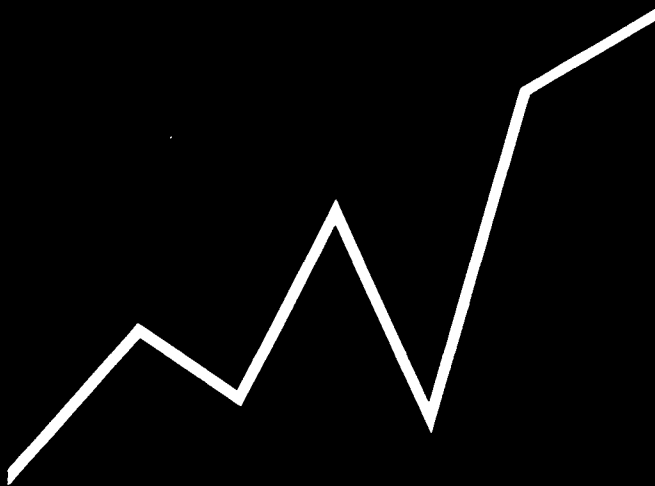


# SURVEY OF CURRENT BUSINESS



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## CURRENT BUSINESS STATISTICS

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# *the* BUSINESS SITUATION

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**R**EAL sales of GNP in the first quarter appear to have held near their fourth-quarter level as increased consumer and government purchases offset most of a drop in fixed investment. Real GNP declined at a double-digit rate, however, as the generally expected liquidation of excess inventories materialized. Production of all goods fell, but cutbacks were especially large in autos and trucks. Employment declined at the sharpest rate in the post-World War II period. Inflation abated to a single-digit rate.

The conclusions are tentative. They are based on partial evidence that for many of the critical measures of economic activity—inventory investment, for example—is available for only 1 month of the quarter.

### *Consumer income and expenditures*

Recently, consumer incomes were subject to several crosscurrents. Wage and salary disbursements have fallen since October, reflecting declines in employment and average hours worked. The January decline was moderated by an increase in the Federal minimum wage. Average hourly earnings of production or nonsupervisory workers on private nonagricultural payrolls rose at about a 4.7 percent annual rate from the fourth quarter of 1974 to February of this year. This rate of increase was only about half that from the third to the fourth quarter; the slowing is attributable in part to the sharp reductions in employment in the high-wage construction and durable goods manufacturing industries. The hourly earnings index, which is adjusted to exclude the effects of overtime premiums in manufacturing and of changes in the proportion of workers in high-wage and

low-wage industries, rose at a 7.8 percent annual rate over the same period.

The increase in hourly earnings was not as rapid as the increase in prices, so that the decline in real earnings that began more than 2 years ago continued. Taxes also eroded real disposable income, as inflation pushed consumers into higher personal income tax brackets, and as the tax base of social security contributions rose from \$13,200 to \$14,100 as of January 1, 1975.

On the other hand, some forces bolstered spending ability. Payment of unemployment insurance benefits accelerated; they increased \$2.7 billion in February, and further acceleration is certain. The recovery in the stock market may increase consumers' willingness to spend and so may the prospect of tax rebates and permanent tax cuts.

In contrast to the substantial fourth-quarter drop, constant-dollar consumer expenditures appear to have steadied in the first quarter, as an increase in current-dollar retail sales more closely matched an increase in prices. Sales increased in January and February; February sales represent an annual rate increase of about 10 percent from the fourth-quarter average. Much of the increase was attributable to a pickup in sales of autos; sales of domestic models were spurred by manufacturers' price rebates. However, except for the previous quarter and the strike-plagued fourth quarter of 1970, first-quarter auto sales were the lowest since the early 1960's.

### *Residential construction*

Real investment in residential structures declined in the first quarter,

at about the fourth-quarter rate. The first quarter may mark a bottoming out of the slide in housing starts that began 2 years ago. Total starts rose 13 percent in January and almost held level in February. The easier credit conditions which prevailed in recent months indicate that financing will be available for a recovery. However, the strength of the recovery will be tempered by an overhang of unoccupied housing units, high housing prices, low real disposable income, and poor employment prospects. The timing of the recovery is also subject to doubt. Building permits issued in January and February fell to a record low even after allowance is made for their overstatement in December and consequent understatement in the month following due to a bunching of permits for one large project at yearend.

### *Business profits and investment*

Preliminary estimates of pretax profits decreased 15 percent from the third to the fourth quarter, due entirely to a \$23 billion drop in inventory profits. Profits from current production, the measure included in the national income and product accounts (NIPA's), were essentially unchanged, as they have been since the first half of 1973. Scattered small increases were offset by declines in transportation and manufacturing. The fourth-quarter decline in manufacturing profits was due to a loss in auto manufacturing and a \$4 billion drop in profits in petroleum refining. A drop in profits in the first quarter can be expected.

Constant-dollar fixed nonresidential investment appears to have declined in the first quarter at about the same rate as in the fourth. Current-dollar business

capital spending was expected to decrease 10 percent at an annual rate from the fourth to the first quarter, according to the BEA plant and equipment expenditures survey conducted in late January and February, and prices of investment goods have continued to rise. Manufacturers' current-dollar shipments in nondefense capital goods industries declined in January, and real shipments declined more substantially. While business purchases of autos were up from the depressed fourth-quarter low, truck purchases were down, although much less than in the fourth

quarter. Real private nonresidential construction in January declined at an annual rate of about 10 percent from the fourth-quarter average.

After more than 2 years of large increases, the book value of manufacturing and trade inventories declined in January. The declines were not confined to autos and trucks where it is known that massive decumulation of stocks occurred. There were also reductions in nondurable goods inventories, especially in wholesale and retail trade. Even though the comprehensive manufacturing and trade book value figures are

available only for January, and they must yet undergo the difficult conversion to replacement cost value used in the NIPA's, it appears that significant decumulation of business inventories occurred in the first quarter.

#### *Federal receipts and expenditures*

After running near balance for more than a year, the Federal deficit on a NIPA basis increased to \$24.7 billion in the fourth quarter of 1974. Receipts declined \$7.2 billion, which was more than accounted for by a drop in cor-

### **Executive Level Vacancies at the Bureau of Economic Analysis**

BEA invites applications for two executive level positions: Associate Director for Regional Economics and Chief Statistician. Both are rated at GS-16, \$34,607-\$36,000 per annum. Interested persons should write to George Jaszi, Director, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, D.C. 20230.

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Candidates should have a thorough command of regional economic theory and economic accounting and its application to empirical research, and experience in supervising research programs. Other requisites are ability to write clearly and to assist others to do so, and familiarity with econometric and other forecasting techniques and with national economic accounting.

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The Chief Statistician reports to the Director of BEA and is the principal adviser to the Director on the statistical methodology, data sources, and estimating techniques that underlie the work of BEA. The Chief Statistician plans, directs, and coordinates programs related to the improvements of statistical methodology, monitors their execution, and is also the principal auditor of all of BEA's statistical operations. The Chief Statistician participates in the formulation and evaluation of the analytical work of BEA.

The content of the Chief Statistician's position is quite flexible, because it does not carry the supervisory responsibilities of a line job. In particular, there is latitude in the mix between work initiated and carried out by the Chief Statistician with the aid of a few assistants and work in which the Chief Statistician serves as consultant.

The position requires a thorough knowledge of economic data sources and estimating techniques. Other requisites are ability to write clearly and familiarity with econometric techniques and with economic accounting.

porate profits tax accruals. The \$14.6 billion increase in expenditures reflected increases in transfer payments to persons and in both defense and nondefense purchases.

In the first quarter, the Federal deficit probably widened further and exceeded the \$45 billion level published in the budget by as much as \$10 billion. Reductions in personal and corporate tax receipts, caused by large personal tax refunds and the weakening economy, swamped the increase in indirect business tax receipts due to the \$1 per barrel increase in the import fee on petroleum products that became effective February 1.

Federal expenditures grew by considerably more than the \$12 billion estimated in the budget. Transfer payments increased substantially because of increasing unemployment benefits and a speedup in veterans life insurance dividend payments. Defense spending, which had been slated to fall by \$3 billion in the budget, rose in the first quarter. An increase in nondefense purchases was due in part to an increase in Commodity Credit Corporation purchases.

### Production

The sharp drop in fourth-quarter sales had resulted in a large inventory overhang by the turn of the year. First-quarter production fell more sharply than sales, resulting, as already noted, in a large decumulation of inventories. These swings were particularly strong in autos and trucks. First-quarter vehicle production schedules indicated a real annual rate of decline of about 30 percent, most of which was reflected in inventory decumulation. It is difficult to quantify the decline in real GNP at this time. However, it appears likely that the decline exceeded that of the fourth quarter.

The Federal Reserve index of industrial production dropped 3.4 percent in January, the largest rate of decline in more than 25 years, and 3 percent further in February. Cutbacks were spread widely among major industry and market groups. In February, the index stood 13.5 percent below its

November 1973 peak and, as well, slightly below its previous 1969 peak. The index's two-month average represented an annual rate of decline of 28 percent from the fourth-quarter average. This far exceeds the 12 percent annual rate of decline from the third to the fourth quarter of last year. The industrial production index and real GNP differ in coverage, methodology, and statistical gaps; an exact correspondence between the two measures cannot be expected.

### Labor markets

After reaching a peak last autumn, total employment dropped about 2.3 million, or nearly 3 percent, in the 4 months ending in February (table 1). Employment in February stood at the level reached in May 1973. Over the October-February period, employment reductions occurred in 87 percent of all industries in the establishment survey, although they were concentrated in manufacturing.

The drop in employment was accompanied by a shorter average workweek and less overtime. In manufacturing, both the workweek and overtime peaked in April 1973, and in February were at their lowest levels

since the 1960-61 recession. As a result, while employment of production workers in manufacturing has fallen by 10.8 percent since October, aggregate man-hours have fallen 13.7 percent. For all private nonagricultural production or nonsupervisory workers, employment was down 2.9 percent and aggregate man-hours 5.7 percent since October.

The civilian labor force behaved erratically. In contrast with an average monthly increase of about 150,000 in 1974, it rose nearly 300,000 in January and fell 580,000 in February. These movements, in combination with relatively steady employment declines, produced a 1 percentage point increase in the unemployment rate to 8.2 percent in January and no further change in February. The 8.2 percent rate was a postwar high (chart 1). In contrast to more normal conditions when job losers account for about one-third of the unemployment, job losers in February comprised 55 percent of total unemployment, and accounted for 80 percent of the increase in unemployment since last October. The average duration of unemployment rose significantly in January and February, lagging increases in the level and rate

Table 1.—Labor Markets

[Seasonally adjusted]

	May 1973	Oct. 1974	Feb. 1975	Change	
				May 1973- Oct. 1974	Oct. 1974- Feb. 1975
<b>Labor input:</b>					
<b>Employment (millions):</b>					
Total, household survey.....	84.0	86.3	84.0	2.3	-2.3
Total nonagricultural payroll, establishment survey.....	76.5	78.9	76.6	2.4	-2.3
Manufacturing.....	20.0	20.0	18.3	.0	-1.7
<b>Average weekly hours:</b>					
Total private nonagricultural.....	37.1	36.6	36.1	-.5	-.5
Manufacturing.....	40.7	40.1	38.8	-.6	-1.3
Overtime.....	3.9	3.2	2.2	-.7	-1.0
<b>Aggregate man-hours:</b>					
Index of aggregate weekly private nonagricultural man-hours, production workers.....	112.6	113.0	106.6	.4	-6.4
Manufacturing.....	103.2	100.3	86.6	-2.9	-13.7
Nonagricultural establishments (billions, at annual rate).....	149.15	152.80	146.17	3.65	-6.63
<b>Civilian labor force and unemployment:</b>					
Participation rate.....	59.8	61.5	60.9	1.7	-.6
Civilian labor force (millions).....	88.3	91.8	91.5	3.5	-.3
<b>Unemployment:</b>					
Unemployment rate.....	4.9	6.0	8.2	1.1	2.2
Unemployed, total (millions).....	4.3	5.5	7.5	1.2	2.0
Job losers.....	1.6	2.4	4.0	.8	1.6
Job losers as percent of total.....	37.2	44.2	55.2	7.0	11.0
<b>Duration of unemployment:</b>					
Average weeks.....	10.1	9.8	11.7	-.3	1.9
Unemployed for 15 weeks or more, percent of total unemployed.....	17.4	18.4	24.8	1.0	6.4

Source: Bureau of Labor Statistics.

of unemployment, as is typical of recessions. One-fourth of the unemployed in February had been unemployed for 15 weeks or more.

### Prices

The first quarter may well mark the transition between double-digit and single-digit inflation. All measures of inflation have shown clear signs of abatement in recent months (table 2). The degree of improvement has varied: spot commodity prices and the wholesale prices of farm products declined sharply; wholesale prices of industrial commodities decelerated substantially;

**Table 2.—Price Changes**

[Percent, seasonally adjusted annual rates]

	1973				1974				1975	
	I	II	III	IV	I	II	III	IV	Jan.	Feb.
<b>GNP implicit price deflator</b> .....	5.5	7.3	8.3	8.6	12.3	9.4	11.9	14.0	n.a.	n.a.
<b>Consumer price index:</b>										
<b>All items</b> .....	6.2	8.4	8.9	10.1	12.2	11.0	12.6	12.7	8.0	7.9
<b>Food</b> .....	18.6	20.2	24.0	15.4	18.1	5.5	7.0	18.2	10.3	.7
<b>Commodities, less food</b> .....	3.0	4.7	4.0	6.3	13.0	14.3	16.4	9.8	6.9	10.4
Durables.....	1.7	3.7	2.7	2.0	3.6	11.4	18.8	14.2	8.1	12.7
Used cars <sup>1</sup> .....	-8.1	27.6	4.4	-17.5	-34.5	46.4	76.1	26.2	-26.5	-11.8
New cars.....	.4	4.8	4.4	-2.5	0	12.0	21.0	12.2	-19.4	14.7
<b>Services</b> <sup>1</sup> .....	3.6	4.2	5.3	10.7	8.4	9.9	13.5	11.9	10.2	10.1
<b>Wholesale price index:</b>										
<b>All commodities</b> .....	16.6	20.5	18.0	7.5	24.4	14.6	32.1	19.1	-4.1	-8.7
<b>Farm products and processed foods and feeds</b> .....	45.5	41.7	48.6	-3.2	18.9	-23.6	32.6	31.8	-26.6	-34.2
<b>Industrial commodities</b> .....	6.3	12.4	6.4	12.7	26.3	37.0	32.8	13.6	6.7	6.6

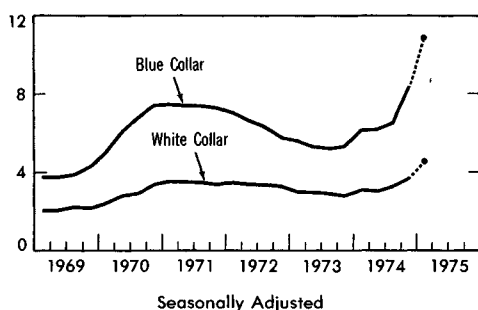
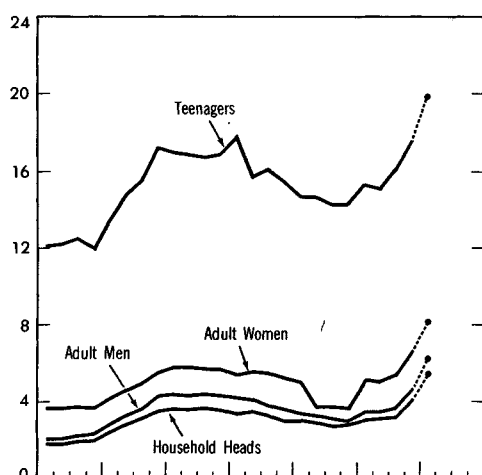
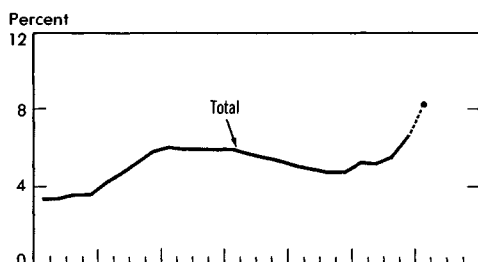
1. Not seasonally adjusted.

NOTE.—Quarterly changes for the CPI and WPI are calculated from quarterly averages.

Source: Bureau of Labor Statistics and Bureau of Economic Analysis.

CHART 1

### Unemployment Rates



• Latest data plotted are February

Data: BLS

U.S. Department of Commerce, Bureau of Economic Analysis

75-3-1

and retail prices, as measured by the Consumer Price Index (CPI), decelerated more moderately, yet unambiguously.

The Wholesale Price Index (WPI) declined for 3 consecutive months starting in December, due to substantial drops in the prices of farm products and processed foods and feeds. The drop in farm and food prices was accompanied by a substantial deceleration in the wholesale prices of industrial commodities, a more accurate gauge of inflationary pressures in the entire economy.

In January, the CPI rose at a seasonally adjusted annual rate of 8.0 per-

cent, the lowest rate since last April. January was the fifth consecutive month the rate did not accelerate. The January figure incorporated the effect of auto manufacturers' rebates, a factor which does not appear likely to recur in future months.

In recent months, both the CPI and the WPI for industrial commodities have been rising at their slowest rates since the second half of 1973, a period when inflation for GNP was in the high single-digit range. If recent experience holds, the rate of increase in the GNP deflator will decline significantly from 14.4 percent in the fourth quarter to well below 10 percent.

### Interest Rate Developments

In recent months, the accelerated and pervasive weakening of economic activity and a stimulative monetary policy have resulted in a pronounced decline in short-term interest rates and a moderate decline in long-term rates. The monetary authorities began using open market operations to increase bank reserves last summer. As the year progressed, evidence of further weakness in the economy accumulated,

and open market operations were used to provide further increases in reserves. In addition, the authorities took more overt actions. Member bank reserve requirements were reduced in September, November, and January, which released about \$2½ billion of reserves, and the discount rate was reduced from 8 to 6¼ percent in four steps taken early in December, January, February, and March.

These stimulative actions were taken at a time when private credit demands were weakening. Declining sales of consumer durables, particularly autos, were at first reflected in a marked slowdown in the growth of consumer installment credit and, after October, in a steep decline in outstandings. Weakness in production was reflected in an appreciable slowing of business loan growth from late August to early December, and a steady decline in loans outstanding (amounting to about \$3 billion, seasonally adjusted), from early December to early March.

### Interest rates and yields

Easier credit conditions had a dramatic impact on short-term interest rates. Most market rates began to decline in August and by early March were from 4 to 6 percentage points, or roughly 40 to 50 percent, below their summer highs (table 3). The drop more than offset the increase in the preceding 6 months and, in most cases, rates were at their lowest levels in nearly 2 years. The rate on Federal funds, a target rate and hence a key barometer of monetary policy, had reached a record level of more than 13 percent in early July and declined steadily since then. Because banks attempted to upgrade the quality of their loan portfolios and to rebuild liquidity, the rate on prime business loans declined more slowly than most other short-term rates. It fell 4 percentage points in 12 steps since last August, but is still 8.0 percent, 1¼ percentage points above the rate on commercial paper, a major alternative source of funds for large corporations. As a result, corporations shifted some of their short-term borrowing from banks to the commercial paper market; the volume of commercial paper outstanding has increased about \$2 billion since early December.

Long-term yields declined since last summer as funds became more available and lenders became more willing to invest in long-term securities. Apparently lenders are reducing the size of the inflation premium included in long-term contract rates, and are expecting weak business activity in the months

ahead to result in further declines in rates, with consequent capital gains. However, the decline has amounted to only one half to three quarters of a percentage point and, in most cases, long-term yields are still above their year-earlier levels. The huge volume of funds raised in capital markets is the major reason that long-term yields declined only moderately. Corporations, attempting to improve their liquidity by lengthening the maturity structure of their debt, increased new bond issues from \$7½ billion in the third quarter of last year to \$10½ billion in the fourth; the calendar of forthcoming issues shows a further rise in the first quarter of this year. Long-term borrowing by State and local governments rose from \$4¼ billion in the third quarter to \$6¼ in the fourth, and is likely to rise somewhat further in the first quarter.

Mortgage market rates also declined moderately in recent months. The yields on conventional new home mortgages (FHA series) peaked at 9.80 percent last September and declined to 9.05 in February. The decline reflects the fact that the demand for mortgage funds continues weak, while the flow of funds to major mortgage lending institutions has improved markedly. The sharp drop in money market rates has made rates paid on savings-type deposits attractive to savers. Consequently, net savings flows to the savings and loan associations have recovered strongly, rising more than \$5 billion in the fourth quarter and \$3¼ billion in

January, the latest month for which data are available.

### Yield differentials

As can be seen from the yield curves shown in chart 2, the interest rate structure changed dramatically over the past 6 months. Yield curves show the relationship among securities with various maturities at a point in time, and typically have a positive upward slope, reflecting lower yields paid on the lower risk, shorter term maturities. However, during periods of unusually strong credit demands and stringent monetary policy, the entire structure of interest rates shifts upward, and short-term rates may rise above long-term rates as borrowers shift to short-term obligations, because they expect lower long-term interest rates in the future. For example, at the end of August, the yield on Treasury bills was 2 percentage points above the yield on U.S. long-term securities and the yield curve assumed an unusually steep downward slope.

By the end of February, the yield on bills was 1¼ percentage points below the yield on long-term Government securities, and the slope of the yield curve was reversed. A number of developments contributed to the reversal. Stimulative monetary policy has resulted in a greater availability of funds for investment in financial assets, and this has been a major factor depressing short-term rates. In addition, business is curtailing plant and equipment and

Table 3.—Selected Interest Rates and Yields

	[Percent]				
	Mar. 1, 1974	Aug. 30, 1974	Feb. 28, 1975	Percentage points change	
				Mar. 1- Aug. 30, 1974	Aug. 30, 1974-Feb. 28, 1975
<b>Short-term:</b>					
Federal funds.....	8.81	11.84	6.15	3.03	-5.69
90-day CD's.....	8.07	12.48	6.31	4.41	-6.17
3-month Treasury bills.....	7.36	9.37	5.47	2.01	-3.90
Prime bank loan rate.....	8.75	12.00	8.25	3.25	-3.75
Prime commercial paper (4-6 months).....	7.88	11.85	6.25	3.97	-5.60
Prime bankers' acceptances.....	7.85	12.10	6.33	4.25	-5.77
<b>Long-term:</b>					
Corporate Aaa.....	7.87	9.08	8.57	1.21	-.51
State and local bonds.....	5.26	6.91	6.55	1.65	-.36
U.S. long-term.....	6.62	7.36	6.64	.74	-.72
Conventional first mortgage new home l.....	8.55	9.60	9.05	1.05	-.55

1. Monthly figure for February and August 1974 and February 1975.

Sources: Federal Reserve Bank of St. Louis and Department of Housing and Urban Development.

inventory investment so that a large volume of the funds raised in the capital market is being used to replenish liquidity by retiring short-term debt or acquiring liquid assets. The retirement of short-term instruments reduces their supply at the same time as the demand for them is increasing, and substantial further downward pressure is exerted on short-term rates.

### The outlook

The decline in interest rates is likely to continue in the months immediately ahead, but at a considerably more moderate pace. The monetary authorities will probably continue their accommodative credit posture until there is evidence that recovery is underway.

The contraction of economic activity is continuing and, to judge from interest rate behavior in past business cycles, declines have not been reversed until the cyclical trough and, in most cases, not until 3 or 4 months after it.

The major uncertainty facing the outlook for financial markets is the impact that the unprecedented volume of Federal borrowing will have on the structure of interest rates later this year. Because of massive budget deficits and the financing requirements of off-budget agencies, Federal Government credit demands are likely to be in the range of \$55 billion to \$80 billion, depending on the assumptions made about the enactment of proposed fiscal and energy programs, possible

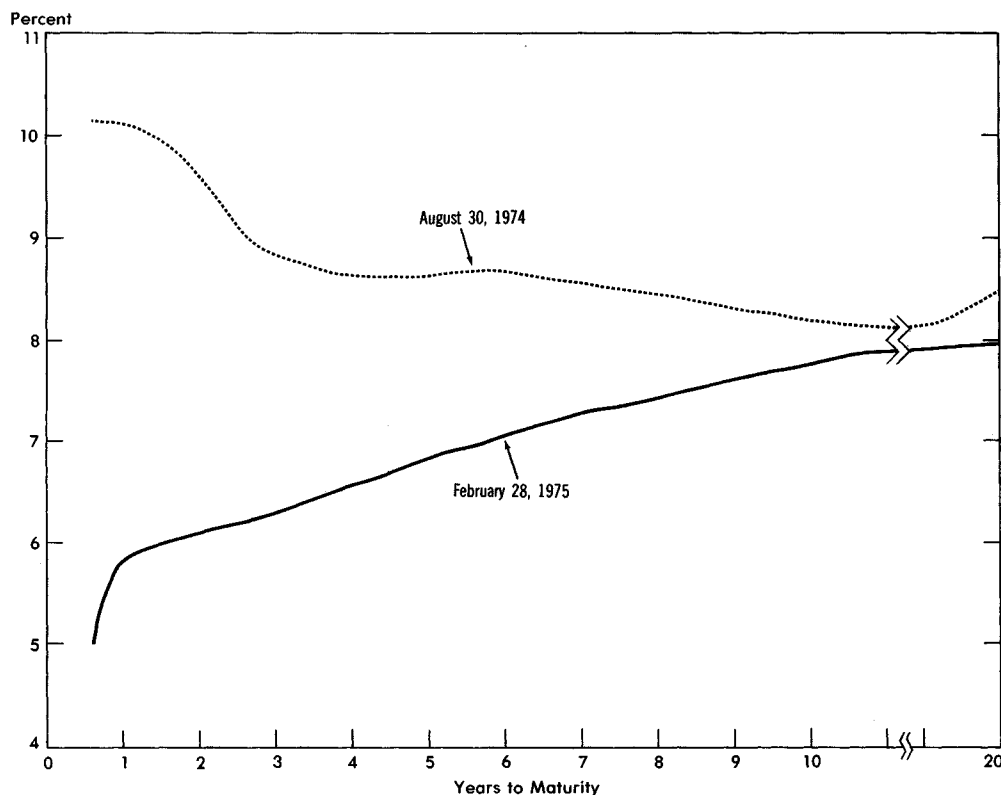
increases in Federal spending beyond those recommended in the President's budget, and the steepness of the decline in economic activity and its impact on Federal revenues.

It seems probable that the Government can accomplish its borrowing without causing a significant rise in interest rates as long as the economy is weak. Since the beginning of the year, the Government has raised some \$12 billion in new money, and interest rates have continued to decline. However, once the economy begins to recover, funds now invested in liquid asset acquisition will be used to finance increases in consumer spending and business outlays for plant and equipment and inventories, and the combination of private and public demands may well put upward pressure on the interest rate structure.

The extent of the rise in interest rates will depend on the strength of the recovery and the willingness of the monetary authorities to permit a rise in rates. If, as is generally expected, the pickup in activity is moderate, the monetary authorities will probably be reluctant to permit a major increase in rates that might squeeze private borrowers out of financial markets and hamper the recovery.

Though it seems quite possible that interest rates may move higher later this year, it is probable that the rise will be largely confined to short-term rates. A wide spread is developing between short-term and long-term rates, and this may allow short-term rates to rise moderately without transmitting pressures to long-term markets. Price increases are expected to slow in the months ahead, and this will reduce the "inflation premium" included in long-term rates. Finally, if the huge volume of capital market borrowing currently underway satisfies a significant part of long-term private demands before recovery begins, firms may be able to curtail some of their borrowing and, long-term rates may not respond quickly to a moderate firming in the short-term structure.

Yields on U.S. Government Securities



NOTE.—Data are average annual yields of U.S. Government securities with terms to maturity varying from 3 months to 20 years.

U.S. Department of Commerce, Bureau of Economic Analysis

Data: U.S. Treasury

75-3-2











# Capital Expenditure Programs and Sales Expectations for 1975

**B**USINESS expects to spend \$116.1 billion for new plant and equipment in 1975, 3.3 percent more than in 1974, according to a survey conducted in late January and February by the Bureau of Economic Analysis. Spending increases were 12.7 percent in 1974 and 12.8 percent in 1973.<sup>1</sup>

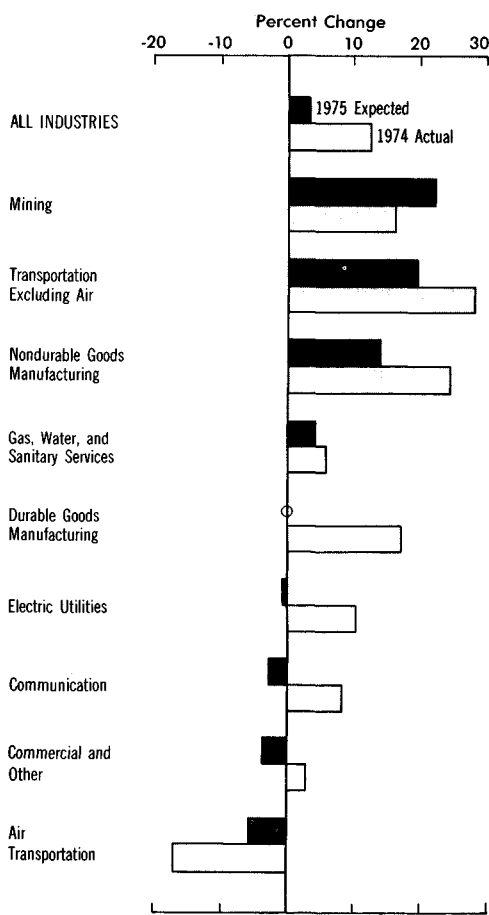
These figures are not adjusted for price changes. Capital goods prices, as measured by the implicit price deflator for the fixed nonresidential investment component of GNP, rose 9½ percent in 1974. Although the coverage of the GNP component differs from that of the plant and equipment expenditures survey, this suggests that outlays for new plant and equipment rose about 3 percent in real terms. According to a survey conducted by BEA near the end of 1974, business expected capital goods prices to rise about 13 percent in 1975. If similar price expectations underlie the January-February projections of capital spending, these projections represent an 8½ percent decline in real investment in 1975.

The current-dollar increase for 1975 shown in the January-February survey is about 1 percentage point lower than that shown in the survey conducted near the end of last year. However, the bias adjustment procedures used in the two surveys differ from each other and thus could easily account for the small difference between the two results.<sup>2</sup>

Capital expenditures in the fourth quarter of 1974 were at a seasonally

adjusted annual rate of \$116.2 billion, a 2 percent increase from the third quarter. Expenditures are expected to decline 2½ percent in the first quarter of 1975 and then to increase one-half of 1 percent in the second quarter.

CHART 3  
**Changes in Business Investment**



U.S. Department of Commerce, Bureau of Economic Analysis

75-3-3

**Table 1.—Plant and Equipment Expenditures: Annual Percent Change, 1973-75**

	1973 Actual	1974		1975 Expected
		Expected <sup>1</sup>	Actual	
<b>All industries</b> .....	12.8	13.0	12.7	3.3
<b>Manufacturing</b> .....	21.2	19.3	21.0	7.1
<b>Durable goods</b> .....	23.1	17.6	17.5	0
Primary metals <sup>2</sup> .....	24.8	25.5	44.3	19.7
Blast furnaces, steel works.....	11.3	29.2	53.1	35.0
Nonferrous.....	40.9	27.3	39.3	.6
Electrical machinery.....	19.1	12.1	4.4	-9.4
Machinery, except electrical.....	18.0	14.3	29.2	4.4
Transportation equipment <sup>2</sup> .....	23.2	24.3	20.4	-13.8
Motor vehicles.....	24.9	25.4	18.0	-19.2
Aircraft.....	23.9	35.0	49.1	3.4
Stone, clay, and glass.....	23.6	-.7	-3.5	1.6
Other durables.....	23.1	18.8	2.8	-7.8
<b>Nondurable goods</b> .....	19.4	21.1	24.7	14.1
Food including beverage.....	21.8	15.5	4.6	6.5
Textiles.....	5.2	5.0	9.9	-16.9
Paper.....	34.4	34.8	38.8	15.6
Chemicals.....	29.2	19.3	27.8	10.8
Petroleum.....	3.8	31.7	46.8	27.3
Rubber.....	44.0	7.4	-5.8	-4.3
Other nondurables.....	22.6	6.1	-.6	5.4
<b>Nonmanufacturing</b> .....	8.1	9.1	7.6	.6
Mining.....	13.2	17.1	16.2	22.6
Railroad.....	9.2	21.3	29.5	13.6
Air transportation.....	-2.1	-12.5	-17.0	-5.6
Other transportation.....	14.0	-3.3	27.5	27.1
Public utilities.....	10.1	18.6	9.8	0
Electric.....	10.1	16.8	10.6	-.7
Gas and other.....	9.7	29.4	5.7	4.2
Communication.....	8.1	10.1	8.6	-2.8
Commercial and other.....	6.6	1.4	3.0	-3.5

1. Expectations for 1974 are based on the survey conducted in late January and February 1974.

2. Includes industries not shown separately.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Spending in the second half is expected to be 4½ percent higher than in the first half. Business projections of spending more than 6 months ahead are generally more tentative than those

for one or two quarters ahead; plans may be revised as economic conditions change.

The spending pattern for the fourth quarter of 1974 and the first two quarters of 1975 is markedly different from that reported in the October–November 1974 survey; projections at that time called for increases of one-half of 1 percent in the fourth quarter of 1974, 3 percent in the first quarter of 1975, and 1 percent in the second. Revisions occurred in both manufacturing and nonmanufacturing industries.

The weakness in 1975 capital spending plans appears to stem largely from the general deterioration of economic conditions during the past several months. Faced with declining sales, business has cut back production, and plant utilization has dropped sharply. BEA's measure of manufacturing capacity utilization fell from 84 percent in September of last year to 78 percent in December, the largest drop over a 3-month period since the initiation of the quarterly series in 1968. Preliminary estimates of fourth-quarter profits indicate a sizable decline. Internally generated funds will decline as a result of lower profits, while future movement of long-term interest rates is uncertain. Sales expectations data collected in the January–February survey show that manufacturing and trade firms are pessimistic about the volume of business in 1975; both groups expect smaller increases this year than those actually recorded in the past 4 years (table 2). Electric utility firms have suffered from the general decline in business activity and, in addition, have faced large increases in fuel prices and reductions in demand. Other data collected in the survey also confirm the weakness in capital spending plans. Starts of new projects by utility firms fell drastically in the fourth quarter, and manufacturers also reported a decline (table 4). Moreover, manufacturers indicated less need for additional facilities at yearend 1974 than at the end of September (table 5).

#### Realization of 1974 programs

The 12.7 percent spending increase for 1974 was little different from the

Table 2.—Business Sales: Annual Percent Change, 1973–75

	1973 Actual	1974		1975 Ex-pected
		Ex-pected <sup>1</sup>	Actual	
<b>Manufacturing</b> .....	15.6	8.1	14.5	6.2
Durable goods <sup>2</sup> .....	16.6	7.2	10.1	4.9
Primary metals.....	24.3	9.5	28.2	6.4
Electrical machinery.....	13.5	10.7	5.1	5.6
Machinery, except electrical.....	20.2	11.2	18.0	7.2
Transportation equipment.....	16.6	.2	-3.3	.4
Stone, clay, and glass.....	11.6	4.8	7.0	8.5
Nondurable goods <sup>2</sup> .....	14.4	9.2	19.6	7.6
Food including beverage.....	17.9	8.7	16.2	6.7
Textiles.....	14.2	7.6	8.4	-2.9
Paper.....	14.6	9.8	22.8	8.7
Chemicals.....	16.7	10.9	21.4	13.8
Petroleum.....	19.7	13.2	58.7	9.9
Rubber.....	6.8	8.5	14.3	5.2
<b>Trade</b> .....	16.2	7.6	13.5	5.7
Wholesale.....	22.3	8.6	22.8	5.7
Retail.....	12.2	6.9	6.8	5.6
<b>Public utilities</b> .....	11.2	15.8	20.2	16.6

1. Expectations for 1974 are based on the survey conducted in late January and February 1974.

2. Includes industries not shown separately.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

expectation of 13 percent early last year. However, there were offsetting revisions among the industry groups. In manufacturing, petroleum, chemicals, primary metals, and nonelectrical machinery revised their spending programs upward, while transportation equipment, electrical machinery, food including beverage, and rubber revised their programs downward. In nonmanu-

Table 3.—Petroleum Industry Expenditures for New Plant and Equipment by Function, Actual and Expected, 1973–75

	Actual		Ex-pected	Percent change, 1974–75
	1973	1974	1975 <sup>1</sup>	
	Billions of dollars			
<b>Total</b> .....	5.45	8.00	10.19	27.3
Production.....	2.62	3.90	4.99	28.1
Transportation.....	.38	.45	.53	19.2
Refining and petrochemicals.....	1.10	2.22	3.03	6.8
Marketing.....	.64	.50	.59	6.9
Other.....	.71	.94	1.04	11.2

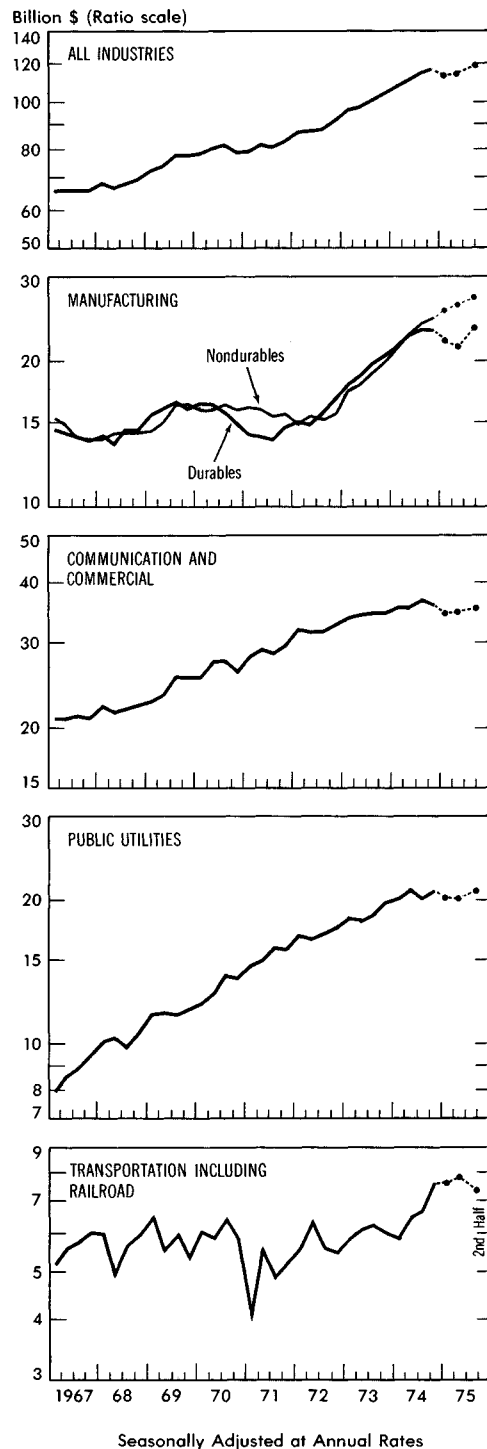
1. The reported figures for expectations are adjusted for systematic biases when necessary; adjustments are applied separately to expenditures for each function. Before adjustment, expenditures for 1975 were expected to be \$11.31 billion; the net effect of the adjustment was to lower the total by \$1.13 billion.

NOTE.—Details may not add to totals because of rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

CHART 4

### Plant and Equipment Expenditures



Seasonally Adjusted at Annual Rates

• Expectations

facturing, railroads and "other transportation" spent more than initially expected, but these upward revisions were offset by reductions for public utilities and airlines.

**Manufacturing programs**

Manufacturers increased capital spending 2 percent in the fourth quarter of 1974; this is larger than the one-half of 1 percent increase expected in the November survey, but is the smallest quarter-to-quarter increase since the second quarter of 1972. Durable goods producers reported a less than 1 percent increase; a sizable increase in iron and steel was largely offset by decreases in motor vehicles, electrical machinery,

and stone-clay-glass. Nondurable goods producers increased spending 3½ percent, with paper and petroleum reporting large increases; these outweighed declines in textiles and chemicals.

Manufacturing investment for 1975 is expected to total \$49.3 billion, 7 percent more than last year. Nondurable goods account for the increase with a 14 percent rise; durable goods are scheduling outlays at the same level as last year. The largest gains are expected by iron and steel (35 percent) and petroleum (27 percent). The increase for petroleum is primarily for refining facilities, but it also reflects extractive activities, including exploration (table 3). Sizable increases in spending also

are expected by paper (16 percent) and chemicals (11 percent). Motor vehicles, textiles, and electrical machinery expect spending in 1975 to be significantly lower than last year.

The investment increase is expected to occur in the second half of the year. Following an 8 percent increase from the first half of 1974 to the second half, outlays are expected to show virtually no change in the first half of 1975 and then to rise 6½ percent in the second half of the year. Only petroleum and iron and steel expect large advances in the first half. The second-half advance reflects large increases for stone-clay-glass, rubber, iron and steel, paper, and "other nondurable goods."

