Role of Private Decisions	118
Standards for Decisions	118
Application of Standards	119
Future Role of Cooperation	120
Conclusion	121
CHAPTER 4. THE INTERNATIONAL ECONOMY	123
Economic Growth and World Trade	124
Trade and Trade Barriers	124
Less Developed Countries	126
The Bretton Woods System	128
The Liquidity Problem	129
Types of Reserves	130
Special Drawing Rights	130
The Need for Reserve Growth	131
The Confidence Problem	133
Private Shifting Among Currencies	133
Private Demand for Gold	134
Shifts Among Official Reserve Assets	135
Proposals for Improving Reserve Management	136
The Adjustment Problem	137
Causes of Disturbances	138

	Page
CHAPTER 4. THE INTERNATIONAL ECONOMY—Continued	
The Adjustment Problem—Continued	
Internal Adjustments	138
Measures Directly Affecting International Transactions . .	140
The Adjustment Problem of the United States	142
Exchange Rate Adjustments	145
Present System	145
Proposals for Exchange Rate Flexibility	146
Conclusion	149
CHAPTER 5. COMBATING POVERTY IN A PROSPEROUS ECONOMY	151
The Extent of Poverty	151
Definition of Poverty	152
Poverty Trends	153
Strategies for Reducing Poverty	155
Prosperity and the Reduction of Poverty	155
Effects of Prosperity	156
Prospects for Further Progress	158
Income Distribution	160
Education, Jobs, and Training	161
Education and Poverty	162
Hiring Standards	162
Training and Job Access	163
Improvements in Income Maintenance	164
Welfare Programs	165
Benefits in Kind	166
Social Insurance Systems	168
Major Reform	170
Special Problems of Poverty Pockets	172
Strategies for Attacking Ghetto Problems	173
Strategies for Reducing Rural Poverty	176
Fulfilling the National Commitment	178

List of Tables and Charts

Tables

1. Gross Saving and Investment in Selected Years of Relatively High Employment, 1952–68	36
2. Changes in Various Measures From the National Income and Product Accounts Since Second Quarter 1967	41
3. Allocation of Disposable Personal Income in Selected Periods, 1956–68	43
4. Changes in Compensation, Productivity, Unit Labor Cost, and Output Price in the Private Economy Since 1947	46
5. Wage and Benefit Changes in Collective Bargaining Situations, 1963–68	47
6. United States Balance of Payments, 1963–68	50

<i>Tables</i>	Page
7. Measures of Economic Activity During the Current Expansion.	68
8. Federal Fiscal Actions in Three Periods Since Fourth Quarter 1960.	74
9. Net Funds Raised by Nonfinancial Sectors, 1961-68.	87
10. Changes in Employment, 1961 to 1968.	100
11. Changes in Hourly Earnings of Production and Nonsupervisory Workers on Private Nonagricultural Payrolls, 1961 to 1968.	100
12. Growth of Gross National Product in Developed and Less Developed Countries, 1950-67.	124
13. Growth of World Exports, 1952-67.	125
14. Poverty and Near-Poverty Income Lines, 1967.	152
15. Number of Poor Households and Incidence of Poverty, Selected Years, 1959-67.	157
16. Number of Near-Poor Households and Incidence of Near-Poverty by Age and Sex of Head of Household, 1959 and 1967.	159
17. Selected Major Income Maintenance Programs, Fiscal Year 1969.	164
18. Major Federal Income-in-Kind Programs Substantially Benefiting the Poor, Fiscal Year 1969.	167
 <i>Charts</i>	
1. Changes in Gross National Product Since 1964.	35
2. Wholesale Prices.	48
3. Consumer Prices.	49
4. U.S. Balance of International Payments.	51
5. Gross National Product, Actual and Potential, and Unemployment Rate.	65
6. Unemployment Rates.	69
7. Selected Interest Rates.	76
8. Price Performance and Unemployment.	95
9. World Trade and Reserves.	132
10. Number of Poor Persons and Incidence of Poverty.	154
11. Taxes and Transfer Payments as Percent of Income (Excluding Transfers), by Income Class, 1965.	161

CHAPTER 1

Strengthening the Foundation of Prosperity

THE AMERICAN ECONOMY achieved large gains in output and employment in 1968, as it continued to expand through an unprecedented eighth consecutive year. The value of the Nation's total output of goods and services—gross national product (GNP)—rose by \$71 billion from 1967 to 1968; after adjusting for price increases, the gain amounted to 5 percent. Employment grew by 1½ million persons, and in December the unemployment rate was down to 3.3 percent, the lowest since the early 1950's. The number of persons below the poverty income line declined by 4 million, the largest such reduction in any year on record. Meanwhile, our over-all balance of international payments improved markedly.

In part, however, this exuberance was too much of a good thing. The productive capability and adaptability of the American economic system were once more demonstrated; but the economy was severely tried by all of the demands placed upon it. The pressures of excessive demand pushed up the price level at the unacceptable rate of nearly 4 percent. Imports were drawn in from abroad at a very rapid pace, easing some domestic supply shortages but causing a sharp deterioration in the Nation's international trade surplus. And domestic financial markets came under renewed heavy pressure, producing sharp increases in interest rates.

The excessive buoyancy reflected, in large part, the extended delay in enacting the 10 percent income tax surcharge which had been proposed by the President in August 1967. While the fiscal program was pending, restrictive monetary policy took some of the steam out of the economy. But by the time the appropriate fiscal restraint went into effect in mid-July, the underlying forces of expansion had attained great momentum—more than was realized at the time. As a result, the needed moderation in the pace of advance developed slowly.

With inflationary pressures still strong, economic policy should continue to exert restraint in 1969. Total demand must be brought into better balance with the Nation's productive capacity to permit a slowing of price and cost increases. But the restrictiveness of policy should be tempered to preserve our basic prosperity; it should ensure that output continues to grow, although at a rate somewhat less than the growth of the economy's potential. The Administration's fiscal program is designed to meet these objectives.

The remainder of this chapter reviews developments in 1968 in more detail, sets forth the Administration's fiscal program for 1969, and finally summarizes the outlook in 1969 for economic activity, prices and wages, and the balance of payments. The other four chapters of this Report review some of the lessons of economic policy derived from recent experience and discuss some of the challenges of the future. The evolving role of fiscal and monetary policies in the 1960's is discussed in Chapter 2. The challenge of achieving price stability in a high employment economy is the subject of Chapter 3. International economic progress and problems are dealt with in Chapter 4, while Chapter 5 is concerned with the reduction of poverty. This volume also contains a report on economic planning for the end of hostilities in Vietnam.

ECONOMIC GAINS IN 1968

The record of 1968 reflects both sides of the performance of an overly buoyant economy: the benefit to most Americans from large gains in real income and output, and the substantial cost of inflationary pressures.

PRODUCTION AND PRODUCTIVITY

The 5 percent growth of real output achieved in 1968 was impressive in view of the already high level of resource utilization at the beginning of the year. But inflationary pressures were accentuated and, as shown in Chart 1, higher prices accounted for \$31½ billion of the \$71 billion rise in total GNP.

The rise in total real output was accomplished in part by a strong recovery of productivity growth in the private sector over the previous year—3.3 percent compared with 1.6 percent in 1967. In early 1967, many business firms had maintained high levels of employment in the expectation that the then emerging slowdown in production would prove temporary. Thus the diminished pace of the expansion was reflected in a slowing of productivity growth rather than a sharp rise in unemployment. Accordingly, with the resurgence of economic activity late in 1967 and in 1968, it was possible to meet some increased demand by fuller use of the existing work force.

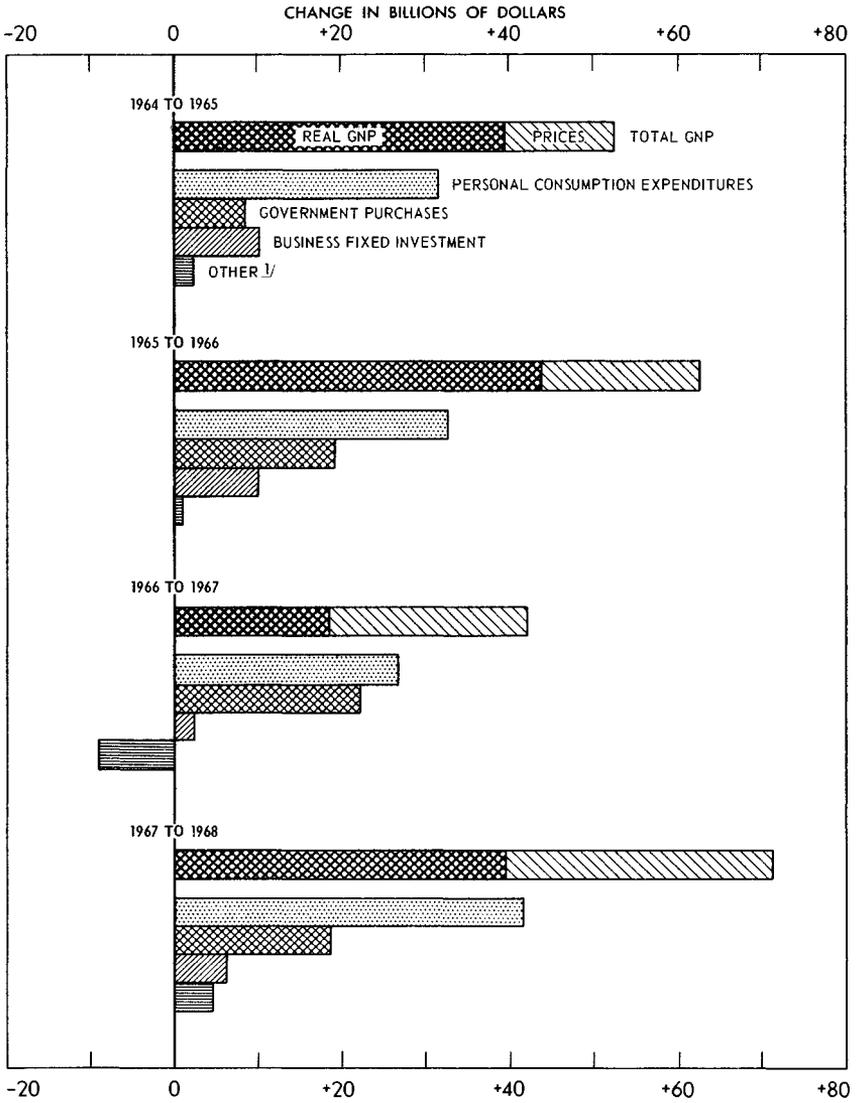
EMPLOYMENT AND INCOME

As a result of the expansion, the unemployment rate fell to a 15-year low of 3.6 percent in 1968 compared with 3.8 percent in both 1966 and 1967, and the number of unemployed declined by 160,000.

Workers on nonfarm payrolls increased by 2.1 million in 1968. The largest gains occurred in State and local government payrolls, which increased by nearly 565,000 workers, and in trade and private services, which together added 950,000 workers. Manufacturing employment rose a relatively moderate 300,000. The Federal Government's civilian work force remained practically unchanged from 1967, while 100,000 persons were added to the Armed Forces.

Chart 1

Changes in Gross National Product Since 1964



1/ RESIDENTIAL STRUCTURES, CHANGE IN BUSINESS INVENTORIES, AND NET EXPORTS OF GOODS AND SERVICES.
SOURCE: DEPARTMENT OF COMMERCE.

With higher employment and more rapid wage increases, total wages and salaries increased by \$40 billion in 1968. A sharp \$7 billion rise in transfer payments, plus gains in dividends, interest, and rental income, added further to household purchasing power. Thus over-all personal income registered a large increase of \$57 billion over 1967. On an after-tax basis, and after correcting for price increases, income per capita increased by 3 percent in 1968—well above the average annual increase for the postwar years as a whole.

Corporate profits also rebounded sharply from their decline in 1967. Before-tax profits increased by more than \$10 billion. The 10 percent Federal income tax surcharge, enacted in June and made retroactive to January 1 for corporations, held the after-tax gain to \$3 billion. Particularly large gains were recorded by the manufacturing sector.

THE COMPOSITION OF DEMAND

In contrast to the experience in many other years, the excessive expansion in 1968 was not attributable to any particular component of expenditures. Most components advanced, and they added up to a total of too much demand—what has been called a “well-balanced excess.”

Investment Sectors

Residential construction outlays rose by \$5½ billion in 1968. As shown in Table 1, the proportion of total GNP accounted for by residential building

TABLE 1.—*Gross saving and investment in selected years of relatively high employment, 1952–68*

Source or use of saving	Percent of gross national product					
	1952	1956	1965	1966	1967	1968 ¹
Private sector:						
Gross investment.....	14.9	17.1	16.4	16.5	14.7	14.8
Business fixed investment.....	9.1	10.4	10.4	10.9	10.6	10.5
Residential structures.....	5.0	5.2	4.0	3.3	3.1	3.5
Change in business inventories.....	.9	1.1	1.4	2.0	.8	.9
Net foreign investment.....	-.1	.4	.6	.3	.2	(²)
Gross saving.....	15.4	16.2	16.5	16.7	16.9	16.1
Personal saving.....	5.2	4.9	4.1	4.4	5.1	4.7
Gross business saving.....	10.2	11.3	12.4	12.3	11.8	11.3
Excess of private saving or investment (-).....	.5	-.9	.1	.2	2.2	1.3
Government sector:						
Federal surplus or deficit (-).....	-1.1	1.4	.2	.1	-1.6	-.6
State and local surplus or deficit (-).....	(²)	-.2	.1	.1	-.2	-.1
Government surplus or deficit (-).....	-1.1	1.2	.3	.2	-1.7	-.7
Statistical discrepancy.....	.6	-.3	-.5	-.4	-.4	-.5

¹ Preliminary.

² Less than 0.05 percent.

Sources: Department of Commerce and Council of Economic Advisers.

recovered notably in 1968, although it remained far below the 4.3 percent average of the 1961–65 period.

Business fixed investment increased 7½ percent, but was not a strong stimulative force in 1968. Its share of GNP fell slightly from 1967 to 1968, in contrast to its usual rise in a year of rapid expansion.

Inventory accumulation played a relatively passive role in 1968, at least in comparison with the very sharp swings that were experienced in late 1966 and early 1967. Inventory-sales ratios were at a fairly normal level throughout much of the year.

The net export balance declined to its lowest level since 1959. Exports of goods and services rose \$5 billion. But imports of goods and services surged by \$7 billion in response to the expansion of domestic demand. The increase in imports amounted to nearly 10 percent of the increase in GNP—about twice the normal share of total imports in GNP.

Government

The growth of Federal purchases for national defense slowed substantially. The \$6½ billion rise from 1967 to 1968 was far below the average of \$11 billion a year between 1965 and 1967. Nondefense purchases of goods and services increased by \$3 billion.

Purchases of goods and services by State and local governments continued their rapid growth of recent years with a \$9 billion increase. These expenditure increases were heavily concentrated in higher employee compensation payments, reflecting the growth of State and local employment.

Personal Consumption Expenditures

Consumer expenditures turned out to be an important expansionary force in the economy in 1968, in contrast to 1967. The over-all rise of \$42 billion (8.6 percent) was marked by a strong \$10 billion advance in durable goods purchases. Automobile sales rebounded from the mild decline of 1967, with total sales of 9.6 million new cars exceeding the previous 9.3 million record of 1965. The rate of consumer saving fell to 6.9 percent of disposable personal income from the unusually high 7.4 percent reached in 1967.

ECONOMIC POLICY IN 1968

The buoyancy of public and private demand and the resulting buildup of inflationary pressures that developed after mid-1967 accentuated the urgent need for fiscal restraint. However, enactment of such restraint was long delayed, complicating the management of monetary policy and enabling inflationary tendencies to become entrenched.

FISCAL POLICY

The economic background of fiscal policy in 1968 had its roots in developments in early 1967. Although over-all economic growth was proceeding only slowly at that time because of an inventory adjustment, it was apparent that underlying forces of expansion were strong. These were expected to become more dominant in the second half of the year, once the inventory adjustment had run its course. Accordingly, the President proposed, in his Budget Message of January 1967, a temporary 6 percent surcharge on individual and corporate income taxes, to take effect on July 1, 1967.

By the second half of 1967, the prospect that excessive expansion was on the way became more apparent. Accordingly, in early August, the formal message requesting prompt enactment of the surcharge—revised to 10 percent—was sent to the Congress. However, the economy was not actually expanding at an excessive rate during the summer and early autumn, and the Congress was reluctant to take major action on the basis of a forecast of acceleration. No action was taken, and the fiscal impact remained strongly and inappropriately expansionary.

The pace of economic expansion did in fact accelerate, and the President renewed the request for a 10 percent tax surcharge in January 1968. The evidence of excessive demand, rising prices, deteriorating trade performance, and growing financial pressures at home and abroad became compelling. An international financial crisis developed in March, and by mid-May accelerating credit demands had pushed interest rates to record high levels. Even after a rather general consensus on the need for fiscal restraint developed, there were further delays in reaching agreement on the form of restraint. Some legislators were prepared to vote for higher taxes only if accompanied by cutbacks in Federal spending; others only if a tax increase would serve as a means of avoiding such cutbacks.

Congressional approval finally came with passage of the Revenue and Expenditure Control Act of 1968, signed into law by the President on June 28.

The Act provided for the 10 percent surcharge as requested by the President in January, with effective dates made retroactive to January 1 for corporations and April 1 for individuals. Since the withholding rate under the personal income tax was raised on July 15, many individuals will receive reduced refunds or have to make additional final tax payments early this year to cover the retroactive portion of the tax.

The Act also established specific limitations on Federal budget outlays for fiscal year 1969. Certain programs—support for Vietnam operations, interest on the public debt, veterans benefits and services, and social security benefits—were exempted from the limitations. Expenditures in the remaining categories were required to be reduced by \$6 billion below the levels contained in the January Budget.

As a result of the enactment of this fiscal program, the Federal budget (as measured in the national income accounts) has shifted from a deficit of \$11 billion in fiscal 1968 to one of only \$1 billion (annual rate) in the second half of calendar 1968. The tax surcharge alone is currently withdrawing about \$10½ billion (annual rate) from the income stream.

The enactment of the surcharge and expenditure cutbacks immediately strengthened international confidence in the dollar, and caused some relaxation in domestic financial markets. Economic activity continued to expand too strongly in the second half of 1968, but at a less feverish pace than in the first half.

MONETARY POLICY AND FINANCIAL DEVELOPMENTS

The Federal Reserve tightened credit in the first half of 1968 when little progress was made toward passage of the tax bill. In doing so, however, it attempted to steer a narrow course. There was hope for the enactment of fiscal restraint and hence good reason to avoid an extremely tight credit policy. On the other hand, it was necessary for monetary policy to help in cooling off the feverish economy in the short run and also to be ready to assume the full burden of restraint if the fiscal program should fail. Within these limitations, a series of actions did, in combination, achieve significant restraint.

Two half-point increases brought the Federal Reserve discount rate to a modern high of 5½ percent by late April. Regulation Q was also changed in April to raise the maximum allowable interest rates that banks could pay on time certificates of deposit. Open market operations brought pressures on bank reserve positions sufficient to slow bank credit growth to a 6½ percent annual rate in the first half of the year, compared with an 11½ percent increase in 1967. In the first half of 1968, total funds raised in credit and equity markets were 17 percent below the volume of the last half of 1967. Interest rates in the open market moved sharply upward. By late May, the rate on 3-month Treasury bills reached 5.90 percent and high-grade corporate bonds commanded more than 7 percent—above the highs during the 1966 credit crunch.

Interest rates fell for a time after the logjam on the tax bill broke in late May. The Federal Reserve followed this with some relaxation of its grip on bank reserve positions in June and July. In mid-August, the discount rate was reduced to 5¼ percent, largely in technical realignment to lower market rates.

The initial easing of pressures on the banking system set off widespread expectations that monetary policy would soon be eased still further. The resulting increased demand for securities to capture potential capital gains drove interest rates sharply downward. Meanwhile, the demands for credit to finance security purchases were added to the already heavy credit demands from the Treasury and the private sector, with the result that growth of bank credit accelerated sharply after midyear.

Federal Reserve policy continued to accommodate a good part of the rising demands for credit, but not to the extent of preventing further increases in market interest rates. By early October, most rates had climbed more than half way back toward their May peaks. Then, in mid-December, the discount rate was restored to 5½ percent. Toward yearend, the rate on 3-month Treasury bills was up to a new high of about 6.30 percent, a full percentage point above the level prevailing at the year's start, and most other market rates were at their highs for the year and for recent times.

PATTERN OF ACTIVITY DURING THE YEAR

The record of expansion during the year reflects substantial adjustments in the behavior of the various sectors of the economy.

UPSURGE DURING THE FIRST HALF OF 1968

GNP increased by \$42 billion (annual rate) between the fourth quarter of 1967 and the second quarter of 1968. As shown in Table 2, that surge was fueled by an extraordinary increase of \$39½ billion in final sales.

This was in contrast to the last half of 1967, when an important stimulus had come with a rise in inventory investment from its very low rate earlier in the year. In the first half of 1968, increases in inventory investment contributed only \$2½ billion, much of which reflected a buildup of stocks in anticipation of a possible strike in the steel industry.

Government expenditures were the most important expansionary force during the first half of 1968. Federal purchases of goods and services rose \$6½ billion (annual rate) from the fourth quarter of 1967 to the second quarter of 1968, reflecting a renewed acceleration in defense spending. State and local purchases increased more rapidly than usual, rising \$5½ billion over the period. A liberalization of Federal social security benefits took effect in March and contributed a major part of the \$5 billion increase in transfer payments during the period. The Federal fiscal impact remained strongly expansionary, even though revenues rose sharply with the booming advance of economic activity.

Most areas of private demand made relatively little contribution to the expansion. Business fixed investment rose \$2 billion, barely keeping pace with price increases. After its strong advance during 1967, residential construction leveled off, reflecting a tight monetary policy. Net exports declined, as imports expanded rapidly. Personal consumption expenditures grew nearly in pace with disposable personal income between the fourth quarter of 1967 and the second quarter of 1968.

Real GNP expanded at an annual rate of 6½ percent during these two quarters, far outpacing the rate of growth of about 4 percent in the economy's potential. Unemployment declined from 1967 levels and averaged 3.6 percent of the civilian labor force. In sharp contrast with 1965-66, the

vigor of expansion was not concentrated in industrial areas. Indeed, industrial production rose at a 5½ percent annual rate during the first half of 1968, less than the pace of real GNP.

EXPANSION IN THE SECOND HALF

During the final two quarters of 1968, the growth of real GNP was 4½ percent, still above the rate of growth of potential although only by a narrow margin. In current prices, GNP rose \$35 billion (Table 2). The growth in final sales decelerated, and inventory accumulation—after dipping in the third quarter—ended the year at a rate little different from the peak attained in the second quarter.

TABLE 2.—Changes in various measures from the national income and product accounts since second quarter 1967

[Billions of dollars, seasonally adjusted annual rates]

Item	1967 II to 1967 IV	1967 IV to 1968 II	1968 II to 1968 IV ¹
Gross national product.....	30.8	41.9	34.9
Change in business inventories.....	6.0	2.5	— .8
Final sales.....	24.7	39.4	35.7
Personal consumption expenditures.....	11.9	25.7	18.4
Business fixed investment.....	2.3	2.0	7.2
Residential structures.....	5.8	1.0	2.3
Net exports of goods and services.....	—1.7	—1.4	1.0
Government purchases of goods and services:			
Federal.....	3.5	6.5	1.6
State and local.....	2.8	5.6	5.2
Consumer sector:			
Personal income.....	23.6	32.9	30.1
Disposable personal income.....	18.1	26.7	16.2
Personal outlays.....	11.6	26.2	18.8
Personal saving.....	6.4	.6	—2.6
Federal Government sector:			
Receipts.....	8.2	² 15.4	15.4
Expenditures.....	7.1	13.3	4.9
Purchases of goods and services:			
National defense.....	2.5	4.4	1.0
Other.....	1.1	2.0	.6
Other expenditures.....	3.6	6.8	3.3
Surplus or deficit (—).....	1.1	2.0	10.6

¹ Preliminary.

² Includes \$3.6 billion of retroactive liability from corporate tax surcharge.

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

Sources: Department of Commerce and Council of Economic Advisers.

In contrast to the first half of the year, the government sector did not propel the advance. Federal purchases of goods and services rose only \$2 billion, and other Federal expenditures increased \$3 billion. Meanwhile, the 10 percent surcharge on corporate and personal income taxes withdrew

over \$10 billion (annual rate) from the private income stream. By the fourth quarter, the Federal budget was essentially in balance.

Both homebuilding and business fixed investment, on the other hand, picked up steam in the second half and ended the year on a particularly strong note. Net exports made a modest recovery. Consumer expenditures advanced \$18½ billion between the second and fourth quarters, much less rapidly than in the first half of the year.

The unemployment rate fell to a 15-year low of 3.4 percent in the fourth quarter, with exceptionally low rates for adult men.

KEY SECTORS IN 1968

Two components of demand—consumer expenditures and residential construction—were subject to special influences in 1968 and therefore require further examination.

Consumer Spending and Saving

Consumer spending was important in determining the pattern of activity throughout the year. It was particularly stimulative in the third quarter, jumping \$13 billion (annual rate) at a time when the surcharge was first affecting paychecks. Some delay in the adjustment of consumer spending patterns to the marked change in the growth of disposable personal income was expected. A lagged response was apparent, for example, in the behavior of consumption outlays following the tax reductions of 1964–65. The increase in withheld taxes stemming from the 1968 tax surcharge was expected to lead to a similar gradual response of consumption. Some decline in personal saving could be expected to absorb part of the tax for a while.

In fact, saving declined far more than had been anticipated in the third quarter, falling \$7 billion from the second quarter—more than could conceivably be attributed to the \$6 billion of additional taxes from the surcharge. But this was immediately followed by an unusually small rise in consumer spending in the fourth quarter, with a consequent increase in the saving rate. During the second half of the year the saving rate averaged ¾ of a percentage point lower than in the first half—nearly twice the decline that would have been consistent with both an unchanging basic strength of consumer demand and the anticipated lagged response to the tax increase.

The third quarter surge in consumption continued to have a strong impact on economic activity through the end of the year as producers stepped up their rates of production in response to the increases in sales. With production proceeding vigorously, the moderation of consumer spending in the fourth quarter was translated into a substantial accumulation of inventories by yearend.

The marked movements of consumer expenditures during 1968 continued the pattern of late 1966 and 1967. The ratios of consumer purchases

of various categories of goods and services and of consumer saving to disposable personal income for the past several years are shown in Table 3. During the 1959–66 period, consumer spending behavior maintained a fairly consistent relationship to disposable personal income. The saving rates in excess of 7 percent that prevailed in 1967 and the first half of 1968 represented an unusually large fraction of disposable income by comparison with 1959–66, although not with 1956–58. The saving rate has also been subject to substantial quarterly fluctuations about its recent high level.

TABLE 3.—Allocation of disposable personal income in selected periods, 1956–68

Category	[Percent]				
	1956–58 average	1959–66 average	1967	1968	
				First half	Second half ¹
Disposable personal income.....	100.0	100.0	100.0	100.0	100.0
Personal consumption expenditures.....	91.1	91.9	90.1	90.2	91.0
Durable goods.....	12.8	13.3	13.3	13.8	14.2
Autos and parts.....	5.4	5.8	5.6	6.0	6.4
Other durables.....	7.3	7.4	7.7	7.8	7.9
Nondurable goods.....	44.0	41.7	39.5	39.2	39.0
Food and beverages.....	23.9	21.9	20.0	19.8	19.8
Other nondurables.....	20.1	19.8	19.5	19.4	19.2
Services.....	34.3	37.0	37.3	37.3	37.8
Interest paid and transfer payments to foreigners.....	2.1	2.4	2.5	2.4	2.4
Saving.....	6.9	5.7	7.4	7.3	6.6

¹ Preliminary.

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

Sources: Department of Commerce and Council of Economic Advisers.

There is no clear explanation for the extra saving in the period from late 1966 to mid-1968. But the high saving did contribute to a sharp buildup in consumers' holdings of financial assets and to a slowing in the growth of consumer debt. Together, these developments meant that households had achieved relatively favorable financial positions, which permitted them to increase expenditures markedly whenever they chose to do so. Why they happened to pick the third quarter of 1968 to exercise this option cannot be adequately explained.

Residential Construction

As was the case in the preceding 2 years, monetary policy again had a significant impact on homebuilding activity in 1968. After rising sharply in the second half of 1967, outlays for residential construction remained essentially flat over the first 3 quarters of 1968, despite the fact that household formation and other factors were creating a tremendous underlying demand

for new houses. Only in the fourth quarter did such outlays show an appreciable rise.

The factor that limited homebuilding was a curtailment in the availability of mortgage credit. The net flow of funds into mortgages fell by about 5 percent between the fourth quarter of 1967 and the second quarter of 1968. To some extent this reflected a slowdown of deposit inflows to major mortgage lenders as savers were attracted by the high interest rates available in the open market. But there was also a marked shift away from mortgage lending by mutual savings banks, which invested heavily in high-yielding corporate bonds.

The effects of tight credit on residential construction were, however, far less severe in 1968 than during the 1966 credit squeeze and were also less than most observers had expected. Indeed, the number of new housing units started was at a depressed level in only 2 months—May and June—and then showed unexpected strength during the second half of the year.

In part, of course, the stronger performance of homebuilding in 1968 reflected the fact that credit tightening early in the year was only short-lived and occurred against a background of continued hope for relief with the enactment of the tax surcharge. Builders and mortgage lenders thus tended to stretch a bit to keep operations going.

Steps taken over the past few years to improve the mortgage market also helped to mitigate the effects of tight credit on homebuilding. As a result of 1966 legislation providing for improved coordination of the administrative ceilings applicable to interest rates that thrift institutions may pay on time and savings deposits, the severe competition among the various institutions for each other's deposits that occurred in 1966 was not repeated in 1968. Legislation passed in May 1968 suspended the statutory 6 percent interest ceiling on federally insured mortgages until October 1969, replacing it in the meantime with an administrative ceiling controlled by the Secretary of Housing and Urban Development. This administrative ceiling was raised to 6¾ percent, thereby increasing the availability of these types of mortgages. The legislation of May 1968 also provided for the appointment of a Commission to reexamine the interest rate ceiling and make recommendations for a permanent solution to the problem.

There were also two important reforms affecting the operation of the Federal National Mortgage Association (FNMA) in 1968 that enabled it to support the mortgage market more effectively than in the past. In May, FNMA began auctioning commitments to purchase mortgages in the future, which builders and others could exercise at their option. By the year end, outstanding commitments under this program totaled \$1.2 billion, bringing FNMA's total net participation in the mortgage market during the year to a record \$4.2 billion.

This increased volume of operations was in part due to the other reform, provided for in the 1968 Housing Act, which split the old FNMA into two corporations, one private (still designated FNMA) and the other a new

Government enterprise, the Government National Mortgage Association (GNMA). FNMA, which conducts the auctions mentioned above, has repaid the Government's investment, and its operations have accordingly been removed from the Federal budget. It is now free of the budgetary constraints that had sometimes limited the role of the old Government enterprise in the mortgage market. GNMA has powers—thus far unused—to help private lenders tap the capital market for additional funds that can flow into mortgages.

RETROSPECT

In retrospect, 1968 is seen as a year of excessively rapid expansion throughout. Yet, there was a noticeable difference between the pace of advance in the first half of the year and that in the second half. The growth rate of real GNP slowed markedly from 6½ percent early in the year to 4 percent by yearend.

Still, a much more pronounced change of pace in activity was expected as well as desired. As of midyear, many Government and private economists expected that the advance of GNP in the second half of the year might be roughly half of the \$42 billion gain for the first 2 quarters. The enactment of the fiscal program was one—but only one—of the elements underlying that expectation. Most of the slowdown was expected to result from a lessening of demand in the private sector—steel and other inventories and homebuilding.

In point of fact, several elements of private demand showed unanticipated strength. The sluggishness of consumer buying in the early spring months proved to be temporary and misleading. Business fixed investment began to move up sharply from its previous plateau. Homebuilding rebounded very strongly and promptly following the easing of credit conditions. And, as noted earlier, the strength of consumer demand in the summer contributed to a stepup in production and ordering and subsequently to rising inventory accumulation. All of these elements taken together amounted to an unexpected buoyancy in private demand and production.

While there is no clear way to tell how much the fiscal program moderated these forces, it is perfectly plausible that in the absence of fiscal restraint there would have been no deceleration whatsoever in the second half (unless, of course, the alternative of severe monetary restraint had been applied).

WAGES AND PRICES IN 1968

As the economy resumed its vigorous advance in the last half of 1967, inflationary pressures reasserted themselves strongly and continued throughout 1968.

WAGES AND COMPENSATION

Spurred by rising living costs and growing tightness in many labor markets, both union and nonunion wages turned up sharply. Average hourly earnings of production workers in private nonagricultural establishments rose 7 percent between December 1967 and December 1968, compared with 5 percent in the preceding 12 months. The hourly wage increases during the year for construction, manufacturing, and wholesale trade were all of about the same magnitude, while those in mining and retail trade were somewhat larger.

Average hourly compensation in the private sector, including fringe benefits and employers' social security contributions, rose 7.4 percent from 1967 to 1968—as compared with 6.1 percent from 1966 to 1967 (Table 4).

TABLE 4.—Changes in compensation, productivity, unit labor cost, and output price in the private economy since 1947

Sector and item	Percentage change per year		
	1947 to 1966	1966 to 1967	1967 to 1968 ¹
Total private economy:			
Average hourly compensation: ²			
Current prices.....	5.2	6.1	7.4
Constant prices ³	3.1	3.2	3.3
Output per man-hour.....	3.5	1.6	3.3
Unit labor cost.....	1.7	4.4	3.9
Implicit GNP price deflator.....	2.0	3.1	3.6
Private nonfarm:			
Average hourly compensation: ²			
Current prices.....	4.9	6.0	7.2
Constant prices ³	2.8	3.1	3.2
Output per man-hour.....	2.9	1.1	3.4
Unit labor cost.....	1.9	4.8	3.7
Implicit GNP price deflator.....	2.2	3.5	3.6
Manufacturing:			
Average hourly compensation: ²			
Current prices.....	5.1	5.3	7.0
Constant prices ³	3.0	2.4	3.0
Output per man-hour.....	3.2	.6	2.8
Unit labor cost.....	1.8	4.7	4.2
Implicit GNP price deflator.....	2.0	2.6	(4)

¹ Preliminary.

² Wages and salaries of all employees and supplements to wages and salaries such as employer contributions for social insurance and for private pension, health, unemployment, and welfare funds, compensation for injuries, pay of the military reserve, etc. Also includes an estimate of wages, salaries, and supplemental payment part of the income of the self-employed.

³ Adjusted for changes in the consumer price index.

⁴ Not available.

Note.—Data for each sector relate to all persons.

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

Wage increases negotiated in all important collective bargaining situations covered five million workers—an unusually large number—in 1968. Multiyear settlements, covering 5,000 or more workers, had a median increase of 6.6 percent a year in wages and benefits weighted over the life of the contract (Table 5).

In most cases, settlements were heavily “front loaded”—that is, a disproportionate share of the increase was concentrated in the first year. The

average first-year wage settlement was 7.5 percent, substantially above the 5.6 percent increase in 1967. This front-loading of new contracts may contribute to a substantial acceleration of economy-wide wage increases during periods of concentrated collective bargaining activity.

Many of the 1968 settlements replaced contracts negotiated in 1965 or 1966, which had yielded very little gain in real hourly earnings because of the accelerating advance in prices. The unions naturally sought to restore their relative positions as quickly as possible, and hence insisted on concentrating a substantial part of the gains under new contracts in the first year.

TABLE 5.—*Wage and benefit changes in collective bargaining situations, 1963–68*

Type of change	Median percentage change negotiated or effective during					
	1963	1964	1965	1966	1967	1968 ¹
Most important collective bargaining situations, annual rate of increase over life of contract:²						
Wage and benefit changes negotiated during specified year: ³						
Equal timing ⁴		3.5	3.3	4.1	5.2	6.0
Actual timing ⁵				4.5	5.6	6.6
Wage changes negotiated during specified year: ⁶						
Equal timing.....	2.5	3.0	3.3	3.9	5.0	5.1
All important collective bargaining situations:⁷						
First-year wage adjustment negotiated during specified year:						
All industries.....	3.0	3.2	3.8	4.8	5.6	7.5
Manufacturing.....	2.5	2.0	4.0	4.2	6.4	7.1
Nonmanufacturing.....	3.4	3.6	3.7	5.0	5.0	7.5
Wage adjustment effective during specified year, regardless of date of negotiations: ⁸						
All industries.....	2.9	2.7	3.4	3.6	4.4	5.5
Manufacturing.....	2.7	2.0	3.4	3.3	4.0	5.0
Nonmanufacturing.....	3.2	3.5	3.4	3.8	4.8	6.0

¹ Based on preliminary data available in early January 1969.

² Possible increases in wages resulting from cost-of-living escalator adjustments are omitted except for any part of the escalator increase guaranteed in the contract.

³ The 1964 estimate is based on 20 key contracts which affected 2.25 million workers in 11 major industries. The 1965 estimate covers most settlements affecting 10,000 workers or more in all industries excluding construction, services, finance, and government. Subsequent estimates cover all settlements affecting 5,000 workers or more in all industries except government.

⁴ Annual rate of increase assuming equal spacing of wage and benefit changes over life of contract.

⁵ Annual rate of increase taking account of actual effective dates of wage and benefit changes during contract period.

⁶ The estimates for 1963 to 1965 cover most settlements affecting 10,000 workers or more in all industries excluding construction, services, finance, and government. Subsequent estimates cover all settlements affecting 5,000 workers or more in all industries except government.

⁷ All contracts affecting 1,000 or more workers. From 1963 to 1965, construction, services, finance, and government are excluded. All industries except government are covered in subsequent estimates.

⁸ Includes changes in wage rates negotiated during specified year, plus increases decided upon in earlier years, cost-of-living escalator adjustments, and no wage changes.

Source: Department of Labor.

REAL EARNINGS AND UNIT LABOR COSTS

The acceleration of money wages in 1968 was nearly matched by the acceleration of consumer prices so that the increase of 3.3 percent in real hourly compensation in the private economy was only slightly greater than the 1967 increase of 3.2 percent (Table 4).

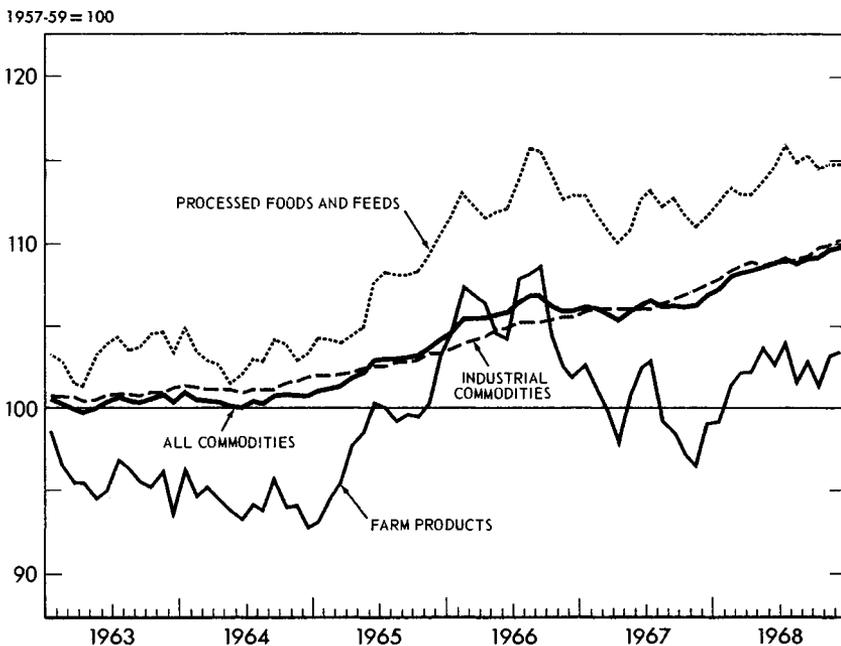
Output per manhour in the private economy rose 3.3 percent in 1968, and this helped offset part of the cost to employers of the increase in hourly compensation. Nevertheless, unit labor costs still rose by 3.9 percent between 1967 and 1968.

PRICES IN 1968

The general price level advanced sharply in 1968. Wholesale prices increased 2.8 percent in the 12 months ended December 1968, compared with only 0.8 percent during 1967 (Chart 2). Part of the spurt reflected the fact that farm prices rose 4.4 percent during 1968, reversing their decline during the 2 preceding years. However, industrial prices also rose on a broad front, advancing 2.6 percent during 1968 compared with 1.8 percent during 1967.

Chart 2

Wholesale Prices

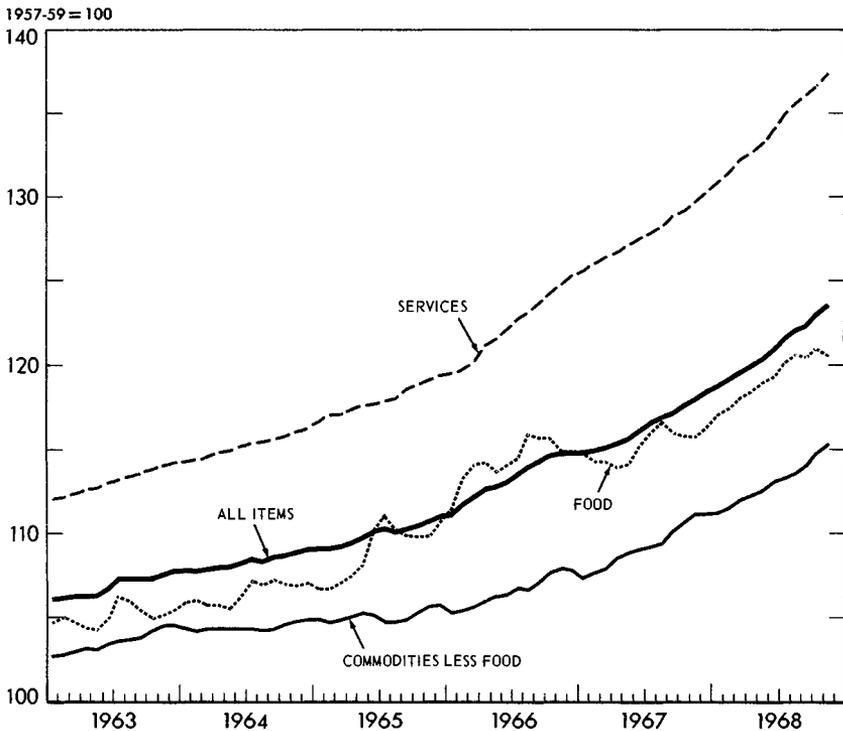


SOURCE: DEPARTMENT OF LABOR.

The consumer price index rose at an annual rate of 4.8 percent during the first 11 months of 1968 (Chart 3). This increase was led by a rise of 6.1 percent in consumer services, including a 7.2 percent jump in the cost of medical services. But prices of consumer commodities also moved up strongly. Partly because mortgage interest and homebuying costs rose particularly sharply, the deflator for personal consumption expenditures in the

Chart 3

Consumer Prices



SOURCE: DEPARTMENT OF LABOR.

GNP—which excludes these elements—increased considerably less rapidly than the consumer price index. It rose by 3.8 percent during the 4 quarters of 1968.

The behavior of prices in 1968 represented a further intensification of the upward pressures that developed late in 1967. After rising 3.3 percent during 1966, consumer prices slowed to a 2½ percent annual rate of increase during the first half of 1967, when economic activity moderated. But, with the resurgence of over-all demand—spurred by fiscal stimulus—late in 1967, the rate of price increase again accelerated.

BALANCE OF PAYMENTS IN 1968

Although excessive economic growth generated a surge in imports and a sharp deterioration in the trade surplus in 1968, the overall balance of payments improved markedly. This primarily reflected a dramatic shift in the direction of capital flows. In 1967, the U.S. balance of payments as measured on the liquidity basis registered a deficit of \$3.6 billion; the deficit was reduced to \$1.1 billion at an annual rate during the first 3 quarters of 1968. (Table 6 and Chart 4). For the full year, preliminary estimates

TABLE 6.—United States balance of payments, 1963–68

[Billions of dollars]

Type of transaction	1963	1964	1965	1966	1967	1968, first 3 quarters ¹
Balance on goods and services.....	5.8	8.4	6.9	5.1	4.8	2.4
Balance on merchandise trade.....	5.1	6.6	4.7	3.6	3.5	.4
Balance on investment income.....	3.3	3.9	4.2	4.2	4.6	4.9
Balance on other services.....	-2.6	-2.2	-2.0	-2.7	-3.3	-2.9
Remittances and pensions.....	-.9	-.9	-1.0	-1.0	-1.3	-1.1
Government grants and capital, net.....	-3.6	-3.6	-3.4	-3.4	-4.2	-4.3
U.S. private capital, net.....	-4.5	-6.6	-3.8	-4.3	-5.5	-5.2
Direct investment.....	-2.0	-2.3	-3.5	-3.6	-3.0	-3.3
U.S. bank claims.....	-1.5	-2.5	.1	.3	-.5	.4
Other U.S. private capital ²	-.9	-1.8	-.4	-.9	-2.0	-2.3
Foreign private capital, net.....	1.3	1.9	.3	4.2	3.4	10.4
U.S. securities (excluding Treasury issues).....	.3	-.1	-.4	.9	1.0	3.7
Foreign private liquid capital, net ³.....	.6	1.6	.1	2.4	1.5	5.4
Other foreign private capital ⁴.....	.4	.5	.5	.9	.9	1.3
Errors and omissions.....	-.2	-.9	-.3	-.2	-.5	-.3
BALANCE ON OFFICIAL RESERVE TRANSACTIONS BASIS.....	-2.0	-1.6	-1.3	.3	-3.4	1.9
Plus: Increases in nonliquid liabilities to foreign monetary authorities.....	(⁵)	.3	.1	.8	1.3	2.4
Less: Foreign private liquid capital, net ³.....	.6	1.6	.1	2.4	1.5	5.4
BALANCE ON LIQUIDITY BASIS.....	-2.7	-2.8	-1.3	-1.4	-3.6	-1.1

¹ Average of the first 3 quarters at seasonally adjusted annual rates.² Includes redemptions of foreign securities.³ Includes changes in Treasury liabilities to international nonmonetary institutions.⁴ Includes certain Government transactions associated with special transactions.⁵ Less than \$50 million.

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

Source: Department of Commerce.

show a liquidity surplus—for the first time since 1957. The balance on the official reserve transactions basis improved dramatically, achieving a surplus of \$1.9 billion during the first 3 quarters of 1968, partly as a result of a marked shift in the holdings of liquid dollar assets abroad from foreign central banks to private investors. Such a shift improves the official settlements measure but does not affect the liquidity balance.

The improvement in the balance of payments can be attributed to the President's program announced on January 1, 1968; to some special factors affecting primarily capital flows; and to the continuation of some longer term trends.

GOODS AND SERVICES

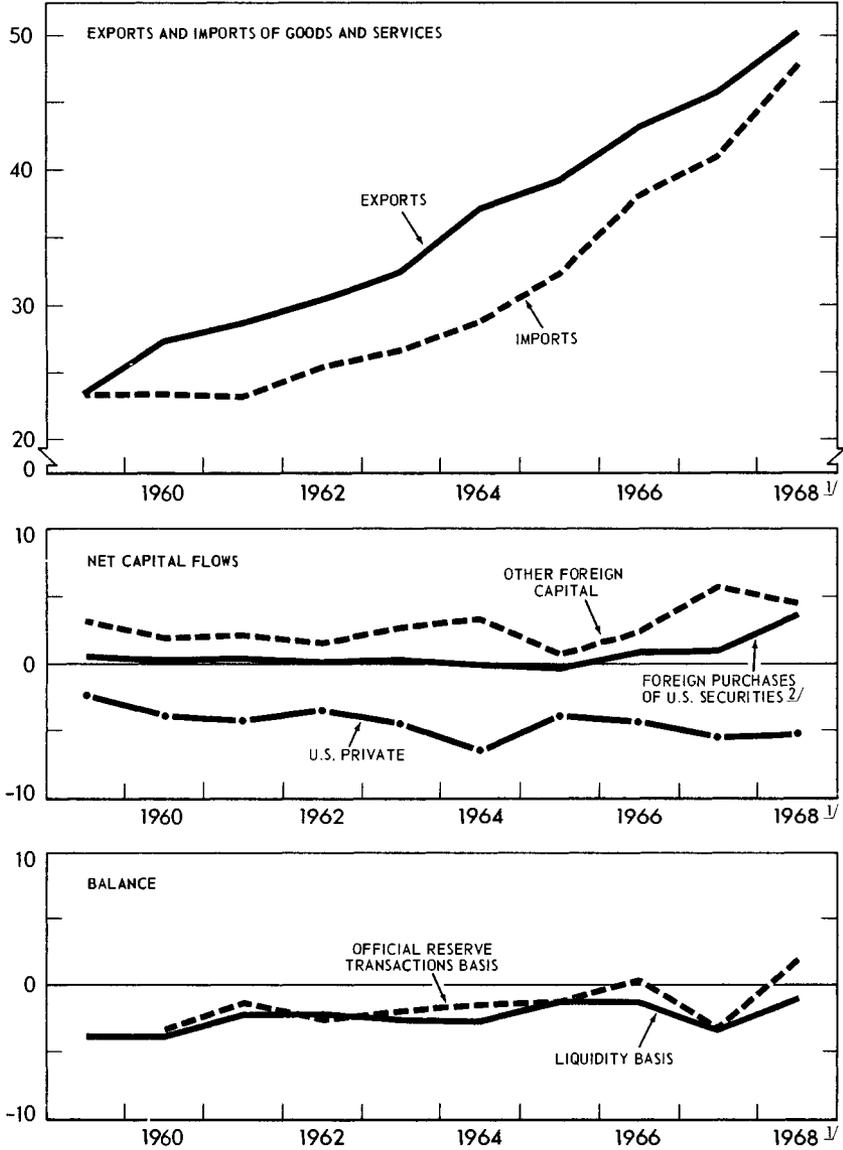
The merchandise trade surplus deteriorated markedly from \$3.5 billion in 1967 to an annual rate of only \$0.4 billion during the first 3 quarters of 1968. Imports rose about 22 percent above 1967. Exports, reflecting mainly the vigorous growth of income abroad, grew by 10 percent.

The U.S. trade balance during 1968 was influenced by strikes in the copper and aluminum industries and a threatened strike in the steel industry,

Chart 4

U.S. Balance of International Payments

BILLIONS OF DOLLARS



¹FIRST 3 QUARTERS AT SEASONALLY ADJUSTED ANNUAL RATES.

²SECURITIES OTHER THAN TREASURY ISSUES.

SOURCE: DEPARTMENT OF COMMERCE.

all of which stimulated metal imports and reduced the trade surplus by perhaps \$600 million.

Nonagricultural goods accounted for the entire growth of merchandise exports during 1968, with exports to Western Europe and Latin America expanding especially rapidly. Agricultural exports, the most rapidly growing category between 1960 and 1966, declined rather abruptly in 1967 and remained depressed in 1968. While this decline was partially the result of a reduction of sales and donations to less developed countries, it also reflected a sharp decline in commercial exports to the European Economic Community, greatly influenced by EEC restrictions on agricultural imports.

The service account in the balance of payments improved, reaching a surplus of \$2.0 billion annual rate (during the first 3 quarters of 1968), as compared to \$1.3 billion in 1967 (Table 6). The major gain came in net income from foreign investments, which continued its upward trend. Some improvement also occurred in the travel account in 1968, reflecting the reduced attractiveness of the Canadian exposition.

CAPITAL ACCOUNT

The capital account improved markedly, swinging from a net outflow on private account of \$2.2 billion in 1967 to a net inflow of \$5.2 billion in 1968 (first 3 quarters at annual rate). The new balance-of-payments programs had their major impact on the capital account. Mandatory controls on foreign direct investment, imposed January 1, 1968, greatly stimulated efforts by American firms to raise money abroad. During the first 9 months of 1968, \$1.6 billion of new U.S. corporate securities were sold abroad to finance foreign investments, compared with less than \$500 million during all of 1967. Firms also borrowed other funds totaling \$0.7 billion, about twice the total for 1967. These borrowings permitted direct investment abroad to increase slightly, apparently proceeding in accordance with original intentions. Thus the target of \$1 billion of balance-of-payments savings from the controls over direct investment was achieved without reducing American participation in the economies of other countries.

Operating under new directives issued by the Federal Reserve Board, American banks reduced their claims on foreigners by \$300 million during the first 9 months of 1968, compared with an increase of about \$500 million during 1967. The swing of \$800 million in bank lending exceeded the target of \$500 million set in the January program.

There were other improvements in the capital account that were not directly related to the balance-of-payments program. By the end of September, foreigners had already purchased \$1.2 billion (net) of American securities in the open market (in addition to the \$1.6 billion of new issues previously mentioned). In all of 1967, foreign purchases in the market amounted to only \$0.6 billion, as a \$450 million liquidation of holdings by the United Kingdom held down the total. The greater foreign interest in U.S. stocks and bonds during 1968 can be attributed to rising prices of U.S. equities and

high yields on U.S. bonds, as well as to political developments in France and Czechoslovakia that made European securities seem less attractive. Moreover, long-term forces continued to work, including the basic strength of the U.S. economy, the growing affluence of other countries, and the shortage of foreign corporate securities.

A major inflow of liquid funds resulted from borrowings by American banks from their foreign branches. During 1968, these borrowings increased by \$1.8 billion, compared with only \$200 million in 1967. The major causes of this increase were the existence of relatively tight monetary conditions in the United States and fears about the stability of some European currencies. American banks also seem to be strengthening their ties to the European money market, giving them access to additional sources of funds.

The U.S. Government increased its special financing arrangements during the year. In part, this increase resulted from greater efforts to obtain military offsets or neutralizations in line with the President's program. Some portion also resulted from a bilateral agreement with Canada whereby that country was exempted from the mandatory controls on direct investment.

ECONOMIC POLICY FOR 1969

Although economic expansion is expected to moderate during the first half of 1969, a continuing policy of restraint is essential to curb inflationary pressures and to strengthen our international trade performance.

ANTI-INFLATIONARY STRATEGY

Checking inflationary forces that are deeply embedded in the structure of costs and prices is an extremely difficult and delicate process. One approach would be to adopt a drastically deflationary fiscal and monetary policy, involving a sharp reduction in Federal expenditures or a further increase in tax rates reinforced by extreme credit restraint.

Such a policy could surely stop inflation in a reasonable period of time. But the cost would be intolerable—unemployment would rise substantially, and the United States could easily experience its first recession in nearly a decade. As the over-all unemployment rate rose, the rates for the disadvantaged—including nonwhites and teenagers—would rise even more rapidly. With heavy unemployment even among experienced workers, it would be extremely difficult to sustain recent initiatives to provide training and jobs for the unskilled and the disadvantaged. The danger of serious social unrest would be greatly increased. Moreover, the entire economy would suffer a huge loss of output, at a time when full production of goods and services is urgently needed to fulfill national goals.

In any case, halting the current wage-price spiral is only the first step in the longer term task of maintaining reasonable price stability. Once a stable price performance had been achieved through a drastic policy of deflation, a decision would be required concerning the next step. If that choice should

be to prolong the slack performance of the economy, it would extend inequity and waste for years to come. If, on the other hand, there was a decision to shift to expansionary policy, there is no reason to believe that the period of deliberate deflation would have contributed to the longer run solution of the problem. Indeed, a rapid recovery to the economy's potential would probably involve more serious dangers of inflation than would a steadier movement that remained close to the path of potential output.

In view of the intolerable costs of a drastic deflationary policy, a more moderate approach is required. The aim should be to slow down the growth of demand to a rate less than the growth of capacity while consistently maintaining forward motion.

Once the rate of price increase has moderated, fiscal and monetary policy can be gradually adjusted toward stronger expansion. How soon that will prove appropriate cannot be foretold now. Nor can the proper target for utilization in the longer run be stated with assurance. If fiscal-monetary policy can succeed in avoiding spurts of expansion such as those experienced in 1965-66 and again in 1967-68, it should be possible to improve somewhat upon our recent price performance. But it is doubtful whether acceptable levels of unemployment and reasonable price stability can both be achieved without the successful implementation of structural anti-inflationary measures and of voluntary cooperation in wage and price decisions, along lines suggested in Chapter 3. In any case, it is clear that, for 1969, stabilization policy should be designed to hold the rate of expansion of real output below 4 percent but to keep it on a distinctly rising path.

FISCAL PROGRAM FOR 1969

The President's Budget is designed to fulfill these objectives for economic activity in 1969.

Federal expenditures are expected to rise by about \$10 billion in 1969 compared with an increase of \$19 billion in 1968. Defense purchases are expected to increase by about \$2 billion, while nondefense purchases are scheduled to rise by about \$1 billion. About half of these increases for the full year are accounted for by a pay increase at midyear for Federal civilian employees and the Armed Forces. This increase is designed to make Federal civilian pay scales comparable with those in private industry.

Increases of \$3 billion and \$4 billion, respectively, are anticipated in Federal grants-in-aid to State and local governments and in domestic transfer payments. Most of the increases are either required by existing legislation or designed to help solve problems of highest national priority.

To preserve the needed posture of fiscal restraint in the face of these minimal necessary increases in Federal expenditures, the President is asking the Congress to extend the 10 percent tax surcharge on personal and corporate income for 1 year beyond its present expiration date of June 30, 1969. In addition, the President is requesting a further extension at present levels of

the excise taxes on automobiles and telephone service which are now scheduled to decline on January 1, 1970. With these tax actions, it is estimated that the Federal budget (national income accounts basis) will show a surplus of about \$5 billion during calendar 1969, compared with a deficit of \$5 billion in 1968.

The 10 percent tax surcharge was enacted as a temporary measure in June 1968 and is to be extended for 1 year as a temporary measure. Indeed, the President is urging the new Administration and the Congress to give serious consideration to coupling the extension of the surcharge with authority for the President to remove it entirely or partially, subject to Congressional veto, if warranted by developments in Vietnam, in the domestic economy, or in Federal outlays.

MONETARY POLICY

Monetary policy should remain flexible in 1969. In the environment prevailing at the start of the year, it is appropriate that monetary policy reinforce the effects of fiscal restraint to assure the needed moderation of pressures on the Nation's resources. The recent increase in the Federal Reserve discount rate and increased pressures on bank reserve positions are pursuing that objective. A slowing from the recent rapid growth of bank credit is appropriate in early 1969.

But with fiscal restraint continuing through fiscal year 1970, monetary policy may gradually be able to shift to a less restrictive stance than presently prevails. Flexible and alert responses to a moderation of economic activity would permit a timely de-escalation of interest rates from their currently high levels and hence a more adequate flow of funds to savings institutions and the mortgage market.

A decline from present peak levels of nominal interest rates would be desirable for the long run as well to avoid restricting capital formation and economic growth in general, and homebuilding in particular. The continuation of the surcharge through fiscal 1970 should permit a gradual movement toward a more desirable mix of monetary and fiscal policies; with fiscal policy better adjusted to the needs of economic stabilization, the need for restrictive monetary policy and relatively high interest rates should gradually abate.

ECONOMIC OUTLOOK FOR 1969

The fiscal restraint contained in the Revenue and Expenditure Control Act of 1968 will have its major impact on the economy early in 1969. Assuming the fiscal program outlined above and appropriate monetary policy, GNP is expected to rise by \$60 billion in 1969 from the \$861 billion now estimated for 1968. This projection should not be viewed as an exact estimate, but rather as the midpoint of a range of possible outcomes.

This forecast of an increase of approximately 7 percent in GNP means a continuation of prosperous conditions and economic expansion, though, as

desired, at a considerably more moderate rate than in 1968. The unemployment rate should remain below 4 percent.

The expansion within 1969 is expected to be considerably less rapid than during 1968, and the increase in GNP from the fourth quarter of 1968 to the fourth quarter of 1969 should be about 6 percent—smaller than the year-over-year increase. The rise in real output during the four quarters of 1969 should be less than 3 percent while the rate of increase of over-all prices may be a little more than 3 percent.

The first part of 1969 should see a slowing of economic expansion. Consumer spending should rise moderately, influenced by the continuing impact of tax withholding, extra final settlements of about \$1½ billion on 1968 taxes, and a \$3 billion increase in social security taxes which became effective January 1. Federal Government purchases will change little while State and local government expenditures are expected to increase at a normal pace. Inventory investment should retreat from the high rate of the fourth quarter of 1968. On the other hand, a strong rise in business fixed investment is expected early in 1969, in line with recent surveys of business plans and new orders for machinery and equipment. All in all, a significant slowing in the pace of expansion is now likely.

At mid-1969, a substantial pay increase for Federal Government employees is scheduled. Beyond that, only a slight increase in Federal purchases is anticipated. The tax burden on consumers will also be reduced at that time as final settlements on 1968 taxes are completed in the first half of the year, although consumer spending should continue to feel the lagged effects of the final settlements. These fiscal elements, together with a continuing increase in private investment, are expected to lead to slightly more rapid economic expansion in the second half of the year.

Thus the year 1969 promises continued prosperity for the American economy. The slowing of the expansion should provide welcome relief from the excessive demand pressures of 1968 and offers the prospect of some deceleration in the upward movement of prices.

OUTLOOK BY SECTORS

A brief survey of the outlook for specific categories of expenditures will help to clarify the projection of over-all economic activity.

Business Fixed Investment

Private and public investment surveys compiled recently indicate a substantial rise in business fixed investment in 1969. The Commerce Department-SEC survey reports that businessmen plan to increase their plant and equipment spending by about 9 percent in the first half of 1969 above levels prevailing in 1968. Such a sharp increase in investment is already reflected in orders for durable equipment and in construction contracts. This marked prospective expansion of investment follows a year when industrial production has reached new peaks and when business cash flows

have been at record levels, but when there has been relatively little pressure on existing industrial capacity. The dimensions of the rise in investment are still difficult to evaluate in view of uncertainty about the possible impact of economic developments during the first half of the year and of monetary policy on business plans later in 1969. For the year as a whole, the increase in business fixed investment over 1968 is expected to be about \$7 or \$8 billion.

Inventories

At the end of 1968, ratios of inventories to sales were at normal levels, both for manufacturing and for retail and wholesale trade. Barring unforeseen changes in economic conditions over the year, inventory investment in 1969 may show a slight decline from the average rate of 1968.

Homebuilding

Demographic trends and the relatively low level of residential construction in recent years have created a very strong underlying demand for new homes. Housing starts rose sharply in the second half of 1968, and residential construction activity should advance further early in 1969. Because of the important role in the housing market of the availability of mortgage financing, considerable uncertainty attaches to estimates of home construction beyond the next few months. Given the prospective monetary policy for this year as outlined above, private nonfarm housing starts in 1969 may be expected to fall somewhat below their recent rate of approximately 1.6 million per year. Residential construction expenditures for the year may rise by approximately 10 percent over the average 1968 level, reflecting a larger number of new housing units and increased outlays per unit. But this would mean only a modest rise from the rate of activity at the end of 1968.

Government

For the year 1969 an increase of State and local government purchases of goods and services of about \$10 billion can be anticipated in line with the growing needs for public services and facilities. This estimate assumes that monetary policy will not significantly curtail expenditures for public construction projects.

Federal Government purchases are expected to remain at approximately their present levels during the first half of 1969, in accordance with expenditure restraint applied under the Revenue and Expenditure Control Act of 1968. However, an increase in Federal Government salaries will add \$2.8 billion at annual rates to Federal Government expenditures beginning in the third quarter of 1969, and the Budget for fiscal 1970 in-

cludes other modest increases in purchases. For the calendar year 1969, Federal purchases of goods and services, including the pay increase, are expected to be approximately \$3 billion higher than in 1968.

Consumption

Consumer spending in 1969 will be greatly influenced by the continuing adjustment of consumers to the changes in their disposable incomes resulting from the pace of advance in private and Government activity and from changes in their tax obligations.

Consumer spending slowed in the closing months of 1968. Retail sales have not increased significantly since midsummer and the pace of automobile purchases has moderated.

In the first half of 1969, increased tax burdens will further slow the growth of disposable personal income, although this may be reflected, in part, in a renewed decline of the saving rate. Consumer expenditures are thus expected to grow rather slowly during the first half of 1969. Surveys of consumer buying anticipations tend to confirm this prospect.

Personal disposable income may grow somewhat more rapidly in the second half of 1969—in part because of the Federal pay increase and the completion by mid-year of final 1968 tax settlements. Thus, consumer spending may advance more strongly.

For the year as a whole, it is anticipated that disposable personal income will increase nearly \$35 billion and consumer expenditures should increase approximately the same amount reflecting a small decline in the saving rate.

PRICE OUTLOOK

The excessive rate of price and wage advance during 1968 will inevitably influence wages, costs, and prices during 1969. Unit labor costs will continue to increase, as will the costs of materials, supplies, and capital equipment. Financial costs are also likely to remain relatively high.

Gradually, however, fiscal restraint coupled with restrictive monetary policy should moderate the excessive market pressures that prevailed during most of 1968. Present indications point to slightly lower farm prices during 1969, assuming normal weather conditions. Allowing for a continued increase in the costs of food processing and distribution, food prices at retail may remain approximately stable.

Wage increases may have somewhat less impact in 1969 than they did in 1968. Second year increases in the union contracts negotiated in 1968 and the last half of 1967 will generally be less than for the first contract year. Collective bargaining activity will also be relatively light, since expiring major contracts up for wage negotiations cover only about half as many workers as in 1968. And finally, as restraint takes hold more firmly, lessened market pressures provide a prospect for some moderation in nonunion wages as well.

Wage-Price Policies for 1969

If substantial progress is to be made toward the restoration of price stability in 1969, restraint in private decisions is essential to complement responsible fiscal and monetary policies. Intensive consultations involving representatives of business, labor, and Government are required to explore practical and equitable ways in which such restraint might be achieved. Mutual short-term sacrifices are needed to protect the great long-term interest of business, labor, and all Americans in noninflationary prosperity.

It would be unrealistic to expect the full restoration of price stability in the immediate future. Given the recent history and the outlook for the cost of living, labor cannot be expected to accept wage increases in 1969 limited to the trend growth of productivity. Nor can businessmen be expected to absorb substantial cost increases without any adjustments in prices.

Nevertheless, the process of price and wage deceleration must begin. In their own and in the public interest, business and labor should undertake a pattern of voluntary restraint that will carry the Nation a substantial distance back toward the goal of price stability in 1969. New wage agreements would move halfway back to the ultimate productivity standard next year if labor accepted wage settlements that would bring the average increase in money wage rates a little below 5 percent. Business would display comparable restraint in pricing if it intensified its efforts to offset rising costs through greater efficiency and if it absorbed a share of unavoidable increases in costs through acceptance of lower profit margins.

This could be translated into a general rule that business agree to absorb increases of up to 1 percent in unit costs and accept as a guide in price decisions a profit target no higher than the average achieved in the years 1967–68. Responsible pricing requires that businessmen focus on margins *before* tax and not attempt to pass the temporary corporate tax surcharge on to consumers. It is also appropriate to ask those who depart from these standards to bear the obligation of demonstrating that special circumstances render the standards grossly unreasonable.

These standards for price-wage restraint in 1969 were suggested by the Cabinet Committee on Price Stability in its December 1968 report to the President.

Combined with responsible fiscal-monetary policy and continued efforts to improve the structure of the economy, acceptance of these standards for 1969 by key private decision-makers would carry the Nation a long way on the road to price stability.

OUTLOOK FOR THE BALANCE OF PAYMENTS

With the anticipated slowing of economic growth, only a modest increase in imports is expected in 1969. The special strike situations which adversely affected trade in 1968 should not be repeated, although new problems of this kind could arise. Continuation of the rising trend in earnings on foreign

investment should be another source of improvement in our current account position.

U.S. exports should increase in line with the expansion of foreign markets. The restrictive measures taken by France and the United Kingdom to safeguard their payments positions have reduced our export prospects, but these are likely to be offset by the German measures in the opposite direction.

The capital account is unlikely to show improvement, and indeed may deteriorate. The restraint on bank lending cannot provide another large swing in net loans. Foreign purchases of U.S. securities can hardly be expected to continue at present rates. Even more important will be the state of financial markets at home and abroad. If European monetary conditions remain fairly relaxed relative to those prevailing in the United States, capital inflows can be expected—even if not on the same scale as in 1968.

In view of the uncertain prospects for the balance of payments, the measures for controlling capital movements must be maintained for the present. The Interest Equalization Tax which expires at mid-year must be continued to assure against a major rise of new foreign security issues in the United States. Moreover, the program for controlling bank lending and the direct investment controls should be maintained. Both have been modified to make them more responsive to needs and more equitable. While further modifications will be possible as the balance of payments improves, the defenses provided by these programs cannot be lowered without risking the destabilizing effects of substantial refinancing of previous years' borrowings. Ultimate dismantling of the controls should proceed as soon as this can be accomplished without impairing the strength of the dollar.

Chapter 2

Policies for Balanced Expansion

The Congress hereby 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 . . . to promote maximum employment, production, and purchasing power.

FOR THE PAST 23 YEARS, these forthright marching orders in the Employment Act of 1946 have firmly committed the Federal Government to an active role in promoting high standards of over-all economic performance. Federal fiscal and monetary policies have contributed to a much improved record of stability and growth in the U.S. economy throughout the postwar era.

In particular, during the past 8 years, national policy has been designed not merely to counter cyclical fluctuations but to promote steady expansion of economic activity in pace with productive potential. While fiscal and monetary policies have not always been appropriate to the needs of the day, their general success in fulfilling the lofty promises of the Employment Act is clearly demonstrated by the unparalleled prosperity achieved during the Kennedy and Johnson Administrations. Eight consecutive years of economic expansion, the longest and largest sustained advance in the annals of U.S. history, have dispelled the doubts that prevailed in the late 1950's about the vitality of the American economic system.

The lessons of this experience are worth reviewing. Such a review, together with some suggestions for improvements in the formulation and implementation of stabilization policies, is the subject of this chapter.

REALIZING THE ECONOMY'S POTENTIAL

How much the Nation's economy can produce—its supply capability—depends on the quantity and quality of its productive resources, including manpower, plant and equipment, and natural resources. The economy's aggregate demand is the total of spending for final output by all groups—consumers, businesses, government, and foreign buyers. When aggregate demand matches supply capability, resources are fully utilized and production equals the economy's potential. If aggregate demand should fall short of supply capability, part of the output that the economy is capable of turning out

would not be produced, and some resources would be wasted in idleness. On the other hand, excessive demand—too much spending in relation to potential output—would generate inflationary pressures on prices and costs.

The basic task of fiscal and monetary policies is to help ensure a match between demand and productive potential. These measures operate primarily by affecting the demand side of the balance. Government purchases of goods and services are directly a part of total demand; increases or decreases in such purchases change total spending in the same direction. In addition, other government expenditures indirectly influence total demand through their impact on private incomes. Social security benefits, for example, are “transfer payments” which add to the purchasing power of individuals, and thus encourage additional private spending, especially for consumer goods and services.

Taxes, on the other hand, reduce the ability and willingness of families and business firms to spend, by drawing purchasing power out of private hands. By raising (or lowering) tax rates, the Federal Government can hold down (or add to) the flow of private spending.

Monetary policies affect private spending primarily by changing the cost and availability of funds required to finance certain types of expenditures. If borrowing becomes expensive and difficult, expenditures for new homes, business machinery, and other things may be discouraged or postponed.

The economy’s potential output is continually expanding as a result of the growth of the labor force and increases in productivity. Economic policy must therefore aim at a moving target—helping demand to grow in pace so that an appropriate balance with potential is maintained. If demand does not expand or if it grows only sluggishly, men and machines become unemployed.

THE CHOICE OF A TARGET

Economic potential or capacity is not an absolute technical ceiling on output. It allows for some margin of unused human and physical resources. Even in the most extreme boom, there are always some people unemployed, some who could be attracted into the labor force, some who would be willing to “moonlight” or work overtime. Similarly, there are always some plants that could be operated more intensively or for longer hours. To operate the economy at its utmost technical capacity would require demands far in excess of supply in most markets, with resulting rampant inflation.

The relevant concept of capacity, therefore, must allow for some margin of idle resources. The choice of a specific margin involves an appraisal of the behavior of prices and costs in a high-employment economy. But this appraisal involves more than a technical evaluation. If potential output is to be viewed as a target for policy, the choice of the ideal level of utilization is a social judgment that requires a balancing of national goals of high employment and reasonable price stability.

Balances of this sort are never simple. Both unemployment and inflation involve social and individual costs. The severe economic burden borne by those who have no jobs is obvious. At the bottom of the 1957-58 recession, there were more than five million workers out of jobs; and during 1958 more than 14 million workers experienced one or more spells of unemployment. Still others were forced to accept part-time employment or were relegated to jobs beneath their capacity. Some, in resignation, abandoned the search for jobs. The loss of income was tremendous. The costs in frustration, despair, and bitterness cannot be measured.

Some of the costs of unemployment linger on because skills and supplies of labor are impaired. When over-all unemployment is excessive, employers have little incentive to provide job training programs for the unskilled or to upgrade workers to better paying jobs. Labor unions become increasingly concerned about the job security of existing members and often take measures that limit the supply of available labor for the longer run.

Although the burden of a slack economy falls most heavily on the unemployed, the loss of production associated with underutilized resources imposes serious costs on nearly all groups. The incomes lost by the unemployed represent far less than half of the total shortfall of output and income. A slack economy sharply reduces the profits of large and small businesses and cuts government tax revenues. Moreover, part of the burden falls on future generations, because underutilization of capacity weakens investment incentives, slowing the rate of capital accumulation and limiting future productivity gains.

It is difficult to balance the costs of inflation against those of an absolute loss of output and employment, because they are quantitatively and qualitatively different. Inflation has highly arbitrary and inequitable effects on the distribution of income and wealth. It benefits debtors at the expense of creditors; it hurts persons, such as some pensioners, whose incomes and asset values are fixed in money terms, and benefits those whose incomes and asset values increase more than in proportion to the over-all rise in prices. Since the impact of inflation on the welfare of an individual depends on the way in which both his income and the value of his wealth respond to the change in prices, its effects on broad classes of the population cannot be easily characterized. But there are many persons, in nearly all walks of life, who experience significant losses as a result of inflation. In general, financially sophisticated persons, who foresee the consequences of rising prices, can take steps to protect themselves, while the less sophisticated may lose.

There is also a danger that inflation can set in motion speculative behavior that will cause further acceleration of price increases, with serious consequences for economic and social stability. There are even extreme examples in history of the breakdown of financial and economic systems as a result of galloping inflation.

Finally, inflation may have adverse consequences for our balance of payments. If prices rise more rapidly in the United States than in other

countries, our competitive position in world markets can be seriously undermined.

As a collective social decision, the choice of an employment objective can and should be the subject of continuous reexamination. Chapter 3 suggests a number of structural measures that can help to lessen the conflict between high employment and price stability. When combined with an improved performance of fiscal and monetary policy along lines discussed in this chapter, these measures may make it possible to achieve progressively lower rates of unemployment with reasonable price stability.

POTENTIAL OUTPUT

In light of the considerations discussed above, a 4-percent unemployment rate was established as an "interim" target for national policy early in the Kennedy Administration. In each of its last seven Annual Reports, the Council of Economic Advisers has based its estimates of potential output on a 4-percent rate of unemployment. This Report continues to make use of this definition.

The resulting estimated path of potential output for the period 1955 to 1968, together with the path of actual gross national product (GNP), is shown in Chart 5. Actual GNP was approximately equal to potential in 1955, but fell gradually below potential in the following years. The gap widened sharply in the 1957-58 recession, it failed to close fully in the ensuing expansion, and it widened again in the recession of 1960-61. In the first quarter of 1961, the gap amounted to about \$60 billion (in 1968 prices), and the unemployment rate was 6.8 percent.

From the first quarter of 1961 until the end of 1965, when the unemployment rate reached 4 percent, actual output was consistently below potential. But actual output grew more rapidly than potential, catching up and finally closing the gap. Since then, actual output has exceeded the calculated potential most of the time, as the unemployment rate has been below 4 percent.

It is estimated that potential output grew about 3½ percent a year from the mid-1950's to the early 1960's. After that, its growth appears to have speeded up gradually; for the last few years, it is estimated at 4 percent a year.

Growth of potential output reflects the combined effects of expansion of available man-hours of labor and rising output per man-hour.

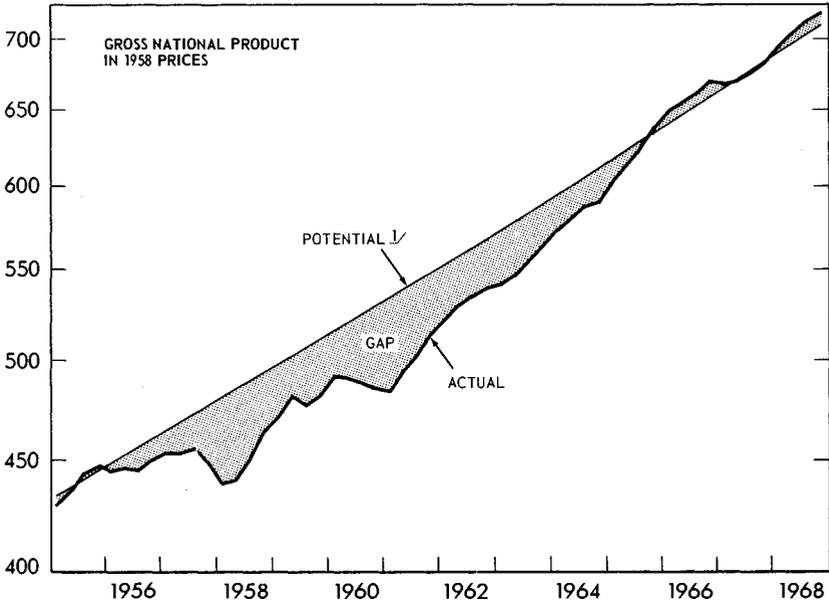
Available Man-Hours

Sustained growth of the labor force has resulted in a substantial rise in potentially available man-hours despite a gradually declining trend in average hours of work. Over the long run, the labor force has increased roughly in line with the working-age population (16 years old and over). This tendency has continued in the 1960's. The rising participation of women in the labor force has been roughly offset by the effects of a shift

Chart 5

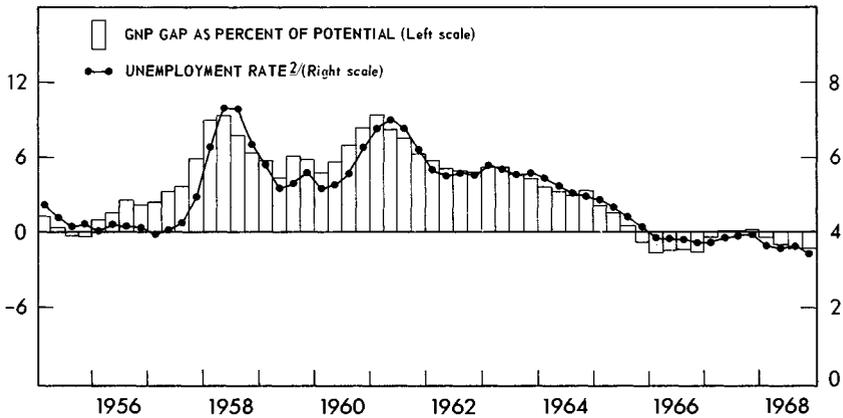
Gross National Product, Actual and Potential, and Unemployment Rate

BILLIONS OF DOLLARS (ratio scale)*



PERCENT

PERCENT



*SEASONALLY ADJUSTED ANNUAL RATES.

1/TREND LINE OF 3½% THROUGH MIDDLE OF 1955 TO 1962 IV, 3½% FROM 1962 IV TO 1965 IV, AND 4% FROM 1965 IV TO 1968 IV.

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

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

in the composition of the working-age population toward teenagers and older people, who have relatively low participation rates.

Average hours worked per employed person have declined slowly over the long run, reflecting the secular trend toward more holidays, longer vacations, shortening of the workweek, and increasing participation of people who want to work only part time.

Growth of the potential labor force has accelerated from $1\frac{1}{4}$ percent a year in the early 1960's to a present rate of about $1\frac{3}{4}$ percent—reflecting the upsurge in births immediately after World War II. This has been partially offset by the secular decline in hours worked of about $\frac{1}{4}$ of 1 percent a year. The net result has been an acceleration of the growth of available man-hours from 1 to $1\frac{1}{2}$ percent a year over the period.

Productivity

Many factors contribute to growth in output per man-hour—the productivity of labor. These include increases in the stock of productive capital and improvements in its quality; better educated, better trained, and more experienced labor; and advances in technology, production methods, and management techniques.

Since 1950, output per man-hour in the private economy has expanded at an average annual rate a little above 3 percent. For the entire economy, the calculated trend is somewhat lower, because improvements in the efficiency of Government workers are not measured statistically and are arbitrarily taken at zero. Thus the trend rate of increase in aggregate productivity—private and public—has been about $2\frac{1}{2}$ percent a year. When added to the growth of available man-hours, this results in the $3\frac{1}{2}$ percent annual growth of potential output for the late 1950's and the 4 percent current growth rate.

Actual and Potential GNP

Over the entire period from the recession trough in the first quarter of 1961 to the fourth quarter of 1968, actual GNP rose by \$288 billion (in 1968 prices), reflecting the combined result of keeping up with the growth of potential GNP and of closing the gap. Potential GNP rose by \$216 billion, an increase of 33 percent. Thus the Nation is presently earning a huge additional bonus of \$72 billion a year in output as a result of having eliminated a great waste of idle resources.

The unemployment rate in the first quarter of 1961 stood at 6.8 percent. At current levels of the labor force, the reduction of this rate to the 3.4 percent that prevailed in the fourth quarter of 1968—below the 4 percent rate that is used to define potential output—represents a gain in employment of 2.7 million. On the basis of current average productivity, this number of workers can be credited with a \$31 billion contribution to output (annual rate).

However, the reduction of 3.4 percentage points in the unemployment rate accounts directly for only a portion of the gain in output associated with the closing of the gap. There were four other important factors involved:

1. In a slack economy, firms are often reluctant to lay off certain types of workers, particularly foremen, semi-professionals, and the highly skilled. The result is considerable on-the-job underemployment which depresses measured labor productivity. As the economy moves back toward potential, productivity increases more rapidly than the long-term trend. Since early 1961, output per man-hour has risen at an average annual rate of 3 percent, $\frac{1}{2}$ of a percentage point more than trend.

2. Labor force participation has risen since 1961 as people who had not been looking for work responded to the greater availability of job opportunities.

3. The increased pace of economic activity slowed the secular decline in the length of the workweek.

4. The proportion of the labor force reporting involuntary part-time employment for economic reasons declined from 4.4 percent in early 1961 to 2.1 percent in the fourth quarter of 1968.

Together, these four factors contributed an additional \$41 billion to the output gain associated with the reduction of the unemployment rate.

The \$72 billion of extra GNP resulting from reducing the unemployment rate amounts to about 11 percent of potential output at the start of the period—that is, there was about a 3 percentage point bonus of annual production for each 1 percentage point reduction in the unemployment rate.

ECONOMIC GAINS OF THE EXPANSION

The chief over-all measures of the progress of the American economy during the past 8 years are presented in Table 7. The benefits of economic expansion have permeated nearly every corner of the economy and every aspect of our national life. From the recession trough in early 1961 to the end of 1968, the expansion of output created more than 10½ million jobs. This was enough to provide work for the 8½ million net increase in the labor force while at the same time reducing the pool of unemployed workers by more than two million.

Living standards have substantially increased. On an after-tax basis and after adjusting for price increases, total disposable personal income per capita—the purchasing power of households—has risen by 33 percent since early 1961. Personal consumption expenditures per person have risen in step.

Meanwhile, net financial assets of households—the excess of their financial assets over their debts—have grown from \$700 billion at the end of 1960 to an estimated \$1,350 billion at the end of 1968.

TABLE 7.—Measures of economic activity during the current expansion

Series	Unit or base	Amount		Percentage change ¹	
		1961 I	1968 IV ⁴	Total	Per year
Production:					
Gross national product ²	Billions of dollars, 1958 prices. ³	482.6	719.1	49.0	5.3
Personal consumption expenditures.....	do.....	316.2	454.8	43.8	4.8
Business fixed investment.....	do.....	44.9	79.4	76.8	7.6
Residential structures.....	do.....	20.9	24.0	14.8	1.8
Government purchases.....	do.....	97.6	151.0	54.7	5.8
Federal.....	do.....	52.2	79.4	52.1	5.6
State and local.....	do.....	45.4	71.6	57.7	6.1
Industrial production.....	1957-59=100.....	103.7	167.3	61.3	6.4
Income:					
Disposable personal income.....	Billions of dollars ³ ..	354.8	602.5	69.8	7.1
Corporate profits after tax.....	do.....	24.4	4 51.2	109.8	10.4
Per capita disposable personal income.....	Dollars, 1958 prices ³ .	1,871	2,483	32.7	3.7
Employment:					
Civilian employment.....	Millions of persons..	65.7	76.4	16.3	2.0
Nonagricultural payroll employment.....	do.....	53.5	68.9	28.8	3.3

¹ Preliminary.

² Total includes change in business inventories and net exports of goods and services not shown separately.

³ Annual rates.

⁴ 1968 IV not available; 1968 III used.

Note.—All data are seasonally adjusted.

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

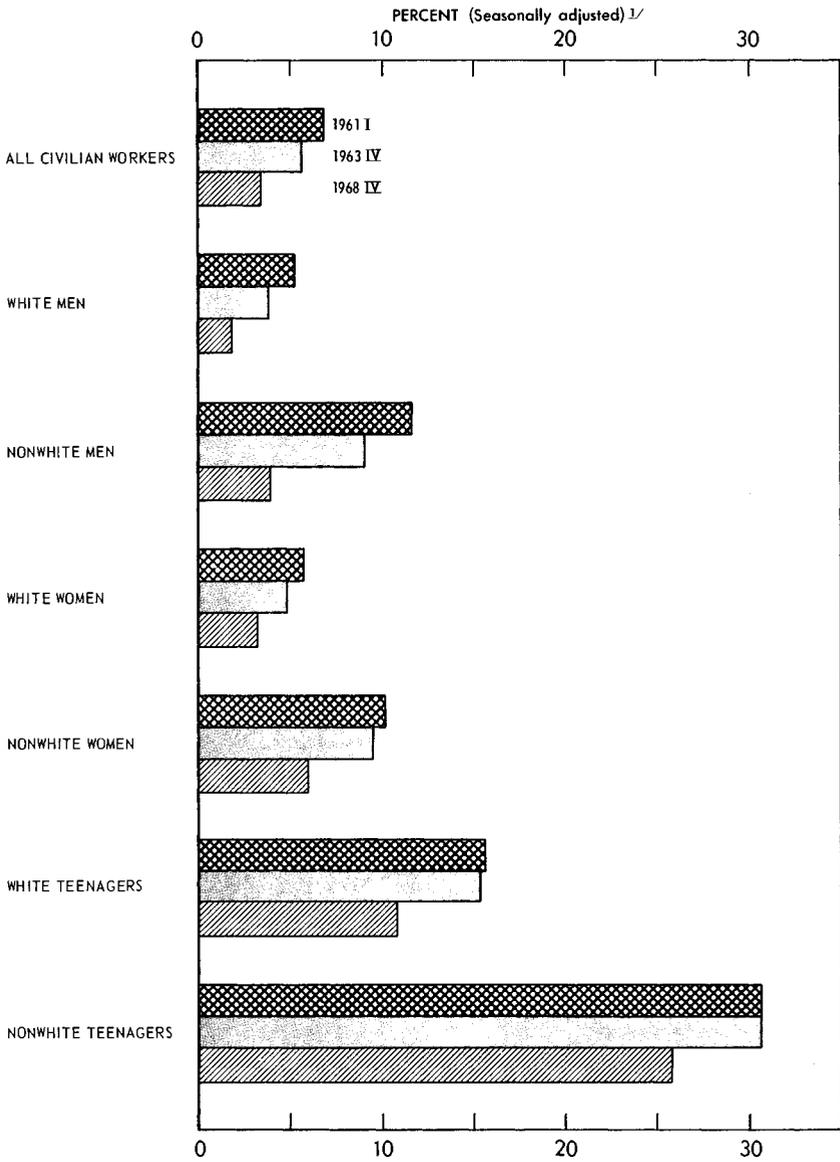
Corporate profits have more than doubled during the past 8 years, both before and after taxes. In addition to permitting sharply increased dividend payments to stockholders, these rising profits have provided the financing for a wholesale expansion and modernization of the Nation's productive capacity. Indeed, business has increased its real stock of capital goods by more than 40 percent since the end of 1960 and has progressively reduced the average age of existing capital.

The decline in the over-all unemployment rate since early 1961 has been accompanied by equally impressive gains by specific categories of the labor force, as shown in Chart 6. In particular, the unemployment rate for white adult males had fallen to 1.8 percent by the fourth quarter of 1968, a level last achieved in 1953. For nonwhite adult males the decline in unemployment has been especially dramatic—from an intolerable 11.6 percent rate in early 1961 to 3.9 percent in late 1968. This represents a significant narrowing of the differential between white and nonwhite unemployment rates for men, from 6.4 percentage points at the beginning of the period to about 2 percentage points by the fourth quarter of 1968. On the other hand, there has been little progress in reducing the unemployment rates of teenagers, especially nonwhites.

The progressive tightening of the over-all labor market during this period has made a substantial contribution to the elimination of employment barriers based on race and sex. While these are significant gains, the unemployment rates for some groups of workers still remain appallingly high. As Chapters 3 and 5 make clear, additional efforts are needed to

Chart 6

Unemployment Rates



^{1/}PERCENT OF CIVILIAN LABOR FORCE IN EACH GROUP WHO ARE UNEMPLOYED.
SOURCE: DEPARTMENT OF LABOR.

assist such workers, who often suffer from such disadvantages as inadequate training and job discrimination.

The strong advance in the economy has also permitted rapid progress in many social fields. As discussed more fully in Chapter 5, the number of Americans in poverty declined by 18 million during the past 8 years. Rates of infant and maternal mortality have been reduced, school enrollment and school completion rates have been raised, and millions of additional young people have been able to attend college.

Many of these advances would have been impossible to achieve if rising tax revenues had not been generated by a vigorously expanding economy. Federal revenues expanded from \$92½ billion in fiscal 1960 to an estimated \$186 billion in fiscal 1969, while State and local government revenues more than doubled. School construction, urban development, low-income housing, and many other programs at all levels of government have expanded correspondingly.

THE PROBLEM OF ECONOMIC FLUCTUATIONS

There is nothing inherent in the U.S. economy to ensure that total demand will grow consistently in pace with the economy's productive potential. The sum total of millions of decentralized spending decisions by households, businesses, and governments at all levels will not automatically and necessarily match potential output.

The historical record is marked and marred by a pattern of fluctuations in which the economy often took two steps forward and then one step back. According to the National Bureau of Economic Research, the United States suffered 27 business-cycle contractions between 1854 and 1961, an average of one every 4 years. At other times, especially in periods of active hostilities, sharp surges in demand have strained the economy's potential, generating inflationary pressures.

SHORT-RUN INSTABILITY

All of the elements of demand have at times been sources of economic fluctuations. In the private sector, variations in the strength of demand have most often been concentrated in investment—inventory accumulation, business outlays for fixed capital, and residential construction expenditures.

Elements of Demand

Inventory stocks serve primarily as a buffer to ensure a smooth and efficient flow of material supplies and production and to guard against unforeseen increases in sales. Once inventory stock has been built up to a level adequate to cover a few months' production or sales, further accumulation is necessary only insofar as increases in sales are anticipated. Thus inventory investment can be sustained only by a steady expansion of sales.

Even relatively small variations in the rate of growth of sales can have sizable effects on inventory investment. An unexpected slowdown in demand, for example, will initially leave unsold goods on the shelves. Businessmen will wish to work off these excess inventories, and if they expect sales to continue at a slower pace, they will reduce their desired levels of future inventories. Cutbacks in production will then follow. As illustrated by the \$17½ billion drop in the annual rate of inventory accumulation in early 1967, such fluctuations can be a major source of instability.

Businessmen invest in new plant and equipment to increase and modernize their productive capacity. The rate of current capacity utilization, anticipated growth in demand, corporate cash flow, relative costs of capital and labor, and borrowing costs all influence investment decisions. Responses to changes in these factors are neither smooth nor readily predictable; and because of the long leadtimes generally involved in the production of capital goods, such responses may be spread out over a considerable period of time. But fluctuations in capital spending have often been an important source of instability. For example, real investment (constant prices) rose by 42 percent between 1963 and 1966, contributing to a strong expansion of aggregate demand, but then leveled out in 1967.

The third component of investment, homebuilding, is dependent upon family formation and income, with the availability of mortgage funds often acting as a major constraint, particularly in the short run. Because credit conditions generally tighten when the economy is expanding rapidly and ease when growth slows down, residential construction has frequently moved opposite to the path of over-all economic activity, contracting when the rest of the economy has been booming.

Consumer outlays normally follow the path of household incomes fairly closely. But such spending has also occasionally been an independent source of economic instability. Because consumption accounts for more than 60 percent of GNP, relatively small shifts in consumer demand have large impacts. The increase of 1 percentage point in the personal saving rate that occurred between 1966 and 1967, for example, directly reduced consumer expenditures by more than \$5 billion. Fluctuations are particularly pronounced in consumer purchases of automobiles and other durable goods.

The volatility of expenditures that makes for economic instability is by no means confined to private demand. Sudden changes in Federal spending have, on occasion, seriously disrupted the stability of the economy. Indeed, the rapid expansion of defense expenditures early in the Korean war, the rapid decline in 1953–54, and the upsurge of outlays for Vietnam in 1965–67 challenged economic policy as much as any change in the strength of private demand during the past 20 years.

Multiplier Process

An autonomous increase in demand and production in any sector can be expected to work through the economy by raising disposable income

and hence consumer expenditures, by encouraging greater inventory accumulation, and by creating incentives for additional investment in plant and equipment. This cumulative expansion is known as the "multiplier process."

The results of this multiplier process are affected by the amount of unused resources available in the economy. At times of high unemployment and extensive unutilized capacity, an initial stimulus in demand is likely to be reflected primarily in a rise in real output with very little additional pressure on prices. But in an economy already operating at or above potential, where additional resources are not readily available, the main result may be upward pressure on prices with relatively little gain in real output.

Developments in financial markets may influence the magnitude of the multiplier. Increases in demands for goods and services will tend to enlarge credit demands. Unless monetary policy permits supplies of funds to expand correspondingly, interest rates will rise and credit will become less readily available. In that event, some offsetting reduction is likely to take place in residential construction and other credit-sensitive expenditures. Generally this will be a partial offset, varying according to how much the supply of credit is permitted to expand.

AUTOMATIC STABILIZERS AND FISCAL DRAG

The potential sources of instability discussed above produced four recessions between 1948 and 1961. By prewar standards, these recessions were all relatively short and mild, though nevertheless costly. They were limited in intensity and duration by several elements built into the fiscal system which serve to moderate economic instability in an automatic and passive fashion. These so-called "automatic fiscal stabilizers" operate to bolster income flows to households and business firms in periods of declining output and, conversely, to slow down the growth of income in periods of expansion.

Almost every tax—including State and local taxes—responds in some degree to changes in economic activity. Federal personal income tax collections are particularly responsive to such changes. They are the most important automatic fiscal stabilizer, cushioning take-home pay against fluctuations in the before-tax incomes of individuals. Another important stabilizer is the automatic expansion of unemployment compensation benefits when unemployment increases. The corporate income tax serves to reduce fluctuations in after-tax profits and hence in business investment outlays and dividend payments.

By reducing the size of secondary effects on consumer and business outlays, these stabilizers reduce the severity of economic fluctuations. With the present tax system and schedules of unemployment compensation benefits, a decline in GNP automatically produces a reduction in government receipts and an increase in transfer payments. This limits the decline in private after-tax income—disposable personal income and retained corporate profits—to about 65 cents for each \$1 of reduction in GNP.

During the postwar period, the automatic fiscal stabilizers have been a major factor in reducing economic instability. They go to work at once and avoid the delays inherent in discretionary action. But valuable as these automatic stabilizers are, they work only to limit—not prevent—swings in economic activity. For example, they become operative in a recession only after the decline has begun and cannot, by themselves, generate a recovery. If the factors causing a downturn are strong and persistent, automatic stabilizers may not be powerful enough to prevent a long and severe recession.

The automatic stabilizers also operate without regard to the over-all level of economic activity. If the economy has fallen substantially below the path of potential output, the return to that path is made more difficult by the retarding effects of automatic fiscal stabilizers. The existence of the automatic stabilizers in such a situation means that a larger amount of fiscal or monetary stimulus—increased expenditures, reduced tax rates, or easing of credit conditions—will be required to achieve the needed increase in aggregate demand.

In addition, automatic stabilizers work in a fashion that may inhibit the long-run expansion of demand. As the economy moves along the potential output path with reasonably stable prices, the Federal tax system generates an increase in revenues of about 6 percent a year. Unless this revenue growth is offset by reductions in taxes or by increases in expenditures, it acts as a “fiscal drag” by siphoning off income. Actions by the private sector can conceivably offset this effect if businesses increase investment expenditures faster than the growth of internal funds, or if households reduce their rate of saving. But under normal conditions, needed expansion may be prevented.

In interpreting the economic impact of fiscal policy, it is essential to distinguish between the automatic changes in revenues and expenditures resulting from the operation of the automatic stabilizers, on the one hand, and discretionary changes brought about by changes in tax rates and expenditure programs, on the other. In order to measure the impact of discretionary fiscal policy, it is useful to prepare estimates of revenues and expenditures at a given—or “standardized”—level of income. When the difference between revenues and expenditures is estimated at the level of potential output, the result is sometimes referred to as the “full employment surplus.”

The full employment surplus was a particularly enlightening measure of fiscal policy in the early 1960's when the economy was far below its potential. Actual Federal budgets were then in deficit. But after taking account of the large shortfall in tax revenues associated with the gap between potential and actual output, there was a large full employment surplus. It meant that the economy could realize its potential only if private investment far exceeded private saving. By that standard, discretionary fiscal policy was highly restrictive.

The vigorous and unbroken expansion of the last 8 years is in dramatic contrast to the 30-month average duration of previous expansions. No longer

THE RECORD OF POLICY

is the performance of the American economy generally interpreted in terms of stages of the business cycle. No longer do we consider periodic recessions once every 3 or 4 years an inevitable fact of life.

The forces making for economic fluctuations have been contained through the active use of fiscal and monetary policies to sustain expansion. The record of these policy actions is briefly surveyed in this section. A detailed review of the objectives and effects of monetary and fiscal actions from 1961 through 1967 was presented in last year's Annual Report. The discussion below summarizes some particularly pertinent aspects of the magnitude and scope of these actions. Subsequent sections discuss some of the problems of economic diagnosis and policy formulation in light of experience.

STRATEGY FOR EXPANSION: 1961 TO MID-1965

A series of deliberately stimulative fiscal measures was undertaken from 1961 to mid-1965 to bring the economy up to full potential. The net magnitude of these actions is summarized in Table 8. The \$37½ billion total of expansionary actions—expenditure increases and net tax reductions—more than offset the \$30½ billion estimated normal growth of revenues.

Early actions on the expenditure side included an acceleration of a scheduled increase in social security benefits in 1961, liberalization of public assistance payments, and a step-up in defense purchases as part of a general

TABLE 8.—Federal fiscal actions in three periods since fourth quarter 1960

[Billions of dollars, seasonally adjusted annual rates]

Item	1960 IV to 1965 II	1965 II to 1967 IV	1967 IV to 1968 IV ¹
Federal expenditure increases ²	25.6	48.9	18.2
Defense purchases.....	3.4	25.4	5.4
Other purchases.....	7.4	2.8	2.6
OASDHI ³ benefits.....	5.0	10.0	5.2
All other ^{2,4}	9.8	10.7	5.0
Federal tax reductions ⁵	12.0	-6.0	-13.0
Corporate.....	5.5	-----	-3.5
Personal.....	8.5	-----	-7.3
OASDHI ³ payroll taxes.....	-3.0	-8.5	-2.2
Indirect business.....	1.0	2.5	-----
Total expansionary actions ⁶	37.6	42.9	5.0
Normal revenue growth at full employment.....	30.5	27.0	14.0
Change in full employment surplus ⁷	-7.0	-16.0	9.0

¹ Preliminary.

² Includes adjustment in unemployment insurance benefits for change in unemployment rate.

³ Old-age, survivors, disability, and hospital and related insurance (OASDHI).

⁴ Consists of transfers other than OASDHI, grants, interest, and subsidies.

⁵ Minus sign indicates an increase in tax.

⁶ Sum of expenditure increases and tax reductions.

⁷ Normal revenue growth minus expansionary actions.

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

Sources: Department of Commerce and Council of Economic Advisers.

realignment of our military forces. On the revenue side, stimulus to private investment was provided by a revision of depreciation guidelines and enactment of an investment tax credit of 7 percent on purchases of machinery and equipment in 1962. These measures were partially offset by increases in social security taxes in 1962 and 1963.

The net stimulus from these actions worked in the right direction, but was inadequate to the major task of reaching potential output. In the middle of 1962, business investment demand proved disappointingly weak, and the pace of economic expansion slowed. In the absence of Congressional action on President Kennedy's tax reduction program in 1963, the budget again moved toward an unduly restrictive position.

Tax reduction finally became a reality in the Revenue Act of 1964, which was President Johnson's first major legislative victory. This tax cut was unprecedented in many respects. When fully effective in 1965, it added more than \$11 billion to private purchasing power—the largest stimulative fiscal action ever undertaken in peacetime. It was enacted while the Federal budget was in deficit and while expenditures were rising. It was designed explicitly to sustain and invigorate expansion up to potential output rather than to combat an existing or imminent recession. This major action was followed by the enactment of a phased reduction in excise taxes in the spring of 1965.

Monetary policy also made an important contribution to the economic expansion by consistently accommodating growing credit demands at remarkably stable interest rates. A vigorously expansionary monetary policy which would have pushed interest rates to very low levels might, of course, have helped bring the economy to high employment more quickly. But such a decline in interest rates could have caused increased capital outflows from the United States, further impairing our balance-of-payments position. A series of actions by the Federal Reserve and the Treasury did actually raise U.S. short term interest rates during this period to bring them more into line with rates abroad. As shown in Chart 7, however, the upward pressure on short term rates did not spill over into long term markets.

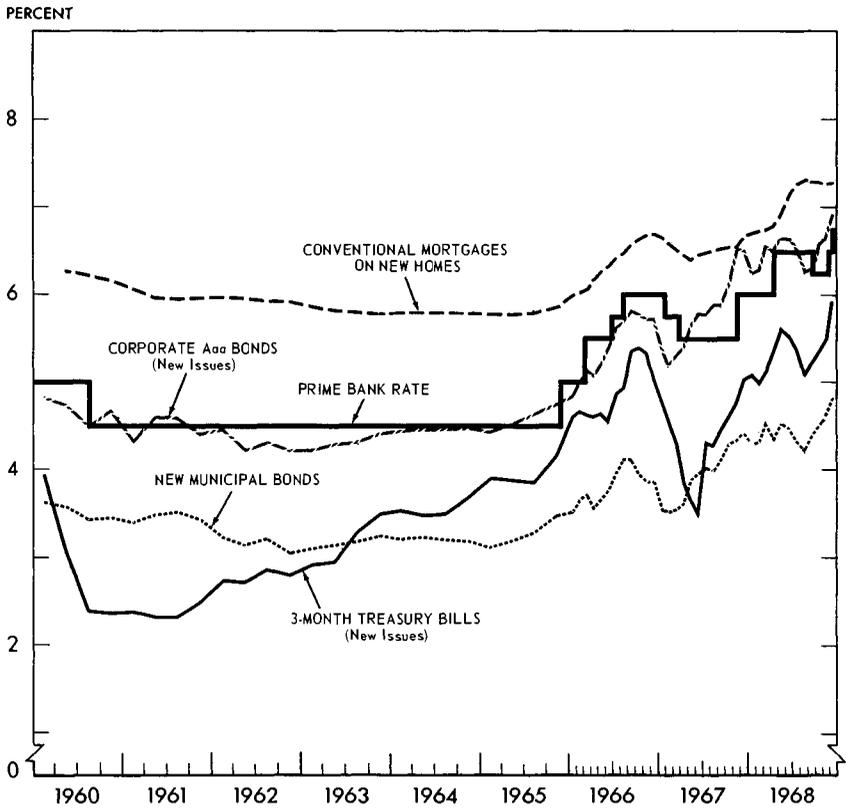
Decisions by the Federal Reserve at the beginning of 1962, in mid-1963, and in late 1964 to increase the maximum interest rates commercial banks could pay on time and savings deposits gave banks greater freedom to compete for funds. This enabled the banks to play an aggressive role throughout the period in tapping the market for liquid savings and re-channeling the funds into loans and investments.

FISCAL PROBLEMS OF DEFENSE AND HIGH EMPLOYMENT: 1965-68

By mid-1965, the unemployment rate had been reduced to about 4½ percent, and the gap between actual and potential output was being narrowed gradually and steadily. At this point, defense orders and expenditures

Chart 7

Selected Interest Rates



NOTE—DATA PLOTTED ARE QUARTERLY THROUGH 1965, MONTHLY THEREAFTER.

SOURCES: FEDERAL HOUSING ADMINISTRATION, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, MOODY'S INVESTORS SERVICE, AND TREASURY DEPARTMENT.

began to build up rapidly, and the task of economic policy became considerably more complicated. The increase in defense activity reinforced a strong expansion of business spending on plant and equipment. The result was an excessively rapid growth of economic activity which generated inflationary pressures.

