

**SURVEY OF CURRENT BUSINESS**



# SURVEY OF CURRENT BUSINESS

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## CURRENT BUSINESS STATISTICS

**General S1-S24**

**Industry S24-S40**

**Subject Index (Inside Back Cover)**



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# the BUSINESS SITUATION

**A**FTER stabilizing temporarily in the second quarter, economic activity weakened again in the third. Real GNP and gross domestic product (GNP less product originating in the rest-of-the-world sector, as measured by income—mostly from investments—received by U.S. residents from abroad) both declined by about 3 percent at a seasonally adjusted annual rate (chart 1 and table 1). Because, as will be explained later, the deficiencies in the primary data on which the income and product estimates are based are particularly serious under current conditions, these estimates are subject to sizable revisions. However, it is not likely that any revisions will erase the impression of a substantial decline in total production, which the estimates now convey.

Inflation worsened in the third quarter, once again reaching a double-digit rate. The implicit price deflator for

GNP rose at an annual rate of about 11½ percent, after receding from about 12½ percent in the first quarter to about 9½ percent in the second.

Weakness in real output and inflation were both more widely diffused in the third quarter than earlier in 1974.

The recovery of real expenditures on autos, trucks, and buses, and also on energy, accelerated (chart 2). Residential construction slumped deeper, after a temporary slowing of the rate of decline in the second quarter. Other real GNP expenditures—which make up about 85 percent of the total—declined at a substantially more rapid rate than earlier in the year. In the third quarter, weakness was widespread; no major component of the other real GNP expenditures expanded. Where weakness had appeared earlier, it became more pronounced.

Early in 1974, the implicit deflators for food and energy had risen more sharply than the average of all other GNP prices. More recently, however, food and energy prices decelerated (chart 3). In contrast, the average of all other GNP prices accelerated to over 12 percent annual rate of increase in the third quarter, up from about 8 percent in the first half of 1974. In this category, prices of most major GNP demand components rose more rapidly and reached double-digit rates in the third quarter.

The unemployment rate reflected the weakening situation. It averaged 5.5 percent of the civilian labor force, compared with 5.2 and 5.1 in the first

## Associate Director for Regional Economics Bureau of Economic Analysis

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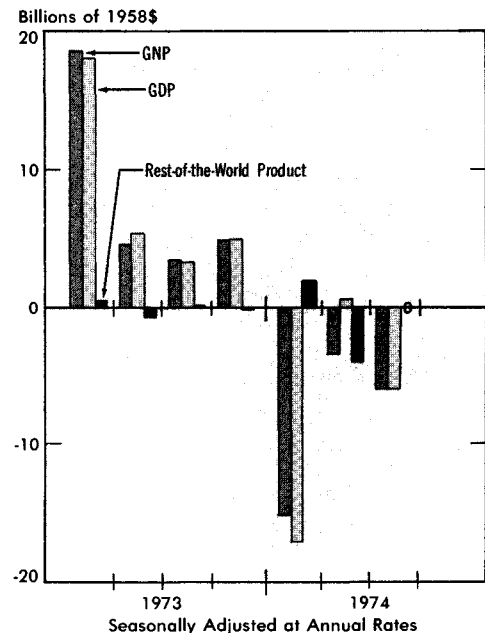
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CHART 1

### Real Product: Change From Preceding Quarter



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

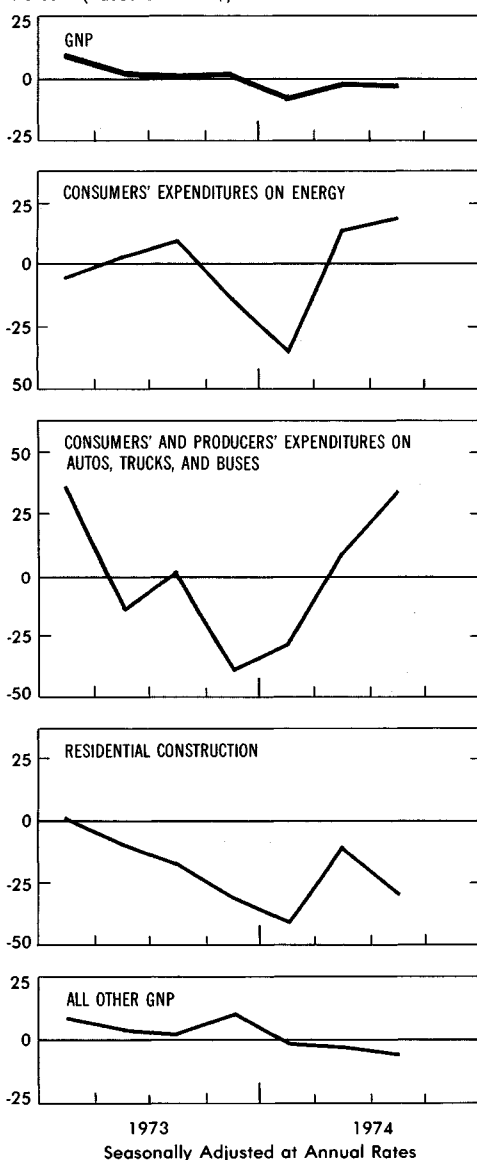
74-10-1

and second quarters. In the private nonfarm economy, the Bureau of Labor Statistics (BLS) estimate of total man-hours declined at an annual rate of 0.6 percent (table 2). The decline was due to lower employment; average weekly hours were unchanged. Output per man-hour declined at an annual rate of 2.4 percent, the result of the decline in man-hours and a 3.0 percent annual rate of decline in real output. It should be noted that private output, like GNP, includes product originating in the rest-of-the-world sector. Ac-

CHART 2

### Real Gross National Product: Change From Preceding Quarter

Percent (Based on 1958\$)



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

74-10-2

Table 1.—Gross National Product in Current and Constant Dollars

[Seasonally adjusted at annual rates]

	Current dollars				Constant (1958) dollars				Percent change from preceding quarter (annual rate)		
	Billions of dollars										
	1973	1974			1973	1974			1974		
	IV	I	II	III	IV	I	II	III	I	II	III
<b>Gross national product</b> .....	1344.0	1358.8	1383.8	1411.6	845.7	830.5	827.1	821.1	-7.0	-1.6	-2.9
Final sales.....	1315.1	1341.9	1370.3	1405.8	825.7	819.9	818.9	817.8	-2.8	-1.5	-1.5
Change in business inventories...	28.9	16.9	13.5	5.8	20.0	10.6	8.2	3.2			
Less: Rest-of-the-world product....	8.9	14.7	9.7	10.2	5.0	7.0	3.0	3.0	293.4	-96.5	-1.3
<b>Equals: Gross domestic product</b> ....	1335.2	1344.0	1374.1	1401.1	840.7	823.5	824.1	818.1	-7.9	.3	-2.9

ordingly, changes in output per man-hour in the first and second (but not in the third) quarters were affected by the erratic movement to which rest-of-the-world product was subject, mainly because of changes in the share of U.S. oil companies in the profits generated by their operations abroad. Excluding this influence, the annual rate of decline in output per man-hour would have been about 6½ percent in the first quarter, a little more than 1 percent in the second, but the same as the BLS figure in the third.

Compensation per man-hour in the private nonfarm economy rose at an annual rate of 11.1 percent, somewhat more than in the first and second quarters. The increase was due chiefly to higher average wages rather than supplementary forms of employee compensation. Additional information on wage rate developments can be obtained from the BLS Hourly Earnings Index, which rose 11.2 percent in the third quarter. This measure is adjusted

Table 2.—Output and Compensation Per Man-Hour, and Unit Labor Cost in the Private Nonfarm Economy

[Percent change from preceding quarter, seasonally adjusted at annual rates]

	1974		
	I	II	III
Output per man-hour.....	-5.2	-3.3	-2.4
Compensation per man-hour....	8.4	10.7	11.1
Unit labor cost.....	14.4	14.4	13.8

Source: Bureau of Labor Statistics.

to exclude the effects of overtime premiums in manufacturing and shifts in the distribution between high and low-wage paying industries and, although it is confined to wages of production workers, comes closer than other measures to being an indicator of wage rate behavior. It indicates that genuine changes in wage rates, rather than changes in the industrial mix of employment or the amount of overtime, were responsible for the rapid third-quarter rise in employee compensation. The adjusted average hourly earnings index had risen 6.0 and 10.3 percent in the first and second quarters of 1974.

Rapidly rising compensation per man-hour and declining productivity have resulted in increases in unit labor cost in 1974. The third-quarter rate of increase was almost 14 percent, roughly the same as in the first half. Similar rates of increase are likely in the near term, as hourly compensation is pushed up by wage settlements and escalator clauses, and the potential offset by productivity increase is dampened by the weakness of the economy.

### Final sales and inventories

Final sales continued weak, declining in real terms for the fourth consecutive quarter. The real decline occurred despite increases in expenditures on energy and especially on vehicles. Because part of the latter is probably borrowed from future quarters, the underlying weakness is greater than indicated by the figures taken at face value.

Business inventory accumulation slowed in the third quarter. In constant dollars, the change in business inventories amounted to \$3 billion at an annual rate. In the fourth quarter of 1973, inventory investment had peaked at an annual rate of \$20 billion. The slowing affected all kinds of inventories. Real farm inventory investment, one-half of the third-quarter total, was down somewhat from its earlier high. Auto inventories reached a peak rate in the final 1973 quarter, and since then have been substantially reduced. The annual constant-dollar rate of accumulation of other inventories was reduced from \$14 billion in the fourth quarter of 1973 to \$2 billion in the third quarter of 1974.

The ratio of the constant-dollar stock of business inventories to final sales of business GNP remained at about the same level as in the first half: the stock of inventories increased \$0.8 billion (the annual constant-dollar rate of change in business inventories divided by 4) to \$229.2 billion, and final sales of business GNP decreased \$1.5 billion to \$731.7 billion. This constant-dollar ratio is a better gauge of the overall inventory situation, especially during rapid inflation, than the conventional inventory-sales ratio (see the discussion in the August SURVEY). The constant-dollar inventory-sales ratio remained high recently in spite of the deceleration in inventory investment, mainly due to continued weakness in final sales. Without such a weakness, an improvement in the ratio would have occurred. Accordingly, the estimates suggest that some progress has been made towards a more balanced inventory position, even though this progress is masked by the temporary weakness of final sales.

*Difficulties of inventory and profits estimates*—In the rapid inflation that we are now experiencing, it is more difficult than usual to prepare reliable estimates of the inventory change and, correspondingly, of the profits components of the national income and product accounts (NIPA's). This is so because the preparation of both entails converting the changes in book inventories as calculated by business to the NIPA method of valuing inventories.

The NIPA method is the same as the last-in-first-out (LIFO) method as long as the physical quantity of the good held in inventory is increasing.

One of the side effects of inflation is that companies are shifting to LIFO, mainly because LIFO does not generate the large "inventory profits" that the first-in-first-out (FIFO) method generates; companies must pay taxes on these profits and, by using LIFO, they reduce the taxes which they pay. It is not accurately known how extensive this shift is and when it will be reflected in inventory and profit reports; the conversion of book inventory change and profits into the corresponding NIPA components accordingly becomes subject to larger than usual errors.

Also, it is not likely that the shift from FIFO to LIFO will affect equally the monthly inventory reports to the Census Bureau, on which the NIPA estimates of inventory change are largely based, and the quarterly reports of corporate profits to the Federal Trade Commission and the other sources of primary data on which the current NIPA estimates of profits rely. If there is a difference, it will be necessary to estimate not one inventory valuation adjustment (IVA)—the item that converts the reported "book" magnitudes to NIPA definitions—as has been the practice, but two: one for inventory change and another one for profits. It is apparent that, given the inadequacies of the basic source data, it will be very difficult to prepare reliable estimates of this kind. BEA is conducting surveys in an attempt to obtain the necessary data.

A ramification of any errors in the profits estimates should be noted. Even if the NIPA estimate of profits (corporate profits and IVA) is correct, an error in the associated estimate of "book" profits (profits before tax) would result in errors in the NIPA estimates of corporate tax liability—which link to the Internal Revenue Service (IRS) results—and in the surplus or deficit in the NIPA statement of the government sector. The errors would occur because, as noted earlier, corporate taxes accrue on "book" profits as reported to the IRS inclusive of

whatever "inventory profits" they reflect.

### *Personal consumption expenditures*

Expenditure groups that had declined in real terms at the turn of the year—autos, energy and, to a smaller extent, food—continued advances that began in the second quarter (table 3). Real auto expenditures were up strongly, and current-dollar expenditures were up even more, because of the rapid rate of price increase. Sales of new passenger cars were at an average rate of 10.3 million units in the third quarter, compared with 9.2 million in the first half. In addition to reflecting the decline of gasoline prices and the disappearance of shortages, the higher third-quarter level probably included some bunching of purchases, as consumers bought 1974 models in anticipation of higher 1975 model prices and of possible difficulties in obtaining the unleaded gas required by 1975 models. It should be noted that the seasonal adjustments necessary at the turn of the model year were particularly difficult because of special dealer promotions to reduce inventories of 1974 models and the earlier than customary phasing in of the new models. The BEA methodology implies a large increase in production (sales plus inventory change) than the auto component of the Federal Reserve Board index of industrial production indicates.

Real expenditures on food and energy increased in the second and third quarters, after declining at the turn of the year when price rises were largest. It is questionable whether they will be equally strong in future quarters. Because of adverse weather conditions, crops will be smaller than anticipated, probably causing further substantial increases in food prices, to which the consumer may react by further economizing. The rate of growth of real energy consumption may be curtailed by energy conservation measures, and some further rise in the average of energy prices.

The "other" types of real personal consumption expenditures as a group declined; in contrast, they had advanced in each recent quarter. Other durables were weak, even in current dollars; in

constant dollars, they declined at an annual rate of 13 percent. Declines in expenditures on mobile homes (which are to be reclassified as residential construction in the upcoming benchmark revision of the NIPA's) and household furnishings accounted for the bulk of the decline and reflected the depressed conditions in the housing market. Other nondurables, while up in current dollars, showed a substantial rise in prices and declined about 7 percent in constant dollars. Other services, although up, showed a smaller increase in constant dollars than they had in the second quarter.

*Disposable personal income and purchasing power*—Disposable personal income increased at an annual rate of 10½ percent in the third quarter, to more than \$990 billion. This sizable increase, which compares with increases of about 5 and 7 percent in the first and second quarters, was due to the rapid third-quarter growth in wages and salaries that was offset to a much smaller extent than in the previous quarters by a decline in farm income. Real disposable personal income decreased 1 percent, a much smaller decrease than those of 8 and 4½ percent in the first two quarters of the year. The smaller rate of decline was due to a larger income increase; the rate of

price increase, measured by the implicit price deflator for personal consumption expenditures, was roughly the same in the third quarter as in the second, although somewhat lower than in the first. The increases in the prices of food and energy purchased by consumers were major factors in the decline in real income over the last year. If food and energy prices had increased at the rate of more normal periods, the net decline in real disposable income would have been 85 percent less than it actually was.

In current dollars, the loss of purchasing power due to the higher prices of food and energy paid by consumers over the period of rapid price increase amounted to roughly \$30 billion. In interpreting this magnitude, it should not be assumed that a corresponding amount of demand for GNP was lost, although it is likely that a substantial net loss did indeed occur. Taking higher food prices first, their major effect was a redistribution of income to farmers. If, as is generally believed, farmers spend less and save more out of additional income than the average of all consumers, the shift to farm income reduced total consumption, but it may have stimulated tangible investment by farmers. In the case of higher energy prices, the situation is more complex. To

the extent that the higher prices were for imported energy, they did subtract purchasing power from domestic buyers and, because only a fraction of the increased foreign purchasing power was used to buy more goods and services from the United States, total demand for U.S. production was reduced. To the extent that higher energy prices were paid for domestically produced energy, a similar result is probable. A large part of the increase resulted in a transfer of purchasing power from consumers to corporations; while this shift undoubtedly helped to stimulate tangible investment by corporations, it is unlikely that in the short run this investment offset the dampening effect of the shift on consumer demand.

The saving rate—saving as a percentage of disposable personal income—was 6½ percent in the third quarter. In the fourth quarter of 1973 it had been abnormally high (9½ percent) as a result of the rapid increases in farm income and the low level of auto purchases. Rapid shifts in auto purchases usually result in opposite shifts in the saving rate. The decline in the saving rate since then was related to the decline in farm income and recovery of auto purchases. The rate is now low by historical comparison, but some of the reduction may reflect the bunching of auto expenditures, which was mentioned earlier.

### Fixed investment

Business purchases of autos, trucks, and buses expanded sharply—about 24 percent in constant dollars (table 4). Rising real purchases of autos and of the substantial part of small and medium trucks that are for personal use represent rebounds from the low first quarter, and reflect motivations parallel to those that led consumers to step up third-quarter auto purchases. (The auto component of producers' durable equipment represents a fixed 15 percent allocation of total auto purchases, rather than an actual estimate of business purchases, and all trucks are classified as business investment. Changes in this treatment will be made in the upcoming benchmark revision of the NIPA's).

Table 3.—Personal Consumption Expenditures in Current and Constant Dollars

[Seasonally adjusted at annual rates]

	Current dollars				Constant (1958) dollars				Percent change from preceding quarter (annual rate)		
	Billions of dollars										
	1973		1974		1973		1974		1974		
	IV	I	II	III	IV	I	II	III	I	II	III
<b>Personal consumption expenditures.....</b>	823.9	840.6	869.1	899.9	546.3	539.7	542.7	546.7	-4.7	2.2	3.0
Durables.....	124.3	123.9	129.5	136.0	107.2	105.2	106.8	107.9	-7.4	6.5	4.0
Autos and parts <sup>1</sup> .....	47.2	44.0	46.6	52.8	41.6	38.5	39.3	42.7	-26.1	8.2	39.1
Other durables.....	77.1	79.9	82.9	83.2	65.6	66.6	67.5	65.2	6.2	5.5	-13.1
Nondurables.....	352.1	364.4	375.8	388.1	227.4	223.9	223.6	225.0	-6.0	-5	2.5
Food.....	174.5	180.1	183.5	190.9	106.0	104.6	104.8	107.2	-5.1	.8	9.5
Energy <sup>2</sup> .....	40.2	42.4	48.3	50.3	27.0	23.9	25.0	25.6	-39.1	19.2	10.5
Other nondurables.....	137.5	141.9	144.0	146.8	94.4	95.4	93.9	92.2	4.5	-6.4	-6.9
Services.....	347.4	352.4	363.8	375.9	211.7	210.6	212.2	213.8	-1.9	3.1	3.0
Energy <sup>3</sup> .....	20.3	20.0	21.3	23.6	15.0	13.9	14.1	15.0	-26.4	5.5	29.8
Other services.....	327.1	332.4	342.5	352.3	196.7	196.8	198.2	198.8	.2	2.9	1.3

1. Excluding mobile homes.
2. Gasoline and oil, and fuel and ice.
3. Electricity and gas.

Table 4.—Fixed Investment in Current and Constant Dollars

[Seasonally adjusted at annual rates]

	Current dollars				Constant (1958) dollars										
	Billions of dollars												Percent change from preceding quarter (annual rate)		
	1973	1974			1973	1974			1974						
	IV	I	II	III	IV	I	II	III	I	II	III				
<b>Fixed investment</b> .....	195.5	193.6	198.3	198.8	125.8	122.2	122.7	118.9	-9.5	-1.7	-10.4				
Nonresidential.....	141.9	145.2	149.4	152.5	96.0	96.3	96.5	95.3	1.6	.6	-4.8				
Structures.....	49.3	51.3	52.2	51.4	26.0	26.7	26.6	25.7	10.7	- .9	-12.9				
Producers' durable equipment.....	92.6	93.9	97.2	101.1	70.0	69.7	69.9	69.6	-1.6	1.2	-1.6				
Autos, trucks, and buses.....	23.3	21.6	22.9	25.0	19.3	17.7	18.2	19.2	-30.1	13.2	24.1				
Other.....	69.3	72.3	74.3	76.1	50.6	52.0	51.7	50.4	11.2	-2.7	-9.6				
Residential.....	53.6	48.4	48.8	46.3	29.8	26.4	25.7	23.6	-39.1	-9.8	-29.3				

Except for vehicle purchases, non-residential investment was decidedly weak. Investment in structures slowed in current dollars, and in constant dollars dropped almost 13 percent. Real investment in producers' durable equipment other than vehicles also declined. Although current-dollar expenditures were up about 10 percent, constant-dollar expenditures were down 9½ percent, reflecting very sharp price rises of capital goods. This substantial real decline does not corroborate the widely held notion that business investment is currently a source of strength in the economy.

Of course, the weakness of business investment indicated by this figure did not uniformly affect each industry. Judging from the current-dollar data, capital expenditures in the basic processing industries, which continue to operate at relatively high rates of capacity utilization, were stronger than in the advanced processing industries in which capacity utilization is lower. Among the former, capital expenditures by the steel, petroleum refining, and paper industries were relatively strong. Outside of manufacturing, public utility investment has been strong also, but there are indications that financial difficulties confronting this industry may lead to curtailments in their investment plans.

Both the current-dollar measures of producers' durable equipment and the price indexes used to convert them to constant dollars are subject to error. With respect to the former, the quarterly estimates are based upon two measures that do not always indicate the same results: the Census Bureau series on shipments of equipment and the BEA series on plant and equipment expenditures. Final estimates for the quarter are not available for either of these at this time. With respect to the price indexes, they may be unreliable under conditions of rapid inflation.

Accordingly, it would be desirable to crosscheck the results obtained by adjusting value for price change with direct measures of physical volume. However, few volume measures are available, and adjustments are neces-

sary to make them comparable to the NIPA series. The two business equipment measures of the Federal Reserve Board index of industrial production have their own methodological difficulties, but they afford the only comprehensive comparison. These measures include output for export and government purchase as well as business purchase, and exclude some purchases, such as autos, and therefore must be adjusted to achieve comparable coverage. After allowance is made for these differences in coverage, both Federal Reserve series declined less than the NIPA series in constant dollars.

Another way to evaluate the business investment situation is to examine indicators of future investment. These indicators, such as orders, starts, and appropriations are also harder to interpret than they are in more normal times. In particular, it is possible that, under the impact of inflation, ratios of unfilled orders to shipments are subject to upward biases for reasons similar to those that have resulted in downward biases in the conventional inventory-sales ratios. (See the earlier reference to inventory-sales ratios.) BEA is currently investigating this possibility, and also related effects of inflation on other investment indications.

Residential construction slumped deeper in the third quarter—about 29 percent in constant dollars at annual rates. In the third quarter, real expenditures were one-third below their peak in the first quarter of 1973. This drop is the largest of the postwar period by a

wide margin, and in terms of average percentage decline per quarter, it is also the steepest.

The difficulties in this sector have been catalogued and extensively discussed: scarce mortgage financing, high mortgage interest rates, and inflation, which boosted housing prices while it eroded real incomes and wealth, combined to produce declining housing starts and a large overhang of unsold housing units. Unemployment is high among construction workers; builders, particularly of multiunit housing, are facing financial losses; and building suppliers' sales are slack.

Building permits dropped further in the third quarter, as did starts, which, at an average annual rate of 1.2 million, were down about 24 percent from the second quarter. The administration is considering various forms of aid to the housing industry, but, given the momentum of the downturn, it is not clear that the aid will be available soon enough and on a large enough scale to prevent further decline in the months immediately ahead.

#### Government purchases

The growth of government purchases of goods and services tapered this year (table 5). Nevertheless, in terms of current dollars, they increased almost \$7 billion in the third quarter. State and local purchases accounted for almost \$5 billion of the increase, and Federal defense purchases for the other \$2 billion. Purchases in real terms have been steady to falling in 1974,

Table 5.—Government Purchases of Goods and Services in Current and Constant Dollars

[Seasonally adjusted at annual rates]

	Current dollars				Constant (1958) dollars				Percent change from preceding quarter (annual rate)		
	Billions of dollars										
	1973		1974		1973		1974		1974		
	IV	I	II	III	IV	I	II	III	I	II	III
<b>Government purchases of goods and services.....</b>	286.4	296.3	304.4	311.2	145.7	146.0	145.8	145.4	0.9	-0.6	-1.1
Federal.....	108.4	111.5	114.3	116.4	56.4	56.3	56.3	56.1	-1.0	-1.1	-1.2
National defense.....	75.3	75.8	76.6	78.8	.....	.....	.....	.....	.....	.....	.....
Other.....	33.1	35.7	37.7	37.7	.....	.....	.....	.....	.....	.....	.....
State and local.....	177.9	184.8	190.1	194.8	89.3	89.7	89.5	89.3	2.1	-1.0	-1.0

both for Federal and for State and local governments. Budgets are usually formulated in current dollars, and in the short run, unusual price increases tend to reduce the real volume of purchases.

On a NIPA basis, both Federal receipts and total Federal expenditures—which include purchases as well as transfer payments, grants-in-aid, and some other components—have shown large increases in 1974. Expenditure increases averaged \$10.4 billion per quarter in the three quarters of 1974, compared with an average of \$2.3 billion per quarter in 1973. Higher rates of transfer payments, especially for social security and unemployment insurance payouts, account for the bulk of the increase. Receipts more than kept pace with expenditures, reducing the deficit by small amounts in the first half. Personal tax payments swelled as money incomes rose and more taxpayers were pushed into income brackets with higher withholding rates. Corporate profits taxes also grew substantially, reflecting the rapid rise in inventory profits. These estimates, and the third- and fourth-quarter estimates yet to be prepared, will be affected by the changes in inventory accounting procedures referred to earlier and the difficulties in quantifying them.

In contrast, the growth in State and local government receipts (exclusive of receipts of social insurance funds administered by these governments) has slowed markedly in recent quarters, largely because tax law changes effective in 1974 have had a negative effect on tax receipts, as opposed to earlier

years when such changes contributed to their growth. Expenditures accelerated in late 1973 and continued to increase rapidly until the third quarter. Consequently, the State and local surplus on a NIPA basis has declined steadily over the past several quarters. (The State and local fiscal situation will be discussed in the November issue of the SURVEY.)

#### Net exports

Net exports of merchandise and services deteriorated in the third quarter to about minus \$4 billion (table 6). As compared with first-quarter net exports of about \$11 billion, this represented a deterioration of more than \$15 billion. Much of this deterioration was due to higher prices, especially of petroleum imports. The deterioration in real terms was much smaller. However, it should be noted that the "unit value" technique for separating real and price changes of exports and imports which underlies these calculations is not ade-

quate. In particular, some of the commodity classes to which this technique is applied are not homogeneous, and the resulting real measures include changes that should be classified as changes in price. For instance, a shift in tonnage between two kinds of merchandise that have different prices per ton may appear as price change instead of real change. This and other deficiencies in the information were highlighted by the 1961 Stigler Committee report on *Government Price Statistics* as major gaps in the Federal statistical program. Because of the increased focus on our international transactions since that time, the urgency of filling these gaps has increased. The BLS is preparing price indexes that will improve our ability to separate the real and price elements of foreign trade. Progress has been slow, however, mainly because of inadequate budgetary resources.

The balance on merchandise trade rather than on services was responsible for the deterioration in the third quarter. Based on data for 2 months, the trade deficit on a NIPA basis widened by about \$4 billion to \$10 billion; the trade account had been near balance in the first quarter. This large swing was the result of faster rising prices of imports, especially petroleum, than of exports. Imports were up almost 35 percent at an annual rate in the third quarter, which was more than accounted for by price rises, of imported goods other than petroleum. Exports were up 18 percent, and prices by 39 percent, so that real exports declined. Exports of farm products were lower in real terms, and exports of industrial

Table 6.—Net Exports of Goods and Services in Current and Constant Dollars

[Seasonally adjusted at annual rates]

	Current dollars				Constant (1958) dollars				Percent change from preceding quarter (annual rate)		
	Billions of dollars										
	1973		1974		1973		1974		1974		
	IV	I	II	III	IV	I	II	III	I	II	III
<b>Net exports of goods and services.....</b>	9.3	11.3	-1.5	-4.1	7.9	11.5	8.2	6.9	.....	.....	.....
Exports.....	113.6	131.2	138.5	143.9	68.9	73.3	73.4	70.7	27.9	0.4	-13.9
Merchandise.....	80.8	89.2	96.1	100.1	48.1	49.4	51.0	49.0	10.8	14.2	-15.2
Imports.....	104.3	119.9	140.0	148.0	61.0	61.8	65.1	63.8	5.3	23.3	-8.1
Merchandise.....	75.5	88.8	102.2	110.1	44.1	44.9	45.3	45.1	7.0	3.7	-1.3



materials and capital goods—mainly machinery—were higher.

