ECONOMIC REPORT OF THE PRESIDENT

Transmitted to the Congress
January 1967

Together With
THE ANNUAL REPORT
of the
COUNCIL OF ECONOMIC ADVISERS

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ECONOMIC REPORT OF THE PRESIDENT

To the Congress of the United States:

A healthy and productive economy is a bulwark of freedom.

Around the world and here at home, our trials of strength, our works of peace, our quest for justice, our search for knowledge and understanding, our efforts to enrich our environment are buttressed by an amazing productive power.

Americans have confronted many challenges in this century. The ones we face in 1967 are as trying of men's spirits as any we have known. But the overwhelming majority of us face our challenges in comfort, if not affluence. The sacrifices required of most of today's generation are not of income or security; rather we are called on to renounce prejudice, impatience, apathy, weakness, and weariness.

In purely material terms, most Americans are better off than ever before. That fact expands our responsibilities, as it enlarges our resources to meet them.

RECENT ECONOMIC GAINS

An average of 74 million persons were at work in 1966—2 million more than in 1965. Nonfarm payrolls averaged 64 million, a gain of 3 million. On the whole, these jobs were better paying than ever, and more regular and more secure than most workers can remember.

The value of our total production of goods and services in 1966 was $740 billion—$58 billion, or 8½ percent, higher than in 1965. More of the increase than we wanted represented higher prices. Still, the gain was nearly 5½ percent *after* correction for price changes.

Labor, business, and the farmer all contributed to this major gain in production, and they rightly shared the benefits.

Aggregate compensation of employees rose 10.3 percent. Average compensation per man-hour in the private economy rose 6.5 percent, reflecting increased wages and fringe benefits, more overtime, the shift to higher-paying jobs, and increased employer contributions to Social Security. Corporate profits after taxes advanced more than 8 percent; per

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dollar of sales they were roughly unchanged from the high rate of 1965. Net income per farm rose more than 10 percent.

The single most meaningful measure of economic well-being is real disposable income per person—the after-tax purchasing power in stable dollars, available on the average to every man, woman, and child. It rose 3½ percent or $89 per person in 1966. Although this advance was somewhat smaller than in 1965, it was still three times as large as the average yearly gain in the 1950's.

February 1961 launched the strongest and most durable economic expansion in our economic annals, and it still continues.

- Almost 9 million jobs have been added in the last 6 years.
- The rate of unemployment has fallen from 7 percent in early 1961 to under 4 percent. The rate for white adult males fell from 5 percent to 2 percent; for Negro men, from nearly 12 percent to less than 5 percent.
- Early in 1961, more than two-thirds of our major labor markets were "areas of substantial unemployment"; today only 8 of the 150 are so classified, and 66 have unemployment below 3 percent.
- While total population rose 11 million between 1961 and 1965, the number of Americans in poverty declined 5½ million, and probably fell at least another 1¼ million in 1966. (The poverty definition is adjusted for the increase in living costs.)
- Our gross national product (GNP) has grown 50 percent in 6 years. In constant prices, the gain has averaged 5½ percent a year. The physical output of our factories and mines is up over 50 percent.
- Private output per man-hour in 1966 was 19 percent higher than in 1961.
- The 6-year addition to our gross stock of private productive capital—machines, buildings, transportation equipment, land improvements, and inventories—is valued at $220 billion.
- American families have added $470 billion to their accumulated financial assets. They have added $150 billion to their debts. So their net financial position is $320 billion stronger than 6 years ago.

OUR ECONOMIC PROBLEMS

Prosperity is everywhere evident. But prosperity is never without problems, and—in 1966—some of them were serious.

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SOME LEADING PROBLEMS

1. *Economic progress still left far too many behind.*

- Nearly 3 million workers were without jobs at the end of 1966. Perhaps two-thirds of them were "frictionally" unemployed: new entrants to the labor force in the process of locating a job; persons who quit one job to seek another; workers in the "off" months of seasonal industries; those temporarily laid off but with instructions to return. Their unemployment will be temporary; many were drawing unemployment insurance.
- But most of the remaining third will wait a long time for a steady job. They are the "hard-core" unemployed—lacking the necessary skills to find other than intermittent work; the victims of past or present discrimination; those unable or unwilling to move from depressed areas and occupations; the physically or emotionally handicapped.
- Another half million to one million *potential* workers were not even counted as unemployed. Many had long ago abandoned any search for a job. Some had never tried.
- But even among those who worked year-round, some 2 million breadwinners—particularly the low-skilled with large families—earned incomes insufficient to support a minimum standard of decent subsistence.
- And 6½ million families were poor because the heads of their households were unable to work: either aged, severely handicapped, or a widowed or deserted mother with young children.

Those left behind used to be called the "invisible poor." But an awakened public conscience has sharpened the vision of most Americans.

2. *Price increases—although less than in many comparable periods—still were greater than we wanted or should long tolerate.*

It is tempting to blame the creep of prices on the greed of producers—or the irresponsibility of labor—or Government policies—or bad weather—or economic disturbances abroad. Some of the price rise may have been due to each. But the main causes lay elsewhere:

- Some can be traced to imbalances created by the special pressures of Vietnam procurement and booming private investment.
- The spurt of demand—partly real, partly psychological—that followed the step-up of our Vietnam effort in mid-1965 simply exceeded the speed limits on the economy's ability to adjust. Our resources were sufficient for the task; but the sheer speed of the advance strained the ability of industrial management to mobilize resources at the required pace.

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- Some price advance was the inevitable cost of the adjustments required in recovering from a decade of slack:
  - —Wages had to be raised sharply in underpaid occupations, which previously held their labor only because the alternative was no job at all.
  - —Producers in once stagnant, low-profit industries saw opportunities for expansion and found it possible to raise prices and earnings in order to attract needed capital.
  - —Demand pressed harder on skilled occupations and professional services where we had trained too few persons to meet the needs of a high employment economy.

Some price increases would still have occurred had we moved at a steadier pace.

But these price increases could have come slowly enough and have been small enough not to threaten a chain reaction of wages chasing other wages—wages chasing prices—prices chasing wages—and prices chasing other prices.

It is this spiral we must and can avoid. But it will require responsible action on the part of all.

3. *Achieving equilibrium in our balance of payments remained a problem, in spite of strong new measures.*

The costs of Vietnam required us to spend many more hundreds of millions of dollars beyond our shores. At the same time, the spurt of demand caused our imports—especially of capital goods—to soar.

We are determined to continue our progress toward equilibrium.

4. *Tight money and high interest rates concentrated the burden of restraint on housing.*

Interest rates in 1966 were as high as at any time in 40 years. They were pushed there by an insatiable demand for credit, straining against a deliberately restricted supply. Monetary policy in 1966—like tax policy—was properly aimed at slowing down an economy expanding too fast.

The brakes applied last year worked. But tight money worked painfully and inequitably. It cut construction by more than $8 billion during 1966. Its impact was equivalent to a heavy across-the-board tax increase, but with most of its effect concentrated on a single industry.

Finding Solutions

We will move this year toward solutions for these problems and others. But they cannot all be completely solved in 1967.

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Lifting the Burden on Housing

Now that the economy's advance is again more moderate, the burden of tight money is being lifted. Interest rates are still extremely high—but they are moving down from their peaks. Credit is still not readily available to all who can make sound and productive use of it—but it is becoming easier to get. More savings are flowing into our thrift institutions and are beginning to be available to builders and homebuyers.

The steps we took last year and those I am now proposing, the steps the Federal Reserve has recently taken and is continuing to take to increase credit availability and lower interest rates, should have our housing industry moving smartly forward by the end of 1967, and ready for one of its best years in 1968.

Restoring Price Stability

The advance of prices has already begun to slow. Wholesale prices in December were below their levels of August.

The more moderate pace of economic advance now underway, which the policies I am recommending are designed to maintain, should further diminish inflationary pressures.

We cannot rescind all of last year's increases in costs, some of which are still spreading through our structure of prices. Price stability cannot be restored overnight. But we will be making good progress toward price stability this year.

Improving Our International Payments

We have recently announced stronger voluntary balance of payments programs for 1967. Our policies to constrain economic expansion to a sustainable pace should permit an improved export surplus.

I am now recommending further steps to strengthen our external payments. Yet so long as we remain heavily engaged in Southeast Asia, we will have a balance of payments problem.

Combating Poverty

We will continue to attack poverty and deprivation through such weapons as

—Community Action and Head Start;

—rent supplements and child nutrition;

—aid to elementary and secondary education in poverty areas and the Teachers Corps;

—the Manpower Development and Training Act, the Job Corps, the Neighborhood Youth Corps;

—Medicare, Medicaid, and neighborhood health centers;

—measures to end discrimination in jobs, education, and public facilities;

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—the expanded coverage enacted last year for a higher minimum wage.

I am proposing that our attack be reinforced with new weapons in 1967.

Yet, with old weapons and new, the war on poverty will not be won in 1967—or 1968. There is no wonder drug which can suddenly conquer this ancient scourge of man. It will be a long and continuing struggle, which will challenge our imagination, our patience, our knowledge, and our resources for years to come. Our capacity to stay with the task will be a test of our maturity as a people.

USING THE GAINS OF GROWTH

From early 1961 to the end of 1966, our GNP rose an average of $44 billion a year. About $9 billion a year was price increase. Of the balance

- An average real gain of $10 billion a year (in 1966 prices) came from putting idle men and machines back to work.
- An average real gain of $25 billion a year (in 1966 prices) came from the growth of our resources: a larger work force, more and better capital and management, higher productivity.

Further gains from putting idle resources to work will now be harder to achieve.

But our annual dividend from growth has meanwhile become more generous. In 1967 it will add $30 billion at today's prices to our potential output.

Our economic policies must assure that we realize this potential dividend—and use it wisely.

Realizing the Growth Dividend

To ensure our full dividend from economic growth requires that markets for goods and services expand steadily and adequately—but not excessively. In recent years, we have tested and refined the power of fiscal and monetary policy to stimulate or moderate the expansion of total demand.

During 1966, Federal expenditures were expanding rapidly. But tax policy worked to counter their impact.

Federal expenditures in our national income accounts grew $19 billion in calendar year 1966, reflecting the step-up in national defense; in Social Security, Medicare, and related payments; and in grants to State and local governments. They added strongly to private pur-

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chasing power. They would have added more but for the substantial expenditure cutbacks put into effect during the year.

On the other side, taxes restrained demand. Higher payroll taxes, the restoration of some excise taxes, the institution of graduated withholding, and the suspension of tax incentives to investment all represented new measures that were draining off more than $9 billion of spendable incomes by year-end. In combination, and for the full year, these measures and an expanding economy produced $18 billion more in revenues than in 1965. Prompt action by Congress in response to my tax proposals of January and September made tax policy an important force for economic restraint.

Taking the two sides together, our national income accounts budget was in surplus in the first half and in balance for 1966 as a whole.

But as private investment threatened to outrun private saving, sharp monetary restraint was also applied. In response to both fiscal and monetary restraints, the economy shifted gears from excessive speed to a moderate advance.

Fiscal Policy for 1967

In the year ahead we are determined to maintain that moderate advance; we need no further slowdown; we can tolerate no new spurt of demand. After midyear, the tax increase I have proposed and a more moderate growth of Federal spending will increase the freedom of monetary policy to support expansion. I am confident that the opportunity will be used.

The specific fiscal program I am recommending includes

—a surcharge of 6 percent on the tax liabilities of individuals, exempting persons in the lowest income brackets;

—the same 6 percent surcharge on the tax liabilities of corporations.

Here are some examples of the effect of this proposal, as applied to a married couple with two dependents, using typical deductions:

- With $5,000 income, their tax will be unchanged—still $130 lower than they would have paid in 1963.
- With $10,000 income, their tax in 1968 will rise $67, or $1.30 a week. Their annual tax will still be $190 less than they would have paid in 1963.
- With $20,000 income, their tax in 1968 will rise $190, or $3.65 a week. But their annual tax will still be $450 less than they would have paid in 1963.

A corporation with profits before tax of $100,000 will pay an extra $2,490. It will still pay $2,510 less than it would have paid in 1963.

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One with profits of $1,000,000 will pay an extra $28,410, still $12,590 less than it would have paid in 1963.

The surcharge will provide for $5.1 billion of extra revenues in fiscal year 1968 on a national income accounts basis, substantially offsetting the expansion of $5.8 billion in defense purchases.

The national income accounts budget will also be affected by my proposals for Social Security benefits and taxes.

After allowance for these changes, the national income accounts deficit for fiscal year 1968 is now estimated at $2.1 billion, compared with $3.8 billion in fiscal year 1967.

I am also recommending two further accelerations of corporate tax payments, to begin in 1968:

—requiring quarterly payment of estimated tax on the basis of 80 percent rather than 70 percent of liability;

—requiring, over a 5-year period, that small corporations, as well as large, become current in their tax payments, in the same way as individual proprietors.

We have fashioned a fiscal program for sustainable expansion. With that program, we now see a rise of about $47 billion in our GNP in 1967—a growth dividend close to 4 percent in real terms.

Using the Growth Dividend

The first priority for the use of our growth dividend must, as always, be the defense of freedom. But it will take only a small part of our $47 billion of added production.

These will be the public claims on our growth dividend:

- $10 billion more of our output in 1967 will go for the support of our men in Vietnam and other urgent needs of defense.
- $1½ billion will go for the expansion of other Federal purchases, including adjustments in Federal civilian and military pay.
- State and local governments will use about $8 billion more of the Nation's resources in 1967. In this, they will be aided by Federal grants totaling nearly $15 billion.

The remaining $27½ billion of our GNP gain in 1967—nearly 60 percent of it—will be used in the private sector. And the flow of goods and services to consumers will expand this year by even more than that.

- In the past several years, an unusually large part of our output growth has gone to expand the productive capacity of business and to build up inventories to support high and growing production and sales. On balance, a slightly smaller portion of our resources will be used for these purposes in 1967 than in 1966.

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- For the year as a whole, slightly less of our resources than last year will be used to build new homes, although a sharp recovery in residential construction from its current deep recession is expected during the course of the year.

As the flow of goods and services to consumers expands, the ability of our elderly citizens to share in these gains will be supported by a rise of more than $6 billion in Social Security and Medicare payments.

In 1967, we will have no bonus dividend from using previously idle resources. But the dividend from growth alone is a big one. We must be sure we get it; and we must use it wisely.

RESTORING PRICE STABILITY

From the beginning of 1961 until 1965, the United States enjoyed both price stability and a strongly expanding economy. The average of wholesale prices hardly moved, and consumer prices rose only a little more than 1 percent a year. Last year, that record was blemished. Consumer prices rose 2.9 percent between 1965 and 1966, wholesale prices 3.2 percent.

When we were involved in Korea, consumer prices rose 8.0 percent between 1950 and 1951, wholesale prices 11.4 percent. And we had price controls during most of 1951.

Even when we were not at war, consumer prices rose 3.5 percent between 1956 and 1957, wholesale prices 2.9 percent.

Nevertheless, we are not satisfied with our record on prices. And we expect to improve on it this year.

There are many reasons why we refuse to tolerate rapidly rising prices:

- They injure those with fixed incomes, especially older people.
- They can lead to speculation and economic distortions which could undermine prosperity.
- They weaken our competitive position in world markets.
- As they persist, they become harder to stop without throwing the economy into reverse.

Restoring price stability is one of our major tasks. It will not be accomplished all at once, or all in 1967. That could be done—if at all—only at the cost of mass unemployment, idle machines, and intolerable economic waste. But a gradual return to stability can go hand in hand with steady economic advance.

Such an improvement will require

—prudent fiscal and monetary policies;

—Government efforts to help relieve the key points of pressure on prices;

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—the responsible conduct of those in business and labor who have the power to make price and wage decisions.

With steady, sustainable, and balanced growth, we can look forward to

—relief of pressures on capacity in such strained areas as machinery and metals;

—adjustments of raw materials supplies to demand;

—the end of labor shortages in key areas.

Other efforts of the Federal Government can help to relieve particular pressures on prices and wages. We will continue

—to develop manpower training programs to meet skill shortages;

—to increase the efficiency of the employment services in matching jobs and men;

—to handle Government procurement so as to minimize its pressure on prices;

—to dispose of surplus Government stockpiles to alleviate shortages of raw materials;

—to manage farm programs to assure adequate supplies as well as equitable returns.

But efforts of the Government alone will not be enough. The cooperation of business and labor is essential for success.

In the past year, most businessmen who had a choice in setting prices and most trade unions that negotiated wage contracts acted responsibly. They did so because they took account of the national interest and saw that it was also their own.

If business and labor were to consider only their own short-run interests

—each union might seek a wage increase which exceeds the most recent settlement by some other union;

—each business might strive to achieve a new profit record by translating strong demand into higher prices, whether or not costs have increased.

But when business and labor consider the national interest—and their own longer-run interests—they realize that such actions would have only one result: a wage-price spiral which is in the interest of neither.

- If unions now attempt to recoup in wages all of the past or anticipated advance in the cost of living—in addition to the productivity trend;
- If businesses now seek to pass along rising costs when it would be possible to absorb them or do not reduce prices when costs fall;

then the result will be just such a spiral—damaging to business, damaging to labor, and disastrous to the Nation.

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Once again, I appeal to business and labor—in their own interest and that of the Nation—for the utmost restraint and responsibility in wage and price decisions.

INTERNATIONAL ECONOMIC POLICIES

The current year is a critical one for our international economic policies and for the economic progress of the world community.

As the largest single market and source of capital, the United States carries special responsibilities.

TRADE

This Administration is committed to reducing barriers to international trade, as demonstrated by my recent action terminating the 1954 escape clause action on watches, and rolling back the special tariff on imports of glass.

The Kennedy Round of trade negotiations is now entering its final and most critical phase. I emphasize once more how important this great attempt to liberalize world trade is for all the developed and developing nations of the free world.

After more than 4 years of discussion, it is essential that the participants now resolve the many complex problems that still remain. It would indeed be a tragedy if the wide authority granted to the President by the Trade Expansion Act of 1962 were allowed to lapse unused. Never before has there been such a splendid opportunity to increase world trade. It must not be lost.

But the Kennedy Round is not the end of the road. We must look beyond the negotiations in Geneva to further progress in the years ahead. We must begin to shape a trade policy for the next decade that is responsive to the needs of both the less developed and the advanced countries.

We should seize every opportunity to build and enlarge bridges of peaceful exchange with the countries of Eastern Europe and the Soviet Union. We should have the ability to adapt our policies to whatever political circumstances or commercial opportunities may present themselves. I again urge the Congress to provide authority to expand our trade relations with Eastern Europe and the Soviet Union.

AID

Although 1966 was a relatively good year for world economic growth, average output in developing countries rose by less than $3 a person.

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There were, however, encouraging signs of progress. Developing nations demonstrated a willingness to take difficult but necessary steps to help themselves. India, for example, revised her foreign exchange and agricultural policies to promote more rapid growth.

Among the wealthier nations, stronger efforts were made to assist the development of the poorer countries. Canada and Japan increased their assistance programs. Major free world aid donors joined in new groups to coordinate their flow of aid.

The United States will continue to respond constructively to the aspirations of the developing nations. We will give first priority to fighting the evils of hunger, disease, and ignorance in those free world countries which are resolutely committed to helping themselves.

There should, however, be increasing efforts to make both the receiving and giving of aid a matter for creative international partnership. We shall therefore

—continue to support enthusiastically, in a manner consistent with our balance of payments position, such promising cooperative regional efforts as the Alliance for Progress, the Inter-American, the Asian, and the African Development Banks, and the Mekong Development Fund of the United Nations;

—further encourage the coordinated extension and expansion of aid by the major donor countries in ways that result in an equitable sharing of the burden;

—seek the cooperation of other major donor countries this year in replenishing the resources of the International Development Association.

Balance of Payments

We can take some satisfaction in the fact that our balance of payments in 1966 may prove to have been in surplus on official reserve settlements. Despite the added costs of the war in Vietnam and the rapid growth of imports, our deficit on a liquidity basis increased only slightly in 1966.

But we cannot relax our efforts to seek further improvement.

Our goal in the coming year is to continue to move toward balance of payments equilibrium as rapidly as the foreign exchange costs of the Vietnam conflict may permit. This goal will be supported through measures and policies consistent with healthy growth at home and our responsibilities abroad.

We already have extended and reinforced the voluntary restraint programs for corporate investment abroad and for foreign lending by financial institutions. I am counting on the continued full cooperation of businesses and banks with these programs in 1967. And I have

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instructed all agencies of the Government to intensify their efforts to limit the dollar drain resulting from their activities.

But more is needed. I now recommend the following steps:

1. The Congress should extend the Interest Equalization Tax, in strengthened form, to July 31, 1969. This tax has proved extremely useful in limiting the borrowing of developed countries in our capital markets and in reinforcing the Federal Reserve voluntary program. As we move toward easier money in the United States, foreign borrowing in our financial markets may tend to increase. I am therefore requesting authority to adjust the rates of the Interest Equalization Tax as monetary conditions warrant, so that the effective impact on interest costs can be varied between zero and 2 percent. This would replace the present flat 1-percent impact.

   Moreover, to ensure against possible anticipatory increases in foreign borrowing, I am also requesting that the tax be imposed at rates which provide an impact of 2 percent on interest costs while the legislation is under consideration by Congress.

2. The most satisfactory way to arrest the increasing gap between American travel abroad and foreign travel here is not to limit the former but to stimulate and encourage the latter. I shall appoint in the near future a special industry-Government task force to make specific recommendations by May 1, 1967, on how the Federal Government can best stimulate foreign travel to the United States. After a careful review of their advice, I shall ask the U.S. Travel Service and other appropriate agencies to take the steps that seem most promising.

3. As part of our long-run balance of payments program, I shall also

   —request continuation and expansion by $4.5 billion of the lending authority of the Export-Import Bank in order to support the expansion of exports;

   —continue to urge other countries to participate in the development of better means both of sharing the resource burdens and of neutralizing the balance of payments effect arising from the common defense and foreign assistance efforts.

4. For the longer run strength of our payments balance, we should intensify efforts to

   —stimulate exporters' interest in supplying foreign markets;

   —enlist the support of the financial community to attract additional foreign investment in the United States;

   —encourage further development of foreign capital markets.

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Improving the International Monetary System

In 1966, significant progress was made toward a better international monetary system. Through close consultation and cooperation among the financial authorities of major countries, temporary strains were met promptly and effectively.

Two large forward steps were taken on the road to international monetary reform: wide consensus was reached on basic principles for the deliberate creation of additional reserve assets; and the negotiations advanced to a second stage in which all members of the International Monetary Fund are participating.