Some fiscal action to restrain the economy was taken in 1966. A previously enacted rise in payroll taxes of \$6 billion took effect at the start of the year. This was followed by prompt enactment of a series of tax measures proposed by the President in January—the reinstatement of some excise taxes that had been reduced, and the introduction of a system of graduated withholding of individual income taxes and of accelerated payments of corporate taxes. But even with these actions, fiscal policy remained strongly and inappropriately expansionary—in large part because defense spending continued to outrun expectations. As the President has recently made clear

in reviewing the record, he discussed a recommended general rise in taxes privately with business and Congressional leaders early in 1966 and became convinced that a tax increase could not be enacted. In the fall, added fiscal restraint was provided by a temporary suspension of the investment tax credit and cutbacks in nondefense spending.

In the absence of a full measure of timely fiscal restraint, an undue share of the burden of dampening the excessive expansion fell on monetary policy. In December 1965, the Federal Reserve raised the discount rate from 4 to 4½ percent and increased the maximum allowable interest rate on time deposits of commercial banks. As interest rates on bank time deposits and in the open market rose sharply, savings and loan associations and mutual savings banks experienced a sharp drop in their deposit inflows and thus had to cut back their lending to the homebuilding sector. These developments are described in more detail later in this chapter.

The result of these actions was a marked slowing in the growth of final demand. But homebuilding bore a disproportionate share of the restrictive impact. Moreover, interest rates ratcheted sharply upward to the highest levels in several generations, and a near-crisis atmosphere developed in financial markets in August 1966.

Because production continued to advance when final demand initially slowed, inventories increased rapidly late in 1966. The ensuing turn-around in inventory investment sharply accentuated an economic slowdown early in 1967, and the rate of price increase also slowed notably. Rising Government spending helped to maintain over-all expansion in the face of the large inventory adjustment in early 1967. And with easier credit stimulating homebuilding, strong expansionary forces reasserted themselves in the second half of that year. In August, President Johnson urged enactment of a 10-percent income tax surcharge. Delay in the passage of this measure intensified inflationary pressures and placed monetary policy in an awkward position as discussed in Chapter 1.

LESSONS OF THE POLICY RECORD

In most respects, the economy has performed extremely well in the last 8 years, and vigorous use of fiscal and monetary policy has contributed to this good performance. But the record could have been better, and it provides several lessons that should serve as guides for the future.

First, the fiscal and monetary policy actions that were taken deliberately to influence economic activity generally worked in the right direction with effective results. Most of the shortcomings of the period were errors of omission rather than commission. This applies both to the delays in taking adequate stimulative action in 1961–63 and to the more recent delays in achieving fiscal restraint.

Second, the experience of 1961–65 demonstrated that an effective fiscal policy to stimulate the economy could be carried out without adding unnecessarily to the size of the Federal budget. Since the aims of stabilization

policy can be implemented either through tax changes or expenditure changes, decisions regarding Federal expenditures can be properly based on the desired allocation of resources between the public and private sectors.

Third, the record testifies to the effectiveness of a restrictive monetary policy in slowing down the economy, but also to its substantial undesirable side effects in bearing down on homebuilding and straining the financial system. The side effects point to the need for active fiscal policy to avoid placing a disproportionate share of the burden of economic stabilization on monetary policy.

The major shortcomings of economic policy in recent years can be traced to difficulties in achieving prompt and appropriate adjustments in fiscal policy to offset variations in the strength of private demand and substantial changes in defense spending. The next section discusses some improvements that might be made in the formulation and implementation of fiscal policy.

FORMULATING FISCAL POLICY

The focus of fiscal policy in the United States is the annual Federal budget, which is presented in the Budget Message of the President in January. This budget covers the fiscal year starting 6 months later, on July 1. Any analysis of fiscal policy must begin with a consideration of the way in which this budget is formulated in the Executive Branch and the procedures by which the Congress acts on the President's recommendations.

The requirements of economic stabilization are not always fully met, however, by the fiscal program incorporated in the annual budget, no matter how carefully this program is formulated. Conditions may change during the course of the year in such a way as to call for a significant policy response after the annual budget has been planned. Some degree of continuing flexibility is therefore necessary.

One important forward step in budgetary practice was taken when the Federal budget for the fiscal year 1969 was presented. In accord with recommendations contained in the October 1967 Report of the President's Commission on Budget Concepts, a single unified budget was adopted, which covers in a comprehensive way all of the financial activities of the Federal Government. This unified budget provides a much improved statistical basis for formulating fiscal policy and evaluating its economic impact.

THE ROLE OF ECONOMIC FORECASTING

A certain amount of time is required for the economy to respond fully to changes in fiscal—and monetary—policies, and the actions taken at one point in time have effects that are felt over a considerable subsequent period. Whether a policy action will help or impair economic performance depends on the state of the economy in the period following the action. It cannot be judged adequately just by the facts of the economic situation at the time the decision is taken. It must be assessed in light of a forecast.

The responsibility within the Administration for projections of Federal revenues, expenditures, and economic activity rests jointly with the Department of the Treasury, the Bureau of the Budget, and the Council of Economic Advisers. Liaison is maintained with the Federal Reserve Board, which must also forecast economic activity as a basis for its decisions concerning monetary policy.

These projections are particularly important in formulating the annual budget, and they are set forth regularly in the Council's Annual Report. But the evaluation of the economic situation and outlook must be kept up to date during the year. Thus the forecasts are revised for internal use as new information becomes available—indeed, the process of assessing the economic outlook is essentially a continuous one. The projections are frequently supplemented by quantitative estimates of the probable effects of alternative policy actions which might be taken. Quantitative evaluations of the outlook have been prepared for the President essentially on a quarterly schedule ever since 1961. This procedure assures a regular review by the President, with his chief economic and fiscal advisers, of the suitability of the budget program for the needs of the economy.

The techniques used in preparing the Administration's economic projections have changed considerably over the years; but in general they depend on a set of quantitative relationships among economic magnitudes over time. The relationships that are relied upon may be based on formal statistical procedures, subjective expert judgment, or survey data.

To a considerable extent, forecasting relies upon the timely availability of data relating to the economy's past performance which can be used as a basis for projecting its future behavior. Although there are still gaps in economic statistics, considerable progress has been made in recent years by the Department of Commerce, the Department of Labor, and other Federal Government agencies in increasing the quantity and improving the quality of statistical data available for assessing the performance of the economy.

Government agencies also collect valuable information on the anticipated future behavior of some categories of expenditures. For example, the quarterly survey of investment anticipations provides a useful indication of the probable behavior of this highly volatile element of private demand. The Bureau of the Budget prepares up-to-date estimates of future Federal expenditures. Estimates of Federal tax revenues are prepared and kept current by the Treasury Department.

Forecasting was notably successful in gauging in advance the rapid expansion of 1964 and the upsurge from late 1967 into 1968. On some occasions, however, difficulties have been encountered. The strength of the 1965–66 boom was not fully foreseen. Unexpected increases in the personal saving rate intensified the slowdown in economic activity that occurred in the first half of 1967. In the second half of 1968, private demand was

stronger than had been anticipated, as noted in Chapter 1. Nevertheless, the whole record makes clear that explicit quantitative projections are superior to extrapolations or hunches, which are the only alternative ways of guiding policy decisions that affect the future.

The need for greater precision in both forecasting and policy formulation has increased greatly in recent years. Between 1961 and 1965, when actual output was consistently below potential, there was little threat of a serious rise in prices, and the risks of excessive expansion were small. Thus emphasis could be placed upon achieving a growth of actual output in excess of that of potential in order to close the gap. Since 1965, however, as actual output has remained relatively close to potential, the need to anticipate and to offset fluctuations in demand has correspondingly increased.

PREPARING THE ANNUAL BUDGET

The Federal budget should be formulated with two objectives in view. One is to provide the amount of fiscal stimulus or restraint needed to keep the economy moving along the potential output path—or to move it back toward that path if a departure has occurred. The other is to choose a level of Federal expenditures that provides the appropriate allocation of national resources between private and public uses. In principle, these two objectives can be pursued independently, since fiscal stimulus or restraint can be provided either by adjusting public expenditures or by adjusting tax rates to influence private spending.

Determining the Extent of Expansionary Action

In developing a budget that is appropriate in terms of fiscal impact, it is necessary at the outset to prepare an economic forecast for a period extending a year and a half beyond the time of budget presentation. The forecast covering the first 6 months of this period—for which the budget outlook has already been fairly well determined—provides the point of departure for viewing economic prospects in the ensuing fiscal year. From that point on, forecasts of private demand are used to determine the appropriate degree of fiscal stimulus or restraint to be provided by the budget.

This determination takes account of the growth of Federal revenues when GNP grows in line with potential in a noninflationary environment at unchanged tax rates. When the economy is in reasonable balance on the path of potential output and private demand is expected neither to weaken nor to accelerate, the forecast will point to the need for expansionary fiscal action sufficient to offset the fiscal drag exerted by normal revenue growth.

If the projection suggests that private demand will weaken or if the economy is operating below potential at the beginning of the year, expansionary fiscal action will be called for in an amount more than sufficient

to counteract the restraining effects of normal revenue growth. Conversely, if private demand is expected to strengthen or if the economy is operating above potential at the beginning of the year, an amount of expansionary fiscal action less than sufficient to offset the restraining effects of normal revenue growth will be required—or, in an extreme case, some additional restraint, beyond that provided by normal revenue growth, may be necessary.

The desired amount of expansionary (or restrictive) fiscal action, as indicated by the forecast, can be provided either by increasing (reducing) Government expenditures, by reducing (increasing) tax rates, or by some combination of the two. A decision therefore has to be made whether to adjust taxes, or expenditures, or both. This decision involves difficult choices about the allocation of resources between public sector programs and the private sector.

Public Expenditures and Tax Changes

In order to make these choices intelligently, it is necessary to examine carefully the proposed Federal expenditures having the highest priorities—whether they be for the expansion of existing programs or for new initiatives—and judge whether the public needs that would be met by these programs are more or less urgent than the demands of the private sector that would be satisfied by tax reduction.

Allowance ordinarily has to be made for a virtually unavoidable increase in expenditures sufficient to keep pace with rising costs and rising workloads under existing Federal programs. The decision would, however, still have to be made whether any needed restraint or additional stimulus over and above that provided by this built-in expenditure growth should come from changes in tax rates or in expenditures.

All of this suggests that there is no reason to suppose that the proper allocation of resources between public sector and private sector activities would be achieved by keeping tax rates constant and adjusting Federal expenditures to meet the requirements of fiscal policy. It should be perfectly normal for the President to recommend a change in tax rates in his annual Budget Message. Such proposed changes have in fact been a feature of the last seven annual budgets. Indeed, consideration of the appropriateness of tax rates should be a normal part of the budget program—if no change is being proposed, the President should explain why existing tax rates are regarded as appropriate. If Government expenditures move ahead year by year at a rate about equal to the growth of tax revenues, changes in tax rates may not need to be made very often. However, it would be a remarkable coincidence if a steady growth in Government expenditures at that rate simultaneously satisfied the needs of economic stabilization and the Nation's wishes over the long run with respect to the proper allocation of resources between the public and private sectors of the economy.

Sharp increases in defense spending pose special issues relating to the

allocation of resources between Federal nondefense programs and the private sector. A sharp increase in defense expenditures normally requires a compensating fiscal adjustment to prevent the budget from becoming undesirably stimulative. In principle, any needed adjustment can be accomplished either by increases in tax rates or reductions in Federal nondefense outlays. For a number of reasons, however, increases in tax rates should normally be the main instrument. First, sharp slashes in Federal nondefense programs are simply not administratively feasible in the short run. Second, social priorities for the nonmilitary public sector would be violated if these programs carried the major burden of fiscal adjustment. The overhead cost on society of increased defense requirements should be expected to be borne primarily by the 80 percent of GNP that represents private uses of output. It seems evident that the roughly 10 percent of GNP which Federal nondefense spending represents should not be expected to carry the major part of the load. This seems particularly compelling in a Nation which is affluent in general and yet beset by serious social problems. While it is entirely appropriate for some types of nondefense spending to be cut and stretched out in order to ease the fiscal problem, there are strong grounds for avoiding reductions in social programs that deal with the urgent problems of poverty and urban blight.

CONGRESSIONAL PROCEDURES

If fiscal policy, as embodied in the annual budget, is to make its maximum contribution to economic stabilization, some changes in Congressional procedures for reviewing and determining the budget would be desirable.

General Budget Review

One important problem lies in existing Congressional procedures for determining budget authority and hence Federal expenditures. In both the House and Senate, budget authority is essentially controlled by 13 separate appropriations subcommittees which determine budget authority for individual agencies and programs. Their individual decisions can lead to a total of budget authority and outlays that is not controlled nor determined in a coordinated way. The Legislative Reorganization Act of 1946 called for a concurrent resolution on an expenditure total in advance of appropriations, but this limitation was not integrated into the appropriations procedures.

Congress needs new machinery which ensures that the actions taken on authorizations and outlays for particular programs will add up to a total that achieves an appropriate allocation of resources between Federal programs and the private sector of the economy. This machinery should focus specific attention on the level of taxes required in conjunction with any given total of outlays in order to achieve an appropriate fiscal policy. In making its judgments on these matters, the Congress would presumably begin with the Administration's expenditure and tax recommendations as con-

tained in the January Budget. Then, assuming no major disagreement with, or change in, the basic economic outlook, any proposals to change the expenditure total substantially from that recommended in the Budget should be accompanied by a corresponding proposal for adjusting taxes. If such machinery could be satisfactorily introduced, it would help produce a more coordinated Congressional decision on both expenditures and taxes.

Procedures for Tax Changes

Procedures for a general review of the economy's fiscal needs along lines suggested above should expedite whatever specific action on taxes might be needed for fiscal policy purposes. In most circumstances, normal Congressional procedures for enacting the needed tax legislation would probably be satisfactory—especially if the Congress were to agree in advance on a form of tax adjustment that would be judged appropriate for this purpose. A proportional change in individual and corporate income taxes—like the current surcharge—might be a suitable form of adjustment.

However, the experience of the 1960's, including the costly delays in the passage of the 1964 tax cut and the 1968 tax surcharge, suggests the desirability of some other standby arrangement for obtaining prompt adjustments in tax rates to achieve fiscal policy objectives in case of a delay in reaching a decision through normal Congressional procedures. As noted in Chapter 1, the Administration has requested that the Congress consider giving the President discretionary authority, subject to Congressional veto, to remove the current surcharge entirely or partially if warranted by developments. A more permanent arrangement to provide the desirable flexibility could take various forms, including:

1. Presidential discretion to propose temporary changes in personal income tax rates within certain specified limits—such as 5 percent in either direction—subject to veto by the Congress within (say) 30 days. This year's Budget Message contains such a proposal.

2. A streamlined Congressional procedure for ensuring a prompt vote on Presidential proposals for changes in tax rates within certain specified limits. This would not shift any of the traditional powers of Congress to the President; the Congress would simply change its own rules.

Since changes in tax rates required for fiscal policy objectives would probably take the form of simple modifications of the basic schedule of rates, it would be necessary also to ensure opportunities for a thoroughgoing review of the over-all structure of the revenue system, including the tax base and rates. A structural review of rates would be especially appropriate if rates should drift downward (or upward) consistently for a period of several years as a result of fiscal adjustments. It is important, however, that the issues of tax reform be treated and considered separately from the annual tax decisions related to fiscal policy.

ADJUSTING TO NEW DEVELOPMENTS

Under the procedures outlined above, it would surely take several months for full legislative response to the President's January Budget. During that period, both the Congress and the Administration would be alert to any major unanticipated developments in the strength of private demand, in Federal defense needs, and in the desired mix of fiscal and monetary policy. Any such developments could and should be reflected in the implementation of the budget program.

If the annual budget is carefully formulated and implemented, the need for a significant subsequent revision of the budget program later in the year should be the exception rather than the rule. Stabilization requirements could largely be met by reliance on automatic stabilizers and monetary policy.

Much of the success of these stabilization efforts would depend upon the Federal Reserve's flexibility in adjusting monetary policy to circumstances as they unfold. In the development of the annual budget, there should be close consultation and coordination with the monetary authorities. A tentative projection of monetary and credit conditions should be prepared as part of the forecast underlying annual budget decisions. The fiscal program should minimize the risk of putting an excessive share of the burden of economic stabilization on monetary policy, as happened in 1966. But monetary policy should not be bound by the projections made at budget time—if conditions change, it should be adjusted accordingly. Indeed, given a reasonably appropriate fiscal policy, the further adjustments needed to keep the economy reasonably close to potential output should normally be within the capability of the Federal Reserve.

It should be recognized, however, that major unforeseen developments may significantly modify the path of demand anticipated in the annual budget. As mentioned earlier, private demand has on occasion exhibited substantial unexpected strength or weakness.

A major problem in recent years has stemmed from the uncertain path of increases in defense spending during the Vietnam buildup. While it is to be hoped that such a military buildup will not again be necessary, there can be no assurance in an insecure world that this will be the case. Accordingly, it is essential to be prepared to deal with such contingencies. Moreover, there could be similar and equally challenging problems of gauging the magnitude and timing of a demobilization—when peace is established. A special report to the President discussing the challenges and opportunities that will confront policymakers when peace comes in Vietnam is included in this volume.

The path of defense orders and outlays is inherently difficult to predict in a period of military flux. Through intensified efforts of the Department of Defense, considerable progress has nevertheless been made in providing an improved flow of information relating to both the current and prospective economic impact of defense spending. Some of this information is now being made public by the Bureau of the Census in a monthly digest entitled

Defense Indicators. Further efforts are needed, together with a full awareness of the importance of accurate information, especially at critical turning points in the trend of defense spending.

SOME ISSUES OF MONETARY POLICY

The record of the past 8 years demonstrates that flexible, discretionary monetary policy can make an effective contribution to economic stabilization. The economy's gradual return to full productive potential in the early 1960's was partly attributable to a monetary policy which kept ample supplies of credit readily available at generally stable interest rates. And in early 1967, the prompt recovery of homebuilding after the 1966 slowdown was the direct result of timely and aggressive easing of credit conditions by the Federal Reserve.

The most dramatic demonstration of the effectiveness of monetary policy came in 1966, however, when a dangerously inflationary situation was curbed primarily by a drastic application of monetary restraint. Credit-financed expenditures at the end of that year appear to have been as much as \$8 billion below what they might have been had monetary policy maintained the accommodative posture of the preceding 5 years. And there were substantial further "multiplier" effects on GNP as these initial impacts reduced income and consumption spending.

THE CONDUCT OF MONETARY POLICY

The primary guides for monetary policy are the various broad measures of economic performance, including the growth rate of total output, the relation of actual to potential output, employment and unemployment, the behavior of prices, and the Nation's balance-of-payments position. Extensive research, together with the experience of the last few years, has increased our knowledge of the complex process by which monetary policy influences these measures. While there are still major gaps in our knowledge of the precise chain of causation, some conclusions seem well established.

Like fiscal policy, monetary policy affects economic activity only after some lag. Thus actions by the Federal Reserve must be forward-looking. In considering the prospects ahead, however, an assessment must be made of both the expected behavior of the private sector and of the likely future course of fiscal policy. As noted earlier, the inherent flexibility in the administration of monetary policy permits frequent policy adjustments to take account of unexpected developments in either the private or the public sector.

Sectoral Impacts

Monetary policy can affect spending through a number of channels. To some extent it works by changing the terms of lending, including interest rates, maturities of loans, downpayments, and the like, in such a way as to encourage or discourage expenditures on goods financed by credit. There

may also be market imperfections or legal constraints and institutional rigidities that change the “availability” of loans as monetary conditions change—that is, make it easier or more difficult for borrowers to obtain credit at given terms of lending. Under some circumstances, purchasers of goods and services may finance their expenditures by liquidating financial assets, and changes in the yields on these assets produced by a change in monetary policy may affect their willingness to engage in such transactions. Changes in monetary policy may also, on occasion, change the expectations of borrowers, lenders, and spenders in ways that affect economic conditions, although these expectational effects are rather complex and dependent upon the conditions existing at the time policy is changed.

Monetary policy affects some types of expenditures more than others. The extent of the impact depends not only on the economic characteristics of the activity being financed but, in many instances, on the channels through which financing is obtained and the legal and institutional arrangements surrounding the financing procedures.

Residential Construction. The sector of the economy most affected by monetary policy is residential construction. Although the demand for housing—and for mortgage credit—does not appear to be especially responsive to mortgage interest rates, the supply of mortgage funds is quite sensitive to several interest rate relationships.

The experience of 1966 clearly demonstrated how rising interest rates can sharply affect flows of deposits to banks and other thrift institutions and thereby severely limit their ability to make new mortgage loans. In the first half of that year, the net deposit gain at savings and loan associations and mutual savings banks was only half as large as in the preceding 6 months. These institutions could not afford to raise the rates paid on savings capital to compete with the higher rates available to savers at banks and elsewhere because of their earnings situation—with their assets concentrated in mortgages that earned only the relatively low rates of return characteristic of several years earlier. Commercial banks experienced a similarly sharp slowing in growth of time deposits in the second half of the year, as the Federal Reserve’s Regulation Q prevented them from competing effectively for liquid funds. This forced banks to make across-the-board cuts in lending operations.

In addition, life insurance companies had a large portion of their loanable funds usurped by demands for policy loans, which individuals found attractive because of relatively low cost. High-yielding corporate securities also proved an attractive alternative for some institutional investments that might otherwise have gone into mortgages.

Table 9 provides some indication of the extent of these various influences. As can be seen, savings and loan associations and mutual savings banks together supplied less than 10 percent of total funds borrowed in 1966, well below their 22 percent share in the preceding 5 years. This was the main

TABLE 9.—*Net funds raised by nonfinancial sectors, 1961–68*

Nonfinancial sector	1961–65 average	1966	1967	1968 ¹
Total funds raised (billions of dollars).....	59.2	69.9	83.1	97.1
Percent of total raised by:				
Private domestic nonfinancial sectors.....	84.5	88.7	79.9	80.4
State and local governments.....	10.8	9.7	12.6	11.7
Nonfinancial business.....	34.6	48.1	44.8	37.0
Households.....	39.0	30.9	22.5	31.7
Mortgages.....	25.5	18.6	13.7	17.1
Other.....	13.5	12.3	8.8	14.6
U.S. Government.....	10.6	9.0	15.3	16.7
Rest of world.....	5.1	2.1	4.8	2.9
Percent of total supplied by:				
Commercial banks.....	35.1	24.7	43.6	39.1
Nonbank financial institutions.....	43.6	32.2	39.0	29.7
Savings and loan associations and mutual savings banks.....	22.1	9.9	19.5	14.0
Other.....	21.5	22.3	19.5	15.7
Federal Reserve and U.S. Government.....	10.1	16.3	11.2	12.9
State and local governments.....	6.8	8.9	9.4	7.7
Foreign lenders.....	1.2	-2.0	3.9	-3
Nonfinancial business.....	2.7	4.6	.5	5.1
Households, less net security credit.....	.5	15.3	-7.5	5.8

¹ Preliminary.

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

Source: Board of Governors of the Federal Reserve System.

factor limiting the availability of household mortgage loans. The effect on homebuilding was quick and dramatic, as the seasonally adjusted volume of new housing units started fell by nearly half between December 1965 and October 1966.

In 1967, as interest rates in the open market retreated from their 1966 highs, the thrift institutions were able to regain their competitive position in the savings market. A good part of their funds was fairly quickly channeled into the mortgage market. By fall, housing starts had recovered nearly to the level of late 1965.

As noted in Chapter 1, many factors—including several significant institutional reforms, sharply improved liquidity positions, and the widespread expectation that monetary restraint was only temporary pending passage of the tax bill—helped to moderate the adverse effects of renewed monetary restraint on mortgage lending in 1968. But the thrift institutions again experienced some slowing of deposit inflows when market interest rates rose to new heights, and mutual savings banks switched a good part of their investments away from the mortgage market to high-yielding corporate bonds.

State and Local Governments. State and local governments also felt the effects of monetary restraint in 1966. These governments cut back or postponed more than \$2.9 billion, or nearly 25 percent, of their planned bond issues that year.

It is difficult to determine precisely what caused these postponements. In

cases involving more than half the dollar volume, the reasons given related to the prevailing high level of interest rates. In some instances, the interest costs simply exceeded the legal ceiling governments were permitted to pay for borrowed funds. In other cases, finance officers decided to delay bond issues for a few months in the expectation that interest rates would decline.

This sizable cutback in borrowings had a relatively small effect on State and local government expenditures. Larger governments apparently were able to continue most of their projects about as scheduled by drawing down liquid assets or borrowing temporarily at short term. Smaller governmental units, however, cut their contract awards by a total estimated at more than \$400 million.

Because of the problems State and local governments often face in raising funds, the Administration is proposing the establishment of an Urban Development Bank, which could borrow economically in the open market and then lend in the amounts needed to individual local governments. The Bank could lend at federally subsidized interest rates, with the Federal Government recovering the cost of the subsidy through taxation of the interest income earned by holders of the Bank's securities.

Business and Consumer Spending. The 1966 credit squeeze undoubtedly also had some effects on business and consumer spending, though the amount of impact is not easily determinable. Most theoretical and empirical studies find that business firms in some way balance the cost of borrowed capital against the expected returns from their capital projects. Some small firms may also simply not be able to obtain funds during tight money periods. In 1966, bank lending to business did slow sharply during the second half of the year. Many of the larger firms shifted their demands to the open market—and paid record high interest rates for their funds—but some of the smaller ones probably were forced to postpone their projects.

Household spending on durable goods—particularly automobiles—has been shown to be affected by changes in the cost and availability of consumer credit, as reflected in the interest rate, maturity, downpayment, and other terms. While it is difficult to sort out cause and effect, households borrowed only two-thirds as much through consumer credit in the second half of 1966 as in the preceding half year. Capital gains or losses on asset holdings accompanying changes in yields may also induce consumers to spend more or less on goods and services.

Active and Passive Elements

Monetary policy, like fiscal policy, has what might be termed active and passive components. Recognition of this distinction played an important role in formulating the accommodative policy of the early 1960's. In the 1950's, economic expansion had generally been accompanied by rising interest rates, which tended to produce an automatic stabilizing effect somewhat

similar to the fiscal drag of the Federal tax system discussed earlier. The large amounts of underutilized resources available in the early 1960's made such restraint inappropriate, and credit was expanded sufficiently to prevent it from occurring.

It is especially important to distinguish between these elements in monetary policy at cyclical turning points. If, for example, private demand weakens and causes a decline in economic activity, interest rates will generally fall as credit demands slacken, even without any positive action by the Federal Reserve to push rates down. This induced fall in interest rates can help to check the decline in economic activity but may not, by itself, induce recovery. Similarly, as the economy rises above potential, the induced rise in interest rates may only moderate the expansion but may not bring activity back into line with capacity.

An active monetary policy during such periods requires positive effort by the Federal Reserve to produce further changes in interest rates and in availability of credit beyond those that would occur automatically. Since expectational responses may either accentuate or moderate the effects of the initial action, it is sometimes difficult to know in advance precisely how much of a policy change is needed. But the main point is clear—at such turning points, interest rate movements alone are not likely to provide an accurate reflection of the contribution of monetary policy to economic stabilization. Careful attention must also be paid to credit flows, particularly those to the private sector of the economy.

MONETARY POLICY AND THE MONEY SUPPLY

Examination of the linkages between monetary policy and various categories of expenditures suggests that, in the formulation of monetary policy, careful attention should be paid to interest rates and credit availability as influenced by and associated with the flows of deposits and credit to different types of financial institutions and spending units. Among the financial flows generally considered to be relevant are: the total of funds raised by nonfinancial sectors of the economy; the credit supplied by commercial banks, the net amount of new mortgage credit, the net change in the public's holdings of liquid assets, changes in time deposits at banks and other thrift institutions, and changes in the money supply. Some consideration should be given to all of these financial flows as well as to related interest rates in formulating any comprehensive policy program or analysis of financial conditions.

Much public attention has recently been focused on an alternative view, however, emphasizing the money supply as the most important—sometimes the only—link between monetary policy and economic activity. This emphasis has often been accompanied by the suggestion that the Federal Reserve can best contribute to economic stabilization by maintaining growth in the stock of money at a particular rate—or somewhat less rigidly,

by keeping variations in the rate of growth of the money stock within a fairly narrow band.

There are, of course, numerous variants of the money view of monetary policy. The discussion below focuses only on the simple version that has captured most of the public attention.

Money and Interest Rates

In a purely theoretical world, abstracting from institutional rigidities that exist in our financial system and assuming that relationships among financial variables were unvarying and predictable, it would make little difference whether monetary policy was formulated in terms of interest rates or the money supply. The two variables are inversely related, and the alternative approaches would represent nothing more than different paths to precisely the same result. The monetary authorities could seek to control the money stock, with interest rates allowed to take on whatever values happen to result. Or alternatively, they could focus on achieving the interest rates that would facilitate the credit flows needed to finance the desired level of activity, allowing the quantity of money to be whatever it had to be.

But financial rigidities do exist that often distort flows of credit in response to swings in interest rates. And financial relationships have changed steadily and significantly. Just since 1961, several important new financial instruments have been introduced and developed, including negotiable time certificates of deposit and Euro-dollar deposits. Attitudes of both investors and lenders have also undergone marked shifts, with sharp variations in the public's demand for liquidity superimposed on an underlying trend toward greater sensitivity to interest rates.

There is, to be sure, enough of a link between money and interest rates at any given time to make it impossible for the Federal Reserve to regulate the two independently. But this linkage is hardly simple, and it varies considerably and unpredictably over time. The choice between controlling the stock of money solely and focusing interest rates, credit availability, and a number of credit flows can therefore make a difference. This choice should be based on a judgment—supported insofar as possible by empirical and analytical evidence—as to whether it is money holdings alone that influence the decisions of various categories of spending units.

Money and Asset Portfolios

The Federal Reserve conducts monetary policy primarily by expanding and contracting the supply of cash reserves available to the banking system. Such actions seek to induce an expansion or contraction in loans and investments at financial institutions, with corresponding changes in the public's holdings of currency and deposits of various kinds. The proportions in which the public chooses to hold alternative

types of financial assets depend upon a complex set of preferences, which, in turn, depend upon interest rate relationships.

The process of expansion and contraction of money and credit stemming from Federal Reserve actions is fairly complex. But one aspect of it should be clearly understood: The money so created is not something given to the public for nothing as if it fell from heaven—that is, it is not a net addition to the public's wealth or net worth. There can be an immediate change in public wealth, but only to the extent that changes in interest rates generate capital gains or losses on existing assets.

Any change in the money stock is associated with a change in the composition of the public's balance sheet, as people and institutions are induced to exchange—at a price—one asset for another or to increase (or decrease) both their assets and their liabilities by equal amounts. Since all the items in the public's balance sheet might be changed as a result of these compositional shifts, the change in the public's liquidity is not likely to be summarized adequately in terms of any single category of financial assets.

It is, of course, possible that decisions to spend on goods and services are affected more by the presence of one type of financial asset than another in a spending unit's portfolio. But there is only scattered evidence of such behavior in various sectoral studies that have been undertaken to analyze the factors affecting the spending decisions of consumers, businesses, or State and local governments. Indeed, to the extent these studies do find spending decisions systematically affected by financial variables, it is often through changes in interest rates and availability of credit.

Money and Income and a Monetary Rule

One problem with the money supply as a guide to monetary policy is that there is no agreement concerning the appropriate definition of "money." One definition includes the total of currency outside commercial banks plus privately held demand deposits. A second also includes time deposits at commercial banks, and even more inclusive alternatives are sometimes used. On the other hand, there is a more limited definition, sometimes called "high-powered money" or "monetary base," which includes currency in circulation and member-bank reserve balances at the Federal Reserve banks.

These different concepts of money do not always move in parallel with one another—even over fairly extended periods. Thus assertions that the money supply is expanding rapidly or slowly often depend critically on which definition is employed. In the first half of 1968, for example, there was a sharp acceleration in the growth of currency plus demand deposits, but growth of this total plus time deposits slowed considerably.

On the other hand, relationships between movements in GNP and any of the money concepts have been close enough on the average—especially when processed through complex lags and other sophisticated statistical techniques—to be difficult to pass off lightly.

There is, of course, good reason to expect some fairly close relationship between money and income. This would be true even in a completely abstract situation in which it was assumed that the money supply per se had no direct influence on GNP, and that monetary policy worked entirely through interest rates. Since interest rates and the money supply are inversely related, any rise in GNP produced by a reduction in interest rates and increased credit availability would be accompanied by at least some increase in the money supply.

The relationship also exists in a sort of "reverse causation" form—that is, as income goes up so does the demand for money, which the Federal Reserve then accommodates by allowing an increase in the actual money stock. This is precisely what happened during the 1961–65 period of accommodative policy, and it is always present to some extent as the Federal Reserve acts to meet the economy's changing credit needs. The problem of sorting out the extent of causation in the two directions still challenges economic researchers.

A one-sided interpretation of these relationships is sometimes used to support the suggestion that the Federal Reserve conduct policy on the basis of some fixed, predetermined guideline for growth of the money supply (however defined). Given the complex role of interest rates in affecting various demand categories and the likely variations in so many other factors, any such simple policy guide could prove to be quite unreliable.

The experience of the past several years illustrates the kinds of difficulties that might be encountered in using the money supply (defined here as currency plus demand deposits) as the exclusive guide for monetary policy. As described previously, high interest rates in 1966 began affecting the nonbank thrift institutions, the mortgage market, and the homebuilding industry soon after the start of the year. But during the first 4 months of that year, the money supply grew at an annual rate of nearly 6½ percent, well above the long-term trend. Later that year, the financial situation of major mortgage lenders improved somewhat and housing eventually rebounded despite the fact that growth of money supply plus bank time deposits was proceeding at only a snail's pace.

Growth of the money supply in the second quarter of 1968 was at an annual rate of 9 percent. The reasons for this acceleration—to a rate almost double the growth in the preceding quarter—are not fully apparent. The Federal Reserve could have resisted this sizable increase in the demand for money more than it did, but interest rates in the open market would then have risen well above the peaks that were in fact reached in May. Whether still higher rates would have been desirable is another issue, which cannot be settled merely by citing the rapid growth of the money supply.

These illustrations suggest that any simple rigid rule related to the growth of the money supply (however defined) can unduly confine Federal Reserve policy. In formulating monetary policy, the Federal Reserve must be able to take account of all types of financial relationships currently prevailing and in prospect and be able to respond flexibly as changing

economic needs arise. In deciding on such responses, especially careful consideration must be given to likely changes in interest rates and credit availability, in view of the effects of these factors on particular sectors of the economy—especially the homebuilding industry.

LOOKING AHEAD

In the future as in the past 8 years, the maintenance of full prosperity deserves high priority among the Nation's goals because it contributes so much to so many of our other national objectives. Job opportunities provide the stepping stones out of poverty for many of the disadvantaged. As Chapter 5 makes clear, efforts to train the disadvantaged can hardly succeed in a sluggish economy. For those who have already obtained some minimum standard of living, prosperity offers a ladder to higher standards of comfort, civilization, and security. For those high on the income scale, prosperity provides the incentives and the funds for the growth of capital to strengthen our productive performance in the future. For the public sector, prosperity offers the revenues that can help to repair the accumulated decay of our cities, purify the environment, and improve education and transportation systems.

Between 1968 and 1975, our civilian labor force will increase by 10½ million persons, or an average of 1½ million a year. If the new entrants are employed and productivity continues to grow at the recent trend rate, GNP will amount to about \$1,150 billion (in 1968 prices) in 1975.

The experience of the past 8 years should be of considerable benefit in the formulation of economic policies to ensure continued movement along the potential output path to reach this level of GNP in 1975. Economic policymakers can reasonably hope to maintain sustained growth in line with potential and to avoid the bumps of the business cycle and the unconscionable waste of a slack economy.

A dynamic society should not, however, be satisfied merely with continuing along the present path of potential. Faster growth can be achieved if ways can be found to accelerate the growth of national productivity. Policies that aim at stimulating capital formation, education, and technological advance can play an important role. Additional gains in output and standards of living for all our citizens can be realized if ways can be found to achieve lower levels of unemployment and reasonably stable prices simultaneously. Chapter 3 discusses a number of measures that can help to make high employment and price stability more compatible.

Price Stability in a High Employment Economy

THE REMARKABLE ACHIEVEMENT of prosperity as the normal state of the American economy has been recorded in Chapter 2. Recent price performance has been far less satisfactory.

Since 1965, prices have been rising too rapidly. The history of both the United States and other industrial nations shows that high employment is generally accompanied by inflationary tendencies, and that when prices are reasonably stable, this is at the cost of too many idle men and idle machines.

The record of the past poses the critical challenge of the years ahead. Reconciling prosperity at high employment with price stability is the Nation's most important unsolved problem of over-all economic performance. Though the United States has done better than most industrial countries, its record is far from adequate. That record can and should be improved by measures discussed in this chapter.

PRICES, WAGES, AND EMPLOYMENT

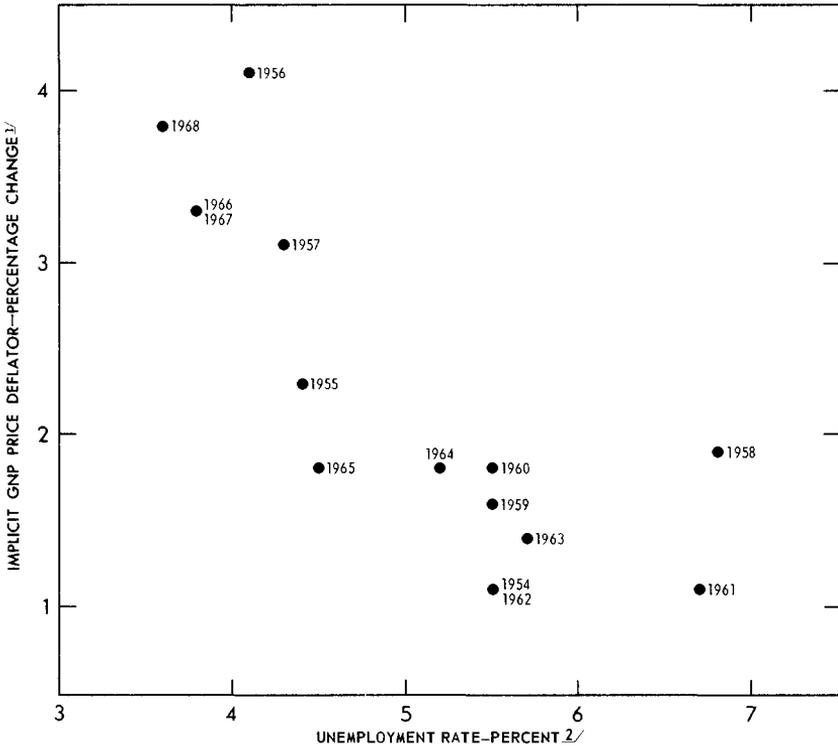
The difficulties of combining price stability and high employment in the past 15 years are evident in Chart 8. It reveals a fairly close association of more rapid price increases with lower rates of unemployment. In 1956-57 and from 1966 to 1968, when the unemployment rate was between 3.6 and 4.3 percent, price increases ranged between 3.1 and 4.1 percent. In contrast, between 1958 and 1964 the unemployment rate consistently exceeded 5 percent, and price increases were uniformly less than 2 percent.

The historical relationship has been neither mechanical nor precise. In some periods, the over-all price level has been affected by special and erratic factors such as crop failures, shifts in foreign demand, or bottlenecks arising from a spurt of demand in one sector of the economy. Moreover the price performance of any year is influenced by cost developments arising from conditions in prior years.

Still, upward pressures on prices and wages are likely to be intensified when the economy is operating at high utilization of manpower and capital. In a slack economy, rising prices are rarely a problem. Even when demand begins to expand strongly, additional output is readily provided by increases in employment and fuller use of industrial capacity. If the expansion persists

Chart 8

Price Performance and Unemployment



1/CHANGE DURING YEAR, CALCULATED FROM END OF YEAR DEFLATORS (DERIVED BY AVERAGING FOURTH QUARTER OF A GIVEN YEAR AND FIRST QUARTER OF SUBSEQUENT YEAR).

2/AVERAGE FOR THE YEAR.

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

at a rate exceeding the growth of the economy's productive capacity, however, demand will begin to press upon available capacity in some industries. As a result, increases in prices will become more frequent, there will be fewer offsetting decreases elsewhere, and living costs will begin to rise. Shortages of workers with particular skills or in certain localities may develop, and wages will accelerate for these groups. Because the balance of demand and supply differs among industries, these tendencies may emerge even while over-all unemployment and unused capacity are substantial.

If demand continues to grow strongly, more industries and labor markets are strained and inflationary pressures become more pervasive. As unemployment declines, wages accelerate, since employers prefer to raise wages rather than jeopardize sales and profits through either strikes or inability to attract enough labor. The threat of losing markets through price

increases exercises much less discipline on the pricing policies of a firm when it (and its competitors) are operating close to capacity. Thus prices are readily marked up, both to reflect increased costs of labor and materials and to provide for higher profit margins.

With living costs rising, wage increases are stepped up in most industries and generally exceed the economy-wide growth of productivity. Thus unit labor costs rise and in turn tend to be translated into higher prices. In this way, a buoyant economy can move from price stability into a rising spiral of wage and price adjustments. And once such a spiral starts, it becomes increasingly difficult to arrest, even after productive capacity has caught up with demand and the initial pressures have largely subsided.

THE RECORD IN THE SIXTIES

This sequence of events is illustrated by the performance of the U.S. economy in the 1960's.

Price Stability: 1961-65

Between the first quarters of 1961 and 1965, rapid economic expansion took up much of the slack in the use of resources. The unemployment rate dropped from 6.8 percent to 4.8 percent (seasonally adjusted) during this 4-year period, and capacity utilization in manufacturing increased sharply.

Yet the price and wage record was excellent. Average hourly compensation in the private nonfarm economy rose an average of 4.0 percent annually, but productivity increased at a rate of 3.9 percent, so that unit labor costs remained virtually unchanged. The average level of wholesale prices in January 1965 was the same as 4 years earlier. Consumer prices advanced at a moderate annual rate of 1.2 percent, largely reflecting gradual cost increases in distribution and services where productivity gains come slowly.

The Price-Wage Upturn: 1965-68

The first significant break in relative price stability occurred early in 1965. Farm and food prices began a sharp upward climb, spurred by special and erratic factors affecting supply at home and abroad. More pervasive inflationary pressures started in the second half of 1965 when the military buildup in Vietnam began. The rise in prices of consumer services accelerated as firms found it increasingly difficult to recruit and keep workers in the traditionally lower paying service jobs. With consumer prices rising more rapidly and with stronger demand for labor, upward pressures on wages mounted.

These developments show up clearly in the price and wage record. Between the second quarters of 1965 and 1966, consumer prices rose 2.7 percent. During the same period, average hourly compensation in the private

nonfarm economy jumped 6 percent, well above the growth of productivity; as a result, unit labor costs rose nearly 3 percent.

Wage and price developments were influenced by the high level of utilization of the economy. In January 1966, unemployment fell below 4 percent of the labor force for the first time in nearly a decade, and the utilization of manufacturing capacity reached the highest rate since 1955. But price pressures were also intensified by the unusually rapid speed of the advance, as reflected in an annual rate of growth in the real gross national product (GNP) of more than 8 percent between the second quarter of 1965 and the first quarter of 1966. Had the economy approached the neighborhood of 4 percent unemployment more gradually, there would have been more time to train and upgrade labor and to introduce newer and more efficient equipment.

When the rate of expansion slowed down late in 1966 and early in 1967, so did the upward movement of prices. Between August 1966 and April 1967, consumer prices continued to advance; but the annual rate of increase moderated to 2 percent, while average wholesale prices actually declined. An increase in supplies of farm products and other raw materials was especially helpful. As new facilities were completed, the pressures on manufacturing capacity decreased sharply, and price increases slowed down for a number of manufactured products.

Nevertheless, higher costs had been built into the economy during 1965 and 1966, and when the economy picked up speed in the second half of 1967, prices and wages again accelerated. Union settlements, which had lagged in the initial stage of the advance, rose especially sharply in late 1967 and in 1968. As discussed in Chapter 1, the problems of rising prices and wages remain intense as 1969 begins.

THE TASK FOR POLICY

Because of the general relationship between prices and unemployment, decisions of fiscal and monetary policy present a serious dilemma. Achieving price stability by accepting high unemployment involves dreadful waste and tremendous social and human costs. But historically, unemployment rates of 4 percent or below have been associated with a price performance that most Americans consider unsatisfactory. As explained in Chapter 2, price increases at the rate recently experienced clearly impair our international trade performance, cause a haphazard redistribution of income and wealth, and may jeopardize sustained prosperity.

The first line of defense against inflation must be fiscal and monetary policies that avoid excessive pressures of demand on productive capacity. By heading off sudden surges in demand and by promoting steady and smooth growth, these policies can also contribute to improved price performance at high employment. But fiscal and monetary policies alone cannot ensure the simultaneous achievement of low rates of unemployment and reasonable

price stability. The relationship between inflation and unemployment depends upon the workings of the Nation's institutions and markets. There is need for a wide ranging attack on inflation that will bring about pervasive improvements in the economy's price performance.

To this end, the President established the Cabinet Committee on Price Stability early in 1968. The Committee has studied many aspects of the problem and has submitted its report, which covers many of the issues discussed below.

IMPROVING LABOR AND PRODUCT MARKETS

Our labor and product markets are among the most efficient and flexible in the world. Yet their further improvement is the key to making higher levels of employment consistent with price stability. These markets must be even more responsive to changing patterns of demand, and they must continuously increase the productivity of our resources.

Measures to improve these markets are of two general but related kinds: those that facilitate the most productive use of our manpower resources, and those that improve the efficiency of our product markets.

The efficiency of labor markets is reflected in the matching of job opportunities and available manpower. The fit is never perfect: while in some areas and for some skills "help wanted" signs prevail, there are simultaneously many unemployed persons whose skills or locations do not fit the needs of employers. Continued job vacancies tend to pull wages up and thereby attract labor. In areas of excess supply, however, wages are rarely subject to strong downward pressures. Thus unmanned jobs and jobless men do not offset each other in influencing average wages. The better the labor markets operate, the higher the level of employment and the lower the volume of job vacancies that can accompany any degree of upward pressure on average wages.

There are a number of ways that a better and more flexible fit of available manpower and job opportunities can be achieved. Workers can move more easily between occupations and geographical locations if they are given improved information about job opportunities and if they are not confronted with barriers to entry into certain occupations. They can be aided by training programs which are more closely oriented toward skills that are in short supply. And the productivity of employed labor can be improved by the removal of restrictive work practices.

Measures of these kinds can both alter the level of employment consistent with reasonable price stability and add significantly to the real output produced at a given level of employment.

Product markets can also be made more efficient. The major thrust must be the strengthening of competition. Vigorous enforcement of antitrust policy is essential. Opportunities can be found to remove or reduce existing re-

straints on competition. Better information for the consumer can also strengthen competition. The continued pursuit of freer international trade can enhance the effectiveness of competition. Standards and policies in regulated industries, in agricultural programs, and in Government procurement should be kept under constant review, with price stability recognized as one of the goals of policy.

The major measures discussed below should be viewed as elements of a comprehensive program to improve price-cost behavior. Other areas and other possible policy actions could be added to the list. The effects of the measures vary considerably in potential magnitude, and no single one can ensure a significant advance by itself. Yet if progress can be achieved on most of these fronts, the inflationary tendencies that accompany low unemployment should be reduced.

Most of these measures may be expected to yield substantial gains in other directions. Some would increase employment opportunities for the disadvantaged. Others would enhance productivity and growth over the long run.

It must also be recognized that many of these measures involve some social and financial costs that have to be assessed against the potential benefits. In fact, some of the present problems result from past public or private policies designed to promote such objectives as job security, public safety or health, and the protection of small businesses. Frequently these policies were aimed at conditions which prevailed years ago; they require reexamination in today's high employment economy.

Structural improvements in our product and labor markets usually take time to institute and require time to show measurable effects. Most of the strategies cannot be counted upon to assist significantly in the immediate task of moving toward price stability in 1969. But early efforts are needed to make timely progress toward the long-run objective of combining high employment with reasonable price stability.

IMPROVING LABOR MOBILITY

Over the long term, there have been dramatic shifts in the pattern of demand for labor—from agriculture to manufacturing, from the production of goods to the supply of services, and from less to more highly skilled occupations. Agricultural workers represent only 5.0 percent of the civilian labor force as compared with 13.1 percent 20 years ago. The number of white collar workers has risen from one-third to nearly one-half of total employment since World War II, with an especially rapid rise in the number of professionals. The industry shifts in the past 7 years are shown in Table 10.

The needed adjustments to both short- and long-run changes in the demand for labor have been largely accomplished by the normal operation of the market. Increases in earnings have been particularly large in those occupations for which demand has been rising rapidly. For example, increased

TABLE 10.—Changes in employment, 1961 to 1968

Industry group	Millions of persons		Percentage change per year, 1961 to 1968 ^{1,2}	Percentage distribution ²	
	1961	1968 ¹		1961	1968 ¹
Total employment.....	65.7	75.9	2.1	100.0	100.0
Agriculture.....	5.2	3.8	-4.3	7.9	5.0
Nonagriculture.....	60.5	72.1	2.5	92.1	95.0
Nonagricultural payroll employment.....	54.0	68.1	3.4	100.0	100.0
State and local government.....	6.3	9.5	5.9	11.7	13.9
Services.....	7.7	10.5	4.6	14.2	15.4
Retail trade.....	8.3	10.4	3.3	15.4	15.3
Finance, insurance, and real estate.....	2.7	3.4	3.0	5.1	4.9
Wholesale trade.....	3.0	3.7	2.9	5.5	5.4
Manufacturing.....	16.3	19.7	2.7	30.2	29.0
Production workers.....	12.1	14.5	2.6	22.4	21.3
Nonproduction workers.....	4.2	5.3	3.1	7.9	7.7
Federal Government.....	2.3	2.7	2.6	4.2	4.0
Contract construction.....	2.8	3.3	2.1	5.2	4.8
Transportation and public utilities.....	3.9	4.3	1.5	7.2	6.4
Mining.....	.7	.6	-1.0	1.2	.9

¹ Preliminary.

² Based on employment in thousands.

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

Source: Department of Labor.

needs for workers in retail trade and service occupations have been reflected in wage gains larger than those in manufacturing (Table 11). Similarly, earnings in many professions have advanced rapidly.

Although the labor force is highly mobile and able to adjust readily to substantial shifts in demand, there are still many costly barriers that workers must cross when moving among jobs and occupations. One remedy is to lower the barriers, allowing workers freer access to jobs. Another is to bring work to areas of high unemployment. The benefits and limitations of making jobs available to those living where few opportunities now exist are explored in Chapter 5.

TABLE 11.—Changes in hourly earnings of production and nonsupervisory workers on private nonagricultural payrolls, 1961 to 1968

Industry group	Average hourly earnings		Percentage change per year, 1961 to 1968 ¹
	1961	1968 ¹	
Total private nonagricultural payrolls ²	\$2.14	\$2.85	4.2
Retail trade.....	1.56	2.16	4.8
Contract construction.....	3.20	4.38	4.6
Finance, insurance, and real estate.....	2.09	2.75	4.0
Wholesale trade.....	2.31	3.05	4.0
Manufacturing.....	2.32	3.01	3.8
Mining.....	2.64	3.34	3.4

¹ Preliminary.

² Total includes certain industry groups not shown separately.

Source: Department of Labor.

Information on Job Opportunities

Rapid adaptation of the labor force to changing demands can be aided by timely information regarding job opportunities. The disadvantaged in particular are likely to lack such information. Recognizing this handicap, the Federal-State Employment Services in 1965 began seeking out disadvantaged workers for enrollment in training programs, for job referral, and for work counseling.

The importance of improved job information was also recognized in the 1968 Amendments to the Manpower Development and Training Act (MDTA). This legislation authorized the development of a comprehensive system of labor market information, using electronic data processing and telecommunication systems for direct contact among recruitment, job training, and placement agencies.

Relocation Assistance

The cost of moving can make it difficult for low-income workers to respond to job opportunities. The 1965 Amendments to the MDTA authorized an experimental program of relocation assistance to test the value of helping disadvantaged workers in depressed areas move to places of better employment opportunity. Thus far, 13,000 workers and their families have received assistance under the program. The experience from this pilot program suggests that the benefits far outweigh the \$750 average cost of relocation.

Vesting and Portability of Pension Rights

By 1980, private retirement plans will cover some 40 million workers—about three-fifths of all private nonfarm employees. Nonvested plans, in which the worker loses his pension rights if his employment terminates, not only operate inequitably against many long-service employees but also discourage mobility.

Vesting would enable the worker to retain his financial stake in his pension when he changes employers. To encourage more vesting, the Department of Labor has proposed a Pension Benefit Security Act. It would require full vesting after 10 years of service, to become fully effective 12 years after passage. At present, only about 20 percent of all workers are in retirement plans which fulfill this requirement.

Another way to overcome the restrictive effect of pension plans on mobility would be to increase the ability of employees to transfer pension credits among employers in a particular industry. This type of portability, largely found in multi-employer collective bargaining contracts, enhances mobility within industries but not across industry boundaries. In construction, multi-employer pension plans are common but generally limited to a particular city

or metropolitan area. Greater reciprocity among these plans would enhance mobility in this important sector.

Licensing

State licensing provisions affecting some skilled trades and many professions restrict mobility to the extent that there is not full reciprocity among States. Electricians, plumbers, barbers, and beauticians are examples of the licensed tradesmen; physicians, dentists, lawyers, accountants, and teachers are examples of the professionals. In some cases, notably physicians, there is relatively full reciprocity. But in others, those who have licenses in one State are required to pass new examinations or to meet different special qualifications if they want to move to other States.

In principle, these requirements are imposed to protect public health or safety, or the quality of service. Yet they may serve to restrict competition, particularly in localities or States where pay scales are relatively high. Mobility could be enhanced by universal reciprocity at generally acceptable standards.

Discrimination in Employment

One of the most widespread barriers to the full use of our labor force is discrimination against women and members of minority groups. Great progress has been made in reducing these and other categorical barriers to employment; Federal legislation now outlaws discrimination on the basis of race, religion, national origin, sex, or age. While the policy is now clear, a very large job of enforcement remains.

In addition, arbitrary barriers to employment may still be imposed by employers who maintain unnecessarily restrictive hiring standards as described in Chapter 5. Some unions also impose unreasonable restrictions on membership.

Minimum Wages

Minimum wage laws protect the worker against the imperfections of the labor market which lead to substandard wages. Such laws may also encourage the more efficient use of labor. Although increases in the minimum wage are likely to be reflected in higher prices, society should be willing to pay the cost if this is the best way to help low-wage workers. Yet excessively rapid and general increases in the minimum can hurt these workers by curtailing their employment opportunities.

Since 1956, the Federal minimum has gone up about in line with average hourly compensation, while coverage has progressively expanded to cover low-wage industries. In considering the future rate of increase for minimum wages, careful scrutiny should be made of the possibility of adverse employ-

ment effects. The benefits of higher minimums should be weighed against alternative ways of helping low-wage workers.

EFFICIENT USE OF MANPOWER

Responding to the expanding employment opportunities of our economy, American workers generally have accepted—and even welcomed—technological change. But there are exceptions; unions have secured management acceptance of restrictive work rules in such industries as railroads, printing, longshoring, and construction. These rules reflect a legitimate concern for job security. But where technological change does adversely affect job security, it would be preferable to avoid restrictive practices and develop solutions specifically to meet that problem. Workers can be largely compensated for the loss of particular positions and of seniority protection through such provisions as severance pay, attrition plans, and the option of early retirement for older workers. The trend of collective bargaining agreements is in this direction, but the exceptions are still costly to the economy.

Legal Restrictions

Legal restrictions designed to protect health and safety may, in some cases, impose unnecessary barriers to the efficient use of labor.

For example, local building codes sometimes prevent the use of construction labor as efficiently as technology allows, according to a report of the National Commission on Urban Problems. The Commission also found that an unnecessary diversity among codes inhibits large-scale operations by contractors and manufacturers. It recommended that private and public bodies develop standards that could be accepted and applied throughout the Nation.

Another example is railroad full-crew laws affecting freight and road service in seven States. These laws reflect an approach that dates back to the era of the steam engine. Despite dieselization and modern improvements in communication, the laws remain.

Seasonality

Instability of work leads to inefficient use of manpower, throwing persons able and willing to work into unemployment. Seasonal variations are a major source of such waste, particularly in construction.

More than one-fourth of all wage and salaried workers in contract construction experience some unemployment during the year. This is about double the proportion in manufacturing and other nonagricultural industries. Besides the waste of valuable manpower, seasonality leads to labor shortages during peaks of activity in particular occupations and geographical areas. A number of studies have indicated that, for most types of construction, the added costs of winter work are small and might be offset by just the savings in unemployment compensation for construction workers. More

stable employment might also moderate the sharp upward trend in hourly wages for construction workers, at the same time improving their annual incomes.

In light of these considerations, the President recently instructed Government agencies to explore the possibility of scheduling more construction in winter months. Progress in this direction by the Federal Government could serve as an example to State and local governments and to private industry.

MANPOWER TRAINING PROGRAMS

Training programs must be oriented toward two main objectives. The first, and probably most important in both its economic and social implications, is to assist the disadvantaged and the unemployed to acquire new skills. Such efforts present special and highly important problems, which are discussed in Chapter 5 in the context of the problem of poverty. The second objective is to help increase the supply of skilled workers and professionals to keep up with rapidly rising demand.

Skilled Workers

Federal and federally assisted training programs can make an important contribution to meet the rising demand for skilled workers in periods of high employment. The Vocational Education Act of 1963 authorized a large expansion of vocational training programs. Post-secondary day school vocational enrollments increased from 171,000 in 1964 to 501,000 in 1967, and enrollments of adults in part-time programs rose from 2.3 to 2.9 million. The total number of persons in trade and industrial programs rose from 1.1 to 1.4 million between 1964 and 1967.

Establishing and operating flexible, expanding training programs pose some difficult problems. Ideally, the pattern of training should be related to forecasts of changing demand for workers in different occupations, thus meshing the training with emerging needs. In practice, this is not easy to accomplish.

There is also danger that vocational programs, once established, may continue unchanged despite radical shifts in the demand for skills. For example, high school enrollments in vocational agriculture remained almost constant from 1964 to 1967, despite the sharp and persistent drop in agricultural work opportunities and the movement of many rural youths to other jobs. The scope of vocational education should be broadened to meet the future manpower needs of the economy. The 5 percent of total enrollees in vocational classes preparing for health and technical occupations is much too small. More training should be provided in new occupations such as automatic data processing and electronics.

In addition, skilled workers will be needed in such traditional trades as construction. There is every indication that the demand for construction in the 1970's will be of unprecedented magnitude. Success in meeting the

national target for housing recently adopted by the Congress will depend upon the availability of enough skilled workers.

Professions

The demand for professionals has increased sharply. Although their number has grown at an annual rate of 4.2 percent in 1961–68, as compared with only a 2.6 percent increase in the number of production workers in manufacturing, supply has not kept pace with demand. As a result, earnings in many professions have risen at a substantially higher rate than those of manufacturing production workers.

The rise in demand for professional and technical personnel reflects numerous factors. In health care, the general rise in affluence has contributed significantly, along with Medicare, Medicaid, and the rapid increase in the elderly population. Total spending on health care rose from \$26 billion in fiscal 1960 to \$53 billion in fiscal 1968.

The great technological advances of the past decade have vastly increased the demand for such professionals as physicists, chemists, mathematicians, and engineers. Expenditures for research and development have grown rapidly. Between fiscal 1961 and 1966, the dominant factor in the expansion was Government spending for research and development, which rose at the rate of 11.5 percent a year, before slowing markedly in 1966–68. For the National Aeronautics and Space Administration program alone, the number of scientists and engineers directly involved increased from less than 11,000 in 1960 to a peak of nearly 92,000 in mid-1966. Private spending on research and development also increased at a rapid rate, growing at 8.8 percent annually between 1961 and 1967.

Newly instituted Federal programs have helped to meet the expanding demand for professional personnel. The Education Professions Development Act of 1967 gave the Office of Education authority to assist in the training of school personnel at all levels and in various occupations. Under the Health Professions Educational Assistance Amendments of 1965, about 13,500 scholarships have been awarded in medicine, dentistry, and pharmacy. A variety of fellowship, training, and grant programs is providing assistance to more than 43,000 students in 1968–69, as compared with 10,500 in 1962–63.

Despite these advances, the present programs are not adequate to meet the growing needs for trained professionals.

Adjusting Job Requirements

In light of the high and growing demand for fully qualified professional personnel, the more routine or subprofessional tasks should be performed by such paraprofessionals as teacher's aides, nurse's aides, dental technicians, and engineering technicians.

The New Careers Program, administered by the Department of Labor, is helping to prepare disadvantaged adults for jobs in public and private non-profit agencies in the fields of health, education, welfare, neighborhood redevelopment, and public service. As of mid-1968, about 5,000 persons were enrolled under this program. Cooperating institutions have agreed to revise job requirements and to develop new career opportunities for subprofessional workers.

Future Directions for Manpower Policy

Training programs under the MDTA have the potential for making a great contribution to price stability and high employment. Accomplishments thus far have been limited, mainly because the programs have been small relative to need. Only an average of 173,000 persons yearly have been enrolled from 1963 to 1968. In 1968, 272,000 were enrolled, equal to three-tenths of 1 percent of the Nation's labor force. Moreover, only 18 percent of the total were trained in critical skills.

The creation of a new system of adult job training proved complex. Difficulties were inherent and experimentation necessary. But after 5 years of experience, it is evident that MDTA training and assistance can help the economy make more efficient use of manpower.

The Federal Government has greatly increased its support of college students and institutions of higher education. The total funds available in both grants and loans rose from an estimated \$1.5 billion in 1962 to \$4.4 billion in 1968. Federal funds for student loans increased from an estimated \$75 million in 1962 to \$251 million in 1968. Nevertheless, there remains a need for additional support. When properly designed, loans are a particularly suitable form of aid for college students, although many youths from low-income families may require special assistance through direct grants.

Federal aid can also be useful in underwriting the costs of expanding the capacity of professional schools where training facilities are most critically short, as in medical education. And better planning of Government programs can lessen the pressure on the limited pool of professional manpower. The Federal Government directly and indirectly pays the salaries of 10 to 15 percent of all professionals. Because the supply of professionals cannot be expanded quickly, adding significantly to demand can affect salaries throughout the economy for many years.

COMPETITION AND ANTITRUST POLICY

The prevalence of strong competitive forces in most markets of the U.S. economy reflects its vast size, the ability and willingness of businessmen to respond to new opportunities, and a long-standing commitment of public policy to promote competition—most importantly exemplified in the antitrust laws.

Antitrust Laws and Prices

While antitrust action is an effective weapon against collusive price agreements, violations still occur and continuous vigilance is necessary. For example, since 1965, there have been price-fixing convictions in such diverse industries as plumbing fixtures, steel, and pharmaceuticals.

Antitrust also has a major role to play in reducing concentration. In highly concentrated industries—those in which a few firms control a large proportion of sales—price competition is likely to be less intense than it is elsewhere in the economy. Numerous studies have shown a significant relationship between high concentration and high profit rates—an indication of weak competitive pressures. Moreover, the high profits sometimes earned by firms in the less competitive industries are understandably a tempting target for large wage demands, which sometimes spread to other industries.

Furthermore, concentrated industries often maintain prices in the face of declining demand, reducing output instead. As demand fluctuates among products over time, prices may rise where demand increases, but fail to decline where demand decreases. This results in an inflationary bias, which might be substantially reduced by greater competition.

Vigorous antitrust enforcement helps to hold down prices by breaking up price conspiracies and reducing concentration. A continuing program of antitrust actions can increase competition and contribute to improved over-all price performance at high employment.

Mergers and Concentration

The present levels of concentration in many industries are in large part the result of peaks of merger activity at the turn of the century and during the 1920's. Although the number of mergers in recent years has reached gargantuan proportions—1,496 major mergers of manufacturing and mining concerns in 1967 as compared to 219 in 1950—most of them involved firms in different industries rather than in the same industry. In part, this reflects the Celler-Kefauver amendment to the Clayton Act which has severely restricted combinations that might lessen competition. In 1967, 83 percent of the larger mergers consisted of purchases of firms in unrelated industries; in comparison, less than 60 percent of larger mergers between 1948 and 1953 were of this conglomerate type.

Reducing Concentration

In a few major industries, concentration has been very high for many years. New approaches to reducing concentration in these industries should be examined. Competitive forces can be enhanced by modifying existing industry patterns or by promoting entry of additional competitors.

One approach would be to seek court decrees to promote competition by such measures as altering distribution and patent licensing practices. In

industries of critical economic importance, the appropriate remedy may be the divestiture of parts of the operations of the largest firms to create new competitors.

A second approach is to adopt measures to channel merger activity in directions that would increase competition. Mergers could have a healthy impact on concentration if acquiring firms of very large size were barred from purchasing the leading firms in other concentrated industries. The major route for entry into a concentrated industry by a very large firm then would be to build new capacity or to buy an existing smaller firm. When a very large firm buys a small firm in a concentrated industry, it has the resources to expand that firm's capacity and to try to increase its share of the market. Such a merger can infuse new vigor and ideas into that market.

There is also need to review certain provisions of the tax laws which provide incentives for mergers. Consideration should be given to modifying the statutes so as to make the tax laws more consistent with the objectives of antitrust policy.

An effective program to deal with very high levels of concentration may require new legislation, carefully drafted to avoid either penalizing economic efficiency or placing unnecessary restrictions on the freedom to respond to competitive opportunities. With these two limitations, measures to strengthen competitive pressures in a number of highly concentrated industries could further increase the contribution of antitrust policy to price stability.

LEGAL RESTRICTIONS ON COMPETITION

In spite of the Government's commitment to the strengthening of competitive markets, some existing laws may weaken competition. Most of these laws were adopted during the 1930's to relieve the especially serious impact of the depression on small firms in the distributive trades.

Resale Price Maintenance

Major examples of these depression-born laws are the resale price maintenance statutes still in effect in 22 States. These "Fair Trade" acts permit a manufacturer to require that all the retailers in a State observe a minimum resale price for that manufacturer's trademarked products. Since these products generally move in interstate commerce, the practice rests on exemptions from Federal antitrust laws granted under the provisions of the Miller-Tydings Act (1937) and the Maguire amendment (1952).

Resale price maintenance contracts are used mostly in the sale of drugs, cosmetics, appliances, and liquors. A survey by the Department of Justice in 1956 showed that prices were 19 to 27 percent higher on fair-traded items in States with resale price maintenance laws than in other States. Some estimates place the annual cost to the consumer of resale price maintenance at \$1.5 billion.

One effect of resale price maintenance is to shift the focus of competition into less desirable forms. Retailers compete by providing more extensive consumer services, thereby increasing business costs. Manufacturers often set resale prices at levels providing generous markups to retailers, in order to induce them to favor the sale of their products.

The principal objective of resale price maintenance is to protect smaller concerns from their larger competitors. The prohibition of predatory practices is a valid objective of public policy. In practice, however, lower prices reflecting greater efficiency and lower costs cannot be called predatory. Moreover, there is no evidence that the efficient small retailer needs such special protection, which can freeze an inefficient market structure.

For these reasons, the Administration has consistently opposed legislation designed to extend resale price maintenance. Indeed, it is hard to see a continuing justification for the existing laws in today's prosperous economy.

Robinson-Patman Act

The Robinson-Patman Act is another important Federal law intended to protect the small from the large. The Act attempts to prevent chains, mail-order houses, and other huge buyers from extorting preferential price concessions from suppliers.

Although public policy should be concerned with preventing improper use of the advantages conferred by sheer size, some evidence indicates that the Act has had the unintended effect of accentuating price rigidities in some markets. A seller may refuse to bargain on price with an individual customer by contending that under the law any concession granted to one buyer would have to be made uniformly available to all others. The law may conflict with the development of more efficient methods of distribution, such as integrating wholesale and retail functions or dispensing with independent brokers. By requiring proportionally equal treatment in certain promotional practices, the Act has discouraged experimentation with marketing techniques. It has been interpreted to prevent sellers from charging different prices in widely separated geographic markets.

A careful reappraisal of the Act might suggest ways to focus its application more sharply on those particular forms of price discrimination that constitute a truly serious threat to competition.

IMPROVING CONSUMER INFORMATION

The effectiveness of price competition in consumer markets depends partly on the purchasing skill of the consumer. Dependable product and price information are needed to allow consumers to evaluate and compare the relative costs and merits of the enormous variety of goods and services offered for sale.

Legislative Achievements and Proposals

In the last two Congresses, 20 bills protecting the consumer were enacted. Two of the most important were the Truth-in-Packaging and the Truth-in-Lending Acts.

The Truth-in-Packaging Act, signed in November 1966, recognizes that the bewildering multiplicity of package sizes for common household products makes price comparison difficult. While the enforcement provisions are weak, the Act takes important steps toward remedying the situation. One provision encourages interested industry groups, with the aid of consumers and government agencies, to develop voluntary standards to limit the number of package sizes. Another provision requires standardization of the location and form of the quantity statements on packages.

The 1968 Truth-in-Lending Act requires that the finance charge on consumer credit transactions be expressed in terms of a simple annual rate. At present such charges are often stated in ways that make it difficult for the consumer to know the true cost of credit.

Among the legislative proposals remaining from the previous Congress are those relating to deceptive sales techniques, which in the home improvement field alone are estimated to cost the consumer over \$500 million annually. The Deceptive Sales Act, passed by the Senate but not the House in 1968, would give the Federal Trade Commission authority to obtain court orders to stop fraudulent and deceptive practices promptly. Other proposals would permit cancellation without penalty for 3 business days after the signing of a door-to-door sales contract and would authorize a Federal Trade Commission study of the home improvement industry.

Sometimes selling practices themselves may restrict consumer choice and lead to higher prices. Often when a promotional practice is introduced by one seller, the response from competitors is not to lower prices but to introduce the same type of promotion. Trading stamps illustrate the contagious nature of sales techniques. Although many buyers can choose readily between stores that offer stamps and those that do not, other buyers can do so only at substantial inconvenience. In fact, almost half of all food sales in 1963 were made by merchants offering trading stamps. Therefore consideration should be given to legislation that assures consumers a choice between stamps and an equivalent cash discount.

Product Testing

Steps can also be taken to provide more complete and reliable product information. Advertising is a major source of consumer information, but it needs to be supplemented. The purpose of advertising is to stress the desirable qualities of particular items, not to set forth an objective appraisal of the relative merits of competing products.

A few independent groups now test products and publicize their results, but their ability to do so is limited partly because their financial resources are not large. These activities could be supplemented by making available

to the public the test data which various agencies of the Federal Government have accumulated in connection with their procurement activities. As a beginning, the Department of Health, Education, and Welfare and the Veterans Administration have recently announced that they will release the results of future product tests.

REGULATED INDUSTRIES

Electric power, most communications, natural gas, banking, securities markets, insurance, and most public transportation are subject to detailed regulation by Federal, State, or local agencies. The economic importance of these sectors is great. They account for about 9 percent of national income, and their prices and services affect many production and investment decisions throughout the economy.

Problems naturally develop in regulated areas where technology and demand have changed rapidly. Existing regulatory practices need continuing review to determine whether established measures and institutions are efficiently responding to changing technology. Moreover, regulatory issues increasingly span the jurisdictions of several Federal agencies or cut across the authority of Federal-State-local agencies. Some of the areas where careful review might be most rewarding are identified below.

Utilities

Public utilities, especially electric and telephone companies, have made impressive economic gains through high rates of productivity and declining relative prices. Notwithstanding these gains, utilities might contribute more to price stability if productivity improvement or cost savings were more promptly translated into lower rates, with due regard to preserving the incentives for increased efficiency and the ability of the companies to raise new capital.

Electric Power. The two major characteristics of the electric power industry in the last decade have been its rapid growth, now at 7 percent a year, and the lower unit costs made possible by advances in technology, increased interstate system coordination, and economies of scale. These complementary trends have permitted significant reductions in rates charged consumers, despite increases in many costs to the industry. These trends should continue in the next decade; the National Power Survey estimated that cost savings of as much as \$11 billion annually (measured in 1962 dollars) are possible by 1980, if full advantage is taken of technological progress and market potential, and if closer coordination of planning and operations among the diverse ownership segments of the industry is achieved. Regulatory programs must be reevaluated periodically and new programs designed to ensure that these potential cost savings are fully realized and promptly reflected in rates.

Natural Gas. This important fuel has almost tripled its share of the energy market in the last 3 decades and now supplies about one-third of the Nation's energy requirements. Natural gas is subject to comprehensive Federal, State, and local regulation. The Federal Government regulates entry into interstate markets, wholesale rates, and conditions of service and safety. In the 1960's, Federal regulation has resulted in relatively stable rates, in contrast to the steep price increases that marked the preceding decade. The new concept of setting a common price schedule for natural gas sales in each producing area offers the expectation of an improved regulatory procedure.

Recently, rising costs—particularly taxes and bond interest rates—have caused natural gas companies to file a rash of applications for rate increases. Some applications also assert that higher rates are necessary to stimulate exploration for, and development of, future reserves. These contentions must be recognized and dealt with expeditiously. Specifically, careful scrutiny must be given to costing formulas, evolving technology, and to the future adequacy of supply.

Securities Markets

A careful review of securities markets revealed several problems in the thriving mutual funds industry. In particular, a provision of the Investment Company Act prohibits dealers from reducing sales charges fixed by the mutual fund underwriter. Many mutual funds have commission charges considerably higher than those on most other security transactions.

In addition, stock exchange rules prescribe uniform minimum brokerage commissions. The Securities and Exchange Commission is currently investigating this practice to see whether such limits on price competition can be eliminated or modified without damage to security markets.

Transportation

The sector that appears to offer the broadest opportunities for further regulatory improvement is transportation. Regulation was originally imposed on railroads about 80 years ago, when competition from other modes was minimal, to protect shippers and travelers from discriminatory treatment. With the development of new modes of transportation such as pipelines, trucking, and air carriers, the general pattern of railroad regulation has been extended to cover them.

But technological change, rising consumer incomes, and extensive public investment in transport facilities have led to greatly increased competition among different forms of transportation. In the past two decades, some regulatory decisions have insulated existing carriers and their patterns of service and rates from that invigorating competition.

Competition. Statutory exemptions from regulation in water and motor transport cover about 87 percent of the ton-miles moved on inland waterways

and 64 percent of intercity ton-miles moved by truck. Free market decisions involving rates and the amount and quality of service have worked satisfactorily in these exempted areas over a long period. Current antitrust laws protect against improper carrier conduct.

Reliance on competition permits carriers to adjust rates freely. Regulators, in contrast, have often required firms to keep rates up to the level of "fully distributed costs," which reflect an arbitrary allocation of overhead. Air, truck, and inland water carriers do not have the large indivisible inputs characteristic of railroads and pipelines, such as rights-of-way and terminals. Thus railroads have relatively high fixed costs, and if overhead must be allocated to each traffic unit on a rigid basis, the calculated average costs and rate schedules may differ markedly from the variable expenses of additional traffic. Minimum rates based on these average costs can divert traffic from railroads even when they could offer the least costly mode of transportation.

A recent specific case illustrates this problem. The Interstate Commerce Commission denied a request by the railroads to reduce their rate for handling ingot molds to a level lower than that charged by the competing barge-truck service. The proposed rate was below the railroads' fully distributed costs, but above their marginal costs. On appeal, the Supreme Court held that the Commission had the authority to determine which cost base to use. The decision thus left it to the Commission to base its rulings on marginal cost criteria when it thought appropriate.

To the extent that minimum rate regulation is continued, marginal costs rather than fully distributed costs would most closely approximate the pattern which a competitive market would produce. This principle, if generally applied, would result in a much more efficient distribution of transportation resources and in lower costs to users of transportation services.

Entry. A better use of our potential transportation resources can also be achieved by lessening regulatory barriers to entry—particularly for trucks. A motor carrier now requires a specific grant of operating authority, a procedure instituted in an earlier period of overcapacity. The problem today is to serve a growing volume of traffic, which has expanded since 1961 at an annual rate of 4 percent as measured by intercity ton-miles.

The Interstate Commerce Commission has issued over 100,000 grants of operating rights to motor carriers, mostly at the time regulation was instituted. At present, securing new rights is difficult; moreover, some existing rights are restricted to specific commodities, routes, direction of movement, and territory.

GOVERNMENT PROCUREMENT

The Federal Government, the largest single buyer in our economy, purchased \$54.7 billion of goods and services from the private sector in 1967. Consequently, the manner and care with which the Government carries out its purchases have a significant impact not only on the prices it pays but on other prices throughout the economy.

Competitive Procurement

Because competition normally works to improve quality and keep prices in line with costs, the Government has long relied on competitive bidding whenever possible. In fiscal 1968, about three-quarters of the dollars spent by the General Services Administration, the chief purchaser of general supplies for the Government, involved formal bidding; another fifth involved other procurement methods that stressed price competition. Currently 82 percent of all Government purchases are made by the Department of Defense. Since many of these expenditures involve the development and production of sophisticated weapon systems, they are less suited to conventional price competition. In fiscal 1968, only 38 percent of defense outlays—up from 33 percent in fiscal 1961—utilized formal bidding or other methods stressing price competition. However, varying degrees of competition existed for a substantial portion of the remainder of defense procurement.

Negotiated Procurement

Competitive procurement is most difficult to achieve for specially built hardware, such as major defense systems, for which the Federal Government is the only buyer. When competition cannot be relied upon to hold down costs, contracts providing incentives for cost reduction are desirable. Fixed-price type contracts, in which the contractor shares in any cost reduction or cost escalation, have increased from 58 percent of all defense purchases in fiscal 1961 to 78 percent in fiscal 1968. Cost-plus-fixed-fee contracts, which provide less incentive for cost reduction, have dropped from 37 percent of the dollar volume to 11 percent over the same period.

Total Package Procurement, a major procurement innovation of the 1960's, has extended competition and permitted more fixed price contracts. It requires a binding commitment from the contractor on as much of the production program as is feasible at the time of the initial award. This is a significant departure from the earlier practice of conducting design competitions for development followed by cost reimbursement production contracts with the developer. The new approach emphasizes the use of performance specifications and provides tightened control over design and contract changes, thereby reducing expensive modifications. Since the contractor is committed to cost and performance figures for production units before detailed design begins, he has a strong motive to design for economical production, reliability, and simplicity of maintenance.

Single Source Procurement

Unfortunately, it is not possible to introduce price competition into all purchasing. For example, Total Package Procurement is unsuited for pro-

grams where needs or technology are changing rapidly, since technical uncertainties cannot be identified in detail before major work starts.

From the point of view of price stability, the least desirable situation is the case of a "sole source" supplier, operating under a cost reimbursement (rather than fixed price) contract. In fiscal 1968, 14 percent of the dollar volume of defense procurement was in this category.

Such awards often reflect the special experience of one firm as well as the uncertainties of technology. For example, only one particular firm is considered to have the capability to develop the Sentinel antiballistic-missile system. Therefore, the Department of Defense will of necessity procure from one source for this multibillion dollar program for some time. A large number of subcontractors are involved, however; and as soon as possible, major items will be broken out and procured separately under competitive conditions.

Great progress has been made in recent years in improving procurement methods, but further progress is essential for improved price performance. Efforts to encourage competition and to develop new methods of procurement must be maintained.

AGRICULTURE

Three main problems continue to confront agricultural policymakers. Returns to the labor of some farmers and their workers are low, particularly on smaller farms. Price fluctuations are severe as a result of weather, livestock production cycles, and international developments. And price instability is compounded by excess capacity and a consequent chronic tendency to produce more of certain major crops than the market can readily absorb at reasonable prices.

Achievements of Agricultural Policies

In broad perspective, past agricultural programs have been successful for commercial farmers. They have made it possible to eliminate the burdensome surpluses of 1960. They have provided higher and more stable prices than would have existed otherwise and thereby helped moderate fluctuations in farm income. They have reduced risks associated with farm planning, permitted more efficient business management, and encouraged a substantial increase in the capital investment per worker. These factors in turn have made possible gains in labor productivity of 175 percent since 1950.

Changing Farm Structure

Profound changes have occurred in the structure of the farm economy in the 35 years since major farm price legislation was first introduced. The number of farms has been halved. Total farm output and average farm size have more than doubled. Differences in output per farm have become pro-

nounced. Fifteen percent of the farmers—those grossing \$20,000 or more annually—marketed two-thirds of the value of the 1967 farm output. More than half of the farmers accounted for less than 7 percent of the total.

Farm income is a progressively less important part of the total income of many operators of smaller farms. In 1967, farmers selling less than \$2,500 in farm products received net farm incomes averaging only \$1,018 but had average off-farm incomes of \$5,681. Nevertheless, there are many farm families without such off-farm income whose total incomes fall below the poverty line.

New Directions for Policy

In light of the changing structure of U.S. agriculture, proposals have been advanced to modify price support programs. A reasonable limit on the amount any one farmer could receive from Government payments might provide annual savings approaching \$200 million. Any such program, however, would have to be carefully designed to avoid major administrative difficulties and to preserve the incentives for acreage limitations. A Department of Agriculture study indicates that, in recent years, farmers with gross annual incomes at or above \$20,000 earned more for their labor and capital than they would have with the same resources in the nonfarm sector. This suggests that these highly efficient farmers have a lessening need for economic aid. On the other hand, those with small farms derive less than 20 percent of their income, on the average, from farm sales. Hence some gradual restructuring of farm price supports to bring market demand and supply into closer balance would have little effect on their income, and payment limitations would not apply to them.

A better balance of equity among large farms, small farms, and consumers would be achieved if more market-oriented price supports were accompanied by: an expansion of the 1965 Cropland Adjustment Program (providing for voluntary land retirement); more job training programs in rural areas; continued emphasis on community resource development; and more effective income maintenance programs for farm families in poverty (see Chapter 5).

A restructuring of farm programs along these lines could encourage large farmers to continue to increase their investments and make full use of the opportunities constantly being opened by new technology. They would also have freedom to exercise the option of conserving land resources until market competition made profitable cultivation possible.

INTERNATIONAL TRADE AND PRICE STABILITY

Price competition is enhanced by the availability of imported products. During periods of high employment, increased import competition helps to offset the decline in the intensity of competitive behavior among domestic producers which accompanies high over-all demand. Rising imports also help to avoid the development of bottlenecks and shortages when demand is

straining domestic capacity. They thus make a vital contribution toward the moderation of inflationary tendencies.

There is no doubt that prices in industries subject to strong import competition would have risen faster if such competition had been restricted. For example, steel prices increased by 35 percent between 1953 and 1961 when imports were small, but only 7½ percent between 1961 and the end of 1968 when growing world capacity led to an expansion of imports. There is clear evidence that steel producers have been especially wary about raising prices for product lines subject to heavy import competition, such as wire and wire products, or hot rolled sheet.

To the extent that less expensive imported items enter into further processing or manufacture, they reduce costs and permit lower prices for final products. Thus the availability of imported yarn and fabrics, by reducing the costs of our apparel manufacturers, permits them to compete more effectively against apparel imports. The competitiveness of our machinery manufacturers in export markets is similarly enhanced by their ability to obtain steel—imported or domestic—at prices lower than they would have to pay if imports were restricted.

Impact on Domestic Industries

The increased flow of imports entails certain costs that must be weighed against the benefits. It has cut into the markets of some important industries (notably steel, textiles, and footwear) and a few agricultural sectors. This has resulted in pressures for import restrictions, usually in the form of quota limitations. An international arrangement controlling imports has been in effect for cotton products since 1962, and a current issue is whether to extend this type of arrangement to textiles made from wool and synthetics. Quotas have been imposed on agricultural imports, usually to prevent the growth of Government stockpiles. For a number of products, informal arrangements limiting imports are in force or are being considered as a more flexible and less onerous instrument than formal quotas.

While imports are an important factor in a number of domestic markets, they have not prevented expansion of the industries most affected. Steel, textile, and apparel output has increased since 1960, and after-tax profits have risen in all three industries. The rate of return on equity for these industries has also improved considerably, although it remains below the average for all manufacturing—as it has for many years.

It is important to emphasize that increased imports in these and other industries reflect, in part, long-run changes in trade patterns resulting from the natural development of the industrial structures of the United States and its trading partners. The dynamic U.S. economy need not and should not be insulated from these changes. The crucial issue is not whether barriers to imports would increase employment and sales in the industries affected, but rather whether our economy is offering ample employment and investment opportunities, at the same or better conditions, in other

pursuits. If these interindustry shifts impose transitional costs, such burdens should be shared and alleviated by Federal adjustment assistance. Furthermore, fundamental shifts in efficiency should be carefully distinguished from special situations such as dumping practices and export incentives given by other nations. Some of these situations, as well as adjustment assistance, are discussed in Chapter 4 along with other measures to ensure the two-way nature of trade by keeping world markets open and fair.

National Security and Trade

A valid case for protecting a key industry can be made if national security would be seriously threatened by a sharp increase in imports. The national security rationale underpins the mandatory oil import program, which imposes limits on petroleum imports. It may be desirable to reexamine the security rationale to determine if the present administration of the program best meets the objective. Some changes may be possible which, while preserving essential security objectives, would permit greater flexibility and ensure an economical supply of petroleum feedstocks for the petrochemical industry.

VOLUNTARY RESTRAINT IN PRICES AND WAGES

The forces exerting upward pressures on wages and prices in a high employment economy are broad and impersonal. The responses of wages and prices to these pressures, however, are expressed through a multitude of separate decisions by employees and employers, by sellers and buyers.

ROLE OF PRIVATE DECISIONS

These decisions must be made within the constraints imposed by the market, constraints which operate on even the largest businesses and the strongest unions. Nevertheless, major companies in highly concentrated industries have substantial discretion in their price and wage decisions, as do many unions in the determination of wages. The way this discretion is exercised by the majority of business executives and labor leaders can have a substantial impact on the trends of prices and wages, even though no single business or union can by itself have a decisive influence.

This imposes a grave responsibility on decisionmakers who have discretionary market power. Since the economic consequences of private price and wage decisions bear so importantly on the public welfare, it is appropriate for Government to point the way in which these individual decisions can best serve the public interest.

STANDARDS FOR DECISIONS

The Government has worked to evoke a general awareness of the importance of price and wage restraint among business, labor, and the public. These efforts date back to the Economic Reports of President Eisenhower

in the late 1950's. A more explicit formulation was proposed in the Council's 1962 Annual Report in the form of the wage-price guideposts. In subsequent Reports, these guideposts evolved gradually—a process described in detail in the Council's 1967 Annual Report.

As initially set forth in 1962, the guideposts stated:

The general guide for noninflationary wage behavior is that the rate of increase in wage rates (including fringe benefits) in each industry be equal to the trend rate of over-all productivity increase. . . .

The general guide for noninflationary price behavior calls for price reduction if the industry's rate of productivity increase exceeds the over-all rate—for this would mean declining unit labor costs; it calls for an appropriate increase in price if the opposite relationship prevails; and it calls for stable prices if the two rates of productivity increase are equal.

The guideposts were never intended to apply in highly competitive sectors where market forces determine prices and wages in an impersonal fashion. They are applicable to markets in which discretionary power exists. Even in these markets, short-run exceptions have always been recognized when changes in relative prices and wages are necessary to facilitate shifts in the use of labor and capital, or where substandard wages exist.

APPLICATION OF STANDARDS

Between 1961 and 1965, decisionmakers with discretionary power generally conformed to the pattern envisaged by the guideposts. There were occasional departures, however. In particular, some industries with higher-than-average productivity gains did not reduce prices as unit labor costs fell.

The extent to which the satisfactory performance was enhanced by the efforts of the Administration to urge the observance of the guideposts cannot be precisely assessed. But the history of key wage and price decisions during this period indicates that these efforts did exert a distinct and significant influence.

The blemished price-wage record of the past 3 years reflects primarily an excessive growth of demand. Indeed, the initial departures from the path of price and cost stability were concentrated in farm products, raw materials, and services where guideposts have little, if any, applicability. The same forces also influenced price and wage decisions in areas of discretionary market power. Once consumer prices started to move up sharply, increases in compensation no larger than the productivity trend would not have led to any improvement in real income. Workers could not be expected to accept such a result, particularly in view of the previous rapid and consistent rise in corporate profits.

Recognizing this situation, the Council, in its 1967 and 1968 Reports, did not suggest that wage increases should be limited to the trend growth of productivity. It did, however, continue to urge maximum possible restraint in both wage settlements and price adjustments, and it continued to maintain the validity of the basic productivity principle for long-run price stability.

With wage increases substantially in excess of productivity, it was also recognized that production costs in many industries would rise and that some price adjustments were inevitable. At the same time, with profits generally at a high level, many industries were in a position to absorb increases in labor costs either wholly or in considerable part. The Administration therefore continued to urge business executives to avoid or minimize price increases.

This stress on the economy-wide consequences of discretionary price and wage decisions has served an important educational role in addition to its direct effects on prices and wages. The discussion of standards for prices and wages has focused the attention of business, labor, and the public on the inflationary results of individual actions that add up to demands for income in excess of what the economy can produce. Awareness of this proposition has spread among key decisionmakers in both the business and labor communities in recent years.

FUTURE ROLE OF COOPERATION

The cooperation of labor and business in the observance of voluntary standards of price and wage behavior is an essential part of a full program to combine high employment and reasonable price stability. Such cooperation must be viewed as a supplement to appropriate fiscal and monetary policy and to measures for improving the efficiency of the economy.

The task immediately ahead is to make significant progress toward restoring price stability during 1969. The public and private policies essential to this end are discussed in Chapter 1.

Once this has been achieved, however, the essential task for the longer run will still remain. Mandatory price and wage controls are no answer. Such controls freeze the market mechanism which guides the economy in responding to the changing pattern and volume of demand; they distort decisions on production and employment; they require a huge and cumbersome bureaucracy; they impose a heavy and costly burden on business; they perpetrate inevitable injustices. They are incompatible with a free enterprise economy and must be regarded as a last resort appropriate only in an extreme emergency such as all-out war.

Better ways must be devised of establishing standards for voluntary restraint, and for eliciting cooperation from those who enjoy discretionary market power. But if voluntary restraint is to be effective, better means must be found of focusing the attention and eliciting the cooperation of all private groups concerned—business, labor, the public—in dealing with the

issue of maintaining reasonable price stability at high employment. The task will not be easy since it requires that each group accept some sacrifice of its apparent short-run interest in order to serve its own and the public's long-run interests.

In the past, neither labor nor business played a major role in the development of the guidepost approach. In the future, effective cooperation is much more likely if those to whom the standards will apply participate in their development. Persuasion can be helped by representation.

In view of such considerations, the President instructed the Cabinet Committee on Price Stability to: "Work with representatives of business, labor, and the public to enlist cooperation toward responsible wage and price behavior . . ."

The institutional arrangements for increased business and labor participation can take many forms. This past year, the Labor-Management Advisory Committee has begun the dialogue necessary to develop standards that business and labor leaders might be willing to accept jointly. The development of standards by such a cooperative effort would strengthen the educational role of voluntary restraint and increase its effectiveness.

It is essential that the system remain on a voluntary basis. The principal sanction consistent with voluntary restraint is the force of public opinion. This means that decisions which significantly threaten the public interest must be spotlighted. Since many wage and price decisions are complicated and difficult to analyze, some competent authority must call attention to flagrant departures from standards of responsible decisionmaking. Unpleasant as such a task may be, it is inescapable. The precise way in which this task is carried out is less important than public acceptance of the necessity, equity, and reasonableness of the procedures used to review price and wage decisions.

CONCLUSION

This chapter has reviewed some of the programs which may improve the ability of the economy to maintain reasonably stable prices at high levels of employment. It has also reviewed the contribution that can be made by voluntary cooperation toward price and wage decisions consistent with the public interest. Some conclusions emerge clearly.

It is not inevitable that pressures on labor supply should begin to appear when unemployment falls below 4 percent. It is not inevitable that wage increases should substantially exceed productivity gains, and that prices should begin to rise rapidly, as the economy reaches high employment. It is not inevitable that price stability should be restored only through the wasteful remedy of repeated doses of economic stagnation and high unemployment.

But to meet the challenge, the Nation must move ahead vigorously and imaginatively on many fronts. Both labor and product markets require nu-

merous structural improvements, and voluntary restraint must make an even greater contribution than in the past.

The task of reconciling price stability with high employment cannot be accomplished by Government alone, or by business alone, or by labor alone.

It requires clear comprehension by all groups of the overwhelming importance of this goal.

And it requires an awareness of the bleakness of the alternatives: either achieving stability by sacrificing high employment or realizing high employment by acquiescing in persistent inflation. We cannot, and need not, accept either of these alternatives.

Chapter 4

The International Economy

IN THE PAST TWO DECADES, enormous progress has been made in building a closely knit international economy. Remarkable growth in the volume of international commerce has gone hand in hand with sustained world prosperity; each has contributed to the other. At times, deep and obvious strains in the international monetary system have imperiled this progress, but these financial difficulties have been weathered without a serious setback in economic growth or world trade.

The world economy emerged from the Second World War in a gravely weakened state, with many countries suffering severely from war damage. International trade was disrupted, and exchange controls and bilateral trading arrangements were the order of the day. However, the recuperative strength of the European nations, assisted by U.S. aid, resulted in rapid economic recovery.

During the 1950's, the increasingly prosperous countries of western Europe liberalized trade and capital movements substantially. Meanwhile U.S. capital exports promoted economic growth abroad, and our balance-of-payments deficits contributed to a desirable expansion of world monetary reserves.

However, by the end of the 1950's, U.S. deficits were beginning to cause concern. A nagging question was raised: Did the international monetary system require continuous U.S. deficits and an intolerable, persistent weakening of the reserve position of the United States if serious reserve inadequacies for other countries were to be avoided?

The growth of world trade and income has continued—indeed, has accelerated—during the 1960's. But there have been periodic monetary disturbances associated with expected or feared realignments of exchange rates. While financial officials have shown wisdom and ingenuity in modifying and strengthening the international monetary system, important problems remain. Recent major financial disturbances have emphasized the need for further evolution to insure that the system can continue to support growing world trade and income.

This chapter briefly reviews the growth of world trade and output and some of the key policy issues regarding our trade relationships with the developed and less developed countries. The review is followed by discussion of international financial problems and by analysis of several current proposals designed to strengthen the international monetary system.

ECONOMIC GROWTH AND WORLD TRADE

In the years since the Second World War growth has come to be accepted as a normal feature of the world economy. It is easy to forget that this was not the case in earlier periods. The depression years of the 1930's present a particularly sharp contrast. But by any historical comparison, the economic progress of the last 20 years is unprecedented.

World income has more than doubled since 1950. In the fifties, growth was especially rapid in the western European countries, while in recent years the United States has grown more vigorously (Table 12). Japan has experienced rapid and sustained growth throughout the period.

With their more rapid population growth, the less developed countries, taken together, have experienced a slower growth of per capita income than have the developed countries, even though total income has grown at about the same rate in both groups of countries. Growth of per capita income has varied widely among the less developed countries, in recent years ranging from high rates for Iran, Korea, Taiwan, and Thailand to virtual stagnation or even decline for some parts of Asia and Latin America.

TRADE AND TRADE BARRIERS

The rapid growth of recent decades has contributed much to the increase in world trade (Table 13). A continuing reduction in trade barriers has

TABLE 12.—*Growth of gross national product in developed and less developed countries, 1950-67*

[Percentage change per year]

Region and country	Total real GNP			Per capita real GNP		
	1950 to 1955	1955 to 1960	1960 to 1967	1950 to 1955	1955 to 1960	1960 to 1967
Developed countries.....	4.7	3.4	4.9	3.5	2.2	3.7
United States.....	4.3	2.2	4.7	2.6	.5	3.3
Europe ¹	5.0	4.4	4.2	4.3	3.6	3.2
EEC ²	6.3	5.3	4.6	5.5	4.4	3.6
Other countries ³	6.2	6.1	7.7	4.4	4.6	6.3
Japan.....	4 7.7	9.8	10.4	4 6.2	8.8	9.3
Less developed countries ⁴	4.7	4.5	5.0	2.8	2.2	2.5
Latin America.....	5.1	5.0	4.6	2.3	2.1	1.7
Near East ⁵	(⁷)	5.9	6.4	(⁷)	3.4	3.9
South Asia.....	3.4	4.2	4.3	1.3	2.1	1.9
East Asia.....	(⁷)	3.8	5.2	(⁷)	1.2	2.5
Africa.....	(⁷)	(⁷)	3.6	(⁷)	(⁷)	1.3

¹ Excludes Spain, Greece, and Turkey.

² European Economic Community (EEC) consists of Belgium, Luxembourg, France, Germany (Federal Republic and West Berlin), Italy, and Netherlands.

³ Consists of Canada, Australia, New Zealand, South Africa, and Japan.

⁴ Change from 1952 to 1955.

⁵ Estimates based on countries for which data are available.

⁶ Includes Greece and Turkey.

⁷ Not available.

Note.—Data exclude U.S.S.R., other East European countries, Mainland China, and Cuba.

Source: Agency for International Development.

TABLE 13.—*Growth of world exports, 1952-67*

[Percentage change per year]

Region and country	1952-53 to 1959-60	1959-60 to 1966-67	1952-53 to 1966-67
World total.....	5.7	8.1	6.9
Developed countries.....	6.2	8.8	7.5
Industrialized countries ¹	6.5	8.9	7.7
Other developed countries ²	3.7	8.0	5.8
Less developed countries.....	4.1	5.9	5.0
Latin America.....	2.3	5.1	3.7
Other Western Hemisphere.....	3.1	3.5	3.3
Middle East.....	9.4	8.3	8.8
Asia excluding Japan.....	4.2	4.0	4.1
Africa excluding South Africa.....	3.4	7.8	5.6
Other countries.....	7.3	6.1	6.7
By type of export:			
Selected exporters of manufactures ³	5.3	15.7	10.4
Selected oil exporters ⁴	9.7	8.2	8.9
Other less developed countries.....	3.0	4.6	3.8

¹ Includes United States, United Kingdom, industrial Europe, Canada, and Japan.² Includes other Europe, Australia, New Zealand, and South Africa.³ Includes Israel, Hong Kong, Korea, and Taiwan.⁴ Includes Iran, Libya, Saudi Arabia, Venezuela, and Kuwait.

Note: Data include Yugoslavia, but exclude U.S.S.R., other East European countries, Mainland China, and Cuba.

Source: International Monetary Fund.

also stimulated trade. As a result of six multilateral trade negotiations within the framework of the General Agreement on Tariffs and Trade (GATT), levels of protection have been repeatedly lowered during the past 20 years. As the staged tariff reductions negotiated during the recent Kennedy Round are completed during the next 3 years, this downward trend will continue. Even after these reductions, tariffs will remain a significant barrier to trade and further efforts will be required to reduce them.

Nontariff Barriers

As tariffs have been reduced, other barriers to trade have increased in relative importance. Nontariff barriers have been adopted for a variety of reasons. For example, some import quotas are surviving remnants of supposedly temporary restrictions imposed by certain countries during periods of balance-of-payments difficulties, as permitted under the rules of the GATT. Other barriers result from domestic laws aimed at protecting consumers, such as sanitary and health regulations. Government procurement policies discriminating in favor of domestic producers are another form of nontariff barrier and are at times a serious impediment to international competition for government contracts.

While protection on industrial goods has been reduced in recent years, restrictions on agricultural trade, including tariffs, have risen. These barriers are of particular concern to the United States because they have proven to be a major hindrance to U.S. agricultural exports.

The GATT rules are interpreted as permitting a country to exempt exports from indirect taxes and to impose on imports a charge equivalent to these indirect taxes. Countries such as the United States that rely heavily on income or other direct taxes may suffer a disadvantage, since similar "border adjustments" are not permitted for direct taxes. This urgent problem is under intensive discussion with our trading partners.

Work on other nontariff barriers is going forward in the GATT. Continuing and concerted efforts are necessary both for the United States and for its trading partners. Meaningful negotiations require that the United States as well as foreign countries be prepared to make concessions.

The barrier maintained by the United States that is of greatest concern to our trading partners is the "American Selling Price" provision. Under this practice, applicable to certain benzenoid chemicals and a few other goods, tariffs are based on the prices of domestic products rather than actual prices of imports.

During the Kennedy Round, conditional agreement was reached for the United States to eliminate this provision, in return for commitments by others to undertake additional reductions in tariffs on chemicals. In addition, Belgium, France, Italy, Switzerland, and the United Kingdom agreed, as part of the package, to modify certain of their nontariff barriers. Legislation to eliminate the American Selling Price provision would permit this significant agreement to be carried out.

Adjustment Assistance

The Trade Expansion Act of 1962 provided for adjustment assistance to those injured by tariff reductions. It recognized that, because the gains from trade are widely distributed to the consuming public, the Nation as a whole should share the costs of adjustment associated with trade liberalization. In practice, however, the criteria of the Act have proved too rigorous. In no actual case has it been possible to demonstrate, as required, both that tariff reductions have been the major cause of an increase in imports and that the increase in imports has been the major cause of serious injury to an industry, firm, or group of workers. Legislative modification of these criteria is required in order to establish an effective program of adjustment assistance.

LESS DEVELOPED COUNTRIES

International trade and capital transfers have made important contributions to the growth of many less developed countries during the postwar period, and they will have a major role to play in the future.

As shown in Table 13, less developed countries have not shared fully in the growth of world trade. Apart from a few countries which export manufactured goods or petroleum, exports of the less developed countries

have grown only about half as rapidly since 1952 as those of developed nations.

Most of the less developed countries depend heavily on export earnings from the sale of primary products. These products are subject to marked year-to-year price fluctuations and in some cases to declining price trends, making them a highly unreliable source of foreign exchange. Some experts have proposed formal international commodity agreements aimed at changing market price behavior. While some commodity agreements are already in existence, they have not provided a complete solution, and few additional commodities appear suited to such agreements. Additional borrowing arrangements to compensate for shortfalls in export earnings, similar to the facility established by the International Monetary Fund (IMF) in 1963, have also been suggested. The staffs of the IMF and the World Bank have been studying the problem of volatile export receipts and are expected to report soon on the additional part these two institutions might play in arrangements to increase the stability of foreign exchange inflows to primary producers.

Tariff Preferences

In the long run, dependence of the less developed countries on primary products can be lessened through increased exports of manufactured goods. The advanced countries can assist in this process by removing some of their current restrictions on imports of those manufactured and semimanufactured goods of particular interest to less developed countries. Since further general tariff reductions seem unlikely in the immediate future, the granting of tariff preferences to less developed countries may represent a way of achieving a more rapid reduction of these barriers.

The 1968 United Nations Conference on Trade and Development (UNCTAD) unanimously endorsed the early establishment of a system of generalized nonreciprocal tariff preferences for less developed countries. The United States and other developed nations are now engaged in discussions to determine whether a mutually acceptable system can be devised.

A generalized tariff preference system would help the less developed countries, but it would be only a modest step toward meeting their total foreign exchange needs. The developed countries are likely to insist on excluding certain products from the preference scheme, and trade in other commodities will continue to be restricted by quotas and other nontariff barriers. Furthermore, the initial benefits of the preference scheme would go largely to the minority of less developed countries that have already begun to export manufactured goods.

Foreign Aid

The experience of the 1950's and the 1960's has demonstrated the value of foreign assistance in promoting economic development. Foreign capital and

technical assistance from both public and private sources have been significant factors in the highly successful development efforts of such countries as Greece, Israel, Korea, Mexico, Pakistan, and Taiwan.

While the total volume of foreign assistance has been growing during the 1960's, it has not kept pace with the rising ability of the less developed countries to make efficient use of such funds. Foreign assistance expenditures by the United States rose sharply in fiscal 1962 but have not increased significantly since then. Unless the recent declining trend in appropriations is reversed, expenditures must ultimately fall.

The International Development Association, an affiliate of the World Bank, was established in 1960 to make credits available to developing countries on liberal terms. It has been an effective channel of multilateral assistance, of which the United States has been a major proponent. However, its resources have been largely exhausted and replenishment is essential. It is important that the United States authorize its contribution promptly, because the contributions of other countries depend on the U.S. decision.

THE BRETTON WOODS SYSTEM

The rapid growth in the world economy in the post war period has been built on a greatly improved financial base. At the 1944 Bretton Woods Conference, the major industrial countries created through the IMF an international monetary system based on pegged exchange rates. The system has been strengthened by the great strides in cooperation in the IMF and in other institutions such as the Organization for Economic Cooperation and Development (OECD) and the Bank for International Settlements (BIS).

This cooperation has paid handsome dividends in times of crisis. International understanding, carefully nurtured during periods of calm, has permitted the multilateral assessment of problems and the determination of mutually acceptable solutions. This was well illustrated in March 1968, when decisions taken with respect to the private gold market ended the immediate threat to stability and basically strengthened the system. At times of severe strain, such as the British devaluation in 1967, international cooperation has contained crises and prevented chain reactions.

To be sure, the international monetary system has had its problems. Crises have occurred all too frequently. Yet the system has consistently been able to meet the needs of the day, it has evolved and adapted, and it can be strengthened further to meet the remaining strains. While conserving proven arrangements, governments seem increasingly ready to consider additional improvements. Proposed evolutionary changes require careful study and deliberation, based on widespread official and public discussions. It is particularly important that these involve the bankers and traders who would be directly affected. The following discussion is intended to contribute to such a dialogue, rather than to make specific recommendations.

International monetary disturbances have centered around three interrelated problems: adjustment, confidence, and liquidity.

