ECONOMIC REPORT OF THE PRESIDENT

Transmitted to the Congress
February 1968

Together With
THE ANNUAL REPORT
of the
COUNCIL OF ECONOMIC ADVISERS

Economic Report of the President

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ECONOMIC REPORT
OF THE PRESIDENT

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To the Congress of the United States:

Most Americans see the economy in terms of a particular job or farm or business. Yet the welfare of each of us depends significantly on the state of the economy as a whole.

It was never more necessary for all Americans to try to see the whole economy in perspective—to realize its achievements, to recognize its problems, to understand what must be done to develop its full potential for good. For, as a people, we face some important choices.

A TIME FOR DECISIONS

Seldom can any single choice make or break an economy as strong and healthy as ours. But the series of interrelated decisions we face will affect our economy and that of the whole free world for years to come.

We face these hard decisions with a confidence born of success. Our economy has never been stronger and more vigorous than during the 1960's.

Our achievements demonstrate that we *can* manage our economic affairs wisely—that we *can* make sound choices.

If we now choose responsibly, we can look forward—at home—to more years of healthy prosperity, and of social and economic progress.

If we choose responsibly, and our friends abroad cooperate responsibly, we and they can look forward in confidence to the continuing smooth and rapid expansion of the mutually rewarding international exchange of goods and services.

But if we temporize—try to avoid the hard choices before us—we will soon discover that we have even more difficult choices to make. In six months or a year, we could find our prices and interest rates rising far too fast. In a few months we and our friends abroad could face new uncertainty and turbulence in international financial affairs.

If we wait for the problems to become acute and obvious, then everyone will be ready to act. By then, the tasks could well be much harder.

In the coming weeks and months we must choose

—whether we will conduct our fiscal affairs sensibly; or whether we will allow a clearly excessive budgetary deficit to go uncorrected by failing to raise taxes, and thereby risk a feverish boom that could generate an unacceptable acceleration of price increases, a possible financial crisis, and perhaps ultimately a recession;

—whether as businessmen and workers we will behave prudently in setting prices and wages; or whether we will risk an intensified wage-price spiral that would threaten our trade surplus and the stability of our economy for years to come;

—whether we will act firmly and wisely to control our balance-of-payments deficit; or whether we will risk a breakdown in the financial system that has underpinned world prosperity, a possible reversion toward economic isolationism, and a spiraling slowdown in world economic expansion;

—whether we will move constructively to deal with the urgent problems of our cities and compassionately to bring hope to our disadvantaged; or whether we are willing to risk irreversible urban deterioration and social explosion.

I know that Americans *can* face up to the tasks before us—that we *can* run our economic affairs responsibly. I am confident that we *will* take timely action to maintain the health and strength of our economy and our society in the months and years ahead.

THE RECORD AND PROBLEMS OF PROSPERITY

The year 1967 was one of uncertainties and difficulties both in our external and our internal economic affairs. Yet there were reasons for confidence as well as concern, both internationally and domestically.

1967—A Year of Readjustment at Home

For the domestic economy, 1967 was a year of readjustment—after the strains of 1966.

Growth in the first half was at an annual rate of only a little over 1 percent, after correction for price increases. But vigorous growth resumed in the second half—at a yearly rate of around $4\frac{1}{2}$ percent.

Last year had to be a year of readjustment because our economy began the year out of balance. Inventories were excessive, housing was in a slump, and business spending on new plant and equipment threatened to drop away from a level that seemed too high to be sustained.

Those imbalances no longer exist. That is why our economy is again advancing so strongly.

Because readjustments were necessary, the gains of 1967 were not as great as were those of 1966, nor as those anticipated for 1968. Yet it was a year of important economic progress on most fronts.

During 1967

—an additional 1¾ million persons found jobs;

—our unemployment rate, at 3.8 percent, matched that of 1966 and was lower than in any previous year since 1953;

—average earnings of factory workers rose by $4.80 a week;

—total employee compensation rose $33 billion;

—farm proprietors' net income dipped, but by yearend had returned to the level of a year earlier;

—total consumer income after taxes climbed $35½ billion;

—industrial production, after dropping almost 2½ percent, recovered by December to a new all-time peak; and

—the annual rate of housing starts rose a half million.

During 1967, prices also advanced—more than we would have wished. Even so, real purchasing power per capita available to consumers after taxes rose 3 percent.

1967—A Year of External Problems and Promise

The U.S. balance-of-payments deficit—a chronic problem since 1957—worsened in 1967 after several years of substantial improvement. In important measure this deterioration reflected the fears and uncertainties surrounding the devaluation of the British pound in November.

The same uncertainties also fed a massive wave of private speculation against gold late in the year. This subsided only after the United States and other countries in the "gold pool" demonstrated their determination—backed by the use of their monetary reserves—not to allow a change in the price of gold.

In the absence of strong new action by the United States—and by the surplus countries of Western Europe—there was danger that the deterioration of the U.S. payments balance and speculation against gold and currencies might feed upon and reinforce one another in a way that could touch off an international financial crisis in 1968.

Even if the dangers were remote, the grave consequences of such a crisis for the world economy demanded bold and immediate preventive action. It was taken on January 1. The substance of our measures, plans, and priorities is discussed later in this Report.

But 1967 saw progress as well as problems on the international front. For it also brought the culmination of two giant forward steps in world international economic affairs, both long in gestation:

- In June, the Kennedy Round of negotiations produced agreement on the single most significant multilateral reduction in world trade barriers in history. It promises further to stimulate the expansion of international trade, already a major source of postwar economic growth throughout the world.
- In September, the member nations of the IMF reached agreement on plans to create by deliberate cooperative action a new form of world reserves, supplementing gold and the dollar. Once this plan comes into full operation, the vulnerability of the present system to speculation should gradually fade away, and so should any threat of a possible future strangulation of the growth of world trade and production.

Seven Years of Expansion

If 1967 stood alone, it would have to be judged a satisfactory year, despite its problems.

But 1967 must not be seen in isolation—rather as the seventh year of the longest and strongest economic expansion in our history. The opening months of 1967 were merely a brief pause in the broad sweep of economic advance.

Over these seven years

—our total real output of goods and services has increased more than 40 percent;

—per capita income after taxes and valued in dollars of constant purchasing power has risen 29 percent;

—10 million more people are at work;

—more than 12 million Americans have moved above the poverty line.

Over just the past four years

—2¼ million more students are in college;

—5½ million new homes have been built;

—35 million new cars have been sold;

—use of electricity has risen one-third;

—5 million more families own stock, 23 million more have savings accounts, and the assets of private pension funds have grown by $40 billion; and

—35 percent more Negroes have found professional, technical, and managerial jobs.

Had the path of real output in 1961–67 followed the bumpy path of 1954–60

—the Nation's total real output over the past seven years would have been $340 billion lower (valued in today's prices) than it actually was—this cumulative difference is about equal, in real terms, to the Nation's total output in 1942.

—the annual rate of output today (valued in today's prices) would be $120 billion lower than in fact it is—this difference is equivalent to about $1,600 a year per person now employed.

Truly, the American people have enjoyed exceptional economic benefits over these seven years. But these striking benefits confer obligations.

- Over this period 8 million more families have achieved yearly incomes above $10,000. They—and the 6½ million who already enjoyed such incomes in 1960—have a special obligation to the more than 10 million households still in poverty.
- The seven-year *increase* of $820 in real per capita income (valued in today's prices) exceeds the current *total* average per capita income in nations with 70 percent of the world's population. This fact makes inescapable the obligation of the American people for helping to maintain security and for providing economic assistance to the developing world.

I believe that the American people—whose present affluence would have been beyond the belief of most of us only 20 years ago—accept these obligations. My policies, at home and abroad, continue to be founded on a vision of the opportunities and obligations for the wealthy to help the poor to help themselves.

The Role of Policy

It is far more than coincidence that, during these seven years of achievement, fiscal and monetary policy have been actively and consciously employed to promote prosperity.

No longer does Federal economic policy rely primarily on the "automatic stabilizers" built into our system, or wait for a recession or serious inflation to occur before measures are taken.

Fiscal and monetary policies have not been perfectly executed nor perfectly coordinated in the past few years. But our policies have remained under continuous and coordinated review. And our actions have been consistently in the right direction, if not always perfectly timed nor in precisely the right degree.

The Problems of Prosperity

Healthy prosperity has brought exceptional gains in production, incomes, and jobs.

But prosperity has not solved all of our economic problems, and it has created some of its own. These are the priority problems facing us in 1968.

1. First and foremost, we must take the necessary steps to put our fiscal affairs in order. Unless we do we shall be unable to deal effectively with the other problems that confront us.
2. We must slow down the wage-price spiral. Although we cannot achieve stability all at once, we must make progress in 1968 toward our goal of reasonable price stability in a steadily growing, high-employment economy.
3. We must push forward vigorously to restore equilibrium in our international accounts. We shall do so in full awareness of our responsibilities to promote and sustain a strong and expanding world economy. And we will enlist the cooperation of all other nations who share those responsibilities.
4. We must deal more effectively with our urban problems. More and more of our people live in cities. Yet cities threaten to become less and less livable—unless we take decisive steps to correct: slum housing; inadequate public services; congestion, noise, and pollution; inadequate transportation; unplanned sprawl; segregation, discrimination, and deficient job opportunities; crime, delinquency, and alienation.
5. We must continue the struggle to expand the opportunities available to every citizen—especially our disadvantaged. They require education, training, and adequate health care to prepare them for useful careers, and freedom from discrimination in finding jobs and housing. Those unable to work need adequate income protection. The war on poverty must go forward.

FISCAL POLICY AND THE OUTLOOK FOR 1968

The Current Economic Situation

The month-to-month changes of our economic indicators were often puzzling in 1967. But, when seen in perspective, economic developments reveal

—a slowdown—though not a decline—in the first half, as we predicted a year ago; and

—a strong and sustained recovery in the second half, as we predicted last January and again in August when I renewed my request for a tax increase.

- In the second half of last year, the annual rate of our gross national product advanced by $32½ billion. In only one earlier half-year—the second half of 1965—has it advanced by more.
- The unemployment rate in December was 3.7 percent. In only 2 months of the last 169 has it been lower.
- Factory orders and shipments of durable goods were at an all-time high.
- Personal income rose more than $12 billion in November and December.
- And, disturbingly, the rate of increase in industrial wholesale prices in the second half of 1967 has been exceeded in only 4 other half-year periods in the past 16 years.

Every prospect is for continued rapid increase of output in the months ahead. Most experienced observers agree that the pace now is—and in the months ahead will be—too fast for safety. The gain in gross national product in the current quarter is generally expected to be one of the largest in our history—a record we could gladly do without at this time.

The Current Fiscal Situation

Following the major tax cuts of 1964 and 1965—equivalent to about $23 billion in today's economy—the booming economy of 1965 and 1966 brought Federal revenues into balance with Federal spending. In both years there was a small Federal surplus on the comprehensive national income accounts basis.

The slowdown in economic growth that began in late 1966 dampened the growth of revenues. At the same time, the cost of our commitment to freedom in Southeast Asia was steadily rising.

As a result, the Federal sector account plunged into deficit—$12½ billion in calendar year 1967.

Sharply rising Federal spending was a strong expansionary force in the economy between mid-1965 and mid-1967. While housing was still recovering from the after-effects of tight money, and private demand was sluggish—during the first half of last year—the stimulus from Federal spending was welcome.

Federal spending has not been growing rapidly since mid-1967, nor will it increase rapidly in the next year and a half. But because of the already high level of defense outlays, total Federal expenditures are too large to be piled on top of *normal* private demand without overheating our economy. It is because private demand has now returned to normal after its temporary weakness that we now need new measures of fiscal restraint.

Without the proposed income tax surcharge and the maintenance of current excise tax rates, the Federal sector deficit on national income account would remain close to the level of 1967.

Unless action is quickly taken to expand Federal revenues, a deficit that large—in combination with a resurgent private economy—would have these consequences:

- It would speed up a wage-price spiral already turning far too rapidly.
- It would seriously impair our already difficult international economic position—by damaging confidence in the dollar, and by stimulating imports and putting exports at a competitive disadvantage.
- Financing such a deficit would increasingly strain financial markets, pushing interest rates further above present record highs, and threatening another financial squeeze and another slump in homebuilding.

The Role of Fiscal Restraint

The extraordinary achievements of our economy during the past seven years were made possible by our willingness to use fiscal and monetary policies to stimulate adequate expansion of total demand.

Now, however, restraint is essential to our economic health. High interest rates and tight money can restrain the economy—and will do so if fiscal policy fails to do it. But the cost of monetary restraint is high and unfair, imposed primarily on a single industry—homebuilding.

We must demonstrate that we can use fiscal policies flexibly—that we can raise as well as lower taxes.

I therefore urgently renew my request that the Congress enact a temporary 10-percent surcharge on corporate and individual income taxes.

- For corporations, the surcharge would become effective January 1, 1968, and continue through June 30, 1969.
- For individuals the surcharge would become effective on April 1. The 10-percent increase in withholding tax would continue through June 30, 1969. Taxpayers in the lower income brackets would be exempted from any surcharge.
- The legislation should, as I recommended last year, put all corporations on a fully current payments basis, and extend tem-

porarily the telephone and automobile excise taxes otherwise scheduled to drop on April 1, 1968.

These measures would increase tax revenues in fiscal year 1968 by $3 billion, and in fiscal year 1969 by $13 billion.

If future circumstances should permit ending the surcharge before June 30, 1969, it can be promptly repealed.

The surcharge of 10 percent on individual income taxes would reduce individual incomes by about 1 percent on the average. With the low-income exemption, the surcharge would add nothing to the taxes of a family of four with an income of $5,000. It would increase the tax bill for a family of four making $25,000 by about 2 percent of income.

Effective Federal tax rates on individual income would still remain, on the average, about 10 percent lower than in 1963.

A tax increase in the form of a surcharge on present taxes has many advantages:

—it is simple, requiring no additional administrative expense or inconvenience to the taxpayer;

—it preserves the present progressiveness of the system as it applies to middle and upper incomes, and the present division between corporate and personal taxes;

—it is easy to identify and repeal when no longer needed.

The Economic Outlook With the Tax Increase

The fiscal policies I am now proposing will

—accomplish a sharp reduction in the Federal deficit on national income account, and erase it early in 1969;

—encourage balanced economic expansion to continue at a rate appropriate to our rising productive potential;

—permit the unemployment rate to remain below 4 percent for the third straight year;

—allow credit to remain available, without soaring interest rates, to meet the needs of housing and other key areas;

—promote a gradual slowing down of price increases;

—in combination with the other measures we are taking, encourage an expansion of our foreign trade surplus.

Even with the surcharge, GNP should increase by some $60 billion, about 7¾ percent. With prices rising more than 3 percent, real output of goods and services in 1968 will be more than 4 percent above 1967.

- Consumer purchases and homebuilding activity will rise strongly.
- Expenditures to expand and modernize productive capacity will grow at the moderate pace consistent with business needs.

- While State and local governments will continue to increase spending at a fairly rapid rate, Federal purchases will grow by less than half as much as in 1967.
- There will be further large gains in private incomes, even after higher taxes and prices.

The economic outlook is thus favorable—assuming fiscal restraint is forthcoming. Damage has already been done to interest rates, to our trade surplus, and to the level of prices by the failure of Congress to act last fall. But it is still not too late to avoid far more serious problems if action is taken in the next few weeks.

I again urge the Congress to act promptly on my tax proposals.

PROBLEMS AND PROGRAMS IN OUR INTERNATIONAL ECONOMIC AFFAIRS

The U.S. Balance-of-Payments Deficit

On January 1, I announced the main elements of our new balance-of-payments program for 1968. That program deals decisively with the threat to the dollar that developed in 1967.

Nature of the Problem

It is important to be clear about the nature of our balance-of-payments problem. The United States has a sizable surplus of exports of goods and services over imports. Our past overseas investments bring in excellent and growing earnings, and our new overseas investments are running at a very high level. There is a small but growing reverse flow of foreign investment here.

We have heavy military expenditures overseas, which are not fully offset by our allies; and our aid program still accounts for a small outflow of dollars.

Our export sales, our investment return, and the inflow of investment from abroad are not large enough to finance our imports, our new investments abroad, and our net Government overseas expenditures.

The difference—the deficit—is financed partly by sales of gold and partly by increased foreign holdings of short-term dollar investments by foreign businesses, banks, individuals, and governments.

The position of the United States in its international economic affairs is thus much like that of a wealthy and prosperous businessman whose liquidity has come under strain.

His commercial operations remain highly successful, with the value of his sales well in excess of his costs.

His large long-term investments in other enterprises are yielding an excellent return, and he sees an abundance of further opportunities for profitable investments that will bring large future returns.

Both his income and his net worth are growing strongly every year. And he does not hesitate to spend freely on the good things of life, while also making large gifts to worthy causes.

But he has been borrowing extensively at short term to help finance his long-term investments. Each year, he adds more to his short-term debts than to his liquid assets. It is in this sense—but only this—that he has an annual deficit. It is a liquidity deficit. It is not a deficit in his profit and loss account, nor an overspending of his income.

Some of his short-term creditors—although not really doubting the strong excess of his assets over his liabilities—are nevertheless getting a bit concerned about continuing to expand—or even to renew—their short-term credits.

Should some of them refuse to renew their loans, his situation could become awkward. Other creditors might become nervous and would rush to present their claims. Financial pressures would extend to other, smaller businessmen with whom he had strong commercial ties, and whose basic positions were less sound.

That man—like the United States—needs to pull back for a while to strengthen his liquidity.

He will want to cut costs and increase sales in his commercial operations.

He will have to pass up for a while many of his attractive opportunities for profitable long-term investments.

He will need to review the terms of his spending and gifts—to ease their impact on his cash position.

Most of all, he wants no doubt to arise about his ability to meet his debts as they come due. He would easily survive a financial crisis with no major impairment of his income or net worth. But some other businessmen who bought from or sold to him could easily be dragged into bankruptcy.

Reducing the Deficit

Since 1961, the United States has been making a determined effort to reduce its liquidity deficit. Through 1965, steady progress had been made.

In 1966 the deficit held even, in spite of the rising overseas costs of Vietnam. But the deficit increased in 1967—particularly sharply in the fourth quarter—reversing that progress. The instability generated by devaluation of the British pound was responsible for a significant part of the deterioration, but not for all of it.

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- Overseas defense costs rose despite tight controls on spending.
- The net balance of tourist expenditures shifted further against the United States.
- Private U.S. capital outflows rose, even though direct investment was held in check by the voluntary program; and foreign capital inflows decreased.
- Our trade balance failed to improve as much as we expected, mainly because of the economic slowdown in Europe.

Some of the steps we might consider to reduce our payments abroad—such as reverting to high tariffs or quotas—would reverse long-term policies and, by provoking retaliation, reduce our receipts by as much as or more than our payments. And many of the other things we could do would seriously and irresponsibly harm our domestic economy, friendly countries overseas, or the flow of world trade.

Program for 1968

We have a clear duty to act. And we are taking action—as constructively and responsibly as we can.

Domestic Economic Policies

The avoidance of excessive demand in our economy is crucial to the strength of the dollar as well as to our domestic prosperity.

If we place too much pressure on our resources, U.S. buyers will turn abroad for supplies and our imports will soar. And if our prices rise, we will weaken our export competitiveness and attract even more imports—not just immediately, but for years to come.

That is why the first order of business in defense of the dollar is to pass the tax bill.

We must also exert every effort to avoid the possible destructive effects on our trade surplus of strikes or the threat of strikes in key industries. I urge business and labor to cooperate with the Secretaries of Labor and Commerce in dealing with this danger to our export surplus.

Direct Balance-of-Payments Measures

In addition to assuring the health of our economy at home, we must act directly on the key international flows that contribute to our deficit. Our direct balance-of-payments measures are designed to move us strongly toward equilibrium—this year. Some measures are temporary and will be removed as soon as conditions permit. Others are designed for longer range needs. Several will require congressional action.

We have already put into effect

—a new mandatory program to restrain direct investment abroad, which will reduce outflows by at least $1 billion from 1967.

—a tighter Federal Reserve program to restrain foreign lending by U.S. banks and other financial institutions, to achieve an inflow of at least $500 million.

We have begun action to save $500 million on Government expenditures overseas. Negotiations are already underway to minimize the foreign exchange costs of our essential security commitments abroad. Orders have already been issued to cut the number of civilian personnel abroad.

We are organizing major efforts to encourage foreign investment and travel in the United States.

I announced on January 1 that the Secretary of the Treasury would explore with the Congress legislative measures to help us achieve our objective of reducing our travel deficit abroad by $500 million this year. Those explorations are proceeding.

In the meantime, I again ask the American people to defer for the next two years all nonessential travel outside the Western Hemisphere.

I also announced on January 1

—that we were initiating discussions with our friends abroad on ways to minimize the disadvantages to our trade from various nontariff barriers and national tax systems abroad; and

—that we were preparing legislation in this area whose scope and nature would depend on the outcome of these consultations.

The consultations have been in progress since January 1. When they are completed, I will announce their outcome, and indicate what if any legislation we shall seek.

I am asking the Congress for the funds necessary to support long-term measures to stimulate exports, by

—intensifying promotion of American goods overseas; and

—expanding and strengthening the role of the Export-Import Bank.

Responsibilities of Surplus Countries

As we fulfill our responsibilities, other nations have an equal obligation to act. The balance-of-payments surpluses of our trading partners in continental Europe are essentially the mirror image of our deficit. Their constructive adjustments, as well as our own, can contribute to remedying our mutual imbalance.

For them, as for us, action at home heads the list. The nations of continental Europe should use their fiscal and monetary policies to pursue steady expansion of their domestic economies. Indeed, if they were to tighten credit and budgets in order to protect their surpluses, then we could not succeed in our efforts to come into equilibrium in a healthy world economy. Even worse, a competitive slowdown in world economic expansion could ensue, to the detriment of all peoples everywhere.

Surplus countries can also contribute to a smooth process of adjustment by reducing their barriers to trade, by increasing their economic assistance to developing countries, by expanding their capital markets to finance their own investment, by permitting wider access to these capital markets by other nations, and by meeting their full share of the foreign-exchange costs of our collective defense effort.

The world tried competitive beggar-my-neighbor policies in the 1930's and they ended in chaos. The surplus countries have the obligation to assure that this does not happen again.

The Dollar and the International Monetary System

The interests of major nations are also linked together in the international monetary system. For us, there is a special responsibility, since the dollar is a world currency

—widely used by businesses abroad,

—held along with gold as a reserve asset by foreign central banks.

Our deficits in the past decade have sent more dollars abroad than businesses there needed to acquire, or than governments have wanted to hold as reserves. Many of these dollars were used to purchase gold from the United States.

Speculation generated by the strains on the international monetary system has caused further drains of gold from international reserves—much of it from our own.

As a result, U.S. gold reserves have declined to about $12 billion. This is still ample to cope with foreseeable demands on our gold stock. But persistent large U.S. deficits would threaten the entire international monetary system.

Our commitment to maintain dollar convertibility into gold at $35 an ounce is firm and clear. We will not be a party to raising its price. The dollar will continue to be kept as good as or better than gold.

Freeing Our Gold Reserves

I am therefore asking the Congress to take prompt action to free our gold reserves so that they can unequivocally fulfill their true purpose—to insure the international convertibility of the dollar into gold at $35 per ounce.

- The gold reserve requirement against Federal Reserve notes is not needed to tell us what prudent monetary policy should be—that myth was destroyed long ago.
- It is not needed to give value to the dollar—that value derives from our productive economy.

- The reserve requirement does make some foreigners question whether all of our gold is really available to guarantee our commitment to sell gold at the $35 price. Removing the requirement will prove to them that we mean what we say.

I ask speedy action from the Congress—because it will demonstrate to the world the determination of America to meet its international economic obligations.

Special Drawing Rights

Through U.S. deficits the dollar has been the major element of the recent growth of international reserves.

As we move into balance, the world can no longer look to the dollar for major future additions to reserves.

Neither can it depend on gold. Gold production has been leveling off in the face of rising industrial use and a steady drain into private hoards. What is needed is a reserve asset universally acceptable as a supplement to gold and dollars, that can be created in the amount needed to meet the desired expansion of world reserves.

The Special Drawing Rights plan agreed on in Rio de Janeiro last September provides such an asset. This plan will fundamentally strengthen—and ultimately transform—the international monetary system in the years ahead.

The agreement should be promptly ratified and swiftly activated on an adequate scale. I will call upon the Congress to approve U.S. participation.

TRADE

The Kennedy Round was completed on June 30, the most successful multilateral agreement on tariff reduction ever negotiated. Four years of hard negotiating were required—but the ultimate success was worth it. A fair bargain was struck. Our farmers and businessmen will get major benefits as new markets are opened to them.

We will continue to work with our trading partners—in the GATT and in other bodies—to find new approaches to the liberalization of world trade, with urgent consideration given to nontariff barriers.

Some would throw away the gains from three decades of liberal trade policy, retreating into shortsighted protectionism. Mandatory quotas on American imports would meet prompt retaliation abroad. All Americans would pay a high price for the benefit of a few.

Protectionism is no answer to our balance-of-payments problem. Its solution depends on expanding world trade.

The Government stands ready to help the few that may be hurt by rising imports—but in ways that expand trade, strengthen our economy, and improve our international relations.

Accordingly, I will shortly send to the Congress legislation which will

—provide an extension of unused tariff-reducing authority;

—liberalize the criteria for adjustment assistance to firms and workers; and

—eliminate the American selling price system of customs valuation.

During the year ahead, opportunities may develop to expand peaceful trade with the countries of Eastern Europe and the Soviet Union. I again urge the Congress to provide the necessary authority for us to pursue such opportunities should they develop.

The United States has been discussing with other industrial countries a system of temporary generalized tariff preferences by all developed countries for all developing countries. Agreement was reached in the OECD on the general principles of such a system. It will be presented to the developing countries at the UNCTAD meeting in New Delhi.

We shall continue to consult with Members of Congress and representatives of American industry, agriculture, and labor as these discussions proceed.

Aid to Developing Countries

If economic progress were now to slow down in the developing countries that make up two-thirds of the free world—in the arc of Asia from Turkey to Korea, in Latin America, and in Africa—our hopes for a peaceful world would be menaced. In 1968 this means that we should

—approve a prudent AID program;

—quickly agree with other donor countries on a substantially increased replenishment of funds for the International Development Association;

—extend the Food for Freedom Act;

—authorize the United States to share with other donors in establishing the Special Funds of the Asian Development Bank.

Several less-developed countries have made great strides in the promotion of family planning. We must be prepared to assist their efforts if the grim race between food supplies and population is to be won decisively.

We can do these things—as in conscience we must—without detriment to our international payments. AID has already made great progress in reducing the impact of its program on the U.S. balance of payments. In 1968 that impact would be reduced by another $100 million, so that less than 8 percent of AID's dollar expenditures will be for non-U.S. goods and services.

THE RETURN TO PRICE STABILITY

Neither the United States nor any other free industrial nation has yet learned how to couple steady growth at high employment with reasonable stability of prices.

Our price record since 1960 has been superior to that of any other major industrial country. Even since mid-1965, we have done better than in past periods of hostilities—when direct controls were used.

But our recent record has clearly not been good enough. For one reason, firm discipline with respect to U.S. costs and prices is essential to a strong balance-of-payments position.

Rising prices are not just a last-year problem or a this- and next-year problem. They are a persistent, long-term problem for a high-employment economy—one that will not fade away by itself.

We must do what we can to minimize price increases in 1968. But we must also settle in for a long hard fight aimed toward 1969, 1970—and 1980.

One source of inflationary pressure is a rate of economic expansion that strains available productive resources. Too much demand will lift prices and wages all across the line.

Thus the readiness to apply fiscal and monetary restraint when demand threatens to become too strong must be the fundamental reliance in our battle to restore and then maintain stable prices.

Responsible Wage and Price Behavior

But inflationary pressures also arise when labor and business each seek to expand their claims against the national product—through excessive wage settlements or unnecessary price hikes—at a faster rate than real national product is growing.

If labor seeks 80 percent of the total national pie and business 25 percent, the only result can be rising prices. This inflates the pie—but does not increase its substance.

Whatever the initial source which starts prices rising, the rise tends to perpetuate itself. Higher prices enlarge labor's wage demands. Faster wage increases raise costs, which makes prices rise some more. Once a wage-price spiral has begun, it is exceedingly difficult to slow it down.

In each of the last two years, our price level has risen by about 3 percent, and in the last six months by about 4 percent. With a somewhat stronger economy in 1968, and with labor unions building the expectation of further price rises into their wage demands, there is danger the spiral will accelerate. If it does, we face the prospect that the spiral will still be turning steadily in 1969 and into 1970. The longer it turns the harder it is to stop.

A highly restrictive fiscal and monetary policy could throttle the economy and create widespread unemployment and idle capacity in order to dampen upward pressures on wages and prices. But it would serve the objective of price stability only by sacrificing most of our other key economic objectives.

Dealing with inflation by creating a recession or persistent slack is succumbing to the disease—not curing it. The experience of 1957 and 1958—when the unemployment rate reached 7½ percent and consumer prices still rose 5 percent—is a clear reminder of the large costs of such a policy and of its limited effectiveness in halting a spiral in motion. This is a course which I reject—and which I am confident that the American people reject.

Therefore, in addition to urging prompt action by the Congress on my tax proposals, I must again urge—in the strongest terms I know—that unions and business firms exercise the most rigorous restraint in their wage and price determinations in 1968.

We must make a *decisive* turn back toward price stability this year. This will only be possible

—if the average gain in wages and fringe benefits incorporated in new labor agreements this year begins to move back toward parity with our gains in productivity; and

—if businesses absorb cost increases wherever possible, and avoid any price decision which would, on the average, increase their margins over labor and materials cost.

Structural Price Problems

There are other sources of price increase we can begin to attack in 1968. We should not expect quick results. But, over the longer pull, an important contribution can be made.

There are a number of industries in which prices have climbed persistently because of supply bottlenecks in labor, materials, or capacity; because of backward technology; because of inefficient distribution systems or trade practices; or for other so-called "structural" reasons.

If we regard the battle against rising prices as a long-term task, it is time to begin to fight on every front where long-term results can be achieved.

Existing Government organization is not effectively suited to dealing with the full range and dimensions of the problem of prices.

Cabinet Committee on Price Stability

I am therefore establishing a Cabinet Committee on Price Stability, including the heads of the major relevant departments and offices of

Government, coordinated by the Chairman of the Council of Economic Advisers and served by a small professional staff.

The Committee will focus the attention both of the private economy and of the Federal Government on the objective of price stability.

It will study and recommend—both for private and for public action—measures which can improve efficiency, remove bottlenecks, and improve technology in industries which are the source of persistent inflation. And it will give price stability a high priority in the formulation and administration of all Government programs.

The Committee will work closely with representatives of business, labor, and the public to seek ideas and initiatives to correct persistent structural problems that cause prices to rise and to inform them of the consequences of irresponsible wage and price behavior. It will not, however, become involved in specific current wage or price matters.

Through this new machinery, we seek to achieve a new and more effective cooperation among business, labor, and government in the pursuit of price stability in a free market economy.

CITIES AND HOUSING

The American city is in distress, plagued by poverty, unemployment, and slums; hobbled by inadequate public services, inefficient transportation, pollution, and congestion.

The city is also the source of an unprecedented affluence. Bitter poverty amidst spreading affluence spotlights the problems of the disadvantaged.

Yet that very affluence should be the source of great hope. For general affluence makes it possible to erase pockets of deprivation. We now have the means for a massive reconstruction of urban America.

The first step in an effective attack on urban problems came last year when 63 cities received the first round of Model Cities planning grants. By the end of this year, many of these cities will be ready to begin work. This first round will ultimately permit the transformation of 65 blighted areas, housing 3.7 million people, into decent places to live and work.

I will ask the Congress to fund fully the $1 billion authorization for the Model Cities program in fiscal year 1969.

Our next step will be to fulfill the commitment of the Housing Act of 1949—to provide every American family with decent housing. Our goal is to eliminate substandard housing in ten years. This task will require the full cooperation of labor, business, local government—and the residents of blighted areas.

Too long we have regarded the unemployed slum dweller as a national burden. The time has come to recognize him as a national resource, and to offer him a job rebuilding the slums in which he lives.

Our target for fiscal year 1969 is to begin 300,000 new and rehabilitated units—several times the current rate. Rent supplement and "turnkey" public housing programs will be modified and enlarged to engage private enterprise on a massive scale.

The expansion of federally assisted housing must not shrink the private housing market. During the next ten years we will need 20 million housing units in addition to those receiving Federal assistance.

Their production will balloon the need for mortgage money. I will therefore propose legislation to strengthen the mortgage market and the financial institutions that supply mortgage credit. I also propose that current interest rate ceilings on FHA and VA mortgages be lifted to allow them to compete on equal terms with other assets.

I also urge the Congress to complete action on legislation

—to strengthen regulation of savings and loan holding companies,

—to provide Federal charters for mutual savings institutions.

If we are to reconstruct the American city, we need knowledge and innovation as much as men and money. We lead the world in technology. Yet little of its power is directed to the problems of cities.

As a first step, I have named a panel to establish an Institute for Urban Development. This Institute will undertake the systematic analysis of fundamental urban problems for Government agencies.

The agonies of our cities will not yield easily or quickly—nor to simple solutions. Yet the breadth of our vision must be scaled to the magnitude of our problem—and our opportunity.

In the coming weeks, I shall send the Congress a message containing my detailed recommendations.

EXPANDING INDIVIDUAL OPPORTUNITY

America has historically taken pride in being the "land of opportunity." To a far greater extent than any earlier civilization, American society has provided opportunities for the majority of its citizens to achieve whatever their ambitions and abilities might permit.

Yet for a minority—steadily diminishing in every generation—opportunity has remained a myth.

The recent experience of prolonged prosperity and high employment has pried open the doors of opportunity for many who formerly were shut off from the main circle of abundance. Indeed, sustained prosperity is the single most important source of expanding opportunity.

But even prolonged and general prosperity leaves too many Americans untouched, unable to share in its rewards.

Despite our prosperity, there are still more than 10 million families whom we classify as poor. They include about one-seventh of our people. Many are Negro. But two-thirds are white. Many are old. But nearly half are children. Many live in urban areas. But about half live in small towns or in rural areas. Most were born poor.

Regardless of race, age, or where they live, they are not statistics, they are people. We cannot turn our backs on our fellow Americans who need help.

I regard it as a primary purpose of government to expand the opportunities for all citizens to share in our economic and social progress. For most, this means the opportunity for rewarding employment. For millions who are retired, disabled, or otherwise unable to seek active work, a share in prosperity requires wise and humane programs of income maintenance and social insurance. For all, it means full access to education and to health care.

America has made great progress in recent years—in the creation of jobs, the provision of adequate incomes, and the improvement of health and education. The future holds promise of further advance.

Employment and Training

More Americans entered the labor force last year than in any year since World War II. And these job seekers were accommodated to a remarkable degree.

- The over-all unemployment rate averaged 3.8 percent, as it did in 1966. Except for the years of World War II and the Korean war, this two-year average was the best in four decades.
- The unemployment rate for adult men—both white and Negro—was the lowest since World War II.

Yet there is no room for complacency in these achievements. The unemployment rate for Negroes, Mexican-Americans, and other minorities remains distressingly high, and far too many of our teenagers look for work and fail to find it.

We have already made impressive progress in improving job opportunities—through the Neighborhood Youth Corps, the Job Corps, our other manpower training and retraining programs, provision of day-care facilities for working mothers, and in many other ways.

Increasingly our efforts are concentrated on the disadvantaged who have been unable to share in our prosperity. In continuing partnership with State and local governments, we will expand our training and related manpower activities, with special emphasis on an enlarged Concentrated Employment program.

But this year the Federal Government is also seeking a new partnership with private industry to train and hire the disadvantaged. I believe this partnership can succeed—and must—in providing work opportunities for every American who wants a job and who will make reasonable efforts to prepare himself to hold it.

Unemployment Insurance

Even when there are enough jobs to go around and manpower is better matched to jobs, some will inevitably experience unemployment in our dynamic economy.

Our present unemployment compensation system was designed in the 1930's. The economy has greatly changed since then, but the unemployment compensation system has not.

In many cases, the man or woman unemployed today lost his job because his skills have become obsolete, not because his employer lost his market. That worker needs long-term benefits which can support him through a substantial period of retraining, guidance, and similar services—not merely cash benefits which run out at a critical moment. Further, the benefits provided under many State systems have proved inadequate to current needs.

I am therefore asking the Congress for new legislation to strengthen the Federal-State unemployment insurance system by increasing coverage, raising benefits, modifying eligibility conditions, increasing the Federal unemployment tax base and rate, providing federally financed extended benefits to be triggered by high unemployment; and to link extended benefits to the training and employment rehabilitation of the recipients.

Education

The Federal Government has done more to improve educational opportunities in the past three years than in all its previous history. In particular, attention has been focused on providing opportunities for children to throw off their legacy of poverty. Head Start, the Elementary and Secondary Education Act, and higher education legislation stand as landmarks of our progress.

One key program for 1968—based on the Education Professions Development Act of last year—gives special emphasis to the single most important element in the educational process—our teachers. We must attract more teachers to work with disadvantaged youth, and help such teachers develop the new skills and new sensitivities needed to teach the children from poor families.

I shall propose an Educational Opportunity Act—continuing our efforts to break down the financial barriers which keep young people from poor families from entering or remaining in college.

HEALTH

Victories in the progress of health care have recently been written in headlines. Soon a failing heart may no longer be an inevitable prelude to death. Less dramatic but equally important is that Medicare and Medicaid have brought the gains of medical research within the reach of millions.

But this is no time to pause. Our rising standards and our expanding powers to cure press against present limitations on our ability to supply medical care.

Much recent effort has centered on the health needs of our older citizens. This was right, for the elderly often combine high medical need with limited financial resources.

Now we must turn attention to our children. Millions of young Americans today receive inadequate medical attention—both a result and a cause of poverty. I therefore propose a five-year plan to bring complete health services to children of low-income families, beginning with prenatal care for mothers, and continuing through the first year of infancy.

The supply of qualified health personnel has lagged behind the expanding demand. I will shortly propose new measures to increase this supply.

Last year, medical care prices rose 7 percent, more than twice as fast as other prices. I shall propose new measures to slow down the spiraling cost of health care.

INCOME MAINTENANCE

I have recently appointed a Presidential Commission on Income Maintenance. This distinguished group of citizens, under the chairmanship of Mr. Ben Heineman, has a broad charter to examine every aspect of our present public welfare and income maintenance programs and to propose necessary reforms. The Commission will examine a number of major reforms proposed in recent years—including several varieties of minimum income guarantees. It will evaluate the costs and benefits of these proposals in terms of their effects both on the recipients and on the economy.

CONSUMER PROTECTION

The true test of the efficiency of any economic system is its ability to meet the needs of consumers. The American economy—with its free markets—has far surpassed all others in meeting this test.

But the market does not always give the consumer the protection he needs. There is a role, too, for Government action, especially as our wants and our products become more complex.

Last year the Congress enacted, and I approved, important new legislation to protect our consumers.

Important new measures are being proposed to the Congress for the protection of consumers. I hope that this Congress will go down in history as the consumer-conscious Congress.

OTHER ECONOMIC POLICIES

1. The Department of Transportation, now one year old, is moving vigorously toward rationalization and coordination of our transportation policies. I have asked its Secretary to develop new proposals to improve air safety and air service.

The number of air passengers has doubled in the past five years and will more than double again in the next ten. Airway and airport facilities must keep up with this growth. These facilities are costly and benefit primarily their users—who should pay the necessary costs.

2. Total holdings of our stockpile of strategic and critical materials now stand at $6.4 billion, of which $3.3 billion exceeds our stockpile requirements as presently determined. Continuing to carry these excess materials in the stockpile both imposes an unnecessary burden on our taxpayers and restricts their availability to our industries.

I renew my recommendation that I be given authority to dispose of many of these excesses, especially of nickel, platinum, beryl ore, magnesium, and castor oil, all currently in short supply in the commercial market.

3. Accurate, comprehensive, and timely statistics are essential to the development of sound economic policies by government, business, and labor.

Our economic statistics are the best and most comprehensive in the world. But they can be and need to be further improved. The costs will be exceedingly small relative to the benefits.

To this end, my 1969 budget provides for several new statistical efforts which can be rapidly and inexpensively translated into improved guides for public and private decisions.

CONCLUSION

A strong and sustained advance of production surely does not mean we have solved all economic problems—much less that the Nation is making satisfactory progress toward its broader and more fundamental goals.

Americans know how to create an expanding abundance. But we are still learning how to use it wisely and compassionately to further the self-development and happiness of men, women, and children.

Similarly, merely to achieve a balance in our international payments would not assure that our international economic relations amply serve the interests of this Nation and of world progress. We could bring our balance of payments into equilibrium by means which would weaken our domestic economy, forfeit our foreign policy objectives, or impair the vitality of world economic development.

This Administration will never forget that the purpose of our economy and of our economic policies is to serve the American people—not the reverse.

Yet this recognition would not justify policies which ignore the dangers of inflation, economic distortions, and ultimately recession. For these are equally enemies of our public purposes.

Nor will we forget that balance-of-payments policies should serve the Nation's basic goals abroad and at home—not the reverse.

Yet this recognition makes it no less necessary to deal firmly and decisively with our balance-of-payments problem. For a breakdown of the international financial system would bring incalculable harm not only to ourselves and free peoples around the world, but even to world peace and progress.

I am determined that our economic policies in 1968 will be prudent as well as creative; safe as well as ambitious; responsible as well as compassionate.

The American people are giving their sons and brothers to fight for freedom abroad. At home we must support their sacrifice by preserving a sound economy. I believe that the American people will accept the cost of doing that

—by paying an extra cent of each dollar of income in taxes,
—by accepting the cutback of lower-priority Federal programs, and
—by limiting the expansion of Federal spending to a few areas of the most vital priority.

Today the war in Vietnam is costing us 3 percent of our total production. That is a burden a wealthy people can bear. It represents less than one year's growth in our total output.

But one day peace will return. If we plan wisely—as the committee on post-Vietnam adjustment I announced in my Economic Report last year has been doing—and act boldly, we will have that 3 percent of output to add—over a year or two—to our normal 4 percent a year of economic growth.

If we preserve a healthy economy in the meantime, we will be prepared when our sons and brothers return to take full advantage of that bonus.

Our obligation to them demands that we do no less.

February 1, 1968.

THE ANNUAL REPORT
OF THE
COUNCIL OF ECONOMIC ADVISERS

LETTER OF TRANSMITTAL

COUNCIL OF ECONOMIC ADVISERS,
Washington, D.C., January 25, 1968.

THE PRESIDENT:

SIR: The Council of Economic Advisers herewith submits its Annual Report, February 1968, in accordance with Section 4(c)(2) of the Employment Act of 1946.

Respectfully,

GARDNER ACKLEY
Chairman.

JAMES S. DUESENBERRY

ARTHUR M. OKUN

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Chapter 1

Sustaining Prosperity: Record and Prospects

THE U.S. ECONOMY recorded further progress in 1967. Despite a pronounced inventory adjustment in the first half of the year, expansion continued through an unprecedented seventh consecutive year. The unemployment rate remained at its lowest level in more than a decade—averaging 3.8 percent for the second straight year. The value of the Nation's total output of goods and services—gross national product (GNP)—rose $42 billion to a level now estimated at $785 billion; after allowance for price changes, GNP grew by 2½ percent.

Expansionary fiscal and monetary policies worked to sustain expansion when private demand was sluggish in the first half of 1967. The rebound of the second half reflected the contribution of these forces. As 1968 opens, fiscal policy remains highly stimulative, and it is now overly expansionary in an economy again growing at a rapid pace. The ready availability of credit for housing and other high-priority needs is in jeopardy today, after a rapid rise of interest rates in the second half of 1967.

To avoid a return to severe credit stringency, to promote price stability, and to safeguard the balance of payments, the President is asking Congress to make enactment of a tax surcharge the first order of business in 1968. The outlook for 1968 and its dependence on tax action is set forth in this Chapter. A more detailed discussion of fiscal and monetary policy—past, present, and future—is the subject of Chapter 2.

The unsatisfactory price performance of 1966 continued through 1967; consumer prices again rose nearly 3 percent. The task of decelerating price and cost increases and of gradually restoring price stability, while maintaining high employment, is a key assignment for economic policy in 1968, as Chapter 3 makes clear. Poverty in our cities has received increasing attention. Chapter 4 discusses this and other pressing problems involved in assuring the opportunities of all Americans to obtain adequate health care, housing, and education. The balance of payments was a serious problem in 1967, especially in the closing months. The President has set forth a comprehensive new program to deal decisively with our payments deficit. The key international aspects of our economy are discussed in Chapter 5.

ECONOMIC ACTIVITY IN 1967

Employment expanded in 1967 and the real incomes of American families continued to grow. The purchasing power of the average American—personal disposable income per capita, corrected for price changes—rose 3.2 percent, less than the 3.9 percent annual rate of the 1961–66 period, although well above the 2.3 percent average yearly advance for the entire postwar period.

INCOME AND EMPLOYMENT

Most of the income gains of households came from increased employment and higher wage rates. Incomes from social insurance benefits were also an important contributor; they rose $5 billion, partly reflecting new and expanded programs of health insurance. Dividends, interest, and rental incomes advanced moderately. The income of farm proprietors, however, declined $1¼ billion from its record level of 1966.

The civilian labor force registered an unusually large gain of nearly 1.6 million from 1966 to 1967, and the growth of civilian jobs kept pace. The number of workers on nonfarm payrolls increased by 2.1 million. Manufacturing employment rose only 150,000, the smallest advance since 1963. But private nonfarm employment outside manufacturing increased about as rapidly as in 1965 and 1966, with a gain of 1.2 million. Government employment—predominantly State and local—advanced 750,000. The Armed Forces expanded by an additional 325,000. Total compensation of employees increased $34 billion or 8 percent, reflecting the combination of higher employment and increased wages and fringe benefits.

Corporate profits fared less well in 1967. For the year as a whole, profits before tax are now estimated at $80 billion, down nearly $4 billion from 1966 although well above any previous year. The dip in profits interrupted a sustained six-year advance, which had provided a sharp contrast with the 1950's, when profits did not increase significantly in any two consecutive years. Profits typically decline in a period of slow expansion partly because lagging productivity growth tends to raise unit labor costs. In early 1967 the erosion of profits was accentuated as sluggish output and sales followed a period of particularly rapid growth of capacity and other overhead elements.

PRODUCTION

The growth of output in 1967 was not impressive by the standards of recent years. The 2½-percent increase in real GNP—total output, after adjustment for price changes—was the smallest since 1961, and far short of the 5½-percent yearly average of 1961–66.

Growth rates differed widely among sectors. Industrial production rose only 1 percent from 1966 to 1967, as manufacturing industries bore the brunt of the inventory adjustment and capital goods slowdown. Durable goods output was particularly affected. In the breakdown of real GNP by major product classes, durable goods output rose less than one-half of 1 percent for the year as a whole, while output of nondurable goods rose 3½ percent. The real volume of new structures actually declined from 1966 to 1967. Services registered the largest yearly gain, an advance of 4½ percent in real terms.

PATTERN WITHIN THE YEAR

The annual record for 1967 does not tell the whole story, for there was a marked change of pace between the first and second halves of the year.

Inventory Adjustment in the First Half

The performance of the economy during the first half of 1967 was dominated by a massive adjustment in the rate of inventory accumulation. In many respects, the first half of 1967 resembled other periods of inventory adjustment. But this time the marked reduction in inventory investment did not cumulate into a decline in over-all economic activity.

An inventory adjustment is generated by excessive growth of stocks in relation to sales. In a smoothly expanding economy, production and sales tend to move approximately in parallel, with production exceeding final sales by about 1 percent. This margin allows for the larger inventories of goods at all stages in the pipeline—raw materials, work-in-process, and finished products—that are needed as production and sales advance. When producers are optimistic about sales, they tend to step up their production. If actual demands fail to live up to expectations, sales fall below production by an abnormally wide margin, and inventories pile up.

Such a pattern evolved in 1966. Early in that year, demand was advancing at an unusually rapid pace, led by major increases in defense outlays, an investment boom, and rising consumer expenditures. Business expectations were buoyed up by the vigor of demand. Production expanded steadily. But as the year developed, the optimistic expectations of producers were not completely fulfilled. Final sales slowed down, in part because of monetary and fiscal policy actions designed to moderate the pace of advance. Residential construction fell sharply during the course of 1966, reflecting an extreme shortage of mortgage credit. In the closing months of the year, the end of the plant and equipment boom and a sudden rise in consumer saving weakened over-all demand.

As production continued to increase, the rate of inventory accumulation soared. In the fourth quarter of 1966, inventory investment reached a record $18.5 billion (annual rate). The absolute level of stocks was not greatly excessive in relation to final sales, but the rate of inventory investment had to be decreased sharply to limit further accumulation.

A sharp reduction in the rate of inventory investment tends to weaken final sales as well. When firms cut back production to curb the growth of inventories, the workweek is shortened and some workers are laid off. The cutback of employment lowers household incomes, thereby dampening consumer buying. Meanwhile, declining operating rates in industry weaken incentives for business fixed investment. The process tends to feed on itself. As a result of the initial effort to bring production into line with sales, final demands slow further, and inventories must be curtailed even more to restore balance between stocks and sales.

Inventory adjustment was a basic feature of the four postwar recessions: 1948–49, 1953–54, 1957–58, 1960–61. In each of those periods, real GNP fell between 1½ and 4 percent over a period of two to four quarters, and the unemployment rate rose to 6 percent or more. But the inventory adjustment of 1967 did not lead to a recession. Real GNP was virtually unchanged from the fourth quarter of 1966 to the first quarter of 1967 and then resumed its advance. The unemployment rate remained in a narrow range close to 4 percent throughout the slowdown.

From the fourth quarter of 1966 to the second quarter of 1967, inventory investment fell $18 billion to a near-zero rate. In absolute size (although not as a percentage of total output), this was the largest drop ever over a two-quarter period. Nevertheless, GNP continued to advance, although the pace slowed markedly, as seen in Table 1.

TABLE 1.—*Changes in gross national product and Federal sector of the national income and product accounts since second quarter 1966*

[Billions of dollars, seasonally adjusted annual rates]

Item	Change		
	1966 II to 1966 IV	1966 IV to 1967 II	1967 II to 1967 IV[1]
Gross national product	25.4	13.0	32.5
Change in business inventories	4.5	−18.0	8.5
Final sales	21.0	31.0	24.1
Personal consumption expenditures	12.2	15.9	11.7
Business fixed investment	4.1	−1.3	2.3
Residential structures	−4.9	2.2	4.8
Net exports	−1.1	1.0	−1.3
Government purchases of goods and services:			
Federal	6.6	8.0	2.5
State and local	4.0	5.2	4.1
Federal sector, national income and product accounts:			
Receipts	7.0	−.5	8.1
Expenditures	13.5	10.9	4.7
Defense purchases	7.2	6.9	1.8
Other purchases	−.7	1.1	.7
Other expenditures	6.9	2.9	2.2
Surplus or deficit (−)	−6.5	−11.4	3.4

[1] Preliminary.

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

Sources: Department of Commerce and Council of Economic Advisers.

An unusually large increase in final sales provided the thrust for continued expansion. As shown in Chart 1, the $31 billion advance in final sales over the two quarters represented a marked acceleration from the pace of the preceding three quarters. In fact, the gains in final sales in each of the first two quarters of 1967 had been exceeded only in the booming fourth quarter of 1965 and the first quarter of 1966.

This acceleration in final sales was due mainly to the stimulus provided by rising Federal expenditures and expansionary monetary policy. As recorded in Table 1, Federal defense purchases (annual rate) rose $6.9 billion between the fourth quarter of 1966 and the second quarter of 1967. Meanwhile, Federal transfer payments to persons—principally for increased social insurance and health benefits—rose $3½ billion. While Federal outlays advanced rapidly, receipts remained on a plateau, partly because the slowdown of economic activity automatically held down the tax base. The Federal deficit, which had been $3 billion (annual rate) in the fourth quarter of 1966, rose to a postwar record of nearly $15 billion in the second quarter of 1967. Federal receipts and expenditures, and the accompanying surplus or deficit, are cited throughout this Annual Report as they are recorded in the Federal sector of the national income and product accounts. These measures are closely comparable to the new concept of the "expenditure account," described in *The Budget of the United States Government, Fiscal Year 1969.*

The strongly expansionary fiscal program supported the growth of personal incomes and hence of consumption. Although the saving rate remained high during the first two quarters of 1967, consumer outlays increased $16 billion, nearly matching the growth of disposable income.

The easing of monetary policy in the closing months of 1966 was clearly reflected in the recovery of residential construction in the first half of 1967—a major contrast with its previous rapid decline.

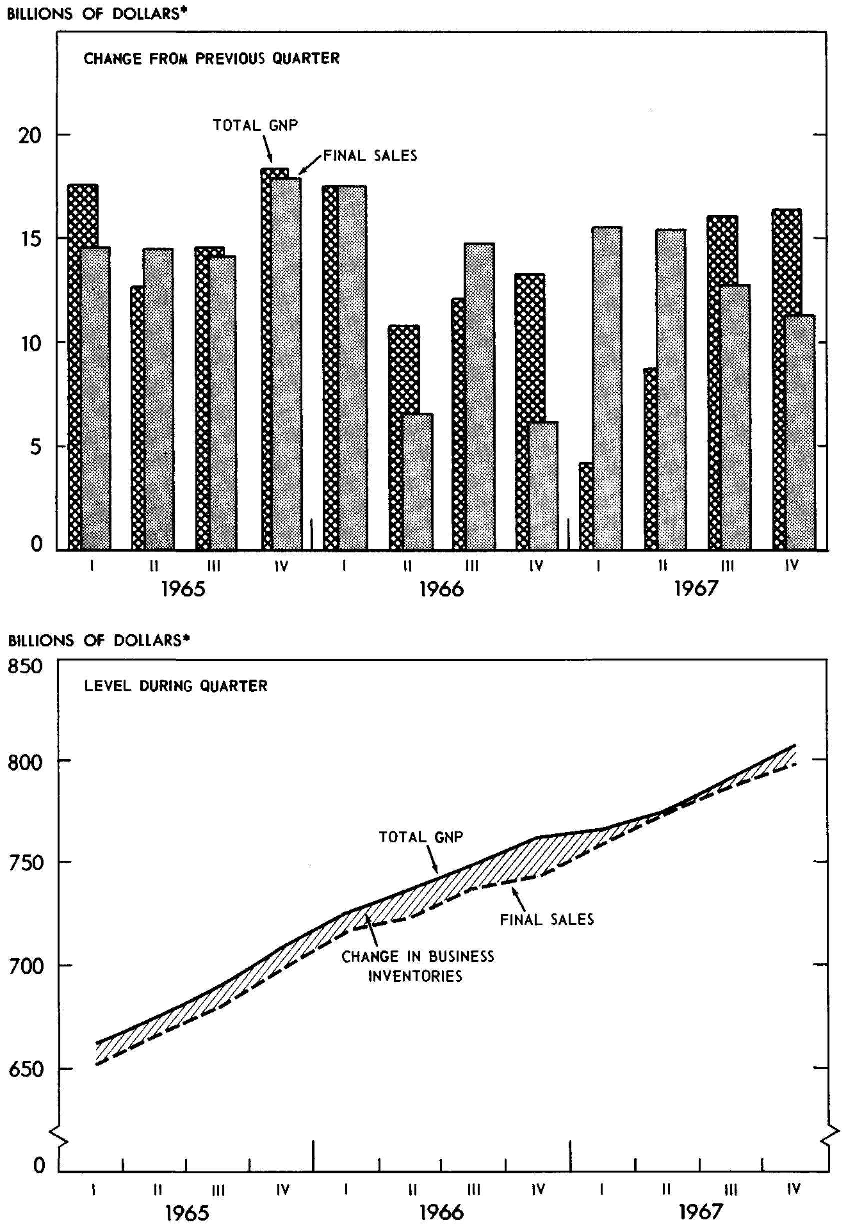
The monetary stimulus during this period came from a deliberately expansionary policy. The fiscal stimulus reflected primarily the continued rapid expansion of defense purchases and rising outlays from previously enacted social insurance legislation. But some discretionary fiscal steps to strengthen expansion were taken—early restoration of the investment tax credit and a rescheduling of some Federal outlays that had been postponed in the fall of 1966.

The balance between stocks and final sales improved during the first half of 1967. Inventory investment bottomed out by midyear with no significant liquidation of total stocks and with a continued advance in over-all economic activity.

While the avoidance of recession was a major favorable development, it cannot be read as an indication that the business cycle is dead. On the contrary, the sharp inventory swing showed the continued vulnerability of the economy to cyclical forces. It was only because fiscal and monetary policy were operating in a stimulative direction that the expansion endured.

Chart 1

Total Gross National Product and Final Sales



*SEASONALLY ADJUSTED ANNUAL RATES.
SOURCE: DEPARTMENT OF COMMERCE.

Rebound in the Second Half

The slowdown ended in the spring. Thereafter, the economy maintained a brisk pace for the remainder of 1967. The only marked departure from this course occurred during September and October, when major work stoppages—most notably, the strike at the Ford Motor Company—held activity back.

As sales kept rising and confidence returned, inventory accumulation was gradually resumed. This turnaround accounted for most of the difference in the pace of activity between the first and second halves of the year. Homebuilding outlays continued to rise dramatically, surpassing their 1965 level in the last quarter of 1967. Business fixed investment showed signs of an upturn. Final sales increased substantially, but not as rapidly as in the first half. Federal purchases for defense advanced much more moderately and the growth of consumer spending slowed. The saving rate rose further, in part because of the limited availability of new automobiles in the fourth quarter.

GNP rose $32½ billion from the second to the fourth quarter. In real terms, the advance was 4½ percent (annual rate). The Ford strike held down the rise in GNP by an estimated $4 billion and curtailed the annual rate of real growth by 1 percentage point over this period.

As strikes were settled at Ford and elsewhere, the economy ended the year on a strong note. Industrial production displayed an especially vigorous upsurge and finally surpassed its earlier peak of December 1966. According to preliminary data, the new orders and shipments of durable goods manufacturers rose by 12 percent and 13 percent, respectively, over the final two months of 1967, and exceeded the all-time monthly records set in 1966. Over the same two months, personal income increased by $12 billion and nonfarm payroll employment rose by 900,000. To a large extent, the extraordinary size of these gains represented post-strike recovery rather than underlying growth forces. Nevertheless, the economy was advancing rapidly as 1968 began.

THE COMPOSITION OF OUTPUT

Shifts in the pattern of demand among major sectors of the private economy in 1967 generally worked toward restoring the balance that had been upset in 1966. The years 1961–65 had been characterized by a remarkably balanced expansion among the various sectors: Inventories advanced in line with sales; business fixed investment, though rising rapidly in 1964 and 1965, was geared appropriately to the expansion of markets; homebuilding rose to a high level, which was maintained for an unusually long period; net exports advanced strongly; and consumer spending kept pace with rapidly growing incomes.

In 1966, however, this orderly pattern was interrupted. In particular, marked imbalances arose in the various areas of investment. Business capital spending continued to rise rapidly, and began to add to capacity at a rate

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exceeding the long-term sustainable growth of demand. Inventory investment reached record levels, and stocks outpaced sales. Residential construction declined sharply as the flow of mortgage credit dwindled. Net exports slipped badly as consumers and business turned to foreign sources for products which the domestic market could not supply.

INVESTMENT SECTORS

The economy became better balanced as the composition of investment moved toward a more normal pattern (Chart 2).

Business Fixed Investment

Business fixed investment has averaged 9.8 percent of GNP during the entire post-Korean period. The share rose from the beginning of 1964 to the end of 1966, ultimately reaching a peak of 10.9 percent. The unusually sharp increase in plant and equipment expenditures was finally ended by the slowdown in over-all expansion, the suspension of the investment tax credit in the fall of 1966, and monetary stringency. Business capital spending dipped a little for a time, but it remained essentially on a high plateau in 1967. By yearend, its share had fallen to 10.4 percent of GNP.

Inventory Investment

During the past 15 years, inventory investment has fluctuated markedly around an average level of 1 percent of GNP. As noted earlier, it accelerated sharply in 1966 to reach the unsustainable rate of 2.4 percent of GNP at yearend. In the second quarter of 1967, inventory investment was negligible. It recovered thereafter, reaching a rather normal 1.1 percent of GNP in the fourth quarter.

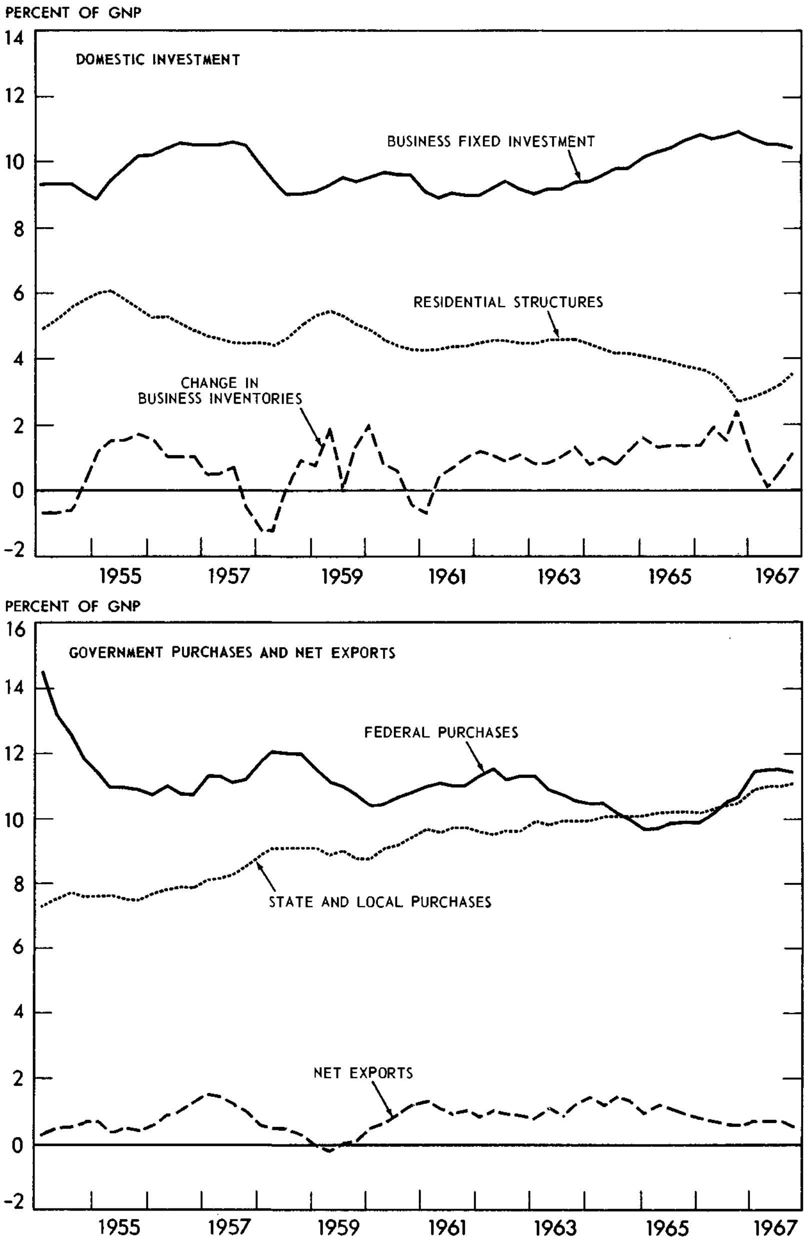
Residential Construction

During the period 1961–65, expenditures on residential construction activity averaged 4.3 percent of GNP, and private nonfarm housing starts averaged just under 1.5 million units a year. As a result of monetary tightness, homebuilding declined sharply during 1966, with housing starts falling to an annual rate of 0.9 million units in December. Residential construction expenditures fell from 3.7 percent of GNP in the first quarter to a low of 2.7 percent in the fourth quarter.

The year 1967 witnessed a steady and spectacular recovery in residential construction, reflecting renewed availability of mortgage financing and strong underlying demand. By the fourth quarter, the share of homebuilding in GNP had increased to 3.5 percent.

Chart 2

Selected Shares of Gross National Product



NOTE.–BASED ON SEASONALLY ADJUSTED DATA.
SOURCE: DEPARTMENT OF COMMERCE.

Net Exports

Exports of goods and services exceeded imports by an average of 1.1 percent of GNP during the 1961–65 period. Demands for imports rose sharply in 1966, and the share of net exports in GNP dropped to a low point of 0.6 percent in the fourth quarter of 1966. During the first three quarters of 1967, net exports recovered somewhat and averaged 0.7 percent of GNP. In the fourth quarter, however, a disturbing new decline in net exports was registered, as sluggishness of demand abroad held U.S. export sales on a plateau, while the economic rebound at home generated a renewed growth of imports.

GOVERNMENT

Purchases of goods and services by State and local governments have risen steadily and rapidly during the post-Korean period, supported in part by the strong expansion of Federal grants-in-aid. State and local purchases amounted to 7.5 percent of GNP in 1954, advanced to 9.7 percent in 1961, increased further to 10.4 percent in 1966, and reached 11.1 percent of GNP in the fourth quarter of 1967. The total growth of State and local purchases has been fairly steady. But employment has accelerated in recent years, with increases of nearly 600,000 workers in both 1966 and 1967. State and local payrolls absorbed about two-fifths of the growth in the total civilian labor force in these two years.

Federal purchases of goods and services have shown much more erratic movements, reflecting marked shifts in defense requirements. As a share of GNP, they reached a post-Korean low of 9.7 percent in the second quarter of 1965, but have been rising since then because of the conflict in Vietnam. Still, by standards of earlier years, Federal purchases as a share of GNP are currently not particularly high. In the fourth quarter of 1967, they amounted to 11.4 percent of GNP, not much different from the 11.1 percent average share in 1955–61 and far below the 15.7 percent share at the close of the Korean war.

PERSONAL SAVING

Beginning in the fourth quarter of 1966 and persisting throughout 1967, individuals have been saving an especially large share of their after-tax incomes, and thus have been spending a reduced share on consumer goods and services. At current income levels, an increase of 1 percentage point in the saving rate corresponds to a $5½ billion reduction in consumer spending. The ratio of personal saving to disposable personal income was 7.1 percent in 1967. Table 2 shows that this is unusually high by standards of recent years, although not in comparison with 1956–58. In the analysis of current data, it must be recognized that revisions in the national accounts have, at times in the past, markedly changed the initial estimates of the saving rate. But other statistical evidence also suggests that saving in 1967 was much higher than in previous years.

TABLE 2.—*Disposition of disposable personal income in selected periods, 1956–67*

[Percent]

Category	1956–58 average	1959–64 average	1965	1966	1967 [1]
Disposable personal income	100.0	100.0	100.0	100.0	100.0
Personal consumption expenditures	91.1	92.2	91.7	91.6	90.3
Durable goods	12.8	13.0	14.0	13.8	13.2
Autos and parts	5.4	5.7	6.3	5.9	5.4
Other durables	7.3	7.3	7.6	8.0	7.9
Nondurable goods	44.0	42.3	40.5	40.8	39.9
Food and beverages	23.9	22.3	21.0	21.0	20.3
Other nondurables	20.1	19.9	19.5	19.8	19.6
Services	34.3	37.0	37.3	37.0	37.1
Interest paid and transfer payments to foreigners	2.1	2.3	2.5	2.6	2.6
Saving	6.9	5.5	5.8	5.9	7.1

[1] Preliminary.

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

Sources: Department of Commerce and Council of Economic Advisers.

A significant part of the rise in the saving rate in 1967 may be attributable to a decline in the proportion of disposable income spent on automobiles from an average of 6.0 percent in 1963–66 to 5.4 percent in 1967. The proportion in 1963–66 seems unusually high, and the decline in 1967 may be partly the backwash of that earlier experience. Moreover, it is quite normal in light of past performance for a decline in the share of income spent on autos to be associated with a rise in the saving rate.

A variety of other factors, many of them short run in character, may also have influenced saving. The recent increase in the saving rate may have been caused, in part, by the Medicare program introduced in mid-1966. This program contributed $4 billion to disposable income in 1967. Some part of these benefits must have covered health care which otherwise would have drawn down personal saving.

Developments in financial markets may also have affected saving. During 1966 households bought large amounts of bonds; as a result, the growth in their holdings of liquid assets—such as currency, demand deposits and saving deposits—was curtailed. During the course of 1967, however, consumers rebuilt their liquidity at a rapid rate. To a degree, this was accomplished by a shift in the composition of financial assets away from less liquid types of securities, but in part the additional liquidity may have been accumulated through increased saving.

Some economists have also suggested that consumer saving is likely to be unusually high in the period immediately following an acceleration of prices. They cite 1948, 1951, and 1952 as precedents.

While few of these factors would imply a permanently higher saving rate, past evidence indicates that a reversion to a more normal rate is most likely to occur gradually rather than abruptly.

BALANCE OF SAVING AND INVESTMENT

The shift in saving and investment demands in 1967 can also be viewed in terms of the balance of total investment and saving in the aggregate economy.

The difference between gross private investment and gross private saving is, in principle, always matched by the surplus or deficit of Federal, State and local governments. In fact, a statistical discrepancy generally creeps into the measurement of these flows and prevents complete realization of the definitional equality (Table 3).

In 1966, despite its unbalanced composition, gross private investment amounted to 16.2 percent of GNP, a quite typical share for a full employment year. It exceeded the total saving of individuals and corporations by a small margin. This small excess of private investment over private saving was essentially matched by the moderate surplus of State and local governments. Federal receipts, meanwhile, virtually equalled expenditures; thus the Federal Government neither drew down nor added to total national saving.

TABLE 3.—*Gross saving and investment in selected years of relatively high employment, 1952–67*

Source or use of saving	Percent of gross national product				
	1952	1956	1965	1966	1967 [1]
Private sector:					
Gross investment	14.9	17.1	16.3	16.2	14.5
Business fixed investment	9.1	10.4	10.4	10.8	10.5
Residential structures	5.0	5.2	3.9	3.3	3.1
Change in business inventories	.9	1.1	1.4	1.8	.6
Net foreign investment	-.1	.4	.6	.3	.3
Gross saving	15.4	16.2	16.2	16.1	16.5
Personal saving	5.2	4.9	4.0	4.0	4.9
Gross business saving	10.2	11.3	12.2	12.1	11.5
Excess of private saving or investment (-)	.5	-.9	-.1	-.1	1.9
Government sector:					
Federal surplus or deficit (-)	-1.1	1.4	.2	(2)	-1.6
State and local surplus or deficit (-)	(3)	-.2	.2	.4	(3)
Government surplus or deficit (-)	-1.1	1.2	.4	.4	-1.6
Statistical discrepancy	.6	-.3	-.3	-.3	-.3

[1] Preliminary.
[2] Less than 0.05 percent.
[3] Less than -0.05 percent.

Sources: Department of Commerce and Council of Economic Advisers.

For the year 1967, however, gross private investment amounted to an unusually low 14.5 percent of GNP. Inventory accumulation, residential building, and net foreign investment were all below their average shares of recent years. Meanwhile, personal saving was unusually large as a share of GNP. While a drop in the share of gross business saving provided a partial offset, total private saving as a share of GNP still rose in 1967. The resulting large excess of private saving over private investment implied a comparable major swing toward deficits in the Government sectors. The surplus of State and local governments vanished, and the Federal sector recorded a deficit amounting to 1.6 percent of GNP.

The expansionary fiscal position helped to offset the weakness of private demand and thus to maintain the economy at essentially full employment. If fiscal and monetary policies had been less expansionary, the sag in private demand would have lowered output, employment, and incomes; saving and investment would then have come into balance at lower levels of economic activity.

As the 1967 experience demonstrates, under conditions of unusual weakness in private demand, a large Federal deficit at full employment can help to sustain total demand at an appropriate level. Table 3 also contains the data for 1952, which was similar to 1967 in this respect. But, under conditions of strong private demand, a similarly expansionary budget would be inappropriate, causing inflationary pressures and requiring monetary restraint to curb investment demand. Some of the major factors operating to produce the excess of private saving in 1967 were clearly temporary; these included the inventory overhang at the beginning of the year and the lingering impact of tight money on residential construction. The relative weakness of private demand in the first half of 1967 gave way to growing strength in the latter part of the year, and this is continuing into 1968.

RESOURCE USE IN 1967

Although real GNP increased only 2½ percent from 1966 to 1967, the average unemployment rate did not rise. The growth of the economy's supply capabilities generally allows output to increase about 4 percent per year with constant utilization rates. A growth of actual output much below that rate would normally be expected to be accompanied by a rise in the unemployment rate. But this did not occur last year.

Much of the production slowdown early in the year was reflected in a decline of average hours worked per man rather than in a reduction of employment. For 1967 as a whole, average hours worked per man in private nonfarm employment were 1.3 percent below the high level of 1966. Firms correctly viewed the slowdown as temporary and they were reluctant to release the skilled labor which had been so difficult to find in 1966.

For the private economy, man-hour productivity appears to have risen only 1.4 percent in 1967. A decline in utilization rates normally holds down the growth of productivity. Moreover, business firms were apparently still making up shortages of professional and managerial workers. For example, employment of nonproduction workers in manufacturing grew 1.7 percent in the first half of the year when output was falling.

Labor Force

The unemployment rate for 1967 as a whole was held down by the shortened workweek and the slowdown in the rate of productivity growth, even though the growth of the labor force exceeded normal demographic trends by a wide margin.

From the fourth quarter of 1966 to the second quarter of 1967, there was a moderate decline in the number of women in the labor force and the total civilian labor force grew only slightly. As the pace of economic expansion quickened in the second half, an unusually large number of women entered the labor force and the expansion of adult female employment accounted for over 80 percent of the increase in total civilian employment. This parallel movement of labor force participation and employment is the chief reason why the unemployment rate did not rise significantly in the first half nor decrease notably in the second half.

It should be noted that the unemployment data for 1967 are difficult to interpret and to compare with former years because of the introduction of an improved questionnaire in the monthly survey of employment. There is some evidence that the new procedures may result in a measured unemployment rate slightly below that yielded by the old questionnaire. Thus it is possible that, on a strictly comparable basis, unemployment would have registered an increase of about 0.1 percent of the labor force from 1966 to 1967.

As shown in Table 4, there were only small changes in the demographic and occupational patterns of unemployment rates in 1967. The unemployment rate of nonwhite men continued the steady decline that has taken place since 1961—although the rate is still more than twice that for white men. The unemployment rate increased somewhat for adult females, both white and nonwhite. It also rose further for nonwhite teenagers, the only group that has not experienced a significant decline in unemployment since 1961.

The burden of unemployment remains rather heavily concentrated among nonwhites, who represent 21 percent of the unemployed, but only 11 percent of the employed. Many of these workers suffer particularly from discrimination, lack of education, and inadequate skills and experience. Much of the unemployment in other groups stems from short layoffs, voluntary quits, and—particularly in the case of women and teenagers—from frequent temporary movements into the labor force.

Many workers did have difficulty in finding jobs in 1967, but many employers were still having recruiting problems, even though the labor market was less strained than in 1966. While there was room for an increase in the workweek at the end of the year, labor markets were not generally characterized by excess supplies of labor.

Table 4.—*Employment and unemployment by demographic and occupational groups, selected years, 1961–67*

Group	Unemployment rate (percent) [1]				Percentage distribution of employment status, 1967	
	1961	1965	1966	1967	Employment	Unemployment [2]
Total	6.7	4.5	3.8	3.8	100.0	100.0
Demographic groups:						
White	6.0	4.1	3.3	3.4	89.2	78.6
Teenagers	15.3	13.4	11.2	11.0	6.9	21.3
Adult males	5.1	2.9	2.2	2.1	53.8	29.1
Adult females	5.7	4.0	3.3	3.8	28.6	28.1
Nonwhite	12.4	8.1	7.3	7.4	10.8	21.4
Teenagers	27.6	26.2	25.4	26.4	.8	6.9
Adult males	11.7	6.0	4.9	4.3	5.8	6.5
Adult females	10.6	7.5	6.6	7.1	4.2	8.1
Occupational groups:						
White collar workers	3.3	2.3	2.0	2.2	46.0	29.6
Blue collar workers	9.2	5.3	4.2	4.4	36.7	49.8
Service workers	7.2	5.3	4.6	4.5	12.5	17.3
Farm workers	2.8	2.6	2.2	2.3	4.8	3.3

[1] Number unemployed in each group as percent of labor force for the group.
[2] Distribution by occupational groups relates to experienced workers.

Note.—Data relate to persons 16 years of age and over.
Detail will not necessarily add to totals because of rounding.

Source: Department of Labor.

Capacity Utilization

In contrast with employment of manpower, plant and equipment utilization in manufacturing was markedly reduced in 1967 from the strained conditions of 1966. Average operating rates fell from more than 90 percent in 1966 to 85 percent in 1967, as manufacturing capacity grew by 6½ percent while output barely increased for the year as a whole. The decline in utilization was limited to the first half of 1967—except in the case of the automobile industry where output was heavily affected by strikes. From June to December, total manufacturing production increased at an annual rate of 8½ percent, outpacing the growth of capacity; at yearend, operating rates were rising in most manufacturing sectors.

PROSPECTS AND POLICIES FOR 1968

At the end of 1967, the economy was in a strong position to move into its eighth year of uninterrupted expansion. As noted above, the composition of demand is now fairly well balanced with that of supply.

Because some slack developed during 1967, real GNP can rise in 1968 by somewhat more than 4 percent without straining resources. But a growth of demand much above that rate would tend to accelerate the increase of wages and prices. An excessive rate of growth of demand could also upset the balance among the sectors of the economy by generating a surge of business investment, and ultimately placing renewed pressures on the capital goods industries. The financial conditions which would inevitably be associated with such developments would again severely depress homebuilding. And a new wave of imports would impair the needed improvement in the U.S. balance of payments.

In 1968, the main objectives of fiscal and monetary policy are to sustain economic expansion, to maintain reasonable balance between demand and resources in the economy as a whole and among its major sectors, to promote a return toward over-all price stability, and to support progress toward balance-of-payments equilibrium.

FEDERAL FISCAL PROGRAM

Federal expenditures in 1968 are expected to rise by about $15 billion, considerably less than the $21 billion increase of last year. Defense purchases, including military pay increases, are scheduled to rise only $4 billion as compared with $12 billion in 1967. The remaining increases in expenditures cover requirements under existing law and provide for high priority civilian programs. Nondefense purchases, also including pay increases, will rise $2 billion. Medicaid, manpower training, and housing and community development programs will add to the total of grants-in-aid in 1968.

A scheduled increase in social security benefits in March will add $3 billion to transfer payments for the year 1968. This increase will be offset, in large part, by a $2 billion rise in payroll taxes, which became effective January 1. Reflecting continued growth of Medicare health benefits and ongoing retirement pensions as well as the new social security programs, total transfers to persons should rise $5 billion.

Excluding the scheduled changes in social security benefits, the remaining expected increase in Federal expenditures is approximately equal to the normal annual growth of Federal revenues at existing tax rates. Thus, in the absence of tax rate increases, the Federal deficit would change little from its estimated level of $12½ billion for 1967. It would remain overly expansionary in relation to the expected growth of private demand.

Accordingly, the President has again asked Congress to enact a temporary 10-percent surcharge on personal and corporate income taxes, effective April 1 for individuals and January 1 for corporations. The proposed surcharge will yield an estimated $8 billion of additional revenues in 1968. The President is also recommending the retention of certain excise taxes, now scheduled to expire in April, in order to avoid a revenue loss of nearly $2 billion in 1968. With the President's tax program, the Federal deficit will be reduced to an estimated $5 billion for the calendar year. Thus the proposed tax changes will eliminate much of the expansionary thrust of the Federal budget as private demand continues to grow. The President's tax proposals are discussed in detail in Chapter 2.

Assuming enactment of the President's fiscal program early in the current legislative session, GNP for 1968 is expected to approximate $846 billion—given the $785 billion now estimated for 1967. This projection, of course, is intended to represent the midpoint of a range of possible outcomes, rather than a precise estimate. After correction for an anticipated over-all price increase somewhat in excess of 3 percent, the midpoint estimate would imply an increase of somewhat more than 4 percent in real GNP. With this output increase and an expected growth of 1¾ percent in the civilian labor force, the unemployment rate for the year as a whole should be essentially unchanged from its current level.

Just as it was evident a year ago that 1967 had inherited a slow start from the conditions which prevailed at the end of 1966, it is equally clear now that 1968 has inherited a running start from the economic conditions of the closing months of 1967. Automobile production schedules for the beginning of 1968 are exceptionally large. The latest surveys of business plans for plant and equipment and the recent strength of new orders for machinery and equipment both point to an advance in business investment in the first half. There is also evidence that a buildup of steel inventories has already begun in anticipation of labor negotiations. Most of the catchup in automobile production is expected to be concentrated in the first quarter and the steel stockpiling in the first half.

Although the rate of advance may be excessive in the early part of 1968, prompt enactment of the President's tax proposals will insure moderate and appropriate expansion after midyear.

When the prospective pattern of economic activity is uneven, forecasting involves special uncertainties. One year ago, the Council foresaw an uneven pattern of activity for 1967, with an advance of $47 billion in GNP for the year as a whole. The actual gain was $5 billion smaller. Nevertheless, the Council did project a slowdown in the first half, followed by a marked rebound in the second. Developments during the year generally corresponded to this pattern.

The ability of economists to forecast is far from perfect, but a projection carefully distilled from the available evidence is indispensable in the formulation of economic policy.

OUTLOOK BY SECTORS

The over-all outlook can be better understood by examining the major expenditure categories.

Business Fixed Investment

The recovery of business fixed investment which seems to have begun late in 1967 is likely to continue at a moderate rate throughout 1968. In the most recent Commerce-SEC investment survey—the results of which are in substantial agreement with other yearend surveys—business firms in utilities, airlines, and a few manufacturing sectors including nonelectrical machinery reported plans for considerable increases in investment in the first half of 1968. Responding to some improvement in operating rates and profits in the first part of the year, other manufacturing industries—currently planning little change in outlays for the first half of 1968—may be expected to raise their investment outlays later in the year. For the year as a whole, the gain over 1967 is expected to be about $4 or $5 billion.

Business Inventories

For 1967 as a whole, inventory accumulation is estimated at only $5 billion. Inventory accumulation in the first half of 1968—spurred by the rebuilding of automobile stocks and forward buying of steel inventories—might run at twice the 1967 rate. The accumulation rate should be approximately normal in the second half of 1968, so that, for the year as a whole, the net addition to stocks is expected to total several billion dollars above that of 1967.

Homebuilding

Provided the tax increase is enacted early in 1968, the relief of pressures on financial markets should be sufficient to permit continued growth in residential building. Private nonfarm housing starts in 1968 are expected to exceed 1½ million for the first time since 1964—a substantial increase over 1967, though still below the basic demand of our expanding population. Expenditures on homebuilding and modernization of existing residences should rise through the year, and, for 1968 as a whole, exceed 1967 outlays by $5 to $6 billion.

The events of 1967 have shown quite clearly that housing demand is strong enough to support a high and rising level of building even when mortgage interest rates are high—provided funds are available at thrift institutions. Over the past 12 to 15 months, the monetary authorities—as explained in Chapter 2—have been especially mindful of the need to provide financial support for building activity. If they are able to maintain this course, residential building will continue to be an important stimulus to general economic expansion while providing the improved housing capacity needed in many areas of the country.

Government

Purchases of goods and services by State and local governments should rise by $8 or $9 billion in 1968. Here, too, part of the expected growth is dependent on the existence of financial conditions that will permit State and local governments to carry out planned construction projects.

For the year as a whole, Federal purchases are expected to rise by $6 billion. The quarterly pattern of advance during the year is expected to be fairly smooth, except that the third quarter rate will be enlarged by a Federal pay increase estimated at $1½ billion (annual rate). The timing of this bulge should serve to offset some of the effect on aggregate demand of the reduction in inventory accumulation expected in the second half of the year.

Consumption

An expected gain of about $35 billion in disposable income—consumer income after tax *and surtax*—should promote a sizable advance in consumer spending. Recent increases in consumer liquidity should reinforce the gains in income. Expenditures on household durables should receive particular support from the continued high level of homebuilding. Another contributing element is the prospective catchup in automobile sales.

For 1968, the consumer sector is clearly an area of particular uncertainty in forecasting private demand. As noted above, the saving rate has been unusually high for the past five quarters. And the latest evidence indicates that consumers are still spending cautiously. Nevertheless, the weight of past evidence would suggest that, following a period of abnormally high saving, the most likely possibility is a gradual decline in the saving rate.

The saving rate implicit in the projection of an $846 billion GNP is only slightly below the 7.1 percent rate of 1967. The automobile catchup essentially accounts for the small projected decline. On this basis, consumer spending is expected to rise about $33 billion in 1968.

With the prompt enactment of the President's tax proposals, the prospects outlined above suggest that, while price increases will continue to be troublesome, the U.S. economy should experience healthy and balanced economic growth in 1968.

Chapter 2

The Strategy of Stabilization Policy

THE EMPLOYMENT ACT of 1946 charged the Federal Government with the responsibility to promote "maximum employment, production, and purchasing power." Active pursuit of these goals through the use of discretionary economic policy over the past seven years has led to new standards of economic performance. This chapter deals with some of the lessons of recent economic experience as they apply to the current and foreseeable problems facing the economy.

SEVEN YEARS OF ECONOMIC EXPANSION

Since February 1961 the United States has experienced an unprecedented period of sustained economic expansion. This long uninterrupted advance represents a marked contrast with our historical pattern of ups and downs. During the years from 1854—when the relevant economic records begin—to 1960, there were 26 periods of expansion, averaging 2½ years in length. Each terminated with a relapse into recession or depression. The longest previous advance was the 80-month expansion that accompanied World War II; and the next longest was the anemic 50-month recovery from the Great Depression.

MEASURES OF GAINS

The present prosperity has been outstanding in strength as well as in length (Table 5). Over nearly seven years of expansion, gross national product (GNP), measured in constant prices, increased 41 percent, an average of 5.2 percent a year. The addition of $231 billion (in 1967 prices) was greater than the entire real output of the Nation only 30 years ago. All major expenditure components shared in the increase, with the most marked advance occurring in business fixed investment.

Over the 6¾-year period, real disposable income per capita—the after-tax spendable income of the average American, corrected for price changes—rose 29 percent, a greater gain than that of the preceding 18 years. Civilian employment increased by 9.4 million jobs. These employment gains outpaced the growth of the labor force and permitted unemployment rates to decline for all major groups of workers.

TABLE 5.—*Measures of economic activity during the current expansion*

Series	Unit or base	Amount		Percentage change [1]	
		1961 I	1967 IV [1]	Total	Per year
Production:					
Gross national product	Billions of dollars, 1958 prices [2]	482.6	679.4	40.8	5.2
Personal consumption expenditures	do	316.2	433.2	37.0	4.8
Business fixed investment	do	44.9	73.2	63.0	7.5
Residential structures	do	20.9	21.3	1.9	.3
Government purchases	do	97.6	140.4	43.9	5.5
Federal	do	52.2	74.4	42.5	5.4
State and local	do	45.4	66.0	45.4	5.7
Industrial production	1957-59=100	103.7	159.2	53.5	6.6
Income:					
Disposable personal income	Billions of dollars, 1958 prices [2]	341.8	481.8	41.0	5.2
Corporate profits after tax	Billions of dollars [2]	24.4	[3] 47.1	93.0	10.6
Per capita disposable personal income	Dollars, 1958 prices [2]	1,871	2,409	28.8	3.8
Employment:					
Civilian employment	Millions of persons	65.7	75.1	14.3	2.0
Nonagricultural payroll employment	do	53.5	66.8	24.9	3.3
Unemployment rate: Total	Percent [4]	6.8	4.0		
Males 20 years and over	do	5.9	2.4		
Teenagers	do	17.2	14.0		
Nonwhite	do	12.4	7.6		
Prices:					
Gross national product deflator	1958=100	104.3	118.9	14.0	2.0
Personal consumption expenditures deflator	do	103.8	115.7	11.5	1.6
Wholesale prices	1957-59=100	101.0	106.4	5.3	.8
Consumer prices	do	103.9	117.8	13.4	1.9

[1] Preliminary.
[2] Annual rates.
[3] 1967 IV not available; 1967 III used.
[4] Percent of civilian labor force in each group unemployed.

Note.—All data seasonally adjusted except wholesale and consumer prices.

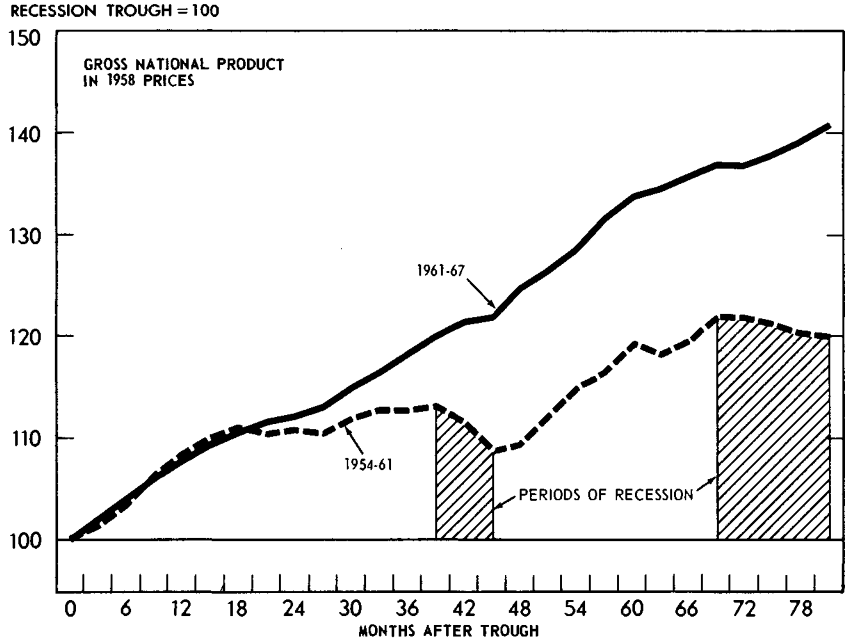
Sources: Department of Commerce, Department of Labor, and Council of Economic Advisers.

The price performance for much of the period was outstanding, although the record of the past two years is blemished. For the period as a whole, the over-all GNP price deflator rose 2.0 percent a year, the consumer price index increased at an average yearly rate of 1.9 percent, and wholesale prices rose at an annual rate of only 0.8 percent. During the preceding seven years of slow growth and intermittent recession, the annual rates of increase had been: 2.2 percent for the GNP deflator, 1.5 percent for consumer prices, and 1.2 percent for wholesale prices.

The steady and sustained growth since early 1961 contrasts sharply with the record of the preceding seven years. Chart 3 shows the path of real GNP in the current expansion in comparison with the cyclical path following the recession trough in 1954. If our real GNP in 1961–67 had plodded and bumped along as it did in the earlier period, it would have reached $688 billion at the end of 1967 (in end-of-1967 prices). In fact, the actual per-

Chart 3

Real Gross National Product After the Recession Troughs of 1954 and 1961



NOTE.–BASED ON SEASONALLY ADJUSTED QUARTERLY DATA.
SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

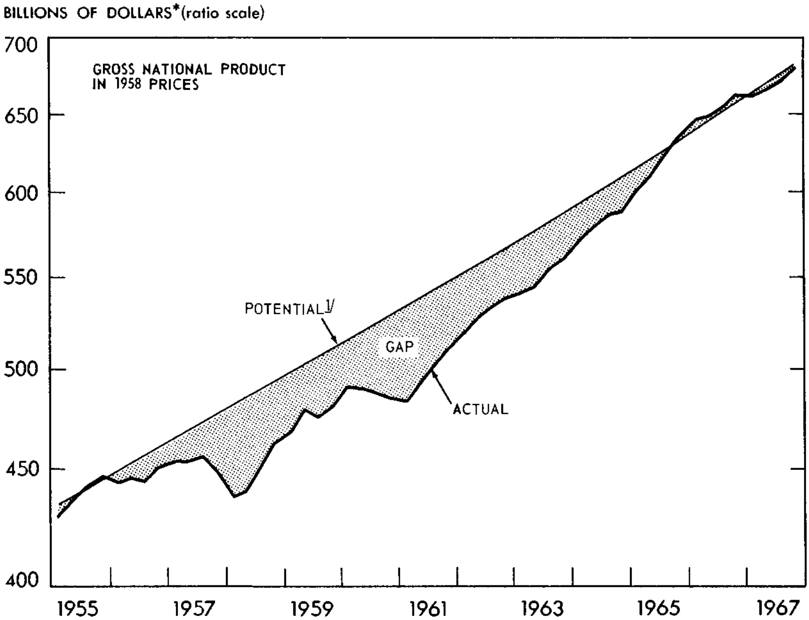
formance of the economy topped this by $120 billion—a difference larger than the current total of Federal purchases of goods and services.

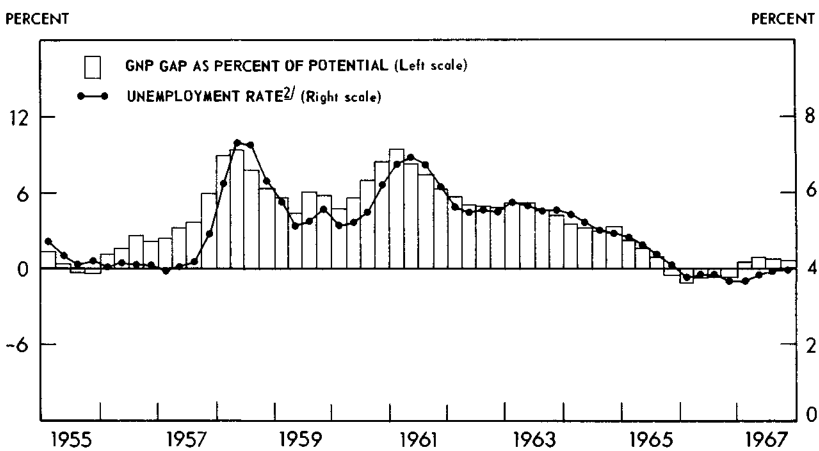
REALIZATION OF POTENTIAL

The large recent gains in output reflect the fact that over-all demand has caught up and kept up with the economy's rising productive capacity. In the late 1950's and early 1960's, the Nation was sacrificing the opportunity to consume and invest a substantial amount of the output it was capable of producing (Chart 4). Potentially productive men and machines were idle because of inadequate demand for their services. At the recession trough in the first quarter of 1961, actual GNP was $50 billion (1958 prices) below the estimated potential output of the economy at a 4-percent unemployment rate. This "gap" was gradually reduced and finally closed in the last half of 1965. Since then, actual GNP has fluctuated in a relatively narrow range around its growing potential—exceeding it somewhat in the boom of 1966 and falling a little short during 1967.

Chart 4

Gross National Product, Actual and Potential, and Unemployment Rate





*SEASONALLY ADJUSTED ANNUAL RATES.

1/TREND LINE OF 3½% THROUGH MIDDLE OF 1955 TO 1962 IV, 3¾% FROM 1962 IV TO 1965 IV, AND 4% FROM 1965 IV TO 1967 IV.

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

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

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The Nation's potential output has grown by an estimated 28 percent since early 1961. The rate of increase is currently about 4 percent a year, reflecting a 1½-percent rise in available man-hours and a 2½-percent rate of increase in output per man-hour.

Available man-hours grow slightly less rapidly than the labor force. The recent normal growth trend of the labor force is about 1¾ percent a year. This is rapid by previous standards and reflects the high birth rates of the immediate postwar years. Under steady employment conditions, however, longer vacations, shorter workweeks, and an increasing employment of part-time workers—mostly women—lead to a decline of about ¼ percent in average hours worked per year. This holds the trend of growth in total man-hours to about 1½ percent a year.

As a result of a more skilled and better trained labor force, improved management and technology, and the enlarged quantity and higher quality of the capital stock, the Nation experiences growing productivity—as measured by output per man-hour. In the postwar era, the trend in the growth of productivity in the private economy has been somewhat over 3 percent a year. However, improvements in the efficiency of Government workers are not statistically measured, and are arbitrarily taken at zero. Therefore, the trend rate of increase in output per man-hour for the total economy—private and public—is just over 2½ percent a year. The growth rate of potential output is therefore about 4 percent a year currently. It exceeds the 3½-percent rate estimated for the late 1950's and early 1960's primarily because the growth of the labor force has accelerated.

The vigorous advance of aggregate demand in recent years has assured that the economy's great and growing productive potential has been generally realized in actual output and not squandered in idleness.

FISCAL POLICY IN THE 1960'S

The improved and fuller use of our productive capabilities in the 1960's has been significantly influenced by fiscal and monetary policy. It is no accident that this most successful period of sustained growth in our economic history has coincided with a new and determined commitment to apply economic policies in active pursuit of the goals of the Employment Act.

The balanced expansion of 1961–65 was strongly supported by stimulative fiscal measures. Federal tax liabilities were lowered through depreciation reform, the investment tax credit, a sharp reduction in personal and corporate tax rates, and the reduction or elimination of many Federal excise taxes. Increases in expenditures during the period provided for the introduction and expansion of high priority social programs and, in 1961–62, for stepped-up defense needs.

As discussed in detail below, monetary policy played a vital role during this period in insuring that the growing credit needs of the expanding economy were adequately met.

The rapid expansion of spending for the Vietnam conflict threw the economy off stride after mid-1965. But the economic strains inherent in the defense buildup were moderated by adjustments in policy. In particular, monetary policy played a much more active role in 1966 and 1967 than in the preceding period.

A review of fiscal policy prior to the 1960's is helpful in understanding the more recent developments.

THE HERITAGE OF CURRENT FISCAL POLICY

The conscious use of Federal tax and expenditure policy to help promote high employment and healthy growth dates back at least to the 1930's. Since World War II, fiscal policy has contributed to the improved record of economic stability both through the greater importance of automatic stabilizers and the growing use of discretionary policies.

Automatic Stabilizers

Several features of the postwar budgetary system have helped to increase economic stability passively and automatically. Because the Federal tax system relies heavily on personal and corporate income taxes, tax liabilities increase or decrease along with economic activity. A decline in activity reduces incomes, which, in turn, automatically results in reduced tax receipts even if tax rates are not changed. The fall in after-tax spendable incomes of individuals and corporations is thus cushioned by the amount of the decline in tax revenues. As a result, secondary reductions in spending are smaller than they would otherwise have been, and the ultimate decline in output and incomes is more limited. The same kind of stabilizing effect occurs, to a degree, in Federal expenditures, because certain outlays—especially unemployment benefits and welfare payments—automatically increase in a period of contracting economic activity and thus support consumer spending.

When economic activity rises, these same stabilizers work in the opposite direction. Every rise in income leads to higher tax collections which—given the level of Federal expenditures—restrict further increases in private spending. To the extent that the rise in private incomes reduces Federal outlays for unemployment benefits and welfare payments, the dampening effect is further strengthened.

Automatic fiscal stabilizers are more important now than they were before World War II. Over much of the postwar period, they have been the primary reliance of stabilization policy. To a large extent, the increased strength of the stabilizers simply reflects the higher tax rates in the postwar period, accompanying the greater importance of defense spending and the enlarged civilian responsibilities of the Federal Government. The automatic stabilizers were also made more powerful as a result of structural changes, such as the introduction of unemployment insurance and the greater reliance on progressive income taxes—receipts from which fluctuate proportionately more in response to income changes than those from other taxes.

The frequency of recessions from 1948 to 1961 was not notably reduced from earlier times, which is not surprising. Automatic stabilizers cannot prevent a decline; they merely help to limit one once it starts. But the automatic stabilizers have helped to make postwar recessions brief and relatively mild. The workings of the automatic stabilizers created substantial Federal deficits in each postwar recession, which were accepted by each Administration as a beneficial stabilizing influence.

Discretionary Policies

Discretionary fiscal actions were also used at times to stimulate the economy during recession periods and early stages of recovery. Certain tax rates were allowed to fall as scheduled at the start of 1954, in full recognition that this would further unbalance the Federal budget. Increases in Federal expenditures helped to insure and accelerate recovery in 1958. Although these actions were taken considerably after the onset of recession, they played a constructive role in strengthening recovery.

In one major instance, discretionary fiscal actions also were taken to curb inflationary pressures of excess demand. Three separate legislative actions to raise corporate and individual tax rates in 1950–51 helped to restrain a booming Korean defense economy. Civilian budgetary expenditures were also substantially trimmed. Although most support for these actions reflected the traditional view that more money was needed simply to "pay for the war," there were many—both within and outside the Government—who understood fully the role of fiscal policy in stabilizing the economy.

The discretionary actions that were taken during the decade of the 1950's seem, in retrospect, to have worked in the right direction. The cases in which fiscal policy seems to have gone astray involve errors of omission rather than commission.

A particularly instructive case was the reliance on automatic stabilizers during the upswing from 1958 to 1960. When the economy is in an inflationary surge, restraint from the automatic stabilizers is a welcome force. Under some circumstances, however, the expansion of tax revenues that accompanies economic growth can exert an undesirable restraint. As the 1958–60 period illustrated, it can become a "fiscal drag" preventing the attainment or maintenance of high employment. Unless there is some combination of higher Federal expenditures and reduction in tax rates equivalent to the normal growth of revenues, the Federal budget becomes increasingly restrictive over time.

The possibility of reductions in tax rates was widely advocated and seriously discussed early in 1958, but no action was taken. Although expenditures rose sharply during the course of that year, they leveled off thereafter and showed no upward trend from the end of 1958 to mid-1960. Because Federal expenditures stood still and tax rates were unchanged, the budget began to exert a significant fiscal drag. For a time, private demand strengthened enough to keep the economy advancing. But as private demand lost its vigor, the economy turned down in the spring of 1960, and the fourth postwar recession began.

BUDGETARY ACTIONS, 1961–65

When the Kennedy Administration took office, the 1960–61 recession had essentially run its course, cushioned by the automatic stabilizers and by a prompt shift to a strongly expansive monetary policy. But the Nation's output was far below its potential and the unemployment rate stood at 6.8 percent, close to a postwar record high.

The Federal sector was in deficit by $½ billion (annual rate) in the fourth quarter of 1960 on the national income account basis (which is the measure employed throughout this Report). At the same time, however, tax receipts were being held down by the major shortfall of incomes below the economy's potential. If, in fact, the economy had been operating at its potential, there would have been a Federal surplus of an estimated $13 billion. This hypothetical measure of the "full-employment surplus" is abstract and imprecise, but it is a useful way of distinguishing between the passive operation of automatic stabilizers and discretionary shifts in the budget. If private demand weakens and the economy contracts, thereby lowering tax revenues, the actual Federal surplus will be substantially reduced (or deficit increased), even with no discretionary changes in expenditures or tax rates. But the full-employment surplus would not thereby be altered; it would continue to reflect what expenditures and tax yields would be at potential output levels. On the other hand, higher discretionary expenditures or a reduction in tax rates would be reflected in a lower full-employment surplus, as well as in an initial decline of the actual surplus.

The huge gap between actual and potential output early in 1961 was a clear signal that expansionary fiscal actions were needed. If the restraining impact of the large full-employment surplus continued, the economy's potential could be realized only through a compensating excess of private investment over private saving at potential output in an amount larger than 2 percent of GNP. That would have required extraordinary buoyancy of private demand, which did not appear to be present or forthcoming.

Expansionary Actions in 1961–62

Significant fiscal steps were taken in 1961 to stimulate the economy. A liberalization of social security benefits was accelerated and increases in public assistance were initiated. Advances in defense spending were required by growing international tensions, and these accomplished a part of the stimulative job which might otherwise have been carried out by tax cuts or strengthened civilian programs. The full-employment surplus was brought down to $9 billion by the end of 1961. Meanwhile, the economy's early recovery from recession was strong and brisk, narrowing the gap between actual and potential output by some $15 billion (1958 prices) from the first to the fourth quarter.

It was expected that this initial stimulus would touch off a strong and sustained rise in business spending. But after five years of experience with sluggish markets and excess capacity, businessmen were not prepared to raise plant and equipment spending far in advance of the growth of demand. The economy continued to advance but at a much slower pace; progress toward full employment was interrupted early in 1962. The gap between actual and potential output remained between $25 and $30 billion (1958 prices) and the unemployment rate hovered around 5½ percent.

Two key tax measures were adopted in 1962 to stimulate investment: depreciation rules were liberalized and an investment tax credit of 7 percent on machinery and equipment was enacted. These measures were designed for the long run and were not expected to yield large results immediately. The tax actions were combined with moderate further increases in Federal expenditures. Even so, the revenue growth of a normally expanding economy swung both the full-employment surplus and the actual deficit toward restraint in the second half of 1962.

Tax Reduction in 1964 and 1965

Against this background, President Kennedy announced in August of 1962 his intention to propose a major stimulative tax reduction, along with important tax reforms. The proposal was subsequently spelled out in the January 1963 Budget program. This was an unprecedented step; it initiated a major expansionary fiscal action at a time when the economy was neither in recession nor threatened by imminent recession, the Federal sector was in deficit, and Federal expenditures were continuing on an upward trend. The tax program was based on the diagnosis and forecast that a substantial further reduction in the Federal full-employment surplus was needed, given the state of private demand, to produce a sustained and balanced expansion of output up to the potential level.

The tax proposal was intensively debated in Congress, but action on it was not completed in 1963. Meanwhile, expenditures grew less rapidly than either the actual or potential advance of revenues and the budget became even more restrictive. The march toward full employment was resumed with the enactment in February of the Revenue Act of 1964—President Johnson's first major legislative achievement. Individuals received an average cut of one-fifth in their tax liabilities in two stages covering 1964 and 1965. The reduction for corporations was about one-tenth; combined with the earlier tax measures of 1962, corporate taxes were brought one-fifth below the level of 1961. When the cut in tax liabilities had become fully effective in 1965, it totaled $15 billion. (By 1967 the annual saving to taxpayers due to the tax reductions in the 1964 act had grown to more than $18 billion.)

The effects of the tax reduction on private demand were clear and dramatic. An upsurge in consumer spending indicated that most of the extra take-home pay resulting from tax reduction was being spent in the Nation's shops and markets. Responding to the vigor of consumer demand, business investment spending forged ahead. In late 1964 and early 1965 the unemployment rate dropped below 5 percent for an extended period for the first time in seven years. The estimated gap between actual and potential output was narrowed to $11 billion (1958 prices) in the first half of 1965. The gains in income produced a huge rebound in Federal receipts, bringing the Federal sector into surplus in the first half of 1965.

New stimulative policies were prepared in the spring of 1965 in order to complete the advance to full employment. In line with the President's proposals, Congress enacted a major, phased reduction of excise taxes. The first stage took effect in June 1965, cutting taxes by $1¾ billion (annual rate). A retroactive liberalization of social security benefits was enacted.

Summary

The over-all operation of fiscal policy from the end of 1960 to the middle of 1965 is summarized in Table 6. Expansionary fiscal actions over the period totaled $38 billion—$25½ billion through expenditure increases and $12½ billion through net tax reductions. A gross total of $15½ billion of tax cuts was offset in part by social security tax increases of $3 billion.

If tax rates had remained unchanged, normal revenue growth (calculated at full employment) over the 4½-year period would have amounted to

TABLE 6.—*Federal fiscal actions in two periods since fourth quarter 1960*

[Billions of dollars, seasonally adjusted annual rates]

Item	1960 IV to 1965 II	1965 II to 1967 IV [1]
Federal expenditure increases [2]	25.5	48.0
Defense purchases	3.5	25.0
Other purchases	7.5	1.5
OASDHI [3] benefits	5.0	10.0
All other [2] [4]	9.5	11.5
Federal tax reductions [5]	12.5	−6.0
Corporate	5.5	
Personal	8.5	
OASDHI [3] payroll taxes	−3.0	−8.5
Indirect business	1.5	2.5
Total expansionary actions [6]	38.0	42.0
Normal revenue growth at full employment	30.5	27.0
Change in full employment surplus [7]	−7.5	−15.0

[1] Preliminary.
[2] Includes adjustment in unemployment insurance benefits for change in unemployment rate.
[3] Old-age, survivors, disability, and hospital and related insurance (OASDHI).
[4] Consists of transfers other than OASDHI, grants, interest, and subsidies.
[5] Minus sign indicates an increase in tax.
[6] Sum of expenditure increases and tax reductions.
[7] Normal revenue growth minus expansionary actions.

Sources: Department of Commerce and Council of Economic Advisers.

$30½ billion. Because expansionary actions exceeded this "fiscal dividend," the full-employment surplus was reduced by $7½ billion. In contrast, the actual balance shifted from a fractional deficit to a surplus of nearly $5 billion, reflecting the vigorous advance of private demand.

The precise movements of the budget during the 1961–65 period were not perfect in size or timing. But they clearly did the job of promoting orderly progress toward full employment without straining over-all productive capacity or creating serious bottlenecks.

CHALLENGES OF PROSPERITY

As of mid-1965, there was every reason to believe that the record of orderly progress could be extended. The expansion was characterized by remarkable balance in all sectors and strong forward momentum. The fiscal program and monetary policy that ruled at the time seemed appropriate to the economy's needs. The main future task of budgetary policy appeared to be that of distributing the fiscal dividend—providing for expenditure increases and tax reductions that, in combination, approximately matched the economy's normal revenue growth along a rising trend of full-employment GNP.

Nevertheless, the fuller use of resources posed new problems of diagnosis and policy application. Previously, the risks had been almost entirely on the side of insufficient demand; and the primary task of policy had been to provide stimulus. As the unemployment rate fell toward 4 percent, the economy entered territory that had been uninhabited for nearly a decade. There were now risks on both sides—not only of inadequate but of excessive stimulus.

No one could know precisely how fully resources might be used without unleashing inflationary forces. In 1961, the Council had set an interim target of a 4-percent unemployment rate, intending to review the possibility of adopting a more ambitious goal in light of the actual operation of the economy in the neighborhood of 4-percent unemployment.

In the period of slack, excess supply and unused productive capabilities created buyers' markets. In such circumstances, the human costs of inadequate demand are very large while the risks of price inflation are likely to be small. As full utilization is attained, the pressures toward higher prices increase, as Chapter 3 indicates. And, if excess demand becomes widespread and sellers' markets generally come to prevail, a wage-price spiral and accelerating inflation can result. Finding acceptable and feasible ways to reconcile high employment with reasonable price stability thus becomes a major challenge to policy in a prosperous economy.

In 1965, the Nation stood ready to face this welcome challenge. However, the task of stabilization was immensely complicated by the sharp increase in defense spending after mid-1965.

Defense and the Budget, 1965–67

A marked rise in defense spending inevitably creates problems for fiscal management, especially when the economy is close to full employment. The additional defense requirements since mid-1965 have absorbed about one-fourth of the Nation's growth in real output. Thus, the production available for private use has continued to rise. Yet the advance in defense spending has been sufficiently large to dominate the Federal Budget in this period. It accounts for the fact that we now face the need for tax increases rather than further opportunities for a welcome tax reduction.

From the middle of 1965 to the end of 1967, the increase in Federal expenditures was $48 billion, as shown in Table 6. Some $25 billion of this was for defense. Of the $10 billion increase in OASDHI benefits, about $6 billion represented the landmark social decision to provide improved health care for the aged under social security, and the balance represented normal growth in the ongoing programs. The $10 billion increase in OASDHI benefits was more than covered by increased payroll taxes. Other nondefense expenditures increased by $13 billion. Over the same period, normal growth of Federal revenues at full employment—at constant tax rates—amounted to about $27 billion. In addition, there were net tax rate increases which added about $6 billion to revenues.

All in all, with the large rise in defense outlays and the high priorities for certain public civilian programs, the $48 billion increase in expenditures far outpaced the normal expansion of revenues plus the effect of tax rate increases. As a result, the Federal budget became very expansionary over these 2½ years, with a drop of $15 billion in the full-employment surplus.

It should be noted that the advance of $13 billion in nondefense expenditures other than for social insurance was only about half the normal growth of revenues other than from payroll taxes.

Fiscal Policy, 1966–67

A variety of policy measures—both fiscal and monetary—was adopted over the 2½-year period to cope with the pressures resulting from the increase in the defense budget. The design of policy actions was made especially difficult by uncertainties about the future path of defense outlays.

After the exceedingly rapid economic advance during the second half of 1965, the need for restraint in policy was clearly recognized at the beginning of 1966. An already scheduled rise in payroll taxes for social insurance amounting to $6 billion (annual rate) took effect at the start of the year. The President's budgetary program reinforced this restraining influence with requests for a new graduated withholding system on individual income taxes, for a reversal of certain scheduled excise tax reductions, and a speedup in the collection of corporate income taxes. As enacted by the Congress in

March, these measures siphoned $2½ billion (annual rate) from the private economy. Nevertheless, a large part of the burden of providing restraint fell on monetary policy.

The effects of tight money were evident in a sharp contraction of homebuilding during the course of 1966, which in turn contributed to a moderation of the over-all economic advance. But business investment spending proved unresponsive to monetary tightness—at least in the short run—and continued to advance at a rapid rate during the spring and summer of 1966. The investment boom put severe strain on the plant capacity and labor supplies of the machinery and construction industries. There was also danger that an excessive and unsustainable surge of plant and equipment spending might set the stage for a subsequent slump in investment demand. Finally, the investment boom added mightily to the pressures on financial markets during the spring and summer of 1966.

The dramatic decline in homebuilding, the highly disturbed atmosphere of financial markets, and the pressures of business fixed investment on capital goods industries clearly indicated that fiscal policy needed to assume a larger share of the responsibility for restraining the economy.

In the light of these considerations, the Administration in September 1966 requested a temporary suspension of the investment tax credit, initiated certain cutbacks in Federal spending, and placed stringent limits on net new issues by Federal agencies. At the same time, the monetary authorities took various complementary steps to ease the pressure on financial markets, including, in particular, a direct request to member banks to restrict their business lending. In addition, legislative and other action was taken to moderate the competition for savings—and improve the flow of credit—through the adoption of new rules governing interest-rate ceilings on time and savings accounts at banks and thrift institutions.

The suspension of the tax credit was enacted by the Congress in October. The capital goods boom halted, and business spending on plant and equipment declined slightly during the first half of 1967. The suspension of the investment credit contributed to this result, but monetary policy and the other activities cited, as well as the general slowdown of the economy, were also partially responsible. It can be argued, in retrospect, that investment demand might have slowed down adequately without suspension of the tax credit. But the impact of the September fiscal program on financial markets was clear and beneficial beyond any reasonable doubt.

Long-term interest rates responded quickly to the President's fiscal proposals and declined from the sharp peaks reached during the first week of September 1966. Subsequently, the Federal Reserve System relaxed its monetary restraints. As a result of this shift in the mix of stabilization policies, the recovery of homebuilding got a head start of several months. After the suspension of the investment credit had done its job, the credit was restored by Congress in the spring of 1967 upon recommendation by the President.

As described in Chapter 1, fiscal policy exerted a major expansionary influence in the first half of 1967 when the economy was particularly sluggish. The large and growing full-employment deficit, reinforced by an expansionary monetary policy, helped maintain the forward motion of the economy. When economic activity strengthened in the second half of the year, the President called for prompt tax action to moderate the stimulus of fiscal policy, and initiated a program to curb Federal expenditures. As Congress adjourned without acting on the proposed tax surcharge, the year ended with renewed financial strains and with the recovery in homebuilding once again threatened by credit stringency.

MONETARY DEVELOPMENTS

Through nearly five years of economic expansion, monetary policy reinforced expansionary fiscal measures. In 1966, however, monetary policy became a major restraining force. When inflationary pressures diminished late in 1966, a relaxation of credit policies was initiated and subsequently maintained through most of 1967.

BALANCED EXPANSION, 1961–65

From 1961 until late in 1965, monetary policy was consistently expansionary; it made a major contribution to the advance of the economy by accommodating growing credit demands at remarkably stable interest rates.

To be sure, short-term interest rates rose during this period, as monetary policy and debt management actions deliberately sought to keep key short-term rates in the United States reasonably aligned with those in foreign money centers so as to limit outflows of interest-sensitive funds. Long-term rates, however, were only slightly higher in mid-1965 than in early 1961 (Chart 5). Indeed, some important interest rates—those on mortgages and State and local government bonds—were lower than they had been at the beginning of the period of expansion.

A policy of monetary ease was indispensable to provide the 60-percent increase in funds raised by businesses, governments, and individuals without any substantial tightening of availability or increase in long-term rates. Meanwhile, demands for funds burgeoned mainly because of the invigoration of demands for goods and services that stemmed from an actively expansionary fiscal policy.

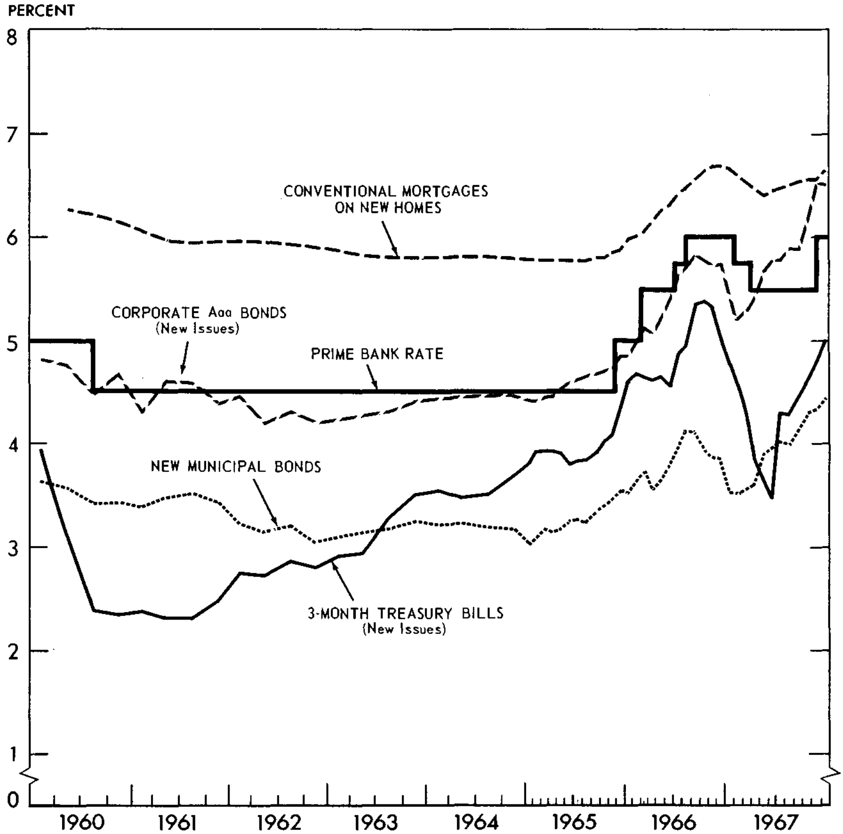
Institutional Changes

During this period, there were significant changes in the character of financial instruments and in the behavior and practices of financial institutions.