An even greater effort must be made in the coming year to improve our monetary system. In particular, I urge that

—all countries participate in the continuing task of strengthening the basic monetary arrangements that have served the world so well;

—both surplus and deficit countries assume their full responsibility for proper adjustment of international payments imbalances, and cooperate in efforts to lower world interest rates;

—full agreement be reached on a constructive contingency plan for the adequate and orderly growth of world monetary reserves.

HELPING THE DISADVANTAGED

The United States is the first large nation in the history of the world wealthy enough to end poverty within its borders. There are many fronts in the War on Poverty. We are moving forward on them all.

- There must be full employment so that those qualified and able to work can find jobs. . . . The unemployment rate last year was the lowest in 13 years.
- Those not now fully qualified must be given the education and training, the health and guidance services which will enable them to make their full contribution to society. . . . We have greatly increased our aid to education and enlarged our training programs, and we will expand them further.
- For those who will be unable to earn adequate incomes, there must be help—most of all for the benefit of children, whose misfortune to be born poor must not deprive them of future opportunity. . . . We have increased our income support, and we will increase it further.
- Wherever the poor and disadvantaged are concentrated, intensive and coordinated programs to break the cycle of deprivation

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and dependency must continue and be reinforced. . . . We have instituted these programs in hundreds of cities and rural areas; we are expanding them and designing others.

Income Guarantees

Completely new proposals for guaranteeing minimum incomes are now under discussion. They range from a "negative income tax" to a complete restructuring of Public Assistance to a program of residual public employment for all who lack private jobs. Their advocates include some of the sturdiest defenders of free enterprise. These plans may or may not prove to be practicable at any time. And they are almost surely beyond our means at this time. But we must examine any plan, however unconventional, which could promise a major advance. I intend to establish a commission of leading Americans to examine the many proposals that have been put forward, reviewing their merits and disadvantages, and reporting in 2 years to me and the American people.

Public Assistance

Our system of public assistance is now 30 years old and has obvious faults. The standards of need set by many States are unrealistically low; benefits are further restricted by excessively stringent eligibility conditions. In some respects the system perpetuates dependency.

1. State standards of need are miserably low. In 18 States a family of 4 is presumed able to manage for a month on $45 a person—or less. And in many States, actual payments average far below their own standards of need.

   It is time to raise payments toward more acceptable levels.

   As a first step, I ask the Congress to require that each State's payments at least meet its own definition of need; and that its definition should be kept up to date annually as conditions change.

2. With minor exceptions, payments under public assistance are reduced dollar for dollar of earnings by the recipient, removing any incentive to accept part-time work. We should encourage self-help, not penalize it.

   It is time to put an end to this 100 percent tax on the earnings of those on public assistance.

   I shall therefore ask Congress to enact payment formulas which will permit those on assistance to keep some part of what they may earn, without loss of payments.

3. Many recipients of public assistance are capable of receiving training which would ultimately make them self-supporting.

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I therefore urge the Congress to make permanent the Unemployed Parent and Community Work and Training programs associated with Aid to Families with Dependent Children (AFDC), and to require all States receiving Federal support under AFDC to cooperate in making Community Work and Training available for the unemployed parents of dependent children.

Training and Employment

The coexistence of job vacancies and idle workers unable to fill them represents a bitter human tragedy and an inexcusable economic waste. One of society's most creative acts is the training of the unemployed, the underemployed, or the formerly unemployable to fill those vacancies.

A dynamic economy demands new and changing skills. By enabling workers to acquire those skills, we open opportunities for individual development and self-fulfillment. And we make possible higher production without inflationary pressures.

I shall ask the Congress for funds to support a new and special effort to train and find jobs for the disadvantaged who live in urban ghettos.

I shall also propose legislation to improve the effectiveness of the Federal-State employment service.

Social Security

Millions of aged still live in poverty. Millions of younger Americans are willing to pay for more adequate retirement benefits in the future.

I ask the Congress to approve an over-all 20 percent increase in our Social Security program. We can increase benefits for all Social Security beneficiaries by at least 15 percent, raise the minimum benefit by 59 percent to $70 a month, assure workers with 25 years of coverage at least $100 a month, extend Medical Insurance to disabled beneficiaries, and allow larger earnings without loss of benefits.

Unemployment Insurance

Our system of unemployment insurance was created in a world of massive unemployment. The needs of a high employment economy are different. Today, when jobs are available, the jobless who exhaust their benefits typically need training, guidance, or other supportive services.

Therefore, I am asking the Congress to consider legislation to provide such services in conjunction with extended benefits to the long-term unemployed, to extend the protection of the system to additional workers, to establish more uniformly adequate benefits, and to correct abuses.

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CITIES AND HOUSING

The American city is not obsolete; it is still a great engine for economic and social progress. But cities are in trouble, threatened by congestion, pollution, crime, poverty, racial tension, slums, and blight.

Yesterday's rural poor have been moving to the city just as many of the jobs they seek and need have been moving to the suburbs. Inadequate transportation and discrimination in housing make it difficult for them to follow the jobs; and deficiencies of education, health, and skills compound their disadvantages.

Most cities cannot afford the massive expenditures necessary to solve these problems. The flight of higher income families and businesses to the suburbs erodes sources of revenue for the cities, even as expenditure demands escalate. Inflexible city limits have created a hodgepodge of local taxing jurisdictions, often dividing the tax base from the need. The cities cannot collect for the many benefits they supply to residents of the suburbs.

The problems of the cities flow across irrelevant boundaries established by historical accident. So solutions must draw on the resources and imagination of a larger area. Our efforts have been aimed to encourage a metropolitan approach to metropolitan problems.

We must also find ways to enlist more fully the resources and imagination of private enterprise in the great task of restoring our cities.

I have just appointed a Commission, under the chairmanship of Senator Paul H. Douglas, to work with the Department of Housing and Urban Development to examine problems of codes, zoning, taxation, and development standards and to recommend ways to increase the supply of low-cost housing. I am convinced that this study can make a major contribution to the solution of urban problems.

Last year, the Congress enacted the pathbreaking Model Cities legislation. The Federal Government will help cities to focus all available programs on their needs—eventually to overwhelm the problems that have heretofore overwhelmed the cities.

More than 70 cities will have completed their plans and be eligible to start receiving assistance in 1968. Federal aid for water and sewer projects, open land conservation, and urban mass transportation is encouraging a more coordinated approach to metropolitan problems. I seek increased appropriations for all of these programs. And I shall seek authorization and resources for a greatly expanded program of research on urban problems.

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Growth in the number and incomes of American families will require us to build about 2 million new houses a year for the next decade, most of them in and around cities. Last year, housing bore a disproportionate part of the burden of needed restraint. But we are now moving into a period of renewed homebuilding. I look for construction to rise briskly during 1967.

Federal programs for fiscal 1968 will assist in construction or renovation of 165,000 housing units for the urban poor, the elderly, and the handicapped. The Rent Supplement program will contribute to this goal.

This year will be a brightening one for the housing industry; it can also be a landmark year in the progress and evolution of our cities.

EDUCATION AND HEALTH

Individually and collectively, Americans have insatiable appetites for more education and better health. Education and health contribute both to individual well-being and to the Nation's productivity. But far too many of our urban and rural poor are denied adequate access to either. The efficiency of our methods of education and of providing medical care can and should be strengthened.

History will record these years as the time when this Nation awoke to its needs—and its limitations—in education and health. The Elementary and Secondary Education Act, Head Start, the Teachers Corps, Medicare, Medicaid, and the Partnership in Health will be landmarks in our social and economic development.

I shall propose

—an expanded Head Start program; a Follow-Through program in the early years of school; and the opening of other new educational opportunities for children;

—both legislative and administrative changes to accelerate research and development on more efficient and effective ways of providing health resources;

—an expanded child health program, including early diagnosis and treatment, a pilot program of dental care, and the training of additional health personnel to provide services to children.

ABATING POLLUTION

A polluted environment erodes our health and well-being. It diminishes individual vitality; it is costly to industry and agriculture; it has

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debilitating effects on urban and regional development; it takes some of the joy out of life.

The 89th Congress enacted important legislation to improve the quality of our environment. All 50 States have now signified their intention to establish water quality standards for their interstate and coastal waters. The Federal Government is assisting State and local governments through comprehensive water basin planning, and is providing financial help to States for the administration of water pollution control and to local areas for the construction of sewage treatment facilities. In addition, we are studying appropriate methods to encourage industry to control its discharge of pollutants.

The foundation for abating air pollution was laid in the Clean Air Act of 1965. But the air over every city proves that further steps are necessary.

I propose that we get on with the jobs of preserving and restoring our environment. I will present detailed proposals on control of air pollution in another message.

IMPROVING OUR TAX SYSTEM

Our tax system is one in which we can take pride. In terms of fairness, revenue productivity, and balanced economic impact, it is unsurpassed by any other tax system in the world today.

Nevertheless, it can be improved. As they now stand, our tax laws impose undue burdens on some and grant unfair benefits to others.

A system as complex as ours cannot be perfected in a single bill. Rather, the process of tax reform must be continuous, with every provision of the law subject to constant examination and adjustment where needed. Moreover, this work of basic reform should proceed independently of the requirements for raising taxes or the opportunities for tax reduction.

I therefore plan to submit proposals to the Congress to improve the equity of our tax system and reduce economic distortions. These proposals will be designed to avoid significant budgetary effects.

As one specific reform, I will urge changes to deal with abuses by tax-exempt private foundations.

IMPROVING GOVERNMENT ORGANIZATION

Separate Departments of Labor and Commerce perpetuate the obsolete notion that there is fundamental conflict between the interests of business and labor, or between the interests of either and that of the Nation.

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A single department of labor and business can more effectively carry out those national programs which affect the private productive sector as a whole. The two departments share many common objectives; their interests and activities coincide or overlap in

—fostering economic and regional development;
—matching the skills of labor with the needs of employers;
—providing more jobs at better wages;
—avoiding labor disputes;
—maintaining a fair distribution of private incomes without inflation;
—providing stability of production and jobs;
—providing basic economic and social information and technical services needed by both private and public sectors;
—supporting expansion of international trade and considering its impact on the domestic economy.

By combining these activities, we can greatly improve efficiency, reduce costs, simplify the reporting burden on business, provide better and more uniform statistics, and assure that the views and the problems of the private sector enter more effectively into decisions on general economic policy.

I urge the Congress to support my recommendation for a new department of labor and business.

OTHER ECONOMIC POLICIES

1. I renew four recommendations made in my Economic Report of 1966 and not acted upon by the 89th Congress:

—a fair system of charges for users of highways, aviation facilities, and inland waterways, to improve efficiency in the use of transportation resources, and to reimburse the Federal Government for a part of its expenditures on facilities which directly benefit those who use them;
—truth-in-lending legislation, to provide consumers with a full and clear statement of the true cost of credit;
—stronger regulation of savings and loan holding companies;
—provision of Federal charters for mutual savings banks, to enlarge and strengthen our system of thrift institutions.

2. To aid the advance of technology on which economic progress depends, I now urge Congressional support for

—a long-overdue modernization of our patent system;
—a large-scale program of research in transportation.

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3. Total holdings in the Nation's stockpile of strategic and critical materials now stand at $6.5 billion. Of this amount, $3.4 billion are excess to our defense needs as presently determined.

During the last fiscal year, the Administrator of General Services disposed of excess stockpile materials valued at slightly more than $1 billion without disruption of the domestic economy or the normal channels of trade.

The last session of the Congress authorized disposal of excess stockpile material valued at $782 million. I will ask the Congress for authority to dispose of additional stockpile excesses, bringing to about $2 billion the present value of excess stockpile material available for disposal.

I believe that we should relieve taxpayers of the burden of carrying unneeded surplus stocks, and provide businesses and workers with the materials necessary to assure continued high levels of production.

4. The responsibility which we share with the States to ensure that our banks and thrift institutions are honest, competent, and competitive is a continuing function demanding constant attention. We must continue to encourage the orderly and progressive development of a financial system adequate to meet the needs of a growing and dynamic economy.

I urge the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, and the Federal Home Loan Bank Board to continue and to intensify their efforts to coordinate their regulatory policies and procedures, and to improve their examination methods.

AFTER VIETNAM

Despite all our efforts for an honorable peace in Vietnam, the war continues. I cannot predict when it will end. Thus our plans must assume its long duration.

But peace will return—and it *could* return sooner than we dare expect.

When hostilities do end, we will be faced with a great opportunity, and a challenge how best to use that opportunity. The resources now being claimed by the war can be diverted to peaceful uses both at home and abroad, and can hasten the attainment of the great goals upon which we have set our sights.

If we keep our eyes firmly fixed on those goals—and if we plan wisely—we need have no fear that the bridge from war to peace will exact a wasteful toll of idle resources, human or material.

But when that welcome day of peace arrives, we will need quick adjustments in our economic policies. We must be prepared for those

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adjustments, ready to act rapidly—both to avoid interruption to our prosperity and to take full and immediate advantage of our opportunities.

Planning for peace has been an important activity in many executive agencies. But the effort needs to be stepped up and integrated.

Accordingly, I am instructing the heads of the relevant agencies in the Executive Branch, under the leadership of the Chairman of the Council of Economic Advisers, to begin at once a major and coordinated effort to review our readiness. I have asked them

—to consider possibilities and priorities for tax reduction;

—to prepare, with the Federal Reserve Board, plans for quick adjustments of monetary and financial policies;

—to determine which high priority programs can be quickly expanded;

—to determine priorities for the longer range expansion of programs to meet the needs of the American people, both through new and existing programs;

—to study and evaluate the future direction of Federal financial support to our States and local governments;

—to examine ways in which the transition to peace can be smoothed for the workers, companies, and communities now engaged in supplying our defense needs, and the men released from our armed forces.

I have directed that initial reports be prepared on all of these and related problems, and that thereafter they be kept continuously up to date.

CONCLUSION

Our task for 1967 is to sustain further sound and rewarding economic progress while we move toward solutions for the problems we met in 1966. It will require a flexible and delicate balance of economic policies.

Above all, we must guard against any interruption of our prosperity. The steady advance of jobs and incomes is our most powerful weapon in the battle against poverty and discrimination at home. And it undergirds our policy around the world.

Yet we must be equally alert to the dangers of inflation.

In his Economic Report of January 1956, President Eisenhower wrote:

> The continuance of general prosperity cannot be taken for granted. In a high-level economy like ours, neither the threat of inflation nor the threat of recession can ever be very distant. . . . The only rigid

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rule we can afford to admit to our minds is the principle that the best way to fight a recession is to try to prevent it from occurring.

Only 18 months later, the sharpest recession of the entire postwar period began—which also led to the largest peacetime budget deficit in our history. Over the same 18 months, both consumer prices and wholesale prices advanced 5½ percent—considerably faster than in the 18 months since June 1965.

That history does not invalidate but rather reinforces President Eisenhower's proposition. Neither the threat of inflation nor of recession is ever distant in a high level economy.

How can we steer between these dangers, and—at the same time—supply the needs of national defense, strengthen our overseas payments, relieve the inequities of tight money and high interest rates, maintain the momentum of social progress, and provide the growth of incomes which lets each of us move toward fulfilling his private aspirations?

I am confident that we can find such a course. We will continue to coordinate the tools of monetary and fiscal policy to the common goal—the sound, balanced, and noninflationary advance of production and incomes. We are steering toward lower interest rates, a better balance in our economy, a budget and a Social Security program that reflect national priorities.

There will be surprises in store along the way. We must be prepared to meet them swiftly and flexibly. And I think we are. The tools of economic policy are not perfect; but they are far better understood and accepted—in the Government and in the private community—than ever before.

We have surely proved over recent years that economic progress does not need to be interrupted by frequent recessions. And, although prices have risen faster in the past year and a half than we expected or wished, we have done better than in most similar periods of our economic history. And we have done it without burdensome controls on prices or wages.

The Federal Government cannot do the whole job—or even very much of it. Production and incomes arise from the strength and skill of workers, the ingenuity of managements, the willingness of savers to risk their capital, the genius of inventors and engineers, the patience of teachers, the devotion of local public servants—the contributions of all who participate in our economy.

Yet the Federal Government has a role of leadership and a responsibility for coordination.

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The Congress defined that role in the Employment Act of 1946:

> . . . it is the continuing policy and responsibility of the Federal Government . . .
>
> . . . with the assistance and cooperation of industry, agriculture, labor, and State and local governments,
>
> to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining,
>
> in a manner calculated to foster and promote free competitive enterprise and the general welfare, . . .
>
> . . . useful employment opportunities . . . for those able, willing and seeking to work,
>
> and to promote maximum employment, production, and purchasing power.

Our economic policies for 1967 respond to that mandate.

January 26, 1967.

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THE ANNUAL REPORT

OF THE

COUNCIL OF ECONOMIC ADVISERS

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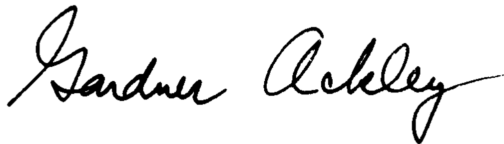
LETTER OF TRANSMITTAL

COUNCIL OF ECONOMIC ADVISERS,
Washington, D.C., January 19, 1967.

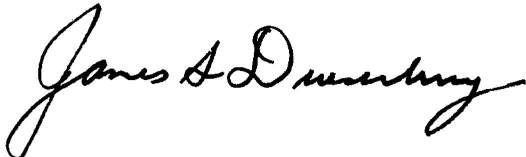
THE PRESIDENT:

SIR: The Council of Economic Advisers herewith submits its Annual Report, January 1967, in accordance with Section 4(c) (2) of the Employment Act of 1946.

Respectfully,



GARDNER ACKLEY,
Chairman.



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Chapter 1

Extending the Record of Prosperity

THE UNITED STATES in 1966 enjoyed the benefits of the fullest employment in more than a decade. The unemployment rate reached a 13-year low of 3.9 percent. At that level, demand finally matched supply in most labor markets, a situation which economists define as essentially "full employment."

Real incomes of all major groups registered sizable gains. Expansion continued for the sixth straight year. For the third successive year, growth exceeded 5¼ percent, a record unparalleled in our postwar experience.

By any standard, then, 1966 was a big year for the economy. Gross national product (GNP) expanded by a record $58 billion in current prices and reached $740 billion. As in the 2 preceding years, a major advance in business fixed investment was a key expansionary force. And the rising requirements of Vietnam added $10 billion to defense outlays. State and local spending and inventory investment also rose strongly.

As a result, 1966 was in some respects too big a year, especially in the early months. Spurred by the defense buildup, total demand—public and private—forged ahead at an extraordinarily rapid rate in late 1965 and early 1966. Strains developed in financial markets. Demand outstripped supply in several sectors which were already near full utilization. As Chapter 2 explains, many of the new orders simply added to backlogs and put upward pressures on prices. Some of the excess demands were met by imports, reducing the U.S. foreign trade surplus and retarding progress toward equilibrium in the balance of payments, as Chapter 5 indicates.

After years of stimulating demand, policy was called upon to restrain the economy. The need for restraint was recognized at the start of the year. Monetary policy assumed a restrictive stance. In anticipation of large increases in private expenditures and defense outlays, tax policies were applied to curb private demand. In 1964 and 1965, an expansionary tax policy had stimulated the economy; but in March 1966, restrictive tax changes were enacted at the President's request. Excise tax cuts were postponed, and income tax payments were accelerated. Moreover, the President's budget program in January stringently held down nondefense outlays. These measures produced a Federal surplus in the national income accounts budget and a net restrictive fiscal impact in the first half of 1966, despite the strong advance in defense spending.

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But the magnitude of the task was not fully appreciated at the beginning of 1966. As private demand and Vietnam requirements exceeded forecasts, policy was adjusted to the new developments. Monetary policy tightened further, causing a major cutback in homebuilding. In September, the President proposed additional selective fiscal measures to alleviate excessive demands for funds and for capital goods.

The initial restraining measures, reinforced by the previously enacted rise in payroll taxes, began to take effect in the spring. By the closing months of 1966, it was clear that the brakes had worked. The economy had shouldered the burden of active hostilities without the need for cumbersome and inefficient controls and without losing its basic health and stability. It was shown that policy could work both ways; it could restrain the economy, much as it had been able to provide stimulus during the preceding 5 years. In particular, the power of tight money as a tool of restraint—as well as its uneven impact—was demonstrated beyond any reasonable doubt.

As 1967 opens, inflationary forces set in motion during the period of overly rapid expansion are still alive, although their strength is waning. But now there is also a renewed challenge to sustain expansion; any further slowdown would be undesirable.

A healthy advance of demand in pace with the growth of potential output would permit gradual restoration of price stability. It would also promote a recovery in our foreign trade balance, thereby aiding the pursuit of equilibrium in the balance of payments. The fiscal program for 1967 is designed to meet these objectives and to assure that the easing of monetary conditions, presently underway, can be extended.

ACHIEVEMENTS OF AN EXPANDING ECONOMY

Last year's record of economic gains added in length and strength to the remarkable uninterrupted expansion that began early in 1961 (Table 1). This advance can be viewed in many dimensions. Prosperity has conferred its benefits on nearly every sector, industry, and region in almost every year.

EMPLOYMENT GAINS

Of all its facets, the growth of employment may be of greatest significance. Increasing numbers of Americans have obtained opportunities to earn secure livelihoods and to contribute to the material welfare of society.

Employment in 1966

Employment gains in 1966 were the largest of any year in the expansion. Civilian employment increased by 1.9 million, and 400,000 persons were added to the Armed Forces. The civilian unemployment rate fell from 4.6 percent in 1965 to 3.9 percent in 1966, the lowest since 1953. During the year, the seasonally adjusted rate remained essentially on a plateau, fluctuating between 3.7 and 4.0 percent. The number of persons unemployed

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TABLE 1.—*Changes in economic activity since 1961*

Measure of economic activity	Percentage change per year					
	1961 to 1966	1961 to 1962	1962 to 1963	1963 to 1964	1964 to 1965	1965 to 1966 [1]
Production:						
Gross national product, constant prices [2]	5.4	6.6	4.0	5.3	5.9	5.4
Personal consumption expenditures	5.2	4.9	4.4	5.8	6.0	4.9
Business fixed investment	9.7	9.2	4.4	10.6	13.1	11.2
Residential structures	(3)	10.2	4.2	−.8	−2.0	−10.8
Government purchases of goods and services	4.2	7.0	2.0	1.6	2.5	8.0
Federal	3.3	9.9	−.8	−2.9	(3)	10.9
State and local	5.2	3.5	5.5	6.6	5.4	5.0
Industrial production	7.3	7.8	5.1	6.4	8.4	9.0
Prices: GNP deflator	1.8	1.1	1.3	1.6	1.8	3.0
Employment:						
Total civilian employment	2.2	1.8	1.4	2.2	2.6	2.6
Nonagricultural payroll employment	3.4	2.9	2.0	2.9	4.2	5.1

[1] Preliminary.
[2] Includes change in business inventories and net exports of goods and services, not shown separately.
[3] Less than .05 percent.

