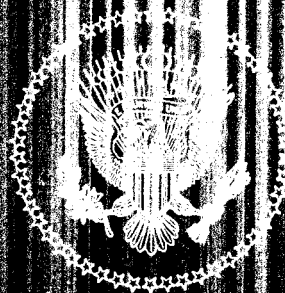


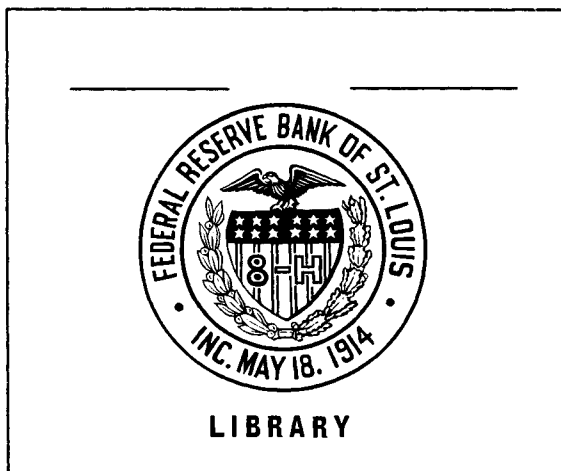
# ECONOMIC REPORT OF THE PRESIDENT



Transmitted to the Congress  
January 1965

Together With  
THE ANNUAL REPORT  
of the  
COUNCIL OF ECONOMIC ADVISERS

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# Economic Report of the President



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UNITED STATES GOVERNMENT PRINTING OFFICE  
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**ECONOMIC REPORT  
OF THE PRESIDENT**





*To the Congress of the United States:*

I am pleased to report

- that the state of our economy is excellent;
- that the rising tide of our prosperity, drawing new strength from the 1964 tax cut, is about to enter its fifth consecutive year;
- that, with sound policy measures, we can look forward to uninterrupted and vigorous expansion in the year ahead.

## PROGRESS TOWARD OUR ECONOMIC GOALS

### FULL EMPLOYMENT

In the year just ended, we have made notable progress toward the Employment Act's central goal of ". . . useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and . . . maximum employment, production, and purchasing power."

#### *Employment:*

- *Additional jobs* for 1½ million persons have been created in the past year, bringing the total of new jobs since January 1961 to 4½ million.
- *Unemployment* dropped from 5.7 percent in 1963 to 5.2 percent in 1964 and was down to 5.0 percent at year's end.

#### *Production:*

- *Gross National Product* (GNP) advanced strongly from \$584 billion in 1963 to \$622 billion in 1964.
- *Industrial production* rose 8 percent in the past twelve months.

#### *Purchasing power:*

- *The average weekly wage* in manufacturing stands at a record \$106.55, a gain of \$3.89 from a year ago and of \$17.50 from early 1961.
- *Average personal income after taxes* has reached \$2,288 a year—up 17½ percent in four years.
- *Corporate profits after taxes* have now risen continuously for four straight years—from a rate of \$19½ billion early in 1961 to nearly \$32 billion at the end of 1964.

But high levels of employment, production, and purchasing power cannot rest on a sound base if we are plagued by slow growth, inflation,

or a lack of confidence in the dollar. Since 1946, therefore, we have come to recognize that the mandate of the Employment Act implies a series of objectives closely related to the goal of full employment:

- rapid growth,*
- price stability, and*
- equilibrium in our balance of payments.*

#### RAPID GROWTH

True prosperity means more than the full use of the productive powers available at any given time. It also means the rapid expansion of those powers. In the long run, it is only a growth of over-all productive capacity that can swell individual incomes and raise living standards. Thus, *rapid economic growth* is clearly an added goal of economic policy.

- Our gain of \$132 billion in GNP since the first quarter of 1961 represents an average growth rate (in constant prices) of 5 percent a year.
- This contrasts with the average growth rate of 2½ percent a year between 1953 and 1960.

Part of our faster gain in the last four years has narrowed the “gap” that had opened up between our actual output and our potential in the preceding years of slow expansion. But the growth of our potential is also speeding up. Estimated at 3½ percent a year during most of the 1950’s, it is estimated at 4 percent in the years ahead; and sound policies can and should raise it above that, even while moving our actual performance closer to our potential.

#### PRICE STABILITY

I regard the goal of *over-all price stability* as fully implied in the language of the Employment Act of 1946.

We can be proud of our recent record on prices:

- Wholesale prices are essentially unchanged from four years ago, and from a year ago.
- Consumer prices have inched upward at an average rate of 1.2 percent a year since early 1961, and 1.2 percent in the past 12 months. (Much of this increase probably reflects our inability fully to measure improvements in the quality of consumer goods and services.)

#### BALANCE OF PAYMENTS EQUILIBRIUM

The Employment Act requires that employment policy be “consistent” with “other essential considerations of national policy.” Persistent balance of payments deficits in the 1950’s reached an annual average of nearly \$4 billion in 1958–60. Deficits of this size threatened to undermine confidence in the dollar abroad and limited our ability

to pursue, simultaneously, our domestic and overseas objectives. As a result, *restoring and maintaining equilibrium in the U.S. balance of payments* has for some years been recognized as a vital goal of economic policy.

During the past four years

- Our over-all balance of payments position has improved, and the outflow of our gold has been greatly reduced.
- Our commercial exports have risen more than 25 percent since 1960, bringing our trade surplus to a new postwar record.
- The annual dollar outflow arising from our aid and defense commitments has been cut \$1 billion, without impairing programs.
- Our means of financing the deficit have been strengthened, reducing the gold outflow and helping to build confidence in the dollar.

#### CONSISTENCY OF OUR GOALS

Thus, the record of our past four years has been one of *simultaneous advance toward full employment, rapid growth, price stability, and international balance*.

We have proved that with proper policies these goals are not mutually inconsistent. They can be mutually reinforcing.

#### THE ROLE OF ECONOMIC POLICY

The unparalleled economic achievements of these past four years have been founded on the imagination, prudence, and skill of our businessmen, workers, investors, farmers, and consumers. In our basically private economy, gains can come in no other way.

But since 1960 a new factor has emerged to invigorate private efforts. *The vital margin of difference has come from Government policies which have sustained a steady, but noninflationary, growth of markets.*

*I believe that 1964 will go down in our economic and political history as the "year of the tax cut."*

It was not the first time that taxes were cut, of course, nor will it be the last time. But it *was* the first time our Nation cut taxes for the declared purpose of speeding the advance of the private economy toward "maximum employment, production, and purchasing power." And it was done in a period already prosperous by the standard tests of rising production and incomes. In short, *the tax cut was an expression of faith in the American economy:*

- It expressed confidence that our economy would translate higher after-tax incomes and stronger incentives into increased expenditures in our markets.
- It recognized the presence of untapped productive capacity. We cut taxes confident that the economy would respond to in-

creased buying by producing more goods at stable prices rather than the same output at higher prices.

- It insisted on getting full performance from the American economy.

*The promise of the tax cut for 1964 was fulfilled.* Production, employment, and incomes jumped ahead. Unemployment was whittled down steadily.

Since 1960, the balance between budget expenditures and taxes has been boldly adjusted to the needs of economic growth. We have recognized as self-defeating the effort to balance our budget too quickly in an economy operating well below its potential. And we have recognized as fallacious the idea that economic stimulation can come only from a rapid expansion of Federal spending.

*Monetary policy has supported fiscal measures.* The supply of credit has been wisely tailored to the legitimate credit needs of a noninflationary expansion, while care has been taken to avoid the leakage of short-term funds in response to higher interest rates abroad.

Fiscal and monetary policies to build our prosperity have been buttressed by measures

- to improve the education, skills, and mobility of our labor force;
- to stimulate investment in new and modern plants and machinery;
- to expand exports;
- to assist in rebuilding the economic base of communities and areas that have lagged behind;
- to strengthen our farm economy and support farm income;
- to conserve and develop our natural resources;
- to keep a sound flow of credit moving to home-buyers and small businesses;
- to redevelop decaying urban areas;
- to strengthen our transportation network; and
- to offer business and labor a guide for sound and noninflationary price and wage decisions.

*Public policies to build a sound prosperity have found their response in equally constructive private efforts.*

- Our businessmen have controlled their costs, increased their efficiency, and developed new markets at home and abroad.
- They have kept their inventories under tight control and have prudently geared their plant expansion to rising markets in an expanding economy.
- Consumers have used rising incomes and tax savings to lift their standards of living, while adding to their wealth to assure their future standards of living.
- Workers have realized that wage gains which justify employers' raising prices vanish when they take their pay envelopes into

the stores—and cost them much when they draw on their savings.

- Workers and managers have cooperated to facilitate the adoption of new technology, while solving the human problems it sometimes creates.

As a result of public and private policies, we have come to our present state of prosperity without pressures or imbalances that would foretell an early end to our expansion. Instead, we look forward to another year of sustained and healthy economic growth.

## THE UNFINISHED TASKS

Our prosperity is widespread, but it is not complete. Our growth has been steady, but its permanence is not assured. Our achievements are great, but our tasks are unfinished.

1. Four years of steadily expanding job opportunities have not brought us to full employment. Some 3.7 million of our citizens want work but are unable to find it. Up to 1 million more—"the hidden unemployed"—would enter the labor force if the unemployment rate could be brought down just one percentage point.

In the next year, 1.3 million more potential workers will be added to our labor force, including a net increase of  $\frac{1}{2}$  million below the age of 20.

The more of these 6 million potential workers who find jobs in 1965

—the faster our total output will grow;

—the greater will be the markets for the products of our factories and farms;

—the larger will be our Federal revenues;

—the greater will be the number of our citizens who know they are contributing to our society, not subsisting on the contributions of others;

—the smaller will be the number who know the pangs of insecurity, deprivation, even of hunger;

—the larger will be the number of teenagers who feel that society has a useful purpose for them.

*The promise in the Employment Act of job opportunities for all those able and wanting to work has not yet been fulfilled. We cannot rest until it is.*

2. Four years of vigorous efforts have not yet brought our external payments into balance. We need to complete that task—and we will.

The stability of the American dollar is central not only to progress at home but to all our objectives abroad. *There can be no question of our capacity and determination to maintain the gold value of the dollar at \$35 an ounce. The full resources of this Nation are pledged to that end.*

Progress in key sectors of our international payments has been good, but not enough. Gains in trade and savings in Government overseas payments have been offset in large measure by larger capital outflows. As a result our deficit remains far too large. *We must and will reduce and eliminate it.*

In the process of restoring external balance we must continue—in concert with other nations of the free world—to build an international economic order

- based on maximum freedom of trade and payments,
- in which imbalances in payments, whether surpluses or deficits, are soundly financed while being effectively eliminated,
- in which no major currency can be undermined by speculative runs, and
- in which the poorer nations are helped—through investment, trade, and aid—to raise progressively their living standards toward those of the developed world.

3. Ceaseless change is the hallmark of a progressive and dynamic economy. No planned economy can have the flexibility and adaptability that flow from the voluntary response of workers, consumers, and managements to the shifting financial incentives provided by free markets.

In those activities entrusted to governments—as in those where private profit provides the spur—the search for efficiency and economy must never cease.

The American economy is the most efficient and flexible in the world. *But the task of improving its efficiency and flexibility is never done.*

4. American prosperity is widely shared. But too many are still precluded from its benefits by discrimination; by handicaps of illness, disability, old-age, or family circumstance; by unemployment or low productivity; by lack of mobility or bargaining power; by failure to receive the education and training from which they could benefit.

*The war against poverty has begun; its prosecution is one of our most urgent tasks in the years ahead.*

5. Our goals for individuals and our Nation extend far beyond mere affluence. The quality of American life remains a constant concern.

The task of economic policy is to create a prosperous America. *The unfinished task of prosperous Americans is to build a Great Society.*

Our accomplishments have been many; these tasks remain unfinished:

- to achieve full employment without inflation;
- to restore external equilibrium and defend the dollar;
- to enhance the efficiency and flexibility of our private and public economies;
- to widen the benefits of prosperity;
- to improve the quality of American life.

## ECONOMIC PROSPECTS FOR 1965

Approval of the fiscal program I have recommended *means that GNP in 1965 should expand over 1964's record level and reach—as the midpoint of a \$10 billion range—\$660 billion for the year.*

Carried forward by the momentum of last year's gains and fueled by the continuing stimulus of profits enlarged through tax reduction, private business investment in plant and equipment should grow nearly as much in 1965 as it did in 1964.

Current rapid gains in sales, and slim stocks in 1964, should produce a higher rate of production for inventory in 1965.

Residential construction will remain high.

State and local governments will continue to enlarge their buying.

Consumers' confidence is strong. They will respond to rising earnings, higher social security benefits, and a cut in excise taxes by lifting their purchases, thereby providing a market for a full two-thirds of our expected over-all gain in production.

### FEDERAL FISCAL POLICY

Private demand will be strong in 1965. It will be further sustained by Federal fiscal measures.

The 1966 Budget Message outlines my fiscal philosophy. We have four priorities:

- to strengthen our national defense;
- to meet our pressing human needs;
- to maximize the efficiency of Government operations;
- to sustain the advance of our Nation's economy.

In these priorities lies the key to our whole strategy of attack on waste:

- the waste of lives and property and progress which is the cost of war;
- the waste of human potential and self-respect which is the cost of poverty and lack of opportunity;
- the waste of excessive Government personnel, obsolete installations, and outmoded public services which is the cost of inefficient Government;
- the waste of men and facilities and resources which is the cost of economic stagnation.

*Purposeful expenditures, stimulative tax reduction, and economy in Government operations are the three weapons which, if used effectively, can relieve our society of the costs and consequences of waste.*

Carrying out these principles, I have submitted a budget which will once again contribute expansionary force rather than restrictive pressure on our economy.

As measured by their effects on incomes and production, Federal expenditures, grants, and transfer payments in calendar 1965 will

exceed by \$5 billion their amount in 1964. The largest single part of this increase will arise from the 7 percent increase in Social Security payments I have proposed.

The reduction or elimination of many excise taxes (when fully effective, \$1.75 billion a year)—partially offset by appropriate new or increased user charges—will accomplish a net tax reduction of nearly \$700 million within calendar year 1965. In addition, another \$1 billion reduction in corporate income tax liabilities becomes effective this year. So does a further \$3 billion reduction in personal tax liabilities (although not in withholding rates).

Should unfavorable developments in the private economy during 1965 unexpectedly make this budgetary stimulus inadequate to maintain a strong pace of expansion, I shall be prepared to consider additional fiscal action.

### PROGRESS TOWARD FULL EMPLOYMENT

A GNP of around \$660 billion, with expansion throughout the year, will give us our fifth straight year of substantial economic gains—a record without peacetime precedent.

The productive powers of our dynamic economy are now expanding so rapidly that a gain of \$38 billion will do little more than keep up with the expansion of our capacity, and will make only modest inroads into the still too heavy unemployment of our human and physical resources. But *unemployment in 1965 should average less than the 5.2 percent of 1964.*

The road to maximum employment, production, and purchasing power will not be easily or quickly traveled. And it has no final destination. The challenge of maintaining full employment once reached will be as urgent and as difficult as reaching it.

### COMBATING RECESSIONS

A time of prosperity with no recession in sight is the time to plan our defenses against future dips in business activity.

*I do not believe recessions are inevitable.* Up to now, every past expansion has ended in recession or depression—usually within three years from its start. But the vulnerability of an expansion cannot be determined by the calendar. Imbalance—not old age—is the threat to sustained advance.

In principle, public measures can head off recessions before they start. Unforeseen events and mistakes of public or private policy will nonetheless occur. Recessions may be upon us before we recognize their warning signs.

We can head them off, or greatly moderate their length and force—*if we are able to act promptly.*



The stimulating force of tax cuts is now generally recognized.

The Congress could reinforce confidence that jobs and markets will be sustained by insuring that its procedures will permit rapid action on temporary income tax cuts if recession threatens.

Recessions usually arise from a reduction in the intensity of private demand for goods and services. At such a time, it may be appropriate to employ idle or potentially idle resources in sound programs of public expenditure.

The programs which should be considered for expansion at such times would be those

- that meet important public needs;
- that are capable of quick acceleration—not just in the assignment of funds but in the hiring of workers and the production of goods;
- that in any event would have been increased in the next regular budget, or that are capable of quick and efficient termination when the need has passed.

## MONETARY POLICY IN 1965

As in 1964, an expansionary monetary policy will be tempered by the urgency of our balance of payments problem. But barring domestic or international emergency, our monetary and debt-management policies can serve—as they have since 1960—to accommodate the credit needs of a noninflationary expansion.

Long-term interest rates, in particular, will continue to be held down by the vast flow of savings into private financial institutions. Long-term borrowers now reasonably plan on the essential stability of long-term interest rates in 1965.

Monetary policy must be free of arbitrary restriction. It must be prepared to move quickly

- if excessive demand should threaten inflation,
- if an outflow of liquid funds should unexpectedly worsen our balance of payments.

We expect neither of these in 1965. Rather, we expect a continuation of sound and healthy economic expansion.

The Federal Reserve system must be free to accommodate that expansion—in 1965 and in the years beyond 1965. Such an expansion needs to be supported by further orderly growth in money and credit. But this growth, as it is reflected in Federal Reserve note and deposit liabilities, could easily absorb—within two years or less, and without the outflow of a single ounce of gold—the present operating margin over the 25 percent “gold cover” required by existing law.

Clearly, we should place beyond any doubt the ability of the Federal Reserve to meet its responsibility for providing an adequate but not excessive volume of bank reserves.

Clearly, we should place beyond any doubt our ability to use our gold to make good our pledge to maintain the gold value of the dollar at \$35 an ounce with every resource at our command.

*I am requesting the Congress, therefore, to eliminate the arbitrary requirement that the Federal Reserve Banks maintain a gold certificate reserve against their deposit liabilities.*

The desirability of prompt action does not arise from any sudden emergency. If required at any time in defense of the dollar, gold could and would be released from the present requirement under the provisions of existing law.

But we should not permit a provision of law framed for the different circumstances of an earlier day to raise any questions about our ability to carry out effective and responsible monetary and credit policies

- for domestic prosperity, with stable prices, and
- for defense of the dollar abroad.

## MAINTAINING WAGE-PRICE STABILITY

The remarkable price stability of 1959–63 persisted throughout 1964. There is good reason to believe that it will continue in 1965.

Yet watchful caution must govern public and private policies in 1965.

Though the margin remains substantial, our economy is now closer to full utilization than at any time since 1957. Despite the general moderation of labor settlements and the general restraint by price-makers in industries that have price discretion, there have been disturbing exceptions. Moreover, temporary and accidental factors—such as those that affected some nonferrous metals in 1964—could spark price increases in another sector of our economy in the year ahead.

Individual prices will have to rise, where productivity gains are small or materials costs go up. But these should be balanced by price cuts elsewhere.

*We can no more afford inflation in 1965 than we could in 1964.* Our balance of payments problem is not solved. We have only recently begun to regain the competitive edge in international markets that was impaired by the inflation of the mid-1950's.

Federal budgetary and monetary policies must not permit a generalized excess of demand over supply to *pull* up prices. But, equally, private price and wage decisions must not *push* up costs and prices.

*I count on the sense of public responsibility of our labor leaders and our industrial leaders to do their full part to protect and extend our price stability.*

Reasonable price and wage guideposts are again spelled out in the accompanying Report of the Council of Economic Advisers. *I commend them to the attention of the American public and of leaders of labor and industry.*

With the help of the Council and of other agencies of Government, I intend

- to maintain a close watch on wage and price developments;
- to draw public attention to those private actions which threaten the public interest;
- to ask, as I have recently done in the case of steel prices, for special, detailed analysis of price or wage increases in key sectors of the economy; and
- to oppose legislative enactments that threaten to raise costs and prices and to support those that will stabilize or reduce costs and prices.

## INTERNATIONAL ECONOMIC POLICIES

### RESTORING BALANCE IN OUR EXTERNAL PAYMENTS

Continued cost and price stability is fundamental to correction of our balance of payments deficit—it is the foundation on which we must build our entire effort to achieve external equilibrium. In addition, we must continue and intensify more specific attacks on the problem.

- We are continuously reviewing our aid and defense programs to achieve the maximum savings in dollar expenditures abroad. Our aid programs must remain closely tied to exports of U.S. goods and services, until the balance of payments problem has been eliminated.
- We must continue and strengthen measures to promote U.S. exports.
- We will be alert to restrain any persistent outflow of short-term private funds in response to relatively high short-term interest rates in foreign countries.
- To increase our ability to attract foreign investment in U.S. securities, legislation will be proposed to improve the tax treatment of such investments.

More broadly, we need to reassess the adequacy of existing programs to deal with the balance of payments problem. The results of this reassessment will be set forth in a separate message to the Congress.

## BUILDING A STRONGER WORLD ORDER

*Through expanded trade:* In the Kennedy Round of trade negotiations now underway at Geneva, we are working intensively for a broad liberalization of world trade in both industrial and agricultural products.

A successful outcome can be of crucial benefit not only to the industrialized countries but also to the developing countries of the world.

*Through improved international monetary arrangements:* We take pride in our leadership in the building of the postwar system of international monetary cooperation. We find reassurance in the wholehearted resolve of the industrialized countries of the free world to avoid repeating the costly mistakes of the 1920's and 1930's. The strength of international monetary cooperation was demonstrated dramatically in 1964 in repelling speculative attacks on the Italian lira and the British pound.

We will continue to pursue orderly growth at home and abroad

- on the basis of stable convertible currencies and the fixed \$35 price for gold;
- through a wide network of bilateral and multilateral credit arrangements; and
- through frequent consultation between countries.

But we still have more to learn about

- how best to share the burden of making necessary mutual adjustments when countries run persistent deficits or surpluses in their balances of payments, and
- how best to meet the need of ensuring orderly growth in world liquidity to finance expanding world trade.

We will continue to seek agreement on these problems with other countries; we are confident that effective solutions will be found. We look toward early agreement on an increase in the resources of the International Monetary Fund, which will further strengthen the international monetary system.

*Through helping to raise incomes in less developed countries:* U.S. foreign assistance programs further three basic American aims. By helping to advance the economic growth of the less developed nations, they

- create the kind of world in which peace and freedom are most likely to flourish;
- bring closer a world economic order in which all nations will be strong partners;
- simultaneously, give a major stimulus to U.S. exports both in the present through direct financing of U.S. goods and services and for the future by developing the recipient's ability to buy and his preference for American products.

## MANPOWER POLICIES FOR A FLEXIBLE ECONOMY

Fiscal and monetary measures have the primary responsibility for furnishing "employment opportunities for those able, willing, and seeking to work."

But the creation of jobs is not enough. Job opportunities and men must be matched. Workers must have the requisite skills—and the opportunity to gain new skills if advancing technology finds less use for their old ones.

To a substantial degree, strong demand for labor will bring workers and jobs together. But sole reliance on strong demand would place price stability under an unnecessary threat. And the time needed for such adjustments would place unnecessary burdens upon displaced employees and new entrants to the labor market.

*To reduce human costs, raise productivity, and make possible full employment without inflation, this Administration is developing an active manpower policy.*

### U.S. EMPLOYMENT SERVICE

An efficient labor market brings together employers and potential employees—matching workers and jobs over time, space, and occupations. Most man-job matches occur unassisted, but a strong Federal-State employment service can make the difference between an effective and an inefficient labor market.

*The efficiency of the U.S. Employment Service has improved in recent years, but further strengthening is required for truly efficient labor markets. My budget provides for that strengthening.*

### MANPOWER TRAINING

The Manpower Development and Training Act was passed in 1962 and broadened in 1963. Its purpose is to supply skills to those who, whether for lack of wisdom or lack of opportunity, failed to acquire them earlier. It aims to make possible retraining of those who would otherwise bear the burdens of society's technological progress.

*We intend to improve and expand our training programs in 1965. We will give special attention to basic training and basic education for those at the bottom of the ladder of skills.*

### PRIVATE PENSION AND WELFARE FUNDS

Spectacular growth has occurred in postwar years in private pension and welfare plans. They provide a vital supplement to public programs to assist older workers, disabled workers, and workers who lose their jobs. But potential problems have become evident.

Failure to give the worker a right to his pension if he should change his employment hampers labor mobility. And in some instances, absence of full funding has imperiled the retirement incomes of the affected workers.

I have asked several groups to study these and other difficult problems. *I am now releasing—for consideration by unions, employers, the public, and the Congress—the Report of my Committee on Corporate Pension Funds and Other Private Retirement and Welfare Programs.*

## MAINTAINING INCOMES OF THE DISADVANTAGED

Not every person can share fully in the fruits of our progress through his own daily productive effort. Large numbers of our retired and handicapped cannot work. Many workers still suffer unemployment. Even in prosperous times, some receive wages below our standards. And the poverty of one-fifth of our families traps too many of our children in lives without opportunity or aspiration.

I am proposing new programs and extensions of old ones to meet more effectively our obligation to the weak and disadvantaged.

### SOCIAL SECURITY

Cash benefits must be increased to provide adequate support for the aged. *I urge a 7 percent rise in Social Security benefits this year, retroactive to January 1, financed by an increase next January in the covered wage base and in the combined employer and employee contribution rates. Increases in public assistance payments to the needy aged, blind and disabled, and to needy children, should be enacted.* We must continue to maintain the financial soundness of the social security system, at the same time taking care that its financing avoids the "fiscal drag" which could endanger our prosperity.

### HOSPITAL INSURANCE FOR THE ELDERLY

We can and must assure improved health services for the aged whose health needs are greatest and whose financial resources most meager. A hospital insurance program for the elderly, financed by contributions through social security, will provide protection against the costs of hospital and post-hospital extended care, home health visits, and outpatient diagnostic services. *I urge the Congress to act promptly on this program.*

### UNEMPLOYMENT INSURANCE

Improved protection against the risks of unemployment is long overdue. A comprehensive program requires that

- coverage be extended to additional workers under our Federal-State unemployment insurance program;
- benefits be kept in step with wages;

—the duration of benefits be extended beyond the 26 weeks now authorized in most States for workers with a firm and substantial labor force attachment.

*I shall recommend such a program.*

#### FAIR LABOR STANDARDS

A large number of workers still lack the protection of Federal minimum standards.

*I shall recommend coverage for an additional 2 million workers under the Fair Labor Standards Act.*

#### POVERTY

America's efforts to eradicate poverty are quickly taking shape under the Office of Economic Opportunity. Programs of community action, education, training, and work experience will strike at the roots of poverty, especially among our youth. *I urge a doubling of appropriations to intensify these efforts.*

#### IMPROVING URBAN LIFE

Our cities are the homes of more than two-thirds of the American people.

- They must be communities where men can find security, significance, and fulfillment.
- They must be centers of economic strength and commercial vitality.
- They must be seats of learning, sources of culture, and centers of scientific achievement.
- They must challenge and release the full productive and creative capacities of the people.

Our first task is to recognize that the city and its suburbs—often, indeed, several cities and their suburbs—constitute a single metropolitan area.

The Federal Government has neither wish nor power to abolish the legal boundaries that divide an urban area. But the Federal Government helps cities because many aspects of urban life pose problems of national as well as local concern. We can increasingly require—as a condition for Federal help—that the separate units work and plan together to assure that Federal aid and federally financed facilities will be used effectively in improving urban life.

We must increasingly help our cities to

- develop unified metropolitan transportation systems;
- supply adequate water and sewage service;
- provide community facilities and neighborhood centers;

- build adequate housing for low- and middle-income families;
- promote more efficient land use;
- set aside open spaces and develop new suburbs;
- replace or rehabilitate slum areas; and
- improve housing codes and code enforcement.

We need a new Department of Housing and Urban Development to strengthen our ability to cope with these problems.

*I shall shortly send to the Congress a message containing my recommendations.*

## OTHER ECONOMIC POLICIES FOR 1965 AND BEYOND

### NATURAL RESOURCE DEVELOPMENT

America owes her greatness partly to the large public and private investments made to develop her abundant natural resources. Rapid growth and urbanization require intensified efforts to solve old problems and imaginative approaches to new challenges.

Especially requiring study and action are

- *The protection of our environment.* We need to strengthen our attack on air, water, and soil pollution.
- *Water resource programs.* We must improve the efficiency, coordination, and comprehensiveness of our major water resource development programs. More realistic charges and user fees will improve equity and strengthen private incentives for efficient use.
- *Research programs.* We must find new and more efficient ways of utilizing available resources. I have recommended increased research efforts in several areas, including the desalting of sea water.
- *Recreational resources.* Urbanization, higher incomes, and expanded leisure time pose new demands for outdoor recreation. New and improved facilities are needed, particularly near metropolitan areas.

### STRENGTHENING THE ECONOMIC BASE OF COMMUNITIES

In 1961, the Congress recognized the special needs of distressed areas by passing the Area Redevelopment Act. Since then, hundreds of urban and rural communities have been strengthened by grants, loans, technical assistance, and training programs to help to build or restore their economic base. This program has helped distressed areas to benefit more fully from sustained prosperity.

Redirection of this program can benefit from the experience of the last four years. Future assistance should be sufficient to make a signif-



ificant impact on the economic growth of the communities assisted. Integrated development plans must be devised for larger economic areas with high promise of future viability, and communities must be helped to mobilize public and private leadership in an attack on local blight and depression.

*I shall propose measures to achieve these goals, through an extension and strengthening of the Area Redevelopment Act.*

*I also urge the Congress to enact the special program to assist in redeveloping the Appalachian region.*

## CONSUMER INFORMATION

Informed consumer choice among increasingly varied and complex products requires frank, honest information concerning quantity, quality, and prices. Truth-in-packaging will help to protect consumers against product misrepresentation. Truth-in-lending will help consumers more easily to compare the costs of alternative credit sources.

## TRANSPORTATION

The technological revolution in transportation, and large public and private investments in our highways, railroads, airways, and waterways, have greatly altered the nature of our transportation system. Our national transportation policy should be revised to reflect these changes, particularly by placing greater emphasis on competition and private initiative in interstate transportation. Fair and adequate user fees for our inland waterways, our Federal airways, and our Federal-aid highways will improve equity and efficiency in the use of these public resources.

As part of a well-rounded system of moving goods and people, there is urgent need and opportunity for high-speed, comfortable, and economical passenger transportation on densely traveled routes, such as in the Northeast corridor.

*I am recommending an enlarged program of research and demonstration projects to determine the best and cheapest way to meet this need.*

## INDUSTRIAL SCIENCE AND TECHNOLOGY

The Department of Commerce

- has proposed a State Technical Services Program to enable States to join with universities and industry to create new jobs through wider application of advanced technology;
- is establishing a coordinated system for scientific and technical data, to reduce unnecessary duplication of research and lower the costs of obtaining scientific data.

*My budget contains funds for these desirable programs.*

## AGRICULTURE

Americans owe much to the efficiency of our farmers. Their independent spirit and productive genius are the envy of the world. We must continue to assure them the opportunity to earn a fair reward for their efforts.

*I will transmit to the Congress recommendations for improving the effectiveness of our expenditures on price and income supports.*

Many small farmers cannot expect to earn good incomes from farming. But they—along with other rural Americans—will have an opportunity to share in the fruits of our society through faster economic growth, better education and training opportunities, and improved health and community facilities. We must extend the benefits of American prosperity to *all* our people, *including those in rural America.*

## EDUCATION AND HEALTH

In my message on education I proposed a program to insure an opportunity to every American child to develop to the full his mind and his skills.

In my message on health I proposed a massive new attack on diseases which afflict mankind.

We value education and health for their direct benefits to human understanding and happiness. But they also yield major economic benefits.

Investments in human resources are among our most profitable investments. Such investments raise individual productivity and incomes, with benefits to our whole society. They raise our rate of economic growth, increase our economy's efficiency and flexibility, and form the cornerstone of our attack on poverty.

*I believe that the Congress will find economic as well as human reasons to support my proposals on education and health.*

## CONCLUSION

In our economic affairs, as in every other aspect of our lives, ceaseless change is the one constant.

Revolutionary changes in technology, in forms of economic organization, in commercial relations with our neighbors, in the structure and education of our labor force converge in our markets. Free choices in free markets—as always—accommodate these tides of change.

But the adjustments are sometimes slow or imperfect. And our standards for the performance of our economy are continually on the rise. No longer will we tolerate widespread involuntary idleness, unnecessary human hardship and misery, the impoverishment of whole areas, the spoiling of our natural heritage, the human and physical

ugliness of our cities, the ravages of the business cycle, or the arbitrary redistribution of purchasing power through inflation.

But as our standards for the performance of our economy have risen, so has our ability to cope with our economic problems.

Economic policy has begun to liberate itself from the preconceptions of an earlier day, and from the bitterness of class or partisan division that becloud rational discussion and hamper rational action.

Our tools of economic policy are much better tools than existed a generation ago. We are able to proceed with much greater confidence and flexibility in seeking effective answers to the changing problems of our changing economy.

The accomplishments of the past four years are a measure of the constructive response that can be expected from workers, consumers, investors, managers, farmers, and merchants to effective public policies that strive to define and achieve the national interest in

- full employment with stable prices;
- rapid economic growth;
- balance in our external relationships;
- maximum efficiency in our public and private economies.

These perennial challenges to economic policy are not fully mastered; but we are well on our way to their solution.

As increasingly we do master them, economic policy can more than ever become the servant of our quest to make American society not only prosperous but progressive, not only affluent but humane, offering not only higher incomes but wider opportunities, its people enjoying not only full employment but fuller lives.



*January 28, 1965*



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



LETTER OF TRANSMITTAL

COUNCIL OF ECONOMIC ADVISERS,  
*Washington, D.C., January 21, 1965.*

THE PRESIDENT:

SIR: The Council of Economic Advisers herewith submits its Annual Report, January 1965, in accordance with Section 4(c) (2) of the Employment Act of 1946.

Respectfully,



GARDNER ACKLEY,  
*Chairman.*



OTTO ECKSTEIN



ARTHUR M. OKUN





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## INTRODUCTION

Speaking at the University of Michigan last May, President Johnson declared that in the time of his listeners

. . . we have the opportunity to move not only toward the rich society and the powerful society, but upward to the Great Society. The Great Society rests on abundance and liberty for all. It demands an end to poverty and racial injustice, to which we are totally committed in our time. But that is just the beginning. The Great Society is a place where every child can find knowledge to enrich his mind and to enlarge his talents. It is a place where leisure is a welcome chance to build and reflect, not a feared cause of boredom and restlessness. It is a place where the city of man serves not only the needs of the body and the demands of commerce, but the desire for beauty and the hunger for community.

It is a place where man can renew contact with nature. It is a place which honors creation for its own sake and for what it adds to the understanding of the race. It is a place where men are more concerned with the quality of their goals than the quantity of their goods. . . .

The President's vision extends far beyond the material goals that are the immediate concern of economic policy. Yet pursuit of our society's human goals sharpens anew the challenge to economic policy.

These goals require a growing abundance, widely shared. They are not served by recessions, stagnation, or wasted resources. Maintaining full employment and expanding prosperity with stable prices are tasks long since assigned to economic policy by the Employment Act of 1946.

A nation which demands an end to poverty cannot permit whole regions, counties, or neighborhoods to decay. It cannot ignore its children and its aged, its sick and its handicapped. It cannot let anyone be deprived of needed medical care because he cannot pay. Economic policy must support human compassion in the attack on poverty.

Education of every human being to his full potential is a central goal. Workers must be equipped for today's tasks, their children prepared for tomorrow's. Even more important, all citizens must be able to enjoy and understand—and have the opportunity also to advance and enrich—the cultural, moral, and scientific traditions of their civilization. Economic policy cannot make men wise, sympathetic, and cultured. But it can find ways to finance their schools, libraries, museums, and galleries.

The progress of technology has made us an urban society. We would not turn the clock back if we could. Economic policy cannot make our cities into places of beauty. But it can make them more efficient. It can help to provide attractive neighborhoods, clean streets, green parks, fresh

air, and pure water. It can help to make travel between cities, within them, and between them and the countryside fast and efficient. It can help to protect the natural beauty of land and water against the inroads of commerce.

We seek a world in which men, women, and children are healthy in mind and body. Economists cannot cure the illnesses of man. But they can devise ways to support hospitals, treatment centers, medical research, and the spread of the latest knowledge.

Our goal is a free society, where men and women control their own destinies, where they decide for themselves where and how to spend their lives, their incomes, their time—free from governmental or private coercion. We seek to make opportunities equally open to all. Economic policy can enlarge freedom by breaking down artificial barriers to mobility and choice, by expanding the flexibility and responsiveness of production to changing wants, by encouraging diversity, and by preserving and increasing the rewards to originality and enterprise.

Relating economic policy to broader human goals is not an altogether new orientation for the Council. Three years ago, it began its Annual Report with these words:

The Report of the Council of Economic Advisers is a document directed toward economic problems and national economic policy. It is written in keen awareness that the ultimate goals of the Nation are human goals, and that economics is merely instrumental to the making of a better life for all Americans. Involuntary unemployment is a sign of economic waste, but the fundamental evil of unemployment is that it is an affront to human dignity. Expenditures on better education and better health are investments in future capacity to produce; but even if they were not, they would be intrinsically desirable because ignorance and illness bar the way to happiness and security for many of our citizens. Social security and welfare benefits help to limit the depth of recessions, but their more important function is to protect human beings from hunger and despair. Statistical tables are to the economist what test tube and microscope are to the scientist—the tools of the trade; but for the one as for the other, the ultimate dedication is to the quality of human life.

Under the Employment Act, the basic duty of the Council of Economic Advisers is to advise the President on measures to achieve the goals of “maximum employment, production, and purchasing power.” If the economy performs well by the standards of the Act, the general climate will be hospitable to the many specific activities, public and private, which will advance our human goals.

In 1964, the United States passed a watershed in economic policy. After lengthy debate, this country boldly reduced taxes to accelerate expansion and reduce unemployment. The effects were immediate and telling. A mild expansion—which might soon have lapsed into tired decline—picked up its pace, and at year end showed every sign of long and vigorous life.

The lessons of 1964 will not soon be lost:

—Fiscal policy can sustain growth and raise spending power to the levels needed to use our resources more fully.

—Price stability can be maintained during a strong and balanced expansion.

—The balance of payments can improve in a period of prosperity.

A new era for economic policy is at hand. A wide consensus of responsible opinion now recognizes that Federal fiscal policy must be geared to keep the economy moving ahead.

This Annual Report begins with a review of the recent and current performance of our economy. It attempts to dissect the unprecedentedly long and healthy expansion of the past four years, discovering what factors and policies, public and private, have contributed to our progress. It finds that the fiscal policies of the past four years—and especially the tax cut enacted last February—have played a major part in building and buttressing our prosperity; that the progressive and flexible monetary policies of these four years have also contributed both to domestic prosperity and to our improving international balance of payments; and that responsible wage and price policies have been an important source of strength.

Chapter 2 presents the Council's annual forecast for the year ahead. It finds grounds for moderate optimism, with respect to both output and prices. But it sees unwanted idleness remaining as a major problem throughout the year. It sees more rapid growth of our total capacity to produce—primarily as a result of a faster growth of our labor force. While the longer-term prospects suggest gradual strengthening in private demand over the next decade, fiscal and monetary policies are, for the next few years, likely to face the continuing challenge of providing stimulus to markets rather than of restraining excessive growth of demand.

Measures are considered which could defend against possible recession; the guideposts for responsible wage and price behavior are reaffirmed; and the policies needed to move toward better international balance for the United States and a better world economic order are reviewed.

Chapters 1 and 2 are thus primarily concerned with the foundations of over-all abundance on which the Great Society must rest.

Chapter 3 turns to consideration of some problems of the changing structure of our economy—ways to improve and extend flexibility and freedom, in the interests of faster growth and greater efficiency, as well as to assist individuals toward fuller realization of their own potentials.

Chapter 4 deals with a series of specific economic problems that must be overcome on the road to the Great Society, and with the policies necessary to attain these goals: improvement of our cities; the expansion of public services in education and health; a stepping-up of the war against poverty; and equality of opportunity.

Accelerating our progress toward the Great Society provides new and urgent tasks for economic policy. But the challenge comes at a time when the tools of economic policy are also becoming more refined, more effective, and increasingly freed from inhibitions imposed by traditions, misunderstanding, and doctrinaire polemics. In particular, the debates over fiscal

policy that have accompanied the measures of the past several years have increased public understanding, moderated extreme views, narrowed the range of issues, and elevated the plane of discussion.

Economic policy-making is not yet and never will or should be a science, but it is becoming more scientific. Men will continue to differ about some of the goals of the Great Society. But they are perhaps coming to differ less about the economic measures that can best achieve particular objectives.



## Chapter 1

# The Sustained Expansion of 1961-64

**A**S 1965 BEGINS, most Americans are enjoying a degree of prosperity unmatched in their experience, or indeed in the history of their Nation. In 1964, some 70 million of them were at work, producing \$622 billion worth of goods and services.

The gains of four years of uninterrupted economic expansion had brought fuller pay envelopes, greater sales, larger dividend checks, a higher standard of living, more savings, and a stronger sense of security than ever before. Over that period industrial production grew at an average annual rate of 7 percent, and the total output of all goods and services (valued in constant prices) increased at an average rate of 5 percent (Table 1). These gains brought jobs to 4 million more persons and raised total consumer income after taxes by 6 percent a year. And all this was accomplished with essentially stable prices.

That the extent and duration of these gains exceeded the two preceding postwar expansions can be seen from Chart 1. Indeed, in a few months, the duration of this expansion will have surpassed any other on record—except only the prolonged advance before and during World War II.

### AN OVER-ALL VIEW OF THE EXPANSION

This gratifying record reflects the strength and elasticity of the private economy, and its favorable response to a series of policy measures deliberately designed to invigorate it. The upturn in 1961 was quick and strong, in part through an early recovery of private demand and in part through forceful policy actions. Prompt steps to boost consumers' purchasing power, taken by President Kennedy's Administration, were later reinforced by increases in Government expenditures necessary to strengthen America's basic defenses and to achieve the precautionary buildup required by the Berlin crisis.

Following the rapid recovery, the outlook appeared favorable in early 1962. Many observers, recognizing that there were special explanations for the weakness and brevity of the recovery of 1958-60, expected a return of the vigorous expansionary strength of 1954-57. In fact, conditions had changed. The backlogs of demand for housing, consumer durable goods, and additions to manufacturing plant and equipment, which had existed

TABLE 1.—Changes in selected measures of economic activity during the current expansion

[Seasonally adjusted except as noted]

Measure	1961 I	1964 IV	Absolute change	Percentage change	
				Total	Per year
	Billions of dollars, annual rate				
Gross national product:					
Total:					
Current prices.....	501.4	633.5	132.1	26.3	6.4
1964 prices.....	524.9	629.4	104.5	19.9	5.0
Private:					
Current prices.....	452.1	568.4	116.3	25.7	6.3
1964 prices.....	468.4	565.3	96.9	20.7	5.1
	1957-59=100				
Industrial production:					
Total.....	103.7	134.4	30.7	29.6	7.2
Manufacturing.....	103.1	135.2	32.1	31.1	7.5
Durable.....	99.1	135.4	36.3	36.6	8.7
	Millions of persons				
Employment and unemployment: <sup>1</sup>					
Civilian labor force.....	71.4	74.4	3.0	4.2	1.1
Employment.....	66.6	70.7	4.1	6.2	1.6
Nonagricultural.....	60.9	66.4	5.5	9.0	2.3
Unemployment rate (percent).....	6.8	5.0	-1.8		
Private nonagricultural payroll employment.....	45.0	49.1	4.1	9.2	2.4
	Billions of dollars, annual rate				
Personal income:					
Total (before taxes).....	407.2	502.2	95.0	23.3	5.8
Wages and salaries.....	271.5	339.9	68.4	25.2	6.2
Disposable (after taxes).....	355.6	442.0	86.4	24.3	6.0
Consumer purchasing power <sup>2</sup> .....	355.6	424.6	69.0	19.4	4.8
Corporate profits:					
Before taxes plus inventory valuation adjustment.....	39.2	<sup>3</sup> 58.1	<sup>3</sup> 18.9	<sup>3</sup> 48.2	<sup>3</sup> 11.9
After taxes.....	19.5	<sup>3</sup> 32.0	<sup>3</sup> 12.5	<sup>3</sup> 64.1	<sup>3</sup> 15.2
Corporate purchasing power <sup>4</sup> .....	19.5	<sup>3</sup> 31.1	<sup>3</sup> 11.6	<sup>3</sup> 59.5	<sup>3</sup> 14.3
	1957-59=100, unadjusted				
Prices:					
Consumer.....	103.9	<sup>5</sup> 108.6	4.7	4.5	1.2
Wholesale.....	101.0	100.8	- .2	- .2	- .1

<sup>1</sup> Labor force data for 1961 I adjusted for comparability with data for 1964 IV.<sup>2</sup> Disposable personal income (current prices) divided by the implicit price deflator of personal consumption expenditures on a 1961 I=100 base.<sup>3</sup> Data for 1964 III and change from 1961 I to 1964 III.<sup>4</sup> Corporate profits after taxes (current prices) divided by the implicit price deflator of "private non-residential construction plus producers' durable equipment" on a 1961 I=100 base.<sup>5</sup> Average of October-November data.

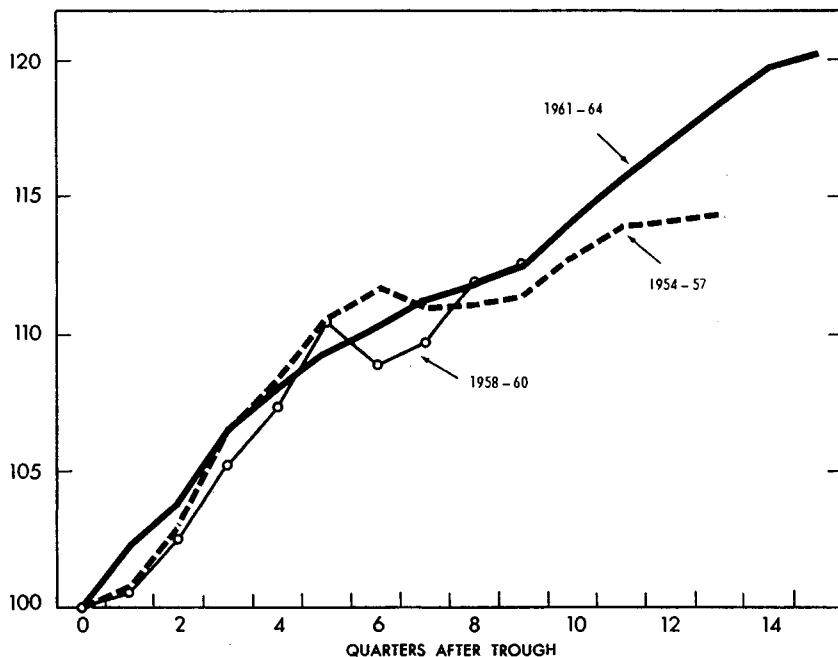
NOTE.—Detail will not necessarily add to totals because of rounding.

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

Chart 1

## Real GNP in Three Postwar Expansions

GNP TROUGH = 100<sup>1/</sup>



<sup>1/</sup> BASED ON SEASONALLY ADJUSTED DATA, IN CONSTANT PRICES.

TROUGH QUARTERS FOR GNP WERE 1954 II, 1958 I, AND 1961 I.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

in 1954-55, were gone. Even after the expansionary fiscal measures of 1961, the Federal budget remained more restrictive than it had been in the 1954-57 period. Holdings of liquid assets were considerably lower relative to income than in the years prior to 1955, partly as a result of years of tighter monetary policy.

In the course of 1962, the pace of expansion slowed. By mid-1962 it had become apparent that, given the level and structure of Federal tax rates, the strength of private demand would be insufficient to carry the economy up to full employment of its resources. Consequently, President Kennedy announced in August that he would propose a major tax bill in 1963, reducing the rates of personal income and corporate profits taxes from levels which had been determined in large part by the need to fight the post-war and Korean inflations. The year 1963 saw prolonged debate over this measure, and enactment came only in February 1964. But by mid-1963, increasing confidence that prosperity would be maintained with the aid of the expected tax cut, the continuing support of an expansionary monetary policy, the fuller response of business investment to the 1962 tax measures, and the strong demand for automobiles once again began to accelerate the

pace of expansion. Thus, as the Revenue Act of 1964 became effective, the economy was already moving ahead strongly.

#### THE ECONOMY IN 1964

In its Report a year ago, the Council of Economic Advisers found that “. . . the outlook this year calls for a significant acceleration in the growth of output. At the midpoint of the forecast range, current-dollar GNP for 1964 is estimated to increase 6½ percent above the level of 1963, and the real GNP, about 5 percent . . . the more rapid expansion of production in 1964 should lower the unemployment rate. By the end of the year, it is expected to fall to approximately 5 percent.” These expectations were realized. Gross national product (GNP) for the year as a whole exceeded that of 1963 by 6½ percent, and the unemployment rate in December was 5.0 percent.

The optimistic forecast for 1964 depended on the tax cut, and its fulfillment is a measure of the tax cut's accomplishments.

Between the final quarter of 1963 and the final quarter of 1964, business fixed investment rose by 9 percent. This confidence in expanding markets proved to be justified. Strengthened by the tax cut, consumer spending rose exceptionally rapidly and steadily during the year. Gains of total production ran close to \$10 billion a quarter, until the fourth quarter when strikes at General Motors and Ford plants reduced production and held down consumer purchases. But by year end, the effects of the strikes were overcome. Retail sales in December ran a strong 8½ percent above sales a year earlier. The dip in the growth of industrial production had been more than erased, and employment in December was 1.8 million above the same month in 1963.

These four years of expansion have demonstrated that the American economy is capable of sustained balanced growth in peacetime. No law of nature compels a free market economy to suffer from recessions or periodic inflations. As the postwar experience of Western Europe and Japan already indicates, future progress need not be interrupted even though its pace may vary from year to year. We need not judge the life expectancy of the current expansion by measuring the time it has already run. The economy is in good health, and its prospects for continued expansion are in no wise dimmed by the fact that the upswing began four years ago rather than one or two years ago.

#### PROBLEMS UNSOLVED

The expansion of economic activity during the past four years has carried virtually every economic indicator to a new record level. But this in itself is no cause for complacency. In a growing economy, it should be a matter of course to set new records month by month and quarter by quarter; to

be meaningful, economic achievements must be gauged against capabilities and objectives.

Unfortunately, the balanced growth of the U.S. economy in recent years, unlike the sustained progress of other industrial economies, has occurred at too low a level. The excessive unemployment and idle capacity with which the current U.S. expansion began have not yet been fully erased. Unemployment at 5.0 percent of the civilian labor force is far better than the 7 percent rate of spring 1961. But 5.0 percent represents 3.7 million persons seeking work. If unemployment today were at the interim target of 4 percent, the number without jobs would have fallen below 3 million, and the labor force would be considerably larger than it is today, as emerging job opportunities encouraged more people to seek work. Consumer incomes and corporate profits would both be considerably higher. The "gap" of \$25-\$30 billion that still remains between the Nation's actual output and its potential output would be closed. The size of this gap—4 percent of our current potential—is a measure of the primary challenge for economic policy: achieving maximum employment, production, and purchasing power.

A second challenge—not new, but more fully recognized than ever before—lies in the contrast between our great over-all prosperity and the poverty and misery which still afflict too many families, and in the contrast between our great material achievements and the quality of our private and public lives.

A third challenge of pressing importance lies in the fact that, despite considerable progress, we have not yet regained equilibrium in our balance of payments.

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The remainder of this chapter has three main tasks: first, to dissect the character of the sustained expansion of 1961-64; second, to assess the contribution of fiscal and monetary policies to the successful record of these years; and, third, to review the accompanying changes in our international payments position and the policies that have contributed to the gains we have made.

## THE ANATOMY OF THE EXPANSION

The remarkable characteristic of the current expansion is not the degree to which it has carried us toward our objective of full employment. Previous expansions have done as well or better in this respect. Rather, its most remarkable feature is its durability. This can be attributed in important part to the balance maintained among the various components of private demand; to the balance maintained between production and sales, thus avoiding excessive inventory accumulation; to the balance maintained between the expansion of demand and the expansion of productive

capacity to satisfy that demand; and to the balance maintained among wages, prices, and productivity. Imbalances in one or more of these respects brought earlier expansions to an end. Some ended when inventories became top-heavy; others when a major industry had expanded too fast, and its retrenchment was not offset elsewhere; still others when growth of demand generally failed to keep pace with growth of capacity. The key to sustained full employment lies in preserving balance as over-all demand moves closer to the economy's full capacity.

Since 1961, the expansion of demand has been persistent and pervasive, but production has stayed short of supply capabilities. Placement of orders has advanced only moderately ahead of production and shipments, so that unfilled orders have grown gradually. Capacity has expanded along with production, without bottlenecks or overbuilding.

Businesses have followed a prudent employment policy, avoiding both overstaffing and the need for sudden heavy hiring. This, in turn, partly explains the steady gains in productivity throughout the expansion. Increases in production have been large enough to utilize the net gain in the labor force and to make inroads into unemployment.

With no significant buildup of unfilled orders, and with production not making full use of capacity, price increases from generally excessive demand have remained remote. With wage increases matching productivity gains, labor costs per unit of output have remained unusually stable, and any general upward pressure of costs on prices has been avoided. Thus the purchasing power of personal and business incomes has risen steadily and strongly.

The patterns of year-to-year change in total GNP and in its several major expenditure components are shown in Table 2 and Chart 2. The most striking aspect is the renewed fast expansion between 1963 and 1964, following the distinct slowing down of growth that occurred between 1962 and 1963. The table shows that a major acceleration of consumption expendi-

TABLE 2.—*Changes in gross national product in the current expansion*  
[Billions of dollars]

Expenditure group	1961 to 1962	1962 to 1963	1963 to 1964 <sup>1</sup>
Gross national product.....	37.5	27.7	38.4
Personal consumption expenditures.....	19.5	18.2	24.2
Nonconsumption expenditures.....	18.0	9.5	14.2
Residential construction.....	2.5	1.6	.8
Private business fixed investment.....	3.9	2.7	5.7
Change in business inventories.....	4.0	-1.5	-7
Net exports.....	-6	.4	2.3
Government purchases of goods and services.....	8.3	6.3	6.1
Federal.....	5.5	1.8	.9
State and local.....	2.9	4.4	5.1

<sup>1</sup> Preliminary estimates.

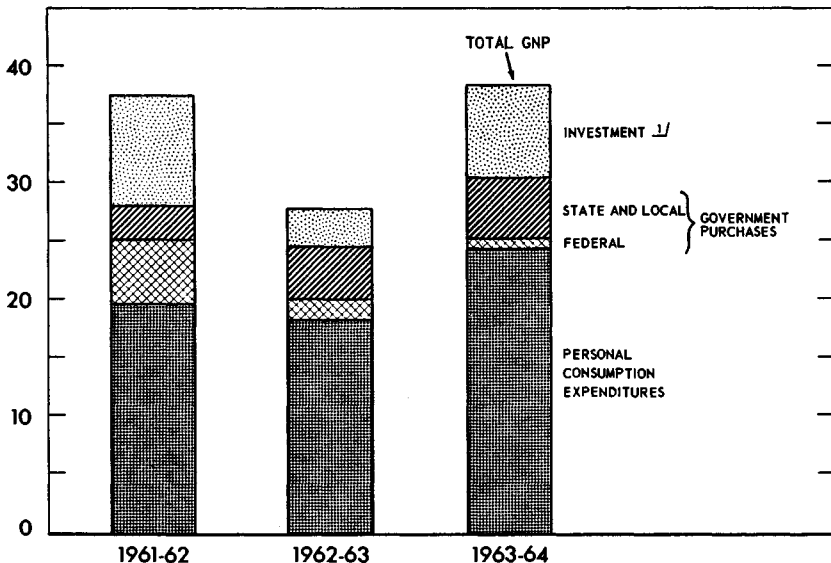
NOTE.—Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce.

Chart 2

## Changes in Gross National Product Since 1961

CHANGE IN BILLIONS OF DOLLARS



1/ GROSS PRIVATE DOMESTIC INVESTMENT AND NET EXPORTS.

SOURCE: DEPARTMENT OF COMMERCE.

tures, and a substantial rise in business fixed investment and State and local government spending, were the main elements in the faster expansion of 1964. It also shows that the slowdown in 1963 reflected a smaller growth of every element of spending except net exports and State and local outlays.

The following sections review in some detail the record of the expansion for each of the major categories of private expenditure. Then, the record is detailed in terms of the behavior of income shares; the contribution of credit; the pattern of wages, prices, and productivity; and the record of employment. Because of their importance in this expansion, the contributions of fiscal and monetary policies are reserved for separate treatment in the next major part of the chapter.

### THE DEPENDABLE CONSUMER

Consumers, in the aggregate, purchase roughly two-thirds of our total output. And when total output increases, the larger part of the increase is accounted for by consumer buying. Yet changes in consumer spending rarely provide the fundamental force behind large or prolonged expansions or contractions of output.

Mainly, consumers alter their total buying in response to variations in their total income after taxes (disposable income). Indeed, in each year

since 1949, consumer spending has ranged between 92 percent and 94 percent of disposable income, averaging close to 93 percent.

This means that if we are to understand the main variations in consumer buying we must look to the sources of changes in disposable income.

Changes in disposable income usually reflect increases or decreases in total production, for the largest part of consumer income is earned from current production. Occasionally, however—and 1964 was a notable case—disposable income increases independently of production, particularly through alteration in consumer tax rates. Reduced tax rates leave available to consumers a larger part of the income that they earn from any given level of total output. The resulting increase in their buying then stimulates more production and, through higher incomes, still further increases in consumer buying and production. Just such a pattern of response to the 1964 tax cut is examined in more detail below.

In the absence of tax rate changes, the fundamental force moving total production ordinarily is found in changes in the total of *nonconsumption* expenditures—the building of new plants and the purchase of new machines, the accumulation of business inventories, the construction of new houses and apartments, net exports to foreign countries, and government purchases of goods and services.

Occasionally, to be sure, a shift in the intensity of consumer buying appears to be spontaneous—reflecting the typical consumer's mood of optimism or pessimism, his favorable or unfavorable response to new designs of the Diors of Detroit, or a sudden interest or loss of interest in air conditioners or color television. Sometimes, changes in the terms and availability of consumer instalment credit play a role. And a variation of even a half percentage point in the consumption-income ratio currently means a \$2 billion change in consumer buying.

Ordinarily, however, variations of disposable income are the major cause of changes in consumption. But consumers typically do not adjust their spending at once to higher levels of disposable income. If disposable income increases in one quarter, the resulting increase in consumer spending usually spreads out into several succeeding quarters.

This pattern of consumer behavior has been evident in the present expansion. Although disposable income increased rapidly through the second quarter of 1962, consumers did not react fully and immediately, and the saving rate thus rose. In the rest of 1962, disposable income grew less rapidly, but the delayed effects of the rapid increases in disposable income during 1961 (combined with consumers' apparently favorable response to the new automobile models) led to continued good increases in consumption expenditures. The saving rate declined, reaching 6.6 percent in the first quarter of 1963.

Thus it was largely the temporary decline in the saving rate during 1962 that underwrote the expansion between mid-1962 and mid-1963. As Table 2 shows, nonconsumption expenditures increased between 1962 and 1963 by only \$9.5 billion, compared with a gain of \$18.0 billion from 1961



to 1962. But consumer spending, still under the impetus of the earlier income rise, moved up with little loss of momentum. At the end of 1963, the saving rate again moved upward as growth of disposable income accelerated. At this point, the tax cut of 1964 became a major influence on consumer spending.

## INVESTMENT AND CAPACITY UTILIZATION

Business fixed investment—including expenditures on new plants, machines, and equipment—rose strongly from 1961 to 1962, moved more sluggishly between 1962 and 1963, then rose vigorously in 1964. Over the whole expansion, from the first quarter of 1961 to the fourth quarter of 1964, the increase averaged 8 percent a year and accounted for 26 percent of the increase in total nonconsumption expenditures.

The average rate of utilization of manufacturing capacity was about 78 percent in the first quarter of 1961, 14 percentage points below the average rate of 92 percent preferred by managements. By the second quarter of 1962, the rapid gains in manufacturing output had raised the utilization rate to about 86 percent. Thereafter, slower gains in output were roughly matched by increases in capacity. Investment rose gradually, in part responding to the incentives provided by the 1962 tax measure. But capital outlays were relatively low and were presumably not primarily directed toward an expansion in capacity. The utilization rate was still 86 percent in late 1963. Beginning at the end of 1963, the promise—and then the fact—of accelerating gains in output brought a substantial stepping up of investment. By the third quarter of 1964 the average utilization rate had moved up to 88 percent, and investment in manufacturing had risen 18 percent over that of a year earlier.

Investment expenditures thus accelerated in response to a growth in demand for final products, gradually rising operating rates, improving rates of profit and cash flow (augmented by the new depreciation guidelines, the investment tax credit, and the reduction in tax rates), the continued ready availability of credit at relatively stable rates of interest, and a realistic and justified confidence in the continued strength of the economy.

Moreover, the machinery and construction industries generally have had little difficulty in satisfying the growing stream of orders for capital goods. This contrasts sharply with conditions in 1955–57, when capital goods industries lacked adequate capacity to meet demand (Table 3). In 1955 when the expansion of fixed investment began, the surge of new orders quickly exceeded the capabilities of the machinery and other capital goods industries. Capacity was soon strained, and unfilled orders climbed rapidly. Inflationary pressures developed in the capital goods industries and spread elsewhere, interacting with large wage increases throughout industry to raise costs and prices.

Investment expenditures in 1956–57 added to capacity throughout the private economy at a substantial rate. It is not clear whether that rate of

TABLE 3.—*Expenditures for manufacturing plant and equipment, and related data, 1955–57 and 1961–64*

[Based on seasonally adjusted data]

Period	Expenditures for manufacturing plant and equipment (percentage change per year during period)	Manufacturing utilization rate (percent) <sup>1</sup>		Backlog of unfilled orders for machinery and equipment (months) <sup>2</sup>	
		Beginning of period	End of period	Beginning of period	End of period
1955 I <sup>3</sup> –1955 IV.....	32	87	92	3.70	4.32
1955 IV–1956 III.....	37	92	87	4.32	4.62
1956 III–1957 III.....	3	87	86	4.62	4.31
1961 II <sup>4</sup> –1962 II.....	7	81	86	3.43	3.22
1962 II–1963 IV.....	9	86	86	3.22	3.33
1963 IV–1964 IV <sup>5</sup> .....	20	86	87	3.33	<sup>5</sup> 3.58

<sup>1</sup> Output as percent of capacity. See Appendix Table B–35, footnote 1, for source.

<sup>2</sup> Ratio of unfilled orders to shipments.

<sup>3</sup> Trough quarter of manufacturing plant and equipment expenditures used.

<sup>4</sup> Preliminary.

<sup>5</sup> Based on October–November averages.

Sources: Department of Commerce and Securities and Exchange Commission (except as noted).

growth of capacity could have been maintained in all industries had total demands kept pace with the economy's potential. But in fact, demand weakened outside the capital goods sector, partly because of restrictive monetary and fiscal policy actions taken to stem price increases. Over-all operating rates fell sharply during 1956, while the investment boom continued. With the growth of final demand falling far short of the growth of capacity, the incentives for investment ultimately waned and the economy moved into recession in 1957.

In 1961–64, by contrast, utilization rates expanded both more slowly and more evenly as among industries. Investment responded more moderately, and the backlog of machinery orders consequently remained relatively low and stable.

## INVENTORIES

Inventory investment has contributed significantly to the balance and duration of the current expansion. Although it is usually one of the most volatile components of GNP, aggravating rather than smoothing swings in output and employment, inventory accumulation during the past fifteen quarters fluctuated more moderately and its movements were less perverse in timing than in other postwar expansions.

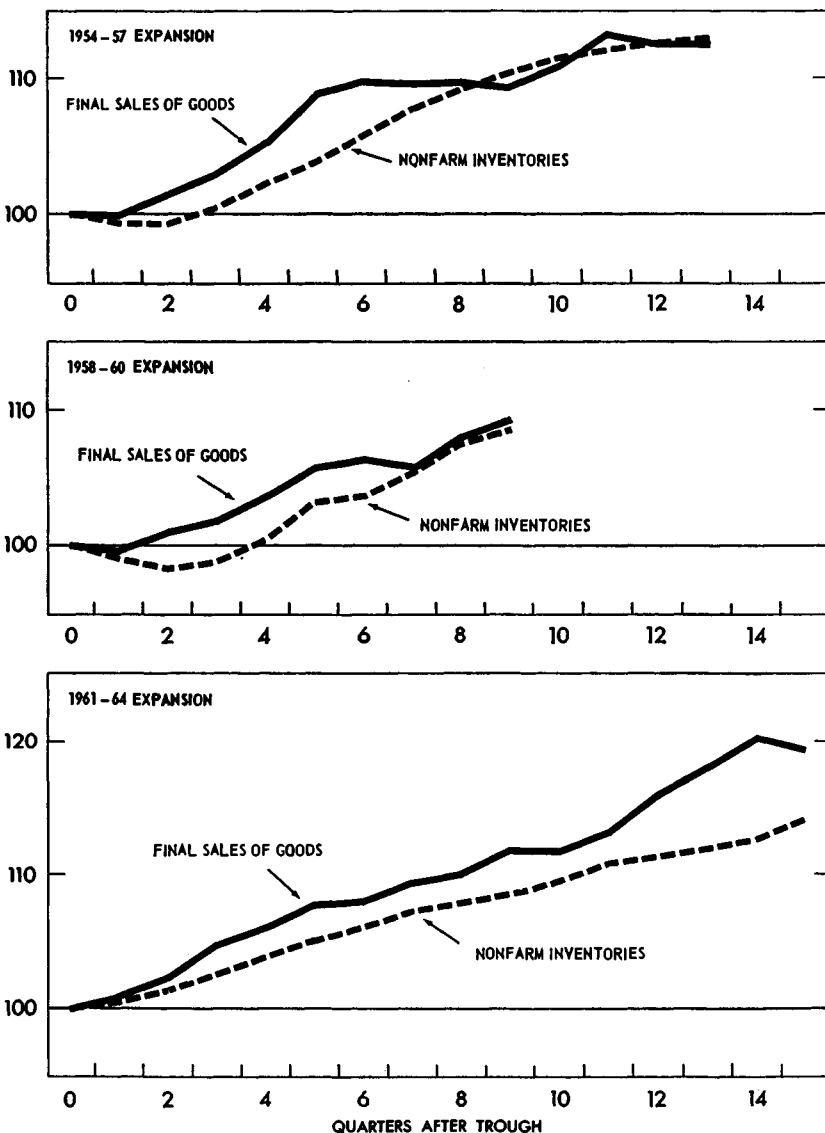
The relative steadiness and moderation of inventory investment are shown in Chart 3, which compares movements of nonfarm inventories and of final sales of goods in the three expansions since the Korean war. (Final sales of goods are total GNP less inventory accumulation and the production of services.)

During the past fifteen quarters, the percentage growth of inventories typically fell short of the growth of final sales. In other words, over this

Chart 3

## Inventories and Final Sales of Goods In Three Postwar Expansions

GNP TROUGH = 100 <sup>1/2</sup>



<sup>1/2</sup> BASED ON SEASONALLY ADJUSTED DATA IN 1954 PRICES; INVENTORIES AT END OF QUARTER AND TOTAL SALES FOR QUARTER. TROUGH QUARTERS FOR GNP WERE 1954 II, 1958 I, AND 1961 I.

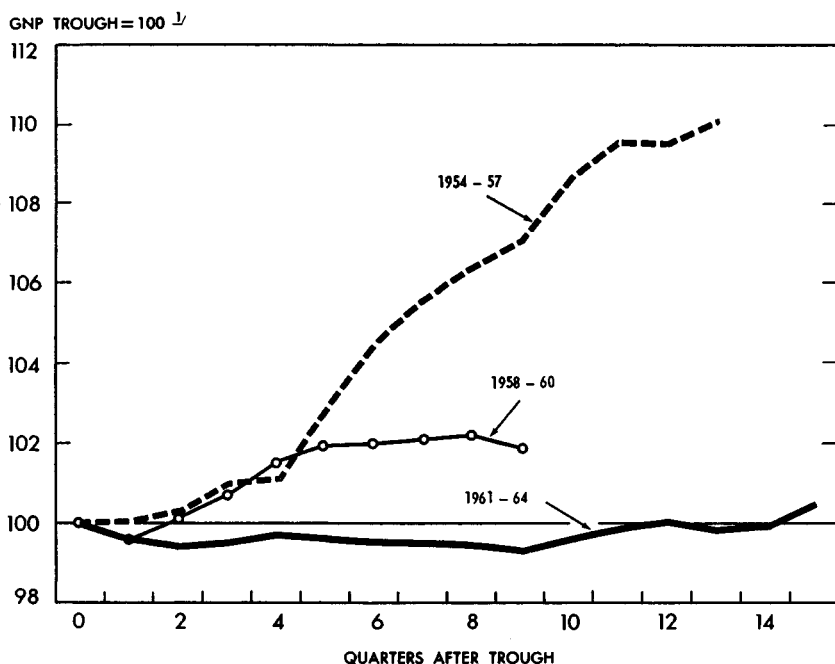
SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

period the ratio of inventories to sales declined. In each of the two preceding expansions inventories declined at first, then rose at roughly the same rate as sales until about the sixth quarter of expansion; thereafter, they continued to rise even after the trend in sales appeared to warrant little further inventory accumulation. These mounting imbalances between inventories and sales meant higher costs and risks of inventory holding, and set the stage for a liquidation of inventories when final sales turned down.

There are several reasons for the favorable relation between inventories and sales in the present expansion. First, final sales have moved ahead fairly steadily throughout the period. Second, forces which might motivate an expansion of inventories beyond the immediate needs of businesses have been minimal. Inflationary fears have been absent and, as a result, there has been little speculative inventory buying. Chart 4 shows the stability of wholesale industrial prices in recent years, contrasting sharply with the rises in 1955-56. Since capacity has been ample in relation to the volume of orders, businessmen have been assured of prompt deliveries, and normally have had little reason to hoard inventories. The short and stable lead-times

Chart 4

## Wholesale Prices of Industrial Commodities In Three Postwar Expansions

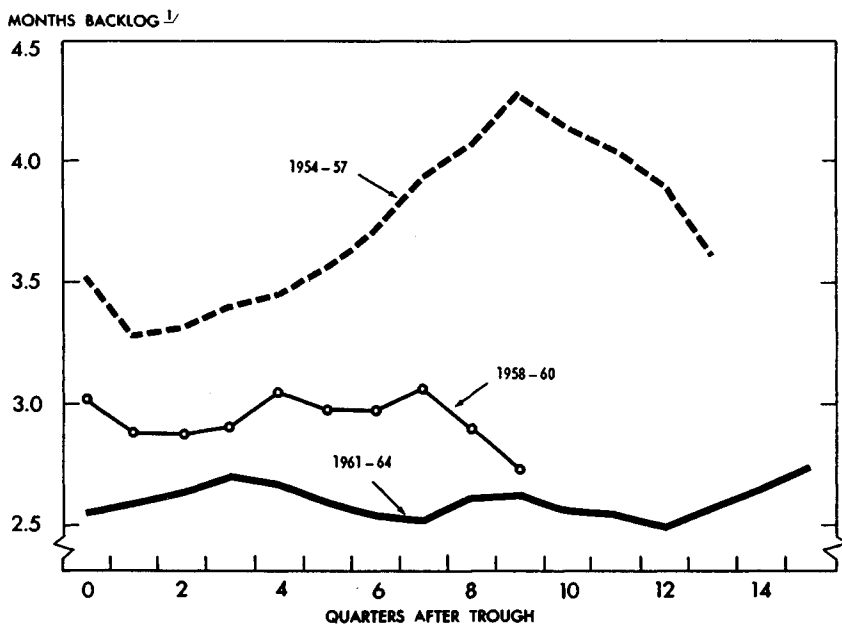


$\downarrow$  TROUGH QUARTERS FOR GNP WERE 1954 II, 1958 I, AND 1961 I.

SOURCES: DEPARTMENT OF LABOR AND COUNCIL OF ECONOMIC ADVISERS.

Chart 5

## Unfilled Orders For Durable Goods in Three Postwar Expansions



<sup>1/</sup> BASED ON SEASONALLY ADJUSTED MONTHLY AVERAGES. RATIO OF UNFILLED ORDERS TO PEAK SHIPMENTS TO DATE. TROUGH QUARTERS FOR GNP WERE 1954 II, 1958 I, AND 1961 I.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

between orders and shipments of durable-goods industries as a group in the current expansion are in contrast to the longer and more variable lead-times in the two preceding expansions (Chart 5). Third, the effects of improved methods of inventory control, including especially the use of computers, may now be sufficiently widespread to influence the behavior of inventories.

Additions to inventories were extraordinarily modest in 1964. As shown by Chart 3, sales maintained a very rapid pace, while—until the fourth quarter—inventory accumulation proceeded at the slowest rate since the beginning of the expansion. Reductions in inventory-sales ratios were general. Although lead-times lengthened somewhat, as shown in Chart 5, businessmen were apparently achieving desired inventory levels with a modest rate of inventory investment.

### RESIDENTIAL CONSTRUCTION

Expenditures for new private nonfarm residential construction climbed rapidly for six quarters from the first quarter of 1961; they then rose steadily, though more slowly, to a peak in the first quarter of 1964. During the

rest of 1964 they tapered off. In each of the two preceding expansions, residential construction had grown even more rapidly at first; then, after only four or five quarters of expansion, it had begun a fairly steady decline.

Throughout the current expansion, funds for mortgage investment have been readily available at stable or declining rates of interest. This record diverges substantially from that of the two preceding expansions, when a scarcity of mortgage funds and sharply higher mortgage rates contributed materially to the premature decline of residential construction.

Practically the entire rise in residential construction during 1961-63 was in multi-unit starts and mostly in structures with 5 or more units. The proportion of multi-unit to total housing starts rose from 24 percent in 1958 to 36 percent in 1964. Single-family starts rose very slightly from early 1961 into 1962; since then they have decreased gradually, but fairly steadily, to, or perhaps below, the number in the first quarter of 1961. Multi-unit starts, by contrast, rose strongly from mid-1960 to late 1963; during 1964 they, too, declined.

Demand for apartments has risen with the increasing number of couples who, with children grown and away from home, find suburban houses inconvenient. Also, the number of young couples not yet ready for single-family houses is beginning to increase. Heavy apartment-building has occurred both in cities and in suburbs, the location determined in some cases by urban renewal, and always by land costs and degrees of traffic congestion. Particularly favorable provisions of the tax laws and innovations in financing and management techniques also have had an important influence on apartment-building in recent years.

During the four years 1961-64, housing starts totaled about 6 million, an excess of about 3 million over the net gain in households, or an average excess of more than 700,000 units a year. This excess is the highest four-year average in the postwar period.

The net addition to the stock of housing is, of course, usually smaller than the number of new units built. During the decade of the 1950's, demolitions and conversions accounted for an average decline of 300,000 units a year. The recent extensive activity in road-building and clearance for urban renewal and for private commercial and apartment-building in cities suggests that losses from demolition are now substantially larger than in the 1950's.

Nevertheless, it is probable that in recent years the net housing stock has grown more rapidly than the number of households, creating a considerable volume of vacancies and abandonments. However, there is no evidence that any serious surplus has occurred in the types of housing units or the areas where most new building occurs. To be sure, vacancies have reached unduly high levels in certain local markets; foreclosures and mortgage delinquencies have been high in a few areas; and substantial concessions have had to be granted on the terms of mortgages on some new

apartment houses that have not rented well. In several local markets the absorptive capacity for high-rent units has been reached, at least temporarily, and lenders are more cautious about making financing commitments. Over the Nation as a whole, however, vacancy rates, delinquencies, and foreclosures have remained relatively low and stable.

The slowdown in new construction has come at a time when the general economy is expanding vigorously. This means that readjustments to correct possible local imbalances will not be aggravated by falling incomes and reduced over-all demand for housing. A vigorously expanding economy is able both to absorb and to facilitate temporary readjustments in particular sectors.

## INCOME SHARES

The division of income between labor and capital has undergone little or no change in the past decade, other than changes associated with fluctuations in the level of business activity. Recent experience continues that pattern.

To determine whether wages are growing at the expense of profits, or vice versa, analysis has to be confined to the private business sector of the economy, and—for lack of data—to the corporate sector. Changes in this sector, in any case, dominate movements in the whole economy. After subtracting corporate indirect taxes, the entire corporate gross product can be divided between employee compensation and the gross return to capital: profits before taxes, interest, and capital consumption allowances.

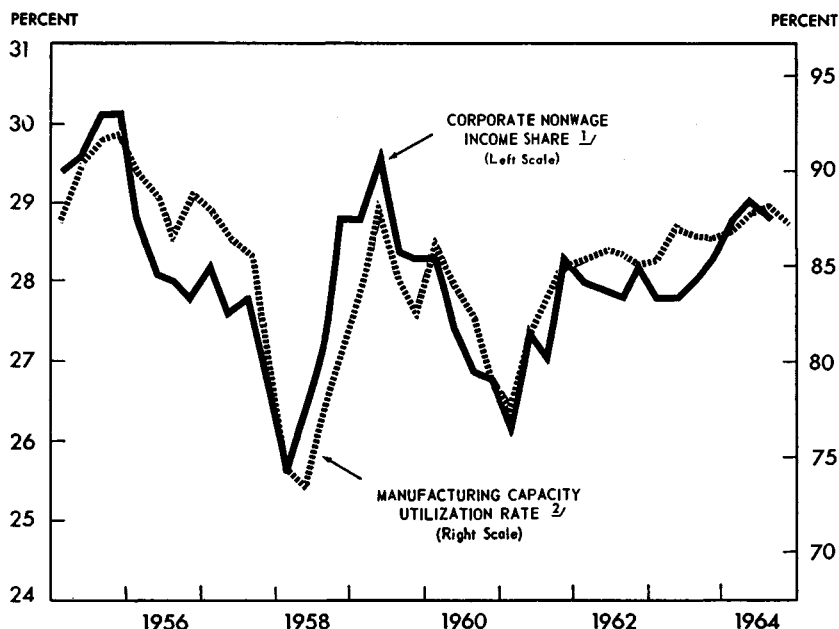
The shares of labor and capital in total corporate gross product (after indirect taxes) have displayed a stable pattern since 1954. By and large, the capital share moves closely with the utilization of capacity (Chart 6); correspondingly, the labor share moves opposite to capacity utilization.

When utilization is low, firms carry excess overhead labor and run production processes at less than optimal rates. As a result, cost per unit of output rises, and the return to capital falls. Likewise, when production and the utilization of capacity increase, cost per unit of output falls and the return to capital rises. Since 1955, the relative share of labor in corporate gross product has ranged between a high of 74.4 percent in the first quarter of 1958 and a low of 69.9 percent in the second half of 1955, and has been free of any discernible trend, once adjustment is made for differing degrees of utilization.

The share of capital in gross corporate product rose to 29.0 percent in the second quarter of 1964, but it remained below peak proportions attained in 1955 and 1959. The capital share can be expected to continue to rise slightly as the economy moves toward full potential production, but this will not indicate a trend to a higher share for capital at full utilization of capacity than was the case earlier.

In the early part of each of the two previous expansions since the Korean conflict, the absolute magnitude of net corporate profits, before and after taxes, grew extremely fast (faster than the total return to corporate capital).

## Income Shares and Capacity Utilization



1/ CORPORATE PROFITS BEFORE TAXES (INCLUDING INVENTORY VALUATION ADJUSTMENT), CAPITAL CONSUMPTION ALLOWANCES, AND INTEREST AS PERCENT OF CORPORATE GROSS PRODUCT LESS INDIRECT TAXES.

2/ OUTPUT AS PERCENT OF CAPACITY.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS. SEE TABLE B-35 FOR SOURCE OF MANUFACTURING CAPACITY UTILIZATION RATE.

During the remainder of each expansion, profits steadily declined—both in absolute amount and as a share of income. In the current expansion, the gains of corporate profits were slower, but they were sustained without significant interruption, reflecting the fact that utilization rates moved upward more steadily. This, clearly, has contributed to the continuing expansion of investment.

Corporate profits before taxes were 9.5 percent of the total national income in the first quarter of 1961, held around 10.6 percent from the first quarter of 1962 through the third quarter of 1963, and averaged 11.3 percent of national income in the first three quarters of 1964. (Preliminary evidence suggests that profits dipped in the fourth quarter, primarily because of the automobile strikes.) As a result of changes in corporate tax rates, the share of corporate profits after tax rose a little faster—from 4.7 percent of total national income in the first quarter of 1961 to 6.2 percent in the third quarter of 1964.

Total employee compensation (including that from unincorporated businesses, governments, and institutions) rose from \$294 billion in the first



quarter of 1961 to \$371 billion in the third quarter of 1964, or by 26 percent; but as a share of total national income, it remained close to 71 percent through the whole period. After taxes, however, total employee compensation has actually risen as a share of national income since the fourth quarter of 1963.

## CREDIT

### *Availability of credit*

A sustained growth of credit has helped to maintain the over-all advance in spending. Total new funds raised by individuals, businesses, and State and local governments have advanced relatively steadily, by close to 20 percent a year, since the first quarter of 1961. During each of the two preceding expansions, borrowing rose sharply during the first five or six quarters—at an average annual rate of about 50 percent in the first period and 90 percent in the second—and then declined during the remainder of the expansion. Thus the increase of credit in the current business upswing is less notable for its rate of growth than for its persistence.

The prolonged advance in residential construction activity reflected, in part, an easing of mortgage credit terms. The total volume of mortgage credit outstanding accounts for about 40 percent of the total outstanding debt of the nonfinancial sectors of the economy. It has risen at an average annual rate of more than 10½ percent since the end of 1960 (as shown in Table 4). This is faster than private debt in any other category.

A major factor in this ready availability of mortgage credit has been the rapid growth of consumer and business time and savings deposits, in response to the higher rates of return paid since early 1962 by commercial

TABLE 4.—*Expansion of selected types of credit in three postwar expansions*

Period	Percentage changes in credit outstanding <sup>1</sup>			
	Bank loans to business <sup>2</sup>	Corporate bonds <sup>3</sup>	Mortgages	Consumer credit
1954-57 expansion:				
1954.....	-0.6	7.3	12.2	3.4
1955.....	16.2	5.6	14.3	19.6
1956.....	18.3	6.9	11.2	9.0
1957.....	4.0	11.0	8.4	6.2
1958-60 expansion:				
1958.....	1.6	8.9	9.7	.4
1959.....	12.2	4.3	11.1	14.2
1960.....	5.8	4.8	8.4	8.7
Current expansion:				
1961.....	3.4	6.0	9.4	2.9
1962.....	9.0	5.8	11.2	9.5
1963.....	10.1	4.3	11.7	10.7
1964.....	8.9	4.3	10.7	10.0

<sup>1</sup> Based on flow-of-funds accounts.

<sup>2</sup> Bank loans to nonfinancial business.

<sup>3</sup> Corporate bonds valued at par.

Source: Board of Governors of the Federal Reserve System.

banks (following successive increases in the permissible ceiling rates). A large proportion of these funds has been channeled into the mortgage market. At the same time, the continued substantial flow of funds to savings institutions other than commercial banks which, by law and custom, invest a large part of their funds in the mortgage market has also been important.

A second factor contributing to the ease of all long-term credit markets has been the moderate nature of the expansion in demands from business for external financing. With cash flow exceeding fixed investment outlays, as indicated in Table 5, and accumulation of inventories moderate, business firms have "financed themselves" to a greater degree than previously. Consequently, the volume of corporate bonds outstanding has expanded less rapidly, on the average, during recent years than during the preceding two expansion periods; and the amount of bank loans outstanding to business has expanded only slightly faster, despite the greater strength of the current expansion. Meanwhile, the cost of business borrowing at banks has been virtually unchanged, and interest costs on newly issued corporate bonds have fluctuated within a narrow range.

With relatively moderate demands for credit from business customers, financial institutions have had more funds available for mortgages, State and local government securities (at interest rates well below the last expansion period), and consumer credit. Outstanding consumer credit has grown at an average rate of about 8 percent a year. This growth roughly matches the average rate since 1953 but, as shown in Table 4, without the sharp fluctuations of the earlier periods.

In the first three years of the current expansion period, growth in bank credit outstanding accounted for about 30 percent of total new funds raised

TABLE 5.—*Sources and uses of corporate funds in three postwar expansions*

End of period	Internal funds (billions of dollars)	Uses as percent of internal funds		
		Plant and equipment	Inventories	Increase in financial assets
1954-57 Expansion:				
1954 .....	19.8	113.1	( <sup>1</sup> )	15.2
1955 .....	26.6	91.0	25.2	74.1
1956 .....	27.8	107.6	27.3	27.0
1957 .....	28.0	116.8	7.5	19.6
1958-60 Expansion:				
1958 .....	26.0	101.5	( <sup>1</sup> )	43.5
1959 .....	31.1	89.1	21.2	57.6
1960 .....	29.1	105.8	8.6	36.1
Current Expansion:				
1961 .....	29.7	99.7	4.4	59.9
1962 .....	35.2	90.9	12.5	51.1
1963 .....	36.8	91.8	10.1	56.5
1964 .....	40.9	95.8	7.8	51.1

<sup>1</sup> Inventories declined.

NOTE.—See Appendix Table B-68 for data used in computing percents shown in this table.

Source: Department of Commerce.

(including Federal Government borrowing). In 1964, the proportion probably fell somewhat as monetary policy became slightly less easy. Nevertheless, these are unusually high proportions for an expansion, partly reflecting the larger proportion of consumer savings placed in commercial banks and the active competition of banks for funds through the device of time certificates of deposit.

### *Volume of debt and liquidity*

In the course of four years of relatively expansionary monetary policy, the total outstanding debt of the nonfinancial sectors of the economy (excluding the Federal Government) has risen at an average annual rate of  $8\frac{1}{2}$  percent, compared with a  $5\frac{1}{2}$  percent rate of increase in GNP. Aggregate consumer debt, including home mortgages as well as instalment and other types of household credit, has experienced particularly rapid growth. In appraising this growth, it is important to bear in mind that the outstanding amounts of home mortgages and instalment credit were abnormally low at the end of World War II. Since then, family use of credit has become a much more commonly accepted and widespread phenomenon, linked especially to widening home ownership. Thus, it would be perfectly normal to expect a steady rise in the ratio of the *outstanding debt* to income. Nevertheless, the ratio of the *net increase* in such debt—i.e., net new borrowing—to income has been relatively stable. As long as there is no persistent tendency for the ratio of new borrowing to income to rise, it is a matter of arithmetic that, although the ratio of outstanding debt to income will rise with steady growth of income, the rise would taper off and eventually cease, as the stock of outstanding debt approaches its new normal relationship to current income.

Furthermore, the increase of debt has a counterpart in the growth of assets held by individuals and businesses, much of it in liquid forms, such as bank deposits and share accounts. Consumers in particular increased their holdings of liquid assets rather abruptly during 1962 and 1963, and the ratio of their liquid assets to income is now well above the levels prevailing during the latter part of the 1950's. As interest rates on time and savings deposits rose relative to those on securities, consumers responded by changing the composition of their assets into these more liquid and now higher yielding forms. Business holdings of liquid assets have also increased, but proportionately less than business sales.

### *Quality of credit*

In a prolonged period of healthy expansion and relatively plentiful credit, the tendency of financial institutions to confine credit extension to their traditional customers is reduced. This is clearly desirable so long as resources remain available and it does not lead to a large number of loan defaults, soaring prices of earning assets, or unsustainable burdens of debt relative to income.

In the current expansion, the ratio of net extensions of instalment credit to disposable income has remained below the peak ratios in 1955, 1959, and 1960, despite a temporary rise from early 1962 to mid-1963. Furthermore, data from consumer surveys suggest that, although a growing proportion of households is using credit, the typical ratio of debt to income has not risen. Meanwhile, the growth of liquid assets has increased the creditworthiness of many households.

The quality of mortgage credit is more difficult to evaluate because its characteristics differ widely from one geographic area to another. Although defaults and real estate foreclosures have risen somewhat, they remain quite low, and much of the increase is concentrated in a few localities. Mortgage delinquency rates have recently shown little change.

The soundness of the credit structure depends fundamentally on continued gains in income and on the liquidity and diversification of the portfolios of lending institutions. The latter must be primarily the responsibility of the institutions concerned, but supervisory authorities also have an important role in helping to prevent deterioration in the quality of credit.

#### WAGES, PRICES, AND PRODUCTIVITY

Sustained economic expansion during the past four years was accompanied by a healthy balance among wages, prices, and productivity. Wholesale prices in 1964 averaged no higher than in 1960; consumer prices rose 1.2 percent a year; the growth in productivity was fairly steady, averaging 3.5 percent annually for the private economy; and wage gains kept up with, but did not outdistance, the trend in productivity. As a result, unit labor costs showed no general increase over the four-year period; income shares were free of distortions arising from inflation; and restrictive policies to curb an inflationary spiral were unnecessary.

The period was, essentially, inflation free. The small increases in the consumer price index and in the over-all "implicit deflator" for GNP must be interpreted in the light of the conceptual limitations of these measures.

None of our price indexes can reflect all of the improvement that occurs in the quality of goods, nor can an index make allowance for the rise in the value of the dollar that comes from the development of new products.

Further, the GNP deflator must include "prices" for the Government sector, even though there is no objective measure of public output. The "price" series for the public sector really measures the costs of inputs and cannot reflect the increase that occurs in productivity in Government. To a smaller extent this is also true for most of construction and some services.

Although the effects of these factors on our price indexes cannot be measured, their direction is clear. Their presence makes it doubtful that the actual purchasing power of the dollar changed perceptibly in the period 1961-64.

### *Over-all record*

The rise in straight-time average hourly earnings in manufacturing during 1964 was about 3.0 percent, compared with 2.6 percent a year for the entire period 1960–64. Fringe benefits, of course, are not included. Whenever such benefits rise faster than wage rates, hourly earnings data understate the percentage rise in total average hourly compensation. Since 1960, total compensation per man-hour (including fringe benefits) has increased about 3.3 percent a year in manufacturing and 3.6 percent in the private economy as a whole. In 1964, the increases were 3.0 percent and 3.8 percent, respectively.

A special study of key labor agreements that were concluded during 1964 in 11 major industries showed a median increase in hourly compensation of 3.5 percent a year over the life of the contracts; most of these increases fell within a range of 2 percent to 5 percent.

The character of this expansion helps to explain this good wage-price-productivity record. As noted before, the expansion of demand has not overtaxed the economy's capabilities to produce. Balanced growth of output among sectors has prevented pressures for price and wage increases that might have resulted had there been capacity bottlenecks or shortages of manpower in particular industries. Price stability has made for prudent investment policies with respect to inventories and plant and equipment, and these policies in turn have reinforced the price stability.

Where pressures for higher prices have occurred (particularly in primary metals), their source has ordinarily not been found either in excess domestic demand or in higher labor costs in our own economy. Sharp increases in prices of nonferrous metals in 1964 were caused largely by unsettled political conditions in supplying countries and by interruptions of production as a result of strikes. By the year's end, moreover, the prices of some metals had receded well below the peaks reached during the year.

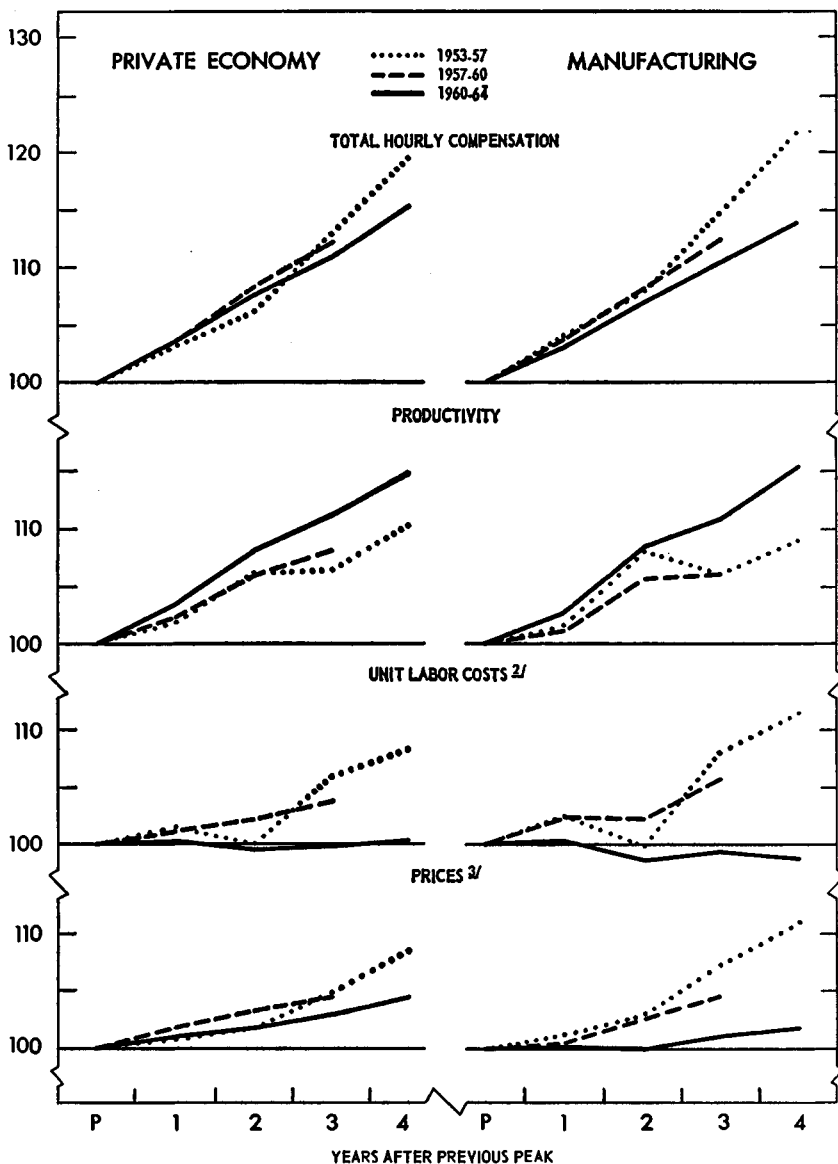
### *Comparison with previous expansions*

The course of wages, prices, productivity, and unit labor costs for both total manufacturing and the total private economy in the years since the prerecession year of 1960 is compared in Chart 7 with movements in the two "peak-to-peak" periods—1953–57 and 1957–60. The upward surge of wages, unit labor costs, and prices in the final two years of the 1953–57 period and the steady climb of costs and prices during 1957–60 are in clear contrast to the stability of the past four years. (In measuring price movements for the total private economy and for manufacturing, the "implicit deflators" prepared for calculations of "real" GNP were used. These deflators do not move identically with the wholesale price index, but they are consistent with the output and compensation data that are used.)

Chart 7

# Compensation, Productivity, Unit Labor Costs, and Prices in Three Postwar Periods

PREVIOUS PEAK YEAR=100 <sup>1/</sup>



<sup>1/</sup>PREVIOUS PEAK YEARS WERE 1953, 1957, AND 1960.

<sup>2/</sup>RATIO OF TOTAL HOURLY COMPENSATION (FOR EMPLOYEE MAN-HOURS) TO PRODUCTIVITY (FOR ALL MAN-HOURS).

<sup>3/</sup>IMPLICIT DEFLATORS FOR THE TOTAL PRIVATE AND MANUFACTURING SECTORS OF GROSS NATIONAL PRODUCT.

SOURCES: DEPARTMENT OF LABOR AND COUNCIL OF ECONOMIC ADVISERS.

The moderate gain of about 3.6 percent a year in hourly compensation in the total private sector during the present expansion compares with an advance averaging 3.9 percent a year in 1957-60 and 4.5 percent in 1953-57.

The rise in output per man-hour from 1960 to 1964 was larger and more evenly sustained than in the previous two periods considered. Gains in output per man-hour in the private sector in 1960-64 averaged 3.5 percent a year, compared with 2.5 in 1953-57 and 2.7 in 1957-60.

Strong gains in output and productivity typically take place during the recovery from a recession; they stimulate investment and extra hiring by business in anticipation of further gains in output. After the recoveries of 1955 and 1958, expected gains were not realized, the advance of productivity was retarded, unit labor costs were increased, and profits were squeezed. Especially in 1955-57, this helped to upset the balance among costs, prices, and income shares, and aggravated the wage-price spiral.

The better record of productivity performance during the past four years is in large measure the result of a sustained expansion of output that has kept operating rates moving upward. Total private output rose at an average annual rate of 4.1 percent a year from 1960 to 1964, or about 1½ times the average rate of about 2.7 percent during the two earlier periods considered. The difference in manufacturing is even more striking, with output gains averaging 4.8 percent a year since 1960, compared with about 1¼ percent a year in the two earlier periods.

The steady gains in productivity and the moderate wage increases have held unit labor costs practically unchanged in the total private economy during the past four years and have resulted in a slight net reduction in manufacturing labor costs. Similarly, the implicit price deflators have risen very little, as Chart 7 makes clear.

### *Prices by industries*

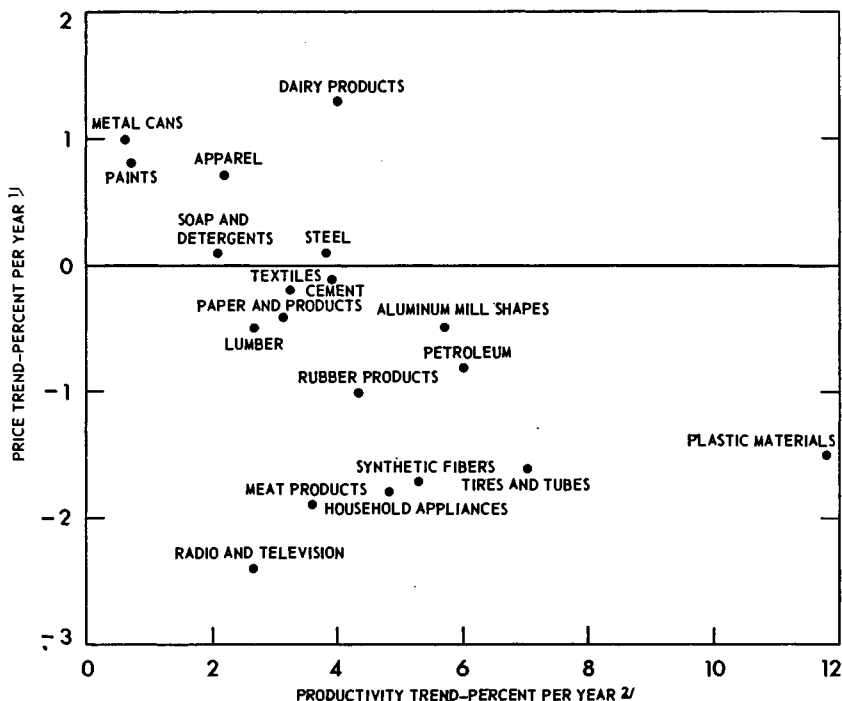
Over-all price movements are the result of a continuous stream of price changes in individual industries—upward and downward. In industries where productivity rises slowly, unit labor costs tend to rise, while in industries where productivity rises more rapidly, unit labor costs tend to fall. During periods of expansion, industries with rising unit labor costs can easily pass them along in higher prices. But achievement of over-all price stability requires that savings resulting from faster than average increases in productivity be passed along in lower prices. Chart 8, which compares price and productivity trends for 19 manufacturing industries for which satisfactory physical output data are available, suggests that both developments have generally occurred during the current expansion.

However, in some instances, industries with large productivity gains made only token reductions in prices, or even raised them. Except where these movements reflect divergent movements in nonlabor costs, such cases give an upward bias to the over-all price level. Moreover, they tend to produce

Chart 8

# Price and Productivity Trends

19 MANUFACTURING INDUSTRIES



1/AVERAGE ANNUAL PERCENTAGE CHANGE IN WHOLESALE PRICE INDEX, 1959-64.

2/AVERAGE ANNUAL PERCENTAGE CHANGE IN OUTPUT PER EMPLOYEE MAN-HOUR, 1959-64.

SOURCE: COUNCIL OF ECONOMIC ADVISERS (BASED ON DATA FROM DEPARTMENT OF LABOR AND BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM).

unusually high profits (as in the automobile industry) which serve as inviting targets for wage increases that exceed the general, economy-wide trend of productivity gains. If such wage increases were generalized, over-all price stability would be threatened.

Despite occasional exceptions—as in automobiles and construction—the general pattern of recent wage and price changes has closely approximated the Government's wage-price guideposts.

To be sure, the guideposts have not been completely effective either in stimulating all warranted price reductions, or in preventing some individual wage and price increases that are not in accord with their criteria. Nevertheless, the very fact that representatives of both labor and management have often explicitly indicated their compliance with, or tried to justify any deviations from, the guidepost standards suggests that these standards have had a useful influence.



In addition to any direct influence that they may have had on the wage and price policies of unions and managements, the guideposts have helped to create a new climate of opinion. Many groups in our society now have a better understanding of the relationships between costs and prices. There is increasing realization that it is appropriate—indeed necessary—to consider whether a proposed course of action, if followed by others in similar circumstances, would be consistent with over-all stability. Decision makers in unions and managements are increasingly aware both of the fact that their decisions affect the public interest and of the fact that the public is interested in their decisions.

## EMPLOYMENT AND UNEMPLOYMENT

In early 1961, the unemployment rate was close to 7 percent and it had continuously exceeded 5 percent during the three preceding years. New jobs were not being created fast enough to keep up with the expanding labor force.

From 1961 to 1962, the expansion of output was rapid, but gains in productivity also were high, as is typical after a recession. Nonetheless, employment increased by 1.2 million (Table 6). Because growth of the labor force

TABLE 6.—*Changes in employment, 1961–64*

Type of change and period	Total <sup>1</sup>	Teenagers	Nonwhites	Adult whites
Change in employment (thousands of persons):				
1961–62 <sup>2</sup> .....	1,203	237	159	813
1962–63.....	963	—38	137	847
1963–64.....	1,548	268	246	1,075
Percentage change in employment:				
1961–62.....	1.8	4.6	2.3	1.5
1962–63.....	1.4	— .7	1.9	1.5
1963–64.....	2.2	5.1	3.4	1.9
Percent of total employment change:				
1961–62.....	100.0	19.7	13.2	67.6
1962–63.....	100.0	—3.9	14.2	86.0
1963–64.....	100.0	17.3	15.9	69.4

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

<sup>2</sup> Data for 1962 are adjusted for comparability with data for 1961.

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

Sources: Department of Labor and Council of Economic Advisers.

was relatively small, the over-all unemployment rate fell from 6.7 percent to 5.6 percent. From 1962 to 1963, employment increased by less than one million—enough to absorb the increase in the labor force but not enough to reduce the unemployment rate.

In 1964, the faster rate of economic expansion brought an increase of 1.5 million jobs. Since this was in excess of the increase in the labor force, the unemployment rate fell to 5.2 percent for the year as a whole (and to 5.0

percent by the end of the year). There was a net gain of 1.7 million non-agricultural jobs, but falling agricultural employment opportunities—continuing a long-term trend—offset 0.2 million of the increase.

### *Employment among teenagers and Negroes*

Between 1962 and 1963, when employment rose only enough to offset the increase in the labor force, job gains were heavily concentrated among adult whites (20 years of age and older). Teenage employment actually declined, and increases for Negroes were limited.

The situation was different in 1964. There was a dramatic shift not only in the size but also in the character of the employment gains. Negroes and teenagers began to find jobs in larger numbers, and their percentage of the total increase in employment was considerably above that in 1963.

These data illustrate an unhappy fact: When the job market is slack and production grows only enough to create jobs for the normal increase in the labor force, adult whites secure the largest share of the new jobs, while unemployment among teenagers and Negroes is high and probably rising. (Similarly, during recessions, when the absolute number of jobs declines, Negroes and teenagers suffer the heaviest employment losses, and their unemployment rates rise much faster than those of adult whites.) As long as jobs are scarce and job applicants abundant, many employers give automatic preference to adult whites. Those without previous job experience and members of minority groups go to the end of the hiring line.

Growth of the teenage labor force in 1964 far exceeded any previous increase, but jobs for teenagers increased even more, and the over-all unemployment rate for this group—still far too high—fell only slightly. Better education and vocational preparation of teenagers, and reduced discrimination against minority groups, can significantly enlarge the employment opportunities open to any individual teenager or Negro. But adequate and permanent improvements in the high unemployment rates of these groups clearly require that recessions be avoided and that economic expansion be sufficiently rapid to keep over-all unemployment low.

### *Unemployment in areas of chronic depression*

In 1960, 19 major labor market areas in the United States had substantial and persistent unemployment, with rates of 6 percent or higher, and an unemployment history much worse than the national average. From 1961 to 1963, unemployment in these areas declined from 10.3 percent to 6.4 percent, but a major part of the decline was due to a shrinking labor force. Some workers moved to other areas, and others simply withdrew from the labor force.

From 1963 to 1964, there was a further decline in unemployment, to 5.5 percent, but there was a significant change: the labor force in these areas

reversed a five-year decline and started to increase. The labor force rose by 33,000 and employment increased by 62,000.

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Although the 1964 record of gains in employment is heartening, the American economy still faces major employment problems:

(1) Five percent of the labor force, 3.7 million persons, remains unemployed.

(2) The increase in the civilian labor force, which has averaged about 1 million a year over the past four years, is expected to average 1½ million a year between 1964 and 1970.

(3) In 1965, the number of 18-year-olds will increase by almost 1 million; and growth of the teenage labor force will be approximately 500,000—double its growth in 1964.

(4) The unemployment rate for Negroes remains more than double that for whites.

(5) Unemployment is far too high in many local labor markets.

While full solution of these and related problems requires many kinds of policies, the maintenance of a high rate of growth in over-all demand is a necessary and crucial element.

## CONTRIBUTION OF FEDERAL FISCAL AND MONETARY POLICIES

Federal policies have made a major and continuing contribution to the great achievements of the American economy during the past four years. These policies were not laid down in one master plan early in 1961 and then carried out on a predetermined schedule. There have been delays, surprises, and a need to adapt policies to changing events; but policies have had a unified direction and strategy. They have consistently reflected a number of basic ideas shared by those responsible for Federal economic policies. These basic ideas include the following:

(1) A firm belief that the United States must make optimum use of the tremendous productive capacity of its economy; conversely, an abhorrence—for both human and economic reasons—of the waste of resources and opportunities involved in a prolonged underutilization of that capacity;

(2) A recognition that Federal purchases, taxes, and transfer payments are a major force, along with monetary policy, in determining the strength of the total market demand for productive resources;

(3) A full understanding of the key role of private investment in total market demand and in the long-term growth of incomes, and of the need for adequate profit incentives to stimulate this investment;

(4) A recognition that expanding consumption is necessary if increasing investment and over-all growth are to be maintained;

(5) A belief that vigorous efforts are necessary to restore equilibrium in the balance of payments;

(6) A determination to achieve reasonable price stability in order to preserve equity at home and to improve our international competitive position both at home and abroad,

(7) A conviction that, if they are to be effective, policies cannot respond passively to what has already transpired, but must try to foresee and shape future developments, remaining flexible and ready to change speed or direction yet holding to fixed goals;

(8) A belief that the American people share these ideas and are ready to support imaginative but carefully considered innovations in public policy.

These basic ideas have been applied during the past four years in a number of areas of economic policy. The following sections relate to their application in the fields of fiscal and monetary policy.

#### FISCAL POLICY, 1961-64

The instruments of fiscal policy—purchases of goods and services, transfer payments, subsidies, grants-in-aid, and taxes—are the Government's most powerful tools for expanding or restraining over-all demand. Federal purchases of goods and services are directly part of market demand, and—through their impact on production, employment, and income—encourage further private consumption and investment expenditures. Taxes, transfers, subsidies, and grants-in-aid affect consumption and investment through their influence on disposable personal income, after-tax profits, incentives, and State and local expenditures.

The basic task of Federal fiscal policy is to help to provide a total market demand for goods and services that neither exceeds nor falls short of the economy's productive capacity at full employment. Maintaining this continuous balance between demand and capacity normally involves two basic requirements. First, since total productive capacity grows steadily over time, total demand also must grow. Second, since fluctuations in private demand occur independently of Federal policy, these fluctuations must be offset in order to avoid dips or surges that could touch off recession or inflation.

Since 1960, a third requirement has been added as the result of earlier failures to meet the first two: the need to eliminate the large gap that developed in the late 1950's between potential output and demand. Thus, in the last four years the main challenge to U.S. policy has been to stimulate a massive growth in total demand, sufficient not merely to *keep up* but to *catch up* with the growth of productive capacity. During the past four years, fiscal policy has been dominated by this purpose. In addition to a growth of \$21 billion in Federal expenditures (first quarter 1961 to fourth quarter 1964), reductions in tax liabilities now in effect leave about \$16

billion more a year in private hands than would be the case under 1960 tax rates.

As previous Annual Reports have shown, the stimulus provided by a given budget cannot be measured by the realized surplus or deficit. Since tax revenues and some expenditures automatically vary with economic activity, the realized surplus or deficit reflects the automatic effect of these variations, as well as discretionary actions on the part of the Federal Government. To distinguish the two effects, revenues and expenditures are calculated at a fixed level of economic activity—usually the full-employment level. At any given time, the larger the surplus at full employment, the more restrictive is fiscal policy; changes in the full-employment surplus or deficit indicate whether fiscal policy has, on balance, moved in an expansionary or a restrictive direction. This concept cannot measure perfectly the effect of a given budgetary change because it does not reflect changes in the composition of the budget. Moreover, a rise in the level of the budget may have a stimulating effect even with no change in the full-employment surplus. But the full-employment surplus is the best simple measure available and is a useful tool of analysis.

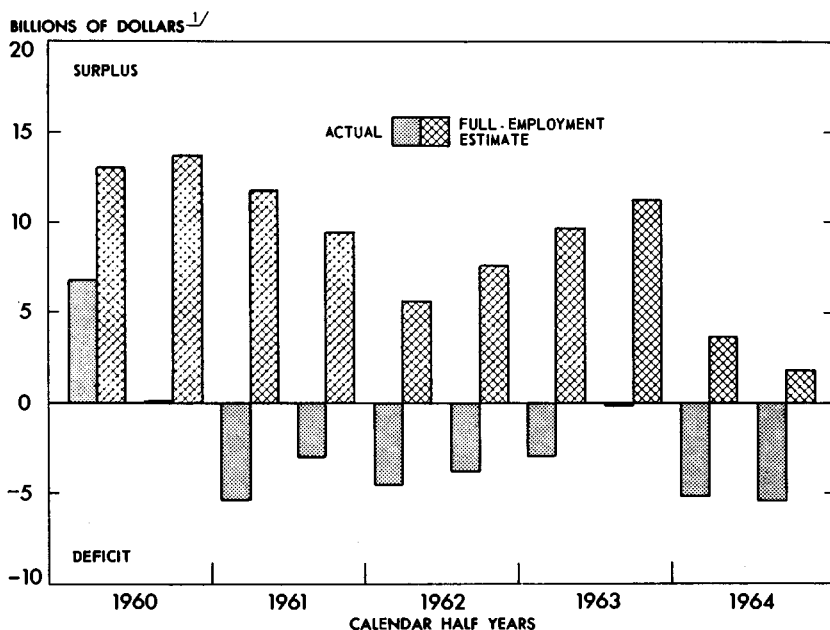
For the calendar year 1960, the Federal budget, on a national income and product account basis, showed an actual surplus of \$3.5 billion, but the full-employment surplus was about \$13 billion (Chart 9). Given the extent of the unutilized human and material resources, this surplus obviously needed to be reduced.