In particular, the long-term tendency for businesses to economize in the holding of demand deposits was reinforced by the development of new money market instruments, notably the negotiable time certificate of deposit (CD). Upward revisions in the maximum interest rates which Federal regulations allowed to be paid on time and savings deposits enabled commercial banks to attract large inflows of such deposits.

Chart 5

Selected Interest Rates



NOTE.–DATA PLOTTED ARE QUARTERLY THROUGH 1964, MONTHLY THEREAFTER.
SOURCES: FEDERAL HOUSING ADMINISTRATION, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, MOODY'S INVESTORS SERVICE, AND TREASURY DEPARTMENT.

In addition to promoting the sale—mainly to corporations—of negotiable CD's of large denominations, the banks also developed various attractive forms of nonnegotiable certificates of deposit which effectively tapped household savings. While the deposits of savings and loan associations continued to grow, these institutions encountered increasingly strong competition from the commercial banks, and their share in the total flow of time and savings deposits of households declined from 49 percent in 1961 to 33 percent in 1965 (Table 7). Some of these institutions also began to experiment with special savings certificates of various kinds.

As banks and other financial institutions developed new, more convenient, and higher-yielding forms of liquid assets, they induced a continued substitution of these new liquid assets for demand deposits in the portfolios of households and businesses.

TABLE 7.—*Net inflow of household time and savings deposits to main financial institutions, 1954–67*

Type of financial institution	1954–60 annual average	1961	1962	1963	1964	1965	1966	1967 [1]
Total net inflow (billions of dollars)	11.0	17.4	23.4	23.0	23.9	26.4	18.9	36.6
Percent of total going to:								
Commercial banks	29	36	44	34	34	50	61	50
Mutual savings banks	16	11	13	14	17	14	14	15
Savings and loan associations	51	49	40	48	44	33	20	32
Credit unions	4	4	3	4	5	3	5	3

[1] Preliminary.

Source: Board of Governors of the Federal Reserve System.

The substitution of new forms of liquid assets for demand deposits was particularly marked in corporate portfolios. Between the end of 1960 and the end of 1965, nonfinancial corporations reduced their holdings of demand deposits and currency by $4 billion and of Treasury securities by $3 billion, while increasing their holdings of CD's by $17 billion.

Business firms and households were willing to reduce their money holdings relative to their holdings of other liquid assets, and relative to the volume of their transactions, only as interest rates on such assets rose. After a brief decline in 1960, short-term interest rates rose steadily, and by mid-1965 approached the peak levels of 1959. Rates offered on CD's and similar obligations by banks and thrift institutions also rose.

In the two previous expansions, rising interest rates had induced corporate treasurers to shift from demand deposits to Treasury bills. In the early 1960's, rate increases induced a further shift to CD's. However, the process differed in important respects from that which occurred in the expansion periods of the 1950's. In earlier periods, the rise in short-term interest rates was brought about through a restricted growth of bank credit. Growth of reserves was inadequate to permit demand deposits to grow in pace with GNP. And since demand deposits were then the principal source of funds to the banks, they were forced to restrict credit.

In the early 1960's—as the use of CD's expanded—bank credit increased rapidly, even though the expansion of bank reserves and of demand deposits occurred at a comparatively low rate. Since CD's carried lower reserve requirements than demand deposits, a given rise in the reserve base permitted more rapid growth of bank credit.

By raising CD ceilings, providing only a moderate growth of bank reserves, and raising the discount rate in 1963 and 1964, the Federal Reserve was able to maintain upward pressure on short-term rates without restricting bank lending. At the same time, the expansion in their time liabilities encouraged commercial banks to increase their investments in longer term assets (mainly mortgages and tax-exempt securities). This served to limit upward pressure on key long-term rates that otherwise might have risen in response to increased borrowing to finance State and local and private investment. The outcome was consistent with the double objective of encouraging domestic expansion while preventing an excessive outflow of short-term funds to foreign markets where interest rates were higher.

The changing financial patterns that emerged during this period thus played an important part in the support of steady and balanced expansion. But these same patterns held risks for the future. A significant portion of the funds secured by financial institutions through aggressive competition was obtained from interest-sensitive investors who would be quick to withdraw their funds if interest rates elsewhere became relatively more attractive. Such risks, however, were not particularly serious for the banks, so long as over-all financial conditions continued to evolve gradually and without sudden changes in interest rate levels. On the other hand, the risks for savings and loan associations—and, to a lesser extent, for mutual savings banks—became substantially greater. Such institutions have far less flexibility than commercial banks in managing their portfolios, which are heavily concentrated in mortgages. Moreover, in an attempt to meet commercial bank competition, they had in some cases engaged in overly aggressive efforts to attract interest-sensitive funds and had thus become rather vulnerable to changes in the financial environment.

MONETARY POLICY IN 1966–67

In the latter part of 1965, as defense expenditures turned sharply upward and business investment spending began to accelerate, credit requirements mounted at an extraordinary rate. There followed a period of intense and often uneven pressure on financial markets which differed sharply from the earlier patterns of orderly adaptation to changing needs.

The period was marked by a steep upward movement in both short- and long-term interest rates (Chart 5). Indeed, long-term rates reached the highest level in over 40 years during 1966, and, after receding for a relatively brief period, advanced substantially further during the course of 1967, in some cases rising to the highest levels since the 1860's or 1870's.

While, in both 1966 and 1967, rising interest rates reflected unusually heavy credit demands, the factors giving rise to these demands differed significantly in these two years—as did the direction of monetary policy and the availability of credit.

The 1966 Credit Squeeze

The response of the monetary authorities to the extraordinary rise in credit demands in late 1965 was a clearcut shift toward a policy of credit restraint. This was signified initially by an increase in the discount rate in December 1965. At the same time the ceiling rate on CD's was raised. Thereafter, credit tightening was reinforced by increasingly limited growth of the reserve base. Monetary restriction continued until September 1966. By November, monetary policy had clearly shifted in an expansionary direction.

During the first half of the year, the nonborrowed reserves of the commercial banks grew at an annual rate of only 2.9 percent. Since banks were faced with a very strong loan demand, they borrowed reserves from the Federal Reserve banks. The money supply was thus able to increase at an annual rate of 4.6 percent. Banks also competed vigorously for CD's and for consumers' time deposits. While this competition helped to drive up rates, it also enabled banks to accommodate their loan customers. Total bank credit increased at an annual rate of 8.6 percent over this period.

To accommodate business demands, banks rationed mortgage lending and other types of credit, competed strongly for time deposits, and made inroads into their liquidity through the sale of securities. Even so, bank lending could not fully keep pace with the business demand for funds. Corporations consequently also issued large amounts of new debt securities in an effort to meet their needs. They were thus brought into increasingly active open market competition with other seekers of funds, including particularly the Federal Government and State and local governments. As a result, long-term interest rates rose markedly from late 1965 through mid-1966.

It was only after midyear, however, that monetary stringency reached its peak. During the summer months, as Federal Reserve actions actually reduced the volume of nonborrowed reserves, the spread between the 5½-percent ceiling rate on CD's and the yield on Treasury bills narrowed. Banks found it increasingly difficult to replace maturing CD's as corporations shifted to still higher yielding alternative liquid assets. Although banks increased their borrowings from the Federal Reserve and their sales of securities, it became progressively harder for them to accommodate business loan demands. Yet, in order to restrict the funds available for bank lending to business, the Federal Reserve left the ceiling rate on CD's unchanged.

The rise in open market interest rates induced by large corporate and tax-exempt security issues and by bank sales of securities attracted an unusually large share of household savings directly into market issues, at the expense of the growth of household deposits at banks and thrift institutions. The attraction became particularly strong when short- and medium-term open market rates rose above the maximum interest rates payable on CD's and savings accounts.

As was explained in more detail in the Council's 1967 Annual Report, it was the thrift institutions—and particularly the savings and loan associations—which suffered most severely from this process of "disintermediation". Because they had only limited scope for raising the rates they offer on deposits, thrift institutions were at a special disadvantage in the ensuing competition for deposits both with open market instruments and with commercial banks.

By the third quarter of 1966, withdrawals of interest-sensitive deposits from thrift institutions had become so large that their usually sizable net inflow of funds was reduced to a trickle.

Following the various steps taken by the Administration and the monetary and regulatory authorities in September—when the credit scarcity had reached acute proportions—a calmer atmosphere was restored in the financial markets. The rate of growth of bank lending to business slowed markedly in September, and with the moderating level of business activity, continued low throughout the remainder of the year (Chart 6). At the same time, the levels of nonborrowed reserves and of demand deposits were further reduced, and banks, in adjusting to lower reserve levels, liquidated a large volume of security holdings. As monetary restraint was significantly relaxed in November, bank reserve and deposit levels stabilized. By yearend, a rapid pace of monetary expansion was underway that carried through into the following year.

In 1966, monetary policies played a major active role in determining the over-all path of economic activity. Tight credit was clearly the primary factor accounting for a sharp decline in homebuilding of $6 billion (annual rate) from the first to fourth quarter. The impact of tight money also extended to mortgage-financed business construction as well as certain other plant and equipment expenditures. The ability of tight money to restrain the economy was clearly demonstrated in 1966, but so were its uneven impact and the troublesome side effects of a financial squeeze.

The 1967 Experience

The moderation of the rate of economic advance at the end of 1966 produced a setting for monetary and credit developments in 1967 which was—in several respects—the opposite of that which had prevailed a year earlier. Plant and equipment expenditures had leveled off following a period of exceptionally rapid advance and the prospect of a substantial first half inventory adjustment was clear. This pointed to some moderation in underlying credit demands, although it could be expected that reductions in private borrowing needs would, to an important extent, be counterbalanced by a larger Federal deficit.

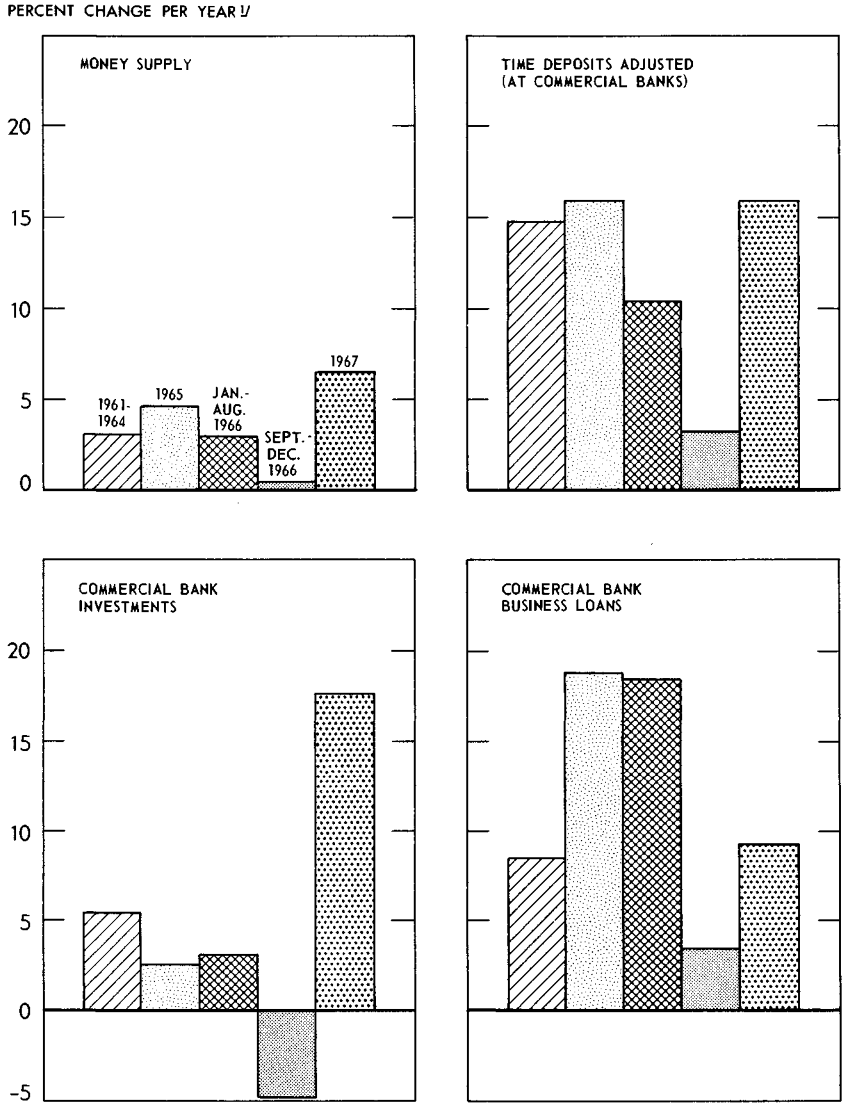
Further, monetary policy had turned expansionary, in order to help cushion the inventory adjustment, and to assist actively in the recovery of homebuilding. The Administration's proposal for a special income tax surcharge in the second half of the year was intended to reduce Government demands on the capital market, and to give fiscal policy a larger role in restraining demand.

In a more balanced economic and financial setting, these circumstances could have been expected to produce a marked easing in money and capital market pressures, manifested both in greater availability of credit and in moderation of the pressure on interest rates.

The actual course of financial development proved rather different. Although credit did become more easily available, pressures on the capital markets remained intense for most of the year, and interest rates resumed an upward course after only a relatively brief interruption. To a major

Chart 6

Changes in Money Supply, Time Deposits, and Selected Bank Assets



1/ AVERAGE ANNUAL PERCENTAGE CHANGE DURING PERIOD; BASED ON SEASONALLY ADJUSTED DATA.

NOTE.–FOR MONEY SUPPLY AND TIME DEPOSITS, BASED ON AVERAGES OF DAILY FIGURES; FOR INVESTMENTS AND LOANS, ON END-OF-PERIOD DATA.

SOURCE: BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

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extent, these developments could be attributed to the after-effects of the unusual strains and imbalances which the financial system had experienced in 1966, as well as to congressional inaction on the President's fiscal program to correct these imbalances.

Availability and Cost of Credit

Monetary conditions— at least as measured by changes in bank reserves, money supply, and bank credit—remained easy until very late in the year. During the first 11 months of 1967, total member bank reserves increased at an annual rate of 11 percent, nonborrowed reserves by 14 percent, and the money supply by 7 percent, compared to increases of only 1.2 percent, 0.7 percent, and 2.2 percent, respectively, in the corresponding months of 1966. Total bank credit, which had shown almost no change in the second half of 1966, expanded at an annual rate of 12 percent during these months. In March, the Federal Reserve lowered reserve requirements against savings deposits and the first $5 million of time deposits in member banks, and, in April, it reduced the discount rate from 4½ to 4 percent.

The changed monetary environment was associated with marked improvements in the liquidity positions of thrift institutions and commercial banks. With an unusually high rate of financial saving by consumers, and with commercial banks and thrift institutions in a better position to compete effectively against open market instruments, both types of institutions experienced record inflows of time and savings deposits. Savings and loan associations were able to step up relatively rapidly their acquisitions of mortgages during the second and third quarters of the year, thus contributing greatly to the recovery of the construction industry.

Credit usually becomes cheaper when it becomes more readily available. But in 1967, and particularly during the second half of the year, there was a marked contrast between the ready availability of credit and the unusually high level of long-term interest rates.

Both short and long rates had begun to fall sharply in late 1966. Short-term rates continued to decline until early June, with the rate on 3-month Treasury bills reaching a low of 3⅓ percent, compared to the peak of 5½ percent in the previous September. Declines in other short-term rates were in the range of 1½ to 2 percentage points.

Long-term rates, however, reached their low in late February, when they stood ½ to ¾ percentage points below the 1966 highs. They turned upward in early April and continued to rise, with only occasional interruptions, through the rest of the year. By July, they had regained the levels of the previous fall. By yearend, they stood at the highest levels in 40 years or more, with long-term Treasury bonds yielding 5.4 percent, and highest grade corporate bonds about 6.2 percent. After midyear, short-term rates also began to move upward, and continued to do so through the remainder of the year, though they remained below the peaks reached in the fall of 1966 (Chart 5). Thus the spread between long- and short-term rates widened significantly during the first half of the year, and, in spite of some reduction around midyear, remained relatively large in the second half. The typical pattern, when interest rates are high and rising, is for short-term rates to rise relative to long-term rates and, indeed, often to exceed them.

In attempting to explain both the unusual contrast between the relatively easy availability of credit and the sharp rise of interest rates, and the unusually wide spread between long-term and short-term rates, it is useful to begin by summarizing the more notable aspects of the demand for funds in 1967.

The Demand for Funds

The total volume of borrowing in 1967 set a new record, 33 percent above the average of 1961–64 (Table 8). To be sure, the volume of mortgage borrowing remained at the low average level of 1966—although, in sharp contrast with 1966, the movement within the year was strongly upward. Consumer borrowing—while much stronger in the second half than in the first—also remained low. Bank lending to business fell to about half the 1966 level, and was particularly small in the second half. Corporate and tax-exempt bond issues, on the other hand, both reached new record highs. Federal borrowing, too, was up considerably. State and local securities outstanding rose by $9.8 billion, including an unprecedented $1.3 billion of industrial revenue bonds. Some of the high 1967 borrowing, however, represented a postponement from 1966.

The Federal Government borrowed $2.7 billion more in 1967 than in 1966. Its borrowing was unusually concentrated in the second half of the

TABLE 8.—*Net funds raised by nonfinancial sectors, 1961–67*

[Billions of dollars]

Type of credit	1961–64 annual average	1965	1966			1967		
			Total	First half [1]	Second half [1]	Total [2]	First half [1]	Second half [1 2]
All nonfinancial sectors	56.0	72.1	71.1	83.5	58.6	74.4	58.1	90.8
Private domestic nonfinancial sectors	46.0	66.0	62.9	72.4	53.4	60.9	60.4	61.5
Consumer credit	5.6	9.4	6.9	8.1	5.8	5.4	4.2	6.5
Bank loans [3]	4.7	13.6	10.8	13.2	8.4	5.6	8.2	2.9
Commercial paper	.1	−.3	.9	.7	1.2	2.5	3.9	1.2
State and local obligations	5.6	7.4	5.9	6.3	5.5	9.8	10.8	8.9
Corporate securities	5.3	5.4	11.4	13.6	9.3	15.1	14.7	15.6
Home mortgages [4]	13.8	16.0	12.5	14.6	10.4	12.4	10.7	14.1
Other mortgages	8.1	9.5	8.5	9.8	7.2	7.7	6.6	8.8
Other	2.8	5.0	6.0	6.1	5.8	2.4	1.1	3.5
U.S. Government	6.9	3.5	6.7	8.9	4.6	9.4	−7.0	25.7
Rest of world	3.1	2.6	1.4	2.4	.5	4.1	4.7	3.6

[1] Seasonally adjusted annual rates.
[2] Preliminary; includes estimate for fourth quarter.
[3] Bank loans not elsewhere classified.
[4] Mortgages on 1- to 4-family homes.

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

Source: Board of Governors of the Federal Reserve System.

year. The speed-up of corporate tax payments and the unusually large surpluses in Government agency accounts held down Treasury cash needs during the first half.

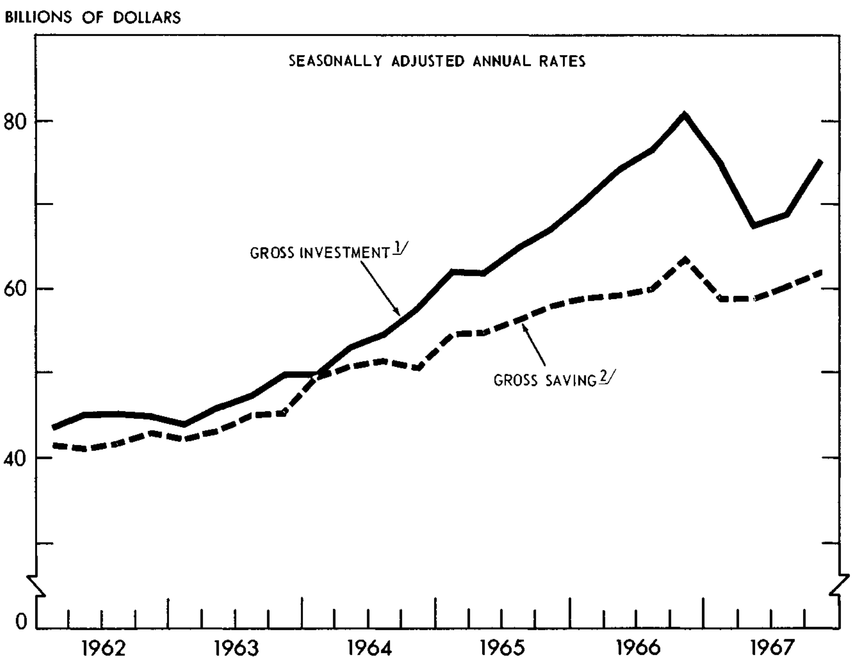
The volume of corporate security issues registered a substantial increase in volume of $3.7 billion in 1967, even though the gap between the flow of corporate internal funds and corporate expenditures for investment was smaller than in 1966 (Chart 7). In part, the explanation for the exceedingly large volume of corporate borrowing in 1967 lies in the events of 1966; in part it reflected expectations of what might happen in 1968.

Some corporate issues were postponed during the market squeeze of 1966; further postponements may have occurred late in 1966 and early in 1967, as interest rates began to fall, and when many expected that rates would continue to decline.

A more important legacy from 1966, however, was the lesson that corporations learned about the costs of excessive dependence on commercial banks. The lesson that bank credit could become very difficult to obtain,

Chart 7

Gross Investment and Saving of Nonfinancial Corporations



1/ FIXED INVESTMENT PLUS CHANGE IN INVENTORIES.
2/ CORPORATE PROFITS AND INVENTORY VALUATION ADJUSTMENT, LESS PROFITS TAX ACCRUALS AND DIVIDEND PAYMENTS, PLUS CAPITAL CONSUMPTION ALLOWANCES.
SOURCE: BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

even by highly credit-worthy borrowers, led many of them to conclude that a larger part of their debt capital should be obtained at long term. The impetus this gave to bond issues was strengthened as the expectation began to spread that long-term rates would increase as economic activity rebounded.

The President's renewed tax proposals of August brought some relief to credit markets. But, as Congress delayed action, the pressure on rates was renewed. Each time the prospects for passage of the surcharge seemed to improve, rates tended to level off; each time the prospects appeared to worsen, the rise was renewed.

The continuing and increasing prospect of a strongly resurgent economy without fiscal restraint—and therefore subject to renewed monetary restraint—strengthened the expectation of rising rates and of the possibility of a renewed squeeze on bank lending. This encouraged corporations to borrow even at exceedingly high rates.

The Imbalance in Security Markets

The impact of enlarged corporate borrowing on long-term interest rates—and on corporate rates in particular—was reinforced by the unusual distribution of demand relative to supply. On the demand side of the credit market, there was a notable bulge of corporate bond issues. On the supply side, the most notable feature was the large financial surplus of households. The two did not easily mesh.

Household accumulation of financial assets in 1967 was about 30 percent higher than in the preceding year, as consumer saving proceeded at an unusually high rate while outstanding consumer debt increased less than in 1966. Part of the increase in household financial assets took the form of contractual increases in pension and life insurance reserves. The bulk of it, however, went into liquid assets, as did most of the proceeds from the net sale by households of some $6.7 billion of securities.

The remarkable rise in the demand and thrift deposits of households reflected the higher rate of total financial saving, the unusually low acquisition of liquid assets during the previous year, and changes in relative yields on competing forms of financial assets. Declining yields on short-term Treasury and Federal agency securities in the first part of the year made thrift deposits relatively more attractive than in 1966. In the second half of the year, the spread between thrift deposit rates and yields on competing marketable securities narrowed sharply, but households continued to rebuild liquidity. However, the flow of savings into deposits began to moderate at yearend.

The bulk of corporate bond issues over the last decade has been purchased by life insurance companies and private pension funds. In 1967, however, the volume of corporate bond issues was unusually large relative to the increase in the assets of these institutions. Consequently, corporate bonds had to be sold to buyers who commanded a limited proportion of the total available funds, and these sales could be made only at sharply rising yields.

Mutual savings banks and State and local government pension funds responded to high and rising yields by increasing their purchases. Higher interest rates—and the availability of many attractive convertible issues—apparently also induced households to increase considerably their purchases of corporate bonds.

The Situation at Yearend

Late in the year, the Federal Reserve slowed the growth of reserves and the rate of growth of the money supply declined. Inflows of time deposits also tapered off, while business loans advanced somewhat more rapidly. During November and December, banks sold Government securities in significant volume. The devaluation of sterling caused a speculative reaction in the security markets. After the November rise in the discount rate, short-term rates increased.

The year ended with interest rates far above year-earlier levels, but with credit still readily available. There was little evidence that the high rates in 1967 had as yet dampened business investment expenditures to any significant degree. And outlays on residential construction exceeded their 1963–65 average by the fourth quarter. Banks remained relatively liquid, and able to accommodate their customers without difficulty. Although mortgage markets had been fearing disintermediation for months, actual inflows into thrift institutions had slowed only moderately. Nevertheless, the spread between rates on savings deposits and those available on open market securities had narrowed significantly. Any further rise in open-market rates could seriously endanger the ability of the thrift institutions to finance an adequate level of residential construction.

PRESENT TASKS OF POLICY

As was emphasized in Chapter 1, the current and prospective economic climate is such that restraint upon the expansion of demand is vitally needed. Enactment of the President's fiscal program will provide the needed restraint, while enabling the economy to advance at a healthy rate. As explained in Chapter 3, price increases in 1968 will still be unacceptably large. But, with the tax increase, there is the prospect that price increases will decelerate during the year. In absence of fiscal restraint, however, the economy would be subject to serious inflationary pressures, or serious financial stringency—and, most probably, some combination of the two. The improved balance among the sectors that was achieved in 1967 would once again be upset.

INFLATIONARY PRESSURES WITH NO RESTRAINT

In the absence of any added restraint from either higher taxes or monetary policy, the growth of total demand in 1968 would be substantially greater than the $61 billion forecast given in Chapter 1. The forecast assumed that the surcharge would withdraw about $6¼ billion of purchasing power (annual rate) from consumers starting in April, and that it would reduce after-tax corporate profits by $3½ billion for the entire year.

Without the withdrawal from personal incomes, consumer spending in the second quarter and thereafter would be substantially higher than that contemplated in the forecast given in Chapter 1. Responding to the additional consumer demand, business would attempt to raise output and employment. The resulting increases in wages, dividends, and other income payments would swell consumer incomes, and, in turn, lead to still further additions to consumer expenditures. Rising consumer spending, together with the failure of corporate tax rates to rise, would add to after-tax profits, providing both incentives and means for financing more business investment expenditures than would be the case if the tax increase were enacted. It is likely, in addition, that the greater consumer and business spending would lead to more rapid accumulation of inventories.

Thus the interacting forces of consumer and business spending would, via the well-known multiplier process, generate increases in money income and total demand that would far exceed the magnitude of the surcharge.

In an economy at substantially full employment, a rapid growth of demand, far in excess of the economy's growth potential, would result primarily in rising prices and only marginally in additional output. With additional workers hard to find and employees tempted by alternative opportunities, wage rates would rise rapidly. To be sure, it might be possible to mobilize some additional manpower from among the remaining unemployed. Frictionally unemployed workers would find jobs more quickly; some seasonally unemployed workers would take second jobs; and some poorly qualified workers would be hired. Nevertheless the number of unfilled jobs would increase greatly and the recruiting difficulties of employers would be accentuated. The strains in labor supplies would slow productivity growth, and with accelerating wages, would generate rapidly increasing costs.

As discussed in Chapter 3, an acceleration of wage and cost increases would provide the impetus to keep the wage-price spiral turning long after the excessive demand had vanished. The absence of restraint not only implies a more rapid price rise in 1968, but greatly increases the difficulty of moving back to price stability in future years. It would, moreover, weaken our balance of payments by impairing our export competitiveness for years to come and by generating a rapid rise in imports. Finally, rapid expansion of demand and soaring profits would be likely to touch off a capital goods boom in 1969, if not sooner; such a development could sow the seeds of a subsequent collapse of investment in plant and equipment. Whatever additional gains in output and employment might be obtained during the inflationary boom would be paid for many times over in such a subsequent bust.

THE IMPACT OF MONETARY RESTRAINT

If there is no tax increase, the Nation would not in fact experience the unrestrained inflationary pressures outlined above. It is certain that the expansion of demand would be checked to some degree by credit restraint. In present circumstances, the accompanying further rapid expansion of credit demand would impose severe strains on financial markets—even under an expansionary Federal Reserve policy. The competition for liquidity, the imbalances in the flows of funds, and the expectational disturbances which operated in 1967 would be intensified in 1968. With credit markets under strain on the one hand, and an economy operating under serious inflationary pressures on the other, the making of credit policy would be unusually difficult. To the extent that monetary policy accommodated credit demands in the interest of avoiding strains on the financial markets, prices and wages would rise more rapidly. To the extent that policy was aimed at moderating inflationary pressures, the more interest rates would rise and the more homebuilding would be depressed.

A monetary policy which imposed the same degree of over-all restraint on demand as the proposed tax increase could do so only at the risk of creating serious imbalances in the economy. As in 1966, the mortgage markets and the homebuilding industry would, in all probability, be more seriously restricted than other sectors of the market. They might fare somewhat better than in 1966, since the thrift institutions are now more liquid, rate ceilings limit bank competition for savings funds, and some interest-sensitive deposits have already been withdrawn. On the other hand, both mortgage lenders and builders are more sensitive than formerly to the dangers of credit restraint. Signs of increasing credit tightness could lead to a major restriction of mortgage commitments and an abrupt scaling down of building plans even before lenders found their resources seriously strained.

Credit restraint would affect other sectors as well. Mortgage-financed nonresidential construction, small businesses, users of consumer credit, and State and local capital projects would all feel the pinch. The effects of a further rise in the general level of long-term interest rates into territory unknown in this century could restrict investment and retard economic growth for a long time after the need for restraint had passed.

To be sure, sharply rising interest rates might also reduce our balance-of-payments deficits by attracting funds from abroad. But this would be only a temporary gain—one that, at best, would continue only so long as interest rates stayed at a level which disrupted our domestic economy. Moreover, if other major countries allowed their own interest rates to rise to avoid the loss of funds, they would threaten to throw not merely their own economies but the world economy into recession.

The actual course of events with no tax increase would probably involve both an increase in inflationary pressures and a tightening of credit conditions.

After a hard look at the alternatives, it has been and remains the conviction of both the Administration and the Federal Reserve System that the Nation should depend on fiscal policy, not monetary policy, to carry the main burden of the additional restraint on the growth of demand that now appears necessary for 1968.

THE PROGRAM OF FISCAL RESTRAINT

The expenditure program in the budget for fiscal year 1969 was reviewed in Chapter 1. It is a budget consistent with a program of fiscal restraint, but it cannot alone provide the degree of restraint that is required.

Without new tax legislation, the full-employment deficit would remain close to its recent $12½ billion rate. The health of the economy therefore requires prompt enactment of a temporary surcharge on income taxes, initially proposed by the President last January, amended last August, and reaffirmed in the current fiscal program.

Surcharge Proposal

The Administration's tax recommendation calls for a 10-percent surcharge on the income taxes of corporations, to be in effect from January 1, 1968, through mid-1969; and on the income taxes of individuals—with low-income families exempted—to be in effect from April 1, 1968, through mid-1969. For the year 1968 as a whole, the surcharge on individuals would equal 7.5 percent of annual tax liability. For the average family, a surcharge of 7.5 percent of *taxes* would amount to approximately three-fourths of 1 percent of *income*. Since the surcharge would share the progressive character of our basic income tax structure, it would take a somewhat larger percentage of the income of more affluent Americans—e.g., nearly 1½ percent for a family of four with a $25,000 income, as indicated in Table 9. The table also shows that the surcharge would leave individual tax liabilities well below their 1963 levels.

The recommended form of the tax increase parallels the conclusion of the Subcommittee on Fiscal Policy of the Joint Economic Committee in 1966 that ". . . a uniform percentage addition . . . to corporate and

TABLE 9.—*Change in income tax liability for a married couple with two dependents, 1963–68*

Annual wage income	Amount of tax liability [1]			Change in tax liability		Change in tax as percent of income	
	1963	1967	1968 [2]	1967 to 1968	1963 to 1968	1967 to 1968	1963 to 1968
$5,000	$420	$290	$290	(3)	−$130		−2.6
$7,500	877	686	737	51	−140	0.6	−1.9
$10,000	1,372	1,114	1,198	84	−174	.8	−1.7
$15,000	2,486	2,062	2,217	155	−269	1.0	−1.8
$25,000	5,318	4,412	4,743	331	−575	1.3	−2.3

[1] Tax liability computation assumes minimum deduction or deduction equal to 10 percent of income, whichever is greater.
[2] Proposed tax surcharge of 10 percent beginning April 1; equivalent to 7.5 percent increase for the year 1968.
[3] No increase for married couples with two dependents whose tax at 1967 rates is $290 or less.

Source: Treasury Department.

personal income tax liabilities . . . to be effective for a stated period, best satisfies criteria for short-run stabilizing revenue changes."

Obviously, other types of tax increases would also provide fiscal restraint, but they would be inferior to the proposed surcharge in many respects. Excise tax increases—if imposed on broad groups of consumer goods and services—would have a much larger relative impact on the poor. If, on the other hand, the excises were confined to luxuries, the revenue gain could not be sufficient to provide adequate fiscal restraint. Moreover, excise taxes have the disadvantage of exerting direct upward pressure on prices.

Another alternative would be to increase revenues via "loophole"-closing tax reforms. Certain reforms are desirable in themselves to improve equity and efficiency in the tax structure; these should be enacted on a permanent basis—not linked to a temporary tax increase designed to meet stabilization needs. In any case, reforms could not be enacted promptly enough to insure the needed fiscal restraint in the first half of 1968. Congressional debates on tax reform have repeatedly demonstrated that legislation in this area can be enacted only after lengthy consideration. Moreover, because tax reform measures cannot normally be incorporated into the withholding system, there would be a further lag in their contribution to revenue and restraint, even after enactment. Significant additional revenue from reform could not realistically be provided before the middle of 1969 at the very earliest. Major reforms would drastically change the situation of taxpayers who had based important economic decisions on the present law. For this reason, major reforms probably need to contain transition provisions to avoid imposing large initial losses on the affected taxpayers. This further reduces the potential of tax reform to meet present revenue needs.

Economic Impact of the Tax Increase

The increase in taxes is intended to moderate the growth of demand and to allocate a portion of the Nation's extraordinary defense costs broadly and equitably among individuals and businesses.

As indicated above, the economic effects of a tax increase are the mirror-image of the expansionary effects accomplished by tax reduction. But a tax cut enacted when there are ample idle resources, as in 1964, has its main expansionary effect on output, with only a minor impact on prices. Under present circumstances, however, with rapidly expanding demands and essentially full employment, the main restraining impact of the tax increase will be on prices, and only secondarily on output.

Under current circumstances, the tax increase will add to Federal revenues. To be sure, under conditions of widespread slack, raising tax rates would merely lower employment and production and could even pull down incomes so much that Federal revenues would actually prove to be smaller. This is the counterpart of the proposition that, in such an economy, a tax reduction can actually increase Federal revenues by stimulating a strong economic advance. But, in the present situation, a tax increase of the magnitude proposed will still permit a healthy expansion of employment, output, and real income. Revenues will rise substantially, as higher effective tax rates are applied to a rising revenue base.

Of course, an inflation which was not checked by either fiscal or monetary action might expand the revenue base even more rapidly. But such extra expansion would primarily reflect higher prices rather than increased production. Therefore, although revenues might conceivably then rise even more than with a tax increase, the real purchasing power of those revenues would not. Federal outlays would have to be increased to maintain the same real level of public services in the face of higher prices for the items bought by the Government.

The tax increase works to curb price increases by moderating the pressures of demand. However, like any other fiscal or monetary measure, it cannot cope immediately with cost pressures already built into the system. To be sure, some have argued that a rise in the corporate profits tax may in fact add to cost pressures, by inducing firms to raise prices in order to protect their profits from the impact of the higher tax. But any firm which was already taking full advantage of its opportunities to earn profits would have no incentive to raise its prices as a result of a higher corporate tax rate. The price which results in the largest profits *before* taxes yields the largest profits *after* taxes, regardless of the tax rate.

There may be cases—particularly among firms with substantial market power—where businessmen typically forego potentially available profits and aim at a target rate of after-tax return (based on "standard" costs and volume). In such instances—which some economists regard as quantitatively important—firms might make a one-shot price increase to reestablish the target after-tax profit when the profits tax rate rises. In such cases, the profits tax would work like an excise tax—no better and no worse. It would then reduce the growth of the real spendable incomes and the market demand of consumers rather than of business firms.

Workers, too, may wish to achieve greater wage increases to compensate for the downward impact of income tax surcharge on their take-home pay. But their wishes are not likely to be fulfilled, since firms will also have higher tax bills to pay, and will be facing less buoyant markets.

In addition to its immediate contribution to the stabilization of prices, wages, and interest rates—and to the U.S. balance of payments—the tax surcharge has major implications for the long-term management of stabilization policy. Congressional response in the weeks ahead will demonstrate the political feasibility of making fiscal policy work in the unpleasant task of restraint, as well as in the more welcome task of providing tax cuts and added public programs. The proof that taxes can be raised when necessary will strengthen the ability of the Nation to resume a long-run policy of tax reduction when the defense emergency ends.

AGENDA FOR POLICYMAKING

Recent experience reveals the benefits and costs, the potentialities and limitations of policy adjustments. Active discretionary policy is indispensable despite its imperfections. These very imperfections point to the need for flexibility in policymaking and for improvements in the techniques of diagnosis and application.

FLEXIBILITY AND FORECASTING

Large and sometimes imperfectly foreseeable increases in defense spending have recently required sizable and frequent adjustments in monetary and fiscal policies—such as the temporary suspension and early restoration of the investment tax credit. In a peacetime world, policy moves would not ordinarily need to be as frequent or as abrupt. Yet policy will not be able to stand still.

Even in the ideal situation of smoothly rising private demands—when budgetary policy merely needs to allocate the fiscal dividend of economic growth—tax adjustments will be called for from time to time. In particular, tax reductions are likely to be a frequent aspect of the annual budget program. The desirable expansion of Government expenditures will seldom equal the revenue increase accompanying high-employment growth.

Moreover, private demands will not grow smoothly at all times. Changes in consumer buying, in technology, in the growth and composition of the population, and in interregional migration can lead to alterations in the vigor of private demand. In a full-employment economy, a spurt in the growth of demand can trigger a burst of inflation, and tendencies toward sluggishness, if not offset, can cumulate into recession.

Small and temporary fluctuations will not throw the economy off course. The full-employment path is not a tightrope. Policy action cannot, need not, and—in view of the costs—should not try to offset every minor wiggle. But policy decisions must be alert to major disturbances. And they cannot be blind to the economic impact of budgetary decisions in social or national security areas. The shortcomings of our policy record under the Employment Act reflect inaction or inadequate action far more often than excessive or inappropriate action.

To carry out their tasks, policymakers must have the benefit of accurate diagnoses of the current state of demand and the best possible forecasts of prospective demand.

Indeed, forecasting of some kind is indispensable. The Government cannot avoid making fiscal and monetary policy decisions which influence the future course of the economy. Because policy cannot be devised and implemented instantly, and because its effects on the economy operate with a lag, decisions are inevitably tied to predictions. Only an illusory escape is offered by rules which suggest basing decisions on the "facts of the present" or on holding some particular magnitudes unchanged through time or changing some magnitudes by specified preordained amounts. Such rules themselves involve some form of implicit or naive projections. And, for all their limitations, explicit forecasts carefully prepared by professional experts are demonstrably superior to implicit forecasts.

The limitations of the economist's ability to predict the future argues for prudence in policy decisions, flexibility in the use of instruments, and continuing efforts to improve the reliability of forecasting techniques. It also points up the fact that, to the policymaker, knowledge of the nature and magnitude of the uncertainties surrounding the projection can be as crucial as the best-judgment forecast itself.

The Federal Government is currently taking steps to improve the environment in which future policies will be formulated. Three of these steps are discussed below. First, as directed by the President a year ago, Federal agencies have been considering economic policies to make full use of the opportunities afforded by peace, when a welcome cessation of hostilities in Vietnam occurs. Second, new efforts are being made to improve the quantity and quality of the economic data so vital in determining the current position and future prospects of the economy. Finally, serious attention is being given to certain institutional aspects of the mortgage market, in order to improve its functioning and to insure more adequate and equitable supplies of credit for housing.

PLANNING FOR PEACE

When hostilities end in Vietnam, the subsequent reduction of defense expenditures will free resources to meet additional private and public wants. But, just as the sharp buildup of war spending has raised stabilization problems for the economy during the past two years, so too will the cutback in spending. Further, the reconversion process will be complicated by the uneven impact of the current defense effort upon various industries, geographical areas, and types of manpower.

Policy will be challenged both to smooth the transition and, most especially, to avoid the economic downturn that a large drop in defense outlays would bring, if not offset by rising demands elsewhere. With the benefit of forward planning efforts now underway, an active use of appropriate fiscal and monetary measures will be able to meet the welcome challenge of peace.

The cost of hostilities in Southeast Asia is currently estimated at about $25 billion annually, a large dollar magnitude, although only some 3 percent of our GNP. In the post-Vietnam adjustment, the precise downward course of defense spending will depend on many dimensions of our international relations, including the nature of the peace arrangement. The committee working on this problem has studied, and is continuing to study, what this transition would look like under various assumptions as to the magnitude and the timing of the phasing down of military activities in Southeast Asia. One such assumption—and it is only an assumption, not a statement of policy or a prediction—is that, over a period of time, defense outlays in real terms would return essentially to the level prevailing in 1963–65. The major part of the manpower and expenditure reductions associated with this pattern might be accomplished over a period of approximately 1½ years after hostilities cease. This assumes about as rapid a phasing down as could be reasonably expected on the basis of past experience.

In this case, the Armed Forces might be reduced by roughly 50,000 men per month over an 18-month period to about 2.6 million, a little below the pre-Vietnam level. Perhaps a quarter to a third of the discharged veterans would resume their schooling; the remainder would become full-time participants in the civilian job market. Since the Nation's job market currently absorbs about 1½ million net new entrants a year, an additional 400,000 a year for a time should not pose an insuperable problem if total demand is strong. A variety of measures to improve the training and placement of returning servicemen is now being explored.

The reduction in the Armed Forces would lower military payrolls by nearly $5 billion over the 6-quarter period, as measured in 1967 prices. Other defense purchases—mainly items bought from private business for procurement, operation, and maintenance—might decline by about $10 billion (1967 prices) over this year-and-one-half interval, and minor further reductions would continue for an additional year. This illustrative pattern of demobilization—which, as indicated, is about as rapid as could reasonably be expected—implies a reduction in real outlays for defense amounting to $15 billion (1967 prices) over a year and a half.

The freed resources would become available for civilian use. But if no steps were taken to strengthen demands for civilian output, such a sharp reduction in the Federal contribution to aggregate demand would almost certainly result in a contraction of economic activity.

During the period of demobilization, fiscal actions would be required to distribute the fiscal dividend from peace as well as the dividend associated with economic growth. Over a period of a year and a half, the two might total more than $30 billion. Thus the requirements and opportunities for fiscal action in a demobilization period would be large.

If it were still in effect, removal of the temporary surcharge now proposed by the President would be first on the agenda of possible stimulative measures. Further tax reductions would be a welcome and effective way to invigorate private civilian demands. Opportunities would also be provided to progress more rapidly on urgent social programs. As Chapter 4 makes clear, there are many areas where added public expenditures could yield a very high social return. Among them are improvements in educational opportunities and standards, the extension of health programs, the provision of more adequate housing, the control of air and water pollution, the promotion of highway beautification and safety, the elimination of urban blight, and the development of low-cost rapid transit. Some new programs might be undertaken directly by the Federal Government; others would be made effective through an expansion of grants-in-aid to State and local governments; some would involve a partnership of public and private enterprise. Other competitors for a share of the peace dividend could include a number of possible new initiatives in fiscal policy, such as the proposal for a negative income tax and a variety of proposals for providing broad and flexible grants out of Federal revenues to States and cities. The analysis necessary to establish priorities among the various proposals is being pursued by interagency working groups.

Monetary policy would also have a key role to play. The demobilization period might provide an excellent opportunity to move toward financial conditions—in terms of both interest rates and availability—that would actively encourage investment spending in the private sector and assure a vigorous expansion of housing construction.

IMPROVEMENTS IN ECONOMIC STATISTICS

The Federal statistics recording current economic developments are the compass by which policymakers must chart their course. The United States has the most accurate, comprehensive, and detailed economic statistics in the world, based on information that has consistently improved in accuracy, speed, and coverage. Yet the need for accurate and timely statistical data to guide vital policy decisions keeps outrunning the available information.

That need is accentuated by the current state of the economy and the current aims of policy. Sustaining expansion close to the economy's potential growth path is a more difficult task than that of merely attempting to moderate wide swings in output. In a slack economy, it was often sufficient for the indicators merely to point in the right direction. Now more accurate information about the speed of the movement and the distance from full employment is called for. The need for early and careful diagnosis of the extent and location of inflationary dangers also requires comprehensive information about the price, cost, and productivity performance of various sectors of the economy. Capital markets and especially the mortgage market have taken on a key role, calling for more comprehensive data and indicators. The current importance of our international trade position places added emphasis on the need for better information about export and import prices.

The President's program for fiscal 1969 includes a number of particularly urgent improvements in economic statistics. Each improvement has been recommended because it meets these tests: that it assist current policy formulation, that the proposal be capable of rapid implementation, and that its costs be moderate, given the present budgetary stringency. These are the key items in the President's program:

(1) *Nonmanufacturing industries*—additional information on employment, wages, investments, sales, and other indicators for trade, services, and finance that will bring the data closer to the coverage and quality of the data now available for manufacturing industries.

(2) *Construction*—an enlarged effort to collect more accurate and more timely information on the value of construction activity.

(3) *Business investment*—extension of coverage of the plant and equipment survey to all nonfarm industries, and collection of separate quarterly data on business investment in plant, as distinguished from equipment.

(4) *International price competitiveness*—a better comparison of price trends of internationally traded goods.

(5) *Improved price indexes*—covering individual industries systematically, emphasizing actual transactions rather than quoted prices, and developing methods to make more adequate allowance for quality changes in our measurement of prices.

(6) *Quarterly data on national product by industry*—a new economic tableau that will ultimately provide comprehensive information on output, labor input, prices, and productivity by major sectors on a quarterly basis.

(7) *Manufacturing inventories*—expanded coverage and increased detail.

(8) *Mortgage flows and commitments*—a comprehensive system of quarterly and ultimately monthly statistics.

(9) *Bank deposits*—more adequate information on ownership and turnover to be collected by the Federal Reserve; and

(10) *Securities markets*—new information on purchases and sales by institutional investors, and more comprehensive and accurate data on new issues and retirements.

The total program of improvements, which involves an annual budget cost of about $2½ million, could make a critical difference in guiding decisions involving billions of dollars.

REDUCING THE VULNERABILITY OF THE MORTGAGE MARKET

The recent sharp fluctuations in the availability of mortgage funds have demonstrated the need for action to reduce the excessive vulnerability of the mortgage market and the homebuilding industry to variations in monetary conditions. The basic demand for mortgage financing is expected to grow rapidly in the next few years, while the ability of thrift institutions to meet this demand may diminish as commercial banks compete more effectively for time deposits. Thus, both long-term and cyclical considerations suggest the need to strengthen the thrift institutions which supply the bulk of mortgage funds and to devise new means of attracting funds into mortgages.

In recent years, savings and loan associations and mutual savings banks have accounted for about two-thirds of total private mortgage financing. In earlier periods of tight money, mutual savings banks showed some sensitivity to monetary conditions, but savings and loan associations had little difficulty in maintaining the level of their lending activities. In 1966, however, the flow of funds to both types of institutions declined sharply.

Because their funds are primarily invested in mortgages with fairly long maturities and fixed interest charges, the thrift institutions were unable to raise their earnings enough to permit payment of interest rates in line with those available from banks and open market instruments. Earnings of commercial banks, which carry more diversified portfolios, adjust more promptly to changes in interest rates. While rate competition among financial institutions has, as noted earlier, been limited since 1966 through ceilings on the rates paid by both thrift institutions and commercial banks, thrift deposits remain in competition with corporate bonds and other "open market" instruments. Moreover, thrift institutions have lacked sufficient liquidity or "secondary" reserves to permit them to maintain an even flow of funds into mortgages when the flow of deposits shrinks. The squeeze on mortgages is intensified when commercial banks and insurance companies cut back their contributions to that market in such periods in order to take advantage of higher yielding open market investments or to continue serving their customers for business loans.

Savings and loan associations would have a stronger basic competitive position if they held more secondary reserves and more diversified portfolios. A large part of their funds comes from savers with moderate assets whose savings are not particularly rate-sensitive. These funds can appropriately be invested in long-term, relatively nonliquid assets. But when thrift institutions attract funds from rate-sensitive investors, they should hold a sufficient amount of assets which are either liquid or which mature in a shorter period than mortgages.

The scope for improved portfolio structure of thrift institutions would be enlarged through the chartering of Federal savings associations (formerly described as the Federal chartering of mutual savings banks). Pending legislation—besides providing the Federal Home Loan Bank Board with needed additional supervisory powers in this area—would enable the newly chartered thrift institutions to carry a more diversified asset portfolio than is now permissible for savings and loan associations. (Such revision would require some adjustment in the existing tax provisions governing thrift institutions, which are keyed to portfolio composition.) Adoption of the legislation would increase the institutions' over-all efficiency and competitive strength. The position of thrift institutions would also be strengthened by the further development of instruments not redeemable on demand. Such instruments enable thrift institutions to attract funds from "marginal," interest-sensitive investors at premium rates without requiring an across-the-board dividend or interest-rate increase on all other accounts. With the authorization and encouragement of the Federal Home Loan Bank Board, the institutions have in the recent past already created a considerable range of certificate and bonus accounts, with maturities ranging from as little as six months to more than 14 years.

By using these special instruments to attract interest-sensitive funds without pushing up rates on all accounts, the thrift institutions would be better

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able to maintain their competitive position in tight money periods and to reduce fluctuations in their provision of mortgage funds.

New Sources of Funds

To the extent that thrift institutions shift to more diversified portfolios, the amount of funds available to the mortgage market will be initially reduced. In the longer run, however, the savings and loan associations will better serve the mortgage market by maintaining a steadier inflow of funds and by strengthening their own competitive position. Nonetheless, it is important that new channels be opened to bring funds into the mortgage market from other sources. The principal possibilities here lie in the development of techniques for tapping other sources of funds—particularly pension funds and trust accounts. These large institutional investors find it costly as well as inconvenient to manage a portfolio consisting of many individual mortgages; to acquire such a portfolio is usually far less attractive than to purchase corporate or municipal securities—which enjoy a high credit rating, tend to be carefully tailored to the investor's requirements, and are easily marketable.

It has been proposed, in this connection, that the FHA be authorized to issue, for a fee, "full recourse" guarantees for bonds issued against pools of FHA-guaranteed or VA-insured residential mortgages. Such pools of mortgages would be created by mortgage bankers, individual thrift institutions, or mortgage bond corporations that might be specially formed to take advantage of the new guarantee. This arrangement would relieve the bond buyer—but not the mortgage originator or banker—of the already small risk of delays and costs in exercising the guarantee on the mortgages underlying the bonds. These obligations would constitute a fairly attractive and marketable outlet for the funds of institutional investors, capable of competing effectively with various other open market instruments. This and other proposals for channeling funds from the bond market into the mortgage market are being actively studied within the Administration.

Reducing Legal Limitations on Interest Rates

Effective implementation of some of the steps cited above may, in practice, prove very difficult unless action is taken to modify or eliminate various existing legal limitations on interest rate charges or payments. In particular, the statutory interest rate ceilings on FHA-insured and VA-guaranteed mortgages have impeded the flow of mortgage credit. For an adequate flow, it is essential that seekers of such credit be able to compete in the capital market by offering yields comparable to those available from other borrowers. Because of the ceilings, however, the yields on FHA and VA mortgages could, during the past two years, be rendered competitive only through the use of heavy initial discounts on such mortgages. This has meant, in some cases, a sharp increase in the initial payment required of the FHA home buyer—generally imposing a much more severe burden on him than is entailed by a somewhat higher interest rate payable over many years, especially after allowing for the partially offsetting tax benefit. More often, it has forced builders or sellers to absorb a substantially greater part of the initial financing cost, reducing their incentive to enter into the transaction.

Given the need for allowing effective yields on FHA and VA mortgages to rise above the present legal ceilings if funds are to flow into such mortgages at all when market rates are high, the lifting of the ceiling proposed by the President in his *Economic Report* would clearly be to the benefit of both buyers and sellers of residential properties. Similarly, it would be desirable if comparable remedial action were taken by the nine States (with 26 percent of the total population) that now set legal maximum interest rates on conventional mortgages at 6 percent or less. These ceilings are already inhibiting many lenders from originating or purchasing mortgages in the States involved.

Conclusion

The measures discussed here would not, of course, entirely insulate the mortgage market from the effects of tight money. But they would give mortgage borrowers an opportunity to compete with other borrowers for the available supply of funds even under tight money conditions. Funds would, of course, be available to mortgage borrowers only to the extent that they were willing to pay a competitive rate. Many buyers might still choose to defer home purchase during a period of monetary restraint, and the economy is served by such voluntary deferrals when resources are under strain. There is no reason to insulate the mortgage market completely from general credit conditions. But homebuyers as well as builders and other property sellers should not be completely frozen out simply as the result of existing institutional limitations on the mortgage market.

Chapter 3

The Problem of Rising Prices

THE MOST IMPORTANT and most gratifying economic development in 1967 was the maintenance of high employment. The most disturbing economic news was the continuation of the creeping inflation that began in 1965.

Neither the United States nor any other major industrial country has fully succeeded in combining price stability with high employment. Table 10 shows the average rise in U.S. prices during each of the four postwar periods when the unemployment rate was consistently below 4.5 percent. The price record of the current period compares favorably with the experience of earlier periods, including that of 1955–57, when the unemployment rate averaged somewhat higher.

The recent price record of the United States also compares favorably with that of other major industrial nations. Table 11 shows the average rate of price increase in the principal member nations of the OECD over the past 6½ years and the past 2½ years. For the period from January 1961 to November 1967, the U.S. record is by far the best. Since June 1965, however, three countries—Germany, France, and the Netherlands—have had better price records than the United States. But in each of these countries a slowing down of price increases has been achieved only at the expense of a loss of jobs, and, in at least the first two, a reduction of economic growth.

PRICE STABILITY AND HIGH EMPLOYMENT

The problem of rising prices is thus neither new nor confined to the United States. In some instances both at home and abroad, rapidly rising prices have reflected pressures on productive capacity from excessive demand, which ideally could have been moderated by fiscal and monetary restraint. But industrial economies have also displayed an "inflationary bias"—a tendency for prices to rise even when over-all demand does not exceed productive capacity. Since high employment of resources—especially manpower—is obviously a top priority for public policy, it is important that we learn to control this inflationary bias.

TABLE 10.—*Price increases during periods of high employment* [1]

Period	Average unemployment rate (percent)	Percentage increase per year [2]		
		Consumer price index	Wholesale price index	GNP deflator
January 1947–January 1949	3.8	5.5	5.7	[3] 5.6
September 1950–November 1953	3.2	3.2	1.3	3.3
May 1955–September 1957	4.1	2.4	2.8	3.4
July 1965–December 1967	3.9	2.9	1.5	2.9

[1] Periods during which the monthly seasonally adjusted unemployment rate was less than 4.5 percent, except that beginning of the first period is arbitrarily taken as January 1947.
[2] Price change is measured between the month (quarter) prior to the first month (quarter) of the period and the last month (quarter) of the period.
[3] GNP deflator for fourth quarter 1946 is estimated.

Note.—Changes in consumer and wholesale price indexes based on monthly data and changes in the GNP deflator on seasonally adjusted quarterly data.

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

TABLE 11.—*Consumer price increases in major OECD countries since January 1961 and June 1965*

Country	Percentage increase per year	
	January 1961 to November 1967	June 1965 to November 1967
United States	1.9	2.8
Belgium	3.0	3.3
Canada	2.3	3.5
France	3.5	2.4
Germany	2.6	1.7
Italy	4.4	2.8
Japan	5.7	4.3
Netherlands	3.8	2.7
Sweden	4.1	5.1
Switzerland	3.8	4.3
United Kingdom	3.4	2.8

Sources: Department of Labor and Organization for Economic Cooperation and Development.

INFLATIONARY BIAS IN A PROSPEROUS ECONOMY

There are several sources of inflationary bias in a high-employment economy, in which output grows in pace with and does not generally strain productive capacity.

Market Power

The first source of bias, which clearly interacts with and strengthens the others, lies in the fact that, at high employment of manpower and capital resources, the competitive pressures which limit the ability of firms and unions to raise prices and wages are weaker than in a slack economy. Some firms are likely to attempt to use their market power to widen their profit margins, and some groups of workers may attempt to raise their wages relative to wages of others. There is also an increased resistance to price reductions when costs fall or demand slackens. Wage rates seldom decline even when unemployment is widespread. But, in a generally strong economy, many groups of workers try—often successfully—to resist even any *relative* reduction in their own wages compared to those of other workers.

If a significant number of firms or unions take advantage of their market power to seek improvements in their profits or relative wages, those who have to pay higher prices or wages will seek to maintain their ***absolute*** positions by adding their cost increases to their prices, or their cost-of-living increases to their wages. They may even seek to restore their *relative* positions by taking a markup on cost increases or demanding wage increases as large as other workers obtained.

There are many reasons why the effective market power of large firms and unions is greater at high levels of resource use than at lower ones. At high levels of employment and capacity utilization, firms have less reason to fear that, if they raise prices, they will lose customers to competitors. For their competitors are then not in a position to take on a large volume of additional business. Similiarly, when profits are high throughout the economy, there is less of a threat that new firms will enter a particular industry in response to higher prices. In wage bargaining, when union members are fully employed, organized labor is naturally less concerned that a large settlement may curtail the growth of employment. Moreover, a firm which is operating close to capacity is less willing to risk a protracted strike, and therefore more likely to accede to demands for large settlements, since it would have difficulty making up for output lost during a work stoppage.

Uneven Pressures of Demand

A second source of bias arises from the fact that—at high but not excessive over-all employment of manpower and capital resources—the pressures of demand on supply will not be equal in all sectors of either the product or labor markets. In some industries, the growth of demand may be so large that it cannot be immediately matched by additional output. This pulls up prices even where individual firms possess little or no market power. Likewise, in those labor markets that are particularly tight, the rise of wages tends to speed up even if workers are unorganized. But the rise in prices and the faster rise in wages where markets are under pressure is not automatically offset by price reductions or a slower advance of wages in the rest of the economy. Moreover, other firms which buy the products which have risen in price will pass along the cost increase—perhaps with a markup applied—and other groups of workers will try to match the wage gains secured in the tight labor markets.

An extraneous reduction of supply in a key sector—e.g., agriculture—can have similar effects. Prices then rise in that sector without falling elsewhere, leading to larger wage increases that raise costs and prices generally. Though these influences may be temporary, the wage and price movements they induce are not reversed fully when the supply problem is overcome.

Temporary Spurts of Demand

The third source of inflationary bias lies in the fact that the growth of over-all demand is unlikely to be completely smooth, even with the best of fiscal and monetary policies. When demand is already adequate to use most productive resources, a sudden speedup in the growth of demand may create temporary upward pressures on prices and costs in a wide range of sectors. And even if such a spurt in demand is subsequently balanced out by a temporarily reduced growth of demand, costs and prices do not then correspondingly fall. Indeed, the spreading and spiraling effect of the previous cost and price increases will continue to be felt. Thus, although a spurt of demand in 1965 and 1966 was followed by a balancing slowdown, the wage-price spiral set off by the initial spurt continued to turn in the relatively slack period of 1967.

Inefficiencies and Bottlenecks

Even in an economy as efficient and progressive as ours, there are a few industries and labor markets where gross inefficiencies persist—stagnant technology, weak management, firms of inefficient size, restrictive labor practices, unnecessarily costly systems of distribution, Government policies that weaken incentives to economize, avoidable seasonality of production and employment, inadequate methods for training and recruiting workers, and similar factors. Prices or wages or both tend to rise faster in these industries than in others; in a high-employment economy this tendency is aggravated. These industries constitute a further source of inflationary bias in the sense that they offer unexploited opportunities for significant cost reductions.

Workings of the Spiral

Any of these sources—or their interaction—can easily trip off a price-wage spiral. In such a spiral, rising living costs support demands for wage increases in excess of productivity gains. The resulting bulge in labor costs is reflected in prices. Price and wage increases can continue to reinforce each other long after the initial source of inflation has ceased to operate. Thus, the spiral can continue to turn more or less on its own momentum. But, unfortunately, one or another of the basic sources of the bias is likely to provide new motive power, so long as resources remain adequately utilized.

On the other hand, the circular relationship between wages and prices can support price stability as well as a spiral. If prices remain stable, the demand for wage increases is not swollen to cover rising living costs. And if wage increases remain moderate, costs and prices may remain stable. But the stability can be broken on the side of either wages or prices. And once broken it is difficult to reestablish.

A general rise in prices and wages does not directly reduce total private demands, for the higher prices and wages provide additions to money incomes sufficient to permit the higher prices to be paid. But the spiral can be curtailed by Government policies. The existence of a wage-price spiral requires that the rate of growth of aggregate demand in money terms exceed the rate of growth of real productive capacity. If fiscal and monetary policies should fail to permit the expansion of demand in money terms necessary to "validate" the price rise, real growth would not keep up with the growth of capacity. Unemployment would rise and utilization rates decline. This would lead to the gradual slowing down and termination of the spiral. Obviously, the greater the restraint through fiscal and monetary policy, the more quickly the spiral can be brought under control. But this may require an unacceptably high level of unemployment.

THE GOAL OF PRICE STABILITY

Since minimum unemployment and high utilization of our productive resources bring so many obvious benefits to the Nation and to most individuals, the temptation is great to dismiss the accompanying inflationary bias as a minor inconvenience, a cost far outweighed by the benefits. Nevertheless, price stability is an important goal because the costs of inflation are serious and pervasive. Inflation impairs economic efficiency, redistributes income capriciously, and weakens the Nation's competitiveness in world markets.

A realistic stabilization policy cannot expect to hold down to zero the average change of prices of consumer goods and services. From 1961 to 1965, although wholesale prices remained virtually constant and there was obvious slack in the economy, consumer prices rose between 1 and 1½ percent each year. Such a moderate rate of price increase, however, does not represent a significant erosion in the purchasing power of the consumer's dollar. This is especially true because improvements in quality and the introduction of new goods add to consumption opportunities even when they are not fully reflected in price indexes as reductions in prices.

Furthermore, the objective of price stability does not aim to hold any specific price constant. Within a stable average price level, there can and must be constant adjustments to changing levels and patterns of demand, to diverse movement of costs in different sectors, and to technological change. Costs and prices of some items rise; others fall. These relative price changes attract resources toward those areas where the need is greatest.

Similarly, price stability is compatible with rising wages. Labor compensation can move up in line with the average growth of labor productivity without adding to the labor costs of output. And the stability of over-all labor costs is thoroughly consistent with readjustments in the relationships among wages in different sectors and for different occupations. These changes tend to be gradual and the disparities self-correcting, as workers—particularly new entrants—are attracted into the areas where labor is in greatest demand.

The Impairment of Efficiency

Once prices start moving up on a broad front, however, the necessary relative adjustments of prices and wages become much more difficult. Some prices respond immediately to changes in underlying economic conditions, others only after a long delay, but then often with a big change. Thus, while each change may appear to correct one set of disparities, it creates others;

adjustment of the latter, in turn, creates new problems. Relative prices, wages, and profits cannot achieve the patterns appropriate to the changing needs of the economy when all of them are ratcheting upward at an uncertain and uneven rate. The efficient allocation and use of resources inevitably suffers. Thus, the objective of price stability is linked to the aim of economic efficiency.

Arbitrary Redistribution of Income

Inflation has a significant effect on the distribution of income and wealth. By and large, that impact is haphazard and inequitable from a social point of view. Some groups in the economy are more vulnerable to inflation than others; this is why inflation has been described as the "cruelest tax."

A particularly significant income shift associated with rising prices takes place between the active participants in the economy, whose money incomes adjust more or less to rising prices, and those—such as the retired and disabled—who are not active participants. The money incomes of millions of the families in the latter group are relatively fixed at any given time and augmented little, if at all, by rising prices. Many depend on pensions and other sources of retirement income which come from accumulated savings in forms that have a fixed money value, such as savings deposits, insurance policies, or bonds. Some retired persons live on previously accumulated wealth that has a fixed money value. There are some partial offsets: interest rates on deposits tend to rise in periods of inflation, and so may the prices of common stocks and of real estate. But not everybody holds assets that rise in price or yield. Legislative changes in social security have provided considerable relief to many retired and disabled individuals at the lower end of the income range, but not to all. Nevertheless, the inactive members of the population as a group suffer losses of real income that to them are significant, even though the corresponding gains of the active group are relatively small in terms of its income.

To be sure, in a period of inflation, some workers will have the opportunity for wage gains sufficiently large to enhance their real incomes relative to other workers. Some businessmen do manage to widen their profit margins. Yet, in the ensuing spiral, neither business as a whole nor labor as a whole is likely to make permanently larger gains in real income as a result of inflation. Periods of rapid rises in both wage rates and prices have not significantly altered the long-term distribution of income between labor and business. Both groups reap their gains in a depreciated dollar, with some loss to both by sacrificing the smooth functioning of the economy. Most gains achieved by individual groups of workers are principally at the expense of other workers, and the profit gains of some industries may be obtained largely at the expense of profits in other sectors.

Improvements in the distribution of economic rewards and in equality of opportunity often occur in periods of high demand and relatively full employment. It is during such periods that persons with educational, racial, locational, age, or physical disadvantages find the greatest opportunities to move into the mainstream of economic life, and secure their greatest relative gains. But these gains come from full employment, not from the excessive wage and price increases that may accompany it. Our objective is to achieve the gains while avoiding costly inflation.

Inflation and the Balance of Payments

As Chapter 5 makes clear, rising prices also have important international implications which—particularly at the present time—can be even more serious. If our prices rise faster than those of our major competitors, American goods suffer in world markets. An increase in the U.S. surplus of exports over imports is needed to strengthen our balance of payments and to permit the eventual relaxation of the restrictions now necessary to maintain our payments position.

A healthy trade surplus also has a direct and individual meaning for the pocketbooks of the vast numbers of American workers, businessmen, and farmers who are engaged in industries exposed to export or import competition. If costs and prices in these industries are not kept in check, markets may shrink and profits along with markets. Restriction of imports to compensate for this deterioration would be no answer, since it would lead to retaliatory curbs on our exports, and thus to reduced markets and job opportunities in our export industries.

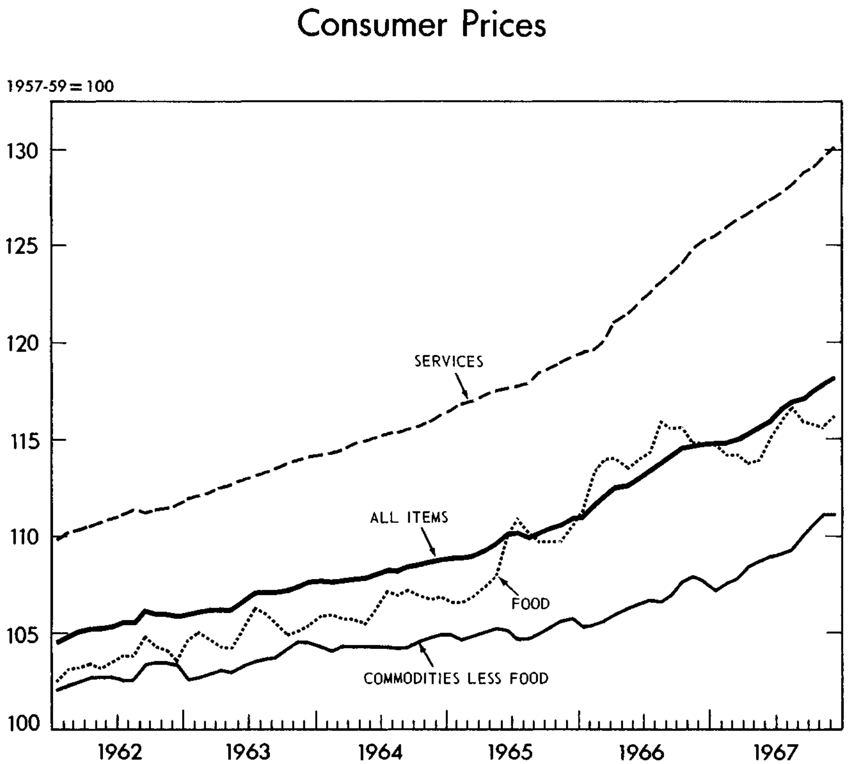
Slowing the Trend of Rising Prices

The social and economic costs of rising prices point to the pressing need to reestablish and to maintain reasonable stability of the U.S. price level. It is clear, however, that the current inflationary trend cannot be stopped abruptly. Yet it is equally clear that the trend must be slowed down. Once a deceleration is achieved, it can become self-reinforcing. As wage increases slow down, unit labor costs and prices will move up less rapidly. The successive upward adjustments of wages to prices and of prices to wages can progressively shrink. If price increases slow down in 1968 and reasonable stability is in the process of being restored, the health and strength of the U.S. economy will not be seriously impaired by the fact that prices are still rising. But a new acceleration of price increases could have serious consequences, both domestic and international.

THE RECENT RECORD

The upward movement of prices moderated somewhat during the first half of 1967, largely reflecting declines in farm prices and the sluggishness of industrial demand. But the pace stepped up again in the second half. Developments during 1967, and the prospects and problems for the years immediately ahead, can best be understood in the perspective of the entire period of economic expansion (Charts 8 and 9).

Chart 8



SOURCE: DEPARTMENT OF LABOR.

PRICE CHANGES SINCE 1961

For the purpose of such an assessment, the period since 1961 can be divided into four fairly distinct segments: relative stability—1961 through mid-1965; acceleration—mid-1965 through September 1966; easing pressures—September 1966 through mid-1967; and renewed rapid advance—since June 1967 (Table 12).

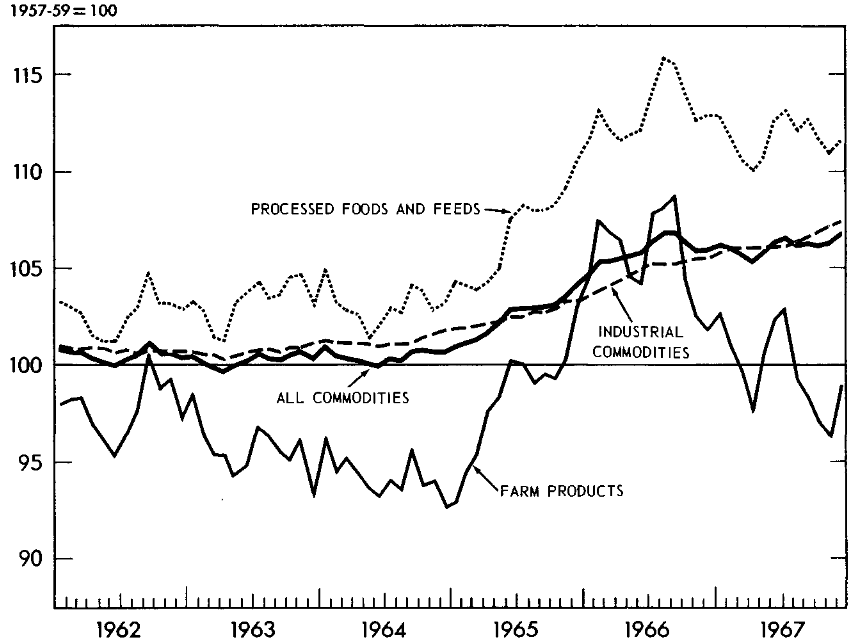
1961 Through Mid-1965

A remarkable degree of price stability characterized the early years of the 1960's. Economic activity rose along a balanced and fairly steady path. Because the margin of underutilized resources had been very large in 1961 and because it was absorbed gradually, significant economic gains did not upset the stability of prices. Some moderate pressures began to emerge in 1965; many firms were approaching their preferred operating rates, as expansion of plant and equipment lagged somewhat behind the growth of output, and profits rose sharply.

The first significant departure from price stability occurred among farm products. Throughout this period, farm prices had been falling slowly. Early

Chart 9

Wholesale Prices



SOURCE: DEPARTMENT OF LABOR.

in 1965 they suddenly reversed direction, reflecting reduced domestic supplies and heavy export demand. Price increases for food at both wholesale and retail followed promptly.

Mid-1965 Through September 1966

Around mid-1965, the growth of demand for industrial products suddenly accelerated as the direct and indirect consequences of the enlarged commitment of U.S. forces in Vietnam. Manufacturing output and employment spurted sharply in the last quarter of 1965 and the first quarter of 1966, and continued to rise steadily through most of 1966.

Prices of consumer services began to accelerate, as service firms found it more difficult to obtain workers. With rising food and service prices and stronger demands for labor, upward pressures on wages intensified in both the organized and unorganized sectors. In the industrial area, the impact of demand on prices was strongest in the defense-related and capital goods sectors, where shortages of both capacity and skilled manpower were most pronounced. But prices also advanced in many other areas.

The upward pressures on prices and wages in this period reflected both the speed of the advance and the high level of resource utilization which the economy achieved. These pressures tripped off a price-wage spiral. Rising living costs and tight labor markets combined to enlarge wage increases, and the resulting bulge in unit labor costs and the stronger product

TABLE 12.—*Major price trends during selected periods since December 1960*

Price group	Percentage change per year			
	December 1960 to June 1965	June 1965 to September 1966	September 1966 to June 1967	June 1967 to December 1967
Wholesale prices:				
All commodities	0.5	3.1	−0.6	0.9
Farm products and processed foods and feeds	1.1	6.1	−4.9	−3.8
Industrials	.3	2.1	1.0	2.7
Consumer prices:				
All items	1.3	2.9	2.2	3.8
Commodities	1.0	2.3	1.2	3.5
Food	1.5	4.0	−.6	1.9
Commodities less food	.7	1.4	2.4	4.1
Services	2.0	4.0	4.2	4.3
GNP deflator [1]	1.4	2.6	2.6	4.0

[1] Based on seasonally adjusted data for quarter containing month indicated.

Sources: Department of Commerce and Department of Labor.

markets generated higher prices. Rising prices in turn served as the basis for further wage advances, and further wage advances as the basis for price increases.

September 1966 Through Mid-1967

Largely as a consequence of restrictive monetary and fiscal policies and a concurrent rise in the personal saving rate, the growth of final demand slowed in late 1966. A period of inventory adjustment and sluggish over-all growth followed in the first half of 1967. The slowdown, combined with larger supplies, caused prices to fall sharply for most farm products and some other commodities traded in organized markets. To a degree, these declines were reflected in lower prices for foods and other commodities directly processed or fabricated from the less costly raw materials. Price increases also slowed in most—but not all—other areas.

The rise in prices that did occur in that sluggish period was essentially a reflection of rising costs rather than of excessive demand. However, these cost increases originated in the strong demand conditions of 1965 and 1966. Thus, the price-wage spiral continued to turn, although the initial motive force had subsided.

Second Half of 1967

As demand advanced with renewed strength in the second half of 1967, the rate of price increase again stepped up. Demand was not yet pressing on productive capacity—over-all or in most major sectors. The period of slow expansion had created enough slack so that production could respond to increasing demand without significant strain on productive resources. But costs had continued to rise throughout the period of sluggishness. The full adjustment of prices to these rising costs had been suppressed or delayed in the first half year. Later in the year, stronger markets and expectations of renewed expansion led businessmen to raise prices to reflect the earlier cost increases, thus turning the wage-price spiral another notch.

Because the basic inflationary force in 1967 was rising costs, the pattern of price and wage changes was rather different from that of 1966, when excessive demands were the chief inflationary force.

DEVELOPMENTS IN 1967

The rate of increase of prices in 1967 was much the same as in 1966. To be sure the annual average of wholesale prices barely rose from 1966 to 1967 in contrast with a 3.3 percent increase from 1965 to 1966. However, the increase in consumer prices slowed only from 2.9 percent in 1966 to 2.8 percent in 1967. The GNP deflator—which covers all output—rose 3.0 percent in 1967 as against 2.7 percent in 1966.

All three price indexes showed a modest deceleration when price changes are measured during the year (December to December) rather than by annual averages. For example, *during* 1967, consumer prices increased 3.1 percent compared with 3.3 percent *during* 1966. And the GNP deflator registered a 3.1 percent advance during 1967, slightly less than the 3.2 percent rise during 1966.

Increases in wages and hourly labor compensation continued at high levels in 1967. Meanwhile, productivity gains lagged, and unit labor costs rose considerably.

The discussion which follows summarizes the wage and price record of 1967.

LABOR SUPPLY AND DEMAND

Labor markets were generally not as tight in 1967 as they had been in 1966, despite the fact that the over-all unemployment rate was the same in both years. This conclusion is supported by various measures of labor market tightness, such as hours of work, new hire and layoff rates, help-wanted advertising, unfilled job openings, and insured unemployment.

Employment showed little change in the first half of the year but surged ahead in the second half. Most measures of labor market conditions reflected the changing pace of employment. For example, the number of unfilled nonfarm job openings placed by employers with the U.S. Employment Service declined 23 percent from September 1966 to July 1967, then moved irregularly upward. Throughout, unfilled openings remained above 1965. Average hours per week in manufacturing, the help-wanted index compiled by the National Industrial Conference Board, insured unemployment, and new hire and layoff rates weakened from the fall of 1966 to mid-1967, then strengthened during the remainder of the year. All these measures indicated that labor market conditions eased in 1967; all except the workweek indicated that labor markets were tighter than in any year between the end of the Korean war and 1966.

The unemployment rate, however, did not rise in 1967 though it fluctuated from month to month. Changes in employment were offset to a remarkable degree by parallel changes in the labor force. The participation of women in the labor force varied considerably. When job openings waned in the first half of the year, growth of the adult female labor force stopped; when employment opportunities brightened in the second half of the year, the participation of women rose strongly, accounting for 1.1 million of the unusually large 1.5 million increase (seasonally adjusted) in the total labor force.

The rise in demand for labor and in employment during 1967 was unevenly spread among occupations and sectors, reflecting the pattern of economic activity. Manufacturing employment, after rising by about 6 percent between 1965 and 1966, declined by nearly 2 percent in the first half of the year, and at the end of 1967 was still 0.3 percent below a year earlier. There was also a small reduction in mining employment. But in the service sectors, employment rose slightly more between 1966 and 1967 than between 1965 and 1966. Employment in the professional, technical, and salaried managerial categories continued to increase rapidly.

On the whole, the balance between the composition of labor demand and of labor supply improved in 1967. In particular, the metalworking skills which had been in such short supply in 1966 were no longer so scarce. This mainly reflected the easing of demand pressures on the industries which are the largest employers of men with these skills. Total employment actually declined in 1967 in the machinery and equipment industries.

In part, the easing of shortages also reflected the fact that the structure of the labor force had another year—and the assistance of greatly expanded private and public training programs—to adjust to the job requirements of a high-employment economy.

The number of long-term unemployed declined significantly, indicating that many previously "hard-core" unemployed were moving into the mainstream of employment.

Moreover, the geographical balance of labor supply and demand also improved. For example, the number of "major" labor market areas classified as having "persistent" unemployment fell from 9 in December 1966, to 6 in December 1967. The number of "small" labor market areas with persistent unemployment fell from 60 to 57 and the number of "very small" labor market areas from 399 to 366 over the same period.

But while specific shortages were reduced and the over-all balance in the labor market was improved, labor markets remained tighter than they had been for many years prior to the surge of demand in late 1965 and 1966. Even in manufacturing, where employment was not growing, labor turnover remained relatively high. And the continuing rapid growth of demand in the professional, technical, and managerial occupations produced severe competition for workers with these abilities and skills.

Wages

The faster rise in wages that had begun in 1966 continued throughout 1967. Though marked shortages were not widespread, employers continued to compete to attract or retain experienced, well-qualified workers. Workers in relatively low-wage industries and occupations continued to have opportunities to move to better jobs, and their wages rose particularly rapidly. Unions negotiating in 1967 had the background of two years of rising living costs, low unemployment—especially for adult men—and relatively high profits to support their negotiating positions. Moreover, in 1967, union bargainers had many more large settlements by other unions—and, in some cases, large awards to unorganized workers—to point to in support of their demands. They sought to catch up with—and, if possible, to surpass—the pattern of wage increases established by other unions in earlier settlements. Thus, collective bargaining settlements in 1967 averaged about 5½ percent a year, well in excess of settlements in 1966 and far above those earlier in the 1960's (Table 13).

TABLE 13.—*Wage and benefit changes in collective bargaining situations, 1962–67*

Type of change	Median percentage change negotiated or effective during					
	1962	1963	1964	1965	1966	1967 [1]
Most important collective bargaining situations, annual rate of increase over life of contract: [2]						
Wage and benefit changes negotiated during specified year: [3]						
Equal timing [4]			3.5	3.3	4.1	5.2
Actual timing [5]					4.5	5.6
Wage changes negotiated during specified year: [6]						
Equal timing		2.5	3.0	3.3	3.9	5.1
All important collective bargaining situations: [7]						
First-year wage adjustments negotiated during specified year:						
All industries	2.9	3.0	3.2	3.8	4.8	5.7
Manufacturing	2.4	2.5	2.0	4.0	4.2	6.4
Nonmanufacturing	4.0	3.4	3.6	3.7	5.0	5.0
Wage adjustments effective during specified year, regardless of date of negotiations: [8]						
All industries	2.8	2.9	2.7	3.4	3.6	4.4
Manufacturing	2.6	2.7	2.0	3.4	3.3	4.0
Nonmanufacturing	3.5	3.2	3.5	3.4	3.8	4.8

[1] Based on preliminary data available in early January 1968.
[2] Possible increases in wages resulting from cost-of-living escalator adjustments are omitted except for any part of the escalator increase guaranteed in the contract.
[3] The 1964 estimate is based on 20 key contracts which affected 2.25 million workers in 11 major industries. The 1965 estimate covers most settlements affecting 10,000 workers or more in all industries excluding construction, services, finance, and government. The 1966 and 1967 estimates cover all settlements affecting 5,000 workers or more in all industries except government.
[4] Annual rate of increase assuming equal spacing of wage and benefit changes over life of contract.
[5] Annual rate of increase taking account of actual effective dates of wage and benefit changes during contract period.
[6] The estimates for 1963 to 1965 cover most settlements affecting 10,000 workers or more in all industries excluding construction, services, finance, and government. The 1966 and 1967 estimates cover all settlements affecting 5,000 workers or more in all industries except government.
[7] All contracts affecting 1,000 or more workers. From 1962 to 1965, construction, services, finance, and government are excluded. All industries except government are covered in the 1966 and 1967 estimates.
[8] Includes changes in wage rates negotiated during specified year, plus increases decided upon in earlier years, cost-of-living escalator adjustments, and no wage changes.

Source: Department of Labor.

An important influence on both union and nonunion wage increases in 1967 was the 12-percent increase in the Federal minimum wage and the extension of coverage to millions of additional workers.

As a result of all these factors, wage increases in most sectors—unorganized and organized—accelerated between 1966 and 1967. Gross average hourly earnings for nonsupervisory employees in the private nonfarm sector increased 4.7 percent between 1966 and 1967, up from 4.1 percent in 1965–66 (Table 14).

Gross hourly earnings in manufacturing were held down by a decline in overtime hours. Changes in the proportion of workers in high and low wage industries—the interindustry "mix"—within manufacturing also held down the average increase in earnings. Corrected for changes in overtime and for interindustry mix, average straight-time earnings for production workers in manufacturing increased 4.6 percent in 1967, considerably above the 4.0 percent increase in gross average hourly earnings based on actual employment weights, and far in excess of the 3.3 percent corrected increase in 1966. The acceleration in wage rates in 1967, therefore, was even more marked than the table indicates.

As has been the case in each of the last several years, increases in hourly earnings were largest in low-wage industries. Indeed, every sector shown in Table 14 with below average wage *levels* had above average wage *increases* (although the reverse was not uniformly true). Even within manufacturing,

TABLE 14.—*Changes in average gross hourly earnings, by industry, 1960–67*

Industry	Percentage change per year			
	1960 to 1964	1964 to 1965	1965 to 1966	1966 to 1967[1]
Total private nonagricultural employees[2]	3.1	3.8	4.1	4.7
Manufacturing	2.9	3.2	4.2	4.0
Durable goods	2.8	3.0	3.9	3.4
Nondurable goods	2.8	3.1	3.8	4.9
Mining	1.9	3.9	4.8	4.6
Contract construction	3.6	4.2	4.9	5.4
Transportation and public utilities:				
Communication	3.8	3.3	3.2	3.4
Electric, gas, and sanitary services	3.5	4.3	4.1	4.2
Trucking and warehousing	4.2	3.7	3.6	3.8
Local and suburban transportation	2.9	3.6	3.1	4.9
Wholesale trade	3.0	3.6	4.6	5.5
Retail trade[3]	3.6	4.0	4.9	5.2
Finance, insurance, and real estate	3.3	3.9	3.8	5.2
Service and miscellaneous:				
Hotels, tourist courts, and motels	4.3	5.4	5.1	8.4
Laundries and drycleaning plants[4]	3.8	5.6	5.3	8.1
Agriculture	2.5	5.2	8.3	8.7

[1] Preliminary.
[2] Includes industries not shown separately.
[3] Includes eating and drinking places.
[4] Prior to January 1964, data relate to production workers.

Note.—Data are for production workers in manufacturing and mining, for construction workers in contract construction, and for all nonsupervisory employees in other industries (except as noted).

Sources: Department of Agriculture and Department of Labor.

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some of the most notable advances were achieved in such low-wage industries as textiles, apparel, shoes, and furniture.

The faster wage increases for the lowest paid industries reflects the general tendency for differentials to narrow—at least in percentage terms—when labor markets are relatively tight. During such periods, many employees in low-wage industries can find a ready market for their services in higher-paid sectors, forcing employers to raise wages rapidly in order to retain their workers. The narrowing of differentials was further reinforced in 1967 by the increase in the level and coverage of the minimum wage.

However, the tendency for wage differentials to narrow was partially offset in a number of areas by new collective bargaining agreements. There was considerable variation in the size of new contracts in 1967. One-fifth of all workers affected by new major settlements received annual increases in compensation exceeding 6 percent. Particularly large gains were secured by workers in the automotive, rubber, pulp and paper, railroad, farm implement, and construction industries—all high-wage industries.

Average hourly compensation (which includes wages, fringe benefits, and employer contributions for social insurance) for all employees in the total private economy rose 6 percent in 1967 (Table 15). The difference between the over-all increase in hourly compensation and the increase in hourly

TABLE 15.—*Changes in compensation, productivity, unit labor cost, and output price in the private economy since 1947*

Sector and item	Percentage change per year			
	1947 to 1966	1961 to 1965	1965 to 1966	1966 to 1967 [1]
Total private:				
Average hourly compensation [2]	5.2	4.4	6.9	6.0
Output per man-hour	3.4	3.8	3.1	1.4
Unit labor cost	1.7	.5	3.7	4.5
Implicit GNP price deflator	2.0	1.2	2.5	2.7
Private nonfarm:				
Average hourly compensation [2]	4.9	4.0	6.0	5.8
Output per man-hour	2.8	3.5	2.6	.9
Unit labor cost	2.0	.5	3.4	4.8
Implicit GNP price deflator	2.2	1.2	2.2	3.3
Manufacturing:				
Average hourly compensation [2]	5.1	3.6	4.9	6.1
Output per man-hour	3.2	4.6	2.2	.9
Unit labor cost	1.8	−1.0	2.7	5.1
Implicit GNP price deflator	2.0	.3	1.8	(3)

[1] Preliminary.

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

[3] Not available.

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

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

earnings of production workers reflects, in part, a decline in the proportion of man-hours worked by production workers, whose average pay is lower than that of supervisory employees. Fringe benefits grew more rapidly than wages and, in addition, a small increase in 1967 in employer contributions for social insurance accounts for some of the difference.

Real Income Gains

About half of the 6-percent increase in current-dollar compensation per man-hour was eroded by the increase in consumer prices. In real terms, compensation per man-hour rose by 3.2 percent, somewhat less than in 1966, but above the average gain in recent years. Real weekly earnings of production workers—which do not include employer contributions for social insurance and other fringe benefits—increased less than 1 percent, partly as a result of lower weekly hours. This was the smallest rise since the late 1950's (Table B-31).

Productivity, Unit Labor Costs, and Profits

Along with the greater increase in hourly compensation, there was a marked slowdown in the growth of output per man-hour in 1967. In part, this reflected the reduced efficiency that occurs when capacity utilization falls. During the early part of 1967, output per man-hour actually declined, but it more than recovered as expansion resumed. For 1967 as a whole, output per man-hour for the entire private economy increased about 1½ percent. For the private nonfarm sector and in manufacturing, the rise was slightly less than 1 percent.

The large rise in compensation and the small gain in productivity resulted in an unusually sharp increase in unit labor cost, amounting to 4½ percent for the entire private sector and to 5 percent for manufacturing (Table 15). Analysis of earlier periods suggests that short-run fluctuations in the growth of productivity are not as immediately or fully reflected in prices as are changes in compensation. Thus, business, especially in manufacturing, tends to absorb higher cost resulting from temporary reductions in productivity, as well as other cost increases due to reduced capacity utilization. In 1967 this absorption meant a sizable fall in unit profit margins, not fully offset by a rise in volume. Corporate profits (before taxes) fell about 4½ percent in 1967 but remained well above 1965 and earlier years. The drop in profits was largely concentrated in manufacturing.

PRICES OF CONSUMER SERVICES

The importance of service prices is illustrated by the fact that in 1967 they accounted for nearly half the total rise in the consumer price index. Following an increase of 4.9 percent during 1966, prices of consumer services continued to advance in 1967, though somewhat less rapidly. The 3.9 percent increase in the cost of consumer services during 1967 remained far in excess

TABLE 16.—*Changes in consumer prices for services, 1965–67*

Type of service	Percentage change		Contribution to total change in 1967 (percent)
	December 1965 to December 1966	December 1966 to December 1967	
Consumer prices, all services	4.9	3.9	100
Interest and property insurance, and taxes	7.4	3.2	20
Public transportation and labor-intensive services	6.5	5.8	59
Public transportation	6.4	3.9	4
Medical care services	8.1	7.9	29
Skilled labor services [1]	5.2	4.8	17
Other [2]	5.9	4.6	9
Rent and utilities	1.0	1.3	9
Rent	1.6	2.0	7
Utilities	.1	.5	2
All other services [3]	4.4	5.2	12

[1] Includes repair and maintenance services, barbers, and beauticians.
[2] Includes hotels and motels, domestic services, babysitters, laundries, drycleaning, and shoe repair.
[3] Includes postal charges, recreational services, legal and banking services, etc.

Source: Department of Labor.

of the average annual advance of about 2 percent between 1961 and 1965 (Table 16).

The principal source of the modest slowdown in 1967 was a considerably less rapid increase in the average cost of insurance, finance, and taxes. This, in turn, reflected the fact that interest costs on new mortgages on homes did not repeat in 1967 the very sharp 12.4 percent advance recorded in the previous year, although they were rising again as the year ended. Most other consumer services continued to rise at much the same rate during 1967 as in the previous year.

In many service occupations, increases in productivity are not nearly rapid enough to offset increases in wage rates or professional salaries. The available data on average hourly earnings of service employees in some lower paid industries indicate that they received larger than average wage increases in 1967 (Table 14). Moreover, shortages of skilled personnel in other services—notably medical care—combined with strong demand to produce higher than average increases in earnings. So long as these forces continue to push service industry wages up at a rapid rate, the prices of services will continue to advance substantially.

Medical Services

Over the years, the cost of medical services has been rising more rapidly than that of other consumer services (Table 17). The increase accelerated sharply in 1966 and 1967 when the average price of these services rose at about 8 percent a year.

TABLE 17.—*Changes in medical care components of consumer prices for services, 1950–67*

Item	Percentage change per year			
	1950 to 1960	1960 to 1965	December 1965 to December 1966	December 1966 to December 1967
Consumer prices, all services	3.6	2.0	4.9	3.9
Medical care services[1]	4.3	3.1	8.1	7.9
Hospital daily service charges	6.9	6.3	16.5	15.5
Physicians' fees	3.4	2.8	7.8	6.1

[1] Includes items not shown separately.

Source: Department of Labor.

Hospital daily service charges, which had been rising strongly in the 1950's and the early 1960's, spurted in 1966 and 1967.

Between 1960 and 1965, the large annual increase in nonpayroll expense per patient-day (7.0 percent) and the actual decline of 1.7 percent a year in the number of patients per hospital employee reflected in part more elaborate and expensive hospital equipment and the increased variety and intensity of care. While measured labor productivity declined, hospital wages kept pace with other service industry wages, and consequently payroll costs per patient-day increased rapidly. The result of all these cost pressures was that hospital daily service charges increased 6.3 percent annually from 1960 to 1965, while all consumer prices were rising at a 1.3 percent rate.

Physicians' fees rose 2.8 percent annually between 1960 and 1965. Combined with a small increase in productivity, this enabled physicians' earnings to rise about 4.6 percent a year. The demand for physicians' services increases steadily, the most important reason being simply the rising incomes of their patients. There is a definite tendency for higher-income families to purchase more physician visits than lower-income families. Another factor has been the growth of insurance coverage. Even before the introduction of Medicare, the portion of consumer expenditures on physicians' services that was covered by insurance more than doubled, from 12 percent in 1950 to 32 percent in 1965.

From December 1965 to December 1966, medical service prices rose 8.1 percent, a sharp increase over the 3.1 percent annual increase from 1960 to 1965. The increase from December 1966 to December 1967 was 7.9 percent. The new elements were the intensification of inflationary pressures in the economy generally, and the entry into force of Medicare and Medicaid. Hospital daily service charges rose 16.5 percent during 1966 and 15.5 percent during 1967. These price increases must have considerably exceeded the rise in hospital costs. The concurrent enlargement of the insured hospital clientele—who are less immediately sensitive to price increases because much of their costs are prepaid—made it easier for hospitals to raise their charges.

Prices for physicians' services moved sharply upward beginning in the first quarter of 1966, and then tapered off toward the end of 1967. The increase early in 1966 may have reflected a revision of fee schedules in anticipation of the introduction of Medicare and Medicaid.

Public Utilities

Prices of utility services have risen much less than those of other major services (Table 16). Table 18, discussed more fully below, shows that communication and electric, gas, and sanitary services are also the sectors where output per man-hour has grown most rapidly, and unit labor cost has fallen rather consistently.

The comparison between price changes and unit labor costs suggests, however, that public utilities have not passed the full benefit of improved productivity on to their customers. Although their capital costs per unit of output have undoubtedly risen, their profits have increased at an exceptional rate. In fact, the two utilities sectors are the only ones in Table 18 for which profits as a share of corporate output increased from 1947 to 1966. These are, of course, regulated industries, substantially protected from competition.

PRICES OF INDUSTRIAL PRODUCTS

Prices in the industrial sectors of the economy reflected with reasonable fidelity the interplay of the market forces which prevailed during 1967. During the first half of the year, the influence of rising production costs was largely masked by the easing of demand pressures, and prices showed relatively little change; in the second half, with gradually rising demand, cost pressures were more readily translated into substantial advances in prices. This pattern is observed in a wide range of manufacturing industries and in construction.

Industrial Materials

Among the industrial sectors, cost factors were least immediately significant in the case of industrial raw materials. There, the trend of demand in relation to supply was most dominant. In general, demand pressures eased, supplies were adequate, and prices moved lower for such materials as hides and skins, natural rubber, hardwood lumber, and zinc. There were, however, important exceptions for which supplies were not adequate; some prices, such as those of sulfur, copper, and nickel, rose sharply.

Nonfood Manufactures

The imbalance between supply and demand which had characterized major sectors of the economy between mid-1965 and late 1966 had been especially marked and widespread in manufacturing industries. By the same token, these industries were most affected by the easing of demand pressures in late 1966 and the first half of 1967.

Over-all demand for manufactured products grew more slowly in 1967 than in 1966, yet plant capacity grew about as rapidly. Moreover, the composition of demand was better balanced with productive capabilities. The easing of demand pressures, coupled with the completion of new facilities, showed up in a notably lower rate of capacity utilization (Table B–38). In the fourth quarter of 1967, manufacturing output averaged 84 percent of capacity as compared with 90 percent in the last quarter of 1966. The strain on available facilities was reduced in almost all industries. By the end of 1967, capacity utilization was again rising, but remained generally well below the rates of 1966.

While demand pressures in 1967 were weaker than in 1966, costs in manufacturing were rising rapidly. In addition to the pervasive rise in unit labor costs there were also increases in other elements of production cost including construction and equipment prices, interest costs, and freight rates for rail, highway, and inland waterway transportation.

During the first half of the year the average price of nonfood manufactures showed little change, rising about 0.5 percent between December 1966 and June 1967. With increasing demand in the second half, manufacturers in virtually all industries sought to raise prices to compensate for higher costs and to restore profit margins.

For nonfood manufactures as a whole, prices rose 1.3 percent in the second half of 1967—more than twice as fast as in the preceding six months.

Differences in the size of price increases among industries reflected the differing strength of demand, the incidence of increased costs, the extent of intra- and inter-industry competition as it affected the degree of discretion available to individual firms, and the degree to which business firms with discretionary pricing power gave weight to the public interest in their pricing decisions.

As may have been expected, the effects of changing demand were most clearly and promptly evident in the less concentrated, highly competitive industries in which individual manufacturers enjoy little discretion in their pricing decisions.

In the textile industry, for example, the decline in demand during the first half was quite severe, partly as a result of heavy overbuying during 1966. Inventories rose sharply, despite a substantial drop in the operating rate. As a result, manufacturers had to cut prices in the face of rising labor costs. The average price of cotton products fell 3 percent between December and June; synthetics also declined. In the second half, as demand increased and inventories were gradually worked off, prices rebounded, and prices of cotton products registered a net advance of 1.5 percent during the year.

In other highly competitive industries, the decline in demand and output during the first half of the year was not generally reflected in price reductions, but rather in some deferment or moderation of price increases to cover rising costs. For example, prices were not cut, but indeed raised, for household furniture, apparel, and shoes. In each case, the advance accelerated in the second half of the year, and, for 1967 as a whole, the rise in prices exceeded that for all nonfood manufactures. These are all labor-intensive industries and hence strongly affected by rising wages. They are also low-wage industries which experienced above-average increases in compensation.

In more concentrated industries, in which sellers enjoyed a greater degree of discretion in their pricing policies, the record varied, in part reflecting the use made of that discretion.

In the tobacco industry, for example, prices were raised 5.0 percent in 1967, on top of a 4.1 percent boost in 1966. Labor costs are relatively minor in this industry, and return on equity is among the highest for any industry group.

An even larger increase was recorded in the rubber industry. In December, wholesale prices of tires and tubes were 5.1 percent above a year earlier; those of miscellaneous rubber products were 6.6 percent higher. One element in the price increase was higher labor costs—the result of a very large settlement granted after a prolonged strike. But price increases appear to have far exceeded the rise in unit labor costs. Moreover, a sharp decline in the cost of natural rubber and a small decrease for some types of synthetics offset some of the higher costs for other materials, labor, and transportation.

In a number of other highly concentrated industries, in which manufacturers ordinarily enjoy significant discretion in their pricing policies, price increases in 1967 were somewhat smaller, although above the average for nonfood manufactures. Manufacturers' prices of automobiles were raised about 2¾ percent late in the year. Prices of electrical machinery rose 2½ percent during 1967. Average prices of steel mill products also rose nearly 2 percent. Steel is less profitable and has slower productivity growth than the other industries mentioned, but, unlike the others, had the advantage of still operating under a moderate labor settlement negotiated in 1965.

FARM AND FOOD PRICES

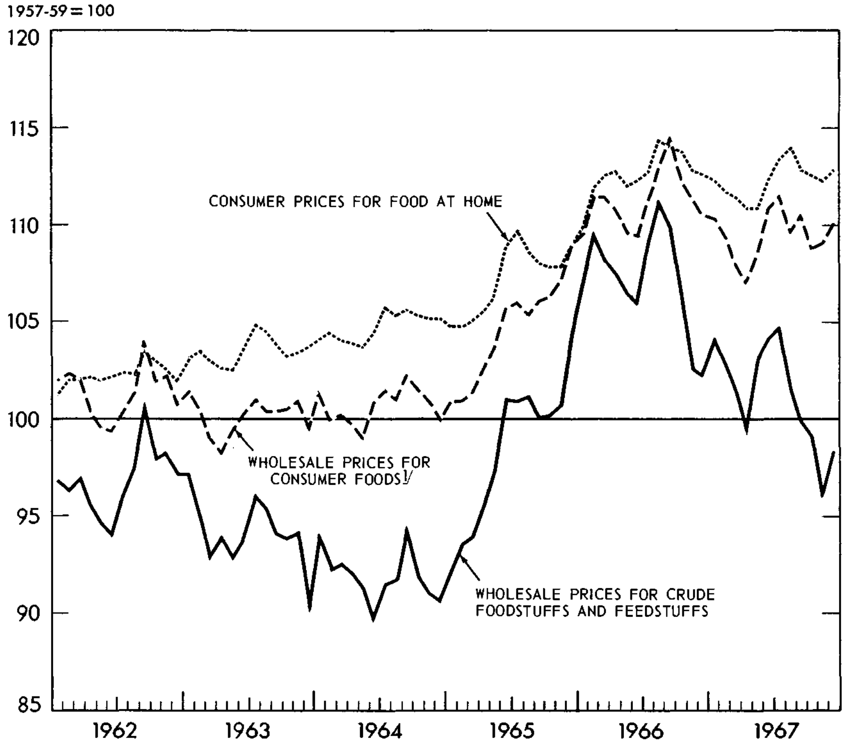
To a far greater extent than for industrial commodities and services, prices of farm products are very highly responsive to relatively small changes in the supplies available for domestic consumption. And these supplies are greatly influenced by weather conditions, Federal farm programs, and developments abroad that affect the level of U.S. exports.

During 1965 and much of 1966, domestic supplies of several major commodities were curtailed, primarily because of poor weather. In the important case of hogs, the drop in supply was a consequence of large marketings and low prices in 1963 and 1964. In the last months of 1966 and all of 1967, supplies of most farm commodities were relatively abundant—the combined result of changes in Federal farm programs, of generally excellent growing conditions, and of the response by farmers to the higher prices obtained in 1966. (One major exception was cotton, which had the smallest crop since 1895.)

Civilian consumption of food in the United States increased in 1966 and 1967 as both population and incomes grew, while military food purchases increased from the late summer of 1965 to the end of 1966 and remained

Chart 10

Food Prices



1/ INCLUDES CONSUMER CRUDE FOODS AND CONSUMER PROCESSED FOODS.
SOURCE: DEPARTMENT OF LABOR.

high throughout 1967. Foreign demand was strong during 1965 and 1966 but weakened in 1967 when larger crops abroad reduced the demand for U.S. farm products.

As a result of these supply and demand conditions, prices received by farmers advanced sharply between early 1965 and August 1966, reaching their highest level since the Korean conflict. They then fell rapidly, and remained below year earlier levels throughout 1967.

RETAIL PRICES

The impact of price increases for nonfood commodities at the manufacturing level on the consumer was aggravated by an appreciable widening of distributive margins, reflecting rising costs of wholesale and retail distribution. As indicated in Table 14, average hourly earnings of wholesale and retail employees rose more than those of manufacturing workers. Higher commercial rents, rising freight rates, and interest charges imposed a further burden. As a result of these factors, prices at retail generally rose somewhat faster than those at wholesale for comparable goods. In fact, during the second half of 1967, retail prices of nonfood commodities were rising at the rate of 4 percent per year.

In the face of the decline in farm prices in 1967, retail food prices for use at home rose slightly, and restaurant prices increased sharply. As seen in Chart 10, the spread between farm and retail food prices widened in 1967. Unit labor costs rose for food processing and marketing firms as they experienced above-average wage increases. Prices of intermediate goods and services purchased by these firms were also higher. The wider margins also reflect the long-term trend of improved quality and increased refinements in processing, preparation, packaging, and distribution of foods available to consumers.

CONSTRUCTION

The measurement of construction costs presents difficult problems, but the statistics record an average annual advance of 3.2 percent since 1961. The rate of increase fluctuated somewhat during the last two years, with a slowdown in late 1966 and early 1967 when demand eased. As housing starts recovered, construction costs also resumed their usual trend.

The rise in construction prices thus has generally exceeded the advance in most other industrial sectors by a substantial margin. This is due principally to the fact that wages of construction workers have been rising more rapidly than those of other industrial workers while improvement in construction practices and techniques has lagged seriously.

While construction activity has been expanding steadily with the exception of the downturn during late 1966 and early 1967, the supply of skilled workers has not kept pace. Entrance requirements and apprenticeship rules in some construction unions have not been adequately adjusted to the requirements of a rapidly growing economy. For this and other reasons, the bargaining strength of unions in the construction industry is generally strong. At the same time, the resistance of contractors to high wage demands is reduced by the fact that construction contracts are generally let by bid, with all contractors in a given area operating under the same wage scales. During 1967, this bargaining strength was reflected in the annual wage increases of 8 percent or more provided in a number of important construction settlements.

At the same time, changes in construction techniques which would improve productivity and afford at least a partial offset to rapidly rising wages have been slow in coming. This has been especially true in many urban areas, where standards are rigidly controlled under local building codes. These codes, originally intended to protect the public against inferior design, materials, and workmanship, have been slow to adjust to the opportunities afforded by new materials and methods. They have thus retarded the advances made possible by developing technology and have preserved high-cost techniques. Both the smaller specialized contractors and the construction trade unions have resisted changes in these codes. The latter have been especially opposed to changes in the allocation of work among different categories of craftsmen and to the use of prefabricated parts.

PRICE AND WAGE POLICY

The magnitude of the stakes involved in moving promptly toward restoration of reasonable price stability is abundantly clear. It is equally evident that the steps taken to achieve this objective must not impair our other essential goals: maintaining high employment; preserving the effectiveness of free markets in allocating productive resources; and encouraging efficiency and minimizing waste.

The various policies available to improve price stability must be evaluated in the light of all these goals.

DIRECT CONTROLS

The most obvious—and least desirable—way of attempting to stabilize prices is to impose mandatory controls on prices and wages. While such controls may be necessary under conditions of an all-out war, it would be folly to consider them as a solution to the inflationary pressures that accompany high employment under any other circumstance. They distort resource allocation; they require reliance either on necessarily clumsy and arbitrary rules or the inevitably imperfect decisions of Government officials; they offer countless temptations to evasion or violation; they require a vast administrative apparatus. All these reasons make them repugnant. Although such controls may be unfortunately popular when they are not in effect, the appeal quickly disappears once people live under them.

FISCAL AND MONETARY MEASURES

Fiscal and monetary policy always plays a central role in price stabilization efforts. When over-all demand threatens to outrun supply, restrictive fiscal and monetary measures can reduce the growth of demand to keep it in line with the growth of productive capacity.

Once a wage-price spiral has developed—from whatever source—a sufficiently restrictive fiscal and monetary policy can stop it, but only at the cost of creating a rather wide margin of underutilization of resources. It is possible for a spiral to slow down gradually without a retreat from high employment. But the existence of the spiral makes it particularly important to use fiscal and monetary restraints to minimize the risk of upsurges in demand which would give the spiral new momentum.

Most economists believe that the rate of price increase would be significantly lower than it now is if we had attained the present level of unemployment more gradually. Nevertheless, few would disagree that, at the present level of resource utilization, prices would in any event rise somewhat faster than in the early 1960's. Clearly, we cannot afford to attempt to achieve price stability by returning to the unemployment conditions of those years.

Equally clearly, we need to find other policies which will serve to reduce the rate of price increase that occurs at high levels of employment.

IMPROVING MARKET EFFICIENCY

In its 1967 Report, the Council discussed at some length the possible contributions to price stability of programs to upgrade labor skills—especially of the disadvantaged groups—and to bring about a closer match between the capacities of the labor force and the needs of a changing economy. It also discussed efforts to strengthen competition, break bottlenecks, and raise the rate of productivity gains—especially in sectors where the productivity trend is now low.

Over time, these and similar measures should gradually reduce inflationary bias and thus permit the economy to achieve higher levels of utilization and lower rates of unemployment without increasing pressures on the price level. Such programs are highly important for many reasons. They offer substantial benefits over the long run and are an essential part of our efforts to combine price stability with full employment.

INCOMES POLICIES

In seeking still further ways to reconcile high employment with reasonable price stability, the governments of most industrial countries have concluded that it is necessary to develop specific policies aimed at the tendency, under conditions of high employment, for money incomes to rise faster than production—so-called "incomes policies."

These policies seek to induce industry, labor, and possibly other groups, to avoid the irresponsible and self-defeating use of market power when the demand for their products or services increases temporarily. It is recognized that shifts in relative prices or wages should occur to bring about a needed reallocation of resources. But incomes policies encourage business and labor not to take full advantage of every opportunity to charge what the traffic will bear—in their own longer run interest and in the general interest of the economy.

The Council's Guideposts

The Council's well-known "guideposts," first presented in January 1962, represent a form of incomes policy for the United States. The guideposts do not merely appeal for general restraint, but in addition try to provide guidance to individual unions and firms as to the specific behavior of wages and prices which would be consistent with general price stability as well as with efficient allocation of resources.

The genesis, objectives, and principles of the guideposts were reviewed in detail in the Council's 1967 Report, and need not here be elaborated. In general, the wage guidepost calls for increases in hourly compensation to be limited to the trend rate of productivity growth for the economy as a whole. The price guidepost calls for prices to remain stable in industries in which the trend gain in productivity approximates the average rate for the economy; it points to price declines where productivity gains exceed this average; and it recognizes the need for prices to be increased as required where the improvement is lower than average.

The Council recognizes that many sellers of commodities and services have little or no discretion over the prices they can charge. In these cases, however, the workings of competitive markets may be expected to yield results similar to those prescribed by the guideposts, so long as the general movement of wages and prices is consistent with the guideposts. It is also recognized that many wages are not set by collective bargaining. But, in an environment of general price stability, these wages may be expected to move in line with the productivity guidepost, especially since many nonunion wages are tied more or less automatically to union wages.

There are, of course, many commodities whose price movements are not directly determined by the domestic wage level or by discretionary decisions of firms with market power. Imports and farm products are the most important examples. But imports, though significant in some industries, do not have a major direct impact on the general trend of costs and prices. And farm prices show no marked long-term trend, although they display wide short-term fluctuations. To be sure, such fluctuations can cause a temporary bulge in the average level of consumer prices. But that bulge would not necessarily become permanent if labor unions recognized the nature of the situation and avoided seeking immediate long-term compensatory increases.

Thus, if the guideposts were essentially observed by those firms and unions that possess discretion with respect to prices and wages, the inflationary bias inherent in a high-employment economy should be largely overcome.

Economic Validity of the Guidepost Logic

In their simplest form, the guideposts rest on three basic propositions:

1. While changes in wage rates in any particular year reflect special conditions in specific segments of the labor market, they tend to be broadly similar throughout the economy. Existing wage differentials largely reflect a whole set of institutional factors and basic differences in skill requirements or other attributes of the job, and it is reasonable that they should change rather slowly.

2. Price changes in any industry or sector are strongly influenced by unit labor costs and also reflect the influence of the value of capital used per unit of output and the prices of materials and services purchased from other industries. For the economy as a whole, the influence of purchased materials and services essentially cancels out, so that prices depend largely on wages and returns to capital—profits, interest, and depreciation. If prices move in

proportion to unit labor costs, the relative shares of wages and returns to capital will remain constant. Moreover, since the capital employed per unit of output shows little trend in most sectors, the rate of return on capital will remain stable.

3. Simple arithmetic requires that, for the average of unit labor costs in the entire economy to be stable, it is necessary that the average change in hourly compensation match, as a percentage, the average change in output per man-hour in the entire economy; and, for the average of prices to be stable, the movements of prices should conform to the movements of unit labor costs.

In defending the first two of these propositions, the Council has frequently asserted not only that they reflect the ways in which wages and prices "ought" to behave, but that they basically reflect the way in which wages and prices tend, in the long run, to behave under free-market conditions. Data have recently become available which provide additional evidence that, in fact, they do behave in such a manner.

The data in Table 18 show average annual rates of change in output, compensation, productivity, unit labor costs, and prices for major sectors of the nonfarm economy during the postwar period, 1947–66, and for each of three subperiods: 1947–53, 1953–59, and 1959–66. The beginning and ending years of each of these subperiods were years of relatively high employment, chosen so as to mimimize the influence of cyclical fluctuations. The prices used are "value-added" prices—that is selling prices adjusted for changes in the prices of goods and services purchased from other sectors.

These data are subject to qualifications, largely because of difficulties in the measurement of the real output originating in a sector. Thus in finance, insurance, and real estate, much of the output is imputed rather than actually sold. In the construction sector, the nature of the available price data may lead to an understatement of the growth in real output and hence of output per man-hour. For similar reasons, there may be some understatement of real output in the service sector. However, any error in the price deflator would also affect unit labor cost and need not distort the measured difference between the rates of change in price and in unit labor cost.

The three subperiods covered in the table vary markedly in their economic characteristics. Both the first and the last periods show considerably stronger growth both in output and in productivity than the middle period. Moreover, with relatively few exceptions, the rate of increase of compensation declined from the first to the third period, as did the rate of increase in prices. Yet in each subperiod, and for the postwar period as a whole, the following facts stand out:

1. Changes in hourly compensation were markedly similar in all sectors.

2. Productivity changes, on the other hand, varied widely among the sectors. In some sectors, they also varied somewhat among the three time periods, reflecting longer-term trends or structural changes.

3. For the economy as a whole, the data indicate that, when wages rise

TABLE 18.—*Changes in selected economic indicators by industry division, 1947–66*

Industry and period	Percentage change per year				
	Output [1]	Output per man-hour	Compensation per man-hour [2]	Unit labor cost	Implicit gross product deflator
Private domestic nonfarm economy: [3]					
1947 to 1966	4.2	2.8	4.9	2.0	2.2
1947 to 1953	4.8	3.2	6.2	3.0	3.2
1953 to 1959	2.7	2.3	4.4	2.1	2.3
1959 to 1966	4.8	2.9	4.1	1.1	1.3
Mining:					
1947 to 1966	2.2	4.2	4.6	.4	1.7
1947 to 1953	2.8	5.2	7.6	2.3	4.7
1953 to 1959	1.1	3.2	3.0	-.2	1.4
1959 to 1966	2.8	4.2	3.5	-.7	-.6
Contract construction:					
1947 to 1966	3.4	1.9	5.1	3.1	3.9
1947 to 1953	6.6	3.8	6.7	2.8	4.2
1953 to 1959	2.6	2.5	3.8	1.3	2.4
1959 to 1966	1.3	-.3	4.8	5.0	4.9
Manufacturing:					
1947 to 1966	4.4	3.2	5.1	1.8	2.0
1947 to 1953	5.8	3.7	6.8	3.0	3.0
1953 to 1959	1.3	2.3	4.9	2.5	2.6
1959 to 1966	5.8	3.6	3.8	.3	.6
Transportation:					
1947 to 1966	2.1	3.1	5.2	2.0	2.3
1947 to 1953	.1	1.8	7.2	5.4	6.0
1953 to 1959	.8	2.8	4.9	2.0	1.3
1959 to 1966	4.9	4.5	3.7	-.8	.1
Communication:					
1947 to 1966	7.3	5.3	5.0	-.3	1.6
1947 to 1953	8.5	5.2	5.9	.7	3.7
1953 to 1959	6.1	5.5	4.9	-.5	1.3
1959 to 1966	7.4	5.3	4.3	-1.0	.0
Electric, gas, and sanitary services:					
1947 to 1966	7.3	6.0	5.6	-.4	1.0
1947 to 1953	10.2	7.5	7.1	-.4	1.1
1953 to 1959	6.8	6.2	5.7	-.5	1.5
1959 to 1966	5.2	4.6	4.4	-.2	.6
Wholesale and retail trade:					
1947 to 1966	4.0	2.7	4.4	1.7	1.5
1947 to 1953	3.5	1.9	4.7	2.8	1.9
1953 to 1959	3.7	2.7	4.4	1.6	1.6
1959 to 1966	4.6	3.4	4.3	.9	1.1
Finance, insurance, and real estate:					
1947 to 1966	4.8	1.9	4.9	2.9	3.1
1947 to 1953	4.7	1.2	5.6	4.3	5.4
1953 to 1959	4.6	2.1	5.2	3.1	2.8
1959 to 1966	4.9	2.3	4.0	1.6	1.5
Services: [4]					
1947 to 1966	3.5	1.4	5.1	3.6	3.6
1947 to 1953	2.5	1.1	5.3	4.1	4.0
1953 to 1959	4.0	1.8	5.0	3.1	3.4
1959 to 1966	3.9	1.3	5.0	3.7	3.4

[1] Gross product in constant dollars.
[2] Wages, salaries, and supplements.
[3] Includes government enterprises.
[4] Includes private households, agricultural services, forestry, and fisheries.

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

faster than output per man-hour, prices rise correspondingly with little effect on the distribution of income. With certain exceptions—notably mining, the regulated utility industries (as discussed above), and construction—price movements in the various sectors, and in the several subperiods for a given sector, conformed closely to the movements of unit labor costs. Moreover, as Chart 11 illustrates, the agreement between changes in unit labor cost and changes in prices is particularly close for the 1959–66 subperiod.