Sources: Department of Commerce, Department of Labor, Board of Governors of the Federal Reserve System, and Council of Economic Advisers.

dropped by 500,000 in 1966. Nearly all groups shared in the reduction, the only exceptions being nonwhite females in two age groups, 14–19 and 45 years and over. Although employment in both of these groups expanded, the increase was not enough to keep pace with the rapid growth of these groups in the labor force.

The expansion in the demand for labor extended to every nonagricultural sector of the economy. The most remarkable gains were in manufacturing where the number of jobs rose 1 million from 1965 to 1966. Since most manufacturing employment consists of high-productivity, high-wage jobs, the gain contributed to a major advance in real income. Employment in trade and services and State and local governments also expanded substantially, rising by about 1½ million workers in 1966.

The mirror image of the rapid increase in nonagricultural jobs was a remarkable decline of 400,000 in agricultural employment in 1966. This decrease of 8¼ percent was the largest percentage drop on record, as higher-paying nonfarm job opportunities attracted farmers and hired workers out of agriculture.

Labor Supply

The labor force expanded by 1.8 million workers last year, nearly 500,000 more than demographic trends alone would have indicated. In particular, a larger fraction of women and teenagers participated in the labor force.

Low unemployment encourages entry into the labor force. Some people, especially women and teenagers, who would be interested in working if jobs were plentiful, do not actively search for jobs when they believe none are available. At such times, these persons are considered neither as employed

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nor unemployed, and are not counted in the labor force. When job opportunities improve, they enter the labor force, seeking and frequently finding jobs. The evidence of 1966 suggests that nearly 500,000 of "hidden unemployed" or "discouraged workers" entered the labor force. Probably, additional workers, who did not respond fully to improved job opportunities last year, will enter the labor market if it remains buoyant.

The Record Since 1961

The number of unemployed today is about 2 million lower than 6 years ago. Over the same period, nearly 9 million additional Americans have gained employment. Millions more moved into higher paying, more secure, and better jobs, and out of declining areas and low-wage industries. The benefits of full employment have extended far beyond the important gains in real income and material welfare. By reducing poverty and hardship, the opportunities for productive employment have contributed to human dignity and self-esteem and to freedom of choice.

The decline in unemployment in a vigorous and buoyant economy has changed the diagnoses and the proposed remedies for our labor market problems. Allegations that a substantial fraction of the labor force lacks the motivation to work have been refuted by the facts. Proposals to cut unemployment by artificially shortening the workweek, or by instituting practices deliberately designed to hold down productivity, are no longer seriously advanced.

The marked decline in unemployment in the past 6 years has been shared by nearly all groups. In some instances, improvement has been dramatic. Only one-third as many Americans were unemployed for 15 consecutive weeks or longer in 1966 as in 1961. Over the same period, the unemployment rates for nonwhite adult males, blue collar workers, and married men fell by more than half.

Many of the previously hard core depressed areas are no longer suffering from high unemployment. In early 1961, 101 of the Nation's 150 major labor market areas were classified as areas of substantial unemployment, with rates in excess of 6 percent. Today, there are only 8 labor market areas in that category. There are now 66 areas that have unemployment rates of less than 3 percent; for most of 1961, there were none.

Of course, some groups have gained less than others. Unemployment remains high among nonwhites, teenagers, and, especially among workers with few skills and little training. As Chapter 3 indicates, inexperience, inadequate education, and racial discrimination unfortunately penalize these groups, placing their members at the end of all too many hiring lines.

PRODUCTIVITY

Productivity increases during the expansion have been excellent. The slow growth in the number of adult male workers was often cited as a reason for expecting bottlenecks in the labor market and a sluggish productivity

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performance during the expansion. However, from 1961 to 1966, the average annual growth of private output per man-hour was 3.5 percent, exceeding the long-term trend of a little over 3 percent a year.

One factor making for good productivity performance in recent years has been the high level of business investment expenditures. As a result, capital has not been a bottleneck to the expansion of production and employment in most areas and industries. Moreover, high investment rates have helped to modernize the capital stock and thereby speed technological progress.

In large part, however, the above-normal growth of productivity is typical of economic recoveries. A slack economy does not make full use of its capital stock or overhead labor. As activity expands, both are utilized more efficiently and productivity increases. But this cannot go on indefinitely. In 1965 and 1966, average use of plant and equipment approached "preferred" rates, and overhead labor had to be expanded. As a result of these factors and need for major, rapid adjustments in the composition of employment, growth of productivity slowed in 1965 and 1966 to just under 3 percent, slightly below the long-term trend.

GAINS IN REAL INCOME

Advances in employment and productivity have generated unprecedented gains in the real income and the standard of living of the American people. Farmers, wage earners, businessmen, and professional workers have all shared in the impressive advance. Real disposable income per capita—the best single measure of consumer welfare—has risen by 24 percent over the past 6 years, matching the increase in the preceding 13 years.

Gains have been particularly rapid in recent years. In 1964 and 1965, real disposable income per capita increased by 5 percent a year—the equivalent of more than 2 extra weekly paychecks annually. Despite the disturbing rise in consumer prices in 1966, real disposable income per capita continued to grow strongly—by 3½ percent. The higher incomes of 1966 included a 12 percent increase in social insurance transfer payments, which aided some of the needier groups.

Since 1961, there have been impressive advances in each type of income as well as in total income, as shown in Table 2. Through 1965, the growth of corporate profits outpaced GNP and most other types of income. In 1966, however, profits rose in line with GNP and less rapidly than employee compensation.

The full story of the welfare gains from economic expansion cannot be conveyed by any array of statistics. Other data—such as the rapid growth in the number of families owning durable goods and the greater percentage of families enjoying adequate diets and medical facilities—could be presented to document various trends. But they all add up to the single story

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TABLE 2.—*Changes in measures of income since 1961*

Measure of income	1961	1965	1966 [1]	Percentage change per year [1]: 1961 to 1966	Percentage change per year [1]: 1965 to 1966
	Billions of dollars				
Compensation of employees	302.6	392.9	433.3	7.4	10.3
Corporate profits:					
Before taxes	50.3	75.7	81.8	10.2	8.1
After taxes	27.2	44.5	48.1	12.1	8.1
Disposable personal income:					
Current prices	364.4	469.1	505.3	6.8	7.7
1958 prices	350.7	430.8	451.5	5.2	4.8
	Dollars				
Farm income per farm:					
Current prices	3,389	4,493	4,955	7.9	10.3
1966 prices	3,684	4,632	4,955	6.1	7.0

[1] Preliminary.

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

that sustained prosperity means more comfort, more freedom, and more security for the overwhelming majority of Americans.

THE REALIZATION OF ECONOMIC POTENTIAL

A major economic accomplishment of 1966 is that the United States made essentially full use of its productive potential. Gone were the chronic underutilization of resources, general excess supply in labor markets, and wastefully idle industrial capacity that had blemished the performance of the economy for a decade. Because of the excessive unemployment and idle capital in previous years, the Nation sacrificed the opportunity to consume and invest a large amount of the output that it was capable of producing. At the trough of the recession in the first quarter of 1961, the "gap" between actual and potential GNP amounted to $57 billion (1966 prices). From 1958 to 1965, the cumulative gap totaled $260 billion (Chart 1).

Five years ago, when unemployment was 6 percent of the labor force, there was clearly an excess supply of labor. Nobody could be sure where balance between supply and demand would be reached. The Council of Economic Advisers, among others, judged that an unemployment rate near 4 percent would (with the existing structure of labor markets) yield approximate balance between the supply and demand for labor. Other experts argued, however, that the economy would run into substantial and significant labor bottlenecks when unemployment fell to 5 percent. Another group contended optimistically that a sufficient expansion of aggregate demand might push unemployment down as low as 3 percent without creating excess demand pressures. The experience of the past year provides a partial answer, suggesting that the 4 percent judgment was nearest to the mark. In 1966,

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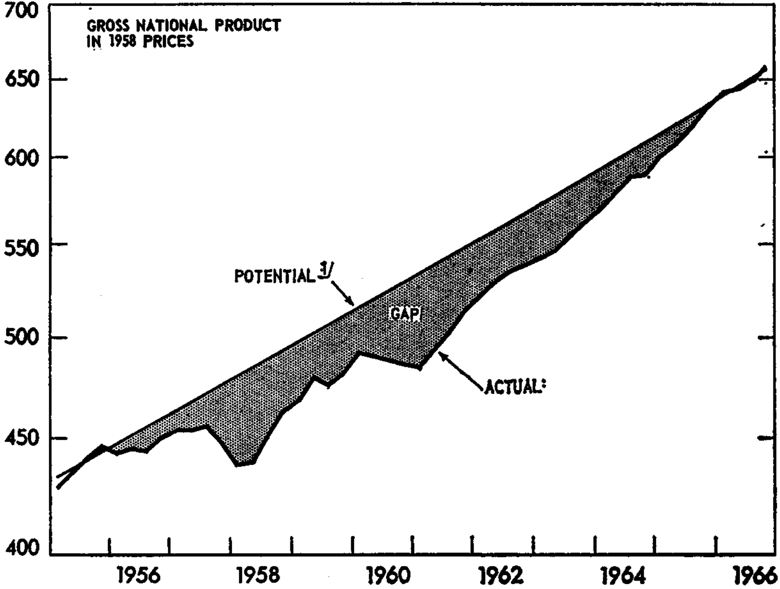
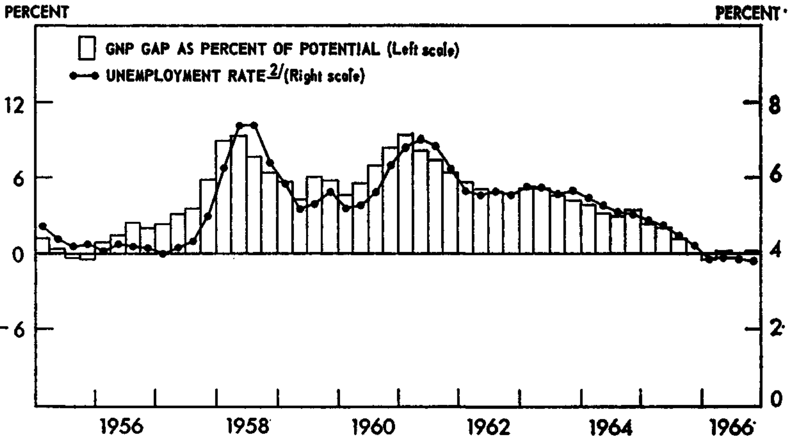
Chart 1

Gross National Product, Actual and Potential, and Unemployment Rate





*SEASONALLY ADJUSTED ANNUAL RATES.

1/ TREND LINE OF 3½% THROUGH MIDDLE OF 1955 TO 1962 IV, 3¾% FROM 1962 IV TO 1965 IV, AND 4% FROM 1965 IV TO 1966 IV.

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

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

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labor markets were generally in balance, although there were shortages of certain labor skills and a few remaining pockets of unemployment. The areas of shortages seemed largely to reflect the speed of the economy's advance rather than the level of utilization attained. With the return of a more moderate advance, those pressures have begun to subside.

The economy caught up with its economic potential in 1966. But total demand must continue to rise to keep pace with a growing potential GNP. Indeed, primarily as a result of faster growth of the labor force, potential output itself has been accelerating somewhat. From the mid-1950's into the early 1960's, it advanced by about 3½ percent a year. More recently, the rate of growth moved up to 3¾ percent a year; and at present, it seems to be advancing at an annual rate of about 4 percent.

The growth of potential stems from three principal determinants: the rise in the labor force; changes in annual average hours worked per man; and the growth of average output per man-hour—that is, of productivity. Because of the low birth rates during the depression of the 1930's and World War II, the working-age population expanded slowly in the 1950's. However, high postwar birth rates have recently led to accelerated growth of the labor force from 1¼ percent annually in earlier years to 1¾ percent.

Under steady full employment conditions, longer vacations and shorter workweeks would lead to an annual decline of about ¼ percent in hours worked per man, thereby reducing the growth in total man-hours to about 1½ percent a year.

Labor productivity in the private economy has grown at a trend rate somewhat over 3 percent a year during the postwar period. But, since the method of measuring productivity of Government workers ignores any change in their efficiency, the trend rate of increase in output per man-hour in the total economy is just over 2½ percent a year. Thus, with GNP per man-hour advancing at that rate and total man-hours at about 1½ percent, potential output advances at 4 percent.

The Nation's economic potential may grow even more rapidly in the future if the trend advance of productivity quickens. Two recent developments, in particular, could speed the growth of productivity. First, the current investment boom has led to a significant modernization of our capital stock. About one-third of manufacturing equipment in use today is less than 3 years old, compared with one-fourth at the beginning of 1964. When much of our capital stock is new, the production process will incorporate many of the latest technological advances. However, new investment does not confer its productivity benefits immediately. Projects must first be completed and, even then, there are important start-up and break-in costs until new plant and equipment work smoothly. Hence, much of the productivity bonus of the recent capital boom may still lie ahead. Second, the use of active manpower policies can make a significant contribution to the improvement of the quality of the labor force, and thus to productivity.

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Manpower policies may also increase growth rates over the long run by lowering the level of unemployment consistent with price stability. In fact, significant further reductions in unemployment will depend primarily on manpower programs, particularly those aimed at disadvantaged groups, as discussed in Chapter 3.

The closing of the gap in 1966 was a great achievement. But it necessarily means that the 5½ percent rate of advance of real output registered in recent years cannot be matched in the near future. That rapid expansion was possible because idle resources were ready and able to make a productive contribution. The growth of employment outpaced the expansion of the civilian labor force; many new employees were put to work on previously idle or underused machines; improved utilization rates yielded a bonus of extra gains in productivity. But now that full employment has been essentially attained, output cannot continue to rise faster than productive capacity.

STRAINS AND RESTRAINT IN A SURGING ECONOMY

The major theme of recent economic developments is the continuation of progress. But there is also a secondary theme of problems and imbalances, many of which can be traced back to mid-1965, when the sudden increase in defense requirements for Vietnam led to a marked acceleration in economic activity. By the time measures of fiscal and monetary restraint took hold and slowed down the economy, significant problems had developed—an interruption of price stability, a deterioration in international trade performance, acute pressures in financial markets, and sharply divergent movements among the various sectors of the economy.

THE ECONOMY IN MID-1965

As of mid-1965, the economy was advancing steadily and healthily toward full employment. GNP had risen by $11 billion a quarter, on the average, for the preceding 2 years; the annual rate of real growth over that period had been 5½ percent. Unemployment was down to 4½ percent of the civilian labor force, and the average operating rate of manufacturing capacity was up to 89 percent. The price record showed few blemishes: average consumer prices in July 1965 were only 6 percent higher than they had been in early 1961, and prices of nonfood commodities had risen by only 3 percent. Prices of manufactured finished products at wholesale had advanced by 1 percent in 5 years.

Expansionary fiscal policy had contributed actively to the record of 52 months of advance. The reform of depreciation rules and the investment tax credit, both initiated in 1962, encouraged business to expand and modernize plant and equipment. Furthermore, as a result of these measures and the much larger tax reductions granted by the Revenue Act of

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1964, both corporate and individual income recipients were enjoying an average reduction of one-fifth in their tax liabilities. Monetary policy continued to meet the credit needs of a brisk expansion and thereby contributed to the relative stability of long-term interest rates that was unusual for a period of rapid economic advance. Meanwhile, Federal spending on goods and services was essentially level after mid-1962. As a share of the growing GNP, defense purchases fell steadily from 9.2 percent in 1962 to a post-Korean low of 7.3 percent by mid-1965. Defense spending was clearly not the fuel that was propelling the economy toward full employment. But neither was the decline in the defense share permitted to retard the growth of total demand; some economic stimulus was provided by spending on new Federal civilian programs, and major reductions in taxes encouraged private spending.

New stimulative policies were being prepared in the spring of 1965 to complete the advance to full employment. Congress enacted a major phased reduction of excise taxes, in line with the President's proposals, and its first stage took effect in June 1965, cutting taxes by $1¾ billion (annual rate). A liberalization of social insurance benefits, designed to help the aged, was enacted to take effect retroactively. The larger benefits were to be financed by a payroll tax increase at the beginning of 1966. Meanwhile, the liberalization of benefits was expected to give the economy a significant stimulus in the fall of 1965 when an anticipated liquidation of steel inventories might otherwise have threatened a slowdown. The retroactive portion, which was disbursed in September, amounted to $900 million. Thereafter, annual benefits were raised by about $2 billion.

SPURT IN ECONOMIC ACTIVITY

The economic environment was significantly changed by the expansion of defense requirements. On July 28, 1965, the President requested additional funds for defense and indicated that further increases would be required in January. Military outlays, at an annual rate, rose by nearly $2 billion a quarter in late 1965 and early 1966 (Table 3). Defense orders expanded very rapidly, spurring demands for labor and inventories by contractors.

Yet the defense buildup itself was not enough to account directly for the acceleration in the over-all economic advance. Rather, it reinforced the previously planned fiscal stimuli and the forward momentum of a strong economy close to full employment. Furthermore, the expansion of defense spending contributed to a significant change in the climate of opinion. The Vietnam buildup virtually assured American businessmen that no economic reverse would occur in the near future. The impact on business attitudes was intensified by unwarranted fears that the Vietnam conflict might have consequences like those of the Korean conflict: direct controls, excess profits taxes, and a huge jump in prices of raw materials.

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TABLE 3.—*Changes in gross national product during two periods since mid-1965*

[Billions of dollars, seasonally adjusted annual rates]

Expenditure category	Change	
	1965 II to 1966 I	1966 I to 1966 IV [1]
Gross national product	48.3	37.9
Personal consumption expenditures	28.8	18.8
Durable goods	5.9	-.2
Nondurable goods	12.5	6.8
Services	10.4	12.2
Gross private domestic investment	10.8	3.5
Fixed investment	9.6	-2.0
Business fixed investment [2]	9.1	4.7
Residential structures	.5	-6.7
Change in business inventories	1.3	5.5
Net exports of goods and services	-2.2	-1.2
Government purchases of goods and services	10.7	16.9
Federal	6.3	10.6
National defense	5.5	10.9
Other	.9	-.4
State and local	4.4	6.3

[1] Preliminary.
[2] Nonresidential structures and producers' durable equipment.

NOTE.—Detail will not necessarily add to total because of rounding.

Sources: Department of Commerce and Council of Economic Advisers.

The increase in defense spending swelled an already strongly rising tide of business investment expenditures. From the second quarter of 1965 to the first quarter of 1966, business spending for new structures and equipment rose by $9 billion. Defense, investment, and social security liberalization, in combination, speeded the growth of disposable income. Consumer spending responded strongly, growing by $29 billion over this three-quarter interval. All in all, GNP advanced at an average of $16 billion a quarter. Real output grew at a phenomenal annual rate of 7.2 percent, and industrial production rose at an annual rate of 9.7 percent.

Unemployment fell from 4.7 percent to 3.8 percent of the civilian labor force during this period. New orders for durable manufactured goods rose markedly (12 percent), with orders for electrical machinery (20 percent) and defense products (19 percent) increasing especially rapidly.

The surge in demand for goods and labor created pressures on prices in many areas. From October 1965 to July 1966, the annual rate of advance for industrial wholesale prices stepped-up to 3 percent. Prices of industrial crude materials moved sharply upward—at an annual rate of 8 percent from October to April. At the consumer level, demand pressures raised prices of services and nonfood commodities and combined with special supply factors in agriculture to push up food prices. These price movements and their consequences are discussed in detail in Chapter 2. All in all, the economy exceeded reasonable speed limits in the period from mid-1965 through the first quarter of 1966.

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MODERATION IN THE PACE OF ADVANCE

After years of providing stimulus to the economy, policy changed direction at the turn of the year. Monetary policy accounted for a major share of the restraint during most of 1966. As described in detail below, the Federal Reserve restrained the growth of credit supply in the face of extremely strong demands for borrowing by business. With intense competition for funds, interest rates rose sharply. Institutions which supply mortgage funds to the homebuilding industry lost deposits both to the commercial banks and to the market for new corporate securities. As a result, residential construction was starved for funds, and the sharp decline in this sector was one of the principal moderating influences during the second half of 1966.

Fiscal policy also responded effectively. Although the special defense costs necessarily swelled Federal outlays and were highly stimulative, restrictive actions were taken in other areas. Increases in nondefense purchases were held to $300 million from 1965 to 1966. Several restrictive tax measures were proposed in January 1966, and were enacted in mid-March. These included a reinstatement of some of the earlier excise tax reduction, restoring about $1 billion to the annual rate of Federal revenues; and a system of graduated withholding for individual income taxes that drew off $1½ billion (annual rate) from disposable income beginning in May. These new measures followed the $6 billion increase in payroll taxes that took effect at the start of 1966. In addition, revenues were increased in the spring by unusually large payments on 1965 income tax liabilities.

The national income accounts budget for the Federal sector shifted from a deficit at an annual rate of $1½ billion in the second half of 1965 to a surplus at an annual rate of $3 billion in the first half of 1966. (As explained in the Appendix to this Chapter, Federal fiscal policy is discussed throughout this Report in terms of the national income accounts budget.)

These monetary and fiscal actions helped to bring the rate of over-all economic expansion in line with the growth of capacity. After the first quarter of 1966, gains in GNP slowed to an average of $12½ billion a quarter, no longer outstripping the growth of potential GNP. The unemployment rate leveled off, as employment gains essentially matched the growth of the labor force. Manufacturing output actually rose less than the growth of manufacturing capacity, and average operating rates at year-end were below the 91 percent that had been reached in the first quarter.

The change of pace was first clearly noticeable in the spring. Fiscal restraint appreciably slowed the growth of disposable income in the second quarter and contributed to a marked slowdown in consumer spending. During the summer, consumer demand perked up again. But homebuilding, which had declined moderately in the second quarter, was hit hard by the shortage of mortgage financing and took a sharp plunge, holding down the increase in economic activity.

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Business demand for capital goods, on the other hand, continued to expand rapidly during the spring and summer. Although tight money, rising costs of machinery and construction, declining prices of common stock, and appeals for voluntary restraint had moderating effects in particular firms and industries, total business investment forged ahead. In August, both the Commerce-SEC anticipations survey and the National Industrial Conference Board appropriations survey confirmed the vigor of the capital boom. Commercial construction was the only type of business investment that showed weakness; it was restrained by the shortage of mortgage funds.