“Adjustment” is the process of reestablishing balance-of-payments equilibrium when a country is substantially out of balance. An adjustment problem exists when the relevant forces and policies are either too weak to reestablish equilibrium within a reasonable period or involve domestic or international effects that are inordinately costly.

“Confidence” refers to the willingness to hold monetary assets. A problem arises when holders either become dissatisfied with the safety of some of these assets or see the possibility of profit in switching them abruptly into a different form. This problem is related to adjustment: dissatisfaction with a currency often reflects a lack of faith in the ability of the issuing country to eliminate its balance-of-payments difficulty without resort to a change in its exchange parity.

“Liquidity” relates to international monetary reserves which are held by countries to finance temporary balance-of-payments deficits. If world reserves are too low or too high, or if their rate of growth is inadequate or excessive, a liquidity problem exists. Liquidity needs are closely related to adjustment: the less rapidly and effectively the adjustment process works, the higher the level of reserves needed to finance temporary balance-of-payments deficits, and the less likely it is that any given level of reserves will be adequate.

THE LIQUIDITY PROBLEM

A country incurs a balance-of-payments deficit when its payments to other countries exceed its receipts from them, apart from “settlement items” required to square accounts. The immediate consequence of a deficit is that the foreign exchange market becomes unbalanced. More of the deficit country’s currency is supplied than demanded at the existing price of the currency, and this will depress the price—the exchange rate. Because of their commitment to a fixed exchange rate, however, central banks intervene to limit the fall in the rate. The floor on the exchange rate is within 1 percent of the official parity established by the country in agreement with the IMF.

In order to prevent the exchange rate from dropping below this floor, a country in deficit must use its foreign exchange reserves to buy the excess supply of its own currency. If the country has ample reserves, it will have sufficient breathing space to restore equilibrium—without resort to policies of excessive domestic restraint or direct intervention in external transactions. If reserves are scanty, however, pressures will develop to deal immediately with the deficit, even through undesirable means. If a general shortage of reserves should occur, economic growth could be retarded by widespread deflationary policies, and international trade and investment could be burdened by restrictions. On the other hand, excessive amounts of reserves could unduly weaken the incentives of deficit countries to adjust, thereby encouraging worldwide inflation.

TYPES OF RESERVES

Existing stocks of world reserves include gold, foreign exchange, and IMF reserve positions.

Gold is the largest component of reserves, but gold holdings have expanded very little for many years; most recently, they have declined. As was discussed in the Council's 1968 Annual Report, nonmonetary demand for gold seems to be absorbing a substantial and increasing share of current new production at existing prices.

The value of official gold reserves would be increased if the official price of gold were raised. This action is explicitly rejected for compelling reasons. Although it would immediately increase world reserves, it could not provide the orderly growth of reserves needed by the world economy. It would grant unearned windfall gains to private speculators, to gold producers, and to countries holding their reserves mainly in gold; it would encourage speculation; and it would divert scarce resources into the production of a metal already adequately supplied for nonmonetary uses.

The foreign exchange component of reserves grows only if the major reserve currency countries, the United States and the United Kingdom, incur balance-of-payments deficits; and if surplus countries are willing to hold more dollars and sterling. Thus, as the foreign exchange component of world reserves is expanded, the liquidity position of the reserve currency countries may be undermined. It is generally recognized that the United States should not run large deficits, and policies have been formulated and implemented for reaching an acceptable payments position. The United Kingdom also is determined not to run deficits and has in fact designed its economic policy to yield balance-of-payments surpluses in order to retire external debt. To some extent, such debt repayments will actually contract world reserves.

Thus world reserves cannot be expected to grow substantially through expansion of official holdings of either gold or foreign exchange. Some limited expansion through normal IMF lending is to be expected. Reserve positions in the Fund are expanded, however, only when countries draw on the Fund beyond their "gold tranche" or automatic drawing rights. In so doing, they accept obligations to repay. The natural reluctance of countries to become overcommitted to the Fund or to other countries through borrowings sharply limits the probable expansion of reserves in this form.

SPECIAL DRAWING RIGHTS

In order to deal with the liquidity problem, steps have been taken to create a new international reserve asset, the Special Drawing Right (SDR), as discussed in the Council's 1968 Annual Report. SDR's will be allocated by the IMF to member countries. They will be a form of owned reserves, usable for balance-of-payments needs without an obligation of repayment. Their use is subject only to the reconstitution provision, which requires that dur-

ing the initial 5-year period a country's average holdings of SDR's should be at least 30 percent of its average net cumulative allocation over this period.

A draft outline of the proposed arrangements for issuing SDR's was approved at the 1967 meetings of the IMF in Rio de Janeiro and subsequently translated into legal form by the Executive Directors of the Fund. In March 1968, at a meeting in Stockholm of Ministers and Central Bank Governors of the major industrial countries, a consensus was reached on an amendment to the IMF Articles of Agreement. The amendment was subsequently approved by an overwhelming majority of the Board of Governors of the Fund.

The amendment was then submitted to member countries for ratification, which requires acceptance by 67 member countries (total membership is 111) having 80 percent of the voting power in the IMF. By January 1, 1969, the amendment had been accepted by 27 countries representing 47 percent of the voting power. Seven countries have taken the further required step of depositing with the IMF instruments of participation indicating that they are prepared to carry out their obligations under the proposed amendment. The United States, acting with overwhelming bipartisan support in the Congress, was the first country to complete both of these steps. When participation has been certified by member countries having 75 percent of total IMF quotas, the new facility will be established in the Fund.

Resolving the world liquidity problem requires actual creation of SDR's—a major step beyond legal establishment of the facility. The basic decisions lie ahead—namely when to activate the facility and in what amounts. These decisions will require collective judgment concerning the desired growth of world reserves and the portion of that growth which should take the form of Special Drawing Rights.

THE NEED FOR RESERVE GROWTH

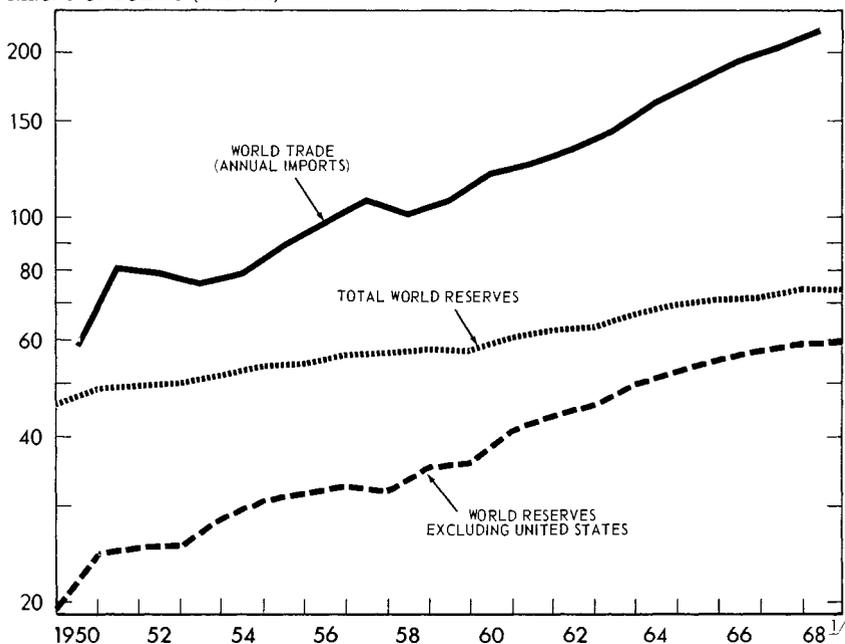
The problem of estimating reserve needs has attracted much interest among economists and government officials in the last few years. The needed volume of reserves depends in part on the probable size of temporary balance-of-payments deficits which must be financed, because this affects the judgment of monetary authorities as to the amounts of reserves they need to hold. According to findings by the staff of the IMF, the magnitude of deficits requiring financing has tended to increase at the same rate as the volume of world transactions. This suggests that the prospective growth of world transactions might be a helpful guide to the required growth in reserves. Since trade in commodities makes up the largest portion of international transactions and is the one most reliably reported in statistics, it is useful as an indicator of trends.

The historical relation between the growth of reserves and the growth of trade (measured by imports) is depicted in Chart 9. Between 1950 and 1968 imports increased 7.6 percent a year, while reserves grew at only 2.5 percent a year. Thus, in the aggregate, reserves declined quite substantially

Chart 9

World Trade and Reserves

BILLIONS OF DOLLARS (ratio scale)



1/ESTIMATES BASED ON DATA FOR FIRST 3 QUARTERS.

NOTE.—TRADE DURING YEAR, RESERVES AT END OF YEAR. DATA INCLUDE YUGOSLAVIA, BUT EXCLUDE U.S.S.R., OTHER EAST EUROPEAN COUNTRIES, MAINLAND CHINA, AND CUBA.

SOURCE: INTERNATIONAL MONETARY FUND.

in relation to imports, and probably in relation to the average size of deficits. These over-all results are, however, heavily influenced by the large net decline in reserves of the United States, the world's largest holder. The United States was able to give up these reserves because of its excess holdings at the beginning of the period. But this loss cannot continue. No other country now appears to have excess reserves sufficient to replace the United States as a willing and able net loser of reserves.

The relationship between growth of reserves and growth of imports is significantly altered when the United States is excluded from world totals. Between 1950 and 1968, reserves of countries other than the United States grew 5.6 percent a year, on the average, while their imports grew at 7.8 percent.

Some have suggested that reserves in the future should grow at essentially the same rate as world transactions—about 8 percent a year—to avoid any further decline in the ratio of average reserves to potential deficits. However, the world economy has been able to adapt to reductions in this ratio in the past. And a moderate further decline may be appropriate, both because countries should have increasing access to borrowed reserves and because

possible improvements in the adjustment process may reduce the need for reserves.

Some guidance might be derived from the 5.6 percent growth rate of reserves experienced between 1950 and 1968 by countries other than the United States. In any case, a major increase from the very slow growth of the past 2 years is needed. Whatever the desired rate of growth of reserves, its achievement will depend mainly on the creation of Special Drawing Rights, since other components of total reserves, as noted above, are unlikely to expand significantly.

While it is still too early to make a decision about the proper size of the initial issue of SDR's, amounts of \$1 billion or \$2 billion a year—which have been used as illustrative examples of SDR creation—appear to be inadequate. These amounts imply a rate of reserve growth of only about 1.4 to 2.8 percent. With such slow growth, the SDR facility might fail to achieve its objective of avoiding a destructive competition for reserves.

THE CONFIDENCE PROBLEM

Shifts in confidence can be reflected in two ways: through actions initiated in the private economy and through actions by governments. Private holders of liquid assets constantly adjust the composition of their holdings. When they decide to shift from the financial assets of one country to those of another—a process described for simplicity as shifting from one currency to another—either exchange rates or official reserve holdings or both are affected. In addition, shifts by private holders between currencies and gold can have an impact on monetary stability, although the significance of such shifts has been substantially altered by the gold accord reached in Washington in March 1968.

PRIVATE SHIFTING AMONG CURRENCIES

Some shifts by private holders out of one currency into another are merely responses to differentials in short term interest rates. Other shifts among currencies may be induced by the expectation of, or anxiety about, a change in exchange rates—and thus can be viewed as reflecting changes in confidence. Such speculative movements occur when the payments and reserve positions of some countries create significant uncertainties that exchange parities will remain fixed. Speculative capital flows can result from direct sales of the suspect currency for stronger ones, or through the operation of the so-called “leads and lags” mechanism, under which normal commercial disbursements denominated in foreign currency are accelerated while receipts denominated in domestic currency are delayed. (This was an important element in the 1968 French crisis.) A crisis of confidence can severely deplete the monetary reserves of a nation. Flows of this kind can be very large—up to \$1 billion in a single day.

Crises resulting from shifts of confidence have occurred from time to

time. At different times in 1968, the Canadian dollar, the British pound, and the French franc were under downward pressures, and the German mark was subjected to upward pressures. As international businesses and financial institutions have matured, additional currencies have been brought into wide international use. Thus the number of currencies potentially subject to such crises has increased.

It is quite appropriate that countries should borrow reserves, if necessary, to deal with temporary emergencies of this kind. The "swap network" has traditionally provided lines of credit among central banks for this purpose; it was expanded and enlarged during 1968. Further improvements could be made in central bank borrowing procedures through a proposal whereby speculative funds would be immediately "recycled"—returned to countries suffering losses from countries experiencing gains.

Even if generous lines of short term credit are available, they leave countries vulnerable, because crises may be long lasting. Lenders or borrowers may be reluctant to renew loans, fearing overcommitment. Fortunately, in recent years, improvements in cooperation among the central banks and in the procedures of the IMF have reduced such fears.

However generous borrowing facilities may be, they cannot deal fully with a crisis of private confidence that arises from a major disequilibrium in the underlying balance-of-payments position of a country. In such circumstances, prompt and decisive measures to achieve a basic adjustment are the key to the restoration of confidence. But the requirements for adequate adjustment are aggravated when a loss of confidence imposes a heavy drain on reserves.

PRIVATE DEMAND FOR GOLD

Private asset holders may respond to a loss of confidence in a currency by buying gold rather than other currencies, particularly when the choice of a "safe" foreign currency is not obvious. Gold speculation is rather common in many countries, although not in the United States where it is illegal. Private imports of gold can be an important channel for currency flight and thus become a claim on a country's reserves. Furthermore, because the price of gold in the private market is sometimes used by speculators as a barometer of confidence in currencies, increases in that price can intensify currency runs.

While governments still retain some concern over private demands for gold, they are now much less directly involved than prior to March 1968. For the preceding 7 years, countries participating actively in the "gold pool" had stabilized the price of gold in the private market in London by buying and selling near the official price of \$35 an ounce. In March 1968, these countries agreed to discontinue their activities.

Prior to 1966, the pool was a net purchaser of gold, and the resulting additions of gold to monetary reserves strengthened the international monetary system. Subsequently, however, the pool became a substantial net

seller, parting with gold out of monetary stocks to keep the price from rising. Following British devaluation in late 1967, and in the early months of 1968, the volume of net gold sales became a serious drain on international monetary reserves. Moreover, the market took on a highly speculative tone. Several large and irregular waves of gold purchases had destabilizing domestic monetary effects in certain countries and transmitted speculative fever to foreign exchange markets.

In March, the active gold pool countries agreed to cease selling gold in the private market, and agreed that purchases of gold from the private market were no longer necessary. They obtained the cooperation of other central banks in this decision. As a result, the international monetary system has been substantially insulated from the destabilizing effects of changes in the private demand for gold, and gold can no longer be drained from monetary stocks into private uses.

SHIFTS AMONG OFFICIAL RESERVE ASSETS

Problems may arise if monetary authorities decide to shift their holdings abruptly among the various reserve assets. They may shift for political or other reasons, but they are often motivated by changes in the relative degrees of confidence attaching to the future values of these assets. For example, if official holders, fearing a sterling devaluation, were to shift into dollars, the United Kingdom would be forced to give up some of its international reserves. Likewise, if official holders of dollars decided to convert them into gold, the United States would lose some of its reserves. Crises of confidence may feed on themselves; for example, a significant decline in U.K. reserves could further weaken the confidence of both official and private holders of sterling.

Shifts out of officially held sterling by sterling area countries became a serious problem following the British devaluation of November 1967. The great majority of the sterling area countries did not devalue along with the British; thus the purchasing power of the reserves of sterling holders was reduced in terms of their own currencies as well as in dollars. This loss led to a movement toward reserve diversification which became particularly pronounced in the spring of 1968.

In recognition that the burden of such reserve diversification should not be borne by the British alone, 12 industrial countries, including the United States, together with the Bank for International Settlements, set up a new \$2 billion loan facility in September 1968. It was designed to provide finance to Britain to replace reserves lost as a result of the decline of sterling balances within the sterling area. The BIS will act as an intermediary and will obtain the required funds by borrowing in international markets, by accepting reserve deposits from central banks of the sterling area, and by calling upon standby lines of credit provided by the cooperating countries. The United Kingdom has given a dollar-value guarantee to the sterling area on

eligible official sterling reserves, and the sterling-area countries in return have undertaken to maintain an agreed proportion of their reserves in sterling. The new facility should go far toward moderating the sterling diversification problem.

Some observers have pointed to the possibility of large-scale conversions of dollars into gold by central banks. The likelihood of such an abrupt shift of preferences must, however, be viewed in perspective. There are several reasons why countries choose to hold dollars. Dollars are useful because they can be readily employed in exchange markets and are more easily put to use in emergencies than gold. Countries recognize that they can convert dollars to gold as they see fit, although they may at times refrain from gold conversions through a cooperative desire not to weaken the international monetary system by reducing total world reserves. Dollars—unlike gold—earn interest, and the efficient American money and capital markets make investment easy. Thus there is and should continue to be a strong demand for dollars by central banks.

Some central banks have a preference—arising mainly from tradition—in favor of gold as a reserve asset. They often appear unconcerned about earning interest on reserves, perhaps because their income is usually turned over to their national treasuries.

When dollars are acquired by countries with a preference for gold from countries with a preference for currencies as reserves, conversions into gold may occur. This could happen even with no increase in total dollars held abroad and no shift in general sentiment toward gold or away from the dollar. Furthermore, as world reserves grow, there would be a demand for added gold if countries attempted to maintain their “traditional” ratios of gold to total reserves. However, countries recognize that gold will decline as a proportion of total world reserves. And as the SDR agreement indicated, they seem prepared collectively to adjust the composition of their reserve holdings.

Preferences that now exist among sterling, dollars, and gold could become more complicated as SDR's are added, thereby creating further possibilities for shifts in the composition of reserves. Certain safeguards, however, were provided in the plan: the power given the IMF to direct SDR's to various holders was designed to prevent inadvertent destabilizing shifts from SDR's into other types of reserves. Furthermore, additional SDR's could be created to offset world reserve losses arising from shifts among reserve assets.

PROPOSALS FOR IMPROVING RESERVE MANAGEMENT

It has been suggested that agreement on mutually acceptable rules of reserve management might help to avoid destabilizing changes in reserve composition. If deficit countries used each of their reserve assets in proportion to its share in their total holdings, and if surplus countries were

willing to accept and hold different types of reserves in the exact proportions made available, the system would be internally consistent. Before such rules could be endorsed, their workings would need to be examined and agreed upon in detail.

A more sweeping suggested reform would be to eliminate the differences among reserve assets. Countries could combine all their reserves by depositing them in a joint account, which would be drawn upon when reserves were used. Such a scheme was discussed in the September 1968 Report of the Subcommittee on International Exchange and Payments, of the Joint Economic Committee (JEC) of the Congress. In an examination of proposals of this kind, many questions arise which would require careful study: What would be the role of the United States? Would participation be voluntary or compulsory? Would countries be permitted to withdraw from the pool? In view of the progress already made in dealing with world liquidity and in strengthening international cooperation, how urgent is such a major reform?

THE ADJUSTMENT PROBLEM

The Bretton Woods system was designed to correct the weaknesses in the international monetary system that were apparent in the interwar years. Faced with domestic economic collapse during the 1930's, some countries attempted, by deliberately undervaluing their currencies, to stimulate exports, retard imports, and thus add to employment. But one country's gain was another country's loss. Competitive devaluations, and restrictions on exchange and trade, imposed a heavy toll on international commerce.

The postwar economy was built upon the general understanding that full employment would be the target of national economic policies, and that this goal would be sought primarily through domestic monetary and fiscal policies. It was also expected that excessive price increases would normally be avoided. In the absence of both chronic deflation and chronic inflation, continuous balance-of-payments problems were viewed as unlikely. The IMF was to help in the adjustment process by granting credit to allow countries time to adjust without parity changes.

Provisions were included to put pressure on surplus countries to take an appropriate part in the adjustment process—for example, the “scarce currency” clause, which permits discrimination in trade against persistent surplus countries whose currencies are formally declared to be scarce. Under these conditions, a system of stable exchange rates was expected to operate successfully and to stimulate international trade and capital movements, while removing the temptation for governments to solve domestic problems by external means.

Although pegged parities were made the normal operating rule of the system, provision was also made for changing parities to correct fundamental disequilibria. The meaning of “fundamental disequilibrium” was not fully clarified, but the expectation at the time was that changes in parities would not be unusual. Actually, parity changes for developed countries have been

rare. In part, this is because major countries have been reasonably successful in avoiding excesses of inflation and deflation; but it also reflects concern about the serious economic and political consequences of changes in the parities of major currencies, including the possibility of a worldwide chain reaction. Furthermore, greater freedom for international capital transactions has complicated the process of changing parities.

CAUSES OF DISTURBANCES

Despite the real accomplishments of stabilization policies, the international economy has been subject to disturbances. Some have been caused by the relatively mild cyclical fluctuations that have occurred, and others by differences among countries in long term trends of prices, economic growth, technological advance, and import demand. Countries differ with respect to the maximum rate of price increase—or the maximum volume of idle resources—that they view as tolerable. In general, a country incurring price increases greater than the average of other countries will find its exports becoming less competitive and its domestic market more accessible to imports. Countries which grow particularly rapidly tend to experience stronger increases in imports (although they may simultaneously improve the competitive position of their exports). Or a country may experience long term deterioration in its external position if its demand for imports is more responsive to income growth than is the demand for its exports. These factors, singly and in combination, have led to some serious imbalances.

Adjustment problems may also reflect, in part, an insufficient growth of global reserves. When over-all reserves are growing only slowly, there can be acute pressures on deficit countries to adjust. At the same time, surplus countries may find that their reserves are not accumulating too rapidly; hence they may have little incentive to correct their imbalances. A world shortage of reserves could particularly complicate the adjustment problem of the United States, subjecting it to intense pressures from other countries in weak payments positions or from countries not satisfied with their reserve holdings. The United States might literally be prevented from correcting its balance-of-payments deficit, because every improvement in the U.S. position would cause some other countries to take protective actions to counter any weakening of their own positions.

There are a number of means open to a country for correcting balance-of-payments disequilibria without altering its exchange rate. These means differ in speed, in effectiveness, and in their side effects. They include internal measures such as fiscal and monetary policies, together with supporting incomes, manpower, and regional policies; and direct measures affecting international movements of goods, services, or capital.

INTERNAL ADJUSTMENTS

Often the domestic policies which would contribute to balance-of-payments adjustments are also desirable for domestic reasons. Thus if a country

faces a balance-of-payments deficit and rapidly rising prices, it should follow tighter monetary and fiscal measures, supported by incomes policy to help restrain wages and prices, both to improve its trade balance and to curb inflation. Indeed, one argument sometimes made in favor of a system of fixed exchange rates is that balance-of-payments deficits stiffen the resolve of governments to achieve price stability. Conversely, if high levels of unemployment are accompanied by payments surpluses, expansionary domestic policies are clearly indicated.

However, a country may face a balance-of-payments deficit at a time when domestic demand is not excessive. It will then be understandably reluctant to attack its payments problem by restrictive monetary and fiscal policies. The opposite problem may arise if a payments surplus occurs when the domestic situation calls for anti-inflationary policies.

While the situations of surplus and deficit countries are symmetrical, incentives to adjust may not be equally strong in the two cases. There is no definite limit on the accumulation of reserves, so surplus countries often are under little pressure to restore equilibrium. But for deficit countries whose freedom of action is constrained by a limited supply of reserves, pressures to take corrective action may become inexorable. If real progress is to be made in achieving a better balance of world payments, it is crucial that surplus countries participate in the adjustment process, as was indicated in the 1966 Report on the Balance of Payments Adjustment Process by Working Party No. 3 of OECD.

Changes in the Policy Mix

There are some opportunities to mitigate conflicts between international and domestic goals by altering the mix of monetary and fiscal policies. By influencing interest rates, monetary policies have direct effects on capital flows as well as on domestic demand. If a country has a balance-of-payments deficit and a satisfactory or inadequate level of domestic demand, fiscal policy may be eased and monetary policy simultaneously tightened. This combination can, in principle, avoid any reduction of internal demand, and capture the benefits of tighter money in reducing capital outflows or attracting foreign capital. Thus it may be possible to improve the balance of payments without adding to unemployment. The reverse combination of policies may be used by countries facing the surplus-inflation dilemma.

While changes in the mix of monetary and fiscal policy have significant possibilities, and they can be reinforced by appropriate incomes and manpower policies, such adjustments cannot always be relied upon as an escape from major conflicts in objectives.

Some of the balance-of-payments gains resulting from interest rate adjustments may be temporary. A change in interest rates may initially cause investors to make large adjustments in the composition of their existing portfolios of financial assets. Once this initial stock adjustment is completed, however, further gains from this source may be quite small.

There are limits on the willingness of countries to alter the mix of monetary and fiscal policies. A deficit country may hesitate to raise interest rates, fearing that such a move would deter capital formation and thereby curtail the improvement in productivity that may be a basic solution to its balance-of-payments difficulties. Or high interest rates may be objectionable because of their uneven impact on the domestic economy. Or a growing level of foreign indebtedness may be undesirable because it will increase the burden of service payments.

Finally, increases in domestic interest rates may lead to higher interest rates abroad. In that event, the differentials between foreign and domestic rates may diminish, weakening the impact on capital flows. In the absence of international coordination of monetary policies, efforts by deficit countries to tighten credit may lead to a worldwide escalation of interest rates. This may not only impede the immediate objectives of the deficit countries but may also dampen world economic growth. Clearly, the adjustment mechanism could benefit from a continued strengthening of international cooperation in this area of policy.

Thus there are often important limitations on the practical scope for adjustments in the monetary-fiscal mix as a means of reconciling domestic and international objectives. One important principle stands out. In a country with a serious balance-of-payments problem, the use of monetary policy for expansionary domestic purposes may be severely constrained; and primary reliance may therefore have to be placed on fiscal policy to pursue stabilization objectives. In the United States and in many other countries, this implies the need for greater speed and flexibility in the implementation of fiscal measures.

MEASURES DIRECTLY AFFECTING INTERNATIONAL TRANSACTIONS

In the OECD Adjustment Process report, it was recognized that fiscal and monetary policies, no matter how skillfully combined, cannot always be relied upon as the exclusive means of balance-of-payments adjustment. Given the many goals of economic policy, numerous instruments are needed. Under some circumstances, the report suggests the use of measures directly affecting international transactions.

Most countries do make use of specific measures affecting trade or capital movements as part of their adjustment. These policies may help to reconcile domestic and international objectives. Such measures as import duties or quotas, export subsidies, changes in border taxes, and taxes and prohibitions on international capital movements offer opportunities for improving the payments balance while avoiding major effects on the domestic economy. Some of these measures, such as special tariffs and export subsidies, are prohibited by the GATT, but their use has at times been sanctioned, implicitly or explicitly, so long as they were considered temporary. Likewise, exchange controls on current transactions are generally discouraged for

countries accepting the full obligations of convertibility in the IMF, but specific authorizations have been granted under emergency conditions.

Trade Measures

The only trade measure explicitly condoned by the GATT for safeguarding the balance of payments is the use of temporary quantitative restrictions. Quotas on imports can be a very powerful instrument. But they can be very disruptive of normal commercial arrangements, troublesome to impose and administer, and difficult to abandon. Over the last few years, developed countries have shown a growing preference for the use of import surcharges, export subsidies, or combinations of the two.

At times, countries change their normal pattern of tax adjustments at the border in an attempt to promote balance-of-payments equilibrium. When a deficit country is taking only partial advantage of its opportunity under the GATT to make border adjustments for domestic indirect taxes, it can help itself by moving to full compensation. However, such action by a surplus country conflicts with the policies that should be followed for balance-of-payments adjustment. For example, on January 1 and July 1, 1968, in conjunction with an internal tax reform, the German government raised its rate of border adjustment. This tended to increase the German merchandise surplus—much as a small devaluation of the mark would have done—and at a time when Germany's balance-of-payments position was very strong indeed.

Another example of a change in a domestic tax which permitted an increase in border adjustments was the action taken by the French government in November 1968. A rise in value-added taxes, which are eligible under the GATT for border adjustments, was substituted for the existing payroll tax, which was not eligible. In this case, the aim of the increase in border adjustments was to help restore over-all payments equilibrium.

Also in November, the German government reduced by 4 percentage points its border charge on most imports and its tax rebate on most exports, without any corresponding domestic tax changes. This measure was taken deliberately to reduce the large German trade surplus and had effects somewhat similar to an upward valuation of the mark.

When countries resort to trade measures to affect their balance-of-payments positions, efforts should be made to minimize distortions. General import charges imposed by themselves favor production for the domestic market, thus shrinking the volume of international trade, while general export grants alone unduly favor production for export. When general import charges are combined with general export grants at the same rate, these two tendencies offset each other, with no more distortion of merchandise trade than would result from a devaluation.

Even such a uniform and general combination of import charges and export grants would distort the choice between merchandise transactions and other international flows, such as tourism. Furthermore, serious misalloca-

tions could occur if exemptions were given individual industries or classes of products. Finally, even under the best of circumstances, temporary trade measures may in practice become embedded and thus should be used with great caution. Nevertheless, this approach may be useful under some conditions. It should be explored further to determine whether proper safeguards can be established to ensure that equal use is made by surplus and deficit countries, and that the goals of liberal commercial policy are maintained.

Capital Account Measures

All major countries take actions at times to influence international capital flows. The techniques employed range from special incentives for domestic investment to exchange controls and capital issues committees. There is some rationale for concentrating on the capital account, since fewer basic adjustments in the allocation of real resources are required by shifts in financial flows than by changes in trade. And measures to influence the capital account are generally more easily reversed in response to shifting balance-of-payments fortunes.

Sometimes, however, restraints on capital movements develop into a patchwork of controls that involve major administrative difficulties, bear down unevenly and inefficiently on different types of capital flows, and create a search for loopholes. The distortions can be reduced to the extent that restraints can be applied more equally among categories of capital flows and interference can be minimized within any particular category.

There may be opportunities to make greater use of the price system by applying variable taxes to capital flows or by auctioning permits to export capital. While the allocation of capital might be improved and administrative burdens eased by innovations in the techniques of controlling capital flows, any system of major restraints is bound to be far from ideal. The possible need for temporary direct measures on the capital account must be recognized, but so should the long term benefits of greater freedom in capital flows among nations.

THE ADJUSTMENT PROBLEM OF THE UNITED STATES

The difficulties of balance-of-payments adjustment for deficit countries are evident from the recent experience of the United States. In the early 1960's, the United States was faced with a payments deficit at a time when its economy was operating far below capacity.

The causes of the deficit were numerous. The United States was shouldering an extraordinarily large share of the burden of providing for the security of the Free World and of supplying aid to less developed countries. The United States possessed the only large and sophisticated capital market in which foreigners could borrow freely, and the European countries had advanced to the point where they desired capital and could attract it. Moreover, because of Europe's general economic progress and the formation of the EEC and the European Free Trade Association, American companies

had developed an intense interest in making direct investments there. Finally, the U.S. competitive position had deteriorated during the 1950's.

The Over-All Strategy

In the early 1960's, U.S. domestic needs called for expansionary policies, while traditional balance-of-payments remedies would have required greater restraint on demand. To reconcile this conflict, a mixed strategy was followed. It emphasized those elements in the domestic expansion which tended to improve international competitiveness, together with specific measures of a temporary nature to influence the external position. The selection of balance-of-payments measures reflected several concerns: the determination to maintain, as far as possible, liberal policies with respect to international trade and capital flows; the desire not to shift problems to countries in a weak balance-of-payments position; and the need to maintain the stability of the international monetary system, which was so crucially dependent on the dollar. Further difficulties in designing appropriate balance-of-payments measures arose from uncertainty over how much correction was needed, from the unpredictability of the immediate quantitative impact of particular actions, and from the large and uncertain "feedback" effects inherent in the large size of the United States.

Some policies were clearly desirable on all counts, such as improving knowledge with respect to export prospects, trimming unnecessary government expenditures abroad, encouraging other industrial countries to give larger amounts of aid to less developed countries, pressing for a more equitable sharing of military burdens, and removing a tax penalty on foreigners trading in American securities.

Reducing the Impact of Government Activities

A further group of measures to reduce the foreign exchange costs of U.S. military and foreign aid required more difficult decisions. In principle, savings of foreign exchange in the military area could have been pursued through three alternative strategies: (1) reducing the level of security, (2) obtaining increased contributions of military forces from other countries, or (3) reducing, offsetting, or neutralizing the foreign exchange costs of a maintained level of U.S. military effort. The first alternative was ruled out. The second was pursued but with little immediate prospect of success. Thus the third became the approach emphasized in the short run. Domestic producers were given a preference over foreigners in supplying defense needs, at some added cost to the Federal budget. Foreign governments were urged to purchase more of their military equipment in the United States. In recent years, special U.S. Treasury bonds have been sold to countries to neutralize their balance-of-payments inflows from U.S. military expenditures.

Reducing the foreign exchange costs of U.S. aid presented an equally difficult choice. Either the amount of foreign aid had to be reduced, or a

method had to be found to ensure that more of the money provided by the United States was spent in this country. The second alternative—aid-tying—was chosen. This tended to reduce the effectiveness of a given dollar amount of aid, but the alternative of slashing the volume of aid would have been even more costly to recipient countries.

Restraining Capital Outflows

While gains were obtained through these measures in the early sixties, the over-all payments problem was intensified by a major increase in private capital outflows. Faced with an apparently insatiable demand for capital abroad, the United States had the choice of raising domestic interest rates enough to price foreigners out of our market, of taxing foreign loans specifically, or of using direct controls to stop capital outflows. The first alternative was inconsistent with domestic needs for economic expansion. The second alternative was chosen when the Interest Equalization Tax (IET) was proposed in 1963. It substantially reduced foreign portfolio investments by Americans, except new security issues from Canada and investments in less developed countries, which were exempted. But demand for capital shifted to American banks, so the IET was extended to longer term loans of banks. Other types of bank loans and direct investment were not covered by the tax, and these forms of capital outflow kept expanding.

In response to a large outflow of capital at the end of 1964, voluntary programs were initiated in February 1965 to cover the major remaining capital flows. The American corporations which were large direct investors were asked to help by reducing their capital expenditures abroad, by relying on foreign financing for a greater share of their investments, or by expanding reflows of dividends to the United States. Banks and other financial institutions were meanwhile asked to follow guidelines established by the Federal Reserve Board which suggested quantitative limits on foreign lending.

Most, if not all, of these measures have been successful in achieving the objectives for which they were designed. The basic balance-of-payments position improved through 1964 and 1965, and the liquidity deficit was sharply reduced. Further progress was interrupted in 1966 by the mounting foreign exchange costs associated with the war in Vietnam and by the reduced trade surplus resulting from overly rapid domestic expansion.

Because the U.S. external position deteriorated sharply late in 1967 and the stability of the international monetary system seemed in serious danger, a new set of measures was proposed by the President on January 1, 1968. This program included mandatory restrictions on foreign direct investment, further tightening of the guidelines on lending by banks and other financial institutions, and various other steps to reduce the deficit. The program was successful. As noted in Chapter 1, the balance of payments has improved. In particular, American direct investors have managed to finance a

much greater proportion of their investments abroad by foreign borrowing, and there has been a net reduction in U.S. bank credit to the rest of the world.

With the exception of more timely action to assure adequate domestic restraint in recent years, it is hard to see, even in retrospect, any preferable strategies in U.S. policies to correct the deficit. The eclectic, ad hoc measures that were taken involved certain costs. But they maintained the strength of the dollar and the health of the world economy. More basic improvements lie ahead—pending peace and the restoration of price stability.

EXCHANGE RATE ADJUSTMENTS

An efficient international adjustment mechanism should permit countries to choose their own domestic economic targets for growth, employment, and price-cost performance. Policies that restore balance at home should not lead to pressures on the international accounts—in the form of either excessive accumulation or rapid depletion of reserves.

Suggestions have been put forward for amending the adjustment mechanism to lessen the conflict between domestic and balance-of-payments objectives. It is claimed by some that greater reliance on changes in exchange rates would work in this direction.

PRESENT SYSTEM

Present IMF rules provide for adjustments of exchange parities as a means of correcting a fundamental disequilibrium. In practice, however, the process of exchange rate adjustment may involve major difficulties; and in consequence, there is often extreme reluctance to change exchange rates even when balance-of-payments difficulties are severe.

To illustrate, the currency of a country with a large and persistent deficit will become widely recognized as a candidate for devaluation and this may touch off a crisis in private confidence, as discussed above. Speculation based on the prospect of devaluation will aggravate the initial balance-of-payments difficulties and increase the outflow of reserves. To discourage such speculation, governments tend to make categorical assertions that devaluation is not being considered; once such assertions have been made, it becomes a matter of national pride and political reputation to maintain the parity.

Furthermore, an actual adjustment in an exchange rate may generate the expectation of a further change; once an exchange parity has been adjusted, a second adjustment seems less unthinkable. Fear of such a perverse reaction may cause a country to depreciate by an excessive amount in the first instance. This may lead other countries to devalue also, thus reducing the potential balance-of-payments gain of the initiating country. Such a chain reaction can severely disrupt foreign exchange markets. Thus the difficulties

associated with parity adjustments have at times driven countries to commit themselves to existing parities in all but the most extreme situations.

PROPOSALS FOR EXCHANGE RATE FLEXIBILITY

A number of suggestions—ranging from minor adjustments to far-reaching changes—have been made for altering the current exchange rate arrangements of the IMF.

The most sweeping change, advocated primarily by some academic economists, would be to abandon the pegged exchange system in favor of “floating rates,” completely free to fluctuate in response to market forces.

In contrast, other proposals call for a modest widening of the existing 1 percent limit on fluctuations of rates on either side of parity. Still another type of proposal would provide for small but frequent changes in parities.

Each of the proposals is intended to make adjustments in exchange rates a more acceptable and effective means of correcting payments imbalances, and to reduce the speculative disturbances that sometimes develop under the present system. Opinions differ widely over the probable effects of the various proposals; intensive study would be required before serious consideration could be given to the adoption of any of them. The dramatic advances in world trade and prosperity achieved under the present system provide a strong case for conservatism in considering innovations; at the same time, the recurrence of financial strains has aroused widespread interest in possible amendments to the system.

In general, the wider the latitude for changes in exchange rates, the greater would be the amount of adjustment provided; but also the greater would be the uncertainty of those engaged in international commerce and the possibility of a disturbance to trade and investment relationships.

Floating Rates

While a system of floating exchange rates would ensure essentially automatic adjustment to balance-of-payments disturbances, serious questions arise about its operation.

Advocates of flexible exchange rates are divided on whether official intervention in exchange markets should be permitted. A complete ban on official intervention would be a very radical change, obviating any need for central banks to hold international reserves. Exchange rates might fluctuate quite widely, causing substantial uncertainty. If, on the other hand, official intervention were permitted under a system of floating rates, it might smooth out transitory fluctuations in exchange rates, but it would open up the danger of exchange rate manipulation. For example, a government might wish to drive down the price of its currency in order to strengthen the competitive position of its exports. It is difficult to devise rules which would permit desirable smoothing and yet ban manipulation.

In general, fluctuating exchange rates would require shifts of resources among industries that export, those that compete with imports, and others, as relative prices in world markets reflected changes in exchange rates. Moreover, uncertainty about future exchange rates would concern international traders and investors. They could obtain some insurance by entering forward exchange markets, buying or selling foreign currencies at definite prices for delivery at some specified future date. But such forward transactions might be quite expensive and thus add to the costs of world trade. Furthermore, international investors might not be able to satisfy their needs for protection in forward exchange markets, given the long time horizon of many capital transactions.

Advocates of floating exchange rates believe that the benefits outweigh the costs of these uncertainties. They point out that uncertainty about exchange rates is not unique to a system of floating rates. Indeed, no feasible international system can guarantee against exchange rate adjustments. Moreover, they emphasize that international businessmen live with many uncertainties, both political and commercial. Finally, it is their contention—not universally accepted—that, under floating rates, there would be an easing of pressures for exchange controls and trade barriers.

The adoption of floating exchange rates would constitute a drastic change in the international monetary system. If the present system were functioning very badly and if no other possibility of reform were available, there might be a compelling argument for adopting this one; but such is not the case.

Wider Bands

Under present arrangements, day-to-day market pressures can be reflected in small fluctuations of each exchange rate within a narrow band. Central banks of countries other than the United States intervene in the market by buying and selling foreign exchange to keep the dollar prices of their currencies within 1 percent or less of established parities. The United States rounds out the system by selling and buying gold in dealings with central banks at \$35 an ounce. Proposals have been made by the JEC Subcommittee on International Payments and by others to introduce greater flexibility of rates by widening the permissible band of fluctuation around the par value. With a band of 2 percent on either side of parity, the exchange rate between two nondollar currencies could change by as much as 8 percent. Suggestions for a wider band, like other proposals for greater flexibility in exchange rates, are *not* directed at the official price of gold. The latter is not an exchange rate. There is no need whatsoever for it to be altered to accommodate greater flexibility of exchange rates.

A widening of exchange rate bands could contribute to the adjustment process. The currency of a country with an incipient deficit would fall in price, thus making imports more expensive and lowering the cost of exports

to buyers in world markets. Imports would be discouraged and exports stimulated, strengthening the balance of payments. If the exchange rate approached the floor with its future course expected to be upward, the stimulus might be particularly strong; there would be an incentive to take advantage of the temporary low price of the country's exports.

Advocates of a wider band believe that it might deter speculative runs in two ways. First, the additional adjustment permitted by the wider band might make discrete changes in parities appear less likely, thus reducing uncertainty. Second, a wider band would increase the potential loss on a "wrong bet" against a currency. Under the present narrow band, the speculator has relatively little to lose if he bets against a currency and it is not in fact devalued. With a wider band, the risk of loss would be increased, because a currency that was initially under pressure could experience a larger rebound in price. There is, however, no concrete basis for estimating the extent to which these features would deter speculation.

The wider the band is made, the greater the potential uncertainty about the course of exchange rates, but also the greater the amount of balance-of-payments adjustment which may take place within the band. In an evaluation of a wider band, these conflicting considerations would have to be weighed in determining its optimum width. A very wide band comes close to a floating exchange rate and thus shares the shortcomings of this drastic reform. A small widening of the band, on the other hand, might not markedly reduce the need for, and the expectation of, discrete changes in parity.

Gradual Adjustment of Parities

The evolution toward greater exchange rate flexibility could involve a gradual, limited adjustment of exchange parties. Two forms of the so-called "crawling peg" have been proposed, one discretionary and one automatic.

Under the discretionary variant, a country in disequilibrium would no longer make one substantial change in its parity, but rather would announce a rate of increase (or decrease) in its parity of some specified small percentage per month, until further notice. Once the desired effect had been attained, the country would halt the process. This might make the transition to an equilibrium parity easier, and perhaps curb speculation. Its effect on the political obstacles to changes in parities is not entirely clear; governments might find it just as painful to announce a parity change in a series of small steps as in a single abrupt one. The discretionary crawling peg might therefore be used no more frequently than the present "adjustable peg."

The automatic form of gradual adjustment would remove parities from the direct control of individual countries. Under one variant, the parity on any business day would be the average of the actual exchange rates over the preceding 12 months (or some other suitable period). The actual exchange rate would be within a band around the parity prevailing on that

day, with official intervention permitted only at the floor or ceiling. For a period of 1 year and a band of 1 percent, the largest possible change in the parity—attained only if a currency were continuously at its floor or ceiling—would be 2 percent a year. Larger or smaller potential changes could be permitted by adopting a different period for calculating the moving average, or by altering the width of the band. Again an optimum choice would depend upon the importance of certainty about future exchange rates, on the one hand, and on the speed of balance-of-payments adjustment to be permitted through the crawling peg, on the other.

Unlike fully flexible rates, the crawling peg would not be intended to offset all cyclical and random fluctuations in international transactions; but, unlike a widening of the band, it would permit sizable changes in exchange rates over the long run. Thus it could cope with the problem of modest trends in the equilibrium values of currencies resulting from divergent national trends of prices, economic growth, export supply, import demand, or investment flows.

It might seem that, if a currency showed fundamental weakness and was therefore expected to move downward for an extended period, speculation would become a problem because of the predictability of the exchange rate movement. This kind of speculation could, in principle, be avoided by raising interest rates above the otherwise prevailing level by an amount equal to the anticipated rate of downward crawl of the currency. The exchange gain from moving out of the currency would then be offset by the loss of interest. Such changes in interest rates might, however, necessitate offsetting adjustments in fiscal policy and, as discussed earlier, marked changes in the policy mix are sometimes difficult to achieve. Limits on tolerable interest rate changes would thus be one constraint on the speed of parity adjustment which could be permitted in such a system.

The various proposed modifications in the exchange rate system raise many difficult technical issues, and clearly a proper evaluation of these proposals must be preceded by a great deal of careful study.

CONCLUSION

By far the most important attribute of the postwar international economy has been steady and rapid growth. The spectacular nature of recent international monetary disturbances should not obscure the mighty contribution that the international economic system has made to world prosperity. World-wide flows of goods and investments have been the cornerstones on which the prosperity of many nations has rested; at the same time, the growth of national economies has made possible the tremendous increases in world trade and international investment.

Trade is the center of the international economic system, and it cannot prosper in the face of highly restrictive national policies. Only a continuous

chipping away at tariffs and other trade barriers can provide assurance against backsliding. Pressures for protection must be successfully resisted.

The fruits of unprecedented prosperity are still not being fully shared by many nations in Africa, Asia, the Middle East, and Latin America. The future growth of these nations must be built primarily on the skills, intelligence, and labor of their citizens. But the developed countries must facilitate the process by providing technical assistance, capital resources, and access to markets.

The international monetary system established at Bretton Woods and developed through the years has made a major contribution to international economic growth. This system has served the world well, but it has increasingly been subject to serious strains.

To ensure the continuing smooth operation of the monetary system, work must go forward on the problems of liquidity, confidence, and adjustment. Great progress has been made in recent years as exemplified by the agreement creating Special Drawing Rights. This achievement required careful study and long negotiations. Similar extensive efforts will be needed in the future if progress is to be maintained, but the prospects for eventual success are bright.

Combating Poverty in a Prosperous Economy

. . . the policy of the United States [is] to eliminate the paradox of poverty in the midst of plenty in this Nation by opening to everyone the opportunity for education and training, the opportunity to work, and the opportunity to live in decency and dignity.

FOR OVER 4 YEARS the United States has had an explicit national commitment to eliminate poverty in our society, a commitment enunciated by the President in the State of the Union Message of 1964 and confirmed by the Congress in the above words later that year in the Economic Opportunity Act.

Americans are increasingly prosperous. Median family income in the United States (in constant 1967 prices) rose from \$6,210 in 1959 to \$7,974 in 1967, a gain of 28 percent in 8 years. Yet many families are still not able to attain minimum living standards. A preliminary estimate indicates that in 1968 about 22 million people lived in households with incomes below the "poverty line." While this is far fewer than in the past—more than 40 million were similarly situated in 1960—too many Americans remain poor.

This chapter examines the recent progress in reducing poverty, the nature of the task that remains, and the strategies available for eliminating poverty.

THE EXTENT OF POVERTY

A family is "poor" if its income is insufficient to buy enough food, clothing, shelter, and health services to meet minimum requirements. Universally acceptable standards for determining these minimum needs are impossible to formulate since the line between physical necessities and amenities is imprecise.

The social and psychological aspects of poverty further complicate efforts to measure poverty. As average incomes rise, society amends its assessment of basic needs. Individuals who cannot afford more than a small fraction of the items enjoyed by the majority are likely to feel deprived. Consequently, an absolute standard that seems appropriate today will inevitably be rejected tomorrow, just as we now reject poverty definitions appropriate a century ago.

DEFINITION OF POVERTY

Even a rough measure of progress in reducing poverty requires an explicit definition, although the line drawn is unavoidably arbitrary. In its 1964 Annual Report, the Council used a poverty line of \$3,000 annual family income. Since 1965, the Council has employed the more refined definition of poverty developed by the Social Security Administration (SSA).

The SSA poverty lines reflect the differing consumption requirements of families based on their size and composition, the age of members, and whether their residence is farm or nonfarm. The calculations center around the U.S. Department of Agriculture's Economy Food Plan, which in December 1967 added up to a per capita weekly food outlay of \$4.90. For families of three or more, the SSA measure assumes all other family needs can be obtained for an amount equal to twice the family's food requirement. In 1967, the nonfarm poverty threshold for an average four-person family was \$3,335 as compared to a median income, for families of that size, of \$8,995. Poverty lines for different types of households are shown in Table 14.

The problems of low-income families neither begin nor end at any arbitrary poverty line. A sharp decline in poverty may be a misleading indicator

TABLE 14.—*Poverty and near-poverty income lines, 1967*

Household characteristic ¹	Poverty income line	Near-poverty income line
Nonfarm households:		
1 member.....	\$1, 635	\$1, 985
65 years and over.....	1, 565	1, 890
Under 65 years.....	1, 685	2, 045
2 members.....	2, 115	2, 855
Head 65 years and over.....	1, 970	2, 655
Head under 65 years.....	2, 185	2, 945
3 members.....	2, 600	3, 425
4 members.....	3, 335	4, 345
5 members.....	3, 930	5, 080
6 members.....	4, 410	5, 700
7 members or more.....	5, 430	6, 945
Farm households:		
1 member.....	1, 145	1, 390
65 years and over.....	1, 095	1, 330
Under 65 years.....	1, 195	1, 450
2 members.....	1, 475	1, 990
Head 65 years and over.....	1, 380	1, 870
Head under 65 years.....	1, 535	2, 075
3 members.....	1, 815	2, 400
4 members.....	2, 345	3, 060
5 members.....	2, 755	3, 565
6 members.....	3, 090	3, 995
7 members or more.....	3, 790	4, 850

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

Note.—Poverty and near-poverty income standards are defined by the Social Security Administration; they take into account family size, composition, and place of residence. Income lines are adjusted to take account of price changes during the year.

Source: Department of Health, Education, and Welfare.

of progress if a large number of families are raised just above the poverty line. Accordingly, the SSA has also developed a “near poor” standard averaging about one-third higher than the poverty line but still less than one-half of median income for many types of families. Near-poor income standards are shown in Table 14.

The SSA poverty definitions have some limitations. Since they are multiples of food costs, the poverty lines change only when food prices change, and these prices do not necessarily parallel the prices of other essentials. Regional differences in living costs are not reflected in the poverty line. The income data take no account of income in kind such as health care, subsidized housing, and foodstuffs (except for food grown on farms). No adjustment is made for either net assets or fluctuating incomes, and yet families with savings or temporary income interruptions have different problems than the chronically poor.

These problems are currently under study in an effort to refine the poverty concept. A different threshold could affect the distribution of measured poverty among various groups but would probably show much the same trend in total poverty over the long run.

POVERTY TRENDS

With the general rise in family incomes in the postwar period, the incidence of poverty—the percentage of persons in poor households relative to the total population—has declined sharply from 30 to less than 12 percent (see Chart 10). The number of persons in poverty declined about 20 million over the past 20 years, including a drop of 12 million since 1963—an estimated 4 million in 1968 alone.

Along with the reduction in the number of poor households, the “poverty gap”—the difference between the actual incomes of the poor and the incomes necessary to place them above the poverty line—has been reduced. The poverty gap fell from \$13.7 billion in 1959 to \$9.7 billion in 1967, measured in current dollars.

Distribution by Community Type

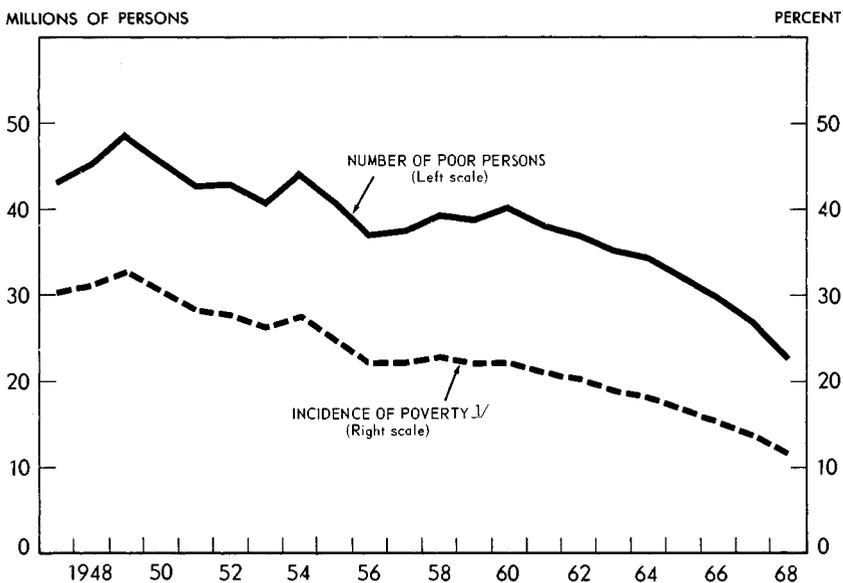
The incidence of poverty is highest—23 percent—in those rural areas not in metropolitan counties, with the heaviest concentrations in the South and Appalachia. The incidence is also quite high—19 percent—in the smaller cities and towns outside of major metropolitan areas. In the central cities, the incidence is 16 percent and in their suburbs about 9 percent.

Racial and Ethnic Distribution

Most of the poor are white. In 1967 (the latest year for which detailed data on the poor are available), 71 percent of all poor families and 83 percent of all poor unrelated individuals were white. The incidence of poverty

Chart 10

Number of Poor Persons and Incidence of Poverty



$\frac{1}{2}$ POOR PERSONS AS PERCENT OF TOTAL NONINSTITUTIONAL POPULATION.

NOTE.—POVERTY IS DEFINED BY THE SOCIAL SECURITY ADMINISTRATION POVERTY-INCOME STANDARD.

SOURCES: DEPARTMENT OF COMMERCE, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, OFFICE OF ECONOMIC OPPORTUNITY, AND COUNCIL OF ECONOMIC ADVISERS.

is far higher among nonwhites: about one household in three compared with about one in seven among whites.

Of the 2.4 million nonwhite households in poverty, 2.3 million are Negroes; the remainder are mostly the original Americans—Indians and Eskimos. A 1964 survey revealed that 74 percent of the 55,000 families living on Indian and Eskimo reservations had incomes under \$3,000.

Only recently has the reduction of poverty among nonwhites matched the reduction among whites. Between 1959 and 1962, the number of whites in poverty declined 2.8 million, but during the same period the number of poor nonwhites rose by 0.9 million. Between 1962 and 1967, white poverty was reduced another 7 million or about 28 percent, while poverty among nonwhites fell by 3.2 million—also about 28 percent.

The relative position of nonwhite families, after deteriorating in the late 1950's, has improved since 1961. (See Appendix Table B-20.) Only since 1966 has nonwhite median family income as a fraction of white median family income surpassed its previous peak of 57 percent in 1952. Unemployment among nonwhite men age 25 to 54 has recently fallen below 1951-53 levels, but unemployment rates for nonwhite women and nonwhite teenage males are much higher than during the early 1950's.

Most poor white families in the United States are not members of identifiable ethnic groups; however, two groups—Mexican-Americans, living largely in southwestern States, and Puerto Ricans, concentrated in New York City—exhibit disproportionately high incidences of poverty. In 1966, unemployment rates among Mexican-Americans in southwestern cities ranged between 8 percent and 13 percent, two to three times the national average. Subemployment—the sum of unemployment, employment producing earnings too low to provide an escape from poverty, and nonparticipation in the labor force by individuals who have given up hope of finding work—ranged from 42 to 47 percent in the Mexican-American sections of southwestern cities. And while Puerto Ricans constitute only about 8 percent of the New York City population, they have been estimated to represent over one-third of the recipients of welfare and about one-third of all occupants of substandard housing.

STRATEGIES FOR REDUCING POVERTY

A program for reducing poverty has four principal economic dimensions.

First, sustained high employment and economic growth—key objectives of economic policy for a wide variety of reasons—are prime essentials.

Second, education, training, medical assistance, and access to well-paying jobs are needed by many of the poor to escape from chronic unemployment and low-paying dead end jobs.

Third, three-fifths of the heads of poor households cannot easily enter the labor force because of age or disability, or because they are mothers with sole responsibility for the care of young children. Some workers with large families are not likely—even with training and other types of employment assistance—to earn an income sufficient to pull their families out of poverty. Because increased employment opportunities will not eliminate poverty among these groups, some form of income maintenance is required.

Fourth, poverty is concentrated in “pockets”—city “ghettos” and certain rural areas. The numbers of poor in poverty pockets can be reduced by promoting public and private investment in these communities and by providing relocation assistance to those with employment opportunities elsewhere.

In addition to economic policies, social and psychological strategies have an important role to play. These include information about family planning for those who request it, legal assistance, and the encouragement of self-help organizations. Such programs lie outside the purview of this Report.

PROSPERITY AND THE REDUCTION OF POVERTY

Virtually all the progress in reducing poverty over the past 20 years has occurred during periods of general prosperity. In three periods of sustained economic expansion—1949–53, 1954–56, and 1961 to the present—

the annual decline in the number of individuals in poverty averaged two million or more a year. In contrast, during recessions the number of poor people has increased. The brief recession of 1954 wiped out half of the gains of the preceding 4-year expansion, and several successive years of sluggish economic performance in the late 1950's increased the number of persons in poverty to about the level of 7 years earlier. (See Chart 10.)

EFFECTS OF PROSPERITY

Poor families are affected unequally by economic growth and high employment, depending upon their ability to take advantage of expanded employment opportunities. Recent trends in poverty reduction for different groups are shown in Table 15.

Households with Heads of Working Age

Economic expansion has caused significant reductions in poverty among households headed by a working-age man. Tightening labor markets raise wages for the poor who are employed, and provide better employment opportunities for the unemployed and for those with very low-paying or part-time jobs. Furthermore, when prosperity pushes unemployment rates to low levels among skilled workers, business is more inclined to train poorly qualified workers for skilled jobs. From 1964 to 1966, the number of poor households headed by a working-age man with work experience fell 400,000 a year; in contrast, there had been no decline from 1959 to 1961.

The number of poor households headed by a working-age woman with job experience has not changed during the 1960's. The decline in the incidence of poverty among this group reflected a rise in the total number of households headed by working-age women.

Prosperity is less effective in reducing poverty among households headed by women for several reasons. Women are far less likely to be employed than men; only about three-fifths of the women who head families have some job experience, compared to about 90 percent for male family heads. Many women who head families, being the adult solely responsible for young children, are unable to accept full-time employment unless day care is provided for their children. Furthermore, women are far less likely to escape poverty even if they do work, because their employment is less steady and they earn lower wages. Nonwhite families are more than twice as likely—and white families are more than three times as likely—to be poor if headed by a woman than if headed by a man.

Elderly Households

During the 1960's, the number of poor elderly households fell slightly, while the incidence of poverty among this group decreased substantially. High employment has some immediate effect on poverty among the aged

TABLE 15.—Number of poor households and incidence of poverty, selected years, 1959–67

Characteristic of head of household	1959	1961	1964	1966 ¹		1967
				Originally published	Revised	
Millions						
Number of poor households:²						
Total.....	13.4	13.0	11.9	10.9	10.7	10.2
Head 65 years and over.....	3.9	3.9	3.8	3.9	4.0	3.8
Unrelated individuals.....	2.5	2.5	2.8	2.7	2.7	2.7
Families ³	1.4	1.3	1.1	1.2	1.2	1.1
Head under 65 years.....	9.4	9.1	8.0	7.0	6.8	6.4
Unrelated individuals.....	2.6	2.4	2.3	2.1	2.1	2.2
White.....	1.9	1.8	1.8	1.6	1.6	1.6
Male.....	.6	.6	.6	.5	.6	.5
Female.....	1.3	1.2	1.2	1.1	1.0	1.1
Nonwhite.....	.7	.7	.5	.5	.5	.5
Male.....	.3	.3	.2	.2	.2	.2
Female.....	.4	.4	.3	.3	.3	.3
Families ⁴	6.8	6.7	5.7	4.9	4.7	4.2
White.....	4.9	4.7	4.0	3.3	3.1	2.8
Male.....	3.8	3.7	3.0	2.3	2.2	2.0
Female.....	1.1	1.0	1.0	1.0	.9	.8
Nonwhite.....	1.9	2.0	1.7	1.6	1.5	1.4
Male.....	1.3	1.3	1.1	.9	.9	.7
Female.....	.6	.7	.6	.7	.7	.7
Percent						
Incidence of poverty:⁵						
Total households ²	24.0	22.6	19.9	17.8	17.5	16.2
Head 65 years and over.....	48.6	43.8	40.0	38.5	38.9	36.3
Unrelated individuals.....	68.1	64.4	59.9	55.3	56.3	53.4
Families ³	32.5	27.2	21.6	23.0	23.1	20.3
Head under 65 years.....	19.8	18.8	16.0	13.7	13.3	12.2
Unrelated individuals.....	36.8	33.9	31.0	28.3	28.7	27.0
White.....	32.9	29.7	28.3	25.8	25.5	24.4
Male.....	24.6	22.8	22.0	20.1	21.0	18.0
Female.....	39.1	35.2	33.0	30.0	28.8	29.0
Nonwhite.....	54.8	55.0	45.1	41.7	45.3	40.1
Male.....	47.1	45.5	34.6	29.1	35.5	29.4
Female.....	63.5	66.8	58.1	54.1	55.1	51.7
Families ⁴	16.8	16.1	13.3	11.2	10.6	9.5
White.....	13.4	12.6	10.4	8.4	7.9	7.1
Male.....	11.4	10.7	8.5	6.5	6.1	5.4
Female.....	35.9	33.9	31.2	29.1	27.9	25.3
Nonwhite.....	48.6	47.8	27.8	34.3	33.4	29.9
Male.....	42.1	40.2	32.3	25.9	25.1	20.9
Female.....	71.3	72.8	62.4	61.2	60.3	54.9

¹ The revised estimates differ slightly from those originally published because of the use of a somewhat different estimating procedure. For an explanation of the two methods, see "Current Population Reports Series P-60, No. 54."

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

³ Consists only of two-person families whose head is 65 years or over. All other families included in "head under 65 years."

⁴ All families other than two-person families whose head is 65 years or over.

⁵ Poor households as percent of total 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.

by providing more jobs for elderly individuals wishing to continue work. This opportunity is particularly important for those with retirement income below the poverty line.

Over the longer run, prosperity permits more workers to accumulate assets and to achieve higher pension rights prior to retirement. At present, an individual earning the minimum wage and working full-time in a job covered by social security is entitled to old-age benefits of approximately \$120 a month upon retirement—only about \$10 a month below the poverty line.

Reflecting both the higher lifetime earnings of the aged and statutory improvements, social security retirement benefits have increased greatly and have been the most important factor in reducing poverty among the elderly. Since 1961, legislation has increased social security retirement benefits 21 percent across the board,—substantially greater than the increase in consumer prices. The minimum benefit increased 37 percent.

The Disabled

The ill and disabled have benefited least from recent prosperity and other efforts to alleviate poverty. Although the *incidence* of poverty among households whose heads are under 65 and not working for health reasons fell from 1959 to 1967, the *number* actually rose. Some disabled can be retrained, and these individuals can obtain jobs more readily when unemployment is low. But many who are ill or disabled cannot take advantage of job opportunities.

The Near-Poor

Table 16 shows the number of households and the number of persons who were in the near-poor category in 1959 and 1967.

The compositions of the poor and the near-poor categories differ considerably. Most striking is the difference in the proportion of nonelderly households headed by a working-age woman. These households account for 46 percent of all nonelderly poor households; among the near-poor, they account for 22 percent. Except for the elderly, most near-poor families are headed by men who are employed, but at low wages.

The number of near-poor showed a considerable decline between 1959 and 1967. Many who rose from poverty were added to the near-poor, but at the same time an even larger number of the former near-poor moved to a higher income level.

PROSPECTS FOR FURTHER PROGRESS

As indicated above, prosperity has played a key role in reducing poverty and is essential to further progress. But sustained growth and high employment—in the absence of other more direct efforts to help the poor—cannot maintain the recent rate of decline in poverty.

TABLE 16.—*Number of near-poor households and incidence of near-poverty by age and sex of head of household, 1959 and 1967*

Age and sex of head of household	Number (millions)		Incidence of near-poverty (percent) ¹	
	1959	1967	1959	1967
Near-poor households ²	4.3	3.7	7.7	5.9
Families.....	3.8	2.9	8.3	5.8
Head 65 years and over ³.....	.7	.8	15.2	14.0
Head under 65 years ⁴	3.1	2.1	7.6	4.8
Male head.....	3.4	2.4	8.4	5.5
Female head.....	.4	.5	8.2	8.7
Unrelated individuals.....	.5	.8	5.1	6.0
Head 65 years and over.....	.2	.5	6.1	9.1
Head under 65 years.....	.3	.3	4.6	4.0
Male head.....	.2	.3	5.5	5.8
Female head.....	.3	.5	4.9	6.1
Addendum: Near-poor persons.....	15.8	12.0	9.0	6.1

¹ Near-poor households as percent of total number of households in the category; near-poor persons as percent of total persons.

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

³ Consists only of two-person families whose head is 65 years or over. All other families included in "head under 65 years."

⁴ All families other than two-person families whose head is 65 years or over.

Note.—Near-poverty is defined by the Social Security Administration near-poverty-income standards; it takes into account family size, composition, and place of residence. Near-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.

If the 1961–68 reductions in the number of poor persons could be continued, poverty would be eliminated entirely in about 10 years. If the record of 1968 could be continued, poverty would be eliminated in about 5½ years. Maintenance of these rapid reductions will become increasingly difficult because, as poverty declines, an increasing fraction of the remaining poor are members of households whose economic status is least affected by prosperity. Households headed by women with children, disabled persons, or elderly persons accounted for 6.0 million or 59 percent of all poor households in 1967.

Much of the progress in the 1960's has been due to the lowering of the unemployment rate. As that rate fell, further declines were increasingly effective. The hard-core unemployed, the educationally disadvantaged, and the victims of discrimination are the last to be hired during a return to high employment and the first to be fired during a slowdown. Upgrading the unskilled and uneducated to fill shortages in skilled labor takes time. Consequently, if high employment is maintained, these adjustments will continue to reduce poverty, but their effects will gradually diminish. In the absence of increased direct assistance to the poor or further reductions in unemployment, present annual declines in poverty must be expected to become smaller.

The elimination of poverty will be long in coming if the incomes of the

poor grow only at the same pace as the incomes of other households. If the real income (including transfer payments) of each poor household were to grow at 3 percent a year—approximately the average gain for all households during normal conditions of economic growth—eliminating only half of poverty would take 12 years for poor families and 17 years for unrelated individuals. To shorten substantially the period needed to reduce poverty, the incomes of the poor must grow faster than average income—some redistribution to the poor must be made from the benefits of growth.

INCOME DISTRIBUTION

Only a relatively small redistribution of the benefits of growth is needed to speed greatly the reduction in poverty. If the approximately 85 percent of households that are not poor and receive about 95 percent of total income are willing to make only a small sacrifice of the estimated 3 percent yearly growth in their real income per capita, the prospects for poverty reduction can be greatly transformed. If the increase in real income for the nonpoor is lowered merely from 3 percent to 2½ percent a year and if that differential of about \$2.8 billion annually is effectively transferred to those in poverty, then family incomes for those now poor can grow about 12 percent annually. This redistribution would eliminate the 1967 “poverty gap” of \$9.7 billion in less than 4 years. Since any program of redistribution would be likely to reach some of the near-poor and might raise some poor families substantially above the poverty line before others are affected, perhaps a better projection of the time required would be 6 to 8 years.

The rapid reductions in poverty during the 1960's paralleled a significant rise in the share of total family income going to the lowest income groups. In part, this shift in distribution has been accomplished by increased employment of poor adults at higher wages.

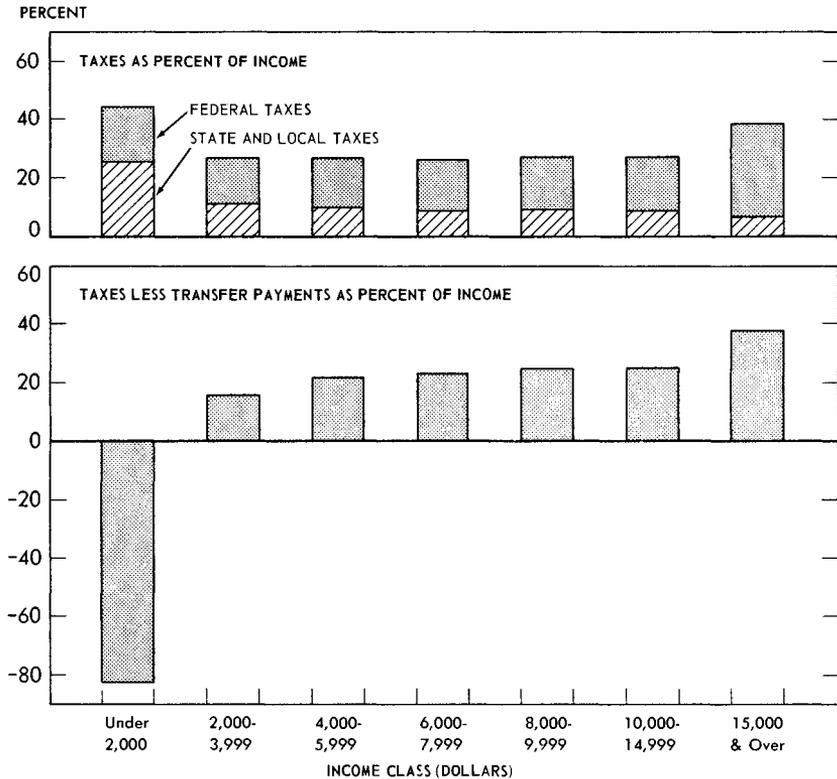
The combined effect of the tax and transfer payment systems at all levels of Government also operates to redistribute income to the poor. The net gain or burden from the public sector for any group depends on the difference between all the benefits received from government expenditures and all the taxes paid. Many programs—like national defense—have benefits that are difficult to allocate by groups; however, the benefits of transfer payments—such as social security benefits, welfare payments, and unemployment compensation—can be allocated and compared with the tax burden. The impact of Federal, State, and local taxes and of transfer payments on the distribution of income in 1965 is shown in Chart 11.

The tax system by itself redistributes income away from the poor. As a share of income, higher taxes are paid by households in the lower income classes than by those with incomes between \$6,000 and \$15,000. This reflects the heavy tax burden on low-income families from State and local taxes—primarily sales, excise, and property taxes. Federal taxes also contribute to this burden through the social security payroll tax.

The poor receive nearly as much from transfer payments as from all other

Chart 11

Taxes and Transfer Payments as Percent of Income (Excluding Transfers), by Income Class, 1965



SOURCE: COUNCIL OF ECONOMIC ADVISERS, BASED ON DATA FROM A VARIETY OF SOURCES. DESCRIPTION AVAILABLE ON REQUEST.

sources. While these payments do not go exclusively to the poor, they do have a powerful redistributive impact. The ratio of receipts to household income (excluding transfers) is very high in the lowest income classes. As household incomes rise, the proportion of transfers to other income falls sharply.

When government transfer payments and taxes are combined, the concentration of transfer payments in the lower income groups much more than offsets their tax burden. But since average transfer payments fall rapidly as income rises, the excess of taxes over transfer payments as a fraction of income rises much more sharply from \$0 to \$4,000 than in higher income classes.

EDUCATION, JOBS, AND TRAINING

Education and training measures can improve job opportunities for the poor and their children.

EDUCATION AND POVERTY

Education can help prevent the children of the poor from remaining poor when they grow up. They are already better schooled than their parents. About three-fourths of poor youths between 16 and 21 either are attending school or are high school graduates, whereas more than half of their parents had no high school education. Yet these youths still have less schooling than their more fortunate contemporaries, 90 percent of whom are in school or are high school graduates.

Although most poor children of all ages are now in school, inferior facilities and poorly qualified teachers lower the value of the education many of them receive. Even schools equivalent to those of the prosperous would not yield equal education. Poverty imposes handicaps that children of more prosperous families do not have.

Children of the poor are less likely to receive good health care and good nutrition, both of which affect success in school. They are also less likely to receive the verbal and intellectual stimulation in their early years that prepares them to master school work. They start school somewhat behind other youngsters, and they receive less parental assistance. Since school does not meet the challenge of helping them catch up, it becomes a place of defeat, leading many to drop out.

Poor children from minority groups suffer another handicap, segregation. More than 60 percent of all Negro pupils in the first grade attend elementary schools in which at least 90 percent of the students are Negro. Not only are facilities and instruction inferior in many of these schools, but studies of educational performance suggests that segregation itself has an adverse effect on school performance.

If poor children are to have equal opportunity to compete successfully for good jobs, they need special help in the preschool years. They also need compensatory education, with expenditures exceeding those made on other pupils. Finally, they need financial help and other encouragement to stay in school and continue their education.

Major efforts have been made to upgrade education provided children of the poor in programs such as the Elementary and Secondary Education Act, the Economic Opportunity Act, and the Vocational Education Amendments of 1968. Head Start, Title I of the Elementary Education Act, and Follow Through are comprehensive programs, combining health care, nutrition, and the involvement of the child's family, as well as education. Most of these special Federal efforts have been in operation for 3 years or less. While too little experience has been gained to allow a full evaluation, enough positive results are evident to justify continuing the programs.

HIRING STANDARDS

Poverty is perpetuated by hiring standards that arbitrarily discriminate against the disadvantaged.

Racial Discrimination

The persistence of racial discrimination in hiring frustrates the efforts of nonwhites to realize full returns from schooling and discourages the young from remaining in school. For example, a larger portion of white male *dropouts* 16 to 21 years of age secure skilled and semiskilled jobs than nonwhite males who *graduate* from high school, and the average earnings of nonwhite high school *graduates* are lower than those of white *dropouts*.

Attacks are being made on discrimination in higher level occupations, although most of the initial progress is in clerical jobs. The public sector has a better record than the private sector in eliminating discrimination in hiring. For example, 20 percent of the Federal and municipal white collar workers in metropolitan New York City are Negro. In contrast, Negroes hold only 6 percent of the white collar jobs in large private firms in New York City.

Restrictive Hiring Practices

Arbitrary hiring standards and customary employment practices, as well as outright racial discrimination, curtail work opportunities. During World War II, industry successfully adjusted standards and restructured work patterns to fit jobs to the level of workers' skills.

All too often, recruitment and testing procedures currently used by Government and business do not take sufficient account of innate intelligence and aptitude.

TRAINING AND JOB ACCESS

On-the-job training is an important route to employment. Consequently, the Government increased the number of on-the-job trainees financed under the Manpower Development and Training Act from 11,000 in fiscal 1965 to 125,000 in fiscal 1968. By the end of 1968, half the trainees had less than 4 years of high school, and 53 percent were from families with incomes below the poverty line.

Through the Job Opportunities in the Business Sector (JOBS) program sponsored by the National Alliance of Businessmen, nearly 12,000 cooperating business firms have helped disadvantaged workers find employment. The premise of the program is that the best job training is a job. JOBS encourages waiving of some hiring standards and provides counseling and training to raise the productivity of the trainees. The interim goal of employers pledging to place 100,000 disadvantaged persons by June 1969 has already been met far ahead of schedule. JOBS contracts have been issued to about 800 employers who are reimbursed an average of \$3,000 per trainee for the extra costs.

The rapidly growing public sector has no counterpart to the JOBS program. Such a program would usefully supplement the present expansion of job opportunities in the private sector.

Two other major programs are designed for young workers. The Job Corps helps the most severely disadvantaged youths without job prospects. As of mid-1968, the program had provided health care, food, and job training for 195,000 enrollees since 1965. From 1965 to 1968 the Neighborhood Youth Corps provided jobs for over 1.3 million youngsters from low-income areas. While the part-time and summer work is too low skilled to provide useful job training, the modest pay helps youths from low-income families stay in school.

IMPROVEMENTS IN INCOME MAINTENANCE

The United States now has a substantial commitment to income maintenance, spending about \$60 billion in fiscal 1968 (Table 17). Each program serves the special needs of a particular group, and many are not designed specifically to help the poor. Individuals who can normally earn an adequate living are served by social insurance systems which protect against loss of income through death, disability, and unemployment, and which provide retirement income. Individuals with inadequate earning

TABLE 17.—Selected major income maintenance programs, fiscal year 1969

Program	Total outlays (millions of dollars)	Beneficiaries ¹	
		Number (thousands)	Percent in households with income less than \$3,300 ²
All programs ³	58,679	(⁴)	(⁴)
Aid to families with dependent children.....	3,206	6,146	100
Unemployment insurance:			
Federal-State unemployment compensation.....	2,300	5,196	20
Federal employees and ex-servicemen.....	111	489	10
Railroad.....	52	92	(⁴)
Disability programs:			
Workmen's compensation.....	⁵ 1,686	(⁴)	(⁴)
Federal employees.....	57	40	15
Veterans' compensation.....	2,611	2,390	24
Railroad.....	77	41	(⁴)
Social security.....	2,691	2,278	39
Aid to the blind.....	92	84	100
Aid to the permanently and totally disabled.....	726	721	100
Assistance to those 65 years and over:			
Social security retirement and survivors' benefits.....	24,681	21,931	31
Old-age assistance.....	1,833	2,123	100
Military retirement.....	2,265	681	(⁴)
Civil service retirement.....	2,364	318	(⁴)
Railroad retirement.....	1,542	969	34
Veterans' pensions.....	2,127	2,252	80
General assistance.....	32	700	100
Assistance-in-kind ⁶	10,226	(⁴)	(⁴)

¹ Estimated.

² Income including cash benefits.

³ Data exclude State and local government retirement systems and all private retirement and charitable programs.

⁴ Not available.

⁵ Estimate by Council of Economic Advisers.

⁶ Federal outlays only. See Table 18.

Source: Bureau of the Budget (except as noted).

ability may be assisted by welfare, veterans pensions, in-kind payments (such as food stamps or public housing), and manpower training allowances.

Despite recent improvements, existing income maintenance programs provide neither adequate coverage nor sufficient benefits to prevent poverty.

Rarely are able-bodied working-age individuals, or families headed by healthy, nonelderly men, eligible for existing cash benefit programs yet, these groups make up two-thirds of poor nonelderly households. Even among some of the groups for which programs are available, coverage is much less than complete.

Benefits are rarely adequate to raise households above the poverty line. The average Aid to Families with Dependent Children (AFDC) payment in mid-1968 was just over \$2,000 a year per family; in five States, it was less than \$1,000 a year. Average benefits in mid-1968 for a retired couple under old-age insurance were about \$1,800—below the poverty line for such families by about \$200.

WELFARE PROGRAMS

Important improvements in public assistance have been made. The courts have overturned the controversial “man in the house” rule, which had denied AFDC benefits to children when a man not legally responsible for their care lived with the family. Courts have also declared invalid some State residency requirements for public assistance. States have recently been instructed to determine income need by affidavit, rather than personal investigation, a change to a more efficient and less demeaning method. The work incentive principle was introduced in the 1967 Social Security Amendments, which call for welfare benefits for AFDC mothers to be reduced by less than the full amount of earnings. Finally, the average AFDC benefit rose \$17 per family (11 percent) between mid-1967 and mid-1968.

These improvements have led to the paradox of growing welfare rolls and costs amidst a general reduction in poverty. Not only have welfare applications increased, but between 1960 and 1967, the fraction of applicants declared eligible for benefits rose dramatically. Reform of eligibility rules and increased awareness of welfare programs by the poor have probably been responsible for the substantial rise in applications.

The Freeze on AFDC Rolls

While the welfare system generally has been improved in recent years, the enactment of a sharp limitation on the number of AFDC beneficiaries, now scheduled to take effect July 1, 1969, was a major step backward. The “freeze” forbids Federal financing for any increase in a State’s ratio of deserted or illegitimate children receiving AFDC assistance to the total child population.

In all States, the freeze places a very tight limit on the expansion of welfare rolls; in some it will even cause a decline, unless the States are willing to assume the Federal share of the costs. Eligibility for federally aided

public assistance should not be determined on the basis of the place of a family in the waiting line at the welfare agency, but upon the need of the family. Repeal of the AFDC freeze is the most urgently required step toward a more humane and rational welfare system.

Raising and Equalizing Welfare Benefits

In federally assisted welfare programs—AFDC, old-age assistance, aid to the blind, and aid for the disabled—benefits vary widely among States but are well below the poverty line nearly everywhere. For example, the monthly AFDC benefits for a family of four range among the States from a low of \$40 to a high of \$290 but exceed the poverty threshold in only one State.

Establishing minimum welfare benefits—wholly financed by the Federal Government—could raise the lowest benefits significantly. This minimum could be modest initially and then increased until benefits are adequate in all States. Since poverty is a national problem which happens to be geographically concentrated, federalization of most of the cost of welfare expenditures, perhaps including even administrative costs, would be desirable over the long run. Federal administration would reduce the difficulties arising from major differences in local standards of benefits, eligibility, and administration.

Improving Work Incentives in AFDC

Currently, if a State elects, mothers receiving AFDC may earn up to \$30 a month without having their welfare benefits reduced. Beyond \$30, benefits are reduced by two-thirds of additional earnings. By July 1, 1969, all States must adopt this work incentive formula. While these new provisions are an important advance, work incentives are still too small and do not extend to other welfare categories.

If child-care facilities are available, welfare mothers may be required to work or to accept training in order to receive benefits. At present, shortages of child-care facilities and training assignments limit the impact of this provision. Nevertheless the rule raises fundamental social issues: whether children are better off in a child-care center or at home with their mothers, and whether a mother should be required to work while also performing household tasks for her family.

These issues are not easily resolved. Nevertheless an equitable system should not penalize those who work and should provide adequate benefits to those who cannot work.

BENEFITS IN KIND

Many assistance programs provide goods and services rather than cash. In-kind assistance is often designed to promote those types of consumption

by the poor that also benefit other members of society. For example, society may subsidize housing or health care because eliminating poor housing and ill health benefits the community as a whole. Some in-kind programs, such as school lunches, provide specific goods and services especially important to the young.

In-kind benefits often reflect the standards, tastes, and values of the majority and their desire to influence the consumption patterns of recipients. The well-being of the poor is raised by such programs, but the poor would probably consider themselves better off if they had equivalent amounts in cash and the accompanying freedom of choice.

Present Programs

Outlays in fiscal 1969 for the major in-kind programs which directly benefit the poor are summarized in Table 18.

Health. Medicare and Medicaid account for 84 percent of in-kind expenditures. Medicaid benefits go primarily to the poor, and one-third of Medicare beneficiaries are poor. Because of high maternal and infant mortality rates among the poor, expansion of comprehensive health care for mothers and babies in poor families is especially desirable.

Food. The next largest in-kind program is food assistance, which includes food stamps, school lunches, and the distribution of commodities from surplus stocks. Food programs reach a significant number of the poor but as few as 20 percent in some concentrated poverty areas. The coverage

TABLE 18.—Major Federal income-in-kind programs substantially benefiting the poor, fiscal year 1969

Program	Federal outlays (millions of dollars)	Beneficiaries ¹	
		Number (millions)	Percent in households with income less than \$3,300 ²
Total programs.....	10,226		
Food programs.....	665	11.3	
Food stamps.....	273	3.6	100
Child nutrition.....	128	3.9	100
Special supplementary package.....	9	.2	100
Other direct distribution.....	255	3.6	100
Housing programs.....	484	2.9	
Public housing.....	456	2.8	57
Rent supplements.....	28	.1	67
Health service programs.....	9,077	23.6	
Medicare.....	6,222	9.5	36
Medicaid.....	2,384	9.5	75
Maternity and infant care.....	193	³ 3.2	70
Public Health Service medical programs:			
Indians, seamen, etc.....	175	.6	55
Neighborhood health centers.....	103	.8	75

¹ Estimated.

² Income including cash benefits.

³ Includes children and mothers benefiting from more than one service of the Children's Bureau.

Source: Bureau of the Budget.

of the food stamp program will expand from 2.8 to 3.6 million persons by the middle of 1969, largely as a result of expansion into new areas and lower stamp charges. The child nutrition program, providing free or low-cost school lunches, is now being expanded.

Housing. Two programs to be expanded significantly under the Housing Act of 1968 are directed toward low-income groups—rent supplements and public housing. By midyear, 19,000 families—nearly all poor—will be receiving rent supplements. In fiscal 1969, the number of public housing units available will increase by 75,000, bringing the total to 780,000. Roughly half the occupants are poor.

The average monthly rental in public housing is about \$50, more than many poor families can afford. In the North, the lowest income families in public housing spend more than 30 percent of their income on rent. In contrast, occupants with incomes over \$5,000 pay about one-sixth of their income in rent. Only in the South are the majority of nonelderly public housing tenants below the poverty line.

Public housing could be made more accessible to the very poor in a number of ways. First, higher welfare benefits would help recipients pay present rents. Second, rents could be lowered if the Federal Government subsidized a larger share of public housing costs. Third, rents for the poorest families could be reduced if rents for all tenants were more closely tied to income.

SOCIAL INSURANCE SYSTEMS

For the vast majority of Americans, social insurance guards against a fall in income due to retirement, disability, survivorship, or unemployment. These programs prevent much of the poverty that in the past resulted from interruptions in wage income. They make remaining poverty problems more manageable.

Retirement

The largest American income maintenance program is social security. About 22 million Americans now receive about \$25 billion in annual benefits from Old Age and Survivors Insurance. The goal of providing every elderly American citizen with a decent retirement income is becoming a reality. Similarly, more and more widows with young children and disabled individuals are being supported above the poverty line.

Rising prices should not be permitted to erode the purchasing power of the retired. Social security benefits should now be increased 10 percent across the board, in line with changes in the cost of living since benefits were last raised and to allow for additional improvement. A revised method of computing benefits, effective in fiscal 1971, would provide another increase.

Many individuals receiving low social security benefits have little if any other income. Increasing the monthly minimum benefit from \$55 to \$80—

and to \$100 for workers with 20 years of coverage—would reduce poverty by more than half a million persons.

The earnings test should be liberalized. At present every dollar earned in excess of \$1,680 a year reduces benefits by 50 cents; earnings over \$2,880 reduce benefits dollar for dollar. Because earnings are subject to other taxes, additional earnings above \$2,880 actually reduce total after-tax income. The tax-free earnings allowance should be raised to \$1,800. Fifty percent of earnings beyond \$1,800 up to \$3,000 and 75 percent of earnings thereafter would be deducted from benefits.

Virtually all workers are now covered either by social security or similar retirement programs. Regular employment will provide retirement benefits above the poverty line for all but the very lowest-paid workers. Most future recipients of low social security benefits will be either individuals covered by other retirement programs or housewives with only a few years of work experience. Neither group will constitute an extensive poverty problem. The most efficient mechanism for assisting the elderly poor is either expansion of Old Age Assistance or establishment of an income-related social security minimum—perhaps financed out of general revenues—far above the standard minimum. Under the latter proposal, social security benefits could be high enough, together with other income, to bring all the elderly above the poverty line.

Disability

The number of poor households headed by the disabled has not declined since 1959. Better Disability Insurance under social security can improve this record.

At present, to qualify for benefits, workers must be disabled 6 months, and the disablement must be expected to last another 6 months or to result in death. To remove this hardship, the waiting period for benefit eligibility should be reduced from 6 to 3 months, and eligibility should not be limited to disabilities which last more than 1 year.

The burden of unusually high medical expenses could be lifted by extending Medicare to the permanently and totally disabled.

The other major disability income program is workmen's compensation, intended to pay medical expenses and provide income for workers (and their survivors) disabled through work-related accidents and diseases. Workmen's compensation is governed by State laws which require employers to obtain insurance from private companies or a State fund, or to establish self insurance.

The present weaknesses of workmen's compensation are inadequate benefits and the exclusion of large groups of workers.

In 1966 the maximum cash benefit (including dependents' allowances) under workmen's compensation was below the poverty line for a four-person family in 39 States; over half the States have maximum benefits less than 50 percent of income prior to disability. About 11 million workers—

mostly domestics, agricultural employees, and employees of small businesses—currently are not covered at all by workmen's compensation.

Improvements in workmen's compensation ought to come through State laws. To provide an incentive for such action and to protect workers in its absence, Federal action may be required. Consideration should be given to legislation requiring States to extend coverage and to improve benefits. If States fail to act, the law might require employers to purchase insurance providing additional coverage and higher benefits.

Unemployment Insurance

Unemployment insurance contributes significantly to the prevention of poverty by providing income to regular members of the labor force during periods of involuntary unemployment. Yet more than a fifth of the employed labor force are excluded, a large number of whom are in low-wage occupations such as domestic service and farm work.

The original aim of unemployment insurance was to restore at least half of wages lost. Average weekly benefits—about \$42 in 1966—are roughly a third of weekly earnings in covered industries. Most States now pay benefits for a maximum of 26 weeks in a single year; over one-fifth of the recipients exhaust their benefits, even in periods of high employment.

For a fair and modern unemployment insurance system, legislation is needed to broaden protection, ensure higher and more uniform benefits, provide special training, and eliminate abuses.

MAJOR REFORM

Proposals for more fundamental reforms of the income maintenance system merit consideration along with the more evolutionary suggestions outlined above.

Major reform can be undertaken in two ways. First, the categorical approach can be expanded and improved by reforming eligibility requirements, raising benefit levels, and—in particular—adding programs for poor families headed by a working man and for other groups not now covered. Alternatively, present welfare programs could be replaced by a single universal Federal program—supplemented by social insurance—having no eligibility requirements other than low income.

Benefits for Poor Families Headed by Working-Age Men

The largest omission from the present income maintenance system is a program to assist families headed by able-bodied working males who are not eligible for unemployment insurance or who have exhausted its benefits. Unconditional cash benefits to working-age men are often opposed on the grounds of possible adverse effects on work incentives. Whatever society's attitude toward fathers in poverty, failure to assist their children makes the children likely candidates for a new generation of poor. Further-

more, under the present system a father can often increase the income of his family by deserting them to make them eligible for welfare.

Children's Allowances. Children's allowances are systematic payments by the Government to families with children. The United States is the only Western industrialized nation without a children's allowance. The program has been adopted in some nations as a vehicle for both providing income to the poor and promoting population growth.

Children's allowances can take several forms. To channel aid effectively to the poor, the allowances have to be related to family income. If children's allowances are not income-related but go to all families, they are an exceedingly inefficient way to help the poor.

An income-related children's allowance is one method of attacking poverty among two categories of poor households—those with moderate incomes and large families and those with low incomes and average-size families.

Guaranteed Work. A program of guaranteed work opportunity for poor, employable fathers is especially attractive because it offers a workable compromise between those who favor income maintenance and those who favor expanded employment as a vehicle for ending poverty among these families. Fathers suffering from long term unemployment would certainly be eligible for the program. Eventually others with very low incomes might be included. Each enrollee would receive cash benefits and would be required to participate in steps—including acceptance of placement services or training—leading to private employment paying at least minimum wages. Those for whom private employment could not be found would be given meaningful public service jobs at minimum wages that provide opportunities for advancement.

The guaranteed work program could ultimately allow any man to earn the minimum wage, which at present would bring families of 4 or fewer near the poverty line. By itself, this would not solve the problem of poverty for large families. Nevertheless, the largest gap in the present income maintenance system would be closed in a manner consistent with the traditional American attitude toward welfare for able-bodied fathers.

The Negative Income Tax. The negative income tax would provide a minimum-income guarantee to all individuals. Benefits would be reduced by a fraction of income, as is currently the practice for AFDC mothers and individuals receiving social security.

A minimum-income guarantee would end society's attempts to distinguish between the "deserving" and "undeserving" poor, establishing the principle of social responsibility to aid those in need without questioning whether the fault was individual or social.

As a substitute for other income maintenance programs, the negative income tax is bound to be expensive. If the guaranteed income is set at or near the poverty line—and if the proportion of earnings by which benefits are reduced is low enough to provide adequate work incentives—substantial

benefits must be provided to middle-income families, swelling the cost. To illustrate, suppose the minimum-income guarantee for a family of four is \$3,300—about the income required to escape poverty in 1967. Suppose that every dollar earned reduces benefits by 50 cents—a reduction that probably approaches the maximum consistent with providing work incentives. Under this plan, a family earning \$5,000 a year would have benefits reduced by one-half of \$5,000 (or \$2,500), leaving the family eligible for \$800. All families of four with less than a \$6,600 income would receive some assistance. Adoption of this particular plan now would cost about \$20 billion over and above present income maintenance outlays; roughly half would go to families not now in poverty.

The cost can be reduced by increasing the rate at which benefits go down as income increases. But this approach would reduce work incentives. The cost could also be reduced by setting the guaranteed minimum income well below the poverty line; however, if a low-income guarantee were adopted, poverty would not be eliminated. To deal with this problem, the income guarantee could be supplemented by State—or even Federal—welfare programs for particular categories. But then attempts to distinguish between the “deserving” and “undeserving” poor would not have been eliminated.

Another way of dealing with the problem of different categories of the poor within the framework of the negative income tax is to establish separate minimum-income guarantees and benefit-rate reductions for various types of households. Again such modification would introduce complexities and reduce the appeal of the plan as simple and universal.

Nevertheless, a minimum-income plan may be acceptable both in terms of cost and of the beneficiaries served. If the guaranteed minimum income is at or close to the poverty line, and if the rate of benefit reduction is low enough to limit adverse incentive effects, the plan would meet the tests of a good income maintenance system.

The Commission on Income Maintenance has been asked to study in detail the appropriate long-run direction of policy in this area. The Commission will report at the end of this year.

SPECIAL PROBLEMS OF POVERTY POCKETS

Poverty in the United States is unevenly distributed, both racially and geographically. Two particularly visible concentrations of poverty are big city ghettos and declining rural areas.

Many difficulties faced by residents of poverty pockets are simply virulent local outcroppings of national problems. Others are peculiar to the community in which the concentrations of poor occur. The discussion below separates the elements of poverty problems in ghettos and rural communities into those amenable to general, national solutions and those that require special programs aimed at the areas in question.

STRATEGIES FOR ATTACKING GHETTO PROBLEMS

The most visible—and certainly most explosive—concentration of poverty is in the ghettos of large cities. Here deteriorating physical facilities, inadequate public services, low income, and high unemployment combine with high population density to create a dehumanizing, hostile environment.

The ghetto contains a concentration of people whose health, age, family status, and limited training are obstacles to full-time employment in well-paying jobs. It has vastly inferior educational and health services. These are national problems, and strategies discussed elsewhere in this chapter could produce significant rewards in the ghetto.

Other ghetto problems—and the programs required to deal with them—are unique. First, unemployment is extremely high. The Department of Labor reported that in the fall of 1966 the unemployment rate in the low-income neighborhoods of eight large cities was 9.3 percent. More striking, subemployment was an additional 23 percent.

The second problem of ghetto areas is extensive deterioration of the physical environment—housing, commercial buildings, even open spaces.

Restoration of the cities will be expensive, whether publicly or privately financed, but a large-scale facelifting of urban America offers the opportunity for a rational, coherent attack on the problems of the ghetto.

Fiscal Disparities Within Metropolitan Areas

Roughly an eighth of welfare benefit costs, half of elementary and secondary education expenditures, and virtually all police, fire protection, and sanitation costs are borne by local government. Central cities, with their large concentrations of poor, have difficulty meeting these costs. The property tax base per capita is substantially higher in the suburbs than in the central cities, but suburbs collect less total tax revenue per capita and spend far less per capita on social services—health care, welfare, police, fire protection, recreation, and sanitation. Suburbs spend far more per capita (and per student) on education than does the central city. Responding to lower taxes and better educational systems, a stream of middle income families flows from the central city to suburban communities. Central cities must then cut back on services or raise taxes even higher, in either case increasing incentives to leave the city. The heavy burden of providing services to the poor thus threatens the viability of the central city.

Access to Employment

The residential patterns of the poor affect their opportunities for employment. Because few lower income families can afford automobiles, their mobility is severely limited. Jobs, shopping, health care, and social contacts must all be within walking distance or accessible through inexpensive public transportation.

Total Employment. Most jobs are in the central cities. Even in sectors such as manufacturing, wholesale and retail trade, nonprofessional business services, entertainment, and government, with relatively more jobs in lower skill occupations, the ratio of employment to population is over 40 percent higher in the cities than their suburbs. Employment in the city is also less physically dispersed than in the suburbs, and public transportation is more readily available.

For the foreseeable future, most ghetto residents will continue to have a greater chance of finding a job in the central city. Job vacancies created by normal attrition are far more numerous than those created by entirely new positions, and consequently the number of job openings is greater in the city with its much larger total employment. Some big city ghettos—such as Watts—are isolated from the areas of greatest employment density, but Harlem and Bedford-Stuyvesant are only a few minutes on the subway from the most dense center of employment in the world. Job problems in such areas are not explained by physical isolation from sites of employment.

Job Growth. Most of the growth in employment is occurring in the suburbs, and job opportunities for low-income people will continue to grow there. Many ghetto residents already hold suburban jobs. A recent study of commuting patterns in Pittsburgh indicated that employed, low-income Negroes, on balance, traveled away from the central city to reach their jobs, while whites in the same employment class traveled toward the central city—and traveled fewer miles.

Access for ghetto residents to the growing number of suburban jobs can be improved by both better transportation and less discrimination in suburban housing. The transportation requirements for those taking better paying suburban jobs are greatest in the first few months of employment. After that, workers tend to buy their own cars or form car pools. Transportation needs of domestics and other low-paid workers are not so easily solved.

Suburban housing is already becoming more available to ghetto residents. Between 1966 and 1968, the number of Negroes residing in the suburbs grew by half a million, although Negroes continued to account for only about 5 percent of the suburban population. Access to suburban housing should continue to improve as the fair housing provisions of the Civil Rights Act of 1968 become effective.

Living Costs for the Poor

The central city ghetto is an expensive place to live. Ghetto residents often pay higher prices for comparable merchandise and are frequently sold inferior goods. To some extent, these higher prices reflect higher selling costs resulting from smaller average purchases, increased pilferage, slower turnover of perishable items, and higher insurance rates. Easy credit, along with high-pressure salesmanship and door-to-door selling techniques, also adds

to the costs of ghetto retailers. A Federal Trade Commission study of Washington, D.C., furniture and appliance stores revealed that prices in ghetto stores averaged \$255 for each of \$100 of wholesale cost, compared to \$159 in the rest of the city. Even so, net return on investment was considerably lower than for retailers elsewhere.

If ghetto residents had greater access to general market retailers, they would pay significantly lower prices. This access requires improved transportation facilities in some cities and education—educating general retailers that low-income families can carry moderate amounts of installment credit, and educating low-income shoppers about price differentials.

The Role of Private Enterprise in Ghetto Development

Reconstruction of the cities will require deeper involvement of private enterprise.

The major asset of private business is its efficiency in accomplishing specific tasks at minimum cost. The Federal Government has recognized the contribution business can make. For example, local housing authorities are now permitted to turn over much of the planning, site acquisition, and supervision of construction of public housing to private developers. This “Turnkey” policy has reduced costs and greatly cut the time required to produce public housing.

Without government inducements, profits are low in ghetto areas—a deterrent to private investment. Despite higher prices, retail business has difficulty thriving in the ghetto. Investing in new housing for low-income families—particularly in big cities—is usually a losing proposition. Indeed, the most profitable investment is often one that demolishes the homes of low-income families to make room for businesses and higher income families. Much of the blemished reputation of early urban renewal programs came from pursuing the most profitable development of renewal areas.

Many business leaders are willing to sacrifice some profits in order to invest in the ghetto, but they cannot be expected to shoulder the major part of a financial burden that is properly the responsibility of all society.

Participation by the private sector is also limited by the large scale normally needed to make a ghetto project economically viable. Costs are far lower and prospects for permanent improvement far greater if redevelopment of an entire neighborhood is undertaken in a relatively short period. Only the largest corporations are likely to be able to afford efficient renewal efforts.

Government aid to provide profit opportunities will be needed to induce significant participation by the private sector. The Federal Government can provide such aid by direct subsidies to firms willing to build under its program specifications. Alternatively, a tax credit or a deduction from taxable income could be given for a broad class of ghetto development expenditures.

Three considerations bear on the choice of the proper techniques for attracting private enterprise into ghetto reconstruction.

First, the efficiency of Federal assistance is reduced if subsidies are paid for activities that would have been undertaken anyway. Tax incentives automatically apply to all investment in the subsidized category. Even in the most depressed urban areas, some investments are still being made without subsidies.

Second, a dollar of direct expenditure and a dollar of tax incentive have identical effects upon the budget, requiring either a reduction in other Federal programs or an increase in taxes. One technique adds to Federal expenditures; the other lowers Federal tax receipts.

Finally, tax incentives are not effective for encouraging indigenous businesses. Large corporations, earning profits in other operations, benefit from tax incentives, but firms operating only in the ghetto—where profits are low—receive less benefit. New firms often receive no benefits from tax incentives since fledgling enterprises typically earn low profits. Since support of new, ghetto-owned businesses is a particularly promising vehicle for promoting ghetto development, a more direct form of assistance for these firms is necessary. Such firms need loans and management assistance as well as the subsidies that would be provided to established businesses through tax incentives.

The Federal Government has moved to assist indigenous businesses. Projects in Model Cities areas must, where possible, be constructed by labor and businesses from the “model neighborhood.” The Small Business Administration, through federally guaranteed loans and technical assistance, aided 2,300 minority-owned businesses in fiscal 1968. It plans to raise this number to 6,500 new firms in fiscal 1969 and 14,000 in fiscal 1970.

The Federal Government can also assist in establishing other social institutions. Community Action Agencies, supported by the Office of Economic Opportunity, provide a fulcrum for involving the residents of low-income areas in the revitalization of their neighborhoods. These agencies also provide a single, knowledgeable source of information on the programs available to assist the poor, as well as supplying many of these services themselves.

STRATEGIES FOR REDUCING RURAL POVERTY

Over two-fifths of America’s poor live in rural communities, even though only about one-fourth of the population is rural. Rural poverty, though not as visible as urban poverty, is a major national concern.

Rural communities face two special problems. First, average family incomes in these areas are often low. Rural communities have difficulty making sufficient investments in public facilities and schools. Expansion of Federal support for income maintenance, education, and other social services for the poor would relieve rural communities of some of the burden of caring for their relatively large dependent population.

The second special problem stems from the persistent outmigration of the past half century. Migration to the city occurs largely because of declines in the principal sources of rural job opportunities—agriculture, mining, and forestry. Most migrants improved their living conditions by moving. In areas where jobs were limited and migration took place, those who stayed obtained more employment at better wages than if migration had not occurred.

A reduced rural population creates serious problems of public finance. Those who leave tend to be more employable, more highly skilled, better educated, and younger than those who remain. Some rural communities are thus left with a skilled labor force too small to support new industries. In many areas, excess capacity has developed in public facilities built for larger populations than currently exist. The cost of maintaining these facilities limits the ability of local governments to finance other public services.

Other rural communities are growing vigorously. Manufacturing employment is increasing more rapidly in the less urbanized States than in those containing large urban centers. Furthermore, from 1962 to 1966 non-farm employment grew most rapidly in the counties with the smallest population centers.

Net migration out of most rural counties is continuing, but at a slower pace than in the 1950's, particularly in the rural South and Midwest. For example, of the 100 nonmetropolitan counties in Kansas, only 7 gained in population through migration in the 1950's; 32 have done so since 1960. Annual net migration from nonmetropolitan counties in the South has fallen from 400,000 between 1950 and 1960 to 50,000 since 1960. These trends indicate that a selective rural development policy, concentrating on those counties which have begun to grow in the 1960's can produce substantial economic progress in much of rural and smalltown America.

The Federal Role In Rural Communities

Federal aid for education, planning, and public facilities overcomes barriers to future development arising from the low income of rural communities. Title I of the Elementary and Secondary Education Act provides funds to defray part of the costs of education in areas with high concentrations of poverty. About 30 percent of these funds go to rural areas.

The Federal Government has also taken an active role in promoting areawide planning in rural areas. Forty million Americans reside in seven areas served by Regional Action Planning Commissions established under the provisions of the Public Works and Economic Development Act. These agencies help to plan over-all regional economic development and to coordinate Federal, State, and local community assistance.

The Department of Agriculture provides technical assistance to private and public groups in rural areas undertaking coordinated planning and de-

velopment activities. Loans, grants, and technical aid to low-income rural areas from the major Federal Departments amounted to over \$1 billion in fiscal 1968.

Diversification of the Rural Economy

Since economic development programs are more effective if some growth has already taken place, Federal rural development assistance should be oriented toward more densely settled "growth centers," such as smaller growing cities or small metropolitan areas. With a population of viable size, a community can diversify its economy and cushion itself against employment fluctuations in one industry. As more firms settle in an area, they interact with mutual benefit by forming a sufficient market for the growth of business services and of cheaper communications and transportation—increasing the attractiveness of the community for further business development.

This strategy has largely been adopted by the Department of Agriculture and the Economic Development Administration in aiding depressed, non-metropolitan regions. In addition, Federal agencies should give explicit consideration to the development effects of Federal installations. Military bases and scientific installations, for example, have a profound effect on the community in which they locate.

Some rural communities, suited only for traditional resource-based industries, will continue to decline. The Federal Government should ensure that the remaining population is not required to carry the whole burden of declines in the industries many rural communities have depended upon. Adequate income maintenance, support for education, and federalization of other costs associated with economic and population decline are the most equitable steps that can be taken to assist these areas. Federal support for the costs of moving low-income individuals to employment opportunities elsewhere is also desirable in certain situations. Job training and job location services are also needed to help both migrants and those who remain. These last two measures are discussed in Chapter 3.

FULFILLING THE NATIONAL COMMITMENT

With a "poverty gap" of slightly more than 1 percent of GNP, the United States can—if it will—rapidly reduce poverty. This effort will require that the incomes of the poor grow faster than average income. Otherwise, conquering poverty will take a long time indeed.

The long-run objective should be to reduce dependency, as well as poverty. To this end, education and training will be required so that all Americans can qualify for a decent job. In addition, programs are needed to expand employment opportunities in poverty pockets. But many of these efforts will take years to become fully effective.