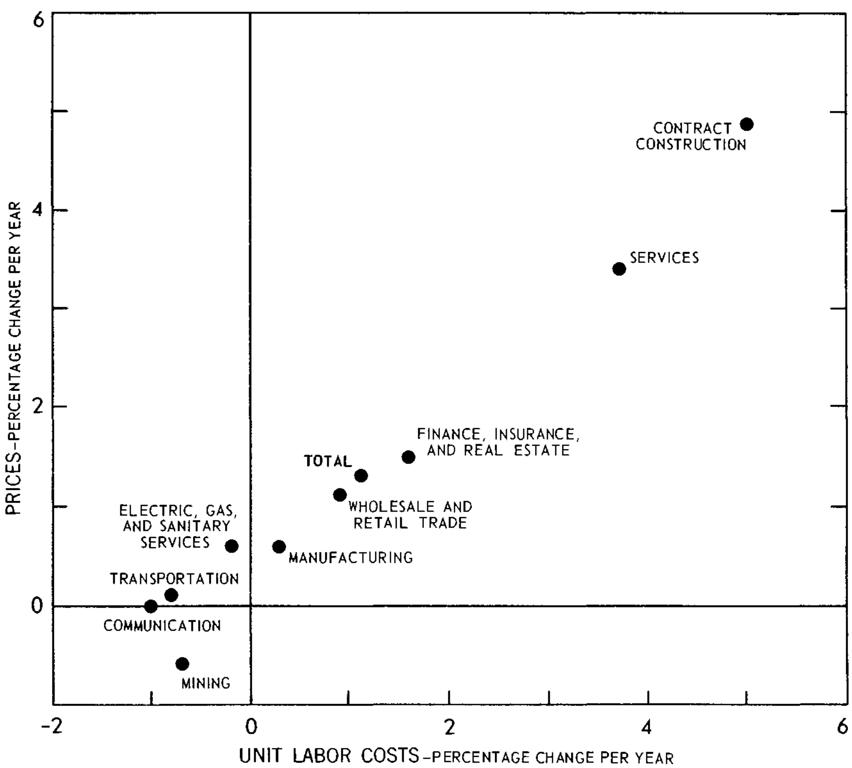
This analysis thus supports the guidepost conclusions that price stability can be achieved and maintained only to the extent: (1) that increases in hourly compensation generally conform to the average economy-wide improvement of output per man-hour; and (2) that changes in prices in individual sectors generally conform to changes in unit labor costs in those sectors.

The former requirement was clearly violated beginning in 1965, and there have been notable exceptions to the second requirement in a few major industries throughout the 1960's. The crucial problem for 1968 and the years ahead is to find means to achieve both requirements without sacrificing other essential objectives.

Chart 11

Prices and Unit Labor Costs, 1959-66

Private Domestic Nonfarm Economy



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

Meaningful progress toward the restoration of price stability will not be easy to achieve in 1968. The policy choices must be assessed in the light of current and prospective pressures on prices and wages.

The basic forces working on wages and prices this year will be similar in many ways to those at work in 1967. Unemployment and capacity utilization will show relatively little change.

In the areas not directly affected by the market power of unions and business, the available evidence does not point to a significant net reduction in price pressures. Farm prices are likely to rise a little instead of declining as they did in 1967. Strong demand pressures will continue to pull wages up rapidly in several areas, including engineering, scientific, and technical occupations; State and local governments; and medical and hospital services—though in some markets supplies may begin to catch up with demands, with a consequent reduction in wage pressures. Moreover, the 14-percent increase in the minimum wage in 1968 will have an even greater impact than did the 1967 increases, which mainly restored the minimum wage to a more typical relationship with the average wage level in the economy.

Responsible Private Decisions

Major union settlements in 1967 provided wage and benefit increases averaging about 5½ percent a year over the life of the contracts, while average hourly compensation in the entire private economy increased by 6 percent. (These two figures are not strictly comparable. Average compensation reflects new and continuing contracts in organized sectors as well as all compensation in nonunion areas; it also reflects changes in employers' contributions for social insurance. Moreover, it is influenced by shifts in the composition of the labor force.)

If new collective bargaining settlements reached in 1968 should again average 5½ percent, the rise in average hourly compensation for the economy as a whole would be appreciably larger than in 1967. One reason is that the second- and third-year provisions of contracts negotiated in 1966 and 1967 will provide larger increases, on the average, in 1968, than were inherited in 1967 from similar provisions of earlier contracts.

Despite the favorable prospect that productivity gains in 1968 should exceed those of 1967, the pressure of rising unit labor costs on prices would continue to be strong in 1968, on the assumption of a 5½-percent average for new union settlements. And stronger demand conditions will make it easier for cost increases to be passed on in prices. Thus, there would be no prospect of any slowing down in the rate of increase of consumer prices.

In fact, several prominent settlements last year substantially exceeded 6 percent a year, and some unions have already taken this figure as their target to meet or beat in negotiations during 1968. If new union settlements were to average even higher in 1968 than in 1967, a clear acceleration of price increases would be likely in 1968.

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Such an acceleration in 1968—or even a continuance of the 1967 rate of price increase—would have a major impact on the prospects for prices in 1969 and even 1970. It would push the ultimate restoration of reasonable stability farther into the future. And as the momentum of the spiral became built into attitudes, expectations, and practices of business, labor, and consumers, the restoration of stability would not merely be pushed farther into the future but would become progressively more difficult to achieve.

On the other hand, if the rise of prices slows down in 1968, there is the clear possibility of restoring reasonable price stability in subsequent years. Hence, every effort must be made to slow down the rate of price increase in 1968. This surely can only be achieved if the average of new union settlements is appreciably lower than the 5½-percent average of 1967 and if business firms avoid any widening of their gross margins over direct costs and indeed absorb cost increases to the extent feasible. A decisive slowing down from the recent rate of price advance could then take place in 1968. This would be the first step toward our target of essential stability of prices.

The Government will continue in 1968 to urge both business and labor to exercise the utmost restraint in their decisions. Such restraint will demand some immediate sacrifices. The rewards of such restraint lie in the assurance of continued high employment, a steady rise in real compensation, and healthy expansion of markets, sales, and profits. These gains may be less immediately perceptible than the costs—but no less certain and far greater in the end.

Productivity Principle

In calling for restraint in wage and price decisions, the Council recognizes that, in 1968, as in 1967, it would clearly be inappropriate to set the trend of productivity as a numerical target for wage increases. In the face of the 3-percent increase of consumer prices that occurred during 1967, it would be patently unrealistic to expect labor to accept increases in money wages which would represent essentially no improvement in real hourly income.

Nevertheless, despite the justification for compensation increases in excess of the productivity trend, such increases are inevitably inflationary. As the Council stated in its 1967 Report:

> "The only valid and noninflationary standard for wage advances is the productivity principle. If price stability is eventually to be restored and maintained in a high-employment U.S. economy, wage settlements must once again conform to that standard."

In the discussion above, the Council has outlined the pattern of price and wage decisions required in 1968 to begin progress toward the target of price stability. That target cannot be achieved in 1968. It will be achieved only when wage settlements once more conform to the productivity standard, and only when business engages in responsible price-making, which means that prices in each industry should conform to the trend of unit costs, with no widening of margins.

Government Organization To Promote Price Stability

The discussion of this chapter should make clear that the task of reconciling price stability with high employment will require sustained efforts of public policy on many fronts. The full resources of the Government should be enlisted to deal effectively with structural problems that impede economic efficiency and contribute to inflation.

The machinery of Government policymaking and administration should be adapted to keep the objective of over-all price stability clearly in focus, and to give it a high priority in the formulation and administration of Government programs throughout the entire range of Federal activities.

Consequently, as his Economic Report has indicated, the President has established a Cabinet Committee on Price Stability, consisting of the Secretaries of Treasury, Commerce, and Labor, the Director of the Budget, and the Chairman of the Council of Economic Advisers. The heads of other agencies will participate in the Committee's work as required. This Committee will be coordinated by the Council Chairman and will be served by a small professional staff. It will meet on a regular schedule, and hold special meetings to deal with urgent problems.

Its activities will include the following:

1. The Committee will prepare and publish from time to time studies in depth of economic conditions in those industries which are a persistent source of inflationary pressure, either because of inappropriate exercise of market power by labor or business, or because of inefficient or ineffective institutional arrangements, trade practices, or market institutions.

2. The Committee will study intensively, and make constructive recommendations concerning all aspects of Government policy that affect prices in particular sectors, including, among others, policies related to Federal procurement and construction; manpower and labor market programs; imports and exports; competition and trade practices; research, development, and technological changes; and the supply of natural resources to particular markets. Where appropriate, it will develop and coordinate interagency programs to deal with the structural problems of particular industries which make them a source of inflationary bias.

3. The Committee will work with representatives of business, labor, and the public to enlist cooperation toward responsible wage and price behavior and structural improvements that promote the achievement of over-all price stability. However, it will not become involved in specific current wage and price matters.

4. In line with these objectives, the Committee will shortly begin a series of conferences both with representatives of business, labor, and the public interest at large, and with representatives of particular industries or particular segments of labor

—to attempt to reach some consensus on appropriate general standards to guide private price and wage decisions;

—to identify remediable problems that inhibit price stability in particular areas, and attempt to design cooperative programs for private and governmental action to deal with these problems.

5. The Committee will occasionally recommend to the President and the Congress suitable legislation which would advance the objective of price stability in a free market economy.

Chapter 4

Economic Development and Individual Opportunity

THE unprecedented prosperity of the past seven years has brought great economic progress to most Americans. Poverty has been significantly reduced; educational attainment is rising; the quality of public services has improved; and far more jobs are available to the previously disadvantaged.

But not all Americans have shared in the Nation's prosperity. About one-seventh of the population remains in poverty. And the plight of the poor is ever more sharply contrasted with the comfortable standards of living most Americans enjoy in an era of growing and widening abundance. This contrast has awakened the social conscience of the Nation; at the same time, the Nation's ability to assist the disadvantaged minority has reached new heights. The majority of our people have now achieved incomes which make the elimination of poverty a concrete, realistic, and attainable goal in our generation. For the first time in any society, the United States can afford to eliminate poverty; indeed, it cannot afford to do otherwise.

The reduction of poverty has been a continuing process in our society, fundamentally reflecting the long-term growth of output per worker—which in turn has derived from progress in technology and management, from a labor force ever better educated and more adaptable, and from the provision of more and better capital per worker. Economic growth brings great rewards; but because it comes unevenly it can be a highly disruptive process. Some industries, some occupations, some regions undergo dramatic expansion; others decline relatively or even absolutely. Whole new industries and occupations arise; many older ones are completely transformed or disappear entirely.

Many of the structural changes that lie at the heart of progress do not force individuals to change their occupations or residences. The adjustment comes as sons and daughters take up occupations different from their parents' or move to new areas. But rapid and uneven change often cannot be fully accommodated in this way. Many individuals are uprooted or find their livelihoods threatened. Some cannot make the transition which provides the opportunity for improvement. And even an adjustment occurring between generations often creates hardship when childhood background and training are inadequate or unsuited to the needs of the new order.

Thus the process which has reduced poverty has sometimes created it. It has redistributed both affluence and poverty, and in many cases has concentrated them—geographically, occupationally, and by demographic category. As those able to respond to opportunity have moved out of poverty, those left behind are increasingly the ones whose opportunities were restricted: the immobile, the aged, the disabled, the handicapped, the broken family, the poorly educated, the victim of discrimination.

Significant reduction in the number of poor people has occurred only when the economy is expanding. When economic growth is slow, poverty diminishes slowly—and often actually increases. The years from 1948 through 1953 saw rapid reduction in poverty, as have the years since 1964. By contrast, the number of individuals in poverty declined very slowly during the latter half of the 1950's.

The first part of this chapter focuses primarily on the geographical aspects of the process by which poverty has been both eliminated and redistributed—the transformation of agriculture, the growth of the city, and the redistribution of opportunity and of poverty within the city.

The second part of the chapter largely abstracts from the geographical dimensions of poverty. It deals with programs offering solutions to poverty, wherever the poor may be found.

Programs for the reduction of poverty are—and should be—in part the responsibility of local organizations and units of government. Nevertheless, even though concentrations of poverty are local, the problem is national and must be a national responsibility. Indeed, it is a national problem just because of its concentration. The forces which produce poverty in particular areas are largely beyond the influence of local governments. And the remedies needed to lift citizens from poverty cannot be successfully applied by individual communities acting alone.

THE CHANGING STRUCTURE OF OPPORTUNITIES

The social scientist needs a yardstick to measure progress in reducing economic deprivation. For statistical purposes, households are defined as poor if their income falls below the cost of a certain minimum consumption standard—$2,185 in current prices for a nonfarm couple under 65 years of age, $3,335 for a nonfarm family of four, and so on. A reduction in numbers by this definition is only a rough measure of progress, since social and psychological conditions associated with poverty may persist after incomes rise above the poverty line. Moreover, the income levels used in the definition cannot provide for much more than minimum necessities. Nevertheless, measured changes in the incidence of poverty over time provide a reasonable criterion of achievement, and are employed frequently throughout this chapter.

Between 1959 and 1966, the number of poor declined sharply from 38.9 to 29.7 million, or from 22.1 to 15.4 percent of the population. Substantial progress was recorded for almost every population group, but the reduction in the number of poor farm households was especially marked. This progress, though encouraging, should not conceal the magnitude of the remaining problems nor the fact that they fall with disproportionate severity on certain groups.

Geographically, poverty is today concentrated in the central cities of our large metropolitan areas and in certain rural districts. While the proportion of poor farm households remains above the national average, the great bulk of rural poverty today is found among the rural nonfarm population. The distribution and extent of poverty have been influenced by the changing structure of employment opportunities and the massive internal migrations encouraged by these changes. One of the most significant of these changes has occurred in farming.

CHANGES IN THE FARM ECONOMY

The most pervasive influence affecting employment in agriculture has been a growth of labor productivity substantially in excess of the growth of markets. Between 1940 and 1966, aggregate production inputs used in farming increased by only 8 percent, while farm output increased by 61 percent. The over-all ratio of output to inputs increased 50 percent, and the ratio of output to labor input increased by a spectacular 347 percent.

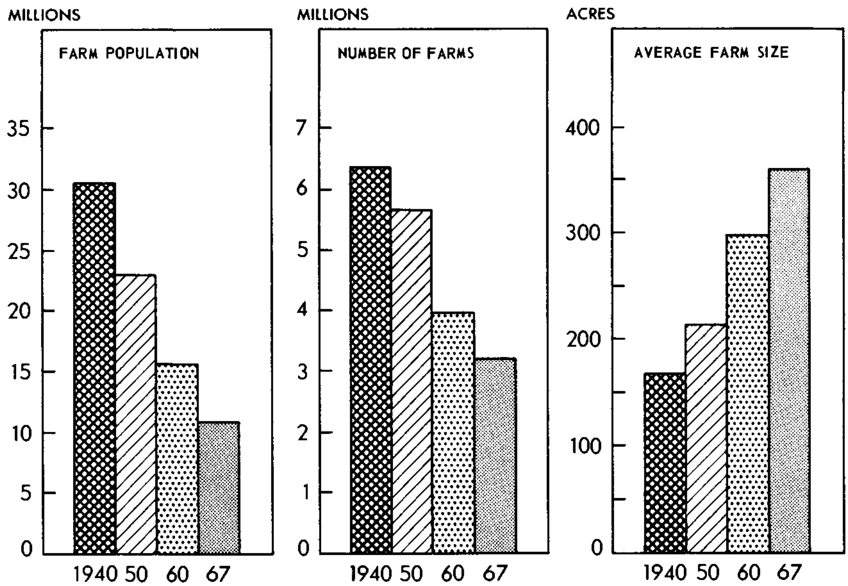
The demand for farm products has consistently increased less rapidly than the growth of incomes. Combined with sharp increases in productivity, this fact has greatly diminished the need for labor resources in farming. Further, the revolutionary increase in labor productivity could be realized only through mechanization. Because many machines could be efficiently utilized only on large farms, the full benefits of mechanization were not available to farms of smaller size. Since 1940, the number of farms has been reduced by almost one-half and the average size of farms has more than doubled (Chart 12). The farm population meanwhile has fallen by almost two-thirds; after remaining virtually unchanged in the preceding 20 years, it declined from 30.5 million in 1940 to 11.6 million in 1966.

As a result of the trends in demand and in productivity, the number of farms with sales valued at $10,000 or more per year has been increasing, while the number of farms with annual sales under $10,000 has declined almost one-third since 1959 (Table 19). There is a movement up the income ladder within farming as some operators of smaller farms acquire additional resources to expand their sales. But operators of the smallest farms have become increasingly dependent on off-farm employment to supplement their incomes. Farm incomes are benefited both by Government price-support operations and by direct payments. These benefits, of course, do little for farmers who have little to sell. Despite the growing prosperity of large farmers, many small farmers and farmworkers cannot earn a decent income in farming.

Industrial expansion offered many farmers and farmworkers an opportunity to raise their incomes by accepting nonfarm employment. Several

Chart 12

Changing Farm Structure



SOURCE: DEPARTMENT OF AGRICULTURE.

studies show that movement out of farming is much more closely related to employment opportunities and income in the nonfarm sectors than to earnings in farming. The experience of the 1960's again confirms this. Rapid economic growth was accompanied by sharp reductions in the farm population.

Poverty in the Farm Population

Farm poverty remains a serious problem, especially since most of the farm poor are ineligible for income maintenance programs as presently organized. As recently as 1959, 63 percent of all farm families had less than $5,000 in sales and averaged less than $3,500 of total family income (Table 19). The number of farmers in this sales class has declined sharply since then, and their off-farm earnings have increased. Operators of the smaller farms tend to be older than those of large farms, and have on the average almost 3 years less of formal education. The remaining poverty on farms is concentrated among these operators of small farms. By 1966, however, only 600,000 farm households were in poverty, a sharp drop from 1.8 million in 1959. Much of the reduction in farm poverty has resulted from migration. Some of those who moved have become members of the nonfarm poor, but the bulk of the younger migrants have increased their income potential. It is likely that

TABLE 19.—*Number of farms and farm income, by value-of-sales classes, 1959, 1964, and 1966*

Value-of-sales class and year	Number of farms		Cash receipts plus Government payments; percentage distribution	Farm operator family income		
	Thousands of farms	Percentage distribution		Total income	Realized net farm income	Off-farm income
All farms:						
1959	4,097	100.0	100.0	$4,844	$2,773	$2,071
1964	3,472	100.0	100.0	6,196	3,747	2,449
1966	3,252	100.0	100.0	7,787	5,049	2,738
Sales under $5,000:						
1959	2,576	62.9	13.9	3,493	1,115	2,378
1964	2,030	58.5	9.3	3,860	946	2,914
1966	1,769	54.4	6.7	4,492	1,071	3,421
Sales of $5,000–$9,999:						
1959	693	16.9	15.5	4,705	3,160	1,545
1964	530	15.3	10.7	5,202	3,434	1,768
1966	446	13.7	7.9	5,902	3,989	1,913
Sales of $10,000–$19,999:						
1959	503	12.3	21.5	6,413	5,091	1,322
1964	488	14.0	18.8	7,482	5,984	1,498
1966	510	15.7	17.1	8,463	6,869	1,594
Sales of $20,000 and over:						
1959	325	7.9	49.1	13,420	11,506	1,914
1964	424	12.2	61.2	17,146	14,979	2,167
1966	527	16.2	68.3	19,791	17,539	2,252

Source: Department of Agriculture.

many of the older farmers who left farming remain in poverty. This is reflected in the fact that, between 1959 and 1966, the number of aged poor nonfarm households outside metropolitan areas remained nearly constant.

Hired farmworkers are also very likely to be poor. In 1966 there were 757,000 persons who had hired farmwork as their primary employment. They averaged 212 days of farmwork and an added 13 days of nonfarmwork with total wages from both sources averaging $2,102 for the year. The hired farm work force contains a disproportionate number of nonwhites—27 percent in 1966; this contrasts with 13 percent of nonwhites in both the total farm and the total U.S. population.

The largest concentration of low-income farms and farmworkers is in the South. In 1964, 55 percent of all farms with less than $5,000 in annual sales—but 44 percent of all U.S. farms—were located in the South. Moreover, in that year more than 53 percent of the hired farmworkers lived in the South.

Despite the revolution in agricultural technology and the attendant migration, the transformation of agriculture is not complete. The farm population will continue to decline, creating serious problems for some rural communities. The young, rather than the older farmers, will continue to be the primary migrants. This will leave behind a progressively aging population, especially among the farm poor. As a result, the natural rate of increase of the farm population will continue to fall. In 1950 the natural increase of the farm population totaled 392,000 and net emigration came to 1.5 million. By 1966 the natural increase had been reduced to 90,000 and net emigration to 858,000.

THE GROWTH OF NONFARM JOBS

The decline of employment opportunities in farming has been accompanied by a rapid growth of jobs in manufacturing and service industries. Initially concentrated in or near the large northern cities, these jobs attracted millions of migrants from rural areas.

During the economic expansions accompanying World War II and the Korean war, manufacturing employment remained highly concentrated in the heavily metropolitan areas of the industrialized States of the North—Massachusetts, New York, New Jersey, Pennsylvania, Ohio, Michigan, and Illinois. With less than 40 percent of the U.S. population, these seven States provided about 55 percent of manufacturing employment in 1953, about the same share as in 1939 when the national total was approximately half as large.

The pattern of growth in manufacturing employment changed significantly during the late 1950's. Technological advance in transportation, construction of interstate highways, expansion of trucking, construction of long distance pipelines, and the extension of coordinated electric power grids reduced the advantage of potential manufacturing sites in the large metropolitan centers. This trend was accelerated by the rapid growth of industries such as technical instruments, electronics, and small consumer appliances, whose products have high value per unit of weight and volume and thus can be shipped at relatively low transport cost. As a result, the location of industry was increasingly determined by other factors, such as relative wage rates, labor availability, local taxes, climate, and land costs.

These developments shifted the growth in manufacturing employment away from the North. Between 1956 and 1966, U.S. manufacturing employment increased 1,840,000 (11 percent). Meanwhile, in the seven industrialized States mentioned above, manufacturing employment increased only 37,000 (less than one-half of 1 percent). By contrast, during the same period, manufacturing employment grew 465,000 (26 percent) in the West and 1,026,000 (33 percent) in the South.

Nonfarm job opportunities have grown less rapidly in metropolitan areas—especially in the giant ones—than in the rest of the Nation. From 1962 to 1966, private nonfarm employment grew 5 percent a year or more in nonmetropolitan counties, regardless of the size of the largest urban center; in comparison, it rose 4 percent yearly in metropolitan counties. In the same period, total nonagricultural employment increased less than 3 percent in the 13 largest metropolitan areas.

While these figures show a general relative improvement in nonagricultural employment opportunities in the less densely settled areas, many nonmetropolitan areas were stagnant or declining. Between 1959 and 1964, there were 1,315 nonmetropolitan counties in which private nonfarm employment either declined or increased by less than 100 jobs. Large contiguous blocks of counties with declining populations are found in Appalachia, the northern portions of the Lake States, the Great Plains, and the Southwest.

The process of economic growth has been and continues to be very uneven in rural areas and in smaller cities. These are the areas where, because of dependence on one or two industries—frequently resource-based industries such as agriculture, forestry, or mining—the greatest adjustments are needed in response to shifts in the pattern of demand, technological change, or the exhaustion of resources. This uneven growth has been responsible for major shifts in population.

RECENT CHANGES IN POPULATION DISTRIBUTION

In the past ten years, significant changes have occurred in the pattern of migration and in the growth and distribution of population in the United States. These changes have both affected and been affected by the changing pattern of demand and productivity in an expanding economy. They have served both as an engine whereby poverty has been reduced, and as a force contributing to its redistribution.

Migration

The shifts in the geographical distribution of jobs noted above have been paralleled by changes in the pattern of migration. Migration to the North and to the largest metropolitan areas soared during the economic expansion of the 1940's and early 1950's, but has slowed markedly in the last ten years. Since 1960, the 12 largest metropolitan areas (those with more than 1,700,000 population in 1960) have grown only slightly more rapidly than their natural excess of births over deaths. In the North-Central States, the largest metropolitan areas grew 1.8 percent a year during the 1950's, but only 1.0 percent a year so far in the 1960's. They are now experiencing more emigration than immigration. In most regions, the metropolitan areas under 250,000 population are growing considerably more rapidly than the largest ones.

Net domestic migration to metropolitan areas declined from 668,000 a year during the 1950's to 216,000 a year in the first half of the 1960's. As Table 20 indicates, during the latter period domestic migration contributed less to the growth of metropolitan area population than did foreign migration. Metropolitan areas are still growing faster than nonmetropolitan areas, but the difference in growth rates is narrowing. Furthermore, in the 1960's the nonfarm population was growing about as fast outside as inside metropolitan areas.

From 1960 to 1965, only the North-Central region lost more migrants—foreign and domestic combined—than it gained (Chart 13). This was the result of a large net loss of whites through domestic migration, which was offset only sightly by the much reduced net domestic immigration of nonwhites. During the same period the Northeast gained population through migration, although the region experienced a net emigration of domestic whites. The West continued to receive the largest gains from migration, and was the only region to gain more domestic migrants than it lost. The

TABLE 20.—*Components of population change by area, 1950–65*

Period and area	Percentage increase per year in population	Population changes (thousands of persons)			
		Natural increase	Net gains from migration		
			Total	Foreign [1]	Domestic [2]
1950 to 1960: [3]					
Total	1.7	25,337	2,660	2,660	....
Metropolitan areas [4]	2.4	16,336	8,634	1,955	6,679
Nonmetropolitan areas	.5	9,002	−5,974	705	−6,679
1960 to 1965: [5]					
Total	1.5	12,626	1,846	1,846	....
Metropolitan areas [4]	1.7	8,589	2,436	1,357	1,079
Nonmetropolitan areas	1.1	4,037	−590	489	−1,079

[1] Distribution of net foreign migration is estimated to be the same as distribution of gross migration from foreign countries during 1962–66.
[2] Estimated migration among 50 States and the District of Columbia.
[3] April 1950 to April 1960.
[4] Metropolitan areas as defined in 1967.
[5] April 1960 to July 1965.

Sources: Department of Commerce and Council of Economic Advisers.

South was the only region in which emigration exceeded immigration among nonwhites. The South's gain through total migration was due to a large inflow of white foreign immigrants, which offset a net outward movement of both domestic whites and nonwhites.

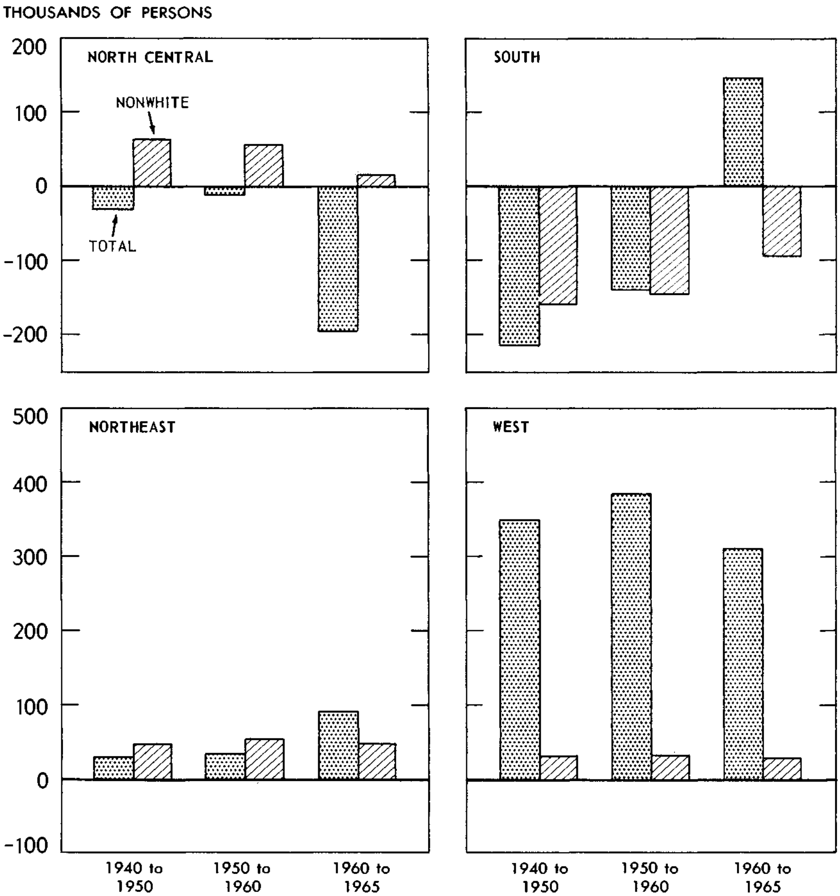
The growth of the nonwhite population in metropolitan areas averaged 3.9 percent a year in the 1950's, but it slowed to 3.1 percent a year in the 1960's. Nonetheless, this latter rate was about twice as fast as the rate of increase of the white population, partly because the nonwhite rate of natural increase was double that of the white. In the 1960's, 32 percent of the increase in nonwhite population in these areas was attributable to migration, compared with 43 percent in the 1950's. Not since the 1940's has migration accounted for more than half of the growth of nonwhite population in metropolitan areas.

Racial Distribution Within Metropolitan Areas

Like the European immigrants of earlier times, the Negroes from the South came to the cities looking for better jobs, housing, and schools for their children. To a greater degree than their immigrant predecessors, Negroes met severe discrimination in housing. Because most of them were poor, the housing they could afford was usually in the older sections of the metropolitan area and usually in the central city. And because of discrimination, this area became a segregated ghetto. The only way in which the segregated but rapidly growing Negro community could obtain additional housing was through encroachment on the white neighborhoods at the borders of the ghetto. Racial tensions increased as the process continued. The more affluent whites moved to the suburbs, where Negroes were largely excluded.

Chart 13

Average Annual Net Migration by Regions



NOTE.–DATA FOR PERIOD 1960 TO 1965 NOT STRICTLY COMPARABLE WITH OTHER DATA.
SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

Thus, within metropolitan areas, the nonwhite population has become increasingly concentrated in the central cities while the white, middle- and upper-income population has become increasingly suburban. Since 1960, the white population in central cities has declined, while the nonwhite population has grown by 3.6 percent a year. Meanwhile, the growth rate of suburban populations has been 6½ times the rate for central cities, and that growth has been overwhelmingly among the white population. Less than one suburbanite in 20 is nonwhite, and the white suburban population is growing more than twice as fast as the nonwhite. Between 1960 and 1966, there was an exodus of more than 3.5 million whites from central cities. Over the same period, net migration added 1 million to the nonwhite population of central cities, and natural increase added another 1.5 million. As a result of these shifts, not only particular city areas or neighborhoods, but entire cities and counties, are becoming increasingly segregated by race.

Economic Aspects of the Transformation

Businesses, as well as the white middle class, have found suburban locations increasingly attractive. Cheaper land permits manufacturing firms to construct one- or two-storied buildings, which are usually more efficient. The suburbs also provide some escape from central city traffic congestion. Following the shift of population and manufacturing, other industries—construction, retail trade, and other services—have also grown rapidly in the suburbs. Employment gains in central cities have been largely limited to clerical, managerial, and professional positions.

The decline of the central city as a place of employment relative to the suburbs has been most typical of large northern metropolitan regions. New York City is a case in point. Between 1956 and 1966, manufacturing employment declined 15 percent in the city but increased 35 percent in the New York State suburbs. In the city, only financial institutions, State and local government, and miscellaneous service industries experienced substantial gains in employment.

Redistribution of job opportunities in metropolitan areas has increased the distance between the residence of the less-skilled, lower-income individual, often a Negro, and the potential jobs available to him. Metropolitan transit systems characteristically do not provide adequate service between central city poverty areas and the sites of suburban employment.

Changes in the Distribution of Poverty

Many migrants to the cities in recent decades were poor when they arrived. Yet, as a proportion of all households in metropolitan areas, poor households declined from 19.6 percent in 1959 to 14.9 percent in 1966. This seven-year decline in the incidence of poverty in metropolitan areas was comparable to the reduction from 29.1 percent to 23.6 percent in the incidence of poor households in other nonfarm areas. Thus, metropolitan areas continue to have less than a proportionate share of the poor; they contain 69 percent of the total nonfarm population but only 56 percent of the nonfarm poor. Within metropolitan areas, poverty is much more common in central cities than in suburbs. In 1966, the suburban population outnumbered that in central cities by 15 percent, yet there were 9.5 million poor living in central cities and 5.8 million in suburbs. About two-thirds of the metropolitan poor are white. While the white poor were distributed about equally between suburbs and central cities, about four times as many nonwhite poor lived in central cities as in suburbs.

IMPLICATIONS FOR PUBLIC POLICY

In recent years public interest and concern have increasingly been focused on the magnitudes and consequences of migration, on the increasing size and agonizing problems of cities, and on the continuing decline of many rural communities. In particular, many have suddenly become aware of the fact that the concentrations of poor families—and particularly of poor Negro families—in the blighted areas of major cities include large numbers who are migrants, or the children of migrants, from rural areas. In the light of these problems, questions are often raised whether the separate decisions of millions of individuals and business firms, responding to the pull of economic opportunities or the push from their absence, tend to produce an "optimum" distribution of population and economic activity: as between rural and urban areas; as among urban areas of differing size; and as among the various portions of an urban complex.

POPULATION DISTRIBUTION AND PUBLIC POLICY

These are surely important questions for our society, and they need to be studied and discussed. However, there does not appear to be available at the present time an adequate amount of information to answer them, or even a satisfactory analytical framework within which their answers can be approached in a tolerably scientific fashion. One may express his own tastes as to an appropriate population distribution; but since they are only tastes, they should not be imposed on others.

Presumably there are few who suggest that governments should undertake to "plan" the distribution of population and economic activity, and to use compulsion to influence that distribution. But it is properly pointed out that government policies of many kinds do in fact influence the attractiveness—economic and otherwise—of various locations, and that these policies could perhaps be used to influence locational decisions in a manner which would move us closer to an "optimum" distribution—assuming we knew what that was.

Many Federal activities have significant impacts on the choices of consumers and businessmen as to where they will locate their homes and places of business. Among these are the location of Federal installations; the provision of Federal funds for sewers, water supply, recreation facilities, and housing; the pattern of Federal support for highways and other transportation facilities (including intra-urban facilities); urban renewal programs; and many others.

In most cases, the Federal Government does not deliberately seek to influence the pattern of locational decisions. But there are nevertheless important impacts. Indeed, it is hard to conceive how Federal affairs might be conducted in a way that was "neutral" with respect to locational decisions. Since Government action is bound to influence location, the locational implications of alternative policies should surely be—and to some extent are—

considered in developing and administering Federal programs. A complete system of priorities, based on a concept of optimum geographical distribution of population is seldom required in order to recognize that the locational implications of one set of policies may be superior to those of another. This is quite a different matter, however, from developing policy measures specifically designed to alter existing locational patterns.

CLARIFYING SOME ISSUES

Despite the absence of a complete framework or analytical system for dealing with locational problems, it seems possible to clarify some of the issues frequently raised with respect to existing or proposed public policies that affect location, or that are aimed at the problems of particular local areas.

(1) In light of the preceding sections, it is clear that any meaningful discussion of the problems created by migration must take into account the fact that migration is an essential part of the process by which economic growth occurs and individual incomes expand. Migration does not simply redistribute poverty; it also serves to reduce poverty. By far the greatest part of migration is in response to income opportunities. The population tends to move from areas where incomes are lower to ones where incomes are higher. This shift of the population raises incomes for most migrants and probably, on balance, has a favorable effect on the incomes and job opportunities of those who do not migrate.

(2) Many problems which appear to be the problems of particular cities or rural districts are not, in fact, local problems in any meaningful sense. They represent the local outcroppings of more basic national problems—reflecting such factors as: an unequal distribution among individuals of educational opportunities and health services; the impact of technological change as it affects persons with particular skills or the lack of skills; the incidence of family instability; and a variety of social tensions associated with modern living conditions and current individual and social values. Many of these problems—such as those of education, health, training, income maintenance, and individual disability—have been properly identified, and are being dealt with, as national problems.

(3) The most difficult and potentially explosive problems of life in urban centers are those associated with racial antipathies and prejudices. The economic and social problems of our large cities would be very different were it not for the housing segregation which confines Negroes—and occasionally other national-origin or ethnic groups—to particular neighborhoods. Especially serious frictions are created as the frontiers of segregation are disturbed by population expansion. But racial discrimination is a national not a local phenomenon. Likewise, patterns of discrimination in employment and business emerge as problems for localities; but, like housing segregation, they are in fact the result of national problems of interracial attitudes.

(4) One striking factor impairing the abilities of some communities to avoid or solve problems arises from artificial and obsolete political boundaries. Such jurisdictional divisions fracture the social and economic unity of many of our communities, both urban and rural. For example, the central cities of urban areas necessarily provide many benefits to outlying areas, while being unable to assess a reasonable share of the costs of these services to residents outside the central city. The financial ability of an urban complex as a whole to solve many of its own problems may not be in question. But if inappropriate political boundaries allocate the costs unevenly, the financing of essential public services may appear an almost insoluble problem.

(5) The relation between the per capita cost of providing public services and the population size and density of a locality is one element in the evaluation of the costs and benefits of alternative population distributions. For some public services, the highest per capita cost occurs in communities which are of minimum or of maximum density. There are some services for which the per capita cost may rise steadily throughout most of the range of progression from fairly low to highest density. These include such services as abatement or control of noise, pollution, or crime; and provision of adequate outdoor recreational facilities. As the size of a community increases, the per capita cost of such services may—at least beyond some point—increase steeply. And, of course, there are some services or amenities—such as museums and libraries—for which the average cost declines almost continuously and without limit as the size of the community increases.

Some research has been done on the cost and efficiency of public services in communities of various sizes and densities. Much more research is needed in order to provide effective guidance for community planning.

(6) Substantial research efforts are also needed to appraise the costs and benefits associated with alternative locational distributions of private production and consumption—the economies and diseconomies of scale, of agglomeration and association, and of the geographical integration of various production processes, and so on. Although economists understand the nature of many of these forces, they have not progressed very far in developing the techniques of measurement.

(7) The costs and benefits—both public and private—of alternative population distributions are not natural constants. Technological and engineering changes arising from the physical, biological, or social sciences can and will alter them over time. Developments in transportation, pollution control, and construction can modify the nature of the problems of our cities. Indeed, technological expertise can and should be consciously marshalled for such purposes.

Despite the many unsettled questions on the implications of alternative population distributions, social policy does not need to stand still while awaiting answers. There are many kinds of problems—both in cities and rural areas—which can be solved, even though we lack an over-all scientific framework that spells out costs and benefits for all locational issues. Many

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of the problems which appear in particular places are, as indicated, national problems for which national solutions are being pursued. National policy can direct itself toward helping cities and rural areas meet their particular problems—of housing, pollution, transportation, health, welfare, education, crime, social disorganization—wherever these problems may appear. A selected group of these problems—centering around the broader problem of poverty—is discussed in the subsequent sections of this Chapter.

Much as we may be able to contribute to solving community problems through these means, segregation and discrimination are fundamental obstacles which must be overcome if we are to make real headway in solving our urban crisis. Local political boundaries are another obstacle which must be surmounted. Neither of these problems can be solved by Federal action alone; indeed, the basic solution of each must be found at the local level. But the Federal Government can and has contributed to solving the former problem through national civil rights legislation. And it can and has contributed to the solution of the latter through support and encouragement for planning on a metropolitan or areawide basis which corresponds more closely to the economic and social reality of our communities.

THE DEMOGRAPHY OF POVERTY

The decline of poverty and the role of shifting employment patterns in the decline have been documented. The geographic aspects of the remaining poverty have also been examined. But poverty must be viewed not only in terms of geography, but in terms of demography. The incidence of poverty by family type, and the policy issues relevant to each type, are the concern of this section.

Poverty is not evenly distributed throughout the population. The aged, nonwhites, and members of households headed by a woman constitute larger fractions of the poor than of the general population (Table 21). Moreover, the rate of progress in reducing poverty has varied widely among these and other groups. Between 1959 and 1966, the number of poor nonfarm households headed by a man declined 20 percent, while the poor nonfarm households headed by women increased by 2 percent. As a result, households headed by a woman constitute a growing proportion—now nearly half—of all poor households.

The most impressive reductions in poverty have occurred among households headed by a working-age male. The number of such households declined by one-third between 1959 and 1966 as a direct result of the increasing availability of good jobs at high wages. While the number of nonfarm households in this group declined 27 percent, there was a drop of two-thirds in the number of farm households. Among the nonfarm group the decline was as rapid for nonwhites as for whites.

High employment is essential to further reduction of poverty among households with an actual or potential wage earner. Yet many poor men of

TABLE 21.—*Number of poor households and incidence of poverty, 1959 and 1966*

Characteristics of head of household	Number of poor households (millions) [1]		Incidence of poverty (percent) [2]	
	1959	1966	1959	1966
Nonfarm	11.6	10.3	22.5	17.6
White	9.0	7.9	19.6	15.3
Male head	5.0	3.9	13.4	9.4
Under 65 years	3.3	2.4	10.2	6.8
Aged (65 years and over)	1.7	1.5	34.0	24.7
Female head	4.0	4.0	45.2	37.7
Under 65 years	2.2	2.0	37.8	30.5
Aged (65 years and over)	1.8	2.0	59.3	48.9
Nonwhite	2.6	2.4	48.9	37.5
Male head	1.4	1.2	39.7	26.9
Under 65 years	1.2	.9	36.7	23.3
Aged (65 years and over)	.2	.3	64.4	51.4
Female head	1.1	1.2	69.4	60.8
Under 65 years	.9	.9	68.1	58.8
Aged (65 years and over)	.2	.2	76.3	69.9
Farm	1.8	.6	40.9	20.8
White	1.3	.5	34.7	16.9
Nonwhite	.4	.2	85.0	69.7

[1] Households are defined here as the total of families and unrelated individuals.
[2] Poor households as a percent of the total number of households in the category.

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

Detail will not necessarily add to totals because of rounding.

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

working age must first receive training or other special assistance to enable them to raise their earnings. For those who cannot work, or who—despite training and other services—still cannot earn enough to emerge from poverty by their own efforts, adequate income maintenance programs are needed.

POVERTY AMONG THE AGED

Social insurance is the first line of protection for households in which the breadwinner retires. is disabled, experiences involuntary unemployment, or dies leaving dependent survivors. Over 23 million beneficiaries are now receiving Old Age, Survivors, Disability, and Health Insurance (OASDHI) payments at an annual rate of more than $27 billion. For the retired aged, these payments are overwhelmingly the largest single source of income.

The incidence of poverty among aged nonfarm households fell from 46 percent in 1959 to 37 percent in 1966. One reason for the improvement is that more recent retirees had higher lifetime earnings and therefore were entitled to larger social security benefits. In addition, a rapidly growing proportion of the aged receive retirement benefits under private pension plans. Pension recipients and their wives now constitute 18 percent of the total population, of age 65 or over, up from 7 percent in 1955.

Increases in social security benefits also deserve much of the credit for the reduction in the incidence of poverty among the aged. The 1967 Social Security Amendments expanded benefits 13 percent and raised to $55 the monthly minimum benefit. Together these amendments will reduce the number of the aged poor by 800,000. The 1967 amendments increase income protection for all covered employees—not merely for those of retirement age. Increased survivor and disability benefits provided for in the 1967 legislation will reduce poverty among those under age 65 by 200,000.

Social security benefits have had several important side effects. The average retirement age has fallen, and a growing number of aged are now able to maintain their own households. Between 1960 and 1967, as the proportion of aged persons receiving social security benefits rose from 64 percent to 82 percent, labor force participation rates for males 65 and over fell from 33 percent to 27 percent. Since 1962, when benefits were made available to males of age 62–64, the participation rate for this group has declined even more rapidly than that for males 65 and over.

Further benefit liberalization—particularly higher minimum and widow's benefits—could sharply reduce poverty among the aged. Had Congress increased the minimum benefit to $70, as requested by the Administration, while increasing other benefits by 13 percent, an additional 500,000 aged persons would have been freed from poverty. The additional cost of the $70 minimum benefit would have amounted to less than 10 percent of the increase in benefits that was provided—yet it would have increased by about 50 percent the number of individuals lifted out of poverty.

FAMILIES HEADED BY WOMEN

The public assistance program—in particular, Aid to Families with Dependent Children (AFDC)—is the chief source of help for poor families with dependent children and headed by women. A majority of such families is now covered either by AFDC or OASDHI. Benefit levels under AFDC are established by the States, and are typically too low to lift families out of poverty.

Nearly all AFDC recipients either are children or are women whose family responsibilities preclude work outside the home unless child care is provided. Moreover, until amended in 1967, the law required that AFDC benefits be reduced by $1 for each dollar of income earned by adult members of the household. This "100 percent tax rate" was sufficient to discourage all but the most determined from seeking jobs, since earnings could not add to income so long as any assistance was received. Under 1967 legislation, a welfare recipient can earn up to $30 a month without any loss in benefits. Beyond this level, for every $3 of earned income, welfare benefits are reduced by $2. Although this is still a tax rate of 66⅔ percent, these changes may encourage some welfare recipients to seek gainful employment. The 1967 legislation also provides for day-care facilities and access to training for AFDC beneficiaries. Both measures are designed to make employment easier for poor mothers.

Although the new AFDC rules eliminated some egregious shortcomings in the welfare program, many recipients cannot participate in training or seek regular employment. Family responsibilities make employment impractical or unsuitable for many women. Heavy reliance must still be placed on income maintenance to ameliorate poverty within this group.

HOUSEHOLDS WITH A MALE EARNER

In 1966, there were 10½ million persons in poor households headed by working-age males who were either working regularly at full-time jobs or actively seeking work.

About 1.5 million male heads of households were poor in 1966 despite full-time employment—40 hours a week for 50 weeks or more (Table 22). Rising real wages will continue to reduce poverty among families with a fully employed male earner. The higher level and broader coverage of the minimum wage will also contribute. The continued industrialization of the South will give many workers an opportunity to take better-paying jobs. Others will improve their economic position by migrating. Continued efforts to eliminate discrimination in promotion will help many, particularly Negroes, who are poor even when fully employed.

Another 1.5 million heads of poor families worked part time or part of the year in 1966. There were 700,000 poor male household heads of working age who did not work at all, but 400,000 of these were disabled. Many who are poor because of unemployment or low wages could, given training and opportunity, earn enough to escape poverty.

Training the Disadvantaged

Many of the workers who are earning less than an adequate income are unskilled, poorly educated, or, as a result of irregular employment and discrimination, have poor work habits. But most of these workers could improve their earning capacity if they were given remedial attention.

In the last four years, manpower programs tailored to the needs of the economically disadvantaged have been greatly expanded. During the fiscal year 1968, close to a million persons, most of whom are disadvantaged, will be served by the Manpower Development and Training Act, the Job Corps, and similar programs. A great number of people who need skill training or work experience have not yet been reached. But the increase in the number of individuals served does point to the enormous progress made in a relatively short time. Many of the unemployed, although they originally lacked a marketable skill, responded to regular Manpower Development and Training Act (MDTA) programs, and have obtained employment.

But there is also a substantial hard core of unemployed workers who need more than a routine training program. For these workers, conventional train-

TABLE 22.—*The poor and their work experience, 1965–66*

[Millions]

Age and work experience of head of household	1965		1966	
	Male head	Female head	Male head	Female head
Total poor households [1]	5.8	5.4	5.6	5.4
Aged (65 years and over)	1.7	2.4	1.9	2.4
Under 65 years	4.1	3.0	3.7	3.0
Did not work	.7	1.5	.7	1.4
Ill or disabled	.4	.2	.4	.3
Other reasons	.3	1.3	.3	1.1
Worked at part-time jobs	.5	.5	.6	.6
Worked at full-time jobs	2.8	1.0	2.4	1.0
Employed 39 weeks or less	.7	.5	.6	.5
Employed 40–49 weeks	.4	.1	.3	.2
Employed 50 weeks or more	1.7	.4	1.5	.4

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

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

Detail will not necessarily add to totals because of rounding.

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

ing programs designed for educated workers with substantial regular work experience are entirely inadequate. Training must be supplemented with counseling, health services, work experience, and basic education. Followup counseling may be necessary to encourage the work habits and self-discipline required in steady employment. There is growing evidence that on-the-job training for many disadvantaged workers will prove more successful than institutional training, but unfortunately employers do not ordinarily make positions in these programs available to the disadvantaged.

For severely disadvantaged workers, the cost of training, placement, and supplementary services may run as high as $5,000 per trainee. The cost per worker ultimately employed is still higher, since many candidates do not complete training or stay on the job after placement. But for those workers who are successfully trained, the gain from steadier work at higher wages is great. In addition, the children of these workers find more security and better preparation for a productive life of their own. The economic benefits for society as well as for individuals are large.

The business community has hired and trained the poor in the past, but only on a limited basis. Business and government are coming to realize that business must play a vastly expanded role in making the hard-core disadvantaged employable. Government training programs alone cannot do the job—certainly not as rapidly as it must be done.

The President has announced a new program—Job Opportunities in the Business Sector (JOBS)—to bring the flexibility and imagination of the private sector into full partnership with Government on the broadest scale possible in order to solve the employment problems of the most deprived segments of the population. Through this program, private industry will train and hire 100,000 of the disadvantaged during the next 18 months at a Federal cost of $350 million.

Another recent innovation, the Labor Department's Concentrated Employment Program (CEP), has focused the efforts of Federal, State, and local agencies and cooperating private emplyers on the task of employing disadvantaged workers in poverty areas both urban and rural. Continued expansion of CEP, together with the new JOBS program, should permit a continued reduction in the number of families whose poverty derives from unemployment.

INCOME MAINTENANCE

Despite the prospective benefits from training programs and further economic growth, there will still be a need for income maintenance or income supplements for poor families headed by men of working age. In 1966, more than one-fourth of all the poor and 4½ million poor children lived in families headed by a man employed throughout the year. An additional 2½ million poor persons, including 1⅓ million children, were in families headed by men who were normally full-time workers but who suffered some unemployment.

Concern about the welfare and education of the young has prompted a number of proposals for providing additional financial support for poor families with children. Children's allowances are a device used in a great many countries, including Canada, to provide a flat payment to each child, regardless of family income. But flat allowances are a costly means of attacking poverty since most benefits do not go to the poor. Another form of income supplement—the children's minimum income allowance—would provide a grant to all poor households with children, with the amount of the grant diminishing as income rises. Nearly all of these expenditures would go to the poor. Moreover, as incomes rose, the cost of such a program would automatically diminish.

For those who suffer from chronic unemployment, a combination of income maintenance and an opportunity for work and training would appear to be needed if their poverty is to be eliminated. Many of the chronically unemployed will be able to lift themselves from poverty if aided by job training and placement. But even after job programs become fully effective, some may still need income support. And there will always be a residual group who will not be able to fill regular jobs but who can do some useful work.

The present program of Aid to Families with Dependent Children-Unemployed Parent (AFDC–UP) provides a start in meeting these needs. As amended in 1967, the program permits States to make federally aided payments to families with an unemployed father. At the end of 1967, only 21

States had elected to do so. Even among these States, benefits are often inadequate and eligibility is severely limited. Only about 60,000 families are currently benefiting from the AFDC–UP program. Under the 1967 amendments, unemployed beneficiaries are to be assigned to training programs when there is a reasonable prospect that they can be employed. Those lacking such prospects are to be assigned jobs with local public agencies.

Eliminating poverty for those who cannot work is mainly a matter of money. Eliminating poverty for those who can, given training and opportunity, earn a decent living, is a matter of money, organization, the design of effective programs, and cooperation between industry and Government.

Especially difficult problems are involved in any program designed to eliminate poverty for those who can do some useful work but whose earning capacity is limited by their abilities or by family responsibilities. An income maintenance program for any family in this in-between situation should provide some guaranteed minimum level of support. But it should also provide an incentive to work by permitting beneficiaries to retain a substantial fraction of any earnings.

Any income maintenance system runs into a dilemma in meeting these requirements. For work incentives to be highly effective, benefits probably cannot be reduced by more than about 50 cents for every dollar earned. If, in addition, the guaranteed minimum support is high enough to free most beneficiaries from poverty, payments would have to be made to some people above the poverty line. For example, if the guaranteed minimum were $3,000, but the support benefit was reduced 50 cents for every dollar of earnings, then a man earning $4,000 would still receive $1,000 of his support payment. The person who was satisfied with $3,000 would then be under no pressure to seek or accept employment. Yet if the guaranteed minimum support were lower, many beneficiaries who are willing to work but whose earning power is low or nonexistent would remain poor.

One possible solution would be to provide a relatively adequate base level of income support, but require that every recipient whose family responsibilities permitted it must accept training for private employment. If he was not capable of training, he would be required to accept work on public service projects. The recent amendments to the Social Security Act moved in that direction, requiring training for AFDC recipients (although benefit levels remain low). Such an approach does deal with the problem of the person uninterested in earning income. But it creates a variety of other problems. First, the States must make decisions concerning the personal life of the recipients—such as whether a mother should care for her children herself or place them in day care and go to work. Second, a difficult administrative problem arises. An overly generous program could generate a large volume of poorly supervised public employment of high cost but little value, but an excessively stringent, low-cost program could recreate the 19th century government workhouse.

These conflicts among objectives will not be easily resolved. But our present welfare system leaves so much to be desired that substantial progress can be made before these issues become critical. At present, the welfare system in most States is inadequate on two counts—a low support base and relatively weak work incentives. Benefit levels and incentive provisions could both be substantially improved before we would have to face the choice between generous support for the lazy and the difficulties inherent in a compulsory work program. Federal-State sharing formulas could be redesigned to reduce the wide disparities in benefits paid by different States. AFDC recipients could be offered more incentive to work and more training opportunities without compulsion. AFDC–UP could be extended to all States and eligibility restrictions could be made less severe. These and related issues will undoubtedly be considered in greater depth by the new Presidential Commission on Income Maintenance.

A more humane and generous welfare system, continued improvement in the social security system, expanded training programs for the disadvantaged, and a growing high-employment economy will all contribute to a continuing reduction in poverty. In addition, efforts to reduce poverty and to improve economic opportunity must deal with the particular problems caused by inadequacies in housing, education, and health care. These topics constitute the balance of the chapter.

HOUSING

Most Americans are aware of poverty primarily because they have seen the houses on the other side of the tracks. One view of a real slum convinces most people that "something ought to be done." Partially because of government efforts to do something about poor housing, progressively fewer people live in dilapidated housing or occupy homes with substandard plumbing. Yet urban slums remain, and many rural families still have pitifully inadequate housing.

CHANGES IN HOUSING QUALITY

Housing statistics are only indicators of progress and of the dimensions of remaining problems. They cannot adequately describe the pleasures of better homes or the miseries of densely packed, dirty, and dreary neighborhoods. Most American families now live in adequate housing (Table 23). But 2 million American families live in dilapidated housing—dwelling units with structural defects which endanger the health and safety of the inhabitants. In addition, close to 4 million families live in units that lack basic plumbing facilities, bringing the total of substandard occupied units to 5.8 million.

Substantial progress in housing has been made since 1950. The data collected in the 1950 and 1960 censuses suggest a reduction in the number of

TABLE 23.—*Occupied housing units, by quality, 1960 and 1966*

[Thousands]

Quality by area [1]	1960 [2]	1966
Standard units	44,418	52,138
Substandard units	8,469	5,754
Metropolitan areas	3,231	2,470
Nonmetropolitan areas	5,238	3,284
Dilapidated	2,353	1,995
Metropolitan areas	1,052	(3)
Nonmetropolitan areas	1,301	(3)
Nondilapidated, lacking plumbing	6,116	3,759
Metropolitan areas	2,179	(3)
Nonmetropolitan areas	3,937	(3)

[1] Based on 1960 definitions of quality and metropolitan areas.
[2] Because of changes in methodology, data for 1960 in this table are not strictly comparable with 1950 and 1960 census data mentioned in the text.
[3] Not available.

Sources: Department of Commerce and Department of Housing and Urban Development.

occupied substandard units from 15.3 to 9.0 million units. Further improvement since 1960 is indicated by the data in Table 23.

Although a disproportionately large share of poor housing is located in nonmetropolitan areas, the improvement in the quality of occupied housing in such areas has been much more dramatic than in metropolitan areas. Part of this relative improvement reflects the migration to urban areas of poor farm families, many of which abandoned substandard units. It also reflects the increased availability of sewer and water facilities in rural areas.

Housing Deterioration

Improvement in the housing stock depends on rates of new construction, demolition, and other losses and deterioration of existing units. Since 1950 new construction has considerably exceeded the increase in the number of households. The difference has been largely offset by demolitions and other losses, which totaled 290,000 a year in the 1950's and 360,000 a year in the 1960's. Best available estimates indicate that more than half of these losses were of substandard units.

Despite these developments, the number of occupied dilapidated units apparently declined by less than 100,000 a year in the 1950's, and by only about 60,000 a year in the 1960's. Moreover, virtually all of this decline occurred outside metropolitan areas. Detailed data for the 1960's are not available for most areas, but surveys of New York City and some areas in Los Angeles indicate an actual increase in the number of occupied dilapidated units in those cities. The results suggest that, in large cities, much of the improvement in housing quality from new building in excess of the rate of household formation is offset by the deterioration of existing housing.

Houses deteriorate with the passage of time, but there is no natural life for a house. With sufficient expenditure on maintenance, most houses can be kept in sound condition for a long period of time. The rapid deterioration of housing in metropolitan areas has many causes, but poverty and racial segregation surely play major roles. When housing is occupied by families with adequate incomes, expenditures on maintenance to prevent deterioration are generally considered worthwhile by the owners. But people near the poverty line can pay little rent, and landlords are unlikely to find it profitable to undertake more than minimal maintenance. When segregation limits—even temporarily—the area occupied by a growing minority population, owners can increase their profits by breaking up apartments for denser occupancy, thereby hastening deterioration. Although owners may differ in their views on the most profitable maintenance policy, those who fail to provide adequate maintenance for their buildings blight the neighborhood and bring down the value of neighboring properties. When a neighborhood becomes sufficiently blighted, all owners find it profitable to mine their properties—making occupancy as dense as possible and minimizing maintenance expenditure to obtain the largest possible short-term cash flow.

THE NEED FOR FURTHER FEDERAL ASSISTANCE

In spite of these difficulties, the amount of substandard housing has been reduced. But the pace of further progress is clearly limited by the rate at which poverty and segregation can be reduced. As incomes generally rise, housing standards improve up the line: those with lowest incomes move into housing vacated by others whose incomes have risen enough to permit a move into even better housing. Most of the houses occupied today were originally built for persons in higher income classes than those who now occupy them. The process of turning over houses to the less affluent by families who move on to better—often new—housing will no doubt continue to be an important source of improvement in housing conditions.

But these market processes will work too slowly to provide, by themselves, a sufficiently large and prompt improvement in the quality of housing for all Americans. During the coming 10 years, the children of the post-World War II baby boom will enter the years of peak household formation. New housing construction for the private market in the next 10 years must total approximately 20 million units to meet the needs of these new households and to replace losses and demolitions of standard units. To produce that many units, new housing construction must average one-third higher than the current rate.

Yet even a boom of these proportions in private construction will accomplish little reduction in the number of occupied dilapidated units. Progress will be particularly slow in areas where widespread blight reduces the incentive to build new housing. For a time at least, it will be necessary to augment the rent-paying capacity of low- and moderate-income families and the supply of housing available to them if we are to make substantial progress in improving the quality of housing.

The recently inaugurated rent supplement program is designed for this purpose. Nearly 40,000 new or rehabilitated housing units are already available, under construction, or committed under the program of rent supplements to low-income families. Private nonprofit or limited profit corporations offering decent housing to low-income families are paid the difference between the "fair market rent" of a new or rehabilitated housing unit and the rent paid by the tenant family—25 percent of the family's income.

Programs designed to improve the rent-paying capacity of low- and moderate-income families are very important, but they cannot be expected to produce a rapid increase in the supply of decent housing. The principal initial effect of a sharp increase in the demand for rental housing will be to increase rents. It will produce only a gradual response in construction of low-income housing. The response will be particularly sluggish in the near future because of the prospects of a strong middle- and upper-income private housing market.

For this reason the Government must take measures to increase directly the supply of low-income housing. Subsidized rental units have been provided for many years through the public housing program. The new "turnkey" public housing program turns over to private developers the planning, site acquisition, and construction functions in creating new public housing. Local public housing authorities, after approving the public housing plan and site, promise to purchase the completed building when it is ready for occupancy. The approach shortens the period from planning to completion by as much as 3 years, and will double the output of public housing over the next 2 years. The turnkey approach has recently been expanded to allow privately constructed public housing to be delivered to private management corporations. This program utilizes the talent in private business, and removes barriers to extended public housing that arise from the shortage of management personnel in the local public authority.

The below-market interest rate (BMIR) program also draws nonprofit corporations into providing housing for low- and moderate-income families by subsidizing interest payments through Federal purchase of mortgages bearing a very low interest rate.

The Administration has recognized the scale of effort required to put decent shelter within the reach of every American family within the next decade. As the first of ten annual steps toward a national goal of 6,000,000 federally assisted housing starts between fiscal years 1969 and 1978, the President has announced a program to start construction or rehabilitation of 300,000 housing units for low- and lower-middle income families in the fiscal year beginning in July 1968. This program will build upon successful demonstration of new approaches to public housing construction, location, and management. With greater emphasis on the role of private enterprise, the program will also require expansion of rent-supplement and interest-subsidy techniques to reduce the monthly rental and mortgage costs of decent housing for low- and middle-income families.

A substantial increase in the scale of Federal housing programs on top of the inevitable boom in private construction would place considerable strain upon the resources of the construction industry. A successful program to eliminate substandard housing must include sweeping measures to hold down the cost of construction and to increase the supply of manpower to the industry.

EDUCATION

The United States was among the first countries in the world to commit itself to free and compulsory elementary and secondary education. The public school "movement" derived much of its strength from the desire for equality of opportunity and the traditional American hostility to distinctions based on birth. We have always cherished the image of the poor but talented youth whose education opens the door to wealth, power, and prestige. Unfortunately, the evidence indicates that we have not lived up to this high ideal.

EDUCATION AND ECONOMIC OPPORTUNITY

The connection between education and economic achievement is well documented. High school graduates have much higher labor force participation rates and much lower unemployment rates than do high school dropouts. In October 1965, 73.5 percent of white high school graduates of June 1965 who were not enrolled in college were employed members of the labor force. This compares to 49.3 percent for white nongraduates who dropped out during the 1964–65 school year.

The correlation between education and earnings is partly attributable to the association of education with other income-producing factors: ability, parental income, and family social status and connections. Nonetheless, formal education does increase earning potential. Studies indicate that reasoning ability, mechanical ability, and verbal and arithmetical skills augment earnings. These abilities are influenced by the quantity and quality of education.

An educational degree confers upon its holder an advantage in the labor market that goes beyond the skills represented by the degree. Employers sometimes use diplomas as screening devices for job applicants even where the skills learned in school are not important for job performance. This is because it is widely accepted that satisfactory completion of school programs indicates diligence and responsibility.

In view of the importance of education for earning capacity, the existing wide variations in educational attainment by race, social class, and place of residence are disturbing. About 48 percent of all college students come from families in the highest socioeconomic quartile, while less than 7 percent come from families in the lowest quartile. In 1960, high school completion rates for males were lower for nonwhites than for whites and lower for rural than for urban residents (Table 24). Among whites outside the South, completion rates in rural areas were not far below those in urban areas. However, rural students who were nonwhite or lived in the South were much less likely to complete high school than were other groups.

This situation has improved substantially since 1960. The high school completion rate for all nonwhite males aged 20–24 rose from 39.0 percent in 1960 to 52.6 percent in 1966; for white males, it rose from 65.0 percent in 1960 to 78.1 percent in 1966. Rural and urban figures are not available subsequent to 1960; but metropolitan and nonmetropolitan figures reveal a substantial advance in all categories, with nonwhites in nonmetropolitan areas registering the greatest progress.

Nonwhites have less financial incentive than whites to complete their education. First, the lower average incomes of nonwhite families places greater pressure on the children to find a job, and not to make the sacrifice of immediate earnings required to continue their education. Second, the income gains to be expected from completing their education are smaller for nonwhites. In 1966, among white males over 25, those with one or more years of college earned 28 percent more than high school graduates. Among nonwhite males over 25, those who had attended college earned only 14 percent more than high school graduates. These figures probably reflect a combination of deficiencies in the quality of education available to nonwhites, and more severe discrimination against more highly educated nonwhites.

Despite the smaller payoff from additional education, young Negro men have made substantial gains since 1960 in completing college. Between 1960 and 1965, the percentage of Negro males 25–34 years old who had completed four years of college rose from 3.9 to 7.4. But this remains much below the white male college completion rate, which, during the same period, rose from 15.7 to 17.9 percent for the same age group.

TABLE 24.—*Percentage of males 20–24 years old who completed high school, 1960*

[Percent]

Race and region	Place of residence			
	Urbanized areas [1]	Other urban areas	Rural nonfarm	Rural farm
White males:				
Total	68.0	68.4	58.4	57.1
South	67.0	64.3	53.0	45.4
All other	68.3	70.5	62.5	64.7
Nonwhite males:				
Total	44.9	39.8	31.4	16.1
South	39.6	35.2	26.4	14.6
All other	48.2	52.6	45.7	33.4

[1] Central cities and urban fringe areas of standard metropolitan statistical areas.

Source: Department of Commerce.

The academic performances of nonwhite, of rural, and of poor youngsters are below the national average. A study conducted by the Office of Education, *Equality of Educational Opportunity* (frequently referred to as the Coleman Report), revealed that Negro students in the 12th grade are, on the average, more than 3 years behind whites in verbal facility. But this disparity is not merely a Negro problem. According to unpublished data from the Coleman study, rural students—both white and nonwhite—scored lower than their urban counterparts on verbal facility tests. Another study of high school graduates found that of students in the lowest socioeconomic quartile, only 8 percent scored in the highest academic quartile, while of students in the highest socioeconomic quartile, 44 percent scored in the highest academic quartile.

The poor academic performance of low-income and minority-group children has many causes. Family attitudes toward education are very important. Some educators believe that the years before the child enters school are the most important for his intellectual development. By the time children enter school, there are wide discrepancies in the aptitude scores of children from different social classes.

Another influence on educational performance is the general attitude of school companions. If students with culturally deprived preschool years are concentrated in certain schools, they will tend to reinforce each other's inadequacies.

With large variations in the stimulation provided by parents and companions, equal instruction for all students would inevitably result in lower educational attainment for culturally deprived children. If equal—or even nearly equal—educational achievement is society's goal, then disadvantaged youngsters must receive instruction *superior* in quality to that received by middle-class children.

In fact, nonwhite, rural, and poor children, on the average, receive no better—and, in many cases, much worse—instruction than white, urban, and middle-class children. In the South, Negro students are still largely taught by Negro teachers, many of whom in turn had received inferior education. In many poor communities educational expenditure per pupil, though perhaps high in relation to community income, is low in comparison with other areas. Expenditure per pupil tends to be lower in central cities than in the suburbs; moreover, schools in low-income neighborhoods of central cities spend less per pupil than schools in middle- and upper-income neighborhoods. In part, this is because ghetto schools frequently have difficulty retaining their staff and consequently typically have a higher proportion of inexperienced teachers than other schools within the central city.

It is extremely important to attract—and to retain—competent people into the teaching of deprived children. The Coleman Report indicates that characteristics of teachers are the most important school-related determinants of the academic performance of children. Yet the salaries of teachers are low in comparison with those in other jobs for male college graduates. In

1959, the average annual earnings of all white male college graduates aged 35 to 44 exceeded by 59 percent the earnings of white male secondary school teachers of the same age and with equivalent education. The low relative salaries of teachers helps to explain why a disproportionately small fraction of students entering teaching at the elementary and secondary school levels score above the average for all college students on intelligence tests.

The most important goal of educational policy for the disadvantaged is the improvement of the academic performance of culturally deprived youngsters. This requires the strengthened teaching of basic skills to children in preschool, elementary, and secondary education. Another goal is the removal of the financial barriers that discourage poor but talented high school graduates from going to college. A third goal is more effective preparation for employment of those students not planning to go on to college.

EDUCATION PROGRAMS

In 1965, the Federal Government initiated a massive program of compensatory education for disadvantaged children. This program, Title I of the Elementary and Secondary Education Act, provides $1.2 billion in the current fiscal year to school districts for programs for deprived children. The funds are distributed in proportion to the number of children from low-income families in each district. In fiscal year 1967, 9 million children were served at a cost per child of $117.

Another major program serving disadvantaged children is Head Start, a large-scale, experimental preschool project. Nearly 2 million children have benefited from the program to date. Evaluation has shown that they have registered educational, as well as social and health gains; however, the extent to which the educational gains are permanent is, as yet, unknown. The Office of Economic Opportunity and the Office of Education are initiating a new "follow-through" program to determine the best way to conserve the gains of Head Start.

The success of these and other educational programs for disadvantaged children calls for the discovery of effective techniques in compensatory education. There remain many important unanswered questions: What curricula are most effective; which teacher characteristics are most important; how should new types of equipment, such as educational television, computerized teaching aids, and language laboratories be employed? Several Federal programs encourage experimentation in and evaluation of new teaching methods.

The Government has also increased substantially its programs of financial aid for college study to students from low-income families. During 1966–67, the Educational Opportunity Grants, the National Defense Education Act loans, and the College Work-Study programs, provided nearly 700,000 separate loans and grants, averaging $620, to college students, most of whom were from poor families. This year the Administration is proposing consolidation of these programs to enable colleges to administer the programs together and to tailor aid more closely to the needs of the particular student. The Guaranteed Loan program of 1965 began slowly, in part because of tight money markets, but expanded rapidly during 1966–67. Private loans averaging $837 were extended to approximately 430,000 students. The Administration is planning to expand the program further by amendments permitting lenders to charge a flat service fee for each loan.

The Upward Bound program in the Office of Economic Opportunity has provided summer school training and financial aid for high school students from poor families; the program is designed to encourage students with substantial potential but low achievement to finish high school and go on to college. In addition, the Administration is proposing a new program of tutorial and guidance services for low-income college students.

High schools need to revise their curricula in order better to serve the occupational needs of students not planning to go to college. Schools could do much more to make their vocational training and job information services more relevant to contemporary occupational opportunities. For example, though the percentage of vocational education expenditures devoted to agriculture has declined in recent years, only a small proportion of those receiving vocational training in agriculture enter farming. Courses related to future occupations could be designed so as to capture the interest of non-academically inclined youngsters. One promising approach is to permit high school students to receive credit for part-time jobs directly related to school courses. The Administration is proposing to further these objectives in a new, consolidated Vocational Education Act stressing State manpower planning, innovative schoolwork programs, and counseling and occupational information for all junior high school students.

Efforts to provide adequate supplies of trained educational manpower underlie all the programs in preschool, elementary, secondary, and vocational education. Summer institutes for teacher training and retraining, student loan forgiveness for those entering teaching, and fellowships for experienced teachers to return to the university for further training have been financed by the Government in recent years. Under the Education Professions Development Act, passed by Congress in 1967, measures are being taken to attract qualified people into teaching, to train teachers' aides, and to strengthen teacher education.

HEALTH

There are striking discrepancies in the health status of Americans of different races, regions, and income classes. The death rate of nonwhites is 45 percent higher than that of whites of the same age; life expectancy at birth is 7 years shorter. For the white population alone, infant mortality is 10 percent higher in nonmetropolitan than in metropolitan counties And poor adults suffer considerably more activity-limiting chronic illness, work loss, and days of restricted activity than other adults of the same age.

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These health discrepancies are due to various deficiencies in our system of medical care. For children, the number of physician visits per year varies sharply with family income (Table 25). And on the occasions when poor children do see doctors, it is usually for treatment of an obvious ailment, and rarely to receive a routine medical examination. Medical experts are firmly convinced that children who do not receive regular checkups and prompt treatment of ailments run substantially higher risks of being permanently handicapped.

Adults who are poor are more likely to have serious health problems than other adults. Ill health is linked with poverty in part because illness leads directly to decreased earnings. But low earnings—through the inadequate nutrition and shelter that accompany them—also cause ill health. Thus, poor health is both a cause and result of poverty; the two constitute a self-perpetuating cycle.

The ill health of the poor adult is not solely the result of inadequate medical care. In fact, the indigent sick person in most States can go to a free public clinic for medical attention, and many poor persons receive free or low-cost care in physicians' offices. As a result, the number of physician visits per year is not much lower for poor adults than for other adults.

Nonetheless, full equality in the number of visits to physicians would be insufficient to make poor adults as healthy as the rest of the population. Moreover, the quality of care available to the indigent may be lower than that available to middle class, paying patients. Although standards differ enormously from State to State, clinics serving the poor are often inadequately staffed and equipped, with the usual consequences—long waits, hurried and fragmented medical attention, and the absence of medical records and continuity of care.

The available statistics on health care and health status by race suggest that medical care for nonwhites is substandard. Nonwhites suffer considerably higher mortality rates than whites from medically curable illnesses, such as tuberculosis, influenza, and pneumonia. Infant and maternal mor-

Table 25.—*Routine medical checkups and number of physician visits for children, by selected age groups, 1963–64*

Family income	Percent of children receiving a routine medical checkup during the past year		Physician visits per year by children	
	Under 6 years	6 to 16 years	Under 5 years	5 to 14 years
Under $2,000	21.2	12.0	3.1	1.2
$2,000–$3,999	34.3	18.4	4.6	2.0
$4,000–$6,999	44.9	28.0	5.6	2.7
$7,000–$9,999	54.7	36.8	6.4	3.0
$10,000 and over	64.4	49.7	7.5	4.3

Note.—Data are based on household interviews during the period July 1963 to June 1964.

Source: Department of Health, Education, and Welfare.

tality rates, which are profoundly affected by medical care, are, respectively, 87 percent and 300 percent higher for nonwhites than for whites.

Rural residents obtain fewer medical services than metropolitan residents, regardless of race. The ratio of doctors to population is substantially lower in isolated rural counties than in counties located in or near metropolitan areas. The reluctance of doctors to practice in rural areas is understandable. Because the population is dispersed, doctors have less opportunity to specialize and to employ advanced medical techniques. They enjoy fewer cultural attractions and they may earn less. The result is that many rural communities have too few doctors.

MEASURES TO IMPROVE HEALTH CARE

Considerable improvement in the health care of medically deprived groups has been achieved by governmental finance of medical services for those too poor to pay for them. Major increases in public funds for this purpose were approved by the Congress in 1965 under two far-reaching pieces of legislation. The first, Medicare, provides for the aged a hospital insurance plan requiring no premium, and offers an optional insurance plan, covering doctors' fees and other services, in which the premium (currently $3 a month, but rising to $4 in April 1968) is matched by the Federal Government. About 93 percent of the aged are enrolled in this optional plan. Federal outlays for benefits under Medicare in fiscal year 1968, estimated at $4.8 billion, will cover about half the medical care costs of the aged.

The second program, Medicaid, provides matching funds for State medical services for the poor and medically indigent. Unlike previous Federal aid through public assistance, Medicaid stipulates minimum standards of benefits for State plans which receive Federal support. Federal funds under the previous medical assistance legislation are scheduled to terminate in 1970.

The 1965 Medicaid legislation left it to the States to set upper limits to the incomes of persons eligible for payments. But rapidly rising Federal outlays caused the Congress, in 1967, to limit Federal reimbursement to payments made to families with incomes below a ceiling. By 1970, the ceiling in each State will be one-third above the highest amount ordinarily paid to a family of the same size under the State program for AFDC.

The 1965 legislation required State plans to provide inpatient and outpatient hospital services, physicians' services, laboratory and X-ray services, and skilled nursing home services for qualifying adults. Amendments passed in 1967 continue this requirement for persons receiving cash assistance, but for the medically indigent, the States can elect to provide any 7 of 14 specified services.

Forty-three States and jurisdictions are expected to have Medicaid plans by July 1968, and 48 by the end of 1969. Total medical assistance expenditures by Federal, State, and local governments for fiscal year 1968 are estimated to be $3.6 billion, of which $1.8 billion is from the Federal Government.

Present health care programs probably provide less than the optimum amount of health care to the young. In fiscal year 1968, less than 10 percent of the $7.2 billion in health care outlays of the Department of Health, Education, and Welfare were directed toward children and youth under 19. Health care confers direct economic benefits through the prevention and cure of ailments which interfere with earning capacity. These benefits are especially large for children because they have their whole working lives ahead of them. Inasmuch as the enhancement of earning capacity implies greater participation in other aspects of life, the noneconomic benefits of health care expenditures may also be larger for children than for persons in other age groups.

In recent years the Federal Government programs in the area of maternal and child health have been expanding rapidly. Mothers and children in low-income families receive a variety of services under the Maternity and Infant Care, School and Preschool, Crippled Children, Maternal and Child Health Services programs, and under the health programs of Head Start and of Title I of the Elementary and Secondary Education Act. These services include free physical examinations, diagnostic services, and advice on preventive care. The 1967 amendments to Medicaid require States participating in the Crippled Children's program to make greater efforts toward early diagnosis and treatment of handicapping illnesses in young children. Treatment of illness is now provided under several of the programs, but eventually these expenses should be taken care of by Medicaid. In another area, the unusual barriers to adequate health care for migratory farmworkers are being attacked through the migrant health program. Finally, the Neighborhood Health Centers operated by the Office of Economic Opportunity provide readily accessible, comprehensive, and continuous health care and other social services to low-income families. Legislation will be proposed to provide, over the next 5 years, comprehensive medical services to needy mothers and their infants from the prenatal period through the child's first year.

These Government programs on behalf of groups now medically deprived will increase the demand for the services of physicians and other types of medical manpower. If the care received by the rest of the population is not to be reduced, the supply of these services must be increased. To augment the number of physicians the Federal Government has been giving large financial support, under the Health Professions Education Act of 1963, to medical schools undertaking expansion of their enrollment. Funds for 10 new medical schools have been provided under this program. The annual number of medical school graduates is expected to rise from 7,900 in 1965 to around 10,000 in 1973.

Increasing the supply of physicians is of highest priority for the longer run; but to achieve greater efficiency in the short run, emphasis must be placed on improvement in the utilization of physicians' services. There appear to be significant efficiency gains from group practice, from the use of more auxiliary personnel, and from use of more and better equipment, including automated laboratories and other computer-based innovations. The trend toward group practice is being encouraged by legislation passed in 1966 which provides Government mortgage insurance for group practice facilities. The training of increased numbers of auxiliary personnel under the Allied Health Professions Personnel Training Act of 1966, the Vocational Education Act, and the Manpower Development and Training Act will also permit greater efficiency in the use of physicians and of other high-level medical manpower.

THE COMPREHENSIVE APPROACH TO COMMUNITY REDEVELOPMENT

The preceding pages have touched on some of the more pressing economic and social problems facing American communities. They have stressed that many of these problems are not merely local problems, but rather national problems which appear in concentrated form in certain communities. In particular, all are aware that there are large districts, usually within the central cities of major metropolitan areas, in which the incidence of a number of these problems is particularly high. Some rural districts show similar concentrations.

Over the years, the Federal Government has developed programs designed to share with State and local governments the costs of attacking the problems of the disadvantaged. Typically, each program was designed to deal with a specific problem. There has been growing recognition, however, that ill health, inadequate education, absence of motivation, lack of marketable skills, dilapidated housing, inadequate community and social services, and crime can interact with one another. By feeding on one another, these problems create blighted districts and areas. The more recent approach has therefore been to undertake a coordinated and simultaneous attack on all the problems in a particular locality. The Model Cities program is the newest and most promising illustration of this approach.

The goal of the Model Cities program is to transform a number of the Nation's most blighted urban areas into redeveloped communities which will demonstrate the potentalities of the coordinated approach. Last fall, 63 cities were selected to participate in the first round of Model Cities planning grants. Each city is using its grant to map out a comprehensive program to deal with poor living conditions, unemployment, and inadequate access to social services in its most blighted area. The plans must include workable mechanisms to marshal all the resources of Federal, State, and local governments, voluntary agencies, local business firms, and residents of the area. These coordinated plans will include a wide variety of Federal aids—manpower training, urban renewal, federally assisted housing, education, health, and poverty programs. These programs will continue to be available individually on a national basis. But when they are integrated, and supplemented by local resources, in an approved comprehensive program for physical and social redevelopment, the Federal Government will make available supplemental grants for costs not covered by other Federal programs. The President has requested that the Congress appropriate for fiscal year 1969 the full $1 billion which is presently authorized for the Model Cities program.

Somewhat similar efforts have been undertaken to support the coordinated redevelopment of nonurban communities through the Rural Community Development Service of the Department of Agriculture and the Economic Development Administration of the Department of Commerce. Both assist smaller communities to plan comprehensive approaches to the solution of community problems in low-income areas.

This Chapter has extensively reviewed the status of the American poor and the obstacles which must yet be surmounted in our efforts to combat economic deprivation. Poverty in the United States has been declining at an appreciable rate. With continued over-all prosperity and with well-designed comprehensive programs to broaden the opportunities of all our citizens, poverty can be reduced even more effectively in the future—to the point where it will survive only as an unpleasant memory.

Chapter 5

The International Economy

THE EVENTS OF 1967 dramatized the importance of economic developments around the world to the progress and health of the U.S. economy. They also demonstrated both the need for international cooperation and the possibilities for achieving it. After highlighting the major developments of 1967, this chapter reviews the principles of balance-of-payments adjustment, surveys the U.S. balance-of-payments situation and policies in the light of these principles, and discusses problems and progress in the international monetary system and in the trading relations of the United States with both developed and developing nations.

A YEAR OF MAJOR DEVELOPMENTS

Developments during 1967 left a lasting imprint on the international economy. The headlines in the closing months of the year recorded the strains on the international monetary system generated by the sterling crisis and the subsequent devaluation of the pound. Anxieties and speculation in world financial markets contributed to a sharp widening of the U.S. deficit in the fourth quarter. The U.S. Government responded decisively with a major program to move our balance of payments strongly toward equilibrium.

Events earlier in 1967 paved the way for strengthening the future expansion of trade and the foundation of the international monetary system. The completion of the Kennedy Round negotiations marked the most successful effort toward reducing tariffs ever conducted under the aegis of the General Agreement on Tariffs and Trade (GATT). A major step was also taken toward the creation of a new form of international liquidity as the Special Drawing Rights (SDR) plan was agreed upon at the annual meeting of the International Monetary Fund (IMF).

Participating countries in the tariff negotiations displayed the enlightened statesmanship required to overcome particular interests for the greater general welfare of their own citizens and those of less-developed countries, which were not required to reciprocate in full. The same spirit ruled in the negotiations on liquidity, where substantial differences were resolved in the interest of international monetary progress.

During the difficult period preceding and following sterling devaluation, international consultations were conducted in the best postwar tradition;

they permitted Britain to devalue without similar actions by major competing countries which could have denied her the intended and needed benefits of the move. When nervousness and speculation threatened to disrupt world finance, the central banks of most major industrial countries expressed their determination and pledged their resources to defend the stability of the world monetary system.

The United States and other countries will continue to work cooperatively toward strengthening the foundation of world finance and expanding the network of international trade. There is a long agenda of unsolved and urgent problems. Payments adjustment still challenges the best efforts of all countries. The United States must insure the effectiveness of its balance-of-payments program and the proper management of its domestic economy. Meanwhile, countries with balance-of-payments surpluses have obligations and responsibilities to insure that they too move toward balance. All member countries of the IMF are called on to render promptly a clear verdict in favor of the creation of supplemental liquidity through the new Special Drawing Rights plan—as an unmistakable alternative to a shortage of reserves or to pressures on the price of gold. The year 1968 will be a period of testing for international financial cooperation, but it will also be a time of opportunity.

ADJUSTMENT PROCESS

Countries draw on international reserves, mostly in gold and U.S. dollars, to meet balance-of-payments needs when their payments to foreigners exceed their receipts. A country's reserve position is weakened when it incurs such deficits. On the other hand, its reserves will increase with balance-of-payments surpluses. Thus, reserves change hands as countries have payments imbalances.

Apart from the flow of gold to private holders, a deficit on the part of any country tends to have a counterpart in surpluses elsewhere in the world. Thus a loss of reserves by the United States is usually a gain for another nation; and an increase in our liabilities to official dollar-holders represents a gain in dollar reserves by some other nation. During the past decade, while the U.S. accounts have been persistently in deficit, many countries have had surpluses from time to time. But the European Economic Community (EEC) alone has had persistent surpluses of the same order of magnitude as U.S. deficits.

MUTUAL RESPONSIBILITIES

While moderate and clearly temporary deficits or surpluses need not cause concern, large and prolonged payments imbalances are normally undesirable for the proper functioning of the international monetary system. Unilateral actions by deficit countries, if forceful enough, generally can succeed in moving such countries toward balance. But the payments pattern that results from unilateral action may not always be compatible with the broad economic objectives that all nations hold—such as high employment, sustained worldwide economic growth, a high degree of freedom of international trade and capital movements, and an adequate flow of capital to the less-developed countries.

Indeed, unless special precautions are taken to prevent such an outcome, much of the burden of corrective measures by any one deficit country could fall on countries that are already in weak payments positions, causing such countries to suffer unnecessarily and making it doubtful whether the new payments pattern could be long sustained. And there is also a danger that unilateral actions, such as tight monetary policy or restrictive budget measures, could impart a general deflationary bias to the world economy. Likewise, if corrective action is limited to surplus countries, it could in some cases add unduly to inflationary pressures.

In the light of such considerations, it is now generally recognized that the interest of all countries can best be served if payments adjustment is brought about through cooperative efforts by both deficit and surplus countries. Both types of countries bear major responsibility for such adjustments; both must seek to insure that their actions are mutually compatible and consistent with the broader aims that they share.

PRINCIPLES OF ADJUSTMENT

The particular policies and combinations of policy instruments that countries should appropriately use to achieve adjustment were outlined in the Report on the Adjustment Process by Working Party 3 of the Organization for Economic Cooperation and Development (OECD). The findings were described in the Council's 1967 Report. These policies vary, depending on the circumstances and the particular characteristics of the countries involved. There is no question, however, that deficit countries must seek to avoid excessive internal demand for balance-of-payments as well as domestic reasons. Surplus countries, similarly, have a special responsibility to maintain an adequate pace of domestic economic expansion. The Adjustment Process Report stresses, moreover, that fiscal policy needs to be given a major role in the achievement of domestic economic balance, and that there is a special need to avoid inappropriately high levels of interest rates.

There are many situations in which the choice of policies is especially difficult, because measures taken to satisfy domestic goals may run counter to international objectives, or vice versa. In such cases it may be necessary to employ new types and combinations of policy instruments. In particular, countries whose competitive position and domestic demand levels are satisfactory may have deficits due to excessive capital outflows. Such countries may find it necessary to use selective measures to limit these outflows. As the Adjustment Process Report indicated, however, "Wherever possible, it is desirable that adjustment should take place through the relaxation of controls and restraints over international trade and capital movements by surplus countries, rather than by the imposition of new restraints by deficit countries."

The next section outlines the major actions which the United States has taken to move its payments position decisively toward equilibrium. A number of these actions are clearly of a temporary nature. While they have been designed to hold the possible damage to individual nations to a minimum, there was no choice but to move, in part, in ways that are restrictive and thus not fully compatible with the long-run aims of expansion and efficiency of the world economy. Achievement of a viable payments adjustment consistent with these goals must in part be based on the positive element of the U.S. program, which aims at a strengthening of the U.S. economic position through appropriate fiscal, monetary, and incomes policies. But it must also rest on more decisive actions by surplus countries—and particularly those in the EEC: to assure adequate economic expansion; to encourage capital outflows and increased aid to less-developed countries; to reduce barriers to trade; and to share more fully in the cost of the common defense.

THE U.S. BALANCE OF PAYMENTS

Current policies of the United States are designed to fulfill our responsibilities in the adjustment process and to the stability of the international monetary system.

The American dollar is the major reserve asset, other than gold, of world central banks; and it is the major transaction currency of international business and finance. The ability of the United States to carry out its responsibilities as the major world bank depends on the strength of its reserve position, which has been slowly diminished by continuing large deficits.

These balance-of-payments deficits arise when the sum of U.S. expenditures abroad on imports, travel, foreign securities and loans, direct investment, and other items exceeds the inflow of such payments by foreigners.

The U.S. balance-of-payments deficit records the change in our reserve position, measured as the sum of (a) losses in our reserves, and (b) increases in selected dollar claims of foreigners. The balance is statistically measured by two alternative concepts, which differ in their treatment of foreign claims. The *liquidity deficit* counts increases in the liquid claims on the United States of all foreigners—private and public—as well as losses in reserves. The *official settlements deficit* counts increases in all claims of foreign official monetary authorities—but not in private holdings of dollars—in addition to reserve losses.

Many of the transactions which contribute to the deficit involve the acquisition of productive foreign assets. The Nation does not lose wealth by such transactions, but it does sacrifice liquidity—much like an individual drawing down his bank account to buy promising growth stocks. A nation which holds its international assets primarily in liquid form loses opportunities for productive investment. On the other hand, every nation—particularly the one that serves as the world's bank—needs an adequate margin of liquidity.

THE RECENT RECORD

The United States has had a balance-of-payments deficit almost continually since 1950. During the early part of that period, the entire U.S. deficit was beneficial to the rest of the world because it helped replenish the depleted reserves of other countries; and it could be tolerated by the United States because we had started the postwar era in an extremely strong reserve position.

Beginning in 1958–59, the situation changed. The U.S. deficit increased, while the acute shortage of dollars abroad was easing. From 1960 to 1965, the deficit was reduced progressively (Table 26 and Chart 14). But a deficit

Table 26.—*United States balance of payments, 1961–67*

[Billions of dollars]

Type of transaction	1961	1962	1963	1964	1965	1966	1967, first 3 quarters [1]
Balance on goods and services	5.5	5.0	5.9	8.5	6.9	5.1	5.4
Balance on merchandise trade	5.4	4.4	5.1	6.7	4.8	3.7	4.3
Military expenditures, net [2]	−2.6	−2.4	−2.3	−2.1	−2.1	−2.8	−3.1
Balance on other services	2.6	3.1	3.1	3.9	4.2	4.3	4.1
Remittances and pensions	−.7	−.8	−.9	−.9	−1.0	−1.0	−1.4
Government grants and capital, net	−2.8	−3.0	−3.6	−3.6	−3.4	−3.4	−4.2
U.S. private capital, net	−4.2	−3.4	−4.5	−6.5	−3.7	−4.2	−5.1
Foreign nonliquid capital, net	.7	1.0	.7	.7	.3	2.5	3.9
Errors and omissions	−.9	−1.1	−.3	−.9	−.4	−.3	−.9
BALANCE ON LIQUIDITY BASIS	−2.4	−2.2	−2.7	−2.8	−1.3	−1.4	−2.3
Plus: Foreign private liquid capital, net [3]	1.0	−.2	.6	1.6	.1	2.4	[4] .9
Less: Increases in nonliquid liabilities to foreign monetary authorities [5]	--------	.3	(6)	.3	.1	.8	[4] 1.4
BALANCE ON OFFICIAL RESERVE TRANSACTIONS BASIS	−1.3	−2.7	−2.0	−1.5	−1.3	.2	−2.9
Gold (decrease +)	.9	.9	.5	.1	1.7	.6	[4] .2
Convertible currencies (decrease +)	−.1	(6)	−.1	−.2	−.3	−.5	[4] .2
IMF gold tranche position (decrease +)	−.1	.6	(6)	.3	−.1	.5	(4 6)
Foreign monetary official claims (increase +)	.7	1.2	1.7	1.4	.1	−.8	2.6

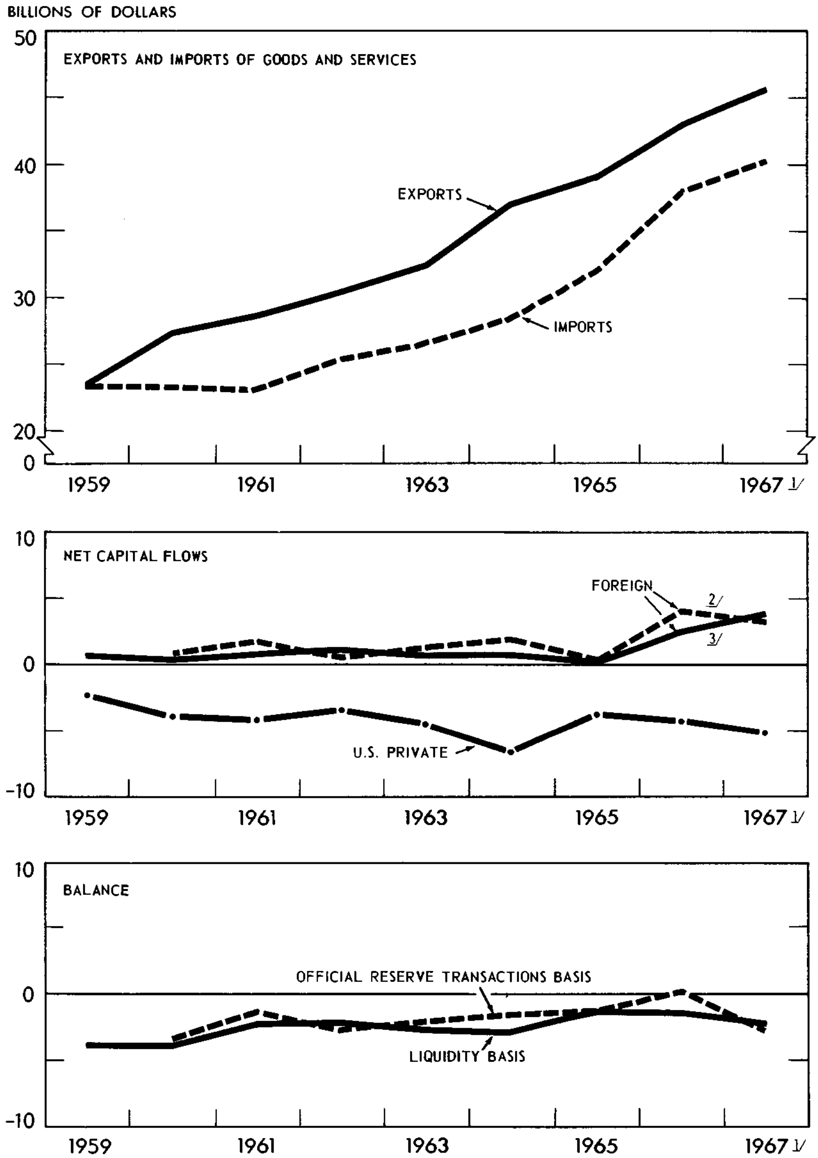
[1] Average of the first 3 quarters at seasonally adjusted annual rates, except as noted.
[2] Military expenditures less transfers under military sales contracts.
[3] Includes changes in Treasury liabilities to certain foreign military agencies during 1961–62 and to international nonmonetary institutions.
[4] Average of the first 3 quarters on an unadjusted annual rate basis.
[5] Included above under foreign nonliquid capital.
[6] Less than $50 million.

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

Source: Department of Commerce.

Chart 14

U.S. Balance of International Payments



1/ FIRST 3 QUARTERS AT SEASONALLY ADJUSTED ANNUAL RATES.
2/ EXCLUDING OFFICIAL RESERVE TRANSACTIONS.
3/ EXCLUDING LIQUID CAPITAL.
SOURCE: DEPARTMENT OF COMMERCE.

continued. The improvement came from automatic adjustment forces, and from judicious use of policy measures. New measures were required from time to time as fundamental factors changed. Foreign demands on our capital markets burgeoned with the return of currency convertibility in Europe. Trade and direct investment flows were influenced by the creation of the EEC and the European Free Trade Association (EFTA).

The improvement in the U.S. balance of payments was arrested in 1966 by the greatly increased foreign exchange costs of the Vietnam war, and indirectly through the strains placed on our domestic economy. However, the impact on the payments position was largely offset by the inflow of interest-sensitive funds in response to the tightening of domestic money markets. The liquidity deficit of $1.4 billion in 1966 essentially matched the $1.3 billion of 1965.

In 1967, the unfavorable forces that had operated in 1966 persisted while monetary conditions eased, and the deficit widened (Table 26). Measured on the liquidity basis, the deficit was at an annual rate of $2.3 billion during the first three quarters of the year.

The U.S. payments position in the fourth quarter deteriorated sharply, reflecting a decline in the merchandise surplus, the British devaluation, and the foreign exchange and gold speculation which it set off. Preliminary estimates indicate a liquidity deficit of about $3.6 billion for the year as a whole. As measured by official settlements, the deterioration in the U.S. payments position was even more pronounced; the balance shifted from a $200 million surplus in 1966 to a deficit of about $3 billion in 1967, reflecting the especially marked effect of changing monetary conditions.

While shifts in payments can be readily identified in an accounting sense, their causes are more difficult to trace. A great deal of caution is required in making analytical judgments based on the accounts, especially while the estimates are still provisional.

To assess the underlying forces, cyclical and special factors must be disentangled from trend elements.

Cyclical Forces in 1967

Even though expansion slowed down last year, the American economy was closer to its high-employment growth path than were our major trading partners, which on average fell substantially below their normal growth performance. From 1966 to 1967, industrial production abroad rose rapidly only in Japan, increased moderately in Italy, sluggishly in Canada, hardly changed in Britain or France, and declined in Germany. The depth and persistence of the German recession dampened the total performance of continental Europe significantly, with cumulative effects on world trade.

Cyclical factors affected a number of balance-of-payments accounts, including merchandise exports and imports, income from investments abroad, and capital outflows for direct investment.

The U.S. merchandise balance improved during 1967, but the increase was held down by the sluggish state of demand abroad. Exports gained about 5 percent for the year as a whole, but they declined after midyear, primarily because of the weakness of demand in some of our largest foreign markets. Reflecting the slowdown of U.S. economic activity, imports remained at the level reached in the fourth quarter of 1966 and showed little tendency to increase until the fourth quarter of 1967. For the year as a whole, they rose about 4½ percent. The comparison between 1966 and 1967 demonstrates the sensitivity of imports to the rate of change of U.S. economic activity and to the degree of pressure on our productive capacities. In 1966, when rapid expansion and shortages prevailed, imports increased by 6.8 percent of the gain in GNP; in the somewhat more relaxed economic conditions prevailing for most of 1967, imports increased by only about 3 percent of the advance in GNP.

Income from U.S. direct investments abroad expanded somewhat in 1967 after having increased only slightly in 1966. This disappointing performance reflected an actual decline in income from investments in Western Europe during the last two years, despite the further substantial buildup of assets there. The gradual narrowing of European profit margins that has been occurring for a number of years was aggravated by the cyclical situation—a phenomenon not confined to American-owned firms. U.S. income from private assets other than direct investments and from Government assets abroad continued to increase, however, about in line with previous years.

Some of the effects of the economic weakness in Europe and the slowdown in Canada, on the other hand, were favorable to the U.S. payments position. Along with other influences, the cyclical forces contributed to an indicated total drop in U.S. direct investment outflow during 1967 of about $500 million (Table 27). This was the first decline in the level of outflows since 1961, although the $3 billion level remained substantially above that of all years prior to 1965. In addition to the slowdown abroad, the substantial increase of borrowing abroad during the last two years—in response to the voluntary program—reduced considerably the outflow from the United States.

Special Factors in 1967

While the payments structure is always influenced by many special factors, 1967 produced a bumper crop. The list of those significant to the U.S. balance of payments includes Expo 67, the Middle East crisis, Vietnam intensification, and sterling devaluation.

TABLE 27.—*United States balance of payments: Capital transactions, 1961–67*

[Billions of dollars]

Type of capital transaction	1961	1962	1963	1964	1965	1966	1967, first 3 quarters [1]
U.S. private capital, net	−4.2	−3.4	−4.5	−6.5	−3.7	−4.2	−5.1
Direct investment	−1.6	−1.7	−2.0	−2.4	−3.4	−3.5	−2.9
New foreign security issues	−.5	−1.1	−1.2	−1.1	−1.2	−1.2	−1.6
Other transactions in foreign securities [2]	−.2	.1	.1	.4	.4	.7	.5
U.S. bank claims	−1.3	−.5	−1.5	−2.5	.1	.3	−.7
Other claims	−.6	−.4	.2	−1.0	.3	−.4	−.3
Foreign nonliquid capital, net	.7	1.0	.7	.7	.3	2.5	3.9
Direct investment	.1	.1	(3)	(3)	.1	.1	.2
U.S. securities (excluding Treasury issues)	.3	.1	.3	−.1	−.4	.9	1.3
Long-term U.S. bank liabilities	(3)	(3)	.1	.2	.2	1.0	1.1
Other [4]	.3	.8	.4	.5	.4	.5	1.3
Foreign nonliquid capital, net	.7	1.0	.7	.7	.3	2.5	3.9
Plus: Foreign private liquid capital, net [5]	1.0	−.2	.6	1.6	.1	2.4	[6] .9
Less: Increases in nonliquid liabilities to foreign monetary authorities [7]		.3	(3)	.3	.1	.8	[6] 1.4
Equals: Foreign capital excluding official reserve transactions, net	1.7	.5	1.3	1.9	.3	4.1	3.3

[1] Average of the first 3 quarters at seasonally adjusted annual rates, except as noted.
[2] Includes redemptions.
[3] Less than $50 million.
[4] Includes certain special Government transactions.
[5] Includes changes in Treasury liabilities to certain foreign military agencies during 1961–62 and to international nonmonetary institutions.
[6] Average of the first 3 quarters on an unadjusted annual rate basis.
[7] Included above under foreign nonliquid capital.

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

Source: Department of Commerce.

Expo. U.S. travel expenditures, which had been increasing on the average about 10 percent a year, jumped about 20 percent (or $500 million) in 1967. The acceleration was accounted for by tourist spending in Canada, which rose more than 50 percent, reflecting the attraction of Expo 67. Meanwhile, U.S. receipts from travel expenditures, which has been increasing about 15 percent a year, rose only about 4 percent last year. There was no increase in receipts from Canadians, who usually contribute one-third of U.S. travel earnings.

Middle East. The Middle East crisis and its aftermath also, on balance, had some adverse effects. While not of great magnitude, the contrast with the favorable balance-of-payments consequences of the 1956–57 Suez crisis is very marked. Net payments increased as the result of lower merchandise exports to the area, higher payments for transportation, greater personal remittances, and larger new issues of foreign securities in the U.S. market. These outweighed the gains in petroleum trade and some increase in earnings of American-owned international oil companies.

Southeast Asia. The intensification of the hostilities in Vietnam had an additional impact on the U.S. balance of payments. U.S. overseas military expenditures increased further by about $700 million in 1967, to a level more than $1.4 billion above the plateau prior to mid-1965.

Sterling. The events surrounding the devaluation of sterling had many immediate consequences for the U.S. balance of payments. Some are easily identified but others harder to evaluate. Prior to the devaluation, speculation against sterling forced the United Kingdom to liquidate all of its remaining long-term government-owned assets in the United States, in order to reconstitute official reserves. This action increased the U.S. liquidity deficit by about $500 million in the fourth quarter. The deficit may have been increased further indirectly by the flurry of private gold purchases; it was also widened to whatever extent funds moved out of the United States for purposes of speculation or hedging in the period of stress and uncertainty.

In combination, cyclical and special factors account for much of the deterioration in the U.S. balance of payments during 1967, particularly in the fourth quarter. However, against the history of a persistent U.S. deficit, the sterling devaluation and its aftermath posed a threat to the stability of the dollar and consequently to the stability of the international monetary system. Thus new U.S. balance-of-payments measures became necessary in order to strengthen the international monetary system, insure that the 1967 deterioration of the U.S. balance of payments is decisively reversed, and improve the underlying strength of the U.S. payments position enough to bear the heightened military costs in Southeast Asia.

THE 1968 PROGRAM

The monetary and fiscal measures outlined in Chapters 1 and 2 and the continued efforts to increase efficiency and to encourage responsible price and wage behavior discussed in Chapter 3 provide the broad base for improvement in our international payments position and are an integral part of our balance-of-payments program. In addition, the President set forth on New Year's Day a major new program of measures specifically directed at the balance of payments.

The new program is directed at improvement in five separate areas: (1) capital outflows for American direct investments abroad; (2) loans to foreigners by American financial institutions; (3) Government net expenditures abroad; (4) net travel expenditures; and (5) merchandise trade. Most of the measures included in the program will have an immediate impact on the balance of payments. Some are intended to be temporary; others are long term in character. Some have been put into effect by administrative actions, others require legislation by Congress, and still others require cooperative action by our allies and trading partners.

Regulations on Foreign Direct Investment

On January 1, 1968, the President issued an Executive order which basically transformed the Commerce Department's previously existing Voluntary Direct Investment program into a mandatory program with much lower levels of permitted capital outflows. The voluntary program, which began in 1965, called on the business community to reduce capital transfers for direct investment in developed countries; it also sought additional contributions to the balance of payments through such means as expanding exports and remittances of earnings abroad. The program stressed the desirability of financing investments abroad through foreign borrowing.

The largest needs for cash by American affiliates abroad are for financing plant and equipment expenditures. Foreign plant and equipment outlays by American firms in 1967 were an estimated $10.2 billion, up from $6.2 billion in 1964. These expenditures are financed out of many sources. In 1966, capital outflows for direct investment accounted for about 32 percent of the total; reinvested earnings were 20 percent; long-term borrowings abroad amounted to 8 percent; short-term borrowings abroad and depreciation allowances on existing foreign assets represented the remainder—about 40 percent. As had been the case previously, the new program is directed only at new outflows of funds from the United States and reinvested earnings. It does not aim to curb plant and equipment expenditures as such, although they are bound to be affected. Long-term funds borrowed abroad are specifically exempted.

Despite excellent business cooperation with the voluntary program, a mandatory program is necessary to achieve the large improvement required in 1968 and to insure equality of burdens among all direct investors.

The new program provides three basic limitations on direct investors: (1) annual limits are placed on their new direct investment—capital outflow plus reinvested earnings—in foreign subsidiaries or branches; (2) a minimum share of total earnings from their direct investments must be repatriated—generally equal to the same percentage that they repatriated during 1964–66; and (3) their short-term financial assets held abroad must be reduced to the average level of 1965–66 and held at or below that level.

The annual limits on direct investment are determined in the following way:

(1) For less-developed countries, as a group, new capital transfers and reinvested earnings, in combination, may not exceed 110 percent of a direct investor's average new direct investment in less-developed countries in 1965–66.

(2) For developed countries to which U.S. capital inflow is essential—including Canada, Japan, Australia, New Zealand, the United Kingdom, and some oil-producing countries—the maximum permitted allowance is 65 percent of the annual average of capital outflow plus reinvested earnings in 1965–66.

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(3) For all other countries, principally continental Western Europe, a moratorium is imposed on any new capital outflows for direct investment. However, a direct investor may normally plow back each year into his existing direct investments in these countries as a group the same percentage of his earnings as he reinvested in the years 1964–66.

The program exempts small direct investments not exceeding $100,000 in the aggregate. It also establishes administrative procedures whereby the Secretary of Commerce may authorize in exceptional cases direct investments in excess of those allowed under the general rules.

The direct investment program is designed to achieve a $1 billion improvement in the balance of payments. The impact is to be concentrated on the surplus countries of continental Europe, with a minimum effect on other countries. It requires an important sacrifice by U.S. international corporations, but it is designed to keep interference in the details of business decisions to a minimum. Normal international trade among affiliate companies will not be restricted, nor will other usual business transactions be disturbed. The program is intended to be temporary, subject to relaxation as soon as world payments conditions permit.

Foreign Credits by Financial Institutions

The Board of Governors of the Federal Reserve System issued new suggested guidelines on foreign credits of financial institutions. The President gave the Board authority to make the guidelines mandatory if that should prove necessary. The new guidelines, covering both banks and other financial institutions, represent a major tightening of the program begun in 1965. They aim at a substantial inflow of $500 million in credits subject to the program in 1968. There was an outflow of such credits of about $400 million in 1967.

Three types of restrictions were placed on the extension of foreign credits by banks. (1) Ceilings on credits for most large banks were reduced to 103 percent of foreign credits outstanding on December 31, 1964. Priority within the ceiling is to be given to credits for financing American exports and for supplying capital to less-developed countries. (2) In addition, banks are called on not to renew at maturity outstanding term loans to developed countries of continental Europe and not to relend the repayments of such loans to residents of those countries. (3) Banks are also to reduce the amount of short-term loans outstanding to developed countries of continental Europe by 40 percent of such credits outstanding on December 31, 1967, bringing them down at a minimum rate of 10 percent a quarter.

Parallel restrictions were also placed upon activities of nonbank financial institutions such as insurance companies, finance companies, trust companies, and employee retirement and pension funds. It is expected that all financial institutions will continue to cooperate fully in the program.

Government Expenditures Abroad

The impact of the Government's own expenditures abroad will be reduced as part of the new program while still maintaining essential functions. The President has directed

—the Secretary of State to negotiate with our NATO allies to minimize the foreign exchange costs of keeping our troops in Europe;

—the Secretary of Defense to take steps to reduce further the foreign exchange impact of personal spending by U.S. forces and their dependents in Europe;

—the Director of the Bureau of the Budget and the Secretary of State to reduce by at least 10 percent the number of Government civilian personnel working overseas and to curtail overseas travel abroad to the minimum consistent with the orderly conduct of Government; and

—the Administrator of the Agency for International Development to reduce expenditures abroad by $100 million and take measures to insure that goods exported from the U.S. under AID loans are additional to U.S. commercial exports.

These measures are aimed at saving $500 million in the balance of payments.

Travel Account

In order to reduce the net travel deficit by $500 million, the President has asked Americans to defer all nonessential travel outside the Western Hemisphere for two years; he also directed the Secretary of the Treasury to explore with the appropriate congressional committees legislation to help achieve that objective. Long-term efforts to attract more foreign visitors to the United States are being intensified.

Trade Expansion

The new program also includes several long-range measures of improved export financing and export promotion. Congress will be asked to earmark $500 million of the Export-Import Bank's lending authority for a new export expansion program designed to guarantee, insure, and make direct loans for exports which do not fall under the Bank's existing criteria. The Bank will also expand and liberalize its rediscount program to encourage private banks to increase their financing of exports. Congress will also be asked to support a five-year, $200 million program in the Department of Commerce to promote the sale of U.S. goods abroad. The Department plans to initiate a program of joint export associations to provide direct financial support to American firms joining together to sell abroad.

PROSPECTS FOR 1968

The new program will have a major impact in reducing the U.S. deficit this year. It should cut private capital outflows by more than $1½ billion from 1967 levels. It aims to reduce net travel outflows by $500 million. The impact of Government expenditures abroad will be reduced and American exports stimulated. Moreover, the prompt and decisive action taken by the United States should help to halt the speculation and anxiety that led to some short-term capital outflows in the closing months of last year. Long-term capital outflows in the form of security purchases will continue to be restrained by the Interest Equalization Tax, which was extended in 1967 with new authority for the President to vary the rate of tax within specified margins.

The condition of the U.S. domestic economy will have very great importance for the balance of payments. Prompt enactment of the tax surcharge by the Congress and responsible wage and price decisions by American labor and management are essential to insure that the growth of imports will be moderate and that American business firms will have incentives to market exports actively and competitively.

General business conditions abroad will also have a significant influence on the balance of payments in 1968. As appraised by OECD and leading private experts, European economic growth is expected to improve from the disappointing sluggishness of 1967.

To be sure, the new U.S. program will tend to reduce investment demand and to tighten monetary conditions in Europe. However, most countries on the continent are in a position to counter this tendency effectively with more expansionary monetary and fiscal policies. Both balance-of-payments conditions and the state of domestic demand call for more stimulative policies on their part. As indicated in the discussion of the adjustment process, surplus countries have a world responsibility to manage their economies in such a way as to insure growth and to encourage expansion.

The possibility of a major improvement in U.S. trade this year, however, is limited by several factors, including the improvement in the competitive position of Britain provided by devaluation, the indicated forthcoming bulge in steel imports in anticipation of a possible strike, and the recent good agricultural harvest in many countries which will limit the growth of exports of farm products. Furthermore, a number of European countries, including Germany, the Netherlands, and Austria, are instituting major changes in their border tax arrangements this year in ways likely to encourage exports and inhibit imports—contrary to the needs of world payments adjustment. Diplomatic consultations have been initiated to mitigate the disadvantages to our trade which arise from differences in national tax systems. The Administration is preparing legislative measures in this area; their scope will depend on the outcome of these consultations.

Finally, the Common Market at midyear is scheduled to remove all remaining internal tariffs and to complete the adoption of a common external tariff. The consequences of this action on U.S. trade will be moderated, however, by the simultaneous implementation of the first tariff cuts by the EEC under the Kennedy Round.

LONG-TERM PROSPECTS

A key element in the balance-of-payments outlook for the long run is our ability to maintain and improve the competitive position of the United States. It is difficult to trace the connection between competitive changes and trade movements, but there is little doubt that an increase in relative costs—which, in turn, raises relative prices—can impair a country's trade performance, while reductions in relative costs can enhance its trade surplus.

Empirical evidence on costs is limited to manufactured goods, and even there it is far from satisfactory. The data do make clear that, during much of the decade of the 1950's, U.S. costs and prices rose faster than those of our major competitors. We lost ground in international markets during that period. Within recent years, however, the situation with respect to costs was reversed. In manufacturing, U.S. unit labor costs (the largest element in total costs) declined between 1961 and 1965, while costs in other countries except Canada increased substantially (Table 28). As a result, our share of foreign markets in manufactured products stabilized, when intra-EEC and intra-EFTA trade are excluded. In 1966, our costs increased about as rapidly as the average of other countries. Comprehensive data are not yet available for 1967, but our costs continued to rise, probably at a rate exceeding that of most European countries.

TABLE 28.—*Unit labor costs in manufacturing for selected industrialized countries since 1961* [1]

[1961=100]

Country	1962	1963	1964	1965	1966 [2]
United States	99	98	98	97	99
Canada	99	98	97	99	103
France	107	112	117	119	116
Germany	107	110	110	117	123
Italy	107	118	123	120	118
Japan	109	114	111	118	125
United Kingdom	103	102	103	108	113

[1] Ratio of wages, salaries, and supplements to production; national currency basis.
[2] Preliminary.

Note.—Data relate to wage earners in Italy and to all employees in other countries.

Sources: Department of Labor and Council of Economic Advisers.

Many of our trading partners are facing fundamental structural changes in their economies. The labor supply situation that permitted the period of extremely rapid growth in Europe has altered fundamentally. The growth of the European labor force in the next decade will be much smaller than in the recent past, and less scope remains for shifting European labor out of less efficient pursuits, such as agriculture, or out of unemployment into industrial activity. This will mean greater European demands for labor-saving machinery, in which U.S. producers hold a marked competitive edge; it may also increase pressures in the European labor market and strengthen the bargaining power of European workers. Finally, with the elimination of all tariff barriers this year, internal EEC trade will no longer receive the further benefit of periodic duty reductions. Therefore, with proper economic management at home, the United States has an excellent opportunity to strengthen its trade surplus over time.

The development of European capital markets has proceeded at a substantial pace in the past few years, spurred partly by the U.S. voluntary programs and the Interest Equalization Tax. The new program will provide added incentives for the mobilization of long-term funds in European capital markets. This should, in the years ahead, tend to moderate the basic demand for capital from the United States. The recent vast expansion in U.S. business holdings overseas should also help by increasing the inflow of earnings, dividends, royalties, and fees in the years ahead.

THE INTERNATIONAL MONETARY SYSTEM

Because dollars are used as reserve assets, the U.S. balance of payments is closely linked to the stability of the entire international monetary system.

THE GOLD-EXCHANGE STANDARD

In major part, existing international monetary arrangements are based on the rules and institutions developed at the Bretton Woods Conference in 1944, which established the IMF. The basic principles underlying the Bretton Woods system call for the convertibility of one currency into another at essentially fixed exchange rates, with fluctuation around declared parities limited to a narrow range. Changes in parities are to be made only in cases of fundamental payments disequilibrium and upon prior consultation with the Fund.

Because demands for a nation's currency vary from time to time, and thus receipts and payments do not balance exactly, a nation needs monetary reserves to support the value of its currency in a fixed exchange rate system. Under the so-called gold-exchange standard, these "owned" reserves are held both in gold and in certain foreign currencies. In fact, the dollar is the principal reserve currency for most nations of the world, although the pound sterling and the French franc also serve this purpose on a smaller scale. Currencies are useful as reserve assets because they are convertible amongst themselves, are claims on the real resources of issuing countries, and can be held in interest-yielding, but still highly liquid, form. All countries other than the United States meet their IMF obligations by buying and selling currencies, mostly dollars. The United States meets its basic commitment under the Fund rules by freely buying and selling gold to foreign monetary authorities at a fixed price of $35 an ounce. Gold maintains its reserve asset status by being linked to the dollar and the IMF, and by tradition .

Reserves are the main line of defense for any nation which is seeking to correct a payments deficit through an orderly adjustment. Multilateral credit facilities serve as a further line of defense. The Fund provides medium-term credits to assist members in overcoming temporary payments deficits without resort to unduly restrictive international or domestic measures. This system has been strengthened by the recent creation of a network of short-term credit facilities among central banks and by the development of the General Arrangements to Borrow, which enlists additional resources from major industrial nations to help the Fund meet large credit needs.

These various credit facilities supplement but are not a substitute for owned reserves. As has been clearly demonstrated in the past, in a world of growing trade and payments, nations desire to hold a growing quantity of monetary reserve assets. In order to increase their reserves, nations aim for payments surpluses. If successful, the efforts of some countries to attain surpluses must be reflected in deficits for other countries. Under present arrangements, such a competitive effort to build reserves can lead to undesirably restrictive actions on domestic economies and on trade and capital flows.

In fact, world trade and output have grown rapidly in recent years. But monetary reserves have increased slowly. If that sluggish pace continues, it could inhibit the growth of economic activity. Total world reserves have grown at an annual rate of 2.7 percent since 1960 (Chart 15), far below the 7.4 percent annual rate of expansion of world trade.

Of the major types of reserves, the dollar has contributed most of the increase in the total stock of monetary reserves. Gold has made very little contribution in the 1960's, and none at all in the past two years. Certain drawing rights in the IMF, which are created as a byproduct of the credit operations of the Fund, are automatically available to member nations and are thus properly classified as reserve assets. These "super gold tranche" reserve assets have achieved some quantitative importance in recent years, but they are also extinguished through specific credit operations.

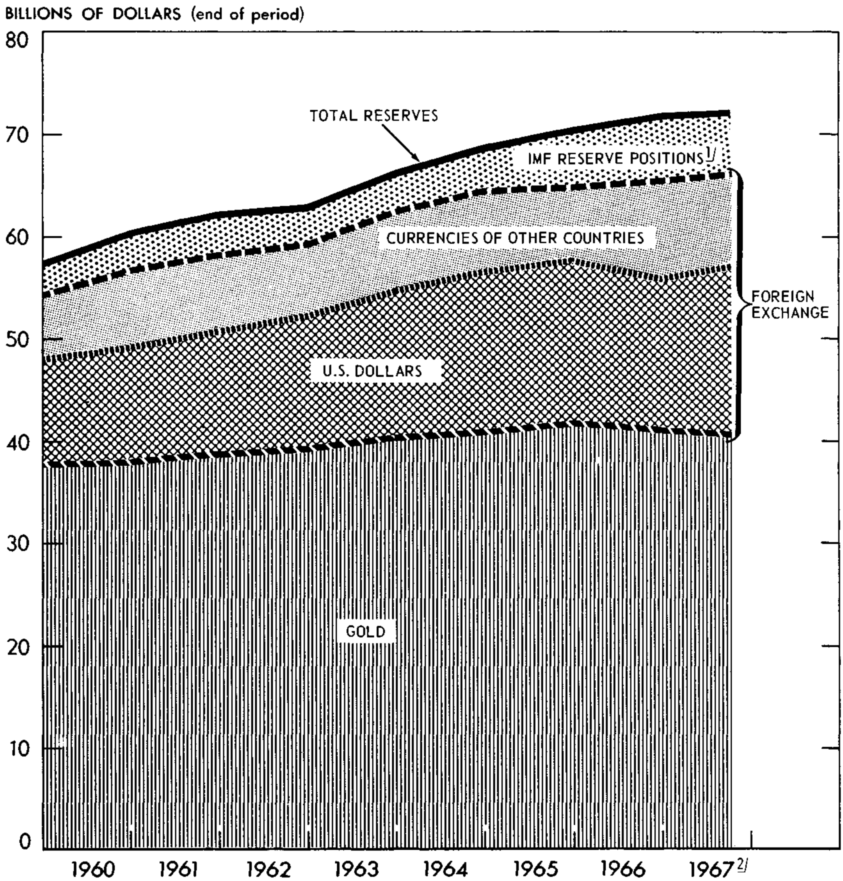
A survey of future prospects makes it clear that neither gold nor the dollar can be counted on to add substantially to total world reserves in the years ahead.