The capital boom, in fact, was proving too vigorous. In view of the growing backlogs of orders, shortages of certain types of skilled labor, rising prices in capital goods industries, and acute pressures of business credit demands on financial markets, there was a clear need to moderate investment demand. On September 8, the President asked Congress to suspend, until January 1, 1968, the 7 percent tax credit on investment in machinery and equipment and accelerated depreciation provisions on new buildings. At the same time, he initiated a program to reduce nondefense spending.

The Commerce-SEC survey in November showed that only moderate further increases in plant and equipment spending were planned through the second quarter of 1967. It also revealed that the actual increase in capital outlays in the third quarter was somewhat smaller than the planned advance reported in August; this was the first downward revision of plans in 3 years. The results of the survey no doubt reflected several factors, including the moderation of economic expansion, the financial pressures on business, and the suspension of the investment tax incentives. Even though orders for machinery and equipment continued to outrun shipments through December, there were favorable prospects that the pressures of excess demand on capital goods industries would be lessened in the months ahead.

RETROSPECT

Despite the moderation after the first quarter, expansion for 1966 was more rapid than virtually anyone expected at the outset. At the time it was presented last January, the Council's forecast that GNP in 1966 would rise strongly by $46½ billion was somewhat above the typical forecast of private economists. Yet it turned out to be $12 billion too low. In part, the underestimate reflected the difference between the predicted real growth of nearly 5 percent and the actual rate of 5½ percent. In addition, the over-all price deflator rose by 3 percent—about 1 percentage point more than projected.

The primary sources of the underestimate were in Federal defense purchases and business fixed investment. While both had been expected to be key sources of strength, they were even stronger than anticipated. As the prospective duration of Vietnam hostilities and the intensity of our military commitment exceeded those assumed in the budget, Federal spending

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for defense in the calendar year ran above last January's estimate by $4 billion. Spurred in part by defense outlays, expenditures on plant and equipment topped the Council's expectations by $2 billion to $3 billion. State and local purchases and inventory investment also were above the projections, while homebuilding and net exports fell below the estimates.

As it became clear that public and private demand was exceeding expectations, the desirability of further increases in taxes came under public discussion. Continuing and careful consideration of this issue within the Administration, sharpened by the increasing strain on financial markets, led to the fiscal program of September 8. In retrospect it is clear that, after March, monetary and fiscal policy in combination provided adequate total restraint. It may be debated whether a better balance of demands and policies would have been achieved if a program of additional fiscal restraint had been undertaken earlier in order to relieve the pressure on monetary policy. It may also be argued that the capital boom could have been cooled off sooner if the investment tax credit had been suspended earlier in the year. The question of whether a different timing or different magnitude of fiscal actions might have produced a more favorable balance in 1966 will long interest and challenge analysts of economic policy. But the main lesson is clear from the record: economic policy was used effectively to restrain the economy during 1966, much as it had been used during the preceding 5 years to stimulate demand.

THE PATTERN OF OUTPUT

In contrast to the reassuring balance of the expansion from 1961 to 1965, the advance in 1966 was uncomfortably uneven among sectors. The nature of these imbalances is illustrated by Chart 2, which shows the shares of GNP absorbed by various types of expenditures since 1954.

It is striking that the portion of GNP devoted to Federal purchases in 1966 was much the same as in earlier years. Indeed, despite the sharp growth of defense outlays, Federal expenditures represented a smaller share of national product than in any other post-Korean year except 1964 and 1965. The share of defense purchases was 8.1 percent, also lower than in any year from 1954 to 1963. State and local government purchases continued their secular rise as a share of GNP.

The share of private domestic and foreign investment in 1966, 16 percent of GNP, was quite typical for a full-employment year. Private investment exceeded private saving at full employment, leaving room for moderate surpluses in government budgets (national income accounts basis).

UNEVEN SHARES IN INVESTMENT

Although the share of investment in GNP was normal, the pattern of the major investment components was unusual when compared with other post-

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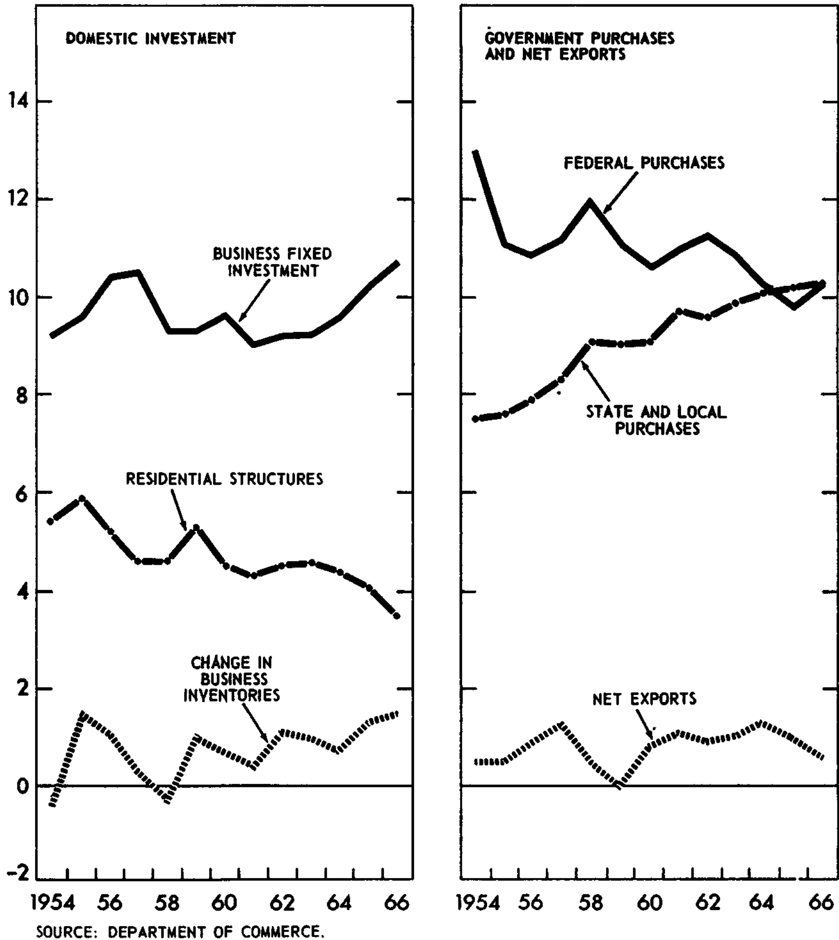
Chart 2



SOURCE: DEPARTMENT OF COMMERCE.

Korean years. Business fixed investment was at a record high of 10.7 percent of GNP, surpassing its previous peak of 10.5 percent in 1957 and considerably above its post-Korean average of 9.8 percent. Because of the scarcity of mortgage funds, housing starts fell steadily from an average of 1.5 million units in the first quarter of the year to 1.0 million in the fourth; at 3.5 percent, the share of residential construction was at a post-Korean low. Inventory investment, at 1.5 percent, matched its previous post-Korean high of 1955. Excess demand at home generated a spurt in demand for goods from abroad, pulling down the share of net exports to the lowest level since 1959.

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The record share of business fixed investment in 1966 occurred despite the need for a much greater volume of external financing at unusually high borrowing costs. Incentives to invest were provided by a continuation of the forces that had spurred business to expand and modernize facilities in 1964 and 1965: growing sales, orders, and profits, and high operating rates. These were further strengthened by the rise in defense spending.

INVENTORY INVESTMENT

A high rate of inventory investment in relation to GNP during 1966 reflected many of the same factors that stimulated business fixed investment. Inventory-sales ratios generally crept up after years of stability or decline. Nonfarm stocks expanded by 8 percent over the year, considerably above the rate of growth of real output or sales. Inventories rose especially rapidly in durable goods manufacturing; these stocks grew by nearly $7 billion during the first 11 months of 1966. Within durables, goods-in-process inventories rose by about $4 billion over the period, reflecting, in part, the build-up of defense and business equipment in the pipeline.

The long production times that are essential for many durable goods were largely responsible for the growth of stocks of goods-in-process. From the time a company begins to build an airplane or a machine, it may take 6 months or a year to produce a finished good and complete a shipment. While the piece of equipment is being fabricated, the value of the completed portion shows up in inventories of goods-in-process. Thus, if orders rise sharply for items with long production times, inventories grow; the ratio of inventories to shipments also tends to increase until shipments can catch up.

In late 1965 and in 1966, orders for business equipment and defense hardgoods rose sharply, and shipments did not keep pace. The economic impact of this step-up in orders was not fully reflected in Government purchases or in business fixed investment; some of it showed up as inventory investment. The impact of defense orders on inventories cannot be quantified precisely. But it can be estimated by two approaches: one uses data on progress payments made by the Department of Defense, and the other rests mainly on the statistics of defense-oriented industries. Both approaches suggest that, from the beginning of the fourth quarter of 1965 through the third quarter of 1966, defense contractors and their suppliers added about $2 billion to their stocks as a result of defense orders.

MONEY AND CREDIT

The composition of output and the pace of advance last year were much influenced by financial and credit developments. In 1966, monetary policy moved to the center of the stage. Previously, it had played a significant role in support of an active fiscal policy to stimulate economic expansion.

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PROMOTING EXPANSION, 1961 TO 1965

From 1961 through 1965, Federal Reserve policy permitted a sufficient expansion of credit to accommodate expanding demands for funds at only moderately rising interest rates. As in any period of economic advance, greatly increased credit was demanded by consumers to purchase homes and durable goods, businesses to finance investment in plant and equipment and inventories, and State and local authorities to support their expenditures. In 1965, the net flow of new credit to these groups was $66 billion—nearly double the amount in 1961 (Table 4).

The pattern of credit flows had several outstanding characteristics. The volume of corporate security issues actually declined; with the very rapid growth of corporate profits, internal funds nearly kept pace with the expansion of business investment until mid-1965 (Chart 3). Also, the volume of security issues was held down by the ready availability of bank loans to business.

The share of commercial banks in total lending rose by nearly one-third from 1961 to 1965, while the share of thrift institutions (savings and loan associations and mutual savings banks) declined by nearly one-third. Following a series of upward adjustments by regulatory authorities in the maximum interest rates allowed on time and savings deposits, commercial banks competed aggressively for time deposits and acquired funds to meet growing demands for loans. They developed and made effective use of some new financial instruments, especially the negotiable certificate of deposit (CD). Because these certificates, unlike ordinary time deposits, can be readily sold, holders can earn interest on idle deposits without sacrificing liquidity. These innovations helped to hold down long-term interest rates in the face of

TABLE 4.—*Net funds raised by domestic nonfinancial sectors, 1961–66*

[Billions of dollars]

Type of credit	1961	1962	1963	1964	1965	1966 Total[1]	1966 First half	1966 Second half[1]
							Seasonally adjusted annual rates	
Private domestic nonfinancial sectors	33.9	44.2	50.2	55.6	66.0	58.7	70.0	47.8
Consumer credit	1.7	5.5	7.3	8.0	9.4	7.0	7.8	6.2
Bank loans[2]	2.2	4.8	5.4	6.5	13.6	7.4	11.4	3.7
State and local obligations	4.9	5.0	6.7	5.9	7.4	5.7	6.4	5.1
Corporate securities	7.1	5.1	3.6	5.4	5.4	10.9	13.6	8.2
Home mortgages[3]	11.4	13.0	15.2	15.7	16.0	12.3	14.4	10.2
Other[4]	6.7	10.9	12.0	14.2	14.2	15.4	16.1	14.6
U.S. Government	7.7	7.9	5.0	7.0	3.5	7.4	9.0	5.8

[1] Preliminary estimates.
[2] Bank loans not elsewhere classified.
[3] Mortgages on 1- to 4-family homes.
[4] Acceptances, commercial and finance company paper, U.S. Government loans, and mortgages on multifamily dwellings and on farm and commercial land and buildings.

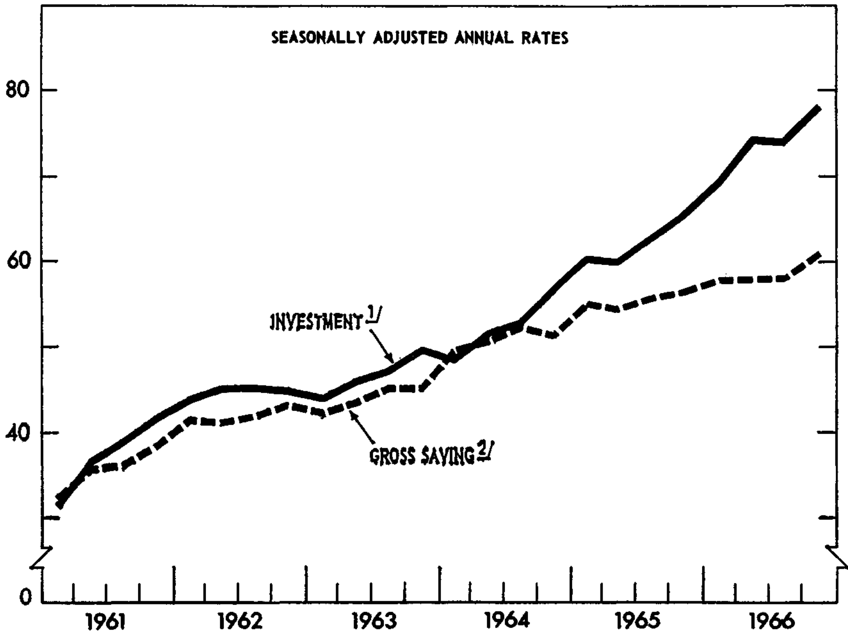
Source: Board of Governors of the Federal Reserve System.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

Chart 3

Investment and Gross Saving of Nonfinancial Corporations

BILLIONS OF DOLLARS



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

growing credit demands, and supported continued expansion of economic activity.

SHIFT TO RESTRAINT

Conditions changed dramatically in the closing months of 1965. The rapid rise of business investment far exceeded the growth of corporate cash flow. This widening gap, shown in Chart 3, was the major driving force behind the rising demand for credit that continued into the first half of 1966. Given the intensity of this demand, monetary policy could have prevented an increase in interest rates and a tightening of credit availability only by creating bank reserves at an extremely rapid rate. Such a policy would have contributed to inflation by removing financial limitations on the surging demands for goods and services. Under the circumstances, it was desirable to curb the growth of credit. The appropriate degree of restraint had to take into account the volume of pressure on financial

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markets and the magnitude of the upward movement in interest rates that could be tolerated.

In December 1965, the Federal Reserve signaled the forthcoming tightening of monetary policy by increasing the discount rate from 4 percent to 4½ percent. At the same time, the maximum allowable interest rate on time deposits of commercial banks was raised from 4½ to 5½ percent. During the first half of 1966, business demands for credit rose rapidly. Supplies of credit did not keep pace, as the Federal Reserve held the expansion in bank reserves somewhat below that of 1965, when credit demands were rising less strongly.

In order to maintain the good will of valued business customers, banks made every effort to satisfy the mounting demands for business loans. They obtained additional loanable funds by increasing their borrowings from the Federal Reserve, reducing their investments in securities, bringing back funds from their foreign branches, and attracting additional time deposits through higher interest rates. As a result, they were able to expand business loans at an annual rate of about 20 percent in the first half of 1966, even more rapidly than the 18 percent increase in 1965.

Corporate demands for credit were so strong that even this extraordinary increase in bank lending provided less than half of the external funds raised by corporations. To finance their investment expenditures, firms began to issue large amounts of new securities. Sales of securities by the Government, particularly Government agencies, were also large during this period.

The large volume of corporate and Government securities could be sold only at much higher yields. After November 1965 interest rates on high-grade securities increased sharply (Chart 4). As in the past, the rise in market yields, relative to the rates paid on deposits, permitted security issues to absorb a larger proportion of total household lending (Chart 5). As in other periods of tight money and rising security yields, funds deposited in financial institutions declined relative to funds provided directly to the security markets.

COMPETITION AMONG FINANCIAL INSTITUTIONS

Commercial banks competed strongly and rather successfully to hold their own as the total flow of funds into depository institutions declined. By raising yields on CD's, the banks attracted corporate time deposits in large volume. In addition, through the expanded use of savings certificates and other types of nonnegotiable certificates of deposit, they induced an increasing flow of household time deposits.

The impact of the increased direct flow of savings to security markets fell heavily on the thrift institutions. Thrift institutions continued to receive the deposits of the steady savers who represent a major part of their clientele.

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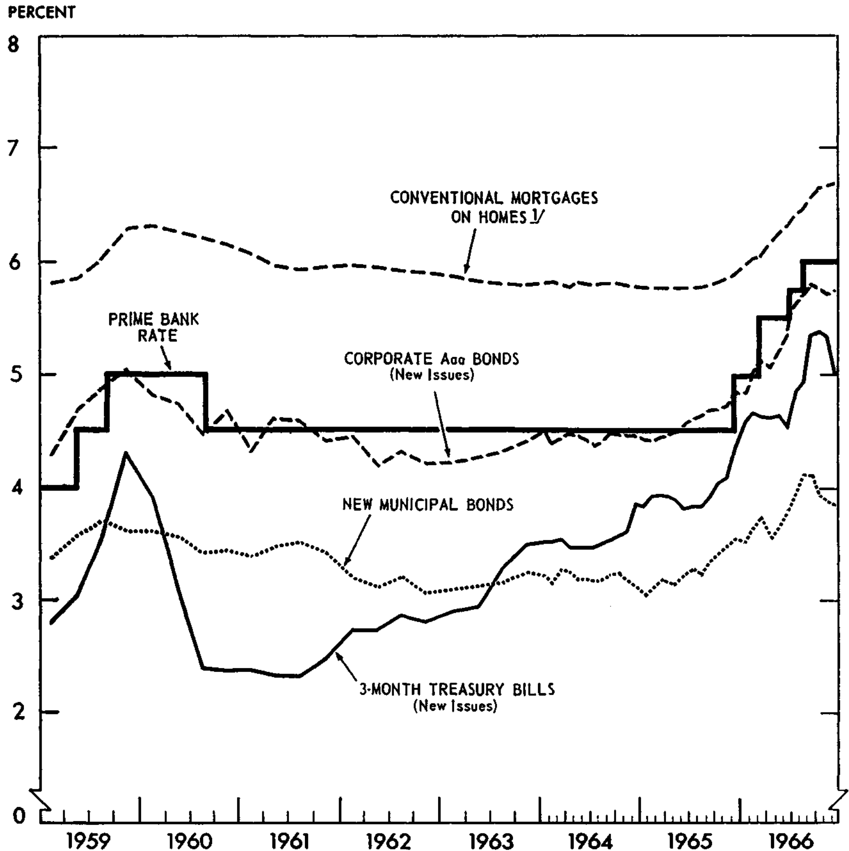
Chart 4

Selected Interest Rates



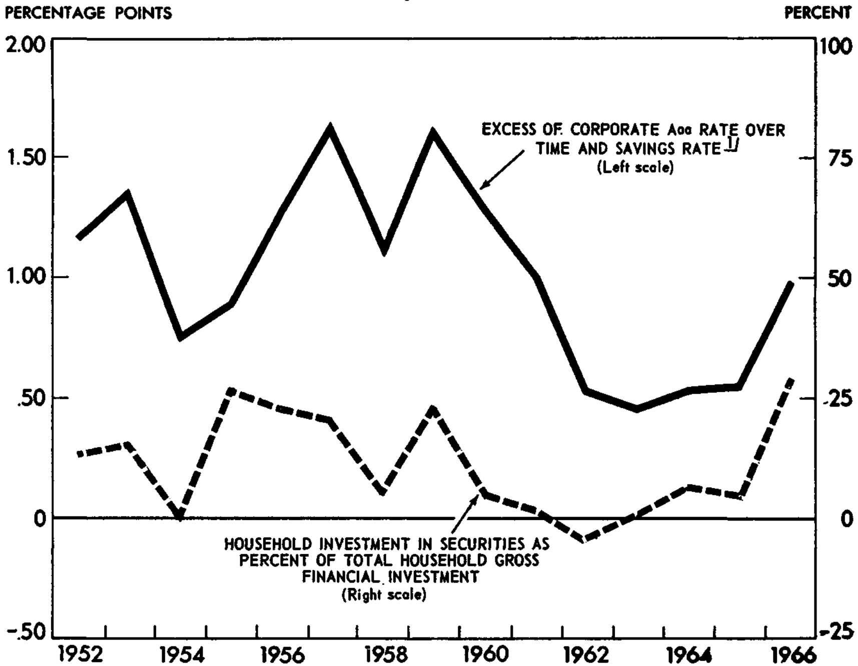
1/NEW AND EXISTING HOMES THROUGH 1960 I, AND NEW HOMES ONLY THEREAFTER.
NOTE.–DATA PLOTTED ARE QUARTERLY THROUGH 1963, MONTHLY THEREAFTER.
SOURCES: FEDERAL HOUSING ADMINISTRATION, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, MOODY'S INVESTORS SERVICE, AND TREASURY DEPARTMENT

Indeed, the gross inflow to savings and loan associations actually was larger in 1966 than in 1965. But, funds of interest-sensitive depositors (so-called "hot money") were withdrawn and invested in higher-yielding securities. These withdrawals dominated the net inflow. By mid-1966, the net inflow had fallen to a rate less than one-fourth that of 1965.

Unlike banks, thrift institutions were unable to prevent withdrawals effectively by raising interest rates paid on deposits. Because the portfolios of these institutions were invested primarily in mortgages (assets with a fixed yield and a very slow turnover), they had relatively little flexibility in adjusting the rates paid on ordinary deposits. Nor have thrift institutions made effective use of special savings certificates, which—like bank CD's—offer

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

Chart 5



1/EXCESS OF CORPORATE Aaa BOND RATE (NEW ISSUES) OVER WEIGHTED AVERAGE OF INTEREST RATES PAID ON TIME AND SAVINGS DEPOSITS AND SHARE ACCOUNTS AT COMMERCIAL BANKS AND SAVINGS INSTITUTIONS.

SOURCES: BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, FEDERAL DEPOSIT INSURANCE CORPORATION, FEDERAL HOME LOAN BANK BOARD, AND COUNCIL OF ECONOMIC ADVISERS.

higher interest rates marginally without increasing the yield to all depositors. If they had tried to remain competitive with banks by raising the rates paid on all deposits, their expenses would have risen much more rapidly than their income.

