

The Tax Cut

The direct income effects of the 1964 Federal tax reduction are shown in the accompanying two charts on personal and corporate income. In addition to raising disposable personal income and after-tax profits of the business sector, the tax law revisions also, of course, affected the Federal fiscal position.

Personal income and taxes

Since the tax cut became effective on March 5, its direct effects on disposable personal income can be traced most clearly by examining changes from the fourth quarter of 1963 to the second quarter of 1964. Over this period personal income rose by \$13½ billion, an advance not much different from the rise in the second half of 1963. Disposable income had advanced by an average of \$6 billion per quarter in the second half of last year, and—in the absence of the tax law changes—the increase in disposable income would have continued at roughly this rate in the opening two quarters of this year, given the actual increase in personal income.

In fact, spendable income was up much more sharply: by more than \$8 billion in the first quarter and by \$12 billion in the second quarter, or more than \$20 billion at an annual rate for the 6-month period. It is estimated that the tax reduction directly increased spendable income by roughly \$9 billion (annual rate) in the first half. The 2½ percent advance in disposable income, in the spring quarter, it may be noted, was the sharpest in the current expansion and the second largest quarterly advance since the end of the Korean War.

Due to a number of offsets the actual decline in total personal taxes (including State and local) over the half year was only \$6¼ billion rather than approximately \$9 billion. As economic activity and income continued to rise, State and local taxes increased by one-half of a billion dollars. The impact of rising incomes also tended to limit the decline in Federal personal taxes, which fell \$7¼ billion over the half year. The decrease in withheld income taxes was somewhat larger than this but other Federal taxes (especially payments under the quarterly declarations system)

Personal spending and saving

The tax cut has stimulated consumption expenditures this year although it is difficult to make a precise estimate of

the size of this increase. It is also evident that so far a good part of the tax cut has been saved.

As pointed out above, personal con-

Table 1.—Gross National Product in Current and Constant Dollars (I-3, I-5)

	1961	1962	1963	1963			1964		1961	1962	1963	1963			1964	
				II	III	IV	I	II				II	III	IV	I	II
				Seasonally adjusted at annual rates								Seasonally adjusted at annual rates				
Billions of current dollars											Billions of 1954 dollars					
Gross national product	518.7	556.2	583.9	577.4	587.2	599.0	608.8	618.6	447.9	476.4	492.6	487.9	494.8	502.0	508.0	513.5
Personal consumption expenditures	337.3	356.8	375.0	372.0	377.4	381.3	390.0	396.1	303.8	318.5	330.6	328.6	332.4	334.4	340.9	345.0
Durable goods.....	43.7	48.4	52.1	51.5	52.2	53.6	55.9	57.0	41.4	45.7	49.3	48.6	49.4	50.8	53.1	54.0
Nondurable goods.....	155.4	162.0	167.5	166.6	168.6	168.9	172.9	175.3	143.5	148.3	151.6	151.1	152.5	152.1	155.2	157.4
Services.....	138.3	146.4	155.3	153.9	156.6	158.8	161.1	163.8	118.9	124.5	129.7	128.9	130.6	131.6	132.6	133.7
Gross private domestic investment	68.8	79.1	82.0	80.2	82.8	87.1	85.9	87.2	57.4	65.9	67.7	66.2	68.1	71.7	70.1	70.8
New construction.....	41.0	44.2	46.6	45.9	47.2	48.3	49.2	48.9	34.3	36.7	37.9	37.5	38.2	39.0	39.6	39.2
Residential nonfarm.....	21.1	23.6	25.2	25.1	25.4	26.2	26.9	26.2	18.2	20.1	21.2	21.2	21.2	21.8	22.3	21.6
Other.....	19.8	20.6	21.3	20.8	21.9	22.1	22.3	22.7	16.1	16.5	16.7	16.4	17.0	17.2	17.3	17.5
Producers' durable equipment.....	25.9	29.0	31.0	30.7	31.4	32.4	34.2	34.6	21.4	24.0	25.6	25.4	25.9	26.8	28.1	28.3
Change in business inventories.....	1.9	5.9	4.4	3.6	4.2	6.4	2.5	3.7	1.7	5.2	4.1	3.3	4.0	5.9	2.4	3.3
Nonfarm.....	1.5	5.3	3.9	3.2	3.7	6.0	2.2	3.4	1.5	4.8	3.6	2.7	3.4	5.5	2.1	3.0
Farm.....	.3	.6	.5	.5	.5	.4	.3	.3	.2	.4	.5	.5	.6	.4	.3	.3
Net exports of goods and services	4.6	4.0	4.4	4.3	4.2	5.8	7.7	5.7	2.5	2.2	2.2	2.1	2.0	3.5	5.4	3.4
Exports.....	27.6	29.2	30.7	30.5	31.0	32.6	34.5	33.7	25.8	27.5	29.1	28.9	29.4	30.9	32.7	31.9
Imports.....	23.0	25.2	26.3	26.3	26.8	26.9	26.8	27.9	23.3	25.3	26.8	26.8	27.4	27.4	27.3	28.5
Government purchases of goods and services	108.0	116.3	122.6	120.9	122.8	124.8	125.2	129.6	84.3	89.8	92.1	91.0	92.3	92.4	91.6	94.3
Federal.....	57.4	62.9	64.7	64.3	64.4	64.9	64.3	67.1	44.8	49.4	49.7	49.4	49.6	48.9	47.8	49.8
National defense.....	49.0	53.6	55.2	55.2	55.5	55.3	54.0	57.0	-----	-----	-----	-----	-----	-----	-----	-----
Other.....	8.9	10.2	10.3	9.9	9.5	10.5	11.5	11.0	-----	-----	-----	-----	-----	-----	-----	-----
Less: Government sales.....	.6	.9	.8	.9	.6	.9	1.2	.9	-----	-----	-----	-----	-----	-----	-----	-----
State and local.....	50.6	53.5	57.9	56.7	58.4	59.9	60.9	62.5	39.4	40.3	42.4	41.7	42.7	43.4	43.8	44.5