GOLD RESERVES

Gold constituted 56 percent of total world monetary reserves in 1967 (excluding the Soviet Union and other Communist countries), a decline from 72 percent in 1948. The supply of newly mined gold has been small in relation to existing monetary stocks, and a large portion of new supplies has been absorbed into private uses and holdings.

Chart 15

World Monetary Reserves



1/ INCLUDES IMF GOLD HOLDINGS.
2/ DATA ARE FOR END OF THIRD QUARTER 1967.
SOURCE: INTERNATIONAL MONETARY FUND.

Historical Background

In many respects, the recent decline in the importance of gold is an extension of a trend that began after World War I. That trend, in turn, reversed the developments of the preceding half century when gold first achieved a preeminent role.

Following the discovery of important new deposits in the middle of the 19th century, gold replaced silver as the standard of international finance and became the predominant basis of the monetary system of most major trading countries. Even in this period, the slow increase in monetary gold threatened to act as a brake on economic development. However, new discoveries, chiefly in South Africa, provided enough additional gold to keep the system going.

After World War I, the gold standard was transformed into a less rigid system. Gold holdings were increasingly concentrated in the hands of central banks, while the public relied increasingly on paper currency and checking accounts for domestic transactions. Many central banks kept all or part of their international reserves in the form of claims on "key currencies"—primarily the pound sterling and the dollar—themselves convertible into gold. This system is the gold-exchange standard, which, after an interruption during the 1930's, has survived to the present day.

Private Demands

By developing the use of financial claims as reserves, the world has learned to avoid the constraints imposed by the slow growth of gold stocks. In the last few years, the importance of this development has become especially great because gold production has leveled off, while the nonmonetary consumption of gold has increased rapidly. The physical properties of gold, such as electrical conductivity and resistance to corrosion, have proved to be increasingly attractive in industrial applications. The use of gold in jewelry and dentistry has more than kept pace with the rise in world income. Commercial gold consumption in the United States amounted to $220 million in 1966, and is rising at an annual rate of more than 10 percent. While there are no accurate worldwide data, gold consumption in industry and the arts appears to be absorbing about $¾ billion a year. Production of newly mined gold (outside of Communist countries) now amounts to about $1½ billion a year, intermittently augmented by Russian gold sales.

Hoarding and speculation also contribute to the private demand for gold. Even if it were not illegal, most Americans would find gold an unattractive asset because it earns no interest and is expensive to store safely or to insure. But many foreigners have reasons for thinking otherwise. Gold can be more easily carried in emergencies or hidden (especially from the tax collector) than bulkier assets. Also, in some parts of Asia, gold is the only asset that a wife may own beyond the control of her husband. Furthermore, there has also been some net acquisition of gold by private speculators who were betting on an increase in the price of gold.

Quite apart from speculation, it is clear that gold can supply, at most, a small fraction of the needed growth in world monetary reserves. The monetary gold stock could grow no more than 2 percent a year on the basis of present rates of mining less consumption in industry and the arts. Given the prospect of growing commercial use, even that rate of growth may not be achievable over time. Indeed, the world cannot count on any sustained increase in monetary gold reserves in the long run. In fact, it is possible that, over time, gold may gradually lose even its present importance as a monetary reserve asset.

DOLLARS AS RESERVES

At the present time, liquid dollar holdings of foreign monetary authorities amount to about $16 billion and are larger than the U.S. gold stock. The United States could provide substantial further increases in foreign reserves only by running continued large deficits. The persistence of such deficits would impair confidence and thus endanger the link between gold and the dollar, which is the essence of the gold exchange standard. The U.S. commitment to move toward payments equilibrium is designed to assure the strength of the link, preserving the high quality of the dollar as a reserve asset by limiting the increase in the quantity of dollars held abroad.

As another step to insure the strength of the dollar and thus of the gold exchange standard, the President has proposed legislation to remove the current "gold cover" requirement on domestic currency.

Removal of the Gold Cover

Under existing legislation, the Federal Reserve System is required to hold a 25-percent reserve in gold against Federal Reserve note liabilities. Increasing amounts of gold are brought under the gold cover as the volume of Federal Reserve notes expands to meet the needs of a growing economy. As a domestic requirement, the gold cover is an anachronism. Appropriate monetary policy is related to the over-all needs of the economy; and the Federal Reserve Board exercises its authority in relation to those needs, not in relation to our gold holdings.

The only real purpose for the United States to hold a gold stock is to insure the international convertibility of the dollar. The growing amount of gold needed to satisfy the gold cover requirement is approaching the level of U.S. gold holdings. While there are provisions permitting the gold stock to dip below the gold cover requirement, the retention of this statutory limit serves no useful purpose. And its removal will make unmistakably clear that our entire gold stock is available to defend the international convertibility of the dollar at its present parity.

MEETING RESERVE NEEDS

In view of the limited possibilities for gold and the dollar to provide additional international monetary reserves, it is clear that positive action must be taken to assure the growth in reserves essential to support expanding world trade.

That need must be met in a more constructive way than by an increase in the price of gold. As the President has repeatedly stated, the United States is unalterably opposed to a rise in the price of gold. Such an action would be both inefficient and inequitable. Its primary impact on reserves would be achieved by a large "one-shot" write-up of the nominal value of gold reserves, rather than by an assurance of continued steady growth. It would stimulate a limited increase in gold production, but only by diverting scarce resources into the production of a commodity for which there is no shortage in nonmonetary use. It would give unearned windfall gains to major gold producing nations, such as South Africa and the Soviet Union, while penalizing those countries, such as Japan and Sweden, which have supported the gold exchange standard by holding reserves in dollars. It would not only reward speculators but—more important—would encourage them in the belief that further price rises were inevitable.

In rejecting an increase in the gold price as a means of expanding reserves, the United States can point toward a far more constructive alternative. Just as the gold exchange standard added key currencies as reserve assets supplementing gold, now the key currencies must be supplemented by appropriate new reserve assets. The decision to create such new reserve assets is needed promptly. The threat that total reserves may not grow adequately in the future is a source of strain and uncertainty in the international monetary system and an encouragement to speculation in gold and foreign exchange markets.

To encourage the orderly progress of world trade and economic growth, and to maintain confidence in international monetary arrangements, the nations of the world must show decisively and promptly their determination to meet the need for growing reserves by creating an adequate supplement to gold and the dollar. The development of a supplemental reserve asset, backed by the full faith and credit of participating nations, is the ideal way to solve the problem. Such an asset can be universally accepted as a supplement to gold and dollars and can be issued in quantities sufficient to insure adequate growth of total monetary reserves. The outline plan for international monetary reform, unanimously endorsed at the 1967 annual meeting of the IMF in Rio de Janeiro, is a major forward step toward a solution.

THE RIO AGREEMENT

The plan agreed upon in Rio represents the outcome of four years of intensive study and negotiation, involving the major industrial countries in the so-called "Group of Ten" as well as the wider forum of the Fund. It provides for the establishment, within the IMF, of a new reserve facility for the creation of Special Drawing Rights (SDR's), designed to "meet the need, as and when it arises, for a supplement to existing reserve assets." SDR's will be created by deliberate decision of IMF members and will be distributed to all participants in proportion to their Fund quotas. Countries receiving these rights will be able to count them as part of their reserves. Subject to certain rules described below, they can use them to settle balance-of-payments deficits or satisfy reserve needs by drawing on (i.e., exchanging them for) convertible currencies of other countries. An amendment to the Fund's Articles of Agreement that will express the new scheme in precise legal terms is to be prepared by the Executive Directors of the IMF not later than the end of March of this year, and will be submitted to member countries for ratification.

As President Johnson has indicated, the Rio agreement constitutes the greatest forward step in the improvement of the international monetary system since the creation of the Fund itself. For the first time in history, the great majority of the world's nations, comprising all the members of the IMF, has agreed to cooperate in the conscious and deliberate creation of a new and permanent reserve asset, in amounts and at a pace systematically geared to assure adequate growth of total international reserves.

Nature of the New Reserve Asset

Essentially, SDR's are claims giving their holders the unconditional right to obtain convertible currencies from other members of the Fund to meet balance-of-payments needs or unfavorable developments in a country's total reserves. These claims are backed by the obligation of member countries to accept them in exchange for convertible currencies up to certain limits.

In the design of the new asset, every effort has been made to assure that it will be a true supplement to existing reserve assets and will, in fact, add to the *total* of world reserves. In line with these considerations, SDR's will carry a gold value guarantee and will be "as good as gold" for the settlement of international payments. Indeed, since they can be used *only* for such settlements, any newly created SDR's constitute a permanent addition to the world's official monetary reserves. Unlike gold, they cannot be drained into private hoards, and, unlike super gold tranche drawing rights, they cannot be extinguished as the by-product of other Fund operations.

The new reserve asset will also have an advantage over gold in bearing interest; at the same time the rate will be much lower than is available on dollars and other reserve currencies. And they will, of course, not share the dollar's unique role of serving simultaneously as a reserve asset and as the world's principal transactions currency.

While SDR's will have all the essential characteristics of reserve assets, the framers of the plan realized that it may take some time until participating countries become fully accustomed to this new asset. The plan therefore places certain limitations on the ability of individual participating countries to use SDR's and on their obligation to accept them. As the new asset becomes more familiar to the world through experience, it should become increasingly possible to reduce or even eliminate such limitations.

The initial rules are designed to assure that the new reserve asset will be smoothly integrated into the monetary system with existing assets. Under them, the Fund will frequently act as a traffic policeman guiding transfers.

The rules require, first, that SDR's should be used only for balance-of-payments needs or to meet reserve losses and not merely for the purpose of shifting from one reserve asset into another.

Second, when SDR's are used for the acquisition of convertible currencies, the countries drawn upon should normally be in a solid balance-of-payments position—as a result of either surpluses or strong reserves. And the drawings are to be guided toward such countries in a way that will, over time, provide a more or less proportionate relationship of the new asset to total reserves. Thus it is assured that the holdings of the new asset will be widely dispersed among participating nations.

Third, each participating country is obligated to accept SDR's in exchange for convertible currency only up to the point where its total holdings are three times the amount of such reserve assets that have been cumulatively allocated to it. This limits the obligation of any individual nation while insuring ample scope for the effective use of the new asset.

Fourth, countries which have used SDR's in large amounts over an extended period will have a limited obligation to reconstitute their holdings over time. The rule provides that, during the first five years of the operation of the plan, a country's average holdings should be at least 30 percent of its average allocation over this period. In a very rough way, this requirement can be compared to a minimum average balance that a bank may require on checking accounts.

Decisionmaking and Distribution

Following ratification of the Rio plan, the activation of the new facility will require a separate set of decisions. Activation can only occur when the Managing Director of the Fund, after careful study and upon consultations with Fund members to assure him of the need for additional reserves, makes a specific proposal as to the timing and the amount of SDR's to be created. Final approval of the proposal requires an 85-percent majority of the voting power of the participating countries, somewhat more than the 80-percent vote required for quota increases in the Fund. In effect, it gives a veto power not only to the United States but also to the countries of the Common Market, should they choose to vote as a group.

Since SDR's are designed to assure an adequate over-all growth of international reserves over time, decisions regarding the amount of SDR's to be created will normally be made for a basic period ahead (such as five years), with equal amounts to be issued during each of these years. The task of satisfying short-term variations in liquidity needs will thus continue to be left to such existing mechanisms as the credit facilities of the Fund and the network of central bank swap arrangements.

The new facility will be universally available to Fund members, without discrimination—an important principle on which the United States placed great stress during the course of the negotiations. Under this arrangement, the United States would receive about $250 million out of each $1 billion of SDR's created. The share of the Common Market countries as a group would be about $180 million; of the United Kingdom, $116 million; of

Canada and Japan, about \$35 million each; of other developed countries, \$107 million; and of the less-developed countries, \$280 million.

In effect, the new drawing rights are to be created by the stroke of a pen, but that stroke will commit the full faith and credit of participating countries behind the asset that they have jointly established. As is true in the case of domestic money, the general and unconditional acceptability of such monetary assets reflects confidence in the issuing agent. No one could ask for a stronger issuing agent than the nations of the IMF banded together.

Paper monetary reserves are by no means new—sterling and dollars have served as reserves for generations. What will be new is the reliance on a reserve asset backed by a group of nations rather than a single one and capable of being created by international decision.

The ratification of the Rio plan is still to come. And the implementation and actual creation of SDR's are a further step away. Even when they are created, it will take time for them to become established as a customary usable reserve asset. But the world is now taking the decisive step of choosing to travel this route. It is adopting, as a means of meeting the need for growing reserves, a clear alternative to a rise in the monetary gold price.

The potentialities for this reserve asset are obvious and enormous. It need not and will not displace gold and the dollar as reserve assets. But it will free the world from concern about the supply and demand for gold.

While the creation of SDR's will not, in itself, solve the balance-of-payments problems of the United States or any other country, it will enable countries to increase their reserves without pursuing mutually incompatible payments goals. Thus, it should facilitate an orderly adaptation of other countries' payments positions as the United States reduces its deficit, and contribute to the general health and strength of the international monetary system.

The Tasks Ahead

The developments of late 1967 have given special urgency to the early ratification of the SDR facility. Indeed, activation of the facility in the relatively near future may prove highly desirable to insure that the international monetary system will function with full effectiveness.

Several aspects of the current situation point toward the need for early action. The world's monetary gold stock actually declined in 1967. There are indications that inadequate reserve expansion may already be inhibiting economic growth and the freedom of international transactions. Moreover, successful implementation of the British devaluation will require a sharp shift in Britain's payment position from a large deficit to a sizable surplus; this will in turn call for reductions in surpluses and the incurring of deficits by other major countries. Additional adjustments in the payments positions and structures of major surplus countries will also be needed as a counterpart to improvements in the U.S. balance of payments. These difficult adjustments will be greatly facilitated if an adequate growth of total world reserves is assured.

TRADE POLICIES

World trade has grown spectacularly in recent years. Between 1953 and 1966 it expanded by almost two and a half times, while world output of primary and manufactured products doubled. The growth of trade relative to output has been an important factor in making this period the most prosperous one in recorded history. It was fostered by the progressive liberalization of the commercial policies of the major trading nations. The United States can take pride in its leading role in this liberalization.

KENNEDY ROUND

The Kennedy Round was the sixth venture at multilateral trade negotiations undertaken by the GATT since its creation in 1947. The growth of regional trading blocs in Europe and elsewhere introduced a special urgency and significance to the latest negotiations. The major nations of Europe had divided themselves into two trading groups, the EEC and the EFTA. Each group provided for eventual free trade among its members, accompanied by a continuation of tariffs and other restrictions against nonmembers. While these organizations have many desirable features, they can pose a threat to the development of more liberal trading relations among nations that belong to different groups and between group members and nonmembers like the United States.

The United States' response to this challenge was the passage of the Trade Expansion Act of 1962 which became the stimulus for the Kennedy Round. This act permitted the President greater flexibility in bargaining for lower tariffs and provided for adjustment assistance to American workers and business firms that might be injured as a result of tariff concessions. The negotiations were formally begun in May 1964 and were concluded after many difficulties on June 30, 1967. Although some problems could not be adequately overcome within the Kennedy Round, a remarkable degree of tariff reduction was achieved. The results have been widely and accurately acclaimed as a major accomplishment.

Features of the Agreement

The agreement includes tariff concessions covering about $40 billion of world trade; the United States gave concessions on about $8.5 billion of its imports while concessions by others cover the same amount of U.S. exports. Tariff reductions of 50 percent were applied to numerous manufactured products and significant but smaller reductions were applied to many others. For the four largest participants—the United States, the EEC, the United Kingdom, and Japan—the weighted average reduction of tariffs on manufactured products was about 35 percent. The U.S. tariff reductions will generally take effect in five equal annual installments, the first of which became effective on January 1, 1968. Some of our trading partners took a similar step at the same time, but others will wait until midyear and then make 40 percent of their reductions.

Certain manufactured products required special negotiations; these included chemicals, cotton textiles, and iron and steel. Chemical products posed a particularly difficult problem, which was resolved by making two separate agreements. The first is incorporated in the multilateral tariff-reducing agreement providing for a stipulated unconditional reduction of chemical tariffs by the United States and other countries.

The second is conditional upon legislative action by the United States to remove the special valuation method now applied by U.S. tariff regulations on benzenoid chemicals. Under legislation adopted in 1922, when the American chemical industry was still in an "infant" stage, the U.S. tariff rate for competitive benzenoid chemicals is applied to the price of similar products made by domestic producers rather than to the actual price of imports. If the United States adopts the normal valuation practice on these items, certain of its major trading partners will further reduce chemical tariffs and will also lower some nontariff barriers.

Agricultural products were also considered in the Kennedy Round and proved to be especially troublesome. However, significant tariff concessions were finally agreed upon. Those by other nations cover about $870 million of U.S. exports. Our concessions covered about the same amount of U.S. imports. The other major accomplishment in agriculture was the negotiation of a grains agreement. It provides for a higher minimum price for wheat than existed under the old International Wheat Agreement, and involves an increase of about 15 percent in U.S. export prices. It also provides for a multilateral food aid program equivalent to 4.5 million tons of cereals a year, of which the United States would contribute 42 percent.

While these steps are encouraging, the degree of restriction remaining on international trade in agricultural products—particularly through nontariff barriers—still greatly exceeds that on manufactured goods. Nevertheless, the Kennedy Round went further than previous negotiations in the agricultural area. Furthermore, the principle embodied in the food aid agreement may have great significance over the long run, because it recognizes that responsibility in the international war on hunger extends to all countries, not just to the United States and the other major food exporting nations. If the world's need for food should outrun supplies in the years ahead, this agreement could become the pattern for an international corrective program.

The United States made particular efforts to reduce tariffs on products of special interest to less-developed countries. It granted concessions on more than $900 million of such products without attempting to obtain full reciprocity.

Another element in the Kennedy Round package was the successful negotiation of an international antidumping code. This accord is consistent with existing American laws which safeguard our industry, and it commits our trading partners to insure fair procedures to American exporters. Also as part of the negotiation, a three-year extension of the long-term cotton textile arrangement was concluded.

Consequences of the Tariff Reductions

The amount of existing trade covered by tariff cuts in the Kennedy Round does not reflect the potential expansion of trade which is one of the key benefits of the tariff reductions. New U.S. export opportunities will be created. Moreover, American producers will experience lower costs as a result of reduced tariffs on many inputs. The welfare of American consumers will be enhanced by lower prices of goods of both domestic and foreign origin.

Exports. American exports will be stimulated from two sources. First, as tariffs abroad are reduced, our exporters will have an opportunity to compete on a more equal footing in the domestic markets of foreign producers. Second, the tariff advantage in favor of member nations over nonmembers within the EEC and EFTA will be reduced, thereby enabling American exporters to compete more effectively in these large markets. For example, because the EEC tariff on pumps and compressors will be reduced from 12 to 6 percent when the Kennedy Round reductions are completed, German pumps will have only a 6-percent preferential edge over American pumps in the Dutch market as compared to the 12 percent they now enjoy.

Inputs. A second major gain from the Kennedy Round will come from the reduction of American tariffs on materials and components used by American manufacturers. Both the imported items and the competing domestic materials will be cheaper, and production costs will thereby be reduced. As a consequence, the competitive position of American manufacturers using these inputs will be improved in both export and domestic markets.

To cite only one example, tariffs on a wide range of steel alloying materials will be progressively reduced. This should reduce the costs of producing alloy steels, and of machine tools, machinery and equipment manufactured from such steels, thus strengthening the competitive position of our machinery industries in export markets.

Consumer Goods. The Kennedy Round also provides benefit to American consumers from U.S. tariff reductions. Consumers will enjoy reduced prices on imported goods and also on American products that compete with imports. If the full reduction is passed on, for instance, the 50-percent drop in tariffs on wooden furniture is the equivalent of price reductions of 5 to 10 percent. Further, in the climate of more liberal trade, foreign producers will be encouraged to market new products to American consumers.

Adjustment Strains. A full evaluation of the impact of the Kennedy Round must recognize that there may be some adverse effects as well. The increases in imports resulting from reduced U.S. tariffs can cause discom-

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fort for certain American industries. Imports, however, still amount to only 3 percent of our GNP, and can hardly pose insuperable adjustment problems, even in the short run. The overwhelming majority of American industries that face brisk competition from imports can adjust in stride. American business knows how to respond to shifting domestic and international competitive pressures, and its responses are generally beneficial to the entire economy. But a few American industries may need help to meet the competitive challenge; and that aid should be given through temporary Government support to improve efficiency. Adjustment assistance is essential to meet the limited costs the Kennedy Round may impose in a few areas while maintaining its large benefits for the entire Nation.

Legislative Tasks

The 1962 act provided for adjustment assistance in cases of injury arising from tariff reductions, but the legislated criteria for eligibility have proven to be excessively restrictive. These criteria can and should be liberalized without opening the door to possible abuse, and the President is asking for the necessary congressional action to this effect.

Assistance for workers includes the payment of readjustment allowances directly to those who are obliged to seek alternative employment as a result of tariff reductions. The allowances can also be paid while workers are taking part in on-the-job training. The Government can also provide for testing, counseling, training, and placement services to promote a swift and smooth transfer. Adjustment assistance can be provided to injured firms to permit them to adapt their product lines or lower their costs in order to meet new competitive conditions. Such a solution within the affected firms is particularly desirable because it avoids dislocation in the employment of workers and in the use of capital. The offices of the Department of Commerce can make technical assistance available. Financial aid can be provided through loans or loan guarantees. Tax relief is offered through extension of the provisions of the Internal Revenue Code for the carryback and carryforward of business losses.

A second urgent legislative requirement is the elimination of the American selling price system. This action is needed to assure the full benefit of lower chemical tariffs abroad and to win important concessions on certain foreign nontariff barriers, as well as to provide the United States with a uniformly rational valuation system.

It is essential that Congress *not* enact legislation that would reverse or jeopardize our long-term efforts and policies to promote liberal trade. Bills were introduced into the Congress in 1967 to impose new legislated quotas on textiles, apparel, steel, meat and meat products, mink furs, lead and zinc, groundfish fillets, baseball gloves and mitts, consumer electronic products, scissors and shears, hardwood plywood, ferro-alloys, potash, flat glass, ball and roller bearings, and stainless steel flatware. Other bills sought to tighten restrictions on petroleum and petroleum products and dairy products. The value of the imports covered by specific bills amounts to over $6 billion. If general quota provisions were adopted along lines proposed in some bills, $12 billion or more of imports would be affected.

If enacted, quota bills could severely harm our economy in several ways. Quotas would deprive American producers and consumers of flexible import supplies that help to moderate shortages. Quotas also would exert upward pressures on prices at a time when price stability is a critical national objective. Furthermore, protected American industries would be insulated from competitive forces abroad. Many of these industries need the invigorating influence of foreign competition, and should not be permitted to relax behind high protective barriers.

Finally, and perhaps most seriously, our exports would certainly suffer from quota restrictions on imports. Some exports would be lost simply because importing countries would have less foreign exchange. But more importantly, foreign governments would surely take advantage of their rights under the GATT to retaliate against whichever American products they may choose. In the end, we would have sacrificed the interests of more efficient industries and businesses for the sake of protecting less competitive elements in the economy; we would have jeopardized the creation of higher paying jobs in order to preserve low-wage jobs; and we would have traded international cooperation for international economic warfare. A move toward protectionism would also hurt our balance of payments. The rising trade surplus counted upon to help achieve payments equilibrium would be impossible in a world of widespread trade restrictions. For all of these reasons, a liberal commercial policy is the only rational policy for the United States.

TRADE WITH LESS-DEVELOPED COUNTRIES

It is of vital interest to the United States and other developed countries that less-developed countries achieve an adequate rate of economic growth. Probably the most important way that the developed countries can support this goal is to maintain healthy rates of growth of their own economies. The higher rate of growth of the industrialized nations in the 1960's as compared with the 1950's was a major factor in the more rapid growth of less-developed countries' exports (Table 29). But the developed countries can also promote development of poor nations through their trade and aid policies.

TABLE 29.—*Growth of exports of less-developed countries in two selected periods*

Export group	Percentage change per year in export value	
	1953–54 average to 1959–60 average	1959–60 average to 1965–66 average
All commodities	3.5	5.9
Primary products	3.4	5.3
Manufactured products	4.7	12.6

Source: General Agreement on Tariffs and Trade.

UNCTAD

The United States will soon participate with about 130 other nations in the second session of the United Nations Conference on Trade and Development (UNCTAD) in New Delhi. This conference takes as its starting point the recognition that access to the markets of the industrialized countries is essential to the economic growth of less-developed countries.

The industrialization of a poor country enlarges its need for foreign exchange. It generates increased demands for goods which can be produced domestically only at great cost. This is especially true of countries with small markets, which cannot support the efficient production of many manufactures, such as basic metals, machinery, and transport equipment. Only seven less-developed countries have gross national products in excess of $10 billion—less than the output of the State of Connecticut. But even the larger less-developed countries must look abroad for their supplies of most technically complex manufactured goods.

The export performance of less-developed countries depends in part on the policies followed by these countries themselves. In the area of manufactured exports, a few developing nations have been quite successful, particularly in those goods requiring relatively large amounts of unskilled labor. Other countries could probably follow suit if they pursue well-designed policies to provide education and training for labor, and to encourage investment in export-oriented industries.

Realization of the potential also depends on commercial policies of the developed countries. According to calculations made by the research staff of the UNCTAD secretariat, the average tariffs on manufactured products of particular interest to the less-developed countries are somewhat higher and were reduced somewhat less in the Kennedy Round than the average rates of duty on other products. Furthermore, some of the manufactured exports of interest to less-developed countries are restrained by quantitative restrictions and other nontariff barriers.

In order to improve the access of the less-developed countries to the markets of the industrial nations, the OECD countries have approved the outline of a scheme of generalized nonreciprocal tariff preferences to be granted by all developed member nations to all less-developed countries. This outline will be presented to the less-developed countries at the meeting in New Delhi. It is hoped that the task of working out the elements of such a preferential scheme can then be undertaken. The adoption of a system of generalized preferences would help to check the proliferation of discriminatory preferences and to keep the world trading community from fragmenting into preferential trading blocs.

The proposed trade preferences should be viewed as a supplement to other efforts by advanced nations to assist the development of poor countries. For many countries, economic growth and export capabilities require foreign aid in the form of developmental capital as well as improved trading opportunities. Foreign aid from the United States and the encouragement of increased aid by others—particularly countries in balance-of-payments surplus—is and will continue to be an important aspect of U.S. foreign policy. The replenishment of the capital funds of the International Development Association is currently being negotiated, and the United States hopes that its resources will be increased substantially.

Stabilizing Export Earnings

The development programs of less-developed countries have often been hampered by the uncertainties arising from wide variations in earnings from primary products. The uncertainties can be reduced by commodity agreements and by special financing arrangements to meet temporary reductions in export earnings.

Commodity Agreements. Most underdeveloped countries have relied on primary products for the bulk of their export earnings. A number of these countries have had unfortunate experiences with their primary product exports, either because of export instability, or because of slow long-term growth, or even long-term decline, of export receipts from particular products.

New exports are frequently not introduced even when the value of traditional exports is declining. In part, this is because the natural resources (agricultural land, mineral deposits) on which certain primary exports are based have few alternative uses. The low skill level of workers and the technological backwardness of industry make it difficult for these countries to break into the market for manufactured goods and some primary products. Exchange rates and monetary policies may also discourage development of new exports. It is encouraging to note, however, that in the 1960's some less-developed countries whose main export products have been stagnant have achieved high rates of growth of other exports.

Countries experiencing highly fluctuating or declining prices for their exports have attempted to set up commodity agreements. A typical agreement creates a buffer stock, which purchases the commodity when the price falls below a predetermined floor, and sells from the stock when the price rises above a predetermined ceiling. Such agreements can help primary producers achieve more stable prices, although they cannot insure stable export proceeds for individual countries when supplies vary. The United States favors commodity agreements designed to stabilize prices and stands ready to support efforts by less-developed countries to move resources out of the production of commodities in chronic surplus.

Primary producers sometimes attempt through commodity agreements to raise prices above the long-term equilibrium level. They rarely succeed. Maintenance of a price above long-run cost requires restrictions on supply; the necessary export quotas are extremely hard to negotiate and to enforce.

Financing. Multilateral financing facilities can help less-developed countries formulate and carry out development plans in the face of export uncertainties. A step in this direction was taken in 1963 when the IMF created its compensatory finance facility. Under this program, as liberalized in 1966, a less-developed country may borrow for a term of three to five years, up to 50 percent of its IMF quota when its exports fall below a medium-term trend for reasons beyond its control. Under new proposals for "supplementary finance", which will be discussed at UNCTAD, countries experiencing deep or protracted shortfalls disruptive of development could receive longer term loans on concessional terms.

CONCLUSION

The course of international economic relations in the postwar period justifies a basic optimism about the future, but it also suggests that careful action is needed if this favorable experience is to continue. The gold exchange standard, reinforced by the Bretton Woods agreements, has proved to be flexible enough to support a prodigious expansion of world trade, which was also stimulated by a gradual reduction in tariffs and other restrictions.

Under present circumstances, there is a clear need for a new demonstration of the flexibility of the system. The creation of adequate reserves has come to depend on a deficit in the U.S. balance of payments which has long been a matter of concern but which now has to be dealt with decisively. This will require a resolute and continuing attack on inflationary pressures in our domestic economy and various measures in the field of international transactions. The present situation calls for the cooperation of all countries, especially those with persistent surpluses, in bringing about better equilibrium in international payments. It is also essential to provide for new reserve assets to supplement gold and the dollar.

There are still many obstacles to overcome before the international monetary system is fully adapted to the needs of the present and the foreseeable future, but fortunately there is increasing awareness that these obstacles can and must be surmounted through multilateral cooperation. The hopes of the free world depend on our success in meeting this challenge.

Appendix A

REPORT TO THE PRESIDENT ON THE ACTIVITIES OF THE COUNCIL OF ECONOMIC ADVISERS DURING 1967

LETTER OF TRANSMITTAL

JANUARY 5, 1968.

THE PRESIDENT.

SIR: The Council of Economic Advisers submits this Report on its activities during the calendar year 1967 in accordance with the requirements of Congress, as set forth in section 4(d) of the Employment Act of 1946.

Respectfully,

GARDNER ACKLEY, *Chairman.*
JAMES S. DUESENBERRY.
ARTHUR M. OKUN.

Report to the President on the Activities of the Council of Economic Advisers During 1967

The year 1967 was one of intensive activity for the Council of Economic Advisers. The period of economic readjustment between the inflationary boom of 1966 and the renewed advance that became so clearly evident late in 1967 demanded careful watch and continuous analysis of the sometimes uncertain economic signals. Convinced through this watch and analysis that a second-half recovery was developing along the lines of its forecast of last January, which threatened to become too exuberant in 1968, the Council contributed in a major way to the development of the President's fiscal program of last August, as well as the budgetary program for fiscal year 1969. Late in the year, it participated intensively in developing the balance-of-payments program announced on January 1, 1968.

Throughout the year, its studies contributed to the development and evaluation of programs to deal with emerging problems in employment and unemployment, manpower training and utilization, farm problems and policies, energy resources, environmental protection, income maintenance, consumer problems, monetary policy and financial markets, tax structure, export expansion, housing and urban affairs, the war on poverty, budgetary concepts, stockpile policy, Federal statistics, international economic cooperation, international monetary reform, and many others.

As in earlier years, the Council continued to give leadership to the Government's efforts to induce responsible restraint on the part of business and labor in price and wage decisions. Although its failures to obtain desired cooperation were obvious to all, it also had significant successes which must remain confidential.

Council Membership

Gardner Ackley, Arthur M. Okun, and James S. Duesenberry continued to serve as Council members in 1967, with Mr. Ackley as Chairman. Messrs. Ackley and Duesenberry were on leave from the University of Michigan and Harvard University, respectively. As the President announced on January 1, Mr. Ackley has been nominated as Ambassador to Italy and will be leaving the Council shortly. Mr. Okun has been designated to succeed to the Chairmanship, and Merton J. Peck of Yale University has been nominated as the new member of the Council.

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.
Otto Eckstein	Member	September 2, 1964	February 1, 1966.

Council Staff

At the end of 1967, members of the Council's professional staff were John F. Burton, Jack W. Carlson, Christopher K. Clague, Thomas F. Dernburg, Peter P. Dorner, Catherine H. Furlong, Raymond W. Goldsmith, Hendrik S. Houthakker, Saul H. Hymans, Frances M. James, Lawrence B. Krause, David W. Lusher, Carey P. Modlin, Joseph D. Mooney, Saul Nelson, Roger G. Noll, Frank W. Schiff, and Charles B. Warden, Jr.

Each year a number of staff members who have joined the Council on a temporary basis return to their posts in private life or in Government. Those leaving the Council in 1967 were Henry J. Aaron, Shirley M. Almon, G. Paul Balabanis, Guy Black, Donald E. Cullen, Stanley L. Friedlander, Stephen M. Goldfeld, David T. Kresge, Wilfred Lewis, Jr., and Alfred Reifman.

Continuing its practice of asking leading members of the economics profession to assist in the analysis of economic problems, the Council in 1967 called on the following consultants: Henry J. Aaron, James T. Bonnen, William H. Branson, Richard N. Cooper, John T. Dunlop, Otto Eckstein, Stephen M. Goldfeld, Kermit Gordon, Walter W. Heller, Myron L. Joseph, David T. Kresge, Susan J. Lepper, Wilfred Lewis, Jr., Paul W. MacAvoy, Edwin S. Mills, Richard A. Musgrave, Joseph A. Pechman, Merton J. Peck, George L. Perry, Melvin Rothbaum, R. Robert Russell, Paul A. Samuelson, Warren L. Smith, Robert M. Solow, Daniel B. Suits, Charles A. Taff, Paul J. Taubman, Lester C. Thurow, James Tobin, Robert C. Turner, and Lloyd Ulman.

The Council continued its graduate student intern program, which was started in 1961. Those working with the Council for various periods in 1967 were Glenn Brewster, Albert J. Eckstein, Lawrence J. Fulco, James J.

Heckman, Dale W. Henderson, Peter Isard, Robert I. Lerman, Stephen P. Magee, Myron G. Myers, Ralph E. Pochoda, Dennis M. Roth, Richard L. Schmalensee, Courtenay M. Slater, Earl M. Unger, and Andrew J. Winnick. Research assistants included Carol S. Burke, Charlotte Fremon, Claudia D. Goldin, Helen Reynolds, and Elizabeth A. Rothman.

As in the past, the Council received loyal and energetic assistance from its nonprofessional staff. Members of this staff at the end of 1967 were Dorothy Bagovich, Teresa D. Bradburn, Louis P. Brighthaupt, Gladys R. Durkin, Catherine Fibich, James W. Gatling, Elizabeth F. Gray, Laura B. Hoffman, Christine L. Johnson, Bessie M. Lafakis, Betty Lu Lowry, Eleanor A. McStay, A. Keith Miles, Joyce A. Pilkerton, Earnestine Reid, Gail Roberts, Lucille F. Saverino, Bettye T. Siegel, Daisy M. Sindelar, Nancy F. Skidmore, Margaret L. Snyder, Carolyn T. Welch, and Elizabeth A. Zea.

Council Activities

The Council of Economic Advisers was established as an agency of the Federal Government nearly 22 years ago by the Employment Act of 1946. Under the Act, the Council is charged with the responsibility of analyzing and interpreting economic developments and of recommending economic policies that will promote the goals of "maximum employment, production, and purchasing power."

The Council's chief responsibility is to keep the President fully informed of economic developments and emerging problems which may affect the Nation's economy. To meet this responsibility, the Council continuously reviews economic conditions, undertakes special studies of particular problem areas, and makes recommendations concerning Government programs and policies. The Council confers regularly with all major Government agencies having responsibilities in the economic field.

The Secretary of the Treasury, the Director of the Bureau of the Budget, and the Chairman of the Council and their respective staffs (the "Troika") provide the President with a continuous joint assessment of the economic and budgetary outlook for the current and subsequent fiscal years. The heads of the "Troika" agencies and their associates, together with the Chairman of the Board of Governors of the Federal Reserve System, meet periodically as the "Quadriad" with the President to discuss domestic and international monetary problems.

In addition to its regular and informal consultations with other Government agencies, the Council and its staff in 1967 participated with other agencies in a large variety of more formal committees, task forces, and studies.

The Council and its staff represent the United States in a number of important international conferences. The Council Chairman heads the U.S. delegation to the meetings of the Economic Policy Committee of the Organization for Economic Cooperation and Development (OECD), and members of the Council and its staff this year participated in a dozen or more other international meetings under the auspices of the OECD. The Chairman was a member of the U.S. Cabinet-level delegations which meet annually with similar delegations of the Canadian and Japanese Governments. The Council also was involved in activities of the U.N. Economic Commission for Europe.

An important responsibility of the Council is to explain and clarify the Administration's economic policies, both within the Government and to the public at large. This is done through numerous speeches, articles, press briefings, statements, congressional testimony, its Annual Report, and by assisting the President in the preparation of his Economic Report. The Council meets frequently and informally with many individuals and groups both from the United States and abroad, including businessmen, bankers, labor leaders, government officials, university scholars and students, members of the press corps, and interested private citizens, and more formally with a number of advisory groups, including the President's Advisory Committee on Labor-Management Policy and the Business Council's Liaison Committee with the Council of Economic Advisers.

The Council prepares two documents for publication. One is the *Economic Report of the President,* together with the *Annual Report of the Council of Economic Advisers.* Over 73,000 copies of the 1967 Report were distributed to Members of the Congress, Government officials, the press, depository libraries, or sold to the public by the Superintendent of Documents. The second is the monthly *Economic Indicators.* This important compilation of current economic statistics has been prepared since 1948 at the Council under the direction of Miss Frances M. James, and is published by the Joint Economic Committee of the Congress. More than 10,000 copies are furnished to Members of Congress and depository libraries, or sold to the public every month.

Appendix B

STATISTICAL TABLES RELATING TO INCOME, EMPLOYMENT, AND PRODUCTION

CONTENTS

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General Notes

Detail in these tables will not necessarily add to totals because of rounding. Unless otherwise noted, all dollar figures are in current prices.

Symbols used:

p Preliminary.

-- Not available (also, not applicable).

* Amount insignificant in terms of the particular unit (e.g., less than $50 million where unit is billions of dollars).

TABLE B–1.—*Gross national product or expenditure, 1929–67*

[Billions of dollars]

Year or quarter	Total gross national product	Personal consumption expenditures[1]	Gross private domestic investment[2]	Net exports of goods and services[3]	Government purchases of goods and services: Total	Federal[4]: Total	Federal[4]: National defense[5]	Federal[4]: Other	State and local
1929	103.1	77.2	16.2	1.1	8.5	1.3	1.3		7.2
1930	90.4	69.9	10.3	1.0	9.2	1.4	1.4		7.8
1931	75.8	60.5	5.6	.5	9.2	1.5	1.5		7.7
1932	58.0	48.6	1.0	.4	8.1	1.5	1.5		6.6
1933	55.6	45.8	1.4	.4	8.0	2.0	2.0		6.0
1934	65.1	51.3	3.3	.6	9.8	3.0	3.0		6.8
1935	72.2	55.7	6.4	.1	10.0	2.9	2.9		7.1
1936	82.5	61.9	8.5	.1	12.0	4.9	4.9		7.0
1937	90.4	66.5	11.8	.3	11.9	4.7	4.7		7.2
1938	84.7	63.9	6.5	1.3	13.0	5.4	5.4		7.6
1939	90.5	66.8	9.3	1.1	13.3	5.1	1.2	3.9	8.2
1940	99.7	70.8	13.1	1.7	14.0	6.0	2.2	3.8	8.0
1941	124.5	80.6	17.9	1.3	24.8	16.9	13.8	3.1	7.9
1942	157.9	88.5	9.8	*	59.6	51.9	49.4	2.5	7.7
1943	191.6	99.3	5.7	−2.0	88.6	81.1	79.7	1.4	7.4
1944	210.1	108.3	7.1	−1.8	96.5	89.0	87.4	1.6	7.5
1945	211.9	119.7	10.6	−.6	82.3	74.2	73.5	.7	8.1
1946	208.5	143.4	30.6	7.5	27.0	17.2	14.7	2.5	9.8
1947	231.3	160.7	34.0	11.5	25.1	12.5	9.1	3.5	12.6
1948	257.6	173.6	46.0	6.4	31.6	16.5	10.7	5.8	15.0
1949	256.5	176.8	35.7	6.1	37.8	20.1	13.3	6.8	17.7
1950	284.8	191.0	54.1	1.8	37.9	18.4	14.1	4.3	19.5
1951	328.4	206.3	59.3	3.7	59.1	37.7	33.6	4.1	21.5
1952	345.5	216.7	51.9	2.2	74.7	51.8	45.9	5.9	22.9
1953	364.6	230.0	52.6	.4	81.6	57.0	48.7	8.4	24.6
1954	364.8	236.5	51.7	1.8	74.8	47.4	41.2	6.2	27.4
1955	398.0	254.4	67.4	2.0	74.2	44.1	38.6	5.5	30.1
1956	419.2	266.7	70.0	4.0	78.6	45.6	40.3	5.3	33.0
1957	441.1	281.4	67.8	5.7	86.1	49.5	44.2	5.3	36.6
1958	447.3	290.1	60.9	2.2	94.2	53.6	45.9	7.7	40.6
1959	483.7	311.2	75.3	.1	97.0	53.7	46.0	7.6	43.3
1960	503.7	325.2	74.8	4.0	99.6	53.5	44.9	8.6	46.1
1961	520.1	335.2	71.7	5.6	107.6	57.4	47.8	9.6	50.2
1962	560.3	355.1	83.0	5.1	117.1	63.4	51.6	11.8	53.7
1963	590.5	375.0	87.1	5.9	122.5	64.2	50.8	13.5	58.2
1964	632.4	401.2	94.0	8.5	128.7	65.2	50.0	15.2	63.5
1965	683.9	433.1	107.4	6.9	136.4	66.8	50.1	16.7	69.6
1966	743.3	465.9	118.0	5.1	154.3	77.0	60.5	16.5	77.2
1967 p	785.1	491.6	112.1	5.0	176.3	89.9	72.6	17.3	86.4
	Seasonally adjusted annual rates								
1965: I	662.7	420.2	105.1	6.1	131.3	64.3	48.4	15.9	66.9
II	675.4	428.1	105.1	8.2	133.9	65.4	49.2	16.2	68.6
III	690.0	436.4	108.2	7.4	138.1	67.6	50.3	17.3	70.4
IV	708.4	447.8	112.3	6.1	142.3	69.8	52.4	17.4	72.5
1966: I	725.9	458.2	115.2	6.1	146.5	72.1	55.1	17.1	74.3
II	736.7	461.6	118.5	5.4	151.2	74.9	58.4	16.6	76.2
III	748.8	470.1	116.4	4.6	157.7	79.5	63.0	16.6	78.1
IV	762.1	473.8	122.2	4.3	161.7	81.5	65.6	15.9	80.2
1967: I	766.3	480.2	110.4	5.3	170.4	87.1	70.2	16.8	83.3
II	775.1	489.7	105.1	5.3	175.0	89.5	72.5	17.0	85.4
III	791.2	495.3	112.2	5.4	178.2	90.9	73.3	17.6	87.4
IV p	807.6	501.4	120.7	4.0	181.5	92.0	74.3	17.7	89.5

[1] See Table B–10 for major components.
[2] See Table B–11 for detailed components.
[3] See Table B–6 for exports and imports separately.
[4] Net of Government sales.
[5] This category corresponds closely to the national defense classification in the "Budget of the United States Government for the Fiscal Year ending June 30, 1969."

Source: Department of Commerce, Office of Business Economics.

TABLE B–2.—*Gross national product or expenditure, in 1958 prices, 1929–67*

[Billions of dollars, 1958 prices]

Year or quarter	Total gross national product	Personal consumption expenditures: Total	Personal consumption expenditures: Durable goods	Personal consumption expenditures: Nondurable goods	Personal consumption expenditures: Services	Gross private domestic investment: Total	Fixed investment: Total	Nonresidential: Total	Nonresidential: Structures	Nonresidential: Producers' durable equipment	Residential structures	Change in business inventories
1929	203.6	139.6	16.3	69.3	54.0	40.4	36.9	26.5	13.9	12.6	10.4	3.5
1930	183.5	130.4	12.9	65.9	51.5	27.4	28.0	21.7	11.8	9.9	6.3	−.6
1931	169.3	126.1	11.2	65.6	49.4	16.8	19.2	14.1	7.5	6.6	5.1	−2.4
1932	144.2	114.8	8.4	60.4	45.9	4.7	10.9	8.2	4.4	3.8	2.7	−6.2
1933	141.5	112.8	8.3	58.6	46.0	5.3	9.7	7.6	3.3	4.3	2.1	−4.3
1934	154.3	118.1	9.4	62.5	46.1	9.4	12.1	9.2	3.6	5.6	2.9	−2.7
1935	169.5	125.5	11.7	65.9	47.9	18.0	15.6	11.5	4.0	7.5	4.0	2.4
1936	193.0	138.4	14.5	73.4	50.5	24.0	20.9	15.8	5.4	10.3	5.1	3.1
1937	203.2	143.1	15.1	76.0	52.0	29.9	24.5	18.8	7.1	11.8	5.6	5.5
1938	192.9	140.2	12.2	77.1	50.9	17.0	19.4	13.7	5.6	8.1	5.7	−2.4
1939	209.4	148.2	14.5	81.2	52.5	24.7	23.5	15.3	5.9	9.4	8.2	1.2
1940	227.2	155.7	16.7	84.6	54.4	33.0	28.1	18.9	6.8	12.1	9.2	4.9
1941	263.7	165.4	19.1	89.9	56.3	41.6	32.0	22.2	8.1	14.2	9.8	9.6
1942	297.8	161.4	11.7	91.3	58.5	21.4	17.3	12.5	4.6	7.9	4.9	4.0
1943	337.1	165.8	10.2	93.7	61.8	12.7	12.9	10.0	2.9	7.2	2.9	−.2
1944	361.3	171.4	9.4	97.3	64.7	14.0	15.9	13.4	3.8	9.6	2.5	−1.9
1945	355.2	183.0	10.6	104.7	67.7	19.6	22.6	19.8	5.7	14.1	2.8	−2.9
1946	312.6	203.5	20.5	110.8	72.1	52.3	42.3	30.2	12.5	17.7	12.1	10.0
1947	309.9	206.3	24.7	108.3	73.4	51.5	51.7	36.2	11.6	24.6	15.4	−.2
1948	323.7	210.8	26.3	108.7	75.8	60.4	55.9	38.0	12.3	25.7	17.9	4.6
1949	324.1	216.5	28.4	110.5	77.6	48.0	51.9	34.5	11.9	22.6	17.4	−3.9
1950	355.3	230.5	34.7	114.0	81.8	69.3	61.0	37.5	12.7	24.8	23.5	8.3
1951	383.4	232.8	31.5	116.5	84.8	70.0	59.0	39.6	14.1	25.5	19.5	10.9
1952	395.1	239.4	30.8	120.8	87.8	60.5	57.2	38.3	13.7	24.6	18.9	3.3
1953	412.8	250.8	35.3	124.4	91.1	61.2	60.2	40.7	14.9	25.8	19.6	.9
1954	407.0	255.7	35.4	125.5	94.8	59.4	61.4	39.6	15.2	24.5	21.7	−2.0
1955	438.0	274.2	43.2	131.7	99.3	75.4	69.0	43.9	16.2	27.7	25.1	6.4
1956	446.1	281.4	41.0	136.2	104.1	74.3	69.5	47.3	18.5	28.8	22.2	4.8
1957	452.5	288.2	41.5	138.7	108.0	68.8	67.6	47.4	18.2	29.1	20.2	1.2
1958	447.3	290.1	37.9	140.2	112.0	60.9	62.4	41.6	16.6	25.0	20.8	−1.5
1959	475.9	307.3	43.7	146.8	116.8	73.6	68.8	44.1	16.2	27.9	24.7	4.8
1960	487.7	316.1	44.9	149.6	121.6	72.4	68.9	47.1	17.4	29.6	21.9	3.5
1961	497.2	322.5	43.9	153.0	125.6	69.0	67.0	45.5	17.4	28.1	21.6	2.0
1962	529.8	338.4	49.2	158.2	131.1	79.4	73.4	49.7	17.9	31.7	23.8	6.0
1963	551.0	353.3	53.7	162.2	137.4	82.5	76.7	51.9	17.9	34.0	24.8	5.8
1964	581.1	373.7	59.0	170.3	144.4	87.8	81.9	57.8	19.1	38.7	24.2	5.8
1965	616.7	398.4	66.4	178.9	153.2	98.0	89.1	66.0	21.9	44.1	23.2	8.8
1966	652.6	418.0	71.3	187.7	159.1	105.6	93.0	72.8	23.6	49.2	20.2	12.6
1967 p	669.2	429.9	72.1	192.8	164.9	96.9	92.1	73.0	21.8	51.2	19.2	4.7
	Seasonally adjusted annual rates											
1965: I	601.5	389.1	65.0	174.7	149.4	95.9	86.6	62.9	20.4	42.5	23.7	9.3
II	609.7	394.1	64.1	178.0	152.0	95.9	87.9	64.5	21.7	42.8	23.4	8.0
III	620.7	400.7	66.8	179.3	154.6	98.3	89.6	66.7	21.8	44.9	23.0	8.7
IV	634.4	409.9	69.5	183.6	156.8	101.6	92.4	69.7	23.6	46.2	22.6	9.2
1966: I	645.4	416.2	73.0	185.8	157.3	104.0	94.5	71.8	24.2	47.5	22.8	9.5
II	649.3	415.2	69.3	187.7	158.2	106.5	93.1	71.7	23.4	48.3	21.4	13.4
III	654.8	420.4	71.9	188.8	159.8	103.6	93.0	73.6	23.7	49.9	19.4	10.6
IV	661.1	420.4	71.1	188.4	160.9	108.4	91.2	74.2	23.0	51.2	17.0	17.2
1967: I	660.7	424.2	69.7	191.8	162.6	96.9	90.2	73.0	22.9	50.1	17.3	6.7
II	664.7	430.6	72.9	193.6	164.1	91.3	90.9	72.6	21.7	51.0	18.3	.4
III	672.0	431.5	72.7	192.8	166.0	96.4	92.9	73.2	21.5	51.7	19.7	3.5
IV p	679.4	433.2	73.0	193.2	167.1	102.9	94.5	73.2	21.2	51.9	21.3	8.4

See footnote at end of table.

TABLE B-2.—*Gross national product or expenditure, in 1958 prices, 1929–67*—Continued

[Billions of dollars, 1958 prices]

Year or quarter	Net exports of goods and services			Government purchases of goods and services		
	Net exports	Exports	Imports	Total	Federal [1]	State and local
1929	1.5	11.8	10.3	22.0	3.5	18.5
1930	1.4	10.4	9.0	24.3	4.0	20.2
1931	.9	8.9	7.9	25.4	4.3	21.1
1932	.6	7.1	6.6	24.2	4.6	19.6
1933	*	7.1	7.1	23.3	6.0	17.3
1934	.3	7.3	7.1	26.6	8.0	18.6
1935	−1.0	7.7	8.7	27.0	7.9	19.2
1936	−1.2	8.2	9.3	31.8	12.2	19.6
1937	−.7	9.8	10.5	30.8	11.5	19.4
1938	1.9	9.9	8.0	33.9	13.3	20.6
1939	1.3	10.0	8.7	35.2	12.5	22.7
1940	2.1	11.0	8.9	36.4	15.0	21.4
1941	.4	11.2	10.8	56.3	36.2	20.1
1942	−2.1	7.8	9.9	117.1	98.9	18.3
1943	−5.9	6.8	12.6	164.4	147.8	16.6
1944	−5.8	7.6	13.4	181.7	165.4	16.3
1945	−3.8	10.2	13.9	156.4	139.7	16.7
1946	8.4	19.6	11.2	48.4	30.1	18.4
1947	12.3	22.6	10.3	39.9	19.1	20.8
1948	6.1	18.1	12.0	46.3	23.7	22.7
1949	6.4	18.1	11.7	53.3	27.6	25.7
1950	2.7	16.3	13.6	52.8	25.3	27.5
1951	5.3	19.3	14.1	75.4	47.4	27.9
1952	3.0	18.2	15.2	92.1	63.8	28.4
1953	1.1	17.8	16.7	99.8	70.0	29.7
1954	3.0	18.8	15.8	88.9	56.8	32.1
1955	3.2	20.9	17.7	85.2	50.7	34.4
1956	5.0	24.2	19.1	85.3	49.7	35.6
1957	6.2	26.2	19.9	89.3	51.7	37.6
1958	2.2	23.1	20.9	94.2	53.6	40.6
1959	.3	23.8	23.5	94.7	52.5	42.2
1960	4.3	27.3	23.0	94.9	51.4	43.5
1961	5.1	28.0	22.9	100.5	54.6	45.9
1962	4.5	30.0	25.5	107.5	60.0	47.5
1963	5.6	32.1	26.6	109.6	59.5	50.1
1964	8.3	36.5	28.2	111.2	58.1	53.2
1965	6.0	37.5	31.5	114.3	57.8	56.4
1966	4.4	40.8	36.4	124.5	64.7	59.9
1967 p	3.8	42.5	38.7	138.6	74.0	64.6
	Seasonally adjusted annual rates					
1965: I	5.2	33.5	28.4	111.3	56.3	55.0
II	6.8	38.9	32.1	112.9	57.1	55.8
III	6.4	38.5	32.1	115.3	58.5	56.7
IV	5.6	38.9	33.3	117.4	59.3	58.0
1966: I	5.4	40.3	34.9	119.9	61.2	58.7
II	4.8	40.4	35.6	122.7	63.4	59.4
III	4.1	41.4	37.3	126.6	66.4	60.1
IV	3.2	41.2	38.0	129.1	67.8	61.3
1967: I	4.1	42.4	38.3	135.5	72.3	63.2
II	4.1	42.3	38.2	138.7	74.4	64.3
III	4.2	42.8	38.6	139.9	75.1	64.9
IV p	2.9	42.7	39.9	140.4	74.4	66.0

[1] Net of Government sales.

Source: Department of Commerce, Office of Business Economics.

Table B–3.—*Implicit price deflators for gross national product, 1929–67*

[Index numbers, 1958=100]

Year or quarter	Total gross national product [1]	Personal consumption expenditures — Total	Personal consumption expenditures — Durable goods	Personal consumption expenditures — Nondurable goods	Personal consumption expenditures — Services	Gross private domestic investment [1] — Fixed investment — Total	Fixed investment — Nonresidential — Total	Nonresidential — Structures	Nonresidential — Producers' durable equipment	Fixed investment — Residential structures
1929	50.6	55.3	56.4	54.5	56.1	39.4	39.9	35.7	44.6	38.1
1930	49.3	53.6	55.3	51.6	55.7	37.9	38.1	34.0	43.0	37.1
1931	44.8	47.9	49.1	44.1	52.7	35.2	35.8	31.1	41.1	33.6
1932	40.2	42.3	43.2	37.7	48.3	31.6	32.9	27.6	39.1	27.3
1933	39.3	40.6	41.9	38.0	43.6	30.6	31.6	27.9	34.5	27.1
1934	42.2	43.5	44.7	42.7	44.3	33.7	34.9	28.9	38.8	30.1
1935	42.6	44.4	43.7	44.5	44.4	34.3	35.9	30.6	38.7	29.8
1936	42.7	44.7	43.6	44.8	45.0	34.6	35.6	30.2	38.5	31.3
1937	44.5	46.5	45.8	46.4	46.8	37.8	38.8	34.4	41.4	34.3
1938	43.9	45.6	46.7	44.0	47.7	38.2	39.3	33.9	43.0	35.5
1939	43.2	45.1	46.0	43.2	47.7	37.7	38.7	33.1	42.2	35.7
1940	43.9	45.5	46.5	43.8	47.9	39.0	40.0	33.9	43.4	36.9
1941	47.2	48.7	50.4	47.7	49.8	42.0	42.7	36.4	46.3	40.3
1942	53.0	54.8	59.3	55.6	52.7	46.5	47.8	41.3	51.5	43.3
1943	56.8	59.9	64.2	62.5	55.3	49.3	49.9	46.8	51.1	47.0
1944	58.2	63.2	71.5	66.2	57.5	51.1	51.0	48.6	51.9	51.6
1945	59.7	65.4	75.9	68.7	58.7	51.5	51.0	49.2	51.7	54.9
1946	66.7	70.5	76.8	74.3	62.7	58.5	56.3	54.4	57.5	59.7
1947	74.6	77.9	82.7	83.6	67.9	66.7	64.5	64.4	64.6	71.7
1948	79.6	82.3	86.3	88.5	72.1	73.9	70.7	71.5	70.3	80.8
1949	79.1	81.7	86.8	85.6	74.3	74.7	72.8	71.2	73.6	78.5
1950	80.2	82.9	87.8	86.0	76.3	77.5	74.4	72.9	75.2	82.5
1951	85.6	88.6	94.2	93.3	80.0	83.1	80.4	79.3	80.9	88.6
1952	87.5	90.5	95.4	94.3	83.6	85.3	82.6	83.2	82.2	90.8
1953	88.3	91.7	94.3	93.9	87.7	86.6	84.0	84.9	83.5	91.9
1954	89.6	92.5	92.9	94.2	90.0	86.8	84.8	86.0	84.0	90.4
1955	90.9	92.8	91.9	93.6	92.0	89.0	86.7	88.1	85.9	92.9
1956	94.0	94.8	94.9	94.9	94.6	94.0	92.4	93.4	91.8	97.4
1957	97.5	97.7	98.4	97.7	97.3	98.5	97.9	98.6	97.5	99.8
1958	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1959	101.6	101.3	101.4	99.9	103.0	102.6	102.2	102.7	102.0	103.1
1960	103.3	102.9	100.9	101.2	105.8	103.4	102.9	104.0	102.2	104.5
1961	104.6	103.9	100.6	101.9	107.6	103.9	103.4	105.6	102.1	105.0
1962	105.8	104.9	100.8	102.8	109.0	104.9	104.1	107.1	102.3	106.7
1963	107.2	106.1	100.4	104.0	110.9	106.0	104.5	108.9	102.3	108.9
1964	108.8	107.4	100.4	104.9	113.1	107.6	105.7	111.1	103.0	112.3
1965	110.9	108.7	99.5	106.9	114.8	110.0	107.7	114.6	104.2	116.4
1966	113.9	111.5	98.6	110.6	118.3	112.5	110.2	118.4	106.2	120.9
1967 p	117.3	114.4	100.0	112.8	122.5	116.1	113.1	122.8	108.9	127.9
1965: I	110.2	108.0	100.3	105.7	114.0	109.1	107.0	113.3	103.9	114.7
II	110.8	108.6	100.0	106.6	114.6	110.0	107.4	113.9	104.1	115.4
III	111.2	108.9	99.0	107.3	115.0	110.2	107.8	115.1	104.2	117.4
IV	111.7	109.2	98.6	107.9	115.6	110.9	108.5	116.1	104.7	118.2
1966: I	112.5	110.1	98.0	109.4	116.6	111.4	109.1	116.8	105.1	118.7
II	113.5	111.2	98.4	110.3	117.8	112.2	109.7	117.7	105.8	120.4
III	114.4	111.8	98.7	111.0	118.7	112.8	110.4	118.9	106.3	122.0
IV	115.3	112.7	99.4	111.6	119.9	113.7	111.6	120.1	107.7	123.2
1967: I	116.0	113.2	99.5	111.7	120.9	114.4	112.2	121.0	108.2	123.8
II	116.6	113.7	99.5	112.2	121.9	115.0	112.2	121.5	108.3	126.2
III	117.7	114.8	100.1	113.3	123.0	116.8	113.2	123.8	108.8	129.9
IV p	118.9	115.7	101.0	114.0	124.2	118.2	114.6	125.0	110.3	130.8

See footnotes at end of table.

TABLE B–3.—*Implicit price deflators for gross national product, 1929–67*—Continued

[Index numbers, 1958=100]

Year or quarter	Exports and imports of goods and services [1]		Government purchases of goods and services			Gross national product by sectors	
	Exports	Imports	Total	Federal	State and local	Private [2]	General government
1929	59.5	57.3	38.6	36.0	39.1	51.7	34.1
1930	52.3	49.0	37.9	34.1	38.7	50.4	34.1
1931	41.0	39.3	36.3	34.5	36.6	45.7	34.5
1932	34.7	31.5	33.4	31.9	33.8	40.9	33.7
1933	33.7	28.8	34.5	33.1	35.0	39.9	33.5
1934	40.6	33.6	36.8	37.4	36.6	43.0	34.8
1935	42.3	36.0	37.0	37.0	37.0	43.5	34.7
1936	43.4	36.7	37.6	40.5	35.9	43.4	36.5
1937	46.5	40.7	38.4	40.7	37.1	45.3	36.5
1938	43.8	37.9	38.3	40.5	36.8	44.6	37.4
1939	44.1	38.6	37.9	40.8	36.3	43.9	36.8
1940	48.6	40.8	38.5	40.2	37.3	44.7	36.0
1941	53.0	43.0	44.0	46.6	39.2	48.7	34.7
1942	61.5	48.3	50.9	52.5	42.3	55.5	37.3
1943	65.2	51.2	53.9	54.9	44.6	60.9	39.7
1944	69.9	53.2	53.1	53.8	46.1	62.0	43.3
1945	71.3	56.4	52.6	53.1	48.6	62.6	48.3
1946	75.4	64.9	55.8	57.3	53.2	68.2	55.4
1947	87.3	79.4	62.9	65.6	60.4	76.3	58.5
1948	92.7	86.4	68.1	69.8	66.4	81.4	60.8
1949	87.0	82.2	71.0	73.0	68.9	80.6	64.7
1950	84.9	88.7	71.8	72.9	70.8	81.4	67.1
1951	97.0	107.2	78.5	79.4	76.9	87.4	70.5
1952	98.8	103.6	81.0	81.2	80.6	89.0	74.4
1953	95.2	99.1	81.8	81.4	82.8	89.6	76.6
1954	94.3	100.8	84.1	83.5	85.3	90.8	79.5
1955	94.9	100.6	87.1	86.9	87.5	91.6	84.0
1956	97.5	102.5	92.1	91.7	92.7	94.5	88.7
1957	101.3	104.0	96.4	95.8	97.3	97.9	93.3
1958	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1959	98.8	99.3	102.4	102.2	102.6	101.4	104.2
1960	99.9	101.0	105.0	104.2	105.9	102.8	108.6
1961	101.9	100.1	107.1	105.2	109.4	103.7	113.6
1962	100.8	98.5	109.0	105.6	113.2	104.7	116.6
1963	100.6	99.5	111.8	108.0	116.3	105.8	121.5
1964	101.5	101.5	115.7	112.2	119.5	107.0	128.4
1965	104.5	102.4	119.4	115.5	123.4	108.9	133.5
1966	105.4	104.1	123.9	119.1	129.0	111.6	139.2
1967 p	106.7	104.3	127.1	121.4	133.8	114.7	144.5
1965: I	104.6	102.0	117.9	114.3	121.6	108.3	131.4
II	104.6	101.3	118.7	114.5	122.9	108.8	132.3
III	104.7	102.7	119.8	115.5	124.2	109.1	134.0
IV	104.1	103.3	121.2	117.6	124.9	109.5	136.4
1966: I	104.4	103.2	122.2	117.9	126.6	110.2	137.4
II	105.0	104.0	123.1	118.3	128.3	111.2	138.1
III	105.4	104.8	124.6	119.7	129.9	112.0	140.0
IV	106.7	104.3	125.2	120.2	130.8	112.9	141.0
1967: I			125.8	120.5	131.9	113.5	142.3
II			126.1	120.3	132.9	114.0	143.4
III			127.4	121.0	134.7	115.1	144.5
IV p			129.3	123.6	135.6	116.1	147.9

[1] Separate deflators are not available for total gross private domestic investment, change in business inventories, and net exports of goods and services.
[2] Gross national product less compensation of general government employees. See also Tables B–7 and B–8.

Source: Department of Commerce, Office of Business Economics.

TABLE B-4.—*Gross national product by major type of product, 1929–67*

[Billions of dollars]

Year or quarter	Total gross national product	Final sales	Inventory change	Goods output: Total: Total goods	Goods output: Total: Final sales	Goods output: Total: Inventory change	Durable goods: Total	Durable goods: Final sales	Durable goods: Inventory change	Nondurable goods: Total	Nondurable goods: Final sales	Nondurable goods: Inventory change	Services	Structures	Gross auto product
1929	103.1	101.4	1.7	56.1	54.3	1.7	17.5	16.1	1.4	38.5	38.2	0.3	35.6	11.4	......
1930	90.4	90.7	-.4	46.9	47.3	-.4	11.4	12.5	-1.0	35.5	34.8	.7	34.2	9.2	......
1931	75.8	77.0	-1.1	37.4	38.6	-1.1	7.7	9.0	-1.2	29.7	29.6	.1	31.7	6.7	......
1932	58.0	60.5	-2.5	26.7	29.2	-2.5	3.6	5.7	-2.0	23.1	23.6	-.4	27.5	3.8	......
1933	55.6	57.2	-1.6	27.0	28.6	-1.6	4.9	5.4	-.5	22.1	23.2	-1.1	25.7	2.9	......
1934	65.1	65.8	-.7	34.4	35.1	-.7	7.4	7.3	.1	27.0	27.8	-.9	27.1	3.5	......
1935	72.2	71.2	1.1	39.9	38.8	1.1	9.3	8.9	.3	30.6	29.9	.7	28.3	4.0	......
1936	82.5	81.2	1.3	45.8	44.5	1.3	12.2	11.2	.9	33.6	33.3	.3	31.0	5.6	......
1937	90.4	87.9	2.5	51.5	48.9	2.5	13.9	13.1	.8	37.6	35.8	1.8	32.3	6.7	......
1938	84.7	85.6	-.9	45.3	46.2	-.9	9.9	10.8	-.9	35.4	35.4	*	33.2	6.2	......
1939	90.5	90.1	.4	49.0	48.6	.4	12.7	12.4	.3	36.3	36.2	.1	34.0	7.5	......
1940	99.7	97.5	2.2	56.0	53.8	2.2	16.6	15.4	1.2	39.3	38.4	1.0	35.4	8.3	......
1941	124.5	120.1	4.5	72.5	68.0	4.5	26.8	23.8	3.0	45.6	44.2	1.4	40.3	11.8	......
1942	157.9	156.2	1.8	93.6	91.9	1.8	35.5	34.5	1.0	58.1	57.4	.7	50.3	14.0	......
1943	191.6	192.2	-.6	120.4	121.0	-.6	54.2	54.2	*	66.2	66.8	-.6	62.5	8.7	......
1944	210.1	211.1	-1.0	132.3	133.3	-1.0	57.9	58.5	-.6	74.4	74.8	-.3	71.8	6.1	......
1945	211.9	213.0	-1.0	128.9	129.9	-1.0	48.9	50.2	-1.3	80.0	79.7	.2	76.5	6.5	......
1946	208.5	202.1	6.4	124.9	118.5	6.4	36.9	31.6	5.3	88.0	86.9	1.1	68.0	15.6	......
1947	231.3	231.8	-.5	139.7	140.1	-.5	46.0	44.3	1.7	93.7	95.9	-2.2	70.2	21.4	7.2
1948	257.6	252.9	4.7	154.2	149.4	4.7	48.7	48.0	.7	105.5	101.5	4.0	75.7	27.7	8.8
1949	256.5	259.6	-3.1	147.5	150.5	-3.1	47.8	49.9	-2.1	99.7	100.6	-1.0	80.8	28.3	11.9
1950	284.8	278.0	6.8	162.4	155.6	6.8	60.4	56.3	4.1	102.0	99.3	2.7	87.0	35.4	15.4
1951	328.4	318.1	10.3	189.7	179.4	10.3	73.7	66.8	6.9	116.0	112.6	3.4	101.2	37.5	13.5
1952	345.5	342.4	3.1	195.6	192.5	3.1	74.6	73.5	1.1	121.0	119.1	2.0	110.8	39.1	12.0
1953	364.6	364.1	.4	204.1	203.7	.4	79.4	78.5	.9	124.8	125.2	-.5	118.8	41.7	16.3
1954	364.8	366.4	-1.5	197.1	198.6	-1.5	72.1	74.6	-2.5	125.0	124.1	1.0	123.5	44.2	14.6
1955	398.0	392.0	6.0	216.4	210.4	6.0	85.7	82.7	3.0	130.7	127.7	2.9	132.6	49.0	21.2
1956	419.2	414.5	4.7	225.4	220.7	4.7	90.3	87.5	2.8	135.1	133.2	1.9	142.3	51.5	16.9
1957	441.1	439.8	1.3	234.6	233.3	1.3	94.4	93.1	1.3	140.2	140.2	*	154.2	52.3	19.5
1958	447.3	448.8	-1.5	230.8	232.3	-1.5	83.6	86.4	-2.8	147.2	145.9	1.3	163.4	53.1	14.5
1959	483.7	478.9	4.8	249.1	244.4	4.8	95.6	93.2	2.3	153.6	151.1	2.4	176.2	58.3	19.1
1960	503.7	500.2	3.6	259.6	256.0	3.6	99.5	97.4	2.1	160.1	158.6	1.5	187.3	56.8	21.4
1961	520.1	518.1	2.0	262.3	260.2	2.0	96.5	96.6	-.1	165.8	163.7	2.1	199.5	58.3	17.9
1962	560.3	554.3	6.0	284.5	278.5	6.0	109.0	106.2	2.8	175.5	172.2	3.2	213.3	62.6	22.5
1963	590.5	584.6	5.9	298.6	292.7	5.9	116.1	113.3	2.8	182.5	179.4	3.1	226.2	65.7	25.1
1964	632.4	626.6	5.8	319.4	313.6	5.8	127.0	122.8	4.2	192.4	190.7	1.6	244.2	68.8	25.8
1965	683.9	674.5	9.4	346.6	337.2	9.4	139.5	132.8	6.7	207.1	204.4	2.7	262.9	74.4	31.4
1966	743.3	729.9	13.4	379.6	366.2	13.4	154.6	144.7	9.9	225.0	221.5	3.5	287.2	76.5	29.8
1967 p	785.1	780.0	5.1	396.2	391.1	5.1	158.8	155.9	2.8	237.5	235.2	2.3	311.0	77.8	27.7
	Seasonally adjusted annual rates														
1965: I	662.7	652.0	10.6	336.5	325.9	10.6	138.2	129.6	8.7	198.3	196.3	2.0	254.6	71.6	32.8
II	675.4	666.5	8.8	341.7	332.8	8.8	137.0	130.0	7.0	204.7	202.9	1.8	260.1	73.6	30.8
III	690.0	680.6	9.4	349.6	340.2	9.4	140.9	133.9	7.1	208.7	206.3	2.3	266.0	74.4	30.6
IV	708.4	698.5	9.9	359.8	349.9	9.9	142.9	137.9	5.0	216.9	212.0	4.9	271.0	77.6	31.3
1966: I	725.9	716.0	9.9	369.5	359.6	9.9	150.5	143.2	7.4	219.0	216.4	2.5	276.6	79.9	32.3
II	736.7	722.6	14.0	375.7	361.7	14.0	151.4	141.6	9.7	224.4	220.1	4.3	283.5	77.4	29.1
III	748.8	737.4	11.4	381.8	370.3	11.4	155.7	145.8	9.9	226.1	224.5	1.5	291.6	75.5	28.2
IV	762.1	743.6	18.5	391.7	373.2	18.5	161.1	148.3	12.8	230.6	224.9	5.7	296.9	73.5	29.6
1967: I	766.3	759.2	7.1	388.1	380.9	7.1	153.9	150.5	3.4	234.2	230.5	3.7	303.1	75.2	25.0
II	775.1	774.6	.5	392.1	391.6	.5	155.5	156.0	-.6	236.6	235.5	1.1	307.8	75.2	27.8
III	791.2	787.4	3.8	398.7	394.9	3.8	161.4	157.9	3.5	237.3	237.0	.3	313.5	79.0	27.9
IV p	807.6	798.7	9.0	406.1	397.1	9.0	164.4	159.3	5.1	241.8	237.8	4.0	319.7	81.9	30.0

Source: Department of Commerce, Office of Business Economics.

TABLE B-5.—*Gross national product by major type of product, in 1958 prices, 1929–67*

[Billions of dollars, 1958 prices]

Year or quarter	Total gross national product	Final sales	Inventory change	Goods output: Total: Total goods	Goods output: Total: Final sales	Goods output: Total: Inventory change	Goods output: Durable goods: Total	Goods output: Durable goods: Final sales	Goods output: Durable goods: Inventory change	Goods output: Nondurable goods: Total	Goods output: Nondurable goods: Final sales	Goods output: Nondurable goods: Inventory change	Services	Structures	Gross auto product
1929	203.6	200.1	3.5	103.9	100.4	3.5	33.6	30.9	2.7	70.4	69.5	0.8	69.3	30.3	......
1930	183.5	184.1	−.6	90.5	91.1	−.6	22.4	24.5	−2.1	68.0	66.5	1.5	67.7	25.3	......
1931	169.3	171.7	−2.4	83.2	85.7	−2.4	16.3	19.2	−3.0	67.0	66.5	.5	65.8	20.2	......
1932	144.2	150.5	−6.2	68.7	74.9	−6.2	8.3	13.4	−5.1	60.4	61.5	−1.1	61.9	13.7	......
1933	141.5	145.9	−4.3	68.8	73.2	−4.3	11.7	13.4	−1.7	57.1	59.8	−2.7	63.0	9.8	......
1934	154.3	157.0	−2.7	77.9	80.5	−2.7	16.9	16.7	.2	61.0	63.8	−2.8	65.3	11.1	......
1935	169.5	167.1	2.4	88.6	86.2	2.4	21.5	20.6	.9	67.1	65.6	1.5	68.1	12.8	......
1936	193.0	189.9	3.1	102.2	99.1	3.1	28.7	26.3	2.4	73.5	72.8	.7	73.3	17.5	......
1937	203.2	197.8	5.5	110.2	104.8	5.5	31.0	29.1	1.9	79.2	75.7	3.6	73.9	19.1	......
1938	192.9	195.3	−2.4	100.5	102.9	−2.4	21.1	23.4	−2.3	79.4	79.5	−.1	74.8	17.7	......
1939	209.4	208.2	1.2	110.7	109.5	1.2	27.6	27.0	.6	83.0	82.5	.6	76.9	21.8	......
1940	227.2	222.3	4.9	124.0	119.0	4.9	35.6	32.8	2.7	88.4	86.2	2.2	80.0	23.2	......
1941	263.7	254.1	9.6	143.4	133.8	9.6	50.0	43.5	6.6	93.4	90.3	3.1	89.8	30.5	......
1942	297.8	293.8	4.0	158.1	154.1	4.0	57.2	54.4	2.9	100.9	99.7	1.2	107.7	31.9	......
1943	337.1	337.3	−.2	187.4	187.6	−.2	85.6	85.2	.4	101.7	102.4	−.6	131.8	17.9	......
1944	361.3	363.2	−1.9	204.8	206.7	−1.9	95.9	97.4	−1.5	108.8	109.3	−.4	144.0	12.4	......
1945	355.2	358.2	−2.9	198.0	201.0	−2.9	84.3	87.4	−3.1	113.7	113.6	.2	144.3	12.9	......
1946	312.6	302.6	10.0	172.1	162.1	10.0	54.7	46.1	8.6	117.4	116.0	1.4	113.3	27.2	......
1947	309.9	310.1	−.2	172.2	172.4	−.2	60.1	58.6	1.5	112.2	113.8	−1.7	106.5	31.2	10.3
1948	323.7	319.1	4.6	178.4	173.8	4.6	61.3	60.0	1.2	117.1	113.8	3.3	109.3	36.1	11.4
1949	324.1	328.1	−3.9	174.2	178.1	−3.9	58.0	61.0	−3.0	116.2	117.1	−.9	112.4	37.5	14.8
1950	355.3	347.0	8.3	192.6	184.3	8.3	73.4	68.3	5.2	119.1	116.0	3.1	117.5	45.2	19.1
1951	383.4	372.5	10.9	208.4	197.5	10.9	84.1	76.1	8.0	124.3	121.4	2.9	130.5	44.4	15.9
1952	395.1	391.8	3.3	214.0	210.7	3.3	84.6	83.2	1.5	129.4	127.6	1.8	136.3	44.7	13.5
1953	412.8	411.8	.9	225.4	224.5	.9	91.0	89.9	1.2	134.4	134.6	−.2	140.3	47.0	18.7
1954	407.0	409.0	−2.0	215.1	217.1	−2.0	81.9	84.8	−3.0	133.2	132.3	.9	141.8	50.2	17.1
1955	438.0	431.6	6.4	236.1	229.7	6.4	96.5	93.0	3.4	139.7	136.7	3.0	147.5	54.3	24.6
1956	446.1	441.2	4.8	239.0	234.2	4.8	96.5	93.5	3.0	142.5	140.7	1.8	153.0	54.0	18.6
1957	452.5	451.2	1.2	239.8	238.5	1.2	96.2	95.0	1.2	143.6	143.6	*	160.1	52.6	20.2
1958	447.3	448.8	−1.5	230.8	232.3	−1.5	83.6	86.4	−2.8	147.2	145.9	1.3	163.4	53.1	14.5
1959	475.9	471.1	4.8	247.7	242.9	4.8	94.0	91.6	2.4	153.7	151.2	2.5	171.2	57.0	18.5
1960	487.7	484.2	3.5	256.0	252.6	3.5	97.8	95.9	2.0	158.2	156.7	1.5	176.6	55.0	21.0
1961	497.2	495.2	2.0	257.3	255.3	2.0	94.9	94.9	*	162.3	160.3	2.0	184.0	55.8	17.5
1962	529.8	523.8	6.0	277.3	271.3	6.0	107.0	104.1	2.8	170.3	167.2	3.1	193.7	58.8	22.0
1963	551.0	545.2	5.8	289.7	283.9	5.8	114.2	111.4	2.8	175.6	172.5	3.1	200.9	60.4	24.7
1964	581.1	575.2	5.8	308.6	302.8	5.8	124.6	120.4	4.1	184.1	182.3	1.7	210.8	61.6	25.5
1965	616.7	607.8	8.8	330.0	321.2	8.8	136.3	129.8	6.5	193.7	191.4	2.3	222.3	64.4	31.4
1966	652.6	639.9	12.6	353.7	341.0	12.6	150.0	140.6	9.3	203.7	200.4	3.3	235.2	63.7	30.3
1967 p	669.2	664.5	4.7	361.5	356.7	4.7	150.5	148.0	2.5	211.0	208.8	2.2	245.6	62.1	27.8
	Seasonally adjusted annual rates														
1965: I	601.5	592.2	9.3	321.7	312.4	9.3	134.4	126.3	8.1	187.4	186.1	1.3	216.9	62.9	32.4
II	609.7	601.7	8.0	324.9	316.8	8.0	133.1	126.5	6.6	191.7	190.3	1.4	220.8	64.0	30.7
III	620.7	612.0	8.7	332.2	323.5	8.7	137.7	131.1	6.6	194.5	192.4	2.1	224.5	64.0	31.0
IV	634.4	625.2	9.2	341.2	332.0	9.2	139.9	135.2	4.7	201.3	196.8	4.5	226.9	66.3	31.5
1966: I	645.4	636.0	9.5	347.9	338.5	9.5	147.5	140.5	7.0	200.4	198.0	2.4	229.7	67.8	33.0
II	649.3	635.9	13.4	351.0	337.6	13.4	147.3	138.0	9.3	203.7	199.7	4.1	233.5	64.7	29.7
III	654.8	644.2	10.6	354.7	344.1	10.6	150.8	141.6	9.2	203.9	202.5	1.4	237.9	62.2	28.8
IV	661.1	643.9	17.2	361.1	343.9	17.2	154.2	142.3	11.9	206.9	201.6	5.3	239.8	60.2	29.9
1967: I	660.7	654.0	6.7	356.6	349.9	6.7	146.6	143.6	3.0	210.0	206.3	3.6	242.7	61.3	25.3
II	664.7	664.3	.4	359.5	359.1	.4	148.3	148.9	−.6	211.2	210.2	1.0	244.4	60.8	28.2
III	672.0	668.5	3.5	362.9	359.4	3.5	153.0	149.8	3.2	209.8	209.5	.3	246.9	62.3	27.9
IV p	679.4	671.0	8.4	366.9	358.6	8.4	154.1	149.6	4.6	212.8	209.0	3.8	248.4	64.1	29.7

Source: Department of Commerce, Office of Business Economics.

TABLE B–6.—*Gross national product: Receipts and expenditures by major economic groups, 1929–67*

[Billions of dollars]

Year or quarter	Persons					Government						
	Disposable personal income			Personal consumption expenditures	Personal saving or dissaving (−)	Net receipts			Expenditures			Surplus or deficit (−), national income and product accounts
	Total [1]	Less: Interest paid and transfer payments to foreigners	Equals: Total excluding interest and transfers			Tax and nontax receipts or accruals	Less: Transfers, interest, and subsidies [2]	Equals: Net receipts	Total expenditures	Less: Transfers, interest, and subsidies [2]	Equals: Purchases of goods and services	
1929	83.3	1.9	81.4	77.2	4.2	11.3	1.8	9.5	10.3	1.8	8.5	1.0
1930	74.5	1.2	73.3	69.9	3.4	10.8	1.9	8.9	11.1	1.9	9.2	−.3
1931	64.0	.9	63.1	60.5	2.6	9.5	3.1	6.3	12.4	3.1	9.2	−2.9
1932	48.7	.7	48.0	48.6	−.6	8.9	2.6	6.3	10.6	2.6	8.1	−1.8
1933	45.5	.7	44.9	45.8	−.9	9.3	2.7	6.7	10.7	2.7	8.0	−1.4
1934	52.4	.6	51.7	51.3	.4	10.5	3.1	7.4	12.9	3.1	9.8	−2.4
1935	58.5	.7	57.8	55.7	2.1	11.4	3.4	8.0	13.4	3.4	10.0	−2.0
1936	66.3	.8	65.5	61.9	3.6	12.9	4.1	8.8	16.1	4.1	12.0	−3.1
1937	71.2	.9	70.3	66.5	3.8	15.4	3.2	12.2	15.0	3.2	11.9	.3
1938	65.5	.8	64.6	63.9	.7	15.0	3.8	11.2	16.8	3.8	13.0	−1.8
1939	70.3	.9	69.4	66.8	2.6	15.4	4.2	11.2	17.6	4.2	13.3	−2.2
1940	75.7	1.0	74.7	70.8	3.8	17.7	4.4	13.3	18.4	4.4	14.0	−.7
1941	92.7	1.1	91.6	80.6	11.0	25.0	4.0	21.0	28.8	4.0	24.8	−3.8
1942	116.9	.8	116.1	88.5	27.6	32.6	4.4	28.2	64.0	4.4	59.6	−31.4
1943	133.5	.8	132.7	99.3	33.4	49.2	4.7	44.4	93.3	4.7	88.6	−44.1
1944	146.3	.8	145.5	108.3	37.3	51.2	6.5	44.7	103.0	6.5	96.5	−51.8
1945	150.2	1.0	149.3	119.7	29.6	53.2	10.4	42.8	92.7	10.4	82.3	−39.5
1946	160.0	1.4	158.6	143.4	15.2	50.9	18.5	32.4	45.5	18.5	27.0	5.4
1947	169.8	1.8	168.0	160.7	7.3	56.8	17.3	39.5	42.4	17.3	25.1	14.4
1948	189.1	2.2	186.9	173.6	13.4	58.9	18.8	40.1	50.3	18.8	31.6	8.5
1949	188.6	2.4	186.2	176.8	9.4	56.0	21.3	34.7	59.1	21.3	37.8	−3.2
1950	206.9	2.9	204.1	191.0	13.1	68.7	22.9	45.8	60.8	22.9	37.9	7.8
1951	226.6	3.1	223.5	206.3	17.3	84.8	19.9	64.9	79.0	19.9	59.1	5.8
1952	238.3	3.5	234.8	216.7	18.1	89.8	19.0	70.8	93.7	19.0	74.7	−3.8
1953	252.6	4.3	248.3	230.0	18.3	94.3	19.5	74.8	101.2	19.5	81.6	−6.9
1954	257.4	4.6	252.9	236.5	16.4	89.7	21.9	67.8	96.7	21.9	74.8	−7.0
1955	275.3	5.1	270.2	254.4	15.8	100.4	23.4	76.9	97.6	23.4	74.2	2.7
1956	293.2	5.9	287.2	266.7	20.6	109.0	25.5	83.5	104.1	25.5	78.6	4.9
1957	308.5	6.4	302.2	281.4	20.7	115.6	28.7	86.8	114.9	28.7	86.1	.7
1958	318.8	6.5	312.3	290.1	22.3	114.7	33.0	81.6	127.2	33.0	94.2	−12.5
1959	337.3	7.1	330.3	311.2	19.1	128.9	34.0	95.0	131.0	34.0	97.0	−2.1
1960	350.0	7.8	342.3	325.2	17.0	139.8	36.5	103.3	136.1	36.5	99.6	3.7
1961	364.4	8.1	356.3	335.2	21.2	144.6	41.3	103.3	149.0	41.3	107.6	−4.3
1962	385.3	8.6	376.6	355.1	21.6	157.0	42.8	114.2	159.9	42.8	117.1	−2.9
1963	404.6	9.7	394.9	375.0	19.9	168.8	44.4	124.3	166.9	44.4	122.5	1.8
1964	438.1	10.7	427.4	401.2	26.2	174.1	46.7	127.3	175.4	46.7	128.7	−1.4
1965	472.2	11.9	460.3	433.1	27.2	188.8	49.7	139.1	186.1	49.7	136.4	2.7
1966	508.8	13.1	495.7	465.9	29.8	213.0	55.5	157.5	209.8	55.5	154.3	3.2
1967 p	544.6	14.2	530.4	491.6	38.7	227.3	63.7	163.6	240.0	63.7	176.3	−12.7
	Seasonally adjusted annual rates											
1965: I	456.0	11.4	444.6	420.2	24.5	185.4	48.7	136.7	179.8	48.7	131.3	5.7
II	464.0	11.9	452.1	428.1	24.0	188.3	48.0	140.3	182.0	48.0	133.9	6.2
III	479.4	12.2	467.2	436.4	30.9	188.3	51.9	136.4	190.0	51.9	138.1	−1.7
IV	489.4	12.4	477.0	447.8	29.3	193.2	50.4	142.8	192.6	50.4	142.3	.6
1966: I	497.5	12.6	484.9	458.2	26.6	204.3	53.4	150.9	199.8	53.4	146.5	4.6
II	503.3	13.0	490.3	461.6	28.7	210.6	53.1	157.5	204.4	53.1	151.2	6.1
III	512.4	13.1	499.3	470.1	29.2	216.3	56.1	160.2	213.7	56.1	157.7	2.6
IV	522.0	13.5	508.5	473.8	34.6	220.9	59.4	161.5	221.2	59.4	161.7	−.3
1967: I	532.7	13.8	518.9	480.2	38.8	222.8	63.2	159.6	233.6	63.2	170.4	−10.8
II	540.0	14.3	525.7	489.7	36.0	223.2	63.1	160.1	238.1	63.1	175.0	−15.0
III	548.2	14.3	533.9	495.3	38.5	229.3	64.4	164.9	242.6	64.4	178.2	−13.3
IV p	557.5	14.5	543.0	501.4	41.6	-------	64.7	--------	246.2	64.7	181.5	--------

See footnotes at end of table.

TABLE B-6.—*Gross national product: Receipts and expenditures by major economic groups, 1929–67*—Continued

[Billions of dollars]

Year or quarter	Business			International					Total income or receipts	Statistical discrepancy	Gross national product or expenditure
	Gross retained earnings [3]	Gross private domestic investment [4]	Excess of investment (-)	Transfers to foreigners by persons and Government	Net exports of goods and services			Excess of transfers or of net exports (-) [5]			
					Exports	Less: Imports	Equals: Net exports				
1929	11.2	16.2	−5.1	0.4	7.0	5.9	1.1	−0.8	102.4	0.7	103.1
1930	8.6	10.3	−1.6	.3	5.4	4.4	1.0	−.7	91.2	−.8	90.4
1931	5.3	5.6	−.3	.3	3.6	3.1	.5	−.2	75.1	.7	75.8
1932	3.2	1.0	2.2	.2	2.5	2.1	.4	−.2	57.7	.3	58.0
1933	3.2	1.4	1.8	.2	2.4	2.0	.4	−.2	55.0	.6	55.6
1934	5.2	3.3	1.9	.2	3.0	2.4	.6	−.4	64.5	.5	65.1
1935	6.4	6.4	*	.2	3.3	3.1	.1	.1	72.5	−.2	72.2
1936	6.7	8.5	−1.8	.2	3.5	3.4	.1	.1	81.3	1.2	82.5
1937	7.7	11.8	−4.0	.2	4.6	4.3	.3	−.1	90.5	*	90.4
1938	8.0	6.5	1.6	.2	4.3	3.0	1.3	−1.1	84.1	.6	84.7
1939	8.4	9.3	−.9	.2	4.4	3.4	1.1	−.9	89.2	1.3	90.5
1940	10.5	13.1	−2.7	.2	5.4	3.6	1.7	−1.5	98.7	1.0	99.7
1941	11.4	17.9	−6.5	.2	5.9	4.6	1.3	−1.1	124.1	.4	124.5
1942	14.5	9.8	4.6	.2	4.8	4.8	*	.2	159.0	−1.1	157.9
1943	16.3	5.7	10.6	.2	4.4	6.5	−2.0	2.2	193.6	−2.0	191.6
1944	17.1	7.1	10.0	.3	5.3	7.1	−1.8	2.1	207.6	2.5	210.1
1945	15.1	10.6	4.6	.8	7.2	7.9	−.6	1.4	208.0	3.9	211.9
1946	14.5	30.6	−16.1	2.9	14.7	7.2	7.5	−4.6	208.4	.1	208.5
1947	20.2	34.0	−13.8	2.6	19.7	8.2	11.5	−8.9	230.4	.9	231.3
1948	28.0	46.0	−18.0	4.5	16.8	10.3	6.4	−1.9	259.5	−2.0	257.6
1949	29.7	35.7	−6.0	5.6	15.8	9.6	6.1	−.5	256.2	.3	256.5
1950	29.4	54.1	−24.7	4.0	13.8	12.0	1.8	2.2	283.3	1.5	284.8
1951	33.1	59.3	−26.2	3.5	18.7	15.1	3.7	−.2	325.1	3.3	328.4
1952	35.1	51.9	−16.8	2.5	18.0	15.8	2.2	.3	343.3	2.2	345.5
1953	36.1	52.6	−16.5	2.5	16.9	16.6	.4	2.1	361.6	3.0	364.6
1954	39.2	51.7	−12.5	2.3	17.8	15.9	1.8	.5	362.1	2.7	364.8
1955	46.3	67.4	−21.1	2.5	19.8	17.8	2.0	.5	395.9	2.1	398.0
1956	47.3	70.0	−22.8	2.4	23.6	19.6	4.0	−1.5	420.4	−1.1	419.2
1957	49.8	67.8	−18.1	2.3	26.5	20.8	5.7	−3.4	441.1	*	441.1
1958	49.4	60.9	−11.5	2.4	23.1	20.9	2.2	.2	445.8	1.6	447.3
1959	56.8	75.3	−18.5	2.4	23.5	23.3	.1	2.3	484.5	−.8	483.7
1960	56.8	74.8	−18.0	2.4	27.2	23.2	4.0	−1.7	504.8	−1.0	503.7
1961	58.7	71.7	−13.0	2.6	28.6	23.0	5.6	−3.0	520.8	−.8	520.1
1962	66.3	83.0	−16.8	2.7	30.3	25.1	5.1	−2.5	559.8	.5	560.3
1963	68.8	87.1	−18.4	2.8	32.3	26.4	5.9	−3.1	590.8	−.3	590.5
1964	76.2	94.0	−17.8	2.8	37.1	28.6	8.5	−5.7	633.7	−1.3	632.4
1965	83.7	107.4	−23.8	2.8	39.1	32.2	6.9	−4.1	685.8	−2.0	683.9
1966	89.7	118.0	−28.3	2.9	43.0	37.9	5.1	−2.2	745.9	−2.6	743.3
1967 p	90.4	112.1	−21.7	3.0	45.4	40.4	5.0	−2.0	787.3	−2.2	785.1
	Seasonally adjusted annual rates										
1965: I	81.9	105.1	−23.2	2.7	35.1	28.9	6.1	−3.5	666.1	−3.4	662.7
II	82.4	105.1	−22.7	3.1	40.7	32.6	8.2	−5.1	677.7	−2.3	675.4
III	84.2	108.2	−24.0	2.9	40.3	32.9	7.4	−4.5	690.6	−.6	690.0
IV	86.2	112.3	−26.1	2.6	40.5	34.4	6.1	−3.4	708.9	−.5	708.4
1966: I	87.6	115.2	−27.6	3.4	42.0	36.0	6.1	−2.7	726.8	−.9	725.9
II	88.4	118.5	−30.1	2.9	42.5	37.1	5.4	−2.5	738.8	−2.2	736.7
III	89.5	116.4	−26.9	2.8	43.7	39.0	4.6	−1.8	751.9	−3.2	748.8
IV	93.6	122.2	−28.6	2.5	44.0	39.7	4.3	−1.8	765.9	−3.8	762.1
1967: I	88.9	110.4	−21.5	2.9	45.3	39.9	5.3	−2.5	770.3	−4.0	766.3
II	89.1	105.1	−16.0	3.1	45.1	39.8	5.3	−2.3	777.9	−2.8	775.1
III	90.4	112.2	−21.8	3.1	45.6	40.2	5.4	−2.3	792.4	−1.2	791.2
IV p	......	120.7	......	2.8	45.6	41.6	4.0	−1.2	......	......	807.6

[1] Personal income less personal tax and nontax payments (fines, penalties, etc.).
[2] Government transfer payments to persons, foreign net transfers by government, net interest paid by government, and subsidies less current surplus of government enterprises.
[3] Undistributed corporate profits, corporate inventory valuation adjustment, capital consumption allowances, and wage accruals less disbursements.
[4] Private business investment, purchases of capital goods by private nonprofit institutions, and residential housing. See Table B-11.
[5] Net foreign investment with sign changed.

Source: Department of Commerce, Office of Business Economics.

TABLE B-7.—*Gross national product by sector, 1929–67*

[Billions of dollars]

Year or quarter	Total gross national product	Gross private product[1]						Gross government product[3]
		Total	Business			Households	Rest of the world	
			Total	Nonfarm[2]	Farm			
1929	103.1	98.8	95.1	85.4	9.7	2.9	0.8	4.3
1930	90.4	85.8	82.4	74.8	7.7	2.7	.7	4.5
1931	75.8	71.2	68.3	62.0	6.3	2.3	.5	4.7
1932	58.0	53.6	51.3	46.8	4.5	1.9	.4	4.4
1933	55.6	50.9	48.9	44.3	4.6	1.7	.3	4.7
1934	65.1	59.5	57.4	52.7	4.7	1.8	.3	5.6
1935	72.2	66.3	64.1	57.1	7.0	1.9	.4	5.9
1936	82.5	75.2	72.9	66.5	6.4	2.0	.3	7.3
1937	90.4	83.5	81.0	72.7	8.3	2.3	.3	6.9
1938	84.7	77.0	74.5	67.9	6.6	2.2	.4	7.6
1939	90.5	82.9	80.3	74.0	6.3	2.3	.3	7.6
1940	99.7	91.9	89.1	82.6	6.5	2.4	.4	7.8
1941	124.5	115.1	112.2	103.3	8.9	2.5	.4	9.4
1942	157.9	142.8	139.5	126.5	13.0	2.9	.4	15.1
1943	191.6	166.0	162.4	147.2	15.3	3.2	.4	25.6
1944	210.1	177.9	173.8	158.5	15.3	3.7	.4	32.2
1945	211.9	176.8	172.3	156.4	15.9	4.1	.4	35.2
1946	208.5	187.7	182.7	163.9	18.8	4.5	.6	20.8
1947	231.3	214.6	208.6	188.5	20.2	5.1	.8	16.7
1948	257.6	240.1	233.5	210.2	23.3	5.6	1.0	17.4
1949	256.5	237.0	230.1	211.4	18.8	5.9	1.0	19.4
1950	284.8	263.9	256.3	236.3	20.0	6.4	1.2	20.9
1951	328.4	301.0	292.8	269.9	22.9	6.9	1.3	27.4
1952	345.5	314.3	305.8	283.7	22.2	7.2	1.3	31.2
1953	364.6	332.7	323.6	303.3	20.3	7.8	1.3	31.9
1954	364.8	332.4	322.7	303.1	19.6	8.1	1.6	32.5
1955	398.0	363.8	352.9	334.1	18.8	9.1	1.8	34.2
1956	419.2	382.6	370.8	352.2	18.6	9.8	2.1	36.6
1957	441.1	402.0	389.3	370.9	18.4	10.5	2.2	39.1
1958	447.3	405.2	391.7	370.9	20.8	11.4	2.0	42.1
1959	483.7	439.4	425.0	405.3	19.6	12.2	2.2	44.3
1960	503.7	456.3	440.7	420.2	20.5	13.2	2.4	47.5
1961	520.1	469.2	452.3	431.4	20.9	14.0	2.9	50.9
1962	560.3	505.7	487.4	466.2	21.2	15.0	3.3	54.7
1963	590.5	532.4	513.0	491.5	21.5	16.0	3.4	58.1
1964	632.4	569.4	548.2	527.6	20.6	17.3	4.0	63.0
1965	683.9	616.1	593.4	569.8	23.6	18.5	4.2	67.8
1966	743.3	666.7	642.4	617.6	24.8	20.1	4.2	76.6
1967 p	785.1	699.7	673.8	649.8	24.0	21.5	4.5	85.4
	Seasonally adjusted annual rates							
1965: I	662.7	597.3	575.3	553.1	22.2	17.6	4.3	65.4
II	675.4	608.8	586.1	562.2	23.9	18.3	4.5	66.5
III	690.0	621.6	598.7	574.6	24.1	18.9	4.1	68.4
IV	708.4	637.5	614.6	590.3	24.2	19.2	3.8	70.9
1966: I	725.9	653.0	629.4	603.3	26.0	19.7	3.9	72.9
II	736.7	661.5	637.6	612.8	24.8	19.7	4.2	75.1
III	748.8	670.6	646.2	621.6	24.6	20.3	4.1	78.2
IV	762.1	681.9	656.9	633.0	23.9	20.6	4.4	80.2
1967: I	766.3	683.9	658.7	635.1	23.6	21.1	4.1	82.5
II	775.1	690.9	665.3	641.9	23.3	21.4	4.2	84.2
III	791.2	705.2	679.0	654.6	24.4	21.2	4.9	86.0
IV p	807.6	719.0	692.2	667.4	24.8	22.2	4.6	88.7

[1] Gross national product less compensation of general government employees.

[2] Includes compensation of employees in government enterprises. Government enterprises are those agencies of government whose operating costs are at least to a substantial extent covered by the sale of goods and services, in contrast to the general activities of government which are financed mainly by tax revenues and debt creation. Government enterprises, in other words, conduct operations essentially commercial in character, even though they perform them under governmental auspices. The Post Office and public power systems are typical examples of government enterprises. On the other hand, State universities and public parks, where the fees and admissions cover only a nominal part of operating costs are part of general government activities.

[3] Compensation of general government employees.

Source: Department of Commerce, Office of Business Economics.

TABLE B-8.—*Gross national product by sector, in 1958 prices, 1929–67*

[Billions of dollars, 1958 prices]

Year or quarter	Total gross national product	Gross private product [1]						Gross government product [3]
		Total	Business			Households	Rest of the world	
			Total	Nonfarm [2]	Farm			
1929	203.6	190.9	182.1	165.1	17.0	7.4	1.4	12.7
1930	183.5	170.1	161.4	145.4	16.1	7.1	1.6	13.3
1931	169.3	155.8	147.7	129.2	18.5	6.6	1.4	13.5
1932	144.2	131.0	123.8	105.8	18.0	6.0	1.3	13.2
1933	141.5	127.5	120.6	103.0	17.5	5.7	1.2	14.0
1934	154.3	138.3	131.1	116.6	14.6	6.2	1.0	16.0
1935	169.5	152.4	144.9	128.4	16.5	6.4	1.1	17.1
1936	193.0	173.1	165.4	150.5	14.9	6.8	1.0	19.9
1937	203.2	184.3	176.4	158.5	17.9	7.1	.8	18.9
1938	192.9	172.6	164.6	146.8	17.8	6.8	1.1	20.4
1939	209.4	188.7	180.7	162.5	18.2	7.1	.9	20.6
1940	227.2	205.6	197.1	179.6	17.5	7.6	1.0	21.6
1941	263.7	236.6	228.1	209.3	18.8	7.5	.9	27.2
1942	297.8	257.3	248.7	228.0	20.6	7.8	.8	40.5
1943	337.1	272.8	264.9	245.3	19.6	7.2	.8	64.3
1944	361.3	286.9	278.9	259.5	19.4	7.1	.9	74.4
1945	355.2	282.5	274.6	256.5	18.1	7.1	.8	72.8
1946	312.6	275.1	267.0	248.6	18.5	7.1	.9	37.5
1947	309.9	281.4	272.8	255.8	17.0	7.5	1.1	28.6
1948	323.7	295.0	286.0	267.0	19.0	7.9	1.2	28.7
1949	324.1	294.1	284.7	266.2	18.4	8.2	1.2	30.1
1950	355.3	324.2	314.2	294.9	19.4	8.7	1.3	31.1
1951	383.4	344.6	334.5	316.2	18.4	8.8	1.2	38.8
1952	395.1	353.2	343.2	324.2	19.0	8.8	1.2	41.8
1953	412.8	371.1	360.7	340.7	20.0	9.1	1.3	41.7
1954	407.0	366.2	355.4	335.0	20.4	9.2	1.6	40.9
1955	438.0	397.2	385.4	364.4	20.9	10.1	1.8	40.7
1956	446.1	404.8	392.2	371.4	20.8	10.6	2.0	41.3
1957	452.5	410.5	397.5	377.2	20.3	10.9	2.1	41.9
1958	447.3	405.2	391.7	370.9	20.8	11.4	2.0	42.1
1959	475.9	433.4	419.4	398.3	21.1	11.7	2.2	42.5
1960	487.7	444.0	429.5	407.6	21.9	12.2	2.3	43.7
1961	497.2	452.3	436.9	414.8	22.2	12.4	2.9	44.8
1962	529.8	482.9	466.7	444.6	22.1	12.9	3.4	46.9
1963	551.0	503.2	486.6	463.8	22.8	13.2	3.4	47.8
1964	581.1	532.0	514.4	492.1	22.3	13.7	3.9	49.1
1965	616.7	565.9	547.8	524.2	23.6	14.0	4.1	50.8
1966	652.6	597.5	578.9	556.4	22.4	14.7	4.0	55.0
1967 p	669.2	610.2	590.6	566.5	24.1	15.3	4.3	59.1
	Seasonally adjusted annual rates							
1965: I	601.5	551.7	534.1	510.7	23.4	13.4	4.3	49.8
II	609.7	559.4	541.2	517.1	24.0	13.8	4.4	50.3
III	620.7	569.7	551.4	527.7	23.7	14.2	4.0	51.1
IV	634.4	582.5	564.3	541.0	23.3	14.4	3.7	51.9
1966: I	645.4	592.3	574.0	550.8	23.2	14.6	3.8	53.1
II	649.3	594.8	576.3	554.4	22.0	14.4	4.1	54.4
III	654.8	599.0	580.2	558.0	22.2	14.8	4.0	55.8
IV	661.1	604.2	585.1	562.7	22.4	14.9	4.3	56.9
1967: I	660.7	602.7	583.6	559.9	23.7	15.1	4.0	57.9
II	664.7	606.0	586.6	563.0	23.6	15.3	4.0	58.7
III	672.0	612.5	592.7	568.4	24.2	15.0	4.8	59.6
IV p	679.4	619.4	599.4	574.6	24.8	15.5	4.4	60.0

[1] Gross national product less compensation of general government employees.

[2] Includes compensation of employees in government enterprises. Government enterprises are those agencies of government whose operating costs are at least to a substantial extent covered by the sale of goods and services, in contrast to the general activities of government which are financed mainly by tax revenues and debt creation. Government enterprises, in other words, conduct operations essentially commercial in character, even though they perform them under governmental auspices. The Post Office and public power systems are typical examples of government enterprises. On the other hand, State universities and public parks, where the fees and admissions cover only a nominal part of operating costs, are part of general government activities.

[3] Compensation of general government employees.

Source: Department of Commerce, Office of Business Economics.

TABLE B–9.—*Gross national product by industry, in 1958 prices, 1947–66*

[Billions of dollars, 1958 prices]

Year	Total gross national product	Agriculture, forestry, and fisheries	Contract construction	Manufacturing: Total	Manufacturing: Durable goods industries	Manufacturing: Nondurable goods industries	Transportation, communication, and utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services	Government and government enterprises	All other [1]
1947	309.9	17.9	12.9	91.8	52.3	39.4	29.6	52.7	35.6	30.6	32.4	6.7
1948	323.7	20.0	14.1	96.3	55.0	41.3	30.4	54.2	36.5	31.9	33.2	7.1
1949	324.1	19.4	14.7	90.9	50.5	40.4	28.7	55.2	37.8	32.1	34.7	10.6
1950	355.3	20.4	16.2	105.5	60.8	44.7	30.8	60.4	41.0	33.1	35.9	12.1
1951	383.4	19.5	18.2	116.2	69.0	47.2	34.3	61.4	42.9	34.0	43.9	13.0
1952	395.1	20.2	18.3	118.7	71.5	47.3	34.6	62.9	44.7	34.5	47.2	14.0
1953	412.8	21.2	18.9	128.6	79.1	49.5	35.7	64.9	46.8	35.3	47.1	14.3
1954	407.0	21.6	19.3	119.5	71.2	48.3	36.4	65.5	49.8	35.4	46.1	13.5
1955	438.0	22.1	20.8	133.6	80.7	52.9	38.6	71.6	52.7	38.2	46.0	14.4
1956	446.1	22.0	21.8	134.1	79.4	54.6	40.5	73.8	54.8	40.2	46.2	12.7
1957	452.5	21.5	21.1	134.6	79.6	54.9	41.3	75.1	57.0	41.8	46.9	13.1
1958	447.3	22.0	20.7	123.7	69.6	54.0	40.6	75.1	59.2	42.9	47.3	16.0
1959	475.9	22.3	22.0	138.9	79.9	59.0	43.3	80.8	61.4	45.1	47.9	14.1
1960	487.7	23.1	21.7	140.9	81.0	59.9	44.9	82.3	64.1	46.7	49.2	14.7
1961	497.2	23.4	21.4	140.4	79.7	60.7	46.0	83.5	67.1	48.3	50.6	16.3
1962	529.8	23.3	21.7	154.6	90.0	64.7	48.9	88.9	71.2	50.8	52.6	17.9
1963	551.0	24.0	21.9	162.4	95.6	66.8	51.9	92.8	74.4	52.2	53.9	17.4
1964	581.1	23.6	23.3	173.7	102.4	71.3	54.7	98.9	78.3	54.7	56.1	17.8
1965	616.7	24.9	23.7	190.1	114.4	75.7	59.1	104.7	82.6	57.2	58.0	16.4
1966	652.6	23.7	24.1	206.4	125.4	80.9	63.3	111.0	85.9	59.6	62.2	16.2

[1] Mining, rest of world, and residual (the difference between gross national product measured as sum of final products and gross national product measured as sum of gross product by industries).

Source: Department of Commerce, Office of Business Economics.

TABLE B–10.—*Personal consumption expenditures, 1929–67*

[Billions of dollars]

Year or quarter	Total personal consumption expenditures	Durable goods: Total	Durable goods: Automobiles and parts	Durable goods: Furniture and household equipment	Durable goods: Other	Nondurable goods: Total	Nondurable goods: Food, excluding alcoholic beverages [1]	Nondurable goods: Clothing and shoes [2]	Nondurable goods: Gasoline and oil	Nondurable goods: Other	Services: Total	Services: Housing [3]	Services: Household operation	Services: Transportation	Services: Other
1929	77.2	9.2	3.2	4.8	1.2	37.7	19.5	9.4	1.8	7.0	30.3	11.5	4.0	2.6	12.2
1930	69.9	7.2	2.2	3.9	1.1	34.0	18.0	8.0	1.7	6.3	28.7	11.0	3.9	2.2	11.5
1931	60.5	5.5	1.6	3.1	.9	29.0	14.7	6.9	1.5	5.7	26.0	10.3	3.5	1.9	10.3
1932	48.6	3.6	.9	2.1	.6	22.7	11.4	5.1	1.5	4.8	22.2	9.0	3.0	1.6	8.6
1933	45.8	3.5	1.1	1.9	.5	22.3	10.9	4.6	1.5	5.3	20.1	7.9	2.8	1.5	7.9
1934	51.3	4.2	1.4	2.2	.6	26.7	12.2	5.7	1.6	7.2	20.4	7.6	3.0	1.6	8.2
1935	55.7	5.1	1.9	2.6	.7	29.3	13.6	6.0	1.7	7.9	21.3	7.7	3.2	1.7	8.7
1936	61.9	6.3	2.3	3.2	.8	32.9	15.3	6.6	1.9	9.1	22.8	8.0	3.4	1.9	9.5
1937	66.5	6.9	2.4	3.6	1.0	35.2	16.5	6.8	2.1	9.8	24.4	8.5	3.7	2.0	10.2
1938	63.9	5.7	1.6	3.1	.9	34.0	15.6	6.8	2.1	9.5	24.3	8.9	3.6	1.9	9.9
1939	66.8	6.7	2.2	3.5	1.0	35.1	15.7	7.1	2.2	10.1	25.0	9.1	3.8	2.0	10.1
1940	70.8	7.8	2.7	3.9	1.1	37.0	16.6	7.4	2.3	10.7	26.0	9.4	4.0	2.1	10.4
1941	80.6	9.6	3.4	4.9	1.4	42.9	19.2	8.8	2.6	12.2	28.1	10.2	4.3	2.4	11.2
1942	88.5	6.9	.7	4.7	1.6	50.8	23.3	11.0	2.1	14.4	30.8	11.0	4.8	2.7	12.3
1943	99.3	6.6	.8	3.9	1.9	58.6	27.4	13.4	1.3	16.5	34.2	11.5	5.2	3.4	14.0
1944	108.3	6.7	.8	3.8	2.2	64.3	29.9	14.4	1.6	18.4	37.2	12.0	5.9	3.7	15.6
1945	119.7	8.0	1.0	4.6	2.5	71.9	33.2	16.5	1.8	20.5	39.8	12.5	6.4	4.0	16.8
1946	143.4	15.8	4.0	8.6	3.2	82.4	39.0	18.2	3.0	22.1	45.3	13.9	6.8	5.0	19.7
1947	160.7	20.4	6.2	10.9	3.3	90.5	43.7	18.8	3.6	24.4	49.8	15.7	7.5	5.3	21.4
1948	173.6	22.7	7.5	11.9	3.4	96.2	46.3	20.1	4.4	25.4	54.7	17.5	8.1	5.8	23.3
1949	176.8	24.6	9.9	11.6	3.2	94.5	44.8	19.3	5.0	25.4	57.6	19.3	8.5	5.9	23.9
1950	191.0	30.5	13.1	14.1	3.3	98.1	46.0	19.6	5.4	27.1	62.4	21.3	9.5	6.2	25.4
1951	206.3	29.6	11.6	14.4	3.6	108.8	52.1	21.2	6.1	29.3	67.9	23.9	10.4	6.7	26.9
1952	216.7	29.3	11.1	14.3	3.9	114.0	54.7	21.9	6.8	30.5	73.4	26.5	11.1	7.1	28.7
1953	230.0	33.2	14.2	14.9	4.1	116.8	55.5	22.1	7.7	31.6	79.9	29.3	12.0	7.8	30.8
1954	236.5	32.8	13.6	15.0	4.2	118.3	56.5	22.1	8.2	31.5	85.4	31.7	12.6	7.9	33.2
1955	254.4	39.6	18.4	16.6	4.6	123.3	58.1	23.1	9.0	33.1	91.4	33.7	14.0	8.2	35.5
1956	266.7	38.9	16.4	17.5	5.0	129.3	60.4	24.1	9.8	34.9	98.5	36.0	15.2	8.6	38.6
1957	281.4	40.8	18.3	17.3	5.2	135.6	63.9	24.3	10.6	36.7	105.0	38.5	16.2	9.0	41.3
1958	290.1	37.9	15.4	17.1	5.4	140.2	66.6	24.7	11.0	37.9	112.0	41.1	17.3	9.3	44.3
1959	311.2	44.3	19.5	18.9	5.9	146.6	68.4	26.4	11.6	40.2	120.3	43.7	18.5	10.1	48.0
1960	325.2	45.3	20.1	18.9	6.3	151.3	70.1	27.3	12.3	41.6	128.7	46.3	20.0	10.8	51.6
1961	335.2	44.2	18.4	19.3	6.5	155.9	72.1	27.9	12.4	43.5	135.1	48.7	20.8	10.6	54.9
1962	355.1	49.5	22.0	20.5	6.9	162.6	74.4	29.6	12.9	45.7	143.0	52.0	22.0	11.0	58.0
1963	375.0	53.9	24.3	22.2	7.5	168.6	76.5	30.6	13.5	48.0	152.4	55.4	23.1	11.4	62.5
1964	401.2	59.2	25.8	25.0	8.5	178.7	80.5	33.5	14.0	50.6	163.3	59.3	24.3	11.6	68.1
1965	433.1	66.0	29.9	27.0	9.1	191.2	86.0	36.1	15.1	54.0	175.9	63.6	25.7	12.6	74.0
1966	465.9	70.3	29.8	29.9	10.6	207.5	93.0	40.3	16.2	58.0	188.1	67.1	27.0	13.6	80.4
1967 p	491.6	72.1	29.3	32.0	10.8	217.5	96.4	42.8	17.5	60.8	202.1	71.3	28.2	14.7	87.7
	Seasonally adjusted annual rates														
1965: I	420.2	65.2	30.4	25.8	9.0	184.6	82.9	34.6	14.3	52.8	170.4	61.9	24.7	12.0	71.8
II	428.1	64.2	29.2	26.1	8.8	189.8	85.3	35.6	15.1	53.8	174.2	63.2	25.5	12.5	73.1
III	436.4	66.1	29.8	27.3	9.1	192.4	86.4	36.2	15.3	54.4	177.8	64.2	26.1	12.8	74.7
IV	447.8	68.6	30.3	28.9	9.4	198.0	89.4	37.8	15.7	55.1	181.2	65.3	26.5	13.1	76.3
1966: I	458.2	71.6	31.4	29.4	10.8	203.2	91.5	39.5	15.8	56.3	183.5	66.2	26.1	13.2	78.0
II	461.6	68.2	28.5	29.1	10.6	207.1	93.3	39.8	16.2	57.8	186.3	66.5	26.9	13.5	79.4
III	470.1	70.9	29.8	30.6	10.5	209.5	93.6	41.0	16.3	58.5	189.8	67.4	27.4	13.7	81.3
IV	473.8	70.6	29.6	30.6	10.4	210.3	93.5	40.8	16.6	59.5	192.9	68.5	27.7	14.0	82.7
1967: I	480.2	69.4	27.3	31.4	10.7	214.2	95.2	41.5	17.1	60.4	196.6	69.6	27.8	14.4	84.8
II	489.7	72.5	29.7	31.9	10.9	217.2	96.0	43.2	17.5	60.5	200.0	70.6	28.1	14.6	86.6
III	495.3	72.7	29.9	32.1	10.8	218.5	96.6	43.7	17.5	60.7	204.1	71.9	28.1	14.8	89.2
IV p	501.4	73.7	30.2	32.6	10.9	220.2	97.7	42.9	17.8	61.8	207.5	73.2	28.9	15.1	90.3

[1] Quarterly data are estimates by Council of Economic Advisers.
[2] Includes standard clothing issued to military personnel.
[3] Includes imputed rental value of owner-occupied dwellings.

Source: Department of Commerce, Office of Business Economics (except as noted).