**Table 4.—Starts and Carryover of Plant and Equipment Projects, Manufacturing and Public Utilities, 1972-74**

(Billions of dollars)

	Starts <sup>1</sup>											Carryover <sup>2</sup>							
	Annual			1973				1974				1973				1974			
	1972	1973	1974	I	II	III	IV	I	II	III	IV	March	June	Sept.	Dec.	March	June	Sept.	Dec.
<b>Manufacturing <sup>3</sup></b> .....	<b>35.21</b>	<b>47.57</b>	<b>52.49</b>	<b>11.08</b>	<b>12.11</b>	<b>11.50</b>	<b>12.88</b>	<b>12.40</b>	<b>13.75</b>	<b>12.97</b>	<b>13.38</b>	<b>24.63</b>	<b>27.58</b>	<b>29.46</b>	<b>30.91</b>	<b>33.82</b>	<b>36.30</b>	<b>37.65</b>	<b>37.39</b>
Durable goods <sup>3</sup> .....	17.07	23.73	25.86	5.34	5.86	5.83	6.70	6.00	6.50	6.20	7.16	11.95	13.16	14.14	15.01	16.27	17.19	17.74	18.25
Primary metals.....	3.19	5.00	8.20	1.16	1.14	1.23	1.48	1.84	1.79	1.55	3.02	3.60	3.94	4.26	4.68	5.59	6.24	6.56	7.93
Electrical machinery.....	2.34	3.32	2.72	.71	.77	.74	1.09	.71	.70	.57	.75	1.72	1.83	1.86	2.05	2.12	2.05	1.87	1.80
Machinery, except electrical.....	3.11	3.71	5.14	.87	.97	.86	1.00	1.24	1.16	1.22	1.52	1.14	1.24	1.27	1.27	1.68	1.79	1.89	2.00
Transportation equipment <sup>4</sup> .....	2.66	3.86	3.32	.88	.98	1.00	1.00	.82	1.21	.76	.52	2.81	3.04	3.24	3.30	3.25	3.44	3.27	2.87
Stone, clay, and glass.....	1.46	1.81	1.48	.37	.53	.52	.39	.36	.40	.46	.26	.84	1.00	1.16	1.12	1.16	1.20	1.30	1.16
Nondurable goods <sup>3</sup> .....	18.14	23.84	26.63	5.74	6.26	5.67	6.17	6.40	7.25	6.77	6.22	12.68	14.43	15.32	15.90	17.55	19.11	19.91	19.14
Food including beverage.....	2.98	3.71	3.37	.72	.90	1.24	.86	1.01	.92	.77	.67	1.50	1.62	2.04	2.02	2.32	2.44	2.36	2.14
Textiles.....	.64	.93	.71	.31	.20	.16	.26	.25	.18	.15	.13	.35	.37	.33	.40	.38	.36	.31	.24
Paper.....	1.60	2.40	3.08	.58	.54	.51	.78	.77	.95	.82	.53	1.16	1.24	1.23	1.48	1.76	2.10	2.27	1.98
Chemicals.....	3.92	6.65	7.36	1.57	1.44	1.86	1.78	1.74	1.61	1.96	2.04	3.50	3.88	4.63	4.99	5.54	5.82	6.30	6.65
Petroleum.....	6.15	7.02	9.29	1.74	2.41	1.12	1.75	2.00	2.74	2.37	2.18	4.62	5.78	5.51	5.96	6.08	6.89	7.24	6.86
<b>Public utilities</b> .....	<b>28.60</b>	<b>38.13</b>	<b>45.74</b>	<b>11.88</b>	<b>8.46</b>	<b>8.21</b>	<b>9.58</b>	<b>16.33</b>	<b>11.95</b>	<b>9.78</b>	<b>7.68</b>	<b>49.80</b>	<b>53.67</b>	<b>57.07</b>	<b>61.29</b>	<b>73.24</b>	<b>79.89</b>	<b>84.47</b>	<b>86.47</b>
	Adjusted for seasonal variation																		
<b>Manufacturing <sup>3</sup></b> .....				<b>10.89</b>	<b>12.36</b>	<b>12.09</b>	<b>12.46</b>	<b>11.85</b>	<b>14.20</b>	<b>13.56</b>	<b>12.89</b>	<b>24.05</b>	<b>27.26</b>	<b>29.65</b>	<b>31.96</b>	<b>33.07</b>	<b>35.94</b>	<b>37.74</b>	<b>38.61</b>
Durable goods <sup>3</sup> .....				5.19	6.02	6.18	6.46	5.70	6.73	6.58	6.71	11.64	13.00	14.24	15.58	15.92	17.03	17.84	18.73
Primary metals.....				.99	1.24	1.24	1.63	1.52	1.97	1.57	3.08	3.49	3.90	4.23	4.95	5.42	6.21	6.54	8.18
Electrical machinery.....				.69	.86	.81	.95	.70	.76	.66	.60	1.64	1.82	1.89	2.12	2.06	2.03	1.90	1.85
Machinery, except electrical.....				.94	.98	.98	.79	1.32	1.18	1.36	1.28	1.10	1.22	1.35	1.26	1.63	1.77	1.97	2.01
Transportation equipment <sup>4</sup> .....				.87	.93	.98	1.08	.82	1.21	.72	.55	2.80	3.00	3.20	3.40	3.23	3.44	3.23	2.93
Stone, clay, and glass.....				.30	.57	.50	.44	.30	.88	.46	.31	.81	1.01	1.13	1.19	1.16	1.19	1.26	1.21
Nondurable goods <sup>3</sup> .....				5.70	6.34	5.91	6.00	6.16	7.47	6.98	6.18	12.41	14.26	15.40	16.37	17.15	18.91	19.90	19.88
Food including beverage.....				.79	.85	1.19	.88	1.08	.93	.61	.72	1.51	1.61	2.01	2.04	2.35	2.50	2.27	2.14
Textiles.....				.31	.17	.17	.30	.22	.15	.17	.15	.35	.35	.32	.42	.39	.34	.31	.27
Paper.....				.54	.58	.53	.77	.70	1.00	.93	.42	1.10	1.22	1.25	1.55	1.68	2.06	2.35	2.04
Chemicals.....				1.46	1.45	1.91	1.89	1.50	1.71	2.01	2.23	3.42	3.83	4.58	5.22	5.38	5.78	6.22	6.98
Petroleum.....				1.72	2.56	1.26	1.48	2.00	2.86	2.53	2.01	4.47	5.74	5.65	5.65	5.90	6.77	7.32	7.13
<b>Public utilities</b> .....				<b>7.94</b>	<b>10.00</b>	<b>11.25</b>	<b>9.71</b>	<b>10.42</b>	<b>14.57</b>	<b>14.29</b>	<b>6.85</b>	<b>46.99</b>	<b>52.47</b>	<b>59.08</b>	<b>63.84</b>	<b>69.23</b>	<b>78.55</b>	<b>87.81</b>	<b>89.42</b>

1. Starts are estimated by adding changes in carryover to expenditures during the given period.  
 2. Carryover refers to expenditures yet to be incurred on plant and equipment projects already underway at end of period.  
 3. Includes data not shown separately.

4. Includes guided missiles and space vehicles.  
 NOTE.—Details may not add to totals because of rounding.  
 Source: U.S. Department of Commerce, Bureau of Economic Analysis.

**Starts and carryover of projects and evaluation of capacity**

The value of new investment projects started by manufacturers in the fourth quarter of 1974 totaled \$12.9 billion (seasonally adjusted), 5 percent less than in the third quarter; starts also had declined in the third quarter. Primary metals reported a sharp increase in fourth-quarter starts, and chemicals and food including beverage also reported increases; however, these were more than offset by declines in other industries, with petroleum and paper having the largest declines.

The value of new projects started exceeded capital expenditures in the

fourth quarter, resulting in an increase in carryover—the amounts still to be spent on plant and equipment projects already underway. Seasonally adjusted carryover totaled \$38.6 billion at the end of December, an increase of \$900 million from September 30 and about \$6½ billion higher than at the end of 1973.

Taking account of prospective sales over the next 12 months, manufacturers reported a significant easing in the need for additional plant and equipment. Companies owning 41 percent of total fixed assets in manufacturing reported that they needed more facilities as of December 31; this was a drop of 10 percentage points from September 30—the largest decline during a 3-month period since this series was initiated in 1963. The “more needed” percentage declined for both durable and nondurable goods industries, but the decline was more pronounced for durables.

Facilities viewed as about adequate increased to 50 percent of manufacturers’ fixed assets as of December 31, from 43 percent as of September 30. Companies reporting facilities in excess of needs accounted for 9 percent of fixed assets as of December 31, an increase from 6 percent as of September 30.

**Nonmanufacturing programs**

Capital spending by nonmanufacturing industries rose 2 percent in the fourth quarter to a seasonally adjusted annual rate of \$68.1 billion, about the same as the increase in manufacturing. In the October-November survey, nonmanufacturing industries had projected only a slight increase in spending from the third to the fourth quarter. Spending by nonmanufacturing industries is expected to drop 3½ percent in the first quarter and to rise one-half of 1 percent in the second; they project a spending rate of \$67.8 billion in the second half of this year, 3 percent above the first half.

For 1975, nonmanufacturing industries expect spending to increase only one-half of 1 percent; last year’s increase was 7½ percent. Several industries expect sizable increases: mining

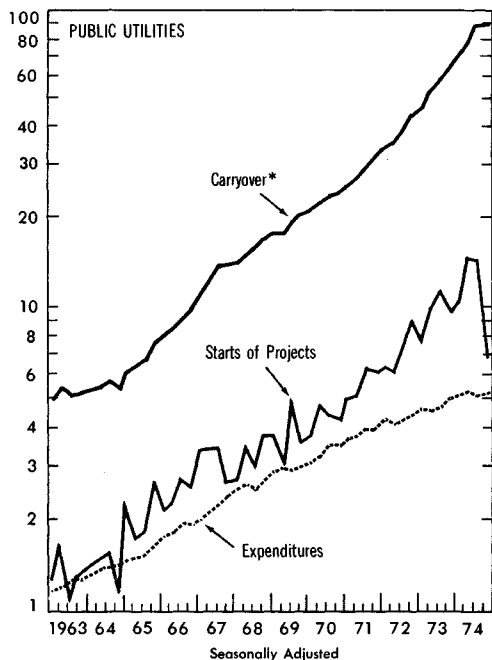
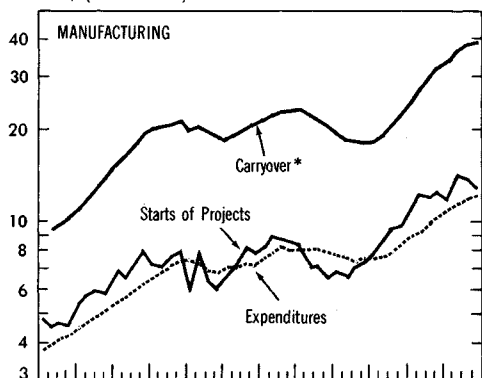
(23 percent), railroad (14 percent), and “other transportation” (27 percent). The increases for the transportation industries reflect sharply higher outlays for new roadway by railroads and spending for the trans-Alaskan pipeline.

Investment by public utilities is expected to total \$20½ billion this year, about the same as last year. Electric companies expect a 1 percent decline in outlays, while gas companies expect a 4 percent increase. The weakness in utility investment this year contrasts with sharp advances over the past several years: average annual growth from 1965 to 1974 was 14 percent. In recent months, numerous utility projects have been deferred or canceled due to financing difficulties and reduced growth in power usage. Starts of new projects by utilities in the fourth quarter of 1974 dropped sharply to \$6.8 billion from \$14.3 billion in the third quarter. The carryover of funds yet to be expended rose by only \$1.6 billion from September 30 to December

CHART 5

**Starts and Carryover of Investment Projects**

Billion \$ (Ratio scale)

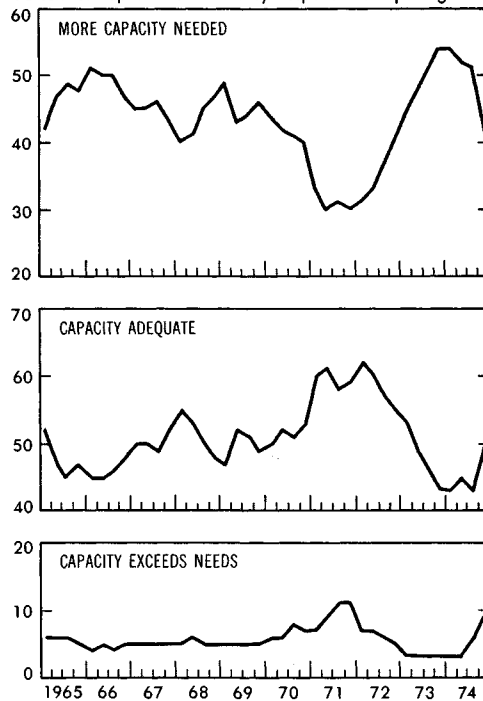


\*Carryover as of end of period.

CHART 6

**Manufacturers' Evaluation of Plant and Equipment Facilities\***

Percent of Capital Assets Held by Respondents Reporting—



\*Relative to prospective operations during the ensuing 12-month period.



**Table 5.—Manufacturers' Evaluation of Their Plant and Equipment Facilities**

[Percent distribution of gross capital assets <sup>1</sup>]

	1973		1974			
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
<b>More plant and equipment needed:</b>						
<b>All manufacturing</b> .....	51	54	54	52	51	41
Durable goods <sup>2</sup> .....	44	46	45	47	49	37
Primary metals .....	39	49	51	60	77	54
Metal fabricators <sup>3</sup> .....	44	44	43	43	38	32
Nondurable goods <sup>2</sup> .....	58	62	63	56	52	44
Food including beverage .....	41	41	38	37	38	33
Chemicals .....	53	66	69	74	69	68
Petroleum .....	70	74	74	55	55	46
<b>About adequate:</b>						
<b>All manufacturing</b> .....	46	43	43	45	43	50
Durable goods <sup>2</sup> .....	52	50	51	49	45	52
Primary metals .....	59	50	48	39	23	43
Metal fabricators <sup>3</sup> .....	51	51	53	53	57	55
Nondurable goods <sup>2</sup> .....	40	36	35	42	41	48
Food including beverage .....	56	54	57	57	56	60
Chemicals .....	46	33	30	25	30	31
Petroleum .....	30	26	26	45	33	46
<b>Existing plant and equipment exceeds needs:</b>						
<b>All manufacturing</b> .....	3	3	3	3	6	9
Durable goods <sup>2</sup> .....	4	4	4	4	6	11
Primary metals .....	2	1	1	1	0	3
Metal fabricators <sup>3</sup> .....	5	5	4	4	5	13
Nondurable goods <sup>2</sup> .....	2	2	2	2	7	8
Food including beverage .....	3	5	5	6	6	7
Chemicals .....	1	1	1	1	1	1
Petroleum .....	0	0	0	0	12	8

1. According to respondent companies' characterizations of their plant and equipment facilities, taking into account their current and prospective sales for the next 12 months.

2. Includes industries not shown separately.

3. Includes machinery, transportation equipment, and fabricated metals.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

31, compared with a \$9.3 billion increase in the third quarter.

Airlines expect to reduce capital spending in 1975 by 5½ percent from last year; in 1974, they reduced spending 17 percent. Communications firms expect a 3 percent decline this year; if this expectation is realized, the in-

dustry would record its first investment decline since 1959.

The "commercial and other" group—trade, services, construction, finance, and insurance—expects a 3½ percent decrease in 1975 spending, primarily reflecting declines for construction and services.

paper in 1975 reflects changes in most of the factors that affect its investment. The factors contributing to the vigorous expansion in 1973 and 1974 included the strong demand for paper products; profit gains generated by increases in prices and in the physical volume of sales; capacity pressures resulting from a high utilization rate of productive facilities; an adequate supply of funds provided from internal sources—retained profits and depreciation allowances; and pollution abatement regulations imposed within the past several years.

In the final quarter of 1974, the demand for the paper industry's products dropped considerably. This resulted in declines in its sales, production, and profits. Capacity utilization declined from 94 percent for September to 84 percent for December. While final figures are not yet available, BEA estimates indicate that, from the

## Paper Industry Investment Expansion Continues at a Slower Rate

*The paper industry was one of the leaders of the rapid capital investment expansion in 1972-74. An analysis of the major factors influencing its investment behavior may help understand investment patterns for manufacturers generally.*

Plant and equipment expenditures by paper manufacturers are expected to total \$3 billion in 1975, 15½ percent above 1974. This compares with actual increases of 39 percent in 1974, 34 percent in 1973, and 10 percent in 1972.

This pattern—acceleration from 1972 through 1974 and deceleration in 1975—parallels the pattern for manufacturers as a whole, but the annual advances for paper are larger.

The slower rate of expansion for

third to the fourth quarter, sales declined about one-tenth and after-tax profits, one-fourth.

The weakness reflected in the industry's fourth-quarter financial and operating statistics was in marked contrast to gains in 1973 and the first 9 months of 1974. Sales in the first 9 months of 1974 were 24 percent above those in the same period of 1973, reflecting the strong demand for paper products and the sharply rising prices that followed the abolition of price controls early in the year. For 1973, the increase was 13½ percent. After-tax profits were 67 percent higher in the first 9 months of 1974 than in the corresponding 1973 period. The 1973 profits increase was 53 percent. With profits increasing faster than sales in the 1972-74 period, profit margins—profits per dollar of sales—also advanced sharply. The margin for the first 9 months of 1974 was 7.3 cents, as compared with 5.4 cents and 3.8 cents for similar periods in 1973 and 1972.

Paper companies are capital intensive and accordingly have high overhead costs; thus, industry profits fluctuate

with the changes in unit costs associated with variations in the rate of capacity utilization. Since 1968, when quarterly collection of these BEA data began, utilization rates in the paper industry varied between 84 and 94 percent. Utilization rates changed in 23 of the 28 quarters measured and profit margins showed changes in the same direction in 21 of these quarters.

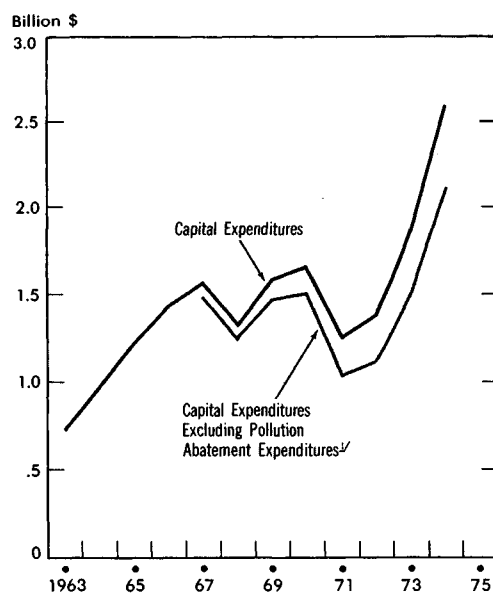
The 1972-74 earnings advance contributed substantially to the supply of funds available to finance the investment expansion. In the first 9 months of 1974, internally generated funds totaled about \$2.1 billion, compared with \$1.5 billion and \$1.1 billion in the first 9 months of 1973 and 1972. Internal funds exceeded capital expenditures for the January-September 1974 period—by about \$375 million—as they also did in 1973 and 1972. Since early 1972, paper manufacturers have not relied appreciably on external sources of funds. From 1965 to 1971, in contrast, capital expenditures totaled \$10 billion, \$1.8 billion more than internally generated funds. During that period, paper companies increased their long-term debt about \$3 billion.

In recent years, a substantial portion of the capital investment by the paper industry was for pollution abatement equipment required by Federal and State regulations. A survey by BEA late in 1973 indicated that about one-fifth of 1973 capital outlays were related to pollution abatement. Although BEA did not collect such data prior to 1973, information from other sources indicates that the industry's pollution abatement outlays rose from about \$100 million in 1967 to \$350 million in 1973. They are estimated at about \$500 million in 1974. Pollution abatement outlays have become an increasing proportion of the industry's total capital outlays (chart 7). This factor is important in the explanation of why productive capacity has not grown as rapidly since 1970 as it did from 1965 to 1969. In the earlier period, estimates based on surveys conducted by the American Paper Institute indicate an average annual capacity growth of 4.7 percent. Since 1970, the average annual growth was about 3 percent.

As economic developments unfold in the coming months, paper manufacturers will be reviewing their investment programs, and unless the demand for paper shows a strong improvement soon, further cutbacks in the rate of investment could result.

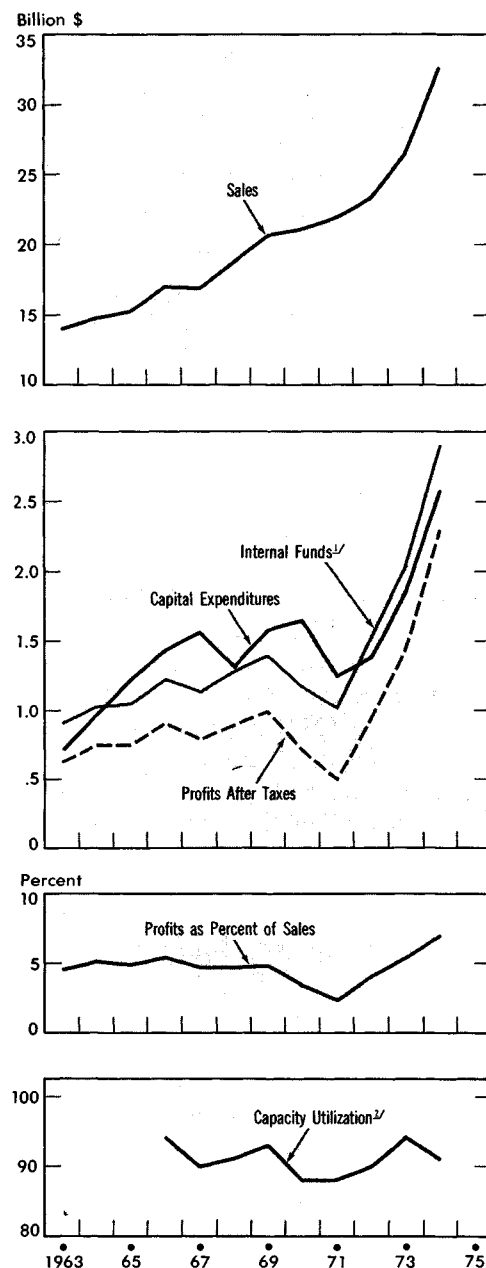
**CHART 7**  
**The Paper Industry**

Capital expenditures and effects of pollution abatement investment



1. Based on BEA and trade associations and other private sources.

**CHART 8**  
**The Paper Industry: Selected Financial Data and Capacity Utilization Rates**



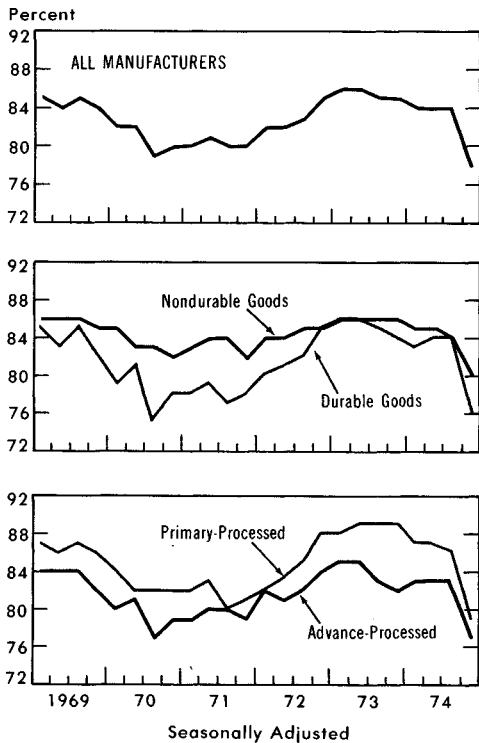
1. Net profit retained in business plus depreciation and depletion from the Quarterly Financial Report for Manufacturing Corporations, FTC.

2. Capacity utilization rates are annual averages computed from seasonally adjusted data for March, June, September, and December.



CHART 9

**Manufacturers' Capacity Utilization Rates by Major Industry Groups**



U.S. Department of Commerce, Bureau of Economic Analysis

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decline—their rate was 70 percent in December, compared with 92 percent in September. Other industries affected by the depressed market for motor vehicles also reported large declines: rubber dropped 9 points to 77 percent, and stone-clay-glass, 11 points to 70 percent. The decline for stone, clay, and glass also reflects the continued slump in residential construction. Textiles and paper reported decreases, from September to December, of 11 points and 10 points, respectively. Primary metals had a decrease of 8 points, due largely to the work stoppage in the coal industry. Chemicals and electrical machinery reported decreases of 5 points. Other major industries—food including beverage, aircraft, non-

electrical machinery, and petroleum—had little change.

The utilization rate for large firms (assets of \$100 million and over) declined 7 percentage points. Medium- and small-sized firms reported declines of 6 points and 5 points, respectively.

The drop in the utilization rate occurred about equally in the primary- and advanced-processed goods industries. Primary-processed goods producers reported a 7 point decline to 79 percent; this rate compares with the previous low of 80 percent in September 1971 for these basic materials producers. Advanced-processed goods producers reported a 6 point drop to 77 percent.

**Table 7.—Manufacturers' Capacity Utilization Rates: Operating Rates and Ratios of Operating to Preferred Rates**  
(Seasonally Adjusted)

Industry and asset size	Operating rates (percent)								Ratios of operating to preferred rates							
	1973				1974				1973				1974			
	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.
<b>All manufacturers</b> .....	86	86	85	85	84	84	84	78	0.91	0.91	0.89	0.89	0.88	0.88	0.88	0.83
Asset size:																
\$100.0 million and over.....	89	89	88	87	86	87	87	80	.92	.92	.92	.91	.90	.91	.91	.83
\$10.0 to \$99.9 million.....	83	83	83	82	83	83	81	75	.89	.88	.88	.87	.88	.88	.86	.81
Under \$10.0 million.....	78	78	79	79	80	79	77	72	.84	.86	.85	.85	.85	.85	.83	.78
<b>Durable goods</b> <sup>1</sup> .....	86	86	85	84	83	84	84	76	.90	.90	.89	.88	.86	.88	.88	.79
Asset size:																
\$100.0 million and over.....	89	89	88	86	85	85	87	79	.91	.91	.91	.89	.88	.88	.90	.81
\$10.0 to \$99.9 million.....	82	83	83	82	82	83	82	75	.88	.88	.88	.87	.87	.88	.87	.81
Under \$10.0 million.....	79	79	78	78	78	77	76	68	.86	.85	.85	.84	.84	.83	.82	.75
Primary metals.....	87	89	89	89	89	90	90	82	.92	.94	.95	.95	.93	.94	.94	.85
Electrical machinery.....	85	82	82	80	84	85	83	78	.93	.90	.91	.88	.92	.93	.91	.86
Machinery except electrical.....	88	86	87	86	89	88	89	87	.93	.91	.92	.91	.94	.93	.94	.92
Transportation equipment <sup>2</sup> .....	89	91	86	82	77	80	83	71	.86	.88	.85	.80	.76	.78	.82	.70
Motor vehicles.....	104	107	99	91	83	87	92	70	.95	.97	.93	.85	.78	.81	.87	.66
Aircraft.....	68	70	69	70	71	69	71	72	.73	.74	.74	.74	.76	.73	.75	.76
Stone, clay, and glass.....	81	83	83	83	84	81	81	70	.86	.89	.89	.89	.90	.87	.87	.75
<b>Nondurable goods</b> <sup>3</sup> .....	86	86	86	86	85	85	84	80	.91	.92	.91	.91	.90	.90	.89	.86
Asset size:																
\$100.0 million and over.....	90	91	89	89	88	88	87	83	.95	.96	.95	.94	.94	.94	.93	.89
\$10.0 to \$99.9 million.....	84	83	82	83	83	82	80	76	.89	.88	.87	.88	.88	.87	.86	.82
Under \$10.0 million.....	78	78	80	80	82	80	78	75	.84	.87	.86	.85	.86	.85	.85	.81
Food including beverage.....	81	80	79	82	82	81	79	77	.88	.90	.88	.89	.89	.88	.87	.86
Textile.....	90	90	89	89	87	87	80	69	.93	.93	.92	.94	.90	.90	.82	.72
Paper.....	93	94	94	93	93	93	94	84	.94	.95	.95	.95	.94	.93	.95	.88
Chemicals.....	86	88	88	88	85	86	86	81	.92	.96	.96	.96	.92	.93	.93	.88
Petroleum.....	97	97	97	95	86	92	89	90	.98	.99	1.00	.98	.89	.96	.93	.94
Rubber.....	89	91	90	84	89	88	86	77	.92	.94	.94	.88	.93	.92	.90	.82
<b>Primary-processed goods</b> <sup>4</sup> .....	88	89	89	89	87	87	86	79	.93	.94	.94	.94	.92	.92	.91	.83
<b>Advanced-processed goods</b> <sup>5</sup> .....	85	85	83	82	83	83	83	77	.89	.89	.87	.86	.87	.87	.87	.82

1. Also includes producers of lumber, furniture, fabricated metals, instruments, and ordnance and miscellaneous manufacturers.  
 2. Also includes producers of other transportation equipment.  
 3. Also includes producers of tobacco, apparel, printing and publishing, and leather.  
 4. Includes producers of lumber; stone, clay, and glass; primary metals; fabricated metals; textiles; paper; chemicals (at 1/2 weight); petroleum; and rubber.

5. Includes producers of furniture, electrical machinery, machinery except electrical, motor vehicles, aircraft, other transportation equipment, instruments, ordnance and miscellaneous manufacturers, food including beverage, tobacco, apparel, printing and publishing, chemicals (at 1/2 weight), and leather.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

# Property, Plant, and Equipment Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies, 1974 and 1975

**P**ROPERTY, plant, and equipment expenditures by majority-owned foreign affiliates of U.S. companies are expected to increase 17 percent in 1975, to \$29.6 billion (table 1).<sup>1</sup> This increase is below the 24 percent increase now estimated for 1974 and is less evenly distributed among industries and countries. Spending plans for 1975 have been revised downward—from 19 percent to 17 percent—from estimates made 6 months ago; 1974 estimates have not been changed.

The downward revision, the slower growth expected this year compared with last, and the concentration of that growth in a few industries and countries largely reflect the slowdown in economic activity in most foreign developed countries last year.

The current estimates indicate that, as in the United States, a downturn in plant and equipment expenditures abroad tends to lag behind a slowdown in overall economic activity. Thus, the economic slowdown abroad in 1974 had little impact on affiliates' outlays last year, but has resulted in more restrained expansion plans for 1975.

Concurrent with the economic slowdown, many foreign developed countries have continued to experience rapid inflation. Although it is difficult to quantify precisely the effect of rising prices on current spending estimates, it is evident that, for many industries and countries, spending plans for 1975 represent little growth in real (constant dollar) investment over last year.

1. The universe estimates presented here are based on BEA's latest semiannual survey, taken in December 1974, covering a sample of about 350 U.S. direct investors and their 4,600 majority-owned foreign affiliates. See the December 1973 issue of the SURVEY for a description of the methodology used in deriving these estimates.

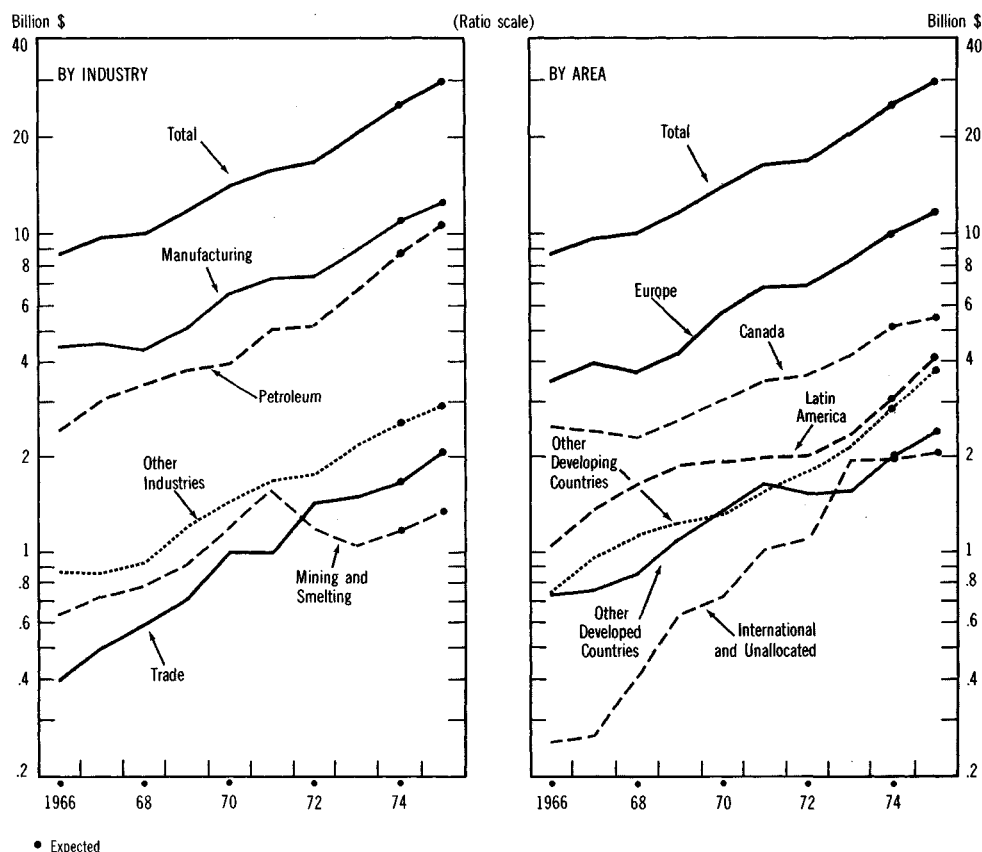
NOTE.—Estimates for this article were prepared by Juris E. Abolins and Jack C. Corken.

The impact of worsened economic conditions abroad is primarily reflected in the spending plans of manufacturing affiliates in developed countries (tables 2A-C). These affiliates plan to increase spending only 10 percent this year, down from 25 percent in 1974. (The current estimate of their 1975 spending is also substantially reduced from the

16 percent increase estimated 6 months ago.) In developing countries, on the other hand, manufacturing outlays are expected to increase 39 percent this year, more than twice the 1974 rate. Most of this increase is centered in Brazil, where real economic growth remained strong last year. Petroleum affiliates in developed and developing

CHART 10

Property, Plant, and Equipment Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies



U.S. Department of Commerce, Bureau of Economic Analysis

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countries expect continued strong growth, although at a reduced rate, in 1975. Spending by petroleum affiliates recently has been less affected by cyclical economic developments than by the long-term need to explore and develop new sources of oil.

### Manufacturing

Expenditures by manufacturing affiliates are expected to rise only 14 percent in 1975, down from 24 percent in 1974. If expectations are realized, spending will reach \$12.7 billion. Most of this year's growth is concentrated in chemical, transportation equipment, and nonelectrical machinery manufacturing.

Affiliates in all other manufacturing industries combined expect to increase spending only 3 percent in 1975, compared with 24 percent in 1974.

Affiliates manufacturing chemicals expect a spending increase of 36 percent this year, to \$2.8 billion, following a 54 percent increase last year. This year's increase is by far the most rapid of any manufacturing industry. Impressive growth is expected in many countries, particularly Canada and West Germany. The worldwide surge in spending by chemical affiliates in 1974 and 1975 follows 6 years of relatively little expansion. It reflects the need to expand capacity to meet both current and anticipated demand.

Following little growth last year, transportation equipment manufacturers plan to raise spending 23 percent in 1975. Large increases in Spain and Brazil this year are expected to be partially offset by reductions in the United Kingdom and West Germany.

Affiliates manufacturing nonelectrical machinery plan a 15 percent increase in expenditures this year, to \$3.6 billion, following an estimated 19 percent increase last year. These affiliates, along with those in chemicals, are the only ones among all manufacturing industries projecting significant spending growth in developed countries this year.

**Table 1.—Estimates of Property, Plant, and Equipment Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies, Actual and Projected**

	Percent change												Billions of dollars											
	Actual						Current projection for: <sup>1</sup>		Prior projection for: <sup>2</sup>		Actual						Current projection for: <sup>1</sup>		Prior projection for: <sup>2</sup>					
	1967	1968	1969	1970	1971	1972	1973	1974	1975	1974	1975	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1974	1975	1974
<b>Total</b> .....	11	3	16	21	17	2	20	24	17	24	19	8.7	9.7	10.0	11.6	14.1	16.5	16.9	20.3	25.2	29.6	25.1	30.0	
<b>By industry</b>																								
Mining and smelting.....	14	7	18	28	34	-24	-13	12	14	23	1	.6	.7	.8	.9	1.2	1.5	1.2	1.0	1.1	1.3	1.3	1.3	
Petroleum.....	25	12	9	5	27	3	29	32	22	29	22	2.4	3.1	3.4	3.7	4.0	5.0	5.2	6.6	8.8	10.7	8.6	10.4	
<b>Manufacturing</b> .....	4	-6	18	28	11	2	22	24	14	23	19	4.4	4.6	4.3	5.1	6.5	7.2	7.3	8.9	11.1	12.7	11.0	13.0	
Food products.....	22	-2	18	-9	1	18	23	21	2	45	-6	.3	.4	.3	.4	.4	.4	.4	.5	.7	.7	.8	.7	
Paper and allied products.....	-25	-5	10	40	82	-18	17	43	-14	32	-3	.3	.2	.2	.3	.4	.6	.5	.6	.9	.8	.8	.8	
Chemicals and allied products.....	17	-5	-3	23	4	1	6	54	36	53	35	.9	1.1	1.0	1.0	1.2	1.2	1.2	1.3	2.0	2.8	2.0	2.7	
Rubber products.....	-24	24	43	-8	7	64	-3	4	7	6	9	.2	.1	.2	.2	.2	.2	.3	.3	.3	.4	.4	.4	
Primary and fabricated metals.....	-10	9	33	33	13	-11	7	10	11	23	7	.4	.3	.4	.5	.7	.8	.7	.7	.8	.9	.9	.9	
Machinery (except electrical).....	7	-12	30	47	12	5	40	19	15	14	19	.9	.9	.8	1.1	1.6	1.8	1.9	2.6	3.1	3.6	3.0	3.5	
Electrical machinery.....	20	9	25	51	6	3	39	22	7	35	12	.2	.3	.3	.4	.6	.6	.6	.9	1.1	1.2	1.2	1.3	
Transportation equipment.....	-2	-23	19	29	-9	0	20	1	23	-11	47	.9	.9	.7	.8	1.0	.9	.9	1.1	1.1	1.4	1.0	1.4	
Other manufacturing.....	12	2	17	13	23	1	15	34	6	25	16	.4	.4	.4	.5	.5	.7	.7	.8	1.0	1.1	.9	1.1	
Trade.....	26	17	20	41	-1	44	5	13	23	28	31	.4	.5	.6	.7	1.0	1.0	1.4	1.5	1.7	2.1	1.9	2.5	
Other industries.....	-2	9	30	20	18	4	24	17	14	11	12	.9	.8	.9	1.2	1.4	1.7	1.8	2.2	2.5	2.9	2.4	2.7	
<b>By area</b>																								
Developed countries.....	6	-4	16	27	19	0	16	24	15	24	19	6.7	7.1	6.8	7.9	10.1	11.9	12.0	13.8	17.2	19.7	17.2	20.4	
Canada.....	-5	-3	14	16	16	3	14	25	6	20	19	2.5	2.4	2.3	2.6	3.0	3.5	3.6	4.1	5.1	5.5	4.9	5.9	
Europe.....	15	-7	14	35	20	0	19	23	18	23	16	3.5	4.0	3.7	4.2	5.7	6.8	6.9	8.2	10.1	11.8	10.0	11.7	
United Kingdom.....	14	0	7	35	13	-2	32	41	34	38	20	.9	1.1	1.1	1.1	1.5	1.7	1.7	2.2	3.2	4.2	3.1	3.7	
European Economic Community (6) <sup>3</sup> .....	15	-13	21	37	22	0	16	10	11	11	15	2.1	2.4	2.1	2.5	3.5	4.2	4.2	4.9	5.4	5.9	5.4	6.2	
Other Europe.....	14	3	0	23	25	7	13	41	10	45	13	.5	.6	.6	.6	.7	.9	1.0	1.1	1.5	1.7	1.6	1.8	
Japan.....	27	28	34	36	38	-7	-2	33	32	63	58	.2	.2	.3	.3	.5	.7	.6	.6	.8	1.0	1.0	1.5	
Australia, New Zealand, and South Africa.....	-4	5	27	20	10	-7	4	26	13	30	8	.6	.6	.6	.7	.9	1.0	.9	.9	1.2	1.4	1.2	1.3	
Developing countries.....	30	20	11	6	7	8	18	36	29	32	32	1.8	2.3	2.8	3.1	3.3	3.5	3.8	4.5	6.1	7.9	5.9	7.8	
Latin America.....	30	23	12	5	1	1	19	24	29	29	38	1.0	1.4	1.7	1.9	2.0	2.0	2.4	2.9	3.8	3.0	4.2		
Other Africa.....	31	33	11	-12	-19	-13	14	48	-6	40	-19	.3	.4	.5	.6	.5	.4	.4	.4	.6	.6	.6	.5	
Middle East.....	21	12	-18	-4	49	106	39	43	44	37	42	.2	.3	.3	.2	.2	.3	.7	1.0	1.4	2.0	1.3	1.9	
Other Asia and Pacific.....	36	-5	36	48	35	-4	-1	57	31	28	33	.2	.3	.3	.4	.6	.8	.7	.7	1.2	1.5	.9	1.2	
International and unallocated.....	5	51	56	14	41	8	79	1	5	7	-17	.3	.3	.4	.6	.7	1.0	1.1	1.9	2.0	2.0	2.1	1.7	
<b>Addendum:</b>																								
European Economic Community (9) <sup>4</sup> .....							20	20	19	20	17								7.2	8.7	10.3	8.7	10.1	

1. Based on results of the survey taken in December 1974.

2. Based on results of the survey taken in June 1974, as published in the September 1974 SURVEY.

3. The "European Economic Community (6)" includes Belgium, France, Germany, Italy, Luxembourg, and the Netherlands.

4. The "European Economic Community (9)" includes the "European Economic Community (6)," the United Kingdom, Denmark, and Ireland.