To meet the most pressing income needs of the poor promptly, expansion of income maintenance is required. Welfare and social insurance programs have brought us a long way in combating poverty among the covered groups; further benefit increases can close the poverty gap among those covered.

The most difficult policy issues pertain to families headed by an able-bodied man, for whom no major income support programs now exist. Most of these men now work but with insufficient earnings to take their families—particularly large families—out of poverty.

Maintaining high employment is essential to eliminating poverty among families headed by a working man. Continued prosperity will raise the incomes of some of these men above the poverty line. For the rest, a desirable policy could be compounded out of job training, placement, income support, and public employment. The poverty gap in 1967 for these families—containing 10.7 million persons—was \$2.7 billion. The actual costs of a program to assist this group would exceed this amount. Supplementary employment services and, for reasons of equity and work incentive, some benefits for the near-poor, would have to be provided.

Federalization of more of the costs of providing the poor with welfare, education, health care, training, and public facilities would spread the costs of combating poverty more equitably. Caring for the poor now places a severe financial burden on communities with concentrated poverty.

The choice as to how poverty will be eliminated has begun to enter into public discussion and debate. A number of good alternatives are available. After appropriate and intensive deliberation, the American public must find mechanisms for effectively attacking poverty—mechanisms and programs that can command widespread support. The success of any program is jeopardized if assistance is handed out begrudgingly and becomes demeaning to the recipients. Beyond this, the most essential requirement is a program of a scale adequate to guarantee *rapid progress* toward ending poverty.

Fulfilling the Nation's commitment is far more important than the details of the precise tactics used.

REPORT TO THE PRESIDENT
FROM THE CABINET COORDINATING COMMITTEE
ON ECONOMIC PLANNING
FOR THE END OF VIETNAM HOSTILITIES

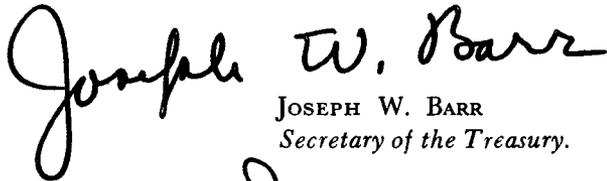
LETTER OF TRANSMITTAL

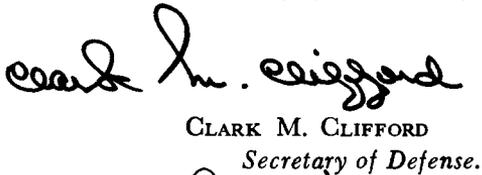
WASHINGTON, D.C.,
December 31, 1968.

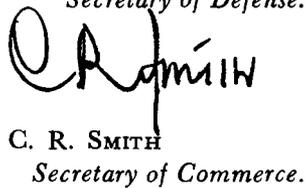
THE PRESIDENT:

SIR: The Cabinet Coordinating Committee on Economic Planning for the End of Vietnam Hostilities herewith submits its report on the studies you requested in your memorandum of March 1, 1967.

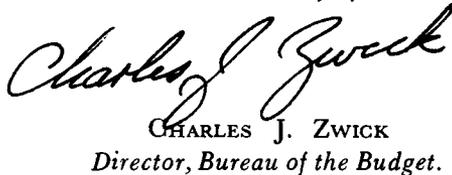
Respectfully,


JOSEPH W. BARR
Secretary of the Treasury.


CLARK M. CLIFFORD
Secretary of Defense.


C. R. SMITH
Secretary of Commerce.


WILLARD WIRTZ
Secretary of Labor.


CHARLES J. ZWICK
Director, Bureau of the Budget.


ARTHUR M. OKUN
Chairman, Council of Economic Advisers.

CONTENTS

	Page
SUMMARY OF FINDINGS.....	189
FISCAL-MONETARY POLICIES DURING DEMOBILIZATION.....	189
RESOURCES AND PRIORITIES.....	189
POLICIES TO ASSIST PARTICULAR COMMUNITIES AND INDIVIDUALS.....	190
LOOKING FORWARD TO PEACE.....	191
FISCAL-MONETARY POLICIES DURING DEMOBILIZATION.....	191
DEMOBILIZATION SCENARIO.....	191
ECONOMIC IMPACT.....	193
FISCAL-MONETARY ADJUSTMENT.....	195
RESOURCES AND PRIORITIES.....	198
PROJECTIONS OF THE PRIVATE ECONOMY.....	198
BASELINE FEDERAL EXPENDITURES.....	199
THE PEACE-AND-GROWTH DIVIDEND.....	200
ALTERNATIVE USES OF THE DIVIDEND.....	201
POLICIES TO ASSIST PARTICULAR COMMUNITIES AND INDIVIDUALS.....	207
THE MAGNITUDE OF THE READJUSTMENT.....	207
READJUSTMENT OPERATIONS COMMITTEE.....	208
FUNDING READJUSTMENT PROGRAMS.....	209
ASSISTING DEFENSE-DEPENDENT AREAS.....	210
ASSISTING DISPLACED INDIVIDUALS.....	210

List of Tables and Charts

Tables

1. Illustrative Projections for Fiscal Year 1972 and Recent Experience.....	199
2. Estimated Gap Between Amounts Currently Authorized and Funded.....	202
3. Illustrative New Programs or Major Expansions of existing Federal Civilian Programs, Fiscal Year 1972 (derived from Proposals of Task Forces and Study Groups).....	204
4. Estimated First Year Cost of Readjustment Programs.....	209

Charts

1. Federal Purchases for National Defense.....	188
2. Illustrative Reduction in Defense Spending with a Vietnam Demobilization.....	192
3. Illustrative Paths of Defense Spending With and Without a Vietnam Demobilization.....	194

Report to the President

FROM THE CABINET COORDINATING COMMITTEE ON ECONOMIC PLANNING FOR THE END OF VIETNAM HOSTILITIES

IN MARCH 1967 you asked the Secretaries of Treasury, Defense, Commerce, and Labor; the Director of the Bureau of the Budget; and the Chairman of the Council of Economic Advisers to form a committee to coordinate the economic planning for the end of hostilities in Vietnam.

As initial terms of reference, you instructed the Committee to

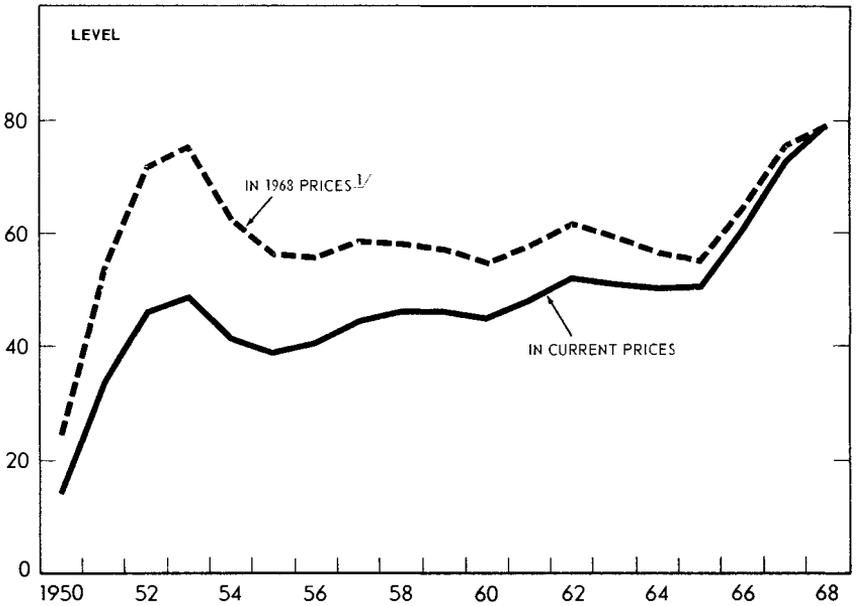
- consider possibilities and priorities for tax adjustment*
- prepare, with the Federal Reserve Board, plans for quick adjustments of monetary and financial policies*
- determine which high priority programs can be quickly expanded*
- determine priorities for the longer range expansion of programs to meet the needs of the American people, both through new and existing programs*
- study and evaluate the future direction of Federal financial support to our States and local governments*
- examine ways in which the transition to peace can be smoothed for the workers, companies, and communities now engaged in supplying our defense needs, and for the men released from our armed forces.*

Vietnam hostilities first became a significant economic influence in the summer of 1965, at a time when the economy was remarkably well-balanced and was in the midst of the longest peacetime expansion in history. The increase in the military budget required for Vietnam (evident in Chart 1) complicated the tasks of fiscal-monetary policies. The economy was subjected to inflationary strains. Although the American economic system demonstrated the strength and adaptability necessary to carry the extra load without major disruption and without jeopardizing its fundamental health, the cost of war has been a load for the economy to carry—*not* a supporting “prop.” Prosperity has not depended on the defense buildup and will not need high military spending to support it in peacetime. On the contrary, peace will provide the Nation with welcome opportunities to channel into civilian use manpower and material resources now being devoted to war.

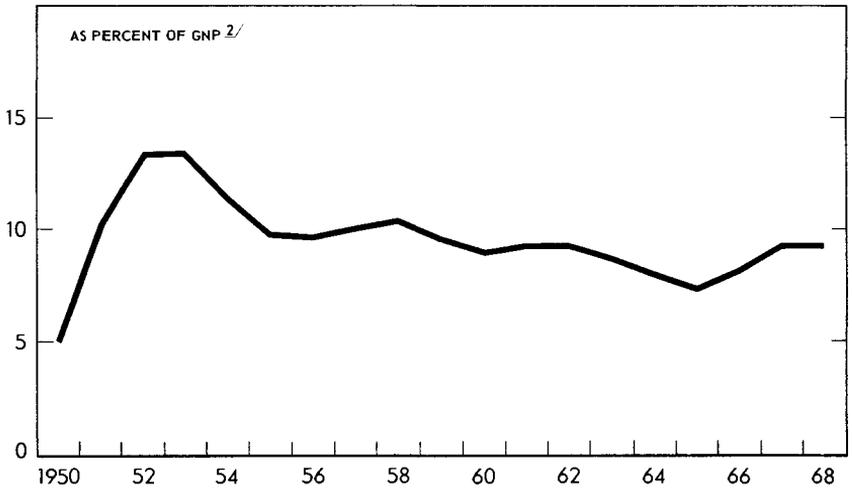
Chart 1

Federal Purchases for National Defense

BILLIONS OF DOLLARS



PERCENT



^{1/}CURRENT PRICES DIVIDED BY IMPLICIT PRICE DEFULATOR FOR TOTAL FEDERAL PURCHASES.

^{2/}BASED ON CURRENT PRICES.

NOTE: DATA RELATE TO PURCHASES OF GOODS AND SERVICES.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

SUMMARY OF FINDINGS

A self-contained summary of the findings of the Committee is presented initially under three major headings. It is followed by more detailed discussion of each major section.

FISCAL-MONETARY POLICIES DURING DEMOBILIZATION

Sustaining prosperity during the demobilization and seizing the welcome opportunities of peacetime will depend upon the careful and forward-looking management of fiscal and monetary policies. If demobilization should produce a major and rapid decline in defense spending, and if policies were not adjusted, the Federal budget would have an excessively restrictive effect on the economy.

An illustrative pattern of demobilization was developed on the assumption that, within 6 months after cessation of hostilities, a genuine peace would be secured and a full withdrawal of troops could be initiated. In such a rapid demobilization, the use of real resources for defense purposes would drop by \$16 billion (annual rate in 1968 prices) below the previously planned path over a period of six quarters following the truce and, ultimately, by \$19 billion at the end of 10 quarters. If there were no compensating fiscal-monetary policy actions, the Nation could be threatened with a recession similar to that at the end of Korean hostilities.

The magnitude and the timing of the policy adjustment best suited to promote steady and healthy economic growth will depend on the strength of private demand at the time peace arrives and on the specific profile of the defense cutback. The best possible projections of these elements will be needed in order to guide fiscal-monetary policy.

A number of possible compensating measures can be foreseen now. If the current 10 percent income tax surcharge is still in effect when hostilities end, its early expiration (or phasing out) could provide a major offsetting element. A detailed plan to speed up expenditures on established high priority projects should be available for the President's consideration. If further stimulus is appropriate, new program initiatives could be launched. The objectives of the compensating fiscal action should receive the support of monetary policy, but credit conditions probably should not be pushed into a posture of aggressive ease. Meanwhile, the objectives of an improved price-cost performance and balance-of-payments equilibrium should be pursued intensively.

RESOURCES AND PRIORITIES

The choices among alternative fiscal adjustments during the demobilization period should be guided by longer run priorities. Such priorities should be weighed in advance so that the Nation will be ready to take full advantage of any opportunities to launch important new programs, to strengthen high-priority existing programs, or to reduce taxes.

As revenues expand in a growing peacetime economy, the elbow room in the budget increases. But about one-half of the growth in revenues is preempted by essentially built-in commitments of existing expenditure programs to meet the needs of a growing population and an expanding economy. These commitments are reflected in the estimated "baseline" budget for both defense and nondefense expenditures in fiscal 1972. These estimates assume that the transition to peace is essentially completed by 1972, and that the current 10 percent income tax surcharge and certain excise taxes have expired by that time.

According to the illustrative calculations, the "peace-and-growth dividend"—available for Federal programs above the baseline or for tax reduction—would amount to \$22 billion by fiscal 1972, and would increase \$7 to \$8 billion a year thereafter. The peace-and-growth dividend must be used in order to maintain healthy economic growth, and it can be used constructively.

Some possible uses of the dividend are set forth to illustrate the considerable pressures, demands, and opportunities for Federal efforts in the years ahead. Some liberalization of social insurance and other cash benefits—in part, to keep up with the cost of living—is viewed as a significant claim on the dividend. In addition, the full funding of existing civilian programs to authorized levels would cost \$6 billion a year.

Beyond that, a variety of major expansions in existing programs and of new programs are highly eligible claimants. A selection of such items, based largely on proposals which have been made by experts or study groups, adds up to \$40 billion a year. And other more ambitious, new proposals, which are currently receiving widespread public discussion must also be recognized. Furthermore, tax reduction merits consideration as an effective way to share part of the dividend broadly among Americans.

It is clear that the Nation cannot carry out all these activities—funding existing programs, undertaking new program initiatives, and reducing taxes—in the next few years from the peace-and-growth dividend; difficult choices based on a careful determination of priorities will be necessary. But for those objectives placed at the top of society's priority list, progress can be made in a peaceful environment of prosperity and reasonable price stability.

As noted above, our calculations allow for expiration of temporary taxes now in effect. In view of the urgent needs of the public sector, the Committee would not recommend further large-scale Federal tax reductions in the years immediately following the end of Vietnam hostilities.

POLICIES TO ASSIST PARTICULAR COMMUNITIES AND INDIVIDUALS

The economic impact of the war has been broadly diffused among all States and most industries. Only a relatively small number of areas and industries are likely to be specially affected by the demobilization or to encounter significant transitional problems. The Committee recommends

certain measures to aid people in those areas and industries, including: community redevelopment assistance, homeowner assistance, and—most importantly—the strengthening of job placement and training.

We also recommend the early establishment of a coordinating group, which might be called the Readjustment Operations Committee, to assume responsibility for detailed planning of Federal readjustment assistance, to work with State and local authorities responsible for demobilization planning, and to coordinate Federal readjustment programs during demobilization.

The steps we propose for readjustment assistance are limited and relatively inexpensive, reflecting our conviction that the maintenance of general prosperity is far and away the major part of the economic problem of the transition. In our dynamic and flexible free market economy, most areas and industries should be able to make a prompt and healthy adjustment so long as the Federal Government promotes noninflationary prosperity.

LOOKING FORWARD TO PEACE

We also wish to stress the importance of a responsible and responsive fiscal policy during the remaining period of hostilities. Only in recent months, through the enactment of the 1968 program of fiscal restraint, have our Nation's finances become adequately adjusted to the defense emergency situation. Maintenance of appropriate fiscal and monetary policy is absolutely essential both to preserve prosperity and to minimize the problem of transition at the end of hostilities.

FISCAL-MONETARY POLICIES DURING DEMOBILIZATION

Peace may "break out" in any number of ways. For example, hostilities may decline gradually, accompanied by reduced expenditures on armament and manpower. Alternatively, there could be a lengthy armed truce which would permit no significant reduction in our forces in Southeast Asia.

DEMOBILIZATION SCENARIO

In the calculations underlying this report, defense activities in Vietnam are assumed to continue at essentially present levels until hostilities cease. It is furthermore assumed that, within 6 months after a truce, there will be a genuine assurance of peace and hence the beginnings of a full withdrawal of troops from Vietnam with accompanying cutbacks in other outlays.

An illustrative demobilization scenario developed by the Department of Defense points to the reductions in manpower, materials, and outlays described below. These are the amounts by which defense activities would fall short of the path that they would have followed had hostilities continued.

1. The armed services would decline by about 800,000 persons, averaging 200,000 a quarter starting in the third quarter following the truce and terminating after the sixth quarter.

2. Civilian personnel in the Department of Defense would be reduced by 170,000, also declining smoothly between the third and sixth quarters.

3. As a result of the manpower reduction, military and civilian compensation would be reduced by \$7 billion (annual rate) at 1968 pay rates by the end of the sixth quarter.

4. Other operating expenditures (annual rate in 1968 prices) would decline by \$4 billion over a slightly longer period.

5. Expenditures for procurement would be reduced by \$8 billion over an interval of 10 quarters. This reduction would take longer in order to rebuild inventories held by the Department of Defense.

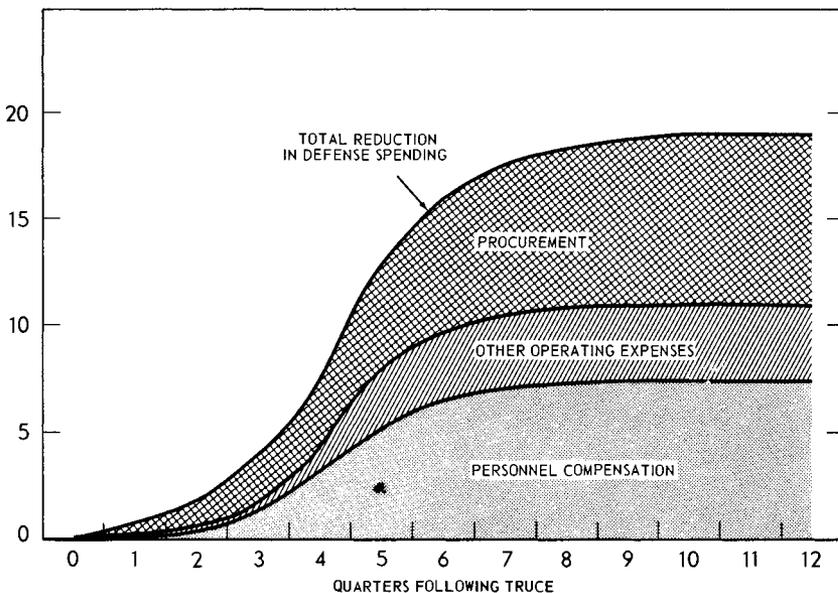
6. Total real defense spending (annual rate in 1968 prices) would thus be reduced by \$8 billion at the end of four quarters, \$16 billion at the end of six quarters, and \$19 billion at the end of 10 quarters.

The time profile of the assumed reduction in real expenditures is shown in Chart 2.

Chart 2

Illustrative Reduction in Defense Spending With a Vietnam Demobilization

BILLIONS OF DOLLARS, 1968 PRICES (ANNUAL RATES)



NOTE...DATA RELATE TO FEDERAL PURCHASES OF GOODS AND SERVICES FOR NATIONAL DEFENSE.

SOURCE: COUNCIL OF ECONOMIC ADVISERS BASED ON ESTIMATES OF DEPARTMENT OF DEFENSE.

This is a rapid demobilization—probably the most rapid that could realistically be assumed. Demobilization may in fact turn out to be smaller or more gradual as a result of any one of at least three developments:

1. A gradual decline in military activity prior to the truce,
2. A long period of uncertainty between the attainment of the truce and the decision for redeployment, or
3. The need to maintain significant residual forces in Vietnam, even in peacetime.

The rapid pattern of demobilization is assumed because it represents the sharpest test of the Nation's ability to adapt to peace—not because it appears most probable. If the Nation is ready to meet the challenge of rapid demobilization, the lesser challenge of a more gradual transition can surely be handled.

The estimated decline in defense expenditures is significantly less than the \$29 billion a year currently estimated as the cost of the war. Of resources currently used for Vietnam, \$10 billion would be required in other military uses in peacetime.

The reduction in Vietnam outlays during the demobilization will appear as a shortfall from an otherwise increasing path of defense spending. If hostilities were to continue with undiminished intensity, the total defense budget would probably continue to rise at least enough to cover increases in military pay scales and gradual advances in prices paid for defense goods.

A *hypothetical* example is presented in Chart 3 to illustrate the relationship between the paths of defense spending with and without the demobilization. In this illustration, defense purchases are assumed to be \$80 billion initially and to be rising at the rate of \$1 billion a quarter to cover price and pay increases and to provide for a very modest real growth. In the absence of peace, defense purchases would reach \$86 billion after six quarters and \$90 billion after 10 quarters. The demobilization scenario above implies that defense purchases would be pulled below this rising path by about \$16 billion six quarters after the cessation of hostilities, and by about \$19 billion after 10 quarters. The absolute decline from the initial level of \$80 billion would be considerably less, reaching \$10 billion at the end of six quarters.

ECONOMIC IMPACT

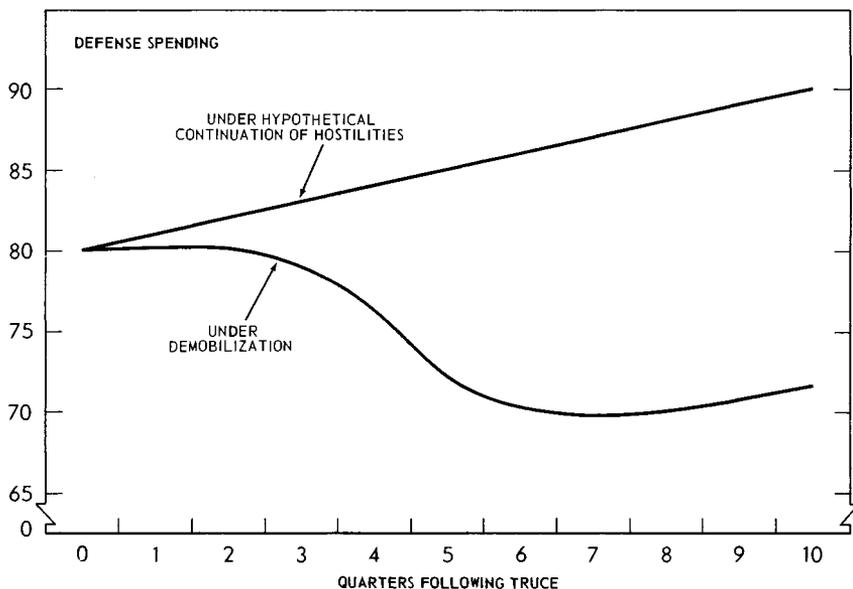
The economic impact of the demobilization (and the required fiscal-monetary adjustment) can be most readily appraised by supposing that the fiscal program had been appropriately designed initially, under the assumption of continuing hostilities, to promote a balance between aggregate demand and the economy's supply capabilities. In this situation, a major policy adjustment would be required to offset the shortfall resulting from demobilization.

The impact of demobilization on the balance between aggregate demand and the economy's productive capacity has three aspects.

Chart 3

Illustrative Paths of Defense Spending With and Without a Vietnam Demobilization

BILLIONS OF DOLLARS (ANNUAL RATES)



NOTE...DATA RELATE TO FEDERAL PURCHASES OF GOODS AND SERVICES FOR NATIONAL DEFENSE.

SOURCE: COUNCIL OF ECONOMIC ADVISERS BASED ON ESTIMATES OF DEPARTMENT OF DEFENSE.

1. The reduced use of resources by the Federal Government, reflected in the decline of defense spending described above.

2. The short-run downward adjustments of inventories by defense suppliers as their production is adjusted to declining orders and falls below deliveries to the Government. The economic impact would occur even before Federal expenditures declined, and would remain significant for only about four quarters after the truce.

3. An increase in the Nation's potential output resulting from the potential additional employment of released military personnel in civilian jobs, where productivity is substantially greater. Some women will withdraw from the labor force when their husbands return to civilian life, and some veterans will return to school before entering the civilian labor force. After allowing for these elements, the cumulative net induced increase in the private labor force is estimated at about 600,000 after six quarters.

This shift toward higher productivity would add about \$4 or \$5 billion to potential GNP. To absorb this increment, action would be required to add nearly \$2 billion directly to total demand. The resulting additional

incomes could be expected to generate the necessary additional \$2 to \$3 billion increment in demand.

With no policy offset whatsoever, the direct shortfall of demand by the sixth quarter following the truce could amount to \$18 billion: \$16 billion for the real decline in military spending and \$2 billion for the direct increment in demand needed to make use of the addition to potential output.

Shifts in the strength of private demand might either reduce or add to this gap, but they would be unlikely to change the picture dramatically. Without compensatory stabilization action, the gap would be multiplied through induced further cutbacks in demand that spread through the private sector. Eight quarters after the truce, the total multiplied shortfall below the potential output of the economy could reach \$40 billion. Inaction would thus threaten a recession similar to the 1953-54 experience following the Korean hostilities.

FISCAL-MONETARY ADJUSTMENT

The instruments of fiscal and monetary policy must be available for prompt and decisive use to promote noninflationary prosperity and economic growth. These instruments are clearly capable, in principle, of offsetting the restrictive fiscal impact of demobilization. Indeed, an excessive or premature stimulative fiscal-monetary program could overdo the job and generate an inflationary boom. A major challenge will be to determine and carry out a policy adjustment of proper size and timing.

Determining the Magnitude

The above projections merely suggest the general magnitude of the policy requirements during a rapid demobilization. The specific dimensions can only be appraised when peace comes and much more is known about the prospects for private demand, the budget, and the time-path of the military cutback. Nevertheless, some important guides can be provided to the problems and procedures involved in determining the magnitude of the compensating actions.

1. When peace comes, the President and the Congress will need advice based on detailed projections of the GNP, prices, unemployment, and the balance of international payments. Despite the inherent limitations of projections, prudent reliance on quantitative forecasts—carefully weighed and interpreted—is preferable to a policy of wait-and-see, a resort to predetermined rules of policy adjustment, or a simple extrapolation of existing economic conditions.

2. Efforts should begin now to strengthen the quality of statistical information about the economy's performance—such as those improvements recommended in the budget program for fiscal 1969. Information of this type may be critical in determining the appropriateness of policy during the demobilization.

3. For the same reasons, the Department of Defense should continue intensive efforts to improve projections of military orders and outlays so as to aid economic policy during demobilization. Assessing the time-path of the military cutback will be subject to uncertainties similar to those that were encountered in appraising the initial defense buildup in Vietnam.

4. Flexibility of fiscal and monetary policy decisions will be important to the success of adjustment. Even with the best efforts, gauging private demand and defense outlays will be difficult. During the demobilization, prediction of private spending will be complicated by the substantial psychological impacts of peace on private decisionmakers. It is a safe judgment that Americans will be delighted by peace, but it does not follow that they will therefore spend more, or alternatively that they will save more. Hence a successful transition program—marked by steadiness and stability in the growth, employment, and price performance of the Nation—may require continuing adjustments in the budgetary balance and in the behavior of monetary and credit flows.

5. Fiscal-monetary policies for the transition should take into account the initial economic situation. If the economy is advancing too rapidly when peace comes, the restrictive effect of demobilization should not be entirely offset. If the economy is initially sluggish, the adjustment of stabilization policies should more than compensate for the impact of demobilization.

Types of Compensatory Action

In the event of a rapid demobilization, the required policy adjustment may be large. This extraordinary “dividend” would be fully available to provide for “controllable” expenditures or tax reductions, unlike the normal fiscal dividend from growing tax revenues which must, in part, finance the built-in growth of Federal expenditures. The various types of action which might be undertaken should be considered in advance.

1. If the cessation of hostilities occurs while the income tax surcharge is still in effect, its early expiration (or phasing out) could provide a major element in the required fiscal offset. Acceleration of the currently scheduled reductions in excise taxes on automobiles and telephone service could serve as another element in the fiscal adjustment.

2. There should be available, for the President’s consideration, a program of accelerated expenditures that could be initiated on short notice following the cessation of hostilities. These should be confined to high-priority public expenditures which, in any event, would be made in the near future. It is currently estimated that such a program could add to Federal expenditures (at annual rates) by as much as \$3 billion in 6 months and \$7.5 billion in 12 months following its activation.

3. Decisions on Federal expenditures, as part of the program of fiscal adjustment, should be made in light of the promptness with which various types of outlays will add to total demand. For example, according to our staff studies, some—although not all—Federal grant programs to States

and localities involve a significant lag between the expenditure of the funds by the Federal Government and their translation into *additional* purchases by the recipients. Programs with long lags are not ideal for supporting demand during the transition. In contrast, other Federal programs generate orders or contracts to the private sector which would increase employment and economic activity promptly even before expenditures are incurred by the Federal Government.

4. While the precise assignment of responsibilities between fiscal and monetary policies should be made in full light of the circumstances associated with peace, monetary policy should be expected to play a supportive role to the fiscal program. Credit policies can undoubtedly help significantly to ensure an adequate supply of mortgage credit to meet the needs for additional housing. But placing a heavy readjustment burden on monetary policy would be inadvisable; it probably should not shift toward extreme ease to provide a maximum economic stimulant. For one thing, balance-of-payments considerations are likely to limit, to some degree, the easing of credit. Also, the flexibility inherent in monetary policy makes it a useful instrument to hold in reserve as a means of compensating for deficiencies or excesses that might develop in the fiscal program or for unforeseen developments in private demand.

5. In general, fiscal policy adjustments during the transition should advance longer range national objectives. One basic choice will concern the relative importance in the fiscal program of tax reduction and of increased Federal expenditures. This decision should not be governed by considerations of economic stabilization; various mixes of increased spending and reduced taxes can be equally satisfactory from that standpoint. Rather the choice should depend upon the extent to which the Nation wishes to channel resources from defense uses into the other areas of the public sector. Given the allocation between tax cuts and increased civilian programs, further choices will be required to set priorities among various existing programs and possible new programs. These priorities should be established in advance.

6. In the event that the Administration plans to initiate, during the transition, any new programs which would require major legislation, such legislation might be submitted to the Congress in the near future for discussion and debate and perhaps even for enactment on a standby basis. Thus these programs could be ready when needed.

Other Objectives

In addition to the objective of steady and sustainable growth at high employment, policies during the transition should be directed at the price performance of the economy and the balance of payments.

1. During the transition period, efforts should be redoubled to combat the troublesome inflationary tendencies of a high-employment economy. The efforts could include various measures which have been explored recently by

the Cabinet Committee on Price Stability: to strengthen manpower programs, to improve the price performance of particularly troublesome sectors such as construction and medical care, to increase the efficiency of the private economy generally, to minimize any inflationary effects of the Federal Government's own activities, and to achieve, through cooperative efforts, patterns of collective bargaining and of business price determination that are consistent with over-all price stability.

2. Intensive efforts should be made to take full advantage of the opportunities that peace may bring for improvement in the U.S. balance of payments. The direct foreign exchange cost of our military presence in Southeast Asia is now about \$1.6 billion a year higher than in 1965. Reduction in this outflow could be reinforced by other measures to yield a more comprehensive solution to our lingering international payments problem.

RESOURCES AND PRIORITIES

Many of the choices that will have to be made during transition should be guided by a longer range view. To build the best bridge to peacetime prosperity, we should know in advance where we want to go when we cross that bridge. The following projections are intended to provide an indication of the resources that will become available in the next few years, and to serve as an aid in making critical choices about the uses of these resources.

The projections are focused on fiscal 1972. They are based on the assumption that the transition will be essentially completed by that time, an assumption that is reasonably consistent with the demobilization scenario if a truce occurs during calendar 1969.

PROJECTIONS OF THE PRIVATE ECONOMY

Underlying the post-demobilization outlook are some fairly detailed economic projections prepared by our staff. While these projections are surely not to be regarded as precise forecasts of economic conditions, they provide useful rough indications, on the basis of reasonable assumptions, of what the economic situation might be.

The economic framework was based on an unemployment rate of 3.8 percent and an over-all rate of price increase which gradually declines to about 2 percent a year by 1972. These assumptions represent neither a forecast nor a judgment that these rates will necessarily be feasible or appropriate. Lower unemployment would result in a higher GNP and increased budgetary resources. Greater price stability would also be highly desirable. What combination of price stability and high employment will prove feasible depends upon the success of measures to help reconcile these two objectives.

The time-path of real GNP was estimated, using labor force, employment, and productivity projections supplied by the Bureau of Labor Statistics. On the basis of the projected path of the over-all price index of GNP, the estimated GNP (in current dollars) for fiscal 1972 is \$1,100 billion (Table 1).

TABLE 1.—*Illustrative projections for fiscal year 1972 and recent experience*

[Billions of dollars]

Item	Calendar year 1968, second half ¹	Fiscal year 1972 projected
Gross national product.....	879	1,100
Federal receipts.....	185	226
Federal expenditures and dividend.....	186	222
Baseline expenditures.....	186	200
Defense purchases.....	80	73
Other expenditures.....	106	127
Peace-and-growth dividend.....		22
Federal surplus or deficit (—).....	—1	4

¹ Seasonally adjusted annual rates; preliminary.

Note.—Federal receipts, expenditures, and surplus or deficit are the concepts used in the Federal Government sector of the national income and product accounts.

Detail will not necessarily add to totals because of rounding.

Sources: Department of Commerce and Council of Economic Advisers.

This GNP estimate served as the basis for projecting anticipated Federal revenue in 1972, in line with the assumed growth of incomes. Projected revenues are augmented by scheduled increases in social security taxes, and reduced by the assumed expiration of the current 10 percent income tax surcharge and of excise taxes on telephone service and automobiles. The net result of these calculations is an estimate of Federal receipts in fiscal 1972 of \$226 billion.

Next the various components of private demand were projected, allowing for the effect of tax payments on private incomes and assuming that the indicated GNP was in fact achieved. Specific allowances for the impact of the Housing Act of 1968 were incorporated into the projection of residential construction activity. Additional estimates were also made for anticipated State and local government expenditures.

BASELINE FEDERAL EXPENDITURES

A baseline level of Federal expenditures was then projected.

Defense

Baseline defense expenditures for fiscal 1972 are calculated on the assumption that non-Vietnam programs now funded or approved will be carried out on schedule with no stretchout or cancellation. No allowance is made for possible *new* defense programs. These baseline defense expenditures are consistent with the demobilization scenario outlined earlier. The estimate for defense purchases is \$73 billion in fiscal 1972, compared to \$80 billion in the second half of calendar 1968. The \$7 billion decline is the result of the reduction in spending associated with Vietnam (which amounts to \$19 bil-

lion at 1968 prices, as shown in Chart 2), offset in part by allowances for higher pay scales, some upcreep in prices paid for defense items, and program adjustments following the end of the war.

In constant prices, the baseline estimate for fiscal 1972 is nearly 20 percent below current *real* defense outlays. Compared with the pre-Vietnam average level of 1960–64, *real* baseline expenditures for fiscal year 1972 are roughly 15 percent higher. The calculations of cost increases are necessarily imprecise because the character of defense equipment and programs changes markedly over time. After 1972, baseline defense expenditures would move up slowly, mainly to keep pace with rising costs.

Nondefense

Baseline Federal nondefense expenditures rise over time for several reasons. Some gradual increases must be expected in the prices of the things the Government buys, and the pay of civilian Government employees must be raised about in pace with wages and salaries elsewhere. More veterans become eligible for pensions; more Government employees qualify for retirement benefits; a growing population increases the workload of many Government agencies, such as the Post Office Department and the National Park Service; and so on. Social security benefits rise even with an unchanged benefit formula, as more persons become eligible for benefits and as the average past income of applicants rises. As a result, baseline nondefense expenditures will rise nearly \$7 billion per year to reach \$127 billion in fiscal 1972.

THE PEACE-AND-GROWTH DIVIDEND

The peace-and-growth dividend may be defined as the additional total demand—over and above normal private demand and baseline Federal expenditures—needed to achieve the specified GNP target. Estimated total demand for goods and services—including that in the baseline Federal budget—adds up to \$1,078 billion for fiscal 1972. The difference of \$22 billion between the target GNP of \$1,100 billion and estimated total demand is the peace-and-growth dividend. It represents the additional total demand that would have to be forthcoming to achieve the GNP target.

For the years following 1972, the annual peace-and-growth dividend may be expected to grow \$7 or \$8 billion a year, as annual Federal revenues expand by roughly \$15 billion and baseline expenditures absorb about half of that growth.

The peace-and-growth dividend can be viewed in another way. Between now and fiscal 1972, the \$19 billion decline in defense expenditures resulting from peace in combination with normal revenue growth provides sufficient Federal budgetary resources to cover built-in defense and nondefense commitments, to permit removal of the surcharge, and to allow for a further \$22 billion addition to total demand through expansionary policy actions.

The peace-and-growth dividend is thus a rough measure of the resources available for expansionary action. A dollar of this dividend may be "used up" either by a dollar of increased Federal purchases or by a dollar of additional private purchases. The latter could be induced by a reduction in taxes, an increase in Federal transfer payments, or an easing of monetary policy.

An increase in transfer payments or a reduction in taxes of one dollar will generally not increase private spending by a full dollar; to the extent that these instruments are used, the total of expansionary fiscal action can be somewhat greater than the peace-and-growth dividend.

The projections implicitly assume certain monetary conditions and interest rates. The appropriate Federal Reserve policy may be either more restrictive or more stimulative than assumed, thus affecting fiscal policy requirements.

The appropriate budget deficit or surplus in any given year is determined by the fiscal action needed to support private demand in light of monetary conditions. The above calculations imply a \$4 billion surplus (national income accounts basis) in fiscal 1972. Private demand may be either weaker or stronger than assumed, thereby calling for a different budgetary policy. If private demand is weaker, smaller surpluses (or possibly deficits) will be needed, and the peace-and-growth dividend in fiscal 1972 will be larger than \$22 billion. Conversely, if private demand is stronger, larger surpluses will be needed and the dividend will be smaller.

ALTERNATIVE USES OF THE DIVIDEND

The peace-and-growth dividend *must* be used in some fashion if the growth and employment targets are to be achieved. And it surely can be used productively by strengthening valuable Federal programs, enacting tax reductions, and easing monetary policy. Indeed, the problem will be to choose among many worthy alternatives.

There is no limit to the portion of the peace-and-growth dividend that could, in principle, take the form of a lighter tax burden on individuals and businesses. This use of the dividend would contribute effectively to achieving the growth and employment targets. Our national experience from 1962 to 1965 demonstrates the effectiveness of the stimulus from a markedly lightened Federal tax burden. But the use of the dividend to reduce Federal taxes must compete with compelling needs for strengthened and new public expenditure programs. The ultimate national decisions on priorities must focus on the allocation of the dividend between these two basic routes.

Some of the possible increases in Federal expenditures are spelled out below. Two areas of expenditure that would appear to have a significant claim are: increases in benefits needed to maintain standards under social security and related Federal programs, and the full funding of existing programs which are currently operating below authorized levels.

Maintaining Standards Under Cash Benefit Programs

The baseline expenditure projections allow for growth in social security and other transfer benefits resulting from an increased *number* of recipients and an increase in the *lifetime earnings* of recipients under the present benefit formula. But they make no allowance for statutory liberalization of benefit formulas under Old Age and Survivor's Insurance, unemployment insurance, Federal retirement, railroad retirement, veterans benefits, and public assistance programs. If, in fact, there were no legislative liberalization, social insurance trust funds would accumulate a substantial surplus, while benefits would shrink in terms of purchasing power. A legislated increase of \$4 billion by fiscal 1972 in these benefit formulas would ensure that benefits at least keep pace with assumed increases in the cost of living.

Full Funding of Existing Programs

Several Federal programs, particularly ones adopted recently, are operating below levels authorized by the Congress. To fund these programs fully, thus making appropriations match authorizations, would cost about \$6 billion a year as distributed in Table 2. These programs are already making important contributions to the solution of major social and environmental problems, and increasing their appropriations to authorized levels would probably command high priority. Nevertheless, in establishing priorities, the relative value of each of these programs should be weighed against those of new or expanded programs and of tax reduction.

TABLE 2.—*Estimated gap between amounts currently authorized and funded*

Program	Billions of dollars per year
Total full cost.....	6.0
Elementary and secondary education.....	2.0
Higher education.....	1.3
Housing and community development.....	.6
Water and air pollution control.....	.5
Crime control and prevention.....	.2
Area redevelopment.....	.5
Health training and research, etc.....	.4
Agricultural conservation and adjustment.....	.5

Source: Bureau of the Budget.

New Efforts in Civilian Programs

A variety of new efforts—entirely new programs or major expansions of existing civilian programs—are also eligible claimants for a share of the peace-and-growth dividend. A review of recent recommendations by task forces or study groups indicates the possible desirability of new domestic programs in the fields of education, health, job and manpower training, social insurance, welfare, urban development, crime prevention,

air and water pollution control, natural resource development, transportation, space technology, and science.

Table 3 contains a list of programs that have been prominently and generally discussed recently as desirable to meet the needs of the Nation during the next several years. The table is presented for illustrative purposes only and does not indicate any program priorities. It sets forth quantitative estimates of the expenditures that might take place in each of these programs during fiscal 1972. In many instances, the dollar amounts shown in the table are considerably below the recommendations of recent task forces or study groups. By many standards, the list is incomplete and inadequate. Yet, it totals \$40 billion—nearly double the entire estimated peace-and-growth dividend for that year. The clear lesson emerging from this table—and the reason for its inclusion in this report—is that some very difficult choices will have to be made.

New Defense Programs

Depending upon international developments affecting our national security and upon technological changes in weapon systems, added expenditures on new defense programs may be needed. If these are essential to our national security, they must be given a top priority claim on the peace-and-growth dividend. At the same time, it is clear that the possibilities for expansion in the defense area are virtually unlimited, and that utmost efficiency will continue to be needed in budgeting for defense. For illustrative purposes, the staff of the Department of Defense has assembled a package of \$6½ billion (annual rate) of expenditures on new DOD programs which may come up for consideration in the next few years. The major elements in the package are expenditures of \$2 billion for aircraft development and modernization in connection with major new programs, \$0.8 billion for the construction of defense installations and family housing projects, \$0.7 billion for shipbuilding and modernization of naval forces, and \$2 billion for advanced strategic and general purpose weapon systems.

Major New Initiatives

The proposals listed in Table 3 essentially expand or build upon existing programs. More elaborate proposals have also been advanced as alternatives to this piecemeal approach.

A comprehensive income maintenance plan, such as the “negative income tax,” has been widely discussed as a simple and equitable device to assist the poor. A negative income tax that succeeded in making major inroads on poverty while preserving work incentives might cost as much as \$15 to \$20 billion a year. Such a program would protect people against the ravages of poverty, but it would still need to be reinforced by efforts in housing, health, education, and job training aimed at the long-run sources and causes of poverty.

TABLE 3.—*Illustrative new programs or major expansions of existing Federal civilian programs, fiscal year 1972 (derived from proposals of task forces and study groups)*

Program	Hypothetical expenditures (billions of dollars)
Total expenditures.....	39.7
Education.....	7.0
Preschool.....	1.0
Elementary and secondary.....	2.5
Higher.....	3.0
Vocational.....	.5
Health.....	3.8
Kiddie-care.....	.5
Medicare for disabled.....	1.8
Comprehensive health centers.....	1.0
Hospital construction and modernization.....	.5
Nutrition.....	1.0
Community service programs.....	.8
Jobs and manpower.....	2.5
Public jobs.....	1.8
Manpower Development Training Act.....	.5
Employment service.....	.2
Social security and income support.....	9.5
Unemployment insurance.....	2.0
Public assistance.....	4.0
Social security improvements.....	3.5
Veterans.....	.3
Economic, area, and other special development programs.....	2.2
Entrepreneurial aid.....	.5
Area redevelopment.....	.5
Rural development.....	1.0
Indian assistance.....	.2
Crime, delinquency, and riots.....	1.0
Violence and riot prevention.....	.1
Safe streets programs.....	.3
Rehabilitation of offenders and delinquents.....	.3
Prevention of delinquency and crime by special measures for delinquency-prone youth.....	.3
Quality of environment.....	1.7
Air pollution prevention and control.....	.1
Public water supply construction programs.....	.3
Water pollution control and sewage treatment.....	1.0
Solid waste disposal.....	.1
Natural beautification, environmental protection, and recreational development.....	.2
Natural resource development and utilization.....	1.4
Land and forest conservation.....	.2
Water resources and related programs.....	.5
Mineral and energy (excluding hydroelectric) development.....	.2
Natural environmental development.....	.5
Urban development.....	5.5
New cities.....	.5
Land acquisition and financial planning (suburban).....	.5
Urban mass transportation.....	.5
Model cities.....	2.0
Other urban facilities and renewal.....	2.0
Transportation.....	1.0
Airway and airport modernization.....	.4
Rapid interurban ground transit.....	.1
Modernization of merchant marine.....	.2
Motor vehicle and transportation safety research and safety grants.....	.3
Science and space exploration.....	1.0
Post-Apollo space program.....	.5
Scientific research in oceanography, communications, social and behavioral sciences, and natural sciences.....	.5
Foreign economic aid.....	1.0

See Notes at end of table.

TABLE 3.—*Illustrative new programs or major expansions of existing Federal civilian programs, fiscal year 1972 (derived from proposals of task forces and study groups)*—Continued

NOTES

Education. The preschool program, an extension of Head Start, would provide full-time preschool education for about 500,000 children. The elementary and secondary education funds would about double the Federal support in that area. The funds proposed for higher education would more than double current Federal support. The vocational education funds would raise Federal support about halfway toward the recommendation of the 1968 Advisory Council on Vocational Education.

Health. The "kiddie-care" proposal would provide health care for needy mothers and infants. Medicare offered to beneficiaries of social security disability insurance on a contributory basis would potentially reach 2.2 million persons in 1972. About 350 additional comprehensive neighborhood health care centers a year could be established for the amount shown. The added funds for health facilities would enable the Federal Government to double the rate of output of such facilities, in line with estimates of national needs.

Nutrition. Nutritional supplements for needy pregnant women, nursing mothers, and small infants account for about \$200 million, while the remainder would allow a doubling of existing food assistance programs.

Community service programs. This would provide for expanded daycare centers for children of needy working mothers and for expansion of coordinated services through neighborhood centers.

Jobs and manpower. The funds for jobs in the public sector would permit expansion of about 500,000 jobs to provide public service employment for the chronically disadvantaged; this program would reinforce expansion in education, health services, and urban and area redevelopment. The increase in MDTA training would support expansion of the JOBS program and would reinforce efforts to lower unemployment while improving the Nation's price performance. It would also provide trained manpower for construction. The growth in employment service operations envisions strengthening, decentralizing, and computerizing manpower activities; developing a rural manpower service; and enlarging services to the disadvantaged.

Social security and income support. The unemployment insurance funds would provide for higher benefits, extended benefits during recessions, and aid to the unemployed through retraining and mobility assistance. The public assistance funds could permit revision of benefit standards and extended coverage, or the adoption of a modest new program of income aid with objective standards. The added expenditure could fill as much as 40 percent of the current poverty income gap. Expansion of the WIN program would provide more job and training opportunities for welfare recipients. The social security expenditure could provide a higher minimum benefit for those dependent on social insurance benefits as the main source of income, and liberalization of eligibility requirements for disability insurance, as well as some general improvement in benefit levels.

Veterans. The higher priority recommendations made by the Veterans' Advisory Commission in March 1968 could be instituted with these funds.

Economic, area, and other special development programs. The entrepreneurial assistance program could help minority groups—so-called "black capitalism." Area redevelopment programs would assist growth centers in less populated areas, while rural redevelopment programs would concentrate on small communities, providing community facility development, special housing, and family farm assistance.

Crime, delinquency, and riots. Federal aid to State and local governments could be provided to help prevent violence and riots and permit a higher degree of Federal readiness to cope with such emergencies. The safe streets program funds would be used to work towards the objectives of the National Crime Commission with respect to strengthening the police and courts. Rehabilitation of offenders and delinquents would be pursued by intensive retraining and other services.

Quality of environment. Federal funds for pollution abatement may be required to enforce standards, investigate claims, or abate pollution caused by government or not readily attributable to particular private individuals. Assistance in expanding the Nation's water supply system would provide a small fraction of the \$2.5 billion annual requirement over the next 10 years. Provision of more recreational areas near population centers would be made possible.

Natural resource development and utilization. Department of the Interior, Corps of Engineers, and Department of Agriculture programs relating to land, mineral, energy, forest, recreational, and other fields have large backlogs of useful projects, many already planned and authorized but held back for budgetary reasons.

Urban development. Metropolitan development assistance would support improved planning and coordinated advance land acquisition. Each of these programs emphasizes these requirements, whether in new communities, suburbs, or older central cities. The allowances represent only a fractional contribution to the reconstruction and development of the cities.

Transportation. Such expanded investments in the improvement of the principal elements of the Nation's transportation system would serve the objectives of economic development, safety, and national defense.

Science and space exploration. The allowances would permit the science and space agencies to fund some of the research opportunities not covered in the stringent budgets of recent years.

Foreign economic aid. This additional amount would help to meet growth targets in Southeast Asia and under the Alliance for Progress as well as to cover other aid requirements. Even this increase would leave our foreign assistance program below levels of a few years back.

Source: Bureau of the Budget.

An alternative major program initiative would provide guaranteed employment opportunities for persons willing and able to work but unable to find jobs. Depending on eligibility criteria and the techniques of implementation, such a program might cost \$2 to \$10 billion a year.

Another area of mounting public concern is the financial pressure on State and local governments. As a means of reducing the relative importance of the more onerous State and local taxes, the Federal Government might adopt some general scheme of revenue sharing—such as a return of some personal tax revenues to the States (or localities) or a Federal tax credit for State income taxes. Some suggested plans would cost \$5 to \$10 billion a year. A specific but more limited proposal along these lines would be the establishment of a trust fund to finance a generalized Model Cities program.

Another major proposal that has much support is the establishment of an Urban Development Bank, which would raise its funds in the private capital market. This institution would lend to State and local governments at reduced cost, thereby relieving the pressure on the market for tax-exempt securities. It would place only a minimal burden on the Federal budget since the interest subsidies would be offset, at least in part, by increased Treasury receipts from reduced use of the tax exemption. But the charge against national resources—and therefore against the peace-and-growth dividend—would be substantial, depending upon the extent to which the Bank finances projects that would not otherwise have been undertaken.

There have also been proposals for replacing the present military draft with a more equitable and efficient method of obtaining the manpower needed for national defense. One such proposal, which might cost \$5 to \$10 billion a year, would be the adoption of a fully volunteer army. Another would be the establishment of a National Service Corps, in which every young person would be expected to give at least 2 years of service to the Nation either as a member of the Armed Forces or in a civilian assignment that would contribute to the solution of important national problems.

Conclusion

The problems of poverty, human resource development, and the pressing need to improve our physical environment will impose very heavy demands on the Federal budget in the years ahead. The end of the struggle in Vietnam, together with increased tax revenues resulting from economic growth, will make a sizable volume of real resources available to deal with these problems. But, for years and years ahead, the peace-and-growth dividend is dwarfed by the magnitude of the needs. Difficult choices must be made—choices between increased expenditures and tax reductions, between defense spending and nondefense programs, and among competing civilian programs. The above calculations allow for tax reduction from present rate levels through the expiration of the 10 percent surcharge and certain excise taxes. These funds would permit the private sector to engage in extra private

consumption or investment above the normal growth of private demand. But in view of the vast and urgent needs for services that can best be supplied through the public sector, we would not recommend further large-scale Federal tax reductions in the years immediately following the end of Vietnam hostilities.

POLICIES TO ASSIST PARTICULAR COMMUNITIES AND INDIVIDUALS

Demobilization will require some shifts in employment patterns—from the Armed Forces to civilian jobs, from defense industries to those producing civilian goods and services, and from one community or area to another. Shifts in the composition of activity will not be new or unusual. They are a regular feature of the highly mobile and dynamic U.S. economy. As technology and the pattern of demand evolve, the free choices of businesses, workers, and consumers operate through markets to shift resources among industries and geographic areas. These movements are largely self-adjusting and do not usually pose major problems either to workers or communities. When support is needed, various Federal agencies stand ready to assist through community development activities, job information, and manpower training. The Office of Economic Adjustment in the Department of Defense has been dealing since 1961 with the specific economic impact associated with closings of defense installations and other major changes in military outlays.

The experience of these activities provides a guide for policies to assist in the adjustment problems of those communities and individuals likely to be severely affected by demobilization. Measures to assist in specific adjustments can complement fiscal-monetary policy in producing a smooth, non-inflationary transition.

THE MAGNITUDE OF THE READJUSTMENT

Under the particularly rapid demobilization scenario assumed above, an estimated 600,000 persons would be added to the private labor force during the six quarters following the truce. In addition, as many as 750,000 civilian employees could be required to shift jobs as defense purchases from private businesses decline. Altogether, an additional 1.3 million workers may seek new civilian employment over a period of six quarters—an average of about 75,000 job shifts a month over and above those normally taking place. The shifts would be unevenly spaced during the period and might exceed 100,000 in some months.

This is a significant—but not enormous—addition to the normal amount of job shifting. To provide perspective, in 1966–67 the average number of layoffs per month in manufacturing alone was about 250,000, and voluntary

separations averaged about 470,000 a month, while manufacturing workers were hired at an average monthly rate of 730,000 in 1966 and 640,000 in 1967. While no comparable data exist for nonmanufacturing sectors, layoffs and hirings for the total economy must be far larger.

The figures indicate the dynamism and the normal adaptations of the labor market. While specific problems of dislocation in certain areas will occur, the figures do indicate that the magnitude of the demobilization problem should be manageable if fiscal-monetary policies ensure that overall demand remains strong.

Particular measures to facilitate the structural transitions of demobilization should include community redevelopment assistance, homeowner assistance, and, most importantly, the strengthening of job placement and job training. Efficient planning and implementation of these measures will require the establishment of a coordinating committee.

READJUSTMENT OPERATIONS COMMITTEE

A Readjustment Operations Committee should be established in the near future to assume responsibility for detailed planning of Federal readjustment assistance and to work closely with State and local authorities. The Committee should include the Secretaries of Defense, Commerce, and Labor; the Director of the Bureau of the Budget; the Chairman of the Council of Economic Advisers; and the Director of the Office of Emergency Preparedness.

Prior to demobilization, the Committee should be responsible for:

1. Planning for demobilization, including frequent updating of the estimated expenditures required for adjustment assistance,
2. Undertaking and supporting research on characteristics of individual communities likely to require special readjustment assistance and in particular developing a system of "early warning,"
3. Providing technical advice and information for State and local government demobilization planning authorities, and
4. Coordinating an inventory by the Departments of Defense, Commerce, and Labor of the skills and training of defense industry workers and armed services personnel, and of the skill requirements of potential sources of employment in defense-dependent areas.

During the demobilization period, the Readjustment Operations Committee should be responsible for: (1) Coordinating Federal assistance programs to communities and individuals with severe readjustment problems, (2) Identifying areas experiencing, or likely to experience, high unemployment during demobilization, through advance notification by the Department of Defense of impending contract cancellations and military base closings, and through a careful monitoring of economic developments in key areas by the Departments of Labor and Commerce, and (3) De-

termining, in cooperation with State and local governments, the appropriate size and mix of Federal assistance programs, and recommending specific programs and budget allocations for dealing with the problems of severely disrupted areas.

FUNDING READJUSTMENT PROGRAMS

The activities to assist a smooth transition will rely mainly on existing programs designed to aid communities faced with structural adjustments or to help workers gain new skills. How much these programs must be expanded will depend upon many factors which cannot be estimated precisely, but the approximate initial size of the programs is shown in Table 4.

TABLE 4.—*Estimated first year cost of readjustment programs*
[Millions of dollars]

Program	Estimated first year cost	
	Low	High
Total cost.....	120	288
EDA community development assistance.....	20	50
SBA loans.....	5	10
HUD homeowner emergency loans.....	1	3
MDTA training.....	53	140
Employment service.....	7	20
Relocation assistance.....	4	15
Veterans assistance.....	30	50

Note.—Abbreviations used in this table represent the following: EDA (Economic Development Administration), SBA (Small Business Administration), HUD (Department of Housing and Urban Development), and MDTA (Manpower Development and Training Act).

Source: Bureau of the Budget.

Once hostilities cease or prospects for demobilization appear, supplemental appropriations for readjustment purposes should be sought promptly. All expenditures from special appropriations should be coordinated by the Readjustment Operations Committee.

When demobilization plans are definitely known, more exact program expenditures should be determined by the Readjustment Operations Committee. Initial appropriations should be at the low end of the estimated range with the understanding that additional funds may be needed. These program supplements should be reserved for uses directly related to the post-Vietnam transition. In addition, funds should be requested to provide returning servicemen with veterans benefits under existing programs and to assist State unemployment insurance programs in cases of high localized unemployment.

Even before demobilization, important permanent improvements should be made in some existing institutions to make them more effective both in the transition to peace and in the long run. The Unemployment Insurance program should be strengthened by increasing coverage, raising benefits, lengthening the possible duration of payments, and improving the

financial base of the system. And minimum standards of vesting of private pension plans should be established, so that as the economy shifts to a peacetime footing, workers can change jobs without losing their benefits.

ASSISTING DEFENSE-DEPENDENT AREAS

One major measure to be coordinated by the Readjustment Operations Committee is Federal assistance for communities that will experience a major decline in employment opportunities due to the closing or curtailment of a defense plant or military base. The possible scope of this task is suggested by the growth in defense employment during the buildup for Vietnam. From 1965 to 1967, 38 local areas experienced increases in defense employment exceeding 5 percent of their total work force. A few of these localities are moderately large metropolitan areas, but some are predominantly rural counties with no urban center exceeding 12,000 population; these rural areas may be especially vulnerable to defense cutbacks during demobilization.

The Federal Government can assist severely affected communities with redevelopment potential to reorient their economies through programs of the Economic Development Administration and the Small Business Administration. Initial-year funds required for these specific purposes might range from \$20 to \$50 million for the Economic Development Administration and from \$5 to \$10 million for the Small Business Administration.

These agencies would help defense-dependent communities modernize public facilities, develop industrial sites, convert defense installations to other uses, and otherwise make themselves attractive to new industry.

ASSISTING DISPLACED INDIVIDUALS

While most of the individuals who lose defense jobs or who are released from military service will be readily employable, some will not possess the required skills, while others will be geographically isolated from job opportunities. Federal programs should be undertaken to ease the impact of demobilization upon the most seriously affected individuals.

Strengthening the Federal Employment Service

Demobilization will greatly enlarge demands on the resources of the Federal-State Employment Service. Prior to demobilization, plans should be made for expanding the staff of the Employment Service offices: to ensure their capacity for handling veterans and laid-off defense workers, to improve the flow of information about job opportunities outside the local labor market, and to station staff temporarily at locations convenient to military personnel about to be discharged. The Employment Service may require \$7 to \$20 million in the first year to provide these activities.

Expanding Manpower Training

Some individuals dislocated from defense employment will need retraining. The preliminary estimate is that \$53 million will be needed to prepare about 26,000 servicemen for civilian employment through Project Transition and to train about 20,000 enrollees in other MDTA programs. Further appropriations of up to \$140 million may be required for the two programs.

Providing Relocation Assistance

A relocation assistance fund should be established to help low- and middle-income workers move out of defense-dependent communities with inadequate reemployment opportunities. The program should be administered by the Department of Labor, which should develop general policy on relocation assistance—including eligibility criteria—in cooperation with the Readjustment Operations Committee. The program should provide full grant assistance for workers taking low-income jobs, and a mix of loans and grants for those obtaining higher paying jobs.

Relocation assistance should be available only to individuals directly affected by cutbacks in specified defense-dependent communities. The number assisted could range between 10,000 and 30,000 families, requiring expenditures between \$4 and \$15 million.

Funding Veterans Assistance

Current programs available to veterans are generally adequate to cover the needs of returning servicemen; however, the accelerated separations associated with demobilization will require additional appropriations for these programs—especially employment consultation services and the educational assistance program. Adequate financing of veterans programs may cost \$30 to \$50 million a year during demobilization.

Providing Homeowner Assistance

The Federal Government should undertake to prevent a widespread loss of homes in areas suffering temporary unemployment during demobilization. The Department of Housing and Urban Development should establish a program to encourage private lenders to declare moratoria on mortgage payments on homes owned and occupied by individuals dislocated by a defense cutback. When an extension of mortgage payments cannot be obtained, the Department of Housing and Urban Development should be authorized to lend the homeowner funds at a reasonable interest rate to cover mortgage payments. Expenditures of about \$2 million should be ample for this program.

Appendix A

**REPORT TO THE PRESIDENT ON THE ACTIVITIES OF THE
COUNCIL OF ECONOMIC ADVISERS DURING 1968**

LETTER OF TRANSMITTAL

COUNCIL OF ECONOMIC ADVISERS,
Washington, D.C., December 31, 1968.

THE PRESIDENT.

SIR: The Council of Economic Advisers submits this report on its activities during the calendar year 1968 in accordance with the requirements of the Congress, as set forth in section 4 (d) of the Employment Act of 1946.

Respectfully,

Arthur M. Okun,
Chairman.
Merton J. Peck.
Warren L. Smith.

Report to the President on the Activities of the Council of Economic Advisers During 1968

During the year 1968, the activities of the Council of Economic Advisers were dominated by the urgent need to preserve the enormous benefits of prosperity and to head off the threats of serious inflation and international monetary instability.

It was clear, as the year began, that the delay in enacting your fiscal proposals was contributing to inflationary pressures and jeopardizing the foundations of prosperity. The Council devoted much of its energy during the first half of the year toward the enactment of the Revenue and Expenditure Control Act, which you signed on June 28. The Council's efforts in the area of fiscal policy continued to be carried out with the closest coordination and cooperation of the Treasury Department and the Bureau of the Budget. The uncertain fiscal situation created a major problem for monetary policy, and the Council engaged in frequent consultations and exchanges of information with the Board of Governors of the Federal Reserve System.

Much of the Council's work to meet the challenge of price stability focused on the fundamental long-run aspect of inflationary tendencies in a high employment economy. The newly established Cabinet Committee on Price Stability and its staff studied inflationary tendencies in individual sectors of the economy and ways these could be modified by the structural improvement of freely operating markets. The Cabinet Committee also proved to be an excellent institution for intensifying, coordinating, and broadening the base of the Administration's efforts to improve price performance—both by structural efforts and by enlisting cooperation for voluntary restraint in price and wage decisions. Particularly in the second half of the year, after an appropriate fiscal policy was implemented, the Council and the other agencies of the Committee intensified these efforts, both publicly and privately.

The progress and the strains in the international financial system during 1968 placed a high premium on studies in this area. The Council conducted analyses and evaluations of a variety of proposals which have been advanced as ways to strengthen the system.

Throughout the year, the Council continued to conduct studies and evaluate programs and proposals on a wide range of economic and social issues. The most important of these efforts were centered on the challenge of reducing poverty and drawing disadvantaged groups into the mainstream of economic life.

Another significant activity was the study of preparations for achieving a smooth economic transition to peace after hostilities cease in Vietnam. Other important efforts dealt with the analysis of domestic financial markets, industrial markets, housing, collective bargaining, agricultural policy, manpower training and development, and various social insurance and income maintenance programs.

COUNCIL MEMBERSHIP

On February 15, 1968, Merton J. Peck from Yale University joined the Council, replacing Gardner Ackley, who became Ambassador to Italy; and Arthur M. Okun, who had served as a Member since November 16, 1964, was designated to succeed to the Chairmanship previously held by Mr. Ackley. On July 1, Warren L. Smith from the University of Michigan replaced James Duesenberry, who returned to his duties at Harvard University.

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.
Neil 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. Wallich	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.
Gardner Ackley	Member	August 3, 1962	
	Chairman	November 16, 1964	February 15, 1968.
John P. Lewis	Member	May 17, 1963	August 31, 1964.
Otto Eckstein	Member	September 2, 1964	February 1, 1966.
James S. Duesenberry	Member	February 2, 1966	June 30, 1968.

COUNCIL STAFF

At the end of 1968, members of the Council's professional staff were Susan R. Ackerman, F. Gerard Adams, Barry P. Bosworth, Frederick W. Deming, Marten S. Estey, Catherine H. Furlong, Frances M. James, Lawrence B. Krause, James W. Kuhn, David W. Lusher, Thomas G. Moore, Saul Nelson, Roger G. Noll, David J. Ott, Courtenay M. Slater, Luther T. Wallace, Charles B. Warden, Jr., and G. Paul Wonnacott.

Each year a number of staff members who have joined the Council on a temporary basis return to their posts in private life or in Government. Those leaving the Council in 1968 were John F. Burton, Jack W. Carlson, Christopher K. Clague, Thomas F. Dernburg, Peter P. Dorner, Raymond W. Goldsmith, Hendrik S. Houthakker, Saul H. Hymans, Carey P. Modlin, Joseph D. Mooney, and Frank W. Schiff.

Continuing its practice of asking leading members of the economics profession to assist in the analysis of economic problems, the Council in 1968 called on the following consultants: Henry J. Aaron, James T. Bonnen, William H. Branson, William Capron, Richard N. Cooper, John T. Dunlop, Otto Eckstein, Stephen M. Goldfeld, Kermit Gordon, Walter W. Heller, Allen H. Lerman, Paul MacAvoy, Edwin S. Mills, Joseph Pechman, George L. Perry, Paul Samuelson, Charles A. Taff, James Tobin, and Lloyd Ulman.

The Council continued its graduate student intern program, which was started in 1961. Those working with the Council for various periods in 1968 were Robert E. Anderson, Lucy A. Cardwell, Albert J. Eckstein, Morris Goldstein, Stephen P. Magee, Richard W. Nelson, David M. Nienhaus, David F. J. Piachaud, Charles G. Plourde, Craig E. Swan, C. Daniel Vencill, and William D. Watson, Jr. Research assistants included Rosanna M. Coffey, Katherine Champe, Charles E. Kurlansky, Rosemary D. Marcuss, Roselee N. Roberts, Joanne C. Turner, and Carolyn T. Welch.

As in the past, the Council received loyal and energetic assistance from its nonprofessional staff. Members of this staff at the end of 1968 were Teresa D. Bradburn, Judson A. Byrd, II, Gladys R. Durkin, Mary C. Fibich, James W. Gatling, Elizabeth F. Gray, Laura B. Hoffman, Christine L. Johnson, Roberta R. Kirk, Helen H. Knox, Bessie M. Lafakis, Betty Lu Lowry, V. Madge McMahan, Eleanor A. McStay, A. Keith Miles, Joyce A. Pilkerton, Dorothy L. Reid, Earnestine Reid, Lucille F. Saverino, Bettye T. Siegel, Nancy F. Skidmore, Barbara E. Skolnik, Margaret L. Snyder, and Elizabeth A. Zea.

In preparing its Annual Report, the Council relied upon the editorial skills of Robin Elliott.

COUNCIL ACTIVITIES

The Council of Economic Advisers was established as an agency of the Federal Government nearly 22 years ago by the Employment Act of 1946. Under the Act the Council is charged with the responsibility of analyzing and interpreting economic developments and of recommending economic policies that will promote the goals of "maximum employment, production, and purchasing power."

The Council's chief responsibility is to keep the President fully informed of economic developments and emerging problems which may affect the Nation's economy. To meet this responsibility, the Council continuously reviews economic conditions, undertakes special studies of particular problem areas, and makes recommendations concerning Government programs and policies. The Council confers regularly with all major Government agencies having responsibilities in the economic field.

The Secretary of the Treasury, the Director of the Bureau of the Budget, and the Chairman of the Council and their respective staffs (the "Troika")

provide the President with a continuous joint assessment of the economic and budgetary outlook for the current and subsequent fiscal years. The heads of the "Troika" agencies and their associates, together with the Chairman of the Board of Governors of the Federal Reserve System, meet as the "Quadriad" with the President to discuss domestic and international monetary problems.

In addition to its regular and informal consultations with other Government agencies, the Council and its staff in 1968 participated with other agencies in a large variety of more formal committees, task forces, and studies.

The Council and its staff represent the United States in a number of important international conferences. The Council Chairman heads the U.S. delegation to the meetings of the Economic Policy Committee of the Organization for Economic Cooperation and Development (OECD), and members of the Council and its staff this year participated in many other international meetings under the auspices of the OECD. The Chairman also met with the Chairman and staff of the Economic Council of Canada in Ottawa, and the Council was involved in activities of the United Nations Economic Commission for Europe.

An important responsibility of the Council is to explain and clarify the Administration's economic policies, both within the Government and to the public at large. This is done through numerous speeches, articles, press briefings, statements, Congressional testimony, its Annual Report, and by assisting the President in the preparation of his Economic Report. The Council meets frequently and informally with many individuals and groups, both from the United States and abroad, including businessmen, bankers, labor leaders, government officials, university scholars and students, members of the press corps, and interested private citizens, and more formally with a number of advisory groups, including the President's Advisory Committee on Labor-Management Policy and the Business Council's Liaison Committee with the Council of Economic Advisers.

The Council prepares two documents for publication. One is the *Economic Report of the President*, together with the *Annual Report of the Council of Economic Advisers*. Over 66,000 copies of the 1968 Report were distributed to Members of the Congress, Government officials, the press, and depository libraries, or sold to the public by the Superintendent of Documents. The second is the monthly *Economic Indicators*. This 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. More than 12,000 copies are furnished to Members of the Congress and depository libraries or sold to the public every month.

Appendix B
**STATISTICAL TABLES RELATING TO INCOME,
EMPLOYMENT, AND PRODUCTION**

CONTENTS

	Page
National income or expenditure:	
B-1. Gross national product or expenditure, 1929-68.....	227
B-2. Gross national product or expenditure, in 1958 prices, 1929-68.....	228
B-3. Implicit price deflators for gross national product, 1929-68.....	230
B-4. Gross national product by major type of product, 1929-68.....	232
B-5. Gross national product by major type of product, in 1958 prices, 1929-68.....	233
B-6. Gross national product: Receipts and expenditures by major economic groups, 1929-68.....	234
B-7. Gross national product by sector, 1929-68.....	236
B-8. Gross national product by sector, in 1958 prices, 1929-68.....	237
B-9. Gross national product by industry, in 1958 prices, 1947-67.....	238
B-10. Personal consumption expenditures, 1929-68.....	239
B-11. Gross private domestic investment, 1929-68.....	240
B-12. National income by type of income, 1929-68.....	241
B-13. Relation of gross national product and national income, 1929-68....	242
B-14. Relation of national income and personal income, 1929-68.....	243
B-15. Disposition of personal income, 1929-68.....	244
B-16. Total and per capita disposable personal income and personal con- sumption expenditures, in current and 1958 prices, 1929-68.....	245
B-17. Sources of personal income, 1929-68.....	246
B-18. Sources and uses of gross saving, 1929-68.....	248
B-19. Saving by individuals, 1946-68.....	249
B-20. Number and money income (in 1967 prices) of families and unrelated individuals, by color of head, 1947-67.....	250
Population, employment, wages, and productivity:	
B-21. Population by age groups: Estimates, 1929-68, and projections, 1970-85.....	251
B-22. Noninstitutional population and the labor force, 1929-68.....	252
B-23. Civilian employment and unemployment, by sex and age, 1947-68..	254
B-24. Selected unemployment rates, 1948-68.....	255
B-25. Unemployment by duration, 1947-68.....	256
B-26. Unemployment insurance programs, selected data, 1940-68.....	257
B-27. Wage and salary workers in nonagricultural establishments, 1929-68.	258
B-28. Average weekly hours of work in selected nonagricultural industries, 1929-68.....	260
B-29. Average gross hourly earnings in selected industries, 1929-68.....	261
B-30. Average gross weekly earnings in selected nonagricultural industries, 1929-68.....	262
B-31. Average weekly hours and hourly earnings, gross and excluding over- time, in manufacturing industries, 1939-68.....	263
B-32. Average weekly earnings, gross and spendable, total private non- agricultural industries, in current and 1957-59 prices, 1947-68....	264
B-33. Average weekly earnings, gross and spendable, in manufacturing industries, in current and 1957-59 prices, 1939-68.....	265
B-34. Indexes of output per man-hour and related data, private economy, 1947-68.....	266

	Page
Production and business activity:	
B-35. Industrial production indexes, major industry divisions, 1929-68	267
B-36. Industrial production indexes, market groupings, 1947-68	268
B-37. Industrial production indexes, selected manufactures, 1947-68	269
B-38. Manufacturing output, capacity, and utilization rate, 1948-68	270
B-39. Business expenditures for new plant and equipment, 1939 and 1945-69	271
B-40. New construction activity, 1929-68	272
B-41. New housing starts and applications for financing, 1929-68	274
B-42. Sales and inventories in manufacturing and trade, 1947-68	276
B-43. Manufacturers' shipments and inventories, 1947-68	277
B-44. Manufacturers' new and unfilled orders, 1947-68	278
Prices:	
B-45. Consumer price indexes, by major groups, 1929-68	279
B-46. Consumer price indexes, by special groups, 1935-68	280
B-47. Consumer price indexes, selected commodities and services, 1935-68	281
B-48. Wholesale price indexes, by major commodity groups, 1929-68	282
B-49. Wholesale price indexes, by stage of processing, 1947-68	284
Money supply, credit, and finance:	
B-50. Money supply, 1947-68	286
B-51. Bank loans and investments, 1929-68	287
B-52. Selected liquid assets held by the public, 1946-68	288
B-53. Federal Reserve Bank credit and member bank reserves, 1929-68	289
B-54. Bond yields and interest rates, 1929-68	290
B-55. Short- and intermediate-term consumer credit outstanding, 1929-68	292
B-56. Instalment credit extended and repaid, 1946-68	293
B-57. Mortgage debt outstanding, by type of property and of financing, 1939-68	294
B-58. Mortgage debt outstanding, by lender, 1939-68	295
B-59. Net public and private debt, 1929-68	296
Government finance:	
B-60. Federal budget receipts and outlays, 1929-70	297
B-61. Federal budget receipts, outlays, financing, and debt, 1959-70	298
B-62. Relation of the Federal Budget to the Federal sector of the national income and product accounts, 1967-70	300
B-63. Receipts and expenditures of the Federal Government sector of the national income and product accounts, 1946-70	301
B-64. Public debt securities, by kind of obligation, 1929-68	302
B-65. Estimated ownership of public debt securities, 1939-68	303
B-66. Average length and maturity distribution of marketable interest-bearing public debt, 1946-68	304
B-67. Receipts and expenditures of the government sector of the national income and product accounts, 1929-68	305
B-68. Receipts and expenditures of the State and local government sector of the national income and product accounts, 1946-68	306
B-69. State and local government revenues and expenditures, selected fiscal years, 1927-67	307

Corporate profits and finance:	Page
B-70. Profits before and after taxes, all private corporations, 1929-68.	308
B-71. Sales, profits, and stockholders' equity, all manufacturing corporations (except newspapers), 1947-68.	309
B-72. Relation of profits after taxes to stockholders' equity and to sales, all manufacturing corporations (except newspapers), by industry group, 1947-68.	310
B-73. Sources and uses of funds, nonfarm nonfinancial corporate business, 1957-68.	312
B-74. Current assets and liabilities of United States corporations, 1939-68.	313
B-75. State and municipal and corporate securities offered, 1934-68.	314
B-76. Common stock prices, earnings, and yields, and stock market credit, 1939-68.	315
B-77. Business formation and business failures, 1929-68.	316
Agriculture:	
B-78. Income from agriculture, 1929-68.	317
B-79. Farm production indexes, 1929-68.	318
B-80. Farm population, employment, and productivity, 1929-68.	319
B-81. Indexes of prices received and prices paid by farmers, and parity ratio, 1929-68.	320
B-82. Selected measures of farm resources and inputs, 1929-68.	322
B-83. Comparative balance sheet of agriculture, 1929-69.	323
International statistics:	
B-84. United States balance of payments, 1946-68.	324
B-85. United States merchandise exports and imports, by commodity groups, 1958-68.	326
B-86. United States merchandise exports and imports, by area, 1962-68.	327
B-87. United States overseas loans and grants, by type and area, fiscal years 1962-68.	328
B-88. International reserves, 1949, 1953, and 1963-68.	329
B-89. United States reserve assets: Gold stock, holdings of convertible foreign currencies, and reserve position in the International Monetary Fund, 1946-68.	330
B-90. Price changes in international trade, 1960-68.	331
B-91. Consumer price indexes in the United States and other major industrial countries, 1957-68.	332

General Notes

Detail in these tables will not necessarily add to totals because of rounding. Unless otherwise noted, all dollar figures are in current prices.

Symbols used:

‡ Preliminary.

-- Not available (also, not applicable).

* Amount insignificant in terms of the particular unit (e.g., less than \$50 million where unit is billions of dollars).

NATIONAL INCOME OR EXPENDITURE

TABLE B-1.—*Gross national product or expenditure, 1929-68*

[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	Federal ⁴			State and local
						Total	National defense ⁵	Other	
1929.....	103.1	77.2	16.2	1.1	8.5	1.3	1.3		7.2
1930.....	90.4	69.9	10.3	1.0	9.2	1.4	1.4		7.8
1931.....	75.8	60.5	5.6	.5	9.2	1.5	1.5		7.7
1932.....	58.0	48.6	1.0	.4	8.1	1.5	1.5		6.6
1933.....	55.6	45.8	1.4	.4	8.0	2.0	2.0		6.0
1934.....	65.1	51.3	3.3	.6	9.8	3.0	3.0		6.8
1935.....	72.2	55.7	6.4	.1	10.0	2.9	2.9		7.1
1936.....	82.5	61.9	8.5	.1	12.0	4.9	4.9		7.0
1937.....	90.4	66.5	11.8	.3	11.9	4.7	4.7		7.2
1938.....	84.7	63.9	6.5	1.3	13.0	5.4	5.4		7.6
1939.....	90.5	66.8	9.3	1.1	13.3	5.1	1.2	3.9	8.2
1940.....	99.7	70.8	13.1	1.7	14.0	6.0	2.2	3.8	8.0
1941.....	124.5	80.6	17.9	1.3	24.8	16.9	13.8	3.1	7.9
1942.....	157.9	88.5	9.8	"	59.6	51.9	49.4	2.5	7.7
1943.....	191.6	99.3	5.7	-2.0	88.6	81.1	79.7	1.4	7.4
1944.....	210.1	108.3	7.1	-1.8	96.5	89.0	87.4	1.6	7.5
1945.....	211.9	119.7	10.6	-6	82.3	74.2	73.5	7	8.1
1946.....	208.5	143.4	30.6	7.5	27.0	17.2	14.7	2.5	9.8
1947.....	231.3	160.7	34.0	11.5	25.1	12.5	9.1	3.5	12.6
1948.....	257.6	173.6	46.0	6.4	31.6	16.5	10.7	5.8	15.0
1949.....	256.5	176.8	35.7	6.1	37.8	20.1	13.3	6.8	17.7
1950.....	284.8	191.0	54.1	1.8	37.9	18.4	14.1	4.3	19.5
1951.....	328.4	206.3	59.3	3.7	59.1	37.7	33.6	4.1	21.5
1952.....	345.5	216.7	51.9	2.2	74.7	51.8	45.9	5.9	22.9
1953.....	364.6	230.0	52.6	.4	81.6	57.0	48.7	8.4	24.6
1954.....	364.8	236.5	51.7	1.8	74.8	47.4	41.2	6.2	27.4
1955.....	398.0	254.4	67.4	2.0	74.2	44.1	38.6	5.5	30.1
1956.....	419.2	266.7	70.0	4.0	78.6	45.6	40.3	5.3	33.0
1957.....	441.1	281.4	67.8	5.7	86.1	49.5	44.2	5.3	36.6
1958.....	447.3	290.1	60.9	2.2	94.2	53.6	45.9	7.7	40.6
1959.....	483.7	311.2	75.3	.1	97.0	53.7	46.0	7.6	43.3
1960.....	503.7	325.2	74.8	4.0	99.6	53.5	44.9	8.6	46.1
1961.....	520.1	335.2	71.7	5.6	107.6	57.4	47.8	9.6	50.2
1962.....	560.3	355.1	83.0	5.1	117.1	63.4	51.6	11.8	53.7
1963.....	590.5	375.0	87.1	5.9	122.5	64.2	50.8	13.5	58.2
1964.....	632.4	401.2	94.0	8.5	128.7	65.2	50.0	15.2	63.5
1965.....	684.9	432.8	108.1	6.9	137.0	66.9	50.1	16.8	70.1
1966.....	747.6	465.5	120.8	5.1	156.2	77.4	60.6	16.8	78.8
1967.....	789.7	492.2	114.3	4.8	178.4	90.6	72.4	18.2	87.8
1968.....	860.7	533.7	127.5	2.4	197.1	100.0	78.9	21.1	97.1
Seasonally adjusted annual rates									
1966: I.....	728.4	457.8	116.8	6.0	147.8	72.5	55.3	17.2	75.3
II.....	740.4	461.1	121.0	5.2	153.1	75.6	58.6	17.0	77.4
III.....	753.3	469.3	119.9	4.5	159.5	79.9	63.0	16.9	79.7
IV.....	768.2	473.7	125.7	4.5	164.3	81.5	65.4	16.1	82.7
1967: I.....	772.2	480.9	113.0	5.2	173.1	87.4	70.0	17.4	85.8
II.....	780.2	490.3	107.6	5.1	177.3	90.0	72.1	17.9	87.2
III.....	795.3	495.5	114.7	5.4	179.6	91.3	72.9	18.4	88.4
IV.....	811.0	502.2	121.8	3.4	183.5	93.5	74.6	19.0	90.0
1968: I.....	831.2	519.4	119.7	1.5	190.5	97.1	76.8	20.3	93.4
II.....	852.9	527.9	127.3	2.0	195.7	100.0	79.0	21.0	95.6
III.....	871.0	541.1	127.1	3.3	199.6	101.2	79.6	21.5	98.4
IV.....	887.8	546.3	136.1	3.0	202.5	101.6	80.0	21.6	100.8

¹ See Table B-10 for detailed components.

² See Table B-11 for detailed components.

³ See Table B-6 for exports and imports separately.

⁴ Net of Government sales.

⁵ This category corresponds closely to the national defense classification in the "Budget of the United States Government for the Fiscal Year ending June 30, 1970."

Source: Department of Commerce, Office of Business Economics.

TABLE B-2.—Gross national product or expenditure, in 1958 prices, 1929-68

(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						
							Total	Nonresidential		Residential structures			
								Total	Structures		Producers' durable equipment		
1929	203.6	139.6	16.3	69.3	54.0	40.4	36.9	26.5	13.9	12.6	10.4	3.5	
1930	183.5	130.4	12.9	65.9	51.5	27.4	28.0	21.7	11.8	9.9	6.3	-0.6	
1931	169.3	126.1	11.2	65.6	49.4	16.8	19.2	14.1	7.5	6.6	5.1	-2.4	
1932	144.2	114.8	8.4	60.4	45.9	4.7	10.9	8.2	4.4	3.8	2.7	-6.2	
1933	141.5	112.8	8.3	58.6	46.0	5.3	9.7	7.6	3.3	4.3	2.1	-4.3	
1934	154.3	118.1	9.4	62.5	46.1	9.4	12.1	9.2	3.6	5.6	2.9	-2.7	
1935	169.5	125.5	11.7	65.9	47.9	18.0	15.6	11.5	4.0	7.5	4.0	2.4	
1936	193.0	138.4	14.5	73.4	50.5	24.0	20.9	15.8	5.4	10.3	5.1	3.1	
1937	203.2	143.1	15.1	76.0	52.0	29.9	24.5	18.8	7.1	11.8	5.6	5.5	
1938	192.9	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	18.9	6.8	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	337.1	165.8	10.2	93.7	61.8	12.7	12.9	10.0	2.9	7.2	2.9	-0.2	
1944	361.3	171.4	9.4	97.3	64.7	14.0	15.9	13.4	3.8	9.6	2.5	-1.9	
1945	355.2	183.0	10.6	104.7	67.7	19.6	22.6	19.8	5.7	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	73.4	51.5	51.7	36.2	11.6	24.6	15.4	-0.2	
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	39.6	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	9.9	
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	146.8	116.8	73.6	68.8	44.1	16.2	27.9	24.7	4.8	
1960	487.7	316.1	44.9	149.6	121.6	72.4	68.9	47.1	17.4	29.6	21.9	3.5	
1961	497.2	322.5	43.9	153.0	125.6	69.0	67.0	45.5	17.4	28.1	21.6	2.0	
1962	529.8	338.4	49.2	158.2	131.1	79.4	73.4	49.7	17.9	31.7	23.8	6.0	
1963	551.0	353.3	53.7	162.2	137.4	82.5	76.7	51.9	17.9	34.0	24.8	5.8	
1964	581.1	373.7	59.0	170.3	144.4	87.8	81.9	57.8	19.1	38.7	24.2	5.8	
1965	617.8	397.7	66.6	178.6	152.5	99.2	90.1	66.3	22.3	44.0	23.8	9.0	
1966	657.1	417.8	71.3	186.9	159.5	108.8	94.9	73.8	23.9	49.9	21.1	13.9	
1967	673.1	430.5	72.4	191.1	167.0	99.5	93.6	73.7	22.6	51.1	19.9	5.9	
1968 P	706.9	450.7	80.0	197.0	173.8	106.8	99.8	76.7	22.5	54.3	23.1	6.9	
Seasonally adjusted annual rates													
1966: I	648.6	415.7	72.9	185.5	157.3	106.1	95.8	72.2	24.4	47.8	23.6	10.3	
II	653.3	414.8	69.2	186.9	158.7	109.5	94.7	72.7	23.8	48.9	22.0	14.7	
III	659.5	420.0	71.8	187.8	160.4	107.4	95.5	74.8	24.1	50.7	20.7	12.0	
IV	667.1	420.6	71.4	187.5	161.7	112.3	93.7	75.4	23.4	52.1	18.2	18.6	
1967: I	665.7	424.8	70.1	190.3	164.4	99.8	91.8	74.2	23.8	50.3	17.6	8.0	
II	669.2	431.2	73.7	191.6	165.9	94.2	92.0	73.3	22.1	51.1	18.7	2.3	
III	675.6	431.8	72.6	191.1	168.1	99.3	94.0	73.2	22.2	51.0	20.8	5.2	
IV	681.8	434.1	73.0	191.6	169.5	104.7	96.7	74.0	22.1	52.0	22.7	8.0	
1968: I	692.7	444.9	77.3	196.5	171.0	101.5	99.5	76.5	23.4	53.0	23.0	2.0	
II	703.4	447.5	78.9	196.1	172.6	107.3	97.4	74.5	22.1	52.4	22.9	9.9	
III	712.3	455.7	82.5	198.5	174.8	105.8	99.0	76.6	21.9	54.7	22.4	6.8	
IV P	719.1	454.8	81.4	196.8	176.6	112.5	103.4	79.4	22.5	57.0	24.0	9.1	

See footnotes at end of table.

TABLE B-2.—Gross national product or expenditure, in 1958 prices, 1929-68—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	*	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	32.1	26.6	109.6	59.5	50.1
1964	8.3	36.5	28.2	111.2	58.1	53.2
1965	6.2	37.4	31.2	114.7	57.9	56.8
1966	4.0	40.1	36.1	126.5	65.2	61.3
1967	2.4	41.8	39.3	140.7	74.8	65.9
1968	.2	45.9	45.7	149.2	79.3	69.9
	Seasonally adjusted annual rates					
1966: I	5.3	39.9	34.5	121.5	61.8	59.6
II	4.3	39.7	35.4	124.7	64.0	60.7
III	3.6	40.4	36.8	128.5	66.9	61.6
IV	2.9	40.4	37.5	131.3	67.9	63.4
1967: I	3.0	41.4	38.5	138.1	72.7	65.4
II	2.8	41.7	38.9	141.0	75.1	66.0
III	3.1	42.1	39.1	141.4	75.6	65.8
IV	1.0	41.9	40.9	142.0	75.6	66.4
1968: I	-1	44.0	44.1	146.5	78.1	68.4
II	-6	44.7	45.4	149.2	80.1	69.1
III	-7	47.6	46.9	150.1	79.5	70.6
IV	-7	47.1	46.5	151.0	79.4	71.6

¹ Net of Government sales.

Source: Department of Commerce, Office of Business Economics.

TABLE B-3.—Implicit price deflators for gross national product, 1929–68

[Index numbers, 1958=100]

Year or quarter	Total 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	37.9	38.1	34.0	43.0	37.1
1931	44.8	47.9	49.1	44.1	52.7	35.2	35.8	31.1	41.1	33.6
1932	40.2	42.3	43.2	37.7	48.3	31.6	32.9	27.6	39.1	27.3
1933	39.3	40.6	41.9	38.0	43.6	30.6	31.6	27.9	34.5	27.1
1934	42.2	43.5	44.7	42.7	44.3	33.7	34.9	28.9	38.8	30.1
1935	42.6	44.4	43.7	44.5	44.4	34.3	35.9	30.6	38.7	29.8
1936	42.7	44.7	43.6	44.8	45.0	34.6	35.6	30.2	38.5	31.3
1937	44.5	46.5	45.8	46.4	46.8	37.8	38.8	34.4	41.4	34.3
1938	43.9	45.6	46.7	44.0	47.7	38.2	39.3	33.9	43.0	35.5
1939	43.2	45.1	46.0	43.2	47.7	37.7	38.7	33.1	42.2	35.7
1940	43.9	45.5	46.5	43.8	47.9	39.0	40.0	33.9	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	49.3	49.9	46.8	51.1	47.0
1944	58.2	63.2	71.5	66.2	57.5	51.1	51.0	48.6	51.9	51.6
1945	59.7	65.4	75.9	68.7	58.7	51.5	51.0	49.2	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	99.9	103.0	102.6	102.2	102.7	102.0	103.1
1960	103.3	102.9	100.9	101.2	105.8	103.4	102.9	104.0	102.2	104.5
1961	104.6	103.9	100.6	101.9	107.6	103.9	103.4	105.6	102.1	105.0
1962	105.8	104.9	100.8	102.8	109.0	104.9	104.1	107.1	102.3	106.7
1963	107.2	106.1	100.4	104.0	110.9	106.0	104.5	108.9	102.3	108.9
1964	108.8	107.4	100.4	104.9	113.1	107.6	105.7	111.1	103.0	112.3
1965	110.9	108.8	99.6	106.9	115.1	109.3	107.5	114.7	103.9	114.2
1966	113.8	111.4	98.8	110.6	118.1	111.8	110.2	119.0	106.0	117.4
1967	117.3	114.3	100.4	112.9	122.1	115.6	113.5	123.6	109.1	123.1
1968	121.8	118.4	103.1	116.9	127.2	120.2	117.2	129.7	112.0	129.9
1966: I	112.3	110.1	98.1	109.3	116.6	110.6	108.9	117.1	104.7	115.9
1966: II	113.3	111.2	98.5	110.4	117.6	111.4	109.8	118.4	105.6	117.0
1966: III	114.2	111.7	98.8	111.0	118.4	112.1	110.4	119.8	106.0	118.2
1966: IV	115.2	112.6	99.6	111.7	119.5	113.0	111.6	120.7	107.5	119.0
1967: I	116.0	113.2	99.6	111.9	120.5	113.9	112.5	121.7	108.2	119.7
1967: II	116.6	113.7	99.6	112.4	121.5	114.6	112.9	122.7	108.6	121.4
1967: III	117.7	114.7	100.7	113.3	122.5	116.2	113.8	124.6	109.1	124.8
1967: IV	118.9	115.7	101.7	114.0	123.7	117.4	114.9	125.5	110.3	125.6
1968: I	120.0	116.8	102.2	115.2	125.1	118.3	115.8	126.3	111.2	126.3
1968: II	121.2	118.0	102.7	116.4	126.7	119.6	116.7	128.8	111.7	128.9
1968: III	122.3	118.7	103.1	117.2	127.8	120.8	117.6	131.3	112.1	131.7
1968: IV	123.5	120.1	104.2	118.6	129.1	121.9	118.6	132.6	113.1	132.7

See footnotes at end of table.

TABLE B-3.—Implicit price deflators for gross national product, 1929-68—Continued

[Index numbers, 1958=100]

Year or quarter	Exports and imports of goods and services ¹		Government purchases of goods and services			Gross national product by sector	
	Exports	Imports	Total	Federal	State and local	Private ²	General government
1929.....	59.5	57.3	38.6	36.0	39.1	51.7	34.1
1930.....	52.3	49.0	37.9	34.1	38.7	50.4	34.1
1931.....	41.0	39.3	36.3	34.5	36.6	45.7	34.5
1932.....	34.7	31.5	33.4	31.9	33.8	40.9	33.7
1933.....	33.7	28.8	34.5	33.1	35.0	39.9	33.5
1934.....	40.6	33.6	36.8	37.4	36.6	43.0	34.8
1935.....	42.3	36.0	37.0	37.0	37.0	43.5	34.7
1936.....	43.4	36.7	37.6	40.5	35.9	43.4	36.5
1937.....	46.5	40.7	38.4	40.7	37.1	45.3	36.5
1938.....	43.8	37.9	38.3	40.5	36.8	44.6	37.4
1939.....	44.1	38.6	37.9	40.8	36.3	43.9	36.8
1940.....	48.6	40.8	38.5	40.2	37.3	44.7	36.0
1941.....	53.0	43.0	44.0	46.6	39.2	48.7	34.7
1942.....	61.5	48.3	50.9	52.5	42.3	55.5	37.3
1943.....	65.2	51.2	53.9	54.9	44.6	60.9	39.7
1944.....	69.9	53.2	53.1	53.8	46.1	62.0	43.3
1945.....	71.3	56.4	52.6	53.1	48.6	62.6	48.3
1946.....	75.4	64.9	55.8	57.3	53.2	68.2	55.4
1947.....	87.3	79.4	62.9	65.6	60.4	76.3	58.5
1948.....	92.7	86.4	68.1	69.8	66.4	81.4	60.8
1949.....	87.0	82.2	71.0	73.0	68.9	80.6	64.7
1950.....	84.9	88.7	71.8	72.9	70.8	81.4	67.1
1951.....	97.0	107.2	78.5	79.4	76.9	87.4	70.5
1952.....	98.8	103.6	81.0	81.2	80.6	89.0	74.4
1953.....	95.2	99.1	81.8	81.4	82.8	89.6	76.6
1954.....	94.3	100.8	84.1	83.5	85.3	90.8	79.5
1955.....	94.9	100.6	87.1	86.9	87.5	91.6	84.0
1956.....	97.5	102.5	92.1	91.7	92.7	94.5	88.7
1957.....	101.3	104.0	96.4	95.8	97.3	97.9	93.3
1958.....	100.0	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	104.2
1960.....	99.9	101.0	105.0	104.2	105.9	102.8	108.6
1961.....	101.9	100.1	107.1	105.2	109.4	103.7	113.6
1962.....	100.8	98.5	109.0	105.6	113.2	104.7	116.6
1963.....	100.6	99.5	111.8	108.0	116.3	105.8	121.5
1964.....	101.5	101.5	115.7	112.2	119.5	107.0	128.4
1965.....	104.7	103.4	119.4	115.5	123.5	108.8	133.5
1966.....	107.6	105.5	123.5	118.8	128.4	111.4	139.1
1967.....	109.5	104.2	126.8	121.2	133.3	114.8	143.7
1968 p.....	110.4	105.4	132.1	126.1	138.8	118.9	152.1
1966: I.....	105.6	104.5	121.7	117.3	126.2	110.1	137.4
1966: II.....	107.1	105.4	122.7	118.2	127.5	111.1	138.0
1966: III.....	108.0	106.2	124.2	119.4	129.3	111.8	139.9
1966: IV.....	109.5	105.9	125.1	120.1	130.5	112.8	141.0
1967: I.....	109.8	104.8	125.3	120.2	131.0	113.6	141.5
1967: II.....	109.2	103.9	125.7	120.0	132.2	114.1	142.4
1967: III.....	109.3	104.0	127.0	120.7	134.3	115.2	143.4
1967: IV.....	109.7	104.1	129.2	123.7	135.5	116.2	147.6
1968: I.....	107.9	104.3	130.1	124.4	136.6	117.2	149.1
1968: II.....	111.6	105.6	131.1	124.9	138.4	118.4	150.5
1968: III.....	110.6	105.2	133.0	127.2	139.4	119.3	153.4
1968: IV p.....	111.2	106.5	134.1	128.0	140.8	120.4	155.1

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 Tables B-7 and B-8.

Source: Department of Commerce, Office of Business Economics.

TABLE B-4.—Gross national product by major type of product, 1929–68

[Billions of dollars]

Year or quarter	Total gross national product	Final sales	Inventory change	Goods output									Services	Structures	Gross auto product
				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	27.6	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	22.2	-.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	.0	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	.0	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	-.4	71.8	6.1	-----
1945.....	211.9	213.0	-1.0	128.9	129.9	-1.0	48.9	50.2	-1.3	80.0	79.7	.2	76.5	6.5	-----
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	86.0	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	7.2
1948.....	257.6	252.9	4.7	154.2	149.4	4.7	48.7	48.0	.7	105.5	101.5	4.0	75.7	27.7	8.8
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	11.9
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	15.4
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	13.5
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	12.0
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	16.3
1954.....	364.8	366.4	-1.5	197.1	198.6	-1.5	72.1	74.6	-2.5	125.0	124.1	1.0	123.5	44.2	14.6
1955.....	398.0	392.0	6.0	216.4	210.4	6.0	85.7	82.7	3.0	130.7	127.7	2.9	132.6	49.0	21.2
1956.....	419.2	414.5	4.7	225.4	223.7	1.7	90.3	87.5	2.8	135.1	133.2	1.9	142.3	51.5	16.9
1957.....	441.1	439.8	1.3	234.6	233.3	1.3	94.4	93.1	1.3	140.2	140.2	.0	154.2	52.3	19.5
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	14.5
1959.....	483.7	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	19.1
1960.....	503.7	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	21.4
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	17.9
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	22.5
1963.....	590.5	584.6	5.9	298.6	292.7	5.9	116.1	113.3	2.8	182.5	179.4	3.1	226.2	65.7	25.1
1964.....	632.4	626.6	5.8	319.4	313.6	5.8	127.0	122.8	4.2	192.4	190.7	1.6	244.2	68.8	25.8
1965.....	684.9	675.3	9.6	347.2	337.6	9.6	139.6	133.0	6.7	207.6	204.7	3.0	262.9	74.8	31.8
1966.....	747.6	732.8	14.7	382.2	367.5	14.7	156.0	145.7	10.2	226.3	221.8	4.5	288.0	77.3	30.3
1967.....	789.7	783.6	6.1	396.9	390.8	6.1	159.3	156.4	3.0	237.6	234.5	3.1	314.8	77.9	29.0
1968.....	860.7	853.1	7.6	430.9	423.3	7.6	176.7	172.2	4.5	254.2	251.1	3.1	342.8	87.1	35.6
Seasonally adjusted annual rates															
1966: I....	728.4	717.5	10.9	371.4	360.5	10.9	150.8	143.3	7.6	220.6	217.3	3.3	277.5	79.5	32.7
II....	740.4	725.0	15.4	378.0	362.6	15.4	152.1	142.2	9.9	225.9	220.4	5.5	284.7	77.7	29.4
III....	753.3	740.4	12.8	383.8	371.0	12.8	157.7	147.3	10.5	226.1	223.7	2.4	292.3	77.2	28.4
IV....	768.2	748.4	19.8	395.1	375.3	19.8	163.7	150.2	13.6	231.4	225.1	6.3	298.1	74.9	30.6
1967: I....	772.2	763.8	8.4	389.9	381.5	8.4	154.5	151.1	3.3	235.4	230.4	5.0	306.3	76.1	26.2
II....	780.2	778.0	2.3	394.1	391.8	2.3	157.7	157.1	.6	236.4	234.7	1.7	310.9	75.3	29.2
III....	795.3	789.9	5.3	398.9	393.6	5.3	161.1	157.3	3.8	237.8	236.2	1.6	317.5	78.8	29.3
IV....	811.0	802.7	8.3	404.8	396.5	8.3	164.1	159.9	4.2	240.7	236.6	4.1	324.7	81.5	31.3
1968: I....	831.2	829.1	2.1	414.9	412.8	2.1	168.2	166.7	1.5	246.7	246.1	.6	330.4	85.8	33.7
II....	852.9	842.1	10.8	428.4	417.6	10.8	175.3	169.1	6.2	253.1	248.5	4.6	339.2	85.4	36.1
III....	871.0	863.5	7.5	436.9	429.5	7.5	180.0	175.1	4.9	256.0	254.4	2.5	347.6	86.4	36.1
IV....	887.8	877.8	10.0	443.3	433.2	10.0	183.1	177.9	5.2	260.2	255.3	4.9	354.0	90.6	36.7

Source: Department of Commerce, Office of Business Economics.

TABLE B-5.—Gross national product by major type of product, in 1958 prices, 1929-68

(Billions of dollars, 1958 prices)

Year or quarter	Total gross national product	Final sales	Inventory change	Goods output									Services	Structures	Gross auto product
				Total			Durable goods			Nondurable goods					
				Total goods	Final sales	Inventory change	Total	Final sales	Inventory change	Total	Final sales	Inventory change			
1929	203.6	200.1	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	183.5	184.1	-.6	90.5	91.1	-.6	22.4	24.5	-2.1	68.0	66.5	1.5	67.7	25.3	-----
1931	169.3	171.7	-2.4	83.2	85.7	-2.4	16.3	19.2	-3.0	67.0	66.5	0.5	65.8	20.2	-----
1932	144.2	150.5	-6.2	68.7	74.9	-6.2	8.3	13.4	-5.1	60.4	61.5	-1.1	61.9	13.7	-----
1933	141.5	145.9	-4.3	68.8	73.2	-4.3	9.9	11.7	-1.7	57.1	59.8	-2.7	63.0	9.8	-----
1934	154.3	157.0	-2.7	77.9	80.5	-2.7	16.9	16.7	.2	61.0	65.8	-4.8	65.3	11.1	-----
1935	169.5	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	203.2	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	192.9	195.3	-2.4	100.5	102.9	-2.4	21.1	23.4	-2.3	79.4	79.5	-.1	74.8	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	337.1	337.3	-.2	187.4	187.6	-.2	85.6	85.2	.4	101.7	102.4	-.6	131.8	17.9	-----
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	12.4	-----
1945	355.2	358.2	-2.9	198.0	201.0	-2.9	84.3	87.4	-3.1	113.7	113.6	.2	144.3	12.9	-----
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	10.3
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	11.4
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	14.8
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	19.1
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	15.9
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	13.5
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	18.7
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	17.1
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	24.6
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	18.6
1957	452.5	451.2	1.2	239.8	238.5	1.2	96.2	95.0	1.2	143.6	143.6	.0	160.1	52.6	20.2
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	14.5
1959	475.9	471.1	4.8	247.7	242.9	4.8	94.0	91.6	2.4	153.7	151.2	2.5	171.2	57.0	18.5
1960	487.7	484.2	3.5	256.0	252.6	3.5	97.8	95.9	2.0	158.2	156.7	1.5	176.6	55.0	21.0
1961	497.2	495.2	2.0	257.3	255.3	2.0	94.9	94.9	.0	162.3	160.3	2.0	184.0	55.8	17.5
1962	529.8	523.8	6.0	277.3	271.3	6.0	107.0	104.1	2.8	170.3	167.2	3.1	193.7	58.8	22.0
1963	551.0	545.2	5.8	289.7	283.9	5.8	114.2	111.4	2.8	175.6	172.5	3.1	200.9	60.4	24.7
1964	581.1	575.2	5.8	308.6	302.8	5.8	124.6	120.4	4.1	184.1	182.3	1.7	210.8	61.6	25.5
1965	617.8	608.8	9.0	330.7	321.7	9.0	136.5	130.1	6.5	194.2	191.6	2.6	221.9	65.2	31.8
1966	657.1	643.2	13.9	355.9	342.0	13.9	151.1	141.5	9.6	204.8	200.5	4.3	236.4	64.8	30.9
1967	673.1	667.2	5.9	363.9	355.1	5.9	150.3	147.6	2.7	210.7	207.5	3.2	249.6	62.5	29.0
1968 P.	706.9	699.9	6.9	380.3	373.4	6.9	162.1	158.1	4.0	218.2	215.3	3.0	260.1	66.4	34.8
Seasonally adjusted annual rates															
1966: I.....	648.6	638.3	10.3	350.1	339.8	10.3	147.8	140.7	7.1	202.3	199.1	3.2	230.7	67.9	33.5
II.....	653.3	638.5	14.7	353.1	338.4	14.7	147.7	138.4	9.3	205.4	200.0	5.4	234.7	65.5	30.0
III.....	659.5	647.6	12.0	356.5	344.6	12.0	152.6	142.9	9.7	203.9	201.6	2.3	238.9	64.1	29.0
IV.....	667.1	648.5	18.6	363.9	345.4	18.6	156.4	143.9	12.5	207.5	201.5	6.1	241.3	61.8	31.0
1967: I.....	665.7	657.7	8.0	357.2	349.2	8.0	146.7	143.8	3.0	210.5	205.5	5.0	246.1	62.3	26.6
II.....	669.2	666.9	2.3	360.3	358.1	2.3	149.9	149.3	.6	210.5	208.8	1.7	247.8	61.1	29.6
III.....	675.6	670.4	5.2	361.9	356.7	5.2	151.6	148.2	3.4	210.2	208.5	1.8	251.2	62.5	29.2
IV.....	681.8	673.8	8.0	364.4	356.4	8.0	152.8	149.0	3.8	211.6	207.5	4.1	253.2	64.2	30.7
1968: I.....	692.7	690.7	2.0	370.4	368.4	2.0	155.9	154.5	1.4	214.5	213.9	.6	255.1	67.2	33.0
II.....	703.4	693.5	9.9	379.2	369.3	9.9	161.2	155.6	5.6	218.0	213.7	4.3	258.7	65.5	35.4
III.....	712.3	705.5	6.8	384.7	378.0	6.8	164.9	160.5	4.4	219.8	217.4	2.4	262.3	65.2	35.2
IV.....	719.1	710.0	9.1	386.8	377.7	9.1	166.3	161.7	4.6	220.5	216.0	4.6	264.5	67.7	35.4

Source: Department of Commerce, Office of Business Economics.