With a greatly reduced inflow of funds, thrift institutions had to curtail mortgage lending sharply in 1966. Net acquisitions of residential mortgages decreased by 25 percent in the first two quarters of 1966. This reduction occurred despite significant Government aid: the Federal National Mortgage Association purchased nearly $4½ billion of mortgages (annual rate) during the period, and the Home Loan Banks provided funds to offset deposit losses of savings and loan associations. In the third quarter, only $9.4 billion (annual rate) went into residential mortgages—more than 40 percent below the amount provided a year earlier. The net flow into home mortgages from savings and loan associations was virtually zero. The result of all this was the marked decline in residential construction described earlier.

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In the first half of the year, Federal Reserve policy restrained bank lending only moderately but placed other financial institutions under severe pressure. If monetary policy had been applied more restrictively to banks by providing a smaller increase in reserves through open market operations, banks would have sold more securties and bid more aggressively for time deposits. In that event, pressure on thrift institutions would have been even more extreme than it was in fact. In view of this, monetary policy was tempered by the intense competition among financial institutions.

ACTIONS TO REDUCE FINANCIAL PRESSURES

The Federal Reserve acted after midyear to curb this intense competition. In July, interest rate ceilings were lowered on selected types of time deposits, and reserve requirements on time deposits were raised.

Banks were also put under pressure during the summer as market interest rates rose further and those on CD's moved up to the permissible 5½ percent ceiling, curtailing the ability of banks to retain corporate time deposits. Meanwhile the Federal Reserve tightened its open market operations, reducing nonborrowed reserves by $300 million between July and August. Interest rates rose sharply and, by late August, all sectors of the financial markets were under severe pressure. Banks, faced with a declining reserve base and unable to obtain corporate funds through CD's, were obliged to slow down their lending. Thrift institutions, fearing a loss of funds, sharply curtailed new mortgage commitments.

In September, the Administration, the Congress, and financial regulatory agencies all took actions to improve the balance of demands for both funds and goods.

The Federal Reserve, on September 1, asked member banks to cooperate in moderating the rate of lending to business and spelled out its own current policies regarding lending to member banks. Banks that cooperated in holding down business loan commitments and refrained from liquidating securities would be permitted to borrow funds from the Federal Reserve for somewhat longer periods than usual, while making necessary adjustments. The Federal Reserve further increased the reserve requirement on time deposits.

The President's proposal for temporary suspension of tax incentives to investment was designed to reduce corporate demands for long-term funds. The Administration also buoyed financial markets by indicating that Federal agencies would hold down stringently their issues of securities in the financial markets, even for purposes of refunding maturing issues.

On September 21, the President signed a bill allowing Federal regulatory authorities to impose new interest rate ceilings on time and savings accounts. In order to restrain excessive rate competition among different types of financial institutions, the agencies involved announced new interest rate regulations on the same day that the bill was signed.

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The interest rate that commercial banks were permitted to pay on deposits of less than $100,000 was reduced from 5½ percent to 5 percent. A 5 percent interest rate ceiling was also imposed on the deposits of mutual savings banks. Because the rates paid by savings and loan associations varied widely among different parts of the country, the regulations governing these institutions were considerably more complicated, but in general the ceilings were set somewhat above the comparable ones for commercial banks.

The flow of funds into mortgages was also supported by another piece of legislation signed the same month, which increased the lending ability of the Federal National Mortgage Association by a total of $4.8 billion.

These various actions reflected widespread concern over the uneven impact of monetary policy actions and changing credit demands on different sectors of the market.

SIGNS OF RELAXATION

Since September, financial conditions have improved considerably. The moderation in the pace of economic activity began to be reflected in less intense demands for credit. As inflationary pressures abated, monetary policy responded promptly to the changing economic climate, and nonborrowed reserves resumed their growth in November and December. Moreover, the Federal Reserve in late December rescinded the September letter requesting banks to restrict business loans.

After touching in late August and early September the highest levels in more than 40 years, interest rates fell steadily. By the end of the year, most major interest rates on securities were appreciably below their earlier peaks. The Treasury bill rate fell to about 4¾ percent, from more than 5½ percent in September. Rates on new issues of high grade corporate and municipal bonds declined by about one-half percentage point.

The reduction in market interest rates and in the ceilings on rates of depository institutions has begun to restore balance among financial intermediaries. Mutual savings banks gained deposits at an annual rate of more than 6½ percent in the latter part of 1966. Savings and loan associations took longer to recover, but by December there was definite improvement. In the first 11 months of 1966, the net inflow of funds was 72 percent below a year earlier. In December, however, a substantial net inflow of $1.7 billion exceeded that of December 1965.

Commercial bank credit fell from August to October, bottomed out in November; in December it rebounded at an annual rate of 9 percent, returning to its August level. However, bank lending continued to be conservative at year end, as many banks felt a need to rebuild their liquidity position before expanding their loan commitments.

As a result of the moderation in economic activity and the flexible response of monetary policy, a welcome movement toward easier monetary conditions began to emerge as 1966 closed.

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EVALUATION OF MONETARY RESTRAINT

The credit squeeze of 1966 had an impressive and beneficial restraining effect on over-all demand. Its side effects were equally impressive but far less beneficial.

These side effects explain in part why relaxation of credit conditions is and has been an objective of policy. The cause of equity was not served by the arbitrary redistribution of income produced by very high interest rates or by the adversity experienced in the homebuilding industry. Moreover, the stability of financial markets was at times endangered. While the insurance of deposits and the powers of "lenders of last resort" gave full protection against any recurrence of the financial panics experienced in previous generations, the liquidity of portfolios was impaired by rapidly rising interest rates.

Last August, monetary policy was probably as tight as it could get without risking financial disorder. Any further increase in over-all demand could not have been effectively countered by general monetary policy. In such a situation, the flexibility of over-all stabilization policy is impaired. It is desirable for both fiscal and monetary policies to be operating from positions where they can move freely either way—toward stimulus or restraint in the event of unanticipated developments.

The main effect of tight money on over-all activity worked primarily through the mortgage market, curtailing homebuilding and other mortgage-financed construction. In December, expenditures for residential structures were $7 billion (annual rate) below the first quarter level. Homebuilding had been on a plateau during most of 1965 and was rising moderately at the start of 1966. Demand conditions for housing looked fairly encouraging as excess supplies of new housing (especially apartments) that had earlier appeared in certain areas were reduced moderately during 1965. In the absence of tight money, residential construction might have risen slightly further or retreated modestly during the course of 1966; the decline that actually occurred is a reasonable estimate of the impact of the change in credit conditions. By similar reasoning, the performance of commercial and other mortgage-financed types of construction suggests an impact of perhaps $1 billion or more. Monetary restraint probably also had some modest effect on expenditures for producers' durable equipment and consumer durables, but the amount is not evident in aggregate data.

All in all, it seems reasonable—perhaps even conservative—to estimate that credit-financed expenditures may have been held down directly by as much as $8 billion at year-end as a result of tight money, compared with what would have happened had monetary policies continued supportive, as during 1964 and most of 1965. This direct impact of $8 billion on GNP is roughly as great as the estimated direct impact from a 10 percent surcharge on personal and corporate tax liabilities. (By restraining incomes, both tax increases and tight money have further indirect "multiplier" effects on GNP.) Thus, when monetary restraint is taken into account, it becomes

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clear that the combined impact of monetary and fiscal policy was markedly restrictive.

PROSPECTS AND POLICIES FOR 1967

As 1967 begins, over-all demand is reflecting the restraint of last year's monetary and tax actions. Excessive demand is not now a serious threat. The economy's advance is being stimulated by a continuing rise in Federal defense and State and local purchases. In the private sector, significant increases should be registered in consumption. Modest advances are indicated for business fixed investment and for net exports, which reversed a long decline in the fourth quarter of 1966.

Data on housing starts and permits for the closing months of 1966 provide encouraging, although not conclusive, evidence that homebuilding activity has touched bottom. But the recovery of homebuilding will take considerable time, and the effects of last year's monetary restraint will still be felt for many months. Interest rates on securities have declined; but revitalized flows of funds into banks and thrift institutions have just begun. Financial institutions are relaxing their lending policies only gradually as they rebuild liquidity. Interest rates on bank loans and mortgages have not yet reflected the easing in financial markets. Finally, construction expenditures will take place only after contracts are placed and work is initiated.

Inventory investment is bound to be considerably below the unusually high rate in the closing months of 1966. The rate of accumulation in the fourth quarter was about double that required to keep stocks advancing in pace with the trend growth of sales. As in the earlier months of 1966, much of the latest advance in inventories seems to have taken place in goods-in-process held by industries producing defense and business equipment; the buildup may continue but probably at a diminished rate.

Thus, the economy faces a transition to a lower rate of investment in inventories. The strength elsewhere in the economy offers important evidence that the inventory adjustment need not cumulate into an excessive slowdown of activity. The over-all assessment does suggest, however, that private demand is not likely to be particularly buoyant in the first half of 1967 and that a stimulative stabilization policy is appropriate to support steady expansion during this period.

FISCAL PROGRAM FOR 1967

The budget will be appropriately stimulative in the first half of 1967. The annual rate of deficit (national income accounts basis) is expected to be more than \$5 billion, compared with a \$2½ billion deficit rate in the second half of 1966. Although nondefense spending has been held down, both the special costs of Vietnam and further increases in transfer payments for Medicare will add substantially to Federal outlays. Revenues will continue

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their normal growth in the first half of 1967; but, unlike 1966, no significant net changes in tax payments will result from recent legislation. An increase in payroll taxes of $1½ billion (annual rate), which went into effect at the beginning of 1967, will be nearly offset by the effect of the system of graduated withholding on income tax collections. As a result of this system, which was instituted last May, an additional $1 billion in personal taxes was collected during 1966. Reflecting this, net final payments this spring on personal tax liabilities for 1966 are expected to be correspondingly smaller.

By midyear, construction should be recovering with the stimulus of monetary ease; and inventory investment should be leveling off at a moderate rate. In combination, these two sectors should significantly strengthen over-all private demand. A shift toward restraint in fiscal policy is appropriate at that time to assure that demand does not outrun capacity, that movement toward restoration of price stability is maintained, and that monetary policy does not have to be tightened again.

In line with this set of aims, the President is asking the Congress to enact, as of midyear, a 6 percent surcharge on personal and corporate income tax liabilities with an exemption for low-income families. The tax will remain in effect for 2 years or as long as the unusual special Vietnam costs continue. The form of this proposed temporary tax increase parallels the conclusion of the Subcommittee on Fiscal Policy of the Joint Economic Committee that ". . . a uniform percentage addition to . . . corporate and personal income tax liabilities . . ., to be effective for a stated period, best satisfies criteria for shortrun stabilizing revenue changes." Once fully in effect, the surcharge will drain off an estimated $5.8 billion (annual rate) of private incomes—$3.9 billion from individuals and $1.9 billion from corporations.

On the expenditure side, defense purchases will continue to rise but at a diminishing rate during the course of the year. Transfer payments in the second half of 1967 will exceed the rate in the first half by $4½ billion, reflecting primarily the proposed increase in Social Security benefits. The President is requesting benefit liberalization amounting to $4 billion (annual rate) to begin by midyear, to support the needs of the elderly. The liberalization will be followed by an increase in the payroll tax base at the beginning of 1968. Reflecting the income tax surcharge, normal revenue growth, and increased expenditures, the rate of budget deficit will be reduced to about $3 billion in the second half of the year, and the budget is expected to be approximately in balance in the first half of 1968.

ECONOMIC OUTLOOK

With Congressional enactment of the President's key fiscal proposals, GNP for 1967 is expected to reach $787 billion, given the $740 billion now estimated for 1966. In the nature of economic forecasting, the projected advance of $47 billion must be viewed as the midpoint of a range of possible outcomes, rather than a precise estimate.

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Like any quantitative forecast, the estimated rise of $47 billion is meant to convey important qualitative judgments. The advance will be considerably less rapid than the record increase of $58 billion in GNP in 1966. Healthy forward motion will nevertheless be maintained. Real output should expand nearly in line with the 4 percent growth of potential. As explained in Chapter 2, the price record should improve; over-all prices may increase slightly more than 2½ percent. Finally and most important, the Nation should continue to experience substantially full employment in 1967. The unemployment rate should be essentially the same as in 1966, when it averaged 3.9 percent. After allowance for an increase of more than 300,000 in the Armed Forces, the civilian labor force should expand by about 1¼ million, and civilian employment should approximately keep pace.

Outlook by Sectors

A more balanced composition of output is expected in 1967, reflecting the aims and effects of policy. Neither business fixed investment nor inventory investment will, or should, be strong stimulating forces. On the other hand, housing should gain as the year develops, and defense outlays will continue to provide economic stimulus.

Business Fixed Investment. After increasing by an average of 13½ percent annually over the past 3 years, business fixed investment should expand much more slowly in 1967. Evidence of this is already provided in the November survey of intentions for plant and equipment spending. Investment should increase only slightly from its level in the fourth quarter of 1966, and should show a rise of about $3 billion from 1966 to 1967. This pace would be a welcome respite, permitting pressures on capital goods industries to abate. The ratio of business investment to GNP should decline slowly to a more sustainable level near 10¼ percent by year end.

Business Inventories. Inventory investment was at a record high last year, partly because of the rise in goods-in-process stocks of industries producing business and defense equipment. Any further buildup of these stocks will be small. Stocks in most areas are expected to rise in line with steady and moderate advances in sales. Inventory investment for 1967 may be about half the $11½ billion rate experienced in 1966. Most of the decline to a sustainable rate should occur in the first half of the year, with a leveling off thereafter.

Homebuilding. As monetary policy continues to ease, housing starts should begin to rise above their current depressed level. Additional help should come from actions of the Federal Home Loan Bank Board (FHLBB) and the Federal National Mortgage Association (FNMA). Because of the lag between mortgage commitments and construction expenditures, activity should begin to increase very gradually in the first half of the year and gain considerable momentum in the latter part. Demo-

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graphic factors and low vacancy rates point to latent strength in homebuilding, which should become evident during the course of 1967.

Residential construction expenditures are expected to increase by about $5 billion to $6 billion from the fourth quarter of 1966 to the fourth quarter of 1967. Even so, for the year as a whole, they would still be about $1 billion below the 1966 average.

Government. State and local government purchases, which grew by 10 percent, or $7 billion in 1966, should expand in 1967 by about $8 billion in response to growing needs and strongly increasing revenues. The increase in Federal purchases from 1966 to 1967 is expected to be $12 billion, mostly for defense. But the rate of advance will taper off during the course of the year.

Net Exports. As the growth of imports moderates and exports show strength, net exports should expand throughout the year, rising about $1 billion from 1966 to 1967.

Consumption. The fiscal program for 1967 will have a direct impact on after-tax incomes of households and thus on their consumption outlays. The growth in transfer payments will increase disposable income, while the proposed surtax on individual incomes and the payroll tax that just took effect will restrain it. The more moderate growth expected in employment and the net effect of these policy measures will hold the growth of disposable personal income in 1967 somewhat below the gain in 1966.

This advance in disposable income should make possible a gain in consumption of more than $30 billion in 1967, compared with a rise of $33½ billion in 1966. In real terms, the expected gains in consumption and disposable income in 1967 are expected approximately to match those of 1966. The saving rate in 1967 should remain close to the 1966 level of 5¼ percent, a little below the average of recent years.

Flexibility

The program and the outlook for 1967 provide good prospects for a growth of demand that keeps pace with capacity. But the experience of 1966 is a clear reminder that surprises can develop and that policy must be alert to them. This year, the risks are on both sides: demand could grow too sluggishly or too strongly. A balance of risks is a necessary feature of a full employment economy moving ahead essentially in line with potential.

In the first half of 1967, there are forces which could make for sluggish private demand, but a sizable stimulus from fiscal policy will help to clear the hurdles. Then, in the second half, housing should move up strongly, the rate of inventory investment should stop declining, and transfer payments will rise. Indeed, with these developments, private demand could once again move ahead rapidly, perhaps even too rapidly. But, by that time, the President's tax program will be moderating the advance.

At any time in the year, the outlook for plant and equipment demand could be upset if the recent signs of moderation should prove illusory or

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if a sharp and pronounced decline should occur. Either development could call for a response by stabilization policies.

Cessation of hostilities in Vietnam would be the most welcome surprise that could develop in 1967. It would challenge economic policy to smooth the transition—and policy will be ready to meet the challenge. On the other hand, an unexpected increase in outlays required for defense would have important consequences, pointing toward further measures of restraint, particularly from fiscal policy.

A firm set of attainable objectives, a program that fits the present outlook, alertness to changing circumstances, and flexible and well-coordinated use of policy instruments are the necessary means for maintaining full employment and achieving a sustainable advance in 1967.

IMPROVING STABILIZATION TOOLS OVER THE LONGER RUN

The tools of economic stabilization now at our disposal can cope quite effectively with the problems that lie immediately ahead. Over the coming years, however, there is a continuing need to sharpen and improve these policy tools—as well as the institutional framework within which they operate—so that short-term policy can respond efficiently and flexibly to economic fluctuations and simultaneously promote progress along a path of sustainable long-term growth.

USES OF MONETARY POLICY

As a stabilization tool, monetary policy has some distinct advantages. Policy changes can be made quickly in response to changing signals. Furthermore, as was evident in 1966, a restrictive monetary policy can reduce aggregate demand fairly promptly and very sharply.

But there are also distinct limitations on the uses of monetary policy. As demonstrated in 1966 its impact on different sectors of the economy can be highly uneven, both in magnitude and in timing. Moreover, if monetary policy is used repeatedly and in large doses to restrain inflation, it may be difficult to avoid a long-term upward trend in interest rates. And the scope for monetary policy may at times also be limited by balance of payments considerations.

The uneven impact of changes in credit conditions is unavoidable to a certain extent. Monetary policy inevitably has its principal effect on those sectors that are particularly dependent on credit. But the special vulnerability of some sectors to tightening is also importantly related to certain structural characteristics of our financial institutions. Over time, there should be scope for reducing the uneven impact of monetary policy through various modifications in these institutional arrangements. This is particularly true with respect to homebuilding.

In the postwar period, changing monetary conditions have contributed to several major swings in residential construction. This particularly sensi-

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tive reaction to monetary conditions reflects the reliance of mortgage financing on institutional rather than open market sources of credit and its special reliance on one particular type of institution, namely savings and loan associations. The most recent example of this sensitivity, reviewed earlier, was in 1966, when the associations suffered major withdrawals of funds.

Until 1957, savings and loan associations were largely sheltered from competition with commercial banks. Bank interest rates for time deposits were fixed at a low level, and most banks were not interested in competing for savings funds. At that time, however, a series of increases was initiated in the administrative ceilings on the interest rates that banks could pay on time deposits. This led to a gradual narrowing in the differential between rates paid by the associations and by the banks; and the share of deposits going into savings and loan associations declined, even though the total amount advanced rapidly, at least until 1966. Given the respective legal limitations on the portfolios of banks and of thrift institutions, such a shift gradually tended to curtail the flow of funds to the mortgage market. There is every reason to believe that thrift institutions will continue to face strong competition from banks, and must hereafter operate in a very different environment from that prior to 1957.

The supply of mortgage funds might be better protected in future periods of tight credit conditions if techniques could be devised to give the mortgage markets new and better forms of access to the open capital markets, either directly or through the thrift institutions. A number of possible arrangements are now under discussion in the industry. With such arrangements, funds would be available only at competitive rates; but they would be available. At present, some access is obtained indirectly, when banks, insurance companies, and savings banks sell bonds in periods of tight money in order to buy mortgages. FNMA secondary market operations and FHLBB advances to savings and loan associations also provide an indirect link between mortgage financing and the national capital market.

Some additional stability in the flow of funds to the mortgage market could also be achieved through changes in the practices of savings and loan associations. They could partially stabilize their mortgage lending activity in the face of fluctuations in deposit flows if they held secondary reserves as commercial banks normally do. They can also place themselves in a better position to hold on to interest-sensitive deposits in a period of tight credit by issuing special instruments, like CD's, returning a higher yield to investors. Comprehensive authority to issue such instruments has been granted only recently and should be of additional help in the future. In particular, the associations reduce their exposure to abrupt changes in deposit flows by issuing such instruments for longer maturities.

It would also be desirable to strengthen thrift institutions by legislation permitting the Federal chartering of mutual savings banks. Such institutions would have powers to invest in corporate securities and con-

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sumer loans as well as mortgages. While broadened investment privileges of federally chartered mutual savings banks might initially divert some funds from the mortgage market, such chartered banks would improve the efficiency of thrift institutions, strengthen them in competition with banks, and thereby ultimately benefit the mortgage market.

If the ability of the thrift institutions to compete with commercial banks can be strengthened, continuous reliance on interest rate ceilings on savings accounts may no longer be desirable. But there could still be occasions when rate ceilings would serve a genuine need. This contingency could be provided for in either of two ways: (1) through standby authority to impose rate ceilings under particular circumstances; or (2) through permanent ceilings set sufficiently high that they would become effective only in unusual instances. Pending agreement on the most suitable form of permanent legislation for regulating rates, the present legislation (which expires in September) should be continued for a limited period.

The kinds of financial innovations sketched above could increase the scope for the active use of monetary policy as a tool of stabilization. With such changes, a restrictive monetary policy might have a broader and less uneven impact.

There are, however, other possible limitations on the use of monetary policy. There is the danger that under some circumstances, employment of the monetary instrument for short-run stabilization purposes can produce an upward ratcheting of interest rates which could interfere with long-term economic growth.

Indeed, in the postwar period, cyclical movements in rates have been superimposed on a distinct upward rate trend. Every period of business expansion has brought new postwar peaks in interest rates. Of course, rates were abnormally low at the start of the postwar era, reflecting the unusually large liquid balances of businesses and households. But this initial situation cannot explain the continuing upward trend in rates since the mid-1950's. During each period of economic expansion in the 1950's, credit was tightened sharply to restrain demand. The resulting increases in interest rates were not fully offset during the subsequent mild recessions. With each advance, expectations became adjusted to the new level. Rigidities retarded declines, once higher rates were built into the deposit and loan practices of financial institutions.

But an upward ratchet of interest rates is not an inherent or necessary result of a flexible monetary policy. There is now a welcome opportunity for monetary policy to demonstrate its reversibility in a period of prosperity; indeed, that opportunity has already begun to be converted into reality.

A variety of approaches can also be used to reduce some of the obstacles to a flexible use of monetary policy which may be imposed by balance of payments considerations, as discussed more fully in Chapter 5.

Monetary policy is an indispensable tool; and there is important scope for making it more useful. But the measures that can be taken to this end can-

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not fully overcome its inherent limitations. It needs, and has, a powerful ally in fiscal policy.