Table 2.—National Income by Type of Income (I-8, I-9)

[Billions of dollars]

	1961	1962	1963	1963			1964	
				II	III	IV	I	II
				Seasonally adjusted at annual rates				
National income	426.9	455.6	478.5	474.6	481.9	490.0	498.4	506.6
Compensation of employees	302.2	323.1	340.3	338.1	342.7	347.7	352.5	358.6
Wages and salaries.....	278.8	297.1	312.1	310.1	314.3	318.8	323.2	328.7
Private.....	227.0	241.6	252.9	251.6	255.0	257.6	260.8	265.3
Military.....	10.2	10.8	10.9	10.7	10.7	11.7	11.7	11.7
Government civilian.....	41.6	44.7	48.3	47.8	48.7	49.6	50.7	51.7
Supplements to wages and salaries.....	23.4	25.9	28.2	27.9	28.4	28.8	29.4	29.9
Employer contributions for social insurance.....	11.8	13.6	15.1	15.0	15.2	15.4	15.7	15.9
Other labor income.....	11.6	12.3	13.1	13.0	13.2	13.4	13.7	14.0
Employer contributions to private pension and welfare funds.....	9.2	9.7	10.4	-----	-----	-----	-----	-----
Other.....	2.4	2.6	2.7	-----	-----	-----	-----	-----
Proprietors' income	48.2	49.8	50.6	50.1	50.7	51.5	51.2	51.7
Business and professional.....	35.3	36.6	37.6	37.3	37.8	38.3	38.6	39.1
Income of unincorporated enterprises.....	35.3	36.6	37.6	-----	-----	-----	-----	-----
Inventory valuation adjustment.....	0	0	0	-----	-----	-----	-----	-----
Farm.....	12.9	13.2	13.0	12.8	12.9	13.2	12.6	12.6
Rental income of persons	12.2	12.2	12.3	12.3	12.4	12.4	12.4	12.4
Corporate profits and inventory valuation adjustment	44.1	48.4	50.8	50.2	51.4	53.1	56.4	57.4
Profits before tax.....	44.2	48.2	51.3	51.1	51.3	54.3	56.6	57.4
Profits tax liability.....	22.3	23.2	24.6	24.5	24.5	26.0	25.4	25.8
Profits after tax.....	21.9	25.0	26.7	26.6	26.7	28.3	31.2	31.7
Dividends.....	15.2	16.5	18.0	17.7	17.9	19.1	19.4	19.8
Undistributed profits.....	6.7	8.5	8.7	8.9	8.9	9.2	11.8	11.9
Inventory valuation adjustment.....	-.1	.3	-.4	-.9	.2	-1.2	-.2	-.1
Net interest	20.1	22.1	24.4	24.0	24.7	25.4	25.9	26.5

1. Second-quarter national income total and the corporate profits share are based on preliminary estimates and are subject to revision in next month's SURVEY.

sumption expenditures increased by nearly \$15 billion from the close of 1963 to the spring of 1964. In the same period, personal saving rose \$5½ billion and the saving rate (personal saving as a percent of disposable income) rose from a little over 7 percent to a little over 8 percent. The second quarter rate is near the upper end of the comparatively narrow range of 6 to 8½ per-

cent in which the personal saving rate has fluctuated since the end of the Korean War. In the past increases in disposable income about as large as the 2¾ percent gain of the second quarter 1964 have typically been associated with large increases in the saving rate. However, the length of time it has taken for the rate to return to a more typical figure has varied.