NOTE.—Details may not add to totals because of rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

**Petroleum**

Petroleum affiliates expect a 22 percent increase in spending in 1975, to \$10.7 billion, down from 32 percent in

1974. The increases are centered largely in the North Sea area of the United Kingdom and in the Middle East.

In the North Sea area, British

affiliates doubled expenditures last year and expect a further increase of 78 percent this year, to \$1.9 billion. Large outlays for exploration and develop-

**Table 2A.—Estimates of Property, Plant, and Equipment Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies for 1973, by Country and Industry <sup>1</sup>**

[Millions of dollars]

Area or country	All industries	Mining and smelting	Petroleum	Manufacturing										Trade	Other industries
				Total	Food products	Paper and allied products	Chemicals and allied products	Rubber products	Primary and fabricated metals	Machinery (except electrical)	Electrical machinery	Transportation equipment	Other manufacturing		
<b>All countries</b> .....	20,254	1,020	6,637	8,915	547	621	1,322	335	722	2,619	883	1,109	758	1,497	2,184
<b>Developed countries</b> .....	13,828	792	2,860	7,627	427	556	1,095	253	634	2,423	731	843	663	1,258	1,291
<b>Canada</b> .....	4,095	514	1,005	1,752	121	394	346	91	77	222	165	216	120	272	552
<b>Europe</b> .....	8,190	11	1,547	5,131	253	138	628	138	545	1,927	504	552	447	870	631
United Kingdom.....	2,235	1	555	1,404	55	(D)	150	(D)	127	(D)	62	137	113	109	165
European Economic Community (6).....	4,871	(*)	791	3,286	155	110	387	111	387	1,117	356	388	276	614	181
Belgium and Luxembourg.....	498	0	65	383	8	24	100	12	14	119	50	37	17	36	14
France.....	1,277	0	(D)	748	46	23	52	49	37	312	64	83	82	270	(D)
Germany.....	2,009	0	353	1,367	31	8	112	9	296	431	119	241	121	218	72
Italy.....	675	(*)	100	494	33	45	50	25	8	202	98	12	21	35	46
Netherlands.....	412	0	(D)	294	37	10	72	15	33	53	24	15	35	55	(D)
Other Europe.....	1,084	9	202	441	43	(D)	91	(D)	31	(D)	86	28	58	147	285
Denmark.....	65	0	15	12	4	(D)	2	(*)	1	(D)	(D)	1	1	(D)	(D)
Ireland.....	48	(D)	4	41	3	0	17	(D)	0	(D)	(D)	0	11	(D)	(D)
Norway.....	122	2	85	23	(*)	1	1	0	16	(D)	(D)	0	(*)	2	10
Spain.....	280	(D)	21	157	30	(D)	41	(D)	3	21	(D)	24	3	(D)	73
Sweden.....	127	0	25	77	(D)	2	10	5	7	47	(D)	(*)	2	20	4
Switzerland.....	169	0	8	51	(D)	2	2	(*)	2	5	2	(D)	33	32	79
Other.....	273	5	43	81	2	(D)	18	(*)	(*)	9	37	(D)	8	50	94
<b>Japan</b> .....	595	1	121	422	7	5	86	(D)	(D)	(D)	(D)	(*)	43	32	19
<b>Australia, New Zealand, and South Africa</b> .....	948	267	188	321	47	19	34	(D)	(D)	(D)	(D)	75	53	84	89
Australia.....	715	256	127	225	31	18	(D)	5	(D)	26	17	57	41	50	56
New Zealand.....	34	(*)	(D)	15	(D)	(D)	(D)	(D)	(*)	(D)	(D)	(D)	1	6	(D)
South Africa.....	200	10	(D)	81	(D)	(D)	8	15	8	7	9	(D)	11	28	(D)
<b>Developing countries</b> .....	4,487	228	2,302	1,289	119	65	227	83	87	195	152	266	94	238	430
<b>Latin America</b> .....	2,353	194	695	1,035	91	58	181	67	79	169	90	246	54	175	254
Latin American Republics.....	1,930	147	443	1,020	90	57	173	67	79	169	89	246	52	171	149
Argentina.....	159	(D)	27	89	6	(*)	27	3	3	4	4	35	7	23	(D)
Brazil.....	678	(D)	(D)	563	23	30	64	38	36	121	52	178	21	70	27
Chile.....	2	0	(*)	1	(*)	(D)	(*)	0	0	0	0	0	(D)	(*)	(*)
Colombia.....	82	(*)	28	51	3	13	13	7	(D)	7	(D)	(D)	3	2	1
Mexico.....	240	8	(*)	180	18	8	44	6	21	32	16	25	8	35	18
Panama.....	79	0	(D)	8	2	0	3	0	0	0	0	0	(D)	3	(D)
Peru.....	217	(D)	98	8	1	0	2	(*)	(*)	(D)	(*)	(D)	(*)	3	(D)
Venezuela.....	331	(D)	173	85	14	(D)	17	10	(D)	(D)	(D)	(D)	11	29	(D)
Other Central America.....	63	2	14	28	17	2	1	2	2	(D)	(D)	6	9	3	16
Other and unallocated.....	79	16	34	10	5	(*)	1	0	(*)	(*)	1	0	2	2	16
Other Western Hemisphere.....	423	48	251	15	1	1	8	(*)	(*)	(*)	1	0	2	4	105
Bahamas.....	131	(*)	53	2	(*)	0	(D)	0	0	0	0	0	(D)	(*)	75
Bermuda.....	1	0	(*)	0	0	0	(*)	0	0	0	0	0	0	(*)	1
Jamaica.....	30	12	1	9	(D)	0	5	(*)	0	(*)	0	0	(D)	1	7
Other and unallocated.....	261	35	197	4	(D)	1	(D)	0	(*)	0	1	0	(*)	3	21
<b>Other Africa</b> .....	427	11	355	22	3	0	4	(D)	3	0	(D)	(D)	3	7	31
Liberia.....	35	5	9	(*)	0	0	0	(*)	0	0	0	0	0	(*)	20
Libya.....	44	0	43	(*)	0	0	(*)	0	0	0	0	0	0	(*)	0
Nigeria.....	118	0	111	3	(*)	0	1	(*)	(*)	0	(*)	0	1	(*)	4
Other and unallocated.....	231	6	191	20	3	0	2	(D)	3	0	(D)	(D)	2	6	8
<b>Middle East</b> .....	973	0	894	16	(*)	(D)	6	(D)	0	(*)	(D)	0	(*)	5	59
Iran.....	112	0	(D)	4	(*)	0	(*)	(D)	0	(*)	(D)	0	(*)	0	(D)
Other and unallocated.....	862	0	(D)	12	(*)	(D)	6	0	0	(*)	(D)	0	(*)	5	(D)
<b>Other Asia and Pacific</b> .....	734	23	358	215	25	(D)	36	8	6	26	54	(D)	37	51	86
India.....	22	0	(D)	20	(*)	0	6	1	1	7	(D)	(*)	(D)	(*)	(D)
Indonesia.....	278	21	224	34	(*)	(D)	1	(D)	(D)	0	(*)	(*)	(D)	(*)	9
Korea.....	29	0	(D)	21	(*)	(*)	14	0	0	1	(D)	(D)	2	2	(D)
Philippines.....	65	0	18	37	20	(*)	4	2	(D)	(*)	(D)	(D)	3	2	8
Other and unallocated.....	389	2	109	113	4	1	12	(D)	3	17	44	(D)	21	47	68
<b>International and unallocated</b> .....	1,939		1,475											1	464
<b>Addendum:</b>															
European Economic Community (9) <sup>1</sup> .....	7,219	(D)	1,365	4,743	217	130	556	128	515	1,844	427	526	401	739	(D)

<sup>1</sup> Less than \$500,000.

<sup>2</sup> Suppressed to avoid disclosure of data of individual reporters.

1. The "European Economic Community (9)" includes the "European Economic Community (6)," the United Kingdom, Denmark, and Ireland.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

ment of offshore sites, construction of pipelines, and expansion of terminals and refining facilities will make petroleum affiliates' spending in the

United Kingdom larger than in any other country. In Norway, capital spending is projected to decline this year after almost tripling last year;

this results from the completion of a major offshore facility last year.

Affiliates in the Middle East expect a continued rapid increase in expendi-

**Table 2B.—Estimates of Property, Plant, and Equipment Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies for 1974, by Country and Industry <sup>1</sup>**

[Millions of dollars]

Area or country	All industries	Mining and smelting	Petroleum	Manufacturing									Trade	Other industries	
				Total	Food products	Paper and allied products	Chemicals and allied products	Rubber products	Primary and fabricated metals	Machinery (except electrical)	Electrical machinery	Transportation equipment			Other manufacturing
<b>All countries</b> .....	25,214	1,146	8,765	11,067	663	890	2,042	347	797	3,109	1,079	1,123	1,017	1,689	2,545
<b>Developed countries</b> .....	17,168	829	3,915	9,552	530	807	1,706	273	687	2,869	895	914	871	1,422	1,451
<b>Canada</b> .....	5,129	445	1,220	2,347	127	488	567	136	110	325	207	214	173	364	752
<b>Europe</b> .....	10,053	9	2,369	6,200	333	295	943	106	551	2,189	586	616	582	926	548
United Kingdom.....	3,154	(D)	1,060	1,836	68	74	199	18	186	862	87	197	145	157	(D)
European Economic Community (6).....	5,369	(D)	965	3,656	215	152	581	77	273	1,263	400	311	384	594	(D)
Belgium and Luxembourg.....	719	0	175	489	10	25	176	15	22	108	43	48	43	39	15
France.....	1,253	0	(D)	866	39	46	55	30	57	380	96	34	128	233	(D)
Germany.....	2,067	0	498	1,327	72	(D)	180	(D)	137	464	125	203	183	217	25
Italy.....	807	(D)	(D)	607	39	60	63	15	15	251	119	10	36	43	(D)
Netherlands.....	523	0	83	368	55	(D)	106	(D)	43	61	17	16	45	62	10
Other Europe.....	1,530	7	344	708	50	69	164	11	92	63	99	108	53	175	296
Denmark.....	81	0	23	17	3	3	5	(*)	1	1	2	1	1	(D)	(D)
Ireland.....	87	(D)	5	76	3	0	46	(*)	(*)	1	9	0	15	(D)	(D)
Norway.....	347	(D)	245	86	(*)	0	(*)	0	68	(D)	(D)	0	(D)	(D)	12
Spain.....	378	(D)	(D)	278	36	4	77	(D)	10	11	(D)	(D)	(D)	35	59
Sweden.....	173	0	18	132	(D)	(D)	15	2	11	(D)	(D)	(D)	4	18	5
Switzerland.....	187	0	(D)	42	(D)	2	5	(*)	2	5	1	(D)	21	(D)	105
Other.....	267	2	41	77	2	(D)	15	(D)	(*)	5	41	(D)	8	59	87
<b>Japan</b> .....	789	1	(D)	612	15	5	153	(D)	(D)	(D)	64	(*)	57	(D)	21
<b>Australia, New Zealand, and South Africa</b> .....	1,197	374	(D)	392	54	20	43	(D)	(D)	(D)	38	84	59	(D)	130
Australia.....	927	364	152	254	33	18	32	(D)	(D)	39	26	61	30	67	90
New Zealand.....	38	(*)	5	14	(D)	1	1	(*)	(*)	1	(D)	6	2	(D)	(D)
South Africa.....	233	9	(D)	124	(D)	1	9	18	14	(D)	(D)	17	28	16	(D)
<b>Developing Countries</b> .....	6,095	318	3,417	1,516	134	82	337	74	111	240	184	209	146	267	578
<b>Latin America</b> .....	2,917	282	911	1,179	104	69	272	58	97	219	102	177	81	219	326
Latin American Republics.....	2,469	228	663	1,153	102	(D)	258	(D)	96	219	97	177	78	214	210
Argentina.....	178	(D)	40	95	5	(*)	26	2	3	9	6	36	9	27	(D)
Brazil.....	824	1	16	645	26	44	114	28	49	155	66	121	41	82	81
Chile.....	5	0	1	3	(*)	(*)	1	0	0	0	0	1	1	(*)	1
Colombia.....	74	(*)	19	49	4	6	20	5	2	6	2	(*)	3	4	2
Mexico.....	298	8	1	204	24	12	57	13	14	45	15	15	9	66	18
Panama.....	41	0	12	10	2	0	5	0	0	2	0	0	1	5	13
Peru.....	428	(D)	228	6	1	0	4	(D)	(*)	(D)	(*)	(*)	9	1	(D)
Venezuela.....	424	(D)	285	79	15	(D)	15	(D)	21	(D)	4	5	9	(D)	26
Other Central America.....	74	3	14	35	19	2	2	3	5	(*)	2	0	2	3	18
Other and unallocated.....	123	18	48	27	6	(*)	14	0	3	(*)	2	0	2	(D)	(D)
Other Western Hemisphere.....	448	53	248	26	2	(D)	14	(D)	(*)	(*)	4	0	3	5	116
Bahamas.....	174	(D)	87	(D)	(D)	0	(D)	0	0	0	0	0	(D)	(*)	83
Bermuda.....	1	0	(*)	(D)	(D)	0	(D)	0	0	0	0	0	0	(D)	(D)
Jamaica.....	35	(D)	1	13	1	0	9	(D)	0	(*)	1	0	(D)	(D)	(D)
Other and unallocated.....	237	39	160	10	(*)	(D)	(D)	0	(*)	0	4	0	(*)	4	24
<b>Other Africa</b> .....	632	13	521	35	2	0	10	(D)	(D)	0	2	7	10	6	56
Liberia.....	48	6	4	(*)	0	0	0	(*)	0	0	0	0	0	(*)	38
Libya.....	19	0	18	(*)	0	0	0	(*)	0	0	0	0	0	(*)	0
Nigeria.....	181	0	165	9	(*)	0	6	(*)	1	0	(*)	0	2	(*)	7
Other and unallocated.....	384	7	334	26	2	0	4	(D)	(D)	0	2	7	7	5	12
<b>Middle East</b> .....	1,393	(*)	1,259	17	(*)	(*)	5	(D)	0	(D)	8	0	(*)	6	111
Iran.....	207	(*)	(D)	7	(*)	0	2	(D)	0	(D)	1	0	(*)	0	(D)
Other and unallocated.....	1,186	0	(D)	10	(*)	(*)	3	0	0	(*)	7	0	(*)	5	(D)
<b>Other Asia and Pacific</b> .....	1,153	23	726	284	28	13	50	13	(D)	(D)	73	25	55	36	84
India.....	25	0	4	21	(D)	0	6	1	1	7	(D)	1	(D)	(*)	(*)
Indonesia.....	520	(D)	439	43	(D)	(D)	4	(D)	0	0	(D)	(*)	(D)	(*)	(D)
Korea.....	49	0	10	33	(*)	(*)	23	0	0	(D)	(D)	(D)	2	(*)	(D)
Philippines.....	86	0	21	48	(*)	(*)	6	4	1	(*)	2	(D)	(D)	4	12
Other and unallocated.....	473	(D)	252	139	5	(D)	12	(D)	7	10	60	12	27	(D)	50
<b>International and unallocated</b> .....	1,951		1,433											1	517
<b>Addendum:</b>															
European Economic Community (9) <sup>2</sup> .....	8,691	2	2,053	5,585	289	229	831	95	459	2,127	498	509	545	772	280

\*Less than \$500,000.

<sup>D</sup> Suppressed to avoid disclosure of data of individual reporters.

1. See footnote 1, table 1.

2. The "European Economic Community (9)" includes the "European Economic Community (6)," the United Kingdom, Denmark, and Ireland.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.



tures—52 percent this year, compared with a 41 percent increase last year. Increasing expenditures are largely for downstream and support facilities such

as refineries, shipping terminals, and pipelines. In other areas, spending plans are mixed. Affiliates in Indonesia and Peru

expect to continue rapid spending increases for exploration and production facilities in 1975; in the Bahamas, (Continued on page 47)

**Table 2C.—Estimates of Property, Plant, and Equipment Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies for 1975, by Country and Industry <sup>1</sup>**

(Millions of dollars)

Area or country	All industries	Mining and smelting	Petroleum	Manufacturing									Trade	Other industries	
				Total	Food products	Paper and allied products	Chemicals and allied products	Rubber products	Primary and fabricated metals	Machinery (except electrical)	Electrical machinery	Transportation equipment			Other manufacturing
<b>All countries</b> .....	29,624	1,310	10,689	12,657	676	768	2,772	372	886	3,574	1,150	1,383	1,078	2,072	2,896
<b>Developed countries</b> .....	19,695	1,036	4,741	10,543	547	668	2,328	235	689	3,235	906	1,038	896	1,613	1,761
<b>Canada</b> .....	5,454	649	1,246	2,391	130	397	731	113	75	333	224	245	143	302	865
<b>Europe</b> .....	11,845	9	2,996	6,992	326	246	1,322	91	572	2,478	617	691	647	1,167	681
United Kingdom.....	4,232	(D)	1,892	2,012	87	58	233	(D)	263	970	(D)	169	156	156	(D)
European Economic Community (6).....	5,930	(D)	803	4,123	187	136	923	61	241	1,439	443	254	439	839	(D)
Belgium and Luxembourg.....	720	0	144	514	31	46	193	6	39	89	32	34	44	43	18
France.....	1,582	0	(D)	974	34	38	77	(D)	61	460	128	(D)	108	432	(D)
Germany.....	2,163	0	301	1,516	34	11	369	(D)	77	524	110	(D)	238	231	25
Italy.....	800	(D)	(D)	599	20	36	69	6	16	286	144	10	14	53	59
Netherlands.....	666	0	56	519	69	5	215	16	49	79	30	21	35	79	11
Other Europe.....	1,683	7	300	858	52	54	166	(D)	68	69	(D)	268	53	173	345
Denmark.....	87	0	(D)	19	5	1	7	(D)	(*)	(D)	(D)	(D)	1	17	(D)
Ireland.....	71	(D)	(D)	56	0	0	24	(D)	(*)	(D)	12	(D)	17	4	(D)
Norway.....	269	(D)	179	56	(*)	9	(D)	0	51	1	(D)	0	1	(D)	10
Spain.....	609	3	8	497	38	(D)	97	(D)	6	13	(D)	39	3	24	107
Sweden.....	160	0	24	113	1	37	(D)	2	7	7	(D)	(*)	4	17	6
Switzerland.....	224	0	(D)	37	(D)	2	7	(*)	3	6	(D)	2	10	(D)	121
Other.....	262	3	47	90	(D)	(D)	9	7	(*)	6	46	3	16	50	73
<b>Japan</b> .....	1,040	(*)	(D)	690	23	9	196	(D)	(D)	(D)	27	0	61	(D)	24
<b>Australia, New Zealand and South Africa</b> .....	1,356	378	(D)	470	67	14	79	(D)	(D)	(D)	39	102	45	(D)	192
Australia.....	1,071	357	170	330	49	13	58	5	9	65	27	80	25	67	147
New Zealand.....	44	(*)	7	13	(D)	1	3	1	(*)	(*)	1	4	(D)	(D)	(D)
South Africa.....	241	20	(D)	127	(D)	1	19	(D)	(D)	(D)	12	18	(D)	18	(D)
<b>Developing Countries</b> .....	7,885	274	4,498	2,114	129	100	443	137	197	338	244	345	181	458	541
<b>Latin America</b> .....	3,773	231	1,074	1,703	113	(D)	355	107	156	317	138	(D)	116	412	353
Latin American Republics.....	3,228	(D)	758	1,662	112	94	326	(D)	156	317	133	(D)	113	406	(D)
Argentina.....	181	(D)	28	106	4	(*)	30	4	2	20	7	14	25	33	(D)
Brazil.....	1,364	1	20	1,040	30	(D)	186	72	81	231	95	(D)	36	233	69
Chile.....	16	0	2	9	(*)	(*)	4	0	0	0	0	1	4	(*)	5
Colombia.....	98	(*)	22	58	4	14	13	(D)	6	5	5	(D)	8	11	2
Mexico.....	340	9	1	254	22	32	52	21	26	58	17	(D)	(D)	55	21
Panama.....	39	0	16	10	2	0	4	0	0	2	0	0	1	7	8
Peru.....	491	(D)	314	11	2	0	6	(D)	2	(*)	(D)	(D)	(*)	(D)	7
Venezuela.....	490	(*)	285	107	17	(D)	18	3	30	(*)	(D)	(D)	26	52	45
Other Central America.....	85	5	16	44	24	3	4	(D)	8	(*)	3	0	(D)	(D)	(D)
Other and unallocated.....	128	(D)	54	28	6	(*)	11	0	(*)	(*)	2	0	3	(D)	38
Other Western Hemisphere.....	544	(D)	315	41	2	(D)	29	(D)	(*)	(*)	5	0	3	6	(D)
Bahamas.....	229	(D)	130	(D)	(*)	0	(*)	0	0	0	0	0	(D)	(*)	95
Bermuda.....	1	0	(*)	(*)	(*)	0	(*)	0	0	0	0	0	0	(*)	1
Jamaica.....	50	21	1	18	2	0	(D)	(D)	0	(*)	1	0	(D)	(D)	(D)
Other and unallocated.....	265	27	184	(D)	(*)	(D)	(D)	0	(*)	0	4	0	(D)	(D)	27
<b>Other Africa</b> .....	592	(D)	483	(D)	1	0	8	(D)	(D)	0	2	0	13	11	27
Liberia.....	12	7	(*)	(*)	0	0	0	(*)	0	0	0	0	0	1	5
Libya.....	25	0	25	(*)	0	0	(*)	0	0	0	0	0	0	0	0
Nigeria.....	254	0	6	(*)	0	0	1	(*)	0	0	(*)	0	5	2	8
Other and unallocated.....	301	(D)	219	(D)	1	0	7	(D)	(D)	0	2	0	8	9	15
<b>Middle East</b> .....	2,008	(D)	1,918	(D)	(*)	(*)	6	(D)	0	(D)	8	0	(*)	7	64
Iran.....	(D)	(D)	(D)	(D)	(*)	0	1	(D)	0	(D)	1	0	0	1	12
Other and unallocated.....	(D)	0	(D)	13	(*)	(*)	5	0	0	0	7	0	(*)	7	52
<b>Other Asia and Pacific</b> .....	1,513	28	1,023	337	14	(D)	73	28	(D)	20	96	(D)	53	28	96
India.....	44	0	5	39	(*)	0	19	(D)	1	8	(D)	1	(*)	(D)	(D)
Indonesia.....	737	(D)	659	33	(*)	(D)	4	(D)	(D)	0	(D)	(*)	(D)	(D)	24
Korea.....	89	0	18	46	(*)	(D)	35	0	0	1	(D)	(*)	8	(D)	(D)
Philippines.....	113	0	25	74	7	(D)	8	21	1	1	9	24	(D)	5	8
Other and unallocated.....	551	(D)	316	145	6	2	7	(D)	5	10	74	(D)	23	(D)	61
<b>International and unallocated</b> .....	2,045		1,449											1	594
<b>Addendum:</b>															
European Economic Community (9) <sup>2</sup> .....	10,320	2	2,728	6,210	280	195	1,187	79	504	2,412	515	424	613	1,016	363

\* Less than \$500,000.  
 † Suppressed to avoid disclosure of data of individual reporters.  
 1. See footnote 1, table 1.

2. The "European Economic Community (9)" includes the "European Economic Community (6)," the United Kingdom, Denmark, and Ireland.  
 Source: U.S. Department of Commerce, Bureau of Economic Analysis.

# U.S. Balance of Payments Developments: Fourth Quarter and Year 1974

**D**EVELOPMENTS in U.S. international transactions in the fourth quarter were related to two main factors: The first was the substantial decline in real GNP in the United States, which led to slackened demand for imports and a narrowing of the merchandise trade deficit. Second, there was a reduction in the domestic demand for credit, together with some easing of monetary policy, which resulted in a sharp drop in interest rates. Consequently, there was a rise in U.S. bank loans to foreigners and in new foreign security placements in the United States. Capital outflows from

U.S. corporations to both affiliated and nonaffiliated foreigners also rose.

Higher interest rates abroad relative to U.S. rates contributed to a slowing of the rise in U.S. liquid liabilities to members of the Organization of Petroleum Exporting Countries (OPEC). A larger part of OPEC dollar funds was placed in Euromarket banks and the increased supply of dollars was greater than the demand by private foreigners. The weakening of the dollar vis-a-vis other currencies and dollar accumulations by foreign official agencies of European countries were probably related to this development. Official inter-

vention in the exchange markets on the part of the United States and European countries, especially Germany, the Netherlands, Belgium, and Switzerland, increased during the quarter.

For 1974 as a whole, U.S. balance of payments developments were dominated by the effects of the extraordinary rise in world petroleum prices announced in late 1973, and the accompanying financing problems for importing countries.

NOTE.—Data for this article were prepared by the staffs of the Balance of Payments Division and the International Investment Division. Richard D. Carter prepared the section on Developments by Major Areas.

**Table A.—Summary of U.S. International Transactions**

[Millions of dollars, seasonally adjusted]

Line	Lines in tables 2, 3, and 9 in which transactions are included are indicated in ( )	1973	1974 <sup>p</sup>	Change: 1973-74	1973				1974				Change: 1974 III-IV
					I	II	III	IV	I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>	
1	Merchandise trade balance (2, 16).....	471	-5,881	-6,352	-954	-363	578	1,210	-175	-1,674	-2,474	-1,558	916
2	Services, net (3-13, 17-27).....	3,855	9,072	5,217	769	479	1,081	1,526	2,991	1,468	2,227	2,384	157
3	<b>Balance on goods and services</b> .....	<b>4,327</b>	<b>3,191</b>	<b>-1,136</b>	<b>-185</b>	<b>116</b>	<b>1,659</b>	<b>2,736</b>	<b>2,816</b>	<b>-206</b>	<b>-247</b>	<b>826</b>	<b>1,073</b>
4	Remittances, pensions and other transfers (31, 32).....	-1,943	-1,775	168	-404	-411	-412	-717	-390	-467	-456	-463	-7
5	<b>Balance on goods, services, and remittances</b> .....	<b>2,383</b>	<b>1,416</b>	<b>-967</b>	<b>-589</b>	<b>-295</b>	<b>1,247</b>	<b>2,019</b>	<b>2,426</b>	<b>-673</b>	<b>-703</b>	<b>363</b>	<b>1,066</b>
6	U.S. Government grants (excluding military grants of goods and services) (30).....	-1,933	-5,441	-3,508	-357	-645	-485	-447	<sup>1</sup> -2,561	-1,435	-772	-673	99
7	<b>Balance on current account</b> .....	<b>450</b>	<b>-4,025</b>	<b>-4,475</b>	<b>-946</b>	<b>-940</b>	<b>762</b>	<b>1,572</b>	<b><sup>1</sup>-135</b>	<b>-2,108</b>	<b>-1,475</b>	<b>-310</b>	<b>1,165</b>
8	U.S. Government capital flows, net, and nonliquid liabilities to other than foreign official reserve agencies (33, 48).....	-1,539	1,042	2,581	-371	94	-398	-862	1,350	584	3	-895	-898
9	Long-term private capital flows, net (39-41, 44, 49-51, 53).....	62	-7,598	-7,660	309	-324	1,527	-1,451	504	-1,039	-2,402	-4,661	-2,259
10	<b>Balance on current account and long-term capital</b> .....	<b>-1,026</b>	<b>-10,580</b>	<b>-9,554</b>	<b>-1,008</b>	<b>-1,170</b>	<b>1,891</b>	<b>-741</b>	<b>1,719</b>	<b>-2,563</b>	<b>-3,874</b>	<b>-5,866</b>	<b>-1,992</b>
11	Nonliquid short-term private capital flows, net (42, 45, 52).....	-4,276	-12,955	-8,679	-1,663	-1,457	97	-1,253	-3,994	-5,296	-1,427	-2,238	-811
12	Errors and omissions, net (64).....	-2,303	5,197	7,500	-3,943	850	-336	1,125	1,305	1,463	838	1,592	754
13	<b>Net liquidity balance</b> †.....	<b>-7,606</b>	<b>-18,338</b>	<b>-10,732</b>	<b>-6,614</b>	<b>-1,777</b>	<b>1,652</b>	<b>-869</b>	<b>-970</b>	<b>-6,396</b>	<b>-4,463</b>	<b>-6,512</b>	<b>-2,049</b>
14	Liquid private capital flows, net (43, 46, 54).....	2,302	10,268	7,966	-3,581	2,063	290	3,530	2,016	1,874	4,143	2,235	-1,908
15	<b>Official reserve transactions balance</b> †.....	<b>-5,304</b>	<b>-8,070</b>	<b>-2,766</b>	<b>-10,195</b>	<b>286</b>	<b>1,942</b>	<b>2,661</b>	<b>1,046</b>	<b>-4,522</b>	<b>-320</b>	<b>-4,277</b>	<b>-3,957</b>

<sup>r</sup> Revised

<sup>p</sup> Preliminary

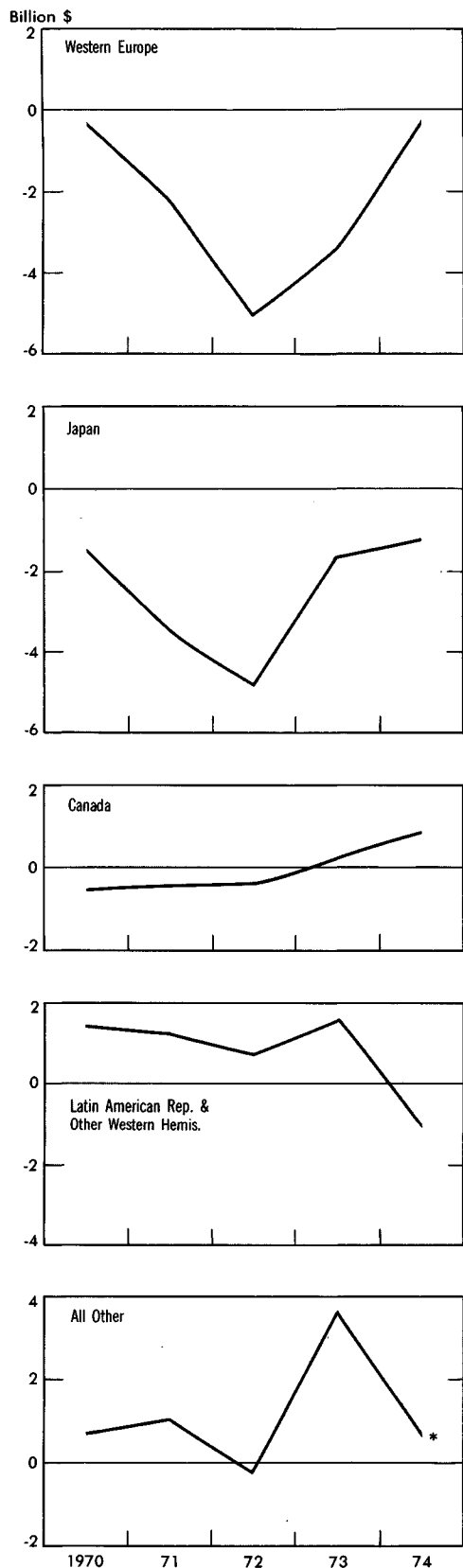
† These balances have been used to measure exchange market pressures on the dollar. Under current conditions these pressures are inadequately reflected in them.

1. Includes extraordinary U.S. Government transactions with India; see "Special U.S. Government Transactions" in June 1974 SURVEY, p. 27.

NOTE.—Details may not add to totals because of rounding.

CHART 11

**Current Account Balance by Selected Areas**



\* Adjusted, see table E, footnote 1.

The cost of U.S. petroleum imports tripled in 1974 (see table D). The impact on the merchandise trade balance was moderated, however, by a strong expansion in the volume of exports. Also, higher petroleum prices resulted in higher earnings of U.S. petroleum-producing affiliates abroad and a marked increase in U.S. income receipts.

U.S. bank loans to foreigners soared, largely in response to strong demand by foreign countries for funds to finance their petroleum imports, especially in the first half of the year. The removal of U.S. capital controls on lending and investments abroad in January 1974 facilitated these outflows, which helped ease the initial worldwide financial strains related to higher petroleum prices. Bank-reported outflows slowed temporarily in the third quarter, partly due to a short-lived rise in U.S. interest rates.

Current estimates indicate that OPEC surplus revenues (receipts from exports less payments for imports of goods and services) approached \$60 billion in 1974. Members of OPEC invested about \$10.5 billion of liquid funds, largely through official agencies, directly in the United States, and some additional funds were probably indirectly invested through Eurobanks, although the amount of such funds is not separately identifiable in U.S. banking statistics.

There was a large shift from net inflows to net outflows through securities transactions in 1974. Net foreign purchases of U.S. stocks declined steadily and in the fourth quarter shifted to net sales. The decline was due to the poor performance of the U.S. economy and the sagging U.S. stock market. New U.S. issues placed abroad also dropped sharply in 1974 because of the high cost of borrowing and the removal of incentives to borrow in foreign markets that had existed under the U.S. capital controls program. The relatively low cost of borrowing in the United States, on the other hand, resulted in a strong rise in foreign security placements here, particularly in the first and fourth quarters.

As already mentioned, the exchange

rate of the U.S. dollar weakened in the fourth quarter, and showed some net decline for 1974, after strengthening in midyear. The rather wide swings in the exchange rate during the year were related to the shifts in capital flows and to changes in short-term interest rates in the United States and other leading countries. Another factor contributing to fluctuations in the exchange value of the dollar was the changing pace of the inflow of funds into the United States from petroleum-exporting countries, which accelerated during the second and third quarters but slowed in the fourth.

\* \* \*

*The following sections include a more detailed discussion of major U.S. international transactions during the year, a review of balance of payments measures, and a discussion of payments developments with major geographic areas.*

**Changes in Major Transactions**

**Merchandise trade**

The merchandise trade deficit narrowed to \$1.6 billion in the fourth quarter, as exports increased \$1.5 billion to \$26.2 billion and imports \$0.6 billion to \$27.8 billion. For the full year 1974, the trade balance shifted to a \$5.9 billion deficit from a \$0.5 billion surplus in 1973. Exports rose \$26.8 billion to \$97.1 billion and imports \$33.2 billion to \$103.0 billion. (These figures are measured on a balance of payments basis, which excludes military trade of U.S. defense agencies and reflects adjustments to Census Bureau trade figures for timing, coverage, and valuation.)

The trade deficit in petroleum and products was \$25.1 billion in 1974, compared with \$7.5 billion in 1973. Excluding petroleum, the overall merchandise balance was in surplus by \$19.2 billion. Gains in both exports and imports in 1974 were mainly due to higher prices (as measured by the Census Bureau's unit value index). Petroleum import prices more than tripled and prices of other imports and of exports rose over one-fourth.

In volume terms, petroleum imports declined slightly in 1974, largely due

to the low first quarter when the Arab embargo was in effect (see table B3). They rose in the second and third quarters, and remained high in the fourth. The volume of other imports, in the aggregate, also declined slightly in 1974, as decreases in imports of foods, feeds, and beverages, and consumer goods more than offset increased imports of capital goods and automobiles. In the fourth quarter, the import volume of the latter two groups also dropped. The 1974 volume of imports of industrial supplies other than petroleum was

little changed from 1973, as a drop in the first half of 1974 was largely offset by a rise in the second.

Exports rose 8 percent in volume; however, following a second quarter peak, there was a slight downward drift as foreign economic activity slackened. The volume of agricultural exports dropped 9 percent from 1973, but this drop was more than offset by a 13 percent rise in nonagricultural exports. Especially strong were exports of capital goods, which rose about 20 percent in volume. Slower domestic

demand and ample productive capacity probably facilitated an acceleration in deliveries, especially of civilian aircraft, to foreign countries.

A \$9.3 billion rise to \$11.0 billion in the trade deficit with members of OPEC more than accounted for the shift in the 1974 overall trade balance (see tables B2 and D). Imports from OPEC rose \$12.2 billion, and exports \$2.9 billion. The trade surplus with Latin America, excluding the two OPEC members, Venezuela and Ecuador, dropped \$0.8 billion to \$0.3 billion,

Table B1.—Merchandise Trade, by Principal End-Use Categories—Reconciled to Balance of Payments Basis

(Millions of dollars)

Line	(Numbers in parenthesis ( ) refer to line numbers in table 4)	1973	1974 <sup>p</sup>	Change: 1973-74	Seasonally adjusted								Change: 1974 III-IV
					1973				1974				
					I	II	III	IV	I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>	
<b>EXPORTS</b>													
1	<b>Total, adjusted to balance of payments basis, excluding "military" (8).....</b>	70,277	97,081	26,804	15,230	16,679	18,152	20,216	22,212	23,921	24,731	26,217	1,486
2	Agricultural goods (18a) <i>adjusted</i> *.....	17,869	22,943	4,474	3,685	4,132	4,760	5,292	5,809	5,700	5,235	5,599	364
3	Nonagricultural goods (18c) <i>adjusted</i> *.....	52,408	74,738	22,330	11,545	12,547	13,392	14,924	16,403	18,221	19,496	20,618	1,122
4	<b>Foods, feeds, and beverages (19) <i>adjusted</i>*.....</b>	15,082	18,545	3,463	3,016	3,472	4,016	4,578	4,891	4,652	4,268	4,734	466
5	Foods, feeds, and beverages—Agricultural, <i>adjusted</i> *.....	14,791	18,277	3,486	2,962	3,402	3,930	4,497	4,814	4,576	4,206	4,681	475
6	<b>Industrial supplies and materials (23) <i>adjusted</i>*.....</b>	19,862	30,510	10,648	4,267	4,669	5,211	5,715	6,703	7,702	8,063	8,042	-21
7	Agricultural*.....	2,896	3,805	909	691	694	777	734	944	1,065	958	838	-120
8	Nonagricultural*.....	16,966	26,705	9,739	3,576	3,975	4,434	4,981	5,759	6,637	7,105	7,204	99
9	Petroleum and products (part of 24) <i>adjusted</i> *.....	558	792	234	122	133	146	157	176	200	213	203	-10
10	<b>Capital goods, except automotive (34).....</b>	21,512	29,921	8,409	4,798	5,145	5,493	6,076	6,472	7,136	7,808	8,505	697
11	Machinery, except consumer-type (35).....	17,045	23,775	6,730	3,762	3,985	4,448	4,850	5,144	5,644	6,371	6,616	245
12	Civilian aircraft, complete—all types (44a).....	2,315	3,366	1,051	551	644	493	627	662	831	751	1,122	371
13	<b>Automotive vehicles, parts, and engines (46).....</b>	6,343	8,162	1,819	1,515	1,500	1,560	1,768	1,799	1,883	2,158	2,322	164
14	To Canada (47) <sup>1</sup> .....	4,716	5,742	1,026	1,147	1,114	1,143	1,312	1,291	1,283	1,519	1,649	130
15	To all other areas (48).....	1,627	2,420	793	368	386	417	456	508	600	639	673	34
16	<b>Consumer goods (nonfood), except automotive (52).....</b>	4,705	6,267	1,562	1,030	1,179	1,217	1,279	1,487	1,592	1,619	1,569	-50
17	All other, including balance of payments <i>adjustments</i> , * not included above.....	2,773	3,676	903	604	714	655	800	860	956	815	1,045	230
<b>IMPORTS</b>													
18	<b>Total, adjusted to balance of payments basis, excluding "military" (15)....</b>	69,806	102,962	33,156	16,184	17,042	17,574	19,006	22,387	25,595	27,205	27,775	570
19	Agricultural goods.....	8,485	10,387	1,902	1,915	2,109	2,098	2,363	2,602	2,613	2,606	2,566	-40
20	Nonagricultural goods, <i>adjusted</i> *.....	61,321	92,575	31,254	14,269	14,933	15,476	16,643	19,785	22,982	24,599	25,209	610
21	<b>Foods, feeds, and beverages (61).....</b>	9,113	10,562	1,449	2,136	2,238	2,199	2,540	2,824	2,642	2,541	2,555	14
22	Industrial supplies and materials (66) <i>adjusted</i> *.....	27,629	53,633	26,004	6,281	6,481	6,924	7,943	10,263	13,266	14,768	15,336	568
23	Petroleum and products (67a) <i>adjusted</i> *.....	8,072	25,891	17,819	1,519	1,802	2,068	2,683	4,482	6,771	7,329	7,309	-20
24	<b>Capital goods, except automotive (80) <i>adjusted</i>*.....</b>	7,904	9,593	1,689	1,722	1,981	2,018	2,183	2,087	2,416	2,558	2,532	-26
25	Machinery, except consumer-type (81) <i>adjusted</i> *.....	7,309	8,954	1,645	1,574	1,843	1,859	2,033	1,933	2,235	2,382	2,404	22
26	Civilian aircraft, engines, parts (89).....	595	639	44	148	138	159	150	154	181	176	128	-48
27	<b>Automotive vehicles, parts, and engines (90) <i>adjusted</i>*.....</b>	10,227	11,688	1,461	2,429	2,583	2,574	2,641	2,830	2,936	3,113	2,809	-304
28	From Canada (adjusted to transactions value) (92)*.....	5,234	5,489	255	1,304	1,325	1,273	1,332	1,309	1,184	1,483	1,513	30
29	From all other areas (93).....	4,993	6,199	1,206	1,125	1,258	1,301	1,309	1,521	1,752	1,630	1,296	-334
30	<b>Consumer goods (nonfood), except automotive (97).....</b>	13,185	14,805	1,620	3,163	3,247	3,375	3,400	3,526	3,575	3,890	3,814	-76
31	All other, including balance of payments <i>adjustments</i> , * not included above.....	1,748	2,681	933	453	512	484	299	857	760	335	729	394
<b>BALANCE (EXPORT SURPLUS +)</b>													
32	<b>Balance on merchandise trade, adjusted to balance of payments basis, excluding "military" (17).....</b>	471	-5,881	-6,352	-954	-363	578	1,210	-175	-1,674	-2,474	-1,558	916

<sup>r</sup> Revised  
<sup>p</sup> Preliminary  
\* "Adjusted" items reflect balance of payments corrections to Census trade figures for coverage, valuation and timing: Line 4 is adjusted for changes in stocks of U.S. grain stored in Canada; lines 6 and 22 include imports and exports of nonmonetary gold, electric power, and petroleum trade of the Virgin Islands, but petroleum imports by U.S. military agencies are excluded from line 22 (and line 23); line 22 also excludes imports—and line 17 excludes reexports—of natural gas in transit through the United States from western to eastern Canada; lines 24 and 25 include imports of vessels not recorded in Census statistics; lines 27 and 28 reflect adjustments for the overvaluation in Census import data of autos and trucks from Can-

ada. (NOTE.—Quarterly figures for all items are adjusted to correct for discrepancy between sum of four quarters, seasonally adjusted, and the unadjusted recorded annual totals.)