The balance on service items, consisting mostly of net investment income, showed a rise of more than \$1 billion in the third quarter. This estimate is highly tentative, however, until information based on the quarterly surveys of direct investment and other sources becomes available. The \$6 billion drop from the first to second quarter was due mainly to the reduced participation of U.S. oil companies in the profits generated by their operations abroad, as discussed in the last several issues of the SURVEY.

**GNP by sector of origin**

The patterns of strength and weakness examined in terms of the conventional demand components of GNP can be viewed also in terms of real output by sector of origin (table 7). Ideally, the output of each subsector within the business sector should be calculated as its sales less the value of raw materials consumed. Actually, only farm product is calculated in this way. The auto and residential construction estimates include some raw materials from other sectors, and the large residual of "other" output is reduced by this amount. For this and some other reasons, the measures are far from perfect, but they help in understanding the working of the economy.

Real farm output, which tends to show somewhat erratic quarterly movements, was in the third quarter at about the average of the first two quarters of 1974. Gross auto product, which combines sales to all sectors with

inventory change, advanced sharply and is up almost one-third over its depressed first-quarter level. Residential construction, as mentioned earlier, slumped deeper after a temporary slowing of its rate of decline. The large "other" category, which includes the bulk of the nonfarm business economy, has shown progressively larger declines in each quarter of 1974, despite the fact that some energy-related items, which have increased since their first-quarter low, are included there. This confirms the impression based on the conventional demand components of GNP and illustrated in chart 3, that the weakness in real output was widespread and more pronounced in the third quarter than earlier in the year.

**Prices**

The sectors of sharpest price rise and their impact on U.S. purchasers are

**Table 8.—Implicit Price Deflators**

[Seasonally adjusted]

	Index numbers (1958=100)						Percent change from preceding quarter (annual rate)					
	1973			1974			1973		1974			
	II	III	IV	I	II	III	III	IV	I	II	III	
<b>Gross national product</b> .....	152.61	155.67	158.93	163.61	167.31	171.92	8.3	8.6	12.3	9.4	11.5	
Less: exports.....	144.8	155.0	164.8	179.0	188.7	203.5	31.3	28.0	39.1	23.6	35.3	
Plus: imports.....	152.2	158.7	170.9	194.0	214.9	232.1	18.5	34.3	66.1	50.8	35.9	
<b>Equals: GNP less exports plus imports</b> .....	153.2	156.0	159.3	164.5	169.2	173.9	7.4	8.9	13.7	11.8	11.6	
Personal consumption expenditures.....	144.3	147.0	150.8	155.8	160.2	164.6	7.6	10.9	13.7	11.8	11.6	
Food.....	151.0	158.9	164.6	172.2	175.0	178.1	20.8	15.1	19.6	6.9	7.2	
Energy <sup>1</sup> .....	133.7	135.1	144.0	165.2	178.5	182.2	4.0	29.2	73.1	36.3	8.5	
Other personal consumption expenditures.....	143.5	145.1	147.9	150.5	154.4	159.2	4.6	7.8	7.4	10.8	12.9	
Other <sup>2</sup> .....	171.7	174.6	177.5	182.3	187.6	193.0	6.8	6.8	11.3	12.1	12.1	

1. Gasoline and oil, fuel and ice, electricity, and gas.  
 2. The change in business inventories has been excluded because the implicit price deflator for the change in business inventories is subject to large erratic movements that reflect shifts in the composition among items that have shown large differences in their price rise as compared with the 1958 valuation base period. The size of these erratic movements precludes the use of these deflators in price analysis.

highlighted in table 8. In that table, price changes are viewed in terms of implicit price deflators. An implicit price deflator is the ratio of a current-dollar estimate to a constant-dollar estimate, and thus may be calculated for any single GNP component or any combination of components for which both kinds of estimates are available, as well as for total GNP. Accordingly,

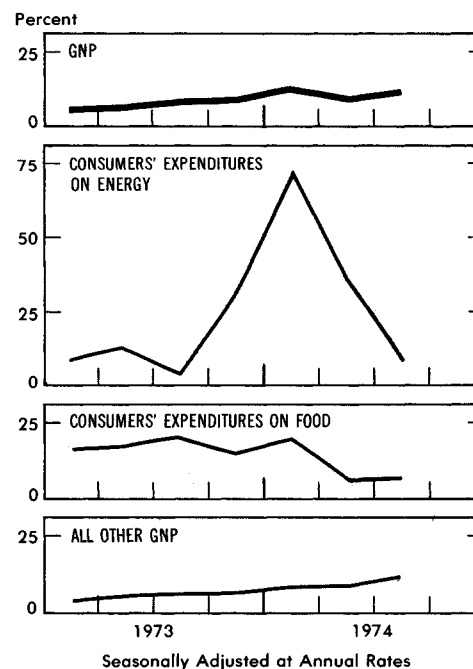
**Table 7.—Gross National Product by Sector of Origin in Constant (1958) Dollars**

[Seasonally adjusted at annual rates]

	Billions of dollars				Percent change from preceding quarter (annual rate)		
	1973	1974			1974		
		IV	I	II	III	I	II
<b>Gross national product</b> .....	845.7	830.5	827.1	821.1	-7.0	-1.6	-2.9
Less: Households, institutions, rest of the world, and general government.....	86.5	89.6	85.7	86.2	14.9	-16.2	2.3
<b>Equals: Business product</b> .....	759.2	740.9	741.4	734.9	-9.3	.2	-3.5
Farm.....	28.2	27.0	28.7	28.0	-15.5	27.5	-9.4
Auto.....	41.6	29.2	32.6	38.4	-75.7	54.7	92.8
Residential construction.....	29.8	26.4	25.7	23.6	-39.1	-9.8	-29.3
Other.....	659.6	658.4	654.4	645.0	-0.7	-2.4	-5.7

CHART 3

**Implicit Price Deflators: Change From Preceding Quarter**



U.S. Department of Commerce, Bureau of Economic Analysis 74-10-3

changes in the deflators reflect, in addition to genuine changes in the prices of individual goods and services, also shifts among goods and services whose prices have risen at different rates since the valuation base period. Most price indexes do not reflect such shifts after the valuation period, which for the implicit deflators is the year 1958.

The starting point of the table is the implicit price deflator for GNP, which is an index of the prices of the output of goods and services produced by the Nation's economy. In estimating output, exports are added in and imports are subtracted. In principle, therefore, import prices do not affect the GNP deflator. Import prices are included in the several components of the deflator, but they are cancelled out in the overall deflator by an entry of opposite sign in "imports of goods and services." In practice, this cancellation may not be accurate because of deficiencies in the statistical methodology.

The Nation's output differs from its purchases because of exports and imports and, similarly, an index of output prices differs from an index of prices paid by U.S. purchasers. Such a measure can be derived by subtracting current- and constant-dollar exports from output, adding current- and constant-dollar imports, and then cal-

culating the implicit deflator. This measure is presented in the table as the implicit deflator for GNP less exports plus imports. The implicit deflators for personal consumption expenditures show the changes in prices paid by U.S. consumers, and the implicit deflators for the residual "other" show the changes in prices paid by government and investors.

The second-quarter increase in the implicit deflator for GNP was 11½ percent, as mentioned earlier. The differential between the rate of increase in GNP prices and prices of goods and services bought by U.S. purchasers disappeared in the third quarter because the rate of increase in import prices slowed while the rate of increase in export prices stepped up.

At 11½ percent, the rate of increase in prices paid by U.S. purchasers was essentially unchanged from the second quarter. The rate of increase in consumer's prices moved parallel to the overall prices of goods and services bought by U.S. purchasers. Energy prices decelerated sharply. Prices of other consumer purchases increased at a substantially faster rate than earlier in the year. Both nondurable and durable goods—notably autos—were responsible for the acceleration in the other consumer purchases category.

Prices paid by investors and government rose at about the same rate in the third quarter as in the second. Prices of producers' durable equipment have accelerated greatly; their implicit deflator rose at annual rates of about 8, 13½, and 19 percent in the first three quarters of 1974, compared with an average of less than 3 percent per quarter in 1973.

Further light can be shed on recent price changes by drawing upon chain price indexes, which are calculated using weights of the prior quarter. These indexes eliminate the impact of shifting weights on the price movements shown by the implicit deflators. In the third quarter, chain price indexes for total GNP and for goods and services bought by U.S. purchasers rose more rapidly than did the respective implicit deflators—in both cases, by about 12½ percent compared with 11½ percent. The deflators were held down in the third quarter, and also in the second, by increases in weights of items with relatively low price indexes, particularly autos, and decreases in weights of items with relatively high price indexes, particularly structures. In the first quarter of 1974, as in the three prior quarters, the deflators had been boosted by the declining weight of autos.

Papers presented at the Federal Statistics Users' Conference on Quarterly GNP Estimates Revisited in a Double-Digit Inflationary Economy, October 2, 1974, Washington, D.C.:

"Preparation of Quarterly GNP," by Allan H. Young

"Preparation of Quarterly National Income," by Robert P. Parker

"Deflation of Current-Dollar GNP Estimates," by Martin L. Marimont

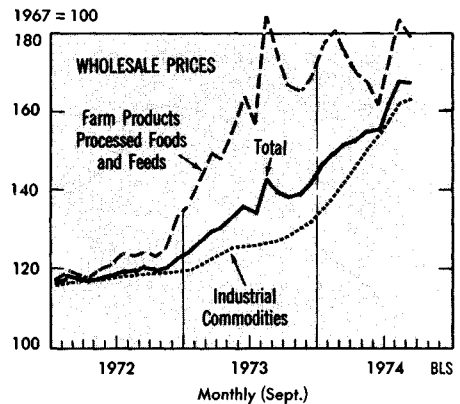
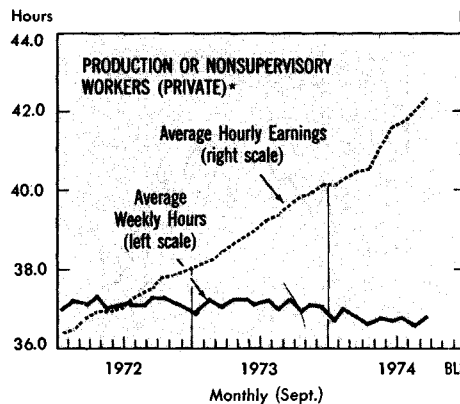
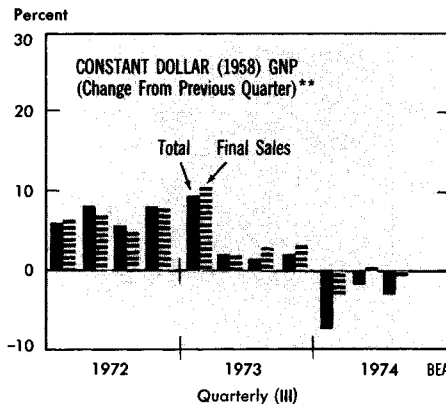
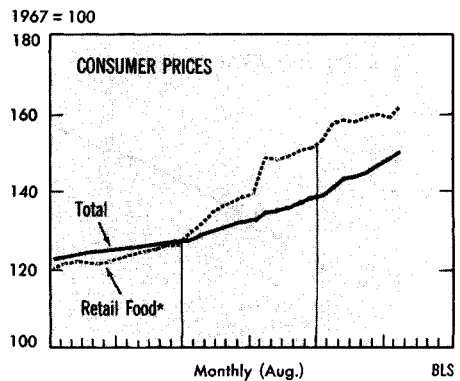
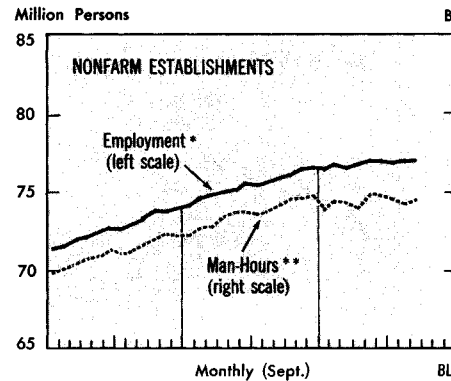
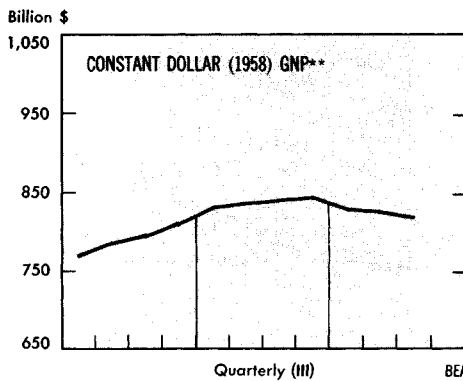
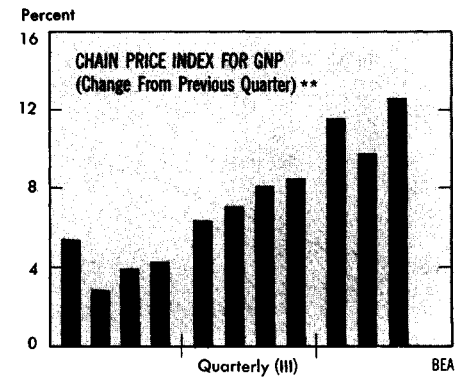
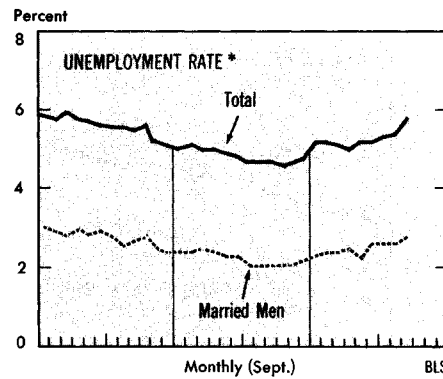
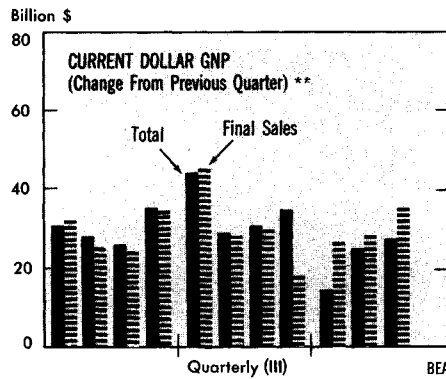
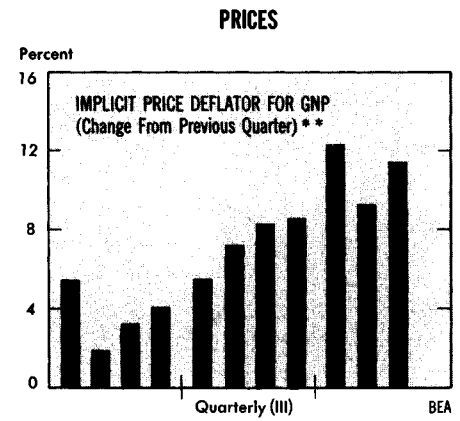
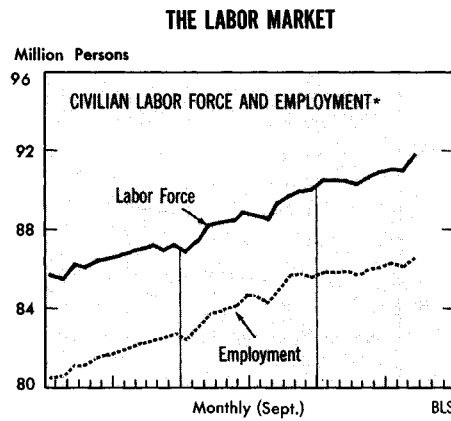
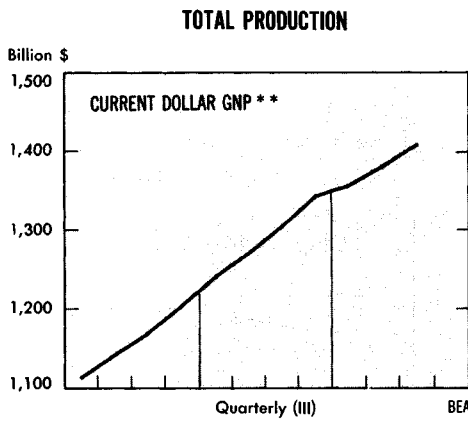
"Inventories and the Inventory Valuation Adjustment," by Irving Rottenberg

"The July 1974 Revisions," by Allan H. Young

*Reliability of the Quarterly National Income and Product Accounts of the United States, 1947-71*, BEA Staff Paper No. 23, by Allan H. Young, contains a detailed listing of data sources used in preparing quarterly GNP estimates and measures of revisions in GNP that supplement the *Papers*.

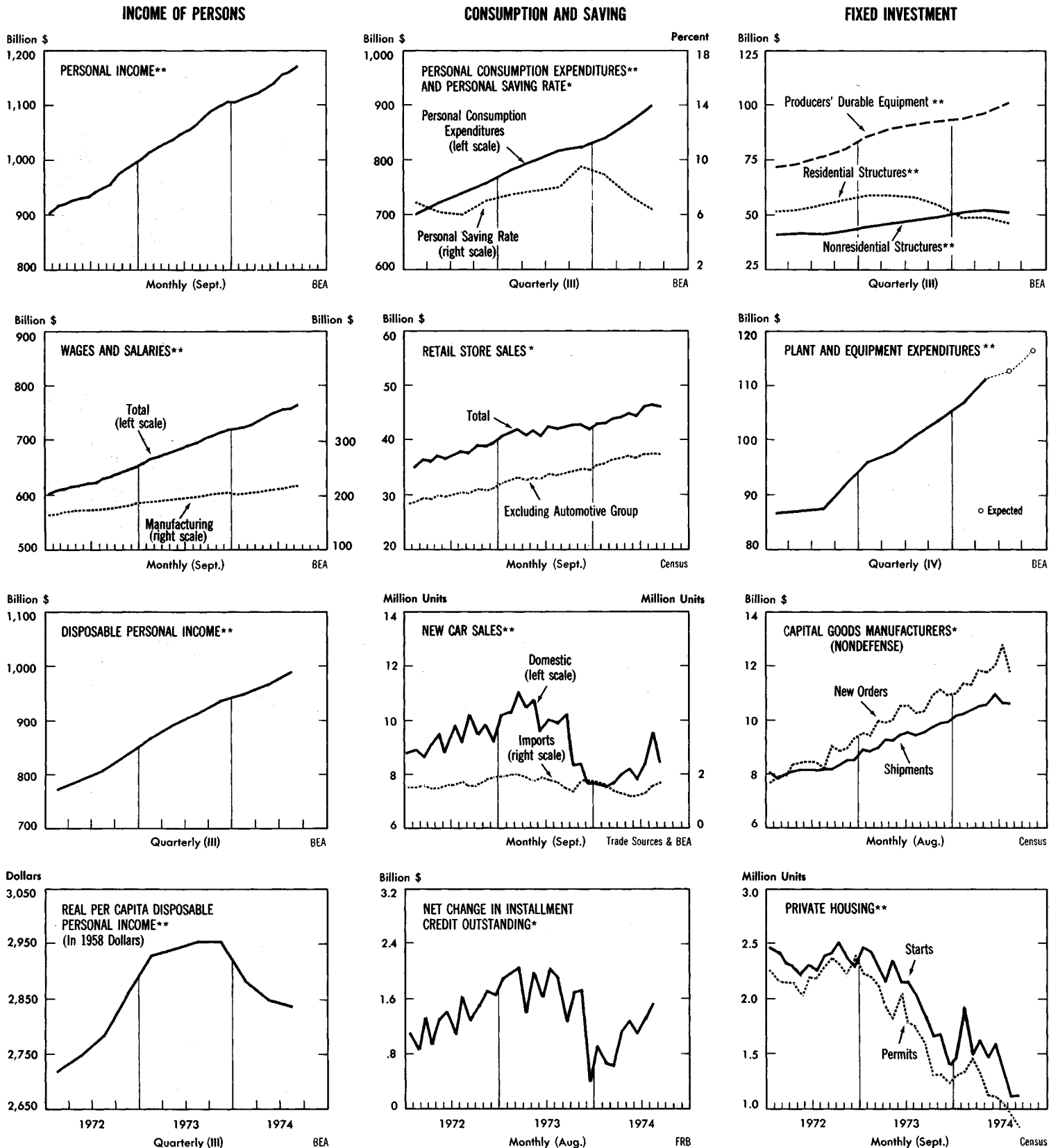
The *Papers* may be ordered from the National Income and Wealth Division, BEA. The Staff Paper may be ordered, for \$4.00 per copy (\$2.25 Microfiche), from the National Technical Information Service, U.S. Department of Commerce, Springfield, Virginia 22121; please mention accession number COM 74-11538.

- In third quarter: GNP rose \$27¼ billion; real GNP declined about 3 percent (annual rate)
- In September: The jobless rate rose to 5.8 percent; nonfarm payroll employment was virtually unchanged
- The wholesale price index showed little change



\* Seasonally Adjusted \*\* Seasonally Adjusted at Annual Rates

- In September: Personal income advanced \$8¼ billion
- In third quarter: Consumer spending increased \$30¼ billion
- Business fixed investment rose \$3 billion; residential outlays declined \$2½ billion



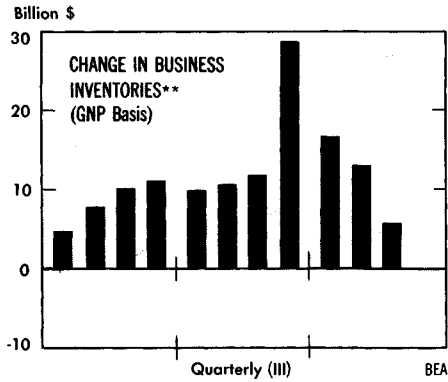
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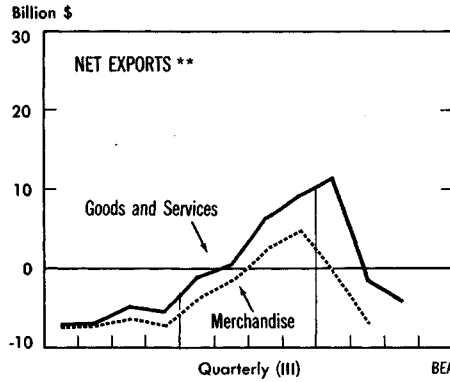
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- In third quarter: Inventory investment declined \$7¼ billion
- Net exports of goods and services fell \$2½ billion
- Federal Government purchases increased \$6¾ billion; State and local spending rose \$4¼ billion

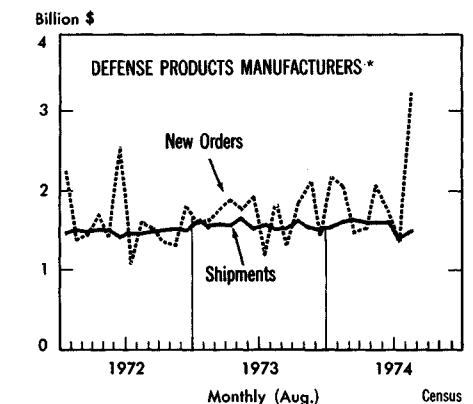
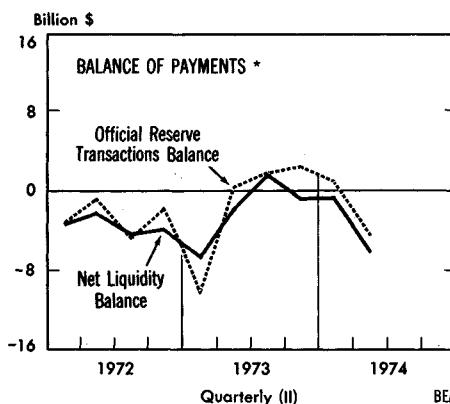
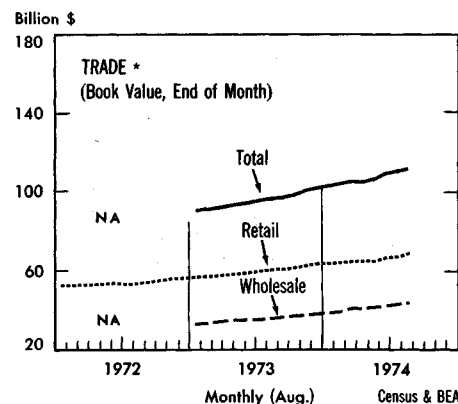
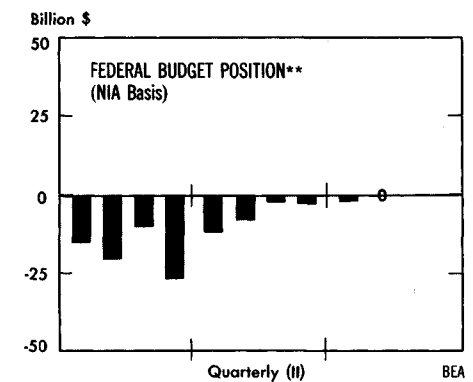
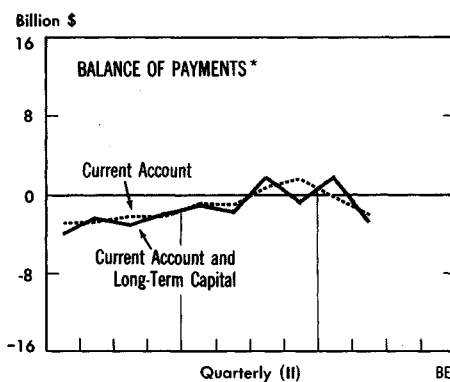
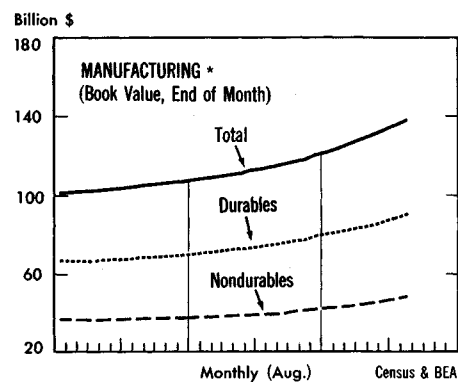
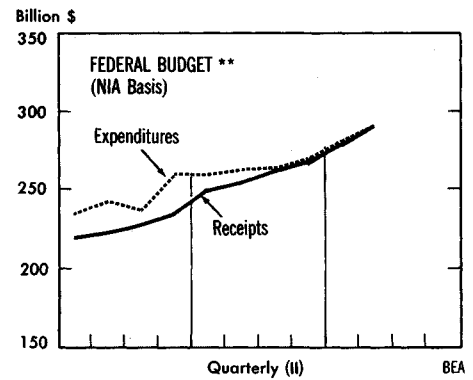
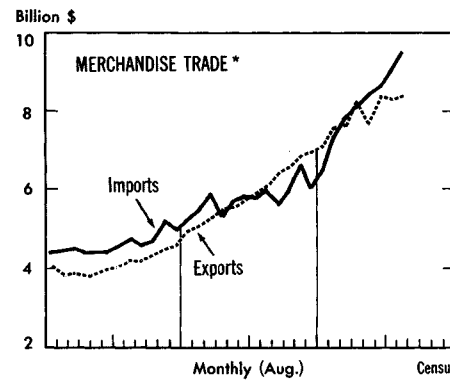
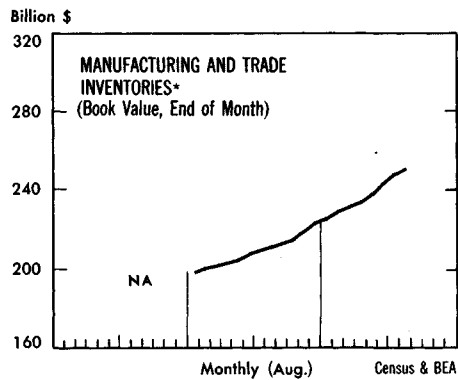
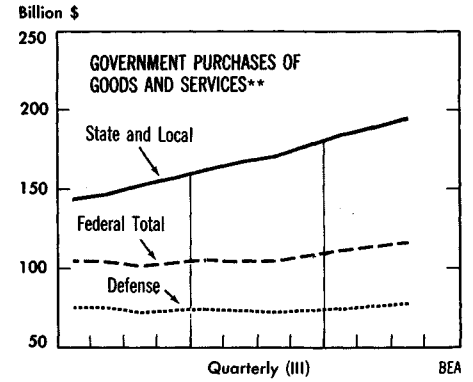
**INVENTORIES**