During 1961 a sharp increase in expenditures had an expansionary impact on the economy. As this increase was in excess of built-in gains in revenue at full employment, a first step was taken toward reducing the full-employment surplus. After the initial increase, the growth of expenditures continued at a substantial though slowing pace through the following two years. From the first quarter of 1961 to the fourth quarter of 1963, total Federal expenditures, which include transfer payments, subsidies, interest, and grants-in-aid, as well as purchases of goods and services, increased by \$17 billion, or roughly 17 percent. These expenditures, undertaken primarily to strengthen defense and space programs but also to provide for unmet civilian needs, directly raised the level of aggregate demand and were highly stimulating to the rest of the economy.

The stimulus of fiscal policy was not limited to the expenditure side of the budget. Two tax-reducing measures were adopted to provide a needed long-run stimulus to lagging private investment. New depreciation guidelines were announced in July 1962, and an investment tax credit was enacted by Congress in the Revenue Act of 1962. The net effect of these two measures was to increase by \$2½ billion the annual cash flow to corporations and to increase appreciably the after-tax rate of return on new investment projects, thus providing a needed long-range stimulus to investment. Through a combination of expenditure increases and tax reductions, the full-employment surplus was reduced to about \$6½ billion in 1962.

## Federal Surplus or Deficit: Actual and Full-Employment Estimates

NATIONAL INCOME ACCOUNTS BASIS



1/ SEASONALLY ADJUSTED ANNUAL RATES.

SOURCES: DEPARTMENT OF COMMERCE, BUREAU OF THE BUDGET, AND COUNCIL OF ECONOMIC ADVISERS.

Although it had been hoped that these measures, together with an accommodating monetary policy, might stimulate sufficient recovery of private spending to bring total demand to full-employment levels, events proved otherwise. Unemployment fell to 5.6 percent by the beginning of 1962 but then held close to that unsatisfactory level. Major expansionary fiscal action was needed to strengthen and sustain the upswing.

Thus in August 1962, President Kennedy reported to the Nation that a major tax reduction would be proposed to accelerate the economy's progress toward full employment. This recommendation constituted a milestone in the use of fiscal policy to meet the requirements of the Employment Act, as well as a dramatic innovation in the choice of fiscal instruments.

However, Congressional action on the proposal was not completed in 1963. Since Federal expenditures were not rising as rapidly as in the two preceding years, the full-employment surplus began to rise again. Thus the Federal Government provided no further stimulus to the economy as full-employment revenues rose (because of the normal trend growth of full-employment GNP) more rapidly than expenditures.

By the fourth quarter of 1963, the full-employment surplus reached \$11 billion, and even the realized budget, on a national income and product account basis showed a surplus. At the same time, output remained about \$30 billion short of potential and the unemployment rate at 5.6 percent.

The aggregate demand generated by business, consumers, and governments had not been adequate to move the economy even close to full employment. The future course of the expansion was in doubt, and enactment of President Kennedy's tax cut recommendation had become increasingly urgent.

#### REVENUE ACT OF 1964 AND ITS EFFECTS

Under the vigorous leadership of President Johnson, the tax-reduction bill was enacted early in 1964. At 1964 levels of income, personal income tax liabilities were cut by \$6.7 billion and corporate profits tax liabilities by \$1.7 billion. With further reductions in rates taking effect in 1965, the cuts in liabilities will be \$11 billion for individuals and \$3 billion for corporations. Withholding rates on wages and salaries were reduced from 18 percent to 14 percent in one stage in early March 1964, rather than in two stages. This meant that most of the tax reduction was immediately reflected in consumers' disposable incomes.

The Council's 1964 Annual Report estimated that a personal tax cut of nearly \$9 billion would result in a direct increase of more than \$8 billion in consumption. Subsequent rounds of spending and respending would add another \$10 billion to consumption—producing a tax cut “multiplier” of about two. Thus, through increased consumption alone, GNP would ultimately be raised by more than \$18 billion above what it would have been in the absence of the tax cut.

The evidence to date indicates that this expectation is being borne out. After rising to 7.9 percent in the second quarter of 1964, the ratio of personal saving to disposable income had fallen back to a relatively normal 7.1 percent in the third quarter, suggesting that the gains of disposable income resulting from tax reduction were already being largely spent for the purchase of consumer goods and services. (A jump in the saving rate in the fourth quarter appears to be attributable to delayed deliveries of automobiles as a result of strikes.) The tax cut directly added \$7.7 billion to disposable income in 1964, and the addition was running at an annual rate of \$9½ billion by the end of the year. The Council estimates that the total increase in consumer spending alone resulting from the tax cut's impact was \$9 billion in 1964, and had reached an annual rate of \$13 billion by the end of the year. Subsequent rounds of spending and respending will bring the full impact on consumption in 1965 and beyond.

From 1963 to 1964, GNP grew 4.5 percent after adjustment for price changes. The above calculations suggest that, in the absence of the tax cut, the growth would have been only 3.0 percent, even if it is assumed

that without the tax cut all expenditures other than consumption would have been just what they in fact were.

These figures, however, underestimate the full beneficial effects of the cut. Tax policies were also prominent among the factors that helped to generate a \$5.0 billion advance (current prices) in business fixed investment between the fourth quarters of 1963 and 1964. The depreciation reform and the investment credit of 1962 continued to provide added strength to capital spending. The Revenue Act of 1964 reduced the basic rates of corporation taxes and, by increasing consumer demand, gave businessmen added assurance of sustained expansion and expanded markets. This assurance was a stimulating factor, even before tax cuts added to sales or cash flow. As the tax cut raised cash flows and operating rates during the year, business investment plans were revised upward.

Since the full effects on business investment of greater sales, improved profits, and larger cash flow are accomplished only after a substantial lag, and since part of the tax cut becomes effective in 1965, much of the rise in investment stimulated by the 1964 tax cut is still ahead of us. This extra investment will have multiplied effects on total production through the route of expanded incomes and larger consumer spending.

## MONETARY POLICY IN THE EXPANSION

Monetary policy operates by changing the availability and cost of credit to businesses, consumers, and governments. These changes are accomplished most directly by affecting the reserves available to commercial banks; but through its impact on bank policies and financial markets, monetary policy affects the general credit structure of the economy.

Monetary policy's impact on expenditures, and thus on employment, comes when businesses, consumers, or governments—finding borrowing (or liquidation of financial assets) easier or harder, less costly or more costly—are induced to spend more or less than they would otherwise have spent.

### *Tools and objectives*

Throughout the current expansion, monetary policy has supported the objectives of fiscal policy by maintaining a ready availability of credit, thus accommodating an expansion of demand. It has pursued this objective while meeting the requirement to maintain an appropriate relationship between short-term interest rates in the United States and in other major money markets in order to dampen the outflow of volatile short-term funds. As many European countries have been using monetary policy to restrain demand, their central banks have maintained higher interest rates than would have been appropriate in the United States. Although U.S. short-term interest rates have been nudged upward to prevent an outflow of interest-sensitive funds seeking higher rewards abroad, policy has endeavored



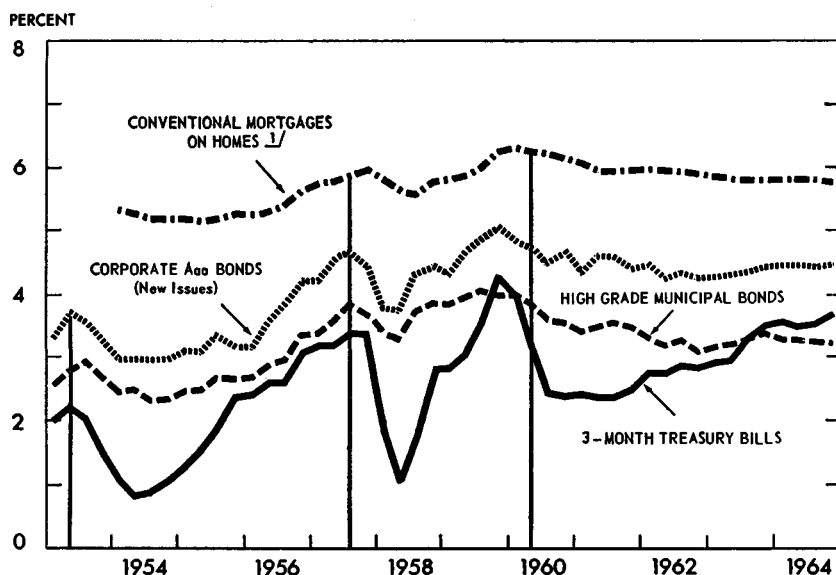
to avoid transmission of these pressures to the long-term market (more crucial for domestic investment) and to maintain a ready availability of credit relative to demand.

The success of this policy can be seen most clearly by comparing the pattern of yields that has emerged during the current expansion with that during previous upswings (Chart 10). During the recession of 1960–61, the Treasury bill rate was kept considerably higher than in either the 1954 or the 1958 recession. Subsequently, however, bill rates rose more gradually, and monetary policy remained—in many respects—significantly easier than in previous expansionary periods. However, the general level of interest rates is higher than at any period since the early 1930's.

One indication that credit conditions have remained relatively easy during the current expansion is the fact that commercial banks have consistently been kept in a positive net free reserve position, in sharp contrast to the expansions of 1954–57 and 1958–60 (Chart 11). As credit demand has strengthened, total bank reserves have been steadily increased by Federal Reserve operations to prevent the banking system as a whole from having to borrow heavily to meet the increase in required reserves. The annual growth in total reserves, adjusted for changes in reserve requirements, has

Chart 10

## Selected Interest Rates



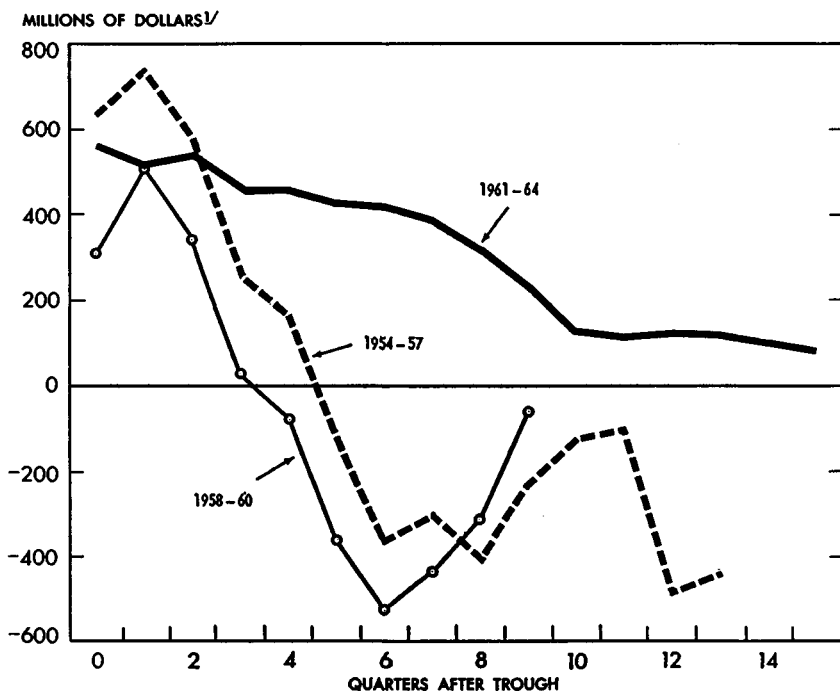
1/ SERIES BEGINS IN 1954; NEW AND EXISTING HOMES THROUGH 1960 I, AND NEW HOMES ONLY THEREAFTER.

NOTE: VERTICAL LINES SHOW GNP PEAK QUARTERS; 1953 II, 1957 III, AND 1960 II.

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

Chart 11

## Free Reserves in Three Postwar Expansions



1/ AVERAGE OF DAILY FREE RESERVES OF MEMBER BANKS (EXCESS RESERVES LESS BORROWINGS).

TROUGH QUARTERS FOR GNP WERE 1954 II, 1958 I, AND 1961 I.

SOURCE: BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

averaged 3.6 percent since the end of 1960, in contrast to an average growth of 1.8 percent during the preceding seven years. The initial steps to maintain this expansion of reserves, while short-term rates were being raised, came when the Federal Reserve began providing reserves in part through open market operations in Treasury notes and bonds in early 1961.

Successive increases in maximum permissible interest rates on time and savings deposits in January 1962, July 1963, and November 1964 served the double purpose of permitting domestic banks to compete more effectively with foreign banks for deposits and of channeling private savings and business liquidity into time and savings deposits. These funds then flowed, in large part, into longer-term loans and securities, maintaining a downward pressure on longer-term yields. In the process, these higher ceiling rates also permitted commercial banks to compete more actively for domestic funds. This contributed to the growth of bank deposits relative to other forms of asset holding and of bank credit relative to other sources of lending.

The expansion in total bank credit has exceeded the growth of bank reserves, as time deposits—which now require a reserve backing of 4 percent—have risen relative to demand deposits, which require a backing of 12 to 16½ percent. Since the end of 1960, bank credit has risen at an average rate of 8 percent a year, thus increasing somewhat faster than the advance in GNP, in contrast to previous business upswings.

The need to raise short-term interest rates for balance of payments reasons prompted a series of shifts toward moderately less credit ease. These occurred in December 1961, June and December 1962, May–July 1963, and August 1964. In July 1963 and November 1964, the discount rate was increased as well. While short-term rates were raised, the steps taken to assure the availability of adequate credit helped to protect longer-term interest rates. As shown in Chart 10, longer-term yields fell little during the 1960 recession, but they have been steadily resistant to upward pressures during the expansion.

Debt management policies of the Treasury also have been directed toward supporting short-term interest rates. In each of the past four years, the volume of bills issued by the Treasury accounted for half or more of the total increase in the marketable debt. Meanwhile, the Treasury used advance refunding operations to counteract the tendency for the passage of time to shorten the maturity of the Federal debt.

### *Policy in 1964*

In the past year, monetary policy continued to serve domestic expansion while helping to protect against outflows of short-term capital—its effectiveness reinforced by growing public understanding of its objectives. The basic guidelines of monetary policy remained essentially unchanged between July 1963 (when the discount rate was raised from 3 to 3½ percent to support other new balance of payments measures) and the late summer of 1964. At that time, the Federal Reserve moved to reduce reserves slightly in order to tighten further the reins on the outflow of dollars. On November 23, following the rise in the British bank rate, the Federal Reserve announced an increase in the discount rate to 4 percent as a precautionary move to forestall capital outflows. This was accompanied by a rise in the bill rate to about 3.8 percent.

Despite these moves to raise short-term interest rates for balance of payments purposes, yields on long-term securities remained remarkably stable during the year. There was a brief period of rising yields in March, reflecting uneasiness over possible sharp increases in demands for credit after the tax cut, and again in September and October over the implications of the British balance of payments problem. But in each instance, yields subsequently receded; at the year end, average yields on long-term Treasury bonds were within .02 percentage points of their low for the year.

Meanwhile, bank credit grew by 7.9 percent, almost exactly matching the expansion in 1963. The money supply, which had increased by 3.8 percent

in 1963, grew by 4.0 percent in 1964, despite the sharper step-up in growth of GNP. The growth of money supply plus time and savings deposits of commercial banks was slower in 1964 than in the preceding year, when time and savings deposits grew more rapidly in response to the appreciable relative rise in interest rates paid on them, and when monetary policy was easier.

### APPROACHING EXTERNAL BALANCE

During the past four years, the external payments position of the United States improved. For most of 1964, the balance of payments deficit on regular transactions ran at an average annual rate of little more than half the \$3.9 billion recorded in 1960 (Table 7). However, while the improvement was substantial and occurred during a period when the U.S. domestic economy enjoyed strong and sustained expansion, it is by no means enough. Moreover, it now appears that an unusual combination of factors resulted in a sizable rise in the deficit during the fourth quarter. Thus, the balance of payments continues to require serious attention.

When the Kennedy-Johnson Administration took office in early 1961, the United States had just experienced its third successive year of large payments deficits. Such deficits did not mean that the country was "living beyond its means" in terms of its use of resources or that the wealth position of the United States was impaired, for our exports of goods and services were substantially in excess of our imports and our total assets abroad were rising faster than our liabilities. The deficit did, however, represent a decline in net U.S. liquidity that could not be permitted to persist, particularly in view of the special role of the dollar as a major reserve currency. There were indications, moreover, that the underlying competitive position of U.S. export products had been deteriorating for a number of years, suggesting possible further increases in the payments deficit. And in late 1960, international currency markets had become unsettled as speculative outflows of short-term dollar funds increased and the price of gold on the London gold market rose sharply.

The need for action to improve the U.S. external balance was thus readily apparent. At the same time, however, doubts were being widely expressed that an improvement in the payments position would be feasible if the new Administration were to pursue its announced goal of renewing economic expansion. Indeed, the view was widely held that the rise in imports normally associated with economic expansion would necessarily worsen our international accounts.

This view was rejected by the Administration. Instead, policies were based on a fundamental conviction that sound growth of the domestic economy was compatible with longer-run improvement in the balance of payments. Only a strong, resilient, and dynamic economy, characterized by reasonable price stability, would permit the gains in productivity and provide the spur to innovation needed for an underlying improvement in our international competitive position. Moreover, a vigorous and dynamic U.S.

TABLE 7.—United States balance of payments, 1960-64 <sup>1</sup>

[Billions of dollars]

Line	Type of transaction	1960	1961	1962	1963	1964: First 3 quarters
	<i>Regular transactions:</i>					<i>Seasonally adjusted annual rate</i>
1	Balance on goods and services.....	3.9	5.6	5.1	5.7	8.1
2	Balance on trade.....	4.7	5.4	4.4	5.0	6.4
3	Merchandise exports.....	19.5	19.9	20.6	22.0	24.7
4	Commercial exports of goods.....	17.5	17.7	18.2	19.3	21.8
5	Exports of goods financed by Government grants and capital.....	1.9	2.2	2.4	2.7	2.8
6	Merchandise imports.....	-14.7	-14.5	-16.1	-17.0	-18.3
7	Balance on nonmilitary services.....	1.8	2.7	3.0	2.9	3.8
8	Investment income, net <sup>2</sup> .....	2.3	3.0	3.3	3.3	4.0
9	Other commercial services, net.....	-.8	-.7	-.8	-.9	-.8
10	Service exports financed by Government grants and capital.....	.3	.4	.5	.6	.6
11	Military expenditures, net <sup>3</sup> .....	-2.7	-2.6	-2.4	-2.2	-2.1
12	Remittances and pensions.....	-.7	-.7	-.7	-.8	-.8
13	Government grants and capital outflows.....	-3.4	-4.1	-4.3	-4.5	-4.2
14	(Transactions involving no direct dollar outflows from the United States).....	-2.3	-2.9	-3.2	-3.6	-3.5
15	(Dollar payments to foreign countries and international institutions).....	-1.1	-1.1	-1.1	-.9	-.7
16	Scheduled repayments on U.S. Government loans plus changes in associated liabilities.....	.6	.7	.7	.7	.7
17	Long-term private capital, net.....	-2.1	-2.2	-2.6	-3.2	<sup>4</sup> -3.3
18	U.S. capital, net <sup>5</sup> .....	-2.5	-2.6	-2.9	-3.6	-3.6
19	Foreign capital, net.....	.4	.4	.3	.3	.3
20	Short-term private capital, net.....	-1.4	-1.4	-.7	-.8	-2.0
21	Errors and omissions.....	-.8	-1.0	-1.1	-.3	-.5
22	Balance on regular transactions.....	-3.9	-3.1	-3.6	-3.3	-2.0
23	Balance on regular transactions before seasonal adjustment.....	-3.9	-3.1	-3.6	-3.3	<i>Unadjusted total</i> -1.5
24	Special Government transactions, net.....	( <sup>6</sup> )	.7	1.4	1.3	.4
25	Debt prepayment and advances on military exports.....	( <sup>6</sup> )	.7	1.2	.7	.2
26	Net sales of nonmarketable, nonconvertible bonds and notes.....			.3	( <sup>6</sup> )	-.1
27	Net sales of nonmarketable, convertible bonds and notes.....				.7	.3
28	Balance including receipts from special transactions other than convertible securities.....	-3.9	-2.4	-2.2	-2.6	-1.4
29	Balance including receipts from all special transactions.....	-3.9	-2.4	-2.2	-1.9	-1.1
30	Gold (decrease, +).....	1.7	.9	.9	.5	( <sup>6</sup> )
31	Convertible currencies (decrease, +).....		-.1	( <sup>6</sup> )	-.1	( <sup>6</sup> )
32	IMF gold tranche position (decrease, +).....	.4	-.1	.6	( <sup>6</sup> )	.4
33	Changes in selected liabilities: To foreign central banks and governments (increase, +).....	1.4	.7	.5	1.0	-.1
34	To private holders and international and regional organizations (increase, +).....	.3	1.1	.2	.6	.9

<sup>1</sup> Excludes U.S. military grant aid and subscriptions to the IMF.<sup>2</sup> Includes Government.<sup>3</sup> Military expenditures abroad less military sales.<sup>4</sup> Includes increase in U.S. Government liabilities associated with Columbia River development project.<sup>5</sup> For detail see Table 8.<sup>6</sup> Less than \$50 million.NOTE.—See Appendix Table B-79 for additional detail.  
Details will not necessarily add to totals because of rounding.

Source: Department of Commerce.

economy could be an attractive magnet for private investment funds, thereby leading to an improvement in the U.S. capital account. While maintenance of the dollar as a strong reserve and trading currency required that major attention be given to the balance of payments, it was recognized that the strength of the dollar depends fundamentally on the continued vigor of the American economy in a setting of stable prices.

It was clear, however, that economic expansion alone could not bring about the needed improvement in our external position, particularly in view of continuing U.S. commitments for the defense of the free world and assistance to the developing countries. An array of special policy measures was thus required to permit simultaneous progress toward domestic expansion and external balance, in ways that would minimize any conflict with the basic longer-range U.S. goal of growing freedom in world trade and payments. Only a flexible and imaginative combination of a wide range of policy instruments could serve these purposes.

The various actions taken to raise domestic demand and to adapt monetary policy to the dual requirements of external balance and domestic expansion have been discussed above. Other measures taken in 1961 and 1962 and reinforced in mid-1963 included more direct efforts to stimulate exports, to reduce the Government's contribution to the payments deficit through its overseas expenditures, to reduce outflows of private capital, and to moderate the growth of tourist outlays abroad. New techniques were devised for financing the deficit in ways that would minimize gold outflows and strengthen confidence in the dollar. In addition, increased cooperation among financial and economic authorities here and abroad helped to strengthen the defense of international currencies against speculative attacks.

The record of the past four years has demonstrated the essential validity of this approach. While imports of goods and nonmilitary services did, in fact, rise by about \$5 billion, in line with the expansion of the domestic product between 1960 and 1964, exports of goods and services (excluding exports financed by the Government and including earnings on investments abroad) increased by nearly \$7½ billion. Gross outflows of Government capital have continued to rise moderately, but the net impact of all Government programs on the payments deficit has been reduced by about \$1.1 billion. The over-all improvement in the balance of payments attributable to these various factors approaches the total payments deficit in 1960.

Despite these gains, the decline in the deficit has been less rapid than had been hoped in 1961. The principal reason has been the relatively large rise in private capital outflows—an element of the balance of payments which might have been expected to advance less rapidly or even to decline in a period of rising domestic activity. While changes in the capital account are interrelated with other components in the balance of payments—for example, some capital outflows serve directly to finance our exports—and therefore should not be viewed in isolation, the over-all magnitude of capital outflows by mid-1963 had become clear cause for concern. This led to the

adoption of special remedial measures, notably the imposition of the Interest Equalization Tax on purchases of new and outstanding foreign securities by U.S. investors.

In 1964, with foreign demands strong, the combination of influences and measures referred to above produced a continued reduction in the U.S. deficit on regular transactions. Further, this smaller deficit was financed to an unusually large extent by increases in private rather than official holdings of short-term balances, and outflows of gold were the smallest since 1957. Moreover, the strength of the multilateral currency arrangements worked out in recent years was dramatically demonstrated late in 1964 when, following a massive speculative attack against sterling, a \$3 billion credit was extended to the United Kingdom by an 11-nation group and the Bank for International Settlements, with the United States taking a prominent part.

The progress achieved during 1964 further strengthened confidence in the dollar. Yet there are clouds in the record for the year that cannot be ignored and that raise new questions for the future. In particular, U.S. purchases of newly issued foreign securities as well as long-term bank loans to foreigners were unusually large in the latter part of the year, operating to produce a higher deficit in the fourth quarter.

The remainder of this chapter will deal with a number of key elements in the changing international position of the United States during the past four years: the gains in U.S. exports and in our competitive position; the reduction of net outflows on Government account; the shifting pattern of private capital flows; the development of new methods of financing our deficit; and the progress in international financial cooperation. The related discussion in Chapter 2 will then look toward the future of the U.S. balance of payments as well as toward the longer-range directions of international trade, aid, and financial arrangements and policies.

#### GROWTH OF U.S. EXPORTS

The growth in U.S. exports during the past four years—and especially since the middle of 1963—has been a most welcome development. Between 1960 and 1964, commercial exports increased by \$4.3 billion, and those financed by Government grants and capital accounted for a rise of nearly \$1 billion more (Table 7). Although a small part of this growth must be attributed to special circumstances, such as extraordinary wheat sales to Eastern and Western Europe last winter, the expansion was, for the most part, broadly based in commodity composition and augurs well for the future. Moreover, it was widely spread around the world, with sharp increases to all major areas.

Several reasons explain the substantial improvement. Production and incomes have grown rapidly in most of the world, raising total world trade. Moreover, the competitive position of American products has been improved by price stability at home. These factors have been reinforced by various Government programs to promote exports and by the practice of tying an

increasing proportion of U.S. foreign assistance funds to purchases in the United States.

The dollar value of free world exports rose at the rate of 6 percent a year from 1960 to 1963, and by 10 percent, or \$14 billion, between mid-1963 and mid-1964. It is now double what it was only ten years ago. This increase in trade reflects continuing prosperity and economic growth abroad, particularly in Europe and Japan, and during the last two years in many raw material producing countries.

As the world's largest exporting and importing nation, the United States has benefited from the rapid growth in world trade. During the past year, however, not only have our total exports increased sharply; they have increased somewhat more rapidly than the exports of many of our competitors. Our recent export performance thus appears to reflect at least some improvement in our relative competitive position.

A full evaluation of changing competitiveness in world markets is, of course, extremely difficult. International competitiveness involves many dimensions. Quality, product design, promotion expenditures, financing arrangements, service facilities, delivery terms—all play some role in determining which exporter receives an order. But it is clear that the movement of U.S. prices relative to those of our competitors is a matter of great importance. And in recent years, the record of U.S. prices has been excellent. Since 1958, wholesale prices of industrial products have risen less in the United States than in any other industrial country—although devaluations in France and Canada helped to offset the impact of higher domestic prices on these countries' exports. Unit labor costs in manufacturing have also risen less here than in any other major country.

But while our domestic costs and prices have been more stable than those of our major competitors in recent years, our relative share of total world trade in manufactured goods—which had fallen rather sharply until 1959—continued to decline moderately for several years thereafter. This in part reflected the fact that movements of export prices differed in some countries from movements of over-all industrial prices. In addition, the creation of the European Economic Community (EEC) and the European Free Trade Association (EFTA)—which the United States welcomed—and the accompanying progressive elimination of internal tariff barriers within each group of countries were bound to result in increased trade within the EEC and the EFTA. This increase served to expand total international trade and tended to hold down or reduce the share, though not the total value, of exports from nonmember countries. However, the U.S. share of total world exports of manufactures, *excluding intra-EEC trade*, and its share of total exports of all commodities have been stable or slightly improving since 1959.

The apparent improvement in the competitive performance of American products has been aided by a number of Government programs to promote exports. The export expansion drive has assisted several thousand American firms to enter export markets for the first time. Through Trade



Centers and the sponsorship of commercial exhibits, the Department of Commerce has helped American businessmen to introduce their products abroad; the insurance and financing programs of the Export-Import Bank have been a further aid. Policies to promote price stability, reviewed in the next chapter, are obviously of utmost significance for the continuing growth of U.S. exports as well as for the improvement of our ability to compete with imports of manufactured foreign goods. But while all of these policies have proved helpful in stimulating exports, private initiative alone can provide the new and improved products, at moderate prices, which are essential to continuing strength in the American export position.

#### GOVERNMENT PAYMENTS ABROAD

The major elements in the Government's payments abroad are military expenditures in support of our forces stationed overseas and grants and loans under foreign assistance programs. These are the transactions over which the Government is able to exert most direct control, and stringent efforts have been made to reduce their impact on the balance of payments.

Since 1960, net military expenditures abroad have been reduced from \$2.7 to \$2.1 billion, while direct payments abroad under Government economic assistance programs have been cut from \$1.1 billion to \$700 million—an over-all saving of \$1 billion. This improvement has been brought about without curtailing assistance to the developing countries and without sacrificing military commitments to our allies, and despite repeated foreign crises which have required increased outlays for security. It reflects primarily the results and effects of a further tying of foreign aid procurement to U.S. sources, streamlining of our overseas military forces, and increased cash sales of military equipment to friendly countries.

#### CAPITAL MARKETS AND CAPITAL FLOWS

While the over-all balance of payments position of the United States has shown definite improvement in the last four years, total net private U.S. capital outflows have registered a substantial expansion. As Table 8 indicates, they amounted to \$4.2 billion in 1961, declined to \$3.4 billion in 1962, but then rose again to a seasonally adjusted annual rate of \$5.5 billion in the first half of 1963. Although a sharp reduction was recorded in the second half of 1963, net private capital outflows in 1964 were again very large and probably exceeded the 1963 total.

Large capital outflows have in part been required to finance growing U.S. exports. Moreover, the establishment of convertibility and the growing confidence in the continued freedom of international payments have led to a substantially greater international mobility of capital and a related tendency toward increased integration of international financial markets. In this context, our highly efficient, relatively low-cost, and readily accessible long-term borrowing facilities have undoubtedly tended to add to the net

TABLE 8.—Recorded private United States capital outflows, 1960-64

[Millions of dollars <sup>1</sup>]

Type of capital	1960	1961	1962	1963		1964	
				First half	Second half	First half	Third quarter
				Seasonally adjusted annual rates			
Total net capital outflows.....	3,885	4,180	3,434	5,530	3,084	5,662	2 4,867
Long-term.....	2,537	2,624	2,881	4,478	2,668	3,164	2 3,655
Direct investment.....	1,674	1,599	1,654	2,190	1,586	2,184	2,076
New issues of foreign securities.....	555	523	1,076	1,858	642	682	564
Redemptions.....	-201	-148	-203	-186	-204	-184	-152
Transactions in outstanding securities.....	309	387	96	302	-204	-268	-148
Long-term bank claims.....	155	136	127	322	1,156	614	1,044
Other long-term claims.....	45	127	131	-8	-308	136	2 271
Short-term <sup>1</sup> .....	1,348	1,556	553	1,052	416	2,498	1,212
				Unadjusted annual rates			
Bank credits.....	610	912	327	122	782	1,010	372
Commercial credits.....	163	153	79	174	342	252	400
Liquid funds.....	579	454	175	622	-516	1,114	208
Other items.....	-4	37	-28	24	-82	12	-168

<sup>1</sup> Outflow, +; inflow, -.<sup>2</sup> Financing of \$255 million to Canada for Columbia River power development is included but not multiplied in deriving the third quarter annual rate.<sup>3</sup> Breakdown of short-term capital in part based on estimates by the Board of Governors of the Federal Reserve System.

Source: Department of Commerce (except as noted).

drain on our balance of payments. At the same time, the emergence of a highly developed international money market has greatly increased the volatility of interest-sensitive short-term funds.

Outflows of direct investment have shown a continuing rise; by 1964 they were one-third higher than in 1961. The share going to Western Europe also continued to expand; in 1964 it was approximately two-thirds of the total. The desire of American companies to establish or expand productive facilities close to rapidly growing European markets and inside the EEC tariff walls continued to provide the major incentive.

In contrast to this pattern of steady growth in direct investments, U.S. purchases of new foreign securities have undergone wide fluctuations in recent years. The volume of new foreign issues in our markets bought by Americans, which had averaged about \$500-\$600 million between 1959 and 1961, rose dramatically in 1962 to \$1.1 billion and then in the first half of 1963 soared further to an annual rate of almost \$2 billion. Following the Administration's announcement in July 1963 of its intention to ask for enactment of an Interest Equalization Tax, it dropped sharply to an annual rate of about \$600 million and remained at this level until the autumn of 1964. After the actual enactment of the Interest Equalization Tax in September 1964, there was a renewed spurt of new security issues by Canadians (who are exempt from the Tax). However, for 1964 as a whole,

both the total of new foreign security issues and Canadian borrowings were sharply below the rate reached in the first half of 1963.

Partly offsetting the decline in new issues of foreign securities has been a sharp rise in outflows of long-term bank credit since the spring of 1963. Whereas such loans had averaged about \$140 million from 1960 to 1962, their adjusted volume reached an annual rate of almost \$1 billion in the second half of 1963, without counting certain large takeovers of commercial claims from U.S. corporations. These outflows receded somewhat in the first half of 1964, but rose to new high records later in the year.

The burgeoning of long-term bank loans over the past year and a half clearly has reflected, among other factors, a spillover of demands from U.S. security markets following the Interest Equalization Tax proposal. Further impetus toward increases in such lending has been provided by tighter credit in a number of foreign countries as a result of restrictive measures taken in these countries early in 1964. These factors have also accounted for an important share of the substantial recent volume of short-term bank loans.

Outflows of U.S. owned liquid funds were very large in 1960, but receded between 1961 and 1962 as speculative pressures subsided and as short-term interest rates rose. Following the increase in the discount rate and in interest rate ceilings on time deposits in mid-1963, an actual inflow of liquid short-term funds was recorded.

During the early part of 1964, however, a gradual tightening of money market conditions abroad resulted in a renewed outflow of liquid U.S. funds to Canada and Europe. The total outflow of liquid funds subsided in the third quarter. Thereafter, the movement of these funds appears to have followed an irregular course in response to a variety of partly conflicting influences, including seasonal influences, the unsettlement of international money markets as a result of the sterling crisis, and the changes in central bank rates here and abroad.

## FINANCING THE DEFICIT

As has already been indicated, the long-run strength of the American dollar depends on the strength of the U.S. economy. More immediately, however, the strength of the dollar abroad is intimately related to the magnitude of the U.S. balance of payments deficit and to evidence that the deficit is being controlled and reduced. It also affects—and in turn is affected by—the manner in which the deficit is financed.

During the past several years, the United States, in cooperation with a number of countries in Western Europe, has developed a variety of new techniques for financing deficits and absorbing surpluses. These new mechanisms have reduced the pressure on the gold reserves of deficit countries and provided a greater variety of acceptable assets to surplus countries. Thereby, deficit countries have been given more adequate time to carry out necessary internal and external adjustments—within a framework of

sustained growth and with minimum resort to measures inimical to the expansion of the free movement of goods and capital among nations. At the same time, surplus countries have been given greater opportunities for pursuing policies needed for orderly progress toward international payments equilibrium. The new financing measures are not, however, substitutes for progress in reducing the U.S. deficit.

In the past four years, there has been a striking shift in the roles played by changes in U.S. monetary reserves and in foreign holdings of short- and medium-term dollar liabilities in financing the remaining deficit. In 1960, a decline of over \$2 billion in monetary reserve assets (mainly gold) financed more than half of our deficit, while liabilities to foreign official accounts also rose sharply. In 1964, however, despite a continuing deficit, the outflow of gold was small, and there was only a moderate rise in foreign official holdings of liquid claims on the United States. Instead, partly as a result of more attractive short-term interest rates in the United States and continuing confidence in the dollar, foreign private businesses (including commercial banks) and individuals added to their holdings of liquid dollar assets. Such additions to private holdings of dollar assets in the United States financed about half of the U.S. deficit on regular transactions in 1964.

To mitigate mounting balance of payments difficulties, the United States began in 1959 to arrange for substantial advance repayments on loans made to its European allies in the immediate postwar period. These advance repayments have continued. Since 1962, the United States has also sold special medium-term, nonmarketable securities to foreign governments. These bonds and notes, frequently denominated in the holder's currency, offer an attractive alternative to further accumulation of gold or short-term liquid dollar assets in the official reserves of surplus countries.

In addition to these special bilateral arrangements, the United States began last year to make more direct use of the International Monetary Fund (IMF), by drawing foreign currencies and selling them to countries wishing to repay the Fund. Such IMF transactions, in effect, financed (net) about \$260 million of the U.S. deficit in 1964.

Neither our use of IMF resources nor the conclusion of special transactions with surplus countries has directly reduced the U.S. deficit on regular transactions. However, our ability to negotiate such arrangements and other countries' willingness to participate in them have been both a reflection and a source of confidence in the dollar.

#### **BROADENED INTERNATIONAL FINANCIAL COOPERATION**

The success of the United States in reducing its deficit and in developing improved methods of financing the deficit that still remains has helped to create an atmosphere conducive to increased cooperation among the world's central banks and financial officials. Such cooperation, in turn, has strengthened the existing network of international monetary arrangements.

Within the past few years the facilities of the IMF have been broadened, and agreement has been reached on the advisability of an increase in its resources. In addition, the major industrial countries included in the "Group of Ten" have declared their readiness to supply to the IMF up to \$6 billion of additional convertible currencies under the provisions of the General Arrangements to Borrow; these supplementary facilities were first utilized in 1964 in connection with the provision of IMF assistance to the United Kingdom. Moreover, a network of reciprocal currency, or "swap", arrangements among the major central banks has been developed since 1962, primarily as a means of dealing with temporary speculative pressures. Such currency swaps make possible flexible and coordinated intervention in both spot and forward foreign exchange markets by monetary authorities in the several countries. At the same time, the international gold pool has served to reduce speculation in gold markets and thus helped to conserve gold for monetary use. Frequent consultation among treasury and central bank representatives of the major industrial countries has improved the ability of these officials to respond smoothly and effectively to actual or potential disturbances in the international exchange markets.

During the past year, the capacity of these strengthened international arrangements to deal decisively with sudden or sustained pressures against major currencies was put to two severe tests. In March, the United States, together with the IMF and several European countries, moved quickly to provide a \$1 billion package of credit to shore up Italy's then shaky balance of payments; and, as noted earlier, a series of cooperative arrangements was worked out in November to alleviate pressures on the British pound.

Cooperation among financial and economic authorities throughout the world is, of course, also needed to create conditions that will discourage the development of such pressures in the first instance. Cooperation can foster a smoother and more responsive process of balance of payments adjustment within an environment conducive to economic growth and increased freedom of international trade and payments. Progress along these lines has been made in recent years through frequent and constructive discussions in a variety of forums, including the IMF, committees of the Organization for Economic Cooperation and Development, and the monthly meetings of central bank governors at Basle held under the auspices of the Bank for International Settlements.

Encouraging as these steps toward greater international monetary cooperation have been, it is clear that much remains to be done to improve the process of international payments adjustment and that there is scope for further strengthening of existing cooperative arrangements as well as the international monetary mechanism. Various proposals designed to accomplish these purposes are discussed in Chapter 2.

## Chapter 2

### Sustaining Prosperity in 1965 and Beyond

**L**AST YEAR, responding to the largest fiscal stimulus ever provided in peacetime, businesses, workers, and consumers moved the American economy strongly forward toward full realization of its vast productive potential. The year 1965 promises to be the fifth year of continued economic expansion—an unprecedented record—bringing further substantial gains in output, personal incomes, and corporate profits. Yet, as the year opens, unemployment remains too high and will continue to be our major economic problem. As a consequence, Government policies must still be directed to closing the existing gap between current production and potential.

Meanwhile, the Nation's economic potential will be expanding rapidly as productivity forges ahead and as record numbers of young people enter the work force. Policies to provide education and skills are vital to help them meet the needs of today's labor market. It is essential that these young people enter the ranks of the employed. If this challenge is met, the new workers will become eager consumers, helping to maintain high employment levels with their demands for houses, cars, and other goods and services. Partly because of their spending, private demand may become somewhat stronger than it has been in the recent past. But the prior requirement and the continuing need are for expansionary fiscal and monetary policies that will help to open job opportunities for new labor force entrants and for the currently unemployed. The prospects for 1965 and available clues for the longer run are analyzed below, followed by an evaluation of the policies required to capture the benefits of our expanding economic potential.

Our best defense against recurrent recession is a strong offense—constant efforts to sustain expansion through general fiscal and monetary measures. But recessions do not always cast their shadows far in advance. Insurance is needed against a sudden downturn. By planning now for tax and expenditure measures that can be quickly enacted and executed should the need arise, we can lessen the possibilities of recessions and minimize their severity should they occur.

Full employment and rapid growth must be pursued along with reasonable price stability. It is essential that the notable recent parallel between private wage-price decisions and the public guideposts be maintained. The significance of wage-price decisions for the achievement of all our economic goals is discussed later in this chapter.

Prospects and policies for the domestic economy must also take account of international economic objectives. The final section of this chapter considers the requirements for policies to improve the balance in our international transactions, to remove barriers to world trade, to aid less developed countries, and to strengthen the international monetary system.

A recurrent theme of the chapter is that the task of moving toward several goals is far more demanding than the single-minded pursuit of just one. In order to attain our domestic production and employment goals in a climate of price stability, and at the same time to progress toward a better international economic order, we must make the wisest use of the full range of policy instruments.

## THE GAP BETWEEN ACTUAL AND POTENTIAL GNP

The economy today has room for—and need for—more employment and more production. The Employment Act's objectives of "maximum production" and "maximum employment" can only be achieved together. Unemployment is wasted manpower. Moreover, idle men are generally accompanied by idle machines. Thus, when the economy is marked by excessive unemployment, it is producing below its full potential. The distance between our actual and our potential gross national product (GNP) is one measure of the cost of high unemployment to the whole Nation.

The potential GNP of the U.S. economy measures the volume of goods and services that our economy could produce if the unemployment rate were at the interim target of 4 percent. Potential GNP cannot actually be observed when unemployment is above 4 percent; and to estimate it is an inherently difficult task. Even the best use of available data and of statistical and economic techniques will leave a margin of error in the calculation. Nevertheless, decisions on policies to stimulate or restrain the over-all level of economic activity require a judgment on the gap between current and potential production.

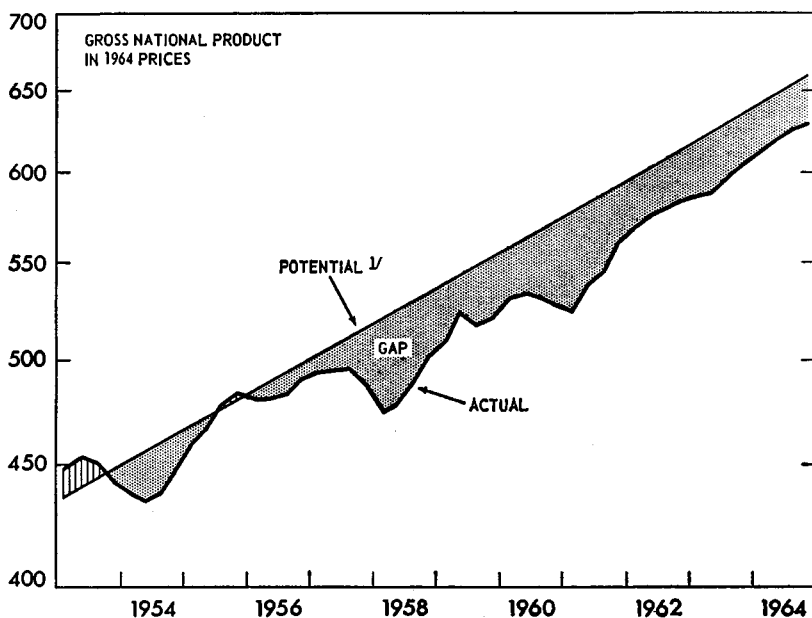
The Council has continuously examined the current and prospective growth of potential in light of new data and emerging developments in the economy. In its past three Annual Reports, the growth of potential GNP since mid-1955 has been approximated by a trend line rising at a rate of  $3\frac{1}{2}$  percent a year. It now appears that the growth of potential has recently stepped up: A real growth rate of actual GNP somewhat greater than  $3\frac{1}{2}$  percent has been required to prevent a rise in the unemployment rate.

The precise causes of the recent pattern are not definitely established. We may have already begun to experience a more rapid growth of the labor force; the growth trend of productivity may have increased modestly; or these two factors may have operated in combination. Nor is it yet clear just when the recent pattern began. Despite these unsettled issues, the best estimate of recent potential growth must be placed somewhat above  $3\frac{1}{2}$  percent and below 4 percent. In line with this conclusion, Chart 12 shows the growth rate of potential GNP as  $3\frac{1}{2}$  percent from 1955 through 1962 and  $3\frac{3}{4}$  percent thereafter.

Chart 12

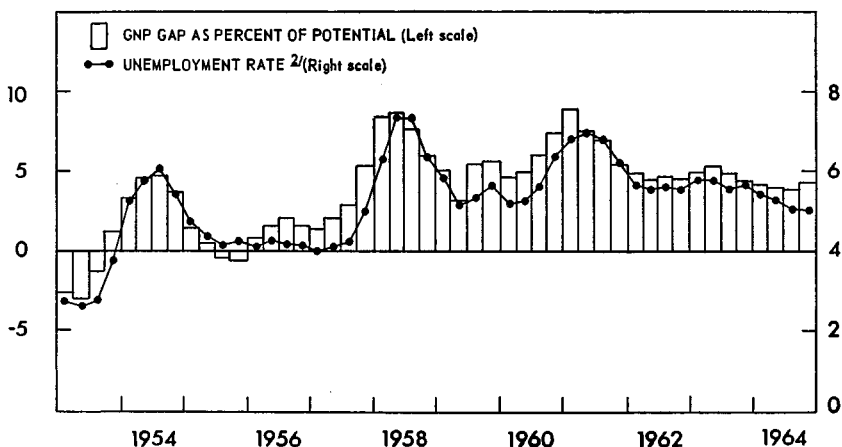
# Gross National Product, Actual and Potential, and Unemployment Rate

BILLIONS OF DOLLARS\* (ratio scale)



PERCENT

PERCENT



\*SEASONALLY ADJUSTED ANNUAL RATES.

<sup>1/</sup>3% TREND LINE THROUGH MIDDLE OF 1955 TO 1962 <sup>1/</sup>; 3% TREND LINE THEREAFTER.

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

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



Potential GNP includes the output that could be produced by people who would leave the ranks of the unemployed and also by many who are not currently counted in the labor force but who would be at work if unemployment were reduced to 4 percent. Some people who are ready and willing to work have concluded that jobs are not available; they are not actively seeking employment and are therefore not counted as unemployed. According to past evidence, such "hidden unemployment" is concentrated among women, young males, and older men. Men in the 25-54 age bracket have a permanent attachment to the labor force; their labor force participation rates remain close to 97 percent regardless of changes in the availability of jobs. Participation rates of all the remaining age-sex groups are substantially lower and are sensitive to changes in employment opportunities. These relationships are indicated in Chart 13 which shows labor force participation rates and the corresponding employment-population ratios each year since 1952 for males aged 25-54 and for all other age-sex groups combined.

Furthermore, productivity would be higher in a full-employment economy than it actually is today; this is also reflected in the estimate of potential GNP. In periods of underutilization, output per worker is depressed because of the overhead nature of some clerical, professional, and managerial employment and because plant and equipment are being operated at inefficient rates. During periods of movement toward full employment, rapid gains in productivity reflect the fact that both workers and machines are operating more fully and more efficiently.

Actual GNP for 1964, at \$622 billion, was \$27 billion or 4 percent below estimated potential. In the first quarter of 1961, the gap was \$51 billion (in 1964 prices) or 9 percent of potential. Thus, the current expansion has substantially narrowed the gap; its present size indicates the remaining distance to full realization of potential.

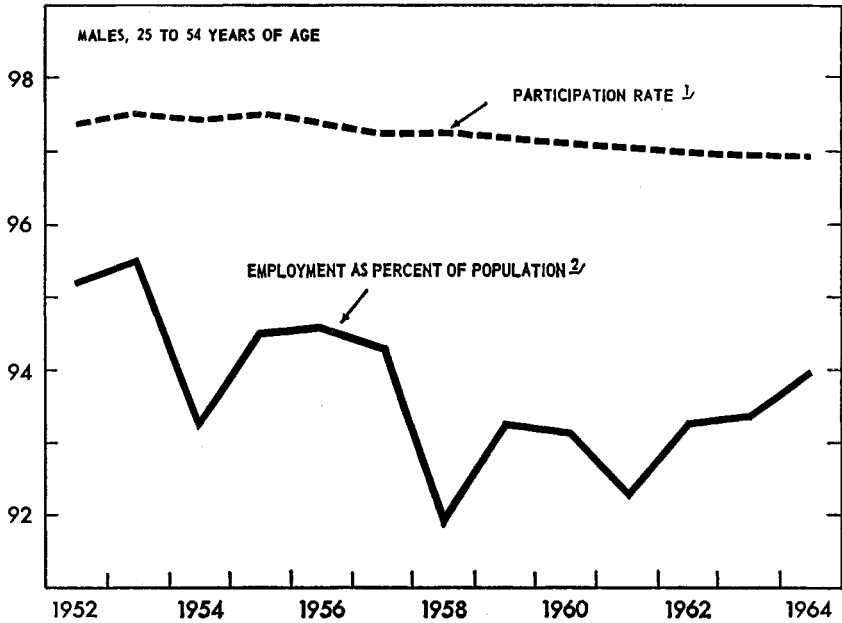
The Council's estimate of potential GNP reflects the belief that the economy could operate at a 4 percent unemployment rate today without substantial strains on either labor supplies or plant capacity. Operating rates in industry show the presence of capacity to fill additional demands. Labor supplies are generally abundant in most labor markets. While unemployment rates vary widely among different age-sex groups in the population, rates are consistently above those of 1956, when the over-all unemployment rate was 4.2 percent.

The ease of attaining a given global unemployment rate can be affected by major shifts in the composition of the labor force. Some groups, like teenagers and uneducated adults, typically have relatively high unemployment rates; a large increase in their numbers relative to the total labor force would be expected to make the attainment of a given over-all unemployment goal more difficult. In fact, there have been moderate shifts in the composition of the labor force in the direction of *age-sex groups* with typically higher unemployment rates. But there have also been shifts toward

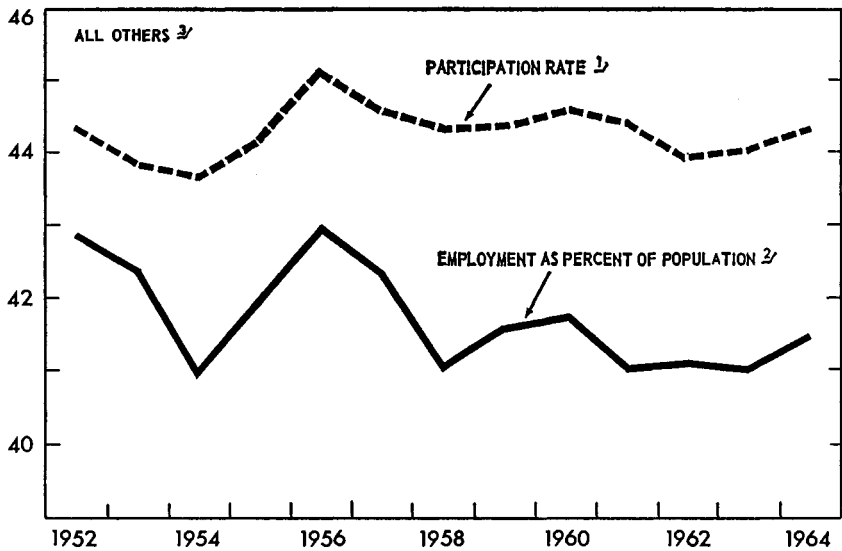
Chart 13

# Labor Force Response to Employment

PERCENT



PERCENT



1/ PERCENT OF NONINSTITUTIONAL POPULATION IN THE LABOR FORCE (INCLUDES ARMED FORCES).  
2/ PERCENT OF NONINSTITUTIONAL POPULATION HAVING EMPLOYMENT (INCLUDES ARMED FORCES).  
3/ INCLUDES FEMALES, 14 YEARS OF AGE AND OVER; MALES, 14 - 24 YEARS AND 55 YEARS AND OVER.  
SOURCE: DEPARTMENT OF LABOR.

*education groups* with lower unemployment rates. If every *age-sex group* now had the same unemployment rate it experienced in March 1957, the over-all unemployment rate would be 0.2 percent *higher* than it was then. On the other hand, if every *education group* now had the same unemployment rate it experienced in March 1957, the global unemployment rate would be 0.3 percent *lower* than it was then.

The interim target of a 4 percent unemployment rate is attainable, given the required level of demand for goods and services. By improving labor market information, skills, and formal education, the manpower policies discussed in Chapter 3 can facilitate the transition to a 4 percent unemployment rate and can, in the future, let us attain even lower rates.

## OUTLOOK FOR 1965

Evidence on the economic outlook for GNP and prices has helped to guide the formulation of this year's economic policy proposals. In turn, the President's program has an important influence in strengthening the prospects for sustained prosperity with price stability in 1965.

## PROSPECTS FOR GROSS NATIONAL PRODUCT

With congressional enactment of excise tax reduction, social insurance liberalization, and other key fiscal proposals as scheduled in the President's program, GNP for 1965 is expected to lie within a \$10 billion range centering on \$660 billion. At the midpoint of this estimated range, the dollar growth in GNP this year would equal the increase of \$38 billion in 1964. But because GNP has risen in the past year, matching the dollar gain of 1964 would mean a percentage increase about half a point less than the 6½ percent registered in 1964. In constant prices, the increase in output is likely to exceed the growth of potential, reducing the gap moderately.

The range from \$655 billion to \$665 billion recognizes the limited precision of economic forecasting. Although the midpoint of the projected range in the Council's last Annual Report was within \$1 billion of actual GNP for 1964, such accuracy cannot be counted on every year. Economists are still far from a complete understanding of the determinants of consumer and business spending. Nor do they yet have completely accurate measures of recent trends and levels of economic activity, so important to an assessment of the near future. Moreover, unforeseen events external to the domestic economy can have important effects on business activity. The evident shortcomings and pitfalls in forecasting highlight the need for constant surveillance of changes in output and employment and for flexibility in economic policy.

The available evidence points to new gains in expenditures by consumers, businesses, and governments. The increases in the components should reinforce one another; they sum up to the prospective increase in GNP.

*Government.* Purchases of goods and services by State and local governments are likely to be nearly \$5 billion higher than in 1964, maintaining their recent upward trend and benefiting from further expansion of Federal grants-in-aid. Federal purchases of goods and services are expected to increase by about \$½ billion this year. In fact, 1965 will mark the first year since 1950, and only the second year since 1940, in which State and local purchases will exceed those of the Federal Government.

*Business fixed investment.* Business outlays for durable equipment and new construction were stronger in 1964 than surveys of business intentions had initially indicated. Prospects are excellent for a further expansion in 1965. Capacity utilization rates in manufacturing, although still below preferred levels in almost all industries, are above those of a year ago. These improved rates, together with the sales increases expected by manufacturers, validate the investment made in 1964 and provide incentives for further expansion. In addition, lower corporate taxes have raised the after-tax yield of investment. Furthermore, the gross cash flow retained by business remains high in relation to capital outlays, thus permitting new investment to be financed with comparative ease.

The survey of intentions to invest—jointly conducted by the Department of Commerce and Securities and Exchange Commission—indicates that new plant and equipment expenditures in the first half of 1965 will be approximately \$3½ billion (annual rate) above those in 1964. For the year as a whole, the advance in business fixed investment should come close to, but probably not match, last year's rise of \$5½ billion.

*Inventory investment.* Inventory accumulation in 1964 was surprisingly modest. Indeed, despite the stronger gains in final sales, such investment was lower in 1964 than in 1963. Inventories today seem unusually conservative relative to prospective sales, and are expected to rise somewhat more rapidly this year. Accumulation may exceed last year's rate by about \$2 billion.

*Residential construction.* The value of residential construction in 1964 was \$1 billion higher than in 1963, but it moved downward during the course of the year. It seems unlikely that outlays for home building this year will substantially exceed those in 1964: housing starts in the final quarter were a little below the annual average; overbuilding of apartments occurred in some localities. On the other hand, sales of new single-family homes have held up well and basic forces appear strong enough to prevent a further decline in home building. Family incomes are high and rising. With a plentiful supply of funds on hand, savings and loan institutions and other financial intermediaries will continue to welcome qualified mortgage loan applicants. Although the number of housing starts may be lower than in 1964, the average value per start is likely to rise. Thus, total outlays on new private residential construction in 1965 are expected to show little change from 1964.

*Consumption expenditures.* Consumption expenditures are likely to rise at a slightly more rapid rate than disposable personal income. Full adjustment to the tax cut should bring down the saving rate below the 7½ percent of 1964. The excellent reception of the 1965 auto models and the continued strength of used car prices augur well for new car sales. The exceptionally strong rise in household durables last year is not likely to be duplicated in 1965, though sales should advance further. The proportion of consumption composed of services and nondurable goods is likely to rise in 1965 from its 1964 value.

In 1964, disposable income was boosted substantially by the tax cut; this year, less fiscal stimulus is in prospect. Gains in household purchasing power will depend mainly on incomes generated by advances in the expenditure categories discussed above. In all, increases in consumption expenditures should account for about two-thirds of the rise in GNP.

### *Quarterly pattern*

The pattern of advance during the course of this year will have an important influence on the continued balance of the expansion. Backlogs of demand resulting from the strikes in the automobile industry in the autumn of 1964 are likely to add strength to over-all production in the current quarter. On the other hand, Federal fiscal measures, including the excise tax reduction and social insurance liberalization, should strengthen the advance in the second half of this year. While the outlook for business fixed investment and consumer buying inclinations is necessarily more uncertain for the later months of the year, the evidence does not suggest a weakening.

Conditions in the steel industry present the chief visible threat to prospects for a balanced pattern of quarter-to-quarter advances. Manufacturers are likely to continue to augment their stocks of steel during the next few months as a defense against a possible strike after May 1. In the event of a strike, added inventories of steel would provide a useful reserve, permitting continued production of fabricated products. Nevertheless, a steel strike of significant duration would have unfavorable effects on over-all income and production, as the economic annals of 1956 and 1959 demonstrate.

If a collective bargaining settlement is reached near the deadline without a work stoppage, stocks of steel will be reduced during the second half of the year. Under such conditions, a rapid rise in activity during the next few months might be followed by much smaller advances during the rest of the year, possibly accompanied by increasing unemployment. It is particularly difficult for economic policy to deal with such a transitory situation—either on the upside or the downside. Thus, a prompt and responsible settlement in the steel industry is important for sustained, balanced advance in 1965.

## *Employment*

Expected output gains in 1965 are likely to increase employment substantially, but not quite as much as last year, when more than 1.5 million jobs were created. The expected increase in the labor force is nearly as large as the prospective gain in jobs; normal demographic trends are expected to bring in 1.3 million net new entrants and recent improvements in job opportunities may add to that number. Some decline from the 5.2 percent unemployment rate of last year is likely in 1965.

## **OUTLOOK FOR PRICES**

The size of the existing gap and the prospects for GNP suggest that widespread pressures on the supply capabilities of the economy are not likely to emerge this year. There are good prospects for extending in 1965, our recent record of price stability, just as it was maintained last year when production accelerated and unemployment declined. Wholesale prices are more volatile than consumer prices, and they are likely to show earlier movements. For this reason, the discussion below is concentrated on the outlook for wholesale prices this year.

The industrial component of the wholesale price index rose by 0.6 percent between the fourth quarter of 1963 and the fourth quarter of 1964. This increase was modest, particularly when compared with the rise of 3.2 percent a year between the final quarters of 1954 and 1957. But it was the largest rise over four quarters since early in 1960, and raised wholesale industrial prices back to the peak reached at that time. Hence, it is important to ask whether these prices have begun a renewed upward trend. The significance to be attached to the recent movements depends in part on their breadth, the character of the force behind them, and the indirect effects they might be expected to have on other prices.

An examination of price movements during the past year in the major industrial commodity groups (Table 9) shows that the over-all rise in average wholesale industrial prices was primarily the result of large price increases in nonferrous metals and in steel scrap. These two groups together account for an increase in the industrial index equal to nine-tenths of the total rise. In large part, the rise in nonferrous metal prices reflected curtailment of supplies as a result of strikes and political crises affecting important world production centers. These price increases have already spread to fabricated metal products.

The only other major commodity group to contribute more than 0.1 percentage point to the rise in the over-all index was nonelectrical machinery. The price rise for this group was 1.6 percent during the past year. Because of the low rate of productivity advance in this industry, prices have typically risen, with increases averaging 1.0 percent annually in the last several years.

Price movements of the remaining commodity groups were almost evenly divided between rises and declines, and generally consistent with their pattern of recent years. The steady downward trend in prices of electrical machinery and equipment, petroleum, and rubber products contrasts with their upward direction in previous expansions.

TABLE 9.—*Changes in wholesale industrial prices, by major commodity groups, fourth quarter of 1963 to fourth quarter of 1964*

Commodity group	Weight in total industrial index (percent) <sup>1</sup>	Change in price index, 1963 IV to 1964 IV	
		Percentage change	Contribution to total change (percentage points)
Total industrial products.....	100.00	0.6	0.59
Metals and metal products <sup>2</sup> .....	17.14	3.2	.54
Nonferrous metals and scrap (excluding aluminum)....	3.00	13.9	.42
Iron and steel scrap.....	.42	28.6	.12
Semifinished and finished steel.....	4.56	-.7	-.03
Aluminum ingot, mill shapes and fabricated products....	1.20	.7	.01
Nonelectrical machinery.....	9.64	1.6	.15
Textile products and apparel.....	10.32	.4	.04
Chemicals and allied products.....	8.88	.9	.08
Motor vehicles and parts.....	6.69	.8	.05
Passenger cars, trucks, and busses.....	5.30	-.7	-.04
Motor vehicle parts and accessories.....	1.38	6.6	.09
Hides, skins, leather and products.....	1.85	2.2	.04
Lumber and wood products.....	3.62	.6	.02
Furniture and household durables.....	5.38	.4	.02
Nonmetallic mineral products.....	3.79	.5	.02
Tobacco and beverage products.....	3.23	.0	.00
Pulp, paper, and allied products.....	6.44	-.4	-.03
Electrical machinery.....	6.25	-1.1	-.07
Miscellaneous products <sup>3</sup> .....	4.54	-1.3	-.06
Rubber and products.....	1.97	-2.1	-.04
Fuels and related products, and power.....	10.36	-1.2	-.13

<sup>1</sup> As of September 1964 with 1958 quantity weights.

<sup>2</sup> Includes some groups not shown in this table.

<sup>3</sup> Includes transportation equipment other than motor vehicles and parts.

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

Source: Department of Labor.

These facts indicate that the recent increases in wholesale industrial prices should not be viewed as a harbinger of further advances this year. The ample capacity for expansion of output in most manufacturing industries is shown by Table 10. Actual operating rates in December 1964 exceeded preferred rates in only rubber and textiles, although nearly all industries were using more of their capacity than a year earlier. The rubber industry benefited from record automobile production, while new cotton legislation enabled the textile industry to compete more effectively with imports while expanding exports. Despite high operating rates, prices in both of these industries declined in 1964.

Twelve of the industries, including all durable goods industries except nonferrous metals, can still increase operating rates by 2 or more points before reaching preferred levels. Moreover, most industries have been steadily increasing capacity; and the planned levels of manufacturing investment

for 1965 point to continued rapid expansion of capacity, sufficient to produce the expected gains in output without significant increases in operating rates.

TABLE 10.—*Operating rates and backlog of unfilled orders in manufacturing industries: 1963 and 1964*

[As of December]

Industry	Operating rate (percent) <sup>1</sup>		Preferred operating rate (percent) <sup>2</sup>	Preferred rate less operating rate (percentage points)	Backlog of unfilled orders (months) <sup>3</sup>	
	1963	1964		1964	1963	1964
Total manufacturing.....	85	88	92	4	2.36	2.52
Iron and steel.....	70	88	91	3	1.35	2.09
Nonferrous metals.....	90	95	95	0	-----	-----
Machinery.....	82	88	91	3	2.65	2.89
Electrical machinery.....	78	84	93	9	2.93	3.08
Autos, trucks, and parts.....	89	94	96	2	-----	-----
Other transportation equipment.....	80	79	88	9	-----	-----
Fabricated metals and instruments.....	84	88	92	4	2.37	2.64
Chemicals.....	80	79	90	11	-----	-----
Paper and pulp.....	90	93	97	4	-----	-----
Rubber.....	92	96	94	-2	-----	-----
Stone, clay, and glass.....	77	79	88	9	-----	-----
Petroleum and coal.....	90	93	95	2	-----	-----
Food and beverages.....	80	79	86	7	-----	-----
Textiles.....	95	97	96	-1	-----	-----
Miscellaneous manufacturing.....	88	86	94	8	-----	-----

<sup>1</sup> Output as percent of capacity. Data for 1963, excluding iron and steel, from McGraw-Hill; estimates for iron and steel in 1963, and all industries in 1964, by Council of Economic Advisers, after consultation with McGraw-Hill, Department of Economics.

<sup>2</sup> McGraw-Hill survey data for December 1962, the latest available.

<sup>3</sup> Ratio of unfilled orders to shipments (seasonally adjusted) for those industries for which detail is available.

<sup>4</sup> November.

Sources: McGraw-Hill Publishing Company, Department of Commerce, and Council of Economic Advisers.

The ease with which manufacturing industries have been meeting rising demands is also indicated by the relatively mild increases in the ratio of order backlogs to shipments from December 1963 to December 1964. These increases, following declines during 1962 and 1963, left over-all manufacturing backlogs no higher relative to shipments than at the end of 1961. On the basis of the prospects for GNP reviewed above, backlogs would not be expected to grow significantly in most industries this year.

Continued stability of unit labor costs during the current expansion (reviewed in Chapter 1), and particularly in manufacturing from 1963 to 1964, has helped to hold down prices. Prospective labor supplies should assure against any widespread tightness in labor markets and should exert a restraining influence on wage settlements. Moreover, the current concern with work rules and job security tends to reduce the "pattern-setting" effect of large wage settlements in key industries.

Furthermore, the revised depreciation guidelines, investment tax credit, and corporate tax reduction have strengthened after-tax cash flow in many industries and aided price stability. For example, the contribution of these



Federal fiscal measures to cash flow in the steel industry was the equivalent of a 3 percent price increase in 1964.

Thus, many important factors are working to preserve wholesale price stability. Price increases from demand pressures are likely to be limited to a few specialized areas, such as occurred in nonferrous metals in 1964; and price reductions can be expected elsewhere—particularly in industries with rapidly increasing productivity. But there are areas in the economy where management and labor possess the market power to exercise some discretion in their price and wage decisions, and, in particular, to make inflationary decisions even in the absence of excess demands. With responsible decisions by business and labor, 1965 should see continued price stability.

## GROWTH PROSPECTS FOR THE LONGER RUN

The growth of potential GNP depends on long-run demographic, economic, and technological factors that are partly beyond the control of public and private policies. But it is also influenced by a variety of public and private decisions that can and should be made with a view to their effect on the growth of productive capacity. Some of these policies are referred to below. Growth rates of potential output vary from country to country, and in our own history they have differed considerably from period to period. Potential GNP grew rapidly in the early postwar years and then more slowly after the Korean conflict. Under current policies, potential output seems to be accelerating and will probably continue to speed up between now and 1970, reflecting the increases in labor force and long-run productivity.

### LABOR FORCE

The labor force is expected to grow much more rapidly during the remainder of the 1960's than it has in recent years. Apart from increases in participation rates that would be induced by improved employment opportunities, the expected annual growth to 1970 is 1.7 percent, or about 1.4 million persons, a major acceleration from the yearly average of 1.2 percent, or 0.9 million persons, in the past nine years.

Different age-sex groups are expected to grow at different rates. The projected increase in the number of males between the ages of 25 and 54 years is only 0.7 percent a year from 1964 to 1970. The rest of the labor force—all female participants and male participants aged 14 to 24 and 55 years or more—will be increasing at the much higher rate of 2.4 percent. The fraction of the total labor force made up by males in the 25–54 age group fell from 45 percent in 1955 to 42 percent in 1964. And this downward trend will continue during the remainder of the 1960's. The tremendous growth of the other groups presents an important challenge to the manpower policies discussed in the next chapter, since these groups may be

more difficult to absorb into the ranks of the employed. The more rapid over-all expansion of the labor force will increase the growth rate of potential output in the years ahead. It emphasizes the economy's need for—and its capacity to meet—a steady and substantial growth of demand.

## PRODUCTIVITY

Productivity has increased rapidly in the current expansion. But this is typical of a period of improving utilization rates, since labor and capital are used more efficiently. The recent performance does not provide clear evidence that the long-run trend of productivity growth has changed, but there is some evidence that it may have risen slightly in recent years.

A gradual improvement in the trend of productivity growth may be expected from our sustained expansion and higher investment. Higher rates of investment increase the quality as well as the quantity of available productive capital, since the latest technology is embodied in new machinery and equipment. Periods of expansion are also favorable to the introduction of new and improved products and processes that may raise productivity without requiring substantial capital investments.

While all these factors have effects that are predictable at least in direction, their quantitative impact is gradual and defies careful measurement.

The prospects for growth of the labor force and productivity suggest that the increase of potential GNP in 1965–70 will exceed the 3½ percent annual rate of the 1955–62 period and even the 3¾ percent rate estimated currently. Indeed, over the next five years it is likely to average about 4 percent a year, a rate approaching that of the early postwar period.

In the long run, with policies promoting growth as well as full utilization, it should become possible and desirable to surpass even this growth rate.

## PRIVATE DEMAND

Whether our rapidly growing potential GNP will be fully realized as actual GNP during the remainder of this decade will depend upon the strength of aggregate demand. And aggregate demand, in turn, will reflect both Federal policies and the strength of spending by other sectors—households, businesses, and State and local governments. The buoyancy of private spending will determine whether Federal policies need to be relatively expansionary or restrictive in pursuing full employment with stable prices.

Fluctuations in the long-term strength of private demand have changed the tasks of Federal policies in the past. During 1947–53, private demand was exceptionally strong and restrictive government policies were needed much of the time to keep demand from pressing too hard on capacity.

The United States emerged from World War II with depleted and aging stocks of homes, household durable goods, automobiles, and plant and equipment, reflecting the low levels of private investment during the Great Depres-

sion and the wartime emergency restrictions on civilian purchases. The war also generated a large accumulation of liquid assets by consumers and business firms. With a strong desire for rebuilding and updating their stocks of durable goods and with the financial ability to translate this desire into effective demand, the American consumer and businessman were eager spenders. The military and industrial build-up associated with the Korean conflict intensified the ebullience of the economy and prolonged the adjustment of stocks into the 1954–57 period.

The economic environment since 1957 has differed significantly from that of the previous decade. A persistent gap has developed between potential GNP and actual GNP. The immediate reasons for the existence of this gap are fairly evident. First, restrictive full-employment surpluses in the Federal budget emerged. Second, private demand has not been sufficiently buoyant to overcome the fiscal drag of these potential surpluses. There has been no accumulated backlog of demand for housing, consumer durable goods, or business capital. And—although there has been no dearth of youngsters and oldsters—the number of new families in the market for houses, furniture, appliances, and cars has grown at only a modest pace.

We are now on the threshold of a more rapid increase in the number of persons reaching working age. Just as this will accelerate the potential output of the economy, so too will it add to the underlying strength of private demand for a range of business and consumer investment goods.

There is no assurance, however, that the increase in effective demand for goods and services will synchronize precisely with the added productive potential represented by the surge of new entrants to the work force. Indeed, the demographic patterns for the next decade, coupled with information on the broad spending habits of different age groups, suggest that the strengthening of private demands will be most significant in the 1970's. But these projections also suggest there should be a steady, if less spectacular, growth in private demand during the remainder of this decade. There is also a promising possibility that private demand will be stimulated by the sharply rising research and development expenditures of recent years.

### *Spending by individuals*

The forthcoming changes in the age-structure of the population will have their primary influence on over-all demand by affecting spending for durables and housing. Purchases of new houses almost invariably involve a large element of long-term credit. Since this is repaid gradually out of normal saving, the homebuyer is not obliged to curtail his current consumption expenditures. Purchases of cars and household durable goods are typically financed by credit or past savings, and expenditures on these durables may in part add to, rather than replace, other types of spending. Thus, particularly strong demand for houses and durables can raise total spending by individuals relative to total income.

Individuals are most likely to be in the market for homes and durables in the period between marriage and the age at which their children are grown. On the other hand, families in the 45-64 age group are likely to be high savers, with the major need for durables behind them and the prospects of retirement coming into view. When people retire, they generally have low current incomes and draw down their life savings, thereby once again contributing to demand relative to their incomes.

The high birth rates of the postwar period will strengthen the demand for automobiles sooner than they will affect housing; indeed, they have already helped to invigorate both new and used car markets. The first postwar babies are already of driving age and, in the last half of this decade, the number of persons in the 20-24 age group will rise sharply (Table 11). The favorable population factor, continued preferences for multiple-car ownership, and a large volume of replacement demand (now about 5½ million a year) will all contribute to a rising potential demand for automobiles during the rest of the 1960's and into the 1970's.

TABLE 11.—*Population 20 years of age and over, by selected age groups, 1960 estimate, and 1965-75 projections*

[Millions of persons; as of July 1]

Age group	1960 estimate	Projections		
		1965	1970	1975
Total, 20 years and over <sup>1</sup> .....	111.1	117.6	126.8	137.2
20-24 years.....	11.1	13.6	17.1	19.1
25-34 years.....	22.9	22.4	25.2	31.1
35-44 years.....	24.2	24.5	23.0	22.5
45-64 years.....	36.2	39.0	41.9	43.4
65 years and over.....	16.7	18.1	19.6	21.2

<sup>1</sup> Includes armed forces overseas.

NOTE.—Detail will not necessarily add to totals because of rounding.  
See Table B-20 for additional population data.

Source: Department of Commerce.

Rapid growth during the rest of this decade of persons in the 20-24 age group will contribute to the demand for multi-family dwellings, since these people are typically renters. Meanwhile, people in their late twenties will also be increasing in number, although less sharply, and will be starting to buy their own homes. Between 1970 and 1975, population developments should have a major impact on the demand for new housing as the 25-34 age group swells by almost 6 million persons, as shown in Table 11.

The typically high-saving group—persons aged 45-64—will grow only slowly, and its relative importance will decline throughout the 1965-75 decade. The number of persons over retirement age meanwhile will rise by one-sixth. Thus to some degree over the next five years and to a greater extent in the 1970's, population trends should contribute to a strong demand for residential construction and for consumer goods and services relative to total incomes.

Continued rapid expansion of actual output and job opportunities is required to translate this latent spending, suggested by population trends, into effective demands. With full employment still some distance away and with unemployment already high among younger workers, Government policies must continue to be expansionary and manpower policies must be diligently pursued so that jobs and incomes can be made fully available to these workers. If these people obtain jobs, their demands for goods and services will help to maintain full employment.

### *Business fixed investment*

If the economy successfully meets the challenge of attaining and maintaining full employment, the stepped-up growth of the labor force will also have favorable effects on the strength of investment demand. With more men on the job, more tools would be needed to outfit them efficiently. If, over the next five years, two million additional private jobs are created to match the more rapid growth of the labor force, the economy would, on that account, require roughly \$25 billion of extra capital. This would be a major addition to investment demand. On the other hand, if labor should be in excess supply—if the economy fails to attain full employment—the incentives for increasing capacity and economizing on labor would weaken.

Although more uncertain than the population trends, another factor that could stimulate investment in the coming decade is the speeding of technological innovation. Research and development expenditures have quadrupled in the last decade and are continuing to rise, although less rapidly.

The reservoir of commercially exploitable technology can be expected to increase during the remainder of the decade. New technical developments will spur businessmen to replace older equipment more rapidly and to purchase equipment capable of producing entirely new products. On the other hand, some innovations may make capital equipment more efficient and thus reduce the amount of investment needed to create any given amount of capacity.

In the early postwar years, business fixed investment (in 1964 prices) typically exceeded 11 percent of GNP. Since 1958 it has constituted only about 9 percent of our national output, and also a smaller fraction of gross retained earnings of corporations. For the remainder of this decade, investment is likely to contribute more strength to the economy than it did typically in the 1958–63 period, but it cannot be expected to match its early postwar performance, when heavy backlogs added to demand.

### *Conclusion*

The bulk of evidence points to a moderate and gradual strengthening of underlying demand on the part of consumers and businesses. Expenditures for goods and services by State and local governments should also

continue to serve as an expansionary force in the years ahead. Over the longer run, these developments may gradually alter the appropriate direction of fiscal and monetary policy. Over the next few years, private demand will need the support of expansionary Federal policies if we are to attain full employment and realize our more rapidly growing potential.

## POLICIES FOR PROSPERITY

Prosperity requires achieving and maintaining a balanced advance of demand and productive capacity. Notwithstanding the long historical record of periodic recessions or depressions, there is much evidence in economic analysis and in postwar experience, both here and abroad, that such a balance can be sustained.

Experience and logic also warn us, however, that balanced growth seldom sustains itself automatically. Fiscal and monetary policies must be continuously adjusted to keep the aggregate demand for goods and services in line with the economy's growing capacity to produce them. Flexible use of monetary and fiscal measures is one of the factors responsible for the steadiness of postwar economic progress in other industrial countries of the free world. It has also played an important role in our expansion since 1961.

The U.S. record of recent years is gratifying. But it would be much more gratifying if it had occurred with unemployment rates steadily in the neighborhood of 4 percent, and with industrial operating rates near the levels preferred by industry for maximum efficiency. The record gives us great reason to hope that the U.S. economy is capable of steady and balanced advance at more satisfactory rates of utilization of manpower and industrial capacity. The same wisdom and flexibility in public and private policies which have sustained this expansion could sustain growth at roughly the same pace but at a higher level. The manpower and other policies described in Chapter 3 would then have a particularly important role to play; combined with the price and wage policies described later in this chapter, they could assure that expansion would proceed at stable prices.

That unemployment has fallen only to 5 percent after four years of steady economic expansion is clear evidence of the immense and growing productivity of the American economy. Basically, this should be a cause for hope rather than for despair. But it takes adequate total demand, and adequately growing total demand, to harness this potential to the needs and wants of the American people.

## FISCAL POLICY TO SUSTAIN EXPANSION

Fiscal policy is the Federal Government's most powerful instrument for influencing total demand. Changes in Federal purchases of goods and services can have an important effect on over-all economic activity. Simi-

larly, variations in Federal taxes and transfer payments have major influence on the flow of after-tax earnings to private spending units.

As discussed in Chapter 1, the full-employment surplus is a useful measure of the over-all impact of the Federal budget on economic activity. Changes in this surplus indicate whether the Federal budget is becoming more or less expansionary. When aggregate demand needs a stimulus in order to achieve full employment, it is appropriate to reduce the full-employment surplus. When a restrictive influence is called for, the full-employment surplus should be raised.

As our productive capacity grows through time, so do Federal tax revenues at full employment. Indeed, the percentage growth in Federal revenues tends to exceed slightly the growth in potential GNP. Consequently, if Federal tax rates are unchanged and expenditures grow less rapidly than potential output, the full-employment surplus tends to rise, restricting the expansion of total demand. When the economy is threatened with excessive demand, this restrictive influence is desirable. But it is not appropriate when the economy is well below full employment. The need for fiscal measures to prevent undesired increases in the full-employment surplus also provides opportunities to pursue important national goals: by expanding or initiating vital Federal programs, by assistance to State and local governments, or by further tax reductions or increases in transfer payments to individuals.

#### *Uses of expanding revenues*

Many national needs will be met only if the Federal Government takes the lead. While increasing efficiency within the Government will serve to hold down the growth of budget expenditures, it is to be expected that Federal nonmilitary outlays will increase in 1965 and the years beyond. Some of these outlays will be public investments in physical capital and human resources. Grants are also likely to rise as the Federal Government assists State and local governments in strengthening public services that are best provided at the local level. Transfer payments will increase, as a compassionate society strives to aid the needy and to provide greater security for all its citizens. And a growing and more prosperous population will need and desire improved public services as part of a higher standard of living.

Tax reduction also offers attractive benefits. It provides opportunities for raising living standards through private consumption. Furthermore, lower income tax rates can strengthen the incentives to undertake risks, to work, and to exercise initiative. Thus tax cuts can invigorate markets and encourage the supply of new products and services through private enterprise.

#### *Choices and requirements of budget policy*

The allocation of our potential growth in revenues should reflect national priorities. To the extent that a democratic society desires to make addi-

tional resources available to meet pressing public needs and wants, increased Government outlays are called for. Alternatively, tax rate reductions give priority to private uses of resources. The criteria for this choice are not primarily economic. But economic analysis clearly indicates that, unless excess demand threatens, the Nation's fiscal dividend must be allocated between increased outlays and reduced taxes. Only in this way can fiscal policy promote sustained prosperity.

### *Fiscal policies for other objectives*

Fiscal policies to achieve and maintain full employment must be shaped to permit simultaneous progress toward other economic objectives, including more rapid growth of potential output and improved international balance. Fortunately, fiscal policy is a versatile kit of tools. Through changes in the structure of taxes and the composition of public expenditures, it can contribute to these other goals.

The recent reductions in corporate tax rates, the investment tax credit, and depreciation reform, by increasing both financial resources and profitability, have stimulated investment and have contributed to the growth of potential output. The composition of public expenditures this year will put increased emphasis on education, which will improve the skills of the labor force and will speed technological advance. Federal expenditures for resource development, transportation, and research will open up profitable new investment opportunities for private enterprise. Such fiscal steps to raise the rate of growth are particularly important in periods when downward adjustments of interest rates are limited.

Similarly, financial measures directly affecting the international area, such as changes in the tax treatment of foreign earnings enacted in 1962 and proposed measures to improve the tax treatment of foreign portfolio investment in the United States, can influence capital flows and hence the balance of payments. Finally, special taxes, such as the Interest Equalization Tax, can be appropriately used under some conditions. Such special taxes cannot be properly considered basic elements of long-run policy, since they qualify the freedom of international trade and capital movements. In particular circumstances, however, they can be the least costly and least disruptive way of dealing with temporary pressures.

### *Current fiscal program*

With the economy currently below full-employment levels, continued rapid expansion of output is called for in 1965. Federal budgetary policy has been designed with this need in mind. Past fiscal measures lowering individual and corporate taxes will continue to strengthen the economy this year. The income tax cut will reach its full effect on consumer demand and have added influence on investment. In addition, new fiscal actions to sustain the expansion of the economy are set forth in the President's proposed budget.



In accordance with the Revenue Act of 1964, tax rates on 1965 incomes will be lower than those last year. Most of the tax cut's direct effect on disposable income, however, was experienced beginning in March 1964 when the withholding rate fell from 18 percent to 14 percent. This year, taxpayers will benefit from twelve rather than ten months of lower withholding, but the withholding rate will be unchanged. Hence, the "second stage" of the personal income tax cut will provide very little fresh stimulus. Indeed, when final settlements of 1964 taxes are made this spring, tax refunds will be reduced by more than \$1 billion from last year's level, because the withholding rate was lowered in 1964. Nevertheless, the consumption-increasing effects of the original gain in disposable income have not as yet been fully realized. Expenditures out of the initial gain in income, in turn, lead to higher income in a continuing, but diminishing, chain. The time lags in this process are such that as much as one-fourth of the full annual consumption effect of the tax cut—or a gain of \$5 billion—remains to be felt during 1965.

Favorable repercussions on investment should also continue. With the stimulus of improved operating rates, higher before-tax profits, and lower corporate taxes, business fixed investment rose strongly during 1964. Since even more substantial lags exist in investment spending, and since corporate profit tax rates are reduced by another 2 percentage points in 1965, tax reductions are continuing to strengthen fixed capital outlays.

### *Fiscal 1966 budget*

In addition to the stimulating effects of past fiscal policies, the President's budget program for fiscal 1966 calls for several new expansionary actions. First, an excise tax reduction of \$1¾ billion is proposed to take effect on July 1, 1965.

After substantial recent reductions in corporate and in individual income taxes, it is appropriate to direct further tax relief at excises this year. Present excises were imposed, in many instances, as wartime emergency measures. In some instances, their collection is cumbersome and inefficient. Purchases of taxed products by low-income families may result in these families paying a higher tax in relation to their income than is paid by other consumers. Finally, excises may affect relative prices in a manner that reflects neither costs of production nor social judgments, except in cases where they serve in lieu of "user charges," such as the gasoline tax earmarked for highways, or where they result from a deliberate social decision to restrain the consumption of certain products, such as liquor and tobacco.

Excise tax cuts will raise the real purchasing power of disposable incomes, provided that they are passed on to consumers in lower prices, and this gain will produce essentially the same chain of effects as income tax reduction. But price reduction is vital to the full effectiveness of excise reduction. If prices do not fall, the resulting gain will be in profits rather than in consumer income. Half of the gain in corporate profits would be returned

to the Government in higher profit taxes, thus cutting the effective excise tax reduction by one-half. The remainder would offer no direct stimulus to consumer demand and would provide at best a weak and inefficient incentive to investment. Prompt price reductions for the affected products are of crucial importance and can be expected to be brought about by competitive forces.

A second expansionary influence for 1965 is the proposed social insurance legislation. Liberalization in social security benefits amounting to more than \$1¼ billion a year is to be enacted by midyear and will be effective retroactively to January 1, 1965. For the sound long-run financing of the social security trust funds, a rise in payroll tax rates and a revision in the tax base are scheduled for January 1, 1966.

Finally, Federal outlays (as shown in the national income and product accounts) will rise in 1965 by \$3½ billion over and above the social insurance liberalization. Most of the increase will be in the form of larger transfer payments and grants-in-aid to State and local governments, rather than purchases of goods and services; and much of the increase will occur in the trust funds rather than in the administrative budget. Some new and expanded activities—many of which are discussed in the following chapters—are provided for in the budget; their cost is partly offset by economies in less urgently needed programs.

The excise tax cut and social insurance liberalization will stimulate consumer spending in the second half of this year. The expansionary actions in the President's program will more than offset the full-employment growth of Federal revenues and thus will reduce the full-employment surplus during 1965. The full-employment surplus is scheduled to increase in the first half of 1966 because of the rise in payroll taxes. Therefore, the rate of economic advance in the next eighteen months will reflect, to an increasing degree, the strength of private demand. The record of this period should test the economy's ability to advance in high gear with a small, but no longer declining, full-employment surplus.

The response of the economy to this test could call for revisions in budget policy. If private demand should show signs of cumulative weakness, it would be appropriate to provide new fiscal stimulus. Alternatively, if private demand should strengthen markedly and threaten to strain productive capacity, fiscal and monetary policies should be shifted in a restrictive direction.

Policies can respond to unanticipated developments as they emerge. But they would be faced by a dilemma if price-wage pressures were to threaten our record of price stability while the economy remained below full employment. Under such circumstances, restrictive measures might offer a weak antidote to inflation by making the environment less favorable for price increases; but at the same time these policies could have a sharply adverse effect on employment and could impair the productivity gains that permit higher wage rates within a framework of constant unit labor costs.

## FISCAL POLICY TO COMBAT RECESSION

Flexibility in fiscal policy is especially important when the economy is suddenly threatened with recession. Continuing policies to strengthen expansion supply a solid first line of protection against recurrent recession. But imbalances can develop in a free enterprise economy, and can trigger costly and cumulative downturns in business activity. Automatic fiscal stabilizers help to cushion the economy in a period of declining activity. But they must be supplemented by strong and prompt discretionary fiscal actions if we are to minimize the severity of recessions.

Flexible use of fiscal policy requires cooperative efforts by the Administration, the Congress, and the public. The Administration is determined to recognize the problem candidly and to take decisive action promptly when economic activity is faltering. The Congress contributes by being prepared to consider the President's proposals with all possible speed. The public—consumers, business, and labor—can be expected to regard constructive Government policies to combat recession as a source of strength rather than as a reflection of weakness. The bright prospects for continued expansion this year offer an opportunity to review the available means for such cooperative action, so that our defenses will be strong when and if they are tested in the future.

### *Costs of Recessions*

Even minor recessions have huge costs. In the postwar period, the United States has successfully avoided a recurrence of the seriously depressed conditions of the 1930's, but it has experienced four recessions which caused personal hardship for millions of Americans. During the course of these recessions, on average, real GNP fell by more than 3 percent; the unemployment rate rose by 2 percentage points; and corporate profits fell by more than 25 percent. In the years most heavily scarred by recession, the number of people unemployed long enough to exhaust their unemployment compensation benefits rose by 840,000; the number of families with incomes below the \$3,000 poverty line rose by 400,000; and the number of families receiving general assistance payments rose by 70,000.

### *Automatic Stabilizers*

These recessions would have been far more costly had it not been for the "built-in" fiscal stabilizers of our modern economy. During recession, Government purchases resist the decline in private outlays. Moreover, Government transfer payments rise as unemployment increases; and tax collections fall as corporate profits and wages decline. Thus, the Federal tax-transfer system automatically draws less purchasing power out of the private sector.

In postwar recessions, built-in stabilizers have worked primarily through changes in corporate profits, the corporate tax yield, and transfer payments.

The 1960–61 recession can serve as an illustration. During that recession, national income fell by \$4.5 billion (annual rate), but personal income actually rose by \$5.2 billion. Corporate profits bore the brunt of the decline, but reductions in corporation tax liabilities helped to maintain dividends. Increased transfer payments, including a \$1.4 billion (annual rate) rise in unemployment benefits, offset some losses in earnings.

Strengthening the unemployment compensation system deserves high priority among possible steps to increase the automatic resistance of the economy to recessions. The most important reasons for improving the system are to increase individual security and reduce the unnecessary human costs of unemployment. But a strengthened system would also sustain consumer purchasing power more effectively, thereby reducing the amount of unemployment as well.

At present, the unemployment insurance system excludes about one-fifth of all workers; a particularly unfortunate omission is employees of small firms who are by no means immune to unemployment. Furthermore, average benefits presently amount to only about 35 percent of average wages in covered employment; in 1939, the average benefit was more than 40 percent of average covered wages. Finally, with the present maximum duration of benefit payments, a particularly large number of recipients exhaust their benefits during a recession period before new employment opportunities develop. During 1961, about 2.4 million workers exhausted benefits despite the relatively rapid upturn in business activity from the 1960–61 recession. A series of Administration proposals for strengthening the unemployment compensation system is being sent to Congress this year.

### *Discretionary Actions on Taxes and Expenditures*

Although automatic stabilizers do much to moderate recessions, they cannot be relied on either to prevent them or to turn the tide. Federal taxing and spending measures that reduce the full-employment surplus can, however, be effective in reversing recession.

As the President has stated, “. . . if recession were to threaten, a well-timed tax cut would be one of our most effective measures.” Therefore, he is asking Congress to consider how a temporary income tax reduction can be “well-timed” to combat recession. The President is suggesting that Congress itself evaluate its procedures and determine the best way to reinforce the Nation’s confidence that an anti-recession tax proposal would be considered and voted on promptly.

Accelerated Government spending can also provide powerful assistance to the economy if recession should threaten. As noted in Chapter 1, rapid increases in Federal outlays were called for in 1961 to strengthen national security; these outlays also helped to spur recovery from the recession. In the future, we cannot count on new public expenditure requirements to develop just at the time of recession. Nevertheless, there are many continuing public needs which provide opportunities for expanding Federal out-

lays if additional fiscal stimulus becomes appropriate. These opportunities must be grasped promptly if they are to have maximum effectiveness. Yet such increases in spending should not commit the Government to a higher level of outlays than would otherwise be desirable, once the economy recovered.

Advance planning makes possible a careful selection of those expenditure programs which could be most efficiently and most rapidly expanded in time of recession and contracted after recovery. This would assure that agencies have workable anti-recession plans on hand, permitting speedier action by the Administration and Congress and improving the efficiency of stepped-up expenditures.

The anti-recession possibilities of a wide range of Federal programs will be reviewed by the Administration this year. Certain maintenance, rehabilitation, and modernization activities on Federal facilities, or on State and local facilities assisted by Federal grants, provide opportunities to push funds rapidly through already existing "pipelines." Unlike certain traditional public works, many of these activities could be expanded readily, employing workers without previous similar job experience and not requiring commitment to a long-term program. Various training and community service programs might also be intensified appropriately, since the poverty-stricken and the unskilled are doubly disadvantaged in times of slack economic activity.

### *Benefits of timely anti-recession actions*

If action could be taken in time, either temporary tax cuts or the acceleration of selected Government programs—or the two in combination—potentially have the speed and power to repel recessions. The time patterns of the postwar recessions of 1953–54, 1957–58, and 1960–61 illustrate the possible benefits of quick action after a downturn has been diagnosed. In 1953, evidence of weakening in the economy was available by June and the forces of recession were evident by September. Symptoms of the 1958 recession were clear by November 1957; in 1960, the downturn in the economy was widely recognized by September. A tax reduction, enacted within the first quarter after recession became apparent, would have provided a substantial lift to consumer spending in the following quarter. This boost might have converted the last months of decline into the initial months of recovery. The major expansionary effect of the tax cut would then have strengthened the advance over the next few quarters.

The need for stimulation does not disappear as soon as the economy turns up. Indeed, many policy actions in the past have been designed to strengthen the early stages of recovery. Even with such measures, the unemployment rate was 6.4 percent three quarters after the 1958 trough and still 5.8 percent in the following quarter. In 1961–62, the comparable unemployment readings were 6.2 percent and 5.6 percent.

Thus, in recent recessions, had prompt expansionary action been possible, it could have limited the drop in output and employment, might well have shortened the duration of the decline, and would clearly have strengthened recovery.

A future recession might differ from its postwar predecessors. There is no definite assurance that a future downturn would be recognizable—or would be recognized—as rapidly. On the other hand, neither can we be sure that the decline would—in the absence of policy—be as short and as shallow. The best possible guarantee against a severe recession is corrective action taken promptly, before depressive effects can cumulate and reinforce themselves.

Furthermore, it may actually be possible in some instances to prevent recessions before a downturn appears. If the economy seemed poised on the brink of a downturn, and excess capacity and ample labor supplies were available, prudence would call for prompt expansionary steps, which might head off recession altogether. Under such circumstances, prompt measures would be appropriate even if future demands proved somewhat stronger than expected.

### *Summary*

Both our increasing appreciation of the effectiveness of fiscal policy, and the continual improvement in the detail, accuracy, and timeliness of our economic information, strengthen the conviction that recessions can be increasingly avoided and ultimately wiped out.

Policies designed to maintain continued healthy expansion—through tailoring the expected growth of total demand to the expected growth of productive capacity—should lessen the chance that imbalances might arise which could touch off recessions. But unexpected events and miscalculations will still occur. When this happens, we must be prepared to act promptly. It will be easier to deal with recessionary tendencies, and in some cases even avert an impending downturn, if the Congress is ready to act quickly on requests for temporary tax cuts and if expenditure programs are ready for prompt submission to the Congress. This readiness would provide a strong and comprehensive insurance policy, backing up the continuous application of fiscal and monetary policies to sustain prosperity.

### **ROLE OF MONETARY POLICY**

The degree to which fiscal policy should be stimulative or restrictive depends in part upon the monetary policies being pursued at the same time. Just as tax reduction stimulates private spending, so the ready availability of credit contributes to increased private outlays. In particular, spending for major durable goods—new housing, business plant and equipment, automobiles, and major household goods—is likely to depend in part upon the availability of credit and its cost. In an economy characterized by idle resources, expansionary monetary policy is desirable. It helps

to strengthen private demand; at the same time, it contributes to the growth of productivity by encouraging investment for the purpose of developing and marketing new products and adopting up-to-date production techniques.

### *Growth of liquid assets*

Over the long run, growth of economic activity must be supported by the continued expansion of monetary assets, since individuals and businesses need a growing volume of liquid balances for transaction purposes as their income and spending increase. The need for growth in liquid assets also results from investors' desires to hold some part of their wealth in assets that are readily accessible and free of risk.

Liquid assets can take a variety of forms, and new institutions are continually evolving to meet these needs. During the past thirty years, savings and loan associations and mutual savings banks have come to play an important role as competitors with commercial banks for the time and savings deposits of the public. Similarly, business firms frequently invest short-term funds in Treasury bills and in a wide and growing variety of other "money market" paper. Nevertheless, monetary assets provided by the commercial banking system continue to play a crucial role, since checks drawn on demand deposits constitute the most important medium of exchange for transacting day-to-day business. The growth of liquid assets, and particularly of the money supply, should keep pace with expanding requirements over the long run in order to support growth and economic advance.

### *Monetary expansion and gold reserves*

As demand deposits and time and savings accounts at commercial banks expand over time, these banks are required to hold a growing volume of reserves which are largely deposited with the Federal Reserve System. Under current law, the Federal Reserve is required to hold gold certificates equaling at least 25 percent of the total of its deposits and outstanding notes, which constitute the major part of our currency. At the turn of the year, the gold holdings of the Federal Reserve amounted to about 28 percent of its liabilities in the form of deposits and notes. Apart from any changes in the U.S. gold stock, the provisions of current law would shortly circumscribe our freedom of action in achieving needed growth in our money supply. Although the Federal Reserve has the authority to waive the gold cover requirement, such a temporary expedient would not be a satisfactory response to a long-range need.

Monetary policy is formulated by responsible officials with a view to the public interest, and the presence of a mechanical limit on monetary expansion is inappropriate. Such a limit is either irrelevant—when the gold stock is far above the legal minimum—or harmful—when the gold stock acts as an arbitrary restraint. Consequently, the President has proposed that the Federal Reserve Act be amended to require gold cover only

for Federal Reserve notes and not for deposits in Federal Reserve Banks. This will assure continued opportunity for monetary growth and for needed flexibility in the operation of monetary policy. In addition, it will emphasize the full availability of our gold stock, at its fixed price of \$35 an ounce, to defend the dollar in international markets.

### *Limitations and opportunities for monetary policy*

Monetary policy must serve both the domestic objectives of full employment and more rapid growth and the international objective of balance of payments equilibrium in the framework of a stronger international trade and payments system. Greater availability and lower costs of credit and liquidity help to stimulate total demand and economic growth. However, if U.S. interest rates—particularly short-term rates—were permitted to fall significantly below those in other international financial centers, domestic funds would tend to flow abroad in search of higher yields. Thus, the freedom of expansionary monetary action is necessarily limited when the Nation is determined to correct a balance of payments problem.

The constraints on the use of monetary policy for domestic purposes are related to the particular circumstances of the United States in recent years. Over the longer run, it may well be possible to increase the freedom of monetary policy. As the fabric of international cooperation is strengthened by continuing consultation, in such forums as the Organization for Economic Cooperation and Development (OECD), it should be possible to deal more fully with issues involving the interdependence of countries in setting their national economic policies. One important question is whether most of the world would be better off domestically—and no worse off internationally—if the industrial nations as a group had somewhat lower interest rates (offset in some countries by more restrictive fiscal policies).

This question may become particularly relevant in 1965, when the success of anti-inflation programs in some European countries, together with a slowdown in their domestic expansion, may encourage them to shift to a more expansionary policy. Some European countries are considering tax reductions for this purpose; an easier monetary policy and lower interest rates might be equally effective and could contribute to a better international structure of interest rates.

Despite the present international constraint, flexible use of the full range of instruments of monetary policy can continue to support domestic expansion. A combination of adjustments in maximum interest rates on deposits, open market operations in a wide range of securities, and changes in bank reserve requirements have been used in recent years to help to reconcile domestic and international objectives.

Through continued ingenuity in the choice of techniques, monetary and debt management policies in 1965 can meet international requirements and, at the same time, provide readily available credit to meet the needs of a noninflationary expansion. Thus, while fiscal policy must once again be



the main contributor to the growth of demand, it can be supported by monetary policy.

## WAGES, COSTS, AND PRICES

Maintaining essential price stability in 1965 must be a national objective of high priority. The record of price stability in recent years has made possible a substantial improvement in our ability to compete in world markets. This record has also contributed to a balanced advance and has kept fiscal and monetary policies free to be expansionary. Furthermore, price stability has promoted equity by preserving the purchasing power of people with fixed incomes and liquid assets.

We have not yet succeeded in reaching our employment goals in this environment of stable prices. The ability to reconcile full employment and price stability will have a major influence on our long-term ability to grow, to maintain a leading position in the world, and to build a better life for all Americans. Now, with improved prosperity and reduced margins of idleness, our institutional arrangements for setting prices and wages face a stiffer test in avoiding tendencies toward inflation.

Our institutions are adapted to modern technology, which, in many industries, requires an enormous scale of operation and huge investment in productive facilities and distribution systems. The resulting large firms necessarily possess substantial market power, and may be in a position to raise prices even when demand does not exceed supply. Still, the discipline of competition is always at hand. Competition from abroad often challenges industries with heavy domestic concentration. Competition between industries selling substitutable products reinforces competition within industries. And antitrust enforcement helps to promote competitive behavior. Thus, the pricing process reflects both the exercise of discretionary market power and the influence of impersonal market forces.

In labor markets, unions have been formed to allow workers to bargain on equal terms with these large firms. Many unions have become powerful, and they are in a position to hold their own in the periodic collective bargaining process. Although they are constrained by market forces, powerful unions can, and sometimes do, obtain wage increases that outrun productivity even when labor supply is relatively abundant.

Because flexible and competitive market forces are not alone in affecting prices and wages, a modern economy needs new policies to reconcile the objectives of full employment and stable prices.

In one way or another virtually every advanced country has devised policies aimed at this reconciliation. Several nations have pursued such policies for many years. In December 1964, the United Kingdom launched a major new venture aimed at the cost problems which have contributed so much to her economic difficulties: leaders of business and labor signed a declaration of intent to pursue price, wage, production, and employment policies that will result in over-all price stability and an improved competitive position.

Because of differences among nations in political and economic systems, each country must find a solution appropriate to its own institutions. The U.S. economy is larger than the others and, as a result, many of our industries, including heavy industries requiring large scales of operation, are more competitive than in Western Europe or Japan. Major discretionary market power is found less frequently here, but it is found in important industries which have a wide and pervasive influence on prices and wages elsewhere through emulation and direct cost-push.

### *Price-wage guideposts*

To deal with the problem of reconciliation—achieving noninflationary price and wage behavior under prosperous conditions—the Council's Annual Report in 1962 advanced the guideposts which were endorsed by President Kennedy and have been firmly restated by President Johnson.

The basic guideposts are simple and straightforward and contain an inescapable economic logic.

1. *The general guide for wages is that the percentage increase in total employee compensation per man-hour be equal to the national trend rate of increase in output per man-hour.*

If each industry follows this guidepost, unit labor costs in the over-all economy will maintain a constant average.

2. *The general guide for prices calls for stable prices in industries enjoying the same productivity growth as the average for the economy; rising prices in industries with smaller than average productivity gains; and declining prices in industries with greater than average productivity gains.*

If each industry follows this guidepost, prices in the economy will maintain a constant average.

Some exceptions to these guideposts are necessary to promote an efficient allocation of resources and a high rate of growth, and to redress inequities which have kept certain workers at the bottom of the wage scale. Wage increases above the guidepost level may be necessary where an industry is unable to attract sufficient labor to meet the demands for its products, where wages are particularly low, and where changes in work rules create large gains in productivity and substantial human costs requiring special adjustment of compensation. Because the industries in which market power is concentrated are largely high-wage industries with a relatively low long-term rate of increase of employment, the first two of these exceptions are rarely applicable.

On the price side, increases in price above the guidepost may be necessary to allow for increases in nonlabor costs or to correct an inability to attract needed capital.

Each of these exceptions has a symmetrical counterpart calling for downward departures from the guideposts. Wages should rise less than the guidepost rate where an industry suffers from above-average unemployment and where wages are exceptionally high for the type of work. Price increases should be smaller—or price decreases larger—where unit nonlabor

costs fall, where capacity is too large, and where profits are based on excessive market power.

The guideposts are not meant to preclude the possibility of a change in distribution of income between labor and capital in industry. Where one side or the other is able to increase its share of industry income, but not at the expense of the public, the national interest need not be involved. However, it should be kept in mind that in most concentrated industries the division of income between labor and capital remained essentially unchanged all through the wage-price spirals of the 1950's. The repeated attempts to alter income shares proved self-defeating: neither side gained, and both lost through higher prices, weaker markets, reduced profits, and lower employment.

Table 12 illustrates the postwar experience with prices, wages, and productivity in the United States. Recent changes in employee compensation have conformed to productivity gains much more closely than in the 1950's, and price increases have been much more modest.

The guideposts offer a standard for responsible business, labor, and Government leadership in an environment of informed public opinion. They are an attempt to operate our economy as it is—without controls, without wholesale fragmentation of our large, successful enterprises—and to maintain stable prices while using our resources, our capital, and our labor to their full potential. They are in the tradition of America, asking those to whom the society has entrusted economic power to exercise it in ways consistent with the national interest.

TABLE 12.—*Changes in productivity, wages, and prices in the private economy since 1947*

Year	Productivity <sup>1</sup>	Trend productivity <sup>2</sup>	Total compensation per man-hour	Prices		
				Implicit GNP deflator	Wholesale	Consumer
Percentage change <sup>3</sup>						
1948.....	3.6		8.6	6.8	8.3	7.7
1949.....	2.8		2.5	- .8	-5.0	-1.0
1950.....	7.1		5.7	1.2	4.0	1.0
1951.....	2.5		9.3	7.9	11.4	8.0
1952.....	2.2	3.7	5.9	1.6	-2.8	2.2
1953.....	4.0	3.7	5.8	.6	-1.4	.8
1954.....	1.8	3.5	3.3	.8	.2	.4
1955.....	4.4	3.0	2.9	.9	.3	-.3
1956.....	.2	2.5	6.1	3.1	3.2	1.5
1957.....	3.5	2.8	5.9	3.5	2.9	3.5
1958.....	2.4	2.5	3.6	1.7	1.4	2.8
1959.....	3.6	2.8	4.6	1.6	.2	.8
1960.....	2.0	2.3	3.6	1.2	.1	1.6
1961.....	3.4	3.0	3.6	1.0	-.4	1.1
1962.....	4.5	3.2	4.0	.7	.3	1.2
1963.....	2.9	3.3	3.1	1.2	-.3	1.2
1964.....	3.1	3.2	3.8	1.4	.2	1.3

<sup>1</sup> Output per man-hour for all persons; labor input based primarily on establishment data.

<sup>2</sup> Average annual percentage change in output per man-hour during latest five years.

<sup>3</sup> Percentage change from previous year, except trend productivity.

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

Large corporations and labor unions can—and generally do—use their power to play a constructive role in our economy. At the same time they must be accountable for their actions to public opinion, and must recognize that the public will ask “Why?”

- when a union insists on a wage settlement that, if universally applied, would mar the price record of the economy;
- when a firm or industry agrees willingly to a wage settlement above the guideposts which it then translates into higher prices for its products;
- when a firm or industry with extraordinary productivity gains fails to share the benefits with consumers in the form of lower prices;
- when a firm or industry with average productivity gains chooses to raise its prices.

## INTERNATIONAL ECONOMIC POLICIES

The formulation of domestic economic policies must take account of the impact of these policies on the economies of other countries and on our international relations. A strong U.S. economy promotes growth and prosperity abroad. At the same time, a vigorous and growing world economy and expanding world trade contribute to our own growth, stability, and vitality.

High among immediate U.S. priorities is the necessity for further strengthening of our international payments position. While devoting special attention to balance of payments problems, we will also continue to work actively toward the attainment of longer-range international economic goals: liberalizing the world's trading arrangements; strengthening the economies of the less developed countries; and further improving international monetary arrangements.

In all of these areas, important progress has been made in the recent past, but major tasks remain. This section outlines near-term and longer-run policies for carrying out these tasks.

### BALANCE OF PAYMENTS: PROSPECTS AND POLICIES

The U.S. payments position showed further improvement between 1963 and 1964 while the economy was registering major gains in income and employment. But even more substantial reductions in the payments deficit must remain among the key objectives of national economic policy.

#### *Longer-run prospects*

Evidence accumulated during the past year generally confirms the conclusion of last year's Annual Report of the Council that the longer-term prospects for continued improvement in the U.S. payments position are favorable.

With domestic prices remaining essentially stable, it should be possible to consolidate and extend the recent improvement in the competitiveness of

our exports. Moreover, exports will be aided in coming years by continued strong growth of incomes abroad. Demands for labor-saving investment goods—in the development and production of which the United States has traditionally pioneered—should increase. The stronger position of primary producing countries, furthermore, may continue to add significantly to these countries' demands for American products.

Income from past investments abroad should continue to rise rapidly. Further progress is also being made in the reduction of the balance of payments cost of military and other government transactions overseas. At the same time, however, our persistent deficit on tourist account will continue to reflect rising incomes at home and growing interest in foreign lands. U.S. imports, too, will grow as our economy expands. But it is encouraging that the growth of U.S. imports in recent years has been somewhat smaller than might have been expected on the basis of experience in earlier periods of economic expansion. This apparently reflects, in part, the improved competitiveness of American products.

The future course of U.S. direct investment abroad will be influenced by conflicting forces. Sustained prosperity in the United States may encourage investment at home rather than abroad. An increasingly less receptive attitude on the part of a number of foreign countries toward an expansion of American ownership may deter direct investment. At the same time, however, American firms still have strong incentives to expand their facilities or open new ones in widening foreign markets, particularly the European Economic Community (EEC).

New issues of foreign securities in the U.S. market, as already noted, were restrained by the Interest Equalization Tax in 1964. Revisions that are being recommended in the U.S. tax treatment of earnings of foreign investors in the United States should encourage increased purchases of U.S. securities. Current efforts to improve and enlarge capital markets abroad should also bear fruit over the longer run, although foreign demands on U.S. capital markets are likely to remain substantial for some time to come.