NEED FOR FISCAL FLEXIBILITY

In any over-all stabilization program, fiscal policy must play a major role. Fiscal policy is generally more even in its impact than monetary policy. Its effects tend to be more readily predictable and less subject to time lags. Fiscal policy, too, can be used with a great deal of flexibility.

In principle, a fiscal program for short-term stabilization can involve adjustment of budget expenditures, of tax rates, or of both. A limited amount of discretionary expenditure variation within a given year can be very useful to deal with unanticipated economic developments. But most economists now agree that the selection of appropriate expenditure levels for various public programs in the budget should be made in light of the relative merits of alternative programs, and of the benefits of added public expenditures, compared with private ones, at the margin. Although the timing of some Federal expenditures can be flexibly adjusted, only gradual changes can be made in other programs without compromising their efficiency, at least to a degree. For such reasons, it is preferable to emphasize changes in tax rates (suitably coordinated with changes in monetary policy) for stabilization purposes, and to take full account of the possibilities of tax and monetary adjustments in determining patterns and levels of public expenditures.

A change in tax rates can have a powerful impact; but it usually need not be applied in heavy doses. A large downward adjustment in tax rates was needed in 1964, because fiscal policy had been permitted to tighten unduly over a period of many years. But if active fiscal policy is pursued continuously, only small adjustments in tax rates at any given time should be needed in most peacetime situations. Willingness to consider making such small adjustments frequently would contribute substantially to the effectiveness of stabilization policy and to efficient planning of Government programs. Indeed, this willingness seems already established: in each of the past 6 years, Presidents Kennedy and Johnson have called for significant changes in tax laws. Annual tax changes have, in fact, become the rule rather than the exception.

The very fact that tax rates are less stable than in the past helps to make for a more stable economy. Far from being a source of increased uncertainty—as is sometimes alleged—the flexible and coordinated use of stabilization policies should enable both business firms and individuals to make their economic decisions in a climate of greater confidence. A knowledge that policies are alert to changing developments should help to reduce the important uncertainties about possible fluctuations in sales, profits, and employment opportunities.

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Appendix

The Federal Budget, National Income Accounts Basis

Throughout this Annual Report, Federal receipts and expenditures and budget surpluses or deficits are referred to in terms of the national income accounts (NIA) budget. This is a set of accounts devised by the Department of Commerce, as part of the national income statistics, to register the way that Federal fiscal transactions affect the income stream.

The principles followed in the NIA budget are relatively simple. In the first place, this budget is comprehensive and records all Federal transactions that directly alter private spendable income including that of State and local governments. It incorporates the fiscal transactions of all Federal agencies, regardless of the legal arrangements applying to these agencies. Thus, the accounts include operations of trust funds and other Government-owned agencies as well as regular Government departments.

Second, Federal transactions are counted at the time that they add to or subtract from private spendable income, which often is different from the time when funds are actually withdrawn from or deposited into Treasury accounts.

Third, all transactions involving loans or exchanges in assets are excluded. The Government engages in numerous lending and swapping transactions involving billions of dollars a year. These are extremely important to the operation of the economy, but they are not to be regarded as fiscal transactions because they do not affect disposable incomes directly.

In following these principles, the NIA budget differs in several important respects from the more familiar administrative budget. The administrative budget is the traditional vehicle for the management and control of most of the Federal programs which operate through regular Congressional appropriations. But it does not, and was not designed to, reflect even approximately the economic impact of fiscal policy.

For the calendar year 1966, the NIA budget was essentially balanced with a tiny surplus of $0.2 billion. But, in the administrative budget, expenditures outran receipts by $7.3 billion. The main elements accounting for this very large difference are shown in Table 5. Particularly important were Federal net loans and the net surplus of trust funds.

Trust funds. The administrative budget generally excludes both the revenues and expenditures of Federal trust funds. These funds include the

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TABLE 5.—*Relation of two measures of Federal budget surplus or deficit, calendar year 1966*

Description	Billions of dollars
Surplus or deficit (−), national income accounts budget	0.2
Plus: Seigniorage	.9
Excess of taxes received over taxes accrued	1.4
Miscellaneous adjustments (net)	1.0
Less: Excess of cash payments over goods received	1.0
Net loans and financial transactions	6.6
Surplus, Federal trust funds	3.2
Equals: Surplus or deficit (−), administrative budget	−7.3

Sources: Bureau of the Budget and Department of Commerce.

various Social Security, hospital insurance, and Medicare funds, unemployment insurance, railroad and civil service retirement funds, the highway trust fund, veterans life insurance, and many others. Most transactions of trust funds directly affect the private income stream. Both expenditures and receipts are very large, approximately $40 billion. Moreover, the funds can be in substantial surplus or deficit in any year. In calendar 1966, they showed a net surplus of $3.2 billion. That surplus is properly reflected in the NIA budget, although ignored in the administrative budget. A third measure of Government financial transactions—the consolidated cash budget—corresponds in this respect with the NIA budget.

Timing. In business accounting, which provides the framework for decision-making by firms, purchases and sales of goods and services are typically recorded when liabilities are incurred rather than when cash changes hands. The NIA budget generally follows the same procedure. On the revenue side, withholding of personal income taxes is counted as a collection when the taxes are actually taken from the paychecks of employees rather than when employers pay the Government; excise and sales taxes are counted when the sales of taxable goods are actually made; and corporate income taxes are counted when they accrue. Similarly, on the expenditure side, Government purchases of goods from businesses are recorded at the time of delivery rather than at time of payment. In this respect, both the administrative budget and the consolidated cash budget differ from standard business accounting treatment by adopting a cash basis for the timing of transactions.

In 1966, cash collections of taxes exceeded accruals by about $1.4 billion, while cash disbursements for goods and services exceeded deliveries by $1.0 billion.

Seigniorage. The NIA budget and the administrative budget also differ in their treatment of Treasury profits on coinage operations (seigniorage), which amounted to $0.9 billion last year. When the face value of new coins minted exceeds the cost of metal used to produce them, the profit is counted as a receipt in the administrative budget. But it is not a Government receipt in the NIA budget, because the increase in Treasury cash bal-

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ances which results is a purely internal Government bookkeeping entry which does not reduce or drain off private purchasing power.

Lending. A further and vital difference between the NIA budget, on the one hand, and the consolidated cash and administrative budgets, on the other, involves the treatment of lending, loan repayment, and sales of financial assets. Such financial transactions are excluded from the NIA budget because they do not change the net worth or incomes of private parties, but only their liquidity. The reasoning follows the same line applied above to tax accruals and profits on coinage. Just as businesses do not regard themselves as becoming poorer at the time they actually pay taxes they already owe, neither do they consider repaying a Government loan as a current expense. Nor conversely, do their incomes rise when they obtain loans from the Federal Government. Yet, in the administrative budget a new Federal loan increases the deficit as much as an outlay that directly raises private income, and sale or repayment of the loan diminishes it just as much as a tax payment.

To be sure, many Federal loan transactions have important effects on private spending. But they work in a less direct way than the income-generating transactions. They channel funds at low costs to various activities deemed to be of particular social or economic importance, such as exports, college, housing, and farm production. Given the level of tax revenues, when the Government lends more, it must also borrow more. The net impact of a Federal loan financed by Government borrowing is that Government liabilities—Treasury and agency issues—are substituted for private debts.

Such substitution is likely to improve the terms and lower the interest rates available to some borrowers. But other borrowers may be displaced, depending on credit conditions and monetary policy. Federal lending is best regarded as an aspect of monetary, credit, and debt management policy—not of fiscal policy. When it lends borrowed funds, the Government is acting as a financial institution, much like private financial institutions. Borrowers from private financial institutions also increase their liquidity. They acquire cash by incurring debts. They are, indeed, better off for the opportunities to borrow, and they may spend more as a result; but they do not regard the borrowing as an addition to their incomes.

In the past year, the Federal Government was a net lender, partly because of the scarcity of funds in private financial markets. The difference between the two budgets on this account amounted to $6.6 billion.

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Chapter 2

Prices and Wages in 1966

Expanding production and fuller employment brought gratifying advances in the incomes of most Americans in 1966. But satisfaction with higher incomes was marred by concern over the first significant rise in prices in 7 years.

The shift away from price stability actually began early in 1965, when sagging farm prices suddenly reversed direction, followed shortly by a climb in food prices, first at wholesale and then at retail. During the course of the year, prices of many other items turned upward. But it was only in 1966 that price movements were sufficiently disturbing to arouse public concern.

The public sensed what every economist knows—that a reasonably stable price level is essential if balanced prosperity and full employment are to be continued at home and if the strength of the dollar is to be maintained abroad. Experience proves that rising prices can generate distortions that can eventually topple an economy from boom to recession. Experience also shows that rapidly rising prices can quickly erode a country's competitive position in international markets. The critical economic problem to be solved in the year ahead is that of maintaining income growth and full utilization of resources without becoming trapped in an inflationary price-wage spiral.

The recent advance in prices was due in large measure to the acceleration in the growth of demand which began in mid-1965 and to the particularly rapid increase in output of capital goods and defense products. The step-up in the rate of price increase cannot be explained by any simple formula. It was a by-product of the complex process by which additional resources are drawn into production and adapted to the changing composition of demand. That process is now largely completed, leaving the economy with a much higher rate of utilization of resources. But in the process of adjustment, forces were set in motion which will continue to push up prices for a time even though the pressure on resources has now relaxed.

Demand had, of course, been rising steadily since 1961. But that rise began when there were abundant supplies of idle labor and unused equipment. In addition, productive capacity was being steadily increased through the installation of new plant and equipment; accretions to the labor force;

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and the steady rise of productivity as a result of better management, an increasingly educated and skilled work force, new industrial processes, and increased capital per worker. Thus, throughout the early 1960's production could expand freely to match growing demand. Moreover, the pattern of expansion of industrial capacity was well balanced with the pattern of rising demand, so that few specific points of pressure on the price structure developed.

By mid-1965, prices of farm products and of some industrial raw materials were already rising, partly because of growing demand, but also for such unrelated reasons on the supply side as the stage of the hog production cycle or impediments to minerals production abroad. Moreover, by that time, margins of idle labor and underutilized plant and equipment were shrinking. Under these circumstances, the rapid spurt in demand and production that began in mid-1965 could not fail to affect prices.

The sharp rise in demand for defense products and capital goods imposed special pressures on the metals and machinery industries. In some branches of these industries, the limits of efficient utilization were surpassed, and, in a few, output was close to absolute limitations on capacity.

Even where productive resources were not fully used, it was often difficult to adjust production rapidly enough to keep pace with soaring demands. Time is needed, even when there are no special problems affecting supply, to increase the output of farm products and of industrial raw materials, especially metals. It takes time to hire workers, activate additional machines, or increase the rate at which purchased supplies are delivered. In the second half of 1965 and in early 1966, the expansion of demand for many products and services was pushing against these speed limits on the expansion of output. Moreover, the growth of demand was less balanced than previously, so that pressure points multiplied. For some products and services, production could keep up with demand only at somewhat higher costs—using standby, semi-obsolete equipment, paying overtime rates, mining lower grade ores, and so on.

There were also imbalances in labor markets which created increasing difficulties as unemployment declined. Workers in low-paid occupations could not be retained without substantial upward adjustments of wage scales. Moreover, reduced unemployment strengthened the bargaining position of unions and weakened that of employers. Wages generally began to rise faster at a time when productivity gains were slowing down. Prices of services of all kinds continued to rise, and at an accelerated rate, as wages in many service occupations were increased substantially.

The broad upswing in prices must therefore be explained in terms of a complex interaction between a general increase in the pressure on productive resources and special factors impinging on a limited range of product and labor markets. Had the increase in demand been slower and more evenly

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balanced, the rise in the price level would certainly have been less, although some increase would still have occurred. Farm products and raw materials would surely have risen in any event, given the supply problems at home and abroad. Wage adjustments for low-paid occupations would still have been necessary, though they could have been more gradual.

Although the pressures that developed in early 1966 have now abated somewhat, they have left their mark on the structure of costs and prices. Prices of most farm products and of many industrial raw materials move more or less freely in both directions. The same is true, though to a lesser degree, of many products at early stages of fabrication. But it is unlikely that past price increases in most other parts of the economy will be reversed so long as the economy remains strong. Moreover, price advances for such items as metals and industrial equipment tend to fan out and become built into the structure of industrial costs. And even temporary increases in farm and food prices, through their impact on consumer prices, materially affect the pattern of wage negotiations. The resulting higher wage settlements also tend to be permanently built into the cost structure.

Consequently, the return to price stability can only be gradual. However, as 1966 drew to a close, there were signs of progress. Prices of farm products and some raw materials had leveled off. Thanks to the enormous strength and adaptability of the economy and the skill and ingenuity of workers and managements, many of the industrial pressure points had been alleviated. With the slower pace of growth in the second half of 1966, much of the necessary adaptation was accomplished. More of it will be accomplished in 1967.

THE RECENT PRICE RECORD

The year 1965 marked the end of a long period of price stability (Charts 6 and 7). After having remained virtually constant since 1958, the wholesale price index rose by 3.4 percent during 1965 (i.e., December 1964 to December 1965) and 1.7 percent during 1966. Consumer prices increased by 2.0 percent during 1965 and by 3.3 percent during 1966.

Between December 1964 and September 1966, the wholesale price index was dominated by a rise of 14½ percent in the average price of farm products, foods, and feeds (Table 6). This group of products accounted for over 60 percent of the total increase in the index over this period. In the fourth quarter of 1966, wholesale prices of farm products and foods dropped sharply and by the end of the year were only 1 percent higher than at the end of 1965. Prices of the other commodities included in the wholesale price index increased by 1.8 percent during 1966 (Table 7). Because of the strong demand for investment goods, the largest price increases came in the machinery producing sector, though prices of metals and metal products also rose appreciably.

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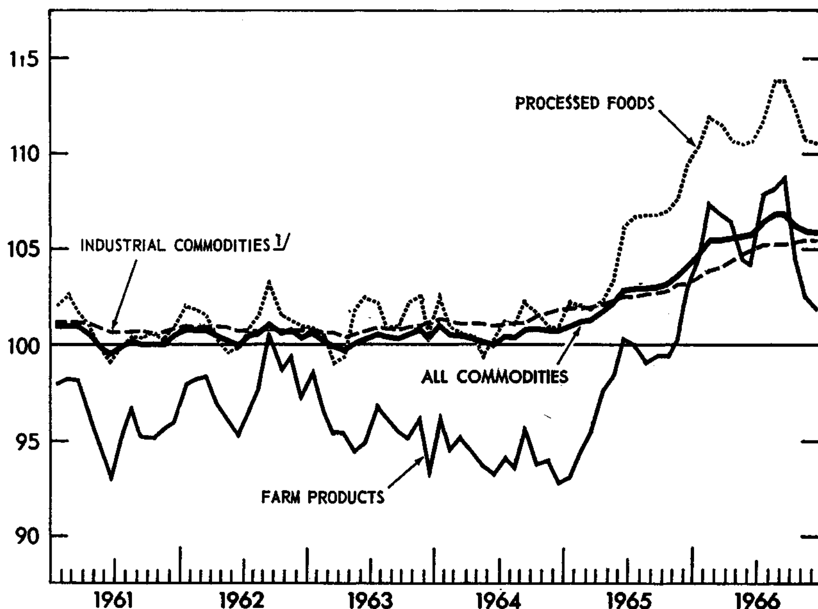
Chart 6

Wholesale Prices



1/COMMODITIES OTHER THAN FARM PRODUCTS AND PROCESSED FOODS.
SOURCE: DEPARTMENT OF LABOR.

TABLE 6.—*Changes in wholesale and consumer prices, 1964–66*

Group	Percentage change			
	December 1964 to December 1965	December 1965 to September 1966	September 1966 to December 1966	December 1965 to December 1966
Wholesale prices:				
All commodities	3.4	2.6	−0.8	1.7
Farm products, processed foods, and manufactured animal feeds	9.0	5.2	−4.1	1.0
Metals and metal products	1.8	1.7	.5	2.2
Nonelectrical machinery	2.3	3.2	1.3	4.6
Electrical machinery and equipment	.3	2.7	2.2	5.0
All other commodities	1.2	1.2	(1)	1.2
Consumer prices:				
All items	2.0	2.8	.5	3.3
All commodities	1.6	2.4	.1	2.5
Food	3.5	4.5	−.7	3.8
Other commodities	.8	1.2	.7	1.9
Services	2.7	3.5	1.4	4.9

[1] Less than .05 percent.

Sources: Department of Labor and Council of Economic Advisers.

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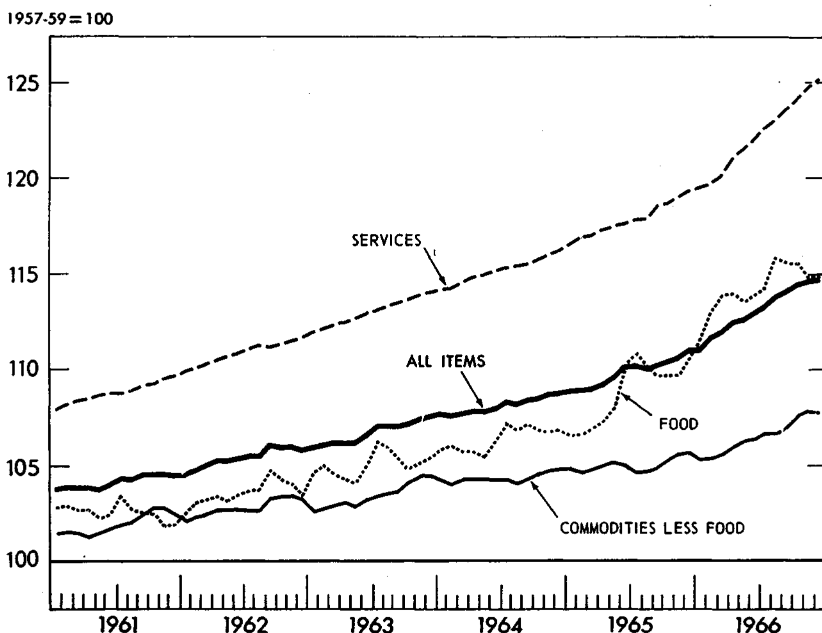
Chart 7

Consumer Prices



SOURCE: DEPARTMENT OF LABOR.

From 1960 to 1964, the consumer price index rose at an average rate of 1.2 percent a year—with commodity prices rising by less than 1 percent and service prices increasing by about 2 percent a year (Table 8). Much of the acceleration in consumer prices during 1965 was directly attributable to food prices, but, by the following year, prices of all major components had begun to rise more rapidly. Prices of services, especially in the medical and financial areas, increased most and accounted for half of the total rise in the index during 1966. There were further increases in foods and other nondurables, including a 3.7 percent rise in apparel prices. After declining through 1965, prices of consumer durables began to rise in the second quarter of 1966.

Perhaps the most comprehensive measure of price movements is the implicit price deflator for gross national product (GNP). Although consumer prices are its largest component, the deflator also reflects changes in the prices of structures, producers' durable equipment, exports and imports, and government purchases. The over-all GNP deflator rose by 3.6 percent between the fourth quarter of 1965 and the fourth quarter of 1966. Over that same period, prices of structures and of government purchases increased more than the average price of consumer expenditures, prices of producers' durables rose less, and prices of exports and imports remained unchanged.

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TABLE 7.—*Changes in wholesale prices, December 1965 to December 1966*

Commodity group	Relative importance in index (percent) [1]	Indexes, 1957–59=100		Percentage change, December 1965 to December 1966 [2]	Contribution to total change in 1966 (percent) [2]
		December 1965	December 1966 [2]		
All commodities	100.00	104.1	105.9	1.7	100
Farm products, foods, and feeds	26.19	107.6	108.7	1.0	17
Farm products	10.24	103.0	101.8	−1.2	−5
Processed foods	13.97	109.4	110.6	1.1	11
Manufactured animal feeds	1.99	118.6	132.0	11.3	11
Other commodities	73.81	102.9	104.8	1.8	83
Textile products and apparel	7.83	102.0	101.9	−.1	(3)
Hides, skins, leather, and leather products	1.43	114.6	117.5	2.5	(3)
Fuels and related products, and power	7.71	100.6	102.1	1.5	11
Chemicals and allied products	6.41	97.6	98.2	.6	(3)
Rubber and rubber products	1.38	93.5	95.0	1.6	(3)
Lumber and wood products	2.68	101.9	102.5	.6	(3)
Pulp, paper, and allied products	4.80	100.9	103.0	2.1	6
Metals and metal products	13.01	106.6	108.9	2.2	16
Machinery and motive products	17.70	104.2	107.9	3.6	38
Nonelectrical machinery	7.78	111.9	117.0	4.6	21
Electrical machinery and equipment	4.57	96.6	101.4	5.0	11
Motive products	5.34	100.7	101.8	1.1	6
Furniture and other household durables	3.95	98.2	100.4	2.2	6
Nonmetallic mineral products	2.88	101.6	103.2	1.6	(3)
Tobacco products and bottled beverages	2.60	107.9	110.1	2.0	6
Miscellaneous products [4]	1.46	104.2	104.8	.6	(3)

[1] As of December 1963.
[2] Preliminary.
[3] Less than 0.5 percent.
[4] Excludes manufactured animal feeds.

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

Sources: Department of Labor and Council of Economic Advisers.

TABLE 8.—*Changes in consumer prices, 1960–66*

Item	Relative importance in index (percent) [1]	Percentage change per year			Contribution to total change in 1966 (percent)
		1960 to 1964	December 1964 to December 1965	December 1965 to December 1966	
All items	100.0	1.2	2.0	3.3	100
Food	22.8	1.2	3.5	3.8	26
Nondurable commodities less food	24.6	.7	2.0	2.8	21
Durable commodities	18.1	.5	−1.0	.7	3
Services: Total	34.5	2.0	2.7	4.9	50
Less rent	29.1	2.2	2.9	5.5	48

[1] As of December 1965.

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

Source: Department of Labor.

LABOR COMPENSATION AND LABOR COSTS

Compensation of employees increased by $40 billion from 1965 to 1966, more than two-thirds of the increase in GNP. Much of the increase in money compensation represented labor's share of the added output produced

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by added employment. Some of it represented labor's share of the added output which resulted from the growth of productivity. But some of the gain in employee compensation reflected increases in wage rates in excess of the growth of productivity. That part of the increase in labor compensation served to increase unit labor costs and thereby to push prices up.

Compensation per man-hour grew more rapidly in 1966 than in earlier years. At the same time, productivity grew more slowly than usual. As a result, unit labor costs in manufacturing showed the first significant rise since 1960. For the private nonfarm economy, the rate of increase of labor costs accelerated.