**FOREIGN TRANSACTIONS**

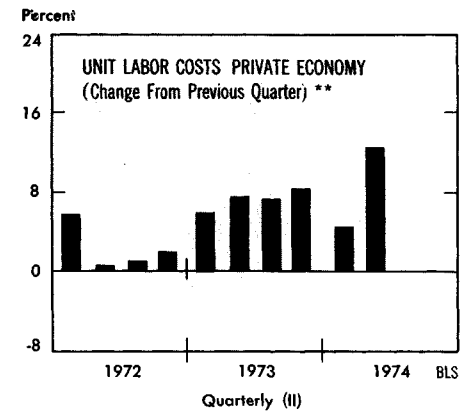
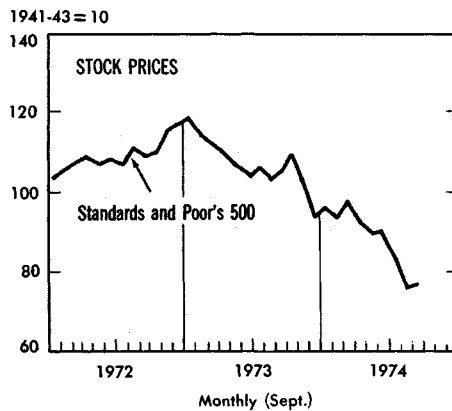
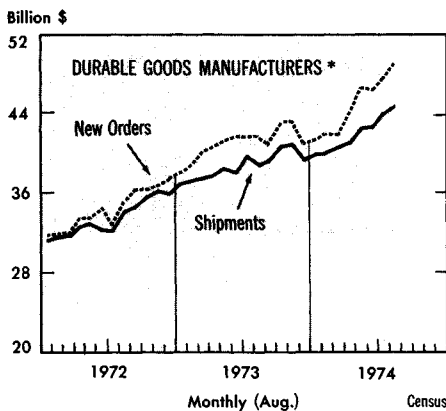
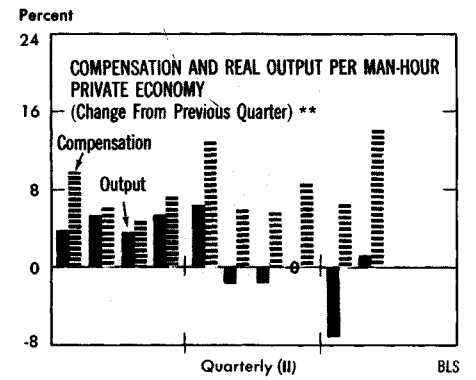
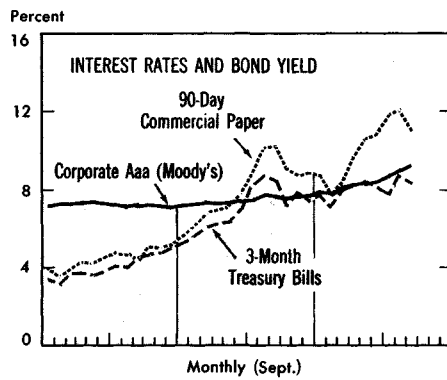
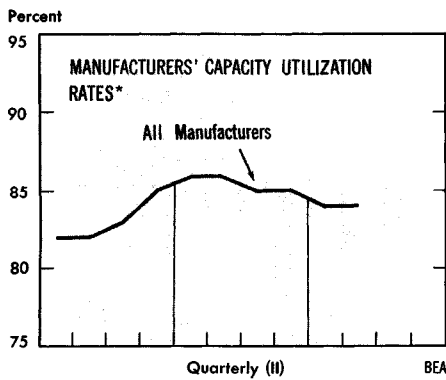
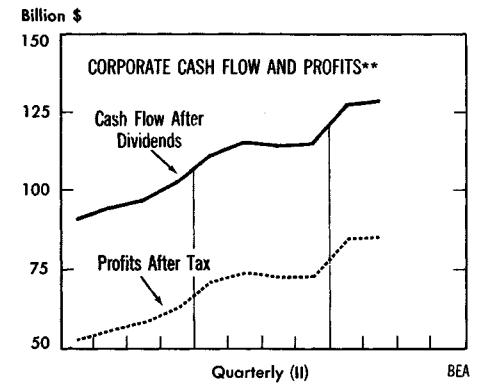
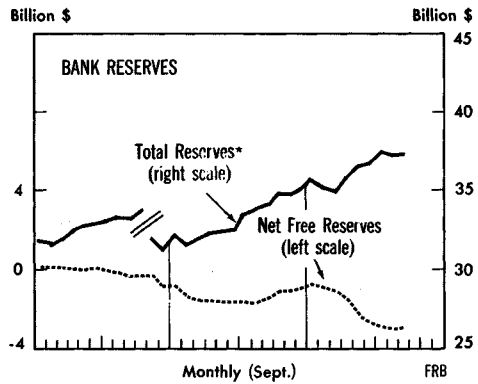
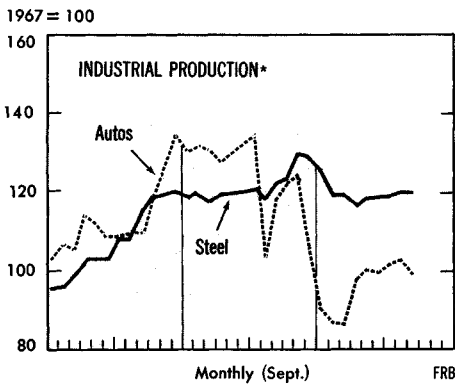
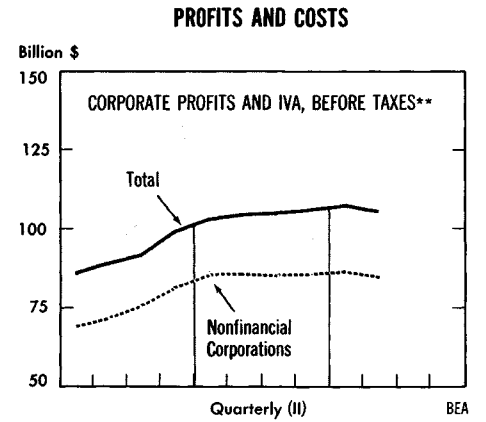
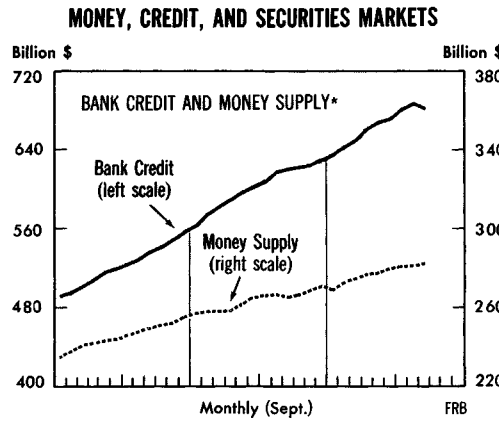
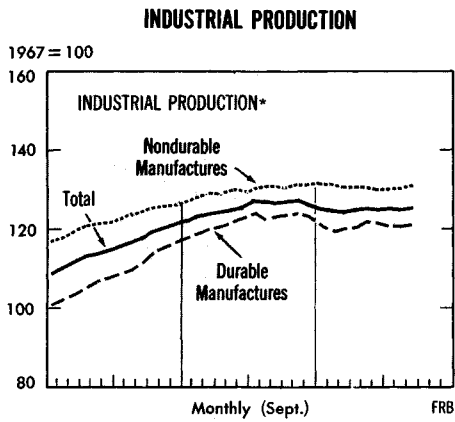


**GOVERNMENT**



\*Seasonally Adjusted \*\*Seasonally Adjusted at Annual Rates

- In September: Industrial production rose slightly
- Bank credit declined; money supply changed little
- Interest rates and bond yields mixed



\* Seasonally Adjusted \*\* Seasonally Adjusted at Annual Rates



	1972	1973	1973			1974		
			II	III	IV	I	II	III <sup>p</sup>
			Seasonally adjusted at annual rates					
Billions of dollars								

**Table 4.—Relation of Gross National Product, National Income, and Personal Income (1.9)**

<b>Gross national product</b> .....	1,158.0	1,294.9	1,277.9	1,308.9	1,344.0	1,358.8	1,383.8	1,411.6
Less: Capital consumption allowances.....	102.9	110.8	110.5	111.5	113.9	115.8	118.6	120.7
<b>Equals: Net national product</b> .....	<b>1,055.1</b>	<b>1,184.1</b>	<b>1,167.4</b>	<b>1,197.4</b>	<b>1,230.1</b>	<b>1,243.0</b>	<b>1,265.2</b>	<b>1,290.9</b>
Less: Indirect business tax and nontax liability.....	110.0	119.2	118.6	120.4	121.3	122.6	125.9	129.7
Business transfer payments.....	4.6	4.9	4.8	4.9	5.0	5.1	5.2	5.3
Statistical discrepancy.....	-3.8	-5.0	-6.5	-4.9	-2.6	-6.3	.3	-----
Plus: Subsidies less current surplus of government enterprises.....	2.3	.6	.7	.3	-.1	-2.7	-3.7	-2.9
<b>Equals: National income</b> .....	<b>946.5</b>	<b>1,065.6</b>	<b>1,051.2</b>	<b>1,077.3</b>	<b>1,106.3</b>	<b>1,118.8</b>	<b>1,130.2</b>	-----
Less: Corporate profits and inventory valuation adjustment.....	92.2	105.1	105.0	105.2	106.4	107.7	105.6	-----
Contributions for social insurance.....	73.0	91.2	90.2	92.1	93.9	99.1	100.8	102.9
Wage accruals less disbursements.....	.0	-.1	-.3	.0	.0	.0	-.6	-1.5
Plus: Government transfer payments to persons.....	98.6	113.0	111.3	114.1	117.1	123.1	130.6	138.5
Interest paid by government (net) and by consumers.....	33.0	38.3	37.7	39.3	40.4	40.8	41.9	42.5
Dividends.....	27.3	29.6	29.1	29.8	30.7	31.6	32.5	33.2
Business transfer payments.....	4.6	4.9	4.8	4.9	5.0	5.1	5.2	5.3
<b>Equals: Personal income</b> .....	<b>944.9</b>	<b>1,055.0</b>	<b>1,039.2</b>	<b>1,068.0</b>	<b>1,099.3</b>	<b>1,112.5</b>	<b>1,134.6</b>	<b>1,165.9</b>

**Table 5.—Gross Auto Product in Current and Constant Dollars (1.15, 1.16)**

	Billions of current dollars							
	1972	1973	1973 II	1973 III	1973 IV	1974 I	1974 II	1974 III <sup>p</sup>
<b>Gross auto product</b> <sup>1</sup> .....	43.9	49.9	50.8	50.3	47.0	33.5	38.6	47.5
Personal consumption expenditures.....	39.7	43.4	44.8	45.4	38.0	35.8	38.0	43.6
Producers' durable equipment.....	7.0	7.7	7.9	8.0	6.7	6.3	6.7	7.7
Change in dealers' auto inventories.....	-.4	1.1	.8	-.8	4.0	-5.6	-2.9	-.4
Net exports.....	-2.7	-2.7	-3.0	-2.8	-2.2	-3.5	-3.6	-3.9
Exports.....	3.0	3.8	3.6	3.8	4.2	4.1	4.2	4.9
Imports.....	5.7	6.5	6.6	6.6	6.4	7.6	7.7	8.9
<b>Addenda:</b>								
New cars, domestic <sup>2</sup> .....	38.1	43.1	44.6	43.2	40.3	28.1	34.9	41.1
New cars, foreign.....	8.6	10.0	9.8	9.7	10.2	10.2	8.3	11.6
Billions of 1958 dollars								
<b>Gross auto product</b> <sup>1</sup> .....	39.1	44.2	45.2	43.6	41.6	29.2	32.6	38.4
Personal consumption expenditures.....	35.3	38.3	39.7	39.4	33.4	31.3	32.1	35.3
Producers' durable equipment.....	6.3	6.8	7.1	7.0	6.0	5.6	5.7	6.3
Change in dealers' auto inventories.....	-.4	1.1	.7	-.7	3.8	-5.1	-2.7	-.4
Net exports.....	-2.4	-2.4	-2.7	-2.4	-2.0	-3.1	-3.0	-3.2
Exports.....	2.7	3.4	3.1	3.4	3.7	3.6	3.6	4.1
Imports.....	5.1	5.7	5.8	5.8	5.7	6.6	6.6	7.3
<b>Addenda:</b>								
New cars, domestic <sup>2</sup> .....	34.8	39.3	40.8	38.9	36.7	25.4	30.7	34.6
New cars, foreign.....	8.0	9.2	9.0	8.8	9.3	9.3	7.4	9.8

1. The gross auto product total includes government purchases.  
2. Differs from the gross auto product total by the markup on both used cars and foreign cars.  
<sup>p</sup> Preliminary.

	1972	1973	1973			1974		
			II	III	IV	I	II	III <sup>p</sup>
			Seasonally adjusted at annual rates					
Billions of dollars								

**Table 6.—National Income by Type of Income (1.10)**

<b>National income</b> .....	946.5	1,065.6	1,051.2	1,077.3	1,106.3	1,118.8	1,130.2	-----
<b>Compensation of employees</b> .....	707.1	786.0	776.7	793.3	814.8	828.8	848.3	867.8
Wages and salaries.....	626.8	691.6	683.6	698.2	717.0	727.6	744.6	761.1
Private.....	491.4	545.1	538.7	550.8	565.8	573.8	588.3	602.2
Military.....	20.5	20.6	20.3	20.2	21.0	21.0	20.9	20.8
Government civilian.....	114.8	126.0	124.5	127.2	130.2	132.8	135.4	138.1
Supplements to wages and salaries.....	80.3	94.4	93.1	95.1	97.7	101.2	103.7	106.7
Employer contributions for social insurance.....	38.6	48.4	47.8	48.8	50.1	52.3	53.2	54.4
Other labor income.....	41.7	46.0	45.4	46.3	47.6	48.9	50.5	52.3
<b>Proprietors' income</b> .....	75.9	96.1	92.8	99.3	103.2	98.4	89.9	90.7
Business and professional.....	54.9	57.6	57.1	57.7	58.4	59.3	60.7	62.4
Farm.....	21.0	38.5	35.6	41.5	44.9	39.1	29.1	28.3
<b>Rental income of persons</b> .....	25.9	26.1	25.7	26.2	26.4	26.4	26.3	26.6
<b>Corporate profits and inventory valuation adjustment</b> .....	92.2	105.1	105.0	105.2	106.4	107.7	105.6	-----
Profits before tax.....	99.2	122.7	124.9	122.7	122.7	138.7	143.5	-----
Profits tax liability.....	41.5	49.8	50.9	49.9	49.5	53.6	57.9	-----
Profits after tax.....	57.7	72.9	74.0	72.9	73.2	85.1	85.6	-----
Dividends.....	27.3	28.6	29.1	29.8	30.7	31.6	32.5	33.2
Undistributed profits.....	30.3	43.3	44.9	43.1	42.5	53.5	53.0	-----
Inventory valuation adjustment.....	-7.0	-17.6	-20.0	-17.5	-16.3	-31.0	-37.9	-----
<b>Net interest</b> .....	45.6	52.3	51.1	53.2	55.5	57.5	60.1	62.8

**Table 7.—National Income by Industry Division (1.11)**

<b>All industries, total</b> .....	946.5	1,065.6	1,051.2	1,077.3	1,106.3	1,118.8	1,130.2	-----
Agriculture, forestry, and fisheries.....	31.2	50.6	47.3	53.7	57.8	52.5	42.7	-----
Mining and construction.....	59.4	66.5	65.1	68.0	69.3	70.6	72.1	-----
<b>Manufacturing</b> .....	253.4	287.2	285.3	288.8	295.8	296.8	304.2	-----
Nondurable goods.....	99.2	108.9	108.1	109.2	112.4	118.6	123.1	-----
Durable goods.....	154.2	178.3	177.2	179.5	183.4	178.2	181.1	-----
Transportation.....	36.6	40.4	40.1	40.1	41.5	42.2	43.6	-----
Communication.....	19.4	21.1	20.6	21.7	21.7	21.9	22.2	-----
Electric, gas, and sanitary services.....	17.6	19.1	18.6	19.6	19.7	18.5	19.1	-----
Wholesale and retail trade.....	142.3	155.9	155.1	156.8	160.6	161.3	167.0	-----
Finance, insurance, and real estate.....	108.8	117.8	115.9	119.1	122.3	123.9	125.8	-----
Services.....	120.7	134.6	133.0	136.1	139.2	143.6	148.4	-----
Government and government enterprises.....	150.7	164.1	162.1	165.2	169.5	172.7	175.5	-----
Rest of the world.....	6.5	8.4	8.0	8.3	8.9	14.7	9.7	-----

**Table 8.—Corporate Profits (Before Tax) and Inventory Valuation Adjustment by Broad Industry Groups (6.12)**

<b>All industries, total</b> .....	92.2	105.1	105.0	105.2	106.4	107.7	105.6	-----
<b>Financial institutions</b> .....	17.6	19.6	19.4	19.8	20.4	20.8	20.7	-----
Federal Reserve Banks.....	3.4	4.5	4.3	4.8	5.1	5.3	5.7	-----
Other financial institutions.....	14.3	15.1	15.0	15.0	15.3	15.5	15.0	-----
<b>Nonfinancial corporations</b> .....	74.5	85.5	85.6	85.4	86.0	87.0	84.9	-----
Manufacturing.....	40.8	47.6	48.4	47.1	46.4	46.2	46.8	-----
Nondurable goods.....	19.0	21.5	21.5	21.4	22.1	26.9	29.7	-----
Durable goods.....	21.8	26.1	26.9	25.7	24.3	19.3	17.1	-----
Transportation, communication, and public utilities.....	9.2	9.2	8.8	9.5	9.2	7.1	8.0	-----
All other industries.....	24.6	28.7	28.4	28.8	30.3	33.7	30.1	-----







# State and Regional Income, First Half 1974: Current-Dollar Income Rises, Real Income Declines

**T**OTAL personal income in current dollars rose in most States and regions in the first half of 1974, but consumer prices rose even more. The result was a decline in real purchasing power in most parts of the country. From the fourth quarter of 1973 (the peak quarter in real GNP) to the second quarter of 1974 (the most recent quarter for which State income data are available), personal income was up 3¼ percent for the Nation as a whole, while consumer prices went up about 6 percent.

The rise in income exceeded that in national consumer prices in only seven States (Idaho, North Dakota, Kentucky, Maine, Alaska, New Mexico, and Vermont). Gains in income did not exceed the rise in prices in any region. In two regions (New England and Rocky Mountain) and four States (Massachusetts, New Hampshire, Nevada, and Hawaii), the rises in income and prices were nearly equal. In five regions (Far West, Mideast, Southeast, Great Lakes, and Southwest), 29 States, and the District of Columbia, income rose at least moderately, but at a slower rate than prices. In the remaining region (Plains) and 10 States (Michigan, Texas, Delaware, Montana, Arkansas, Kansas, Mississippi, South Dakota, Iowa, and Nebraska), decreases in current-dollar income varied from slight to substantial (10 percent), with a resultant sharp drop in real income.

Much of the geographic variation in total personal income change over the

**NOTE.**—State and regional income estimates were prepared by Q. Francis Dallavalle and John Wells in the Regional Economic Measurement Division. The analysis was written in the Regional Economic Analysis Division by Robert B. Bretzfelder.

past 6 months is traceable directly to farming. The Nation's farm income peaked at nearly \$50 billion in the fourth quarter of 1973, but fell more than 30 percent, to less than \$35 billion, by the second quarter of 1974. Among the agricultural States, changes in farm income ranged from gains of 200 percent to losses of more than 80 percent. The national volume of crop marketings fell drastically over this 6-month period, but livestock marketings were well maintained. Through the second quarter, prices of crops rose moderately, while prices for livestock decreased.

Manufacturing also contributed to differential State income changes. While national manufacturing payrolls were up 2¼ percent, payroll changes among the industrial States amounted to gains or losses of up to 10 percent. Weakness was concentrated in States producing autos and in States supplying that industry. The decline in manufacturing payrolls was offset, in part, by unusually large increases in unemployment compensation payments.

### *Areas with large gains*

In Idaho, North Dakota, Kentucky, Maine, and New Mexico, gains in farm income ranged from 40 percent to 200 percent, and advances in nonfarm income varied from somewhat above to somewhat below the national average. Kentucky and New Mexico also had large and important gains in coal mining payrolls, due to the greater demands brought on by the energy situation. (Other important gains in mining occurred in Wyoming, Pennsylvania, Virginia, and Tennessee; however, gains in other income sources were not vigorous enough to make the advance in total income substantially exceed the national average.)

In Alaska, large gains in construction and in all major service industries resulted from the initiation of major operations on the new oil pipeline. Nonfarm income in Alaska rose 8½ percent (by far the largest gain in the Nation), compared with a gain of 4¼ percent nationwide. In Vermont, where the gain in total income was 7 percent, important gains occurred in construction, some of the major service industries, manufacturing, and farming.

### *Areas with income losses*

The 10 States and one region registering income declines experienced sharp losses in farm income. In eight of these States and the Plains, the decline in farm income, mainly due to the drastic drop in crop marketings, was large enough to account directly for the loss in total income. Nonfarm income in each of these areas rose at or close to the national rate. In Michigan and Delaware, income declines were caused, directly and indirectly, by the drop in auto output. Here, durables manufacturing payrolls fell more than 10 percent, compared with a nationwide gain of 2½ percent. Partially offsetting these declines were spurts in unemployment compensation payments, which, in each of the two States, rose more than 110 percent, compared with a national average gain of only 42 percent. Michigan and Delaware also experienced a weakening in a variety of service-type industries. (Durables manufacturing payrolls were also off in Indiana and Ohio, but other income sources, including unemployment compensation payments, rose sufficiently to more than offset this decline, thereby resulting in a moderate rise in total income.)



# Size Distribution of Income in 1964, 1970, and 1971

**T**HIS article presents new estimates of the size distribution of family personal income for 1964, 1970, and 1971. These estimates, which result from the resumption of BEA's program to measure the size distribution of family personal income, show how personal income as measured in the national income and product accounts is distributed among the population of the United States. After publication of preliminary 1963 figures,<sup>1</sup> the old BEA series was discontinued because of deficiencies in the methodology and, in connection with this, the difficulty of incorporating new data sources. The new estimates are not completely comparable with the old series because of new estimating procedures and slight definitional differences.<sup>2</sup>

An important feature of these estimates is that, with a few exceptions, they account for all incomes as defined and measured in the personal income component of the national income and product accounts. This feature is important for several reasons. First, the BEA estimates do not suffer from the underreporting of income that characterizes the two regularly available sources of income size data, the Census Bureau's Current Population Survey and the Internal Revenue Service's Statistics of Income. Second, by being based on a comprehensive definition of

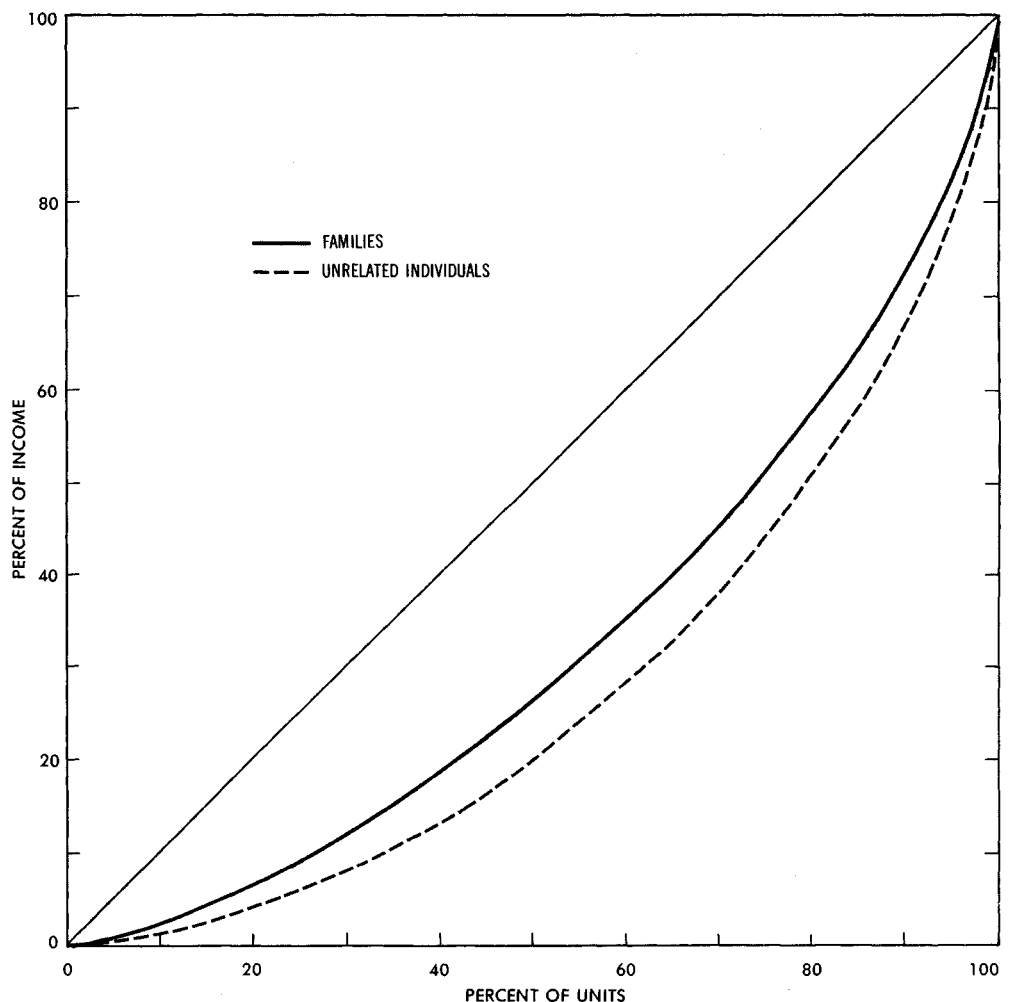
income that includes both money and nonmoney types of income, the BEA estimates provide a more accurate and more useful picture of the distribution of income than those two data sources do. Third, the BEA estimates facilitate analysis of the relationships between the level of aggregate economic activity and the size distribution of income because the distribution can be ex-

amined within the context of the national income and product accounts.