TABLE B-6.—Gross national product: Receipts and expenditures by major economic groups, 1929-68

(Billions of dollars)

Year or quarter	Persons					Government						Surplus or deficit (-), national income and product accounts
	Disposable personal income			Personal consumption expenditures	Personal saving or dis-saving (-)	Net receipts			Expenditures			
	Total 1	Less: Interest paid and transfer payments to foreigners	Equals: Total excluding interest and transfers			Tax and non-tax receipts or accruals	Less: Transfers, interest, and subsidies ²	Equals: Net receipts	Total expenditures	Less: Transfers, interest, and subsidies ²	Equals: Purchases of goods and services	
1929	83.3	1.9	81.4	77.2	4.2	11.3	1.8	9.5	10.3	1.8	8.5	1.0
1930	74.5	1.2	73.3	69.9	3.4	10.8	1.9	8.9	11.1	1.9	9.2	- .3
1931	64.0	.9	63.1	60.5	2.6	9.5	3.1	6.3	12.4	3.1	9.2	-2.9
1932	48.7	.7	48.0	48.6	— .6	8.9	2.6	6.3	10.6	2.6	8.1	-1.8
1933	45.5	.7	44.9	45.8	— .9	9.3	2.7	6.7	10.7	2.7	8.0	-1.4
1934	52.4	.6	51.7	51.3	.4	10.5	3.1	7.4	12.9	3.1	9.8	-2.4
1935	58.5	.7	57.8	55.7	2.1	11.4	3.4	8.0	13.4	3.4	10.0	-2.0
1936	66.3	.8	65.5	61.9	3.6	12.9	4.1	8.8	16.1	4.1	12.0	-3.1
1937	71.2	.9	70.3	66.5	3.8	15.4	3.2	12.2	15.0	3.2	11.9	.3
1938	65.5	.8	64.6	63.9	.7	15.0	3.8	11.2	16.8	3.8	13.0	-1.8
1939	70.3	.9	69.4	66.8	2.6	15.4	4.2	11.2	17.6	4.2	13.3	-2.2
1940	75.7	1.0	74.7	70.8	3.8	17.7	4.4	13.3	18.4	4.4	14.0	— .7
1941	92.7	1.1	91.6	80.6	11.0	25.0	4.0	21.0	28.8	4.0	24.8	-3.8
1942	116.9	.8	116.1	88.5	27.6	32.6	4.4	28.2	64.0	4.4	59.6	-31.4
1943	133.5	.8	132.7	99.3	33.4	49.2	4.7	44.4	93.3	4.7	88.6	-44.1
1944	146.3	.8	145.5	108.3	37.3	51.2	6.5	44.7	103.0	6.5	96.5	-51.8
1945	150.2	1.0	149.3	119.7	29.6	53.2	10.4	42.8	92.7	10.4	82.3	-39.5
1946	160.0	1.4	158.6	143.4	15.2	50.9	18.5	32.4	45.5	18.5	27.0	5.4
1947	169.8	1.8	168.0	160.7	7.3	56.8	17.3	39.5	42.4	17.3	25.1	14.4
1948	189.1	2.2	186.9	173.6	13.4	58.9	18.8	40.1	50.3	18.8	31.6	8.5
1949	188.6	2.4	186.2	176.8	9.4	56.0	21.3	34.7	59.1	21.3	37.8	-3.2
1950	206.9	2.9	204.1	191.0	13.1	68.7	22.9	45.8	60.8	22.9	37.9	7.8
1951	226.6	3.1	223.5	206.3	17.3	84.8	19.9	64.9	79.0	19.9	59.1	5.8
1952	238.3	3.5	234.8	216.7	18.1	89.8	19.0	70.8	93.7	19.0	74.7	-3.8
1953	252.6	4.3	248.3	230.0	18.3	94.3	19.5	74.8	101.2	19.5	81.6	-6.9
1954	257.4	4.6	252.9	236.5	16.4	89.7	21.9	67.8	96.7	21.9	74.8	-7.0
1955	275.3	5.1	270.2	254.4	15.8	100.4	23.4	76.9	97.6	23.4	74.2	2.7
1956	293.2	5.9	287.2	266.7	20.6	109.0	25.5	83.5	104.1	25.5	78.6	4.9
1957	308.5	6.4	302.2	281.4	20.7	115.6	28.7	86.8	114.9	28.7	86.1	.7
1958	318.8	6.5	312.3	290.1	22.3	114.7	33.0	81.6	127.2	33.0	94.2	-12.5
1959	337.3	7.1	330.3	311.2	19.1	128.9	34.0	95.0	131.0	34.0	97.0	-2.1
1960	350.0	7.8	342.3	325.2	17.0	139.8	36.5	103.3	136.1	36.5	99.6	3.7
1961	364.4	8.1	356.3	335.2	21.2	144.6	41.3	103.3	149.0	41.3	107.6	-4.3
1962	385.3	8.6	376.6	355.1	21.6	157.0	42.8	114.2	159.9	42.8	117.1	-2.9
1963	404.6	9.7	394.9	375.0	19.9	168.8	44.4	124.3	166.9	44.4	122.5	1.8
1964	438.1	10.7	427.4	401.2	26.2	174.1	46.7	127.3	175.4	46.7	128.7	-1.4
1965	473.2	12.0	461.3	432.8	28.4	189.1	49.9	139.2	186.9	49.9	137.0	2.2
1966	511.6	13.1	498.4	465.5	32.9	213.2	55.3	157.9	211.5	55.3	156.2	1.7
1967	546.3	13.9	532.4	492.2	40.2	227.4	62.9	164.6	241.3	62.9	178.4	-13.8
1968 p.	589.0	14.4	574.5	533.7	40.8	260.9	70.2	190.7	267.3	70.2	197.1	-6.4
Seasonally adjusted annual rates												
1966: I	500.0	12.7	487.3	457.8	29.5	204.3	53.6	150.8	201.3	53.6	147.8	3.0
II	505.5	13.1	492.5	461.1	31.4	211.5	53.1	158.4	206.2	53.1	153.1	5.3
III	515.4	13.2	502.2	469.3	32.9	216.5	55.8	160.8	215.3	55.8	159.5	1.2
IV	525.4	13.5	511.8	473.7	38.1	220.5	58.8	161.7	223.1	58.8	164.3	-2.6
1967: I	534.2	13.7	520.6	480.9	39.7	222.2	62.0	160.2	235.2	62.0	173.1	-12.9
II	541.5	14.2	527.3	490.3	37.0	223.6	62.2	161.4	239.5	62.2	177.3	-15.9
III	550.0	14.0	536.1	495.5	40.5	229.0	63.4	165.7	243.0	63.4	179.6	-14.0
IV	559.6	13.9	545.7	502.2	43.4	234.8	63.8	171.0	247.4	63.8	183.5	-12.5
1968: I	574.4	14.1	560.3	519.4	40.8	246.6	66.4	180.3	256.9	66.4	190.5	-10.3
II	586.3	14.4	571.9	527.9	44.0	254.2	69.8	184.4	265.5	69.8	195.7	-11.3
III	592.7	14.5	578.2	541.1	37.1	267.2	71.8	195.4	271.3	71.8	199.6	-4.1
IV p.	602.5	14.7	587.7	546.3	41.4	—	72.9	—	275.4	72.9	202.5	—

See footnotes at end of table.

TABLE B-6.—Gross national product: Receipts and expenditures by major economic groups, 1929-68—Continued

Year or quarter	[Billions of dollars]										
	Business			International				Total income or receipts	Statistical discrepancy	Gross national product or expenditure	
	Gross retained earnings ³	Gross private domestic investment ⁴	Excess of investment (-)	Transfers to foreigners by persons and Government	Net exports of goods and services						Excess of transfers or of net exports (-) ⁵
				Exports	Less: Imports	Equals: Net exports					
1929.....	11.2	16.2	-5.1	0.4	7.0	5.9	1.1	-0.8	102.4	0.7	103.1
1930.....	8.6	10.3	-1.6	.3	5.4	4.4	1.0	-0.7	91.2	-.8	90.4
1931.....	5.3	5.6	-.3	.3	3.6	3.1	.5	-.2	75.1	-.7	75.8
1932.....	3.2	1.0	2.2	.2	2.5	2.1	.4	-.2	57.7	.3	58.0
1933.....	3.2	1.4	1.8	.2	2.4	2.0	.4	-.2	55.0	.6	55.6
1934.....	5.2	3.3	1.9	.2	3.0	2.4	.6	-.4	64.5	.5	65.1
1935.....	6.4	6.4	.0	.2	3.3	3.1	.1	.1	72.5	-.2	72.2
1936.....	7.7	8.5	-1.8	.2	3.5	3.4	.1	.1	81.3	1.2	82.5
1937.....	6.7	11.8	-4.0	.2	4.6	4.3	.3	-.1	90.5	*	90.4
1938.....	8.0	6.5	1.6	.2	4.3	3.0	1.3	-1.1	84.1	.6	84.7
1939.....	8.4	9.3	-.9	.2	4.4	3.4	1.1	-.9	89.2	1.3	90.5
1940.....	10.5	13.1	-2.7	.2	5.4	3.6	1.7	-1.5	98.7	1.0	99.7
1941.....	11.4	17.9	-6.5	.2	5.9	4.6	1.3	-1.1	124.1	.4	124.5
1942.....	14.5	9.8	4.6	.2	4.8	4.8	*	.2	159.0	-1.1	157.9
1943.....	16.3	5.7	10.6	.2	4.4	6.5	-2.0	2.2	193.6	-2.0	191.6
1944.....	17.1	7.1	10.0	.3	5.3	7.1	-1.8	2.1	207.6	2.5	210.1
1945.....	15.1	10.6	4.6	.8	7.2	7.9	-.6	1.4	208.0	3.9	211.9
1946.....	14.5	30.6	-16.1	2.9	14.7	7.2	7.5	-4.6	208.4	.1	208.5
1947.....	20.2	34.0	-13.8	2.6	19.7	8.2	11.5	-3.9	230.4	.9	231.3
1948.....	28.0	46.0	-18.0	4.5	16.8	10.3	6.4	-1.9	259.5	-2.0	257.6
1949.....	29.7	35.7	-6.0	5.6	15.8	9.6	6.1	-.5	256.2	.3	256.5
1950.....	29.4	54.1	-24.7	4.0	13.8	12.0	1.8	2.2	283.3	1.5	284.8
1951.....	33.1	59.3	-26.2	3.5	18.7	15.1	3.7	-.2	325.1	3.3	328.4
1952.....	35.1	51.9	-16.8	2.5	18.0	15.8	2.2	.3	343.3	2.2	345.5
1953.....	39.1	52.6	-16.5	2.5	16.9	16.6	.4	2.1	361.6	3.0	364.6
1954.....	36.2	51.7	-12.5	2.3	17.8	15.9	1.8	.5	362.1	2.7	364.8
1955.....	46.3	67.4	-21.1	2.5	19.8	17.8	2.0	.5	395.9	2.1	398.0
1956.....	47.3	70.0	-22.8	2.4	23.6	19.6	4.0	-1.5	420.4	-1.1	419.2
1957.....	49.8	67.8	-18.1	2.3	26.5	20.8	5.7	-3.4	441.1	*	441.1
1958.....	49.4	60.9	-11.5	2.4	23.1	20.9	2.2	.2	445.8	1.6	447.3
1959.....	56.8	75.3	-18.5	2.4	23.5	23.3	.1	2.3	484.5	-.8	483.7
1960.....	56.8	74.8	-18.0	2.4	27.2	23.2	4.0	-1.7	504.8	-1.0	503.7
1961.....	58.7	71.7	-13.0	2.6	28.6	23.0	5.6	-3.0	520.8	-.8	520.1
1962.....	66.3	83.0	-16.8	2.7	30.3	25.1	5.1	-2.5	559.8	.5	560.3
1963.....	68.8	87.1	-18.4	2.8	32.3	26.4	5.9	-3.1	590.8	-.3	590.5
1964.....	76.2	94.0	-17.8	2.8	37.1	28.6	8.5	-5.7	633.7	-1.3	632.4
1965.....	84.7	108.1	-23.4	2.8	39.2	32.3	6.9	-4.1	688.0	-3.1	684.9
1966.....	91.6	120.8	-29.2	2.9	43.1	38.1	5.1	-2.2	750.9	-3.3	747.6
1967.....	93.1	114.3	-21.1	3.1	45.8	41.0	4.8	-1.7	793.2	-3.5	789.7
1968.....	97.5	127.5	-30.0	2.7	50.6	48.2	2.4	.3	865.7	-4.7	860.7
Seasonally adjusted annual rates											
1966: I.....	88.9	116.8	-27.9	3.4	42.1	36.1	6.0	-2.7	730.3	-1.9	728.4
II.....	90.4	121.0	-30.5	2.9	42.6	37.3	5.2	-2.3	744.2	-3.9	740.4
III.....	91.9	119.9	-28.0	2.8	43.6	39.1	4.5	-1.7	757.7	-4.4	753.3
IV.....	95.3	125.7	-30.4	2.6	44.2	39.7	4.5	-1.9	771.3	-3.1	768.2
1967: I.....	91.3	113.0	-21.7	2.9	45.5	40.3	5.2	-2.3	775.0	-2.8	772.2
II.....	91.9	107.6	-15.7	3.4	45.5	40.4	5.1	-1.6	784.0	-3.8	780.2
III.....	93.5	114.7	-21.2	3.4	46.1	40.6	5.4	-2.1	798.6	-3.4	795.3
IV.....	95.9	121.8	-25.9	2.6	46.0	42.6	3.4	-.8	815.2	-4.2	811.0
1968: I.....	92.8	119.7	-26.9	2.6	47.5	46.0	1.5	1.1	835.9	-4.7	831.2
II.....	97.4	127.3	-29.9	2.8	49.9	47.9	2.0	.8	856.5	-3.6	852.9
III.....	99.9	127.1	-27.2	2.8	52.6	49.4	3.3	-.5	876.3	-5.3	871.0
IV.....	136.1			2.8	52.4	49.5	3.0	-.2			887.8

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 B-11.

⁵ Net foreign investment with sign changed.

Source: Department of Commerce, Office of Business Economics.

TABLE B-7.—Gross national product by sector, 1929-68

[Billions of dollars]

Year or quarter	Total gross national product	Gross private product ¹						Gross government product ³
		Total	Business			Households	Rest of the world	
			Total	Nonfarm ²	Farm			
1929.....	103.1	98.8	95.1	85.4	9.7	2.9	0.8	4.3
1930.....	90.4	85.8	82.4	74.8	7.7	2.7	.7	4.5
1931.....	75.8	71.2	68.3	62.0	6.3	2.3	.5	4.7
1932.....	58.0	53.6	51.3	46.8	4.5	1.9	.4	4.4
1933.....	55.6	50.9	48.9	44.3	4.6	1.7	.3	4.7
1934.....	65.1	59.5	57.4	52.7	4.7	1.8	.3	5.6
1935.....	72.2	66.3	64.1	57.1	7.0	1.9	.4	5.9
1936.....	82.5	75.2	72.9	66.5	6.4	2.0	.3	7.3
1937.....	90.4	83.5	81.0	72.7	8.3	2.3	.3	6.9
1938.....	84.7	77.0	74.5	67.9	6.6	2.2	.4	7.6
1939.....	90.5	82.9	80.3	74.0	6.3	2.3	.3	7.6
1940.....	99.7	91.9	89.1	82.6	6.5	2.4	.4	7.8
1941.....	124.5	115.1	112.2	103.3	8.9	2.5	.4	9.4
1942.....	157.9	142.8	139.5	126.5	13.0	2.9	.4	15.1
1943.....	191.6	166.0	162.4	147.2	15.3	3.2	.4	25.6
1944.....	210.1	177.9	173.8	158.5	15.3	3.7	.4	32.2
1945.....	211.9	176.8	172.3	156.4	15.9	4.1	.4	35.2
1946.....	208.5	187.7	182.7	163.9	18.8	4.5	.6	20.8
1947.....	231.3	214.6	208.6	188.5	20.2	5.1	.8	16.7
1948.....	257.6	240.1	233.5	210.2	23.3	5.6	1.0	17.4
1949.....	256.5	237.0	230.1	211.4	18.8	5.9	1.0	19.4
1950.....	284.8	263.9	256.3	236.3	20.0	6.4	1.2	20.9
1951.....	328.4	301.0	292.8	269.9	22.9	6.9	1.3	27.4
1952.....	345.5	314.3	305.8	283.7	22.2	7.2	1.3	31.2
1953.....	364.6	332.7	323.6	303.3	20.3	7.8	1.3	31.9
1954.....	364.8	332.4	322.7	303.1	19.6	8.1	1.6	32.5
1955.....	398.0	363.8	352.9	334.1	18.8	9.1	1.8	34.2
1956.....	419.2	382.6	370.8	352.2	18.6	9.8	2.1	36.6
1957.....	441.1	402.0	389.3	370.9	18.4	10.5	2.2	39.1
1958.....	447.3	405.2	391.7	370.9	20.8	11.4	2.0	42.1
1959.....	483.7	439.4	425.0	405.3	19.6	12.2	2.2	44.3
1960.....	503.7	456.3	440.7	420.2	20.5	13.2	2.4	47.5
1961.....	520.1	469.2	452.3	431.4	20.9	14.0	2.9	50.9
1962.....	560.3	505.7	487.4	466.2	21.2	15.0	3.3	54.7
1963.....	590.5	532.4	513.0	491.5	21.5	16.0	3.4	58.1
1964.....	632.4	569.4	548.2	527.6	20.6	17.3	4.0	63.0
1965.....	684.9	617.1	594.4	570.8	23.7	18.5	4.2	67.8
1966.....	747.6	671.1	646.7	622.0	24.7	20.2	4.2	76.5
1967.....	789.7	704.8	677.9	653.7	24.2	22.3	4.6	84.8
1968.....	860.7	766.4	737.4	712.4	25.0	24.0	5.0	94.3
Seasonally adjusted annual rates								
1966: I.....	728.4	655.4	631.5	605.9	25.6	19.9	4.0	73.0
II.....	740.4	665.3	641.3	616.5	24.8	19.7	4.2	75.1
III.....	753.3	675.4	650.8	626.5	24.2	20.4	4.1	77.9
IV.....	768.2	688.2	663.1	639.0	24.2	20.7	4.4	80.0
1967: I.....	772.2	690.4	664.5	640.7	23.8	21.8	4.1	81.8
II.....	780.2	696.7	670.7	646.7	24.0	22.1	4.0	83.5
III.....	795.3	709.8	682.4	658.0	24.4	22.5	5.0	85.4
IV.....	811.0	722.3	694.1	669.4	24.8	22.9	5.3	88.6
1968: I.....	831.2	740.3	712.4	688.1	24.3	23.5	4.4	90.8
II.....	852.9	759.9	730.8	706.1	24.7	24.2	4.9	93.0
III.....	871.0	775.0	745.6	720.2	25.5	24.2	5.2	96.0
IV.....	887.8	790.3	760.7	735.2	25.5	24.2	5.4	97.6

¹ Gross national product less compensation of general government employees.

² Includes compensation of employees in government enterprises. Government enterprises are those agencies of government whose operating costs are 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. The Post Office and public power systems are examples of government enterprises; on the other hand, State universities and public parks are part of general government activities.

³ Compensation of general government employees.

Source: Department of Commerce, Office of Business Economics.

TABLE B-8.—Gross national product by sector, in 1958 prices, 1929-68

[Billions of dollars, 1958 prices]

Year or quarter	Total gross national product	Gross private product ¹						Gross government product ³
		Total	Business			Households	Rest of the world	
			Total	Nonfarm ²	Farm			
1929	203.6	190.9	182.1	165.1	17.0	7.4	1.4	12.7
1930	183.5	170.1	161.4	145.4	16.1	7.1	1.6	13.3
1931	169.3	155.8	147.7	129.2	18.5	6.6	1.4	13.5
1932	144.2	131.0	123.8	105.8	18.0	6.0	1.3	13.2
1933	141.5	127.5	120.6	103.0	17.5	5.7	1.2	14.0
1934	154.3	138.3	131.1	116.6	14.6	6.2	1.0	16.0
1935	169.5	152.4	144.9	128.4	16.5	6.4	1.1	17.1
1936	193.0	173.1	165.4	150.5	14.9	6.8	1.0	19.9
1937	203.2	184.3	176.4	158.5	17.9	7.1	1.8	18.9
1938	192.9	172.6	164.6	146.8	17.8	6.8	1.1	20.4
1939	209.4	188.7	180.7	162.5	18.2	7.1	.9	20.6
1940	227.2	205.6	197.1	179.6	17.5	7.6	1.0	21.6
1941	263.7	236.6	228.1	209.3	18.8	7.5	.9	27.2
1942	297.8	257.3	248.7	228.0	20.6	7.8	.8	40.5
1943	337.1	272.8	264.9	245.3	19.6	7.2	.8	64.3
1944	361.3	286.9	278.9	259.5	19.4	7.1	.9	74.4
1945	355.2	282.5	274.6	256.5	18.1	7.1	.8	72.8
1946	312.6	275.1	267.0	248.6	18.5	7.1	.9	37.5
1947	309.9	281.4	272.8	255.8	17.0	7.5	1.1	28.6
1948	323.7	295.0	286.0	267.0	19.0	7.9	1.2	28.7
1949	324.1	294.1	284.7	266.2	18.4	8.2	1.2	30.1
1950	355.3	324.2	314.2	294.9	19.4	8.7	1.3	31.1
1951	383.4	344.6	334.5	316.2	18.4	8.8	1.2	38.8
1952	395.1	353.2	343.2	324.2	19.0	8.8	1.2	41.8
1953	412.8	371.1	360.7	340.7	20.0	9.1	1.3	41.7
1954	407.0	366.2	355.4	335.0	20.4	9.2	1.6	40.9
1955	438.0	397.2	385.4	364.4	20.9	10.1	1.8	40.7
1956	446.1	404.8	392.2	371.4	20.8	10.6	2.0	41.3
1957	452.5	410.5	397.5	377.2	20.3	10.9	2.1	41.9
1958	447.3	405.2	391.7	370.9	20.8	11.4	2.0	42.1
1959	475.9	433.4	419.4	398.3	21.1	11.7	2.2	42.5
1960	487.7	444.0	429.5	407.6	21.9	12.2	2.3	43.7
1961	497.2	452.3	436.9	414.8	22.2	12.4	2.9	44.8
1962	529.8	482.9	466.7	444.6	22.1	12.9	3.4	46.9
1963	551.0	503.2	486.6	463.8	22.8	13.2	3.4	47.8
1964	581.1	532.0	514.4	492.1	22.3	13.7	3.9	49.1
1965	617.8	567.0	548.9	525.2	23.7	14.0	4.1	50.8
1966	657.1	602.1	583.4	561.1	22.2	14.8	4.0	55.0
1967	673.1	614.0	594.0	569.9	24.1	15.5	4.5	59.0
1968 ^p	706.9	644.8	623.8	599.9	23.9	16.1	4.9	62.0
Seasonally adjusted annual rates								
1966: I	648.6	595.5	577.0	554.3	22.7	14.7	3.8	53.1
II	653.3	598.9	580.3	557.4	22.9	14.5	4.0	54.4
III	659.5	603.8	585.0	563.6	21.4	14.9	3.9	55.7
IV	667.1	610.3	591.1	569.3	21.9	15.0	4.2	56.8
1967: I	665.7	607.9	588.5	564.8	23.7	15.3	4.1	57.8
II	669.2	610.6	591.2	567.5	23.7	15.5	3.9	58.6
III	675.6	616.0	595.6	571.2	24.4	15.6	4.9	59.6
IV	681.8	621.7	600.8	576.3	24.5	15.7	5.2	60.1
1968: I	692.7	631.8	611.4	587.8	23.6	16.1	4.3	60.9
II	703.4	641.6	620.5	596.2	24.3	16.3	4.8	61.8
III	712.3	649.7	628.5	604.5	24.0	16.2	5.1	62.6
IV ^p	719.1	656.2	634.9	610.9	24.0	16.0	5.3	62.9

¹ Gross national product less compensation of general government employees.

² Includes compensation of employees in government enterprises. Government enterprises are those agencies of government whose operating costs are 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. The Post Office and public power systems are examples of government enterprises; on the other hand, State universities and public parks are part of general government activities.

³ Compensation of general government employees.

Source: Department of Commerce, Office of Business Economics.

TABLE B-9.—*Gross national product by industry, in 1958 prices, 1947-67*

[Billions of dollars, 1958 prices]

Year	Total gross national product	Agriculture, forestry, and fisheries	Contract construction	Manufacturing			Transportation, communication, and utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services	Government and government enterprises	All other ¹
				Total	Durable goods industries	Non-durable goods industries						
1947	309.9	17.9	12.9	91.8	52.3	39.4	29.6	52.7	35.6	30.6	32.4	6.7
1948	323.7	20.0	14.1	96.3	55.0	41.3	30.4	54.2	36.5	31.9	33.2	7.1
1949	324.1	19.4	14.7	90.9	50.5	40.4	28.7	55.2	37.8	32.1	34.7	10.6
1950	355.3	20.4	16.2	105.5	60.8	44.7	30.8	60.4	41.0	33.1	35.9	12.1
1951	383.4	19.5	18.2	116.2	69.0	47.2	34.3	61.4	42.9	34.0	43.9	13.0
1952	395.1	20.2	18.3	118.7	71.5	47.3	34.6	62.9	44.7	34.5	47.2	14.0
1953	412.8	21.2	18.9	128.6	79.1	49.5	35.7	64.9	46.8	35.3	47.1	14.3
1954	407.0	21.6	19.3	119.5	71.2	48.3	36.4	65.5	49.8	35.4	46.1	13.5
1955	438.0	22.1	20.8	133.6	80.7	52.9	38.6	71.6	52.7	38.2	46.0	14.4
1956	446.1	22.0	21.8	134.1	79.4	54.6	40.5	73.8	54.8	40.2	46.2	12.7
1957	452.5	21.5	21.1	134.6	79.6	54.9	41.3	75.1	57.0	41.8	46.9	13.1
1958	447.3	22.0	20.7	123.7	69.6	54.0	40.6	75.1	59.2	42.9	47.3	16.0
1959	475.9	22.3	22.0	138.9	79.9	59.0	43.3	80.8	61.4	45.1	47.9	14.1
1960	487.7	23.1	21.7	140.9	81.0	59.9	44.9	82.3	64.1	46.7	49.2	14.7
1961	497.2	23.4	21.4	140.4	79.7	60.7	46.0	83.5	67.1	48.3	50.6	16.3
1962	529.8	23.3	21.7	154.6	90.0	64.7	48.9	88.9	71.2	50.8	52.6	17.9
1963	551.0	24.0	21.9	162.4	95.6	66.8	51.9	92.8	74.4	52.2	53.9	17.4
1964	581.1	23.6	23.3	173.7	102.4	71.3	54.7	98.9	78.3	54.7	56.1	17.8
1965	617.8	25.0	23.5	190.5	114.8	75.7	59.2	104.8	83.1	57.7	58.0	15.8
1966	657.1	23.5	24.4	205.7	124.9	80.8	64.4	111.7	87.2	60.5	62.2	17.4
1967	673.1	25.4	23.6	206.5	124.3	82.2	68.0	113.6	90.1	62.7	66.9	16.3

¹ Mining, rest of world, and residual (the difference between gross national product measured as sum of final products and gross national product measured as sum of gross product by industries).

Source: Department of Commerce, Office of Business Economics.

TABLE B-10.—Personal consumption expenditures, 1929-68

[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	14.4	1.6	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	26.5	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	32.2
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.....	375.0	53.9	24.3	22.2	7.5	168.6	76.5	30.6	13.5	48.0	152.4	55.4	24.3	11.4	62.5
1964.....	401.2	59.2	25.8	25.0	8.5	178.7	80.5	33.5	14.0	50.6	163.3	59.3	23.1	11.6	68.1
1965.....	432.8	66.3	30.3	26.9	9.1	191.1	85.8	35.9	15.3	54.1	175.5	63.5	25.6	12.6	73.8
1966.....	465.5	70.5	30.4	29.8	10.3	206.7	92.7	39.8	16.6	57.5	188.3	67.3	27.1	13.6	80.4
1967.....	492.2	72.6	30.4	31.4	10.9	215.8	94.9	42.1	18.1	60.6	203.8	70.9	29.0	15.0	88.9
1968.....	533.7	82.5	36.5	34.3	11.7	230.2	101.3	45.8	19.8	63.3	221.0	76.2	31.2	16.6	97.0
Seasonally adjusted annual rates															
1966: I.....	457.8	71.6	31.8	29.3	10.5	202.8	91.4	39.2	16.0	56.2	183.4	66.0	26.2	13.3	77.9
II.....	461.1	68.2	28.9	29.0	10.3	206.3	93.1	39.4	16.4	57.4	186.7	66.8	26.9	13.6	79.4
III.....	469.3	71.0	30.3	30.4	10.3	208.3	93.3	40.5	16.7	57.8	190.0	67.6	27.5	13.6	81.3
IV.....	473.7	71.1	30.5	30.4	10.2	209.3	93.2	40.3	17.1	58.7	193.3	68.8	27.8	13.8	82.9
1967: I.....	480.9	69.8	28.1	31.1	10.6	212.9	94.4	40.9	17.7	59.9	198.2	69.7	28.1	14.7	85.7
II.....	490.3	73.4	31.2	31.2	11.0	215.3	94.4	42.4	17.8	60.7	201.6	70.4	28.7	14.8	87.7
III.....	495.5	73.1	31.0	31.4	10.8	216.4	94.7	42.8	18.3	60.6	205.9	71.2	29.2	15.1	90.4
IV.....	502.2	74.2	31.4	31.8	11.1	218.4	96.2	42.3	18.6	61.3	209.6	72.2	29.9	15.5	92.0
1968: I.....	519.4	79.0	34.6	33.3	11.1	226.5	98.6	44.6	19.7	63.6	213.9	74.0	30.3	16.2	93.3
II.....	527.9	81.0	35.4	33.9	11.7	228.2	101.0	44.8	19.4	63.0	218.7	75.4	31.0	16.3	95.9
III.....	541.1	85.1	38.1	35.4	11.5	232.7	102.2	47.2	20.0	63.3	223.4	76.9	31.5	16.8	98.2
IV.....	546.3	84.8	38.0	34.4	12.3	233.5	103.1	46.5	20.2	63.6	228.0	78.6	31.9	17.1	100.5

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.

Source: Department of Commerce, Office of Business Economics (except as noted).

TABLE B-11.—Gross private domestic investment, 1929–68

[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	.0	-2.5	-2.6
1933	1.4	3.0	2.4	.9	.9	1.5	1.3	.6	.5	*	-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	6.3	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	1.7
1943	7.1	6.4	5.0	1.3	1.2	3.7	3.0	1.4	1.2	.2	-.6	-.6
1944	5.7	8.1	6.8	1.8	1.7	5.0	4.2	1.3	1.1	.1	-1.0	-.6
1945	10.6	11.6	10.1	2.8	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	4.7	3.0
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	16.2	.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	87.1	81.3	54.3	19.5	18.8	34.8	31.2	27.0	26.4	.6	5.9	5.1
1964	94.0	88.2	61.1	21.2	20.5	39.9	36.3	27.1	26.6	.5	5.8	6.4
1965	108.1	98.5	71.3	25.5	24.9	45.8	41.6	27.2	26.7	.5	9.6	8.6
1966	120.8	106.1	81.3	28.5	27.8	52.8	48.1	24.8	24.3	.5	14.7	14.9
1967	114.3	108.2	83.6	27.9	27.1	55.7	51.0	24.6	24.0	.6	6.1	5.6
1968*	127.5	120.0	90.0	29.2	28.4	60.8	55.8	30.0	29.4	.6	7.6	7.2
Seasonally adjusted annual rates												
1966: I	116.8	105.9	78.6	28.6	27.9	50.0	45.5	27.3	26.8	0.5	10.9	10.7
II	121.0	105.6	79.8	28.1	27.4	51.7	47.2	25.8	25.2	.5	15.4	15.4
III	119.9	107.0	82.6	28.9	28.2	53.7	49.3	24.4	23.9	.6	12.8	13.3
IV	125.7	105.9	84.2	28.2	27.5	55.9	50.4	21.7	21.1	.6	19.8	20.2
1967: I	113.0	104.6	83.5	29.0	28.3	54.5	49.8	21.1	20.5	.6	8.4	8.3
II	107.6	105.4	82.7	27.2	26.4	55.5	50.7	22.7	22.1	.6	2.3	2.2
III	114.7	109.3	83.3	27.7	27.0	55.6	50.9	26.0	25.4	.6	5.3	4.8
IV	121.8	113.5	85.0	27.7	26.9	57.3	52.6	28.5	27.9	.6	8.3	7.1
1968: I	119.7	117.6	88.6	29.6	28.8	59.0	54.3	29.1	28.5	.6	2.1	1.6
II	127.3	116.5	87.0	28.5	27.7	58.5	53.6	29.5	28.9	.6	10.8	10.4
III	127.1	119.8	90.1	28.8	28.0	61.3	56.4	29.5	28.9	.6	7.5	7.3
IV*	136.1	126.0	94.2	29.8	29.0	64.4	59.0	31.8	31.2	.6	10.0	9.2

Source: Department of Commerce, Office of Business Economics.

TABLE B-12.—National income by type of income, 1929–68

(Billions of dollars)

Year or quarter	Total national income ¹	Compensation of employees			Business and professional income			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	.7	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	.3	2.6	2.0	—1.2	1.0	—2.1	4.1
1934	49.3	34.3	33.7	.6	4.7	4.8	.0	3.0	1.7	1.7	2.3	— .6	4.1
1935	57.2	37.3	36.7	.6	5.5	5.5	.0	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	.0	6.0	2.1	6.8	6.8	.0	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	.0	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	24.2	19.7	— .6	2.5
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	1.9
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	1.9
1949	217.5	141.0	134.5	6.5	22.6	22.2	.5	12.7	8.4	30.8	28.9	1.9	1.8
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	.0	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	.0	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	11.4	15.6	51.7	52.1	— .5	7.1
1960	414.5	294.2	270.8	23.4	34.2	34.3	.0	12.0	15.8	49.9	49.7	.2	8.4
1961	427.3	302.6	278.1	24.6	35.6	35.6	.0	12.8	16.0	50.3	50.3	— .1	10.0
1962	457.7	323.6	296.1	27.5	37.1	37.1	.0	13.0	16.7	55.7	55.4	.3	11.6
1963	481.9	341.0	311.1	29.9	37.9	37.9	.0	13.1	17.1	58.9	59.4	— .5	13.8
1964	518.1	365.7	333.7	32.0	40.2	40.3	— .1	12.1	18.0	66.3	66.8	— .5	15.8
1965	564.3	393.8	358.9	35.0	42.4	42.8	— .4	14.8	19.0	76.1	77.8	—1.7	18.2
1966	620.8	435.6	394.6	41.1	44.8	45.1	— .3	15.9	19.8	83.9	85.6	—1.7	20.8
1967	652.9	468.2	423.4	44.8	46.3	46.6	— .3	14.4	20.3	80.4	81.6	—1.2	23.3
1968	712.8	513.6	463.5	50.1	47.8	48.4	— .6	15.1	21.0	89.2	92.3	—3.1	26.3
Seasonally adjusted annual rates													
1966: I	604.0	420.6	381.0	39.6	44.5	-----	-----	16.9	19.5	82.7	85.2	—2.6	19.8
II	615.1	430.8	390.2	40.5	44.7	-----	-----	16.1	19.7	83.4	85.6	—2.2	20.4
III	626.7	441.4	399.8	41.5	44.7	-----	-----	15.5	19.9	84.2	86.7	—2.5	21.1
IV	637.3	449.7	407.2	42.5	45.2	-----	-----	15.1	20.0	85.3	85.0	.3	22.0
1967: I	638.6	456.7	413.3	43.4	45.7	-----	-----	14.4	20.1	79.5	79.9	— .4	22.2
II	645.1	461.8	417.6	44.2	46.1	-----	-----	14.4	20.2	79.6	80.3	— .7	22.9
III	656.9	471.5	426.3	45.2	46.6	-----	-----	14.6	20.4	80.2	80.8	— .6	23.6
IV	670.9	482.7	436.4	46.2	46.8	-----	-----	14.3	20.5	82.3	85.4	—3.1	24.3
1968: I	688.1	496.8	448.3	48.4	47.2	-----	-----	14.6	20.7	83.8	88.9	—5.1	25.0
II	705.4	507.1	457.6	49.4	47.8	-----	-----	14.8	20.9	89.2	91.8	—2.7	25.8
III	722.5	519.7	469.0	50.7	48.0	-----	-----	15.4	21.0	91.6	92.7	—1.0	26.7
IV	-----	530.7	479.0	51.7	48.2	-----	-----	15.5	21.2	-----	-----	—3.7	27.6

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 B-13.

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 Includes change in inventories.

⁴ See Table B-70 for corporate tax liability and profits after taxes.

Source: Department of Commerce, Office of Business Economics.

TABLE B-13.—Relation of gross national product and national income, 1929-88

(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	.*	6.9	.9	6.0	.6	.7	59.7
1932.....	58.0	7.4	50.7	.*	6.8	.6	5.8	.7	.3	42.8
1933.....	55.6	7.0	48.6	.*	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	.*	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	.*	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	137.1
1943.....	191.6	10.2	181.3	.2	12.7	4.9	7.8	.5	-.2	170.3
1944.....	210.1	11.0	199.1	.7	14.1	6.2	8.0	.5	.5	182.6
1945.....	211.9	11.3	200.7	.8	15.5	7.1	8.4	.5	.3	181.5
1946.....	208.5	9.9	198.6	.9	17.1	7.8	9.3	.5	.1	181.9
1947.....	231.3	12.2	219.1	-.2	18.4	7.8	10.6	.6	.9	199.0
1948.....	257.6	14.5	243.1	-.1	20.1	8.0	12.1	.7	-.2	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	28.2	336.6	-.2	29.4	9.7	19.7	1.1	2.7	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	350.8
1957.....	441.1	37.1	404.0	.9	37.3	11.8	25.5	1.5	.*	366.1
1958.....	447.3	38.9	408.4	.9	38.5	11.5	27.0	1.6	1.6	367.8
1959.....	483.7	41.4	442.3	.1	41.5	12.5	28.9	1.7	-.8	400.0
1960.....	503.7	43.4	460.3	.2	45.2	13.5	31.7	1.9	-.1	414.5
1961.....	520.1	45.2	474.9	1.4	47.7	13.6	34.1	2.0	-.8	427.3
1962.....	560.3	50.0	510.4	1.4	51.5	14.6	36.9	2.1	.5	457.7
1963.....	590.5	52.6	537.9	.8	54.7	15.3	39.4	2.3	-.3	481.9
1964.....	632.4	56.1	576.3	1.3	58.4	16.1	42.3	2.5	-.1	518.1
1965.....	684.9	59.8	625.1	1.3	62.5	16.5	45.9	2.7	-.3	564.3
1966.....	747.6	64.1	683.5	2.3	65.3	15.8	49.5	3.0	-.3	620.8
1967.....	789.7	69.2	720.5	1.6	69.6	16.2	53.4	3.1	-.5	652.9
1968 p.....	860.7	74.3	786.4	.7	75.8	17.6	58.2	3.3	-.4	712.8
Seasonally adjusted annual rate										
1966: I.....	728.4	62.3	666.1	1.9	62.9	15.2	47.8	2.9	-.1	604.0
II.....	740.4	63.5	676.9	2.2	64.9	15.9	49.0	3.0	-.3	615.1
III.....	753.3	64.7	688.6	2.8	66.0	16.0	50.0	3.0	-.4	626.7
IV.....	768.2	65.9	702.4	2.3	67.5	16.1	51.4	3.0	-.3	637.3
1967: I.....	772.2	67.1	705.1	1.8	68.0	15.9	52.1	3.1	-.2	638.6
II.....	780.2	68.4	711.8	1.6	69.0	16.1	52.8	3.1	-.3	645.1
III.....	795.3	70.0	725.3	1.5	70.1	16.3	53.8	3.2	-.4	656.9
IV.....	811.0	71.1	739.8	1.3	71.2	16.4	54.7	3.2	-.4	670.9
1968: I.....	831.2	73.3	758.8	.5	72.8	17.0	55.8	3.2	-.4	688.1
II.....	852.9	73.7	779.1	.7	74.8	17.5	57.3	3.3	-.3	705.4
III.....	871.0	74.9	796.1	1.0	76.7	17.8	58.9	3.3	-.5	722.5
IV p.....	887.8	76.2	811.6	.7	79.0	18.1	60.9	3.3	-.4	712.8

Source: Department of Commerce, Office of Business Economics.

TABLE B-14.—Relation of national income and personal income, 1929–68

[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	*	2.5	2.6	4.4	.5	151.3
1944.....	182.6	23.8	5.2	0.2	3.1	3.3	4.6	.5	165.3
1945.....	181.5	19.2	6.1	-.2	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.....	481.9	58.9	26.9	*	33.0	17.6	16.5	2.3	465.5
1964.....	518.1	66.3	27.9	*	34.2	19.1	17.8	2.5	497.5
1965.....	564.3	76.1	29.6	*	37.2	20.5	19.8	2.7	538.9
1966.....	620.8	83.9	38.0	*	41.0	22.3	21.7	3.0	586.8
1967.....	652.9	80.4	41.9	*	48.6	23.6	22.9	3.1	628.8
1968.....	712.8	89.2	46.9	*	55.3	25.9	24.6	3.3	685.8
Seasonally adjusted annual rates									
1966: I.....	604.0	82.7	36.5	*	39.5	21.5	21.6	2.9	570.4
II.....	615.1	83.4	37.3	*	39.0	22.1	21.9	3.0	580.3
III.....	626.7	84.2	38.7	*	41.0	22.4	21.9	3.0	592.1
IV.....	637.3	85.3	39.4	*	44.3	23.1	21.6	3.0	604.5
1967: I.....	638.6	79.5	40.9	*	47.5	23.4	22.5	3.1	614.8
II.....	645.1	79.6	41.6	*	48.3	23.2	23.2	3.1	621.6
III.....	656.9	80.2	42.1	*	48.9	23.5	23.5	3.2	633.7
IV.....	670.9	82.3	43.0	*	49.7	24.2	22.5	3.2	645.2
1968: I.....	688.1	83.8	45.8	*	52.5	24.9	23.6	3.2	662.7
II.....	705.4	89.2	46.5	*	55.0	25.7	24.4	3.3	678.1
III.....	722.5	91.6	47.4	*	56.3	26.2	25.2	3.3	694.3
IV.....			47.8	*	57.5	26.7	25.4	3.3	708.2

Source: Department of Commerce, Office of Business Economics.

TABLE B-15.—Disposition of personal income, 1929-68

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	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	.7	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	.5	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	220.2	216.7	3.0	.4	18.1	92.4	90.9	7.6
1953	288.2	35.6	252.6	234.3	230.0	3.8	.5	18.3	92.8	91.1	7.2
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	.5	15.8	94.3	92.4	5.7
1956	333.0	39.8	293.2	272.6	266.7	5.4	.6	20.6	93.0	91.0	7.0
1957	351.1	42.6	308.5	287.8	281.4	5.8	.6	20.7	93.3	91.2	6.7
1958	361.2	42.3	318.8	296.6	290.1	5.9	.6	22.3	93.0	91.0	7.0
1959	383.5	46.2	337.3	318.3	311.2	6.5	.6	19.1	94.4	92.3	5.6
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	343.3	335.2	7.6	.5	21.2	94.2	92.0	5.8
1962	442.7	57.4	385.3	363.7	355.1	8.1	.5	21.6	94.4	92.2	5.6
1963	465.5	60.9	404.6	384.7	375.0	9.1	.6	19.9	95.1	92.7	4.9
1964	497.5	59.4	438.1	411.9	401.2	10.1	.6	26.2	94.0	91.6	6.0
1965	538.9	65.7	473.2	444.8	432.8	11.3	.7	28.4	94.0	91.5	6.0
1966	586.8	75.3	511.6	478.6	465.5	12.5	.6	32.9	93.6	91.0	6.4
1967	628.8	82.5	546.3	506.2	492.2	13.1	.8	40.2	92.6	90.1	7.4
1968	685.8	96.9	589.0	548.1	533.7	13.7	.7	40.8	93.1	90.6	6.9
Seasonally adjusted annual rates											
1966: I	570.4	70.4	500.0	470.5	457.8	12.1	0.6	29.5	94.1	91.6	5.9
II	580.3	74.7	505.5	474.2	461.1	12.4	.7	31.4	93.8	91.2	6.2
III	592.1	76.8	515.4	482.5	469.3	12.6	.6	32.9	93.6	91.1	6.4
IV	604.5	79.2	525.4	487.3	473.7	12.9	.6	38.1	92.7	90.2	7.3
1967: I	614.8	80.5	534.2	494.6	480.9	13.0	.7	39.7	92.6	90.0	7.4
II	621.6	80.1	541.5	504.5	490.3	13.1	1.2	37.0	93.2	90.5	6.8
III	633.7	83.6	550.0	509.5	495.5	13.2	.8	40.5	92.6	90.1	7.4
IV	645.2	85.6	559.6	516.1	502.2	13.3	.7	43.4	92.2	89.7	7.8
1968: I	662.7	88.3	574.4	533.5	519.4	13.4	.7	40.8	92.9	90.4	7.1
II	678.1	91.9	586.3	542.3	527.9	13.6	.8	44.0	92.5	90.0	7.5
III	694.3	101.6	592.7	555.6	541.1	13.8	.7	37.1	93.7	91.3	6.3
IV	708.2	105.7	602.5	561.1	546.3	14.0	.7	41.4	93.1	90.7	6.9

Source: Department of Commerce, Office of Business Economics.

TABLE B-16.—Total and per capita disposable personal income and personal consumption expenditures, in current and 1958 prices, 1929-68

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	153.3	552	1,187	66.5	143.1	516	1,110	128,961
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	165.8	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	1,606	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	146,631
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	316.1	1,800	1,749	180,684
1961	364.4	350.7	1,983	1,909	335.2	322.5	1,824	1,755	183,756
1962	385.3	367.3	2,064	1,968	355.1	338.4	1,902	1,813	186,656
1963	404.6	381.3	2,136	2,013	375.0	353.3	1,980	1,865	189,417
1964	438.1	407.9	2,280	2,123	401.2	373.7	2,088	1,945	192,120
1965	473.2	435.0	2,432	2,235	432.8	397.7	2,224	2,044	194,592
1966	511.6	459.2	2,598	2,332	465.5	417.8	2,364	2,122	196,920
1967	546.3	478.0	2,744	2,401	492.2	430.5	2,472	2,162	199,118
1968 ^p	589.0	497.4	2,928	2,473	533.7	450.7	2,653	2,240	201,166
	Seasonally adjusted annual rates								
1966: I	500.0	454.1	2,550	2,316	457.8	415.7	2,335	2,120	196,096
II	505.5	454.6	2,571	2,312	461.1	414.8	2,345	2,110	196,629
III	515.4	461.4	2,613	2,340	469.3	420.0	2,380	2,130	197,216
IV	525.4	466.6	2,656	2,359	473.7	420.6	2,394	2,126	197,834
1967: I	534.2	471.9	2,693	2,379	480.9	424.8	2,424	2,142	198,356
II	541.5	476.3	2,723	2,395	490.3	431.2	2,466	2,168	198,852
III	550.0	479.5	2,758	2,404	495.5	431.8	2,485	2,165	199,425
IV	559.6	483.7	2,798	2,418	502.2	434.1	2,511	2,170	200,006
1968: I	574.4	491.8	2,866	2,454	519.4	444.9	2,591	2,220	200,433
II	586.3	497.1	2,918	2,474	527.9	447.5	2,628	2,227	200,911
III	592.7	499.2	2,942	2,478	541.1	455.7	2,686	2,262	201,462
IV ^p	602.5	501.6	2,982	2,483	546.3	454.8	2,704	2,251	202,025

¹ Population of the United States including Armed Forces overseas. Annual data are for July 1; quarterly data are for middle of period, interpolated from monthly data.

Sources: Department of Commerce (Office of Business Economics and Bureau of the Census) and Council of Economic Advisers.

TABLE B-17.—Sources of personal income, 1929-68

[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	5.3
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	48.9	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	1.1	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.....	465.5	311.1	125.7	100.6	76.0	49.9	59.5	14.9	37.9	13.1
1964.....	497.5	333.7	134.1	107.2	81.2	54.1	64.3	16.6	40.2	12.1
1965.....	538.9	358.9	144.5	115.6	86.9	58.3	69.3	18.7	42.4	14.8
1966.....	586.8	394.6	159.4	128.0	93.9	63.6	77.7	20.8	44.8	15.9
1967.....	628.8	423.4	166.6	134.1	100.5	70.0	86.3	23.3	46.3	14.4
1968 ^p	685.8	463.5	180.5	145.4	109.4	77.2	96.3	26.1	47.8	15.1
Seasonally adjusted annual rates										
1966: I.....	570.4	381.0	154.2	123.2	91.0	61.5	74.3	20.0	44.5	16.9
II.....	580.3	390.2	158.2	127.0	92.9	62.9	76.2	20.5	44.7	16.1
III.....	592.1	399.8	161.1	129.7	95.0	64.7	79.1	21.1	44.7	15.5
IV.....	604.5	407.2	163.9	132.2	96.5	65.6	81.2	21.7	45.2	15.1
1967: I.....	614.8	413.3	164.7	132.5	98.1	67.5	83.1	22.3	45.7	14.4
II.....	621.6	417.6	164.1	132.3	99.6	69.1	84.7	22.9	46.1	14.4
III.....	633.7	426.3	167.1	134.6	101.4	70.8	86.9	23.7	46.6	14.6
IV.....	645.2	436.4	170.5	137.1	103.1	72.4	90.4	24.2	46.8	14.3
1968: I.....	662.7	448.3	175.6	141.2	105.6	74.5	92.6	25.0	47.2	14.6
II.....	678.1	457.6	178.6	143.8	108.0	76.2	94.8	25.7	47.8	14.8
III.....	694.3	469.0	181.6	146.7	111.1	78.2	98.1	26.5	48.0	15.4
IV ^p	708.2	479.0	186.1	149.7	113.1	79.9	99.9	27.3	48.2	15.5

See footnotes at end of table.

TABLE B-17.—Sources of personal income, 1929-68—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 ¹	
				Total	Old-age, survivors, disability, and health insurance benefits	State unemployment insurance benefits	Vet-erans' 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	*	*	1.6	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	17.1	16.5	31.4	35.3	15.2	2.8	5.0	12.2	11.8	448.1
1964	18.0	17.8	34.9	36.7	16.0	2.6	5.3	12.9	12.5	480.9
1965	19.0	19.8	38.7	39.9	18.1	2.2	5.6	14.0	13.4	519.5
1966	19.8	21.7	43.1	43.9	20.8	1.8	5.7	15.6	17.8	566.1
1967	20.3	22.9	46.8	51.7	25.7	2.1	6.6	17.3	20.4	609.3
1968 ^p	21.0	24.6	52.1	58.6	30.3	2.0	7.2	19.1	22.9	665.4
Seasonally adjusted annual rates										
1966: I	19.5	21.6	41.3	42.4	19.4	2.0	5.9	15.2	16.9	548.8
II	19.7	21.9	42.4	42.0	19.6	1.6	5.4	15.4	17.3	559.4
III	19.9	21.9	43.4	44.0	21.0	1.8	5.3	15.8	18.3	571.8
IV	20.0	21.6	45.1	47.3	23.2	1.8	6.3	16.0	18.6	584.5
1967: I	20.1	22.5	45.6	50.5	24.5	2.1	6.5	17.5	19.7	595.3
II	20.2	23.2	46.1	51.4	25.8	2.1	6.6	16.9	20.3	602.3
III	20.4	23.5	47.2	52.1	26.0	2.2	6.5	17.3	20.6	614.0
IV	20.5	22.5	48.5	52.9	26.4	2.0	6.8	17.7	20.9	625.7
1968: I	20.7	23.6	49.8	55.7	28.2	2.2	7.0	18.4	22.3	642.7
II	20.9	24.4	51.4	58.3	30.5	1.9	7.1	18.8	22.8	658.0
III	21.0	25.2	52.9	59.5	30.9	2.1	7.2	19.3	23.2	673.5
IV ^p	21.2	25.4	54.3	60.8	31.6	2.0	7.4	19.8	23.4	687.2

¹ The total of wage and salary disbursements and other labor income differs from compensation of employees in Table B-12 in that it excludes employer contributions for social insurance and the excess of wage accruals over wage disbursements.

² Includes change in inventories.

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.

Source: Department of Commerce, Office of Business Economics.

TABLE B-18.—Sources and uses of gross saving, 1929-68

[Billions of dollars]

Year or quarter	Gross private saving and government surplus or deficit, national income and product accounts							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	*
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	(²)	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	9.1	10.6	-1.4	3.9
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	27.5	7.3	20.2	14.4	13.4	1.0	42.9	34.0	8.9	.9
1948.....	49.9	41.4	13.4	28.0	8.5	8.4	.1	47.9	46.0	1.9	-2.0
1949.....	35.9	39.0	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	51.8	54.1	-2.2	1.5
1951.....	56.1	50.3	17.3	33.1	5.8	6.2	-.4	59.5	59.3	.2	3.3
1952.....	49.5	53.3	18.1	35.1	-3.8	-3.8	(³)	51.6	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.....	48.5	55.6	16.4	39.2	-7.0	-5.9	-1.1	51.3	51.7	-.5	2.7
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	1.5	-1.1
1957.....	71.2	70.5	20.7	49.8	.7	2.1	-1.4	71.2	67.8	3.4	*
1958.....	59.2	71.7	22.3	49.4	-12.5	-10.2	-2.3	60.7	60.9	-.2	1.6
1959.....	73.8	75.9	19.1	56.8	-2.1	-1.2	-.8	73.0	75.3	-2.3	-.8
1960.....	77.5	73.9	17.0	56.8	3.7	3.5	.2	76.5	74.8	1.7	-1.0
1961.....	75.5	79.8	21.2	58.7	-4.3	-3.8	-.5	74.7	71.7	3.0	-.8
1962.....	85.0	87.9	21.6	66.3	-2.9	-3.8	.9	85.5	83.0	2.5	.5
1963.....	90.5	88.7	19.9	68.8	1.8	.7	1.2	90.3	87.1	3.1	-.3
1964.....	101.0	102.4	26.2	76.2	-1.4	-3.0	1.7	99.7	94.0	5.7	-1.3
1965.....	115.3	113.1	28.4	84.7	2.2	1.2	1.0	112.2	108.1	4.1	-3.1
1966.....	126.3	124.6	32.9	91.6	1.7	.7	1.1	123.0	120.8	2.2	-3.3
1967.....	119.5	133.3	40.2	93.1	-13.8	-12.4	-1.4	116.0	114.3	1.7	-3.5
1968 ²	132.0	138.4	40.8	97.5	-6.4	-5.3	-1.1	127.2	127.5	-.3	-4.7
Seasonally adjusted annual rates											
1966: I.....	121.4	118.4	29.5	88.9	3.0	2.0	1.0	119.4	116.8	2.7	-1.9
II.....	127.1	121.8	31.4	90.4	5.3	3.7	1.6	123.3	121.0	2.3	-3.9
III.....	126.0	124.8	32.9	91.9	1.2	-.3	1.5	121.6	119.9	1.7	-4.4
IV.....	130.7	133.3	38.1	95.3	-2.6	-2.8	.2	127.6	125.7	1.9	-3.1
1967: I.....	118.0	130.9	39.7	91.3	-12.9	-11.2	-1.7	115.2	113.0	2.3	-2.8
II.....	113.0	128.9	37.0	91.9	-15.9	-13.3	-2.6	109.3	107.6	1.6	-3.8
III.....	120.1	134.1	40.5	93.5	-14.0	-12.9	-1.1	116.7	114.7	2.1	-3.4
IV.....	126.8	139.4	43.4	95.9	-12.5	-12.2	-.4	122.6	121.8	.8	-4.2
1968: I.....	123.4	133.6	40.8	92.8	-10.3	-8.6	-1.7	118.7	119.7	-1.1	-4.7
II.....	130.1	141.4	44.0	97.4	-11.3	-10.2	-1.1	126.5	127.3	-.8	-3.6
III.....	132.9	137.0	37.1	99.9	-4.1	-2.8	-1.3	127.5	127.1	.5	-5.3
IV.....			41.4					136.3	136.1	.2	

¹ Net exports of goods and services less net transfers to foreigners.

² Surplus of \$32 million.

³ Deficit of \$41 million.

Source: Department of Commerce, Office of Business Economics.

TABLE B-19.—Saving by individuals, 1946-68¹

[Billions of dollars]

Year or quarter	Increase in financial assets							Net investment in			Less: Increase in debt			
	Total	Currency and demand deposits	Savings accounts (3)	Securities			Insurance and pension reserves (6)	Non-farm homes	Consumer durables	Other tangible assets ⁷	Mortgage debt on non-farm homes	Consumer credit	Other debt ⁸	
				Government bonds ⁴	Corporate and foreign bonds	Corporate stocks ⁵								
1946	24.4	17.5	4.8	6.3	-1.5	-0.9	1.1	5.4	4.8	5.8	2.7	4.1	2.7	-0.4
1947	20.0	12.6	-1.1	3.4	2.2	-0.8	1.1	5.5	7.9	7.5	2.2	4.7	3.2	2.3
1948	23.3	8.6	-1.1	2.3	1.2	-2	1.0	5.4	11.2	7.1	6.7	4.9	2.8	2.5
1949	18.7	9.3	-1.5	2.6	1.6	-5	.7	5.6	10.1	7.0	1.4	4.2	2.9	2.1
1950	26.8	12.9	1.8	2.5	.1	-.9	.7	6.9	15.2	10.2	4.9	7.5	4.1	4.9
1951	29.8	17.2	4.4	4.5	-.6	-.2	1.6	6.3	13.9	5.5	4.2	6.8	1.2	3.0
1952	24.8	20.5	1.7	7.7	.8	-.1	1.5	7.4	13.4	3.6	1.9	7.0	4.8	2.9
1953	28.2	20.6	.4	8.3	2.0	-.2	.9	7.5	14.0	6.4	1.1	7.6	3.9	2.4
1954	24.6	19.4	1.8	9.2	-.6	-.4	.7	7.5	14.8	4.9	1.6	9.0	1.1	6.0
1955	30.1	25.0	.8	8.8	4.2	-.9	1.1	8.1	18.4	9.9	2.7	12.3	6.4	7.2
1956	32.1	26.7	1.2	9.5	2.7	.7	2.0	9.4	16.7	5.9	1.5	11.0	3.5	4.3
1957	31.7	27.0	-.5	12.1	2.0	.8	1.6	9.3	14.5	4.9	1.7	8.8	2.6	5.0
1958	29.9	29.7	3.3	14.0	-1.7	-.9	1.5	10.2	14.1	.6	1.8	9.5	.2	6.8
1959	28.8	31.4	.2	11.4	6.7	*	.7	11.2	18.2	5.5	1.4	13.0	6.4	8.5
1960	23.9	24.6	-1.6	12.4	1.2	*	-.3	11.3	15.7	5.1	.8	10.9	4.5	7.0
1961	28.0	31.9	.9	17.4	.6	-.4	.4	12.0	14.2	2.9	.6	11.3	1.7	8.6
1962	33.8	38.0	2.8	23.4	.8	-.7	-1.8	12.5	15.8	6.7	1.8	12.9	5.5	10.1
1963	34.6	43.2	4.1	23.0	4.2	-1.0	-2.6	14.1	16.3	8.9	2.1	15.0	7.3	13.8
1964	41.9	51.1	6.6	23.9	4.1	-.8	.1	15.5	16.2	11.2	1.0	15.8	8.0	13.7
1965	47.4	55.0	7.2	26.5	5.0	-.3	-1.7	16.5	15.8	14.8	3.1	16.1	9.4	15.7
1966	48.6	51.6	1.9	19.2	10.2	1.2	-.5	17.9	14.1	14.9	1.3	11.4	6.9	15.0
1967	54.9	63.5	12.5	32.4	-.8	1.6	-4.1	19.0	12.5	12.1	.8	10.9	4.4	18.6
1966: I	14.6	12.0	-2.4	5.7	3.7	.7	.4	4.3	3.4	2.6	.9	3.3	-.8	1.8
1966: II	2.6	10.3	-1.5	5.0	1.1	.4	.4	4.5	3.3	3.8	1.3	3.2	3.0	9.9
1966: III	11.7	13.3	1.1	3.4	3.0	1.0	.2	4.3	4.0	2.6	-.5	2.6	1.6	3.4
1966: IV	19.7	16.1	4.7	5.1	2.5	-.9	-1.5	4.6	3.3	6.0	-.4	2.5	3.1	-.4
1967: I	15.0	13.0	1.9	9.0	-1.7	-.5	-.6	4.4	2.1	.8	-.2	1.9	-2.3	1.6
1967: II	5.7	11.1	1.7	9.9	-3.8	-.3	-2.0	5.2	2.3	3.7	.7	1.9	2.3	8.0
1967: III	13.5	17.4	2.7	7.8	-.7	1.9	-.8	4.7	3.8	2.2	-.1	3.3	1.1	5.6
1967: IV	20.8	22.0	6.2	5.6	4.0	.4	-.7	5.0	4.3	5.4	-.3	3.8	3.3	3.5
1968: I	14.9	12.0	-4.1	8.1	1.9	.1	1.1	4.8	3.8	1.6	-.1	3.7	-1.4	.3
1968: II	8.1	16.4	3.6	5.0	1.7	1.2	-1.1	5.5	4.0	4.7	1.0	3.6	3.6	10.8
1968: III	13.6	18.5	4.7	6.2	2.6	.8	-1.1	4.5	4.6	4.1	-.4	4.2	3.3	5.7

¹ Individuals' saving, in addition to personal holdings, covers saving of unincorporated business, trust funds, and nonprofit institutions in the forms specified.

² Includes miscellaneous financial assets, not shown separately.

³ Includes shares in savings and loan associations and credit unions and time deposits at banks.

⁴ U.S. Government and State and local obligations.

⁵ Includes investment company shares.

⁶ Private insurance reserves, private insured and noninsured pension reserves, and government insurance and pension reserves.

⁷ Noncorporate business investments.

⁸ Security credit, policy loans, and noncorporate business debt.

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. For a reconciliation of the two series, see Securities and Exchange Commission "Statistical Bulletin," August 1968, and "Survey of Current Business," July 1968.

These estimates are compatible with the flow-of-funds system of accounts of the Board of Governors of the Federal Reserve System. A reconciliation of these estimates with the flow-of-funds accounts will be available in the near future.

Source: Securities and Exchange Commission.

TABLE B-20.—Number and money income (in 1967 prices) of families and unrelated individuals, by color of head, 1947-67

Year	Total				White				Nonwhite			
	Total number (millions)	Median income	With incomes under \$3,000		Total number (millions)	Median income	With incomes under \$3,000		Total number (millions)	Median income	With incomes under \$3,000	
			Number (millions)	Per cent			Number (millions)	Per cent			Number (millions)	Per cent
Families:¹												
1947	37.2	\$4,531	10.2	27.4	34.1	\$4,720	8.3	24.1	3.1	\$2,418	1.9	62.4
1948	38.6	4,418	11.0	28.5	35.3	4,597	9.0	25.4	3.3	2,453	2.0	60.5
1949	39.3	4,348	11.8	29.9	---	4,527	---	26.9	---	2,515	---	63.1
1950	39.9	4,611	11.1	27.8	---	4,796	---	25.0	---	2,591	---	57.7
1951	40.6	4,767	10.4	25.7	---	4,960	---	22.6	---	2,615	---	57.0
1952	40.8	4,893	10.0	24.5	---	5,183	---	21.3	---	2,941	---	51.1
1953	41.2	5,314	9.5	23.0	---	5,520	---	20.5	---	3,093	---	48.5
1954	42.0	5,188	10.3	24.5	38.2	5,415	8.4	21.8	3.8	3,003	1.9	50.1
1955	42.9	5,531	9.4	22.0	39.0	5,766	7.5	19.4	3.9	3,185	1.9	47.5
1956	43.5	5,882	8.7	20.0	39.5	6,145	6.8	17.3	4.0	3,241	1.9	46.5
1957	43.7	5,889	8.9	20.4	39.7	6,130	7.0	17.6	4.0	3,278	1.9	46.7
1958	44.2	5,871	9.0	20.4	40.2	6,122	7.1	17.6	4.0	3,134	1.9	48.3
1959	45.1	6,210	8.6	19.1	40.9	6,473	6.7	16.4	4.2	3,336	1.9	45.6
1960	45.5	6,350	8.6	18.9	41.1	6,601	6.8	16.4	4.3	3,644	1.8	42.0
1961	46.3	6,418	8.7	18.7	41.9	6,701	6.8	16.2	4.5	3,563	1.9	42.8
1962	47.0	6,587	8.3	17.7	42.4	6,887	6.5	15.3	4.6	3,680	1.8	40.0
1963	47.4	6,822	7.9	16.7	42.7	7,146	6.0	14.3	4.8	3,797	1.9	39.2
1964	47.8	7,073	7.5	15.7	43.1	7,388	5.8	13.7	4.8	4,133	1.7	34.4
1965	48.3	7,357	7.1	14.8	43.5	7,670	5.5	12.8	4.8	4,256	1.6	33.0
1966	48.9	7,651	6.7	13.7	44.0	7,944	5.3	11.9	4.9	4,749	1.4	29.2
1966 ²	49.1	7,716	6.6	13.4	44.1	8,018	5.1	11.6	5.0	4,778	1.5	29.2
1967 ²	49.8	7,974	6.2	12.5	44.8	8,274	4.8	10.8	5.0	5,141	1.4	27.1
Unrelated individuals:³												
1947	8.2	\$1,467	4.2	50.8	7.2	\$1,546	3.6	49.3	1.0	\$1,119	0.6	61.6
1948	8.4	1,423	4.4	52.3	7.3	1,474	3.7	50.7	1.1	1,107	.7	63.2
1949	9.0	1,482	4.5	50.5	---	1,589	---	48.6	---	1,165	---	61.3
1950	9.4	1,472	4.8	50.8	---	1,546	---	49.4	---	1,147	---	60.1
1951	9.1	1,535	4.5	49.6	---	1,618	---	48.4	---	1,256	---	55.9
1952	9.7	1,787	4.3	44.8	---	1,922	---	43.0	---	1,335	---	55.3
1953	9.5	1,756	4.4	46.2	---	1,854	---	45.1	---	1,460	---	51.2
1954	9.7	1,519	4.8	49.6	8.2	1,643	3.9	47.6	1.5	1,133	.9	60.8
1955	9.9	1,655	4.7	47.1	8.5	1,769	3.9	45.2	1.4	1,216	.8	58.7
1956	9.8	1,766	4.4	45.2	8.5	1,819	3.7	44.3	1.3	1,414	.7	52.2
1957	10.4	1,818	4.6	44.2	8.9	1,918	3.8	42.3	1.5	1,307	.8	55.9
1958	10.9	1,777	4.9	45.0	9.2	1,877	4.0	43.3	1.6	1,293	.9	56.2
1959	10.9	1,821	4.8	44.0	9.3	1,924	3.9	42.1	1.6	1,297	.9	55.6
1960	11.1	1,954	4.7	42.3	9.6	2,098	3.9	40.1	1.5	1,276	.8	56.6
1961	11.2	1,963	4.6	41.4	9.6	2,113	3.7	39.1	1.6	1,316	.9	55.6
1962	11.0	1,946	4.5	40.6	9.5	2,083	3.7	38.4	1.5	1,391	.8	53.7
1963	11.2	1,969	4.5	40.1	9.7	2,071	3.7	38.2	1.5	1,416	.8	52.5
1964	12.1	2,144	4.7	38.8	10.4	2,261	3.9	37.1	1.6	1,572	.8	48.7
1965	12.1	2,289	4.3	35.7	10.5	2,383	3.5	34.2	1.7	1,769	.8	44.8
1966	12.4	2,340	4.4	35.3	10.8	2,430	3.7	34.0	1.6	1,781	.7	44.9
1967 ²	13.1	2,391	4.5	34.6	11.3	2,481	3.7	33.2	1.8	1,834	.8	43.7

¹ The term "family" refers to a group of two or more persons related by blood, marriage, or adoption and residing together; all such persons are considered members of the same family.

² Based on revised methodology.

³ The term "unrelated individuals" refers to persons 14 years of age and over (other than inmates of institutions) who are not living with any relatives.

Source: Department of Commerce, Bureau of the Census.

POPULATION, EMPLOYMENT, WAGES, AND PRODUCTIVITY

TABLE B-21.—Population by age groups: Estimates, 1929–63, and projections, 1970–85
[Thousands of persons]

July 1	Total	Age (years)						
		Under 5	5-13	14-19	20-24	25-44	45-64	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	11,807	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	22,423	12,839	11,680	45,672	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	46,495	31,884	13,203
1953.....	160,184	17,638	25,701	12,986	11,062	46,786	32,394	13,617
1954.....	163,026	18,057	26,886	13,230	10,832	47,001	32,942	14,076
1955.....	165,931	18,566	27,925	13,501	10,714	47,194	33,506	14,525
1956.....	168,903	19,003	28,929	13,981	10,616	47,379	34,057	14,938
1957.....	171,984	19,494	29,673	14,795	10,603	47,440	34,591	15,388
1958.....	174,882	19,887	30,651	15,337	10,756	47,337	35,109	15,806
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	17,565	11,408	47,061	36,756	17,013
1962.....	186,656	20,746	33,943	18,484	11,889	46,968	37,316	17,311
1963.....	189,417	20,750	34,606	19,075	12,620	46,932	37,869	17,565
1964.....	192,120	20,670	35,301	19,812	13,154	46,881	38,438	17,863
1965.....	194,592	20,404	35,889	20,637	13,679	46,807	39,015	18,162
1966.....	196,920	19,811	36,544	21,582	14,063	46,855	39,601	18,464
1967.....	199,118	19,191	36,965	21,697	15,197	47,077	40,194	18,795
1968.....	201,166	18,521	37,239	22,106	15,788	47,614	40,768	19,129
Projections:¹								
1970: Series C.....	206,039	18,740	37,224	23,136	17,261	48,276	41,817	19,585
Series D.....	204,923	17,625						
1975: Series C.....	219,366	21,211	35,319	25,132	19,299	53,881	43,364	21,159
Series D.....	215,367	18,323	34,209					
1980: Series C.....	235,212	24,298	36,680	24,621	20,997	62,374	43,180	23,063
Series D.....	227,665	20,736	32,695					
1985: Series C.....	252,871	26,645	41,875	23,282	21,068	72,083	42,940	24,978
Series D.....	241,731	23,030	35,933					

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 2,775 children per 1,000 women for Series C 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. 381," December 1967.

Note.—Data for Armed Forces overseas included beginning 1940

Source: Department of Commerce, Bureau of the Census.

TABLE B-22.—Noninstitutional population and the labor force, 1929-68

Year or month	Noninstitutional population	Total labor force (including armed forces)	Armed forces	Civilian labor force					Total labor force as percent of noninstitutional population	Unemployment as percent of civilian labor force
				Total	Employment			Unemployment		
					Total	Agricultural	Non-agricultural			
Thousands of persons 14 years of age and over										
1929		49,440	260	49,180	47,630	10,450	37,180	1,550		3.2
1930		50,080	260	49,820	45,480	10,340	35,140	4,340		8.7
1931		50,680	260	50,420	42,400	10,290	32,110	8,020		15.9
1932		51,250	250	51,000	38,940	10,170	28,770	12,060		23.6
1933		51,840	250	51,590	38,760	10,090	28,670	12,830		24.9
1934		52,490	260	52,230	40,890	9,900	30,990	11,340		21.7
1935		53,140	270	52,870	42,260	10,110	32,150	10,610		20.1
1936		53,740	300	53,440	44,410	10,000	34,410	9,030		16.9
1937		54,320	320	54,000	46,300	9,820	36,480	7,700		14.3
1938		54,950	340	54,610	44,220	9,690	34,530	10,390		19.0
1939		55,600	370	55,230	45,750	9,610	36,140	9,480		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	57,812	8,256	49,557	2,356	57.4	3.9
Thousands of persons 16 years of age and over										
1947	103,418	60,941	1,591	59,350	57,039	7,891	49,148	2,311	58.9	3.9
1948	104,527	62,080	1,459	60,621	58,344	7,629	50,713	2,276	59.4	3.8
1949	105,611	62,903	1,617	61,286	57,649	7,656	49,990	3,637	59.6	5.9
1950	106,645	63,858	1,650	62,208	58,920	7,160	51,760	3,288	59.9	5.3
1951	107,721	65,117	3,100	62,017	59,962	6,726	53,239	2,055	60.4	3.3
1952	108,823	65,730	3,592	62,138	60,254	6,501	53,753	1,883	60.4	3.0
1953	110,601	66,560	3,545	63,015	61,181	6,261	54,922	1,834	60.2	2.9
1954	111,671	66,993	3,350	63,643	60,110	6,206	53,903	3,532	60.0	5.5
1955	112,732	68,072	3,049	65,023	62,171	6,449	55,724	2,852	60.4	4.4
1956	113,811	69,409	2,857	66,552	63,802	6,283	57,517	2,750	61.0	4.1
1957	115,065	69,729	2,800	66,929	64,071	5,947	58,123	2,859	60.6	4.3
1958	116,363	70,275	2,636	67,639	63,036	5,586	57,450	4,602	60.4	6.8
1959	117,881	70,921	2,552	68,369	64,630	5,565	59,065	3,740	60.2	5.5
1960	119,759	72,142	2,514	69,628	65,778	5,458	60,318	3,852	60.2	5.5
1961	121,343	73,031	2,572	70,459	65,746	5,200	60,546	4,714	60.2	6.7
1962	122,981	73,442	2,828	70,614	66,702	4,944	61,759	3,911	59.7	5.5
1963	125,154	74,571	2,738	71,833	67,762	4,687	63,076	4,070	59.6	5.7
1964	127,224	75,830	2,739	73,091	69,305	4,523	64,782	3,786	59.6	5.2
1965	129,236	77,178	2,723	74,455	71,088	4,361	66,726	3,366	59.7	4.5
1966	131,180	78,893	3,123	75,770	72,895	3,979	68,915	2,875	60.1	3.8
1967	133,319	80,793	3,446	77,347	74,372	3,844	70,527	2,975	60.6	3.8
1968	135,562	82,272	3,535	78,737	75,920	3,817	72,103	2,817	60.7	3.6

See footnotes at end of table.

TABLE B-22.—Noninstitutional population and the labor force, 1929-68—Continued

Year or month	Non-institutional population	Total labor force (including armed forces)	Armed forces	Civilian labor force					Total labor force as percent of non-institutional population	Unemployment as percent of civilian labor force
				Total	Employment			Unemployment		
					Total	Agricultural	Non-agricultural			
Thousands of persons 16 years of age and over										
Percent										
1967: Jan.....	132,295	78,706	3,386	75,320	72,160	3,335	68,826	3,160	59.5	4.2
Feb.....	132,448	79,107	3,418	75,689	72,506	3,281	69,225	3,183	59.7	4.2
Mar.....	132,627	78,949	3,436	75,513	72,560	3,410	69,149	2,954	59.5	3.9
Apr.....	132,795	79,560	3,449	76,111	73,445	3,721	69,724	2,666	59.9	3.5
May.....	132,969	79,551	3,456	76,095	73,637	3,825	69,812	2,457	59.8	3.2
June.....	133,168	82,464	3,444	79,020	75,391	4,395	70,996	3,628	61.9	4.6
July.....	133,366	82,920	3,449	79,471	76,221	4,516	71,705	3,250	62.2	4.1
Aug.....	133,645	82,571	3,459	79,112	76,170	4,378	71,792	2,942	61.8	3.7
Sept.....	133,847	80,982	3,456	77,526	74,631	3,931	70,700	2,895	60.5	3.7
Oct.....	134,045	81,595	3,463	78,132	75,181	4,033	71,148	2,951	60.9	3.8
Nov.....	134,224	81,582	3,469	78,113	75,218	3,759	71,460	2,894	60.8	3.7
Dec.....	134,405	81,527	3,470	78,057	75,338	3,545	71,793	2,719	60.7	3.5
1968: Jan.....	134,576	79,811	3,464	76,347	73,273	3,366	69,908	3,074	59.3	4.0
Feb.....	134,744	80,869	3,467	77,402	74,114	3,462	70,653	3,288	60.0	4.2
Mar.....	134,904	80,938	3,491	77,447	74,517	3,537	70,980	2,929	60.0	3.8
Apr.....	135,059	81,141	3,507	77,634	75,143	3,851	71,292	2,491	60.1	3.2
May.....	135,249	81,770	3,536	78,234	75,931	3,996	71,935	2,303	60.5	2.9
June.....	135,440	84,454	3,567	80,887	77,273	4,516	72,757	3,614	62.4	4.5
July.....	135,639	84,550	3,586	80,964	77,746	4,476	73,270	3,217	62.3	4.0
Aug.....	135,839	83,792	3,589	80,203	77,432	4,107	73,325	2,772	61.7	3.5
Sept.....	136,036	82,137	3,591	78,546	75,939	3,836	72,103	2,606	60.4	3.3
Oct.....	136,221	82,477	3,603	78,874	76,364	3,767	72,596	2,511	60.5	3.2
Nov.....	136,420	82,702	3,517	79,185	76,609	3,607	73,001	2,577	60.6	3.3
Dec.....	136,619	82,618	3,500	79,118	76,700	3,279	73,421	2,419	60.5	3.1
Seasonally adjusted										
1967: Jan.....	80,319	-----	-----	76,933	74,094	3,990	70,104	2,839	-----	3.7
Feb.....	80,339	-----	-----	76,921	74,063	3,876	70,187	2,858	-----	3.7
Mar.....	80,112	-----	-----	76,676	73,822	3,858	69,964	2,854	-----	3.7
Apr.....	80,263	-----	-----	76,814	73,939	3,843	70,096	2,875	-----	3.7
May.....	79,958	-----	-----	76,502	73,550	3,728	69,822	2,952	-----	3.9
June.....	80,658	-----	-----	77,214	74,169	3,739	70,430	3,045	-----	3.9
July.....	80,944	-----	-----	77,495	74,478	3,847	70,631	3,017	-----	3.9
Aug.....	81,057	-----	-----	77,598	74,664	3,956	70,708	2,934	-----	3.8
Sept.....	81,263	-----	-----	77,807	74,638	3,697	70,941	3,169	-----	4.1
Oct.....	81,535	-----	-----	78,072	74,735	3,718	71,017	3,337	-----	4.3
Nov.....	81,459	-----	-----	77,989	75,005	3,839	71,166	2,984	-----	3.8
Dec.....	81,942	-----	-----	78,473	75,577	4,216	71,361	2,896	-----	3.7
1968: Jan.....	81,386	-----	-----	77,923	75,167	4,003	71,164	2,756	-----	3.5
Feb.....	82,138	-----	-----	78,672	75,731	4,127	71,604	2,941	-----	3.7
Mar.....	82,150	-----	-----	78,658	75,802	4,014	71,788	2,856	-----	3.6
Apr.....	81,849	-----	-----	78,343	75,636	3,980	71,656	2,707	-----	3.5
May.....	82,149	-----	-----	78,613	75,829	3,893	71,936	2,784	-----	3.5
June.....	82,585	-----	-----	79,018	76,048	3,851	72,197	2,970	-----	3.8
July.....	82,572	-----	-----	78,985	76,038	3,836	72,202	2,947	-----	3.7
Aug.....	82,279	-----	-----	78,690	75,929	3,733	72,196	2,761	-----	3.5
Sept.....	82,422	-----	-----	78,831	75,957	3,602	72,355	2,874	-----	3.6
Oct.....	82,407	-----	-----	78,804	75,952	3,481	72,471	2,852	-----	3.6
Nov.....	82,549	-----	-----	79,032	76,389	3,676	72,713	2,643	-----	3.3
Dec.....	82,956	-----	-----	79,456	76,867	3,874	72,993	2,589	-----	3.3

Note.—Labor force data in Tables B-22 through B-25 are based on household interviews and relate to calendar week including the 12th of the month. For definitions of terms, area samples used, historical comparability of the data, comparability with other series, etc., see "Employment and Earnings and Monthly Report on the Labor Force."

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-23.—Civilian employment and unemployment, by sex and age, 1947-68

[Thousands of persons 16 years of age and over]

Year or month	Employment						Unemployment							
	Total	Males			Females			Total	Males			Females		
		Total	16-19 years	20 years and over	Total	16-19 years	20 years and over		Total	16-19 years	20 years and over	Total	16-19 years	20 years and over
1947	57,039	40,994	2,218	38,776	16,045	1,691	14,354	2,311	1,692	270	1,422	619	144	475
1948	58,344	41,726	2,345	39,382	16,618	1,683	14,937	2,276	1,559	255	1,305	717	152	564
1949	57,649	40,926	2,124	38,803	16,723	1,588	15,137	3,637	2,572	352	2,219	1,065	223	841
1950	58,920	41,580	2,186	39,394	17,340	1,517	15,824	3,288	2,239	318	1,922	1,049	195	854
1951	59,962	41,780	2,156	39,626	18,182	1,611	16,570	2,055	1,221	191	1,029	834	145	689
1952	60,254	41,684	2,106	39,578	18,570	1,612	16,958	1,883	1,185	205	980	698	140	559
1953	61,181	42,431	2,135	40,296	18,750	1,584	17,164	1,834	1,202	184	1,019	632	123	510
1954	60,110	41,620	1,985	39,634	18,490	1,490	17,000	3,532	2,344	310	2,035	1,188	191	997
1955	62,171	42,621	2,095	40,526	19,550	1,548	18,002	2,852	1,854	274	1,580	998	176	823
1956	63,802	43,380	2,164	41,216	20,422	1,654	18,767	2,750	1,711	269	1,442	1,039	209	832
1957	64,071	43,357	2,117	41,239	20,714	1,663	19,052	2,859	1,841	299	1,541	1,018	197	821
1958	63,036	42,423	2,012	40,411	20,613	1,570	19,043	4,602	3,098	416	2,681	1,504	262	1,242
1959	64,630	43,466	2,198	41,267	21,164	1,640	19,524	3,740	2,420	398	2,022	1,320	256	1,063
1960	65,778	43,904	2,360	41,543	21,874	1,769	20,105	3,852	2,486	425	2,060	1,366	286	1,080
1961	65,746	43,656	2,314	41,342	22,090	1,793	20,296	4,714	2,997	479	2,518	1,717	349	1,368
1962	66,702	44,177	2,362	41,815	22,525	1,833	20,693	3,911	2,423	407	2,016	1,458	313	1,175
1963	67,762	44,657	2,406	42,251	23,105	1,849	21,257	4,070	2,472	500	1,971	1,598	383	1,216
1964	69,305	45,474	2,587	42,886	23,831	1,929	21,903	3,786	2,205	487	1,718	1,581	386	1,195
1965	71,088	46,340	2,918	43,422	24,748	2,118	22,630	3,366	1,914	479	1,435	1,452	395	1,056
1966	72,895	46,919	3,252	43,667	25,976	2,469	23,507	2,875	1,551	432	1,119	1,324	404	919
1967	74,372	47,479	3,186	44,293	26,893	2,496	24,397	2,975	1,508	448	1,060	1,468	390	1,078
1968	75,920	48,114	3,254	44,859	27,807	2,525	25,281	2,817	1,419	427	993	1,397	412	985
Seasonally adjusted														
1967: Jan	74,094	47,437	3,294	44,143	26,657	2,590	24,067	2,839	1,434	409	1,025	1,405	328	1,077
Feb	74,063	47,417	3,241	44,176	26,646	2,594	24,052	2,858	1,451	446	1,005	1,407	395	1,012
Mar	73,822	47,339	3,314	44,025	26,483	2,559	23,924	2,854	1,452	407	1,045	1,402	381	1,021
Apr	73,939	47,256	3,204	44,052	26,683	2,622	24,061	2,875	1,494	437	1,057	1,381	360	1,021
May	73,550	47,147	3,158	43,989	26,403	2,503	23,900	2,952	1,543	443	1,100	1,409	383	1,026
June	74,169	47,419	3,245	44,174	26,750	2,582	24,168	3,045	1,600	465	1,135	1,445	383	1,062
July	74,478	47,537	3,191	44,346	26,941	2,505	24,436	3,017	1,521	437	1,084	1,496	403	1,093
Aug	74,664	47,630	3,209	44,421	27,034	2,457	24,577	2,934	1,514	446	1,068	1,420	425	995
Sept	74,638	47,603	3,135	44,468	27,035	2,395	24,640	3,169	1,469	431	1,038	1,700	422	1,278
Oct	74,735	47,532	3,072	44,460	27,203	2,392	24,811	3,337	1,671	533	1,138	1,666	414	1,252
Nov	75,005	47,553	3,047	44,506	27,452	2,416	25,036	2,984	1,570	498	1,072	1,414	382	1,032
Dec	75,577	47,885	3,110	44,775	27,692	2,419	25,273	2,896	1,431	423	1,008	1,465	390	1,075
1968: Jan	75,167	47,790	3,050	44,740	27,377	2,575	24,802	2,756	1,433	403	1,030	1,323	315	1,008
Feb	75,731	48,056	3,214	44,842	27,675	2,639	25,036	2,941	1,505	438	1,067	1,436	402	1,034
Mar	75,802	48,059	3,276	44,783	27,743	2,615	25,128	2,856	1,446	437	1,009	1,410	444	966
Apr	75,636	48,083	3,325	44,758	27,553	2,584	24,969	2,707	1,344	386	958	1,363	414	949
May	75,829	48,017	3,275	44,742	27,812	2,580	25,232	2,784	1,355	384	971	1,429	462	967
June	76,048	48,111	3,253	44,858	27,937	2,622	25,315	2,970	1,545	480	1,065	1,425	443	982
July	76,038	48,160	3,239	44,921	27,878	2,514	25,364	2,947	1,452	442	1,010	1,495	466	1,029
Aug	75,929	48,216	3,309	44,907	27,713	2,528	25,185	2,761	1,377	388	989	1,384	407	977
Sept	75,957	48,079	3,244	44,835	27,878	2,475	25,403	2,874	1,400	390	1,010	1,474	431	1,043
Oct	75,952	48,002	3,249	44,753	27,950	2,448	25,502	2,852	1,487	455	1,032	1,365	371	994
Nov	76,389	48,145	3,264	44,881	28,244	2,447	25,797	2,643	1,361	426	935	1,282	365	917
Dec	76,867	48,622	3,309	45,313	28,245	2,378	25,867	2,589	1,256	432	824	1,333	386	947

Note.—See Note, Table B-22.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-24.—Selected unemployment rates, 1948-68

[Percent]

Year or month	All workers	By sex and age			By color		By selected groups				Labor force time lost ⁴
		Both sexes, 16-19 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	
1948	3.8	9.2	3.2	3.6	3.5	5.9	3.7			4.2	
1949	5.9	13.4	5.4	5.3	5.6	8.9	6.2	3.5	5.4	8.0	
1950	5.3	12.2	4.7	5.1	4.9	9.0	5.6	4.6	5.0	7.2	
1951	3.3	8.2	2.5	4.0	3.1	5.3	3.2	1.5	2.6	3.9	
1952	3.0	8.5	2.4	3.2	2.8	5.4	2.9	1.4	2.5	3.6	
1953	2.9	7.6	2.5	2.9	2.7	4.5	2.6	1.7		3.4	
1954	5.5	12.6	4.9	5.5	5.0	9.9	6.2	4.0	5.2	7.2	
1955	4.4	11.0	3.8	4.4	3.9	8.7	4.8	2.6	3.8	5.8	
1956	4.1	11.1	3.4	4.2	3.6	8.3	4.4	2.3	3.7	5.1	5.1
1957	4.3	11.6	3.6	4.1	3.8	7.9	4.6	2.8	4.0	6.2	5.3
1958	6.8	15.9	6.2	6.1	6.1	12.6	7.2	5.1	7.2	10.2	8.1
1959	5.5	14.6	4.7	5.2	4.8	10.7	5.7	3.6		7.6	6.6
1960	5.5	14.7	4.7	5.1	4.9	10.2	5.7	3.7		7.8	6.7
1961	6.7	16.8	5.7	6.3	6.0	12.4	6.8	4.6	6.7	9.2	8.0
1962	5.5	14.7	4.6	5.4	4.9	10.9	5.6	3.6		7.4	6.7
1963	5.7	17.2	4.5	5.4	5.0	10.8	5.5	3.4	5.5	7.3	6.4
1964	5.2	16.2	3.9	5.2	4.6	9.6	5.0	2.8	4.9	6.3	5.8
1965	4.5	14.8	3.2	4.5	4.1	8.1	4.3	2.4	4.3	5.3	5.0
1966	3.8	12.7	2.5	3.8	3.3	7.3	3.5	1.9	3.4	4.2	4.2
1967	3.8	12.9	2.3	4.2	3.4	7.4	3.6	1.8	3.5	4.4	4.2
1968	3.6	12.7	2.2	3.8	3.2	6.7	3.4	1.6	3.1	4.1	4.0
Seasonally adjusted											
1967: Jan	3.7	11.1	2.3	4.3	3.3	6.7	3.5	1.7	3.2	4.2	4.1
Feb	3.7	12.6	2.2	4.0	3.3	7.2	3.4	1.7	3.2	4.2	4.1
Mar	3.7	11.8	2.3	4.1	3.2	7.4	3.4	1.8	3.3	4.2	4.1
Apr	3.7	12.0	2.3	4.1	3.3	7.2	3.4	1.9	3.4	4.6	4.0
May	3.9	12.7	2.4	4.1	3.4	7.7	3.6	1.9	3.5	4.6	3.8
June	3.9	12.7	2.5	4.2	3.5	7.7	3.8	1.9	3.6	4.6	4.4
July	3.9	12.9	2.4	4.3	3.5	7.3	3.7	1.8	3.6	4.6	4.2
Aug	3.8	13.3	2.3	3.9	3.4	6.8	3.6	1.9	3.6	4.4	4.3
Sept	4.1	13.4	2.3	4.9	3.6	8.0	3.9	1.8	3.6	4.6	4.6
Oct	4.3	14.8	2.5	4.8	3.7	8.8	4.1	1.9	3.8	4.9	4.7
Nov	3.8	13.9	2.4	4.0	3.4	7.3	3.7	1.7	3.5	4.4	4.2
Dec	3.7	12.8	2.2	4.1	3.3	6.9	3.5	1.7	3.3	4.3	4.1
1968: Jan	3.5	11.3	2.3	3.9	3.2	6.4	3.3	1.6	3.3	4.3	4.0
Feb	3.7	12.6	2.3	4.0	3.3	7.2	3.5	1.7	3.4	4.3	4.2
Mar	3.6	13.0	2.2	3.7	3.2	6.9	3.4	1.7	3.2	4.4	4.0
Apr	3.5	11.9	2.1	3.7	3.1	6.7	3.2	1.5	3.1	3.9	3.7
May	3.5	12.6	2.1	3.7	3.2	6.4	3.1	1.6	3.2	3.7	3.6
June	3.8	13.6	2.3	3.7	3.3	7.2	3.6	1.7	3.3	4.2	4.3
July	3.7	13.6	2.2	3.9	3.3	6.9	3.6	1.6	3.3	4.3	4.3
Aug	3.5	12.0	2.2	3.7	3.2	6.2	3.4	1.6	3.3	4.2	4.0
Sept	3.6	12.6	2.2	3.9	3.2	6.7	3.4	1.6	3.2	4.1	4.0
Oct	3.6	12.7	2.3	3.8	3.2	7.4	3.4	1.7	3.2	4.1	3.9
Nov	3.3	12.2	2.0	3.4	3.0	6.5	3.2	1.6	3.0	3.8	3.7
Dec	3.3	12.6	1.8	3.5	2.9	6.0	3.0	1.4	2.7	3.6	3.6

¹ Married men living with their wives. Data for 1949 and 1951-54 are for April; 1950, for March.

² Data for 1949-61 are for May.

³ Includes craftsmen, operatives, and nonfarm laborers. Data for 1948-57 are based on data for January, April, July, and October.

⁴ Man-hours lost by the unemployed and persons on part time for economic reasons as a percent of potentially available labor force man-hours.

Note.—See Note, Table B-22.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-25.—Unemployment by duration, 1947-68

Year or month	Total un-employment	Duration of unemployment			
		Less than 5 weeks	5-14 weeks	15-26 weeks	27 weeks and over
Thousands of persons 16 years of age and over					
1947	2,311	1,210	704	234	164
1948	2,276	1,300	669	193	116
1949	3,637	1,756	1,194	428	256
1950	3,288	1,450	1,055	425	357
1951	2,055	1,177	574	166	137
1952	1,883	1,135	516	148	84
1953	1,834	1,142	482	132	78
1954	3,532	1,605	1,116	495	317
1955	2,852	1,335	815	366	336
1956	2,750	1,412	805	301	232
1957	2,859	1,408	891	321	239
1958	4,602	1,753	1,396	785	667
1959	3,740	1,585	1,114	469	571
1960	3,852	1,719	1,176	503	454
1961	4,714	1,806	1,376	728	804
1962	3,911	1,659	1,134	534	585
1963	4,070	1,751	1,231	535	553
1964	3,786	1,697	1,117	491	482
1965	3,366	1,628	983	404	351
1966	2,875	1,535	804	295	241
1967	2,975	1,635	893	271	177
1968	2,817	1,594	810	256	156
Seasonally adjusted					
1967: Jan	2,839	1,496	794	276	200
Feb	2,858	1,606	789	257	190
Mar	2,854	1,628	833	256	180
Apr	2,875	1,618	871	250	184
May	2,952	1,704	871	291	142
June	3,045	1,713	909	291	150
July	3,017	1,662	895	266	170
Aug	2,934	1,572	934	234	211
Sept	3,169	1,783	937	277	163
Oct	3,337	1,789	1,105	305	170
Nov	2,984	1,609	930	307	178
Dec	2,896	1,418	968	259	186
1968: Jan	2,756	1,360	840	302	186
Feb	2,941	1,721	776	286	169
Mar	2,856	1,689	755	268	180
Apr	2,707	1,507	830	241	157
May	2,784	1,696	718	283	127
June	2,970	1,753	841	260	163
July	2,947	1,656	860	275	178
Aug	2,761	1,629	767	237	161
Sept	2,874	1,647	819	235	134
Oct	2,852	1,557	915	260	128
Nov	2,643	1,527	791	226	128
Dec	2,589	1,352	841	171	152

Note.—See Note, Table B-22.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-26.—Unemployment insurance programs, selected data, 1940-68

Year or month	All programs			State programs						
	Covered employment ¹	Insured unemployment (weekly average) ^{2,3}	Total benefits paid (millions of dollars) ^{2,4}	Insured unemployment ³	Initial claims	Ex-haustions ⁵	Insured unemployment as percent of covered employment		Benefits paid	
							Unadjusted	Seasonally adjusted	Total (millions of dollars) ⁶	Average weekly check (dollars) ⁶
	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	30,087	720	574.9	589	116	5	2.1	-----	445.9	18.77
1946	31,856	2,804	2,878.5	1,295	189	38	4.3	-----	1,094.9	18.50
1947	33,876	1,793	1,785.5	997	187	24	3.1	-----	775.1	17.83
1948	34,646	1,446	1,328.7	980	200	20	3.0	-----	789.9	19.03
1949	33,098	1,404	2,269.8	1,973	340	37	6.2	-----	1,736.0	20.48
1950	34,308	2,675	1,467.6	1,513	236	36	4.6	-----	1,373.1	20.76
1951	36,334	1,000	862.9	969	208	16	2.8	-----	840.4	21.09
1952	37,006	1,069	1,043.5	1,044	215	18	2.9	-----	998.2	22.79
1953	38,072	1,067	1,050.6	990	218	15	2.8	-----	962.2	23.58
1954	36,622	2,051	2,291.8	1,870	304	34	5.2	-----	2,026.9	24.93
1955	40,018	1,399	1,560.2	1,265	226	25	3.5	-----	1,350.3	25.04
1956	42,751	1,323	1,540.6	1,215	227	20	3.2	-----	1,380.7	27.02
1957	43,436	1,571	1,913.0	1,446	270	23	3.6	-----	1,733.9	28.17
1958	44,411	3,269	4,290.6	2,526	369	50	6.4	-----	3,512.7	30.58
1959	45,728	2,099	2,854.3	1,684	277	33	4.4	-----	2,279.0	30.41
1960	46,334	2,071	3,022.8	1,908	331	31	4.8	-----	2,726.7	32.87
1961	46,266	2,994	4,358.1	2,290	350	46	5.6	-----	3,422.7	33.80
1962	47,776	1,946	3,145.1	1,783	302	32	4.4	-----	2,675.4	34.56
1963	48,434	1,973	3,025.9	1,806	297	30	4.3	-----	2,774.7	35.27
1964	49,637	1,753	2,749.2	1,605	268	26	3.8	-----	2,522.1	35.92
1965	51,580	1,450	2,360.4	1,328	232	21	3.0	-----	2,166.0	37.19
1966	54,739	1,129	1,890.9	1,061	203	15	2.3	-----	1,771.3	39.75
1967	56,341	1,270	2,220.0	1,205	226	17	2.5	-----	2,101.0	41.25
1968 ^p	-----	1,180	2,218.2	1,110	200	17	2.2	-----	2,060.0	43.25
1967: Jan	54,769	1,631	235.8	1,558	300	15	3.3	2.3	224.8	41.70
Feb	54,667	1,654	230.9	1,582	267	16	3.4	2.5	219.5	41.97
Mar	55,094	1,603	270.1	1,532	239	17	3.3	2.6	257.5	42.07
Apr	55,581	1,423	210.5	1,360	244	20	2.9	2.6	200.6	41.81
May	55,977	1,197	193.1	1,142	188	19	2.4	2.7	183.6	40.99
June	57,004	1,071	165.4	1,019	186	19	2.1	2.6	156.1	40.00
July	56,933	1,247	155.3	1,184	288	17	2.4	2.8	147.3	40.10
Aug	57,354	1,123	184.0	1,059	187	17	2.2	2.6	172.8	41.08
Sept	57,199	956	132.3	894	158	15	1.8	2.5	122.6	40.10
Oct	56,818	953	133.0	889	180	15	1.8	2.4	122.1	40.70
Nov	57,117	1,068	146.6	997	208	15	2.0	2.3	135.0	41.19
Dec	57,577	1,339	171.8	1,259	278	16	2.6	2.3	159.2	41.85
1968: Jan	-----	1,719	264.8	1,624	316	18	3.3	2.4	248.5	42.60
Feb	-----	1,653	259.4	1,556	227	18	3.2	2.3	243.7	43.58
Mar	-----	1,480	247.5	1,390	183	19	2.8	2.3	231.1	43.64
Apr	-----	1,216	207.2	1,142	183	20	2.3	2.1	195.1	43.12
May	-----	1,026	170.2	964	156	18	2.0	2.2	159.1	42.42
June	-----	944	139.3	883	157	17	1.8	2.2	129.1	42.26
July	-----	1,058	156.9	991	240	15	2.0	2.3	145.6	42.39
Aug	-----	1,024	162.8	955	174	15	1.9	2.3	150.0	43.73
Sept	-----	868	133.4	802	141	13	1.6	2.2	121.8	43.78
Oct	-----	861	138.7	794	154	14	1.6	2.1	126.0	44.37
Nov	-----	985	134.9	913	189	13	1.8	2.1	122.5	44.72
Dec	-----	1,245	174.3	1,170	261	15	2.3	2.2	163.8	45.50

¹ Includes persons under the State, UCFE (Federal employee, effective January 1955), and RRB (Railroad Retirement Board) programs. Beginning October 1958, also includes the UCX program (unemployment compensation for ex-service-men).

² Includes State, UCFE, 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; December 1967 is latest month for which data are available for all programs combined. Workers covered by State programs account for about 88 percent of the total.

Source: Department of Labor, Bureau of Employment Security.

TABLE B-27.—*Wage and salary workers in nonagricultural establishments, 1929-68*

[All employees; thousands of persons]

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	Services	Government	
		Total	Durable goods	Non-durable goods							Federal	State and local
1929.....	31,339	10,702	-----	-----	1,087	1,497	3,916	6,123	1,509	3,440	533	2,532
1930.....	29,424	9,562	-----	-----	1,009	1,372	3,685	5,797	1,475	3,376	526	2,622
1931.....	26,649	8,170	-----	-----	873	1,214	3,254	5,284	1,407	3,183	560	2,704
1932.....	23,628	6,931	-----	-----	731	970	2,816	4,683	1,341	2,931	559	2,666
1933.....	23,711	7,397	-----	-----	744	809	2,672	4,755	1,295	2,873	565	2,601
1934.....	25,953	8,501	-----	-----	883	862	2,750	5,281	1,319	3,058	652	2,647
1935.....	27,053	9,069	-----	-----	897	912	2,786	5,431	1,335	3,142	753	2,728
1936.....	29,082	9,827	-----	-----	946	1,145	2,973	5,809	1,388	3,326	826	2,842
1937.....	31,026	10,794	-----	-----	1,015	1,112	3,134	6,265	1,432	3,518	833	2,923
1938.....	29,209	9,440	-----	-----	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	9,834	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.....	51,363	15,945	8,830	7,116	751	2,778	3,976	10,750	2,519	6,806	2,191	5,648
1959.....	53,313	16,675	9,373	7,303	732	2,960	4,011	11,127	2,594	7,130	2,233	5,850
1960.....	54,234	16,796	9,459	7,336	712	2,885	4,004	11,391	2,669	7,423	2,270	6,083
1961.....	54,042	16,326	9,070	7,256	672	2,816	3,903	11,337	2,731	7,664	2,279	6,315
1962.....	55,596	16,853	9,480	7,373	650	2,902	3,906	11,566	2,800	8,028	2,340	6,550
1963.....	56,702	16,995	9,616	7,380	635	2,963	3,903	11,778	2,877	8,325	2,358	6,868
1964.....	58,332	17,274	9,816	7,458	634	3,050	3,951	12,160	2,957	8,709	2,348	7,249
1965.....	60,832	18,062	10,406	7,656	632	3,186	4,036	12,716	3,023	9,087	2,378	7,714
1966.....	64,034	19,214	11,284	7,930	627	3,275	4,151	13,245	3,100	9,551	2,564	8,307
1967.....	66,030	19,434	11,422	8,012	616	3,203	4,271	13,613	3,217	10,060	2,719	8,897
1968 ^a	68,134	19,734	11,574	8,160	625	3,256	4,346	14,115	3,357	10,504	2,736	9,462

See footnotes at end of table.