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Table B-11.—*Gross private domestic investment, 1929–67*

[Billions of dollars]

Year or quarter	Total gross private domestic investment	Fixed investment: Total	Nonresidential: Total	Structures: Total	Structures: Nonfarm	Producers' durable equipment: Total	Producers' durable equipment: Nonfarm	Residential structures: Total	Residential structures: Nonfarm	Residential structures: Farm	Change in business inventories: Total	Change in business inventories: Nonfarm
1929	16.2	14.5	10.6	5.0	4.8	5.6	4.9	4.0	3.8	0.2	1.7	1.8
1930	10.3	10.6	8.3	4.0	3.9	4.3	3.7	2.3	2.2	.1	−.4	−.1
1931	5.6	6.8	5.0	2.3	2.3	2.7	2.4	1.7	1.6	.1	−1.1	−1.6
1932	1.0	3.4	2.7	1.2	1.2	1.5	1.3	.7	.7	*	−2.5	−2.6
1933	1.4	3.0	2.4	.9	.9	1.5	1.3	.6	.5	*	−1.6	−1.4
1934	3.3	4.1	3.2	1.0	1.0	2.2	1.8	.9	.8	.1	−.7	.2
1935	6.4	5.3	4.1	1.2	1.2	2.9	2.4	1.2	1.1	.1	1.1	.4
1936	8.5	7.2	5.6	1.6	1.6	4.0	3.3	1.6	1.5	.1	1.3	2.1
1937	11.8	9.2	7.3	2.4	2.4	4.9	4.1	1.9	1.8	.1	2.5	1.7
1938	6.5	7.4	5.4	1.9	1.8	3.5	2.9	2.0	1.9	.1	−.9	−1.0
1939	9.3	8.9	5.9	2.0	1.9	4.0	3.4	2.9	2.8	.1	.4	.3
1940	13.1	11.0	7.5	2.3	2.2	5.3	4.6	3.4	3.2	.2	2.2	1.9
1941	17.9	13.4	9.5	2.9	2.8	6.6	5.6	3.9	3.7	.2	4.5	4.0
1942	9.8	8.1	6.0	1.9	1.8	4.1	3.5	2.1	1.9	.2	1.8	.7
1943	5.7	6.4	5.0	1.3	1.2	3.7	3.2	1.4	1.2	.2	−.6	−.6
1944	7.1	8.1	6.8	1.8	1.7	5.0	4.2	1.3	1.1	.1	−1.0	−.6
1945	10.6	11.6	10.1	2.8	2.7	7.3	6.3	1.5	1.4	.1	−1.0	−.6
1946	30.6	24.2	17.0	6.8	6.1	10.2	9.2	7.2	6.7	.5	6.4	6.4
1947	34.0	34.4	23.4	7.5	6.7	15.9	14.0	11.1	10.4	.7	−.5	1.3
1948	46.0	41.3	26.9	8.8	8.0	18.1	15.5	14.4	13.6	.9	4.7	3.0
1949	35.7	38.8	25.1	8.5	7.7	16.6	13.7	13.7	12.8	.8	−3.1	−2.2
1950	54.1	47.3	27.9	9.2	8.5	18.7	15.7	19.4	18.6	.8	6.8	6.0
1951	59.3	49.0	31.8	11.2	10.4	20.7	17.7	17.2	16.4	.8	10.3	9.1
1952	51.9	48.8	31.6	11.4	10.5	20.2	17.6	17.2	16.4	.8	3.1	2.1
1953	52.6	52.1	34.2	12.7	11.9	21.5	18.6	18.0	17.2	.8	.4	1.1
1954	51.7	53.3	33.6	13.1	12.3	20.6	18.0	19.7	19.0	.7	−1.5	−2.1
1955	67.4	61.4	38.1	14.3	13.6	23.8	21.2	23.3	22.7	.6	6.0	5.5
1956	70.0	65.3	43.7	17.2	16.5	26.5	24.2	21.6	20.9	.7	4.7	5.1
1957	67.8	66.5	46.4	18.0	17.2	28.4	25.9	20.2	19.5	.7	1.3	.8
1958	60.9	62.4	41.6	16.6	15.8	25.0	22.0	20.8	20.1	.6	−1.5	−2.3
1959	75.3	70.5	45.1	16.7	15.9	28.4	25.4	25.5	24.8	.6	4.8	4.8
1960	74.8	71.3	48.4	18.1	17.4	30.3	27.7	22.8	22.2	.6	3.6	3.3
1961	71.7	69.7	47.0	18.4	17.7	28.6	25.8	22.6	22.0	.6	2.0	1.7
1962	83.0	77.0	51.7	19.2	18.5	32.5	29.4	25.3	24.8	.6	6.0	5.3
1963	87.1	81.3	54.3	19.5	18.8	34.8	31.2	27.0	26.4	.6	5.9	5.1
1964	94.0	88.2	61.1	21.2	20.5	39.9	36.3	27.1	26.6	.5	5.8	6.4
1965	107.4	98.0	71.1	25.1	24.4	46.0	41.9	27.0	26.4	.5	9.4	8.4
1966	118.0	104.6	80.2	27.9	27.2	52.3	47.8	24.4	23.8	.5	13.4	13.7
1967 p	112.1	107.0	82.5	26.8	26.1	55.7	51.3	24.5	23.9	.6	5.1	4.7
	Seasonally adjusted annual rates											
1965: I	105.1	94.4	67.3	23.1	22.4	44.1	40.4	27.2	26.6	0.5	10.6	10.1
II	105.1	96.3	69.3	24.7	24.0	44.6	40.7	27.0	26.5	.5	8.8	7.9
III	108.2	98.8	71.9	25.1	24.4	46.8	42.6	26.9	26.4	.5	9.4	7.9
IV	112.3	102.4	75.7	27.3	26.7	48.3	43.8	26.8	26.2	.5	9.9	8.7
1966: I	115.2	105.3	78.3	28.3	27.6	50.0	45.5	27.0	26.5	.5	9.9	9.6
II	118.5	104.5	78.7	27.5	26.8	51.2	46.9	25.8	25.3	.5	14.0	14.4
III	116.4	104.9	81.2	28.2	27.4	53.1	48.7	23.7	23.2	.5	11.4	12.0
IV	122.2	103.7	82.8	27.7	26.9	55.1	50.1	20.9	20.4	.5	18.5	19.0
1967: I	110.4	103.3	81.9	27.7	26.9	54.2	50.0	21.4	20.9	.6	7.1	7.3
II	105.1	104.6	81.5	26.3	25.6	55.2	50.6	23.1	22.5	.6	.5	.6
III	112.2	108.4	82.8	26.6	25.9	56.2	51.9	25.6	25.0	.6	3.8	3.4
IV p	120.7	111.7	83.8	26.5	25.8	57.3	52.9	27.9	27.4	.6	9.0	7.5

Source: Department of Commerce, Office of Business Economics.

TABLE B–12.—*National income by type of income, 1929–67*

[Billions of dollars]

Year or quarter	Total national income [1]	Compensation of employees			Business and professional income			Income of farm proprietors [3]	Rental income of persons	Corporate profits and inventory valuation adjustment			Net interest
		Total	Wages and salaries	Supplements to wages and salaries [2]	Total	Income of unincorporated enterprises	Inventory valuation adjustment			Total	Corporate profits before taxes [4]	Inventory valuation adjustment	
1929	86.8	51.1	50.4	0.7	9.0	8.8	0.1	6.2	5.4	10.5	10.0	0.5	4.7
1930	75.4	46.8	46.2	.7	7.6	6.8	.8	4.3	4.8	7.0	3.7	3.3	4.9
1931	59.7	39.8	39.1	.6	5.8	5.1	.6	3.4	3.8	2.0	–.4	2.4	5.0
1932	42.8	31.1	30.5	.6	3.6	3.3	.3	2.1	2.7	–1.3	–2.3	1.0	4.6
1933	40.3	29.5	29.0	.5	3.3	3.9	–.5	2.6	2.0	–1.2	1.0	–2.1	4.1
1934	49.5	34.3	33.7	.6	4.7	4.8	–.1	3.0	1.7	1.7	2.3	–.6	4.1
1935	57.2	37.3	36.7	.6	5.5	5.5	*	5.3	1.7	3.4	3.6	–.2	4.1
1936	65.0	42.9	41.9	1.0	6.7	6.8	–.1	4.3	1.8	5.6	6.3	–.7	3.8
1937	73.6	47.9	46.1	1.8	7.2	7.2	*	6.0	2.1	6.8	6.8	*	3.7
1938	67.4	45.0	43.0	2.0	6.9	6.7	.2	4.4	2.6	4.9	4.0	1.0	3.6
1939	72.6	48.1	45.9	2.2	7.4	7.6	–.2	4.4	2.7	6.3	7.0	–.7	3.5
1940	81.1	52.1	49.8	2.3	8.6	8.6	*	4.5	2.9	9.8	10.0	–.2	3.3
1941	104.2	64.8	62.1	2.7	11.1	11.7	–.6	6.4	3.5	15.2	17.7	–2.5	3.2
1942	137.1	85.3	82.1	3.2	14.0	14.4	–.4	9.8	4.5	20.3	21.5	–1.2	3.1
1943	170.3	109.5	105.8	3.8	17.0	17.1	–.2	11.7	5.1	24.4	25.1	–.8	2.7
1944	182.6	121.2	116.7	4.5	18.2	18.3	–.1	11.6	5.4	23.8	24.1	–.3	2.3
1945	181.5	123.1	117.5	5.6	19.2	19.3	–.1	12.2	5.6	19.2	19.7	–.6	2.2
1946	181.9	117.9	112.0	5.9	21.6	23.3	–1.7	14.9	6.6	19.3	24.6	–5.3	1.5
1947	199.0	128.9	123.0	5.9	20.3	21.8	–1.5	15.2	7.1	25.6	31.5	–5.9	1.9
1948	224.2	141.1	135.4	5.8	22.7	23.1	–.4	17.5	8.0	33.0	35.2	–2.2	1.8
1949	217.5	141.0	134.5	6.5	22.6	22.2	.5	12.7	8.4	30.8	28.9	1.9	1.9
1950	241.1	154.6	146.8	7.8	24.0	25.1	–1.1	13.5	9.4	37.7	42.6	–5.0	2.0
1951	278.0	180.7	171.1	9.6	26.1	26.5	–.3	15.8	10.3	42.7	43.9	–1.2	2.3
1952	291.4	195.3	185.1	10.2	27.1	26.9	.2	15.0	11.5	39.9	38.9	1.0	2.6
1953	304.7	209.1	198.3	10.9	27.5	27.6	–.2	13.0	12.7	39.6	40.6	–1.0	2.8
1954	303.1	208.0	196.5	11.5	27.6	27.6	*	12.4	13.6	38.0	38.3	–.3	3.6
1955	331.0	224.5	211.3	13.2	30.3	30.5	–.2	11.4	13.9	46.9	48.6	–1.7	4.1
1956	350.8	243.1	227.8	15.2	31.3	31.8	–.5	11.4	14.3	46.1	48.8	–2.7	4.6
1957	366.1	256.0	238.7	17.3	32.8	33.1	–.3	11.3	14.8	45.6	47.2	–1.5	5.6
1958	367.8	257.8	239.9	17.9	33.2	33.2	–.1	13.4	15.4	41.1	41.4	–.3	6.8
1959	400.0	279.1	258.2	20.9	35.1	35.3	–.1	11.4	15.6	51.7	52.1	–.5	7.1
1960	414.5	294.2	270.8	23.4	34.2	34.3	*	12.0	15.8	49.9	49.7	.2	8.4
1961	427.3	302.6	278.1	24.6	35.6	35.6	*	12.8	16.0	50.3	50.3	–.1	10.0
1962	457.7	323.6	296.1	27.5	37.1	37.1	*	13.0	16.7	55.7	55.4	.3	11.6
1963	481.9	341.0	311.1	29.9	37.9	37.9	*	13.1	17.1	58.9	59.4	–.5	13.8
1964	518.1	365.7	333.7	32.0	40.2	40.3	–.1	12.1	18.0	66.3	66.8	–.5	15.8
1965	562.4	393.9	359.1	34.9	41.9	42.3	–.4	14.8	19.0	74.9	76.6	–1.7	17.9
1966	616.7	435.7	394.6	41.1	43.2	43.6	–.4	16.1	19.4	82.2	83.8	–1.6	20.2
1967 p	649.6	469.6	423.7	45.9	43.6	43.9	–.3	14.8	20.1	79.1	80.1	–1.0	22.4
	Seasonally adjusted annual rates												
1965: I	544.9	381.5	347.7	33.8	41.4	......	......	13.6	18.6	72.6	74.0	–1.4	17.1
II	555.3	388.6	354.2	34.5	41.7	......	......	15.0	18.9	73.4	75.6	–2.1	17.6
III	566.5	397.2	362.0	35.2	42.0	......	......	15.2	19.1	74.9	75.8	–.9	18.2
IV	582.8	408.4	372.4	36.0	42.5	......	......	15.3	19.2	78.7	80.8	–2.2	18.8
1966: I	600.3	420.8	381.3	39.5	42.8	......	......	17.1	19.2	81.1	83.7	–2.6	19.3
II	610.4	430.7	390.2	40.5	43.3	......	......	16.0	19.3	81.3	83.6	–2.3	19.8
III	622.1	441.2	399.6	41.6	43.3	......	......	15.9	19.4	81.9	84.0	–2.2	20.4
IV	634.1	450.2	407.4	42.7	43.4	......	......	15.1	19.6	84.6	83.9	.7	21.1
1967: I	636.4	459.1	414.7	44.4	43.2	......	......	14.6	19.8	78.1	79.0	–.8	21.6
II	641.6	463.4	418.3	45.2	43.4	......	......	14.3	20.0	78.3	78.9	–.7	22.1
III	653.4	472.6	426.2	46.4	43.8	......	......	15.0	20.2	79.2	80.0	–.8	22.7
IV p	......	483.2	435.6	47.6	44.1	......	......	15.2	20.4	......	......	......	23.3

[1] National income is the total net income earned in production. It differs from gross national product mainly in that it excludes depreciation charges and other allowances for business and institutional consumption of durable capital goods, and indirect business taxes. See Table B–13.

[2] Employer contributions for social insurance and to private pension, health, and welfare funds; compensation for injuries; directors' fees; pay of the military reserve; and a few other minor items.

[3] Includes change in inventories.

[4] See Table B–69 for corporate tax liability and profits after taxes.

Source: Department of Commerce, Office of Business Economics.

TABLE B–13.—*Relation of gross national product and national income, 1929–67*

[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: Indirect business taxes			Less: Business transfer payments	Less: Statistical discrepancy	Equals: National income
					Total	Federal	State and local			
1929	103.1	7.9	95.2	−0.1	7.0	1.2	5.8	0.6	0.7	86.8
1930	90.4	8.0	82.4	−.1	7.2	1.0	6.1	.5	−.8	75.4
1931	75.8	7.9	68.0	*	6.9	.9	6.0	.6	.7	59.7
1932	58.0	7.4	50.7	*	6.8	.9	5.8	.7	.3	42.8
1933	55.6	7.0	48.6	*	7.1	1.6	5.4	.7	.6	40.3
1934	65.1	6.8	58.2	.3	7.8	2.2	5.6	.6	.5	49.5
1935	72.2	6.9	65.4	.4	8.2	2.2	6.0	.6	−.2	57.2
1936	82.5	7.0	75.4	*	8.7	2.3	6.4	.6	1.2	65.0
1937	90.4	7.2	83.3	.1	9.2	2.4	6.8	.6	*	73.6
1938	84.7	7.3	77.4	.2	9.2	2.2	6.9	.4	.6	67.4
1939	90.5	7.3	83.2	.5	9.4	2.3	7.0	.5	1.3	72.6
1940	99.7	7.5	92.2	.4	10.0	2.6	7.4	.4	1.0	81.1
1941	124.5	8.2	116.3	.1	11.3	3.6	7.7	.5	.4	104.2
1942	157.9	9.8	148.1	.2	11.8	4.0	7.7	.5	−1.1	137.1
1943	191.6	10.2	181.3	.2	12.7	4.9	7.8	.5	−2.0	170.3
1944	210.1	11.0	199.1	.7	14.1	6.2	8.0	.5	2.5	182.6
1945	211.9	11.3	200.7	.8	15.5	7.1	8.4	.5	3.9	181.5
1946	208.5	9.9	198.6	.9	17.1	7.8	9.3	.5	.1	181.9
1947	231.3	12.2	219.1	−.2	18.4	7.8	10.6	.6	.9	199.0
1948	257.6	14.5	243.1	−.1	20.1	8.0	12.1	.7	−2.0	224.2
1949	256.5	16.6	239.9	−.1	21.3	8.0	13.3	.8	.3	217.5
1950	284.8	18.3	266.4	.2	23.3	8.9	14.5	.8	1.5	241.1
1951	328.4	21.2	307.2	.2	25.2	9.4	15.8	.9	3.3	278.0
1952	345.5	23.2	322.3	−.1	27.6	10.3	17.3	1.0	2.2	291.4
1953	364.6	25.7	338.9	−.4	29.6	10.9	18.7	1.2	3.0	304.7
1954	364.8	28.2	336.6	−.2	29.4	9.7	19.7	1.1	2.7	303.1
1955	398.0	31.5	366.5	−.1	32.1	10.7	21.4	1.2	2.1	331.0
1956	419.2	34.1	385.2	.8	34.9	11.2	23.6	1.4	−1.1	350.8
1957	441.1	37.1	404.0	.9	37.3	11.8	25.5	1.5	*	366.1
1958	447.3	38.9	408.4	.9	38.5	11.5	27.0	1.6	1.6	367.8
1959	483.7	41.4	442.3	.1	41.5	12.5	28.9	1.7	−.8	400.0
1960	503.7	43.4	460.3	.2	45.2	13.5	31.7	1.9	−1.0	414.5
1961	520.1	45.2	474.9	1.4	47.7	13.6	34.1	2.0	−.8	427.3
1962	560.3	50.0	510.4	1.4	51.5	14.6	36.9	2.1	.5	457.7
1963	590.5	52.6	537.9	.8	54.7	15.3	39.4	2.3	−.3	481.9
1964	632.4	56.1	576.3	1.3	58.4	16.1	42.3	2.5	−1.3	518.1
1965	683.9	59.9	624.0	1.2	62.2	16.5	45.7	2.6	−2.0	562.4
1966	743.3	63.5	679.8	2.2	65.1	15.9	49.2	2.7	−2.6	616.7
1967 p	785.1	67.0	718.1	1.8	69.7	16.6	53.1	2.8	−2.2	649.6
	Seasonally adjusted annual rates									
1965: I	662.7	58.3	604.4	1.3	61.8	17.5	44.3	2.6	−3.4	544.9
II	675.4	59.3	616.1	1.3	61.8	16.5	45.2	2.6	−2.3	555.3
III	690.0	60.5	629.5	1.1	62.2	15.7	46.4	2.6	−.6	566.5
IV	708.4	61.6	646.8	1.2	63.1	16.3	46.7	2.6	−.5	582.8
1966: I	725.9	62.4	663.6	1.4	62.9	15.2	47.7	2.6	−.9	600.3
II	736.7	63.1	673.6	2.0	64.7	15.9	48.7	2.7	−2.2	610.4
III	748.8	63.9	684.9	2.7	65.9	16.2	49.8	2.7	−3.2	622.1
IV	762.1	64.7	697.4	2.6	67.0	16.3	50.6	2.8	−3.8	634.1
1967: I	766.3	65.5	700.8	2.3	67.9	16.2	51.7	2.8	−4.0	636.4
II	775.1	66.4	708.7	2.0	69.1	16.5	52.6	2.8	−2.8	641.6
III	791.2	67.6	723.6	1.6	70.2	16.7	53.5	2.8	−1.2	653.4
IV p	807.6	68.6	739.0	1.5	71.4	17.0	54.4	2.8	--------	--------

Source: Department of Commerce, Office of Business Economics.

TABLE B–14.—*Relation of national income and personal income, 1929–67*

[Billions of dollars]

Year or quarter	National income	Less: Corporate profits and inventory valuation adjustment	Less: Contributions for social insurance	Less: Wage accruals less disbursements	Plus: Government transfer payments to persons	Plus: Interest paid by Government (net) and by consumers	Plus: Dividends	Plus: Business transfer payments	Equals: Personal income
1929	86.8	10.5	0.2	*	0.9	2.5	5.8	0.6	85.9
1930	75.4	7.0	.3	*	1.0	1.8	5.5	.5	77.0
1931	59.7	2.0	.3	*	2.1	1.8	4.1	.6	65.9
1932	42.8	−1.3	.3	*	1.4	1.7	2.5	.7	50.2
1933	40.3	−1.2	.3	*	1.5	1.6	2.0	.7	47.0
1934	49.5	1.7	.3	*	1.6	1.7	2.6	.6	54.0
1935	57.2	3.4	.3	*	1.8	1.7	2.8	.6	60.4
1936	65.0	5.6	.6	*	2.9	1.7	4.5	.6	68.6
1937	73.6	6.8	1.8	*	1.9	1.9	4.7	.6	74.1
1938	67.4	4.9	2.0	*	2.4	1.9	3.2	.4	68.3
1939	72.6	6.3	2.1	*	2.5	1.9	3.8	.5	72.8
1940	81.1	9.8	2.3	*	2.7	2.1	4.0	.4	78.3
1941	104.2	15.2	2.8	*	2.6	2.2	4.4	.5	96.0
1942	137.1	20.3	3.5	*	2.6	2.2	4.3	.5	122.9
1943	170.3	24.4	4.5	0.2	2.5	2.6	4.4	.5	151.3
1944	182.6	23.8	5.2	−.2	3.1	3.3	4.6	.5	165.3
1945	181.5	19.2	6.1	*	5.6	4.2	4.6	.5	171.1
1946	181.9	19.3	6.0	*	10.8	5.2	5.6	.5	178.7
1947	199.0	25.6	5.7	*	11.1	5.5	6.3	.6	191.3
1948	224.2	33.0	5.2	*	10.5	6.1	7.0	.7	210.2
1949	217.5	30.8	5.7	*	11.6	6.5	7.2	.8	207.2
1950	241.1	37.7	6.9	*	14.3	7.2	8.8	.8	227.6
1951	278.0	42.7	8.2	.1	11.5	7.6	8.6	.9	255.6
1952	291.4	39.9	8.7	*	12.0	8.1	8.6	1.0	272.5
1953	304.7	39.6	8.8	−.1	12.8	9.0	8.9	1.2	288.2
1954	303.1	38.0	9.8	*	14.9	9.5	9.3	1.1	290.1
1955	331.0	46.9	11.1	*	16.1	10.1	10.5	1.2	310.9
1956	350.8	46.1	12.6	*	17.1	11.2	11.3	1.4	333.0
1957	366.1	45.6	14.5	*	19.9	12.0	11.7	1.5	351.1
1958	367.8	41.1	14.8	*	24.1	12.1	11.6	1.6	361.2
1959	400.0	51.7	17.6	*	24.9	13.6	12.6	1.7	383.5
1960	414.5	49.9	20.7	*	26.6	15.1	13.4	1.9	401.0
1961	427.3	50.3	21.4	*	30.4	15.0	13.8	2.0	416.8
1962	457.7	55.7	24.0	*	31.2	16.1	15.2	2.1	442.6
1963	481.9	58.9	26.9	*	33.0	17.6	16.5	2.3	465.5
1964	518.1	66.3	27.9	*	34.2	19.1	17.8	2.5	497.5
1965	562.4	74.9	29.7	*	37.2	20.4	19.8	2.6	537.8
1966	616.7	82.2	38.2	*	41.2	22.3	21.5	2.7	584.0
1967 p	649.6	79.1	43.0	*	49.1	24.1	22.8	2.8	626.3
	Seasonally adjusted annual rates								
1965: I	544.9	72.6	29.1	*	36.0	19.9	18.7	2.6	520.3
II	555.3	73.4	29.4	*	35.3	20.3	19.4	2.6	530.1
III	566.5	74.9	29.8	*	39.4	20.6	20.2	2.6	544.6
IV	582.8	78.7	30.4	*	37.9	20.9	20.9	2.6	556.1
1966: I	600.3	81.1	36.6	*	39.7	21.4	21.4	2.6	567.8
II	610.4	81.3	37.4	*	39.2	22.0	21.6	2.7	577.3
III	622.1	81.9	38.9	*	41.3	22.4	21.6	2.7	589.3
IV	634.1	84.6	39.8	*	44.7	23.2	21.2	2.8	601.6
1967: I	636.4	78.1	42.2	*	48.1	23.7	22.2	2.8	612.9
II	641.6	78.3	42.5	*	48.6	23.9	23.1	2.8	619.1
III	653.4	79.2	43.3	*	49.6	24.2	23.4	2.8	631.0
IV p	....	....	44.1	*	50.1	24.7	22.4	2.8	642.1

Source: Department of Commerce, Office of Business Economics.

TABLE B–15.—*Disposition of personal income, 1929–67*

Year or quarter	Personal income	Less: Personal tax and nontax payments	Equals: Disposable personal income	Less: Personal outlays: Total	Less: Personal outlays: Personal consumption expenditures	Less: Personal outlays: Interest paid by consumers	Less: Personal outlays: Personal transfer payments to foreigners	Equals: Personal saving	Percent of disposable personal income: Personal outlays: Total	Percent of disposable personal income: Personal outlays: Consumption expenditures	Percent of disposable personal income: Personal saving
	Billions of dollars								Percent		
1929	85.9	2.6	83.3	79.1	77.2	1.5	0.3	4.2	95.0	92.7	5.0
1930	77.0	2.5	74.5	71.1	69.9	.9	.3	3.4	95.4	93.8	4.6
1931	65.9	1.9	64.0	61.4	60.5	.7	.3	2.6	95.9	94.4	4.1
1932	50.2	1.5	48.7	49.3	48.6	.5	.2	−.6	101.3	99.8	−1.3
1933	47.0	1.5	45.5	46.5	45.8	.5	.2	−.9	102.0	100.6	−2.0
1934	54.0	1.6	52.4	52.0	51.3	.5	.2	.4	99.3	98.0	.7
1935	60.4	1.9	58.5	56.4	55.7	.5	.2	2.1	96.3	95.2	3.7
1936	68.6	2.3	66.3	62.7	61.9	.6	.2	3.6	94.6	93.3	5.4
1937	74.1	2.9	71.2	67.4	66.5	.7	.2	3.8	94.7	93.4	5.3
1938	68.3	2.9	65.5	64.8	63.9	.7	.2	.7	98.9	97.6	1.1
1939	72.8	2.4	70.3	67.7	66.8	.7	.2	2.6	96.3	95.0	3.7
1940	78.3	2.6	75.7	71.8	70.8	.8	.2	3.8	94.9	93.6	5.1
1941	96.0	3.3	92.7	81.7	80.6	.9	.2	11.0	88.2	86.9	11.8
1942	122.9	6.0	116.9	89.3	88.5	.7	.1	27.6	76.4	75.7	23.6
1943	151.3	17.8	133.5	100.1	99.3	.5	.2	33.4	75.0	74.4	25.0
1944	165.3	18.9	146.3	109.1	108.3	.5	.4	37.3	74.5	74.0	25.5
1945	171.1	20.9	150.2	120.7	119.7	.5	.5	29.6	80.3	79.7	19.7
1946	178.7	18.7	160.0	144.8	143.4	.8	.7	15.2	90.5	89.6	9.5
1947	191.3	21.4	169.8	162.5	160.7	1.1	.7	7.3	95.7	94.6	4.3
1948	210.2	21.1	189.1	175.8	173.6	1.5	.7	13.4	92.9	91.8	7.1
1949	207.2	18.6	188.6	179.2	176.8	1.9	.5	9.4	95.0	93.8	5.0
1950	227.6	20.7	206.9	193.9	191.0	2.4	.5	13.1	93.7	92.3	6.3
1951	255.6	29.0	226.6	209.3	206.3	2.7	.4	17.3	92.4	91.0	7.6
1952	272.5	34.1	238.3	220.2	216.7	3.0	.4	18.1	92.4	90.9	7.6
1953	288.2	35.6	252.6	234.3	230.0	3.8	.5	18.3	92.8	91.1	7.2
1954	290.1	32.7	257.4	241.0	236.5	4.0	.5	16.4	93.6	91.9	6.4
1955	310.9	35.5	275.3	259.5	254.4	4.7	.5	15.8	94.3	92.4	5.7
1956	333.0	39.8	293.2	272.6	266.7	5.4	.6	20.6	93.0	91.0	7.0
1957	351.1	42.6	308.5	287.8	281.4	5.8	.6	20.7	93.3	91.2	6.7
1958	361.2	42.3	318.8	296.6	290.1	5.9	.6	22.3	93.0	91.0	7.0
1959	383.5	46.2	337.3	318.3	311.2	6.5	.6	19.1	94.4	92.3	5.6
1960	401.0	50.9	350.0	333.0	325.2	7.3	.5	17.0	95.1	92.9	4.9
1961	416.8	52.4	364.4	343.3	335.2	7.6	.5	21.2	94.2	92.0	5.8
1962	442.6	57.4	385.3	363.7	355.1	8.1	.5	21.6	94.4	92.2	5.6
1963	465.5	60.9	404.6	384.7	375.0	9.1	.6	19.9	95.1	92.7	4.9
1964	497.5	59.4	438.1	411.9	401.2	10.1	.6	26.2	94.0	91.6	6.0
1965	537.8	65.6	472.2	445.0	433.1	11.3	.7	27.2	94.2	91.7	5.8
1966	584.0	75.2	508.8	479.0	465.9	12.4	.6	29.8	94.1	91.6	5.9
1967 p	626.3	81.7	544.6	505.8	491.6	13.4	.8	38.7	92.9	90.3	7.1
	Seasonally adjusted annual rates										
1965: I	520.3	64.3	456.0	431.6	420.2	10.8	0.6	24.5	94.6	92.1	5.4
II	530.1	66.1	464.0	439.9	428.1	11.2	.7	24.0	94.8	92.3	5.2
III	544.6	65.2	479.4	448.5	436.4	11.5	.7	30.9	93.6	91.0	6.4
IV	556.1	66.7	489.4	460.1	447.8	11.7	.7	29.3	94.0	91.5	6.0
1966: I	567.8	70.4	497.5	470.9	458.2	12.0	.6	26.6	94.7	92.1	5.3
II	577.3	74.1	503.3	474.6	461.6	12.3	.7	28.7	94.3	91.7	5.7
III	589.3	76.9	512.4	483.2	470.1	12.5	.6	29.2	94.3	91.7	5.7
IV	601.6	79.6	522.0	487.4	473.8	12.9	.6	34.6	93.4	90.8	6.6
1967: I	612.9	80.2	532.7	493.9	480.2	13.1	.7	38.8	92.7	90.1	7.3
II	619.1	79.1	540.0	504.0	489.7	13.3	1.0	36.0	93.3	90.7	6.7
III	631.0	82.8	548.2	509.6	495.3	13.5	.8	38.5	93.0	90.4	7.0
IV p	642.1	84.6	557.5	515.9	501.4	13.8	.7	41.6	92.5	89.9	7.5

Source: Department of Commerce, Office of Business Economics.

TABLE B-16.—*Total and per capita disposable personal income and personal consumption expenditures, in current and 1958 prices, 1929–67*

Year or quarter	Disposable personal income				Personal consumption expenditures				Population (thousands) [1]
	Total (billions of dollars)		Per capita (dollars)		Total (billions of dollars)		Per capita (dollars)		
	Current prices	1958 prices	Current prices	1958 prices	Current prices	1958 prices	Current prices	1958 prices	
1929	83.3	150.6	683	1,236	77.2	139.6	634	1,145	121,875
1930	74.5	139.0	605	1,128	69.9	130.4	567	1,059	123,188
1931	64.0	133.7	516	1,077	60.5	126.1	487	1,016	124,149
1932	48.7	115.1	390	921	48.6	114.8	389	919	124,949
1933	45.5	112.2	362	893	45.8	112.8	364	897	125,690
1934	52.4	120.4	414	952	51.3	118.1	406	934	126,485
1935	58.5	131.8	459	1,035	55.7	125.5	437	985	127,362
1936	66.3	148.4	518	1,158	61.9	138.4	483	1,080	128,181
1937	71.2	153.1	552	1,187	66.5	143.1	516	1,110	128,961
1938	65.5	143.6	504	1,105	63.9	140.2	492	1,079	129,969
1939	70.3	155.9	537	1,190	66.8	148.2	510	1,131	131,028
1940	75.7	166.3	573	1,259	70.8	155.7	536	1,178	132,122
1941	92.7	190.3	695	1,427	80.6	165.4	604	1,240	133,402
1942	116.9	213.4	867	1,582	88.5	161.4	656	1,197	134,860
1943	133.5	222.8	976	1,629	99.3	165.8	726	1,213	136,739
1944	146.3	231.6	1,057	1,673	108.3	171.4	782	1,238	138,397
1945	150.2	229.7	1,074	1,642	119.7	183.0	855	1,308	139,928
1946	160.0	227.0	1,132	1,606	143.4	203.5	1,014	1,439	141,389
1947	169.8	218.0	1,178	1,513	160.7	206.3	1,115	1,431	144,126
1948	189.1	229.8	1,290	1,567	173.6	210.8	1,184	1,438	146,631
1949	188.6	230.8	1,264	1,547	176.8	216.5	1,185	1,451	149,188
1950	206.9	249.6	1,364	1,646	191.0	230.5	1,259	1,520	151,684
1951	226.6	255.7	1,469	1,657	206.3	232.8	1,337	1,509	154,287
1952	238.3	263.3	1,518	1,678	216.7	239.4	1,381	1,525	156,954
1953	252.6	275.4	1,583	1,726	230.0	250.8	1,441	1,572	159,565
1954	257.4	278.3	1,585	1,714	236.5	255.7	1,456	1,575	162,391
1955	275.3	296.7	1,666	1,795	254.4	274.2	1,539	1,659	165,275
1956	293.2	309.3	1,743	1,839	266.7	281.4	1,585	1,673	168,221
1957	308.5	315.8	1,801	1,844	281.4	288.2	1,643	1,683	171,274
1958	318.8	318.8	1,831	1,831	290.1	290.1	1,666	1,666	174,141
1959	337.3	333.0	1,905	1,881	311.2	307.3	1,758	1,735	177,073
1960	350.0	340.2	1,937	1,883	325.2	316.1	1,800	1,749	180,684
1961	364.4	350.7	1,983	1,909	335.2	322.5	1,824	1,755	183,756
1962	385.3	367.3	2,064	1,968	355.1	338.4	1,902	1,813	186,656
1963	404.6	381.3	2,136	2,013	375.0	353.3	1,980	1,865	189,417
1964	438.1	407.9	2,280	2,123	401.2	373.7	2,088	1,945	192,120
1965	472.2	434.4	2,427	2,232	433.1	398.4	2,226	2,047	194,592
1966	508.8	456.3	2,584	2,317	465.9	418.0	2,366	2,123	196,920
1967 p	544.6	476.0	2,735	2,391	491.6	429.9	2,469	2,159	199,118
	Seasonally adjusted annual rates								
1965: I	456.0	422.2	2,354	2,179	420.2	389.1	2,169	2,008	193,734
II	464.0	427.2	2,388	2,199	428.1	394.1	2,204	2,029	194,269
III	479.4	440.2	2,459	2,258	436.4	400.7	2,239	2,056	194,941
IV	489.4	448.2	2,502	2,291	447.8	409.9	2,289	2,096	195,594
1966: I	497.5	451.8	2,537	2,304	458.2	416.2	2,337	2,122	196,096
II	503.3	452.6	2,560	2,302	461.6	415.2	2,348	2,112	196,629
III	512.4	458.4	2,598	2,324	470.1	420.4	2,384	2,132	197,216
IV	522.0	463.2	2,639	2,341	473.8	420.4	2,395	2,125	197,834
1967: I	532.7	470.6	2,686	2,373	480.2	424.2	2,421	2,139	198,356
II	540.0	474.9	2,716	2,388	489.7	430.6	2,463	2,165	198,852
III	548.2	477.5	2,749	2,394	495.3	431.5	2,484	2,164	199,425
IV p	557.5	481.8	2,787	2,409	501.4	433.2	2,507	2,166	200,006

[1] Population of the United States including Armed Forces overseas. Annual data are for July 1; quarterly data are for middle of period, interpolated from monthly data.

Sources: Department of Commerce (Office of Business Economics and Bureau of the Census) and Council of Economic Advisers.

TABLE B-17.—*Sources of personal income, 1929–67*

[Billions of dollars]

Year or quarter	Total personal income	Wage and salary disbursements [1]						Other labor income [1]	Proprietors' income	
		Total	Commodity-producing industries		Distributive industries	Service industries	Government		Business and professional	Farm [2]
			Total	Manufacturing						
1929	85.9	50.4	21.5	16.1	15.6	8.4	4.9	0.6	9.0	6.2
1930	77.0	46.2	18.5	13.8	14.5	8.0	5.2	.6	7.6	4.3
1931	65.9	39.1	14.3	10.8	12.5	7.1	5.3	.5	5.8	3.4
1932	50.2	30.5	9.9	7.7	9.8	5.8	5.0	.5	3.6	2.1
1933	47.0	29.0	9.8	7.8	8.8	5.2	5.1	.4	3.3	2.6
1934	54.0	33.7	12.1	9.6	9.9	5.7	6.1	.4	4.7	3.0
1935	60.4	36.7	13.5	10.8	10.7	5.9	6.5	.5	5.5	5.3
1936	68.6	41.9	15.8	12.4	11.8	6.5	7.9	.6	6.7	4.3
1937	74.1	46.1	18.4	14.6	13.2	7.1	7.5	.6	7.2	6.0
1938	68.3	43.0	15.3	11.8	12.6	6.8	8.2	.6	6.9	4.4
1939	72.8	45.9	17.4	13.6	13.3	7.1	8.2	.6	7.4	4.4
1940	78.3	49.8	19.7	15.6	14.2	7.5	8.4	.7	8.6	4.5
1941	96.0	62.1	27.5	21.7	16.3	8.1	10.2	.7	11.1	6.4
1942	122.9	82.1	39.1	30.9	18.0	9.0	16.0	.9	14.0	9.8
1943	151.3	105.6	48.9	40.9	20.1	9.9	26.6	1.1	17.0	11.7
1944	165.3	116.9	50.3	42.9	22.7	10.9	33.0	1.5	18.2	11.6
1945	171.1	117.5	45.8	38.2	24.8	12.0	34.9	1.8	19.2	12.2
1946	178.7	112.0	46.0	36.5	31.0	14.4	20.7	1.9	21.6	14.9
1947	191.3	123.0	54.3	42.5	35.2	16.1	17.4	2.3	20.3	15.2
1948	210.2	135.3	61.0	47.2	37.6	17.9	18.9	2.7	22.7	17.5
1949	207.2	134.6	57.7	44.7	37.7	18.6	20.6	3.0	22.6	12.7
1950	227.6	146.7	64.6	50.3	39.9	19.9	22.4	3.8	24.0	13.5
1951	255.6	171.0	76.1	59.4	44.3	21.7	28.9	4.8	26.1	15.8
1952	272.5	185.1	81.8	64.2	46.9	23.3	33.1	5.3	27.1	15.0
1953	288.2	198.3	89.4	71.2	49.8	25.1	34.1	6.0	27.5	13.0
1954	290.1	196.5	85.4	67.6	50.2	26.4	34.6	6.3	27.6	12.4
1955	310.9	211.3	92.8	73.9	53.4	28.9	36.2	7.3	30.3	11.4
1956	333.0	227.8	100.2	79.5	57.7	31.6	38.3	8.4	31.3	11.4
1957	351.1	238.7	103.8	82.5	60.5	33.9	40.4	9.5	32.8	11.3
1958	361.2	239.9	99.7	78.7	60.8	35.9	43.5	9.9	33.2	13.4
1959	383.5	258.2	109.1	86.9	64.8	38.7	45.6	11.3	35.1	11.4
1960	401.0	270.8	112.5	89.7	68.1	41.5	48.7	12.0	34.2	12.0
1961	416.8	278.1	112.8	89.8	69.1	44.0	52.2	12.7	35.6	12.8
1962	442.6	296.1	120.8	96.7	72.5	46.8	56.0	13.9	37.1	13.0
1963	465.5	311.1	125.7	100.6	76.0	49.9	59.5	14.9	37.9	13.1
1964	497.5	333.7	134.1	107.2	81.2	54.1	64.3	16.6	40.2	12.1
1965	537.8	359.1	144.5	115.6	86.9	58.3	69.3	18.6	41.9	14.8
1966	584.0	394.6	159.3	128.1	93.9	63.5	77.9	20.8	43.2	16.1
1967 p	626.3	423.7	167.1	134.3	100.8	69.5	86.3	23.2	43.6	14.8
	Seasonally adjusted annual rates									
1965: I	520.3	347.7	140.7	112.4	84.4	55.8	66.8	17.9	41.4	13.6
II	530.1	354.2	142.4	113.8	86.2	57.6	67.9	18.4	41.7	15.0
III	544.6	362.0	145.2	116.4	87.6	59.3	69.8	18.9	42.0	15.2
IV	556.1	372.4	149.7	119.7	89.6	60.7	72.5	19.4	42.5	15.3
1966: I	567.8	381.3	154.2	123.1	91.3	61.4	74.3	20.0	42.8	17.1
II	577.3	390.2	158.0	126.9	93.0	62.9	76.4	20.5	43.3	16.0
III	589.3	399.6	161.0	129.7	94.9	64.3	79.4	21.1	43.3	15.9
IV	601.6	407.4	164.1	132.6	96.5	65.5	81.4	21.7	43.4	15.1
1967: I	612.9	414.7	165.7	133.1	98.7	67.0	83.4	22.2	43.2	14.6
II	619.1	418.3	164.8	132.6	99.6	68.8	85.0	22.9	43.4	14.3
III	631.0	426.2	167.4	134.6	101.7	70.2	86.9	23.6	43.8	15.0
IV p	642.1	435.6	170.6	136.9	103.2	72.0	89.8	24.3	44.1	15.2

See footnotes at end of table.

TABLE B–17.—*Sources of personal income, 1929–67*—Continued

[Billions of dollars]

Year or quarter	Rental income of persons	Dividends	Personal interest income	Transfer payments: Total	Transfer payments: Old-age and survivors insurance benefits	Transfer payments: State unemployment insurance benefits	Transfer payments: Veterans' benefits	Transfer payments: Other	Less: Personal contributions for social insurance	Nonagricultural personal income [3]
1929	5.4	5.8	7.2	1.5			0.6	0.9	0.1	77.6
1930	4.8	5.5	6.8	1.5			.6	.9	.1	70.8
1931	3.8	4.1	6.7	2.7			1.6	1.1	.2	60.8
1932	2.7	2.5	6.3	2.2			.8	1.4	.2	46.7
1933	2.0	2.0	5.7	2.1			.5	1.6	.2	43.2
1934	1.7	2.6	5.8	2.2			.4	1.8	.2	49.8
1935	1.7	2.8	5.7	2.4			.5	1.9	.2	53.9
1936	1.8	4.5	5.5	3.5			1.9	1.6	.2	63.0
1937	2.1	4.7	5.6	2.4	*	*	.6	1.8	.6	66.7
1938	2.6	3.2	5.5	2.8	*	0.4	.5	1.9	.6	62.6
1939	2.7	3.8	5.5	3.0	*	.4	.5	2.0	.6	66.9
1940	2.9	4.0	5.4	3.1	*	.5	.5	2.0	.7	72.3
1941	3.5	4.4	5.5	3.1	0.1	.3	.5	2.2	.8	87.8
1942	4.5	4.3	5.3	3.1	.1	.3	.5	2.2	1.2	111.0
1943	5.1	4.4	5.3	3.0	.2	.1	.5	2.2	1.8	137.3
1944	5.4	4.6	5.6	3.6	.2	.1	.9	2.4	2.2	151.2
1945	5.6	4.6	6.3	6.2	.3	.4	2.8	2.7	2.3	156.4
1946	6.6	5.6	6.8	11.3	.4	1.1	6.7	3.1	2.0	161.0
1947	7.1	6.3	7.5	11.7	.5	.8	6.7	3.7	2.1	173.0
1948	8.0	7.0	7.9	11.2	.6	.8	5.8	4.1	2.2	189.4
1949	8.4	7.2	8.5	12.4	.7	1.7	5.1	4.9	2.2	191.3
1950	9.4	8.8	9.2	15.1	1.0	1.4	4.9	7.9	2.9	210.9
1951	10.3	8.6	9.9	12.5	1.9	.8	3.9	5.9	3.4	236.4
1952	11.5	8.6	10.6	13.0	2.2	1.0	3.9	6.0	3.8	254.1
1953	12.7	8.9	11.8	14.0	3.0	1.0	3.7	6.3	4.0	271.9
1954	13.6	9.3	13.1	16.0	3.6	2.0	3.9	6.5	4.6	274.7
1955	13.9	10.5	14.2	17.3	4.9	1.4	4.3	6.8	5.2	296.4
1956	14.3	11.3	15.7	18.5	5.7	1.4	4.3	7.2	5.8	318.5
1957	14.8	11.7	17.6	21.4	7.3	1.8	4.4	7.9	6.7	336.6
1958	15.4	11.6	18.9	25.7	8.5	3.9	4.6	8.7	6.9	344.3
1959	15.6	12.6	20.7	26.6	10.2	2.5	4.6	9.4	7.9	368.5
1960	15.8	13.4	23.4	28.5	11.1	2.8	4.6	10.0	9.3	385.2
1961	16.0	13.8	25.0	32.4	12.6	4.0	4.8	10.9	9.6	400.0
1962	16.7	15.2	27.7	33.3	14.3	2.9	4.8	11.2	10.3	425.5
1963	17.1	16.5	31.4	35.3	15.2	2.8	5.0	12.2	11.8	448.1
1964	18.0	17.8	34.9	36.7	16.0	2.6	5.3	12.9	12.5	480.9
1965	19.0	19.8	38.4	39.7	18.1	2.2	5.6	13.8	13.4	518.4
1966	19.4	21.5	42.4	43.9	20.8	1.8	5.7	15.6	17.9	563.1
1967 p	20.1	22.8	46.5	51.9	25.7	2.1	6.6	17.5	20.4	606.4
	Seasonally adjusted annual rates									
1965: I	18.6	18.7	37.0	38.6	16.7	2.4	5.5	14.1	13.1	502.3
II	18.9	19.4	37.9	37.8	16.6	2.2	5.6	13.4	13.3	510.5
III	19.1	20.2	38.8	42.0	20.4	2.2	5.7	13.7	13.5	524.8
IV	19.2	20.9	39.7	40.5	18.6	2.0	5.7	14.1	13.8	536.1
1966: I	19.2	21.4	40.7	42.4	19.4	2.0	5.9	15.1	17.1	545.9
II	19.3	21.6	41.9	41.9	19.6	1.6	5.4	15.3	17.3	556.5
III	19.4	21.6	42.8	44.0	21.0	1.8	5.4	15.8	18.4	568.5
IV	19.6	21.2	44.3	47.5	23.2	1.8	6.3	16.2	18.7	581.4
1967: I	19.8	22.2	45.2	50.8	24.7	2.1	6.5	17.6	20.0	593.1
II	20.0	23.1	46.0	51.4	25.6	2.1	6.5	17.0	20.2	599.6
III	20.2	23.4	46.9	52.4	26.2	2.2	6.6	17.4	20.5	610.9
IV p	20.4	22.4	48.0	52.9	26.4	1.9	6.7	17.9	20.8	621.8

[1] The total of wage and salary disbursements and other labor income differs from compensation of employees in Table B–12 in that it excludes employer contributions for social insurance and the excess of wage accruals over wage disbursements.

[2] Includes change in inventories.

[3] Nonagricultural income is personal income exclusive of net income of unincorporated farm enterprises, farm wages, agricultural net interest, and net dividends paid by agricultural corporations.

Source: Department of Commerce, Office of Business Economics.

TABLE B–18.—*Sources and uses of gross saving, 1929–67*

[Billions of dollars]

Year or quarter	Gross private saving and government surplus or deficit, national income and product accounts							Gross investment			Statistical discrepancy
	Total	Private saving			Government surplus or deficit (−)			Total	Gross private domestic investment	Net foreign investment [1]	
		Total	Personal saving	Gross business saving	Total	Federal	State and local				
1929	16.3	15.3	4.2	11.2	1.0	1.2	−0.2	17.0	16.2	0.8	0.7
1930	11.8	12.1	3.4	8.6	−.3	.3	−.6	11.0	10.3	.7	−.8
1931	5.1	8.0	2.6	5.3	−2.9	−2.1	−.8	5.8	5.6	.2	.7
1932	.8	2.5	−.6	3.2	−1.8	−1.5	−.3	1.1	1.0	.2	.3
1933	.9	2.3	−.9	3.2	−1.4	−1.3	−.1	1.6	1.4	.2	.6
1934	3.2	5.6	.4	5.2	−2.4	−2.9	.5	3.8	3.3	.4	.5
1935	6.6	8.6	2.1	6.4	−2.0	−2.6	.6	6.4	6.4	−.1	−.2
1936	7.2	10.3	3.6	6.7	−3.1	−3.6	.5	8.4	8.5	−.1	1.2
1937	11.9	11.5	3.8	7.7	.3	−.4	.7	11.8	11.8	.1	*
1938	7.0	8.7	.7	8.0	−1.8	−2.1	.4	7.6	6.5	1.1	.6
1939	8.8	11.0	2.6	8.4	−2.2	−2.2	(2)	10.2	9.3	.9	1.3
1940	13.6	14.3	3.8	10.5	−.7	−1.3	.6	14.6	13.1	1.5	1.0
1941	18.6	22.4	11.0	11.4	−3.8	−5.1	1.3	19.0	17.9	1.1	.4
1942	10.7	42.0	27.6	14.5	−31.4	−33.1	1.8	9.6	9.8	−.2	−1.1
1943	5.5	49.7	33.4	16.3	−44.1	−46.6	2.5	3.5	5.7	−2.2	−2.0
1944	2.5	54.3	37.3	17.1	−51.8	−54.5	2.7	5.0	7.1	−2.1	2.5
1945	5.2	44.7	29.6	15.1	−39.5	−42.1	2.6	9.1	10.6	−1.4	3.9
1946	35.1	29.7	15.2	14.5	5.4	3.5	1.9	35.2	30.6	4.6	.1
1947	42.0	27.5	7.3	20.2	14.4	13.4	1.0	42.9	34.0	8.9	.9
1948	49.9	41.4	13.4	28.0	8.5	8.4	.1	47.9	46.0	1.9	−2.0
1949	35.9	39.0	9.4	29.7	−3.2	−2.4	−.7	36.2	35.7	.5	.3
1950	50.4	42.5	13.1	29.4	7.8	9.1	−1.2	51.8	54.1	−2.2	1.5
1951	56.1	50.3	17.3	33.1	5.8	6.2	−.4	59.5	59.3	.2	3.3
1952	49.5	53.3	18.1	35.1	−3.8	−3.8	(3)	51.6	51.9	−.3	2.2
1953	47.5	54.4	18.3	36.1	−6.9	−7.0	.1	50.5	52.6	−2.1	3.0
1954	48.5	55.6	16.4	39.2	−7.0	−5.9	−1.1	51.3	51.7	−.5	2.7
1955	64.8	62.1	15.8	46.3	2.7	4.0	−1.3	66.9	67.4	−.5	2.1
1956	72.7	67.8	20.6	47.3	4.9	5.7	−.9	71.6	70.0	1.5	−1.1
1957	71.2	70.5	20.7	49.8	.7	2.1	−1.4	71.2	67.8	3.4	*
1958	59.2	71.7	22.3	49.4	−12.5	−10.2	−2.3	60.7	60.9	−.2	1.6
1959	73.8	75.9	19.1	56.8	−2.1	−1.2	−.8	73.0	75.3	−2.3	−.8
1960	77.5	73.9	17.0	56.8	3.7	3.5	.2	76.5	74.8	1.7	−1.0
1961	75.5	79.8	21.2	58.7	−4.3	−3.8	−.5	74.7	71.7	3.0	−.8
1962	85.0	87.9	21.6	66.3	−2.9	−3.8	.9	85.5	83.0	2.5	.5
1963	90.5	88.7	19.9	68.8	1.8	.7	1.2	90.3	87.1	3.1	−.3
1964	101.0	102.4	26.2	76.2	−1.4	−3.0	1.7	99.7	94.0	5.7	−1.3
1965	113.5	110.8	27.2	83.7	2.7	1.4	1.2	111.5	107.4	4.1	−2.0
1966	122.7	119.5	29.8	89.7	3.2	.3	2.9	120.2	118.0	2.2	−2.6
1967 p	116.5	129.2	38.7	90.4	−12.7	−12.6	−.1	114.1	112.1	2.0	−2.2
	Seasonally adjusted annual rates										
1965: I	112.0	106.3	24.5	81.8	5.7	4.5	1.2	108.6	105.1	3.5	−3.4
II	112.5	106.3	24.0	82.3	6.2	4.9	1.2	110.2	105.1	5.1	−2.3
III	113.3	115.0	30.9	84.1	−1.7	−3.2	1.5	112.7	108.2	4.5	−.6
IV	116.2	115.6	29.3	86.3	.6	−.4	1.1	115.8	112.3	3.4	−.5
1966: I	118.7	114.1	26.6	87.5	4.6	2.2	2.4	117.8	115.2	2.7	−.9
II	123.1	117.0	28.7	88.3	6.1	3.2	2.9	121.0	118.5	2.5	−2.2
III	121.3	118.7	29.2	89.5	2.6	−.7	3.3	118.1	116.4	1.8	−3.2
IV	127.9	128.2	34.6	93.6	−.3	−3.3	3.0	124.0	122.2	1.8	−3.8
1967: I	116.9	127.7	38.8	88.9	−10.8	−11.9	1.0	112.9	110.4	2.5	−4.0
II	110.1	125.1	36.0	89.1	−15.0	−14.7	−.2	107.3	105.1	2.3	−2.8
III	115.7	129.0	38.5	90.4	−13.3	−13.2	−.1	114.5	112.2	2.3	−1.2
IV p	....	....	41.6	....	....	....	....	121.9	120.7	1.2	....

[1] Net exports of goods and services less net transfers to foreigners.
[2] Surplus of $32 million.
[3] Deficit of $41 million.

Source: Department of Commerce, Office of Business Economics.

TABLE B–19.—*Financial saving by individuals, 1939–67* [1]

[Billions of dollars]

Year or quarter	Total	Currency and bank deposits	Savings shares (2)	Securities: Total	Securities: U.S. savings bonds	Securities: Other Government [3]	Securities: Corporate and other	Private insurance and pension reserves	Noninsured pension funds	Government insurance and pension reserves [4]	Less: Increase in debt: Mortgage debt [5]	Less: Increase in debt: Consumer debt [6]	Less: Increase in debt: Securities loans [7]
1939	3.0	3.0	0.1	−0.8	0.7	−0.9	−0.6	1.5	0.1	0.3	0.5	0.8	−0.2
1940	2.9	2.9	.3	−.4	.9	−.8	−.4	1.6	.1	.3	.9	1.0	−.2
1941	8.8	4.8	.4	2.6	2.8	.4	−.5	1.9	.1	.3	.8	.7	−.1
1942	27.1	10.9	.3	10.3	8.0	2.3	*	2.2	.1	.7	.1	−3.0	.3
1943	35.9	16.2	.6	14.1	11.1	3.3	−.3	2.6	.2	1.3	−.4	−1.0	.6
1944	38.4	17.5	.9	15.7	11.8	4.6	−.7	2.9	.6	2.3	−.1	.1	1.4
1945	35.0	19.0	1.1	9.9	6.9	4.2	−1.2	3.2	.9	3.1	.2	.5	1.5
1946	13.2	10.6	1.2	−1.4	1.0	−2.6	.2	3.1	.3	2.5	3.1	2.3	−2.3
1947	5.0	2.0	1.3	2.2	2.0	−.2	.4	3.5	.3	1.7	3.9	2.8	−.8
1948	.5	−1.8	1.3	3.0	1.6	.5	.9	3.3	.4	2.0	4.7	2.4	.4
1949	1.6	−1.4	1.6	2.3	1.5	.1	.7	3.5	.6	1.8	3.9	2.6	.3
1950	−.3	3.5	1.7	.9	.3	−.1	.7	3.7	.9	−.6	6.5	3.7	.2
1951	8.1	5.9	2.3	.7	−.5	−.5	1.6	3.8	1.5	1.7	7.0	1.0	−.3
1952	10.4	7.0	3.3	3.4	.1	1.2	2.1	4.4	1.7	1.9	6.1	4.4	.6
1953	9.0	4.7	4.0	3.4	.2	2.0	1.2	4.5	2.0	1.7	7.2	3.7	.4
1954	8.5	5.4	4.7	.2	.6	−1.1	.6	4.7	2.2	1.7	8.3	1.0	.9
1955	5.2	3.4	5.2	6.2	.3	3.7	2.3	5.0	2.3	1.8	12.0	6.2	.6
1956	12.2	4.8	5.3	5.2	−.1	3.2	2.0	5.0	2.7	2.3	10.6	3.3	−.8
1957	15.0	4.8	5.2	5.3	−1.9	4.4	2.7	4.6	3.1	2.6	8.1	2.5	−.1
1958	19.7	10.2	6.4	1.1	−.5	−1.1	2.6	4.8	3.2	2.9	8.2	.2	.4
1959	14.0	4.1	7.2	10.2	−1.8	11.0	1.0	4.9	3.6	3.0	12.5	6.1	.2
1960	6.3	2.4	8.2	−1.0	−.2	−.9	.1	4.8	4.0	3.2	10.9	4.2	.3
1961	18.9	9.5	9.2	1.1	.8	−.6	1.0	5.2	4.1	3.2	10.9	1.5	1.0
1962	22.1	17.7	9.9	−.4	.4	.7	−1.5	5.7	4.2	3.7	12.5	5.0	1.1
1963	23.0	18.4	11.7	.5	1.2	1.6	−2.4	6.2	4.5	4.0	14.5	6.9	.9
1964	30.0	19.4	11.4	6.1	.9	5.1	.1	6.7	4.9	4.5	15.5	7.5	.1
1965	29.8	23.3	9.4	3.9	.6	3.6	−.4	7.6	5.6	4.8	15.9	9.0	.1
1966	29.8	12.5	4.5	14.5	.6	12.3	1.7	6.8	6.2	5.0	12.7	6.5	.5
1967 p	47.8	28.9	11.8	.7	.9	−.3	.1	7.6	7.0	5.5	9.7	3.3	.8
1965: I	5.7	1.9	2.1	.9	.2	.7	*	1.9	1.4	1.0	3.9	−.3	−.1
II	6.0	5.0	2.7	1.8	.1	1.4	.3	1.7	1.3	1.3	3.4	3.5	.7
III	10.1	8.0	1.4	.7	.1	.9	−.3	1.9	1.3	1.3	4.1	2.4	−2.0
IV	7.9	8.4	3.4	.5	.2	.7	−.4	2.2	1.7	1.3	4.5	3.4	1.5
1966: I	5.4	−1.6	1.4	4.9	.1	4.3	.5	1.9	1.3	1.1	4.4	−.4	−.4
II	7.2	4.7	1.1	3.3	.2	2.2	1.0	1.5	1.5	1.2	3.0	2.6	.5
III	8.7	3.4	−.5	4.7	.1	3.9	.8	1.5	1.3	1.3	2.6	1.6	−1.1
IV	8.5	5.9	2.6	1.6	.2	1.9	−.6	1.9	2.2	1.4	2.7	2.8	1.5
1967: I	11.5	5.5	2.5	−1.6	.2	−1.1	−.7	2.0	1.6	1.1	1.8	−1.9	−.2
II	10.0	8.4	4.0	−4.6	.2	−4.4	−.4	1.5	1.5	1.4	1.6	1.9	−1.2
III	16.0	10.6	2.0	3.5	.3	3.2	*	1.9	1.8	1.4	2.5	1.1	1.6
IV p	10.2	4.5	3.3	3.4	.2	2.1	1.2	2.1	2.0	1.5	3.7	2.2	.6

1 Individuals' saving, in addition to personal holdings, covers saving of unincorporated business, trust funds, and nonprofit institutions in the forms specified.

2 Includes shares in savings and loan associations and shares and deposits in credit unions.

3 "Other government" includes U.S. Government issues (except savings bonds), State and local government securities, and nonguaranteed Federal agency issues.

4 Includes civil service, railroad retirement, and State and local retirement systems.

5 Mortgage debt to institutions on one- to four-family nonfarm dwellings.

6 Consumer debt owed to corporations. Policy loans on Government and private life insurance have been deducted from those items of saving.

7 Change in bank loans to brokers, dealers, and others for the purpose of purchasing or carrying securities.

Note.—In addition to the concept of saving shown above, there are other concepts of individuals' saving, with varying degrees of coverage, currently in use. The personal saving estimates of the Department of Commerce are derived as the difference between personal income (after taxes) and personal outlays. For a reconciliation of the two series, see Securities and Exchange Commission "Statistical Bulletin," August 1967, and "Survey of Current Business," July 1967.

The flow-of-funds system of accounts of the Board of Governors of the Federal Reserve System includes estimates of gross saving and net financial investment of households.

Source: Securities and Exchange Commission.

TABLE B–20.—*Number and money income of families and unrelated individuals, 1947–66*

Year	Families[1]			
	Total		With incomes under $3,000 (1966 prices)	
	Number (millions)	Median income (1966 prices)	Number (millions)	Percent of total
1947	37.2	$4,401	10.8	28.9
1948	38.6	4,299	11.5	29.7
1949	39.3	4,230	12.2	31.0
1950	39.9	4,479	11.5	28.9
1951	40.6	4,636	10.8	26.7
1952	40.8	4,760	10.3	25.3
1953	41.2	5,161	9.8	23.9
1954	42.0	5,036	10.6	25.3
1955	42.9	5,377	9.8	22.8
1956	43.5	5,727	9.0	20.7
1957	43.7	5,727	9.1	20.9
1958	44.2	5,708	9.3	21.0
1959	45.1	6,041	8.9	19.7
1960	45.5	6,174	8.9	19.5
1961	46.3	6,243	9.0	19.4
1962	47.0	6,404	8.5	18.1
1963	47.4	6,637	8.3	17.5
1964	47.8	6,871	7.8	16.4
1965	48.3	7,154	7.5	15.5
1966	48.9	7,436	7.0	14.3
	Unrelated individuals[2]			
	Total		With incomes under $1,500 (1966 prices)	
	Number (millions)	Median income (1966 prices)	Number (millions)	Percent of total
1947	8.2	$1,437	4.2	51.6
1948	8.4	1,395	4.5	53.0
1949	9.0	1,457	4.6	51.2
1950	9.4	1,448	4.8	51.5
1951	9.1	1,496	4.6	50.1
1952	9.7	1,740	4.4	45.7
1953	9.5	1,710	4.5	46.9
1954	9.7	1,484	4.9	50.4
1955	9.9	1,610	4.8	48.0
1956	9.8	1,720	4.5	46.1
1957	10.4	1,773	4.7	45.0
1958	10.9	1,730	5.0	46.0
1959	10.9	1,773	4.9	44.9
1960	11.1	1,908	4.8	43.2
1961	11.2	1,916	4.8	42.5
1962	11.0	1,896	4.6	41.8
1963	11.2	1,919	4.6	41.3
1964	12.1	2,080	4.8	40.0
1965	12.1	2,222	4.5	36.9
1966	12.4	2,270	4.6	36.7

[1] The term "family" refers to a group of two or more persons related by blood, marriage, or adoption and residing together; all such persons are considered members of the same family.
[2] The term "unrelated individuals" refers to persons 14 years of age and over (other than inmates of institutions) who are not living with any relatives.

Source: Department of Commerce, Bureau of the Census.

POPULATION, EMPLOYMENT, WAGES, AND PRODUCTIVITY

TABLE B–21.—*Population by age groups: Estimates, 1929–67, and projections, 1970–85*

[Thousands of persons]

July 1	Total	Age (years)						
		Under 5	5–13	14–19	20–24	25–44	45–64	65 and over
Estimates:								
1929	121,767	11,734	22,131	13,796	10,694	35,862	21,076	6,474
1930	123,077	11,372	22,266	13,937	10,915	36,309	21,573	6,705
1931	124,040	11,179	22,263	13,980	11,003	36,654	22,031	6,928
1932	124,840	10,903	22,238	14,015	11,077	36,988	22,473	7,147
1933	125,579	10,612	22,129	14,070	11,152	37,319	22,933	7,363
1934	126,374	10,331	21,964	14,163	11,238	37,662	23,435	7,582
1935	127,250	10,170	21,730	14,296	11,317	37,987	23,947	7,804
1936	128,053	10,044	21,434	14,442	11,375	38,288	24,444	8,024
1937	128,825	10,009	21,082	14,558	11,411	38,589	24,917	8,257
1938	129,825	10,176	20,668	14,680	11,453	38,954	25,387	8,508
1939	130,880	10,418	20,253	14,748	11,519	39,354	25,823	8,764
1940	132,122	10,579	19,936	14,770	11,690	39,868	26,249	9,031
1941	133,402	10,850	19,674	14,682	11,807	40,383	26,718	9,288
1942	134,860	11,301	19,427	14,534	11,955	40,861	27,196	9,584
1943	136,739	12,016	19,319	14,381	12,064	41,420	27,671	9,867
1944	138,397	12,524	19,246	14,264	12,062	42,016	28,138	10,147
1945	139,928	12,979	19,326	13,942	12,036	42,521	28,630	10,494
1946	141,389	13,244	19,625	13,597	12,004	43,027	29,064	10,828
1947	144,126	14,406	20,118	13,447	11,814	43,657	29,498	11,185
1948	146,631	14,919	20,990	13,171	11,794	44,288	29,931	11,538
1949	149,188	15,607	21,634	13,006	11,700	44,916	30,405	11,921
1950	152,271	16,410	22,424	12,839	11,680	45,673	30,849	12,397
1951	154,878	17,333	22,998	12,727	11,552	46,103	31,362	12,803
1952	157,553	17,312	24,501	12,807	11,350	46,494	31,884	13,203
1953	160,184	17,638	25,701	12,986	11,062	46,786	32,393	13,617
1954	163,026	18,057	26,887	13,230	10,832	47,002	32,941	14,076
1955	165,931	18,566	27,925	13,501	10,714	47,195	33,507	14,527
1956	168,903	19,003	28,929	13,981	10,616	47,380	34,058	14,937
1957	171,984	19,494	29,672	14,795	10,603	47,441	34,591	15,387
1958	174,882	19,887	30,651	15,337	10,756	47,336	35,109	15,805
1959	177,830	20,175	31,767	15,816	10,969	47,192	35,663	16,248
1960	180,684	20,364	32,985	16,217	11,116	47,134	36,208	16,659
1961	183,756	20,657	33,296	17,566	11,408	47,061	36,756	17,013
1962	186,656	20,746	33,943	18,483	11,889	46,969	37,316	17,311
1963	189,417	20,750	34,606	19,075	12,620	46,933	37,868	17,565
1964	192,120	20,670	35,301	19,812	13,154	46,881	38,438	17,863
1965	194,592	20,404	35,889	20,637	13,679	46,807	39,015	18,162
1966	196,920	19,811	36,544	21,582	14,063	46,855	39,601	18,464
1967	199,118	19,191	36,965	21,697	15,197	47,077	40,194	18,796
Projections:[1]								
1970: Series A	208,615	21,317	37,224	23,136	17,261	48,276	41,817	19,585
Series D	204,923	17,625	37,224	23,136				
1975: Series A	227,929	27,210	37,884	25,132	19,299	53,881	43,364	21,159
Series D	215,367	18,323	34,209	25,132				
1980: Series A	250,489	31,040	45,215	24,621	20,997	62,374	43,180	23,063
Series D	227,665	20,736	32,695	24,621				
1985: Series A	274,748	33,288	53,497	26,894	21,068	72,083	42,940	24,978
Series D	241,731	23,030	35,933	21,699				

[1] Two of four series projected by the cohort method and based on different assumptions with regard to completed fertility, which moves gradually toward a level of 3,350 children per 1,000 women for Series A and 2,450 children per 1,000 women for Series D. For further explanation of method of projection and for additional data, see "Population Estimates, Current Population Reports, Series P–25, No. 381," December 1967.

Note.—Data for Armed Forces overseas included beginning 1940.

Source: Department of Commerce, Bureau of the Census.

TABLE B–22.—*Noninstitutional population and the labor force, 1929–67*

Year or month	Noninstitutional population	Total labor force (including armed forces)	Armed forces	Civilian labor force: Total	Civilian labor force: Employment: Total	Civilian labor force: Employment: Agricultural	Civilian labor force: Employment: Nonagricultural	Civilian labor force: Unemployment	Total labor force as percent of noninstitutional population	Unemployment as percent of civilian labor force
	Thousands of persons 14 years of age and over								Percent	
1929	....	49,440	260	49,180	47,630	10,450	37,180	1,550	....	3.2
1930	....	50,080	260	49,820	45,480	10,340	35,140	4,340	....	8.7
1931	....	50,680	260	50,420	42,400	10,290	32,110	8,020	....	15.9
1932	....	51,250	250	51,000	38,940	10,170	28,770	12,060	....	23.6
1933	....	51,840	250	51,590	38,760	10,090	28,670	12,830	....	24.9
1934	....	52,490	260	52,230	40,890	9,900	30,990	11,340	....	21.7
1935	....	53,140	270	52,870	42,260	10,110	32,150	10,610	....	20.1
1936	....	53,740	300	53,440	44,410	10,000	34,410	9,030	....	16.9
1937	....	54,320	320	54,000	46,300	9,820	36,480	7,700	....	14.3
1938	....	54,950	340	54,610	44,220	9,690	34,530	10,390	....	19.0
1939	....	55,600	370	55,230	45,750	9,610	36,140	9,480	....	17.2
1940	100,380	56,180	540	55,640	47,520	9,540	37,980	8,120	56.0	14.6
1941	101,520	57,530	1,620	55,910	50,350	9,100	41,250	5,560	56.7	9.9
1942	102,610	60,380	3,970	56,410	53,750	9,250	44,500	2,660	58.8	4.7
1943	103,660	64,560	9,020	55,540	54,470	9,080	45,390	1,070	62.3	1.9
1944	104,630	66,040	11,410	54,630	53,960	8,950	45,010	670	63.1	1.2
1945	105,530	65,300	11,440	53,860	52,820	8,580	44,240	1,040	61.9	1.9
1946	106,520	60,970	3,450	57,520	55,250	8,320	46,930	2,270	57.2	3.9
1947	107,608	61,758	1,590	60,168	57,812	8,256	49,557	2,356	57.4	3.9
	Thousands of persons 16 years of age and over								Percent	
1947	103,418	60,941	1,591	59,350	57,039	7,891	49,148	2,311	58.9	3.9
1948	104,527	62,080	1,456	60,621	58,344	7,629	50,713	2,276	59.4	3.8
1949	105,611	62,903	1,617	61,286	57,649	7,656	49,990	3,637	59.6	5.9
1950	106,645	63,858	1,650	62,208	58,920	7,160	51,760	3,288	59.9	5.3
1951	107,721	65,117	3,100	62,017	59,962	6,726	53,239	2,055	60.4	3.3
1952	108,823	65,730	3,594	62,138	60,254	6,501	53,753	1,883	60.4	3.0
1953	110,601	66,560	3,547	63,015	61,181	6,261	54,922	1,834	60.2	2.9
1954	111,671	66,993	3,350	63,643	60,110	6,206	53,903	3,532	60.0	5.5
1955	112,732	68,072	3,049	65,023	62,171	6,449	55,724	2,852	60.4	4.4
1956	113,811	69,409	2,857	66,552	63,802	6,283	57,517	2,750	61.0	4.1
1957	115,065	69,729	2,800	66,929	64,071	5,947	58,123	2,859	60.6	4.3
1958	116,363	70,275	2,636	67,639	63,036	5,586	57,450	4,602	60.4	6.8
1959	117,881	70,921	2,552	68,369	64,630	5,565	59,065	3,740	60.2	5.5
1960	119,759	72,142	2,514	69,628	65,778	5,458	60,318	3,852	60.2	5.5
1961	121,343	73,031	2,572	70,459	65,746	5,200	60,546	4,714	60.2	6.7
1962	122,981	73,442	2,828	70,614	66,702	4,944	61,759	3,911	59.7	5.5
1963	125,154	74,571	2,738	71,833	67,762	4,687	63,076	4,070	59.6	5.7
1964	127,224	75,830	2,739	73,091	69,305	4,523	64,782	3,786	59.6	5.2
1965	129,236	77,178	2,723	74,455	71,088	4,361	66,726	3,366	59.7	4.5
1966	131,180	78,893	3,123	75,770	72,895	3,979	68,915	2,875	60.1	3.8
1967	133,319	80,793	3,446	77,347	74,372	3,844	70,527	2,975	60.6	3.8
1966: Jan	130,285	76,458	2,890	73,568	70,340	3,449	66,891	3,228	58.7	4.4
Feb	130,436	76,702	2,924	73,778	70,676	3,478	67,198	3,102	58.8	4.2
Mar	130,599	77,043	2,974	74,069	71,083	3,645	67,439	2,986	59.0	4.0
Apr	130,749	77,812	3,008	74,804	72,077	4,020	68,055	2,729	59.5	3.6
May	130,925	78,459	3,045	75,414	72,620	4,097	68,523	2,794	59.9	3.7
June	131,083	80,727	3,099	77,628	74,038	4,704	69,333	3,591	61.6	4.6
July	131,236	80,838	3,135	77,703	74,655	4,580	70,076	3,048	61.6	3.9
Aug	131,419	80,665	3,178	77,487	74,666	4,308	70,359	2,821	61.4	3.6
Sept	131,590	78,982	3,229	75,750	73,248	4,186	69,063	2,505	60.0	3.3
Oct	131,772	79,488	3,279	76,209	73,744	4,114	69,630	2,466	60.3	3.2
Nov	131,949	79,895	3,322	76,573	73,995	3,815	70,180	2,577	60.5	3.4
Dec	132,121	79,642	3,390	76,252	73,599	3,360	70,239	2,653	60.3	3.5

See footnotes at end of table.

TABLE B–22.—*Noninstitutional population and the labor force, 1929–67*—Continued

Year or month	Noninstitutional population	Total labor force (including armed forces)	Armed forces	Civilian labor force: Total	Civilian labor force: Employment: Total	Civilian labor force: Employment: Agricultural	Civilian labor force: Employment: Nonagricultural	Civilian labor force: Unemployment	Total labor force as percent of noninstitutional population	Unemployment as percent of civilian labor force
	Thousands of persons 16 years of age and over								Percent	
1967: Jan	132,295	78,706	3,386	75,320	72,160	3,335	68,826	3,160	59.5	4.2
Feb	132,448	79,107	3,418	75,689	72,506	3,281	69,225	3,183	59.7	4.2
Mar	132,627	78,949	3,436	75,513	72,560	3,410	69,149	2,954	59.5	3.9
Apr	132,795	79,560	3,449	76,111	73,445	3,721	69,724	2,666	59.9	3.5
May	132,969	79,551	3,456	76,095	73,637	3,825	69,812	2,457	59.8	3.2
June	133,168	82,464	3,444	79,020	75,391	4,395	70,996	3,628	61.9	4.6
July	133,366	82,920	3,449	79,471	76,221	4,516	71,705	3,250	62.2	4.1
Aug	133,645	82,571	3,459	79,112	76,170	4,378	71,792	2,942	61.8	3.7
Sept	133,847	80,982	3,456	77,526	74,631	3,931	70,700	2,895	60.5	3.7
Oct	134,045	81,595	3,463	78,132	75,181	4,033	71,148	2,951	60.9	3.8
Nov	134,224	81,582	3,469	78,113	75,218	3,759	71,460	2,894	60.8	3.7
Dec	134,405	81,527	3,469	78,057	75,338	3,545	71,793	2,719	60.7	3.5
	Seasonally adjusted									
1966: Jan	....	78,245	....	75,355	72,410	4,144	68,266	2,945	....	3.9
Feb	....	78,050	....	75,126	72,341	4,155	68,186	2,785	....	3.7
Mar	....	78,091	....	75,117	72,266	4,113	68,153	2,851	....	3.8
Apr	....	78,349	....	75,341	72,542	4,199	68,343	2,799	....	3.7
May	....	78,194	....	75,149	72,253	3,902	68,351	2,896	....	3.9
June	....	78,767	....	75,668	72,730	3,981	68,749	2,938	....	3.9
July	....	78,905	....	75,770	72,846	3,926	68,920	2,924	....	3.9
Aug	....	79,247	....	76,069	73,141	3,935	69,206	2,928	....	3.8
Sept	....	79,268	....	76,039	73,195	3,886	69,309	2,844	....	3.7
Oct	....	79,360	....	76,081	73,199	3,779	69,420	2,882	....	3.8
Nov	....	79,934	....	76,612	73,897	3,892	70,005	2,715	....	3.5
Dec	....	80,154	....	76,764	73,893	4,011	69,882	2,871	....	3.7
1967: Jan	....	80,473	....	77,087	74,255	4,015	70,240	2,832	....	3.7
Feb	....	80,443	....	77,025	74,137	3,890	70,247	2,888	....	3.7
Mar	....	79,959	....	76,523	73,747	3,855	69,892	2,776	....	3.6
Apr	....	80,189	....	76,740	73,910	3,890	70,020	2,830	....	3.7
May	....	79,645	....	76,189	73,289	3,652	69,637	2,900	....	3.8
June	....	80,681	....	77,237	74,147	3,727	70,420	3,090	....	4.0
July	....	80,954	....	77,505	74,489	3,856	70,633	3,016	....	3.9
Aug	....	81,160	....	77,701	74,718	3,992	70,726	2,983	....	3.8
Sept	....	81,259	....	77,803	74,625	3,676	70,949	3,178	....	4.1
Oct	....	81,460	....	77,997	74,630	3,707	70,923	3,367	....	4.3
Nov	....	81,576	....	78,106	75,083	3,829	71,254	3,023	....	3.9
Dec	....	82,051	....	78,582	75,681	4,264	71,417	2,901	....	3.7

Note.—Labor force data in Tables B–22 through B–25 are based on household interviews and relate to calendar week including the 12th of the month. For definitions of terms, area samples used, historical comparability of the data, comparability with other series etc., see "Employment and Earnings and Monthly Report on the Labor Force," February 1968.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-23.—*Civilian employment and unemployment, by sex and age, 1947–67*

[Thousands of persons 16 years of age and over]

Year or month	Employment							Unemployment						
	Total	Males			Females			Total	Males			Females		
		Total	16–19 years	20 years and over	Total	16–19 years	20 years and over		Total	16–19 years	20 years and over	Total	16–19 years	20 years and over
1947	57,039	40,994	2,218	38,776	16,045	1,691	14,354	2,311	1,692	270	1,422	619	144	475
1948	58,344	41,726	2,345	39,382	16,618	1,683	14,937	2,276	1,559	255	1,305	717	152	564
1949	57,649	40,926	2,124	38,803	16,723	1,588	15,137	3,637	2,572	352	2,219	1,065	223	841
1950	58,920	41,580	2,186	39,394	17,340	1,517	15,824	3,288	2,239	318	1,922	1,049	195	854
1951	59,962	41,780	2,156	39,626	18,182	1,611	16,570	2,055	1,221	191	1,029	834	145	689
1952	60,254	41,684	2,106	39,578	18,570	1,612	16,958	1,883	1,185	205	980	698	140	559
1953	61,181	42,431	2,135	40,296	18,750	1,584	17,164	1,834	1,202	184	1,019	632	123	510
1954	60,110	41,620	1,985	39,634	18,490	1,490	17,000	3,532	2,344	310	2,035	1,188	191	997
1955	62,171	42,621	2,095	40,526	19,550	1,548	18,002	2,852	1,854	274	1,580	998	176	823
1956	63,802	43,380	2,164	41,216	20,422	1,654	18,767	2,750	1,711	269	1,442	1,039	209	832
1957	64,071	43,357	2,117	41,239	20,714	1,663	19,052	2,859	1,841	299	1,541	1,018	197	821
1958	63,036	42,423	2,012	40,411	20,613	1,570	19,043	4,602	3,098	416	2,681	1,504	262	1,242
1959	64,630	43,466	2,198	41,267	21,164	1,640	19,524	3,740	2,420	398	2,022	1,320	256	1,063
1960	65,778	43,904	2,360	41,543	21,874	1,769	20,105	3,852	2,486	425	2,060	1,366	286	1,080
1961	65,746	43,656	2,314	41,342	22,090	1,793	20,296	4,714	2,997	479	2,518	1,717	349	1,368
1962	66,702	44,177	2,362	41,815	22,525	1,833	20,693	3,911	2,423	407	2,016	1,488	313	1,175
1963	67,762	44,657	2,406	42,251	23,105	1,849	21,257	4,070	2,472	500	1,971	1,598	383	1,216
1964	69,305	45,474	2,587	42,886	23,831	1,929	21,903	3,786	2,205	487	1,718	1,581	386	1,195
1965	71,088	46,340	2,918	43,422	24,748	2,118	22,630	3,366	1,914	479	1,435	1,452	395	1,056
1966	72,895	46,919	3,252	43,667	25,976	2,469	23,507	2,875	1,551	432	1,119	1,324	404	919
1967	74,372	47,479	3,186	44,293	26,893	2,496	24,397	2,975	1,508	448	1,059	1,468	390	1,078
	Seasonally adjusted													
1966: Jan	72,410	46,876	3,256	43,620	25,534	2,384	23,150	2,945	1,625	448	1,177	1,320	393	927
Feb	72,341	46,849	3,204	43,645	25,492	2,380	23,112	2,785	1,549	411	1,138	1,236	355	881
Mar	72,266	46,859	3,242	43,617	25,407	2,337	23,070	2,851	1,596	444	1,152	1,255	383	872
Apr	72,542	47,016	3,285	43,731	25,526	2,387	23,139	2,799	1,500	420	1,080	1,299	419	880
May	72,253	46,736	3,112	43,624	25,517	2,375	23,142	2,896	1,532	449	1,083	1,364	425	939
June	72,730	46,960	3,345	43,615	25,770	2,499	23,271	2,938	1,593	449	1,144	1,345	423	922
July	72,846	46,917	3,340	43,577	25,929	2,507	23,422	2,924	1,587	441	1,146	1,337	438	899
Aug	73,141	47,036	3,348	43,688	26,105	2,549	23,556	2,928	1,543	409	1,134	1,385	437	948
Sept	73,195	46,769	3,114	43,655	26,426	2,432	23,994	2,844	1,516	435	1,081	1,328	384	944
Oct	73,199	46,824	3,170	43,654	26,375	2,484	23,891	2,882	1,489	420	1,069	1,393	400	993
Nov	73,897	47,011	3,300	43,711	26,886	2,608	24,278	2,715	1,473	387	1,086	1,242	375	867
Dec	73,893	47,116	3,218	43,898	26,777	2,610	24,167	2,871	1,537	448	1,089	1,334	362	972
1967: Jan	74,255	47,533	3,306	44,227	26,722	2,594	24,128	2,832	1,426	414	1,012	1,406	313	1,093
Feb	74,137	47,477	3,239	44,238	26,662	2,605	24,057	2,888	1,452	468	986	1,438	422	1,014
Mar	73,747	47,358	3,348	44,010	26,389	2,557	23,834	2,776	1,413	376	1,037	1,363	335	1,028
Apr	73,910	47,273	3,181	44,092	26,637	2,635	24,002	2,830	1,472	424	1,048	1,358	337	1,021
May	73,289	47,050	3,128	43,922	26,239	2,466	23,773	2,900	1,563	464	1,099	1,337	380	957
June	74,147	47,448	3,292	44,158	26,699	2,605	24,094	3,090	1,619	461	1,158	1,471	388	1,083
July	74,489	47,555	3,217	44,338	26,934	2,513	24,421	3,016	1,519	424	1,095	1,497	402	1,095
Aug	74,718	47,712	3,233	44,479	27,006	2,448	24,558	2,983	1,539	459	1,080	1,444	445	999
Sept	74,625	47,479	3,044	44,435	27,146	2,365	24,781	3,178	1,471	430	1,041	1,707	437	1,270
Oct	74,630	47,425	3,050	44,375	27,205	2,378	24,827	3,367	1,678	540	1,138	1,689	424	1,267
Nov	75,083	47,548	3,068	44,480	27,535	2,442	25,093	3,023	1,604	521	1,083	1,419	378	1,041
Dec	75,681	47,892	3,094	44,798	27,789	2,441	25,348	2,901	1,436	423	1,013	1,465	393	1,072

Note.—See Note, Table B–22.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B–24.—*Selected unemployment rates, 1948–67*

[Percent]

Year or month	All workers	By sex and age: Both sexes, 16–19 years	By sex and age: Men, 20 years and over	By sex and age: Women, 20 years and over	By color: White	By color: Nonwhite	By selected groups: Experienced wage and salary workers	By selected groups: Married men [1]	By selected groups: Full-time workers [2]	By selected groups: Blue-collar workers [3]	Labor force time lost [4]
1948	3.8	9.2	3.2	3.6	------	------	3.7	------	------	4.2	------
1949	5.9	13.4	5.4	5.3	------	------	6.2	3.4	5.4	8.0	------
1950	5.3	12.2	4.7	5.1	------	------	5.6	4.6	5.0	7.2	------
1951	3.3	8.2	2.5	4.0	------	------	3.2	1.5	2.6	3.9	------
1952	3.0	8.5	2.4	3.2	------	------	2.9	1.4	2.5	3.6	------
1953	2.9	7.6	2.5	2.9	------	------	2.6	1.7	------	3.4	------
1954	5.5	12.6	4.9	5.5	5.0	9.9	6.2	4.0	5.2	7.2	------
1955	4.4	11.0	3.8	4.4	3.9	8.7	4.8	2.6	3.8	5.8	------
1956	4.1	11.1	3.4	4.2	3.6	8.3	4.4	2.3	3.7	5.1	5.1
1957	4.3	11.6	3.6	4.1	3.8	7.9	4.6	2.8	4.0	6.2	5.3
1958	6.8	15.9	6.2	6.1	6.1	12.6	7.2	5.1	7.2	10.2	8.1
1959	5.5	14.6	4.7	5.2	4.8	10.7	5.7	3.6	------	7.6	6.6
1960	5.5	14.7	4.7	5.1	4.9	10.2	5.7	3.7	------	7.8	6.7
1961	6.7	16.8	5.7	6.3	6.0	12.4	6.8	4.6	6.7	9.2	8.0
1962	5.5	14.7	4.6	5.4	4.9	10.9	5.6	3.6	------	7.4	6.7
1963	5.7	17.2	4.5	5.4	5.0	10.8	5.5	3.4	5.5	7.3	6.4
1964	5.2	16.2	3.9	5.2	4.6	9.6	5.0	2.8	4.9	6.3	5.8
1965	4.5	14.8	3.2	4.5	4.1	8.1	4.3	2.4	4.3	5.3	5.0
1966	3.8	12.7	2.5	3.8	3.3	7.3	3.5	1.9	3.5	4.2	4.2
1967	3.8	12.9	2.3	4.2	3.4	7.4	3.6	1.8	3.5	4.4	4.2
	Seasonally adjusted										
1966: Jan	3.9	13.0	2.6	3.9	3.5	6.9	3.6	1.9	3.4	4.3	4.3
Feb	3.7	12.1	2.5	3.7	3.3	6.8	3.4	1.9	3.3	4.1	4.0
Mar	3.8	12.9	2.6	3.6	3.3	7.3	3.5	1.9	3.3	4.2	4.1
Apr	3.7	12.9	2.4	3.7	3.3	7.1	3.4	1.8	3.3	4.1	4.1
May	3.9	13.7	2.4	3.9	3.5	7.4	3.7	1.8	3.4	4.3	4.3
June	3.9	13.0	2.6	3.8	3.4	7.5	3.7	1.9	3.7	4.3	4.7
July	3.9	13.1	2.6	3.7	3.4	7.5	3.5	2.0	3.4	4.5	4.5
Aug	3.8	12.5	2.5	3.9	3.3	8.0	3.7	2.0	3.4	4.4	4.2
Sept	3.7	12.9	2.4	3.8	3.2	7.2	3.6	1.9	3.4	4.1	4.2
Oct	3.8	12.7	2.4	4.0	3.4	7.4	3.5	1.9	3.4	4.0	4.1
Nov	3.5	11.4	2.4	3.4	3.1	6.9	3.4	1.7	3.4	4.2	3.8
Dec	3.7	12.2	2.4	3.9	3.3	7.6	3.5	1.7	3.3	4.2	4.1
1967: Jan	3.7	11.0	2.2	4.3	3.3	6.6	3.5	1.7	3.1	4.2	4.1
Feb	3.7	13.2	2.2	4.0	3.3	7.1	3.4	1.6	3.0	4.1	4.0
Mar	3.6	10.7	2.3	4.1	3.1	7.4	3.4	1.7	3.1	4.2	4.1
Apr	3.7	11.6	2.3	4.1	3.3	7.3	3.4	1.9	3.3	4.6	4.0
May	3.8	13.1	2.4	3.9	3.3	7.8	3.6	1.9	3.5	4.6	3.8
June	4.0	12.6	2.6	4.3	3.5	7.8	3.8	2.0	3.9	4.7	4.5
July	3.9	12.6	2.4	4.3	3.5	7.2	3.7	1.8	3.6	4.7	4.3
Aug	3.8	13.7	2.4	3.9	3.5	6.9	3.6	2.0	3.6	4.4	4.3
Sept	4.1	13.8	2.3	4.9	3.6	7.9	4.0	1.8	3.8	4.6	4.6
Oct	4.3	15.1	2.5	4.8	3.8	8.8	4.1	1.9	3.9	4.9	4.7
Nov	3.9	14.0	2.4	4.0	3.4	7.3	3.6	1.7	3.6	4.4	4.1
Dec	3.7	12.8	2.2	4.1	3.3	6.9	3.5	1.7	3.3	4.3	4.1

[1] Married men living with their wives. Data for 1949 and 1951–54 are for April; 1950, for March.
[2] Data for 1949–61 are for May.
[3] Includes craftsmen, operatives, and nonfarm laborers. Data for 1948–57 are based on data for January, April, July, and October.
[4] Man-hours lost by the unemployed and persons on part time for economic reasons as a percent of potentially available labor force man-hours.

Note.—See Note, Table B-22.

Source: Department of Labor, Bureau of Labor Statistics.

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TABLE B–25.—*Unemployment by duration, 1947–67*

Year or month	Total unemployment	Duration of unemployment: 4 weeks and under	5–14 weeks	15–26 weeks	Over 26 weeks
	Thousands of persons 16 years of age and over				
1947	2,311				
1948	2,276	1,300	669	193	116
1949	3,637	1,756	1,194	428	256
1950	3,288	1,450	1,055	425	357
1951	2,055	1,177	574	166	137
1952	1,883	1,135	516	148	84
1953	1,834	1,142	482	132	78
1954	3,532	1,605	1,116	495	317
1955	2,852	1,335	815	366	336
1956	2,750	1,412	805	301	232
1957	2,859	1,408	891	321	239
1958	4,602	1,753	1,396	785	667
1959	3,740	1,585	1,114	469	571
1960	3,852	1,719	1,176	503	454
1961	4,714	1,806	1,376	728	804
1962	3,911	1,659	1,134	534	585
1963	4,070	1,751	1,231	535	553
1964	3,786	1,697	1,117	491	482
1965	3,366	1,628	983	404	351
1966	2,875	1,535	804	295	241
1967	2,975	1,634	893	271	177
	Seasonally adjusted				
1966: Jan	2,945	1,481	764	340	299
Feb	2,785	1,450	738	327	267
Mar	2,851	1,494	796	316	267
Apr	2,799	1,536	667	333	257
May	2,896	1,604	854	262	276
June	2,938	1,653	816	263	223
July	2,924	1,592	882	228	218
Aug	2,928	1,576	891	254	208
Sept	2,844	1,523	831	291	202
Oct	2,882	1,493	900	293	224
Nov	2,715	1,397	789	287	197
Dec	2,871	1,562	760	269	227
1967: Jan	2,832	1,542	787	282	203
Feb	2,888	1,678	771	249	190
Mar	2,776	1,633	827	259	177
Apr	2,830	1,468	900	251	185
May	2,900	1,371	877	271	143
June	3,090	1,649	919	298	146
July	3,016	1,805	876	265	170
Aug	2,983	1,660	946	231	210
Sept	3,178	1,889	945	278	159
Oct	3,367	1,847	1,153	313	176
Nov	3,023	1,586	918	310	177
Dec	2,901	1,471	954	261	192

Note.—See Note, Table B–22.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B–26.—*Unemployment insurance programs, selected data, 1940–67*

Year or month	All programs: Covered employment [1]	All programs: Insured unemployment (weekly average) [2,3]	All programs: Total benefits paid (millions of dollars) [2,4]	State programs: Insured unemployment [3]	State programs: Initial claims	State programs: Exhaustions [5]	Insured unemployment as percent of covered employment: Unadjusted	Insured unemployment as percent of covered employment: Seasonally adjusted	Benefits paid: Total (millions of dollars) [4]	Benefits paid: Average weekly check (dollars) [6]
	Thousands	Thousands		Weekly average, thousands	Weekly average, thousands	Weekly average, thousands	Percent	Percent		
1940	24,291	1,331	534.7	1,282	214	50	5.6	....	518.7	10.56
1941	28,136	842	358.8	814	164	30	3.0	....	344.3	11.06
1942	30,819	661	350.4	649	122	21	2.2	....	344.1	12.66
1943	32,419	149	80.5	147	36	4	.5	....	79.6	13.84
1944	31,714	111	67.2	105	29	2	.4	....	62.4	15.90
1945	30,087	720	574.9	589	116	5	2.1	....	445.9	18.77
1946	31,856	2,804	2,878.5	1,295	189	38	4.3	....	1,094.9	18.50
1947	33,876	1,793	1,785.5	997	187	24	3.1	....	775.1	17.83
1948	34,646	1,446	1,328.7	980	200	20	3.0	....	789.9	19.03
1949	33,098	2,474	2,269.8	1,973	340	37	6.2	....	1,736.0	20.48
1950	34,308	1,605	1,467.6	1,513	236	36	4.6	....	1,373.1	20.76
1951	36,334	1,000	862.9	969	208	16	2.8	....	840.4	21.09
1952	37,006	1,069	1,043.5	1,044	215	18	2.9	....	998.2	22.79
1953	38,072	1,067	1,050.6	990	218	15	2.8	....	962.2	23.58
1954	36,622	2,051	2,291.8	1,870	304	34	5.2	....	2,026.9	24.93
1955	40,018	1,399	1,560.2	1,265	226	25	3.5	....	1,350.3	25.04
1956	42,751	1,323	1,540.6	1,215	227	20	3.2	....	1,380.7	27.02
1957	43,436	1,571	1,913.0	1,446	270	23	3.6	....	1,733.9	28.17
1958	44,411	3,269	4,290.6	2,526	371	50	6.4	....	3,512.7	30.58
1959	45,728	2,099	2,854.3	1,684	281	33	4.4	....	2,279.0	30.41
1960	46,334	2,071	3,022.8	1,908	331	31	4.8	....	2,726.7	32.87
1961	46,266	2,994	4,358.1	2,290	350	46	5.6	....	3,422.7	33.80
1962	47,776	1,946	3,145.1	1,783	302	32	4.4	....	2,675.4	34.56
1963	48,434	[7] 1,973	3,025.9	[7] 1,806	[7] 297	30	4.3	....	2,774.7	35.27
1964	49,637	1,753	2,749.2	1,605	268	26	3.8	....	2,522.1	35.92
1965	51,580	1,450	2,360.4	1,328	232	21	3.0	....	2,166.0	37.19
1966	54,739	1,129	1,890.9	1,061	203	15	2.3	....	1,771.3	39.75
1967 p	....	1,268	2,236.9	1,206	227	17	2.5	....	2,101.8	41.20
1966: Jan	51,952	1,739	226.6	1,644	329	19	3.7	2.6	212.7	39.32
Feb	52,129	1,679	230.2	1,590	239	19	3.6	2.6	217.2	39.66
Mar	52,885	1,381	240.0	1,301	171	18	2.9	2.3	225.5	39.83
Apr	53,796	1,112	166.4	1,044	166	19	2.3	2.2	155.5	39.37
May	54,323	916	136.0	862	152	17	1.9	2.2	126.1	38.85
June	55,549	842	123.5	793	156	15	1.8	2.2	114.4	38.71
July	55,705	1,001	121.0	947	249	14	2.1	2.4	113.8	39.05
Aug	56,034	980	152.0	928	173	12	2.0	2.4	143.1	40.65
Sept	56,109	802	114.3	755	145	11	1.6	2.2	106.5	39.68
Oct	55,911	799	100.4	753	166	12	1.6	2.1	93.7	39.84
Nov	55,984	955	122.6	903	208	12	1.9	2.2	114.8	40.57
Dec	56,482	1,313	166.4	1,254	299	13	2.7	2.4	157.6	41.39
1967: Jan	p 54,678	1,631	235.8	1,558	300	15	3.3	2.3	224.8	41.70
Feb	p 54,659	1,654	230.9	1,583	267	16	3.4	2.5	219.5	41.97
Mar	p 55,097	1,603	270.1	1,533	239	17	3.3	2.6	257.5	42.07
Apr	p 55,591	1,423	210.5	1,360	244	20	2.9	2.7	200.6	41.81
May	p 55,985	1,197	193.1	1,142	188	19	2.4	2.7	183.6	40.99
June	[8] 57,017	1,071	165.4	1,019	186	19	2.1	2.6	156.1	39.99
July	....	1,245	155.3	1,184	288	17	2.4	2.8	147.3	40.10
Aug	....	1,123	184.0	1,060	187	17	2.2	2.6	172.8	41.08
Sept	....	956	132.3	894	158	15	1.8	2.4	122.6	40.10
Oct	....	953	133.0	889	180	15	1.8	2.4	122.1	40.70
Nov	....	1,068	146.5	997	208	15	2.0	2.2	134.9	41.19
Dec p	....	1,338	180.0	1,259	278	15	2.6	2.2	160.0	41.50

[1] Includes persons under the State, UCFE (Federal employee, effective January 1955), and RRB (Railroad Retirement Board) programs. Beginning October 1958, also includes the UCX program (unemployment compensation for ex-servicemen).

[2] Includes State, UCFE, RR, UCX, UCV (unemployment compensation for veterans, October 1952–January 1960), and SRA (Servicemen's Readjustment Act, September 1944–September 1951) programs. Also includes Federal and State programs for temporary extension of benefits from June 1958 through June 1962, expiration date of program.

[3] Covered workers who have completed at least 1 week of unemployment.

[4] Includes benefits paid under extended duration provisions of State laws, beginning June 1958. Annual data are net amounts and monthly data are gross amounts.

[5] Individuals receiving final payments in benefit year.

[6] For total unemployment only.

[7] Programs include Puerto Rican sugarcane workers for initial claims and insured unemployment beginning July 1963.

[8] Preliminary; June 1967 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.

Source: Department of Labor, Bureau of Employment Security.

TABLE B-27.—*Wage and salary workers in nonagricultural establishments, 1929–67*

[All employees; thousands of persons]

Year or month	Total wage and salary workers	Manufacturing			Mining	Contract construction	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Service and miscellaneous	Government	
		Total	Durable goods	Nondurable goods							Federal	ate and local
1929	31,339	10,702	--------	--------	1,087	1,497	3,916	6,123	1,509	3,440	533	2,532
1930	29,424	9,562	--------	--------	1,009	1,372	3,685	5,797	1,475	3,376	526	2,622
1931	26,649	8,170	--------	--------	873	1,214	3,254	5,284	1,407	3,183	560	2,704
1932	23,628	6,931	--------	--------	731	970	2,816	4,683	1,341	2,931	559	2,666
1933	23,711	7,397	--------	--------	744	809	2,672	4,755	1,295	2,873	565	2,601
1934	25,953	8,501	--------	--------	883	862	2,750	5,281	1,319	3,058	652	2,647
1935	27,053	9,069	--------	--------	897	912	2,786	5,431	1,335	3,142	753	2,728
1936	29,082	9,827	--------	--------	946	1,145	2,973	5,809	1,388	3,326	826	2,842
1937	31,026	10,794	--------	--------	1,015	1,112	3,134	6,265	1,432	3,518	833	2,923
1938	29,209	9,440	--------	--------	891	1,055	2,863	6,179	1,425	3,473	829	3,054
1939	30,618	10,278	4,715	5,564	854	1,150	2,936	6,426	1,462	3,517	905	3,090
1940	32,376	10,985	5,363	5,622	925	1,294	3,038	6,750	1,502	3,681	996	3,206
1941	36,554	13,192	6,968	6,225	957	1,790	3,274	7,210	1,549	3,921	1,340	3,320
1942	40,125	15,280	8,823	6,458	992	2,170	3,460	7,118	1,538	4,084	2,213	3,270
1943	42,452	17,602	11,084	6,518	925	1,567	3,647	6,982	1,502	4,148	2,905	3,174
1944	41,883	17,328	10,856	6,472	892	1,094	3,829	7,058	1,476	4,163	2,928	3,116
1945	40,394	15,524	9,074	6,450	836	1,132	3,906	7,314	1,497	4,241	2,808	3,137
1946	41,674	14,703	7,742	6,962	862	1,661	4,061	8,376	1,697	4,719	2,254	3,341
1947	43,881	15,545	8,385	7,159	955	1,982	4,166	8,955	1,754	5,050	1,892	3,582
1948	44,891	15,582	8,326	7,256	994	2,169	4,189	9,272	1,829	5,206	1,863	3,787
1949	43,778	14,441	7,489	6,953	930	2,165	4,001	9,264	1,857	5,264	1,908	3,948
1950	45,222	15,241	8,094	7,147	901	2,333	4,034	9,386	1,919	5,382	1,928	4,098
1951	47,849	16,393	9,089	7,304	929	2,603	4,226	9,742	1,991	5,576	2,302	4,087
1952	48,825	16,632	9,349	7,284	898	2,634	4,248	10,004	2,069	5,730	2,420	4,188
1953	50,232	17,549	10,110	7,438	866	2,623	4,290	10,247	2,146	5,867	2,305	4,340
1954	49,022	16,314	9,129	7,185	791	2,612	4,084	10,235	2,234	6,002	2,188	4,563
1955	50,675	16,882	9,541	7,340	792	2,802	4,141	10,535	2,335	6,274	2,187	4,727
1956	52,408	17,243	9,834	7,409	822	2,999	4,244	10,858	2,429	6,536	2,209	5,069
1957	52,894	17,174	9,856	7,319	828	2,923	4,241	10,886	2,477	6,749	2,217	5,399
1958	51,363	15,945	8,830	7,116	751	2,778	3,976	10,750	2,519	6,806	2,191	5,648
1959	53,313	16,675	9,373	7,303	732	2,960	4,011	11,127	2,594	7,130	2,233	5,850
1960	54,234	16,796	9,459	7,336	712	2,885	4,004	11,391	2,669	7,423	2,270	6,083
1961	54,042	16,326	9,070	7,256	672	2,816	3,903	11,337	2,731	7,664	2,279	6,315
1962	55,596	16,853	9,480	7,373	650	2,902	3,906	11,566	2,800	8,028	2,340	6,550
1963	56,702	16,995	9,616	7,380	635	2,963	3,903	11,778	2,877	8,325	2,358	6,868
1964	58,332	17,274	9,816	7,458	634	3,050	3,951	12,160	2,957	8,709	2,348	7,249
1965	60,832	18,062	10,406	7,656	632	3,186	4,036	12,716	3,023	9,087	2,378	7,714
1966	63,982	19,186	11,256	7,930	625	3,292	4,151	13,211	3,102	9,545	2,564	8,307
1967 p	66,066	19,336	11,325	8,012	613	3,265	4,262	13,676	3,228	10,072	2,719	8,897

See footnotes at end of table.

TABLE B-27.—*Wage and salary workers in nonagricultural establishments, 1929–67*—Continued

[All employees; thousands of persons]

Year or month	Total wage and salary workers	Manufacturing: Total	Manufacturing: Durable goods	Manufacturing: Nondurable goods	Mining	Contract construction	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Service and miscellaneous	Government: Federal	Government: State and local
	Seasonally adjusted											
1965: Jan	59,484	17,661	10,096	7,565	637	3,131	3,938	12,429	2,988	8,889	2,344	7,467
Feb	59,778	17,726	10,149	7,577	637	3,166	3,984	12,488	2,996	8,929	2,338	7,514
Mar	60,048	17,797	10,194	7,603	635	3,180	4,015	12,550	2,999	8,967	2,342	7,563
Apr	60,186	17,860	10,253	7,607	634	3,118	4,020	12,591	3,003	9,008	2,344	7,608
May	60,453	17,902	10,288	7,614	633	3,159	4,025	12,685	3,010	9,042	2,347	7,650
June	60,692	18,004	10,360	7,644	632	3,175	4,033	12,723	3,015	9,063	2,355	7,692
July	60,928	18,103	10,441	7,662	632	3,136	4,041	12,766	3,024	9,115	2,374	7,737
Aug	61,132	18,172	10,512	7,660	631	3,175	4,052	12,780	3,031	9,136	2,375	7,780
Sept	61,319	18,222	10,543	7,679	623	3,188	4,068	12,828	3,040	9,162	2,378	7,810
Oct	61,553	18,305	10,588	7,717	628	3,207	4,076	12,857	3,048	9,186	2,389	7,857
Nov	61,933	18,445	10,680	7,765	631	3,251	4,082	12,907	3,054	9,238	2,397	7,928
Dec	62,319	18,556	10,770	7,786	631	3,334	4,093	12,956	3,062	9,293	2,410	7,984
1966: Jan	62,503	18,646	10,859	7,787	633	3,308	4,087	12,996	3,063	9,319	2,428	8,023
Feb	62,889	18,834	10,989	7,845	630	3,312	4,109	13,034	3,067	9,371	2,451	8,081
Mar	63,296	18,940	11,071	7,869	635	3,389	4,118	13,081	3,080	9,421	2,475	8,157
Apr	63,427	19,037	11,140	7,897	592	3,340	4,125	13,107	3,083	9,445	2,498	8,200
May	63,616	19,121	11,206	7,915	626	3,250	4,146	13,148	3,088	9,471	2,521	8,245
June	64,069	19,268	11,293	7,975	628	3,305	4,157	13,199	3,103	9,522	2,575	8,312
July	64,180	19,242	11,290	7,952	629	3,307	4,144	13,232	3,112	9,568	2,595	8,351
Aug	64,345	19,371	11,395	7,976	630	3,273	4,126	13,259	3,114	9,611	2,595	8,366
Sept	64,394	19,337	11,401	7,936	625	3,260	4,184	13,279	3,118	9,619	2,597	8,375
Oct	64,694	19,422	11,457	7,965	623	3,239	4,190	13,354	3,120	9,675	2,617	8,454
Nov	65,014	19,498	11,485	8,013	621	3,241	4,212	13,406	3,132	9,744	2,616	8,544
Dec	65,251	19,526	11,496	8,030	623	3,291	4,218	13,416	3,144	9,781	2,653	8,599
1967: Jan	65,564	19,558	11,507	8,051	625	3,311	4,242	13,515	3,152	9,840	2,667	8,654
Feb	65,692	19,507	11,482	8,025	624	3,352	4,247	13,541	3,165	9,883	2,673	8,700
Mar	65,749	19,445	11,434	8,011	624	3,313	4,246	13,557	3,179	9,946	2,685	8,754
Apr	65,653	19,331	11,322	8,009	620	3,276	4,212	13,572	3,194	9,973	2,688	8,787
May	65,639	19,238	11,283	7,955	617	3,192	4,267	13,609	3,205	9,987	2,698	8,826
June	65,903	19,285	11,285	8,000	619	3,187	4,266	13,648	3,227	10,035	2,747	8,889
July	65,939	19,169	11,218	7,951	623	3,231	4,292	13,647	3,234	10,074	2,759	8,910
Aug	66,190	19,318	11,351	7,967	606	3,223	4,283	13,664	3,253	10,130	2,746	8,967
Sept	66,055	19,142	11,149	7,993	601	3,238	4,262	13,719	3,264	10,161	2,715	8,953
Oct	66,243	19,169	11,143	8,026	597	3,236	4,251	13,776	3,270	10,199	2,712	9,033
Nov p	66,929	19,418	11,358	8,060	597	3,299	4,288	13,909	3,290	10,301	2,698	9,129
Dec p	67,128	19,469	11,380	8,089	597	3,350	4,289	13,910	3,302	10,335	2,692	9,184

Note.—Data in Tables B-27 through B-33 are based on reports from employing establishments and relate to full- and part-time wage and salary workers in nonagricultural establishments who worked during, or received pay for, any part of the pay period which includes the 12th of the month.

Not comparable with labor force data (Tables B-22 through B-25), which include proprietors, self-employed persons, domestic servants, and unpaid family workers, and which count persons as employed when they are not at work because of industrial disputes, bad weather, etc.

For description and details of the various establishment data, see "Employment and Earnings and Monthly Report on the Labor Force," February 1968.

Source: Department of Labor, Bureau of Labor Statistics.

Table B–28.—*Average weekly hours of work in selected nonagricultural industries, 1929–67*

Year or month	Total nonagricultural private [1]	Manufacturing: Total	Manufacturing: Durable goods	Manufacturing: Nondurable goods	Contract construction	Retail trade	Wholesale trade	Bituminous coal mining	Class I railroads	Telephone communication
1929	--------	44.2	--------	--------	--------	--------	--------	38.1	--------	--------
1930	--------	42.1	--------	--------	--------	--------	--------	33.3	--------	--------
1931	--------	40.5	--------	--------	--------	--------	--------	28.1	--------	--------
1932	--------	38.3	32.5	41.9	--------	--------	--------	27.0	--------	--------
1933	--------	38.1	34.7	40.0	--------	--------	--------	29.3	--------	--------
1934	--------	34.6	33.8	35.1	--------	--------	--------	26.8	--------	--------
1935	--------	36.6	37.2	36.1	--------	--------	41.6	26.2	--------	--------
1936	--------	39.2	40.9	37.7	--------	--------	42.9	28.5	--------	--------
1937	--------	38.6	39.9	37.4	--------	--------	43.1	27.7	--------	38.8
1938	--------	35.6	34.9	36.1	--------	--------	42.3	23.3	--------	38.9
1939	--------	37.7	37.9	37.4	--------	43.4	41.8	26.8	43.7	39.1
1940	--------	38.1	39.2	37.0	--------	43.2	41.3	27.8	44.3	39.5
1941	--------	40.6	42.0	38.9	--------	42.8	41.1	30.7	45.8	40.1
1942	--------	43.1	45.0	40.3	--------	41.8	41.4	32.4	47.0	40.5
1943	--------	45.0	46.5	42.5	--------	40.9	42.3	36.3	48.7	41.9
1944	--------	45.2	46.5	43.1	--------	41.0	43.0	43.0	48.9	42.3
1945	--------	43.5	44.0	42.3	--------	40.9	42.8	42.0	48.5	[2] 41.7
1946	--------	40.3	40.4	40.5	--------	41.3	41.6	41.3	46.0	39.4
1947	40.3	40.4	40.5	40.2	38.2	[3] 40.3	41.1	40.3	46.4	37.4
1948	40.0	40.0	40.4	39.6	38.1	40.2	41.0	37.7	46.2	39.2
1949	39.4	39.1	39.4	38.9	37.7	40.4	40.8	32.3	43.7	38.5
1950	39.8	40.5	41.1	39.7	37.4	40.4	40.7	34.7	40.8	38.9
1951	39.9	40.6	41.5	39.5	38.1	40.4	40.8	34.9	41.0	39.1
1952	39.9	40.7	41.5	39.7	38.9	39.8	40.7	33.8	40.6	38.5
1953	39.6	40.5	41.2	39.6	37.9	39.1	40.6	34.1	40.6	38.7
1954	39.1	39.6	40.1	39.0	37.2	39.2	40.5	32.3	40.8	38.9
1955	39.6	40.7	41.3	39.9	37.1	39.0	40.7	37.3	41.9	39.6
1956	39.3	40.4	41.0	39.6	37.5	38.6	40.5	37.5	41.7	39.5
1957	38.8	39.8	40.3	39.2	37.0	38.1	40.3	36.3	41.7	39.0
1958	38.5	39.2	39.5	38.8	36.8	38.1	40.2	33.3	41.6	38.4
1959	39.0	40.3	40.7	39.7	37.0	38.2	40.6	35.8	41.9	39.2
1960	38.6	39.7	40.1	39.2	36.7	38.0	40.5	35.8	41.7	39.6
1961	38.6	39.8	40.3	39.3	36.9	37.6	40.5	35.9	42.3	39.4
1962	38.7	40.4	40.9	39.6	37.0	37.4	40.6	[4] 37.0	42.6	39.9
1963	38.8	40.5	41.1	39.6	37.3	37.3	40.6	[4] 38.9	42.9	40.0
1964	38.7	40.7	41.4	39.7	37.2	37.0	40.6	[4] 39.2	43.5	40.2
1965	38.8	41.2	42.0	40.1	37.4	36.6	40.8	[4] 40.2	43.6	40.4
1966	38.7	41.3	42.1	40.2	37.6	35.9	40.8	[4] 40.6	43.9	40.6
1967 p	38.2	40.6	41.2	39.7	37.6	35.3	40.4	[4] 40.9	--------	39.2
	Seasonally adjusted							Unadjusted		
1966: Jan	38.7	41.4	42.3	40.1	37.6	36.2	40.9	41.0	42.7	39.9
Feb	38.9	41.6	42.4	40.5	38.1	36.2	40.9	40.9	44.7	40.6
Mar	38.9	41.5	42.3	40.3	38.4	36.0	40.8	41.5	44.3	40.3
Apr	38.7	41.5	42.4	40.4	37.5	36.0	40.7	33.0	43.1	40.1
May	38.6	41.4	42.2	40.3	36.3	35.9	40.7	41.7	44.1	40.3
June	38.7	41.3	42.1	40.3	37.5	36.0	40.8	42.2	44.8	40.7
July	38.7	41.2	41.9	40.2	37.8	36.0	40.9	--------	43.4	41.2
Aug	38.7	41.4	42.2	40.2	37.2	36.1	40.8	41.2	44.7	40.7
Sept	38.8	41.4	42.3	40.1	37.7	35.9	40.7	41.2	44.0	40.9
Oct	38.6	41.3	42.1	40.1	37.5	35.7	40.7	42.5	42.9	40.8
Nov	38.6	41.3	42.1	40.2	37.4	35.6	40.6	39.5	44.2	41.5
Dec	38.4	41.0	41.7	39.9	38.1	35.6	40.6	42.1	43.7	39.9
1967: Jan	38.4	41.0	41.7	40.0	38.2	35.5	40.7	41.1	43.1	39.5
Feb	38.2	40.3	41.0	39.5	37.6	35.3	40.5	40.0	44.1	39.8
Mar	38.2	40.4	41.1	39.5	37.4	35.3	40.5	39.7	43.7	38.8
Apr	38.0	40.5	41.0	39.8	37.4	35.1	40.4	40.1	41.9	39.1
May	38.0	40.3	41.0	39.5	36.4	35.2	40.3	40.5	44.1	38.9
June	38.1	40.3	40.9	39.5	37.4	35.4	40.5	41.7	43.9	39.4
July	38.2	40.4	41.0	39.6	37.5	35.4	40.5	--------	41.4	39.6
Aug	38.2	40.7	41.3	39.7	37.5	35.5	40.5	41.1	--------	39.0
Sept	38.4	40.8	41.6	39.9	38.3	35.4	40.3	40.6	--------	39.7
Oct	38.0	40.7	41.3	39.7	37.1	35.1	40.3	40.3	--------	39.7
Nov p	38.3	40.7	41.2	40.1	39.4	35.2	40.3	41.7	--------	39.3
Dec p	37.9	40.8	41.3	40.0	37.3	35.0	40.1	--------	--------	--------

[1] In addition to industries shown separately, total includes other mining; other transportation and public utilities; finance, insurance, and real estate; and services.

[2] Nine-month average, April through December, because of new series started in April 1945.

[3] Beginning 1947, data include eating and drinking places. Comparable figure excluding eating and drinking places is 41.0 hours for 1947.

[4] Eleven-month average; excludes data for July.

Note.—Hours and earnings data in Tables B–28 through B–33 relate to production workers in manufacturing and mining, to construction workers in contract construction, and generally, to nonsupervisory employees in other industries. See Table B–31 for unadjusted weekly hours in manufacturing. See also Note, Table B–27.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B–29.—*Average gross hourly earnings in selected industries, 1929–67*

Year or month	Total nonagricultural private [1]	Manufacturing: Total	Manufacturing: Durable goods	Manufacturing: Nondurable goods	Contract construction	Retail trade	Wholesale trade	Bituminous coal mining	Class I railroads	Telephone communication	Agriculture [2]
1929	....	$0.560	....	....	....	....	....	$0.659	....	....	$0.241
1930	....	.546	....	....	....	....	....	.662	....	....	.226
1931	....	.509	....	....	....	....	....	.626	....	....	.172
1932	....	.441	$0.492	$0.412	....	....	....	.503	....	....	129
1933	....	.437	.467	.419	....	....	....	.485	....	....	.115
1934	....	.526	.550	.505	....	....	....	.651	....	....	.129
1935	....	.544	.571	.520	....	....	$0.610	.720	....	....	.142
1936	....	.550	.580	.519	....	....	.628	.768	....	....	.152
1937	....	.617	.667	.566	....	....	.658	.828	....	$0.774	.172
1938	....	.620	.679	.572	....	....	.674	.849	....	.816	.166
1939	....	.627	.691	.571	....	$0.484	.688	.858	$0.730	.822	.166
1940	....	.655	.716	.590	....	.494	.711	.854	.733	.827	.169
1941	....	.726	.799	.627	....	.518	.763	.960	.743	.820	.206
1942	....	.851	.937	.709	....	.559	.828	1.030	.837	.843	.268
1943	....	.957	1.048	.787	....	.606	.898	1.101	.852	.870	.353
1944	....	1.011	1.105	.844	....	.653	.948	1.147	.948	.911	.423
1945	....	1.016	1.099	.886	....	.699	.990	1.199	.955	[3] .962	.472
1946	....	1.075	1.144	.995	....	.797	1.107	1.357	1.087	1.124	.515
1947	$1.131	1.217	1.278	1.145	$1.541	[4] .838	1.220	1.582	1.186	1.197	.547
1948	1.225	1.328	1.395	1.250	1.713	.901	1.308	1.835	1.301	1.248	.580
1949	1.275	1.378	1.453	1.295	1.792	.951	1.360	1.877	1.427	1.345	.559
1950	1.335	1.440	1.519	1.347	1.863	.983	1.427	1.944	1.572	1.398	.561
1951	1.45	1.56	1.65	1.44	2.02	1.06	1.52	2.14	1.73	1.49	.625
1952	1.52	1.65	1.75	1.51	2.13	1.09	1.61	2.22	1.83	1.59	.661
1953	1.61	1.74	1.86	1.58	2.28	1.16	1.70	2.40	1.88	1.68	.672
1954	1.65	1.78	1.90	1.62	2.39	1.20	1.76	2.40	1.93	1.76	.661
1955	1.71	1.86	1.99	1.67	2.45	1.25	1.83	2.47	1.96	1.82	.675
1956	1.80	1.95	2.08	1.77	2.57	1.30	1.94	2.72	2.12	1.86	.705
1957	1.89	2.05	2.19	1.85	2.71	1.37	2.02	2.92	2.26	1.95	.728
1958	1.95	2.11	2.26	1.91	2.82	1.42	2.09	2.93	2.44	2.05	.757
1959	2.02	2.19	2.36	1.98	2.93	1.47	2.18	3.11	2.54	2.18	.798
1960	2.09	2.26	2.43	2.05	3.08	1.52	2.24	3.14	2.61	2.26	.818
1961	2.14	2.32	2.49	2.11	3.20	1.56	2.31	3.12	2.67	2.37	.834
1962	2.22	2.39	2.56	2.17	3.31	1.63	2.37	[5] 3.12	2.72	2.48	.856
1963	2.28	2.46	2.63	2.22	3.41	1.68	2.45	[5] 3.15	2.76	2.56	.880
1964	2.36	2.53	2.71	2.29	3.55	1.75	2.52	[5] 3.30	2.80	2.62	.904
1965	2.45	2.61	2.79	2.36	3.70	1.82	2.61	[5] 3.49	3.00	2.70	.951
1966	2.55	2.72	2.90	2.45	3.88	1.91	2.73	[5] 3.65	3.09	2.79	1.03
1967 p	2.67	2.83	3.00	2.57	4.09	2.01	2.88	[5] 3.75	....	2.88	1.12
1966: Jan	2.50	2.67	2.85	2.40	3.79	1.88	2.67	3.53	3.09	2.76	1.06
Feb	2.50	2.68	2.86	2.41	3.83	1.88	2.68	3.54	3.13	2.78	......
Mar	2.51	2.68	2.87	2.41	3.80	1.88	2.69	3.52	3.05	2.77	......
Apr	2.53	2.70	2.88	2.43	3.82	1.89	2.72	3.43	3.08	2.77	.945
May	2.54	2.71	2.88	2.44	3.84	1.90	2.73	3.72	3.08	2.77	......
June	2.55	2.71	2.89	2.45	3.83	1.91	2.73	3.71	3.07	2.78	......
July	2.56	2.71	2.88	2.46	3.85	1.91	2.73	....	3.09	2.77	1.01
Aug	2.55	2.70	2.88	2.45	3.89	1.90	2.73	3.70	3.05	2.76	......
Sept	2.60	2.75	2.93	2.47	3.97	1.93	2.76	3.74	3.09	2.79	......
Oct	2.60	2.75	2.94	2.48	3.96	1.94	2.77	3.76	3.10	2.80	1.07
Nov	2.60	2.76	2.94	2.49	3.96	1.95	2.79	3.75	3.12	2.82	......
Dec	2.59	2.77	2.96	2.50	3.99	1.94	2.80	3.76	3.14	2.89	......
1967: Jan	2.61	2.78	2.96	2.51	4.02	1.97	2.81	3.79	3.19	2.86	1.14
Feb	2.62	2.79	2.96	2.53	4.00	1.98	2.83	3.71	3.26	2.88	......
Mar	2.62	2.79	2.96	2.54	3.99	1.98	2.84	3.72	3.17	2.87	......
Apr	2.63	2.80	2.97	2.55	3.99	2.00	2.86	3.76	3.23	2.87	.998
May	2.64	2.81	2.99	2.55	4.02	2.00	2.87	3.73	3.19	2.88	......
June	2.66	2.82	2.99	2.56	4.02	2.01	2.88	3.75	3.21	2.89	......
July	2.68	2.82	3.00	2.57	4.08	2.01	2.89	....	3.25	2.88	1.10
Aug	2.68	2.82	3.00	2.57	4.10	2.01	2.88	3.74	....	2.87	......
Sept	2.71	2.85	3.03	2.61	4.18	2.03	2.93	3.76	....	2.90	......
Oct	2.71	2.85	3.03	2.61	4.21	2.05	2.93	3.75	....	2.90	1.16
Nov p	2.72	2.87	3.05	2.62	4.20	2.05	2.94	3.74	....	2.89	......
Dec p	2.71	2.90	3.08	2.64	4.22	2.03	2.95	....	....	....	......

