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1974 BUSINESS CAPITAL EXPENDITURES FOR AIR AND WATER  
POLLUTION ABATEMENT FELL SHORT OF EXPECTATIONS

Nonfarm business spent \$5.2 billion for new plant and equipment to abate air and water pollution in 1974, compared with \$4.9 billion in 1973, according to a survey conducted in November and December 1974 by the Bureau of Economic Analysis, an agency of the Social and Economic Statistics Administration of the U. S. Department of Commerce.

The 5-1/2 percent increase in antipollution spending compares with an increase of about 12 percent in total business expenditures on new plant and equipment in 1974. Expectations had been for a 32-1/2 percent increase in 1974, according to the survey conducted in 1973.

These figures are not adjusted for price change. The prices of capital goods, as measured by the implicit price deflator for fixed nonresidential investment, rose 9-1/2 percent in 1974. If prices of pollution abatement goods rose similarly, then real business capital spending for pollution abatement decreased in 1974. While BEA conducted its first survey of capital pollution abatement expenditures in 1973, data from other sources indicate that such spending has increased significantly in real terms each year since 1968.

Some of the difference between spending planned for 1974 and that actually realized may have been due to shortages or delays. However, a significant portion of the decrease is due to actual downward revision in planned installation of antipollution devices.

Much of business pollution abatement capital spending is either voluntary or is made in anticipation of legal requirements and in advance of deadlines for compliance. A part of such spending is therefore deferrable. Plans for pollution abatement projects may have been canceled or delayed in the second

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half of 1974 when capital goods prices rose dramatically and additional cash was needed to finance regular capital projects. Calls for relaxation of pollution abatement rules as a result of the energy crisis may also have played a part.

This slowdown is reflected in reported plans for 1975. Business expects to spend \$5.9 billion in 1975 for pollution abatement capital goods, a 13 percent increase from 1974. That compares with \$6.5 billion business had had reported in the 1973 survey as expected expenditure in 1974.

#### Industry detail

Five industries accounted for \$3.6 billion, or 69 percent, of all anti-pollution spending in 1974: electric utilities (\$1.5 billion), petroleum (\$0.7 billion), nonferrous metals (\$0.5 billion), paper (\$0.5 billion) and chemicals (\$0.4 billion). The same industries expect to spend \$4.0 billion, or 68 percent of the 1975 total planned spending for air and water pollution abatement. Four industries spent more than 10 percent of their total capital expenditures for pollution abatement purposes: nonferrous metals (21 percent), paper (18 percent), stone, clay, and glass (13 percent) and blast furnaces, steel works (11 percent). For 1975, the same industries account for planned pollution abatement spending in excess of 10 percent of their total planned capital spending.

Increases in 1975 are planned by petroleum--36 percent, machinery except electrical--33 percent, and blast furnaces, steel works--26 percent. About two-thirds of business antipollution spending goes for abating air pollution.

#### Spending for solid waste

Business also reported spending \$0.4 billion for new plant and equipment for handling solid waste in 1974 and plans to spend about the same in 1975. Solid waste spending was not covered in the 1973 survey.

Further statistical detail is provided in the attached table. Additional data and discussion will appear later in the Survey of Current Business, a monthly magazine published by the Bureau of Economic Analysis.

The Survey is available from District Offices of the Department of Commerce, or from the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402, at an annual subscription price of \$48.30, including weekly supplements.

Table 1.—Capital Expenditures by U.S. Business for the Abatement of Air and Water Pollution <sup>1/</sup>; 1974 and Planned 1975