1. The statistical identification of automotive products exports to Canada (line 14) is not as complete and comprehensive as the identification of automotive products imports from Canada, which are more definitively classified for duty-free status under the U.S.-Canada Automotive Products Trade Act. The less comprehensive identification in U.S. trade statistics of automotive parts exports, combined with some degree of unreported export shipments, results in an undercounting of automotive exports to Canada (line 14) which—estimated from examination of Canada's import statistics—amounted to about \$875 millions in 1973 and \$650 millions in 1974.

largely due to the rise in imports from the Caribbean area of petroleum products processed from OPEC crude oil. The surplus with the developing countries of Asia and Africa, excluding OPEC members, rose \$0.6 billion to \$1.2 billion. The deficit with Canada decreased, and the surpluses with Western Europe and with Australia, New Zealand, and South Africa, as a group, increased, as exports rose more rapidly than imports. The trade deficit with Japan increased, as the import rise outpaced that for exports, and the surplus with Eastern Europe declined, as exports dropped and imports rose.

### Investment income

Net investment income rose slightly to \$2.4 billion in the fourth quarter, as total income payments dropped more than receipts. Income from petroleum affiliates declined \$0.5 billion due to higher taxes and royalties paid to host countries, and income payments to foreign parents of U.S. petroleum companies declined \$0.9 billion. Other income receipts and payments were little changed.

For the full year 1974, net investment income was up \$4.4 billion. Three-fourths of the rise was due to net income related to petroleum investments.

An \$8.0 billion increase in receipts from direct investments abroad in the petroleum industry was partly offset by a \$4.8 billion rise in income payments, in large part to a petroleum-exporting country with a participation in a U.S.-incorporated petroleum company. Receipts from other direct investments abroad rose \$0.8 billion, and receipts from banking and other assets \$3.1 billion, as loans to foreigners increased sharply. Income payments on non-petroleum direct investments in the United States were up slightly, and payments on other U.S. liabilities to foreigners rose \$2.7 billion, as liquid lia-

Table B2.—U.S. Merchandise Exports and Imports, by Major World Areas—Balance of Payments Basis, "Excluding Military"

(Millions of dollars)

Line		1973	1974 <sup>a</sup>	Change: 1973-74	Seasonally adjusted								Change: 1974 III-IV
					1973				1974				
					I	II	III	IV	I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>r</sup>	
<b>EXPORTS</b>													
1	Total, all countries.....	70,277	97,081	26,804	15,230	16,679	18,152	20,216	22,212	23,921	24,731	26,217	1,486
2	Western Europe.....	21,333	28,422	7,089	4,775	5,069	5,368	6,117	6,659	7,274	6,995	7,495	500
3	United Kingdom.....	3,771	4,600	829	777	914	982	1,121	1,058	1,170	1,144	1,227	83
4	EEC (6).....	12,482	16,899	4,417	2,830	2,977	3,216	3,460	3,943	4,381	4,147	4,430	283
5	Other Western Europe.....	5,080	6,923	1,843	1,168	1,178	1,190	1,536	1,658	1,723	1,704	1,838	134
6	Eastern Europe.....	1,921	1,493	-428	419	577	491	440	362	401	293	436	143
7	Canada.....	15,605	20,643	5,038	3,590	3,813	3,777	4,422	4,677	4,924	5,363	5,679	316
8	Latin American Republics and other Western Hemisphere.....	9,950	15,805	5,855	2,054	2,279	2,650	2,963	3,486	3,959	4,050	4,310	260
9	Japan.....	8,357	10,720	2,363	1,802	2,055	2,223	2,286	2,544	2,577	2,727	2,872	145
10	Australia, New Zealand, and South Africa.....	2,249	3,758	1,509	478	542	547	678	811	955	976	1,016	40
11	Other countries in Asia and Africa.....	10,862	16,240	5,378	2,112	2,344	3,096	3,310	3,673	3,831	4,327	4,409	82
<b>IMPORTS</b>													
12	Total, all countries.....	69,806	102,962	33,156	16,184	17,042	17,574	19,006	22,387	25,595	27,205	27,775	570
13	Western Europe.....	19,590	23,956	4,366	4,536	4,872	4,886	5,291	5,583	6,234	5,943	6,196	253
14	United Kingdom.....	3,527	4,026	499	865	875	893	890	947	1,027	1,069	983	-86
15	EEC (6).....	11,590	14,552	2,962	2,646	2,895	2,849	3,200	3,354	3,862	3,511	3,845	334
16	Other Western Europe.....	4,473	5,378	905	1,025	1,102	1,144	1,201	1,302	1,345	1,363	1,368	5
17	Eastern Europe.....	600	978	378	122	146	140	192	281	255	199	243	44
18	Canada.....	17,217	21,944	4,727	4,184	4,275	4,269	4,490	4,963	5,277	5,823	5,881	58
19	Latin American Republics and other Western Hemisphere.....	9,645	18,674	9,029	2,102	2,216	2,377	2,950	4,288	4,611	4,804	5,021	217
20	Japan.....	9,685	12,529	2,844	2,436	2,424	2,438	2,367	2,706	2,966	3,361	3,496	135
21	Australia, New Zealand, and South Africa.....	1,852	2,016	164	403	433	442	577	542	462	451	561	110
22	Other countries in Asia and Africa.....	11,237	22,865	11,628	2,401	2,676	3,022	3,139	4,074	5,790	6,624	6,377	-247
<b>BALANCE (EXPORT SURPLUS +)</b>													
23	Total, all countries.....	471	-5,881	-6,352	-954	-363	578	1,210	-175	-1,674	-2,474	-1,558	916
24	Western Europe.....	1,743	4,466	2,723	239	197	482	826	1,076	1,040	1,052	1,299	247
25	United Kingdom.....	244	574	330	-88	39	69	231	111	142	75	244	169
26	EEC (6).....	892	2,347	1,455	184	82	367	260	609	519	636	585	-51
27	Other Western Europe.....	607	1,545	938	143	76	46	335	356	378	341	470	129
28	Eastern Europe.....	1,321	515	-806	297	431	351	248	81	146	94	193	99
29	Canada.....	-1,612	-1,301	311	-594	-462	-492	-68	-286	-358	-460	-202	258
30	Latin American Republics and other Western Hemisphere.....	305	-2,869	-3,174	-48	63	273	13	-752	-652	-754	-711	43
31	Japan.....	-1,308	-1,809	-501	-634	-369	-215	-81	-162	-389	-634	-624	10
32	Australia, New Zealand, and South Africa.....	397	1,742	1,345	75	109	105	101	269	493	525	455	-70
33	Other countries in Asia and Africa.....	-375	-6,625	-6,250	-289	-332	74	171	-401	-1,959	-2,297	-1,968	329

<sup>r</sup> Revised.  
<sup>a</sup> Preliminary.

1. Annual data shown in this table match corresponding country and area data in table 9, lines 2 and 16; seasonally adjusted quarterly data shown in this table are computed from corresponding unadjusted data presented in table 9, lines 2 and 16.

bilities rose substantially. Higher interest rates also contributed to the increases in both receipts and payments.

### Other services

Transactions in other services were in near balance in both the third and fourth quarters. For the year as a whole, net payments for other services decreased \$0.8 billion, largely due to increased transfers under military sales contracts and higher receipts from foreigners traveling in the United States. Military sales, mainly to Western Europe and the Middle East, rose \$0.6 billion and more than offset a \$0.4 billion rise in defense expenditures that was largely associated with higher costs of petroleum products. Receipts from foreign travel in the United States rose \$0.5 billion, mainly because of expenditures by Canadian, Latin American, and Japanese residents. U.S. travel expenditures in foreign countries rose only \$0.2 billion, the smallest rise since 1968; increased U.S. travel expenditures in Canada and Latin America were partly offset by decreases in continental Western Europe.

### U.S. Government grants and capital

U.S. Government grants and capital transactions in the fourth quarter resulted in a net outflow of \$1.6 billion, more than double that in the third. Most of the rise was associated with increases in military sales credits and Export-Import Bank loans. The figure

also includes a \$175 million capital subscription to the International Development Agency.

For the full year 1974, there was a \$0.9 billion rise to \$4.4 billion in net outflows. Aside from the extraordinary transactions with India, Israel, and Vietnam that had increased grants \$3.1 billion and reduced net capital outflows by a matching amount (see the June and September 1974 SURVEYS), U.S. grants rose about \$0.4 billion and net capital outflows about \$0.5 billion.

### U.S. corporate capital flows

U.S. corporate capital outflows for direct investments abroad increased \$0.6 billion to \$2.6 billion in the fourth quarter. For the full year, they were up \$1.9 billion to a record \$6.8 billion. In the first quarter, there were large net inflows through transactions with foreign affiliates in the petroleum-exporting countries that were partly offset by net outflows to petroleum-importing countries. This suggests that some financing of the initial high petroleum costs was provided by U.S. corporations through temporary credits to petroleum-importing countries, facilitated by delayed payments to the exporting countries. As the year progressed, these transactions were partially reversed.

Net outflows for direct investments in foreign petroleum operations totaled

\$0.3 billion in 1974, down from \$1.4 billion in 1973. Net outflows for direct investments in other industries rose \$3.0 billion to \$6.5 billion. Part of these changes resulted from shifts by U.S. petroleum companies of claims on their foreign petroleum affiliates to claims on foreign financing affiliates. The larger part of the rise was due to substantial commitments for plant and equipment expenditures for manufacturing industries, estimated to be up 24 percent over 1973 (see "Property, Plant, and Equipment Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies," p. 19), and also to the reduced borrowing abroad to finance these investments.

U.S. corporate claims, net of liabilities, to unaffiliated foreigners rose \$0.5 billion in the fourth quarter after declining \$0.6 billion in the third. For the year as a whole, net claims were up \$1.9 billion, compared with a \$1.4 billion rise in 1973.

### Foreign direct investments in the United States

Transactions related to foreign direct investment in the United States resulted in a \$0.6 billion outflow in the fourth quarter, compared with a \$0.1 billion outflow in the third, and large inflows in the first half of 1974. Petroleum-related transactions accounted for most of the large shifts during the year. In the first half, there was a sizable buildup in debts owed to a foreign parent by a U.S.-incorporated petroleum company; in the second half, this was reduced by substantial payments. For the year as a whole, petroleum-related inflows were \$0.8 billion, slightly less than in 1973. Inflows for other foreign direct investment in the United States were \$1.5 billion, little changed from 1973. Decreased inflows from the United Kingdom and Japan were offset by increases from Canada and continental Western Europe.

### Security transactions

Net U.S. purchases of foreign securities were \$0.7 billion in the fourth quarter, compared with \$0.3 billion in the third. Most of the rise was due to a record placement of new foreign security

Table B3.—U.S. Merchandise Trade, by Selected End-Use Categories, in Constant Dollars<sup>1</sup>

Line		Billions of constant (1967) dollars				Percent change: 1973-1974	
		Exports		Imports		Exports	Imports
		1973	1974	1973	1974		
1	Total.....	51.1	55.3	47.0	46.4	8	-1
2	Agricultural goods.....	10.4	9.5	5.6	5.2	-9	-7
3	Nonagricultural goods.....	40.7	45.8	41.4	41.2	13	(*)
4	Foods, feeds and beverages.....	8.6	7.5	5.9	5.5	-13	-6
5	Industrial supplies.....	15.8	16.4	19.7	19.5	4	-1
6	Petroleum and products.....	.4	.3	5.5	5.4	-19	-3
7	Capital goods, except automotive.....	16.0	19.2	5.0	5.4	20	8
8	Automobiles and parts.....	4.9	5.6	6.1	6.5	13	7
9	Consumer goods (nonfood), except automotive.....	3.7	4.5	9.1	8.2	24	-9
10	All other, including balance of payments adjustments not included above <sup>2</sup> .....	2.0	2.1	1.2	1.2	3	(*)

\*Less than 0.5 percent.

1. Deflation of current prices to constant prices is based on unit value indexes prepared by the Census Bureau.

2. Deflated by the total unit value index.

NOTE.—Detail may not add to totals because of rounding.

issues as U.S. interest rates dipped. For the full year 1974, net U.S. purchases of foreign securities rose \$1.1 billion, mainly due to a \$0.9 billion rise to \$1.7 billion in purchases of newly issued Canadian securities.

Foreign transactions in U.S. securities other than Treasury issues shifted \$0.2 billion to net sales of \$0.1 billion in the fourth quarter, following declines in net purchases in the first three quarters. For 1974 as a whole, net foreign purchases of U.S. securities, mainly in Western Europe and Japan, fell to \$1.2 billion from \$4.1 billion in 1973. Most of the drop was accounted for by a \$2.3 billion decrease, to \$0.4 billion, in net purchases of U.S. stocks. New bonds issued abroad by U.S. corporations declined \$1.1 billion to \$0.1 billion, due to the high cost of borrowing abroad and to the January 1974 removal of U.S. restrictions on capital outflows for foreign investment, previously mentioned. Partly offsetting was a \$0.6 billion increase in net foreign purchases of U.S. Government agency and other bonds.

**Bank-reported capital outflows**

U.S. bank-reported capital outflows rose \$2.0 billion to \$4.0 billion in the fourth quarter, mostly to the European Economic Community, Canada, and banking centers in the Caribbean area. Net outflows to Japan, which had accounted for two-fifths of the total in the first three quarters of 1974, dropped to less than \$0.1 billion.

For the full year 1974, bank-reported capital outflows were a record \$18.8 billion, up \$12.9 billion from 1973. The largest increases were to Japan, the Bahamas, Canada, and the United Kingdom; other increases were widespread to both developed and developing countries. Over two-thirds of the outflows occurred in the first half of the year. After some slowing in the third quarter, including substantial reflows from Europe, outflows again increased in the fourth, as lower U.S. interest rates attracted foreign borrowers.

**Liquid liabilities**

Liquid liabilities to private foreigners rose \$3.9 billion in the fourth quarter,

about the same as in the third, and all liabilities to foreign official agencies rose \$4.1 billion, \$2.8 billion more than in the third quarter.

There was a \$15.7 billion increase in liquid liabilities to private foreigners in 1974, and a \$9.5 billion rise in liabilities to foreign official agencies. Of the total \$25.2 billion increase, about \$10.5 billion was to members of OPEC; in 1973, about \$0.5 billion of the total \$9.3 billion rise was to OPEC.

**Reserve transactions**

U.S. official reserve assets declined \$0.1 billion in the fourth quarter due mainly to a reduction in holdings of foreign currencies that were accumulated in the two preceding quarters. For the full year, U.S. official reserve assets rose \$1.4 billion, compared with a reduction of \$0.2 billion in 1973. Most of the rise was in unconditional drawing rights (normally, a member country's IMF quota, less IMF's holdings of its currency) of the United States on the International Monetary Fund and resulted from dollar drawings from the IMF by foreign countries.

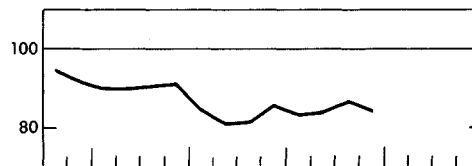
**Errors and omissions**

Errors and omissions shifted \$7.5 billion to net receipts of \$5.2 billion in 1974, following five years of net payments. The reasons for the large shift are not clear. In balance of payments accounting, "errors and omissions" arise from statistical errors, incomplete coverage, or timing differences in recording the two sides (credit and debit) of a transaction. For some of the large individual transactions that are known to have occurred, attempts are made to ensure that offsetting entries are made in appropriate accounts. For instance, entries in the direct investment account for the financing of imports from a foreign affiliate (credit) should be consistent with those in the merchandise import account (debit). In 1974, credit or debit entries for some of the exceptionally large and intricate petroleum-related transactions may have been incorrectly reported or not reported at all. In addition, substantial timing differences may have developed be-

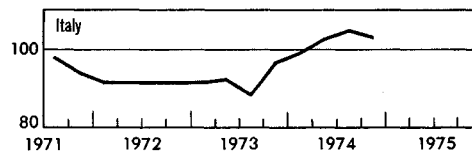
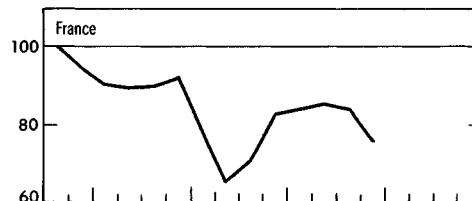
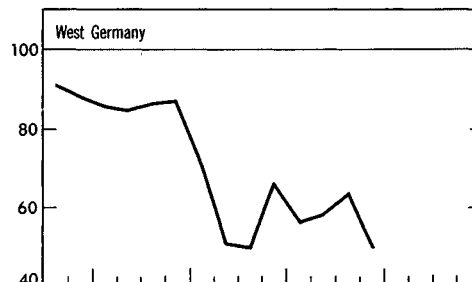
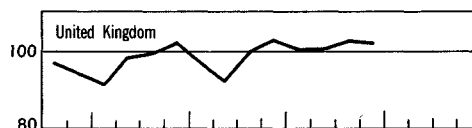
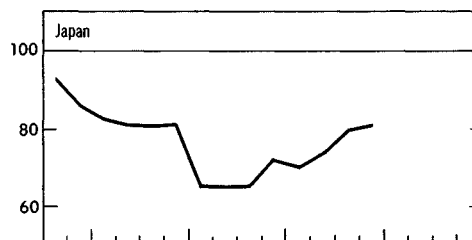
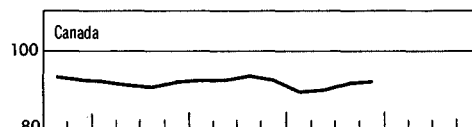
CHART 12

**Indexes of Foreign Currency Prices of U.S. Dollar (May 29, 1970=100)**

Index of trade-weighted average foreign currency prices of U.S. dollar<sup>1/</sup>



Index of foreign currency prices of U.S. dollar<sup>2/</sup>



1. Calculated from trade-weighted average of OECD countries' currencies against U.S. dollar at end of quarter. Source: OASIA, U.S. Department of the Treasury.  
2. Calculated from spot rates at end of quarter.

tween the recording of debits and corresponding credits, particularly since data are usually obtained from different sources. There also may have been some reflux of the substantial outflow of unreported funds during the exchange crisis in early 1973.

### The Balances

The balance on goods and services shifted \$1.1 billion to a surplus of \$0.8 billion in the fourth quarter (see table A). For the full year 1974, it was in surplus by \$3.2 billion, compared with \$4.3 billion in 1973. The rise in the trade deficit was largely offset by the increase in net investment income and the reduction in net payments on other goods and services, mainly due to increased receipts from military agency sales and lower travel expenditures abroad.

The deficit on current account narrowed \$1.2 billion to \$0.3 billion in the fourth quarter. For the full year, the deficit was \$4.0 billion. Excluding extraordinary U.S. grants that were fully offset in Government capital accounts, the deficit amounted to \$0.9 billion, compared with a \$0.5 billion surplus in 1973.

There was a \$2.0 billion widening to a \$5.9 billion deficit in the balance on current account and long-term capital in the fourth quarter; for the full year 1974, the deficit was \$10.6 billion, compared with \$1.0 billion in 1973. The major contributing factors

were the swing in net transactions in United States and foreign securities, and the rise in direct investment outflows. This balance, intended to serve as a rough indicator of long-term trends in the U.S. balance of payments, is subject to limitations. For instance, all direct investment transactions are classified among long-term capital accounts although many of the transactions are short-term and may be reversed within relatively short time periods.

The net liquidity deficit widened to \$6.5 billion in the fourth quarter from \$4.5 billion in the third; for the entire year, the deficit rose to \$18.3 billion, compared with \$7.6 billion in 1973. This balance was intended, under fixed exchange rates, to indicate potential pressure on the dollar resulting from changes in the U.S. liquidity position. Under a system of managed floating exchange rates, the usefulness of the net liquidity balance is limited. In addition, the balance is subject to a number of deficiencies—as it was under fixed rates—related to difficulties in distinguishing liquid from nonliquid liabilities and claims; recently the distinction between the two has become even more blurred.

The official reserve transactions deficit increased \$4.0 billion in the fourth quarter. For all of 1974, the balance was in deficit by \$8.1 billion, compared with \$5.3 billion in 1973. Changes in this balance reflect changes in U.S.

liabilities to foreign official agencies, net of changes in U.S. official reserve assets. Under fixed exchange rates, the balance was intended to indicate net exchange market pressure on the dollar during the reporting period resulting from international transactions of the United States. Under the current managed floating exchange rate system, changes in liabilities to foreign official agencies are no longer the result of obligatory exchange market intervention to support a fixed rate, although there is limited official exchange market intervention. Thus, changes in liabilities to foreign official agencies now inadequately reflect pressures on the dollar in exchange markets. To a large extent, the changes in dollar holdings by foreign official agencies in 1974 reflected investment decisions by the authorities of petroleum-exporting countries to place surplus exchange revenues in U.S. money markets. In the fourth quarter, however, the increase in foreign official dollar holdings was in good part by European countries, probably associated with previously mentioned interest rate and exchange rate developments.

A review of the balance of payments presentation designed to make it more useful for the analysis of U.S. international transactions and exchange rate developments is being conducted by an interagency group under the direction of the Office of Management and Budget (OMB). A private advisory

Table C.—Net Change in U.S. Corporate Foreign Assets and Liabilities<sup>1</sup>

[Millions of dollars, seasonally adjusted]

Line	Credits (+); debits (-) (lines in tables 2 and 3 in which transactions are included are indicated in ( ))	1973	1974 <sup>p</sup>	Change: 1973-74	1973				1974				Change: 1974 III-IV
					I	II	III	IV	I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>	
1	Direct investment (39).....	-4,872	-6,801	-1,929	-1,815	-973	-710	-1,374	-627	-1,527	-2,047	-2,600	-553
2	Corporate foreign borrowing, total.....	2,490	1,203	-1,287	780	284	870	556	332	403	423	45	-378
3	New issues of securities sold abroad by U.S. corporations (50) <sup>†</sup> .....	1,283	116	-1,167	414	274	197	398	24	67	13	12	-1
4	Other long-term liabilities (51).....	264	-674	-938	266	15	312	-329	-55	-404	-79	-136	-57
5	Short-term liabilities (52) <sup>†</sup> .....	943	1,761	818	100	-5	361	487	363	740	489	169	-320
6	Direct investment net of corporate foreign borrowing <sup>†</sup> .....	-2,382	-5,598	-3,216	-1,035	-689	160	-818	-295	-1,124	-1,624	-2,555	-931
7	Other corporate claims, total.....	-2,718	-3,903	-1,185	-922	-324	-662	-810	-2,077	-604	178	-500	-678
8	Long-term (44).....	-464	-493	-29	-142	-71	-150	-101	-115	11	-117	-272	-155
9	Short-term, nonliquid (45) <sup>†</sup> .....	-1,413	-2,491	-1,078	-98	-180	-447	-688	-1,598	-679	269	55	324
10	Short-term, liquid (46).....	-841	-19	822	-682	-73	-65	-21	-364	64	564	-283	-847
11	Total net corporate capital flow.....	-5,100	-8,601	-3,501	-1,957	-1,013	-502	-1,628	-2,372	-1,728	-1,446	-3,055	-1,609

<sup>r</sup> Revised. <sup>p</sup> Preliminary. <sup>†</sup> Portion of line.

1. Excludes claims and liabilities of U.S. banking and brokerage institutions.

2. Includes proceeds from new issues of stocks as well as bonds sold abroad by U.S. corporations. Excludes funds obtained abroad by U.S. corporations through bank loans and other credits and also excludes securities issued by subsidiaries incorporated abroad. However, securities issued by finance subsidiaries incorporated in the Netherlands Antilles are treated

as if they had been issued by U.S. corporations to the extent that the proceeds of such issues are transferred to U.S. parent companies.

3. Excludes brokerage transactions.

4. Corporate foreign borrowing and changes in "other corporate claims" may include funds to finance trade or other activities not entirely related to direct investment. The amounts cannot be disaggregated.



committee, selected by OMB, is participating in the review.

**Developments by Major Areas**

The effects of the world petroleum situation resulted in changes in U.S. international transactions with markedly different area patterns, especially those with industrial areas and those with developing areas of Latin America, Asia, and Africa that include major petroleum-exporting countries. (Separate data for all balance of payments transactions with members of OPEC are not presently compiled; they would be of limited use since many transactions are channeled through third-country intermediaries.)

The balance on goods, services, and unilateral transactions (the current ac-

count balance) with developing areas shifted into deficit in 1974 due to the increased cost of petroleum imports from OPEC that was only partly offset by increased investment income from U.S. petroleum affiliates in those areas. The current account deficit declined with Western Europe and Japan, and the surplus with Canada and other areas rose (see table E). U.S. capital outflows increased to both industrial and developing areas in 1974. The rise in foreign capital inflows, however, came primarily from OPEC. A shift to a small inflow from Japan was largely offset by a substantial decline in the inflow from Western Europe.

**Western Europe**

The deficit in U.S. transactions with Western Europe in goods, services, and

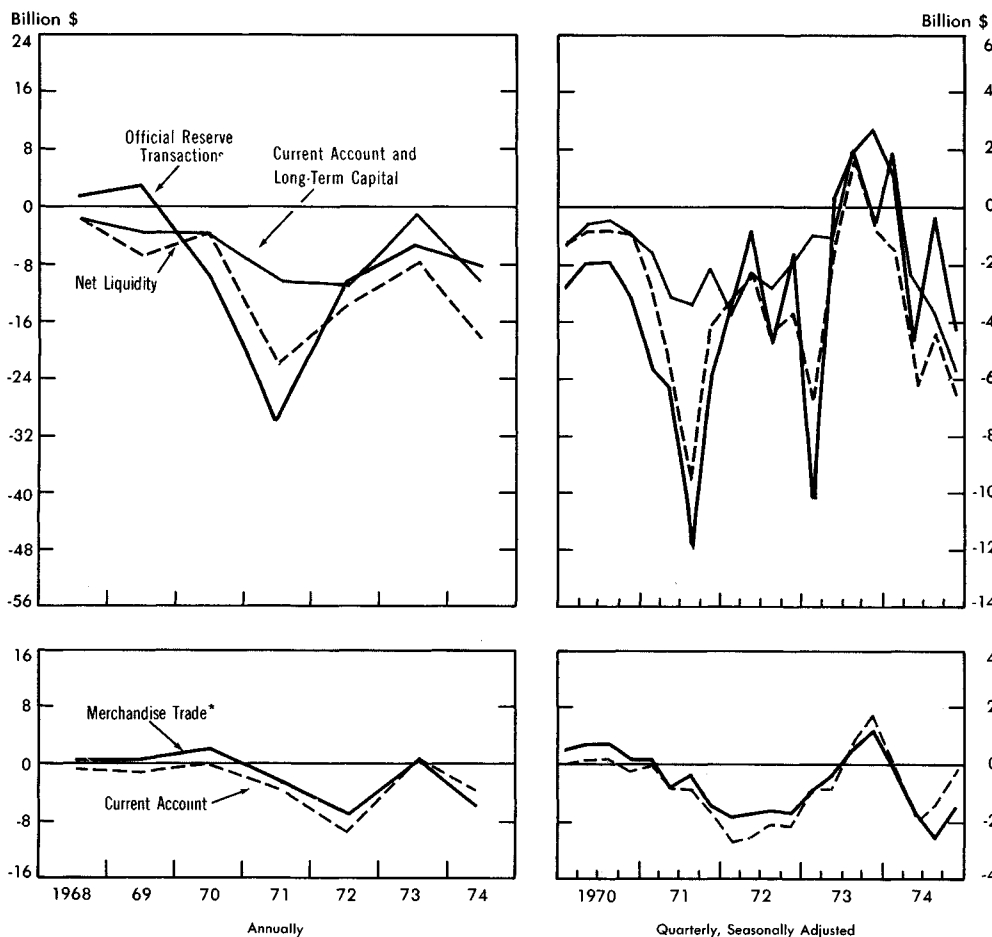
unilateral transactions narrowed to \$0.3 billion in 1974 from \$3.4 billion in 1973. Most of the change resulted from a substantial rise in the merchandise trade surplus. Exports to Western Europe grew at a faster pace than imports, largely due to the U.S. economic slowdown and the improved U.S. competitive position arising from the devaluations of the dollar. Net investment income payments rose slightly; increased receipts on U.S. direct investment and other private assets were more than offset by a large rise in income payments on U.S. liquid liabilities, which increased substantially in 1973 and 1974. Net payments for other services dropped, due to lower U.S. travel expenditures in Western Europe and to increased shipments of goods under U.S. military agency sales contracts.

U.S. direct investments in Western Europe expanded to \$3.5 billion in 1974. The rise included outflows to finance North Sea petroleum development, increased plant and equipment expenditures, and short-term claims on petroleum affiliates arising from delayed payments to U.S. parent companies for petroleum.

There was a major shift in net security transactions with Western Europe. U.S. purchases of securities in

CHART 13

**Balances on Major U.S. International Transactions**



**Table D.—Selected Petroleum-Related Transactions**

(Billions of dollars)

	1973	1974 <sup>a</sup>	Change: 1973-74
<b>Merchandise trade in petroleum and products:</b>			
U.S. exports.....	0.6	0.8	0.2
U.S. imports.....	-8.1	-25.9	-17.8
<b>Merchandise trade with OPEC <sup>1</sup>:</b>			
U.S. exports, total.....	3.3	6.2	2.9
U.S. imports, total.....	-5.0	-17.2	-12.2
<b>Direct investment income:</b>			
U.S. direct investment in foreign petroleum affiliates.....	4.3	12.4	8.0
Foreign direct investment in U.S. petroleum corporations.....	-3	-5.1	-4.8
<b>Direct investment capital flow:</b>			
U.S. direct investment in foreign petroleum affiliates.....	-1.4	-3	1.1
Foreign direct investment in U.S. petroleum corporations.....	1.0	.8	-.2
<b>Estimated change in U.S. liquid liabilities to OPEC (including all liabilities to OPEC official agencies).....</b>	.5	10.5	10.0

<sup>a</sup> Preliminary.

<sup>1</sup> Organization of Petroleum Exporting Countries including Algeria, Ecuador, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

NOTE.—Detail may not add to totals because of rounding.

\*Excludes exports under military grants and U.S. military agency sales contracts and imports of U.S. military agencies.

the European markets rose \$0.5 billion, due to relatively high yields and the removal of U.S. controls on such investments. Purchases of U.S. securities by Europeans and other foreigners through European banks or brokers dropped \$2.2 billion. Most of the drop was in purchases of stocks, but purchases of bonds also declined, as new issues by U.S. corporations in European markets virtually ceased.

U.S. bank-reported claims on Western Europe rose \$2.5 billion, following a rise of \$1.1 billion in 1973; the rise was largely related to financing the extraordinary increase in European petroleum import costs.

U.S. liquid liabilities to Western Europe rose \$8.5 billion in 1974, compared with \$14.4 billion in 1973. Most of the 1973 increase was in liabilities to European official institutions and occurred early in that year before managed floating exchange rates were generally adopted. Liabilities to official institutions declined in 1974, but those to private Europeans, mainly banks, rose. The rise may have included the rechanneling to U.S. banks by European banks of some of the oil-exporting countries' dollars that were deposited in Eurobanks.

Attribution of international transactions to particular areas does not necessarily reflect the ultimate foreign transactor. This is particularly true in the case of capital transactions with Western Europe, because financial institutions in several countries, including the United Kingdom, Switzerland, and

France, often act as intermediaries between the United States and other countries.

### Japan

The current-account deficit with Japan narrowed \$0.4 billion to \$1.2 billion in 1974. The \$0.5 billion increase in the merchandise trade deficit was more than offset by a shift from net payments to net receipts on investment income and other services. There was a substantial increase in income from sharply expanded U.S. bank-reported claims on Japan, some rise in net travel and transportation receipts, and a slight decline in military expenditures.

U.S. corporate outflows for direct investment in Japan rose to \$0.5 billion from a negligible amount in 1973, and other net corporate outflows to unaffiliated Japanese residents, at \$0.3 billion, were little changed. Inflows for Japanese direct investment in the United States edged slightly downward. Net inflows through security transactions dropped \$0.4 billion, as a small rise in net U.S. sales of Japanese securities was more than offset by a shift from net Japanese purchases to net Japanese sales of U.S. stocks.

U.S. bank-reported outflows to Japan rose sharply to \$6.1 billion, and largely financed the high cost of Japanese petroleum imports. Interest rates in the United States were favorable for Japanese borrowers, and Japanese monetary authorities encouraged their residents to borrow dollars abroad, because their exchange reserves had dropped

considerably from the 1972 peak. Nearly all of the outflow occurred in the first three quarters; after midyear the Japanese turned increasingly to other sources, including the petroleum-exporting countries, for funds.

### Canada

The current-account surplus with Canada rose \$0.6 billion in 1974. The merchandise trade deficit declined \$0.3 billion; a \$2.2 billion rise in petroleum imports was more than offset by increased exports. Net income receipts also rose about \$0.3 billion.

Net capital outflows to Canada by U.S. corporations rose \$0.4 billion; about half the increase was in direct investment and half in transactions with unaffiliated Canadian residents. U.S. purchases of Canadian securities, mostly newly issued Canadian bonds, increased \$1.0 billion, and U.S. bank-reported claims on Canada rose \$0.8 billion. The increases were stimulated by lower U.S. interest rates. Total liquid liabilities to Canada were unchanged in 1974; a small decline in liabilities to Canadian official institutions was offset by a rise in liquid liabilities to private Canadians.

### Latin America

Sharply higher prices for petroleum and, to a lesser extent, for other industrial raw materials and foodstuffs, increased U.S. imports from Latin America \$2.9 billion more than exports in 1974, resulting in the first trade

(Continued on page 47)

Table E.—Summary of International Transactions, by Areas

[Billions of dollars]

Line	U.S. receipts (+), payments (-) [Lines in tables 2 and 9 in which transactions are included are indicated in ( )]	All areas		Western Europe		Japan		Canada		Latin American Republics and other Western Hemisphere		Asia and Africa excl. Japan and South Africa		All other	
		1973	1974	1973	1974	1973	1974	1973	1974	1973	1974	1973	1974	1973	1974
		1	Goods, services, and unilateral transfers, net (current account) (1, 15, 29)	0.5	-0.9	-3.4	-0.3	-1.6	-1.2	0.2	0.9	1.6	-1.0	1.7	1-2.0
2	U.S. Government capital flows, net (33)	-2.7	-2.7	-2	-3	.2	(*)	-1	-1	-5	-7	-1.7	1-1.4	-4	-2
3	U.S. private capital flows, net (38)	-14.2	-30.6	-4.9	-7.7	-2.3	-6.2	-1.6	-3.6	-2.8	-9.5	-2.2	-1.9	-3	-1.6
4	Foreign capital flows, net (47)	18.5	30.4	19.2	11.4	-6.9	2.7	.5	.6	2.6	4.3	2.2	11.2	.9	.2
5	Transactions in U.S. official reserve assets, net (58)	.2	-1.4	.2	(*)			(*)						(*)	-1.4
6	Errors and omissions and transfers of funds between foreign areas, net (64)	-2.3	5.2	-11.0	-3.1	10.5	4.7	1.0	2.1	-8	6.9	.1	-5.9	-2.2	.3

\*Less than \$500,000 (±).

1. Adjusted to exclude extraordinary \$-3.1 billion of U.S. Government grants (line 1) and \$3.1 billion of U.S. Government capital inflows (line 2), through transactions with India, Israel and Vietnam that were fully offsetting. (See June 1974 SURVEY, p. 27, and September 1974 SURVEY, p. 38.)

2. Reconciliation of U.S.-Canadian statistics for 1973 resulted in a \$1.0 billion U.S. surplus on the current account on the basis of the conceptual framework of the study.

NOTE.—Detail may not add to totals because of rounding.

Table I.—U.S. Balance of Payments Summary

[Millions of dollars, seasonally adjusted]

Table with columns: Line, (Credits +; debits -), Reference lines (table 2), 1973, 1974\*, Change: 1973-74, 1973 (I, II, III, IV), 1974 (I\*, II\*, III\*, IV\*), Change: 1974 III-IV. Rows include Merchandise trade balance, Investment income, Balance on goods and services, Balance on current account, and Official reserve transactions.

\* Revised. \* Preliminary. \* Less than \$500,000 (±). n.a. Not available. † See table A.

1. Adjusted to balance of payments basis; excludes exports under U.S. military agency sales contracts and imports of U.S. military agencies.

2. Fees and royalties from U.S. direct investments abroad or from foreign direct investments in the United States are excluded from investment income and included in "other services".

3. Conceptually, line 11 is equal to net exports of goods and services, and the sum of lines 15 and 31 is equal to "net foreign investment" in the national income and product accounts of the United States. Beginning with 1973-IV however, these components in the product accounts exclude the shipments and the financing of extraordinary military orders placed by Israel. The balance of payments accounts include these transactions as follows in billions of dollars (line references are to tables 2 and 3): 1973-IV, line 3, 0.6, line 35, -0.6; 1974-I, line 3, 0.1, line 35, -0.1; 1974-II, line 3, 0.1, line 35, 0.5, line 30, -0.6; 1974-III, line 3, (\*), line 35, 0.2, line 30, -0.2; 1974-IV, line 3, (\*), line 35, 0.1, line 30, -0.1.

4. Includes some short-term U.S. Government assets.

5. Includes changes in nonliquid liabilities reported by U.S. banks and in investments by foreign official agencies in debt securities of U.S. Government corporations and agencies, private corporations, and State and local governments.

6. Includes return import into the United States, at a depreciated value, of aircraft originally reported as transfers under U.S. military agency sales contracts under long-term lease in 1970-III.

7. Includes extraordinary U.S. Government transactions with India. See "Special U.S. Government Transactions" in June 1974 SURVEY, p. 27.

NOTE.—Details may not add to totals because of rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.



Table 3.—U.S. International Transactions—Seasonally Adjusted

[Millions of dollars]

Line	(Credits +; debits -) <sup>1</sup>	1973				1974			
		I	II	III	IV	I <sup>a</sup>	II <sup>a</sup>	III <sup>a</sup>	IV <sup>a</sup>
1	<b>Exports of goods and services</b> <sup>2</sup> .....	22,193	23,847	25,922	29,012	33,067	35,046	36,766	37,768
2	Merchandise, adjusted, excluding military <sup>3</sup> .....	15,280	16,679	18,152	20,216	22,212	23,921	24,781	26,217
3	Transfers under U.S. military agency sales contracts.....	342	446	520	1,046	666	651	805	844
4	Travel.....	818	773	842	843	978	866	918	973
5	Passenger fares.....	237	233	259	251	275	252	282	286
6	Other transportation.....	993	1,044	1,083	1,178	1,267	1,362	1,368	1,419
7	Fees and royalties from affiliated foreigners.....	679	643	788	728	756	813	840	785
8	Fees and royalties from unaffiliated foreigners.....	178	183	187	192	195	198	202	205
9	Other private services.....	412	423	433	445	456	470	481	493
10	U.S. Government miscellaneous services.....	110	115	156	133	113	131	118	156
	Receipts of income on U.S. investment abroad:								
11	Direct investments <sup>4</sup> .....	2,194	2,210	2,323	2,688	4,650	4,546	4,824	4,220
12	Other private assets.....	774	882	973	1,112	1,266	1,563	1,922	1,927
13	U.S. Government assets.....	226	216	206	180	233	273	275	243
14	<b>Transfers of goods and services under U.S. military grant programs, net</b> .....	693	833	758	487	393	542	352	504
15	<b>Imports of goods and services</b> .....	-22,378	-23,731	-24,263	-26,276	-30,251	-35,252	-37,013	-36,942
16	Merchandise, adjusted, excluding military <sup>3</sup> .....	-16,184	-17,042	-17,574	-19,006	-22,387	-25,595	-27,205	-27,775
17	Direct defense expenditures.....	-1,175	-1,209	-1,067	-1,169	-1,166	-1,319	-1,278	-1,302
18	Travel.....	-1,308	-1,392	-1,323	-1,384	-1,391	-1,454	-1,358	-1,419
19	Passenger fares.....	-432	-420	-400	-415	-468	-459	-447	-489
20	Other transportation.....	-994	-1,019	-1,074	-1,103	-1,192	-1,293	-1,329	-1,382
21	Fees and royalties to affiliated foreigners.....	-56	-49	-46	-57	-58	-54	-49	-51
22	Fees and royalties to unaffiliated foreigners.....	-38	-42	-46	-49	-49	-49	-48	-47
23	Private payments for other services.....	-236	-255	-264	-267	-274	-284	-284	-283
24	U.S. Government payments for miscellaneous services.....	-208	-203	-224	-224	-221	-233	-276	-226
	Payments of income on foreign investments in the United States:								
25	Direct investments <sup>4</sup> .....	-113	-192	-193	-394	-796	-1,947	-1,919	-1,076
26	Other private liabilities.....	-774	-932	-1,051	-1,209	-1,248	-1,500	-1,746	-1,770
27	U.S. Government liabilities.....	-860	-976	-1,001	-999	-1,001	-1,065	-1,074	-1,122
28	<b>U.S. military grants of goods and services, net</b> .....	-693	-833	-758	-487	-393	-542	-352	-504
29	<b>Unilateral transfers (excluding military grants of goods and services), net</b> .....	-761	-1,056	-897	-1,164	-2,951	-1,902	-1,228	-1,136
30	U.S. Government grants (excluding military grants of goods and services).....	-357	-645	-485	-447	-2,561	-1,435	-772	-673
31	U.S. Government pensions and other transfers.....	-172	-171	-179	-172	-107	-189	-204	-193
32	Private remittances and other transfers.....	-232	-240	-233	-545	-283	-278	-252	-270
33	<b>U.S. Government capital flows, net</b> .....	-588	-391	-604	-1,066	1,297	311	-186	-1,014
34	Loans and other long-term assets.....	-1,197	-1,235	-1,187	-1,019	-1,243	-1,228	-1,018	-1,538
35	Foreign currencies and other short-term assets, net.....	-82	-2	36	-561	-231	607	249	-32
	Repayments on credits:								
36	Scheduled.....	580	672	543	514	2,771	932	583	556
37	Nonscheduled <sup>5</sup> .....	111	174	4	(*)	(*)	(*)	(*)	(*)
38	<b>U.S. private capital flows, net</b> .....	-5,733	-2,029	-1,631	-4,773	-8,710	-9,945	-4,109	-7,791
39	Direct investments abroad <sup>4</sup> .....	-1,815	-973	-710	-1,374	-627	-1,527	-2,047	-2,600
40	Foreign securities.....	51	-124	-209	-525	-646	-313	-308	-686
	Claims reported by U.S. banks:								
41	Long-term.....	-273	-326	197	-497	-182	-913	88	-163
42	Short-term, nonliquid.....	-1,644	-1,399	222	-1,119	-2,817	-5,311	-1,653	-2,442
43	Short-term, liquid.....	-1,171	996	-456	-472	-2,368	-1,261	-431	-1,385
	Claims reported by U.S. nonbanking concerns:								
44	Long-term.....	-142	-71	-150	-101	-115	11	-117	-272
45	Short-term, nonliquid.....	-57	-59	-460	-664	-1,591	-695	-207	40
46	Short-term, liquid.....	-682	-73	-65	-21	-364	64	564	-283
47	<b>Foreign capital flows, net</b> .....	10,990	2,493	1,822	3,157	6,453	10,637	5,935	7,386
48	U.S. Government nonliquid liabilities to other than foreign official reserve agencies.....	217	485	206	204	53	273	189	119
	Other foreign private capital:								
49	Direct investments in the United States <sup>4</sup> .....	351	588	886	712	1,281	1,677	-89	-561
50	U.S. securities other than Treasury issues.....	1,718	489	1,173	670	687	410	168	-75
51	Other long-term, reported by U.S. nonbanking concerns.....	266	15	312	-329	-55	-404	-79	-136
52	Short-term, reported by U.S. nonbanking concerns.....	38	1	395	530	414	710	433	164
53	Long-term, reported by U.S. banks.....	153	78	28	-7	161	11	-20	-165
54	U.S. liquid liabilities to private foreigners.....	-1,728	1,140	811	4,023	4,748	3,071	4,010	3,903
55	U.S. liquid liabilities to foreign official agencies.....	8,816	-729	-1,488	-2,145	-557	4,255	1,263	3,295
56	Other readily marketable liabilities to foreign official agencies <sup>6</sup> .....	1,202	259	11	-354	-277	182	61	630
57	Nonliquid liabilities to foreign official reserve agencies reported by U.S. Government.....	-43	167	-452	-147	-2	443	-1	215
58	<b>Transactions in U.S. official reserve assets, net</b> .....	220	17	-13	-15	-210	-358	-1,003	137
59	Gold.....								
60	SDR.....		9				-29	-123	-20
61	Convertible currencies.....	233	(*)		(*)	-1	-85	-152	241
62	Gold tranche position in IMF.....	-13	8	-13	-15	-209	-244	-728	-84
63	<b>Allocations of special drawing rights (SDR)</b> .....								
64	<b>Errors and omissions, net</b> .....	-3,941	850	-336	1,125	1,305	1,463	838	1,592

<sup>a</sup> Revised. <sup>b</sup> Preliminary. \* Less than \$500,000 (±).