Table 3.—Personal Income and Its Use (II-2)

[Billions of dollars]

	1961	1962	1963	1963			1964	
				II	III	IV	I	II
				Seasonally adjusted at annual rates				
Personal income	417.6	442.4	464.1	460.2	466.3	474.5	480.9	487.9
Wage and salary disbursements	278.8	297.1	312.1	310.1	314.3	318.8	323.2	328.7
Commodity-producing industries.....	110.8	118.5	123.3	122.9	124.1	125.5	126.7	128.9
Manufacturing only.....	87.5	94.2	98.0	97.7	98.5	99.9	100.6	102.4
Distributive industries.....	72.9	76.6	80.3	79.7	81.0	81.9	82.7	84.1
Service industries.....	43.4	46.4	49.3	49.0	49.9	50.2	51.3	52.4
Government.....	51.8	55.6	59.2	58.5	59.4	61.3	62.4	63.4
Other labor income	11.6	12.3	13.1	13.0	13.2	13.4	13.7	14.0
Proprietors' income	48.2	49.8	50.6	50.1	50.7	51.5	51.2	51.7
Business and professional.....	35.3	36.6	37.6	37.3	37.8	38.3	38.6	39.1
Farm.....	12.9	13.2	13.0	12.8	12.9	13.2	12.6	12.6
Rental income of persons	12.2	12.2	12.3	12.3	12.4	12.4	12.4	12.4
Dividends	15.2	16.5	18.0	17.7	17.9	19.1	19.4	19.8
Personal interest income	27.5	30.0	32.9	32.4	33.4	34.2	35.0	35.7
Transfer payments	33.6	34.7	36.7	36.3	36.5	37.2	38.3	38.0
Old-age and survivors insurance benefits.....	12.6	14.3	15.2	15.3	15.4	15.4	15.6	16.1
State unemployment insurance benefits.....	4.0	2.9	2.8	2.6	2.6	3.0	2.8	2.5
Veterans' benefits.....	4.8	4.8	5.0	5.0	5.0	5.1	5.2	5.3
Other.....	12.2	12.7	13.7	13.3	13.4	13.6	14.8	14.2
Less: Personal contributions for social insurance	9.6	10.3	11.8	11.7	11.9	12.1	12.3	12.5
Less: Personal tax and nontax payments	52.9	57.9	61.6	61.1	61.9	63.3	61.4	56.6
Federal.....	45.1	49.1	51.9	51.5	52.2	53.4	51.2	46.1
State and local.....	7.8	8.8	9.6	9.6	9.7	9.9	10.2	10.5
Equals: Disposable personal income	364.7	384.6	402.5	399.1	404.4	411.2	419.5	431.3
Less: Personal consumption expenditures	337.3	356.8	375.0	372.0	377.4	381.3	390.0	396.1
Equals: Personal saving	27.3	27.8	27.5	27.1	27.0	29.9	29.5	35.2
Addendum: Disposable personal income in constant (1954) dollars	328.2	343.4	354.9	352.6	356.3	360.7	366.7	375.7

Table 4.—Gross National Product by Major Type of Product in Current and Constant Dollars (I-6, I-7)

	1961	1962	1963	1963			1964		1961	1962	1963	1963			1964	
				II	III	IV	I	II				II	III	IV	I	II
				Seasonally adjusted at annual rates								Seasonally adjusted at annual rates				
Billions of current dollars									Billions of 1954 dollars							
Gross national product	518.7	556.2	583.9	577.4	587.2	599.0	608.8	618.6	447.9	476.4	492.6	487.9	494.8	502.0	508.0	513.5
Final sales.....	516.8	550.3	579.5	573.7	583.0	592.6	606.4	614.9	446.2	471.2	488.5	484.6	490.9	496.1	505.6	510.2
Inventory change.....	1.9	5.9	4.4	3.6	4.2	6.4	2.5	3.7	1.7	5.2	4.1	3.3	4.0	5.9	2.4	3.3
Goods output	259.8	279.5	290.2	290.1	289.8	296.7	300.7	308.0	233.6	250.3	258.1	257.7	257.8	263.2	266.2	271.8
Final sales.....	257.9	273.6	285.8	286.5	285.7	290.3	298.2	304.3	232.0	245.1	254.0	254.4	253.8	257.3	263.8	268.5
Inventory change.....	1.9	5.9	4.4	3.6	4.2	6.4	2.5	3.7	1.7	5.2	4.1	3.3	4.0	5.9	2.4	3.3
Durable goods output	94.4	105.3	110.4	113.7	108.1	113.4	114.9	121.4	82.1	91.7	96.3	98.7	94.3	99.0	100.4	105.4
Final sales.....	94.5	102.3	108.2	111.0	106.6	110.4	114.3	119.0	82.1	89.2	94.4	96.4	93.0	96.4	99.8	103.3
Inventory change.....	-.1	3.0	2.2	2.7	1.5	3.0	.7	2.5	-.1	2.6	1.9	2.3	1.2	2.6	.6	2.1
Nondurable goods output	165.4	174.2	179.8	176.4	181.8	183.3	185.7	186.6	151.6	158.6	161.8	159.0	163.6	164.2	165.8	166.4
Final sales.....	163.4	171.3	177.6	175.5	179.1	179.9	183.9	185.4	149.8	155.9	159.6	158.0	160.8	160.9	164.0	165.2
Inventory change.....	2.0	2.9	2.2	.9	2.7	3.4	1.8	1.2	1.7	2.6	2.3	1.0	2.7	3.3	1.8	1.2
Services	200.8	214.7	228.4	223.5	231.2	234.5	239.6	241.7	165.4	174.8	181.4	178.1	183.5	184.2	186.8	186.7
Construction	58.1	62.0	65.2	63.7	66.2	67.8	68.6	68.9	48.9	51.3	53.0	52.1	53.5	54.6	55.0	55.0
Addendum: Auto product	17.7	21.9	24.4	24.2	24.3	25.6	25.8	26.4	14.8	18.3	20.4	20.1	20.4	21.6	21.7	22.0

Corporate income and taxes

In contrast to the personal income tax cut, the entire direct effects of the corporate tax reduction were reflected in first quarter after-tax profits. The decline in the tax rate, coupled with a continued gain in corporate before-tax profits, led to a very sharp increase in after-tax earnings.