BEA's benchmark figures for 1964 were derived by using an estimating procedure that is sufficiently detailed to show distributions of income for various socioeconomic groups. However, summary procedures were used for 1970 and 1971, so that distributions for socioeconomic groups and specific

CHART 8

**Lorenz Curves of Families and Unrelated Individuals,  
Family Personal Income, 1971**



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

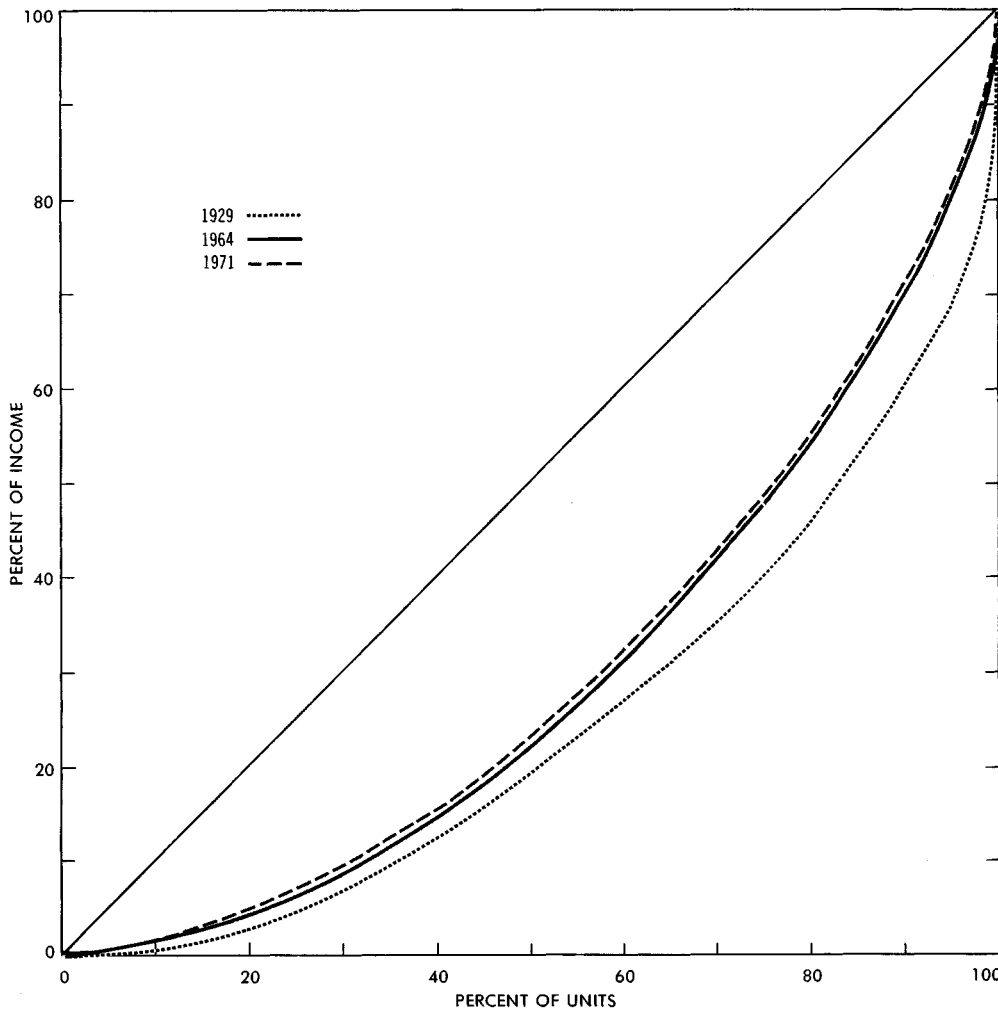
74-10-8

1. SURVEY, April 1964, p. 3.

2. The old methodology is described in detail in "Income Distribution in the United States, by Size, 1944-50," a 1953 supplement to the SURVEY. A detailed description of the new methodology used for the 1964 estimates and some comparisons between the old and new estimates appear in "Size Distribution of Family Personal Income: Methodology and Estimates for 1964," by Edward C. Budd, Daniel B. Radner, and John C. Hinrichs, BEA Staff Paper No. 21, June 1973, which is available from the National Technical Information Service, Springfield, Virginia 22151 (\$3.00 in paper copy; \$1.45 in microfiche). Accession number COM-73-10976.

CHART 9

### Lorenz Curves of Family Personal Income of Consumer Units, 1929, 1964, 1971



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

74-10-9

#### Table 1.—Composition of Family Personal Income by Type

[Billions of dollars]

Type of income	1964		1970		1971	
	Amount	Percent of FPI	Amount	Percent of FPI	Amount	Percent of FPI
<b>Family personal income</b> .....	<b>470.6</b>	<b>100.0</b>	<b>748.6</b>	<b>100.0</b>	<b>801.0</b>	<b>100.0</b>
Total money income.....	459.1	97.6	730.3	97.6	783.3	97.8
Wage and salary income.....	324.9	69.1	524.9	70.1	556.2	69.4
Self-employment income.....	50.2	10.7	64.6	8.6	67.2	8.4
Business and professional.....	39.4	8.4	50.0	6.7	51.6	6.4
Farm.....	10.8	2.3	14.6	1.9	15.7	2.0
Property income.....	43.9	9.3	67.8	9.1	73.4	9.2
Interest.....	18.0	3.8	32.6	4.4	37.1	4.6
Dividend.....	14.4	3.1	19.6	2.6	20.0	2.5
Rental.....	7.0	1.5	8.0	1.1	8.7	1.1
Royalty.....	.9	.2	1.6	.2	1.7	.2
Estate and trust.....	3.6	.8	6.0	.8	5.9	.7
Transfer income.....	40.1	8.5	72.9	9.7	86.5	10.8
OASDHI and railroad retirement benefits.....	16.1	3.4	30.7	4.1	35.9	4.5
Unemployment compensation.....	2.8	.6	4.1	.5	6.0	.7
Public assistance.....	3.8	.8	8.5	1.1	10.2	1.3
Pensions and annuities (excluding military).....	8.2	1.7	12.5	1.7	14.1	1.8
Other.....	9.2	2.0	17.0	2.3	20.2	2.5
Nonmoney income.....	23.8	5.1	45.9	6.1	48.3	6.0
Imputed income.....	23.8	5.1	37.7	5.0	38.8	4.8
Nonmoney wages.....	1.8	.4	2.3	.3	2.4	.3
Farm income.....	1.1	.2	1.1	.1	1.6	.2
Rent on owner-occupied nonfarm dwellings.....	10.2	2.2	13.7	1.8	13.8	1.7
Interest.....	10.7	2.3	20.5	2.7	21.0	2.6
Medicare benefits received.....	0	0	7.1	.9	7.8	1.0
Net value of food stamps.....	0	0	1.1	.1	1.7	.2
Less: Personal contributions for social insurance.....	12.3	2.6	27.6	3.7	30.7	3.8

#### Table 2.—Reconciliation Between Personal Income and Family Personal Income, 1971

[Billions of dollars]

<b>Personal income</b> .....	<b>1 861.4</b>
Less: Income of recipients not in family personal income universe.....	23.8
Decedents.....	5.1
Civilians overseas.....	.9
Military personnel on post and overseas.....	8.0
Nonprofit institutions.....	6.4
Other.....	3.5
Plus: Income of recipients in family personal income universe but not in personal income.....	.1
Border workers.....	.1
Less: Income types excluded from family personal income.....	42.9
Employer contributions to pension, health, and welfare funds.....	30.3
Property income of pension funds.....	7.2
Nonrecurring (lump sum) payments.....	5.1
Other.....	.3
Plus: Income types excluded from personal income.....	6.2
Private pension and annuity payments.....	6.2
<b>Equals: Family personal income</b> .....	<b>801.0</b>

1. This was an early estimate which has since been revised.



There is no general agreement on the best concept of the recipient unit for income size work. Consumer units are demographic units, as defined in the Current Population Survey. Data do not exist to make regular income size estimates on an economic unit or spending unit basis. In addition, data are not available to reconstruct the units as they existed during the calendar year to which the income estimates pertain.

FPI is composed of all money income that is received regularly (called total money income, or TMI, in this article) plus several types of imputed income, medicare benefits received, and the net value of food stamps (called non-money income in this article) less personal contributions for social insurance.<sup>3</sup> FPI is measured before deduction of taxes; capital gains are excluded. Table 1 shows FPI and its major components in 1964, 1970, and 1971.

In light of these definitions, the following are the two major differences between FPI and personal income in the national income and product accounts. First, personal income includes the income of some recipients not in the consumer unit population (for example, nonprofit institutions and persons overseas). Second, the types of income included in FPI differ slightly from those in personal income. FPI excludes employer contributions to private pension plans, which are included in personal income, and includes private pension and annuity payments, which are excluded from personal income. Moreover, FPI excludes various types of cash receipts that are not received regularly (for example, social

security lump-sum death benefits), which are included in personal income. FPI also excludes employer contributions to private health and welfare plans, which are included in personal income, and employee benefits from such plans. While the best theoretical treatment of these plans for income size purposes is not clear, data needed to estimate employer contributions to, or employee benefits from, these plans by income size were not available. Table 2 reconciles personal income and FPI for 1971.

The definition of income appropriate for the study of size distribution is subject to some controversy, centering on which nonmoney income types should be included. The types included in FPI are shown in table 1. Because some readers may prefer to exclude all nonmoney income, several summary distributions of TMI are also shown in this article.

3. The net value (or bonus value) of food stamps is the difference between the dollar value of the food that can be purchased with the stamps and the cost of the stamps to the recipient.

Table 4.—Distribution of Family Personal Income by Income Quintile, 1964, 1970, 1971

Quintile	All consumer units			Families			Unrelated individuals		
	Percent of income	Mean income	Lower income limit	Percent of income	Mean income	Lower income limit	Percent of income	Mean income	Lower income limit
1964									
Lowest.....	4.2	\$1,652		5.8	\$2,576		3.2	\$638	
Second.....	10.6	4,180	\$3,012	11.8	5,233	\$4,071	8.0	1,602	\$1,167
Third.....	16.4	6,466	5,316	16.7	7,393	6,323	14.0	2,804	2,104
Fourth.....	23.2	9,130	7,663	22.5	9,933	8,556	22.9	4,580	3,626
Highest.....	45.5	17,896	10,854	43.1	19,057	11,654	52.0	10,408	5,703
<b>Total.....</b>	<b>100.0</b>	<b>7,865</b>		<b>100.0</b>	<b>8,838</b>		<b>100.0</b>	<b>4,006</b>	
Top 5%.....	20.0	31,393	18,109	18.8	33,292	19,307	24.2	19,357	10,347
Top 1%.....	8.0	63,006	35,797	7.5	66,056	38,184	11.1	44,649	20,794
<b>Median.....</b>	<b>\$6,459</b>			<b>\$7,354</b>			<b>\$2,761</b>		
1970									
Lowest.....	4.6	\$2,564		6.4	\$3,995		3.9	\$1,137	
Second.....	10.7	5,988	\$4,403	12.0	7,559	\$5,993	9.0	2,648	\$2,024
Third.....	16.4	9,079	7,479	16.8	10,575	9,053	14.4	4,233	3,311
Fourth.....	23.3	12,887	10,765	22.6	14,216	12,232	22.6	6,661	5,307
Highest.....	44.9	24,807	15,376	42.3	26,597	16,662	50.1	14,742	8,232
<b>Total.....</b>	<b>100.0</b>	<b>11,055</b>		<b>100.0</b>	<b>12,588</b>		<b>100.0</b>	<b>5,884</b>	
Top 5%.....	19.2	42,534	25,285	18.0	45,354	26,967	23.0	27,016	14,812
Top 1%.....	7.6	83,676	48,335	7.0	88,226	51,623	10.3	60,633	28,321
<b>Median.....</b>	<b>\$9,067</b>			<b>\$10,527</b>			<b>\$4,208</b>		
1971									
Lowest.....	4.8	\$2,785		6.6	\$4,302		4.1	\$1,274	
Second.....	10.8	6,240	\$4,680	12.1	7,932	\$6,359	9.3	2,900	\$2,259
Third.....	16.4	9,449	7,814	16.8	11,023	9,445	14.6	4,836	3,607
Fourth.....	23.3	13,384	11,180	22.5	14,799	12,738	22.6	7,019	5,592
Highest.....	44.6	26,680	15,991	42.0	27,578	17,331	49.4	15,357	8,673
<b>Total.....</b>	<b>100.0</b>	<b>11,508</b>		<b>100.0</b>	<b>13,127</b>		<b>100.0</b>	<b>6,217</b>	
Top 5%.....	19.1	43,832	26,215	17.8	46,845	28,040	22.5	27,946	15,636
Top 1%.....	7.5	85,735	49,699	6.9	90,721	53,169	9.9	61,453	29,299
<b>Median.....</b>	<b>\$9,428</b>			<b>\$10,968</b>			<b>\$4,527</b>		





**Income distribution in 1971**

In 1971, consumer units received \$801 billion in FPI. The mean income received by these almost 70 million families and unrelated individuals was \$11,510 and the median was \$9,430. (The size distribution of 1971 FPI is shown in table 3.) Over 11 million consumer units, or 16 percent of all units, received incomes of less than \$4,000. More than 16 million units, or 23 percent, received incomes of \$15,000 or more, and over 4 million (6 percent) had incomes of at least \$25,000.

In general, the incomes of the 53 million families were much higher than those of the 16 million unrelated individuals. The mean income of families was \$13,130, while the mean income of unrelated individuals was \$6,220. Only 7 percent of families had incomes below \$4,000, but 45 percent of unrelated individuals had incomes below that

level. On the other hand, 28 percent of all families received at least \$15,000, but only 5 percent of unrelated individuals had incomes that high.

Table 4 shows the relative distribution of FPI, as represented by the income shares of quintiles. Quintiles are determined by ranking the units according to the size of their income and then separating the ranking into five equal parts. Thus, each quintile contains 20 percent of the units. Because the extreme upper tail of the distribution is of interest, the shares of the top 5 percent and top 1 percent of all units are also shown. The distribution of income among the quintiles provides information that highlights the degree of inequality or equality in the distribution. In general, the smaller the share of the bottom quintile (with the lowest incomes) and the larger the share of the top quintile (with the

highest incomes), the more unequal is the distribution.

Relative distributions of income can be depicted by Lorenz curves, which show the cumulated percentage of total income received by any given cumulated percentage of units, when the units are ranked from lowest to highest income. In general, the farther the Lorenz curve lies from the 45° line (the line of perfect equality), the more unequal the distribution. However, unambiguous statements concerning the relative degrees of inequality of two distributions can be made only if the Lorenz curves for the two distributions do not cross. If they do cross, value judgments must enter into the comparison. For this reason, statements comparing inequality in two distributions will be made only if the Lorenz curves for the two distributions do not cross.

**Table 6.—Distribution of Total Money Income by Income Quintile, 1964, 1970, 1971**

Quintile	All consumer units			Families			Unrelated individuals		
	Percent of income	Mean income	Lower income limit	Percent of income	Mean income	Lower income limit	Percent of income	Mean income	Lower income limit
1964									
Lowest.....	3.9	\$1,507	-----	5.6	\$2,423	-----	2.8	\$547	-----
Second.....	10.7	4,093	\$2,875	12.0	5,161	\$3,970	7.4	1,442	\$1,051
Third.....	16.7	6,409	5,260	17.0	7,322	6,261	13.8	2,682	1,948
Fourth.....	23.5	9,006	7,589	22.7	9,805	8,434	23.5	4,551	3,556
Highest.....	45.2	17,348	10,665	42.7	18,445	11,478	52.4	10,148	5,736
<b>Total.....</b>	<b>100.0</b>	<b>7,673</b>	-----	<b>100.0</b>	<b>8,631</b>	-----	<b>100.0</b>	<b>3,874</b>	-----
Top 5%.....	19.6	30,003	17,516	18.4	31,754	18,595	24.1	18,657	9,760
Top 1%.....	7.8	59,775	33,827	7.2	62,576	35,951	11.1	43,074	19,709
<b>Median.....</b>	<b>\$6,407</b>	-----	-----	<b>\$7,306</b>	-----	-----	<b>\$2,635</b>	-----	-----
1970									
Lowest.....	4.1	\$2,189	-----	5.9	\$3,617	-----	3.1	\$863	-----
Second.....	10.7	5,767	\$4,044	12.1	7,465	\$5,790	8.1	2,274	\$1,669
Third.....	16.8	9,052	7,417	17.1	10,552	9,020	14.3	4,011	3,009
Fourth.....	23.8	12,815	10,760	23.0	14,142	12,171	23.6	6,682	5,229
Highest.....	44.7	24,098	15,196	41.9	25,790	16,494	51.0	14,362	8,330
<b>Total.....</b>	<b>100.0</b>	<b>10,784</b>	-----	<b>100.0</b>	<b>12,313</b>	-----	<b>100.0</b>	<b>5,628</b>	-----
Top 5%.....	18.8	40,526	24,602	17.5	43,074	26,223	22.9	25,827	14,005
Top 1%.....	7.3	78,668	45,272	6.7	82,738	48,336	10.3	58,084	27,316
<b>Median.....</b>	<b>\$9,038</b>	-----	-----	<b>\$10,514</b>	-----	-----	<b>\$3,939</b>	-----	-----
1971									
Lowest.....	4.2	\$2,388	-----	6.0	\$3,891	-----	3.3	\$984	-----
Second.....	10.8	6,073	\$4,337	12.2	7,847	\$6,141	8.5	2,537	\$1,905
Third.....	16.8	9,442	7,750	17.1	11,022	9,435	14.5	4,328	3,296
Fourth.....	23.7	13,349	11,201	22.9	14,762	12,705	23.5	7,034	5,576
Highest.....	44.5	25,015	15,840	41.7	26,817	17,212	50.2	15,009	8,772
<b>Total.....</b>	<b>100.0</b>	<b>11,253</b>	-----	<b>100.0</b>	<b>12,868</b>	-----	<b>100.0</b>	<b>5,978</b>	-----
Top 5%.....	18.6	41,881	25,612	17.3	44,608	27,377	22.4	26,779	14,975
Top 1%.....	7.2	80,736	46,733	6.6	85,226	50,122	9.9	58,908	28,463
<b>Median.....</b>	<b>\$9,416</b>	-----	-----	<b>\$10,990</b>	-----	-----	<b>\$4,275</b>	-----	-----

In 1971, the lowest quintile of consumer units received 4.8 percent of FPI. The top quintile received 44.6 percent, the top 5 percent of all units received 19.1 percent, and the top 1 percent received 7.5 percent of FPI (table 4). The relative distribution of the incomes of families is more equal than that for unrelated individuals. The bottom quintile of families in 1971 received 6.6 percent of FPI, and the top quintile received 42.0 percent; for unrelated individuals, the figures for these quintiles were 4.1 percent and 49.4

percent (table 4).<sup>4</sup> Chart 8 shows that the distribution for unrelated indi-

4. In comparisons of two relative distributions, a more sensitive measure is obtained if one calculates percentage rather than absolute differences in relative shares. Differences between these two kinds of calculations are apt to be particularly large for the bottom quintile because the share of that quintile is small. For instance, the difference between the share of the bottom quintile of unrelated individuals (4.1 percent) and of families (6.6 percent) is only 2.5 percentage points in absolute terms. In relative terms, however, the difference is 38 percent if the family share is used as the base (that is,  $(6.6-4.1)/6.6$ ) and 61 percent if the unrelated individual share is used as the base. Percentage differences in relative shares are the same as percentage differences between the relative means of the quintiles in the two distributions. The relative mean of a quintile is the mean income of that quintile divided by the mean income of all units in the distribution.

viduals is indeed more unequal than the distribution for families, since the Lorenz curve for the former lies below that for the latter.

The distribution of TMI is shown in table 5, and the distribution by income quintile is shown in table 6. In 1971, mean TMI for all consumer units was \$11,250, which is \$260 less than mean FPI. The relative distribution of TMI differs from that of FPI. The largest difference is in the share of the bottom quintile, which is 4.2 percent for TMI and 4.8 percent for FPI of

Table 7.—Size Distribution of Family Personal Income in 1970 Prices, All Consumer Units, 1964, 1971

Size of family personal income (dollars)	1964					1971				
	Thousands of units	Millions of dollars	Percent of units	Percent of income	Mean income	Thousands of units	Millions of dollars	Percent of units	Percent of income	Mean income
Loss.....	159	-487	0.3	-0.1	-3,056	145	-466	0.2	-0.1	-3,216
0-999.....	1,745	780	2.9	.1	447	1,245	324	1.8	(*)	260
1,000-1,999.....	3,710	5,607	6.2	1.0	1,511	2,275	3,641	3.3	.5	1,601
2,000-2,999.....	3,931	9,897	6.6	1.8	2,517	3,504	9,574	5.5	1.2	2,517
3,000-3,999.....	3,813	13,344	6.4	2.4	3,500	4,275	14,943	6.1	1.9	3,496
4,000-4,999.....	4,466	20,116	7.5	3.6	4,504	4,534	20,484	6.5	2.6	4,518
5,000-5,999.....	4,342	23,877	7.3	4.2	5,500	4,529	24,872	6.5	3.2	5,491
6,000-6,999.....	4,307	28,062	7.2	4.9	6,502	4,732	30,775	6.8	4.0	6,504
7,000-7,999.....	4,421	33,180	7.4	5.3	7,505	4,430	33,207	6.4	4.3	7,496
8,000-8,999.....	4,179	35,462	7.0	6.2	8,486	4,507	38,265	6.5	5.0	8,491
9,000-9,999.....	3,510	33,323	5.9	5.9	9,493	4,328	41,091	6.2	5.3	9,495
10,000-10,999.....	3,520	36,902	5.9	6.5	10,483	3,776	39,574	5.4	5.1	10,480
11,000-11,999.....	3,101	35,623	5.2	6.3	11,488	3,490	40,106	5.0	5.2	11,491
12,000-12,999.....	2,480	30,932	4.1	5.5	12,474	3,367	42,072	4.8	5.5	12,495
13,000-13,999.....	2,112	28,484	3.5	5.0	13,484	2,866	38,667	4.1	5.0	13,491
14,000-14,999.....	1,667	24,148	2.8	4.3	14,490	2,567	37,149	3.7	4.8	14,471
15,000-17,499.....	2,977	48,028	5.0	8.5	16,132	4,869	78,727	7.0	10.2	16,170
17,500-19,999.....	1,604	29,920	2.7	5.3	18,655	3,136	58,514	4.5	7.6	18,657
20,000-24,999.....	1,702	37,666	2.8	6.6	22,127	3,140	69,507	4.5	9.0	22,138
25,000-29,999.....	753	20,461	1.3	3.6	27,162	1,444	39,127	2.1	5.1	27,087
30,000-39,999.....	609	20,960	1.0	3.7	34,440	1,064	36,129	1.5	4.7	33,958
40,000-49,999.....	305	13,472	.5	2.4	44,216	471	20,960	.7	2.7	44,506
50,000-74,999.....	260	15,510	.4	2.7	59,603	384	22,844	.6	3.0	59,474
75,000-99,999.....	86	7,370	.1	1.3	85,582	117	9,963	.2	1.3	85,458
100,000 or over.....	76	14,417	.1	2.5	188,626	113	20,562	.2	2.7	182,562
<b>Total.....</b>	<b>59,836</b>	<b>566,994</b>	<b>100.0</b>	<b>100.0</b>	<b>9,476</b>	<b>69,608</b>	<b>770,611</b>	<b>100.0</b>	<b>100.0</b>	<b>11,071</b>

\*Less than 0.05 percent.

Table 8.—Size Distribution of Family Personal Income, All Consumer Units, Selected Years

[Millions of consumer units]

Size of family personal income (dollars)	Old series							New series			
	1929 <sup>1</sup>	1935-36 <sup>2</sup>	1941 <sup>2</sup>	1944	1947	1950	1956	1961	1964	1970	1971
Less than 1,000.....	23.7	16.7	12.0	4.4	3.7	3.9	7.7	7.4	2.6	1.5	1.4
1,000-1,999.....	6.0	13.1	12.4	8.1	7.4	7.5	5.4	4.5	4.5	2.5	2.0
2,000-2,999.....	2.7	5.1	9.2	8.8	8.5	8.1	6.8	5.9	4.8	3.8	3.6
3,000-3,999.....	1.3	1.7	4.1	7.7	8.6	8.6	7.1	6.2	5.1	4.0	4.2
4,000-4,999.....	.7	.6	1.6	4.5	5.7	7.1	7.4	6.2	5.3	4.3	4.2
5,000-5,999.....	.6	.6	1.2	2.5	3.5	4.7	6.2	6.0	5.2	4.4	4.5
6,000-7,499.....	1.2	.2	.4	2.3	3.2	3.8	7.2	8.1	7.8	6.6	6.7
7,500-9,999.....				1.4	2.2	2.8	6.1	8.4	10.1	10.6	10.7
10,000-14,999.....				.7	1.2	1.5	3.8	6.4	9.6	15.6	16.3
15,000-19,999.....				.2	.4	.4	1.1	2.1	2.6	7.7	8.5
20,000-24,999.....	.5	.3	.5	.1	.2	.2	.4	.7	1.0	3.1	3.5
25,000-49,999.....				.2	.2	.3	.5	.7	1.0	2.9	3.3
50,000 and over.....				.1	.1	.1	.1	.2	.3	.6	.7
<b>Total.....</b>	<b>36.1</b>	<b>38.4</b>	<b>41.4</b>	<b>40.9</b>	<b>44.7</b>	<b>48.9</b>	<b>52.8</b>	<b>57.3</b>	<b>59.8</b>	<b>67.7</b>	<b>69.6</b>
<b>Mean Income.....</b>	<b>\$2,340</b>	<b>\$1,631</b>	<b>\$2,209</b>	<b>\$3,614</b>	<b>\$4,126</b>	<b>\$4,444</b>	<b>\$6,007</b>	<b>\$6,930</b>	<b>\$7,865</b>	<b>\$11,055</b>	<b>\$11,508</b>

1. "The Relation of Census Income Distribution Statistics to Other Income Data," by Selma Goldsmith, published in *Studies in Income and Wealth*, Vol. 23, National Bureau of Economic Research, New York, 1958.

2. "Size Distribution of Income Since the Thirties," by Goldsmith et al., published in *The Review of Economics and Statistics*, February 1954.

all consumer units. The primary cause of this difference is that the FPI share reflects the relative concentration of some types of imputed income, medicare benefits, and food stamps in the bottom quintile.

### Changes in the income distribution, 1929-71

It is difficult to draw specific conclusions about changes in the income distribution in the 1929-71 period because the estimates for different years are not always comparable. The old BEA series contained estimates for selected years from 1929 through 1963. However, the estimates for years prior to 1944 were made using different methodologies, and the estimates for 1962 and 1963 were relatively unreliable extrapolations of the 1961 estimates. The new BEA estimates, for 1964, 1970, and 1971, are not completely comparable to the old ones, primarily because of the different methodology used. Nevertheless, some general conclusions can be drawn.

In the 1929-71 period, the mean income of consumer units rose substantially, both in current and in constant dollars. The degree of inequality declined significantly as the low- and middle-income units gained at the expense of the upper-income ones (chart 9).

From 1929 to 1971, the mean FPI of all consumer units rose from \$2,340 to \$11,510, in current dollars, an average

annual rate of increase of 3.9 percent (table 8). However, when adjusted to reflect equal purchasing power, the average annual rate of increase is only 1.8 percent (table 9).<sup>5</sup> Of course, there were large variations in the annual changes in the period.

From 1964 to 1971, the mean FPI of all consumer units rose 46 percent, an average annual rate of increase of 5.6 percent. When the estimates are adjusted for changes in purchasing power, the mean FPI rose 17 percent from 1964 to 1971, an average annual rate of increase of 2.2 percent (table 7). The mean FPI of consumer units rose 4 percent from 1970 to 1971. In terms of dollars of constant purchasing power, the mean FPI did not change significantly from 1970 to 1971.