TABLE B-27.—*Wage and salary workers in nonagricultural establishments, 1929-68—Continued*

[All employees; thousands of persons]

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	Services	Government	
		Total	Durable goods	Non-durable goods							Federal	State and local
Seasonally adjusted												
1966: Jan...	62,535	18,641	10,852	7,789	633	3,308	4,091	13,016	3,066	9,329	2,428	8,023
Feb...	62,884	18,818	10,976	7,842	630	3,316	4,109	13,047	3,067	9,371	2,453	8,073
Mar...	63,253	18,928	11,059	7,869	633	3,366	4,122	13,094	3,080	9,412	2,477	8,141
Apr...	63,456	19,046	11,149	7,897	593	3,321	4,126	13,156	3,083	9,441	2,498	8,192
May...	63,714	19,143	11,226	7,917	627	3,262	4,142	13,195	3,091	9,486	2,523	8,245
June...	64,141	19,272	11,305	7,967	629	3,299	4,160	13,267	3,101	9,535	2,575	8,303
July...	64,273	19,289	11,334	7,955	632	3,292	4,136	13,309	3,110	9,572	2,582	8,351
Aug...	64,438	19,404	11,423	7,981	634	3,257	4,119	13,326	3,111	9,620	2,592	8,375
Sept...	64,539	19,409	11,463	7,946	630	3,240	4,183	13,339	3,115	9,634	2,597	8,392
Oct...	64,779	19,491	11,521	7,970	628	3,218	4,195	13,366	3,116	9,682	2,620	8,463
Nov...	65,000	19,544	11,536	8,008	625	3,200	4,215	13,394	3,124	9,747	2,624	8,527
Dec...	65,272	19,585	11,558	8,027	625	3,251	4,221	13,403	3,138	9,800	2,650	8,599
1967: Jan...	65,524	19,628	11,576	8,052	627	3,262	4,247	13,444	3,146	9,849	2,667	8,654
Feb...	65,646	19,573	11,554	8,019	626	3,307	4,254	13,461	3,159	9,898	2,676	8,692
Mar...	65,672	19,517	11,511	8,006	626	3,227	4,255	13,495	3,172	9,956	2,688	8,736
Apr...	65,619	19,425	11,418	8,007	623	3,204	4,216	13,529	3,186	9,970	2,688	8,778
May...	65,677	19,346	11,389	7,957	622	3,159	4,273	13,564	3,199	9,996	2,701	8,817
June...	65,821	19,356	11,369	7,987	621	3,131	4,276	13,573	3,214	10,032	2,747	8,871
July...	65,920	19,288	11,335	7,953	626	3,168	4,296	13,610	3,223	10,056	2,743	8,910
Aug...	66,186	19,407	11,433	7,974	610	3,165	4,288	13,648	3,241	10,110	2,740	8,977
Sept...	66,123	19,285	11,272	8,013	606	3,182	4,278	13,684	3,251	10,139	2,718	8,980
Oct...	66,286	19,302	11,264	8,038	603	3,184	4,267	13,729	3,261	10,171	2,718	9,051
Nov...	66,778	19,518	11,463	8,055	603	3,214	4,297	13,791	3,273	10,270	2,692	9,120
Dec...	67,060	19,593	11,498	8,095	603	3,275	4,302	13,793	3,289	10,316	2,709	9,180
1968: Jan...	67,058	19,612	11,541	8,071	604	3,107	4,317	13,818	3,291	10,331	2,721	9,257
Feb...	67,600	19,612	11,514	8,098	608	3,388	4,342	13,920	3,304	10,405	2,721	9,300
Mar...	67,656	19,607	11,495	8,112	609	3,330	4,332	13,999	3,311	10,415	2,718	9,335
Apr...	67,755	19,657	11,533	8,124	632	3,313	4,331	14,009	3,323	10,402	2,717	9,371
May...	67,792	19,693	11,545	8,148	631	3,245	4,281	14,049	3,334	10,425	2,721	9,413
June...	68,039	19,777	11,571	8,206	632	3,174	4,336	14,086	3,335	10,467	2,795	9,437
July...	68,170	19,776	11,619	8,157	638	3,189	4,346	14,117	3,350	10,498	2,788	9,468
Aug...	68,314	19,748	11,563	8,185	638	3,195	4,358	14,181	3,376	10,548	2,751	9,519
Sept...	68,382	19,755	11,577	8,178	639	3,252	4,365	14,222	3,387	10,545	2,716	9,501
Oct...	68,701	19,807	11,603	8,204	591	3,285	4,374	14,298	3,411	10,610	2,705	9,620
Nov...	68,920	19,854	11,647	8,207	635	3,273	4,394	14,331	3,425	10,695	2,696	9,617
Dec...	69,186	19,918	11,685	8,233	638	3,353	4,369	14,310	3,441	10,758	2,697	9,702

Note.—Data in Tables B-27 through B-33 are based on reports from employing establishments and relate to 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.

Not comparable with labor force data (Tables B-22 through B-25), which include proprietors, self-employed persons, domestic servants, and unpaid family workers, and which count persons as employed when they are not at work because of industrial disputes, bad weather, etc.

For description and details of the various establishment data, see "Employment and Earnings and Monthly Report on the Labor Force."

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-28.—Average weekly hours of work in selected nonagricultural industries, 1929-68

Year or month	Total non-agricultural private ¹	Manufacturing			Contract construction	Retail trade	Wholesale trade	Bituminous coal mining	Class I railroads	Telephone communication	
		Total	Durable goods	Non-durable goods							
1929		44.2						38.1			
1930		42.1						33.3			
1931		40.5						28.1			
1932		38.3	32.5	41.9				27.0			
1933		38.1	34.7	40.0				29.3			
1934		34.6	33.8	35.1				26.8			
1935		36.6	37.2	36.1			41.6	26.2			
1936		39.2	40.9	37.7			42.9	28.5			
1937		38.6	39.9	37.4			43.1	27.7		38.8	
1938		35.6	34.9	36.1			42.3	23.3		38.9	
1939		37.7	37.9	37.4		43.4	41.8	26.8	43.7	39.1	
1940		38.1	39.2	37.0		43.2	41.3	27.8	44.3	39.5	
1941		40.6	42.0	38.9		42.8	41.1	30.7	45.8	40.1	
1942		43.1	45.0	40.3		41.8	41.4	32.4	47.0	40.5	
1943		45.0	46.5	42.5		40.9	42.3	36.3	48.7	41.9	
1944		45.2	46.5	43.1		41.0	43.0	43.0	48.9	42.3	
1945		43.5	44.0	42.3		40.9	42.8	42.0	48.5	41.7	
1946		40.3	40.4	40.5		41.3	41.6	41.3	46.0	39.4	
1947	40.3	40.4	40.5	40.2	38.2	40.3	41.1	40.3	46.4	37.4	
1948	40.0	40.0	40.4	39.6	38.1	40.2	41.0	37.7	46.2	39.2	
1949	39.4	39.1	39.4	38.9	37.7	40.4	40.8	32.3	43.7	38.5	
1950	39.8	40.5	41.1	39.7	37.4	40.4	40.7	34.7	40.8	38.9	
1951	39.9	40.6	41.5	39.5	38.1	40.4	40.8	34.9	41.0	39.1	
1952	39.9	40.7	41.5	39.7	38.9	39.8	40.7	33.8	40.6	38.5	
1953	39.6	40.5	41.2	39.6	37.9	39.1	40.6	34.1	40.6	38.7	
1954	39.1	39.6	40.1	39.0	37.2	39.2	40.5	32.3	40.8	38.9	
1955	39.6	40.7	41.3	39.9	37.1	39.0	40.7	37.3	41.9	39.6	
1956	39.3	40.4	41.0	39.6	37.5	38.6	40.5	37.5	41.7	39.5	
1957	38.8	39.8	40.3	39.2	37.0	38.1	40.3	36.3	41.7	39.0	
1958	38.5	39.2	39.5	38.8	36.8	38.1	40.2	33.3	41.6	38.4	
1959	39.0	40.3	40.7	39.7	37.0	38.2	40.6	35.8	41.9	39.2	
1960	38.6	39.7	40.1	39.2	36.7	38.0	40.5	35.8	41.7	39.6	
1961	38.6	39.8	40.3	39.3	36.9	37.6	40.5	35.9	42.3	39.4	
1962	38.7	40.4	40.9	39.6	37.0	37.4	40.6	37.0	42.6	39.9	
1963	38.8	40.5	41.1	39.6	37.3	37.3	40.6	38.9	42.9	40.0	
1964	38.7	40.7	41.4	39.7	37.2	37.0	40.6	39.2	43.5	40.2	
1965	38.8	41.2	42.0	40.1	37.4	36.6	40.8	40.2	43.6	40.4	
1966	38.6	41.3	42.1	40.2	37.6	35.9	40.7	40.8	43.9	40.6	
1967	38.0	40.6	41.2	39.7	37.7	35.3	40.3	40.8	43.2	39.3	
1968	37.8	40.7	41.4	39.8	37.3	34.7	40.0	39.9	43.7	39.8	
		Seasonally adjusted						Unadjusted			
1967: Jan	38.4	41.0	41.6	40.0	38.3	35.5	40.6	41.1	43.1	39.5	
Feb	38.0	40.3	40.9	39.5	37.6	35.3	40.5	40.0	44.1	39.8	
Mar	38.0	40.4	41.1	39.5	37.4	35.4	40.4	39.7	43.7	38.8	
Apr	37.9	40.5	41.0	39.7	37.4	35.3	40.4	40.1	41.9	39.1	
May	37.9	40.5	41.0	39.5	36.8	35.2	40.2	40.5	44.1	38.9	
June	37.9	40.4	41.0	39.6	37.4	35.4	40.3	41.7	43.9	39.4	
July	38.0	40.5	41.1	39.6	37.4	35.4	40.3		41.4	39.6	
Aug	38.0	40.6	41.1	39.7	37.4	35.4	40.3	41.1	44.0	39.0	
Sept	38.1	40.9	41.4	40.0	38.0	35.3	40.3	40.6	42.7	39.7	
Oct	37.9	40.7	41.2	39.7	37.2	35.1	40.2	40.3	43.1	39.7	
Nov	38.0	40.7	41.2	39.9	39.4	35.2	40.2	41.8	43.8	39.4	
Dec	37.8	40.7	41.3	39.9	37.2	35.1	40.1	41.3	42.6	39.3	
1968: Jan	37.6	40.2	40.9	39.2	36.0	34.8	40.0	40.7	44.3	39.2	
Feb	37.9	40.8	41.4	40.0	37.9	34.9	40.0	40.6	44.0	39.1	
Mar	37.8	40.7	41.4	39.8	36.8	34.7	39.9	41.0	42.7	39.1	
Apr	37.6	40.1	40.7	39.2	37.8	34.8	39.9	40.4	44.3	38.6	
May	37.8	40.9	41.5	39.8	37.2	34.6	39.8	40.5	45.0	38.1	
June	37.9	40.9	41.7	40.0	37.6	34.9	40.3	41.5	43.0	39.9	
July	37.9	40.9	41.5	39.9	37.3	34.9	40.1		44.7	40.2	
Aug	37.9	40.7	41.1	39.9	37.5	34.9	40.3	40.9		39.9	
Sept	38.0	41.1	41.7	40.1	37.9	34.7	40.2	40.6		40.6	
Oct	37.7	41.0	41.6	39.9	37.5	34.5	40.1	29.9		40.6	
Nov	37.5	40.8	41.6	39.7	36.0	34.4	40.0	39.3		41.1	
Dec	37.6	40.7	41.4	39.9	37.9	34.3	39.8				

¹ In addition to industries shown separately, total includes other mining; other transportation and public utilities; finance, insurance, and real estate; and services.

² Nine-month average, April through December, because of new series started in April 1945.

³ Beginning 1947, data include eating and drinking places. Comparable figure excluding eating and drinking places is 41.0 hours for 1947.

⁴ Eleven-month average; excludes data for July.

Note.—Hours and earnings data in Tables B-28 through B-33 relate to production workers in manufacturing and mining, to construction workers in contract construction, and generally, to nonsupervisory employees in other industries. See Table B-31 for unadjusted weekly hours in manufacturing. See also Note, Table B-27.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-29.—Average gross hourly earnings in selected industries, 1929-68

Year or month	Total non-agricultural private ¹	Manufacturing			Contract construction	Retail trade	Wholesale trade	Bituminous coal mining	Class I railroads	Telephone communication	Agriculture ²
		Total	Durable goods	Non-durable goods							
1929		\$0.560						\$0.659			\$0.241
1930		.546						.662			.226
1931		.509						.626			.172
1932		.441	\$0.492	\$0.412				.503			.129
1933		.437	.467	.419				.485			.115
1934		.526	.550	.505				.651			.129
1935		.544	.571	.520			\$0.610	.720			.142
1936		.550	.580	.519			.628	.768			.152
1937		.617	.667	.566			.658	.828		\$0.774	.172
1938		.620	.679	.572			.674	.849		.816	.166
1939		.627	.691	.571		\$0.484	.688	.858	\$0.730	.822	.166
1940		.655	.716	.590		.494	.711	.854	.733	.827	.169
1941		.726	.799	.627		.518	.763	.960	.743	.820	.206
1942		.851	.937	.709		.559	.828	1.030	.837	.843	.268
1943		.957	1.048	.787		.606	.898	1.101	.852	.870	.353
1944		1.011	1.105	.844		.653	.948	1.147	.948	.911	.423
1945		1.016	1.099	.886		.699	.990	1.199	.955	.962	.472
1946		1.075	1.144	.995		.797	1.107	1.357	1.087	1.124	.515
1947	\$1.131	1.217	1.278	1.145	\$1.541	1.838	1.220	1.582	1.186	1.197	.547
1948	1.225	1.328	1.395	1.250	1.713	.901	1.308	1.835	1.301	1.248	.580
1949	1.275	1.378	1.453	1.295	1.792	.951	1.360	1.877	1.427	1.345	.559
1950	1.335	1.440	1.519	1.347	1.863	.983	1.427	1.944	1.572	1.398	.561
1951	1.45	1.56	1.65	1.44	2.02	1.06	1.52	2.14	1.73	1.49	.625
1952	1.52	1.65	1.75	1.51	2.13	1.09	1.61	2.22	1.83	1.59	.661
1953	1.61	1.74	1.86	1.62	2.28	1.16	1.70	2.40	1.88	1.68	.672
1954	1.65	1.78	1.90	1.68	2.39	1.20	1.76	2.40	1.93	1.76	.661
1955	1.71	1.86	1.99	1.67	2.45	1.25	1.83	2.47	1.96	1.82	.675
1956	1.80	1.95	2.08	1.77	2.57	1.30	1.94	2.72	2.12	1.86	.705
1957	1.89	2.05	2.19	1.85	2.71	1.37	2.02	2.92	2.26	1.95	.728
1958	1.95	2.11	2.26	1.91	2.82	1.42	2.09	2.93	2.44	2.05	.757
1959	2.02	2.19	2.36	1.98	2.93	1.47	2.18	3.11	2.54	2.18	.798
1960	2.09	2.26	2.43	2.05	3.08	1.52	2.24	3.14	2.61	2.26	.818
1961	2.14	2.32	2.49	2.11	3.20	1.56	2.31	3.12	2.67	2.37	.834
1962	2.22	2.39	2.56	2.17	3.31	1.63	2.37	3.12	2.72	2.48	.856
1963	2.28	2.46	2.63	2.22	3.41	1.68	2.45	3.15	2.76	2.56	.880
1964	2.36	2.53	2.71	2.29	3.55	1.75	2.52	3.30	2.80	2.62	.904
1965	2.45	2.61	2.79	2.36	3.70	1.82	2.61	3.49	3.00	2.70	.951
1966	2.56	2.72	2.90	2.45	3.89	1.91	2.73	3.66	3.09	2.79	1.03
1967	2.68	2.83	3.00	2.57	4.11	2.01	2.88	3.75	3.24	2.88	1.12
1968 ^a	2.85	3.01	3.19	2.74	4.38	2.16	3.05	3.84	3.33	3.03	1.21
1967: Jan	2.62	2.78	2.96	2.51	4.03	1.97	2.81	3.79	3.19	2.86	1.14
Feb	2.63	2.79	2.96	2.53	4.02	1.98	2.83	3.71	3.26	2.88	
Mar	2.63	2.79	2.96	2.54	4.00	1.98	2.84	3.72	3.17	2.87	
Apr	2.64	2.80	2.97	2.55	4.00	1.99	2.86	3.77	3.23	2.87	.998
May	2.66	2.81	2.99	2.55	4.04	2.00	2.86	3.73	3.19	2.88	
June	2.67	2.82	2.99	2.56	4.03	2.01	2.87	3.75	3.21	2.89	
July	2.69	2.82	3.00	2.57	4.10	2.01	2.88	3.74	3.25	2.88	1.10
Aug	2.69	2.82	3.00	2.57	4.11	2.00	2.87	3.74	3.22	2.87	
Sept	2.72	2.85	3.03	2.61	4.20	2.03	2.91	3.76	3.27	2.90	
Oct	2.72	2.85	3.03	2.61	4.22	2.04	2.91	3.75	3.26	2.90	1.16
Nov	2.73	2.88	3.05	2.62	4.22	2.05	2.93	3.73	3.31	2.89	
Dec	2.73	2.91	3.09	2.64	4.25	2.04	2.95	3.79	3.33	2.91	
1968: Jan	2.76	2.94	3.13	2.67	4.34	2.09	2.96	3.81	3.33	2.90	1.24
Feb	2.78	2.94	3.12	2.68	4.27	2.11	3.00	3.77	3.38	2.90	
Mar	2.79	2.96	3.14	2.69	4.28	2.12	3.01	3.77	3.35	2.91	
Apr	2.80	2.97	3.15	2.70	4.27	2.13	3.02	3.76	3.35	2.89	1.07
May	2.83	2.99	3.18	2.72	4.32	2.14	3.04	3.76	3.34	2.96	
June	2.85	3.00	3.18	2.73	4.29	2.16	3.05	3.80	3.40	3.05	
July	2.86	3.00	3.18	2.75	4.34	2.16	3.04	3.80	3.46	3.04	1.18
Aug	2.86	2.99	3.17	2.75	4.38	2.16	3.05	3.78	3.46	3.06	
Sept	2.91	3.05	3.23	2.78	4.47	2.19	3.10	3.78	3.46	3.14	
Oct	2.92	3.06	3.25	2.79	4.50	2.20	3.09	3.75	3.46	3.16	1.27
Nov ^b	2.92	3.08	3.27	2.80	4.52	2.21	3.12	4.09	3.46	3.18	
Dec ^c	2.93	3.10	3.29	2.82	4.52	2.20	3.15	4.09	3.46	3.18	

¹ For coverage, see footnote 1, Table B-28.

² Weighted average of all farm wage rates on a per hour basis.

³ Nine-month average, April through December, because of new series started in April 1945.

⁴ Beginning 1947, data include eating and drinking places. Comparable figure excluding eating and drinking places is \$0.901 for 1947.

⁵ Eleven-month average; excludes data for July.

Note.—See Note, Tables B-27 and B-28.

Sources: Department of Labor (Bureau of Labor Statistics) and Department of Agriculture.

TABLE B-30.—Average gross weekly earnings in selected nonagricultural industries, 1929-68

Year or month	Total non-agricultural private ¹	Manufacturing			Contract construction	Retail trade	Wholesale trade	Bituminous coal mining	Class 1 railroads	Telephone communication
		Total	Durable goods	Non-durable goods						
1929		\$24.76	\$26.84	\$22.47				\$25.11		
1930		23.00	24.42	21.40				22.04		
1931		20.64	20.98	20.09				17.59		
1932		16.89	15.99	17.26			\$26.75	13.58		
1933		16.65	16.20	16.76			25.19	14.21		
1934		18.20	18.59	17.73			25.44	17.45		
1935		19.91	21.24	18.77			25.38	18.86		
1936		21.56	23.72	19.57			26.96	21.89		
1937		23.82	26.61	21.17			28.36	22.94		\$30.03
1938		22.07	23.70	20.65			28.51	19.78		31.74
1939		23.64	26.19	21.36		\$21.01	28.76	22.99	\$31.90	32.14
1940		24.96	28.07	21.83		21.34	29.36	23.74	32.47	32.67
1941		29.48	33.56	24.39		22.17	31.36	29.47	34.03	32.88
1942		36.68	42.17	28.57		23.37	34.28	33.37	39.34	34.14
1943		43.07	48.73	33.45		24.79	37.99	39.97	41.49	36.45
1944		45.70	51.38	36.38		26.77	40.76	49.32	46.36	38.54
1945		44.20	48.36	37.48		28.59	42.37	50.36	46.32	40.12
1946		43.32	46.22	40.30		32.92	46.05	56.04	50.00	44.29
1947	\$45.58	49.17	51.76	46.03	\$58.87	\$33.77	50.14	63.75	55.03	44.77
1948	49.00	53.12	56.36	49.50	65.27	36.22	53.63	69.18	60.11	48.92
1949	50.24	53.88	57.25	50.38	67.56	38.42	55.49	60.63	62.36	51.78
1950	53.13	58.32	62.43	53.48	69.68	39.71	58.08	67.46	64.14	54.38
1951	57.86	63.34	68.48	56.88	76.96	42.82	62.02	74.69	70.93	58.26
1952	60.65	67.16	72.63	59.95	82.86	43.38	65.53	75.04	74.30	61.22
1953	63.76	70.47	76.63	62.57	86.41	45.36	69.02	81.84	76.33	65.02
1954	64.52	70.49	76.19	63.18	88.91	47.04	71.28	77.52	78.74	68.46
1955	67.72	75.70	82.19	66.63	90.90	48.75	74.48	92.13	82.12	72.07
1956	70.74	78.78	85.28	70.09	96.38	50.18	78.57	102.00	88.40	73.47
1957	73.33	81.59	88.26	72.52	100.27	52.20	81.41	106.00	94.24	76.05
1958	75.08	82.71	89.27	74.11	103.78	54.10	84.02	97.57	101.50	78.72
1959	78.78	88.26	96.05	78.61	108.41	56.15	88.51	111.34	106.43	85.46
1960	80.67	89.72	97.44	80.36	113.04	57.76	90.72	112.41	108.84	89.50
1961	82.60	92.34	100.35	82.92	118.08	58.66	93.56	112.01	112.94	93.38
1962	85.91	96.56	104.70	85.93	122.47	60.96	96.22	114.46	115.87	98.95
1963	88.46	99.63	108.09	87.91	127.19	62.66	99.47	121.43	118.40	102.40
1964	91.33	102.97	112.19	90.91	132.06	64.75	102.31	128.91	121.80	105.32
1965	95.06	107.53	117.18	94.64	138.38	66.61	106.49	140.26	130.80	109.08
1966	98.82	112.34	122.09	98.49	146.26	68.57	111.11	149.74	135.65	113.27
1967	101.84	114.90	123.60	102.03	154.95	70.95	116.06	153.00	139.97	113.18
1968 ²	107.73	122.51	132.07	109.05	163.37	74.95	122.00	151.68		120.59
1967: Jan	99.82	113.42	122.84	99.65	149.92	69.15	113.81	155.77	137.49	112.97
Feb	99.15	111.88	120.47	99.18	144.32	69.10	114.05	148.40	143.77	114.62
Mar	99.41	112.44	121.36	100.08	147.20	69.30	114.45	147.68	138.53	111.36
Apr	99.26	112.56	121.18	100.22	147.60	69.45	114.97	151.18	135.34	112.22
May	100.55	113.81	122.89	100.73	150.29	69.80	114.97	151.07	140.68	112.03
June	101.73	114.49	122.89	101.63	153.95	71.56	115.66	156.38	140.92	113.87
July	103.03	113.65	122.40	102.03	158.67	72.96	116.93	157.00	134.55	114.05
Aug	103.30	114.49	123.30	102.80	159.06	72.60	115.95	153.71	141.68	111.93
Sept	103.90	116.85	125.75	104.92	162.96	71.66	117.27	152.66	139.63	115.13
Oct	103.36	116.28	125.44	104.14	160.78	71.20	116.98	151.13	140.51	115.13
Nov	103.74	117.50	125.66	105.06	161.63	71.34	117.79	155.91	144.98	113.87
Dec	103.74	119.60	129.16	105.86	155.13	72.22	119.18	156.53	141.86	114.36
1968: Jan	102.95	117.60	127.70	103.86	151.90	72.11	118.10	155.07	147.52	113.68
Feb	104.53	119.36	128.54	106.40	154.57	72.80	119.40	154.62	148.72	113.39
Mar	104.90	120.18	129.68	106.79	154.94	72.93	119.80	154.57	143.05	113.78
Apr	104.44	118.21	127.58	104.76	159.27	73.49	119.89	151.90	148.41	111.55
May	106.69	122.29	132.29	108.26	162.43	73.40	120.99	152.28	150.30	112.78
June	108.59	123.30	132.92	109.47	164.74	75.82	122.92	157.70	146.20	121.70
July	109.25	122.10	131.02	110.00	167.52	77.33	122.82	157.29	154.66	122.21
Aug	109.54	121.69	130.29	110.55	169.94	77.33	123.22	153.78		122.09
Sept	110.87	125.66	135.01	112.03	172.99	75.99	124.62	153.47		127.48
Oct	110.38	125.77	135.85	111.88	172.80	75.46	123.91	152.13		128.35
Nov ³	109.50	125.97	136.03	111.72	158.20	75.14	124.80	160.74		130.70
Dec ³	110.75	127.41	137.85	113.08	168.14	76.12	126.32			

¹ For coverage, see footnote 1, Table B-28.

² Nine-month average, April through December, because of new series started in April 1945.

³ Beginning 1947, data include eating and drinking places. Comparable figure excluding eating and drinking places is \$36.94 for 1947.

Note.—See Note, Tables B-27 and B-28.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-31.—Average weekly hours and hourly earnings, gross and excluding overtime, in manufacturing industries, 1939-68

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	Adjusted hourly earnings, (1957-59=100) ¹	Gross	Excluding overtime	Gross	Excluding overtime	Gross	Excluding overtime	Gross	Excluding overtime
1939	37.7	---	\$0.627	---	32.2	37.9	---	\$0.691	---	37.4	---	\$0.571	---
1940	38.1	---	.655	---	---	39.2	---	.716	---	37.0	---	.590	---
1941	40.6	---	.726	\$0.691	233.4	42.0	---	.799	\$0.762	38.9	---	.627	\$0.613
1942	43.0	---	.851	.793	237.5	45.0	---	.937	.872	40.3	---	.709	.684
1943	45.0	---	.957	.881	240.8	46.5	---	1.048	.966	42.5	---	.787	.748
1944	45.2	---	1.011	.933	243.7	46.5	---	1.105	1.019	43.1	---	.844	.798
1945	43.5	---	1.016	9.949	245.5	44.0	---	1.099	1.031	42.3	---	.886	9.841
1946	40.3	---	1.075	1.035	250.4	40.4	---	1.144	1.111	40.5	---	.995	.962
1947	40.4	---	1.217	1.18	57.8	40.5	---	1.278	1.24	40.2	---	1.145	1.11
1948	40.0	---	1.328	1.29	63.2	40.4	---	1.395	1.35	39.6	---	1.250	1.21
1949	39.1	---	1.378	1.34	66.1	39.4	---	1.453	1.42	38.9	---	1.295	1.26
1950	40.5	---	1.440	1.39	68.2	41.1	---	1.519	1.46	39.7	---	1.347	1.31
1951	40.6	---	1.56	1.51	73.6	41.5	---	1.65	1.59	39.5	---	1.44	1.40
1952	40.7	---	1.65	1.59	77.4	41.5	---	1.75	1.68	39.7	---	1.51	1.46
1953	40.5	---	1.74	1.68	81.6	41.2	---	1.86	1.79	39.6	---	1.58	1.53
1954	39.6	---	1.78	1.73	84.3	40.1	---	1.90	1.84	39.0	---	1.62	1.58
1955	40.7	---	1.86	1.79	86.9	41.3	---	1.99	1.91	39.9	---	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	103.4	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	106.8	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	109.9	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	112.7	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	115.5	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	118.4	41.4	38.1	2.71	2.60	39.7	36.8	2.29	2.21
1965	41.2	37.6	2.61	2.51	121.5	42.0	38.1	2.79	2.67	40.1	36.9	2.36	2.27
1966	41.3	37.4	2.72	2.59	125.6	42.1	37.8	2.90	2.76	40.2	36.8	2.45	2.35
1967	40.6	37.2	2.83	2.72	131.5	41.2	37.7	3.00	2.88	39.7	36.6	2.57	2.47
1968 ²	40.7	37.1	3.01	2.88	139.5	41.4	37.6	3.19	3.05	39.8	36.5	2.74	2.63
1967: Jan.	40.8	37.4	2.78	2.67	128.9	41.5	37.8	2.96	2.84	39.7	36.7	2.51	2.42
Feb.	40.1	36.9	2.79	2.68	129.5	40.7	37.3	2.96	2.84	39.2	36.3	2.53	2.44
Mar.	40.3	37.1	2.79	2.69	129.8	41.0	37.6	2.96	2.85	39.4	36.5	2.54	2.45
Apr.	40.2	37.1	2.80	2.70	130.4	40.8	37.6	2.97	2.86	39.3	36.4	2.55	2.46
May	40.5	37.3	2.81	2.70	130.6	41.1	37.8	2.99	2.87	39.5	36.5	2.55	2.46
June	40.6	37.3	2.82	2.71	131.0	41.1	37.7	2.99	2.88	39.7	36.6	2.56	2.46
July	40.3	37.1	2.82	2.71	131.4	40.8	37.5	3.00	2.88	39.7	36.6	2.57	2.47
Aug.	40.6	37.2	2.82	2.71	131.7	41.1	37.6	3.00	2.88	40.0	36.7	2.57	2.47
Sept.	41.0	37.3	2.85	2.73	132.6	41.5	37.6	3.03	2.89	40.2	36.6	2.61	2.50
Oct.	40.8	37.3	2.85	2.73	133.0	41.4	37.7	3.03	2.90	39.9	36.5	2.61	2.50
Nov.	40.8	37.4	2.88	2.76	133.9	41.2	37.7	3.05	2.93	40.1	36.8	2.62	2.52
Dec.	41.1	37.5	2.91	2.79	134.7	41.8	38.0	3.09	2.96	40.1	36.8	2.64	2.54
1968: Jan.	40.0	36.7	2.94	2.83	136.1	40.8	37.3	3.13	3.00	38.9	35.9	2.67	2.57
Feb.	40.6	37.3	2.94	2.83	136.9	41.2	37.8	3.12	3.00	39.7	36.7	2.68	2.58
Mar.	40.6	37.3	2.96	2.85	137.5	41.3	37.8	3.14	3.02	39.7	36.6	2.69	2.59
Apr.	39.8	36.9	2.97	2.86	138.2	40.5	37.5	3.15	3.03	38.8	36.1	2.70	2.61
May	40.9	37.3	2.99	2.87	138.6	41.6	37.8	3.18	3.04	39.8	36.6	2.72	2.62
June	41.1	37.4	3.00	2.87	138.8	41.8	37.9	3.18	3.04	40.1	36.7	2.73	2.62
July	40.7	37.2	3.00	2.88	139.1	41.2	37.6	3.18	3.05	40.0	36.6	2.75	2.63
Aug.	40.7	37.1	2.99	2.87	139.8	41.1	37.4	3.17	3.03	40.2	36.7	2.75	2.64
Sept.	41.2	37.2	3.05	2.90	141.2	41.8	37.6	3.23	3.08	40.3	36.5	2.78	2.66
Oct.	41.1	37.2	3.06	2.92	141.7	41.8	37.6	3.25	3.09	40.1	36.6	2.79	2.67
Nov. ³	40.9	37.1	3.08	2.94	142.5	41.6	37.5	3.25	3.12	39.9	36.4	2.80	2.69
Dec. ³	41.1	37.2	3.10	2.96	143.4	41.9	37.7	3.29	3.13	40.1	36.7	2.82	2.70

¹ Earnings in current prices, adjusted to exclude the effects of overtime and interindustry shifts.

² Annual average not available; April used.

³ Eleven-month average; August 1945 excluded because of VJ Day holiday period.

Note.—See Note, Tables B-27 and B-28.

See Table B-28 for seasonally adjusted average gross weekly hours.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-32.—Average weekly earnings, gross and spendable, total private nonagricultural industries, in current and 1957-59 prices, 1947-68

Year or month	Average gross weekly earnings		Average spendable weekly earnings ²			
	Current prices	1957-59 prices ¹	Workers with no dependents		Workers with three dependents	
			Current prices	1957-59 prices ¹	Current prices	1957-59 prices ¹
1947.....	\$45.58	\$58.59	\$39.16	\$50.33	\$44.64	\$57.38
1948.....	49.00	58.47	43.11	51.44	48.51	57.89
1949.....	50.24	60.53	44.15	53.19	49.74	59.93
1950.....	53.13	63.40	46.02	54.92	52.04	62.10
1951.....	57.86	63.93	48.68	53.79	55.79	61.65
1952.....	60.65	65.57	50.07	54.13	57.87	62.56
1953.....	63.76	68.41	52.45	56.28	60.31	64.71
1954.....	64.52	68.93	53.76	57.44	60.85	65.01
1955.....	67.72	72.58	56.27	60.31	63.41	67.96
1956.....	70.74	74.70	58.63	61.91	65.82	69.50
1957.....	73.33	74.83	60.47	61.70	67.71	69.09
1958.....	75.08	74.56	61.83	61.40	69.11	68.63
1959.....	78.78	77.62	64.52	63.57	71.86	70.80
1960.....	80.67	78.24	65.59	63.62	72.96	70.77
1961.....	82.60	79.27	67.08	64.38	74.48	71.48
1962.....	85.91	81.55	69.56	66.00	76.99	73.05
1963.....	88.46	82.91	71.05	66.59	78.56	73.63
1964.....	91.33	84.49	75.04	69.42	82.57	76.38
1965.....	95.06	86.50	78.99	71.87	86.30	78.53
1966.....	98.82	87.37	81.29	71.87	88.66	78.39
1967.....	101.84	87.57	83.38	71.69	90.86	78.13
1968 ^p	107.73	³ 89.11	86.71	³ 71.72	95.28	³ 78.81
1967: Jan.....	99.82	87.03	81.85	71.36	89.26	77.82
Feb.....	99.15	86.37	81.35	70.86	88.72	77.28
Mar.....	99.41	86.44	81.54	70.90	88.93	77.33
Apr.....	99.26	86.09	81.43	70.62	88.81	77.03
May.....	100.55	86.98	82.41	71.29	89.84	77.72
June.....	101.73	87.70	83.30	71.81	90.78	78.26
July.....	103.03	88.44	84.29	72.35	91.81	78.81
Aug.....	103.30	88.37	84.49	72.28	92.03	78.73
Sept.....	103.90	88.73	84.95	72.54	92.50	78.99
Oct.....	103.36	87.97	84.54	71.95	92.07	78.36
Nov.....	103.74	88.06	84.82	72.00	92.38	78.42
Dec.....	103.74	87.77	84.82	71.76	92.38	78.16
1968: Jan.....	102.95	86.80	84.23	71.02	91.75	77.36
Feb.....	104.53	87.84	85.42	71.78	93.01	78.16
Mar.....	104.90	87.78	85.70	71.72	93.30	78.08
Apr.....	104.44	87.11	83.91	69.98	92.68	77.30
May.....	106.69	88.69	85.57	71.13	94.40	78.47
June.....	108.59	89.82	86.97	71.94	95.85	79.28
July.....	109.25	89.92	87.46	71.98	96.36	79.31
Aug.....	109.54	89.86	87.67	71.92	96.58	79.23
Sept.....	110.87	90.73	88.65	72.55	97.59	79.86
Oct.....	110.38	89.81	88.29	71.84	97.22	79.10
Nov ^p	109.50	88.74	87.64	71.02	96.55	78.24
Dec ^p	110.75		88.57		97.50	

¹ Earnings in current prices divided by the consumer price index.

² Average gross weekly earnings less social security and income taxes.

³ Estimates based on 11-month average of the consumer price index.

Note.—“Total private” consists of manufacturing; contract construction; retail and wholesale trade; mining; transportation and public utilities; finance, insurance, and real estate; and services.
See also Note, Tables B-27 and B-28.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-33.—Average weekly earnings, gross and spendable, in manufacturing industries, in current and 1957-59 prices, 1939-68

Year or month	Average gross weekly earnings		Average spendable weekly earnings ²			
	Current prices	1957-59 prices ¹	Worker with no dependents		Worker with three dependents	
			Current prices	1957-59 prices ¹	Current prices	1957-59 prices ¹
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	78.87
1962.....	96.56	91.61	77.86	73.87	85.53	81.15
1963.....	99.63	93.37	79.82	74.81	87.58	82.08
1964.....	102.97	95.25	84.40	78.08	92.18	85.27
1965.....	107.53	97.84	89.08	81.06	96.78	88.06
1966.....	112.34	99.33	91.57	80.96	99.45	87.93
1967.....	114.90	98.80	93.28	80.21	101.26	87.07
1968 p.....	122.51	98.80	97.70	80.81	106.75	88.30
1967: Jan.....	113.42	98.88	92.16	80.35	100.08	87.25
Feb.....	111.88	97.46	91.00	79.27	98.86	86.11
Mar.....	112.44	97.77	91.42	79.50	99.30	86.35
Apr.....	112.56	97.62	91.51	79.37	99.40	86.21
May.....	113.81	98.45	92.46	79.98	100.39	86.84
June.....	114.49	98.70	92.97	80.15	100.93	87.01
July.....	113.65	97.55	92.34	79.26	100.27	86.07
Aug.....	114.49	97.94	92.97	79.53	100.93	86.34
Sept.....	116.85	99.79	94.76	80.92	102.83	87.81
Oct.....	116.28	98.96	94.33	80.28	102.37	87.12
Nov.....	117.50	99.75	95.26	80.87	103.35	87.73
Dec.....	119.60	101.18	96.85	81.94	105.04	88.87
1968: Jan.....	117.60	99.16	95.33	80.38	103.43	87.21
Feb.....	119.36	100.30	96.66	81.23	104.85	88.11
Mar.....	120.18	100.57	97.29	81.41	105.50	88.28
Apr.....	118.21	98.59	94.07	78.46	103.23	86.10
May.....	112.29	101.65	97.08	80.70	106.38	88.43
June.....	123.30	101.99	97.83	80.92	107.16	88.64
July.....	122.10	100.49	96.94	79.79	106.23	87.43
Aug.....	121.69	99.83	96.64	79.28	105.91	86.88
Sept.....	125.66	102.83	99.57	81.48	108.98	89.18
Oct.....	125.77	102.34	99.65	81.08	109.06	88.74
Nov.....	125.97	102.08	99.80	80.88	109.22	88.51
Dec p.....	127.41	100.86	100.86	80.86	110.33	88.51

¹ Earnings in current prices divided by the consumer price index.
² Average gross weekly earnings less social security and income taxes.
³ Estimates based on 11-month average of the consumer price index.

Note.—See Note, Tables B-27 and B-28.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-34.—Indexes of output per man-hour and related data, private economy, 1947-68

[1957-59=100]

Year	Output per man-hour					Output ¹					Man-hours ²				
	Total private	Farm	Nonfarm industries			Total private	Farm	Nonfarm industries			Total private	Farm	Nonfarm industries		
			Total	Manufacturing	Non-manufacturing			Total	Manufacturing	Non-manufacturing			Total	Manufacturing	Non-manufacturing
Establishment basis ³															
1947	69.0	49.8	74.1	72.3	75.1	67.6	82.1	66.8	69.3	65.6	98.0	164.8	90.1	95.8	87.4
1948	72.0	58.0	76.5	76.4	76.3	70.8	91.8	69.8	72.7	68.3	98.4	158.4	91.3	95.1	89.5
1949	74.2	56.5	79.5	79.3	79.6	70.6	88.9	69.7	68.7	70.2	95.1	157.3	87.7	86.6	88.2
1950	80.3	64.4	84.4	85.0	84.1	77.9	93.7	77.0	79.7	75.7	97.0	145.6	91.2	93.8	90.0
1951	82.7	64.7	86.3	86.9	85.6	82.8	88.9	82.5	87.8	79.8	100.1	137.5	95.6	101.0	93.2
1952	84.3	70.3	87.0	87.3	86.7	84.8	91.8	84.5	89.7	81.9	100.6	130.6	97.1	102.7	94.5
1953	87.8	79.6	89.6	90.2	88.8	89.1	96.6	88.8	97.1	84.5	101.5	121.4	99.1	107.7	95.2
1954	89.9	83.7	91.6	91.8	91.5	87.9	98.6	87.4	90.3	86.0	97.8	117.8	95.4	98.4	94.0
1955	93.9	84.4	95.7	97.2	94.7	95.4	101.0	95.1	100.9	92.2	101.6	119.6	99.4	103.8	97.4
1956	94.1	88.0	95.2	96.2	94.3	97.2	100.5	97.1	101.3	94.9	103.3	114.2	102.0	105.3	100.6
1957	96.9	93.3	97.2	98.2	96.7	98.6	98.1	98.6	101.7	97.1	101.8	105.1	101.4	103.6	100.4
1958	99.8	103.0	99.7	98.1	100.6	97.3	100.5	97.2	93.4	99.1	97.5	97.6	97.5	95.2	98.5
1959	103.4	104.8	103.1	103.7	102.9	104.1	101.9	104.2	104.9	103.9	100.7	97.2	101.1	101.2	101.0
1960	105.0	110.7	104.4	105.5	103.9	106.6	105.8	106.7	106.4	106.8	101.5	95.6	102.2	100.9	102.8
1961	108.6	119.4	107.4	107.9	107.4	108.6	107.2	108.7	106.0	110.1	100.0	89.8	101.2	98.2	102.5
1962	113.8	122.2	112.3	114.3	111.5	116.0	106.8	116.5	116.8	116.3	101.9	87.4	103.7	102.2	104.3
1963	117.9	133.1	115.7	118.9	114.3	120.8	110.1	121.4	122.7	120.8	102.5	82.7	104.9	103.2	105.7
1964	122.5	135.5	120.0	124.7	118.0	127.8	107.7	128.8	131.2	127.7	104.3	79.5	107.3	105.2	108.2
1965	126.6	148.1	123.6	129.8	120.5	136.2	114.5	137.3	143.9	134.0	107.5	77.3	111.1	110.9	111.2
1966	131.4	152.9	127.7	131.6	125.4	144.6	107.2	146.6	155.3	142.2	110.1	70.1	114.8	118.0	113.4
1967	133.5	171.7	129.0	132.5	127.1	147.5	116.4	149.1	156.0	145.7	110.5	67.8	115.6	117.7	114.6
1968 p.	137.9	172.1	133.4	136.2	131.9	154.9	114.9	157.0	163.0	154.0	112.3	66.8	117.7	119.7	116.8
Labor force basis ⁴															
1947	67.9	49.8	72.9	-----	-----	67.6	82.1	66.8	-----	-----	99.6	164.8	91.6	-----	-----
1948	70.2	58.0	74.5	-----	-----	70.8	91.8	69.8	-----	-----	100.8	158.2	93.7	-----	-----
1949	71.9	56.1	76.8	-----	-----	70.6	88.9	69.7	-----	-----	98.2	158.6	90.8	-----	-----
1950	78.5	64.1	82.4	-----	-----	77.9	93.7	77.0	-----	-----	99.2	146.2	93.4	-----	-----
1951	82.1	64.3	85.7	-----	-----	82.8	88.9	82.5	-----	-----	100.9	138.3	96.3	-----	-----
1952	84.5	69.9	87.5	-----	-----	84.8	91.8	84.5	-----	-----	100.4	131.3	96.6	-----	-----
1953	88.4	79.1	90.4	-----	-----	89.1	96.6	88.8	-----	-----	100.8	122.1	98.2	-----	-----
1954	90.8	83.3	92.8	-----	-----	87.9	98.6	87.4	-----	-----	96.8	118.3	94.2	-----	-----
1955	94.7	84.0	96.7	-----	-----	95.4	101.0	95.1	-----	-----	100.7	120.3	98.3	-----	-----
1956	94.6	87.5	95.9	-----	-----	97.2	100.5	97.1	-----	-----	102.7	114.9	101.2	-----	-----
1957	97.2	93.3	97.7	-----	-----	98.6	98.1	98.6	-----	-----	101.4	105.2	100.9	-----	-----
1958	99.4	103.1	99.2	-----	-----	97.3	100.5	97.2	-----	-----	97.9	97.5	98.0	-----	-----
1959	103.4	104.7	103.1	-----	-----	104.1	101.9	104.2	-----	-----	100.7	97.3	101.1	-----	-----
1960	104.5	110.7	103.8	-----	-----	106.6	105.8	106.7	-----	-----	102.0	95.6	102.8	-----	-----
1961	107.3	119.9	105.9	-----	-----	108.6	107.2	108.7	-----	-----	101.2	89.4	102.6	-----	-----
1962	113.0	122.3	111.4	-----	-----	116.0	106.8	116.5	-----	-----	102.7	87.3	104.6	-----	-----
1963	116.7	133.5	114.4	-----	-----	120.8	110.1	121.4	-----	-----	103.5	82.5	106.1	-----	-----
1964	121.0	135.8	118.4	-----	-----	127.8	107.7	128.8	-----	-----	105.6	79.3	108.8	-----	-----
1965	125.0	148.3	121.8	-----	-----	136.2	114.5	137.3	-----	-----	108.9	77.2	112.8	-----	-----
1966	130.4	152.7	126.4	-----	-----	144.6	107.2	146.6	-----	-----	110.9	70.2	115.9	-----	-----
1967	132.7	171.4	128.1	-----	-----	147.5	116.4	149.1	-----	-----	111.1	67.9	116.4	-----	-----
1968 p.	138.2	174.0	133.3	-----	-----	154.9	114.9	157.0	-----	-----	112.1	66.1	117.7	-----	-----

¹ Output refers to gross national product in 1958 prices.

² Hours worked by all persons in private industry engaged in production, including man-hours of proprietors and unpaid family workers.

³ Man-hours estimates based primarily on establishment data.

⁴ Man-hours estimates based primarily on labor force data.

Note.—For information on sources, methodology, trends, and underlying factors influencing the measures, see Bureau of Labor Statistics, Department of Labor, Bulletin No. 1249 "Trends in Output per Man-Hour in the Private Economy, 1909-58," December 1959.

Source: Department of Labor, Bureau of Labor Statistics.

PRODUCTION AND BUSINESS ACTIVITY

TABLE B-35.—*Industrial production indexes, major industry divisions, 1929-68*

[1957-59=100]

Year or month	Total industrial production	Manufacturing			Mining	Utilities
		Total	Durable	Nondurable		
1929.....	38.4	38.6	38.2	38.3	54.2	12.7
1930.....	32.0	31.7	28.4	34.8	47.0	13.1
1931.....	26.5	25.9	19.5	32.8	40.3	12.5
1932.....	20.7	19.9	11.9	28.9	33.6	11.7
1933.....	24.4	23.7	15.5	32.8	38.5	11.5
1934.....	26.6	26.0	18.8	33.8	40.3	12.2
1935.....	30.7	30.6	24.1	37.4	43.7	13.2
1936.....	36.3	36.4	31.2	41.6	50.3	14.9
1937.....	39.7	39.7	35.2	44.1	56.7	16.4
1938.....	31.4	30.5	22.6	39.1	49.0	16.5
1939.....	38.3	37.9	31.4	44.9	53.8	18.3
1940.....	43.9	43.8	40.0	47.3	60.1	20.3
1941.....	56.4	58.3	57.7	57.6	64.8	22.8
1942.....	69.3	73.1	79.9	63.7	67.0	25.6
1943.....	82.9	88.7	102.9	70.7	69.0	28.3
1944.....	81.7	86.3	100.9	68.2	74.2	30.1
1945.....	70.5	73.0	78.2	65.6	73.0	30.6
1946.....	59.5	60.0	54.7	64.8	72.2	31.8
1947.....	65.7	66.4	64.3	67.2	79.9	36.5
1948.....	68.4	68.9	67.0	69.5	84.0	40.8
1949.....	64.7	65.1	60.9	68.3	74.5	43.4
1950.....	74.9	75.8	74.1	76.0	83.2	49.5
1951.....	81.3	81.9	83.5	78.5	91.3	56.4
1952.....	84.3	85.2	88.5	80.0	90.5	61.2
1953.....	91.3	92.7	99.9	83.6	92.9	66.8
1954.....	85.8	86.3	88.4	83.6	90.2	71.8
1955.....	96.6	97.3	101.9	91.6	99.2	80.2
1956.....	99.9	100.2	104.0	95.4	104.8	87.9
1957.....	100.7	100.8	104.0	96.7	104.6	93.9
1958.....	93.7	93.2	90.3	96.8	95.6	98.1
1959.....	105.6	106.0	105.6	106.5	99.7	108.0
1960.....	108.7	108.9	108.5	109.5	101.6	115.6
1961.....	109.7	109.6	107.0	112.9	102.6	122.3
1962.....	118.3	118.7	117.9	119.8	105.0	131.4
1963.....	124.3	124.9	124.5	125.3	107.9	140.0
1964.....	132.3	133.1	133.5	132.6	111.5	151.3
1965.....	143.4	145.0	148.4	140.8	114.8	160.9
1966.....	156.3	158.6	164.8	150.8	120.5	173.9
1967.....	158.1	159.7	163.7	154.6	123.8	184.9
1968.....	165.3	166.8	169.9	162.8	126.3	202.1
Seasonally adjusted						
1967: Jan.....	158.3	160.2	165.5	153.5	123.9	180.2
Feb.....	156.7	158.5	162.9	153.0	123.1	180.2
Mar.....	156.6	158.3	162.6	153.0	121.9	181.8
Apr.....	156.7	158.3	162.5	153.0	122.5	183.0
May.....	155.6	157.2	162.2	151.0	120.8	183.2
June.....	155.7	157.1	161.4	151.6	123.6	183.9
July.....	156.4	157.4	162.3	151.3	127.7	184.6
Aug.....	158.3	159.5	163.6	154.4	128.2	185.4
Sept.....	156.8	158.1	161.0	154.5	124.5	185.6
Oct.....	157.2	158.5	160.7	155.8	122.8	188.7
Nov.....	159.8	161.3	164.1	157.7	124.1	191.5
Dec.....	162.1	164.1	168.1	159.0	122.8	192.6
1968: Jan.....	161.2	162.7	167.2	157.1	121.6	196.7
Feb.....	162.0	163.6	167.6	158.6	123.9	199.0
Mar.....	163.0	164.6	168.2	160.0	126.2	198.0
Apr.....	162.5	163.7	167.2	159.5	127.1	196.5
May.....	164.2	165.8	169.8	160.8	126.9	196.1
June.....	165.8	167.3	171.0	162.7	129.2	197.9
July.....	166.0	167.4	170.8	163.0	130.0	199.3
Aug.....	164.6	165.7	167.8	163.0	129.4	202.1
Sept.....	165.1	166.3	168.7	163.3	127.0	204.8
Oct.....	165.7	167.0	169.3	165.0	120.7	208.4
Nov.....	167.4	168.7	171.4	165.3	126.5	210.0
Dec.....	168.9	170.1	172.6	167.0	127.1	212.5

Source: Board of Governors of the Federal Reserve System.

TABLE B-36.—Industrial production indexes, market groupings, 1947-68

[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	72.0	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	78.0
1952	84.3	84.3	79.5	72.1	78.8	94.1	94.1	84.3	88.9	79.8
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	85.0	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	112.2
1962	118.3	119.7	119.7	131.1	122.2	119.6	122.1	117.0	114.1	120.0
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	134.4
1965	143.4	142.5	140.3	167.2	154.8	147.0	156.7	144.2	144.3	144.1
1966	156.3	155.5	147.5	163.0	168.9	172.6	181.2	157.0	156.9	157.2
1967	158.1	158.3	148.5	149.1	166.0	179.4	182.8	157.8	151.9	163.9
1968	165.3	165.0	156.6	174.2	175.5	182.9	184.9	165.7	157.8	173.8
Seasonally adjusted										
1967: Jan	158.3	158.3	148.3	147.0	168.0	179.9	186.9	158.4	155.4	161.6
Feb	156.7	157.0	146.2	135.7	164.1	180.3	186.6	156.2	151.8	160.8
Mar	156.6	157.2	146.8	144.6	162.7	179.6	184.4	155.4	151.1	159.8
Apr	156.7	157.6	147.6	151.3	158.9	179.1	183.5	155.9	151.0	161.0
May	155.6	156.4	146.1	145.8	158.5	178.4	182.1	154.6	149.7	159.7
June	155.7	156.8	147.0	151.2	156.6	177.9	181.3	155.2	149.1	161.4
July	156.4	156.8	146.9	155.2	157.3	178.2	180.8	155.9	149.3	162.7
Aug	158.3	158.6	149.1	161.1	163.6	179.1	181.4	158.1	151.8	164.6
Sept	156.8	156.9	147.0	142.1	164.4	178.1	179.8	157.1	148.6	166.0
Oct	157.2	157.0	148.2	145.2	166.4	176.0	176.9	157.7	148.6	167.0
Nov	159.8	160.1	150.2	152.4	170.8	181.5	183.5	160.1	152.4	168.1
Dec	162.1	162.1	153.0	170.0	168.3	181.5	183.4	162.0	155.1	169.2
1968: Jan	161.2	160.8	151.3	164.2	169.1	181.4	183.3	161.7	154.9	168.7
Feb	162.0	162.0	152.9	162.7	171.5	181.6	182.9	161.8	155.4	168.3
Mar	163.0	163.5	155.0	173.4	172.9	181.8	183.3	162.8	156.7	169.1
Apr	162.5	161.7	153.5	168.7	170.1	179.4	180.9	163.1	157.1	169.3
May	164.2	163.0	154.6	178.1	170.4	181.1	182.5	165.2	159.4	171.2
June	165.8	165.2	156.8	180.7	173.4	183.2	184.3	166.7	160.4	173.9
July	166.0	164.7	156.4	180.4	171.5	182.6	183.4	167.4	159.8	175.3
Aug	164.6	164.8	156.8	177.1	174.6	181.9	182.4	164.2	153.3	175.5
Sept	165.1	165.7	157.3	175.6	175.9	183.6	185.2	165.1	153.3	177.2
Oct	165.7	166.4	158.5	178.9	176.7	183.3	187.1	165.5	155.3	176.0
Nov	167.4	167.4	158.9	180.2	178.4	185.7	190.0	167.5	158.0	178.3
Dec	168.9	168.2	159.4	177.3	---	187.1	192	169.6	160	180

¹ Also includes apparel and consumer staples, not shown separately.

Source: Board of Governors of the Federal Reserve System.

TABLE B-37.—Industrial production indexes, selected manufactures, 1947-68

[1957-59=100]

Year or month	Durable manufactures							Nondurable manufactures			
	Primary metals	Fabricated metal products	Machinery	Transportation equipment	Instruments and related products	Clay, glass, and lumber	Furniture and miscellaneous	Textile, apparel, and leather products	Paper and printing	Chemical, petroleum, and rubber products	Food, beverages, and tobacco
1947	90.7	75.9	65.3	42.9	53.7	75.8	73.5	81.0	66.7	47.5	80.7
1948	94.3	77.2	66.5	46.9	55.2	79.7	77.4	84.5	69.4	50.8	80.0
1949	79.4	69.8	59.0	47.1	49.2	72.3	71.6	80.6	69.3	49.4	80.8
1950	99.9	85.4	72.7	56.4	57.3	87.7	83.7	89.1	76.7	60.7	83.6
1951	108.7	91.2	83.0	62.9	65.7	92.0	80.2	87.4	79.4	67.4	85.4
1952	99.3	89.0	92.1	73.1	78.1	89.3	82.4	89.5	77.7	69.9	87.3
1953	112.5	100.3	100.5	91.7	85.3	92.7	89.7	90.7	82.6	75.2	88.2
1954	91.3	90.2	87.7	83.8	82.9	89.6	86.8	86.9	85.0	74.7	89.8
1955	118.4	98.3	96.5	102.0	88.7	100.7	97.9	95.5	92.5	86.8	93.1
1956	116.4	98.8	107.1	97.4	95.4	102.0	101.0	98.0	97.1	91.4	96.6
1957	112.2	101.5	104.2	106.4	98.0	97.5	97.6	96.9	97.8	95.6	96.7
1958	87.5	92.9	88.8	89.5	92.1	94.1	93.3	95.0	97.0	95.5	99.4
1959	100.4	105.5	107.1	104.0	109.9	108.5	109.0	108.1	105.2	108.9	103.9
1960	101.3	107.6	110.8	108.2	116.5	105.7	113.3	107.5	109.0	113.9	106.6
1961	98.9	106.5	110.4	103.6	115.8	104.5	114.1	108.4	112.4	118.9	110.2
1962	104.6	117.1	123.5	118.3	123.0	109.3	124.5	115.1	116.7	131.2	113.3
1963	113.3	123.4	129.2	127.0	130.2	114.4	129.1	118.5	120.1	141.8	116.8
1964	129.1	132.7	141.4	130.7	136.4	121.1	138.4	125.2	127.5	152.5	120.8
1965	137.6	147.8	160.5	149.2	151.4	127.6	151.8	135.8	135.3	164.6	123.4
1966	142.7	163.0	183.8	166.9	176.5	132.9	165.0	141.6	146.4	181.9	128.1
1967	132.5	161.9	183.4	165.7	184.8	130.7	162.6	139.4	149.6	190.0	131.7
1968	137.1	168.2	184.5	179.6	184.2	137.1	169.8	145.2	155.4	207.2	134.1
Seasonally adjusted											
1967: Jan	132.6	166.7	190.3	162.6	186.2	128.6	166.3	140.6	148.4	186.6	131.5
Feb	131.9	165.0	186.8	157.5	183.4	128.9	163.9	137.7	148.7	187.0	131.1
Mar	129.2	162.9	184.5	162.6	185.8	128.3	162.4	136.9	149.5	186.9	131.3
Apr	129.0	161.0	182.1	165.7	187.6	129.7	162.9	135.7	149.9	186.5	132.9
May	128.9	160.7	180.5	167.5	185.3	127.9	162.3	135.5	149.1	182.2	131.0
June	129.0	160.8	177.5	169.3	184.1	126.8	161.5	134.7	149.4	184.1	131.3
July	128.7	159.8	180.0	170.8	182.9	127.4	159.1	134.9	148.6	184.7	130.0
Aug	129.5	159.1	182.9	171.9	183.2	127.0	159.9	137.2	150.3	191.7	131.0
Sept	129.0	158.1	182.2	159.2	183.1	129.6	161.4	138.8	148.5	192.9	130.1
Oct	131.7	158.2	179.6	159.2	183.2	131.4	160.9	140.1	148.6	195.3	131.4
Nov	134.9	159.8	183.2	165.6	185.4	132.4	161.5	142.8	149.9	197.6	132.1
Dec	140.9	162.4	182.2	177.5	186.3	137.0	163.3	146.0	149.7	199.5	133.4
1968: Jan	136.3	163.9	183.4	175.6	186.7	132.5	165.2	141.0	148.6	197.7	132.0
Feb	139.3	165.7	183.2	175.1	184.7	130.7	166.9	141.9	150.6	200.2	133.1
Mar	140.2	166.6	183.3	177.6	183.8	128.8	166.9	143.9	152.0	201.6	133.7
Apr	143.3	161.4	179.4	175.3	181.4	138.0	166.5	142.9	151.6	200.9	133.6
May	148.5	165.0	179.9	180.4	181.2	137.7	169.8	144.1	154.5	203.1	132.9
June	148.6	166.1	181.7	182.6	181.3	137.1	169.5	145.2	155.2	206.6	134.5
July	145.8	166.2	182.7	183.2	179.2	136.2	169.5	144.2	155.6	208.2	134.2
Aug	122.8	166.3	183.8	181.7	182.6	135.5	170.1	144.1	156.5	207.6	134.4
Sept	120.6	167.6	186.4	180.5	184.3	138.8	170.9	144.8	156.8	207.9	134.5
Oct	123.0	172.2	186.1	180.4	185.8	139.7	171.3	146.2	157.6	211.7	134.7
Nov	129.6	173.6	188.4	179.9	188.3	140.0	171.7	147.2	158.6	212.5	133.4
Dec	136	175	189	179	190	142	172	148	160	215	135

Source: Board of Governors of the Federal Reserve System.

TABLE B-38.—*Manufacturing output, capacity, and utilization rate, 1948-68*

Period	Output	Capacity ¹	Utilization rate ²		
			Total	Advanced products	Primary products
	1957-59 output=100		Percent		
1948.....	68.9	76.8	89.7	87.9	92.2
1949.....	65.1	81.1	80.2	80.3	80.0
1950.....	75.8	84.3	90.4	87.3	94.8
1951.....	81.9	87.4	94.0	91.0	98.1
1952.....	85.2	92.7	91.3	91.9	90.4
1953.....	92.7	98.4	94.2	94.1	94.4
1954.....	86.3	103.3	83.5	83.8	83.0
1955.....	97.3	108.4	90.0	87.8	93.2
1956.....	100.2	114.3	87.7	86.0	90.1
1957.....	100.8	120.7	83.6	82.3	85.3
1958.....	93.2	125.8	74.0	73.6	74.6
1959.....	106.0	130.1	81.5	81.0	82.1
1960.....	108.9	134.9	80.6	81.1	80.0
1961.....	109.6	139.6	78.5	78.9	78.1
1962.....	118.7	144.4	82.1	82.5	81.6
1963.....	124.9	149.8	83.3	83.1	83.6
1964.....	133.1	155.6	85.7	84.4	87.4
1965.....	145.0	164.0	88.5	87.6	89.7
1966.....	158.6	175.0	90.5	90.5	90.5
1967.....	159.7	186.1	85.3	85.9	84.6
1968 ^a	166.8	196.8	84.4	83.7	85.5
	Seasonally adjusted				
1962: I.....	116.6	142.4	82.0	81.4	82.7
II.....	118.6	143.7	82.4	82.8	81.9
III.....	119.7	145.1	82.4	83.3	81.1
IV.....	119.9	146.4	81.8	82.5	80.7
1963: I.....	121.3	147.8	82.0	82.2	81.7
II.....	124.9	149.1	83.9	82.9	85.2
III.....	126.0	150.5	83.7	83.6	83.9
IV.....	127.2	151.8	83.7	83.7	83.8
1964: I.....	129.4	153.3	84.5	83.8	85.5
II.....	132.5	154.9	85.7	84.7	87.1
III.....	134.7	156.4	86.3	84.9	88.3
IV.....	135.9	158.0	86.2	84.4	88.8
1965: I.....	141.4	160.1	88.5	87.2	90.2
II.....	143.5	162.7	88.4	87.1	90.1
III.....	146.1	165.3	88.5	87.4	90.1
IV.....	148.9	167.9	88.6	88.7	88.5
1966: I.....	154.5	170.7	90.5	90.2	90.9
II.....	157.7	173.6	90.8	90.4	91.4
III.....	159.9	176.5	90.6	90.6	90.6
IV.....	161.7	179.3	90.0	90.6	89.1
1967: I.....	159.0	182.1	87.1	87.8	86.2
II.....	157.5	184.8	85.0	86.2	83.4
III.....	158.3	187.5	84.3	85.1	83.2
IV.....	161.3	190.1	84.8	84.3	85.6
1968: I ^p	163.6	192.8	84.9	84.4	85.5
II ^p	165.6	195.5	84.8	83.6	86.5
III ^p	166.5	198.2	84.0	83.5	84.6
IV ^p	168.7	200.9	84.1	83.2	85.3

¹ For description and source of data see "A Revised Index of Manufacturing Capacity," Frank de Leeuw, Frank E. Hopkins, and Michael D. Sherman, "Federal Reserve Bulletin," November 1966, pp. 1605-1615. 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.

Source: Board of Governors of the Federal Reserve System (output) and sources in footnote 1 (capacity and utilization rate).

TABLE B-39.—Business expenditures for new plant and equipment, 1939 and 1945-69

[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	1.51	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.....	51.96	22.45	11.40	11.05	1.30	1.73	2.81	6.94	16.73
1966.....	60.63	26.99	13.99	13.00	1.47	1.98	3.44	8.41	18.36
1967.....	61.66	26.69	13.70	13.00	1.42	1.53	3.88	9.88	18.25
1968 ³	64.53	26.78	13.58	13.19	1.49	1.51	4.46	11.38	18.91
Seasonally adjusted annual rates									
1966: I.....	58.00	25.60	13.15	12.45	1.40	1.75	3.30	8.25	17.70
II.....	60.10	26.80	13.85	12.95	1.55	2.00	3.50	8.30	17.95
III.....	61.25	27.55	14.35	13.20	1.45	1.85	3.40	8.55	18.45
IV.....	62.80	27.75	14.50	13.25	1.45	2.35	3.50	8.50	19.25
1967: I.....	61.65	27.85	14.20	13.70	1.40	1.80	3.05	9.20	18.30
II.....	61.50	27.00	13.75	13.25	1.30	1.55	3.90	9.70	18.05
III.....	60.90	26.15	13.50	12.65	1.45	1.40	4.10	9.80	17.95
IV.....	62.70	26.00	13.50	12.55	1.50	1.40	4.45	10.65	18.70
1968: I.....	64.75	26.35	13.65	12.70	1.55	1.65	4.35	11.60	19.20
II.....	62.65	25.80	12.80	13.00	1.40	1.45	3.65	11.65	18.70
III.....	63.45	26.65	13.65	13.05	1.35	1.40	4.60	10.90	18.50
IV ³	67.25	28.10	14.15	13.90	1.60	1.50	5.35	11.45	19.25
1969: I ³	71.15	29.60	15.10	14.50	1.55	1.80	4.30	13.20	20.65
II ³	69.80	29.70	15.40	14.30			40.10		

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 1968. 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 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, and 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 B-40.—New construction activity, 1929–68

[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	Federally owned	State and locally owned ⁴
			Total ¹	New housing units	Total	Commercial ²	Industrial	Other ³			
1929	10,793	8,307	3,625	3,040	4,682	1,135	949	2,598	2,486	155	2,331
1930	8,741	5,883	2,075	1,570	3,808	893	532	2,383	2,858	209	2,649
1931	6,427	3,768	1,565	1,320	2,203	454	221	1,528	2,659	271	2,388
1932	3,538	1,676	630	485	1,046	223	74	749	1,862	333	1,529
1933	2,879	1,231	470	290	761	130	176	455	1,648	516	1,132
1934	3,720	1,509	625	380	884	173	191	520	2,211	626	1,585
1935	4,232	1,999	1,010	710	989	211	158	620	2,233	814	1,419
1936	6,497	2,981	1,565	1,210	1,416	290	266	860	3,516	797	2,719
1937	6,999	3,903	1,875	1,475	2,028	387	492	1,149	3,096	776	2,320
1938	6,980	3,560	1,990	1,620	1,570	285	232	1,053	3,420	717	2,703
1939	8,196	4,389	2,680	2,270	1,709	292	254	1,163	3,809	759	3,050
1940	8,682	5,054	2,985	2,560	2,069	348	442	1,279	3,628	1,182	2,446
1941	11,957	6,206	3,510	3,040	2,696	409	801	1,486	5,751	3,751	2,000
1942	14,075	3,415	1,715	1,440	1,700	155	346	1,199	10,660	9,313	1,347
1943	8,301	1,979	885	710	1,094	33	156	905	6,322	5,609	713
1944	5,259	2,186	815	570	1,371	56	208	1,107	3,073	2,505	568
1945	5,809	3,411	1,276	720	2,135	203	642	1,290	2,398	1,737	661
1946	12,627	10,396	4,752	3,300	5,644	1,153	1,689	2,802	2,231	865	1,366
New series ⁵											
1946	14,308	12,077	6,247	4,795	5,830	1,153	1,689	2,988	2,231	865	1,366
1947	20,041	16,722	9,850	7,765	6,872	957	1,702	4,213	3,319	840	2,479
1948	26,078	21,374	13,128	10,506	8,246	1,397	1,397	5,452	4,704	1,177	3,527
1949	26,722	20,453	12,428	10,043	8,025	1,182	972	5,871	6,269	1,488	4,781
1950	33,575	26,709	18,126	15,551	8,583	1,415	1,062	6,106	6,866	1,624	5,242
1951	35,435	26,180	15,881	13,207	10,299	1,498	2,117	6,684	9,255	2,981	6,274
1952	36,828	26,049	15,803	12,851	10,246	1,137	2,320	6,789	10,779	4,185	6,594
1953	39,136	27,894	16,594	13,411	11,300	1,791	2,229	7,280	11,242	4,139	7,103
1954	41,380	29,668	18,187	14,931	11,481	2,212	2,030	7,239	11,712	3,428	8,284
1955	46,519	34,804	21,877	18,242	12,927	3,218	2,399	7,310	11,715	2,769	8,946
1956	47,601	34,869	20,178	16,143	14,691	3,631	3,084	7,976	12,732	2,726	10,006
1957	49,139	35,080	19,006	14,736	16,074	3,564	3,557	8,953	14,059	2,974	11,085
1958	50,153	34,696	19,789	15,445	14,907	3,589	2,382	8,936	15,457	3,387	12,070
1959	55,305	39,235	24,251	19,233	14,984	3,930	2,106	8,948	16,070	3,724	12,346
1960	53,941	38,078	21,706	16,410	16,372	4,180	2,851	9,341	15,863	3,622	12,241
1961	55,447	38,299	21,680	16,189	16,619	4,674	2,780	9,165	17,148	3,879	13,269
1962	59,576	41,707	24,292	18,638	17,415	4,955	2,949	9,511	17,869	3,913	13,956
1963	62,755	43,859	25,843	20,064	18,016	5,200	2,962	9,854	18,896	3,970	14,926
New series ⁶											
1962	59,667	41,798	24,292	18,638	17,506	5,144	2,842	9,520	17,869	3,913	13,956
1963	63,423	44,057	26,187	20,385	17,870	4,995	2,906	9,969	19,366	4,010	15,356
1964	66,200	45,810	26,258	20,354	19,552	5,396	3,565	10,591	20,390	3,905	16,485
1965	72,319	50,253	26,268	20,351	23,985	6,739	5,118	12,128	22,066	4,018	18,048
1966	75,120	51,120	23,971	17,964	27,149	6,879	6,679	13,591	24,000	3,957	20,043
1967	76,160	50,587	23,736	17,885	26,851	6,982	6,131	13,738	25,573	3,512	22,061
1968 ⁷	84,167	56,611	28,422	22,374	28,189	8,297	5,649	14,243	27,556	3,415	24,141

See footnotes at end of table.

TABLE B-40.—New construction activity, 1929-68—Continued
 [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	Federally owned	State and locally owned ⁴	
			Total ¹	New housing units	Total	Commercial ²	Industrial				Other ³
Seasonally adjusted annual rates											
1967: Jan.....	74,561	48,777	19,873	14,203	28,904	7,804	7,218	13,882	25,784	3,739	22,045
Feb.....	74,525	48,277	20,148	14,531	28,129	7,525	6,962	13,642	26,248	3,473	22,775
Mar.....	73,382	47,557	20,652	15,070	26,905	7,198	6,098	13,609	25,825	3,512	22,313
Apr.....	72,801	47,023	20,924	15,514	26,099	7,000	5,737	13,362	25,778	3,227	22,551
May.....	73,655	48,076	21,638	16,298	26,438	7,062	5,850	13,526	25,579	3,409	22,170
June.....	73,774	48,737	22,631	17,042	26,106	6,779	5,807	13,520	25,037	3,272	21,765
July.....	75,738	50,380	23,850	17,760	26,530	6,782	6,133	13,615	25,358	3,704	21,654
Aug.....	76,741	51,641	25,015	18,688	26,626	6,576	6,061	13,989	25,100	3,566	21,534
Sept.....	78,253	52,841	25,770	19,523	27,071	6,732	6,395	13,944	25,412	3,528	21,884
Oct.....	78,883	53,520	26,427	20,406	27,093	6,996	6,173	13,924	25,363	3,486	21,877
Nov.....	79,609	53,946	27,222	21,286	26,724	7,018	5,681	14,025	25,663	3,603	22,060
Dec.....	81,207	53,965	27,635	21,757	26,330	6,688	5,822	13,820	27,242	3,655	23,587
1968: Jan.....	82,873	55,316	26,988	21,226	28,328	7,721	6,330	14,277	27,557	3,528	24,029
Feb.....	83,884	55,380	26,754	21,282	28,626	8,328	5,740	14,568	28,504	3,692	24,812
Mar.....	83,572	56,055	27,698	21,677	28,357	8,258	5,528	14,571	27,517	3,561	23,956
Apr.....	85,299	57,403	29,320	22,300	28,083	8,512	5,484	14,087	27,896	3,381	24,515
May.....	85,707	57,260	29,628	22,312	27,632	8,111	5,275	14,246	28,447	3,436	25,011
June.....	82,050	54,981	28,187	21,450	26,794	8,122	4,852	13,820	27,069	3,287	23,782
July.....	81,328	54,658	27,440	21,248	27,218	8,272	4,752	14,194	26,670	3,052	23,618
Aug.....	83,551	56,497	28,140	21,919	28,357	8,641	5,575	14,141	27,054	3,384	23,670
Sept.....	84,504	57,242	29,148	22,771	28,094	8,534	5,482	14,068	27,262	3,340	23,922
Oct.....	87,151	59,455	30,019	23,562	29,436	8,939	6,096	14,401	27,696	3,539	24,157
Nov ^p	86,730	58,878	30,363	23,898	28,515	7,962	6,398	14,155	27,852	3,458	24,394
Dec ^r	87,600	59,600	31,050	24,550	28,500	7,950	6,400	14,150	28,000	3,400	24,600

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 Includes Federal grants-in-aid for State and locally owned projects.

⁵ New series in 1946 reflects differences due to the new higher level series of housing starts and farm construction expenditures and the reduced level value in place series for public utilities. See "Construction Report C30-61 (Supplement)" for a description of the differences.

⁶ New series differs from old in that it reflects differences in 1962 due to the introduction of new series for private non-residential buildings and differences in 1963 due to the introduction of new series for State and locally owned public construction. See "Construction Report C30-65S" for a description of the differences.

⁷ Preliminary estimates by Council of Economic Advisers.

Source: Department of Commerce, Bureau of the Census, except as noted.

TABLE B-41.—New housing starts and applications for financing, 1929-68

[Thousands of units]

Year or month	Housing starts								New private housing units authorized ⁴	Proposed home construction ⁵	
	Private and public ¹		Private ¹							Applica-tions for FHA commitments ³	Re-quests for VA appraisals
	Total (farm and non-farm)	Non-farm	Total (farm and nonfarm)			Nonfarm					
			Total	Type of structure ²		Total	Government home programs				
One family	Two or more families	FHA ³		VA							
1929		509.0					509.0				
1930		330.0					330.0				
1931		254.0					254.0				
1932		134.0					134.0				
1933		93.0					93.0				
1934		126.0					126.0				
1935		221.0					215.7	13.2		6	20.6
1936		319.0					304.2	48.8			47.8
1937		336.0					332.4	57.0			49.8
1938		406.0					399.3	106.8			131.1
1939		515.0					458.4	144.7			179.8
1940		602.6					529.6	176.6			231.2
1941		706.1					619.5	217.1			288.5
1942		356.0					301.2	160.2			238.5
1943		191.0					183.7	126.1			144.4
1944		141.8					138.7	83.6			62.9
New series											
1945		326.1					324.9	38.9	78.8		56.6
1946		1,023.2					1,015.2	67.1	91.8		121.7
1947		1,268.5					1,265.1	178.3	160.3		286.4
1948		1,362.1					1,344.0	216.4	71.1		293.2
1949		1,466.1					1,429.8	252.6	90.8		327.0
1950		1,951.9					1,908.1	328.2	191.2		397.7
1951		1,491.0					1,419.8	186.9	148.6		192.8
1952		1,503.9					1,445.4	229.1	141.3		267.9
1953		1,437.6					1,402.1	216.5	156.5		253.7
1954		1,550.5					1,531.8	250.9	307.0		338.6
1955		1,646.0					1,626.6	268.7	392.9		306.2
1956		1,349.1					1,324.9	183.4	270.7		197.7
1957		1,223.9					1,174.8	150.1	128.3		198.8
1958		1,382.0					1,314.2	270.3	102.1		341.7
1959	1,553.5	1,531.3	1,516.8	1,234.1	282.7	1,494.6	307.0	109.3	1,208.3		369.7
1960	1,296.0	1,274.0	1,252.1	994.7	257.4	1,230.1	225.7	74.6	998.0	242.4	142.9
1961	1,365.0	1,336.8	1,313.0	974.4	338.6	1,284.8	198.8	83.3	1,064.2	243.8	177.8
1962	1,492.4	1,468.7	1,462.7	991.3	471.4	1,439.0	197.3	77.8	1,186.6	221.1	171.2
1963	1,642.0	1,614.8	1,610.3	1,020.7	589.6	1,582.9	166.2	71.0	1,334.7	190.2	139.3
1964	1,561.6	1,534.7	1,529.3	971.5	557.8	1,502.3	154.0	59.2	1,285.8	182.1	113.6
1965	1,509.6	1,487.5	1,472.9	963.8	509.1	1,450.6	159.9	49.4	1,239.8	188.9	102.1
1966	1,196.2	1,172.8	1,165.0	778.5	386.5	1,141.5	129.1	36.8	971.9	153.0	99.2
1967	1,321.9	1,298.8	1,291.6	843.9	447.7	1,268.4	141.9	52.5	1,141.0	167.2	124.3
First 11 months:											
1967	1,238.8	1,216.7	1,211.5	796.8	414.7	1,189.3	132.7		1,055.9		
1968	1,442.7	1,419.5	1,406.0	843.7	562.3	1,382.8	137.2	56.0	1,234.6	168.5	131.7
Monthly totals, unadjusted											
1967: Jan	61.7	60.4	59.1	40.2	18.9	57.7	8.6	3.1	58.5	10.1	7.1
Feb	63.2	62.0	61.4	40.3	21.1	60.2	8.3	2.9	57.0	10.7	7.7
Mar	92.9	90.7	91.5	66.6	24.9	89.2	11.1	3.9	91.4	16.6	10.3
Apr	115.9	114.2	113.7	79.8	33.9	112.0	11.0	4.1	99.5	14.8	11.0
May	134.2	131.9	132.0	87.3	44.7	129.7	14.8	4.7	111.2	16.0	10.9
June	131.6	129.6	125.4	87.6	37.8	123.4	14.3	5.2	115.5	16.3	12.8
July	126.1	124.9	125.3	82.3	43.0	124.0	12.3	4.8	97.1	12.7	12.2
Aug	130.2	126.5	127.4	83.7	43.7	123.6	13.9	5.6	110.6	17.1	11.6
Sept	125.8	123.4	121.9	78.2	43.7	119.5	12.6	4.8	103.4	14.6	10.8
Oct	137.0	134.6	135.4	81.7	53.7	133.1	14.1	5.3	111.8	15.3	12.5
Nov	120.2	118.6	118.4	69.1	49.3	116.8	11.7	4.5	99.8	12.9	9.5
Dec	83.1	82.1	80.1	47.0	33.1	79.1	9.4	3.6	85.2	10.2	7.9

See footnotes at end of table.

TABLE B-41.—New housing starts and applications for financing, 1929-68—Continued

[Thousands of units]

Year or month	Housing starts								New private housing units authorized ⁴	Proposed home construction ⁵	
	Private and public ¹		Private ¹							Applications for FHA commitments ³	Requests for VA appraisals
	Total (farm and non-farm)	Non-farm	Total (farm and nonfarm)			Nonfarm					
			Total	Type of structure ²		Total	Government home programs				
	One family	Two or more families			FHA ³		VA				
Monthly totals, unadjusted											
1968: Jan.....	82.7	82.0	80.5	45.2	35.3	79.8	9.7	3.4	73.4	11.2	8.4
Feb.....	87.2	85.3	84.6	55.4	29.2	82.8	10.6	4.1	88.8	12.4	10.6
Mar.....	128.6	126.0	126.6	79.3	47.3	123.9	12.0	4.5	115.5	15.9	11.6
Apr.....	165.2	162.2	162.0	98.0	64.0	159.1	14.3	5.4	132.4	14.7	12.4
May.....	145.1	143.3	140.9	86.8	54.1	139.0	13.8	5.5	130.5	15.7	11.0
June.....	142.9	141.1	137.9	81.4	56.5	136.0	12.3	5.0	113.9	13.7	10.4
July.....	142.5	140.0	139.8	86.4	53.4	137.3	12.9	4.9	118.0	13.2	12.5
Aug.....	141.0	138.9	136.6	82.5	54.1	134.5	13.6	4.8	113.7	15.1	11.5
Sept.....	139.8	138.0	134.3	80.2	54.1	132.4	12.1	4.6	116.3	13.9	10.4
Oct.....	142.5	139.8	140.0	85.1	54.9	137.3	14.5	5.3	127.6	17.1	12.7
Nov.....	125.0	123.0	122.7	63.3	59.4	120.7	11.4	4.2	101.2	13.5	11.4
Dec.....								4.3		12.0	9.0
Seasonally adjusted annual rates											
1967: Jan.....			1,111	806	305	1,079	146	50	1,010	153	109
Feb.....			1,149	802	347	1,132	134	47	946	137	107
Mar.....			1,094	774	320	1,067	126	49	985	151	103
Apr.....			1,116	759	357	1,099	125	50	1,089	159	122
May.....			1,274	839	435	1,254	143	49	1,093	162	109
June.....			1,233	849	384	1,214	144	51	1,174	169	135
July.....			1,369	862	507	1,356	140	53	1,159	155	146
Aug.....			1,407	875	532	1,381	141	57	1,189	180	122
Sept.....			1,445	923	522	1,415	150	56	1,223	176	131
Oct.....			1,496	913	583	1,478	155	58	1,253	185	151
Nov.....			1,590	952	638	1,567	154	54	1,222	189	136
Dec.....			1,250	797	453	1,235	149	55	1,390	162	125
1968: Jan.....			1,456	912	544	1,430	157	52	1,148	163	122
Feb.....			1,537	1,075	462	1,499	164	63	1,394	152	141
Mar.....			1,511	920	591	1,479	149	63	1,416	160	127
Apr.....			1,591	922	669	1,562	147	59	1,340	144	126
May.....			1,364	838	526	1,345	133	57	1,280	161	110
June.....			1,365	790	575	1,348	137	54	1,281	157	120
July.....			1,531	904	627	1,507	134	49	1,289	146	135
Aug.....			1,518	867	651	1,496	144	51	1,290	167	127
Sept.....			1,592	944	648	1,570	145	54	1,393	168	125
Oct.....			1,562	960	602	1,533	153	55	1,378	198	147
Nov.....			1,677	885	792	1,649	158	53	1,390	211	172
Dec.....								64		184	135

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 Not available prior to 1959 except for nonfarm for 1929-44.

³ Units are for 1-4 family housing.

⁴ Data beginning 1967 cover approximately 13,000 permit-issuing places. Data for 1963-66 are based on 12,000 places and 1959-62, 10,000 places. The addition of approximately 1,000 permit-issuing places contributed an increase of 3 percent in total permit authorizations.

⁵ Units in mortgage applications or appraisal requests for new home construction.

⁶ FHA program approved in June 1934; all 1934 activity included in 1935.

⁷ Monthly estimates for September 1945-May 1950 were prepared by Housing and Home Finance Agency.

⁸ January-December average.

Sources: Department of Commerce (Bureau of the Census), Department of Housing and Urban Development, Federal Housing Administration (FHA), and Veterans Administration (VA), except as noted.

TABLE B-42.—Sales and inventories in manufacturing and trade, 1947–68

(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, 026	21, 050	1.64
1952	44, 840	72, 577	1.58	22, 529	41, 136	1.78	8, 782	10, 210	1.12	13, 667	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, 661	91, 891	1.50	30, 219	52, 707	1.70	11, 491	13, 879	1.15	17, 951	25, 305	1.40
1960	60, 746	94, 747	1.56	30, 796	53, 814	1.79	11, 656	14, 120	1.22	18, 294	26, 813	1.45
1961	61, 133	95, 728	1.54	30, 896	54, 943	1.74	11, 988	14, 488	1.20	18, 249	26, 297	1.44
1962	65, 417	101, 149	1.51	33, 113	58, 212	1.72	12, 674	14, 936	1.16	19, 630	28, 001	1.38
1963	68, 969	105, 525	1.49	35, 032	60, 027	1.69	13, 382	16, 048	1.15	20, 556	29, 450	1.39
1964	73, 685	111, 548	1.47	37, 335	63, 370	1.64	14, 527	16, 977	1.13	21, 822	31, 201	1.40
1965	80, 276	121, 140	1.45	41, 003	68, 179	1.60	15, 595	18, 274	1.14	23, 677	34, 687	1.40
1966	87, 184	137, 184	1.48	44, 876	78, 125	1.62	16, 979	20, 691	1.14	25, 330	38, 368	1.44
1967	88, 962	143, 772	1.58	45, 712	82, 819	1.77	17, 099	21, 635	1.22	26, 151	39, 318	1.47
1968 ⁴	97, 127	153, 193	1.53	50, 447	88, 182	1.70	18, 338	22, 523	1.20	28, 342	42, 488	1.44
Seasonally adjusted												
1967: Jan	87, 987	138, 251	1.57	45, 011	79, 084	1.76	17, 239	20, 780	1.21	25, 737	38, 387	1.49
Feb	87, 365	138, 729	1.59	44, 948	79, 730	1.77	16, 897	20, 742	1.23	25, 520	38, 257	1.50
Mar	87, 664	139, 149	1.59	45, 021	80, 128	1.78	16, 853	20, 859	1.24	25, 790	38, 162	1.48
Apr	87, 684	139, 681	1.59	44, 744	80, 612	1.80	16, 972	20, 785	1.22	25, 968	38, 284	1.47
May	87, 998	139, 924	1.59	45, 281	81, 203	1.79	16, 769	20, 587	1.23	25, 948	38, 134	1.47
June	89, 292	139, 866	1.57	45, 579	81, 119	1.78	17, 117	20, 599	1.20	26, 596	38, 148	1.43
July	88, 679	140, 336	1.58	45, 038	81, 478	1.81	17, 145	20, 511	1.20	26, 496	38, 347	1.45
Aug	90, 135	140, 895	1.56	46, 471	81, 853	1.76	17, 198	20, 789	1.21	26, 466	38, 253	1.45
Sept	89, 987	141, 246	1.57	45, 884	81, 719	1.78	17, 330	20, 810	1.20	26, 773	38, 717	1.45
Oct	89, 043	141, 461	1.59	45, 748	81, 968	1.79	17, 195	20, 945	1.22	26, 100	38, 548	1.48
Nov	90, 759	142, 554	1.57	46, 955	82, 389	1.75	17, 419	21, 061	1.21	26, 385	39, 104	1.48
Dec	91, 970	143, 772	1.56	47, 961	82, 819	1.73	17, 641	21, 635	1.23	26, 368	39, 318	1.49
1968: Jan	93, 077	144, 106	1.56	48, 447	82, 890	1.71	17, 694	21, 641	1.22	26, 936	39, 575	1.47
Feb	93, 821	144, 819	1.54	48, 356	83, 408	1.72	17, 953	21, 623	1.20	27, 512	39, 788	1.45
Mar	94, 612	145, 153	1.53	48, 446	83, 759	1.73	18, 021	21, 618	1.20	28, 145	39, 776	1.41
Apr	94, 436	146, 487	1.55	48, 755	84, 382	1.73	18, 006	21, 863	1.21	27, 675	40, 242	1.45
May	96, 043	147, 808	1.54	50, 014	85, 278	1.71	17, 897	21, 924	1.22	28, 132	40, 606	1.44
June	97, 554	148, 522	1.52	50, 729	85, 582	1.69	18, 374	22, 098	1.20	28, 451	40, 842	1.44
July	98, 496	149, 063	1.51	51, 425	85, 829	1.67	18, 269	22, 169	1.21	28, 802	41, 065	1.43
Aug	97, 360	149, 923	1.54	49, 825	86, 713	1.74	18, 498	22, 200	1.20	29, 037	41, 010	1.41
Sept	99, 096	150, 725	1.52	51, 441	87, 109	1.69	18, 792	22, 192	1.18	28, 863	41, 424	1.44
Oct	99, 684	152, 122	1.53	52, 560	87, 566	1.67	18, 418	22, 336	1.21	28, 706	42, 220	1.47
Nov ^p	100, 442	153, 193	1.53	52, 685	88, 182	1.67	18, 866	22, 523	1.19	28, 891	42, 488	1.47
Dec ^p										28, 273		

¹ Monthly average 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.

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.

Source: Department of Commerce (Office of Business Economics and Bureau of the Census).

TABLE B-43.—Manufacturers' shipments and inventories, 1947-68

[Millions of dollars]

Year or month	Shipments ¹			Inventories ²									
	Total	Durable goods industries	Non-durable goods industries	Total	Durable goods industries				Non-durable goods industries				
					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	15,237	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.....	30,896	15,544	15,352	54,943	32,518	10,241	13,221	9,056	22,425	9,463	3,192	9,770	-----
1962.....	33,113	17,103	16,010	58,212	34,609	10,803	14,210	9,596	23,603	9,637	3,303	10,463	-----
1963.....	35,032	18,247	16,786	60,027	35,807	10,997	15,000	9,810	24,220	9,999	3,412	10,809	-----
1964.....	37,335	19,634	17,701	63,370	38,433	11,928	16,254	10,251	24,937	10,179	3,519	11,239	-----
1965.....	41,003	22,216	18,788	68,179	42,204	13,285	18,144	10,775	25,975	10,478	3,823	11,674	-----
1966.....	44,876	24,635	20,240	78,125	49,797	15,484	21,976	12,337	28,328	11,266	4,255	12,807	-----
1967.....	45,712	24,973	20,739	82,819	53,540	15,592	24,675	13,273	29,279	11,247	4,496	13,536	-----
1968 ³	50,447	27,694	22,753	88,182	57,124	16,695	26,198	14,231	31,058	11,557	4,854	14,647	-----
Seasonally adjusted													
1967: Jan.....	45,011	24,575	20,436	79,084	50,538	15,643	22,390	12,505	28,546	11,324	4,293	12,929	-----
Feb.....	44,948	24,485	20,463	79,730	51,050	15,667	22,733	12,650	28,680	11,337	4,309	13,034	-----
Mar.....	45,021	24,516	20,505	80,128	51,340	15,643	22,919	12,778	28,788	11,414	4,329	13,045	-----
Apr.....	44,744	24,207	20,537	80,612	51,646	15,544	23,160	12,942	28,966	11,376	4,353	13,237	-----
May.....	45,281	24,655	20,626	81,203	52,078	15,460	23,538	13,080	29,125	11,427	4,364	13,334	-----
June.....	45,579	24,979	20,600	81,119	52,035	15,377	23,553	13,105	29,084	11,435	4,393	13,256	-----
July.....	45,038	24,417	20,621	81,478	52,461	15,479	23,755	13,227	29,017	11,446	4,371	13,200	-----
Aug.....	46,471	25,759	20,712	81,853	52,801	15,510	23,905	13,386	29,052	11,431	4,393	13,228	-----
Sept.....	45,884	25,171	20,713	81,719	52,582	15,369	23,954	13,259	29,137	11,392	4,369	13,376	-----
Oct.....	45,748	24,802	20,946	81,968	52,867	15,446	24,173	13,248	29,101	11,320	4,396	13,385	-----
Nov.....	46,955	25,538	21,417	82,389	53,283	15,532	24,428	13,323	29,106	11,280	4,444	13,382	-----
Dec.....	47,961	26,610	21,351	82,819	53,540	15,592	24,675	13,273	29,279	11,247	4,496	13,536	-----
1968: Jan.....	48,447	26,925	21,522	82,890	53,525	15,489	24,641	13,395	29,365	11,306	4,482	13,577	-----
Feb.....	48,356	26,711	21,645	83,408	54,009	15,648	24,926	13,435	29,399	11,249	4,497	13,653	-----
Mar.....	48,446	26,844	21,602	83,759	54,295	15,840	25,078	13,377	29,464	11,228	4,508	13,829	-----
Apr.....	48,755	26,888	21,867	84,382	54,724	16,071	25,214	13,439	29,658	11,228	4,522	13,909	-----
May.....	50,014	27,509	22,505	85,778	55,234	16,379	25,392	13,463	30,044	11,312	4,604	14,128	-----
June.....	50,729	27,633	23,096	85,582	55,442	16,498	25,490	13,454	30,140	11,333	4,619	14,188	-----
July.....	51,425	28,211	23,214	85,829	55,461	16,753	25,237	13,471	30,368	11,366	4,682	14,320	-----
Aug.....	49,825	26,837	22,988	86,713	56,069	16,781	25,544	13,744	30,644	11,508	4,729	14,407	-----
Sept.....	51,441	27,985	23,456	87,109	56,458	16,704	25,772	13,982	30,651	11,511	4,679	14,461	-----
Oct.....	52,560	28,960	23,600	87,566	56,657	16,763	25,825	14,069	30,909	11,609	4,724	14,576	-----
Nov.....	52,685	28,917	23,768	88,182	57,124	16,695	26,198	14,231	31,058	11,557	4,854	14,647	-----

¹ Monthly average for year and total for month.² Book value, seasonally adjusted, end of period.³ Where December data not available, data for year calculated on basis of no change from November.

Source: Department of Commerce, Bureau of the Census.

TABLE B-44.—Manufacturers' new and unfilled orders, 1947-68

[Amounts in millions of dollars]

Year or month	New orders ¹			Unfilled orders ²			Unfilled orders-shipments ratio ³			
	Total	Durable goods industries		Non-durable goods industries	Total	Durable goods industries		Total	Durable goods industries	Non-durable goods industries
		Total	Machinery and equipment			Durable goods industries	Non-durable goods industries			
1947	15,256	6,388		8,868	34,415	28,532	5,883			
1948	17,692	8,126		9,566	30,717	26,601	4,116			
1949	15,614	6,633		8,981	24,506	20,018	4,488			
1950	20,110	10,165		9,945	43,055	36,838	6,217			
1951	23,907	12,841		11,066	69,785	65,835	3,950			
1952	23,203	12,061		11,142	75,649	72,480	3,169			
1953	23,533	12,105	2,084	11,428	61,178	58,637	2,541			
1954	22,313	10,743	1,770	11,570	48,266	45,250	3,016	3.42	4.12	0.96
1955	27,423	14,954	2,499	12,469	60,004	56,241	3,763	3.63	4.27	1.12
1956	28,383	15,381	2,870	13,002	67,375	63,880	3,495	3.87	4.55	1.04
1957	27,514	14,073	2,566	13,441	53,183	50,352	2,831	3.35	4.00	.85
1958	26,901	13,170	2,354	13,731	48,882	45,739	3,143	2.60	3.49	.55
1959	30,679	15,951	2,878	14,728	54,494	50,654	3,840	2.85	3.44	.88
1960	30,115	15,223	2,791	14,892	46,133	43,401	2,732	2.58	3.21	.63
1961	31,085	15,698	2,854	15,387	48,485	45,336	3,149	2.52	3.02	.75
1962	33,005	17,026	3,090	15,979	47,351	44,531	2,820	2.46	2.96	.68
1963	35,322	18,522	3,412	16,800	50,960	47,980	2,980	2.41	2.89	.65
1964	37,952	20,258	3,935	17,694	58,536	55,652	2,884	2.50	2.99	.59
1965	41,803	22,986	4,435	18,817	68,208	64,980	3,228	2.63	3.13	.62
1966	45,938	25,710	5,268	20,228	81,072	77,987	3,085	2.92	3.50	.56
1967	45,928	25,189	5,250	20,739	83,686	80,578	3,108	2.83	3.39	.53
1968 ⁴	50,672	27,924	5,822	22,748	85,684	82,607	3,077			
Seasonally adjusted										
1967: Jan	44,362	23,945	5,072	20,417	80,423	77,357	3,066	2.92	3.51	0.56
Feb	44,526	24,148	5,022	20,378	80,001	77,020	2,981	2.92	3.50	.55
Mar	43,966	23,540	4,982	20,426	78,946	76,044	2,902	2.88	3.46	.54
Apr	44,553	24,039	5,081	20,514	78,755	75,876	2,879	2.92	3.53	.53
May	45,876	25,301	5,090	20,575	79,350	76,522	2,828	2.90	3.50	.52
June	46,332	25,768	5,376	20,564	80,103	77,311	2,792	2.90	3.48	.51
July	45,606	24,921	5,376	20,685	80,671	77,815	2,856	2.94	3.54	.52
Aug	46,654	25,879	5,471	20,775	80,854	77,935	2,919	2.84	3.40	.53
Sept	45,942	25,177	5,350	20,765	80,912	77,941	2,971	2.90	3.48	.54
Oct	46,655	25,679	5,314	20,976	81,819	78,818	3,001	2.94	3.54	.53
Nov	47,320	25,852	5,372	21,468	82,184	79,132	3,052	2.86	3.44	.53
Dec	49,463	28,056	5,495	21,407	83,686	80,578	3,108	2.83	3.39	.53
1968: Jan	48,353	26,837	5,466	21,516	83,592	80,490	3,102	2.80	3.37	.52
Feb	48,453	26,814	5,380	21,639	83,689	80,593	3,096	2.79	3.36	.52
Mar	49,566	28,005	5,382	21,561	84,809	81,754	3,055	2.82	3.39	.52
Apr	49,237	27,373	5,492	21,864	85,291	82,239	3,052	2.83	3.41	.50
May	49,650	27,172	5,447	22,478	84,927	81,902	3,025	2.78	3.36	.49
June	49,850	26,701	5,968	23,149	84,048	80,970	3,078	2.72	3.28	.50
July	50,181	26,925	5,714	23,256	82,806	79,684	3,122	2.64	3.17	.50
Aug	50,201	27,329	6,027	22,872	83,184	80,177	3,007	2.79	3.38	.50
Sept	51,877	28,381	5,916	23,496	83,617	80,572	3,045	2.67	3.24	.48
Oct	53,931	30,280	6,550	23,651	84,991	81,894	3,097	2.64	3.19	.48
Nov	53,384	29,635	6,263	23,749	85,684	82,607	3,077	2.66	3.21	.48

¹ Monthly average for year and total for month.

² Seasonally adjusted, end of period.

³ Ratio of unfilled orders at end of period to shipments for period. Annual figures relate to seasonally adjusted data for December.

⁴ Where December data not available, data for year calculated on basis of no change from November.

Source: Department of Commerce, Bureau of the Census.

PRICES

TABLE B-45.—Consumer price indexes, by major groups, 1929-68

For city wage earners and clerical workers

[1957-59=100]

Year or month	All items	Food	Housing		Apparel and upkeep	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	69.9
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	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
1966	113.1	114.2	111.1	110.4	109.6	112.7	127.7	112.2	117.1	114.9
1967	116.3	115.2	114.3	112.4	114.0	115.9	136.7	115.5	120.1	118.2
1968 ¹	120.9	119.2	118.8	114.9	119.8	119.6	144.6	120.0	125.5	123.5
1967: Jan.	114.7	114.7	113.1	111.4	111.3	113.4	132.9	113.8	118.5	116.2
Feb.	114.8	114.2	113.3	111.7	111.9	113.8	133.6	114.1	118.6	116.3
Mar.	115.0	114.2	113.3	111.8	112.6	114.2	134.6	114.4	118.9	116.4
Apr.	115.3	113.7	113.6	111.9	113.0	115.1	135.1	114.9	119.4	116.6
May	115.6	113.9	113.9	112.1	113.8	115.5	135.7	115.0	119.6	116.7
June	116.0	115.1	114.1	112.2	113.9	115.7	136.3	115.3	119.7	116.9
July	116.5	116.0	114.3	112.4	113.7	116.2	136.9	115.5	119.8	117.8
Aug.	116.9	116.6	114.7	112.6	113.8	116.4	137.5	116.1	120.0	118.8
Sept.	117.1	115.9	115.0	112.8	115.1	116.8	138.5	116.4	120.5	119.7
Oct.	117.5	115.7	115.3	113.0	116.0	117.7	139.0	116.5	121.4	120.3
Nov.	117.8	115.6	115.5	113.2	116.6	118.3	139.7	116.9	122.0	121.0
Dec.	118.2	116.2	116.0	113.5	116.8	117.9	140.4	117.2	122.2	121.4
1968: Jan.	118.6	117.0	116.4	113.7	115.9	118.7	141.2	117.6	122.7	121.9
Feb.	119.0	117.4	116.9	113.9	116.6	118.6	141.9	117.6	123.0	122.1
Mar.	119.5	117.9	117.2	114.2	117.6	119.0	142.9	118.4	124.2	122.4
Apr.	119.9	118.3	117.5	114.4	118.4	119.0	143.5	119.0	124.9	122.5
May	120.3	118.8	117.8	114.6	119.5	119.1	144.0	119.6	125.3	122.6
June	120.9	119.1	118.7	114.9	119.9	119.7	144.4	120.1	125.6	123.5
July	121.5	120.0	119.5	115.1	119.7	119.8	145.1	120.4	125.9	123.9
Aug.	121.9	120.5	120.1	115.4	120.3	120.0	145.5	120.9	126.3	124.2
Sept.	122.2	120.4	120.4	115.7	122.2	119.5	146.4	121.5	126.7	124.4
Oct.	122.9	120.9	120.9	116.0	123.3	120.6	147.4	122.1	127.5	125.1
Nov.	123.4	120.5	121.7	116.3	124.0	121.2	148.2	122.8	128.0	125.4

¹ January–November average.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-46.—Consumer price indexes, by special groups, 1935-68

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	Food	Commodities less food			Total non-durable	All services	Rent	All services less rent
						All	Durable	Non-durable				
1935.....	47.8	52.5	46.1	45.0	42.1	50.2	47.1	48.8	44.5	52.2	56.9	49.3
1936.....	48.3	53.0	46.7	45.6	42.5	50.8	47.8	49.2	45.1	52.8	58.3	49.0
1937.....	50.0	54.9	48.2	47.4	44.2	53.0	50.8	51.2	46.8	54.4	60.9	49.5
1938.....	49.1	55.5	46.8	45.6	41.0	53.0	51.7	50.9	44.7	55.4	62.9	49.9
1939.....	48.4	55.1	46.0	44.7	39.9	52.1	50.6	50.1	43.8	55.5	63.0	49.9
1940.....	48.8	55.3	46.3	45.1	40.5	52.4	50.2	50.6	44.3	55.7	63.2	50.0
1941.....	51.3	56.9	49.1	48.2	44.2	55.0	53.6	52.8	47.4	56.4	64.3	50.6
1942.....	56.8	60.9	55.3	55.2	51.9	61.2	60.9	58.4	54.3	58.2	65.7	52.8
1943.....	60.3	62.6	59.5	60.1	57.9	63.8	62.9	60.9	59.0	59.3	65.7	55.2
1944.....	61.3	65.0	60.5	60.8	57.1	67.3	68.7	64.0	59.5	60.7	65.9	57.9
1945.....	62.7	66.5	62.1	62.6	58.4	70.0	73.9	66.3	61.2	61.5	66.1	59.1
1946.....	68.0	69.4	68.4	69.4	66.9	74.4	77.3	71.1	68.0	62.7	66.5	61.2
1947.....	77.8	75.8	79.4	83.4	81.3	83.9	83.8	81.7	82.0	65.3	68.7	64.3
1948.....	83.8	81.3	85.6	89.4	88.2	90.3	89.9	88.0	88.0	69.4	73.2	68.0
1949.....	83.0	82.1	84.1	87.1	84.7	89.0	91.2	86.3	85.4	72.6	76.4	71.4
1950.....	83.8	83.1	84.7	87.6	85.8	88.9	92.2	86.2	85.9	75.0	79.1	73.4
1951.....	90.5	88.4	91.8	95.5	95.4	95.6	99.2	92.7	94.0	78.9	82.3	77.8
1952.....	92.5	90.5	93.6	96.7	97.1	96.4	100.5	93.2	95.1	82.4	85.7	81.5
1953.....	93.2	92.3	93.9	96.4	95.6	96.6	99.8	94.0	94.9	86.0	90.3	84.9
1954.....	93.6	92.8	93.9	95.5	95.4	95.6	97.3	94.0	94.8	88.7	93.5	87.4
1955.....	93.3	93.1	93.4	94.6	94.0	94.9	95.4	94.4	94.1	90.5	94.8	89.4
1956.....	94.7	94.7	94.7	95.5	94.7	95.9	95.4	96.5	95.4	92.8	96.5	91.9
1957.....	98.0	97.9	97.8	98.5	97.8	98.8	98.5	99.1	98.4	96.6	98.3	96.1
1958.....	100.7	100.1	100.7	100.8	101.9	99.9	100.0	99.8	101.0	100.3	100.1	100.2
1959.....	101.5	102.0	101.5	100.9	100.3	101.2	101.5	101.0	100.6	103.2	101.6	103.6
1960.....	103.1	103.7	103.0	101.7	101.4	101.7	100.9	102.6	101.9	106.6	103.1	107.4
1961.....	104.2	104.8	104.2	102.3	102.6	102.0	100.8	103.2	102.8	108.8	104.4	110.0
1962.....	105.4	106.1	105.4	103.2	103.6	102.8	101.8	103.8	103.6	110.9	105.7	112.1
1963.....	106.7	107.4	106.7	104.1	105.1	103.5	102.1	104.8	104.9	113.0	106.8	114.5
1964.....	108.1	108.9	108.0	105.2	106.4	104.4	103.0	105.7	106.0	115.2	107.8	117.0
1965.....	109.9	110.4	109.6	106.4	108.8	105.1	102.6	107.2	107.9	117.8	108.9	120.0
1966.....	113.1	113.0	112.9	109.2	114.2	106.5	102.7	109.7	111.8	122.3	110.4	125.0
1967.....	116.3	116.8	115.9	111.2	115.2	109.2	104.3	113.1	114.0	127.7	112.4	131.1
1968 I.....	120.9	121.7	120.4	115.1	119.2	113.0	107.4	117.5	118.2	134.0	114.9	138.2
1967: Jan.....	114.7	114.8	114.2	109.9	114.7	107.3	102.7	111.0	112.7	125.5	111.4	128.8
Feb.....	114.8	115.2	114.3	109.9	114.2	107.6	102.8	111.5	112.7	125.9	111.7	129.2
Mar.....	115.0	115.4	114.6	110.0	114.2	107.8	102.9	111.8	112.9	126.3	111.8	129.5
Apr.....	115.3	115.9	114.8	110.2	113.7	108.4	103.4	112.4	113.0	126.6	111.9	130.0
May.....	115.6	116.3	115.1	110.5	113.9	108.7	103.9	112.7	113.2	127.0	112.1	130.4
June.....	116.0	116.5	115.6	111.0	115.1	108.9	104.1	112.7	113.8	127.4	112.2	130.8
July.....	116.5	116.8	116.1	111.5	116.0	109.1	104.4	112.8	114.3	127.7	112.4	131.2
Aug.....	116.9	117.1	116.5	111.9	116.6	109.4	104.7	113.2	114.8	128.2	112.6	131.7
Sept.....	117.1	117.7	116.7	112.0	115.9	110.0	104.8	114.1	114.9	128.7	112.8	132.3
Oct.....	117.5	118.2	117.1	112.4	115.7	110.6	105.7	114.5	115.1	129.1	113.0	132.7
Nov.....	117.8	118.7	117.5	112.6	115.6	111.1	106.0	115.2	115.3	129.6	113.2	133.2
Dec.....	118.2	118.9	117.7	112.9	116.2	111.1	106.1	115.2	115.6	130.1	113.5	133.8
1968: Jan.....	118.6	119.3	118.2	113.2	117.0	111.2	106.3	115.1	116.0	130.8	113.7	134.6
Feb.....	119.0	119.7	118.5	113.5	117.4	111.5	106.4	115.6	116.4	131.3	113.9	135.2
Mar.....	119.5	120.2	119.1	113.9	117.9	111.9	106.6	116.1	116.9	132.1	114.2	136.1
Apr.....	119.9	120.6	119.6	114.3	118.3	112.2	106.9	116.4	117.3	132.5	114.4	136.6
May.....	120.3	121.0	120.0	114.7	118.8	112.5	106.9	117.0	117.8	133.0	114.6	137.1
June.....	120.9	121.6	120.4	115.1	119.1	113.0	107.4	117.5	118.2	133.9	114.9	138.1
July.....	121.5	122.1	120.8	115.5	120.0	113.2	107.6	117.6	118.7	134.9	115.1	139.3
Aug.....	121.9	122.6	121.2	115.9	120.5	113.5	107.7	118.1	119.2	135.5	115.4	140.0
Sept.....	122.2	123.0	121.5	116.1	120.4	113.9	107.6	118.9	119.6	136.0	115.7	140.5
Oct.....	122.9	123.8	122.2	116.8	120.9	114.7	108.5	119.7	120.2	136.6	116.0	141.2
Nov.....	123.4	124.4	122.5	117.1	120.5	115.3	109.3	120.2	120.3	137.4	116.3	142.0

I January-November average.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-47.—Consumer price indexes, selected commodities and services, 1935-68

For city wage earners and clerical workers

[1957-59=100]

Year or month	Durable commodities					Nondurable commodities less food			Services less rent				
	Total ¹	New cars	Used cars	Household durables	House furnishings	Total	Apparel commodities	Nondurables less food and apparel	Total	Household services less rent	Transportation services	Medical care services	Other ²
1935	47.1	40.3		51.2	48.0	48.8	46.7	51.4	49.3		46.6	46.3	
1936	47.8	40.6		52.1	48.8	49.2	47.2	51.9	49.0		46.2	46.5	
1937	50.8	41.4		56.7	52.8	51.2	49.8	53.2	49.5		45.9	47.1	
1938	51.7	43.4		56.7	52.4	50.9	49.4	53.1	49.9		46.2	47.2	
1939	50.6	42.4		55.6	51.3	50.1	48.6	52.4	49.9		46.4	47.3	
1940	50.2	42.5		54.9	50.9	50.6	49.2	52.9	50.0		46.3	47.3	
1941	53.6	45.7		58.7	54.4	52.8	51.7	54.7	50.6		46.6	47.6	
1942	60.9			65.7	61.9	58.4	60.4	57.8	52.8		49.1	49.0	
1943	62.9			68.2	63.6	60.9	63.2	60.2	55.2		49.1	51.6	
1944	68.7			74.6	69.1	64.0	67.6	61.9	57.9		49.0	53.7	
1945	73.9			80.3	73.9	66.3	71.2	63.1	59.1		49.1	55.2	
1946	77.3			84.9	80.6	71.1	78.5	65.8	61.2		50.1	58.4	
1947	83.8	67.9		93.9	93.4	81.7	90.9	74.9	64.3		51.7	63.3	
1948	89.9	74.2		99.9	99.1	88.0	96.5	81.8	68.0		57.7	67.6	
1949	91.2	81.2		97.2	95.7	86.3	92.7	81.9	71.4		64.2	70.1	
1950	92.2	81.8		98.4	96.3	86.2	91.6	82.5	73.4		68.4	71.7	
1951	99.2	85.7		107.8	106.8	92.7	100.2	87.6	77.8		74.8	75.3	
1952	100.5	93.1		105.0	104.2	93.2	99.1	89.3	81.5		80.1	80.1	
1953	99.8	94.0	108.4	103.8	103.7	94.0	98.0	91.6	84.9		88.2	83.0	
1954	97.3	92.5	92.2	101.0	101.9	94.4	97.5	92.5	87.4		85.9	85.5	
1955	95.4	89.2	87.2	98.3	100.0	94.4	97.0	92.8	89.4		89.1	88.0	
1956	95.4	91.7	83.9	97.9	98.9	96.5	98.6	95.1	91.9	90.4	90.5	91.4	93.5
1957	98.5	96.5	94.0	99.6	100.5	99.1	99.7	98.8	96.1	95.7	94.8	95.3	97.2
1958	100.0	99.6	97.4	100.3	99.8	99.8	99.7	99.9	100.2	100.8	100.8	100.0	100.2
1959	101.5	103.9	108.8	100.2	99.8	101.0	100.6	101.3	103.6	103.6	104.3	104.8	102.6
1960	100.9	102.5	101.6	100.1	100.1	102.6	102.0	102.8	107.4	108.0	107.0	109.1	106.2
1961	100.8	102.5	105.6	98.9	99.5	103.2	102.6	103.3	110.0	109.2	109.5	113.1	109.7
1962	101.8	102.1	115.2	98.8	98.9	103.8	103.0	104.2	112.1	110.6	111.2	116.8	112.6
1963	102.1	101.5	116.6	98.5	98.5	104.8	104.0	105.3	114.5	113.0	112.4	120.3	115.3
1964	103.0	101.2	121.6	98.4	98.4	105.7	104.9	106.2	117.0	114.8	115.0	123.2	118.5
1965	102.6	99.0	120.8	96.9	97.9	107.2	105.8	108.0	120.0	117.0	119.3	127.1	121.8
1966	102.7	97.2	117.8	96.8	98.8	109.7	108.5	110.3	125.0	121.5	124.3	133.9	126.5
1967	104.3	98.1	121.5	98.2	100.8	113.1	113.0	113.1	131.1	127.0	128.4	145.6	131.5
1968 ³	107.4	100.6		101.2	104.6	117.5	118.9	116.6	138.2	134.0	133.2	155.8	138.5
1967: Jan	102.7	97.6	113.0	97.6	99.7	111.0	110.1	111.6	128.8	125.1	126.9	140.6	129.1
Feb	102.8	97.3	114.0	97.7	100.0	111.5	110.7	111.9	129.2	125.5	127.2	141.6	129.4
Mar	102.9	97.2	115.9	97.8	100.3	111.8	111.5	112.0	129.5	125.6	127.4	142.9	129.7
Apr	103.4	97.0	118.8	98.0	100.6	112.4	111.9	112.7	130.0	126.0	127.6	143.6	130.3
May	103.9	96.9	121.4	98.1	100.6	112.7	112.7	112.6	130.4	126.5	127.7	144.4	130.8
June	104.1	96.8	122.4	98.0	100.7	112.7	112.8	112.7	130.8	126.7	128.1	145.2	131.3
July	104.4	97.0	124.8	98.1	100.8	112.8	112.6	113.0	131.2	127.0	128.3	146.0	131.6
Aug	104.7	96.9	125.2	98.2	100.8	113.2	112.7	113.4	131.7	127.5	128.8	146.7	131.9
Sept	104.8	96.1	126.2	98.4	101.2	114.1	114.1	114.1	132.3	128.1	128.9	148.0	132.4
Oct	105.7	101.1	126.0	98.7	101.5	114.5	115.1	114.2	132.7	128.4	129.2	148.7	133.1
Nov	106.0	101.4	125.6	98.8	101.8	115.2	115.7	114.8	133.2	128.6	130.0	149.6	133.9
Dec	106.1	101.3	124.8	99.1	102.1	115.2	115.9	114.7	133.8	129.1	130.4	150.4	134.3
1968: Jan	106.3	101.0	125.8	99.6	102.6	115.1	114.8	115.3	134.6	129.9	131.5	151.4	134.8
Feb	106.4	100.8	123.6	99.9	103.1	115.6	115.6	115.5	135.2	130.6	131.9	152.3	135.3
Mar	106.6	100.6		100.4	103.8	116.1	116.6	115.8	136.1	131.1	132.4	153.6	137.0
Apr	106.9	100.3	126.3	100.8	104.2	116.4	117.6	115.8	136.6	131.5	132.7	154.3	137.6
May	106.9	100.3	126.7	101.1	104.4	117.0	118.7	116.0	137.1	132.1	132.9	155.0	138.3
June	107.4	100.1		101.3	104.7	117.5	119.1	116.6	138.1	133.7	133.3	155.5	138.9
July	107.6	99.8		101.5	104.8	117.6	118.9	116.9	139.3	135.6	133.5	156.6	139.2
Aug	107.7	99.1		101.6	104.9	118.1	119.5	117.3	140.0	136.7	133.6	157.1	139.7
Sept	107.6	98.4	126.7	102.0	105.4	118.9	121.5	117.4	140.5	137.0	134.8	158.2	140.3
Oct	108.5	102.8		102.3	105.9	119.7	122.7	117.9	141.2	137.6	134.6	159.4	140.9
Nov	109.3	103.8		102.8	106.5	120.2	123.4	118.3	142.0	138.5	135.2	160.3	141.5

¹ Includes certain items not shown separately.