1. Credits,+ : Exports of goods and services; unilateral transfers to U.S.; capital inflows (increase in U.S. liabilities or decrease in U.S. assets); decrease in U.S. official reserve assets.

Debits,- : Imports of goods and services; unilateral transfers to foreigners; capital outflows (decrease in U.S. liabilities or increase in U.S. assets); increase in U.S. official reserve assets.

2. Excludes transfers of goods and services under U.S. military grant programs.

3. Excludes exports of goods under U.S. military agency sales contracts identified in Census export documents, and imports of goods included under direct defense expenditures identified in Census import documents, and reflects various other balance-of-payments adjustments (for valuation, coverages, and timing) to Census statistics; see table 4.

4. Includes interest, dividends, and branch earnings; excludes reinvested earnings of foreign incorporated affiliates of U.S. firms or of U.S. incorporated affiliates of foreign firms.

5. Includes sales of foreign obligations to foreigners.

6. Includes changes in nonliquid liabilities reported by U.S. banks and in investments by foreign official agencies in debt securities of U.S. Government corporations and agencies, private corporations, and State and local governments.

7. Includes return import into the United States, at a depreciated value of \$21 million in 1972-IV and \$22 million in 1973-II, of aircraft originally reported in 1970-III in line 3 as a long-term lease to Australia.

8. Includes extraordinary U.S. Government transactions with India. See "Special U.S. Government Transactions" in June 1974 SURVEY, p. 27.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.









Table 6.—Direct Investments and Securities Transactions

[Millions of dollars]

Line	(Credits (+); debits (-))	1973	1974 <sup>p</sup>	1973				1974			
				I	II	III	IV	I	II	III <sup>r</sup>	IV <sup>p</sup>
1	<b>U.S. direct investments abroad</b> (table 2, line 39).....	-4,872	-6,801	-2,445	-943	-510	-974	-1,269	-1,487	-1,839	-2,206
2	Transactions with foreign incorporated affiliates.....	3,540	n.a.	-1,858	-321	-719	-650	-3,070	-930	-320	n.a.
3	Intercompany accounts: short-term.....	-1,719	n.a.	-1,486	-52	-370	190	-2,683	-559	6	n.a.
4	long-term.....	-70	n.a.	53	139	-34	-189	137	-23	-78	n.a.
5	Capital stock and other equity, net.....	-1,771	n.a.	-426	-408	-307	-630	-524	-348	-249	n.a.
6	Increase <sup>1</sup> .....	-2,637	n.a.	-535	-751	-479	-872	-674	-417	-380	n.a.
7	Decrease <sup>2</sup> .....	866	n.a.	110	343	172	243	150	69	131	n.a.
8	Miscellaneous.....	-28	n.a.	2	-1	-7	-22				n.a.
9	Branch accounts.....	-1,324	n.a.	-587	-622	209	-324	1,801	-558	-1,518	n.a.
	<i>By industry of foreign affiliate: <sup>3</sup></i>										
10	Mining and smelting.....	-201	n.a.	-88	7	-35	-87	-54	15	77	n.a.
11	Petroleum.....	-1,417	n.a.	-979	-434	291	-294	533	-128	-203	n.a.
12	Manufacturing.....	-1,820	n.a.	-576	-495	-406	-344	-888	-635	-960	n.a.
13	Other.....	-1,434	n.a.	-804	-20	-560	-260	-860	-739	-752	n.a.
14	<b>Foreign direct investments in the United States</b> (table 2, line 49).....	2,537	2,308	351	588	886	712	1,281	1,677	-89	-561
15	Transactions with U.S. incorporated affiliates.....	2,305	2,007	297	570	828	610	1,247	1,645	-280	-605
16	Intercompany accounts.....	818	839	163	483	85	87	897	1,475	-469	-1,064
17	Capital stock and other equity, net.....	1,487	1,168	134	87	744	523	350	170	189	459
18	Increase <sup>1</sup> .....	1,537	1,176	165	105	744	524	350	178	189	459
19	Decrease <sup>2</sup> .....	-50	-8	-31	-18		-1				
20	Branch accounts.....	232	300	54	18	58	102	34	32	190	44
21	<i>Of which: manufacturing affiliates: <sup>3</sup></i> .....	725	933	249	132	175	169	239	135	454	105
22	<b>Foreign securities, net U.S. purchases (-), balance of payments basis</b> (table 2, line 40 or lines 27-38 below).....	-807	-1,951	51	-124	-209	-525	-646	-313	-306	-686
23	<i>Stocks, net, Treasury basis <sup>4</sup></i> .....	176	182	149	33	3	-9	-15	122	87	-12
24	<i>less: recorded in line 1 above as U.S. direct investment abroad</i> .....	-23	-64	-14	-6	-2	-1	-2		(*)	-60
25	<i>plus: exchange of stock associated with direct investment in United States</i> .....										
26	<i>plus: other adjustments</i> .....										
27	<b>Stocks, net, balance of payments basis</b> .....	199	246	163	39	5	-8	-13	124	87	48
28	Newly issued in the United States.....	-12	-5	-4	-3	-1	-4	-3	-2	(*)	
29	<i>of which: Canada</i> .....										
30	Other foreign stocks.....	211	251	167	42	6	-4	-10	126	87	48
31	Canada.....	152	18	88	4	24	36	33	-10	-12	7
32	Western Europe.....	-134	-291	-15	14	-20	-113	-158	-50	-47	-36
33	Japan.....	191	513	87	33	-7	78	116	186	149	62
34	Other.....	2	11	7	-9	9	-5	-1	(*)	-3	15
35	<i>bonds, net, Treasury basis <sup>4</sup></i> .....	-994	-2,197	-113	-162	-202	-517	-633	-437	-393	-734
36	<i>less: recorded in line 1 above as U.S. direct investment abroad</i> .....										
37	<i>plus: other adjustments</i> .....	-13				-13					
38	<b>Bonds, net, balance of payments basis</b> .....	-1,007	-2,197	-113	-162	-215	-517	-633	-437	-393	-734
39	Newly issued in the United States.....	-1,379	-2,336	-271	-308	-251	-549	-677	-473	-416	-770
40	Canada.....	-806	-1,745	-138	-240	-174	-254	-574	-354	-300	-517
41	Latin America.....	-74	-30	-61	-13	-10	-10	-10	-10	-10	-10
42	Other countries.....	-495	-561	-69	-68	-63	-295	-93	-109	-116	-243
43	International.....	-4		-3		-1					
44	Redemptions of U.S. held foreign bonds <sup>5</sup> .....	458	418	124	113	90	131	103	114	106	95
45	Other transactions in outstanding bonds <sup>6</sup> .....	-86	-278	34	33	-4	-99	-59	-77	-83	-59
46	Canada.....	-100	-24	4	-12	-22	-70	-8	(*)	-18	2
47	Western Europe.....	-9	-157	48	-8	-25	-24	-8	-54	-68	-27
48	Japan.....	62	-15	12	18	27	5	-7	-2	2	-8
49	Other.....	-39	-82	-30	35	-34	-10	-36	-21	1	-26
50	<b>U.S. securities, excluding Treasury issues, net foreign purchases (+), balance of payments basis</b> (table 2, line 50, or lines 54-61 below).....	4,051	1,199	1,718	489	1,173	670	687	419	168	-75
51	<i>stocks, net, Treasury basis <sup>4</sup></i> .....	2,785	444	1,273	155	871	486	378	12	77	-23
52	<i>plus: exchange of stock associated with U.S. direct investment abroad</i> .....	-27		27				-2		3	
53	<i>plus: other adjustments</i> .....									2	
54	<b>Stocks, net, balance of payments basis</b> .....	2,758	447	1,273	128	871	486	376	12	82	-23
55	Canada.....	101	-3	87	37	29	-52	-48	-4	33	16
56	Western Europe.....	2,077	389	1,039	37	623	378	454	57	65	-187
57	Other.....	580	61	147	54	219	160	-30	-41	-16	148
58	<i>bonds, net, Treasury basis <sup>4</sup></i> .....	1,949	1,504	1,289	600	227	-167	84	511	361	548
59	<i>plus: proceeds obtained by U.S. parents from securities issued by Netherlands Antilles finance subsidiaries <sup>6</sup></i> .....	215	80	124	37	54			17	13	
60	<i>plus: other adjustments <sup>7</sup></i> .....	-871	-782	-963	-276	22	351	227	-121	-233	-600
61	<b>Bonds, net, balance of payments basis</b> .....	1,293	752	444	361	303	185	311	407	86	-52
62	New issues sold abroad by U.S. corporations <sup>6</sup> .....	1,223	116	384	274	197	368	24	67	13	12
63	<i>of which, denominated in: Dollars</i> .....	743	97	300	172	90	181	24	48	13	12
64	Convertible.....	372		156	95	34	87				
65	Straight debt.....	371	97	144	77	56	94	24	48	13	12
66	Investments by International and Regional organizations in nonguaranteed bonds of U.S. federally sponsored agencies.....	52	130	-8	64	135	-139	187	139	-50	-146
67	Other transactions in U.S. bonds.....	17	506	68	23	-29	-45	100	201	123	82

<sup>r</sup> Revised. <sup>p</sup> Preliminary. \*Less than \$500,000±. n.a. Not available.  
 1. Acquisition of capital stock of existing and newly established companies, capitalization of intercompany accounts, and other equity contributions.  
 2. Sales and liquidations of capital stock and other equity holdings, total, and partial.  
 3. Mining and smelting includes the exploration and development of mining properties, the extraction of raw ores and the processing necessary for basic refined metals. Petroleum includes the exploration, development and production of crude oil and gas, and the transportation, refining and marketing of petroleum products exclusive of petrochemicals. Manufacturing excludes petroleum refining and the smelting operations of mining companies. "Other" industries include all industries except those previously listed, the major ones being agriculture, public utilities, transportation, trade, insurance, finance and services.  
 4. As published in Treasury Bulletin. Treasury data are based on transactions by foreigners reported by banks and brokers in the United States: net purchase by foreigners (+) corresponds to net U.S. sales (-).  
 5. Redemptions measure scheduled retirements and identifiable premature retirements of U.S.-held foreign debt securities. Unidentifiable nonscheduled retirements appear in line 45.  
 6. Securities newly issued by finance subsidiaries incorporated in the Netherlands Antilles are included to the extent that the proceeds are transferred to U.S. parent companies.  
 7. Mainly reflects exclusion of investments by foreign official reserve agencies in debt securities of U.S. Government corporations and agencies, private corporations, and State and local governments. These investments are included in table 2, line 56.  
 NOTE.—Details may not add to totals because of rounding.  
 Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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 6. Securities newly issued by finance subsidiaries incorporated in the Netherlands Antilles are included to the extent that the proceeds are transferred to U.S. parent companies.  
 7. Mainly reflects exclusion of investments by foreign official reserve agencies in debt securities of U.S. Government corporations and agencies, private corporations, and State and local governments. These investments are included in table 2, line 56.  
 NOTE.—Details may not add to totals because of rounding.  
 Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 7.—Claims on Foreigners and Nonliquid Liabilities to Private Foreigners Reported by U.S. Banks and Nonbanking Concerns

(Millions of dollars)

Line	(Credits (+); increase in U.S. liabilities or decrease in U.S. assets. Debits (-); decrease in U.S. liabilities or increase in U.S. assets.)	1973	1974 <sup>p</sup>	1973				1974				Amounts out-standing Dec. 31, 1974
				I	II	III	IV	I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>	
<b>A. Claims reported by U.S. banks:</b>												
1	<b>Long-term</b> (table 2, line 41).....	-899	-1,170	-273	-326	197	-497	-182	-913	88	-163	7,162
2	<b>Short-term, nonliquid</b> (table 2, line 42).....	-3,940	-12,223	-1,542	-1,432	556	-1,522	-2,723	-5,333	-1,318	-2,849	28,464
3	Payable in dollars.....	-4,007	-12,085	-1,559	-1,450	584	-1,582	-2,695	-5,335	-1,226	-2,829	28,211
	By type:											
4	Loans.....	-2,047	-3,723	-845	-801	508	-909	-1,369	-2,421	852	-785	11,383
5	Acceptance credits.....	-930	-7,031	-257	-501	265	-437	-990	-2,449	-1,940	-1,652	11,190
6	Collections outstanding.....	-1,030	-1,331	-457	-148	-189	-236	-336	-465	-138	-392	5,638
	By area:											
7	Canada.....	-180	-65	-12	-105	137	-200	248	-129	16	-200	974
8	Western Europe.....	-571	-868	-205	-422	302	-246	-596	-969	1,171	-474	3,262
9	Japan.....	-1,784	-5,464	-1,047	-426	70	-381	-1,157	-2,268	-1,358	-681	10,932
10	Other.....	-1,472	-5,688	-295	-497	75	-755	-1,190	-1,969	-1,055	-1,474	13,043
11	Payable in foreign currencies.....	67	-138	17	18	-28	60	-28	2	-92	-20	253
12	Of which Canada.....	46	-40	-12	28	15	15	-12	-9	-2	-17	79
13	<b>Short-term, liquid</b> (table 2, line 43).....	-1,103	-5,445	-1,171	996	-456	-472	-2,368	-1,261	-431	-1,385	9,902
14	Payable in dollars.....	-1,220	-5,036	-1,049	902	-546	-527	-2,210	-1,150	-563	-1,113	8,945
15	Of which Canada.....	-21	-395	-523	437	-45	110	-477	312	83	-313	1,177
16	Payable in foreign currencies.....	117	-409	-122	94	90	55	-158	-111	132	-272	957
	By type:											
17	Deposits.....	13	-239	-83	-28	93	31	-117	-141	219	-200	668
18	Foreign government obligations and commercial and finance paper.....	104	-170	-39	122	-3	24	-41	30	-87	-72	289
	By area:											
19	Canada.....	109	-317	-20	86	18	25	-67	-116	76	-210	543
20	Other.....	8	-92	-102	8	72	30	-91	5	86	-62	414
<b>B. Claims reported by U.S. nonbanking concerns:</b>												
1	<b>Long-term</b> (table 2, line 44).....	-464	-493	-142	-71	-150	-101	-115	11	-117	-272	4,598
2	<b>Short-term, nonliquid</b> (table 2, line 45).....	-1,240	-2,453	29	7	-402	-874	-1,501	-626	-150	-176	8,003
3	Reported by brokerage concerns.....	173	38	41	121	-13	24	7	-16	62	-15	193
4	Reported by others.....	-1,413	-2,491	-12	-114	-389	-898	-1,508	-610	-212	-161	7,810
5	Payable in foreign currencies.....	-120	n.a.	2	-12	-32	-78	4	-18	-32	n.a.	n.a.
6	Payable in dollars.....	-1,293	n.a.	-14	-102	-357	-820	-1,512	-592	-180	n.a.	n.a.
	By area:											
7	Canada.....	-48	n.a.	18	-20	-21	-25	-32	-112	-36	n.a.	n.a.
8	United Kingdom.....	-106	n.a.	-10	-19	-55	-22	-40	-1	-113	n.a.	n.a.
9	European Economic Community (6).....	-225	n.a.	-84	14	-39	-116	-303	-215	16	n.a.	n.a.
10	Japan.....	-190	n.a.	-22	-5	-43	-120	-308	211	-7	n.a.	n.a.
11	Other.....	-724	n.a.	84	-72	-199	-537	-829	-475	-40	n.a.	n.a.
12	<b>Short-term, liquid</b> (table 2, line 46).....	-841	-19	-825	-123	-24	131	-506	15	605	-133	3,255
13	Payable in dollars.....	-704	68	-600	-175	35	36	-486	-1	614	-59	2,573
	By type:											
14	Deposits (of major U.S. corporations only).....	-722	87	-500	-256	39	-5	-424	-38	582	-33	2,517
15	Other claims (of major U.S. corporations only).....	18	-19	-100	81	-4	41	-62	37	32	-26	56
	By area:											
16	Canada.....	-165	-45	-253	-36	40	84	-161	44	79	-7	657
17	United Kingdom.....	-142	-144	-243	53	10	38	-267	-34	217	-60	1,179
18	Other.....	-397	257	-104	-192	-15	-86	-58	-11	318	8	737
19	Payable in foreign currencies.....	-137	-87	-225	52	-59	95	-20	16	-9	-74	682
	By type:											
20	Deposits.....	-91	23	-68	-39	-32	48	84	-20	-1	-40	459
21	Other claims (of major U.S. corporations only).....	-46	-110	-157	91	-27	47	-104	36	-8	-34	223
	By area:											
22	Canada.....	-73	-86	-176	122	-49	30	-80	53	-16	-34	259
23	Other.....	-64	(*)	-49	-70	-10	65	69	-36	7	-40	423
<b>Memorandum:</b>												
	<i>U.S. dollar deposits in Canadian banks:</i>											
24	As reported by major U.S. corporations other than banks (included in line B. 14).....	-169	-4	-158	-103	49	43	-116	36	55	21	603
25	As reported in Canadian banking statistics.....	-161	-1,067	-424	-16	-48	327	-426	-360	-34	-247	2,138
<b>C. Nonliquid liabilities to private foreigners reported by U.S. banks:</b>												
1	<b>Long-term</b> (table 2, line 53).....	252	-16	153	78	28	-7	161	11	-20	-168	1,141
2	Of which international and regional organizations.....	181	4	117	72	-11	3	190	23	-54	-155	765
<b>D. Nonliquid liabilities to private foreigners reported by U.S. nonbanking concerns:</b>												
1	<b>Long-term</b> (table 2, line 51).....	264	-674	245	39	190	-210	-75	-377	-203	-19	4,185
2	Of which reported by Netherlands Antilles finance subsidiaries <sup>1</sup> .....	15	-82	66	55	-33	-72	9	-64	5	-32	831
3	<b>Short-term</b> (table 2, line 52).....	904	1,721	38	1	335	530	414	710	433	164	7,029
4	Reported by brokerage concerns.....	-39	-40	-62	6	-26	43	51	-30	-56	-5	293
5	Reported by Netherlands Antilles finance subsidiaries <sup>1</sup> .....	228	20	161	13	14	40	-64	59	-11	36	914
6	Reported by others.....	715	1,741	-61	-18	347	447	427	681	500	133	5,822
7	Payable in foreign currencies.....	266	n.a.	11	57	141	57	113	137	20	n.a.	n.a.
8	Payable in dollars.....	449	n.a.	-72	-75	206	390	314	544	480	n.a.	n.a.
9	Canada.....	16	n.a.	54	-19	-9	-10	55	-10	-20	n.a.	n.a.
10	Western Europe.....	-95	n.a.	-177	-161	112	131	211	170	320	n.a.	n.a.
11	Other.....	528	n.a.	51	105	103	269	48	384	130	n.a.	n.a.

<sup>r</sup> Revised. <sup>p</sup> Preliminary. \* Less than \$500,000 ( $\pm$ ). n.a. Not available.<sup>1</sup> Funds obtained by finance subsidiaries incorporated in the Netherlands Antilles from sources other than sales of newly issued securities are included to the extent that they are

transferred to U.S. parent companies.

NOTE.—Details may not add to totals because of rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

**Table 8.—U.S. Liquid Liabilities to All Foreigners, Other U.S. Liabilities to Foreign Official Agencies, and U.S. Official Reserve Assets, Net**

[Millions of dollars]

Line	(Credits (+); increase in U.S. liabilities or decrease in U.S. assets. Debits (-); decrease in U.S. liabilities or increase in U.S. assets.)	1973	1974 <sup>p</sup>	1973				1974				Amounts out-standing Dec. 31, 1974 <sup>1</sup>
				I	II	III	IV	I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>r</sup>	
1	<b>U.S. liquid liabilities to private foreigners</b> (table 2, line 54) .....	4,246	15,732	-1,948	2,000	782	3,412	4,513	3,925	3,990	3,304	41,326
2	To foreign commercial banks .....	2,982	12,655	-1,893	1,589	670	2,616	4,428	3,015	2,876	2,336	30,315
2a	Seasonally adjusted .....			-1,673	729	699	3,227	4,663	2,161	2,896	2,935	
3	To foreign branches of U.S. banks .....	309	1,950	-579	557	119	212	5,397	-762	-503	-182	5,719
4	To others .....	2,673	10,705	-1,314	1,032	551	2,404	1,031	3,777	3,379	2,518	26,596
5	Demand deposits .....	2,283	1,319	-514	909	17	1,871	-373	1,120	-593	1,165	8,261
6	Time deposits <sup>2</sup> .....	111	1,409	-74	-67	172	80	-9	490	581	347	1,923
7	U.S. Treasury bills and certificates .....	6	221	-1	4	(*)	3	43	40	164	-26	232
8	Other obligations <sup>2,3</sup> .....	582	9,706	-1,304	743	481	662	4,767	1,365	2,724	850	19,899
9	To international and regional organizations .....	377	151	11	32	-50	384	-530	297	221	163	2,154
10	Demand deposits .....	15	39	28	41	-75	21	-4	10	21	12	139
11	Time deposits <sup>2</sup> .....	-119	18	-72	(*)	-33	-14	-21	3	3	33	102
	U.S. Treasury obligations:											
12	Bills and certificates .....	-29	-271	-66	-90	-107	234	-69	-137	-16	-49	26
13	Bonds and notes .....	-165	126	-1	-112	-34	-18	219	-150	-26	83	174
14	Other obligations <sup>2,3</sup> .....	675	239	122	193	199	161	-655	571	239	84	1,713
15	To other private foreign residents and unallocated .....	887	2,926	-66	379	162	412	615	613	893	805	8,857
16	Demand deposits .....	187	567	-150	160	8	169	213	63	303	-12	2,710
17	Time deposits <sup>2</sup> .....	237	1,435	28	61	34	114	234	327	349	525	3,788
	U.S. Treasury obligations:											
18	Bills and certificates .....	3	209	-2	7	7	-9	31	9	71	98	277
19	Bonds and notes .....	5	68	-49	7	-36	33	-30	-37	30	105	495
20	Other obligations <sup>2,3</sup> .....	455	647	107	144	149	55	167	251	140	89	1,584
21	<b>U.S. liquid liabilities to foreign official agencies</b> (table 2, line 55) .....	4,452	8,253	8,615	-1,210	-485	-2,468	-1,006	3,840	2,551	2,868	70,192
22	To central banks and governments .....	4,452	8,253	8,615	-1,210	-485	-2,468	-1,006	3,840	2,551	2,868	70,192
23	Demand deposits .....	534	827	-47	397	-308	492	506	12	181	128	2,952
24	Time deposits <sup>2</sup> .....	1,031	414	-43	287	102	685	-111	477	36	12	4,325
	U.S. Treasury obligations:											
25	Bills and certificates .....	-1	3,145	6,167	-2,936	-1,189	-2,043	-447	2,681	-790	1,701	34,783
26	Payable in U.S. dollars .....	58	3,145	6,166	-2,936	-1,189	-2,043	-447	2,681	-790	1,701	34,656
27	Payable in foreign currencies .....	-69		1		-60						127
28	Bonds and notes, marketable .....	465	-642	1,681	17	-20	-1,213	-509	-179	-133	179	5,059
29	Bonds and notes, nonmarketable, convertible .....	83	11	5	4	74	(*)	10	1			12,330
30	Payable in U.S. dollars .....											11,000
31	Payable in foreign currencies .....	83	11	5	4	74	(*)	10	1			1,330
32	Other obligations <sup>2,3</sup> .....	2,340	4,498	852	1,021	856	-389	-455	848	3,257	848	10,743
33	To International Monetary Fund .....											
34	<b>Other readily marketable liabilities to foreign official agencies</b> <sup>4</sup> (table 2, line 56) .....	1,118	596	1,202	259	11	-354	-277	182	61	630	2,257
35	<b>Nonliquid liabilities to foreign official reserve agencies, reported by U.S. Government</b> (table 2, line 57) .....	-475	655	-43	165	-452	-145	-2	441		216	3,883
	Nonconvertible U.S. Treasury securities issued:											
36	To Italy in connection with military purchases in the U.S. .....	-22					-22					
37	To Canada .....	-300	5			-350	50				5	2,540
38	To Germany .....	11	657	-16	199		-172		445		212	1,327
39	To other countries .....	-155		-25	-30	-100						
40	Export-Import Bank obligations .....	-4	-2	-2		-2		-2				
41	U.S. Treasury obligations to Germany to be liquidated against U.S. claims .....	-4	-4		-4				-4			16
42	<b>U.S. official reserve assets, net</b> (table 2, line 58) .....	209	-1,434	220	17	-13	-15	-210	-358	-1,003	137	15,883
43	Gold (table 2, line 59) .....											11,652
44	SDR (table 2, line 60) <sup>5</sup> .....	9	-172		9		(*)		-29	-123	-20	2,374
45	Convertible currencies (table 2, line 61) .....	233	3	233	(*)		(*)	-1	-85	-152	241	5
46	Gold tranche position in IMF (table 2, line 62) <sup>5</sup> .....	-33	-1,265	-13	8	-13	-15	-209	-244	-728	-84	1,852

<sup>r</sup> Revised. <sup>p</sup> Preliminary. <sup>\*</sup> Less than \$500,000 (±).

1. Position figures reflect increase of \$15 million in U.S. Treasury bills and certificates (line 27), \$113 million in U.S. Treasury bonds and notes (line 31), \$19 million in nonmarketable nonliquid U.S. Treasury obligations (line 38), and a negligible amount in convertible currencies (line 45), as a result of revaluations in foreign currencies due to the dollar devaluation in the first quarter, 1973. Total official reserve assets (line 42), also include an increase of \$1,436 million resulting from change in par value of the dollar on October 18, 1973, consisting of \$1,165 million gold, \$217 million special drawing rights, and \$54 million reserve position in the International Monetary Fund.

2. With maturity of 1 year or less; negotiable certificates of deposit with a maturity of 1 year or less are included in "other obligations."

3. Includes debt securities of U.S. Government corporations and agencies with a maturity of 1 year or less.

4. Includes nonliquid liabilities reported by U.S. banks and investment in debt securities

of U.S. Government corporations and agencies, private corporations, and State and local governments.

5. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The amounts outstanding for the U.S. SDR holdings and reserve position in IMF are also valued on this basis beginning in the third quarter 1974. Changes in U.S. holdings of SDR and in the U.S. gold tranche position reported in the balance of payments accounts continue to be reported on the basis of the value of the transactions only. At valuation used prior to July 1974 (SDR 1 = \$1.20635) SDR holdings December 31, 1974 amounted to \$2,333 million; gold tranche position in IMF, \$1,817 million, and total U.S. reserve assets, \$15,812 million.

NOTE.—Details may not add to totals because of rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 9.—U.S. International

[Millions]

Line	(Credits +; debits -) <sup>1</sup>	European Economic Community (9) <sup>6</sup>						United Kingdom					
		1973	1974 <sup>p</sup>	1974				1973	1974 <sup>p</sup>	1974			
				I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>			I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>
1	Exports of goods and services <sup>2</sup>	23,483	30,421	7,024	7,944	7,062	8,391	6,152	7,263	1,616	1,807	1,665	2,175
2	Merchandise, adjusted, excluding military <sup>3</sup>	16,821	22,040	5,284	5,897	4,915	5,944	3,771	4,600	1,071	1,176	1,050	1,303
3	Transfers under U.S. military agency sales contracts	451	622	157	158	138	169	69	76	11	26	15	24
4	Travel	447	434	86	115	155	78	126	142	32	33	51	26
5	Passenger fares	241	242	44	68	96	34	95	94	18	27	37	12
6	Other transportation	1,142	1,510	312	406	416	376	365	447	95	118	122	113
7	Fees and royalties from affiliated foreigners	1,118	1,255	282	325	312	336	367	392	86	92	101	112
8	Fees and royalties from unaffiliated foreigners	258	267	69	68	66	65	82	85	23	22	20	19
9	Other private services	278	311	68	74	81	87	107	116	27	28	30	31
10	U.S. Government miscellaneous services	92	96	24	24	16	33	19	28	4	7	5	12
	Receipts of income on U.S. investments abroad:												
11	Direct investments <sup>4</sup>	2,095	2,442	476	528	550	890	772	628	136	133	68	291
12	Other private assets	541	1,046	205	259	294	287	283	560	109	138	161	152
13	U.S. Government assets	60	157	18	23	23	93	98	95	4	8	5	78
14	Transfers of goods and services under U.S. military grant programs, net	(*)	-1	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
15	Imports of goods and services	-25,752	-30,590	-6,778	-8,175	-7,794	-7,843	-6,457	-7,489	-1,589	-1,991	-2,005	-1,905
16	Merchandise, adjusted, excluding military <sup>3</sup>	-15,787	-19,307	-4,412	-5,138	-4,704	-5,053	-3,527	-4,026	-872	-1,084	-1,035	-1,035
17	Direct defense expenditures	-2,141	-2,255	-526	-579	-564	-586	-342	-303	-85	-76	-72	-70
18	Travel	-1,154	-1,009	-96	-366	-401	-146	-354	-336	-30	-120	-133	-53
19	Passenger fares	-893	-988	-167	-339	-282	-200	-330	-352	-63	-107	-99	-83
20	Other transportation	-1,190	-1,491	-314	-378	-407	-391	-417	-503	-168	-128	-138	-130
21	Fees and royalties to affiliated foreigners	-43	-34	-8	-10	-8	-8	-20	-17	-4	-5	-4	-4
22	Fees and royalties to unaffiliated foreigners	-129	-138	-36	-35	-34	-33	-53	-60	-15	-15	-15	-15
23	Private payments for other services	-319	-333	-85	-84	-83	-82	-236	-234	-62	-60	-57	-55
24	U.S. Government payments for miscellaneous services	-106	-128	-30	-28	-30	-40	-15	-19	-4	-6	-5	-5
	Payments of income on foreign investments in the United States:												
25	Direct investments <sup>4</sup>	-407	-502	-131	-112	-124	-136	-262	-324	-89	-66	-76	-94
26	Other private liabilities	-1,392	-2,143	-423	-524	-592	-604	-682	-1,100	-203	-268	-319	-311
27	U.S. Government liabilities	-2,192	-2,262	-551	-581	-565	-665	-229	-215	-55	-57	-53	-50
28	U.S. military grants of goods and services, net	(*)	1	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
29	Unilateral transfers (excluding military grants of goods and services), net	-91	-114	-29	-38	-28	-18	-72	-75	-20	-19	-21	-16
30	U.S. Government grants (excluding military grants of goods and services)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
31	U.S. Government pensions and other transfers	-220	-246	-56	-60	-68	-63	-35	-37	-9	-9	-10	-10
32	Private remittances and other transfers	129	132	27	21	40	44	-37	-38	-11	-9	-11	-7
33	U.S. Government capital flows, net	63	73	-92	44	36	85	146	144	-18	61	(*)	102
34	Loans and other long-term assets	-280	-219	-100	-52	-41	-28	-69	-35	-19	-1	-8	-7
35	Foreign currencies and other short-term assets, net	21	-32	-15	3	8	-29	14	-17	-6	7	-4	-14
	Repayments on credits:												
36	Scheduled	323	324	23	94	69	139	201	196	6	55	12	124
37	Nonscheduled <sup>5</sup>												
38	U.S. private capital flows, net	-4,230	-5,826	-3,603	-1,559	531	-1,195	-1,899	-2,631	-1,787	-607	388	-625
39	Direct investments abroad <sup>4</sup>	-2,601	-2,557	-1,572	-443	-415	-128	-857	-820	-612	-27	114	-295
40	Foreign securities	-83	-438	-176	-95	-115	-53	-206	-347	-152	-86	-57	-51
	Claims reported by U.S. banks:												
41	Long-term	-57	-250	-50	-253	89	-36	2	-184	-9	-65	-44	-66
42	Short-term, nonliquid	-503	-737	-476	-536	871	-596	-394	-447	-132	-291	396	-420
43	Short-term, liquid	-343	-1,014	-675	29	-82	-286	-66	-497	-510	-71	-161	245
	Claims reported by U.S. nonbanking concerns:												
44	Long-term	-118	-83	-87	16	-25	13	-98	-64	-79	6	-7	16
45	Short-term, nonliquid	-337	-637	-345	-219	-58	-15	-101	-112	-47	-23	-79	37
46	Short-term, liquid	-188	-109	-222	-59	266	-94	-179	-160	-245	-50	226	-91
47	Foreign capital flows, net	13,635	3,872	1,078	3,313	-1,141	623	2,696	2,207	1,742	1,628	293	-1,455
48	U.S. Government nonliquid liabilities to other than foreign official reserve agencies	187	-1	-13	-67	77	3	48	6	7	-5	2	2
	Other foreign private capital:												
49	Direct investments in the United States <sup>4</sup>	865	947	382	303	279	-17	573	397	181	186	125	-94
50	U.S. securities other than Treasury issues	1,862	747	428	242	149	-71	610	18	128	27	5	-142
51	Other long-term, reported by U.S. nonbanking concerns	48	-157	51	-116	-103	11	83	-118	48	-84	-53	-29
52	Short-term, reported by U.S. nonbanking concerns	198	839	249	341	261	-12	97	435	130	146	164	-5
53	Long-term, reported by U.S. banks												
54	U.S. liquid liabilities to private foreigners	10,510	844	-19	2,170	-1,804	497	1,286	1,469	1,248	1,358	50	-1,187
55	U.S. liquid liabilities to foreign official agencies												
56	Other readily marketable liabilities to foreign official agencies												
57	Nonliquid liabilities to foreign official reserve agencies reported by U.S. Government	-36	652		441		212						
58	Transactions in U.S. official reserve assets, net	63	(*)		(*)		(*)	(*)	(*)		(*)		(*)
59	Gold												
60	SDR												
61	Convertible currencies	63	(*)		(*)		(*)	(*)	(*)		(*)		(*)
62	Gold tranche position in IMF												
63	Allocations of special drawing rights (SDR)												
64	Errors and omissions, and transfers of funds between foreign areas, net	-7,171	2,163	2,400	-1,529	1,335	-43	-565	581	55	-880	-319	1,725

See footnotes at end of table.



Table 9.—U.S. International

[Millions]

Line	(Credits +; debits -) <sup>1</sup>	Latin American Republics and Other Western Hemisphere						Japan					
		1973	1974 <sup>p</sup>	1974				1973	1974 <sup>p</sup>	1974			
				I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>			I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>
1	<b>Exports of goods and services<sup>2</sup></b>	<b>15,225</b>	<b>22,833</b>	<b>4,967</b>	<b>5,804</b>	<b>5,510</b>	<b>6,553</b>	<b>10,707</b>	<b>14,055</b>	<b>3,444</b>	<b>3,324</b>	<b>3,449</b>	<b>3,838</b>
2	Merchandise, adjusted, excluding military <sup>3</sup>	9,950	15,805	3,282	4,059	3,964	4,500	8,357	10,720	2,692	2,598	2,523	2,910
3	Transfers under U.S. military agency sales contracts	63	82	18	16	20	28	47	48	9	9	8	21
4	Travel	1,093	1,320	279	331	358	357	334	403	114	80	118	91
5	Passenger fares	177	187	39	46	59	43	264	336	89	66	90	91
6	Other transportation	502	628	136	163	165	164	438	377	125	154	157	140
7	Fees and royalties from affiliated foreigners	361	415	84	137	97	98	174	206	43	52	55	56
8	Fees and royalties from unaffiliated foreigners	52	54	13	13	14	14	280	310	75	77	78	80
9	Other private services	359	394	97	99	99	99	84	92	21	22	23	25
10	U.S. Government miscellaneous services	68	77	17	23	19	20	106	61	10	16	6	29
	Receipts of income on U.S. investments abroad:												
11	Direct investments <sup>4</sup>	1,622	1,959	630	452	219	658	222	253	109	28	50	66
12	Other private assets	822	1,657	302	385	461	510	375	1,022	149	216	333	323
13	U.S. Government assets	157	255	70	81	41	63	27	29	8	6	8	6
14	<b>Transfers of goods and services under U.S. military grant programs, net</b>	<b>25</b>	<b>23</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>(*)</b>	<b>(*)</b>	<b>(*)</b>		<b>(*)</b>	
15	<b>Imports of goods and services</b>	<b>-13,069</b>	<b>-23,258</b>	<b>-5,543</b>	<b>-5,928</b>	<b>-5,758</b>	<b>-6,029</b>	<b>-12,297</b>	<b>-15,227</b>	<b>-3,080</b>	<b>-3,625</b>	<b>-4,182</b>	<b>-4,340</b>
16	Merchandise, adjusted, excluding military <sup>3</sup>	-9,645	-18,673	-4,489	-4,752	-4,480	-4,952	-9,665	-12,529	-2,502	-2,943	-3,492	-3,592
17	Direct defense expenditures	-144	-312	-74	-101	-84	-53	-822	-746	-200	-174	-181	-192
18	Travel	-1,851	-2,111	-552	-544	-560	-455	-123	-102	-13	-28	-31	-30
19	Passenger fares	-112	-150	-35	-47	-45	-23	-84	-101	-19	-34	-35	-13
20	Other transportation	-360	-503	-104	-129	-139	-131	-405	-504	-107	-127	-134	-135
21	Fees and royalties to affiliated foreigners	(*)	-1			(*)		-1	7	1	1	1	4
22	Fees and royalties to unaffiliated foreigners	-5	-6	-1	-1	-2	-2	-14	-16	-5	-4	-4	-4
23	Private payments for other services	-263	-293	-68	-75	-78	-72	-40	-44	-11	-11	-10	-11
24	U.S. Government payments for miscellaneous services	-193	-209	-44	-45	-65	-55	-24	-30	-7	-6	-9	-8
	Payments of income on foreign investments in the United States:												
25	Direct investments <sup>4</sup>	-28	-34	-6	-7	-13	-8	-42	-18	20	-23	25	-40
26	Other private liabilities	-445	-980	-163	-215	-283	-270	-365	-433	-95	-98	-121	-120
27	U.S. Government liabilities	-21	-37	-8	-11	-11	-8	-713	-711	-142	-177	-192	-200
28	<b>U.S. military grants of goods and services, net</b>	<b>-25</b>	<b>-23</b>	<b>-7</b>	<b>-6</b>	<b>-6</b>	<b>-5</b>	<b>(*)</b>	<b>(*)</b>	<b>(*)</b>		<b>(*)</b>	
29	<b>Unilateral transfers (excluding military grants of goods and services), net</b>	<b>-591</b>	<b>-591</b>	<b>-64</b>	<b>-168</b>	<b>-175</b>	<b>-185</b>	<b>-41</b>	<b>-45</b>	<b>-9</b>	<b>-12</b>	<b>-13</b>	<b>-11</b>
30	U.S. Government grants (excluding military grants of goods and services)	-235	-288	-55	-74	-75	-83	2	2	2	(*)		
31	U.S. Government pensions and other transfers	-76	-13	53	-21	-22	-22	-16	-18	-4	-4	-5	-4
32	Private remittances and other transfers	-280	-291	-62	-72	-77	-80	-27	-30	-7	-8	-8	-7
33	<b>U.S. Government capital flows, net</b>	<b>-498</b>	<b>-674</b>	<b>-193</b>	<b>-177</b>	<b>-150</b>	<b>-154</b>	<b>232</b>	<b>9</b>	<b>8</b>	<b>47</b>	<b>-9</b>	<b>-37</b>
34	Loans and other long-term assets	-860	-1,372	-352	-426	-256	-337	-217	-149	-43	-36	-23	-46
35	Foreign currencies and other short-term assets, net	-1	4	-5	7	9	-7	5	16	12	4	1	(*)
	Repayments on credits:												
36	Scheduled	360	694	164	243	97	190	159	142	40	79	14	9
37	Nonscheduled <sup>5</sup>	4	(*)	(*)				285	(*)	(*)			(*)
38	<b>U.S. private capital flows, net</b>	<b>-2,799</b>	<b>-9,493</b>	<b>-1,636</b>	<b>-2,897</b>	<b>-1,501</b>	<b>-3,460</b>	<b>-2,294</b>	<b>-6,222</b>	<b>-1,996</b>	<b>-2,606</b>	<b>-1,542</b>	<b>-78</b>
39	Direct investments abroad <sup>4</sup>	-673	-2,180	310	-612	-788	-1,090	-36	-459	-336	-67	-37	-20
40	Foreign securities	-107	-93	-32	-17	-5	-39	266	514	118	194	157	46
	Claims reported by U.S. banks:												
41	Long-term	-93	-492	-43	-331	8	-126	102	-8	-4	11	-2	-13
42	Short-term, nonliquid	-990	-3,340	-775	-1,076	-600	-889	-1,733	-5,465	-1,159	-2,267	-1,358	-681
43	Short-term, liquid	-388	-2,704	-637	-509	-518	-1,040	-465	-633	-298	-721	-189	575
	Claims reported by U.S. nonbanking concerns:												
44	Long-term	-92	-307	-27	10	-50	-240	-6	11	4	2	4	1
45	Short-term, nonliquid							-205	-99	-309	214	-6	2
46	Short-term, liquid	-456	-377	-432	-361	452	-36	-157	-83	-12	28	-111	12
47	<b>Foreign capital flows, net</b>	<b>2,555</b>	<b>4,260</b>	<b>2,039</b>	<b>913</b>	<b>645</b>	<b>663</b>	<b>-6,853</b>	<b>2,698</b>	<b>389</b>	<b>621</b>	<b>770</b>	<b>918</b>
48	U.S. Government nonliquid liabilities to other than foreign official reserve agencies	54	85	15	30	13	28	309	45	9	25	13	-2
	Other foreign private capital:												
49	Direct investments in the United States <sup>4</sup>	53	61	69	-27	-15	34	334	187	14	-89	122	141
50	U.S. securities other than Treasury issues	43	24	-30	-12	39	28	616	-42	-8	-26	-17	9
51	Other long-term, reported by U.S. nonbanking concerns	117	-301	-145	-71	-52	-33	18	-182	12	-191	-3	
52	Short-term, reported by U.S. nonbanking concerns	179	136	-140	180	44	52	80	90	78	-1	-21	34
53	Long-term, reported by U.S. banks												
54	U.S. liquid liabilities to private foreigners	2,109	4,255	2,271	814	616	554	-8,210	2,599	284	903	676	736
55	U.S. liquid liabilities to foreign official agencies												
56	Other readily marketable liabilities to foreign official agencies												
57	Nonliquid liabilities to foreign official reserve agencies reported by U.S. Government												
58	<b>Transactions in U.S. official reserve assets, net</b>					<b>-180</b>	<b>180</b>						
59	Gold												
60	SDR												
61	Convertible currencies					<b>-180</b>	<b>180</b>						
62	Gold tranche position in IMF												
63	<b>Allocations of special drawing rights (SDR)</b>												
64	<b>Errors and omissions, and transfers of funds between foreign areas, net</b>	<b>-823</b>	<b>6,923</b>	<b>430</b>	<b>2,452</b>	<b>1,608</b>	<b>2,432</b>	<b>10,545</b>	<b>4,733</b>	<b>1,244</b>	<b>2,251</b>	<b>1,528</b>	<b>-289</b>

<sup>r</sup>Revised. <sup>p</sup>Preliminary. \*Less than \$500,000 (±).