In the first quarter, the \$2¼ billion rise in profits before taxes (excluding the inventory valuation adjustment) at the old tax rates would have yielded a rise in after-tax profits of about \$1¼ billion. The actual rise was nearly \$3 billion, so that roughly \$1¼ billion is traceable to the new tax law. After-tax profits advanced slightly in the second quarter, reflecting a rise in before-tax profits of about three-quarters of a billion dollars.

Federal corporate tax accruals actually declined by only one-half of a billion dollars from fourth quarter to first, as the jump in profits before taxes nearly offset the effects of the tax reduction (see chart).

Dividends have continued to rise at a moderate pace this year so that most of the increase in after-tax income has gone into retained earnings. The latter have risen by \$2¼ billion in the past 6 months. The increase in corporate internal funds—retained earnings plus capital consumption allowances—has been \$3¼ billion, or nearly one-tenth, since the fourth quarter.

The Federal Budget

Reflecting the initial full quarter effects of reduced receipts due to the tax cut and the increase in defense expenditures, the Federal deficit on income and product account was \$9 billion at a seasonally adjusted annual rate in the second quarter. This was a sharp change from the small deficit incurred in the first quarter, which was mainly the result of the drop in taxes, stemming from the new tax law. In 1963, with revenues rising in line with economic activity and with total Federal outlays changing little during the year, there was a steady decline in the deficit, from an annual rate of nearly \$5 billion in the opening quarter of the year to an approximate balance in the closing quarter.

Current BUSINESS STATISTICS



THE STATISTICS here update series published in the 1963 edition of BUSINESS STATISTICS, biennial Statistical Supplement to the SURVEY OF CURRENT BUSINESS. That volume (price \$2.00) contains data by months, or quarters, for the years 1959 through 1962 (1951-62, for major quarterly series) and averages of monthly or quarterly data for all years back to 1939; it also provides a description of each series and references to sources of earlier figures. Series added or significantly revised after the 1963 BUSINESS STATISTICS went to press are indicated by an asterisk (*) and a dagger (†), respectively; certain revisions for 1962 issued too late for inclusion in the aforementioned volume appear in the monthly SURVEY beginning with the August 1963 issue. Also, unless otherwise noted, revised monthly data (for periods not shown herein) corresponding to revised monthly averages are available upon request. Except as otherwise stated, the terms "unadjusted" and "adjusted" refer to adjustment for seasonal variation.

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Unless otherwise stated, statistics through 1962 and descriptive notes are shown in the 1963 edition of BUSINESS STATISTICS	1961	1962	1963	1961				1962				1963				1964		
	Annual total			III	IV	I	II	III	IV	I	II	III	IV	I	II	III		
	Seasonally adjusted quarterly totals at annual rates																	