The tight labor markets generated by rising demand were mainly responsible for the rapid rise in hourly compensation, although collective bargaining power was important in a few sectors.

SUPPLY AND DEMAND IN THE LABOR MARKET

The accelerated growth of output that began in mid-1965 was accompanied by record increases in employment throughout the economy. As indicated in Chapter 1, the rising demand for workers also induced an increase in the supply, with nearly 500,000 more workers entering the labor force in 1966 than demographic trends would have indicated. The number of workers on part-time schedules "for economic reasons" dropped sharply for the second year in a row, and the unemployment rate fell to the lowest level since 1953.

Although no general labor shortage resulted, labor markets in almost every industry, occupation, and area tightened appreciably, and shortages appeared at a number of points. The abruptness of the increase in demand itself strained the normal processes of adjustment, and contributed to more pressure on wages and on costs than would have occurred had the same over-all level of employment been reached more slowly.

Pattern of Demand

The gains in employment were distributed unevenly among industries and occupations (Table 9). In many industries, the expansion since mid-1965 simply accentuated long-run employment trends, such as the growth in trade and services and the decline in agriculture. After years of little change, manufacturing employment rose sharply, particularly in the durable-goods sector, reflecting the sharp increase in defense and capital goods spending (Chart 8).

For the same reasons, the increase in the demand for workers in various occupations was also uneven. Many of the occupational labor shortages reported during the past 18 months were an intensification of longstanding imbalances between supply and demand—for example, for teachers, doctors, nurses, and engineers. But new shortages appeared in a number of skilled occupations—machinists, toolmakers, modelmakers and patternmakers, aircraft mechanics, and setup operators for various metalworking ma-

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TABLE 9.—*Changes in employment, by industry, 1960–66*

Industry	Percentage change per year		
	1960 to 1964	1964 to 1965	1965 to 1966
Nonagricultural payroll employment: Total	1.8	4.2	5.1
Manufacturing	.7	4.4	5.8
Durable	.9	5.8	7.7
Nondurable	.4	2.5	3.3
Mining	−2.8	−.3	−.6
Contract construction	1.4	4.3	3.1
Transportation and public utilities	−.3	2.1	2.6
Retail trade	1.7	4.4	4.2
Wholesale trade	1.5	4.0	4.3
Finance, insurance, and real estate	2.6	2.1	2.2
Service and miscellaneous	4.1	4.5	5.3
Government	3.5	5.2	7.5
Federal	.8	1.3	7.9
State and local	4.5	6.4	7.4
Agricultural employment [1]	−4.1	−3.7	−8.3

[1] Labor force basis.

Source: Department of Labor.

chines—which clearly resulted from the rapid expansion in durable manufacturing. Until the closing months of 1966, there were, in addition, shortages of skilled construction labor in many parts of the country.

Meeting the Demand for Labor

Some of the increase in the demand for labor could be easily met by hiring workers previously unemployed. For the reasons set forth in Chapter 3, however, the pattern of skills and residence of the unemployed did not fully match the pattern of hiring needs. Employers often were forced to make other adjustments. They recruited at longer distances than before—in some cases even abroad; searched their rolls for workers who could be upgraded; redesigned jobs and even altered production methods to make better use of available workers. Hiring standards were lowered, and training programs for both new and previously employed workers were expanded. Particularly in manufacturing, employers lengthened the workweek to meet their production schedules.

But such adjustments become increasingly costly the further they are pushed. Moreover, for highly skilled occupations—at the extreme, professional workers—several years are needed to increase the supply. Employers therefore were willing to increase what they would pay for a worker who already met their preferred specifications. The result was a bidding up of wages for scarce skills and a rapid rise in quit rates.

Competitive market pressures also extended to many low-paid types of labor. Many farm laborers, unskilled or semiskilled service workers, and factory workers in the low-wage industries were attracted by the jobs opening up in higher wage industries and areas, and new entrants to the labor force naturally preferred jobs in the high-wage sectors. Employers in low-wage industries were thus forced to give larger wage increases than other employers in order to hold experienced workers and to recruit new ones.

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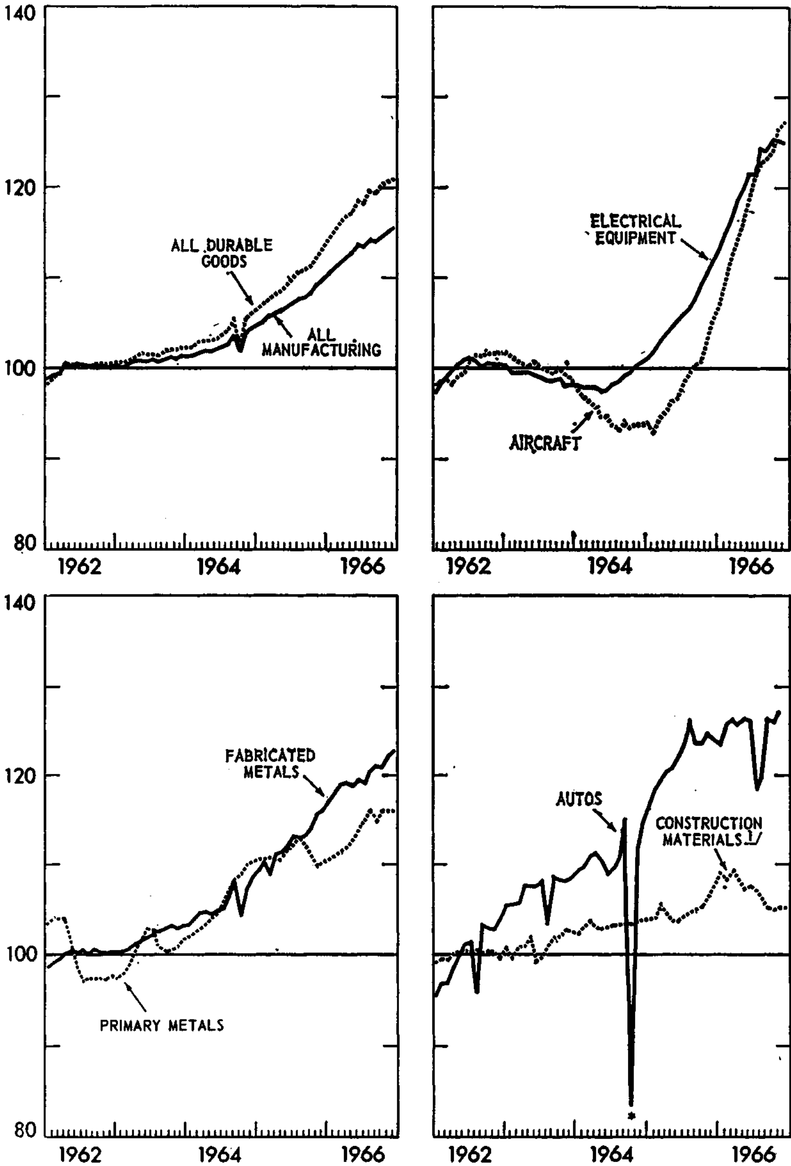
Chart 8

Employment in Durable Goods Manufacturing



*STRIKE.

1/ LUMBER AND WOOD PRODUCTS, AND STONE, CLAY, AND GLASS.

SOURCES: DEPARTMENT OF LABOR AND BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

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Collective Bargaining

Moreover, tight labor markets enhanced the bargaining power of organized workers and reduced that of employers. When prices and profits are rising throughout the economy, workers expect to receive larger increases than before. Also, workers are more willing to strike when jobs have been and are expected to remain plentiful. On the employers' side, wage increases are less vigorously opposed at a time when they can easily be recovered in higher prices. In addition to the market forces that put pressure on wages, the rise in consumer prices associated with the strong expansion of demand—as well as the high profits of many employers—understandably strengthened organized labor's demands for larger wage increases generally.

As a result of the changed bargaining situation and of workers' more militant attitudes, more workers struck in 1966 than in any year since 1959. Also, the available information on mediated contracts indicates that in 1966 union members voted down a higher proportion of tentative agreements made by their representatives than in other recent years.

Only a limited number of contracts were negotiated during 1966, but they provided for wage increases substantially higher than those obtained in earlier years (Table 10). Moreover, the size of wage and fringe benefit gains tended to increase as the year progressed. A number of important negotiations in the second half of the year resulted in compensation gains well above those typical of earlier contracts.

As a result of deferred wage increases and cost-of-living escalator adjustments, wages paid under existing contracts also rose. But these wage gains were substantially lower than the increases obtained from contracts newly negotiated in 1966. The median 1966 union wage increase (excluding fringes) in all nonconstruction contracts, new and existing, was

TABLE 10.—*Wage changes in major collective bargaining situations, 1961–66* [1]

Type of wage change	Changes in wage rates as percent of straight-time hourly earnings					
	1961	1962	1963	1964	1965	1966 [2]
Median of first-year changes negotiated during specified year:						
All industries	2.8	2.9	3.0	3.2	3.8	4.4
Manufacturing	2.4	2.4	2.5	2.0	4.0	4.2
Nonmanufacturing	3.6	4.0	3.4	3.6	3.7	5.0
Median adjustment effective during specified year, regardless of date of negotiation: [3]						
All industries	2.7	2.8	2.9	2.7	3.4	3.3
Manufacturing	2.7	2.6	2.7	2.0	3.4	3.0
Nonmanufacturing	2.6	3.5	3.2	3.5	3.4	3.4

[1] All contracts affecting 1,000 or more workers in all industries except construction, services, finance, and government.
[2] Based on preliminary data available in early January 1967.
[3] Includes changes in wage rates negotiated during specified year, plus increases decided upon in earlier years, cost-of-living escalator adjustments, and no wage changes.

Source: Department of Labor.

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3.3 percent, about the same as in 1965, although higher than in other recent years.

Construction workers obtained considerably larger increases in both wages and fringe benefits than did other workers. The available information indicates that the average annual increase in hourly compensation (wages plus fringe benefits) in major construction settlements was over 6½ percent in both 1965 and 1966.

Compensation

The pressures on the labor supply in areas other than manufacturing during the past year resulted in a sharp acceleration in wage rates. As shown in Table 11, the increases in average hourly earnings in the manufacturing industries were exceeded by the gains in most other sectors.

The substantial wage gains outside manufacturing extended through the whole spectrum of occupations though, as noted above, the intensity of wage pressures varied widely. Professional and semiprofessional workers were in continued short supply. In fact, there was a general shortage of persons with a college education. The salary offers made to graduating college students in 1966 increased by about 6 percent, compared with an increase of 3½ percent in 1965. There were also notable wage increases for nurses in many areas in the last half of the year. At the other end of the spectrum, wage rates rose rapidly in low-wage service occupations; and agricultural wages, which are generally low, rose by a spectacular 8.3 percent.

For the entire private economy, average hourly compensation, including fringe benefits, increased 6½ percent (Table 12). About 0.8 percent was due to increased employer contributions for social insurance. And a significant part of the increase reflected a shift of workers from the farm

TABLE 11.—*Changes in average hourly earnings, by industry, 1960–66*

Industry	Percentage change per year		
	1960 to 1964	1964 to 1965	1965 to 1966 [1]
Manufacturing:			
Durable goods	2.8	3.0	3.6
Nondurable goods	2.8	3.1	3.8
Bituminous coal mining	1.3	5.8	4.3
Contract construction	3.6	3.9	4.9
Transportation and public utilities:			
Telephone communication	3.8	3.1	3.0
Electric, gas, and sanitary services	3.5	4.3	3.8
Local and suburban transportation	2.9	3.6	3.1
Wholesale trade	3.0	3.6	4.6
Retail trade [2]	3.7	4.8	4.1
Finance, insurance, and real estate	(3)	3.9	3.8
Service and miscellaneous:			
Hotels, tourist courts, and motels	4.3	4.7	5.9
Laundries and cleaning and dyeing plants [4]	3.8	5.6	5.3
Agriculture	2.5	5.2	8.3

[1] Preliminary.
[2] Excludes eating and drinking places.
[3] Not available.
[4] Prior to January 1964, data relate to production workers.

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

Sources: Department of Labor and Department of Agriculture.

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TABLE 12.—*Changes in compensation, productivity, and unit labor cost in the private economy since 1947*

Item	Percentage change per year			
	1947 to 1965	1960 to 1964	1964 to 1965	1965 to 1966 [1]
Total private, all persons:				
Average hourly compensation [2]	5.0	4.3	3.7	6.5
Output per man-hour	3.4	3.8	2.8	2.8
Unit labor cost	1.6	.4	1.0	3.6
Private nonfarm, all persons:				
Average hourly compensation [2]	4.8	3.9	3.3	5.6
Output per man-hour	2.8	3.5	2.1	2.4
Unit labor cost	1.9	.3	1.0	3.2
Manufacturing, all employees:				
Average hourly compensation [2]	5.1	3.8	2.5	4.8
Output per man-hour	3.5	4.0	3.4	3.1
Unit labor cost	1.5	−.2	−.9	1.7

[1] Preliminary; based on averages of quarterly data; not strictly comparable with changes for prior years.
[2] Wages and salaries of all employees and supplements to wages and salaries such as employer contributions for social insurance and for private pension, health, unemployment, and welfare funds, compensation for injuries, pay of the military reserve, etc. For total private and private nonfarm, also includes an estimate of wages, salaries, and supplemental payment part of the income of the self-employed.

Sources: Department of Commerce, Department of Labor, Board of Governors of the Federal Reserve System, and Council of Economic Advisers.

to the nonfarm sectors. Because wages are generally higher in the nonfarm sector, this shift of workers raises the average level of wages in the private economy. In fact, it is the main reason why the over-all gain is so much higher than the gain in the nonfarm sector alone.

Compensation per man-hour for manufacturing workers rose by 4.8 percent in 1966—a significant increase over the 3.5 percent average annual gain from 1960 to 1965—but considerably less than the 5.7 percent gain for other nonfarm workers. Furthermore, much of the acceleration in manufacturing compensation was due to the increased employer contributions for social insurance, the rise in overtime work, and the relative shift of workers into the higher-wage durable manufacturing sector. In spite of some skill shortages and the rapid increase in general employment, manufacturers generally had less difficulty in recruiting than employers in some other sectors, because manufacturing wages are relatively high. Of course, the small proportion of new union contracts in manufacturing negotiated during 1966 also served to hold down wage increases.

Productivity and Unit Labor Costs

Output per man-hour has shown a long-term upward trend but annual advances in productivity often deviate significantly from the trend. The trend rate of growth of productivity largely determines the long-term trend in real wage rates. And the changes in unit labor costs which result from the movements of employee compensation in relation to the movements of productivity play a major role in determining price level movements.

The long-term advance in output per man-hour is attributable to several factors: an increase in the abilities of the average worker; additional capital

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per worker; technological progress; and improved management and organization. A major element underlying the increased average quality of the work force has been a steady gain in educational achievement. The expansion of private and Government training programs, better health, and improved working conditions have also contributed to the efficiency of workers.

Gains in labor skills have been accompanied by additions to the economy's stock of productive capital. Business investment has continually provided the average worker with more and better machines to increase the speed, accuracy, and ease of his production. The rapid pace of technological progress has been made possible through large and increasing investments in research and development.

Over any reasonably long period of time, these changing characteristics of the labor force and the capital stock are the basic determinants of the economy's total productive capacity and of the productivity of its workers. But, in the short run, much of the fluctuation in productivity is due to cyclical variations in business operating rates. During an expansion, as operating rates pick up, firms utilize their capital and labor more efficiently. Until full capacity is reached, output can be increased with little or no increase in overhead labor (supervisors, clerical and maintenance workers, etc.). Furthermore, since it is difficult and costly to adjust the work force in response to each fluctuation in demand, changes in employment tend to lag somewhat behind production. For these reasons, productivity gains are generally higher than average during periods of rising utilization rates. However, once output begins to press against capacity, less efficient equipment is brought into use, less skilled labor is hired, and employment begins to catch up with output. Productivity gains drop back to, and temporarily drop below, their long-run rate of increase.

The substantial, and sometimes erratic, short-run movements in productivity make it impossible to provide a single, unambiguous estimate of the trend in productivity. But a variety of statistical techniques has been used to adjust as completely as possible for the effects of the short-run factors. The results for the private economy as a whole consistently indicate a trend rate of increase in real output per man-hour of somewhat over 3 percent a year. The comparable trend for the private nonfarm economy is about half a percentage point lower. Of course, the trends themselves are likely to change slowly over time.

Because of the technological advances in agriculture, productivity gains in that sector far exceed those in the nonfarm sector. This accounts in part for the fact that productivity grows faster in the total private economy than in the nonfarm sector alone. An even more important factor is the continuing shift of workers from farming into nonfarm occupations. Although productivity is growing faster in the farm sector, average output per man-hour is appreciably higher in the nonfarm sector. When a worker shifts from a farm

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to a nonfarm occupation he generally increases his productivity and, thus, the average productivity in the private economy.

From 1960 to 1965, as the economy moved toward full utilization of resources, it made more efficient use of its productive plant and overhead labor. As a result, output per man-hour rose at a faster rate than the long-term trend (Table 12). By 1965, however, productivity gains in some sectors began to weaken despite the very rapid growth in output. After some 5 years of rapid expansion, the deferred adjustments in employment began to catch up with output. Furthermore, in some industries, production began to press against capacity and firms were forced to use semi-obsolete equipment, run extra shifts, hire untrained workers, and struggle with supply bottlenecks.

As output grew at a more moderate pace in 1966, firms continued to make adjustments in their work force. Productivity gains remained somewhat below trend in all sectors, and there was a further slowdown in manufacturing productivity. After showing strong gains in the first half of 1966, manufacturing productivity remained virtually unchanged after midyear. For the year as a whole, output per man-hour increased by 3.1 percent—somewhat below the average annual increase in the postwar period.

Unit Labor Costs

Because productivity gains between 1960 and 1964 were above normal, and compensation gains relatively moderate, unit labor costs remained essentially stable in that period. Then as productivity gains began to slacken in 1965, unit labor costs were held to a modest increase by the slowdown in the growth of compensation per man-hour. For the entire private economy, unit labor costs in 1965 averaged only 2 percent higher than in 1961. In 1966, however, tight labor markets pushed compensation up more rapidly, and there was no surge in productivity to maintain stable costs. As a result, unit labor costs rose an average of more than 3½ percent in the private economy and nearly 2 percent in manufacturing, the first appreciable increase during the entire period of expansion.

Although the rise in unit labor costs in 1966 in the crucial manufacturing sector represents a serious break with the earlier record of stability, it was well below the increase experienced in every other postwar expansion (Chart 9). Hourly compensation in manufacturing grew steadily and quite rapidly throughout the entire year. From the fourth quarter of 1965 to the fourth quarter of 1966, compensation per man-hour increased by nearly 6 percent. Because of the uneven rates of growth of output and productivity, most of the rise in unit labor costs in manufacturing was concentrated in the second half of 1966. During the first half of 1966, unit labor costs rose at a rate of about 2 percent, but then accelerated to an annual rate of nearly 5 percent in the second half of the year. Since this sharp upturn was in part a reflection of the very uneven pattern of growth of output during the year, it should be regarded as temporary in nature.

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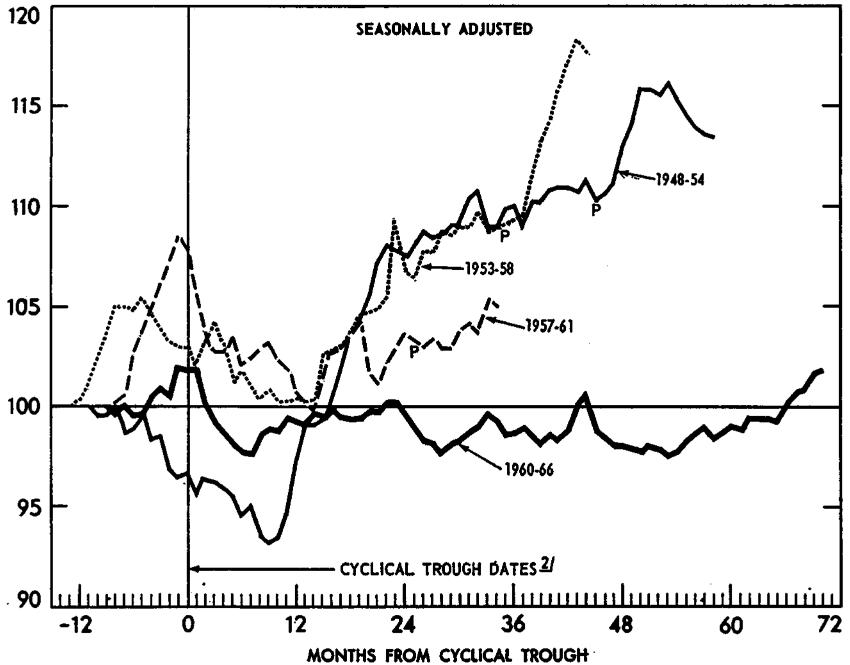
Chart 9

Unit Labor Costs in Manufacturing Since 1948

PREVIOUS PEAK=100[1]



P=CYCLICAL PEAK: JULY 1953, JULY 1957, AND MAY 1960.

[1]PREVIOUS PEAKS ARE NOVEMBER 1948, JULY 1953, JULY 1957, AND MAY 1960.

[2]CYCLICAL TROUGHS ARE OCTOBER 1949, AUGUST 1954, APRIL 1958, AND FEBRUARY 1961.

NOTE.–PERIODS COVERED ARE NOVEMBER 1948–AUGUST 1954, JULY 1953–APRIL 1958, JULY 1957–FEBRUARY 1961, AND MAY 1960–DECEMBER 1966 (LATEST DATA AVAILABLE).

SOURCES: DEPARTMENT OF COMMERCE AND BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

In summary, all major sectors of the economy experienced higher unit labor costs during 1966, particularly in the latter half of the year. This upswing broke a long record of relative stability. Productivity gains, which had been above trend during previous years, slowed down in 1965 and 1966 while the rise of compensation accelerated. The trend of prices, described in the following sections, could not be insulated from the resulting rise in unit costs.

PRICES IN MAJOR SECTORS

In view of the critical significance of prices in the 1966 economic record and in the outlook for 1967, a fuller review than usual of the price situation in major sectors is called for in this Annual Report. This review concentrates on four sectors: farm and food products; raw materials; manufactured products; and consumer services.

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FARM PRODUCTS AND FOOD

As indicated earlier, farm prices rose sharply in 1965 and continued to rise during the first three quarters of 1966. Prices declined sharply in the final quarter of the year and by December showed little change from a year earlier. However, they remained well above the levels of early 1965. These increases were reflected at wholesale in the prices of processed foods, and at retail in the consumer price index.