1. Credits, +: Exports of goods and services; unilateral transfers to U.S.; capital inflows (increase in U.S. liabilities or decrease in U.S. assets); decrease in U.S. official reserve assets.

Debits, -: Imports of goods and services; unilateral transfers to foreigners; capital outflows (decrease in U.S. liabilities or increase in U.S. assets); increase in U.S. official reserve assets.

2. Excludes transfers of goods and services under U.S. military grant programs.

3. Excludes exports of goods under U.S. military agency sales contracts identified in Census export documents, and imports of goods included under direct defense expenditures identified in Census import documents, and reflects various other balance-of-payments adjustments (for valuation, coverage, and timing) to Census statistics; see table 4.

4. Includes interest, dividends, and branch earnings; excludes reinvested earnings of foreign incorporated affiliates of U.S. firms or of U.S. incorporated affiliates of foreign firms.

Transactions, by Area—Continued

of dollars]

Australia, New Zealand and South Africa						Other countries in Asia and Africa						International Organizations and Unallocated <sup>8</sup>						Line	
1973	1974 <sup>p</sup>	1974				1973	1974 <sup>p</sup>	1974				1973	1974 <sup>p</sup>	1974					
		I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>			I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>			I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>		
3,613	5,257	1,136	1,302	1,362	1,457	18,213	31,846	7,490	7,990	8,384	7,981	923	1,169	217	184	263	504	1	
2,249	3,759	820	910	999	1,030	10,862	16,240	3,757	3,999	4,065	4,419							2	
189	70	17	36	11	7	1,399	1,697	369	410	422	496							3	
79	83	16	22	30	15	139	140	28	38	42	32							4	
82	97	15	25	33	24	141	152	28	36	50	37							5	
104	151	33	41	42	36	778	957	221	247	242	247	323	399	91	99	104	104	6	
222	237	61	61	50	66	240	272	54	78	63	77	55	55	10	12	20	14	7	
35	40	10	10	10	10	29	32	7	8	8	9							8	
51	55	15	14	13	13	314	384	89	86	81	78	234	265	64	66	67	68	9	
1	2	(*)	(*)	1	1	144	192	37	49	59	48	2	2	(*)	(*)	1	1	10	
481	609	124	142	137	206	3,310	10,583	2,635	2,741	3,031	2,177	185	331	-1	6	20	306	11	
84	130	24	31	34	40	417	811	156	187	226	243	130	126	53	11	52	10	12	
36	25	2	11	2	10	439	436	108	113	97	119	-7	-8	1	-9			13	
						2,467	1,563	292	502	315	454							14	
-2,380	-2,581	-600	-607	-648	-727	-13,960	-31,221	-5,088	-8,493	-9,635	-8,065	-1,251	-1,448	-286	-332	-488	-342	15	
-1,852	-2,016	-467	-464	-501	-584	-11,237	-22,866	-3,803	-5,955	-6,964	-6,144							16	
-42	-20	-5	-5	-5	-6	-1,020	-1,220	-228	-325	-312	-354							17	
-58	-59	-15	-16	-16	-12	-369	-398	-71	-110	-127	-90							18	
-76	-91	-20	-25	-23	-23	-93	-110	-17	-28	-34	-31	-52	-56	-14	-16	-17	-9	19	
-48	-71	-14	-19	-20	-18	-452	-591	-133	-142	-150	-166	-776	-886	-189	-228	-243	-227	20	
(*)						-1	-4	-1	(*)	(*)	(*)							21	
-1	-1	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)							22	
-17	-20	-5	-5	-5	-5	-59	-69	-17	-17	-17	-18							23	
-30	-33	-8	-9	-7	-10	-224	-239	-54	-56	-64	-65	-170	-189	-14	-18	-139	-19	24	
-3	-5	-1	-1	-1	-2	-196	-4,950	-661	-1,725	-1,735	-829							25	
-105	-99	-24	-24	-28	-23	-234	-437	-76	-93	-148	-171	-134	-184	-35	-38	-56	-56	26	
-148	-165	-41	-40	-41	-44	-76	-288	-27	-42	-83	-136	-119	-133	-34	-34	-34	-32	27	
						-2,467	-1,563	-292	-502	-315	-454							28	
-28	-27	-7	-7	-7	-7	-2,581	-5,692	-2,644	-1,476	-822	-750	-202	-278	-83	-117	-42	-37	29	
						-1,577	-4,849	-2,438	-1,273	-615	-523	-202	-278	-83	-117	-42	-37	30	
-7	-6	-2	-2	-2	-1	-161	-174	-41	-43	-46	-43							31	
-21	-21	-5	-5	-5	-6	-844	-670	-165	-160	-160	-184							32	
77	46	-6	41	-5	17	-1,722	10 1,674	10 1,593	365	87	-372	-159	-338	-56	-101	-7	-175	33	
-113	-45	-8	-11	-8	-17	-1,967	-1,972	-594	-530	-318	-530	-164	-344	-59	-101	-9	-175	34	
2	-1	1	2	1	-5	-657	10 581	10 -187	557	221	-10							35	
189	92	2	49	2	39	902	10 3,064	10 2,374	338	184	168	5	6	3		3		36	
						(*)	(*)	(*)	(*)	(*)								37	
-35	-848	-167	-325	-69	-287	-2,217	-1,939	662	-764	-916	-921	62	-561	-340	-152	5	-74	38	
-116	-428	-96	-187	-13	-133	-525	1,091	1,459	271	-360	-278	-43	-597	-352	-155	-10	-80	39	
27	18	(*)	2	1	15	-403	-319	-76	-74	-63	-107	106	39	12	4	14	9	40	
56	38	35	11	22	-30	-478	-70	-14	-117	(*)	61	(*)	-3	(*)	(*)	(*)	-3	41	
41	-415	-81	-116	-90	-128	-502	-1,890	-359	-748	-389	-394	(*)						42	
20	-7	-6	-9	10	-2	-11	-290	-172	-13	-8	-97							43	
-39	22	1	-3	23	1	-96	-75	-6	-26	-41	-2							44	
-24	-76	-20	-24	-22	-10	-201	-387	-170	-58	-55	-104	-1	(*)		-1	1		45	
																		46	
185	-366	-232	-90	105	-148	2,211	11,225	2,043	3,894	3,461	1,827	607	381	-134	396	124	-5	47	
-80	-15	2	-16	-5	4	541	384	9	174	163	38							48	
(*)	1	-1	1	(*)	(*)	707	480	683	1,417	-781	-839							49	
-5	3	2	(*)	3	-3	93	137	4	5	-2	131	61	142	192	143	-51	-142	50	
66	1	-8	26	-17	-7	29	-1		-5	-1	5							51	
79	37	23	-38	45		219	376	122	187	23	44							52	
																			53
																			54
124	-392	-250	-64	78	-156	757	9,850	1,226	2,116	4,060	2,448	546	239	-326	253	175	137	55	
																			56
						-135													57
												-24	-1,437	-209	-273	-851	-104		58
												9	-172		-29	-123	-20	59	
												-33	-1,265	-209	-244	-728	-84	60	
																		61	
																		62	
-1,432	-1,481	-123	-314	-738	-304	56	-5,892	-4,056	-1,516	-559	239	44	2,513	890	395	995	233	63	
																		64	

5. Includes sales of foreign obligations to foreigners.

6. The "European Economic Community (9)" includes the "European Economic Community (6)", the United Kingdom, Denmark, and Ireland.

7. The European Economic Community (6) includes Belgium, France, Germany, Italy, Luxembourg, and the Netherlands.

8. Includes transactions with shipping companies operating under the flags of Honduras, Liberia and Panama.

9. Includes return import into the United States, at a depreciated value of \$21 million in 1972-IV and \$22 million in 1973-II, of aircraft originally reported in 1970-III in line 3 as a long-term lease to Australia.

10. Includes extraordinary U.S. Government transactions with India. See "Special U.S. Government Transactions" in June 1974 SURVEY, p. 27.

NOTE.—Details may not add to totals because of rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 10.—Summary of Known Current and Long-Term Capital Transactions, by Area <sup>1</sup>

(Millions of dollars)

Line	Receipts by foreign areas (-)	1973	1974 <sup>p</sup>	1973				1974			
				I	II	III	IV	I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>
<b>All areas, balances on:</b>											
1	Merchandise trade <sup>2</sup>	471	-5,881	-579	-103	-201	1,354	648	-1,387	-3,964	-1,178
2	Goods and services	4,327	3,191	404	228	-195	3,800	3,948	-45	-3,030	2,317
3	Goods, services and remittances	2,383	1,416	116	-187	-623	3,077	3,584	-514	-3,502	1,848
4	Current account	450	-4,025	-259	-872	-1,071	2,653	1,005	-1,990	-4,239	1,199
5	Current account and long-term capital <sup>3</sup>	-1,026	-10,580	-1,054	-1,193	222	999	2,120	-2,539	-6,441	-3,719
<b>European Economic Community (9) balances on:</b>											
6	Merchandise trade <sup>2</sup>	1,034	2,733	238	166	87	543	872	759	211	891
7	Goods and services	-2,269	-169	-222	-862	-1,056	-129	246	-231	-732	548
8	Goods, services and remittances	-2,360	-283	-235	-894	-1,079	-152	217	-270	-780	530
9	Current account	-2,360	-283	-235	-894	-1,079	-152	217	-270	-780	530
10	Current account and long-term capital <sup>3</sup>	-2,193	-2,001	-515	-865	-746	-67	-912	-638	-789	337
<b>United Kingdom, balances on:</b>											
11	Merchandise trade <sup>2</sup>	244	574	-10	7	34	213	199	92	15	268
12	Goods and services	-305	-226	13	-183	-270	135	28	-184	-340	270
13	Goods, services and remittances	-377	-301	-2	-201	-289	115	8	-202	-361	253
14	Current account	-377	-301	-2	-201	-289	115	8	-202	-361	253
15	Current account and long-term capital <sup>3</sup>	-77	-1,269	215	-348	-32	89	-499	-189	-277	-304
<b>European Economic Community (6), balances on:</b>											
16	Merchandise trade <sup>2</sup>	892	2,347	255	183	105	349	727	734	229	657
17	Goods and services	-1,761	255	-220	-628	-684	-228	273	26	-330	287
18	Goods, services and remittances	-1,746	252	-212	-632	-680	-222	272	15	-329	294
19	Current account	-1,746	251	-212	-632	-680	-222	272	15	-329	294
20	Current account and long-term capital <sup>3</sup>	-1,819	-234	-696	-452	-591	-80	-294	-329	-243	632
<b>Other Western Europe, balances on:</b>											
21	Merchandise trade <sup>2</sup>	709	1,732	204	117	31	357	595	491	158	488
22	Goods and services	-857	271	-61	-345	-509	58	397	80	-331	124
23	Goods, services and remittances	-1,133	11	-124	-415	-584	-10	331	11	-393	61
24	Current account	-1,055	-17	-15	-433	-589	-19	325	-1	-397	56
25	Current account and long-term capital <sup>3</sup>	-193	-1,254	328	-311	-422	212	34	-346	-551	-391
<b>Eastern Europe, balances on:</b>											
26	Merchandise trade <sup>2</sup>	1,321	515	340	429	307	245	102	154	61	198
27	Goods and services	1,360	629	352	440	305	264	135	195	72	226
28	Goods, services and remittances	1,333	597	346	432	299	256	128	187	63	219
29	Current account	1,332	596	346	432	299	256	127	186	63	219
30	Current account and long-term capital <sup>3</sup>	704	584	126	159	223	196	152	188	78	167
<b>Canada, balances on:</b>											
31	Merchandise trade <sup>2</sup>	-1,612	-1,301	-623	-400	-395	-194	-211	-243	-505	-342
32	Goods and services	367	1,036	21	69	-223	500	512	292	-296	529
33	Goods, services and remittances	249	888	1	43	-267	472	484	253	-344	496
34	Current account	249	888	1	43	-267	472	484	253	-344	496
35	Current account and long-term capital <sup>3</sup>	-605	-1,110	101	-264	-350	-92	-284	-69	-544	-213
<b>Latin American Republics and Other Western Hemisphere, balances on:</b>											
36	Merchandise trade <sup>2</sup>	305	-2,868	-236	39	330	172	-1,207	-693	-516	-452
37	Goods and services	2,156	-425	-9	483	754	929	-576	-124	-248	524
38	Goods, services and remittances	1,800	-728	-96	397	668	831	-585	-217	-348	422
39	Current account	1,566	-1,016	-152	319	620	778	-640	-291	-423	338
40	Current account and long-term capital <sup>3</sup>	414	-4,930	-363	-101	585	292	-695	-1,511	-1,440	-1,282
<b>Japan, balances on:</b>											
41	Merchandise trade <sup>2</sup>	-1,308	-1,809	-445	-351	-433	-79	190	-345	-972	-682
42	Goods and services	-1,589	-1,172	-525	-498	-465	-102	364	-300	-734	-502
43	Goods, services and remittances	-1,632	-1,220	-535	-507	-478	-113	353	-312	-747	-514
44	Current account	-1,630	-1,218	-532	-507	-478	-112	355	-312	-747	-514
45	Current account and long-term capital <sup>3</sup>	195	-1,142	-96	372	-144	63	172	-407	-518	-389
<b>Australia, New Zealand, and South Africa, balances on:</b>											
46	Merchandise trade <sup>2</sup>	397	1,743	127	61	79	130	353	446	498	446
47	Goods and services	1,234	2,676	330	229	305	369	536	695	715	730
48	Goods and remittances	1,206	2,649	325	222	297	362	529	689	708	724
49	Current account	1,206	2,649	325	222	297	362	529	689	708	724
50	Current account and long-term capital <sup>3</sup>	1,192	2,334	347	296	280	270	459	565	717	593
<b>Other countries in Asia and Africa, balances on:</b>											
51	Merchandise trade <sup>2</sup>	-375	-6,626	-184	-164	-207	180	-46	-1,956	-2,899	-1,725
52	Goods and services	4,253	625	625	817	875	1,936	2,402	-503	-1,251	-24
53	Goods, services and remittances	3,248	-219	453	640	702	1,454	2,196	-706	-1,458	-251
54	Current account	1,672	-5,068	64	135	326	1,147	-242	-1,979	-2,073	-774
55	Current account and long-term capital <sup>3</sup>	-101	-1,771	-690	-559	1,029	121	3,413	40	-3,088	-2,137
<b>International organizations and unallocated, balances on:</b>											
56	Merchandise trade <sup>2</sup>	-328	-280	-19	-106	-180	-24	-68	-148	-225	162
57	Goods and services	-328	-280	-19	-106	-180	-24	-68	-148	-225	162
58	Goods, services and remittances	-530	-557	-60	-189	-201	-80	-151	-265	-266	125
59	Current account	-530	-557	-60	-189	-201	-80	-151	-265	-266	125
60	Current account and long-term capital <sup>3</sup>	-510	-1,268	-327	74	-273	16	-190	-348	-341	-392

<sup>r</sup> Revised.<sup>p</sup> Preliminary.

1. Balance of payments by area on the net liquidity basis and the official reserve transactions basis lack validity because liquid dollar holdings of private and official foreigners may be affected not only by their transactions with the United States but also by transactions among themselves. The balances shown by area here have some shortcomings due to statistical discrepancies including errors, omissions and incorrect area attributions.

Balances are derived from lines in table 2 (all areas) and table 9 (individual areas) as follows:

Merchandise trade	2, 16
Goods and services	1, 15
Goods, services and remittances	1, 15, 31, 32
Current account	1, 15, 29
Current account and long-term capital	1, 15, 29, 33, 39-41, 44, 48, 49-51, 53 (by area only part of line 53 is included)

The balance on current account and long-term capital with "all areas" includes changes in long-term liabilities to all private foreigners reported by U.S. banks; with "international organizations" includes only liabilities to IBRD and affiliated organizations; and with other

areas includes only liabilities to regional organizations. Increases in the long-term liabilities to other private foreigners included in the total, but not in the areas, amounted to (millions of dollars): 1973 year, 71; 1974 year, -20; 1973-I, 36; 1973-II, 6; 1973-III, 39; 1973-IV, -10; 1974-I, -29; 1974-II, -12; 1974-III, 34; 1974-IV, -13.

2. Adjusted to balance of payments basis; excludes exports under U.S. military agency sales contracts and imports under direct defense expenditures.

3. Includes some short-term U.S. Government assets; area data exclude long-term liabilities reported by U.S. banks other than to international organizations (see footnote 1).

4. The "European Economic Community (9)" includes the "European Economic Community (6)", the United Kingdom, Denmark, and Ireland.

5. The "European Economic Community (6)" includes Belgium, France, Germany, Italy, Luxembourg, and the Netherlands.

6. The current account balance reflects the effect on a U.S. Government grant of \$2.0 billion (in rupees) to India. This was offset in the balance on current account and long-term capital by the repayment by India (in rupees) of loans previously extended by the U.S. Government.

NOTE.—Details may not add to totals because of rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.



(Continued from page 32)

deficit with the area since 1965. The shift to a deficit on current account was less than that on trade because of a partly offsetting rise in net investment income.

Outflows of U.S. direct investment capital rose from \$0.7 billion in 1973 to \$2.2 billion in 1974. A large part of this increase resulted from a shift by U.S. parent companies of claims on affiliates in Western Europe to affiliates in Latin America. (This had the effect of increasing outflows to Latin America and decreasing outflows to Europe.) Other U.S. corporate transactions with unaffiliated residents in the area resulted in a \$0.6 billion increase in net outflows.

U.S. bank-reported outflows rose to \$6.5 billion in 1974, compared with \$1.5 billion in 1973. Loans and acceptance financing expanded to many countries in the area, with the largest rise to the Bahamas. Attribution of these flows to the Bahamas may not necessarily reflect the ultimate user of these funds; a major portion was probably channeled to countries in other parts of the world. Liquid liabilities to the area increased \$4.3 billion in 1974, compared with an increase of \$2.1 billion in 1973. Most of the rise reflected increases to foreign official agencies in the petroleum-exporting countries. More than one-half of the increase occurred in the first quarter, when there were higher U.S. petroleum imports from the area during the Middle East embargo.

#### *Asia and Africa*

The merchandise trade deficit with Asia and Africa (excluding Japan and South Africa) rose \$6.2 billion in 1974. The \$6.9 billion increase in the trade deficit with OPEC members in the area was only slightly offset by a small rise of \$0.6 billion in the trade surplus with other countries. Net investment income, largely from U.S. direct investments in foreign petroleum affiliates, rose from \$3.7 billion in 1973 to \$6.1 billion in 1974. Net

receipts for other services amounted to \$1.1 billion, slightly more than in 1973. As a result of these changes, the current account was in deficit by \$2.0 billion compared with a \$1.7 billion surplus in 1973. (The 1974 current account balance has been adjusted to exclude extraordinary U.S. Government grants and capital flows; see footnote, table E.)

Changes in capital flows were dominated by transactions between U.S. petroleum companies and their foreign affiliates. U.S. direct investments in the area shifted from a \$0.5 billion outflow in 1973 to a \$1.1 billion inflow in 1974. The inflows resulted largely from lags in payments by U.S. parent companies to their petroleum-producing affiliates. Inflows from direct investments in the United States were related to a buildup in debt owed a foreign parent by a U.S. incorporated company.

U.S. bank-reported capital outflows were \$2.2 billion in 1974, compared with \$1.0 billion in 1973. Most of the rise was in loans to petroleum-importing countries in the area. Liquid liabilities rose \$9.9 billion; in 1973 the rise was only \$0.6 billion. The change resulted primarily from the investment by petroleum-producing countries in Asia and Africa of a portion of their surplus dollars in short-term U.S. money market instruments.

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(Continued from page 23)

expansion of refining capacity and transshipment terminals will also boost spending this year. In Venezuela, on the other hand, where petroleum investments are more mature and more fully developed, spending is expected to remain at last year's level.

Canadian affiliates also expect 1975 expenditures to remain at the 1974 level, following a 21 percent rise in the latter year. The slowdown probably reflects uncertainties arising from the dispute between the Federal and Provincial governments on the taxation

of natural resource companies. In addition, the withdrawal of a major U.S. partner from the development of the Athabasca tar sands project has also lowered expected spending.

Spending by petroleum affiliates in Germany, the Netherlands, and Belgium-Luxembourg, primarily for downstream facilities, is expected to decline sizably this year, following substantial increases last year.

Spending for tanker fleets by international affiliates of U.S. petroleum companies declined slightly in 1974 and is expected to remain at the 1974 level in 1975. This leveling off reflects softness in the world tanker market due to overcapacity and, in part, to the slackening of worldwide petroleum demand.

#### *Mining and smelting*

Affiliates in mining and smelting raised expenditures 12 percent in 1974 (following 2 years of declines) and expect a 14 percent rise in 1975, to \$1.3 billion.

In Canada, a 46 percent increase is expected in 1975, after spending reductions in the previous 3 years. This increase is for the expansion of smelting and refining facilities and for the exploration and development of new resources. Following a strong increase in 1974 when a major expansion project was completed, Australian mining affiliates expect little change in spending this year.

#### *Trade and other industries*

Trade affiliates expect to increase spending 23 percent in 1975, to \$2.1 billion, following a 13 percent increase in 1974. The 1975 increase is concentrated largely in France and Brazil, and is accounted for mainly by trade affiliates of U.S. chemical manufacturing companies.

Affiliates in all other industries combined—including agriculture, public utilities, transportation, construction, finance, and other services—plan to trim spending increases to 14 percent this year, from 17 percent last year.

# CURRENT CONSTRUCTION REPORTS

**CONSTRUCTION** accounts for approximately 12 percent of the gross national product!

To assist industry representatives, research specialists, market analysts, and government officials interested in this vital segment of the Nation's economy, the Bureau of the Census issues monthly, quarterly, and annual reports on the value of new construction put in place, building permits, housing starts, housing completions, housing sales, alterations and repairs and demolition of residential structures.

**Current Construction Reports include:**

- C20 - Housing Starts
- C22 - Housing Completions
- C25 - Sales of New One-Family Homes
- C30 - Value of New Construction Put in Place
- C40 - Housing Authorized by Building Permits and Public Contracts
- C41 - Authorized Construction—Washington, D.C. Area
- C45 - Permits Issued for Demolition of Residential Structures in Selected Cities
- C50 - Expenditures on Residential Additions, Alterations, Maintenance and Repairs, and Replacements

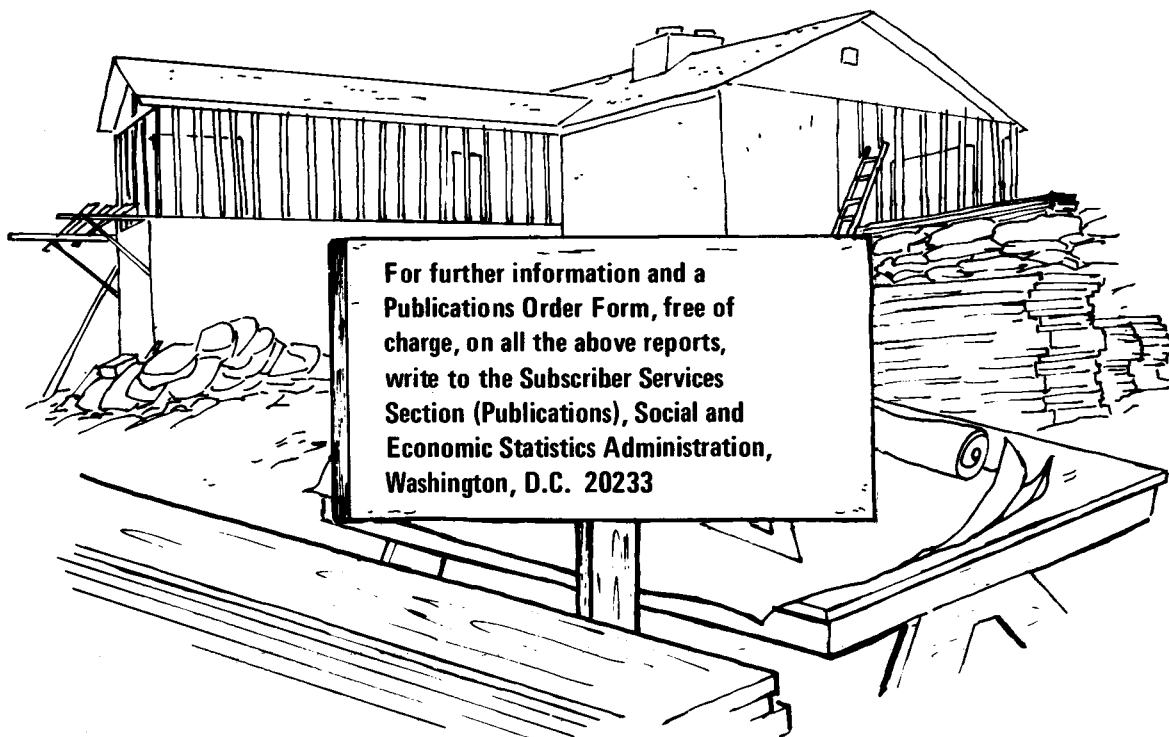




















Table with columns for years 1973, 1974, 1974, 1975 and rows for Annual, Jan., Feb., Mar., Apr., May, June, July, Aug., Sept., Oct., Nov., Dec., Jan., Feb.

COMMODITY PRICES—Continued

Main table of commodity prices with categories like WHOLESALE PRICES, Fuels and related prod., Industrial commodities, Metals and metal products, etc.

\*See corresponding note on p. S-8. Includes data for items not shown separately. Beginning June 1974 SURVEY, data are restated to reflect changes in pricing by BLS. Because of delay in obtaining data the prices lag the current index as follows: electric power, one month (i.e., July index reflects June prices); gas fuels, except LPG, two months (July index reflects May prices); refined petroleum products (gasoline, distillates, residual), one month (July index reflects June prices). The restated indexes are comparable with those for earlier periods.













Unless otherwise stated in footnotes below, data through 1972 and descriptive notes are as shown in the 1973 edition of BUSINESS STATISTICS	1973	1974 <sup>p</sup>		1974												1975	
	Annual	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. <sup>p</sup>	Feb. <sup>p</sup>		

LABOR FORCE, EMPLOYMENT, AND EARNINGS—Continued

AVERAGE HOURS PER WEEK																
Seasonally Adjusted																
Avg. weekly hours per worker on private nonagric. payrolls:†																
Seasonally adjusted.....	37.1	36.6	36.7	36.5	36.6	36.7	36.6	36.7	36.7	36.7	36.7	36.7	36.6	36.2	36.4	36.1
Not seasonally adjusted.....	37.1	36.6	36.3	36.5	36.5	36.3	36.6	37.0	37.1	36.7	36.8	36.6	36.2	36.5	35.8	35.8
Mining.....	42.5	42.8	42.9	43.3	43.1	43.0	43.3	43.3	43.0	42.9	43.4	43.4	43.4	41.0	42.2	42.3
Contract construction.....	37.0	36.9	36.4	37.6	36.7	36.3	36.7	36.9	36.9	36.4	36.5	37.2	37.1	37.5	37.1	36.6
Manufacturing: Not seasonally adjusted.....	40.7	40.0	39.9	40.1	40.2	39.1	40.3	40.4	40.0	40.1	40.3	40.1	39.7	39.9	38.7	38.5
Seasonally adjusted.....	40.7	40.0	40.4	40.4	40.3	39.3	40.3	40.1	40.2	40.2	40.0	40.1	39.5	39.4	39.2	38.8
Overtime hours.....	3.8	3.2	3.5	3.5	3.6	2.8	3.4	3.4	3.4	3.4	3.3	3.2	2.8	2.7	2.3	2.2
Durable goods.....	41.5	40.7	41.0	40.9	40.9	39.7	40.9	40.8	40.7	40.9	40.8	40.7	40.2	40.2	40.0	39.5
Overtime hours.....	4.1	3.4	3.6	3.7	3.7	2.9	3.5	3.4	3.5	3.6	3.5	3.4	3.0	2.8	2.5	2.3
Ordinance and accessories.....	41.8	41.7	41.5	41.4	42.2	41.2	42.3	42.0	41.7	41.3	41.5	41.4	41.9	41.8	42.1	41.0
Lumber and wood products.....	40.7	39.7	40.5	40.7	40.3	40.1	40.3	40.3	39.9	39.9	39.2	38.9	38.5	38.1	37.9	37.7
Furniture and fixtures.....	39.9	39.0	39.7	39.6	39.5	38.8	39.4	39.5	39.4	38.9	38.8	38.6	37.7	37.3	36.4	36.1
Stone, clay, and glass products.....	42.1	41.7	41.7	41.8	41.6	41.3	41.5	41.4	41.4	41.3	41.3	41.4	41.2	41.0	40.9	40.3
Primary metal industries.....	42.4	40.8	41.8	41.5	41.6	41.3	41.6	41.7	41.6	41.8	42.1	42.2	41.7	41.1	40.4	40.0
Fabricated metal products.....	41.6	40.8	41.3	41.2	41.3	39.5	41.0	41.0	40.8	41.0	41.2	41.0	40.4	40.6	40.4	39.8
Machinery, except electrical.....	42.6	42.3	42.5	42.4	42.4	40.7	42.3	42.4	42.2	42.7	42.7	42.4	42.3	42.1	41.8	41.2
Electrical equipment and supplies.....	40.4	39.7	39.9	39.9	40.0	38.9	39.9	40.1	39.9	39.6	39.8	39.7	39.4	39.5	39.4	39.3
Transportation equipment.....	41.9	40.1	40.3	40.3	40.4	38.8	40.5	39.7	40.1	40.7	40.2	40.6	39.5	39.5	39.6	39.2
Instruments and related products.....	40.8	40.2	40.7	40.8	40.5	39.4	40.2	40.5	40.1	40.4	40.1	39.9	39.9	39.8	39.6	39.0
Miscellaneous manufacturing ind.....	38.9	38.5	38.6	38.7	38.8	37.6	38.8	39.0	38.9	38.7	38.6	38.4	38.0	38.1	38.0	37.3
Nondurable goods.....	39.6	39.0	39.5	39.5	39.4	38.6	39.4	39.3	39.2	39.2	39.0	39.0	38.4	38.2	38.0	37.6
Overtime hours.....	3.4	3.0	3.4	3.2	3.2	2.8	3.2	3.3	3.2	3.1	3.0	2.9	2.5	2.5	2.2	2.0
Food and kindred products.....	40.4	40.3	40.7	40.7	40.5	39.8	40.5	40.5	40.4	40.5	40.3	40.3	40.0	40.0	39.9	39.7
Tobacco manufactures.....	38.5	37.8	39.2	38.8	37.8	38.5	38.8	37.3	37.0	37.6	38.5	37.0	37.4	37.7	37.5	37.9
Textile mill products.....	40.9	39.4	40.6	40.6	40.3	39.1	40.3	40.2	40.2	39.5	39.2	38.3	37.6	36.6	36.1	36.0
Apparel and other textile products.....	35.8	35.1	35.3	35.6	35.4	34.5	35.6	34.7	35.3	35.3	35.3	35.4	34.4	34.2	34.0	33.6
Paper and allied products.....	42.7	42.1	42.9	42.5	42.5	41.7	42.4	42.4	42.2	42.1	41.9	41.7	41.3	41.2	41.1	40.4
Printing and publishing.....	37.9	37.6	37.8	37.7	37.6	37.1	37.7	37.6	37.5	37.8	37.6	37.7	37.4	37.3	37.5	37.3
Chemicals and allied products.....	42.0	41.6	41.8	41.9	41.8	41.8	41.8	41.8	41.8	41.8	41.5	41.4	41.2	41.0	40.6	40.4
Petroleum and coal products.....	42.3	42.4	42.6	42.7	42.8	42.6	42.4	42.6	42.2	41.9	42.2	42.6	42.2	42.3	41.9	42.1
Rubber and plastics products, nec.....	41.1	40.3	40.8	40.8	40.7	39.1	40.4	40.6	40.4	40.7	40.5	40.8	39.8	39.5	39.5	38.7
Leather and leather products.....	37.9	37.2	37.5	37.8	38.1	37.1	37.6	37.6	37.0	37.2	36.7	37.0	36.6	36.1	35.7	35.1
Trans., comm., elec., gas, etc.....	40.7	40.5	40.7	40.5	40.4	40.8	40.6	40.3	40.7	40.5	40.4	40.4	39.9	40.1	40.1	39.8
Wholesale and retail trade.....	34.7	34.1	34.3	34.4	34.4	34.4	34.3	34.2	34.1	34.1	34.1	33.9	33.9	34.0	33.8	33.9
Wholesale trade.....	39.5	38.9	39.1	39.0	38.9	39.0	39.0	39.0	39.0	38.7	38.9	38.7	38.6	38.6	38.6	38.7
Retail trade.....	33.3	32.7	32.9	32.9	32.9	33.0	32.9	32.7	32.6	32.6	32.5	32.4	32.4	32.4	32.3	32.3
Finance, insurance, and real estate.....	36.9	36.8	36.8	36.8	36.7	36.7	36.7	36.8	36.7	36.8	36.9	36.7	36.7	36.9	37.1	37.2
Services.....	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.2	34.0	34.1	34.1	33.9	34.0	34.0	34.2	34.2
MAN-HOURS																
Seasonally Adjusted																
Man-hours of wage and salary workers, nonagric. establishments, for 1 week in the month, seasonally adjusted at annual rate †, bil. man-hours																
Total private sector.....	149.64	151.11	151.34	151.39	150.59	151.97	151.97	151.86	152.03	152.43	152.80	153.00	153.00	149.23	148.12	146.17
Mining.....	1.41	1.47	1.49	1.48	1.49	1.50	1.51	1.51	1.51	1.54	1.56	1.56	1.51	1.41	1.54	1.56
Contract construction.....	7.74	7.76	8.07	7.83	7.72	7.76	7.52	7.52	7.50	7.48	7.56	7.56	7.45	7.41	7.29	6.83
Manufacturing.....	42.10	42.27	42.02	41.90	41.18	41.98	41.97	41.86	41.83	41.73	41.41	40.28	39.22	38.19	37.00	37.00
Transportation, comm., elec., gas.....	9.82	9.97	9.93	9.89	9.98	9.92	9.84	9.93	9.90	9.83	9.87	9.74	9.73	9.61	9.48	9.48
Wholesale and retail trade.....	30.18	30.19	30.20	30.26	30.40	30.42	30.36	30.42	30.41	30.43	30.32	30.10	29.87	29.67	29.64	29.64
Finance, insurance, and real estate.....	7.82	7.91	7.93	7.91	7.93	7.94	7.95	7.93	7.98	8.01	7.99	7.98	7.98	8.02	8.05	8.05
Services.....	22.98	23.40	23.54	23.58	23.63	23.74	23.99	23.90	24.07	24.20	24.16	24.26	24.26	24.28	24.42	24.46
Government.....	27.58	28.15	28.16	28.53	28.27	28.70	28.58	28.59	28.83	29.22	29.92	29.16	29.28	29.35	29.14	29.14
Indexes of man-hours (aggregate weekly):†																
Private nonagric. payrolls, total..... 1967=100	112.9	112.9	113.5	113.7	113.3	112.7	113.6	113.5	113.3	113.4	113.4	113.0	111.2	109.7	108.6	106.6
Goods-producing.....	102.6	103.4	106.0	106.1	105.1	102.9	105.0	104.6	104.0	103.8	103.7	103.0	100.4	96.5	94.0	89.8
Mining.....	102.6	108.2	107.3	108.8	108.5	108.9	110.1	110.3	110.2	109.9	112.3	114.0	95.8	100.9	113.2	114.1
Contract construction.....	120.5	117.8	120.2	125.1	121.2	119.1	119.7	117.8	115.3	115.2	116.5	114.4	113.1	111.6	110.0	103.0
Manufacturing.....	103.4	100.6	103.4	102.6	102.2	99.8	102.2	102.1	101.8	101.6	101.3	100.3	96.9	93.4	90.2	86.6
Durable goods.....	104.5	101.6	104.2	103.0	102.7	100.4	103.0	103.2	102.8	102.5	102.5	101.7	98.1	94.4	90.9	86.9
Nondurable goods.....	102.0	99.3	102.3	102.1	101.4	99.0	101.1	100.5	100.3	100.2	99.5	98.2	95.0	92.0	89.3	86.2
Service-producing.....	108.7	109.1	110.3	109.9	109.4	110.4	109.8	108.7	109.7	109.3	108.4	108.9	107.5	107.1	105.6	104.2
Transportation, comm., elec., gas.....	108.7	109.1	110.3	109.9	109.4	110.4	109.8	108.7	109.7	109.3	108.4	108.9	107.5	107.1	105.6	104.2
Wholesale and retail trade.....	116.0	116.2	115.9	116.0	116.1	116.7	116.7	116.5	116.7	116.7	116.8	116.3	115.4	114.2	113.6	113.3
Wholesale trade.....	113.5	115.3	115.2	115.2	115.0	115.6	115.7	115.8	115.8	115.2	115.8	115.4	114.9	114.5	113.7	113.3
Retail trade.....	117.0	116.5	116.2	116.3	116.6	117.2	117.1	116.8	117.1	117.2	117.2	116.6	116.6	114.1	113.5	113.3
Finance, insurance, and real estate.....	123.0	123.6	123.3	123.7	123.3	123.4	123.5	123.8	123.2	123.7	124.3	123.8	123.0	123.7	124.1	123.9
Services.....	122.7	127.4	125.0	125.7	126.0	126.1	126.8	128.0	127.5	128.3	129.0	128.7	129.2	129.3	130.1	129.7
HOURLY AND WEEKLY EARNINGS																
Average hourly earnings per worker:†																
Not seasonally adjusted:																
Private nonagric. payrolls..... dollars	3.92	4.22	4.05	4.07	4.09	4.10	4.17	4.21	4.22	4.26	4.35	4.37	4.36	4.38	4.40	4.41
Mining.....	4.72	5.20	5.00	5.01	5.01	5.11	5.14	5.18	5.22	5.27	5.37	5.37	5.22	5.42	5.65	5.72
Contract construction.....	6.38	6.74	6.52	6.54	6.53	6.56	6.60	6.65	6.68	6.86	7.01	6.99	7.00	7.05	7.08	7.