GENERAL BUSINESS INDICATORS—Quarterly Series

NATIONAL INCOME AND PRODUCT															
National income, total†..... bil. \$.....	426.9	455.6	478.5	429.7	442.4	447.2	454.3	457.8	463.2	467.9	474.6	481.9	490.0	498.4	†506.6
Compensation of employees, total..... do.....	302.2	323.1	340.3	304.7	310.7	316.6	322.4	325.3	328.0	332.7	338.1	342.7	347.7	352.5	358.6
Wages and salaries, total..... do.....	278.8	297.1	312.1	281.1	286.8	291.2	296.6	299.2	301.6	305.3	310.1	314.3	318.8	323.2	328.7
Private..... do.....	227.0	241.6	252.9	228.9	233.2	236.5	241.5	243.5	244.8	247.5	251.6	255.0	257.6	260.8	265.3
Military..... do.....	10.2	10.8	10.9	10.0	10.8	11.1	11.0	10.7	10.5	10.6	10.7	10.7	11.7	11.7	11.7
Government civilian..... do.....	41.6	44.7	48.3	42.2	42.8	43.6	44.1	45.0	46.3	47.2	47.8	48.7	49.6	50.7	51.7
Supplements to wages and salaries..... do.....	23.4	25.9	28.2	23.6	23.9	25.4	25.8	26.1	26.4	27.4	27.9	28.4	28.8	29.4	29.9
Proprietors' income, total‡..... do.....	48.2	49.8	50.6	48.5	49.6	50.0	49.9	49.7	49.7	50.3	50.1	50.7	51.5	51.2	51.7
Business and professional‡..... do.....	35.3	36.6	37.6	35.7	36.3	36.3	36.6	36.7	36.9	37.1	37.3	37.8	38.3	38.6	39.1
Farm..... do.....	12.9	13.2	13.0	12.8	13.3	13.7	13.3	13.0	12.8	13.2	12.8	12.9	13.2	12.6	12.6
Rental income of persons..... do.....	12.2	12.2	12.3	12.2	12.2	12.2	12.2	12.2	12.2	12.3	12.3	12.4	12.4	12.4	12.4
Corporate profits and inventory valuation adjustment, total..... bil. \$.....	44.1	48.4	50.8	44.0	49.0	47.1	48.0	48.3	50.3	49.1	50.2	51.4	53.1	56.4	†57.4
Corporate profits before tax, total..... do.....	44.2	48.2	51.3	44.3	49.3	47.2	47.9	48.1	49.4	48.9	51.1	51.3	54.3	56.6	†57.4
Corporate profits tax liability..... do.....	22.3	23.2	24.6	22.3	24.8	22.7	23.0	23.1	23.8	23.4	24.5	24.5	26.0	25.4	†25.8
Corporate profits after tax..... do.....	21.9	25.0	26.7	22.0	24.5	24.5	24.9	25.0	25.7	25.5	26.6	26.7	28.3	31.2	†31.7
Dividends..... do.....	15.2	16.5	18.0	15.1	15.7	16.1	16.4	16.5	17.1	17.2	17.7	17.9	19.1	19.4	†19.8
Undistributed profits..... do.....	6.7	8.5	8.7	6.9	8.8	8.4	8.5	8.5	8.6	8.3	8.9	8.9	9.2	11.8	†11.9
Inventory valuation adjustment..... do.....	-1	.3	-4	-3	-3	-1	.0	.1	.9	.2	-9	.2	-1.2	-2	-1
Net interest..... do.....	20.1	22.1	24.4	20.4	20.9	21.3	21.8	22.3	22.9	23.5	24.0	24.7	25.4	25.9	26.5
Gross national product, total†..... do.....	518.7	556.2	583.9	522.4	536.9	545.5	553.4	559.0	566.6	571.8	577.4	587.2	599.0	608.8	†618.6
Personal consumption expenditures, total..... do.....	337.3	356.8	375.0	339.1	345.2	350.5	354.0	358.5	364.0	369.2	372.0	377.4	381.3	390.0	†396.1
Durable goods, total‡..... do.....	43.7	48.4	52.1	44.3	46.0	47.4	47.7	48.4	50.2	51.1	51.5	52.2	53.6	55.9	†57.0
Automobiles and parts..... do.....	17.1	20.6	22.7	17.4	18.6	19.7	20.3	20.5	21.8	22.4	22.6	23.2	24.3	24.1	24.1
Furniture and household equipment..... do.....	19.3	20.2	21.4	19.5	19.9	20.1	19.9	20.3	20.6	20.8	21.0	21.6	22.3	23.1	24.2
Nondurable goods, total‡..... do.....	155.4	162.0	167.5	155.7	157.8	159.5	161.0	162.9	164.4	166.0	166.6	168.6	168.9	172.9	†175.3
Clothing and shoes..... do.....	28.7	29.9	30.7	28.7	29.4	29.6	29.7	30.0	30.2	30.4	30.1	31.3	30.9	32.1	33.2
Food and alcoholic beverages..... do.....	81.3	84.6	87.1	81.4	82.2	83.2	84.1	85.2	85.9	86.4	86.9	87.3	87.8	89.7	90.6
Gasoline and oil..... do.....	11.9	12.3	12.8	11.9	12.0	12.2	12.2	12.3	12.5	12.7	12.8	12.9	13.0	13.3	13.5
Services, total‡..... do.....	138.3	146.4	155.3	139.1	141.4	143.6	145.3	147.2	149.5	152.1	153.9	156.6	158.8	161.1	†163.8
Household operation..... do.....	20.4	21.6	22.7	20.6	20.9	21.3	21.3	21.7	22.0	22.4	22.4	22.9	23.0	23.5	24.0
Housing..... do.....	44.2	46.5	48.9	44.4	45.0	45.6	46.2	46.8	47.5	48.0	48.6	49.2	49.8	50.5	51.1
Transportation..... do.....	10.7	11.3	11.7	10.7	10.8	11.1	11.2	11.4	11.5	11.6	11.7	11.7	11.8	12.0	12.2
Gross private domestic investment, total..... do.....	68.8	79.1	82.0	71.3	74.9	77.4	78.9	80.2	79.9	77.9	80.2	82.8	87.1	85.9	†87.2
New construction..... do.....	41.0	44.2	46.6	41.3	41.9	42.5	44.1	45.5	44.9	44.7	45.9	47.2	48.3	49.2	†48.9
Residential nonfarm..... do.....	21.1	23.6	25.2	21.5	22.1	22.5	23.5	24.4	24.0	24.3	25.1	25.4	26.2	26.9	†26.2
Producers' durable equipment..... do.....	25.9	29.0	31.0	26.3	27.4	28.1	28.8	29.6	29.7	29.6	30.7	31.4	32.4	34.2	†34.6
Change in business inventories..... do.....	1.9	5.9	4.4	3.7	5.6	6.9	6.1	5.1	5.4	3.6	3.6	4.2	6.4	2.5	†3.7
Nonfarm..... do.....	1.5	5.3	3.9	3.3	5.2	6.4	5.5	4.4	4.8	3.0	3.2	3.7	6.0	2.2	†3.4
Net exports of goods and services..... do.....	4.6	4.0	4.4	4.2	4.3	3.4	4.3	4.4	3.9	3.4	4.3	4.2	5.8	7.7	†5.7
Exports..... do.....	27.6	29.2	30.7	27.8	28.4	28.0	29.6	29.7	29.4	28.8	30.5	31.0	32.6	34.5	†33.7
Imports..... do.....	23.0	25.2	26.3	23.7	24.1	24.6	25.3	25.3	25.5	25.4	26.3	26.8	26.9	26.8	†27.9
Govt. purchases of goods and services, total..... do.....	108.0	116.3	122.6	107.9	112.6	114.3	116.1	115.9	118.7	121.4	120.9	122.8	124.8	125.2	†129.6
Federal (less Government sales)..... do.....	57.4	62.9	64.7	57.1	59.8	61.4	63.6	62.4	63.8	65.1	64.3	64.4	64.9	64.3	†67.1
National defense‡..... do.....	49.0	53.6	55.2	48.6	50.9	52.5	55.3	53.0	55.5	54.8	55.2	55.5	55.3	54.0	57.0
State and local..... do.....	50.6	53.5	57.9	50.9	52.8	52.8	52.5	53.5	54.8	56.3	56.7	58.4	59.9	60.9	62.5
By major type of product:†															
Final sales, total..... do.....	516.8	550.3	579.5	518.7	531.4	538.7	547.3	554.0	561.2	568.2	573.7	583.0	592.6	606.4	614.9
Goods, total..... do.....	257.9	273.6	285.8	258.8	264.8	268.9	273.5	273.9	278.2	280.9	286.5	285.7	290.3	298.2	304.3
Durable goods..... do.....	94.5	102.3	108.2	95.4	98.4	100.2	103.5	101.4	104.1	105.0	111.0	106.6	110.4	114.3	119.0
Nondurable goods..... do.....	163.4	171.3	177.6	163.4	166.5	168.7	170.0	172.6	174.1	175.8	175.5	179.1	179.9	183.9	185.4
Services..... do.....	200.8	214.7	228.4	201.8	206.8	210.0	212.2	216.8	220.0	224.7	223.5	231.2	234.5	239.6	241.7
Construction..... do.....	58.1	62.0	65.2	58.2	59.7	59.8	61.6	63.2	63.0	62.7	63.7	66.2	67.8	68.6	68.9
Inventory change, total..... do.....	1.9	5.9	4.4	3.7	5.6	6.9	6.1	5.1	5.4	3.6	3.6	4.2	6.4	2.5	3.7
Durable goods..... do.....	-1	3.0	2.2	2.3	3.6	3.9	3.1	3.1	1.8	1.5	2.7	1.5	3.0	.7	2.5
Nondurable goods..... do.....	2.0	2.9	2.2	1.4	2.0	2.9	3.0	2.0	3.6	2.0	.9	2.7	3.4	1.8	1.2