### *Problems and policies*

While the analysis of key factors underlying our basic payments position leads to a favorable over-all appraisal, there are various uncertainties in the more immediate future that are cause for concern. The very large gains in our trade balance recorded since early 1963, for example, may be difficult to repeat. Moreover, the factors mentioned earlier which gave rise to exceptionally large capital outflow in late 1964, while expected to have less force in coming months, might tend to delay satisfactory progress toward balance in our international accounts. Thus, the Administration is currently undertaking an intensive assessment of our near-term balance of payments prospects and their implications for policy. The results of this assessment will be the subject of a special Presidential message in the near future.

It is clear that continued U.S. success in maintaining cost-price stability associated with rapid gains in productivity is fundamental to improvement in our balance of payments. Also required are sustained efforts to promote American exports and to encourage tourism within the United States by both Americans and foreigners. And, for the time being at least, we cannot relax the various special measures now in force, such as the tying of foreign aid, which are designed to keep the balance of payments cost of U.S. Government expenditures abroad at the lowest practical level consistent with our foreign policy and national security objectives.

With the help of appropriate policies, we must move decisively toward international balance, thereby reinforcing the position of the dollar as the world's major reserve currency. As we succeed in this endeavor, we can expect to encounter some demand by both private and official foreign holders for additional short-term dollar assets needed to help to meet their growing liquidity requirements. Under such circumstances, the United States can reasonably supply a limited volume of additional dollars in keeping with the ultimate objective of equilibrium in its payments position.

Two broad principles will continue to govern our choice of policies. First, policies directed at the balance of payments must remain coordinated with our over-all national economic policies. Second, truly effective measures to strengthen the balance of payments of any major trading and investing nation—especially a key-currency country—cannot be devised by individual countries in isolation. The burdens and benefits of adjustment must be shared by deficit and surplus countries. Indeed, further progress toward reasonable balance of payments equilibrium among all countries requires close cooperation among economic policy-makers here and abroad.

## TRADE

The growth of world trade is strongly influenced by the commercial policies which trading nations pursue, individually and collectively. The reduction or elimination of barriers to trade and measures for its further expansion were intensively discussed in two major international forums during the past year—the General Agreement on Tariffs and Trade (GATT) and the United Nations Conference on Trade and Development.

### *Kennedy Round*

The Kennedy Round of trade negotiations opened formally in Geneva last May and got under way in earnest toward the end of the year. The objectives of the United States, whose participation in these negotiations was made possible by the Trade Expansion Act of 1962, are a 50 percent cut in tariffs on as wide a range of industrial products as possible, the substantial liberalization of trade in agricultural products, the reduction or removal of nontariff barriers to trade, and the opening of greater trade opportunities to the less developed countries.

The working hypothesis adopted by the GATT nations is to apply 50

percent tariff reductions across the board to industrial products which are not specifically excluded by the participating countries. In November, after many months of intensive preparatory work, the major trading nations submitted their "exceptions lists," identifying the products which they wished to withhold from all or part of the 50 percent tariff cut. Successfully passing this major milestone implicitly reaffirmed the commitment of the major trading nations to a substantial lowering of tariff barriers.

Progress has been slower in the negotiations on agriculture. The United States has insisted from the start of the preparatory discussions that agricultural products, as well as industrial products, must be included in the forthcoming negotiations. From the standpoint of both its own interest and that of the world trading community, the United States is concerned lest, in the process of eliminating intra-EEC barriers on trade in agricultural products, the EEC countries erect new external restrictions. It is important that further development of the EEC contribute to the growth of over-all world trade as well as to the expansion of commerce within the Community. The United States remains eager to negotiate tariff and other trade concessions with the EEC countries which will cover agriculture as well as industry. Our objective is to achieve meaningful tariff concessions that will expand world trade.

According to the principles laid down by the GATT Ministers, the less developed countries are not expected to offer full reciprocity for the concessions extended to them by the developed countries. These countries will stand to benefit from the elimination of tariffs on tropical products and also to some extent from the reductions in tariffs on industrial products and the liberalization of agricultural trade.

As 1965 opens, the United States looks forward to successful negotiations in the Kennedy Round. These negotiations, expected to run through the current year and perhaps into 1966, will be complex and difficult, for the stakes are high—involving as they do the vital interests of 40 or more participating nations. Success will stimulate trade expansion and closer economic cooperation, stepping up worldwide productive capacity and efficiency and contributing to rising incomes and greater human welfare in all countries; failure would risk the onset of a new wave of protectionism.

The years immediately ahead may be among the most dramatic and rewarding in our continuing drive for trade liberalization begun thirty years ago.

### *UN Conference on Trade and Development*

The United Nations Conference on Trade and Development (UNCTAD) provided a forum primarily for the less developed countries to express their views on the present legal and institutional framework governing world trade, and to make a series of suggestions for trade policies to promote economic development. The Conference was the first of its kind, and revealed a striking unity among 77 less developed countries in urging

changes in the existing order. Permanent machinery—a Trade and Development Board—has been established under the United Nations for the continuing study of related trade and development problems. The UNCTAD participants also agreed to hold a similar formal conference in 1966, and every three years thereafter. In the meantime, the United States and other advanced countries are engaged in a major reexamination of their individual and collective economic policies toward the less developed countries.

The UNCTAD focused attention on many trade and development issues of particular interest to the developing countries. Recommendations adopted by the Conference without dissent dealt, among other things, with the removal of obstacles to the expansion of developing countries' exports; the promotion of trade among developing countries; studies of means to provide additional compensatory and supplementary financing to offset short- and long-term losses of export earnings; and a study of an interest equalization fund to encourage the use of previously untapped international financial resources.

The proposal that developed countries grant generalized tariff preferences to the exports of manufactures and semimanufactures from developing countries was strongly pressed at the UNCTAD. The Conference was unable to agree on a positive recommendation regarding preferences, but the issue remains of primary concern to the developing countries and is receiving further study.

The United States has chosen to play a major role in the organization of post-UNCTAD activities. We are hopeful that these sessions will be profitable for all concerned, and that they will be used to advance the widely shared objective of a more rapid expansion of trade and economic development throughout the world.

## FOREIGN AID

U.S. foreign assistance policy is based on both humanitarian and national security considerations. It also is based on two premises regarding the development process: first, that external assistance plays a vital role in furthering economic growth, frequently providing the difference between satisfactory growth and stagnation; second, that such assistance can only complement efforts by the recipient nations in their own behalf.

In recent years the United States has increasingly concentrated its aid in those countries that have the best prospects for growth and that demonstrate a willingness and ability to help themselves, thereby ensuring that our assistance will make a maximum impact in promoting economic development. Such aid serves a variety of purposes: to help to broaden the capital base of developing countries; to facilitate the transfer of skills and knowledge through technical assistance; and, in some instances, to assist in the maintenance of the political and economic stability that is a prerequisite for economic growth.



In Latin America, our development loans and technical assistance are channeled through the Alliance for Progress as part of a broad cooperative effort by the nations of the Western Hemisphere. Outside the Western Hemisphere, major recipients of U.S. development assistance include India, Pakistan, Turkey, and Nigeria. In those countries still faced by immediate threats to their security, military assistance—amounting to more than one-fourth of total U.S. foreign aid—supports local defense forces, thus freeing a portion of the recipients' domestic resources for development purposes.

In the years ahead, gross aid disbursements must continue to rise if the current momentum of economic development of the poorer nations is to be maintained and accelerated. Consequently, the United States is pressing for greater aid contributions from those advanced countries that can clearly afford larger programs, as well as for a general easing of the terms on aid loans, i.e., for lower interest rates and longer maturities. As the public and private external debt burdens of the less developed countries mount, the need for lengthening the maturity and grace periods of future loans becomes more urgent.

Private investment from developed countries is another and, in the long run, perhaps more important, potential source of capital—as well as of technical and managerial skills—for less developed countries. To stimulate greater U.S. private participation in economic development activities, the Agency for International Development (AID) offers U.S. businessmen a wide range of investment guarantees, local currency loans, and special services by AID Missions abroad. The Administration has also proposed an investment tax credit for U.S. firms investing in developing countries.

The United States is gradually eliminating AID assistance programs in a number of countries, such as Taiwan, where rising incomes and expanding investment opportunities are now attracting substantial and increasing domestic savings and relatively hard loans from abroad. In the near future, other nations can be expected to make the same transition, though, in still others, successful development may require larger imports of capital in the short run.

Successful and balanced growth in low-income areas is a complex evolution in which social, political, technical, and human change are all interwoven. Such growth cannot be attained instantaneously, but there have been solid accomplishments. In helping 75 countries to help themselves, we are engaged in an undertaking of indefinite duration but also of inestimable importance to the current and future economic and political health of the entire world.

## INTERNATIONAL MONETARY ARRANGEMENTS

During 1964, questions regarding the future of international monetary arrangements came to the forefront of public discussion. Two thorough studies of the present functioning and the future needs of the system were completed last August, one prepared by the Deputies of the Finance Min-

isters and Central Bank Governors of the leading industrial countries known as the "Group of Ten," the other by the staff of the International Monetary Fund (IMF). These formed the basis for a number of steps taken at the Annual Meeting of the Governors of the Fund that promise to improve the functioning of world monetary arrangements. The studies also led to frank and open discussions of those longer-run issues on which agreement had not yet been reached. The actual course of monetary developments during the year, moreover—notably those connected with the defense of the British pound against speculative attacks—helped to bring both the strength and the limitations of existing monetary arrangements into even sharper focus.

As the Council's Annual Report for 1964 pointed out, a properly functioning international monetary system should promote steady growth of the world economy. It should (a) minimize disruptive and speculative conversions of foreign exchange into gold and prevent such conversions from reducing international liquidity; (b) encourage adjustment of imbalances by both deficit and surplus countries in ways that avoid imparting either a deflationary or an inflationary bias to the world economy, and that foster greater freedom of international transactions; (c) make adequate but not excessive financial resources available to permit achievement of these objectives. The reports of the Group of Ten and the IMF examined present and prospective international monetary arrangements from each of these viewpoints.

#### *Areas of substantial agreement*

The two reports (which reached broadly similar conclusions) revealed a wide range of issues on which the financial authorities of the major industrial countries are in substantial agreement. No abrupt change in present institutional arrangements was considered either necessary or desirable. Thus, the report of the Group of Ten stressed that the existing international monetary system based on fixed exchange rates and the established price of gold has "proved its value as a foundation on which to build for the future." It also declared that *over-all* liquidity "seemed fully adequate under present circumstances to cope with possible threats to the stability of the international payments system." At the same time, it suggested that the growth of world trade and payments is likely to require larger liquidity in the future, involving further increases in credit facilities, and, in the longer run, "possibly" calling for some new form of reserve asset.

For the nearer term, there was substantial agreement that growing liquidity needs could largely be met by a further expansion of credit, reinforced by increasingly close cooperation among monetary and other financial authorities. The network of bilateral and multilateral credit facilities that has been built up in recent years—including reciprocal swap arrangements, *ad hoc* central bank support operations, and the issuance of special medium-term bonds to creditor countries for reserve purposes—has proved a flexible and highly effective instrument for expanding usable

liquidity, particularly when needed as a defense against sudden speculative attacks. Further use of such devices was recommended, given proper safeguards. At the same time, stress was placed on the likelihood of enlarged future needs for the use of medium-term credits from the IMF. The two reports therefore recommended—and the Governors of the Fund subsequently directed—that consideration be given to a moderate general increase in Fund quotas (probably of about 25 percent) and to appropriate additional selective quota increases.

As a means of encouraging the economical and efficient use of gold, the Fund report favored the handling of new quota subscriptions so as to “mitigate the repercussions of gold payments on the gold reserves of the contributing members and of the reserve centers that may be affected.” The report of the Group of Ten took a similar position. In the case of the United States, such mitigation would seek to limit reductions in U.S. gold holdings occasioned by the increase in IMF quotas to the amount of the United States’ own gold contribution—a contribution that would carry with it an equivalent assured drawing right on the Fund. If, by contrast, other countries bought gold from the United States in order to make their contributions to the Fund, U.S. reserves and the total of world reserves would be reduced.

In discussing credit facilities, the reports also noted that there had as yet been little provision for long-term lending for monetary purposes. Some of the Deputies of the Group of Ten suggested, therefore, that in certain exceptional cases, countries with large and growing reserves might properly extend longer-term loans to other industrialized countries in need of additional reserves. Such long-term loans might in certain instances be in the general interest of all the industrial countries. Appropriate long-term adjustment by a low reserve country may be more effective when that country pursues a gradual return to payments surpluses than when it attempts an abrupt balance of payments improvement that requires severe deflationary measures and could disrupt international trade. Such long-term arrangements could be attractive to lenders, provided that the loan could be shifted to a country in a stronger reserve position if the reserve position of the original lender should decline substantially.

Any expansion of credit facilities, of course, also carries significant risks. Undue reliance on the use of such facilities may delay the initiation of corrective actions—on the part both of deficit and of surplus countries—that are appropriate to bring payments positions into better balance. Such risks are increased if insufficient information is available regarding the total volume of actual credit extensions.

To deal with such problems, and to provide a firmer basis for the further expansion of credit facilities, the Group of Ten agreed that bilateral financing and liquidity creation should be subject to “multilateral surveillance,” to be conducted primarily under the auspices of the OECD. This will essentially involve a more regular and systematic exchange of information on

the means of financing both deficits and surpluses. At the same time, the Group of Ten suggested intensive further study of the nature of the adjustment process in international payments and of the optimal "mix" of monetary, fiscal, incomes, trade, and other policies for the achievement of both internal and external objectives. Such a study—also under OECD auspices—is now under way.

*Some major questions remaining to be resolved*

Looking toward the possible future need for a new type of reserve asset to supplement gold and foreign exchange, the Group of Ten established a study group on the Creation of Reserve Assets. Broadly speaking, the study group was asked to examine and compare two general approaches. One approach would introduce a new reserve unit by formal decision of the member countries of the Group of Ten. While such a new unit could take a variety of forms, one proposal which has been put forward is for a collective reserve unit closely linked to gold in its creation and use.

A second major approach would be based on acceptance and further development of gold tranche and similar claims on the IMF as international reserve assets. There are several techniques by which the total of reserve assets in this form can be varied in accordance with economic and financial conditions as they affect the reserve needs of Fund members, particularly the industrial countries which account for the bulk of the movements in international reserves.

It is natural that the views of individual countries with respect to future arrangements should reflect their current positions and problems. Despite this divergence, there is probably general agreement that a system of reserve creation must avoid exposing surplus countries to inflationary pressures from an excess of liquidity in the hands of deficit countries. At the same time, procedures for reserve creation and international lending must be sufficiently flexible to permit payments imbalances to be corrected in a way that gives full recognition to the importance of economic growth and flourishing trade.

*Questions raised by more recent experience*

The defensive capabilities of the international monetary system were demonstrated late in 1964 by the decisive moves to counteract the sudden speculative attack on sterling. The ability and determination of the international financial authorities to mobilize needed resources on short notice provided impressive backing for the conclusions of the Group of Ten and IMF reports that existing arrangements are fully capable of coping with major speculative attacks.

Yet the events of 1964 underlined the fact that the international monetary system has further problems to solve. Foremost among these is the question of improving the balance of payments adjustment process through policies—pursued by both deficit and surplus countries—that are consistent

with steady economic growth, reasonably stable prices, and freedom of international transactions. Some of the measures adopted in 1964 to deal with imbalances, though justified by circumstances, would clearly be inconsistent with basic objectives if maintained for long. We must continue to work toward the proper mix of facilities to finance imbalances and policies to correct them.

## Chapter 3

# Strengthening the Efficiency and Flexibility of the Economy

**T**HE STRENGTH of the American economy reflects its characteristic adaptability to rapid change—its ability to generate new products and new technological processes, to replace old industries by new ones, and to absorb a vast influx of labor from varied backgrounds. The foundation of our economic system is the freedom of resources to find their best uses, facilitated by a system of flexible markets which channel savings to lenders, raw materials to industrial users, finished products to consumers, and labor and capital from industries of decline to those of growth.

Our markets have performed these functions well, but policy must work steadily to improve their effectiveness. With larger increases in the labor force now upon us and the skill requirements of jobs rising, flexibility of our labor markets is being put to severe tests. For over seventy years, the Federal Government has accepted responsibility for sustaining a competitive economy. This job is never finished. The competitive structure of industry and the operation of markets for its products need continually to be strengthened. Government has increased the scope of its activities, making efficiency in its use of resources more important than ever before.

Several of the most important policy advances of the last few years serve to improve the flexibility of the economy to adjust to rapid changes in our resources and technology.

This chapter deals with policies to:

- increase the flexibility of our labor force and our labor markets;
- strengthen competition and improve our methods of regulation;
- enlarge consumer information;
- encourage the spread of civilian technology;
- spur regional recovery and industrial adjustment; and
- promote efficiency in Government.

Policies to foster a more flexible economy serve broad economic and social objectives. Full employment is promoted by fitting workers for available jobs. Price stability is served by increasing competition in industry. Simultaneous achievement of full employment and price stability are enhanced by encouraging the movement of labor and capital in response

to changes in demand for final products. By equipping workers, firms, and regions to contribute more effectively to our general prosperity, these policies help to assure a wider and more equitable distribution of the benefits of prosperity.

A dynamic economy involves change, and change creates the need for adjustment. Old techniques of production give way to new, making workers' skills obsolete and destroying the value of old capital and materials. The composition and the character of products change, raising the prosperity of some industries but leaving others behind. And as our products and technology change and resources are exhausted, the pattern of industrial location alters, and whole areas may suffer high unemployment and economic decay.

If our economy is to maintain its capacity to grow, Government must ease the human adjustments to economic change and assure the redirection of people and capital to new purposes. Fortunately, improvements in the adjustment capability of the economy serve both purposes: the most effective way to reduce the human cost of adjustment is to restore the productivity of the affected people, industries, and areas, thereby enhancing growth.

## TOWARD A MORE PRODUCTIVE USE OF OUR LABOR FORCE

America's great productive capability is due to a highly productive labor force. It reflects the health, education, skill, mobility, and motivation of the people, as well as the Nation's capital stock and advanced state of technology. If the contribution of the labor force is to continue growing, our human resources must be further strengthened and the effectiveness of our labor markets must be improved. Only then will each worker find the employment in which his potential productivity is greatest.

A labor market that efficiently matches workers and job opportunities also serves other objectives of economic policy. It permits raising the sights of our employment targets without risking inflation, thereby helping to reconcile two vital policy objectives, full employment and price stability. It plays a key role in restoring to a productive life workers displaced by technological change and in guiding new workers into areas of expanding job opportunities.

The American economy has traditionally been characterized by an adaptable and highly mobile labor force. Members of this labor force—generally better educated and trained than those of any other country in the world—have filled the jobs created by advancing technology and have responded to shifting patterns of final demand.

The changes that have occurred have been enormous. Some have taken place so smoothly that we have barely been aware of them. This has been

the case, particularly, when the total number of jobs was sufficient—when the market had enough jobs to allocate. Other adjustments have been more difficult, leaving in their wake high unemployment rates and poverty for some groups. Government must focus its effort on those changes which the market cannot carry through without personal hardship, even in a high-employment environment.

The task of economic analysis is to identify both those changes that the market cannot carry through effectively on its own and those that can and should be left to market forces.

#### CHANGES IN THE COMPOSITION OF EMPLOYMENT OPPORTUNITIES AND OF THE LABOR FORCE

Changes in the over-all pattern of employment in this century have been substantial (Table 13). The amazing rise of productivity in agriculture and the slower growth of demand for its products reduced the percentage of the work force in farm occupations steadily and continuously, from almost 40 percent at the turn of the century to only 5 percent today. The revolution in management and marketing techniques and the growth of service industries and professions increased the share of white-collar employment from 18 percent to 44 percent during the same period. The share of employment accounted for by blue-collar occupations has been generally steady, but the amount of unskilled work has declined sharply as mechanical and electrical power have replaced human energy.

TABLE 13.—*Distribution of the economically active civilian population, by major occupation group, selected years, 1900–64*

[Percent]					
Major occupation group	1900	1920	1940	1960	1964 <sup>1</sup>
Total.....	100.0	100.0	100.0	100.0	100
White-collar workers.....	17.6	24.9	31.1	42.3	44
Professional, technical, and kindred workers.....	4.3	5.4	7.5	11.4	12
Managers, officials, and proprietors except farm.....	5.8	6.6	7.3	8.5	9
Clerical and kindred workers.....	3.0	8.0	9.6	14.9	16
Salesworkers.....	4.5	4.9	6.7	7.4	7
Blue-collar workers.....	35.8	40.2	39.8	39.6	39
Skilled workers <sup>2</sup> .....	10.5	13.0	12.0	14.3	14
Semiskilled workers <sup>3</sup> .....	12.8	15.6	18.4	19.9	20
Unskilled laborers <sup>4</sup> .....	12.5	11.6	9.4	5.5	5
Service workers.....	9.0	7.8	11.7	11.7	13
Private household workers.....	5.4	3.3	4.7	2.8	3
Service workers, except private household.....	3.6	4.5	7.1	8.9	10
Farm workers <sup>5</sup> .....	37.5	27.0	17.4	6.3	5

<sup>1</sup> Estimated from Monthly Labor Force Survey data, using 1960 Census data as benchmark.

<sup>2</sup> Craftsmen, foremen, and kindred workers.

<sup>3</sup> Operatives and kindred workers.

<sup>4</sup> Laborers, except farm and mine.

<sup>5</sup> Farmers, farm managers, farm foremen, and farm laborers.

NOTE.—Data relate to June 1900, January 1920, and April for the years 1940, 1960, and 1964. Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce.



The employment changes have resulted from shifting patterns of demand for labor—as the techniques of production and the nature of the final products have changed—in combination with the rising educational attainment of the labor force. In 1900, 6 percent of the high school age population received secondary school diplomas; today this figure exceeds 70 percent. The percentage of the college age population enrolled in college increased from approximately 4 percent to 36 percent. As shown in Table 14, median years of schooling among the civilian labor force, aged 18 to 64, rose by one-third between April 1940 and March 1964—from 9.1 to 12.2 years.

TABLE 14.—*Distribution of civilian labor force 18 to 64 years of age, by educational attainment, 1940, 1952, and 1964*

Years of school completed	April 1940	October 1952	March 1964
	Percent		
Total, 18 to 64 years of age.....	100.0	100.0	100.0
Less than 5 years.....	9.2	6.8	3.4
5-8 years.....	40.4	29.6	20.0
9-11 years.....	18.4	19.1	19.4
12 years.....	19.7	27.8	35.4
13-15 years.....	6.6	8.5	10.7
16 years or more.....	5.7	8.1	11.2
Median school year completed.....	9.1	11.1	12.2

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

Sources: Department of Commerce and Department of Labor.

The portion of the work force with eight years or less of education—that is, the group particularly ill suited to work under conditions of modern technology—declined in a generation, from 50 percent of the labor force to 23 percent. Today this group consists primarily of people beyond the age of 45, and its number is shrinking rapidly.

## LABOR MARKET ADJUSTMENT

The effectiveness of labor markets in adjusting to change will receive one of its severest tests in the next few years. The composition of demand for labor will continue its gradual shift toward higher skill levels. But the more dramatic changes will come on the supply side of the market as the size of the labor force expands rapidly and its composition is substantially altered.

The degree of flexibility in the network of labor markets is not the same for different groups or different types of adjustment. This is illustrated below in two ways. First, some major long-run trends in the supply and demand for labor are presented to illustrate how the economy has been adjusting to change. Employment and unemployment among female, Negro, teenage, and part-time workers show a variety of responses to the changes in labor market conditions. Second, the adequacy of the balance of skills demanded and supplied is examined: years of education, occupational skills, and industrial attachment play an important part in this balance.

### *Women resuming job careers*

The response of the labor force to rapidly increasing job opportunities is most clearly demonstrated by the growth of the female labor force. Both the number of women seeking work and the number of jobs open to them rose sharply in the postwar period. Women constituted only a quarter of the labor force in 1947, but between 1947 and 1964 they provided 58 percent of the growth in the labor force and 64 percent of the increase in employment.

Of the total of 9.5 million additional women in the labor force, half was due to the growth of the female population and half was due to the rising percentage of women looking for jobs. Women between 45 and 64 particularly became more active job-seekers. In 1947, 29 percent chose to be in the labor force; by 1964 the figure had risen to 47 percent. Most of these women moved into the rapidly growing employment opportunities in trade and service sectors of the economy. The flexibility of the labor market is shown by the fact that the unemployment rate for older women has fallen relative to the total female unemployment rate despite the much more rapid growth of the numbers of older women seeking work. These women still constitute a sizable reservoir of talent—some highly trained—available to respond to further expansion of demand for their services.

### *Negroes seeking employment opportunities*

The adjustment powers of the labor market have been least adequate for Negroes. During the postwar recessions, a disproportionately large number of Negroes lost their jobs; when recovery came, many of them were not reemployed. Part of this was due to inadequate training, part to job discrimination. In addition, the Negro labor force grew somewhat faster than the white, particularly in urban areas where migration from farm to city was a major element. In both 1950 and 1964, the unemployment rate for whites was 4.6 percent, but the rate for Negroes rose from 8.5 percent in 1950 to 9.8 percent in 1964. Despite a reduction during the past year, Negro unemployment is more than twice that for whites. The ultimate elimination of this difference must be a key goal of our manpower policies.

### *Teenagers entering the labor force*

The great increase in the number of young, inexperienced workers constitutes the most important change in the labor force during this decade. Recent increases in teenage employment, cited in Chapter 1, are an encouraging sign of the labor market's ability to absorb inexperienced workers when total employment rises rapidly. Yet relatively high teenage unemployment rates, 15 percent in 1964, make it clear that an insufficient number of jobs is channeled to this group.

Future increases in the number of teenagers will provide an even more severe test of the adaptability of the labor market. Because of the low birthrates during the Great Depression and World War II, the number of teenagers in the labor force actually declined through the mid-1950's. It then began to rise and by 1960, there were 5.8 million persons aged 14–19

in the labor force; by 1964, the number had increased to 6.5 million; and by 1966 it is expected to be 7.5 million. Thereafter the rate of increase will slow appreciably. Without specific policy measures aimed to improve the access of teenagers to job opportunities, their unemployment rates will continue to be high under any except labor shortage conditions. The successful absorption of these new workers into high-productivity jobs is the greatest test now confronting our labor market and our general economic and manpower policies.

### *Teenagers and women seeking part-time employment*

Increases in part-time employment are closely related to the larger number of females and teenagers in the labor force. Many women and teenagers seek part-time jobs that will permit them to keep house or go to school but still provide opportunities to supplement family income. Between May 1957 and May 1964, the part-time labor force increased by 3 million, to a total of 8.8 million. Adult women (20 years of age and above) and teenagers of both sexes accounted for most of the increase.

During this period, part-time employment rose by 2.7 million, resulting in an increase in the rate of part-time unemployment paralleling the rise in the full-time rate. The continuous expansion of the female and teenage population groups will cause the part-time labor force to increase further.

Every major industry increased its proportion of part-time workers, with the most significant increases occurring in wholesale and retail trade and in services and finance. These two industries not only provided the bulk of the private economy's employment gains, they also provided most of the increase in part-time employment. Manufacturing industries offered relatively less part-time work because of the difficulty of adjusting production schedules.

### *Balance of labor skills and requirements*

Unemployment rates for skilled occupations are well below average rates, but show two rather different trends. The rates for craftsmen and foremen have fallen recently relative to the total rate, while those for professional and technical workers have risen. In 1964, the unemployment rate for craftsmen and foremen was 4.2 percent, the lowest since 1956. The rate for professional and technical workers was 1.7 percent in 1964, substantially above levels in the mid-1950's (Table 15).

The relative decline of unemployment for craftsmen and foremen may be due to an increase in the relative demand for skilled workers or to the effect of an extended period of high unemployment on the supply of this type of labor. Since much of the training for skilled workers is acquired in apprenticeship and other on-the-job training programs, this particular labor force grows very slowly during a period of high unemployment. Few new workers are hired, workers laid off may go to other industries, older workers retire, and the number of people admitted to apprenticeship programs falls. When job expansion resumes, the labor force is smaller, and the unemployment rate drops quickly.

TABLE 15.—*Unemployment rates by major occupation group, 1957–64*[Percent <sup>1</sup>]

Major occupation group	1957	1959	1962	1964
Total.....	4.3	5.5	5.6	5.2
White-collar workers:				
Professional, technical, and kindred workers.....	1.2	1.7	1.7	1.7
Managers, officials, and proprietors, except farm.....	1.0	1.3	1.5	1.4
Clerical and kindred workers.....	2.8	3.7	3.9	3.7
Sales workers.....	2.6	3.7	4.1	3.4
Blue-collar workers:				
Craftsmen, foremen, and kindred workers.....	3.8	5.3	5.1	4.2
Operatives and kindred workers.....	6.3	7.6	7.5	6.5
Laborers, except farm and mine.....	9.4	12.4	12.4	10.6
Service workers:				
Private household workers.....	3.7	4.8	4.9	4.9
Service workers except private household.....	5.1	6.4	6.4	6.1
Farm workers:				
Farmers and farm managers.....	.3	.3	.3	.5
Farm laborers and foremen.....	3.7	5.1	4.3	5.8

<sup>1</sup> Unemployment as percent of civilian labor force in group.

Source: Department of Labor.

Increases in the unemployment rate for professional and technical workers since 1959 are partly linked to unemployment among those individuals who have college training (Table 16). Increased flows of young college graduates into the labor force in the past several years have eased shortages that may have been felt earlier in this particular segment of the labor market. Shifts in defense production have also reduced the demand for these classes of workers.

Employment trends for less skilled labor, persisting since the Korean war, have recently been reversed. During the period in which the gap between actual and potential output developed, employment of semiskilled factory operatives, for example, expanded at a much slower rate than total employment. As a result their unemployment rate rose. But the acceleration of economic expansion in 1964 was felt particularly in the Nation's factories, creating many employment opportunities for operatives. Between 1962 and 1964, when total employment increased by 4 percent, employment of operatives rose by more than 7 percent. This has reduced their unemployment rate from 7.5 to 6.5 percent (Table 15).

TABLE 16.—*Unemployment rates of males 18 years of age and over, by educational attainment, selected dates, 1952–64*[Percent <sup>1</sup>]

Years of school completed	1952	1957	1959	1962	1964
Total.....	1.5	4.1	6.3	6.0	5.2
Less than 8 years.....	2.3	6.9	9.8	9.2	8.4
8 years.....	1.4	4.4	7.3	7.5	6.9
9–11 years.....	1.6	4.7	8.1	7.8	6.6
12 years.....	1.1	3.0	4.9	4.8	4.1
13–15 years.....	1.1	2.7	3.3	4.0	3.8
16 years or more.....	.4	.6	1.4	1.4	1.5

<sup>1</sup> Unemployment as percent of civilian labor force in group.

NOTE.—Data relate to March of all years except 1952. Data for 1952 relate to October.

Source: Department of Labor.

With an expanding economy, the employment situation for those with less education has improved. As shown in recent years, an adequate rate of growth expands employment opportunities in industries and occupations where semiskilled and unskilled workers can find jobs. If growth is not adequate, the unskilled and semiskilled are the ones who find jobs most difficult to locate. Furthermore, rapid and sustained expansion facilitates the adjustment to changing skill requirements by providing continuing opportunities for acquisition of new skills on the job.

### *Unemployment in durable goods industries*

Looking at the balance of skills and workers by industry rather than by occupation reveals that the employment opportunities in durable goods manufacturing have risen particularly sharply with the accelerated rate of growth of the past few years. With an unemployment rate of 4 percent by the end of 1964, the pool of unemployed workers in durable goods manufacturing was smaller than in any year since the Korean war. During the years of high unemployment, the labor force of this industry group shrank, as some workers switched to other industries and those who retired or died were not replaced. The continuing growth of durable goods production will test the ease with which the durable goods labor force can be expanded once again. A combination of job opportunities and high wages will attract labor to these industries, but firms will have to train these workers instead of relying on the recall of unemployed skilled workers. This would be a return to the historic role of these industries of drawing in the unskilled young workers and workers from rural areas and training them on the job. To channel some of the greatly increasing number of new workers into the durable goods industries will be one of the great challenges to private and public manpower policies. Today, teenagers account for 9 percent of the labor force, but only 3 percent of workers in durable good industries.

### MANPOWER POLICY

An active manpower policy—sensitive both to the strengths and the limitations of the labor market—must develop our manpower resources to give everyone the opportunity to make the best use of his abilities, and must improve the organization of the labor market to provide the best possible matching of people and jobs, without regard to race, creed, sex, or age.

### *Creating jobs*

Between now and 1970, about 1.5 million new jobs a year will be needed to absorb the growing labor force and to reduce unemployment to a 4 percent level. Furthermore, output, income, and jobs will have to expand to offset normal increases in output per man-hour. Even more jobs and lower unemployment can be achieved through effective policies.

Major responsibility for achieving our employment objectives must rest with fiscal and monetary policies. In addition, we shall need policies aimed at developing our manpower resources, increasing the efficiency with which labor markets adjust to changes in the demand for and supply of labor, and revitalizing depressed areas. This combination of policies will reduce the likelihood that inflation will impede the pursuit of full employment and will ameliorate the human costs incident to a changing job market.

### *Developing manpower resources*

Our system of general education is the foundation upon which specific occupational and professional skills are built. It provides an adaptability to change that pays dividends throughout an individual's work life. The problems of providing universally accessible educational opportunities of high quality are considered in Chapter 4.

Occupational competence is obtained in many ways, including on-the-job training organized by employers; apprenticeship and union-sponsored training programs; private technical institutes; trade and business schools; the Armed Services training programs; and Federal, State, and local government programs.

The Department of Labor has studied the ways in which labor force participants with less than three years of college education acquired their occupational and professional training. As shown in Table 17, about one-third of those interviewed had formal training (in schools, apprenticeship programs, or the armed forces) to prepare them for their vocation; only 7 percent of laborers, but 65 percent of professional and technical workers, had this kind of preparation. Among skilled workers and foremen, 41 percent had formal training. All but a few of the least-skilled categories contained high percentages with on-the-job training. Casual methods were important for all categories.

Public policy is increasingly focused on the needs of the young and the disadvantaged. Our rapidly growing teenage labor force must be enabled to acquire the skills required in today's world. Negroes must be prepared for the skilled jobs that will become increasingly available to them as discriminatory barriers are removed. And older workers displaced by technological change must be reequipped for new jobs.

Vocational education is an important type of formal training to prepare youth for skilled jobs. Yet experience with training programs in recent years has revealed the limited scope and obsolescence of some of our public vocational education. High school programs that include generous amounts of general education and concentrate on skills relevant to clusters of occupations are most likely to provide students with the flexibility to adapt to future occupational changes. The Vocational Education Act of 1963 was designed to meet that objective. In cooperation with State and local educational systems, the Act provides programs for all age groups, from high

school students and dropouts to adults who can profit from training or upgrading or who need specialized training to become reemployed. It also calls for systematic review of the curriculum of the programs.

TABLE 17.—*Training taken by persons in civilian labor force*<sup>1</sup>

Current occupational group	Percent reporting job learned by—			Percent reporting no training needed
	Formal training <sup>2</sup>	On-the-job training <sup>3</sup>	Casual methods <sup>4</sup>	
Total.....	30.2	56.2	45.4	7.5
White-collar workers:				
Professional, technical, and kindred workers.....	64.6	66.7	33.2	2.1
Managers, officials, and proprietors, except farm.....	36.2	57.1	55.7	4.0
Clerical and kindred workers.....	53.6	71.4	29.5	2.0
Sales workers.....	23.4	60.2	47.4	7.5
Blue-collar workers:				
Craftsmen, foremen, and kindred workers.....	40.6	64.8	47.5	1.8
Operatives and kindred workers.....	12.9	61.8	42.6	8.6
Laborers, except farm and mine.....	6.9	40.0	50.5	18.1
Service workers:				
Private household workers.....	10.3	9.3	56.4	27.9
Service workers, except private household.....	24.6	45.5	42.7	13.5
Farm workers:				
Farmers and farm managers.....	20.6	17.6	79.7	8.4
Farm laborers and foremen.....	11.1	19.2	64.8	17.7

<sup>1</sup> Data relate to survey taken in April 1963.

<sup>2</sup> Includes training obtained in schools of all kinds (company training schools as well, where training was full-time and lasted at least 6 weeks), apprenticeship, and armed forces.

<sup>3</sup> Includes on-the-job training by supervisors, company training courses (part-time, or full-time for less than 6 weeks), and "worked way up by promotion."

<sup>4</sup> Includes learning from a relative or friend, "just picked it up," and other such methods.

NOTE.—Since about one-third of the respondents indicated more than one way, the sums of the percentages exceed 100. These figures include all civilian labor force participants aged 22 to 64 with less than 3 years of college. For the unemployed, data relate to the last job held.

Source: Department of Labor.

Apprenticeship is another important system for training youth to be skilled workers. About two-thirds of apprentices are in programs registered under the Department of Labor. The remaining one-third are mainly in unregistered courses run by large employers. Small firms have been generally inhibited by the cost of training and by their inability to insure that trained workers would remain with the firm. Recently, these costs have been lessened by funds made available under the Manpower Development and Training Act (MDTA) for pre-apprenticeship and on-the-job training programs. The extent of the apprenticeship training programs depends on the current and anticipated need for trained labor. Therefore, prosperity encourages on-the-job training. However, employers cannot recover the full benefits of such programs, since workers trained at their expense may move to other employers. Thus, cooperative programs by groups of employers should be encouraged.

Three Government programs started in recent years have been directed at helping those in especially unfavorable circumstances to acquire the attitudes and skills that will enable them to attain, or regain, employment.

The Area Redevelopment Administration (ARA), established in 1961, has provided training and training allowances for unemployed and underemployed persons in depressed areas. Training has been provided for more than 40,000 workers, about 70 percent of whom have found jobs.

MDTA programs were established in 1962 to offer training for unemployed and underemployed workers with previous work experience. Training allowances were provided for a period of up to 52 weeks. Training, mostly in institutional programs, has been authorized for more than 350,000 persons. Machine operation and auto repair work have been the most common courses for men, and clerical and nursing courses for women.

The Economic Opportunity (Anti-Poverty) Act will emphasize work and training for youth through such programs as the Neighborhood Youth Corps, the Job Corps, and the Work-Study Program. These are discussed in greater detail in Chapter 4.

### *Improving the functioning of the labor market*

For the labor market to operate efficiently, job opportunities must be open to all qualified individuals; workers must have knowledge of alternative employment opportunities; and employers must have a means of making their manpower needs known. It is therefore important that unions and professional and business organizations avoid restrictions on entry and hiring designed to enhance the incomes and employment opportunities of the restricted group. Such restrictions can be as injurious as monopoly in the sale of goods.

About three-quarters of all jobs are now filled without the use of any placement agency, public or private. But the way in which the remaining jobs and workers are matched may spell the difference between an efficient and an inefficient labor market. The 1,900 State employment service offices affiliated with the U.S. Employment Service are designed to fulfill this task.

Many of the young teenage labor force entrants need testing and counseling if they are to make wise vocational choices. The State employment services, in cooperation with the schools, now provide testing services to approximately one-half of the Nation's high schools. Counseling and testing are provided for about one-fifth of the new applicants at employment service offices.

The employment service should be available to all workers, regardless of occupation or current employment status. Greater separation of unemployment insurance activities from other employment service functions is desirable to strengthen counseling, training, referral, and placement activities. In large metropolitan areas, employment service offices that specialize by industry can provide better services to both employers and workers in those industries than can be supplied by offices that try to cover the whole range of industries. Specialized offices are now in operation in 41 of the 56 largest metropolitan areas.



In addition, special services are required for those who are at a competitive disadvantage in the labor market—the inexperienced, the undereducated, the unskilled, older workers, the handicapped, and minority groups. Some special services for these groups are now being provided—including those related to ARA, MDTA, and anti-poverty programs. During the coming year, emphasis will be placed on employment services for younger persons. The services will include exploratory interviews, counseling, and testing; referral to community agencies for diagnostic and remedial assistance; and strengthening of placement efforts, including those directed at rapidly expanding part-time employment opportunities.

An effective manpower policy also will require better information on the current and future structure of supply and demand in local labor markets. Experimental surveys of job vacancies during the coming year will help to fill an important gap in manpower statistics.

The employment service can become an important aid to geographic mobility in our dynamic economy. An increase in interarea exchange of job information can contribute to this goal. The current experimental program in the use of relocation allowances, revised and expanded as necessary, can help to translate this interarea information into effective placements.

The Nation's flexible labor markets have enabled us to adapt to dramatic changes in labor supply and demand. They provide a solid foundation upon which to build an effective manpower policy that can both increase the efficiency of the labor market and open up new opportunities for those burdened by past disadvantages or faced with exceptionally difficult shifts in market supply or demand.

A manpower policy that is geared to steady employment for all who seek work, that deals responsively with the income, training, and placement needs of the unemployed, and that meets the special problems of distressed areas and groups will reinforce the ability of our economy to grow and will facilitate adjustment to change.

## COMPETITION AND REGULATION FOR A FLEXIBLE MARKET ECONOMY

Decentralization of economic power has long been considered desirable for social and political reasons, as well as for its contribution to an efficient economy. Absence of active competition tends to result in higher prices and lower output, and thus in a less efficient allocation of resources. Non-competitive industries may also lack the spur to innovation and change, as sellers find it easier as well as more profitable to use obsolete facilities or produce familiar products. They may be less concerned with keeping their costs under control if they have no difficulty in passing higher costs along to their customers.

Yet modern technology requires large-scale operation in many industries, and, for the most part, our society reaps the benefits in the form of lower costs, better quality, and continuing research and innovation. In many industries, a high concentration of output among a small number of firms is not inconsistent with highly active competition, especially where there is also a fringe of small firms, where entry of new firms is easy, or where there exists active competition from substitute products. Yet it is also true that it is often easy for firms to avoid competition when an industry is dominated by a small number of very large firms. It is the difficult task of public policy to preserve the benefits of competition while retaining the advantages of our complex and highly productive industrial system. And even where competition is imperfectly effective, it may sometimes be preferable to tolerate the imperfection if the only alternative is complicated Government regulation—which, unless carefully and regularly reviewed, may become bureaucratized, rigid, and possibly dominated by the interests of those regulated.

#### TRENDS IN INDUSTRIAL STRUCTURE

The U.S. economy is large, complex, and fluid. It contains about 5 million businesses and 2 million commercial farms. Within the manufacturing sector alone, there are more than 300,000 firms, of which 175,000 are corporations. During 1964 nearly 500,000 new businesses were started. Thousands more were discontinued or merged, or transferred their operations from one industry or locality to another.

Within the important manufacturing sector, certain structural trends have emerged in the period since the end of World War II: (1) Through internal expansion and merger, large firms have grown more rapidly than the manufacturing sector as a whole. As a result, their share of the *total* market for all manufactured goods has risen. (2) Within some individual industries, the concentration of production in the hands of the 4 firms with the largest shares of the market has increased; in others it has decreased. Over-all, concentration within specific industries has shown no significant trend.

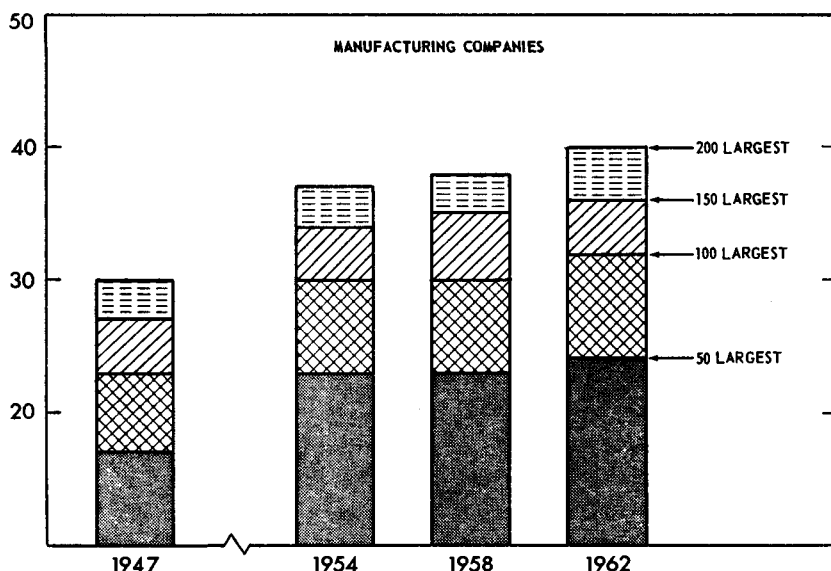
The market share of the 100 largest U.S. manufacturing firms has grown rapidly since World War II. Chart 14 shows that, between 1947 and 1962, their share of value-added in manufacturing grew from 23 percent to 32 percent. And their share of all manufacturing assets increased from 39 to 45 percent between 1950 and 1962. Partly this has resulted from expanding markets in a growing economy and from able and efficient management. It has resulted also from the postwar merger movement which will be discussed below.

Chart 14

## Shares of Largest Companies in Manufacturing

AS MEASURED BY VALUE ADDED

PERCENT OF VALUE ADDED  $\frac{1}{2}$



$\frac{1}{2}$  VALUE ADDED IN MANUFACTURING.

SOURCE: DEPARTMENT OF COMMERCE.

Concentration within specific industries is frequently measured by the share of an industry's shipments attributable to the 4 firms with largest shipments. Table 18 shows that this measure of concentration has risen in some major manufacturing industries but fallen in others. In 1947, 24 percent of manufacturing shipments were in industries in which the 4 firms with largest shares of the market accounted for at least half the shipments. In 1958, the figure was 23 percent, indicating little, if any, trend during the period.

An important part of the explanation of these opposing movements—the increasing influence of large firms in total manufacturing activity while concentration in specific industries shows no significant trend—can be found in the size and character of the postwar merger movement. The Federal Trade Commission has recorded more than 11,000 mergers since 1948. Since 1950, the 200 largest industrial corporations have acquired more than 2,000 other concerns, and 257 of the 1,000 largest manufacturing corporations have disappeared through merger. Mergers of large firms grew rapidly in number and importance from the end of World War II until 1955, fell off briefly, and then continued to grow again after 1959.

TABLE 18.—*Concentration in selected industries, 1947 and 1958*

Industry	Value of shipments 1958 (millions of dollars)	Percent of value of shipments accounted for by 4 largest firms	
		1947	1958
Primary aluminum.....	802	100	(1)
Locomotives and parts.....	387	91	95
Tin cans and other tinware.....	1,804	78	80
Cigarettes.....	2,159	90	79
Computers.....	1,076	69	77
Motor vehicles and parts <sup>2</sup> .....	6,419	56	75
Tires and inner tubes.....	2,272	77	74
Aircraft engines.....	3,359	72	56
Steel works and rolling mills <sup>2</sup> .....	5,980	50	53
Electric appliances.....	755	36	43
Meat packing plants <sup>2</sup> .....	1,677	41	34
Cement, hydraulic.....	1,069	30	32
Petroleum refining.....	14,106	37	32
Machine tools.....	685	20	21

<sup>1</sup> Not available.<sup>2</sup> Data are for value added rather than value of shipments.

Source: Department of Commerce.

Earlier merger movements were characterized largely by “vertical” acquisitions among firms that were in a buyer-seller relationship and by “horizontal” acquisitions among competing firms. Anticompetitive mergers of both kinds are now effectively prohibited by our antitrust laws. Many of the more recent mergers, however, have been “conglomerate”—that is, the acquisition by one firm of another in an unrelated product line, normally to achieve economies of management or sales or diversification of risks. These, too, are subject to the antitrust laws, but their effects on competition are more complex and more difficult to establish. On the one hand, it can be noted that an already large firm in another industry which finds it easy to enter new product lines is often the most effective source of active or potential competition in a product market that has become imperfectly competitive. On the other hand, a large conglomerate firm may be able to reduce competition in an industry previously characterized by small firms.

Expansion into new and unrelated product lines, whether by conglomerate merger or by the creation of new capacity, has permitted an increase in the share of the total manufacturing market supplied by large firms, without increasing (and perhaps with decreasing) concentration within individual industries. In 1958, one or more of the 100 largest manufacturing concerns were among the 4 firms with the largest shipments in 550 of the 1,014 product classes identified by the Census of Manufactures. And 95 of the 100 largest companies were among the 4 leading producers in 2 or more product classes.

## POLICIES TO MAINTAIN COMPETITIVE MARKETS

Our antitrust laws have helped to achieve the delicate balance between the economic benefits which flow from the research, innovation, and advanced technology of large scale business organizations, and the adverse effects of unnecessary or artificial obstacles to competition. In the 75 years since the passage of the Sherman Act, the Congress and the courts have attempted to adapt our antitrust laws both to our changing economic system and to our growing understanding of how that system operates.

Legislative, judicial, and enforcement activities have all contributed to the strengthening and clarification of our antitrust policies in the postwar period. Enforcement activity has been vigorous during each of the postwar Administrations, attesting to the bipartisan nature of the Nation's belief in maintaining maximum competition consistent with a productive and efficient economy.

A series of judicial interpretations since 1945 has helped to clarify the meaning of the laws. More precise criteria have been developed with regard both to the structure of industry—the degree of concentration that generates excessive market power—and to the performance of industry—the abuse of market power.

Concern over the growing postwar merger movement led to a strengthening of the Clayton Act in 1950. Subsequent judicial decisions have confirmed that horizontal or vertical mergers through the purchase of stock or assets are illegal, whether consummated in the past or proposed for the future, if they may have the effect of substantially reducing competition. The law with regard to conglomerate merger is not yet clear. Further cases would define the law more precisely. The uncertainty which surrounds existing law, while in part unavoidable, imposes many costs and limitations on business, some of which could probably be eliminated without significant loss to enforcement of antitrust policy.

Effective antitrust policy involves a close partnership between economics and the law. Sound economic analysis needs to be used to define the relevant market, to assess the extent of concentration and barriers to entry of new firms, and to evaluate business policies. Equally important is the development of sound economic criteria for the selection and preparation of antitrust cases, since the desirability of many business actions depends on their economic setting and significance.

## FEDERAL REGULATION OF ECONOMIC ACTIVITY

In the vast majority of industries, competition is the most effective means of regulation. But in a few industries, technological and economic factors preclude the presence of more than one or a few firms in each market. When these industries provide an important service to the public, direct control is substituted for competition. The independent Federal regulatory commissions were established in the transportation, power, and communication industries because competition could not be expected to protect the

public interest. In other areas, regulation is aimed at providing the public with reasonably full knowledge of the market. In particular, securities and certain commodity markets have become so complex and technical that regulation is necessary to insure that buyers and sellers have access to accurate and reasonably comprehensive information.

It is important that regulatory policies be adapted to changing needs and conditions. Economic and technological progress may lead to changes in the desirable scope and method of regulation. In some important cases, competition has become substantially more effective since regulation was first established. In cases where competition is not possible, there may be alternatives more effective than regulation. The establishment of Comsat, a joint public-private venture in the area of space communications, is an example of a new institution designed to take advantage of a new technological opportunity.

The fields of transportation and electric power offer illustrations of the changing circumstances of regulated industries.

### *Transportation*

Technological and economic changes have revolutionized the transportation industry since the establishment in 1887 of the Interstate Commerce Commission, our first independent regulatory commission. Technological progress has led to the introduction and development of highway, air, and pipeline transportation, which now supplement and compete with rail and water transportation. The latter could, in turn, compete more effectively with the newer forms—and to their own and the public's benefit—if they were not restrained by certain aspects of regulation.

The transportation revolution has created a variety of alternative means for the movement of people and goods. Few communities or industries are dependent now upon a single means of transportation for access to the outside world, as was normally the case in the 19th century. Given these new alternatives, there are some respects in which it would be desirable to increase the role of competition and the scope for initiative among transportation companies. Appropriate reduction of the scope of Government supervision over rates (particularly minimum rates) and, in some cases, over the choice of operating routes would strengthen competition among various modes of transportation, increase efficiency in the utilization of transportation resources, and encourage more rapid technological progress. At the same time, there is an increasing need for improved planning and coordination of intercity as well as urban mass transit systems.

### *Electric power*

Technological progress in the generation and transmission of electricity has resulted in a need for coordination and integration of the Nation's power systems. Large generating plants can yield substantial economies, whether they use atomic or conventional fuels. The development of extra high voltage transmission lines permits electricity to be sent economically

over long distances. The Federal Power Commission, in its National Power Survey, has recently documented the great economies available from an intensified program of interconnection and coordination among the 3,600 separate power systems in this country.

In some cases, economies in generation can be realized by substituting one large plant for several individual plants, each serving a single small community. Interties between systems permit economies from the coordinated operation of several systems: power can be shared between systems with noncoincident peakloads; reserve generating capacity for breakdowns, maintenance, and unexpected demands can be shared; the building of new capacity can be staggered between neighboring systems to meet growing demands without the waste of idle capacity; better use can be made of scarce hydro and steam plant sites; and greater flexibility in plant location can reduce urban air pollution problems.

Our national power supply system consists of a variety of public, private, and cooperative institutions. Exploitation of modern technology requires increased emphasis on the planning, coordination, and operation of large systems. This will require cooperation among all types of power suppliers and experimentation with new forms of public and private planning. Such experimentation has begun with the Pacific Northwest to Southwest intertie. The National Power Survey points to the many opportunities that lie ahead.

## CONSUMER INFORMATION

The end use of nearly two-thirds of production is current consumption. Even the most efficient productive system will not create a high level of economic welfare unless consumers can make free and informed choices.

With a rising GNP, the spectrum of goods and services available to consumers has widened, and our distribution system has become increasingly complex. Many new products have appeared, in part reflecting accelerated research and development expenditures of recent years, and in part reflecting the adaptability of American manufacturers and distributors in catering to new wants and desires of consumers.

All too often, however, consumers are not completely informed about products available, and sometimes products are misrepresented, whether by accident or intent. Most of the responsibility for providing consumer information rests with private producers and retailers. But where the consumer is not able to obtain honest information, the Government has a role to fulfill.

Consumers today are particularly subject to lack of information on the terms and costs of credit. Too often they are unaware of the full cost of a credit transaction, and are unable to compare financing costs because of nonstandard ways of reporting interest charges. The consumer credit system has helped the American economy to grow and prosper, but the cost of such credit must be made as clear and unambiguous as possible. The

truth-in-lending bill, requiring the total dollar amount of the finance charges and the annual rate upon unpaid balances to be clearly stated to borrowers, would eliminate many of the abuses in the credit area.

Abuses have also become acute in the packaging of products sold in retail establishments. In today's marketing system, the package has become the silent salesman. The package, therefore, should present in a clear and comprehensive manner enough information to allow the consumer to make informed choices. The truth-in-packaging bill would assure consumers of simple, direct, visible, and accurate information as to the nature of the product and the quantity in the package.

## ASSISTING CIVILIAN TECHNOLOGY

The Council's last Annual Report contained a detailed analysis of the role of technological change in promoting economic growth and discussed major Government programs that help to advance civilian technology. Public interest in these matters is warranted since many markets tend to provide firms with insufficient incentives to allocate resources to research and development (R & D). Benefits of research tend to be widely diffused among many firms and even industries, making it difficult if not impossible for firms to reap the full benefits created by their research. Also, the uncertainty and high cost of many research projects may make the risks prohibitive for small and medium sized firms. These factors become more important, the more basic the research, since the results of such research are both more uncertain and more widely diffused. They explain why much basic research is and should be supported by Government and by educational and other nonprofit research organizations.

Advancing technology is an important element in strengthening our long-term international trade position. Last year, a large proportion of our exports of manufactures were from high technology industries, such as aircraft, data processing equipment, power generating equipment, and instruments. The high productivity of the workers employed in these industries, and the superior performance of the products, more than offset the lower wage costs in Europe and Japan.

Research and development manpower talent has always been a scarce and valuable resource. The supply can be expanded only slowly and at the cost of forgoing the services of technical personnel in managerial, administrative, teaching, and other positions. If the present tendency toward a leveling off in defense and space research and development expenditures continues, the resources of scientific and technical manpower available to the civilian economy will increase more rapidly than in the past. With an increase in the number of scientific and technical personnel available for civilian activities, business firms will be able to engage in civilian research and development projects which they could not previously under-



take. They will be assisted by the 1964 and 1965 tax cuts which increase the aftertax return on R & D undertakings, as well as on capital investment.

Similarly, the Government can increase its own civilian research efforts. This is already being done in such areas as water desalting, supersonic air transportation, and urban mass transportation. The Northeast Corridor Project, to develop highspeed intercity passenger transportation over such routes as Boston to Washington, is a recent and important example.

The Department of Commerce has proposed a State Technical Services program to speed the spread of new technology. Under this program, designated universities would offer technical services designed to meet the needs of local industry. The services would include the analysis of local problems to determine needs that might be met by new technology, reference services, technical information centers, workshops, seminars, and training programs. The program would be financed by local resources and Federal matching funds.

Increased public and private support for higher education will strengthen the efforts of colleges and universities to undertake more nondefense research and to provide the humanistic and scientific education and technical training for our rapidly expanding student population. Greater support for university research will strengthen the base of pure science on which applied research and development depend.

## REGIONAL RECOVERY AND INDUSTRIAL ADJUSTMENT

The changes that accompany growth do not proceed evenly and continuously. Communities and even entire geographic regions whose fortunes are tied to a particular natural resource, pattern of transportation, or industry may decline as resources are depleted, technical changes destroy earlier locational advantages, or shifts in taste lead to decline of the base industry. Communities dependent upon a single firm for the bulk of their employment are especially vulnerable to shifts in demand or plant location, whether caused by market forces and private decisions or by changes in Government programs.

Other communities are simply bypassed by economic growth. They are the victims of a poor resource base, have never attracted adequate investment to develop their limited economic potential, and generally have suffered from many decades of underinvestment in education, health, and community facilities.

Once a community is in prolonged distress, its difficulties feed on themselves. Its capacity for maintaining social investments in education, health, and community services erodes. Young workers leave and there may be a loss of talent to more prosperous places. Eventually, loss of population can reduce the tax base below the critical level at which the existing scale of community institutions can be sustained, and the community is caught in an area-wide, self-perpetuating circle of poverty.

## AREA REDEVELOPMENT ACT

In 1961, the Congress passed the Area Redevelopment Act (ARA), providing distressed areas with grants and loans for public facilities, loans for commercial and industrial enterprises, technical assistance, and training programs for the unemployed. Areas were designated to be eligible for assistance on the basis of persistent unemployment above the national average, persistent low incomes, and a variety of other criteria. About 1,100 areas were declared eligible.

Unemployment in the designated areas fell from 10.4 percent in 1961 to 8.7 percent in 1963, while some areas improved to the point of being removed from the designated group. In 1964, the improvement accelerated, leading to the removal of an increasing number of areas from the eligible list. These gains resulted from economic expansion of the last four years; out-migration as employment prospects developed elsewhere; retirements and other withdrawals from the labor force; and the salutary effects of the ARA program.

The ARA projects have helped communities to plan for progress. Commercial and industrial ventures in designated areas have received more than \$170 million in low-interest loans and assistance in establishing training programs. The communities have also received nearly \$90 million of loans and grants for public facilities, and \$35 million for technical assistance and training.

This experiment in regional development policy has shown that redevelopment can be facilitated by public programs. Analysis of the experience also points the way for the next steps to improve the effectiveness of Federal efforts. The principles that emerge are these:

First, the scale of assistance must be sufficient to make a significant impact on the economic structure of an area. Designation of too many areas reduces the possibility of providing aid sufficient to break out of the circle of poverty. Aid must be concentrated where it is most needed and where it gives the greatest promise of producing self-sustaining recovery.

Second, the regions to be aided should be large enough to include a resource base for self-sustained growth and to support the full range of community services and public utilities. However, they should not be so large that a considerable share of the aid may fall outside the communities in distress. The areas under the present programs were defined on a county or a labor-market basis. In some cases these were appropriate units, corresponding to genuine economic areas; but in other cases they were too small.

Because of the decrease in population, some counties have reached a point of decline where it is difficult to achieve self-sustaining recovery through Federal efforts. In such instances, the people of the area are likely to be better served by the expansion of job opportunities in towns within commuting distance.

Clusters of industry and commerce attract other firms; public facilities adequate to attract industrial and commercial growth are often difficult to provide in very small communities; adequate communication, low-cost transportation, and other necessary community facilities are more likely to be viable where industry and commerce are concentrated. Thus, Federal aid can be more effective if smaller local areas are induced to combine into larger development regions containing towns with potential to form the basis for self-sustained growth. These towns could develop the capability to employ workers from nearby distressed areas.

Third, new programs must place major emphasis on investment in those community facilities that are commonly deficient in depressed areas. Little real growth is possible without adequate water and sewerage facilities and other community services that directly affect the ability of an area to attract industry and commerce. Yet a long history of poverty and a weak tax base are likely to leave a community with inadequate funds—or borrowing power—to meet these preconditions. Federal grants to aid construction of some of these facilities are one of the key means for breaking a community's circle of poverty. In addition, they release local funds for further development efforts.

Fourth, if there is to be assurance that Federal aid to a region is to lead to recovery, the region must develop a plan for its progress. The communities of the region must work together, sharing the aided community facilities, planning land use for new industry, arranging for training and retraining of workers in new skills, and developing a program for attracting industry. The development of a meaningful plan should mobilize private and public local leadership of the region.

The President will propose renewal and revision of the ARA program shortly.

## APPALACHIA

Of the distressed areas of the country, Appalachia, with 355 counties in 11 States, is the largest and presents uniquely difficult problems. Always a poor rural region, its main source of prosperity, coal mining, has undergone a very sharp decline. For this reason, its redevelopment requires public measures not necessary in smaller areas. The Administration has established a special Appalachian Regional Commission; under the guidance of the Commission and the local development districts, a series of proposed programs were designed to develop human and material resources.

The resulting Administration proposals include new authorizations of \$840 million for a system of development highways and access roads which will open up the region for industry and tourism and widen the horizons of the population; \$147 million for health, vocational education, farming, mine area restoration, and other new projects; and \$90 million to supplement funds available to local communities under existing Federal grant-in-aid programs. Additional funds will be made available under

other existing programs to accelerate development in the region. These measures, carried out with strong participation of State and local governments, should, over a period, serve to bring Appalachia and its people closer to the level of economic well-being of the rest of the country.

#### ADJUSTMENT ASSISTANCE TO PREVENT AREA DECLINE

Both the regional recovery and Appalachia programs deal with deep-seated economic maladjustments that require the rejuvenation of an area or region. Areas do not become distressed overnight. They sink into that status through some specific decline of the economic base, frequently followed by inertia and stagnation, finally producing a closed circle of low incomes, low opportunities, poor schools, bad diets, departure of the most qualified young people, weak social structure, and finally, chronic poverty.

The time to head off this pattern of developments is at the first sign, the initial blow to the economic base. For this reason, there is increased interest in adjustment programs that will quickly put a threatened community on the road to recovery.

Frequently, the first sign of impending deterioration is the closing of a major plant. Each year, numerous plants close all over the United States, involving substantial layoffs of workers. Usually, a single plant is a small part of the economic base, in which case there is little hazard of area depression. But in some cases the plant is large in relation to the community, and in a few cases it is the major employer.

Some of these cases occur as a result of changing defense expenditures or the shutting down of Government installations. Both the Defense Department's Office of Economic Adjustment and the Atomic Energy Commission's Office of Economic Impact and Conversion have helped communities and firms to meet changes which may involve reconversion of firms to new products, recruitment of new employers, and finding alternative employment opportunities for laid-off workers. The President's interagency Committee on the Economic Impact of Defense and Disarmament is currently preparing a comprehensive report on this subject.

The Trade Expansion Act provides for technical and financial assistance for firms in cases where disruptions are directly attributable to competition from imports. Special aid is also given to employees in the form of trade adjustment allowances (extended unemployment compensation), relocation allowances, and training. These provisions need to be more fully implemented in the years to come.

The recently formed President Task Force on Community Assistance is designed to provide aid in cases of local economic distress caused by large-scale layoffs. Growing out of the Government's successful ad hoc program to aid South Bend, Indiana, after a major plant closing, the Task Force has since provided assistance to Lisbon Falls, Maine, and is currently studying other communities where it might be of assistance. If the threatened unemployment is substantial and the impact can be anticipated, it would be

preferable to take remedial actions before major layoffs occur. Advance designation for aid under regional recovery programs would be a useful step.

For cases arising out of technological change, the Congress has charged the National Commission on Technology, Automation and Economic Progress to explore public and private means "to facilitate occupational adjustment and geographical mobility, and to share the costs and help prevent and alleviate the adverse impact of change on displaced workers."

## EFFICIENCY IN GOVERNMENT

Governments, Federal, State, and local, account for 21 percent of our production, of which the Federal share is about half. Flexibility and efficiency in the private sector are, for the most part, assured by market forces; efficiency in Government requires constant reassessment of the value and costs of public programs.

*Minimizing costs.* Many of the methods of increasing productivity and reducing costs in the private sector, such as improved management procedures and the adoption of modern technology, have made possible similar gains in Government. The use of electronic data processing equipment, as in the Internal Revenue Service, and of management training programs, as in the General Services Administration, can raise efficiency in these Government agencies, just as they have in large private firms.

The Administration has placed major emphasis on measures to increase Government efficiency. Over-all responsibility for encouraging improved organization and management in the executive branch of the Government rests with the Bureau of the Budget. In 1964, it completed a major study of ways to measure productivity in Government organizations.

Gains in efficiency have been particularly great in the defense program during the last four years. They have been assisted by cost-effectiveness studies, using modern analytical techniques of decision making to discover least cost solutions and weigh costs of programs against their alternatives.

*Public civilian investment.* A large part of our public expenditure is devoted to durable physical assets which contribute, over time, to productivity in public and private civilian activities. In fiscal year 1965, Federal Government expenditures for civilian public works will be about \$7.8 billion.

Federal investment expenditures should only be undertaken if they yield a good social return. The use of carefully drawn economic evaluation criteria can help to assure, at least in some fields, that public investment yields a social payoff as great as the resources could yield in the private sector. The longevity of dams, roads, and other kinds of public capital requires that decisions regarding outlays be based on careful forecasts of events in the distant future. And to assure the best use of capital within the public sector, the economic criteria must be uniformly applied.

*Pricing of public services.* Most public services—such as defense—are provided for society as a whole. However, certain public services—particu-

larly in transportation, communications, and water resources—are provided for identifiable groups or for individuals. Whenever beneficiaries can be identified meaningfully, fair prices and user fees can encourage efficient use of Government-supplied goods and services and preserve equity among various groups in the economy.

The next chapter discusses several outstanding tasks of public policy. These will require increasing investment of resources in the coming years. If these tasks are to be carried out, existing programs must be carefully reviewed to assure that they are conducted without waste, at minimum cost, and that obsolete activities are cut back or abandoned. Further, the new programs must be designed to accomplish their goals effectively with the least necessary outlay of resources.

The public tasks ahead are of such scope that only an efficient Government, conscious of its responsibility to the taxpayers, and relentlessly pursuing every path to lower costs and increased productivity in Government, can hope to achieve success. It is therefore doubly important to promote efficiency in Government.

## Chapter 4

### Some Economic Tasks of the Great Society

**T**HE UNITED STATES has long been a rich country. The abundance of our material output is one of the wonders of the world. Our per capita income is greater by half than that of the advanced countries of Western Europe and many times that of the less developed countries which contain 2 billion of the world's 3 billion people.

Yet we know that our society is imperfect. The President has sounded the keynote for a new effort to address ourselves to social problems which have been in our consciousness but which we have failed to attack with the full use of the great technical, social, and economic resources that we possess.

World War II, and the long cold war diverted our effort to other matters. We have been too preoccupied to take a careful look at our society to assess the changes that have taken place and the new opportunities that have developed.

Today, we have grown accustomed to the ceaseless burdens of being a great power, of preserving nuclear superiority and holding the line around the perimeter of the Western World.

The trauma of the Great Depression has healed as our economic system has shown its ability to avoid depression and, for the last few years, even recession. The steady expansion of output and employment—with remarkable price stability—has raised our sights, leading us to demand more of our economic system.

The role of the Federal Government changed in the New Deal of the 1930's and in World War II. The Government accepted responsibility for assuring a minimum of economic well-being for most individuals, for many special groups, industries, and agriculture. It undertook the task of stabilizing the economy against the destructive power of the business cycle, and it developed more active policies for resource development, transportation, business regulation, and labor relations. Its defense program made it the biggest purchaser in the economy.

After years of ideological controversy, we have grown used to the new relationships among Government, households, business, labor, and agriculture. The tired slogans that made constructive discourse difficult have lost their meaning for most Americans.

It has become abundantly clear that our society wants neither to turn backward the clock of history nor to discuss our present problems in a doctrinaire or partisan spirit.

We are ready to take a large step forward, to put on the agenda tasks long undone, to use our creative powers to build a better America—to move toward the Great Society.

The initial agenda for the Great Society does not lie solely in the realm of economics, though most of it has an economic dimension. It looks toward development of our human resources, preservation and improvement of the environment in which we live and work, and it dedicates itself to advancing the well-being of the individual.

In earlier chapters, policies to create an economic foundation for these goals have been discussed. The present chapter considers the following tasks:

- meeting the challenge of urbanization;
- educating our citizens for a complex world;
- raising health standards for all Americans;
- reducing poverty; and
- assuring equality of opportunity.

The following material is designed to present factual background and analytical insights into the economic aspects of these tasks and their achievement.

## URBANIZATION OF OUR SOCIETY

Today, America is an urban nation. In 1960, 125 million people, 70 percent of our population, lived in urban places—places with a population of 2,500 or more. Half a century earlier, less than half of our people resided in urban areas (Chart 15). And the forces promoting urbanization are not likely to abate. By the year 2000 over 250 million people, 4 out of 5 of the population, are likely to be urban.

Moreover, the urban population is increasingly concentrated in metropolitan areas—clusters of cities and suburbs and their nearby hinterlands. New York, the largest, had 10.7 million people in 1960. Altogether, one-third of the U.S. population lived in 24 metropolitan areas containing a million or more people. Another 30 percent lived in the remaining 188 metropolitan areas. But 10 million of the urban population still live in the smaller towns that are not part of metropolitan areas.

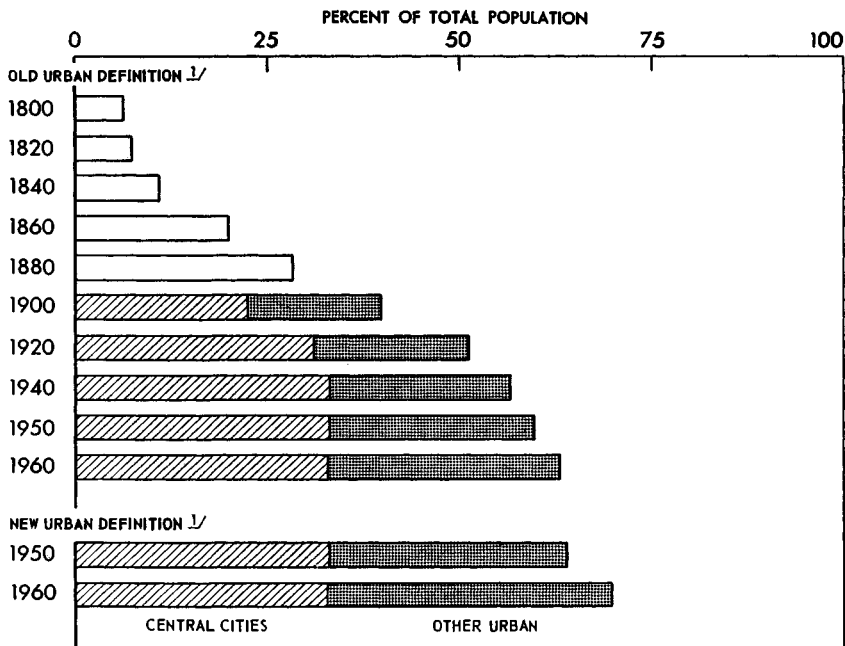
The urbanization of our society has been greatly accelerated by immigration from abroad and migration from farm to city. Most of the European emigrants to this country poured into the rapidly growing cities of the late 19th and early 20th centuries. This population movement came to an abrupt halt with World War I and the subsequent introduction of immigration quotas.

As the great immigrations from abroad reached their peaks and receded, an equally massive internal migration from rural to urban areas began. In many ways it has produced social and economic effects as far-reaching as the earlier waves of immigration.



Chart 15

## Urban Population in Relation to Total Population



Although the movement of people from the land to the cities is not new, it has reached new proportions in recent years. Indeed, the size of this internal migration is not generally appreciated: over 1 million a year have left the farm since 1940. A minority of the migrating farm families have found new opportunities in rural communities. The vast majority have sought new jobs in urban areas. And others besides farmers have left rural areas, bringing the total influx to the urban areas of 25 million.

Finally, the high birthrates of the postwar period have contributed as much to the absolute growth of urban populations in the last two decades as has the migration of people from rural areas.

### CHANGING STRUCTURE OF URBAN AREAS

The rapid growth of population in our metropolitan areas has been accompanied by major changes in the locational patterns of life and work. The growth of cities has long taken place primarily by outward movement at the fringes. During the postwar period this process has been characterized by its speed and its tendency to take place beyond the boundaries of

central cities. Between 1940 and 1960, the share of the metropolitan population living in central cities fell from 63 percent to 51 percent; the population of central cities rose by only 12 million, while the metropolitan population outside central cities rose by 28 million. Between 1950 and 1960, the central cities of 14 of our 15 largest metropolitan areas lost population.

The flight to the suburbs has been motivated by a desire for more space, fresh air, and privacy, and by a desire to escape from the social disorganization of the city. It has been facilitated by high postwar incomes, by the ready availability of federally guaranteed mortgage credit, and by the automobile.

Many businesses also have been moving from central cities. Retail businesses and, to a lesser extent, wholesale businesses have followed the population to the suburbs. Manufacturing industries have been growing much faster in the suburbs. By 1960, half of the jobs in manufacturing in metropolitan areas were outside the central cities.

A major reason for the migration of manufacturing industries is their desire for space. Expansion is difficult and costly in the central city locations, and modern technology places a premium on continuous one-floor operation. The rise of trucking, and, in many instances, the decreasing dependence on bulky raw materials, have tended to free manufacturing industries from the need to locate near railroads, rivers, and harbors. More widespread ownership of cars by workers has also increased the flexibility of plant location.

There has been continued concentration in central cities of financial, legal, and specialized business and consumer services. Cultural and educational facilities, central office administration, and governments have also shown preference for expansion in central city locations.

By and large, the transformation from rural to urban and from urban to metropolitan areas has been consistent with the search for greater economic opportunity and higher economic rewards. Urban areas offer far more opportunities for high-paying jobs and urban people enjoy higher incomes. With some exceptions, our largest metropolitan areas rank near the top in this respect. But in the wake of this transformation have come serious problems of adjustment: for the rural areas, adjustment to decline; for the central cities, adjustment to change in population structure and economic base; and for the suburbs, adjustment to rapid growth.

## PROBLEMS AND UNMET NEEDS OF URBAN AREAS

Existing institutions have responded only partially to the rapid growth and changing economic structure of our large cities. Many public and private efforts are already devoted to our urban problems, but the time is ripe for a more comprehensive response.

Our concern is both with the disadvantaged in the city and with the quality of the physical environment. Some of the human problems—educa-

tion, health, and poverty—are common to rural and urban areas; they will be discussed more generally later in this chapter.

### *Human problems of the cities*

Rural-urban migration has created problems of adjustment for the migrants and for the areas receiving them. Existing urban educational systems, social groupings, and economic structures have been unable to absorb smoothly the rapid influx of the poor, uneducated, and unskilled among the rural migrants.

Many have found it difficult to adjust to the new economic and social environment. Because they lack skills, they are handicapped in an industrial society which is increasingly replacing unskilled labor with skilled labor and machines. They become victims of impersonal business fluctuations which affect most heavily the younger, the less skilled, and the nonwhite workers. And if unemployed, they cannot fall back for food and shelter on the extended family system of a traditional rural society.

As middle and upper income groups have fled to the suburbs, central cities have been left with a disproportionately large share of the poor. This situation has been aggravated by racial discrimination which often restricts nonwhites to the older neighborhoods of central cities.

Poverty, lack of education and skills, and irregular employment stifle incentives for self-improvement and lead to social disorganization. Family breakup, alcoholism, drug addiction, rising crime rates, and illegitimacy have become major problems in our cities. Children in such environments, left to their own resources at an early age, quickly assume the ways of the preceding generation, perpetuating the process of poverty. Society must pay the costs through waste of human resources, increased public welfare expenditures, and decay of our social fabric.

The human problems are aggravated by the inadequacies of the physical environment. The accommodation of a large population at very high densities in cities which were shaped in an earlier technological era produces living conditions with little privacy or amenity.

### *Urban decay*

The blight and decay that afflict large parts of central cities are clear and visible. Part of what we see is another reflection of poverty: poor people cannot afford adequate, attractive housing. Another part results from the decreased dependence of industry and trade on central city locations.

But blight in cities tends to be cumulative. The older structures concentrated near the city center lose their economic usefulness as the functions of the downtown areas change. Extensive conversion, rehabilitation, and reconstruction are needed. If a few buildings need to be replaced or

renovated in an otherwise prosperous area, the market provides private developers and builders with sufficient incentives to undertake the work. However, when a pattern of decay permeates a large area, the dilapidation of neighboring buildings reduces the profitability of improving a particular property. A large area must then be improved as a single unit, and the cost and difficulties of acquiring and redeveloping a large tract of central city land are likely to deter private investors from the undertaking. In such cases, there is need for public policies to assist the private market in developing property for new and improved uses.

Although inadequate housing is by no means the only aspect of urban blight, it is the most important. Ten percent of all urban households—about 3.8 million families—live in housing that is dilapidated or lacking such amenities as plumbing facilities, piped hot water, and kitchen or cooking equipment. Inadequate housing is particularly acute for nonwhites: only 7 percent of urban white families live in inadequate housing, compared with 32 percent of urban nonwhites.

In many U.S. cities, the process of urban blight is worsened by discrimination against nonwhites. Discrimination in housing markets provides a captive market for dilapidated slum dwellings. Large profits can be made by undermaintenance, since Negroes are virtually deprived of access to adequate housing. The situation is sometimes aggravated by inadequate enforcement of building codes and public health statutes. The success of any effort to upgrade urban housing standards will depend on the elimination of racial barriers.

Commercial and industrial structures also become obsolete. The failure to maintain these facilities reflects in part the greater attraction of suburban locations. Here, too, it is sometimes difficult for normal market processes to avoid cumulative deterioration, and achieve conversion to new uses.

### *Area-wide problems*

The large metropolitan area typically consists of a central city and several smaller suburban communities. In dealing with many of the public services of the metropolitan area, it is desirable to take a broad view encompassing the needs and preferences of all the constituent communities. This is true in some instances because there are important economies that can be achieved by acting in concert; in others, because decisions taken in isolation by a particular community may have undesirable side effects on its neighbors. Thus, as metropolitan areas grow in size and diversity there is greater need for some area-wide coordination and planning.

*Land use.* Efficient use and aesthetic development of the limited land resources are major problems facing almost all urban communities. Private uses compete with each other and with public facilities for space. Individual land use decisions affect the value of neighboring properties and the general environment. These effects can be given adequate weight only if a

broader social view is taken, through appropriate taxation, zoning, and other regulations.

In metropolitan areas, zoning and other land use restrictions need to take into account the needs of the area as a whole, together with the special problems of the individual communities. Each community in isolation will zone its land use to suit itself, frequently banishing the less desirable uses to outskirts remote from its center and residential areas, but possibly near the living areas of neighboring communities. If the area is to have an efficient transportation system and if enough land is to be set aside for recreational purposes in convenient locations, a metropolitan perspective must be added to local land use decisions.

*Transportation.* The movement of people and businesses to the suburbs has greatly increased the burdens on our urban transportation systems. Part of this increase has been due to commercial traffic—the result of expanded economic activity. The greatest part, however, has been due to the growth of commuting between places of residence and employment. People are commuting longer distances, and more are crossing city boundaries. During the 1960 Census week, nearly one-fourth of the 39 million workers employed in our metropolitan areas commuted across the limits of the central city.

By no means all urban traffic moves into the city in the morning and out in the evening. As much as 29 percent of commuting across central city limits takes place in the opposite direction. The decentralization of retailing, manufacturing, recreation, and other activities has meant that travel patterns have increased in variety and complexity.

Commuters in most areas travel to and from work by automobile. This has led to massive investment in streets and highways and in parking facilities. As roads have been extended and improved, more individuals have been encouraged to commute by automobile, and congestion has continued. This has stimulated a revival of interest in mass transportation.

An effective transportation system involves a combination of individual and mass transit. The advantage of the automobile is its flexibility and convenience in terms of time and place of travel, number of people, and cargo. The advantage of public transit lies in its lower cost, more economical use of space, and broader availability to persons unable to rely on automobiles. But no one system can do the job alone.

In many areas, patronage of public transportation has declined drastically; between 1952 and 1962, revenue passengers carried by buses and streetcars in the United States dropped by 41 percent; and 194 transit companies were abandoned between 1954 and the end of 1963. The loss of patronage raises unit costs, requiring higher fares to break even, and leading to further shrinkage of patronage. Railroads subject to the same process have abandoned many commuter routes. With the advent of the automobile, some decline in patronage of public transportation was inevitable. Yet it might not have been as great under a program of more balanced public develop-

ment of individual and mass transportation. While billions of public funds have been spent on roads and streets, the mass transit systems have not been able to attract private capital, nor have the central cities been able to invest sufficiently to keep them from deteriorating.

Clearly, the transportation problems of a metropolitan area transcend individual communities, whether they be the central city or the suburbs. An effective transportation system for the metropolis should permit people to move easily both between and within the suburbs and central city. Individual communities working in isolation to solve their local traffic problems are more likely to provide a patchwork than a logical system of connecting routes. Thus, area-wide planning is required if an effective transportation system is to be devised and coordinated.

*Waste disposal and water pollution.* The growth of urban population, commerce, and industry has led to a rapid rise in the use of water. Little water is actually consumed in most uses for which it is withdrawn. Most of it is returned to some natural body of water, usually with some waste or other deterioration in quality. If the quality has not deteriorated too much, the water is available for reuse. Water in major rivers is reused several times before it reaches the sea.

Since most of the costs of pollution are borne by downstream users rather than by those who generate the wastes, municipalities and industry have little incentive to treat waste adequately before discharge. The result is that the collection and treatment of waste lag behind water use. In 1962, about 20 million more people were served by municipal water supply than by waste treatment systems. Much industrial waste is discharged without treatment, and between 1950 and 1960 the discharge of industrial organic waste to streams increased by 30 percent.

The discharge of pollutants is concentrated in urban areas and is increasing as time passes. More effective regulations and enforcement will be necessary to achieve cleaner streams and lakes. Another policy instrument that may be of value is a system of fees for the discharge of effluent. Such fees, if feasible, would confront polluters with the social costs of their actions and would encourage them to reduce pollution.

*Air pollution.* Air pollution, like water pollution, results from excessive discharge of wastes, often the result of incomplete combustion. Pollutants are discharged into the air by industries, households, and municipalities. The automobile is probably the largest single source of air pollution; California has adopted a law prohibiting the sale of cars without pollution control devices, and other states are considering similar action.

Discharge of pollutants has increased rapidly with the growth of population and industry. More than half of all U.S. urban communities are affected by air pollution. One-quarter of the population live in communities in which air pollution is a major problem.

Air pollution is at best a public nuisance, at worst a source of serious damage to health and property. Although more research is needed, rela-

tively inexpensive methods are already available for the control of most pollutants. As with water pollution, economic incentives are lacking. The cost of air pollution is borne mainly by the community at large rather than by those responsible for the pollution. It can be reduced by more effective regulation or, for major polluters, by discharge fees.

*Open spaces and outdoor recreation.* Although people value open spaces in urban areas, there is no market on which they can register these preferences. It would not be feasible to create such a market because of the difficulty of imputing or confining benefits from urban open spaces to particular individuals. There is a strong temptation for hard pressed local governments to maintain their tax base by abandoning open spaces to developers, by routing new roads through parks rather than through developed areas, and by making inadequate additions to the available open space as the population expands.

The amount of open space per person is small and probably declining in the larger metropolitan areas. In addition, the provision of State and county parks within driving distance of metropolitan areas is lagging behind the growth of these areas, and most of our Federal recreational facilities are remote from the major population centers.

But with incomes rising and leisure time increasing, the demand for outdoor recreation is growing rapidly. Many city parks are now used nearly to capacity, and visits to State parks have increased by 123 percent in the last decade. The Outdoor Recreation Resources Review Commission projects a tripling of over-all demand for outdoor recreation facilities by the year 2000.

#### *Federal programs for urban areas*

During the past thirty years, the Federal Government has been developing programs of assistance—to individuals, to business, and to State and local governments—that contribute to the improvement of the urban environment and to the alleviation of the social, developmental, and financial problems of urban areas. Among the most important of the existing programs to improve the physical environment are aids to public housing, urban renewal, highways, mass transit, waste treatment, airports, and hospitals. The human problems of the city are approached through national programs for education, health, welfare, and social insurance, and to combat poverty.

These measures have made great contributions to the development of urban life. But the rapid growth of metropolitan areas has compounded or changed the nature of many of these problems and created new ones. New knowledge—partly gained from the mistakes of the past—can be brought to bear. It is now evident that new directions in Federal policy are needed in these efforts.

Most important is Federal encouragement of area-wide metropolitan planning, to assure the development of integrated systems of land use, of

transportation, water supply, sanitation, and pollution control. Some Federal programs now require local coordination in the provision of physical facilities. But even if some area-wide coordination is achieved in individual functions such as transportation or sanitation, an effectively integrated pattern of development cannot emerge unless the several functions are brought into a common focus. This can only be achieved if there is some method of taking an area-wide, comprehensive point of view, which brings together all levels of government and pertinent private organizations to evolve a metropolitan area plan.

Metropolitan area planning is no panacea. Each community has its own preferences and problems, and its local government is best able to discern them. Nor does metropolitan planning directly augment the resources available to meet the rapidly increasing needs. It is clear, however, that fragmentation of legal jurisdictions has proceeded too far in many of our metropolitan areas. The Federal Government has a responsibility to promote planning to assure that public needs are met efficiently and that the federally aided local public programs will, indeed, produce a more livable and efficient urban environment.

Because the allocation of land to various purposes is so fundamental to the future pattern of a metropolitan area, the Federal Government should continue to give some help to promote better land use planning. While decisions about land use will remain mainly a local matter, research and the spreading of information to improve zoning techniques are desirable.

As the metropolis grows in area and density, it is particularly difficult to preserve open spaces for recreational and aesthetic purposes. The Federal Government already aids localities to acquire open lands, and this program is a logical part of a greater emphasis on metropolitan planning.

One way of avoiding congestion in the metropolitan area is to bring homes, community services, and jobs closer together in smaller and more self-contained communities. Federal aids to urban areas need to be adapted to this promising new approach.

The Federal Government has a responsibility to reexamine and improve its existing programs. Urban renewal is rapidly transforming many of the blighted downtown areas of our cities to new and more productive uses, thereby helping to reverse the downward spiral of malfunction and decay. However, despite an increase in the efforts to find adequate housing for the persons displaced by the tearing down of slums, it is evident that these efforts are still not wholly successful. Experience has shown that much of the land made available through urban renewal in downtown areas is drawn into commercial and high rent residential uses. The Government therefore must take further steps to augment the supply of low and medium rent housing in the city. The recent emphasis in urban renewal on rehabilitation of existing residential units should make a contribution to this need; and the Federal sharing of costs of code enforcement begun last year should help to stem the decline of gray areas.



The FHA and VA mortgage guarantee programs have greatly increased the supply of middle-income houses and are among the main forces behind the growth of suburbs. The public housing program has sought to provide low-income housing, and in recent years housing assistance for middle-income families has been a major program innovation. But we need to test out more flexible methods of providing housing assistance for families of different incomes, under which families are not forced to move out of their homes when their incomes rise above a specified level.

The impact of governments on the private decisions which mainly determine the development of metropolitan areas is large. The value of land in alternative uses depends on government decisions on zoning and transportation. The commuter's decision to use a particular transportation system depends on the cost he must pay. The extent of air and water pollution depends on the willingness of governments to impose regulations. Federal, State, and local methods of taxation help to determine the profitability of slums and of their rehabilitation.

As public policy seeks to improve the livability of metropolitan areas, it must be keenly aware of its effects on private incentives and behavior. The development of our metropolitan areas will always be primarily determined by private actions. Wise government policies will promote private efforts that improve the quality of urban life and will provide incentives which channel private decisions toward an efficient use of resources.

#### PROBLEMS AND UNMET NEEDS OF RURAL AREAS

Farming has traditionally been the primary, if not the exclusive, industry of rural areas. Today, only a quarter of the rural population lives on farms. Farming has become a shrinking source of employment opportunity for the rural labor force. The industrial revolution in agriculture in recent decades has raised gross output per man-hour on the farm to nearly 4 times what it was in 1940. In the process, farming has been transformed from a way of life into a business; farms have grown larger and declined in number. Less than one in ten of the youth now on farms can expect to become farmers. The decline in farm employment opportunity and the resulting adjustment problem is intensified by economic growth itself. Inevitably, as our national income grows, a smaller proportion is spent for the products of agriculture.

Although other sources of employment—mainly in rural service industries—have expanded somewhat, they fail by a wide margin to compensate for the heavy losses in agriculture. Stagnation in rural employment opportunities has occurred at a time when economic opportunity in urban centers has been expanding. Response of rural people in this situation has frequently been migration. The rate at which people have migrated from agriculture is closely associated both with the rate at which over-all economic growth has created job opportunities elsewhere and with changes in the productivity

of agriculture that have reduced the number of farm jobs. Thus, there is an economic push as well as a pull that operates upon the size of the rural-urban migration and alleviates or compounds the pressures of excess labor supply on rural communities.

As the economic opportunity in agriculture for new labor market entrants has fallen in most rural communities, little has taken its place. The economic vitality of many rural areas has declined and economic growth has faltered. In some places, commuting to industrial jobs has filled the void. But many communities have suffered major population losses. In about half of the Nation's 3,081 counties the total population declined during the 1950's, and more than 90 percent of those losing population were rural counties. Thus, at a time when the larger urban communities are faced with the problems associated with rapid growth of population, many rural communities are confronted with the dilemmas posed by rapid loss.

This loss has mainly been of young people, leaving behind an aging rural population. A decline of a rural community's population by as little as 5-10 percent in a decade usually means that there has been a net outmigration of more than 50 percent of the young adults.

The average rural community does not now do as well as the typical urban community in providing education, health, and other necessary community services. This deficiency is compounded in many communities which have lost so many people that schools, churches, stores, and even local governments can no longer be adequately supported. As the economic base of the community is impaired, the supply and, particularly, the quality of the community's social services decline even further. The only way out of this problem, short of a major new source of economic activity and employment, is for such communities to search for and cooperate in the creation of centralized institutions serving wider areas—such as has occurred in the consolidation of schools, and even county governments in some cases.

The problems of urban areas have their counterparts in small towns and rural communities. Poverty, inequality of opportunity, and inadequate health and educational facilities have an even higher incidence in rural than in urban areas. These problems are essentially national in scope, and they are presented in the following sections in their national framework.

## EDUCATION

The education of our people is the most basic resource of our society. Education equips man to think rationally and creatively in his quest for knowledge, for beauty, and for the full life; it provides the basis for effective political democracy; and it is the most important force behind economic growth, by advancing technology and raising the productivity of workers.

This country has led the way in making education available to all. It has the highest level of educational attainment and allocates almost 6 percent of its gross national product to direct expenditures on education.

In the last seven years, since the launching of the first sputnik, there has been a great concern about both the quantity and the quality of American education. Major efforts were made to strengthen education for science and technology, including the National Defense Education Act of 1958. In 1963 and 1964, major Federal programs were enacted to aid higher education through grants and loans, to improve and expand facilities for the sharply rising numbers of students about to reach college age, to support teacher training and language study, and to strengthen vocational education.

Most recently, the drive for improvement has focused on meeting the educational needs of disadvantaged groups, to equip them to escape from poverty and to become full participants in our productive effort and standard of living. The President has proposed a new program to help education this year aimed primarily—though not exclusively—at this effort.

## RETURNS TO EDUCATION

The impact of education on economic productivity, though long recognized, has recently come to be more widely appreciated. Expenditures on education produce a wide and important array of direct and indirect economic benefits to individuals and to society.

Evidence on the effects of education on productivity is mounting. Increases in the conventional inputs of labor and capital explain only about half the growth of output in the economy over the past half-century. The rising level of education appears to account for between one-quarter and one-half of the otherwise unexplained growth of output. Despite the great expansion of the better-educated population, the pattern of income differentials associated with education has remained substantially unchanged over the past quarter-century. In 1963 the median income of male high school graduates 25 years of age and over was \$6,000, compared with \$5,153 for those with 1–3 years of high school and only \$4,076 for elementary school graduates. Moreover, the incidence of poverty is closely related to educational attainment—the chance that families headed by elementary school graduates will be poor is over twice as great as for families headed by high school graduates.

Other effects defy both easy cataloging and quantification. They include the impact of education on research and the development of new products and processes, and the economic efficiencies that result from general literacy and substantial educational attainment.

The direct and indirect benefits to society exceed those to individuals or specific communities. The operation of the market frequently makes it impossible for the individual to capture all of the gains produced by his work; the successful inventor, scientist, or artist creates benefits to society not measured by their financial reward. And communities which lose some of their better educated young people—as many rural communities are doing—are unable to reap the benefits of increased productivity which their investment in the education of those leaving makes pos-

sible. The presence of these public benefits warrants a social investment in education above and beyond what the single individual or his family or his area might be prepared to spend, and argues that the Federal Government should assist the efforts of States and localities.

Even when viewed in the narrow perspective of economic benefit alone, expenditures on education yield high rates of return. The rate of return to society on its total expenditure for the public and private education of males is estimated at more than 10 percent at both the high school and college levels; this rate compares favorably with the return on other investment opportunities in the economy.

#### AVAILABILITY OF EDUCATION

The quality and availability of education vary greatly. For example, in 1961-62 current expenditures per child in average daily school attendance were \$438 in the Great Lakes and Plains States, compared with \$295 in the Southeast. Differences in teachers' salaries alone cannot account for such variations. Differences in fiscal resources are resulting in differences in quality of education.

In 1964, about 40 percent of the total population over age 25 in the South had completed high school; in the Nation as a whole, almost half of the total population had a high school education. Nonwhite males over age 25 averaged 8.7 years of schooling, compared with 11.9 years for white males. Although these differences are narrowing among the young, they are still large. Even in the age group 25-29, only 6 percent of nonwhite males have completed 4 or more years of college; the equivalent figure for white males is 18 percent. Moreover, the education available to Negroes has been inferior in many cases.

Increasing the resources devoted to education will help to eliminate the disparities in the amount and quality of education offered in different sections of the Nation and to different segments of the population. In addition to making education available, it is necessary to insure that low family incomes do not bar individuals from taking full advantage of these expanded opportunities. Many individuals fail to develop their talents fully, often for economic reasons. In 1960, one-third of the top 25 percent of youths did not go on to college; 5 percent did not even finish high school. This is a serious waste of talent.

The quality of our education must be continuously improved. Many school systems are already adopting strengthened curricula, and demonstration and experimental programs are being evaluated. But increased support is needed for innovation, adaptation, and the speedy dissemination of new research.

#### THE PRESIDENT'S PROGRAM FOR EDUCATION

In his Education Message, the President has recommended a program that will broaden the scope of the educational system, will make educational

opportunities more equal, and will raise the quality of education at all levels.

The major proposal for equalizing and expanding educational opportunity is a \$1 billion program to aid elementary and secondary schools to improve the education of the poor. This program will supplement by 50 percent the resources devoted to educating the children from families with incomes below \$2,000. It will contribute greatly to the resources of poor school districts—as much as 30 percent beyond present expenditures in the very poorest areas and 3–10 percent of total operating costs in the larger cities. A program of preschool training under the Community Action Program of the Office of Economic Opportunity will enable children from low-income families to take better advantage of elementary and secondary education.

To increase the quality of education, the President has recommended the establishment of a new program of grants for supplementary educational centers to be set up by a consortium of schools and other agencies in a community. They will provide special services—advanced science courses and laboratories, remedial reading, television instruction, summer courses, after school help, music and language training, and other types of aid—for all of the participating schools, public and private. In addition, proposals have been made for strengthening educational research and innovation, library resources, and State departments of education.

A new program will seek to identify, early in their high school career, students of the greatest promise and the greatest need. It will provide scholarships to encourage them to decide in favor of higher education in order to develop their talents. Low-interest loans and an expanded Work Study Program will help college students continue their studies.

The President has proposed a program for strengthening smaller and less developed colleges through exchange arrangements with large universities. College libraries will be enriched by a grant program for the purchase of books, and universities through their extension services will be encouraged to tackle problems of the city.

## HEALTH

Medical knowledge and treatment have advanced rapidly over the past several decades. Unfortunately, these gains have not been fully reflected in the health of the population. New knowledge is not being disseminated widely or quickly enough; trained manpower and special facilities needed to translate new treatment techniques into medical practice remain inadequate; and many individuals are financially unable to take advantage of even generally available health services. It was to these problems that the President addressed his Health Message to Congress.

### THE STATE OF OUR NATION'S HEALTH

Improvements in health in this century have been remarkable. Between 1900 and 1963, the death rate dropped from 17.2 to 9.8 per 1,000 population; as a consequence, life expectancy rose from 47 years to 70 years. At

the same time, there were substantial declines in morbidity as infectious and parasitic diseases were eliminated by public health measures, new drugs, and improved living standards. Despite these advances, life expectancy in the United States is below that in several countries, and ten countries have lower infant mortality rates.

Chronic diseases remain as the major causes of mortality and disability. The recent Report of the President's Commission on Heart Disease, Cancer and Stroke predicted that these three diseases alone will take almost 1½ million American lives this year. Wider use of available knowledge could save the lives of approximately 150,000 cancer patients each year, and better detection methods and more extensive use of surgical techniques could save many others who suffer from heart disease and stroke. But elimination of these diseases and a further lengthening of the average lifespan require future breakthroughs in medical research.

This year, total funds supporting medical research will approximate \$1.7 billion, over \$1 billion of which comes from Federal sources. Important new discoveries have emerged from this unparalleled research effort. With the development of vaccines, for example, polio has been virtually eliminated in the past decade. The discovery of new antibiotics has reduced both mortality and the amount of illness. And medical research efforts have produced improved methods of disease detection and better surgical techniques. For example, children with acute leukemia now have a much longer life expectancy as a result of federally supported and conducted research.

To reap the full benefit of this scientific progress, new knowledge must be disseminated widely and quickly among practicing health personnel. The latest medical equipment, much of it complex and expensive, must be available throughout the country. And the public must have both the economic means and the understanding to seek and obtain early diagnosis and treatment. The failure to achieve these goals has been particularly unfortunate for children, the poor, and the elderly.

Better health services for children can contribute substantially to their future physical and economic well-being. Too many children—and especially poor children—suffer from chronic ailments or are handicapped, mentally retarded, or emotionally disturbed. The 15 million children of low-income families receive far less medical care than they require. They visit physicians only half as often as children from other families; more than half between the ages of 5 and 14 have never been to a dentist; and though they are hospitalized less, the duration of their stay averages twice that of children from higher-income families. Problems of child health frequently stem from inadequate maternal care which gives rise to birth defects, acute and chronic illnesses, and lasting disabilities.

Older persons, who tend to have lower incomes, larger medical costs, and a higher incidence of major and catastrophic illnesses, probably suffer most from insufficient health care. In 1962 only half of the elderly had any health insurance coverage, much of it inadequate. Median medical care

costs for aged couples were \$240; for a quarter of them, costs exceeded \$500. Since their median income was \$2,875, the average aged couple spent almost 10 percent of its already low income on medical care.

## HEALTH PROGRAMS

To speed the application of existing knowledge and the development of new knowledge of diseases and their treatment, the President has proposed establishing a network of regional medical complexes. Combining medical research, medical education, and medical care, these centers will make available the best in diagnosis and treatment to people throughout the country. Additional support for basic research also has been proposed.

Enactment of hospital insurance for the aged under Social Security, financed by a separate trust fund, will improve health services for the elderly by helping to pay for inpatient hospital care, extended nursing home care, home health visits, and outpatient diagnostic services. The recommended program for child health, and more adequate public assistance grants for the medical expenses of needy children, will make an important contribution toward breaking the circle of poverty. Finally, the President has recommended expansion of programs in the field of mental health and mental retardation.

The extension of adequate health care to the entire population will require the growth of our health facilities and personnel. The Hill-Burton Act of 1946 has greatly aided hospital construction, and the 1964 amendments will provide further stimulus to the construction and modernization of medical and public health centers. The Nurses Training Act of 1964 and the Health Professions Educational Assistance Act of 1963 will augment the supply of medical manpower. In addition, the President has recommended direct financial assistance to medical and dental schools to speed the flow of trained manpower to meet the rising demand for health services.

## POVERTY

Too many of our citizens neither share adequately in the benefits of our economic progress nor contribute effectively to its creation. America's renewed focus on poverty last year called attention to the fact that 35 million Americans—one-fifth of the population—still lived in poverty. When the President declared war against poverty in his State of the Union Message a year ago, the conscience of the American people was stirred.

Widening participation in prosperity will not be accomplished easily. It calls for a combination of public and private policies which, while reflecting society's compassion and concern, will attack the root causes of poverty. It requires assisting all citizens who need help in developing their full potential. It requires strengthening our protections against the economic hazards inherent in modern society. And it requires improving our assist-

ance to those who, because of age, disability, or adversity, are unable to provide for themselves.

Last year, the Council's Annual Report set forth a preliminary analysis of the structure of poverty, focusing on the economic characteristics of the poor and the causes of their poverty. Since then additional information has become available, shedding more light on the process by which family poverty may arise, persist, or disappear.

#### THE RECORD OF PROGRESS AGAINST POVERTY

The percentage of American families with incomes (in 1962 prices) below \$3,000 fell from 32 percent in 1947 to 20 percent in 1962 and to 19 percent in 1963. Experience indicates that in periods of strong economic expansion the incidence of poverty declines. Between 1947 and 1962 the number of poor families fell from 11.9 million to 9.3 million; in 1963 alone it dropped an additional 300,000, and a further reduction probably occurred last year. The composition of this group of families showed little change from 1962 to 1963. The incidence of poverty remained highest among farm families, nonwhite families, and those headed by females, and among the elderly, the least educated, and those unable to work. The median money income of poor families has remained close to \$1,800 since 1958.

#### MEASURES AND CHARACTERISTICS OF POVERTY

In its 1964 Annual Report, the Council proposed an income below \$3,000 as a test of family poverty. It recognized that a determination of poverty status cannot be exact, either conceptually or in practice, for "there is no precise way to measure the number of families who do not have the resources to provide minimum satisfaction of their *own* particular needs." However, the attack on poverty requires a quantitative perspective on the problem. Therefore, the Council concluded that the \$3,000 income limit "provides a valid benchmark for assessing the dimensions of the task of eliminating poverty, setting the broad goals of policy, and measuring our past and future progress toward their achievement."

In the past year, additional research has been devoted to measuring the character and extent of poverty, taking into account a broader range of considerations than annual income alone. This will permit the development of more comprehensive measures of the problem.

##### *Differences in family composition*

The \$3,000 poverty line was intended to reflect the minimum current income needs of a typical family—typical with respect to size, age of members, and a variety of other characteristics. Recognizing that few families are typical, the Social Security Administration has now estimated the income needed to achieve comparable minimum standards of consumption by families of various size and age composition in both rural and urban areas.



The minimum income needs of an urban family of six, for example, will normally differ from those of an elderly rural couple.

Under these revised estimates, roughly the same total number of persons are classified poor as under the simpler \$3,000 family income test, but the composition of the poverty group is somewhat different. The number of poor families is smaller; the number of adults is reduced, especially among the aged and those who do not work. The number of large families classified as poor increases, however; and, most important, the estimated number of children in poverty rises by more than one-third, from 11 million to 15 million. This means that one-fourth of the Nation's children live in families that are poor. These findings underscore the importance of helping young people escape from poverty. This pressing objective, stressed in last year's Annual Report, is emphasized in the Economic Opportunity Act and in the President's new proposals for education and health care of children.

### *Asset ownership*

A family's ability to maintain an adequate standard of living depends on its accumulation of assets and liabilities as well as current income. A family may be able to sustain its consumption during an occasional year of low income by drawing down savings, borrowing on assets, and postponing the replacement of durable goods. Thus the measurement of poverty is improved by distinguishing temporary from chronic inadequacy of income, and considering the asset holdings of low-income families. However, in practice, few low-income families can long maintain satisfactory consumption levels by drawing down their assets. Average (median) net asset holdings of poor families amounted to only \$2,760 at the end of 1962. The bulk of these assets consisted of equity in a home and thus could not be easily converted into consumption. Even if a typical poor family were to draw down its assets to supplement current income in order to maintain consumption at the rate of \$3,000 a year, these assets would be entirely exhausted within two to three years.

Older families with incomes of less than \$3,000 generally possess more assets than do younger families with low incomes. Many of the former are retired and are using their savings to meet living costs. A composite measure of poverty based upon income and asset criteria would exclude some older families now classified as poor under the income test alone.

### *Income variability and the persistence of poverty*

The extent of chronic poverty is reflected by a measure of persistence—the percentage of poor families in any given year who remain poor in succeeding years. A study of incomes of the same families in two successive years shows that approximately 70 percent with incomes below \$3,000 in one year have similarly low incomes in the following year. This suggests that the poor include a largely unchanging group of families. Persistence of

poverty is greatest among families headed by females, the less educated, non-whites, and the aged, as shown in Table 19.

TABLE 19.—*Persistence of poverty, by selected family characteristics, 1962–63*

Selected characteristic	Persistence of poverty
All families.....	69
Age of head:	
14–24 years.....	62
25–34 years.....	55
35–44 years.....	53
45–54 years.....	63
55–64 years.....	71
65 years and over.....	80
Work experience of head:	
Worked.....	60
At full-time jobs.....	53
At full-year jobs <sup>1</sup> .....	51
At part-time jobs.....	79
Did not work.....	83
Education of head:	
Less than 8 years.....	79
8 years.....	72
9–11 years.....	64
12 years.....	53
13–15 years.....	54
16 years or more.....	40
Type of family:	
Husband-wife.....	68
Wife in paid labor force.....	48
Wife not in paid labor force.....	73
Other male head.....	61
Female head.....	76
Color of head:	
White.....	67
Nonwhite.....	76

<sup>1</sup> Worked 50–52 weeks.

NOTE.—Data relate to families and exclude unrelated individuals. Poverty is defined to include all families with total money income of less than \$3,000; these are also referred to as poor families. Persistence of poverty is measured by the percent of poor families in 1962 that are also poor in 1963.

Data based on sample of families living at same address as year earlier; movers, whose characteristics could differ from nonmovers, are excluded. In addition, implied changes based on two interviews a year apart for the same family are particularly affected by response errors.

Data are not entirely comparable to those shown in Table 20. See note to that Table.

Source: Department of Commerce.

Temporary poverty is likely to arise from unemployment, illness, or other disability, and, for the self-employed, from the hazards of small business. Movement out of poverty is related to changing levels of economic activity.

The process by which over-all poverty is reduced from one year to the next involves a number of divergent influences. Some families become poor, a slightly larger number become better off, but the great majority simply remain poor. Of the 9.3 million poor families in 1962, 0.6 million were dissolved in 1963, and another 1.8 million—only 19 percent of the total—moved to a higher income status. Meanwhile 6.9 million remained poor (Table 20) and 1.7 million other families fell into the low-income group.

Of those families leaving poverty in 1963, slightly over two-fifths secured incomes between \$3,000 and \$4,000, one-fifth moved into the \$4,000 to \$5,000 range, and the remaining two-fifths reached or surpassed \$5,000.

TABLE 20.—*Changes in poverty, 1962–63*

Poverty status of family	Estimated number of poor families (millions)
Poor families in 1962.....	9.3
Less: Families no longer poor in 1963.....	1.8
Poor families dissolved in 1963.....	.6
Equals: Families poor in 1962 and 1963.....	6.9
Plus: Families who became poor in 1963.....	1.7
Newly formed poor families in 1963.....	.4
Equals: Poor families in 1963 <sup>1</sup> .....	9.0

<sup>1</sup> Families with total money income of less than \$3,000 (1962 prices).

NOTE.—Data relate to families and exclude unrelated individuals. Poor families are defined as all families with total money income of less than \$3,000.

This table is based on total number of poor families that moved or were dissolved. The persistence rate—74 percent—derived from this table is somewhat higher than that in Table 19.

Source: Council of Economic Advisers.

Those families whose incomes rose from less than \$3,000 to \$5,000 or more undoubtedly included a large number of families where bread winners returned to full-time work or a new earner found a job. On the other hand, many of those who rose from poverty status, particularly those in the \$3,000 to \$4,000 bracket in 1963, probably did so only temporarily.

The statistics suggesting that about 20 percent of the poverty-stricken families in any given year are no longer poor in the following year certainly overstate the degree of real improvement in the income position of this group. They fail to reveal the extent to which many of these families hover about the \$3,000 income line. An increase in income from \$2,900 to \$3,100 hardly constitutes an escape from poverty and, furthermore, may be quickly reversed. Therefore, some measure of poverty covering more than a one-year period is more appropriate and useful in identifying the incidence of chronic poverty. A poverty criterion based on a two-year income average of \$3,000 yields nearly as many low-income families as is indicated by the one-year measure.

### *Employment status*

The analysis of poverty in last year's Annual Report emphasized the importance of economic expansion and rising aggregate employment in reducing the number of poor families. But it also made clear that many of the poor—because their family heads are not in the labor force—do not necessarily benefit from general economic prosperity. Data on work experience in 1963, shown in Table 21, provide further indications of the relationship between unemployment and poverty.

Some 30 percent of families with incomes below \$3,000 were headed by persons who held jobs (mostly full-time) throughout the year. An additional 14 percent were headed by persons in the labor force during only part of the year but who were never counted as unemployed because they moved into or out of the labor force. The heads of 16 percent of poor

TABLE 21.—*Distribution of all and poor families, by work experience of family head, 1963*

Work experience of head	Percent distribution	
	All families	Poor families
Total.....	100	100
In labor force during year:		
Employed all year.....	67	30
Employed part of year:		
Not unemployed.....	9	14
Unemployed part of year <sup>1</sup> .....	11	16
Not in labor force during year.....	13	39

<sup>1</sup> Includes small percent not employed at all during year.