When changes in the relative distribution are examined, three periods can be distinguished: 1929 to 1944, which showed a large shift toward greater equality; 1944 to the early 1960's, which showed little change; and the early 1960's to 1971, which showed a decrease in inequality, although not nearly as large as had occurred in the first period.

From 1929 to 1944, the bottom four quintiles gained at the expense of the top 5 percent of consumer units.<sup>6</sup> This

5. An entirely satisfactory method for adjusting income distributions for changes in the price level is not available. In this article, the implicit price deflator for personal consumption expenditures is applied to obtain constant-dollar estimates. However, this method does not allow for differences by size of income. Consumer units at different income levels might face different price changes. In addition, in this method, the same deflator is applied to savings and taxes paid, as well as to consumption.

shift may have been related to structural changes in the economy brought about by the depression and World War II. In the 1929-44 period, the share of total income received by the top quintile fell from 54 percent to 46 percent, and the share of the top 5 percent fell from 30 percent to 21 percent. At the same time, the share of the bottom two quintiles rose from 13 to 16 percent, and the share of the third and fourth quintiles taken together rose from 33 percent to 38 percent (table 10).

From 1944 to the early 1960's, there was very little change in the relative distribution. From 1944 to 1961, the share of the bottom quintile appears to have fallen slightly. The shares of the second and third quintiles showed no significant change, while the share of the fourth quintile rose slightly. The share of the top quintile showed little change, but the share of the top 5 percent declined slightly after reaching a peak around 1950.

Firm statements about changes in the relative distribution from 1961 to 1964 cannot be made. Although the new BEA estimates show a smaller share for the bottom quintile in 1964 than the old estimates showed for 1961, this difference appears to be due to differences between the estimating methodologies. Particularly important are differences in the way in which the income of unrelated individuals was estimated; the new estimates for unrelated individuals show more inequality. Current Population Survey data, which include only money income, suggest that the share of the bottom quintile of consumer units and of families rose from 1961 to 1964.<sup>7</sup> The decline in the share of the second quintile from 1961 to 1964 in the BEA estimates was probably also caused by the difference in the estimates for unrelated individuals.

6. The choice of 1944 as the end of the period of significant change is somewhat arbitrary. The estimates show a large change from 1941 to 1944, but estimates for 1942 and 1943 are not available. Thus, the change could have been completed by 1942 or 1943.

7. The relative shares for families appear in U.S. Bureau of the Census *Current Population Reports*, Series P-60, No. 90, "Money Income in 1972 of Families and Persons in the United States," table 16. Estimates of the relative shares for consumer units appear in Edward C. Budd, "Postwar Changes in the Size Distribution of Income in the U.S.," *American Economic Review* Vol. LX, No. 2 (May 1970), p. 251.

Table 9.—Size Distribution of Family Personal Income, All Consumer Units, Selected Years, in 1963 Dollars<sup>1</sup>

Size of family personal income (dollars)	[Millions of consumer units]							
	Old Series					New Series		
	1929 <sup>2</sup>	1941 <sup>3</sup>	1947	1950	1961	1964	1970	1971
Less than 2,000.....	11.1	11.1	7.1	8.1	7.2	7.2	5.6	5.3
2,000-3,999.....	13.9	11.8	12.4	13.1	10.8	10.0	10.0	10.4
4,000-5,999.....	5.6	9.2	11.8	12.6	11.9	10.6	10.8	11.3
6,000-7,999.....	2.4	4.9	6.0	7.2	10.4	9.9	10.3	10.8
8,000-9,999.....	1.1	1.9	3.2	3.4	6.4	8.0	8.7	9.0
10,000-14,999.....	2.0	2.5	2.7	2.8	6.7	9.3	13.8	14.2
15,000 or over.....			1.5	1.7	3.9	4.8	8.5	8.7
<b>Total.....</b>	<b>36.1</b>	<b>41.4</b>	<b>44.7</b>	<b>48.9</b>	<b>57.3</b>	<b>59.8</b>	<b>67.7</b>	<b>69.6</b>
<b>Mean Income.....</b>	<b>\$4,300</b>	<b>\$4,710</b>	<b>\$5,520</b>	<b>\$5,580</b>	<b>\$7,090</b>	<b>\$7,770</b>	<b>\$9,070</b>	<b>\$9,080</b>

1. The distributions for 1929 through 1961 were taken from "Size Distribution of Income in 1963," by Jeannette M. Fitzwilliams, published in the *SURVEY*, April 1964. Updating those distributions to incorporate a more recent year as the constant dollar base would add substantial error to the estimates. For that reason, this table is shown in constant 1963 dollars.

2. See footnote 1, table 8.

3. See footnote 2, table 8.

From 1964 to 1971, the degree of inequality decreased as measured by Lorenz curves for all consumer units, since the 1971 curve lies inside the 1964 curve (chart 9). The changes in the relative distribution were largely confined to the bottom and top quintiles. The share of the bottom quintile increased from 4.2 percent in 1964 to 4.8 percent in 1971, partly as the result of an increase in the importance of cash transfer payments and food stamps and of the establishment of the medicare program. For TMI, which excludes both food stamps and medicare, the share of the bottom quintile showed a smaller rise, from 3.9 percent in 1964 to 4.2 percent in 1971 (table 6). The share of FPI of the second quintile rose slightly, from 10.6 percent to 10.8 percent. The share of the top quintile fell from 45.5 percent to 44.6 percent. This decline was confined to the income received by the top 5 percent.<sup>3</sup>

#### *Income of socioeconomic groups in 1964*

In this section, income distributions of different groups in the population

8. Caution should be used when extrapolating these changes to years after 1971. Recently revised data from the Census Bureau's *Current Population Reports* (Series P-60, No. 90, table 16) suggest that, for money income, the share of the top quintile of families has been rising since 1967. Such a trend can be neither confirmed nor denied on the basis of the 1970 and 1971 estimates presented here.

Also, changes in the relative distribution can reflect both trend and cyclical factors. Current Population Survey data on money income of families in the post-World War II period suggest an inverse relationship between the share of the bottom quintile and the rate of unemployment. Those data also suggest a somewhat weaker tendency for the share of the top quintile to move in the same direction as the unemployment rate. Thus, the fact that the overall rate of unemployment rose from 5.2 percent in 1964 to 5.9 percent in 1971 (it was 4.9 percent in 1970) suggests that the share of the bottom quintile might have been higher and the share of the top quintile lower in 1971 if the unemployment rate had not increased.

are compared. Distributions are examined for consumer units classified by the age, education, sex, and color of the family head or unrelated individual and by the family status of the unit. In most cases, each distribution is classified by only one of these variables, with no cross-classification by other variables. As a result, one must keep in mind that the other variables may explain some of an observed difference among income distributions. For example, the average number of years of education is higher for white than for nonwhite units. Thus, the differences between incomes of white and nonwhite units to some extent reflect differences in years of schooling. Mean amounts and quintile shares, which are shown for these breakdowns in tables 11 and 13, will be used to assess these differences. Although the estimates are for 1964, Current Population Survey data for more recent years suggest that, except for color comparisons, the relationships discussed here have not changed significantly. The changes in the white-nonwhite relationships are discussed later in this section.

When consumer units are classified by age of head, the mean FPI increases from a low of \$4,690 for the 14-24 age group, to \$9,620, for the 45-54 age group. But the mean decreases to \$8,280, for the 55-64 age group, and to \$5,840, for the 65 or over group. Beginning with the 25-34 age group, the relative distributions showed that the degree of inequality increased as age increased. The bottom quintile of the 25-34 age group received 7.2 percent of the group's FPI, but the bottom quintile of the 65 or over age group had only 3.4 percent. For these two age

groups, the respective shares of the top quintiles were 36.8 percent and 57.0 percent.

Perhaps the most striking relationship is between education and size of income. If consumer units in which the head has an elementary school education (or less) are used as a base (mean of \$5,640), the increases in the means for other education groups were as follows: some high school, 25 percent (\$7,030); high school graduates, 48 percent (\$8,340); some college, 66 percent (\$9,360); college graduates, 120 percent (\$12,430); and at least some graduate school, 137 percent (\$13,380). In the relative distributions, the share of the bottom quintile rose as education increased from the elementary through high school groups and then fell for each of the three higher education groups. The share of the top quintile showed the opposite pattern; the share declined as education increased through high school and then rose for higher education. However, because the Lorenz curves for several of these groups intersect, unambiguous statements regarding the relationship between education and inequality cannot be made.

Because of their close relationship, the family status and sex of the head of the unit will be examined jointly. Families headed by husband-wife couples had a substantially higher mean income than did other families (\$9,190 compared with \$6,450). This difference can be partially accounted for by the presence of working wives; in about one third of the husband-wife couples, the wife was in the paid labor force. Female-headed units fared poorly compared

**Table 10.—Distribution of Family Personal Income by Income Quintile, All Consumer Units, Selected Years**

[Percent of income]

Quintile	Old series								New series		
	1929 <sup>1</sup>	1935-36 <sup>2</sup>	1941 <sup>2</sup>	1944	1947	1950	1956	1961	1964	1970	1971
Lowest.....	3.5	4.1	4.1	4.9	5.0	4.8	4.8	4.6	4.2	4.6	4.8
Second.....	9.0	9.2	9.5	10.9	11.0	10.9	11.3	10.9	10.6	10.7	10.8
Third.....	13.8	14.1	15.3	16.2	16.0	16.1	16.3	16.3	16.4	16.4	16.4
Fourth.....	19.3	20.9	22.3	22.2	22.0	22.1	22.3	22.7	23.2	23.3	23.3
Highest.....	54.4	51.7	48.8	45.8	46.0	46.1	45.3	45.5	45.5	44.9	44.6
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Top 5 percent.....	30.0	26.5	24.0	20.7	20.9	21.4	20.2	19.6	20.0	19.2	19.1
Percentiles 81-95.....	24.4	25.2	24.8	25.1	25.1	24.7	25.1	25.9	25.5	25.6	25.6

1. See table 8, footnote 1.  
2. See table 8, footnote 2.

Table 11.—Size Distribution of Family Personal Income by Socioeconomic

[Percent]

Line No.	Type of consumer unit	Size of family personal income (dollars)															
		Mean	Median	Loss	0-999	1,000-1,999	2,000-2,999	3,000-3,999	4,000-4,999	5,000-5,999	6,000-6,999	7,000-7,999	8,000-8,999	9,000-9,999	10,000-10,999	11,000-11,999	12,000-12,999
<b>Age:<sup>1</sup></b>																	
1	14-24.....	\$4,693	\$4,414	(*)	8.8	7.6	12.0	15.0	15.9	12.4	9.4	6.8	5.7	2.7	1.3	0.8	0.5
2	25-34.....	7,323	6,744	0.1	1.8	3.1	5.6	8.3	10.3	11.6	12.4	10.3	10.1	8.2	5.2	3.8	2.6
3	35-44.....	9,210	7,896	.2	2.0	3.0	3.9	6.3	7.8	8.4	10.5	8.9	8.8	8.2	7.0	5.4	3.9
4	45-54.....	9,621	8,107	.4	2.6	3.9	5.5	5.6	6.6	7.9	8.1	8.5	7.8	6.8	5.7	5.7	4.6
5	55-64.....	8,279	6,548	.5	3.9	7.1	8.8	9.3	8.6	7.4	8.2	7.0	6.1	6.1	5.1	3.8	3.3
6	65 and over.....	5,843	3,516	.1	8.5	20.6	15.3	10.8	8.5	6.7	5.6	4.0	2.8	3.2	2.5	1.7	1.5
<b>Education:<sup>1</sup></b>																	
7	Elementary only.....	5,644	4,350	.4	6.7	14.0	13.6	11.6	9.7	8.3	7.6	6.2	4.8	4.5	3.1	2.2	1.7
8	High school not completed.....	7,033	6,097	.2	4.2	6.6	8.6	9.9	9.8	9.9	9.9	7.8	7.0	6.1	4.5	3.7	2.9
9	High school completed.....	8,345	7,188	.2	1.8	3.8	4.6	6.9	9.6	10.1	11.2	9.1	8.8	7.6	5.6	4.8	3.7
10	College, less than 4 years.....	9,361	7,971	.3	2.8	4.1	4.6	6.1	7.1	7.8	8.7	8.6	9.6	7.8	6.8	4.8	4.0
11	College, 4 years.....	12,434	9,894	.2	2.4	3.0	3.2	3.4	5.2	4.8	7.2	7.8	6.4	7.0	6.5	6.5	4.7
12	Graduate school.....	13,379	10,317	.1	3.7	3.7	2.5	3.1	3.7	4.8	5.6	6.7	6.7	6.9	7.2	5.8	4.8
<b>Family type and sex of head:</b>																	
13	Families headed by husband-wife couples.....	9,192	7,686	.3	.8	2.8	5.6	7.1	8.0	8.9	10.2	9.2	8.7	7.8	6.1	5.0	3.8
14	All other families.....	6,452	5,018	.1	4.7	10.0	11.4	12.2	11.5	9.4	8.2	6.1	4.6	4.3	3.4	2.7	2.5
15	Male head.....	8,684	7,087	.1	2.3	5.1	8.9	9.1	6.9	8.9	8.2	7.9	5.4	7.3	5.0	4.3	3.8
16	Female head.....	5,921	4,678	.1	5.3	11.2	12.0	13.0	12.6	9.5	8.3	5.6	4.4	3.6	3.0	2.3	2.2
17	Male unrelated individuals.....	4,671	3,518	.5	11.3	18.0	13.7	11.7	11.3	8.3	7.4	4.5	3.7	2.5	1.9	1.0	.6
18	Female unrelated individuals.....	3,596	2,378	.1	17.5	25.7	15.4	10.9	9.8	6.6	4.0	2.3	1.7	1.6	1.1	.7	.7
<b>Color:<sup>1</sup></b>																	
19	White.....	8,242	6,811	.3	3.6	6.7	7.2	7.7	8.4	8.6	9.2	8.0	7.4	6.7	5.2	4.2	3.3
20	Nonwhite.....	4,708	3,826	.2	8.0	14.2	15.2	15.0	12.1	9.0	6.9	5.0	3.7	2.9	2.4	1.5	1.0

\*Less than 0.05 percent. <sup>1</sup> Families are classified according to the characteristics of the family head.

with those headed by males (exclusive of husband-wife couples). Families headed by females had a mean income of only 68 percent of that for families with a male head, and the mean for female unrelated individuals was only 77 percent of the mean for male unrelated individuals. The relative distributions of these different types of units also differed. Unrelated individuals showed more income inequality than did families. Families headed by husband-wife couples had the highest

share for the bottom quintile (6.3 percent) and the lowest share for the top quintile (42.6 percent) of any of these groups. In contrast, female unrelated individuals had the smallest share for the bottom quintile (3.3 percent) and largest share for the top quintile (52.9 percent).

The difference in income between white and nonwhite units was quite pronounced, with the mean FPI for white units 75 percent higher (\$8,240 compared with \$4,710). This difference

in part reflects discrimination; however, it also reflects differences in the socioeconomic characteristics of white and nonwhite units. For example, for family heads, the median number of years of school completed was 12.1 for whites and only 9.3 for nonwhites. Also, the distribution by family status differed for white and nonwhite units. Nonwhite units constituted 10.7 percent of all units, but only 8.3 percent of families headed by a husband-wife couple were nonwhite. In contrast, 22.5 percent of

Table 12.—Composition of Family Personal Income by Size of Family

[Percent of family]

Line No.	Type of income	Size of family personal income (dollars)													
		0-999	1,000-1,999	2,000-2,999	3,000-3,999	4,000-4,999	5,000-5,999	6,000-6,999	7,000-7,999	8,000-8,999	9,000-9,999	10,000-10,999	11,000-11,999	12,000-12,999	13,000-13,999
1	Family personal income.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2	Total money income.....	86.0	90.6	94.1	96.6	98.7	99.0	99.2	99.1	98.8	98.7	98.4	98.2	98.0	98.1
3	Wage and salary income.....	19.0	25.0	45.5	60.5	69.8	75.8	79.3	80.8	82.5	80.8	80.3	80.4	78.6	77.4
4	Self-employment income.....	.2	3.9	7.0	7.8	8.1	7.0	7.0	6.9	6.2	6.7	6.5	7.6	7.9	8.7
5	Business and professional.....	-.3	2.6	4.3	4.7	5.4	4.7	4.7	5.0	4.4	4.7	4.3	5.1	5.8	6.0
6	Farm.....	.5	1.2	2.7	3.1	2.7	2.3	2.3	2.0	1.8	2.0	2.2	2.4	2.1	2.6
7	Property income.....	3.9	5.0	6.0	5.8	5.7	5.2	5.2	4.9	4.4	5.1	5.4	5.2	6.6	6.4
8	Interest.....	3.5	3.9	3.8	3.7	3.2	2.7	2.9	2.7	2.5	2.7	2.9	2.9	3.5	3.1
9	Dividend.....	.3	.4	1.0	1.0	1.0	1.0	.9	.8	.7	1.0	1.2	1.2	1.5	1.7
10	Rental.....	.1	.5	.8	.9	1.4	1.4	1.3	1.2	1.0	1.2	1.1	.9	1.1	1.1
11	Other.....	(*)	.2	.4	.2	.1	.1	.1	.2	.1	.2	.2	.2	.5	.5
12	Transfer income.....	63.0	56.8	35.6	22.6	15.1	11.0	7.6	6.5	5.7	6.0	6.2	5.0	4.8	5.6
13	OASDI and railroad retirement benefits.....	32.3	35.1	21.6	11.7	6.8	4.3	2.9	2.3	1.8	2.0	1.7	1.2	1.5	1.2
14	Unemployment compensation and public assistance.....	27.8	17.4	8.3	4.6	2.8	1.7	1.1	1.0	.7	.7	.7	.6	.6	.5
15	Other.....	2.9	4.3	5.6	6.4	5.6	5.0	3.7	3.2	3.2	3.4	3.7	3.2	2.8	4.0
16	Imputed income.....	15.3	10.6	8.2	6.3	4.7	4.5	4.2	4.1	4.3	4.4	4.6	4.7	4.8	4.6
17	Rent on owner-occupied nonfarm dwellings.....	7.5	5.3	3.5	2.4	1.9	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.0
18	Interest.....	3.7	2.8	2.2	1.9	1.4	1.6	1.5	1.6	1.7	1.8	2.0	2.2	2.3	2.1
19	Other.....	4.1	2.6	2.2	2.0	1.4	1.0	.7	.6	.5	.5	.4	.4	.4	.4
20	Less: Personal contributions for social insurance.....	1.3	1.3	2.2	2.9	3.4	3.5	3.4	3.3	3.1	3.1	2.9	2.9	2.8	2.6

\*Less than 0.05 percent.

1. Includes units with negative family personal income, not included elsewhere.

**Characteristic of Recipient, 1964**

of units]

Size of family personal income(dollars)—Continued											Thou- sands of units	Total	Line No.
13,000- 13,999	14,000- 14,999	15,000- 17,499	17,500- 19,999	20,000- 24,999	25,000- 29,999	30,000- 39,999	40,000- 49,999	50,000- 74,999	75,000- 99,999	100,000 or over			
0.4	0.2	0.1	0.1	(*)	(*)	(*)	(*)	(*)	(*)	(*)	4,105	100.0	1
1.7	1.1	1.7	.9	.7	.2	.2	.1	.1	(*)	(*)	10,287	100.0	2
3.5	2.2	3.2	1.8	2.2	1.0	1.0	.4	.3	.1	.1	12,299	100.0	3
3.9	3.0	4.9	2.7	2.5	1.0	1.2	.5	.3	.1	.1	11,863	100.0	4
2.4	1.9	3.2	2.5	2.1	.7	.8	.4	.5	.1	.1	9,950	100.0	5
1.2	.9	1.5	1.0	1.2	.7	.8	.3	.3	.2	.1	11,331	100.0	6
1.2	1.1	1.4	.6	.6	.2	.3	.1	.1	(*)	.1	18,811	100.0	7
2.3	1.5	2.0	1.2	.9	.3	.4	.1	.1	(*)	(*)	12,001	100.0	8
2.6	1.8	2.9	1.6	1.4	.6	.6	.2	.2	.1	(*)	15,544	100.0	9
3.4	2.2	3.5	2.3	2.5	.9	1.1	.3	.4	.1	.1	6,602	100.0	10
4.6	3.8	6.8	4.6	5.0	2.2	2.0	1.1	.9	.3	.3	3,705	100.0	11
4.2	2.9	6.7	5.2	5.7	2.9	3.4	1.8	1.4	.3	.2	3,173	100.0	12
3.1	2.2	3.5	2.1	2.1	.8	1.0	.4	.4	.1	.1	41,609	100.0	13
1.7	1.4	2.3	1.2	1.2	.5	.4	.1	.1	(*)	(*)	6,170	100.0	14
2.5	2.8	3.5	2.9	2.8	1.0	.7	.1	.3	.1	1	1,185	100.0	15
1.5	1.1	2.0	.8	.7	.4	.3	.1	.1	(*)	(*)	4,985	100.0	16
.6	.5	.6	.5	.4	.3	.3	.1	.1	(*)	(*)	4,599	100.0	17
.5	.2	.3	.2	.2	.2	.3	.1	.1	(*)	(*)	7,458	100.0	18
2.6	1.9	3.0	1.8	1.8	.8	.8	.8	.8	.1	.1	53,448	100.0	19
.9	.2	.7	.3	.4	.1	.1	(*) <sup>4</sup>	(*) <sup>3</sup>	(*) <sup>1</sup>	(*) <sup>1</sup>	6,388	100.0	20

cupational shifts, governmental actions, and a decline in discrimination.

**Composition of FPI in 1964**

Table 12 shows the composition of FPI by type of income for different levels of FPI. Units with FPI below \$2,000 depended primarily upon transfer income, which constituted 61 percent of their FPI. Transfer income is composed of unemployment compensation, pensions and annuities, cash public assistance, social security benefits, and several other types of money income. From the \$2,000-\$2,999 FPI class, until the \$50,000-\$74,999 class, wage and salary income was dominant. The importance of wage and salary income rose to its peak in the \$8,000-\$8,999 class (82.5 percent) and then declined. In the \$50,000-\$74,999 class, self-employment income was the most important, closely followed by wage and salary and property incomes. Above \$75,000, property income surpassed both self-employment and wage and salary incomes, with 38.2 percent in the \$75,000-\$99,999 class and 62.8 percent in the \$100,000 and over class. (The composition of FPI is summarized in chart 10.)

female-headed families and 13.6 percent of unrelated individuals were nonwhite. Thus, nonwhite units were disproportionately distributed among family types that had low incomes. The relative shares of income for white and nonwhite units were roughly similar, differing substantially only for the top 5 percent of units (19.9 percent for white units and 17.2 percent for nonwhite units).

The relationship between white and nonwhite incomes has changed some-

what since 1964. According to data from the Current Population Surveys, the ratio of nonwhite to white median money income of families rose in 1966, reached a peak in 1970, and declined in the following three years.<sup>9</sup> Since 1966 this ratio has remained above the 1964 ratio. Although the sudden rise in 1966 is not fully understood, possible reasons for a secular increase in the ratio include the relative increase in nonwhite educational levels, migration patterns, oc-

**Technical Note**

**Income distributions for 1964**

The estimates for 1964 were made by combining data from a variety of different sources, including field surveys, tax returns, business and administrative records, and the aggregates of income types as estimated in the national income and product accounts. The most important data sources were the following: the March 1965 Current Population Survey (CPS); the Internal Revenue Service's 1964 Tax Model of Individual Returns (TM); the Federal Reserve Board's 1962 Survey of Financial Characteristics of Consumers (SFCC); and the Internal Revenue Service's 1963 Taxpayer Compliance Measurement Program (TCMP). The information in these sources was used at

**Personal Income, All Consumer Units, 1964**

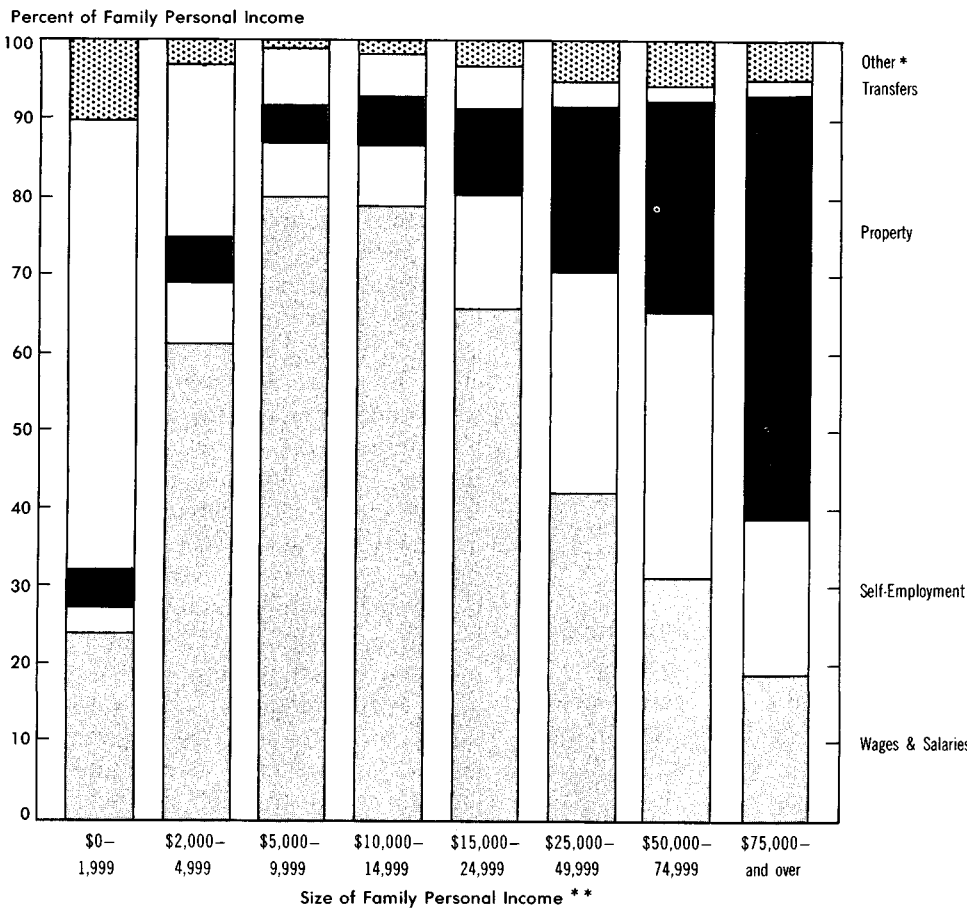
personal income]

Size of family personal income (dollars)—Continued											Line No.
14,000- 14,999	15,000- 17,499	17,500- 19,999	20,000- 24,999	25,000- 29,999	30,000- 39,999	40,000- 49,999	50,000- 74,999	75,000- 99,999	100,000- or over	All units <sup>1</sup>	
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	1
98.1	97.4	96.7	96.5	95.3	94.2	95.2	94.3	93.2	96.0	97.6	2
75.7	73.0	66.7	56.3	47.7	40.3	37.9	31.4	24.2	15.9	69.1	3
9.9	10.6	14.3	19.8	21.3	30.1	33.5	34.1	26.3	17.0	10.7	4
7.4	8.5	11.2	16.4	18.2	26.4	32.4	31.6	25.9	16.9	8.4	5
2.4	2.0	3.1	3.4	3.1	3.7	1.2	2.6	.4	.1	2.3	6
7.6	8.9	10.7	14.3	21.0	21.0	22.4	26.7	38.2	62.8	9.3	7
4.1	4.3	5.1	5.6	7.0	6.9	6.6	7.1	9.9	7.2	3.8	8
1.5	2.4	2.8	4.6	7.2	8.2	10.4	14.0	21.0	34.4	3.1	9
1.5	1.5	2.1	2.8	3.0	2.9	3.0	4.2	3.2	1.9	1.5	10
.6	.7	.7	1.2	3.7	3.0	2.4	1.7	4.1	19.3	1.0	11
4.9	4.9	5.0	6.2	5.3	2.8	1.5	1.9	4.7	.3	8.5	12
1.2	1.3	1.0	1.3	.8	.6	.4	.4	.4	.2	3.4	13
.5	.4	.3	.2	.2	.1	.1	(*)	(*)	(*)	1.4	14
3.1	3.2	3.7	4.7	4.4	2.1	1.1	1.5	4.3	.1	3.7	15
4.6	5.1	5.6	5.3	6.0	6.8	5.6	6.2	7.0	4.1	5.1	16
2.1	2.2	2.2	1.9	2.2	2.4	1.9	1.9	1.6	1.0	2.2	17
2.2	2.6	3.1	3.1	3.7	4.2	3.6	4.2	5.5	3.1	2.3	18
.3	.3	.3	.2	.2	.1	.1	.1	(*)	(*)	.6	19
2.7	2.5	2.2	1.8	1.4	1.0	.8	.4	.3	.1	2.6	20

9. U.S. Bureau of the Census, *Current Population Reports*, Series P-60, No. 90, p. 37.

CHART 10

**Composition of Family Personal Income by Size of Family  
Personal Income, All Consumer Units, 1964**



\* Imputed income, less personal contributions for social insurance.  
\*\* Units with negative FPI are excluded.