† Revised. ‡ Preliminary. † Revised series. Estimates of national income and product and personal income have been revised back to 1961 (see p. 8 ff. of the July 1964 SURVEY); revisions prior to May 1963 for personal income appear on p. 15 of the July 1964 SURVEY.

⊕ Includes inventory valuation adjustment. ⊕ Includes data not shown separately. ‡ Government sales are not deducted.

Unless otherwise stated, statistics through 1962 and descriptive notes are shown in the 1963 edition of BUSINESS STATISTICS	1961	1962	1963	1961		1962				1963				1964		
	Annual total			III	IV	I	II	III	IV	I	II	III	IV	I	II	III

GENERAL BUSINESS INDICATORS—Quarterly Series—Continued

NATIONAL INCOME AND PRODUCT—Con.																
Quarterly Data Seasonally Adjusted at Annual Rates																
GNP in constant (1954) dollars																
Gross national product, total..... bil. \$..	447.9	476.4	492.6	450.6	462.5	469.1	475.1	478.3	483.0	485.4	487.9	494.8	502.0	508.0	513.5	
Personal consumption expenditures, total..... do....	303.8	318.5	330.6	305.1	310.0	314.2	316.6	319.8	323.6	327.0	328.6	332.4	334.4	340.9	345.0	
Durable goods..... do.....	41.4	45.7	49.3	41.8	43.7	44.8	44.9	45.6	47.6	48.5	48.6	49.4	50.8	53.1	54.0	
Nondurable goods..... do.....	143.5	148.3	151.6	143.9	145.6	146.6	147.8	149.1	149.5	150.7	151.1	152.5	152.1	155.2	157.4	
Services..... do.....	118.9	124.5	129.7	119.4	120.8	122.7	123.8	125.0	126.5	127.8	128.9	130.6	131.6	132.6	133.7	
Gross private domestic investment, total..... do....	57.4	65.9	67.7	59.4	62.7	64.8	65.8	66.3	66.5	64.7	66.2	68.1	71.7	70.1	70.8	
New construction..... do.....	34.3	36.7	37.9	34.6	35.2	35.5	36.6	37.5	37.0	36.8	37.5	38.2	39.0	39.6	39.2	
Producers' durable equipment..... do.....	21.4	24.0	25.6	21.6	22.7	23.2	23.8	24.4	24.7	24.6	25.4	25.9	26.8	28.1	28.3	
Change in business inventories..... do.....	1.7	5.2	4.1	3.2	4.8	6.1	5.4	4.4	4.9	3.4	3.3	4.0	5.9	2.4	3.3	
Net exports of goods and services..... do.....	2.5	2.2	2.2	2.0	2.1	1.3	2.8	2.8	2.1	1.3	2.1	2.0	3.5	5.4	3.4	
Govt. purchases of goods and services, total..... do....	84.3	89.8	92.1	84.0	87.7	88.8	89.9	89.4	90.7	92.4	91.0	92.3	92.4	91.6	94.3	
Federal..... do.....	44.8	49.4	49.7	44.6	47.0	48.4	50.2	49.2	49.9	50.7	49.4	49.6	48.9	47.8	49.8	
State and local..... do.....	39.4	40.3	42.4	39.4	40.7	40.4	39.8	40.2	40.9	41.8	41.7	42.7	43.4	43.8	44.5	
DISPOSITION OF PERSONAL INCOME†																
Quarterly Data Seasonally Adjusted at Annual Rates																
Personal income, total..... bil. \$..	417.6	442.4	464.1	420.6	428.6	434.7	441.0	444.5	449.7	455.2	460.2	466.3	474.5	480.9	487.9	
Less: Personal tax and nontax payments..... do....	52.9	57.9	61.6	53.3	54.4	56.1	57.6	58.5	59.3	60.1	61.1	61.9	63.3	61.4	56.6	
Equals: Disposable personal income..... do.....	364.7	384.6	402.5	367.3	374.2	378.5	383.4	386.0	390.4	395.1	399.1	404.4	411.2	419.5	431.3	
Personal saving \$..... do.....	27.3	27.8	27.5	28.2	29.1	28.0	29.4	27.5	26.4	25.9	27.1	27.0	29.9	29.5	35.2	
NEW PLANT AND EQUIPMENT EXPENDITURES																
Unadjusted quarterly or annual totals:																
All industries..... bil. \$..	34.37	37.31	39.22	8.65	9.54	8.02	9.50	9.62	10.18	8.25	9.74	10.14	11.09	9.40	11.05	11.19
Manufacturing..... do.....	13.68	14.68	15.69	3.34	3.88	3.14	3.69	3.72	4.13	3.27	3.92	3.95	4.56	3.79	4.54	4.62
Durable goods industries..... do.....	6.27	7.03	7.85	1.50	1.79	1.44	1.77	1.79	2.03	1.62	1.96	1.96	2.31	1.93	2.29	2.23
Nondurable goods industries..... do.....	7.40	7.65	7.84	1.84	2.09	1.69	1.92	1.93	2.10	1.65	1.95	1.99	2.25	1.87	2.26	2.39
Mining..... do.....	.98	1.08	1.04	.25	.26	.26	.27	.28	.27	.24	.26	.27	.28	.26	.28	.28
Railroads..... do.....	.67	.85	1.10	.16	.16	.16	.26	.24	.20	.21	.28	.29	.33	.32	.38	.34
Transportation, other than rail..... do.....	1.85	2.07	1.92	.47	.50	.47	.60	.50	.50	.39	.54	.45	.54	.51	.60	.53
Public utilities..... do.....	5.52	5.48	5.65	1.50	1.54	1.06	1.37	1.54	1.52	1.04	1.40	1.60	1.61	1.18	1.53	1.63