² Includes the services components of apparel, personal care, reading and recreation, and other goods and services.

³ January-November average.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-48.—Wholesale price indexes, by major commodity groups, 1929-68

[1957-59=100]

Year or month	All commodities	Farm products	Processed foods and feeds	Industrial commodities				
				Total	Textile products and apparel	Hides, skins, leather, and related products	Fuels and related products, and power	Chemicals and allied products
1929	52.1	63.9		51.7		56.6	61.5	
1930	47.3	54.0		48.1		52.0	58.2	
1931	39.9	39.6		42.4		44.7	50.0	
1932	35.6	29.4		39.7		38.0	52.1	
1933	36.1	31.3		40.2		42.0	49.3	46.6
1934	41.0	39.9		44.2		44.9	54.3	48.8
1935	43.8	48.0		44.0		46.5	54.5	50.9
1936	44.2	49.4		44.9		49.5	56.5	51.2
1937	47.2	52.7		48.1		54.3	57.5	53.6
1938	43.0	41.9		46.1		48.2	56.6	51.0
1939	42.2	39.9		46.0		49.6	54.2	50.7
1940	43.0	41.3		46.8		52.3	53.2	51.6
1941	47.8	50.1		50.3		56.1	56.6	56.1
1942	54.0	64.6		53.9		61.1	58.2	62.3
1943	56.5	74.8		54.7		61.0	59.9	63.1
1944	56.9	75.3		55.6		60.5	61.6	63.8
1945	57.9	78.3		56.3		61.3	62.3	64.2
1946	66.1	90.6		61.7		70.7	66.7	69.4
1947	81.2	109.1	92.6	75.3	105.7	96.5	79.7	92.2
1948	87.9	117.1	99.1	81.7	110.3	97.5	93.8	94.4
1949	83.5	101.3	90.0	80.0	100.9	92.5	89.3	86.2
1950	86.8	106.4	93.2	82.9	104.8	99.9	90.2	87.5
1951	96.7	123.8	103.5	91.5	116.9	114.8	93.5	100.1
1952	94.0	116.8	102.3	89.4	105.5	92.8	93.3	95.0
1953	92.7	105.9	97.6	90.1	102.8	94.1	95.9	96.1
1954	92.9	104.4	99.3	90.4	100.6	89.9	94.6	97.3
1955	93.2	97.9	95.0	92.4	100.7	89.5	94.5	96.9
1956	96.2	96.6	94.8	96.5	100.7	94.8	97.4	97.5
1957	99.0	99.2	97.6	99.2	100.8	94.9	102.7	99.6
1958	100.4	103.6	102.5	99.5	98.9	96.0	98.7	100.4
1959	100.6	97.2	99.9	101.3	100.4	109.1	98.7	100.0
1960	100.7	96.9	100.0	101.3	101.5	105.2	99.6	100.2
1961	100.3	96.0	101.6	100.8	99.7	106.2	100.7	99.1
1962	100.6	97.7	102.7	100.8	100.6	107.4	100.2	97.5
1963	100.3	95.7	103.3	100.7	100.5	104.2	99.8	96.3
1964	100.5	94.3	103.1	101.2	101.2	104.6	97.1	96.7
1965	102.5	98.4	106.7	102.5	101.8	109.2	98.9	97.4
1966	105.9	105.6	113.0	104.7	102.1	119.7	101.3	97.8
1967	106.1	99.7	111.7	106.3	102.1	115.8	103.6	98.4
1968 ²	108.7	102.2	114.1	109.0	105.5	119.2	102.5	98.2
1967: Jan	106.2	102.6	112.8	105.8	102.0	117.9	102.6	98.4
Feb	106.0	101.0	111.7	106.0	102.0	118.0	103.4	98.5
Mar	105.7	99.6	110.6	106.0	101.8	116.9	103.7	98.5
Apr	105.3	97.6	110.0	106.0	101.8	115.7	103.3	98.8
May	105.8	100.7	110.7	106.0	101.6	115.2	104.4	98.8
June	106.3	102.4	112.6	106.0	101.6	115.6	104.0	98.5
July	106.5	102.8	113.1	106.0	101.5	115.2	103.9	98.3
Aug	106.1	99.2	112.1	106.3	101.7	114.4	104.7	98.0
Sept	106.2	98.4	112.7	106.5	102.0	114.4	104.5	97.9
Oct	106.1	97.1	111.7	106.8	102.2	114.8	103.0	98.2
Nov	106.2	96.4	110.9	107.1	103.0	115.4	102.8	98.2
Dec	106.8	98.9	111.5	107.4	103.8	116.0	102.6	98.4
1968: Jan	107.2	99.0	112.4	107.8	104.3	116.5	101.8	98.2
Feb	108.0	101.3	113.3	108.3	104.6	116.7	102.5	98.1
Mar	108.2	102.1	112.9	108.6	104.6	117.9	102.0	98.6
Apr	108.3	102.1	112.8	108.8	104.7	118.3	102.4	98.8
May	108.5	103.6	113.6	108.6	104.8	118.8	102.4	98.7
June	108.7	102.5	114.6	108.8	105.2	118.7	103.7	98.5
July	109.1	103.9	115.9	108.8	105.8	119.5	103.3	98.2
Aug	108.7	101.4	114.9	103.9	106.0	119.5	102.6	98.1
Sept	109.1	102.8	115.3	109.2	106.5	120.7	102.5	97.9
Oct	109.1	101.2	114.4	109.7	107.0	122.3	101.9	97.8
Nov	109.6	103.1	114.7	109.9	107.2	122.4	102.0	97.8
Dec	109.8	103.3	114.7	110.2				

See footnotes at end of table.

TABLE B-48.—Wholesale price indexes, by major commodity groups, 1929-68—Continued
[1957-59=100]

Year or month	Industrial commodities—Continued								
	Rubber and rubber products	Lumber and wood products	Pulp, paper, and allied products	Metals and metal products	Machinery and equipment	Furniture and household durables	Nonmetallic mineral products	Transportation equipment: Motor vehicles and equipment ¹	Miscellaneous products
1929.....	57.6	26.4		44.1		56.4	53.4	42.8	
1930.....	50.4	24.1		39.7		55.5	53.2	40.3	
1931.....	42.8	19.6		35.7		51.1	49.7	38.3	
1932.....	37.1	16.9		32.8		45.0	46.5	37.3	
1933.....	39.0	20.0		33.6		45.1	49.2	35.6	
1934.....	45.5	23.5		37.1		49.0	52.6	37.5	
1935.....	45.8	22.6		37.0		48.6	52.6	36.0	
1936.....	49.4	23.6		37.8		49.3	52.7	35.7	
1937.....	58.1	27.9		43.2		54.7	53.9	38.2	
1938.....	57.1	25.4		41.6		53.4	52.2	40.8	
1939.....	59.3	26.1		41.2	46.2	53.2	51.2	40.0	
1940.....	55.3	28.9		41.4	46.3	54.4	51.2	41.3	
1941.....	59.6	34.5		42.2	47.1	57.8	52.4	44.2	
1942.....	69.4	37.5		42.8	47.8	62.5	54.5	48.2	
1943.....	71.3	39.7		42.7	47.4	62.1	54.7	48.2	
1944.....	70.4	42.8		42.7	47.1	63.8	55.8	48.5	
1945.....	68.3	43.4		43.4	47.2	63.9	58.1	49.4	
1946.....	68.6	49.7		48.5	51.9	67.8	61.8	57.2	
1947.....	68.3	77.4	75.3	60.2	60.0	77.8	69.1	65.5	80.3
1948.....	70.5	88.5	78.6	68.5	65.1	82.5	74.7	72.4	83.6
1949.....	68.3	81.9	75.2	69.0	68.2	83.8	76.7	77.4	85.2
1950.....	83.2	94.1	77.1	72.7	70.5	85.6	78.6	77.0	86.6
1951.....	102.1	102.5	91.3	80.9	78.8	92.8	83.5	81.1	91.7
1952.....	92.5	99.5	89.0	81.0	78.9	91.1	83.5	85.8	91.2
1953.....	86.3	99.4	88.7	83.6	80.7	92.9	86.9	85.4	93.6
1954.....	87.6	97.6	88.8	84.3	82.1	93.9	88.8	85.6	94.4
1955.....	99.2	102.3	91.1	90.0	84.6	94.3	91.3	88.2	94.5
1956.....	100.6	103.8	97.2	97.8	91.5	96.9	95.2	93.2	95.8
1957.....	100.2	98.5	99.0	99.7	97.9	99.4	98.9	97.2	98.6
1958.....	100.1	97.4	100.1	99.1	100.0	100.2	99.9	100.3	100.6
1959.....	99.7	104.1	101.0	101.2	102.1	100.4	101.2	102.5	100.8
1960.....	99.9	100.4	101.8	101.3	102.9	100.1	101.4	101.0	101.7
1961.....	96.1	95.9	98.8	100.7	102.9	99.5	101.8	100.8	102.0
1962.....	93.3	96.5	100.0	100.0	102.9	98.8	101.8	100.8	102.4
1963.....	93.8	98.6	99.2	100.1	103.1	98.1	101.3	100.0	103.3
1964.....	92.5	100.6	99.0	102.8	103.8	98.5	101.5	100.5	104.1
1965.....	92.9	101.1	99.9	105.7	105.0	98.0	101.7	100.7	104.8
1966.....	94.8	105.6	102.6	108.3	108.2	99.1	102.6	100.8	106.8
1967.....	97.0	105.4	104.0	109.6	111.8	101.0	104.3	102.1	109.2
1968 ²	100.2	118.0	105.2	112.3	115.1	104.0	108.0	104.7	111.7
1967: Jan.....	95.6	102.6	103.1	109.4	111.1	100.4	103.6	101.6	107.9
Feb.....	95.8	103.6	103.3	109.6	111.2	100.4	103.7	101.6	108.0
Mar.....	95.9	103.6	103.6	109.4	111.5	100.6	103.8	101.6	107.7
Apr.....	95.9	104.1	103.9	109.1	111.6	100.6	103.9	101.6	108.0
May.....	95.8	104.2	103.9	108.9	111.6	100.8	103.8	101.6	108.0
June.....	95.8	104.7	103.9	108.8	111.6	100.8	103.9	101.4	109.6
July.....	95.8	105.3	104.1	108.9	111.6	100.9	104.2	101.3	109.7
Aug.....	97.8	106.1	104.0	109.2	111.8	101.0	104.5	101.3	110.0
Sept.....	98.2	108.7	104.1	109.5	111.9	101.2	104.7	101.5	110.2
Oct.....	98.8	107.3	104.3	109.9	112.2	101.7	104.9	103.7	110.5
Nov.....	99.1	106.7	104.6	111.0	112.6	102.0	105.1	104.0	110.6
Dec.....	99.2	107.6	104.8	111.4	113.2	102.1	105.3	104.0	110.7
1968: Jan.....	99.5	108.6	105.2	112.2	113.9	103.0	106.0	104.3	111.0
Feb.....	99.5	111.6	105.7	113.3	114.1	103.3	106.9	104.3	111.3
Mar.....	99.7	113.9	105.2	113.8	114.3	103.6	107.3	104.3	111.5
Apr.....	99.7	115.8	105.2	113.3	114.8	103.8	107.4	104.3	111.8
May.....	99.8	117.0	105.5	111.7	115.0	104.0	107.8	104.2	111.8
June.....	99.9	117.2	104.7	111.7	115.0	103.9	108.3	104.5	111.8
July.....	100.7	119.2	104.9	111.4	115.2	104.1	108.4	104.2	111.5
Aug.....	100.6	120.5	104.9	111.3	115.4	104.2	108.7	104.4	111.6
Sept.....	100.7	122.6	105.1	112.2	115.8	104.4	108.7	104.1	111.9
Oct.....	101.0	124.9	105.2	112.5	116.1	104.5	108.9	106.5	112.0
Nov.....	101.1	126.8	105.2	112.4	116.6	104.7	109.2	106.6	112.5
Dec.....									

¹ Index for total transportation equipment not available.

² Where December data not available, January–November average.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-49.—Wholesale price indexes, by stage of processing, 1947-68

[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	108.0	100.0	86.1	83.0	81.8	94.7	95.2	72.1	71.9	81.2
1951	96.7	119.6	126.9	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	102.5	98.9	98.3	99.8	103.3	102.2	102.0	106.6	98.7	104.6	101.3	101.4
1966	105.9	105.3	107.2	101.9	106.4	104.8	104.8	111.3	99.5	106.6	104.9	104.1
1967	106.1	99.6	101.2	95.5	110.3	105.6	104.8	109.2	99.0	108.1	107.9	105.4
1968 ⁴	108.7	101.1	102.5	97.5	112.5	107.9	107.0	110.6	100.1	111.6	110.4	110.3
1967: Jan	106.2	101.9	104.2	97.0	109.4	105.6	104.7	110.1	99.3	107.6	107.5	104.4
Feb	106.0	100.8	102.7	96.5	109.3	105.5	104.8	109.0	99.3	107.9	107.6	104.7
Mar	105.7	99.7	101.3	95.7	109.4	105.5	104.6	108.7	99.1	107.7	107.9	104.8
Apr	105.3	98.0	99.2	94.6	110.2	105.5	104.6	108.1	99.1	107.6	107.9	104.9
May	105.8	100.6	103.1	94.7	110.3	105.3	104.4	109.1	98.9	107.4	107.6	104.8
June	106.3	101.4	104.2	95.1	109.8	105.4	104.4	110.2	98.6	107.4	107.5	104.9
July	106.5	101.7	104.7	94.6	110.2	105.4	104.4	110.2	98.4	107.5	107.5	105.2
Aug	106.1	99.5	101.4	94.5	110.3	105.4	104.5	109.9	98.4	107.7	107.9	105.5
Sept	106.2	98.5	99.9	94.3	111.0	105.7	104.7	110.0	98.4	108.1	108.0	106.3
Oct	106.1	97.9	99.1	94.2	110.9	105.7	104.8	108.6	98.8	108.4	108.1	106.2
Nov	106.2	96.5	96.1	95.9	111.3	106.1	105.4	108.0	99.3	109.5	108.6	106.3
Dec	106.8	98.6	98.3	98.4	111.5	106.5	105.8	108.1	99.8	109.9	109.1	106.8
1968: Jan	107.2	99.1	99.1	98.2	111.4	106.9	106.3	108.7	99.8	110.9	109.4	107.4
Feb	108.0	100.9	101.8	98.4	111.7	107.6	106.9	109.9	100.1	112.0	109.9	108.5
Mar	108.2	101.6	102.6	98.9	112.2	107.7	107.1	109.6	99.9	112.7	110.0	109.3
Apr	108.3	101.4	102.9	97.6	112.3	107.9	107.2	109.7	100.0	112.3	110.6	109.9
May	108.5	102.0	104.1	96.6	112.4	107.7	106.9	110.6	100.3	110.9	110.5	109.8
June	108.7	101.4	103.2	96.7	112.2	107.8	106.8	111.3	100.0	110.9	110.3	110.0
July	109.1	102.6	104.9	96.8	112.5	107.9	106.9	112.0	100.0	110.9	110.4	110.4
Aug	108.7	100.8	102.0	97.4	112.4	107.9	106.8	111.3	100.1	110.9	110.5	110.9
Sept	109.1	100.9	102.1	97.7	112.6	108.3	107.3	111.6	100.4	111.9	110.6	111.7
Oct	109.1	100.2	101.2	97.0	113.2	108.5	107.4	110.6	100.4	112.2	111.0	112.4
Nov	109.6	101.5	103.2	96.8	114.3	108.6	107.6	111.3	100.5	112.1	111.3	112.9
Dec	109.8											

See footnotes at end of table.

TABLE B-49.—Wholesale price indexes, by stage of processing, 1947-68—Continued

[1957-59=100]

Year or month	Finished goods					Special groups of industrial products			
	Total	Consumer finished goods			Pro-ducer finished goods	Crude materials ²	Inter-mediate materials, supplies, and components ³	Con-sumer finished goods ex-cluding foods	
		Total	Foods	Other non-durable goods					Du-rable 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.....	103.6	102.8	104.5	102.8	99.6	105.4	100.9	101.5	101.6
1966.....	106.9	106.4	111.2	104.8	100.2	108.0	104.5	103.6	103.2
1967.....	108.2	107.0	109.5	107.2	101.7	111.5	100.0	104.8	105.2
1968 ⁴	111.2	109.8	113.3	109.3	103.8	115.2	101.7	107.4	107.3
1967: Jan.....	107.7	106.6	110.3	105.8	101.3	110.5	101.4	104.4	104.2
Feb.....	107.6	106.5	109.3	106.3	101.3	110.6	101.1	104.6	104.5
Mar.....	107.2	106.0	107.9	106.4	101.3	110.7	100.2	104.6	104.5
Apr.....	107.0	105.7	106.9	106.4	101.3	110.8	99.3	104.7	104.6
May.....	107.6	106.4	108.5	106.9	101.3	111.1	99.4	104.5	104.8
June.....	108.4	107.4	110.9	107.2	101.0	111.2	99.4	104.4	104.9
July.....	108.7	107.7	111.5	107.4	101.1	111.2	99.0	104.5	105.1
Aug.....	108.3	107.2	109.6	108.0	101.2	111.4	99.0	104.6	105.5
Sept.....	108.7	107.6	110.5	108.0	101.4	111.6	99.5	104.9	105.6
Oct.....	108.6	107.2	108.8	107.8	102.8	112.6	99.4	105.0	106.0
Nov.....	108.9	107.5	109.1	107.9	103.0	113.0	100.6	105.5	106.1
Dec.....	109.3	107.9	110.1	108.0	103.0	113.4	101.3	105.9	106.2
1968: Jan.....	109.7	108.2	110.6	108.0	103.5	114.0	101.4	106.3	106.4
Feb.....	110.2	108.9	112.0	108.4	103.5	114.2	102.4	107.0	106.7
Mar.....	110.4	109.0	111.9	108.6	103.6	114.4	103.1	107.3	106.8
Apr.....	110.5	109.0	111.7	109.0	103.5	114.8	101.7	107.5	107.0
May.....	110.9	109.5	113.0	109.1	103.5	114.9	100.5	107.3	107.0
June.....	111.3	110.0	113.6	109.8	103.5	115.1	100.6	107.2	107.5
July.....	111.9	110.7	115.3	110.0	103.3	115.2	100.9	107.3	107.5
Aug.....	111.4	110.0	113.7	109.7	103.6	115.4	101.0	107.4	107.5
Sept.....	112.0	110.7	115.6	109.9	103.4	115.7	101.5	107.8	107.5
Oct.....	112.0	110.6	113.9	110.0	104.9	116.4	102.2	108.1	108.2
Nov.....	112.5	111.0	114.8	110.2	105.0	116.9	103.0	108.2	108.4
Dec.....									

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 Where December data not available, January–November average.

Note.—For a listing of the commodities included in each sector, see monthly report "Wholesale Prices and Price Indexes," January–February 1967.

Source: Department of Labor, Bureau of Labor Statistics.

MONEY SUPPLY, CREDIT, AND FINANCE

TABLE B-50.—Money supply, 1947-68

[Averages of daily figures, billions of dollars]

Year and month	Total money supply and time deposits adjusted	Money supply			Time deposits adjusted ³	Total money supply and time deposits adjusted	Money supply			Time deposits adjusted ³	U.S. Government demand deposits ⁴
		Total	Currency component ¹	Demand deposit component ²			Total	Currency component ¹	Demand deposit component ²		
		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.....	147.6	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.....	160.8	122.7	26.1	96.5	38.2	163.8	125.8	26.6	99.2	38.0	2.7
1952: Dec.....	168.6	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	176.4	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.....	206.6	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.....	213.9	141.1	28.9	112.1	72.9	216.8	144.7	29.6	115.2	72.1	4.7
1961: Dec.....	228.1	145.4	29.6	115.9	82.7	231.2	149.4	30.2	119.2	81.8	4.9
1962: Dec.....	245.2	147.4	30.6	116.8	97.8	248.2	151.6	31.2	120.3	96.7	5.6
1963: Dec.....	265.2	153.0	32.5	120.5	112.2	268.2	157.3	33.1	124.1	111.0	5.1
1964: Dec.....	285.9	159.3	34.2	125.1	126.6	289.2	164.0	35.0	129.1	125.2	5.5
1965: Dec.....	313.4	166.8	36.3	130.5	146.6	317.3	172.0	37.1	134.9	145.2	4.6
1966: Dec.....	328.6	170.4	38.3	132.1	158.1	332.7	175.8	39.1	136.7	156.9	3.4
1967: Dec.....	364.8	181.3	40.4	140.9	183.5	369.1	187.1	41.2	145.9	182.0	5.0
1968: Dec.....	397.3	193.0	43.4	149.6	204.3	401.7	199.2	44.3	154.8	202.5	4.7
1967: Jan.....	331.3	170.3	38.5	131.8	161.0	335.9	175.3	38.5	136.8	160.6	4.2
Feb.....	335.2	171.8	38.7	133.0	163.5	334.5	170.6	38.3	132.2	164.0	5.1
Mar.....	339.1	173.2	38.9	134.3	165.9	338.6	171.9	38.5	133.4	166.7	4.9
Apr.....	340.6	172.5	39.0	133.5	168.1	342.3	173.6	38.6	134.9	168.8	4.8
May.....	344.5	174.4	39.1	135.3	170.1	341.8	171.0	38.8	132.2	170.8	6.6
June.....	348.6	176.0	39.3	136.7	172.6	347.2	174.2	39.2	135.0	173.0	4.0
July.....	352.6	177.8	39.4	138.4	174.8	350.9	175.7	39.6	136.2	175.2	5.7
Aug.....	356.2	178.9	39.5	139.4	177.2	353.5	175.8	39.6	136.2	177.8	4.3
Sept.....	358.5	179.1	39.7	139.4	179.4	357.3	178.3	39.7	138.5	179.0	5.0
Oct.....	360.8	180.2	39.9	140.2	180.6	360.9	180.5	40.0	140.5	180.4	6.3
Nov.....	363.0	181.0	40.1	141.0	182.0	363.7	182.4	40.4	141.9	181.3	5.3
Dec.....	364.8	181.3	40.4	140.9	183.5	369.1	187.1	41.2	145.9	182.0	5.0
1968: Jan.....	366.4	182.3	40.6	141.7	184.1	371.4	187.6	40.5	147.1	183.7	5.0
Feb.....	367.9	182.7	40.7	141.9	185.2	367.1	181.4	40.3	141.1	185.8	7.2
Mar.....	370.1	183.4	41.1	142.2	186.7	369.6	182.0	40.7	141.2	187.7	6.6
Apr.....	371.4	184.3	41.4	143.0	187.1	373.5	185.6	41.1	144.5	187.9	4.2
May.....	373.7	186.1	41.6	144.5	187.6	370.9	182.5	41.3	141.1	188.4	6.4
June.....	375.6	187.4	42.0	145.4	188.2	374.1	185.6	41.9	143.6	188.6	5.4
July.....	379.8	189.4	42.2	147.2	190.4	378.0	187.2	42.4	144.8	190.8	5.7
Aug.....	384.0	190.3	42.6	147.6	193.8	381.3	186.9	42.7	144.2	194.4	5.5
Sept.....	386.0	189.5	42.7	146.7	196.6	384.8	188.6	42.7	145.8	196.2	5.9
Oct.....	389.8	190.2	42.8	147.4	199.5	389.7	190.6	42.9	147.7	199.1	6.1
Nov.....	393.9	192.0	43.2	148.7	201.9	394.1	193.4	43.7	149.7	200.7	4.2
Dec.....	397.3	193.0	43.4	149.6	204.3	401.7	199.2	44.3	154.8	202.5	4.7

¹ Currency outside the Treasury, the Federal Reserve System, and the 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, plus foreign demand balances at Federal Reserve banks.

³ Time deposits adjusted are time deposits at all commercial banks other than those due to domestic commercial banks and the U.S. Government.

⁴ Deposits at all commercial banks.

Note.—Effective June 1966, balances accumulated for payment of personal loans are reclassified for reserve purposes and are excluded from time deposits reported by member banks. The estimated amount of such deposits at all commercial banks (\$1.1 billion) is excluded from time deposits adjusted thereafter.

Source: Board of Governors of the Federal Reserve System.

TABLE B-51.—Bank loans and investments, 1929-68

[Billions of dollars]

End of year or month ¹	All commercial banks				Weekly reporting large commercial banks ³
	Total loans and investments ²	Loans ²	Investments		Business loans ⁴
			U.S. Government securities	Other securities	
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	114.2	42.4	62.6	9.2	15.6
Seasonally adjusted					
1948	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	61.1	12.4	17.9
1951	130.2	56.5	60.4	13.4	21.6
1952	139.1	62.8	62.2	14.2	23.4
1953	143.1	66.2	62.2	14.7	23.4
1954	153.1	69.1	67.6	16.4	22.4
1955	157.6	80.6	60.3	16.8	26.7
1956	161.6	88.1	57.2	16.3	30.8
1957	166.4	91.5	56.9	17.9	31.8
1958	181.2	95.6	65.1	20.5	31.7
1959	185.9	107.8	57.7	20.5	30.7
1960	194.5	113.8	59.8	20.8	32.2
1961	209.6	120.4	65.3	23.9	32.9
1962 ⁶	227.9	134.0	64.6	29.2	35.2
1963 ⁶	246.2	149.6	61.7	35.0	38.8
1964	267.2	167.7	60.7	38.7	42.1
1965	294.4	192.6	57.1	44.8	³ 53.1
1966	⁷ 310.5	⁷ 208.2	53.6	⁷ 48.7	60.7
1967	346.5	225.4	59.7	61.4	65.8
1968 ⁶	384.8	252.8	61.0	71.0	74.0
1967: Jan	314.3	210.2	54.1	49.9	60.4
Feb	317.7	210.8	55.8	51.1	60.4
Mar	321.5	211.9	57.3	52.4	62.0
Apr	322.9	212.9	56.3	53.7	62.3
May	324.7	213.4	56.4	54.9	61.8
June	326.2	214.1	55.9	56.2	63.8
July	332.5	216.5	59.4	56.5	63.7
Aug	336.6	218.0	61.3	57.3	62.2
Sept	339.1	219.9	61.4	57.7	63.4
Oct	342.0	221.4	61.9	58.6	63.1
Nov	344.3	222.7	61.2	60.4	63.7
Dec	346.5	225.4	59.7	61.4	65.8
1968: Jan	349.9	227.5	60.0	62.4	65.0
Feb	353.9	229.2	62.0	62.7	65.1
Mar	352.5	229.0	59.9	63.6	66.5
Apr	355.2	231.4	60.3	63.4	67.6
May	357.3	232.6	61.0	63.6	67.1
June	357.8	233.5	60.4	63.9	69.2
July	365.9	238.4	63.1	64.4	69.2
Aug	370.4	241.1	63.9	65.5	68.1
Sept ⁷	374.8	243.8	64.0	67.0	69.4
Oct ⁷	379.6	246.9	64.2	68.5	69.7
Nov ⁷	381.6	250.4	61.0	70.2	71.2
Dec ⁶	384.8	252.8	61.0	71.0	74.0

¹ Data are for last Wednesday of month (except June 30 and December 31 call dates used for all commercial banks).

² Adjusted to exclude interbank loans beginning 1948.

³ Loans by weekly reporting large commercial banks beginning 1965 and formerly weekly reporting member banks. See "Federal Reserve Bulletin," March 1967.

⁴ Commercial and industrial loans and prior to 1956, agricultural loans. Beginning July 1959, loans to financial institutions excluded. Prior to 1943, published data adjusted to include open market paper.

⁵ June data used because complete end-of-year data not available.

⁶ Commercial bank data are estimates for December 31.

⁷ Effective June 1966, balances accumulated for payment of personal loans (about \$1.1 billion) are excluded from loans at all commercial banks, and certain certificates of CCC and Export-Import Bank totaling about \$1 billion are included in other securities rather than in loans.

Source: Board of Governors of the Federal Reserve System.

TABLE B-52.—Selected liquid assets held by the public, 1946-68¹

[Billions of dollars, seasonally adjusted]

End of year or month	Total	Demand deposits and currency ²	Time deposits		Postal savings system	Savings and loan shares	U.S. Government savings bonds ⁴	U.S. Government securities maturing within 1 year ⁴
			Com-mercial banks ³	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.....	530.5	156.7	127.1	49.0	.4	101.4	49.9	46.1
1965.....	573.1	164.1	147.1	52.6	.3	109.8	50.5	48.6
1966 ⁵	601.5	168.6	159.3	55.2	.1	113.4	50.9	53.9
1967.....	650.5	180.7	183.1	60.3	.....	123.9	51.9	50.5
1968 ⁶.....	.....	.....	.....	64.3	.....	130.8	52.5	58.5
1967: Jan.....	605.2	167.0	163.6	55.5	.1	113.7	51.0	54.2
Feb.....	604.8	165.9	165.3	55.9	.1	114.8	50.9	51.7
Mar.....	615.2	171.0	167.6	56.3	.....	116.3	51.0	52.9
Apr.....	613.2	168.7	168.6	56.8	.1	117.1	51.1	50.9
May.....	619.8	173.0	170.7	57.4	.1	118.0	51.1	49.5
June.....	620.8	173.7	172.4	58.0	.1	118.9	51.2	46.5
July.....	623.1	172.0	174.7	58.4	.1	119.9	51.3	46.7
Aug.....	630.3	174.2	177.2	58.7	.1	121.0	51.3	47.8
Sept.....	635.7	176.3	178.1	59.1	.1	122.5	51.4	48.2
Oct.....	638.1	175.8	180.1	59.5	.....	123.0	51.4	48.3
Nov.....	645.9	177.9	183.8	59.9	.....	123.7	51.5	49.1
Dec.....	650.5	180.7	183.1	60.3	.....	123.9	51.9	50.5
1968: Jan.....	655.9	179.6	186.5	60.6	.....	123.6	51.9	53.6
Feb.....	658.7	178.3	187.6	61.1	.....	124.6	51.8	55.4
Mar.....	665.7	181.8	187.9	61.4	.....	125.9	51.8	57.0
Apr.....	664.6	181.1	187.6	61.7	.....	126.0	51.8	56.5
May.....	667.9	183.9	187.7	62.1	.....	126.5	51.8	55.9
June.....	670.9	186.8	187.9	62.6	.....	126.8	51.9	54.9
July ^p	676.6	186.2	191.5	62.8	.....	127.2	51.9	56.9
Aug ^p	679.7	186.0	194.0	63.0	.....	128.1	52.0	56.6
Sept ^p	684.5	186.3	195.9	63.4	.....	129.5	52.0	57.4
Oct ^p	692.6	187.6	200.0	63.8	.....	130.0	52.0	59.2
Nov ^p	697.9	189.4	204.4	64.3	.....	130.8	52.1	57.0
Dec ⁶.....	.....	.....	.....	64.3	.....	130.8	52.5	58.5

¹ Excludes holdings of the U.S. Government, Government agencies and trust funds, domestic commercial banks, and Federal Reserve banks. Adjusted wherever possible to avoid double counting.

² Agrees in concept with the money supply, Table B-53, except for deduction of demand deposits held by mutual savings banks and savings and loan associations. Data are for last Wednesday of month.

³ Time deposits at all commercial banks other than those due to domestic commercial banks and the U.S. Government (same concept as in Table B-50). Data are for last Wednesday of month, except that June 30, and December 31 call data are used where available.

⁴ 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.

⁵ Effective June 1966, balances accumulated for the payment of personal loans (about \$1.1 billion) are excluded from time deposits at all commercial banks and from total liquid assets.

⁶ Estimates by Council of Economic Advisers.

Source: Board of Governors of the Federal Reserve System (except as noted).

TABLE B-53.—Federal Reserve Bank credit and member bank reserves, 1929-68

[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	Re-quired	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	1,822	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	3	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	482	13,152	10,776	2,376	2,372
1943: Dec.....	11,914	11,166	90	658	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	822	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	-336
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	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.....	43,853	40,885	454	2,514	22,719	22,267	452	-2
1966: Dec.....	46,864	43,760	557	2,547	23,830	23,438	392	-165
1967: Dec.....	51,268	48,891	238	2,139	25,260	24,915	345	107
1968: Dec.....	56,501	52,529	765	3,207	27,165	26,766	399	-366
1967: Jan.....	46,802	44,066	389	2,347	24,075	23,702	373	-16
Feb.....	46,587	44,215	362	2,010	23,709	23,351	358	-4
Mar.....	46,524	44,620	199	1,705	23,405	22,970	435	236
Apr.....	46,902	45,082	134	1,686	23,362	23,053	309	175
May.....	47,323	45,699	101	1,523	23,284	22,914	370	269
June.....	47,547	45,844	123	1,580	23,518	23,098	420	297
July.....	48,590	46,807	87	1,696	23,907	23,548	359	272
Aug.....	48,210	46,612	89	1,509	23,791	23,404	387	298
Sept.....	48,147	46,398	90	1,659	24,200	23,842	358	268
Oct.....	48,993	47,367	126	1,500	24,608	24,322	286	160
Nov.....	49,752	48,010	133	1,609	24,740	24,337	403	270
Dec.....	51,268	48,891	238	2,139	25,260	24,915	345	107
1968: Jan.....	51,287	49,046	237	2,004	25,834	25,453	381	144
Feb.....	50,873	48,930	361	1,582	25,610	25,211	399	38
Mar.....	51,863	49,511	671	1,681	25,580	25,224	356	-315
Apr.....	52,509	50,090	683	1,736	25,546	25,276	270	-413
May.....	52,998	50,581	746	1,671	25,505	25,085	420	-326
June.....	53,813	51,306	692	1,815	25,713	25,362	351	-341
July.....	54,573	52,090	525	1,958	26,001	25,702	299	-226
Aug.....	55,048	52,646	565	1,837	26,069	25,694	375	-190
Sept.....	54,769	52,222	515	2,032	26,077	25,694	383	-132
Oct.....	55,741	53,300	427	2,014	26,653	26,393	260	-167
Nov.....	56,158	53,358	569	2,201	26,760	26,472	288	-281
Dec.....	56,501	52,529	765	3,207	27,165	26,766	399	-366

¹ Data from March 1933 through April 1934 are for licensed banks only.

² Beginning December 1959, total reserves held include vault cash allowed.

Source: Board of Governors of the Federal Reserve System.

TABLE B-54.—Bond yields and interest rates, 1929–68

[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	FHA new home mortgage yields ⁵
	3-month Treasury bills ¹	9-12 month issues ²	3-5 year issues ³	Taxable bonds ⁴	Aaa	Baa					
1929	(°)				4.73	5.90	4.27	(°)	5.85	5.16	
1930	(°)				4.55	5.90	4.07	(°)	3.59	3.04	
1931	1.402				4.58	7.62	4.01	(°)	2.64	2.11	
1932	.879				5.01	9.30	4.65	(°)	2.73	2.82	
1933	.515		2.66		4.49	7.76	4.71	(°)	1.73	2.56	
1934	.256		2.12		4.00	6.32	4.03	(°)	1.02	1.54	
1935	.137		1.29		3.60	5.75	3.41	(°)	.75	1.50	
1936	.143		1.11		3.24	4.77	3.07	(°)	.75	1.50	
1937	.447		1.40		3.26	5.03	3.10	(°)	.94	1.33	
1938	.053		.83		3.19	5.80	2.91	(°)	.81	1.00	
1939	.023		.59		3.01	4.96	2.76	2.1	.59	1.00	
1940	.014		.50		2.84	4.75	2.50	2.1	.56	1.00	
1941	.103		.73		2.77	4.33	2.10	2.0	.53	1.00	
1942	.326		1.46	2.46	2.83	4.28	2.36	2.2	.66	1.00	
1943	.373	0.75	1.34	2.47	2.73	3.91	2.06	2.6	.69	1.00	
1944	.375	.79	1.33	2.48	2.72	3.61	1.86	2.4	.73	1.00	
1945	.375	.81	1.18	2.37	2.62	3.29	1.67	2.2	.75	1.00	
1946	.375	.82	1.16	2.19	2.53	3.05	1.64	2.1	.81	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	2.68	1.49	1.50	4.34
1950	1.218	1.26	1.50	2.32	2.62	3.24	1.98	2.69	1.45	1.59	4.17
1951	1.552	1.73	1.93	2.57	2.86	3.41	2.00	3.11	2.16	1.75	4.21
1952	1.766	1.81	2.13	2.68	2.96	3.52	2.19	3.49	2.33	1.75	4.29
1953	1.931	2.07	2.56	2.94	3.20	3.74	2.72	3.69	2.52	1.99	4.61
1954	.953	.92	1.82	2.55	2.90	3.51	2.37	3.61	1.58	1.60	4.62
1955	1.753	1.89	2.50	2.84	3.06	3.53	2.53	3.70	2.18	1.89	4.64
1956	2.658	2.83	3.12	3.08	3.36	3.88	2.93	4.20	3.31	2.77	4.79
1957	3.267	3.53	3.62	3.47	3.89	4.71	3.60	4.62	3.81	3.12	5.42
1958	1.839	2.09	2.90	3.43	3.79	4.73	3.56	4.34	2.46	2.16	5.49
1959	3.405	4.11	4.33	4.08	4.38	5.05	3.95	5.00	3.97	3.36	5.71
1960	2.928	3.55	3.99	4.02	4.41	5.19	3.73	5.16	3.85	3.53	6.18
1961	2.378	2.91	3.60	3.90	4.35	5.08	3.46	4.97	2.97	3.00	5.80
1962	2.778	3.02	3.57	3.95	4.33	5.02	3.18	5.00	3.26	3.00	5.61
1963	3.157	3.28	3.72	4.00	4.26	4.86	3.23	5.01	3.55	3.23	5.47
1964	3.549	3.76	4.06	4.15	4.40	4.83	3.22	4.99	3.97	3.55	5.45
1965	3.954	4.09	4.22	4.21	4.49	4.87	3.27	5.06	4.38	4.04	5.46
1966	4.881	5.17	5.16	4.65	5.13	5.67	3.82	6.00	5.55	4.50	6.29
1967	4.321	4.84	5.07	4.85	5.51	6.23	3.96	6.00	5.10	4.19	6.55
1968	5.339	5.62	5.59	5.26	6.18	6.94	4.51	6.68	5.90	5.17	7.13
1966: Jan	4.596	4.83	4.89	4.43	4.74	5.06	3.52		4.82	4.50	5.62
Feb	4.670	4.92	5.02	4.61	4.78	5.12	3.63		4.88	4.50	5.70
Mar	4.626	4.96	4.94	4.63	4.92	5.32	3.72	5.55	5.21	4.50	
Apr	4.611	4.87	4.86	4.55	4.96	5.41	3.59		5.38	4.50	6.00
May	4.642	4.90	4.94	4.57	4.98	5.48	3.68		5.39	4.50	
June	4.539	4.94	5.01	4.63	5.07	5.58	3.77	5.82	5.51	4.50	6.32
July	4.855	5.17	5.22	4.75	5.16	5.68	3.94		5.63	4.50	6.45
Aug	4.932	5.52	5.58	4.80	5.31	5.83	4.17		5.85	4.50	6.51
Sept	5.356	5.80	5.62	4.79	5.49	6.09	4.11	6.30	5.89	4.50	6.58
Oct	5.387	5.57	5.38	4.70	5.41	6.10	3.97		6.00	4.50	6.63
Nov	5.344	5.45	5.43	4.74	5.35	6.13	3.93		6.00	4.50	
Dec	5.007	5.10	5.07	4.65	5.39	6.18	3.83	6.31	6.00	4.50	6.81

See footnotes at end of table.

TABLE B-54.—Bond yields and interest rates, 1929-68—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	FHA new home mortgage yields ⁵
	3-month Treasury bills ¹	9-12 month issues ²	3-5 year issues ³	Taxable bonds ⁴	Aaa	Baa					
1967: Jan.....	4.759	4.71	4.71	4.40	5.20	5.97	3.58	-----	5.73	4.50	6.77
Feb.....	4.554	4.64	4.73	4.47	5.03	5.82	3.56	¹⁰ 6.13	5.38	4.50	6.62
Mar.....	4.288	4.35	4.52	4.45	5.13	5.85	3.60	-----	5.24	4.50	6.46
Apr.....	3.852	4.03	4.46	4.51	5.11	5.83	3.66	-----	4.83	4.10	6.35
May.....	3.640	4.09	4.68	4.76	5.24	5.96	3.92	5.95	4.67	4.00	6.29
June.....	3.480	4.40	4.96	4.86	5.44	6.15	3.99	-----	4.65	4.00	6.44
July.....	4.308	4.98	5.17	4.86	5.58	6.26	4.05	-----	4.92	4.00	6.51
Aug.....	4.275	5.10	5.28	4.95	5.62	6.33	4.03	5.95	5.00	4.00	6.53
Sept.....	4.451	5.21	5.40	4.99	5.65	6.40	4.15	-----	5.00	4.00	6.60
Oct.....	4.588	5.32	5.52	5.19	5.82	6.52	4.31	-----	5.07	4.00	6.63
Nov.....	4.762	5.55	5.73	5.44	6.07	6.72	4.36	5.96	5.28	4.18	6.65
Dec.....	5.012	5.69	5.72	5.36	6.19	6.93	4.49	-----	5.56	4.50	6.77
1968: Jan.....	5.081	5.39	5.53	5.18	6.17	6.84	4.34	-----	5.60	4.50	6.81
Feb.....	4.969	5.37	5.59	5.16	6.10	6.80	4.39	6.36	5.50	4.50	6.81
Mar.....	5.144	5.55	5.77	5.39	6.11	6.85	4.56	-----	5.64	4.66	6.78
Apr.....	5.365	5.63	5.69	5.28	6.21	6.97	4.41	-----	5.81	5.20	6.83
May.....	5.621	6.06	5.95	5.40	6.27	7.03	4.56	6.84	6.18	5.50	6.94
June.....	5.544	6.01	5.71	5.23	6.28	7.07	4.56	-----	6.25	5.50	-----
July.....	5.382	5.68	5.44	5.09	6.24	6.98	4.36	-----	6.19	5.50	7.52
Aug.....	5.095	5.41	5.32	5.04	6.02	6.82	4.31	6.89	5.88	5.48	7.42
Sept.....	5.202	5.40	5.30	5.09	5.97	6.79	4.47	-----	5.82	5.25	7.35
Oct.....	5.334	5.44	5.42	5.24	6.09	6.84	4.56	-----	5.80	5.25	7.28
Nov.....	5.492	5.56	5.47	5.36	6.19	7.01	4.68	6.61	5.92	5.25	7.29
Dec.....	5.916	6.00	5.99	5.66	6.45	7.23	4.91	-----	6.17	5.36	7.36

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 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 Data for first of the month, based on the maximum permissible interest rate (6¾ percent beginning early May 1968) and, thru July 1961, 25-year mortgages paid in 12 years and, thereafter, 30-year mortgages paid in 15 years.

⁶ Treasury bills were first issued in December 1929 and were issued irregularly in 1930.

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 in 1 year or less.

⁹ Beginning 1959, series revised to exclude loans to nonbank financial institutions.

¹⁰ Beginning February 1967, series revised to incorporate changes in coverage, in the sample of reporting banks, and in the reporting period (shifted to the middle month of the quarter).

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, Standard & Poor's Corporation, and Federal Housing Administration.

TABLE B-55.—Short- and intermediate-term consumer credit outstanding, 1929-68

[Millions of dollars]

End of year or month	Total	Instalment credit					Noninstalment credit			Addendum: Policy loans by life insurance companies ³
		Total	Auto-mobile paper	Other consumer goods paper	Repair and modernization loans ¹	Personal loans	Total	Charge accounts	Other ²	
1929.....	7, 116	3, 524	1, 384	1, 544	27	569	3, 592	1, 996	1, 596	2, 379
1930.....	6, 351	3, 022	986	1, 432	25	579	3, 329	1, 833	1, 496	2, 807
1931.....	5, 315	2, 463	684	1, 214	22	543	2, 852	1, 635	1, 217	3, 369
1932.....	4, 026	1, 672	356	834	18	464	2, 354	1, 374	980	3, 806
1933.....	3, 885	1, 723	493	799	15	416	2, 162	1, 286	876	3, 769
1934.....	4, 218	1, 999	614	889	37	459	2, 219	1, 306	913	3, 658
1935.....	5, 190	2, 817	992	1, 000	253	572	2, 373	1, 354	1, 019	3, 540
1936.....	6, 375	3, 747	1, 372	1, 290	364	721	2, 628	1, 428	1, 200	3, 411
1937.....	6, 948	4, 118	1, 494	1, 505	219	900	2, 830	1, 504	1, 326	3, 399
1938.....	6, 370	3, 686	1, 099	1, 442	218	927	2, 684	1, 403	1, 281	3, 389
1939.....	7, 222	4, 503	1, 497	1, 620	298	1, 088	2, 719	1, 414	1, 305	3, 248
1940.....	8, 338	5, 514	2, 071	1, 827	371	1, 245	2, 824	1, 471	1, 353	3, 091
1941.....	9, 172	6, 085	2, 458	1, 929	376	1, 322	3, 087	1, 645	1, 442	2, 919
1942.....	5, 983	3, 166	742	1, 195	255	974	2, 817	1, 444	1, 373	2, 683
1943.....	4, 901	2, 136	355	819	130	832	2, 765	1, 440	1, 325	2, 373
1944.....	5, 111	2, 176	397	791	119	869	2, 935	1, 517	1, 418	2, 134
1945.....	5, 665	2, 462	455	816	182	1, 009	3, 203	1, 612	1, 591	1, 962
1946.....	8, 384	4, 172	981	1, 290	405	1, 496	4, 212	2, 076	2, 136	1, 894
1947.....	11, 598	6, 695	1, 924	2, 143	718	1, 910	4, 903	2, 381	2, 522	1, 937
1948.....	14, 467	8, 996	3, 018	2, 901	853	2, 224	5, 451	2, 722	2, 729	2, 057
1949.....	17, 344	11, 590	4, 555	3, 706	898	2, 431	5, 774	2, 854	2, 920	2, 240
1950.....	21, 471	14, 703	6, 074	4, 799	1, 016	2, 814	6, 768	3, 367	3, 401	2, 413
1951.....	22, 712	15, 294	5, 972	4, 880	1, 085	3, 357	7, 418	3, 700	3, 718	2, 590
1952.....	27, 520	19, 403	7, 733	6, 174	1, 385	4, 111	8, 117	4, 130	3, 987	2, 713
1953.....	31, 393	23, 005	9, 835	6, 779	1, 610	4, 781	8, 388	4, 274	4, 114	2, 914
1954.....	32, 464	23, 568	9, 809	6, 751	1, 616	5, 392	8, 896	4, 485	4, 411	3, 127
1955.....	38, 330	28, 906	13, 460	7, 641	1, 693	6, 112	9, 924	4, 795	5, 129	3, 290
1956.....	42, 334	31, 720	14, 420	8, 606	1, 905	6, 789	10, 614	4, 995	5, 619	3, 519
1957.....	44, 971	33, 868	15, 340	8, 844	2, 101	7, 582	11, 103	5, 146	5, 957	3, 869
1958.....	45, 129	33, 642	14, 152	9, 028	2, 346	8, 116	11, 487	5, 060	6, 427	4, 188
1959.....	51, 544	39, 247	16, 420	10, 631	2, 809	9, 386	12, 297	5, 104	7, 193	4, 618
1960.....	56, 141	42, 968	17, 658	11, 545	3, 148	10, 617	13, 173	5, 329	7, 844	5, 231
1961.....	57, 982	43, 891	17, 135	11, 862	3, 221	11, 673	14, 091	5, 324	8, 767	5, 733
1962.....	63, 821	48, 720	19, 381	12, 627	3, 298	13, 414	15, 101	5, 684	9, 417	6, 234
1963.....	71, 739	55, 486	22, 254	14, 177	3, 437	15, 618	16, 253	5, 903	10, 350	6, 655
1964.....	80, 268	62, 692	24, 934	16, 333	3, 577	17, 848	17, 576	6, 195	11, 381	7, 140
1965.....	90, 314	71, 324	28, 619	18, 565	3, 728	20, 412	18, 990	6, 430	12, 560	7, 678
1966.....	97, 543	77, 539	30, 556	20, 978	3, 818	22, 187	20, 004	6, 686	13, 318	9, 117
1967.....	102, 132	80, 926	30, 724	22, 395	3, 789	24, 018	21, 206	6, 968	14, 238	10, 059
1968 ⁴	112, 850	89, 750	34, 150	24, 750	3, 950	26, 900	23, 100	7, 800	15, 300	-----
1967: Jan.....	96, 407	76, 855	30, 304	20, 744	3, 772	22, 035	19, 552	6, 031	13, 521	9, 222
Feb.....	95, 271	76, 221	30, 062	20, 398	3, 737	22, 024	19, 050	5, 366	13, 684	9, 303
Mar.....	95, 231	76, 183	30, 056	20, 274	3, 722	22, 131	19, 048	5, 320	13, 728	9, 397
Apr.....	95, 725	76, 360	30, 138	20, 200	3, 713	22, 309	19, 365	5, 513	13, 852	9, 499
May.....	96, 427	76, 784	30, 321	20, 238	3, 752	22, 473	19, 643	5, 761	13, 882	9, 582
June.....	97, 341	77, 519	30, 626	20, 395	3, 780	22, 718	19, 822	5, 948	13, 874	9, 671
July.....	97, 632	77, 860	30, 792	20, 442	3, 789	22, 837	19, 772	5, 922	13, 850	9, 734
Aug.....	98, 324	78, 551	30, 932	20, 634	3, 817	23, 168	19, 773	5, 930	13, 843	9, 805
Sept.....	98, 625	78, 765	30, 741	20, 878	3, 814	23, 332	19, 860	5, 956	13, 904	9, 861
Oct.....	98, 870	79, 006	30, 711	21, 055	3, 810	23, 430	19, 864	5, 995	13, 869	9, 933
Nov.....	99, 648	79, 485	30, 718	21, 323	3, 810	23, 634	20, 163	6, 146	14, 017	9, 996
Dec.....	102, 132	80, 926	30, 724	22, 395	3, 789	24, 018	21, 206	6, 968	14, 238	10, 080
1968: Jan.....	101, 260	80, 379	30, 579	22, 117	3, 734	23, 949	20, 881	6, 424	14, 457	10, 167
Feb.....	100, 771	80, 233	30, 682	21, 767	3, 708	24, 076	20, 538	5, 859	14, 679	10, 258
Mar.....	100, 981	80, 474	30, 942	21, 644	3, 688	24, 200	20, 507	5, 710	14, 797	10, 362
Apr.....	102, 257	81, 328	31, 331	21, 841	3, 697	24, 459	20, 929	6, 026	14, 903	10, 474
May.....	103, 411	82, 312	31, 818	22, 011	3, 746	24, 737	21, 089	6, 276	14, 823	10, 599
June.....	104, 620	83, 433	32, 364	22, 248	3, 769	25, 052	21, 187	6, 368	14, 819	10, 729
July.....	105, 680	84, 448	32, 874	22, 452	3, 808	25, 314	21, 232	6, 457	14, 775	10, 813
Aug.....	107, 090	85, 684	33, 325	22, 777	3, 857	25, 725	21, 406	6, 574	14, 832	10, 925
Sept.....	107, 636	86, 184	33, 336	22, 988	3, 881	25, 979	21, 452	6, 550	14, 902	11, 026
Oct.....	108, 643	87, 058	33, 698	23, 248	3, 910	26, 202	21, 585	6, 692	14, 893	11, 117
Nov.....	110, 035	87, 953	33, 925	23, 668	3, 931	26, 429	22, 082	6, 964	15, 118	-----
Dec ⁴	112, 850	89, 750	34, 150	24, 750	3, 950	26, 900	23, 100	7, 800	15, 300	-----

¹ Holdings of financial institutions only; holdings of retail outlets are included in "other consumer goods paper."

² Single-payment loans and service credit.

³ Year-end figures are annual statement asset values; month-end figures are book value of ledger assets. These loans are not included in consumer credit series.

⁴ Preliminary; December by Council of Economic Advisers.

Sources: Board of Governors of the Federal Reserve System and Institute of Life Insurance (except as noted).

TABLE B-56.—*Instalment credit extended and repaid, 1946-68*

[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	8,866	8,255
1955	38,972	33,634	16,734	13,082	10,642	9,752	1,393	1,316	10,203	9,484
1956	39,866	37,056	15,515	14,555	11,721	10,758	1,582	1,370	11,051	10,373
1957	42,019	39,870	16,465	15,545	11,810	11,574	1,674	1,477	12,069	11,276
1958	40,110	40,339	14,226	15,415	11,738	11,557	1,871	1,626	12,275	11,741
1959	48,048	42,603	17,779	15,579	13,981	12,402	2,222	1,765	14,070	12,857
1960	49,793	46,073	17,657	16,419	14,525	13,613	2,215	1,876	15,396	14,165
1961	49,048	48,124	16,029	16,552	14,551	14,235	2,092	2,015	16,377	15,319
1962	56,191	51,360	19,694	17,447	15,701	14,935	2,084	2,010	18,710	16,969
1963	63,591	56,825	22,126	19,254	17,920	16,369	2,186	2,046	21,359	19,156
1964	70,670	63,470	24,046	21,369	20,821	18,666	2,225	2,086	23,578	21,349
1965	78,586	69,957	27,227	23,543	22,750	20,518	2,266	2,116	26,343	23,780
1966	82,335	76,120	27,341	25,404	25,591	23,178	2,200	2,110	27,203	25,428
1967	84,693	81,306	26,667	26,499	26,952	25,535	2,113	2,142	28,961	27,130
1968 ¹	96,450	87,650	31,300	27,950	30,400	28,000	2,300	2,150	32,450	29,550
Seasonally adjusted										
1967: Jan	6,792	6,590	2,162	2,158	2,196	2,069	168	173	2,266	2,190
Feb	6,735	6,617	2,146	2,219	2,144	2,034	179	181	2,266	2,183
Mar	6,803	6,566	2,170	2,156	2,134	2,053	180	176	2,319	2,181
Apr	6,856	6,766	2,184	2,248	2,176	2,123	179	185	2,317	2,210
May	6,744	6,554	2,173	2,168	2,113	2,055	188	180	2,270	2,151
June	7,114	6,794	2,277	2,235	2,213	2,097	193	185	2,431	2,277
July	7,059	6,802	2,228	2,196	2,248	2,145	169	179	2,414	2,282
Aug	7,272	6,874	2,259	2,215	2,320	2,172	172	176	2,521	2,311
Sept	7,278	6,965	2,297	2,280	2,339	2,188	169	180	2,473	2,317
Oct	7,250	6,934	2,253	2,244	2,307	2,193	169	176	2,521	2,321
Nov	7,304	6,913	2,262	2,190	2,303	2,193	174	178	2,565	2,352
Dec	7,360	7,001	2,233	2,205	2,383	2,255	170	171	2,574	2,370
1968: Jan	7,453	7,054	2,385	2,254	2,339	2,223	169	182	2,560	2,395
Feb	7,847	7,111	2,559	2,275	2,458	2,269	184	173	2,646	2,394
Mar	7,903	7,281	2,605	2,316	2,531	2,372	183	185	2,584	2,408
Apr	7,863	7,222	2,509	2,297	2,597	2,340	189	176	2,568	2,409
May	8,033	7,301	2,590	2,327	2,535	2,312	197	184	2,711	2,478
June	8,003	7,287	2,570	2,289	2,536	2,324	179	175	2,718	2,499
July	8,247	7,390	2,673	2,352	2,622	2,374	195	181	2,757	2,483
Aug	8,187	7,253	2,684	2,327	2,483	2,209	185	170	2,835	2,547
Sept	8,416	7,701	2,783	2,482	2,560	2,428	196	179	2,877	2,612
Oct	8,533	7,586	2,782	2,391	2,645	2,451	202	177	2,904	2,567
Nov	8,288	7,454	2,681	2,363	2,640	2,388	191	175	2,776	2,528
Dec ¹	8,200	7,400	2,600	2,300	2,600	2,400	200	200	2,800	2,500

¹ Preliminary; December by Council of Economic Advisers.

Source: Board of Governors of the Federal Reserve System (except as noted).

TABLE B-57.—Mortgage debt outstanding, by type of property and of financing, 1939-68

[Billions of dollars]

End of year or quarter	All properties	Farm properties	Nonfarm properties				Nonfarm properties by type of mortgage					
			Total	1- to 4-family houses	Multi-family	Commercial properties ¹	FHA-VA underwritten			Conventional ²		
							Total	1- to 4-family houses		Total	1- to 4-family houses	
								Total	FHA insured			VA guaranteed
1939	35.5	6.6	28.9	16.3	5.6	7.0	1.8	1.8	1.8	-----	27.1	14.5
1940	36.5	6.5	30.0	17.4	5.7	6.9	2.3	2.3	2.3	-----	27.7	15.1
1941	37.6	6.4	31.2	18.4	5.9	7.0	3.0	3.0	3.0	-----	28.2	15.4
1942	36.7	6.0	30.8	18.2	5.8	6.7	3.7	3.7	3.7	-----	27.0	14.5
1943	35.3	5.4	29.9	17.8	5.8	6.3	4.1	4.1	4.1	-----	25.8	13.7
1944	34.7	4.9	29.7	17.9	5.6	6.2	4.2	4.2	4.2	-----	25.5	13.7
1945	35.5	4.8	30.8	18.6	5.7	6.4	4.3	4.3	4.1	0.2	26.5	14.3
1946	41.8	4.9	36.9	23.0	6.1	7.7	6.3	6.1	3.7	2.4	30.5	16.9
1947	48.9	5.1	43.9	28.2	6.6	9.1	9.8	9.3	3.8	5.5	34.1	18.9
1948	56.2	5.3	50.9	33.3	7.5	10.2	13.6	12.5	5.3	7.2	37.3	20.8
1949	62.7	5.6	57.1	37.6	8.6	10.8	18.1	15.0	6.9	8.1	39.0	22.6
1950	72.8	6.1	66.7	45.2	10.1	11.5	22.1	18.9	8.6	10.3	44.6	26.3
1951	82.3	6.7	75.6	51.7	11.5	12.5	26.6	22.9	9.7	13.2	49.0	28.8
1952	91.4	7.2	84.2	58.5	12.3	13.4	29.3	25.4	10.8	14.6	54.9	33.1
1953	101.3	7.7	93.6	66.1	12.9	14.5	32.1	28.1	12.0	16.1	61.5	38.0
1954	113.7	8.2	105.4	75.7	13.5	16.3	36.2	32.1	12.8	19.3	69.2	43.6
1955	129.9	9.0	120.9	88.2	14.3	18.3	42.9	38.9	14.3	24.6	78.0	49.3
1956	144.5	9.8	134.6	99.0	14.9	20.7	47.8	43.9	15.5	28.4	86.8	55.1
1957	156.5	10.4	146.1	107.6	15.3	23.2	51.6	47.2	16.5	30.7	94.5	60.4
1958	171.8	11.1	160.7	117.7	16.8	26.1	55.2	50.1	19.7	30.4	105.5	67.6
1959	190.8	12.1	178.7	130.9	18.7	29.2	59.2	53.8	23.8	30.0	119.4	77.0
1960	206.8	12.8	194.0	141.3	20.3	32.4	62.3	56.4	26.7	29.7	131.7	84.8
1961	226.3	13.9	212.4	153.1	23.0	36.4	65.5	59.1	29.5	29.6	146.9	93.9
1962	248.3	15.2	233.4	166.5	25.8	41.1	69.4	62.2	32.3	29.9	164.1	104.3
1963	274.3	16.8	257.4	182.2	29.0	46.2	73.4	65.9	35.0	30.9	184.0	116.3
1964	300.1	18.9	281.2	197.6	33.6	50.0	77.2	69.2	38.3	30.9	204.0	128.3
1965	325.8	21.2	304.6	212.9	37.2	54.5	81.2	73.1	42.0	31.1	223.4	139.8
1966	347.0	23.3	323.6	223.6	40.1	59.9	84.1	76.1	44.8	31.3	239.5	147.5
1967	369.8	25.5	344.3	236.1	43.7	64.5	88.2	79.9	47.4	32.5	256.1	156.1
1968	396.6	27.8	368.8	251.3	47.2	70.3	-----	-----	-----	-----	-----	-----
1965: I	305.2	19.5	285.7	200.6	34.3	50.8	77.9	70.0	39.0	31.0	207.8	130.5
1965: II	312.3	20.2	292.1	204.8	35.2	52.0	78.7	70.7	39.7	31.0	213.4	134.1
1965: III	319.2	20.7	298.5	209.0	36.2	53.2	80.0	72.0	40.9	31.1	218.5	137.0
1965: IV	325.8	21.2	304.6	212.9	37.2	54.5	81.2	73.1	42.0	31.1	223.4	139.8
1966: I	331.9	21.8	310.2	216.2	38.2	55.8	82.1	74.1	43.0	31.1	228.1	142.1
1966: II	338.6	22.5	316.1	219.6	39.0	57.5	82.6	74.6	43.7	30.9	233.5	145.0
1966: III	343.3	23.0	320.3	221.9	39.6	58.9	83.4	75.4	44.4	31.0	236.9	146.5
1966: IV	347.0	23.3	323.6	223.6	40.1	59.9	84.1	76.1	44.8	31.3	239.5	147.5
1967: I	350.1	23.7	326.3	224.9	40.8	60.6	84.4	76.4	45.2	31.2	241.9	148.4
1967: II	355.8	24.3	331.4	227.8	41.7	61.9	85.3	77.3	45.7	31.5	246.1	150.6
1967: III	362.8	24.9	337.9	232.0	42.6	63.2	86.4	78.3	46.6	31.7	251.5	153.7
1967: IV	369.8	25.5	344.3	236.1	43.7	64.5	88.2	79.9	47.4	32.5	256.1	156.1
1968: I	375.3	26.0	349.3	239.3	44.2	65.8	89.4	81.0	48.1	32.9	259.9	158.3
1968: II	382.5	26.8	355.8	243.3	45.2	67.2	90.7	82.1	48.7	33.4	265.0	161.2
1968: III	389.4	27.3	362.1	247.3	46.1	68.8	92.0	83.2	49.6	33.6	270.1	164.1
1968: IV	396.6	27.8	368.8	251.3	47.2	70.3	-----	-----	-----	-----	-----	-----

¹ Includes negligible amount of farm loans held by savings and loan associations.

² Derived figures.

Source: Board of Governors of the Federal Reserve System, estimated and compiled from data supplied by various Government and private organizations.

TABLE B-58.—Mortgage debt outstanding, by lender, 1939-68

[Billions of dollars]

End of year or quarter	Total	Selected financial institutions					Other lenders	
		Total	Savings and loan associations	Mutual savings banks	Commercial banks ¹	Life insurance companies	U.S. agencies ²	Individuals and others
1939	35.5	18.6	3.8	4.8	4.3	5.7	5.0	11.9
1940	36.5	19.5	4.1	4.9	4.6	6.0	4.9	12.0
1941	37.6	20.7	4.6	4.8	4.7	6.4	4.7	12.2
1942	36.7	20.7	4.6	4.6	4.7	6.7	4.3	11.7
1943	35.3	20.2	4.6	4.4	4.5	6.7	3.6	11.5
1944	34.7	20.2	4.8	4.3	4.4	6.7	3.0	11.5
1945	35.5	21.0	5.4	4.2	4.8	6.6	2.4	12.1
1946	41.8	26.0	7.1	4.4	7.2	7.2	2.0	13.8
1947	48.9	31.8	8.9	4.9	9.4	8.7	1.8	15.3
1948	56.2	37.8	10.3	5.8	10.9	10.8	1.9	16.5
1949	62.7	42.9	11.6	6.7	11.6	12.9	2.4	17.4
1950	72.8	51.7	13.7	8.3	13.7	16.1	2.7	18.4
1951	82.3	59.5	15.6	9.9	14.7	19.3	3.4	19.4
1952	91.4	66.9	18.4	11.4	15.9	21.3	4.0	20.5
1953	101.3	75.1	22.0	12.9	16.9	23.3	4.4	21.8
1954	113.7	85.7	26.1	15.0	18.6	26.0	4.6	23.4
1955	129.9	99.3	31.4	17.5	21.0	29.4	5.2	25.4
1956	144.5	111.2	35.7	19.7	22.7	33.0	6.0	27.3
1957	156.5	119.7	40.0	21.2	23.3	35.2	7.4	29.3
1958	171.8	131.5	45.6	23.3	25.5	37.1	7.8	32.5
1959	190.8	145.5	53.1	25.0	28.1	39.2	10.0	35.4
1960	206.8	157.6	60.1	26.9	28.8	41.8	11.2	38.0
1961	226.3	172.6	68.8	29.1	30.4	44.2	11.8	41.9
1962	248.6	192.5	78.8	32.3	34.5	46.9	12.2	44.0
1963	274.3	217.1	90.9	36.2	39.4	50.5	11.2	45.9
1964	300.1	241.0	101.3	40.6	44.0	55.2	11.4	47.7
1965	325.8	264.6	110.3	44.6	49.7	60.0	12.4	48.7
1966 ^p	347.0	280.8	114.4	47.3	54.4	64.6	15.8	50.4
1967 ^p	369.8	298.9	121.9	50.5	59.0	67.5	18.4	52.4
1968 ^p	396.6	319.3	130.7	53.4	65.6	69.8	21.8	55.3
1965: I	305.2	245.8	103.2	41.5	44.8	56.3	11.6	47.8
II	312.3	252.3	105.9	42.5	46.5	57.3	11.7	48.2
III	319.2	258.7	108.4	43.5	48.4	58.4	11.9	48.6
IV	325.8	264.6	110.3	44.6	49.7	60.0	12.4	48.7
1966: I ^p	331.9	269.6	112.3	45.4	50.7	61.2	13.5	48.8
II ^p	338.6	274.7	114.0	45.9	52.3	62.5	14.4	49.4
III ^p	343.3	278.2	114.4	46.6	53.6	63.6	15.2	50.0
IV ^p	347.0	280.8	114.4	47.3	54.4	64.6	15.8	50.4
1967: I ^p	350.1	282.9	114.8	48.1	54.5	65.5	16.4	50.8
II ^p	355.8	287.7	116.9	48.9	55.7	66.1	16.7	51.4
III ^p	362.8	293.4	119.5	49.7	57.5	66.6	17.5	52.0
IV ^p	369.8	298.9	121.9	50.5	59.0	67.5	18.4	52.4
1968: I ^p	375.3	302.7	123.4	51.2	60.1	68.0	19.6	53.0
II ^p	382.5	308.2	126.0	51.8	62.0	68.4	20.6	53.8
III ^p	389.4	313.6	128.4	52.5	63.8	68.9	21.1	54.7
IV ^p	396.6	319.3	130.7	53.4	65.6	69.8	21.8	55.3

¹ Includes loans held by nondeposit trust companies, but not bank trust departments.² Includes former FNMA and new GNMA, as well as FHA, VA, PHA, Farmers' Home Administration and in earlier years RFC, HOLC and FFMCC. Also includes U.S.-sponsored agencies such as new FNMA and Federal land banks. Other U.S. agencies (amounts small or current separate data not readily available) included with "individuals and others."

Sources: Board of Governors of the Federal Reserve System, based on data from related Government and private organizations, including Federal Home Loan Bank Board, Federal Deposit Insurance Corporation, Institute of Life Insurance, Federal National Mortgage Association, Government National Mortgage Association, and Department of Commerce.

TABLE B-59.—*Net public and private debt, 1929-68*¹

[Billions of dollars]

End of year	Total	Public			Private							
		Federal Government and agency ²	Federal financial agency ³	State and local government	Total	Corporate	Individual and noncorporate					
							Total	Farm ⁴	Nonfarm			
									Total	Mortgage	Commercial and financial ⁵	Consumer
1929	191.9	16.5		13.6	161.8	88.9	72.9	12.2	60.7	31.2	22.4	7.1
1930	192.3	16.5		14.7	161.1	89.3	71.8	11.8	60.0	32.0	21.6	6.4
1931	182.9	18.5		16.0	148.4	83.5	64.9	11.1	53.8	30.9	17.6	5.3
1932	175.0	21.3		16.6	137.1	80.0	57.1	10.1	47.0	29.0	14.0	4.0
1933	168.5	24.3		16.3	127.9	76.9	51.0	9.1	41.9	26.3	11.7	3.9
1934	171.6	30.4		15.9	125.3	75.5	49.8	8.9	40.9	25.5	11.2	4.2
1935	175.0	34.4		16.1	124.5	74.8	49.7	8.9	40.8	24.8	10.8	5.2
1936	180.6	37.7		16.2	126.7	76.1	50.6	8.6	42.0	24.4	11.2	6.4
1937	182.2	39.2		16.1	126.9	75.8	51.1	8.6	42.5	24.3	11.3	6.9
1938	179.9	40.5		16.1	123.3	73.3	50.0	9.0	41.0	24.5	10.1	6.4
1939	183.3	42.6		16.4	124.3	73.5	50.8	8.8	42.0	25.0	9.8	7.2
1940	189.8	44.8		16.4	128.6	75.6	53.0	9.1	43.9	26.1	9.5	8.3
1941	211.4	56.3		16.1	139.0	83.4	55.6	9.3	46.3	27.1	10.0	9.2
1942	258.6	101.7		15.4	141.5	91.6	49.9	9.0	40.9	26.8	8.1	6.0
1943	313.2	154.4		14.5	144.3	95.5	48.8	8.2	40.5	26.1	9.5	4.9
1944	370.6	211.9		13.9	144.8	94.1	50.7	7.7	42.9	26.0	11.8	5.1
1945	405.9	252.5		13.4	140.0	85.3	54.7	7.3	47.4	27.0	14.7	5.7
1946	396.6	229.5		13.7	153.4	93.5	59.9	7.6	52.3	31.8	12.1	8.4
1947	415.7	221.7	0.7	15.0	178.3	108.9	69.4	8.6	60.7	37.2	11.9	11.6
1948	431.3	215.3	.6	17.0	198.4	117.8	80.6	10.8	69.7	42.4	12.9	14.4
1949	445.8	217.6	.7	19.1	208.4	118.0	90.4	12.0	78.4	47.1	13.9	17.4
1950	486.1	217.4	.7	21.7	246.3	142.1	104.2	12.3	92.0	54.7	15.8	21.5
1951	518.9	216.9	1.3	24.2	276.5	162.5	114.0	13.7	100.3	61.4	16.2	22.7
1952	549.7	221.5	1.3	27.0	299.9	171.0	128.9	15.2	113.7	68.4	17.8	27.5
1953	581.1	226.8	1.4	30.7	322.2	179.5	142.7	16.8	126.0	76.2	18.4	31.4
1954	605.2	229.1	1.3	35.5	339.3	182.8	156.5	17.5	139.0	85.7	20.8	32.5
1955	664.3	229.6	2.9	40.2	391.6	212.1	179.5	18.7	160.9	98.1	24.0	38.8
1956	697.6	224.3	2.4	44.4	426.5	231.7	194.8	19.4	175.4	108.7	24.4	42.0
1957	727.4	223.0	2.4	48.6	453.4	246.7	206.7	20.2	186.5	117.2	24.3	45.3
1958	768.2	231.0	2.5	53.2	481.5	259.5	222.0	23.2	198.8	127.2	26.5	45.1
1959	830.7	241.4	3.7	58.0	527.6	283.3	244.3	23.8	220.5	140.3	28.7	51.5
1960	872.0	239.8	3.5	63.0	565.7	302.8	262.9	25.1	237.8	150.9	30.8	56.1
1961	929.4	246.7	4.0	70.0	608.7	324.3	284.4	27.5	256.9	164.1	34.8	58.0
1962	997.0	253.6	5.3	78.1	660.0	348.2	311.8	30.2	281.6	180.2	37.6	63.8
1963	1,071.2	257.5	7.2	84.7	721.8	376.1	345.7	33.2	312.5	198.5	42.3	71.7
1964	1,154.0	264.0	7.5	92.4	790.1	409.9	380.2	36.0	344.2	218.5	45.4	80.3
1965	1,243.8	266.4	8.9	99.9	868.6	452.3	416.3	39.3	377.0	236.4	50.3	90.3
1966	1,335.7	271.8	11.2	107.1	945.6	498.3	447.3	42.0	405.3	251.6	56.2	97.5
1967	1,424.8	286.5	9.0	117.9	1,011.4	534.4	477.0	46.0	431.0	265.5	63.4	102.1
1968*	1,547.4	292.5	21.6	129.5	1,103.8	586.0	517.8	50.0	467.8	283.5	71.5	112.8

¹ Net public and private debt is a comprehensive aggregate of the indebtedness of borrowers after eliminating certain types of duplicating governmental and corporate debt. For a further explanation of the concept, see "Survey of Current Business," October 1950.

² Net Federal Government and agency debt is the outstanding debt held by the public, as defined in the "Budget of the United States Government, for the Fiscal Year ending June 30, 1970." Figures shown here are subject to revision.

³ This comprises the debt of Federally-sponsored agencies, in which there is no longer any Federal proprietary interest. The obligations of the Federal Land Banks are included here beginning in 1947; the debt of the Federal Home Loan Banks is included beginning in 1951; and the debt of the Federal National Mortgage Association—Secondary Market Operations is included beginning with 1968.

⁴ Farm mortgages and farm production loans. Farmers' financial and consumer debt is included in the nonfarm categories.

⁵ 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.

* Estimates.

Sources: Department of Commerce (Office of Business Economics), Treasury Department, Department of Agriculture, Board of Governors of the Federal Reserve System, Federal Home Loan Bank Board, Federal Land Banks, and Federal National Mortgage Association.

GOVERNMENT FINANCE

TABLE B-60.—Federal budget receipts and outlays, 1929-70

[Millions of dollars]

Fiscal year	Receipts	Outlays	Surplus or deficit (-)
Administrative budget:			
1929.....	3,861	3,127	734
1930.....	4,058	3,320	738
1931.....	3,116	3,577	-462
1932.....	1,924	4,659	-2,735
1933.....	1,997	4,598	-2,602
1934.....	3,015	6,645	-3,630
1935.....	3,706	6,497	-2,791
1936.....	3,997	8,422	-4,425
1937.....	4,956	7,733	-2,777
1938.....	5,588	6,765	-1,177
1939.....	4,979	8,841	-3,862
Consolidated cash statement:			
1940.....	6,879	9,589	-2,710
1941.....	9,202	13,980	-4,778
1942.....	15,104	34,500	-19,396
1943.....	25,097	78,909	-53,812
1944.....	47,818	93,956	-46,138
1945.....	50,162	95,184	-45,022
1946.....	43,537	61,738	-18,201
1947.....	43,531	36,931	6,600
1948.....	45,357	36,493	8,864
1949.....	41,576	40,570	1,006
1950.....	40,940	43,147	-2,207
1951.....	53,390	45,797	7,593
1952.....	68,011	67,962	49
1953.....	71,495	76,769	-5,274
Unified budget:			
1954.....	69,920	71,138	-1,218
1955.....	65,462	68,503	-3,041
1956.....	74,581	70,461	4,121
1957.....	79,958	76,748	3,210
1958.....	79,621	82,575	-2,954
1959.....	79,179	92,111	-12,932
1960.....	92,470	92,230	240
1961.....	94,378	97,802	-3,424
1962.....	99,657	106,830	-7,174
1963.....	106,572	111,314	-4,742
1964.....	112,669	118,585	-5,916
1965.....	116,813	118,431	-1,618
1966.....	130,864	134,654	-3,790
1967.....	149,562	158,352	-8,790
1968.....	153,676	178,862	-25,187
1969 ¹	186,092	183,701	2,391
1970 ¹	198,686	195,272	3,414

¹ Estimate.

Note.—Certain interfund transactions are excluded from receipts and outlays starting in 1932. For years prior to 1932 the amounts of such transactions are not significant. Refunds of receipts are excluded from receipts and outlays starting in 1913; comparable data are not available for prior years.

Source: Bureau of the Budget.

TABLE B-61.—Federal budget receipts, outlays, financing, and debt, 1959–70

[Millions of dollars; fiscal years]

Description	Actual					
	1959	1960	1961	1962	1963	1964
RECEIPTS, EXPENDITURES, AND NET LENDING:						
Expenditure account:						
Receipts.....	79,179	92,470	94,378	99,657	106,572	112,669
Expenditures (excludes net lending)....	89,453	90,348	96,604	104,480	111,459	118,041
Expenditure account surplus or deficit (-).....	-10,274	2,122	-2,226	-4,823	-4,887	-5,372
Loan account:						
Loan disbursements.....	7,859	8,310	7,869	9,621	9,646	10,237
Loan repayments.....	5,201	6,427	6,671	7,271	9,791	9,693
Net lending.....	2,659	1,882	1,198	2,351	-145	545
Total budget:						
Receipts.....	79,179	92,470	94,378	99,657	106,572	112,669
Outlays (expenditures and net lending)....	92,111	92,230	97,802	106,830	111,314	118,585
Budget surplus or deficit (-).....	-12,932	240	-3,424	-7,174	-4,742	-5,916
BUDGET FINANCING:						
Borrowing from the public.....	8,665	2,142	1,465	9,734	6,120	3,089
Other means of financing.....	4,267	-2,382	1,959	-2,560	-1,378	2,827
Total budget financing.....	12,932	-240	3,424	7,174	4,742	5,916
OUTSTANDING DEBT, END OF YEAR:						
Gross Federal debt.....	287,739	290,799	292,869	303,227	310,775	316,728
Held by the public.....	234,970	237,112	238,577	248,311	254,431	257,520
BUDGET RECEIPTS.....	79,179	92,470	94,378	99,657	106,572	112,669
Individual income taxes.....	36,719	40,715	41,338	45,571	47,588	48,697
Corporation income taxes.....	17,309	21,494	20,954	20,523	21,579	23,493
Employment taxes and contributions.....	8,821	11,248	12,680	12,835	14,747	16,959
Unemployment insurance ¹	2,131	2,667	2,902	3,337	4,112	4,045
Contributions for other insurance and retirement.....	769	766	855	873	944	1,006
Excise taxes.....	10,578	11,676	11,860	12,534	13,194	13,731
Estate and gift taxes.....	1,333	1,606	1,896	2,016	2,167	2,394
Customs duties.....	925	1,105	982	1,142	1,205	1,252
Miscellaneous receipts ²	594	1,193	910	826	1,036	1,093
MEMORANDUM:						
Federal funds.....	65,679	75,563	75,118	79,635	83,463	87,111
Trust funds.....	13,500	16,907	19,260	20,022	23,109	25,558
BUDGET OUTLAYS (EXPENDITURES AND NET LENDING).....	92,111	92,230	97,802	106,830	111,314	118,585
National defense.....	46,617	45,908	47,383	51,097	52,257	53,591
International affairs and finance.....	3,267	3,054	3,357	4,492	4,115	4,117
Space research and technology.....	145	401	744	1,257	2,552	4,170
Agriculture and agricultural resources.....	5,365	3,322	3,340	4,131	5,139	5,186
Natural resources.....	1,209	1,019	1,568	1,686	1,505	1,972
Commerce and transportation.....	4,451	4,774	5,048	5,410	5,745	6,482
Community development and housing.....	851	971	1,191	589	-880	-185
Education and manpower.....	1,081	1,282	1,480	1,703	1,706	1,998
Health and welfare.....	17,690	18,734	21,847	23,374	25,274	26,598
Veterans benefits and services.....	5,428	5,426	5,688	5,625	5,520	5,681
Interest.....	7,070	8,299	8,108	8,321	9,215	9,810
General government.....	1,173	1,334	1,543	1,703	1,841	2,103
Allowances.....						
Undistributed intragovernmental transactions.....	-2,238	-2,296	-2,495	-2,558	-2,674	-2,939
MEMORANDUM:						
Federal funds.....	77,111	74,869	79,339	86,599	90,135	95,761
Trust funds.....	17,323	19,986	21,774	23,394	23,898	25,941
Intragovernmental transactions.....	-2,322	-2,626	-3,311	-3,163	-2,719	-3,118

See footnotes at end of table.

TABLE B-61.—Federal budget receipts, outlays, financing, and debt, 1959-70—Continued

(Millions of dollars; fiscal years)

Description	Actual				Estimate	
	1965	1966	1967	1968	1969	1970
RECEIPTS, EXPENDITURES, AND NET LENDING:						
Expenditure account:						
Receipts.....	116,813	130,864	149,562	153,676	186,092	198,686
Expenditures (excludes net lending).....	117,182	130,822	153,299	172,830	182,315	194,356
Expenditure account surplus or deficit (-).....	-369	42	-3,736	-19,153	3,777	4,330
Loan account:						
Loan disbursements.....	10,911	14,628	17,676	20,422	12,478	8,113
Loan repayments.....	9,662	10,796	12,623	14,389	11,092	7,197
Net lending.....	1,249	3,832	5,053	6,032	1,386	916
Total budget:						
Receipts.....	116,813	130,864	149,562	153,676	186,092	198,686
Outlays (expenditures and net lending).....	118,431	134,654	158,352	178,862	183,701	195,272
Budget surplus or deficit (-).....	-1,618	-3,790	-8,790	-25,187	2,391	3,414
BUDGET FINANCING:						
Borrowing from the public.....	4,037	3,080	2,854	23,095	-3,091	-4,000
Other means of financing.....	-2,419	710	5,936	2,092	700	586
Total budget financing.....	1,618	3,790	8,790	25,187	-2,391	-3,414
OUTSTANDING DEBT, END OF YEAR:						
Gross Federal debt.....	323,096	329,419	341,309	369,724	365,159	371,482
Held by the public.....	261,557	264,637	267,491	290,586	276,586	272,586
BUDGET RECEIPTS.....	116,813	130,864	149,562	153,676	186,092	198,686
Individual income taxes.....	48,792	55,446	61,526	68,726	84,400	90,400
Corporation income taxes.....	25,461	30,073	33,971	28,665	38,100	37,900
Employment taxes and contributions.....	17,359	20,662	27,822	29,223	34,842	39,863
Unemployment insurance ²	3,819	3,777	3,659	3,346	3,300	3,575
Contributions for other insurance and retirement.....	1,079	1,127	1,866	2,050	2,366	2,431
Excise taxes.....	14,570	13,062	13,719	14,079	14,800	15,700
Estate and gift taxes.....	2,716	3,066	2,978	3,051	3,200	3,400
Customs duties.....	1,442	1,767	1,901	2,038	2,300	2,300
Miscellaneous receipts ³	1,576	1,885	2,120	2,498	2,784	3,117
MEMORANDUM:						
Federal funds.....	90,863	101,344	111,732	114,627	141,050	147,795
Trust funds.....	25,950	29,520	37,829	39,049	45,042	50,891
BUDGET OUTLAYS (EXPENDITURES AND NET LENDING).....	118,431	134,654	158,352	178,862	183,701	195,272
National defense.....	49,578	56,785	70,081	80,516	80,999	81,542
International affairs and finance.....	4,340	4,490	4,547	4,619	3,938	3,755
Space research and technology.....	5,091	5,933	5,423	4,721	4,247	3,947
Agriculture and agricultural resources.....	4,807	3,679	4,376	5,944	5,448	5,181
Natural resources.....	2,063	2,035	1,860	1,702	1,898	1,891
Commerce and transportation.....	7,364	7,135	7,652	8,076	8,048	8,969
Community development and housing.....	7,288	2,644	2,616	4,076	2,313	2,772
Education and manpower.....	2,509	4,496	6,135	7,012	7,165	7,887
Health and welfare.....	27,209	31,320	37,605	43,508	48,839	54,966
Veterans benefits and services.....	5,722	5,920	6,897	6,882	7,692	7,724
Interest.....	10,357	11,285	12,588	13,744	15,171	15,958
General government.....	2,276	2,360	2,584	2,632	2,948	3,275
Allowances.....					100	3,150
Undistributed intragovernmental transactions.....	-3,174	-3,431	-4,009	-4,570	-5,105	-5,745
MEMORANDUM:						
Federal funds.....	94,807	106,513	126,780	143,105	148,160	154,722
Trust funds.....	27,081	31,809	36,932	41,529	43,037	48,431
Intragovernmental transactions.....	-3,457	-3,668	-5,360	-5,771	-7,496	-7,881

¹ Excludes \$10,803 million of net credits for conversion of mixed-ownership enterprises to private ownership.

² Includes Federal funds of \$321 million in 1959 and \$339 million in 1960.

³ Includes both Federal funds and trust funds.

Source: Bureau of the Budget.

TABLE B-62.—*Relation of the Federal Budget to the Federal sector of the national income and product accounts, 1967-70*

[Billions of dollars; fiscal years]

Receipts and Expenditures	Actual		Estimate	
	1967	1968	1969	1970 ¹
RECEIPTS				
Total receipts, budget.....	149.6	153.7	186.1	198.7
Employer share, employee retirement.....	1.7	1.9	2.1	2.2
Other netting and grossing.....	1.2	1.1	1.4	1.3
Adjustment to accruals.....	-4.7	4.6	.5	.2
Other.....	-.2	-.2	-.1	-.1
Federal sector, national income and product accounts, receipts.....	147.7	161.1	190.0	202.3
EXPENDITURES				
Total outlays, budget.....	158.4	178.9	183.7	195.3
Loan account.....	-5.1	-6.0	-1.4	-.9
Employer share, employee retirement.....	1.7	1.9	2.1	2.2
Other netting and grossing.....	1.2	1.1	1.4	1.3
Defense timing adjustment.....	-.4	-2.1	1.8	1.8
Lending in the expenditure account.....	-1.6	-1.6	-1.1	-1.0
Dollar expenditures to finance agricultural exports.....	-.8	-.7	-.4	-.3
Other.....	1.1	.9	1.1	1.2
Federal sector, national income and product accounts, expenditures.....	154.4	172.4	187.3	199.6

Note.—See Special Analysis A, "Budget of the United States Government for the Fiscal Year Ending June 30, 1970," for description of these categories.

Sources: Bureau of the Budget and Department of Commerce (Office of Business Economics).

TABLE B-63.—Receipts and expenditures of the Federal Government sector of the national income and product accounts, 1946-70

(Billions of dollars)

Year or quarter	Receipts					Expenditures						Surplus or deficit (-), national income and product accounts	
	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		Subsidies less 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			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
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	23.5	15.0	22.1	111.4	63.4	26.4	2.1	8.4	7.5	3.6	-1.2
1964	115.5	50.7	25.7	15.6	23.5	116.9	65.7	27.3	2.2	9.8	8.1	3.8	-1.4
1965	120.5	51.3	27.7	16.9	24.6	118.5	64.4	28.3	2.2	10.9	8.5	4.1	2.0
1966	133.0	57.6	31.2	15.7	28.5	131.9	71.7	31.8	2.3	12.7	9.0	4.5	1.0
1967	147.7	64.5	34.4	16.0	35.8	154.4	84.9	37.3	2.2	14.8	9.9	5.3	-6.7
1968	161.1	71.6	31.5	17.1	37.9	172.4	95.6	42.4	2.1	17.4	10.8	4.1	-11.3
1969	190.0	88.6	39.3	18.1	44.0	187.3	101.5	48.0	2.1	19.6	12.0	4.1	2.7
1970	202.3	94.0	40.2	19.2	48.9	199.6	105.6	52.8	2.1	23.0	12.2	3.9	2.7
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	13.7	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	114.5	51.5	24.6	15.3	23.1	113.9	64.2	27.0	2.2	9.1	7.7	3.6	.7
1964	115.0	48.6	26.4	16.1	23.8	118.1	65.2	27.8	2.2	10.4	8.3	4.2	-3.0
1965	124.7	53.8	29.3	16.5	25.1	123.5	66.9	30.3	2.2	11.1	8.7	4.3	1.2
1966	143.0	61.7	32.4	15.8	33.1	142.4	77.4	33.4	2.3	14.4	9.5	5.4	.7
1967	151.2	67.3	30.9	16.2	36.8	163.6	90.6	40.1	2.2	15.7	10.3	4.8	-12.4
1968 ^p	176.9	79.4	38.4	17.6	41.5	182.2	100.0	45.7	2.1	18.4	11.9	4.2	-5.3
Seasonally adjusted annual rates													
1966: I	136.8	57.6	32.2	15.2	31.8	134.8	72.5	32.2	2.7	13.3	9.1	5.0	2.0
II	142.1	61.3	32.4	15.9	32.5	138.4	75.6	31.6	2.3	14.2	9.3	5.3	3.7
III	145.5	62.9	32.8	16.0	33.8	145.8	79.9	33.4	2.2	14.9	9.5	5.9	-.3
IV	147.7	64.9	32.2	16.1	34.5	150.5	81.5	36.4	1.9	15.1	10.0	5.5	-2.8
1967: I	148.1	66.0	30.3	15.9	35.9	159.3	87.4	39.3	2.2	15.1	10.2	5.1	-11.2
II	148.2	65.1	30.5	16.1	36.5	161.5	90.0	39.9	2.3	14.6	9.9	4.8	-13.3
III	152.2	68.2	30.6	16.3	37.0	165.1	91.3	40.3	2.6	15.9	10.2	4.8	-12.9
IV	156.4	69.7	32.4	16.4	37.9	168.6	93.5	40.8	1.9	17.0	10.7	4.6	-12.2
1968: I	166.6	72.0	37.0	17.0	40.5	175.1	97.1	43.2	1.9	17.7	11.3	3.9	-8.6
II	171.8	74.9	38.2	17.5	41.2	181.9	100.0	45.6	2.1	18.3	11.8	4.1	-10.2
III	182.1	83.7	38.6	17.8	42.0	184.9	101.2	46.6	2.1	18.5	12.1	4.4	-2.8
IV ^p		86.8		18.1	42.4	186.8	101.6	47.4	2.1	19.2	12.2	4.2	-----

¹ Estimates.

Note.—Includes the transactions of the trust accounts and excludes certain financial transactions. Corporate profits taxes are included in receipts on an accrual basis; expenditures are timed with the delivery; and CCC guaranteed price-support crop loans are counted as expenditures when the loans are made, not when CCC redeems them.

Sources: Department of Commerce (Office of Business Economics) and Bureau of the Budget.

TABLE B-64.—Public debt securities by kind of obligation, 1929-68
(Billions of dollars)

End of year or month	Total public debt securities ¹	Interest-bearing public debt				Special issues ³
		Marketable public issues		Nonmarketable public issues		
		Short-term issues ²	Treasury bonds	United States savings bonds ³	Investment bonds ⁴	
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	23.6	7.5	14.7			.4
1934	28.5	11.1	15.4			.6
1935	30.6	14.2	14.3	0.2		.7
1936	34.4	12.5	19.5	.5		.6
1937	37.3	12.5	20.5	1.0		2.2
1938	39.4	9.8	24.0	1.4		3.2
1939	41.9	7.7	26.9	2.2		4.2
1940	45.0	7.5	28.0	3.2		5.4
1941	57.9	8.0	33.4	6.1		7.0
1942	108.2	27.0	49.3	15.0		9.0
1943	165.9	47.1	67.9	27.4		12.7
1944	230.6	69.9	91.6	40.4		16.3
1945	278.1	78.2	120.4	48.2		20.0
1946	259.1	57.1	119.3	49.8		24.6
1947	256.9	47.7	117.9	52.1	1.0	29.0
1948	252.8	45.9	111.4	55.1	1.0	31.7
1949	257.1	50.2	104.8	56.7	1.0	33.9
1950	256.7	58.3	94.0	58.0	1.0	33.7
1951	259.4	65.6	76.9	57.6	13.0	35.9
1952	267.4	68.7	79.8	57.9	13.4	39.1
1953	275.2	77.3	77.2	57.7	12.9	41.2
1954	278.7	76.0	81.8	57.7	12.7	42.6
1955	280.8	81.3	81.9	57.9	12.3	43.9
1956	276.6	79.5	80.8	56.3	11.6	45.6
1957	274.9	82.1	82.1	52.5	10.3	45.8
1958	282.9	92.2	83.4	51.2	9.0	44.8
1959	290.8	103.5	84.8	48.2	7.6	43.5
1960	290.2	109.2	79.8	47.2	6.2	44.3
1961	296.2	120.5	75.5	47.5	5.1	43.5
1962	303.5	124.6	78.4	47.5	4.4	43.4
1963	309.3	121.2	86.4	48.8	3.7	43.7
1964	317.9	115.5	97.0	49.7	3.4	46.1
1965	320.9	110.4	104.2	50.3	2.8	46.3
1966	329.3	118.9	99.2	50.8	2.7	52.0
1967	344.7	131.2	95.2	51.7	2.6	57.2
1968	358.0	151.5	85.3	52.3	2.5	59.1
1967: Jan.	328.9	119.7	99.1	50.8	2.7	51.3
Feb.	329.6	120.2	99.1	50.9	2.6	51.5
Mar.	330.9	120.9	99.0	51.0	2.6	52.1
Apr.	327.8	118.1	99.0	51.1	2.6	51.6
May	330.9	118.8	97.9	51.1	2.6	55.2
June	326.2	113.3	97.4	51.2	2.6	56.2
July	330.6	117.6	97.4	51.3	2.6	56.2
Aug.	335.8	120.9	97.4	51.4	2.6	58.3
Sept.	335.9	121.3	97.3	51.4	2.6	57.7
Oct.	340.5	126.0	97.3	51.6	2.6	57.2
Nov.	345.1	130.8	95.3	51.7	2.6	57.4
Dec.	344.7	131.2	95.2	51.7	2.6	57.2
1968: Jan.	346.3	134.1	95.2	51.7	2.6	55.9
Feb.	351.6	139.6	93.6	51.7	2.6	57.2
Mar.	349.5	138.0	93.6	51.8	2.5	56.7
Apr.	347.0	135.1	93.6	51.8	2.5	57.0
May	352.3	140.7	91.1	51.9	2.5	59.2
June	347.6	135.5	91.1	51.9	2.5	59.5
July	351.1	139.9	91.0	52.0	2.5	58.9
Aug.	354.4	144.8	88.4	52.0	2.5	60.1
Sept.	354.7	145.2	88.3	52.1	2.5	59.7
Oct.	357.2	148.3	88.3	52.2	2.5	58.8
Nov.	356.9	149.5	86.2	52.3	2.5	59.0
Dec.	358.0	151.5	85.3	52.3	2.5	59.1

¹ Total includes non-interest-bearing debt, Postal Savings bonds, prewar bonds, adjusted service bonds, depository bonds, Armed Forces leave bonds, Rural Electrification Administration series bonds, foreign series certificates and notes, foreign currency certificates, notes and bonds, Treasury certificates, U.S. retirement plan bonds and U.S. savings notes not shown separately. Not all of total shown is subject to statutory debt limitation.

² Bills, certificates of indebtedness, and notes.

³ Includes sales of U.S. savings notes beginning May 1967.

⁴ Series A bonds through September 1965 and, beginning April 1951, series B convertible bonds.

⁵ Issued to U.S. Government accounts. These accounts also held \$17.3 billion of public marketable and nonmarketable issues on December 31, 1968.

Source: Treasury Department.