NOTE.—Data relate to families and exclude unrelated individuals. Poor families are defined as all families with total money income of less than \$3,000 (1962 prices).

Detail will not necessarily add to totals because of rounding.

Source: Department of Labor.

families experienced unemployment during 1963. The incidence of poverty was particularly high among those unemployed for long periods. A more prosperous economy and stronger job markets would have aided the incomes of all these groups, but particularly the last.

The largest group of poor families—39 percent of the total—was headed by persons completely out of the labor force during 1963. A few of these family heads, of course, are among “the hidden unemployed”—those employable workers who had withdrawn from or failed to enter the labor force because of discouragement about job opportunities. However, many more of them were retired, disabled, or were women with child-rearing responsibilities.

## THE ATTACK ON POVERTY

Passage of the Economic Opportunity Act of 1964 marked the opening of an enlarged attack on inadequate incomes in an economy of relative abundance. The main thrust of this effort is directed at the roots of poverty—particularly at helping the children of the poor. The programs of the Office of Economic Opportunity will provide a community-wide focus for anti-poverty efforts by offering education, training, and work experience to help young people escape from poverty. They augment other Government programs for education, training, health, and welfare services which deal less specifically with poverty.

Federal funds have begun to flow in support of Community Action Programs across the Nation. These Programs, planned, operated, and coordinated at the local level, will make services needed to break out of poverty available to the poor. The services can range from preschool preparation to counseling to establishing neighborhood centers. It is anticipated that Programs will be approved in approximately 300 communities this year. Community Action Programs, mobilizing local public and private leadership, are an important new social institution and a major weapon in the war on urban poverty.

The Neighborhood Youth Corps-Work Training Program will provide useful work experience opportunities for unemployed young men and women in State and local governments and nonprofit organizations. By the end of June, approximately 175,000 young men and women will have entered this Program. The Job Corps will offer education and vocational training—along with some work experience—in conservation camps and residential training centers to approximately 25,000 young people by this June. The goal of the Work Study Program is to provide part-time employment this year to nearly 100,000 low-income college students who need financial assistance to enter upon or continue their college educations. And the Work Experience Program will provide constructive work experience and training for close to 90,000 unemployed fathers and other needy persons.

The Federal budget for fiscal year 1966 provides \$1.5 billion—almost twice the 1965 amount—in new obligational authority to the Office of Economic Opportunity to carry out these Programs.

Although several million people will be assisted by Community Action Programs this year, and over a half million more will participate directly in education, work, and training programs, this is only the beginning of the Nation's long-range war on poverty. Continuing effort, carried out with skill and imagination, will be required to eliminate poverty in the United States.

## EQUALITY OF OPPORTUNITY

Passage of the Civil Rights Act of 1964 marked the beginning of a new era of concern for equality of opportunity. This historic civil rights legislation outlaws a wide variety of discriminatory practices which have been applied against many groups, but particularly against Negroes.

The gains to be derived from new programs in the employment, urban, education, health, and poverty areas will be fully shared only if we continue breaking down the barrier of discrimination, whether because of race, creed, age, or sex.

The Civil Rights Act is likely to extend the horizons and motivations of nonwhite youth, as it opens up new employment opportunities. There will be greater incentive to stay in school and to obtain training. Incomes will rise and the circle of poverty in which many Negroes are trapped will be broken.

Discrimination against minorities—Negroes, Puerto Ricans, Spanish-Americans, Indians, and others—has significant economic and social costs. It is estimated that society loses up to \$20 billion per year of potential production as a result of employment discrimination and poorer educational opportunities for nonwhites. They earn about 30 percent less than whites—even when they have received similar amounts (but often lower quality) of schooling and are in the same occupations. Not surprisingly, the incidence of poverty is much higher for nonwhites—40 percent, as against 16 percent for the white population.

The extent to which nonwhites fail to share in the economic benefits of a prosperous society—in housing, education, health, employment, and income—is revealed in Table 22. Such comparisons would be even more glaring were it not for recent efforts to break the barriers of job discrimination. The consequences of discrimination show up in low-income housing programs, in large welfare payments, and in a variety of special and remedial programs. These outlays attempt to make up for what society has failed to prevent.

TABLE 22.—*Selected measures of discrimination and inequality of opportunity, by race*

Characteristic	White	Nonwhite
Housing, 1960: Percent of families in substandard housing.....	11.2	41.6
Education, 1964: Median years of school completed, 25 years of age and over.....	12.0	8.9
Percent completed high school, 20-24 years of age.....	75	53
Health, 1963: Life expectancy at birth (years).....	71	64
Infant mortality rate (per 1,000 live births).....	22	42
Employment, 1964 (percent of total civilian employment): <sup>1</sup> Professional-managerial occupations.....	25.3	9.4
Craftsmen and foremen occupations.....	13.1	6.9
Median income of males, 1963: Some or completed college.....	\$6,829	\$4,070
High school graduates.....	\$5,600	\$3,821

<sup>1</sup> Data relate to March 1964.

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

Efforts to eliminate discrimination in employment were heightened by the establishment in 1961 of the President's Committee on Equal Employment Opportunities. Discrimination in Federal employment and in the performance of Federal contracts has been prohibited. Government agencies, including the armed services, have intensified their efforts to widen job opportunities for Negroes.

The voluntary cooperation of businesses and unions has been enlisted to open both jobs and union membership to nonwhites. One of the most critical remaining barriers to the employment prospects of nonwhites is the lack of sufficient openings in apprenticeship programs. Until younger Negroes can acquire the skills necessary to compete in today's labor market, equality of opportunity will not be realized.

Discrimination is not limited to race. It is also applied against women and older citizens. Implementation of the Equal Pay Act which prohibits payments of differential wages to women when they are performing jobs similar to those performed by men promises to improve the earning power of American women. Widespread discrimination against the hiring of older people continues, though efforts have been made to offset this by retraining and increased placement activities for older workers.

## PERSPECTIVES

The problems outlined above have long been with us. The programs that have been developed and the steps now proposed will not solve them overnight. But the steps we take now will help to determine the state of our society in the next generation and beyond.

By the year 2000, our population will exceed 300 million, four-fifths of them living in urban areas. If the average productivity gains until the year 2000 no more than match those of the last seventeen years, output per man-hour will be 3 times as great as that today. If working hours and labor force participation rates were to remain unchanged, average family income would approximate \$18,000 (in today's prices). Undoubtedly, some part of these potential gains in income will instead be taken in the form of greater leisure—through some combination of shorter hours, later entry into the labor force, and earlier retirement. If the advance of productivity should speed up—as many project—gains in income or leisure could be even greater.

To realize these gains fully, we will need public and private policies that keep the economy operating at its full potential. We must mitigate and, if possible, avoid recessions. We must maintain competitive markets that spur innovation and adapt quickly to change. We must have an increasingly flexible labor force, equipped with the skills needed in a complex, technical economy.

The steps we take during the next few years will help to determine the quality of life in the year 2000.

The patterns of building and transportation that we create will determine the character of our cities. The parks and open spaces that we provide will affect the way people spend their increased leisure time.

With growing population and further urbanization, problems of congestion and pollution—often considered as mere nuisances today—could become obstacles to effective and tolerable city life even before 2000. But imaginative solutions could make the cities of tomorrow not only far more efficient but far more livable than the cities of today.

The vitality of our rural areas in 2000 will also be affected by the success of our efforts to stem their decline and solve their problems in the coming years.

Most important is the need to develop the potential of human beings. The ability of adults fully to participate in—and benefit from—life in 2000 will depend on the investment we make in the children of today.

The educational attainment of the labor force will largely depend on the quality of the education we provide in the next few years. The first grader of 1965 will be the 41-year-old breadwinner of 2000. And the teachers of that year's children are now starting school.

The improvements we make in the medical and public health services

available to today's youth will importantly affect death and disability rates of the year 2000 and the physical and mental vigor of the population.

Investments are needed in the health and education of all children. But particular effort is needed for those who have inherited the legacy of poverty and discrimination. We have the means to break the bonds that tie today's children to the poverty of their parents. With proper measures, we could eliminate poverty in the next generation. More individuals would be able to fill the good jobs that advancing technology will offer. With more education, better health, greater incentives, and equality of opportunity, the number of disadvantaged will decline. And the Nation's greatly enlarged resources will permit the diminished numbers of the disadvantaged to share more fully in the prosperity of the society.



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**Appendix A**

**REPORT TO THE PRESIDENT ON THE ACTIVITIES OF  
THE COUNCIL OF ECONOMIC ADVISERS DURING 1964**

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## LETTER OF TRANSMITTAL

DECEMBER 31, 1964.

The PRESIDENT.

SIR: The Council of Economic Advisers submits this report on its activities during the calendar year 1964 in accordance with the requirements of Congress, as set forth in section 4 (d) of the Employment Act of 1946.

Respectfully,

GARDNER ACKLEY, *Chairman*

OTTO ECKSTEIN

ARTHUR M. OKUN



# Report to the President on the Activities of the Council of Economic Advisers During 1964

## COUNCIL MEMBERSHIP

Gardner Ackley, a member of the Council since August 1962, became its Chairman on November 16, replacing Walter W. Heller, who had been Chairman since January 1961. Mr. Ackley is on leave from the University of Michigan, where he is Professor of Economics. Mr. Heller has returned to the University of Minnesota as Professor of Economics but remains a consultant to the Council.

Two new members joined the Council in 1964. Otto Eckstein, Professor of Economics at Harvard University, replaced John P. Lewis on September 2. Mr. Lewis is now Director of the Mission to India of the U.S. Agency for International Development (AID). Arthur M. Okun, on leave from his post as Professor of Economics at Yale University, was sworn in as a member on November 16.

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.
John P. Lewis.....	Member.....	May 17, 1963.....	August 31, 1964.

## COUNCIL STAFF

At the end of 1964, the Council members were assisted by a professional staff of 15: Jarvis M. Babcock, James T. Bonnen, W. Lee Hansen, Frances M. James, Susan J. Lepper, David W. Lusher, Edwin S. Mills, Theodore K. Osgood, Melvin Rothbaum, Fredric Q. Raines, Frank W. Schiff, Lester D. Taylor, Lester C. Thurow, Joseph J. Walka, and Ramsay Wood.

The Council also makes frequent use, as consultants, of leading members of the economics profession. The following served the Council in this capacity during 1964: William G. Bowen, David B. Brooks, Benjamin Chinitz, Richard N. Cooper, James Duesenberry, Rashi Fein, Seymour E. Harris, Myron L. Joseph, Saul Klamman, Robert J. Lampman, Harold M. Levinson, John V. Lintner, Jr., Michael C. Lovell, Theodore Morgan, Richard A. Musgrave, Joseph A. Pechman, George L. Perry, Lee E. Preston, Jr., Paul A. Samuelson, Warren Smith, Daniel B. Suits, Charles A. Taff, James Tobin, Robert C. Turner, Murray L. Weidenbaum, and Burton A. Weisbrod.

Every year a number of staff members who have joined the Council on a temporary basis return to posts in private life or in government. Those leaving the Council in 1964 were W. H. Locke Anderson, Richard M. Bailey, Eugene A. Birnbaum, William M. Capron, Myron L. Joseph, Edward D. Kalachek, Marshall A. Kaplan, Timothy W. McGuire, Robert Solomon, Penelope H. Thunberg, and Burton A. Weisbrod.

Each summer, for the past four years, the Council has conducted a student intern program. Those selected in 1964 were Charles W. Bischoff, John E. Koehler, William D. Nordhaus, Stuart O. Schweitzer, and Frank A. Sloan.

In addition, under an arrangement with the Great Lakes College Association, a group of 12 liberal arts colleges, the Council in 1964 had a summer faculty intern, Carl T. Brehm, Jr., Associate Professor of Economics at Kenyon College.

#### COUNCIL ACTIVITIES

Under the Employment Act of 1946, the Council is responsible for analyzing and interpreting current and prospective economic developments and trends and for developing and recommending economic policies that will promote the goals of "maximum employment, production, and purchasing power." This charge, and the increased responsibilities that have been assigned to it in recent years by the President, require the Council to consider a wide range of policy problems and areas. As a consequence, the Council consults and works closely with other members of the Executive Office and the White House staff and with numerous Government departments and agencies in analyzing domestic and international economic issues and in formulating appropriate recommendations.

##### *Participation in Interagency Activities*

The Council discharges most of its advisory duties through informal consultations with other Government agencies; however, it also participates formally in a number of interagency activities:

1. The Chairman regularly attends meetings of the Cabinet, where he frequently briefs the President and Cabinet members on the current economic situation.

2. He is Chairman of the Cabinet Committee on Economic Growth.  
3. He is a member of the Cabinet Committee on the Balance of Payments.

4. He is Vice-Chairman of the Interdepartmental Energy Study, undertaken by a group of nine agencies to study the development and use of our total energy resources, in order to help to determine the most effective allocation of research and development efforts.

5. He is a member of the Economic Opportunity Council, an interagency group established by the Economic Opportunity Act of 1964. This Council consults with, and advises, the Director of the Office of Economic Opportunity in carrying out his functions, including the coordination of anti-poverty efforts by all segments of the Federal Government.

6. He is a member of a Federal interagency committee to advise and maintain liaison with the newly appointed National Commission on Technology, Automation, and Economic Progress.

7. He is a member of the Interagency Committee on Corporate Pension Funds and Other Private Retirement and Welfare Programs, which has recently completed its report to the President.

8. He represents the Council at meetings of the Interagency Committee on Export Expansion.

9. He is an observer on the Trade Expansion Act Advisory Committee.

10. The Secretary of the Treasury, the Director of the Bureau of the Budget, and the Chairman of the Council form a coordinating committee on economic, budgetary, and revenue developments and forecasts; this committee reports its findings to the President.

11. The Chairman of the Board of Governors of the Federal Reserve System joins the above officials and their associates to form an advisory group which meets periodically with the President to discuss domestic and international monetary matters.

12. Mr. Ackley continues to serve as Chairman of the Interagency Committee on the Economic Impact of Defense and Disarmament, which also includes representatives of the Departments of Defense, Commerce, and Labor, and of the Arms Control and Disarmament Agency, the Atomic Energy Commission, the National Aeronautics and Space Administration, the General Services Administration, the Small Business Administration, the Bureau of the Budget, the Office of Emergency Planning, and the Office of Science and Technology.

13. Mr. Eckstein serves as Chairman of an interagency committee which includes representatives of the Departments of Labor and Commerce and the Bureau of the Budget and is responsible for developing and supervising an integrated program of studies and projections of U.S. economic growth.

14. Mr. Eckstein served as Chairman of the Study of the Federal Helium Program conducted by the Council with the cooperation of the Department

of the Interior, the Office of Science and Technology, and the Bureau of the Budget.

15. Mr. Okun serves as a member of the Interagency Committee on Transportation Mergers, which advises the President concerning appropriate Government policies with respect to merger proposals submitted to Federal regulatory agencies by transportation companies.

16. Mr. Okun serves as a member of the President's Committee on Consumer Interests, established when the President appointed a Special Assistant for Consumer Affairs in 1963.

17. Mr. Okun serves as Chairman of the Advisory Committee on Domestic Federal Credit Programs.

18. Members or staff of the Council served as members or observers on a number of other interagency committees dealing with a wide range of domestic or international economic matters:

- a. President's Committee on Manpower;
- b. Federal Interagency Committee on Education;
- c. Committee on Labor Supply, Employment, and Unemployment Statistics;
- d. Research Committee on Seasonal Adjustment;
- e. Interdepartmental Advisory Panel on the National Center for Health Statistics;
- f. Natural Resources Committee of the Federal Council for Science and Technology;
- g. Interdepartmental Staff Group of the Rural Development Committee;
- h. Army-Interior Advisory Board on Passamaquoddy and Upper St. John River;
- i. Economic Stabilization Task Force of the Federal Reconstruction and Development Commission for Alaska;
- j. Trade Executive Committee;
- k. Trade Staff Committee;
- l. Trade Information Committee;
- m. Committee on Export Financing of the Interagency Committee on Export Expansion;
- n. Interagency Committee on Foreign Trade Statistics;
- o. National Advisory Council on International Monetary and Financial Problems; and
- p. Balance-of-Payments Information Committee.

19. The Council continued its work with the President's Advisory Committee on Labor-Management Policy, participating actively in the development of three seminars on Private Adjustments to Automation and Technological Change.

20. The Council participated with the Bureau of the Budget and members of the White House staff in reviewing measures proposed for inclusion



in the President's 1965 legislative program, and provided support for some of the President's Task Forces helping to develop the program.

#### *Committee on the Economic Impact of Defense and Disarmament*

This Committee was formally established by President Johnson on December 21, 1963. In his memorandum the President stated: "The Committee will be responsible for the review and coordination of activities in the various departments and agencies designed to improve our understanding of the economic impact of defense expenditures and of changes either in the composition or in the total level of such expenditures."

Early in 1964, the Committee established three working groups to study (1) existing machinery for facilitating adjustments to defense changes, (2) possibilities and policies for defense conversion, and (3) tax and expenditure adjustments to major defense changes. A fourth working group was appointed later in the year, to study coordination of research and statistics. A staff member represents the Council on each of these working groups. Mr. Murray Weidenbaum, on leave from the Stanford Research Institute and now at Washington University, St. Louis, served the Committee as Executive Secretary from June through October 1964. Mr. Guy Black will become Executive Secretary in February 1965.

The Committee is currently completing preparation of its first report to the President. This report is designed to accomplish four major purposes: (1) to provide information on the economic impact of changing defense programs—whether resulting from an over-all reduction in military expenditures or merely from changes in the composition of a relatively stable defense budget; (2) to describe existing policies and programs to aid employees, companies, and communities in adjusting to shifts in defense spending; (3) to suggest and analyze additional policies and programs which may be needed; and (4) to help to stimulate thinking about the opportunities which may emerge as defense resources are released.

#### *International Economic Organizations*

As the free world's economies have become increasingly interdependent, international considerations have been of growing importance in the formulation of U.S. economic policies. To exchange views with foreign officials, to keep abreast of conditions in other countries, and to obtain the necessary cooperation in economic matters, the Council participates in several international activities:

1. Mr. Heller was a member of the U.S. delegation to:
  - a. The third annual meeting of the Cabinet-level United States-Japan Committee on Trade and Economic Affairs, held in Tokyo, January 25-29;
  - b. The ninth annual meeting of a similar United States-Canada Cabinet-level Committee, held in Ottawa, April 29-30.

2. Mr. Ackley was a member of the U.S. delegation to the Annual Meeting in Tokyo, during September, of the International Monetary Fund and the International Bank for Reconstruction and Development and its affiliates.

3. Mr. Okun served as Chairman of the U.S. delegation to the third meeting of Senior Economic Advisers to the United Nations Economic Commission for Europe in Geneva, November 2-6.

4. The Council participated actively in the work of the Organization for Economic Cooperation and Development (OECD) :

- a. The Chairman continued to serve as Chairman of the U.S. delegation to meetings of the Economic Policy Committee of the OECD.
- b. Mr. Ackley and Messrs. Robert Solomon and Frank Schiff of the Council staff were, at various times, members of the U.S. delegation to the Committee's Working Party on Balance-of-Payments Equilibrium.
- c. Mr. Lewis, and later Mr. Eckstein, was Chairman of the U.S. delegation to the Committee's Working Party on Costs of Production and Prices.
- d. Mr. Ackley, and later Mr. David Lusher of the staff, served as Chairman of the U.S. delegation to the Committee's Working Party on Policies for the Promotion of Economic Growth.
- e. Mr. Lusher was the U.S. representative to the Committee's Working Group on short-term forecasts and a member of the U.S. delegation for the review of the U.S. economy carried on annually by the Economic Development and Review Committee of the OECD.
- f. Mr. Eckstein was a member of the U.S. delegation to the meeting of the Ministerial Council.
- g. Mr. Joseph of the staff was a member of the U.S. delegation to the Manpower and Social Affairs Committee.
- h. At the request of the OECD Secretariat, Mr. William Capron of the staff served as an expert adviser to the Scientific Affairs Directorate.

#### CONGRESSIONAL TESTIMONY

In addition to its testimony before Appropriations Committees in support of its own budget request, the Council appeared before Congressional Committees as follows during 1964:

1. On January 23, Mr. Heller, accompanied by Mr. Ackley and Mr. Lewis, opened testimony before the Joint Economic Committee on the 1964 *Economic Report of the President*.

2. On March 17, Mr. Heller testified before the House Committee on Education and Labor in support of the Economic Opportunity Act of 1964.

3. On June 22, Mr. Ackley testified before the Senate Commerce Committee on a bill to establish a National Conversion Commission.

#### NONGOVERNMENTAL MEETINGS AND ACTIVITIES

Informed public opinion is essential in understanding the complex economic issues facing the country today, and the Council attempts to contribute to such public understanding. During 1964, the Council members and staff spoke before a number of private and public organizations and institutes, appeared on radio and television programs, and wrote articles for popular and professional publications.

The Employment Act of 1946 explicitly provides for consultation with "representatives of industry, agriculture, labor, consumers, State and local governments, and other groups. . . ." The Council has frequent informal interchanges with such representatives and also meets from time to time with four advisory groups:

1. The Liaison Committee of the Business Council, consisting in 1964 of the following: Chairman of the Liaison Committee, Donald K. David, Vice Chairman, Ford Foundation; Roger M. Blough, Chairman, United States Steel Corporation; Paul C. Cabot, Chairman, State Street Investment Corporation; Joseph B. Hall, Chairman, Kroger Company; Frederick R. Kappel, Chairman, American Telephone and Telegraph Company; W. B. Murphy, President, Campbell Soup Company; and J. Ward Keener, President, B. F. Goodrich Company;

2. The Economic Policy Committee of the AFL-CIO, including—in addition to George Meany, President, and William F. Schnitzler, Secretary-Treasurer of the AFL-CIO—the following: Walter P. Reuther, Chairman; James B. Carey; David Dubinsky; George Harrison; A. J. Hayes; Joseph Keenan; O. A. Knight; David J. McDonald; Paul L. Phillips; Emil Rieve; Paul Hall; Peter T. Shoemann; and James Suffridge;

3. The AFL-CIO economists and research directors;

4. The Conference of Business Economists, chaired in 1964 by Ragnar D. Naess of Naess and Thomas.

#### PUBLICATIONS

*The Economic Report of the President*, together with *The Annual Report of the Council of Economic Advisers*, was transmitted to the Congress in January 1964. The usual distribution of copies of the *Report* was made to members of the Congress, government officials, the press, and depository libraries. The Superintendent of Documents sold an additional 49,412

copies to the public, a 38-percent increase over the previous record sale of 35,784 copies of the 1963 *Report*.

The monthly *Economic Indicators*, an important compilation of current economic statistics, has been prepared since 1948 at the Council under the direction of Miss Frances M. James, and is published by the Joint Economic Committee of the Congress. Under authority of a Joint Resolution of the Congress, copies are furnished to Members of the Congress and to depository libraries. The Superintendent of Documents sells more than 8,000 copies a month to the public.

#### APPROPRIATIONS

The Council received an appropriation of \$645,000 for the fiscal year 1965, and contemplates a supplemental appropriation to cover increased costs resulting from the Federal Employees Salary Act of 1964. The Council's request for 1966 provides for a minor increase in the Council's staff, in addition to further necessary adjustments resulting from the Salary Act.

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**Appendix B**

**STATISTICAL TABLES RELATING TO INCOME,  
EMPLOYMENT, AND PRODUCTION**

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

Data for Alaska and Hawaii are not included unless specifically noted.

Unless otherwise noted, all dollar figures are in current prices.



# NATIONAL INCOME OR EXPENDITURE

TABLE B-1.—Gross national product or expenditure, 1929-64

[Billions of dollars]

Year or quarter	Total gross national product	Personal consumption expenditures <sup>1</sup>	Gross private domestic investment <sup>2</sup>						Net exports of goods and services <sup>3</sup>	Government purchases of goods and services					
			Total	New construction			Producers' durable equipment	Net change in business inventories		Total	Federal				State and local
				Total	Residential nonfarm	Other					Total	National defense <sup>4</sup>	Other	Less: Government sales	
1929.....	104.4	79.0	16.2	8.7	3.6	5.1	5.8	1.7	0.8	8.5	1.3	1.3	( <sup>5</sup> )	7.2	
1930.....	91.1	71.0	10.3	6.2	2.1	4.1	4.5	-.4	.7	9.2	1.4	1.4	( <sup>5</sup> )	7.7	
1931.....	76.3	61.3	5.5	4.0	1.6	2.4	2.8	-1.3	.2	9.2	1.5	1.5	( <sup>5</sup> )	7.8	
1932.....	58.5	49.3	.9	1.9	.6	1.2	1.6	-2.6	.2	8.1	1.5	1.5	( <sup>5</sup> )	6.6	
1933.....	56.0	46.4	1.4	1.4	.5	1.0	1.6	-1.6	.2	8.0	2.0	2.0	( <sup>5</sup> )	6.0	
1934.....	65.0	51.9	2.9	1.7	.6	1.1	2.3	-1.1	.4	9.8	3.0	3.0	( <sup>5</sup> )	6.8	
1935.....	72.5	56.3	6.3	2.3	1.0	1.3	3.1	.9	-.1	10.0	2.9	2.9	( <sup>5</sup> )	7.1	
1936.....	82.7	62.6	8.4	3.3	1.6	1.7	4.2	1.0	-.1	11.8	4.8	4.8	( <sup>5</sup> )	7.0	
1937.....	90.8	67.3	11.7	4.4	1.9	2.5	5.1	2.2	.1	11.7	4.6	4.6	( <sup>5</sup> )	7.2	
1938.....	85.2	64.6	6.7	4.0	2.0	2.0	3.6	-.9	1.1	12.8	5.3	5.3	( <sup>5</sup> )	7.5	
1939.....	91.1	67.6	9.3	4.8	2.7	2.1	4.2	.4	.9	13.3	5.2	1.3	3.9	( <sup>5</sup> )	8.2
1940.....	100.6	71.9	13.2	5.5	3.0	2.5	5.5	2.2	1.5	14.1	6.2	2.2	4.0	( <sup>5</sup> )	7.9
1941.....	125.8	81.9	18.1	6.6	3.5	3.1	6.9	4.5	1.1	24.8	16.9	13.8	3.2	( <sup>5</sup> )	7.8
1942.....	159.1	89.7	9.9	3.7	1.7	2.0	4.3	1.8	-.2	59.7	52.0	49.6	2.7	0.2	7.7
1943.....	192.5	100.5	5.6	2.3	.9	1.4	4.0	-.8	-2.2	88.6	81.2	80.4	1.5	.6	7.4
1944.....	211.4	109.8	7.1	2.7	.8	1.9	5.4	-1.0	-2.1	96.5	89.0	88.6	1.6	1.2	7.5
1945.....	213.6	121.7	10.4	3.8	1.1	2.7	7.7	-1.1	-1.4	82.9	74.8	75.9	1.0	2.2	8.1
1946.....	210.7	147.1	28.1	11.0	4.8	6.3	10.7	6.4	4.9	30.5	20.6	18.8	4.5	2.7	9.9
1947.....	234.3	165.4	31.5	15.3	7.5	7.7	16.7	-.5	9.0	28.4	15.6	11.4	5.4	1.1	12.7
1948.....	259.4	178.3	43.1	19.5	10.1	9.3	18.9	4.7	3.5	34.5	19.3	11.6	8.2	.5	15.2
1949.....	258.1	181.2	33.0	18.8	9.6	9.2	17.2	-3.1	3.8	40.2	22.2	13.6	8.9	.2	17.9
1950.....	284.6	195.0	50.0	24.2	14.1	10.1	18.9	6.8	.6	39.0	19.3	14.3	5.2	.1	19.7
1951.....	329.0	209.8	56.3	24.8	12.5	12.3	21.3	10.2	2.4	60.5	38.8	33.9	5.2	.3	21.7
1952.....	347.0	219.8	49.9	25.5	12.8	12.7	21.3	3.1	1.3	76.0	52.9	46.4	6.7	.3	23.2
1953.....	365.4	232.6	50.3	27.6	13.8	13.8	22.3	.4	-.4	82.8	58.0	49.3	9.0	.3	24.9
1954.....	363.1	238.0	48.9	29.7	15.4	14.3	20.8	-1.6	1.0	75.3	47.5	41.2	6.7	.3	27.7
1955.....	397.5	256.9	63.8	34.9	18.7	16.2	23.1	5.8	1.1	75.6	45.3	39.1	6.6	.4	30.3
1956.....	419.2	269.9	67.4	35.5	17.7	17.8	27.2	4.7	2.9	79.0	45.7	40.4	5.7	.3	33.2
1957.....	442.8	285.2	66.1	36.1	17.0	19.0	28.5	1.6	4.9	86.5	49.7	44.4	5.7	.4	36.8
1958.....	444.5	293.2	56.6	35.5	18.0	17.4	23.1	-2.0	1.2	93.5	52.6	44.8	8.3	.5	40.8
1959.....	482.7	313.5	72.7	40.2	22.3	17.9	25.9	6.6	-.8	97.2	53.6	46.2	7.9	.5	43.6
1960.....	502.6	328.2	71.8	40.7	21.1	19.7	27.6	3.5	3.0	99.6	53.1	45.7	8.0	.6	46.5
1961.....	518.7	337.3	68.8	41.0	21.1	19.8	28.9	1.9	4.6	108.0	57.4	49.0	8.9	.6	50.6
1962.....	556.2	356.8	79.1	44.2	23.6	20.6	29.9	5.9	4.0	116.3	62.9	53.6	10.2	.9	53.5
1963.....	583.9	375.0	82.0	46.6	25.2	21.3	31.0	4.4	4.4	122.6	64.7	55.2	10.3	.8	57.9
1964 <sup>6</sup> .....	622.3	399.2	87.7	48.9	26.0	22.9	35.1	3.7	6.7	128.7	65.6	55.3	11.4	1.1	63.0
Seasonally adjusted annual rates															
1962: I.....	545.5	350.5	77.4	42.5	22.5	20.0	28.1	6.9	3.4	114.3	61.4	52.5	9.6	0.7	52.8
II.....	553.4	354.0	78.9	44.1	23.5	20.6	28.8	6.1	4.3	116.1	63.6	55.3	9.4	1.0	52.5
III.....	559.0	358.5	80.2	45.5	24.4	21.1	29.6	5.1	4.4	115.9	62.4	53.0	10.2	.8	53.5
IV.....	566.6	364.0	79.9	44.9	24.0	20.9	29.7	5.4	3.9	118.7	63.8	53.5	11.4	1.0	54.8
1963: I.....	571.8	369.2	77.9	44.7	24.3	20.4	29.6	3.6	3.4	121.4	65.1	54.8	11.3	1.0	56.3
II.....	577.4	372.0	80.2	45.9	25.1	20.8	30.7	3.6	4.3	120.9	64.3	55.2	9.9	.9	56.7
III.....	587.2	377.4	82.8	47.2	25.4	21.9	31.4	4.2	4.2	122.8	64.4	55.5	9.5	.6	58.4
IV.....	599.0	381.3	87.1	48.3	26.2	22.1	32.4	6.4	5.8	124.8	64.9	55.3	10.5	.9	59.9
1964: I.....	608.8	390.0	85.9	49.2	26.9	22.3	34.2	2.5	7.7	125.2	64.3	54.0	11.5	1.2	60.9
II.....	618.6	396.1	87.2	48.9	26.2	22.7	34.6	3.7	5.7	129.6	67.1	57.0	11.0	.9	62.5
III.....	628.4	404.6	87.3	48.9	25.7	23.1	35.6	2.8	7.0	129.5	65.5	55.2	11.2	.9	64.1
IV <sup>6</sup> .....	633.5	406.2	90.5	48.6	25.0	23.6	35.9	6.0	6.5	130.3	65.7	55.1	11.8	1.2	64.6

<sup>1</sup> See Table B-9 for major components.

<sup>2</sup> See Table B-10 for further detail and explanation of components.

<sup>3</sup> See Table B-7 for exports and imports separately.

<sup>4</sup> Prior to 1959, this category corresponds closely to the national defense classification in the *Budget of the United States Government for the Fiscal Year ending June 30, 1960*. Beginning with 1959, they differ because of inclusion of space program expenditures in this table; these expenditures, small in 1959-61, amounted to \$1.6 billion in 1962, \$3.1 billion in 1963 and \$4.3 billion in 1964. See Table B-58.

<sup>5</sup> Less than \$50 million.

<sup>6</sup> Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE B-2.—Gross national product or expenditure, in 1964 prices, 1929-64 <sup>1</sup>

[Billions of dollars, 1964 prices]

Year or quarter	Total gross national product	Personal consumption expenditures				Gross private domestic investment					
		Total	Durable goods	Non-durable goods	Services	Total	New construction			Producers' durable equipment	Change in business inventories
							Total	Residential non-farm	Other		
1929 .....	217.8	147.3	15.6	72.8	58.9	43.4	26.5	10.6	15.9	13.6	3.4
1930 .....	198.1	138.7	12.5	69.3	56.9	29.8	19.7	6.2	13.5	10.8	-.6
1931 .....	183.7	134.4	10.8	69.0	54.7	18.6	13.8	5.2	8.6	7.2	-2.5
1932 .....	156.8	122.4	8.2	63.5	50.8	5.5	7.7	2.6	5.1	4.3	-6.5
1933 .....	153.0	119.5	7.9	61.6	50.0	5.9	5.8	1.9	3.9	4.5	-4.4
1934 .....	167.6	125.6	9.1	65.7	50.9	10.2	6.5	2.3	4.2	6.1	-2.4
1935 .....	183.3	133.3	11.2	69.4	52.7	19.2	8.5	3.8	4.7	8.2	2.5
1936 .....	208.7	146.6	13.8	77.3	55.5	26.2	11.9	5.6	6.3	11.2	3.1
1937 .....	219.5	151.8	14.5	79.9	57.4	32.4	14.3	6.0	8.2	12.7	5.4
1938 .....	210.2	149.3	11.8	81.3	56.3	19.3	12.8	6.2	6.6	8.8	-2.3
1939 .....	227.3	157.6	14.0	85.6	58.0	26.7	15.3	8.3	7.0	10.3	1.1
1940 .....	246.3	165.9	16.1	89.5	60.2	35.3	17.1	8.9	8.2	13.3	4.9
1941 .....	287.1	176.8	18.6	95.5	62.7	44.4	19.2	9.6	9.6	15.7	9.5
1942 .....	330.9	173.4	11.4	97.5	64.5	22.8	9.9	4.4	5.5	9.0	3.8
1943 .....	374.1	178.1	9.9	100.5	67.7	13.6	5.6	2.1	3.5	8.4	-.3
1944 .....	401.7	184.6	9.0	104.9	70.6	15.4	6.2	1.8	4.4	11.2	-1.9
1945 .....	392.9	197.3	10.3	113.2	73.8	21.1	8.5	2.2	6.2	15.5	-2.9
1946 .....	337.9	220.6	20.4	120.1	80.1	51.7	21.9	8.9	13.0	19.6	10.2
1947 .....	336.8	224.2	24.5	117.5	82.2	51.8	25.1	11.7	13.4	26.4	.2
1948 .....	350.4	228.5	25.9	117.2	85.4	60.6	28.6	13.9	14.6	27.7	4.3
1949 .....	351.8	234.3	27.7	118.6	88.0	48.4	28.1	13.7	14.4	24.1	-3.8
1950 .....	380.4	248.3	33.8	121.9	92.7	68.2	34.4	18.9	15.5	25.9	7.9
1951 .....	412.2	250.7	30.7	124.1	95.9	70.6	32.8	15.7	17.2	26.8	11.0
1952 .....	429.0	257.3	30.0	128.3	99.1	62.2	32.7	15.6	17.1	26.6	2.9
1953 .....	448.9	269.5	34.8	132.0	102.7	63.0	34.8	16.6	18.2	27.4	.8
1954 .....	439.8	273.1	34.1	133.2	105.9	60.6	37.4	18.8	18.7	25.3	-2.2
1955 .....	473.4	293.3	41.7	140.0	111.7	76.6	42.6	22.2	20.5	27.5	6.6
1956 .....	483.5	303.2	40.0	145.4	117.8	76.2	40.8	19.8	21.0	30.4	5.0
1957 .....	493.0	311.3	40.6	148.0	122.8	71.7	40.1	18.7	21.4	30.0	1.6
1958 .....	486.0	314.2	37.4	148.7	128.1	60.7	39.1	19.8	19.3	23.7	-2.1
1959 .....	518.1	331.9	43.2	154.8	133.9	75.8	43.2	23.8	19.4	26.0	6.5
1960 .....	531.2	342.7	44.5	157.8	140.5	74.3	43.3	22.2	21.0	27.6	3.4
1961 .....	541.6	349.5	43.6	160.1	145.8	71.0	43.2	22.3	21.0	26.0	1.8
1962 .....	575.7	366.4	48.1	165.5	152.8	80.8	46.1	24.6	21.5	29.3	5.5
1963 .....	595.3	380.2	51.9	169.2	159.1	83.3	47.6	25.8	21.7	31.2	4.4
1964 <sup>a</sup> .....	622.3	399.2	57.0	177.1	165.1	87.7	48.9	26.0	22.9	35.1	3.7
Seasonally adjusted annual rates											
1962: I .....	567.0	361.4	47.2	163.6	150.6	79.5	44.7	23.8	20.9	28.3	6.5
II .....	574.1	364.2	47.3	165.0	161.9	80.7	46.0	24.5	21.5	28.9	5.7
III .....	578.0	367.8	48.0	166.4	153.4	81.5	47.1	25.2	21.9	29.8	4.7
IV .....	583.4	372.1	50.0	166.9	155.2	81.5	46.5	24.8	21.7	30.1	5.0
1963: I .....	586.9	376.0	51.1	168.2	156.7	79.6	46.2	25.1	21.0	29.9	3.5
II .....	589.8	377.9	51.2	168.6	158.1	81.7	47.1	25.8	21.3	30.9	3.6
III .....	598.0	382.3	51.9	170.2	160.2	83.8	48.0	25.9	22.2	31.6	4.2
IV .....	606.2	384.6	53.4	169.7	161.4	87.9	48.9	26.6	22.4	32.7	6.4
1964: I .....	612.9	391.8	55.9	173.2	162.7	86.5	49.7	27.2	22.5	34.3	2.5
II .....	620.2	396.4	56.8	175.7	164.0	87.4	49.2	26.4	22.8	34.5	3.7
III .....	626.6	404.1	58.5	179.5	166.0	86.9	48.5	25.5	23.0	35.6	2.8
IV <sup>b</sup> .....	629.4	404.6	56.6	180.1	167.9	89.8	48.0	24.7	23.3	35.8	6.0

See footnotes at end of table.

TABLE B-2.—Gross national product or expenditure, in 1964 prices, 1929-64<sup>1</sup>—Continued

[Billions of dollars, 1964 prices]

Year or quarter	Net exports of goods and services	Government purchases of goods and services				
		Total	Federal			State and local
			Total <sup>2</sup>	National defense <sup>2,3</sup>	Other	
1929.....	1.0	26.0	4.0	(4)	(4)	22.0
1930.....	.9	28.7	4.6	(4)	(4)	24.1
1931.....	.4	30.3	5.0	(4)	(4)	25.3
1932.....	.2	28.7	5.3	(4)	(4)	23.5
1933.....	-.3	27.9	7.2	(4)	(4)	20.7
1934.....	-.1	31.8	9.4	(4)	(4)	22.4
1935.....	-1.3	32.2	9.1	(4)	(4)	23.0
1936.....	-1.5	37.4	14.0	(4)	(4)	23.5
1937.....	-.9	36.2	13.1	(4)	(4)	23.1
1938.....	1.5	40.1	15.6	(4)	(4)	24.5
1939.....	1.0	42.0	15.0	3.6	11.4	27.0
1940.....	1.8	43.3	17.9	6.4	11.5	25.4
1941.....	.2	65.7	41.8	34.0	7.8	23.9
1942.....	-2.3	137.1	115.2	109.3	5.9	21.8
1943.....	-5.9	188.3	168.5	165.4	3.1	19.8
1944.....	-6.0	207.8	188.3	185.0	3.3	19.5
1945.....	-4.7	179.2	159.3	157.1	2.2	19.9
1946.....	4.9	60.6	38.4	30.0	8.4	22.2
1947.....	9.3	51.5	26.3	17.2	9.1	25.2
1948.....	3.0	58.3	31.1	17.9	13.3	27.2
1949.....	3.7	65.4	34.4	20.7	13.7	31.0
1950.....	1.3	62.6	29.4	21.5	7.9	33.2
1951.....	3.5	87.4	53.4	46.2	7.2	34.0
1952.....	2.5	107.0	72.5	63.3	9.2	34.6
1953.....	.3	116.0	80.0	67.6	12.4	36.1
1954.....	2.2	103.8	64.7	55.6	9.1	39.2
1955.....	2.4	101.1	59.2	50.6	8.6	41.9
1956.....	4.2	100.0	56.7	49.6	7.1	43.3
1957.....	5.5	104.4	58.8	52.1	6.8	45.6
1958.....	1.4	109.7	60.5	51.0	9.5	49.2
1959.....	-.5	110.9	59.7	50.9	8.8	51.2
1960.....	3.5	110.7	57.6	48.9	8.7	53.1
1961.....	4.4	116.7	61.0	51.5	9.5	55.7
1962.....	4.2	124.2	67.2	56.4	10.9	57.0
1963.....	4.4	127.5	67.5	56.8	10.8	60.0
1964 <sup>4</sup> .....	6.7	128.7	65.6	54.2	11.4	63.0
Seasonally adjusted annual rates						
1962: I.....	3.2	122.9	65.9	55.5	10.3	57.1
II.....	4.8	124.4	68.2	58.2	10.0	56.2
III.....	4.8	123.8	66.9	56.0	10.9	56.8
IV.....	4.1	125.6	67.9	55.7	12.2	57.8
1963: I.....	3.3	128.0	68.9	57.0	12.0	59.0
II.....	4.2	126.1	67.2	56.8	10.3	58.9
III.....	4.2	127.8	67.4	57.5	10.0	60.3
IV.....	5.8	127.9	66.6	55.8	10.8	61.4
1964: I.....	7.7	126.9	65.0	53.4	11.7	61.9
II.....	5.7	130.6	67.8	56.7	11.1	62.9
III.....	7.0	128.7	65.0	53.9	11.1	63.7
IV <sup>5</sup> .....	6.5	128.4	64.7	53.1	11.6	63.7

<sup>1</sup> These estimates represent an approximate conversion of the Department of Commerce series in 1954 prices. (See Tables B-3 and B-6.) This was done by major components, using the implicit price indexes converted to a 1964 base. Although it would have been preferable to redeflate the series by minor components, this would not substantially change the results except possibly for the period of World War II, and for the series on change in business inventories.

For explanation of conversion of estimates in current prices to those in 1954 prices, see *U.S. Income and Output, A Supplement to the Survey of Current Business, 1958*.

<sup>2</sup> Net of Government sales. See Table B-1 for Government sales in current prices.

<sup>3</sup> See footnote 4, Table B-1.

<sup>4</sup> Not available separately.

<sup>5</sup> Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE B-3.—*Gross national product or expenditure, in 1954 prices, 1929-64*<sup>1</sup>

[Billions of dollars, 1954 prices]

Year or quarter	Total gross national product	Personal consumption expenditures				Gross private domestic investment					
		Total	Durable goods	Non-durable goods	Services	Total	New construction			Producers' durable equipment	Change in business inventories
							Total	Residential non-farm	Other		
1929.....	181.8	128.1	14.9	65.3	48.0	35.0	20.9	8.7	12.2	11.1	3.0
1930.....	164.5	120.3	11.8	62.1	46.4	23.6	15.4	5.1	10.4	8.8	-7
1931.....	153.0	116.6	10.3	61.8	44.6	15.0	10.9	4.2	6.6	5.9	-1.8
1932.....	130.1	106.0	7.8	56.9	41.4	3.9	6.0	2.1	3.9	3.5	-5.6
1933.....	126.6	103.5	7.5	55.2	40.8	4.0	4.6	1.6	3.0	3.7	-4.2
1934.....	138.5	108.9	8.6	58.8	41.5	7.4	5.1	1.9	3.2	5.0	-2.8
1935.....	152.9	115.8	10.7	62.1	42.9	16.1	6.7	3.1	3.6	6.7	2.6
1936.....	173.3	127.7	13.1	69.2	45.3	21.0	9.4	4.6	4.9	9.2	2.4
1937.....	183.5	132.1	13.8	71.6	46.8	27.0	11.3	5.0	6.3	10.5	5.2
1938.....	175.1	129.9	11.2	72.8	45.9	15.5	10.1	5.1	5.0	7.3	-1.8
1939.....	189.3	137.3	13.3	76.7	47.2	21.6	12.2	6.8	5.4	8.5	1.0
1940.....	205.8	144.6	15.3	80.2	49.1	29.0	13.6	7.3	6.3	10.9	4.5
1941.....	238.1	154.3	17.6	85.6	51.1	36.7	15.3	7.9	7.4	12.9	8.6
1942.....	266.9	150.8	10.9	87.3	52.6	18.8	7.8	3.6	4.2	7.4	3.6
1943.....	296.7	154.6	9.4	90.0	55.2	10.7	4.4	1.7	2.7	6.9	-6
1944.....	317.9	160.2	8.6	94.0	57.6	12.3	4.8	1.4	3.4	9.2	-1.7
1945.....	314.0	171.4	9.8	101.4	60.2	17.0	6.6	1.8	4.8	12.7	-2.4
1946.....	282.5	192.3	19.4	107.6	65.3	42.4	17.3	7.3	10.0	16.1	9.0
1947.....	282.3	195.6	23.3	105.3	67.0	41.5	19.9	9.6	10.3	21.7	-1
1948.....	293.1	199.3	24.6	105.1	69.6	49.8	22.7	11.4	11.2	22.8	4.4
1949.....	292.7	204.3	26.3	106.3	71.7	38.5	22.3	11.2	11.1	19.8	-3.6
1950.....	318.1	216.8	32.1	109.2	75.5	55.9	27.4	15.5	11.9	21.3	7.2
1951.....	341.8	218.5	29.2	111.2	78.2	57.7	26.0	12.9	13.2	22.0	9.7
1952.....	353.6	224.2	28.5	115.0	80.8	50.4	26.0	12.8	13.2	21.8	2.6
1953.....	369.0	235.1	33.1	118.3	83.7	50.6	27.6	13.6	14.0	22.5	-5
1954.....	363.1	238.0	32.4	119.3	86.3	48.9	29.7	15.4	14.3	20.8	-1.6
1955.....	392.7	256.0	39.6	125.4	91.0	62.5	33.9	18.2	15.7	22.5	6.1
1956.....	400.9	264.3	38.0	130.3	96.0	61.7	32.3	16.2	16.1	25.0	4.6
1957.....	408.6	271.2	38.5	132.6	100.1	58.1	31.8	15.3	16.5	24.6	1.6
1958.....	401.3	273.2	35.5	133.3	104.4	49.0	31.1	16.2	14.8	19.4	-1.5
1959.....	428.6	288.9	41.0	138.7	109.2	61.7	34.4	19.5	14.9	21.4	5.9
1960.....	439.9	298.1	42.2	141.4	114.5	60.2	34.4	18.2	16.2	22.7	3.1
1961.....	447.9	303.8	41.4	143.5	118.9	57.4	34.3	18.2	16.1	21.4	1.7
1962.....	476.4	318.5	45.7	148.3	124.5	65.9	36.7	20.1	16.5	24.0	5.2
1963.....	492.6	330.6	49.3	151.6	129.7	67.7	37.9	21.2	16.7	25.6	4.1
1964.....	515.7	347.5	54.1	158.7	134.6	71.0	38.9	21.3	17.6	28.8	3.4
Seasonally adjusted annual rates											
1962: I.....	469.1	314.2	44.8	146.6	122.7	64.8	35.5	19.5	16.1	23.2	6.1
II.....	475.1	316.6	44.9	147.8	123.8	65.8	36.6	20.1	16.5	23.8	5.4
III.....	478.3	319.8	45.6	149.1	125.0	66.3	37.5	20.6	16.9	24.4	4.4
IV.....	483.0	323.6	47.6	149.5	126.5	66.5	37.0	20.3	16.7	24.7	4.9
1963: I.....	485.4	327.0	48.5	150.7	127.8	64.7	36.8	20.6	16.2	24.6	3.4
II.....	487.9	328.6	48.6	151.1	128.9	66.2	37.5	21.2	16.4	25.4	3.3
III.....	494.8	332.4	49.4	152.5	130.6	63.1	38.2	21.2	17.0	25.9	4.0
IV.....	502.0	334.4	50.8	152.1	131.6	71.7	39.0	21.8	17.2	26.8	5.9
1964: I.....	508.0	340.9	53.1	155.2	132.6	70.1	39.6	22.3	17.3	28.1	2.4
II.....	513.5	345.0	54.0	157.4	133.7	70.8	39.2	21.6	17.5	28.3	3.3
III.....	519.6	351.8	55.6	160.9	135.3	70.4	38.6	20.9	17.7	29.2	2.5
IV.....	521.5	352.1	53.8	161.4	136.9	72.8	38.2	20.3	17.9	29.4	5.2

See footnotes at end of table.

TABLE B-3.—Gross national product or expenditure, in 1954 prices, 1929-64<sup>1</sup>—Continued

[Billions of dollars, 1954 prices]

Year or quarter	Net exports of goods and services			Government purchases of goods and services			Gross private product <sup>3</sup>
	Net exports	Exports	Imports	Total	Federal <sup>2</sup>	State and local	
1929.....	0.2	11.1	10.9	18.5	2.9	15.6	171.5
1930.....	.2	9.9	9.7	20.5	3.4	17.1	153.7
1931.....	-.3	8.4	8.7	21.6	3.7	17.9	142.0
1932.....	-.3	6.8	7.1	20.5	3.9	16.6	119.4
1933.....	-.8	6.8	7.7	19.9	5.3	14.6	115.0
1934.....	-.6	6.9	7.5	22.8	6.9	15.8	125.1
1935.....	-1.9	7.3	9.2	23.0	6.7	16.3	138.7
1936.....	-2.2	7.7	9.8	26.9	10.3	16.6	156.6
1937.....	-1.6	9.3	10.9	26.0	9.6	16.4	167.8
1938.....	.8	9.3	8.5	28.8	11.4	17.4	184.0
1939.....	.3	9.5	9.2	30.1	11.0	19.1	172.1
1940.....	1.1	10.5	9.4	31.1	13.1	18.0	188.1
1941.....	-.6	10.6	11.3	47.7	30.7	16.9	216.0
1942.....	-2.9	7.6	10.5	100.1	84.7	15.4	234.8
1943.....	-6.6	6.7	13.2	137.9	123.9	14.0	246.4
1944.....	-6.7	7.4	14.1	152.2	138.4	13.8	259.8
1945.....	-5.6	9.8	15.3	131.2	117.1	14.0	257.0
1946.....	3.8	15.8	12.0	43.9	28.2	15.8	252.7
1947.....	8.0	19.2	11.1	37.2	19.4	17.8	259.6
1948.....	2.0	14.7	12.8	42.1	22.9	19.2	270.3
1949.....	2.6	15.1	12.4	47.2	25.3	21.9	268.7
1950.....	.2	14.5	14.2	45.1	21.6	23.5	293.3
1951.....	2.2	17.3	15.1	63.3	39.3	24.1	311.1
1952.....	1.2	16.9	15.7	77.7	53.3	24.5	320.4
1953.....	-.9	16.4	17.3	84.3	58.8	25.5	336.2
1954.....	1.0	17.5	16.5	75.3	47.5	27.7	330.8
1955.....	.9	19.2	18.3	73.2	43.5	29.7	360.4
1956.....	2.5	22.4	19.8	72.3	41.7	30.6	368.2
1957.....	3.8	24.4	20.6	75.5	43.2	32.2	375.4
1958.....	-.2	21.4	21.6	79.3	44.5	34.8	367.9
1959.....	-2.1	21.9	24.1	80.1	43.9	36.2	394.8
1960.....	1.7	24.9	23.2	79.9	42.3	37.6	405.2
1961.....	2.5	25.8	23.3	84.3	44.8	39.4	412.5
1962.....	2.2	27.5	25.3	89.8	49.4	40.3	439.1
1963.....	2.2	29.1	26.8	92.1	49.7	42.4	454.5
1964 <sup>4</sup> .....	4.3	33.0	28.7	92.9	48.2	44.6	476.6
Seasonally adjusted annual rates							
1962: I.....	1.3	26.1	24.8	88.8	48.4	40.4	432.1
II.....	2.8	28.0	25.2	89.9	50.2	39.8	437.8
III.....	2.8	28.2	25.4	89.4	49.2	40.2	440.9
IV.....	2.1	27.9	25.7	90.7	49.9	40.9	445.6
1963: I.....	1.3	27.1	25.8	92.4	50.7	41.8	447.8
II.....	2.1	28.9	26.8	91.0	49.4	41.7	450.0
III.....	2.0	29.4	27.4	92.3	49.6	42.7	456.5
IV.....	3.5	30.9	27.4	92.4	48.9	43.4	463.6
1964: I.....	5.4	32.7	27.3	91.6	47.8	43.8	469.4
II.....	3.4	31.9	28.5	94.3	49.8	44.5	474.7
III.....	4.5	33.8	29.2	92.8	47.8	45.0	480.4
IV <sup>4</sup> .....	4.0	33.8	29.7	92.7	47.6	45.1	482.1

<sup>1</sup> For explanation of conversion of estimates in current prices to those in 1954 prices, see *U.S. Income and Output, A Supplement to the Survey of Current Business, 1958*. See Table B-6 for implicit price deflators.<sup>2</sup> Net of Government sales.<sup>3</sup> Gross national product less compensation of general government employees; i.e., gross product accruing from domestic business, households, and institutions, and from the rest of the world.<sup>4</sup> Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE B-4.—Gross national product by major type of product, 1947-64

[Billions of dollars]

Year or quarter	Total gross national product	Final sales	Inventory change	Goods output									Services	Construction
				Total			Durable goods			Nondurable goods				
				Total goods	Final sales	Inventory change	Total	Final sales	Inventory change	Total	Final sales	Inventory change		
1947.....	234.3	234.8	-0.5	143.8	144.3	-0.5	47.4	46.0	1.4	96.4	98.2	-1.8	71.8	18.7
1948.....	259.4	254.7	4.7	157.0	152.3	4.7	49.8	48.9	.9	107.2	103.4	3.8	78.1	24.3
1949.....	258.1	261.1	-3.1	149.3	152.4	-3.1	47.9	49.9	-2.1	101.5	102.4	-1.0	83.5	25.2
1950.....	284.6	277.8	6.8	163.6	156.8	6.8	60.7	56.7	4.0	102.9	100.1	2.8	89.8	31.2
1951.....	329.0	318.7	10.2	191.8	181.6	10.2	74.4	67.5	6.9	117.4	114.1	3.3	102.9	34.2
1952.....	347.0	343.9	3.1	198.2	195.2	3.1	75.6	74.5	1.2	122.6	120.7	1.9	112.3	36.4
1953.....	365.4	364.9	.4	206.9	206.4	.4	79.8	78.9	.9	127.0	127.5	-.5	119.5	39.0
1954.....	363.1	364.8	-1.6	197.4	199.0	-1.6	71.6	74.1	-2.5	125.9	125.0	.9	124.1	41.6
1955.....	397.5	391.7	5.8	217.2	211.4	5.8	84.3	81.3	3.0	132.9	130.2	2.7	133.4	46.9
1956.....	419.2	414.5	4.7	227.6	223.0	4.7	89.6	86.7	2.8	138.1	136.2	1.8	143.3	48.2
1957.....	442.8	441.2	1.6	238.2	236.6	1.6	94.5	93.4	1.0	143.7	143.2	.5	154.5	60.1
1958.....	444.5	446.5	-2.0	229.4	231.4	-2.0	80.4	83.3	-2.8	149.0	148.1	.9	164.2	50.9
1959.....	482.7	476.1	6.6	250.6	244.0	6.6	95.0	91.5	3.5	155.6	152.5	3.1	175.8	56.3
1960.....	502.6	499.1	3.5	257.1	253.7	3.5	96.5	94.2	2.3	160.6	159.5	1.1	188.8	56.7
1961.....	518.7	516.8	1.9	259.8	257.9	1.9	94.4	94.5	-.1	165.4	163.4	2.0	200.8	58.1
1962.....	556.2	550.3	5.9	279.5	273.6	5.9	105.3	102.3	3.0	174.2	171.3	2.9	214.7	62.0
1963.....	583.9	579.5	4.4	290.2	285.8	4.4	110.4	108.2	2.2	179.8	177.6	2.2	228.4	65.2
1964 <sup>1</sup> .....	622.3	618.6	3.7	308.9	305.2	3.7	119.8	117.9	2.0	189.1	187.4	1.8	244.4	68.9
Seasonally adjusted annual rates														
1962: I.....	545.5	538.7	6.9	275.8	268.9	6.9	104.2	100.2	3.9	171.6	168.7	2.9	210.0	59.8
II.....	553.4	547.3	6.1	279.6	273.5	6.1	106.6	103.5	3.1	173.0	170.0	3.0	212.2	61.6
III.....	559.0	554.0	5.1	279.0	273.9	5.1	104.5	101.4	3.1	174.6	172.6	2.0	216.8	63.2
IV.....	566.6	561.2	5.4	283.6	278.2	5.4	105.8	104.1	1.8	177.7	174.1	3.6	220.0	63.0
1963: I.....	571.8	568.2	3.6	284.4	280.9	3.6	106.6	105.0	1.5	177.9	175.8	2.0	224.7	62.7
II.....	577.4	573.7	3.6	290.1	286.5	3.6	113.7	111.0	2.7	176.4	175.5	.9	223.5	63.7
III.....	587.2	583.0	4.2	289.8	285.7	4.2	108.1	106.6	1.5	181.8	179.1	2.7	231.2	66.2
IV.....	599.0	592.6	6.4	296.7	290.3	6.4	113.4	110.4	3.0	183.3	179.9	3.4	234.5	67.8
1964: I.....	608.8	606.4	2.5	300.7	298.2	2.5	114.9	114.3	.7	185.7	183.9	1.8	239.6	68.6
II.....	618.6	614.9	3.7	308.0	304.3	3.7	121.4	119.0	2.5	186.6	185.4	1.2	241.7	68.9
III.....	628.4	625.7	2.8	313.3	310.5	2.8	122.0	120.7	1.3	191.3	189.8	1.5	246.0	69.2
IV <sup>1</sup> .....	633.5	627.5	6.0	314.0	308.0	6.0	120.9	117.5	3.4	193.1	190.5	2.5	250.6	68.7

<sup>1</sup> Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.



TABLE B-5.—Gross national product by major type of product, in 1954 prices, 1947-64<sup>1</sup>

(Billions of dollars, 1954 prices)

Year or quarter	Total gross national product	Final sales	Inventory change	Goods output									Services	Construction
				Total			Durable goods			Nondurable goods				
				Total goods	Final sales	Inventory change	Total	Final sales	Inventory change	Total	Final sales	Inventory change		
1947.....	282.3	282.4	-0.1	163.3	163.4	-0.1	55.8	54.3	1.5	107.5	109.2	-1.6	94.7	24.3
1948.....	293.1	288.7	4.4	167.7	163.4	4.4	55.4	54.6	.8	112.3	108.8	3.5	97.2	28.2
1949.....	292.7	296.3	-3.6	162.3	165.9	-3.6	51.9	54.3	-2.4	110.5	111.6	-1.2	100.7	29.7
1950.....	318.1	310.9	7.2	177.6	170.4	7.2	65.3	61.0	4.3	112.3	109.4	2.9	105.0	35.4
1951.....	341.8	332.1	9.7	191.7	182.0	9.7	74.6	67.4	7.1	117.1	114.5	2.6	114.2	36.0
1952.....	353.5	350.9	2.6	196.8	194.2	2.6	75.1	73.9	1.2	121.8	120.3	1.5	119.8	36.9
1953.....	369.0	368.5	.5	207.7	207.2	.5	80.8	79.8	1.0	126.9	127.4	-.5	122.5	38.8
1954.....	363.1	364.8	-1.6	197.4	199.0	-1.6	71.6	74.1	-2.5	125.9	125.0	.9	124.1	41.6
1955.....	392.7	386.6	6.1	216.9	210.8	6.1	83.1	80.1	3.0	133.8	130.7	3.1	130.2	45.6
1956.....	400.9	396.4	4.5	221.4	217.0	4.5	84.9	82.3	2.7	136.5	134.7	1.8	135.5	43.9
1957.....	408.6	406.9	1.6	223.4	221.7	1.6	85.5	84.5	1.0	137.9	137.2	.7	141.2	44.0
1958.....	401.3	402.8	-1.5	211.5	213.1	-1.5	71.7	74.1	-2.4	139.8	139.0	.8	145.2	44.5
1959.....	428.6	422.7	5.9	228.8	222.9	5.9	82.9	80.0	3.0	145.9	143.0	2.9	151.4	48.3
1960.....	439.9	436.8	3.1	233.0	229.9	3.1	84.2	82.2	2.1	148.8	147.7	1.1	158.8	48.1
1961.....	447.9	446.2	1.7	233.6	232.0	1.7	82.1	82.1	-.1	151.6	149.8	1.7	165.4	48.9
1962.....	476.4	471.2	5.2	250.3	245.1	5.2	91.7	89.2	2.6	158.6	155.9	2.6	174.8	51.3
1963.....	492.6	488.5	4.1	258.1	254.0	4.1	96.3	94.4	1.9	161.8	159.6	2.3	181.4	53.0
1964 <sup>2</sup> .....	515.7	512.3	3.4	272.7	269.3	3.4	104.3	102.6	1.6	168.4	166.7	1.7	188.5	54.5
Seasonally adjusted annual rates														
1962: I.....	469.1	463.0	6.1	247.3	241.2	6.1	90.7	87.3	3.4	156.6	153.9	2.7	171.7	50.1
II.....	475.1	469.7	5.4	250.5	245.1	5.4	92.6	89.9	2.7	157.9	155.2	2.8	173.2	51.3
III.....	478.3	473.9	4.4	249.8	245.4	4.4	91.0	88.3	2.7	158.8	157.1	1.7	176.4	52.1
IV.....	483.0	478.1	4.9	253.5	248.6	4.9	92.6	91.1	1.6	160.9	157.6	3.3	177.7	51.8
1963: I.....	485.4	482.1	3.4	253.9	250.5	3.4	93.3	92.0	1.3	160.6	158.5	2.0	179.9	51.6
II.....	487.9	484.6	3.3	257.7	254.4	3.3	98.7	96.4	2.3	159.0	158.0	1.0	178.1	52.1
III.....	494.8	490.9	4.0	257.8	253.8	4.0	94.3	93.0	1.2	163.6	160.8	2.7	183.5	53.5
IV.....	502.0	496.1	5.9	263.2	257.3	5.9	99.0	96.4	2.6	164.2	160.9	3.3	184.2	54.6
1964: I.....	508.0	505.6	2.4	266.2	263.8	2.4	100.4	99.8	.6	165.8	164.0	1.8	186.8	55.0
II.....	513.5	510.2	3.3	271.8	268.5	3.3	105.4	103.3	2.1	166.4	165.2	1.2	186.7	55.0
III.....	519.6	517.0	2.5	276.3	273.7	2.5	106.0	104.9	1.1	170.3	168.8	1.5	188.9	54.4
IV <sup>2</sup> .....	521.5	516.3	5.2	276.5	271.3	5.2	105.2	102.5	2.7	171.3	168.8	2.5	191.4	53.7

<sup>1</sup> For explanation of conversion of estimates in current prices to those in 1954 prices, see *U.S. Income and Output, A Supplement to the Survey of Current Business, 1958*.<sup>2</sup> Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE B-6.—*Implicit price deflators for gross national product, 1929-64*

[Index numbers, 1954=100]

Year or quarter	Gross national product <sup>1</sup>	Personal consumption expenditures				Gross private domestic investment <sup>1</sup>			
		Total	Durable goods	Non-durable goods	Services	New construction			Producers' durable equipment
						Total	Residential non-farm	Other	
1929.....	57.4	61.6	62.0	57.7	66.8	41.7	41.8	41.6	52.5
1930.....	55.4	59.0	60.5	54.8	64.2	40.0	40.8	39.7	50.5
1931.....	49.0	52.6	53.5	46.9	60.3	36.5	37.1	36.2	47.9
1932.....	44.9	46.5	47.0	40.0	55.3	31.1	30.1	31.7	45.5
1933.....	44.2	44.8	46.1	40.3	50.7	31.2	29.8	31.9	43.1
1934.....	46.9	47.6	48.8	45.3	50.7	33.3	33.1	33.4	45.9
1935.....	47.4	48.6	47.9	47.2	50.9	34.1	32.6	35.4	45.6
1936.....	47.7	49.1	47.9	47.4	51.9	34.8	34.3	35.2	45.4
1937.....	49.5	50.9	50.3	49.1	53.8	39.0	37.8	39.9	48.7
1938.....	48.7	49.8	50.8	46.7	54.5	39.1	39.2	39.1	50.2
1939.....	48.1	49.2	50.2	45.8	54.5	39.0	39.5	38.4	49.4
1940.....	48.9	49.7	50.7	46.4	54.8	40.1	40.9	39.1	50.6
1941.....	52.9	53.1	54.8	50.5	56.8	43.4	44.6	42.2	54.0
1942.....	59.6	59.5	64.2	58.8	60.8	47.6	47.7	47.6	58.5
1943.....	64.9	65.0	70.3	65.8	62.8	53.0	51.4	54.0	58.4
1944.....	66.5	68.6	78.7	69.5	65.5	56.3	56.2	56.3	59.3
1945.....	68.0	71.0	82.8	72.2	67.1	57.8	60.0	56.9	60.0
1946.....	74.6	76.5	82.0	78.8	71.1	63.7	65.3	62.6	66.7
1947.....	83.0	84.6	88.4	88.7	76.8	76.6	78.4	74.8	76.8
1948.....	88.5	89.5	92.4	94.0	81.7	85.9	88.6	83.1	83.1
1949.....	88.2	88.7	93.5	90.9	83.6	84.3	85.9	82.6	87.0
1950.....	89.5	89.9	94.6	91.4	85.9	88.3	90.9	85.1	89.0
1951.....	96.2	96.0	101.1	99.0	89.8	95.3	97.5	93.1	96.8
1952.....	98.1	98.0	102.2	100.1	93.6	98.4	100.3	96.5	97.5
1953.....	99.0	99.0	99.4	99.7	97.7	100.1	101.3	98.9	99.0
1954.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1955.....	101.2	100.4	100.1	99.5	101.7	103.1	103.0	103.2	102.6
1956.....	104.6	102.1	101.3	100.9	104.1	109.8	109.0	110.7	109.0
1957.....	108.4	105.1	104.7	103.9	107.0	113.5	111.2	115.7	115.7
1958.....	110.8	107.3	104.9	106.3	109.4	114.2	111.2	117.6	118.9
1959.....	112.6	108.5	106.3	106.0	112.5	116.8	114.3	120.1	121.4
1960.....	114.2	110.1	106.3	107.4	114.8	118.4	115.5	121.6	121.6
1961.....	115.8	111.1	105.5	108.3	116.3	119.4	115.9	123.3	121.3
1962.....	116.7	112.0	105.9	109.2	117.5	120.6	117.2	124.8	120.9
1963.....	118.5	113.4	105.6	110.5	119.8	122.9	119.1	127.6	120.9
1964 <sup>2</sup> .....	120.7	114.9	105.2	111.6	122.7	125.7	122.0	130.2	121.9
1962: I.....	116.3	111.6	105.7	108.8	117.0	119.5	115.5	124.2	120.9
II.....	116.5	111.8	106.2	108.9	117.3	120.3	116.9	124.3	121.3
III.....	116.9	112.1	106.2	109.2	117.7	121.5	118.2	125.4	121.3
IV.....	117.3	112.5	105.5	109.9	118.2	121.3	118.0	125.4	120.4
1963: I.....	117.8	112.9	105.2	110.2	119.0	121.6	117.9	126.3	120.6
II.....	118.3	113.2	105.9	110.2	119.4	122.3	118.5	127.1	121.0
III.....	118.7	113.5	105.8	110.6	119.9	123.6	119.7	128.4	121.0
IV.....	119.3	114.0	105.6	111.1	120.7	123.9	120.2	128.7	121.0
1964: I.....	119.8	114.4	105.4	111.4	121.5	124.3	120.7	128.8	121.7
II.....	120.5	114.8	105.7	111.4	122.5	124.9	121.4	129.1	122.0
III.....	121.0	115.0	105.5	111.6	123.0	126.6	122.9	130.9	121.9
IV <sup>2</sup> .....	121.4	115.4	104.3	112.0	123.7	127.2	123.3	131.7	121.9

See footnotes at end of table.

TABLE B-6.—*Implicit price deflators for gross national product, 1929-64—Continued*

[Index numbers, 1954=100]

Year or quarter	Exports and imports of goods and services <sup>1</sup>		Government purchases of goods and services		
	Exports	Imports	Total	Federal	State and local
1929.....	63.1	57.3	45.8	44.5	46.1
1930.....	55.0	48.9	44.9	41.8	45.5
1931.....	43.2	39.7	42.7	41.7	43.0
1932.....	36.2	32.3	39.4	38.2	39.7
1933.....	35.2	29.3	40.3	38.3	41.1
1934.....	43.0	33.8	42.9	43.2	42.8
1935.....	44.7	36.0	43.4	43.7	43.3
1936.....	46.0	36.9	44.0	46.9	42.2
1937.....	48.9	41.1	45.1	47.3	43.8
1938.....	46.5	38.0	44.5	46.1	43.4
1939.....	46.9	38.6	44.2	46.8	42.7
1940.....	51.2	40.9	45.2	47.0	43.9
1941.....	56.1	43.0	51.9	55.1	46.2
1942.....	64.9	48.9	59.6	61.4	49.8
1943.....	68.1	51.3	64.3	65.6	52.7
1944.....	73.3	53.3	63.4	64.3	54.6
1945.....	75.3	57.4	63.2	63.9	57.4
1946.....	80.8	65.5	69.4	73.0	63.0
1947.....	93.4	79.7	76.4	80.8	71.5
1948.....	98.6	86.3	82.0	84.4	79.3
1949.....	92.7	82.0	85.1	88.0	81.7
1950.....	90.3	87.8	86.5	89.6	83.7
1951.....	103.3	102.8	95.5	98.7	90.2
1952.....	103.0	102.8	97.8	99.2	94.8
1953.....	101.0	98.2	98.3	98.6	97.5
1954.....	100.0	100.0	100.0	100.0	100.0
1955.....	100.7	99.9	103.3	104.1	102.2
1956.....	103.4	101.8	109.2	109.7	108.6
1957.....	107.4	103.2	114.6	114.9	114.2
1958.....	105.9	99.2	117.9	118.3	117.3
1959.....	104.3	98.2	121.4	122.2	120.3
1960.....	105.5	100.5	124.7	125.5	123.8
1961.....	107.2	99.0	128.1	128.0	128.3
1962.....	105.9	99.5	129.6	127.2	132.5
1963.....	105.7	98.1	133.1	130.2	136.4
1964 <sup>2</sup> .....	105.6	98.2	138.5	136.0	141.3
1962: I.....	107.3	99.2	128.7	126.9	130.9
II.....	105.6	100.2	129.1	126.9	132.0
III.....	105.2	99.6	129.7	126.9	133.1
IV.....	105.6	99.0	130.8	128.0	134.2
1963: I.....	106.0	98.4	131.3	128.6	134.7
II.....	105.7	98.0	132.8	130.2	135.9
III.....	105.4	97.9	133.1	129.9	136.8
IV.....	105.6	98.1	135.2	132.6	138.1
1964: I.....	105.6	98.2	136.8	134.5	139.2
II.....	105.6	98.2	137.4	134.7	140.5
III.....	105.6	98.2	139.5	137.0	142.2
IV <sup>2</sup> .....	105.6	98.2	140.6	138.0	143.3

<sup>1</sup> Separate deflators are not available for total gross private domestic investment, change in business inventories, and net exports of goods and services.

For explanation of conversion of estimates in current prices to those in 1954 prices, see *U.S. Income and Output, a Supplement to the Survey of Current Business, 1958*.

<sup>2</sup> Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE B-7.—Gross national product: Receipts and expenditures by major economic groups, 1929-64

(Billions of dollars)

Year or quarter	Persons			Business			International				
	Dis- pos- able per- sonal income	Per- sonal con- sump- tion ex- pend- itures	Per- sonal saving or dis- saving (-)	Gross re- tain- ed earn- ings <sup>1</sup>	Gross private do- mestic invest- ment	Excess of re- ceipts or in- vest- ment (-)	For- eign net trans- fers by gov- ernment	Net exports of goods and services			Excess of trans- fers or net ex- ports (-)
								Net exports	Ex- ports	Im- ports	
1929	83.1	79.0	4.2	11.5	16.2	-4.7		0.8	7.0	6.3	-0.8
1930	74.4	71.0	3.4	8.8	10.3	-1.5		.7	5.4	4.8	-.7
1931	63.8	61.3	2.5	5.2	5.5	-.3		.2	3.6	3.4	-.2
1932	48.7	49.3	-.6	2.7	.9	1.8		.2	2.5	2.3	-.2
1933	45.7	46.4	-.6	2.6	1.4	1.2		.2	2.4	2.3	-.2
1934	52.0	51.9	.1	4.9	2.9	2.0		.4	3.0	2.5	-.4
1935	58.3	56.3	2.0	6.3	6.3	.1		-.1	3.3	3.3	.1
1936	66.2	62.6	3.6	6.5	8.4	-1.9		-.1	3.5	3.6	-.1
1937	71.0	67.3	3.7	7.8	11.7	-4.0		-.1	4.6	4.5	-.1
1938	65.7	64.6	1.1	7.8	6.7	1.2		1.1	4.3	3.2	-1.1
1939	70.4	67.6	2.9	8.3	9.3	-1.0		.9	4.4	3.5	-.9
1940	76.1	71.9	4.2	10.4	13.2	-2.8		1.5	5.4	3.8	-1.5
1941	93.0	81.9	11.1	11.5	18.1	-6.6		1.1	6.0	4.8	-1.1
1942	117.5	89.7	27.8	14.1	9.9	4.3		-.2	4.9	5.1	-.2
1943	133.5	100.5	33.0	16.3	5.6	10.7		-2.2	4.5	6.8	2.3
1944	146.8	109.8	36.9	17.2	7.1	10.1		-2.1	5.4	7.5	2.1
1945	150.4	121.7	28.7	15.6	10.4	5.2		-1.4	7.4	8.8	1.4
1946	160.6	147.1	13.5	13.1	28.1	-15.1	0.3	4.9	12.8	7.9	-4.6
1947	170.1	164.4	4.7	18.9	31.5	-12.6	.1	9.0	17.9	8.9	-8.9
1948	189.3	178.3	11.0	26.6	43.1	-16.5	1.6	3.5	14.5	11.0	-1.9
1949	189.7	181.2	8.5	27.6	33.0	-5.4	3.2	3.8	14.0	10.2	-.5
1950	207.7	195.0	12.6	27.7	50.0	-22.3	2.8	.6	13.1	12.5	2.2
1951	227.5	209.8	17.7	31.5	56.3	-24.8	2.1	2.4	17.9	15.5	-.2
1952	238.7	219.8	18.9	33.2	49.9	-16.6	1.5	1.3	17.4	16.1	-.2
1953	252.5	232.6	19.8	34.3	50.3	-16.0	1.6	-.4	16.6	17.0	2.0
1954	256.9	238.0	18.9	35.5	48.9	-13.4	1.4	1.0	17.5	16.5	.4
1955	274.4	256.9	17.5	42.1	63.8	-21.8	1.5	1.1	19.4	18.3	.4
1956	292.9	269.9	23.0	43.0	67.4	-24.3	1.5	2.9	23.1	20.2	-1.5
1957	308.8	286.2	23.6	45.6	66.1	-20.5	1.5	4.9	26.2	21.3	-3.5
1958	317.9	293.2	24.7	44.8	56.6	-11.9	1.3	1.2	22.7	21.5	.1
1959	337.1	313.5	23.6	51.3	72.7	-21.4	1.5	-.8	22.9	23.6	2.3
1960	349.9	328.2	21.7	50.7	71.8	-21.1	1.6	3.0	26.3	23.3	-1.4
1961	364.7	337.3	27.3	51.2	68.8	-17.6	1.6	4.6	27.6	23.0	-3.0
1962	384.6	356.8	27.8	57.5	79.1	-21.7	1.6	4.0	29.2	25.2	-2.4
1963	402.5	375.0	27.5	59.1	82.0	-22.9	1.6	4.4	30.7	26.3	-.8
1964 <sup>2</sup>	431.8	399.2	32.6	65.0	87.7	-22.6	1.8	6.7	34.9	28.2	-5.0
Seasonally adjusted annual rates											
1962: I	378.5	350.5	28.0	56.2	77.4	-21.2	1.8	3.4	28.0	24.6	-1.6
II	383.4	354.0	29.4	57.1	78.9	-21.9	1.5	4.3	29.6	25.3	-2.8
III	386.0	358.5	27.5	57.7	80.2	-22.5	1.5	4.4	29.7	25.3	-2.9
IV	390.4	364.0	26.4	58.9	79.9	-21.1	1.6	3.9	29.4	25.5	-2.3
1963: I	395.1	369.2	25.9	58.4	77.9	-19.4	1.5	3.4	28.8	25.4	-1.9
II	399.1	372.0	27.1	58.4	80.2	-21.8	1.6	4.3	30.5	26.3	-2.6
III	404.4	377.4	27.0	60.2	82.8	-22.6	1.6	4.2	31.0	26.8	-2.6
IV	411.2	381.3	29.9	59.7	87.1	-27.4	1.7	5.8	32.6	26.9	-4.1
1964: I	419.5	390.0	29.5	64.1	85.9	-21.8	1.5	7.7	34.5	26.8	-6.2
II	430.2	396.1	34.0	65.2	87.2	-22.0	1.6	5.7	33.7	27.9	-4.1
III	435.6	404.6	31.0	65.9	87.3	-21.4	1.7	7.0	35.7	28.7	-5.2
IV <sup>3</sup>	442.0	406.2	35.9	( <sup>4</sup> )	90.5	( <sup>4</sup> )	2.2	6.5	35.7	29.2	-4.3

See footnotes at end of table.

TABLE B-7.—*Gross national product: Receipts and expenditures by major economic groups, 1929-64—Continued*

[Billions of dollars]

Year or quarter	Government							Total income or receipts	Statistical discrepancy	Gross national product or expenditure
	Receipts			Expenditures			Surplus or deficit (-) on income and product account			
	Net receipts	Tax and non-tax receipts or accruals	Transfers, interest, and subsidies <sup>1</sup>	Purchases of goods and services	Total expenditures	Transfers, interest, and subsidies <sup>2</sup>				
1929.....	9.5	11.3	1.7	8.5	10.2	1.7	1.0	104.2	0.3	104.4
1930.....	8.9	10.8	1.8	9.2	11.0	1.8	-.3	92.1	-1.0	91.1
1931.....	6.4	9.5	3.1	9.2	12.3	3.1	-2.8	75.4	.8	76.3
1932.....	6.4	8.9	2.5	8.1	10.6	2.5	-1.7	57.7	.8	58.5
1933.....	6.7	9.3	2.6	8.0	10.7	2.6	-1.4	55.0	.9	56.0
1934.....	7.4	10.5	3.1	9.8	12.8	3.1	-2.4	64.2	.7	65.0
1935.....	8.0	11.4	3.4	10.0	13.3	3.4	-2.0	72.7	-.2	72.5
1936.....	8.9	12.9	4.1	11.8	15.9	4.1	-3.0	81.6	1.1	82.7
1937.....	12.3	15.4	3.1	11.7	14.8	3.1	.6	91.0	-.2	90.8
1938.....	11.2	15.0	3.8	12.8	16.6	3.8	-1.6	84.8	.5	85.2
1939.....	11.2	15.4	4.2	13.3	17.5	4.2	-2.1	89.9	1.2	91.1
1940.....	13.3	17.7	4.4	14.1	18.5	4.4	-.7	99.8	.8	100.6
1941.....	21.0	25.0	4.0	24.8	28.8	4.0	-3.8	125.4	.4	125.8
1942.....	28.3	32.6	4.3	59.7	64.0	4.3	-31.4	160.0	-.8	159.1
1943.....	44.4	49.2	4.8	88.6	93.4	4.8	-44.2	194.2	-1.7	192.5
1944.....	44.6	51.2	6.5	96.5	103.1	6.5	-51.9	208.6	2.8	211.4
1945.....	43.1	53.2	10.1	82.9	92.9	10.1	-39.7	209.1	4.5	213.6
1946.....	34.6	51.1	16.5	30.5	47.0	16.5	4.1	208.6	2.1	210.7
1947.....	41.6	57.1	15.4	28.4	43.8	15.4	13.3	230.7	3.5	234.3
1948.....	42.8	59.2	16.5	34.5	51.0	16.5	5.2	260.3	-.8	259.4
1949.....	37.0	56.4	19.4	40.2	59.5	19.4	-3.1	257.5	.5	258.1
1950.....	47.2	69.3	22.1	39.0	61.1	22.1	8.2	285.3	-.7	284.6
1951.....	66.6	85.5	18.9	60.5	79.4	18.9	6.1	327.7	1.2	329.0
1952.....	72.2	90.6	18.4	76.0	94.4	18.4	-3.9	345.6	1.4	347.0
1953.....	75.7	94.9	19.2	82.8	102.0	19.2	-7.1	364.1	1.3	365.4
1954.....	68.5	90.0	21.5	75.3	96.7	21.5	-6.7	362.3	.9	363.1
1955.....	78.4	101.4	23.0	75.6	98.6	23.0	2.9	396.5	1.0	397.5
1956.....	84.2	109.5	25.3	79.0	104.3	25.3	5.2	421.6	-2.4	419.2
1957.....	87.5	116.3	28.7	86.5	115.3	28.7	1.0	443.4	-.6	442.8
1958.....	82.0	115.1	33.1	93.5	123.6	33.1	-11.4	446.0	-1.5	444.5
1959.....	95.7	130.2	34.4	97.2	131.6	34.4	-1.5	485.7	-3.0	482.7
1960.....	103.5	140.6	37.1	99.6	136.7	37.1	3.9	505.6	-3.0	502.6
1961.....	103.8	145.6	41.8	108.0	149.8	41.8	-4.2	521.2	-2.6	518.7
1962.....	114.4	157.8	43.4	116.3	159.8	43.4	-1.9	558.0	-1.8	556.2
1963.....	123.4	168.9	45.4	122.6	168.0	45.4	.9	586.7	-2.7	583.9
1964 <sup>3</sup> .....	125.7	173.3	47.5	128.7	176.2	47.5	-2.9	624.4	-2.1	622.3
Seasonally adjusted annual rates										
1962: I.....	111.1	154.3	43.1	114.3	157.4	43.1	-3.1	547.7	-2.2	545.5
II.....	114.4	157.1	42.8	116.1	158.9	42.8	-1.8	556.3	-2.9	553.4
III.....	115.5	158.9	43.4	115.9	159.3	43.4	-.4	560.7	-1.7	559.0
IV.....	116.4	161.1	44.7	118.7	163.4	44.7	-2.2	567.4	-.8	566.6
1963: I.....	118.6	164.3	45.7	121.4	167.1	45.7	-2.8	573.7	-1.9	571.8
II.....	122.5	167.5	45.0	120.9	165.9	45.0	1.6	581.7	-4.3	577.4
III.....	124.5	169.7	45.2	122.8	168.0	45.2	1.7	590.7	-3.5	587.2
IV.....	128.1	174.0	45.9	124.8	170.7	45.9	3.3	600.8	-1.8	599.0
1964: I.....	125.2	172.7	47.5	125.2	172.7	47.5	( <sup>4</sup> )	610.4	-1.6	608.8
II.....	124.1	171.1	47.0	129.6	176.6	47.0	-5.5	621.0	-2.4	618.6
III.....	126.6	173.9	47.3	129.5	176.9	47.3	-3.0	629.8	-1.4	628.4
IV <sup>5</sup> .....	( <sup>6</sup> )	( <sup>6</sup> )	48.2	130.3	178.5	48.2	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	633.5

<sup>1</sup> Undistributed corporate profits, corporate inventory valuation adjustment, capital consumption allowances, and excess of wage accruals over disbursements.

<sup>2</sup> Government transfer payments to persons, foreign net transfers by Government, net interest paid by government, and subsidies less current surplus of Government enterprises.

<sup>3</sup> Preliminary estimates.

<sup>4</sup> Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.

<sup>5</sup> Less than \$50 million.

<sup>6</sup> Not available.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE B-8.—Gross private and government product, in current and 1964 prices, 1929-64

(Billions of dollars)

Year or quarter	Current prices					1964 prices <sup>1</sup>				
	Total gross national product	Gross private product <sup>1</sup>			Gross government product <sup>2</sup>	Total gross national product	Gross private product <sup>1</sup>			Gross government product <sup>2</sup>
		Total	Farm <sup>3</sup>	Non-farm			Total	Farm <sup>3</sup>	Non-farm	
1929.....	104.4	100.1	9.8	90.3	4.3	217.8	201.0	15.5	185.6	16.8
1930.....	91.1	86.6	7.7	78.8	4.5	198.1	180.5	14.1	166.4	17.6
1931.....	76.3	71.6	6.2	65.4	4.7	183.7	165.8	16.5	149.3	17.8
1932.....	58.5	54.0	4.4	49.6	4.4	156.8	139.4	15.5	123.9	17.4
1933.....	56.0	51.3	4.6	46.7	4.7	153.0	134.2	15.3	118.9	18.7
1934.....	65.0	59.4	4.3	55.1	5.6	167.6	145.9	12.7	133.2	21.6
1935.....	72.5	66.6	6.9	59.6	5.9	183.3	160.2	15.5	144.7	23.1
1936.....	82.7	75.5	6.3	69.2	7.3	208.7	181.6	13.2	168.4	27.1
1937.....	90.8	83.9	8.1	75.8	6.9	219.5	194.0	16.6	177.4	25.5
1938.....	85.2	77.6	6.7	70.9	7.6	210.2	182.6	16.7	165.9	27.7
1939.....	91.1	83.5	6.5	77.0	7.6	227.3	199.3	16.7	182.7	27.9
1940.....	100.6	92.8	6.8	86.0	7.8	246.3	217.6	16.4	201.2	28.7
1941.....	125.8	116.4	9.4	107.0	9.4	287.1	251.3	17.6	233.7	35.8
1942.....	159.1	144.0	13.4	130.6	15.1	330.9	278.9	19.2	259.7	52.0
1943.....	192.5	167.0	15.3	151.7	25.6	374.1	292.5	17.6	274.9	81.6
1944.....	211.4	179.2	15.7	163.5	32.2	401.7	307.4	18.0	289.4	94.3
1945.....	213.6	178.4	16.2	162.2	35.2	392.9	300.5	17.0	283.5	92.4
1946.....	210.7	189.9	19.3	170.7	20.7	337.9	289.4	17.2	272.2	48.4
1947.....	234.3	217.6	20.7	196.9	16.7	336.8	298.9	15.9	284.0	36.9
1948.....	259.4	242.0	23.8	218.2	17.4	350.4	313.4	18.1	295.3	37.0
1949.....	258.1	238.7	19.3	219.4	19.4	351.8	313.0	17.2	295.8	38.8
1950.....	284.6	263.8	20.5	243.2	20.8	380.4	340.3	18.1	322.1	40.2
1951.....	329.0	301.7	23.6	278.2	27.3	412.2	362.3	16.9	345.3	49.9
1952.....	347.0	316.0	22.8	293.2	31.0	429.0	375.2	17.6	357.5	63.8
1953.....	365.4	333.6	20.9	312.7	31.8	448.9	395.6	18.2	377.3	53.3
1954.....	363.1	330.8	20.3	310.5	32.3	439.8	387.4	19.1	368.3	52.4
1955.....	397.5	363.5	19.6	343.9	34.0	473.4	421.1	20.1	401.0	52.3
1956.....	419.2	382.8	19.3	363.5	36.4	483.5	430.4	19.6	410.8	53.1
1957.....	442.8	403.8	19.4	384.5	38.9	493.0	439.0	19.3	419.7	53.9
1958.....	444.5	402.6	21.3	381.2	42.0	486.0	431.8	19.6	412.2	54.3
1959.....	482.7	438.6	20.0	418.6	44.1	518.1	463.3	19.5	443.8	54.8
1960.....	502.6	455.3	20.9	434.4	47.3	531.2	474.9	20.4	454.5	56.3
1961.....	518.7	467.9	21.2	446.7	50.7	541.6	484.1	20.5	463.7	57.5
1962.....	556.2	501.7	21.5	480.2	54.5	575.7	515.2	20.4	494.8	60.5
1963.....	583.9	525.7	21.7	504.0	58.2	595.3	533.6	21.2	512.4	61.8
1964 <sup>4</sup> .....	622.3	559.0	21.1	537.9	63.3	622.3	559.0	21.1	537.9	63.3
Seasonally adjusted annual rates										
1962: I.....	545.5	492.0	( <sup>5</sup> )	( <sup>5</sup> )	53.6	567.0	506.9	( <sup>5</sup> )	( <sup>5</sup> )	60.0
II.....	553.4	499.3	( <sup>5</sup> )	( <sup>5</sup> )	54.1	574.1	513.6	( <sup>5</sup> )	( <sup>5</sup> )	60.5
III.....	559.0	504.4	( <sup>5</sup> )	( <sup>5</sup> )	54.7	578.0	517.3	( <sup>5</sup> )	( <sup>5</sup> )	60.7
IV.....	566.6	511.0	( <sup>5</sup> )	( <sup>5</sup> )	55.6	583.4	522.8	( <sup>5</sup> )	( <sup>5</sup> )	60.6
1963: I.....	571.8	515.1	( <sup>5</sup> )	( <sup>5</sup> )	56.7	586.9	525.8	( <sup>5</sup> )	( <sup>5</sup> )	61.1
II.....	577.4	519.9	( <sup>5</sup> )	( <sup>5</sup> )	57.5	589.8	528.3	( <sup>5</sup> )	( <sup>5</sup> )	61.5
III.....	587.2	528.8	( <sup>5</sup> )	( <sup>5</sup> )	58.4	598.0	535.9	( <sup>5</sup> )	( <sup>5</sup> )	62.1
IV.....	599.0	538.9	( <sup>5</sup> )	( <sup>5</sup> )	60.1	606.2	543.9	( <sup>5</sup> )	( <sup>5</sup> )	62.3
1964: I.....	608.8	547.3	( <sup>5</sup> )	( <sup>5</sup> )	61.5	612.9	550.2	( <sup>5</sup> )	( <sup>5</sup> )	62.6
II.....	618.6	556.0	( <sup>5</sup> )	( <sup>5</sup> )	62.6	620.2	557.2	( <sup>5</sup> )	( <sup>5</sup> )	63.0
III.....	628.4	564.3	( <sup>5</sup> )	( <sup>5</sup> )	64.1	626.6	563.0	( <sup>5</sup> )	( <sup>5</sup> )	63.6
IV <sup>6</sup> .....	633.5	568.4	( <sup>5</sup> )	( <sup>5</sup> )	65.1	629.4	565.3	( <sup>5</sup> )	( <sup>5</sup> )	64.0

<sup>1</sup> Gross national product less compensation of general government employees, i.e., gross product accruing from domestic business, households, and institutions and from the rest of the world.

<sup>2</sup> See *Survey of Current Business, October 1958*, for description of series and estimates in current and constant prices and implicit deflators for 1910-57.

<sup>3</sup> Includes compensation of general government employees and excludes compensation of employees in government enterprises. Government enterprises are those agencies of government whose operating costs are at least to a substantial extent covered by the sale of goods and services, in contrast to the general activities of government which are financed mainly by tax revenues and debt creation. Government enterprises, in other words, conduct operations essentially commercial in character, even though they perform them under governmental auspices. The Post Office and public power systems are typical examples of government enterprises. On the other hand, State universities and public parks, where the fees and admissions cover only a nominal part of operating costs, are part of general government activities.

<sup>4</sup> See footnote 1, Table B-2.

<sup>5</sup> Preliminary estimates.

<sup>6</sup> Not available.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE B-9.—*Personal consumption expenditures, 1929-64*

[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 <sup>1</sup>	Clothing and shoes <sup>2</sup>	Gasoline and oil	Other	Total	Housing <sup>3</sup>	Household operation	Transportation	Other
1929.....	79.0	9.2	3.2	4.8	1.2	37.7	19.5	9.4	1.8	7.0	32.1	11.4	4.0	2.6	14.0
1930.....	71.0	7.2	2.2	3.9	1.1	34.0	18.0	8.0	1.7	6.3	29.8	11.0	3.9	2.2	12.7
1931.....	61.3	5.5	1.6	3.1	.9	28.9	14.7	6.9	1.5	5.7	26.9	10.3	3.5	1.9	11.2
1932.....	49.3	3.6	.9	2.1	.6	22.8	11.4	5.1	1.5	4.8	22.9	9.0	3.0	1.6	9.3
1933.....	46.4	3.5	1.1	1.9	.5	22.3	10.9	4.6	1.5	5.3	20.7	7.9	2.8	1.5	8.5
1934.....	51.9	4.2	1.4	2.2	.6	26.7	12.2	5.7	1.6	7.2	21.0	7.6	3.0	1.6	8.8
1935.....	56.3	5.1	1.9	2.6	.7	29.3	13.6	6.0	1.7	7.9	21.9	7.6	3.2	1.7	9.4
1936.....	62.6	6.3	2.3	3.2	.8	32.8	15.2	6.6	1.9	9.1	23.5	7.9	3.4	1.9	10.3
1937.....	67.3	6.9	2.4	3.6	1.0	35.2	16.4	6.8	2.1	9.8	25.1	8.4	3.7	2.0	11.1
1938.....	64.6	5.7	1.6	3.1	.9	34.0	15.6	6.8	2.1	9.5	25.0	8.8	3.6	1.9	10.7
1939.....	67.6	6.7	2.2	3.5	1.0	35.1	15.7	7.1	2.2	10.1	25.8	9.0	3.8	2.0	11.0
1940.....	71.9	7.8	2.7	3.9	1.1	37.2	16.7	7.4	2.3	10.8	26.9	9.3	4.0	2.1	11.4
1941.....	81.9	9.7	3.4	4.9	1.4	43.2	19.4	8.8	2.6	12.3	29.0	10.0	4.3	2.4	12.3
1942.....	89.7	7.0	.7	4.7	1.6	51.3	23.7	11.0	2.1	14.5	31.5	10.8	4.8	2.7	13.1
1943.....	100.5	6.6	.8	3.9	1.9	59.3	27.8	13.4	1.3	16.7	34.7	11.3	5.2	3.4	14.7
1944.....	109.8	6.8	.8	3.8	2.2	65.4	30.6	14.6	1.4	18.7	37.7	11.9	5.9	3.7	16.3
1945.....	121.7	8.1	1.0	4.6	2.5	73.2	34.1	16.5	1.8	20.8	40.4	12.4	6.4	4.0	17.5
1946.....	147.1	15.9	3.9	8.7	3.3	84.8	40.7	18.2	3.0	22.9	46.4	13.8	6.7	5.1	20.8
1947.....	165.4	20.6	6.3	11.0	3.4	93.4	45.8	18.8	3.6	25.2	51.4	15.6	7.4	5.5	23.0
1948.....	178.3	22.7	7.4	11.9	3.4	98.7	48.2	20.1	4.4	26.0	56.9	17.6	7.9	6.0	25.4
1949.....	181.2	24.6	9.8	11.5	3.3	96.6	46.4	19.3	5.0	25.9	60.0	19.3	8.4	6.1	26.2
1950.....	195.0	30.4	13.0	14.0	3.4	99.8	47.4	19.6	5.4	27.4	64.9	21.2	9.3	6.3	28.1
1951.....	209.8	29.5	11.6	14.2	3.7	110.1	53.4	21.1	6.0	29.5	70.2	23.2	10.1	6.9	29.9
1952.....	219.8	29.1	11.0	14.1	3.9	115.1	55.8	21.9	6.7	30.7	75.6	25.4	10.8	7.4	32.0
1953.....	232.6	32.9	14.0	14.7	4.1	118.0	56.6	21.9	7.5	31.8	81.8	27.5	11.7	8.0	34.6
1954.....	238.0	32.4	13.4	14.8	4.3	119.3	57.7	21.9	8.0	31.7	86.3	29.1	12.1	7.9	37.1
1955.....	256.9	39.6	18.3	16.6	4.8	124.8	59.2	23.4	8.8	33.4	92.5	30.7	13.5	8.3	39.9
1956.....	269.9	38.5	15.8	17.4	5.3	131.4	62.2	24.5	9.6	35.2	100.0	32.7	14.8	8.6	43.8
1957.....	285.2	40.4	17.1	17.4	5.8	137.7	65.2	25.4	10.4	36.7	107.1	35.2	15.8	9.0	47.0
1958.....	293.2	37.3	13.9	17.4	6.0	141.6	67.4	25.7	10.5	38.0	114.3	37.7	16.9	9.2	50.6
1959.....	313.5	43.6	18.1	18.9	6.6	147.1	68.1	27.5	11.1	40.5	122.8	39.6	18.1	10.0	55.1
1960.....	328.2	44.9	18.8	19.1	7.1	151.8	69.7	28.1	11.7	42.3	131.5	41.9	19.5	10.7	59.5
1961.....	337.3	43.7	17.1	19.3	7.3	155.4	71.0	28.7	11.9	43.8	138.3	44.2	20.4	10.7	63.0
1962.....	356.8	48.4	20.6	20.2	7.6	162.0	73.9	29.9	12.3	45.8	146.4	46.5	21.6	11.3	67.0
1963.....	375.0	52.1	22.7	21.4	8.0	167.5	76.0	30.7	12.8	48.0	155.3	48.9	22.7	11.7	72.0
1964 <sup>4</sup> .....	399.2	57.0	24.2	24.0	8.8	177.1	80.0	33.2	13.6	50.4	165.1	51.5	24.4	12.2	77.1
Seasonally adjusted annual rates															
1962:															
I.....	350.5	47.4	19.7	20.1	7.6	159.5	72.7	29.6	12.2	45.1	143.6	45.6	21.3	11.1	65.6
II.....	354.0	47.7	20.3	19.9	7.6	161.0	73.5	29.7	12.2	45.6	145.3	46.2	21.3	11.2	66.5
III.....	358.5	48.4	20.5	20.3	7.7	162.9	74.5	30.0	12.3	46.1	147.2	46.8	21.7	11.4	67.3
IV.....	364.0	50.2	21.8	20.6	7.7	164.4	75.0	30.2	12.5	46.6	149.5	47.5	22.0	11.5	68.5
1963:															
I.....	369.2	51.1	22.4	20.8	7.8	166.0	75.6	30.4	12.7	47.3	152.1	48.0	22.4	11.6	70.0
II.....	372.0	51.5	22.6	21.0	7.9	166.6	75.9	30.1	12.8	47.8	153.9	48.6	22.4	11.7	71.3
III.....	377.4	52.2	22.6	21.6	8.0	168.6	76.1	31.3	12.9	48.3	156.6	49.2	22.9	11.7	72.7
IV.....	381.3	53.6	23.2	22.3	8.2	168.9	76.5	30.9	13.0	48.6	158.8	49.8	23.0	11.8	74.1
1964:															
I.....	390.0	55.9	24.3	23.1	8.5	172.9	78.3	32.1	13.3	49.2	161.1	50.5	23.5	12.0	75.1
II.....	396.1	57.0	24.1	24.2	8.8	175.3	79.0	33.2	13.5	49.6	163.8	51.1	24.0	12.2	76.4
III.....	404.6	58.7	25.6	24.2	8.8	179.5	81.1	33.8	13.5	51.0	166.4	51.8	24.8	12.2	77.7
IV <sup>4</sup> .....	406.2	56.2	22.7	24.4	9.0	180.8	81.4	33.6	13.9	51.8	169.2	52.4	25.3	12.4	79.1

<sup>1</sup> Quarterly data are estimates by Council of Economic Advisers.<sup>2</sup> Includes standard clothing issued to military personnel.<sup>3</sup> Includes imputed rental value of owner-occupied dwellings.<sup>4</sup> Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics (except as noted).

TABLE B-10.—Gross private domestic investment, 1929-64

[Billions of dollars]

Year or quarter	Total gross private domestic investment	Fixed investment									Change in business inventories			
		Total	New construction <sup>1</sup>						Producers' durable equipment			Total	Non-farm	Farm
			Total	Residential non-farm	Other <sup>2</sup>			Total	Non-farm	Farm				
					Total	Non-farm	Farm							
1929.....	16.2	14.6	8.7	3.6	5.1	4.8	0.3	5.8	5.2	0.6	1.7	1.8	-0.2	
1930.....	10.3	10.6	6.2	2.1	4.1	3.9	.2	4.5	4.0	.5	-.4	-.1	-.3	
1931.....	5.5	6.8	4.0	1.6	2.4	2.3	.1	2.8	2.6	.3	-1.3	-1.6	-.3	
1932.....	.9	3.5	1.9	.6	1.2	1.2	( <sup>3</sup> )	1.6	1.4	.1	-2.6	-.2	( <sup>3</sup> )	
1933.....	1.4	3.0	1.4	.5	1.0	.9	( <sup>3</sup> )	1.6	1.5	.1	-1.6	-1.4	-.3	
1934.....	2.9	4.0	1.7	.6	1.1	1.0	.1	2.3	2.1	.3	-1.1	-.2	-1.3	
1935.....	6.3	5.4	2.3	1.0	1.3	1.2	.1	3.1	2.7	.4	.9	.4	.5	
1936.....	8.4	7.4	3.3	1.6	1.7	1.6	.2	4.2	3.6	.5	1.0	2.1	-1.1	
1937.....	11.7	9.5	4.4	1.9	2.5	2.3	.2	5.1	4.5	.6	2.2	1.7	.5	
1938.....	6.7	7.6	4.0	2.0	2.0	1.8	.2	3.6	3.1	.5	-.9	-1.0	.1	
1939.....	9.3	8.9	4.8	2.7	2.1	1.9	.2	4.2	3.7	.5	.4	.3	.1	
1940.....	13.2	11.0	5.5	3.0	2.5	2.2	.2	5.5	4.9	.6	2.2	1.9	.3	
1941.....	18.1	13.6	6.6	3.5	3.1	2.8	.3	6.9	6.1	.8	4.5	4.0	.5	
1942.....	9.9	8.1	3.7	1.7	2.0	1.7	.3	4.3	3.7	.7	1.8	.7	1.2	
1943.....	5.6	6.4	2.3	.9	1.4	1.2	.3	4.0	3.5	.6	-.8	-.6	-.2	
1944.....	7.1	8.2	2.7	.8	1.9	1.6	.3	5.4	4.7	.7	-1.0	-.6	-.4	
1945.....	10.4	11.5	3.8	1.1	2.7	2.5	.3	7.7	6.9	.7	-1.1	-.6	-.5	
1946.....	28.1	21.8	11.0	4.8	6.3	5.4	.9	10.7	9.8	.9	6.4	6.4	( <sup>3</sup> )	
1947.....	31.5	31.9	15.3	7.5	7.7	6.3	1.4	16.7	14.9	1.8	-.5	1.3	-1.8	
1948.....	43.1	38.4	19.5	10.1	9.3	7.8	1.6	18.9	16.4	2.6	4.7	3.0	1.7	
1949.....	33.0	36.0	18.8	9.6	9.2	7.7	1.5	17.2	14.4	2.9	-3.1	-2.2	-.9	
1950.....	50.0	43.2	24.2	14.1	10.1	8.5	1.6	18.9	16.2	2.7	6.8	6.0	.8	
1951.....	56.3	46.1	24.8	12.5	12.3	10.4	1.8	21.3	18.4	2.9	10.2	9.1	1.2	
1952.....	49.9	46.8	25.5	12.8	12.7	10.8	1.9	21.3	18.6	2.7	3.1	2.1	.9	
1953.....	50.3	49.9	27.6	13.8	13.8	12.1	1.7	22.3	19.5	2.8	.4	1.1	-.6	
1954.....	48.9	50.5	29.7	15.4	14.3	12.7	1.6	20.8	18.5	2.3	-1.6	-2.1	.5	
1955.....	63.8	58.1	34.9	18.7	16.2	14.6	1.6	23.1	20.6	2.5	5.8	5.5	.3	
1956.....	67.4	62.7	35.5	17.7	17.8	16.3	1.6	27.2	25.0	2.2	4.7	5.1	-.4	
1957.....	66.1	64.6	36.1	17.0	19.0	17.5	1.6	28.5	26.2	2.3	1.6	.8	.8	
1958.....	56.6	58.6	35.5	18.0	17.4	15.9	1.5	23.1	20.3	2.8	-2.0	-2.9	.9	
1959.....	72.7	66.2	40.2	22.3	17.9	16.2	1.7	25.9	23.1	2.9	6.6	6.5	.1	
1960.....	71.8	68.3	40.7	21.1	19.7	18.0	1.6	27.6	25.1	2.4	3.5	3.2	.3	
1961.....	68.8	66.9	41.0	21.1	19.8	18.2	1.6	25.9	23.3	2.6	1.9	1.5	.3	
1962.....	79.1	73.3	44.2	23.6	20.6	19.0	1.6	29.0	26.3	2.8	5.9	5.3	.6	
1963.....	82.0	77.6	46.6	25.2	21.3	19.8	1.6	31.0	27.9	3.1	4.4	3.9	.5	
1964 <sup>4</sup>	87.7	84.0	48.9	26.0	22.9	21.4	1.5	35.1	31.5	3.5	3.7	3.6	.1	
Seasonally adjusted annual rates														
1962: I.....	77.4	70.5	42.5	22.5	20.0	18.3	1.6	28.1	25.4	2.7	6.9	6.4	0.5	
II.....	78.9	72.9	44.1	23.5	20.6	19.0	1.6	28.8	26.1	2.7	6.1	5.5	.6	
III.....	80.2	75.1	45.5	24.4	21.1	19.5	1.6	29.6	26.9	2.7	5.1	4.4	.7	
IV.....	79.9	74.5	44.9	24.0	20.9	19.3	1.6	29.7	26.7	3.0	5.4	4.8	.6	
1963: I.....	77.9	74.3	44.7	24.3	20.4	18.8	1.6	29.6	26.6	3.0	3.6	3.0	.6	
II.....	80.2	76.6	45.9	25.1	20.8	19.2	1.6	30.7	27.7	3.0	3.6	3.2	.5	
III.....	82.8	78.6	47.2	25.4	21.9	20.3	1.6	31.4	28.5	2.9	4.2	3.7	.5	
IV.....	87.1	80.7	48.3	26.2	22.1	20.6	1.5	32.4	29.1	3.4	6.4	6.0	.4	
1964: I.....	85.9	83.4	49.2	26.9	22.3	20.8	1.5	34.2	30.7	3.5	2.5	2.2	.3	
II.....	87.2	83.5	48.9	26.2	22.7	21.1	1.5	34.6	31.2	3.4	3.7	3.4	.3	
III.....	87.3	84.5	48.9	25.7	23.1	21.6	1.5	35.6	32.1	3.5	2.8	2.7	.1	
IV <sup>4</sup>	90.5	84.5	48.6	25.0	23.6	22.1	1.5	35.9	32.2	3.6	6.0	6.3	-.4	

<sup>1</sup> Revisions in series on new construction shown in Table B-36 have not yet been incorporated into these series.<sup>2</sup> Includes petroleum and natural gas well drilling, which are excluded from estimates in Table B-36.<sup>3</sup> Less than \$50 million.<sup>4</sup> Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.