Communications..... do.....	3.22	3.63	3.79	.78	.88	.88	.93	.87	.95	.85	.95	.93	1.06	.97		
Commercial and other..... do.....	8.46	9.52	10.03	2.16	2.32	2.06	2.37	2.48	2.60	2.26	2.41	2.64	2.72	2.37	3.72	3.79
Seas. adj. qtrly. totals at annual rates:																
All industries..... do.....				34.70	35.40	35.70	36.95	38.35	37.95	36.95	38.05	40.00	41.20	42.55	43.35	44.30
Manufacturing..... do.....				13.65	14.00	14.20	14.45	15.05	15.00	14.85	15.30	15.95	16.45	17.40	17.85	18.60
Durable goods industries..... do.....				6.10	6.40	6.55	6.95	7.25	7.30	7.35	7.65	8.00	8.30	8.85	8.95	9.00
Nondurable goods industries..... do.....				7.55	7.60	7.60	7.50	7.80	7.70	7.50	7.65	8.00	8.15	8.55	8.90	9.55
Mining..... do.....				1.00	1.00	1.15	1.05	1.10	1.00	1.05	1.00	1.05	1.05	1.15	1.05	1.10
Railroads..... do.....				.65	.60	.70	.95	1.00	.80	.90	1.00	1.20	1.35	1.40	1.30	1.35
Transportation, other than rail..... do.....				1.90	1.95	2.05	2.25	2.00	1.90	1.70	2.05	1.85	2.10	2.30	2.15	2.15
Public utilities..... do.....				5.65	5.55	5.15	5.40	5.75	5.45	5.20	5.45	5.90	5.80	5.95	6.15	6.00
Communications..... do.....				3.20	3.35	3.70	3.65	3.60	3.60	3.55	3.65	3.85	4.05	4.05		
Commercial and other..... do.....				8.60	9.00	8.75	9.25	9.85	10.20	9.65	9.65	10.20	10.45	10.25	14.85	15.05
BUSINESS POPULATION																
Firms in operation, end of quarter (seasonally adjusted)..... thous.	4,471.3	4,475.5	4,479.7	4,760	4,770	4,780	4,790	4,800	4,815	4,825	4,835	4,850	4,860	4,875	4,895	
U.S. BALANCE OF INTERNATIONAL PAYMENTS‡																
Quarterly Data are Seasonally Adjusted																
U.S. payments, recorded..... mil. \$..	31,791	33,486	35,710	8,005	8,616	8,447	8,151	8,312	8,576	8,603	9,679	8,383	9,045	9,113		
Imports:																
Merchandise..... do.....	14,497	16,134	16,931	3,826	3,881	3,948	4,058	4,088	4,040	4,017	4,197	4,353	4,364	4,347	4,550	
Military expenditures..... do.....	2,954	3,044	2,897	695	714	758	749	745	792	747	731	711	708	720		
Other services..... do.....	5,401	5,843	6,332	1,346	1,389	1,412	1,462	1,465	1,504	1,529	1,578	1,595	1,630	1,613		
Remittances and pensions..... do.....	705	738	826	174	174	187	189	177	185	213	219	203	191	202		
Govt. grants and capital outflows..... do.....	4,054	4,293	4,522	1,034	1,206	1,074	1,065	1,066	1,088	1,041	1,333	1,009	1,139	897		
U.S. private capital (net)..... do.....	4,180	3,434	4,202	930	1,252	1,068	628	771	967	1,056	1,621	512	1,013	1,334		
Direct investments..... do.....	1,599	1,654	1,892	435	377	260	446	417	531	581	451	236	594	463		
Long-term portfolio..... do.....	1,025	1,227	1,644	259	445	390	303	208	326	521	598	302	223	226		
Short-term..... do.....	1,556	553	696	236	430	418	-121	146	110	-46	572	-26	196	645		
U.S. receipts, recorded..... do.....	30,410	32,394	33,352	7,262	7,717	7,706	7,925	8,408	8,355	7,655	8,337	8,528	8,832	9,179		
Exports:																
Merchandise..... do.....	19,913	20,576	21,938	4,987	5,121	5,032	5,237	5,288	5,019	4,984	5,459	5,597	5,898	6,087	6,020	
Services and military sales..... do.....	8,525	9,508	9,735	2,134	2,187	2,198	2,397	2,339	2,574	2,432	2,421	2,375	2,507	2,771		
Repayments on U.S. Govt. loans..... do.....	1,274	1,280	969	99	196	150	237	606	287	166	190	424	189	216		
Foreign capital other than liquid funds (net)..... do.....	707	1,030	710	42	213	326	54	175	475	73	267	132	238	105		
Excess of recorded receipts or payments (-)..... do.....	-1,372	-1,092	-2,358	-743	-899	-711	-226	96	-221	-948	-1,342	145	-213	66		
Unrecorded transactions (net)..... do.....	-998	-1,111	-286	43	-332	-7	-214	-430	-460	-124	42	-277	73	-108		
Total, net receipts or payments (-)..... do.....	-2,370	-2,203	-2,644	-700	-1,231	-748	-440	-334	-681	-1,072	-1,300	-132	-140	-42	-789	
Net receipts or payments (-), incl. transactions in nonmarketable, medium-term convertible Govt. securities..... mil. \$..			-1,942							-722	-1,148	43	-115	-42	-667	