Unless otherwise stated in footnotes below, data through 1972 and descriptive notes are as shown in the 1973 edition of BUSINESS STATISTICS	1973	1974 <sup>P</sup>	1974												1975	
	Annual		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. <sup>P</sup>	Feb. <sup>P</sup>

LABOR FORCE, EMPLOYMENT, AND EARNINGS—Continued

HOURLY AND WEEKLY EARNINGS—Con.																
Avg. hourly earnings per worker, private nonagric. payrolls. Not seas. adj. †—Continued																
Manufacturing—Continued																
Nondurable goods.....dollars.	3.68	3.98	3.82	3.82	3.84	3.86	3.91	3.97	4.02	4.04	4.08	4.10	4.13	4.19	4.22	4.23
Excluding overtime.....do.	3.53	3.84	3.67	3.68	3.69	3.74	3.76	3.81	3.86	3.88	3.92	3.95	4.00	4.06	4.11	4.12
Food and kindred products.....do.	3.82	4.15	3.99	4.01	4.03	4.07	4.12	4.14	4.18	4.17	4.21	4.24	4.29	4.35	4.40	4.40
Tobacco manufactures.....do.	3.76	4.14	3.89	3.86	3.97	4.11	4.27	4.28	4.37	4.13	4.11	4.12	4.25	4.31	4.38	4.52
Textile mill products.....do.	2.95	3.19	3.07	3.06	3.07	3.05	3.12	3.24	3.25	3.27	3.28	3.26	3.27	3.27	3.28	3.29
Apparel and other textile prod.....do.	2.78	2.99	2.85	2.86	2.88	2.89	2.96	2.98	3.01	3.05	3.10	3.11	3.10	3.11	3.15	3.14
Paper and allied products.....do.	4.19	4.50	4.33	4.31	4.34	4.37	4.40	4.47	4.53	4.58	4.63	4.65	4.69	4.73	4.75	4.75
Printing and publishing.....do.	4.68	4.96	4.79	4.81	4.85	4.85	4.91	4.95	4.97	5.01	5.06	5.08	5.10	5.15	5.15	5.19
Chemicals and allied products.....do.	4.48	4.84	4.65	4.65	4.67	4.72	4.74	4.79	4.89	4.91	4.97	5.00	5.05	5.10	5.12	5.14
Petroleum and coal products.....do.	5.21	5.62	5.40	5.42	5.42	5.55	5.47	5.57	5.66	5.72	5.80	5.80	5.80	5.84	5.91	6.06
Rubber and plastics products, nec.....do.	3.80	4.02	3.92	3.92	3.92	3.86	3.93	3.99	4.06	4.09	4.12	4.14	4.16	4.21	4.22	4.21
Leather and leather products.....do.	2.81	3.01	2.90	2.93	2.94	2.95	3.01	3.00	3.00	3.04	3.07	3.07	3.11	3.11	3.15	3.17
Transportation, comm., elec., gas.....do.	5.03	5.43	5.23	5.26	5.25	5.28	5.29	5.34	5.40	5.42	5.51	5.65	5.65	5.67	5.70	5.72
Wholesale and retail trade.....do.	3.20	3.47	3.34	3.35	3.37	3.38	3.44	3.47	3.48	3.50	3.56	3.57	3.58	3.58	3.65	3.67
Wholesale trade.....do.	4.12	4.49	4.29	4.31	4.33	4.38	4.42	4.47	4.49	4.53	4.62	4.62	4.62	4.67	4.70	4.77
Retail trade.....do.	2.87	3.09	2.99	2.99	3.01	3.01	3.08	3.10	3.11	3.12	3.16	3.18	3.18	3.18	3.24	3.26
Finance, insurance, and real estate.....do.	3.57	3.81	3.70	3.71	3.71	3.72	3.75	3.81	3.80	3.82	3.91	3.90	3.92	3.97	3.99	4.06
Services.....do.	3.46	3.74	3.61	3.64	3.66	3.68	3.72	3.74	3.72	3.73	3.83	3.83	3.86	3.90	3.90	3.93
Seasonally adjusted: †																
Private nonagricultural payrolls.....do.	3.92	4.22	4.05	4.08	4.10	4.11	4.17	4.21	4.23	4.27	4.32	4.35	4.36	4.39	4.40	4.42
Mining.....do.	4.72	5.20	4.94	5.00	5.03	5.08	5.14	5.20	5.26	5.32	5.36	5.40	5.20	5.38	5.58	5.70
Contract construction.....do.	6.38	6.74	6.48	6.52	6.57	6.60	6.62	6.74	6.75	6.89	6.94	6.90	6.95	7.02	7.04	7.04
Manufacturing.....do.	4.07	4.40	4.19	4.22	4.24	4.25	4.33	4.38	4.43	4.48	4.53	4.57	4.58	4.62	4.62	4.67
Transportation, comm., elec., gas.....do.	5.03	5.43	5.22	5.26	5.28	5.29	5.31	5.37	5.39	5.41	5.56	5.64	5.64	5.67	5.69	5.72
Wholesale and retail trade.....do.	3.20	3.47	3.32	3.34	3.36	3.37	3.44	3.47	3.49	3.52	3.55	3.57	3.59	3.61	3.63	3.66
Finance, insurance, and real estate.....do.	3.57	3.81	3.68	3.67	3.70	3.71	3.74	3.83	3.80	3.84	3.92	3.91	3.93	3.97	3.97	4.03
Services.....do.	3.46	3.74	3.60	3.63	3.65	3.68	3.72	3.76	3.74	3.76	3.80	3.82	3.86	3.89	3.89	3.92
Indexes of avg. hourly earnings, seas. adj.: ††																
Private nonfarm economy:																
Current dollars, 1967=100.....do.	146.6	158.4	151.7	152.7	153.6	154.3	156.1	158.2	158.7	160.2	162.1	163.3	164.1	165.3	166.1	167.3
1967 dollars.....do.	110.1	107.2	108.4	107.7	107.3	107.2	107.3	107.8	107.4	107.0	106.8	106.7	106.3	106.4	106.2	106.3
Mining.....do.	147.5	162.8	154.3	156.1	157.4	158.8	160.5	162.6	163.8	165.7	167.3	167.8	167.2	172.5	174.2	177.5
Contract construction.....do.	154.5	163.3	156.0	158.0	159.1	159.7	160.4	162.9	163.5	166.8	167.9	167.2	168.3	170.1	170.4	170.3
Manufacturing.....do.	143.6	155.9	148.7	149.6	150.6	151.7	153.5	155.5	156.6	158.0	159.6	161.5	162.5	163.5	164.6	166.1
Transportation, comm., elec., gas.....do.	155.5	167.5	161.4	162.5	163.3	163.5	164.1	166.0	166.9	167.1	171.8	174.1	174.1	174.7	175.6	176.7
Wholesale and retail trade.....do.	143.0	155.0	148.5	149.1	150.2	150.6	153.3	155.1	155.8	157.2	158.7	160.3	161.0	162.5	163.5	165.5
Finance, insurance, and real estate.....do.	138.4	148.4	142.8	143.1	143.9	144.4	145.5	148.8	148.0	149.8	152.9	152.8	153.4	155.1	155.3	157.7
Services.....do.	150.1	162.3	156.4	157.5	158.4	159.3	161.6	163.5	162.3	163.4	164.4	165.4	166.8	168.3	168.7	169.9
Hourly wages, not seasonally adjusted:																
Construction wages, 20 cities (E N R): ††																
Common labor.....\$ per hr.	7.07	7.56	7.29	7.31	7.31	7.31	7.31	7.41	7.56	7.73	7.80	7.85	7.89	7.90	7.94	7.96
Skilled labor.....do.	9.59	10.18	9.89	9.89	9.90	9.91	9.91	10.05	10.25	10.39	10.40	10.50	10.55	10.58	10.62	10.66
Farm (U.S.) wage rates, hired workers, by method of pay:																
All workers, including piece-rate.....\$ per hr.		2.29	2.27			2.21			2.13			2.57			2.49	
All workers, other than piece-rate.....do.			2.23			2.19			2.12			2.47			2.44	
Workers receiving cash wages only.....do.			2.52			2.46			2.27			2.78			2.73	
Workers paid per hour, cash wages only.....do.			2.22			2.29			2.26			2.51			2.53	
Railroad wages (average, class I)§.....do.	5.427							5.711								
Avg. weekly earnings per worker, ††† private nonfarm: †																
Current dollars, seasonally adjusted.....do.	145.43	154.45	148.64	150.14	150.47	150.43	153.04	154.51	155.24	156.71	158.54	159.21	157.83	159.80	159.28	159.56
1967 dollars, seasonally adjusted.....do.	109.26		106.19	105.97	105.08	104.53	105.23	105.30	105.07	104.65	104.51	104.06	102.23	102.83	101.84	101.37
Spendable earnings (worker with 3 dependents):																
Current dollars, seasonally adjusted.....do.	127.41		129.89	131.04	131.30	131.27	133.28	134.41	134.98	136.11	137.52	138.04	136.98	138.50	138.01	138.31
1967 dollars, seasonally adjusted.....do.	95.73		92.80	92.49	91.70	91.22	91.64	91.60	91.36	90.90	90.65	90.22	88.73	89.12	88.29	87.87
Current dollars, not seasonally adjusted: ††																
Private nonfarm, total.....dollars.	145.43	154.45	147.02	148.56	149.29	148.83	152.62	155.77	156.56	158.05	160.08	159.94	157.83	159.87	157.52	157.88
Mining.....do.	200.60	222.56	212.50	214.43	212.93	217.69	222.56	226.37	225.50	227.14	233.60	235.21	190.53	224.93	236.17	239.10
Contract construction.....do.	236.06	248.71	236.90	236.75	238.35	235.50	242.22	250.04	253.17	257.94	262.88	264.92	255.50	250.44	250.63	249.22
Manufacturing.....do.	165.65	176.00	168.38	169.22	170.45	166.18	174.50	176.95	176.80	178.04	182.56	182.86	181.83	185.54	179.96	179.80
Durable goods.....do.	179.70	190.48	181.44	182.34	184.46	178.60	189.01	191.53	189.67	191.63	197.62	198.29	197.15	201.96	195.13	195.32
Nondurable goods.....do.	145.73	155.22	149.36	149.74	150.53	148.22	153.66	156.42	157.99	159.18	160.34	159.90	159.42	161.32	158.67	157.78
Transportation, comm., elec., gas.....do.	204.72	219.92	210.77	211.45	210.00	213.31	214.25	216.80	221.94	221.14	227.77	228.83	226.00	227.37	226.29	225.94
Wholesale and retail trade.....do.	111.04	118.33	112.89	113.57	114.58	115.26	116.96	119.72	121.80	122.15	121.40	120.31	120.65	122.44	121.55	122.58
Wholesale trade.....do.	162.74	174.66	166.88	166.80	168.00	169.51	171.94	174.78	176.01	176.22	178.79	180.26	183.30	181.25	183.17	183.17
Retail trade.....do.	95.57	101.04	96.58	96.88	97.52	98.43	100.10	102.61	104.81	104.83	103.02	102.40	102.08	103.09	103.03	103.67
Finance, insurance, and real estate.....do.	131.73	140.21	135.79	136.53	136.16	136.52	137.25	140.21	139.84	140.96	143.89	143.13	143.86	146.49	147.63	151.03
Services.....do.	117.64	127.16	121.66	123.03	123.71	124.38	125.36	128.28	128.71	129.06	130.60	129.45	130.47	132.60	132.21	133.62
HELP-WANTED ADVERTISING																
Seasonally adjusted index †.....1967=100.....do.	122	106	111	108	111	116	115	116	119	115	103	94	86	79	73	
LABOR TURNOVER†																
Manufacturing establishments:																
Unadjusted for seasonal variation:																
Accession rate, total.....mo. rate per 100 employees.....do.	4.8	4.2	4.2	3.7	4.0	4.4	5.1	5.4	4.8	5.5	4.9	3.8	2.4			

Unless otherwise stated in footnotes below, data through 1972 and descriptive notes are as shown in the 1973 edition of BUSINESS STATISTICS	1973	1974	1974												1975	
	Annual		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.

LABOR FORCE, EMPLOYMENT, AND EARNINGS—Continued

UNEMPLOYMENT INSURANCE	1973	1974	1974												1975	
	Annual		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
Unemployment insurance programs:																
Insured unemployment, all programs, average weekly \$ <sup>1</sup>	1,783	p 2,568	2,740	2,824	2,751	2,565	2,278	2,161	2,290	2,153	2,081	2,247	2,825	3,910		5,212
State programs:																
Initial claims, do.	12,820	p 18,874	2,114	1,436	1,215	1,170	1,084	1,078	1,594	1,221	1,171	* 1,607	* 2,016	3,168		
Insured unemployment, avg. weekly, do.	1,632	p 2,277	2,561	2,630	2,502	2,217	1,934	1,834	1,989	1,874	1,783	1,947	2,499	3,550		4,751
Percent of covered employment: Δ																
Unadjusted	2.7	p 3.6	4.1	4.2	4.0	3.5	3.0	2.9	3.1	2.9	2.7	3.0	3.8	5.4		7.2
Seasonally adjusted			3.1	3.2	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.5	3.8	5.0		5.5
Beneficiaries, average weekly, do.	1,371	p 1,875	2,062	2,230	2,266	2,022	1,732	1,573	1,625	1,617	1,455	1,520	1,814	2,579		
Benefits paid \$, do.	4,007.6	p 6,093.9	570.8	553.3	593.9	552.7	486.4	383.4	459.1	444.9	381.0	* 441.8	* 485.0	* 741.6		
Federal employees, insured unemployment, average weekly, do.	38	p 40	47	43	40	36	33	34	40	39	38	40	42	43		p 46
Veterans' program (UCX):																
Initial claims, do.	360	p 380	33	26	26	28	28	29	37	32	33	36	33	39		
Insured unemployment, avg weekly, do.	62	p 67	67	66	65	61	59	59	66	67	65	70	75	84		p 93
Beneficiaries, average weekly, do.	60	p 65	67	65	65	60	58	59	61	67	63	63	70	82		
Benefits paid, do.	209.4	p 231.7	20.2	17.5	18.3	17.7	17.8	15.9	19.3	20.5	18.5	20.3	20.7	25.3		
Railroad program:																
Applications, do.	93	p 69	8	3	2	3	2	6	11	7	7	4	6	10		15
Insured unemployment, avg weekly, do.	12	p 10	14	12	10	10	7	6	7	9	9	8	13	15		25
Benefits paid, do.	30.6	p 22.2	2.7	2.4	2.2	2.0	1.6	1.2	1.2	1.4	1.5	1.6	1.6	2.8		3.8

FINANCE

BANKING	1973	1974	1974												1975	
	Annual		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
Open market paper outstanding, end of period:																
Bankers' acceptances, mil. \$	8,892		9,101	9,364	10,166	10,692	11,727	13,174	15,686	16,167	16,035	16,882	16,553			
Commercial and financial co. paper, total, do.	41,073		45,491	47,164	44,690	44,737	46,171	44,846	45,561	47,967	49,087	51,754	51,883			
Financial companies, do.	32,691		35,720	36,370	35,440	35,040	36,125	34,878	34,999	37,082	36,428	37,751	37,351			
Dealer placed, do.	5,487		6,367	7,201	6,571	6,288	5,699	4,970	4,655	5,308	5,333	5,242	4,860			
Directly placed, do.	27,204		29,353	29,169	28,869	28,752	30,426	29,908	30,344	31,774	31,095	32,509	32,491			
Nonfinancial companies, do.	8,382		9,771	10,794	9,250	9,697	10,046	9,968	10,562	10,885	12,639	14,003	14,532			
Agricultural loans and discounts outstanding of agencies supervised by the Farm Credit Adm.: Total, end of period, mil. \$	21,840	27,152	22,506	22,019	23,171	23,641	24,041	24,606	25,364	25,754	26,161	26,796	26,897	27,152	27,964	
Farm mortgage loans:																
Federal land banks, do.	11,071	13,643	11,245	11,402	11,467	11,878	12,142	12,400	12,684	12,941	13,185	13,418	13,643	13,643	14,086	
Loans to cooperatives, do.	2,577	3,575	3,123	3,211	3,143	2,891	2,694	2,733	3,008	3,026	3,092	3,598	3,573	3,575	3,910	
Other loans and discounts, do.	8,193	9,933	8,138	8,306	8,561	8,872	9,205	9,473	9,672	9,788	9,884	9,779	9,681	9,933	9,968	
Bank debits to demand deposit accounts, except interbank and U.S. Government accounts, annual rates, seasonally adjusted:																
Total (23 SMSA's) <sup>3</sup> , bil. \$			18,817.7	19,813.7	20,166.9	20,062.3	20,564.7	20,457.3	20,899.6	21,478.3	22,017.5	22,348.8	22,918.7	* 22,192.4	21,849.8	
New York SMSA, do.			8,081.0	8,896.2	8,914.4	8,637.9	8,970.1	9,065.7	9,140.4	9,240.8	9,970.8	10,271.1	10,538.9	9,931.8	10,157.8	
Total 22 SMSA's (except N.Y.), do.			10,736.8	10,917.5	11,252.5	11,424.3	11,594.6	11,391.6	11,759.2	12,237.5	12,046.7	12,077.6	12,379.8	* 12,260.6	11,691.9	
6 other leading SMSA's <sup>4</sup> , do.			4,517.1	4,582.1	4,718.0	4,747.6	4,820.8	4,768.0	4,892.1	5,173.0	5,092.1	5,084.7	5,160.2	* 5,152.7	4,863.2	
226 other SMSA's, do.			6,219.6	6,335.4	6,534.6	6,676.7	6,773.8	6,623.6	6,867.1	7,064.5	6,954.7	6,993.0	7,219.5	* 7,107.9	6,828.8	
Federal Reserve banks, condition, end of period:																
Assets, total, mil. \$	106,464	113,611	104,665	104,409	105,463	109,282	111,075	110,906	110,269	111,915	111,208	110,632	113,134	113,611	* 112,646	
Reserve bank credit outstanding, total, do.	84,680	89,013	83,422	83,439	85,194	86,360	90,254	89,423	88,034	91,070	89,330	87,037	90,110	89,613	89,755	
Time loans, do.	1,258	299	961	720	1,820	1,747	3,298	3,210	3,589	4,320	2,920	1,122	1,225	290	101	
U.S. Government securities, do.	78,516	80,501	78,240	78,237	79,483	80,007	81,395	80,484	78,103	81,131	81,085	79,351	80,908	80,501	81,344	
Gold certificate account, do.	11,460	11,635	11,460	11,460	11,460	11,460	11,460	11,460	11,460	11,460	11,460	11,460	11,460	11,652	11,635	
Liabilities, total, do.	106,464	113,611	104,665	104,409	105,463	109,282	111,075	110,906	110,269	111,915	111,208	110,632	113,134	113,611	* 112,646	
Deposits, total, do.	31,486	30,649	32,134	31,227	32,250	32,822	35,241	34,151	32,697	34,576	33,616	31,916	32,780	30,649	33,715	
Member-bank reserve balances, do.	27,060	28,923	29,241	27,989	29,538	28,795	31,012	30,086	27,376	30,247	29,266	29,805	29,867	28,823	28,923	
Federal Reserve notes in circulation, do.	65,470	72,259	63,497	63,662	64,121	64,971	65,802	66,475	67,131	67,706	67,775	68,520	70,137	72,259	60,945	
All member banks of Federal Reserve System, averages of daily figures:																
Reserves held, total, mil. \$	135,068	136,941	36,655	35,242	34,966	35,929	36,519	36,390	37,338	37,076	36,796	36,837	36,941	* 37,540	p 35,409	
Required, do.	134,806	136,602	36,419	35,053	34,790	35,771	36,325	36,259	37,161	36,855	36,705	36,579	36,602	* 37,382	p 35,348	
Excess, do.	262	1,339	236	189	176	158	194	131	177	178	191	91	258	338	p -42	
Borrowings from Federal Reserve banks, do.	1,298	1,703	1,014	1,186	1,352	1,714	2,000	3,308	3,351	3,287	3,287	1,793	1,253	703	p 390	
Free reserves, do.	-1,069	-333	-790	-980	-1,144	-1,509	-2,284	-2,739	-2,982	-3,008	-2,937	-1,585	-960	-333	p -419	
Large commercial banks reporting to Federal Reserve System, end of yr. or mo.:																
Deposits:																
Demand, adjusted <sup>5</sup> , mil. \$	112,531	108,588	99,349	98,204	101,440	102,020	96,753	98,403	101,649	100,293	101,460	101,052	100,674	108,588	101,930	
Demand, total, do.	184,565	183,505	158,015	155,789	163,148	166,949	161,068	164,141	161,787	153,287	160,987	159,896	165,295	183,505	152,839	
Individuals, partnerships, and corp., do.	128,207	128,181	109,056	109,235	113,210	114,478	112,819	114,623	115,110	111,840	115,075	115,026	118,647	128,181	110,564	
State and local governments, do.	7,352	6,848	6,238	6,014	6,064	7,167	6,042	6,409	6,273	5,586	6,164	6,106	6,046	6,848	5,999	
U.S. Government, do.	7,164	1,565	5,690	3,241	3,714	7,347	3,591	5,501	1,831	1,732	3,195	1,155	1,852	1,565	2,007	
Domestic commercial banks, do.	25,286	31,563	22,815	22,787	24,732	22,445	25,044	23,426	23,117	21,251	22,460	23,832	24,901	31,563	20,631	
Time, total, do.	189,645	227,608	193,137	192,851	197,889	203,690	209,559	211,533	216,294	219,453	221,496	219,870	218,965	227,608	226,719	
Individuals, partnerships, and corp., do.	57,087	58,355	56,802	57,144	58,485	57,830	57,844	58,115	57,615	57,079	57,220	57,408	57,809	58,355	58,740	
Savings, do.	95,405	122,236	98,902	99,038	102,519	106,216	111,056	112,245	115,729	118,853	119,328	118,126	117,605	122,236	120,966	
Other time, do.																
Loans (adjusted), total, do.	270,659	304,203	264,503	267,013	278,044</											

Unless otherwise stated in footnotes below, data through 1972 and descriptive notes are as shown in the 1973 edition of BUSINESS STATISTICS	1973	1974	1974												1975	
	Annual		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.

FINANCE—Continued

BANKING—Continued

Commercial bank credit (last Wed. of mo., except for June 30 and Dec. 31 call dates), seas. adj.:†																	
Total loans and investments⊙.....bil. \$.	630.3	681.2	638.9	647.4	657.5	666.9	673.4	677.5	686.6	692.0	687.0	687.1	688.5	681.2	686.1		
Loans⊙.....do.....	447.3	494.1	452.9	458.3	468.2	476.3	481.4	484.5	494.3	500.2	498.2	499.5	500.9	494.1	498.3		
U.S. Government securities.....do.....	52.8	48.8	54.5	56.4	56.4	57.1	57.2	56.4	55.8	55.3	52.2	49.7	49.3	48.8	48.9		
Other securities.....do.....	130.2	138.3	131.5	132.7	133.9	133.5	134.8	136.6	136.5	136.5	136.6	137.9	138.3	138.3	138.9		
Money and interest rates: §																	
Bank rates on short-term business loans:																	
In 35 centers.....percent per annum.....	1 8.30	1 11.28		9.91			11.15			12.40			11.64				
New York City.....do.....	1 8.06	1 11.12		9.68			11.08			12.38			11.35				
7 other northeast centers.....do.....	1 8.65	1 11.83		10.28			11.65			13.17			12.22				
8 north central centers.....do.....	1 8.29	1 11.27		9.98			11.09			12.36			11.66				
7 southeast centers.....do.....	1 8.34	1 11.01		9.80			10.88			11.85			11.52				
8 southwest centers.....do.....	1 8.30	1 11.07		9.93			10.82			11.95			11.56				
4 west coast centers.....do.....	1 8.26	1 11.15		9.78			11.19			12.15			11.48				
Discount rate (N.Y.F.R. Bank), end of year or month.....percent.....	7.50	7.75	7.50	7.50	7.50	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.75	7.25	6.75	
Federal intermediate credit bank loans.....do.....	1 7.16	1 8.82	8.42	8.52	8.58	8.58	8.68	8.68	8.77	8.92	9.02	9.18	9.22	9.29	9.26		
Home mortgage rates (conventional 1st mortgages):																	
New home purchase (U.S. avg.).....percent.....	1 7.95	8.92	8.52	8.62	8.64	8.67	8.74	8.85	8.96	9.09	9.19	9.17	9.27	9.37	9.33	9.11	
Existing home purchase (U.S. avg.).....do.....	1 8.01	9.02	8.64	8.70	8.63	8.60	8.67	8.84	9.00	9.13	9.33	9.51	9.58	9.60	9.53	9.40	
Open market rates, New York City:																	
Bankers' acceptances (prime, 90 days).....do.....	2 8.08	2 9.89	8.72	7.83	8.43	9.61	10.68	10.79	11.88	12.08	11.06	9.34	9.03	9.19	7.54	6.35	
Commercial paper (prime, 4-6 months).....do.....	2 8.15	2 9.84	8.66	7.83	8.42	9.79	10.62	10.96	11.72	11.65	11.23	9.36	8.81	8.98	7.30	6.33	
Finance Co. paper placed directly, 3-6 mo. do.....	2 7.40	2 8.60	7.92	7.40	7.76	8.43	8.94	9.00	9.00	9.31	9.41	9.03	8.50	8.50	7.31	6.24	
Stock Exchange call loans, going rate.....do.....	2 8.25	2 10.98	9.95	9.39	9.08	10.23	11.48	11.78	12.22	12.25	12.25	11.80	10.81	10.50	10.11	9.02	
Yield on U.S. Government securities (taxable):																	
3-month bills (rate on new issue).....percent.....	2 7.041	2 7.873	7.755	7.060	7.986	8.229	8.430	8.145	7.752	8.744	8.363	7.244	7.585	7.179	6.493	5.583	
3-5 year issues.....do.....	2 6.92	2 7.81	6.94	6.77	7.33	7.99	8.24	8.14	8.39	8.64	8.38	7.98	7.65	7.22	7.29	6.85	

CONSUMER CREDIT (Short- and Intermediate-term)

Total outstanding, end of year or month.....mil. \$.	180,486	190,121	178,686	177,522	177,572	179,495	181,680	183,425	184,805	187,369	187,906	188,023	188,084	190,121	187,080		
Installment credit, total.....do.....	147,437	156,124	146,575	145,927	145,768	147,047	148,852	150,615	152,142	154,472	155,139	155,328	155,166	156,124	153,952		
Automobile paper.....do.....	51,130	51,689	50,617	50,386	50,310	50,606	51,076	51,641	52,082	52,772	52,848	52,736	52,325	51,689	50,947		
Other consumer goods paper.....do.....	47,530	52,009	47,303	46,781	46,536	47,017	47,588	48,099	48,592	49,322	49,664	49,986	50,401	52,009	51,142		
Repair and modernization loans.....do.....	7,852	8,162	7,303	7,343	7,430	7,573	7,786	7,930	8,068	8,214	8,252	8,287	8,260	8,162	8,048		
Personal loans.....do.....	41,425	44,264	41,352	41,417	41,492	41,851	42,402	42,945	43,400	44,164	44,375	44,319	44,180	44,264	43,815		
By type of holder:																	
Financial institutions, total.....do.....	129,305	136,651	128,870	128,807	128,799	129,988	131,675	133,404	134,831	136,922	137,461	137,477	136,894	136,651	135,148		
Commercial banks.....do.....	69,495	72,510	69,429	69,246	69,232	69,944	70,721	71,615	72,384	73,302	73,455	73,372	72,896	72,510	71,776		
Finance companies.....do.....	37,243	38,925	37,140	37,148	37,005	37,291	37,751	38,159	38,479	38,943	38,921	38,901	38,803	38,925	38,340		
Credit unions.....do.....	19,609	22,116	19,429	19,430	19,550	19,704	20,053	20,501	20,825	21,402	21,792	21,898	21,975	22,116	21,966		
Miscellaneous lenders.....do.....	2,958	3,100	2,872	2,983	3,012	3,049	3,150	3,129	3,143	3,275	3,293	3,311	3,220	3,100	3,066		
Retail outlets, total.....do.....	18,132	19,473	17,705	17,120	16,969	17,059	17,177	17,211	17,311	17,550	17,678	17,851	18,272	19,473	18,804		
Automobile dealers.....do.....	299	286	296	293	292	293	294	296	297	299	298	296	292	286	282		
Noninstallment credit, total.....do.....	33,049	33,997	32,111	31,595	31,804	32,448	32,828	32,810	32,663	32,897	32,767	32,695	32,918	33,997	33,128		
Single-payment loans, total.....do.....	13,241	12,979	13,117	13,159	13,188	13,315	13,331	13,311	13,192	13,202	13,131	13,003	12,950	12,979	12,675		
Commercial banks.....do.....	11,753	11,500	11,652	11,663	11,686	11,806	11,806	11,822	11,694	11,680	11,641	11,515	14,464	11,500	11,210		
Other financial institutions.....do.....	1,488	1,479	1,465	1,496	1,502	1,509	1,525	1,509	1,498	1,522	1,490	1,488	1,486	1,479	1,465		
Charge accounts, total.....do.....	9,829	10,134	8,475	8,018	7,939	8,434	8,947	9,106	9,265	9,153	9,183	9,183	9,183	10,134	9,315		
Retail outlets.....do.....	7,783	8,012	6,894	6,136	6,097	6,556	6,948	7,002	6,936	6,983	6,876	7,027	7,174	8,012	7,162		
Credit cards.....do.....	2,046	2,122	1,981	1,882	1,842	1,878	1,999	2,104	2,204	2,282	2,277	2,156	2,144	2,122	2,153		
Service credit.....do.....	9,979	10,884	10,119	10,418	10,677	10,699	10,550	10,393	10,331	10,430	10,483	10,509	10,650	10,884	11,138		
Installment credit extended and repaid:																	
Unadjusted:																	
Extended, total.....do.....	165,083	166,478	12,375	11,227	13,246	14,856	15,605	14,641	15,486	15,209	13,294	13,837	12,431	14,271	11,561		
Automobile paper.....do.....	46,453	42,756	2,934	2,945	3,546	3,944	4,200	4,027	4,200	4,137	3,569	3,544	2,903	2,807	2,807		
Other consumer goods paper.....do.....	66,859	71,077	5,471	4,525	5,479	6,141	6,319	5,888	6,232	6,145	5,647	6,013	5,763	7,454	5,196		
All other.....do.....	51,771	52,645	3,970	3,757	4,221	4,771	5,086	4,726	5,054	4,927	4,070	4,280	3,765	4,010	3,538		
Repaid, total.....do.....	144,978	157,791	13,237	11,875	13,405	13,577	13,800	12,878	13,959	12,879	12,627	13,648	12,593	13,313	13,733		
Automobile paper.....do.....	39,452	42,197	3,447	3,176	3,622	3,648	3,730	3,462	3,759	3,447	3,493	3,656	3,314	3,443	3,549		
Other consumer goods paper.....do.....	59,409	66,598	5,698	5,047	5,724	5,660	5,748	5,377	5,739	5,415	5,305	5,691	5,348	5,846	6,063		
All other.....do.....	46,117	48,996	4,092	3,652	4,059	4,269	4,322	4,039	4,461	4,017	3,829	4,301	3,931	4,024	4,121		
Seasonally adjusted:																	
Extended, total.....do.....			13,714	13,541	13,823	14,179	14,669	14,387	14,635	14,394	14,089	13,626	12,609	12,702	12,859		
Automobile paper.....do.....			3,492	3,389	3,484	3,545	3,769	3,731	3,812	3,887	3,835	3,369	3,062	3,205	3,348		
Other consumer goods paper.....do.....			5,662	5,647	5,933	6,034	6,156	6,043	6,164	5,993	5,935	5,948	5,700	5,798	5,430		
All other.....do.....			4,560	4,505	4,406	4,600	4,744	4,613	4,659	4,514	4,319	4,309	3,847	3,699	4,081		
Repaid, total.....do.....			12,797	12,870	13,206	13,026	13,407	13,301	13,310	12,882	13,412	13,224	13,009	13,516	13,260		
Automobile paper.....do.....			3,433	3,394	3,514	3,498	3,601	3,577	3,563	3,443	3,604	3,470					

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	Annual		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.

**FINANCE—Continued**

<b>FEDERAL GOVERNMENT FINANCE</b>																
<b>Budget receipts and outlays:</b>																
Receipts (net)..... mil. \$	232,225	264,932	23,476	20,226	16,818	29,657	19,243	31,259	20,938	23,620	28,377	19,633	22,292	24,946		
Outlays (net)..... do.	246,526	268,392	23,671	21,030	22,905	22,273	23,981	24,172	24,411	25,408	24,712	26,460	24,965	27,442		
Budget surplus or deficit (—)..... do.	-14,301	-3,460	-195	-804	-6,086	7,384	-4,739	7,087	-3,472	-1,787	3,666	-6,827	-2,673	-2,496		
<b>Budget financing, total..... do.</b>	14,301	3,460	195	804	6,086	-7,384	4,739	-7,087	3,472	1,787	-3,666	6,827	2,673	2,496		
Borrowing from the public..... do.	19,275	13,009	-773	-162	4,309	-2,502	8	-3,877	1,644	2,283	569	721	4,500	5,077		
Reduction in cash balances..... do.	-4,974	1,551	968	966	1,777	-4,882	4,731	-3,210	1,828	-496	-4,235	6,206	-1,827	-2,581		
<b>Gross amount of debt outstanding..... do.</b>	468,426	486,247	478,957	481,443	485,649	483,090	485,634	486,247	487,239	493,622	493,130	491,646	496,768	504,031		
Held by the public..... do.	343,045	346,053	348,285	348,123	352,432	349,931	349,939	346,053	347,706	349,980	350,549	351,270	355,770	360,847		
<b>Budget receipts by source and outlays by agency:</b>																
Receipts (net), total..... mil. \$	232,225	264,932	23,476	20,226	16,818	29,657	19,243	31,259	20,938	23,620	28,377	19,633	22,292	24,946		
Individual income taxes (net)..... do.	103,246	118,952	14,327	8,601	3,219	14,764	5,641	14,231	10,806	10,485	13,947	10,590	10,832	10,799		
Corporation income taxes (net)..... do.	36,153	38,620	1,562	819	5,549	5,463	1,100	9,033	1,485	828	5,647	1,206	797	6,268		
Social insurance taxes and contributions (net)..... mil. \$	64,542	76,780	5,232	8,400	5,721	6,896	10,036	5,386	5,781	9,544	6,120	5,142	7,748	5,441		
Other..... do.	28,286	30,582	2,356	2,406	2,330	2,534	2,466	2,611	2,867	2,763	2,675	2,696	2,916	2,438		
Outlays, total..... do.	246,526	268,392	23,671	21,030	22,905	22,273	23,981	24,172	24,411	25,408	24,712	26,460	24,965	27,442		
Agriculture Department..... do.	10,028	9,767	1,209	547	682	534	792	484	384	346	616	763	489	905		
Defense Department, military..... do.	73,297	77,625	6,690	6,285	6,662	6,703	7,170	7,095	6,313	7,062	6,745	7,246	7,389	7,258		
Health, Education, and Welfare Department..... mil. \$	82,042	93,375	7,996	7,862	8,164	8,416	8,665	8,871	8,688	8,808	8,846	9,040	9,131	9,437		
Treasury Department..... do.	30,959	35,993	4,061	2,640	2,522	4,171	2,663	2,539	4,267	2,532	2,907	4,177	2,852	2,678		
National Aeronautics and Space Adm..... do.	3,311	3,252	251	231	252	293	278	447	216	247	267	281	297	288		
Veterans Administration..... do.	11,968	13,337	1,202	1,086	1,191	1,163	1,177	1,014	1,256	1,234	1,145	1,217	1,338	1,633		
<b>Receipts and expenditures (national income and product accounts basis), qtrly. totals seas. adj. at annual rates:</b>																
Federal Government receipts, total..... bil. \$	258.5	291.3				278.1			288.6		302.8			295.6		
Personal tax and nontax receipts..... do.	114.1	131.3				124.1			129.4		134.8			136.8		
Corporate profit tax accruals..... do.	43.7	49.3				45.9			49.2		55.4			46.6		
Indirect business tax and nontax accruals..... do.	21.2	22.0				21.5			21.9		22.5			22.2		
Contributions for social insurance..... do.	79.5	88.7				86.7			88.1		90.0			90.0		
Federal Government expenditures, total..... do.	264.2	299.1				281.0			291.6		304.7			319.3		
Purchases of goods and services..... do.	106.6	116.9				111.5			114.3		117.2			124.5		
National defense..... do.	74.4	78.7				75.8			76.6		78.4			84.0		
Transfer payments..... do.	95.5	117.0				106.5			113.6		120.8			127.2		
Grants-in-aid to State and local govts..... do.	40.5	43.8				42.9			43.2		43.4			45.5		
Net interest paid..... do.	16.3	18.8				17.9			18.7		19.1			19.7		
Subsidies less current surplus of government enterprises..... bil. \$	5.3	2.1				2.2			1.3		2.7			2.3		
Less: Wage accruals less disbursements..... do.	.0	-.5				.0			-.6		-1.5			.0		
Surplus or deficit (—)..... do.	-5.6	-7.8				-2.8			-3.0		-1.9			-23.7		
<b>LIFE INSURANCE</b>																
<b>Institute of Life Insurance:</b>																
Assets, total, all U.S. life insurance cos..... bil. \$	252.44	263.82	253.53	254.74	255.85	256.58	257.52	258.40	259.19	258.95	258.67	261.78	262.74	263.82	266.82	
Government securities..... do.	11.40	11.89	11.46	11.54	11.77	11.59	11.61	11.62	11.68	11.72	11.72	11.75	11.82	11.89	12.06	
Corporate securities..... do.	117.72	119.58	119.08	119.72	119.94	120.47	120.53	120.40	119.14	117.74	117.74	120.20	120.18	119.58	121.99	
Mortgage loans, total..... do.	81.37	86.26	81.49	81.74	81.97	82.47	82.75	83.23	83.70	84.12	84.51	85.05	85.53	86.26	86.53	
Nonfarm..... do.	75.35	79.94	75.53	75.79	75.99	76.44	76.68	77.12	77.51	77.90	78.26	78.78	79.24	79.94	80.23	
Real estate..... do.	7.69	8.25	7.82	7.82	7.83	7.78	7.84	7.88	7.92	8.00	8.06	8.09	8.14	8.25	8.31	
Policy loans and premium notes..... do.	20.20	22.90	20.24	20.38	20.54	20.83	21.07	21.32	21.58	21.89	22.20	22.50	22.71	22.90	23.06	
Cash..... do.	2.07	2.04	1.90	1.82	1.81	1.50	1.53	1.51	1.52	1.48	1.59	1.54	1.52	1.59	1.59	
Other assets..... do.	11.99	12.90	11.54	11.72	12.00	11.93	12.08	12.32	12.39	12.60	12.36	12.64	12.84	12.90	13.29	
<b>Life Insurance Agency Management Association:</b>																
Insurance written (new paid-for insurance):																
Value, estimated total..... mil. \$	282,016	294,377	17,799	18,679	22,245	20,840	21,824	21,207	20,914	249,491	21,579	22,623	22,483	34,692	19,470	
Ordinary (incl. mass-marketed ord.)..... do.	162,119	181,814	12,623	13,447	15,520	16,033	16,120	15,206	14,982	15,146	14,519	16,237	15,073	16,908	12,969	
Group..... do.	63,000	105,900	4,650	4,638	6,093	4,217	5,057	5,461	5,444	33,829	6,542	5,793	6,876	17,300	5,996	
Industrial..... do.	6,897	6,663	526	594	632	590	647	540	488	516	519	593	534	484	505	
<b>MONETARY STATISTICS</b>																
<b>Gold and silver:</b>																
<b>Gold:</b>																
Monetary stock, U.S. (end of period)..... mil. \$	11,567	11,652	11,567	11,567	11,567	11,567	11,567	11,567	11,567	11,567	11,567	11,567	11,567	11,567	11,635	
Net release from earmark \$..... do.	-1,538		24	5	2	11	5	7	50	47	25	17	10	27		
Exports..... thous. \$	145,965	228,480	20,223	9,191	7,185	19,331	6,793	7,467	29,211	68,424	25,853	14,759	8,568	11,476		
Imports..... do.	356,150	396,679	19,767	58,959	41,412	23,264	32,381	33,978	24,247	32,816	36,500	35,839	28,542	36,702		
Production: †																
South Africa..... mil. \$	1,073.6	1,038.3	91.2	88.8	84.3	93.3	85.3	86.1	87.4	86.6	89.1	87.4	84.9	73.9		
Canada..... do.	75.0		6.1	6.1	6.3	6.3	6.1	5.9	5.3	5.0	5.4					
<b>Silver:</b>																
Exports..... thous. \$	27,637	81,651	1,114	2,424	10,422	2,886	13,165	14,403	5,831	8,714	1,570	5,268	8,177	7,676	4,654	
Imports..... do.	268,644	501,521	13,527	20,459	67,433	58,521	39,103	47,343	69,985	30,481	31,260	37,861	43,846	42,601	22,058	
Price at New York..... dol. per fine oz.	2.558	4.708	3.637	5.359	5.326	5.036	5.432	4.896	4.415	4.431	4.049	4.830	4.694	4.391	4.192	4.370
Production:																
United States..... thous. fine oz.	43,566	52,583	3,125	3,370	4,936	4,967	5,874	4,459	3,490	3,645	4,096	3,540	5,481	5,600	3,135	

\* Revised. † Preliminary. ‡ Data shown in 1973 and 1974 annual columns are for fiscal years ending June 30 of the respective years; they include revisions not distributed to months. § Includes \$28,500 mil. SGLI. ¶ Includes \$907 mil. Vets group life ins. †† Valued at \$38 per fine ounce from Jan. 1972-Sept. 1973, at \$42.22 thereafter.