TABLE B-11.—National income by type of income, 1929-64

[Billions of dollars]											
Year or quarter	Total national income <sup>1</sup>	Compensation of employees <sup>2</sup>	Business and professional income and inventory valuation adjustment			Income of farm proprietors <sup>3</sup>	Rental income of persons	Corporate profits and inventory valuation adjustment			Net interest
			Total	Income of unincorporated enterprises	Inventory valuation adjustment			Total	Corporate profits before taxes <sup>4</sup>	Inventory valuation adjustment	
1929.....	87.8	51.1	8.8	8.6	0.1	6.0	5.4	10.1	9.6	0.5	6.4
1930.....	75.7	46.8	7.4	6.7	.8	4.1	4.8	6.6	3.3	3.3	6.0
1931.....	59.7	39.7	5.6	5.0	.6	3.2	3.8	1.6	-.8	2.4	5.8
1932.....	42.5	31.1	3.4	3.1	.3	1.9	2.7	-2.0	-3.0	1.0	5.4
1933.....	40.2	29.5	3.2	3.7	-.5	2.4	2.0	-2.0	.2	-2.1	5.0
1934.....	49.0	34.3	4.6	4.6	-.1	2.4	1.7	1.1	1.7	-.6	4.9
1935.....	57.1	37.3	5.4	5.4	-.1	5.0	1.7	2.9	3.1	-.2	4.8
1936.....	64.9	42.9	6.5	6.6	-.1	4.0	1.8	5.0	5.7	-.7	4.7
1937.....	73.6	47.9	7.1	7.1	( <sup>5</sup> )	5.6	2.1	6.2	6.2	( <sup>5</sup> )	4.7
1938.....	67.6	45.0	6.8	6.6	.2	4.3	2.6	4.3	3.3	1.0	4.6
1939.....	72.8	48.1	7.3	7.6	-.2	4.3	2.7	5.7	6.4	-.7	4.6
1940.....	81.6	52.1	8.4	8.5	( <sup>5</sup> )	4.6	2.9	9.1	9.3	-.2	4.5
1941.....	104.7	64.8	10.9	11.5	-.6	6.5	3.5	14.5	17.0	-2.5	4.5
1942.....	137.7	85.3	13.9	14.3	-.4	10.0	4.5	19.7	20.9	-1.2	4.3
1943.....	170.3	109.6	16.8	17.0	-.2	11.4	5.1	23.8	24.6	-.8	3.7
1944.....	182.6	121.3	18.0	18.1	-.1	11.5	5.4	23.0	23.3	-.3	3.3
1945.....	181.2	123.2	19.0	19.1	-.1	11.8	5.6	18.4	19.0	-.6	3.2
1946.....	180.9	117.7	21.3	23.0	-1.7	15.3	6.2	17.3	22.6	-5.3	3.1
1947.....	198.2	128.8	19.9	21.4	-1.5	15.5	6.5	23.6	29.5	-5.9	3.8
1948.....	223.5	141.0	22.4	22.8	-.4	17.8	7.3	30.8	33.0	-2.2	4.2
1949.....	217.7	140.8	22.7	22.2	.5	12.9	8.3	28.2	26.4	1.9	4.8
1950.....	241.9	154.2	23.5	24.6	-1.1	14.0	9.0	35.7	40.6	-5.0	5.5
1951.....	279.3	180.3	26.0	26.3	-.3	16.3	9.4	41.0	42.2	-1.2	6.3
1952.....	292.2	195.0	26.9	26.7	.2	15.3	10.2	37.7	36.7	1.0	7.1
1953.....	305.6	208.8	27.4	27.6	-.2	13.3	10.5	37.3	38.3	-1.0	8.2
1954.....	301.8	207.6	27.8	27.8	( <sup>5</sup> )	12.7	10.9	33.7	34.1	-.3	9.1
1955.....	330.2	223.9	30.4	30.6	-.2	11.8	10.7	43.1	44.9	-1.7	10.4
1956.....	350.8	242.5	32.1	32.6	-.5	11.6	10.9	42.0	44.7	-2.7	11.7
1957.....	366.9	255.5	32.7	33.0	-.3	11.8	11.9	41.7	43.2	-1.5	13.4
1958.....	367.4	257.1	32.5	32.6	-.1	13.5	12.2	37.2	37.4	-.3	14.8
1959.....	400.5	278.5	35.1	35.2	-.1	11.4	11.9	47.2	47.7	-.5	16.4
1960.....	414.5	293.6	34.2	34.2	( <sup>5</sup> )	12.0	12.1	44.5	44.3	.2	18.1
1961.....	426.9	302.2	35.3	35.3	( <sup>5</sup> )	12.9	12.2	44.1	44.2	-.1	20.1
1962.....	455.6	323.1	36.6	36.6	( <sup>5</sup> )	13.2	12.2	48.4	48.2	.3	22.1
1963.....	478.5	340.3	37.6	37.6	( <sup>5</sup> )	13.0	12.3	50.8	51.3	-.4	24.4
1964 <sup>6</sup> .....	509.8	361.7	39.3	39.3	( <sup>5</sup> )	12.7	12.4	57.0	57.2	-.2	26.8
Seasonally adjusted annual rates											
1962: I.....	447.2	316.6	36.3	36.3	( <sup>5</sup> )	13.7	12.2	47.1	47.2	-0.1	21.3
II.....	454.3	322.4	36.6	36.6	( <sup>5</sup> )	13.3	12.2	48.0	47.9	( <sup>5</sup> )	21.8
III.....	457.8	325.3	36.7	36.7	( <sup>5</sup> )	13.0	12.2	48.3	48.1	.1	22.3
IV.....	463.2	328.0	36.9	36.8	0.1	12.8	12.2	50.3	49.4	.9	22.9
1963: I.....	467.9	332.7	37.1	37.0	-.1	13.2	12.3	49.1	48.9	.2	23.5
II.....	474.6	338.1	37.3	37.4	-.1	12.8	12.3	50.2	51.1	-.9	24.0
III.....	481.9	342.7	37.8	37.9	-.1	12.9	12.4	51.4	51.3	.2	24.7
IV.....	490.0	347.7	38.3	38.3	( <sup>5</sup> )	13.2	12.4	53.1	54.3	-1.2	25.4
1964: I.....	498.4	352.5	38.6	38.6	( <sup>5</sup> )	12.6	12.4	56.4	56.6	-.2	25.9
II.....	507.1	358.6	39.1	39.3	-.2	12.6	12.4	57.9	57.9	-.1	26.5
III.....	514.5	364.8	39.6	39.7	-.1	12.6	12.4	58.1	58.0	.1	27.1
IV <sup>6</sup> .....	( <sup>5</sup> )	370.6	39.9	39.8	.1	12.9	12.5	( <sup>5</sup> )	( <sup>9</sup> )	( <sup>9</sup> )	27.6

<sup>1</sup> 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-12.

<sup>2</sup> Wages and salaries and supplements to wages and salaries (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).

<sup>3</sup> Excludes income resulting from net reductions of farm inventories and gives credit in computing income to net additions to farm inventories during the period. Data for 1929-45 differ from those shown in Table B-63 because of revisions not yet incorporated into the national income accounts.

<sup>4</sup> See Table B-65 for corporate tax liability, corporate profits after taxes, and footnote 3.

<sup>5</sup> Less than \$50 million.

<sup>6</sup> Preliminary estimates.

<sup>7</sup> Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.

<sup>8</sup> Not available.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE B-12.—*Relation of gross national product and national income, 1929-64*

[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
		Total	Depreciation charges	Other <sup>1</sup>			Indirect business taxes			Business transfer payments	Statistical discrepancy	
							Total	Federal	State and local			
1929.....	104.4	8.6	7.7	0.9	95.8	-0.1	7.0	1.2	5.8	0.6	0.3	87.8
1930.....	91.1	8.5	7.7	.8	82.6	-.1	7.2	1.0	6.1	.5	-1.0	75.7
1931.....	76.3	8.2	7.6	.6	68.1	( <sup>2</sup> )	6.9	.9	6.0	.6	.8	59.7
1932.....	58.5	7.6	7.0	.6	50.9	( <sup>2</sup> )	6.8	.9	5.8	.7	.8	42.5
1933.....	56.0	7.2	6.7	.5	48.8	( <sup>2</sup> )	7.1	1.6	5.4	.7	.9	40.2
1934.....	65.0	7.1	6.6	.5	57.9	.3	7.8	2.2	5.6	.6	.7	49.0
1935.....	72.5	7.2	6.7	.6	65.3	.4	8.2	2.2	6.0	.6	-.2	57.1
1936.....	82.7	7.5	6.7	.8	75.2	( <sup>2</sup> )	8.7	2.3	6.4	.6	1.1	64.9
1937.....	90.8	7.7	6.9	.8	83.0	.1	9.2	2.4	6.8	.6	-.2	73.6
1938.....	85.2	7.8	6.9	.8	77.4	.2	9.2	2.2	6.9	.4	.5	67.6
1939.....	91.1	7.8	7.1	.7	83.3	.5	9.4	2.3	7.0	.5	1.2	72.8
1940.....	100.6	8.1	7.3	.8	92.5	.4	10.0	2.6	7.4	.4	.8	81.6
1941.....	125.8	9.0	8.1	1.0	116.8	.1	11.3	3.6	7.7	.5	.4	104.7
1942.....	159.1	10.2	9.2	1.0	149.0	.2	11.8	4.0	7.7	.5	-.8	137.7
1943.....	192.5	10.9	9.9	1.0	181.6	.2	12.7	4.9	7.8	.5	-1.7	170.3
1944.....	211.4	12.0	10.8	1.2	199.4	.7	14.1	6.2	8.0	.5	2.8	182.6
1945.....	213.6	12.5	11.2	1.3	201.0	.8	15.5	7.1	8.4	.5	4.5	181.2
1946.....	210.7	10.7	9.0	1.7	200.0	.9	17.3	7.9	9.4	.6	2.1	180.9
1947.....	234.3	13.0	11.1	2.0	221.3	-.2	18.6	7.9	10.8	.7	3.5	198.2
1948.....	259.4	15.5	13.1	2.4	244.0	-.2	20.4	8.1	12.3	.7	-.8	223.5
1949.....	258.1	17.3	15.1	2.2	240.8	-.2	21.6	8.2	13.5	.8	.5	217.7
1950.....	284.6	19.1	16.5	2.6	265.5	.2	23.7	9.0	14.7	.8	-.7	241.9
1951.....	329.0	22.0	18.8	3.2	307.0	.2	25.6	9.5	16.1	1.0	1.2	279.3
1952.....	347.0	24.0	20.9	3.1	323.0	-.2	28.1	10.5	17.6	1.2	1.4	292.2
1953.....	365.4	26.5	23.1	3.5	338.9	-.4	30.2	11.2	19.0	1.4	1.3	305.6
1954.....	363.1	28.8	25.2	3.6	334.3	-.2	30.2	10.1	20.1	1.3	.9	301.5
1955.....	397.5	32.0	27.9	4.0	365.5	( <sup>2</sup> )	32.9	11.0	21.8	1.5	1.0	330.2
1956.....	419.2	34.4	30.5	3.9	384.8	.9	35.7	11.6	24.1	1.6	-2.4	350.8
1957.....	442.8	37.4	33.4	4.0	405.3	1.0	38.2	12.2	26.0	1.8	-.6	366.9
1958.....	444.5	38.6	35.2	3.4	405.9	1.1	39.3	11.9	27.4	1.8	-1.5	367.4
1959.....	482.7	41.0	37.3	3.7	441.7	.4	42.6	13.0	29.6	2.1	-3.0	400.5
1960.....	502.6	43.0	39.1	3.8	459.6	.5	46.4	14.0	32.5	2.2	-3.0	414.5
1961.....	518.7	44.5	40.6	3.9	474.1	1.6	49.0	14.1	34.9	2.4	-2.6	426.9
1962.....	556.2	48.7	44.6	4.1	507.5	1.6	52.8	15.1	37.8	2.4	-1.8	455.6
1963.....	583.9	50.8	46.7	4.1	533.1	1.0	55.9	15.6	40.2	2.4	-2.7	478.5
1964 <sup>3</sup> .....	622.3	53.4	49.0	4.4	568.8	.8	59.4	16.4	43.0	2.5	-2.1	509.8
Seasonally adjusted annual rates												
1962: I.....	545.5	48.0	( <sup>4</sup> )	( <sup>4</sup> )	497.6	1.7	51.9	15.0	36.9	2.4	-2.2	447.2
II.....	553.4	48.6	( <sup>4</sup> )	( <sup>4</sup> )	504.8	1.6	52.6	15.1	37.6	2.4	-2.9	454.3
III.....	559.0	49.0	( <sup>4</sup> )	( <sup>4</sup> )	510.0	1.6	53.1	15.0	38.1	2.4	-1.7	457.8
IV.....	566.6	49.4	( <sup>4</sup> )	( <sup>4</sup> )	517.1	1.5	53.8	15.1	38.7	2.4	-.8	463.2
1963: I.....	571.8	50.0	( <sup>4</sup> )	( <sup>4</sup> )	521.8	1.3	54.6	15.4	39.2	2.4	-1.9	467.9
II.....	577.4	50.5	( <sup>4</sup> )	( <sup>4</sup> )	526.9	1.1	55.3	15.5	39.7	2.4	-4.3	474.6
III.....	587.2	51.2	( <sup>4</sup> )	( <sup>4</sup> )	536.0	.9	56.1	15.7	40.4	2.4	-3.5	481.9
IV.....	599.0	51.7	( <sup>4</sup> )	( <sup>4</sup> )	547.3	.7	57.3	15.9	41.3	2.4	-1.8	490.0
1964: I.....	608.8	52.5	( <sup>4</sup> )	( <sup>4</sup> )	556.3	1.0	57.9	15.9	42.1	2.5	-1.6	498.4
II.....	618.6	53.1	( <sup>4</sup> )	( <sup>4</sup> )	565.5	.7	59.0	16.4	42.6	2.5	-2.4	507.1
III.....	628.4	53.7	( <sup>4</sup> )	( <sup>4</sup> )	574.8	.9	60.1	16.6	43.4	2.5	-1.4	514.5
IV <sup>5</sup> .....	633.5	54.4	( <sup>4</sup> )	( <sup>4</sup> )	578.9	.9	60.7	16.7	44.0	2.5	( <sup>4</sup> )	( <sup>4</sup> )

<sup>1</sup> Accidental damage to fixed capital and capital outlays charged to current account.<sup>2</sup> Less than \$50 million.<sup>3</sup> Preliminary estimates.<sup>4</sup> Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.<sup>5</sup> Not available.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE B-13.—*Relation of national income and personal income, 1929-64*

[Billions of dollars]

Year or quarter	National income	Less:			Plus:				Equals: Personal income
		Corporate profits and inventory valuation adjustment	Contributions for social insurance	Excess of wage accruals over disbursements	Government transfer payments to persons	Net interest paid by government	Dividends	Business transfer payments	
1929.....	87.8	10.1	0.2	-----	0.9	1.0	5.8	0.6	85.8
1930.....	75.7	6.6	.3	-----	1.0	1.0	5.5	.5	76.9
1931.....	59.7	1.6	.3	-----	2.1	1.1	4.1	.6	65.7
1932.....	42.5	-2.0	.3	-----	1.4	1.1	2.6	.7	50.1
1933.....	40.2	-2.0	.3	-----	1.5	1.2	2.1	.7	47.2
1934.....	49.0	1.1	.3	-----	1.6	1.2	2.6	.6	53.6
1935.....	57.1	2.9	.3	-----	1.8	1.1	2.9	.6	60.2
1936.....	64.9	5.0	.6	-----	2.9	1.1	4.5	.6	68.5
1937.....	73.6	6.2	1.8	-----	1.9	1.2	4.7	.6	73.9
1938.....	67.6	4.3	2.0	-----	2.4	1.2	3.2	.4	68.6
1939.....	72.8	5.7	2.1	-----	2.5	1.2	3.8	.5	72.9
1940.....	81.6	9.1	2.3	-----	2.7	1.3	4.0	.4	78.7
1941.....	104.7	14.5	2.8	-----	2.6	1.3	4.5	.5	96.3
1942.....	137.7	19.7	3.5	-----	2.6	1.5	4.3	.5	123.5
1943.....	170.3	23.8	4.5	0.2	2.5	2.1	4.5	.5	151.4
1944.....	182.6	23.0	5.2	- .2	3.1	2.8	4.7	.5	165.7
1945.....	181.2	18.4	6.1	-----	5.6	3.7	4.7	.5	171.2
1946.....	180.9	17.3	6.0	-----	10.9	4.5	5.8	.6	179.3
1947.....	198.2	23.6	5.7	-----	11.1	4.4	6.5	.7	191.6
1948.....	223.5	30.8	5.2	-----	10.5	4.5	7.2	.7	210.4
1949.....	217.7	28.2	5.7	-----	11.6	4.7	7.5	.8	208.3
1950.....	241.9	35.7	6.9	-----	14.3	4.8	9.2	.8	228.5
1951.....	279.3	41.0	8.2	.1	11.6	5.0	9.0	1.0	256.7
1952.....	292.2	37.7	8.6	-----	12.0	5.0	9.0	1.2	273.1
1953.....	305.6	37.3	8.7	- .1	12.9	5.2	9.2	1.4	288.3
1954.....	301.8	33.7	9.7	-----	15.0	5.4	9.8	1.3	289.8
1955.....	330.2	43.1	11.0	-----	16.0	5.4	11.2	1.5	310.2
1956.....	350.8	42.0	12.6	-----	17.2	5.7	12.1	1.6	332.9
1957.....	366.9	41.7	14.5	-----	20.1	6.2	12.6	1.8	351.4
1958.....	367.4	37.2	14.8	-----	24.5	6.2	12.4	1.8	360.3
1959.....	400.5	47.2	17.6	-----	25.4	7.1	13.7	2.1	383.9
1960.....	414.5	44.5	20.6	-----	27.3	7.8	14.5	2.2	401.3
1961.....	426.9	44.1	21.4	-----	31.3	7.4	15.2	2.4	417.6
1962.....	455.6	48.4	23.9	-----	32.3	8.0	16.5	2.4	442.4
1963.....	478.5	50.8	26.9	-----	34.3	8.6	18.0	2.4	464.1
1964 <sup>1</sup> .....	<sup>2</sup> 509.8	<sup>2</sup> 57.0	28.7	-----	35.7	9.2	19.8	2.5	491.4
Seasonally adjusted annual rates									
1962: I.....	447.2	47.1	23.5	-----	32.0	7.6	16.1	2.4	434.7
II.....	454.3	48.0	23.9	-----	31.9	7.8	16.4	2.4	441.0
III.....	457.8	48.3	24.1	-----	32.2	8.1	16.5	2.4	444.5
IV.....	463.2	50.3	24.3	-----	33.4	8.3	17.1	2.4	449.7
1963: I.....	467.9	49.1	26.2	-----	34.5	8.4	17.2	2.4	455.2
II.....	474.6	50.2	26.7	-----	33.8	8.4	17.7	2.4	460.2
III.....	481.9	51.4	27.1	-----	34.0	8.7	17.9	2.4	466.3
IV.....	490.0	53.1	27.5	-----	34.7	8.8	19.1	2.4	474.5
1964: I.....	498.4	56.4	28.0	-----	35.9	9.1	19.4	2.5	480.9
II.....	507.1	57.9	28.4	-----	35.5	9.3	19.8	2.5	487.9
III.....	514.5	58.1	29.0	0.1	35.5	9.2	20.0	2.5	494.5
IV <sup>1</sup> .....	( <sup>3</sup> )	( <sup>3</sup> )	29.3	- .1	35.9	9.3	20.2	2.5	502.2

<sup>1</sup> Preliminary estimates.<sup>2</sup> Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.<sup>3</sup> Not available.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE B-14.—*Sources of personal income, 1929-64*

[Billions of dollars]

Year or quarter	Total personal income	Wage and salary disbursements <sup>1</sup>						Other labor income <sup>1</sup>	Proprietors' income <sup>2</sup>	
		Total	Commodity-producing industries		Distributive industries	Service industries	Government		Business and professional	Farm <sup>3</sup>
			Total	Manufacturing						
1929.....	85.8	50.4	21.5	16.1	15.6	8.4	4.9	0.6	8.8	6.0
1930.....	76.9	46.2	18.5	13.8	14.5	8.0	5.2	.6	7.4	4.1
1931.....	65.7	39.1	14.3	10.8	12.5	7.1	5.3	.5	5.6	3.2
1932.....	50.1	30.5	9.9	7.7	9.8	5.8	5.0	.5	3.4	1.9
1933.....	47.2	29.0	9.8	7.8	8.8	5.2	5.1	.4	3.2	2.4
1934.....	53.6	33.7	12.1	9.6	9.9	5.7	6.1	.4	4.6	2.4
1935.....	60.2	36.7	13.5	10.8	10.7	5.9	6.5	.5	5.4	5.0
1936.....	68.5	41.9	15.8	12.4	11.8	6.5	7.9	.6	6.5	4.0
1937.....	73.9	46.1	18.4	14.6	13.2	7.1	7.5	.6	7.1	5.6
1938.....	68.6	43.0	15.3	11.8	12.6	6.8	8.2	.6	6.8	4.3
1939.....	72.9	45.9	17.4	13.6	13.3	7.1	8.2	.6	7.3	4.3
1940.....	78.7	49.8	19.7	15.6	14.2	7.5	8.4	.7	8.4	4.6
1941.....	96.3	62.1	27.5	21.7	16.3	8.1	10.2	.7	10.9	6.5
1942.....	123.5	82.1	39.2	30.9	18.0	9.0	16.0	.9	13.9	10.0
1943.....	151.4	105.6	49.0	40.9	20.1	9.9	26.6	1.1	16.8	11.4
1944.....	165.7	117.0	50.4	42.9	22.7	10.9	33.0	1.5	18.0	11.5
1945.....	171.2	117.6	45.9	38.2	24.8	12.0	34.9	1.8	19.0	11.8
1946.....	179.3	111.9	46.0	36.5	30.9	14.3	20.6	1.9	21.3	15.3
1947.....	191.6	122.8	54.3	42.5	35.2	16.0	17.3	2.3	19.9	15.5
1948.....	210.4	135.2	60.3	46.5	38.8	17.3	18.8	2.7	22.4	17.8
1949.....	208.3	134.4	56.9	43.9	39.0	17.9	20.5	3.0	22.7	12.9
1950.....	228.5	146.4	63.5	49.4	41.3	19.3	22.3	3.8	23.5	14.0
1951.....	256.7	170.7	74.9	58.3	46.0	21.1	28.8	4.8	26.0	16.3
1952.....	273.1	184.9	80.5	63.0	48.7	22.6	32.9	5.3	26.9	15.3
1953.....	288.3	198.1	88.1	69.9	51.8	24.3	33.9	6.0	27.4	13.3
1954.....	289.8	196.3	84.1	66.1	52.3	25.5	34.4	6.2	27.8	12.7
1955.....	310.2	210.9	91.4	72.3	55.8	27.8	36.0	7.1	30.4	11.8
1956.....	332.9	227.6	98.7	77.7	60.3	30.5	38.0	8.1	32.1	11.6
1957.....	351.4	238.5	102.2	80.6	63.4	32.8	40.2	9.1	32.7	11.8
1958.....	360.3	239.8	97.9	76.7	63.8	34.8	43.2	9.4	32.5	13.5
1959.....	383.9	258.5	107.2	84.7	68.2	37.7	45.3	10.4	35.1	11.4
1960.....	401.3	271.3	110.4	87.4	71.8	40.7	48.4	11.0	34.2	12.0
1961.....	417.6	278.8	110.8	87.5	72.9	43.4	51.8	11.6	35.3	12.9
1962.....	442.4	297.1	118.5	94.2	76.6	46.4	55.6	12.3	36.6	13.2
1963.....	464.1	312.1	123.3	98.0	80.3	49.3	59.2	13.1	37.6	13.0
1964 <sup>4</sup> .....	491.4	331.6	129.8	103.0	84.9	52.6	64.2	14.1	39.3	12.7
Seasonally adjusted annual rates										
1962: I.....	434.7	291.2	116.2	92.4	75.1	45.3	54.6	12.0	36.3	13.7
II.....	441.0	296.6	118.7	94.2	76.4	46.3	55.1	12.2	36.6	13.3
III.....	444.5	299.2	119.3	94.9	77.3	46.9	55.7	12.4	36.7	13.0
IV.....	449.7	301.6	119.8	95.2	77.8	47.2	56.8	12.6	36.9	12.8
1963: I.....	455.2	305.3	120.7	96.1	78.6	48.2	57.8	12.8	37.1	13.2
II.....	460.2	310.1	122.9	97.7	79.7	49.0	58.5	13.0	37.3	12.8
III.....	466.3	314.3	124.1	98.5	81.0	49.9	59.4	13.2	37.8	12.9
IV.....	474.5	318.8	125.5	99.9	81.9	50.2	61.3	13.4	38.3	13.2
1964: I.....	480.9	323.2	126.7	100.6	82.7	51.3	62.4	13.7	38.6	12.6
II.....	487.9	328.7	128.9	102.4	84.1	52.4	63.4	14.0	39.1	12.6
III.....	494.5	334.3	130.8	103.8	85.7	52.9	64.9	14.2	39.6	12.6
IV <sup>4</sup> .....	502.2	340.0	132.8	105.2	87.2	53.9	66.1	14.5	39.9	12.9

See footnotes at end of table.

TABLE B-14.—*Sources of personal income, 1929-64—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 <sup>4</sup>
				Total	Old-age and survivors insurance benefits	State unemployment insurance benefits	Veterans' benefits	Other		
1929.....	5.4	5.8	7.4	1.5	-----	-----	0.6	0.9	0.1	77.7
1930.....	4.8	5.5	6.9	1.5	-----	-----	.6	.9	.1	70.8
1931.....	3.8	4.1	6.9	2.7	-----	-----	1.6	1.1	.2	60.9
1932.....	2.7	2.6	6.6	2.2	-----	-----	.8	1.4	.2	46.9
1933.....	2.0	2.1	6.2	2.1	-----	-----	.5	1.6	.2	43.6
1934.....	1.7	2.6	6.1	2.2	-----	-----	.4	1.8	.2	49.8
1935.....	1.7	2.9	5.9	2.4	-----	-----	.5	1.9	.2	53.9
1936.....	1.8	4.5	5.8	3.5	-----	-----	1.9	1.6	.2	63.2
1937.....	2.1	4.7	5.9	2.4	( <sup>1</sup> )	( <sup>1</sup> )	.6	1.8	.6	67.0
1938.....	2.6	3.2	5.8	2.8	( <sup>1</sup> )	0.4	.5	1.9	.6	62.8
1939.....	2.7	3.8	5.8	3.0	( <sup>1</sup> )	.4	.5	2.0	.6	67.1
1940.....	2.9	4.0	5.8	3.1	( <sup>1</sup> )	.5	.5	2.0	.7	72.6
1941.....	3.5	4.5	5.8	3.1	0.1	.3	.5	2.2	.8	88.0
1942.....	4.5	4.3	5.8	3.1	.1	.3	.5	2.2	1.2	111.5
1943.....	5.1	4.5	5.8	3.0	.2	.1	.5	2.2	1.8	137.6
1944.....	5.4	4.7	6.2	3.6	.2	.1	.9	2.4	2.2	151.6
1945.....	5.6	4.7	6.9	6.2	.3	.4	2.8	2.7	2.3	156.8
1946.....	6.2	5.8	7.6	11.4	.4	1.1	6.8	3.2	2.0	161.2
1947.....	6.5	6.5	8.2	11.8	.5	.8	6.7	3.8	2.1	172.8
1948.....	7.3	7.2	8.7	11.3	.6	.8	5.8	4.2	2.2	189.2
1949.....	8.3	7.5	9.4	12.4	.7	1.7	5.1	4.9	2.2	192.1
1950.....	9.0	9.2	10.3	15.1	1.0	1.4	4.9	7.9	2.9	211.3
1951.....	9.4	9.0	11.2	12.6	1.9	.8	3.9	6.0	3.4	237.0
1952.....	10.2	9.0	12.1	13.2	2.2	1.0	3.9	6.2	3.8	254.3
1953.....	10.5	9.2	13.4	14.3	3.0	1.0	3.7	6.6	3.9	271.5
1954.....	10.9	9.8	14.6	16.2	3.6	2.0	3.8	6.7	4.6	273.8
1955.....	10.7	11.2	15.8	17.5	4.9	1.4	4.2	7.0	5.2	295.0
1956.....	10.9	12.1	17.5	18.8	5.7	1.4	4.2	7.5	5.8	317.9
1957.....	11.9	12.6	19.6	21.9	7.3	1.8	4.4	8.4	6.7	336.1
1958.....	12.2	12.4	21.0	26.3	8.5	3.9	4.6	9.4	6.9	343.0
1959.....	11.9	13.7	23.5	27.5	10.2	2.5	4.5	10.3	7.9	368.6
1960.....	12.1	14.5	25.8	29.5	11.1	2.8	4.5	11.1	9.2	385.1
1961.....	12.2	15.2	27.5	33.6	12.6	4.0	4.8	12.2	9.6	400.4
1962.....	12.2	16.5	30.0	34.7	14.3	2.9	4.8	12.7	10.3	424.9
1963.....	12.3	18.0	32.9	36.7	15.2	2.8	5.0	13.7	11.8	446.6
1964.....	12.4	19.8	36.0	38.2	16.0	2.6	5.2	14.4	12.7	474.2
Seasonally adjusted annual rates										
1962: I.....	12.2	16.1	29.0	34.4	13.6	3.3	4.7	12.7	10.1	416.6
II.....	12.2	16.4	29.6	34.3	14.3	2.7	4.7	12.6	10.3	423.2
III.....	12.2	16.5	30.4	34.6	14.5	2.7	4.7	12.7	10.4	427.3
IV.....	12.2	17.1	31.2	35.8	14.8	3.2	4.9	12.9	10.4	432.5
1963: I.....	12.3	17.2	31.9	37.0	14.8	3.0	4.9	14.2	11.5	437.5
II.....	12.3	17.7	32.4	36.3	15.3	2.6	5.0	13.3	11.7	442.9
III.....	12.4	17.9	33.4	36.5	15.4	2.6	5.0	13.4	11.9	449.0
IV.....	12.4	19.1	34.2	37.2	15.4	3.0	5.1	13.6	12.1	456.9
1964: I.....	12.4	19.4	35.0	38.3	15.6	2.8	5.2	14.8	12.3	463.9
II.....	12.4	19.8	35.7	38.0	16.1	2.5	5.3	14.2	12.5	470.8
III.....	12.4	20.0	36.3	38.0	16.1	2.4	5.2	14.2	12.8	477.6
IV.....	12.5	20.2	36.9	38.4	16.1	2.6	5.3	14.3	13.0	484.9

<sup>1</sup> The total of wage and salary disbursements and other labor income differs from compensation of employees in Table B-11 in that it excludes employer contributions for social insurance and excludes the excess of wage accruals over wage disbursements.

<sup>2</sup> Excludes income resulting from net reductions of inventories and gives credit in computing income to net additions to inventories during the period.

<sup>3</sup> Data for 1929-45 differ from those in Table B-73 because of revisions by the Department of Agriculture not yet incorporated into the national income accounts.

<sup>4</sup> 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.

<sup>5</sup> Less than \$50 million.

<sup>6</sup> Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE B-15.—Disposition of personal income, 1929-64

Year or quarter	Personal income	Less: Personal taxes <sup>1</sup>	Equals: Disposable personal income	Less: Personal consumption expenditures	Equals: Personal saving	Percent of disposable personal income	
						Personal consumption expenditures	Personal saving
Billions of dollars						Percent	
1929.....	85.8	2.6	83.1	79.0	4.2	95.1	5.1
1930.....	76.9	2.5	74.4	71.0	3.4	95.4	4.6
1931.....	65.7	1.9	63.8	61.3	2.5	96.1	3.9
1932.....	50.1	1.5	48.7	49.3	— .6	101.2	— 1.2
1933.....	47.2	1.5	45.7	46.4	— .6	101.5	— 1.3
1934.....	53.6	1.6	52.0	51.9	.1	99.8	.2
1935.....	60.2	1.9	58.3	56.3	2.0	96.6	3.4
1936.....	68.5	2.3	66.2	62.6	3.6	94.6	5.4
1937.....	73.9	2.9	71.0	67.3	3.7	94.8	5.2
1938.....	68.6	2.9	65.7	64.6	1.1	98.3	1.7
1939.....	72.9	2.4	70.4	67.6	2.9	96.0	4.1
1940.....	78.7	2.6	76.1	71.9	4.2	94.5	5.5
1941.....	96.3	3.3	93.0	81.9	11.1	88.1	11.9
1942.....	123.5	6.0	117.5	89.7	27.8	76.3	23.7
1943.....	151.4	17.8	133.5	100.5	33.0	75.3	24.7
1944.....	165.7	18.9	146.8	109.8	36.9	74.8	25.1
1945.....	171.2	20.9	150.4	121.7	28.7	80.9	19.1
1946.....	179.3	18.7	160.6	147.1	13.5	91.6	8.4
1947.....	191.6	21.5	170.1	165.4	4.7	97.2	2.8
1948.....	210.4	21.1	189.3	178.3	11.0	94.2	5.8
1949.....	208.3	18.7	189.7	181.2	8.5	95.5	4.5
1950.....	228.5	20.8	207.7	195.0	12.6	93.9	6.1
1951.....	256.7	29.2	227.5	209.8	17.7	92.2	7.8
1952.....	273.1	34.4	238.7	219.8	18.9	92.1	7.9
1953.....	288.3	35.8	252.5	232.6	19.8	92.1	7.8
1954.....	289.8	32.9	256.9	238.0	18.9	92.6	7.4
1955.....	310.2	35.7	274.4	256.9	17.5	93.6	6.4
1956.....	332.9	40.0	292.9	269.9	23.0	92.1	7.9
1957.....	351.4	42.6	308.8	285.2	23.6	92.4	7.6
1958.....	360.3	42.3	317.9	293.2	24.7	92.2	7.8
1959.....	383.9	46.8	337.1	313.5	23.6	93.0	7.0
1960.....	401.3	51.4	349.9	328.2	21.7	93.8	6.2
1961.....	417.6	52.9	364.7	337.3	27.3	92.5	7.5
1962.....	442.4	57.9	384.6	356.8	27.8	92.8	7.2
1963.....	464.1	61.6	402.5	375.0	27.5	93.2	6.8
1964 <sup>2</sup> .....	491.4	59.5	431.8	399.2	32.6	92.5	7.5
Seasonally adjusted annual rates							
1962: I.....	434.7	56.1	378.5	350.5	28.0	92.6	7.4
II.....	441.0	57.6	383.4	354.0	29.4	92.3	7.7
III.....	444.5	58.5	386.0	358.5	27.5	92.9	7.1
IV.....	449.7	59.3	390.4	364.0	26.4	93.2	6.8
1963: I.....	455.2	60.1	395.1	369.2	25.9	93.4	6.6
II.....	460.2	61.1	399.1	372.0	27.1	93.2	6.8
III.....	466.3	61.9	404.4	377.4	27.0	93.3	6.7
IV.....	474.5	63.3	411.2	381.3	29.9	92.7	7.3
1964: I.....	480.9	61.4	419.5	390.0	29.5	93.0	7.0
II.....	487.9	57.7	430.2	396.1	34.0	92.1	7.9
III.....	494.5	58.8	435.6	404.6	31.0	92.9	7.1
IV <sup>2</sup> .....	502.2	60.2	442.0	406.2	35.9	91.9	8.1

<sup>1</sup> Includes also such items as fines and penalties.<sup>2</sup> Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

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 1964 prices, 1929-64*

Year or quarter	Total disposable personal income (billions of dollars)		Per capita disposable personal income (dollars)		Total personal consumption expenditures (billions of dollars)		Per capita personal consumption expenditures (dollars)		Population (thousands)
	Current prices	1964 prices <sup>1</sup>	Current prices	1964 prices <sup>1</sup>	Current prices	1964 prices <sup>1</sup>	Current prices	1964 prices <sup>1</sup>	
1929.....	83.1	155.1	682	1,273	79.0	147.3	648	1,209	121,875
1930.....	74.4	145.3	604	1,180	71.0	138.7	576	1,125	123,188
1931.....	63.8	139.9	514	1,127	61.3	134.4	494	1,083	124,149
1932.....	48.7	120.8	390	966	49.3	122.4	395	981	124,949
1933.....	45.7	117.9	364	938	46.4	119.5	369	951	125,690
1934.....	52.0	125.8	411	995	51.9	125.6	410	992	126,485
1935.....	58.3	138.1	458	1,084	56.3	133.3	442	1,046	127,362
1936.....	66.2	155.1	517	1,211	62.6	146.6	488	1,143	128,181
1937.....	71.0	160.2	551	1,244	67.3	151.8	522	1,178	128,961
1938.....	65.7	151.7	505	1,166	64.6	149.3	497	1,148	129,969
1939.....	70.4	164.2	538	1,254	67.6	157.6	516	1,203	131,028
1940.....	78.1	175.6	576	1,329	71.9	165.9	544	1,255	132,122
1941.....	93.0	200.7	697	1,505	81.9	176.8	614	1,326	133,402
1942.....	117.5	227.0	871	1,683	89.7	173.4	665	1,285	134,860
1943.....	133.5	236.6	977	1,731	100.5	178.1	735	1,302	136,739
1944.....	146.8	246.6	1,060	1,781	109.8	184.6	794	1,334	138,397
1945.....	150.4	243.8	1,075	1,743	121.7	197.3	870	1,411	139,928
1946.....	160.6	240.8	1,136	1,704	147.1	220.6	1,040	1,560	141,389
1947.....	170.1	230.6	1,180	1,600	165.4	224.2	1,148	1,558	144,126
1948.....	189.3	242.6	1,291	1,655	178.3	228.5	1,216	1,559	146,631
1949.....	189.7	245.3	1,271	1,644	181.2	234.3	1,214	1,570	149,188
1950.....	207.7	264.4	1,369	1,743	195.0	248.3	1,286	1,638	151,689
1951.....	227.5	271.8	1,474	1,761	209.8	250.7	1,360	1,625	154,283
1952.....	238.7	279.5	1,521	1,781	219.8	257.3	1,400	1,639	156,947
1953.....	252.5	292.5	1,582	1,833	232.6	269.5	1,458	1,689	159,559
1954.....	256.9	294.8	1,582	1,815	238.0	273.1	1,466	1,682	162,388
1955.....	274.4	313.3	1,661	1,896	256.9	293.3	1,555	1,775	165,276
1956.....	292.9	329.0	1,741	1,956	269.9	303.2	1,604	1,802	168,225
1957.....	308.8	337.1	1,803	1,968	285.2	311.3	1,665	1,818	171,278
1958.....	317.9	340.8	1,826	1,957	293.2	314.2	1,684	1,805	174,154
1959.....	337.1	356.9	1,904	2,015	313.5	331.9	1,771	1,875	177,080
1960.....	349.9	365.3	1,936	2,021	328.2	342.7	1,817	1,897	180,684
1961.....	364.7	377.9	1,985	2,057	337.3	349.5	1,836	1,902	183,756
1962.....	384.6	394.9	2,060	2,116	356.8	366.4	1,911	1,963	186,656
1963.....	402.5	408.1	2,125	2,155	375.0	380.2	1,980	2,008	189,375
1964 <sup>2</sup> .....	431.8	431.8	2,248	2,248	399.2	399.2	2,079	2,079	192,072
Seasonally adjusted annual rates									
1962: I.....	378.5	390.3	2,039	2,102	350.5	361.4	1,888	1,947	185,648
II.....	383.4	394.3	2,058	2,117	354.0	364.2	1,900	1,954	186,312
III.....	388.0	396.0	2,064	2,118	358.5	367.8	1,917	1,967	187,045
IV.....	390.4	399.1	2,079	2,125	364.0	372.1	1,938	1,981	187,816
1963: I.....	395.1	402.4	2,097	2,136	369.2	376.0	1,959	1,995	188,444
II.....	399.1	405.5	2,111	2,145	372.0	377.9	1,968	1,999	189,047
III.....	404.4	409.7	2,131	2,159	377.4	382.3	1,989	2,015	189,756
IV.....	411.2	414.8	2,159	2,178	381.3	384.6	2,002	2,019	190,498
1964: I.....	419.5	421.5	2,195	2,205	390.0	391.8	2,040	2,049	191,120
II.....	430.2	430.5	2,243	2,245	396.1	396.4	2,066	2,067	191,744
III.....	435.6	435.0	2,264	2,261	404.6	404.1	2,103	2,100	192,434
IV <sup>3</sup> .....	442.0	440.4	2,288	2,280	406.2	404.6	2,103	2,095	193,145

<sup>1</sup> Estimates in current prices divided by the implicit price deflator for personal consumption expenditures on a 1964 base.

<sup>2</sup> See Table B-2 for explanation.

<sup>3</sup> Total expenditures in 1964 prices divided by population.

<sup>4</sup> Population of the United States including armed forces abroad. Annual data are for July 1; quarterly data are for middle of period.

<sup>5</sup> Preliminary estimates.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Sources: Department of Commerce (Office of Business Economics and Bureau of the Census) and Council of Economic Advisers.

TABLE B-17.—*Number and money income of families and unrelated individuals, 1947-63*

Year	All families		Poor families <sup>1</sup>	
	Number (millions)	Median income (1962 prices)	Number (millions)	Incidence
<b>Families</b>				
1947.....	37.2	\$4,117	11.9	32
1948.....	38.6	4,015	12.7	33
1949.....	39.3	3,951	13.4	34
1950.....	39.9	4,188	12.6	32
1951.....	40.6	4,328	11.9	29
1952.....	40.8	4,442	11.4	28
1953.....	41.2	4,809	10.7	26
1954.....	41.9	4,705	11.5	28
1955.....	42.8	5,004	10.6	25
1956.....	43.4	5,337	9.8	23
1957.....	43.7	5,333	9.9	23
1958.....	44.2	5,329	10.1	23
1959.....	45.1	5,631	9.7	22
1960.....	45.4	5,759	9.6	21
1961.....	46.3	5,820	9.8	21
1962.....	47.0	5,956	9.3	20
1963.....	47.4	6,175	9.0	19
All individuals			Poor individuals <sup>2</sup>	
	Number (millions)	Median income (1962 prices)	Number (millions)	Incidence
<b>Individuals</b>				
1947.....	8.2	\$1,366	4.4	53
1948.....	8.4	1,325	4.6	55
1949.....	9.0	1,393	4.8	53
1950.....	9.4	1,385	5.0	53
1951.....	9.1	1,432	4.7	52
1952.....	9.7	1,629	4.6	48
1953.....	9.5	1,599	4.6	49
1954.....	9.6	1,413	5.0	52
1955.....	9.8	1,497	4.9	50
1956.....	9.7	1,609	4.7	48
1957.....	10.3	1,654	4.9	47
1958.....	10.8	1,602	5.2	48
1959.....	10.7	1,649	5.1	47
1960.....	10.9	1,786	5.0	46
1961.....	11.2	1,792	5.0	45
1962.....	11.0	1,753	5.0	45
1963.....	11.2	1,779	5.0	44

<sup>1</sup> Poverty is defined to include all families with total money income of less than \$3,000 in 1962 prices; these are also referred to as poor families. Incidence of poverty is measured by the percent that poor families are of all families.

<sup>2</sup> Poverty is defined to include all unrelated individuals with total money income of less than \$1,500 in 1962 prices. Incidence of poverty is measured by the percent that poor unrelated individuals are of all unrelated individuals.

NOTE.—Data for Alaska and Hawaii included beginning in 1959.

Source: Department of Commerce, Bureau of the Census.



TABLE B-18.—Financial saving by individuals, 1939-64<sup>1</sup>

[Billions of dollars]

Year or quarter	Total	Cur- rency and bank de- posits	Sav- ings shares ( <sup>2</sup> )	Securities				Pri- vate insur- ance re- serves ( <sup>4</sup> )	Non- insur- ed pen- sion funds	Gov- ern- ment insur- ance and pen- sion re- serves <sup>5</sup>	Less: Increase in debt		
				Total	U.S. sav- ings bonds	Other gov- ern- ment <sup>3</sup>	Cor- porate and other				Mort- gage debt <sup>6</sup>	Con- sumer debt <sup>7</sup>	Secu- rities loans <sup>8</sup>
1939.....	4.2	3.0	0.1	-0.8	0.7	-0.9	-0.6	1.7	0.1	1.3	0.5	0.8	-0.2
1940.....	4.2	2.9	.3	-4	.9	-8	-4	1.8	.1	1.3	.9	1.0	-2
1941.....	10.5	4.8	.4	2.6	2.8	.4	-5	2.1	.1	1.9	.8	.7	-1
1942.....	29.3	10.9	.3	10.3	8.0	2.3	( <sup>9</sup> )	2.5	.1	2.6	.1	-3.0	.3
1943.....	38.7	16.2	.6	14.1	11.1	3.3	-3	2.8	.2	3.9	-4	-1.0	.6
1944.....	41.4	17.5	.9	15.7	11.8	4.6	-7	3.2	.6	5.0	-1	.1	1.4
1945.....	37.3	19.0	1.1	9.9	6.9	4.2	-1.2	3.5	.9	5.1	.2	.5	1.5
1946.....	14.5	10.6	1.2	-1.4	1.0	-2.6	.2	3.4	.3	3.5	3.2	2.3	-2.3
1947.....	6.7	2.0	1.3	2.2	2.0	-2	.4	3.6	.3	3.5	4.2	2.8	-8
1948.....	2.7	-1.8	1.3	3.0	1.6	.5	.9	3.7	.4	3.6	4.7	2.4	.4
1949.....	2.1	-1.4	1.6	2.3	1.5	.1	.7	3.7	.6	2.3	4.0	2.6	.3
1950.....	1.3	3.5	1.7	.9	.3	-1	.7	3.9	.9	1.1	6.8	3.7	.2
1951.....	10.9	5.9	2.3	.7	-5	-4	1.6	4.1	1.4	4.2	6.9	1.0	-3
1952.....	13.0	7.0	3.3	3.4	.1	1.2	2.1	4.8	1.6	4.4	6.4	4.4	.6
1953.....	10.8	4.7	4.0	3.4	.2	2.0	1.2	5.0	1.9	3.2	7.3	3.7	.4
1954.....	9.5	5.4	4.7	.2	.6	-1.1	.6	5.2	2.1	2.6	8.8	1.0	.9
1955.....	6.8	3.3	5.2	6.2	.3	3.7	2.2	5.5	2.3	3.1	12.1	6.1	.6
1956.....	14.1	4.7	5.4	5.0	-1	3.2	1.8	5.5	2.8	3.7	10.5	3.3	-8
1957.....	16.2	4.9	5.2	5.0	-1.9	4.4	2.6	5.1	3.1	3.2	8.0	2.5	-1
1958.....	16.7	10.2	6.4	.9	-5	-1.0	2.5	5.3	3.3	.6	9.4	.2	.4
1959.....	13.2	4.4	7.2	9.7	-1.8	10.8	.6	5.5	3.8	2.3	13.2	6.1	.2
1960.....	8.2	2.7	8.3	-4	-2	-9	.7	5.5	4.1	3.4	10.9	4.2	.3
1961.....	15.9	8.7	9.4	.9	.8	-4	.5	5.8	4.4	1.1	11.9	1.5	1.0
1962.....	21.2	18.0	10.0	-9	.4	.9	-2.2	6.4	4.4	3.0	13.4	5.0	1.1
1963.....	22.3	17.5	11.8	.5	1.2	2.0	-2.8	6.6	4.7	4.4	15.9	6.3	.9
1964 <sup>10</sup> .....	27.9	17.9	11.4	3.0	.8	4.2	-2.0	7.4	5.1	5.8	16.0	6.3	.5
1962: I.....	6.6	4.2	2.1	-2	.2	-2	-1	1.5	1.2	-2	3.6	-1.1	-5
1962: II.....	4.5	3.3	2.8	-6	.1	-8	.1	1.4	1.1	2.2	3.8	2.2	-4
1962: III.....	6.4	6.0	1.7	.3	.1	.3	-2	1.7	.9	1.0	3.9	1.0	.2
1962: IV.....	2.3	5.4	3.5	-2	-2	.2	-4	1.7	1.0	-1	4.4	2.9	1.8
1963: I.....	6.6	3.2	3.2	-9	.4	-6	-6	1.4	1.2	( <sup>9</sup> )	3.5	-7	-1.3
1963: II.....	3.4	2.3	3.3	-3	.3	.2	-7	1.5	1.1	2.8	3.8	2.5	.9
1963: III.....	6.8	5.5	1.7	1.5	.3	1.9	-7	1.7	1.1	1.5	4.0	1.5	.8
1963: IV.....	5.5	6.5	3.7	.1	.3	.6	-8	1.9	1.3	.1	4.6	3.0	.5
1964: I.....	6.5	2.0	2.5	1.1	.2	1.3	-4	1.6	1.3	.4	3.7	-7	-6
1964: II.....	7.6	3.7	3.3	1.7	.2	1.5	.1	1.7	1.2	3.2	4.1	2.6	.6
1964: III.....	8.3	5.9	2.0	1.2	.2	1.7	-7	1.7	1.3	1.9	4.1	1.6	.1
1964: IV <sup>10</sup> .....	5.4	6.3	3.6	-1.1	.2	-3	-1.0	2.2	1.2	.3	4.1	2.8	.3

<sup>1</sup> Individuals' saving, in addition to personal holdings, covers saving of unincorporated business, trust funds, and nonprofit institutions in the forms specified.<sup>2</sup> Includes shares in savings and loan associations and shares and deposits in credit unions.<sup>3</sup> "Other government" includes U.S. Government issues (except savings bonds), State and local government securities, and beginning 1951, nonguaranteed Federal agency issues, which are included in "corporate and other" for years prior to 1951.<sup>4</sup> Includes insured pension reserves.<sup>5</sup> Includes Social Security funds, State and local retirement systems, etc.<sup>6</sup> Mortgage debt to institutions on one- to four-family nonfarm dwellings.<sup>7</sup> Consumer debt owed to corporations, largely attributable to purchases of automobiles and other durable consumer goods, although including some debt arising from purchases of consumption goods. Policy loans on Government and private life insurance have been deducted from those items of saving.<sup>8</sup> Change in bank loans to brokers, dealers, and others for the purpose of purchasing or carrying securities.<sup>9</sup> Less than \$50 million.<sup>10</sup> Preliminary.

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 disposable personal income and expenditures. Conceptually, Commerce saving includes the following items not included in Securities and Exchange Commission saving: housing, farm and unincorporated business investment in inventories and plant and equipment, net of depreciation, and increase in debt. Government insurance is excluded from the Commerce saving series. For a reconciliation of the two series, see Securities and Exchange Commission *Statistical Bulletin*, July 1964, and *Survey of Current Business*, July 1964.

The flow-of-funds system of accounts of the Board of Governors of the Federal Reserve System includes capital investments as well as financial components of saving and covers saving of Federal, State, and local governments, businesses, financial institutions, and consumers. While the Federal Reserve's estimates of consumer saving in financial form are similar to the Securities and Exchange Commission estimates of individuals' saving, there are some statistical and conceptual differences in the two sets of data.

Data for Alaska and Hawaii included for all periods.

Source: Securities and Exchange Commission.

TABLE B-19.—Sources and uses of gross saving, 1929-64

(Billions of dollars)

Year or quarter	Gross private saving and government surplus or deficit on income and product transactions							Gross investment			Statistical discrepancy
	Total	Private saving			Government surplus or deficit (-)			Total	Gross private domestic investment	Net foreign investment <sup>1</sup>	
		Total	Personal saving	Gross business saving	Total	Federal	State and local				
1929	16.7	15.7	4.2	11.5	1.0	1.2	-0.1	17.0	16.2	0.8	0.3
1930	11.9	12.2	3.4	8.8	-3	.3	-5	11.0	10.3	.7	-1.0
1931	4.9	7.7	2.5	5.2	-2.8	-2.1	-7	5.7	5.5	.2	.8
1932	.3	2.0	-6	2.7	-1.7	-1.5	-2	1.1	.9	.2	.8
1933	.6	1.9	-6	2.6	-1.4	-1.3	(2)	1.5	1.4	.2	.9
1934	2.6	5.0	.1	4.9	-2.4	-2.9	.5	3.3	2.9	.4	.7
1935	6.4	8.4	2.0	6.3	-2.0	-2.6	.6	6.2	6.3	-1	-2
1936	7.2	10.1	3.6	6.5	-3.0	-3.5	.5	8.3	8.4	-1	1.1
1937	12.1	11.5	3.7	7.8	.6	-2	.7	11.8	11.7	.1	-2
1938	7.3	8.9	1.1	7.8	-1.6	-2.0	.4	7.8	6.7	1.1	.5
1939	9.0	11.2	2.9	8.3	-2.1	-2.2	.1	10.2	9.3	.9	1.2
1940	13.9	14.6	4.2	10.4	-.7	-1.4	.7	14.7	13.2	1.5	.8
1941	18.8	22.6	11.1	11.5	-3.8	-5.1	1.3	19.2	18.1	1.1	.4
1942	10.5	41.9	27.8	14.1	-31.4	-33.2	1.8	9.7	9.9	-.2	-.8
1943	5.1	49.3	33.0	16.3	-44.2	-46.7	2.5	3.4	5.6	-2.2	-1.7
1944	2.3	54.2	36.9	17.2	-51.9	-54.6	2.7	5.0	7.1	-2.1	2.8
1945	4.5	44.3	28.7	15.6	-39.7	-42.3	2.6	9.0	10.4	-1.4	4.5
1946	30.6	26.5	13.5	13.1	4.1	2.2	1.9	32.7	28.1	4.6	2.1
1947	36.8	23.6	4.7	18.9	13.3	12.2	1.1	40.4	31.5	8.9	3.5
1948	45.9	37.6	11.0	26.6	8.2	8.0	.3	45.0	43.1	1.9	-.8
1949	33.0	36.1	8.5	27.6	-3.1	-2.5	-6	33.5	33.0	.5	.5
1950	48.5	40.3	12.6	27.7	8.2	9.2	-1.0	47.8	50.0	-2.2	-.7
1951	55.3	49.2	17.7	31.5	6.1	6.4	-3	56.6	56.3	.2	1.2
1952	48.3	52.2	18.9	33.2	-3.9	-3.9	.1	49.7	49.9	-.2	1.4
1953	47.0	54.1	19.8	34.3	-7.1	-7.4	.3	48.3	50.3	-2.0	1.3
1954	47.6	54.4	18.9	35.5	-6.7	-5.8	-.9	48.5	48.9	-.4	.9
1955	62.4	59.6	17.5	42.1	2.9	3.8	-1.0	63.4	63.8	-.4	1.0
1956	71.3	66.1	23.0	43.0	5.2	5.7	-.5	68.8	67.4	1.5	-2.4
1957	70.2	69.2	23.6	45.6	1.0	2.0	-1.0	69.6	66.1	3.5	-.6
1958	58.1	69.5	24.7	44.8	-11.4	-9.4	-2.1	56.6	56.6	-.1	-1.5
1959	73.4	74.9	23.6	51.3	-1.5	-1.1	-.3	70.4	72.7	-2.3	-3.0
1960	76.2	72.3	21.7	50.7	3.9	3.5	.4	73.2	71.8	1.4	-3.0
1961	74.4	78.5	27.3	51.2	-4.2	-4.3	.1	71.8	68.8	3.0	-2.6
1962	83.3	85.3	27.8	57.5	-1.9	-4.1	2.1	81.5	79.1	2.4	-1.8
1963	87.5	86.7	27.5	59.1	.9	-1.5	2.4	84.8	82.0	2.8	-2.7
1964 <sup>3</sup>	94.7	97.6	32.6	65.0	-2.9	-5.3	2.4	92.6	87.7	5.0	-2.1
Seasonally adjusted annual rates											
1962: I	81.1	84.3	28.0	56.2	-3.1	-4.4	1.2	78.9	77.4	1.6	-2.2
II	84.7	86.4	29.4	57.1	-1.8	-4.6	2.8	81.8	78.9	2.8	-2.9
III	84.8	85.2	27.5	57.7	-.4	-2.9	2.5	83.1	80.2	2.9	-1.7
IV	83.1	85.3	26.4	58.9	-2.2	-4.5	2.3	82.3	79.9	2.3	-.8
1963: I	81.6	84.4	25.9	58.4	-2.8	-4.8	2.0	79.7	77.9	1.9	-1.9
II	87.2	85.6	27.1	58.4	1.6	-1.0	2.6	82.9	80.2	2.6	-4.3
III	89.0	87.2	27.0	60.2	1.7	-.7	2.4	85.4	82.8	2.6	-3.5
IV	92.9	89.6	29.9	59.7	3.3	.6	2.7	91.1	87.1	4.1	-1.8
1964: I	93.7	93.7	29.5	64.1	(5)	-2.4	2.4	92.1	85.9	6.2	-1.6
II	93.7	99.2	34.0	65.2	-5.5	-7.8	2.3	91.3	87.2	4.1	-2.4
III	93.9	96.9	31.0	65.9	-3.0	-5.2	2.3	92.5	87.3	5.2	-1.4
IV <sup>3</sup>	(6)	(6)	35.9	(6)	(6)	(6)	(6)	94.7	90.5	4.3	(6)

<sup>1</sup> Net exports of goods and services less foreign net transfers by Government.<sup>2</sup> Deficit of \$35 million.<sup>3</sup> Preliminary estimates.<sup>4</sup> Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.<sup>5</sup> Less than \$50 million.<sup>6</sup> Not available.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

# POPULATION, EMPLOYMENT, WAGES, AND PRODUCTIVITY

TABLE B-20.—*Population by age groups: Estimates, 1929-64, and projections, 1970-85*

(Thousands of persons)

July 1	Total	Age (years)					
		Under 14	14 to 19	20 to 24	25 to 44	45 to 64	65 and over
<b>Estimates:</b>							
1929 .....	121,770	33,864	13,801	10,696	35,859	21,076	6,475
1930 .....	123,077	33,639	13,936	10,915	36,309	21,573	6,705
1931 .....	124,040	33,443	13,981	11,003	36,654	22,031	6,928
1932 .....	124,840	33,141	14,014	11,077	36,968	22,473	7,147
1933 .....	125,579	32,742	14,070	11,152	37,319	22,933	7,363
1934 .....	126,374	32,295	14,162	11,238	37,662	23,435	7,582
1935 .....	127,250	31,900	14,295	11,317	37,987	23,947	7,804
1936 .....	128,053	31,478	14,441	11,375	38,288	24,444	8,027
1937 .....	128,825	31,091	14,559	11,411	38,589	24,917	8,258
1938 .....	129,825	30,844	14,679	11,453	38,954	25,387	8,508
1939 .....	130,880	30,670	14,749	11,519	39,354	25,823	8,764
1940 .....	132,122	30,521	14,764	11,690	39,868	26,249	9,031
1941 .....	133,402	30,545	14,661	11,807	40,383	26,718	9,288
1942 .....	134,860	30,765	14,497	11,955	40,861	27,196	9,584
1943 .....	136,739	31,389	14,327	12,064	41,420	27,671	9,867
1944 .....	138,397	31,827	14,207	12,062	42,016	28,138	10,147
1945 .....	139,928	32,360	13,887	12,036	42,521	28,630	10,494
1946 .....	141,389	32,906	13,560	12,004	43,027	29,064	10,828
1947 .....	144,126	34,499	13,472	11,814	43,657	29,498	11,185
1948 .....	146,631	35,865	13,215	11,794	44,288	29,931	11,538
1949 .....	149,188	37,238	13,009	11,700	44,916	30,405	11,921
1950 .....	151,689	38,595	12,837	11,614	45,503	30,831	12,310
1951 .....	154,283	40,032	12,769	11,462	45,977	31,292	12,751
1952 .....	156,947	41,491	12,878	11,266	46,361	31,755	13,194
1953 .....	159,559	42,979	13,081	11,005	46,638	32,235	13,623
1954 .....	162,388	44,585	13,309	10,762	46,890	32,757	14,084
1955 .....	165,276	46,166	13,553	10,633	47,076	33,297	14,549
1956 .....	168,225	47,644	13,955	10,558	47,220	33,865	14,982
1957 .....	171,278	48,902	14,711	10,554	47,242	34,450	15,419
1958 .....	174,154	50,305	15,204	10,698	47,125	35,010	15,812
1959 .....	177,080	51,714	15,648	10,921	46,999	35,567	16,231
1960 <sup>1</sup> .....	180,676	53,350	16,216	11,112	47,132	36,208	16,659
1961 <sup>1</sup> .....	183,742	53,936	17,558	11,404	47,064	36,767	17,013
1962 <sup>1</sup> .....	186,591	54,634	18,462	11,875	46,991	37,321	17,308
1963 <sup>1</sup> .....	189,278	55,237	19,030	12,600	46,960	37,883	17,567
1964 .....	192,072	55,853	19,763	13,144	46,969	38,483	17,861
<b>Projections: <sup>2</sup></b>							
1970: Series A .....	211,430	61,739	22,940	17,134	48,216	41,860	19,571
Series D .....	205,886	56,195					
1975: Series A .....	230,415	68,369	24,801	19,057	53,597	43,419	21,172
Series D .....	218,855	56,809					
1980: Series A .....	252,056	77,383	25,929	20,624	61,784	43,250	23,086
Series D .....	233,140	60,148					
1985: Series A .....	275,622	85,766	29,299	21,472	71,094	42,984	25,007
Series D .....	247,953	64,681					

<sup>1</sup> Estimates for 1960-63 differ slightly from those shown in Table B-16 because of recent revisions. Total population figures on an unrevised basis were used in this table since detail for the age groups was not available on the revised basis and since the projections were based on the unrevised figures.

<sup>2</sup> Two of four series projected by the cohort method and based on different assumptions with regard to completed fertility, which moves gradually toward a level of 3,350 children per 1,000 women for Series A and 2,450 children per 1,000 women for Series D. For further explanation of method of projection and for additional data, see *Population Estimates, Current Population Reports, Series P-25, No. 286, July 1964*.

NOTE.—Data for Armed Forces overseas included beginning 1940 and Alaska and Hawaii beginning 1960.

Source: Department of Commerce, Bureau of the Census.

TABLE B-21.—Noninstitutional population and the labor force, 1929-64

Year or month	Non-institutional population <sup>1</sup>	Total labor force (including armed forces) <sup>1</sup>	Armed forces <sup>1</sup>	Civilian labor force					Total labor force as percent of non-institutional population	Unemployment as percent of civilian labor force		
				Total	Employment <sup>2</sup>			Unemployment <sup>3</sup>				
					Total	Agricultural	Non-agricultural					
Thousands of persons 14 years of age and over											Percent	
Old definitions: <sup>2</sup>												
1929.....	(9)	49,440	260	49,180	47,630	10,450	37,180	1,550	(9)	3.2		
1930.....	(9)	50,080	260	49,820	45,480	10,340	35,140	4,340	(9)	8.7		
1931.....	(9)	50,680	260	50,420	42,400	10,290	32,110	8,020	(9)	15.9		
1932.....	(9)	51,250	250	51,000	38,940	10,170	28,770	12,060	(9)	23.6		
1933.....	(9)	51,840	250	51,590	38,760	10,090	28,670	12,830	(9)	24.9		
1934.....	(9)	52,490	260	52,230	40,890	9,900	30,990	11,340	(9)	21.7		
1935.....	(9)	53,140	270	52,870	42,260	10,110	32,150	10,610	(9)	20.1		
1936.....	(9)	53,740	300	53,440	44,410	10,000	34,410	9,030	(9)	16.9		
1937.....	(9)	54,320	320	54,000	46,300	9,820	36,480	7,700	(9)	14.3		
1938.....	(9)	54,950	340	54,610	44,220	9,690	34,530	10,390	(9)	19.0		
1939.....	(9)	55,600	370	55,230	45,750	9,610	36,140	9,480	(9)	17.2		
1940.....	100,380	56,180	540	55,640	47,520	9,540	37,980	8,120	56.0	14.6		
1941.....	101,520	57,530	1,620	55,910	50,350	9,100	41,250	5,560	56.7	9.9		
1942.....	102,610	60,380	3,970	56,410	53,750	9,250	44,500	2,660	58.8	4.7		
1943.....	103,660	64,560	9,020	55,540	54,470	9,080	45,390	1,070	62.3	1.9		
1944.....	104,630	66,040	11,410	54,630	53,960	8,950	45,010	670	63.1	1.2		
1945.....	105,530	65,300	11,440	53,860	52,820	8,580	44,240	1,040	61.9	1.9		
1946.....	106,520	60,970	3,450	57,520	55,250	8,320	46,930	2,270	57.2	3.9		
1947.....	107,608	61,758	1,590	60,168	58,027	8,266	49,761	2,142	57.4	3.6		
New definitions: <sup>2</sup>												
1947.....	107,608	61,758	1,590	60,168	57,812	8,256	49,557	2,356	57.4	3.9		
1948.....	108,632	62,898	1,456	61,442	59,117	7,960	51,156	2,325	57.9	3.8		
1949.....	109,773	63,721	1,616	62,105	58,423	8,017	50,406	3,682	58.0	5.9		
1950.....	110,929	64,749	1,650	63,099	59,748	7,497	52,251	3,351	58.4	5.3		
1951.....	112,075	65,983	3,099	62,884	60,784	7,043	53,736	2,099	58.9	3.3		
1952.....	113,270	66,560	3,694	62,866	61,035	6,792	54,243	1,932	58.8	3.1		
1953.....	115,094	67,362	3,647	63,715	61,945	6,555	55,390	1,870	58.5	2.9		
1954.....	116,219	67,818	3,350	64,468	60,890	6,495	54,395	3,578	58.4	5.6		
1955.....	117,388	68,896	3,048	65,848	62,944	6,718	56,225	2,904	58.7	4.4		
1956.....	118,734	70,387	2,857	67,530	64,708	6,572	58,135	2,822	59.3	4.2		
1957.....	120,445	70,744	2,798	67,946	65,011	6,222	58,789	2,936	58.7	4.3		
1958.....	121,950	71,284	2,637	68,647	63,966	5,844	58,122	4,681	58.5	6.8		
1959.....	123,366	71,946	2,552	69,394	65,581	5,836	59,745	3,813	58.3	5.5		
1960.....	124,878	72,820	2,514	70,306	66,392	5,696	60,697	3,913	58.3	5.6		
Including Alaska and Hawaii												
1960.....	125,368	73,126	2,514	70,612	66,681	5,723	60,958	3,931	58.3	5.6		
1961.....	127,852	74,175	2,572	71,603	66,796	5,463	61,333	4,806	58.0	6.7		
1962.....	130,117	74,839	2,828	72,011	67,999	5,255	62,744	4,012	57.5	5.6		
1962.....	130,081	74,681	2,827	71,854	67,846	5,190	62,657	4,007	57.4	5.6		
1963.....	132,124	75,712	2,737	72,975	68,809	4,946	63,863	4,166	57.3	5.7		
1964.....	134,143	76,971	2,738	74,233	70,357	4,761	65,596	3,876	57.4	5.2		
1963: Jan.....	131,253	73,323	2,716	70,607	65,935	4,206	61,730	4,672	55.9	6.6		
Feb.....	131,414	73,999	2,724	71,275	66,358	4,049	62,309	4,918	56.3	6.9		
Mar.....	131,589	74,382	2,732	71,650	67,148	4,337	62,812	4,501	56.5	6.3		
Apr.....	131,739	74,897	2,736	72,161	68,097	4,673	63,424	4,063	56.9	5.6		
May.....	131,865	75,864	2,737	73,127	69,061	5,178	63,883	4,066	57.5	5.6		
June.....	132,036	77,901	2,736	75,165	70,319	5,954	64,365	4,846	59.0	6.4		
July.....	132,196	77,917	2,744	75,173	70,851	5,969	64,882	4,322	58.9	5.7		
Aug.....	132,345	77,167	2,749	74,418	70,561	5,496	65,065	3,857	58.3	5.2		
Sept.....	132,497	75,811	2,749	73,062	69,546	5,326	64,220	3,516	57.2	4.8		
Oct.....	132,682	76,086	2,742	73,344	69,891	5,350	64,541	3,453	57.3	4.7		
Nov.....	132,853	76,000	2,739	73,261	69,325	4,777	64,548	3,936	57.2	5.4		
Dec.....	133,025	75,201	2,740	72,461	68,615	4,039	64,576	3,846	56.5	5.3		

See footnotes at end of table.

TABLE B-21.—Noninstitutional population and the labor force, 1929-64—Continued

Year and month	Nonin-stitutional population <sup>1</sup>	Total labor force (including armed forces) <sup>1</sup>	Armed forces <sup>1</sup>	Civilian labor force					Total labor force as percent of non-institutional population	Unem-employment as percent of civilian labor force		
				Total	Employment <sup>2</sup>			Unem-employment <sup>2</sup>				
					Total	Agri-cultural	Non-agri-cultural					
Thousands of persons 14 years of age and over											Percent	
1964: Jan.....	133, 200	74, 514	2, 721	71, 793	67, 228	3, 993	63, 234	4, 565	55.9	6.4		
Feb.....	133, 358	75, 259	2, 732	72, 527	68, 002	3, 931	64, 071	4, 524	56.4	6.2		
Mar.....	133, 519	75, 553	2, 743	72, 810	68, 517	4, 017	64, 500	4, 293	56.6	5.9		
Apr.....	133, 678	76, 544	2, 745	73, 799	69, 877	4, 429	65, 448	3, 921	57.3	5.3		
May.....	133, 866	77, 490	2, 748	74, 742	71, 101	5, 007	66, 094	3, 640	57.9	4.9		
June.....	134, 041	79, 389	2, 744	76, 645	71, 953	5, 853	66, 100	4, 692	59.2	6.1		
July.....	134, 216	78, 958	2, 740	76, 218	72, 405	5, 819	66, 586	3, 813	58.8	5.0		
Aug.....	134, 400	78, 509	2, 751	75, 758	72, 104	5, 400	66, 704	3, 654	58.4	4.8		
Sept.....	134, 586	76, 865	2, 743	74, 122	70, 805	5, 230	65, 575	3, 317	57.1	4.5		
Oct.....	134, 772	77, 112	2, 737	74, 375	71, 123	5, 126	65, 997	3, 252	57.2	4.4		
Nov.....	134, 952	76, 897	2, 731	74, 166	70, 793	4, 545	66, 248	3, 373	57.0	4.5		
Dec.....	135, 135	76, 567	2, 726	73, 841	70, 375	3, 785	66, 590	3, 466	56.7	4.7		
Seasonally adjusted <sup>3</sup>												
1963: Jan.....		75, 111		72, 395	68, 256	5, 123	63, 133	4, 139		5.7		
Feb.....		75, 157		72, 433	68, 137	4, 907	63, 230	4, 296		5.9		
Mar.....		75, 267		72, 535	68, 427	4, 940	63, 487	4, 108		5.7		
Apr.....		75, 597		72, 861	68, 726	5, 018	63, 708	4, 135		5.7		
May.....		75, 683		72, 946	68, 632	5, 019	63, 613	4, 314		5.9		
June.....		75, 604		72, 868	68, 748	4, 923	63, 825	4, 120		5.7		
July.....		75, 937		73, 193	69, 042	4, 987	64, 055	4, 151		5.7		
Aug.....		75, 745		72, 996	68, 968	4, 879	64, 089	4, 028		5.5		
Sept.....		75, 921		73, 172	69, 125	4, 872	64, 253	4, 047		5.5		
Oct.....		75, 981		73, 239	69, 118	4, 913	64, 205	4, 121		5.6		
Nov.....		76, 282		73, 543	69, 275	4, 904	64, 371	4, 268		5.8		
Dec.....		76, 120		73, 380	69, 333	4, 884	64, 449	4, 047		5.5		
1964: Jan.....		76, 375		73, 654	69, 568	4, 883	64, 685	4, 086		5.5		
Feb.....		76, 551		73, 819	69, 842	4, 791	65, 051	3, 977		5.4		
Mar.....		76, 541		73, 798	69, 812	4, 637	65, 175	3, 986		5.4		
Apr.....		77, 252		74, 507	70, 486	4, 791	65, 695	4, 021		5.4		
May.....		77, 225		74, 477	70, 639	4, 849	65, 790	3, 838		5.2		
June.....		77, 049		74, 305	70, 345	4, 826	65, 519	3, 960		5.3		
July.....		76, 928		74, 188	70, 496	4, 864	65, 632	3, 692		5.0		
Aug.....		77, 006		74, 255	70, 458	4, 817	65, 641	3, 797		5.1		
Sept.....		77, 023		74, 280	70, 465	4, 815	65, 650	3, 815		5.1		
Oct.....		76, 996		74, 259	70, 379	4, 721	65, 658	3, 880		5.2		
Nov.....		77, 140		74, 409	70, 755	4, 671	66, 084	3, 654		4.9		
Dec.....		77, 432		74, 706	71, 004	4, 541	66, 463	3, 702		5.0		

<sup>1</sup> Data for 1940-52 revised to include about 150,000 members of the armed forces who were outside the United States in 1940 and who were, therefore, not enumerated in the 1940 Census and were excluded from the 1940-52 estimates.

<sup>2</sup> See Note.

<sup>3</sup> Not available.

<sup>4</sup> Averages adjusted by Council of Economic Advisers for comparison with previous data. See Note.

<sup>5</sup> Based on revised seasonal factors; see footnote 4, Table B-22.

NOTE.—Civilian labor force data beginning with January 1963 are based on a 357-area sample. For January 1960-December 1962 on a 333-area sample; for May 1956-December 1959 on a 330-area sample; for January 1954-April 1956 on a 230-area sample; for 1946-53 on a 63-area sample; for 1940-45 on a smaller sample; and for 1929-39 on sources other than direct enumeration.

Effective January 1957, persons on layoff with definite instructions to return to work within 30 days of layoff and persons waiting to start new wage and salary jobs within the following 30 days are classified as unemployed. Such persons had previously been classified as employed (with a job but not at work). The combined total of the groups changing classification has averaged about 200,000 to 300,000 a month in recent years. The small number of persons in school during the survey week and waiting to start new jobs are classified as not in the labor force instead of employed, as formerly. Persons waiting to open new businesses or start new farms within 30 days continued to be classified as employed.

Beginning July 1955, monthly data are for the calendar week ending nearest the 15th of the month; previously, for week containing the 8th. Annual data are averages of monthly figures.

Beginning April 1962, estimating procedures made use of 1960 Census data; January 1953-March 1962, 1950 Census data and 1940-52, 1940 Census data were used. For the effects of this change on the historical comparability of the data, see *Employment and Earnings*, May 1962, p. xiv.

Source: Department of Labor, Bureau of Labor Statistics (except as noted).

TABLE B-22.—*Employment and unemployment, by sex and age, 1947-64*

(Thousands of persons 14 years of age and over)

Year or month	Employed						Unemployed									
	Total	Males		Females		Total	Males		Females							
		Total	14-19 years	20 years and over	Total		14-19 years	20 years and over	Total	14-19 years	20 years and over					
Old definitions: <sup>1</sup>																
1947.....	58,027	41,677	2,795	38,843	16,349	1,921	14,429	2,142	1,595	279	1,316	547	146	402	480	480
1948.....	59,378	42,428	2,911	39,518	16,950	1,930	15,020	2,064	1,430	262	1,171	633	153	480	480	480
1949.....	58,710	41,660	2,687	38,974	17,049	1,826	15,225	3,395	2,415	367	2,048	981	228	753	753	753
1950.....	59,957	42,287	2,787	39,499	17,670	1,777	15,893	3,142	2,155	339	1,816	987	204	784	784	784
1951.....	61,005	42,490	2,753	39,738	18,515	1,863	16,652	1,879	1,123	206	917	756	150	609	609	609
1952.....	61,293	42,391	2,674	39,717	18,902	1,857	17,047	1,673	1,062	222	840	611	140	471	471	471
1953.....	62,213	43,125	2,686	40,440	19,088	1,829	17,259	1,602	1,069	195	875	533	117	416	416	416
1954.....	61,238	42,377	2,550	39,827	18,861	1,736	17,125	3,230	2,161	318	1,842	1,069	197	873	873	873
1955.....	63,193	43,290	2,642	40,646	19,904	1,803	18,101	2,654	1,752	292	1,460	903	179	724	724	724
1956.....	64,986	44,153	2,802	41,349	20,831	1,962	18,869	2,551	1,608	296	1,314	943	214	730	730	730
New definitions: <sup>1</sup>																
1957.....	65,011	43,990	2,750	41,239	21,021	1,970	19,050	2,936	1,893	351	1,541	1,043	222	820	820	820
1958.....	63,966	43,042	2,631	40,410	20,924	1,881	19,043	4,681	3,155	473	2,680	1,526	284	1,242	1,242	1,242
1959.....	65,581	44,089	2,821	41,268	21,492	1,968	19,523	3,813	2,473	451	2,022	1,340	276	1,064	1,064	1,064
1960 <sup>2</sup> .....	66,681	44,455	2,941	41,543	22,196	2,091	20,104	3,931	2,541	480	2,058	1,390	310	1,078	1,078	1,078
1961.....	66,796	44,318	2,976	41,342	22,478	2,181	20,295	4,806	3,060	542	2,518	1,747	379	1,366	1,366	1,366
1962 <sup>3</sup> .....	67,846	44,892	3,077	41,815	22,954	2,262	20,693	4,007	2,488	472	2,016	1,519	344	1,176	1,176	1,176
1963.....	68,809	45,330	3,079	42,252	23,479	2,238	21,257	4,166	2,537	566	1,971	1,629	413	1,216	1,216	1,216
1964.....	70,357	46,139	3,253	42,886	24,218	2,316	21,903	3,876	2,271	553	1,718	1,605	409	1,195	1,195	1,195
Seasonally adjusted <sup>4</sup>																
1963:																
Jan.....	68,256	45,035	3,035	42,000	23,221	2,210	21,011	4,139	2,562	478	2,084	1,577	388	1,189	1,189	1,189
Feb.....	68,137	44,855	2,929	41,926	23,282	2,195	21,087	4,296	2,689	537	2,152	1,607	398	1,209	1,209	1,209
Mar.....	68,427	45,088	2,967	42,121	23,339	2,211	21,128	4,108	2,583	546	2,037	1,525	377	1,148	1,148	1,148
Apr.....	68,726	45,236	3,077	42,159	23,490	2,222	21,268	4,135	2,570	538	1,987	1,565	383	1,182	1,182	1,182
May.....	68,632	45,191	3,039	42,152	23,441	2,259	21,182	4,314	2,639	666	1,973	1,675	449	1,226	1,226	1,226
June.....	68,748	45,370	3,043	42,327	23,378	2,197	21,181	4,120	2,499	569	1,930	1,621	415	1,206	1,206	1,206
July.....	69,042	45,545	3,076	42,469	23,497	2,228	21,269	4,151	2,512	600	1,912	1,639	429	1,210	1,210	1,210
Aug.....	68,908	45,582	3,182	42,400	23,386	2,225	21,161	4,028	2,415	543	1,872	1,613	369	1,244	1,244	1,244
Sept.....	69,125	45,578	3,150	42,428	23,547	2,211	21,336	4,047	2,389	567	1,822	1,658	414	1,244	1,244	1,244
Oct.....	69,118	45,469	3,148	42,321	23,649	2,223	21,426	4,121	2,405	533	1,872	1,716	462	1,254	1,254	1,254
Nov.....	69,275	45,468	3,119	42,349	23,807	2,231	21,576	4,268	2,554	597	1,957	1,714	447	1,267	1,267	1,267
Dec.....	69,333	45,498	3,096	42,402	23,835	2,260	21,575	4,047	2,425	540	1,885	1,622	403	1,219	1,219	1,219
1964:																
Jan.....	69,568	45,690	3,120	42,570	23,878	2,305	21,573	4,086	2,420	545	1,875	1,666	409	1,257	1,257	1,257
Feb.....	69,842	45,834	3,161	42,673	24,008	2,332	21,676	3,977	2,314	509	1,805	1,663	390	1,273	1,273	1,273
Mar.....	69,812	45,856	3,223	42,633	23,956	2,325	21,631	3,986	2,334	572	1,762	1,652	380	1,272	1,272	1,272
Apr.....	70,486	46,137	3,246	42,891	24,349	2,282	22,067	4,021	2,328	602	1,726	1,693	438	1,255	1,255	1,255
May.....	70,639	46,349	3,321	43,028	24,290	2,277	22,013	3,838	2,226	589	1,637	1,612	431	1,181	1,181	1,181
June.....	70,345	46,044	3,233	42,811	24,301	2,311	21,990	3,960	2,342	566	1,776	1,618	426	1,192	1,192	1,192
July.....	70,496	46,334	3,326	43,008	24,162	2,310	21,852	3,692	2,191	511	1,680	1,501	348	1,153	1,153	1,153
Aug.....	70,458	46,197	3,221	42,976	24,261	2,308	21,953	3,797	2,249	581	1,668	1,548	394	1,154	1,154	1,154
Sept.....	70,465	46,174	3,273	42,901	24,291	2,387	21,904	3,815	2,265	549	1,716	1,550	396	1,154	1,154	1,154
Oct.....	70,379	46,140	3,278	42,862	24,239	2,297	21,942	3,880	2,261	481	1,780	1,619	451	1,168	1,168	1,168
Nov.....	70,755	46,304	3,254	43,050	24,451	2,451	22,000	3,654	2,111	568	1,543	1,543	384	1,159	1,159	1,159
Dec.....	71,004	46,404	3,279	43,125	24,600	2,323	22,277	3,702	2,113	551	1,562	1,589	491	1,098	1,098	1,098

<sup>1</sup> See Note, Table B-21, for explanation of differences between the old and new definitions.<sup>2</sup> Beginning 1960, data for Alaska and Hawaii are included.<sup>3</sup> Beginning April 1962, not comparable with prior data; see Note, Table B-21.<sup>4</sup> Based on revised seasonal factors incorporating data through December 1964. See *Monthly Report on the Labor Force, January 1965* (to be issued in February 1965).

Note.—See Note, Table B-21, for information on area sample used and reporting periods.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-23.—Selected measures of unemployment and part-time employment, 1948-64

Year or month	Unemployment rate (percent of civilian labor force in group)				Labor force time lost through unemployment and part-time work <sup>2</sup>	Persons employed part-time in non-agricultural industries for economic reasons	
	All workers	Experienced wage and salary workers	Married men <sup>1</sup>	Teen-agers, 14-19 years		Usually full-time <sup>3</sup>	Usually part-time <sup>4</sup>
	Percent					Thousands of persons 14 years of age and over	
New definitions:							
1948.....	3.8	4.2					
1949.....	5.9	6.7	3.4	12.2		1,530	786
1950.....	5.3	6.0	4.6	11.3		1,032	965
1951.....	3.3	3.7	1.5	7.7		917	694
1952.....	3.1	3.3	1.4	8.0		958	642
1953.....	2.9	3.2	1.7	7.1		( <sup>5</sup> )	( <sup>5</sup> )
1954.....	5.6	6.0	4.0	11.4		1,548	866
1955.....	4.4	4.8	2.6	10.2		934	876
1956.....	4.2	4.4	2.3	10.4	5.1	1,067	900
1957.....	4.3	4.5	2.8	10.8	5.3	1,183	986
1958.....	6.8	7.2	5.1	14.4	8.1	1,638	1,315
1959.....	5.5	5.6	3.6	13.2	6.6	1,032	1,304
1960 <sup>6</sup> .....	5.6	5.7	3.7	13.6	6.7	1,243	1,317
1961.....	6.7	6.8	4.6	15.2	8.0	1,297	1,516
1962 <sup>7</sup> .....	5.6	5.5	3.6	13.3	6.7	1,049	1,288
1963.....	5.7	5.5	3.4	15.6	<sup>2</sup> 6.4	1,070	1,219
1964.....	5.2	5.0	2.8	14.7	5.8	985	1,151
Seasonally adjusted <sup>8</sup>							
1963: Jan.....	5.7	5.6	3.7	14.1	6.6	1,039	1,257
Feb.....	5.9	5.9	3.7	15.2	6.6	1,052	1,244
Mar.....	5.7	5.5	3.5	15.0	6.3	1,020	1,227
Apr.....	5.7	5.4	3.3	15.6	6.4	1,070	1,156
May.....	5.9	5.5	3.3	17.7	6.5	1,022	1,197
June.....	5.7	5.6	3.2	15.8	6.6	1,081	1,246
July.....	5.6	5.4	3.2	16.0	6.4	1,048	1,214
Aug.....	5.5	5.4	3.1	14.6	6.3	1,178	1,287
Sept.....	5.5	5.4	3.0	15.3	6.1	1,173	1,223
Oct.....	5.6	5.5	2.9	15.7	6.2	1,101	1,220
Nov.....	5.9	5.7	3.4	17.0	6.3	1,034	1,168
Dec.....	5.5	5.3	3.3	14.7	6.1	1,023	1,157
1964: Jan.....	5.6	5.3	3.2	14.9	6.2	957	1,164
Feb.....	5.4	5.2	3.0	13.8	6.1	1,085	1,165
Mar.....	5.4	5.1	2.9	14.4	5.8	1,003	1,127
Apr.....	5.4	5.0	2.9	16.2	5.9	992	1,154
May.....	5.1	4.8	2.6	15.9	5.7	932	1,216
June.....	5.3	5.3	2.8	15.0	6.1	1,100	1,150
July.....	4.9	4.8	2.7	13.1	5.7	995	1,176
Aug.....	5.1	4.9	2.6	15.0	5.7	900	1,203
Sept.....	5.2	4.9	2.9	14.2	5.8	978	1,162
Oct.....	5.2	5.0	2.8	14.4	5.7	973	1,136
Nov.....	5.0	4.8	2.5	14.9	5.2	890	1,048
Dec.....	4.9	4.5	2.7	15.4	5.3	1,037	1,078

<sup>1</sup> Married men living with their wives. Data for 1949 and 1951-54 are for April; 1950 for March. These data, including 1955 and 1956, have not been adjusted to reflect the change in the definition of employment and unemployment adopted in January 1957. See Note, Table B-21.

<sup>2</sup> Beginning in 1963, this series not strictly comparable with preceding data. Under the current concept, the percent of labor force time lost assumes that unemployed persons looking for full-time work lost 37.5 hours, unemployed persons looking for part-time work lost the average hours worked by voluntary part-time employees, and those on part-time for economic reasons lost difference between 37.5 hours and actual number of hours worked.

<sup>3</sup> Includes persons who worked part-time because of slack work, material shortages or repairs, new job started, or job terminated. Data for 1949-55 are for the month of May.

<sup>4</sup> Primarily includes persons who could find only part-time work. Data for 1949-55 related to May.

<sup>5</sup> Not available.

<sup>6</sup> Beginning 1960, data for Alaska and Hawaii included.

<sup>7</sup> Not comparable with prior data. See Note, Table B-21.

<sup>8</sup> See footnote 3, Table B-24.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-24.—*Unemployed persons, by duration of unemployment, 1947-64*

Year or month	Total unemployed	Duration of unemployment			
		4 weeks and under	5-14 weeks	15-26 weeks	Over 26 weeks
Thousands of persons 14 years of age and over					
New definitions:					
1947.....	2,356	1,255	704	234	164
1948.....	2,325	1,349	669	193	116
1949.....	3,682	1,804	1,195	427	256
1950.....	3,351	1,515	1,055	425	357
1951.....	2,099	1,223	574	166	137
1952.....	1,932	1,183	517	148	84
1953.....	1,870	1,178	482	132	79
1954.....	3,578	1,651	1,115	495	317
1955.....	2,904	1,387	815	367	336
1956.....	2,822	1,485	805	301	232
1957.....	2,936	1,485	890	321	239
1958.....	4,681	1,833	1,397	785	667
1959.....	3,813	1,658	1,113	469	571
1960 <sup>1</sup> .....	3,931	1,798	1,176	502	454
1961.....	4,806	1,897	1,375	728	804
1962 <sup>2</sup> .....	4,007	1,754	1,134	534	585
1963.....	4,166	1,847	1,231	535	553
1964.....	3,876	1,787	1,116	491	482
Seasonally adjusted <sup>3</sup>					
1963: Jan.....	4,146	1,795	1,210	608	544
Feb.....	4,307	1,759	1,263	521	607
Mar.....	4,096	1,777	1,191	500	597
Apr.....	4,135	1,848	1,236	487	580
May.....	4,302	2,048	1,165	518	595
June.....	4,124	1,892	1,257	559	521
July.....	4,106	1,846	1,312	496	546
Aug.....	4,047	1,869	1,196	576	507
Sept.....	4,047	1,803	1,234	520	558
Oct.....	4,101	1,799	1,214	562	552
Nov.....	4,350	1,955	1,272	552	508
Dec.....	4,019	1,814	1,217	532	490
1964: Jan.....	4,100	1,861	1,104	601	504
Feb.....	4,003	1,619	1,187	507	500
Mar.....	3,953	1,854	1,031	545	502
Apr.....	4,024	1,921	1,214	464	463
May.....	3,841	1,867	1,095	445	489
June.....	3,953	1,878	1,108	541	529
July.....	3,639	1,617	1,139	434	524
Aug.....	3,827	1,832	1,135	410	492
Sept.....	3,825	1,823	1,109	474	455
Oct.....	3,862	1,799	1,120	493	452
Nov.....	3,727	1,658	1,089	507	424
Dec.....	3,670	1,705	1,064	448	435

<sup>1</sup> Beginning January 1960, data for Alaska and Hawaii are included.<sup>2</sup> Beginning April 1962, not comparable with prior data; see Note, Table B-21.<sup>3</sup> Based on seasonal factors incorporating data through December 1963. Series based on revised factors incorporating data through December 1964 will appear in *Monthly Report on the Labor Force, January 1965* (to be issued in February 1965).

NOTE.—See Note, Table B-21 for information on area sample used and reporting periods.

Source: Department of Labor, Bureau of Labor Statistics.



TABLE B-25.—Unemployment insurance programs, selected data, 1940-64

Year or month	All programs			State programs							
	Covered employment <sup>1</sup>	Insured unemployment (weekly average) <sup>2,3</sup>	Total benefits paid (millions of dollars) <sup>4</sup>	Insured unemployment <sup>5</sup>	Initial claims	Exhaustions <sup>6</sup>	Insured unemployment as percent of covered employment		Benefits paid		
							Unadjusted	Seasonally adjusted	Total (millions of dollars) <sup>(7)</sup>	Average weekly check (dollars) <sup>8</sup>	
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	1,805	1,785.0	1,009	187	24	3.1	-----	775.1	17.83	
1948.....	34,646	1,468	1,328.7	1,002	210	20	3.0	-----	789.9	19.03	
1949.....	33,098	2,479	2,269.8	1,979	322	37	6.2	-----	1,736.0	20.48	
1950.....	34,308	1,605	1,467.6	1,503	236	36	4.6	-----	1,373.1	20.76	
1951.....	36,334	1,000	862.9	969	208	16	2.8	-----	840.4	21.09	
1952.....	37,006	1,069	1,043.5	1,024	215	18	2.9	-----	998.2	22.79	
1953.....	38,072	1,065	1,050.6	995	218	15	2.8	-----	962.2	23.58	
1954.....	36,617	2,048	2,291.8	1,865	303	34	5.2	-----	2,026.9	24.93	
1955.....	40,014	1,395	1,560.2	1,254	226	25	3.5	-----	1,350.3	25.04	
1956.....	42,758	1,318	1,540.6	1,212	226	20	3.2	-----	1,380.7	27.02	
1957.....	43,436	1,567	1,913.0	1,450	268	23	3.6	-----	1,733.9	28.17	
1958.....	44,412	3,269	4,209.2	2,509	370	50	6.4	-----	3,512.7	30.58	
1959.....	45,728	2,099	2,803.0	1,682	281	33	4.4	-----	2,279.0	30.41	
1960.....	46,334	2,067	3,022.7	1,906	331	31	4.8	-----	2,726.7	32.87	
1961.....	46,264	2,994	4,358.2	2,290	350	46	5.6	-----	3,422.7	33.80	
1962.....	47,766	1,924	3,160.0	1,783	302	32	4.4	-----	2,675.4	34.66	
1963.....	48,426	1,973	3,025.9	1,806	294	30	4.3	-----	2,774.7	35.27	
1964 <sup>7</sup> .....	49,295	1,725	2,745.0	1,605	268	26	3.8	-----	2,522.4	35.85	
1963: Jan.....	46,665	2,778	373.0	2,591	447	35	6.3	4.8	342.4	35.52	
Feb.....	46,632	2,726	339.6	2,546	325	36	6.2	4.6	313.3	35.70	
Mar.....	47,063	2,465	343.0	2,298	272	36	5.6	4.4	316.4	35.80	
Apr.....	47,892	2,089	297.8	1,918	273	37	4.7	4.2	274.8	35.54	
May.....	48,329	1,799	254.6	1,624	239	33	3.9	4.2	235.9	34.91	
June.....	49,001	1,628	205.0	1,468	240	32	3.5	4.1	188.2	34.34	
July.....	49,095	<sup>8</sup> 1,655	211.8	<sup>8</sup> 1,497	<sup>8</sup> 301	28	3.6	4.1	195.6	34.43	
Aug.....	49,381	1,587	204.8	1,438	251	26	3.4	4.2	186.8	34.67	
Sept.....	49,424	1,444	179.8	1,296	226	24	3.0	4.0	163.1	34.93	
Oct.....	49,256	1,476	190.0	1,333	256	24	3.1	4.1	172.0	35.15	
Nov.....	49,058	1,686	181.3	1,542	292	22	3.6	4.1	165.0	35.37	
Dec.....	49,309	2,122	254.5	1,972	415	27	4.7	4.3	233.0	35.78	
1964: Jan.....	47,692	2,563	345.6	2,395	412	30	5.7	4.3	319.3	36.07	
Feb.....	47,677	2,410	307.9	2,243	291	31	5.3	4.0	283.8	36.24	
Mar.....	48,172	2,200	315.6	2,050	259	32	4.9	3.8	292.6	36.26	
Apr.....	<sup>9</sup> 48,844	1,920	280.9	1,755	246	34	4.2	3.8	258.0	36.02	
May.....	<sup>9</sup> 49,396	1,605	218.3	1,447	218	31	3.4	3.6	201.5	35.50	
June.....	<sup>9</sup> 50,146	1,448	199.3	1,297	218	27	3.1	3.6	183.1	35.27	
July.....	-----	1,491	195.6	1,343	282	24	3.1	3.6	180.5	35.35	
Aug.....	-----	1,396	180.2	1,260	212	23	2.9	3.6	164.5	35.60	
Sept.....	-----	1,256	163.7	1,125	194	21	2.5	3.4	148.4	35.40	
Oct.....	-----	1,264	157.8	1,138	225	20	2.6	3.4	143.2	35.92	
Nov.....	-----	1,417	162.0	1,293	276	20	3.0	3.4	147.0	36.38	
Dec <sup>7</sup> .....	-----	1,793	230.0	1,675	348	23	3.9	3.6	211.4	36.50	

<sup>1</sup> Includes persons under the State, UCFE (Federal employee, effective January 1955), and RRB (Rail-road Retirement Board) programs. Beginning October 1958, also includes the UCX program (unemploy-ment compensation for ex-servicemen).

<sup>2</sup> 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.

<sup>3</sup> Covered workers who have completed at least 1 week of unemployment.

<sup>4</sup> Includes benefits paid under extended duration provisions of State laws, beginning June 1958. Annual data are net amounts and monthly data are gross amounts.

<sup>5</sup> Individuals receiving final payments in benefit year.

<sup>6</sup> For total unemployment only.

<sup>7</sup> Preliminary.

<sup>8</sup> Programs include Puerto Rican sugarcane workers for initial claims and insured unemployment be-ginning July 1963.

<sup>9</sup> Preliminary, June 1964 is latest month for which data are available for all programs combined. Workers covered by State programs account for about 87 percent of the total.

NOTE.—Data for Alaska and Hawaii included for all periods and for Puerto Rico since January 1961.

Source: Department of Labor, Bureau of Employment Security.

TABLE B-26.—*Number of wage and salary workers in nonagricultural establishments, 1929-64*<sup>1</sup>

(Thousands of employees)

Year or month	Total wage and salary workers	Manufacturing			Mining	Contract construction	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Service and miscellaneous	Government	
		Total	Durable goods	Non-durable goods							Federal	State and local
1929.....	31,339	10,702	(2)	(2)	1,087	1,497	3,916	6,123	1,509	3,440	533	2,532
1930.....	29,424	9,562	(2)	(2)	1,009	1,372	3,685	5,797	1,475	3,376	526	2,622
1931.....	26,649	8,170	(2)	(2)	873	1,214	3,254	5,284	1,407	3,183	560	2,704
1932.....	23,628	6,931	(2)	(2)	731	970	2,816	4,683	1,341	2,931	559	2,666
1933.....	23,711	7,397	(2)	(2)	744	809	2,672	4,755	1,295	2,873	565	2,601
1934.....	25,953	8,501	(2)	(2)	883	862	2,750	5,281	1,319	3,058	652	2,647
1935.....	27,053	9,069	(2)	(2)	897	912	2,786	5,431	1,335	3,142	753	2,728
1936.....	29,082	9,827	(2)	(2)	946	1,145	2,973	5,809	1,388	3,326	826	2,842
1937.....	31,026	10,794	(2)	(2)	1,015	1,112	3,134	6,265	1,432	3,518	833	2,923
1938.....	29,209	9,440	(2)	(2)	891	1,055	2,863	6,179	1,425	3,473	829	3,054
1939.....	30,618	10,278	4,715	5,564	854	1,150	2,936	6,426	1,462	3,517	905	3,090
1940.....	32,376	10,985	5,363	5,622	925	1,294	3,038	6,750	1,502	3,681	996	3,206
1941.....	36,554	13,192	6,968	6,225	957	1,790	3,274	7,210	1,549	3,921	1,340	3,320
1942.....	40,125	15,280	8,823	6,458	992	2,170	3,460	7,118	1,538	4,084	2,213	3,270
1943.....	42,452	17,602	11,084	6,518	925	1,567	3,647	6,982	1,502	4,148	2,905	3,174
1944.....	41,883	17,328	10,856	6,472	892	1,094	3,829	7,058	1,476	4,163	2,928	3,116
1945.....	40,394	15,524	9,074	6,450	836	1,132	3,906	7,314	1,497	4,241	2,808	3,137
1946.....	41,674	14,703	7,742	6,962	862	1,661	4,061	8,376	1,697	4,719	2,340	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	2,402	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	9,634	7,409	822	2,999	4,244	10,858	2,429	6,536	2,209	5,069
1957.....	52,894	17,174	9,856	7,319	828	2,923	4,241	10,886	2,477	6,749	2,217	5,399
1958.....	51,368	15,945	8,830	7,116	751	2,778	3,976	10,750	2,519	6,811	2,191	5,648
1959.....	53,297	16,675	9,373	7,303	732	2,960	4,011	11,127	2,594	7,115	2,233	5,850
1960.....	54,203	16,796	9,459	7,336	712	2,885	4,004	11,391	2,669	7,392	2,270	6,083
1961.....	53,989	16,326	9,070	7,256	672	2,816	3,903	11,337	2,731	7,610	2,279	6,315
1962.....	55,515	16,853	9,481	7,372	650	2,902	3,906	11,566	2,800	7,947	2,340	6,550
1963.....	56,643	17,005	9,625	7,380	635	2,983	3,914	11,803	2,873	8,230	2,358	6,841
1964 <sup>2</sup> .....	58,178	17,301	9,848	7,454	636	3,105	3,974	12,184	2,945	8,532	2,348	7,153
Seasonally adjusted												
1962: Jan.....	54,695	16,669	9,338	7,331	666	2,763	3,904	11,412	2,771	7,787	2,299	6,424
Feb.....	55,003	16,748	9,403	7,345	666	2,872	3,909	11,468	2,772	7,822	2,305	6,441
Mar.....	55,162	16,806	9,448	7,358	663	2,860	3,916	11,519	2,779	7,849	2,308	6,462
Apr.....	55,411	16,906	9,504	7,402	659	2,924	3,919	11,543	2,786	7,884	2,313	6,477
May.....	55,502	16,890	9,506	7,384	658	2,926	3,916	11,573	2,794	7,915	2,322	6,508
June.....	55,565	16,911	9,512	7,399	652	2,878	3,908	11,591	2,797	7,955	2,333	6,540
July.....	55,657	16,916	9,527	7,389	645	2,931	3,881	11,609	2,801	7,980	2,335	6,559
Aug.....	55,673	16,872	9,489	7,383	648	2,927	3,898	11,599	2,810	8,005	2,337	6,577
Sept.....	55,767	16,900	9,516	7,384	644	2,928	3,900	11,616	2,813	8,027	2,336	6,603
Oct.....	55,802	16,894	9,518	7,376	642	2,927	3,908	11,606	2,821	8,033	2,333	6,638
Nov.....	55,874	16,885	9,511	7,374	635	2,933	3,900	11,623	2,829	8,044	2,350	6,675
Dec.....	55,881	16,866	9,517	7,349	630	2,913	3,913	11,625	2,830	8,064	2,346	6,694

See footnotes at end of table.

TABLE B-26.—*Number of wage and salary workers in nonagricultural establishments, 1929-64*<sup>1</sup>  
Continued

[Thousands of employees]

Year or month	Total wage and salary workers	Manufacturing			Mining	Contract construction	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Service and miscellaneous	Government		
		Total	Durable goods	Non-durable goods							Federal	State and local	
Seasonally adjusted													
1963: Jan.....	55,900	16,898	9,549	7,349	630	2,914	3,814	11,648	2,840	8,079	2,346	6,731	
Feb.....	56,044	16,888	9,543	7,345	630	2,897	3,907	11,679	2,846	8,098	2,348	6,751	
Mar.....	56,187	16,934	9,566	7,368	631	2,904	3,898	11,709	2,855	8,136	2,348	6,772	
Apr.....	56,368	16,960	9,608	7,382	636	2,964	3,901	11,726	2,860	8,154	2,351	6,786	
May.....	56,511	17,030	9,631	7,399	637	2,974	3,915	11,756	2,869	8,181	2,347	6,802	
June.....	56,601	17,013	9,630	7,383	640	2,990	3,921	11,788	2,872	8,213	2,344	6,820	
July.....	56,763	17,058	9,661	7,397	641	3,006	3,932	11,811	2,874	8,269	2,342	6,830	
Aug.....	56,768	17,003	9,619	7,384	638	3,016	3,937	11,837	2,879	8,282	2,339	6,837	
Sept.....	56,868	17,025	9,648	7,377	636	3,019	3,947	11,857	2,881	8,290	2,342	6,871	
Oct.....	57,070	17,066	9,667	7,399	636	3,015	3,940	11,890	2,893	8,346	2,345	6,939	
Nov.....	57,101	17,059	9,670	7,389	635	3,015	3,932	11,910	2,896	8,352	2,345	6,957	
Dec.....	57,291	17,115	9,717	7,398	636	3,052	3,931	11,950	2,904	8,366	2,346	6,991	
1964: Jan.....	57,334	17,131	9,725	7,406	632	2,941	3,936	12,021	2,911	8,401	2,342	7,019	
Feb.....	57,684	17,171	9,740	7,431	633	3,132	3,943	12,083	2,917	8,437	2,337	7,031	
Mar.....	57,754	17,208	9,784	7,424	633	3,122	3,940	12,077	2,924	8,455	2,337	7,058	
Apr.....	57,827	17,224	9,798	7,426	633	3,081	3,964	12,096	2,931	8,461	2,341	7,096	
May.....	57,931	17,225	9,780	7,445	631	3,093	3,968	12,135	2,934	8,489	2,339	7,117	
June.....	58,104	17,285	9,826	7,459	639	3,106	3,965	12,187	2,943	8,509	2,323	7,147	
July.....	58,256	17,344	9,890	7,454	639	3,107	3,983	12,223	2,948	8,561	2,322	7,129	
Aug.....	58,301	17,339	9,886	7,453	634	3,103	3,999	12,231	2,951	8,573	2,328	7,143	
Sept.....	58,458	17,449	9,986	7,463	634	3,080	4,005	12,229	2,960	8,592	2,320	7,189	
Oct.....	58,382	17,171	9,702	7,469	638	3,106	3,996	12,278	2,964	8,633	2,331	7,265	
Nov <sup>a</sup> .....	58,871	17,512	10,002	7,510	640	3,167	3,997	12,307	2,970	8,630	2,354	7,294	
Dec <sup>b</sup> .....	59,097	17,593	10,076	7,517	644	3,225	4,003	12,318	2,979	8,644	2,361	7,330	

<sup>1</sup> Includes all full- and part-time wage and salary workers in nonagricultural establishments who worked during, or received pay for, any part of the pay period which includes the 12th of the month. Excludes proprietors, self-employed persons, domestic servants, and unpaid family workers. Not comparable with estimates of nonagricultural employment of the civilian labor force (Table B-21) which include proprietors, self-employed persons, domestic servants, and unpaid family workers; which count persons as employed when they are not at work because of industrial disputes, bad weather, etc.; and which are based on a sample survey of households, whereas the estimates in this table are based on reports from employing establishments.

<sup>2</sup> Not available.

<sup>3</sup> Preliminary.

NOTE.—Data are based on the 1957 Standard Industrial Classification and March 1963 benchmark data. Data for Alaska and Hawaii included beginning 1959.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-27.—Average weekly hours of work in selected industries, 1929-64

Year or month	Manufacturing			Contract construction	Retail trade (except eating and drinking places)	Wholesale trade	Bituminous coal mining	Class I railroads <sup>1</sup>	Telephone communication <sup>2</sup>
	Total	Durable goods	Non-durable goods						
1929.....	44.2	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	38.1	( <sup>3</sup> )	( <sup>3</sup> )
1930.....	42.1	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	33.3	( <sup>3</sup> )	( <sup>3</sup> )
1931.....	40.5	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	28.1	( <sup>3</sup> )	( <sup>3</sup> )
1932.....	38.3	32.5	41.9	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	27.0	( <sup>3</sup> )	( <sup>3</sup> )
1933.....	38.1	34.7	40.0	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	29.3	( <sup>3</sup> )	( <sup>3</sup> )
1934.....	34.6	33.8	35.1	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	26.8	( <sup>3</sup> )	( <sup>3</sup> )
1935.....	36.6	37.2	36.1	( <sup>3</sup> )	( <sup>3</sup> )	41.6	26.2	( <sup>3</sup> )	( <sup>3</sup> )
1936.....	39.2	40.9	37.7	( <sup>3</sup> )	( <sup>3</sup> )	42.9	28.5	( <sup>3</sup> )	( <sup>3</sup> )
1937.....	38.6	39.9	37.4	( <sup>3</sup> )	( <sup>3</sup> )	43.1	27.7	( <sup>3</sup> )	38.8
1938.....	35.6	34.9	36.1	( <sup>3</sup> )	( <sup>3</sup> )	42.3	23.3	( <sup>3</sup> )	38.9
1939.....	37.7	37.9	37.4	( <sup>3</sup> )	43.4	41.8	26.8	43.7	39.1
1940.....	38.1	39.2	37.0	( <sup>3</sup> )	43.2	41.3	27.8	44.3	39.5
1941.....	40.6	42.0	38.9	( <sup>3</sup> )	42.8	41.1	30.7	45.8	40.1
1942.....	43.1	45.0	40.3	( <sup>3</sup> )	41.8	41.4	32.4	47.0	40.5
1943.....	45.0	46.5	42.5	( <sup>3</sup> )	40.9	42.3	36.3	48.7	41.9
1944.....	45.2	46.5	43.1	( <sup>3</sup> )	41.0	43.0	43.0	48.9	42.3
1945.....	43.5	44.0	42.3	( <sup>3</sup> )	40.9	42.8	42.0	48.5	41.7
1946.....	40.3	40.4	40.5	( <sup>3</sup> )	41.3	41.6	41.3	46.0	39.4
1947.....	40.4	40.5	40.2	38.2	41.0	41.1	40.3	46.4	37.4
1948.....	40.0	40.4	39.6	38.1	40.9	41.0	37.7	46.2	39.2
1949.....	39.1	39.4	38.9	37.7	41.0	40.8	32.3	43.7	38.5
1950.....	40.5	41.1	39.7	37.4	41.1	40.7	34.7	40.8	38.9
1951.....	40.6	41.5	39.5	38.1	40.9	40.8	34.9	41.0	39.1
1952.....	40.7	41.5	39.7	38.9	40.5	40.7	33.8	40.6	38.5
1953.....	40.5	41.2	39.6	37.9	39.8	40.6	34.1	40.6	38.7
1954.....	39.6	40.1	39.0	37.2	39.7	40.5	32.3	40.8	38.9
1955.....	40.7	41.3	39.9	37.1	39.6	40.7	37.3	41.9	38.6
1956.....	40.4	41.0	39.6	37.5	39.1	40.5	37.5	41.7	39.5
1957.....	39.8	40.3	39.2	37.0	38.7	40.8	36.3	41.7	39.0
1958.....	39.2	39.5	38.8	36.8	38.7	40.2	33.3	41.6	38.4
1959.....	40.3	40.7	39.7	37.0	38.7	40.6	35.8	41.9	39.2
1960.....	39.7	40.1	39.2	36.7	38.5	40.5	35.8	41.7	39.6
1961.....	39.8	40.3	39.3	36.9	38.1	40.5	35.9	42.3	39.4
1962.....	40.4	40.9	39.6	37.0	37.9	40.6	<sup>4</sup> 37.0	42.6	39.9
1963.....	40.5	41.1	39.6	37.3	37.8	40.6	<sup>5</sup> 38.9	42.9	40.0
1964 <sup>6</sup> .....	40.7	41.4	39.7	37.1	37.4	40.7	<sup>5</sup> 39.3	( <sup>3</sup> )	40.2
Seasonally adjusted						Unadjusted			
1963: Jan.....	40.5	41.2	39.6	36.5	37.8	40.6	39.0	43.0	39.5
Feb.....	40.3	41.0	39.6	36.3	37.8	40.6	39.1	43.3	39.8
Mar.....	40.4	41.0	39.7	37.1	37.8	40.6	36.6	41.5	39.6
Apr.....	40.1	40.7	39.3	37.4	37.9	40.6	38.4	43.0	39.5
May.....	40.4	41.0	39.6	37.4	37.8	40.6	39.7	43.6	39.7
June.....	40.5	41.3	39.6	37.5	37.9	40.6	41.1	41.9	40.0
July.....	40.4	41.1	39.5	37.2	37.9	40.6	( <sup>3</sup> )	43.7	40.3
Aug.....	40.4	41.0	39.6	37.1	37.8	40.6	38.0	43.1	40.1
Sept.....	40.5	41.2	39.7	37.3	37.7	40.5	39.3	42.1	40.5
Oct.....	40.6	41.3	39.8	37.5	37.7	40.6	39.2	43.8	40.4
Nov.....	40.5	41.2	39.7	37.1	37.7	40.6	37.8	42.7	40.8
Dec.....	40.7	41.3	39.7	37.4	37.7	40.7	40.0	43.0	39.6
1964: Jan.....	40.2	41.1	39.1	35.2	37.3	40.4	39.6	43.5	39.3
Feb.....	40.7	41.3	39.8	37.6	37.5	40.6	38.6	43.1	39.6
Mar.....	40.6	41.2	39.7	37.4	37.4	40.7	36.8	42.8	39.5
Apr.....	40.7	41.4	39.8	37.2	37.4	40.7	37.6	43.4	39.3
May.....	40.6	41.3	39.7	37.3	37.5	40.7	39.1	42.4	39.8
June.....	40.6	41.4	39.6	37.3	37.5	40.7	40.4	44.3	40.0
July.....	40.6	41.3	39.5	36.8	37.7	40.7	( <sup>3</sup> )	44.3	40.2
Aug.....	40.8	41.5	39.7	37.0	37.5	40.7	39.9	( <sup>3</sup> )	40.2
Sept.....	40.5	41.4	39.4	35.6	37.3	40.5	37.7	( <sup>3</sup> )	41.8
Oct.....	40.5	41.2	39.9	37.1	37.5	40.6	40.7	( <sup>3</sup> )	40.8
Nov <sup>6</sup> .....	40.9	41.6	39.9	37.7	37.2	40.9	40.4	( <sup>3</sup> )	41.0
Dec <sup>6</sup> .....	41.1	41.9	39.8	39.2	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )

<sup>1</sup> Data relate to all employees who received pay during the month, except executives, officials and staff assistants.

<sup>2</sup> Prior to April 1945, data relate to all employees except executives. See footnote 2, Table B-28.

<sup>3</sup> Not available.

<sup>4</sup> Nine-month average, April through December, because of new series started in April 1945.

<sup>5</sup> Eleven-month average, excludes data for July.

<sup>6</sup> Preliminary.

NOTE.—See Note, Table B-26.

Data are for production workers in manufacturing and mining, construction workers in contract construction, and for nonsupervisory employees in other industries (except as noted). Data are for pay period which includes the 12th of the month.

The annual figures for 1964 are arithmetic averages of the monthly figures shown and are not strictly comparable with the averages for earlier years, which have been weighted by data on employment.

See Table B-30 for unadjusted average weekly hours in manufacturing.