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the unit of observation level—the most detailed level possible—in order to provide maximum accuracy and flexibility. In the case of the CPS and SFCC, the person or family was the unit of observation; for the TM and TCMP, the tax return was the unit used. The data were used in strict accordance with confidentiality provisions; there were no names, addresses, or any other information by which individuals could be identified.

The estimating procedure consisted of six basic steps, all of which were performed using the individual observations.<sup>10</sup> After necessary adjustments to the CPS data were made (step 1), a statistical match was made between the CPS and the TM (step 2).<sup>11</sup> This step partially corrected underreporting and biases in the relative distributions of CPS wage and salary, nonfarm self-employment, and property incomes, and it supplied a more detailed breakdown of property income types. A correction for audit of tax returns was applied to TM income types by using the TCMP (step 3). A statistical match between

10. A more detailed description of these steps appears in Budd, Radner, and Hinrichs (see footnote 2).

11. In a statistical match, each observation in one data source is assigned information from one or more observations in another source on the basis of similar information in the two sources. This match is described in detail in Budd, Radner, and Hinrichs.

**Table 13.—Distribution of Family Personal Income by Income Quintile and Socioeconomic Characteristic of Recipient, 1964**

Type of consumer unit	Percent of income of quintile							Mean income of quintile (dollars)					Lower income limit of quintile (dollars)					
	Lowest	2nd	3rd	4th	Highest	Total	Top 5 percent	Lowest	2nd	3rd	4th	Highest	Top 5 percent	2nd	3rd	4th	Highest	Top 5 percent
<b>Age: 1</b>																		
14-24.....	4.5	13.2	18.7	25.0	38.6	100.0	13.1	1,052	3,089	4,397	5,875	9,050	12,329	2,340	3,752	5,046	6,849	9,494
25-34.....	7.2	13.8	18.5	23.7	36.8	100.0	13.6	2,654	5,070	6,765	8,664	13,463	19,870	4,007	5,942	7,670	9,762	13,957
35-44.....	6.2	12.5	17.1	22.5	41.7	100.0	18.0	2,854	5,771	7,888	10,340	19,198	33,103	4,505	6,795	9,035	11,926	20,117
45-54.....	5.0	11.7	16.9	23.0	43.4	100.0	18.8	2,401	5,643	8,121	11,085	20,857	36,124	4,269	6,912	9,389	13,025	20,855
55-64.....	3.9	9.8	15.8	23.1	47.5	100.0	21.3	1,608	4,065	6,528	9,542	19,653	35,209	2,971	5,204	7,875	11,450	19,578
65 and over.....	3.4	7.0	12.1	20.5	57.0	100.0	28.8	984	2,053	3,521	5,996	16,659	33,609	1,536	2,646	4,504	7,959	16,499
<b>Education: 1</b>																		
Elementary only.....	3.8	9.4	15.6	24.1	47.1	100.0	19.6	1,069	2,659	4,390	6,806	13,297	22,170	1,912	3,449	5,465	8,386	13,559
High school not completed.....	4.9	11.6	17.3	24.1	42.1	100.0	16.5	1,719	4,070	6,080	8,473	14,820	23,197	3,056	5,078	7,119	10,008	15,148
High school completed.....	6.4	12.7	17.3	22.9	40.7	100.0	16.9	2,660	5,305	7,224	9,543	16,993	28,140	4,265	6,242	8,301	11,112	17,278
College, less than 4 years.....	5.2	12.0	17.0	22.3	43.6	100.0	19.4	2,430	5,615	7,956	10,420	20,383	36,261	4,331	6,814	9,040	12,229	20,654
College, 4 years.....	5.0	11.3	16.0	21.6	46.1	100.0	21.6	3,119	7,030	9,918	13,415	28,685	53,813	5,500	8,404	11,406	16,077	29,208
Graduate school.....	4.3	11.0	15.5	21.6	47.6	100.0	20.9	2,873	7,387	10,337	14,468	31,829	55,890	5,697	8,905	11,900	17,943	35,587
<b>Family type and sex of head:</b>																		
Families headed by husband-wife couples.....	6.3	12.2	16.8	22.2	42.6	100.0	18.7	2,885	5,598	7,704	10,187	19,588	34,467	4,434	6,650	8,811	11,905	19,809
All other families.....	4.4	10.3	15.7	23.3	46.4	100.0	18.8	1,428	3,310	5,053	7,509	14,959	24,256	2,451	4,134	6,078	9,398	15,836
Male head.....	5.0	10.7	16.4	23.4	44.5	100.0	18.3	2,177	4,652	7,113	10,143	19,335	31,786	3,483	5,850	8,423	12,094	20,077
Female head.....	4.4	10.5	15.8	23.2	46.1	100.0	18.4	1,316	3,098	4,687	6,870	13,636	21,804	2,261	3,877	5,621	8,569	14,474
Male unrelated individuals.....	3.3	8.8	15.2	23.2	49.6	100.0	22.7	775	2,048	3,542	5,415	11,577	21,211	1,459	2,734	4,407	6,644	11,181
Female unrelated individuals.....	3.3	7.9	13.4	22.6	52.9	100.0	25.1	585	1,414	2,401	4,072	9,509	18,078	1,068	1,828	3,112	5,074	9,641
<b>Color: 1</b>																		
White.....	4.4	11.0	16.6	23.0	45.0	100.0	19.9	1,806	4,530	6,834	9,477	18,563	32,738	3,325	5,711	8,043	11,217	18,679
Nonwhite.....	4.4	10.6	16.3	23.8	44.9	100.0	17.1	1,036	2,493	3,841	5,608	10,560	16,144	1,810	3,176	4,587	6,916	11,305

1. Families are classified according to the characteristics of the family head.



the merged CPS-TM file and the SFCC was then executed (step 4). This step provided additional information for estimating the distribution of most types of imputed income. Then each type of money income was adjusted to its BEA control aggregate (step 5), and income types not included in the data sources used in the previous steps were estimated (step 6). The result was a computer tape file containing an estimate of FPI and its components, as well as CPS socioeconomic information, for each observation.

**Income distributions for 1970 and 1971**

The 1970 and 1971 preliminary estimates are essentially extrapolations of the 1964 estimates. Adjustments to the 1964 estimates were made for changes in the size and socioeconomic composition of the population and in the relative importance of different types of income from 1964 to 1970 and 1971. For 1970, the composition of the population was adjusted by reweighting the 1964 consumer unit observations to conform to the population totals in the March 1971 CPS. The following characteristics were used to define subgroups for reweighting: age, color, sex, residence (farm-nonfarm), and type of consumer unit. The observations were

then reweighted further to incorporate the results of the 1970 Decennial Census; family—unrelated individual and white—nonwhite subgroups were used. For 1971, the March 1972 CPS population totals, which incorporate the 1970 Census results, were used as controls. The population subgroups used for 1970 were also used for 1971.

For 1970 and 1971, after the composition of the population had been adjusted, each specific type of income was brought up to its control aggregate (estimated from the national income and product accounts) by applying a single ratio to the 1964 amounts of that type for all observations. This procedure assumed that, within each population subgroup used for reweighting, the relative distribution of each income type and the proportion of units receiving each type remained unchanged from 1964 to 1971. Because there were shifts in the composition of the population from 1964 to 1971, the relative distributions of specific income types for all units and the proportions of all units receiving specific income types are not necessarily the same in the 1970 and 1971 estimates as in the 1964 estimates.

Medicare payments received, personal contributions for medicare, and

the net value of food stamps were not treated in this manner. There were no medicare payments or contributions in the 1964 estimates because the medicare program did not begin until 1966. In the 1970 and 1971 estimates, an average amount of medicare payments was assigned to all persons aged 65 or over. Personal contributions for medicare were assigned to persons in a manner consistent with the statutory requirements: compulsory contributions were assigned to all persons paying social security tax; optional contributions were assigned to all persons aged 65 or over. In 1964, the food stamp program was very small and no amounts were assigned. In the 1970 and 1971 estimates, amounts of the net value of food stamps were assigned to the appropriate number of consumer units, as estimated from U.S. Department of Agriculture data. Only units that were below the statutory income and asset ceilings were eligible to be assigned an amount. Units to be assigned amounts were chosen randomly within income size and family size cells. The amount assigned to a unit depended upon the unit's size and income, as specified by the statutes: the larger the unit or the smaller its income, or both, the larger the net value of food stamps received.

**ERRATA**

The 1973 corrected data for Table 1.—Total Personal Income, page 33 in the August SURVEY (Millions of dollars) are:

Line 34 (Georgia) .....	20,928
Line 37 (Mississippi) .....	8,216
Line 65 (South Atlantic) .....	152,893
Line 66 (East South Central) .....	52,291

The 1973 corrected data for Table 2.—Per Capita Personal Income, page 33 in the August SURVEY (Dollars) are:

Line 34 (Georgia) .....	4,373
Line 37 (Mississippi) .....	3,602
Line 65 (South Atlantic) .....	4,710
Line 66 (East South Central) .....	3,935

The 1973 corrected data for Table 37.—Georgia, Personal Income by Major Sources, page 39 in the August SURVEY (Millions of dollars) are:

Line 1 .....	17,498
Line 4 .....	1,940
Line 5 .....	770

Line 7 .....	843
Line 38 .....	17,498
Line 40 .....	16,474
Line 42 .....	16,395
Line 45 .....	20,928

The 1973 corrected data for Table 40.—Mississippi, Personal Income by Major Sources, page 40 in the August SURVEY (Millions of dollars) are:

Line 1 .....	6,546
Line 4 .....	1,340
Line 5 .....	802
Line 7 .....	874
Line 38 .....	6,546
Line 40 .....	6,219
Line 42 .....	6,264
Line 45 .....	8,216

The 1971 corrected data for Table 4.—United States, Personal Income by Major Sources, page 34 in the August SURVEY (Millions of dollars) are:

Line 39 .....	30,664
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# New Estimates of Residential Capital in the United States, 1925-73

THIS article presents extended and revised estimates of the Nation's stock of residential capital by type of structure for 1925-73, in addition to showing new estimates of housekeeping stocks classified by whether they are occupied by a tenant or the owner (type of tenure group) for the same period.<sup>1</sup> The residential capital stock estimates for 1969-70 were revised because of revisions in the gross fixed investment flows in the national income and product accounts. A brief statement of methodology is included in this article.<sup>2</sup>

These estimates of residential capital are part of a BEA project to measure the Nation's tangible wealth. Other published BEA work on capital stock has provided estimates of fixed non-residential business capital and business inventories, and provisional estimates of consumer durable goods.<sup>3</sup> Final estimates of stocks of consumer durable goods are being prepared. Future research will cover stocks of Government-owned capital assets and land.<sup>4</sup>

Tables 1 and 2 show, in constant (1958) and current dollars, respectively, estimates of gross and net residential stocks, at yearends 1925-73, by type of structure. Table 1 also includes mean

NOTE.—Bruce Levine assisted in preparing the capital stock estimates.

1. Residential stocks consist of housekeeping and nonhousekeeping stocks. Housekeeping stocks comprise houses, apartments, and mobile homes. Nonhousekeeping stocks are largely transient facilities, such as hotels, motels, and dormitories.

2. A full description of the methodology appears in "Residential Capital in the United States, 1925-70," SURVEY OF CURRENT BUSINESS, November 1971.

3. "New Estimates of Fixed Nonresidential Business Capital in the United States, 1925-73," SURVEY, March 1974. *Fixed Nonresidential Business Capital in the United States, 1925-73*, January 1974, available for \$10.25 from National Technical Information Service (NTIS), 5258 Port Royal Road, Springfield, Virginia 22151; please mention accession number COM 74-10422 and include remittance payable to NTIS. "Stocks of Business Inventories in the United States, 1928-71," SURVEY, December 1972. Henry Shavell, "The Stock of Durable Goods in the Hands of Consumers, 1946-1969," 1970 *Proceedings of the Business and Economics Statistics Section of the American Statistical Association*, 1971.

4. Estimates of the value of Government-owned capital operated by private contractors are given in *Fixed Nonresidential Business Capital*.

ages of gross and net stocks by type of structure. Table 3 presents the age distribution of constant dollar gross stocks and the ratio of net to gross stocks, for selected years, by type of structure. Table 4 shows, in constant and current dollars, estimates of gross and net stocks of housekeeping residential structures, at yearends 1925-73, by tenure group.

## Methods of stock estimation

Two procedures are used to derive the estimates of residential capital—the *benchmark* method and the *perpetual inventory* method. For the benchmark method, the stock is measured at the times for which the decennial Censuses of Housing data exist. For the perpetual inventory method, estimates of past investment flows are cumulated and the investment that has been used up is deducted. Although the benchmark method is, in principle, more reliable because it is based on direct measurement of the actual stock, the perpetual inventory method is more widely used. Given the state of the available data, the perpetual inventory method presents fewer data problems than the benchmark method and provides estimates of detailed characteristics of the stock on different bases of valuation. The benchmark estimates provide a check on the perpetual inventory estimates and also provide the basis for allocating them by tenure.

The tables in this article show extended and revised perpetual inventory estimates through 1973; and extended and revised benchmark estimates for 1970 and 1973, based on the 1970 Census of Housing and the Census Quarterly Household Survey.

## The Perpetual Inventory Estimates

### Investment data

The major investment flows used to

implement the perpetual inventory method for the years since 1929 are (1) the estimates of investment in private residential structures that enter the gross private domestic investment component of GNP, and (2) the estimates of government purchases of public residential structures that enter the government purchases of goods and services component of GNP.<sup>5</sup> For years prior to 1929, the investment flows are derived from data from various public and private sources.

The estimates of private nonfarm investment in new structures and additions and alterations to existing structures are allocated between structures with 1-4 units and those with 5 or more units by using unpublished Census data for the years since 1960 and building permit and Federal Housing Administration (FHA) data for earlier years. The public residential construction estimates are allocated between federally owned and State and locally owned by using Census data.

The investment flows for mobile homes are derived from trade association data.<sup>6</sup> Mobile homes are not presently classified as residential investment in the GNP, but will be after the upcoming benchmark revision of the national income and product accounts.

The GNP component measuring investment in residential structures includes brokers' commissions on transactions in such structures, new as well as used. Depending on the use that is made of the estimates, it may be preferable to exclude or to include com-

5. Definitions and methodology underlying these estimates are described in *National Income, 1964 Edition; U. S. Income and Output (1958)*; and "The National Income and Product Accounts of the United States: Revised Estimates 1929-64," SURVEY, August 1965. These publications are out of print, but portions are reproduced in *Readings in Concepts and Methods of National Income Statistics*, available for \$3.00 from NTIS; please mention accession number PB 194900 and include remittance payable to NTIS.

6. See "Mobile Homes in the National Income and Product Accounts," SURVEY, July 1972.

missions on used structures. They are excluded from the estimates shown in tables 1 and 2; however, the amounts of such commissions are shown in the memoranda items. To obtain estimates that include all commissions, the appropriate memorandum item should be added to the total stock figure, or to the figure for private nonfarm 1-4 unit structures. Except for those on the latter, commissions entering the private residential investment component of GNP are small.

The residential investment component includes net transfers of existing structures between the public and private sectors (offset by an entry of equal size and opposite sign in the government purchases component). Such transfers are mainly State and local government purchases of private housing to be demolished (to make way for new roads or buildings). In the stock estimates, such transfers are treated as permanent losses from the housing stock rather than as shifts from the private to the public stock. However, transfers of World War II Federal military housing to State and local or private ownership after the war are recorded as shifts to the appropriate sector's stock in the year of transfer.

Another important type of transfer, which does not figure in the GNP calculations, is the shift, during the past three decades, of farm housing in urban fringe areas to nonfarm housing use. Estimates of the value of these transfers are derived from the decennial Censuses of Housing. Such transfers, like those of military housing, affect the composition, but not the size, of the housing stock.

#### **Service lives and discards**

BEA's estimates are based on average service lives of 80 years for 1-4 unit structures, 65 years for structures with 5 or more units, and 40 years for non-housekeeping structures.<sup>7</sup> Additions and alterations are assumed to have lives half as long as these. Mobile homes are

assigned a life of 16 years, based on data from trade sources.

Because these service lives are averages, actual retirements from the stock should be distributed about the averages. Some housing is destroyed by fire or flood after a few years of use, while other housing continues in use long past the average life. In this article, the pattern of retirements used—a modification of the Winfrey S-3 curve—is a bell-shaped distribution centered on the average life, retirements starting at 5 percent and ending at 195 percent of the average.<sup>8</sup>

#### **Valuation**

Capital stock measures derived by the perpetual inventory method are shown in this article on two bases of valuation: constant cost and current cost.

For constant-cost valuation, all assets are valued at the prices of a specified period regardless of their actual original purchase prices. For these calculations, the gross investment flows must be expressed in constant prices. This is done by applying appropriate price indexes to the current-dollar investment flows. The constant-cost stock measures the physical volume of residential capital.

Beginning with 1963, the current-dollar residential investment series that enter the GNP are deflated by the Census Bureau's price index for new single-family houses. For years prior to 1963, they are deflated by a privately compiled residential construction cost index. It is generally thought that this cost index is biased upward, resulting in an understatement of the trend of real residential investment prior to 1963, and BEA's deflation procedure for the years prior to 1963 will be revised in the upcoming benchmark revision of GNP.<sup>9</sup> At that time, new capital stock estimates will be prepared using the revised series. Preliminary studies indicate that the revisions of the price indexes will have only a small impact on the estimates of the residential capital stock.

8. See Robley Winfrey, *Statistical Analyses of Industrial Property Retirement*, Iowa Engineering Experiment Station, Bulletin 125, December 11, 1935.

9. The new deflator for this period is given in "Revised Deflators for New Construction, 1947-73," SURVEY, August 1974.

For current-cost valuation, all items in the stock of any specified period are expressed in the prices of that period. This is done by applying price indexes to revalue the constant-cost stock estimates. In effect, the current-cost stock measures the replacement value of residential capital.

#### **Depreciation and net capital stocks**

Assets are carried in gross capital stocks at their undepreciated value during the entire time they remain in the stock. Net stock measures, on the other hand, represent the depreciated value of the capital stock. (*Depreciation* in this study is synonymous with *capital consumption* in the national income and product accounts. The latter consists of both depreciation and accidental damage to fixed capital.) There is no general agreement as to the correct method of computing economic depreciation—the value of productive services of an asset used up each year. Of several possible methods, the one used in this article is the *declining balance* pattern, which assumes a fixed percentage rate of depreciation each year over the life of the asset. The annual declining balance depreciation charge for an asset will equal a certain fixed percentage of the net (depreciated) value of the asset at the beginning of each year.

A depreciation rate of 2 percent per year is applied to the net value of 1-4 unit structures and 2.4 percent per year to the net value of housekeeping structures with 5 or more units.<sup>10</sup> The depreciation rates used for nonhousekeeping residential structures (3.5 percent per year) and mobile homes (9.4 percent per year) are higher because of the shorter service lives involved.

#### **Age of capital stocks**

Three measures of age composition, which are useful in analyzing the condition of the housing stock, are presented in this article: the ratio of net to gross stocks, the average age of gross and net stocks, and the age distribution of the gross stock. The

10. See appendix E in Leo Grebler, David M. Blank, and Louis Winnick, *Capital Formation in Residential Real Estate*, National Bureau of Economic Research, 1956.

7. These averages were used by Raymond W. Goldsmith and Robert E. Lipsey in *Studies in the National Balance Sheet of the United States*, National Bureau of Economic Research, 1963, Volume 1, Chapter 3.

net/gross ratios show the extent to which the services available in residential capital remain intact. The age distribution of the gross stock shows the proportion of the stock that is of a given age.

### The Benchmark Estimates

Benchmark estimates (table A) of the nonfarm housekeeping portion of the housing stock are derived by using data from the 1950, 1960, and 1970 Censuses of Housing and the 1956 National Housing Inventory, with extrapolations through 1973 based on data from periodic household surveys.<sup>11</sup> The benchmark estimates are of the market value of net stocks of private nonfarm housekeeping residential structures. The basic data for the benchmark estimates provide measures of the market value of net stocks of residential real estate (structures and land combined) by tenure (owner occupied and tenant occupied). The estimates are allocated between structures and land on the basis of a study by Manvel that used data from the 1957 and 1967 Censuses of Governments.<sup>12</sup> The segments of the housing stock not covered by the benchmark estimates—farm housing, nonhousekeeping structures, and mobile homes—accounted for about 8 percent of total housing stock as estimated by the perpetual inventory method.

The Censuses of Housing provide data on the number of owner-occupied and tenant-occupied housing units. For this article, Census data on vacant units available for sale or rent are added to these two categories. The censuses also provide data on average values of owner-occupied units as reported by homeowners, on average rents as reported by tenants, and on rent-to-value

ratios as reported by landlords for tenant-occupied units.<sup>13</sup>

Stock estimates for 1973 are obtained by extrapolating the estimates of the number of housing units and their distribution by tenure by using data collected in the Census Bureau's Current Population Survey. Annual estimates of values of owner-occupied units and rents of tenant-occupied units are derived from data collected in the Census Bureau's Quarterly Household Survey.

**Table A.—Benchmark Estimates of Value of Nonfarm Housekeeping Residential Real Estate (Excluding Mobile Homes) by Tenure, Selected Years**

[Billions of dollars]			
Midyear	Total	Owner occupied	Tenant occupied
Structures and land			
1950.....	245.4	168.6	76.8
1956.....	422.0	307.0	115.0
1960.....	561.4	411.2	150.2
1970.....	1,035.2	756.0	279.2
1973.....	1,435.7	1,048.5	387.2
Structures			
1950.....	190.4	130.3	60.1
1956.....	322.3	233.5	88.8
1960.....	412.4	300.5	111.9
1970.....	724.5	524.5	200.0
1973.....	1,004.8	727.4	277.4
Land			
1950.....	55.0	38.3	16.7
1956.....	99.7	73.5	26.2
1960.....	149.0	110.7	38.3
1970.....	310.7	231.5	79.2
1973.....	430.9	321.1	109.8

NOTE.—Owner-occupied stocks include vacant units available for sale, and tenant-occupied stocks include vacant units available for rent.

The structures-land allocation is based on Manvel's estimates of the ratio of the average value of residential land to the average value of residential land plus structures for 1956 and 1966. His estimates are based on value figures obtained from the 1957 and 1967 Censuses of Governments by adjusting values assessed on structures and land by local governments to market values on the basis of samples of sales that occurred during the last 6 months of 1956 and 1966. Manvel's ratios are

13. The publicly owned portion of tenant-occupied housing requires a special treatment. Since public housing rents are subsidized, they must be adjusted upward before rent-to-value ratios for private rental housing can be applied to them. Available evidence suggests that the rental paid on a public unit is equal to about 40 percent of its true rental value; thus, the adjustment is based on this figure.

**Table B.—Perpetual Inventory and Benchmark Estimates of Nonfarm Housekeeping Residential Structures (Excluding Mobile Homes), Current-Cost Valuation, Selected Years**

[Billions of dollars]		
Midyear	Perpetual inventory	Benchmark
1930.....	80.4	181.3
1940.....	80.6	270.7
1950.....	212.3	190.4
1956.....	325.5	322.3
1960.....	408.0	412.4
1970.....	722.9	724.5
1973.....	997.9	1,004.8

1. Source: Grebler, Blank, and Winnick, *Capital Formation*, based on an earlier estimate in David L. Wickens, *Residential Real Estate*, National Bureau of Economic Research, 1941.

2. Source: U.S. Bureau of the Census, *Housing—Special Reports*, Series H-1943, No. 1, September 11, 1943, with structures-land allocation by BEA.

interpolated and extrapolated by Census and FHA data.

### Comparison of the Perpetual Inventory and Benchmark Estimates

The benchmark procedure provides estimates of net stocks of nonfarm housekeeping structures that are essentially independent of the perpetual inventory estimates. They thus provide a check on the depreciation rates, service lives and retirement pattern used in the perpetual inventory calculations. Benchmark estimates prepared by other investigators for 1930 and 1940 are used to extend the period of comparison (table B). (Both types of estimates are adjusted to midyear timing for comparison.)

The benchmark estimates of net stocks are in terms of market values, and the perpetual inventory estimates of current-cost net stocks are based on replacement prices. Although market values and replacement prices of residential structures are not identical concepts, the comparisons in table B are based on the assumption that the forces of the market place will keep them fairly close most of the time.

The perpetual inventory estimates closely match the benchmark estimates for 1930, 1956, 1960, and 1970, and the extrapolation of the 1970 benchmark through 1973. However, the two estimates do not closely match for 1940 and 1950. The 1940 and 1950 benchmark figures are probably too

11. See U.S. Bureau of the Census, 1950, 1960, and 1970 *Census of Housing* (several volumes), 1956 *National Housing Inventory* (several volumes), and *Housing Vacancies*, Current Housing Report Series H-111 (quarterly). The methodology used in deriving the benchmark estimates benefited from work by Goldsmith and Lipsey and by Bhatia. See Goldsmith and Lipsey, *Studies*, and Kul B. Bhatia, "Individuals' Capital Gains in the United States, An Empirical Study, 1947-64," Ph.D. diss., University of Chicago, 1969.

12. Allen D. Manvel, "Trends in the Value of Real Estate and Land, 1956 and 1966," *Three Land Research Studies*, Research Report No. 12, U.S. National Commission on Urban Problems, 1968.



Table 1.—Constant Dollar Gross and Net Stocks and Mean Age of Residential Structures, by Type of Structure, 1925-73—Continued

End of year	Gross stocks, by type of structure										Net stocks, by type of structure								Memoranda: Commissions on used structures <sup>1</sup>		
	Total, all types	Private nonfarm			Public		Farm		Private non-house-keeping	Total, all types	Private nonfarm			Public		Farm		Private non-house-keeping			
		1-4 unit	5 or more unit	Mo-ble homes	Federal	State and local	1-4 unit	Mo-ble homes			1-4 unit	5 or more unit	Mo-ble homes	Federal	State and local	1-4 unit	Mo-ble homes				
<b>Mean age of gross and net stocks (years)</b>																					
1955	30.0	29.0	29.0	3.8	14.5	7.8	46.8	3.7	21.6	20.1	19.3	22.8	2.2	14.5	7.2	34.7	2.1	12.9			

\*Less than \$0.05 billion.