	Expenditures for new plant and equipment (millions of dollars)											
	Total <sup>p/</sup>	1973			Total <sup>p/</sup>	1974			Total <sup>2/</sup>	1975		
		Pollution abatement				Pollution abatement				Pollution abatement		
		Total	Air	Water		Total	Air	Water		Total	Air	Water
All industries	100,076	4,938	3,176	1,762	111,451	5,219	3,343	1,876	116,578	5,900	3,745	2,155
Manufacturing	38,003	3,153	2,050	1,103	45,795	3,404	2,153	1,251	49,917	3,942	2,352	1,590
Durable goods <sup>3/</sup>	19,389	1,579	1,207	372	22,669	1,553	1,115	437	23,083	1,706	1,162	544
Primary metals <sup>3/</sup>	3,481	814	712	101	4,805	763	620	143	5,495	843	648	196
Blast furnace, steel works	1,407	230	163	67	2,030	230	160	70	2,554	289	197	92
Nonferrous	1,679	523	492	31	2,292	481	409	71	2,414	474	375	100
Electrical machinery	2,895	129	44	85	3,060	196	68	128	2,877	182	70	111
Machinery, except electrical	3,478	80	52	28	4,264	64	37	27	4,624	85	45	40
Transportation equipment	3,063	170	96	74	3,826	116	67	50	3,509	134	66	68
Motor vehicles	2,244	143	81	62	2,812	93	55	38	2,574	107	55	52
Aircraft	531	20	11	10	766	21	10	11	687	24	11	14
Stone, clay, and glass	1,503	144	123	22	1,483	188	174	14	1,363	198	175	23
Other durables <sup>3/</sup>	4,969	243	180	63	5,231	226	150	76	5,215	265	157	107
Nondurable goods <sup>3/</sup>	18,614	1,574	843	731	23,126	1,851	1,037	814	26,834	2,236	1,190	1,046
Food including beverage	3,048	152	68	84	3,206	140	56	85	3,196	168	66	102
Textile	787	29	9	20	849	25	10	15	704	31	8	23
Paper	1,893	355	174	181	2,546	466	308	158	2,904	458	262	196
Chemical	4,324	416	203	213	5,628	439	192	246	7,157	522	215	306
Petroleum	5,409	555	352	203	7,868	712	416	296	10,068	965	580	385
Rubber	1,567	48	26	23	1,475	44	33	11	1,378	68	44	24
Other nondurables	1,586	19	12	7	1,554	25	21	4	1,427	25	16	9
Nonmanufacturing	62,073	1,785	1,126	659	65,656	1,815	1,190	624	66,661	1,959	1,393	566
Mining	2,759	91	41	50	3,097	48	24	25	3,672	43	21	21
Railroad	1,939	16	5	11	2,484	27	12	14	3,172	36	15	21
Air transportation	2,413	15	12	4	1,970	6	4	2	1,781	10	7	3
Other transportation	1,605	11	6	5	2,034	40	11	28	2,337	53	18	36
Public utilities	19,087	1,451	921	530	20,597	1,530	1,031	499	21,462	1,618	1,210	408
Electric	16,250	1,409	906	503	17,649	1,488	1,011	477	17,869	1,568	1,177	391
Gas and other	2,837	42	15	27	2,948	42	20	22	3,595	51	33	18
Communication, commercial and other <sup>4/</sup>	34,270	201	142	58	35,474	164	108	56	34,237	199	122	76

p. Preliminary estimates as of survey date for comparability to pollution abatement data.

1. Excludes agricultural business; real estate operators; medical, legal, educational, and cultural service; and non-profit organizations. Excludes outlays charged to current account.
2. Estimates are based on expected capital expenditures reported by business in late November and December 1974. The estimates for 1975 have been adjusted when necessary for systematic biases in expectational data.
3. Includes industries not shown separately.
4. Includes trade, service, construction, finance, and insurance.

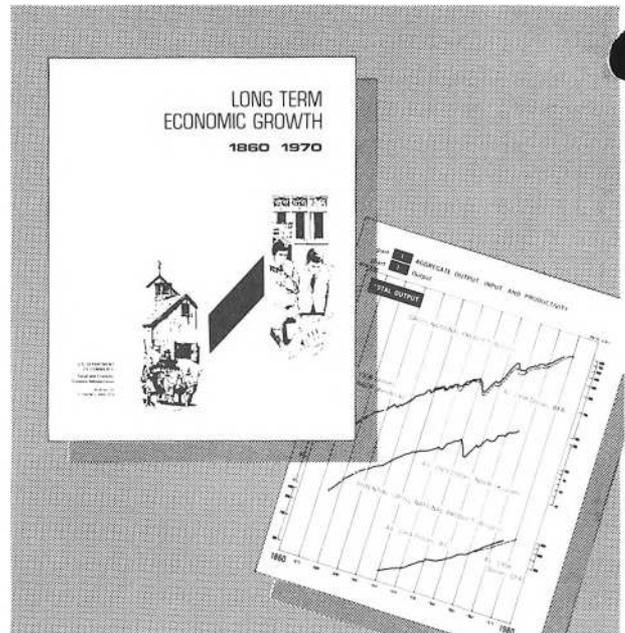
NOTE.—Details may not add to totals because of rounding.

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

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