Data for Alaska and Hawaii included beginning 1959.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-28.—Average gross hourly earnings in selected industries, 1929-64

Year or month	Manufacturing			Contract construction	Retail trade (except eating and drinking places)	Wholesale trade	Bituminous coal mining	Class I railroads <sup>1</sup>	Telephone communication <sup>2</sup>	Agriculture <sup>3</sup>
	Total	Durable goods	Non-durable goods							
1929.....	\$0.560	(4)	(4)	(4)	(4)	(4)	\$0.659	(4)	(4)	\$0.241
1930.....	.546	(4)	(4)	(4)	(4)	(4)	.662	(4)	(4)	.226
1931.....	.509	(4)	(4)	(4)	(4)	(4)	.626	(4)	(4)	.172
1932.....	.441	\$0.492	\$0.412	(4)	(4)	(4)	.503	(4)	(4)	.129
1933.....	.437	.467	.419	(4)	(4)	(4)	.485	(4)	(4)	.115
1934.....	.526	.550	.505	(4)	(4)	(4)	.551	(4)	(4)	.129
1935.....	.544	.571	.520	(4)	(4)	\$0.610	.720	(4)	(4)	.142
1936.....	.550	.580	.519	(4)	(4)	.628	.768	(4)	(4)	.152
1937.....	.617	.667	.596	(4)	(4)	.658	.828	(4)	\$0.774	.172
1938.....	.620	.679	.572	(4)	(4)	.674	.849	(4)	.816	.166
1939.....	.627	.691	.571	(4)	\$0.484	.568	\$0.730	.822	.822	.166
1940.....	.655	.716	.590	(4)	.494	.711	.854	.733	.827	.169
1941.....	.726	.799	.627	(4)	.518	.763	.960	.743	.820	.206
1942.....	.851	.937	.709	(4)	.559	.828	1.030	.937	.943	.268
1943.....	.957	1.048	.787	(4)	.606	.898	1.101	.852	.870	.353
1944.....	1.011	1.105	.844	(4)	.653	.948	1.147	.948	.911	.423
1945.....	1.016	1.099	.886	(4)	.699	.990	1.199	.955	.962	.472
1946.....	1.075	1.144	.995	(4)	.797	1.107	1.357	1.087	1.124	.515
1947.....	1.217	1.278	1.145	\$1.541	.901	1.220	1.582	1.186	1.197	.547
1948.....	1.328	1.395	1.250	1.713	.972	1.308	1.835	1.301	1.248	.680
1949.....	1.378	1.453	1.295	1.792	1.015	1.360	1.877	1.427	1.345	.659
1950.....	1.440	1.519	1.347	1.863	1.050	1.427	1.944	1.572	1.398	.661
1951.....	1.56	1.65	1.44	2.02	1.13	1.62	2.14	1.73	1.49	.625
1952.....	1.65	1.75	1.51	2.13	1.18	1.61	2.22	1.83	1.59	.661
1953.....	1.74	1.86	1.58	2.28	1.25	1.70	2.40	1.88	1.68	.672
1954.....	1.78	1.90	1.62	2.39	1.29	1.76	2.40	1.93	1.76	.661
1955.....	1.86	1.99	1.67	2.45	1.34	1.83	2.47	1.96	1.82	.675
1956.....	1.95	2.08	1.77	2.57	1.40	1.94	2.72	2.12	1.86	.705
1957.....	2.05	2.19	1.85	2.71	1.47	2.02	2.92	2.26	1.95	.728
1958.....	2.11	2.26	1.91	2.82	1.52	2.09	2.93	2.44	2.05	.757
1959.....	2.19	2.36	1.98	2.93	1.57	2.18	3.11	2.54	2.18	.798
1960.....	2.26	2.43	2.05	3.08	1.62	2.24	3.14	2.61	2.26	.818
1961.....	2.32	2.49	2.11	3.20	1.68	2.31	3.12	2.67	2.37	.834
1962.....	2.39	2.56	2.17	3.31	1.74	2.37	3.12	2.72	2.48	.856
1963.....	2.46	2.64	2.22	3.41	1.80	2.45	3.15	2.76	2.56	.880
1964 <sup>4</sup> .....	2.54	2.71	2.29	3.55	1.87	2.52	3.30	(4)	2.62	.904
1963: Jan.....	2.43	2.60	2.20	3.41	1.78	2.41	3.11	2.75	2.53	.948
Feb.....	2.43	2.61	2.20	3.40	1.78	2.42	3.15	2.81	2.54	.....
Mar.....	2.44	2.61	2.21	3.38	1.78	2.43	3.13	2.77	2.54	.....
Apr.....	2.44	2.62	2.21	3.33	1.79	2.44	3.11	2.75	2.53	.799
May.....	2.45	2.63	2.21	3.35	1.80	2.45	3.12	2.74	2.55	.....
June.....	2.46	2.64	2.22	3.36	1.81	2.46	3.14	2.78	2.55	.....
July.....	2.46	2.63	2.22	3.39	1.80	2.44	(4)	2.75	2.54	.872
Aug.....	2.43	2.61	2.21	3.41	1.80	2.45	3.14	2.75	2.55	.....
Sept.....	2.47	2.65	2.24	3.45	1.82	2.48	3.18	2.78	2.60	.....
Oct.....	2.47	2.66	2.24	3.46	1.83	2.48	3.15	2.74	2.60	.898
Nov.....	2.49	2.67	2.25	3.43	1.83	2.48	3.16	2.78	2.60	.....
Dec.....	2.51	2.69	2.27	3.53	1.80	2.48	3.21	2.78	2.61	.....
1964: Jan.....	2.52	2.69	2.28	3.57	1.84	2.48	3.21	2.76	2.60	.962
Feb.....	2.51	2.69	2.27	3.53	1.85	2.50	3.20	2.80	2.59	.....
Mar.....	2.51	2.69	2.27	3.51	1.85	2.50	3.20	2.76	2.60	.....
Apr.....	2.53	2.70	2.28	3.52	1.86	2.51	3.28	2.76	2.59	.827
May.....	2.53	2.71	2.29	3.50	1.87	2.53	3.30	2.78	2.62	.....
June.....	2.53	2.71	2.29	3.49	1.87	2.52	3.33	2.77	2.61	.....
July.....	2.53	2.71	2.29	3.53	1.87	2.52	(4)	2.77	2.60	.897
Aug.....	2.52	2.71	2.29	3.54	1.87	2.52	3.34	(4)	2.60	.....
Sept.....	2.57	2.75	2.32	3.58	1.89	2.54	3.36	(4)	2.61	.....
Oct.....	2.53	2.70	2.30	3.61	1.89	2.54	3.35	(4)	2.65	.915
Nov <sup>5</sup> .....	2.56	2.73	2.31	3.56	1.89	2.55	3.38	(4)	2.67	.....
Dec <sup>6</sup> .....	2.58	2.76	2.32	(4)	(4)	(4)	(4)	(4)	(4)	.....

<sup>1</sup> For coverage of series, see footnote 1, Table B-27.<sup>2</sup> Prior to April 1945, data relate to all employees except executives; for April 1945-May 1949, mainly to employees subject to the Fair Labor Standards Act; and beginning June 1949, to nonsupervisory employees only.<sup>3</sup> Weighted average of all farm wage rates on a per hour basis.<sup>4</sup> Not available.<sup>5</sup> Nine-month average, April through December, because of new series started in April 1945.<sup>6</sup> Eleven-month average, excludes data for July.<sup>7</sup> Preliminary.

NOTE.—See Note, Table B-26.

Data are for production workers in manufacturing and mining, construction workers in contract construction, and for all nonsupervisory employees in other industries (except as noted). Data are for pay period which includes the 12th of the month.

The annual figures for 1964 are arithmetic averages of the monthly figures shown and are not strictly comparable with the averages for earlier years, which have been weighted by data on man-hours.

Data for Alaska and Hawaii included beginning 1959.

Sources: Department of Labor, Bureau of Labor Statistics, and Department of Agriculture.

TABLE B-29.—Average gross weekly earnings in selected industries, 1929-64

Year or month	Manufacturing			Contract construction	Retail trade (except eating and drinking places)	Wholesale trade	Bituminous coal mining	Class I railroads <sup>1</sup>	Telephone communication <sup>2</sup>
	Total	Durable goods	Non-durable goods						
1929.....	\$24.76	\$26.84	\$22.47	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	\$25.11	( <sup>3</sup> )	( <sup>3</sup> )
1930.....	23.00	24.42	21.40	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	22.04	( <sup>3</sup> )	( <sup>3</sup> )
1931.....	20.64	20.98	20.09	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	17.59	( <sup>3</sup> )	( <sup>3</sup> )
1932.....	16.89	15.99	17.26	( <sup>3</sup> )	( <sup>3</sup> )	\$26.75	13.58	( <sup>3</sup> )	( <sup>3</sup> )
1933.....	16.65	16.20	16.76	( <sup>3</sup> )	( <sup>3</sup> )	25.19	14.21	( <sup>3</sup> )	( <sup>3</sup> )
1934.....	18.20	18.59	17.73	( <sup>3</sup> )	( <sup>3</sup> )	25.44	17.45	( <sup>3</sup> )	( <sup>3</sup> )
1935.....	19.91	21.24	18.77	( <sup>3</sup> )	( <sup>3</sup> )	25.38	18.86	( <sup>3</sup> )	( <sup>3</sup> )
1936.....	21.56	23.72	19.57	( <sup>3</sup> )	( <sup>3</sup> )	26.96	21.89	( <sup>3</sup> )	( <sup>3</sup> )
1937.....	23.82	26.61	21.17	( <sup>3</sup> )	( <sup>3</sup> )	28.36	22.94	( <sup>3</sup> )	\$30.03
1938.....	22.07	23.70	20.65	( <sup>3</sup> )	( <sup>3</sup> )	28.51	19.78	( <sup>3</sup> )	31.74
1939.....	23.64	26.19	21.36	( <sup>3</sup> )	\$21.01	28.76	22.99	\$31.90	32.14
1940.....	24.96	28.07	21.83	( <sup>3</sup> )	21.34	29.36	23.74	32.47	32.67
1941.....	29.48	33.56	24.39	( <sup>3</sup> )	22.17	31.36	29.47	34.03	32.88
1942.....	36.68	42.17	28.57	( <sup>3</sup> )	23.37	34.28	33.37	39.34	34.14
1943.....	43.07	48.73	33.45	( <sup>3</sup> )	24.79	37.99	39.97	41.49	36.45
1944.....	45.70	51.38	36.38	( <sup>3</sup> )	26.77	40.76	49.32	46.36	38.54
1945.....	44.20	48.36	37.48	( <sup>3</sup> )	28.59	42.37	50.36	46.32	40.12
1946.....	43.32	46.22	40.30	( <sup>3</sup> )	32.92	46.05	56.04	50.00	44.29
1947.....	49.17	51.76	46.03	\$58.87	36.94	50.14	63.75	55.03	44.77
1948.....	53.12	56.36	49.50	65.27	39.75	53.63	69.18	60.11	48.92
1949.....	53.88	57.25	50.38	67.56	41.62	55.49	60.63	62.36	51.78
1950.....	58.32	62.43	53.48	69.68	43.16	58.08	67.46	64.14	54.38
1951.....	63.34	68.48	56.88	76.96	46.22	62.02	74.69	70.93	58.26
1952.....	67.16	72.63	59.95	82.86	49.79	65.53	75.04	74.30	61.22
1953.....	70.47	76.63	62.57	86.41	49.75	69.02	81.84	76.33	65.02
1954.....	70.49	76.19	63.18	88.91	51.21	71.28	77.52	78.74	68.46
1955.....	75.70	82.19	66.63	90.90	53.06	74.48	92.13	82.12	72.07
1956.....	78.78	85.28	70.09	96.38	54.74	78.57	102.00	88.40	73.47
1957.....	81.69	88.26	72.52	100.27	56.80	81.41	106.00	94.24	76.05
1958.....	82.71	89.27	74.11	103.78	58.82	84.02	97.57	101.50	78.72
1959.....	88.26	96.05	78.61	108.41	60.76	88.51	111.34	106.43	85.46
1960.....	89.72	97.44	80.36	113.04	62.37	90.72	112.41	108.84	89.50
1961.....	92.34	100.35	82.92	118.06	64.01	93.56	112.01	112.94	93.38
1962.....	96.56	104.70	85.93	122.47	65.95	96.22	114.46	115.87	98.95
1963.....	99.63	108.50	87.91	127.19	68.04	99.47	121.43	118.40	102.40
1964 <sup>1</sup> .....	103.38	112.19	90.91	131.71	69.94	102.56	129.09	( <sup>3</sup> )	105.32
1963: Jan.....	97.44	105.82	86.24	120.71	66.93	97.36	121.29	118.25	99.94
Feb.....	97.20	106.23	86.24	117.64	66.75	97.53	123.17	121.67	101.09
Mar.....	98.09	106.49	87.07	122.36	66.75	98.17	114.56	114.96	100.58
Apr.....	97.36	106.37	85.97	124.21	67.48	98.82	119.42	118.25	99.94
May.....	99.23	108.36	87.52	127.30	67.68	99.47	123.86	119.46	101.24
June.....	100.37	109.82	88.58	129.02	68.96	100.12	129.05	116.48	102.00
July.....	99.63	108.09	88.36	130.52	69.30	99.55	110.21	120.18	102.36
Aug.....	98.42	107.01	88.40	131.97	69.30	99.72	119.32	118.53	102.26
Sept.....	100.53	109.45	89.38	132.14	68.61	100.69	124.97	117.04	105.30
Oct.....	100.78	110.12	89.38	134.59	68.44	100.94	123.48	120.01	105.04
Nov.....	100.85	110.00	89.10	124.51	68.26	100.69	119.45	118.71	106.08
Dec.....	102.66	111.90	90.57	124.61	68.40	101.43	128.40	119.54	103.36
1964: Jan.....	100.30	109.21	88.24	121.74	68.26	99.70	127.12	120.06	102.18
Feb.....	101.15	110.29	89.44	126.37	68.82	100.75	123.52	120.68	102.58
Mar.....	101.40	110.29	89.67	128.12	68.64	101.25	117.76	118.13	102.70
Apr.....	102.47	111.51	89.83	130.24	69.19	101.91	123.33	119.78	101.79
May.....	102.97	112.47	90.91	132.65	69.75	102.97	129.03	117.87	104.28
June.....	103.48	113.01	91.37	133.32	70.50	102.82	134.53	122.71	104.40
July.....	102.97	111.92	91.14	134.49	71.62	103.07	122.84	122.71	104.62
Aug.....	103.07	112.47	91.83	136.64	71.43	102.82	133.27	( <sup>3</sup> )	104.52
Sept.....	104.60	114.13	91.87	131.03	70.50	103.12	126.67	( <sup>3</sup> )	109.10
Oct.....	102.97	111.51	92.00	138.62	70.31	103.38	136.35	( <sup>3</sup> )	108.12
Nov.....	104.70	113.57	91.94	131.36	69.55	104.30	136.55	( <sup>3</sup> )	109.47
Dec.....	106.55	116.47	92.80	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )

<sup>1</sup> For coverage of series, see footnote 1, Table B-27.<sup>2</sup> Prior to April 1945, data relate to all employees except executives; for April 1945-May 1949, mainly to employees subject to the Fair Labor Standards Act; and beginning June 1949, to nonsupervisory employees only.<sup>3</sup> Not available.<sup>4</sup> Nine-month average, April through December, because of new series started in April 1945.<sup>5</sup> Preliminary.

NOTE.—See Note, Table B-26.

Data are for production workers in manufacturing and mining, construction workers in contract construction, and for nonsupervisory employees in other industries (except as noted). Data are for pay period which includes the 12th of the month.

The annual figures for 1964 are the product of unweighted arithmetic averages of average weekly hours and of average hourly earnings for the 12 months and are not strictly comparable with the averages for earlier years.

Data for Alaska and Hawaii included beginning 1959.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-30.—Average weekly hours and hourly earnings, gross and excluding overtime, in manufacturing industries, 1939-64

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 over-time	Gross	Excluding over-time	Excluding over-time and inter-industry shift (1957-59=100)	Gross	Excluding over-time	Gross	Excluding over-time	Gross	Excluding over-time	Gross	Excluding over-time
1939.....	37.7	(1)	\$0.627	(1)	32.2	37.9	(1)	\$0.691	(1)	37.4	(1)	\$0.571	(1)
1940.....	38.1	(1)	.655	(1)	33.4	39.2	(1)	.716	(1)	37.0	(1)	.590	(1)
1941.....	40.6	(1)	.726	\$0.691	33.4	42.0	(1)	.799	\$0.762	38.9	(1)	.627	\$0.613
1942.....	43.1	(1)	.851	.793	37.5	45.0	(1)	.937	.872	40.3	(1)	.709	.684
1943.....	45.0	(1)	.957	.881	40.8	46.5	(1)	1.048	.966	42.5	(1)	.787	.748
1944.....	45.2	(1)	1.011	.933	43.7	46.5	(1)	1.105	1.019	43.1	(1)	.844	.798
1945.....	43.5	(1)	1.016	.949	45.5	44.0	(1)	1.099	1.031	42.3	(1)	.886	.841
1946.....	40.3	(1)	1.075	1.037	50.4	40.4	(1)	1.144	1.111	40.5	(1)	.995	.982
1947.....	40.4	(1)	1.217	1.18	57.8	40.5	(1)	1.278	1.24	40.2	(1)	1.145	1.11
1948.....	40.0	(1)	1.328	1.29	63.2	40.4	(1)	1.395	1.35	39.6	(1)	1.250	1.21
1949.....	39.1	(1)	1.378	1.34	66.1	39.4	(1)	1.453	1.42	38.9	(1)	1.295	1.26
1950.....	40.5	(1)	1.440	1.39	68.2	41.1	(1)	1.519	1.46	39.7	(1)	1.347	1.31
1951.....	40.6	(1)	1.56	1.51	73.6	41.5	(1)	1.65	1.59	39.5	(1)	1.44	1.40
1952.....	40.7	(1)	1.65	1.59	77.4	41.5	(1)	1.75	1.68	39.7	(1)	1.51	1.46
1953.....	40.5	(1)	1.74	1.68	81.6	41.2	(1)	1.86	1.79	39.6	(1)	1.58	1.53
1954.....	39.6	(1)	1.78	1.73	84.3	40.1	(1)	1.90	1.84	39.6	(1)	1.62	1.58
1955.....	40.7	(1)	1.86	1.79	86.9	41.3	(1)	1.99	1.91	39.9	(1)	1.67	1.62
1956.....	40.4	37.6	1.95	1.89	91.5	41.0	38.6	2.08	2.01	39.6	37.2	1.77	1.72
1957.....	39.8	37.5	2.05	1.99	96.2	40.3	37.9	2.19	2.12	39.2	37.0	1.85	1.80
1958.....	39.2	37.2	2.11	2.05	100.2	39.5	37.6	2.26	2.21	38.8	36.6	1.91	1.86
1959.....	40.3	37.6	2.19	2.12	103.5	40.7	38.0	2.36	2.28	39.7	37.0	1.98	1.92
1960.....	39.7	37.3	2.26	2.20	106.8	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	109.8	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	112.5	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	115.4	41.1	38.2	2.64	2.54	39.6	36.9	2.22	2.15
1964 <sup>1</sup> .....	40.7	37.6	2.54	2.44	118.3	41.4	38.1	2.71	2.61	39.7	36.8	2.29	2.21
1963: Jan.....	40.1	37.6	2.43	2.35	114.0	40.7	38.1	2.60	2.52	39.2	36.8	2.20	2.13
Feb.....	40.0	37.5	2.43	2.36	114.4	40.7	38.1	2.61	2.53	39.2	36.7	2.20	2.13
Mar.....	40.2	37.6	2.44	2.36	114.6	40.8	38.1	2.61	2.53	39.4	36.8	2.21	2.14
Apr.....	39.9	37.5	2.44	2.37	114.9	40.6	38.1	2.62	2.54	38.9	36.5	2.21	2.16
May.....	40.5	37.7	2.45	2.37	114.9	41.2	38.3	2.63	2.54	39.6	37.0	2.21	2.14
June.....	40.8	37.8	2.46	2.37	115.1	41.6	38.4	2.64	2.54	39.9	37.1	2.22	2.15
July.....	40.5	37.6	2.46	2.37	115.2	41.1	38.2	2.63	2.54	39.8	37.0	2.22	2.15
Aug.....	40.5	37.6	2.43	2.35	115.0	41.0	38.0	2.61	2.52	40.0	37.2	2.21	2.14
Sept.....	40.7	37.6	2.47	2.38	116.0	41.3	38.1	2.65	2.55	39.9	36.9	2.24	2.16
Oct.....	40.8	37.8	2.47	2.39	116.1	41.4	38.2	2.66	2.56	39.9	37.0	2.24	2.16
Nov.....	40.5	37.5	2.49	2.40	116.8	41.2	38.0	2.67	2.57	39.6	36.8	2.25	2.18
Dec.....	40.9	37.8	2.51	2.42	117.2	41.6	38.3	2.69	2.59	39.9	37.1	2.27	2.19
1964: Jan.....	39.8	37.1	2.52	2.43	117.6	40.6	37.7	2.69	2.60	38.7	36.2	2.28	2.21
Feb.....	40.3	37.6	2.51	2.43	117.7	41.0	38.2	2.69	2.60	39.4	36.8	2.27	2.20
Mar.....	40.4	37.6	2.51	2.43	117.8	41.0	38.1	2.69	2.60	39.5	36.9	2.27	2.20
Apr.....	40.5	37.6	2.53	2.44	118.1	41.3	38.2	2.70	2.61	39.4	36.7	2.28	2.21
May.....	40.7	37.7	2.53	2.44	118.2	41.5	38.3	2.71	2.61	39.7	36.9	2.29	2.21
June.....	40.9	37.7	2.53	2.44	118.3	41.7	38.3	2.71	2.61	39.9	37.0	2.29	2.21
July.....	40.7	37.7	2.53	2.44	118.3	41.3	38.2	2.71	2.61	39.8	36.9	2.29	2.21
Aug.....	40.9	37.6	2.52	2.43	118.3	41.5	38.0	2.71	2.60	40.1	37.0	2.29	2.20
Sep.....	40.7	37.2	2.57	2.46	119.3	41.5	37.8	2.75	2.63	39.6	36.4	2.32	2.23
Oct.....	40.7	37.4	2.53	2.43	118.6	41.3	37.9	2.70	2.59	40.0	36.9	2.30	2.22
Nov <sup>2</sup> .....	40.9	37.6	2.56	2.46	119.3	41.6	38.1	2.73	2.62	39.8	36.8	2.31	2.23
Dec <sup>3</sup> .....	41.3	37.8	2.58	2.47	(1)	42.2	38.4	2.76	2.64	40.0	36.9	2.32	2.24

<sup>1</sup> Not available.

<sup>2</sup> April used. Annual average not available.

<sup>3</sup> Eleven-month average; August 1945 excluded because of VJ Day holiday period.

<sup>4</sup> Preliminary.

NOTE.—See Note, Table B-26.

Data relate to production workers and are for pay period which includes the 12th of the month.

The annual figures for 1964 are arithmetic averages of the monthly figures shown and are not strictly comparable with the averages for earlier years, which have been weighted by data on employment (in the case of hours) and man-hours (in the case of earnings).

See Table B-27 for seasonally adjusted average gross weekly hours.

Data for Alaska and Hawaii included beginning 1959.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-31.—Average weekly earnings, gross and spendable, in manufacturing industries, in current and 1964 prices, 1939-64

Year or month	Average gross weekly earnings		Average spendable weekly earnings <sup>2</sup>			
			Worker with no dependents		Worker with three dependents	
	Current prices	1964 prices <sup>1</sup>	Current prices	1964 prices <sup>1</sup>	Current prices	1964 prices <sup>1</sup>
1939.....	\$23.64	\$52.77	\$23.37	\$52.17	\$23.40	\$52.23
1940.....	24.06	55.34	24.46	54.24	24.71	54.79
1941.....	29.48	62.06	27.96	58.86	29.19	61.45
1942.....	36.68	69.87	31.80	60.57	36.31	69.16
1943.....	43.07	77.19	35.95	64.43	41.33	74.07
1944.....	45.70	80.60	37.99	67.00	43.76	77.18
1945.....	44.20	76.21	36.82	63.48	42.59	73.43
1946.....	43.32	68.87	37.31	59.32	42.79	68.03
1947.....	49.17	68.29	42.10	58.47	47.58	66.08
1948.....	53.12	68.54	46.57	60.09	52.31	67.50
1949.....	53.88	70.16	47.21	61.47	52.95	68.95
1950.....	58.32	75.25	50.26	64.85	56.36	72.72
1951.....	63.34	75.68	52.97	63.29	60.18	71.90
1952.....	67.16	78.46	55.04	64.30	62.98	73.57
1953.....	70.47	81.75	57.59	66.81	65.60	76.10
1954.....	70.49	81.40	58.45	67.49	65.65	75.81
1955.....	75.70	87.72	62.51	72.43	69.79	80.87
1956.....	78.78	89.93	64.92	74.11	72.25	82.48
1957.....	81.59	89.96	66.93	73.79	74.31	81.93
1958.....	82.71	88.74	67.82	72.77	75.23	80.72
1959.....	88.26	93.99	71.89	76.56	79.40	84.56
1960.....	89.72	94.05	72.57	76.07	80.11	83.97
1961.....	92.34	95.79	74.60	77.39	82.18	85.25
1962.....	96.56	99.04	77.86	79.86	85.53	87.72
1963.....	99.63	100.94	79.82	80.87	87.58	88.73
1964 <sup>3</sup> .....	103.38	103.38	84.73	84.73	92.52	92.52
1963: Jan.....	97.44	99.33	78.11	79.62	85.78	87.44
Feb.....	97.20	99.08	77.92	79.43	85.58	87.24
Mar.....	98.09	99.89	78.63	80.07	86.31	87.89
Apr.....	97.36	99.14	78.04	79.47	85.72	87.29
May.....	98.23	101.05	79.51	80.97	87.25	88.85
June.....	100.37	101.80	80.38	81.52	88.18	89.43
July.....	99.63	100.53	79.82	80.54	87.58	88.38
Aug.....	98.42	99.31	78.89	79.61	86.58	87.37
Sep.....	100.53	101.44	80.51	81.24	88.31	89.11
Oct.....	100.78	101.59	80.70	81.35	88.52	89.23
Nov.....	100.85	101.46	80.75	81.24	88.58	89.11
Dec.....	102.66	103.18	82.14	82.55	90.06	90.51
1964: Jan.....	100.30	100.70	82.30	82.63	89.98	90.24
Feb.....	101.15	101.66	82.97	83.39	90.68	91.14
Mar.....	101.40	101.81	83.16	83.49	90.89	91.26
Apr.....	102.47	102.78	84.01	84.26	91.77	92.05
May.....	102.97	103.28	84.40	84.65	92.18	92.46
June.....	103.48	103.58	84.80	84.88	92.60	92.69
July.....	102.97	102.76	84.40	84.23	92.18	92.00
Aug.....	103.07	102.97	84.48	84.40	92.26	92.17
Sep.....	104.60	104.29	85.69	85.43	93.53	93.25
Oct.....	102.97	102.56	84.40	84.06	92.18	91.81
Nov <sup>4</sup> .....	104.70	104.08	85.77	85.26	93.61	93.05
Dec <sup>5</sup> .....	106.55	(4)	87.22	(4)	95.13	(4)

<sup>1</sup> Estimates in current prices divided by the consumer price index on a 1964 base (using 11-month average).

<sup>2</sup> Average gross weekly earnings less social security and income taxes.

<sup>3</sup> Preliminary.

<sup>4</sup> Not available.

NOTE.—See Note, Table B-26.

Data relate to production workers and are for pay period which includes the 12th of the month.

The annual figures for 1964 are the product of unweighted arithmetic averages of average weekly hours and of average hourly earnings for the 12 months and are not strictly comparable with the averages for earlier years.

Data for Alaska and Hawaii included beginning January 1959.

Source: Department of Labor, Bureau of Labor Statistics.



TABLE B-32.—Indexes of output per man-hour and related data, 1947-64

[1957-59=100]

Year	Output per man-hour					Output <sup>1</sup>					Man-hours				
	Total private	Agriculture	Nonagricultural industries			Total private	Agriculture	Nonagricultural industries			Total private	Agriculture	Nonagricultural industries		
			Total	Manufacturing	Non-manufacturing			Total	Manufacturing	Non-manufacturing			Total	Manufacturing	Non-manufacturing
Establishment basis <sup>2</sup>															
1947.....	70.9	50.2	76.3	75.1	76.8	68.4	81.2	67.7	71.4	65.9	96.5	161.8	88.7	95.1	85.8
1948.....	73.4	59.6	77.9	78.2	77.5	71.2	92.8	70.0	73.9	68.1	97.0	155.8	89.9	94.5	87.9
1949.....	75.5	56.8	80.8	81.8	80.5	70.8	88.0	69.8	70.4	69.6	93.8	154.8	86.4	86.1	86.5
1950.....	80.9	64.7	85.1	85.1	84.9	77.3	92.8	76.4	79.6	74.9	95.6	143.4	89.8	93.5	88.2
1951.....	82.9	64.0	86.5	87.1	86.0	82.0	87.0	81.7	87.6	78.9	98.9	136.0	94.4	100.6	91.7
1952.....	84.7	69.9	87.6	88.2	87.1	84.4	90.4	84.1	90.2	81.2	99.6	129.4	96.0	102.3	93.2
1953.....	88.2	77.8	90.0	89.5	90.0	88.6	93.7	88.3	95.1	84.6	100.5	120.5	98.1	107.4	94.0
1954.....	89.8	83.4	91.4	90.9	91.4	87.2	97.6	86.6	89.2	85.3	97.1	117.0	94.7	98.1	93.3
1955.....	93.8	86.4	95.3	95.8	94.3	95.0	102.9	94.5	100.3	91.8	101.3	119.1	99.2	103.6	97.3
1956.....	93.9	88.3	94.9	95.1	94.6	97.0	100.5	96.8	100.0	95.3	103.3	113.8	102.0	105.2	100.7
1957.....	97.2	94.2	97.6	97.8	97.5	98.9	99.0	98.1	101.2	97.9	101.7	105.1	101.3	103.5	100.4
1958.....	99.6	103.0	99.4	99.1	99.7	97.0	100.7	96.8	94.2	98.0	97.4	97.6	97.4	95.1	98.3
1959.....	103.2	102.8	103.0	103.3	102.8	104.1	100.0	104.3	104.6	104.1	100.9	97.3	101.3	101.3	101.3
1960.....	105.2	109.3	104.6	103.8	105.1	106.8	104.8	106.9	104.8	107.9	101.5	95.9	102.2	101.0	102.7
1961.....	108.9	116.3	107.8	106.7	108.5	108.7	104.8	108.9	104.8	110.9	99.8	90.1	101.0	98.2	102.2
1962.....	113.8	119.1	112.6	112.6	112.5	115.7	104.8	116.4	115.2	116.9	101.7	88.0	103.4	102.3	103.9
1963.....	117.0	130.3	115.0	115.4	115.1	119.8	108.7	120.4	119.2	121.1	102.4	83.4	104.7	103.3	105.2
1964 <sup>3</sup> .....	120.5	134.4	118.3	119.7	117.7	125.6	108.2	126.6	126.3	126.8	104.2	80.5	107.0	105.5	107.7
Labor force basis <sup>4</sup>															
1947.....	68.5	50.2	73.8	(5)	(5)	68.4	81.2	67.7	(5)	(5)	99.8	161.8	91.7	(5)	(5)
1948.....	70.6	59.6	74.5	(5)	(5)	71.2	92.8	70.0	(5)	(5)	100.9	155.6	93.9	(5)	(5)
1949.....	72.0	56.4	76.9	(5)	(5)	70.8	88.0	69.8	(5)	(5)	98.3	156.1	90.8	(5)	(5)
1950.....	77.5	64.5	81.4	(5)	(5)	77.3	92.8	76.4	(5)	(5)	99.7	143.9	93.9	(5)	(5)
1951.....	81.1	63.6	84.7	(5)	(5)	82.0	87.0	81.7	(5)	(5)	101.1	136.8	96.5	(5)	(5)
1952.....	83.7	69.4	86.7	(5)	(5)	84.4	90.4	84.1	(5)	(5)	100.8	130.2	97.0	(5)	(5)
1953.....	87.5	77.3	89.5	(5)	(5)	88.6	93.7	88.3	(5)	(5)	101.3	121.2	98.7	(5)	(5)
1954.....	89.7	83.0	91.5	(5)	(5)	87.2	97.6	86.6	(5)	(5)	97.2	117.6	94.6	(5)	(5)
1955.....	94.1	85.9	95.8	(5)	(5)	95.0	102.9	94.5	(5)	(5)	101.0	119.8	98.6	(5)	(5)
1956.....	94.4	87.8	95.7	(5)	(5)	97.0	100.5	96.8	(5)	(5)	102.7	114.5	101.2	(5)	(5)
1957.....	97.5	94.2	98.0	(5)	(5)	98.9	99.0	98.5	(5)	(5)	101.4	105.1	100.9	(5)	(5)
1958.....	99.1	103.1	98.8	(5)	(5)	97.0	100.5	96.8	(5)	(5)	97.9	97.5	98.0	(5)	(5)
1959.....	103.4	102.7	103.2	(5)	(5)	104.1	100.0	104.3	(5)	(5)	100.7	97.4	101.1	(5)	(5)
1960.....	104.8	109.3	104.1	(5)	(5)	106.8	104.8	106.9	(5)	(5)	101.9	95.9	102.7	(5)	(5)
1961.....	107.5	116.8	106.1	(5)	(5)	108.7	104.8	108.9	(5)	(5)	101.1	89.7	102.6	(5)	(5)
1962.....	112.4	119.4	111.1	(5)	(5)	115.7	104.8	116.4	(5)	(5)	102.9	87.8	104.8	(5)	(5)
1963.....	115.5	130.6	113.2	(5)	(5)	119.8	108.7	120.4	(5)	(5)	103.7	83.2	106.4	(5)	(5)
1964 <sup>5</sup> .....	118.8	134.9	116.1	(5)	(5)	125.6	108.2	126.6	(5)	(5)	105.7	80.2	109.0	(5)	(5)

<sup>1</sup> Output refers to gross national product in 1954 prices.<sup>2</sup> Man-hour estimates based primarily on establishment data.<sup>3</sup> Preliminary.<sup>4</sup> Man-hour estimates based primarily on labor force data.<sup>5</sup> Not available.

NOTE.—For information on sources and methodology, see Bureau of Labor Statistics (Department of Labor) Bulletin No. 1249, *Trends in Output per Man-hour in the Private Economy, 1909-58*.  
Data for Alaska and Hawaii included beginning 1960.

Source: Department of Labor, Bureau of Labor Statistics.

# PRODUCTION AND BUSINESS ACTIVITY

TABLE B-33.—Industrial production indexes, industry groupings, 1947-64

[1957-59=100]

Year or month	Total industrial production <sup>1</sup>	Manufacturing								
		Total	Durable manufactures							
			Total	Primary metals	Fabricated metal products	Machinery	Transportation equipment	Instruments and related products	Clay, glass, and lumber	Furniture and miscellaneous
1947-----	65.7	66.4	64.3	90.7	75.9	65.3	42.9	53.7	75.8	73.5
1948-----	68.4	68.9	67.0	94.3	77.2	66.5	46.9	55.2	79.7	77.4
1949-----	64.7	65.1	60.9	79.4	69.8	59.0	47.1	49.2	72.3	71.6
1950-----	74.9	75.8	74.1	99.9	85.4	72.7	56.4	57.3	87.7	83.7
1951-----	81.3	81.9	83.5	108.7	91.2	83.0	62.9	65.7	92.0	80.2
1952-----	84.3	85.2	88.5	99.3	89.0	92.1	73.1	78.1	89.3	82.4
1953-----	91.3	92.7	99.9	112.5	100.3	100.5	91.7	85.3	92.7	89.7
1954-----	85.8	86.3	88.4	91.3	90.2	87.7	83.8	82.9	89.6	86.8
1955-----	96.6	97.3	101.9	118.4	98.3	96.5	102.0	88.7	100.7	97.9
1956-----	99.9	100.2	104.0	116.4	98.8	107.1	97.4	95.4	102.0	101.0
1957-----	100.7	100.8	104.0	112.2	101.5	104.2	106.4	98.0	97.5	97.6
1958-----	93.7	93.2	90.3	87.5	92.9	88.8	89.5	92.1	94.1	93.3
1959-----	105.6	106.0	105.6	100.4	105.5	107.1	104.0	109.9	108.5	109.0
1960-----	108.7	108.9	108.5	101.3	107.6	110.8	108.2	116.5	105.7	113.3
1961-----	109.7	109.6	107.0	98.9	106.5	110.4	109.6	115.8	104.5	114.1
1962-----	118.3	118.7	117.9	104.6	117.1	123.5	118.3	123.0	109.3	124.5
1963-----	124.3	124.9	124.5	113.3	123.4	129.2	127.0	130.2	114.4	129.1
1964 <sup>2</sup> -----	131.9	132.8	133.2	128.1	132.6	140.9	130.7	136.4	121.2	138.4
Seasonally adjusted										
1963: Jan-----	119.8	120.3	119.6	100.7	118.9	125.6	123.6	126.1	109.8	125.8
Feb-----	120.6	121.0	120.4	104.4	119.8	126.3	122.9	128.1	109.9	125.8
Mar-----	121.9	122.5	121.9	112.1	120.1	126.3	123.2	128.8	113.2	126.2
Apr-----	122.7	123.3	123.1	119.1	120.2	126.2	123.9	128.4	113.3	126.4
May-----	124.4	125.0	125.2	127.5	122.1	127.0	124.8	129.5	113.8	128.1
June-----	125.6	126.3	127.1	127.2	123.9	128.9	130.3	130.2	113.8	128.5
July-----	125.6	126.1	126.1	121.4	124.4	129.6	127.6	131.0	114.0	130.4
Aug-----	125.4	125.7	125.0	109.5	125.7	130.3	128.2	131.1	115.0	130.5
Sept-----	125.7	126.2	125.6	107.8	125.6	131.9	129.4	132.4	115.9	131.1
Oct-----	126.1	126.8	126.0	108.5	126.8	131.7	130.0	132.5	117.4	130.8
Nov-----	126.1	126.9	126.4	109.7	126.0	132.8	129.6	131.9	117.2	131.8
Dec-----	127.0	127.9	127.3	110.5	126.8	133.9	131.3	132.7	117.0	132.6
1964: Jan-----	127.7	128.5	128.1	113.6	128.2	134.7	130.8	132.2	117.9	133.0
Feb-----	128.2	129.1	128.9	117.6	129.0	133.6	131.1	133.6	121.6	133.9
Mar-----	129.0	129.9	130.0	120.9	129.3	135.9	130.1	134.2	121.9	134.7
Apr-----	130.5	131.4	131.6	123.8	129.5	137.5	133.0	134.7	121.6	135.6
May-----	131.3	132.2	132.6	127.1	130.3	138.5	134.1	134.6	120.9	136.2
June-----	131.6	132.4	133.2	126.1	130.6	140.1	134.9	134.8	120.1	138.0
July-----	132.9	133.9	135.0	131.2	133.3	141.9	134.3	136.4	122.6	138.5
Aug-----	133.8	134.5	135.7	132.8	134.8	142.8	135.3	137.4	121.4	139.0
Sept-----	134.0	134.9	135.2	132.8	134.3	144.1	130.9	138.6	120.7	138.4
Oct-----	131.4	131.8	129.6	131.9	130.8	144.7	105.3	137.6	121.0	141.7
Nov-----	134.8	135.7	136.5	134.2	136.9	145.9	129.5	140.4	120.5	143.5
Dec <sup>3</sup> -----	137.0	138.2	140.2	137	139	149	141	142	120	145

See footnotes at end of table.

TABLE B-33.—*Industrial production indexes, industry groupings, 1947-64—Continued*

[1957-59=100]

Year or month	Manufacturing					Mining	Utilities
	Nondurable manufactures						
	Total	Textile, apparel, and leather products	Paper and printing	Chem- ical, petro- leum, and rubber products	Foods, bever- ages, and tobacco		
1947.....	67.2	81.0	56.7	47.5	80.7	79.9	36.5
1948.....	69.5	84.5	69.4	50.8	80.0	84.0	40.8
1949.....	68.3	80.6	69.3	49.4	80.8	74.5	43.4
1950.....	76.0	89.1	76.7	60.7	83.6	83.2	49.5
1951.....	78.5	87.4	79.4	67.4	85.4	91.3	56.4
1952.....	80.0	89.5	77.7	69.9	87.3	90.5	61.2
1953.....	83.6	90.7	82.6	75.2	88.2	92.9	66.8
1954.....	83.6	86.9	85.0	74.7	89.8	90.2	71.8
1955.....	91.6	95.5	92.5	86.8	93.1	99.2	80.2
1956.....	95.4	98.0	97.1	91.4	96.6	104.8	87.9
1957.....	96.7	96.9	97.8	95.6	96.7	104.6	93.9
1958.....	96.8	95.0	97.0	95.5	99.4	95.6	98.1
1959.....	106.5	108.1	105.2	108.9	103.9	99.7	108.0
1960.....	109.5	107.5	109.0	113.9	106.6	101.6	115.6
1961.....	112.9	108.4	112.4	118.9	110.2	102.6	122.3
1962.....	119.8	115.1	116.7	131.2	113.3	105.0	131.4
1963.....	125.3	118.5	120.1	141.8	116.8	107.9	140.0
1964 <sup>1</sup> .....	132.3	125.0	127.5	151.9	120.4	110.9	150.0
Seasonally adjusted							
1963: Jan.....	121.3	116.0	114.8	135.3	115.1	103.6	135.9
Feb.....	121.8	115.8	115.7	136.4	115.1	105.6	137.8
Mar.....	123.3	116.5	115.7	138.9	117.3	105.8	137.0
Apr.....	123.7	116.4	119.0	140.0	115.0	107.0	136.5
May.....	124.8	116.9	121.3	140.3	116.5	108.7	138.7
June.....	125.2	117.9	121.4	140.8	116.8	109.2	140.2
July.....	126.0	118.9	121.2	142.2	117.6	110.1	141.9
Aug.....	126.6	119.9	121.9	143.2	117.4	111.1	142.4
Sept.....	127.0	120.6	121.6	144.7	116.8	109.9	142.1
Oct.....	127.7	120.7	121.7	146.2	117.8	108.6	142.3
Nov.....	127.6	121.3	121.7	146.0	117.1	107.5	142.1
Dec.....	128.7	121.3	123.9	146.3	118.8	107.3	143.0
1964: Jan.....	128.9	120.7	123.4	146.4	120.2	108.8	144.5
Feb.....	129.4	122.4	124.5	146.9	119.5	108.9	143.4
Mar.....	129.8	121.7	125.4	147.4	120.2	108.8	144.8
Apr.....	131.1	121.6	127.5	149.5	121.2	109.9	147.5
May.....	131.7	123.5	128.2	150.0	120.7	111.3	148.3
June.....	131.5	122.9	126.6	152.1	119.5	111.4	149.7
July.....	132.5	124.9	128.0	152.3	120.5	110.9	151.4
Aug.....	133.1	126.0	127.9	153.6	120.5	111.9	154.5
Sept.....	134.4	126.8	128.2	156.9	120.0	111.9	153.2
Oct.....	134.5	128.5	128.5	155.4	120.9	111.9	153.6
Nov.....	134.7	129.9	128.8	154.7	121.7	112.8	153.5
Dec <sup>2</sup> .....	135.7	131	130	156	122	112.3	154.5

<sup>1</sup> Annual indexes for 1920-46 are, respectively: 38.4, 32.0, 26.5, 20.7, 24.4, 26.6, 30.7, 36.3, 39.7, 31.4, 38.3, 43.9, 56.4, 69.3, 82.9, 81.7, 70.5, and 59.5.

<sup>2</sup> Preliminary.

Source: Board of Governors of the Federal Reserve System.

TABLE B-34.—*Industrial production indexes, market groupings, 1947-64*

[1957-59=100]

Year or month	Total industrial production	Final products						Materials		
		Total	Consumer goods <sup>1</sup>			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	78.8
1952.....	84.3	84.3	79.5	72.1	78.8	94.1	94.1	84.3	88.9	79.0
1953.....	91.3	89.9	85.0	91.3	90.2	100.5	96.6	92.6	100.7	84.1
1954.....	85.8	85.7	84.3	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 <sup>2</sup> .....	131.9	131.5	131.2	145.2	140.0	132.1	139.0	132.4	131.0	133.8
Seasonally adjusted										
1963: Jan.....	119.8	122.1	122.2	137.1	125.4	122.0	125.5	117.7	114.1	121.3
Feb.....	120.6	122.6	122.8	137.5	126.2	122.2	125.8	118.7	115.1	122.5
Mar.....	121.9	123.3	124.0	136.8	127.4	122.0	125.6	120.8	118.4	123.3
Apr.....	122.7	122.7	123.2	137.2	126.8	121.8	125.2	122.7	121.1	124.3
May.....	124.4	123.7	124.3	137.6	128.8	122.5	126.0	125.2	124.3	126.2
June.....	125.6	125.1	125.9	145.7	129.8	123.5	127.4	125.9	125.3	126.5
July.....	125.6	125.2	125.8	140.2	129.7	124.0	128.4	126.0	124.6	127.5
Aug.....	125.4	126.0	126.5	141.4	131.3	125.0	129.7	124.9	121.4	128.4
Sept.....	125.7	126.3	126.4	143.0	131.8	126.0	130.7	125.0	122.1	128.0
Oct.....	126.1	127.2	127.4	145.8	131.3	127.0	131.8	125.5	122.3	128.8
Nov.....	126.1	127.0	126.9	145.8	133.3	127.1	132.0	125.7	122.6	128.9
Dec.....	127.0	128.0	128.0	146.1	134.2	128.1	132.9	125.9	122.6	129.3
1964: Jan.....	127.7	128.5	128.9	146.6	134.8	127.9	132.9	126.7	123.0	130.4
Feb.....	128.2	128.1	128.8	145.5	137.3	127.1	131.9	128.1	125.8	130.6
Mar.....	129.0	128.7	128.8	144.3	136.4	128.8	134.2	129.3	127.3	130.8
Apr.....	130.5	130.6	130.8	149.3	137.7	130.7	136.5	130.6	129.0	132.3
May.....	131.3	131.1	131.0	151.4	136.9	131.3	138.0	131.3	129.8	132.8
June.....	131.6	131.7	131.5	151.7	137.8	132.0	139.0	131.8	130.8	132.9
July.....	132.9	132.3	132.1	152.6	139.7	132.7	140.0	133.6	132.7	134.6
Aug.....	133.8	133.3	133.1	155.8	140.1	133.6	141.6	134.7	134.1	135.2
Sept.....	134.0	132.5	132.0	144.7	139.8	133.7	141.8	135.6	135.6	135.7
Oct.....	131.4	130.3	129.2	105.9	142.4	132.6	140.7	132.1	128.2	136.2
Nov.....	134.8	134.7	133.7	143.0	147.0	136.7	145.9	135.4	134.4	136.4
Dec <sup>2</sup> .....	137.0	137.3	136.8	167	-----	138.5	148	136.8	136	138

<sup>1</sup> Also includes apparel and consumer staples, not shown separately.<sup>2</sup> Preliminary.

Source: Board of Governors of the Federal Reserve System.

TABLE B-35.—*Manufacturing capacity, output, and utilization rate, 1948-64*

Period	Capacity <sup>1</sup>	Output (1957-59= 100)	Utilization rate (percent) <sup>2</sup>
1948.....	80	69	86
1949.....	84	65	78
1950.....	87	76	88
1951.....	90	82	91
1952.....	94	85	90
1953.....	100	93	93
1954.....	104	86	83
1955.....	108	97	90
1956.....	113	100	88
1957.....	119	101	85
1958.....	122	93	76
1959.....	125	106	84
1960.....	131	109	83
1961.....	134	110	82
1962.....	139	119	85
1963.....	145	125	86
1964*.....	152	133	87
Seasonally adjusted			
1960: I.....	130	112	86
II.....	131	110	84
III.....	132	109	82
IV.....	133	105	79
1961: I.....	133	103	78
II.....	134	108	81
III.....	134	112	84
IV.....	136	115	85
1962: I.....	137	117	85
II.....	138	119	86
III.....	140	120	86
IV.....	141	120	85
1963: I.....	142	121	85
II.....	144	125	87
III.....	146	126	86
IV.....	147	127	86
1964: I.....	149	129	87
II.....	151	132	88
III.....	153	134	88
IV*.....	155	135	87

<sup>1</sup> For description and source of data see Frank de Leeuw "The Concept of Capacity" *Journal of the American Statistical Association*, December 1962, vol. 57, pp. 826-84, and Peter Gajewski "Manufacturing Capacity Measures and Current Economic Analysis," a paper presented at the 1964 American Statistical Association Meetings. See also McGraw-Hill surveys on "Business Plans for New Plants and Equipment" for data on capacity and operating rates.

<sup>2</sup> Output as percent of capacity; based on unrounded data.

<sup>3</sup> Preliminary.

Source: Board of Governors of the Federal Reserve System (output) and sources in footnote 1 (capacity and utilization rate).

TABLE B-36.—*New construction activity, 1929-64*  
[Value put in place, millions of dollars]

Year or month	Total new construction	Private construction								Public construction	
		Total <sup>1</sup>	Residential building (nonfarm)			Nonresidential building and other construction					
			Total <sup>2</sup>	New housing units	Additions and alterations	Total	Com-mer-cial <sup>3</sup>	In-du-strial	Public utility		Other <sup>4</sup>
1929.....	10,793	8,307	3,625	3,040	340	4,682	1,135	949	1,578	1,020	2,486
1930.....	8,741	5,883	2,075	1,570	305	3,808	893	532	1,527	856	2,869
1931.....	6,427	3,768	1,565	1,320	175	2,203	454	221	946	582	2,659
1932.....	3,538	1,676	630	485	105	1,046	223	74	467	282	1,862
1933.....	2,879	1,231	470	290	145	761	130	176	261	194	1,648
1934.....	3,720	1,509	625	380	200	884	173	191	326	194	2,211
1935.....	4,232	1,999	1,010	710	250	989	211	158	363	257	2,233
1936.....	6,497	2,981	1,565	1,210	295	1,416	290	266	518	342	3,516
1937.....	6,999	3,903	1,875	1,475	320	2,028	387	492	705	444	3,096
1938.....	6,980	3,560	1,990	1,620	295	1,570	285	232	605	448	3,420
1939.....	8,198	4,389	2,680	2,270	320	1,709	292	254	683	480	3,809
1940.....	8,682	5,054	2,985	2,560	335	2,069	348	442	771	508	3,628
1941.....	11,957	6,206	3,510	3,040	375	2,696	409	801	872	614	5,751
1942.....	14,075	8,415	1,715	1,440	225	1,700	155	346	786	413	10,660
1943.....	8,301	1,979	885	710	160	1,094	33	156	570	335	6,322
1944.....	5,259	2,186	815	570	220	1,371	56	208	725	382	3,073
1945.....	5,809	3,411	1,276	720	516	2,135	203	642	827	463	2,398
1946.....	12,627	10,396	4,752	3,300	1,307	5,644	1,153	1,689	1,374	1,428	2,231
1946 new series <sup>5</sup> .....	14,308	12,077	6,247	4,795	1,307	5,830	1,153	1,689	1,255	1,733	2,231
1947.....	20,041	16,722	9,850	7,765	1,960	8,872	957	1,702	2,126	2,087	3,319
1948.....	26,078	21,374	13,128	10,506	2,467	8,246	1,397	1,397	2,776	2,676	4,704
1949.....	26,722	20,453	12,428	10,043	2,200	8,025	1,182	972	2,994	2,877	6,269
1950.....	33,575	26,709	18,126	15,551	2,400	8,583	1,415	1,062	3,045	3,061	6,866
1951.....	35,435	26,180	15,881	13,207	2,484	10,299	1,498	2,117	3,357	3,327	9,255
1952.....	36,828	26,049	15,803	12,851	2,787	10,246	1,137	2,320	3,533	3,256	10,779
1953.....	39,136	27,894	16,594	13,411	2,916	11,300	1,791	2,229	3,973	3,307	11,242
1954.....	41,380	29,668	18,187	14,931	2,960	11,481	2,212	2,030	3,685	3,554	11,712
1955.....	46,519	34,804	21,877	18,242	3,296	12,927	2,218	2,399	3,770	3,540	11,715
1956.....	47,601	34,869	20,178	16,143	3,588	14,691	3,631	3,084	4,361	3,615	12,732
1957.....	49,139	35,080	19,006	14,736	3,769	16,074	3,564	3,557	4,908	4,045	14,059
1958.....	50,153	34,696	19,789	15,445	3,711	14,907	3,589	2,382	4,688	4,248	15,457
1959 <sup>6</sup> .....	55,305	39,235	24,251	19,233	4,253	14,984	3,930	2,106	4,521	4,427	16,070
1960.....	53,941	38,078	21,706	16,410	-----	16,372	4,180	2,851	4,621	4,720	15,863
1961.....	55,447	38,299	21,680	16,189	-----	16,619	4,674	2,780	4,335	4,830	17,148
1962.....	59,453	41,695	24,292	18,638	-----	17,403	4,955	2,949	4,318	5,181	17,758
1963.....	62,451	43,772	25,843	20,064	-----	17,929	5,200	2,962	4,494	5,273	18,679
1964 <sup>7</sup> .....	65,898	45,898	26,506	20,534	-----	19,387	5,635	3,333	4,782	5,637	20,005
Seasonally adjusted annual rates											
1963: Jan.....	60,100	41,982	24,871	19,220	-----	17,111	4,959	2,960	4,090	5,102	18,118
Feb.....	59,498	41,804	24,804	19,135	-----	17,000	4,928	2,912	4,022	5,138	17,682
Mar.....	60,235	42,018	24,919	19,234	-----	17,099	5,002	2,884	4,104	5,129	18,217
Apr.....	59,825	42,646	25,271	19,571	-----	17,375	4,946	2,831	4,477	5,121	17,179
May.....	60,353	42,954	25,630	19,932	-----	17,324	4,848	2,794	4,542	5,140	17,399
June.....	62,080	43,175	25,786	20,088	-----	17,389	4,828	2,825	4,543	5,103	18,905
July.....	62,265	43,693	25,843	20,116	-----	17,850	5,044	2,896	4,619	5,291	18,672
Aug.....	63,653	44,305	25,752	19,944	-----	18,553	5,449	3,005	4,704	5,395	19,348
Sept.....	63,530	44,633	25,953	20,059	-----	18,680	5,671	3,049	4,540	5,420	18,897
Oct.....	64,966	45,365	26,584	20,660	-----	18,781	5,518	3,085	4,772	5,406	19,001
Nov.....	65,072	45,488	27,000	21,073	-----	18,488	5,469	3,136	4,473	5,410	19,584
Dec.....	65,193	45,778	26,896	20,954	-----	18,882	5,515	3,158	4,753	5,456	19,416
1964: Jan.....	64,684	45,440	26,907	21,010	-----	18,533	5,499	3,060	4,547	5,427	19,244
Feb.....	65,528	46,274	27,600	21,748	-----	18,674	5,546	3,058	4,547	5,523	19,254
Mar.....	66,509	46,923	28,123	22,262	-----	18,800	5,668	3,074	4,518	5,540	19,586
Apr.....	66,615	46,449	27,638	21,610	-----	18,911	5,561	3,076	4,660	5,614	20,166
May.....	64,983	45,780	26,678	20,708	-----	19,102	5,542	3,149	4,746	5,665	19,203
June.....	66,576	46,006	26,612	20,628	-----	19,394	5,562	3,204	4,832	5,796	20,670
July.....	66,641	46,261	26,708	20,693	-----	19,553	5,574	3,334	4,828	5,817	20,380
Aug.....	65,991	45,906	26,342	20,268	-----	19,564	5,609	3,505	4,670	5,780	20,065
Sept.....	66,454	45,861	25,972	19,856	-----	19,889	5,746	3,514	4,923	5,706	20,593
Oct.....	65,335	45,521	25,679	19,622	-----	19,842	5,776	3,540	4,915	5,611	19,814
Nov.....	65,686	45,531	25,822	19,820	-----	19,949	5,767	3,655	4,969	5,558	20,155
Dec.....	65,709	45,402	25,416	19,512	-----	19,986	5,639	3,791	5,009	5,547	20,307

<sup>1</sup> Data in this table do not agree with the new construction expenditures included in the gross national product. The latter data include expenditures for crude petroleum and natural gas well drilling, and do not reflect revisions in the "new series" presented above. (See Table B-1.)

<sup>2</sup> Total includes nonhousekeeping units, not shown separately. Beginning with 1960, additions and alterations, also included in total, are not shown separately.

<sup>3</sup> Office buildings, warehouses, stores, restaurants, and garages.

<sup>4</sup> Farm, institutional, and all other.

<sup>5</sup> New series differs from old in that it reflects differences in 1946 due to the new higher level series of housing starts and farm construction expenditures and the new reduced level value in place series for Public Utility construction. See Census Bureau's *Construction Report C30-61 (Supplement)* for a description of the differences.

<sup>6</sup> See footnote 3, Table B-37. <sup>7</sup> Preliminary.

Source: Department of Commerce, Bureau of the Census.

TABLE B-37.—*New public construction activity, 1929-64*

(Value put in place, millions of dollars)

Year	Total new public construction <sup>1</sup>				Major types of new public construction						
	All public sources	Federal		State and local	High-way	Educational	Hospital and institutional	Sewer and water and miscellaneous public service	Conservation and development	Military facilities	All other public <sup>2</sup>
		Direct	Federal aid								
1929.....	2,486	155	80	2,251	1,266	389	101	404	115	19	192
1930.....	2,858	209	104	2,545	1,516	364	118	500	137	29	194
1931.....	2,659	271	235	2,153	1,355	285	110	479	156	40	234
1932.....	1,862	333	111	1,418	958	130	83	291	150	34	216
1933.....	1,648	516	286	846	847	62	49	160	359	36	145
1934.....	2,211	626	721	864	1,000	148	51	228	518	47	219
1935.....	2,233	814	567	852	845	153	38	246	700	37	214
1936.....	3,516	797	1,566	1,153	1,362	366	74	509	658	29	518
1937.....	3,096	776	1,117	1,203	1,226	253	73	445	605	37	457
1938.....	3,420	717	1,320	1,383	1,421	311	97	492	551	62	486
1939.....	3,809	759	1,377	1,673	1,381	468	127	507	570	125	631
1940.....	3,628	1,182	946	1,500	1,302	156	54	469	528	385	734
1941.....	5,751	3,751	697	1,303	1,066	158	42	393	500	1,620	1,972
1942.....	10,660	9,313	475	872	734	128	35	254	357	5,016	4,136
1943.....	6,322	5,609	268	445	446	63	44	156	285	2,550	2,778
1944.....	3,073	2,505	126	442	362	41	58	125	163	837	1,487
1945.....	2,398	1,737	99	562	398	59	85	152	130	690	884
1946.....	2,231	865	244	1,122	764	101	85	278	260	188	555
1947.....	3,319	840	409	2,070	1,344	287	77	492	424	204	491
1948.....	4,704	1,177	417	3,110	1,661	618	212	699	670	158	685
1949.....	6,269	1,488	461	4,320	2,015	934	458	803	852	137	1,070
1950.....	6,866	1,624	454	4,788	2,134	1,133	499	819	942	177	1,162
1951.....	9,255	2,981	464	5,810	2,355	1,513	527	959	912	887	2,102
1952.....	10,779	4,185	550	6,044	2,677	1,619	495	958	900	1,387	2,743
1953.....	11,242	4,139	700	6,403	3,021	1,714	369	1,050	892	1,290	2,906
1954.....	11,712	3,428	675	7,609	3,714	2,134	333	1,171	773	1,003	2,584
1955.....	11,715	2,769	739	8,207	3,852	2,442	300	1,318	701	1,287	1,815
1956.....	12,732	2,726	857	9,149	4,415	2,556	300	1,659	826	1,360	1,616
1957.....	14,059	2,974	1,269	9,816	4,934	2,825	354	1,737	971	1,287	1,951
1958.....	15,457	3,387	2,106	9,964	5,545	2,875	390	1,838	1,019	1,402	2,388
1959.....	16,070	3,724	2,711	9,635	5,761	2,656	428	2,018	1,121	1,465	2,621
1960.....	15,863	3,622	2,267	9,974	5,437	2,818	401	2,136	1,175	1,366	2,530
1961.....	17,148	3,879	2,426	10,843	5,854	3,052	369	2,168	1,384	1,371	2,850
1962.....	17,758	3,796	2,538	11,404	6,378	2,984	397	2,232	1,460	1,222	3,085
1963.....	18,679	4,050	2,982	11,647	6,670	3,043	454	2,430	1,563	( <sup>3</sup> )	3,206
1964.....	20,005	4,134	3,320	12,551	6,946	3,338	520	2,774	1,616	( <sup>3</sup> )	3,510

<sup>1</sup> For expenditures classified by ownership, combine "Federal aid" and "State and local" columns to obtain State and local ownership. "Direct" column stands as it is for Federal ownership.

<sup>2</sup> Includes nonresidential buildings (other than educational and hospital and institutional), residential buildings, and miscellaneous public construction such as parks and playgrounds, memorials, etc.

<sup>3</sup> Beginning with 1959, data include estimates for Alaska and Hawaii. Comparability with earlier data is not seriously affected since these two States accounted for less than two-thirds of one percent of total new public construction in 1959.

<sup>4</sup> Preliminary.

<sup>5</sup> Data for 1963 and 1964 military facilities are not available separately but estimates are included in totals.

Source: Department of Commerce, Bureau of the Census.

TABLE B-38.—*New housing starts and applications for financing, 1929-64*

{Thousands of units}

Year or month	Housing starts										New private housing units authorized	Proposed home construction <sup>1</sup>	
	Total private and public (including farm) <sup>1</sup>	Total private (including farm)	Private and public non-farm	Private nonfarm			Total private (including farm)	Private nonfarm		Applications for FHA commitments		Requests for VA appraisals	
				Total <sup>1</sup>	One-family	Two or more families		Total	Government home programs				
									FHA				VA
1929.....	-----	-----	509.0	509.0	316.0	193.0	-----	509.0	-----	-----	-----	-----	
1930.....	-----	-----	330.0	330.0	227.0	103.0	-----	330.0	-----	-----	-----	-----	
1931.....	-----	-----	254.0	254.0	187.0	67.0	-----	254.0	-----	-----	-----	-----	
1932.....	-----	-----	134.0	134.0	118.0	16.0	-----	134.0	-----	-----	-----	-----	
1933.....	-----	-----	93.0	93.0	76.0	17.0	-----	93.0	-----	-----	-----	-----	
1934.....	-----	-----	126.0	126.0	109.0	17.0	-----	126.0	-----	-----	-----	-----	
1935.....	-----	-----	221.0	215.7	182.2	33.5	-----	215.7	13.2	-----	-----	\$ 20.6	
1936.....	-----	-----	319.0	304.2	238.5	65.7	-----	304.2	48.8	-----	-----	47.8	
1937.....	-----	-----	336.0	332.4	265.8	66.6	-----	332.4	57.0	-----	-----	49.8	
1938.....	-----	-----	406.0	399.3	316.4	82.9	-----	399.3	106.8	-----	-----	131.1	
1939.....	-----	-----	515.0	458.4	373.0	85.4	-----	458.4	144.7	-----	-----	179.8	
1940.....	-----	-----	602.6	529.6	447.6	82.0	-----	529.6	176.6	-----	-----	231.2	
1941.....	-----	-----	706.1	619.5	533.2	86.3	-----	619.5	217.1	-----	-----	288.6	
1942.....	-----	-----	356.0	301.2	252.3	48.9	-----	301.2	160.2	-----	-----	238.5	
1943.....	-----	-----	191.0	183.7	136.3	47.4	-----	183.7	126.1	-----	-----	144.4	
1944.....	-----	-----	141.8	138.7	114.6	24.1	-----	138.7	83.6	-----	-----	62.9	
New Series													
1945.....	-----	-----	326.1	324.9	-----	-----	-----	324.9	38.9	48.8	-----	56.6	
1946.....	-----	-----	1,023.2	1,015.2	-----	-----	-----	1,015.2	67.1	91.8	-----	121.7	
1947.....	-----	-----	1,268.5	1,265.1	-----	-----	-----	1,265.1	178.3	160.3	-----	286.4	
1948.....	-----	-----	1,362.1	1,344.0	-----	-----	-----	1,344.0	216.4	71.1	-----	293.2	
1949.....	-----	-----	1,466.1	1,429.8	-----	-----	-----	1,429.8	252.6	90.8	-----	327.0	
1950.....	-----	-----	1,951.9	1,908.1	-----	-----	-----	1,908.1	328.2	191.2	-----	397.7	
1951.....	-----	-----	1,491.0	1,419.8	-----	-----	-----	1,419.8	186.9	148.6	-----	192.8	
1952.....	-----	-----	1,503.9	1,445.4	-----	-----	-----	1,445.4	229.1	141.3	-----	267.9	
1953.....	-----	-----	1,437.6	1,402.1	-----	-----	-----	1,402.1	216.5	156.5	-----	253.7	
1954.....	-----	-----	1,550.5	1,531.8	-----	-----	-----	1,531.8	250.9	307.0	-----	338.6	
1955.....	-----	-----	1,646.0	1,626.6	-----	-----	-----	1,626.6	268.7	392.9	-----	306.2	
1956.....	-----	-----	1,349.1	1,324.9	-----	-----	-----	1,324.9	183.4	270.7	-----	197.7	
1957.....	-----	-----	1,223.9	1,174.8	-----	-----	-----	1,174.8	150.1	128.3	-----	198.8	
1958.....	-----	-----	1,382.0	1,314.2	-----	-----	-----	1,314.2	270.3	102.1	-----	341.7	
1959.....	1,553.5	1,516.8	1,531.3	1,494.6	1,211.9	282.7	1,516.8	1,494.6	307.0	109.3	1,208.3	369.7	
1960.....	1,296.0	1,252.1	1,274.0	1,230.1	972.3	257.8	1,252.1	1,230.1	225.7	74.6	998.0	242.4	
1961.....	1,365.0	1,313.0	1,336.8	1,284.8	946.4	338.4	1,313.0	1,284.8	198.8	83.3	1,064.2	243.8	
1962.....	1,492.4	1,462.8	1,468.7	1,439.1	967.8	471.3	1,462.8	1,439.1	197.3	77.8	1,186.6	221.1	
1963.....	1,640.9	1,609.2	1,613.4	1,581.7	993.2	588.5	1,609.2	1,581.7	166.2	71.0	<sup>6</sup> 1,334.7	190.2	
1964 <sup>5</sup> .....	1,575.7	1,543.9	1,548.7	1,516.9	945.9	571.0	1,543.9	1,516.9	154.0	59.2	<sup>6</sup> 1,273.8	182.1	

See footnotes at end of table.



TABLE B-38.—*New housing starts and applications for financing, 1929-64—Continued*

(Thousands of units)

Year or month	Housing starts										New private housing units authorized	Proposed home construction <sup>2</sup>	
	Total private and public (including farm) <sup>1</sup>	Total private (including farm)	Private and public non-farm	Private nonfarm			Total private (including farm)	Private nonfarm		Applications for FHA commitments		Requests for VA appraisals	
				Total <sup>1</sup>	One-family	Two or more families		Total	Government home programs				
									FHA				VA
Seasonally adjusted annual rates													
1963: Jan.....	81.8	79.0	80.7	77.9	43.9	34.0	1,314	1,287	172	74	1,267	203	161
Feb.....	90.8	89.6	89.2	88.0	51.9	36.1	1,445	1,418	164	78	1,226	197	180
Mar.....	128.5	124.8	126.8	123.1	78.1	45.0	1,577	1,551	173	73	1,279	197	152
Apr.....	166.4	164.2	163.6	161.4	107.2	54.2	1,678	1,656	176	83	1,287	251	119
May.....	176.3	172.7	173.2	169.6	109.3	60.3	1,679	1,651	180	79	1,360	160	152
June.....	158.1	154.2	156.3	152.4	99.9	52.5	1,575	1,558	179	72	1,352	195	123
July.....	153.5	151.3	151.9	149.7	97.4	52.3	1,599	1,584	164	72	1,320	182	122
Aug.....	149.9	146.3	147.5	143.9	95.5	48.4	1,475	1,454	151	63	1,286	172	133
Sept.....	148.4	146.4	145.2	143.2	90.8	52.4	1,747	1,712	159	62	1,371	173	140
Oct.....	167.5	164.5	164.2	161.2	100.9	60.3	1,864	1,824	158	62	1,401	176	140
Nov.....	122.3	120.5	119.7	117.9	69.7	48.2	1,577	1,544	153	67	1,359	190	145
Dec.....	97.4	95.7	95.1	93.4	48.6	44.8	1,570	1,524	157	73	1,402	183	159
1964: Jan.....	100.8	99.6	99.5	98.3	53.8	44.5	1,718	1,688	158	75	1,333	178	138
Feb.....	101.1	100.3	98.5	97.7	61.1	36.6	1,657	1,613	192	83	1,404	193	135
Mar.....	133.3	130.1	131.5	128.3	80.4	47.9	1,663	1,638	165	68	1,377	190	124
Apr.....	152.3	148.5	149.5	145.7	87.8	57.9	1,531	1,501	146	60	1,280	190	111
May.....	160.5	157.5	158.2	155.2	98.9	56.3	1,529	1,507	174	61	1,271	173	99
June.....	164.0	158.5	161.3	155.8	99.2	56.6	1,611	1,585	152	60	1,306	177	103
July.....	145.1	142.7	142.8	140.4	89.4	51.0	1,505	1,483	145	56	1,242	162	109
Aug.....	144.8	141.6	142.2	139.0	87.6	51.4	1,430	1,408	142	52	1,281	176	88
Sept.....	126.0	122.6	123.9	120.5	77.4	43.1	1,457	1,433	136	52	1,222	174	121
Oct.....	143.1	141.0	140.6	138.5	87.9	50.5	1,591	1,559	146	50	1,220	183	112
Nov.....	111.4	109.4	109.3	107.3	66.8	40.5	1,430	1,404	152	57	1,258	194	118
Dec.....	93.3	92.1	91.4	90.2	55.6	34.6	1,541	1,502	151	53	1,154	193	118

<sup>1</sup> 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.

<sup>2</sup> Units in mortgage applications or appraisal requests for new home construction.

<sup>3</sup> FHA program approved in June 1934; all 1934 activity included in 1935.

<sup>4</sup> Monthly estimates for September 1945–May 1950 were prepared by Housing and Home Finance Agency.

<sup>5</sup> Preliminary; data for 1964 partly estimated by Council of Economic Advisers.

<sup>6</sup> Data for 1963 and 1964 cover approximately 12,000 permit-issuing places. Data for 1959–62 are based on reports from approximately 10,000 places. In 1963, the additional 2,000 permit-issuing places accounted for almost 50,000 new privately owned housing unit authorizations.

NOTE.—Census series beginning 1945 include Alaska and Hawaii. FHA and VA data include Alaska, Hawaii, and Puerto Rico.

Census data for 1945–58 have been revised for comparability with subsequent data. One-family and two-family series have not been revised. See *Housing Starts 1929–60, May 1964*.

Detail may not necessarily add to totals because of rounding.

Sources: Department of Commerce, Federal Housing Administration (FHA), and Veterans Administration (VA), except as noted.

TABLE B-39.—Business expenditures for new plant and equipment, 1939 and 1945-65

[Billions of dollars]

Year or quarter	Total <sup>1</sup>	Manufacturing			Mining	Transportation		Public utilities	Commercial and other <sup>2</sup>
		Total	Durable goods	Non-durable goods		Railroad	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	1.64	7.49
1948.....	22.06	9.13	3.48	5.65	.88	1.32	1.28	2.64	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	5.62	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 <sup>3</sup> .....	44.66	18.51	9.35	9.16	1.18	1.46	2.31	6.14	15.06
Seasonally adjusted annual rates									
1962: I.....	35.70	14.20	6.55	7.60	1.15	0.70	2.05	5.15	12.45
II.....	36.95	14.45	6.95	7.50	1.05	.95	2.25	5.40	12.90
III.....	38.35	15.05	7.25	7.80	1.10	1.00	2.00	5.75	13.45
IV.....	37.95	15.00	7.30	7.70	1.00	.80	1.90	5.45	13.80
1963: I.....	36.95	14.85	7.35	7.50	1.05	.90	1.70	5.20	13.20
II.....	38.05	15.30	7.65	7.65	1.00	1.00	2.05	5.45	13.30
III.....	40.00	15.95	8.00	8.00	1.05	1.20	1.65	5.90	14.06
IV.....	41.20	16.45	8.30	8.15	1.05	1.35	2.10	5.80	14.50
1964: I.....	42.55	17.40	8.85	8.55	1.15	1.40	2.30	5.95	14.30
II.....	43.50	17.80	9.00	8.80	1.15	1.25	2.25	6.30	14.75
III.....	45.65	18.85	9.60	9.20	1.20	1.50	2.40	6.30	15.40
IV <sup>3</sup> .....	46.70	19.75	9.80	9.95	1.25	1.75	2.30	6.00	15.55
1965: I <sup>3</sup> .....	47.90	20.40	10.15	10.25	1.25	1.70	2.35	6.40	15.80
II <sup>3</sup> .....	48.70	20.70	-----	-----	-----	-----	-----	-----	-----
27.95									

<sup>1</sup> Excludes agriculture.<sup>2</sup> Commercial and other includes trade, service, finance, communications, and construction.<sup>3</sup> Estimates based on anticipated capital expenditures reported by business in November 1964. The quarterly anticipations include adjustments, when necessary, for systematic tendencies in anticipatory data.

NOTE.—Annual total is the sum of unadjusted expenditures; it does not necessarily coincide with the average of seasonally adjusted figures.

These figures do not agree precisely with the plant and equipment expenditures included in the gross national product estimates of the Department of Commerce. The main difference lies in the inclusion in the gross national product of investment by farmers, professionals, institutions, real estate firms, and of certain outlays charged to current account.

These series are not available for years prior to 1939 and for 1940 to 1944.

Sources: Securities and Exchange Commission and Department of Commerce (Office of Business Economics).

TABLE B-40.—Sales and inventories in manufacturing and trade, 1947-64

(Amounts in millions of dollars)

Year or month	Total manufacturing and trade			Manufacturing			Merchant wholesalers			Retail trade		
	Sales <sup>1</sup>	Inventories <sup>2</sup>	Ratio <sup>3</sup>	Sales <sup>1</sup>	Inventories <sup>2</sup>	Ratio <sup>3</sup>	Sales <sup>1</sup>	Inventories <sup>2</sup>	Ratio <sup>3</sup>	Sales <sup>1</sup>	Inventories <sup>2</sup>	Ratio <sup>3</sup>
1947.....				15,513	25,897	1.58				10,200	14,241	1.26
1948.....	35,988	52,507	1.39	18,045	28,543	1.50	6,808	7,957	1.13	11,135	16,007	1.39
1949.....	33,788	49,497	1.53	16,126	26,321	1.74	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.....	43,556	70,242	1.55	21,714	39,306	1.66	8,597	9,886	1.16	13,046	21,050	1.64
1952.....	44,840	72,377	1.58	22,529	41,136	1.79	8,782	10,210	1.12	13,529	21,031	1.52
1953.....	47,987	76,122	1.58	24,843	43,948	1.76	9,052	10,686	1.17	14,091	21,488	1.53
1954.....	46,443	73,175	1.60	23,355	41,612	1.81	8,993	10,637	1.18	14,095	20,926	1.51
1955.....	51,694	79,516	1.47	26,480	45,069	1.62	9,893	11,678	1.13	15,321	22,769	1.43
1956.....	54,063	87,304	1.55	27,740	50,642	1.73	10,513	13,260	1.19	15,811	23,402	1.47
1957.....	55,878	89,052	1.59	28,736	51,871	1.80	10,475	12,730	1.23	16,667	24,451	1.44
1958 <sup>4</sup> .....	54,232	86,922	1.60	27,280	50,070	1.84	10,257	12,739	1.24	16,696	24,113	1.43
1959.....	59,583	91,964	1.51	30,219	52,707	1.70	11,413	13,952	1.17	17,951	25,305	1.40
1960 <sup>5</sup> .....	60,530	94,610	1.56	30,796	53,814	1.76	11,440	13,983	1.23	18,294	26,813	1.45
1961 <sup>6</sup> .....	60,747	95,576	1.55	30,884	55,087	1.74	11,629	14,551	1.21	18,234	26,233	1.43
1962.....	65,078	100,271	1.51	33,308	57,753	1.70	12,158	14,580	1.19	19,613	27,938	1.38
1963.....	68,002	105,127	1.50	34,774	60,147	1.69	12,692	15,597	1.18	20,536	29,383	1.39
1964 <sup>7</sup> .....	72,634	107,995	1.47	37,100	62,287	1.64	13,734	16,360	1.17	21,800	29,348	1.36
Seasonally adjusted												
1963:												
Jan.....	66,076	100,529	1.52	33,542	57,883	1.73	12,147	14,586	1.20	20,387	28,060	1.38
Feb.....	67,002	100,740	1.50	34,114	58,021	1.70	12,514	14,581	1.16	20,374	28,138	1.38
Mar.....	67,066	100,958	1.51	34,244	58,126	1.70	12,472	14,629	1.17	20,350	28,231	1.39
Apr.....	67,452	101,369	1.50	34,578	58,309	1.69	12,598	14,751	1.17	20,276	28,279	1.39
May.....	67,545	101,598	1.50	34,836	58,507	1.68	12,609	14,785	1.18	20,200	28,336	1.40
June.....	67,983	102,026	1.50	34,942	58,706	1.68	12,555	14,863	1.18	20,486	28,457	1.39
July.....	69,244	102,523	1.48	35,641	58,894	1.65	12,884	14,991	1.16	20,719	28,648	1.38
Aug.....	68,250	102,672	1.50	34,736	58,917	1.70	12,848	15,140	1.18	20,666	28,615	1.38
Sept.....	68,029	103,140	1.52	34,672	59,087	1.70	12,931	15,301	1.18	20,426	28,752	1.41
Oct.....	68,884	103,731	1.51	35,214	59,322	1.68	12,954	15,488	1.20	20,716	28,921	1.40
Nov.....	68,338	104,529	1.53	35,004	59,780	1.71	12,776	15,495	1.21	20,558	29,254	1.42
Dec.....	70,026	105,127	1.50	36,021	60,147	1.67	12,986	15,597	1.20	21,019	29,383	1.40
1964:												
Jan.....	70,992	105,432	1.49	36,677	60,006	1.64	13,315	15,818	1.19	21,000	29,608	1.41
Feb.....	71,013	105,426	1.48	36,235	60,123	1.66	13,245	15,719	1.19	21,533	29,586	1.37
Mar.....	70,649	105,721	1.50	36,222	60,326	1.67	13,204	15,734	1.19	21,222	29,661	1.40
Apr.....	71,787	106,371	1.48	37,167	60,531	1.63	13,228	15,879	1.20	21,392	29,961	1.40
May.....	72,680	106,507	1.47	37,186	60,528	1.63	13,697	16,053	1.17	21,777	29,926	1.37
June.....	72,187	106,621	1.48	36,791	60,398	1.64	13,623	16,043	1.18	21,773	30,180	1.39
July.....	73,693	106,634	1.45	37,963	60,488	1.59	13,795	16,017	1.16	21,935	30,129	1.37
Aug.....	73,204	106,716	1.46	37,168	60,763	1.63	13,770	15,986	1.16	22,266	29,967	1.35
Sept.....	73,358	107,323	1.46	37,312	61,019	1.64	13,792	16,222	1.18	22,254	30,082	1.35
Oct.....	72,131	107,320	1.49	36,811	61,777	1.68	13,937	16,276	1.17	21,383	29,267	1.37
Nov.....	73,451	107,995	1.47	37,575	62,287	1.66	14,245	16,360	1.15	21,631	29,348	1.36
Dec <sup>8</sup> .....										22,808		

<sup>1</sup> Monthly average shown for year and total for month.<sup>2</sup> Seasonally adjusted, end of period.<sup>3</sup> 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.<sup>4</sup> Beginning 1958, manufacturing sales and inventories include data for Alaska and Hawaii.<sup>5</sup> Beginning 1960, retail sales and inventories include data for Alaska and Hawaii.<sup>6</sup> Beginning 1961, merchant wholesalers' sales and inventories include data for Alaska and Hawaii.<sup>7</sup> Where December data not available, data for year calculated on basis of no change from November.<sup>8</sup> Preliminary.

NOTE.—The inventory figures in this table do not agree with the estimates of change in business inventories included in the gross national product since these figures cover only manufacturing and trade rather than all business, and show inventories in terms of current book value without adjustment for revaluation.

Source: Department of Commerce (Office of Business Economics and Bureau of the Census).

TABLE B-41.—*Manufacturers' shipments and inventories, 1947-64*  
(Millions of dollars)

Year or month	Shipments <sup>1</sup>			Inventories <sup>2</sup>								
	Total	Durable goods industries	Non-durable goods industries	Total	Durable goods				Nondurable goods			
					Total	Materials and supplies	Work in process	Finished goods	Total	Materials and supplies	Work in process	Finished goods
1947	15,513	6,694	8,817	25,897	13,061				12,836			
1948	18,045	8,308	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	30,884	15,532	15,352	55,058	32,646	10,234	13,225	9,088	22,441	9,511	3,120	9,707
1962	33,308	17,184	16,124	57,753	34,326	10,571	14,129	9,593	23,427	9,770	3,304	10,246
1963	34,774	18,071	16,704	60,147	36,028	10,879	14,857	10,292	24,119	9,769	3,479	10,871
1964 <sup>3</sup>	37,100	19,200	17,900	62,287	37,938	11,399	15,812	10,727	24,349	9,653	3,494	11,202
Seasonally adjusted												
1963: Jan	33,542	17,301	16,241	57,883	34,390	10,552	14,194	9,644	23,493	9,842	3,411	10,240
Feb	34,114	17,636	16,478	58,021	34,496	10,561	14,226	9,709	23,525	9,864	3,411	10,250
Mar	34,244	17,622	16,622	58,126	34,593	10,571	14,267	9,755	23,533	9,835	3,409	10,289
Apr	34,578	17,892	16,686	58,309	34,787	10,652	14,380	9,755	23,522	9,827	3,404	10,291
May	34,836	18,112	16,724	58,507	34,962	10,655	14,530	9,777	23,545	9,796	3,416	10,333
June	34,942	18,242	16,700	58,706	35,156	10,755	14,569	9,832	23,550	9,752	3,352	10,446
July	35,641	18,746	16,895	58,884	35,346	10,801	14,716	9,829	23,538	9,664	3,362	10,512
Aug	34,736	18,160	16,576	58,917	35,507	10,988	14,577	9,942	23,410	9,621	3,334	10,455
Sept	34,672	17,937	16,735	59,087	35,536	10,917	14,579	10,040	23,551	9,660	3,347	10,544
Oct	35,214	18,590	16,624	59,322	35,581	10,878	14,639	10,064	23,741	9,844	3,344	10,553
Nov	35,004	18,272	16,732	59,780	35,704	10,880	14,648	10,176	24,076	9,826	3,428	10,822
Dec	36,021	18,476	17,545	60,147	36,028	10,879	14,857	10,292	24,119	9,769	3,470	10,871
1964: Jan	36,677	19,144	17,533	60,006	35,970	10,827	14,833	10,310	24,036	9,666	3,452	10,918
Feb	36,235	19,027	17,208	60,123	35,960	10,792	14,880	10,288	24,163	9,661	3,403	11,099
Mar	36,222	18,887	17,335	60,326	36,079	10,817	15,001	10,261	24,247	9,632	3,446	11,169
Apr	37,167	19,359	17,808	60,531	36,277	10,830	15,112	10,335	24,254	9,534	3,459	11,261
May	37,186	19,138	18,048	60,528	36,300	10,828	15,127	10,345	24,228	9,528	3,452	11,248
June	36,791	19,023	17,768	60,398	36,492	10,866	15,211	10,415	23,906	9,432	3,422	11,052
July	37,963	19,861	18,102	60,488	36,597	10,870	15,325	10,402	23,891	9,293	3,406	11,192
Aug	37,168	19,164	18,004	60,763	36,790	10,917	15,442	10,431	23,973	9,351	3,426	11,196
Sept	37,312	19,284	18,028	61,019	37,037	11,072	15,497	10,468	23,982	9,412	3,457	11,113
Oct	36,811	18,633	18,178	61,777	37,517	11,277	15,622	10,618	24,260	9,565	3,508	11,187
Nov <sup>4</sup>	37,575	19,345	18,230	62,287	37,938	11,399	15,812	10,727	24,349	9,653	3,494	11,202
Dec <sup>4</sup>		20,407										

<sup>1</sup> Monthly average for year and total for month.

<sup>2</sup> Book value, seasonally adjusted, end of period.

<sup>3</sup> Preliminary estimates.

<sup>4</sup> Preliminary.

NOTE.—Data for Alaska and Hawaii included beginning 1958.

Source: Department of Commerce, Bureau of the Census.

TABLE B-42.—*Manufacturers' new and unfilled orders, 1947-64*

[Millions of dollars]

Year or month	New orders <sup>1</sup>				Unfilled orders <sup>2</sup>		
	Total	Durable goods		Non-durable goods	Total	Durable goods	Non-durable goods
		Total	Machinery and equipment				
1947.....	15,256	6,388	-----	8,868	34,266	28,379	5,887
1948.....	17,692	8,126	-----	9,566	30,552	26,459	4,093
1949.....	15,614	6,633	-----	8,981	23,877	19,504	4,373
1950.....	20,110	10,165	-----	9,945	41,166	35,222	5,944
1951.....	23,907	12,841	-----	11,066	66,862	63,077	3,785
1952.....	23,203	12,061	-----	11,142	75,478	72,317	3,161
1953.....	23,533	12,105	2,084	11,428	60,346	57,854	2,492
1954.....	22,313	10,743	1,770	11,570	48,195	45,233	2,962
1955.....	27,423	14,954	2,499	12,469	60,044	56,369	3,675
1956.....	28,383	15,381	2,870	13,002	67,473	64,067	3,406
1957.....	27,514	14,073	2,566	13,441	53,251	50,464	2,787
1958.....	26,901	13,170	2,354	13,731	48,785	45,709	3,076
1959.....	30,679	15,951	2,878	14,728	54,101	50,428	3,673
1960.....	30,115	15,223	2,791	14,892	45,820	43,187	2,633
1961.....	31,061	15,664	2,854	15,397	47,868	44,818	3,050
1962.....	33,167	17,085	3,090	16,082	46,242	43,666	2,576
1963.....	35,036	18,300	3,326	16,736	49,149	46,193	2,956
1964 <sup>3</sup> .....	37,700	19,800	3,700	17,900	55,500	52,600	2,900
Seasonally adjusted							
1963: Jan.....	34,742	18,466	3,254	16,276	47,809	45,057	2,752 <sup>4</sup>
Feb.....	34,636	18,228	3,206	16,408	48,424	45,736	2,688
Mar.....	35,364	18,776	3,217	16,588	49,353	46,681	2,672
Apr.....	35,752	19,037	3,351	16,715	50,246	47,530	2,716
May.....	35,438	18,736	3,416	16,702	50,565	47,864	2,701
June.....	34,425	17,682	3,292	16,743	50,052	47,285	2,767
July.....	35,207	18,275	3,334	16,932	49,542	46,745	2,797
Aug.....	34,930	18,060	3,307	16,870	49,552	46,695	2,857
Sept.....	34,991	18,244	3,415	16,747	49,982	47,070	2,912
Oct.....	35,354	18,622	3,441	16,732	50,140	47,169	2,971
Nov.....	34,953	18,113	3,273	16,840	50,132	47,076	3,056
Dec.....	35,619	17,974	3,612	17,645	49,796	46,676	3,120
1964: Jan.....	37,148	19,740	3,617	17,408	50,083	47,072	3,011
Feb.....	36,657	19,499	3,413	17,158	50,586	47,644	2,942
Mar.....	36,547	19,262	3,455	17,285	50,697	47,805	2,892
Apr.....	38,184	20,461	3,610	17,723	51,679	48,840	2,839
May.....	37,893	19,945	3,929	17,948	52,004	49,225	2,779
June.....	37,782	20,016	3,916	17,766	52,833	50,037	2,796
July.....	39,315	21,254	3,774	18,061	54,075	51,302	2,773
Aug.....	37,509	19,342	3,772	18,167	54,216	51,366	2,850
Sept.....	38,018	19,907	3,686	18,111	55,042	52,135	2,907
Oct.....	37,846	19,623	3,786	18,223	56,067	53,137	2,930
Nov <sup>4</sup> .....	37,682	19,420	3,895	18,262	56,270	53,323	2,947
Dec <sup>4</sup> .....	-----	20,309	3,867	-----	-----	53,522	-----

<sup>1</sup> Monthly average for year and total for month.<sup>2</sup> End of period.<sup>3</sup> Preliminary estimates.<sup>4</sup> Preliminary.

NOTE.—Data for Alaska and Hawaii included beginning 1958.

Source: Department of Commerce, Bureau of the Census.

# PRICES

TABLE B-43.—Wholesale price indexes by major commodity groups, 1929-64

[1957-59=100]

Year or month	All commodities	Farm products	Processed foods	All commodities other than farm products and foods (Industrials)				
				Total	Textile products and apparel	Chemicals and allied products	Rubber and rubber products	Lumber and wood products
1929.....	52.1	63.9	54.3	51.7	67.8	(1)	57.6	26.4
1930.....	47.3	54.0	49.5	48.1	60.3	(1)	50.4	24.1
1931.....	39.9	39.6	41.6	42.4	49.8	(1)	42.8	19.6
1932.....	35.6	29.4	33.9	39.7	41.2	(1)	37.1	16.9
1933.....	36.1	31.3	33.7	40.2	48.6	46.6	39.0	20.0
1934.....	41.0	39.9	39.6	44.2	54.7	48.8	45.5	23.5
1935.....	43.8	48.0	48.3	44.0	53.3	50.9	45.8	22.6
1936.....	44.2	49.4	46.4	44.9	53.7	51.2	49.4	23.6
1937.....	47.2	52.7	48.6	48.1	57.3	53.6	58.1	27.9
1938.....	43.0	41.9	42.3	46.1	50.1	51.0	57.1	25.4
1939.....	42.2	39.9	40.2	46.0	52.3	50.7	59.3	26.1
1940.....	43.0	41.3	40.4	46.8	55.4	51.6	55.3	28.9
1941.....	47.8	50.1	46.7	50.3	63.7	56.1	59.6	34.5
1942.....	54.0	64.6	54.8	53.9	72.8	62.3	69.4	37.5
1943.....	56.5	74.8	57.2	54.7	73.1	63.1	71.3	39.7
1944.....	56.9	75.3	56.0	55.6	73.9	63.8	70.4	42.8
1945.....	57.9	78.3	56.4	56.3	75.1	64.2	68.3	43.4
1946.....	66.1	90.6	71.7	61.7	87.3	69.4	68.6	49.7
1947.....	81.2	109.1	91.1	75.3	105.7	92.2	68.3	77.4
1948.....	87.9	117.1	98.4	81.7	110.3	94.4	70.5	88.5
1949.....	83.5	101.3	88.8	80.0	100.9	86.2	68.3	81.9
1950.....	86.8	106.4	92.6	82.9	104.8	87.5	83.2	94.1
1951.....	96.7	123.8	103.3	91.5	116.9	100.1	102.1	102.5
1952.....	94.0	116.8	100.9	89.4	105.5	95.0	92.5	99.5
1953.....	92.7	105.9	97.0	90.1	102.8	96.1	86.3	99.4
1954.....	92.9	104.4	97.6	90.4	100.6	97.3	87.6	97.6
1955.....	93.2	97.9	94.3	92.4	100.7	96.9	99.2	102.3
1956.....	96.2	96.6	94.3	96.5	100.7	97.5	100.6	103.8
1957.....	99.0	99.2	97.9	99.2	100.8	99.6	100.2	98.5
1958.....	100.4	103.6	102.9	99.5	98.9	100.4	100.1	97.4
1959.....	100.6	97.2	99.2	101.3	100.4	100.0	99.7	104.1
1960.....	100.7	96.9	100.0	101.3	101.5	100.2	99.9	100.4
1961.....	100.3	96.0	100.7	100.8	99.7	99.1	96.1	95.9
1962.....	100.6	97.7	101.2	100.8	100.6	97.5	93.3	96.5
1963.....	100.3	95.7	101.1	100.7	100.5	96.3	93.8	98.6
1964 <sup>1</sup> .....	100.5	94.3	101.0	101.2	101.2	96.7	92.5	100.6
1963: Jan.....	100.5	98.5	100.8	100.7	100.4	96.9	94.8	95.9
Feb.....	100.2	96.5	100.5	100.6	100.3	96.7	94.2	96.1
Mar.....	99.9	95.4	99.0	100.6	100.2	96.8	94.1	96.5
Apr.....	99.7	95.4	99.3	100.4	100.1	96.3	94.1	97.0
May.....	100.0	94.4	101.7	100.5	100.2	96.4	93.2	97.5
June.....	100.3	94.9	102.4	100.7	100.3	96.3	93.1	98.3
July.....	100.6	96.8	102.2	100.8	100.4	96.0	93.0	101.6
Aug.....	100.4	96.3	100.9	100.8	100.4	96.0	93.7	102.6
Sept.....	100.3	95.5	100.9	100.7	100.5	96.0	93.4	99.9
Oct.....	100.5	95.1	102.2	100.9	100.7	96.2	94.2	99.2
Nov.....	100.7	96.2	102.5	100.9	101.1	96.3	94.2	99.2
Dec.....	100.3	93.3	100.4	101.2	101.2	96.2	93.8	99.1
1964: Jan.....	101.0	96.3	102.5	101.3	101.2	96.3	93.7	99.0
Feb.....	100.5	94.5	100.9	101.2	101.2	96.4	93.6	99.9
Mar.....	100.4	95.2	100.5	101.1	101.2	96.5	93.9	101.0
Apr.....	100.3	94.4	100.4	101.1	101.1	96.6	93.1	101.8
May.....	100.1	93.7	99.4	101.1	101.2	96.7	92.6	101.8
June.....	100.0	93.2	100.2	100.9	101.0	96.5	91.6	101.4
July.....	100.4	94.1	101.2	101.1	101.1	96.6	91.8	101.2
Aug.....	100.3	93.6	101.0	101.1	101.2	96.5	91.8	100.9
Sept.....	100.7	95.7	102.2	101.1	101.2	96.6	91.9	100.6
Oct.....	100.8	93.8	101.7	101.5	101.4	96.9	92.1	100.3
Nov.....	100.7	94.0	100.9	101.6	101.4	97.1	92.2	99.6
Dec.....	100.8	92.8	100.8	101.8	101.5	97.2	92.1	99.4

See footnotes at end of table.

TABLE B-43.—*Wholesale price indexes by major commodity groups, 1929-64—Continued*

[1957-59=100]

Year or month	All commodities other than farm products and foods (industrials)— <i>continued</i>								
	Hides, skins, leather, and leather products	Fuels and related products, and power	Pulp, paper, and allied products	Metals and metal products	Machinery and motive products	Furniture and other household durables	Nonmetallic mineral products	Tobacco products and bottled beverages	Miscellaneous products
1929.....	56.6	61.5	(1)	44.1	(1)	56.4	53.4	67.4	(1)
1930.....	52.0	58.2	(1)	39.7	(1)	55.5	53.2	67.8	(1)
1931.....	44.7	60.0	(1)	35.7	(1)	51.1	49.7	67.2	(1)
1932.....	38.0	52.1	(1)	32.8	(1)	45.0	46.5	63.3	(1)
1933.....	42.0	49.3	(1)	33.6	(1)	45.1	49.2	56.6	(1)
1934.....	44.9	54.3	(1)	37.1	(1)	49.0	52.6	59.2	(1)
1935.....	46.5	54.5	(1)	37.0	(1)	48.6	52.6	59.1	(1)
1936.....	49.5	56.8	(1)	37.8	(1)	49.3	52.7	59.0	(1)
1937.....	54.3	57.5	(1)	43.2	(1)	54.7	53.9	59.5	(1)
1938.....	48.2	56.6	(1)	41.6	(1)	53.4	52.2	59.4	(1)
1939.....	49.6	54.2	(1)	41.2	43.7	53.2	51.2	59.4	(1)
1940.....	52.3	53.2	(1)	41.4	44.2	54.4	51.2	60.1	(1)
1941.....	56.1	56.6	(1)	42.2	45.8	57.8	52.4	60.8	(1)
1942.....	61.1	58.2	(1)	42.8	47.7	62.5	54.5	61.5	(1)
1943.....	61.0	59.9	(1)	42.7	47.4	62.1	54.7	64.6	(1)
1944.....	60.5	61.6	(1)	42.7	47.4	63.8	55.8	64.9	(1)
1945.....	61.3	62.3	(1)	43.4	47.8	63.9	58.1	66.7	(1)
1946.....	70.7	66.7	(1)	48.5	53.6	67.8	61.8	69.8	(1)
1947.....	96.6	79.7	75.3	60.2	61.8	77.8	69.1	75.6	108.7
1948.....	97.5	93.8	78.6	68.5	67.5	82.5	74.7	78.2	111.2
1949.....	92.5	89.8	75.2	69.0	71.2	83.8	76.7	79.6	103.5
1950.....	99.9	90.2	77.1	72.7	72.6	95.6	78.6	80.5	104.1
1951.....	114.8	93.5	91.3	80.9	79.5	92.8	83.5	85.1	113.1
1952.....	92.8	93.3	89.0	81.0	81.2	91.1	83.5	87.0	116.7
1953.....	94.1	95.9	88.7	83.6	82.2	92.9	86.9	89.8	105.4
1954.....	89.9	94.6	88.8	84.3	83.2	93.9	88.8	93.8	110.5
1955.....	89.5	94.5	91.1	90.0	85.8	94.3	91.3	94.6	99.1
1956.....	94.8	97.4	97.2	97.8	92.1	96.9	95.2	95.1	98.1
1957.....	94.9	102.7	99.0	99.7	97.7	99.4	98.9	98.0	96.6
1958.....	96.0	98.7	100.1	99.1	100.1	100.2	99.9	99.7	101.5
1959.....	109.1	98.7	101.0	101.2	102.2	100.4	101.2	102.2	101.9
1960.....	105.2	99.6	101.8	101.3	102.4	100.1	101.4	102.5	99.3
1961.....	106.2	100.7	98.8	100.7	102.3	99.5	101.8	103.2	103.9
1962.....	107.4	100.2	100.0	100.0	102.3	98.8	101.8	104.1	107.3
1963.....	104.2	99.8	99.2	100.1	102.2	98.1	101.3	106.1	110.4
1964 <sup>1</sup> .....	104.6	97.1	99.0	102.8	102.9	98.5	101.5	107.4	109.2
1963: Jan.....	106.0	100.4	99.0	99.5	102.3	98.3	101.4	104.3	111.6
Feb.....	105.1	100.3	99.1	99.4	102.2	98.2	101.5	104.3	111.5
Mar.....	105.1	100.8	99.0	99.4	102.0	98.2	101.5	104.3	110.8
Apr.....	104.5	100.3	99.0	99.4	101.9	98.1	101.5	104.4	108.0
May.....	104.8	100.4	99.1	99.9	102.0	98.0	101.3	105.2	107.6
June.....	104.5	100.9	99.4	100.0	102.0	98.1	101.2	105.8	108.1
July.....	104.3	100.4	99.0	100.0	102.1	98.0	100.9	107.5	110.4
Aug.....	103.6	98.9	99.1	100.1	102.1	98.1	101.0	107.5	111.1
Sept.....	103.1	99.0	99.1	100.3	102.2	98.1	101.1	107.5	111.8
Oct.....	103.4	98.8	99.5	100.9	102.3	98.1	101.3	107.5	111.2
Nov.....	103.5	97.9	99.4	101.0	102.5	98.1	101.2	107.5	110.9
Dec.....	103.0	99.3	99.4	101.3	102.6	98.0	101.3	107.5	112.2
1964: Jan.....	102.7	99.5	99.8	101.7	102.5	98.4	101.1	107.6	112.6
Feb.....	102.5	99.0	99.9	101.8	102.5	98.5	101.2	107.1	110.9
Mar.....	102.5	97.0	99.3	102.0	102.7	98.5	101.1	107.1	109.8
Apr.....	104.5	96.1	99.1	102.2	102.9	98.6	101.3	107.1	109.5
May.....	104.7	96.4	98.7	102.1	103.3	98.6	101.3	107.3	107.2
June.....	104.8	96.3	98.7	102.3	103.0	98.5	101.4	107.4	106.7
July.....	105.4	96.7	98.7	102.5	103.1	98.6	101.5	107.3	107.5
Aug.....	105.6	96.4	98.7	103.0	102.9	98.6	101.7	107.5	107.3
Sept.....	105.4	95.2	98.7	103.0	102.9	98.6	101.8	107.5	109.2
Oct.....	106.0	96.7	99.1	103.8	103.0	98.5	101.8	107.6	110.1
Nov.....	105.5	97.6	98.9	104.3	103.2	98.5	101.8	107.5	108.5
Dec <sup>2</sup> .....	105.4	98.2	98.9	104.7	103.1	98.5	101.8	107.5	110.7

<sup>1</sup> Not available.<sup>2</sup> Preliminary.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-44.—Wholesale price indexes, by stage of processing, 1947-64

[1957-59=100]

Year or month	All commodities	Crude materials				Intermediate materials, supplies, and components <sup>1</sup>						
		Total	Food-stuffs and feed-stuffs	Non-food materials, except fuel	Fuel	Total	Materials and components for manufacturing					Materials and components for construction
							Total	Materials for food manufacturing	Materials for non-durable manufacturing	Materials for durable manufacturing	Components for manufacturing	
1947.....	81.2	100.8	113.0	86.5	73.6	76.5	75.5	102.6	94.0	58.8	63.0	69.6
1948.....	87.9	110.5	122.2	96.2	87.0	82.7	81.5	105.8	99.5	66.4	68.0	77.0
1949.....	83.5	95.6	101.5	87.5	86.5	79.4	78.0	91.0	90.7	68.2	69.3	77.2
1950.....	86.8	104.2	108.9	100.0	86.1	83.0	81.8	94.7	95.2	72.1	71.9	81.2
1951.....	96.7	119.6	126.0	115.3	87.7	93.0	92.7	105.5	110.3	80.1	81.6	88.8
1952.....	94.0	109.9	118.6	99.9	88.3	90.3	88.8	101.4	99.3	80.3	81.8	88.2
1953.....	92.7	101.5	106.2	95.6	91.4	90.8	90.2	101.6	98.5	83.9	83.3	89.7
1954.....	92.9	100.6	106.2	93.8	87.3	91.3	90.4	100.7	96.9	85.7	83.7	90.1
1955.....	93.2	96.7	96.2	99.1	87.1	93.0	92.6	97.5	97.3	90.0	87.4	93.7
1956.....	96.2	97.2	94.2	102.8	93.3	97.1	96.9	97.9	98.8	95.7	95.4	96.5
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	99.9
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	105.1	97.8	102.5	99.7	100.6
1963: Jan.....	100.5	96.8	97.1	95.8	103.3	100.2	98.8	101.0	97.3	100.0	98.6	98.8
Feb.....	100.2	95.6	94.7	96.4	105.6	100.1	98.7	101.2	97.2	99.8	98.5	98.9
Mar.....	99.9	94.5	92.8	96.7	105.4	100.0	98.6	101.2	97.1	99.7	98.2	98.9
Apr.....	99.7	95.0	93.9	96.5	102.3	99.9	98.8	103.5	97.1	99.6	98.2	99.0
May.....	100.0	94.2	92.8	96.6	100.5	100.5	99.7	110.2	97.1	100.1	98.6	99.2
June.....	100.3	94.8	93.7	96.4	101.0	100.6	99.7	109.8	97.0	100.4	98.7	99.4
July.....	100.6	96.1	96.1	95.9	101.9	100.6	99.4	106.4	96.8	100.8	98.6	100.1
Aug.....	100.4	95.7	95.4	95.6	102.0	100.5	99.1	102.9	96.6	101.0	98.7	100.4
Sept.....	100.3	94.8	94.0	95.6	102.9	100.5	99.1	103.7	96.6	100.8	99.0	99.8
Oct.....	100.5	94.8	93.8	96.1	103.3	100.9	100.1	108.8	97.2	101.3	99.2	100.0
Nov.....	100.7	95.1	94.2	96.1	103.7	101.0	100.4	110.6	97.4	101.4	98.4	100.0
Dec.....	100.3	92.6	90.1	96.3	104.6	101.1	100.2	107.1	97.5	101.6	98.6	100.1
1964: Jan.....	101.0	95.1	94.0	96.6	104.5	101.3	100.6	110.2	97.6	101.8	99.5	100.1
Feb.....	100.5	94.0	92.2	96.6	105.1	101.2	100.4	107.2	97.6	101.9	99.6	100.3
Mar.....	100.4	94.3	92.5	97.1	103.2	100.9	100.4	105.5	97.8	102.3	99.7	100.4
Apr.....	100.3	94.2	92.1	97.9	101.0	100.9	100.4	105.3	97.8	102.4	99.9	100.7
May.....	100.1	93.5	91.3	97.3	99.9	100.6	100.2	103.6	97.8	102.3	99.9	100.7
June.....	100.0	92.4	89.6	97.5	99.8	100.3	100.0	102.7	97.6	102.3	99.4	100.6
July.....	100.4	93.8	91.5	97.5	101.7	100.5	100.0	103.1	97.6	102.4	99.3	100.6
Aug.....	100.3	94.1	91.7	97.9	102.3	100.4	100.1	103.1	97.5	102.5	99.3	100.6
Sept.....	100.7	95.7	94.4	97.7	101.9	100.6	100.2	103.8	97.6	102.5	99.4	100.6
Oct.....	100.8	94.3	91.8	98.5	102.7	101.1	100.8	104.8	98.0	103.2	100.0	100.7
Nov.....	100.7	94.0	91.0	99.1	103.8	101.1	101.0	105.4	98.2	103.3	100.3	100.7
Dec.....	100.8	94.0	90.7	99.6	104.7	101.4	101.2	106.1	98.3	103.4	100.5	100.7

See footnotes at end of table.