1. These commissions apply to the "private nonfarm 1-4 unit" and "total, all types" stocks.

Table 2.—Current Dollar Gross and Net Stocks of Residential Structures, by Type of Structure, 1925-73

End of year	Gross stocks, by type of structure									Net stocks, by type of structure								Memoranda: Commissions on used structures <sup>1</sup>			
	Total, all types	Private nonfarm			Public		Farm		Private non-house-keeping	Total, all types	Private nonfarm			Public		Farm				Private non-house-keeping	
		1-4 unit	5 or more unit	Mo-ble homes	Federal	State and local	1-4 unit	Mo-ble homes			1-4 unit	5 or more unit	Mo-ble homes	Federal	State and local	1-4 unit	Mo-ble homes				
<b>Gross and net stocks (billions of dollars)</b>																					
1925	127.8	101.7	8.2	0.0	0.0	14.8	0.0	3.1	79.5	64.0	5.8	0.0	0.0	0.0	7.9	0.0	1.8	3.1	2.0		

\*Less than \$0.05 billion.

1. These commissions apply to the "private nonfarm 1-4 units" and the "total, all types" stocks.

low because the Censuses of Housing benchmarks depended heavily on the ability of the homeowner to estimate the value of his house. It seems likely that homeowners, especially those who had not bought or sold their houses recently, understated the current market value of their houses in 1940 and 1950 (particularly 1950) because housing values had risen more than they realized.

**The Estimates by Tenure**

The estimates of owner-occupied and tenant-occupied stocks in table 4 are allocations by tenure of the estimates of gross and net stocks of housekeeping residential structures in tables 1 and 2. The nonfarm and farm stocks are allocated separately.

The nonfarm stocks are allocated by tenure by using the benchmark estimates described in the preceding section. The benchmark structures estimates given in table A are adjusted to the yearend timing of the perpetual inventory estimates and are interpolated and extrapolated to derive a time series on the percentage distribution of current-dollar net stocks of nonfarm housekeeping structures (excluding mobile homes) between owner-occupied and tenant-occupied stocks. These percentages are then applied to the corresponding perpetual inventory estimates of current-dollar net stocks. Final estimates are obtained by adding the estimates for mobile home stocks (allocated by tenure from Censuses of Housing data on number of units and trade source data on value of units) to the allocated estimates for permanent-site stocks. The same procedure is used to allocate constant-dollar nonfarm net stocks, since it is assumed that the same price index would apply to owner-occupied and tenant-occupied stocks.

The percentages used to allocate nonfarm net stocks by tenure are modified to derive those for gross stocks. This is necessary because the average ages of owner-occupied and tenant-occupied stocks are not equal and because the relationships between these average

**Table 3.—Age Distribution of Constant Dollar Gross Stocks of Residential Structures and Ratio of Net to Gross Stocks, by Type of Structure, Selected Years, 1925-73**

End of year	Age distribution of gross stocks (percent)								Net/ gross ratio
	Age (years)								
	1-5	6-10	11-20	21-30	31-40	41-50	51-60	61 or more	
<b>Total, all types</b>									
1925.....	16.1	6.6	19.8	16.1	17.8	10.7	7.2	5.7	0.62
1930.....	14.3	14.1	14.2	16.1	14.2	13.4	6.7	7.0	.62
1935.....	3.6	14.2	19.6	17.1	13.6	14.4	8.5	9.0	.58
1940.....	8.1	3.5	26.7	13.2	14.7	12.4	11.4	10.0	.56
1945.....	5.6	7.9	16.5	18.1	15.4	11.8	12.1	12.6	.53
1950.....	17.1	4.9	9.7	22.4	10.8	11.6	9.4	14.1	.57
1955.....	17.6	14.6	10.0	12.1	13.1	10.6	7.8	14.2	.60
1960.....	16.1	15.4	16.3	7.1	16.3	7.5	7.8	13.5	.62
1965.....	15.6	14.1	24.6	7.5	8.9	9.4	7.3	12.6	.63
1970.....	13.1	14.0	24.8	12.7	5.4	12.1	5.3	12.6	.63
1973.....	15.1	12.5	24.1	15.7	6.1	9.0	5.7	11.8	.63
<b>Private nonfarm 1-4 unit</b>									
1925.....	16.7	5.9	20.2	16.1	18.6	10.8	7.0	4.7	.63
1930.....	13.8	14.7	13.8	10.5	14.3	14.4	6.1	6.4	.62
1935.....	4.0	13.6	19.6	17.5	13.5	15.1	8.5	8.2	.59
1940.....	8.3	3.7	26.5	12.7	14.9	12.3	12.2	9.4	.57
1945.....	5.3	8.2	16.3	18.0	15.7	11.6	12.6	12.3	.54
1950.....	18.5	4.6	10.0	21.9	10.2	11.5	9.2	14.1	.58
1955.....	19.4	15.4	9.6	11.4	12.5	10.4	7.4	13.9	.62
1960.....	17.0	16.6	16.6	7.2	15.4	6.8	7.5	12.9	.63
1965.....	14.6	15.0	26.4	7.2	8.4	9.0	7.2	12.2	.63
1970.....	11.6	13.3	27.3	13.2	5.5	11.7	5.0	12.4	.63
1973.....	12.6	11.8	25.9	17.2	5.9	8.9	5.6	12.1	.63
<b>Private nonfarm 5 or more unit</b>									
1925.....	31.8	7.9	25.0	14.9	11.8	6.8	1.5	.3	.71
1930.....	32.0	21.9	14.9	13.9	7.5	7.9	1.6	.3	.73
1935.....	2.9	31.7	26.9	16.9	9.7	7.2	3.9	.8	.66
1940.....	7.2	2.7	50.4	13.8	12.5	6.3	6.0	1.1	.61
1945.....	3.0	7.1	32.4	25.3	15.3	8.3	5.6	3.0	.56
1950.....	11.9	2.8	8.9	45.3	11.9	10.2	4.6	4.4	.55
1955.....	7.7	11.4	8.9	27.9	21.3	12.1	5.9	4.8	.53
1960.....	13.9	6.9	12.7	7.6	37.8	9.2	7.2	4.7	.54
1965.....	31.6	9.8	12.4	5.7	17.2	12.7	6.4	4.2	.62
1970.....	29.0	23.4	11.0	6.7	3.8	18.3	3.9	3.9	.67
1973.....	35.7	19.6	16.5	5.9	3.1	11.8	4.1	3.3	.73
<b>Farm 1-4 unit</b>									
1925.....	4.5	9.2	14.2	17.0	15.5	12.5	10.8	16.3	.53
1930.....	4.9	4.5	16.4	14.9	18.1	10.0	14.0	17.2	.52
1935.....	1.8	5.1	14.0	14.4	17.1	15.2	11.7	20.7	.49
1940.....	3.3	1.8	9.8	17.0	15.4	18.1	9.7	24.9	.47
1945.....	.2	3.5	7.3	15.0	15.3	17.7	15.0	26.0	.47
1950.....	7.7	.3	5.3	10.1	17.5	15.4	17.4	26.3	.48
1955.....	5.6	7.8	3.7	7.2	14.7	14.6	16.2	30.2	.49
1960.....	3.8	5.7	8.4	5.5	10.4	17.5	14.8	33.9	.48
1965.....	4.1	4.0	14.2	4.6	7.6	15.0	14.3	36.2	.49
1970.....	4.6	4.1	10.2	10.4	6.1	10.6	17.0	37.0	.49
1973.....	4.7	4.1	8.8	13.8	7.1	8.7	15.2	37.6	.48

ages change over time. Data on average ages by tenure from the Censuses of Housing are used to adjust the allocation percentages. These adjusted percentages are then used to derive the estimates of nonfarm gross stocks by tenure in table 4.

Farm net stocks are allocated by tenure by using data derived from the Department of Agriculture's Censuses of Agriculture and from the Censuses of Housing. These percentages are adjusted to derive percentages for allocating farm gross stocks by using the same

type of procedure described for nonfarm stocks.

Private nonhousekeeping structures are not included in the stocks in table 4, since most of them represent transient facilities rather than places of primary residence. Figures for tenant-occupied stocks including nonhousekeeping structures may be obtained by adding the estimates of gross and net stocks of private nonhousekeeping structures from tables 1 and 2 to the corresponding estimates of tenant-occupied stocks in table 4.





# SUMMARY NATIONAL INCOME AND PRODUCT SERIES, 1929-73

## Table A.—Gross National Product

[Billions of dollars]

Year	GNP	Personal consumption expenditures				Gross private domestic investment				Net exports	Government purchases of goods and services			Final sales	GNP in 1958 prices	GNP implicit price deflator (Index numbers, 1958=100)
		Total	Durable goods	Non-durable goods	Services	Total	Nonresidential fixed investment	Residential structures	Change in business inventories		Total	Federal	State and local			
1929	103.1	77.2	9.2	37.7	30.3	16.2	10.6	4.0	1.7	1.1	8.5	1.3	7.2	101.4	203.6	50.6
1930	90.4	69.9	7.2	34.0	28.7	10.3	8.3	2.3	-4	1.0	9.2	1.4	7.8	90.7	183.5	49.3
1931	75.8	60.5	5.5	29.0	26.0	5.6	5.0	1.7	-1.1	.5	9.2	1.5	7.7	77.0	169.2	44.8
1932	58.0	48.6	3.6	22.7	22.2	1.0	2.7	.7	-2.5	.4	8.1	1.5	6.6	60.5	144.2	40.2
1933	55.6	45.8	3.5	22.3	20.1	1.4	2.4	.6	-1.6	.4	8.0	2.0	6.0	57.2	141.5	39.3
1934	65.1	51.3	4.2	26.7	20.4	3.3	3.2	.9	-7	.6	9.8	3.0	6.8	65.8	154.3	42.2
1935	72.2	55.7	5.1	29.3	21.3	6.4	4.1	1.2	1.1	.1	10.0	2.9	7.1	71.2	169.5	42.6
1936	82.5	61.9	6.3	32.9	22.8	8.5	5.6	1.6	1.3	.1	12.0	4.9	7.0	81.2	193.0	42.7
1937	90.4	66.5	6.9	35.2	24.4	11.8	7.3	1.9	2.5	.3	11.9	4.7	7.2	87.9	203.2	44.5
1938	84.7	63.9	5.7	34.0	24.3	6.5	5.4	2.0	-9	1.3	13.0	5.4	7.6	85.6	192.9	43.9
1939	90.5	66.8	6.7	35.1	25.0	9.3	5.9	2.9	2.9	1.1	13.3	5.1	8.2	90.1	209.4	43.2
1940	99.7	70.8	7.8	37.0	26.0	13.1	7.5	3.4	2.2	1.7	14.0	6.0	8.0	97.5	227.2	43.9
1941	124.5	80.6	9.6	42.9	28.1	17.9	9.5	3.9	4.5	1.3	24.8	16.9	7.9	120.1	263.7	47.2
1942	157.9	88.5	6.9	50.8	30.8	9.8	6.0	2.1	1.8	.0	59.6	51.9	7.7	156.2	297.8	53.0
1943	191.6	99.3	6.6	58.6	34.2	5.7	5.0	1.4	-6	-2.0	88.6	81.1	7.4	192.2	337.1	56.8
1944	210.1	108.3	6.7	64.3	37.2	7.1	6.8	1.3	-1.0	-1.8	96.5	89.0	7.5	211.1	361.3	58.2
1945	211.9	119.7	8.0	71.9	39.8	10.6	10.1	1.5	-1.0	-6	82.3	74.2	8.1	213.0	355.2	59.7
1946	208.5	143.4	15.8	82.4	45.3	30.6	17.0	7.2	6.4	7.5	27.0	17.2	9.8	202.1	312.6	66.7
1947	231.3	160.7	20.4	90.5	49.8	34.0	23.4	11.1	-5	11.5	25.1	12.5	12.6	231.8	309.9	74.6
1948	257.6	173.6	22.7	96.2	54.7	46.0	26.9	14.4	4.7	6.4	31.6	16.5	15.0	252.9	323.7	79.6
1949	256.5	176.8	24.6	94.5	57.6	35.7	25.1	13.7	-3.1	6.1	37.8	20.1	17.7	259.6	324.1	79.1
1950	284.8	191.0	30.5	98.1	62.4	54.1	27.9	19.4	6.8	1.8	37.9	18.4	19.5	278.0	355.3	80.2
1951	328.4	206.3	29.6	108.8	67.9	59.3	31.8	17.2	10.3	3.7	59.1	37.7	21.5	318.1	383.4	85.6
1952	345.5	216.7	29.3	114.0	73.4	51.9	31.6	17.2	3.1	2.2	74.7	51.8	22.9	342.4	395.1	87.5
1953	364.6	230.0	33.2	116.8	79.9	52.6	34.2	18.0	.4	.4	81.6	57.0	24.6	364.1	412.8	88.3
1954	364.8	236.5	32.8	118.3	85.4	51.7	33.6	19.7	-1.5	1.8	74.8	47.4	27.4	366.4	407.0	89.6
1955	398.0	254.4	39.6	123.3	91.4	67.4	38.1	23.3	6.0	2.0	74.2	44.1	30.1	392.0	438.0	90.9
1956	419.2	266.7	38.9	129.3	98.5	70.0	43.7	21.6	4.7	4.0	78.6	45.6	33.0	414.5	446.1	94.0
1957	441.1	281.4	40.8	135.6	105.0	67.9	46.4	20.2	1.3	5.7	86.1	49.5	36.6	439.8	452.5	97.5
1958	447.3	290.1	37.9	140.2	112.0	60.9	41.6	20.8	-1.5	2.2	94.2	53.6	40.6	448.8	447.3	100.0
1959	483.7	311.2	44.3	146.6	120.3	75.3	45.1	25.5	4.8	.1	97.0	53.7	43.3	478.9	475.9	101.6
1960	503.7	325.2	45.3	151.3	128.7	74.8	48.4	22.8	3.6	4.0	99.6	53.5	46.1	500.2	487.7	103.3
1961	520.1	335.2	44.2	155.9	135.1	71.7	47.0	22.6	2.0	5.6	107.6	57.4	50.2	518.1	497.2	104.6
1962	560.3	355.1	49.5	162.6	143.0	83.0	51.7	25.3	6.0	5.1	117.1	63.4	53.7	554.3	529.8	105.8
1963	590.5	375.0	53.9	168.6	152.4	87.1	54.3	27.0	5.9	5.9	122.5	64.2	58.2	584.6	551.0	107.2
1964	632.4	401.2	59.2	178.7	163.3	94.0	61.1	27.1	5.8	8.5	128.7	65.2	63.5	626.6	581.1	108.8
1965	684.9	432.8	66.3	191.1	175.5	108.1	71.3	27.2	9.6	6.9	137.0	66.9	70.1	675.3	617.8	110.9
1966	749.9	466.3	70.8	206.9	188.6	121.4	81.6	25.0	14.8	5.3	156.8	77.8	79.0	735.1	658.1	113.9
1967	793.9	492.1	73.1	215.0	204.0	116.6	83.3	25.1	8.2	5.2	180.1	90.7	89.4	785.7	675.2	117.6
1968	864.2	536.2	84.0	230.8	221.3	126.0	88.8	30.1	7.1	2.5	199.6	98.8	100.8	857.1	706.6	122.3
1969	930.3	579.5	90.8	245.9	242.7	139.0	98.5	32.6	7.8	1.9	210.0	98.8	111.2	922.5	725.6	128.2
1970	977.1	617.6	91.3	263.8	262.6	136.3	100.6	31.2	4.5	3.6	219.5	96.2	123.3	972.6	722.5	135.2
1971	1,054.9	667.1	103.9	278.4	284.8	153.7	104.6	42.8	6.3	-2	234.2	97.6	136.6	1,048.6	746.3	141.3
1972	1,158.0	729.0	118.4	299.7	310.9	179.3	116.8	54.0	8.5	-6.0	255.7	104.9	150.8	1,149.5	792.5	146.1
1973	1,294.9	805.2	130.3	338.0	336.9	209.4	136.8	57.2	15.4	3.9	276.4	106.6	169.8	1,279.6	839.2	154.3

Table B.—National Income and Disposition of Personal Income

[Billions of dollars]

Year	National income	Compensation of employees	Proprietors' income		Rental income of persons	Corporate profits and IVA			Net interest	Personal income	Less: Personal tax and nontax payments	Equals: Disposable personal income	Less: Personal outlays	Equals: Personal saving	Personal saving rate <sup>1</sup> (percent)	Disposable personal income in 1958 prices
			Business and professional	Farm		Total	Profits before tax	Profits after tax								
1929	86.8	51.1	9.0	6.2	5.4	10.5	10.0	8.6	4.7	85.9	2.6	83.3	79.1	4.2	5.0	150.6
1930	75.4	46.8	7.6	4.3	4.8	7.0	3.7	2.9	4.9	77.0	2.5	74.5	71.1	3.4	4.6	139.0
1931	59.7	39.8	5.8	3.4	3.8	2.0	-4	-9	5.0	65.9	1.9	64.0	61.4	2.6	4.1	133.7
1932	42.8	31.1	3.6	2.1	2.7	-1.3	-2.3	-2.7	4.6	50.2	1.5	48.7	49.3	-6	-1.3	115.1
1933	40.3	29.5	3.3	2.6	2.0	-1.2	1.0	.4	4.1	47.0	1.5	45.5	46.5	-9	-2.0	112.2
1934	49.5	34.3	4.7	3.0	1.7	1.7	2.3	1.6	4.1	54.0	1.6	52.4	52.0	.4	.7	120.4
1935	57.2	37.3	5.5	5.3	1.7	3.4	3.6	2.6	4.1	60.4	1.9	58.5	56.4	2.1	3.7	131.8
1936	65.0	42.9	6.7	4.3	1.8	5.6	6.3	4.9	3.8	68.6	2.3	66.3	62.7	3.6	5.4	148.4
1937	73.7	47.9	7.2	6.0	2.1	6.8	6.8	5.3	3.7	74.1	2.9	71.2	67.4	3.8	5.3	153.1
1938	67.4	45.0	6.9	4.4	2.6	4.9	4.0	2.9	3.6	68.3	2.9	65.5	64.8	.7	1.1	143.6
1939	72.6	48.1	7.4	4.4	2.7	6.3	7.0	5.6	3.5	72.8	2.4	70.3	67.7	2.6	3.7	155.9
1940	81.1	52.1	8.6	4.5	2.9	9.8	10.0	7.2	3.3	78.3	2.6	75.7	71.8	3.8	5.1	166.3
1941	104.2	64.8	11.1	6.4	3.5	15.2	17.7	10.1	3.2	96.0	3.3	92.7	81.7	11.0	11.8	190.3
1942	137.1	85.3	14.0	9.8	4.5	20.3	21.5	10.1	3.1	122.9	6.0	116.9	89.3	27.6	23.6	213.4
1943	170.3	109.5	17.0	11.7	5.1	24.4	25.1	11.1	2.7	151.3	17.8	133.5	100.1	33.4	25.0	222.8
1944	182.6	121.2	18.2	11.6	5.4	23.8	24.1	11.2	2.3	165.3	18.9	146.3	109.1	37.3	25.5	231.6
1945	181.5	123.1	19.2	12.2	5.6	19.2	19.7	9.0	2.2	171.1	20.9	150.2	120.7	29.6	19.7	229.7
1946	181.9	117.9	21.6	14.9	6.6	19.3	24.6	15.5	1.5	178.7	18.7	160.0	144.8	15.2	9.5	227.0
1947	199.0	128.9	20.3	15.2	7.1	25.6	31.5	20.2	1.9	191.3	21.4	169.8	162.5	7.3	4.3	218.0
1948	224.2	141.1	22.7	17.5	8.0	33.0	35.2	22.7	1.8	210.2	21.1	189.1	175.8	13.4	7.1	229.8
1949	217.5	141.0	22.6	12.7	8.4	30.8	28.9	18.5	1.9	207.2	18.6	188.6	179.2	9.4	5.0	230.8
1950	241.1	154.6	24.0	13.5	9.4	37.7	42.6	24.9	2.0	227.6	20.7	206.9	193.9	13.1	6.3	249.6
1951	278.0	180.7	26.1	15.8	10.3	42.7	43.9	21.6	2.3	255.6	29.0	226.6	209.3	17.3	7.6	255.7
1952	291.4	195.3	27.1	15.0	11.5	39.9	38.9	19.6	2.6	272.5	34.1	238.3	220.2	18.1	7.6	263.3
1953	304.7	209.1	27.5	13.0	12.7	39.6	40.6	20.4	2.8	288.2	35.6	252.6	234.3	18.3	7.2	275.4
1954	303.1	208.0	27.6	12.4	13.6	38.0	38.3	20.6	3.6	290.1	32.7	257.4	241.0	16.4	6.4	278.3
1955	331.0	224.5	30.3	11.4	13.9	46.9	48.6	27.0	4.1	310.9	35.5	275.3	259.5	15.8	5.7	296.7
1956	350.8	243.1	31.3	11.4	14.3	46.1	48.8	27.2	4.6	333.0	39.8	293.2	272.6	20.6	7.0	309.3
1957	366.1	256.0	32.8	11.3	14.8	45.6	47.2	26.0	5.6	351.1	42.6	308.5	287.8	20.7	6.7	315.8
1958	367.8	257.8	33.2	13.4	15.4	41.1	41.4	22.3	6.8	361.2	42.3	318.8	296.6	22.3	7.0	318.8
1959	400.0	279.1	35.1	11.4	15.6	51.7	52.1	28.5	7.1	383.5	46.2	337.3	318.3	19.1	5.6	333.0
1960	414.5	294.2	34.2	12.0	15.8	49.9	49.7	26.7	8.4	401.0	50.9	350.0	333.0	17.0	4.9	340.2
1961	427.3	302.6	35.6	12.8	16.0	50.3	50.3	27.2	10.0	416.8	52.4	364.4	343.3	21.2	5.8	350.7
1962	457.7	323.6	37.1	13.0	16.7	55.7	55.4	31.2	11.6	442.6	57.4	385.3	363.7	21.6	5.6	367.3
1963	481.9	341.0	37.9	13.1	17.1	58.9	59.4	33.1	13.8	465.5	60.9	404.6	384.7	19.9	4.9	381.3
1964	518.1	365.7	40.2	12.1	18.0	66.3	66.8	38.4	15.8	497.5	59.4	438.1	411.9	26.2	6.0	407.9
1965	564.3	393.8	42.4	14.8	19.0	76.1	77.8	46.5	18.2	538.9	65.7	473.2	444.8	28.4	6.0	435.0
1966	620.6	435.5	45.2	16.1	20.0	82.4	84.2	49.9	21.4	587.2	75.4	511.9	479.3	32.5	6.4	458.9
1967	653.6	467.2	47.3	14.8	21.1	78.7	79.8	46.6	24.4	629.3	83.0	546.3	506.0	40.4	7.4	477.5
1968	711.1	514.6	49.5	14.7	21.2	84.3	87.6	47.8	26.9	688.9	97.9	591.0	551.2	39.8	6.7	499.0
1969	766.0	566.0	50.4	16.7	22.6	79.8	84.9	44.8	30.5	750.9	116.5	634.4	596.2	38.2	6.0	513.6
1970	800.5	603.9	50.0	16.9	23.9	69.2	74.0	39.3	36.5	808.3	116.6	691.7	635.5	56.2	8.1	534.8
1971	857.7	643.1	52.0	17.2	25.2	78.7	83.6	46.1	41.6	864.0	117.6	746.4	685.9	60.5	8.1	555.4
1972	946.5	707.1	54.9	21.0	25.9	92.2	93.2	57.7	45.6	944.9	142.4	802.5	749.9	52.6	6.6	580.5
1973	1065.6	786.0	57.6	38.5	26.1	105.1	122.7	72.9	52.3	1055.0	151.3	903.7	829.4	74.4	8.2	619.6

1. Personal saving as a percent of disposable personal income.

















Table with columns for years 1972, 1973, 1974 and sub-columns for months (Annual, Aug., Sept., Oct., Nov., Dec., Jan., Feb., Mar., Apr., May, June, July, Aug., Sept.).

COMMODITY PRICES

Table titled 'PRICES RECEIVED AND PAID BY FARMERS' containing data for prices received, prices paid, and parity ratio from 1972 to 1974.

CONSUMER PRICES

(U.S. Department of Labor Indexes)

Not Seasonally Adjusted

Main table of Consumer Prices, Not Seasonally Adjusted, covering categories like All items, Food, Housing, and Commodities less food from 1972 to 1974.

WHOLESALE PRICES

(U.S. Department of Labor Indexes)

Not Seasonally Adjusted

Table titled 'Wholesale Prices' containing data for spot market prices, raw industrials, and various stages of processing from 1972 to 1974.

1 Computed by BEA. 2 Includes data for items not shown separately. 3 Ratio of prices received, to prices paid (parity index). 4 For actual wholesale prices of individual commodities see respective commodities. 5 Effective June 1974 Survey, indexes have been restated to reflect new seasonal factors; data for periods prior to April 1973 on the new basis will be shown later.















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

**LABOR FORCE, EMPLOYMENT, AND EARNINGS—Continued**

<b>AVERAGE HOURS PER WEEK</b>																
<b>Seasonally Adjusted</b>																
Avg. weekly hours per worker on private nonagric. payrolls:†‡																
Not seasonally adjusted																
Seasonally adjusted																
Overtime hours																
Durable goods																
Nondurable goods																
Trans., comm., elec., gas, etc.																
Wholesale and retail trade																
Finance, insurance, and real estate																
Services																
<b>MAN-HOURS</b>																
<b>Seasonally Adjusted</b>																
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																
Mining																
Contract construction																
Manufacturing																
Transportation, comm., elec., gas																
Wholesale and retail trade																
Finance, insurance, and real estate																
Services																
Government																
Indexes of man-hours (aggregate weekly):‡§																
Private nonagric. payrolls, total: 1967=100																
Goods-producing																
Service-producing																
Wholesale and retail trade																
Retail trade																
Finance, insurance, and real estate																
Services																
<b>HOURLY AND WEEKLY EARNINGS</b>																
<b>Seasonally Adjusted</b>																
Average hourly earnings per worker:¶																
Not seasonally adjusted																
Private nonagric. payrolls																
Mining																
Contract construction																
Manufacturing																
Excluding overtime																
Durable goods																
Excluding overtime																
Ordinance and accessories																
Lumber and wood products																
Furniture and fixtures																
Stone, clay, and glass products																
Primary metal industries																
Fabricated metal products																
Machinery, except electrical																
Electrical equipment and supplies																
Transportation equipment																
Instruments and related products																
Miscellaneous manufacturing ind.																

† Revised. ‡ Preliminary. § See note "†", p. S-14.  
 ¶ Revised beginning June 1971 to correct errors of estimation; revisions appear at bottom of p. S-14, Oct. 1973 SURVEY. ¶ Production and nonsupervisory workers.  
 § Previously published data (Mar. 1971–May 1974) are being corrected; the revised data are scheduled for release in Dec. 1974.





Unless otherwise stated in footnotes below, data through 1972 and descriptive notes are as shown in the 1973 edition of BUSINESS STATISTICS

Table with columns for years 1972, 1973, 1973 (Aug, Sept, Oct, Nov, Dec), and 1974 (Jan, Feb, Mar, Apr, May, June, July, Aug, Sept).

FINANCE—Continued

Main data table containing sections: BANKING—Continued, Money and interest rates: \$, DISCOUNT RATE, FEDERAL INTERMEDIATE CREDIT BANK LOANS, HOME MORTGAGE RATES, OPEN MARKET RATES, YIELD ON U.S. GOVERNMENT SECURITIES, CONSUMER CREDIT (Short- and Intermediate-term), and SEASONALLY ADJUSTED.

\* Revised. † Preliminary. 1 Average for year. 2 Daily average. 3 Beginning Jan. 1973, data reflect changes in sample and weighting. ○ Adjusted to exclude interbank loans.

§ For bond yields, see p. S-21. † Beginning Jan. 1959, monthly data have been revised to reflect new seasonal factors and adjustment to benchmarks for the latest call date (June 30, 1973). Revisions are in the Nov. 1973 Federal Reserve Bulletin.