[1] For coverage, see footnote 1, Table B-28.
[2] Weighted average of all farm wage rates on a per hour basis.
[3] Nine-month average, April through December, because of new series started in April 1945.
[4] Beginning 1947, data include eating and drinking places. Comparable figure excluding eating and drinking places is $0.901 for 1947.
[5] Eleven-month average; excludes data for July.

Note.—See Note, Tables B-27 and B-28.

Sources: Department of Labor (Bureau of Labor Statistics) and Department of Agriculture.

TABLE B–30.—*Average gross weekly earnings in selected nonagricultural industries, 1929–67*

Year or month	Total nonagricultural private [1]	Manufacturing: Total	Manufacturing: Durable goods	Manufacturing: Nondurable goods	Contract construction	Retail trade	Wholesale trade	Bituminous coal mining	Class I railroads	Telephone communication
1929	....	$24.76	$26.84	$22.47	....	....	....	$25.11	....	....
1930	....	23.00	24.42	21.40	....	....	....	22.04	....	....
1931	....	20.64	20.98	20.09	....	....	....	17.59	....	....
1932	....	16.89	15.99	17.26	....	....	$26.75	13.58	....	....
1933	....	16.65	16.20	16.76	....	....	25.19	14.21	....	....
1934	....	18.20	18.59	17.73	....	....	25.44	17.45	....	....
1935	....	19.91	21.24	18.77	....	....	25.38	18.86	....	....
1936	....	21.56	23.72	19.57	....	....	26.96	21.89	....	....
1937	....	23.82	26.61	21.17	....	....	28.36	22.94	....	$30.03
1938	....	22.07	23.70	20.65	....	....	28.51	19.78	....	31.74
1939	....	23.64	26.19	21.36	....	$21.01	28.76	22.99	$31.90	32.14
1940	....	24.96	28.07	21.83	....	21.34	29.36	23.74	32.47	32.67
1941	....	29.48	33.56	24.39	....	22.17	31.36	29.47	34.03	32.88
1942	....	36.68	42.17	28.57	....	23.37	34.28	33.37	39.34	34.14
1943	....	43.07	48.73	33.45	....	24.79	37.99	39.97	41.49	36.45
1944	....	45.70	51.38	36.38	....	26.77	40.76	49.32	46.36	38.54
1945	....	44.20	48.36	37.48	....	28.59	42.37	50.36	46.32	[2] 40.12
1946	....	43.32	46.22	40.30	....	32.92	46.05	56.04	50.00	44.29
1947	$45.58	49.17	51.76	46.03	$58.87	[3] 33.77	50.14	63.75	55.03	44.77
1948	49.00	53.12	56.36	49.50	65.27	36.22	53.63	69.18	60.11	48.92
1949	50.24	53.88	57.25	50.38	67.56	38.42	55.49	60.63	62.36	51.78
1950	53.13	58.32	62.43	53.48	69.68	39.71	58.08	67.46	64.14	54.38
1951	57.86	63.34	68.48	56.88	76.96	42.82	62.02	74.69	70.93	58.26
1952	60.65	67.16	72.63	59.95	82.86	43.38	65.53	75.04	74.30	61.22
1953	63.76	70.47	76.63	62.57	86.41	45.36	69.02	81.84	76.33	65.02
1954	64.52	70.49	76.19	63.18	88.91	47.04	71.28	77.52	78.74	68.46
1955	67.72	75.70	82.19	66.63	90.90	48.75	74.48	92.13	82.12	72.07
1956	70.74	78.78	85.28	70.09	96.38	50.18	78.57	102.00	88.40	73.47
1957	73.33	81.59	88.26	72.52	100.27	52.20	81.41	106.00	94.24	76.05
1958	75.08	82.71	89.27	74.11	103.78	54.10	84.02	97.57	101.50	78.72
1959	78.78	88.26	96.05	78.61	108.41	56.15	88.51	111.34	106.43	85.46
1960	80.67	89.72	97.44	80.36	113.04	57.76	90.72	112.41	108.84	89.50
1961	82.60	92.34	100.35	82.92	118.08	58.66	93.56	112.01	112.94	93.38
1962	85.91	96.56	104.70	85.93	122.47	60.96	96.22	114.46	115.87	98.95
1963	88.46	99.63	108.09	87.91	127.19	62.66	99.47	121.43	118.40	102.40
1964	91.33	102.97	112.19	90.91	132.06	64.75	102.31	128.91	121.80	105.32
1965	95.06	107.53	117.18	94.64	138.38	66.61	106.49	140.26	130.80	109.08
1966	98.69	112.34	122.09	98.49	145.89	68.57	111.38	148.44	135.65	113.27
1967 p	101.99	114.90	123.60	102.03	153.78	70.95	116.35	153.72	....	112.90
1966: Jan	96.25	110.00	119.99	95.52	138.34	67.30	108.94	144.73	131.94	110.12
Feb	96.50	110.95	120.69	96.88	139.41	67.30	109.08	144.79	139.91	112.87
Mar	97.14	110.95	121.11	96.88	143.26	67.12	109.48	146.08	135.12	111.63
Apr	97.41	111.24	121.54	96.96	141.34	67.47	110.43	113.19	132.75	111.08
May	98.04	112.47	121.82	98.33	142.46	67.64	111.11	155.12	135.83	111.63
June	99.20	112.74	122.54	99.23	146.69	69.14	111.38	156.56	137.54	113.15
July	99.84	111.38	119.81	99.14	150.15	70.48	112.20	148.03	134.11	114.12
Aug	99.71	111.78	120.96	99.23	149.77	70.11	111.38	152.44	136.34	112.33
Sept	100.88	114.13	123.94	99.54	152.05	69.09	112.33	154.09	135.96	114.11
Oct	100.62	113.85	124.07	99.94	152.46	68.87	112.74	159.80	132.99	114.24
Nov	99.84	113.99	123.77	100.10	144.14	68.64	113.27	148.13	137.90	117.03
Dec	99.97	114.40	124.62	100.25	148.83	69.65	114.52	158.30	137.22	115.31
1967: Jan	99.70	113.42	122.84	99.65	149.14	69.15	114.09	155.77	137.49	112.97
Feb	99.30	111.88	120.77	99.18	143.60	69.10	114.05	148.40	143.77	114.62
Mar	99.56	112.44	121.36	100.08	146.83	69.30	114.74	147.68	138.53	111.36
Apr	99.41	112.56	121.18	100.22	147.23	69.80	115.26	150.78	135.34	112.22
May	100.06	113.52	122.89	100.73	149.54	69.80	115.66	151.07	140.68	112.03
June	101.88	114.49	123.19	101.63	153.56	71.56	116.64	156.38	140.92	113.87
July	103.18	113.65	122.40	102.03	157.90	72.96	117.62	157.00	134.55	114.05
Aug	103.45	114.77	123.30	102.80	159.08	72.96	116.64	153.71	....	111.93
Sept	104.06	116.57	126.05	104.66	162.60	71.66	118.08	152.66	....	115.13
Oct	103.25	116.28	125.44	104.14	160.40	71.55	118.08	151.13	....	115.13
Nov p	103.63	116.81	125.66	105.06	160.86	71.34	118.48	155.96	....	113.58
Dec p	103.25	119.19	128.44	106.13	154.03	71.66	119.18	....	....	....

[1] For coverage, see footnote 1, Table B–28.
[2] Nine-month average, April through December, because of new series started in April 1945.
[3] Beginning 1947, data include eating and drinking places. Comparable figure excluding eating and drinking places is $36.94 for 1947.

Note.—See Note, Tables B–27 and B–28.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-31.—*Average weekly hours and hourly earnings, gross and excluding overtime, in manufacturing industries, 1939–67*

Year or month	All manufacturing industries					Durable goods manufacturing industries				Nondurable goods manufacturing industries			
	Average weekly hours		Average hourly earnings			Average weekly hours		Average hourly earnings		Average weekly hours		Average hourly earnings	
	Gross	Excluding overtime	Gross	Excluding overtime	Excluding overtime and interindustry shift (1957–59=100)	Gross	Excluding overtime	Gross	Excluding overtime	Gross	Excluding overtime	Gross	Excluding overtime
1939	37.7		$0.627		32.2	37.9		$0.691		37.4		$0.571	
1940	38.1		.655			39.2		.716		37.0		.590	
1941	40.6		.726	$0.691	[1] 33.4	42.0		.799	$0.762	38.9		.627	$0.613
1942	43.1		.851	.793	[1] 37.5	45.0		.937	.872	40.3		.709	.684
1943	45.0		.957	.881	[1] 40.8	46.5		1.048	.966	42.5		.787	.748
1944	45.2		1.011	.933	[1] 43.7	46.5		1.105	1.019	43.1		.844	.798
1945	43.5		1.016	[2] .949	[1] 45.5	44.0		1.099	[2] 1.031	42.3		.886	[2] .841
1946	40.3		1.075	1.035	[1] 50.4	40.4		1.144	1.111	40.5		.995	.962
1947	40.4		1.217	1.18	57.8	40.5		1.278	1.24	40.2		1.145	1.11
1948	40.0		1.328	1.29	63.2	40.4		1.395	1.35	39.6		1.250	1.21
1949	39.1		1.378	1.34	66.1	39.4		1.453	1.42	38.9		1.295	1.26
1950	40.5		1.440	1.39	68.2	41.1		1.519	1.46	39.7		1.347	1.31
1951	40.6		1.56	1.51	73.6	41.5		1.65	1.59	39.5		1.44	1.40
1952	40.7		1.65	1.59	77.4	41.5		1.75	1.68	39.7		1.51	1.46
1953	40.5		1.74	1.68	81.6	41.2		1.86	1.79	39.6		1.58	1.53
1954	39.6		1.78	1.73	84.3	40.1		1.90	1.84	39.0		1.62	1.58
1955	40.7		1.86	1.79	86.9	41.3		1.99	1.91	39.9		1.67	1.62
1956	40.4	37.6	1.95	1.89	91.5	41.0	38.0	2.08	2.01	39.6	37.2	1.77	1.72
1957	39.8	37.5	2.05	1.99	96.2	40.3	37.9	2.19	2.12	39.2	37.0	1.85	1.80
1958	39.2	37.2	2.11	2.05	100.2	39.5	37.6	2.26	2.21	38.8	36.6	1.91	1.86
1959	40.3	37.6	2.19	2.12	103.5	40.7	38.0	2.36	2.28	39.7	37.0	1.98	1.92
1960	39.7	37.3	2.26	2.20	106.6	40.1	37.7	2.43	2.36	39.2	36.7	2.05	1.99
1961	39.8	37.4	2.32	2.25	109.6	40.3	38.0	2.49	2.42	39.3	36.8	2.11	2.05
1962	40.4	37.6	2.39	2.31	112.3	40.9	38.1	2.56	2.48	39.6	36.9	2.17	2.09
1963	40.5	37.7	2.46	2.37	115.2	41.1	38.2	2.63	2.54	39.6	36.9	2.22	2.15
1964	40.7	37.6	2.53	2.44	118.0	41.4	38.1	2.71	2.60	39.7	36.8	2.29	2.21
1965	41.2	37.6	2.61	2.51	121.1	42.0	38.1	2.79	2.67	40.1	36.9	2.36	2.27
1966	41.3	37.4	2.72	2.59	125.1	42.1	37.8	2.90	2.76	40.2	36.8	2.45	2.35
1967 p	40.6	37.2	2.83	2.72	130.9	41.2	37.7	3.00	2.88	39.7	36.5	2.57	2.47
1966: Jan	41.2	37.5	2.67	2.56	123.3	42.1	38.0	2.85	2.72	39.8	36.7	2.40	2.31
Feb	41.4	37.6	2.68	2.56	123.5	42.2	38.0	2.86	2.72	40.2	36.9	2.41	2.31
Mar	41.4	37.5	2.68	2.56	123.8	42.2	37.9	2.87	2.73	40.2	36.9	2.41	2.32
Apr	41.2	37.3	2.70	2.58	124.3	42.2	37.9	2.88	2.74	39.9	36.6	2.43	2.33
May	41.5	37.5	2.71	2.58	124.5	42.3	37.9	2.88	2.74	40.3	36.9	2.44	2.34
June	41.6	37.6	2.71	2.58	124.8	42.4	38.0	2.89	2.75	40.5	37.0	2.45	2.34
July	41.1	37.2	2.71	2.59	124.9	41.6	37.5	2.88	2.75	40.3	36.8	2.46	2.35
Aug	41.4	37.4	2.70	2.58	124.9	42.0	37.7	2.88	2.74	40.5	37.0	2.45	2.34
Sept	41.5	37.3	2.75	2.61	126.0	42.3	37.7	2.93	2.78	40.3	36.6	2.47	2.37
Oct	41.4	37.3	2.75	2.62	126.5	42.2	37.7	2.94	2.79	40.3	36.7	2.48	2.37
Nov	41.3	37.4	2.76	2.64	127.0	42.1	37.8	2.94	2.80	40.2	36.8	2.49	2.39
Dec	41.3	37.6	2.77	2.65	127.6	42.1	38.0	2.96	2.82	40.1	36.8	2.50	2.40
1967: Jan	40.8	37.4	2.78	2.67	128.4	41.5	37.8	2.96	2.84	39.7	36.7	2.51	2.42
Feb	40.1	36.9	2.79	2.68	129.0	40.8	37.4	2.96	2.84	39.2	36.3	2.53	2.44
Mar	40.3	37.1	2.79	2.69	129.4	41.0	37.6	2.96	2.85	39.4	36.4	2.54	2.45
Apr	40.2	37.1	2.80	2.70	129.9	40.8	37.6	2.97	2.86	39.3	36.4	2.55	2.46
May	40.4	37.2	2.81	2.70	130.2	41.1	37.8	2.99	2.87	39.5	36.5	2.55	2.46
June	40.6	37.3	2.82	2.71	130.5	41.2	37.8	2.99	2.88	39.7	36.6	2.56	2.46
July	40.3	37.1	2.82	2.71	130.8	40.8	37.5	3.00	2.88	39.7	36.6	2.57	2.47
Aug	40.7	37.3	2.82	2.71	131.1	41.1	37.7	3.00	2.88	40.0	36.7	2.57	2.47
Sept	40.9	37.2	2.85	2.73	131.9	41.6	37.7	3.03	2.89	40.1	36.5	2.61	2.50
Oct	40.8	37.3	2.85	2.74	132.3	41.4	37.7	3.03	2.90	39.9	36.5	2.61	2.50
Nov p	40.7	37.3	2.87	2.76	133.1	41.2	37.7	3.05	2.93	40.1	36.8	2.62	2.52
Dec p	41.1	37.5	2.90	2.78	133.6	41.7	38.0	3.08	2.95	40.2	36.8	2.64	2.53

[1] Annual average not available; April used.
[2] Eleven-month average; August 1945 excluded because of VJ Day holiday period.

Note.—See Note, Tables B-27 and B-28.
See Table B-28 for seasonally adjusted average gross weekly hours.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B–32.—*Average weekly earnings, gross and spendable, total private nonagricultural industries, in current and 1957–59 prices, 1947–67*

Year or month	Average gross weekly earnings		Average spendable weekly earnings [1]			
			Workers with no dependents		Workers with three dependents	
	Current prices	1957–59 prices [2]	Current prices	1957–59 prices [2]	Current prices	1957–59 prices [2]
1947	$45.58	$58.59	$39.16	$50.33	$44.64	$57.38
1948	49.00	58.47	43.11	51.44	48.51	57.89
1949	50.24	60.53	44.15	53.19	49.74	59.93
1950	53.13	63.40	46.02	54.92	52.04	62.10
1951	57.86	63.93	48.68	53.79	55.79	61.65
1952	60.65	65.57	50.07	54.13	57.87	62.56
1953	63.76	68.41	52.45	56.28	60.31	64.71
1954	64.52	68.93	53.76	57.44	60.85	65.01
1955	67.72	72.58	56.27	60.31	63.41	67.96
1956	70.74	74.70	58.63	61.91	65.82	69.50
1957	73.33	74.83	60.47	61.70	67.71	69.09
1958	75.08	74.56	61.83	61.40	69.11	68.63
1959	78.78	77.62	64.52	63.57	71.86	70.80
1960	80.67	78.24	65.59	63.62	72.96	70.77
1961	82.60	79.27	67.08	64.38	74.48	71.48
1962	85.91	81.55	69.56	66.00	76.99	73.05
1963	88.46	82.91	71.05	66.59	78.56	73.63
1964	91.33	84.49	75.04	69.42	82.57	76.38
1965	95.06	86.50	78.99	71.87	86.30	78.53
1966	98.69	87.26	81.19	71.79	88.55	78.29
1967 p	101.99	87.70	83.50	71.80	90.98	78.23
1966: Jan	96.25	86.71	79.29	71.43	86.61	78.03
Feb	96.50	86.47	79.49	71.23	86.81	77.79
Mar	97.14	86.73	79.99	71.42	87.32	77.96
Apr	97.41	86.59	80.20	71.29	87.53	77.80
May	98.04	87.07	80.70	71.67	88.04	78.19
June	99.20	87.87	81.58	72.26	88.96	78.80
July	99.84	88.12	82.07	72.44	89.47	78.97
Aug	99.71	87.62	81.97	72.03	89.37	78.53
Sept	100.88	88.41	82.86	72.62	90.30	79.14
Oct	100.62	87.88	82.66	72.19	90.09	78.68
Nov	99.84	87.12	82.07	71.61	89.47	78.07
Dec	99.97	87.16	82.17	71.64	89.58	78.10
1967: Jan	99.70	86.92	81.76	71.28	89.16	77.73
Feb	99.30	86.50	81.46	70.96	88.84	77.39
Mar	99.56	86.57	81.66	71.01	89.05	77.43
Apr	99.41	86.22	81.54	70.72	88.93	77.13
May	100.06	86.56	82.04	70.97	89.45	77.38
June	101.88	87.83	83.42	71.91	90.90	78.36
July	103.18	88.57	84.40	72.45	91.93	78.91
Aug	103.45	88.49	84.61	72.38	92.15	78.83
Sept	104.06	88.86	85.07	72.65	92.63	79.10
Oct	103.25	88.87	84.45	71.87	91.99	78.29
Nov p	103.63	87.97	84.74	71.94	92.29	78.34
Dec p	103.25	87.35	84.45	71.45	91.99	77.83

[1] Average gross weekly earnings less social security and income taxes.
[2] Earnings in current prices divided by the consumer price index.

Note.—"Total private" consists of manufacturing; contract construction; retail and wholesale trade; mining; transportation and public utilities; finance, insurance, and real estate; and services.
See also Note, Tables B–27 and B–28.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B–33.—*Average weekly earnings, gross and spendable, in manufacturing industries, in current and 1957–59 prices, 1939–67*

Year or month	Average gross weekly earnings		Average spendable weekly earnings [1]			
			Worker with no dependents		Worker with three dependents	
	Current prices	1957–59 prices [2]	Current prices	1957–59 prices [2]	Current prices	1957–59 prices [2]
1939	$23.64	$48.84	$23.37	$48.29	$23.40	$48.35
1940	24.96	51.15	24.46	50.12	24.71	50.64
1941	29.48	57.47	27.96	54.50	29.19	56.90
1942	36.68	64.58	31.80	55.99	36.31	63.93
1943	43.07	71.43	35.95	59.62	41.33	68.54
1944	45.70	74.55	37.99	61.97	43.76	71.39
1945	44.20	70.49	36.82	58.72	42.59	67.93
1946	43.32	63.71	37.31	54.87	42.79	62.93
1947	49.17	63.20	42.10	54.11	47.58	61.16
1948	53.12	63.39	46.57	55.57	52.31	62.42
1949	53.88	64.92	47.21	56.88	52.95	63.80
1950	58.32	69.59	50.26	59.98	56.36	67.26
1951	63.34	69.99	52.97	58.53	60.18	66.50
1952	67.16	72.61	55.04	59.50	62.98	68.09
1953	70.47	75.61	57.59	61.79	65.60	70.39
1954	70.49	75.31	58.45	62.45	65.65	70.14
1955	75.70	81.14	62.51	67.00	69.79	74.80
1956	78.78	83.19	64.92	68.55	72.25	76.29
1957	81.59	83.26	66.93	68.30	74.31	75.83
1958	82.71	82.14	67.82	67.35	75.23	74.71
1959	88.26	86.96	71.89	70.83	79.40	78.23
1960	89.72	87.02	72.57	70.39	80.11	77.70
1961	92.34	88.62	74.60	71.59	82.18	78.87
1962	96.56	91.61	77.86	73.87	85.53	81.15
1963	99.63	93.37	79.82	74.81	87.58	82.08
1964	102.97	95.25	84.40	78.08	92.18	85.27
1965	107.53	97.84	89.08	81.06	96.78	88.06
1966	112.34	99.33	91.57	80.96	99.45	87.93
1967 p	114.90	98.80	93.28	80.21	101.26	87.07
1966: Jan	110.00	99.10	89.79	80.89	97.58	87.91
Feb	110.95	99.42	90.51	81.10	98.34	88.12
Mar	110.95	99.06	90.51	80.81	98.34	87.80
Apr	111.24	98.88	90.73	80.65	98.57	87.62
May	112.47	99.88	91.67	81.41	99.55	88.41
June	112.74	99.86	91.87	81.37	99.77	88.37
July	111.38	98.31	90.84	80.18	98.68	87.10
Aug	111.78	98.22	91.14	80.09	99.00	86.99
Sept	114.13	100.03	92.93	81.45	100.88	88.41
Oct	113.85	99.43	92.72	80.98	100.65	87.90
Nov	113.99	99.47	92.82	80.99	100.76	87.92
Dec	114.40	99.74	93.13	81.19	101.09	88.13
1967: Jan	113.42	98.88	92.16	80.35	100.08	87.25
Feb	111.88	97.46	91.00	79.27	98.86	86.11
Mar	112.44	97.77	91.42	79.50	99.30	86.35
Apr	112.56	97.62	91.51	79.37	99.40	86.21
May	113.52	98.20	92.24	79.79	100.16	86.64
June	114.49	98.70	92.97	80.15	100.93	87.01
July	113.65	97.55	92.34	79.26	100.27	86.07
Aug	114.77	98.18	93.19	79.72	101.16	86.54
Sept	116.57	99.55	94.55	80.74	102.61	87.63
Oct	116.28	98.96	94.33	80.28	102.37	87.12
Nov p	116.81	99.16	94.73	80.42	102.80	87.27
Dec p	119.19	100.84	96.54	81.68	104.71	88.59

[1] Average gross weekly earnings less social security and income taxes.
[2] Earnings in current prices divided by the consumer price index.

Note.—See Note, Tables B–27 and B–28.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-34.—*Indexes of output per man-hour and related data, private economy, 1947–67*

[1957–59=100]

Year	Output per man-hour: Total private	Output per man-hour: Farm	Output per man-hour: Nonfarm industries: Total	Output per man-hour: Nonfarm industries: Manufacturing	Output per man-hour: Nonfarm industries: Nonmanufacturing	Output [1]: Total private	Output [1]: Farm	Output [1]: Nonfarm industries: Total	Output [1]: Nonfarm industries: Manufacturing	Output [1]: Nonfarm industries: Nonmanufacturing	Man-hours [2]: Total private	Man-hours [2]: Farm	Man-hours [2]: Nonfarm industries: Total	Man-hours [2]: Nonfarm industries: Manufacturing	Man-hours [2]: Nonfarm industries: Nonmanufacturing
	Establishment basis [3]														
1947	69.0	49.8	74.1	72.3	75.1	67.6	82.1	66.8	69.3	65.6	98.0	164.8	90.1	95.8	87.4
1948	72.0	58.0	76.5	76.4	76.3	70.8	91.8	69.8	72.7	68.3	98.4	158.4	91.3	95.1	89.5
1949	74.2	56.5	79.5	79.3	79.6	70.6	88.9	69.7	68.7	70.2	95.1	157.3	87.7	86.6	88.2
1950	80.3	64.4	84.4	85.0	84.1	77.9	93.7	77.0	79.7	75.7	97.0	145.6	91.2	93.8	90.0
1951	82.7	64.7	86.3	86.9	85.6	82.8	88.9	82.5	87.8	79.8	100.1	137.5	95.6	101.0	93.2
1952	84.3	70.3	87.0	87.3	86.7	84.8	91.8	84.5	89.7	81.9	100.6	130.6	97.1	102.7	94.5
1953	87.8	79.6	89.6	90.2	88.8	89.1	96.6	88.8	97.1	84.5	101.5	121.4	99.1	107.7	95.2
1954	89.9	83.7	91.6	91.8	91.5	87.9	98.6	87.4	90.3	86.0	97.8	117.8	95.4	98.4	94.0
1955	93.9	84.4	95.7	97.2	94.7	95.4	101.0	95.1	100.9	92.2	101.6	119.6	99.4	103.8	97.4
1956	94.1	88.0	95.2	96.2	94.3	97.2	100.5	97.1	101.3	94.9	103.3	114.2	102.0	105.3	100.6
1957	96.9	93.3	97.2	98.2	96.7	98.6	98.1	98.6	101.7	97.1	101.8	105.1	101.4	103.6	100.4
1958	99.8	103.0	99.7	98.1	100.6	97.3	100.5	97.2	93.4	99.1	97.5	97.6	97.5	95.2	98.5
1959	103.4	104.8	103.1	103.7	102.9	104.1	101.9	104.2	104.9	103.9	100.7	97.2	101.1	101.2	101.0
1960	105.0	110.7	104.4	105.5	103.9	106.6	105.8	106.7	106.4	106.8	101.5	95.6	102.2	100.9	102.8
1961	108.6	119.4	107.4	107.9	107.4	108.6	107.2	108.7	106.0	110.1	100.0	89.8	101.2	98.2	102.5
1962	113.8	122.2	112.3	114.3	111.5	116.0	106.8	116.5	116.8	116.3	101.9	87.4	103.7	102.2	104.3
1963	117.9	133.1	115.7	118.9	114.3	120.8	110.1	121.4	122.7	120.8	102.5	82.7	104.9	103.2	105.7
1964	122.5	135.5	120.0	124.7	118.0	127.8	107.7	128.8	131.2	127.7	104.3	79.5	107.3	105.2	108.2
1965	126.3	147.5	123.3	129.5	120.0	135.9	114.0	137.1	143.6	133.8	107.6	77.3	111.2	110.9	111.4
1966	130.2	154.6	126.4	132.3	123.2	143.5	108.2	145.4	155.9	140.1	110.2	70.0	115.0	117.8	113.7
1967 p	132.0	171.2	127.6	133.5	124.5	146.5	116.4	148.2	156.5	144.0	111.0	68.0	116.1	117.2	115.7
	Labor force basis [4]														
1947	67.9	49.8	72.9	------	------	67.6	82.1	66.8	------	------	99.6	164.8	91.6	------	------
1948	70.2	58.0	74.5	------	------	70.8	91.8	69.8	------	------	100.8	158.2	93.7	------	------
1949	71.9	56.1	76.8	------	------	70.6	88.9	69.7	------	------	98.2	158.6	90.8	------	------
1950	78.5	64.1	82.4	------	------	77.9	93.7	77.0	------	------	99.2	146.2	93.4	------	------
1951	82.1	64.3	85.7	------	------	82.8	88.9	82.5	------	------	100.9	138.3	96.3	------	------
1952	84.5	69.9	87.5	------	------	84.8	91.8	84.5	------	------	100.4	131.3	96.6	------	------
1953	88.4	79.1	90.4	------	------	89.1	96.6	88.8	------	------	100.8	122.1	98.2	------	------
1954	90.8	83.3	92.8	------	------	87.9	98.6	87.4	------	------	96.8	118.3	94.2	------	------
1955	94.7	84.0	96.7	------	------	95.4	101.0	95.1	------	------	100.7	120.3	98.3	------	------
1956	94.6	87.5	95.9	------	------	97.2	100.5	97.1	------	------	102.7	114.9	101.2	------	------
1957	97.2	93.3	97.7	------	------	98.6	98.1	98.6	------	------	101.4	105.2	100.9	------	------
1958	99.4	103.1	99.2	------	------	97.3	100.5	97.2	------	------	97.9	97.5	98.0	------	------
1959	103.4	104.7	103.1	------	------	104.1	101.9	104.2	------	------	100.7	97.3	101.1	------	------
1960	104.5	110.7	103.8	------	------	106.6	105.8	106.7	------	------	102.0	95.6	102.8	------	------
1961	107.3	119.9	105.9	------	------	108.6	107.2	108.7	------	------	101.2	89.4	102.6	------	------
1962	113.0	122.3	111.4	------	------	116.0	106.8	116.5	------	------	102.7	87.3	104.6	------	------
1963	116.7	133.5	114.4	------	------	120.8	110.1	121.4	------	------	103.5	82.5	106.1	------	------
1964	121.0	135.8	118.4	------	------	127.8	107.7	128.8	------	------	105.6	79.3	108.8	------	------
1965	124.8	147.7	121.5	------	------	135.9	114.0	137.1	------	------	108.9	77.2	112.8	------	------
1966	129.3	154.4	125.2	------	------	143.5	108.2	145.4	------	------	111.0	70.1	116.1	------	------
1967 p	131.5	170.4	127.0	------	------	146.5	116.4	148.2	------	------	111.4	68.3	116.7	------	------

[1] Output refers to gross national product in 1958 prices.
[2] Hours worked by all persons in private industry engaged in production, including man-hours of proprietors and unpaid family workers.
[3] Man-hours estimates based primarily on establishment data.
[4] Man-hours estimates based primarily on labor force data.

Note.—For information on sources, methodology, trends, and underlying factors influencing the measures, see Bureau of Labor Statistics, Department of Labor, Bulletin No. 1249 "Trends in Output per Man-Hour in the Private Economy, 1909–58" December 1959.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B–35.—*Industrial production indexes, major industry divisions, 1929–67*

[1957–59=100]

Year or month	Total industrial production	Manufacturing: Total	Manufacturing: Durable	Manufacturing: Nondurable	Mining	Utilities
1929	38.4	38.6	38.2	38.3	54.2	12.7
1930	32.0	31.7	28.4	34.8	47.0	13.1
1931	26.5	25.9	19.5	32.8	40.3	12.5
1932	20.7	19.9	11.9	28.9	33.6	11.7
1933	24.4	23.7	15.5	32.8	38.5	11.5
1934	26.6	26.0	18.8	33.8	40.3	12.2
1935	30.7	30.6	24.1	37.4	43.7	13.2
1936	36.3	36.4	31.2	41.6	50.3	14.9
1937	39.7	39.7	35.2	44.1	56.7	16.4
1938	31.4	30.5	22.6	39.1	49.0	16.5
1939	38.3	37.9	31.4	44.9	53.8	18.3
1940	43.9	43.8	40.0	47.3	60.1	20.3
1941	56.4	58.3	57.7	57.6	64.8	22.8
1942	69.3	73.1	79.9	63.7	67.0	25.6
1943	82.9	88.7	102.9	70.7	69.0	28.3
1944	81.7	86.3	100.9	68.2	74.2	30.1
1945	70.5	73.0	78.2	65.6	73.0	30.6
1946	59.5	60.0	54.7	64.8	72.2	31.8
1947	65.7	66.4	64.3	67.2	79.9	36.5
1948	68.4	68.9	67.0	69.5	84.0	40.8
1949	64.7	65.1	60.9	68.3	74.5	43.4
1950	74.9	75.8	74.1	76.0	83.2	49.5
1951	81.3	81.9	83.5	78.5	91.3	56.4
1952	84.3	85.2	88.5	80.0	90.5	61.2
1953	91.3	92.7	99.9	83.6	92.9	66.8
1954	85.8	86.3	88.4	83.6	90.2	71.8
1955	96.6	97.3	101.9	91.6	99.2	80.2
1956	99.9	100.2	104.0	95.4	104.8	87.9
1957	100.7	100.8	104.0	96.7	104.6	93.9
1958	93.7	93.2	90.3	96.8	95.6	98.1
1959	105.6	106.0	105.6	106.5	99.7	108.0
1960	108.7	108.9	108.5	109.5	101.6	115.6
1961	109.7	109.6	107.0	112.9	102.6	122.3
1962	118.3	118.7	117.9	119.8	105.0	131.4
1963	124.3	124.9	124.5	125.3	107.9	140.0
1964	132.3	133.1	133.5	132.6	111.5	151.3
1965	143.4	145.0	148.4	140.8	114.8	160.9
1966	156.3	158.6	164.8	150.8	120.5	173.9
1967 p	157.8	159.5	163.8	154.2	123.4	183.9
	Seasonally adjusted					
1966: Jan	150.7	152.9	157.8	146.8	118.1	165.9
Feb	152.4	154.7	160.2	147.8	118.2	168.5
Mar	153.8	156.0	161.6	148.9	120.4	169.6
Apr	153.9	156.5	162.5	148.9	115.4	171.2
May	155.4	157.8	164.0	149.9	120.0	171.8
June	156.5	158.7	164.9	151.0	121.6	173.3
July	157.2	159.4	165.8	151.5	122.1	175.0
Aug	157.8	160.0	166.4	152.0	121.9	176.3
Sept	158.1	160.4	167.2	151.9	121.1	178.0
Oct	159.4	161.8	168.9	152.8	121.9	178.9
Nov	159.1	161.5	167.7	153.6	121.6	178.5
Dec	159.5	161.7	167.7	154.1	123.8	179.4
1967: Jan	158.2	160.1	165.5	153.4	123.2	180.6
Feb	156.6	158.5	162.9	152.9	122.4	180.5
Mar	156.4	158.2	162.6	152.6	121.5	181.9
Apr	156.5	158.2	162.5	152.8	122.0	182.7
May	155.6	157.2	162.2	151.1	120.2	182.7
June	155.6	157.0	161.5	151.4	123.8	183.2
July	156.6	157.6	162.5	151.5	128.0	184.1
Aug	158.1	159.4	163.6	154.0	127.8	184.8
Sept	156.8	158.1	161.1	154.2	124.3	184.8
Oct	156.6	158.1	160.8	154.7	121.2	187.6
Nov	159.3	160.9	164.4	156.5	123.7	188.0
Dec p	161.6	163.6	168.3	157.7	123.7	188.0

Source: Board of Governors of the Federal Reserve System.

TABLE B–36.—*Industrial production indexes, market groupings, 1947–67*

[1957–59=100]

Year or month	Total industrial production	Final products: Total	Consumer goods[1]: Total	Consumer goods[1]: Automotive products	Consumer goods[1]: Home goods	Equipment: Total, including defense	Equipment: Business	Materials: Total	Materials: Durable goods	Materials: Nondurable goods
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	132.3	131.8	131.7	145.1	141.1	132.0	139.1	132.8	131.2	134.4
1965	143.4	142.5	140.3	167.2	154.8	147.0	156.7	144.2	144.3	144.1
1966	156.3	155.5	147.5	163.0	168.9	172.6	181.2	157.0	156.9	157.2
1967 p	157.8	158.2	148.2	149.3	166.1	179.5	182.7	157.5	151.9	163.2
	Seasonally adjusted									
1966: Jan	150.7	150.0	144.6	168.1	166.8	161.5	170.5	150.8	149.9	151.6
Feb	152.4	151.8	145.9	167.9	165.7	164.5	173.7	152.5	152.5	152.5
Mar	153.8	152.7	146.5	170.0	164.1	166.2	175.4	154.4	154.9	153.9
Apr	153.9	153.2	146.8	168.2	168.9	166.9	175.9	154.4	156.4	152.2
May	155.4	154.0	146.7	160.7	169.6	169.8	178.3	157.0	157.9	156.2
June	156.5	155.3	147.3	162.1	168.0	172.6	181.4	158.1	158.1	158.2
July	157.2	155.3	146.4	153.3	168.0	174.3	182.7	158.9	158.8	159.0
Aug	157.8	156.0	146.5	145.8	168.7	176.3	184.4	159.2	159.2	159.3
Sep	158.1	156.6	146.9	150.7	168.1	177.4	185.7	159.6	159.1	160.1
Oct	159.4	158.7	149.3	168.5	170.0	179.0	187.2	159.7	159.1	160.3
Nov	159.1	159.0	149.2	162.8	169.4	180.0	187.8	159.0	157.8	160.2
Dec	159.5	159.6	149.8	162.6	168.1	180.7	188.9	159.2	156.8	161.6
1967: Jan	158.2	158.1	148.0	147.0	168.0	179.9	186.9	157.9	154.2	161.6
Feb	156.6	157.0	146.1	135.7	164.1	180.3	186.6	155.8	151.3	160.4
Mar	156.4	157.1	146.6	144.6	162.7	179.6	184.4	155.5	151.5	159.7
Apr	156.5	157.3	147.1	151.3	158.9	179.2	183.5	156.0	151.0	161.1
May	155.6	156.3	146.0	145.8	158.5	178.5	182.1	154.6	149.7	159.6
June	155.6	156.8	146.9	151.2	156.6	178.1	181.3	154.9	148.9	161.1
July	156.6	157.1	147.1	155.2	157.3	178.4	180.8	156.1	149.7	162.6
Aug	158.1	158.2	148.6	161.1	163.4	178.9	180.6	157.9	151.8	164.2
Sept	156.8	157.0	147.0	142.1	164.1	178.6	179.8	156.7	148.5	165.2
Oct	156.6	156.5	147.4	145.2	166.3	176.0	176.5	156.6	148.9	165.2
Nov	159.3	159.6	149.7	152.8	171.2	180.9	182.7	159.3	152.2	166.5
Dec p	161.6	161.4	152.2	171	--------	181.2	183	161.6	156	168

[1] Also includes apparel and consumer staples, not shown separately.

Source: Board of Governors of the Federal Reserve System.

TABLE B–37.—*Industrial production indexes, selected manufactures, 1947–67*

[1957–59=100]

Year or month	Durable manufactures							Nondurable manufactures			
	Primary metals	Fabricated metal products	Machinery	Transportation equipment	Instruments and related products	Clay, glass and lumber	Furniture and miscellaneous	Textile, apparel, and leather products	Paper and printing	Chemical, petroleum, and rubber products	Foods, beverages, and tobacco
1947	90.7	75.9	65.3	42.9	53.7	75.8	73.5	81.0	66.7	47.5	80.7
1948	94.3	77.2	66.5	46.9	55.2	79.7	77.4	84.5	69.4	50.8	80.0
1949	79.4	69.8	59.0	47.1	49.2	72.3	71.6	80.6	69.3	49.4	80.8
1950	99.9	85.4	72.7	56.4	57.3	87.7	83.7	89.1	76.7	60.7	83.6
1951	108.7	91.2	83.0	62.9	65.7	92.0	80.2	87.4	79.4	67.4	85.4
1952	99.3	89.0	92.1	73.1	78.1	89.3	82.4	89.5	77.7	69.9	87.3
1953	112.5	100.3	100.5	91.7	85.3	92.7	89.7	90.7	82.6	75.2	88.2
1954	91.3	90.2	87.7	83.8	82.9	89.6	86.8	86.9	85.0	74.7	89.8
1955	118.4	98.3	96.5	102.0	88.7	100.7	97.9	95.5	92.5	86.8	93.1
1956	116.4	98.8	107.1	97.4	95.4	102.0	101.0	98.0	97.1	91.4	96.6
1957	112.2	101.5	104.2	106.4	98.0	97.5	97.6	96.9	97.8	95.6	96.7
1958	87.5	92.9	88.8	89.5	92.1	94.1	93.3	95.0	97.0	95.5	99.4
1959	100.4	105.5	107.1	104.0	109.9	108.5	109.0	108.1	105.2	108.9	103.9
1960	101.3	107.6	110.8	108.2	116.5	105.7	113.3	107.5	109.0	113.9	106.6
1961	98.9	106.5	110.4	103.6	115.8	104.5	114.1	108.4	112.4	118.9	110.2
1962	104.6	117.1	123.5	118.3	123.0	109.3	124.5	115.1	116.7	131.2	113.3
1963	113.3	123.4	129.2	127.0	130.2	114.4	129.1	118.5	120.1	141.8	116.8
1964	129.1	132.7	141.4	130.7	136.4	121.1	138.4	125.2	127.5	152.5	120.8
1965	137.6	147.8	160.5	149.2	151.4	127.6	151.8	135.8	135.3	164.6	123.4
1966	142.7	163.0	183.8	166.9	176.5	132.9	165.0	141.6	146.4	181.9	128.1
1967 p	132.6	161.6	183.4	165.9	184.7	130.9	162.4	138.9	149.7	189.2	131.4
	Seasonally adjusted										
1966: Jan	131.2	157.7	174.2	163.0	166.8	134.7	158.4	138.9	141.7	175.7	125.8
Feb	137.0	161.6	176.2	163.8	169.4	135.0	161.6	140.1	142.7	176.3	127.2
Mar	141.8	161.7	176.1	165.4	171.9	136.1	162.9	141.4	144.2	177.4	128.0
Apr	142.5	161.4	178.1	165.5	173.7	136.8	163.5	142.6	143.5	177.9	126.9
May	145.3	162.9	180.5	164.9	176.4	135.6	166.7	143.1	146.6	179.3	126.4
June	147.3	161.8	182.7	165.9	176.5	133.1	167.0	142.4	148.3	181.0	127.6
July	147.8	162.1	186.7	164.8	177.0	131.7	163.5	141.4	149.6	181.8	128.2
Aug	148.0	163.1	188.7	163.7	177.4	130.2	167.1	141.3	148.6	183.6	128.9
Sept	146.6	163.1	190.0	166.3	179.5	129.2	165.9	141.4	147.2	185.1	128.1
Oct	145.0	164.2	191.1	172.6	181.8	129.5	166.0	142.3	147.9	186.3	128.6
Nov	140.5	164.7	189.8	170.6	183.2	129.1	167.1	142.2	148.5	188.5	128.9
Dec	137.6	168.7	190.3	169.1	184.6	128.8	168.1	142.2	147.4	188.6	131.2
1967: Jan	132.6	166.7	190.3	162.6	186.2	128.6	166.3	140.3	148.4	187.1	131.0
Feb	131.9	165.0	186.8	157.5	183.4	128.9	163.9	137.6	148.7	186.5	131.5
Mar	129.2	162.9	184.5	162.6	185.8	128.4	162.4	135.5	149.5	186.8	131.1
Apr	129.1	161.0	182.1	165.7	185.2	129.8	162.9	135.5	149.9	186.4	131.8
May	128.9	160.8	180.5	167.5	185.3	127.8	162.3	135.3	149.1	182.2	130.9
June	129.0	160.8	177.5	169.3	184.1	126.7	161.5	134.8	149.4	183.0	131.3
July	129.6	159.8	180.0	170.8	182.9	127.3	159.1	135.3	148.6	184.0	130.9
Aug	129.3	159.1	182.8	171.9	183.2	126.7	159.9	137.6	150.3	189.5	131.0
Sept	129.2	158.1	182.2	159.2	183.1	129.6	161.4	139.1	148.5	191.2	130.4
Oct	131.6	158.1	179.6	159.3	183.2	131.4	160.9	140.6	148.5	190.9	131.1
Nov	134.8	159.6	183.2	165.7	185.4	134.7	161.4	141.9	150.2	195.3	130.8
Dec p	142	161	183	177	186	137	163	143	151	198	131

Source: Board of Governors of the Federal Reserve System.

TABLE B–38.—*Manufacturing output, capacity, and utilization rate, 1948–67*

Period	Output	Capacity [1]	Utilization rate [2]: Total	Utilization rate [2]: Advanced products	Utilization rate [2]: Primary products
	1957–59 output=100		Percent		
1948	68.9	76.8	89.7	87.9	92.2
1949	65.1	81.1	80.2	80.3	80.0
1950	75.8	84.3	90.4	87.3	94.8
1951	81.9	87.4	94.0	91.0	98.1
1952	85.2	92.7	91.3	91.9	90.4
1953	92.7	98.4	94.2	94.1	94.4
1954	86.3	103.3	83.5	83.8	83.0
1955	97.3	108.4	90.0	87.8	93.2
1956	100.2	114.3	87.7	86.0	90.1
1957	100.8	120.7	83.6	82.3	85.3
1958	93.2	125.8	74.0	73.6	74.6
1959	106.0	130.1	81.5	81.0	82.1
1960	108.9	134.9	80.6	81.1	80.0
1961	109.6	139.6	78.5	78.9	78.1
1962	118.7	144.4	82.1	82.5	81.6
1963	124.9	149.8	83.3	83.1	83.6
1964	133.1	155.6	85.7	84.4	87.4
1965	145.0	164.0	88.5	87.6	89.7
1966	158.6	175.0	90.5	90.5	90.5
1967 p	159.5	186.5	85.1	85.8	84.0
	Seasonally adjusted				
1961: I	103.1	137.9	74.5	76.3	72.1
II	108.4	139.0	78.0	78.2	77.7
III	112.3	140.1	80.2	79.7	80.9
IV	115.0	141.2	81.5	81.3	81.7
1962: I	116.6	142.4	82.0	81.4	82.7
II	118.6	143.7	82.4	82.8	81.9
III	119.7	145.1	82.4	83.3	81.1
IV	119.9	146.4	81.8	82.5	80.7
1963: I	121.3	147.8	82.0	82.2	81.7
II	124.9	149.1	83.9	82.9	85.2
III	126.0	150.5	83.7	83.6	83.9
IV	127.2	151.8	83.7	83.7	83.8
1964: I	129.4	153.3	84.5	83.8	85.5
II	132.5	154.9	85.7	84.7	87.1
III	134.7	156.4	86.3	84.9	88.3
IV	135.9	158.0	86.2	84.4	88.8
1965: I	141.4	160.1	88.5	87.2	90.2
II	143.5	162.7	88.4	87.1	90.1
III	146.1	165.3	88.5	87.4	90.1
IV	148.9	167.9	88.6	88.7	88.5
1966: I	154.5	170.6	90.5	90.3	90.9
II	157.7	173.5	90.9	90.5	91.4
III	159.9	176.4	90.6	90.6	90.6
IV	161.7	179.3	90.0	90.6	89.1
1967: I p	158.9	182.2	87.1	87.8	86.0
II p	157.5	185.1	84.9	86.2	83.1
III p	158.4	187.9	84.1	85.2	82.5
IV p	160.9	190.8	84.3	84.2	84.4

[1] For description and source of data see "A Revised Index of Manufacturing Capacity," Frank de Leeuw, Frank E. Hopkins, and Michael D. Sherman, "Federal Reserve Bulletin," November 1966, pp. 1605–1615. See also McGraw-Hill surveys on "Business Plans for New Plants and Equipment" for data on capacity and operating rates.

[2] Output as percent of capacity; based on unrounded data.

Source: Board of Governors of the Federal Reserve System (output) and sources in footnote 1 (capacity and utilization rate).

TABLE B-39.—*Business expenditures for new plant and equipment, 1939 and 1945–68*

[Billions of dollars]

Year or quarter	Total [1]	Manufacturing			Mining	Transportation		Public utilities	Commercial and other [2]
		Total	Durable goods	Nondurable 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	1.54	7.49
1948	22.06	9.13	3.48	5.65	.88	1.32	1.28	2 54	6.90
1949	19.28	7.15	2.59	4.56	.79	1.35	.89	3.12	5.98
1950	20.60	7.49	3.14	4.36	.71	1.11	1.21	3.31	6.78
1951	25.64	10.85	5.17	5.68	.93	1.47	1.49	3.66	7.24
1952	26.49	11.63	5.61	6.02	.98	1.40	1.50	3.89	7.09
1953	28.32	11.91	5.65	6.26	.99	1 31	1.56	4.55	8.00
1954	26.83	11.04	5.09	5.95	.98	.85	1.51	4.22	8.23
1955	28.70	11.44	5.44	6.00	.96	.92	1.60	4.31	9.47
1956	35.08	14.95	7.62	7.33	1.24	1.23	1.71	4.90	11.05
1957	36.96	15.96	8.02	7.94	1.24	1.40	1.77	6.20	10.40
1958	30.53	11.43	5.47	5.96	.94	.75	1.50	6.09	9.81
1959	32.54	12.07	5.77	6.29	.99	.92	2.02	5.67	10.88
1960	35.68	14.48	7.18	7.30	.99	1.03	1.94	5.68	11.57
1961	34.37	13.68	6.27	7.40	.98	.67	1.85	5.52	11.68
1962	37.31	14.68	7.03	7.65	1.08	.85	2.07	5.48	13.15
1963	39.22	15.69	7.85	7.84	1.04	1.10	1.92	5.65	13.82
1964	44.90	18.58	9.43	9.16	1.19	1.41	2.38	6.22	15.13
1965	51.96	22.45	11.40	11.05	1.30	1.73	2.81	6.94	16.73
1966	60.63	26.99	13.99	13.00	1.47	1.98	3.44	8.41	18.36
1967 [3]	61.48	26.84	13.78	13.07	1.43	1.55	3.88	9.59	18.20
	Seasonally adjusted annual rates								
1965: I	49.00	20.75	10.40	10.40	1.25	1.75	2.55	6.80	15.85
II	50.35	21.55	10.80	10.70	1.30	1.55	2.70	6.85	16.40
III	52.75	23.00	11.75	11.25	1.25	1.70	3.00	6.75	17.00
IV	55.35	24.15	12.45	11.70	1.35	1.95	3.00	7.30	17.55
1966: I	58.00	25.60	13.15	12.45	1.40	1.75	3.30	8.25	17.70
II	60.10	26.80	13.85	12.95	1.55	2.00	3.50	8.30	17.95
III	61.25	27.55	14.35	13.20	1.45	1.85	3.40	8.55	18.45
IV	62.80	27.75	14.50	13.25	1.45	2.35	3.50	8.50	19.25
1967: I	61.65	27.85	14.20	13.70	1.40	1.80	3.05	9.20	18.30
II	61.50	27.00	13.75	13.25	1.30	1.55	3.90	9.70	18.05
III	60.90	26.15	13.50	12.65	1.45	1.40	4.10	9.80	17.95
IV [3]	62.05	26.55	13.75	12.80	1.50	1.45	4.45	9.60	18.50
1968: I [3]	65.05	27.75	14.60	13.15	1.60	1.50	4.75	11.15	18.35
II [3]	65.85	28.40	15.00	13.40			37.45		

[1] Excludes agriculture.

[2] Commercial and other includes trade, service, finance, communications, and construction.

[3] Estimates based on anticipated capital expenditures reported by business in late October and November 1967. The quarterly anticipations include adjustments, when necessary, for systematic tendencies in anticipatory data.

Note.—Annual total is the sum of unadjusted expenditures; it does not necessarily coincide with the average of seasonally adjusted figures.

These figures do not agree precisely with plant and equipment expenditures included in the gross national product estimates of the Department of Commerce. The main difference lies in the inclusion in the gross national product of investment by farmers, professionals, institutions, and real estate firms, and of certain outlays charged to current account.

These series are not available for years prior to 1939 and for 1940 to 1944.

Sources: Department of Commerce (Office of Business Economics) and Securities and Exchange Commission.

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Table B-40.—*New construction activity, 1929–67*

[Value put in place, millions of dollars]

Year or month	Total new construction	Private construction: Total	Private: Residential building (nonfarm): Total[1]	Private: Residential building (nonfarm): New housing units	Private: Nonresidential building and other construction: Total	Private: Nonresidential: Commercial[2]	Private: Nonresidential: Industrial	Private: Nonresidential: Other[3]	Public construction: Total	Public: Federally owned	Public: State and locally owned[4]
1929	10,793	8,307	3,625	3,040	4,682	1,135	949	2,598	2,486	155	2,331
1930	8,741	5,883	2,075	1,570	3,808	893	532	2,383	2,858	209	2,649
1931	6,427	3,768	1,565	1,320	2,203	454	221	1,528	2,659	271	2,388
1932	3,538	1,676	630	485	1,046	223	74	749	1,862	333	1,529
1933	2,879	1,231	470	290	761	130	176	455	1,648	516	1,132
1934	3,720	1,509	625	380	884	173	191	520	2,211	626	1,585
1935	4,232	1,999	1,010	710	989	211	158	620	2,233	814	1,419
1936	6,497	2,981	1,565	1,210	1,416	290	266	860	3,516	797	2,719
1937	6,999	3,903	1,875	1,475	2,028	387	492	1,149	3,096	776	2,320
1938	6,980	3,560	1,990	1,620	1,570	285	232	1,053	3,420	717	2,703
1939	8,198	4,389	2,680	2,270	1,709	292	254	1,163	3,809	759	3,050
1940	8,682	5,054	2,985	2,560	2,069	348	442	1,279	3,628	1,182	2,446
1941	11,957	6,206	3,510	3,040	2,696	409	801	1,486	5,751	3,751	2,000
1942	14,075	3,415	1,715	1,440	1,700	155	346	1,199	10,660	9,313	1,347
1943	8,301	1,979	885	710	1,094	33	156	905	6,322	5,609	713
1944	5,259	2,186	815	570	1,371	56	208	1,107	3,073	2,505	568
1945	5,809	3,411	1,276	720	2,135	203	642	1,290	2,398	1,737	661
1946	12,627	10,396	4,752	3,300	5,644	1,153	1,689	2,802	2,231	865	1,366
New series[5]											
1946	14,308	12,077	6,247	4,795	5,830	1,153	1,689	2,988	2,231	865	1,366
1947	20,041	16,722	9,850	7,765	6,872	957	1,702	4,213	3,319	840	2,479
1948	26,078	21,374	13,128	10,506	8,246	1,397	1,397	5,452	4,704	1,177	3,527
1949	26,722	20,453	12,428	10,043	8,025	1,182	972	5,871	6,269	1,488	4,781
1950	33,575	26,709	18,126	15,551	8,583	1,415	1,062	6,106	6,866	1,624	5,242
1951	35,435	26,180	15,881	13,207	10,299	1,498	2,117	6,684	9,255	2,981	6,274
1952	36,828	26,049	15,803	12,851	10,246	1,137	2,320	6,789	10,779	4,185	6,594
1953	39,136	27,894	16,594	13,411	11,300	1,791	2,229	7,280	11,242	4,139	7,103
1954	41,380	29,668	18,187	14,931	11,481	2,212	2,030	7,239	11,712	3,428	8,284
1955	46,519	34,804	21,877	18,242	12,927	3,218	2,399	7,310	11,715	2,769	8,946
1956	47,601	34,869	20,178	16,143	14,691	3,631	3,084	7,976	12,732	2,726	10,006
1957	49,139	35,080	19,006	14,736	16,074	3,564	3,557	8,953	14,059	2,974	11,085
1958	50,153	34,696	19,789	15,445	14,907	3,589	2,382	8,936	15,457	3,387	12,070
1959	55,305	39,235	24,251	19,233	14,984	3,930	2,106	8,948	16,070	3,724	12,346
1960	53,941	38,078	21,706	16,410	16,372	4,180	2,851	9,341	15,863	3,622	12,241
1961	55,447	38,299	21,680	16,189	16,619	4,674	2,780	9,165	17,148	3,879	13,269
1962	59,576	41,707	24,292	18,638	17,415	4,955	2,949	9,511	17,869	3,913	13,956
1963	62,755	43,859	25,843	20,064	18,016	5,200	2,962	9,854	18,896	3,970	14,926
New series[6]											
1962	59,667	41,798	24,292	18,638	17,506	5,144	2,842	9,520	17,869	3,913	13,956
1963	63,423	44,057	26,187	20,385	17,870	4,995	2,906	9,969	19,366	4,010	15,356
1964	66,200	45,810	26,258	20,354	19,552	5,396	3,565	10,591	20,390	3,905	16,485
1965	71,912	49,840	26,266	20,351	23,574	6,745	5,128	11,701	22,072	4,022	18,050
1966	74,371	50,446	23,815	17,964	26,631	6,890	6,703	13,038	23,925	3,881	20,044
1967[7]	74,680	49,560	23,597	17,902	25,963	6,971	6,126	12,866	25,120	3,369	21,751

See footnotes at end of table.

Table B-40.—*New construction activity, 1929–67*—Continued

[Value put in place, millions of dollars]

Year or month	Total new construction	Private construction: Total	Residential building (nonfarm): Total[1]	Residential building (nonfarm): New housing units	Nonresidential building and other construction: Total	Nonresidential: Commercial[2]	Nonresidential: Industrial	Nonresidential: Other[3]	Public construction: Total	Public: Federally owned	Public: State and locally owned[4]
	Seasonally adjusted annual rates										
1966: Jan	77,175	53,085	26,787	20,726	26,298	7,468	6,397	12,433	24,090	4,316	19,774
Feb	77,588	53,342	26,614	20,482	26,728	6,996	6,610	13,122	24,246	4,136	20,110
Mar	78,427	53,896	26,334	20,328	27,562	7,490	6,578	13,494	24,531	4,382	20,149
Apr	76,949	52,512	25,915	20,112	26,597	6,793	6,798	13,006	24,437	4,119	20,318
May	75,183	51,617	25,576	19,842	26,041	6,350	6,718	12,973	23,566	3,754	19,812
June	74,540	51,476	24,859	19,067	26,617	6,662	7,022	12,933	23,064	3,999	19,065
July	73,088	50,492	24,137	18,216	26,355	6,763	7,012	12,580	22,596	3,766	18,830
Aug	73,369	50,456	23,356	17,422	27,100	6,916	7,154	13,030	22,913	3,723	19,190
Sept	73,981	50,107	22,678	16,831	27,429	7,078	6,895	13,456	23,874	3,694	20,180
Oct	72,255	47,883	21,587	15,857	26,296	6,685	6,673	12,938	24,372	3,579	20,793
Nov	71,987	47,096	20,324	14,640	26,772	6,689	6,876	13,207	24,891	3,702	21,189
Dec	72,169	46,410	19,844	14,177	26,566	7,027	6,469	13,070	25,759	3,679	22,080
1967: Jan	74,836	48,334	19,928	14,034	28,406	7,925	7,130	13,351	26,502	3,794	22,708
Feb	74,996	47,960	20,278	14,335	27,682	7,697	7,054	12,931	27,036	3,435	23,601
Mar	73,084	46,906	20,829	14,959	26,077	7,194	6,097	12,786	26,178	3,477	22,701
Apr	71,961	46,042	21,130	15,463	24,912	6,926	5,579	12,407	25,919	3,061	22,858
May	73,904	47,813	22,107	16,542	25,706	7,093	6,006	12,607	26,091	3,224	22,867
June	72,374	48,052	22,885	17,318	25,167	6,683	5,886	12,598	24,322	3,104	21,218
July	73,399	49,151	23,652	17,989	25,499	6,739	6,154	12,606	24,248	3,481	20,767
Aug	74,392	50,170	24,619	18,932	25,551	6,437	6,011	13,103	24,222	3,362	20,860
Sept	76,295	51,726	25,306	19,644	26,420	6,731	6,577	13,112	24,569	3,406	21,163
Oct	76,910	52,195	25,971	20,330	26,224	6,991	6,240	12,993	24,715	3,336	21,379
Nov p	77,189	52,064	26,575	20,938	25,489	6,860	5,592	13,037	25,125	3,526	21,599

[1] Total includes additions and alterations and nonhousekeeping units not shown separately.
[2] Office buildings, warehouses, stores, restaurants, and garages.
[3] Farm, institutional, public utilities, and all other private.
[4] Includes Federal grants-in-aid for State and locally owned projects.
[5] New series in 1946 reflects differences due to the new higher level series of housing starts and farm construction expenditures and the reduced level value in place series for public utilities. See "Construction Report C30–61 (Supplement)" for a description of the differences.
[6] New series differs from old in that it reflects differences in 1962 due to the introduction of new series for private nonresidential buildings and differences in 1963 due to the introduction of new series for State and locally owned public construction. See "Construction Report C30–65S" for a description of the differences.
[7] Preliminary estimates by Council of Economic Advisers.

Source: Department of Commerce, Bureau of the Census.

TABLE B–41.—*New housing starts and applications for financing, 1929–67*

[Thousands of units]

Year or month	Housing starts: Private and public[1]: Total (farm and nonfarm)	Housing starts: Private and public[1]: Nonfarm	Housing starts: Private[1]: Total (farm and nonfarm): Total	Housing starts: Private[1]: Total (farm and nonfarm): Type of structure[2]: One family	Housing starts: Private[1]: Total (farm and nonfarm): Type of structure[2]: Two or more families	Housing starts: Private[1]: Nonfarm: Total	Housing starts: Private[1]: Nonfarm: Government home programs: FHA[3]	Housing starts: Private[1]: Nonfarm: Government home programs: VA	New private housing units authorized[4]	Proposed home construction[5]: Applications for FHA commitments[3]	Proposed home construction[5]: Requests for VA appraisals
1929	-------	509.0	-------	-------	-------	509.0	-------	-------	-------	-------	-------
1930	-------	330.0	-------	-------	-------	330.0	-------	-------	-------	-------	-------
1931	-------	254.0	-------	-------	-------	254.0	-------	-------	-------	-------	-------
1932	-------	134.0	-------	-------	-------	134.0	-------	-------	-------	-------	-------
1933	-------	93.0	-------	-------	-------	93.0	-------	-------	-------	-------	-------
1934	-------	126.0	-------	-------	-------	126.0	-------	-------	-------	-------	-------
1935	-------	221.0	-------	-------	-------	215.7	13.2	-------	-------	[6] 20.6	-------
1936	-------	319.0	-------	-------	-------	304.2	48.8	-------	-------	47.8	-------
1937	-------	336.0	-------	-------	-------	332.4	57.0	-------	-------	49.8	-------
1938	-------	406.0	-------	-------	-------	399.3	106.8	-------	-------	131.1	-------
1939	-------	515.0	-------	-------	-------	458.4	144.7	-------	-------	179.8	-------
1940	-------	602.6	-------	-------	-------	529.6	176.6	-------	-------	231.2	-------
1941	-------	706.1	-------	-------	-------	619.5	217.1	-------	-------	288.5	-------
1942	-------	356.0	-------	-------	-------	301.2	160.2	-------	-------	238.5	-------
1943	-------	191.0	-------	-------	-------	183.7	126.1	-------	-------	144.4	-------
1944	-------	141.8	-------	-------	-------	138.7	83.6	-------	-------	62.9	-------
New series											
1945	-------	326.1	-------	-------	-------	324.9	38.9	[7] 8.8	-------	56.6	-------
1946	-------	1,023.2	-------	-------	-------	1,015.2	67.1	91.8	-------	121.7	-------
1947	-------	1,268.5	-------	-------	-------	1,265.1	178.3	160.3	-------	286.4	-------
1948	-------	1,362.1	-------	-------	-------	1,344.0	216.4	71.1	-------	293.2	-------
1949	-------	1,466.1	-------	-------	-------	1,429.8	252.6	90.8	-------	327.0	-------
1950	-------	1,951.9	-------	-------	-------	1,908.1	328.2	191.2	-------	397.7	-------
1951	-------	1,491.0	-------	-------	-------	1,419.8	186.9	148.6	-------	192.8	164.4
1952	-------	1,503.9	-------	-------	-------	1,445.4	229.1	141.3	-------	267.9	226.3
1953	-------	1,437.6	-------	-------	-------	1,402.1	216.5	156.5	-------	253.7	251.4
1954	-------	1,550.5	-------	-------	-------	1,531.8	250.9	307.0	-------	338.6	535.4
1955	-------	1,646.0	-------	-------	-------	1,626.6	268.7	392.9	-------	306.2	620.8
1956	-------	1,349.1	-------	-------	-------	1,324.9	183.4	270.7	-------	197.7	401.5
1957	-------	1,223.9	-------	-------	-------	1,174.8	150.1	128.3	-------	198.8	159.4
1958	-------	1,382.0	-------	-------	-------	1,314.2	270.3	102.1	-------	341.7	234.2
1959	1,553.5	1,531.3	1,516.8	1,234.3	282.5	1,494.6	307.0	109.3	1,208.3	369.7	234.0
1960	1,296.0	1,274.0	1,252.1	994.7	257.4	1,230.1	225.7	74.6	998.0	242.4	142.9
1961	1,365.0	1,336.8	1,313.0	974.4	338.6	1,284.8	198.8	83.3	1,064.2	243.8	177.8
1962	1,492.4	1,468.7	1,462.7	991.3	471.4	1,439.0	197.3	77.8	1,186.6	221.1	171.2
1963	1,642.0	1,614.8	1,610.3	1,020.7	589.6	1,582.9	166.2	71.0	1,334.7	190.2	139.3
1964	1,561.6	1,534.7	1,529.3	971.5	557.8	1,502.3	154.0	59.2	1,285.8	182.1	113.6
1965	1,509.6	1,487.5	1,472.9	963.8	509.1	1,450.6	159.9	49.4	1,239.8	188.9	102.1
1966	1,196.2	1,172.8	1,165.0	778.5	386.5	1,141.5	129.1	36.8	971.9	153.0	99.2
1967 p	1,322.0	1,299.0	1,291.8	843.1	448.7	1,268.4	141.9	52.5	1,080.9	167.2	124.3
	Monthly totals, unadjusted										
1966: Jan	81.9	80.9	79.4	46.6	32.8	78.5	10.2	2.8	76.0	13.6	5.9
Feb	79.0	77.5	76.2	50.4	25.8	74.8	10.2	2.2	73.1	13.8	5.4
Mar	122.4	120.2	118.1	83.2	34.9	115.9	15.6	3.2	117.8	17.7	9.1
Apr	143.0	140.7	140.9	94.3	46.6	138.6	13.9	3.0	114.1	16.0	10.1
May	133.9	130.6	130.0	84.7	45.3	126.7	12.8	3.3	107.0	12.8	9.4
June	123.8	121.5	120.6	79.8	40.8	118.2	12.2	3.9	95.0	13.0	8.8
July	100.1	98.4	99.3	69.1	30.2	97.6	10.6	3.4	77.4	10.6	8.5
Aug	103.7	101.5	101.8	69.4	32.4	99.6	11.5	3.3	79.3	11.6	10.4
Sept	91.9	89.7	89.1	59.4	29.7	86.9	8.7	3.1	65.9	13.0	8.9
Oct	79.1	77.0	76.6	53.5	23.1	74.4	8.3	3.1	61.3	9.9	9.1
Nov	75.1	73.7	72.8	50.2	22.6	71.4	8.1	3.0	56.1	8.7	7.0
Dec	62.3	61.1	60.2	37.9	22.3	58.9	6.9	2.5	48.9	12.5	6.6

See footnotes at end of table.

TABLE B–41.—*New housing starts and applications for financing, 1929–67*—Continued

[Thousands of units]

Year or month	Housing starts: Private and public[1]: Total (farm and nonfarm)	Private and public[1]: Nonfarm	Private[1]: Total (farm and nonfarm): Total	Type of structure[2]: One family	Type of structure[2]: Two or more families	Nonfarm: Total	Government home programs: FHA[3]	Government home programs: VA	New private housing units authorized[4]	Proposed home construction[5]: Applications for FHA commitments[3]	Proposed home construction[5]: Requests for VA appraisals
	Monthly totals, unadjusted										
1967: Jan	61.7	60.4	59.1	40.1	19.0	57.7	8.6	3.1	54.8	10.1	7.1
Feb	63.2	62.0	61.4	40.3	21.1	60.2	8.3	2.9	53.9	10.7	7.7
Mar	92.9	90.7	91.5	66.6	24.9	89.2	11.1	3.9	86.4	16.6	10.3
Apr	115.9	114.2	113.7	79.8	33.9	112.0	11.1	4.1	93.7	14.8	11.0
May	134.2	131.9	132.0	87.3	44.7	129.7	14.8	4.7	105.1	16.0	10.9
June	131.6	129.6	125.4	87.6	37.8	123.4	14.3	5.2	109.1	16.3	12.8
July	126.1	124.9	125.3	82.3	43.0	124.0	12.3	4.8	91.8	12.7	12.2
Aug	130.2	126.5	127.4	83.7	43.7	123.6	13.9	5.6	104.9	17.1	11.6
Sept	125.8	123.4	121.9	78.2	43.7	119.5	12.6	4.8	97.6	14.6	10.8
Oct	137.0	134.6	135.4	81.7	53.7	133.1	14.1	5.3	105.8	15.3	12.5
Nov	120.0	118.3	118.2	69.1	49.1	116.5	11.7	4.5	94.5	12.9	9.5
Dec	83.4	82.5	80.5	46.2	34.3	79.5	9.4	3.6	83.3	10.2	7.9
			Seasonally adjusted annual rates								
1966: Jan	-------	-------	1,433	913	520	1,403	181	50	1,268	214	89
Feb	-------	-------	1,408	990	418	1,381	177	37	1,206	179	72
Mar	-------	-------	1,430	981	449	1,400	187	42	1,271	160	92
Apr	-------	-------	1,377	892	485	1,356	151	35	1,193	168	111
May	-------	-------	1,262	820	442	1,232	128	35	1,104	133	98
June	-------	-------	1,185	771	414	1,161	121	40	960	127	90
July	-------	-------	1,079	725	354	1,061	117	37	930	124	99
Aug	-------	-------	1,108	719	389	1,088	113	31	852	119	106
Sept	-------	-------	1,048	694	354	1,020	96	33	740	151	104
Oct	-------	-------	845	597	248	824	94	34	718	122	119
Nov	-------	-------	975	686	289	956	107	36	719	135	103
Dec	-------	-------	931	633	298	910	105	37	761	203	104
1967: Jan	-------	-------	1,111	806	305	1,079	150	52	942	157	107
Feb	-------	-------	1,149	802	347	1,132	139	48	894	135	104
Mar	-------	-------	1,094	774	320	1,067	130	50	928	152	103
Apr	-------	-------	1,116	759	357	1,099	125	50	1,028	162	125
May	-------	-------	1,274	839	435	1,254	143	49	1,033	160	108
June	-------	-------	1,233	849	384	1,214	143	52	1,109	166	135
July	-------	-------	1,369	862	507	1,356	139	52	1,093	150	145
Aug	-------	-------	1,407	875	532	1,381	139	55	1,127	176	124
Sept	-------	-------	1,445	923	522	1,415	147	55	1,159	178	129
Oct	-------	-------	1,496	913	583	1,478	152	57	1,212	181	155
Nov	-------	-------	1,587	951	636	1,564	154	54	1,158	194	136
Dec	-------	-------	1,256	788	468	1,241	149	56	1,362	168	126

[1] Military housing starts, including those financed with mortgages insured by FHA under Section 803 of the National Housing Act, are included in publicly financed starts but excluded from total private starts and from FHA starts.
[2] Not available prior to 1959 except for nonfarm for 1929–44.
[3] Units are for 1–4 family housing.
[4] Data beginning 1963 cover approximately 12,000 permit-issuing places. Data for 1959–62 are based on reports from approximately 10,000 places. In 1963, the additional 2,000 permit-issuing places accounted for almost 50,000 new privately owned housing unit authorizations.
[5] Units in mortgage applications or appraisal requests for new home construction.
[6] FHA program approved in June 1934; all 1934 activity included in 1935.
[7] Monthly estimates for September 1945–May 1950 were prepared by Housing and Home Finance Agency.

Sources: Department of Commerce (Bureau of the Census), Department of Housing and Urban Development, Federal Housing Administration (FHA), and Veterans Administration (VA), except as noted.

TABLE B–42.—*Sales and inventories in manufacturing and trade, 1947–67*

[Amounts in millions of dollars]

Year or month	Total manufacturing and trade			Manufacturing			Merchant wholesalers			Retail trade		
	Sales [1]	Inventories [2]	Ratio [3]	Sales [1]	Inventories [2]	Ratio [3]	Sales [1]	Inventories [2]	Ratio [3]	Sales [1]	Inventories [2]	Ratio [3]
1947	------	------	------	15,513	25,897	1.58	------	------	------	10,200	14,241	1.26
1948	35,260	52,507	1.42	17,316	28,543	1.57	6,808	7,957	1.13	11,135	16,007	1.39
1949	33,788	49,497	1.53	16,126	26,321	1.75	6,514	7,706	1.19	11,149	15,470	1.41
1950	38,596	59,822	1.36	18,634	31,078	1.48	7,695	9,284	1.07	12,268	19,460	1.38
1951	43,356	70,242	1.55	21,714	39,306	1.66	8,597	9,886	1.16	13,046	21,050	1.64
1952	44,840	72,377	1.58	22,529	41,136	1.78	8,782	10,210	1.12	13,529	21,031	1.52
1953	47,987	76,122	1.58	24,843	43,948	1.76	9,052	10,686	1.17	14,091	21,488	1.53
1954	46,443	73,175	1.60	23,355	41,612	1.81	8,993	10,637	1.18	14,095	20,926	1.51
1955	51,694	79,516	1.47	26,480	45,069	1.62	9,893	11,678	1.13	15,321	22,769	1.43
1956	54,063	87,304	1.55	27,740	50,642	1.73	10,513	13,260	1.19	15,811	23,402	1.47
1957	55,879	89,052	1.59	28,736	51,871	1.80	10,475	12,730	1.23	16,667	24,451	1.44
1958	54,233	86,922	1.60	27,280	50,070	1.84	10,257	12,739	1.24	16,696	24,113	1.43
1959	59,661	91,891	1.50	30,219	52,707	1.70	11,491	13,879	1.15	17,951	25,305	1.40
1960	60,746	94,747	1.56	30,796	53,814	1.76	11,656	14,120	1.22	18,294	26,813	1.45
1961	61,106	95,813	1.54	30,884	55,087	1.74	11,988	14,488	1.20	18,234	26,238	1.43
1962	65,594	100,627	1.50	33,308	57,753	1.70	12,674	14,936	1.16	19,613	27,938	1.38
1963	68,692	105,578	1.49	34,774	60,147	1.69	13,382	16,048	1.15	20,536	29,383	1.39
1964	73,459	111,051	1.47	37,129	62,944	1.64	14,527	16,977	1.13	21,802	31,130	1.40
1965	79,528	120,896	1.46	40,279	68,015	1.61	15,595	18,274	1.14	23,654	34,607	1.40
1966	86,323	135,549	1.48	44,037	77,897	1.64	16,979	20,691	1.14	25,306	36,961	1.42
1967 [4]	88,338	139,685	1.56	45,100	82,100	1.79	17,127	21,111	1.21	26,111	36,474	1.39
	Seasonally adjusted											
1966: Jan	84,727	121,570	1.43	42,665	68,594	1.61	16,981	18,231	1.07	25,081	34,745	1.39
Feb	84,530	122,542	1.45	42,702	69,040	1.62	16,779	18,580	1.11	25,049	34,922	1.39
Mar	86,991	123,630	1.42	44,121	69,648	1.58	17,334	18,881	1.09	25,536	35,101	1.37
Apr	85,455	124,700	1.46	43,540	70,346	1.62	16,966	19,008	1.12	24,949	35,346	1.42
May	85,426	126,179	1.48	44,071	71,103	1.61	16,880	19,149	1.13	24,475	35,927	1.47
June	86,957	127,584	1.47	44,125	71,949	1.63	17,438	19,310	1.11	25,394	36,325	1.43
July	86,678	128,714	1.48	44,327	72,958	1.65	16,989	19,444	1.14	25,362	36,312	1.43
Aug	86,995	130,043	1.49	44,206	74,110	1.68	17,217	19,742	1.15	25,572	36,191	1.42
Sept	86,775	130,839	1.51	44,091	74,884	1.70	16,981	19,600	1.15	25,703	36,355	1.41
Oct	87,066	132,392	1.52	44,487	75,788	1.70	17,029	19,924	1.17	25,550	36,680	1.44
Nov	86,699	133,856	1.54	44,393	76,896	1.73	16,696	20,226	1.21	25,610	36,734	1.43
Dec	87,875	135,549	1.54	45,511	77,897	1.71	16,996	20,691	1.22	25,368	36,961	1.46
1967: Jan	87,386	136,590	1.56	44,460	78,886	1.77	17,239	20,780	1.21	25,687	36,924	1.44
Feb	86,299	136,780	1.58	43,932	79,394	1.81	16,897	20,742	1.23	25,470	36,644	1.44
Mar	87,458	137,093	1.57	44,866	79,708	1.78	16,853	20,859	1.24	25,739	36,526	1.42
Apr	86,833	137,351	1.58	43,943	80,330	1.83	16,972	20,785	1.22	25,918	36,236	1.40
May	87,611	137,428	1.57	44,945	80,578	1.79	16,769	20,587	1.23	25,897	36,263	1.40
June	88,549	137,076	1.55	44,888	80,390	1.79	17,117	20,599	1.20	26,544	36,087	1.36
July	88,991	137,405	1.54	45,402	80,897	1.78	17,145	20,511	1.20	26,444	35,997	1.36
Aug	89,295	138,187	1.55	45,675	81,370	1.78	17,198	20,789	1.21	26,422	36,028	1.36
Sept	88,785	138,129	1.56	44,723	81,176	1.82	17,330	20,810	1.20	26,732	36,143	1.35
Oct	87,996	138,643	1.58	44,712	81,481	1.82	17,195	20,945	1.22	26,089	36,217	1.39
Nov p	90,777	139,668	1.54	46,848	82,083	1.75	17,462	21,111	1.21	26,467	36,474	1.38
Dec p	------	------	------	------	------	------	------	------	------	26,343	------	------

[1] Monthly average for year and total for month.
[2] Seasonally adjusted, end of period.
[3] Inventory/sales ratio. For annual periods, ratio of weighted average inventories to average monthly sales; for monthly data, ratio of inventories at end of month to sales for month.
[4] Where December data not available, data for year calculated on basis of no change from November.

Note.—The inventory figures in this table do not agree with the estimates of change in business inventories included in the gross national product since these figures cover only manufacturing and trade rather than all business, and show inventories in terms of current book value without adjustment for revaluation.

Source: Department of Commerce (Office of Business Economics and Bureau of the Census).

Table B–43.—*Manufacturers' shipments and inventories, 1947–67*

[Millions of dollars]

Year or month	Shipments[1]			Inventories[2]								
					Durable goods industries				Nondurable goods industries			
	Total	Durable goods industries	Nondurable goods industries	Total	Total	Materials and supplies	Work in process	Finished goods	Total	Materials and supplies	Work in process	Finished goods
1947	15,513	6,694	8,819	25,897	13,061				12,836			
1948	17,316	7,579	9,738	28,543	14,662				13,881			
1949	16,126	7,191	8,935	26,321	13,060				13,261			
1950	18,634	8,845	9,789	31,078	15,539				15,539			
1951	21,714	10,493	11,221	39,306	20,991				18,315			
1952	22,529	11,313	11,216	41,136	23,731				17,405			
1953	24,843	13,349	11,494	43,948	25,878	8,966	10,720	6,206	18,070	8,317	2,472	7,409
1954	23,355	11,828	11,527	41,612	23,710	7,894	9,721	6,040	17,902	8,167	2,440	7,415
1955	26,480	14,071	12,409	45,069	26,405	9,194	10,756	6,348	18,664	8,556	2,571	7,666
1956	27,740	14,715	13,025	50,642	30,447	10,417	12,317	7,565	20,195	8,971	2,721	8,622
1957	28,736	15,237	13,499	51,871	31,728	10,608	12,837	8,125	20,143	8,775	2,864	8,624
1958	27,280	13,572	13,708	50,070	30,095	9,847	12,294	7,749	19,975	8,671	2,800	8,498
1959	30,219	15,544	14,675	52,707	31,839	10,585	12,952	8,143	20,868	9,089	2,928	8,857
1960	30,796	15,817	14,979	53,814	32,360	10,286	12,780	9,190	21,454	9,113	2,935	9,353
1961	30,884	15,532	15,352	55,087	32,646	10,234	13,225	9,088	22,441	9,511	3,120	9,707
1962	33,308	17,184	16,124	57,753	34,326	10,571	14,129	9,593	23,427	9,770	3,304	10,246
1963	34,774	18,071	16,704	60,147	36,028	10,879	14,857	10,292	24,119	9,769	3,479	10,871
1964	37,129	19,231	17,898	62,944	38,412	11,688	15,933	10,791	24,532	9,619	3,522	11,391
1965	40,279	21,020	19,258	68,015	42,324	12,943	18,109	11,272	25,691	9,964	3,862	11,865
1966	44,037	23,006	21,032	77,897	50,037	14,802	22,263	12,972	27,860	10,501	4,333	13,026
1967 [3]	45,100	23,000	22,100	82,100	53,500	14,800	24,700	14,000	28,600	10,500	4,600	13,500
	Seasonally adjusted											
1966: Jan	42,665	22,307	20,358	68,594	42,589	12,951	18,285	11,353	26,005	10,028	3,876	12,101
Feb	42,702	22,433	20,269	69,040	42,884	13,004	18,468	11,412	26,156	10,072	3,877	12,207
Mar	44,121	23,238	20,883	69,648	43,273	12,988	18,807	11,478	26,375	10,153	3,893	12,329
Apr	43,540	22,708	20,832	70,346	43,779	13,146	19,141	11,492	26,567	10,309	3,913	12,345
May	44,071	22,915	21,156	71,103	44,275	13,298	19,302	11,675	26,828	10,439	3,991	12,398
June	44,125	22,898	21,227	71,949	45,003	13,507	19,693	11,803	26,946	10,562	4,044	12,340
July	44,327	23,031	21,296	72,958	45,790	13,653	20,235	11,902	27,168	10,506	4,062	12,600
Aug	44,206	22,874	21,332	74,110	46,814	13,997	20,698	12,119	27,296	10,615	4,126	12,555
Sept	44,091	22,971	21,120	74,884	47,568	14,309	20,949	12,310	27,316	10,579	4,169	12,568
Oct	44,487	23,451	21,036	75,788	48,352	14,465	21,446	12,441	27,436	10,542	4,251	12,643
Nov	44,393	23,237	21,156	76,896	49,310	14,599	21,934	12,777	27,586	10,571	4,253	12,762
Dec	45,511	23,715	21,796	77,897	50,037	14,802	22,263	12,972	27,860	10,501	4,333	13,026
1967: Jan	44,460	23,060	21,400	78,886	50,620	14,880	22,643	13,097	28,266	10,609	4,349	13,308
Feb	43,932	22,622	21,310	79,394	51,079	14,856	22,967	13,256	28,315	10,553	4,349	13,413
Mar	44,866	23,137	21,729	79,708	51,216	14,748	23,140	13,328	28,492	10,637	4,355	13,500
Apr	43,943	22,269	21,674	80,330	51,593	14,721	23,423	13,449	28,737	10,712	4,346	13,679
May	44,945	22,900	22,045	80,578	51,784	14,576	23,592	13,616	28,794	10,767	4,366	13,661
June	44,888	23,052	21,836	80,390	51,809	14,485	23,704	13,620	28,581	10,778	4,421	13,382
July	45,402	23,192	22,210	80,897	52,346	14,536	24,139	13,671	28,551	10,661	4,362	13,528
Aug	45,675	23,633	22,042	81,370	52,784	14,668	24,215	13,901	28,586	10,729	4,412	13,445
Sept	44,723	22,949	21,774	81,176	52,572	14,597	24,143	13,832	28,604	10,719	4,429	13,456
Oct	44,712	22,311	22,401	81,481	52,918	14,718	24,370	13,830	28,563	10,586	4,539	13,438
Nov p	46,848	23,654	23,194	82,083	53,505	14,779	24,719	14,007	28,578	10,551	4,553	13,474
Dec p		25,175										

[1] Monthly average for year and total for month.
[2] Book value, seasonally adjusted, end of period.
[3] Where December data not available, data for year calculated on basis of no change from November.

Source: Department of Commerce, Bureau of the Census.

TABLE B-44.—*Manufacturers' new and unfilled orders, 1947–67*

[Amounts in millions of dollars]

Year or month	New orders[1]				Unfilled orders[2]			Unfilled orders-shipments ratio[3]		
	Total	Durable goods industries		Nondurable goods industries	Total	Durable goods industries	Nondurable goods industries	Total	Durable goods industries	Nondurable goods industries
		Total	Machinery and equipment							
1947	15,256	6,388	--------	8,868	34,415	28,532	5,883	--------	--------	--------
1948	17,692	8,126	--------	9,566	30,717	26,601	4,116	--------	--------	--------
1949	15,614	6,633	--------	8,981	24,506	20,018	4,488	--------	--------	--------
1950	20,110	10,165	--------	9,945	43,055	36,838	6,217	--------	--------	--------
1951	23,907	12,841	--------	11,066	69,785	65,835	3,950	--------	--------	--------
1952	23,203	12,061	--------	11,142	75,649	72,480	3,169	--------	--------	--------
1953	23,533	12,105	2,084	11,428	61,178	58,637	2,541	--------	--------	--------
1954	22,313	10,743	1,770	11,570	48,266	45,250	3,016	3.42	4.12	0.96
1955	27,423	14,954	2,499	12,469	60,004	56,241	3,763	3.63	4.27	1.12
1956	28,383	15,381	2,870	13,002	67,375	63,880	3,495	3.87	4.55	1.04
1957	27,514	14,073	2,566	13,441	53,183	50,352	2,831	3.35	4.00	.85
1958	26,901	13,170	2,354	13,731	48,882	45,739	3,143	--------	--------	--------
1959	30,679	15,951	2,878	14,728	54,494	50,654	3,840	--------	--------	--------
1960	30,115	15,223	2,791	14,892	46,133	43,401	2,732	--------	--------	--------
1961	31,061	15,664	2,854	15,397	48,343	45,173	3,170	2.52	3.01	.76
1962	33,167	17,085	3,090	16,082	46,784	44,094	2,690	2.44	2.94	.65
1963	35,036	18,300	3,326	16,736	49,796	46,676	3,120	2.36	2.85	.66
1964	37,697	19,803	3,706	17,895	57,044	53,958	3,086	2.45	2.96	.61
1965	41,023	21,728	4,140	19,295	66,068	62,534	3,534	2.61	3.16	.64
1966	45,182	24,153	4,731	21,029	79,917	76,415	3,502	2.95	3.62	.58
1967[4]	45,300	23,200	4,700	22,100	81,800	78,500	3,300	2.98	3.68	.54
	Seasonally adjusted									
1966: Jan	43,986	23,578	4,450	20,408	67,388	63,803	3,585	2.65	3.21	0.65
Feb	44,129	23,741	4,584	20,388	68,814	65,110	3,704	2.71	3.28	.68
Mar	45,833	24,888	4,587	20,945	70,527	66,762	3,765	2.69	3.25	.66
Apr	45,064	24,197	4,788	20,867	72,049	68,250	3,799	2.78	3.37	.68
May	45,321	24,276	4,845	21,045	73,297	69,609	3,688	2.79	3.40	.64
June	45,833	24,593	4,753	21,240	75,009	71,308	3,701	2.86	3.50	.64
July	45,625	24,371	5,092	21,254	76,310	72,651	3,659	2.83	3.49	.61
Aug	44,842	23,512	4,813	21,330	76,942	73,286	3,656	2.89	3.54	.62
Sept	46,318	25,274	4,906	21,044	79,170	75,591	3,579	2.97	3.64	.61
Oct	45,243	24,244	4,816	20,999	79,923	76,382	3,541	3.00	3.67	.60
Nov	44,052	23,027	4,647	21,025	79,581	76,170	3,411	2.99	3.67	.58
Dec	45,845	23,960	4,603	21,885	79,917	76,415	3,502	2.95	3.62	.58
1967: Jan	43,408	22,072	4,545	21,336	78,863	75,427	3,436	2.95	3.64	.57
Feb	43,527	22,329	4,242	21,198	78,455	75,131	3,324	2.99	3.68	.57
Mar	43,700	22,065	4,315	21,635	77,290	74,060	3,230	2.90	3.58	.55
Apr	43,849	22,226	4,443	21,623	77,194	74,016	3,178	3.00	3.73	.54
May	45,738	23,857	4,607	21,881	77,988	74,973	3,015	2.95	3.69	.49
June	46,087	24,263	4,794	21,824	79,188	76,185	3,003	3.03	3.74	.52
July	45,977	23,715	4,853	22,262	79,764	76,710	3,054	2.98	3.71	.50
Aug	45,900	23,726	5,058	22,174	79,985	76,801	3,184	2.96	3.63	.54
Sept	45,274	23,416	4,665	21,858	80,537	77,268	3,269	3.07	3.78	.57
Oct	45,782	23,381	4,614	22,401	81,610	78,340	3,270	3.12	3.88	.55
Nov[p]	47,088	23,843	4,872	23,245	81,849	78,526	3,323	2.98	3.68	.54
Dec[p]	--------	26,111	5,133	--------	--------	--------	--------	--------	--------	--------

[1] Monthly average for year and total for month.
[2] Seasonally adjusted, end of period.
[3] Ratio of unfilled orders at end of period to shipments for period. Annual figures relate to seasonally adjusted data for December.
[4] Where December data not available, data for year calculated on basis of no change from November.

Source: Department of Commerce, Bureau of the Census.

TABLE B–45.—*Consumer price indexes, by major groups, 1929–67*

For city wage earners and clerical workers

[1957–59=100]

Year or month	All items	Food	Housing		Apparel and upkeep	Transportation	Medical care	Personal care	Reading and recreation	Other goods and services
			Total	Rent						
1929	59.7	55.6		85.4	55.3					
1930	58.2	52.9		83.1	54.1					
1931	53.0	43.6		78.7	49.2					
1932	47.6	36.3		70.6	43.6					
1933	45.1	35.3		60.8	42.1					
1934	46.6	39.3		57.0	46.1					
1935	47.8	42.1	56.3	56.9	46.5	49.4	49.4	42.6	50.2	52.7
1936	48.3	42.5	57.1	58.3	46.9	49.8	49.6	43.2	51.0	52.6
1937	50.0	44.2	59.1	60.9	49.3	50.6	50.0	45.7	52.5	54.0
1938	49.1	41.0	60.1	62.9	49.0	51.0	50.2	46.7	54.3	54.5
1939	48.4	39.9	59.7	63.0	48.3	49.8	50.2	46.5	54.4	55.4
1940	48.8	40.5	59.9	63.2	48.8	49.5	50.3	46.4	55.4	57.1
1941	51.3	44.2	61.4	64.3	51.1	51.2	50.6	47.6	57.3	58.2
1942	56.8	51.9	64.2	65.7	59.6	55.7	52.0	52.2	60.0	59.9
1943	60.3	57.9	64.9	65.7	62.2	55.5	54.5	57.6	65.0	63.0
1944	61.3	57.1	66.4	65.9	66.7	55.5	56.2	61.7	72.0	64.7
1945	62.7	58.4	67.5	66.1	70.1	55.4	57.5	63.6	75.0	67.3
1946	68.0	66.9	69.3	66.5	76.9	58.3	60.7	68.2	77.5	69.5
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	108.1	106.4	107.2	107.8	105.7	109.3	119.4	109.2	114.1	108.8
1965	109.9	108.8	108.5	108.9	106.8	111.1	122.3	109.9	115.2	111.4
1966	113.1	114.2	111.1	110.4	109.6	112.7	127.7	112.2	117.1	114.9
1967	116.3	115.2	114.3	112.4	114.0	115.9	136.7	115.5	120.1	118.2
1966: Jan	111.0	111.4	109.2	109.7	107.3	111.2	124.2	110.4	115.7	113.4
Feb	111.6	113.1	109.4	109.8	107.6	111.1	124.5	110.8	115.9	113.6
Mar	112.0	113.9	109.6	109.9	108.2	111.4	125.3	111.0	116.6	113.8
Apr	112.5	114.0	110.3	110.1	108.7	112.0	125.8	111.6	116.8	114.3
May	112.6	113.5	110.7	110.2	109.3	112.0	126.3	112.0	116.8	114.7
June	112.9	113.9	111.1	110.2	109.4	112.2	127.0	112.2	117.0	114.9
July	113.3	114.3	111.3	110.3	109.2	113.5	127.7	112.5	117.2	115.3
Aug	113.8	115.8	111.5	110.6	109.2	113.5	128.4	112.7	117.4	115.5
Sept	114.1	115.6	111.8	110.7	110.7	113.3	129.4	113.0	117.5	115.7
Oct	114.5	115.6	112.2	111.0	111.5	114.3	130.4	113.3	118.0	115.9
Nov	114.6	114.8	112.6	111.2	112.0	114.5	131.3	113.4	118.3	116.0
Dec	114.7	114.8	113.0	111.3	112.3	113.8	131.9	113.7	118.4	115.9
1967: Jan	114.7	114.7	113.1	111.4	111.3	113.4	132.9	113.8	118.5	116.2
Feb	114.8	114.2	113.3	111.7	111.9	113.8	133.6	114.1	118.6	116.3
Mar	115.0	114.2	113.3	111.8	112.6	114.2	134.6	114.4	118.9	116.4
Apr	115.3	113.7	113.6	111.9	113.0	115.1	135.1	114.9	119.4	116.6
May	115.6	113.9	113.9	112.1	113.8	115.5	135.7	115.0	119.6	116.7
June	116.0	115.1	114.1	112.2	113.9	115.7	136.3	115.3	119.7	116.9
July	116.5	116.0	114.3	112.4	113.7	116.2	136.9	115.5	119.8	117.8
Aug	116.9	116.6	114.7	112.6	113.8	116.4	137.5	116.1	120.0	118.8
Sept	117.1	115.9	115.0	112.8	115.1	116.8	138.5	116.4	120.5	119.7
Oct	117.5	115.7	115.3	113.0	116.0	117.7	139.0	116.5	121.4	120.3
Nov	117.8	115.6	115.5	113.2	116.6	118.3	139.7	116.9	122.0	121.0
Dec	118.2	116.2	116.0	113.5	116.8	117.9	140.4	117.2	122.2	121.4

Source: Department of Labor, Bureau of Labor Statistics.

Table B-46.—*Consumer price indexes, by special groups, 1935–67*

For city wage earners and clerical workers

[1957-59=100]

Year or month	All items	All items less food	All items less shelter	Commodities: All commodities	Commodities: Food	Commodities less food: All	Commodities less food: Durable	Commodities less food: Nondurable	Services: All services	Services: Rent	Services: All services less rent
1935	47.8	52.5	46.1	45.0	42.1	50.2	47.1	48.8	52.2	56.9	49.3
1936	48.3	53.0	46.7	45.6	42.5	50.8	47.8	49.2	52.8	58.3	49.0
1937	50.0	54.9	48.2	47.4	44.2	53.0	50.8	51.2	54.4	60.9	49.5
1938	49.1	55.5	46.8	45.6	41.0	53.0	51.7	50.9	55.4	62.9	49.9
1939	48.4	55.1	46.0	44.7	39.9	52.1	50.6	50.1	55.5	63.0	49.9
1940	48.8	55.3	46.3	45.1	40.5	52.4	50.2	50.6	55.7	63.2	50.0
1941	51.3	56.9	49.1	48.2	44.2	55.0	53.6	52.8	56.4	64.3	50.6
1942	56.8	60.9	55.3	55.2	51.9	61.2	60.9	58.4	58.2	65.7	52.8
1943	60.3	62.6	59.5	60.1	57.9	63.8	62.9	60.9	59.3	65.7	55.2
1944	61.3	65.0	60.5	60.8	57.1	67.3	68.7	64.0	60.7	65.9	57.9
1945	62.7	66.5	62.1	62.6	58.4	70.0	73.9	66.3	61.5	66.1	59.1
1946	68.0	69.4	68.4	69.4	66.9	74.4	77.3	71.1	62.7	66.5	61.2
1947	77.8	75.8	79.4	83.4	81.3	83.9	83.8	81.7	65.3	68.7	64.3
1948	83.8	81.3	85.6	89.4	88.2	90.3	89.9	88.0	69.4	73.2	68.0
1949	83.0	82.1	84.1	87.1	84.7	89.0	91.2	86.3	72.6	76.4	71.4
1950	83.8	83.1	84.7	87.6	85.8	88.9	92.2	86.2	75.0	79.1	73.4
1951	90.5	88.4	91.8	95.5	95.4	95.6	99.2	92.7	78.9	82.3	77.8
1952	92.5	90.5	93.6	96.7	97.1	96.4	100.5	93.2	82.4	85.7	81.5
1953	93.2	92.3	93.9	96.4	95.6	96.6	99.8	94.0	86.0	90.3	84.9
1954	93.6	92.8	93.9	95.5	95.4	95.6	97.3	94.4	88.7	93.5	87.4
1955	93.3	93.1	93.4	94.6	94.0	94.9	95.4	94.4	90.5	94.8	89.4
1956	94.7	94.7	94.7	95.5	94.7	95.9	95.4	96.5	92.8	96.5	91.9
1957	98.0	97.9	97.8	98.5	97.8	98.8	98.5	99.1	96.6	98.3	96.1
1958	100.7	100.1	100.7	100.8	101.9	99.9	100.0	99.8	100.3	100.1	100.2
1959	101.5	102.0	101.5	100.9	100.3	101.2	101.5	101.0	103.2	101.6	103.6
1960	103.1	103.7	103.0	101.7	101.4	101.7	100.9	102.6	106.6	103.1	107.4
1961	104.2	104.8	104.2	102.3	102.6	102.0	100.8	103.2	108.8	104.4	110.0
1962	105.4	106.1	105.4	103.2	103.6	102.8	101.8	103.8	110.9	105.7	112.1
1963	106.7	107.4	106.7	104.1	105.1	103.5	102.1	104.8	113.0	106.8	114.5
1964	108.1	108.9	108.0	105.2	106.4	104.4	103.0	105.7	115.2	107.8	117.0
1965	109.9	110.4	109.6	106.4	108.8	105.1	102.6	107.2	117.8	108.9	120.0
1966	113.1	113.0	112.9	109.2	114.2	106.5	102.7	109.7	122.3	110.4	125.0
1967	116.3	116.8	115.9	111.2	115.2	109.2	104.3	113.1	127.7	112.4	131.1
1966: Jan	111.0	111.1	110.8	107.4	111.4	105.3	101.9	108.0	119.5	109.7	121.8
Feb	111.6	111.3	111.4	108.0	113.1	105.4	101.8	108.3	119.7	109.8	122.0
Mar	112.0	111.6	111.9	108.4	113.9	105.6	102.0	108.6	120.1	109.9	122.5
Apr	112.5	112.2	112.4	108.8	114.0	106.0	102.3	109.0	121.1	110.1	123.6
May	112.6	112.5	112.4	108.8	113.5	106.3	102.5	109.3	121.5	110.2	124.1
June	112.9	112.8	112.6	109.0	113.9	106.4	102.6	109.5	122.0	110.2	124.8
July	113.3	113.2	113.1	109.3	114.3	106.7	103.0	109.7	122.6	110.3	125.5
Aug	113.8	113.4	113.6	109.8	115.8	106.6	103.0	109.6	123.0	110.6	125.9
Sept	114.1	113.8	113.9	110.0	115.6	107.0	102.7	110.5	123.5	110.7	126.5
Oct	114.5	114.4	114.3	110.3	115.6	107.6	103.5	110.9	124.1	111.0	127.1
Nov	114.6	114.8	114.4	110.2	114.8	107.8	103.5	111.3	124.7	111.2	127.7
Dec	114.7	114.9	114.3	110.1	114.8	107.7	103.1	111.4	125.2	111.3	128.3
1967: Jan	114.7	114.8	114.2	109.9	114.7	107.3	102.7	111.0	125.5	111.4	128.8
Feb	114.8	115.2	114.3	109.9	114.2	107.6	102.8	111.5	125.9	111.7	129.2
Mar	115.0	115.4	114.6	110.0	114.2	107.8	102.9	111.8	126.3	111.8	129.5
Apr	115.3	115.9	114.8	110.2	113.7	108.4	103.4	112.4	126.6	111.9	130.0
May	115.6	116.3	115.1	110.5	113.9	108.7	103.9	112.7	127.0	112.1	130.4
June	116.0	116.5	115.6	111.0	115.1	108.9	104.1	112.7	127.4	112.2	130.8
July	116.5	116.8	116.1	111.5	116.0	109.1	104.4	112.8	127.7	112.4	131.2
Aug	116.9	117.1	116.5	111.9	116.6	109.4	104.7	113.2	128.2	112.6	131.7
Sept	117.1	117.7	116.7	112.0	115.9	110.0	104.8	114.1	128.7	112.8	132.3
Oct	117.5	118.2	117.1	112.4	115.7	110.6	105.7	114.5	129.1	113.0	132.7
Nov	117.8	118.7	117.5	112.6	115.6	111.1	106.0	115.2	129.6	113.2	133.2
Dec	118.2	118.9	117.7	112.9	116.2	111.1	106.1	115.2	130.1	113.5	133.8

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B–47.—*Consumer price indexes, selected commodities and services, 1935–67*

For city wage earners and clerical workers

[1957–59=100]

Year or month	Durable commodities					Nondurable commodities less food			Services less rent				
	Total	New cars	Used cars	Household durables	House furnishings	Total	Apparel commodities	Nondurables less food and apparel	Total	Household services less rent	Transportation services	Medical care services	Other[1]
1935	47.1	40.3	......	51.2	48.0	48.8	46.7	51.4	49.3	......	46.6	46.3	......
1936	47.8	40.6	......	52.1	48.8	49.2	47.2	51.9	49.0	......	46.2	46.5	......
1937	50.8	41.4	......	56.7	52.8	51.2	49.8	53.2	49.5	......	45.9	47.1	......
1938	51.7	43.4	......	56.7	52.4	50.9	49.4	53.1	49.9	......	46.2	47.2	......
1939	50.6	42.4	......	55.6	51.3	50.1	48.6	52.4	49.9	......	46.4	47.3	......
1940	50.2	42.5	......	54.9	50.9	50.6	49.2	52.9	50.0	......	46.3	47.3	......
1941	53.6	45.7	......	58.7	54.4	52.8	51.7	54.7	50.6	......	46.6	47.6	......
1942	60.9	......	......	65.7	61.9	58.4	60.4	57.8	52.8	......	49.1	49.0	......
1943	62.9	......	......	68.2	63.6	60.9	63.2	60.2	55.2	......	49.1	51.6	......
1944	68.7	......	......	74.6	69.1	64.0	67.6	61.9	57.9	......	49.0	53.7	......
1945	73.9	......	......	80.3	73.9	66.3	71.2	63.1	59.1	......	49.1	55.2	......
1946	77.3	......	......	84.9	80.6	71.1	78.5	65.8	61.2	......	50.1	58.4	......
1947	83.8	67.9	......	93.9	93.4	81.7	90.9	74.9	64.3	......	51.7	63.3	......
1948	89.9	74.2	......	99.9	99.1	88.0	96.5	81.8	68.0	......	57.7	67.6	......
1949	91.2	81.2	......	97.2	95.7	86.3	92.7	81.9	71.4	......	64.2	70.1	......
1950	92.2	81.8	......	98.4	96.3	86.2	91.6	82.5	73.4	......	68.4	71.7	......
1951	99.2	85.7	......	107.8	106.8	92.7	100.2	87.6	77.8	......	74.8	75.3	......
1952	100.5	93.1	......	105.0	104.2	93.2	99.1	89.3	81.5	......	80.1	80.1	......
1953	99.8	94.0	108.4	103.8	103.7	94.0	98.0	91.6	84.9	......	85.2	83.0	......
1954	97.3	92.5	92.2	101.0	101.9	94.4	97.5	92.5	87.4	......	88.9	85.5	......
1955	95.4	89.2	87.2	98.3	100.0	94.4	97.0	92.8	89.4	......	89.1	88.0	......
1956	95.4	91.7	83.9	97.9	98.9	96.5	98.6	95.1	91.9	90.4	90.5	91.4	93.5
1957	98.5	96.5	94.0	99.6	100.5	99.1	99.7	98.8	96.1	95.7	94.8	95.3	97.2
1958	100.0	99.6	97.4	100.3	99.8	99.8	99.7	99.9	100.2	100.8	100.8	100.0	100.2
1959	101.5	103.9	108.8	100.2	99.8	101.0	100.6	101.3	103.6	103.6	104.3	104.8	102.6
1960	100.9	102.5	101.6	100.1	100.1	102.6	102.0	102.8	107.4	108.0	107.0	109.1	106.2
1961	100.8	102.5	105.6	98.9	99.5	103.2	102.6	103.3	110.0	109.2	109.5	113.1	109.7
1962	101.8	102.1	115.2	98.8	98.9	103.8	103.0	104.2	112.1	110.6	111.2	116.8	112.6
1963	102.1	101.5	116.6	98.5	98.5	104.8	104.0	105.3	114.5	113.0	112.4	120.3	115.3
1964	103.0	101.2	121.6	98.4	98.4	105.7	104.9	106.2	117.0	114.8	115.0	123.2	118.5
1965	102.6	99.0	120.8	96.9	97.9	107.2	105.8	108.0	120.0	117.0	119.3	127.1	121.8
1966	102.7	97.2	117.8	96.8	98.8	109.7	108.5	110.3	125.0	121.5	124.3	133.9	126.5
1967	104.3	98.1	121.5	98.2	100.8	113.1	113.0	113.1	131.1	127.0	128.4	145.6	131.5
1966: Jan	101.9	97.4	114.8	96.1	97.6	108.0	106.2	109.1	121.8	117.9	122.5	129.5	123.8
Feb	101.8	97.2	114.0	96.1	97.8	108.3	106.5	109.3	122.0	118.1	122.6	129.9	124.1
Mar	102.0	97.1	115.4	96.2	98.0	108.6	107.1	109.4	122.5	118.5	122.6	130.8	125.0
Apr	102.3	97.4	117.4	96.4	98.3	109.0	107.6	109.8	123.6	120.2	123.0	131.4	125.5
May	102.5	97.0	117.5	96.7	98.5	109.3	108.3	110.0	124.1	120.9	123.0	132.1	125.9
June	102.6	96.8	118.2	96.7	98.6	109.5	108.3	110.1	124.8	121.7	123.2	133.0	126.4
July	103.0	96.7	120.3	96.9	98.8	109.7	108.1	110.6	125.5	122.1	125.0	133.9	126.7
Aug	103.0	95.8	122.1	97.0	98.9	109.6	107.9	110.5	125.9	122.4	125.3	134.7	127.1
Sept	102.7	94.4	120.1	97.3	99.3	110.5	109.7	111.0	126.5	123.0	125.5	136.2	127.5
Oct	103.5	98.4	120.8	97.4	99.5	110.9	110.4	111.2	127.1	123.5	125.9	137.4	128.2
Nov	103.5	99.3	119.3	97.6	99.9	111.3	110.9	111.5	127.7	124.2	126.1	138.6	128.5
Dec	103.1	98.6	114.2	97.7	100.0	111.4	111.2	111.6	128.3	124.9	126.5	139.4	128.9
1967: Jan	102.7	97.6	113.0	97.6	99.7	111.0	110.1	111.6	128.8	125.1	126.9	140.6	129.1
Feb	102.8	97.3	114.0	97.7	100.0	111.5	110.7	111.9	129.2	125.5	127.2	141.6	129.4
Mar	102.9	97.2	115.9	97.8	100.3	111.8	111.5	112.0	129.5	125.6	127.4	142.9	129.7
Apr	103.4	97.0	118.8	98.0	100.6	112.4	111.9	112.7	130.0	126.0	127.6	143.6	130.3
May	103.9	96.9	121.4	98.1	100.6	112.7	112.7	112.6	130.4	126.5	127.7	144.4	130.8
June	104.1	96.8	122.4	98.0	100.7	112.7	112.8	112.7	130.8	126.7	128.1	145.2	131.3
July	104.4	97.0	124.8	98.1	100.8	112.8	112.6	113.0	131.2	127.0	128.3	146.0	131.6
Aug	104.7	96.9	125.2	98.2	100.8	113.2	112.7	113.4	131.7	127.5	128.8	146.7	131.9
Sept	104.8	96.1	126.2	98.4	101.2	114.1	114.1	114.1	132.3	128.1	128.9	148.0	132.4
Oct	105.7	101.1	126.0	98.7	101.5	114.5	115.1	114.2	132.7	128.4	129.2	148.7	133.1
Nov	106.0	101.4	125.6	98.8	101.8	115.2	115.7	114.8	133.2	128.6	130.0	149.6	133.9
Dec	106.1	101.3	124.8	99.1	102.1	115.2	115.9	114.7	133.8	129.1	130.4	150.4	134.3

[1] Includes the services components of apparel, personal care, reading and recreation, and other goods and services.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B–48.—*Wholesale price indexes, by major commodity groups, 1929–67*

[1957–59=100]

Year or month	All commodities	Farm products	Processed foods and feeds	Industrial commodities: Total	Textile products and apparel	Hides, skins, leather, and related products	Fuels and related products, and power	Chemicals and allied products
1929	52.1	63.9	....	51.7	67.8	56.6	61.5	....
1930	47.3	54.0	....	48.1	60.3	52.0	58.2	....
1931	39.9	39.6	....	42.4	49.8	44.7	50.0	....
1932	35.6	29.4	....	39.7	41.2	38.0	52.1	....
1933	36.1	31.3	....	40.2	48.6	42.0	49.3	46.6
1934	41.0	39.9	....	44.2	54.7	44.9	54.3	48.8
1935	43.8	48.0	....	44.0	53.3	46.5	54.5	50.9
1936	44.2	49.4	....	44.9	53.7	49.5	56.5	51.2
1937	47.2	52.7	....	48.1	57.3	54.3	57.5	53.6
1938	43.0	41.9	....	46.1	50.1	48.2	56.6	51.0
1939	42.2	39.9	....	46.0	52.3	49.6	54.2	50.7
1940	43.0	41.3	....	46.8	55.4	52.3	53.2	51.6
1941	47.8	50.1	....	50.3	63.7	56.1	56.6	56.1
1942	54.0	64.6	....	53.9	72.8	61.1	58.2	62.3
1943	56.5	74.8	....	54.7	73.1	61.0	59.9	63.1
1944	56.9	75.3	....	55.6	73.9	60.5	61.6	63.8
1945	57.9	78.3	....	56.3	75.1	61.3	62.3	64.2
1946	66.1	90.6	....	61.7	87.3	70.7	66.7	69.4
1947	81.2	109.1	92.6	75.3	105.7	96.5	79.7	92.2
1948	87.9	117.1	99.1	81.7	110.3	97.5	93.8	94.4
1949	83.5	101.3	90.0	80.0	100.9	92.5	89.3	86.2
1950	86.8	106.4	93.2	82.9	104.8	99.9	90.2	87.5
1951	96.7	123.8	103.5	91.5	116.9	114.8	93.5	100.1
1952	94.0	116.8	102.3	89.4	105.5	92.8	93.3	95.0
1953	92.7	105.9	97.6	90.1	102.8	94.1	95.9	96.1
1954	92.9	104.4	99.3	90.4	100.6	89.9	94.6	97.3
1955	93.2	97.9	95.0	92.4	100.7	89.5	94.5	96.9
1956	96.2	96.6	94.8	96.5	100.7	94.8	97.4	97.5
1957	99.0	99.2	97.6	99.2	100.8	94.9	102.7	99.6
1958	100.4	103.6	102.5	99.5	98.9	96.0	98.7	100.4
1959	100.6	97.2	99.9	101.3	100.4	109.1	98.7	100.0
1960	100.7	96.9	100.0	101.3	101.5	105.2	99.6	100.2
1961	100.3	96.0	101.6	100.8	99.7	106.2	100.7	99.1
1962	100.6	97.7	102.7	100.8	100.6	107.4	100.2	97.5
1963	100.3	95.7	103.3	100.7	100.5	104.2	99.8	96.3
1964	100.5	94.3	103.1	101.2	101.2	104.6	97.1	96.7
1965	102.5	98.4	106.7	102.5	101.8	109.2	98.9	97.4
1966	105.9	105.6	113.0	104.7	102.1	119.7	101.3	97.8
1967	106.1	99.7	111.7	106.3	102.1	115.8	103.6	98.4
1966: Jan	104.6	104.5	111.5	103.5	101.9	116.0	100.5	97.6
Feb	105.4	107.4	113.0	103.8	102.0	117.8	100.3	97.6
Mar	105.4	106.8	112.2	104.0	102.1	118.7	99.9	97.6
Apr	105.5	106.4	111.5	104.3	102.2	120.6	100.0	97.6
May	105.6	104.5	111.8	104.7	102.2	122.8	100.4	97.7
June	105.7	104.2	112.0	104.9	102.2	122.9	101.5	97.6
July	106.4	107.8	113.8	105.2	102.4	122.7	101.4	97.9
Aug	106.8	108.1	115.7	105.2	102.4	121.2	102.0	97.9
Sept	106.8	108.7	115.5	105.2	102.2	119.9	102.2	98.0
Oct	106.2	104.4	113.9	105.3	102.2	118.7	102.6	97.9
Nov	105.9	102.5	112.6	105.5	102.1	117.5	102.7	98.0
Dec	105.9	101.8	112.8	105.5	101.8	117.3	102.4	98.2
1967: Jan	106.2	102.6	112.8	105.8	102.0	117.9	102.6	98.4
Feb	106.0	101.0	111.7	106.0	102.0	118.0	103.4	98.5
Mar	105.7	99.6	110.6	106.0	101.8	116.9	103.7	98.5
Apr	105.3	97.6	110.0	106.0	101.8	115.7	103.3	98.8
May	105.8	100.7	110.7	106.0	101.6	115.2	104.4	98.8
June	106.3	102.4	112.6	106.0	101.6	115.6	104.0	98.5
July	106.5	102.8	113.1	106.0	101.5	115.2	103.9	98.3
Aug	106.1	99.2	112.1	106.3	101.7	114.4	104.7	98.0
Sept	106.2	98.4	112.7	106.5	102.0	114.4	104.5	97.9
Oct	106.1	97.1	111.7	106.8	102.2	114.8	103.0	98.2
Nov	106.2	96.4	110.9	107.1	103.0	115.4	102.8	98.2
Dec	106.8	98.9	111.5	107.4	103.8	116.0	102.6	98.4

See footnotes at end of table.