TABLE B-44.—Wholesale price indexes, by stage of processing, 1947-64—Continued

[1957-59=100]

Year or month	Finished goods						Special groups of industrial products		
	Total	Consumer finished goods				Pro-ducer finished goods	Crude materials <sup>1</sup>	Inter-mediate materials, supplies, and components <sup>2</sup>	Con-sumer finished goods ex-cluding foods
		Total	Foods	Other non-durable goods	Du-rable goods				
1947.....	80.1	86.1	90.7	86.6	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 <sup>4</sup> .....	101.8	100.9	100.6	101.6	99.9	104.1	97.1	100.2	100.9
1963: Jan.....	101.8	101.2	101.4	101.7	99.8	103.0	94.7	99.5	101.0
Feb.....	101.5	100.9	100.4	101.7	99.8	103.0	94.9	99.4	101.0
Mar.....	101.1	100.3	99.0	101.8	99.7	102.9	94.9	99.3	101.1
Apr.....	100.8	99.9	98.2	101.6	99.5	102.9	94.3	99.3	100.8
May.....	101.1	100.4	99.4	101.8	99.4	102.9	94.1	99.5	100.9
June.....	101.6	100.8	100.1	102.1	99.3	103.0	93.9	99.7	101.1
July.....	101.8	101.2	101.0	102.3	99.4	103.0	93.9	99.7	101.3
Aug.....	101.4	100.8	100.3	101.9	99.3	103.0	93.9	99.7	100.9
Sept.....	101.5	100.8	100.3	101.9	99.4	103.0	93.9	99.6	101.0
Oct.....	101.6	100.9	100.4	102.0	99.6	103.2	94.4	99.8	101.1
Nov.....	101.8	101.1	101.0	101.7	99.6	103.4	94.5	99.9	100.9
Dec.....	101.4	100.6	99.4	102.2	99.5	103.6	94.5	100.1	101.2
1964: Jan.....	102.1	101.5	101.4	102.4	99.5	103.5	94.9	100.1	101.4
Feb.....	101.6	100.8	99.9	102.1	99.6	103.7	94.9	100.2	101.2
Mar.....	101.5	100.7	100.2	101.5	99.6	103.8	95.2	100.2	100.8
Apr.....	101.3	100.3	99.7	101.1	99.7	103.9	96.2	100.2	100.6
May.....	101.3	100.2	98.9	101.3	100.1	104.3	95.6	100.1	100.8
June.....	101.7	100.8	100.7	101.2	100.0	104.1	95.9	99.9	100.7
July.....	102.1	101.2	101.4	101.5	100.1	104.3	96.6	100.0	100.9
Aug.....	101.9	100.9	100.9	101.4	99.9	104.3	98.3	100.0	100.8
Sept.....	102.1	101.3	102.2	101.0	99.9	104.2	98.1	99.9	100.6
Oct.....	102.1	101.2	101.4	101.6	100.0	104.3	99.1	100.4	101.0
Nov.....	102.1	101.1	100.9	101.9	99.9	104.6	99.8	100.5	101.1
Dec <sup>4</sup> .....	101.9	100.9	99.9	102.1	99.9	104.5	100.7	100.6	101.3

<sup>1</sup> Includes, in addition to subgroups shown, processed fuels and lubricants, containers, and supplies.<sup>2</sup> Excludes crude foodstuffs and feedstuffs, plant and animal fibers, oilseeds, and leaf tobacco.<sup>3</sup> Excludes intermediate materials for food manufacturing and manufactured animal feeds.<sup>4</sup> Preliminary.NOTE.—For a listing of the commodities included in each sector, see Table 7B, *Wholesale Prices and Price Indexes, 1968 (BLS Bulletin 1257)*.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-45.—Consumer price indexes, by major groups, 1929-64

For city wage earners and clerical workers

[1957-59 = 100]

Year or month	All items	Food	Housing		Apparel and upkeep <sup>1</sup>	Transportation	Medical care	Personal care	Reading and recreation	Other goods and services
			Total	Rent						
1929.....	59.7	55.6	(2)	85.4	55.3	(2)	(2)	(2)	(2)	(2)
1930.....	58.2	52.9	(2)	83.1	54.1	(2)	(2)	(2)	(2)	(2)
1931.....	53.0	43.6	(2)	78.7	49.2	(2)	(2)	(2)	(2)	(2)
1932.....	47.6	36.3	(2)	70.6	43.6	(2)	(2)	(2)	(2)	(2)
1933.....	45.1	35.3	(2)	60.8	42.1	(2)	(2)	(2)	(2)	(2)
1934.....	46.6	39.3	(2)	57.0	46.1	(2)	(2)	(2)	(2)	(2)
1935.....	47.8	42.1	56.3	56.9	46.5	49.4	49.4	42.6	50.2	52.7
1936.....	48.3	42.5	57.1	58.3	46.9	49.8	49.6	43.2	51.0	52.6
1937.....	50.0	44.2	59.1	60.9	49.3	50.6	50.0	45.7	52.5	54.0
1938.....	49.1	41.0	60.1	62.9	49.0	51.0	50.2	46.7	54.3	54.5
1939.....	48.4	39.9	59.7	63.0	48.3	49.8	50.2	46.5	54.4	55.4
1940.....	48.8	40.5	59.9	63.2	48.8	49.5	50.3	46.4	55.4	57.1
1941.....	51.3	44.2	61.4	64.3	51.1	51.2	50.6	47.6	57.3	58.2
1942.....	56.8	51.9	64.2	65.7	59.6	55.7	52.0	52.2	60.0	59.9
1943.....	60.3	57.9	64.9	65.7	62.2	55.5	54.5	57.6	65.0	63.0
1944.....	61.3	57.1	66.4	65.9	66.7	55.5	56.2	61.7	72.0	64.7
1945.....	62.7	58.4	67.5	66.1	70.1	55.4	57.5	63.6	75.0	67.3
1946.....	68.0	66.9	69.3	66.5	76.9	58.3	60.7	68.2	77.5	69.5
1947.....	77.8	81.3	74.5	68.7	89.2	64.3	65.7	76.2	82.5	75.4
1948.....	83.8	88.2	79.8	73.2	95.0	71.6	69.8	79.1	86.7	78.9
1949.....	83.0	84.7	81.0	76.4	91.3	77.0	72.0	78.9	89.9	81.2
1950.....	83.8	85.8	83.2	79.1	90.1	79.0	73.4	78.9	89.3	82.6
1951.....	90.5	95.4	88.2	82.3	98.2	84.0	76.9	86.3	92.0	86.1
1952.....	92.5	97.1	89.9	85.7	97.2	89.6	81.1	87.3	92.4	90.6
1953.....	93.2	95.6	92.3	90.3	96.5	92.1	83.9	88.1	93.3	92.8
1954.....	93.6	95.4	93.4	93.5	96.3	90.8	86.6	88.5	92.4	94.3
1955.....	93.3	94.0	94.1	94.8	95.9	89.7	88.6	90.0	92.1	94.3
1956.....	94.7	94.7	95.5	96.5	97.8	91.3	91.8	93.7	93.4	95.8
1957.....	98.0	97.8	98.5	98.3	99.5	96.5	95.5	97.1	96.9	98.5
1958.....	100.7	101.9	100.2	100.1	99.8	99.7	100.1	100.4	100.8	99.8
1959.....	101.5	100.3	101.3	101.6	100.6	103.8	104.4	102.4	102.4	101.8
1960.....	103.1	101.4	103.1	103.1	102.2	103.8	108.1	104.1	104.9	103.8
1961.....	104.2	102.6	103.9	104.4	103.0	105.0	111.3	104.6	107.2	104.6
1962.....	105.4	103.6	104.8	105.7	103.6	107.2	114.2	106.5	109.6	105.3
1963.....	106.7	105.1	106.0	106.8	104.8	107.8	117.0	107.9	111.5	107.1
1964 <sup>2</sup> .....	108.1	106.4	107.2	107.8	105.6	109.2	119.3	109.1	114.0	108.7
1963: Jan.....	106.0	104.7	105.4	106.3	103.7	106.6	115.8	107.4	110.2	105.7
Feb.....	106.1	105.0	105.4	106.4	104.0	106.8	115.9	107.3	110.0	105.7
Mar.....	106.2	104.6	105.7	106.4	104.2	107.0	116.1	107.3	110.1	105.7
Apr.....	106.2	104.3	105.8	106.5	104.4	107.0	116.4	107.6	111.0	105.8
May.....	106.2	104.2	105.7	106.6	104.3	107.4	116.7	107.8	110.7	106.0
June.....	106.6	105.0	105.9	106.7	104.5	107.4	117.2	107.8	110.9	107.6
July.....	107.1	106.2	106.0	106.7	104.5	107.8	117.3	108.0	111.5	108.0
Aug.....	107.1	106.0	106.0	106.8	104.7	108.3	117.4	108.0	112.1	108.0
Sept.....	107.1	105.4	106.2	107.0	105.4	107.9	117.5	108.2	112.3	108.0
Oct.....	107.2	104.9	106.3	107.1	105.9	109.0	117.7	108.4	112.7	108.2
Nov.....	107.4	105.1	106.6	107.2	106.1	109.1	117.9	108.4	112.8	108.3
Dec.....	107.6	105.4	106.9	107.3	106.1	108.9	117.9	108.8	113.1	108.3
1964: Jan <sup>3</sup> .....	107.7	105.8	106.9	107.3	105.0	109.4	118.2	108.5	113.1	108.3
Feb.....	107.6	106.0	106.9	107.5	105.1	108.6	118.5	108.4	113.3	108.4
Mar.....	107.7	105.7	107.1	107.5	105.3	108.9	118.7	108.7	113.6	108.5
Apr.....	107.8	105.7	107.0	107.7	105.6	109.0	119.0	108.7	114.0	108.6
May.....	107.8	105.5	106.9	107.7	105.7	109.1	119.1	108.9	114.1	108.7
June.....	108.0	106.2	107.1	107.8	105.7	109.2	119.3	109.1	114.0	108.7
July.....	108.3	107.2	107.1	107.8	105.5	109.4	119.5	109.3	114.1	108.9
Aug.....	108.2	106.9	107.2	107.9	105.3	109.3	119.8	109.4	114.2	108.9
Sept.....	108.4	107.2	107.4	107.9	105.9	108.9	119.7	109.5	114.3	109.0
Oct.....	108.5	106.9	107.6	108.2	106.2	109.4	119.9	109.7	114.5	109.1
Nov.....	108.7	106.8	107.7	108.3	106.4	110.0	120.2	109.7	114.9	109.1

<sup>1</sup> Not comparable to previous "apparel" series; index revised to include laundry and drycleaning; formerly included in housing group; indexes prior to 1953 estimated.

<sup>2</sup> Not available.

<sup>3</sup> January-November average.

<sup>4</sup> New series, beginning January 1964. For details, see Department of Labor Release, *Major Changes in the Consumer Price Index, March 3, 1964*.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-46.—Consumer price indexes, by special groups, 1935-64

## 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 <sup>1</sup>	Food	Commodities less food			All services <sup>1</sup>	Rent	All services less rent <sup>1</sup>
						All <sup>1</sup>	Durables <sup>1</sup>	Non-durables			
1935	47.8	52.5	46.1	45.0	42.1	50.3	47.1	48.8	52.3	56.9	49.5
1936	48.3	53.0	46.7	45.6	42.5	50.9	47.8	49.2	52.9	58.3	49.2
1937	50.0	54.9	48.2	47.4	44.2	53.1	50.8	51.2	54.5	60.9	49.7
1938	49.1	55.5	46.8	45.6	41.0	53.1	51.7	50.9	55.5	62.9	50.1
1939	48.4	55.1	46.0	44.7	39.9	52.2	50.6	50.1	55.6	63.0	50.1
1940	48.8	55.3	46.3	45.1	40.5	52.5	50.2	50.6	55.8	63.2	50.2
1941	51.3	56.9	49.1	48.2	44.2	55.1	53.7	52.8	56.5	64.3	50.7
1942	56.8	60.9	55.3	55.2	51.9	61.3	60.9	58.4	58.3	65.7	53.0
1943	60.3	62.6	59.5	60.1	57.9	63.9	63.0	60.9	59.4	65.7	55.3
1944	61.3	65.0	60.5	60.8	57.1	67.4	68.7	64.0	60.8	65.9	58.1
1945	62.7	66.5	62.1	62.6	58.4	70.1	73.9	66.3	61.6	66.1	59.2
1946	68.0	69.4	68.4	69.4	66.9	74.4	77.4	71.1	62.8	66.5	61.4
1947	77.8	75.8	79.4	83.4	81.3	84.0	83.8	81.7	65.4	68.7	64.5
1948	83.8	81.3	85.6	89.4	88.2	90.4	90.0	88.0	69.5	73.2	68.2
1949	83.0	82.1	84.1	87.1	84.7	89.1	91.3	86.3	72.7	76.4	71.6
1950	83.8	83.1	84.7	87.6	85.8	89.0	92.3	86.2	75.1	79.1	73.6
1951	90.5	88.4	91.8	95.5	95.4	95.7	99.3	92.7	79.0	82.3	78.1
1952	92.5	90.5	93.6	96.7	97.1	96.5	100.6	93.2	82.6	85.7	81.8
1953	93.2	92.3	93.9	96.4	95.6	96.6	99.5	94.0	86.0	90.3	84.9
1954	93.6	92.8	93.9	95.5	95.4	95.6	97.1	94.4	88.7	93.5	87.4
1955	93.3	93.1	93.4	94.6	94.0	94.9	95.3	94.4	90.5	94.8	89.4
1956	94.7	94.7	94.7	95.5	94.7	95.9	95.4	96.5	92.8	96.5	91.9
1957	95.0	97.9	97.8	98.5	97.8	98.8	98.5	99.1	96.6	98.3	96.1
1958	100.7	100.1	100.7	100.8	101.9	99.9	100.0	99.8	100.3	100.1	100.2
1959	101.5	102.0	101.5	100.9	100.3	101.2	101.5	101.0	103.2	101.6	103.6
1960	103.1	103.7	103.0	101.7	101.4	101.7	100.9	102.6	106.6	103.1	107.4
1961	104.2	104.8	104.2	102.3	102.6	102.0	100.8	103.2	108.8	104.4	110.0
1962	105.4	106.1	105.4	103.2	103.6	102.8	101.8	103.8	110.9	105.7	112.1
1963	106.7	107.4	106.7	104.1	105.1	103.5	102.1	104.8	113.0	106.8	114.5
1964 <sup>2</sup>	108.1	108.8	107.9	105.1	106.4	104.3	102.9	105.7	115.1	107.8	116.8
1963: Jan.	106.0	106.5	105.9	103.4	104.7	102.6	101.2	104.0	112.0	106.3	113.4
Feb.	106.1	106.6	106.1	103.6	105.0	102.7	101.2	104.1	112.1	106.4	113.4
Mar.	106.2	106.8	106.1	103.6	104.6	102.9	101.5	104.2	112.3	106.4	113.7
Apr.	106.2	107.0	106.1	103.6	104.3	103.1	101.8	104.3	112.5	106.5	114.0
May	106.2	107.0	106.1	103.5	104.2	103.0	101.8	104.2	112.6	106.6	114.0
June	106.6	107.3	106.6	104.0	105.0	103.3	102.0	104.5	112.9	106.7	114.4
July	107.1	107.5	107.1	104.6	106.2	103.5	102.1	104.8	113.1	106.7	114.6
Aug.	107.1	107.6	107.2	104.6	106.0	103.6	102.1	105.0	113.3	106.8	114.8
Sept.	107.1	107.8	107.1	104.4	105.4	103.7	102.2	105.2	113.5	107.0	115.1
Oct.	107.2	108.1	107.2	104.5	104.9	104.2	102.7	105.6	113.7	107.1	115.3
Nov.	107.4	108.4	107.4	104.7	105.1	104.5	103.1	105.8	113.9	107.2	115.5
Dec.	107.6	108.5	107.5	104.9	105.4	104.5	103.0	105.9	114.1	107.3	115.8
1964: Jan. <sup>3</sup>	107.7	108.4	107.6	104.9	105.8	104.3	102.9	105.6	114.2	107.3	116.0
Feb.	107.6	108.4	107.5	104.8	106.0	104.1	102.9	105.3	114.3	107.5	116.0
Mar.	107.7	108.6	107.5	104.8	105.7	104.3	102.9	105.6	114.5	107.5	116.3
Apr.	107.8	108.6	107.7	104.9	105.7	104.3	102.9	105.6	114.8	107.7	116.5
May	107.8	108.7	107.7	104.8	105.5	104.3	102.8	105.7	114.9	107.7	116.6
June	108.0	108.8	107.9	105.0	106.2	104.3	102.9	105.6	115.1	107.8	116.8
July	108.3	108.8	108.2	105.3	107.2	104.3	102.9	105.6	115.3	107.8	117.0
Aug.	108.2	108.9	108.1	105.2	106.9	104.2	102.8	105.6	115.4	107.9	117.2
Sept.	108.4	109.0	108.2	105.4	107.2	104.3	102.8	105.8	115.5	107.9	117.4
Oct.	108.5	109.2	108.3	105.5	106.9	104.6	103.1	106.0	115.7	108.2	117.6
Nov.	108.7	109.5	108.5	105.6	106.8	104.8	103.5	106.1	116.0	108.3	117.9

<sup>1</sup> Indexes have been revised to reflect transfer of homeownership from services to durable commodities; indexes prior to 1956 estimated. For details, see Department of Labor release, *Major Changes in the Consumer Price Index, March 3, 1964*.

<sup>2</sup> January-November average.

<sup>3</sup> New series beginning January 1964.

Source: Department of Labor, Bureau of Labor Statistics.

# MONEY SUPPLY, CREDIT, AND FINANCE

TABLE B-47.—*Money supply, 1947-64*

(Averages of daily figures, billions of dollars)

Year and month	Total money supply and time deposits adjusted	Money supply <sup>1</sup>			Time deposits adjusted <sup>2</sup>	Total money supply and time deposits adjusted	Money supply <sup>1</sup>			Time deposits adjusted <sup>2</sup>	U.S. Government demand deposits <sup>3</sup>
		Total	Currency component	Demand deposit component			Total	Currency component	Demand deposit component		
Seasonally adjusted						Unadjusted					
1947: Dec. ....	148.5	113.1	26.4	86.7	35.4	151.0	115.9	26.8	89.1	35.1	1.0
1948: Dec. ....	147.5	111.5	25.8	85.8	36.0	150.0	114.3	26.2	88.1	35.7	1.8
1949: Dec. ....	147.6	111.2	25.1	86.0	36.4	150.0	113.9	25.5	88.4	36.1	2.8
1950: Dec. ....	152.9	116.2	25.0	91.2	36.7	155.6	119.2	25.4	93.8	36.4	2.4
1951: Dec. ....	160.9	122.7	26.1	96.5	38.2	163.8	125.8	26.6	99.2	38.0	2.7
1952: Dec. ....	168.5	127.4	27.3	100.1	41.1	171.7	130.8	27.8	103.0	40.9	4.9
1953: Dec. ....	173.3	128.8	27.7	101.1	44.5	176.3	132.1	28.2	103.9	44.2	3.8
1954: Dec. ....	180.6	132.3	27.4	104.9	48.3	183.6	135.6	27.9	107.7	48.0	5.0
1955: Dec. ....	185.2	135.2	27.8	107.4	50.0	188.2	138.6	28.4	110.2	49.6	3.4
1956: Dec. ....	188.8	136.9	28.2	108.7	51.9	191.7	140.3	28.8	111.5	51.4	3.4
1957: Dec. ....	193.3	135.9	28.3	107.6	57.4	196.0	139.3	28.9	110.4	56.7	3.5
1958: Dec. ....	206.5	141.1	28.6	112.6	65.4	208.3	144.7	29.2	115.5	64.6	3.9
1959: Dec. ....	209.5	142.1	28.9	113.2	67.4	212.2	145.6	29.5	116.1	66.6	4.9
1960: Dec. ....	214.0	141.1	28.9	112.1	72.9	216.8	144.7	29.6	115.2	72.1	4.7
1961: Dec. ....	228.3	145.5	29.6	116.0	82.8	231.2	149.4	30.2	119.2	81.8	4.9
1962: Dec. ....	245.5	147.6	30.6	117.1	97.9	248.3	151.6	31.2	120.3	96.7	5.6
1963: Dec. ....	265.5	153.2	32.4	120.7	112.3	268.2	157.2	33.1	124.1	111.0	5.2
1964: Dec. <sup>4</sup> .....	285.9	159.4	34.2	125.2	126.5	288.6	163.6	34.9	128.7	125.0	5.5
1963: Jan. ....	247.2	148.0	30.7	117.4	99.2	250.4	151.8	30.5	121.2	98.6	4.8
Feb. ....	248.9	148.4	30.9	117.6	100.5	248.5	148.4	30.5	117.9	100.1	5.7
Mar. ....	260.8	148.9	31.1	117.8	101.9	249.5	147.6	30.7	116.9	101.9	6.0
Apr. ....	252.0	149.2	31.2	118.1	102.8	252.9	149.8	30.9	118.9	103.1	4.2
May. ....	253.2	149.6	31.3	118.3	103.6	251.8	147.5	31.0	116.5	104.3	7.1
June. ....	264.8	150.2	31.5	118.6	104.6	253.5	148.3	31.4	116.9	105.2	7.5
July. ....	256.6	151.0	31.6	119.4	105.6	255.7	149.5	31.8	117.7	106.2	7.8
Aug. ....	258.3	151.2	31.8	119.5	107.1	256.7	149.2	31.9	117.3	107.5	6.3
Sept. ....	259.7	151.6	31.9	119.7	108.1	258.9	150.6	31.9	118.6	108.3	6.6
Oct. ....	261.6	152.3	32.0	120.3	109.3	262.0	152.5	32.1	120.4	109.5	5.3
Nov. ....	264.6	153.5	32.3	121.2	111.1	265.0	154.8	32.6	122.1	110.2	4.4
Dec. ....	265.5	153.2	32.4	120.7	112.3	268.2	157.2	33.1	124.1	111.0	5.2
1964: Jan. ....	267.7	153.8	32.6	121.2	113.9	271.0	157.8	32.4	125.4	113.2	4.2
Feb. ....	268.9	153.8	32.7	121.1	115.1	268.4	153.8	32.3	121.5	114.6	4.8
Mar. ....	269.9	154.2	32.9	121.3	115.7	268.6	152.9	32.6	120.3	115.7	6.1
Apr. ....	270.9	154.5	33.0	121.5	116.4	271.7	155.0	32.7	122.3	116.7	4.2
May. ....	271.9	154.5	33.3	121.3	117.4	270.5	152.4	33.0	119.4	118.1	6.9
June. ....	274.1	155.6	33.4	122.1	118.5	272.8	153.6	33.3	120.3	119.2	7.8
July. ....	276.1	156.7	33.5	123.3	119.4	275.3	155.2	33.7	121.5	120.1	7.0
Aug. ....	277.8	157.2	33.7	123.5	120.6	276.2	155.1	33.8	121.3	121.1	6.4
Sept. ....	279.7	158.0	33.8	124.2	121.7	278.9	156.9	33.8	123.1	122.0	6.6
Oct. ....	281.7	158.6	33.9	124.7	123.1	282.1	158.8	34.0	124.8	123.3	5.6
Nov. ....	284.2	159.1	34.2	124.9	125.1	284.5	160.4	34.5	125.9	124.1	5.8
Dec. <sup>4</sup> .....	285.9	159.4	34.2	125.2	126.5	288.6	163.6	34.9	128.7	125.0	5.5

<sup>1</sup> Money supply consists of (1) currency outside the Treasury, the Federal Reserve, and vaults of all commercial banks; (2) demand deposits at all commercial banks, other than those due to domestic commercial banks and the U.S. Government, less cash items in process of collection and Federal Reserve float; and (3) foreign demand balances at Federal Reserve Banks.

<sup>2</sup> Time deposits adjusted are time deposits at all commercial banks other than those due to domestic commercial banks and the U.S. Government.

<sup>3</sup> Deposits at all commercial banks.

<sup>4</sup> Preliminary.

NOTE.—Between January and August 1959, the series were expanded to include data for all banks in Alaska and Hawaii.

Source: Board of Governors of the Federal Reserve System.

TABLE B-48.—*Bank loans and investments, 1929-64*  
[Billions of dollars]

Year or month	All commercial banks <sup>1</sup>				Weekly re- porting mem- ber banks <sup>2</sup>
	Total loans and invest- ments <sup>3</sup>	Loans <sup>4</sup>	Investments		Business loans <sup>5</sup>
			U.S. Gov- ernment securities	Other securities	
1929: June <sup>6</sup>	49.4	35.7	4.9	8.7	
1930: June <sup>6</sup>	48.9	34.5	5.0	9.4	
1931: June <sup>6</sup>	44.9	29.2	6.0	9.7	
1932: June <sup>6</sup>	36.1	21.8	6.2	8.1	
1933: June <sup>6</sup>	30.4	16.8	7.5	6.5	
1934: June <sup>6</sup>	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	16.8	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	11.8
1947	116.3	38.1	69.2	9.0	14.7
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	61.2	12.4	17.9
1951	130.2	56.5	60.3	13.4	21.6
1952	139.1	62.8	62.1	14.2	23.4
1953	143.1	66.1	62.3	14.7	23.4
1954	153.1	69.0	67.7	16.4	22.4
1955	157.6	80.5	60.3	16.8	26.7
1956	161.6	88.0	57.3	16.8	30.8
1957	166.4	91.4	57.1	17.9	31.8
1958	181.2	95.6	65.1	20.5	31.7
1959	185.9	107.6	57.8	20.5	30.7
1960	194.5	113.8	59.9	20.8	32.2
1961	200.8	120.5	65.4	23.9	32.9
1962 <sup>6</sup>	228.3	133.9	65.2	29.2	35.2
1963 <sup>6</sup>	246.5	149.4	62.1	35.0	38.8
1964 <sup>6,7</sup>	266.0	166.7	60.9	38.4	41.7
1963: Jan.	229.6	134.8	65.0	29.8	34.3
Feb.	231.6	136.3	65.1	30.2	34.6
Mar.	233.5	137.3	65.7	30.5	35.2
Apr.	233.5	137.6	64.7	31.2	35.0
May	235.5	139.4	64.2	31.9	35.0
June	238.4	141.7	64.4	32.3	35.6
July	238.0	142.6	62.6	32.8	35.0
Aug.	239.2	143.6	62.0	33.6	35.2
Sept.	241.5	145.4	62.2	33.9	35.9
Oct.	241.2	146.1	60.8	34.3	36.3
Nov.	244.2	148.4	61.4	34.4	37.3
Dec. <sup>6</sup>	246.5	149.4	62.1	35.0	38.8
1964: Jan.	246.7	151.0	60.8	34.9	37.2
Feb.	248.4	151.8	61.2	35.4	37.6
Mar.	251.4	153.9	62.1	35.4	38.2
Apr.	251.8	155.4	60.8	35.6	38.1
May	253.5	157.3	60.3	35.9	38.3
June	256.3	160.0	60.0	36.3	38.7
July	254.5	159.7	58.4	36.4	38.5
Aug.	258.7	161.5	60.2	37.0	38.9
Sept.	261.7	163.0	61.2	37.5	40.0
Oct. <sup>7</sup>	260.8	163.1	59.9	37.8	39.9
Nov. <sup>7</sup>	264.9	165.2	61.3	38.4	40.5
Dec. <sup>6,7</sup>	266.0	166.7	60.9	38.4	42.1

<sup>1</sup> Data are for last Wednesday of month (except June 30 and December 31 call dates) for all commercial banks. Seasonally adjusted data beginning 1948.

<sup>2</sup> Adjusted to exclude interbank loans beginning 1948.

<sup>3</sup> Member banks are all national banks and those State banks which have taken membership in the Federal Reserve System. Weekly reporting member banks comprise about 350 large banks in over 100 leading cities. Data are for last Wednesday of month.

<sup>4</sup> Commercial and industrial loans and prior to 1956, agricultural loans. Beginning July 1959, loans to financial institutions excluded. Series revised beginning July 1946, October 1955, July 1958, and July 1959. Prior to 1944 published data adjusted to include open market paper.

<sup>5</sup> June data are used because complete end-of-year data are not available prior to 1935 for U.S. Government obligations and other securities.

<sup>6</sup> Commercial bank data are estimates for December 31.

<sup>7</sup> Preliminary.

NOTE.—National bank data in Alaska and Hawaii included beginning April 1954 and 1959, respectively. All other bank data in Alaska and Hawaii included beginning January 1959 and August 1959, respectively.

Sources: Board of Governors of the Federal Reserve System.

TABLE B-49.—Bond yields and interest rates, 1929-64

[Percent per annum]

Year or month	U.S. Government securities				Corporate bonds (Moody's)		High-grade municipal bonds (Standard & Poor's)	Average rate on short-term bank loans to business—selected cities	Prime commercial paper, 4-6 months	Federal Reserve Bank discount rate
	3-month Treasury bills <sup>1</sup>	9-12 month issues <sup>2</sup>	3-5 year issues <sup>3</sup>	Taxable bonds <sup>4</sup>	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	.615	(?)	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	3.40	(?)	.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	2.7	1.49	1.50
1950	1.218	1.26	1.50	2.32	2.62	3.24	1.98	2.7	1.45	1.59
1951	1.552	1.73	1.93	2.57	2.86	3.41	2.00	3.1	2.16	1.75
1952	1.766	1.81	2.13	2.68	2.96	3.52	2.19	3.5	2.33	1.75
1953	1.931	2.07	2.56	2.94	3.20	3.74	2.72	3.7	2.52	1.99
1954	.963	.92	1.82	2.55	2.90	3.51	2.37	3.6	1.58	1.60
1955	1.753	1.89	2.50	2.84	3.06	3.53	2.53	3.7	2.19	1.89
1956	2.658	2.83	3.12	3.08	3.36	3.88	2.83	4.2	3.31	2.77
1957	3.267	3.53	3.62	3.47	3.89	4.71	3.60	4.6	3.81	3.12
1958	1.839	2.09	2.90	3.43	3.79	4.73	3.56	4.3	2.46	2.16
1959	3.405	4.11	4.33	4.08	4.38	5.05	3.95	5.0	3.97	3.36
1960	2.928	3.55	3.99	4.02	4.41	5.19	3.73	5.2	3.85	3.53
1961	2.378	2.91	3.60	3.90	4.35	5.08	3.46	5.0	2.97	3.00
1962	2.778	3.02	3.57	3.95	4.33	5.02	3.18	5.0	3.26	3.00
1963	3.157	3.26	3.72	4.00	4.26	4.86	3.23	5.0	3.55	3.23
1964	3.549	3.76	4.06	4.15	4.40	4.83	3.22	5.0	3.97	3.55
1962: Jan.	2.746	3.08	3.84	4.08	4.42	5.08	3.32	-----	3.26	3.00
Feb.	2.752	3.11	3.77	4.09	4.42	5.07	3.28	-----	3.22	3.00
Mar.	2.719	2.99	3.55	4.01	4.39	5.04	3.19	4.98	3.25	3.00
Apr.	2.735	2.94	3.48	3.89	4.33	5.02	3.08	-----	3.20	3.00
May	2.694	2.98	3.53	3.88	4.28	5.00	3.09	-----	3.16	3.00
June	2.719	3.02	3.51	3.90	4.28	5.02	3.24	5.01	3.26	3.00
July	2.945	3.23	3.71	4.02	4.34	5.05	3.30	-----	3.36	3.00
Aug.	2.837	3.13	3.57	3.98	4.35	5.06	3.31	-----	3.30	3.00
Sept.	2.792	3.00	3.56	3.94	4.32	5.03	3.18	4.99	3.34	3.00
Oct.	2.751	2.90	3.46	3.89	4.28	4.99	3.03	-----	3.27	3.00
Nov.	2.803	2.92	3.46	3.87	4.25	4.96	3.03	-----	3.23	3.00
Dec.	2.856	2.95	3.44	3.87	4.24	4.92	3.12	5.02	3.29	3.00

See footnotes at end of table.

TABLE B-49.—Bond yields and interest rates, 1929-64—Continued

[Percent per annum]

Year or month	U.S. Government securities				Corporate bonds (Moody's)		High-grade municipal bonds (Standard & Poor's)	Average rate on short-term bank loans to business—selected cities	Prime commercial paper, 4-6 months	Federal Reserve Bank discount rate
	3-month Treasury bills <sup>1</sup>	9-12 month issues <sup>2</sup>	3-5 year issues <sup>3</sup>	Taxable bonds <sup>4</sup>	Aaa	Baa				
1963: Jan.....	2.914	2.97	3.47	3.89	4.21	4.91	3.12	-----	3.34	3.00
Feb.....	2.916	2.89	3.48	3.92	4.19	4.89	3.18	-----	3.25	3.00
Mar.....	2.897	2.99	3.50	3.93	4.19	4.88	3.11	5.00	3.34	3.00
Apr.....	2.909	3.02	3.56	3.97	4.21	4.87	3.11	-----	3.32	3.00
May.....	2.920	3.06	3.57	3.97	4.22	4.86	3.15	-----	3.25	3.00
June.....	2.995	3.17	3.67	4.00	4.23	4.84	3.27	5.01	3.38	3.00
July.....	3.143	3.33	3.78	4.01	4.26	4.84	3.29	-----	3.49	3.24
Aug.....	3.320	3.41	3.81	3.99	4.29	4.83	3.22	-----	3.72	3.50
Sept.....	3.379	3.54	3.88	4.04	4.31	4.84	3.27	5.01	3.88	3.50
Oct.....	3.453	3.59	3.91	4.07	4.32	4.83	3.32	-----	3.88	3.50
Nov.....	3.522	3.70	3.97	4.11	4.33	4.84	3.41	-----	3.88	3.50
Dec.....	3.523	3.77	4.04	4.14	4.35	4.85	3.34	5.00	3.96	3.50
1964: Jan.....	3.529	3.66	4.06	4.15	4.37	4.83	3.23	-----	3.97	3.50
Feb.....	3.532	3.63	4.02	4.14	4.36	4.83	3.17	-----	3.88	3.50
Mar.....	3.553	3.67	4.15	4.18	4.38	4.83	3.32	4.99	4.00	3.50
Apr.....	3.494	3.63	4.18	4.20	4.40	4.85	3.29	-----	3.91	3.50
May.....	3.482	3.67	4.07	4.16	4.41	4.85	3.21	-----	3.89	3.50
June.....	3.478	3.83	4.03	4.13	4.41	4.85	3.20	4.99	4.00	3.50
July.....	3.479	3.68	3.99	4.13	4.40	4.83	3.18	-----	3.96	3.50
Aug.....	3.506	3.73	3.99	4.14	4.41	4.82	3.20	-----	3.88	3.50
Sept.....	3.527	3.82	4.03	4.16	4.42	4.82	3.25	4.98	3.89	3.50
Oct.....	3.575	3.83	4.04	4.16	4.42	4.81	3.26	-----	4.00	3.50
Nov.....	3.624	3.88	4.04	4.12	4.43	4.81	3.18	-----	4.02	3.62
Dec.....	3.856	3.96	4.07	4.14	4.44	4.81	3.15	5.00	4.17	4.00

<sup>1</sup> 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.

<sup>2</sup> Includes certificates of indebtedness and selected note and bond issues (fully taxable).

<sup>3</sup> Selected note and bond issues. Issues were partially tax exempt prior to 1941, and fully taxable thereafter.

<sup>4</sup> 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, 16 years.

<sup>5</sup> Treasury bills were first issued in December 1929 and were issued irregularly in 1930.

<sup>6</sup> Not available before August 1942.

<sup>7</sup> Not available on same basis as for 1939 and subsequent years.

<sup>8</sup> From October 30, 1942, to April 24, 1946, a preferential rate of 0.50 percent was in effect for advances secured by Government securities maturing or callable in 1 year or less.

<sup>9</sup> Series revised to exclude loans to nonbank financial institutions.

NOTE.—Yields and rates computed for New York City, except for short-term bank loans.

Sources: Treasury Department, Board of Governors of the Federal Reserve System, Moody's Investors Service, and Standard & Poor's Corporation.

TABLE B-50.—Federal Reserve Bank credit and member bank reserves, 1929-64

[Averages of daily figures, millions of dollars]

Year and month	Reserve Bank credit outstanding				Member bank reserves			Member bank free reserves (excess reserves less borrowings)
	Total	U.S. Government securities	Member bank borrowings	All other, mainly float	Total	Required	Excess	
1929: Dec.....	1,643	446	801	396	2,395	2,347	48	-753
1930: Dec.....	1,273	644	337	292	2,415	2,342	73	-264
1931: Dec.....	1,950	777	763	410	2,069	2,010	60	-703
1932: Dec.....	2,192	1,854	281	57	2,435	1,909	526	245
1933: Dec.....	2,669	2,432	95	142	2,588	1,822	766	671
1934: Dec.....	2,472	2,430	10	32	2,037	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	1,056
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	483	13,152	10,776	2,376	2,372
1943: Dec.....	11,914	11,166	90	659	12,749	11,701	1,048	958
1944: Dec.....	19,612	18,693	265	654	14,168	12,884	1,284	1,019
1945: Dec.....	24,744	23,708	334	702	16,027	14,536	1,491	1,187
1946: Dec.....	24,746	23,767	157	821	16,517	15,617	900	743
1947: Dec.....	22,858	21,905	224	729	17,261	16,275	986	762
1948: Dec.....	23,978	23,002	134	842	19,990	19,193	797	663
1949: Dec.....	19,012	18,287	118	607	16,291	15,488	803	686
1950: Dec.....	21,606	20,345	142	1,119	17,391	16,364	1,027	885
1951: Dec.....	25,446	23,409	657	1,380	20,310	19,484	826	169
1952: Dec.....	27,299	24,400	1,593	1,306	21,180	20,457	723	-870
1953: Dec.....	27,107	25,639	441	1,027	19,920	19,227	693	252
1954: Dec.....	26,317	24,917	246	1,154	19,279	18,576	703	457
1955: Dec.....	26,853	24,602	839	1,412	19,240	18,646	594	-245
1956: Dec.....	27,156	24,765	688	1,703	19,535	18,883	652	-36
1957: Dec.....	26,186	23,982	710	1,494	19,420	18,843	577	-133
1958: Dec.....	26,412	26,312	567	1,543	18,999	18,383	516	-41
1959: Dec.....	29,435	27,036	906	1,493	18,892	18,450	442	-424
1960: Dec.....	29,060	27,248	87	1,725	19,283	18,514	769	682
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 <sup>1</sup> .....	39,873	37,126	243	2,504	21,615	21,201	414	171
1963: Jan.....	32,663	30,198	99	2,366	20,032	19,558	474	384
Feb.....	32,287	30,541	172	1,574	19,582	19,109	473	300
Mar.....	32,477	30,613	155	1,709	19,515	19,091	424	271
Apr.....	32,692	30,897	121	1,674	19,572	19,138	434	313
May.....	32,972	31,138	209	1,625	19,679	19,223	456	248
June.....	33,454	31,640	236	1,678	19,729	19,355	374	141
July.....	34,262	32,158	322	1,782	20,020	19,537	483	158
Aug.....	34,080	32,233	330	1,517	19,719	19,256	463	137
Sept.....	34,440	32,341	321	1,778	19,945	19,533	412	92
Oct.....	34,628	32,648	313	1,667	20,003	19,596	407	94
Nov.....	35,353	33,126	376	1,851	20,114	19,705	409	33
Dec.....	36,610	33,729	327	2,554	20,746	20,210	536	209
1964: Jan.....	35,770	33,200	256	2,314	20,673	20,242	431	175
Feb.....	35,028	33,009	304	1,715	20,146	19,753	393	89
Mar.....	35,454	33,389	259	1,806	20,213	19,855	358	99
Apr.....	35,602	33,498	213	1,891	20,277	19,897	380	167
May.....	35,981	33,907	255	1,819	20,220	19,883	337	82
June.....	36,760	34,631	270	1,859	20,558	20,168	390	120
July.....	37,077	34,898	265	1,914	20,665	20,265	400	135
Aug.....	37,170	35,118	334	1,718	20,566	20,149	417	83
Sept.....	37,578	35,273	331	1,974	20,928	20,508	420	89
Oct.....	37,747	35,334	309	2,104	21,033	20,618	415	106
Nov <sup>2</sup> .....	38,421	36,036	430	1,955	21,160	20,764	396	-34
Dec <sup>3</sup> .....	39,873	37,126	243	2,504	21,615	21,201	414	171

<sup>1</sup> Data from March 1933 through April 1934 are for licensed banks only.<sup>2</sup> Beginning December 1959, total reserves held include vault cash allowed.<sup>3</sup> Preliminary.

NOTE.—Data for member banks in Alaska and Hawaii included beginning 1954 and 1959, respectively.

Source: Board of Governors of the Federal Reserve System.



TABLE B-51.—Short- and intermediate-term consumer credit outstanding, 1929-64

(Millions of dollars)

End of year or month	Total	Instalment credit					Noninstalment credit		
		Total	Auto- mobile paper <sup>1</sup>	Other con- sumer goods paper <sup>1</sup>	Repair and modern- ization loans <sup>2</sup>	Per- sonal loans	Total	Charge ac- counts	Other <sup>3</sup>
1929.....	7,116	3,524	1,384	1,544	27	569	3,592	1,996	1,596
1930.....	6,351	3,022	986	1,432	25	579	3,329	1,833	1,496
1931.....	5,315	2,463	684	1,214	22	543	2,852	1,635	1,217
1932.....	4,026	1,672	356	834	18	464	2,354	1,374	980
1933.....	3,885	1,723	493	799	15	416	2,162	1,286	876
1934.....	4,218	1,999	614	889	37	459	2,219	1,306	913
1935.....	5,190	2,817	992	1,000	253	572	2,373	1,354	1,019
1936.....	6,375	3,747	1,372	1,290	364	721	2,628	1,428	1,200
1937.....	6,948	4,118	1,494	1,505	219	900	2,830	1,504	1,326
1938.....	6,370	3,686	1,099	1,442	218	927	2,684	1,403	1,281
1939.....	7,222	4,503	1,497	1,620	298	1,088	2,719	1,414	1,305
1940.....	8,338	5,514	2,071	1,827	371	1,245	2,824	1,471	1,353
1941.....	9,172	6,085	2,458	1,929	376	1,322	3,087	1,645	1,442
1942.....	5,983	3,166	742	1,195	255	974	2,817	1,444	1,373
1943.....	4,901	2,136	355	819	130	832	2,765	1,440	1,325
1944.....	5,111	2,176	397	791	119	869	2,935	1,517	1,418
1945.....	5,665	2,462	455	816	182	1,009	3,203	1,612	1,591
1946.....	8,384	4,172	981	1,290	405	1,496	4,212	2,076	2,136
1947.....	11,598	6,695	1,924	2,143	718	1,910	4,903	2,381	2,522
1948.....	14,447	8,996	3,018	2,901	853	2,224	5,451	2,722	2,729
1949.....	17,364	11,590	4,555	3,706	898	2,431	5,774	2,854	2,920
1950.....	21,471	14,703	6,074	4,799	1,016	2,814	6,768	3,367	3,401
1951.....	22,712	15,294	5,972	4,880	1,085	3,357	7,418	3,700	3,718
1952.....	27,520	19,403	7,733	6,174	1,385	4,111	8,117	4,130	3,987
1953.....	31,393	23,005	9,835	6,779	1,610	4,781	8,388	4,274	4,114
1954.....	32,464	23,568	9,809	6,751	1,616	5,392	8,896	4,485	4,411
1955.....	38,830	28,906	13,460	7,641	1,693	6,112	9,924	4,795	5,129
1956.....	42,334	31,720	14,420	8,606	1,905	6,789	10,614	4,995	5,619
1957.....	44,970	33,867	15,340	8,844	2,101	7,582	11,103	5,146	5,957
1958.....	45,129	33,642	14,152	9,028	2,346	8,116	11,487	5,060	6,427
1959.....	51,542	39,245	16,420	10,630	2,809	9,386	12,297	5,104	7,193
1960.....	56,028	42,832	17,688	11,525	3,139	10,480	13,196	5,329	7,867
1961.....	57,678	43,527	17,223	11,857	3,191	11,256	14,151	5,324	8,827
1962.....	63,164	48,034	19,540	12,605	3,246	12,643	15,130	5,684	9,446
1963.....	69,890	53,745	22,199	13,766	3,389	14,391	16,145	5,871	10,274
1964 <sup>4</sup> .....	76,700	59,300	24,550	15,200	3,500	16,050	17,400	6,300	11,100
1963: Jan.....	62,462	47,920	19,582	12,453	3,211	12,674	14,542	5,071	9,471
Feb.....	61,989	47,862	19,678	12,250	3,185	12,739	14,137	4,611	9,526
Mar.....	62,149	48,075	19,930	12,149	3,177	12,819	14,074	4,374	9,700
Apr.....	63,167	48,806	20,376	12,197	3,200	13,033	14,361	4,681	9,780
May.....	64,135	49,484	20,794	12,272	3,245	13,173	14,651	4,793	9,858
June.....	64,987	50,307	21,236	12,422	3,281	13,368	14,680	4,783	9,897
July.....	65,491	50,894	21,593	12,459	3,316	13,526	14,597	4,760	9,837
Aug.....	66,308	51,528	21,819	12,607	3,357	13,743	14,782	4,839	9,943
Sept.....	66,538	51,718	21,726	12,702	3,377	13,914	14,820	4,833	9,987
Oct.....	67,088	52,257	21,971	12,845	3,400	14,041	14,831	4,898	9,933
Nov.....	67,746	52,695	22,107	13,046	3,407	14,135	15,051	4,999	10,052
Dec.....	69,890	53,745	22,199	13,766	3,389	14,391	16,145	5,871	10,274
1964: Jan.....	69,203	53,597	22,189	13,638	3,354	14,416	15,606	5,339	10,267
Feb.....	68,786	53,552	22,271	13,467	3,335	14,479	15,234	4,805	10,429
Mar.....	68,913	53,795	22,471	13,451	3,321	14,552	15,118	4,634	10,484
Apr.....	69,816	54,382	22,830	13,476	3,328	14,748	15,434	4,833	10,601
May.....	70,945	55,120	23,255	13,599	3,364	14,902	15,825	5,099	10,726
June.....	71,907	55,914	23,702	13,730	3,395	15,087	15,993	5,238	10,755
July.....	72,456	56,496	24,024	13,813	3,426	15,233	15,960	5,240	10,720
Aug.....	73,069	57,055	24,251	13,923	3,466	15,415	16,014	5,231	10,783
Sept.....	73,495	57,446	24,295	14,046	3,493	15,612	16,049	5,223	10,826
Oct.....	73,928	57,826	24,423	14,222	3,509	15,672	16,102	5,352	10,750
Nov.....	74,371	58,085	24,367	14,431	3,516	15,771	16,286	5,394	10,892
Dec <sup>4</sup> .....	76,700	59,300	24,550	15,200	3,500	16,050	17,400	6,300	11,100

<sup>1</sup> Includes all consumer credit extended for the purpose of purchasing automobiles and other consumer goods.<sup>2</sup> Includes only such loans held by financial institutions; those held by retail outlets are included in "other consumer goods paper."<sup>3</sup> Single-payment loans and service credit.<sup>4</sup> Preliminary; December by Council of Economic Advisers.

NOTE.—Data for Alaska and Hawaii included beginning January and August 1959, respectively.

Source: Board of Governors of the Federal Reserve System (except as noted).

TABLE B-52.—*Installment credit extended and repaid, 1946-64*

[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	5,353	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	9,136	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	11,533	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.....	39,868	37,054	15,515	14,555	11,721	10,756	1,582	1,370	11,051	10,373
1957.....	42,016	39,868	16,465	15,545	11,807	11,569	1,674	1,477	12,069	11,276
1958.....	40,119	40,344	14,226	15,415	11,747	11,563	1,871	1,626	12,275	11,741
1959.....	48,052	42,603	17,779	15,579	13,982	12,402	2,222	1,765	14,070	12,857
1960.....	49,560	45,972	17,654	16,384	14,470	13,574	2,213	1,893	15,223	14,130
1961.....	48,396	47,700	16,007	16,472	14,578	14,246	2,068	2,015	15,744	14,967
1962.....	55,126	50,620	19,796	17,478	15,685	14,939	2,051	1,996	17,594	16,206
1963.....	60,822	55,111	22,013	19,354	17,007	15,846	2,178	2,035	19,624	17,876
1964 <sup>1</sup> .....	65,800	60,275	23,525	21,150	19,000	17,600	2,225	2,100	21,050	19,425
Seasonally adjusted										
1963: Jan.....	4,899	4,414	1,807	1,564	1,360	1,277	172	167	1,560	1,406
Feb.....	4,957	4,462	1,809	1,566	1,395	1,289	169	165	1,584	1,442
Mar.....	4,973	4,496	1,811	1,546	1,406	1,324	180	170	1,576	1,456
Apr.....	5,008	4,487	1,870	1,585	1,359	1,276	187	170	1,592	1,456
May.....	4,985	4,544	1,847	1,611	1,357	1,294	188	170	1,593	1,469
June.....	5,054	4,568	1,820	1,588	1,408	1,317	186	167	1,640	1,496
July.....	5,100	4,591	1,854	1,603	1,409	1,330	191	171	1,646	1,487
Aug.....	5,100	4,619	1,802	1,607	1,441	1,326	185	170	1,672	1,516
Sept.....	5,093	4,752	1,730	1,659	1,425	1,347	181	174	1,757	1,572
Oct.....	5,311	4,780	1,910	1,676	1,457	1,362	188	170	1,756	1,572
Nov.....	4,979	4,596	1,792	1,638	1,432	1,324	168	167	1,587	1,467
Dec.....	5,272	4,812	1,914	1,707	1,523	1,384	172	177	1,663	1,544
1964: Jan.....	5,276	4,848	1,888	1,684	1,493	1,441	185	176	1,710	1,547
Feb.....	5,421	4,842	1,953	1,716	1,578	1,395	186	171	1,704	1,560
Mar.....	5,480	4,956	1,942	1,735	1,665	1,468	179	174	1,694	1,579
Apr.....	5,371	4,959	1,961	1,759	1,544	1,453	174	172	1,692	1,575
May.....	5,552	5,059	2,023	1,776	1,589	1,483	187	175	1,753	1,625
June.....	5,399	5,029	1,962	1,768	1,537	1,486	183	170	1,717	1,605
July.....	5,541	5,058	1,996	1,781	1,546	1,448	189	171	1,810	1,658
Aug.....	5,529	5,094	2,017	1,789	1,570	1,496	186	172	1,756	1,637
Sept.....	5,617	5,104	2,024	1,802	1,588	1,491	186	172	1,819	1,639
Oct.....	5,507	5,097	1,924	1,788	1,582	1,456	180	167	1,821	1,696
Nov.....	6,456	5,155	1,858	1,818	1,631	1,509	175	174	1,792	1,654
Dec <sup>1</sup> .....	6,700	5,200	2,050	1,825	1,675	1,550	175	175	1,800	1,650

<sup>1</sup> Preliminary; December by Council of Economic Advisers.

NOTE.—Data for Alaska and Hawaii included beginning January and August 1959, respectively. Therefore, the difference between extensions and repayments for January and August 1959 and for the year 1959 does not equal the net change in credit outstanding.

Source: Board of Governors of the Federal Reserve System (except as noted).

TABLE B-53.—*Mortgage debt outstanding, by type of property and of financing, 1939-64*

(Billions of dollars)

End of year or quarter	All prop- erties	Nonfarm properties							Farm prop- erties
		Total	1- to 4-family houses					Multi- family and com- mer- cial prop- erties <sup>2</sup>	
			Total	Government under- written			Con- ven- tional <sup>1</sup>		
				Total	FHA in- sured	VA guar- anteed			
1939.....	35.5	28.9	16.3	1.8	1.8	-----	14.5	12.5	6.6
1940.....	36.5	30.0	17.4	2.3	2.3	-----	15.1	12.6	6.5
1941.....	37.6	31.2	18.4	3.0	3.0	-----	15.4	12.9	6.4
1942.....	36.7	30.8	18.2	3.7	3.7	-----	14.5	12.5	6.0
1943.....	35.3	29.9	17.8	4.1	4.1	-----	13.7	12.1	5.4
1944.....	34.7	29.7	17.9	4.2	4.2	-----	13.7	11.8	4.9
1945.....	35.5	30.8	18.6	4.3	4.1	0.2	14.3	12.2	4.8
1946.....	41.8	36.9	23.0	6.1	3.7	2.4	16.9	13.8	4.9
1947.....	48.9	43.9	28.2	9.3	3.8	5.5	18.9	15.7	5.1
1948.....	56.2	50.9	33.3	12.5	5.3	7.2	20.8	17.6	5.3
1949.....	62.7	57.1	37.6	15.0	6.9	8.1	22.6	19.5	5.6
1950.....	72.8	66.7	45.2	18.9	8.6	10.3	26.3	21.6	6.1
1951.....	82.3	75.6	51.7	22.9	9.7	13.2	28.8	23.9	6.7
1952.....	91.4	84.2	58.5	25.4	10.8	14.6	33.1	25.7	7.2
1953.....	101.3	93.6	66.1	28.1	12.0	16.1	38.0	27.5	7.7
1954.....	113.7	105.4	75.7	32.1	12.8	19.3	43.6	29.7	8.2
1955.....	129.9	120.9	88.2	38.9	14.3	24.6	49.3	32.6	9.0
1956.....	144.5	134.6	99.0	43.9	15.5	28.4	55.1	35.6	9.8
1957.....	156.5	146.1	107.6	47.2	16.5	30.7	60.4	38.5	10.4
1958.....	171.8	160.7	117.7	50.1	19.7	30.4	67.6	43.0	11.1
1959.....	190.8	178.7	130.9	53.8	23.8	30.0	77.0	47.9	12.1
1960.....	206.8	194.0	141.3	56.4	26.7	29.7	84.8	52.7	12.8
1961.....	226.3	212.4	153.1	59.1	29.5	29.6	93.9	59.3	13.9
1962 <sup>2</sup> .....	251.6	236.4	166.5	62.0	32.3	29.7	104.5	69.9	15.2
1963 <sup>2</sup> .....	280.9	264.2	182.2	65.5	35.0	30.5	116.7	82.0	16.8
1964 <sup>2</sup> .....	310.4	291.6	197.9	(4)	(4)	(4)	(4)	93.8	18.8
1963: I <sup>3</sup> .....	257.1	241.6	169.2	62.8	33.0	29.8	106.4	72.4	15.5
II <sup>3</sup> .....	265.1	249.0	173.7	63.5	33.5	30.0	110.2	75.3	16.1
III <sup>3</sup> .....	273.1	256.5	178.2	64.3	34.3	30.0	113.9	78.3	16.5
IV <sup>3</sup> .....	280.9	264.2	182.2	65.5	35.0	30.5	116.7	82.0	16.8
1964: I <sup>3</sup> .....	287.0	269.7	185.2	66.3	35.7	30.6	118.9	84.5	17.3
II <sup>3</sup> .....	295.1	277.1	189.6	66.8	36.3	30.5	122.7	87.5	18.0
III <sup>3</sup> .....	303.1	284.6	194.0	67.9	37.4	30.5	126.2	90.6	18.5
IV <sup>3</sup> .....	310.4	291.6	197.9	(4)	(4)	(4)	(4)	93.8	18.8

<sup>1</sup> Derived figures.<sup>2</sup> Includes negligible amount of farm loans held by savings and loan associations.<sup>3</sup> Preliminary.<sup>4</sup> Not available.

Source: Board of Governors of the Federal Reserve System, estimated and compiled from data supplied by various Government and private organizations.

TABLE B-54.—*Net public and private debt, 1929-64*<sup>1</sup>

[Billions of dollars]

End of year <sup>2</sup>	Total	Federal Government and agency	State and local government <sup>3</sup>	Total	Private								
					Corporate			Individual and noncorporate					
					Total	Long-term	Short-term	Total	Farm <sup>4</sup>	Nonfarm			
										Total	Mortgage	Commercial and financial <sup>4</sup>	Consumer
1929.....	190.9	16.5	13.2	161.2	88.9	47.3	41.6	72.3	12.2	60.1	31.2	22.4	6.4
1930.....	191.0	16.5	14.1	160.4	89.3	51.1	38.2	71.1	11.8	59.3	32.0	21.6	5.8
1931.....	181.9	18.5	15.5	147.9	83.5	50.3	33.2	64.4	11.1	53.3	30.9	17.6	4.8
1932.....	174.6	21.3	16.6	136.7	80.0	49.2	30.8	56.7	10.1	46.6	29.0	14.0	3.6
1933.....	168.5	24.3	16.7	127.5	76.9	47.9	29.1	50.6	9.1	41.5	26.3	11.7	3.5
1934.....	171.4	30.4	15.9	125.1	75.5	44.6	30.9	49.6	8.9	40.6	25.5	11.2	3.9
1935.....	174.7	34.4	16.0	124.2	74.8	43.6	31.2	49.4	9.1	40.5	24.8	10.8	4.9
1936.....	180.3	37.7	16.2	126.4	76.1	42.5	33.5	50.3	8.6	41.7	24.4	11.2	6.1
1937.....	182.0	39.2	16.1	126.7	75.8	43.5	32.3	50.9	8.6	42.3	24.3	11.3	6.7
1938.....	179.6	40.5	16.0	123.1	73.3	44.8	28.4	49.8	9.0	40.9	24.5	10.1	6.3
1939.....	183.2	42.6	16.3	124.3	73.5	44.4	29.2	50.8	8.8	42.0	25.0	9.8	7.2
1940.....	189.9	44.8	16.5	128.6	75.6	43.7	31.9	53.0	9.1	43.9	26.1	9.5	8.3
1941.....	211.6	56.3	16.3	139.0	83.4	43.6	39.8	55.6	9.3	46.3	27.1	10.0	9.2
1942.....	259.0	101.7	15.8	141.5	91.6	42.7	49.0	49.9	9.0	40.9	26.8	8.1	6.0
1943.....	313.6	154.4	14.9	144.3	95.5	41.0	54.5	48.8	8.2	40.5	26.1	9.5	4.9
1944.....	370.8	211.9	14.1	144.8	94.1	39.8	54.3	50.7	7.7	42.9	26.0	11.8	5.1
1945.....	406.3	252.7	13.7	139.9	85.3	38.3	47.0	54.6	7.3	47.4	27.0	14.7	5.7
1946.....	397.4	229.7	13.6	154.1	93.5	41.3	52.2	60.6	7.6	53.0	32.5	12.1	8.4
1947.....	417.4	223.3	14.4	179.7	108.9	46.1	62.8	70.8	8.6	62.3	38.8	11.9	11.6
1948.....	433.6	216.5	16.2	200.9	117.8	52.5	65.3	83.1	10.8	72.4	45.1	12.9	14.4
1949.....	448.4	218.6	18.1	211.7	118.0	56.5	61.5	93.7	12.0	81.8	50.6	13.9	17.3
1950.....	490.3	218.7	20.7	250.9	142.1	60.1	81.9	108.8	12.3	96.6	59.4	15.8	21.4
1951.....	524.0	218.5	23.3	282.2	162.5	66.6	95.9	119.7	13.6	106.2	67.4	16.2	22.6
1952.....	555.2	222.9	25.8	306.5	171.0	73.3	97.7	135.5	15.2	120.4	75.2	17.8	27.4
1953.....	586.5	228.1	28.6	329.8	179.5	78.3	101.2	150.3	16.9	133.6	83.8	18.4	31.4
1954.....	612.0	230.2	33.4	348.4	182.8	82.9	100.0	165.6	17.6	147.9	94.6	20.8	32.5
1955.....	672.3	231.5	38.4	402.5	212.1	90.0	122.2	190.4	18.8	171.6	108.7	24.0	38.9
1956.....	707.5	225.4	42.7	439.4	231.7	100.1	131.7	207.7	19.5	188.2	121.3	24.4	42.5
1957.....	738.9	224.4	46.7	467.8	246.7	112.1	134.6	221.1	20.3	200.8	131.6	24.3	44.8
1958.....	782.6	232.7	50.9	499.1	259.5	121.2	138.4	239.5	23.3	216.2	144.6	26.5	45.1
1959.....	846.2	243.2	55.6	547.4	283.3	129.3	154.0	264.1	23.0	241.1	160.8	28.7	51.5
1960.....	890.2	241.0	60.0	589.2	302.8	139.1	163.6	286.4	25.1	261.4	174.5	30.8	56.0
1961.....	946.4	248.1	65.0	633.3	323.0	149.4	173.6	310.3	27.5	282.8	190.4	34.8	57.7
1962.....	1,018.7	255.9	73.7	689.0	347.4	161.4	186.0	341.6	30.2	311.4	210.6	37.6	63.2
1963.....	1,093.5	261.2	79.5	752.8	374.6	174.9	199.6	378.2	33.2	345.0	234.2	40.9	69.9
1964 <sup>5</sup> .....	1,163.6	267.0	85.7	810.9	395.3	186.8	208.5	415.6	36.8	378.8	257.6	44.5	76.7

<sup>1</sup> Net public and private debt outstanding is a comprehensive aggregate of the indebtedness of borrowers after elimination of certain types of duplicating governmental and corporate debt. For a further explanation of the concept, see *Survey of Current Business, October 1950*.

<sup>2</sup> Data for State and local government debt are for June 30.

<sup>3</sup> Farm mortgages and farm production loans. Farmers' financial and consumer debt is included in the nonfarm categories.

<sup>4</sup> 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.

<sup>5</sup> Preliminary estimates by Council of Economic Advisers.

NOTE.—Revisions for 1929-39 and 1955-57 in the consumer credit data of the Board of Governors of the Federal Reserve System have not yet been fully incorporated into this series.

Sources: Department of Commerce (Office of Business Economics), Treasury Department, Board of Governors of the Federal Reserve System, and Federal Home Loan Bank Board (except as noted).

# GOVERNMENT FINANCE

TABLE B-55.—U.S. Government debt, by kind of obligation, 1929-64  
(Billions of dollars)

End of year or month	Gross public debt and guaranteed issues <sup>1</sup>	Interest-bearing public debt					Special issues <sup>4</sup>
		Marketable public issues		Nonmarketable public issues			
		Short-term issues <sup>2</sup>	Treasury bonds	United States savings bonds	Treasury tax and savings notes	Investment bonds <sup>3</sup>	
1929.....	16.3	3.3	11.3	-----	-----	-----	0.6
1930.....	16.0	2.9	11.3	-----	-----	-----	.8
1931.....	17.8	2.8	13.5	-----	-----	-----	.4
1932.....	20.8	5.9	13.4	-----	-----	-----	.4
1933.....	24.0	7.5	14.7	-----	-----	-----	.4
1934.....	31.5	11.1	15.4	-----	-----	-----	.6
1935.....	35.1	14.2	14.3	0.2	-----	-----	.7
1936.....	39.1	12.5	19.5	.5	-----	-----	.6
1937.....	41.9	12.5	20.5	1.0	-----	-----	2.2
1938.....	44.4	9.8	24.0	1.4	-----	-----	3.2
1939.....	47.6	7.7	26.9	2.2	-----	-----	4.2
1940.....	50.9	7.5	28.0	3.2	-----	-----	5.4
1941.....	64.3	8.0	33.4	6.1	2.5	-----	7.0
1942.....	112.5	27.0	49.3	15.0	6.4	-----	9.0
1943.....	170.1	47.1	67.9	27.4	8.6	-----	12.7
1944.....	232.1	69.9	91.6	40.4	9.8	-----	16.3
1945.....	278.7	78.2	120.4	48.2	8.2	-----	20.0
1946.....	259.5	57.1	119.3	49.8	5.7	-----	24.6
1947.....	257.0	47.7	117.9	52.1	5.4	1.0	29.0
1948.....	252.9	45.9	111.4	55.1	4.6	1.0	31.7
1949.....	257.2	50.2	104.8	56.7	7.6	1.0	33.9
1950.....	256.7	58.3	94.0	58.0	8.6	1.0	33.7
1951.....	259.5	65.6	76.9	57.6	7.5	13.0	35.9
1952.....	267.4	68.7	79.8	57.9	5.8	13.4	39.2
1953.....	276.2	77.3	77.2	57.7	6.0	12.9	41.2
1954.....	278.8	76.0	81.8	57.7	4.5	12.7	42.6
1955.....	280.8	81.3	81.9	57.9	( <sup>5</sup> )	12.3	43.9
1956.....	276.7	79.5	80.8	56.3	( <sup>5</sup> )	11.6	45.6
1957.....	275.0	82.1	82.1	52.5	( <sup>5</sup> )	10.3	45.8
1958.....	283.0	92.2	83.4	51.2	( <sup>5</sup> )	9.0	44.8
1959.....	290.9	103.5	84.8	48.2	( <sup>5</sup> )	7.6	43.5
1960.....	290.4	109.2	79.8	47.2	( <sup>5</sup> )	6.2	44.3
1961.....	298.5	120.5	75.5	47.5	( <sup>5</sup> )	5.1	43.5
1962.....	304.0	124.6	78.4	47.5	( <sup>5</sup> )	4.4	43.4
1963.....	310.1	121.2	86.4	48.8	( <sup>5</sup> )	3.7	43.7
1964.....	318.7	115.5	97.0	49.7	( <sup>5</sup> )	3.4	46.1
1963: Jan.....	303.9	125.4	78.6	47.7	( <sup>5</sup> )	4.4	42.2
Feb.....	305.2	123.7	81.1	47.9	( <sup>5</sup> )	4.4	42.5
Mar.....	303.5	123.7	79.8	48.0	( <sup>5</sup> )	4.2	42.2
Apr.....	303.7	124.2	80.1	48.1	( <sup>5</sup> )	4.0	41.6
May.....	305.8	124.0	80.1	48.2	( <sup>5</sup> )	3.9	43.6
June.....	306.5	121.5	82.0	48.3	( <sup>5</sup> )	3.9	44.8
July.....	305.5	121.5	81.9	48.4	( <sup>5</sup> )	3.9	43.7
Aug.....	307.2	122.8	80.5	48.5	( <sup>5</sup> )	3.9	45.5
Sept.....	307.3	117.8	86.5	48.6	( <sup>5</sup> )	3.8	44.7
Oct.....	307.1	118.9	86.4	48.7	( <sup>5</sup> )	3.7	43.3
Nov.....	308.9	120.1	86.4	48.8	( <sup>5</sup> )	3.7	43.6
Dec.....	310.1	121.2	86.4	48.8	( <sup>5</sup> )	3.7	43.7
1964: Jan.....	309.3	119.9	88.7	48.9	( <sup>5</sup> )	3.6	41.9
Feb.....	311.1	122.2	87.0	49.0	( <sup>5</sup> )	3.6	42.9
Mar.....	310.4	121.2	87.0	49.1	( <sup>5</sup> )	3.6	43.2
Apr.....	308.4	120.4	87.0	49.1	( <sup>5</sup> )	3.6	42.0
May.....	312.3	119.5	88.5	49.2	( <sup>5</sup> )	3.6	45.0
June.....	312.5	118.0	88.5	49.3	( <sup>5</sup> )	3.5	46.6
July.....	312.0	109.7	97.1	49.4	( <sup>5</sup> )	3.5	45.7
Aug.....	314.9	110.6	97.1	49.4	( <sup>5</sup> )	3.5	47.4
Sept.....	316.5	111.9	97.1	49.5	( <sup>5</sup> )	3.5	47.4
Oct.....	316.5	113.1	97.0	49.6	( <sup>5</sup> )	3.4	46.3
Nov.....	319.3	115.4	97.0	49.7	( <sup>5</sup> )	3.4	46.7
Dec.....	318.7	115.5	97.0	49.7	( <sup>5</sup> )	3.4	46.1

<sup>1</sup> Total includes non-interest-bearing debt, fully guaranteed securities (except those held by the Treasury), Postal Savings bonds, prewar bonds, adjusted service bonds, depositary bonds, armed forces leave bonds, Rural Electrification Administration series bonds, foreign series certificates and notes, foreign currency certificates and bonds, Treasury certificates, and U.S. retirement plan bonds, not shown separately. Not all of total shown is subject to statutory debt limitation.

<sup>2</sup> Bills, certificates of indebtedness, and notes.

<sup>3</sup> Series A bonds and, beginning April 1951, series B convertible bonds.

<sup>4</sup> Issued to U.S. Government investment accounts. These accounts also held \$14.5 billion of public marketable and nonmarketable issues on December 31, 1964.

<sup>5</sup> Less than \$50 million.

<sup>6</sup> The last series of Treasury savings notes matured in April 1956.

Source: Treasury Department.

TABLE B-56.—*Estimated ownership of U.S. Government obligations, 1939-64*  
(Par values,<sup>1</sup> billions of dollars)

End of year or month	Gross public debt and guaranteed issues <sup>2</sup>								
	Total	Held by U.S. Government investment accounts	Held by Federal Reserve banks	Held by "the public"					
				Total	Commercial banks <sup>3</sup>	Mutual savings banks and insurance companies	Other corporations <sup>4</sup>	State and local governments <sup>5</sup>	Miscellaneous investors <sup>7</sup>
1939.....	47.6	6.5	2.5	38.6	15.9	9.4	2.2	0.4	10.1
1940.....	50.9	7.6	2.2	41.1	17.3	10.1	2.0	.5	10.6
1941.....	64.3	9.5	2.3	52.5	21.4	11.9	4.0	.7	13.6
1942.....	112.5	12.2	6.2	94.0	41.1	15.8	10.1	1.0	23.7
1943.....	170.1	16.9	11.5	141.6	59.9	21.2	16.4	2.1	37.6
1944.....	232.1	21.7	18.8	191.6	77.7	28.0	21.4	4.3	53.3
1945.....	278.7	27.0	24.3	227.4	90.8	34.7	22.2	6.5	64.1
1946.....	259.5	30.9	23.3	205.2	74.5	36.7	15.3	6.3	64.2
1947.....	257.0	34.4	22.6	200.1	68.7	35.9	14.1	7.3	65.7
1948.....	252.9	37.3	23.3	192.2	62.5	32.7	14.8	7.9	65.5
1949.....	257.2	39.4	18.9	198.9	66.8	31.5	16.8	8.1	66.3
1950.....	256.7	39.2	20.8	196.8	61.8	29.6	19.7	8.8	66.3
1951.....	259.5	42.3	23.8	193.4	61.6	26.3	20.7	9.6	64.6
1952.....	267.4	45.9	24.7	196.9	63.4	25.5	19.9	11.1	65.2
1953.....	275.2	48.3	25.9	201.0	63.7	25.1	21.5	12.7	64.8
1954.....	278.8	49.6	24.9	204.2	69.2	24.1	19.2	14.4	63.4
1955.....	280.8	51.7	24.8	204.3	62.0	23.1	23.5	15.4	64.7
1956.....	276.7	54.0	24.9	197.8	59.5	21.3	19.1	16.3	65.5
1957.....	275.0	55.2	24.2	195.5	59.5	20.2	18.6	16.6	64.0
1958.....	283.0	54.4	26.3	202.2	67.5	19.9	18.8	16.5	63.0
1959.....	290.9	63.7	26.6	210.6	60.3	19.5	22.8	18.0	68.0
1960.....	290.4	55.1	27.4	207.9	62.1	18.1	20.1	18.7	64.7
1961.....	296.5	54.5	28.9	213.1	67.2	17.5	20.0	19.0	64.4
1962.....	304.0	55.6	30.8	217.6	67.2	17.6	20.2	20.1	64.5
1963.....	310.1	58.0	33.6	218.5	64.3	17.1	20.6	21.1	66.2
1964 <sup>8</sup> .....	318.7	60.6	37.0	221.1	63.5	16.8	19.7	22.2	68.0
1963: Jan.....	303.9	54.5	30.3	219.1	66.7	17.7	21.1	20.4	64.9
Feb.....	305.2	55.1	30.6	219.5	65.8	17.6	21.7	20.4	65.1
Mar.....	303.5	55.1	31.0	217.4	64.7	17.6	20.8	20.6	65.7
Apr.....	303.7	54.3	31.2	218.2	65.1	17.4	21.1	21.2	64.9
May.....	305.8	57.1	31.3	217.4	63.9	17.2	22.4	21.2	64.4
June.....	306.5	58.4	32.0	216.1	64.4	17.1	20.3	21.5	64.4
July.....	305.5	57.1	32.5	215.9	63.3	17.3	20.6	21.4	65.2
Aug.....	307.2	58.9	32.4	215.9	61.7	17.2	21.4	21.6	65.4
Sept.....	307.3	58.3	32.6	216.4	63.0	17.2	19.7	21.2	65.8
Oct.....	307.1	57.2	32.8	217.2	63.2	17.1	20.4	20.9	66.0
Nov.....	308.9	57.7	33.7	217.5	62.8	17.1	21.6	20.6	66.2
Dec.....	310.1	58.0	33.6	218.5	64.3	17.1	20.6	21.1	66.2
1964: Jan.....	309.3	56.5	32.8	220.0	62.9	17.2	21.8	21.2	66.9
Feb.....	311.1	57.5	33.2	220.5	62.2	17.2	22.7	21.4	67.3
Mar.....	310.4	57.6	33.8	219.0	61.6	17.2	21.4	21.7	67.9
Apr.....	308.4	56.1	33.2	219.1	61.1	17.1	21.8	22.6	67.1
May.....	312.3	59.4	34.2	218.8	60.0	17.0	22.5	22.6	67.4
June.....	312.5	61.1	34.8	216.6	60.2	16.9	20.2	22.5	67.5
July.....	312.0	59.9	35.1	217.0	59.3	16.9	20.5	22.3	67.8
Aug.....	314.9	61.8	35.2	218.0	60.0	17.1	20.5	22.6	67.5
Sept.....	316.5	61.8	35.4	219.3	61.8	17.2	19.1	22.3	68.0
Oct.....	316.5	60.5	35.7	220.2	62.1	17.0	20.2	22.2	68.2
Nov.....	319.3	61.2	36.8	221.4	63.4	16.9	20.1	21.9	67.9
Dec <sup>9</sup> .....	318.7	60.6	37.0	221.1	63.5	16.8	19.7	22.2	68.0

<sup>1</sup> United States savings bonds, series A-F and J, are included at current redemption value.

<sup>2</sup> Excludes guaranteed securities held by the Treasury. Not all of total shown is subject to statutory debt limitation.

<sup>3</sup> 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-48, which are based on book values and relate only to banks within the United States.

<sup>4</sup> Exclusive of banks and insurance companies.

<sup>5</sup> Includes trust, sinking, and investment funds of State and local governments and their agencies, and of Territories and possessions.

<sup>6</sup> Includes partnerships and personal trust accounts.

<sup>7</sup> Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, and investments of foreign balances and international accounts in this country. Beginning with December 1946, the international accounts include investments by the International Bank for Reconstruction and Development, the International Monetary Fund, the International Development Association, the Inter-American Development Bank, and various U.N. funds, in special non-interest-bearing notes and bonds issued by the U.S. Government. Beginning with June 30, 1947, includes holdings of Federal land banks.

<sup>8</sup> Preliminary estimates by Council of Economic Advisers.

Source: Treasury Department (except as noted).

TABLE B-57.—Average length and maturity distribution of marketable interest-bearing public debt, 1946-64

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		
Millions of dollars							Years	Months
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	65,700	36,161	15,651	28,662	1,592	5	4
1954.....	150,354	62,734	29,866	27,515	28,634	1,606	5	6
1955.....	155,206	49,703	39,107	34,253	28,613	3,530	5	10
1956.....	154,953	58,714	34,401	28,908	28,578	4,351	5	4
1957.....	155,705	71,952	40,669	12,328	26,407	4,349	4	9
1958.....	166,675	67,782	42,557	21,476	27,652	7,208	5	3
1959.....	178,027	72,958	58,304	17,052	21,625	8,088	4	7
1960.....	183,845	70,467	72,844	20,246	12,630	7,658	4	4
1961.....	187,148	81,120	58,400	26,435	10,233	10,960	4	6
1962.....	196,072	88,442	57,041	26,049	9,319	15,221	4	11
1963.....	203,508	85,294	58,026	37,385	8,360	14,444	5	1
1964.....	206,489	81,424	65,453	34,929	8,355	16,328	5	0
1963: Jan.....	203,959	87,978	61,657	33,975	4,566	15,782	4	10
Feb.....	204,751	88,951	59,003	36,458	4,566	15,774	4	10
Mar.....	203,472	81,647	61,328	37,962	6,770	15,764	5	1
Apr.....	204,323	82,469	61,079	37,952	6,770	16,054	5	1
May.....	204,101	87,797	58,007	35,485	6,769	16,043	5	1
June.....	203,508	85,294	58,026	37,385	8,360	14,444	5	1
July.....	203,491	85,286	58,035	37,376	8,359	14,435	5	0
Aug.....	203,233	85,976	60,856	33,622	8,359	14,420	5	0
Sept.....	204,282	83,070	58,085	39,100	8,358	15,669	5	3
Oct.....	205,347	84,556	57,678	39,097	8,358	15,658	5	2
Nov.....	206,551	88,385	56,660	37,500	8,358	15,648	5	2
Dec.....	207,571	89,403	58,487	35,682	8,357	15,642	5	1
1964: Jan.....	208,589	88,445	57,509	37,900	8,357	16,378	5	1
Feb.....	209,218	85,046	63,392	36,053	8,357	16,372	5	1
Mar.....	208,223	84,044	63,413	36,047	8,356	16,363	5	1
Apr.....	207,356	82,554	64,057	36,041	8,355	16,350	5	0
May.....	208,009	82,930	62,825	37,561	8,355	16,339	5	1
June.....	206,489	81,424	65,453	34,929	8,355	16,328	5	0
July.....	206,776	77,231	60,672	43,010	8,354	17,508	5	4
Aug.....	207,692	81,389	57,443	43,002	8,354	17,505	5	4
Sept.....	208,981	82,689	57,452	42,995	8,353	17,491	5	3
Oct.....	210,118	84,135	63,422	36,725	8,353	17,483	5	2
Nov.....	212,414	88,443	61,427	38,963	6,108	17,473	5	1
Dec.....	212,454	88,451	64,007	36,421	6,108	17,467	5	0

NOTE.—All issues classified to final maturity except partially tax-exempt bonds, which are classified to earliest call date.

Source: Treasury Department.

TABLE B-58.—Federal administrative budget receipts by source and expenditures by function, fiscal years 1939-66<sup>1</sup>

[Millions of dollars]

Fiscal year	Budget receipts (net)									Budget expenditures		
	Total	Individual income taxes	Corporate income taxes	Excise taxes (net)	Employment taxes	Estate and gift taxes	Customs	Miscellaneous receipts	Interfund transactions	Total	National defense	International affairs and finance <sup>2</sup>
1939....	4,979	1,018	1,144	1,891	100	357	302	184	-17	8,841	1,075	20
1940....	5,137	964	1,129	2,010	104	353	331	253	-7	9,055	1,498	51
1941....	7,096	1,403	2,037	2,559	99	403	365	237	-7	13,255	6,054	145
1942....	12,547	3,251	4,731	3,416	118	420	369	251	-9	34,037	23,970	1,839
1943....	21,947	6,616	9,651	4,118	155	441	308	697	-39	79,368	63,216	3,299
1944....	43,563	18,174	14,742	4,824	181	507	417	4,791	-73	94,986	76,757	3,642
1945....	44,362	18,265	15,984	6,275	182	637	341	2,791	-113	98,303	81,277	3,312
1946....	39,650	16,157	11,833	6,999	176	668	424	3,515	-122	60,326	43,226	3,107
1947....	39,677	17,835	8,569	7,207	183	771	477	4,744	-109	38,923	14,398	6,536
1948....	41,375	19,305	9,678	7,356	206	890	403	3,650	-113	32,955	11,779	4,566
1949....	37,663	15,548	11,195	7,502	235	780	367	2,069	-33	39,474	12,926	6,052
1950....	36,422	15,745	10,448	7,549	225	698	407	1,422	-73	39,544	13,018	4,674
1951....	47,480	21,643	14,106	8,648	234	708	609	1,620	-88	43,970	22,471	3,736
1952....	61,287	27,913	21,225	8,851	256	818	533	1,794	-104	65,303	44,037	2,826
1953....	64,671	30,108	21,238	9,868	274	881	596	1,859	-154	74,120	50,442	2,216
1954....	64,420	29,542	21,101	9,945	283	934	542	2,309	-235	67,537	46,986	1,732
1955....	60,209	28,747	17,861	9,131	579	924	585	2,562	-181	64,389	40,695	2,310
1956....	67,850	32,188	20,880	9,929	322	1,161	682	3,003	-315	66,224	40,723	2,467
1957....	70,562	35,620	21,167	9,055	328	1,365	735	2,760	-467	68,966	43,368	3,311
1958....	68,550	34,724	20,074	8,612	333	1,393	782	3,200	-567	71,369	44,234	3,305
1959....	67,915	36,719	17,309	8,504	321	1,333	925	3,160	-355	80,342	46,483	4,802
1960....	77,763	40,715	21,494	9,137	339	1,606	1,105	4,062	-694	76,539	45,691	3,064
1961....	77,659	41,338	20,954	9,063	( <sup>3</sup> )	1,896	982	4,080	-654	81,515	47,494	3,954
1962....	81,409	45,571	20,523	9,585	-----	2,016	1,142	3,206	-633	87,787	51,103	4,301
1963....	86,376	47,588	21,579	9,915	-----	2,167	1,205	4,435	-513	92,642	52,755	4,151
1964....	89,459	48,697	23,493	10,211	-----	2,394	1,252	4,076	-664	97,684	54,181	3,687
1965 <sup>4</sup> ....	91,200	47,000	25,600	10,733	-----	2,800	1,415	4,485	-833	97,481	52,160	4,043
1966 <sup>4</sup> ....	94,400	48,200	27,600	9,750	-----	3,200	1,520	4,730	-600	99,687	51,578	3,984

See footnotes at end of table.



TABLE B-58.—*Federal administrative budget receipts by source and expenditures by function, fiscal years 1939–66—Continued*<sup>1</sup>  
[Millions of dollars]

Fiscal year	Budget expenditures—Continued											
	Space research and technology	Agriculture and agriculture resources <sup>2</sup>	Natural resources	Commerce and transportation	Housing and community development	Health, labor and welfare	Education	Veterans benefits and services	Interest	General government	Allowances for contingencies <sup>3</sup>	Interfund transfers <sup>4</sup>
1939.....	2	1,199	360	662	-148	3,866	41	560	950	335	-----	-80
1940.....	3	1,538	471	454	35	3,000	41	552	1,056	370	-----	-14
1941.....	8	1,314	452	577	129	2,536	43	566	1,123	409	-----	-101
1942.....	12	1,482	533	2,600	215	1,926	47	558	1,272	515	-----	-933
1943.....	23	610	501	7,211	309	1,132	47	606	1,825	825	-----	-236
1944.....	30	1,215	402	7,725	316	881	94	745	2,623	989	-----	-433
1945.....	38	1,607	319	4,143	-185	864	154	2,095	3,662	880	-----	139
1946.....	32	747	342	886	-193	865	79	4,415	4,816	1,047	-----	955
1947.....	35	1,243	548	655	356	1,148	62	7,381	5,012	1,353	-----	196
1948.....	38	575	743	1,218	94	1,213	68	6,653	5,248	1,263	-----	-501
1949.....	49	2,512	1,057	1,618	295	1,433	67	6,725	5,445	1,054	-----	239
1950.....	54	2,795	1,206	1,759	268	1,790	78	6,646	5,817	1,170	-----	267
1951.....	62	676	1,275	1,625	531	1,863	103	5,400	5,714	1,307	-----	-793
1952.....	67	1,068	1,367	1,888	593	1,916	191	4,933	5,934	1,445	-----	-961
1953.....	79	2,955	1,478	1,926	396	2,052	320	4,368	6,583	1,461	-----	-154
1954.....	90	2,573	1,317	1,219	-628	2,122	326	4,341	6,470	1,226	-----	-235
1955.....	74	4,259	1,203	1,225	136	2,165	377	4,522	6,438	1,166	-----	-181
1956.....	71	4,254	1,105	1,892	-10	2,462	343	4,810	6,846	1,576	-----	-315
1957.....	76	3,208	1,298	1,305	-118	2,632	437	4,870	7,307	1,738	-----	-467
1958.....	89	3,346	1,544	1,632	30	3,059	541	5,184	7,689	1,284	-----	-567
1959.....	145	5,568	1,670	2,025	970	3,877	732	5,287	7,671	1,466	-----	-355
1960.....	401	3,650	1,714	1,963	122	3,690	866	5,266	9,266	1,542	-----	-694
1961.....	744	3,717	2,006	2,573	320	4,244	943	5,414	9,050	1,709	-----	-654
1962.....	1,257	4,397	2,147	2,774	349	4,538	1,076	5,403	9,198	1,675	-----	-633
1963.....	2,552	5,390	2,352	2,843	-67	4,789	1,244	5,186	9,980	1,979	-----	-513
1964.....	4,171	5,560	2,478	3,002	-80	5,475	1,339	5,492	10,765	2,280	-----	-664
1965 <sup>5</sup> .....	4,900	4,477	2,735	3,372	-280	6,208	1,509	5,383	11,286	2,417	103	-833
1966 <sup>6</sup> .....	5,100	3,944	2,691	2,804	10	8,328	2,663	4,623	11,594	2,462	507	-600

<sup>1</sup> For surplus or deficit on Federal administrative budget receipts and expenditures, see Table B-59.

<sup>2</sup> Beginning 1954 includes the expenditures for Food for Peace, previously classified under Agriculture and Agricultural Resources.

<sup>3</sup> Includes allowance of \$3 million in 1965 and \$107 million in 1966 for Appalachia.

<sup>4</sup> Includes adjustment to Daily Treasury Statement prior to 1953.

<sup>5</sup> Less than \$500,000.

<sup>6</sup> Estimate.

Sources: Treasury Department and Bureau of the Budget.

TABLE B-59.—Federal administrative budget receipts and expenditures and the public debt, 1929–66

[Millions of dollars]

Fiscal or calendar year	Net budget receipts <sup>1</sup>	Budget expendi- tures	Surplus or deficit (—)	Public debt at end of year <sup>2</sup>
<b>Fiscal year:</b>				
1929.....	3,861	3,127	734	16,931
1930.....	4,058	3,320	738	16,185
1931.....	3,116	3,577	-462	16,801
1932.....	1,924	4,659	-2,735	19,487
1933.....	1,997	4,598	-2,602	22,539
1934.....	3,015	6,645	-3,630	27,734
1935.....	3,706	6,497	-2,791	32,824
1936.....	3,997	8,422	-4,425	38,497
1937.....	4,956	7,733	-2,777	41,089
1938.....	5,588	6,765	-1,177	42,018
1939.....	4,979	8,841	-3,862	45,890
1940.....	5,137	9,055	-3,918	48,497
1941.....	7,096	13,255	-6,159	55,332
1942.....	12,547	34,037	-21,490	76,991
1943.....	21,947	79,368	-57,420	140,796
1944.....	43,563	94,966	-51,423	202,626
1945.....	44,362	98,303	-53,941	259,115
1946.....	39,650	60,326	-20,676	269,898
1947.....	39,677	38,923	754	258,376
1948.....	41,375	32,955	8,419	252,366
1949.....	37,663	39,474	-1,811	252,798
1950.....	36,422	39,544	-3,122	257,377
1951.....	47,480	43,970	3,510	255,251
1952.....	61,287	65,303	-4,017	256,151
1953.....	64,671	74,120	-9,449	266,123
1954.....	64,420	67,537	-3,117	271,341
1955.....	60,209	64,389	-4,180	274,418
1956.....	67,850	66,224	1,626	272,825
1957.....	70,662	68,966	1,596	270,634
1958.....	68,550	71,369	-2,819	276,444
1959.....	67,915	80,342	-12,427	284,817
1960.....	77,763	76,539	1,224	286,471
1961.....	77,659	81,515	-3,856	289,211
1962.....	81,409	87,787	-6,378	293,645
1963.....	86,378	92,642	-6,266	306,466
1964.....	89,459	97,684	-8,226	312,528
1965 <sup>3</sup> .....	91,200	97,481	-6,281	316,900
1966 <sup>4</sup> .....	94,400	99,687	-5,287	322,500
<b>Calendar year:</b>				
1948.....	40,800	35,559	5,241	252,854
1949.....	37,464	41,056	-3,592	257,160
1950.....	37,235	37,657	-422	256,731
1951.....	52,877	56,236	-3,358	259,461
1952.....	64,705	70,547	-5,842	267,445
1953.....	63,654	72,811	-9,157	275,244
1954.....	60,938	64,622	-3,683	278,784
1955.....	63,119	65,891	-2,771	280,822
1956.....	70,616	66,838	3,779	276,731
1957.....	71,749	71,157	592	275,002
1958.....	68,262	75,349	-7,088	283,031
1959.....	72,738	79,778	-7,040	290,925
1960.....	79,518	77,565	1,953	290,373
1961.....	78,157	84,463	-6,306	296,499
1962.....	84,709	91,907	-7,199	303,988
1963.....	87,516	94,188	-6,672	310,089
1964 <sup>4</sup> .....	88,696	96,945	-8,248	318,750

<sup>1</sup> Gross receipts less refunds of receipts and transfers of tax receipts to the old-age and survivors insurance trust fund, the disability insurance trust fund, the railroad retirement account, the unemployment trust fund, and the highway trust fund.

<sup>2</sup> Includes guaranteed issues. The change in the public debt from year to year reflects not only the budget surplus or deficit but also changes in the Government's cash on hand, and the use of corporate debt and investment transactions by certain Government enterprises.

<sup>3</sup> Estimate.

<sup>4</sup> Preliminary.

Sources: Treasury Department and Bureau of the Budget.

TABLE B-60.—Government cash receipts from and payments to the public, 1946-66

[Billions of dollars]

Fiscal or calendar year	Total			Federal <sup>1</sup>			State and local <sup>2</sup>		
	Cash receipts	Cash payments	Excess of receipts or of payments (—)	Cash receipts	Cash payments	Excess of receipts or of payments (—)	Cash receipts	Cash payments	Excess of receipts or of payments (—)
<b>Fiscal year:</b>									
1946.....	54.2	70.2	-16.0	43.5	61.7	-18.2	10.7	8.5	2.2
1947.....	55.6	47.5	8.1	43.5	36.9	6.6	12.1	10.6	1.5
1948.....	59.6	50.2	9.4	45.4	36.5	8.9	14.2	13.7	.5
1949.....	57.6	56.3	1.3	41.6	40.6	1.0	16.0	15.7	.3
1950.....	58.2	61.5	-3.3	40.9	43.1	-2.2	17.3	18.4	-1.1
1951.....	72.5	65.2	7.3	53.4	45.8	7.6	19.1	19.4	-.3
1952.....	88.7	88.9	-.2	68.0	68.0	(*)	20.7	20.9	-.2
1953.....	93.9	99.1	-5.2	71.5	76.8	-5.3	22.4	22.3	.1
1954.....	95.6	96.1	-.4	71.6	71.9	-.2	24.0	24.2	-.2
1955.....	93.5	97.5	-4.0	67.8	70.5	-2.7	25.7	27.0	-1.3
1956.....	105.8	101.5	4.2	77.1	72.5	4.5	28.7	29.0	-.3
1957.....	113.5	111.8	1.7	82.1	80.0	2.1	31.4	31.8	-.4
1958.....	115.0	118.3	-3.3	81.9	83.5	-1.6	33.1	34.8	-1.7
1959.....	117.0	132.3	-15.3	81.7	94.8	-13.1	35.3	37.5	-2.2
1960.....	134.5	132.9	1.6	95.1	94.3	.8	39.4	38.6	.8
1961.....	139.4	141.5	-2.1	97.2	99.5	-2.3	42.2	42.0	.2
1962.....	147.2	152.8	-5.6	101.9	107.7	-5.8	45.3	45.1	.2
1963.....	159.0	161.1	-2.0	109.7	113.8	-4.0	49.3	47.3	2.0
1964.....	168.6	170.8	-2.2	115.5	120.3	-4.8	53.2	50.7	2.5
1965 <sup>4</sup> .....	-----	-----	-----	117.4	121.4	-4.0	-----	-----	-----
1966 <sup>4</sup> .....	-----	-----	-----	123.5	127.4	-3.9	-----	-----	-----
<b>Calendar year:</b>									
1946.....	52.9	50.9	2.0	41.4	41.4	.1	11.4	9.5	1.9
1947.....	57.4	50.7	6.7	44.3	38.6	5.7	13.1	12.1	1.0
1948.....	60.0	51.8	8.2	44.9	36.9	8.0	15.1	14.9	.2
1949.....	57.9	59.8	-1.8	41.3	42.6	-1.3	16.6	17.1	-.5
1950.....	60.4	61.1	-.6	42.4	42.0	.5	18.0	19.1	-1.1
1951.....	79.1	78.3	.9	59.3	58.0	1.2	19.9	20.2	-.4
1952.....	93.0	93.6	-.6	71.3	72.0	-.6	21.7	21.6	.1
1953.....	93.5	100.4	-6.9	70.2	77.4	-7.2	23.2	23.0	.3
1954.....	93.3	95.3	-2.0	68.6	69.7	-1.1	24.7	25.6	-.9
1955.....	98.4	100.2	-1.8	71.4	72.2	-.7	26.9	28.0	-1.1
1956.....	110.2	105.2	5.1	80.3	74.7	5.6	29.9	30.4	-.5
1957.....	116.8	116.7	.1	84.5	83.4	1.1	32.3	33.3	-1.0
1958.....	115.9	125.1	-9.3	81.7	89.0	-7.2	34.1	36.2	-2.1
1959.....	124.6	133.1	-8.5	87.6	95.6	-8.0	37.1	37.5	-.5
1960.....	139.3	135.4	3.9	98.3	94.7	3.6	41.1	40.7	.3
1961.....	142.0	148.7	-6.7	97.9	104.7	-6.8	44.0	44.0	.1
1962.....	154.2	157.7	-3.6	106.2	111.9	-5.7	48.0	45.9	2.1
1963.....	163.9	166.1	-2.2	112.6	117.2	-4.6	51.3	49.0	2.4
1964 <sup>5</sup> .....	170.2	173.6	-3.3	115.0	120.9	-5.8	55.2	52.7	2.5

<sup>1</sup> For derivation of Federal cash receipts and payments, see *Budget of the United States Government for the Fiscal Year ending June 30, 1966*, and Table B-63.

<sup>2</sup> Estimated by Council of Economic Advisers from receipts and expenditures in the national income accounts. Cash receipts consist of personal tax and nontax receipts, indirect business tax and nontax accruals, and corporate tax accruals adjusted to a collection basis. Cash payments are total expenditures less Federal grants-in-aid and less contributions for social insurance. (Federal grants-in-aid are therefore excluded from State and local receipts and payments and included only in Federal payments.) See Table B-61.

<sup>3</sup> Surplus of \$49 million.

<sup>4</sup> Estimate.

<sup>5</sup> Preliminary.

Sources: Treasury Department, Bureau of the Budget, Department of Commerce (Office of Business Economics), and Council of Economic Advisers.

TABLE B-61.—*Government receipts and expenditures in the national income accounts, 1929-64*  
[Billions of dollars]

Calendar year or quarter	Total government			Federal Government <sup>1</sup>			State and local government		
	Re- ceipts	Ex- pendi- tures	Sur- plus or deficit (-) on income and product account	Re- ceipts	Ex- pendi- tures	Sur- plus or deficit (-) on income and product account	Re- ceipts	Ex- pendi- tures	Sur- plus or deficit (-) on income and product account
1929.....	11.3	10.2	1.0	3.8	2.6	1.2	7.6	7.7	-0.1
1930.....	10.8	11.0	-.3	3.0	2.8	.3	7.8	8.4	-.5
1931.....	9.5	12.3	-2.8	2.0	4.2	-2.1	7.7	8.4	-.7
1932.....	8.9	10.6	-1.7	1.7	3.2	-1.5	7.3	7.6	-.2
1933.....	9.3	10.7	-1.4	2.7	4.0	-1.3	7.2	7.2	( <sup>2</sup> )
1934.....	10.5	12.8	-2.4	3.5	6.4	-2.9	8.6	8.1	.5
1935.....	11.4	13.3	-2.0	4.0	6.5	-2.6	9.1	8.5	.6
1936.....	12.9	15.9	-3.0	5.0	8.5	-3.5	8.6	8.1	.5
1937.....	15.4	14.8	.6	7.0	7.2	-.2	9.1	8.4	.7
1938.....	15.0	16.6	-1.6	6.5	8.5	-2.0	9.3	8.9	.4
1939.....	15.4	17.5	-2.1	6.7	9.0	-2.2	9.6	9.6	.1
1940.....	17.7	18.5	-.7	8.6	10.1	-1.4	10.0	9.2	.7
1941.....	25.0	28.8	-3.8	15.4	20.5	-5.1	10.4	9.0	1.3
1942.....	32.6	64.0	-31.4	22.9	56.1	-33.2	10.6	8.8	1.8
1943.....	49.2	93.4	-44.2	39.3	86.0	-46.7	10.9	8.4	2.5
1944.....	51.2	103.1	-51.9	41.0	95.6	-54.6	11.1	8.4	2.7
1945.....	53.2	92.9	-39.7	42.5	84.8	-42.3	11.6	9.0	2.6
1946.....	51.1	47.0	4.1	39.2	37.0	2.2	13.0	11.1	1.9
1947.....	57.1	43.8	13.3	43.3	31.1	12.2	15.5	14.4	1.1
1948.....	59.2	51.0	8.2	43.4	35.4	8.0	17.8	17.6	.3
1949.....	56.4	59.5	-3.1	39.1	41.6	-2.5	19.6	20.2	-.6
1950.....	69.3	61.1	8.2	50.2	41.0	9.2	21.4	22.4	-1.0
1951.....	85.5	79.4	6.1	64.5	58.0	6.4	23.5	23.8	-.3
1952.....	90.6	94.4	-3.9	67.7	71.6	-3.9	25.5	25.4	.1
1953.....	94.9	102.0	-7.1	70.3	77.7	-7.4	27.4	27.1	.3
1954.....	90.0	96.7	-6.7	63.8	69.6	-5.8	29.1	30.1	-.9
1955.....	101.4	98.6	2.9	72.8	68.9	3.8	31.7	32.7	-1.0
1956.....	109.5	104.3	5.2	77.5	71.8	5.7	35.2	35.7	-.5
1957.....	116.3	115.3	1.0	81.7	79.7	2.0	38.6	39.6	-1.0
1958.....	115.1	126.6	-11.4	78.5	87.9	-9.4	42.0	44.1	-2.1
1959.....	130.2	131.6	-1.5	90.3	91.4	-1.1	46.6	47.0	-.3
1960.....	140.6	136.7	3.9	96.6	93.1	3.5	50.4	50.0	.4
1961.....	145.6	149.8	-4.2	98.3	102.6	-4.3	54.5	54.4	.1
1962.....	157.8	159.8	-1.9	106.4	110.4	-4.1	59.5	57.3	2.1
1963.....	168.9	168.0	.9	113.6	115.2	-1.5	64.4	62.0	2.4
1964.....	173.3	176.2	-2.9	113.9	119.2	-5.3	69.7	67.3	2.4
Seasonally adjusted annual rates									
1962: I.....	154.3	157.4	-3.1	104.1	108.4	-4.4	58.0	56.7	1.2
II.....	157.1	158.9	-1.8	106.0	110.6	-4.6	59.1	56.2	2.8
III.....	158.9	159.3	-.4	107.0	109.9	-2.9	59.8	57.4	2.5
IV.....	161.1	163.4	-2.2	108.3	112.8	-4.5	61.1	58.9	2.3
1963: I.....	164.3	167.1	-2.8	110.5	115.3	-4.8	62.3	60.3	2.0
II.....	167.5	165.9	1.6	112.9	113.9	-1.0	63.4	60.8	2.6
III.....	169.7	168.0	1.7	114.2	114.9	-.7	64.9	62.4	2.4
IV.....	174.0	170.7	3.3	117.2	116.6	.6	66.7	64.0	2.7
1964: I.....	172.7	172.7	( <sup>4</sup> )	114.8	117.2	-2.4	67.8	65.3	2.4
II.....	171.1	176.6	-5.5	112.3	120.2	-7.8	69.2	66.9	2.3
III.....	173.9	176.9	-3.0	114.0	119.2	-5.2	70.6	68.3	2.3
IV.....	( <sup>5</sup> )	178.5	( <sup>5</sup> )	( <sup>5</sup> )	120.3	( <sup>5</sup> )	( <sup>5</sup> )	68.8	( <sup>5</sup> )

<sup>1</sup> See Note, Table B-62.

<sup>2</sup> Deficit of \$35 million.

<sup>3</sup> Preliminary estimates.

<sup>4</sup> Less than \$50 million.

<sup>5</sup> Not available.

NOTE.—Federal grants-in-aid to State and local governments are reflected in Federal expenditures and State and local receipts and expenditures. Total government receipts and expenditures have been adjusted to eliminate this duplication.

Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

TABLE B-62.—Federal Government receipts and expenditures in the national income accounts, 1946-66

[Billions of dollars]

Year or quarter	Receipts					Expenditures							Surplus or deficit (—) on income and product account
	Total	Personal tax and non-tax receipts	Corporate profits tax accruals	Indirect business tax and non-tax accruals	Contributions for social insurance	Total	Purchases of goods and services	Transfer payments		Grants-in-aid to State and local governments	Net interest paid	Subsidies less current surplus of government enterprises	
								To persons	Foreign (net)				
Fiscal year:													
1946.....	37.3	16.9	7.2	7.4	5.8	56.6	41.4	(3)	(1)	0.9	3.9	2.3	-19.3
1947.....	42.9	18.8	10.7	7.9	5.5	31.7	16.9	8.3	0.2	1.5	4.2	.7	11.2
1948.....	43.7	20.0	11.2	8.0	4.6	32.3	16.6	8.7	.6	1.8	4.2	.4	11.4
1949.....	40.1	16.3	10.9	8.1	4.8	40.0	21.8	8.1	2.9	2.1	4.3	.8	.2
1950.....	42.0	16.5	11.7	8.3	5.5	42.2	20.0	11.3	3.1	2.4	4.4	1.0	— 2
1951.....	61.7	23.5	21.8	9.6	6.6	31.7	16.9	8.2	2.3	2.4	4.6	1.3	16.3
1952.....	65.5	29.0	19.3	9.9	7.3	66.6	47.7	8.7	1.8	2.5	4.8	1.1	-1.1
1953.....	69.9	31.5	19.8	11.0	7.6	76.2	56.8	9.4	1.7	2.8	4.8	.9	-6.3
1954.....	65.9	30.4	17.1	10.7	7.7	74.5	53.9	10.6	1.3	2.8	4.9	1.0	-8.6
1955.....	67.0	29.9	18.4	10.4	8.3	68.1	45.0	12.2	1.6	2.9	4.9	1.4	-1.1
1956.....	76.3	33.5	21.0	11.2	10.5	69.5	45.2	12.9	1.3	3.1	5.0	1.9	6.8
1957.....	80.9	36.7	20.4	12.1	11.7	76.5	48.3	14.6	1.5	3.6	5.5	3.1	4.4
1958.....	77.8	36.3	17.3	12.0	12.3	82.8	50.5	18.1	1.3	4.5	5.6	2.7	-4.9
1959.....	85.9	35.7	21.1	12.3	13.8	90.3	53.9	20.4	1.4	6.0	5.8	2.7	-4.4
1960.....	94.5	42.3	21.7	13.9	16.7	92.1	53.0	21.3	1.6	6.7	6.9	2.7	2.4
1961.....	95.4	44.2	19.7	13.6	18.0	97.8	54.9	24.3	1.6	6.8	6.9	3.3	-2.4
1962.....	104.3	47.7	21.9	14.9	19.7	106.2	60.0	26.2	1.6	7.6	6.8	4.0	-1.9
1963.....	109.6	50.1	22.1	15.2	22.1	112.3	63.6	27.6	1.6	8.3	7.4	3.8	-2.8
1964.....	114.7	51.4	23.5	16.0	23.8	118.5	66.1	28.8	1.6	9.8	8.1	4.1	-3.9
1965 <sup>1</sup> .....	116.0	50.3	23.9	16.8	25.0	121.0	65.9	31.8		10.7	8.5	4.1	-5.0
1966 <sup>2</sup> .....	121.0	52.2	24.7	16.1	28.0	127.0	66.7	35.2		13.0	8.6	3.5	-6.0
Calendar year:													
1946.....	39.2	17.2	8.6	7.9	5.5	37.0	20.6	9.2	.3	1.1	4.2	1.6	2.2
1947.....	43.3	19.6	10.7	7.9	5.1	31.1	15.6	8.9	.1	1.7	4.2	.6	12.2
1948.....	43.4	19.0	11.8	8.1	4.5	35.4	19.3	7.7	1.6	2.0	4.3	.6	8.0
1949.....	39.1	16.2	9.8	8.2	4.9	41.6	22.2	8.8	3.2	2.2	4.4	.7	-2.5
1950.....	50.2	18.2	17.1	9.0	5.9	41.0	19.3	10.9	2.8	2.3	4.5	1.2	9.2
1951.....	64.5	26.3	21.6	9.5	7.1	58.0	38.8	8.7	2.1	2.5	4.7	1.3	6.4
1952.....	67.7	31.2	18.6	10.5	7.4	71.6	52.9	8.9	1.5	2.6	4.7	1.0	-3.9
1953.....	70.3	32.4	19.4	11.2	7.4	77.7	58.0	9.7	1.6	2.8	4.8	.8	-7.4
1954.....	63.8	29.2	16.5	10.1	8.1	69.6	47.5	11.6	1.4	2.9	5.0	1.2	-5.8
1955.....	72.8	31.5	20.9	11.0	9.3	68.9	45.3	12.5	1.5	3.0	4.9	1.6	3.8
1956.....	77.5	35.2	20.2	11.6	10.6	71.8	45.7	13.5	1.5	3.3	5.2	2.7	5.7
1957.....	81.7	37.3	19.9	12.2	12.2	79.7	49.7	16.0	1.5	4.1	5.7	2.8	2.0
1958.....	78.5	36.6	17.7	11.9	12.4	87.9	52.6	20.0	1.3	5.4	5.6	3.0	-9.4
1959.....	90.3	40.4	22.0	13.0	14.9	91.4	53.6	20.6	1.5	6.7	6.4	2.5	-1.1
1960.....	96.6	44.0	21.0	14.0	17.6	93.1	53.1	22.2	1.6	6.3	7.1	2.8	3.5
1961.....	98.3	45.1	20.9	14.1	18.2	102.6	57.4	25.8	1.6	7.2	6.7	3.9	-4.3
1962.....	106.4	49.1	21.8	15.1	20.5	110.4	62.9	26.7	1.6	8.0	7.1	4.2	-4.1
1963.....	113.6	51.9	23.0	15.6	23.0	115.2	64.7	28.3	1.6	9.1	7.7	3.8	-1.5
1964 <sup>1</sup> .....	113.9	49.0	24.0	16.4	24.5	119.2	65.6	29.3	1.8	10.4	8.4	3.8	-5.3
Seasonally adjusted annual rates													
Calendar quarter:													
1962: I.....	104.1	47.5	21.4	15.0	20.2	108.4	61.4	26.3	1.8	7.8	6.8	4.3	-4.4
II.....	106.0	48.9	21.6	15.1	20.4	110.6	63.6	26.3	1.5	8.0	7.0	4.2	-4.6
III.....	107.0	49.6	21.7	15.0	20.6	109.9	62.4	26.6	1.5	7.9	7.3	4.1	-2.9
IV.....	108.3	50.2	22.3	15.1	20.7	112.8	63.8	27.6	1.6	8.3	7.4	4.0	-4.5
1963: I.....	110.5	50.7	22.0	15.4	22.5	115.3	65.1	28.6	1.5	8.5	7.6	4.0	-4.8
II.....	112.9	51.5	23.0	15.5	22.9	113.9	64.3	27.9	1.6	8.7	7.5	3.9	-1.0
III.....	114.2	52.2	23.0	15.7	23.2	114.9	64.4	28.0	1.6	9.4	7.8	3.7	-7.7
IV.....	117.2	53.4	24.4	15.9	23.5	116.6	64.9	28.6	1.7	9.9	7.9	3.5	.6
1964: I.....	114.8	51.2	23.9	15.9	23.9	117.2	64.3	29.5	1.5	9.8	8.3	3.7	-2.4
II.....	112.3	47.3	24.4	16.4	24.2	120.2	67.1	29.1	1.6	10.4	8.4	3.6	-7.8
III.....	114.0	48.2	24.4	16.6	24.7	119.2	65.5	29.1	1.7	10.6	8.4	3.9	-5.2
IV <sup>3</sup> .....	(1)	49.3	(1)	16.7	25.0	120.3	65.7	29.4	2.2	10.7	8.4	4.0	(1)

<sup>1</sup> Not available.

<sup>2</sup> Estimate.

<sup>3</sup> Preliminary estimates.

NOTE.—These accounts, like the cash budget, include the transactions of the trust accounts. Unlike both the administrative budget and the cash statement, they exclude certain capital and lending transactions. In general, they do not use the cash basis for transactions with business. Instead, corporate profits taxes are included in receipts on an accrual instead of a cash basis; expenditures are timed with the delivery instead of the payment for goods and services; and CCC guaranteed price-support crop loan financed by banks are counted as expenditures when the loans are made, not when CCC redeems them.

Data for Alaska and Hawaii included beginning 1960.

Sources: Department of Commerce (Office of Business Economics) and Bureau of the Budget.

TABLE B-63.—*Reconciliation of Federal Government receipts and expenditures in the administrative budget and the consolidated cash statement with receipts and expenditures in the national income accounts, fiscal years 1962-66*

(Billions of dollars)

Receipts or expenditures	Fiscal years				
	1962	1963	1964	1965 <sup>1</sup>	1966 <sup>1</sup>
<b>RECEIPTS</b>					
Administrative Budget receipts.....	81.4	86.4	89.5	91.2	94.4
Less: Intragovernmental transactions.....	3.8	4.3	4.2	4.2	4.4
Receipts from exercise of monetary authority.....	.1	( <sup>2</sup> )	.1	.1	.1
Plus: Trust fund receipts.....	24.3	27.7	30.3	30.5	33.6
<b>Equals: Federal receipts from the public (consolidated cash receipts).....</b>	<b>101.9</b>	<b>109.7</b>	<b>115.5</b>	<b>117.4</b>	<b>123.5</b>
Adjustments for agency coverage:					
Less: District of Columbia revenues.....	.2	.3	.3	.3	.3
Adjustments for netting and consolidation:					
Less: Interest, dividends, and other earnings.....	.5	1.5	1.4	1.9	2.1
Plus: Contributions to Federal employees' retirement funds, etc.....	1.7	1.9	2.0	2.1	2.2
Adjustments for timing:					
Plus: Excess of corporate tax accruals over collections; personal taxes, social insurance contributions, etc.....	1.9	.5	-.7	-.9	-1.8
Adjustments for capital transactions: <sup>3</sup>					
Less: Realization upon loans and investments, sale of Government property, etc.....	.5	.8	.6	.4	.5
<b>Equals: Receipts—National income accounts.....</b>	<b>104.3</b>	<b>109.6</b>	<b>114.7</b>	<b>116.0</b>	<b>121.0</b>
<b>EXPENDITURES</b>					
Administrative Budget expenditures.....	87.8	92.6	97.7	97.5	99.7
Less: Intragovernmental transactions.....	3.8	4.3	4.2	4.2	4.4
Accrued interest and other non-cash expenditures (net).....	1.5	1.2	2.0	.9	.8
Plus: Trust fund expenditures (including Government-sponsored enterprise expenditures net).....	25.1	26.5	28.9	29.0	32.9
<b>Equals: Federal payments to the public (consolidated cash expenditures).....</b>	<b>107.7</b>	<b>113.8</b>	<b>120.3</b>	<b>121.4</b>	<b>127.4</b>
Adjustments for agency coverage:					
Less: District of Columbia expenditures.....	.3	.3	.3	.4	.4
Adjustments for netting and consolidation:					
Less: Interest received and proceeds of Government sales.....	.5	1.5	1.4	1.9	2.1
Plus: Contributions to Federal employees' retirement funds, etc.....	1.7	1.9	2.0	2.1	2.2
Adjustments for timing:					
Plus: Excess of interest accruals over payments on savings bonds and Treasury bills.....	.7	.9	.9	.8	.6
Excess of deliveries over expenditures and miscellaneous items <sup>4</sup> .....	1.6	.2	1.5	1.7	1.2
Less: Commodity Credit Corporation foreign currency exchanges.....	.6	.7	.6	.8	.7
Adjustments for capital transactions: <sup>3</sup>					
Less: Loans—Federal National Mortgage Association, foreign assistance, redemption of International Monetary Fund notes, etc.....	3.5	1.4	3.4	1.4	.7
Purchase of land and existing assets.....	.6	.4	.5	.5	.5
<b>Equals: Expenditures—National income accounts.....</b>	<b>106.2</b>	<b>112.3</b>	<b>118.5</b>	<b>121.0</b>	<b>127.0</b>

<sup>1</sup> Data for 1965 and 1966 are estimates.

<sup>2</sup> Less than \$50 million.

<sup>3</sup> Consist of transactions in financial assets and liabilities, land and secondhand assets. Acquisition of newly produced tangible assets are included in expenditures for goods and services as defined in the national income and product accounts.

<sup>4</sup> Includes increase in clearing account.

NOTE.—Data for Alaska and Hawaii included.

Sources: Bureau of the Budget and Department of Commerce, Office of Business Economics.

TABLE B-64.—State and local government revenues and expenditures, selected fiscal years, 1927-63

[Millions of dollars]

Fiscal year <sup>1</sup>	Revenues by source <sup>2</sup>							Expenditures by function <sup>3</sup>				
	Total	Property taxes	Sales and gross receipts taxes	Individual income taxes	Corporation net income taxes	Revenue from Federal Government	All other revenue <sup>4</sup>	Total	Education	Highways	Public welfare	All other <sup>4</sup>
1927.....	7,271	4,730	470	70	92	116	1,793	7,210	2,235	1,809	151	3,015
1932.....	7,267	4,487	752	74	79	232	1,643	7,765	2,311	1,741	444	3,269
1934.....	7,678	4,076	1,008	80	49	1,016	1,449	7,181	1,831	1,509	889	2,952
1936.....	8,395	4,093	1,484	153	113	948	1,604	7,644	2,177	1,425	827	3,215
1938.....	9,228	4,440	1,794	218	165	800	1,811	8,757	2,491	1,650	1,069	3,547
1940.....	9,609	4,430	1,982	224	156	945	1,872	9,229	2,638	1,573	1,156	3,862
1942.....	10,418	4,537	2,351	276	272	858	2,123	9,190	2,586	1,490	1,225	3,889
1944.....	10,908	4,604	2,289	342	451	954	2,269	8,863	2,793	1,200	1,133	3,737
1946.....	12,356	4,986	2,986	422	447	855	2,661	11,028	3,356	1,672	1,409	4,591
1948.....	17,250	6,126	4,442	543	592	1,861	3,685	17,684	5,379	3,036	2,099	7,170
1950.....	20,911	7,349	5,154	788	593	2,486	4,541	22,787	7,177	3,803	2,940	8,867
1952.....	25,181	8,652	6,357	998	846	2,566	5,763	26,098	8,318	4,650	2,788	10,342
1953.....	27,307	9,375	6,927	1,065	817	2,870	6,252	27,910	9,390	4,987	2,914	10,619
1954.....	29,012	9,967	7,276	1,127	778	2,966	6,897	30,701	10,557	5,527	3,060	11,557
1955.....	31,073	10,735	7,643	1,237	744	3,131	7,584	33,724	11,907	6,452	3,168	12,197
1956.....	34,667	11,749	8,691	1,538	890	3,335	8,465	36,711	13,220	6,953	3,139	13,399
1957.....	38,164	12,864	9,467	1,754	984	3,843	9,252	40,375	14,134	7,816	3,485	14,940
1958.....	41,219	14,047	9,829	1,759	1,018	4,865	9,699	44,851	15,919	8,567	3,818	16,547
1959.....	45,306	14,983	10,437	1,994	1,001	6,377	10,516	48,887	17,283	9,592	4,136	17,876
1960.....	50,505	16,405	11,849	2,463	1,180	6,974	11,634	51,876	18,719	9,428	4,404	19,324
1961.....	54,037	18,002	12,463	2,613	1,266	7,131	12,563	56,201	20,574	9,844	4,720	21,063
1962.....	58,252	19,054	13,494	3,037	1,308	7,871	13,489	60,206	22,216	10,357	5,084	22,549
1963.....	62,890	20,089	14,456	3,269	1,505	8,722	14,850	64,816	24,012	11,136	5,481	24,187

<sup>1</sup> Fiscal years not the same for all governments.<sup>2</sup> 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.<sup>3</sup> Includes licenses and other taxes and charges and miscellaneous revenues.<sup>4</sup> Includes expenditures for health, hospitals, police, local fire protection, natural resources, sanitation, housing and community redevelopment, local parks and recreation, general control, financial administration, interest on general debt, and other and unallocable expenditures.