† Revised. ‡ Preliminary.

1 Estimates for Apr.-June 1964 based on anticipated capital expenditures of business.

2 Estimates for July-Sept. 1964 based on anticipated capital expenditures of business.

3 Anticipated expenditures for the year 1964 are as follows (in bil. \$): All industries, 43.92; manufacturing, total, 18.25; durable goods industries, 9.05; nondurable goods industries, 9.20; mining, 1.08; railroads, 1.44; transportation, 2.21; public utilities, 6.03; commercial and communications, 14.90. † Includes communications.

4 Unadjusted. † Data represent firms in operation as of Jan. 1; estimate for Jan. 1, 1963.

is based on incomplete data. † See corresponding note on p. S-1 (revisions prior to 3d qtr. 1961 appear on p. 8 ff. of the July 1964 SURVEY).

‡ Personal saving is excess of disposable income over personal consumption expenditures shown as a component of gross national product on p. S-1.

§ More complete details are given in the quarterly reviews in the Mar., June, Sept. and Dec. issues of the SURVEY.

† Revisions for 1960-2d qtr. 1961 appear on p. 10 of the June 1964 SURVEY.

‡ Preliminary revision for 1st qtr. 1964 is -\$75 mil.; other revisions will appear in the Sept. 1964 SURVEY.