TABLE B-48.—*Wholesale price indexes, by major commodity groups, 1929–67*—Continued

[1957–59=100]

Year or month	Industrial commodities—Continued								
	Rubber and rubber products	Lumber and wood products	Pulp, paper, and allied products	Metals and metal products	Machinery and equipment	Furniture and household durables	Nonmetallic mineral products	Transportation equipment: Motor vehicles and equipment [1]	Miscellaneous products
1929	57.6	26.4	....	44.1	....	56.4	53.4	42.8	....
1930	50.4	24.1	....	39.7	....	55.5	53.2	40.3	....
1931	42.8	19.6	....	35.7	....	51.1	49.7	38.3	....
1932	37.1	16.9	....	32.8	....	45.0	46.5	37.3	....
1933	39.0	20.0	....	33.6	....	45.1	49.2	35.6	....
1934	45.5	23.5	....	37.1	....	49.0	52.6	37.5	....
1935	45.8	22.6	....	37.0	....	48.6	52.6	36.0	....
1936	49.4	23.6	....	37.8	....	49.3	52.7	35.7	....
1937	58.1	27.9	....	43.2	....	54.7	53.9	38.2	....
1938	57.1	25.4	....	41.6	....	53.4	52.2	40.8	....
1939	59.3	26.1	....	41.2	46.2	53.2	51.2	40.0	....
1940	55.3	28.9	....	41.4	46.3	54.4	51.2	41.3	....
1941	59.6	34.5	....	42.2	47.1	57.8	52.4	44.2	....
1942	69.4	37.5	....	42.8	47.8	62.5	54.5	48.2	....
1943	71.3	39.7	....	42.7	47.4	62.1	54.7	48.2	....
1944	70.4	42.8	....	42.7	47.1	63.8	55.8	48.5	....
1945	68.3	43.4	....	43.4	47.2	63.9	58.1	49.4	....
1946	68.6	49.7	....	48.5	51.9	67.8	61.8	57.2	....
1947	68.3	77.4	75.3	60.2	60.0	77.8	69.1	65.5	80.3
1948	70.5	88.5	78.6	68.5	65.1	82.5	74.7	72.4	83.6
1949	68.3	81.9	75.2	69.0	68.2	83.8	76.7	77.4	85.2
1950	83.2	94.1	77.1	72.7	70.5	85.6	78.6	77.0	86.6
1951	102.1	102.5	91.3	80.9	78.8	92.8	83.5	81.1	91.7
1952	92.5	99.5	89.0	81.0	78.9	91.1	83.5	85.8	91.2
1953	86.3	99.4	88.7	83.6	80.7	92.9	86.9	85.4	93.6
1954	87.6	97.6	88.8	84.3	82.1	93.9	88.8	85.6	94.4
1955	99.2	102.3	91.1	90.0	84.6	94.3	91.3	88.2	94.5
1956	100.6	103.8	97.2	97.8	91.5	96.9	95.2	93.2	95.8
1957	100.2	98.5	99.0	99.7	97.9	99.4	98.9	97.2	98.6
1958	100.1	97.4	100.1	99.1	100.0	100.2	99.9	100.3	100.6
1959	99.7	104.1	101.0	101.2	102.1	100.4	101.2	102.5	100.8
1960	99.9	100.4	101.8	101.3	102.9	100.1	101.4	101.0	101.7
1961	96.1	95.9	98.8	100.7	102.8	99.5	101.8	100.8	102.0
1962	93.3	96.5	100.0	100.0	102.9	98.8	101.8	100.8	102.4
1963	93.8	98.6	99.2	100.1	103.1	98.1	101.3	100.0	103.3
1964	92.5	100.6	99.0	102.8	103.8	98.5	101.5	100.5	104.1
1965	92.9	101.1	99.9	105.7	105.0	98.0	101.7	100.7	104.8
1966	94.8	105.6	102.6	108.3	108.2	99.1	102.6	100.8	106.8
1967	97.0	105.4	104.0	109.5	111.8	101.0	104.3	102.1	109.2
1966: Jan	93.7	102.8	101.2	107.0	106.0	98.3	102.0	100.5	105.4
Feb	94.1	103.7	101.3	107.5	106.5	98.4	102.1	100.4	105.4
Mar	94.3	105.6	101.8	108.0	106.9	98.4	102.1	100.3	106.5
Apr	95.4	108.4	102.3	108.2	107.2	98.6	102.3	100.2	106.7
May	95.4	109.6	102.7	108.4	107.8	98.9	102.4	100.9	106.8
June	95.4	107.7	103.0	108.7	108.1	98.9	102.5	100.7	106.9
July	95.1	106.6	103.2	108.8	108.3	99.0	102.7	100.7	107.1
Aug	95.1	106.2	103.2	108.5	108.5	99.1	102.7	100.5	107.1
Sept	94.7	105.9	103.1	108.4	108.9	99.2	103.0	100.1	107.1
Oct	94.6	104.8	103.1	108.6	109.4	99.7	103.2	101.7	107.2
Nov	95.0	103.0	103.0	109.0	110.2	100.3	103.3	101.7	107.4
Dec	95.0	102.5	103.0	109.0	110.7	100.4	103.3	101.7	107.5
1967: Jan	95.6	102.6	103.1	109.4	111.1	100.4	103.6	101.6	107.9
Feb	95.8	103.6	103.3	109.6	111.2	100.4	103.7	101.6	108.0
Mar	95.9	103.6	103.6	109.4	111.5	100.6	103.8	101.6	107.7
Apr	95.9	104.1	103.9	109.1	111.6	100.6	103.9	101.6	108.0
May	95.8	104.2	103.9	108.9	111.6	100.8	103.8	101.6	108.0
June	95.8	104.7	103.9	108.9	111.6	100.8	103.9	101.4	109.6
July	95.8	105.3	104.1	109.0	111.6	100.9	104.2	101.3	109.7
Aug	97.8	106.1	104.0	109.2	111.8	101.0	104.5	101.3	110.0
Sept	98.2	108.7	104.1	109.6	111.9	101.2	104.7	101.5	110.2
Oct	98.8	107.3	104.3	109.8	112.2	101.7	104.9	103.7	110.5
Nov	99.1	106.7	104.6	110.5	112.6	102.0	105.1	104.0	110.6
Dec	99.2	107.6	104.8	111.0	113.2	102.1	105.3	104.0	110.7

[1] Index for total transportation equipment not available.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B–49.—*Wholesale price indexes, by stage of processing, 1947–67*

[1957–59=100]

Year or month	All commodities	Crude materials				Intermediate materials, supplies, and components [1]						
						Total	Materials and components for manufacturing					Materials and components for construction
		Total	Foodstuffs and feedstuffs	Nonfood materials, except fuel	Fuel		Total	Materials for food manufacturing	Materials for nondurable manufacturing	Materials for durable manufacturing	Components for manufacturing	
1947	81.2	100.8	113.0	86.5	73.6	76.5	75.5	102.6	94.0	58.8	63.0	69.6
1948	87.9	110.5	122.2	96.2	87.0	82.7	81.5	105.8	99.5	66.4	68.0	77.0
1949	83.5	95.6	101.5	87.5	86.5	79.4	78.0	91.0	90.7	68.2	69.3	77.2
1950	86.8	104.2	108.9	100.0	86.1	83.0	81.8	94.7	95.2	72.1	71.9	81.2
1951	96.7	119.6	126.0	115.3	87.7	93.0	92.7	105.5	110.3	80.1	81.6	88.8
1952	94.0	109.9	118.6	99.9	88.3	90.3	88.8	101.4	99.3	80.3	81.8	88.2
1953	92.7	101.5	106.2	95.6	91.4	90.8	90.2	101.6	98.5	83.9	83.3	89.7
1954	92.9	100.6	106.2	93.8	87.3	91.3	90.4	100.7	96.9	85.7	83.7	90.1
1955	93.2	96.7	96.2	99.1	87.1	93.0	92.6	97.5	97.3	90.0	87.4	93.7
1956	96.2	97.2	94.2	102.8	93.3	97.1	96.9	97.9	98.8	95.7	95.4	98.5
1957	99.0	99.4	98.4	101.4	98.6	99.4	99.3	99.7	100.1	98.8	99.1	99.1
1958	100.4	101.6	104.2	97.6	99.8	99.6	99.7	102.0	99.1	99.5	99.9	99.1
1959	100.6	99.0	97.4	101.0	101.6	101.0	101.0	98.3	100.8	101.8	101.1	101.8
1960	100.7	96.6	96.2	96.8	102.5	101.0	101.0	99.5	100.8	101.9	100.6	101.1
1961	100.3	96.1	94.9	97.9	102.3	100.3	99.8	102.6	98.6	100.5	99.6	99.7
1962	100.6	97.1	96.8	97.4	101.8	100.2	99.2	100.5	98.0	100.4	98.8	99.3
1963	100.3	95.0	94.0	96.2	103.0	100.5	99.4	105.5	97.1	100.5	98.8	99.6
1964	100.5	94.1	91.9	97.8	102.5	100.9	100.4	104.0	97.8	102.5	99.7	100.6
1965	102.5	98.9	98.3	99.8	103.3	102.2	102.0	106.6	98.7	104.6	101.3	101.4
1966	105.9	105.3	107.2	101.9	106.4	104.8	104.0	111.3	99.5	106.6	104.9	104.1
1967	106.1	99.6	101.2	95.5	110.3	105.6	104.7	109.2	99.0	108.0	107.9	105.4
1966: Jan	104.6	105.2	106.8	102.2	105.6	103.4	102.8	109.7	98.9	105.5	102.5	102.3
Feb	105.4	107.5	109.6	103.8	105.9	103.8	103.2	111.1	99.0	105.8	102.9	102.7
Mar	105.4	106.9	108.3	104.6	105.2	103.9	103.4	110.8	99.2	106.1	103.3	103.4
Apr	105.5	106.3	107.5	104.5	104.0	104.3	103.7	110.1	99.4	106.6	104.1	104.3
May	105.6	105.7	106.5	104.5	105.0	104.8	104.1	109.8	99.7	106.8	104.8	104.8
June	105.7	105.6	106.0	105.1	105.3	104.9	104.1	110.0	100.0	106.7	105.0	104.5
July	106.4	107.8	109.1	105.7	105.5	105.4	104.4	111.9	100.2	106.6	105.1	104.5
Aug	106.8	107.4	111.2	100.2	106.2	105.8	104.8	114.8	100.1	106.9	105.4	104.6
Sept	106.8	106.1	109.9	98.9	107.0	105.6	104.6	113.6	99.8	106.8	105.5	104.6
Oct	106.2	103.6	106.2	98.2	108.1	105.3	104.3	111.6	99.5	106.8	105.9	104.5
Nov	105.9	101.1	102.5	97.6	108.9	105.3	104.4	111.2	99.2	107.0	106.6	104.3
Dec	105.9	100.8	102.3	97.4	109.7	105.4	104.5	110.9	99.2	107.1	107.1	104.3
1967: Jan	106.2	101.9	104.2	97.0	109.4	105.6	104.7	110.1	99.3	107.6	107.5	104.4
Feb	106.0	100.8	102.7	96.5	109.3	105.5	104.8	109.0	99.3	107.9	107.6	104.7
Mar	105.7	99.7	101.3	95.7	109.4	105.5	104.6	108.7	99.1	107.7	107.9	104.8
Apr	105.3	98.0	99.2	94.6	110.2	105.5	104.6	108.1	99.1	107.7	107.9	104.9
May	105.8	100.6	103.1	94.7	110.3	105.3	104.4	109.1	98.9	107.4	107.6	104.8
June	106.3	101.4	104.2	95.1	109.8	105.4	104.4	110.2	98.6	107.4	107.5	104.9
July	106.5	101.7	104.7	94.6	110.2	105.4	104.4	110.2	98.4	107.5	107.5	105.2
Aug	106.1	99.5	101.4	94.5	110.3	105.4	104.5	109.9	98.4	107.7	107.9	105.5
Sept	106.2	98.5	99.9	94.3	111.0	105.7	104.7	110.0	98.4	108.2	108.0	106.3
Oct	106.1	97.9	99.1	94.2	110.9	105.7	104.8	108.6	98.8	108.4	108.1	106.2
Nov	106.2	96.5	96.1	95.9	111.3	105.9	105.2	108.0	99.3	108.8	108.6	106.3
Dec	106.8	98.6	98.3	98.4	111.5	106.3	105.6	108.1	99.8	109.3	109.1	106.8

See footnotes at end of table.

TABLE B-49.—*Wholesale price indexes, by stage of processing, 1947–67*—Continued

[1957–59=100]

Year or month	Finished goods: Total [1]	Consumer finished goods: Total	Consumer finished goods: Foods	Consumer finished goods: Other nondurable goods	Consumer finished goods: Durable goods	Producer finished goods	Special groups of industrial products: Crude materials [2]	Intermediate materials, supplies, and components [3]	Consumer finished goods excluding foods
1947	80.1	86.1	90.7	86.5	75.9	61.8	79.2	73.4	83.1
1948	86.4	92.6	99.0	92.0	81.1	67.4	92.5	79.8	88.4
1949	84.0	88.3	91.0	88.2	83.2	70.7	84.0	77.8	86.5
1950	85.5	89.8	92.8	89.6	84.1	72.4	93.6	81.4	87.8
1951	93.6	98.2	104.2	96.5	89.7	79.5	102.9	91.2	94.2
1952	93.0	97.0	103.3	94.1	90.4	80.8	93.1	88.3	92.9
1953	92.1	95.4	97.9	95.0	91.1	82.1	92.4	89.4	93.7
1954	92.3	95.3	97.1	95.3	91.8	83.1	88.0	89.8	94.1
1955	92.5	94.7	94.7	95.8	92.8	85.6	96.6	92.5	94.8
1956	95.1	96.1	94.5	97.7	95.9	92.0	102.3	97.0	97.1
1957	98.6	98.9	97.8	99.9	98.7	97.7	100.9	99.6	99.5
1958	100.8	101.0	103.5	99.3	100.1	100.2	96.9	99.4	99.6
1959	100.6	100.1	98.7	100.8	101.3	102.1	102.3	101.0	100.9
1960	101.4	101.1	100.8	101.5	100.9	102.3	98.3	101.4	101.3
1961	101.4	100.9	100.4	101.5	100.5	102.5	97.2	100.1	101.2
1962	101.7	101.2	101.3	101.6	100.0	102.9	95.6	99.9	101.0
1963	101.4	100.7	100.1	101.9	99.5	103.1	94.3	99.6	101.0
1964	101.8	100.9	100.6	101.6	99.9	104.1	97.1	100.2	100.9
1965	103.6	102.8	104.5	102.8	99.6	105.4	100.9	101.5	101.6
1966	106.9	106.4	111.2	104.8	100.2	108.0	104.5	103.6	103.2
1967	108.2	107.0	109.5	107.2	101.7	111.5	100.0	104.8	105.2
1966: Jan	105.6	105.2	109.5	103.9	99.7	106.2	104.0	102.4	102.4
Feb	106.3	106.0	111.5	104.0	99.7	106.6	105.7	102.6	102.4
Mar	106.4	106.1	111.5	104.1	99.7	106.8	106.6	102.9	102.5
Apr	106.3	105.9	110.7	104.3	99.8	107.0	106.1	103.4	102.8
May	106.2	105.6	109.6	104.5	100.2	107.6	105.9	103.8	103.0
June	106.4	105.7	109.5	104.9	100.1	107.9	106.5	103.9	103.2
July	107.0	106.4	111.2	105.0	100.2	108.1	106.4	104.0	103.3
Aug	107.5	107.1	112.8	105.2	100.1	108.3	103.3	104.2	103.4
Sept	108.1	107.8	114.5	105.4	100.0	108.4	102.8	104.1	103.5
Oct	107.8	107.2	112.2	105.5	100.9	109.1	102.8	104.1	103.9
Nov	107.8	107.0	111.3	105.7	101.2	109.8	102.7	104.1	104.1
Dec	107.6	106.6	110.5	105.5	101.3	110.2	101.6	104.1	104.0
1967: Jan	107.7	106.6	110.3	105.8	101.3	110.5	101.4	104.4	104.2
Feb	107.6	106.5	109.3	106.3	101.3	110.6	101.1	104.6	104.5
Mar	107.2	106.0	107.9	106.4	101.3	110.7	100.2	104.6	104.5
Apr	107.0	105.7	106.9	106.4	101.3	110.8	99.3	104.7	104.6
May	107.6	106.4	108.5	106.9	101.3	111.1	99.4	104.6	104.8
June	108.4	107.4	110.9	107.2	101.0	111.2	99.4	104.5	104.9
July	108.7	107.7	111.5	107.4	101.1	111.2	99.0	104.5	105.1
Aug	108.3	107.2	109.6	108.0	101.2	111.4	99.0	104.6	105.5
Sept	108.7	107.6	110.5	108.0	101.4	111.6	99.5	104.9	105.6
Oct	108.6	107.2	108.8	107.8	102.8	112.6	99.4	105.0	106.0
Nov	108.9	107.5	109.1	107.9	103.0	113.0	100.6	105.3	106.1
Dec	109.3	107.9	110.1	108.0	103.0	113.4	101.3	105.7	106.2

[1] Includes, in addition to subgroups shown, processed fuels and lubricants, containers, and supplies.
[2] Excludes crude foodstuffs and feedstuffs, plant and animal fibers, oilseeds, and leaf tobacco.
[3] Excludes intermediate materials for food manufacturing and manufactured animal feeds.

Note.—For a listing of the commodities included in each sector, see Table 2B, "Wholesale Prices and Price Indexes," 1963 (BLS Bulletin 1513).

Source: Department of Labor, Bureau of Labor Statistics.

MONEY SUPPLY, CREDIT, AND FINANCE

TABLE B–50.—*Money supply, 1947–67*

[Averages of daily figures, billions of dollars]

Year and month	Seasonally adjusted: Total money supply and time deposits adjusted	Seasonally adjusted: Money supply: Total	Seasonally adjusted: Money supply: Currency component [1]	Seasonally adjusted: Money supply: Demand deposit component [2]	Seasonally adjusted: Time deposits adjusted [3]	Unadjusted: Total money supply and time deposits adjusted	Unadjusted: Money supply: Total	Unadjusted: Money supply: Currency component [1]	Unadjusted: Money supply: Demand deposit component [2]	Unadjusted: Time deposits adjusted [3]	U.S. Government demand deposits [4]
1947: Dec	148.5	113.1	26.4	86.7	35.4	151.0	115.9	26.8	89.1	35.1	1.0
1948: Dec	147.5	111.5	25.8	85.8	36.0	150.0	114.3	26.2	88.1	35.7	1.8
1949: Dec	147.6	111.2	25.1	86.0	36.4	150.0	113.9	25.5	88.4	36.1	2.8
1950: Dec	152.9	116.2	25.0	91.2	36.7	155.6	119.2	25.4	93.8	36.4	2.4
1951: Dec	160.9	122.7	26.1	96.5	38.2	163.8	125.8	26.6	99.2	38.0	2.7
1952: Dec	168.5	127.4	27.3	100.1	41.1	171.7	130.8	27.8	103.0	40.9	4.9
1953: Dec	173.3	128.8	27.7	101.1	44.5	176.3	132.1	28.2	103.9	44.2	3.8
1954: Dec	180.6	132.3	27.4	104.9	48.3	183.6	135.6	27.9	107.7	48.0	5.0
1955: Dec	185.2	135.2	27.8	107.4	50.0	188.2	138.6	28.4	110.2	49.6	3.4
1956: Dec	188.8	136.9	28.2	108.7	51.9	191.7	140.3	28.8	111.5	51.4	3.4
1957: Dec	193.3	135.9	28.3	107.6	57.4	196.0	139.3	28.9	110.4	56.7	3.5
1958: Dec	206.5	141.1	28.6	112.6	65.4	209.3	144.7	29.2	115.5	64.6	3.9
1959: Dec	209.3	141.9	28.9	113.1	67.4	212.2	145.6	29.5	116.1	66.6	4.9
1960: Dec	213.9	141.1	28.9	112.1	72.9	216.8	144.7	29.6	115.2	72.1	4.7
1961: Dec	228.1	145.4	29.6	115.9	82.7	231.2	149.4	30.2	119.2	81.8	4.9
1962: Dec	245.2	147.4	30.6	116.8	97.8	248.2	151.6	31.2	120.3	96.7	5.6
1963: Dec	265.2	153.0	32.5	120.5	112.2	268.2	157.3	33.1	124.1	111.0	5.1
1964: Dec	285.9	159.3	34.2	125.1	126.6	289.2	164.0	35.0	129.1	125.2	5.5
1965: Dec	313.7	166.8	36.3	130.5	146.9	317.3	172.0	37.1	134.9	145.2	4.6
1966: Dec	329.0	170.4	38.3	132.1	158.6	332.7	175.8	39.1	136.7	156.9	3.4
1967: Dec [p]	365.3	181.5	40.4	141.1	183.8	369.0	187.2	41.2	146.0	181.8	5.0
1966: Jan	315.5	167.9	36.6	131.4	147.5	320.4	173.0	36.5	136.5	147.4	3.8
Feb	316.6	168.3	36.7	131.6	148.3	316.4	167.7	36.4	131.3	148.7	5.1
Mar	319.0	169.2	36.9	132.3	149.8	318.1	167.8	36.5	131.2	150.4	4.5
Apr	322.3	170.5	37.1	133.4	151.8	323.9	171.5	36.8	134.7	152.4	3.0
May	323.6	170.2	37.3	132.9	153.4	320.9	166.7	37.0	129.7	154.2	7.1
June	[5] 324.5	170.6	37.4	133.2	[5] 154.0	[5] 323.1	168.6	37.3	131.4	[5] 154.4	6.1
July	325.7	169.9	37.7	132.3	155.7	324.2	168.0	37.8	130.1	156.2	8.0
Aug	327.1	170.1	37.8	132.4	156.9	324.5	167.0	37.8	129.2	157.4	5.1
Sept	327.9	170.5	37.9	132.6	157.4	327.1	169.7	37.9	131.8	157.4	4.3
Oct	327.7	170.1	38.0	132.1	157.6	327.6	170.5	38.1	132.4	157.1	4.8
Nov	327.5	170.1	38.1	132.0	157.4	327.6	171.5	38.5	133.0	156.1	3.7
Dec	329.0	170.4	38.3	132.1	158.6	332.7	175.8	39.1	136.7	156.9	3.4
1967: Jan	331.1	170.3	38.5	131.8	160.8	336.0	175.3	38.5	136.8	160.7	4.1
Feb	335.0	171.5	38.7	132.8	163.5	334.6	170.6	38.3	132.3	164.0	5.0
Mar	339.2	173.1	38.9	134.2	166.1	338.7	171.9	38.5	133.4	166.7	4.9
Apr	340.8	172.7	39.1	133.6	168.1	342.4	173.6	38.7	134.9	168.8	4.8
May	344.4	174.5	39.2	135.3	170.0	341.9	171.1	38.9	132.2	170.8	6.5
June	348.6	176.2	39.3	136.8	172.4	347.3	174.3	39.3	135.1	173.0	3.9
July	352.5	177.9	39.5	138.4	174.6	351.0	175.8	39.6	136.2	175.1	5.6
Aug	356.3	179.1	39.6	139.6	177.2	353.6	175.9	39.6	136.2	177.7	4.3
Sept	358.2	179.2	39.8	139.5	178.9	357.3	178.4	39.8	138.6	178.9	5.0
Oct	361.1	180.3	39.9	140.3	180.8	360.8	180.6	40.0	140.6	180.3	6.2
Nov	363.7	181.2	40.0	141.2	182.5	363.6	182.5	40.4	142.1	181.1	5.2
Dec [p]	365.3	181.5	40.4	141.1	183.8	369.0	187.2	41.2	146.0	181.8	5.0

[1] Currency outside the Treasury, the Federal Reserve System, and the vaults of all commercial banks.
[2] Demand deposits at all commercial banks, other than those due to domestic commercial banks and the U.S. Government, less cash items in process of collection and Federal Reserve float, plus foreign demand balances at Federal Reserve banks.
[3] Time deposits adjusted are time deposits at all commercial banks other than those due to domestic commercial banks and the U.S. Government.
[4] Deposits at all commercial banks.
[5] Effective June 1966, balances accumulated for payment of personal loans are reclassified for reserve purposes and are excluded from time deposits reported by member banks. The estimated amount of such deposits at all commercial banks ($1.1 billion) is excluded from time deposits adjusted thereafter.

Source: Board of Governors of the Federal Reserve System.

TABLE B–51.—*Bank loans and investments, 1929–67*

[Billions of dollars]

End of year or month [1]	All commercial banks: Total loans and investments [2]	All commercial banks: Loans [2]	All commercial banks: Investments: U.S. Government securities	All commercial banks: Investments: Other securities	Weekly reporting large commercial banks [3]: Business loans [4]
1929 [5]	49.4	35.7	4.9	8.7	------------
1930 [5]	48.9	34.5	5.0	9.4	------------
1931 [5]	44.9	29.2	6.0	9.7	------------
1932 [5]	36.1	21.8	6.2	8.1	------------
1933 [5]	30.4	16.3	7.5	6.5	------------
1934 [5]	32.7	15.7	10.3	6.7	------------
1935	36.1	15.2	13.8	7.1	------------
1936	39.6	16.4	15.3	7.9	------------
1937	38.4	17.2	14.2	7.0	5.1
1938	38.7	16.4	15.1	7.2	4.2
1939	40.7	17.2	16.3	7.1	4.7
1940	43.9	18.8	17.8	7.4	5.3
1941	50.7	21.7	21.8	7.2	7.1
1942	67.4	19.2	41.4	6.8	6.3
1943	85.1	19.1	59.8	6.1	6.4
1944	105.5	21.6	77.6	6.3	6.5
1945	124.0	26.1	90.6	7.3	7.3
1946	114.0	31.1	74.8	8.1	11.3
1947	116.3	38.1	69.2	9.0	14.7
1948	114.2	42.4	62.6	9.2	15.6
	Seasonally adjusted				
1948	113.0	41.5	62.3	9.2	15.6
1949	118.7	42.0	66.4	10.3	13.9
1950	124.7	51.1	61.1	12.4	17.9
1951	130.2	56.5	60.4	13.4	21.6
1952	139.1	62.8	62.2	14.2	23.4
1953	143.1	66.2	62.2	14.7	23.4
1954	153.1	69.1	67.6	16.4	22.4
1955	157.6	80.6	60.3	16.8	26.7
1956	161.6	88.1	57.2	16.3	30.8
1957	166.4	91.5	56.9	17.9	31.8
1958	181.2	95.6	65.1	20.5	31.7
1959	185.9	107.5	57.9	20.5	30.7
1960	194.5	113.8	59.8	20.8	32.2
1961	209.6	120.5	65.2	23.9	32.9
1962 [6]	227.9	134.1	64.5	29.2	35.2
1963 [6]	246.2	149.7	61.5	35.0	38.8
1964	267.2	167.7	60.7	38.7	42.1
1965	294.4	192.4	57.3	44.8	[3] 53.1
1966	[7] 310.2	[7] 207.8	53.7	[7] 48.7	60.7
1967 [6]	344.4	224.0	60.0	60.4	65.8
1966: Jan	297.0	194.6	57.4	45.0	52.9
Feb	298.6	196.7	56.5	45.5	53.6
Mar	300.1	198.4	56.0	45.7	55.2
Apr	302.1	200.6	55.3	46.2	55.0
May	303.7	202.3	54.1	47.3	56.0
June	[7] 306.8	[7] 203.4	54.9	[7] 48.5	57.8
July	307.5	204.5	54.5	48.5	58.7
Aug	309.9	205.8	56.0	48.0	58.3
Sept	309.4	206.2	54.9	48.3	59.4
Oct	308.9	207.2	53.4	48.4	59.5
Nov	309.3	207.5	53.4	48.4	60.0
Dec	310.2	207.8	53.7	48.7	60.7
1967: Jan	314.4	210.4	54.2	49.9	60.3
Feb	318.0	211.0	55.9	51.1	60.4
Mar	321.4	211.3	57.8	52.3	62.0
Apr	323.2	213.5	56.1	53.6	62.3
May	324.6	213.5	56.1	55.0	61.8
June	325.6	213.9	55.4	56.3	63.8
July	332.4	217.1	58.8	56.5	63.7
Aug	337.3	218.2	61.8	57.3	62.2
Sept	339.5	220.2	61.6	57.7	63.4
Oct p	342.6	221.8	62.3	58.6	63.1
Nov p	344.3	222.3	61.8	60.2	63.7
Dec [6]	344.4	224.0	60.0	60.4	65.8

[1] Data are for last Wednesday of month (except June 30 and December 31 call dates used for all commercial banks).
[2] Adjusted to exclude interbank loans beginning 1948.
[3] Loans by weekly reporting large commercial banks beginning 1965 and formerly weekly reporting member banks. See "Federal Reserve Bulletin," March 1967.
[4] Commercial and industrial loans and prior to 1956, agricultural loans. Beginning July 1959, loans to financial institutions excluded. Prior to 1943, published data adjusted to include open market paper.
[5] June data used because complete end-of-year data not available.
[6] Commercial bank data are estimates for December 31.
[7] Effective June 1966, balances accumulated for payment of personal loans (about $1.1 billion) are excluded from loans at all commercial banks, and certain certificates of CCC and Export-Import Bank totaling about $1 billion are included in other securities rather than in loans.

Source: Board of Governors of the Federal Reserve System.

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TABLE B–52.—*Selected liquid assets held by the public, 1946–67* [1]

[Billions of dollars, seasonally adjusted]

End of year or month	Total	Demand deposits and currency [2]	Time deposits: Commercial banks [3]	Time deposits: Mutual savings banks	Postal savings system	Savings and loan shares	U.S. Government savings bonds [4]	U.S. Government securities maturing within 1 year [4]
1946	239.1	108.5	33.9	16.9	3.3	8.5	48.6	19.4
1947	246.2	112.4	35.3	17.8	3.4	9.7	50.9	16.6
1948	254.1	110.5	35.9	18.4	3.3	11.0	53.4	21.6
1949	262.1	110.4	36.3	19.3	3.2	12.5	55.0	25.5
1950	271.4	115.5	36.6	20.1	2.9	14.0	55.8	26.4
1951	281.0	120.9	38.2	20.9	2.7	16.1	55.4	26.8
1952	296.0	125.5	41.2	22.6	2.5	19.2	55.7	29.3
1953	311.5	127.3	44.6	24.4	2.4	22.8	55.6	34.4
1954	320.3	130.2	48.2	26.3	2.1	27.2	55.6	30.6
1955	332.5	133.3	49.7	28.1	1.9	32.0	55.9	31.6
1956	343.2	134.6	52.0	30.0	1.6	37.0	54.8	33.2
1957	356.0	133.5	57.5	31.6	1.3	41.7	51.6	38.8
1958	373.1	138.8	65.4	33.9	1.1	47.7	50.5	35.6
1959	393.9	139.7	67.4	34.9	.9	54.3	47.9	48.8
1960	399.2	138.4	73.1	36.2	.8	61.8	47.0	41.9
1961	424.6	142.6	82.5	38.3	.6	70.5	47.4	42.6
1962	459.0	144.8	98.1	41.4	.5	79.8	47.6	46.8
1963	495.4	149.6	112.9	44.5	.5	90.9	49.0	48.1
1964	530.5	156.7	127.1	49.0	.4	101.4	49.9	46.1
1965	573.0	164.0	147.1	52.6	.3	109.8	50.5	48.6
1966	601.7	168.6	159.6	55.2	.1	113.4	50.9	53.9
1967 p	648.8	180.3	182.5	59.9	----------	123.8	51.9	50.5
1966: Jan	578.5	164.8	149.2	52.8	.3	109.9	50.5	51.1
Feb	577.6	162.7	149.4	53.0	.3	110.7	50.3	51.0
Mar	585.6	167.0	151.1	53.1	.3	111.6	50.3	52.1
Apr	587.1	166.4	152.5	53.1	.3	111.1	50.4	53.3
May	585.9	163.7	153.6	53.3	.3	111.3	50.4	53.3
June	[5] 589.5	166.5	[5] 153.9	53.6	.2	111.5	50.4	53.4
July	588.6	164.3	156.1	53.7	.2	110.9	50.6	52.8
Aug	592.9	167.0	156.6	53.9	.2	111.4	50.6	53.3
Sept	594.5	166.1	156.7	54.2	.2	112.3	50.5	54.5
Oct	596.2	166.0	156.6	54.6	.2	112.2	50.6	56.0
Nov	600.6	168.0	158.3	54.8	.1	113.0	50.6	55.8
Dec	601.7	168.6	159.6	55.2	.1	113.4	50.9	53.9
1967: Jan	605.1	166.9	163.6	55.5	.1	113.7	51.0	54.2
Feb	604.7	165.8	165.3	55.9	.1	114.8	50.9	51.7
Mar	615.1	171.0	167.6	56.3	.1	116.3	51.0	52.9
Apr	613.2	168.6	168.6	56.8	.1	117.1	51.1	50.9
May	619.7	172.9	170.7	57.4	.1	118.0	51.1	49.5
June	620.6	173.7	172.4	57.8	.1	118.9	51.2	46.5
July	623.0	171.9	174.7	58.4	.1	119.9	51.3	46.7
Aug	630.2	174.1	177.2	58.7	.1	121.0	51.3	47.8
Sept	635.3	176.2	178.1	58.9	.1	122.4	51.4	48.2
Oct	638.1	175.7	180.1	59.5	----------	123.0	51.4	48.3
Nov	645.7	177.8	183.7	59.9	----------	123.7	51.5	49.1
Dec p	648.8	180.3	182.5	59.9	----------	123.8	51.9	50.5

[1] Excludes holdings of the U.S. Government, Government agencies and trust funds, domestic commercial banks, and Federal Reserve banks. Adjusted wherever possible to avoid double counting.

[2] Agrees in concept with the money supply, Table B–53, except for deduction of demand deposits held by mutual savings banks and savings and loan associations. Data are for last Wednesday of month.

[3] Time deposits at all commercial banks other than those due to domestic commercial banks and the U.S. Government (same concept as in Table B–50). Data are for last Wednesday of month, except that June 30, and December 31 call data are used where available.

[4] Excludes holdings of Government agencies and trust funds, domestic commercial and mutual savings banks, Federal Reserve banks, and beginning February 1960, savings and loan associations.

[5] Effective June 1966, balances accumulated for the payment of personal loans (about $1.1 billion) are excluded from time deposits at all commercial banks and from total liquid assets.

Source: Board of Governors of the Federal Reserve System.

TABLE B–53.—*Federal Reserve Bank credit and member bank reserves, 1929–67*

[Averages of daily figures, millions of dollars]

Year and month	Reserve Bank credit outstanding				Member bank reserves			Member bank free reserves (excess reserves less borrowings)
	Total	U.S. Government securities	Member bank borrowings	All other, mainly float	Total	Required	Excess	
1929: Dec	1,643	446	801	396	2,395	2,347	48	−753
1930: Dec	1,273	644	337	292	2,415	2,342	73	−264
1931: Dec	1,950	777	763	410	2,069	2,010	60	−703
1932: Dec	2,192	1,854	281	57	2,435	1,909	526	245
1933: Dec	2,669	2,432	95	142	2,588	[1]1,822	[1]766	671
1934: Dec	2,472	2,430	10	32	4,037	2,290	1,748	1,738
1935: Dec	2,494	2,430	6	58	5,716	2,733	2,983	2,977
1936: Dec	2,498	2,434	7	57	6,665	4,619	2,046	2,039
1937: Dec	2,628	2,565	16	47	6,879	5,808	1,071	1,055
1938: Dec	2,618	2,564	7	47	8,745	5,520	3,226	3,219
1939: Dec	2,612	2,510	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	1,157
1946: Dec	24,746	23,767	157	821	16,517	15,617	900	743
1947: Dec	22,858	21,905	224	729	17,261	16,275	986	762
1948: Dec	23,978	23,002	134	842	19,990	19,193	797	663
1949: Dec	19,012	18,287	118	607	16,291	15,488	803	685
1950: Dec	21,606	20,345	142	1,119	17,391	16,364	1,027	885
1951: Dec	25,446	23,409	657	1,380	20,310	19,484	826	169
1952: Dec	27,299	24,400	1,593	1,306	21,180	20,457	723	−870
1953: Dec	27,107	25,639	441	1,027	19,920	19,227	693	252
1954: Dec	26,317	24,917	246	1,154	19,279	18,576	703	457
1955: Dec	26,853	24,602	839	1,412	19,240	18,646	594	−245
1956: Dec	27,156	24,765	688	1,703	19,535	18,883	652	−36
1957: Dec	26,186	23,982	710	1,494	19,420	18,843	577	−133
1958: Dec	28,412	26,312	557	1,543	18,899	18,383	516	−41
1959: Dec	29,435	27,036	906	1,493	[2]18,932	18,450	482	−424
1960: Dec	29,060	27,248	87	1,725	19,283	18,527	756	669
1961: Dec	31,217	29,098	149	1,970	20,118	19,550	568	419
1962: Dec	33,218	30,546	304	2,368	20,040	19,468	572	268
1963: Dec	36,610	33,729	327	2,554	20,746	20,210	536	209
1964: Dec	39,873	37,126	243	2,504	21,609	21,198	411	168
1965: Dec	43,853	40,885	454	2,514	22,719	22,267	452	−2
1966: Dec	46,864	43,760	557	2,547	23,830	23,438	392	−165
1967: Dec [p]	51,268	48,891	238	2,139	25,256	24,915	341	103
1966: Jan	43,449	40,626	402	2,421	22,750	22,392	358	−44
Feb	43,116	40,635	478	2,003	22,233	21,862	371	−107
Mar	42,943	40,398	551	1,994	22,160	21,855	305	−246
Apr	43,339	40,629	626	2,084	22,528	22,170	358	−268
May	43,891	41,129	722	2,040	22,487	22,117	370	−352
June	44,498	41,672	674	2,152	22,534	22,212	322	−352
July	45,737	42,221	766	2,750	23,090	22,682	408	−358
Aug	45,348	42,280	728	2,340	22,655	22,317	338	−390
Sept	45,631	42,735	766	2,130	23,240	22,842	398	−368
Oct	45,604	42,837	733	2,034	23,333	23,031	302	−431
Nov	46,087	43,347	611	2,129	23,251	22,862	389	−222
Dec	46,864	43,760	557	2,547	23,830	23,438	392	−165
1967: Jan	46,802	44,066	389	2,347	24,075	23,702	373	−16
Feb	46,587	44,215	362	2,010	23,709	23,351	358	−4
Mar	46,524	44,620	199	1,705	23,405	22,970	435	236
Apr	46,902	45,082	134	1,686	23,362	23,053	309	175
May	47,323	45,699	101	1,523	23,284	22,914	370	269
June	47,547	45,844	123	1,580	23,518	23,098	420	297
July	48,590	46,807	87	1,696	23,907	23,548	359	272
Aug	48,210	46,612	89	1,509	23,791	23,404	387	298
Sept	48,147	46,398	90	1,659	24,200	23,842	358	268
Oct	48,993	47,367	126	1,500	24,608	24,322	286	160
Nov	49,752	48,010	133	1,609	24,738	24,337	403	270
Dec [p]	51,268	48,891	238	2,139	25,256	24,915	341	103

[1] Data from March 1933 through April 1934 are for licensed banks only.
[2] Beginning December 1959, total reserves held include vault cash allowed.

Source: Board of Governors of the Federal Reserve System.

Table B–54.—*Bond yields and interest rates, 1929–67*

[Percent per annum]

Year or month	U.S. Government securities: 3-month Treasury bills [1]	U.S. Government securities: 9–12 month issues [2]	U.S. Government securities: 3–5 year issues [3]	U.S. Government securities: Taxable bonds [4]	Corporate bonds (Moody's): Aaa	Corporate bonds (Moody's): Baa	High-grade municipal bonds (Standard & Poor's)	Average rate on short-term bank loans to business—selected cities	Prime commercial paper, 4–6 months	Federal Reserve Bank discount rate	FHA new home mortgage yields [5]
1929	(6)	-------	-------	-------	4.73	5.90	4.27	(7)	5.85	5.16	-------
1930	(6)	-------	-------	-------	4.55	5.90	4.07	(7)	3.59	3.04	-------
1931	1.402	-------	-------	-------	4.58	7.62	4.01	(7)	2.64	2.11	-------
1932	.879	-------	-------	-------	5.01	9.30	4.65	(7)	2.73	2.82	-------
1933	.515	-------	2.66	-------	4.49	7.76	4.71	(7)	1.73	2.56	-------
1934	.256	-------	2.12	-------	4.00	6.32	4.03	(7)	1.02	1.54	-------
1935	.137	-------	1.29	-------	3.60	5.75	3.41	(7)	.76	1.50	-------
1936	.143	-------	1.11	-------	3.24	4.77	3.07	(7)	.75	1.50	-------
1937	.447	-------	1.40	-------	3.26	5.03	3.10	(7)	.94	1.33	-------
1938	.053	-------	.83	-------	3.19	5.80	2.91	(7)	.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	[8] 1.00	-------
1943	.373	0.75	1.34	2.47	2.73	3.91	2.06	2.6	.69	[8] 1.00	-------
1944	.375	.79	1.33	2.48	2.72	3.61	1.86	2.4	.73	[8] 1.00	-------
1945	.375	.81	1.18	2.37	2.62	3.29	1.67	2.2	.75	[8] 1.00	-------
1946	.375	.82	1.16	2.19	2.53	3.05	1.64	2.1	.81	[8] 1.00	-------
1947	.594	.88	1.32	2.25	2.61	3.24	2.01	2.1	1.03	1.00	-------
1948	1.040	1.14	1.62	2.44	2.82	3.47	2.40	2.5	1.44	1.34	-------
1949	1.102	1.14	1.43	2.31	2.66	3.42	2.21	2.68	1.49	1.50	4.34
1950	1.218	1.26	1.50	2.32	2.62	3.24	1.98	2.69	1.45	1.59	4.17
1951	1.552	1.73	1.93	2.57	2.86	3.41	2.00	3.11	2.16	1.75	4.21
1952	1.766	1.81	2.13	2.68	2.96	3.52	2.19	3.49	2.33	1.75	4.29
1953	1.931	2.07	2.56	2.94	3.20	3.74	2.72	3.69	2.52	1.99	4.61
1954	.953	.92	1.82	2.55	2.90	3.51	2.37	3.61	1.58	1.60	4.62
1955	1.753	1.89	2.50	2.84	3.06	3.53	2.53	3.70	2.18	1.89	4.64
1956	2.658	2.83	3.12	3.08	3.36	3.88	2.93	4.20	3.31	2.77	4.79
1957	3.267	3.53	3.62	3.47	3.89	4.71	3.60	4.62	3.81	3.12	5.42
1958	1.839	2.09	2.90	3.43	3.79	4.73	3.56	4.34	2.46	2.16	5.49
1959	3.405	4.11	4.33	4.08	4.38	5.05	3.95	[9] 5.00	3.97	3.36	5.71
1960	2.928	3.55	3.99	4.02	4.41	5.19	3.73	5.16	3.85	3.53	6.18
1961	2.378	2.91	3.60	3.90	4.35	5.08	3.46	4.97	2.97	3.00	5.80
1962	2.778	3.02	3.57	3.95	4.33	5.02	3.18	5.00	3.26	3.00	5.61
1963	3.157	3.28	3.72	4.00	4.26	4.86	3.23	5.01	3.55	3.23	5.47
1964	3.549	3.76	4.06	4.15	4.40	4.83	3.22	4.99	3.97	3.55	5.45
1965	3.954	4.09	4.22	4.21	4.49	4.87	3.27	5.06	4.38	4.04	5.46
1966	4.881	5.17	5.16	4.65	5.13	5.67	3.82	6.00	5.55	4.50	6.29
1967	4.321	4.84	5.07	4.85	5.51	6.23	3.96	[10] 6.00	5.10	4.19	6.55
1965: Jan	3.828	3.87	4.06	4.14	4.43	4.80	3.06	-------	4.25	4.00	5.45
Feb	3.929	3.97	4.08	4.16	4.41	4.78	3.10	-------	4.27	4.00	5.45
Mar	3.942	4.03	4.12	4.15	4.42	4.78	3.18	4.97	4.38	4.00	5.45
Apr	3.932	4.00	4.12	4.15	4.43	4.80	3.17	-------	4.38	4.00	5.45
May	3.895	3.99	4.11	4.14	4.44	4.81	3.19	-------	4.38	4.00	5.45
June	3.810	3.98	4.09	4.14	4.46	4.85	3.26	4.99	4.38	4.00	5.45
July	3.831	3.96	4.10	4.15	4.48	4.88	3.26	-------	4.38	4.00	5.44
Aug	3.836	4.00	4.19	4.19	4.49	4.88	3.25	-------	4.38	4.00	5.44
Sept	3.912	4.11	4.24	4.25	4.52	4.91	3.36	5.00	4.38	4.00	5.45
Oct	4.032	4.18	4.33	4.28	4.56	4.93	3.42	-------	4.38	4.00	5.46
Nov	4.082	4.29	4.46	4.34	4.60	4.95	3.47	-------	4.38	4.00	5.49
Dec	4.362	4.66	4.77	4.43	4.68	5.02	3.56	5.27	4.65	4.42	5.51

See footnotes at end of table.

TABLE B–54.—*Bond yields and interest rates, 1929–67*—Continued

[Percent per annum]

Year or month	U.S. Government securities				Corporate bonds (Moody's)		High-grade municipal bonds (Standard & Poor's)	Average rate on short-term bank loans to business—selected cities	Prime commercial paper, 4–6 months	Federal Reserve Bank discount rate	FHA new home mortgage yields [5]
	3-month Treasury bills [1]	9–12 month issues [2]	3–5 year issues [3]	Taxable bonds [4]	Aaa	Baa					
1966: Jan	4.596	4.83	4.89	4.43	4.74	5.06	3.52	....	4.82	4.50	5.62
Feb	4.670	4.92	5.02	4.61	4.78	5.12	3.63	....	4.88	4.50	5.70
Mar	4.626	4.96	4.94	4.63	4.92	5.32	3.72	5.55	5.21	4.50	....
Apr	4.611	4.87	4.86	4.55	4.96	5.41	3.59	....	5.38	4.50	6.00
May	4.642	4.90	4.94	4.57	4.98	5.48	3.68	....	5.39	4.50	....
June	4.539	4.94	5.01	4.63	5.07	5.58	3.77	5.82	5.51	4.50	6.32
July	4.855	5.17	5.22	4.75	5.16	5.68	3.94	....	5.63	4.50	6.45
Aug	4.932	5.52	5.58	4.80	5.31	5.83	4.17	....	5.85	4.50	6.51
Sept	5.356	5.80	5.62	4.79	5.49	6.09	4.11	6.30	5.89	4.50	6.58
Oct	5.387	5.57	5.38	4.70	5.41	6.10	3.97	....	6.00	4.50	6.63
Nov	5.344	5.45	5.43	4.74	5.35	6.13	3.93	....	6.00	4.50	....
Dec	5.007	5.10	5.07	4.65	5.39	6.18	3.83	6.31	6.00	4.50	6.81
1967: Jan	4.759	4.71	4.71	4.40	5.20	5.97	3.58	....	5.73	4.50	6.77
Feb	4.554	4.64	4.73	4.47	5.03	5.82	3.56	[10] 6.13	5.38	4.50	6.62
Mar	4.288	4.35	4.52	4.45	5.13	5.85	3.60	....	5.24	4.50	6.46
Apr	3.852	4.03	4.46	4.51	5.11	5.83	3.66	....	4.83	4.10	6.35
May	3.640	4.09	4.68	4.76	5.24	5.96	3.92	5.95	4.67	4.00	6.29
June	3.480	4.40	4.96	4.86	5.44	6.15	3.99	....	4.65	4.00	6.44
July	4.308	4.98	5.17	4.86	5.58	6.26	4.05	....	4.92	4.00	6.51
Aug	4.275	5.10	5.28	4.95	5.62	6.33	4.03	5.95	5.00	4.00	6.53
Sept	4.451	5.21	5.40	4.99	5.65	6.40	4.15	....	5.00	4.00	6.60
Oct	4.588	5.32	5.52	5.19	5.82	6.52	4.31	....	5.07	4.00	6.63
Nov	4.762	5.55	5.73	5.44	6.07	6.72	4.36	5.96	5.28	4.18	6.65
Dec	5.012	5.69	5.72	5.36	6.19	6.93	4.49	....	5.56	4.50	6.77

[1] Rate on new issues within period. Issues were tax exempt prior to March 1, 1941, and fully taxable thereafter. For the period 1934–37, series includes issues with maturities of more than 3 months.
[2] Certificates of indebtedness and selected note and bond issues (fully taxable).
[3] Selected note and bond issues. Issues were partially tax exempt prior to 1941, and fully taxable thereafter.
[4] First issued in 1941. Series includes bonds which are neither due nor callable before a given number of years as follows: April 1953 to date, 10 years; April 1952–March 1953, 12 years; October 1941–March 1952, 15 years.
[5] Data for first of the month, based on the maximum permissable interest rate (6 percent beginning October 1966) and, thru July 1961, 25-year mortgages paid in 12 years and, thereafter, 30-year mortgages paid in 15 years.
[6] Treasury bills were first issued in December 1929 and were issued irregularly in 1930.
[7] Not available on same basis as for 1939 and subsequent years.
[8] From October 30, 1942, to April 24, 1946, a preferential rate of 0.50 percent was in effect for advances secured by Government securities maturing in 1 year or less.
[9] Beginning 1959, series revised to exclude loans to nonbank financial institutions.
[10] Beginning February 1967, series revised to incorporate changes in coverage, in the sample of reporting banks, and in the reporting period (shifted to the middle month of the quarter).

Note.—Yields and rates computed for New York City except for short-term bank loans.

Sources: Treasury Department, Board of Governors of the Federal Reserve System, Moody's Investors Service, Standard & Poor's Corporation, and Federal Housing Administration.

TABLE B–55.—*Short- and intermediate-term consumer credit outstanding, 1929–67*

[Millions of dollars]

End of year or month	Total	Instalment credit: Total	Instalment credit: Automobile paper	Instalment credit: Other consumer goods paper	Instalment credit: Repair and modernization loans [1]	Instalment credit: Personal loans	Noninstalment credit: Total	Noninstalment credit: Charge accounts	Noninstalment credit: Other [2]	Addendum: Policy loans by life insurance companies [3]
1929	7,116	3,524	1,384	1,544	27	569	3,592	1,996	1,596	2,379
1930	6,351	3,022	986	1,432	25	579	3,329	1,833	1,496	2,807
1931	5,315	2,463	684	1,214	22	543	2,852	1,635	1,217	3,369
1932	4,026	1,672	356	834	18	464	2,354	1,374	980	3,806
1933	3,885	1,723	493	799	15	416	2,162	1,286	876	3,769
1934	4,218	1,999	614	889	37	459	2,219	1,306	913	3,658
1935	5,190	2,817	992	1,000	253	572	2,373	1,354	1,019	3,540
1936	6,375	3,747	1,372	1,290	364	721	2,628	1,428	1,200	3,411
1937	6,948	4,118	1,494	1,505	219	900	2,830	1,504	1,326	3,399
1938	6,370	3,686	1,099	1,442	218	927	2,684	1,403	1,281	3,389
1939	7,222	4,503	1,497	1,620	298	1,088	2,719	1,414	1,305	3,248
1940	8,338	5,514	2,071	1,827	371	1,245	2,824	1,471	1,353	3,091
1941	9,172	6,085	2,458	1,929	376	1,322	3,087	1,645	1,442	2,919
1942	5,983	3,166	742	1,195	255	974	2,817	1,444	1,373	2,683
1943	4,901	2,136	355	819	130	832	2,765	1,440	1,325	2,373
1944	5,111	2,176	397	791	119	869	2,935	1,517	1,418	2,134
1945	5,665	2,462	455	816	182	1,009	3,203	1,612	1,591	1,962
1946	8,384	4,172	981	1,290	405	1,496	4,212	2,076	2,136	1,894
1947	11,598	6,695	1,924	2,143	718	1,910	4,903	2,381	2,522	1,937
1948	14,447	8,996	3,018	2,901	853	2,224	5,451	2,722	2,729	2,057
1949	17,364	11,590	4,555	3,706	898	2,431	5,774	2,854	2,920	2,240
1950	21,471	14,703	6,074	4,799	1,016	2,814	6,768	3,367	3,401	2,413
1951	22,712	15,294	5,972	4,880	1,085	3,357	7,418	3,700	3,718	2,590
1952	27,520	19,403	7,733	6,174	1,385	4,111	8,117	4,130	3,987	2,713
1953	31,393	23,005	9,835	6,779	1,610	4,781	8,388	4,274	4,114	2,914
1954	32,464	23,568	9,809	6,751	1,616	5,392	8,896	4,485	4,411	3,127
1955	38,830	28,906	13,460	7,641	1,693	6,112	9,924	4,795	5,129	3,290
1956	42,334	31,720	14,420	8,606	1,905	6,789	10,614	4,995	5,619	3,519
1957	44,970	33,867	15,340	8,844	2,101	7,582	11,103	5,146	5,957	3,869
1958	45,129	33,642	14,152	9,028	2,346	8,116	11,487	5,060	6,427	4,188
1959	51,542	39,245	16,420	10,630	2,809	9,386	12,297	5,104	7,193	4,618
1960	56,028	42,832	17,688	11,525	3,139	10,480	13,196	5,329	7,867	5,231
1961	57,678	43,527	17,223	11,857	3,191	11,256	14,151	5,324	8,827	5,733
1962	63,164	48,034	19,540	12,605	3,246	12,643	15,130	5,684	9,446	6,234
1963	70,461	54,158	22,433	13,856	3,405	14,464	16,303	5,871	10,432	6,655
1964	78,442	60,548	25,195	15,593	3,532	16,228	17,894	6,300	11,594	7,140
1965	87,884	68,565	28,843	17,693	3,675	18,354	19,319	6,746	12,573	7,678
1966	94,786	74,656	30,961	19,834	3,751	20,110	20,130	7,144	12,986	9,117
1967 [4]	99,100	77,900	31,300	21,200	3,700	21,700	21,200	7,600	13,600	--------
1966: Jan	87,027	68,314	28,789	17,566	3,634	18,325	18,713	6,107	12,606	7,728
Feb	86,565	68,279	28,894	17,386	3,603	18,396	18,286	5,505	12,781	7,775
Mar	87,059	68,827	29,248	17,450	3,597	18,532	18,232	5,393	12,839	7,862
Apr	88,184	69,543	29,597	17,597	3,602	18,747	18,641	5,670	12,971	7,964
May	89,092	70,209	29,908	17,732	3,642	18,927	18,883	5,860	13,023	8,062
June	90,070	71,194	30,402	17,959	3,677	19,156	18,876	5,908	12,968	8,174
July	90,650	71,862	30,680	18,165	3,711	19,306	18,788	5,888	12,900	8,276
Aug	91,483	72,640	30,918	18,390	3,755	19,577	18,843	5,973	12,870	8,435
Sept	91,639	72,829	30,793	18,564	3,771	19,701	18,810	5,993	12,817	8,658
Oct	91,899	73,073	30,852	18,714	3,770	19,737	18,826	6,107	12,719	8,849
Nov	92,498	73,491	30,937	18,945	3,772	19,837	19,007	6,199	12,808	8,986
Dec	94,786	74,656	30,961	19,834	3,751	20,110	20,130	7,144	12,986	9,136
1967: Jan	93,479	74,015	30,689	19,649	3,703	19,974	19,464	6,472	12,992	9,250
Feb	92,517	73,598	30,530	19,426	3,666	19,976	18,919	5,824	13,095	9,341
Mar	92,519	73,591	30,527	19,369	3,648	20,047	18,928	5,809	13,119	9,444
Apr	93,089	73,840	30,635	19,376	3,636	20,193	19,249	5,923	13,326	9,537
May	93,917	74,290	30,852	19,442	3,670	20,326	19,627	6,231	13,396	9,615
June	94,813	75,051	31,208	19,580	3,696	20,567	19,762	6,334	13,428	9,695
July	95,115	75,348	31,364	19,607	3,711	20,666	19,767	6,346	13,421	9,735
Aug	95,684	75,889	31,455	19,755	3,743	20,936	19,795	6,368	13,427	9,808
Sept	95,886	76,039	31,296	19,914	3,742	21,087	19,847	6,387	13,460	9,875
Oct	96,094	76,223	31,237	20,042	3,746	21,198	19,871	6,471	13,400	9,933
Nov	96,802	76,680	31,217	20,340	3,748	21,375	20,122	6,614	13,508	9,996
Dec [4]	99,100	77,900	31,300	21,200	3,700	21,700	21,200	7,600	13,600	--------

[1] Holdings of financial institutions only; holdings of retail outlets are included in "other consumer goods paper."
[2] Single-payment loans and service credit.
[3] Year-end figures are annual statement asset values; month-end figures are book value of ledger assets. These loans are not included in consumer credit series.
[4] Preliminary; December by Council of Economic Advisers.

Sources: Board of Governors of the Federal Reserve System and Institute of Life Insurance (except as noted).

TABLE B–56.—*Instalment credit extended and repaid, 1946–67*

[Millions of dollars]

Year or month	Total		Automobile paper		Other consumer goods paper		Repair and modernization loans		Personal loans	
	Extended	Repaid	Extended	Repaid	Extended	Repaid	Extended	Repaid	Extended	Repaid
1946	8,495	6,785	1,969	1,443	3,077	2,603	423	200	3,026	2,539
1947	12,713	10,190	3,692	2,749	4,498	3,645	704	391	3,819	3,405
1948	15,585	13,284	5,217	4,123	5,383	4,625	714	579	4,271	3,957
1949	18,108	15,514	6,967	5,430	5,865	5,060	734	689	4,542	4,335
1950	21,558	18,445	8,530	7,011	7,150	6,057	835	717	5,043	4,660
1951	23,576	22,985	8,956	9,058	7,485	7,404	841	772	6,294	5,751
1952	29,514	25,405	11,764	10,003	9,186	7,892	1,217	917	7,347	6,593
1953	31,558	27,956	12,981	10,879	9,227	8,622	1,344	1,119	8,006	7,336
1954	31,051	30,488	11,807	11,833	9,117	9,145	1,261	1,255	8,866	8,255
1955	38,972	33,634	16,734	13,082	10,642	9,752	1,393	1,316	10,203	9,484
1956	39,868	37,054	15,515	14,555	11,721	10,756	1,582	1,370	11,051	10,373
1957	42,016	39,868	16,465	15,545	11,807	11,569	1,674	1,477	12,069	11,276
1958	40,119	40,344	14,226	15,415	11,747	11,563	1,871	1,626	12,275	11,741
1959	48,052	42,603	17,779	15,579	13,982	12,402	2,222	1,765	14,070	12,857
1960	49,560	45,972	17,654	16,384	14,470	13,574	2,213	1,883	15,223	14,130
1961	48,396	47,700	16,007	16,472	14,578	14,246	2,068	2,015	15,744	14,967
1962	55,126	50,620	19,796	17,478	15,685	14,939	2,051	1,996	17,594	16,206
1963	61,295	55,171	22,292	19,400	17,102	15,850	2,198	2,038	19,703	17,883
1964	67,505	61,121	24,435	21,676	19,473	17,737	2,204	2,078	21,393	19,630
1965	75,508	67,495	27,914	24,267	21,454	19,355	2,238	2,096	23,902	21,777
1966	78,896	72,805	28,491	26,373	23,502	21,361	2,136	2,060	24,767	23,011
1967 [1]	81,200	78,000	27,200	26,900	25,700	24,300	2,100	2,100	26,200	24,700
	Seasonally adjusted									
1966: Jan	6,544	5,947	2,340	2,115	1,983	1,778	176	176	2,045	1,878
Feb	6,492	5,954	2,340	2,135	1,957	1,781	171	174	2,024	1,864
Mar	6,673	6,024	2,479	2,216	1,959	1,708	183	176	2,052	1,924
Apr	6,505	5,974	2,302	2,145	1,958	1,729	180	175	2,065	1,925
May	6,472	5,979	2,298	2,159	1,933	1,784	186	172	2,055	1,864
June	6,675	6,126	2,419	2,211	1,944	1,767	189	176	2,123	1,972
July	6,732	6,168	2,383	2,238	2,050	1,803	189	174	2,110	1,953
Aug	6,689	6,087	2,431	2,223	1,995	1,792	187	172	2,076	1,900
Sept	6,578	6,103	2,387	2,213	1,958	1,784	175	168	2,058	1,938
Oct	6,522	6,142	2,378	2,244	1,941	1,820	166	169	2,037	1,909
Nov	6,657	6,213	2,461	2,255	1,947	1,836	166	169	2,083	1,953
Dec	6,433	6,112	2,297	2,225	1,928	1,796	159	161	2,049	1,930
1967: Jan	6,501	6,221	2,240	2,202	2,031	1,882	157	167	2,073	1,970
Feb	6,497	6,281	2,177	2,217	2,099	1,915	169	176	2,052	1,973
Mar	6,510	6,246	2,199	2,193	2,049	1,899	169	170	2,093	1,984
Apr	6,606	6,393	2,217	2,235	2,095	1,968	170	179	2,124	2,011
May	6,554	6,361	2,238	2,219	2,032	1,948	180	178	2,104	2,016
June	6,823	6,531	2,338	2,281	2,081	1,995	190	184	2,214	2,071
July	6,776	6,551	2,266	2,228	2,147	2,074	175	175	2,188	2,074
Aug	6,929	6,585	2,285	2,240	2,212	2,079	175	171	2,257	2,095
Sept	6,973	6,689	2,322	2,280	2,234	2,106	166	178	2,251	2,125
Oct	6,942	6,631	2,321	2,301	2,165	2,093	171	170	2,285	2,067
Nov	7,032	6,614	2,305	2,240	2,242	2,105	180	177	2,305	2,092
Dec [1]	7,075	6,675	2,350	2,250	2,250	2,125	175	175	2,300	2,125

[1] Preliminary; December by Council of Economic Advisers.

Source: Board of Governors of the Federal Reserve System (except as noted).

TABLE B-57.—*Mortgage debt outstanding, by type of property and of financing, 1939–67*

[Billions of dollars]

End of year or quarter	All properties	Nonfarm properties									Farm properties
		Total	1- to 4-family houses					Multi-family and commercial properties [2]			
			Total	Government underwritten			Conventional [1]	Total	Multifamily	Commercial properties	
				Total	FHA insured	VA guaranteed					
1939	35.5	28.9	16.3	1.8	1.8	-------	14.5	12.5	5.6	7.0	6.6
1940	36.5	30.0	17.4	2.3	2.3	-------	15.1	12.6	5.7	6.9	6.5
1941	37.6	31.2	18.4	3.0	3.0	-------	15.4	12.9	5.9	7.0	6.4
1942	36.7	30.8	18.2	3.7	3.7	-------	14.5	12.5	5.8	6.7	6.0
1943	35.3	29.9	17.8	4.1	4.1	-------	13.7	12.1	5.8	6.3	5.4
1944	34.7	29.7	17.9	4.2	4.2	-------	13.7	11.8	5.6	6.2	4.9
1945	35.5	30.8	18.6	4.3	4.1	0.2	14.3	12.2	5.7	6.4	4.8
1946	41.8	36.9	23.0	6.1	3.7	2.4	16.9	13.8	6.1	7.7	4.9
1947	48.9	43.9	28.2	9.3	3.8	5.5	18.9	15.7	6.6	9.1	5.1
1948	56.2	50.9	33.3	12.5	5.3	7.2	20.8	17.6	7.5	10.2	5.3
1949	62.7	57.1	37.6	15.0	6.9	8.1	22.6	19.5	8.6	10.8	5.6
1950	72.8	66.7	45.2	18.9	8.6	10.3	26.3	21.6	10.1	11.5	6.1
1951	82.3	75.6	51.7	22.9	9.7	13.2	28.8	23.9	11.5	12.5	6.7
1952	91.4	84.2	58.5	25.4	10.8	14.6	33.1	25.7	12.3	13.4	7.2
1953	101.3	93.6	66.1	28.1	12.0	16.1	38.0	27.5	12.9	14.5	7.7
1954	113.7	105.4	75.7	32.1	12.8	19.3	43.6	29.7	13.5	16.3	8.2
1955	129.9	120.9	88.2	38.9	14.3	24.6	49.3	32.6	14.3	18.3	9.0
1956	144.5	134.6	99.0	43.9	15.5	28.4	55.1	35.6	14.9	20.7	9.8
1957	156.5	146.1	107.6	47.2	16.5	30.7	60.4	38.5	15.3	23.2	10.4
1958	171.8	160.7	117.7	50.1	19.7	30.4	67.6	43.0	16.8	26.1	11.1
1959	190.8	178.7	130.9	53.8	23.8	30.0	77.0	47.9	18.7	29.2	12.1
1960	206.8	194.0	141.3	56.4	26.7	29.7	84.8	52.7	20.3	32.4	12.8
1961	226.3	212.4	153.1	59.1	29.5	29.6	93.9	59.3	23.0	36.4	13.9
1962	248.6	233.4	166.5	62.2	32.3	29.9	104.3	66.9	25.8	41.1	15.2
1963	274.3	257.4	182.2	65.9	35.0	30.9	116.3	75.3	29.0	46.2	16.8
1964	300.1	281.2	197.6	69.2	38.3	30.9	128.3	83.6	33.2	50.4	18.9
1965	326.3	305.1	213.7	73.1	42.0	31.1	140.6	91.4	37.0	54.4	21.2
1966 p	347.3	324.0	224.1	76.0	44.8	31.2	148.1	99.9	39.5	60.4	23.3
1967 p	369.1	344.1	235.9	-------	-------	-------	-------	108.1	42.8	65.4	25.0
1964: I	279.4	262.1	185.4	66.6	35.7	31.0	118.8	76.7	29.8	46.9	17.3
II	286.5	268.4	189.8	67.3	36.3	30.9	122.5	78.7	30.9	47.8	18.1
III	293.4	274.9	193.9	68.4	37.4	31.1	125.4	81.1	32.1	49.0	18.5
IV	300.1	281.2	197.6	69.2	38.3	30.9	128.3	83.6	33.2	50.4	18.9
1965: I	305.3	285.9	200.7	70.1	39.0	31.1	130.6	85.2	34.0	51.1	19.5
II	312.5	292.3	205.1	70.7	39.7	31.0	134.4	87.2	34.9	52.3	20.2
III	319.5	298.8	209.6	72.0	40.9	31.1	137.5	89.3	36.0	53.3	20.7
IV	326.3	305.1	213.7	73.1	42.0	31.1	140.6	91.4	37.0	54.4	21.2
1966: I p	332.3	310.5	216.9	74.1	43.0	31.1	142.7	93.7	37.8	55.8	21.8
II p	338.8	316.3	220.2	74.6	43.7	30.9	145.7	96.1	38.5	57.6	22.5
III p	343.5	320.5	222.4	75.4	44.4	31.0	147.0	98.2	39.1	59.1	23.0
IV p	347.3	324.0	224.1	76.0	44.8	31.2	148.1	99.9	39.5	60.4	23.3
1967: I p	350.7	327.0	225.5	76.4	45.2	31.2	149.0	101.5	40.2	61.3	23.7
II p	356.2	332.0	228.3	77.2	45.7	31.5	151.1	103.7	41.0	62.7	24.2
III p	362.4	337.8	232.1	78.3	46.6	31.7	153.8	105.7	41.8	63.9	24.6
IV p	369.1	344.1	235.9	-------	-------	-------	-------	108.1	42.8	65.4	25.0

[1] Derived figures.
[2] Includes negligible amount of farm loans held by savings and loan associations.

Source: Board of Governors of the Federal Reserve System, estimated and compiled from data supplied by various Government and private organizations.

TABLE B-58.—*Net public and private debt, 1929–67* [1]

[Billions of dollars]

End of year [2]	Total	Federal Government and agency	State and local government [2]	Private									
				Total	Corporate			Individual and noncorporate					
					Total	Long-term	Short-term	Total	Farm [3]	Nonfarm			
										Total	Mortgage	Commercial and financial [4]	Consumer
1929	190.9	16.5	13.2	161.2	88.9	47.3	41.6	72.3	12.2	60.1	31.2	22.4	6.4
1930	191.0	16.5	14.1	160.4	89.3	51.1	38.2	71.1	11.8	59.3	32.0	21.6	5.8
1931	181.9	18.5	15.5	147.9	83.5	50.3	33.2	64.4	11.1	53.3	30.9	17.6	4.8
1932	174.6	21.3	16.6	136.7	80.0	49.2	30.8	56.7	10.1	46.6	29.0	14.0	3.6
1933	168.5	24.3	16.7	127.5	76.9	47.9	29.1	50.6	9.1	41.5	26.3	11.7	3.5
1934	171.4	30.4	15.9	125.1	75.5	44.6	30.9	49.6	8.9	40.6	25.5	11.2	3.9
1935	174.7	34.4	16.0	124.2	74.8	43.6	31.2	49.4	8.9	40.5	24.8	10.8	4.9
1936	180.3	37.7	16.2	126.4	76.1	42.5	33.5	50.3	8.6	41.7	24.4	11.2	6.1
1937	182.0	39.2	16.1	126.7	75.8	43.5	32.3	50.9	8.6	42.3	24.3	11.3	6.7
1938	179.6	40.5	16.0	123.1	73.3	44.8	28.4	49.8	9.0	40.9	24.5	10.1	6.3
1939	183.2	42.6	16.3	124.3	73.5	44.4	29.2	50.8	8.8	42.0	25.0	9.8	7.2
1940	189.9	44.8	16.5	128.6	75.6	43.7	31.9	53.0	9.1	43.9	26.1	9.5	8.3
1941	211.6	56.3	16.3	139.0	83.4	43.6	39.8	55.6	9.3	46.3	27.1	10.0	9.2
1942	259.0	101.7	15.8	141.5	91.6	42.7	49.0	49.9	9.0	40.9	26.8	8.1	6.0
1943	313.6	154.4	14.9	144.3	95.5	41.0	54.5	48.8	8.2	40.5	26.1	9.5	4.9
1944	370.8	211.9	14.1	144.8	94.1	39.8	54.3	50.7	7.7	42.9	26.0	11.8	5.1
1945	406.3	252.7	13.7	139.9	85.3	38.3	47.0	54.6	7.3	47.4	27.0	14.7	5.7
1946	397.4	229.7	13.6	154.1	93.5	41.3	52.2	60.6	7.6	53.0	32.5	12.1	8.4
1947	417.4	223.3	14.4	179.7	108.9	46.1	62.8	70.8	8.6	62.3	38.8	11.9	11.6
1948	433.6	216.5	16.2	200.9	117.8	52.5	65.3	83.1	10.8	72.4	45.1	12.9	14.4
1949	448.4	218.6	18.1	211.7	118.0	56.5	61.5	93.7	12.0	81.8	50.6	13.9	17.3
1950	490.3	218.7	20.7	250.9	142.1	60.1	81.9	108.8	12.3	96.6	59.4	15.8	21.4
1951	524.0	218.5	23.3	282.2	162.5	66.6	95.9	119.7	13.6	106.2	67.4	16.2	22.6
1952	555.2	222.9	25.8	306.5	171.0	73.3	97.7	135.5	15.2	120.4	75.2	17.8	27.4
1953	586.5	228.1	28.6	329.8	179.5	78.3	101.2	150.3	16.9	133.6	83.8	18.4	31.4
1954	612.0	230.2	33.4	348.4	182.8	82.9	100.0	165.6	17.6	147.9	94.6	20.8	32.5
1955	672.3	231.5	38.4	402.5	212.1	90.0	122.2	190.4	18.8	171.6	108.7	24.0	38.9
1956	707.5	225.4	42.7	439.4	231.7	100.1	131.7	207.7	19.5	188.2	121.3	24.4	42.5
1957	738.9	224.4	46.7	467.8	246.7	112.1	134.6	221.1	20.3	200.8	131.6	24.3	44.8
1958	782.6	232.7	50.9	499.1	259.5	121.2	138.4	239.5	23.3	216.2	144.6	26.5	45.1
1959	846.2	243.2	55.6	547.4	283.3	129.3	154.0	264.1	23.0	241.1	160.8	28.7	51.5
1960	890.2	241.0	60.0	589.2	302.8	139.1	163.6	286.4	25.1	261.4	174.5	30.8	56.0
1961	947.7	248.1	65.0	634.6	324.3	149.3	175.0	310.3	27.5	282.8	190.4	34.8	57.7
1962	1,016.7	257.5	73.7	685.5	348.2	161.2	187.0	337.3	30.2	307.1	206.3	37.6	63.2
1963	1,089.5	262.4	79.5	747.6	376.1	174.4	201.7	371.5	33.2	338.3	225.5	42.3	70.5
1964	1,166.4	269.4	85.2	811.8	407.7	192.9	214.8	404.1	36.0	368.1	244.4	45.4	78.4
1965	1,257.6	272.5	95.1	890.0	451.2	211.3	239.9	438.8	39.3	399.5	263.2	48.3	87.9
1966	1,344.9	278.7	100.9	965.2	497.2	232.4	264.8	468.0	42.1	425.9	278.5	52.6	94.8
1967 [5]	1,430.3	289.9	110.1	1,030.3	533.0	261.4	271.6	497.3	45.4	451.9	294.0	58.8	99.1

[1] Net public and private debt outstanding is a comprehensive aggregate of the indebtedness of borrowers after elimination of certain types of duplicating governmental and corporate debt. For a further explanation of the concept, see "Survey of Current Business," October 1950.

[2] Data for State and local government debt are for June 30.

[3] Farm mortgages and farm production loans. Farmers' financial and consumer debt is included in the nonfarm categories.

[4] Financial debt is debt owed to banks for purchasing or carrying securities, customers' debt to brokers, and debt owed to life insurance companies by policyholders.

[5] Estimates.

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 and Bureau of the Census), Treasury Department, Department of Agriculture, Board of Governors of the Federal Reserve System, and Federal Home Loan Bank Board.

TABLE B-59.—*Federal budget receipts, outlays, financing, and debt, 1958–69*

[Millions of dollars; fiscal years]

Description	Actual					
	1958	1959	1960	1961	1962	1963
Receipts, expenditures, and net lending: [1]						
Receipt-expenditure account:						
Receipts	79,617	79,048	92,481	94,393	99,656	106,578
Expenditures (excludes net lending)	81,177	89,693	90,385	96,717	104,660	111,465
Expenditure deficit (−)	−1,560	−10,645	2,096	−2,324	−5,004	−4,887
Loan account:						
Loan disbursements	6,520	7,859	8,310	7,869	9,621	9,646
Loan repayments	4,976	5,201	6,427	6,671	7,271	9,791
Net lending	1,544	2,659	1,882	1,198	2,351	−145
Total budget:						
Receipts	79,617	79,048	92,481	94,393	99,656	106,578
Expenditures and net lending	82,720	92,352	92,268	97,915	107,011	111,320
Budget deficit (−)	−3,103	−13,304	213	−3,522	−7,355	−4,742
Budget financing: [1]						
Borrowing from the public	6,607	8,331	1,777	1,143	9,453	5,971
Reduction in cash balances, etc	−3,504	4,973	−1,990	2,379	−2,098	−1,229
Total budget financing	3,103	13,304	−213	3,522	7,355	4,742
Outstanding debt, end of year: [1]						
Gross amount outstanding	279,147	286,666	289,243	290,991	301,074	308,488
Held by the public	225,972	234,303	236,080	237,223	246,676	252,647

See footnotes at end of table.

TABLE B–59.—*Federal budget receipts, outlays, financing, and debt, 1958–69*—Continued

[Millions of dollars; fiscal years]

Description	Actual				Estimate	
	1964	1965	1966	1967	1968	1969
Receipts, expenditures, and net lending: [1]						
Receipt-expenditure account:						
Receipts	112,702	116,855	130,901	149,591	155,830	178,108
Expenditures (excludes net lending)	118,122	116,718	130,740	153,238	169,856	182,797
Expenditure deficit (−)	−5,420	137	161	−3,647	−14,026	−4,689
Loan account:						
Loan disbursements	10,237	10,911	14,628	17,787	20,869	20,372
Loan repayments	9,693	9,662	10,796	12,611	15,091	17,106
Net lending	545	1,249	3,832	5,176	5,779	3,265
Total budget:						
Receipts	112,702	116,855	130,901	149,591	155,830	178,108
Expenditures and net lending	118,667	117,966	134,572	158,414	175,635	186,062
Budget deficit (−)	−5,965	−1,111	−3,671	−8,823	−19,805	−7,954
Budget financing: [1]						
Borrowing from the public	2,978	3,953	6,031	3,551	20,840	8,000
Reduction in cash balances, etc	2,987	−2,842	−2,360	5,272	−1,035	−46
Total, budget financing	5,965	1,111	3,671	8,823	19,805	7,954
Outstanding debt, end of year: [1]						
Gross amount outstanding	314,377	320,806	329,473	341,343	369,993	387,167
Held by the public	255,625	259,578	265,609	269,160	290,000	298,000

[1] Data represent results of preliminary adjustments to new budget concepts used in the "Budget of the United States Government for the Fiscal Year Ending June 30, 1969" and may be revised later.

Sources: Treasury Department and Bureau of the Budget.

TABLE B-60.—*Federal budget receipts and outlays, 1958–69*

[Millions of dollars; fiscal years]

Description	Actual					
	1958	1959	1960	1961	1962	1963
Receipts	79,617	79,048	92,481	94,393	99,656	106,578
Individual income taxes	34,724	36,719	40,715	41,338	45,571	47,588
Corporation income taxes	20,074	17,309	21,494	20,955	20,523	21,579
Employment taxes	8,624	8,821	11,248	12,679	12,835	14,746
Unemployment insurance	1,924	2,131	2,668	2,904	3,337	4,112
Premiums for other insurance and retirement	682	769	768	866	873	944
Excise taxes	10,638	10,578	11,676	11,860	12,534	13,194
Estate and gift taxes	1,393	1,333	1,606	1,896	2,016	2,167
Customs	781	925	1,105	982	1,142	1,206
Other receipts	777	463	1,200	913	825	1,042
MEMORANDUM:						
(Excluded above; offset against expenditures)						
Interfund and intergovernmental transactions } Proprietary receipts from the public }	4,119	5,330	5,309	6,508	5,654	7,099
Expenditures	81,177	89,693	90,385	96,717	104,660	111,465
National defense	44,461	46,667	45,848	47,532	51,179	52,275
International affairs and finance	2,912	2,790	3,310	3,242	4,034	4,279
Space research and technology	89	145	401	744	1,257	2,552
Agriculture and agricultural resources	2,541	4,718	2,893	2,877	3,491	4,398
Natural resources	1,203	1,233	1,084	1,626	1,736	1,607
Commerce and transportation	2,922	4,367	4,643	4,929	5,193	5,516
Housing and community development	−36	30	21	157	160	193
Health, labor, and welfare	15,763	18,019	19,105	22,368	23,963	25,677
Education	375	550	659	740	842	953
Veterans benefits and services	5,076	5,183	5,063	5,392	5,378	5,666
Interest	6,936	7,070	8,299	8,108	8,321	9,215
General government	1,010	1,159	1,332	1,508	1,653	1,799
Special allowances	-----	-----	-----	-----	-----	-----
Undistributed adjustments to amounts above	−2,076	−2,239	−2,272	−2,506	−2,547	−2,666
Net lending	1,544	2,659	1,882	1,198	2,351	−145
National defense	1	−12	−7	−41	*	−64
International affairs and finance	433	418	−235	127	528	−95
Agriculture and agricultural resources	472	700	457	462	648	731
Natural resources	3	6	11	18	21	18
Commerce and transportation	56	71	27	74	193	145
Housing and community development	165	1,064	1,078	64	490	−1,012
Health, labor, and welfare	-----	-----	-----	*	1	1
Education	165	180	204	201	231	288
Veterans benefits and services	261	245	363	296	248	−146
General government	−12	−14	−15	−3	−8	−11
Total expenditures and net lending	82,720	92,352	92,268	97,915	107,011	111,320

See Note at end of table.

TABLE B–60.—*Federal budget receipts and outlays, 1958–69*—Continued

[Millions of dollars; fiscal years]

Description	Actual				Estimate	
	1964	1965	1966	1967	1968	1969
Receipts	112,702	116,855	130,901	149,591	155,830	178,108
Individual income taxes	48,697	48,792	55,446	61,526	67,700	80,900
Corporation income taxes	23,492	25,461	30,073	33,971	31,300	34,300
Employment taxes	16,959	17,358	20,662	27,823	29,730	34,154
Unemployment insurance	4,045	3,819	3,777	3,652	3,660	3,594
Premiums for other insurance and retirement	1,006	1,079	1,126	1,853	2,049	2,275
Excise taxes	13,731	14,570	13,061	13,719	13,848	14,671
Estate and gift taxes	2,394	2,716	3,066	2,978	3,100	3,400
Customs	1,252	1,442	1,767	1,901	2,000	2,070
Other receipts	1,126	1,617	1,923	2,168	2,443	2,744
MEMORANDUM:						
(Excluded above; offset against expenditures)						
Interfund and intergovernmental transactions	} 6,655	6,761	7,592	6,588	7,415	8,241
Proprietary receipts from the public				4,948	4,430	4,617
Expenditures	118,122	116,715	130,740	153,238	169,856	182,797
National defense	53,682	49,586	56,771	70,095	76,491	79,792
International affairs and finances	4,434	4,196	4,343	4,110	4,330	4,478
Space research and technology	4,171	5,091	5,932	5,424	4,804	4,574
Agriculture and agricultural resources	4,545	4,032	2,764	3,156	4,412	4,474
Natural resources	2,042	2,140	2,167	2,113	2,416	2,483
Commerce and transportation	6,283	7,043	6,789	7,308	7,695	7,996
Housing and community development	151	116	442	578	698	1,428
Health, labor, and welfare	27,201	28,143	33,194	39,512	46,396	51,945
Education	1,109	1,309	2,449	3,602	4,157	4,364
Veterans benefits and services	5,552	5,634	5,707	6,366	6,798	7,131
Interest	9,810	10,358	11,285	12,548	13,535	14,400
General government	2,072	2,231	2,316	2,452	2,618	2,827
Special allowances	----------	----------	----------	----------	100	1,950
Undistributed adjustments to amounts above	−2,931	−3,164	−3,421	−4,022	−4,591	−5,049
Net lending	545	1,249	3,832	5,176	5,779	3,265
National defense	−31	−3	−1	−3	−2	−4
International affairs and finance	−283	−21	100	540	716	675
Agriculture and agricultural resources	642	777	911	1,221	899	1,135
Natural resources	23	16	19	19	16	7
Commerce and transportation	139	275	193	138	158	125
Housing and community development	−301	−147	1,984	1,708	3,257	1,355
Health, labor, and welfare	2	19	32	572	21	−538
Education	225	229	376	445	384	335
Veterans benefits and services	129	88	214	532	370	211
General government	−1	16	5	2	−40	−37
Total expenditures and net lending	118,667	117,966	134,572	158,414	175,635	186,062

Note.—New budget concepts in the "Budget of the United States Government for the Fiscal Year Ending June 30, 1969," are used in this table.

Sources: Bureau of the Budget and Treasury Department.

TABLE B-61.—*Relation of the receipt-expenditure accounts of the Federal Government to the Federal sector of the national income and product accounts, 1967–69*

[Billions of dollars; fiscal years]

Receipts and Expenditures	1967 actual	1968 estimate	1969 estimate
RECEIPTS			
Total receipts, budget	149.6	155.8	178.1
Employer share, employee retirement	1.7	1.9	2.0
Other netting and grossing	1.1	1.2	1.2
Adjustment to accruals	−4.8	2.2	1.1
Other	*	*	*
Federal sector, national income and product accounts, receipts	147.6	161.1	182.5
EXPENDITURES			
Total expenditures, budget	153.2	169.9	182.8
Employer share, employee, retirement	1.7	1.9	2.0
Other netting and grossing	1.1	1.2	1.2
Defense timing adjustment	−.4	.3	.4
Lending in the expenditure account	−1.4	−1.7	−2.1
Dollar expenditures to finance agricultural exports	−.8	−.7	−.5
Other	1.6	.2	1.1
Federal sector, national income and product accounts, expenditures	155.1	171.1	185.0

Note.—See Special Analysis B, "Budget of the United States Government for the Fiscal Year Ending June 30, 1969," for description of these categories.

Sources: Bureau of the Budget and Department of Commerce (Office of Business Economics).

TABLE B–62.—*Receipts and expenditures of the Federal sector of the national income and product accounts, 1946–69*

[Billions of dollars]

Year or quarter	Receipts: Total	Personal tax and nontax receipts	Corporate profits tax accruals	Indirect business tax and nontax accruals	Contributions for social insurance	Expenditures: Total	Purchases of goods and services	Transfer payments: To persons	Transfer payments: To foreigners (net)	Grants-in-aid to State and local governments	Net interest paid	Subsidies less current surplus of government enterprises	Surplus or deficit (−), national income and product accounts
Fiscal year:													
1946	38.4	16.9	8.3	7.4	5.8	55.5	40.1	------	------	0.9	3.7	2.1	−17.1
1947	42.7	18.8	10.6	7.9	5.5	29.5	13.0	8.3	1.8	1.5	4.2	.7	13.2
1948	43.6	20.0	11.2	7.9	4.6	30.9	13.2	8.7	2.6	1.8	4.2	.5	12.7
1949	40.0	16.3	11.0	8.0	4.8	39.6	19.3	8.1	5.0	2.1	4.3	.8	.4
1950	42.0	16.5	11.9	8.2	5.5	42.4	19.0	11.3	4.3	2.4	4.4	1.0	−.5
1951	60.8	23.2	21.5	9.5	6.6	44.6	25.1	8.1	3.1	2.4	4.6	1.3	16.2
1952	65.1	28.8	19.3	9.7	7.3	66.0	46.6	8.5	2.6	2.5	4.8	1.1	−1.0
1953	69.3	31.4	19.7	10.7	7.5	75.8	56.1	9.3	2.1	2.8	4.8	.9	−6.5
1954	65.8	30.3	17.3	10.4	7.8	74.2	53.2	10.5	1.7	2.9	5.0	1.0	−8.5
1955	67.2	29.7	18.7	10.0	8.7	67.3	43.9	12.1	2.1	3.0	4.9	1.3	−.1
1956	75.8	33.6	21.1	10.8	10.2	69.8	45.2	12.8	1.8	3.2	5.1	1.7	6.0
1957	80.7	36.7	20.6	11.7	11.7	76.0	47.7	14.4	1.9	3.7	5.5	2.8	4.7
1958	77.9	36.3	17.8	11.6	12.2	83.1	50.7	17.8	1.7	4.7	5.7	2.5	−5.1
1959	85.4	38.2	21.5	11.9	13.8	90.9	54.7	19.8	1.8	6.2	5.9	2.4	−5.5
1960	94.8	42.5	22.3	13.2	16.7	91.3	52.7	20.6	1.8	6.8	7.0	2.3	3.5
1961	95.3	43.6	20.3	13.3	18.1	98.0	55.5	23.6	2.1	6.9	6.8	3.2	−2.7
1962	104.2	47.3	22.9	14.2	19.9	106.4	60.9	25.1	2.1	7.6	6.8	3.8	−2.1
1963	110.2	49.6	23.5	15.0	22.1	111.4	63.4	26.4	2.1	8.4	7.5	3.6	−1.2
1964	115.5	50.7	25.7	15.6	23.5	116.9	65.7	27.3	2.2	9.8	8.1	3.8	−1.4
1965	120.6	51.3	27.8	16.9	24.5	118.3	64.3	28.3	2.1	10.9	8.5	4.1	2.3
1966	132.9	57.5	31.0	15.8	28.6	131.9	71.7	31.7	2.3	12.7	9.0	4.5	.9
1967	147.6	64.6	31.4	15.9	35.7	155.1	84.5	37.7	2.1	15.4	10.1	5.3	−7.5
1968 [1]	161.1	71.0	34.3	17.1	38.7	171.1	92.8	44.9		18.0	10.7	4.6	−10.0
1969 [1]	182.5	83.8	37.2	18.1	43.4	185.0	99.4	49.9		20.0	11.2	4.5	−2.5
Calendar year:													
1946	39.1	17.2	8.6	7.8	5.5	35.6	17.2	9.2	2.2	1.1	4.2	1.6	3.5
1947	43.2	19.6	10.7	7.8	5.1	29.8	12.5	8.8	1.9	1.7	4.2	.6	13.4
1948	43.3	19.0	11.8	8.0	4.5	34.9	16.5	7.6	3.8	2.0	4.3	.7	8.4
1949	38.9	16.1	9.8	8.0	4.9	41.3	20.1	8.7	5.1	2.2	4.4	.8	−2.4
1950	49.9	18.1	17.0	8.9	5.9	40.8	18.4	10.8	3.6	2.3	4.5	1.2	9.1
1951	64.0	26.1	21.5	9.4	7.1	57.8	37.7	8.5	3.1	2.5	4.7	1.3	6.2
1952	67.2	31.0	18.5	10.3	7.4	71.0	51.8	8.8	2.1	2.6	4.7	1.0	−3.8
1953	70.0	32.2	19.5	10.9	7.4	77.0	57.0	9.5	2.0	2.8	4.9	.8	−7.0
1954	63.8	29.0	17.0	9.7	8.1	69.7	47.4	11.5	1.8	2.9	5.0	1.1	−5.9
1955	72.1	31.4	20.6	10.7	9.3	68.1	44.1	12.4	2.0	3.1	4.9	1.5	4.0
1956	77.6	35.2	20.6	11.2	10.6	71.9	45.6	13.4	1.9	3.3	5.3	2.4	5.7
1957	81.6	37.4	20.2	11.8	12.2	79.6	49.5	15.7	1.8	4.2	5.7	2.6	2.1
1958	78.7	36.8	18.0	11.5	12.4	88.9	53.6	19.5	1.8	5.6	5.6	2.7	−10.2
1959	89.7	39.9	22.5	12.5	14.8	91.0	53.7	20.1	1.8	6.8	6.4	2.1	−1.2
1960	96.5	43.6	21.7	13.5	17.7	93.0	53.5	21.5	1.9	6.5	7.1	2.5	3.5
1961	98.3	44.7	21.8	13.6	18.2	102.1	57.4	24.9	2.1	7.2	6.6	3.8	−3.8
1962	106.4	48.6	22.7	14.6	20.5	110.3	63.4	25.5	2.2	8.0	7.2	4.0	−3.8
1963	114.5	51.5	24.6	15.3	23.1	113.9	64.2	27.0	2.2	9.1	7.7	3.6	.7
1964	115.0	48.6	26.4	16.1	23.8	118.1	65.2	27.8	2.2	10.4	8.3	4.2	−3.0
1965	124.8	53.8	29.3	16.5	25.2	123.4	66.8	30.3	2.2	11.2	8.7	4.3	1.4
1966	143.2	61.7	32.3	15.9	33.3	142.9	77.0	33.7	2.3	14.8	9.5	5.4	.3
1967 p	151.5	66.5	30.7	16.6	37.7	164.1	89.9	40.7	2.2	15.8	10.4	5.2	−12.6
Calendar quarter:	Seasonally adjusted annual rates												
1965: I	123.4	52.9	28.3	17.5	24.7	118.9	64.3	29.2	2.0	10.4	8.6	4.4	4.5
II	124.9	54.5	28.9	16.5	24.9	119.9	65.4	28.4	2.4	10.7	8.6	4.3	4.9
III	123.4	53.3	29.0	15.7	25.3	126.6	67.6	32.5	2.2	11.3	8.7	4.2	−3.2
IV	127.6	54.6	30.9	16.3	25.8	128.0	69.8	30.9	2.0	12.2	8.9	4.4	−.4
1966: I	137.0	57.7	32.2	15.2	31.9	134.8	72.1	32.5	2.8	13.8	9.1	4.6	2.2
II	141.6	60.9	32.2	15.9	32.5	138.4	74.9	31.9	2.3	14.6	9.4	5.3	3.2
III	145.6	63.1	32.4	16.2	34.0	146.3	79.5	33.7	2.2	15.3	9.6	6.0	−.7
IV	148.6	65.2	32.3	16.3	34.7	151.9	81.5	36.9	1.9	15.6	10.0	5.9	−3.3
1967: I	149.1	65.5	30.3	16.2	37.0	160.9	87.1	40.0	2.2	15.6	10.4	5.6	−11.9
II	148.1	64.0	30.3	16.5	37.2	162.8	89.5	40.3	2.0	15.3	10.4	5.3	−14.7
III	152.7	67.5	30.6	16.7	38.0	165.9	90.9	41.2	2.3	16.0	10.5	5.0	−13.2
IV p	------	69.0	------	17.0	38.6	167.5	92.0	41.4	2.1	16.4	10.7	4.9	------

[1] Estimates.

Note.—Includes the transactions of the trust accounts and excludes certain financial transactions. Corporate profits taxes are included in receipts on an accrual basis; expenditures are timed with the delivery; and CCC guaranteed price-support crop loans financed by banks are counted as expenditures when the loans are made, not when CCC redeems them. See Table B–61.

Sources: Department of Commerce (Office of Business Economics) and Bureau of the Budget.

TABLE B-63.—*Federal finances under the old concepts, fiscal years 1929–69*

[Millions of dollars]

Fiscal year	Administrative budget			Cash receipts from and payments to the public			Gross public debt at end of year and guaranteed issues
	Net receipts	Expenditures	Surplus or deficit (−)	Cash receipts	Cash payments	Excess of receipts or of payments (−)	
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	94,986	−51,423	47,800	94,000	−46,100	202,626
1945	44,362	98,303	−53,941	50,200	95,200	−45,000	259,115
1946	39,650	60,326	−20,676	43,537	61,738	−18,201	269,898
1947	39,677	38,923	754	43,531	36,931	6,600	258,376
1948	41,375	32,955	8,419	45,357	36,493	8,864	252,366
1949	37,663	39,474	−1,811	41,576	40,570	1,006	252,798
1950	36,422	39,544	−3,122	40,940	43,147	−2,207	257,377
1951	47,480	43,970	3,510	53,390	45,797	7,593	255,251
1952	61,287	65,303	−4,017	68,011	67,962	49	259,151
1953	64,671	74,120	−9,449	71,495	76,769	−5,274	266,123
1954	64,420	67,537	−3,117	71,626	71,858	−232	271,341
1955	60,209	64,389	−4,180	67,836	70,537	−2,702	274,418
1956	67,850	66,224	1,626	77,087	72,546	4,542	272,825
1957	70,562	68,966	1,596	82,105	80,006	2,099	270,634
1958	68,550	71,369	−2,819	81,892	83,472	−1,580	276,444
1959	67,915	80,342	−12,427	81,660	94,752	−13,092	284,817
1960	77,763	76,539	1,224	95,078	94,328	750	286,471
1961	77,659	81,515	−3,856	97,242	99,542	−2,300	289,211
1962	81,409	87,787	−6,378	101,865	107,662	−5,797	298,645
1963	86,376	92,642	−6,266	109,739	113,751	−4,012	306,466
1964	89,459	97,684	−8,226	115,530	120,332	−4,802	312,526
1965	93,072	96,507	−3,435	119,699	122,395	−2,696	317,864
1966	104,727	106,978	−2,251	134,479	137,818	−3,337	320,369
1967	115,849	125,718	−9,869	153,596	155,142	−1,546	326,733
1968 [1]	118,575	137,182	−18,607	158,823	175,981	−17,157	351,599
1969 [1]	135,587	147,363	−11,776	181,146	188,725	−7,579	363,540

[1] Estimates.

Note.—The old concepts in this table are those used in budgets of the U.S. Government for years prior to fiscal 1969.

Sources: Bureau of the Budget and Treasury Department.

TABLE B-64.—*U.S. Government debt, by kind of obligation, 1929–67*

[Billions of dollars]

End of year or month	Gross public debt and guaranteed issues [1]	Interest-bearing public debt: Marketable public issues: Short-term issues [2]	Interest-bearing public debt: Marketable public issues: Treasury bonds	Interest-bearing public debt: Nonmarketable public issues: United States savings bonds	Interest-bearing public debt: Nonmarketable public issues: Investment bonds [3]	Special issues [4]
1929	16.3	3.3	11.3			0.6
1930	16.0	2.9	11.3			.8
1931	17.8	2.8	13.5			.4
1932	20.8	5.9	13.4			.4
1933	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		7.0
1942	112.5	27.0	49.3	15.0		9.0
1943	170.1	47.1	67.9	27.4		12.7
1944	232.1	69.9	91.6	40.4		16.3
1945	278.7	78.2	120.4	48.2		20.0
1946	259.5	57.1	119.3	49.8		24.6
1947	257.0	47.7	117.9	52.1	1.0	29.0
1948	252.9	45.9	111.4	55.1	1.0	31.7
1949	257.2	50.2	104.8	56.7	1.0	33.9
1950	256.7	58.3	94.0	58.0	1.0	33.7
1951	259.5	65.6	76.9	57.6	13.0	35.9
1952	267.4	68.7	79.8	57.9	13.4	39.2
1953	275.2	77.3	77.2	57.7	12.9	41.2
1954	278.8	76.0	81.8	57.7	12.7	42.6
1955	280.8	81.3	81.9	57.9	12.3	43.9
1956	276.7	79.5	80.8	56.3	11.6	45.6
1957	275.0	82.1	82.1	52.5	10.3	45.8
1958	283.0	92.2	83.4	51.2	9.0	44.8
1959	290.9	103.5	84.8	48.2	7.6	43.5
1960	290.4	109.2	79.8	47.2	6.2	44.3
1961	296.5	120.5	75.5	47.5	5.1	43.5
1962	304.0	124.6	78.4	47.5	4.4	43.4
1963	310.1	121.2	86.4	48.8	3.7	43.7
1964	318.7	115.5	97.0	49.7	3.4	46.1
1965	321.4	110.4	104.2	50.3	2.8	46.3
1966	329.8	118.9	99.2	50.8	2.7	52.0
1967	345.2	131.2	95.2	51.6	2.6	57.2
1966: Jan	322.4	113.5	104.2	50.3	2.8	44.4
Feb	323.7	114.5	103.2	50.3	2.8	45.8
Mar	321.5	112.0	103.1	50.4	2.8	46.0
Apr	320.1	111.9	103.1	50.4	2.7	44.9
May	322.8	111.8	102.0	50.5	2.7	48.8
June	320.4	107.2	101.9	50.5	2.7	51.1
July	319.8	107.2	101.9	50.6	2.7	50.7
Aug	324.9	110.8	100.6	50.6	2.7	53.2
Sept	325.2	111.3	100.5	50.6	2.7	53.1
Oct	327.4	114.8	100.5	50.7	2.7	51.9
Nov	329.9	118.1	99.2	50.8	2.7	52.5
Dec	329.8	118.9	99.2	50.8	2.7	52.0
1967: Jan	329.4	119.7	99.1	50.8	2.7	51.3
Feb	330.1	120.2	99.1	50.9	2.6	51.5
Mar	331.5	120.9	99.0	51.0	2.6	52.1
Apr	328.3	118.1	99.0	51.1	2.6	51.6
May	331.4	118.8	97.9	51.1	2.6	55.2
June	326.7	113.3	97.4	51.2	2.6	56.2
July	331.2	117.6	97.4	51.3	2.6	56.2
Aug	336.4	120.9	97.4	51.4	2.6	58.3
Sept	336.4	121.3	97.3	51.4	2.6	57.7
Oct	341.0	126.0	97.3	51.5	2.6	57.2
Nov	345.6	130.8	95.3	51.6	2.6	57.4
Dec	345.2	131.2	95.2	51.6	2.6	57.2

[1] Total includes non-interest-bearing debt, fully guaranteed securities (except those held by the Treasury), Postal Savings bonds, prewar bonds, adjusted service bonds, depositary bonds, Armed Forces leave bonds, Rural Electrification Administration series bonds, foreign series certificates and notes, foreign currency certificates, notes and bonds, Treasury certificates, and U.S. retirement plan bonds, not shown separately. Not all of total shown is subject to statutory debt limitation.
[2] Bills, certificates of indebtedness, and notes.
[3] Series A bonds through September 1965 and, beginning April 1951, series B convertible bonds.
[4] Issued to U.S. Government investment accounts. These accounts also held $18.8 billion of public marketable and nonmarketable issues on December 31, 1967.

Note.—See Note, Table B-66.
Source: Treasury Department.

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TABLE B–65.—*Estimated ownership of U.S. Government obligations, 1939–67*

[Par values,[1] billions of dollars]

End of year or month	Gross public debt and guaranteed issues [2]									
	Total	Held by U.S. Government investment accounts	Held by Federal Reserve banks	Held by "the public"						
				Total	Commercial banks [3]	Mutual savings banks and insurance companies	Other corporations [4]	State and local governments [5]	Individuals [6]	Miscellaneous investors [7]
1939	47.6	6.5	2.5	38.6	15.9	9.4	2.2	0.4	10.1	0.7
1940	50.9	7.6	2.2	41.1	17.3	10.1	2.0	.5	10.6	.7
1941	64.3	9.5	2.3	52.5	21.4	11.9	4.0	.7	13.6	.9
1942	112.5	12.2	6.2	94.0	41.1	15.8	10.1	1.0	23.7	2.3
1943	170.1	16.9	11.5	141.6	59.9	21.2	16.4	2.1	37.6	4.4
1944	232.1	21.7	18.8	191.6	77.7	28.0	21.4	4.3	53.3	7.0
1945	278.7	27.0	24.3	227.4	90.8	34.7	22.2	6.5	64.1	9.1
1946	259.5	30.9	23.3	205.2	74.5	36.7	15.3	6.3	64.2	8.1
1947	257.0	34.4	22.6	200.1	68.7	35.9	14.1	7.3	65.7	8.4
1948	252.9	37.3	23.3	192.2	62.5	32.7	14.8	7.9	65.5	8.9
1949	257.2	39.4	18.9	198.9	66.8	31.5	16.8	8.1	66.3	9.4
1950	256.7	39.2	20.8	196.8	61.8	29.6	19.7	8.8	66.3	10.5
1951	259.5	42.3	23.8	193.4	61.6	26.3	20.7	9.6	64.6	10.6
1952	267.4	45.9	24.7	196.9	63.4	25.5	19.9	11.1	65.2	11.7
1953	275.2	48.3	25.9	201.0	63.7	25.1	21.5	12.7	64.8	13.2
1954	278.8	49.6	24.9	204.2	69.2	24.1	19.1	14.4	63.5	13.9
1955	280.8	51.7	24.8	204.3	62.0	23.1	23.2	15.4	65.0	15.6
1956	276.7	54.0	24.9	197.8	59.5	21.3	18.7	16.3	65.9	16.1
1957	275.0	55.2	24.2	195.5	59.5	20.2	17.7	16.6	64.9	16.6
1958	283.0	54.4	26.3	202.3	67.5	19.9	18.1	16.5	63.7	16.6
1959	290.9	53.7	26.6	210.6	60.3	19.5	21.4	18.0	69.4	22.1
1960	290.4	55.1	27.4	207.9	62.1	18.1	18.7	18.7	66.1	24.2
1961	296.5	54.5	28.9	213.1	67.2	17.5	18.5	19.0	65.9	25.0
1962	304.0	55.6	30.8	217.6	67.2	17.6	18.6	20.1	66.0	28.0
1963	310.1	58.0	33.6	218.5	64.3	17.1	18.7	21.1	68.2	29.2
1964	318.7	60.6	37.0	221.1	64.0	16.8	18.2	21.2	69.8	31.2
1965	321.4	61.9	40.8	218.7	60.8	15.8	15.8	22.9	72.1	31.4
1966	329.8	68.8	44.3	216.8	57.5	14.3	14.9	25.0	74.6	30.5
1967 [8]	345.2	76.0	49.1	220.1	63.7	12.9	13.0	24.3	73.9	32.3
1966: Jan	322.4	60.0	40.6	221.9	60.9	15.9	16.6	23.7	73.1	31.8
Feb	323.7	61.7	40.2	221.9	58.7	15.8	17.6	24.7	73.4	31.7
Mar	321.5	61.7	40.7	219.2	57.0	15.7	15.9	24.4	74.5	31.5
Apr	320.1	60.5	40.7	218.9	57.0	15.4	15.9	25.1	74.1	31.3
May	322.8	64.5	41.5	216.8	55.1	15.2	16.4	25.3	73.9	30.8
June	320.4	66.7	42.2	211.5	54.8	14.8	14.2	24.5	73.1	30.0
July	319.8	66.4	42.4	211.0	53.8	14.7	14.3	25.1	73.4	29.7
Aug	324.9	69.3	42.5	213.1	55.0	14.6	14.5	25.0	73.9	30.0
Sept	325.2	69.2	42.9	213.2	54.8	14.6	13.8	25.2	74.7	30.1
Oct	327.4	68.0	43.0	216.4	55.3	14.4	14.9	25.2	75.4	31.1
Nov	329.9	68.9	43.9	217.1	55.5	14.4	16.0	25.1	75.3	30.7
Dec	329.8	68.8	44.3	216.8	57.5	14.3	14.9	25.0	74.6	30.5
1967: Jan	329.4	68.2	43.5	217.6	57.8	14.0	14.7	24.8	74.9	31.4
Feb	330.1	69.6	44.0	216.6	57.4	13.9	14.7	25.0	74.6	31.0
Mar	331.5	70.7	44.9	215.9	58.1	13.7	14.1	25.1	74.0	30.9
Apr	328.3	70.4	45.5	212.4	57.2	13.3	12.9	25.2	72.7	31.1
May	331.4	74.6	46.1	210.8	56.4	13.2	13.6	25.1	71.9	30.5
June	326.7	75.8	46.7	204.2	55.5	12.9	11.1	25.0	70.9	28.8
July	331.2	75.5	46.8	208.9	58.3	12.9	11.9	24.7	70.8	30.3
Aug	336.4	77.2	46.6	212.6	60.2	13.0	12.4	25.1	71.4	30.5
Sept	336.4	76.4	46.9	213.1	61.1	13.0	10.7	24.9	72.5	30.9
Oct	341.0	75.9	47.4	217.7	63.6	12.9	11.8	24.6	73.0	31.8
Nov	345.6	76.2	48.9	220.5	63.5	12.9	13.2	24.5	73.6	32.8
Dec [8]	345.2	76.0	49.1	220.1	63.7	12.9	13.0	24.3	73.9	32.3

[1] United States savings bonds, series A–F and J, are included at current redemption value.

[2] Excludes guaranteed securities held by the Treasury. Not all of total shown is subject to statutory debt limitation.

[3] Includes commercial banks, trust companies, and stock savings banks in the United States and Territories and island possessions; figures exclude securities held in trust departments. Since the estimates in this table are on the basis of par values and include holdings of banks in United States Territories and possessions, they do not agree with the estimates in Table B–51, which are based on book values and relate only to banks within the United States.

[4] Exclusive of banks and insurance companies.

[5] Includes trust, sinking, and investment funds of State and local governments and their agencies, and of Territories and possessions.

[6] Includes partnerships and personal trust accounts.

[7] Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, and investments of foreign balances and international accounts in this country. Beginning with December 1946, the international accounts include investments by the International Bank for Reconstruction and Development, the International Monetary Fund, the International Development Association, the Inter-American Development Bank, and various United Nations' funds, in special non-interest-bearing notes and bonds issued by the U.S. Government. Beginning with June 30, 1947, includes holdings of Federal land banks.

[8] Preliminary estimates by Council of Economic Advisers.

Note.—See Note, Table B–66.

Source: Treasury Department (except as noted).

TABLE B–66.—*Average length and maturity distribution of marketable interest-bearing public debt, 1946–67*

End of year or month	Amount outstanding	Maturity class: Within 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and over	Average length: Years	Months
	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	65,270	36,161	15,651	28,662	1,592	5	4
1954	150,354	62,734	29,866	27,515	28,634	1,606	5	6
1955	155,206	49,703	39,107	34,253	28,613	3,530	5	10
1956	154,953	58,714	34,401	28,908	28,578	4,351	5	4
1957	155,705	71,952	40,669	12,328	26,407	4,349	4	9
1958	166,675	67,782	42,557	21,476	27,652	7,208	5	3
1959	178,027	72,958	58,304	17,052	21,625	8,088	4	7
1960	183,845	70,467	72,844	20,246	12,630	7,658	4	4
1961	187,148	81,120	58,400	26,435	10,233	10,960	4	6
1962	196,072	88,442	57,041	26,049	9,319	15,221	4	11
1963	203,508	85,294	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
1965	208,695	87,637	56,198	39,169	8,449	17,241	5	4
1966	209,127	89,136	60,933	33,596	8,439	17,023	4	11
1967	210,672	89,648	71,424	24,398	8,425	16,797	4	7
1966: Jan	217,656	96,461	60,608	35,013	8,444	17,131	4	10
Feb	217,690	94,226	62,893	35,008	8,443	17,120	4	11
Mar	215,150	91,704	64,306	33,607	8,442	17,092	4	11
Apr	215,004	91,820	64,076	33,603	8,441	17,065	4	10
May	213,764	92,231	62,453	33,600	8,440	17,040	4	11
June	209,127	89,136	60,933	33,596	8,439	17,023	4	11
July	209,108	89,138	60,932	33,592	8,439	17,007	4	10
Aug	211,402	92,238	62,957	30,783	8,437	16,987	4	11
Sept	211,771	92,642	62,952	30,774	8,436	16,967	4	10
Oct	215,313	96,656	62,495	30,771	8,435	16,957	4	8
Nov	217,239	104,398	59,459	28,008	8,434	16,940	4	8
Dec	218,025	105,218	59,447	28,005	8,433	16,923	4	7
1967: Jan	218,796	106,021	59,434	28,002	8,432	16,908	4	6
Feb	219,245	101,549	66,717	25,655	8,431	16,893	4	6
Mar	219,914	102,242	66,722	25,650	8,430	16,870	4	5
Apr	217,127	99,670	66,541	25,645	8,428	16,843	4	5
May	216,650	95,524	70,238	25,641	8,426	16,819	4	6
June	210,672	89,648	71,424	24,378	8,425	16,797	4	7
July	214,968	93,957	71,433	24,376	8,423	16,780	4	5
Aug	218,258	95,040	76,244	21,793	8,422	16,758	4	5
Sept	218,637	95,442	78,198	19,840	8,421	16,737	4	4
Oct	223,271	100,208	78,088	19,837	8,419	16,719	4	2
Nov	226,081	102,158	77,320	21,487	8,418	16,697	4	2
Dec	226,476	104,363	78,159	18,859	8,417	16,679	4	1

Note.—All issues classified to final maturity except partially tax-exempt bonds, which were classified to earliest call date (the last of these bonds were called on August 14, 1962, for redemption on December 15, 1962).

The concept of the public debt in this table is that used in budgets of the U.S. Government for years prior to fiscal 1969. Detail for the new concept are not yet available.

Source: Treasury Department.

TABLE B–67.—*Receipts and expenditures of the government sector of the national income and product accounts, 1929–67*

[Billions of dollars]

Calendar year or quarter	Total government			Federal Government [1]			State and local government		
	Receipts	Expenditures	Surplus or deficit (−), national income and product accounts	Receipts	Expenditures	Surplus or deficit (−), national income and product accounts	Receipts	Expenditures	Surplus or deficit (−), national income and product accounts
1929	11.3	10.3	1.0	3.8	2.6	1.2	7.6	7.8	−0.2
1930	10.8	11.1	−.3	3.0	2.8	.3	7.8	8.4	−.6
1931	9.5	12.4	−2.9	2.0	4.2	−2.1	7.7	8.5	−.8
1932	8.9	10.6	−1.8	1.7	3.2	−1.5	7.3	7.6	−.3
1933	9.3	10.7	−1.4	2.7	4.0	−1.3	7.2	7.2	−.1
1934	10.5	12.9	−2.4	3.5	6.4	−2.9	8.6	8.1	.5
1935	11.4	13.4	−2.0	4.0	6.5	−2.6	9.1	8.6	.6
1936	12.9	16.1	−3.1	5.0	8.7	−3.6	8.6	8.1	.5
1937	15.4	15.0	.3	7.0	7.4	−.4	9.1	8.4	.7
1938	15.0	16.8	−1.8	6.5	8.6	−2.1	9.3	9.0	.4
1939	15.4	17.6	−2.2	6.7	8.9	−2.2	9.6	9.6	(2)
1940	17.7	18.4	−.7	8.6	10.0	−1.3	10.0	9.3	.6
1941	25.0	28.8	−3.8	15.4	20.5	−5.1	10.4	9.1	1.3
1942	32.6	64.0	−31.4	22.9	56.1	−33.1	10.6	8.8	1.8
1943	49.2	93.3	−44.1	39.3	85.8	−46.6	10.9	8.4	2.5
1944	51.2	103.0	−51.8	41.0	95.5	−54.5	11.1	8.5	2.7
1945	53.2	92.7	−39.5	42.5	84.6	−42.1	11.6	9.0	2.6
1946	50.9	45.5	5.4	39.1	35.6	3.5	12.9	11.0	1.9
1947	56.8	42.4	14.4	43.2	29.8	13.4	15.3	14.3	1.0
1948	58.9	50.3	8.5	43.3	34.9	8.4	17.6	17.4	.1
1949	56.0	59.1	−3.2	38.9	41.3	−2.4	19.3	20.0	−.7
1950	68.7	60.8	7.8	49.9	40.8	9.1	21.1	22.3	−1.2
1951	84.8	79.0	5.8	64.0	57.8	6.2	23.3	23.7	−.4
1952	89.8	93.7	−3.8	67.2	71.0	−3.8	25.2	25.3	(3)
1953	94.3	101.2	−6.9	70.0	77.0	−7.0	27.2	27.0	.1
1954	89.7	96.7	−7.0	63.8	69.7	−5.9	28.8	29.9	−1.1
1955	100.4	97.6	2.7	72.1	68.1	4.0	31.4	32.7	−1.3
1956	109.0	104.1	4.9	77.6	71.9	5.7	34.7	35.6	−.9
1957	115.6	114.9	.7	81.6	79.6	2.1	38.2	39.5	−1.4
1958	114.7	127.2	−12.5	78.7	88.9	−10.2	41.6	44.0	−2.3
1959	128.9	131.0	−2.1	89.7	91.0	−1.2	46.0	46.8	−.8
1960	139.8	136.1	3.7	96.5	93.0	3.5	49.9	49.6	.2
1961	144.6	149.0	−4.3	98.3	102.1	−3.8	53.6	54.1	−.5
1962	157.0	159.9	−2.9	106.4	110.3	−3.8	58.6	57.6	.9
1963	168.8	166.9	1.8	114.5	113.9	.7	63.4	62.2	1.2
1964	174.1	175.4	−1.4	115.0	118.1	−3.0	69.5	67.8	1.7
1965	188.8	186.1	2.7	124.8	123.4	1.4	75.1	73.9	1.2
1966	213.0	209.8	3.2	143.2	142.9	.3	84.7	81.8	2.9
1967 p	227.3	240.0	−12.7	151.5	164.1	−12.6	91.6	91.7	−.1
	Seasonally adjusted annual rates								
1965: I	185.4	179.8	5.6	123.4	118.9	4.5	72.4	71.3	1.2
II	188.3	182.0	6.3	124.9	119.9	4.9	74.1	72.8	1.2
III	188.3	190.0	−1.7	123.4	126.6	−3.2	76.2	74.7	1.5
IV	193.2	192.6	.6	127.6	128.0	−.4	77.8	76.8	1.1
1966: I	204.3	199.8	4.5	137.0	134.8	2.2	81.1	78.8	2.4
II	210.6	204.4	6.2	141.6	138.4	3.2	83.6	80.6	2.9
III	216.3	213.7	2.6	145.6	146.3	−.7	86.0	82.7	3.3
IV	220.9	221.2	−.3	148.6	151.9	−3.3	87.9	84.9	3.0
1967: I	222.8	233.6	−10.8	149.1	160.9	−11.9	89.3	88.3	1.0
II	223.2	238.1	−14.9	148.1	162.8	−14.7	90.4	90.6	−.2
III	229.3	242.6	−13.3	152.7	165.9	−13.2	92.6	92.7	−.1
IV p		246.2			167.5			95.1	

[1] See Note, Table B–62.
[2] Surplus of $32 million.
[3] Deficit of $41 million.

Note.—Federal grants-in-aid to State and local governments are reflected in Federal expenditures and State and local receipts and expenditures. Total government receipts and expenditures have been adjusted to eliminate this duplication.

Source: Department of Commerce, Office of Business Economics.

TABLE B–68.—*State and local government revenues and expenditures, selected fiscal years 1927–66*

[Millions of dollars]

Fiscal year [1]	General revenues by source [2]							General expenditures by function [2]				
	Total	Property taxes	Sales and gross receipts taxes	Individual income taxes	Corporation net income taxes	Revenue from Federal Government	All other revenue [3]	Total	Education	Highways	Public welfare	All other [4]
1927	7,271	4,730	470	70	92	116	1,793	7,210	2,235	1,809	151	3,015
1932	7,267	4,487	752	74	79	232	1,643	7,765	2,311	1,741	444	3,269
1934	7,678	4,076	1,008	80	49	1,016	1,449	7,181	1,831	1,509	889	2,952
1936	8,395	4,093	1,484	153	113	948	1,604	7,644	2,177	1,425	827	3,215
1938	9,228	4,440	1,794	218	165	800	1,811	8,757	2,491	1,650	1,069	3,547
1940	9,609	4,430	1,982	224	156	945	1,872	9,229	2,638	1,573	1,156	3,862
1942	10,418	4,537	2,351	276	272	858	2,123	9,190	2,586	1,490	1,225	3,889
1944	10,908	4,604	2,289	342	451	954	2,269	8,863	2,793	1,200	1,133	3,737
1946	12,356	4,986	2,986	422	447	855	2,661	11,028	3,356	1,672	1,409	4,591
1948	17,250	6,126	4,442	543	592	1,861	3,685	17,684	5,379	3,036	2,099	7,170
1950	20,911	7,349	5,154	788	593	2,486	4,541	22,787	7,177	3,803	2,940	8,867
1952	25,181	8,652	6,357	998	846	2,566	5,763	26,098	8,318	4,650	2,788	10,342
1953	27,307	9,375	6,927	1,065	817	2,870	6,252	27,910	9,390	4,987	2,914	10,619
1954	29,012	9,967	7,276	1,127	778	2,966	6,897	30,701	10,557	5,527	3,060	11,557
1955	31,073	10,735	7,643	1,237	744	3,131	7,584	33,724	11,907	6,452	3,168	12,197
1956	34,667	11,749	8,691	1,538	890	3,335	8,465	36,711	13,220	6,953	3,139	13,399
1957	38,164	12,864	9,467	1,754	984	3,843	9,252	40,375	14,134	7,816	3,485	14,940
1958	41,219	14,047	9,829	1,759	1,018	4,865	9,699	44,851	15,919	8,567	3,818	16,547
1959	45,306	14,983	10,437	1,994	1,001	6,377	10,516	48,887	17,283	9,592	4,136	17,876
1960	50,505	16,405	11,849	2,463	1,180	6,954	11,634	51,876	18,719	9,428	4,404	19,324
1961	54,037	18,002	12,463	2,613	1,266	7,131	12,563	56,201	20,574	9,844	4,720	21,063
1962	58,252	19,054	13,494	3,037	1,308	7,871	13,489	60,206	22,216	10,357	5,084	22,549
1963	62,890	20,089	14,456	3,269	1,505	8,722	14,850	64,816	23,776	11,136	5,481	24,423
1962–63 [5]	62,269	19,833	14,446	3,267	1,505	8,663	14,555	63,977	23,729	11,150	5,420	23,678
1963–64 [5]	68,443	21,241	15,762	3,791	1,695	10,002	15,952	69,302	26,286	11,664	5,766	25,586
1964–65 [5]	74,000	22,583	17,118	4,090	1,929	11,029	17,251	74,546	28,563	12,221	6,315	27,447
1965–66 [5]	83,036	24,670	19,085	4,760	2,038	13,120	19,363	82,843	33,287	12,770	6,757	30,029

[1] Fiscal years not the same for all governments. See footnote 5.

[2] Excludes revenues or expenditures of publicly owned utilities and liquor stores, and of insurance-trust activities. Intergovernmental receipts and payments between State and local governments are also excluded.

[3] Includes licenses and other taxes and charges and miscellaneous revenues.

[4] Includes expenditures for health, hospitals, police, local fire protection, natural resources, sanitation, housing and urban renewal, local parks and recreation, general control, financial administration, interest on general debt, and other unallocable expenditures.

[5] Data for fiscal year ending in the 12-month period through June 30. Data for 1963 and earlier years include local government amounts grouped in terms of fiscal years ended during the particular calendar year.

Note.—Data are not available for intervening years.
See Table B–58 for net debt of State and local governments.

Source: Department of Commerce, Bureau of the Census.