NOTE.—Data are not available for intervening years.

Data for Alaska and Hawaii included beginning 1959 and 1960, respectively.

See Table B-54 for net debt of State and local governments.

Source: Department of Commerce, Bureau of the Census.

# CORPORATE PROFITS AND FINANCE

**TABLE B-65.—Profits before and after taxes, all private corporations, 1929-64**  
(Billions of dollars)

Year or quarter	Corporate profits (before taxes) and inventory valuation adjustment						Corporate profits before taxes	Corporate tax liability <sup>1</sup>	Corporate profits after taxes		
	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.....	10.1	5.1	2.6	2.5	2.0	3.0	9.6	1.4	8.3	5.8	2.4
1930.....	6.6	3.9	1.5	2.4	1.2	1.5	3.3	.8	2.5	5.5	-3.0
1931.....	1.6	1.3	( <sup>2</sup> )	1.3	.6	-.2	-.8	.5	-1.3	4.1	-5.4
1932.....	-2.0	-.6	-1.1	.4	.2	-1.5	-3.0	.4	-3.4	2.6	-6.0
1933.....	-2.0	-.5	-.5	( <sup>2</sup> )	.1	-1.5	.2	.5	-.4	2.1	-2.4
1934.....	1.1	.9	.2	.7	.4	-.2	1.7	.7	1.0	2.6	-1.6
1935.....	2.9	2.0	.9	1.1	.5	.5	3.1	1.0	2.2	2.9	-.7
1936.....	5.0	3.1	1.7	1.4	.7	1.2	5.7	1.4	4.3	4.5	-.2
1937.....	6.2	3.6	1.7	2.0	.8	1.8	6.2	1.5	4.7	4.7	( <sup>2</sup> )
1938.....	4.3	2.2	.7	1.4	.6	1.5	3.3	1.0	2.3	3.2	-.9
1939.....	5.7	3.2	1.6	1.5	1.0	1.5	6.4	1.4	5.0	3.8	1.2
1940.....	9.1	5.4	3.0	2.3	1.3	2.4	9.3	2.8	6.5	4.0	2.4
1941.....	14.5	9.3	6.3	3.0	2.0	3.2	17.0	7.6	9.4	4.5	4.9
1942.....	19.7	11.7	7.1	4.5	3.5	4.5	20.9	11.4	9.5	4.3	5.2
1943.....	23.8	13.7	8.0	5.6	4.4	5.7	24.6	14.1	10.5	4.5	6.0
1944.....	23.0	13.0	7.3	5.7	3.9	6.1	23.3	12.9	10.4	4.7	5.7
1945.....	18.4	9.5	4.5	5.0	2.8	6.1	19.0	10.7	8.3	4.7	3.6
1946.....	17.3	8.4	2.1	6.3	1.8	7.1	22.6	9.1	13.4	5.8	7.7
1947.....	23.6	12.8	5.3	7.4	2.1	8.7	29.5	11.3	18.2	6.5	11.7
1948.....	30.8	16.8	7.4	9.4	2.9	11.2	33.0	12.5	20.5	7.2	13.3
1949.....	28.2	15.3	7.9	7.4	2.9	10.1	26.4	10.4	16.0	7.5	8.5
1950.....	35.7	20.4	12.0	8.4	4.0	11.3	40.6	17.9	22.8	9.2	13.6
1951.....	41.0	24.4	13.5	10.9	4.5	12.0	42.2	22.4	19.7	9.0	10.7
1952.....	37.7	21.1	11.8	9.3	4.8	11.8	36.7	19.5	17.2	9.0	8.3
1953.....	37.3	21.4	12.1	9.3	4.9	11.0	38.3	20.2	18.1	9.2	8.9
1954.....	33.7	18.4	10.1	8.3	4.4	11.0	34.1	17.2	16.8	9.8	7.0
1955.....	43.1	25.0	14.2	10.8	5.4	12.8	44.9	21.8	23.0	11.2	11.8
1956.....	42.0	23.5	12.6	10.9	5.6	12.9	44.7	21.2	23.5	12.1	11.3
1957.....	41.7	22.9	13.1	9.8	5.5	13.3	43.2	20.9	22.3	12.6	9.7
1958.....	37.2	18.3	9.0	9.3	5.6	13.3	37.4	18.6	18.8	12.4	6.4
1959.....	47.2	25.4	13.4	11.9	6.7	15.1	47.7	23.2	24.5	13.7	10.8
1960.....	44.5	23.0	11.6	11.4	7.0	14.4	44.3	22.3	22.0	14.5	7.5
1961.....	44.1	21.7	10.9	10.8	7.3	15.1	44.2	22.3	21.9	15.2	6.7
1962 <sup>3</sup> .....	48.4	24.7	13.2	11.5	8.0	15.7	48.2	23.2	25.0	16.5	8.5
1963 <sup>4</sup> .....	50.8	26.7	14.4	12.3	8.4	15.7	51.3	24.6	26.7	18.0	8.7
1964 <sup>3 4 5</sup> .....	57.0	30.7	16.5	14.2	8.9	17.4	57.2	25.6	31.6	19.8	11.8
Seasonally adjusted annual rates											
1962: I.....	47.1	24.0	12.8	11.2	7.7	15.5	47.2	22.7	24.5	16.1	8.4
II.....	48.0	24.0	12.7	11.3	8.1	15.8	47.9	23.0	24.9	16.4	8.5
III.....	48.3	24.8	13.5	11.3	8.0	15.4	48.1	23.1	25.0	16.5	8.5
IV.....	50.3	26.1	13.8	12.3	8.2	16.0	49.4	23.8	25.7	17.1	8.6
1963: I.....	49.1	24.7	13.2	11.6	8.1	16.2	48.9	23.4	25.5	17.2	8.3
II.....	50.2	26.6	14.5	12.1	8.3	15.3	51.1	24.5	26.6	17.7	8.9
III.....	51.4	27.8	14.7	13.1	8.4	15.2	51.3	24.5	26.7	17.9	8.9
IV.....	53.1	27.8	15.4	12.4	8.7	16.6	54.3	26.0	28.3	19.1	9.2
1964: I.....	56.4	30.6	16.6	13.9	8.5	17.4	56.6	25.4	31.2	19.4	11.8
II.....	57.9	31.7	17.0	14.8	8.8	17.4	57.9	26.0	31.9	19.8	12.1
III.....	58.1	31.2	16.9	14.3	9.3	17.6	58.0	26.0	32.0	20.0	12.0
IV.....	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	20.2	( <sup>6</sup> )

<sup>1</sup> Federal and State corporate income and excess profits taxes.

<sup>2</sup> Less than \$50 million.

<sup>3</sup> The new figures for 1962, 1963, and 1964 reflect the new depreciation guidelines issued by the Treasury Department July 11, 1962, and the investment tax credit provided in the Revenue Act of 1962.

<sup>4</sup> Preliminary estimates.

<sup>5</sup> Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.

<sup>6</sup> Not available.

Source: Department of Commerce, Office of Business Economics.



TABLE B-66.—*Relation of profits before and after taxes to stockholders' equity and to sales, private manufacturing corporations, by asset size class, 1958-64*<sup>1</sup>

Year or quarter	Asset size class (millions of dollars)											
	All asset sizes		Under 1		1 to 10		10 to 100		100 to 1,000		1,000 and over	
	Ratio of profits (annual rate) to stockholders' equity—percent											
	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes
1958.....	15.1	8.4	10.4	4.5	13.7	6.2	15.5	7.8	16.7	8.9	14.7	10.2
1959.....	18.5	10.2	15.5	8.2	17.4	8.5	19.5	9.9	19.1	10.2	18.3	11.4
1960.....	16.4	9.1	11.8	5.5	13.4	6.0	16.3	8.2	17.2	9.4	17.6	11.1
1961.....	15.6	8.7	11.9	5.5	13.8	6.3	15.2	7.6	16.3	8.9	16.6	10.7
1962.....	17.3	9.6	14.7	8.1	16.0	7.6	16.6	8.4	16.8	9.1	19.0	11.7
1963.....	18.2	10.1	15.2	8.2	16.0	7.6	16.8	8.5	17.6	9.6	20.5	12.6
1961: I.....	12.6	6.8	6.3	.9	8.3	2.6	11.8	5.6	13.9	7.5	14.4	9.5
II.....	16.8	9.2	13.7	6.8	14.7	6.9	16.3	8.3	17.1	9.1	18.0	11.2
III.....	15.8	8.8	15.8	8.4	16.8	8.2	16.3	8.1	17.1	9.2	13.6	9.2
IV.....	18.5	10.5	12.5	6.3	16.1	7.7	17.3	8.9	18.3	10.3	21.4	13.5
1962: I.....	16.7	9.0	10.6	4.6	14.0	5.9	14.6	7.1	16.3	8.6	20.1	12.1
II.....	18.9	10.3	19.8	11.7	18.1	8.8	17.8	9.0	18.1	9.7	20.2	11.8
III.....	16.6	9.3	19.4	11.3	18.1	8.8	17.1	8.6	16.4	8.7	15.6	9.9
IV.....	18.1	10.5	10.6	5.4	15.1	7.4	17.0	8.9	17.5	9.9	21.5	13.8
1963: I.....	16.0	8.6	8.2	2.5	12.2	5.1	13.7	6.6	15.6	8.3	20.0	12.1
II.....	19.9	11.0	20.0	11.9	17.7	8.6	18.0	9.1	19.1	10.3	22.4	13.3
III.....	17.8	10.0	19.9	11.5	18.3	9.0	17.8	9.0	18.1	9.8	17.0	10.8
IV.....	19.9	11.4	13.1	6.9	16.0	7.8	18.1	9.3	18.9	10.6	24.1	14.9
1964: I.....	18.5	10.5	13.6	7.4	15.4	7.2	15.6	7.9	17.4	9.7	22.5	13.8
II.....	21.4	12.3	21.3	13.3	20.3	10.4	19.7	10.5	20.3	11.4	23.6	14.4
III.....	19.0	11.2	24.0	15.5	20.6	11.0	20.3	10.8	19.4	11.0	16.9	11.1
	Profits per dollar of sales—cents											
	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes
1958.....	7.4	4.2	2.3	1.0	5.1	2.3	7.5	3.8	8.6	4.6	11.6	8.0
1959.....	8.8	4.8	3.3	1.7	5.9	2.9	9.1	4.7	9.6	5.1	13.7	8.6
1960.....	8.0	4.4	2.6	1.2	4.7	2.1	7.7	3.9	8.8	4.8	12.8	8.1
1961.....	7.7	4.3	2.6	1.2	4.7	2.1	7.3	3.7	8.3	4.5	13.1	8.4
1962.....	8.2	4.5	3.2	1.7	5.2	2.5	7.6	3.8	8.3	4.5	13.7	8.4
1963.....	8.5	4.7	3.2	1.7	5.1	2.4	7.6	3.9	8.6	4.7	14.3	8.8
1961: I.....	6.5	3.5	1.4	.2	3.0	.9	6.0	2.8	7.4	4.0	11.6	7.7
II.....	8.0	4.4	2.9	1.5	4.8	2.3	7.6	3.9	8.4	4.5	13.6	8.5
III.....	7.7	4.3	3.4	1.8	5.5	2.7	7.7	3.8	8.5	4.6	11.4	7.7
IV.....	8.5	4.8	2.6	1.3	5.1	2.5	7.9	4.1	8.9	5.0	15.2	9.5
1962: I.....	8.0	4.3	2.3	1.0	4.7	2.0	7.0	3.4	8.0	4.3	14.2	8.5
II.....	8.6	4.7	4.1	2.4	5.6	2.7	8.0	4.0	8.6	4.6	14.0	8.2
III.....	7.9	4.4	4.1	2.4	5.7	2.8	7.8	3.9	8.1	4.3	12.0	7.6
IV.....	8.2	4.8	2.2	1.1	4.7	2.3	7.6	4.0	8.3	4.7	14.4	9.2
1963: I.....	7.7	4.2	1.8	.6	4.0	1.7	6.5	3.1	7.8	4.2	14.0	8.5
II.....	9.0	5.0	4.0	2.4	5.5	2.7	8.0	4.1	9.0	4.8	14.8	8.8
III.....	8.3	4.6	4.0	2.3	5.7	2.8	8.0	4.0	8.6	4.6	12.7	8.1
IV.....	8.9	5.1	2.6	1.4	5.0	2.4	8.0	4.1	8.8	4.9	15.5	9.6
1964: I.....	8.6	4.9	2.9	1.6	5.0	2.3	7.1	3.6	8.5	4.7	14.7	9.0
II.....	9.5	5.5	4.3	2.7	6.1	3.1	8.4	4.5	9.5	5.3	14.9	9.1
III.....	8.7	5.1	4.8	3.1	6.3	3.3	8.6	4.6	9.2	5.2	12.0	7.9

<sup>1</sup> Based on 1957 Standard Industrial Classification.

NOTE.—Data on a comparable basis are not available for earlier periods. For explanatory notes concerning compilation of the series, see *Quarterly Financial Reports for U.S. Manufacturing Corporations*, Federal Trade Commission and Securities and Exchange Commission.

Data for Alaska and Hawaii included for all periods.

Sources: Federal Trade Commission and Securities and Exchange Commission.

TABLE B-67.—*Relation of profits after taxes to stockholders' equity and to sales, private manufacturing corporations, by industry group, 1958-64<sup>1</sup>*

Year or quarter	All private manufacturing corporations	Durable goods industries												
		Total durable	Lumber and wood products (except furniture)	Furniture and fixtures	Stone, clay, and glass products	Primary iron and steel industries	Primary non-ferrous metal industries	Fabricated metal products	Machinery (except electrical)	Electrical machinery, equipment, and supplies	Motor vehicles and equipment	Aircraft and parts	Instruments and related products	Miscellaneous manufacturing (including ordinance)
Ratio of profits after Federal taxes (annual rate) to stockholders' equity—percent														
1958.....	8.4	7.8	5.6	6.2	10.0	7.1	5.9	7.3	6.8	9.9	8.1	12.7	10.3	8.0
1959.....	10.2	10.1	9.2	8.5	12.4	8.0	7.8	7.8	9.6	11.9	14.1	8.0	12.6	9.1
1960.....	9.1	8.4	3.7	6.4	9.6	7.3	7.2	5.5	7.5	9.2	13.3	7.2	11.1	8.9
1961.....	8.7	8.0	3.9	4.8	8.7	6.1	7.0	6.0	7.7	8.8	11.3	9.2	10.2	9.7
1962.....	9.6	9.5	5.7	7.7	8.7	5.4	7.4	7.8	8.9	9.7	15.9	12.2	11.9	9.3
1963.....	10.1	10.0	8.1	8.2	8.6	6.9	7.6	8.1	9.6	9.9	16.4	11.1	11.9	8.7
1961: I.....	6.8	5.2	-6	-1.1	2.9	3.2	6.1	2.5	5.7	7.3	8.0	7.2	7.1	5.9
II.....	9.2	8.9	6.2	4.0	10.9	7.0	8.0	7.3	9.1	8.2	13.2	10.2	9.9	7.2
III.....	8.8	7.8	6.8	7.0	11.7	6.4	6.1	7.7	7.8	8.1	6.3	10.9	11.6	12.6
IV.....	10.5	10.4	3.7	9.6	9.7	8.0	8.1	6.2	8.5	12.0	18.1	10.8	13.5	13.7
1962: I.....	9.0	8.9	1.4	4.6	3.7	7.6	8.2	6.3	8.1	9.2	16.8	12.3	9.8	6.8
II.....	10.3	10.8	7.6	7.2	11.8	5.8	8.8	9.8	10.8	10.4	18.3	12.7	12.6	7.1
III.....	9.3	8.5	8.4	10.6	11.9	3.4	5.8	8.6	9.2	9.2	9.3	11.8	12.0	12.1
IV.....	10.5	10.2	4.9	9.1	8.0	5.0	7.3	6.9	8.2	11.0	20.6	13.9	13.5	11.3
1963: I.....	8.6	8.2	3.7	3.5	1.5	5.1	6.9	5.9	7.9	9.2	17.3	10.3	8.8	4.6
II.....	11.0	11.7	9.1	7.9	12.9	9.6	8.1	8.9	11.1	10.2	19.6	12.9	11.5	8.6
III.....	10.0	9.3	12.6	12.0	11.8	5.5	6.9	10.0	9.7	9.6	9.4	11.5	12.8	11.0
IV.....	11.4	11.3	7.3	9.6	8.4	7.8	8.6	8.3	9.7	11.2	20.6	10.6	15.0	10.9
1964: I.....	10.5	10.6	8.1	7.0	4.1	7.6	9.2	7.4	10.7	9.7	20.3	10.4	11.5	6.0
II.....	12.3	13.4	12.1	9.0	12.4	9.4	10.4	11.0	13.9	10.8	22.5	12.8	13.9	7.7
III.....	11.2	10.8	11.7	11.5	12.5	8.0	8.4	11.4	12.9	11.0	9.2	12.9	15.6	10.3
Profits after taxes per dollar of sales—cents														
1958.....	4.2	3.9	2.8	2.0	6.8	5.4	4.7	3.1	3.7	3.8	4.0	2.4	5.4	3.0
1959.....	4.8	4.8	4.2	2.7	7.9	5.4	5.8	3.2	4.8	4.4	6.3	1.6	6.5	3.5
1960.....	4.4	4.0	1.7	2.1	6.6	5.1	5.4	2.4	3.9	3.5	5.9	1.4	5.9	3.5
1961.....	4.3	3.9	1.9	1.6	5.8	4.6	5.3	2.5	4.1	3.5	5.5	1.8	5.4	3.6
1962.....	4.5	4.4	2.5	2.3	5.6	3.9	5.5	3.1	4.5	3.7	6.9	2.4	5.9	3.4
1963.....	4.7	4.5	3.3	2.4	5.3	4.8	5.3	3.2	4.7	3.8	6.9	2.3	6.0	3.3
1961: I.....	3.5	2.7	-3	-4	2.4	2.7	4.8	1.2	3.2	2.9	4.1	1.4	4.0	2.5
II.....	4.4	4.2	2.9	1.3	6.8	5.0	5.9	3.0	4.6	3.2	5.8	1.9	5.3	2.8
III.....	4.3	3.8	3.0	2.1	7.0	4.6	4.8	3.1	4.2	3.3	3.8	2.0	6.0	4.2
IV.....	4.8	4.7	1.7	2.9	6.2	5.7	5.8	2.4	4.4	4.3	7.5	2.0	6.2	4.7
1962: I.....	4.3	4.2	.7	1.5	2.8	4.9	5.8	2.7	4.3	3.5	7.1	2.3	5.1	2.7
II.....	4.7	4.8	3.2	2.1	6.9	4.0	6.2	3.8	5.1	3.8	7.4	2.3	6.1	2.8
III.....	4.4	4.0	3.4	3.1	6.8	2.6	4.5	3.3	4.6	3.6	4.9	2.2	6.0	4.3
IV.....	4.8	4.5	2.1	2.6	4.9	3.8	5.4	2.7	4.1	4.0	7.8	2.6	6.3	3.8
1963: I.....	4.2	3.9	1.7	1.1	1.2	3.7	5.0	2.5	4.1	3.5	7.0	2.1	4.6	1.9
II.....	5.0	5.0	3.5	2.3	7.2	5.8	5.6	3.4	5.1	3.8	7.6	2.6	5.8	3.3
III.....	4.6	4.3	4.6	3.3	6.5	4.0	5.0	3.7	4.8	3.7	4.9	2.3	6.5	4.1
IV.....	5.1	4.8	2.8	2.6	5.0	5.6	5.7	3.1	4.7	4.1	7.5	2.1	6.9	3.8
1964: I.....	4.9	4.8	3.4	2.1	2.8	5.2	6.3	3.0	5.2	3.8	7.9	2.1	6.2	2.5
II.....	5.5	5.6	4.5	2.6	6.8	5.9	6.7	4.0	6.1	4.0	8.4	2.6	7.0	2.9
III.....	5.1	4.9	4.4	3.2	6.8	5.1	5.7	4.1	6.0	4.2	4.7	2.9	7.8	3.8

See footnotes at end of table.

TABLE B-67.—*Relation of profits after taxes to stockholders' equity and to sales, private manufacturing corporations, by industry group, 1958-64*<sup>1</sup>—Continued

Year or quarter	Nondurable goods industries										
	Total nondurable	Food and kindred products	Tobacco manufactures	Textile mill products	Apparel and related products	Paper and allied products	Printing and publishing (except newspapers)	Chemicals and allied products	Petroleum refining	Rubber and miscellaneous plastic products	Leather and leather products
<i>Ratio of profits after Federal taxes (annual rate) to stockholders' equity—percent</i>											
1958.....	9.0	8.6	13.1	3.5	4.9	8.0	9.0	11.1	9.7	8.8	5.5
1959.....	10.2	9.1	13.1	7.4	8.6	9.3	11.0	13.4	9.6	10.8	8.2
1960.....	9.7	8.6	13.1	5.8	7.6	8.4	10.4	12.1	9.9	8.9	6.2
1961.....	9.4	8.7	13.4	4.9	6.9	7.7	8.3	11.6	10.0	9.0	4.4
1962.....	9.8	8.7	12.9	6.1	9.1	8.1	10.1	12.3	9.9	9.3	6.9
1963.....	10.3	8.9	13.0	6.1	7.5	8.0	9.2	12.9	11.1	9.1	6.8
1961: I.....	8.5	7.2	12.0	2.6	2.1	6.6	7.5	9.8	10.6	6.7	3.3
II.....	9.6	9.2	14.1	4.3	2.6	8.3	6.8	13.2	9.6	10.6	2.6
III.....	9.9	10.0	14.3	6.0	11.2	7.3	11.2	11.8	9.6	9.2	4.7
IV.....	10.6	9.1	14.2	7.1	12.3	9.1	8.4	12.2	11.3	10.7	6.9
1962: I.....	9.1	7.1	11.7	5.3	6.7	7.4	7.7	11.5	10.0	9.1	6.3
II.....	9.8	8.9	12.9	6.3	7.9	8.7	11.1	13.5	8.8	10.9	5.2
III.....	10.0	10.2	13.7	6.0	11.3	8.0	11.6	12.2	9.7	8.5	6.4
IV.....	10.8	9.1	14.0	7.3	11.4	8.3	10.6	12.5	11.8	9.8	9.6
1963: I.....	9.1	7.1	11.1	4.4	6.4	6.3	6.3	11.1	11.0	8.2	5.8
II.....	10.4	8.9	13.6	6.2	6.7	8.4	9.9	14.3	10.3	10.2	4.4
III.....	10.7	10.2	14.4	6.6	8.7	7.9	12.7	12.7	11.0	8.8	8.0
IV.....	11.4	9.7	14.3	7.0	8.9	9.8	7.5	13.5	12.9	9.7	9.3
1964: I.....	10.4	8.2	10.6	5.8	8.6	8.2	10.3	13.1	11.6	9.1	8.4
II.....	11.3	9.6	14.3	7.2	8.5	9.7	13.7	15.5	10.8	11.3	9.1
III.....	11.7	11.5	14.0	10.2	17.2	8.8	14.5	14.0	10.5	10.7	12.0
<i>Profits after taxes per dollar of sales—cents</i>											
1958.....	4.4	2.2	5.4	1.6	1.0	4.7	3.1	7.0	9.5	3.5	1.7
1959.....	4.9	2.4	5.4	3.0	1.5	5.2	4.0	7.9	9.5	4.0	2.2
1960.....	4.8	2.3	5.5	2.5	1.4	5.0	3.6	7.5	9.9	3.6	1.6
1961.....	4.7	2.3	5.7	2.1	1.3	4.7	2.8	7.8	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
1961: I.....	4.2	1.9	5.3	1.2	.4	4.1	2.6	6.5	10.4	2.9	.9
II.....	4.6	2.4	5.7	1.8	.5	4.8	2.3	7.8	9.9	4.2	.7
III.....	4.8	2.6	5.9	2.5	1.8	4.3	3.7	7.4	9.8	3.8	1.2
IV.....	5.0	2.3	5.9	2.7	2.1	5.2	2.7	7.6	11.1	4.2	1.6
1962: I.....	4.4	1.9	5.4	2.2	1.3	4.4	2.6	7.2	9.5	3.7	1.6
II.....	4.6	2.3	5.5	2.5	1.4	4.9	3.6	7.6	8.8	4.1	1.4
III.....	4.8	2.7	5.8	2.4	1.9	4.5	3.9	7.3	9.5	3.4	1.6
IV.....	5.0	2.3	6.1	2.8	1.9	4.5	3.4	7.5	11.0	3.7	2.4
1963: I.....	4.4	1.9	5.3	1.8	1.2	3.7	2.2	6.8	10.2	3.4	1.5
II.....	4.9	2.3	5.8	2.4	1.2	4.7	3.4	8.0	10.0	3.9	1.2
III.....	5.0	2.7	6.1	2.5	1.5	4.4	4.5	7.4	10.6	3.5	2.1
IV.....	5.3	2.5	6.3	2.5	1.6	5.3	2.5	7.7	12.1	3.6	2.3
1964: I.....	5.0	2.2	5.3	2.3	1.7	4.7	3.6	7.5	10.8	3.7	2.1
II.....	5.4	2.6	6.1	2.7	1.6	5.3	4.8	8.2	10.5	4.3	2.4
III.....	5.4	3.0	6.0	3.7	2.9	4.9	5.0	7.7	10.3	4.2	2.9

<sup>1</sup> Based on 1957 Standard Industrial Classification.

NOTE.—Data on a comparable basis are not available for earlier periods. For explanatory notes concerning compilation of the series, see *Quarterly Financial Reports for U.S. Manufacturing Corporations*, Federal Trade Commission and Securities and Exchange Commission.

Data for Alaska and Hawaii included for all periods.

Sources: Federal Trade Commission and Securities and Exchange Commission.

TABLE B-68.—*Sources and uses of corporate funds, 1953-64*<sup>1</sup>

[Billions of dollars]

Source or use of funds	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964 <sup>2</sup>
Sources, total.....	30.4	22.2	50.3	47.9	42.5	39.4	57.1	46.2	52.3	59.2	62.5	65.7
Internal sources, total.....	19.7	19.8	26.6	27.8	28.0	26.0	31.1	29.1	29.7	35.2	36.8	40.9
Retained profits.....	7.9	6.3	10.9	10.5	8.9	5.7	9.5	6.2	5.6	7.7	8.0	10.4
Depreciation.....	11.8	13.5	15.7	17.3	19.1	20.3	21.6	22.9	24.1	27.5	28.8	30.5
External long-term sources, total.....	7.6	6.4	8.6	11.1	11.9	10.9	9.5	9.8	11.8	11.3	10.9	12.7
Stocks.....	2.3	2.1	2.7	3.2	3.5	3.6	3.7	3.0	4.5	2.1	6	2.3
Bonds.....	4.8	3.8	4.2	4.7	7.0	5.9	4.1	5.0	5.1	5.0	5.2	5.1
Other debt.....	.5	.5	1.7	3.2	1.4	1.4	1.8	1.7	2.2	4.2	5.0	5.3
Short-term sources, total.....	3.1	-4.0	15.1	9.0	2.6	2.6	16.5	7.4	10.8	12.8	14.8	12.1
Bank loans.....	-1.1	-1.1	3.7	2.2	.3	-4	5.4	1.3	.4	3.0	4.3	1.0
Trade payables.....	.4	-2	5.5	5.5	2.4	3.8	5.3	4.5	7.4	5.6	6.8	5.8
Federal income tax liabilities.....	.6	-3.1	3.8	-1.7	-2.2	-2.5	2.1	-1.6	.7	.9	1.2	1.0
Other.....	2.2	.4	2.1	3.0	2.1	1.7	3.7	3.2	2.3	3.2	2.5	4.3
Uses, total.....	28.6	23.8	50.6	45.0	40.3	35.3	52.1	43.8	48.8	54.4	58.4	63.3
Increase in physical assets, total.....	25.7	20.8	30.9	37.5	34.8	24.0	34.2	33.3	30.9	36.4	37.5	42.4
Plant and equipment.....	23.9	22.4	24.2	29.9	32.7	26.4	27.7	30.8	29.6	32.0	33.8	39.2
Inventories (book value).....	1.8	-1.6	6.7	7.6	2.1	-2.4	6.6	2.5	1.3	4.4	3.7	3.2
Increase in financial assets, total.....	2.9	3.0	19.7	7.5	5.5	11.3	17.9	10.5	17.8	18.0	20.8	20.9
Receivables.....	1.1	2.2	11.9	8.8	4.5	6.7	10.9	8.6	9.9	11.3	12.9	14.1
Consumer.....	1.8	.7	3.3	1.4	.9	-3	2.4	1.8	.1	2.2	2.4	(4)
Other.....	-7	1.5	8.6	7.4	3.6	6.9	8.4	6.9	9.8	9.1	10.5	(4)
Cash and U.S. Government securities.....	1.8	(3)	5.0	-4.3	-3	2.7	2.9	-1.7	3.6	2.0	2.0	1.3
Cash (including deposits).....	.2	2.3	1.2	.2	.1	2.5	-1.1	1.0	3.8	1.8	1.7	(4)
U.S. Government securities.....	1.6	-2.3	3.8	-4.5	-4	.2	4.0	-2.6	-2	.3	.4	(4)
Other assets.....	(3)	.8	2.8	3.0	1.3	1.9	4.1	3.5	4.3	4.7	5.9	5.5
Discrepancy (uses less sources).....	-1.8	1.6	.3	-2.9	-2.2	-4.2	-5.0	-2.4	-3.5	-4.9	-4.1	-2.4

<sup>1</sup> Excludes banks and insurance companies.<sup>2</sup> Preliminary estimate.<sup>3</sup> Less than \$60 million.<sup>4</sup> Not available.

Source: Department of Commerce based on Securities and Exchange Commission and other financial data.

TABLE B-69.—*Current assets and liabilities of United States corporations, 1939-64*<sup>1</sup>

(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 <sup>2</sup>	Other notes and accounts receivable	Inventories	Other current assets <sup>3</sup>	Total	Advances and prepayments, U.S. Government <sup>3</sup>	Other notes and accounts payable	Federal income tax liabilities	Other current liabilities	
1939.....	54.5	10.8	2.2	-----	22.1	18.0	1.4	30.0	-----	21.9	1.2	6.9	24.5
1940.....	60.3	13.1	2.0	0.1	23.9	19.8	1.5	32.8	0.6	22.6	2.5	7.1	27.5
1941.....	72.9	13.9	4.0	.6	27.4	25.6	1.4	40.7	.8	25.6	7.1	7.2	32.3
1942.....	83.6	17.6	10.1	4.0	23.3	27.3	1.3	47.3	2.0	24.0	12.6	8.7	36.3
1943.....	93.8	21.6	16.4	5.0	21.9	27.6	1.3	51.6	2.2	24.1	16.6	8.7	42.1
1944.....	97.2	21.6	20.9	4.7	21.8	26.8	1.4	51.7	1.8	25.0	15.5	9.4	45.6
1945.....	97.4	21.7	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
1962.....	326.7	42.9	20.2	3.7	146.7	100.9	12.4	184.0	2.0	121.2	15.0	45.7	142.8
1963.....	349.9	44.5	20.6	3.6	159.7	107.3	14.3	198.8	2.5	131.8	16.3	48.2	151.2
1962: I.....	309.5	38.1	20.6	3.4	137.2	97.8	12.4	172.2	1.8	112.7	13.7	44.1	137.3
II.....	314.3	38.7	19.7	3.3	141.2	98.7	12.7	174.9	1.8	114.7	13.7	44.7	139.4
III.....	321.5	38.9	19.2	3.4	146.7	100.5	12.8	181.2	1.9	119.0	14.7	45.6	140.3
IV.....	326.7	42.9	20.2	3.7	146.7	100.9	12.4	184.0	2.0	121.2	15.0	45.7	142.8
1963: I.....	328.6	39.1	20.8	3.5	148.9	102.6	13.6	184.9	2.3	121.7	14.2	46.7	143.7
II.....	335.8	40.3	20.3	3.3	163.3	104.0	14.6	189.8	2.5	125.3	14.3	47.7	146.0
III.....	342.9	40.8	19.7	3.4	158.1	105.8	15.2	194.1	2.5	128.1	15.3	48.3	148.8
IV.....	349.9	44.5	20.6	3.6	159.7	107.3	14.3	198.8	2.5	131.8	16.3	48.2	151.2
1964: I.....	350.6	40.6	21.4	3.3	161.3	108.6	15.5	195.9	2.6	128.9	15.6	48.8	154.7
II.....	356.7	42.5	20.2	3.0	165.6	109.6	15.9	199.6	2.6	131.7	15.2	50.1	157.1
III.....	364.3	43.1	19.1	3.2	171.6	111.2	16.1	204.9	2.7	135.0	16.0	51.2	159.4

<sup>1</sup> All United States corporations, excluding banks, savings and loan associations, and insurance companies. Year-end data through 1961 are based on *Statistics of Income* (Treasury Department), covering virtually all corporations in the United States. *Statistics of Income* data may not be strictly comparable from year to year because of changes in the tax laws, basis for filing returns, and processing of data for compilation purposes. All other figures shown are estimates based on data compiled from many different sources, including data on corporations registered with the Securities and Exchange Commission. As more complete information becomes available, estimates are revised.

<sup>2</sup> Receivables from and payables to U.S. Government do not include amounts offset against each other on the corporation's books or amounts arising from subcontracting which are not directly due from or to the U.S. Government. Wherever possible, adjustments have been made to include U.S. Government advances offset against inventories on the corporation's books.

<sup>3</sup> Includes marketable securities other than U.S. Government.

Source: Securities and Exchange Commission.

TABLE B-70.—State and municipal and corporate securities offered, 1934-64<sup>1</sup>

[Millions of dollars]

Year or quarter	State and municipal securities offered for cash (principal amounts)	Corporate securities offered for cash *									
		Gross proceeds †				Proposed uses of net proceeds ‡					
		Total	Common stock	Preferred stock	Bonds and notes	Total	New money			Retirement of securities	Other purposes
							Total	Plant and equipment	Working capital		
1934.....	939	397	19	6	372	384	57	32	26	231	95
1935.....	1,232	2,332	22	86	2,224	2,266	208	111	96	1,865	193
1936.....	1,121	4,572	272	271	4,028	4,431	858	380	478	3,368	204
1937.....	908	2,310	285	406	1,618	2,239	991	574	417	1,100	148
1938.....	1,108	2,155	25	86	2,044	2,110	681	504	177	1,206	222
1939.....	1,128	2,164	87	98	1,980	2,115	325	170	155	1,695	95
1940.....	1,238	2,677	108	183	2,386	2,615	569	424	145	1,854	192
1941.....	956	2,667	110	167	2,390	2,623	868	661	207	1,583	172
1942.....	524	1,062	34	112	917	1,043	474	287	187	396	173
1943.....	435	1,170	56	124	990	1,147	308	141	167	739	100
1944.....	661	3,202	163	369	2,670	3,142	657	252	405	2,389	96
1945.....	795	6,011	367	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	498	589
1952.....	4,401	9,534	1,369	564	7,601	9,380	8,180	6,812	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	12,237	1,022	342	10,872	12,081	8,993	5,405	3,588	1,528	1,561
1964 *.....	10,531	13,381	2,684	398	10,299	13,201	10,941	7,059	3,882	717	1,543
1962: I.....	2,610	2,346	491	17	1,838	2,288	2,007	1,419	589	60	221
II.....	2,534	3,316	466	176	2,675	3,251	2,663	1,879	784	194	392
III.....	1,627	2,166	201	108	1,858	2,128	1,507	1,020	487	225	395
IV.....	1,788	2,875	166	121	2,598	2,835	2,063	1,334	727	275	498
1963: I.....	2,798	2,700	222	65	2,414	2,664	2,067	1,452	614	314	284
II.....	2,889	3,635	344	81	3,209	3,587	2,425	1,539	886	740	422
III.....	1,967	2,437	208	79	2,149	2,404	1,884	1,016	868	295	225
IV.....	2,453	3,466	249	117	3,100	3,424	2,616	1,396	1,220	179	628
1964: I.....	2,661	2,500	262	38	2,199	2,470	2,045	1,144	901	102	324
II.....	2,764	4,850	1,735	154	2,961	4,797	4,339	3,170	1,170	172	285
III.....	2,642	2,727	357	137	2,234	2,689	2,011	1,190	821	213	465
IV *.....	2,465	3,303	329	69	2,904	3,245	2,545	1,556	989	230	469

<sup>1</sup> 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.<sup>2</sup> 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.<sup>3</sup> Number of units multiplied by offering price.<sup>4</sup> Net proceeds represents the amount received by the issuer after payment of compensation to distributors and other costs of flotation.<sup>5</sup> Preliminary.

NOTE.—Data for Alaska and Hawaii included for all periods.

Sources: Securities and Exchange Commission, *The Commercial and Financial Chronicle*, and *The Bond Buyer*.

TABLE B-71.—Common stock prices, earnings, and yields and stock market credit, 1939–64

Year or month	Standard and Poor's common stock data						Stock market credit			
	Price index <sup>1</sup>				Dividend yield <sup>2</sup> (per-cent)	Price/earnings ratio <sup>3</sup>	Customer credit (excluding U.S. Government securities)			Bank loans to brokers and dealers <sup>5</sup>
	Total	Industrial	Public utilities	Railroads			Total	Net debit balances <sup>4</sup>	Bank loans to "others" <sup>4</sup>	
	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	2,214
1957	44.38	47.63	32.19	28.11	4.35	12.89	3,576	2,482	1,094	2,190
1958	46.24	49.36	37.22	27.05	3.97	16.64	4,537	3,285	1,252	2,569
1959	57.38	61.45	44.15	35.09	3.23	17.05	4,461	3,280	1,181	2,584
1960	55.85	59.43	46.86	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	4,822
1964	81.37	86.19	69.91	45.46	3.01	-----	7,053	5,079	1,974	4,631
1963: Jan.	65.06	68.00	63.35	34.06	3.31	-----	5,595	4,208	1,387	3,068
Feb.	65.92	68.91	64.07	34.59	3.27	-----	5,717	4,332	1,385	3,856
Mar.	65.67	68.71	63.35	34.60	3.28	17.85	5,754	4,331	1,423	3,376
Apr.	68.76	72.17	64.64	36.25	3.15	-----	5,978	4,526	1,452	3,194
May	70.14	73.60	65.52	38.37	3.13	-----	6,229	4,737	1,492	3,364
June	70.11	73.61	64.87	39.34	3.16	17.26	6,420	4,898	1,522	4,068
July	69.07	72.45	64.47	38.75	3.20	-----	6,511	4,895	1,616	3,631
Aug.	70.98	74.43	66.57	39.22	3.13	-----	6,660	5,034	1,626	3,331
Sept.	72.85	76.63	67.09	39.60	3.06	17.57	6,971	5,316	1,655	4,530
Oct.	73.03	77.09	65.55	38.31	3.05	-----	7,180	5,495	1,685	3,635
Nov.	72.62	76.69	64.81	38.60	3.14	-----	7,298	5,586	1,712	4,050
Dec.	74.17	78.38	65.64	39.92	3.14	17.78	7,242	5,515	1,727	4,822
1964: Jan.	76.45	80.85	67.26	41.00	3.06	-----	7,250	5,524	1,726	4,095
Feb.	77.39	81.96	67.20	41.54	3.05	-----	7,120	5,384	1,736	3,862
Mar.	78.80	83.64	66.78	42.88	3.03	18.16	7,141	5,366	1,775	4,042
Apr.	79.94	84.92	67.30	43.27	3.00	-----	7,314	5,510	1,804	4,047
May	80.72	85.79	67.29	44.86	3.01	-----	7,277	5,439	1,838	4,317
June	80.24	85.13	67.46	46.29	3.05	17.61	7,229	5,370	1,859	4,654
July	83.22	88.19	70.35	48.93	2.96	-----	7,160	5,289	1,871	4,443
Aug.	82.00	86.70	71.17	47.17	3.03	-----	7,096	5,187	1,909	3,989
Sept.	83.41	88.27	72.07	47.14	3.00	17.87	7,142	5,221	1,921	4,794
Oct.	84.85	89.75	73.37	48.69	2.95	-----	7,101	5,185	1,916	3,878
Nov.	85.44	90.36	74.39	48.01	2.96	-----	7,108	5,160	1,948	4,133
Dec.	83.96	88.71	74.24	45.71	3.06	-----	7,053	5,079	1,974	4,631

<sup>1</sup> Includes 500 common stocks, 425 are Industrials; 50 are public utilities; and 25 are railroads. Annual data are averages of monthly figures and monthly data are averages of daily figures.

<sup>2</sup> 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.

<sup>3</sup> Ratio of quarterly earnings (seasonally adjusted annual rate) to price index for last day in quarter. Annual ratios are averages of quarterly data.

<sup>4</sup> As reported by member firms of the New York Stock Exchange carrying margin accounts. Includes net debit balances of all customers (other than general partners in the reporting firm and member firms of national exchanges) whose combined accounts net to a debit. Balances secured by U.S. Government obligations are excluded. Data are for end of period.

<sup>5</sup> Loans by weekly reporting member banks to others than brokers and dealers for purchasing or carrying securities except U.S. Government obligations. From 1953 through June 1959, loans for purchasing or carrying U.S. Government securities were reported separately only by New York and Chicago banks. Accordingly, for that period any loans for purchasing or carrying such securities at other reporting banks are included. Series also revised beginning July 1946, March 1953, July 1958, and April 1961. Data are for last Wednesday of period. For details, see *Federal Reserve Bulletin*, June 1961.

<sup>6</sup> Loans by weekly reporting member banks for purchasing or carrying securities, including U.S. Government obligations. Series revised beginning July 1946, January 1952, July 1958, July 1959, and April 1961. Data are for last Wednesday of period. For details, see *Federal Reserve Bulletin*, June 1961.

<sup>7</sup> Not available.

Sources: Board of Governors of the Federal Reserve System, Standard & Poor's Corporation, and New York Stock Exchange.

TABLE B-72.—Business population and business failures, 1929–64

Year or month	Operating businesses (thousands of firms) <sup>1 2</sup>	New business incor- porations (num- ber) <sup>3</sup>	Business failures <sup>4 5</sup>						Amount of current liabilities (millions of dollars)			
			Business failure rate <sup>6</sup>	Number of failures			Total	Liability size class		Total	Liability size class	
				Total	Liability size class			Under \$100,000	\$100,000 and over		Under \$100,000	\$100,000 and over
1929	3,029		103.9	22,909	22,165	744	483.3	261.5	221.8			
1930	2,994		121.6	26,355	25,408	947	668.3	303.5	364.8			
1931	2,916		133.4	28,285	27,230	1,055	736.3	354.2	382.2			
1932	2,828		154.1	31,822	30,197	1,625	928.3	432.6	495.7			
1933	2,782		100.3	19,859	18,880	979	457.5	215.5	242.0			
1934	2,884		61.1	12,091	11,421	670	334.0	138.5	195.4			
1935	2,992		61.7	12,244	11,691	553	310.6	135.5	175.1			
1936	3,070		47.8	9,607	9,285	322	203.2	102.8	100.4			
1937	3,136		45.9	9,490	9,203	287	183.3	101.9	81.4			
1938	3,074		61.1	12,836	12,553	283	246.5	140.1	106.4			
1939	3,222		69.6	14,768	14,541	227	182.5	132.9	49.7			
1940	3,319		63.0	13,619	13,400	219	166.7	119.9	46.8			
1941	3,276		54.5	11,848	11,685	163	136.1	100.7	35.4			
1942	3,295		44.6	9,405	9,282	123	100.8	80.3	20.5			
1943	3,030		16.4	3,221	3,155	66	45.3	30.2	15.1			
1944	2,839		6.5	1,222	1,176	46	31.7	14.5	17.1			
1945	2,995		4.2	809	759	50	30.2	11.4	18.8			
1946	3,242	132,916	5.2	1,129	1,002	127	67.3	15.7	51.6			
1947	3,651	112,638	14.3	3,474	3,103	371	204.6	63.7	140.9			
1948	3,873	96,101	20.4	5,250	4,853	397	234.6	93.9	140.7			
1949	3,984	85,491	34.4	9,246	8,708	538	308.1	161.4	146.7			
1950	4,009	92,925	34.3	9,162	8,746	416	248.3	151.2	97.1			
1951	4,067	83,649	30.7	8,058	7,626	432	259.5	131.6	128.0			
1952	4,118	92,819	28.7	7,611	7,081	530	283.3	131.9	151.4			
1953	4,188	102,545	33.2	8,862	8,075	787	394.2	167.5	226.6			
1954	4,240	117,164	42.0	11,086	10,226	860	462.6	211.4	251.2			
1955	4,287	139,651	41.6	10,969	10,113	856	449.4	206.4	243.0			
1956	4,381	140,773	48.0	12,686	11,615	1,071	562.7	239.8	322.9			
1957	4,471	136,697	51.7	13,739	12,547	1,192	615.3	267.1	348.2			
1958	4,533	150,280	55.9	14,964	13,499	1,465	728.3	297.6	430.7			
1959	4,583	193,067	51.8	14,053	12,707	1,346	692.8	278.9	413.9			
1960	4,658	182,713	57.0	15,445	13,650	1,795	938.6	327.2	611.4			
1961	4,713	181,535	64.4	17,075	15,006	2,069	1,090.1	370.1	720.0			
1962	4,755	182,057	60.8	15,782	13,772	2,010	1,213.6	346.5	867.1			
1963	4,815	186,404	56.3	14,374	12,192	2,182	1,352.6	321.0	1,031.6			
1964	4,880	197,717	53.2	15,301	11,346	2,155	1,329.2	313.6	1,015.6			
1963: Jan.	4,815	14,924	55.2	1,258	1,001	257	161.0	25.5	135.4			
Feb.		15,390	60.7	1,304	1,109	195	94.7	29.6	65.2			
Mar.		15,563	64.4	1,295	1,107	188	97.7	28.8	68.9			
Apr.	4,825	16,305	64.2	1,287	1,116	171	100.8	29.5	71.3			
May		16,682	66.4	1,303	1,082	241	118.3	28.0	90.3			
June		16,636	67.8	1,211	1,042	169	86.2	27.6	58.5			
July	4,835	15,431	67.1	1,155	984	171	120.5	25.8	94.7			
Aug.		16,093	64.5	1,135	982	153	65.2	26.9	38.3			
Sept.		16,689	59.4	1,061	907	146	55.9	23.9	62.0			
Oct.	4,850	16,275	59.6	1,262	1,056	206	91.8	27.5	64.3			
Nov.		16,759	56.1	1,115	970	145	262.1	24.6	237.5			
Dec.		15,867	61.2	998	858	140	68.4	23.1	45.3			
1964: Jan.	4,860	16,250	53.9	1,217	992	225	96.7	27.9	68.9			
Feb.		16,018	55.3	1,241	1,050	191	123.9	29.2	94.7			
Mar.		15,992	56.6	1,320	1,139	181	111.0	30.4	80.6			
Apr.	4,875	16,180	51.3	1,197	969	228	112.9	26.2	86.6			
May		16,517	49.4	1,075	914	161	93.4	25.1	68.3			
June		16,319	63.2	1,157	1,003	154	144.5	27.6	116.9			
July	4,895	15,979	54.9	1,096	938	188	125.6	24.5	101.1			
Aug.		16,074	59.1	1,169	1,018	151	95.2	28.9	66.3			
Sept.		16,605	56.3	1,034	837	197	114.6	22.3	92.3			
Oct.	4,910	16,493	50.7	1,060	893	167	93.8	25.4	68.3			
Nov.		17,103	50.3	967	810	157	119.3	22.4	97.0			
Dec.		17,147	48.2	968	813	155	98.2	23.7	74.5			

<sup>1</sup> Excludes firms in the fields of agriculture and professional services. Includes self-employed person only if he has either an established place of business or at least one paid employee.

<sup>2</sup> Data through 1939 are averages of end-of-quarter estimates centered at June 30. Beginning 1940, data are for beginning of period. Quarterly data shown here are seasonally adjusted.

<sup>3</sup> Total for period. Monthly data are seasonally adjusted.

<sup>4</sup> Total for period.

<sup>5</sup> 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.

<sup>6</sup> Failure rate per 10,000 listed enterprises. Monthly data are seasonally adjusted.

<sup>7</sup> Series revised; not strictly comparable with earlier data.

<sup>8</sup> Includes data for Hawaii beginning 1959 and Alaska beginning 1960. (Data for 1958 comparable to 1959 are 150,781; data for 1960 comparable to 1959 are 182,374.)

<sup>9</sup> Includes data for District of Columbia beginning 1963.

<sup>10</sup> Preliminary.

Sources: Department of Commerce (Office of Business Economics) and Dun & Bradstreet, Inc.



# AGRICULTURE

TABLE B-73.—*Income from agriculture, 1929-64*

Year or quarter	Personal income received by total farm population			Income received from farming						Net income per farm, including net inventory change		
				Realized gross		Production expenses	Net to farm operators					
	From all sources	From farm sources	From non-farm sources <sup>1</sup>	Total <sup>2</sup>	Cash receipts from marketings		Excluding net inventory change	Including net inventory change <sup>3</sup>	Current prices	1964 prices <sup>4</sup>		
Billions of dollars											Dollars	
1929.....				13.9	11.3	7.6	6.3	6.1		943	1,849	
1930.....				11.4	9.1	6.9	4.5	4.3		650	1,354	
1931.....				8.4	6.4	5.5	2.9	3.3		506	1,234	
1932.....				6.4	4.7	4.4	1.9	2.0		305	871	
1933.....				7.1	5.3	4.3	2.8	2.6		382	1,061	
1934.....	5.4	3.2	2.2	8.5	6.4	4.7	3.9	2.9		434	1,059	
1935.....	7.7	5.4	2.3	9.7	7.1	5.1	4.6	5.3		778	1,898	
1936.....	7.2	4.6	2.6	10.7	8.4	5.6	5.1	4.3		643	1,568	
1937.....	9.0	6.3	2.7	11.3	8.9	6.1	5.2	6.0		911	2,119	
1938.....	7.2	4.7	2.4	10.1	7.7	5.8	4.3	4.4		675	1,646	
1939.....	7.4	4.8	2.6	10.6	7.9	6.2	4.4	4.5		697	1,742	
1940.....	7.6	4.9	2.7	11.0	8.4	6.7	4.3	4.6		720	1,800	
1941.....	10.1	6.9	3.2	13.8	11.1	7.7	6.2	6.6		1,044	2,428	
1942.....	14.0	10.2	3.8	18.8	15.6	9.9	8.8	9.9		1,600	3,200	
1943.....	16.3	12.2	4.1	23.4	19.6	11.5	11.9	11.8		1,942	3,531	
1944.....	16.5	12.3	4.2	24.4	20.5	12.2	12.2	11.8		1,967	3,391	
1945.....	17.1	12.9	4.2	25.8	21.7	12.9	12.8	12.4		2,080	3,410	
1946.....	20.1	15.7	4.4	29.7	24.8	14.5	15.2	15.3		2,574	3,785	
1947.....	21.0	16.0	5.0	34.4	29.6	17.0	17.3	15.5		2,648	3,352	
1948.....	23.5	18.1	5.4	34.9	30.2	18.9	16.1	17.8		3,065	3,649	
1949.....	19.0	13.5	5.6	31.8	27.8	18.0	13.8	12.9		2,259	2,789	
1950.....	20.4	14.3	6.0	32.5	28.5	19.3	13.2	14.0		2,479	3,023	
1951.....	22.8	16.5	6.3	37.3	33.0	22.2	15.2	16.3		3,009	3,343	
1952.....	22.3	15.7	6.6	37.0	32.6	22.6	14.4	15.3		2,951	3,279	
1953.....	20.0	13.8	6.3	35.3	31.1	21.4	13.9	13.3		2,664	2,990	
1954.....	19.0	13.2	5.8	33.9	30.0	21.7	12.2	12.7		2,645	2,939	
1955.....	18.3	12.2	6.1	33.3	29.6	21.9	11.5	11.8		2,529	2,810	
1956.....	18.6	12.0	6.6	34.6	30.6	22.6	12.0	11.6		2,574	2,829	
1957.....	18.8	12.2	6.6	34.4	29.8	23.4	11.0	11.8		2,625	2,867	
1958.....	20.5	13.8	6.7	37.9	33.4	25.3	12.6	13.5		3,201	3,369	
1959.....	19.0	11.8	7.1	37.5	33.5	26.2	11.3	11.4		2,775	2,891	
1960.....	19.6	12.3	7.2	37.9	34.0	26.2	11.7	12.0		3,044	3,138	
1961.....	20.1	13.1	7.0	39.6	34.9	27.0	12.6	12.9		3,389	3,494	
1962.....	20.4	13.3	7.1	40.9	36.1	28.3	12.6	13.2		3,581	3,664	
1963.....	19.9	13.0	6.8	41.7	36.9	29.2	12.5	13.0		3,643	3,680	
1964 <sup>5</sup> .....	19.6	12.7	6.9	42.0	36.7	29.4	12.6	12.7		3,656	3,656	
Seasonally adjusted annual rates												
1963: I.....				41.9	37.0	29.3	12.6	13.2		3,690	3,730	
II.....				41.5	36.7	29.2	12.3	12.8		3,580	3,610	
III.....				41.6	36.8	29.2	12.4	12.9		3,610	3,650	
IV.....				42.0	37.2	29.2	12.8	13.2		3,690	3,730	
1964: I.....				41.9	36.7	29.6	12.3	12.6		3,630	3,670	
II.....				42.0	36.8	29.7	12.3	12.6		3,630	3,630	
III.....				41.6	36.2	29.1	12.5	12.6		3,630	3,630	
IV <sup>6</sup> .....				42.5	37.1	29.2	13.3	12.9		3,710	3,710	

<sup>1</sup> Includes all income received by farm residents from non-farm 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.

<sup>2</sup> Cash receipts from marketings, Government payments, and nonmoney income furnished by farms.

<sup>3</sup> Includes net change in inventory of crops and livestock valued at the average price for the year. Data prior to 1946 differ from farm proprietors' income shown in Tables B-11 and B-14 because of revisions by the Department of Agriculture not yet incorporated into the national income accounts of the Department of Commerce.

<sup>4</sup> Income in current prices divided by the index of prices paid by farmers for family living items on a 1964 base.

<sup>5</sup> Preliminary.

Source: Department of Agriculture.

TABLE B-74.—*Indexes of prices received and prices paid by farmers, and parity ratio, 1929-64*

[1957-59=100]

Year or month	Prices received by farmers											
	All farm products <sup>1</sup>	Crops						Livestock and products				
		All crops <sup>1</sup>	Food grains	Feed grains and hay		Cotton	Tobacco	Oil-bearing crops	All live-stock and products <sup>1</sup>	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.....	98	99	96	95	93	97	103	93	98	96	101	101
1961.....	99	102	99	95	94	100	109	112	98	97	101	92
1962.....	101	104	107	97	95	104	109	109	99	101	99	92
1963.....	100	106	106	103	101	104	102	113	95	94	99	92
1964.....	98	106	89	105	102	100	101	112	91	87	100	90
1963: Jan.....	101	103	109	99	96	98	100	110	100	100	101	97
Feb.....	101	104	110	101	98	100	103	113	97	95	100	101
Mar.....	99	106	110	101	98	105	103	113	94	92	97	98
Apr.....	100	109	113	101	99	107	103	111	93	94	94	91
May.....	99	110	110	102	101	105	103	113	92	93	92	85
June.....	100	109	102	106	106	105	103	113	93	96	90	85
July.....	101	106	97	107	107	103	102	112	97	100	94	87
Aug.....	100	104	97	106	104	104	99	111	97	98	98	90
Sept.....	100	104	101	108	106	106	103	111	97	95	102	94
Oct.....	100	105	105	102	99	106	102	115	96	93	105	94
Nov.....	100	108	106	100	96	105	100	118	94	88	106	95
Dec.....	98	108	107	103	99	101	99	116	91	84	105	92
1964: Jan.....	101	109	109	105	101	97	101	117	94	89	103	97
Feb.....	99	109	108	103	99	95	101	115	92	87	101	92
Mar.....	99	108	102	105	101	99	101	114	92	89	99	91
Apr.....	98	109	106	106	103	102	101	110	89	87	95	86
May.....	97	111	103	106	104	104	101	107	87	85	92	83
June.....	96	108	80	106	105	105	101	107	87	86	91	84
July.....	97	105	76	103	102	105	101	108	91	89	95	88
Aug.....	96	101	76	103	101	99	100	106	92	89	98	92
Sept.....	98	102	77	107	105	99	99	111	95	92	102	92
Oct.....	98	104	78	104	101	100	102	114	93	87	106	91
Nov.....	97	104	79	101	98	97	101	115	92	84	108	91
Dec.....	97	105	79	108	105	95	102	119	91	85	106	88

See footnotes at end of table.

TABLE B-74.—*Indexes of prices received and prices paid by farmers, and parity ratio, 1929-64—*  
Continued  
[1957-59=100]

Year or month	Prices paid by farmers											Parity ratio <sup>1</sup>
	All items, interest, taxes, and wage rates (parity index)	Commodities and services							Interest <sup>2</sup>	Taxes <sup>3</sup>	Wage rates <sup>4</sup>	
		All items	Family living items	Production items								
				All production items <sup>5</sup>	Feed	Motor vehicles	Farm machinery	Fertilizer				
1929.....	55	55	54	56	68	36	43	85	120	58	32	92
1930.....	52	51	50	52	61	35	43	83	116	59	30	83
1931.....	44	44	43	43	43	35	42	75	111	58	24	67
1932.....	38	38	37	38	32	34	40	66	104	53	18	58
1933.....	37	38	38	38	37	34	39	61	92	46	15	64
1934.....	41	43	43	44	52	36	40	69	83	39	17	75
1935.....	42	45	48	46	53	37	41	68	76	37	18	88
1936.....	42	45	43	46	55	38	42	64	70	38	20	92
1937.....	45	48	45	50	62	39	43	67	66	38	22	93
1938.....	42	45	43	47	47	42	44	67	62	39	22	78
1939.....	42	44	42	46	47	40	43	66	60	39	22	77
1940.....	42	45	42	47	50	40	43	64	57	40	22	81
1941.....	45	48	45	50	54	42	43	64	55	39	26	93
1942.....	52	55	52	57	66	45	46	71	53	40	34	105
1943.....	58	61	58	63	78	47	48	76	47	39	45	113
1944.....	62	64	61	66	87	51	49	77	44	39	54	108
1945.....	65	66	64	67	86	53	49	79	42	40	62	109
1946.....	71	72	71	73	100	55	51	79	42	45	66	113
1947.....	82	85	83	85	118	63	58	88	43	50	72	115
1948.....	89	92	88	95	125	71	67	96	44	58	76	110
1949.....	86	88	85	91	103	78	76	98	46	62	74	100
1950.....	88	90	86	94	105	78	78	94	50	67	73	101
1951.....	97	100	94	104	118	83	83	100	55	70	81	107
1952.....	98	100	95	104	126	87	86	102	61	73	87	100
1953.....	95	96	94	97	114	86	87	103	66	77	88	92
1954.....	95	96	94	97	113	86	87	102	71	80	88	89
1955.....	94	95	95	96	106	87	87	101	74	81	89	84
1956.....	95	96	96	95	103	89	92	100	83	87	92	83
1957.....	98	98	99	98	101	96	96	100	91	93	96	82
1958.....	100	101	100	100	99	100	100	100	100	100	99	85
1959.....	102	101	101	102	100	104	104	100	109	107	105	81
1960.....	102	101	102	101	98	102	107	100	120	117	109	80
1961.....	103	101	102	101	98	102	110	100	131	125	110	79
1962.....	105	103	103	103	100	105	111	100	145	132	114	79
1963.....	106	104	104	104	104	109	114	100	162	139	116	78
1964 <sup>7</sup> .....	107	104	105	103	103	111	117	100	182	146	119	75
1963: Jan.....	107	104	104	104	103	109	-----	-----	162	139	114	79
Feb.....	107	104	104	104	104	-----	-----	-----	162	139	114	78
Mar.....	106	104	104	104	104	109	113	-----	162	139	114	77
Apr.....	107	104	104	104	103	-----	-----	100	162	139	117	78
May.....	107	104	104	104	102	109	-----	-----	162	139	117	77
June.....	106	104	104	104	103	109	114	100	162	139	117	77
July.....	107	104	105	104	104	-----	-----	-----	162	139	117	78
Aug.....	107	104	104	104	104	-----	-----	-----	162	139	117	78
Sept.....	106	104	104	104	105	108	114	100	162	139	117	78
Oct.....	106	104	104	104	104	108	-----	-----	162	139	117	78
Nov.....	106	104	104	103	103	108	-----	-----	162	139	117	78
Dec.....	106	104	104	103	105	110	114	-----	162	139	117	76
1964: Jan.....	107	104	104	104	106	-----	-----	-----	182	146	116	78
Feb.....	107	104	105	103	105	-----	-----	-----	182	146	116	77
Mar.....	107	104	104	104	104	111	115	100	182	146	116	76
Apr.....	107	104	105	104	104	-----	-----	99	182	146	121	75
May.....	107	104	105	103	103	111	-----	-----	182	146	121	75
June.....	107	104	105	103	102	111	116	-----	182	146	121	74
July.....	107	104	105	103	101	-----	-----	-----	182	146	121	75
Aug.....	107	104	105	103	101	-----	-----	-----	182	146	121	74
Sept.....	107	104	105	103	103	110	118	100	182	146	121	75
Oct.....	107	104	105	103	103	110	-----	-----	182	146	119	76
Nov.....	107	104	105	103	102	111	-----	-----	182	146	119	75
Dec.....	107	104	105	103	104	111	118	-----	182	146	119	75

<sup>1</sup> Includes items not shown separately.

<sup>2</sup> Interest payable per acre on farm real estate debt.

<sup>3</sup> Farm real estate taxes payable per acre (levied in preceding year).

<sup>4</sup> Monthly data are seasonally adjusted.

<sup>5</sup> Percentage ratio of prices received for all farm products to parity index, on a 1910-14=100 base.

<sup>6</sup> Includes wartime subsidy payments.

<sup>7</sup> Preliminary.

Source: Department of Agriculture.

TABLE B-75.—Farm production indexes, 1929-64

[1957-59=100]

Year	Farm out- put <sup>1</sup>	Crops									Livestock and products			
		Total <sup>2</sup>	Feed grains	Hay and forage	Food grains	Vege- tables	Fruits and nuts	Cot- ton	To- bacco	Oil crops	Total <sup>3</sup>	Meat ani- mals	Dairy prod- ucts	Poul- try 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	106	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	76	74	82	93	154	91	18	62	58	79	44
1938...	67	76	65	81	77	81	84	97	80	22	65	63	81	45
1939...	68	75	65	75	63	81	96	96	110	29	70	71	82	48
1940...	70	78	66	86	69	83	93	102	84	34	71	72	84	49
1941...	73	79	71	86	79	84	99	88	73	37	75	76	89	54
1942...	82	89	81	93	83	89	98	105	81	56	84	87	92	62
1943...	80	83	74	91	72	97	84	93	81	60	91	97	91	71
1944...	83	88	78	90	88	92	98	100	113	50	86	88	92	71
1945...	81	85	75	93	92	94	89	74	114	54	86	84	95	74
1946...	84	89	82	87	95	105	106	71	134	52	83	82	94	69
1947...	81	85	63	84	111	91	101	97	122	55	82	81	93	68
1948...	88	97	91	84	107	97	92	122	115	67	80	79	90	67
1949...	87	92	80	83	92	94	98	131	114	61	85	83	93	74
1950...	86	89	81	89	86	96	98	82	117	71	88	89	93	78
1951...	89	91	75	92	85	89	100	124	135	65	92	95	92	81
1952...	92	95	79	90	109	90	97	124	130	63	92	95	92	82
1953...	93	94	77	92	100	95	98	134	119	63	93	94	97	84
1954...	93	93	81	92	88	93	99	111	130	71	96	98	98	87
1955...	96	96	86	98	83	96	99	120	127	78	99	103	99	86
1956...	97	95	85	94	87	102	103	108	126	92	99	100	101	94
1957...	95	93	93	101	82	98	94	89	96	91	97	96	101	95
1958...	102	104	101	102	121	102	102	93	100	111	99	98	100	101
1959...	103	103	106	97	97	100	104	118	104	98	104	106	99	104
1960...	106	108	109	103	115	103	98	116	112	105	102	103	101	104
1961...	107	107	99	102	106	110	109	116	119	122	106	106	103	112
1962...	108	107	100	105	98	108	98	121	134	123	107	108	104	111
1963...	112	112	110	105	102	111	102	124	135	129	110	113	103	115
1964 <sup>4</sup> ...	111	109	97	105	114	106	109	124	129	128	113	116	104	118

<sup>1</sup> Farm output measures the annual volume of farm production available for eventual human use through sales from farms or consumption in farm households. Total excludes production of feed for horses and mules.<sup>2</sup> Includes production of feed for horses and mules and certain items not shown separately.<sup>3</sup> Includes certain items not shown separately.<sup>4</sup> Preliminary.

Source: Department of Agriculture.

TABLE B-76.—Selected measures of farm resources and inputs, 1929-64

Year	Crops harvested (millions of acres) <sup>1</sup>		Live-stock breeding units (1957-59=100) <sup>2</sup>	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 <sup>3</sup>	Mechanical power and machinery	Fertilizer and lime	Feed, seed, and live-stock purchases <sup>4</sup>	Miscellaneous
1929.....	365	298	92	23.2	98	218	92	38	21	27	76
1930.....	369	304	92	22.9	97	216	91	40	21	26	76
1931.....	365	303	93	23.4	96	220	89	38	16	23	78
1932.....	371	311	95	22.6	93	213	86	35	11	24	79
1933.....	340	281	98	22.6	91	212	87	32	12	24	76
1934.....	304	247	98	20.2	86	190	86	32	14	24	69
1935.....	345	289	86	21.1	88	198	88	33	17	23	66
1936.....	323	269	90	20.4	89	192	89	35	20	31	68
1937.....	347	295	87	22.1	94	208	90	38	24	29	68
1938.....	349	301	87	20.6	91	193	91	40	23	30	70
1939.....	331	286	93	20.7	94	194	92	40	24	37	72
1940.....	341	298	95	20.5	97	192	92	42	28	45	73
1941.....	344	304	94	20.0	97	188	92	44	30	46	74
1942.....	348	309	104	20.6	100	194	91	48	34	57	75
1943.....	357	320	117	20.3	101	191	89	50	38	63	76
1944.....	362	326	114	20.2	101	190	88	51	43	64	76
1945.....	354	322	109	18.8	99	177	88	54	45	72	76
1946.....	352	323	107	18.1	99	170	91	58	53	69	77
1947.....	355	329	104	17.2	99	162	92	64	56	73	78
1948.....	356	332	98	16.8	100	158	95	72	57	72	74
1949.....	360	338	99	16.2	101	152	95	80	61	69	82
1950.....	345	326	102	15.1	101	142	97	86	68	72	85
1951.....	344	326	103	15.2	104	143	98	92	73	80	88
1952.....	349	334	103	14.5	103	136	99	96	80	81	88
1953.....	348	335	100	14.0	103	131	99	97	83	80	91
1954.....	346	335	104	13.3	102	125	100	98	88	82	91
1955.....	340	330	106	12.8	102	120	100	99	90	86	94
1956.....	324	315	104	12.0	101	113	99	99	91	91	98
1957.....	324	316	101	11.1	99	104	100	100	94	93	95
1958.....	324	317	99	10.5	99	99	100	99	97	101	100
1959.....	324	318	100	10.3	102	97	100	101	109	106	105
1960.....	324	319	97	9.8	101	92	100	100	110	109	106
1961.....	303	299	98	9.5	101	89	100	97	116	123	109
1962.....	295	291	99	9.1	101	85	101	97	124	121	113
1963.....	300	296	100	8.8	102	83	101	99	132	124	115
1964 <sup>5</sup> .....	295	291	100	8.6	103	81	102	101	137	123	120

<sup>1</sup> Acreage harvested (excluding duplication) plus acreages in fruits, tree nuts, and farm gardens.<sup>2</sup> Animal units of breeding livestock, excluding horses and mules.<sup>3</sup> Includes buildings and improvements on land.<sup>4</sup> Nonfarm inputs associated with farmers' purchases.<sup>5</sup> Preliminary.

Source: Department of Agriculture.

TABLE B-77.—Farm population, employment, and productivity, 1929-64

Year	Farm population (April 1) <sup>1</sup>		Farm employment (thousands) <sup>2</sup>			Farm output				Crop pro- duc- tion per acre <sup>4</sup>	Live- stock pro- duc- tion per breed- ing unit
	Num- ber (thou- sands)	As per- cent of total popu- lation <sup>3</sup>	Total	Family workers	Hired workers	Per unit of total input	Per man-hour				
							Total	Crops	Live- stock		
Index, 1957-59=100											
1929.....	30,580	25.1	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	69
1933.....	32,393	25.8	12,739	9,874	2,865	65	28	27	46	61	68
1934.....	32,305	25.6	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	24.3	11,978	9,054	2,924	73	33	33	46	76	71
1938.....	30,980	23.9	11,622	8,815	2,807	74	35	35	48	73	75
1939.....	30,840	23.6	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	79
1945.....	24,420	17.5	10,000	7,881	2,119	82	46	46	58	82	75
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	13.8	9,149	7,005	2,144	89	68	67	74	90	89
1953.....	19,874	12.4	8,664	6,775	2,089	90	71	69	76	89	93
1954.....	19,019	11.7	8,651	6,570	2,081	91	74	73	80	88	92
1955.....	19,078	11.5	8,381	6,345	2,036	94	80	77	85	91	93
1956.....	18,712	11.1	7,852	5,900	1,952	96	86	83	89	92	96
1957.....	17,656	10.3	7,600	5,660	1,940	96	91	90	92	93	96
1958.....	17,128	9.8	7,503	5,521	1,982	103	103	105	100	105	100
1959.....	16,592	9.4	7,342	5,390	1,952	101	106	105	108	102	104
1960.....	15,635	8.7	7,057	5,172	1,885	105	115	114	113	109	105
1961.....	14,803	8.1	6,919	5,029	1,890	106	120	119	120	113	108
1962.....	14,313	7.7	6,700	4,873	1,827	107	127	124	127	116	108
1963.....	13,367	7.1	6,518	4,738	1,780	110	135	132	136	119	110
1964 <sup>5</sup> .....	12,954	6.7	6,110	4,506	1,604	108	137	130	147	116	113

<sup>1</sup> Farm population as defined by Department of Agriculture and Department of Commerce, i.e., civilian population living on farms, regardless of occupation.

<sup>2</sup> Total population of United States as of July 1 includes armed forces abroad and Alaska and Hawaii beginning January and August 1959, respectively.

<sup>3</sup> Includes persons doing farm work on all farms. These data, published by the Department of Agriculture, Statistical Reporting Service, differ from those on agricultural employment by the Department of Labor (see Table B-21) because of differences in the method of approach, in concepts of employment, and in time of month for which the data are collected. For further explanation, see monthly report on *Farm Labor*, September 10, 1958.

<sup>4</sup> Computed from variable weights for individual crops produced each year.

<sup>5</sup> Preliminary.

Sources: Department of Agriculture and Department of Commerce (Bureau of the Census).

TABLE B-78.—Comparative balance sheet of agriculture, 1929-65

[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	Ma-chinery and motor vehicles	Crops <sup>1</sup>	House-hold fur-nish-ings and equip-ment <sup>2</sup>	Deposits and cur-rency	U.S. savings bonds	Invest-ment in co-operatives				
1929-----	(3)	48.0	6.6	3.2	(3)	(3)	(3)	(3)	(3)	(3)	9.8	(3)	(3)
1930-----	68.5	47.9	6.5	3.4	2.5	4.0	3.6	(3)	0.6	68.5	9.6	5.0	53.9
1931-----	(3)	43.7	4.9	3.3	(3)	(3)	(3)	(3)	(3)	(3)	9.4	(3)	(3)
1932-----	(3)	37.2	3.6	3.0	(3)	(3)	(3)	(3)	(3)	(3)	9.1	(3)	(3)
1933-----	(3)	30.8	3.0	2.5	(3)	(3)	(3)	(3)	(3)	(3)	8.5	(3)	(3)
1934-----	(3)	32.2	3.2	2.2	(3)	(3)	(3)	(3)	(3)	(3)	7.7	(3)	(3)
1935-----	(3)	33.3	3.5	2.2	(3)	(3)	(3)	(3)	(3)	(3)	7.6	(3)	(3)
1936-----	(3)	34.3	5.2	2.4	(3)	(3)	(3)	(3)	(3)	(3)	7.4	(3)	(3)
1937-----	(3)	35.2	5.1	2.6	(3)	(3)	(3)	(3)	(3)	(3)	7.2	(3)	(3)
1938-----	(3)	35.2	5.0	3.0	(3)	(3)	(3)	(3)	(3)	(3)	7.0	(3)	(3)
1939-----	(3)	34.1	5.1	3.2	(3)	(3)	(3)	(3)	(3)	(3)	6.8	(3)	(3)
1940-----	52.9	33.6	5.1	3.1	2.7	4.2	3.2	0.2	0.8	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-----	84.5	48.2	9.7	5.3	6.1	5.3	6.6	2.2	1.1	84.5	5.4	3.5	75.6
1945-----	94.0	53.9	9.0	6.3	6.7	5.6	7.9	3.4	1.2	94.0	4.9	3.4	85.7
1946-----	103.3	61.0	9.7	5.2	6.3	6.1	9.4	4.2	1.4	103.3	4.8	3.2	95.3
1947-----	116.2	68.5	11.9	5.1	7.1	7.7	10.2	4.2	1.5	116.2	4.9	3.6	107.7
1948-----	127.5	73.7	13.3	7.0	9.0	8.5	9.9	4.4	1.7	127.5	5.1	4.2	118.2
1949-----	134.2	76.6	14.4	9.4	8.6	9.1	9.6	4.6	1.9	134.2	5.3	6.1	122.8
1950-----	131.6	75.3	12.9	11.3	7.6	8.6	9.1	4.7	2.1	131.6	5.6	6.8	119.2
1951-----	150.4	86.6	17.1	13.0	7.9	9.7	9.1	4.7	2.3	150.4	6.1	7.0	137.3
1952-----	165.5	96.1	19.5	15.2	8.8	10.3	9.4	4.7	2.5	165.5	6.7	8.0	150.8
1953-----	162.5	96.5	14.8	15.6	9.0	9.9	9.4	4.6	2.7	162.5	7.2	8.9	146.4
1954-----	159.1	95.0	11.7	16.3	9.2	9.9	9.4	4.7	2.9	159.1	7.7	9.2	142.2
1955-----	162.7	98.2	11.2	16.2	9.6	10.0	9.4	5.0	3.1	162.7	8.2	9.4	145.1
1956-----	166.8	102.9	10.6	16.5	8.3	10.5	9.5	5.2	3.3	166.8	9.0	9.8	148.0
1957-----	174.7	110.4	11.0	17.1	8.3	10.0	9.4	5.1	3.4	174.7	9.8	9.6	155.3
1958-----	182.5	115.9	13.9	17.0	7.6	9.9	9.5	5.1	3.6	182.5	10.4	10.0	162.1
1959-----	198.7	124.4	17.7	18.5	9.3	9.8	10.0	5.2	3.8	198.7	11.1	12.6	175.0
1960-----	199.4	129.9	15.6	18.6	7.8	9.6	9.1	4.7	4.1	199.4	12.1	12.8	174.5
1961-----	199.6	131.4	15.5	18.2	8.0	8.9	8.7	4.6	4.3	199.6	12.8	13.4	173.4
1962-----	208.1	137.4	16.4	18.6	8.7	9.1	8.8	4.5	4.6	208.1	13.9	14.8	179.4
1963-----	215.8	142.8	17.2	19.5	9.2	8.7	9.2	4.4	4.8	215.8	15.2	16.6	184.0
1964-----	223.0	150.8	15.7	19.8	9.8	8.4	9.2	4.2	5.1	223.0	16.8	18.1	188.1
1965 <sup>4</sup> -----	230.5	158.5	(3)	(3)	(3)	(3)	(3)	(3)	(3)	230.5	18.7	19.1	192.7

<sup>1</sup> Includes all crops held on farms for whatever purpose and crops held off farms as security for Commodity Credit Corporation loans. The latter on January 1, 1964, totaled \$912 million.

<sup>2</sup> Revised to reflect farm population estimates based on definition of a farm in 1959 Census of Agriculture. For further details of revision, see *Agricultural Information Bulletin No. 270*.

<sup>3</sup> Not available.

<sup>4</sup> Preliminary.

Source: Department of Agriculture.

# INTERNATIONAL STATISTICS

TABLE B-79.—United States balance of payments, 1947-64

(Millions of dollars)

Year or quarter	Total	Exports of goods and services						Imports of goods and services				Balance on goods and services	Remittances and pensions
		Merchandise <sup>1</sup>	Military sales	Income on investments		Other services	Addendum: Goods and services financed by Government grants and capital	Total	Merchandise <sup>1</sup>	Military expenditures	Other services		
				Private	Government								
1947-----	19,737	16,015	( <sup>9</sup> )	1,036	66	2,620	( <sup>10</sup> )	8,208	5,979	455	1,774	11,529	-715
1948-----	16,789	13,193	( <sup>9</sup> )	1,238	102	2,256	( <sup>10</sup> )	10,349	7,563	799	1,987	6,440	-617
1949-----	15,770	12,149	( <sup>9</sup> )	1,297	98	2,226	( <sup>10</sup> )	9,621	6,879	621	2,121	6,149	-630
1950-----	13,807	10,117	( <sup>9</sup> )	1,484	109	2,097	( <sup>10</sup> )	12,028	9,108	576	2,344	1,779	-523
1951-----	18,744	14,123	( <sup>9</sup> )	1,684	198	2,739	( <sup>10</sup> )	15,073	11,202	1,270	2,601	3,671	-457
1952-----	17,992	13,319	( <sup>9</sup> )	1,624	204	2,845	( <sup>10</sup> )	15,766	10,838	2,054	2,874	2,226	-545
1953-----	16,947	12,281	192	1,658	252	2,664	( <sup>10</sup> )	16,561	10,990	2,615	2,956	386	-617
1954-----	17,759	12,799	182	1,955	272	2,551	( <sup>10</sup> )	15,931	10,354	2,642	2,935	1,828	-615
1955-----	19,804	14,280	200	2,170	274	2,880	( <sup>10</sup> )	17,795	11,527	2,901	3,367	2,009	-585
1956-----	23,595	17,379	161	2,468	194	3,393	( <sup>10</sup> )	19,628	12,804	2,949	3,875	3,967	-665
1957-----	26,481	19,390	375	2,612	205	3,899	( <sup>10</sup> )	20,752	13,291	3,216	4,245	5,729	-702
1958-----	23,067	16,264	300	2,538	307	3,658	( <sup>10</sup> )	20,861	12,952	3,435	4,474	2,206	-722
1959-----	23,476	16,282	302	2,694	349	3,849	( <sup>10</sup> )	23,342	15,310	3,107	4,925	134	-791
1960-----	27,044	19,459	335	2,911	349	3,990	2,239	23,193	14,723	3,048	5,422	3,851	-672
1961-----	28,438	19,913	402	3,464	380	4,279	2,687	22,852	14,497	2,954	5,401	5,586	-705
1962-----	30,084	20,576	656	3,850	471	4,531	2,908	25,021	16,134	3,044	5,843	5,063	-738
1963-----	32,020	21,989	659	3,969	498	4,905	3,338	26,335	16,996	2,897	6,442	5,685	-826
1964 <sup>11</sup> -----	36,004	24,680	720	4,777	528	5,299	3,363	27,943	18,252	2,839	6,852	8,061	-825
Seasonally adjusted annual rates													
1962: I-----	28,920	20,128	452	3,464	436	4,440	2,984	24,472	15,792	3,032	5,648	4,448	-748
II-----	30,536	20,948	760	3,776	572	4,480	2,752	25,076	16,232	2,996	5,848	5,460	-756
III-----	30,508	21,152	564	3,844	420	4,528	2,944	25,192	16,352	2,980	5,860	5,316	-708
IV-----	30,372	20,076	848	4,316	456	4,676	2,952	25,344	16,160	3,168	6,016	5,028	-740
1963: I-----	30,140	19,960	724	4,144	492	4,820	2,984	25,308	16,148	2,988	6,172	4,832	-836
II-----	31,908	21,888	824	3,876	496	4,824	4,020	26,124	16,848	2,924	6,352	5,784	-836
III-----	32,148	22,440	468	3,852	500	4,888	3,044	26,932	17,472	2,844	6,616	5,216	-824
IV-----	33,884	23,668	620	4,004	504	5,088	3,304	26,976	17,516	2,832	6,628	6,098	-808
1964: I-----	36,000	24,448	840	4,900	524	5,288	3,048	26,992	17,464	2,868	6,660	9,008	-788
II-----	35,356	24,144	604	4,776	528	5,304	3,540	28,032	18,304	2,912	6,816	7,324	-832
III <sup>12</sup> -----	36,656	25,448	716	4,656	532	5,304	3,500	28,804	18,988	2,736	7,080	7,852	-856

See footnotes at end of table.



TABLE B-79.—United States balance of payments, 1947-64—Continued

[Millions of dollars]

Year or quarter	U.S. Government grants and capital, net <sup>2</sup>	U.S. private capital, net			Foreign capital, net <sup>4</sup>	Errors and unrecorded transactions	Balance on regular transactions	Selected special Government transactions <sup>5</sup>	Changes in selected liabilities (decrease (-)) <sup>6</sup>			Changes in gold, convertible currencies, and IMF gold tranche position (increase (-))
		Direct investment	Long-term portfolio <sup>3</sup>	Short-term					To foreign official holders <sup>7</sup>		To other foreign holders <sup>8</sup>	
									Special nonmarketable, convertible bonds and notes	Other		
1947.....	-6,121	-749	-49	-189	-75	936	4,567					-3,315
1948.....	-4,918	-721	-69	-116	-173	1,179	1,005				-1,252	-1,736
1949.....	-5,649	-660	-80	187	83	775	175				731	-266
1950.....	-3,640	-621	-495	-149	90	-21	-3,580					
1951.....	-3,191	-508	-437	-103	243	477	-305		1,554		268	1,758
1952.....	-2,390	-852	-214	-94	212	601	-1,046		-505		843	-39
1953.....	-2,055	-735	185	167	178	339	-2,152		1,237		224	-415
1954.....	-1,554	-667	-320	-635	240	173	-1,550		848		48	1,256
									1,043		27	490
1955.....	-2,211	-823	-241	-191	394	503	-1,145			559	404	182
1956.....	-2,362	-1,951	-603	-517	653	543	-935		1,130		674	-869
1957.....	-2,574	-2,442	-859	-276	487	1,157	520		20		625	-1,165
1958.....	-2,587	-1,181	-1,444	-311	22	488	-3,529		735		502	2,292
1959.....	-2,421	-1,372	-926	-77	863	412	-4,178	435	1,248		1,460	1,035
1960.....	-2,781	-1,674	-863	-1,348	341	-772	-3,918	37	1,449		289	2,143
1961.....	-3,396	-1,599	-1,025	-1,556	622	-998	-3,071	701	681		1,083	606
1962.....	-3,547	-1,654	-1,227	-553	162	-1,111	-3,605	1,402	457		213	1,533
1963.....	-3,785	-1,888	-1,685	-734	311	-339	-3,261	617	702		594	378
1964 <sup>11</sup> .....	-3,469	-2,148	-1,435	-2,069	420	-533	-1,998	(10)	(10)	(10)	(10)	(10)
Seasonally adjusted annual rates								Quarterly totals unadjusted				
1962:												
I.....	-3,648	-1,040	-1,560	-1,672	680	-28	-3,568	144		-653	700	427
II.....	-3,368	-1,784	-1,212	484	48	-856	-1,984	56		462	24	-164
III.....	-3,488	-1,668	-832	-584	12	-1,720	-3,672	584		270	-458	881
IV.....	-3,634	-2,124	-1,304	-440	-92	-1,840	-5,196	618		378	-53	389
1963:												
I.....	-3,596	-2,472	-2,184	144	-96	-472	-4,680	108	350	-74	397	32
II.....	-4,680	-1,908	-2,392	-2,248	1,068	-44	-5,256	19	152	773	144	124
III.....	-3,164	-940	-1,212	16	460	-1,068	-1,516	226	175	145	47	227
IV.....	-3,700	-2,232	-952	-848	-188	228	-1,592	264	25	126	6	-5
1964:												
I.....	-3,092	-2,084	-908	-2,528	104	-680	-968	148		-399	233	-51
II.....	-3,756	-2,284	-1,052	-2,468	520	-216	-2,764	-39	122	92	109	303
III <sup>12</sup> .....	-3,560	-2,076	-2,344	-1,212	636	-704	-2,264	4	203	181	558	70

<sup>1</sup> Adjusted from customs data for differences in timing and coverage.<sup>2</sup> Includes associated Government liabilities and scheduled loan repayments.<sup>3</sup> Includes banking claims.<sup>4</sup> Other than liquid funds; includes miscellaneous Government nonliquid liabilities.<sup>5</sup> Includes official debt prepayments, advances on military exports, and net sales of those nonmarketable, medium-term, nonconvertible securities not associated with specific transactions.<sup>6</sup> Includes short-term official and banking liabilities and foreign holdings of U.S. Government bonds and notes (other than nonmarketable, nonconvertible).<sup>7</sup> Central banks and governments.<sup>8</sup> Private holders; includes banks and international and regional organizations. Excludes those liabilities to the International Monetary Fund which enter into calculation of U.S. gold tranche position.<sup>9</sup> Not reported separately.<sup>10</sup> Not available.<sup>11</sup> Average of the first three-quarters based on seasonally adjusted data.<sup>12</sup> Preliminary.

NOTE.—Data exclude military grant aid and U.S. subscriptions to the IMF.

Source: Department of Commerce, Office of Business Economics.

TABLE B-80.—United States merchandise exports and imports, by economic class, 1929-64

[Millions of dollars]

Year or month	Merchandise exports						Merchandise imports						Merchandise trade surplus
	Total exports (including reexports)		Domestic exports				General imports		Imports for consumption				
	Seasonally adjusted	Unadjusted	Total <sup>1</sup>	Food-stuffs <sup>2</sup>	Industrial materials	Finished manufactures <sup>3</sup>	Seasonally adjusted	Unadjusted	Total <sup>3,4</sup>	Food-stuffs	Industrial materials	Finished manufactures	
Monthly average:													
1929.....		437	430	63	156	211		367	367	80	204	83	70
1930.....		320	315	45	112	158		255	255	58	134	63	65
1931.....		202	198	31	74	93		174	174	44	85	46	28
1932.....		134	131	20	59	52		110	110	34	48	28	24
1933.....		140	137	17	69	51		121	121	35	59	27	19
1934.....		178	175	19	83	73		138	136	43	64	29	40
1935.....		190	187	18	86	83		171	170	53	83	34	19
1936.....		205	202	17	89	96		202	202	61	102	39	3
1937.....		279	275	24	117	135		257	251	71	134	46	22
1938.....		258	255	36	92	127		163	163	48	80	35	95
1939.....		265	260	26	95	139		193	190	50	103	37	72
1940.....		335	328	20	114	194		219	212	47	131	34	116
1941.....		429	418	42	94	281		279	268	58	175	35	150
1942.....		673	667	83	111	472		230	232	52	142	38	443
1943.....		1,080	1,070	140	146	784		282	283	84	143	56	798
1944.....		1,188	1,180	150	138	892		328	324	114	149	62	860
1945.....		817	799	143	138	518		347	342	96	176	69	470
1946.....		812	792	184	193	415		411	403	110	222	71	401
1947.....		1,278	1,263	263	282	719		481	474	139	252	82	797
1948.....		1,054	1,044	219	238	587		594	593	167	317	109	460
1949.....		1,004	995	187	261	546		553	551	173	274	104	451
1950.....		833	822	116	251	455		740	730	221	384	125	93
1951.....		1,164	1,151	190	345	616		917	904	258	488	158	247
1952.....		1,100	1,088	175	300	612		896	899	263	462	174	204
1953.....		1,022	1,012	143	254	614		910	902	274	444	183	112
1954.....		1,071	1,060	131	310	620		858	860	276	400	183	213
1955.....		1,191	1,180	162	351	667		958	954	260	477	217	233
1956.....		1,444	1,432	216	441	775		1,064	1,056	267	521	268	380
1957.....		1,625	1,611	208	530	872		1,105	1,102	274	534	294	520
1958.....		1,364	1,351	198	368	784		1,105	1,101	288	489	326	259
1959.....		1,366	1,352	210	366	776		1,302	1,284	285	569	431	64
1960.....		1,633	1,617	230	510	877		1,251	1,251	274	539	438	382
1961.....		1,679	1,659	254	486	919		1,226	1,221	277	522	423	453
1962.....		1,745	1,723	281	440	1,002		1,366	1,354	297	561	496	379
1963.....		1,863	1,839	314	494	1,031		1,429	1,417	310	574	532	434
1964 <sup>5</sup> .....		2,093	2,064	348	566	1,150		1,540	1,536	316	615	605	553

See footnotes at end of table.

TABLE B-80.—United States merchandise exports and imports, by economic class, 1929-64—  
Continued

[Millions of dollars]

Year or month	Merchandise exports						Merchandise imports						Merchandise trade surplus
	Total exports (including reexports)		Domestic exports				General imports		Imports for consumption				
	Seasonally adjusted	Unadjusted	Total <sup>1</sup>	Foodstuffs <sup>2</sup>	Industrial materials	Finished manufactures <sup>3</sup>	Seasonally adjusted	Unadjusted	Total <sup>3</sup>	Foodstuffs	Industrial materials	Finished manufactures	
1963: Jan.....	988	963	944	140	237	567	1,092	1,117	1,140	208	519	412	-104
Feb.....	2,122	2,018	1,994	322	525	1,147	1,497	1,386	1,363	323	549	491	625
Mar.....	1,966	2,064	2,037	347	501	1,189	1,487	1,463	1,419	317	576	526	479
Apr.....	1,917	1,972	1,945	360	469	1,116	1,417	1,454	1,450	317	586	547	500
May.....	1,897	2,079	2,054	375	513	1,166	1,420	1,460	1,437	299	594	544	477
June.....	1,789	1,783	1,759	279	463	1,016	1,421	1,357	1,328	279	560	489	368
July.....	1,850	1,720	1,699	294	461	944	1,458	1,503	1,505	313	599	593	372
Aug.....	1,901	1,817	1,793	283	518	992	1,508	1,458	1,479	304	628	547	393
Sept.....	1,988	1,773	1,751	289	500	962	1,450	1,399	1,375	323	546	506	538
Oct.....	1,952	2,029	2,005	354	575	1,076	1,459	1,591	1,578	367	600	612	493
Nov.....	1,952	2,036	2,011	363	574	1,074	1,465	1,425	1,421	316	538	567	487
Dec.....	2,055	2,098	2,075	364	588	1,122	1,478	1,530	1,509	356	599	554	577
1964: Jan.....	2,048	2,031	2,004	355	554	1,095	1,422	1,447	1,465	294	617	553	621
Feb.....	2,036	2,001	1,973	347	534	1,092	1,445	1,338	1,322	267	561	494	591
Mar.....	2,086	2,136	2,108	364	550	1,193	1,523	1,592	1,567	353	613	601	563
Apr.....	2,055	2,130	2,093	367	540	1,186	1,542	1,562	1,555	342	611	603	513
May.....	2,062	2,215	2,184	378	562	1,243	1,548	1,458	1,424	297	581	556	514
June.....	2,013	2,040	2,008	308	557	1,143	1,506	1,596	1,577	303	632	642	507
July.....	2,118	2,046	2,020	294	592	1,134	1,590	1,612	1,615	294	659	662	528
Aug.....	2,085	1,897	1,869	308	515	1,045	1,592	1,492	1,491	280	625	585	493
Sept.....	2,271	2,085	2,058	348	569	1,141	1,558	1,562	1,568	320	614	634	713
Oct.....	2,154	2,255	2,226	367	638	1,221	1,551	1,613	1,644	351	628	665	583
Nov.....	2,184	2,183	2,158	390	615	1,154	1,698	1,672	1,655	379	620	656	486

<sup>1</sup> Starting with 1950, figures shown exclude Department of Defense shipments of grant-aid military equipment and supplies under the Mutual Security Program. For 1941 and subsequent years, figures include shipments under special programs, including I.C.A. and predecessor programs, UNRRA, Lend-Lease (1941-1947), Greek-Turkish Aid (1947-1952), interim aid (1947-1948), and United States foreign relief (1947-1948). Figures for 1948 and subsequent years also include Department of the Army civilian supply shipments. Data for 1963 and 1964 were adjusted to include inadvertent omissions due to incomplete transmittals of Shipper's Export Declarations from an individual Customs port which resulted in an undercounting.

<sup>2</sup> The grant-aid military shipments excluded beginning with 1950 (see note 1 above) have been deducted entirely from "Finished manufactures." Private relief shipments of foodstuffs are included in "Finished manufactures" prior to 1941 and in "Foodstuffs" thereafter.

<sup>3</sup> Data for 1947-1959 have been adjusted to include imports of uranium ore.

<sup>4</sup> "General imports" through 1932, "Imports for consumption" thereafter.

<sup>5</sup> Preliminary, based on data for January-November.

Source: Department of Commerce, Bureau of International Commerce.

TABLE B-81.—United States merchandise exports and imports, by area, 1959-64<sup>1</sup>

[Millions of dollars]

Area	1959	1960	1961	1962	1963	January-October	
						1963	1964
<b>Exports (including reexports): Total</b> <sup>2</sup> .....	15,926	18,892	19,143	19,521	21,079	17,134	19,803
Canada.....	3,748	3,709	3,643	3,833	4,119	3,404	3,922
Other Western Hemisphere.....	3,777	3,770	3,720	3,582	3,546	2,903	3,355
Western Europe.....	4,535	6,318	6,287	6,381	6,937	5,623	6,412
Soviet bloc <sup>3</sup> .....	89	194	133	125	167	121	312
Other Europe.....	7	13	15	16	11	9	11
Asia.....	2,756	3,646	4,111	4,125	4,786	3,858	4,203
Australia and Oceania.....	323	475	403	478	523	415	595
Africa.....	691	766	831	982	990	802	993
<b>General imports: Total</b> .....	15,627	15,017	14,713	16,389	17,142	14,187	15,272
Canada.....	3,352	3,153	3,270	3,660	3,829	3,167	3,503
Other Western Hemisphere.....	4,029	3,964	3,725	3,931	4,025	3,329	3,378
Western Europe.....	4,523	4,185	4,058	4,539	4,726	3,865	4,208
Soviet bloc <sup>3</sup> .....	81	81	81	79	81	70	81
Other Europe.....	4	2	2	2	2	2	2
Asia.....	2,603	2,721	2,582	2,960	3,193	2,675	2,968
Australia and Oceania.....	338	266	320	440	502	427	369
Africa.....	679	627	672	754	777	647	752
Unidentified countries <sup>4</sup> .....	20	19	4	25	6	5	10

<sup>1</sup> Data for all periods have been adjusted to include imports of uranium ore and exports of uranium and other nuclear materials. Imports from Canada and the Republic of South Africa have been adjusted for all periods for such imports. Data on imports of uranium ore from other countries are not available prior to 1961.

<sup>2</sup> Excludes special category items.

<sup>3</sup> U.S.S.R., Poland, Bulgaria, Rumania, Czechoslovakia, East Germany, Hungary, Albania, Estonia, Latvia, Lithuania.

<sup>4</sup> Consists of certain low-valued shipments and uranium and thorium imports, not identifiable by country.

Source: Department of Commerce, Bureau of International Commerce.

TABLE B-82.—Major U.S. Government foreign assistance, by type and by area, total postwar period and fiscal years 1960-64

[Fiscal years, billions of dollars]

Fiscal year	Total	Western Europe (excluding Greece and Turkey)	Near East (including Greece and Turkey) and South Asia	Other Africa	Far East and Pacific	American Republics	International organizations and unspecified areas
<b>Total, net</b>							
Total postwar <sup>1</sup> .....	95.1	39.7	18.5	2.0	23.9	5.6	5.3
1960.....	4.2	.4	1.5	.2	1.5	.3	.3
1961.....	4.0	—1	1.6	.2	1.5	.4	.4
1962.....	5.2	.4	1.6	.4	1.5	1.0	.4
1963.....	4.9	—1	2.1	.3	1.5	.7	.4
1964 <sup>2</sup> .....	4.5	.1	2.2	.5	.9	.5	.3
<b>Investment in four international financial institutions <sup>3</sup></b>							
Total postwar <sup>1</sup> .....	1.2	—	—	—	—	—	1.2
1960.....	.1	—	—	—	—	—	.1
1961.....	.1	—	—	—	—	—	.1
1962.....	.2	—	—	—	—	—	.2
1963.....	.1	—	—	—	—	—	.1
1964 <sup>2</sup> .....	.1	—	—	—	—	—	.1
<b>Under assistance programs, net</b>							
Total postwar <sup>1</sup> .....	93.9	39.7	18.5	2.0	23.9	5.6	4.1
1960.....	4.1	.4	1.5	.2	1.5	.3	.2
1961.....	3.9	—1	1.6	.2	1.5	.4	.3
1962.....	5.1	.4	1.6	.4	1.5	1.0	.2
1963.....	4.8	—1	2.1	.3	1.5	.7	.3
1964 <sup>2</sup> .....	4.4	.1	2.2	.5	.9	.5	.2
<b>Net grants of military supplies and services</b>							
Total postwar <sup>1</sup> .....	33.3	15.7	5.5	.1	10.7	.9	.4
1960.....	2.0	.8	.4	( <sup>4</sup> )	.7	.1	( <sup>4</sup> )
1961.....	1.7	.6	.3	( <sup>4</sup> )	.7	.1	( <sup>4</sup> )
1962.....	1.6	.3	.3	( <sup>4</sup> )	.8	.1	( <sup>4</sup> )
1963.....	1.7	.5	.4	( <sup>4</sup> )	.7	.1	( <sup>4</sup> )
1964 <sup>2</sup> .....	1.2	.2	.3	( <sup>4</sup> )	.6	.1	( <sup>4</sup> )
<b>Other aid, net</b>							
Total postwar <sup>1</sup> .....	60.5	24.0	13.0	1.9	13.2	4.7	3.8
1960.....	2.1	—3	1.1	.2	.7	.2	.2
1961.....	2.2	—6	1.3	.2	.8	.3	.3
1962.....	3.4	( <sup>4</sup> )	1.3	.3	.7	.9	.2
1963.....	3.0	—6	1.6	.3	.8	.6	.3
1964 <sup>2</sup> .....	3.1	—1	1.9	.5	.3	.4	.2
<b>Net grants (less conversions)</b>							
Total postwar <sup>1</sup> .....	41.1	17.2	6.9	1.3	11.3	1.5	2.9
1960.....	1.6	.2	.4	.1	.7	.1	.1
1961.....	1.8	.1	.6	.2	.7	.1	.2
1962.....	1.9	.1	.7	.3	.6	.1	.2
1963.....	1.4	( <sup>4</sup> )	.6	.3	.1	.2	.2
1964 <sup>2</sup> .....	2.0	( <sup>4</sup> )	.8	.4	.3	.3	.2
<b>Net credits (including conversions)</b>							
Total postwar <sup>1</sup> .....	16.1	6.2	4.5	.5	1.6	2.9	.4
1960.....	.1	—4	.3	( <sup>4</sup> )	( <sup>4</sup> )	.1	( <sup>4</sup> )
1961.....	( <sup>4</sup> )	—7	.4	( <sup>4</sup> )	.1	.2	( <sup>4</sup> )
1962.....	1.4	—1	.6	.1	.1	.6	( <sup>4</sup> )
1963.....	1.4	—7	1.0	.1	.6	.4	.1
1964 <sup>2</sup> .....	1.1	—2	1.1	.1	( <sup>4</sup> )	.1	( <sup>4</sup> )
<b>Other assistance (through net accumulation of foreign currency claims) <sup>5</sup></b>							
Total postwar <sup>1</sup> .....	3.4	.5	1.7	.1	.4	.3	.5
1960.....	.4	—1	.3	( <sup>4</sup> )	( <sup>4</sup> )	.1	.1
1961.....	.4	( <sup>4</sup> )	.3	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	.1
1962.....	.2	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	.1	.1
1963.....	.2	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	.1	.1	( <sup>4</sup> )
1964 <sup>2</sup> .....	.1	( <sup>4</sup> )	.1	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	.1

<sup>1</sup> Fiscal years 1946-64.

<sup>2</sup> Preliminary.

<sup>3</sup> Represents paid subscriptions to Inter-American Development Bank, International Bank for Reconstruction and Development, International Development Association, and International Finance Corporation.

<sup>4</sup> Less than \$50 million.

<sup>5</sup> Other assistance (net) represents the transfer of United States farm products in exchange for foreign currencies, less the U.S. Government's disbursements of the currencies as grants, credits, or for purchases. Also includes the foreign currency claims acquired by the Government as principal and interest collections that are available for the same purpose as farm sales proceeds, since enactment of Public Law 87-128.

Source: Department of Commerce, Office of Business Economics.

TABLE B-83.—*Gold reserves and dollar holdings of foreign countries and international organizations, 1949, 1953, and 1959-64*

[Millions of dollars; end of period]

Area and country	1949	1953	1959	1960	1961	1962	1963	1964
								Sep- tember <sup>1</sup>
Total.....	18,668	26,898	42,245	46,332	49,561	52,541	55,396	57,215
Continental Western Europe.....	6,098	9,920	19,248	21,094	23,797	25,063	26,879	27,454
Austria.....	92	249	630	539	561	783	904	950
Belgium.....	818	915	1,279	1,314	1,582	1,542	1,791	1,821
France.....	733	1,204	1,980	2,165	3,114	3,747	4,659	5,100
Germany.....	149	1,224	4,640	6,450	6,509	6,412	6,885	6,438
Italy.....	570	821	3,119	3,080	3,459	3,627	3,147	3,226
Netherlands.....	370	981	1,634	1,783	1,800	1,830	1,965	1,967
Scandinavian countries (Sweden, Norway, Den- mark, and Finland).....	394	740	1,139	1,018	1,269	1,317	1,443	1,670
Spain.....	132	169	157	328	470	624	780	974
Switzerland.....	2,067	2,174	2,991	2,957	3,518	3,658	3,801	3,731
Other.....	773	1,443	1,679	1,460	1,515	1,523	1,504	1,577
United Kingdom.....	2,027	3,204	3,827	4,887	4,930	4,561	4,295	4,624
Canada.....	1,516	2,509	3,610	3,770	4,163	4,446	4,492	4,558
Latin America.....	3,072	3,679	4,014	3,533	3,556	3,411	4,077	4,169
Argentina.....	412	504	393	420	426	272	453	386
Brazil.....	510	425	479	483	514	430	329	330
Chile.....	101	122	228	180	153	178	186	224
Colombia.....	138	236	288	237	236	206	232	227
Cuba.....	463	570	296	79	44	16	12	10
Mexico.....	270	345	587	541	612	630	810	809
Peru.....	82	104	111	114	132	152	215	271
Uruguay.....	236	338	242	232	238	282	284	280
Venezuela.....	517	597	932	800	820	807	992	1,077
Other.....	343	438	458	447	381	438	564	555
Asia.....	2,008	2,865	4,008	4,446	* 4,418	5,036	5,590	6,081
Japan.....	305	918	1,531	2,137	* 1,962	2,487	2,748	2,852
Other.....	1,703	1,947	2,477	2,309	2,456	2,549	2,842	3,229
All other countries.....	679	1,105	1,313	1,251	1,436	1,764	1,887	1,906
International and regional.....	3,268	3,616	6,225	7,351	7,261	8,260	8,176	8,423

<sup>1</sup> Preliminary.

\* Total dollar holdings include \$82 million reported by banks initially included as of December 31, 1961, of which \$81 million reported for Japan.

NOTE.—Includes gold reserves and dollar holdings of all foreign countries (with the exception of gold reserves of U.S.S.R., other Eastern European countries, and Communist China), and of international and regional organizations (International Bank for Reconstruction and Development, International Monetary Fund, Inter-American Development Bank, European Investment Bank and others). Holdings of the Bank for International Settlements and the European Payments Union/European Fund and the Tripartite Commission for the Restitution of Monetary Gold are included under "other" Continental Western Europe.

Source: Board of Governors of the Federal Reserve System.

TABLE B-84.—United States gold stock and holdings of convertible foreign currencies by U.S. monetary authorities, 1949–64

[Millions of dollars]

End of year or month	Total	Gold stock <sup>1</sup>		Foreign currency holdings
		Total <sup>2</sup>	Treasury	
1949.....	24,563	24,563	24,427	-----
1950.....	22,820	22,820	22,706	-----
1951.....	22,873	22,873	22,695	-----
1952.....	23,252	23,252	23,187	-----
1953.....	22,091	22,091	22,030	-----
1954.....	21,793	21,793	21,713	-----
1955.....	21,753	21,753	21,690	-----
1956.....	22,058	22,058	21,949	-----
1957.....	22,857	22,857	22,781	-----
1958.....	20,582	20,582	20,534	-----
1959.....	19,507	19,507	19,456	-----
1960.....	17,804	17,804	17,767	-----
1961.....	17,063	16,947	16,889	116
1962.....	16,156	16,057	15,978	99
1963.....	15,808	15,596	15,513	212
1964 <sup>3</sup> .....	15,903	15,471	15,388	432
1963: Jan.....	16,102	15,974	15,928	128
Feb.....	16,023	15,891	15,878	132
Mar.....	16,078	15,946	15,878	132
Apr.....	16,046	15,914	15,877	132
May.....	16,009	15,854	15,797	155
June.....	15,956	15,830	15,733	126
July.....	15,764	15,677	15,633	87
Aug.....	15,725	15,633	15,582	92
Sept.....	15,788	15,634	15,582	154
Oct.....	15,910	15,640	15,583	270
Nov.....	15,780	15,609	15,582	171
Dec.....	15,808	15,596	15,513	212
1964: Jan.....	15,847	15,540	15,512	307
Feb.....	15,865	15,518	15,462	347
Mar.....	15,990	15,550	15,461	440
Apr.....	15,991	15,727	15,462	264
May.....	15,946	15,693	15,463	253
June.....	15,805	15,623	15,461	182
July.....	15,840	15,629	15,462	211
Aug.....	15,890	15,657	15,460	233
Sept.....	15,870	15,643	15,463	227
Oct.....	15,702	15,606	15,461	96
Nov.....	16,324	15,566	15,386	758
Dec <sup>3</sup> .....	15,903	15,471	15,388	432

<sup>1</sup> 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, 1964.

<sup>2</sup> Includes gold in Exchange Stabilization Fund.

<sup>3</sup> Preliminary.

Sources: Treasury Department and Board of Governors of the Federal Reserve System.

TABLE B-85.—Price changes in international trade, 1956-64

[1958=100]

Area or commodity class	1956	1957	1958	1959	1960	1961	1962	1963	1964
									Third quarter
<b>Area:</b>									
<b>Developed areas:</b>									
Exports.....	100	103	100	99	100	101	101	102	103
Terms of trade <sup>1</sup> .....	97	96	100	102	103	104	105	105	104
<b>United States:</b>									
Exports.....	97	101	100	101	101	103	103	103	104
Terms of trade <sup>1</sup> .....	94	96	100	102	102	105	107	106	104
<b>Undeveloped areas:</b>									
Exports.....	104	104	100	97	98	95	93	95	97
Terms of trade <sup>1</sup> .....	104	100	100	99	99	97	95	97	97
<b>Latin America:</b>									
Exports.....	111	107	100	95	95	93	91	94	<sup>2</sup> 102
Terms of trade <sup>1</sup> .....	111	105	100	95	96	95	93	97	<sup>2</sup> 104
<b>Latin America excluding petroleum:</b>									
Exports.....	115	111	100	94	95	93	91	95	<sup>2</sup> 105
Terms of trade <sup>1</sup> .....	116	109	100	94	96	95	92	97	<sup>2</sup> 105
<b>Commodity class: <sup>3</sup></b>									
<b>Manufactured goods.....</b>	98	101	100	99	101	102	102	103	104
Nonferrous base metals.....	138	111	100	111	114	110	109	110	139
<b>Primary commodities: Total.....</b>	105	106	100	97	97	95	94	100	101
Foodstuffs.....	101	103	100	93	91	90	90	103	103
Coffee, tea, cocoa.....	106	103	100	83	77	72	70	73	87
Cereals.....	102	100	100	97	96	98	103	102	104
Other agricultural commodities.....	114	113	100	105	107	103	99	103	104
Fats, oils, oilseeds.....	109	105	100	100	94	97	89	95	98
Textiles.....	123	126	100	98	104	105	101	112	113
Wool.....	129	144	100	106	108	107	106	127	125
<b>Minerals.....</b>	99	103	100	94	93	92	92	92	95
Metal ores.....	105	107	100	97	98	100	99	96	106

<sup>1</sup> Terms of trade indexes are unit value indexes of exports divided by unit value indexes of imports.<sup>2</sup> Data are for second quarter.<sup>3</sup> Commodity price indexes relate to exports.

NOTE.—Data shown for area groups and for manufactured goods are unit value indexes. All others are price indexes.

Data exclude trade of Soviet area and Communist China.

Sources: United Nations and Department of Commerce (Bureau of International Commerce).