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

FINANCE—Continued

SECURITY MARKETS—Continued																
Bonds																
<b>Prices:</b>																
Standard & Poor's Corporation:																
High grade corporate:																
Composite ♂ dol. per \$100 bond.....																
Domestic municipal (15 bonds)..... do.....																
U.S. Treasury bonds, taxable ♀..... do.....																
<b>Sales:</b>																
Total, excl. U.S. Government bonds (SEC):																
All registered exchanges:																
Market value..... mil. \$.....																
Face value..... do.....																
New York Stock Exchange:																
Market value..... do.....																
Face value..... do.....																
New York Stock Exchange, exclusive of some stopped sales, face value, total..... mil. \$.....																
<b>Yields:</b>																
Domestic corporate (Moody's)..... percent.....																
By rating:																
Aaa..... do.....																
Aa..... do.....																
A..... do.....																
Baa..... do.....																
By group:																
Industrials..... do.....																
Public utilities..... do.....																
Railroads..... do.....																
Domestic municipal:																
Bond Buyer (20 bonds)..... do.....																
Standard & Poor's Corp. (15 bonds)..... do.....																
U.S. Treasury bonds, taxable ♂..... do.....																
<b>Stocks</b>																
Dividend rates, prices, yields, and earnings, common stocks (Moody's):																
Dividends per share, annual rate, composite																
dollars.....																
Industrials.....																
Public utilities.....																
Railroads.....																
N.Y. banks.....																
Property and casualty insurance cos.....																
Price per share, end of mo., composite..... do.....																
Industrials..... do.....																
Public utilities..... do.....																
Railroads..... do.....																
Yields, composite..... percent.....																
Industrials.....																
Public utilities.....																
Railroads.....																
N.Y. banks.....																
Property and casualty insurance cos.....																
Earnings per share (Indust., qtrly. at ann. rate; pub. util. and RR., for 12 mo. ending each qtr.):																
dollars.....																
Industrials.....																
Public utilities.....																
Railroads.....																
Dividend yields, preferred stocks, 10 high-grade (Standard & Poor's Corp.)..... percent.....																
<b>Prices:</b>																
Dow-Jones averages (65 stocks).....																
Industrial (30 stocks).....																
Public utility (15 stocks).....																
Transportation (20 stocks).....																
Standard & Poor's Corporation: ♂																
Industrial, public utility, and railroad:																
Combined index (500 stocks)..... 1941-43=10.....																
Industrial, total (425 stocks) ♀..... do.....																
Capital goods (116 stocks)..... do.....																
Consumers' goods (184 stocks)..... do.....																
Public utility (55 stocks)..... do.....																
Railroad (20 stocks)..... do.....																
<b>Banks:</b>																
New York City (9 stocks)..... do.....																
Outside New York City (16 stocks)..... do.....																
Property-liability insurance (16 stocks)..... do.....																

♂ Revised. ♀ Preliminary. ♂ Number of issues represents number currently used; the change in number does not affect continuity of the series. ¶ Prices are derived from average yields on basis of an assumed 3 percent 20-year bond. ○ For bonds due or callable in 10 years or more. ♀ 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

Table with columns for years 1972, 1973, 1973 (Aug-Dec), and 1974 (Jan-Aug), with sub-headers for Annual and monthly periods.

CHEMICALS AND ALLIED PRODUCTS—Continued

Main table for Chemicals and Allied Products, including sections for Industrial Gases, Organic Chemicals, Alcohol, and Plastics and Resin Materials.

ELECTRIC POWER AND GAS

Main table for Electric Power and Gas, including sections for Electric Power (Production, Sales) and Gas (Total utility gas, Sales to customers).

\* Revised. † Reported annual total; revisions are not distributed to the monthly data. § Data are not wholly comparable on a year to year basis because of changes from one classification to another. ¶ Data are reported on the basis of 100 percent content of the

specified material unless otherwise indicated. † Monthly revisions back to 1971 are available upon request. ¶ In the 1973 BUSINESS STATISTICS the unit reads "millions of gallons"; it should read "thousands of gallons."

























Table header with columns for years 1972, 1973, and 1974, and months from Jan to Sept. Includes a note: 'Unless otherwise stated in footnotes below, data through 1972 and descriptive notes are as shown in the 1973 edition of BUSINESS STATISTICS'

STONE, CLAY, AND GLASS PRODUCTS

Main data table for Stone, Clay, and Glass Products, including sub-sections for Portland Cement, Clay Construction Products, Glass and Glass Products, and Gypsum and Products (Qtrly).

TEXTILE PRODUCTS

Main data table for Textile Products, including sub-sections for Woven Fabrics (Gray Goods), Cotton, and Stocks.

Footnotes explaining symbols and data sources: Revised, Annual total, revisions not allocated to the months or quarter, Data cover 5 weeks; other months, 4 weeks, Crop for the year 1972, Crop for the year 1973, Monthly estimates of 1974 crop, Monthly revisions (1970-72) appear in 'Woven Fabrics; Production, Stocks, and Unfilled Orders,' M22A-Supplement 3 (Aug. 1973), Bureau of the Census, Includes data not shown separately, Stocks (owned by weaving mills and billed and held for others) exclude bedsheets, towel, and blanketing, and billed and held stocks of denims, Unfilled orders cover wool apparel (including polyester-wool) finished fabrics; production and stocks exclude figures for such finished fabrics. Orders also exclude bedsheets, towel, and blanketing, Cumulative ginnings to end of month indicated.



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

TEXTILE PRODUCTS—Continued

COTTON—Continued																	
<b>Cotton (excluding linters)—Continued</b>																	
Exports.....thous. bales..	3,089	5,495	329	266	269	257	592	545	598	778	638	561	496	426	261	-----	
Imports.....do..	75	33	( <sup>1</sup> )	6	3	3	1	3	3	11	6	3	3	5	6	-----	
Price (farm), American upland.....cents per lb..	1 27.2	1 44.6	37.5	38.2	38.0	39.5	47.6	50.7	52.0	53.4	58.4	48.7	48.0	45.8	44.9	44.2	
Price, Strict Low Middling, Grade 41, staple 34 (1 1/8"), average 10 markets.....cents per lb..	1 35.6	1 67.1	66.9	80.5	75.3	66.7	76.6	78.1	68.6	62.4	63.4	56.2	55.2	55.3	50.4	47.6	
<b>COTTON MANUFACTURES</b>																	
<b>Spindle activity (cotton system spindles):</b>																	
Active spindles, last working day, total.....mil..	18.3	18.0	18.0	18.1	18.1	18.1	18.0	18.1	18.1	18.3	18.0	17.9	17.9	17.9	17.9	-----	
Consuming 100 percent cotton.....do..	10.4	9.8	9.9	9.8	9.8	9.8	9.8	9.8	9.8	9.7	9.5	9.4	9.3	9.2	9.2	-----	
Spindle hours operated, all fibers, total.....bil..	115.9	116.2	9.0	8.9	11.5	9.2	8.2	11.4	9.4	9.3	11.0	9.1	8.9	9.3	8.3	-----	
Average per working day.....do..	.445	.447	.452	.444	.458	.460	.409	.455	.468	.467	.439	.457	.444	.371	.417	-----	
Consuming 100 percent cotton.....do..	67.7	63.1	4.9	4.8	6.1	4.9	4.4	6.0	5.0	5.0	5.8	4.8	4.6	4.9	4.3	-----	
<b>Cotton cloth:</b>																	
<b>Cotton broadwoven goods over 12" in width:</b>																	
Production (qtrly.).....mil. lin. yd..	5,616	5,086	-----	1,160	-----	-----	1,226	-----	-----	1,315	-----	-----	1,279	-----	-----	-----	
Orders, unfilled, end of period, as compared with avg. weekly production.....No. weeks' prod..	22.7	18.4	19.3	17.6	16.5	16.4	18.4	15.8	15.6	16.0	16.5	14.3	14.4	17.7	12.0	-----	
Inventories, end of period, as compared with avg. weekly production.....No. weeks' prod..	4.1	2.9	2.9	2.6	2.7	2.8	2.9	2.7	2.8	2.8	3.1	3.1	3.1	4.6	3.8	-----	
Ratio of stocks to unfilled orders (at cotton mills), end of period.....	.18	.16	.15	.15	.16	.17	.16	.17	.18	.17	.19	.22	.22	.26	.32	-----	
Exports, raw cotton equiv.....thous. bales..	409.2	459.4	33.9	42.5	43.8	44.8	43.3	44.1	43.6	52.9	51.0	51.5	51.2	44.2	36.7	-----	
Imports, raw cotton equiv.....do..	735.5	686.3	68.1	49.4	60.9	53.2	60.2	53.6	58.6	59.5	51.2	68.1	54.2	47.8	38.4	-----	
<b>MANMADE FIBERS AND MANUFACTURES</b>																	
Fiber production, qtrly. total.....mil. lb..	7,293.6	8,329.4	-----	2,077.2	-----	-----	2,129.6	-----	-----	2,077.6	-----	-----	2,153.2	-----	-----	-----	
Filament yarn (rayon and acetate).....do..	653.1	635.3	-----	153.7	-----	-----	158.9	-----	-----	145.4	-----	-----	146.5	-----	-----	-----	
Staple, incl. tow (rayon).....do..	713.2	696.7	-----	172.6	-----	-----	187.4	-----	-----	181.2	-----	-----	182.4	-----	-----	-----	
Noncellulosic, except textile glass:	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Yarn and monofilaments.....do..	2,773.3	3,339.6	-----	842.3	-----	-----	856.4	-----	-----	857.2	-----	-----	902.5	-----	-----	-----	
Staple, incl. tow.....do..	2,582.4	2,969.8	-----	738.2	-----	-----	745.4	-----	-----	723.5	-----	-----	747.7	-----	-----	-----	
Textile glass fiber.....do..	571.6	688.0	-----	170.4	-----	-----	181.5	-----	-----	170.3	-----	-----	174.1	-----	-----	-----	
Exports: Yarns and monofilaments.....thous. lb..	117,405	252,829	17,099	27,451	25,270	27,213	27,232	29,907	27,351	27,509	30,058	26,688	24,230	23,483	27,185	-----	
Staple, tow, and tops.....do..	205,485	316,441	21,196	29,190	29,687	25,025	28,425	34,536	25,248	32,515	29,950	34,019	39,543	34,649	30,144	-----	
Imports: Yarns and monofilaments.....do..	249,948	171,102	10,511	6,877	8,242	6,986	4,510	6,049	4,305	4,935	5,845	5,450	8,677	9,961	13,837	-----	
Staple, tow, and tops.....do..	157,857	164,251	13,033	11,032	14,487	13,266	8,861	13,358	6,439	10,254	10,937	8,760	11,361	9,164	12,485	-----	
Stocks, producers', end of period:	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Filament yarn (rayon and acetate).....mil. lb..	61.6	46.3	-----	48.4	-----	-----	46.3	-----	-----	36.4	-----	-----	38.1	-----	-----	-----	
Staple, incl. tow (rayon).....do..	61.5	34.0	-----	26.5	-----	-----	34.0	-----	-----	25.9	-----	-----	18.1	-----	-----	-----	
Noncellulosic fiber, except textile glass:	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Yarn and monofilaments.....do..	293.7	232.2	-----	254.8	-----	-----	232.2	-----	-----	223.5	-----	-----	207.0	-----	-----	-----	
Staple, incl. tow.....do..	298.1	186.5	-----	199.6	-----	-----	186.5	-----	-----	185.9	-----	-----	182.9	-----	-----	-----	
Textile glass fiber.....do..	84.0	72.5	-----	69.4	-----	-----	72.5	-----	-----	68.8	-----	-----	62.6	-----	-----	-----	
Prices, manmade fibers, f.o.b. producing plant:	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Staple: Polyester, 1.5 denier.....\$ per lb..	.62	1.61	.61	.61	.61	.61	.61	.61	.61	.61	.61	.61	.61	.61	.61	.61	
Yarn: Rayon (viscose), 150 denier.....do..	1.03	1.04	1.05	1.05	1.05	1.05	1.05	1.08	1.11	1.11	1.15	1.15	1.15	1.19	1.19	1.25	
Acrylic (spun), knitting, 2/20, 3-6D.....do..	1.22	1.30	1.32	1.32	1.32	1.32	1.32	1.32	1.32	1.32	1.35	1.38	1.36	1.35	1.31	1.31	
<b>Manmade fiber and silk broadwoven fabrics:</b>																	
Production (qtrly.), total.....mil. lin. yd..	5,567.3	6,108.7	-----	1,415.1	-----	-----	1,547.8	-----	-----	1,632.9	-----	-----	1,610.5	-----	-----	-----	
Filament yarn (100%) fabrics.....do..	1,723.0	1,895.0	-----	437.2	-----	-----	600.6	-----	-----	529.7	-----	-----	507.5	-----	-----	-----	
Chiefly rayon and/or acetate fabrics.....do..	506.2	473.1	-----	109.1	-----	-----	115.6	-----	-----	122.5	-----	-----	115.1	-----	-----	-----	
Chiefly nylon fabrics.....do..	377.1	365.8	-----	85.7	-----	-----	86.3	-----	-----	92.6	-----	-----	92.6	-----	-----	-----	
Spun yarn (100%) fab., exc. blanketing.....do..	3,112.4	3,526.8	-----	817.1	-----	-----	879.6	-----	-----	917.7	-----	-----	914.7	-----	-----	-----	
Rayon and/or acetate fabrics and blends.....do..	428.2	435.4	-----	105.3	-----	-----	99.7	-----	-----	96.3	-----	-----	85.6	-----	-----	-----	
Polyester blends with cotton.....do..	2,239.9	2,513.9	-----	571.8	-----	-----	622.8	-----	-----	646.5	-----	-----	653.2	-----	-----	-----	
Filament and spun yarn fabrics (combinations and mixtures).....mil. lin. yd..	501.9	474.8	-----	113.4	-----	-----	118.1	-----	-----	114.6	-----	-----	105.3	-----	-----	-----	
<b>WOOL AND MANUFACTURES</b>																	
<b>Wool consumption, mill (clean basis):</b>																	
Apparel class.....mil. lb..	142.2	109.9	8.4	7.7	10.0	6.8	6.2	7.8	6.3	6.4	7.2	6.6	6.5	5.6	-----	-----	
Carpet class.....do..	76.4	41.4	2.9	2.3	2.8	1.9	1.3	2.0	2.0	1.6	2.4	1.8	1.3	1.2	-----	-----	
Wool imports, clean yield.....do..	96.6	59.8	4.7	2.8	2.9	2.6	2.1	1.6	3.0	2.5	2.5	3.1	3.2	2.4	2.9	-----	
Duty-free (carpet class).....do..	71.8	40.6	3.5	2.1	2.2	1.4	1.3	1.1	1.1	1.7	1.6	1.8	2.2	1.4	2.0	-----	
<b>Wool prices, raw, clean basis, Boston:</b>																	
Good French combing and staple:	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Graded territory, fine.....\$ per lb..	1.157	2.500	2.750	2.750	2.630	2.419	2.375	2.360	2.225	1.975	1.850	1.712	1.788	1.650	1.605	1.625	
Graded fleece, 3/4 blood.....do..	.925	1.594	1.700	1.512	1.420	1.475	1.500	1.480	1.388	1.350	1.340	1.262	1.250	1.167	1.125	1.125	
Australian, 64s, warp and half-warp.....do..	1.321	3.035	3.210	2.942	2.741	2.596	2.818	2.725	2.532	2.400	2.357	2.376	2.332	2.057	1.965	1.945	
<b>Wool broadwoven goods, exc. felts:</b>																	
Production (qtrly.).....mil. lin. yd..	101.8	101.1	-----	23.7	-----	-----	19.3	-----	-----	26.0	-----	-----	24.4	-----	-----	-----	
<b>FLOOR COVERINGS</b>																	
<b>Carpet and rugs:<sup>*</sup></b>																	
<b>Rugs, carpet, and carpeting, shipments, quarterly:</b>																	
Total woven, tufted, other.....mil. sq. yds.	943.0	1,025.4	-----	257.4	-----	-----	261.3	-----	-----	242.8	-----	-----	257.1	-----	-----	-----	

<sup>1</sup> Revised. <sup>2</sup> Season average. <sup>3</sup> For 5 weeks; other months, 4 weeks. <sup>4</sup> Less than 500 bales. <sup>5</sup> Price not directly comparable with earlier data. <sup>6</sup> Annual total; revisions not distributed by months or quarters. <sup>7</sup> As of Nov. 1, 1973, Little Rock, Ark., and as of Aug. 1, 1974, Atlanta, Ga., deleted from average. <sup>8</sup> Preliminary season average (all cotton) based on sales through Mar. 1974. <sup>9</sup> Revised 1st and 2d qtr. 1973 (mil. yds.): 245.6; 261.1.   
<sup>\*</sup>New series. Cotton market price (U.S. Department of Agriculture) available monthly back to 1947. Carpet and rug shipments (Bureau of the Census) quarterly data back to 1968 are available. <sup>9</sup> 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	1972	1973	1973					1974							
	Annual		Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.

## TEXTILE PRODUCTS—Continued

APPAREL†																
Hosiery, shipments.....	thous. doz. pairs	228,723	228,269	23,066	19,982	22,077	18,079	14,929	17,007	16,482	19,783	17,358	17,699	20,988	18,815	20,638
Men's apparel cuttings:♂																
Suits.....	thous. units	18,174	16,701	1,480	1,401	1,589	1,471	1,142	1,511	1,384	1,554	1,451	1,505	1,165	1,107	
Coats (separate), dress and sport.....	do	18,202	18,801	1,689	1,541	1,775	1,660	1,260	1,499	1,414	1,630	1,759	1,866	1,573	1,613	
Trousers (separate), dress and sport.....	do	182,034	149,747	13,706	11,052	13,050	11,536	8,877	11,992	11,938	11,941	10,830	10,726	10,486	8,436	
Slacks (jean's-cut), casual*.....	thous. doz.	13,447	1,010	1,010	1,121	1,121	1,029	1,053	1,048	968	1,188	1,181	1,082	1,214	943	
Shirts, dress and sport.....	do	20,914	33,392	2,942	2,739	3,067	2,956	2,439	2,805	2,797	2,885	2,694	2,842	2,646	2,131	

## TRANSPORTATION EQUIPMENT

AEROSPACE VEHICLES																
Orders, new (net), qtrly. total.....	mil. \$	23,842	27,044	6,913				6,907			7,118			6,676		
U.S. Government.....	do	14,817	15,804	4,413				4,170			4,126			2,851		
Prime contract.....	do	21,274	24,377	6,245				6,202			6,466			6,061		
Sales (net), receipts, or billings, qtrly. total.....	do	21,499	24,305	6,650				6,476			6,199			6,193		
U.S. Government.....	do	13,492	14,488	3,597				3,792			3,490			3,905		
Backlog of orders, end of period ♀	do	26,922	29,661	29,830				29,661			30,580			30,063		
U.S. Government.....	do	15,322	16,695	16,317				16,695			17,331			16,277		
Aircraft (complete) and parts.....	do	13,060	13,544	13,739				13,544			13,879			13,085		
Engines (aircraft) and parts.....	do	2,572	2,821	2,768				2,821			3,102			3,281		
Missiles, space vehicle systems, engines, propulsion units, and parts.....	mil. \$	5,272	5,670	6,013				5,670			5,258			4,531		
Other related operations (conversions, modifications), products, services.....	mil. \$	2,990	2,897	2,869				2,897			3,141			3,549		
Aircraft (complete):																
Shipments.....	do	3,231.8	4,598.2	252.4	285.8	252.2	454.2	516.8	321.5	491.6	472.7	559.9	467.0	559.2	321.3	
Airframe weight.....	thous. lb.	47,694	64,370	4,196	4,112	3,856	5,717	6,855	3,437	6,332	6,310	6,907	6,239	6,821	4,374	
Exports, commercial.....	mil. \$	1,608.7	2,311.0	125.0	210.9	88.7	284.5	256.6	134.6	360.8	381.7	300.5	270.4	385.6	131.5	146.2
MOTOR VEHICLES																
Factory sales (from plants in U.S.), total.....	thous.	11,270.7	12,637.3	640.1	943.4	1,231.9	1,139.8	737.9	855.8	781.2	857.6	928.4	992.3	909.5	777.6	606.7
Domestic.....	do	10,646.8	11,865.7	603.6	878.0	1,143.7	1,062.3	691.9	787.5	708.2	773.8	840.8	910.2	834.5	731.6	565.2
Passenger cars, total.....	do	8,823.9	9,657.6	440.3	716.9	955.5	887.8	540.0	599.9	551.9	616.0	681.1	736.9	669.6	542.1	444.1
Domestic.....	do	8,352.5	9,078.8	415.7	666.1	887.2	827.1	507.1	552.1	501.5	557.1	617.4	679.0	618.2	515.2	415.8
Trucks and buses, total.....	do	2,446.8	2,979.7	199.7	226.5	276.4	252.0	197.8	255.9	229.3	241.7	247.3	255.4	239.9	235.5	162.6
Domestic.....	do	2,294.4	2,786.8	187.8	211.9	266.5	235.1	184.8	235.5	206.7	216.8	223.4	231.2	216.3	216.4	149.4
Retail sales, new passenger cars :																
Total, not seasonally adjusted.....	thous.	10,950	11,457	838	875	979	913	694	679	684	780	817	882	812	812	811
Domestics.....	do	9,327	9,676	686	754	858	778	574	551	568	654	703	767	698	691	668
Imports.....	do	1,623	1,781	152	121	122	135	120	128	116	126	114	115	114	121	143
Total, seasonally adjusted at annual rates.....	mil.			11.5	11.7	9.9	10.1	9.5	9.3	9.1	9.2	9.3	9.4	9.0	9.7	11.1
Domestics.....	do			9.9	10.2	8.4	8.4	7.7	7.7	7.6	7.7	8.0	8.2	7.8	8.4	9.5
Imports.....	do			1.7	1.5	1.5	1.8	1.8	1.7	1.6	1.4	1.3	1.2	1.3	1.6	1.7
Retail inventories, new cars (domestics), end of period:Δ																
Not seasonally adjusted.....	thous.	1,311	1,600	1,387	1,360	1,479	1,628	1,600	1,705	1,737	1,695	1,674	1,655	1,638	1,496	1,294
Seasonally adjusted.....	do	1,454	1,765	1,553	1,478	1,664	1,812	1,765	1,713	1,644	1,540	1,499	1,461	1,420	1,400	1,388
Inventory-sales ratio, new cars (domestics)Δ	ratio	2.0	2.0	1.9	1.7	2.4	2.6	2.7	2.7	2.6	2.4	2.2	2.1	2.2	2.0	1.8
Exports (Bureau of the Census):																
Passenger cars (new), assembled.....	thous.	410.25	509.19	20.95	40.33	54.46	43.18	52.66	42.37	47.06	56.10	64.31	59.78	51.68	34.71	27.42
To Canada.....	do	376.23	452.37	18.68	37.55	47.32	34.80	45.71	33.00	40.96	49.20	53.76	61.94	47.91	23.91	25.46
Trucks and buses (new), assembled.....	do	120.62	151.65	9.18	9.14	14.08	11.22	12.71	13.37	18.84	23.79	28.98	19.74	16.94	19.05	11.55
Imports (Bureau of the Census):																
Passenger cars (new), complete units.....	do	2,485.90	2,437.34	149.32	140.56	203.04	222.18	148.03	252.03	245.01	254.71	263.81	284.62	224.08	209.84	169.98
From Canada, total.....	do	842.30	871.56	28.86	61.60	85.62	84.03	52.77	74.28	87.65	80.08	59.35	87.05	64.05	49.37	46.12
Trucks and buses.....	do	429.41	500.68	39.79	36.96	48.86	46.80	37.35	51.42	48.90	43.41	44.41	59.90	58.59	66.23	49.61
Truck trailers and chassis, complete (excludes detachables), shipments ⊕	number	143,310	164,641	12,997	12,915	15,585	14,839	14,201	15,240	15,273	16,854	15,564	15,905	16,339	14,878	
Vans.....	do	95,879	108,940	8,690	8,441	10,384	10,290	9,434	10,130	9,508	10,978	10,105	10,278	10,901	10,041	
Trailer bodies (detachable), sold separate.....	do	20,009	18,626	963	1,069	949	1,337	1,596	1,887	1,190	2,000	2,574	1,850			
Trailer chassis (detachable), sold separate.....	do	20,250	12,790	1,012	828	1,018	977	912	1,027	460	1,040	818	934	994	1,010	
Registrations (new vehicles):⊙																
Passenger cars.....	thous.	1,410,488	1,411,351	497.6	481.9	491.9	488.6	487.6	463.4	458.9	450.6	460.7	474.3	479.6	489.9	481.0
Imports, incl. domestically sponsored.....	do	1,152.9	1,172.0	151.1	132.6	116.5	119.6	141.8	110.8	103.4	114.9	106.4	98.9	107.2	122.4	124.9
Trucks.....	do	2,514	3,029	275.0	240.8	252.2	243.4	248.0	190.0	178.2	210.8	226.2	229.0	258.4	265.3	253.9
RAILROAD EQUIPMENT																
Freight cars (new), for domestic use—all railroads and private car lines (excludes rebuilt cars and cars for export):																
Shipments.....	number	147,535	58,252	4,464	4,797	6,373	5,929	5,246	5,862	4,003	5,355	4,723	5,570	5,711	5,240	6,557
Equipment manufacturers.....	do	142,073	54,814	4,215	4,505	6,016	5,606	4,820	5,701	3,876	5,112	4,418	5,413	5,591	4,724	6,110
New orders.....	do	147,915	105,765	5,461	8,142	13,535	9,736	11,797	11,246	6,731	10,514	13,393	7,200	6,302	11,388	6,933
Equipment manufacturers.....	do	142,343	102,136	5,461	7,442	13,410	9,436	11,745	8,921	6,231	10,345	11,412	7,200	6,102	4,388	6,933
Unfilled orders, end of period.....	do	21,244	67,199	47,067	50,781	57,313	60,799	67,199	72,622	75,228	79,725	88,335	89,379	89,320	93,410	93,876
Equipment manufacturers.....	do	17,666	65,380	44,408	47,714	55,078	58,606	65,380	68,689	70,922	75,493	82,427	83,628	83,489	81,095	81,918
Freight cars (revenue), class 1 railroads (AAR):§																
Number owned, end of period.....	thous.	1,411	1,395	1,396	1,395	1,393	1,395	1,395	1,398	1,394	1,394	1,395	1,393	1,392	1,387	1,382
Held for repairs, % of total owned.....	%	5.8	6.3	6.1	6.2	6.2	6.3	6.3	6.3	6.4	6.2	6.4	6.3	6.1	6.4	6.4
Capacity (carrying), total, end of mo. mil. tons.....	mil. tons	98.08	98.19	97.89	97.94	97.95	98.19	98.19	98.61	98.44	98.65	98.79	98.73	98.81	98.62	98.26
Average per car.....	tons	69.53	70.38	70.12	70.20	70.31	70.39	70.38	70.56	70.61	70.76	70.81	70.87	70.98	71.08	71.12

† Revised. † Annual total includes revisions not distributed by months. † Estimate of production, not factory sales. † Excludes 2 States. † Excludes 1 State. † Excludes 3 States. † Revisions appear in "Men's and Women's Selected Apparel Cuttings, 1971-72," A Suppl., 9/73 (Bu. Census). † Effective 1973, data reflect new benchmarks and include shirts (knitting mills) not included in data prior to 1973. † Data cover all types of men's jeans, but exclude dungarees, overalls, and work shirts prior to 1973.

⊕ Total includes backlog for nonrelated products and services and basic research. Δ Domestic include U.S.-type cars produced in the United States and Canada; Imports cover foreign-type cars and captive imports, and exclude domestics produced in Canada. † Effective Sept. 1973 SURVEY, data include imports of separate chassis and bodies. † Effective Feb. 1974 SURVEY, excludes shipments of dollies and converter gear. ⊙ Courtesy of R. L. Polk & Co.; republication prohibited. † Excludes railroad-owned private refrigerator cars and private line cars.

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