CORPORATE PROFITS AND FINANCE

TABLE B–69.—*Profits before and after taxes, all private corporations, 1929–67*

[Billions of dollars]

Year or quarter	Corporate profits (before taxes) and inventory valuation adjustment						Corporate profits before taxes	Corporate tax liability [1]	Corporate profits after taxes			Corporate capital consumption allowances [2]	Profits plus capital consumption allowances [3]
	All industries	Manufacturing			Transportation, communication, and public utilities	All other industries			Total	Dividend payments	Undistributed profits		
		Total	Durable goods industries	Nondurable goods industries									
1929	10.5	5.2	2.6	2.6	1.8	3.4	10.0	1.4	8.6	5.8	2.8	4.2	12.8
1930	7.0	3.9	1.5	2.4	1.2	1.9	3.7	.8	2.9	5.5	−2.6	4.3	7.2
1931	2.0	1.3	*	1.3	.5	.2	−.4	.5	−.9	4.1	−4.9	4.3	3.5
1932	−1.3	−.5	−1.0	.5	.2	−.9	−2.3	.4	−2.7	2.5	−5.2	4.0	1.3
1933	−1.2	−.4	−.4	*	*	−.8	1.0	.5	.4	2.0	−1.6	3.8	4.2
1934	1.7	1.1	.3	.8	.4	.3	2.3	.7	1.6	2.6	−1.0	3.6	5.2
1935	3.4	2.1	.9	1.1	.4	.9	3.6	1.0	2.6	2.8	−.2	3.6	6.3
1936	5.6	3.2	1.7	1.5	.7	1.7	6.3	1.4	4.9	4.5	.4	3.6	8.5
1937	6.8	3.8	1.7	2.1	.8	2.2	6.8	1.5	5.3	4.7	.6	3.6	8.9
1938	4.9	2.3	.8	1.6	.5	2.1	4.0	1.0	2.9	3.2	−.2	3.7	6.6
1939	6.3	3.3	1.7	1.7	1.0	2.0	7.0	1.4	5.6	3.8	1.8	3.7	9.3
1940	9.8	5.5	3.1	2.4	1.3	3.0	10.0	2.8	7.2	4.0	3.2	3.8	11.0
1941	15.2	9.5	6.4	3.1	2.0	3.7	17.7	7.6	10.1	4.4	5.7	4.2	14.4
1942	20.3	11.8	7.2	4.6	3.4	5.1	21.5	11.4	10.1	4.3	5.9	5.0	15.2
1943	24.4	13.8	8.1	5.7	4.4	6.2	25.1	14.1	11.1	4.4	6.6	5.4	16.4
1944	23.8	13.2	7.4	5.9	3.9	6.7	24.1	12.9	11.2	4.6	6.5	6.1	17.2
1945	19.2	9.7	4.5	5.2	2.7	6.7	19.7	10.7	9.0	4.6	4.4	6.4	15.4
1946	19.3	9.0	2.4	6.6	1.8	8.5	24.6	9.1	15.5	5.6	9.9	4.7	20.2
1947	25.6	13.6	5.8	7.8	2.2	9.9	31.5	11.3	20.2	6.3	13.9	5.8	26.0
1948	33.0	17.6	7.5	10.0	3.0	12.5	35.2	12.5	22.7	7.0	15.6	7.0	29.7
1949	30.8	16.2	8.1	8.1	3.0	11.6	28.9	10.4	18.5	7.2	11.3	7.9	26.5
1950	37.7	20.9	12.0	8.9	4.0	12.7	42.6	17.8	24.9	8.8	16.0	8.8	33.7
1951	42.7	24.6	13.2	11.4	4.6	13.5	43.9	22.3	21.6	8.6	13.0	10.3	31.8
1952	39.9	21.6	11.7	9.9	4.9	13.3	38.9	19.4	19.6	8.6	11.0	11.5	31.0
1953	39.6	22.0	11.9	10.1	5.0	12.6	40.6	20.3	20.4	8.9	11.5	13.2	33.5
1954	38.0	19.9	10.5	9.4	4.7	13.4	38.3	17.7	20.6	9.3	11.3	15.0	35.5
1955	46.9	26.0	14.3	11.8	5.6	15.2	48.6	21.6	27.0	10.5	16.5	17.4	44.4
1956	46.1	24.7	12.8	11.9	5.9	15.6	48.8	21.7	27.2	11.3	15.9	18.9	46.1
1957	45.6	24.0	13.3	10.7	5.8	15.8	47.2	21.2	26.0	11.7	14.2	20.8	46.8
1958	41.1	19.3	9.3	10.0	5.9	15.9	41.4	19.0	22.3	11.6	10.8	22.0	44.3
1959	51.7	26.3	13.6	12.7	7.0	18.4	52.1	23.7	28.5	12.6	15.9	23.5	52.0
1960	49.9	24.4	12.0	12.4	7.5	17.9	49.7	23.0	26.7	13.4	13.2	24.9	51.6
1961	50.3	23.3	11.4	11.9	7.9	19.1	50.3	23.1	27.2	13.8	13.5	26.2	53.5
1962	55.7	26.6	14.1	12.5	8.5	20.5	55.4	24.2	31.2	15.2	16.0	30.1	61.3
1963	58.9	28.8	15.8	13.0	9.5	20.6	59.4	26.3	33.1	16.5	16.6	31.8	64.8
1964	66.3	32.7	17.8	14.9	10.1	23.5	66.8	28.3	38.4	17.8	20.6	33.9	72.3
1965	74.9	38.7	22.2	16.5	11.2	25.0	76.6	31.4	45.2	19.8	25.4	36.5	81.7
1966	82.2	43.1	24.4	18.7	11.9	27.2	83.8	34.5	49.3	21.5	27.8	39.0	88.3
1967 p	79.1	39.0	21.0	18.0	12.0	28.1	80.1	33.0	47.2	22.8	24.4	41.4	88.6
	Seasonally adjusted annual rates												
1965: I	72.6	37.5	21.6	15.9	10.6	24.5	74.0	30.3	43.7	18.7	25.0	35.2	78.9
II	73.4	37.7	21.6	16.0	10.9	24.8	75.6	30.9	44.6	19.4	25.2	36.0	80.6
III	74.9	38.6	22.1	16.5	11.2	25.2	75.8	31.1	44.8	20.2	24.6	36.9	81.7
IV	78.7	41.0	23.7	17.4	12.0	25.6	80.8	33.1	47.7	20.9	26.8	37.8	85.5
1966: I	81.1	42.7	24.3	18.3	11.7	26.7	83.7	34.5	49.2	21.4	27.8	38.3	87.5
II	81.3	42.5	24.0	18.5	12.0	26.8	83.6	34.5	49.2	21.6	27.6	38.7	87.9
III	81.9	42.7	23.9	18.8	11.8	27.3	84.0	34.6	49.4	21.6	27.8	39.2	88.6
IV	84.6	44.4	25.3	19.2	12.0	28.2	83.9	34.6	49.3	21.2	28.2	39.8	89.1
1967: I	78.1	39.6	21.1	18.4	11.7	26.9	79.0	32.5	46.5	22.2	24.2	40.3	86.7
II	78.3	38.9	21.1	17.8	11.9	27.5	78.9	32.5	46.5	23.1	23.4	40.9	87.4
III	79.2	38.2	20.5	17.7	12.1	28.9	80.0	32.9	47.1	23.4	23.6	41.8	88.8
IV p	------	------	------	------	--------	------	------	------	------	22.4	------	42.5	--------

[1] Federal and State corporate income and excess profits taxes.
[2] Includes depreciation and accidental damages.
[3] Corporate profits after taxes plus corporate capital consumption allowances.

Note.—Beginning 1962 data reflect the new depreciation guidelines issued by the Treasury Department July 11, 1962, and the investment tax credit provided in the Revenue Act of 1962.

Source: Department of Commerce, Office of Business Economics.

TABLE B–70.—*Sales, profits, and stockholders' equity, all manufacturing corporations (except newspapers), 1947–67*

[Billions of dollars]

Year or quarter	All manufacturing corporations				Durable goods industries				Nondurable goods industries			
	Sales (net)	Profits		Stock-holders' equity [1]	Sales (net)	Profits		Stock-holders' equity [1]	Sales (net)	Profits		Stock-holders' equity [1]
		Before taxes	After taxes			Before taxes	After taxes			Before taxes	After taxes	
1947	150.7	16.6	10.1	65.1	66.6	7.6	4.5	31.1	84.1	9.0	5.6	34.0
1948	165.6	18.4	11.5	72.2	75.3	8.9	5.4	34.1	90.4	9.5	6.2	38.1
1949	154.9	14.4	9.0	77.6	70.3	7.5	4.5	37.0	84.6	7.0	4.6	40.6
1950	181.9	23.2	12.9	83.3	86.8	12.9	6.7	39.9	95.1	10.3	6.1	43.5
1951	245.0	27.4	11.9	98.3	116.8	15.4	6.1	47.2	128.1	12.1	5.7	51.1
1952	250.2	22.9	10.7	103.7	122.0	12.9	5.5	49.8	128.0	10.0	5.2	53.9
1953	265.9	24.4	11.3	108.2	137.9	14.0	5.8	52.4	128.0	10.4	5.5	55.7
1954	248.5	20.9	11.2	113.1	122.8	11.4	5.6	54.9	125.7	9.6	5.6	58.2
1955	278.4	28.6	15.1	120.1	142.1	16.5	8.1	58.8	136.3	12.1	7.0	61.3
1956	307.3	29.8	16.2	131.6	159.5	16.5	8.3	65.2	147.8	13.2	7.8	66.4
1957	320.0	28.2	15.4	141.1	166.0	15.8	7.9	70.5	154.1	12.4	7.5	70.6
1958	305.3	22.7	12.7	147.4	148.6	11.4	5.8	72.8	156.7	11.3	6.9	74.6
1959	338.0	29.7	16.3	157.1	169.4	15.8	8.1	77.9	168.5	13.9	8.3	79.2
1960	345.7	27.5	15.2	165.4	173.9	14.0	7.0	82.3	171.8	13.5	8.2	83.1
1961	356.4	27.5	15.3	172.6	175.2	13.6	6.9	84.9	181.2	13.9	8.5	87.7
1962	389.9	31.9	17.7	181.4	195.5	16.7	8.6	89.1	194.4	15.1	9.2	92.3
1963	412.7	34.9	19.5	189.7	209.0	18.5	9.5	93.3	203.6	16.4	10.0	96.3
1964	443.1	39.6	23.2	199.8	226.3	21.2	11.6	98.5	216.8	18.3	11.6	101.3
1965	492.2	46.5	27.5	211.7	257.0	26.2	14.5	105.4	235.2	20.3	13.0	106.3
1966	554.2	51.8	30.9	230.3	291.7	29.2	16.4	115.2	262.4	22.6	14.6	115.1
1965: I	114.9	10.7	6.2	205.4	60.0	6.1	3.3	102.2	54.9	4.6	2.9	103.2
II	124.0	12.3	7.2	209.7	66.0	7.2	4.0	104.6	58.0	5.1	3.2	105.1
III	121.5	11.0	6.6	213.6	62.0	5.8	3.3	106.4	59.4	5.2	3.3	107.2
IV	131.9	12.5	7.5	218.1	69.0	7.1	4.0	108.2	62.9	5.4	3.5	109.9
1966: I	129.9	12.4	7.2	222.4	68.0	7.0	3.8	110.0	61.9	5.4	3.4	112.4
II	141.0	14.0	8.4	228.6	75.4	8.2	4.6	114.2	65.6	5.8	3.7	114.3
III	137.8	12.3	7.4	233.4	71.1	6.5	3.7	117.1	66.7	5.8	3.7	116.3
IV	145.5	13.1	7.9	236.8	77.3	7.5	4.2	119.3	68.2	5.6	3.7	117.5
1967: I	137.0	11.4	6.7	240.9	71.1	6.2	3.4	121.6	65.9	5.2	3.3	119.3
II	145.1	12.6	7.6	245.6	77.0	7.2	4.1	123.7	68.2	5.4	3.5	121.8
III	141.5	11.0	6.7	249.7	72.6	5.4	3.1	126.0	68.9	5.6	3.6	123.6

[1] Annual data are average equity for the year (using four end-of-quarter figures).

Note.—For explanatory notes concerning compilation of the series, see "Quarterly Financial Report for Manufacturing Corporations," Federal Trade Commission and Securities and Exchange Commission.

Data are not necessarily comparable from one period to another due to changes in accounting procedures, industry classifications, sampling procedures, etc. Specific information about the effects of the more significant changes and revisions is contained in the following issues of the "Quarterly Financial Report": third quarter 1953, third quarter 1956, first quarter 1959, and first quarter 1965.

Comparability for certain industries was affected by changes noted in the following reports: fourth quarter 1952, first quarter 1955, second quarter 1960, third quarter 1960, fourth quarter 1965, and second quarter 1966.

Sources: Federal Trade Commission and Securities and Exchange Commission.

TABLE B–71.—*Relation of profits after taxes to stockholders' equity and to sales, all manufacturing corporations (except newspapers), by industry group, 1947–67*

Year or quarter	All manufacturing corporations (except newspapers)	Durable goods industries												
		Total durable [1]	Motor vehicles and equipment	Aircraft and parts	Electrical machinery, equipment, and supplies	Machinery (except electrical)	Fabricated metal products	Primary iron and steel industries	Primary nonferrous metal industries	Stone, clay, and glass products	Furniture and fixtures	Lumber and wood products (except furniture)	Instruments and related products	Miscellaneous manufacturing (including ordnance)
	Ratio of profits after Federal taxes (annual rate) to stockholders' equity—percent [2]													
1947	15.6	14.4	16.4	......	19.0	15.7	17.6	12.0	12.4	14.0	18.0	22.9	14.4	14.0
1948	16.0	15.7	19.9	......	16.1	16.3	17.0	14.7	14.2	15.0	15.9	19.2	14.0	12.2
1949	11.6	12.1	22.1	......	13.6	11.6	10.4	10.0	8.1	13.1	8.1	9.1	12.1	7.2
1950	15.4	16.9	25.3	......	20.9	14.1	16.0	14.3	15.1	17.7	15.2	17.5	16.7	12.3
1951	12.1	13.0	14.3	......	14.0	13.0	13.4	12.3	13.8	14.2	11.3	11.9	13.2	9.7
1952	10.3	11.1	13.9	......	13.7	11.3	10.1	8.5	11.6	11.7	8.6	8.5	11.6	7.0
1953	10.5	11.1	13.9	......	13.1	9.8	9.8	10.7	11.1	11.8	8.2	7.1	11.4	8.2
1954	9.9	10.3	14.1	......	12.4	8.6	7.6	8.1	10.4	12.5	6.0	6.3	12.3	7.5
1955	12.6	13.8	21.7	......	12.3	10.3	10.0	13.5	15.5	15.6	9.2	11.1	12.5	8.5
1956	12.3	12.8	13.1	......	11.4	12.6	10.7	12.7	16.4	14.9	11.6	8.7	12.4	11.6
1957	10.9	11.3	14.2	17.7	12.5	10.7	9.3	11.4	9.3	12.4	8.5	4.7	12.0	7.7
1958	8.6	8.0	8.2	13.2	10.2	6.9	7.3	7.2	6.0	10.2	6.3	5.7	10.6	8.2
1959	10.4	10.4	14.5	8.1	12.5	9.7	8.0	8.0	7.9	12.7	8.9	9.4	13.1	9.3
1960	9.2	8.5	13.5	7.3	9.5	7.5	5.6	7.2	7.1	9.9	6.5	3.6	11.6	9.2
1961	8.9	8.1	11.4	9.8	8.9	7.8	5.9	6.1	7.1	8.9	4.9	4.1	10.6	9.9
1962	9.8	9.6	16.3	12.7	10.0	9.1	7.9	5.4	7.5	8.9	7.9	5.6	12.0	9.4
1963	10.3	10.1	16.7	11.3	10.1	9.6	8.3	7.0	7.6	8.7	8.3	8.2	12.1	8.8
1964	11.6	11.7	16.9	12.2	11.2	12.5	10.1	8.8	9.8	9.6	10.1	9.9	14.4	9.5
1965	13.0	13.8	19.5	15.2	13.5	14.1	13.2	9.8	11.9	10.3	13.4	10.1	17.5	10.7
1966	13.4	14.2	15.9	14.4	14.8	15.0	14.7	10.2	14.8	9.9	14.2	10.0	20.9	15.4
1966: I	13.0	14.0	20.6	14.6	14.3	14.4	13.9	9.1	14.0	5.9	12.4	8.1	17.6	12.2
II	14.7	16.2	19.7	15.9	15.5	17.0	16.6	12.2	16.2	12.9	15.9	14.6	20.5	13.4
III	12.7	12.6	5.5	12.7	14.6	14.8	15.6	9.7	13.6	12.3	14.5	11.2	22.0	15.7
IV	13.4	14.1	17.8	14.4	14.6	14.0	12.8	10.0	15.2	8.4	14.1	6.2	23.2	19.6
1967: I	11.2	11.2	12.5	11.7	12.2	12.3	12.7	7.9	13.7	3.3	10.6	5.5	15.7	12.8
II	12.4	13.2	16.4	12.5	12.8	15.2	14.2	7.9	12.8	9.4	12.0	8.6	16.9	12.5
III	10.8	9.8	3.8	12.4	11.9	12.2	11.7	6.0	7.8	10.4	12.4	10.5	18.7	13.2
	Profits after taxes per dollar of sales—cents													
1947	6.7	6.7	6.0	......	6.3	7.2	7.4	6.6	8.9	7.9	6.0	11.4	7.7	6.3
1948	7.0	7.1	6.9	......	5.9	7.3	7.1	7.6	9.0	8.6	5.5	9.9	7.8	5.6
1949	5.8	6.4	7.9	......	5.7	6.4	5.1	6.5	6.9	8.6	3.3	5.9	7.1	3.6
1950	7.1	7.7	8.3	......	7.2	7.3	6.8	7.9	10.2	10.1	5.1	9.4	8.6	5.6
1951	4.8	5.3	4.7	......	5.0	5.5	5.0	5.8	7.8	7.1	3.4	5.5	6.1	3.7
1952	4.3	4.5	4.7	......	4.5	4.8	4.0	4.7	6.7	6.6	2.7	4.1	4.8	2.7
1953	4.3	4.2	3.9	......	4.1	4.2	3.6	5.3	6.3	6.5	2.6	3.5	4.6	2.9
1954	4.5	4.6	5.1	......	4.5	4.4	3.1	5.3	6.6	7.4	2.1	3.4	5.5	2.8
1955	5.4	5.7	6.9	......	4.4	5.1	3.8	7.2	8.3	8.6	2.9	5.4	6.0	3.1
1956	5.3	5.2	5.2	......	3.8	5.4	4.0	6.7	9.3	8.2	3.4	3.9	5.8	3.6
1957	4.8	4.8	5.4	2.9	4.2	4.8	3.6	6.6	6.6	7.5	2.6	2.3	5.7	2.5
1958	4.2	3.9	4.0	2.4	3.8	3.7	3.1	5.4	4.7	6.8	2.0	2.8	5.4	3.0
1959	4.8	4.8	6.3	1.6	4.4	4.8	3.2	5.4	5.8	7.9	2.7	4.2	6.5	3.5
1960	4.4	4.0	5.9	1.4	3.5	3.9	2.4	5.1	5.4	6.6	2.1	1.7	5.9	3.5
1961	4.3	3.9	5.5	1.8	3.5	4.1	2.5	4.6	5.3	5.8	1.6	1.9	5.4	3.6
1962	4.5	4.4	6.9	2.4	3.7	4.5	3.1	3.9	5.5	5.6	2.3	2.5	5.9	3.4
1963	4.7	4.5	6.9	2.3	3.8	4.7	3.2	4.8	5.3	5.3	2.4	3.3	6.0	3.3
1964	5.2	5.1	7.0	2.6	4.2	5.8	3.7	5.6	6.5	5.6	2.9	3.9	7.2	3.6
1965	5.6	5.7	7.2	3.3	4.8	6.2	4.5	5.7	7.3	5.9	3.7	4.0	8.6	3.8
1966	5.6	5.6	6.2	3.0	4.8	6.4	4.9	5.8	8.2	5.6	3.9	3.8	9.5	4.9
1966: I	5.6	5.6	7.3	3.1	4.8	6.3	4.8	5.4	8.0	3.9	3.6	3.3	8.5	4.2
II	5.9	6.2	7.1	3.2	5.1	6.9	5.3	6.4	8.5	6.8	4.2	5.2	9.3	4.3
III	5.4	5.2	2.8	2.7	4.9	6.4	5.1	5.4	7.7	6.5	3.9	4.1	10.1	5.1
IV	5.5	5.4	6.4	2.9	4.6	5.9	4.2	5.8	8.4	4.9	3.7	2.5	9.9	5.7
1967: I	4.9	4.8	5.3	2.6	4.2	5.7	4.6	4.8	8.1	2.3	3.2	2.4	8.0	4.2
II	5.2	5.3	6.3	2.5	4.4	6.3	4.9	4.8	7.7	5.4	3.5	3.4	7.9	4.1
III	4.7	4.3	1.9	2.6	4.2	5.5	4.2	3.9	5.3	5.7	3.6	4.0	8.8	4.2

See footnotes at end of table.

TABLE B–71.—*Relation of profits after taxes to stockholders' equity and to sales, all manufacturing corporations (except newspapers), by industry group, 1947–67*—Continued

Year or quarter	Nondurable goods industries										
	Total nondurable [1]	Food and kindred products	Tobacco manufactures	Textile mill products	Apparel and related products	Paper and allied products	Printing and publishing (except newspapers)	Chemicals and allied products	Petroleum refining	Rubber and miscellaneous plastic products	Leather and leather products
	Ratio of profits after Federal taxes (annual rate) to stockholders' equity—percent [2]										
1947	16.6	17.6	10.1	19.5	18.9	22.0	17.2	15.9	....	12.4	14.0
1948	16.2	12.8	13.6	18.7	12.1	16.4	14.7	15.8	....	12.3	10.4
1949	11.2	11.8	12.6	7.6	7.5	10.7	11.4	13.2	....	8.7	6.2
1950	14.1	12.3	11.5	12.7	10.1	16.2	11.5	17.8	....	16.9	10.9
1951	11.2	8.1	9.5	8.2	2.9	13.9	10.3	12.2	15.2	14.8	2.1
1952	9.7	7.6	8.4	4.2	4.4	10.5	9.1	10.9	13.3	11.1	5.8
1953	9.9	8.1	9.4	4.6	5.1	10.1	9.4	10.7	13.4	11.3	6.0
1954	9.6	8.1	10.2	1.8	4.5	9.9	9.2	11.6	12.7	10.6	5.9
1955	11.4	8.9	11.4	5.7	6.1	11.5	10.2	14.7	13.4	13.2	8.5
1956	11.8	9.3	11.7	5.8	8.1	11.6	13.0	14.2	13.9	12.2	7.2
1957	10.6	8.7	12.5	4.2	6.3	8.9	11.7	13.3	12.5	11.1	7.0
1958	9.2	8.7	13.5	3.5	4.9	8.1	9.0	11.4	10.0	9.1	5.7
1959	10.4	9.3	13.4	7.5	8.6	9.5	11.4	13.7	9.8	11.0	8.5
1960	9.8	8.7	13.4	5.8	7.7	8.5	10.6	12.2	10.1	9.1	6.3
1961	9.6	8.9	13.6	5.0	7.2	7.9	8.5	11.8	10.3	9.3	4.4
1962	9.9	8.8	13.1	6.2	9.3	8.1	10.3	12.4	10.1	9.6	6.9
1963	10.4	9.0	13.4	6.1	7.7	8.1	9.2	12.9	11.3	9.2	6.9
1964	11.5	10.0	13.4	8.5	11.7	9.3	12.6	14.4	11.4	10.6	10.5
1965	12.2	10.7	13.5	10.9	12.7	9.4	14.2	15.2	11.8	11.7	11.6
1966	12.7	11.2	14.1	10.1	13.3	10.6	15.6	15.1	12.4	12.2	12.9
1966: I	12.1	10.0	12.1	9.4	11.0	10.2	15.0	15.2	12.2	11.0	13.2
II	13.1	11.2	14.8	10.9	13.8	11.3	15.6	16.6	12.2	13.3	12.7
III	12.8	12.3	15.3	10.4	14.6	10.0	16.4	14.7	12.1	11.9	12.6
IV	12.7	11.1	14.0	9.5	13.6	11.0	15.3	13.9	13.2	12.5	13.1
1967: I	11.2	9.4	12.1	5.9	9.6	9.0	12.1	13.0	12.6	9.3	12.8
II	11.6	10.3	14.7	7.1	8.6	9.5	13.5	13.7	12.3	9.0	7.9
III	11.7	11.7	15.8	7.8	14.4	8.6	14.1	12.2	12.1	9.2	12.1
	Profits after taxes per dollar of sales—cents										
1947	6.7	4.2	4.1	8.2	4.6	10.7	6.1	8.8	....	4.4	4.3
1948	6.8	3.3	5.2	8.3	3.1	8.5	5.2	8.8	....	4.7	3.3
1949	5.4	3.3	5.1	4.1	2.1	6.5	4.5	8.2	....	3.8	2.2
1950	6.5	3.4	4.9	5.8	2.8	8.8	4.5	10.3	....	5.8	3.7
1951	4.5	2.0	3.8	3.4	.6	6.6	3.7	6.5	11.1	4.5	.6
1952	4.1	1.9	3.2	1.9	1.0	5.7	3.3	6.1	10.1	3.6	1.8
1953	4.3	2.0	3.7	2.2	1.2	5.4	3.4	6.1	10.4	3.8	1.8
1954	4.4	2.1	4.2	1.0	1.1	5.6	3.4	6.8	10.6	4.0	1.9
1955	5.1	2.3	4.8	2.6	1.3	6.1	3.6	8.3	11.1	4.4	2.5
1956	5.3	2.4	5.0	2.6	1.6	6.1	4.2	8.0	11.6	4.4	2.1
1957	4.9	2.2	5.2	1.9	1.3	5.0	3.7	7.6	10.6	4.2	2.0
1958	4.4	2.2	5.4	1.6	1.0	4.7	3.1	7.0	9.5	3.5	1.7
1959	4.9	2.4	5.4	3.0	1.5	5.2	4.0	7.9	9.5	4.0	2.2
1960	4.8	2.3	5.5	2.5	1.4	5.0	3.6	7.5	9.9	3.6	1.6
1961	4.7	2.3	5.7	2.1	1.3	4.7	2.8	7.3	10.3	3.8	1.1
1962	4.7	2.3	5.7	2.4	1.6	4.6	3.4	7.4	9.7	3.7	1.8
1963	4.9	2.4	5.9	2.3	1.4	4.5	3.2	7.5	10.8	3.6	1.8
1964	5.4	2.7	5.9	3.1	2.1	5.1	4.3	7.9	10.9	4.1	2.6
1965	5.5	2.7	5.9	3.8	2.3	4.9	4.8	7.9	11.1	4.3	2.8
1966	5.6	2.7	5.9	3.6	2.4	5.4	5.1	7.8	11.2	4.4	3.0
1966: I	5.5	2.6	5.4	3.4	2.1	5.3	5.1	8.0	11.1	4.0	3.1
II	5.7	2.8	6.2	3.9	2.5	5.6	5.1	8.2	11.0	4.6	3.0
III	5.6	2.9	6.3	3.7	2.5	5.0	5.5	7.6	11.2	4.4	3.0
IV	5.5	2.6	5.8	3.4	2.4	5.4	4.9	7.4	11.4	4.5	3.0
1967: I	5.1	2.3	5.1	2.4	1.8	4.8	4.3	6.9	11.2	3.7	3.2
II	5.2	2.5	5.8	2.7	1.7	4.9	4.6	7.0	10.9	3.4	2.1
III	5.2	2.8	6.4	2.9	2.8	4.5	4.9	6.5	10.7	3.6	3.0

[1] Includes certain industries not shown separately.
[2] Annual ratios based on average equity for the year (using four end-of-quarter figures). Quarterly ratios based on equity at end of quarter only.

Note.—Ratios based on data in millions of dollars.
For explanatory notes concerning compilation of the series, see "Quarterly Financial Report for Manufacturing Corporations," Federal Trade Commission and Securities and Exchange Commission. See also Note, Table B–70.

Sources: Federal Trade Commission and Securities and Exchange Commission.

TABLE B–72.—*Sources and uses of funds, nonfarm nonfinancial corporate business, 1956–67*

[Billions of dollars]

Source or use of funds	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967
Sources, total	47.2	42.0	42.2	55.5	47.3	54.7	63.3	65.9	70.2	88.5	97.7	92.4
Internal sources [1]	28.9	30.6	29.5	35.0	34.4	35.6	41.8	43.9	50.5	55.7	60.3	59.8
Undistributed profits [1]	13.2	11.8	8.3	12.6	10.0	10.2	12.4	13.6	18.3	22.1	24.2	20.5
Corporate inventory valuation adjustment	−2.7	−1.5	−.3	−.5	.2	−.1	.3	−.5	−.5	−1.7	−1.6	−.8
Capital consumption allowances [1]	18.4	20.3	21.4	22.9	24.2	25.4	29.2	30.8	32.8	35.3	37.7	40.1
External sources	18.3	11.4	12.7	20.5	12.9	19.1	21.5	22.0	19.7	32.7	37.4	32.6
Stocks	2.3	2.4	2.1	2.2	1.6	2.5	.6	−.3	1.4	*	1.2	1.7
Bonds	3.6	6.3	5.7	3.0	3.5	4.6	4.6	3.9	4.0	5.4	10.2	15.0
Mortgages	.4	.4	1.2	1.2	.7	1.8	2.9	3.5	3.3	3.2	2.1	3.5
Bank loans, n.e.c	4.4	1.1	−.6	3.0	1.3	.1	2.5	2.9	3.6	9.3	7.6	6.1
Other loans	*	.7	.2	.3	1.0	.3	.7	.5	1.3	1.3	2.1	1.8
Trade debt	5.7	.5	4.3	4.9	3.1	6.6	4.4	6.0	3.4	7.3	7.7	4.2
Profits tax liability	−2.0	−2.1	−2.6	2.4	−2.2	1.2	1.1	1.5	.9	2.0	−.4	−4.6
Other liabilities	3.9	2.2	2.4	3.6	4.0	1.9	4.7	4.0	1.8	4.2	6.8	4.9
Uses, total	43.2	40.0	42.1	54.4	45.2	55.0	61.7	65.8	66.9	88.0	94.9	89.9
Purchases of physical assets	35.9	34.7	27.3	36.9	39.2	37.0	44.7	46.7	53.5	63.6	75.4	72.5
Nonresidential fixed investment	30.7	33.4	28.4	31.1	34.9	33.2	37.0	38.6	44.0	52.2	60.4	62.4
Residential structures	.4	.7	1.4	1.7	1.3	2.2	3.0	3.7	3.6	3.7	2.7	3.7
Change in business inventories	4.9	.6	−2.5	4.1	3.0	1.5	4.7	4.3	5.9	7.7	12.3	6.4
Increase in financial assets [2]	7.2	5.3	14.8	17.4	6.1	18.0	16.9	19.1	13.4	24.4	19.5	17.4
Liquid assets	−4.2	−.1	2.5	5.6	−3.9	3.5	4.1	4.3	.6	.7	1.1	2.9
Demand deposits and currency	.1	*	1.5	−1.0	−.5	1.7	−.9	−.8	−2.5	−1.9	.7	.7
Time deposits	*	*	.9	−.4	1.3	1.9	3.7	3.9	3.2	3.9	−.7	4.0
U.S. Government securities	−4.5	−.4	*	6.6	−5.4	−.2	.5	.5	−1.4	−2.1	−1.2	−2.7
Open-market paper	.1	.3	.1	.4	.7	.1	.9	.7	1.4	.8	2.3	1.0
Consumer credit	.4	.2	.5	.8	.2	.1	.9	.7	1.0	1.2	1.1	1.1
Trade credit	7.5	2.6	7.9	7.2	6.3	10.0	8.2	8.5	9.1	13.7	10.9	7.6
Other financial assets	3.4	2.5	3.4	3.3	3.7	4.6	4.1	4.8	2.5	8.2	5.6	5.8
Discrepancy (uses less sources)	−4.1	−1.9	−.1	−1.1	−2.0	.3	−1.6	−.1	−3.3	−.5	−2.8	−2.5

[1] The figures shown here for "internal sources," "undistributed profits," and "capital consumption allowances" differ from those shown for "cash flow, net of dividends," "undistributed profits" and "capital consumption allowances" in the gross corporate product table in the national income and product accounts of the Department of Commerce for the following reasons: (1) these figures include, and the statistics in the gross corporate product table exclude, branch profits remitted from foreigners net of corresponding U.S. remittances to foreigners; and (2) these figures exclude, and the gross corporate product figures include, the internal funds of corporations whose major activity is farming.

[2] Includes some categories not shown separately.

Source: Board of Governors of the Federal Reserve System.

TABLE B–73.—*Current assets and liabilities of United States corporations, 1939–67*

[Billions of dollars]

End of year or quarter	Current assets: Total	Cash on hand and in banks	U.S. Government securities	Receivables from U.S. Government[1]	Notes and accounts receivable	Inventories	Other current assets[2]	Current liabilities: Total	Advances and prepayments, U.S. Government[1]	Notes and accounts payable	Federal income tax liabilities	Other current liabilities	Net working capital
1939	54.5	10.8	2.2	......	22.1	18.0	1.4	30.0	......	21.9	1.2	6.9	24.5
1940	60.3	13.1	2.0	0.1	23.9	19.8	1.5	32.8	0.6	22.6	2.5	7.1	27.5
1941	72.9	13.9	4.0	.6	27.4	25.6	1.4	40.7	.8	25.6	7.1	7.2	32.3
1942	83.6	17.6	10.1	4.0	23.3	27.3	1.3	47.3	2.0	24.0	12.6	8.7	36.3
1943	93.8	21.6	16.4	5.0	21.9	27.6	1.3	51.6	2.2	24.1	16.6	8.7	42.1
1944	97.2	21.6	20.9	4.7	21.8	26.8	1.4	51.7	1.8	25.0	15.5	9.4	45.6
1945	97.4	21.7	21.1	2.7	23.2	26.3	2.4	45.8	.9	24.8	10.4	9.7	51.6
1946	108.1	22.8	15.3	.7	30.0	37.6	1.7	51.9	.1	31.5	8.5	11.8	56.2
1947	123.6	25.0	14.1	38.3		44.6	1.6	61.5	37.6		10.7	13.2	62.1
1948	133.0	25.3	14.8	42.4		48.9	1.6	64.4	39.3		11.5	13.5	68.6
1949	133.1	26.5	16.8	43.0		45.3	1.4	60.7	37.5		9.3	14.0	72.4
1950	161.5	28.1	19.7	1.1	55.7	55.1	1.7	79.8	.4	47.9	16.7	14.9	81.6
1951	179.1	30.0	20.7	2.7	58.8	64.9	2.1	92.6	1.3	53.6	21.3	16.5	86.5
1952	186.2	30.8	19.9	2.8	64.6	65.8	2.4	96.1	2.3	57.0	18.1	18.7	90.1
1953	190.6	31.1	21.5	2.6	65.9	67.2	2.4	98.9	2.2	57.3	18.7	20.7	91.8
1954	194.6	33.4	19.2	2.4	71.2	65.3	3.1	99.7	2.4	59.3	15.5	22.5	94.9
1955	224.0	34.6	23.5	2.3	86.6	72.8	4.2	121.0	2.3	73.8	19.3	25.7	103.0
1956	237.9	34.8	19.1	2.6	95.1	80.4	5.9	130.5	2.4	81.5	17.6	29.0	107.4
1957	244.7	34.9	18.6	2.8	99.4	82.2	6.7	133.1	2.3	84.3	15.4	31.1	111.6
1958	255.3	37.4	18.8	2.8	106.9	81.9	7.5	136.6	1.7	88.7	12.9	33.3	118.7
1959	277.3	36.3	22.8	2.9	117.7	88.4	9.1	153.1	1.7	99.3	15.0	37.0	124.2
1960	289.0	37.2	20.1	3.1	126.1	91.8	10.6	160.4	1.8	105.0	13.5	40.1	128.6
1961	306.8	41.1	20.0	3.4	135.8	95.2	11.4	171.2	1.8	112.8	14.1	42.5	135.6
New series[3]													
1961	304.6	40.7	19.2	3.4	133.3	95.2	12.9	155.8	1.8	110.0	14.2	29.8	148.8
1962	326.5	43.7	19.6	3.7	144.2	100.7	14.7	170.9	2.0	119.1	15.2	34.5	155.6
1963	351.7	46.5	20.2	3.6	156.8	107.0	17.8	188.2	2.5	130.4	16.5	38.7	163.5
1964	372.2	47.3	18.6	3.4	169.9	113.5	19.6	202.2	2.7	140.3	17.0	42.2	170.0
1965	406.6	49.7	16.5	3.9	187.9	125.7	22.9	226.5	3.1	158.0	18.8	46.6	180.1
1966	439.6	49.8	15.2	4.5	202.6	143.2	24.2	250.2	4.4	173.7	18.8	53.3	189.4
1965: I	377.3	44.7	18.1	3.3	173.2	116.5	21.4	205.1	2.8	141.7	16.6	44.0	172.2
II	385.2	46.1	15.9	3.2	178.4	118.8	22.7	210.5	2.9	146.4	15.9	45.3	174.7
III	394.4	46.0	15.6	3.6	183.7	122.5	22.9	216.6	3.1	150.7	16.9	45.9	177.8
IV	406.6	49.7	16.5	3.9	187.9	125.7	22.9	226.5	3.1	158.0	18.8	46.6	180.1
1966: I	412.1	47.3	16.7	3.9	190.8	129.2	24.3	229.3	3.3	158.3	18.9	48.8	182.7
II	421.8	48.1	15.0	4.0	196.7	133.4	24.6	234.7	3.5	164.0	16.5	50.8	187.1
III	429.5	47.3	14.3	4.2	201.1	138.3	24.4	241.5	4.0	167.8	17.7	52.1	188.0
IV	439.6	49.8	15.2	4.5	202.6	143.2	24.2	250.2	4.4	173.7	18.8	53.3	189.4
1967: I	440.2	46.9	14.1	4.4	202.6	146.8	25.4	248.5	4.9	171.2	18.4	54.1	191.7
II	441.1	47.4	11.3	4.6	204.9	147.9	24.9	248.2	5.4	174.6	12.5	55.7	192.8
III	448.9	48.8	10.6	4.7	208.9	149.9	26.0	252.6	5.7	176.1	13.3	57.4	196.3

[1] Receivables from and payables to U.S. Government do not include amounts offset against each other on corporations' books or amounts arising from subcontracting which are not directly due from or to the U.S. Government. Wherever possible, adjustments have been made to include U.S. Government advances offset against inventories on corporations' books.

[2] Includes marketable securities other than U.S. Government.

[3] Generally reflects definitions and classifications used in "Statistics of Income" for 1961.

Note.—Data relate to all United States corporations, excluding banks, savings and loan associations, insurance companies, and beginning with the new series for 1961, investment companies. Year-end data through 1964 are based on "Statistics of Income" (Treasury Department), covering virtually all corporations in the United States. "Statistics of Income" data may not be strictly comparable from year to year because of changes in the tax laws, basis for filing returns, and processing of data for compilation purposes. All other figures shown are estimates based on data compiled from many different sources, including data on corporations registered with the Securities and Exchange Commission.

Source: Securities and Exchange Commission.

TABLE B–74.—*State and municipal and corporate securities offered, 1934–67* [1]

[Millions of dollars]

Year or quarter	State and municipal securities offered for cash (principal amounts)	Corporate securities offered for cash [2]									
		Gross proceeds [3]				Proposed uses of net proceeds [4]					
		Total	Common stock	Preferred stock	Bonds and notes	Total	New money			Retirement of securities	Other purposes
							Total	Plant and equipment	Working capital		
1934	939	397	19	6	371	384	57	32	26	231	95
1935	1,232	2,332	22	86	2,225	2,266	208	111	96	1,865	193
1936	1,121	4,572	272	271	4,029	4,431	858	380	478	3,368	204
1937	908	2,310	285	406	1,618	2,239	991	574	417	1,100	148
1938	1,108	2,155	25	86	2,044	2,110	681	504	177	1,206	222
1939	1,128	2,164	87	98	1,980	2,115	325	170	155	1,695	95
1940	1,238	2,677	108	183	2,386	2,615	569	424	145	1,854	192
1941	956	2,667	110	167	2,390	2,623	868	661	207	1,583	172
1942	524	1,062	34	112	917	1,043	474	287	187	396	173
1943	435	1,170	56	124	990	1,147	308	141	167	739	100
1944	661	3,202	163	369	2,669	3,142	657	252	405	2,389	96
1945	795	6,011	397	758	4,855	5,902	1,080	638	442	4,555	267
1946	1,157	6,900	891	1,127	4,882	6,757	3,279	2,115	1,164	2,868	610
1947	2,324	6,577	779	762	5,036	6,466	4,591	3,409	1,182	1,352	524
1948	2,690	7,078	614	492	5,973	6,959	5,929	4,221	1,708	307	722
1949	2,907	6,052	736	425	4,890	5,959	4,606	3,724	882	401	952
1950	3,532	6,361	811	631	4,920	6,261	4,006	2,966	1,041	1,271	984
1951	3,189	7,741	1,212	838	5,691	7,607	6,531	5,110	1,421	486	589
1952	4,401	9,534	1,369	564	7,601	9,380	8,180	6,312	1,868	664	537
1953	5,558	8,898	1,326	489	7,083	8,755	7,960	5,647	2,313	260	535
1954	6,969	9,516	1,213	816	7,488	9,365	6,780	5,110	1,670	1,875	709
1955	5,977	10,240	2,185	635	7,420	10,049	7,957	5,333	2,624	1,227	864
1956	5,446	10,939	2,301	636	8,002	10,749	9,663	6,709	2,954	364	721
1957	6,958	12,884	2,516	411	9,957	12,661	11,784	9,040	2,744	214	663
1958	7,449	11,558	1,334	571	9,653	11,372	9,907	7,792	2,115	549	915
1959	7,681	9,748	2,027	531	7,190	9,527	8,578	6,084	2,494	135	814
1960	7,230	10,154	1,664	409	8,081	9,924	8,758	5,662	3,097	271	895
1961	8,360	13,165	3,294	450	9,420	12,885	10,715	7,413	3,303	868	1,302
1962	8,558	10,705	1,314	422	8,969	10,501	8,240	5,652	2,588	754	1,507
1963	10,107	12,211	1,012	343	10,856	12,049	8,898	5,340	3,558	1,526	1,625
1964	10,544	13,957	2,679	412	10,865	13,792	11,233	7,003	4,230	754	1,805
1965	11,148	15,992	1,547	725	13,720	15,801	13,063	7,712	5,352	996	1,741
1966	11,089	18,074	1,939	574	15,561	17,841	15,806	12,430	3,376	241	1,795
1967 p	14,241	24,650	1,940	890	21,820	24,260	22,110	16,050	6,060	330	1,820
1965: I	2,746	3,007	297	132	2,578	2,972	2,427	1,520	907	234	311
II	2,991	5,043	665	255	4,123	4,977	4,164	2,324	1,840	188	625
III	2,758	3,912	231	151	3,529	3,869	3,177	2,104	1,073	336	356
IV	2,653	4,030	353	187	3,490	3,982	3,296	1,763	1,533	237	449
1966: I	2,870	5,094	519	215	4,359	5,036	4,320	3,258	1,062	51	665
II	3,177	5,115	975	115	4,025	5,046	4,644	3,668	976	72	331
III	2,434	4,197	171	143	3,883	4,143	3,663	2,907	756	52	428
IV	2,609	3,669	274	101	3,294	3,617	3,179	2,597	582	67	371
1967: I	4,046	5,464	298	92	5,074	5,403	5,076	3,808	1,268	39	287
II	3,799	6,208	518	208	5,482	6,109	5,672	4,265	1,407	51	386
III	3,038	6,832	447	231	6,154	6,716	5,943	4,329	1,614	133	640
IV p	3,357	6,140	680	360	5,110	6,030	5,420	3,650	1,770	100	500

[1] These data cover substantially all new issues of State, municipal, and corporate securities offered for cash sale in the United States in amounts over $100,000 and with terms to maturity of more than 1 year.

[2] Excludes notes issued exclusively to commercial banks, intercorporate transactions, sales of investment company issues, and issues to be sold over an extended period, such as offerings under employee-purchase plans.

[3] Number of units multiplied by offering price.

[4] Net proceeds represents the amount received by the issuer after payment of compensation to distributors and other costs of flotation.

Sources: Securities and Exchange Commission, "The Commercial and Financial Chronicle," and "The Bond Buyer."

TABLE B–75.—*Common stock prices, earnings, and yields, and stock market credit, 1939–67*

Year or month	Standard & Poor's common stock data						Stock market credit			
	Price index [1]				Dividend yield [2] (percent)	Price/earnings ratio [3]	Customer credit (excluding U.S. Government securities)			Bank loans to brokers and dealers [6]
	Total (500 stocks)	Industrials (425 stocks)	Public utilities (50 stocks)	Railroads (25 stocks)			Total	Net debit balances [4]	Bank loans to "others" [5]	
	1941–43=10						Millions of dollars			
1939	12.06	11.77	16.34	9.82	4.05	13.80				715
1940	11.02	10.69	15.05	9.41	5.59	10.24				584
1941	9.82	9.72	10.93	9.39	6.82	8.26				535
1942	8.67	8.78	7.74	8.81	7.24	8.80				850
1943	11.50	11.49	11.34	11.81	4.93	12.84				1,328
1944	12.47	12.34	12.81	13.47	4.86	13.66			353	2,137
1945	15.16	14.72	16.84	18.21	4.17	16.33	1,374	942	432	2,782
1946	17.08	16.48	20.76	19.09	3.85	17.69	976	473	503	1,471
1947	15.17	14.85	18.01	14.02	4.93	9.36	1,032	517	515	784
1948	15.53	15.34	16.77	15.27	5.54	6.90	968	499	469	1,331
1949	15.23	15.00	17.87	12.83	6.59	6.64	1,249	821	428	1,608
1950	18.40	18.33	19.96	15.53	6.57	6.63	1,798	1,237	561	1,742
1951	22.34	22.68	20.59	19.91	6.13	9.27	1,826	1,253	573	1,419
1952	24.50	24.78	22.86	22.49	5.80	10.47	1,980	1,332	648	2,002
1953	24.73	24.84	24.03	22.60	5.80	9.69	2,445	1,665	780	2,248
1954	29.69	30.25	27.57	23.96	4.95	11.25	3,436	2,388	1,048	2,688
1955	40.49	42.40	31.37	32.94	4.08	11.50	4,030	2,791	1,239	2,852
1956	46.62	49.80	32.25	33.65	4.09	14.05	3,984	2,823	1,161	2,214
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	4,754
1964	81.37	86.19	69.91	45.46	3.01	18.08	7,053	5,079	1,974	4,631
1965	88.17	93.48	76.08	46.78	3.00	17.08	7,705	5,521	[5] 2,184	[6] 4,277
1966	85.26	91.09	68.21	46.34	3.40	14.92	7,443	5,329	2,115	4,501
1967	91.93	99.18	68.10	46.72	3.20		10,347	7,883	2,464	5,082
1966: Jan	93.32	99.56	74.50	53.68	3.02		7,726	5,551	[5] 2,244	[6] 4,095
Feb	92.69	99.11	71.87	54.78	3.06		7,950	5,753	2,270	3,621
Mar	88.88	95.04	69.21	51.52	3.23	16.31	7,823	5,645	2,243	3,864
Apr	91.60	98.17	70.06	52.33	3.15		7,991	5,835	2,225	4,542
May	86.78	92.85	68.49	47.00	3.30		7,905	5,768	2,206	4,380
June	86.06	92.14	67.51	46.35	3.36	14.71	8,001	5,770	2,235	4,652
July	85.84	91.95	67.30	45.50	3.37		7,870	5,667	2,203	3,686
Aug	80.65	86.40	63.41	42.12	3.60		7,811	5,609	2,202	4,179
Sept	77.81	83.11	63.11	40.31	3.75	13.92	7,525	5,355	2,170	3,545
Oct	77.13	82.01	65.41	39.44	3.76		7,302	5,169	2,133	3,268
Nov	80.99	86.10	68.82	41.57	3.66		7,352	5,217	2,135	3,106
Dec	81.33	86.50	68.86	41.44	3.59	14.74	7,443	5,329	2,115	4,496
1967: Jan	84.45	89.88	70.63	44.48	3.51		7,345	5,290	2,055	4,672
Feb	87.36	93.35	70.45	46.13	3.36		7,415	5,349	2,066	4,045
Mar	89.42	95.86	70.03	46.78	3.29	17.86	7,808	5,718	2,090	4,484
Apr	90.96	97.54	71.70	45.80	3.24		7,969	5,819	2,150	4,385
May	92.59	99.59	70.70	47.00	3.19		8,085	5,926	2,159	4,075
June	91.43	98.61	67.39	48.19	3.19	17.01	8,333	6,166	2,167	3,813
July	93.01	100.38	67.77	49.91	3.15		8,800	6,603	2,197	4,195
Aug	94.49	102.11	68.03	50.43	3.11		8,869	6,607	2,262	4,685
Sept	95.81	103.84	67.45	49.27	3.07	17.81	9,162	6,825	2,337	4,814
Oct	95.66	104.16	64.93	46.28	3.07		9,534	7,009	2,423	4,670
Nov	92.66	100.90	63.48	42.95	3.18		9,432	7,055	2,442	4,296
Dec	95.30	103.91	64.61	43.46	3.09		10,347	7,883	2,464	5,082

[1] Annual data are averages of monthly figures and monthly data are averages of daily figures.

[2] Aggregate cash dividends (based on latest known annual rate) divided by the aggregate monthly market value of the stocks in the group. Annual yields are averages of monthly data.

[3] Ratio of quarterly earnings (seasonally adjusted annual rate) to price index for last day in quarter. Annual ratios are averages of quarterly data.

[4] As reported by member firms of the New York Stock Exchange carrying margin accounts. Includes net debit balances of all customers (other than general partners in the reporting firm and member firms of national exchanges) whose combined accounts net to a debit. Balances secured by U.S. Government obligations are excluded. Data are for end of period.

[5] Loans by weekly reporting member banks (weekly reporting large commercial banks beginning 1965) to others than brokers and dealers for purchasing or carrying securities except U.S. Government obligations. Data are for last Wednesday of period.

[6] Loans by weekly reporting member banks (weekly reporting large commercial banks beginning 1965) for purchasing or carrying securities, including U.S. Government obligations. Data are for last Wednesday of period.

Sources: Board of Governors of the Federal Reserve System, Standard & Poor's Corporation, and New York Stock Exchange.

TABLE B–76.—*Business formation and business failures, 1929–67*

Year or month	Index of net business formation (1957–59=100)	New business incorporations (number)	Business failures [1]: Business failure rate [2]	Business failures: Number of failures: Total	Number of failures: Liability size class: Under $100,000	Number of failures: Liability size class: $100,000 and over	Amount of current liabilities (millions of dollars): Total	Amount of current liabilities: Liability size class: Under $100,000	Amount of current liabilities: Liability size class: $100,000 and over
1929			103.9	22,909	22,165	744	483.3	261.5	221.8
1930			121.6	26,355	25,408	947	668.3	303.5	364.8
1931			133.4	28,285	27,230	1,055	736.3	354.2	382.2
1932			154.1	31,822	30,197	1,625	928.3	432.6	495.7
1933 [3]			100.3	19,859	18,880	979	457.5	215.5	242.0
1934			61.1	12,091	11,421	670	334.0	138.5	195.4
1935			61.7	12,244	11,691	553	310.6	135.5	175.1
1936			47.8	9,607	9,285	322	203.2	102.8	100.4
1937			45.9	9,490	9,203	287	183.3	101.9	81.4
1938			61.1	12,836	12,553	283	246.5	140.1	106.4
1939 [3]			69.6	14,768	14,541	227	182.5	132.9	49.7
1940			63.0	13,619	13,400	219	166.7	119.9	46.8
1941			54.5	11,848	11,685	163	136.1	100.7	35.4
1942			44.6	9,405	9,282	123	100.8	80.3	20.5
1943			16.4	3,221	3,155	66	45.3	30.2	15.1
1944			6.5	1,222	1,176	46	31.7	14.5	17.1
1945			4.2	809	759	50	30.2	11.4	18.8
1946		132,916	5.2	1,129	1,002	127	67.3	15.7	51.6
1947		112,638	14.3	3,474	3,103	371	204.6	63.7	140.9
1948	123.1	96,101	20.4	5,250	4,853	397	234.6	93.9	140.7
1949	96.7	85,491	34.4	9,246	8,708	538	308.1	161.4	146.7
1950	102.3	92,925	34.3	9,162	8,746	416	248.3	151.2	97.1
1951	102.8	83,649	30.7	8,058	7,626	432	259.5	131.6	128.0
1952	108.0	92,819	28.7	7,611	7,081	530	283.3	131.9	151.4
1953	103.5	102,545	33.2	8,862	8,075	787	394.2	167.5	226.6
1954	99.8	117,164	42.0	11,086	10,226	860	462.6	211.4	251.2
1955	107.6	139,915	41.6	10,969	10,113	856	449.4	206.4	243.0
1956	103.2	141,163	48.0	12,686	11,615	1,071	562.7	239.8	322.9
1957	98.3	137,112	51.7	13,739	12,547	1,192	615.3	267.1	348.2
1958	97.1	150,781	55.9	14,964	13,499	1,465	728.3	297.6	430.7
1959	104.6	193,067	51.8	14,053	12,707	1,346	692.8	278.9	413.9
1960	99.8	182,713	57.0	15,445	13,650	1,795	938.6	327.2	611.4
1961	95.4	181,535	64.4	17,075	15,006	2,069	1,090.1	370.1	720.0
1962	98.0	182,057	60.8	15,782	13,772	2,010	1,213.6	346.5	867.1
1963	100.6	186,404	56.3	14,374	12,192	2,182	1,352.6	321.0	1,031.6
1964	104.5	197,724	53.2	13,501	11,346	2,155	1,329.2	313.6	1,015.6
1965	106.0	203,797	53.3	13,514	11,340	2,174	1,321.7	321.7	1,000.0
1966	105.5	200,010	51.6	13,061	10,833	2,228	1,385.7	321.5	1,064.1
1967			49.0	12,364	10,144	2,220	1,265.2	297.9	967.3
	Seasonally adjusted								
1966: Jan	109.1	18,087	50.7	1,084	916	168	103.2	27.1	76.0
Feb	109.6	17,451	44.1	946	800	146	95.5	24.2	71.3
Mar	109.6	17,266	50.2	1,226	1,037	189	103.5	28.6	74.8
Apr	107.6	17,057	47.4	1,106	924	182	110.1	26.1	84.1
May	106.8	16,644	45.8	997	847	150	96.4	23.9	72.5
June	106.2	16,577	49.4	1,077	885	192	123.6	26.5	97.1
July	104.8	16,074	52.3	1,017	879	138	69.9	26.2	43.6
Aug	103.9	16,343	60.8	1,249	999	250	178.1	30.7	147.4
Sept	102.7	15,764	56.6	1,042	867	175	129.2	25.4	103.8
Oct	103.3	16,233	57.2	1,150	957	193	108.0	29.6	78.4
Nov	100.6	16,206	55.6	1,112	919	193	106.7	29.0	77.8
Dec	101.4	16,583	52.4	1,055	803	252	161.5	24.2	137.2
1967: Jan	102.2	16,703	54.9	1,191	1,003	188	108.2	30.2	77.9
Feb	103.2	15,987	57.1	1,216	995	221	113.5	29.3	84.1
Mar	103.3	16,244	49.7	1,216	981	235	119.3	28.7	90.6
Apr	104.0	16,760	52.1	1,160	966	194	103.8	27.8	76.1
May	105.7	17,627	48.6	1,100	917	183	93.4	27.1	66.3
June	109.0	17,799	48.6	1,047	850	197	104.6	24.7	80.0
July	108.4	16,072	43.2	843	708	135	72.6	20.8	51.7
Aug	110.3	17,388	49.3	1,017	793	224	108.9	23.7	85.2
Sept	110.2	18,409	49.1	913	758	155	93.9	22.2	71.8
Oct	110.3	17,908	47.4	949	782	167	81.6	22.5	59.1
Nov	112.9	18,621	42.2	881	718	163	70.0	21.3	48.7
Dec			43.2	831	673	158	195.4	19.6	175.8

[1] Commercial and industrial failures only. Excludes failures of banks and railroads and, beginning 1933, of real estate, insurance, holding, and financial companies, steamship lines, travel agencies, etc.
[2] Failure rate per 10,000 listed enterprises.
[3] Series revised; not strictly comparable with earlier data.

Sources: Department of Commerce (Bureau of the Census) and Dun & Bradstreet, Inc.

AGRICULTURE

TABLE B-77.—*Income from agriculture, 1929–67*

Year or quarter	Personal income received by total farm population			Income received from farming						
				Realized gross		Production expenses	Net to farm operators		Net income per farm, including net inventory change	
	From all sources	From farm sources[1]	From nonfarm sources[2]	Total[3]	Cash receipts from marketings		Excluding net inventory change	Including net inventory change[4]	Current prices	1967 prices[5]
	Billions of dollars								Dollars	
1929	......	......	......	13.9	11.3	7.7	6.3	6.2	945	1,969
1930	......	......	......	11.5	9.1	6.9	4.5	4.3	651	1,447
1931	......	......	......	8.4	6.4	5.5	2.9	3.3	506	1,297
1932	......	......	......	6.4	4.7	4.5	1.9	2.0	304	921
1933	......	......	......	7.1	5.3	4.4	2.7	2.6	379	1,115
1934	5.4	3.2	2.2	8.6	6.4	4.7	3.9	2.9	431	1,134
1935	7.7	5.4	2.3	9.7	7.1	5.1	4.6	5.3	775	1,987
1936	7.2	4.6	2.6	10.8	8.4	5.6	5.1	4.3	639	1,638
1937	9.0	6.2	2.7	11.4	8.9	6.2	5.2	6.0	905	2,262
1938	7.2	4.7	2.5	10.1	7.7	5.9	4.2	4.4	668	1,758
1939	7.4	4.8	2.6	10.6	7.9	6.3	4.3	4.4	685	1,851
1940	7.6	4.8	2.8	11.1	8.4	6.9	4.2	4.5	706	1,858
1941	10.1	6.8	3.3	13.9	11.1	7.8	6.1	6.5	1,031	2,578
1942	14.1	10.1	3.9	18.8	15.6	10.0	8.8	9.9	1,588	3,452
1943	16.5	12.1	4.4	23.4	19.6	11.6	11.8	11.7	1,927	3,778
1944	16.6	12.2	4.4	24.4	20.5	12.3	12.1	11.7	1,950	3,545
1945	17.2	12.8	4.4	25.8	21.7	13.1	12.8	12.3	2,063	3,619
1946	20.0	15.5	4.6	29.5	24.8	14.5	15.0	15.1	2,543	4,037
1947	21.1	15.8	5.3	34.1	29.6	17.0	17.1	15.4	2,615	3,534
1948	23.8	18.0	5.8	34.7	30.2	18.8	15.9	17.7	3,044	3,903
1949	19.5	13.3	6.2	31.6	27.8	18.0	13.6	12.8	2,233	2,938
1950	20.4	14.1	6.3	32.3	28.5	19.4	12.9	13.7	2,421	3,144
1951	22.7	16.2	6.5	37.1	32.9	22.3	14.8	16.0	2,946	3,549
1952	22.1	15.4	6.7	36.8	32.5	22.6	14.1	15.1	2,896	3,448
1953	19.8	13.4	6.4	35.0	31.0	21.3	13.7	13.1	2,626	3,126
1954	18.4	12.5	5.9	33.6	29.8	21.6	12.0	12.5	2,606	3,102
1955	17.6	11.4	6.2	33.1	29.5	21.9	11.2	11.5	2,463	2,932
1956	17.8	11.2	6.6	34.3	30.4	22.4	11.9	11.4	2,535	2,982
1957	17.7	11.0	6.6	34.0	29.7	23.3	10.7	11.3	2,590	2,943
1958	19.5	12.8	6.7	37.9	33.5	25.2	12.7	13.5	3,189	3,583
1959	18.1	11.0	7.0	37.5	33.5	26.1	11.4	11.5	2,795	3,106
1960	18.7	11.4	7.2	37.9	34.0	26.2	11.7	12.0	3,043	3,381
1961	19.0	12.1	6.9	39.6	34.9	27.0	12.6	12.9	3,389	3,724
1962	19.2	12.2	7.0	41.1	36.2	28.5	12.5	13.1	3,562	3,872
1963	18.7	12.0	6.7	42.1	37.2	29.6	12.5	13.1	3,671	3,947
1964	18.0	11.2	6.8	42.4	37.1	29.4	13.0	12.2	3,510	3,774
1965	20.3	13.4	6.9	44.8	39.1	30.9	13.9	14.9	4,413	4,645
1966	21.3	14.4	6.9	49.7	43.2	33.3	16.4	16.2	4,988	5,090
1967 p	20.1	13.2	6.9	48.9	42.5	34.4	14.5	14.9	4,705	4,705
	Seasonally adjusted annual rates									
1966: I	......	......	......	49.5	43.3	32.6	16.9	17.3	5,320	5,480
II	......	......	......	49.5	43.1	33.1	16.4	16.2	4,980	5,080
III	......	......	......	50.0	43.3	33.5	16.5	16.1	4,950	5,000
IV	......	......	......	49.9	43.2	34.0	15.9	15.3	4,710	4,760
1967: I	......	......	......	49.3	42.6	34.3	15.0	14.8	4,670	4,720
II	......	......	......	49.1	42.4	34.5	14.6	14.5	4,580	4,580
III	......	......	......	49.2	42.9	34.4	14.8	15.2	4,800	4,750
IV p	......	......	......	48.1	42.1	34.2	13.9	15.4	4,860	4,810

[1] Net income to farm operators including net inventory change less net income of nonresident operators plus wages and salaries and other labor income of farm resident workers less contributions of farm resident operators and workers to social insurance.

[2] Consists of income received by farm residents from nonfarm sources, such as wages and salaries from nonfarm employment, nonfarm business and professional income, rents from nonfarm real estate, dividends, interest, royalties, unemployment compensation, and social security payments.

[3] Cash receipts from marketings, Government payments, and nonmoney income furnished by farms.

[4] Includes net change in inventory of crops and livestock valued at the average price for the year.

[5] Income in current prices divided by the index of prices paid by farmers for family living items on a 1967 base.

Source: Department of Agriculture.

TABLE B–78.—*Farm production indexes, 1929–67*

[1957–59=100]

Year	Farm output [1]	Crops									Livestock and products			
		Total [2]	Feed grains	Hay and forage	Food grains	Vegetables	Fruits and nuts	Cotton	Tobacco	Oil crops	Total [3]	Meat animals	Dairy products	Poultry and eggs
1929	62	73	62	79	68	73	75	120	88	13	63	62	75	44
1930	61	69	56	66	74	74	73	113	95	14	64	63	76	45
1931	66	77	63	72	79	75	92	138	89	14	65	66	78	44
1932	64	73	73	74	63	76	75	105	58	13	66	67	79	44
1933	59	65	56	69	47	73	76	105	80	11	67	70	79	44
1934	51	54	33	64	45	80	71	78	63	13	61	59	78	41
1935	61	70	60	82	55	81	90	86	76	21	59	53	78	41
1936	55	59	38	66	54	75	70	101	68	16	63	60	79	44
1937	69	81	67	75	74	82	93	154	91	18	62	58	79	44
1938	67	76	65	81	77	81	84	97	80	22	65	63	81	45
1939	68	75	65	75	63	81	96	96	110	29	70	71	82	48
1940	70	78	66	86	69	83	93	102	84	34	71	72	84	49
1941	73	79	71	86	79	84	99	88	73	37	75	76	89	54
1942	82	89	81	93	83	89	98	105	81	56	84	87	92	62
1943	80	83	74	91	72	97	84	93	81	60	91	97	91	71
1944	83	88	78	90	88	92	98	100	113	50	86	88	92	71
1945	81	85	75	93	92	94	89	74	114	54	86	84	95	74
1946	84	89	82	87	95	105	106	71	134	52	83	82	94	69
1947	81	85	63	84	111	91	101	97	122	55	82	81	93	68
1948	88	97	91	84	107	97	92	122	115	67	80	79	90	67
1949	87	92	80	83	92	94	98	131	114	61	85	83	93	74
1950	86	89	81	89	86	96	98	82	117	71	88	89	93	78
1951	89	91	75	92	85	89	100	124	135	65	92	95	92	81
1952	92	95	79	90	109	90	97	124	130	63	92	95	92	82
1953	93	94	77	92	100	95	98	134	119	63	93	94	97	84
1954	93	93	81	92	88	93	99	111	130	71	96	98	98	87
1955	96	96	86	98	83	96	99	120	127	78	99	103	99	86
1956	97	95	85	94	87	102	103	108	126	92	99	100	101	94
1957	95	93	93	101	82	98	94	89	96	91	97	96	101	95
1958	102	104	101	102	121	102	102	93	100	111	99	98	100	101
1959	103	103	106	97	97	100	104	118	104	98	104	106	99	104
1960	106	108	109	103	115	103	98	116	112	105	102	103	101	104
1961	107	107	99	102	106	110	109	116	119	122	106	106	103	112
1962	108	107	100	105	98	108	98	121	134	123	107	108	104	111
1963	112	112	110	105	102	108	102	125	135	128	111	114	103	115
1964	112	109	97	105	114	103	111	124	129	128	113	116	105	118
1965	115	115	111	112	117	110	110	121	107	153	111	111	103	124
1966	113	112	111	110	118	110	122	78	107	165	114	116	100	131
1967 p	117	116	124	115	134	112	100	62	116	171	117	118	100	139

[1] Farm output measures the annual volume of farm production available for eventual human use through sales from farms or consumption in farm households. Total excludes production of feed for horses and mules.
[2] Includes production of feed for horses and mules and certain items not shown separately.
[3] Includes certain items not shown separately.

Source: Department of Agriculture.

Table B–79.—*Farm population, employment, and productivity, 1929–67*

Year	Farm population (April 1) [1]		Farm employment (thousands) [3]			Farm output				Crop production per acre [4]	Livestock production per breeding unit
	Number (thousands)	As percent of total population [2]	Total	Family workers	Hired workers	Per unit of total input	Per man-hour: Total	Per man-hour: Crops	Per man-hour: Livestock		
						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	24.9	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	25.5	12,627	9,765	2,862	59	27	27	43	51	62
1935	32,161	25.3	12,733	9,855	2,878	69	31	31	44	66	69
1936	31,737	24.8	12,331	9,350	2,981	62	29	28	46	56	70
1937	31,266	24.2	11,978	9,054	2,924	73	33	33	46	76	71
1938	30,980	23.8	11,622	8,815	2,807	74	35	35	48	73	75
1939	30,840	23.5	11,338	8,611	2,727	72	35	34	50	74	75
1940	30,547	23.1	10,979	8,300	2,679	72	36	37	50	76	75
1941	30,118	22.6	10,669	8,017	2,652	75	39	39	51	77	80
1942	28,914	21.4	10,504	7,949	2,555	82	42	43	56	86	81
1943	26,186	19.2	10,446	8,010	2,436	79	42	41	58	78	78
1944	24,815	17.9	10,219	7,988	2,231	82	44	44	56	83	75
1945	24,420	17.5	10,000	7,881	2,119	82	46	46	58	82	79
1946	25,403	18.0	10,295	8,106	2,189	85	49	50	59	86	78
1947	25,829	17.9	10,382	8,115	2,267	82	50	50	61	82	79
1948	24,383	16.6	10,363	8,026	2,337	88	56	57	62	92	82
1949	24,194	16.2	9,964	7,712	2,252	86	57	57	66	85	86
1950	23,048	15.2	9,926	7,597	2,329	85	61	63	68	84	86
1951	21,890	14.2	9,546	7,310	2,236	86	62	61	72	85	89
1952	21,748	13.9	9,149	7,005	2,144	89	68	67	74	90	89
1953	19,874	12.5	8,864	6,775	2,089	90	71	69	76	89	93
1954	19,019	11.7	8,651	6,570	2,081	91	74	73	80	88	92
1955	19,078	11.5	8,381	6,345	2,036	94	80	77	85	91	93
1956	18,712	11.1	7,853	5,900	1,953	96	86	83	89	92	95
1957	17,656	10.3	7,600	5,660	1,940	96	91	90	92	93	96
1958	17,128	9.8	7,503	5,521	1,982	103	103	105	100	105	100
1959	16,592	9.4	7,342	5,390	1,952	101	106	105	108	102	104
1960	15,635	8.7	7,057	5,172	1,885	105	115	114	113	109	105
1961	14,803	8.1	6,919	5,029	1,890	106	120	119	120	113	108
1962	14,313	7.7	6,700	4,873	1,827	107	127	124	127	116	108
1963	13,367	7.1	6,518	4,738	1,780	110	135	132	137	119	111
1964	12,954	6.7	6,110	4,506	1,604	109	142	133	147	116	112
1965	12,363	6.4	5,610	4,128	1,482	112	155	146	159	122	111
1966	11,595	5.9	5,214	3,854	1,360	108	161	151	170	120	118
1967 [p]	11,000	5.5	4,953	3,693	1,260	109	167	173	176	121	121

[1] Farm population as defined by Department of Agriculture and Department of Commerce, i.e., civilian population living on farms, regardless of occupation.
[2] Total population of United States as of July 1 includes Armed Forces abroad.
[3] Includes persons doing farmwork on all farms. These data, published by the Department of Agriculture, Statistical Reporting Service, differ from those on agricultural employment by the Department of Labor (see Table B–22) because of differences in the method of approach, in concepts of employment, and in time of month for which the data are collected. For further explanation, see monthly report on "Farm Labor," September 10, 1958.
[4] Computed from variable weights for individual crops produced each year.

Sources: Department of Agriculture and Department of Commerce (Bureau of the Census).

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TABLE B-80.—*Indexes of prices received and prices paid by farmers, and parity ratio, 1929–67*

[1957-59=100]

Year or month	Prices received by farmers											
	All farm products [1]	Crops							Livestock and products			
		All crops [1]	Food grains	Feed grains and hay: Total	Feed grains and hay: Feed grains	Cotton	Tobacco	Oil-bearing crops	All livestock and products [1]	Meat animals	Dairy products	Poultry and eggs
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	[6] 80	84	70	96	97	64	66	88	77	66	[6] 77	121
1944	[6] 82	89	78	108	109	66	72	97	76	62	[6] 86	112
1945	[6] 86	91	81	106	104	69	74	100	82	[6] 67	[6] 89	126
1946	[6] 98	102	95	127	131	91	78	114	94	[6] 81	[6] 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	100	99	96	98	98	102	104	96	100	102	100	90
1960	99	99	96	96	94	97	103	93	98	96	101	101
1961	99	102	99	95	94	100	109	112	98	97	101	92
1962	101	104	107	98	96	104	109	108	99	101	99	92
1963	100	107	106	104	102	104	102	113	95	94	99	92
1964	98	107	90	105	103	100	101	112	91	88	100	90
1965	103	105	77	110	108	94	106	116	101	104	102	92
1966	110	105	87	114	112	82	114	128	113	116	114	102
1967	104	100	84	110	108	73	114	121	107	109	119	84
1966: Jan 15	109	103	81	111	108	86	111	117	114	120	108	101
Feb 15	112	105	82	112	109	87	112	121	118	124	108	108
Mar 15	112	104	81	110	107	89	113	119	117	123	108	111
Apr 15	110	106	80	110	108	92	113	121	113	119	106	103
May 15	109	107	82	111	110	92	113	124	110	117	104	95
June 15	109	108	89	111	110	95	113	128	110	117	104	94
July 15	111	110	96	115	114	96	114	138	111	115	112	97
Aug 15	112	107	94	118	117	69	116	148	116	119	118	103
Sept 15	112	105	93	120	119	69	117	133	116	115	125	106
Oct 15	110	104	89	116	114	73	116	128	114	111	127	101
Nov 15	107	103	89	115	113	71	115	128	110	105	126	103
Dec 15	106	103	90	118	115	71	116	129	109	105	125	100
1967: Jan 15	105	101	88	117	115	64	115	128	109	107	121	96
Feb 15	104	100	85	116	114	67	116	125	107	107	119	90
Mar 15	103	100	89	117	115	66	116	126	105	105	117	91
Apr 15	101	100	87	115	114	66	115	125	102	104	113	82
May 15	104	99	89	115	114	64	115	124	108	114	112	80
June 15	105	102	85	116	115	65	115	125	108	115	112	78
July 15	106	101	79	112	111	68	115	122	110	116	114	84
Aug 15	106	100	80	104	103	71	116	117	110	114	118	81
Sept 15	104	97	79	105	103	69	111	115	110	112	122	84
Oct 15	104	100	82	101	97	88	111	114	107	107	125	77
Nov 15	103	102	79	97	93	98	112	114	104	103	125	77
Dec 15	105	104	80	101	97	89	115	115	105	103	125	82

See footnotes at end of table.

TABLE B–80.—*Indexes of prices received and prices paid by farmers, and parity ratio, 1929–67*—Continued

[1957–59=100]

Year or month	Prices paid by farmers: All items, interest, taxes, and wage rates (parity index)	Commodities and services: All items	Commodities and services: Family living items	Production items: All production items [1]	Production items: Feed	Production items: Motor vehicles	Production items: Farm machinery	Production items: Fertilizer	Interest [2]	Taxes [3]	Wage rates [4]	Parity ratio [5]
1929	55	55	54	56	68	36	43	85	116	56	32	92
1930	52	51	50	52	61	35	43	83	113	57	30	83
1931	44	44	43	43	43	35	42	75	108	56	24	67
1932	38	38	37	38	32	34	40	66	101	51	18	58
1933	37	38	38	38	37	34	39	61	90	44	15	64 (66)
1934	41	43	43	44	52	36	40	69	80	38	17	75 (80)
1935	42	45	43	46	53	37	41	68	74	36	18	88 (95)
1936	42	45	43	46	55	38	42	64	68	36	20	92 (95)
1937	45	48	45	50	62	39	43	67	64	36	22	93 (97)
1938	42	45	43	47	47	42	44	67	60	38	22	78 (83)
1939	42	44	42	46	47	40	43	66	58	37	22	77 (85)
1940	42	45	42	47	50	40	43	64	56	38	22	81 (88)
1941	45	48	45	50	54	42	43	64	54	38	26	93 (98)
1942	52	55	52	57	66	45	46	71	51	38	34	105 (109)
1943	58	61	58	63	78	47	48	76	46	37	45	113 (116)
1944	62	64	61	66	87	51	49	77	43	37	54	108 (110)
1945	65	66	64	67	86	53	49	79	41	39	62	109 (111)
1946	71	72	71	73	100	55	51	79	40	43	66	113 (115)
1947	82	85	83	85	118	63	58	88	42	48	72	115 (116)
1948	89	92	88	95	125	71	67	96	43	56	76	110 (111)
1949	86	88	85	91	103	78	76	98	45	60	74	100 (100)
1950	87	90	86	94	105	78	78	94	49	65	73	101 (102)
1951	96	100	94	104	118	83	83	100	54	68	81	107 (108)
1952	98	100	95	104	126	87	86	102	59	71	87	100 (101)
1953	95	96	94	97	114	86	87	103	63	74	88	92 (93)
1954	95	96	94	97	113	86	87	102	68	77	88	89 (89)
1955	94	95	95	96	106	87	87	101	74	81	89	84 (85)
1956	95	96	96	95	103	89	92	100	83	87	92	83 (84)
1957	98	98	99	98	101	96	96	100	91	93	96	82 (85)
1958	100	101	100	100	99	100	100	100	100	100	99	85 (88)
1959	102	101	101	102	100	104	104	100	109	107	105	81 (82)
1960	102	101	102	101	98	102	107	100	120	117	109	80 (81)
1961	103	101	102	101	98	102	110	100	131	125	110	80 (83)
1962	105	103	103	103	100	105	111	100	145	132	114	80 (83)
1963	107	104	104	104	104	109	113	100	162	139	116	78 (81)
1964	107	104	105	103	103	111	116	99	182	147	119	76 (80)
1965	110	106	107	105	104	113	119	100	206	156	125	77 (82)
1966	114	109	110	108	109	117	124	100	232	166	135	80 (86)
1967	117	111	112	110	109	122	130	100	259	178	146	74 (79)
1966: Jan 15	112	107	108	107	105	------	------	------	232	165	127	81 (87)
Feb 15	112	108	109	108	106	------	------	------	232	165	127	82 (88)
Mar 15	113	109	110	108	105	116	122	100	232	165	127	82 (88)
Apr 15	114	109	110	108	105	------	------	100	232	165	138	80 (86)
May 15	114	109	110	108	106	116	------	------	232	165	138	79 (85)
June 15	114	109	110	108	106	118	124	100	232	165	138	79 (85)
July 15	114	109	110	109	110	------	------	------	232	165	135	80 (86)
Aug 15	114	110	111	109	111	------	------	------	232	165	135	81 (87)
Sept 15	115	111	111	110	113	117	126	100	232	165	135	80 (86)
Oct 15	115	110	111	109	112	119	------	------	232	165	140	79 (85)
Nov 15	115	110	111	109	111	118	------	------	232	165	140	77 (83)
Dec 15	115	110	111	109	113	118	126	100	232	166	140	76 (82)
1967: Jan 15	116	111	111	110	113	------	------	------	261	178	137	75 (80)
Feb 15	116	111	111	110	112	------	------	------	261	178	137	74 (80)
Mar 15	116	111	111	110	112	119	127	100	261	178	137	74 (79)
Apr 15	116	111	111	110	112	------	------	101	261	178	146	72 (77)
May 15	117	111	112	110	110	121	------	------	261	178	146	74 (79)
June 15	117	111	112	111	110	121	130	101	261	178	146	74 (80)
July 15	118	112	113	111	109	------	------	------	261	178	148	74 (80)
Aug 15	117	111	113	110	107	------	------	------	257	178	148	75 (80)
Sept 15	117	111	113	110	107	122	132	100	257	178	148	73 (78)
Oct 15	118	112	113	110	106	124	------	------	257	178	152	73 (78)
Nov 15	117	111	114	109	105	124	------	------	257	178	152	73 (78)
Dec 15	118	112	114	110	106	------	------	100	257	178	152	73 (79)

[1] Includes items not shown separately.
[2] Interest payable per acre on farm real estate debt.
[3] Farm real estate taxes payable per acre (levied in preceding year).
[4] Monthly data are seasonally adjusted.
[5] Percentage ratio of prices received for all farm products to parity index, on a 1910–14=100 base. The adjusted parity ratio (shown in parentheses in the table) reflects Government payments made directly to farmers.
[6] Includes wartime subsidy payments.

Source: Department of Agriculture.

TABLE B-81.—*Selected measures of farm resources and inputs, 1929–67*

Year	Crops harvested (millions of acres) [1]		Livestock breeding units (1957–59=100) [2]	Man-hours of farm work (billions)	Index numbers of inputs (1957–59=100)						
	Total	Exclusive of use for feed for horses and mules			Total	Farm labor	Farm real estate [3]	Mechanical power and machinery	Fertilizer and lime	Feed, seed, and livestock purchases [4]	Miscellaneous
1929	365	298	92	23.2	98	218	92	38	21	27	76
1930	369	304	92	22.9	97	216	91	40	21	26	76
1931	365	303	93	23.4	96	220	89	38	16	23	78
1932	371	311	95	22.6	93	213	86	35	11	24	79
1933	340	281	98	22.6	91	212	87	32	12	24	76
1934	304	247	98	20.2	86	190	86	32	14	24	69
1935	345	289	86	21.1	88	198	88	33	17	23	66
1936	323	269	90	20.4	89	192	89	35	20	31	68
1937	347	295	87	22.1	94	208	90	38	24	29	68
1938	349	301	87	20.6	91	193	91	40	23	30	70
1939	331	286	93	20.7	94	194	92	40	24	37	72
1940	341	298	95	20.5	97	192	92	42	28	45	73
1941	344	304	94	20.0	97	188	92	44	30	46	74
1942	348	309	104	20.6	100	194	91	48	34	57	75
1943	357	320	117	20.3	101	191	89	50	38	63	76
1944	362	326	114	20.2	101	190	88	51	43	64	76
1945	354	322	109	18.8	99	177	88	54	45	72	76
1946	352	323	107	18.1	99	170	91	58	53	69	77
1947	355	329	104	17.2	99	162	92	64	56	73	78
1948	356	332	98	16.8	100	158	95	72	57	72	74
1949	360	338	99	16.2	101	152	95	80	61	69	82
1950	345	326	102	15.1	101	142	97	86	68	72	85
1951	344	326	103	15.2	104	143	98	92	73	80	88
1952	349	334	103	14.5	103	136	99	96	80	81	88
1953	348	335	100	14.0	103	131	99	97	83	80	91
1954	346	335	104	13.3	102	125	100	98	88	82	91
1955	340	330	106	12.8	102	120	100	99	90	86	94
1956	324	315	104	12.0	101	113	99	99	91	91	98
1957	324	316	101	11.1	99	104	100	100	94	93	95
1958	324	317	99	10.5	99	99	100	99	97	101	100
1959	324	318	100	10.3	102	97	100	101	109	106	105
1960	324	319	97	9.8	101	92	100	100	110	109	106
1961	303	299	98	9.5	101	89	100	97	116	123	109
1962	295	291	99	9.1	101	85	101	97	124	121	113
1963	300	296	100	8.8	102	83	101	99	141	124	115
1964	301	297	101	8.4	103	79	102	101	155	123	120
1965	298	294	100	7.9	103	74	100	101	164	124	124
1966	295	291	97	7.5	105	70	99	104	185	128	127
1967 p	308	304	97	7.4	107	70	98	108	200	126	135

[1] Acreage harvested (excluding duplication) plus acreages in fruits, tree nuts, and farm gardens.
[2] Animal units of breeding livestock, excluding horses and mules.
[3] Includes service buildings and improvements on land.
[4] Nonfarm inputs associated with farmers' purchases.

Source: Department of Agriculture.

TABLE B-82.—*Comparative balance sheet of agriculture, 1929–68*

[Billions of dollars]

Beginning of year	Assets									Claims			
	Total	Real estate	Other physical assets				Financial assets			Total	Real estate debt	Other debt	Proprietors' equities
			Livestock [1]	Machinery and motor vehicles	Crops [2]	Household furnishings and equipment	Deposits and currency	U.S. savings bonds	Investment in cooperatives				
1929	......	48.0	6.6	3.2	......	......	......	......	......	......	9.8	......	......
1930	68.5	47.9	6.5	3.4	2.5	4.0	3.6	......	0.6	68.5	9.6	5.0	53.9
1931	......	43.7	4.9	3.3	......	......	......	......	......	......	9.4	......	......
1932	......	37.2	3.6	3.0	......	......	......	......	......	......	9.1	......	......
1933	......	30.8	3.0	2.5	......	......	......	......	......	......	8.5	......	......
1934	......	32.2	3.2	2.2	......	......	......	......	......	......	7.7	......	......
1935	......	33.3	3.5	2.2	......	......	......	......	......	......	7.6	......	......
1936	......	34.3	5.2	2.4	......	......	......	......	......	......	7.4	......	......
1937	......	35.2	5.1	2.6	......	......	......	......	......	......	7.2	......	......
1938	......	35.2	5.0	3.0	......	......	......	......	......	......	7.0	......	......
1939	......	34.1	5.1	3.2	......	......	......	......	......	......	6.8	......	......
1940	52.9	33.6	5.1	3.1	2.7	4.2	3.2	.2	.8	52.9	6.6	3.4	42.9
1941	55.0	34.4	5.3	3.3	3.0	4.2	3.5	.4	.9	55.0	6.5	3.9	44.6
1942	62.9	37.5	7.1	4.0	3.8	4.9	4.2	.5	.9	62.9	6.4	4.1	52.4
1943	73.7	41.6	9.6	4.9	5.1	5.0	5.4	1.1	1.0	73.7	6.0	4.0	63.7
1944	84.6	48.2	9.7	5.4	6.1	5.3	6.6	2.2	1.1	84.6	5.4	3.5	75.7
1945	94.2	53.9	9.0	6.5	6.7	5.6	7.9	3.4	1.2	94.2	4.9	3.4	85.9
1946	103.5	61.0	9.7	5.4	6.3	6.1	9.4	4.2	1.4	103.5	4.8	3.2	95.5
1947	116.4	68.5	11.9	5.3	7.1	7.7	10.2	4.2	1.5	116.4	4.9	3.6	107.9
1948	127.9	73.7	13.3	7.4	9.0	8.5	9.9	4.4	1.7	127.9	5.1	4.2	118.6
1949	134.9	76.6	14.4	10.1	8.6	9.1	9.6	4.6	1.9	134.9	5.3	6.1	123.5
1950	132.5	75.3	12.9	12.2	7.6	8.6	9.1	4.7	2.1	132.5	5.6	6.8	120.1
1951	151.5	86.6	17.1	14.1	7.9	9.7	9.1	4.7	2.3	151.5	6.1	7.0	138.4
1952	167.0	95.1	19.5	16.7	8.8	10.3	9.4	4.7	2.5	167.0	6.7	8.0	152.3
1953	164.3	96.5	14.8	17.4	9.0	9.9	9.4	4.6	2.7	164.3	7.2	8.9	148.2
1954	161.2	95.0	11.7	18.4	9.2	9.9	9.4	4.7	2.9	161.2	7.7	9.2	144.3
1955	165.1	98.2	11.2	18.6	9.6	10.0	9.4	5.0	3.1	165.1	8.2	9.4	147.5
1956	169.6	102.9	10.6	19.3	8.3	10.5	9.5	5.2	3.3	169.6	9.0	9.8	150.8
1957	177.9	110.4	11.0	20.2	8.3	10.0	9.4	5.1	3.5	177.9	9.8	9.6	158.5
1958	185.8	115.9	13.9	20.2	7.6	9.9	9.5	5.1	3.7	185.8	10.4	10.0	165.4
1959	202.5	124.4	17.7	22.1	9.3	9.8	10.0	5.2	4.0	202.5	11.1	12.6	178.8
1960	203.5	129.9	15.6	22.3	7.8	9.6	9.2	4.7	4.4	203.5	12.1	12.8	178.6
1961	203.9	131.4	15.6	22.0	8.0	8.9	8.7	4.6	4.7	203.9	12.8	13.4	177.7
1962	212.4	137.4	16.4	22.5	8.7	9.1	8.8	4.5	5.0	212.4	13.9	14.8	183.7
1963	220.7	143.6	17.3	22.7	9.2	9.0	9.2	4.4	5.3	220.7	15.2	16.6	188.9
1964	230.0	152.3	15.8	24.1	9.9	8.8	9.2	4.2	5.7	230.0	16.8	18.1	195.1
1965	238.5	161.3	14.4	25.5	8.9	8.6	9.6	4.2	6.0	238.5	18.9	18.6	201.0
1966	255.7	172.2	17.5	27.1	9.7	8.6	10.0	4.1	6.5	255.7	21.2	20.4	214.1
1967	269.5	182.0	18.8	28.9	10.0	8.5	10.3	4.0	7.0	269.5	23.3	22.4	223.8
1968 p	281.2	191.5	$\underbrace{\qquad}_{67.7}$				$\underbrace{\qquad}_{22.0}$			281.2	25.0	24.9	231.3

[1] Beginning with 1961, horses and mules are excluded.
[2] Includes all crops held on farms and crops held off farms by farmers as security for Commodity Credit Corporation loans. The latter on January 1, 1967, totaled $447 million.

Source: Department of Agriculture.

TABLE B–83.—*United States balance of payments, 1947–67*

[Millions of dollars]

Year or quarter	Exports of goods and services: Total	Exports: Merchandise [1]	Exports: Military sales	Exports: Income on investments: Private	Exports: Income on investments: Government	Exports: Other services	Imports of goods and services: Total	Imports: Merchandise [1]	Imports: Military expenditures	Imports: Other services	Balance on goods and services	Remittances and pensions
1947	19,737	16,015	(8)	1,036	66	2,620	8,208	5,979	455	1,774	11,529	−728
1948	16,789	13,193	(8)	1,238	102	2,256	10,349	7,563	799	1,987	6,440	−631
1949	15,770	12,149	(8)	1,297	98	2,226	9,621	6,879	621	2,121	6,149	−641
1950	13,807	10,117	(8)	1,484	109	2,097	12,028	9,108	576	2,344	1,779	−533
1951	18,744	14,123	(8)	1,684	198	2,739	15,073	11,202	1,270	2,601	3,671	−480
1952	17,992	13,319	(8)	1,624	204	2,845	15,766	10,838	2,054	2,874	2,226	−571
1953	16,947	12,281	192	1,658	252	2,564	16,561	10,990	2,615	2,956	386	−644
1954	17,759	12,799	182	1,955	272	2,551	15,931	10,354	2,642	2,935	1,828	−633
1955	19,804	14,280	200	2,170	274	2,880	17,795	11,527	2,901	3,367	2,009	−597
1956	23,595	17,379	161	2,468	194	3,393	19,628	12,804	2,949	3,875	3,967	−690
1957	26,481	19,390	375	2,612	205	3,899	20,752	13,291	3,216	4,245	5,729	−729
1958	23,067	16,264	300	2,538	307	3,658	20,861	12,952	3,435	4,474	2,206	−745
1959	23,489	16,295	302	2,694	349	3,849	23,342	15,310	3,107	4,925	147	−815
1960	27,325	19,489	335	3,001	349	4,151	23,324	14,732	3,069	5,523	4,001	−697
1961	28,631	19,954	402	3,561	380	4,334	23,122	14,510	2,981	5,631	5,509	−722
1962	30,350	20,604	656	3,948	471	4,671	25,305	16,187	3,083	6,035	5,045	−778
1963	32,426	22,071	657	4,151	498	5,049	26,573	16,992	2,936	6,645	5,853	−891
1964	37,099	25,297	747	4,929	460	5,666	28,637	18,621	2,861	7,155	8,462	−896
1965	39,147	26,244	844	5,376	512	6,171	32,203	21,472	2,921	7,810	6,944	−1,024
1966	43,039	29,168	847	5,650	595	6,779	37,937	25,510	3,694	8,733	5,102	−1,010
1967 [10]	45,603	30,716	1,173	5,969	643	7,101	40,203	26,367	4,249	9,587	5,400	−1,364
	Seasonally adjusted annual rates											
1965: I	35,072	22,512	840	5,424	572	5,724	28,928	18,676	2,684	7,568	6,144	−928
II	40,720	27,520	768	5,656	592	6,184	32,556	21,900	2,844	7,812	8,164	−1,200
III	40,320	27,244	920	5,312	584	6,260	32,932	22,224	3,016	7,692	7,388	−996
IV	40,476	27,700	848	5,112	300	6,516	34,396	23,088	3,140	8,168	6,080	−972
1966: I	42,044	28,812	836	5,264	612	6,520	35,988	24,100	3,444	8,444	6,056	−964
II	42,472	28,724	888	5,528	612	6,720	37,060	24,900	3,644	8,516	5,412	−980
III	43,652	29,528	824	5,776	572	6,952	39,048	26,320	3,812	8,916	4,604	−1,112
IV	43,988	29,608	840	6,032	584	6,924	39,652	26,720	3,876	9,056	4,336	−984
1967: I	45,444	30,704	1,356	5,692	620	7,072	40,016	26,648	4,180	9,188	5,428	−1,056
II	45,448	30,868	1,344	5,544	644	7,048	40,152	26,232	4,280	9,640	5,296	−1,580
III p	45,916	30,576	820	6,672	664	7,184	40,440	26,220	4,288	9,932	5,476	−1,456

See footnotes at end of table.

TABLE B–83.—*United States balance of payments, 1947–67*—Continued

[Millions of dollars]

Year or quarter	U.S. Government grants and capital, net [2]	U.S. private capital, net			Foreign capital, net [2]	Errors and unrecorded transactions	Balance		Changes in selected liabilities (decrease (−)) [5]			Changes in gold convertible currencies, and IMF gold tranche position (increase (−))
		Direct investment	Other long-term	Short-term			Liquidity basis [3]	Official reserve transactions basis [4]	To foreign official holders [6]		To other foreign holders [7]	
									Liquid	Nonliquid		
1947	−6,121	−749	−49	−189	−432	949	4,210	......	......	......	......	−3,315
1948	−4,918	−721	−69	−116	−361	1,193	817	......	......	......	......	−1,736
1949	−5,649	−660	−80	187	44	786	136	......	......	......	......	−266
1950	−3,640	−621	−495	−149	181	−11	−3,489	......	......	......	......	1,758
1951	−3,191	−508	−437	−103	540	500	−8	......	......	......	......	−33
1952	−2,380	−852	−214	−94	52	627	−1,206	......	......	......	......	−415
1953	−2,055	−735	185	167	146	366	−2,184	......	......	......	......	1,256
1954	−1,554	−667	−320	−635	249	191	−1,541	......	......	......	......	480
1955	−2,211	−823	−241	−191	297	515	−1,242	......	......	......	......	182
1956	−2,362	−1,951	−603	−517	615	568	−973	......	......	......	......	−869
1957	−2,574	−2,442	−859	−276	545	1,184	578	......	......	......	......	−1,165
1958	−2,587	−1,181	−1,444	−311	186	511	−3,365	......	......	......	......	2,292
1959	−1,986	−1,372	−926	−77	736	423	−3,870	......	......	......	......	1,035
1960	−2,769	−1,674	−856	−1,349	365	−922	−3,901	−3,403	[9] 1,448	......	308	2,145
1961	−2,780	−1,599	−1,025	−1,556	707	−904	−2,370	−1,347	[9] 681	......	1,083	606
1962	−3,013	−1,654	−1,227	−544	1,021	−1,053	−2,203	−2,705	[9] 456	254	214	1,533
1963	−3,581	−1,976	−1,695	−785	689	−285	−2,671	−2,044	1,673	−7	620	378
1964	−3,560	−2,435	−1,961	−2,146	685	−949	−2,800	−1,549	1,075	303	1,554	171
1965	−3,375	−3,418	−1,078	753	278	−415	−1,335	−1,304	−18	100	131	1,222
1966	−3,446	−3,543	−257	−413	2,512	−302	−1,357	225	−1,595	802	2,384	568
1967 [10]	−4,249	−2,885	−1,144	−1,023	3,897	−915	−2,283	−2,897	......	......	......	......
	Seasonally adjusted annual rates								Quarterly totals unadjusted			
1965: I	−3,312	−4,832	−2,640	844	1,240	212	−3,272	−3,336	−861	−23	201	842
II	−3,860	−3,456	372	1,528	−300	−452	796	956	−107	−16	−149	68
III	−2,880	−2,512	−1,360	332	−820	−980	−1,828	828	253	−18	712	41
IV	−3,448	−2,872	−684	308	992	−440	−1,036	−3,664	697	157	−633	271
1966: I	−3,900	−2,536	−1,008	−380	1,060	−932	−2,604	−1,772	−852	25	475	424
II	−3,952	−4,024	−276	−240	4,364	−792	−488	−700	54	263	27	68
III	−3,036	−3,600	−20	−108	1,504	1,108	−660	3,444	−598	111	1,211	82
IV	−2,896	−4,012	276	−924	3,120	−592	−1,676	−72	−199	403	671	−6
1967: I	−4,804	−2,488	−724	−616	3,292	−1,148	−2,116	−7,260	−78	333	−711	1,027
II	−4,052	−2,592	−688	−1,268	4,908	−2,212	−2,188	−3,312	547	562	94	−419
III [p]	−3,892	−3,576	−2,020	−1,184	3,492	616	−2,544	1,880	281	118	1,302	−375

[1] Adjusted from customs data for differences in timing and coverage.
[2] Includes certain special Government transactions.
[3] Equals changes in liquid liabilities to foreign official holders, other foreign holders, and changes in official reserve assets consisting of gold, convertible currencies, and the U.S. gold tranche position in the IMF.
[4] Equals changes in liquid and nonliquid liabilities to foreign official holders and changes in official reserve assets consisting of gold, convertible currencies, and the U.S. gold tranche position in the IMF.
[5] Includes short-term official and banking liabilities, foreign holdings of U.S. Government bonds and notes, and certain nonliquid liabilities to foreign official holders.
[6] Central banks, governments, and U.S. liabilities to the IMF arising from reversible gold sales to, and gold deposits with the U.S. Data for years before 1960 include estimates of official transactions in marketable U.S. Government bonds and notes.
[7] Private holders; includes banks and international and regional organizations, excludes IMF.
[8] Not reported separately.
[9] Includes change in Treasury liabilities to certain foreign military agencies; excluding these changes, data ($ millions) are 1,258 (1960), 741 (1961), 918 (1962). Includes changes in liabilities to international nonmonetary institutions.
[10] Average for the first 3 quarters on a seasonally adjusted annual rates basis.

Note.—Data exclude military grant-aid and U.S. subscriptions to International Monetary Fund.

Source: Department of Commerce, Office of Business Economics.

TABLE B-84.—*United States merchandise exports and imports, by commodity groups, 1958–67*

[Millions of dollars]

Year or quarter	Merchandise exports [1]						Merchandise imports					Gross merchandise trade surplus, seasonally adjusted [7]
	Total, including reexports [2]		Domestic exports				General imports [3]					
							Total [4]					
	Seasonally adjusted	Unadjusted	Total [2, 4]	Food, beverages, and tobacco	Crude materials and fuels [5]	Manufactured goods [6]	Seasonally adjusted	Unadjusted	Food, beverages, and tobacco	Crude materials and fuels [5]	Manufactured goods [6]	
1958	-------	16,373	16,208	2,688	3,051	11,546	-------	13,262	3,550	4,062	5,283	3,111
1959	-------	16,418	16,234	2,852	2,996	11,171	-------	15,629	3,580	4,580	7,090	789
1960	-------	19,635	19,434	3,167	3,942	12,559	-------	15,019	3,392	4,380	6,847	4,616
1961	-------	20,190	19,944	3,466	3,863	12,748	-------	14,716	3,455	4,303	6,523	5,474
1962	-------	20,973	20,703	3,743	3,355	13,655	-------	16,392	3,674	4,640	7,626	4,581
1963	-------	22,427	22,143	4,188	3,774	14,259	-------	17,140	3,863	4,692	8,066	5,287
1964	-------	25,690	25,338	4,637	4,336	16,388	-------	18,684	4,022	4,976	9,096	7,006
1965	-------	26,700	26,357	4,520	4,274	17,388	-------	21,366	4,013	5,385	11,238	5,334
1966	-------	29,379	28,944	5,186	4,403	19,108	-------	25,542	4,589	5,674	14,413	3,837
1967 p	-------	30,942	30,555	4,713	4,723	20,752	-------	26,816	4,701	5,337	15,717	4,126
1965: I	5,589	5,593	5,522	846	916	3,766	4,666	4,609	828	1,293	2,331	923
II	6,940	7,130	7,044	1,163	1,170	4,718	5,456	5,486	1,027	1,388	2,897	1,484
III	6,920	6,481	6,391	1,177	986	4,151	5,425	5,370	912	1,302	2,752	1,495
IV	7,090	7,496	7,400	1,334	1,202	4,753	5,736	5,901	1,246	1,402	3,258	1,354
1966: I	7,194	7,078	6,978	1,252	1,023	4,643	6,021	5,894	1,112	1,410	3,184	1,173
II	7,257	7,435	7,305	1,257	1,086	4,888	6,336	6,334	1,165	1,438	3,517	921
III	7,439	7,025	6,919	1,310	1,027	4,531	6,592	6,545	1,112	1,456	3,765	847
IV	7,500	7,841	7,742	1,367	1,267	5,046	6,661	6,769	1,200	1,370	3,947	839
1967: I	7,775	7,685	7,588	1,129	1,159	5,200	6,688	6,620	1,212	1,385	3,812	1,087
II	7,777	7,967	7,867	1,157	1,202	5,454	6,593	6,583	1,125	1,347	3,846	1,184
III	7,775	7,276	7,178	1,134	1,125	4,836	6,542	6,404	1,100	1,254	3,780	1,233
IV p	7,688	8,014	7,922	1,295	1,233	5,297	7,102	7,209	1,264	1,360	4,280	586

[1] Beginning 1960, data have been adjusted for comparability with the revised commodity classifications effective in 1965.
[2] Totals exclude Department of Defense shipments of grant-aid military supplies and equipment under the Military Assistance Program.
[3] Total arrivals of imported goods other than intransit shipments.
[4] Total includes commodities and transactions not classified according to kind.
[5] Includes fats and oils.
[6] Includes machinery, transportation equipment, chemicals, metals, and other manufactures. Export data for these items include military grant-aid shipments.
[7] Exports, excluding military grant-aid, less general imports; quarterly data seasonally adjusted.

Note.—Data are as reported by the Bureau of the Census. Export statistics cover all merchandise shipped from the U.S. customs area, except supplies for U.S. Armed Forces. Export values are f.a.s. port of export and include shipments under Agency for International Development and Food for Peace programs as well as other private relief shipments. Import values are defined generally as the market value in the foreign country, excluding the U.S. import duty and transportation costs such as ocean freight and marine insurance.

Because of revisions, subgroups do not include all data in the totals.

Source: Department of Commerce, Bureau of International Commerce.

TABLE B–85.—*United States merchandise exports and imports, by area, 1961–67*

[Millions of dollars]

Area	1961	1962	1963	1964	1965	1966	January–November	
							1966	1967
Exports (including reexports and special category shipments): Total	20,999	21,700	23,347	26,508	27,478	30,320	27,603	28,751
Developed countries	13,563	13,985	15,124	17,202	18,315	20,010	18,257	19,400
Developing countries	7,303	7,589	8,056	8,966	9,023	10,112	9,164	9,169
Canada	3,826	4,045	4,251	4,915	5,643	6,661	6,077	6,551
Other Western Hemisphere	3,847	3,679	3,692	4,292	4,274	4,769	4,315	4,306
Western Europe [1]	7,237	7,633	8,171	9,096	9,224	9,805	8,979	9,178
Eastern Europe	133	125	167	340	140	198	182	182
Asia	4,652	4,676	5,448	5,802	6,012	6,733	6,094	6,588
Australia and Oceania	445	519	565	804	956	805	730	852
Africa	859	1,023	1,053	1,259	1,229	1,349	1,226	1,094
General imports: Total	14,716	16,392	17,140	18,684	21,366	25,542	23,302	24,394
Developed countries	8,909	10,250	10,807	11,895	14,068	17,590	15,987	17,218
Developing countries	5,719	6,035	6,242	6,676	7,144	7,762	7,144	7,005
Canada	3,270	3,660	3,829	4,239	4,832	6,125	5,497	6,431
Other Western Hemisphere	3,725	3,931	4,021	4,151	4,371	4,704	4,321	4,232
Western Europe [1]	4,062	4,544	4,731	5,208	6,155	7,678	6,994	7,292
Eastern Europe	81	79	81	99	137	179	161	162
Asia	2,583	2,960	3,192	3,620	4,528	5,276	4,871	4,916
Australia and Oceania	320	440	502	440	453	594	551	529
Africa	672	754	777	917	878	979	899	825
Unidentified countries [2]	3	24	7	10	12	7	8	7

[1] Includes Finland, Yugoslavia, Greece, and Turkey.
[2] Consists of certain low-valued shipments and some uranium imports, not identified by country.

Note.—Developed countries include Canada, Western Europe, Japan, Australia, New Zealand, and the Republic of South Africa. Developing countries include rest of the world except Communist areas in Eastern Europe and Asia and unidentified countries.

Source: Department of Commerce, Bureau of International Commerce.

TABLE B–86.—*United States overseas loans and grants, by type and area, fiscal years 1962–67*

[Millions of dollars]

Type of program and fiscal period	Net obligations and loan authorizations							
	Total	Near East and South Asia	Latin America	Vietnam	East Asia	Africa	Europe	Other and non-regional
Total economic and military loans and grants: [1]								
1962–66 average	6,255	1,998	1,213	510	942	430	590	572
Loans	2,647	1,243	730	*	200	169	245	60
Grants	3,607	756	483	511	742	261	344	511
1967 [2]	6,938	1,673	1,486	542	996	421	986	834
Loans	3,749	1,107	990	−1	293	206	856	297
Grants	3,188	566	496	542	702	215	130	537
Total economic loans and grants:								
1962–66 average	4,702	1,668	1,125	308	526	407	239	429
Loans	2,510	1,224	720	*	194	169	187	16
Grants	2,192	443	404	308	332	238	52	413
1967	5,290	1,251	1,398	542	588	388	503	620
Loans	3,046	994	973	−1	292	200	490	100
Grants	2,244	258	425	542	297	188	13	520
Developed countries: [3]								
1962–66 average	140	....	....	....	63	....	74	3
Loans	110	....	....	....	63	....	46	1
Grants	30	....	....	....	*	....	28	1
1967	520	....	....	....	98	....	322	100
Loans	512	....	....	....	98	....	314	100
Grants	8	....	....	....	....	....	8	....
Less developed countries: [3]								
1962–66 average	4,562	1,668	1,125	308	462	407	165	427
Loans	2,400	1,224	720	*	130	169	141	15
Grants	2,162	443	404	308	332	238	24	412
1967	4,771	1,251	1,398	542	490	388	181	520
Loans	2,535	994	973	−1	194	200	176	....
Grants	2,236	258	425	542	297	188	5	520
Economic loans and grants for less developed countries, by program:								
Agency for International Development:								
1962–66 average	2,301	811	557	241	222	212	2	255
1967	2,249	506	556	467	244	184	*	292
Food for Freedom:								
1962–66 average	1,532	790	176	68	187	139	118	52
1967	1,031	535	70	75	138	165	6	43
Export-Import Bank long-term loans:								
1962–66 average	270	57	117	....	19	34	44	....
1967	947	196	497	....	64	14	176	....
Other economic programs: [4]								
1962–66 average	459	9	275	....	34	21	....	119
1967	543	14	276	....	44	25	....	185
Addendum—Repayments and interest on economic and military loans: [5]								
1962–66 average	1,208	239	258	3	128	36	524	21
1967	1,591	341	367	52	166	53	581	31

[1] Includes military loans and grants averaging $1,553 million for 1962–66 and totaling $1,647 million in 1967. Of these amounts, $431 million and $695 million, respectively, were to developed countries; and $1,122 million and $952 million, respectively, were to less developed countries. Military loans and grants include grant-aid and credit assistance under the Foreign Assistance Act (FAA) on a delivery basis, direct military loans by the Export-Import Bank, and military grants under other acts. FAA military data are from the Department of Defense.

[2] The 1967 data for military loans and grants under the Foreign Assistance Act and several minor economic programs under "Other" are preliminary.

[3] Countries have been classified "less developed" on the basis of the standard list of less developed countries used by the Development Assistance Committee of the Organization for Economic Cooperation and Development. On this basis, "less developed" countries include all countries receiving U.S. loans or grants except the following which are considered "developed": Japan, Australia, New Zealand, Republic of South Africa, and all of Europe except Malta, Spain, and Yugoslavia.

[4] Includes capital subscriptions and contributions to the Inter-American Development Bank, the International Development Association, and the Asian Development Bank (1962–66 average for the three recipients, $214 million; 1967, $374 million); and Peace Corps (1962–66 average, $72 million; 1967, $105 million).

[5] Data for certain programs from Department of Commerce (Office of Business Economics) and Department of Defense.

Source: Agency for International Development (except as noted).

TABLE B–87.—*International reserves, 1949, 1953, and 1962–67*

[Millions of dollars; end of period]

Area and country	1949	1953	1962	1963	1964	1965	1966	1967	
								September	December
All countries	45,515	51,780	62,905	66,275	68,500	70,245	71,615	72,185	--------
Developed areas	37,240	41,390	54,510	56,890	58,995	59,465	60,205	60,040	--------
United States	26,024	23,458	17,220	16,843	16,672	15,450	14,881	14,649	14,830
United Kingdom	1,752	2,670	3,308	3,147	2,316	3,004	3,100	2,733	2,695
Other Western Europe	6,460	10,515	27,240	29,490	32,335	33,625	34,965	35,685	--------
Austria	92	325	1,081	1,229	1,317	1,311	1,333	1,439	1,484
Belgium	978	1,144	1,753	1,940	2,192	2,304	2,320	2,551	2,530
France	580	829	4,049	4,908	5,724	6,343	6,733	6,750	6,994
Germany	196	1,773	6,956	7,650	7,882	7,429	8,028	8,014	8,155
Italy	(1)	768	4,068	3,619	3,824	4,800	4,911	5,445	5,460
Netherlands	434	1,232	1,946	2,102	2,349	2,416	2,448	2,475	2,619
Scandinavian countries (Denmark, Finland, Norway, and Sweden)	537	1,026	1,610	1,875	2,380	2,324	2,340	2,391	2,238
Spain	(1)	150	1,045	1,147	1,513	1,409	1,205	1,108	--------
Switzerland	1,692	1,768	2,871	3,074	3,120	3,244	3,324	3,156	3,555
Other [2]	1,225	1,500	1,861	1,946	2,034	2,045	2,326	2,356	--------
Canada	1,197	1,902	2,547	2,603	2,881	3,027	2,693	2,682	2,709
Japan	(1)	892	2,022	2,058	2,019	2,152	2,119	2,047	2,030
Australia, New Zealand, and South Africa	1,582	1,952	2,175	2,748	2,773	2,205	2,448	2,244	2,307
Less developed areas [3]	8,280	10,390	8,395	9,385	9,505	10,780	11,415	12,145	--------
Latin America	2,775	3,400	2,230	2,715	2,845	3,280	3,165	3,280	--------
Middle East	1,475	1,200	1,775	2,250	2,315	2,675	2,845	3,270	--------
Other Asia	3,395	3,840	2,795	3,085	3,055	3,380	3,830	3,955	--------
Other Africa	[4] 290	1,800	1,505	1,255	1,220	1,385	1,510	1,575	--------

1 Not available separately.
2 In addition to other Western European countries, includes unpublished gold reserves of Greece and an estimate of gold to be distributed by the Tripartite Commission for the Restitution of Monetary Gold.
3 Includes unpublished gold holdings not allocable by area.
4 Estimate.

Note.—Includes gold holdings, reserve positions in the International Monetary Fund, and foreign exchange of all countries except U.S.S.R., other Eastern European countries, Communist China, Cuba (after March 1964), and Indonesia (after July 1965).

Beginning 1959, when most of the major currencies of the world became convertible, data exclude known holdings of inconvertible currencies, balances under payments agreements, and the bilateral claims arising from liquidation of the European Payments Union.

Source: International Monetary Fund, "International Financial Statistics."

TABLE B-88.—*United States reserve assets: gold stock, holdings of convertible foreign currencies, and reserve position in the International Monetary Fund, 1946–67*

[Millions of dollars]

End of year or month	Total reserve assets	Gold stock[1] Total[2]	Gold stock[1] Treasury	Convertible foreign currencies[3]	Reserve position in International Monetary Fund[4]
1946	20,706	20,706	20,529		
1947	24,021	22,868	22,754		1,153
1948	25,758	24,399	24,244		1,359
1949	26,024	24,563	24,427		1,461
1950	24,265	22,820	22,706		1,445
1951	24,299	22,873	22,695		1,426
1952	24,714	23,252	23,187		1,462
1953	23,458	22,091	22,030		1,367
1954	22,978	21,793	21,713		1,185
1955	22,797	21,753	21,690		1,044
1956	23,666	22,058	21,949		1,608
1957	24,832	22,857	22,781		1,975
1958	22,540	20,582	20,534		1,958
1959	21,504	19,507	19,456		1,997
1960	19,359	17,804	17,767		1,555
1961	18,753	16,947	16,889	116	1,690
1962	17,220	16,057	15,978	99	1,064
1963	16,843	15,596	15,513	212	1,035
1964	16,672	15,471	15,388	432	769
1965	15,450	[5] 13,806	[5] 13,733	781	[5] 863
1966	14,882	13,235	13,159	1,321	326
1967	14,830	12,065	11,982	2,345	420
1966: Jan	15,224	[5] 13,811	[5] 13,732	639	[5] 774
Feb	14,962	13,811	13,730	377	774
Mar	15,026	13,738	13,634	559	729
Apr	14,916	13,668	13,632	522	726
May	14,905	13,582	13,532	628	695
June	14,958	13,529	13,433	722	707
July	15,148	13,413	13,332	1,093	642
Aug	15,015	13,319	13,259	1,299	397
Sept	14,876	13,356	13,258	1,148	372
Oct	14,880	13,311	13,257	1,213	356
Nov	14,715	13,262	13,159	1,108	345
Dec	14,882	13,235	13,159	1,321	326
1967: Jan	14,196	13,202	13,157	645	349
Feb	13,998	13,161	13,107	480	357
Mar	13,855	13,184	13,107	314	357
Apr	13,906	13,234	13,109	315	357
May	13,943	13,214	13,109	363	366
June	14,274	13,169	13,110	738	367
July	14,224	13,136	13,108	719	369
Aug	14,605	13,075	13,008	1,162	368
Sept	14,649	13,077	13,006	1,200	372
Oct	14,927	13,039	12,905	1,509	379
Nov	15,438	12,965	12,908	2,092	381
Dec	14,830	12,065	11,982	2,345	420

[1] Includes gold sold to the United States by the International Monetary Fund with the right of repurchase which amounted to $800 million on December 31, 1967. Beginning September 1965 also includes gold deposited by the IMF to mitigate the impact on the U.S. gold stock of purchases by foreign countries for gold subscriptions on incraased IMF quotas. Amount outstanding was $233 million on December 31, 1967. The United States has a corresponding gold liability to the IMF.

[2] Includes gold in Exchange Stabilization Fund.

[3] Includes holdings of Treasury and Federal Reserve System.

[4] In accordance with Fund policies the United States has the right to draw foreign currencies equivalent to its reserve position in the Fund virtually automatically if needed. Under appropriate conditions the United States could draw additional amounts equal to the United States quota.

[5] Reserve position includes, and gold stock excludes, $259 million gold subscription to the Fund in June 1965 for a US. quota increase which became effective on February 23, 1966. In figures published by the Fund from June 1965 through January 1966, this gold subscription was included in the U.S. gold stock and excluded from the reserve position.

Note.—Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States.

Sources: Treasury Department and Board of Governors of the Federal Reserve System.

TABLE B–89.—*Price changes in international trade, 1959–67*

[1958=100]

Area or commodity class	1959	1960	1961	1962	1963	1964	1965	1966	1967 Third quarter
	Unit value indexes by area								
Developed areas									
Total:									
Exports	99	100	101	101	102	103	104	106	106
Terms of trade [1]	102	103	104	105	104	104	104	104	106
United States [2]									
Exports	100	101	103	102	102	103	106	107	[3] 105
Terms of trade [1]	102	101	105	107	105	104	106	105	[3] 104
Developing areas									
Total:									
Exports	97	98	95	93	95	97	97	99	99
Terms of trade [1]	99	99	97	95	97	97	97	97	97
Latin America									
Exports	95	95	93	91	94	101	101	103	[3] 100
Terms of trade [1]	95	96	95	93	97	103	102	103	[3] 98
Southern and Eastern Asia [4]									
Exports	106	111	104	101	102	103	104	106	[3] 106
Terms of trade [1]	108	109	104	102	102	100	100	103	[3] 100
	World export price indexes [5]								
Primary commodities: Total	97	97	95	94	100	103	100	101	98
Foodstuffs	93	91	90	90	103	106	99	100	99
Coffee, tea, and cocoa	83	77	72	70	73	87	80	84	80
Cereals	97	96	98	103	102	105	101	107	108
Other agricultural commodities [6]	105	107	103	99	103	105	104	105	99
Fats, oils, and oilseeds	100	94	97	89	95	98	108	105	89
Textile fibers	98	104	105	101	112	116	105	106	100
Wool	106	108	107	106	127	131	110	115	99
Rubber	134	141	107	102	95	91	93	99	85
Minerals	94	93	92	92	92	94	96	97	95
Metal ores	97	98	100	99	96	104	110	110	102
Manufactured goods: Total [5]	99	101	102	102	103	104	106	108	109
Nonferrous base metals [5]	111	114	110	109	110	135	155	178	153

[1] Terms of trade indexes are unit value indexes of exports divided by unit value indexes of imports.
[2] Includes foreign trade of Alaska, Hawaii, and Puerto Rico.
[3] Data are for second quarter 1967.
[4] Excludes Japan.
[5] Data for manufactured goods are unit value indexes.
[6] Includes nonfood fish and forest products.

Note.—Data exclude trade of Communist areas in Eastern Europe (except Yugoslavia) and Asia.

Sources: United Nations and Department of Commerce (Bureau of International Commerce).

TABLE B–90.—*Consumer price indexes in the United States and other major industrial countries, 1955–67*

[1960=100]

Period	United States	Canada	Japan	France	Germany	Italy	Nether-lands	United Kingdom
1955	90.5	90.9	92.7	75.5	91.4	91.2	88	87.8
1956	91.9	92.3	93.0	76.9	93.7	94.3	89	92.1
1957	95.1	95.2	95.9	79.0	95.6	95.5	95	95.6
1958	97.7	97.7	95.5	90.9	97.7	98.2	97	98.5
1959	98.5	98.8	96.5	96.5	98.6	97.8	98	99.0
1960	100.0	100.0	100.0	100.9	100.0	100.0	100	100.0
1961	101.1	100.9	105.3	103.3	102.3	102.1	101	103.4
1962	102.2	102.1	112.5	108.3	105.4	106.9	103	107.8
1963	103.5	103.9	121.1	113.5	108.5	114.8	107	110.0
1964	104.9	105.8	125.7	117.4	111.1	121.6	113	113.6
1965	106.6	108.4	134.1	120.3	114.9	127.1	119	119.0
1966	109.7	112.4	140.9	123.5	118.9	130.1	126	123.7
1967 [1]	112.8	116.4	146.4	126.9	120.6	134.4	129	126.7
1964:								
I	104.5	105.0	122.4	116.3	110.3	119.1	110	111.3
II	104.7	105.6	125.1	116.6	110.9	120.5	114	113.4
III	105.0	106.2	126.1	117.5	111.3	122.5	114	114.3
IV	105.4	106.3	128.8	118.2	111.8	124.3	114	115.3
1965:								
I	105.6	107.2	131.5	119.1	113.0	125.7	115	116.4
II	106.4	108.0	134.1	120.4	114.4	126.5	120	119.3
III	106.8	108.9	134.1	120.6	115.6	127.7	120	119.8
IV	107.4	109.4	136.7	121.2	116.2	128.5	120	120.6
1966:								
I	108.2	110.9	139.1	122.2	117.8	129.4	123	121.4
II	109.3	112.1	140.9	123.1	119.2	129.7	128	123.8
III	110.3	113.1	141.0	123.8	119.0	130.1	126	124.2
IV	111.2	113.7	142.4	124.6	119.5	131.2	126	125.2
1967:								
I	111.4	114.2	145.0	125.7	120.3	133.1	127	125.9
II	112.1	115.8	144.9	126.1	121.0	133.9	131	126.9
III	113.3	117.6	145.6	127.0	120.7	134.9	130	126.3
IV [2]	114.3	117.8	150.0	128.6	120.2	135.5	129	127.5

[1] Eleven month average except United States.
[2] For other than United States, data are averages of October and November.

Sources: Department of Labor and Organization for Economic Cooperation and Development.

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