TABLE B-65.—Estimated ownership of public debt securities, 1939-68
(Par values,¹ billions of dollars)

End of year or month	Total public debt securities ²									
	Total	Held by Government accounts	Held by Federal Reserve banks	Held by private investors						
				Total	Commercial banks ³	Mutual savings banks and insurance companies	Other corporations ⁴	State and local governments ⁵	Individuals ⁶	Miscellaneous investors ⁷
1939.....	41.9	5.6	2.5	33.8	12.7	8.4	2.0	0.4	9.4	0.9
1940.....	45.0	6.7	2.2	36.2	13.7	9.2	2.0	.5	10.0	.8
1941.....	57.9	8.5	2.3	47.1	17.1	11.0	4.0	.7	13.0	1.3
1942.....	108.2	10.5	6.2	91.5	38.2	15.4	10.1	1.0	23.3	3.5
1943.....	165.9	14.5	11.5	139.8	57.3	20.8	16.4	2.1	37.2	6.0
1944.....	230.6	19.0	18.8	192.8	76.7	28.0	21.4	4.3	53.1	9.3
1945.....	278.1	23.9	24.3	230.0	90.8	34.7	22.2	6.5	64.0	11.8
1946.....	259.1	27.4	23.3	208.4	74.5	36.7	15.3	6.3	64.1	11.5
1947.....	256.9	30.8	22.6	203.6	68.7	35.9	14.1	7.3	65.7	11.9
1948.....	252.8	33.7	23.3	195.8	62.4	32.7	14.8	7.9	65.5	12.5
1949.....	257.1	35.9	18.9	202.4	66.8	31.5	16.8	8.1	66.3	12.9
1950.....	256.7	36.0	20.8	199.9	61.8	29.6	19.7	8.8	66.3	13.7
1951.....	259.4	39.3	23.8	196.3	61.5	26.3	20.7	9.6	64.6	13.6
1952.....	267.4	42.9	24.7	199.8	63.4	25.5	19.9	11.1	65.2	14.7
1953.....	275.2	45.4	25.9	203.8	63.7	25.1	21.5	12.7	64.8	16.0
1954.....	278.7	46.7	24.9	207.1	69.2	24.0	19.1	14.4	63.5	16.9
1955.....	280.8	49.0	24.8	207.0	62.0	23.1	23.2	15.4	65.0	18.3
1956.....	276.6	51.2	24.9	200.5	59.5	21.2	18.7	16.3	65.9	18.9
1957.....	274.9	52.8	24.2	197.8	59.5	20.1	17.7	16.6	64.9	19.0
1958.....	282.9	52.1	26.3	204.5	67.5	19.8	18.1	16.5	63.7	18.9
1959.....	290.8	51.4	26.6	212.7	60.3	19.4	21.4	18.0	69.4	24.2
1960.....	290.2	52.8	27.4	210.0	62.1	18.1	18.7	18.7	66.1	26.3
1961.....	296.2	52.5	28.9	214.8	67.2	17.4	18.5	19.0	65.9	26.8
1962.....	303.5	53.2	30.8	219.4	67.1	17.4	18.6	20.1	66.0	30.2
1963.....	309.3	55.3	33.6	220.5	64.2	16.8	18.7	21.1	68.2	31.5
1964.....	317.9	58.4	37.0	222.5	63.9	16.5	18.2	21.1	69.8	33.0
1965.....	320.9	59.7	40.8	220.4	60.7	15.7	15.8	22.9	72.1	33.2
1966.....	329.3	65.9	44.3	219.1	57.4	14.1	14.9	24.9	74.6	33.2
1967.....	344.7	73.1	49.1	222.4	63.8	12.6	12.2	25.1	74.0	34.7
1968.....	358.0	76.5	52.9	228.6	65.4	11.5	14.6	26.9	75.1	35.1
1967: Jan.....	328.9	64.8	43.5	220.6	57.7	13.9	14.7	24.7	74.9	34.7
Feb.....	329.6	66.0	44.0	219.7	57.3	13.7	14.7	24.9	74.6	34.5
Mar.....	330.9	66.8	44.9	219.3	58.0	13.5	14.1	25.0	74.0	34.7
Apr.....	327.8	66.6	45.5	215.7	57.2	13.1	12.9	25.1	72.7	34.7
May.....	330.9	70.3	46.1	214.5	56.4	13.0	13.6	25.0	71.9	34.6
June.....	326.2	71.9	46.7	207.7	55.5	12.7	11.1	24.9	70.9	32.6
July.....	330.6	71.8	46.8	212.0	58.3	12.7	11.9	24.6	70.8	33.7
Aug.....	335.8	73.8	46.6	215.5	60.2	12.8	12.4	25.0	71.4	33.7
Sept.....	335.9	73.3	46.9	215.7	61.1	12.8	10.7	24.8	72.5	33.8
Oct.....	340.5	72.9	47.4	220.2	63.5	12.7	11.6	24.5	73.2	34.7
Nov.....	345.1	73.2	48.9	222.9	63.4	12.7	13.0	24.4	73.9	35.5
Dec.....	344.7	73.1	49.1	222.4	63.8	12.6	12.2	25.1	74.0	34.7
1968: Jan.....	346.3	71.9	49.1	225.3	62.8	12.5	13.4	25.6	74.5	36.5
Feb.....	351.6	73.4	49.0	229.2	63.7	12.5	14.8	26.4	75.2	36.6
Mar.....	349.5	72.9	49.7	226.8	62.0	12.6	14.1	27.1	75.2	35.8
Apr.....	347.0	73.2	50.5	223.3	59.8	12.2	13.6	26.9	75.2	35.6
May.....	352.3	75.8	50.6	225.9	60.8	12.4	15.6	26.8	75.4	34.9
June.....	347.6	76.2	52.2	219.2	59.8	12.0	13.0	26.6	74.2	33.6
July.....	351.1	75.6	52.4	223.0	61.2	11.9	14.3	26.7	74.7	34.2
Aug.....	354.4	76.9	53.0	224.4	62.1	11.9	14.5	26.9	74.9	34.1
Sept.....	354.7	76.6	53.3	224.9	63.5	11.9	12.9	26.7	75.2	34.7
Oct.....	357.2	76.2	53.3	227.7	65.3	11.7	14.0	26.8	75.0	34.9
Nov.....	356.9	76.6	53.4	226.9	63.9	11.6	14.8	26.7	75.0	34.9
Dec.....	358.0	76.5	52.9	228.6	65.4	11.5	14.6	26.9	75.1	35.1

¹ United States savings bonds, series A-F and J, and U.S. savings notes are included at current redemption value.

² 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 B-51, 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 Federal oriented agencies not included in Government accounts, 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 United Nations' funds, in special non-interest-bearing notes and bonds issued by the U.S. Government.

⁸ Preliminary estimates by Council of Economic Advisers.

Source: Treasury Department (except as noted).

TABLE B-66.—Average length and maturity distribution of marketable interest-bearing public debt, 1946-68

End of year or month	Amount out-standing	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	17,052	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	85,294	58,026	37,385	8,360	14,444	5	5
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
1966	209,127	89,136	60,933	33,596	8,439	17,023	4	11
1967	210,672	89,648	71,424	24,378	8,425	16,797	4	7
1968	226,592	106,407	64,470	30,754	8,407	16,553	4	2
1967: Jan.	218,796	106,021	59,434	28,002	8,432	16,908	4	6
Feb.	219,245	101,549	66,717	25,655	8,431	16,893	4	6
Mar.	219,914	102,242	66,722	25,650	8,430	16,870	4	5
Apr.	217,127	99,670	66,541	25,645	8,428	16,843	4	5
May	216,650	95,524	70,238	25,641	8,426	16,819	4	6
June	210,672	89,648	71,424	24,378	8,425	16,797	4	7
July	214,968	93,957	71,433	24,376	8,423	16,780	4	5
Aug.	218,259	95,040	76,244	21,793	8,422	16,758	4	5
Sept.	218,637	95,442	78,198	19,840	8,421	16,737	4	4
Oct.	223,271	100,208	78,088	19,837	8,419	16,719	4	2
Nov.	226,081	102,158	77,320	21,487	8,418	16,697	4	2
Dec.	226,476	104,363	78,159	18,859	8,417	16,679	4	1
1968: Jan.	229,285	107,199	78,157	18,859	8,416	16,654	4	0
Feb.	233,273	116,253	67,967	24,005	8,414	16,635	4	1
Mar.	231,651	114,646	67,969	24,006	8,413	16,617	4	0
Apr.	228,718	111,783	67,922	24,006	8,411	16,596	4	0
May	231,761	109,012	67,017	30,752	8,409	16,571	4	1
June	226,592	106,407	64,470	30,754	8,407	16,553	4	2
July	230,977	110,824	64,469	30,754	8,406	16,525	4	0
Aug.	233,167	106,121	64,996	37,143	8,402	16,504	4	2
Sept.	233,556	106,534	64,997	37,143	8,401	16,482	4	1
Oct.	236,651	116,040	58,606	37,142	8,400	16,464	4	0
Nov.	235,653	104,938	70,751	35,130	8,398	16,436	4	1
Dec.	236,812	108,611	68,260	35,130	8,396	16,415	4	0

Note.—All issues classified to final maturity except partially tax-exempt bonds, which were classified to earliest call date (the last of these bonds were called on August 14, 1962, for redemption on December 15, 1962).

Source: Treasury Department.

TABLE B-67.—Receipts and expenditures of the government sector of the national income and product accounts, 1929-68

(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 (-), national income and product accounts	Re-ceipts	Ex-pen-ditures	Sur-plus or deficit (-), national income and product accounts	Re-ceipts	Ex-pen-ditures	Sur-plus or deficit (-), national income and product accounts
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	(?)
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.....	68.7	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	(?)
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.....	168.8	166.9	1.8	114.5	113.9	.7	63.4	62.2	1.2
1964.....	174.1	175.4	-1.4	115.0	118.1	-3.0	69.5	67.8	1.7
1965.....	189.1	186.9	2.2	124.7	123.5	1.2	75.5	74.5	1.0
1966.....	213.2	211.5	1.7	143.0	142.4	.7	84.6	83.5	1.1
1967.....	227.4	241.3	-13.8	151.2	163.6	-12.4	91.9	93.3	-1.4
1968 p.....	260.9	267.3	-6.4	176.9	182.2	-5.3	102.4	103.5	-1.1
Seasonally adjusted annual rates									
1966: I.....	204.3	201.3	3.0	136.8	134.8	2.0	80.8	79.8	1.0
II.....	211.5	206.2	5.3	142.1	138.4	3.7	83.6	82.0	1.6
III.....	216.5	215.3	1.2	145.5	145.8	-.3	86.0	84.4	1.5
IV.....	220.5	223.1	-2.6	147.7	150.5	-2.8	87.9	87.7	.2
1967: I.....	222.2	235.2	-12.9	148.1	159.3	-11.2	89.3	91.0	-1.7
II.....	223.6	239.5	-15.9	148.2	161.5	-13.3	90.0	92.6	-2.6
III.....	229.0	243.0	-14.0	152.2	165.1	-12.9	92.7	93.8	-1.1
IV.....	234.8	247.4	-12.5	156.4	168.6	-12.2	95.5	95.8	-.4
1968: I.....	246.6	256.9	-10.3	166.6	175.1	-8.6	97.8	99.5	-1.7
II.....	254.2	265.5	-11.3	171.8	181.9	-10.2	100.8	101.9	-1.1
III.....	267.2	271.3	-4.1	182.1	184.9	-2.8	103.6	104.9	-1.3
IV p.....		275.4			186.8			107.8	

¹ See Note, Table B-63.

² Surplus of \$32 million.

³ Deficit of \$41 million.

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.

Source: Department of Commerce, Office of Business Economics.

TABLE B-68.—Receipts and expenditures of the State and local government sector of the national income and product accounts, 1946-68

[Billions of dollars; calendar years]

Year or quarter	Receipts					Expenditures					Surplus or deficit (-), national income and product accounts	
	Total	Personal tax and nontax receipts	Corporate profits tax accruals	Indirect business tax and nontax accruals	Contributions for social insurance	Federal grants-in-aid	Total	Purchases of goods and services	Transfer payments to persons	Net interest paid		Less: Current surplus of government enterprises
1946.....	12.9	1.5	0.5	9.3	0.5	1.1	11.0	9.8	1.7	0.3	0.7	1.9
1947.....	15.3	1.8	.6	10.6	.6	1.7	14.3	12.6	2.3	.3	.8	1.0
1948.....	17.6	2.1	.7	12.1	.7	2.0	17.4	15.0	2.9	.3	.8	.1
1949.....	19.3	2.4	.6	13.3	.8	2.2	20.0	17.7	2.9	.3	.9	-.7
1950.....	21.1	2.6	.8	14.5	1.0	2.3	22.3	19.5	3.5	.3	.9	-1.2
1951.....	23.3	2.9	.9	15.8	1.2	2.5	23.7	21.5	3.0	.3	1.1	-.4
1952.....	25.2	3.1	.8	17.3	1.3	2.6	25.3	22.9	3.2	.3	1.1	(1)
1953.....	27.2	3.4	.8	18.7	1.5	2.8	27.0	24.6	3.3	.3	1.2	.1
1954.....	28.8	3.7	.8	19.7	1.7	2.9	29.9	27.4	3.4	.4	1.4	-1.1
1955.....	31.4	4.1	1.0	21.4	1.8	3.1	32.7	30.1	3.7	.5	1.6	-1.3
1956.....	34.7	4.7	1.0	23.6	2.0	3.3	35.6	33.0	3.8	.5	1.7	-.9
1957.....	38.2	5.2	1.0	25.5	2.3	4.2	39.5	36.6	4.2	.5	1.8	-1.4
1958.....	41.6	5.6	1.0	27.0	2.5	5.6	44.0	40.6	4.6	.6	1.8	-2.3
1959.....	46.0	6.3	1.2	28.9	2.7	6.8	46.8	43.3	4.8	.7	2.0	-.8
1960.....	49.9	7.3	1.3	31.7	3.0	6.5	49.6	46.1	5.1	.7	2.2	.2
1961.....	53.6	7.7	1.4	34.1	3.2	7.2	54.1	50.2	5.5	.8	2.3	-.5
1962.....	58.6	8.7	1.4	36.9	3.5	8.0	57.6	53.7	5.7	.8	2.6	.9
1963.....	63.4	9.4	1.7	39.4	3.8	9.1	62.2	58.2	6.0	.8	2.8	1.2
1964.....	69.5	10.8	1.9	42.3	4.1	10.4	67.8	63.5	6.5	.7	2.9	1.7
1965.....	75.5	11.8	2.1	45.9	4.5	11.1	74.5	70.1	6.9	.5	3.0	1.0
1966.....	84.6	13.6	2.2	49.5	4.8	14.4	83.5	78.8	7.5	.3	3.1	1.1
1967.....	91.9	15.2	2.6	53.4	5.1	15.7	93.3	87.8	8.5	.2	3.3	-1.4
1968 ^p	102.4	17.5	2.9	58.2	5.3	18.4	103.5	97.1	9.6	.3	3.4	-1.1
Seasonally adjusted annual rates												
1966: I.....	80.8	12.8	2.2	47.8	4.7	13.3	79.8	75.3	7.3	0.4	3.1	1.0
II.....	83.6	13.4	2.2	49.0	4.8	14.2	82.0	77.4	7.4	.3	3.1	1.6
III.....	86.0	13.9	2.3	50.0	4.9	14.9	84.4	79.7	7.6	.3	3.2	1.5
IV.....	87.9	14.2	2.2	51.4	5.0	15.1	87.7	82.7	7.9	.3	3.2	.2
1967: I.....	89.3	14.6	2.5	52.1	5.0	15.1	91.0	85.8	8.2	.3	3.2	-1.7
II.....	90.0	15.0	2.5	52.8	5.1	14.6	92.6	87.2	8.4	.2	3.3	-2.6
III.....	92.7	15.4	2.5	53.8	5.1	15.9	93.8	88.4	8.6	.2	3.3	-1.1
IV.....	95.5	15.8	2.7	54.7	5.1	17.0	95.8	90.0	9.0	.2	3.3	-.4
1968: I.....	97.8	16.3	2.8	55.8	5.2	17.7	99.5	93.4	9.2	.2	3.4	-1.7
II.....	100.8	17.0	2.9	57.3	5.3	18.3	101.9	95.6	9.4	.3	3.4	-1.1
III.....	103.6	17.9	2.9	58.9	5.4	18.5	104.9	98.4	9.6	.3	3.4	-1.3
IV ^p	108.9	18.9	3.0	60.9	5.5	19.2	107.8	100.8	10.1	.4	3.5	-.4

¹ Deficit of \$41 million.

Source: Department of Commerce, Office of Business Economics.

TABLE B-69.—State and local government revenues and expenditures, selected fiscal years 1927-67

[Millions of dollars]

Fiscal year ¹	General revenues by source ²						General expenditures by function ²					
	Total	Prop-erty taxes	Sales and gross receipts taxes	Indi-vidual income taxes	Corpo-ration net income taxes	Reve-nue from Federal Government	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	9,250	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	6,974	11,634	51,876	18,719	9,428	4,404	19,325
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	23,776	11,136	5,481	24,423
1962-63 ⁵	62,269	19,833	14,446	3,267	1,505	8,663	14,556	63,977	23,729	11,150	5,420	23,678
1963-64 ⁵	68,443	21,241	15,762	3,791	1,695	10,002	15,951	69,302	26,286	11,664	5,766	25,586
1964-65 ⁵	74,000	22,583	17,118	4,090	1,929	11,029	17,250	74,546	28,563	12,221	6,315	27,447
1965-66 ⁵	83,036	24,670	19,085	4,760	2,038	13,214	19,269	82,843	33,287	12,770	6,757	30,029
1966-67 ⁵	91,626	26,280	20,554	5,835	2,227	15,505	21,227	93,770	38,233	13,956	8,249	33,332

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.

See Table B-59 for net debt of State and local governments.

Source: Department of Commerce, Bureau of the Census.

CORPORATE PROFITS AND FINANCE

TABLE B-70.—Profits before and after taxes, all private corporations, 1929-68

[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	All other industries			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	* 1.3	.5	.5	.2	.4	.5	-.9	4.1	-4.9	4.3	3.5
1932	-1.3	-.5	-1.0	.5	.2	-.9	-.3	-.4	-2.7	2.5	-5.2	4.0	1.3
1933	-1.2	-.4	-.4	* .8	* .*	-.8	2.3	1.0	.5	4.4	2.0	3.8	4.2
1934	1.7	1.1	.3	.*	.3	.3	2.3	.7	1.6	2.6	-1.0	3.6	5.2
1935	3.4	2.1	.9	1.1	.4	.7	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	58.9	28.8	15.8	13.0	9.5	20.6	59.4	26.3	33.1	16.5	16.6	31.8	64.8
1964	66.3	32.7	17.8	14.9	10.1	23.5	66.8	28.3	38.4	17.8	20.6	33.9	72.3
1965	76.1	39.3	22.8	16.6	11.1	25.6	77.8	31.3	46.5	19.8	26.7	36.4	82.9
1966	83.9	42.8	24.1	18.8	12.0	29.0	85.6	34.6	51.0	21.7	29.3	39.7	90.7
1967	80.4	39.2	21.2	18.0	11.8	29.4	81.6	33.5	48.1	22.9	25.2	43.4	91.5
1968 ^p	89.2	44.3	24.4	19.9	12.8	32.1	92.3	41.3	51.0	24.6	26.4	47.1	98.1
Seasonally adjusted annual rates													
1966: I	82.7	42.9	24.4	18.5	11.8	28.0	85.2	34.5	50.8	21.6	29.1	38.4	89.1
II	83.4	42.6	23.8	18.8	12.1	28.7	85.6	34.6	51.0	21.9	29.1	39.3	90.3
III	84.2	42.7	23.6	19.0	12.1	29.4	86.7	35.0	51.6	21.9	29.7	40.1	91.8
IV	85.3	43.3	24.5	18.8	12.0	30.1	85.0	34.4	50.7	21.6	29.1	41.0	91.6
1967: I	79.5	39.3	21.0	18.3	11.7	28.4	79.9	32.8	47.1	22.5	24.6	41.9	89.0
II	79.6	39.1	21.2	17.9	11.8	28.8	80.3	33.0	47.3	23.2	24.1	42.9	90.2
III	80.2	38.5	20.6	17.9	12.0	29.7	80.8	33.2	47.6	23.5	24.1	44.1	91.7
IV	82.3	39.9	21.9	18.0	11.9	30.6	85.4	35.1	50.3	22.5	27.9	44.9	95.2
1968: I	83.8	41.3	22.3	19.0	12.5	30.0	88.9	39.8	49.1	23.6	25.5	45.7	94.8
II	89.2	44.9	25.2	19.7	12.5	31.8	91.8	41.1	50.7	24.4	26.3	46.7	97.4
III	91.6	45.3	25.0	20.3	13.0	33.3	92.7	41.5	51.2	25.2	26.0	47.6	98.8
IV ^p										25.4		48.5	

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.

Note.—Beginning 1962 data reflect the new depreciation guidelines issued by the Treasury Department July 11, 1962¹ and the investment tax credit provided in the Revenue Act of 1962.

Source: Department of Commerce, Office of Business Economics.

TABLE B-71.—Sales, profits, and stockholders' equity, all manufacturing corporations (except newspapers), 1947-68

[Billions of dollars]

Year or quarter	All manufacturing corporations			Durable goods industries			Nondurable goods industries					
	Sales (net)	Profits		Stockholders' equity ¹	Sales (net)	Profits		Stockholders' equity ¹	Sales (net)	Profits		Stockholders' equity ¹
		Before taxes	After taxes			Before taxes	After taxes			Before taxes	After taxes	
1947	150.7	16.6	10.1	65.1	66.6	7.6	4.5	31.1	84.1	9.0	5.6	34.0
1948	165.6	18.4	11.5	72.2	75.3	8.9	5.4	34.1	90.4	9.5	6.2	38.1
1949	154.9	14.4	9.0	77.6	70.3	7.5	4.5	37.0	84.6	7.0	4.6	40.6
1950	181.9	23.2	12.9	83.3	86.8	12.9	6.7	39.9	95.1	10.3	6.1	43.5
1951	245.0	27.4	11.9	98.3	116.8	15.4	6.1	47.2	128.1	12.1	5.7	51.1
1952	250.2	22.9	10.7	103.7	122.0	12.9	5.5	49.8	128.0	10.0	5.2	53.9
1953	265.9	24.4	11.3	108.2	137.9	14.0	5.8	52.4	128.0	10.4	5.5	55.7
1954	248.5	20.9	11.2	113.1	122.8	11.4	5.6	54.9	125.7	9.6	5.6	58.2
1955	278.4	28.6	15.1	120.1	142.1	16.5	8.1	58.8	136.3	12.1	7.0	61.3
1956	307.3	29.8	16.2	131.6	159.5	16.5	8.3	65.2	147.8	13.2	7.8	66.4
1957	320.0	28.2	15.4	141.1	166.0	15.8	7.9	70.5	154.1	12.4	7.5	70.6
1958	305.3	22.7	12.7	147.4	148.6	11.4	5.8	72.8	156.7	11.3	6.9	74.6
1959	338.0	29.7	16.3	157.1	169.4	15.8	8.1	77.9	168.5	13.9	8.3	79.2
1960	345.7	27.5	15.2	165.4	173.9	14.0	7.0	82.3	171.8	13.5	8.2	83.1
1961	356.4	27.5	15.3	172.6	175.2	13.6	6.9	84.9	181.2	13.9	8.5	87.7
1962	389.9	31.9	17.7	181.4	195.5	16.7	8.6	89.1	194.4	15.1	9.2	92.3
1963	412.7	34.9	19.5	189.7	209.0	18.5	9.5	93.3	203.6	16.4	10.0	96.3
1964	443.1	39.6	23.2	199.8	226.3	21.2	11.6	98.5	216.8	18.3	11.6	101.3
1965	492.2	46.5	27.5	211.7	257.0	26.2	14.5	105.4	235.2	20.3	13.0	106.3
1966	554.2	51.8	30.9	230.3	291.7	29.2	16.4	115.2	262.4	22.6	14.6	115.1
1967	575.4	47.8	29.0	247.6	300.6	25.7	14.6	125.0	274.8	22.0	14.4	122.6
1966: I	129.9	12.4	7.2	222.4	68.0	7.0	3.8	110.0	61.9	5.4	3.4	112.4
II	141.0	14.0	8.4	228.6	75.4	8.2	4.6	114.2	65.6	5.8	3.7	114.3
III	137.8	12.3	7.4	233.4	71.1	6.5	3.7	117.1	66.7	5.8	3.7	116.3
IV	145.5	13.1	7.9	236.8	77.3	7.5	4.2	119.3	68.2	5.6	3.7	117.5
1967: I	137.0	11.4	6.7	240.9	71.1	6.2	3.4	121.6	65.9	5.2	3.3	119.3
II	145.1	12.6	7.6	245.6	77.0	7.2	4.1	123.7	68.2	5.4	3.5	121.8
III	141.5	11.0	6.7	249.7	72.6	5.4	3.1	126.0	68.9	5.6	3.6	123.6
IV	151.8	12.8	7.9	254.3	80.0	7.0	4.0	128.6	71.8	5.9	3.9	125.7
1968: I	148.9	12.5	7.4	258.6	78.8	6.7	3.7	130.9	70.1	5.8	3.7	127.7
II	158.9	14.8	8.3	263.4	86.0	8.6	4.5	134.1	72.9	6.2	3.8	129.4
III	155.7	13.2	7.6	268.4	81.0	6.8	3.7	137.2	74.8	6.4	4.0	131.2

¹ Annual data are average equity for the year (using four end-of-quarter figures).

Note.—For explanatory notes concerning compilation of the series, see "Quarterly Financial Report for Manufacturing Corporations," Federal Trade Commission and Securities and Exchange Commission.

Data are not necessarily comparable from one period to another due to changes in accounting procedures, industry classifications, sampling procedures, etc. Specific information about the effects of the more significant changes and revisions is contained in the following issues of the "Quarterly Financial Report": third quarter 1953, third quarter 1956, first quarter 1959, and first quarter 1965.

Sources: Federal Trade Commission and Securities and Exchange Commission.

TABLE B-72.—Relation of profits after taxes to stockholders' equity and to sales, all manufacturing corporations (except newspapers), by industry group, 1947-68

Year or quarter	All manufacturing corporations (except newspapers)	Durable goods industries												
		Total durable ¹	Motor vehicles and equipment	Aircraft and parts	Electrical machinery, equipment, and supplies	Machinery (except electrical)	Fabricated metal products	Primary iron and steel industries	Primary non-ferrous metal industries	Stone, clay, and glass products	Furniture and fixtures	Lumber and wood products (except furniture)	Instruments and related products	Miscellaneous manufacturing (including ordinance)
Ratio of profits after Federal taxes (annual rate) to stockholders' equity—percent ²														
1947	15.6	14.4	16.4	-----	19.0	15.7	17.6	12.0	12.4	14.0	18.0	22.9	14.4	14.0
1948	16.0	15.7	19.9	-----	16.1	16.3	17.0	14.7	14.2	15.0	15.9	19.2	14.0	12.2
1949	11.6	12.1	22.1	-----	13.6	11.6	10.4	10.0	8.1	13.1	8.1	9.1	12.1	7.2
1950	15.4	16.9	25.3	-----	20.9	14.1	16.0	14.3	15.1	17.7	15.2	17.5	16.7	12.3
1951	12.1	13.0	14.3	-----	14.0	13.0	13.4	12.3	13.8	14.2	11.3	11.9	13.2	9.7
1952	10.3	11.1	13.9	-----	13.7	11.3	10.1	8.5	11.6	11.7	8.6	8.5	11.6	7.0
1953	10.5	11.1	13.9	-----	13.1	9.8	9.8	10.7	11.1	11.8	8.2	7.1	11.4	8.2
1954	9.9	10.3	14.1	-----	12.4	8.6	7.6	8.1	10.4	12.5	6.0	6.3	12.3	7.5
1955	12.6	13.8	21.7	-----	12.3	10.3	10.0	13.5	15.5	15.6	9.2	11.1	12.5	8.5
1956	12.3	12.8	13.1	-----	11.4	12.6	10.7	12.7	16.4	14.9	11.6	8.7	12.4	11.6
1957	10.9	11.3	14.2	17.7	12.5	10.7	9.3	11.4	9.3	12.4	8.5	4.7	12.0	7.7
1958	8.6	8.0	8.2	13.2	10.2	6.9	7.3	7.2	6.0	10.2	6.3	5.7	10.6	8.2
1959	10.4	10.4	14.5	8.1	12.5	9.7	8.0	8.0	7.9	12.7	8.9	9.4	13.1	9.3
1960	9.2	8.5	13.5	7.3	9.5	7.5	5.6	7.2	7.1	9.9	6.5	3.6	11.6	9.2
1961	8.9	8.1	11.4	9.8	8.9	7.8	5.9	6.1	7.1	8.9	4.9	4.1	10.6	9.9
1962	9.8	9.6	16.3	12.7	10.0	9.1	7.9	5.4	7.5	8.9	7.9	5.6	12.0	9.4
1963	10.3	10.1	16.7	11.3	10.1	9.6	8.3	7.0	7.6	8.7	8.3	8.2	12.1	8.8
1964	11.6	11.7	16.9	12.2	11.2	12.5	10.1	8.8	9.8	9.6	10.1	9.9	14.4	9.5
1965	13.0	13.8	19.5	15.2	13.5	14.1	13.2	9.8	11.9	10.3	13.4	10.1	17.5	10.7
1966	13.4	14.2	15.9	14.4	14.8	15.0	14.7	10.2	14.8	9.9	14.2	10.0	20.9	15.4
1967	11.7	11.7	11.7	12.9	12.8	12.9	12.7	7.7	10.9	8.2	12.1	8.6	18.0	13.1
1967: I	11.2	11.2	12.5	11.7	12.2	12.3	12.7	7.9	13.7	3.3	10.6	5.5	15.7	12.8
II	12.4	13.2	16.4	12.5	12.8	15.2	14.2	7.9	12.8	9.4	12.0	8.6	16.9	12.5
III	10.8	9.8	3.8	12.4	11.9	12.2	11.7	6.0	7.8	10.4	12.4	10.5	18.7	13.2
IV	12.5	12.5	14.0	14.7	14.1	12.0	12.1	9.1	9.5	9.5	13.3	9.6	20.3	13.9
1968: I	11.5	11.3	16.5	13.6	11.8	11.1	10.0	8.6	9.9	3.9	9.1	10.9	14.1	12.6
II	12.6	13.4	17.9	14.4	11.4	13.6	12.5	10.5	11.5	11.7	12.8	16.1	15.5	9.6
III	11.4	10.7	7.4	14.3	11.5	12.3	12.1	4.5	9.9	12.0	12.5	16.3	18.0	12.2
Profits after taxes per dollar of sales—cents														
1947	6.7	6.7	6.0	-----	6.3	7.2	7.4	6.6	8.9	7.9	6.0	11.4	7.7	6.3
1948	7.0	7.1	6.9	-----	5.9	7.3	7.1	7.6	9.0	8.6	5.5	9.9	7.8	5.6
1949	5.8	6.4	7.9	-----	5.7	6.4	5.1	6.5	6.9	8.6	3.3	5.9	7.1	3.6
1950	7.1	7.7	8.3	-----	7.2	7.3	6.8	7.9	10.2	10.1	5.1	9.4	8.6	5.6
1951	4.8	5.3	4.7	-----	5.0	5.5	5.0	5.8	7.8	7.1	3.4	5.5	6.1	3.7
1952	4.3	4.5	4.7	-----	4.5	4.8	4.0	4.7	6.7	6.6	2.7	4.1	4.8	2.7
1953	4.3	4.2	3.9	-----	4.1	4.2	3.6	5.3	6.3	6.5	2.6	3.5	4.6	2.9
1954	4.5	4.6	5.1	-----	4.5	4.4	3.1	5.3	6.6	7.4	2.1	3.4	5.5	2.8
1955	5.4	5.7	6.9	-----	4.4	5.1	3.8	7.2	8.3	8.6	2.9	5.4	6.0	3.1
1956	5.3	5.2	5.2	-----	3.8	5.4	4.0	6.7	9.3	8.2	3.4	3.9	5.8	3.6
1957	4.8	4.8	5.4	2.9	4.2	4.8	3.6	6.6	6.6	7.5	2.6	2.3	5.7	2.5
1958	4.2	3.9	4.0	2.4	3.8	3.7	3.1	5.4	4.7	6.8	2.0	2.8	5.4	3.0
1959	4.8	4.8	6.3	1.6	4.4	4.8	3.2	5.4	5.8	7.9	2.7	4.2	6.5	3.5
1960	4.4	4.0	5.9	1.4	3.5	3.9	2.4	5.1	5.4	6.6	2.1	1.7	5.9	3.5
1961	4.3	3.9	5.5	1.8	3.5	4.1	2.5	4.6	5.3	5.8	1.6	1.9	5.4	3.6
1962	4.5	4.4	6.9	2.4	3.7	4.5	3.1	3.9	5.5	5.6	2.3	2.5	5.9	3.4
1963	4.7	4.5	6.9	2.3	3.8	4.7	3.2	4.8	5.3	5.3	2.4	3.3	6.0	3.3
1964	5.2	5.1	7.0	2.6	4.2	5.8	3.7	5.6	6.5	5.6	2.9	3.9	7.2	3.6
1965	5.6	5.7	7.2	3.3	4.8	6.2	4.5	5.7	7.3	5.9	3.7	4.0	8.6	3.8
1966	5.6	5.6	6.2	3.0	4.8	6.4	4.9	5.8	8.2	5.6	3.9	3.8	9.5	4.9
1967	5.0	4.8	4.9	2.7	4.4	5.7	4.5	4.8	6.8	4.8	3.5	3.4	8.5	4.2
1967: I	4.9	4.8	5.3	2.6	4.2	5.7	4.6	4.8	8.1	2.3	3.2	2.4	8.0	4.2
II	5.2	5.3	6.3	2.5	4.4	6.3	4.9	4.8	7.7	5.4	3.5	3.4	7.9	4.1
III	4.7	4.3	1.9	2.6	4.2	5.5	4.2	3.9	5.3	5.7	3.6	4.0	8.8	4.2
IV	5.2	5.0	5.4	2.9	4.8	5.3	4.2	5.7	6.0	5.4	3.8	3.7	9.1	4.1
1968: I	5.0	4.7	6.1	2.9	4.2	5.1	3.6	5.1	5.4	2.6	2.8	4.4	7.4	4.2
II	5.2	5.2	6.2	3.2	4.1	5.7	4.4	5.5	6.4	6.4	3.6	5.7	7.6	3.1
III	4.9	4.5	3.4	3.4	4.1	5.6	4.2	2.9	5.9	6.3	3.5	5.8	8.7	4.0

See footnotes at end of table.

TABLE B-72.—Relation of profits after taxes to stockholders' equity and to sales, all manufacturing corporations (except newspapers), by industry group, 1947-68—Continued

Year or quarter	Nondurable goods industries										
	Total non-durable ¹	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
	Ratio of profits after Federal taxes (annual rate) to stockholders' equity—percent ²										
1947	16.6	17.6	10.1	19.5	18.9	22.0	17.2	15.9	-----	12.4	14.0
1948	16.2	12.8	13.6	18.7	12.1	16.4	14.7	15.8	-----	12.3	10.4
1949	11.2	11.8	12.6	7.6	7.5	10.7	11.4	13.2	-----	8.7	6.2
1950	14.1	12.3	11.5	12.7	10.1	16.2	11.5	17.8	-----	16.9	10.9
1951	11.2	8.1	9.5	8.2	2.9	13.9	10.3	12.2	15.2	14.8	2.1
1952	9.7	7.6	8.4	4.2	4.4	10.5	9.1	10.9	13.3	11.1	5.8
1953	9.9	8.1	9.4	4.6	5.1	10.1	9.4	10.7	13.4	11.3	6.0
1954	9.6	8.1	10.2	1.8	4.5	9.9	9.2	11.6	12.7	10.6	5.9
1955	11.4	8.9	11.4	5.7	6.1	11.5	10.2	14.7	13.4	13.2	8.5
1956	11.8	9.3	11.7	5.8	8.1	11.6	13.0	14.2	13.9	12.2	7.2
1957	10.6	8.7	12.5	4.2	6.3	8.9	11.7	13.3	12.5	11.1	7.0
1958	9.2	8.7	13.5	3.5	4.9	8.1	9.0	11.4	10.0	9.1	5.7
1959	10.4	9.3	13.4	7.5	8.6	9.5	11.4	13.7	9.8	11.0	8.5
1960	9.8	8.7	13.4	5.8	7.7	8.5	10.6	12.2	10.1	9.1	6.3
1961	9.6	8.9	13.6	5.0	7.2	7.9	8.5	11.8	10.3	9.3	4.4
1962	9.9	8.8	13.1	6.2	9.3	8.1	10.3	12.4	10.1	9.6	6.9
1963	10.4	9.0	13.4	6.1	7.7	8.1	9.2	12.9	11.3	9.2	6.9
1964	11.5	10.0	13.4	8.5	11.7	9.3	12.6	14.4	11.4	10.6	10.5
1965	12.2	10.7	13.5	10.9	12.7	9.4	14.2	15.2	11.8	11.7	11.6
1966	12.7	11.2	14.1	10.1	13.3	10.6	15.6	15.1	12.4	12.2	12.9
1967	11.8	10.8	14.4	7.6	12.0	9.1	13.0	13.1	12.5	10.3	11.9
1967: I	11.2	9.4	12.1	5.9	9.6	9.0	12.1	13.0	12.6	9.3	12.8
1967: II	11.6	10.3	14.7	7.1	8.6	9.5	13.5	13.7	12.3	9.0	7.9
1967: III	11.7	11.7	15.8	7.8	14.4	8.6	14.1	12.2	12.1	9.2	12.1
1967: IV	12.5	11.8	15.0	9.5	15.1	9.3	12.2	13.3	13.1	13.7	14.6
1968: I	11.7	9.9	13.5	7.1	12.0	8.5	10.9	13.4	12.9	10.8	13.3
1968: II	11.7	10.2	13.6	9.1	9.3	10.5	10.7	13.6	11.9	13.5	12.0
1968: III	12.1	11.4	15.9	9.5	15.0	9.2	14.8	12.8	12.1	11.8	12.4
	Profits after taxes per dollar of sales—cents										
1947	6.7	4.2	4.1	8.2	4.6	10.7	6.1	8.8	-----	4.4	4.3
1948	6.8	3.3	5.2	8.3	3.1	8.5	5.2	8.8	-----	4.7	3.3
1949	5.4	3.3	5.1	4.1	2.1	6.5	4.5	8.2	-----	3.8	2.2
1950	6.5	3.4	4.9	5.8	2.8	8.8	4.5	10.3	-----	5.8	3.7
1951	4.5	2.0	3.8	3.4	.6	6.6	3.7	6.5	11.1	4.5	.6
1952	4.1	1.9	3.2	1.9	1.0	5.7	3.3	6.1	10.1	3.6	1.8
1953	4.3	2.0	3.7	2.2	1.2	5.4	3.4	6.1	10.4	3.8	1.8
1954	4.4	2.1	4.2	1.0	1.1	5.6	3.4	6.8	10.6	4.0	1.9
1955	5.1	2.3	4.8	2.6	1.3	6.1	3.6	8.3	11.1	4.4	2.5
1956	5.3	2.4	5.0	2.6	1.6	6.1	4.2	8.0	11.6	4.4	2.1
1957	4.9	2.2	5.2	1.9	1.3	5.0	3.7	7.6	10.6	4.2	2.0
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
1965	5.5	2.7	5.9	3.8	2.3	4.9	4.8	7.9	11.1	4.3	2.8
1966	5.6	2.7	5.9	3.6	2.4	5.4	5.1	7.8	11.2	4.4	3.6
1967	5.3	2.6	5.9	2.9	2.3	4.7	4.4	6.9	11.0	3.9	3.0
1967: I	5.1	2.3	5.1	2.4	1.8	4.8	4.3	6.9	11.2	3.7	3.2
1967: II	5.2	2.5	5.8	2.7	1.7	4.9	4.6	7.0	10.9	3.4	2.1
1967: III	5.2	2.8	6.4	2.9	2.8	4.5	4.9	6.5	10.7	3.6	3.0
1967: IV	5.5	2.8	6.2	3.4	2.9	4.7	3.9	7.0	11.2	5.1	3.4
1968: I	5.3	2.5	5.7	2.7	2.5	4.4	3.8	7.0	11.2	4.2	3.3
1968: II	5.2	2.5	5.5	3.2	1.9	5.1	3.6	6.9	10.6	4.8	3.1
1968: III	5.3	2.7	6.0	3.4	2.7	4.5	4.8	6.6	10.7	4.5	3.3

¹ Includes certain industries not shown separately.

² Annual ratios based on average equity for the year (using four end-of-quarter figures). Quarterly ratios based on equity at end of quarter only.

Note.—Ratios based on data in millions of dollars.

For explanatory notes concerning compilation of the series, see "Quarterly Financial Report for Manufacturing Corporations," Federal Trade Commission and Securities and Exchange Commission. See also Note, Table B-71.

Sources: Federal Trade Commission and Securities and Exchange Commission.

TABLE B-73.—Sources and uses of funds, nonfarm nonfinancial corporate business, 1957-68

[Billions of dollars]

Source or use of funds	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
Sources, total	42.0	42.2	55.5	47.3	54.7	63.3	65.9	70.2	89.3	99.1	94.0	109.1
Internal sources ¹	30.6	29.5	35.0	34.4	35.6	41.8	43.9	50.5	56.6	61.1	61.5	63.8
Undistributed profits ¹ ...	11.8	8.3	12.6	10.0	10.2	12.4	13.6	18.3	23.1	24.4	20.7	21.3
Corporate inventory valuation adjustment	-1.5	-.3	-.5	.2	-.1	.3	-.5	-.5	-1.7	-1.7	-1.2	-3.1
Capital consumption allowances ¹	20.3	21.4	22.9	24.2	25.4	29.2	30.8	32.8	35.2	38.4	42.0	45.6
External sources	11.4	12.7	20.5	12.9	19.1	21.5	22.0	19.7	32.7	38.0	32.5	45.3
Stocks.....	2.4	2.1	2.2	1.6	2.5	.6	-.3	1.4	*	1.2	2.3	.2
Bonds.....	6.3	5.7	3.0	3.5	4.6	4.6	3.9	4.0	5.4	10.2	15.1	13.4
Mortgages.....	.4	1.2	1.2	.7	1.8	2.9	3.5	3.3	3.1	2.7	3.8	2.9
Bank loans, n.e.c.....	1.1	-.6	3.0	1.3	.1	2.5	2.9	3.6	9.2	6.9	5.2	5.5
Other loans.....	.7	.2	.3	1.0	.3	.7	.5	1.3	1.3	2.5	1.7	4.3
Trade debt.....	.5	4.3	4.9	3.1	6.6	4.4	6.0	3.4	7.4	7.8	3.1	11.1
Profits tax liability.....	-2.1	-2.6	2.4	-2.2	1.2	1.1	1.5	.9	1.9	.2	-3.8	2.1
Other liabilities.....	2.2	2.4	3.6	4.0	1.9	4.7	4.0	1.8	4.3	6.6	5.1	5.8
Uses, total	40.0	42.1	54.4	45.2	55.0	61.7	65.8	66.9	88.2	96.7	90.6	106.2
Purchases of physical assets ..	34.7	27.3	36.9	39.2	37.0	44.7	46.7	53.5	64.9	79.8	74.1	81.3
Nonresidential fixed investment.....	33.4	28.4	31.1	34.9	33.2	37.0	38.6	44.0	53.2	63.0	64.9	70.1
Residential structures.....	.7	1.4	1.7	1.3	2.2	3.0	3.7	3.6	3.8	2.8	3.7	3.9
Change in business inventories.....	.6	-2.5	4.1	3.0	1.5	4.7	4.3	5.9	7.9	14.1	5.5	7.4
Increase in financial assets ² ..	5.3	14.8	17.4	6.1	18.0	16.9	19.1	13.4	23.3	16.9	16.5	24.9
Liquid assets	-1.1	2.5	5.6	-3.9	3.5	4.1	4.3	.6	.8	1.0	.9	7.4
Demand deposits and currency.....	*	1.5	-1.0	-.5	1.7	-.9	-.8	-2.5	-1.8	-.7	-1.7	.3
Time deposits.....	*	.9	-.4	1.3	1.9	3.7	3.9	3.2	3.9	-.7	4.1	2.0
U.S. Government securities.....	-.4	*	6.6	-5.4	-.2	.5	.5	-1.4	-2.1	-1.2	-3.0	.8
Open-market paper.....	.3	.1	.4	.7	.1	.9	.7	1.4	.8	2.3	1.4	3.6
Consumer credit.....	.2	.5	.8	.2	.1	.9	.7	1.0	1.2	1.1	1.0	1.6
Trade credit.....	2.6	7.9	7.2	6.3	10.0	8.2	8.5	9.1	12.8	10.8	8.7	13.8
Other financial assets.....	2.5	3.4	3.3	3.7	4.6	4.1	4.8	2.5	7.9	3.3	5.3	2.2
Discrepancy (uses less sources)	-1.9	-.1	-1.1	-2.0	.3	-1.6	-.1	-3.3	-1.1	-2.3	-3.4	-2.9

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 gross corporate product table in the national income and product accounts of the Department of Commerce for the following reasons: (1) these figures include, and the statistics in the gross corporate product table exclude, branch profits remitted from foreigners net of corresponding U.S. remittances to foreigners; and (2) these figures exclude, and the gross corporate product figures include, the internal funds of corporations whose major activity is farming.

² Includes some categories not shown separately.

Source: Board of Governors of the Federal Reserve System

TABLE B-74.—Current assets and liabilities of United States corporations, 1939–68

[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 ¹	Notes and accounts receivable	Inventories	Other current assets ²	Total	Advances and prepayments, U.S. Government ¹	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	21.7	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
New series ³													
1961	304.6	40.7	19.2	3.4	133.3	95.2	12.9	155.8	1.8	110.0	14.2	29.8	148.8
1962	326.5	43.7	19.6	3.7	144.2	100.7	14.7	170.9	2.0	119.1	15.2	34.5	155.6
1963	351.7	46.5	20.2	3.6	156.8	107.0	17.8	188.2	2.5	130.4	16.5	38.7	163.5
1964	372.2	47.3	18.6	3.4	169.9	113.5	19.6	202.2	2.7	140.3	17.0	42.2	170.0
1965	410.2	49.9	17.0	3.9	190.2	126.9	22.3	229.6	3.1	160.4	19.1	46.9	180.7
1966	443.4	50.1	15.7	4.5	205.1	144.5	23.6	253.2	4.4	176.2	19.1	53.6	190.2
1967	464.0	52.3	12.4	5.1	214.5	153.8	25.9	262.9	5.8	183.6	15.2	58.3	201.1
1966: I	415.7	47.5	17.2	3.9	193.2	130.4	23.6	232.2	3.3	160.6	19.1	49.1	183.6
1966: II	425.7	48.4	15.5	4.0	199.2	134.6	24.0	237.5	3.5	166.4	16.7	51.0	188.2
1966: III	433.4	47.6	14.8	4.2	203.5	139.5	23.8	244.4	4.0	170.2	18.0	52.3	189.0
1966: IV	443.4	50.1	15.7	4.5	205.1	144.5	23.6	253.2	4.4	176.2	19.1	53.6	190.2
1967: I	443.9	47.3	14.4	4.4	205.1	148.1	24.8	251.4	4.9	173.5	18.6	54.3	192.6
1967: II	444.9	47.7	11.5	4.6	207.5	149.2	24.3	251.1	5.4	177.0	12.7	55.9	193.8
1967: III	452.7	49.1	10.8	4.7	211.5	151.2	25.4	255.4	5.7	178.6	13.5	57.6	197.2
1967: IV	464.0	52.3	12.4	5.1	214.5	153.8	25.9	262.9	5.8	183.6	15.2	58.3	201.1
1968: I	471.4	50.1	14.6	4.8	216.6	156.6	28.7	265.4	6.1	181.9	17.3	60.2	206.0
1968: II	481.9	51.4	13.3	4.7	223.6	159.9	29.1	272.1	6.2	188.0	15.4	62.5	209.8
1968: III	492.2	52.8	12.9	4.8	229.5	163.7	28.6	281.3	6.3	193.8	15.6	65.5	210.9

¹ Receivables from and payables to U.S. Government do not include amounts offset against each other on corporations' 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 corporations' books.

² Includes marketable securities other than U.S. Government.

³ Generally reflects definitions and classifications used in "Statistics of Income" for 1961.

Note.—Data relate to all United States corporations, excluding banks, savings and loan associations, insurance companies, and beginning with the new series for 1961, investment companies. Year-end data through 1965 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.

Source: Securities and Exchange Commission.

TABLE B-75.—State and municipal and corporate securities offered, 1934-68¹

[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	371	384	57	32	26	231	95
1935	1,232	2,332	22	86	2,225	2,266	208	111	96	1,865	193
1936	1,121	4,572	272	271	4,029	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	990	1,147	308	141	167	739	100
1944	661	3,202	163	369	2,669	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	307	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	8,558	10,705	1,314	422	8,969	10,501	8,240	5,652	2,588	754	1,507
1963	10,107	12,211	1,012	343	10,856	12,049	8,898	5,340	3,558	1,526	1,625
1964	10,544	13,957	2,679	412	10,865	13,792	11,233	7,003	4,230	754	1,805
1965	11,148	15,992	1,547	725	13,720	15,801	13,063	7,712	5,352	996	1,741
1966	11,089	18,074	1,939	574	15,561	17,841	15,806	12,430	3,376	241	1,795
1967	14,288	24,798	1,959	885	21,954	24,409	22,230	16,154	6,076	312	1,867
1968 p	16,295	22,400	3,860	640	17,900						
1966: I	2,870	5,094	519	215	4,359	5,036	4,320	3,258	1,062	51	665
II	3,177	5,115	975	115	4,025	5,046	4,644	3,668	976	72	331
III	2,434	4,197	171	143	3,883	4,143	3,663	2,907	756	52	428
IV	2,609	3,669	274	101	3,294	3,617	3,179	2,597	582	67	371
1967: I	4,046	5,464	298	92	5,074	5,403	5,076	3,808	1,268	39	287
II	3,799	6,208	518	208	5,482	6,109	5,672	4,265	1,407	51	386
III	3,038	6,832	447	231	6,154	6,716	5,943	4,329	1,614	133	640
IV	3,404	6,294	696	354	5,244	6,181	5,538	3,752	1,787	89	554
1968: I	3,658	5,178	740	249	4,189	5,081	4,627	3,591	1,036	67	387
II	3,771	5,705	832	124	4,749	5,594	4,802	3,262	1,540	50	742
III	4,574	5,280	980	180	4,120	5,170	4,610	2,880	1,730	30	530
IV p	4,295	6,235	1,305	85	4,845						

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.

Sources: Securities and Exchange Commission, "The Commercial and Financial Chronicle," and "The Bond Buyer."

TABLE B-76.—Common stock prices, earnings, and yields, and stock market credit, 1939-68

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 (500 stocks)	Industrials (425 stocks)	Public utilities (50 stocks)	Railroads (25 stocks)			Total	Net debit balances ⁴	Bank loans to "others" ⁵	
	1941-43=10						Millions of dollars			
1939	12.06	11.77	16.34	9.82	4.05	13.80				715
1940	11.02	10.69	15.05	9.41	5.59	10.24				584
1941	9.82	9.72	10.93	9.39	6.82	8.26				535
1942	8.67	8.78	7.74	8.81	7.24	8.80				850
1943	11.50	11.49	11.34	11.81	4.93	12.84				1,328
1944	12.47	12.34	12.81	13.47	4.86	13.66			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	1,253	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	2,194
1957	44.38	47.63	32.19	28.11	4.35	12.89	3,576	2,482	1,094	2,210
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	46.86	30.31	3.47	17.09	4,415	3,222	1,193	2,614
1961	66.27	69.99	60.20	32.83	2.98	21.06	5,602	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	64.99	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	45.78	3.00	17.08	7,705	5,521	2,184	4,277
1966	85.26	91.09	68.21	46.34	3.40	14.92	7,443	5,329	2,115	4,501
1967	91.93	99.18	68.10	46.72	3.20	17.52	10,347	7,883	2,464	5,082
1968 ⁶	98.70	107.49	66.42	48.84	3.07				2,674	5,798
1967: Jan	84.45	89.88	70.63	44.48	3.51		7,345	5,290	2,055	4,672
Feb	87.36	93.35	70.45	46.13	3.36		7,415	5,349	2,066	4,045
Mar	89.42	95.86	70.03	46.78	3.29	17.86	7,808	5,718	2,090	4,484
Apr	90.96	97.54	71.70	45.80	3.24		7,969	5,819	2,150	4,385
May	92.59	99.59	70.70	47.00	3.19		8,085	5,926	2,159	4,075
June	91.43	98.61	67.39	48.19	3.19	17.01	8,333	6,166	2,167	3,813
July	93.01	100.38	67.77	49.91	3.15		8,800	6,603	2,197	4,195
Aug	94.49	102.11	68.03	50.43	3.11		8,869	6,607	2,262	4,685
Sept	95.81	103.84	67.45	49.27	3.07	17.81	9,162	6,825	2,337	4,814
Oct	95.66	104.16	64.93	46.28	3.07		9,433	7,010	2,423	4,670
Nov	92.66	100.90	63.48	42.95	3.18		9,495	7,053	2,442	4,296
Dec	95.30	103.91	64.61	43.46	3.09	17.41	10,347	7,883	2,464	5,082
1968: Jan	95.04	103.11	68.02	43.38	3.13		10,229	7,797	2,432	5,823
Feb	90.75	98.33	65.61	42.35	3.28		9,840	7,419	2,421	5,052
Mar	89.09	96.77	62.62	41.68	3.34	16.40	9,622	7,248	2,374	4,305
Apr	95.67	104.42	63.66	44.79	3.12		10,047	7,701	2,346	4,376
May	97.87	107.02	62.92	48.00	3.07		10,625	8,268	2,357	4,282
June	100.53	109.73	65.21	51.72	3.00	17.23	11,138	8,728	2,410	4,585
July	100.30	109.16	67.55	51.01	3.00		11,277	8,861	2,416	6,327
Aug	98.11	106.77	66.60	48.80	3.09		10,976	8,489	2,487	6,156
Sept	101.34	110.53	66.77	51.11	3.01	17.61	11,238	8,724	2,515	6,452
Oct	103.76	113.29	66.93	54.26	2.94		11,336	8,859	2,557	6,650
Nov	105.40	114.77	70.59	53.74	2.92		11,575	8,994	2,631	4,960
Dec	106.48	116.01	70.94	55.19	2.93				2,674	5,798

¹ 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 through 1967 and included thereafter. Data are for end of period.

⁵ Loans by weekly reporting member banks (weekly reporting large commercial banks beginning 1965) to others than brokers and dealers for purchasing or carrying securities except U.S. Government obligations. Data are for last Wednesday of period.

⁶ Loans by weekly reporting member banks (weekly reporting large commercial banks beginning 1965) for purchasing or carrying securities, including U.S. Government obligations. Data are for last Wednesday of period.

Sources: Board of Governors of the Federal Reserve System, Standard & Poor's Corporation, and New York Stock Exchange.

TABLE B-77.—Business formation and business failures, 1929-68

Year or month	Index of net business formation (1957-59=100)	New business incorporations (number)	Business failures ¹						
			Business failure rate ²	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	483.3	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 ³			100.3	19,859	18,880	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 ³			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	139,915	41.6	10,969	10,113	856	449.4	206.4	243.0
1956	103.2	141,163	48.0	12,686	11,615	1,071	562.7	239.8	322.9
1957	98.3	137,112	51.7	13,739	12,547	1,192	615.3	267.1	348.2
1958	97.1	150,781	55.9	14,964	13,499	1,465	728.3	297.6	430.7
1959	104.6	193,067	51.8	14,053	12,707	1,346	692.8	278.9	413.9
1960	99.8	182,713	57.0	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	104.5	197,724	53.2	13,501	11,346	2,155	1,329.2	313.6	1,015.6
1965	106.0	203,797	53.3	13,514	11,340	2,174	1,321.7	321.7	1,000.0
1966	105.5	200,010	51.6	13,061	10,833	2,228	1,385.7	321.5	1,064.1
1967	107.7	206,569	49.0	12,364	10,144	2,220	1,265.2	297.9	967.3
1968			38.6	9,636	7,829	1,807	941.0	241.1	699.9
Seasonally adjusted									
1967: Jan	102.2	16,703	54.9	1,191	1,003	188	108.2	30.2	77.9
Feb	103.2	15,987	57.1	1,216	995	221	113.5	29.3	84.1
Mar	103.3	16,244	49.7	1,216	981	235	119.3	28.7	90.6
Apr	103.7	16,760	52.1	1,160	966	194	103.8	27.8	76.1
May	105.0	17,627	48.6	1,100	917	183	93.4	27.1	66.3
June	108.1	17,799	48.6	1,047	850	197	104.6	24.7	80.0
July	108.4	16,300	43.2	843	708	135	72.6	20.8	51.7
Aug	110.7	17,674	49.3	1,017	793	224	108.9	23.7	85.2
Sept.	110.3	18,118	49.1	913	758	155	93.9	22.2	71.8
Oct.	110.6	18,000	47.4	949	782	167	81.6	22.5	59.1
Nov.	112.7	18,403	42.2	881	718	163	70.0	21.3	48.7
Dec.	113.8	18,168	43.2	831	673	158	195.4	19.6	175.8
1968: Jan	113.5	17,223	38.2	844	651	193	104.5	20.4	84.1
Feb	114.5	18,014	37.5	832	682	150	79.6	21.4	58.2
Mar	113.6	17,974	44.3	1,021	839	182	88.6	26.1	62.5
Apr	113.9	18,659	43.5	1,003	833	170	80.1	24.8	55.3
May	115.1	18,796	40.9	909	707	202	91.4	21.9	69.5
June	116.2	19,197	36.9	751	616	135	74.7	18.6	56.0
July	119.1	19,530	41.0	810	646	164	90.3	19.2	71.1
Aug.	119.7	20,053	36.5	734	607	127	65.8	18.3	47.5
Sept.	122.1	21,237	40.3	705	598	107	58.7	19.1	39.5
Oct.	125.2	21,721	37.5	768	614	154	65.4	18.6	46.8
Nov.	124.6	20,850	35.7	696	569	127	58.7	17.9	40.8
Dec.			29.9	563	467	96	83.4	14.8	68.6

¹ 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.

² Failure rate per 10,000 listed enterprises.

³ Series revised; not strictly comparable with earlier data.

Sources: Department of Commerce (Bureau of the Census) and Dun & Bradstreet, Inc.

AGRICULTURE

TABLE B-78.—Income from agriculture, 1929-68

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 ¹	From non-farm sources ²	Total ³	Cash receipts from marketings		Excluding net inventory change	Including net inventory change ⁴	Current prices	1968 prices ⁵
						Billions of dollars					Dollars
1929				13.9	11.3	7.7	6.3	6.2	945	2,054
1930				11.5	9.1	6.9	4.5	4.3	651	1,514
1931				8.4	6.4	5.5	2.9	3.0	506	1,368
1932				6.4	4.7	4.5	1.9	2.0	304	1,950
1933				7.1	5.3	4.4	2.7	2.6	379	1,184
1934				8.6	6.4	4.7	3.9	2.9	431	1,197
1935	5.4	3.2	2.2	9.7	7.1	5.1	4.6	5.3	775	2,095
1936	7.7	5.4	2.3	10.8	8.4	5.6	5.1	4.3	639	1,727
1937	7.2	4.6	2.6	11.4	8.9	6.2	5.2	6.0	905	2,382
1938	9.0	6.2	2.7	10.1	7.7	5.9	4.2	4.4	668	1,856
1939	7.2	4.7	2.5	10.6	7.9	6.3	4.3	4.4	685	1,903
1940	7.4	4.8	2.6							
1940	7.6	4.8	2.8	11.1	8.4	6.9	4.2	4.5	706	1,961
1941	10.1	6.8	3.3	13.9	11.1	7.8	6.1	6.5	1,031	2,644
1942	14.1	10.1	3.9	18.8	15.6	10.0	8.8	9.9	1,588	3,609
1943	16.5	12.1	4.4	23.4	19.6	11.6	11.8	11.7	1,927	3,854
1944	16.6	12.2	4.4	24.4	20.5	12.3	12.1	11.7	1,950	3,750
1945	17.2	12.8	4.4	25.8	21.7	13.1	12.8	12.3	2,063	3,820
1946	20.0	15.5	4.6	29.5	24.8	14.5	15.0	15.1	2,543	4,238
1947	21.1	15.8	5.3	34.1	29.6	17.0	17.1	15.4	2,615	3,683
1948	23.8	18.0	5.8	34.7	30.2	18.8	15.9	17.7	3,044	4,059
1949	19.5	13.3	6.2	31.6	27.8	18.0	13.6	12.8	2,233	3,059
1950	20.4	14.1	6.3	32.3	28.5	19.4	12.9	13.7	2,421	3,316
1951	22.7	16.2	6.5	37.1	32.9	22.3	14.8	16.0	2,946	3,682
1952	22.1	15.4	6.7	36.8	32.5	22.6	14.1	15.1	2,896	3,575
1953	19.8	13.4	6.4	35.0	31.0	21.3	13.7	13.1	2,626	3,282
1954	18.4	12.5	5.9	33.6	29.8	21.6	12.0	12.5	2,606	3,217
1955	17.6	11.4	6.2	33.1	29.5	21.9	11.2	11.5	2,463	3,041
1956	17.8	11.2	6.6	34.3	30.4	22.4	11.9	11.4	2,535	3,091
1957	17.7	11.0	6.6	34.0	29.7	23.3	10.7	11.3	2,590	3,083
1958	19.5	12.8	6.7	37.9	33.5	25.2	12.7	13.5	3,189	3,708
1959	18.1	11.0	7.0	37.5	33.5	26.1	11.4	11.5	2,795	3,250
1960	18.7	11.5	7.2	38.1	34.2	26.4	11.7	12.1	3,049	3,505
1961	19.7	12.2	7.5	39.8	35.1	27.1	12.6	13.0	3,399	3,907
1962	20.4	12.3	8.2	41.3	36.4	28.6	12.6	13.2	3,586	4,075
1963	20.6	12.1	8.5	42.3	37.4	29.7	12.6	13.2	3,708	4,166
1964	20.6	12.1	8.3	42.6	37.2	29.5	12.6	12.3	3,564	3,960
1965	23.6	13.5	10.0	44.9	39.9	30.9	14.0	15.0	4,487	4,931
1966	24.8	14.3	10.5	49.6	43.2	33.4	16.2	16.1	4,967	5,284
1967	23.7	13.0	10.7	49.1	42.8	34.8	14.2	14.6	4,654	4,848
1968 ^a	24.4	13.5	10.9	50.8	44.1	35.9	14.9	15.4	5,035	5,035
Seasonally adjusted annual rates										
1967: I				48.9	42.5	34.4	14.5	14.6	4,640	4,880
II				49.3	43.0	34.9	14.4	14.7	4,670	4,860
III				49.2	43.0	35.0	14.2	14.8	4,700	4,900
IV				48.9	42.7	35.0	13.9	14.5	4,610	4,750
1968: I				49.8	43.2	35.4	14.4	14.8	4,840	4,940
II				50.7	44.0	35.9	14.8	15.1	4,940	4,940
III				51.6	44.9	36.2	15.4	15.7	5,130	5,080
IV ^b				51.1	44.3	36.3	14.8	15.8	5,170	5,120

¹ Net income to farm operators including net inventory change, less net income of nonresident operators, plus wages and salaries and other labor income of farm resident workers, less contributions of farm resident operators and workers to social insurance.

² Consists of 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.

³ Cash receipts from marketings, Government payments, and nonmoney income furnished by farms.

⁴ Includes net change in inventory of crops and livestock valued at the average price for the year.

⁵ Income in current prices divided by the index of prices paid by farmers for family living items on a 1968 base.

Source: Department of Agriculture.

TABLE B-79.—Farm production indexes, 1929-68

[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	To-bacco	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	102	98	116	112	104	102	103	101	104
1961	107	106	99	102	106	108	102	116	119	121	107	107	103	112
1962	108	107	100	106	98	106	103	121	134	122	108	109	104	112
1963	112	111	108	106	102	106	100	125	135	128	111	114	103	115
1964	111	108	95	107	114	101	101	124	129	128	114	117	105	119
1965	114	115	111	112	117	108	106	121	107	153	111	111	103	124
1966	113	111	110	110	118	109	108	78	109	164	114	116	100	132
1967	118	117	124	115	134	110	116	61	114	171	117	120	100	138
1968	120	119	118	114	141	113	109	88	99	188	118	123	99	134

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 seeds and of feed for horses and mules.

² Includes production of seeds and of feed for horses and mules and certain items not shown separately.

³ Includes certain items not shown separately.

Source: Department of Agriculture.

TABLE B-80.—Farm population, employment, and productivity, 1929-68

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 ³	Total	Family workers	Hired workers	Per unit of total input	Per man-hour				
							Total	Crops	Live-stock and products		
Index, 1957-59=100											
1929	30,580	25.1	12,763	9,360	3,403	63	28	28	48	69	68
1930	30,529	24.8	12,497	9,307	3,190	63	28	27	47	64	70
1931	30,845	24.8	12,745	9,642	3,103	69	30	30	47	72	70
1932	31,388	25.1	12,816	9,922	2,894	69	30	30	47	68	65
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	76	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	10,669	8,017	2,652	75	39	39	51	77	80
1942	28,914	21.4	10,504	7,949	2,555	82	42	43	56	86	81
1943	26,186	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	7,853	5,900	1,953	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	116	123	112	109
1962	14,313	7.7	6,700	4,873	1,827	107	127	122	130	115	108
1963	13,367	7.1	6,518	4,738	1,780	108	137	129	140	118	110
1964	12,954	6.7	6,110	4,506	1,604	107	142	132	152	115	113
1965	12,363	6.4	5,610	4,128	1,482	110	154	146	159	122	111
1966	11,595	5.9	5,214	3,854	1,360	106	159	150	170	119	118
1967	10,817	5.4	4,903	3,650	1,253	108	169	155	183	122	119
1968 ^p	10,500	5.2	4,745	3,550	1,195	107	176	165	187	127	-----

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 including Armed Forces abroad.

³ Includes persons doing farmwork 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 B-22) because of differences in the method of approach, in concepts of employment, and in time of month for which the data are collected. See monthly report on "Farm Labor."

⁴ Computed from variable weights for individual crops produced each year.

Sources: Department of Agriculture and Department of Commerce (Bureau of the Census).

TABLE B-81.—Indexes of prices received and prices paid by farmers, and parity ratio, 1929-68
[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	100	96	96	94	97	103	93	98	96	101	101
1961	99	102	99	95	94	100	109	112	98	97	101	92
1962	101	104	107	98	96	104	109	108	99	101	99	92
1963	100	107	106	104	102	104	102	113	95	94	99	92
1964	98	107	90	105	103	100	101	112	91	88	100	90
1965	103	104	77	110	108	94	106	116	101	104	102	92
1966	110	106	87	114	112	82	114	128	113	116	115	102
1967	104	100	84	110	108	73	114	121	107	109	119	84
1968	107	102	76	100	97	72	117	115	112	112	124	89
1967: Jan 15	106	100	88	117	115	64	115	128	109	108	122	97
Feb 15	104	99	85	116	114	65	116	125	107	107	120	90
Mar 15	103	100	89	117	115	66	116	126	106	105	117	91
Apr 15	102	100	87	115	114	66	115	125	103	104	114	82
May 15	104	99	89	115	114	64	115	124	108	114	113	80
June 15	105	102	85	116	115	66	115	125	108	115	111	78
July 15	106	99	79	113	112	68	115	122	110	116	114	84
Aug 15	105	99	80	105	104	71	114	117	110	115	117	81
Sept 15	105	98	79	104	103	69	112	116	110	111	122	84
Oct 15	104	101	82	101	97	88	111	113	107	108	125	77
Nov 15	104	102	79	97	94	98	115	114	105	103	125	78
Dec 15	105	103	80	101	97	89	114	115	105	103	124	82
1968: Jan 15	105	103	80	102	99	72	115	117	107	105	124	84
Feb 15	106	102	82	104	101	64	116	119	109	111	122	83
Mar 15	107	103	82	104	101	63	116	118	109	112	120	84
Apr 15	107	104	79	103	101	64	116	118	109	113	119	80
May 15	108	105	79	104	102	69	116	118	109	113	119	78
June 15	107	103	74	103	101	67	116	118	111	115	117	85
July 15	108	99	71	99	97	65	116	117	114	118	120	90
Aug 15	108	101	70	93	90	84	119	117	113	115	123	91
Sept 15	110	103	71	95	92	85	119	111	116	114	128	104
Oct 15	108	102	73	93	90	86	118	109	113	110	131	94
Nov 15	108	102	75	98	96	78	118	111	113	109	132	97
Dec 15	108	99	73	100	97	70	120	112	115	111	131	103

See footnotes at end of table.

TABLE B-81.—Indexes of prices received and prices paid by farmers, and parity ratio, 1929-68—
Continued
[1957-59=100]

Year or month	Prices paid by farmers											Parity ratio ⁶
	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	83
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 (66)
1934.....	41	43	43	44	52	36	40	69	80	38	17	75 (80)
1935.....	42	45	43	46	53	37	41	68	74	36	18	88 (95)
1936.....	42	45	43	46	55	38	42	64	68	36	20	92 (95)
1937.....	45	48	45	50	62	39	43	67	64	36	22	93 (97)
1938.....	42	45	43	47	47	42	44	67	60	38	22	78 (83)
1939.....	42	44	42	46	47	40	43	66	58	37	22	77 (85)
1940.....	42	45	42	47	50	40	43	64	56	38	22	81 (88)
1941.....	45	48	45	50	54	42	43	64	54	38	26	93 (98)
1942.....	52	55	52	57	66	45	46	71	51	38	34	105 (109)
1943.....	58	61	58	63	78	47	48	76	46	37	45	113 (116)
1944.....	62	64	61	66	87	51	49	77	43	37	54	108 (110)
1945.....	65	66	64	67	86	53	49	79	41	39	62	109 (111)
1946.....	71	72	71	73	100	55	51	79	40	43	66	113 (115)
1947.....	82	85	83	85	118	63	58	88	42	48	72	115 (116)
1948.....	89	92	88	95	125	71	67	96	43	56	76	110 (111)
1949.....	86	88	85	91	103	78	76	98	45	60	74	100 (100)
1950.....	87	90	86	94	105	78	78	94	49	65	73	101 (102)
1951.....	96	100	94	104	118	83	83	100	54	68	81	107 (108)
1952.....	98	100	95	104	126	87	86	102	59	71	87	100 (101)
1953.....	95	96	94	97	114	86	87	103	63	74	88	92 (93)
1954.....	95	96	94	97	113	86	87	102	68	77	88	89 (89)
1955.....	94	95	95	96	106	87	87	101	74	81	89	84 (85)
1956.....	95	96	96	95	103	89	92	100	83	87	92	83 (84)
1957.....	98	98	99	98	101	96	96	100	91	93	96	82 (85)
1958.....	100	101	100	100	99	100	100	100	100	100	99	85 (88)
1959.....	102	101	101	102	100	104	104	100	109	107	105	81 (82)
1960.....	102	101	102	101	98	102	107	100	120	117	109	80 (81)
1961.....	103	101	102	101	98	102	110	100	131	125	110	80 (83)
1962.....	105	103	103	103	100	105	111	100	145	132	114	80 (83)
1963.....	107	104	104	104	104	109	113	100	162	139	116	78 (81)
1964.....	107	104	105	103	103	111	116	99	182	147	119	76 (80)
1965.....	110	106	107	105	104	113	119	100	206	156	125	77 (82)
1966.....	114	109	110	108	109	117	124	100	231	170	135	80 (86)
1967.....	116	111	113	109	106	121	129	100	253	181	146	74 (79)
1968.....	121	114	117	111	102	128	136	98	273	193	158	74 (79)
1967: Jan 15.....	116	110	112	109	110	-----	-----	100	253	181	137	76 (81)
Feb 15.....	115	110	112	109	109	-----	-----	100	253	181	137	75 (80)
Mar 15.....	116	110	112	109	109	119	127	100	253	181	137	74 (79)
Apr 15.....	116	110	111	109	108	-----	-----	101	253	181	146	72 (77)
May 15.....	116	111	112	109	107	121	-----	101	253	181	146	74 (79)
June 15.....	117	111	112	110	107	121	130	101	253	181	146	75 (80)
July 15.....	117	111	113	110	106	-----	-----	101	253	181	148	74 (80)
Aug 15.....	117	111	113	109	104	-----	-----	101	253	181	148	75 (80)
Sept 15.....	117	111	113	109	104	122	132	100	253	181	148	74 (79)
Oct 15.....	117	111	114	109	103	124	-----	100	253	181	152	73 (78)
Nov 15.....	117	111	114	109	102	124	-----	100	253	181	152	73 (78)
Dec 15.....	117	111	114	109	103	124	132	100	253	181	152	74 (79)
1968: Jan 15.....	118	112	115	110	104	-----	-----	100	273	193	150	74 (79)
Feb 15.....	119	113	115	111	104	-----	-----	100	273	193	150	74 (80)
Mar 15.....	120	113	116	111	103	126	133	100	273	193	150	74 (79)
Apr 15.....	121	114	117	111	103	-----	-----	98	273	193	157	73 (79)
May 15.....	121	114	117	112	103	129	-----	98	273	193	157	73 (79)
June 15.....	121	114	117	112	102	129	136	98 ^a	273	193	157	73 (79)
July 15.....	121	114	118	112	101	-----	-----	98	273	193	159	73 (79)
Aug 15.....	121	114	118	111	99	-----	-----	98	273	193	159	74 (79)
Sept 15.....	121	114	118	111	100	128	138	96	273	193	159	75 (81)
Oct 15.....	122	115	119	111	99	-----	-----	96	273	193	166	73 (79)
Nov 15.....	123	115	119	112	101	130	-----	96	273	193	166	73 (79)
Dec 15.....	123	116	119	113	101	-----	-----	96	273	193	166	73 (78)

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. The adjusted parity ratio (shown in parentheses in the table) reflects Government payments made directly to farmers.

⁶ Includes wartime subsidy payments.

Source: Department of Agriculture.

TABLE B-82.—Selected measures of farm resources and inputs, 1929-68

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 liming materials	Feed, seed, and livestock 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	101	104	111	109	106
1961	303	299	98	9.4	101	89	101	101	117	111	109
1962	295	291	100	9.1	101	85	103	100	125	117	113
1963	300	296	101	8.8	104	82	104	104	141	123	117
1964	301	297	101	8.3	104	78	106	102	155	126	120
1965	298	294	100	7.9	104	74	106	105	162	127	120
1966	295	291	97	7.5	107	71	107	110	182	136	123
1967	308	304	98	7.4	109	70	106	112	205	140	120
1968 ^p	301			7.2	112	68	106	116	221	149	130

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 service buildings and improvements on land.

⁴ Nonfarm inputs associated with farmers' purchases.

Source: Department of Agriculture.

TABLE B-83.—Comparative balance sheet of agriculture, 1929-69

[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 equipment and furnishings	Deposits and currency	U.S. savings bonds	Investment in co-operatives				
1929		48.0	6.6	3.2							9.8		
1930	68.5	47.9	6.5	3.4	2.5	4.0	3.6		0.6	68.5	9.6	5.0	53.9
1931		43.7	4.9	3.3							9.4		
1932		37.2	3.6	3.0							9.1		
1933		30.8	3.0	2.5							8.5		
1934		32.2	3.2	2.2							7.7		
1935		33.3	3.5	2.2							7.6		
1936		34.3	5.2	2.4							7.4		
1937		35.2	5.1	2.6							7.2		
1938		35.2	5.0	3.0							7.0		
1939		34.1	5.1	3.2							6.8		
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	169.6	102.9	10.6	19.3	8.3	10.5	9.5	5.2	3.3	169.6	9.0	9.8	150.8
1957	178.0	110.4	11.0	20.3	8.3	10.0	9.4	5.1	3.5	178.0	9.8	9.6	158.6
1958	185.8	115.9	13.9	20.2	7.6	9.9	9.5	5.1	3.7	185.8	10.4	10.0	165.4
1959	202.2	124.4	17.7	21.8	9.3	9.8	10.0	5.2	4.0	202.2	11.1	12.5	178.6
1960	203.1	130.2	15.2	22.2	7.7	9.6	9.2	4.7	4.3	203.1	12.1	12.7	178.3
1961	204.0	131.7	15.6	21.8	8.0	8.9	8.7	4.6	4.7	204.0	12.8	13.4	177.8
1962	212.9	138.0	16.4	22.3	8.8	9.1	8.8	4.5	5.0	212.9	13.9	14.8	184.2
1963	221.0	143.8	17.3	22.7	9.3	9.0	9.2	4.4	5.3	221.0	15.2	16.5	189.3
1964	229.8	152.1	15.8	24.1	9.8	8.9	9.2	4.2	5.7	229.8	16.8	18.1	194.9
1965	238.5	160.9	14.5	25.5	9.2	8.6	9.6	4.2	6.0	238.5	18.9	18.7	200.9
1966	256.0	172.5	17.5	27.1	9.7	8.6	10.0	4.1	6.5	256.0	21.2	20.4	214.4
1967	269.8	182.5	18.9	28.9	10.0	8.4	10.3	3.9	6.9	269.8	23.3	22.4	224.1
1968	283.5	193.7	18.7	31.0	9.5	8.5	10.9	3.8	7.4	283.5	25.5	24.9	233.1
1969 p	297.9	202.7			72.4			22.8		297.9	27.8	27.6	252.5

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, 1968, totaled \$487 million.

Source: Department of Agriculture.

INTERNATIONAL STATISTICS

TABLE B-84.—United States balance of payments, 1946-68

[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							
1946.....	14,735	11,707	(8)	751	21	2,256	-6,991	-5,073	-493	-1,425	7,744	-648
1947.....	19,737	16,015	(8)	1,036	66	2,620	-8,208	-5,979	-455	-1,774	11,529	-728
1948.....	16,789	13,193	(8)	1,238	102	2,256	-10,349	-7,563	-799	-1,987	6,440	-631
1949.....	15,770	12,149	(8)	1,297	98	2,226	-9,621	-6,879	-621	-2,121	6,149	-641
1950.....	13,807	10,117	(8)	1,484	109	2,097	-12,028	-9,108	-576	-2,344	1,779	-533
1951.....	18,744	14,123	(8)	1,684	198	2,739	-15,073	-11,202	-1,270	-2,601	3,671	-480
1952.....	17,992	13,319	(8)	1,624	204	2,845	-15,766	-10,838	-2,054	-2,874	2,226	-571
1953.....	16,947	12,281	192	1,658	252	2,564	-16,561	-10,990	-2,615	-2,956	386	-644
1954.....	17,759	12,799	182	1,955	272	2,551	-15,931	-10,354	-2,642	-2,935	1,828	-633
1955.....	19,804	14,280	200	2,170	274	2,880	-17,795	-11,527	-2,901	-3,367	2,009	-597
1956.....	23,595	17,379	161	2,468	194	3,393	-19,628	-12,804	-2,949	-3,875	3,967	-690
1957.....	26,481	19,390	375	2,612	205	3,899	-20,752	-13,291	-3,216	-4,245	5,729	-729
1958.....	23,067	16,264	300	2,538	307	3,658	-20,861	-12,952	-3,435	-4,474	2,206	-745
1959.....	23,489	16,295	302	2,694	349	3,849	-23,342	-15,310	-3,107	-4,925	147	-815
1960.....	27,325	19,487	335	3,001	348	4,155	-23,355	-14,744	-3,087	-5,523	3,970	-697
1961.....	28,609	19,944	402	3,561	381	4,320	-23,151	-14,522	-2,998	-5,631	5,458	-724
1962.....	30,343	20,606	656	3,948	471	4,661	-25,358	-16,219	-3,105	-6,035	4,985	-779
1963.....	32,432	22,071	657	4,151	498	5,055	-26,620	-17,014	-2,961	-6,645	5,812	-891
1964.....	37,098	25,297	747	4,930	456	5,668	-28,688	-18,648	-2,876	-7,164	8,409	-896
1965.....	39,196	26,244	830	5,384	509	6,229	-32,295	-21,516	-2,945	-7,834	6,901	-1,027
1966.....	43,142	29,176	829	5,659	593	6,885	-38,063	-25,541	-3,735	-8,787	5,080	-1,015
1967.....	45,756	30,468	1,240	6,235	624	7,189	-40,989	-26,991	-4,340	-9,658	4,768	-1,276
1968 ¹⁰	50,219	33,452	1,431	6,819	835	7,683	-47,824	-33,020	-4,511	-10,293	2,395	-1,136
Seasonally adjusted annual rates												
1966: I.....	42,112	28,752	800	5,316	596	6,648	-36,080	-24,144	-3,488	-8,448	6,032	-964
II.....	42,580	28,716	876	5,552	596	6,840	-37,344	-25,052	-3,692	-8,600	5,236	-976
III.....	43,648	29,476	820	5,768	588	6,996	-39,112	-26,268	-3,848	-8,996	4,536	-1,132
IV.....	44,236	29,760	820	5,996	596	7,064	-39,716	-26,700	-3,916	-9,100	4,520	-988
1967: I.....	45,484	30,644	1,340	5,772	604	7,124	-40,312	-26,744	-4,288	-9,280	5,172	-1,048
II.....	45,508	30,812	1,344	5,564	660	7,128	-40,432	-26,420	-4,260	-9,752	5,076	-1,568
III.....	46,052	30,504	980	6,684	624	7,260	-40,616	-26,164	-4,392	-10,060	5,436	-1,432
IV.....	45,984	29,912	1,292	6,916	612	7,252	-42,592	-28,636	-4,416	-9,540	3,392	-1,052
1968: I.....	47,440	31,696	1,224	6,176	792	7,552	-46,136	-31,468	-4,440	-10,228	1,304	-1,064
II.....	50,228	33,300	1,448	6,916	884	7,680	-47,860	-33,280	-4,492	-10,088	2,368	-1,144
III.....	52,988	35,360	1,620	7,364	828	7,816	-49,476	-34,312	-4,600	-10,564	3,512	-1,200

See footnotes at end of table.

TABLE B-84.—United States balance of payments, 1946-68—Continued

(Millions of dollars)

Year or quarter	U.S. Government grants and capital, net ²	U.S. private capital, net			Foreign capital, net ²	Errors and unrecorded transactions	Balance		Changes in selected liabilities (decrease (-)) ³			Changes in gold, convertible currencies, and IMF gold tranche position (increase (-))
		Direct investment	Other long-term	Short-term			Li-quidity basis ³	Official reserve transactions basis ⁴	To foreign official holders ⁶		To other foreign holders ⁷	
									Liquid	Non-liquid		
1946	-5,293	-230	127	-310	-615	218	993					-623
1947	-6,121	-749	-49	-189	-432	949	4,210					-3,315
1948	-4,918	-721	-69	-116	-361	1,193	817					-1,736
1949	-5,649	-660	-80	187	44	786	136					-266
1950	-3,640	-621	-495	-149	181	-11	-3,489					1,758
1951	-3,191	-508	-437	-103	540	500	-8					-33
1952	-2,380	-852	-214	-94	52	627	-1,206					-415
1953	-2,055	-735	185	167	146	366	-2,184					1,256
1954	-1,554	-667	-320	-635	249	191	-1,541					480
1955	-2,211	-823	-241	-191	297	515	-1,242					182
1956	-2,362	-1,951	-603	-517	615	568	-973					-869
1957	-2,574	-2,442	-859	-276	545	1,184	578					-1,165
1958	-2,587	-1,181	-1,444	-311	186	511	-3,365					2,292
1959	-1,986	-1,372	-926	-77	736	423	-3,870					1,035
1960	-2,768	-1,674	-855	-1,349	364	-892	-3,901	-3,403	1,448		308	2,145
1961	-2,779	-1,598	-1,025	-1,556	702	-847	-2,371	-1,347	681		1,084	606
1962	-3,013	-1,654	-1,227	-546	1,026	-997	-2,204	-2,702	457	250	214	1,533
1963	-3,578	-1,976	-1,698	-785	690	-244	-2,670	-2,011	1,673	-39	620	377
1964	-3,564	-2,328	-2,103	-2,147	689	-860	-2,800	-1,564	1,075	318	1,554	171
1965	-3,370	-3,468	-1,079	753	270	-315	-1,335	-1,289	-18	85	131	1,222
1966	-3,444	-3,623	-256	-418	2,531	-210	-1,357	266	-1,595	761	2,384	568
1967	-4,211	-3,020	-1,270	-1,214	3,185	-532	-3,571	-3,405	2,062	1,291	1,457	52
1968 ¹⁰	-4,252	-3,348	-603	-1,280	7,448	-304	-1,080	1,888				
	Seasonally adjusted annual rates							Quarterly totals unadjusted				
1966: I...	-3,864	-2,780	-988	-276	1,112	-792	-2,520	-1,636	-852	34	475	424
II...	-3,936	-4,008	-256	-192	4,340	-580	-372	-464	54	247	27	68
III...	-2,992	-3,488	-28	-524	1,500	924	-1,204	2,768	-598	90	1,211	82
IV...	-2,988	-4,216	244	-680	3,184	-408	-1,332	396	-199	390	671	-6
1967: I...	-4,704	-2,612	-696	-592	3,460	-1,000	-2,020	-7,056	-80	332	-709	1,027
II...	-4,156	-2,604	-724	-1,088	4,808	-1,832	-2,088	-3,224	544	580	95	-419
III...	-3,952	-3,608	-2,024	-1,520	3,064	828	-3,208	988	281	119	1,306	-375
IV...	-4,032	-3,260	-1,636	-1,656	1,412	-136	-6,968	-4,328	1,317	260	765	-181
1968: I...	-4,656	-1,496	-800	-532	5,468	-972	-2,748	-2,224	-1,363	369	718	904
II...	-4,288	-4,140	-228	-1,424	9,916	-1,716	-656	6,112	-2,198	772	2,263	-137
III P...	-3,812	-4,408	-780	-1,884	6,960	1,776	164	1,776	-44	524	1,065	-571

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, foreign holdings of U.S. Government bonds and notes, and certain nonliquid liabilities to foreign official holders.

⁶ Central banks, governments, and U.S. liabilities to the IMF arising from reversible gold sales to, and gold deposits with the United States.

⁷ Private holders; includes banks and international and regional organizations, excludes IMF.

⁸ Not reported separately.

⁹ Includes change in Treasury liabilities to certain foreign military agencies; excluding these changes, data (\$ millions) are 1,258 (1960), 741 (1961), 918 (1962).

¹⁰ Average for the first 3 quarters on a seasonally adjusted annual rates basis.

Note.—Data exclude military grant-aid and U.S. subscriptions to International Monetary Fund.

Source: Department of Commerce, Office of Business Economics.

TABLE B-85.—United States merchandise exports and imports, by commodity groups, 1958-63

(Millions of dollars)

Year or quarter	Merchandise exports ¹					Merchandise imports				Gross merchandise trade surplus, seasonally adjusted ⁷		
	Total, including reexports ²		Domestic exports			General imports ³						
	Seasonally adjusted	Unadjusted	Total ⁴	Food, beverages, and tobacco	Crude materials and fuels ⁵	Manufactured goods ⁶	Total ⁴		Food, beverages, and tobacco		Crude materials and fuels ⁵	Manufactured goods ⁶
							Seasonally adjusted	Unadjusted				
1958.....		16,373	16,208	2,688	3,051	11,546		13,262	3,550	4,062	5,283	3,111
1959.....		16,418	16,234	2,852	2,996	11,171		15,629	3,580	4,580	7,090	789
1960.....		19,635	19,434	3,167	3,942	12,559		15,019	3,392	4,380	6,847	4,616
1961.....		20,190	19,944	3,466	3,863	12,748		14,716	3,455	4,303	6,523	5,474
1962.....		20,973	20,703	3,743	3,355	13,655		16,392	3,674	4,640	7,626	4,581
1963.....		22,427	22,143	4,188	3,774	14,259		17,140	3,863	4,692	8,066	5,287
1964.....		25,690	25,338	4,637	4,336	16,388		18,684	4,022	4,976	9,096	7,006
1965.....		26,699	26,356	4,520	4,274	17,388		21,366	4,013	5,385	11,238	5,333
1966.....		29,379	28,944	5,186	4,403	19,108		25,542	4,589	5,674	14,413	3,837
1967.....		30,934	30,550	4,710	4,722	20,752		26,812	4,701	5,334	15,712	4,122
1968 ⁸		34,000	33,600	4,600	4,800	23,800		33,000	5,400	6,000	20,400	1,000
1966: I.....	7,194	7,078	6,978	1,252	1,024	4,644	6,021	5,894	1,112	1,410	3,184	1,173
II.....	7,257	7,435	7,305	1,257	1,086	4,888	6,333	6,334	1,165	1,438	3,517	921
III.....	7,439	7,025	6,919	1,310	1,027	4,530	6,592	6,55	1,112	1,456	3,765	847
IV.....	7,500	7,841	7,742	1,367	1,266	5,046	6,661	6,769	1,200	1,370	3,947	839
1967: I.....	7,770	7,680	7,584	1,127	1,158	5,196	6,684	6,616	1,212	1,385	3,806	1,086
II.....	7,777	7,967	7,867	1,157	1,208	5,431	6,590	6,579	1,125	1,336	3,844	1,187
III.....	7,772	7,273	7,176	1,131	1,123	4,829	6,542	6,405	1,100	1,254	3,779	1,230
IV.....	7,688	8,014	7,923	1,295	1,233	5,296	7,105	7,212	1,264	1,359	4,273	1,583
1968: I.....	8,012	7,980	7,882	1,196	1,176	5,428	7,823	7,735	1,257	1,437	4,786	189
II.....	8,368	8,570	8,463	1,091	1,204	6,061	8,232	8,219	1,308	1,452	5,155	136
III.....	8,965	8,369	8,262	1,122	1,166	5,900	8,455	8,420	1,431	1,554	5,123	510
IV ⁸	8,600	9,100	9,000	1,200	1,300	6,400	8,300	8,600	1,400	1,600	5,300	300

¹ Beginning 1960, data have been adjusted for comparability with the revised commodity classifications effective in 1965

² Totals exclude Department of Defense shipments of grant-aid military supplies and equipment under the Military Assistance Program.

³ Total arrivals of imported goods other than intransit shipments.

⁴ Total includes commodities and transactions not classified according to kind.

⁵ Includes fats and oils.

⁶ Includes machinery, transportation equipment, chemicals, metals, and other manufactures. Export data for these items include military grant-aid shipments.

⁷ Exports, excluding military grant-aid, less general imports; quarterly data seasonally adjusted.

⁸ Totals based on data for October, November, and estimates for December.

Note.—Data are as reported by the Bureau of the Census. Export statistics cover all merchandise shipped from the U.S. customs area, except supplies for U.S. Armed Forces. Export values are f.a.s. port of export and include shipments under Agency for International Development and Food for Peace programs as well as other private relief shipments. Import values are defined generally as the market value in the foreign country, excluding the U.S. import duty and transportation costs such as ocean freight and marine insurance.

Source: Department of Commerce, Bureau of International Commerce.

TABLE B-86.—United States merchandise exports and imports, by area, 1962-68

[Millions of dollars]

Area	1962	1963	1964	1965	1966	1967	January–November	
							1967	1968
Exports (including reexports and special category shipments): Total	21,700	23,347	26,508	27,478	30,320	31,526	28,655	31,282
Developed countries.....	13,985	15,124	17,202	18,315	20,010	21,371	19,390	21,272
Developing countries.....	7,589	8,056	8,966	9,023	10,112	9,960	9,084	9,820
Canada.....	4,045	4,251	4,915	5,643	6,661	7,165	6,547	7,296
Other Western Hemisphere.....	3,679	3,692	4,292	4,274	4,769	4,718	4,302	4,828
Western Europe ¹	7,633	8,171	9,096	9,224	9,805	10,103	9,174	9,967
Eastern Europe.....	125	167	340	140	198	195	181	190
Asia.....	4,676	5,448	5,802	6,012	6,733	7,146	6,504	6,877
Australia and Oceania.....	519	565	804	956	805	1,017	853	949
Africa.....	1,023	1,053	1,259	1,229	1,349	1,182	1,094	1,175
General imports: Total	16,392	17,140	18,684	21,366	25,542	26,812	24,381	30,093
Developed countries.....	10,250	10,807	11,894	14,067	17,590	18,943	17,210	21,843
Developing countries.....	6,035	6,242	6,676	7,145	7,762	7,681	6,999	8,056
Canada.....	3,660	3,829	4,239	4,832	6,125	7,107	6,438	8,042
Other Western Hemisphere.....	3,931	4,021	4,151	4,371	4,704	4,635	4,229	4,637
Western Europe ¹	4,544	4,731	5,208	6,155	7,678	8,050	7,287	9,240
Eastern Europe.....	79	81	99	137	179	177	162	182
Asia.....	2,960	3,192	3,620	4,528	5,276	5,348	4,910	6,298
Australia and Oceania.....	440	502	440	453	594	581	522	658
Africa.....	754	777	917	878	979	906	825	1,027
Unidentified countries ²	24	7	10	12	7	8	8	9

¹ Includes Finland, Yugoslavia, Greece, and Turkey.² Consists of certain low-valued shipments and some uranium imports, not identified by country.

Note.—Developed countries include Canada, Western Europe, Japan, Australia, New Zealand, and the Republic of South Africa. Developing countries include rest of the world except Communist areas in Eastern Europe and Asia and unidentified countries.

Source: Department of Commerce, Bureau of International Commerce.

TABLE B-87.—United States overseas loans and grants, by type and area, fiscal years 1962-68
[Millions of dollars]

Type of program and fiscal period	Total	Near East and South Asia	Latin America	Vietnam	East Asia	Africa	Europe	Other and non-regional
Total economic loans and grants (net obligations and loan authorizations):¹								
1962-67 average.....	4,730	1,576	1,163	347	516	397	274	459
Loans.....	2,535	1,167	754	*	189	168	228	29
Grants.....	2,195	409	409	347	327	229	46	430
1968.....	4,749	1,279	1,362	444	562	337	162	604
Loans.....	2,604	1,066	874	*	248	200	145	70
Grants.....	2,145	212	488	444	313	137	17	534
Economic loans and grants to less developed countries, by program:²								
Net obligations and loan authorizations:								
1962-67 average.....	4,538	1,576	1,163	347	446	397	167	442
1968.....	4,445	1,279	1,362	444	468	337	21	534
Repayments and interest:								
1962-67 average.....	678	245	273	11	53	27	60	8
1968.....	976	348	393	4	64	48	113	7
Agency for International Development:								
Net obligations and loan authorizations:								
1962-67 average.....	2,297	764	557	278	226	209	2	261
1968.....	1,891	440	496	304	230	116	*	304
Repayments and interest:								
1962-67 average.....	196	108	20	11	21	16	17	3
1968.....	270	148	50	3	26	25	18	1
Export-Import Bank long-term loans:								
Loan authorizations:								
1962-67 average.....	376	80	178	-----	26	27	65	-----
1968.....	570	174	301	-----	28	49	18	-----
Repayments and interest:								
1962-67 average.....	365	71	235	-----	25	8	26	-----
1968.....	490	89	307	-----	26	18	49	-----
Food for Freedom:								
Obligations:								
1962-67 average.....	1,388	720	151	69	157	139	101	51
1968.....	1,398	652	228	140	185	148	3	42
Repayments and interest:								
1962-67 average.....	95	62	10	-----	4	2	18	-----
1968.....	178	103	15	1	9	3	46	-----
Contributions and Subscriptions to International Lending Organizations:³								
Obligations:								
1962-67 average.....	241	-----	162	-----	-----	-----	-----	79
1968.....	424	-----	300	-----	-----	-----	-----	124
Peace Corps and other:⁴								
Obligations:								
1962-67 average.....	236	12	115	-----	37	22	-----	50
1968.....	162	13	36	-----	25	24	-----	64
Repayments and interest:								
1962-67 average.....	22	5	9	-----	3	1	-----	6
1968.....	39	8	21	-----	3	1	-----	6

¹ Some data are preliminary.

² Countries have been classified "less developed" on the basis of the standard list of less developed countries used by the Development Assistance Committee of the Organization for Economic Cooperation and Development. On this basis, "less developed" countries include all countries receiving U.S. loans or grants except the following which are considered "developed": Japan, Australia, New Zealand, Republic of South Africa, Canada, and all of Europe except Malta, Spain and Yugoslavia.

³ Includes capital subscriptions and contributions to the Inter-American Development Bank, the International Development Association and the Asian Development Bank.

⁴ Data for certain programs from Department of Commerce (Office of Business Economics).

Source: Agency for International Development (except as noted).

TABLE B-88.—*International reserves, 1949, 1953, and 1963-68*

[Millions of dollars; end of period]

Area and country	1949	1953	1963	1964	1965	1966	1967	1968	
								Sep- tember	De- cember
All countries.....	45,635	51,890	66,370	68,670	70,430	71,895	73,510	73,440	-----
Developed areas.....	37,245	41,390	56,820	58,945	59,445	60,235	61,055	59,850	-----
United States.....	26,024	23,458	16,843	16,672	15,450	14,882	14,830	14,634	15,710
United Kingdom.....	1,752	2,670	3,147	2,316	3,004	3,100	2,695	2,717	2,422
Other Western Europe.....	6,457	10,515	29,413	32,279	33,583	34,950	36,448	34,469	-----
Austria.....	92	325	1,229	1,317	1,311	1,333	1,484	1,538	1,510
Belgium.....	978	1,144	1,970	2,222	2,334	2,350	2,590	2,416	2,187
France.....	580	829	4,908	5,724	6,343	6,733	6,994	4,374	4,201
Germany.....	196	1,773	7,650	7,882	7,429	8,028	8,152	9,189	-----
Italy.....	(¹)	768	3,619	3,824	4,800	4,910	5,463	5,584	-----
Netherlands.....	434	1,232	2,102	2,349	2,416	2,448	2,619	2,471	2,463
Scandinavian coun- tries (Denmark, Finland, Norway, and Sweden).....	537	1,026	1,875	2,380	2,324	2,340	2,236	2,451	2,320
Spain.....	(¹)	150	1,147	1,513	1,409	1,205	1,049	1,120	-----
Switzerland.....	1,692	1,768	3,074	3,120	3,244	3,324	3,555	2,932	3,932
Other ²	1,222	1,500	1,839	1,948	1,973	2,278	2,306	2,394	-----
Canada.....	1,197	1,902	2,603	2,881	3,027	2,693	2,709	2,727	-----
Japan.....	(¹)	892	2,058	2,019	2,152	2,119	2,030	2,380	2,906
Australia, New Zealand, and South Africa.....	1,582	1,952	2,756	2,777	2,228	2,494	2,341	2,921	-----
Less developed areas ³	8,390	10,500	9,550	9,725	10,985	11,660	12,455	13,590	-----
Latin America.....	2,775	3,400	2,725	2,855	3,280	3,180	3,460	3,660	-----
Middle East.....	1,475	1,200	2,255	2,320	2,675	2,845	3,195	3,345	-----
Other Asia.....	3,395	3,840	3,085	3,070	3,395	3,845	3,975	4,240	-----
Other Africa.....	4290	1,800	1,405	1,415	1,575	1,730	1,750	2,145	-----

¹ Not available separately.² 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.³ Includes unpublished gold holdings not allocable by area.⁴ Estimate.

Note.—Includes gold holdings, reserve positions in the International Monetary Fund, and foreign exchange of all countries except U.S.S.R., other Eastern European countries, Communist China and Cuba (after 1960).

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.

Source: International Monetary Fund, "International Financial Statistics."

TABLE B-89.—United States reserve assets: Gold stock, holdings of convertible foreign currencies, and reserve position in the International Monetary Fund, 1946-68

[Millions of dollars]

End of year or month	Total reserve assets	Gold stock ¹		Convertible foreign currencies ²	Reserve position in International Monetary Fund ⁴
		Total ³	Treasury		
1946	20,706	20,706	20,529		
1947	24,021	22,868	22,754		1,153
1948	25,758	24,399	24,244		1,359
1949	26,024	24,563	24,427		1,461
1950	24,265	22,820	22,706		1,445
1951	24,299	22,873	22,695		1,426
1952	24,714	23,252	23,187		1,462
1953	23,458	22,091	22,030		1,367
1954	22,978	21,793	21,713		1,185
1955	22,797	21,753	21,690		1,044
1956	23,666	22,058	21,949		1,608
1957	24,832	22,857	22,781		1,975
1958	22,540	20,582	20,534		1,958
1959	21,504	19,507	19,456		1,997
1960	19,359	17,804	17,767		1,555
1961	18,753	16,947	16,889	116	1,690
1962	17,220	16,057	15,978	99	1,064
1963	16,843	15,596	15,513	212	1,035
1964	16,672	15,471	15,388	432	769
1965	15,450	⁵ 13,806	13,733	781	⁵ 863
1966	14,882	13,235	13,159	1,321	326
1967	14,830	12,065	11,982	2,345	420
1968	15,710	10,892	10,367	3,528	1,290
1967: Jan	14,196	13,202	13,157	645	349
Feb	13,998	13,161	13,107	480	357
Mar	13,855	13,184	13,107	314	357
Apr	13,906	13,234	13,109	315	357
May	13,943	13,214	13,109	363	366
June	14,274	13,169	13,110	738	367
July	14,224	13,136	13,108	719	369
Aug	14,605	13,075	13,008	1,162	368
Sept	14,649	13,077	13,006	1,200	372
Oct	14,927	13,039	12,905	1,509	379
Nov	15,438	12,965	12,908	2,092	381
Dec	14,830	12,065	11,982	2,345	420
1968: Jan	14,620	12,003	11,984	2,176	441
Feb	14,790	11,900	11,882	2,235	655
Mar	13,926	10,703	10,484	2,746	477
Apr	13,840	10,547	10,484	2,804	489
May	14,348	10,468	10,384	3,386	494
June	14,063	10,681	10,367	2,479	903
July	14,366	10,676	10,367	2,773	917
Aug	14,427	10,681	10,367	2,817	929
Sept	14,634	10,755	10,367	2,953	926
Oct	14,427	10,788	10,367	2,703	936
Nov	15,660	10,897	10,367	3,655	1,108
Dec	15,710	10,892	10,367	3,528	1,290

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, 1968. Beginning September 1965 also includes gold deposited by the IMF to mitigate the impact on the U.S. gold stock of purchases by foreign countries for gold subscriptions on increased IMF quotas. Amount outstanding was \$230 million on December 31, 1968. The United States has a corresponding gold liability to the IMF.

² Includes gold in Exchange Stabilization Fund.

³ Includes holdings of Treasury and Federal Reserve System.

⁴ In accordance with Fund policies the United States has the right to draw foreign currencies equivalent to its reserve position in the Fund virtually automatically if needed. Under appropriate conditions the United States could draw additional amounts equal to the United States quota.

⁵ Reserve position includes, and gold stock excludes, \$259 million gold subscription to the Fund in June 1965 for a U.S. quota increase which became effective on February 23, 1966. In figures published by the Fund from June 1965 through January 1966, this gold subscription was included in the U.S. gold stock and excluded from the reserve position.

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 B-90.—Price changes in international trade, 1960-68

[1958=100]

Area or commodity class	1960	1961	1962	1963	1964	1965	1966	1967	1968
									Third quarter
Unit value indexes by area									
Developed areas									
Total:									
Exports.....	100	101	101	102	103	104	106	106	105
Terms of trade ¹	103	104	105	104	104	104	104	105	105
United States ²									
Exports.....	101	103	102	102	103	106	107	112	113
Terms of trade ¹	101	105	107	105	104	106	105	108	108
Developing areas									
Total:									
Exports.....	98	95	93	95	97	97	99	98	98
Terms of trade ¹	99	97	95	97	97	97	97	97	97
Latin America									
Exports.....	95	93	91	94	101	101	103	101	³ 102
Terms of trade ¹	96	95	93	97	103	102	103	100	³ 99
Southern and Eastern Asia ⁴									
Exports.....	111	104	101	102	103	104	106	99	³ 99
Terms of trade ¹	109	104	102	102	100	100	103	99	³ 100
World export price indexes ⁵									
Primary commodities: Total.....	97	95	94	100	103	100	101	98	97
Foodstuffs.....	91	90	90	103	106	99	100	99	96
Coffee, tea, and cocoa.....	77	72	70	73	87	80	84	81	81
Cereals.....	96	98	103	102	105	101	107	109	106
Other agricultural commodities ⁶	107	103	99	103	105	104	105	98	97
Fats, oils, and oilseeds.....	94	97	89	95	98	108	105	97	91
Textile fibers.....	104	105	101	112	116	105	106	101	101
Wool.....	108	107	106	127	131	110	115	98	93
Rubber.....	141	107	102	95	91	93	99	71	71
Minerals.....	93	92	92	92	94	96	97	95	95
Metal ores.....	98	100	99	96	104	110	110	104	104
Manufactured goods: Total ⁵.....	101	102	102	103	104	106	108	109	109
Nonferrous base metals ⁵	114	110	109	110	135	155	178	163	162

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 1968.

⁴ Excludes Japan.

⁵ Data for manufactured goods are unit value indexes.

⁶ Includes nonfood fish and forest products.

Note.—Data exclude trade of Communist areas in Eastern Europe (except Yugoslavia) and Asia.

Sources: United Nations and Department of Commerce (Bureau of International Commerce).

TABLE B-91.—Consumer price indexes in the United States and other major industrial countries 1957-68

[1963=100]

Period	United States	Canada	Japan	France	Germany	Italy	Netherlands	United Kingdom
1957.....	91.8	91.7	79.3	69.6	88.1	83.2	88	86.9
1958.....	94.4	94.1	78.9	80.1	90.0	85.5	90	89.5
1959.....	95.1	95.1	79.8	85.0	90.9	85.1	91	90.0
1960.....	96.6	96.2	82.6	88.1	92.1	87.1	94	90.9
1961.....	97.7	97.1	87.0	91.0	94.3	88.9	95	94.0
1962.....	98.8	98.3	93.0	95.4	97.1	93.1	97	98.0
1963.....	100.0	100.0	100.0	100.0	100.0	100.0	100	100.0
1964.....	101.3	101.8	103.9	103.4	102.3	105.9	106	103.3
1965.....	103.0	104.3	110.7	106.0	105.8	110.7	111	108.2
1966.....	106.0	108.2	116.4	108.9	109.5	113.3	118	112.4
1967.....	109.0	112.0	121.0	111.8	111.1	116.9	121	115.2
1968 ¹	113.3	116.3	127.0	116.4	112.5	118.4	125	120.1
1965: I.....	102.1	103.1	108.6	105.0	104.1	109.5	108	105.8
II.....	102.8	103.9	110.8	106.1	105.4	110.1	113	108.5
III.....	103.2	104.8	110.8	106.3	106.5	111.2	112	108.9
IV.....	103.7	105.3	112.9	106.9	107.1	111.9	112	109.6
1966: I.....	104.5	106.7	114.9	107.7	108.5	112.7	116	110.4
II.....	105.6	107.9	116.4	108.5	109.8	113.0	120	112.5
III.....	106.6	108.9	116.5	109.2	109.6	113.3	118	112.9
IV.....	107.4	109.5	117.6	109.8	110.1	114.2	118	113.8
1967: I.....	107.6	109.9	119.8	110.8	110.9	115.9	119	114.4
II.....	108.4	111.5	119.7	111.2	111.5	116.6	123	115.4
III.....	109.5	113.2	120.2	111.9	111.2	117.5	122	114.8
IV.....	110.4	113.6	124.1	113.5	110.8	117.9	122	116.2
1968: I.....	111.6	114.9	126.2	115.1	112.3	118.2	124	117.8
II.....	112.8	116.0	126.4	115.8	112.5	118.5	125	120.6
III.....	114.2	117.3	127.4	117.2	112.5	118.3	126	121.3
IV ²	115.5	117.9	129.8	119.2	112.9	118.5	-----	122.0

¹ Averages for January–November for the United States; January–September for the Netherlands; and January–October for all other countries.

² October–November average for the United States and October data for all other countries.

Sources: Department of Labor and Organization for Economic Cooperation and Development.