Unless otherwise stated in footnotes below, data through 1972 and descriptive notes are as shown in the 1973 edition of BUSINESS STATISTICS	1973	1974	1974												1975	
	Annual	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	

FINANCE—Continued

MONETARY STATISTICS—Continued															
Currency in circulation (end of period)..... bil. \$..	72.5	79.7	69.9	70.5	71.2	72.2	73.2	73.8	74.4	74.9	74.9	75.9	77.8	79.7	76.3
Money supply and related data (avg. of daily fig.):Ⓞ															
Unadjusted for seasonal variation:															
Total money supply..... bil. \$..	263.8	278.8	277.8	270.2	272.5	278.2	272.9	278.2	*280.1	*277.5	*279.4	*281.7	*285.3	*292.2	*289.3
Currency outside banks..... do.....	59.3	64.9	61.6	61.9	62.7	63.5	64.1	64.8	65.3	65.7	65.8	66.4	67.8	68.9	67.7
Demand deposits..... do.....	204.4	213.9	216.2	208.3	209.8	214.7	208.7	*213.5	*214.8	*211.9	*213.6	*215.3	*217.5	*223.3	*221.6
Time deposits adjusted¶..... do.....	345.3	397.2	369.4	374.3	379.1	387.1	393.9	397.7	402.0	*408.2	*410.1	*413.3	*412.9	*417.6	*424.7
U.S. Government demand deposits¶..... do.....	7.1	5.6	8.1	6.6	6.4	6.0	7.6	6.1	5.4	4.0	*3.5	*3.7	*3.3	*4.8	*4.0
Adjusted for seasonal variation:															
Total money supply..... do.....			270.9	273.1	275.2	276.6	277.6	*280.0	*280.5	*280.7	*281.1	*282.2	*283.8	*284.3	*282.2
Currency outside banks..... do.....			62.0	62.7	63.3	63.9	64.3	64.6	64.8	*65.5	*65.9	*66.5	67.3	*67.8	68.7
Demand deposits..... do.....			208.9	210.4	211.9	212.8	213.2	*215.4	*215.7	*215.3	*215.7	*215.7	*216.5	*216.6	*214.1
Time deposits adjusted¶..... do.....			371.0	375.9	378.3	386.7	392.5	398.4	402.8	*405.2	*407.5	*412.1	*414.7	*420.3	*426.7
Turnover of demand deposits except interbank and U.S. Govt., annual rates, seas. adjusted:															
Total (233 SMSA's)Ⓞ ratio of debits to deposits..... do.....			111.5	118.0	118.3	115.4	117.1	116.9	119.8	123.4	125.1	127.0	131.8	128.0	127.2
New York SMSA..... do.....			270.3	294.2	292.5	274.6	275.3	279.9	282.1	286.4	310.5	316.8	324.6	312.8	321.8
Total 232 SMSA's (except N.Y.)..... do.....			77.3	79.3	80.3	80.2	81.1	79.8	82.8	86.3	83.7	84.1	87.6	86.6	83.4
6 other leading SMSA'sⓄ..... do.....			116.2	119.9	120.8	119.7	122.3	120.0	123.5	132.0	127.5	127.3	*131.5	131.8	125.9
226 other SMSA's..... do.....			62.2	63.7	64.7	65.0	65.4	64.3	67.0	68.8	66.9	67.5	70.6	69.3	67.3
PROFITS AND DIVIDENDS (QTRLY.)															
Manufacturing corps. (Fed. Trade Comm.):															
Net profit after taxes, all industries..... mil. \$..	2 48,234				13,492			16,250			15,532				
Food and kindred products..... do.....	2 3,723				903			1,012			1,203				
Textile mill products..... do.....	2 831				239			297			177				
Lumber and wood products (except furniture)..... mil. \$..															
Paper and allied products..... do.....	2 1,427				452			621			635				
Chemicals and allied products..... do.....	2 5,670				1,722			2,103			1,918				
Petroleum and coal products..... do.....	2 37,759				3,391			3,428			4,147				
Stone, clay, and glass products..... do.....	2 1,266				165			403			429				
Primary nonferrous metal..... do.....	2 1,343				537			673			535				
Primary iron and steel..... do.....	2 1,695				514			869			1,023				
Fabricated metal products (except ordnance, machinery, and transport. equip.)..... mil. \$..	2 2,207				573			861			790				
Machinery (except electrical)..... do.....	2 4,936				1,271			1,505			1,259				
Elec. machinery, equip., and supplies..... do.....	2 3,883				894			932			832				
Transportation equipment (except motor vehicles, etc.)..... mil. \$..	2 933				289			409			287				
Motor vehicles and equipment..... do.....	2 4,122				479			684			169				
All other manufacturing industries..... do.....	2 7,054				2,063			2,454			2,128				
Dividends paid (cash), all industries..... do.....	2 17,734				4,501			4,891			4,782				
SECURITIES ISSUED															
Securities and Exchange Commission:															
Estimated gross proceeds, total..... mil. \$..	100,592		4 3,392	3,686	3,312	3,102	3,166	3,068	3,366	2,610	1,767	* 4,713	3,888		
By type of security:															
Bonds and notes, total..... do.....	89,435														
Corporate..... do.....	21,669		2,908	2,104	2,457	2,265	2,957	2,453	2,698	2,317	1,203	* 3,686	3,265		
Common stock..... do.....	7,657		280	318	361	446	142	414	327	220	288	* 657	327		
Preferred stock..... do.....	3,775		152	268	398	356	65	113	226	107	126	196	88		
By type of issuer:															
Corporate, total Ⓞ..... mil. \$..	32,044		3,392	2,687	3,144	2,952	3,166	2,968	3,142	2,610	1,617	* 4,538	3,689		
Manufacturing..... do.....	4,875		896	389	577	1,122	875	464	1,017	594	189	* 693	1,668		
Extractive (mining)..... do.....	1,061		139	181	59	139	70	142	92	48	39	15	40		
Public utility..... do.....	10,270		1,441	829	1,300	1,131	912	1,147	602	1,053	679	* 2,086	962		
Transportation..... do.....	1,126		127	6	76	6	44	21	59	14	55	301	336		
Communication..... do.....	4,902		146	397	330	284	657	353	293	364	342	471	85		
Financial and real estate..... do.....	8,102		523	871	748	144	278	528	830	488	263	* 866	420		
Noncorporate, total Ⓞ..... do.....	67,184														
U.S. Government..... do.....	19,057														
State and municipal..... do.....	22,760														
State and municipal issues (Bond Buyer):															
Long-term..... do.....	22,953	22,824	2,288	1,970	2,091	2,322	2,177	1,942	1,381	1,056	1,626	2,318	2,245	1,407	* 2,010
Short-term..... do.....	24,667	29,041	1,860	2,117	1,786	2,155	2,797	3,804	2,059	1,497	3,526	2,365	2,540	2,536	* 2,266
SECURITY MARKETS															
Stock Market Customer Financing															
Margin credit at brokers and banks, end of month, total..... mil. \$..	1 6,382		6,343	6,462	6,527	6,567	6,381	* 6,297	* 5,948	* 5,625	5,097	4,996			
At brokers..... do.....	1 5,251		5,323	5,423	5,519	5,558	5,361	5,260	4,925	4,672	4,173	4,080	4,103		
At banks..... do.....	1 1,131		1,020	1,039	1,008	1,009	1,020	* 1,037	* 1,023	* 953	924	916			
Other security credit at banks..... do.....															
Free credit balances at brokers:															
Margin accounts..... do.....	1 454		445	420	425	415	395	395	402	427	437	431	410		
Cash accounts..... do.....	1 1,700		1,666	1,604	1,583	1,440	1,420	1,360	1,391	1,382	1,354	1,419	1,447		

\* Revised. † Preliminary. ‡ End of year. § Beginning fourth quarter 1973, because of changes in method of consolidation (to minimize the effect of foreign operations of multinational enterprises), data are not comparable with those for earlier periods. The effect of the change can be assessed by comparing the data as originally published for the fourth quarter 1973 (June 1974 Survey) with the revised data. ¶ Prior to fourth quarter 1973, for petroleum refining only; data are not comparable with those for earlier periods. Ⓞ Effective February 1974 SURVEY, data revised to reflect: Annual review of seasonal factors; regular benchmark adjustment; effect of changes in check collection procedures (Regulation J); and adjustments to include new figures from internationally oriented banking institutions. Monthly revisions back to 1971 are in the Feb. 1974 Federal Reserve Bulletin. Ⓢ Beginning Jan. 1974, does not include noncorporate bonds and notes formerly included. ¶ At all commercial banks. Ⓣ Total SMSA's include some cities and counties not designated as SMSA's. Ⓤ Includes Boston, Philadelphia, Chicago, Detroit, San Francisco-Oakland and Los Angeles-Long Beach. Ⓥ Includes data not shown separately. Ⓦ Corrected.

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	Annual		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.

FINANCE—Continued

SECURITY MARKETS—Continued																
Bonds																
<b>Prices:</b>																
Standard & Poor's Corporation:																
High grade corporate:																
Composite <sup>σ</sup> .....dol. per \$100 bond.....	63.6	58.8	62.3	62.0	61.3	60.0	59.7	59.5	58.5	57.6	56.2	55.8	56.3	56.1	56.4	56.6
Domestic municipal (15 bonds).....do.....	85.4	76.1	85.2	85.3	83.5	80.2	77.3	73.2	71.9	71.6	71.0	72.6	72.6	68.6	70.9	74.1
U.S. Treasury bonds, taxable <sup>¶</sup> .....do.....	62.80	57.47	60.66	60.83	58.70	57.01	56.81	57.11	55.97	54.95	55.13	55.69	57.80	58.96	59.70	60.27
<b>Sales:</b>																
Total, excl. U.S. Government bonds (SEC):																
All registered exchanges:																
Market value.....mil. \$	8,294.99	6,456.49	594.86	509.02	610.31	554.59	562.00	501.82	471.31	411.65	444.80	670.29	601.54	524.28		
Face value.....do.....	9,420.76	8,119.74	673.60	602.90	727.18	662.32	682.12	610.61	632.60	548.26	646.77	878.54	742.60	712.46		
New York Stock Exchange:																
Market value.....do.....	7,865.38	6,193.81	567.26	468.34	580.93	532.65	536.18	485.02	450.30	398.24	428.39	651.20	584.71	510.59		
Face value.....do.....	8,736.82	7,740.56	635.50	561.97	688.09	632.56	645.94	584.12	597.55	526.09	620.47	845.57	715.25	687.44		
New York Stock Exchange, exclusive of some stopped sales, face value, total.....mil. \$	4,424.67	4,052.12	366.42	287.93	301.99	313.10	336.83	296.22	350.49	307.80	316.34	416.54	369.31	389.16	490.14	482.88
<b>Yields:</b>																
Domestic corporate (Moody's).....percent.....																
By rating:	7.80	8.98	8.15	8.17	8.27	8.51	8.68	8.85	9.10	9.36	9.67	9.80	9.60	9.56	9.55	9.33
Aaa.....do.....	7.44	8.57	7.83	7.85	8.01	8.25	8.37	8.47	8.72	9.00	9.24	9.27	8.89	8.89	8.83	8.62
Aa.....do.....	7.66	8.67	7.97	7.97	8.08	8.28	8.42	8.55	8.76	9.05	9.35	9.40	9.13	9.03	8.99	8.81
A.....do.....	7.84	9.16	8.22	8.26	8.34	8.61	8.85	9.05	9.35	9.61	9.90	10.10	9.87	9.75	9.75	9.47
Baa.....do.....	8.24	9.50	8.58	8.59	8.65	8.88	9.10	9.34	9.55	9.77	10.12	10.41	10.50	10.55	10.62	10.43
By group:																
Industrials.....do.....	7.60	8.78	7.97	8.01	8.12	8.39	8.55	8.69	8.95	9.16	9.44	9.53	9.27	9.23	9.19	9.01
Public utilities.....do.....	7.83	9.27	8.27	8.33	8.44	8.68	8.86	9.08	9.35	9.70	10.11	10.31	10.12	10.02	10.10	9.83
Railroads.....do.....	8.12	8.98	8.34	8.27	8.34	8.51	8.73	8.89	9.08	9.30	9.46	9.64	9.58	9.59	9.52	9.32
Domestic municipal:																
Bond Buyer (20 bonds).....do.....	5.22	6.26	5.20	5.26	5.57	5.91	6.08	6.33	6.70	6.91	6.68	6.65	6.65	6.71	7.08	6.54
Standard & Poor's Corp. (15 bonds).....do.....	5.18	6.09	5.20	5.19	5.36	5.67	5.96	6.08	6.54	6.58	6.65	6.46	6.47	6.90	6.66	6.30
U.S. Treasury bonds, taxable <sup>σ</sup> .....do.....	6.30	6.98	6.56	6.54	6.81	7.04	7.07	7.03	7.18	7.33	7.30	7.22	6.93	6.78	6.68	6.61
<b>Stocks</b>																
Dividend rates, prices, yields, and earnings, common stocks (Moody's):																
Dividends per share, annual rate, composite																
dollars.....	9.58	10.63	10.34	10.37	10.41	10.43	10.41	10.51	10.72	10.93	10.93	11.01	10.72	10.74	10.82	10.52
Industrials.....do.....	10.46	11.82	11.44	11.49	11.52	11.68	11.64	11.80	12.05	12.15	12.15	12.27	11.82	11.84	11.93	11.47
Public utilities.....do.....	5.01	4.83	5.08	5.09	5.12	4.56	4.57	4.57	4.82	4.82	4.82	4.83	4.83	4.83	4.96	4.96
Railroads.....do.....	4.03	4.27	4.19	4.04	4.08	4.08	4.09	4.11	4.34	4.40	4.40	4.47	4.47	4.47	4.58	4.58
N.Y. banks.....do.....	7.53	8.09	7.82	7.83	8.13	8.13	8.13	8.13	8.13	8.13	8.13	8.13	8.14	8.30	8.30	8.30
Property and casualty insurance cos.....do.....	12.13	13.25	12.91	13.10	13.18	13.18	13.22	13.22	13.22	13.22	13.22	13.50	13.51	13.51	13.51	13.56
Price per share, end of mo., composite.....do.....																
Industrials.....do.....	285.44	220.35	259.96	259.70	253.37	243.14	235.56	232.79	214.84	196.82	173.29	200.62	188.45	185.68	208.42	220.27
Public utilities.....do.....	356.26	270.42	318.98	316.22	310.44	300.31	293.23	291.23	267.87	243.55	210.45	243.12	226.96	222.71	250.16	267.46
Railroads.....do.....	71.21	48.26	63.23	63.72	61.31	50.33	47.49	43.43	44.90	39.93	39.01	42.91	41.67	41.17	49.60	49.13
Yields, composite.....percent.....	3.36	4.82	3.98	3.99	4.11	4.29	4.42	4.51	4.99	5.55	6.31	5.49	5.69	5.78	5.19	4.78
Industrials.....do.....	2.94	4.37	3.59	3.63	3.71	3.89	3.97	4.05	4.50	4.99	5.77	5.05	5.21	5.32	4.77	4.29
Public utilities.....do.....	7.04	10.01	8.03	7.99	8.35	9.06	9.62	10.52	10.74	12.07	12.36	11.26	11.59	11.73	10.00	10.10
Railroads.....do.....	5.06	5.53	4.70	4.40	4.74	5.06	5.56	5.56	5.80	6.42	7.04	5.87	6.03	6.21	5.73	5.61
N.Y. banks.....do.....	3.05	4.01	3.20	3.10	3.30	3.39	3.76	4.31	4.45	5.01	5.47	4.39	4.46	4.86	3.95	4.15
Property and casualty insurance cos.....do.....	3.45	5.14	3.80	3.93	4.21	4.40	5.13	5.44	6.42	7.33	7.35	5.63	5.47	5.32	5.32	5.20
<b>Earnings per share (Indust., qtrly. at ann. rate; pub. util. and RR., for 12 mo. ending each qtr.):</b>																
Industrials.....dollars.....	26.01	28.76			24.78			* 31.57				29.29			* 29.40	
Public utilities.....do.....	7.55	7.50			7.15			7.22			* 7.53				* 7.49	
Railroads.....do.....	7.60	10.21			7.88			9.12			10.82				10.21	
Dividend yields, preferred stocks, 10 high-grade (Standard & Poor's Corp.).....percent.....																
	7.23	8.24	7.60	7.47	7.56	7.83	8.11	8.25	8.40	8.61	8.93	8.78	8.60	8.78	8.33	8.07
<b>Prices:</b>																
Dow-Jones averages (65 stocks):																
Industrial (30 stocks).....	286.73	237.33	273.50	266.86	277.49	264.53	251.83	251.00	236.19	223.13	199.29	202.89	206.86	194.39	215.31	231.85
Public utility (15 stocks).....	923.88	759.37	857.24	831.34	874.00	847.79	829.84	831.43	783.00	729.30	651.28	638.62	642.10	596.50	659.09	724.89
Transportation (20 stocks).....	103.39	75.84	93.16	93.16	92.79	85.48	76.03	71.81	68.47	66.23	60.80	66.58	68.54	67.05	77.46	81.02
Standard & Poor's Corporation: <sup>σ</sup> Industrial, public utility, and railroad: Combined index (500 stocks).....1941-43=10.....	180.55	164.05	191.05	186.15	193.83	181.13	167.57	169.77	158.36	151.68	134.60	143.43	149.92	141.10	153.06	159.91
Industrial, total (425 stocks) <sup>σ</sup> .....do.....	107.43	82.84	96.11	93.45	97.44	92.46	89.67	89.79	82.82	76.03	68.12	69.44	71.74	67.07	72.56	80.10
Capital goods (110 stocks).....do.....	120.44	92.91	107.18	104.13	108.98	103.66	101.17	101.62	93.54	85.51	76.54	77.57	80.17	74.80	80.50	89.29
Consumer goods (184 stocks).....do.....	118.57	92.84	108.06	104.31	109.22	104.19	100.69	100.10	93.64	86.99	76.03	77.49	79.35	74.06	77.10	88.50
Public utility (60 stocks).....do.....	107.13	78.08	87.63	86.85	92.24	87.73	87.34	90.07	80.34	70.14	63.51	62.79	65.84	62.51	67.91	75.06
Railroad (15 stocks).....do.....	53.47	38.91	48.60	48.13	47.90	44.03	39.35	37.46	35.37	34.00	30.93	33.80	34.45	32.85	38.19	40.37
Banks: New York City (9 stocks).....do.....	38.01	37.53	41.48	41.85	42.80	40.26	37.04	37.31	35.63	35.06	31.55	33.70	35.95	34.81	37.31	37.80
Outside New York City (16 stocks).....do.....	64.44	54.16	65.38	62.93	67.63	63.93	59.92	56.70	49.12	46.27	42.00	44.15	47.51	44.43	50.58	53.46
Property-liability insurance (16 stocks).....do.....	104.34	83.89	108.04	107.14	110.38	103.39	93.23	86.06	72.43	65.97	58.99	65.48	70.52	65.05	73.52	76.33
	119.00	84.15	114.65	106.34	103.67	96.25	85.91	82.88	70.28	64.31	60.47	66.22	77.71	81.06	81.68	84.98

\* Revised. <sup>σ</sup> Preliminary. <sup>¶</sup> For bonds due or callable in 10 years or more. <sup>σ</sup> Number of issues represents number currently used; the change in number does not affect continuity of the series. <sup>¶</sup> Prices are derived from average yields on basis of an assumed 3 percent 20-year bond. <sup>σ</sup> Includes data not shown separately.

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	Annual	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	
<b>FINANCE—Continued</b>																
<b>SECURITY MARKETS—Continued</b>																
<b>Stocks—Continued</b>																
<b>Prices—Continued</b>																
New York Stock Exchange common stock indexes:																
Composite..... 12/31/65=50.....	57.42	43.84	51.39	50.01	52.15	49.21	47.35	47.14	43.27	39.86	35.69	36.62	37.98	35.41	38.56	42.48
Industrial.....do.....	63.08	48.08	55.77	54.02	56.80	53.95	52.53	52.63	48.35	44.19	39.29	39.81	41.24	38.32	41.29	46.00
Transportation.....do.....	37.74	31.89	36.85	36.26	38.39	35.87	33.62	33.76	31.01	29.41	25.86	27.26	28.40	26.02	28.12	30.21
Utility.....do.....	37.69	29.79	35.28	35.27	35.22	32.59	30.25	29.20	27.50	26.72	24.94	26.76	27.60	26.18	29.55	31.31
Finance.....do.....	70.12	49.67	64.80	62.81	64.47	58.72	52.85	51.20	44.23	40.11	36.42	39.28	41.89	39.27	44.85	47.59
<b>Sales:</b>																
Total on all registered exchanges (SEC):																
Market value.....mil. \$.....	177,878	118,249	14,411	9,657	12,649	9,340	10,090	8,895	8,874	8,971	7,981	10,034	9,445	7,904	-----	-----
Shares sold.....millions.....	5,723	4,839	524	359	450	343	392	336	367	362	388	465	448	406	-----	-----
On New York Stock Exchange:																
Market value.....mil. \$.....	146,451	99,178	12,038	7,953	10,580	7,695	8,439	7,471	7,477	7,597	6,754	8,510	7,973	6,693	-----	-----
Shares sold (cleared or settled).....millions.....	4,337	3,822	401	273	352	266	311	264	291	290	308	377	366	321	-----	-----
New York Stock Exchange:																
Exclusive of odd-lot and stopped stock sales (sales effected).....millions.....	4,053	3,518	363	257	310	254	275	245	274	280	280	377	287	315	433	424
<b>Shares listed, N. Y. Stock Exchange, end of period:</b>																
Market value, all listed shares.....bil. \$.....	721.01	511.06	719.81	718.89	701.18	669.91	645.56	628.48	582.96	545.45	472.62	549.68	524.52	511.06	579.31	610.01
Number of shares listed.....millions.....	20,967	21,737	21,056	21,110	21,163	21,224	21,337	21,397	21,440	21,471	21,550	21,584	21,605	21,737	21,773	21,795

## FOREIGN TRADE OF THE UNITED STATES

<b>VALUE OF EXPORTS</b>																
Exports (midse.), incl. reexports, total <sup>♂</sup> .....mil. \$.....	71,338.8	98,506.2	6,866.9	7,334.0	8,525.5	8,408.7	8,489.4	8,384.3	7,695.2	7,998.0	7,669.1	8,994.1	9,397.5	8,743.5	-----	-----
Excl. Dept. of Defense shipments.....do.....	70,823.2	97,907.2	6,824.9	7,292.2	8,497.8	8,372.1	8,428.3	8,327.4	7,655.4	7,928.9	7,607.9	8,926.2	9,343.3	8,702.8	-----	-----
Seasonally adjusted.....do.....	-----	-----	7,150.2	7,548.9	7,625.4	7,810.7	7,652.4	7,316.6	7,307.5	7,379.7	7,396.3	8,672.9	8,973.6	8,862.3	0,411.9	-----
<b>By geographic regions:</b>																
Africa.....do.....	2,305.8	3,659.4	239.7	247.5	284.9	295.9	286.6	342.3	313.2	309.1	269.0	360.2	343.5	370.1	-----	-----
Asia.....do.....	18,418.7	25,784.4	1,813.7	2,039.2	2,345.5	2,204.6	2,063.4	2,024.3	2,080.7	2,207.9	2,131.4	2,172.0	2,431.7	2,292.2	-----	-----
Australia and Oceania.....do.....	1,743.9	2,696.8	183.1	186.1	233.6	226.4	198.4	205.5	183.3	301.0	227.5	279.0	231.5	240.9	-----	-----
Europe.....do.....	23,160.6	30,070.1	2,210.5	2,452.5	2,774.0	2,630.4	2,672.4	2,625.4	2,266.8	2,266.1	2,074.6	2,596.3	2,925.6	2,595.0	-----	-----
Northern North America.....do.....	15,018.0	19,937.7	1,396.8	1,405.9	1,666.7	1,705.9	1,789.1	1,732.4	1,477.9	1,537.4	1,658.9	2,030.8	1,849.6	1,688.7	-----	-----
Southern North America.....do.....	5,057.4	7,949.0	544.5	533.4	628.7	676.1	682.9	656.7	669.0	691.1	647.8	768.9	742.8	707.4	-----	-----
South America.....do.....	4,857.6	7,857.3	485.2	475.4	613.7	604.9	691.6	733.9	655.2	664.4	662.1	705.2	731.7	835.1	-----	-----
<b>By leading countries:</b>																
Africa:																
Egypt.....do.....	225.4	455.2	40.7	32.0	45.4	43.3	35.8	28.6	32.1	25.8	15.0	34.5	55.4	66.6	-----	-----
Republic of South Africa.....do.....	746.3	1,159.9	61.9	80.0	92.1	100.6	85.5	109.9	98.4	109.0	107.6	107.7	104.2	99.5	-----	-----
Asia; Australia and Oceania:																
Australia, including New Guinea.....do.....	1,449.1	2,172.5	133.0	151.1	198.1	187.5	174.0	164.0	146.8	243.8	187.9	228.2	184.3	173.3	-----	-----
India.....do.....	526.7	759.8	20.6	16.2	34.1	40.8	39.6	51.1	107.5	102.6	74.1	99.4	77.2	96.6	-----	-----
Pakistan.....do.....	238.9	397.6	30.4	25.3	39.7	50.8	20.7	39.0	24.2	34.4	24.8	44.6	18.9	25.2	-----	-----
Malaysia.....do.....	157.4	377.2	23.4	24.9	29.6	26.7	30.7	31.4	35.9	40.5	39.0	35.8	30.1	29.3	-----	-----
Indonesia.....do.....	442.1	530.5	43.7	33.2	44.3	43.6	33.8	41.7	34.5	49.5	48.3	41.7	69.0	47.1	-----	-----
Philippines.....do.....	495.4	746.7	47.0	51.2	69.6	58.7	69.4	77.0	81.7	54.0	64.1	64.7	57.2	51.9	-----	-----
Japan.....do.....	8,313.1	10,678.6	796.3	964.6	939.1	944.7	887.8	765.1	771.7	850.0	892.5	881.9	1,093.7	899.5	-----	-----
Europe:																
France.....do.....	2,262.9	2,941.5	211.9	225.1	293.3	234.9	257.2	245.6	214.8	217.4	260.9	245.5	270.3	263.8	-----	-----
East Germany.....do.....	28.0	20.9	5.2	3.3	4.4	3.6	3.6	6.6	4.4	8.8	3.3	3.7	1.7	2.2	-----	-----
West Germany.....do.....	3,755.7	4,985.6	367.7	428.6	484.0	448.6	407.7	442.6	363.5	364.6	329.3	435.8	507.7	409.7	-----	-----
Italy.....do.....	2,118.6	2,751.6	196.9	224.5	285.1	247.7	278.3	207.8	230.6	205.6	154.4	215.8	260.5	249.1	-----	-----
Union of Soviet Socialist Republics.....do.....	1,194.1	608.8	55.7	55.8	53.8	38.8	56.7	55.7	39.7	27.2	32.2	45.2	46.9	105.6	-----	-----
United Kingdom.....do.....	3,563.6	4,573.5	345.6	327.5	410.7	343.8	434.6	375.8	341.8	369.2	335.4	437.0	481.7	373.5	-----	-----
North and South America:																
Canada.....do.....	15,104.0	19,932.0	1,396.5	1,405.8	1,666.6	1,704.0	1,788.3	1,731.8	1,477.8	1,537.2	1,658.7	2,030.0	1,849.4	1,688.5	-----	-----
Latin American Republics, total <sup>♀</sup> .....do.....	8,921.3	14,503.5	927.1	912.7	1,129.5	1,175.9	1,265.0	1,285.1	1,222.3	1,242.8	1,205.4	1,346.6	1,359.8	1,432.2	-----	-----
Argentina.....do.....	451.3	596.6	31.5	35.0	43.1	35.1	50.6	42.9	40.7	60.9	50.9	55.5	69.8	80.7	-----	-----
Brazil.....do.....	1,916.2	3,088.8	214.6	175.2	245.4	246.8	290.5	316.3	285.1	286.9	262.5	249.1	234.5	283.1	-----	-----
Chile.....do.....	248.4	452.2	20.4	21.8	38.1	26.6	28.5	40.9	42.0	17.4	40.9	40.9	56.4	78.3	-----	-----
Colombia.....do.....	436.5	659.4	40.2	51.3	49.5	65.9	49.9	56.4	59.7	59.4	62.2	54.0	60.3	50.5	-----	-----
Mexico.....do.....	2,937.4	4,855.3	320.8	322.2	365.4	428.9	429.9	395.6	398.7	425.2	389.2	482.2	455.2	442.0	-----	-----
Venezuela.....do.....	1,032.5	1,768.0	97.1	100.2	140.6	135.8	144.5	176.6	125.0	134.2	146.2	169.6	188.9	209.3	-----	-----
Exports of U.S. merchandise, total <sup>♂</sup> .....do.....	70,246.0	97,143.5	6,785.8	7,242.7	8,412.0	8,289.3	8,358.3	8,268.4	7,593.0	7,869.9	7,564.7	8,847.8	9,278.5	8,633.0	-----	-----
Excluding military grant-aid.....do.....	69,730.4	96,544.4	6,743.7	7,200.8	8,364.3	8,252.8	8,297.2	8,211.4	7,553.2	7,800.8	7,503.6	8,780.0	9,224.3	8,592.3	-----	-----
Agricultural products, total.....do.....	17,680.6	21,996.1	1,839.2	1,918.5	2,106.3	2,014.1	1,795.3	1,704.9	1,631.9	1,452.3	1,379.9	1,711.9	2,352.5	2,119.5	-----	-----
Nonagricultural products, total.....do.....	52,565.4	75,147.4	4,956.6	5,330.3	6,327.5	6,278.4	6,561.6	6,563.6	5,961.7	6,418.4	6,188.6	7,135.9	6,926.0	6,513.5	-----	-----
<b>By commodity groups and principal commodities:</b>																
Food and live animals <sup>♀</sup> .....mil. \$.....	11,980.2	13,983.4	1,194.8	1,152.0	1,257.2	1,178.8	1,084.6	1,074.2	1,081.5	1,020.7	1,000.1	1,170.6	1,444.1	1,324.8	1,643.7	-----
Meats and preparations (incl. poultry).....do.....	444.2	380.7	35.6	30.8	35.0	30.2	26.5	26.5	32.7	32.6	31.3	39.3	33.0	27.2	-----	-----
Grains and cereal preparations.....do.....	8,495.8	10,330.9	879.1	820.3	917.0	877.5	805.7	776.0	816.1	743.1	738.4	824.2	1,103.9	1,041.1	-----	-----
Beverages and tobacco.....do.....	1,008.1	1,247.4	90.8	87.2	79.1	94.9	111.3	106.9	90.0	97.6	83.7	124.1	141.1	140.7	122.9	-----
Crude materials, inedible, exc. fuels <sup>♀</sup> .....do.....	8,380.2	10,934.2	852.4	987.4	1,099.3	1,079.8	1,014.1	911.5	768.4	777.8	647.3	787.3	1,086.7	924.2	1,026.0	-----
Cotton, raw, excl. linters and waste.....do.....	929.0	1,334.7	123.3	145.1	201.0	163.3	141.3	124.9	112.7	69.7	34.2	34.7	80.3	104.7	-----	-----
Soybeans, exc. canned or prepared.....do.....	2,762.2	3,537.4	298.0	378.7	404.9	401.0	275.1	221.9	171.4	151.3	171.3	257.4	504.8	320.9	-----	-----
Metal ores, concentrates, and scrap.....do.....	1,080.8	1,475.0	99.4	109.0	97.0	108.0	144.4	162.6	121.2	151.1	116.3	119.1	123.5	123.5	-----	-----

♂ Revised.  
 ♀ Data may not equal the sum of the geographic regions, or commodity groups and principal commodities, because of revisions to the totals not reflected in the component items; these revisions will be shown later in biennial editions of BUSINESS STATISTICS. Also, beginning

1973, the totals reflect relatively small amounts of trade with unidentified countries, not shown separately.

♀ Includes data not shown separately.







Unless otherwise stated in footnotes below, data through 1972 and descriptive notes are as shown in the 1973 edition of BUSINESS STATISTICS	1973	1974	1974												1975	
	Annual	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	

TRANSPORTATION AND COMMUNICATION—Continued

TRANSPORTATION—Continued															
Class I Railroads—Continued															
Trafic:															
Ton-miles of freight (net), revenue and nonrevenue..... bll.	878.4														
Revenue ton-miles, qtrly. (AAR)..... do.	851.6	855.4		216.3										204.5	56.8
Revenue per ton-mile..... cents.	1.620														
Passengers (revenue) carried 1 mile..... mll.	9,298														
Travel															
Hotels and motor-hotels:															
Average sale per occupied room..... dollars.	20.36	22.08	20.35	21.86	21.54	22.48	22.87	22.30	22.27	21.79	22.08	22.97	22.26	22.14	23.88
Rooms occupied..... % of total.	66	65	56	63	66	68	69	70	67	73	66	72	62	47	57
Restaurant sales index... same mo. 1951=100.	130	136	107	124	153	138	165	153	139	136	139	141	127	132	109
Foreign travel:															
U.S. citizens: Arrivals..... thous.	9,211		620	601	720	767	706	724	906	1,054	753	599	571		
Departures..... do.	8,758		584	587	679	721	737	862	959	807	701	522	539		
Aliens: Arrivals..... do.	5,750		475	399	469	461	433	476	624	694	585	435	417		
Departures..... do.	4,905		387	310	366	373	401	426	510	589	483	394	411		
Passports issued..... do.	2,729	2,415	168	185	245	287	298	280	261	194	144	127	115	111	165
National parks, visits..... do.	55,406	52,857	1,307	1,449	1,992	2,851	4,146	6,777	9,832	10,384	5,660	4,419	2,381	1,660	1,757
COMMUNICATION															
Telephone carriers (quarterly thru 1973):															
Operating revenues..... mil. \$.	26,030	2,339	2,288	2,363	2,408	2,446	2,394	2,445	2,474	2,427	2,514	2,457			
Station revenues..... do.	12,430		1,121	1,125	1,134	1,147	1,155	1,157	1,169	1,178	1,202	1,198			
Tolls, message..... do.	10,371		936	889	938	965	900	934	986	998	1,002	943			
Operating expenses (excluding taxes)..... do.	16,536		1,485	1,416	1,480	1,508	1,530	1,477	1,533	1,584	1,552	1,633			
Net operating income (after taxes)..... do.	4,710		421	428	437	448	460	458	463	453	448	451			
Phones in service, end of period..... mil.	123.3		124.0	124.4	124.8	125.2	125.5	126.0	126.4	126.5	127.2	127.5			
Telegraph carriers (quarterly thru 1st. qtr. 1974):															
Domestic:															
Operating revenues..... mil. \$.	454.8	484.0		116.2	40.3	41.2	41.3	41.2	42.0	39.4	41.4	39.3	41.7	39.6	
Operating expenses..... do.	373.0	384.7		92.8	31.2	32.4	31.7	32.1	33.7	32.3	33.2	31.7	33.6	32.0	
Net operating revenues (before taxes)..... do.	53.7	99.3		15.6	6.4	6.1	7.0	6.4	5.6	5.2	6.3	4.8	5.9	5.1	
International:															
Operating revenues..... do.	261.6	297.0		72.6	24.3	25.2	23.5	25.5	24.8	24.6	26.5	24.2	25.8		
Operating expenses..... do.	182.9	203.1		49.7	16.7	16.5	16.6	17.6	17.1	16.5	17.3	16.9	18.2		
Net operating revenues (before taxes)..... do.	64.7	77.6		19.2	6.3	7.1	5.7	6.5	6.3	6.6	7.8	5.9	6.2		

CHEMICALS AND ALLIED PRODUCTS

CHEMICALS															
Inorganic Chemicals															
Production:															
Aluminum sulfate, commercial (17% Al <sub>2</sub> O <sub>3</sub> )†	1,252	1,161	92	90	90	102	106	88	107	109	88	106	91	92	
Chlorine gas (100% Cl <sub>2</sub> )†	10,402	10,619	878	815	877	880	897	866	904	893	865	914	917	913	
Hydrochloric acid (100% HCl)†	2,516	2,403	205	193	192	190	202	205	203	210	199	199	210	195	
Phosphorus, elemental†	526	523	47	42	47	38	38	45	44	43	44	44	45	46	
Sodium carbonate (soda ash), synthetic (58% Na <sub>2</sub> O)†	3,813	3,503	271	265	283	335	332	255	305	295	255	304	284	319	
Sodium hydroxide (100% NaOH)†	10,719	10,859	903	831	906	903	918	888	918	915	879	929	935	934	
Sodium silicate, anhydrous†	723	769	57	61	68	71	63	67	61	60	60	69	67	65	
Sodium sulfate, anhydrous†	1,305	1,377	101	99	117	123	135	106	109	113	118	115	122	119	
Sodium tripolyphosphate (100% Na <sub>3</sub> P <sub>3</sub> O <sub>10</sub> )†	961	943	69	69	76	73	69	79	78	83	84	87	87	89	
Titanium dioxide (composite and pure)†	785	787	65	63	71	72	74	71	66	68	64	59	61	53	
Sulfur, native (Frasch) and recovered:															
Production♾..... thous. lg. tons.	10,021	10,478	805	773	885	855	879	893	941	916	845	919	883	884	
Stocks (producers') end of period♾..... do.	3,927	3,956	3,897	3,799	3,809	3,868	3,764	3,707	3,769	3,788	3,785	3,858	3,934	3,956	
Inorganic Fertilizer Materials															
Production:															
Ammonia, synthetic anhydrous†	15,093	15,680	1,158	1,191	1,476	1,442	1,374	1,319	1,254	1,330	1,243	1,332	1,250	1,311	
Ammonium nitrate, original solution†	7,157	7,532	557	573	675	671	651	604	589	584	607	677	656	688	
Ammonium sulfate†	2,054	2,064	201	214	154	184	178	169	161	160	160	179	153	151	
Nitric acid (100% HNO <sub>3</sub> )†	8,441	8,193	687	677	747	736	709	654	639	642	646	699	674	683	
Nitrogen solutions (100% N)†	1,947	2,213	153	147	189	193	221	195	180	174	168	198	208	187	
Phosphoric acid (100% P <sub>2</sub> O <sub>5</sub> )†	6,848	7,153	532	530	586	577	611	579	587	609	596	649	645	652	
Sulfuric acid (100% H <sub>2</sub> SO <sub>4</sub> )†	31,723	32,471	2,607	2,478	2,628	2,688	2,857	2,669	2,735	2,654	2,661	2,827	2,746	2,921	
Superphosphate and other phosphatic fertilizers (100% P <sub>2</sub> O <sub>5</sub> ):															
Production..... thous. sh. tons.	5,578	5,366	419	463	459	473	474	453	448	435	417	450	433	442	
Stocks, end of period..... do.	332	413	308	298	285	238	205	260	348	368	368	370	393	413	
Potash, deliveries (K <sub>2</sub> O)..... do.	5,902	6,333	568	567	675	740	587	394	333	398	465	558	534	514	537
Exports, total ♀..... do.	20,128	120,143	1,896	1,774	1,314	1,731	1,237	1,877	1,781	1,641	1,862	1,751	1,529	1,866	2,001
Nitrogenous materials..... do.	1,044	1,914	126	75	48	54	62	70	102	71	196	81	70	69	87
Phosphate materials..... do.	14,895	15,348	1,334	1,308	1,030	1,409	985	1,520	1,285	1,248	1,288	1,335	1,156	1,449	1,466
Potash materials..... do.	1,579	1,415	184	120	100	80	87	93	135	117	154	119	138	88	136
Imports:															
Ammonium nitrate..... do.	338	369	31	21	27	50	48	18	20	16	23	34	19	64	28
Ammonium sulfate..... do.	299	258	20	25	44	23	20	17	28	13	8	30	10	20	40
Potassium chloride..... do.	5,899	7,146	610	626	752	795	816	466	351	410	519	629	587	583	629
Sodium nitrate..... do.	69	150	3	10	3	13	20	10	19	21	0	0	20	31	10

† Revised. ♀ Preliminary.  
 1 Annual total; revisions not distributed to the monthly or quarterly data. 2 For six months ending in month shown. 3 For month shown.  
 ♀ Includes data not shown separately.  
 ‡ Monthly revisions back to 1971 are available upon request.  
 ♂ In the footnote of the 1973 BUSINESS STATISTICS a distinction is made between "gross weight" and "sulfur content." However, because the difference is so minute, the Bureau of Mines no longer makes this distinction.









Table with 15 columns (1973 Annual, 1974 Jan-Feb-Mar-Apr-May-June-July-Aug-Sept-Oct-Nov-Dec, 1975 Jan-Feb) and multiple rows of data under sections: FATS, OILS, AND RELATED PRODUCTS (Vegetable oils, Coconut oil, Corn oil, Cottonseed oil, Soybean cake and meal, Soybean oil); TOBACCO (Leaf); Manufactured (Cigarettes, Taxable, Cigars, Exports, etc.); and LEATHER AND PRODUCTS (HIDES AND SKINS, LEATHER, LEATHER MANUFACTURES).

LEATHER AND PRODUCTS

Table with 15 columns (1973 Annual, 1974 Jan-Feb-Mar-Apr-May-June-July-Aug-Sept-Oct-Nov-Dec, 1975 Jan-Feb) and multiple rows of data under sections: HIDES AND SKINS (Exports, Imports, Prices, Production); LEATHER (Exports, Prices); and LEATHER MANUFACTURES (Production, Exports, Prices).

\* Revised. 1 Crop estimate for the year. 2 Annual total reflects revisions not distributed to the monthly data. 3 Average for Jan.-June and Oct.-Dec. 4 Average for Jan.-July and Sept.-Dec. 5 Jan.-Apr. average. 6 Apr.-Dec. average. 7 Includes data for items not shown separately. 8 Factory and warehouse stock as of effective Oct. 1974 survey, data are restated to exclude stocks of crude coconut oil and are not comparable with those shown for earlier periods. 9 Monthly revisions back to 1972 will be shown later.



Table with columns for 1973, 1974, and 1975. Major sections include LUMBER AND PRODUCTS, SOFTWOODS, and HARDWOOD FLOORING. Rows list production, shipments, stocks, and exports for various wood types like Douglas fir, Southern pine, and Oak.

METALS AND MANUFACTURES

Table with columns for 1973, 1974, and 1975. Major section is IRON AND STEEL. Rows list exports, imports, production, and prices for steel mill products, scrap, and pig iron.

Revised. Preliminary. Annual data; monthly revisions are not available. 1971 data are for flooring, B and better, F.G., 1" x 4", S.L., beginning April 1971, they are for flooring, C and better, F.G., 1" x 4", S.L. Total include data for types of lumber not shown separately. ♂ Through March





















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