The rise in farm prices was due to the strong expansion of domestic and export demand, combined with only slightly increased or in some cases reduced supplies of important farm commodities. Given adequate time for the adjustment of production, America's farmers are capable of expanding total farm output to meet any foreseeable expansion of domestic demand and to provide substantial surpluses for export, in most instances at essentially constant costs. To be sure, for some highly labor-intensive products—particularly dairy products and some fruits and vegetables—rising prices may be necessary to attract or hold the necessary labor services. But this is the exception rather than the rule. However, an expansion of farm output necessarily takes time—ranging from a few months for broilers, at least a year for most field crops, 1 or 2 years for hogs, and even longer for cattle or tree crops. To expand production of some of these commodities also requires changes in Federal farm programs.

Because of relatively long production cycles, supplies of some farm products reflect past rather than current prices. In 1965, hog supplies were declining in response to the low prices of 1963 and 1964. The resulting rise in livestock prices was intensified by strong consumer demand. The price rise which began in 1965 continued into early 1966. After February supplies began to expand, and by December wholesale livestock prices were 12.5 percent below the unusually high levels of December 1965.

Meanwhile, however, grain prices began to rise. At the beginning of 1966, grain prices stood 2.2 percent above their levels of a year earlier. During 1965, demand had expanded sharply but so had production. In 1966, strong domestic demand was supplemented by a jump in exports but total production was essentially unchanged from 1965 levels. Export demand was particularly buoyant for wheat, as reduced supplies from Argentina and Australia led to a rise in the volume of U.S. exports estimated at about 20 percent.

Prices for wheat, feed grains, and soybeans rose sharply during the late spring and summer. The rise was accentuated by speculation based on uncertain crop prospects and the strength of export demand. In the fall, harvests having proved somewhat better than had been expected, prices for grains and soybeans declined sharply. However, grain prices averaged 12.6 percent higher for December 1966 than a year earlier.

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In contrast to both grain and livestock prices, dairy prices moved up sharply in the second half of 1966 as growing demands were matched with a decline in production. This decline in turn was related to general economic conditions as high beef prices induced farmers to cull and sell dairy cows while excellent off-farm employment opportunities encouraged some farmers to abandon dairying altogether.

Thus the major factors involved in rising farm product prices in 1966 were:

(1) the hog production cycle which led to reduced marketings until mid-1966 when numbers shipped began to increase;

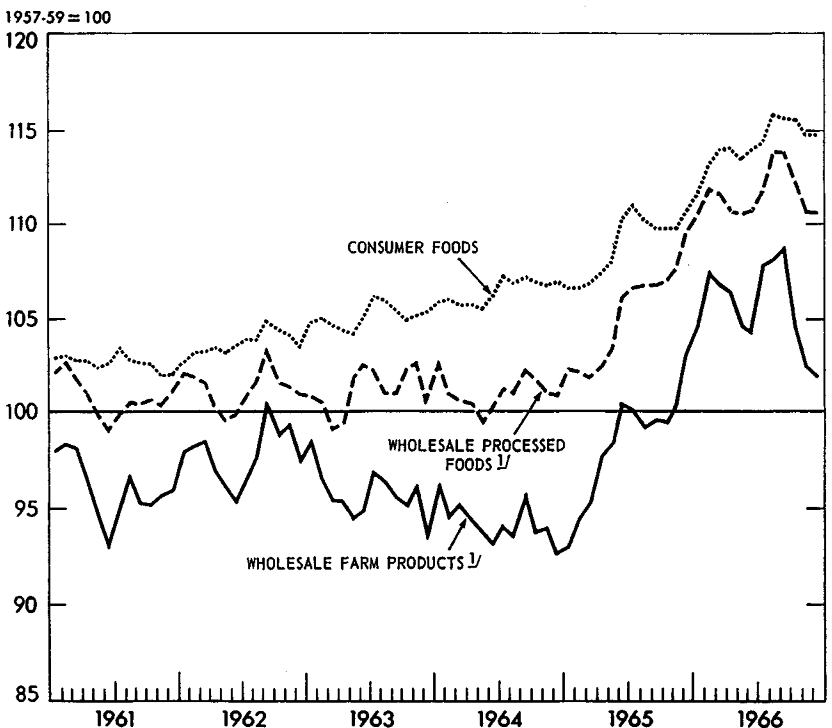
(2) poor weather here and abroad which caused some decline in U.S. production and increased the demand for U.S. wheat exports;

(3) high cattle prices which resulted in reduction in dairy herds and good employment opportunities which induced farmers to leave dairying;

(4) strong demand for food based on rising consumer incomes.

Chart 10

Farm and Food Prices



1/ FARM PRODUCTS INCLUDE DOMESTIC AND IMPORTED TEXTILE FIBERS, TOBACCO, AND SOME PRODUCE NOT SUBJECT TO PROCESSING.

SOURCE: DEPARTMENT OF LABOR.

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Processed Foods and Foods at Retail

Changes in food prices at subsequent levels of processing and distribution generally follow changes in the costs of raw farm products. These costs, however, account for only about 40 percent of the price of delivered foods with the remainder reflecting costs of transportation, processing, distribution, and marketing. Over time these latter costs have risen steadily reflecting, in part, increases in labor costs and, in part, higher quality and better packaging. As a result, even when farm prices are stable, food prices, especially at retail, tend to rise.

Chart 10 shows the relation between farm and processed food prices and retail food prices. As expected, changes in farm product prices are more directly reflected in processed food prices. Changes in retail food prices tend to lag behind farm prices and fluctuate with less amplitude.

Following the decline in farm prices, processed food prices ended the year only slightly above the levels of December 1965. But retail prices remained 3.8 percent above the level a year earlier. The spread between farm and retail food prices narrowed during 1965, but then widened late in 1966. On the average, there is little evidence of an increase in processing and distribution margins. In the months ahead there may be some further decline in retail prices, but the rising trend in intermediate costs suggests that a full reversal cannot be expected.

RAW MATERIALS

The rise in raw materials prices which began in 1965 continued through 1966, although the prices of hides, secondary copper, and softwood lumber, which had risen rapidly during 1965 and early 1966, declined in the last half of the year. Prices rose for a wide range of mineral products, including sulphur, nickel, vanadium, and a number of other alloy metals. Some nonmineral raw materials used in industry—such as tobacco and wool—also rose.

Over long periods, the relative price of mineral products reflects a race between the improvement of the technology of discovery, mining, and refining and the gradual deterioration in the quality of available ores. Despite the fact that use is now made of ores which would have been discarded 30 years ago, the average price of minerals has not generally risen relative to other commodities.

In the short run, however, sharp increases in demand almost always mean higher prices for both ores and metals. Since it takes several years to develop new mines, increased requirements can only be met from inventories, and by stepping up output from existing capacity and from an expansion of capacity which is already under way. Once these limits are exceeded, as they have been for many of the minerals, pressures on price become severe. Even when primary producers do not raise their prices, or do not raise them enough to balance the market, secondary market prices will rise. The initial advance is likely to be accentuated by inventory speculation. Cor-

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respondingly, a relatively small improvement in the supply and demand balance can reverse the speculative movement and produce a sharp decline in price. These characteristics are shared by many nonmineral raw materials.

The upward pressure on raw materials prices in 1965 and 1966 reflected the slow response of supply to a sharp increase in demand. It was accentuated by the fact that the increase in demand was heavily concentrated in defense and capital goods which use large amounts of mineral raw materials.

Random factors such as strikes and interruptions in foreign supplies always influence raw materials prices. Copper and hides were particularly affected by changes in foreign markets. However, in 1966 the strength of demand and the basically tight supply situation magnified the impact of fluctuations in supplies.

In the case of copper, strong demand drove domestic consumption up by more than 200,000 short tons from the first half of 1965 to the first half of 1966. Foreign supplies were reduced by strikes and political disturbances in the principal producing nations. While this loss was largely offset by sales from the government stockpile, prices in the United States were influenced by changes in the outlook for foreign supplies. The price of primary domestic copper was not raised significantly until early 1967, but the price in the secondary market, which supplies about one-third of domestic consumption, rose sharply to a peak of nearly $1.00 a pound early in 1966, compared with 36 cents for the primary refined metal. It then eased to a range of 50 to 60 cents during the summer and fall.

The influence of demand pressures was also clearly shown in the case of softwood lumber prices, which rose rapidly early in the year under the pressure of rising defense and construction demand, and then sank as residential construction declined.

As indicated below, the rise in raw material prices played a significant role in the increase in prices of manufactured products during 1966.

MANUFACTURED GOODS

In contrast to some farm products and raw materials, price changes in most manufacturing industries do not reflect an automatic balancing of supply with demand through the operation of impersonal market forces. Producers in many industries have some degree of discretion in setting prices, although the range of discretion varies with competitive conditions from industry to industry.

Firms with considerable market power are often able to maintain markups over unit costs that are largely independent of changing market conditions. In other industries, the effectiveness of market power is more limited. When utilization rates are low, markups often have to be shaded. By the same token, when demand and capacity utilization rates are high, competitive pressures are weakened, presenting the opportunity to restore temporarily depressed markups to desired levels or even to raise sights on

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what is desired. In a few industries, market power is insignificant and markups over cost vary widely with demand conditions.

On the whole, the markup of prices over "standard costs" (based on assumed or standardized capacity utilization) appears to have been relatively stable in the past few years. Actual costs tend to decline as capacity utilization rises. The general improvement in capacity utilization between 1961 and 1965 would have produced very substantial increases in profit margins even if prices had been adjusted only enough to maintain a constant markup over costs calculated on a fixed volume. But as markets strengthened, some prices were raised even though costs had not increased. And some firms failed to reduce prices even when standard costs were falling.

After remaining stable from 1961 to 1964, prices of finished nonfood manufactures rose by 1.2 percent during 1965 and then moved up by 2.5 percent during 1966. Some part of the increase in prices was, of course, directly attributable to the rise in raw materials prices and unit labor costs. But the basic factor underlying the general price rise was the strength of demand and, in particular, the sharp increase in demand in late 1965 and early 1966.

Though demand pressures cannot be measured precisely, the relation between capacity utilization and the preferred rate of operation provides a crude measure. Capacity utilization in manufacturing has been increasing since 1961 and the average rate in 1966 was exceeded only in 1951 and 1953 in the postwar period. At the end of 1966, manufacturing industries were operating at an estimated 89 percent of capacity, compared with an average preferred rate of 93 percent (Table 13). The end-of-year capacity utilization was lower than the average for the year as a whole. Even so,

TABLE 13.—*Manufacturing capacity utilization, 1965–66*

Industry	Output as percent of capacity [1]		Preferred rate (percent) [2]
	December 1965	December 1966	
Total manufacturing [3]	90	89	93
Iron and steel	75	80	91
Nonferrous metals	99	95	95
Machinery	90	92	93
Electrical machinery	89	89	90
Autos, trucks, and parts	96	84	99
Other transportation equipment	95	102	93
Fabricated metals and instruments	87	89	92
Stone, clay, and glass	86	80	92
Chemicals	84	83	90
Paper and pulp	96	94	97
Rubber	96	98	93
Petroleum and coal products	94	97	98
Food and beverages	85	85	90
Textiles	99	96	96
Miscellaneous manufacturing	90	85	93

[1] Data for 1965, except iron and steel, from McGraw-Hill; estimates for iron and steel for 1965 and all industries for 1966 by Council of Economic Advisers after consultation with McGraw-Hill.
[2] From McGraw-Hill survey of *Business Plans for New Plants and Equipment, 1966–69, April 1966.*
[3] Not comparable with data in Table B–35 because of differences in methods of computation.

Sources: McGraw-Hill, Board of Governors of the Federal Reserve System, and Council of Economic Advisers.

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operations were close to or above preferred rates in 9 important sectors: nonferrous metals, nonelectrical machinery, electrical machinery, "other" transportation equipment (aerospace and railroad equipment), fabricated metal products and instruments, paper and pulp, rubber, petroleum and coal products, and textiles. Furthermore, in 6 of these 9 sectors (all except nonferrous metals, paper, and textiles), operating rates either increased or held steady between December 1965 and December 1966.

The pressure of demand for finished goods is in itself a major element contributing to the rise in wages and in raw materials prices. Translated into a demand for labor, it can create shortages which bid up wages, or at least strengthen the bargaining power of unions. And, after being transmitted through a chain of suppliers and processors, the increased production requirements can pull up the prices of raw materials. Thus, by forcing up wages and raw materials prices, an increase in demand in one sector can raise production costs in other sectors. If aggregate demand is strong, producers in these latter sectors will tend to increase their prices to cover the higher costs. Thus, while it may at times be useful to describe a price increase in terms of cost factors only or demand factors only, in general both elements will be present.

The direct impact of materials costs is, of course, most evident for products requiring relatively little fabrication. For example, in 1966, copper pipe, brass fittings, and wire prices rose sharply in response to increased copper prices. But the effect of higher costs continued to spread, though somewhat more slowly, to products at more advanced stages of fabrication. Ultimately, increased raw materials prices exercised a pervasive influence on industrial prices, although their direct impact was notable in only a few cases. Similarly the rise in unit labor costs in manufacturing eventually influenced prices over a wide range of manufactured goods. But, without strong demand conditions, the rise in prices and costs would not have spread so quickly nor, of course, been so large.

Most manufacturing industries were affected to a greater or lesser degree by all these factors—rising unit labor and materials costs and pressures on capacity. However, in a few cases where demand pressures were conspicuously absent, prices did not rise or actually declined. Thus prices of synthetic fibers dropped during 1966 because capacity had outrun demand by a considerable margin.

The machinery industries afford the outstanding example of the problems involved in operations at rates close to full capacity and their reflection in the price movements. The demand for machinery grew rapidly while output was limited by shortages of skilled labor and some types of equipment, in part because the machinery sector had to compete with expanding defense production for labor, materials, and components.

Spurred by the capital boom of the past 5 years and the sharp rise in defense demands, production of machinery expanded by 67 percent between 1961 and 1966, an average annual growth of more than 10 percent. For

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the first time in many years both the electrical and the nonelectrical machinery industries were operating in 1966 at about their preferred rates and, in each segment, order backlogs grew by about one-quarter.

In the nonelectrical sector, there appears to have been sufficient plant capacity and manpower to meet the growing demand without much strain until early 1965. Then, beginning around mid-1965, some segments of the industry, especially machine tool producers, began to report increasing difficulties in recruiting and training skilled labor. After rising at an average annual rate of only 1.1 percent between 1961 and 1964, prices of nonelectrical machinery rose by 2.3 percent during 1965 and then 4.6 percent during 1966. Similar strains on capacity developed in the electrical machinery industry and prices, which had been declining for a number of years, changed little in 1965 and then rose by about 5 percent during 1966.

Summary

The moderate but persistent upward trend in manufacturing prices reflected the interaction of many factors, of which the most pervasive was the rapid increase in demand at a time when the economy was operating close to capacity. The actual course of prices varied considerably from industry to industry, depending upon the degree to which each was affected by changes in costs of materials, supplies, fuel, and labor, the balance between demand at prevailing prices and the capacity to meet that demand without undue strain, and the extent and exercise of discretion in the pricing policies of leading concerns.

On the average, the 2½ percent increase in manufacturing prices during 1966 was probably about commensurate with the average percentage increase in all elements of cost. This seems a reasonable inference from the over-all profit record in manufacturing. During the first three quarters of 1966, after-tax profits for all manufacturing averaged 5.6 percent of sales, the same as in the first three quarters of 1965. As a percentage of equity, however, they were higher—13.4 percent for the first three quarters of 1966 against 12.7 percent a year earlier.

CONSUMER SERVICES

Since 1947, the cost of consumer services has risen at an average rate of about 3½ percent a year, more than twice as fast as for commodities at retail; between 1960 and 1964, the rate of increase was a little over 2 percent a year; and in 1965 it was about 2½ percent.

Between December 1965 and December 1966, the rate of increase jumped to 4.9 percent, accounting for half the total rise in the consumer price index. This acceleration reflected partly an intensification of existing long-run trends and partly the appearance of new factors.

The services included in the index are a highly diversified group, but they can be regarded as comprising three very broad and somewhat over-

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simplified categories: (1) rents and utility rates, (2) labor intensive services, and (3) financial charges.

The behavior of prices in the first of these categories differed little during 1966 from earlier trends, and increases were relatively small (Table 14).

The second group—labor intensive services—is quite heterogeneous; but in most cases the scope for significant improvements in productivity is limited, and therefore costs and prices are sensitive to changes in wage rates. This is true whether the labor involved is relatively highly skilled (as for professional services, repair mechanics, barbers, and beauticians) or relatively unskilled (as for domestic services, hotels, motels, or laundry and dry cleaning).

As already indicated, wage increases in the service industries accelerated during 1966. This was also true of fees for professional services. The resulting rise in personnel costs was aggravated, in some instances, by increases in other cost elements, such as commercial rents and hospital equipment.

While prices for virtually all these services had been rising for years, the advance was particularly sharp during 1966. Examples are shown in Table 15.

The third category of services—financial costs—had received relatively little attention in the past, though property taxes had been rising slowly and property insurance rates more rapidly. Both accelerated considerably during 1966, and a major new element was added: mortgage interest rates, which had remained quite stable in preceding years, rose by 12.4 percent.

As shown in Table 14, these higher financial costs accounted for over one-third of the total advance in prices of services during 1966. A large part of this advance reflected increased mortgage costs. The fact that the increase in mortgage interest rates had such an impact on prices reflects

TABLE 14.—*Changes in consumer prices for services during 1966*

Type of service	Percentage change, December 1965 to December 1966	Contribution to total change in 1966 (percent)
All services	4.9	100
Interest and property insurance, and taxes	7.4	36
Public transportation and labor-intensive services	6.5	51
Public transportation	6.4	5
Medical services	8.1	22
Skilled labor services [1]	5.2	15
Other [2]	5.9	9
Rent and utilities	1.0	5
Rent	1.6	5
Utilities	.1	(3)
All other services [4]	4.4	8

[1] Includes repair and maintenance services, barbers, and beauticians.
[2] Includes hotels and motels, domestic services, babysitters, laundries, drycleaning, and shoe repair.
[3] Less than 0.5 percent.
[4] Includes postal charges, recreational services, legal and banking services, etc.

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

Source: Department of Labor.

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TABLE 15.—*Changes in consumer prices for typical labor-intensive services since 1959*

Type of service	Percentage increase per year	
	1959 to 1965	December 1965 to December 1966
Physicians' fees	2.7	7.8
Daily service charges in hospitals	6.4	16.5
Men's haircuts	2.8	7.7
Dry cleaning	1.6	6.0
Local transit fares	3.2	9.1
Housing maintenance services	[1] 3.0	6.8

[1] Data for 1959 not available; increase from December 1963 to December 1965 used.

Source: Department of Labor.

the system of measurement used in constructing the index. The index is designed to measure the change in prices associated with *commitments currently entered into,* rather than the change in the cost of *current expenditures* related to commitments entered into in the current and past periods. Had weighting been based on current expenditures rather than commitments entered into during the year, the increase in the over-all consumer price index would have been about 0.4 percentage points less.

There are other difficulties in measuring service prices. Changes in the quality of services are difficult to assess. This is particularly true of medical services because of the progress in medical techniques. It is impossible to make a statistical correction for the changing quality of medical care, but it is clear that the cost of a given standard of health care has risen less than the indexes indicate.

PRICES AND THE DISTRIBUTION OF REAL INCOME

The significance attached to price movements varies with the perspective of the observer. A trade association usually reports a price rise for the products of its members as an improvement in prices. But the firms in another industry using those products describe the same price increase as an unfortunate rise in costs. A rise in the price of haircuts is a rise in the cost of living to most of us, but it means an increase in income to barbers. Wages are incomes to workers but costs to employers.

In 1966, wages, profits, and farm incomes all rose rapidly in money terms. But the gains in money income could not have been so large without price increases. Those increases turned very large money gains into smaller, though still substantial, increases in real income.

In 1966, the nominal increases in hourly compensation were unusually large—4.8 percent for manufacturing employees and 5.7 percent for other nonfarm workers. Farm wages rose by 8.3 percent and net income per farm by 10.3 percent. But after adjustment for price increases, hourly compensation in the nonfarm sector increased by only 2.6 percent and net income per farm rose by 7.0 percent. In manufacturing, real hourly com-

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pensation rose by less than 2 percent. Because some of that gain represented increased employer contributions to social security, real hourly take-home pay for manufacturing workers increased even less for the year as a whole and actually declined between the end of 1965 and the end of 1966.

The disparity between the large nominal gains in hourly compensation and the very moderate increase in real compensation per man-hour in 1966 emphasizes again the fact that more cannot be taken out of the economy than is produced. On the average, labor productivity in the private economy can be expected to increase by somewhat over 3 percent a year. Real hourly compensation cannot rise more rapidly than that except at the expense of other incomes. In conditions of strong demand and full utilization of resources, a general increase in money wages in excess of productivity growth is more likely to result in a rise in prices than in a corresponding increase in real wages.

When producers pursue pricing policies designed to increase the share of income going to profits or to maintain that share at excessively high levels, this too is likely to be self-defeating. Despite sizable short-run fluctuations due to changing utilization rates, the profit share of income has shown no perceptible trend over the long-run (Chart 11). When profits are unusually high, they encourage workers to demand higher wages. By pushing up the cost of living, the price increases necessary to sustain a high profit share provide further incentive for increased wage demands.

Thus, in 1966, price increases were no more successful in raising the profit share than nominal wage increases were in accelerating real wage gains. The share of gross profits in corporate gross income had been rising steadily throughout the expansion. This was of course a normal response to the rise in capacity utilization. The profit share reached a peak in the first quarter of 1966 and then, despite rising prices, began to decline slowly.

Within the manufacturing sector, the decline in profits after the first quarter of 1966 resulted in a decline of 1½ percentage points in the profit share of gross manufacturing income. Nonmanufacturing corporations experienced a similar though less pronounced decline in share.

The decline in the profit share reversed the upward movement which had continued since 1961. That movement was, as noted earlier, primarily due to the improvement of capacity utilization from the low levels ruling in 1961. In spite of the small decline during 1966, the corporate profit share remained substantially above the post-Korean average, though somewhat lower than in 1955.

The relatively minor change in the aggregate share of labor income was accompanied by significant differences in the wage gains in particular sectors. In general, wages increased more rapidly in the nonmanufacturing sectors than in manufacturing. Construction workers made notable gains, as did medical workers from the professional level on down. Other professionals, such as teachers, enjoyed sizable increases in compensation, and trade and service wages continued to advance relatively rapidly.

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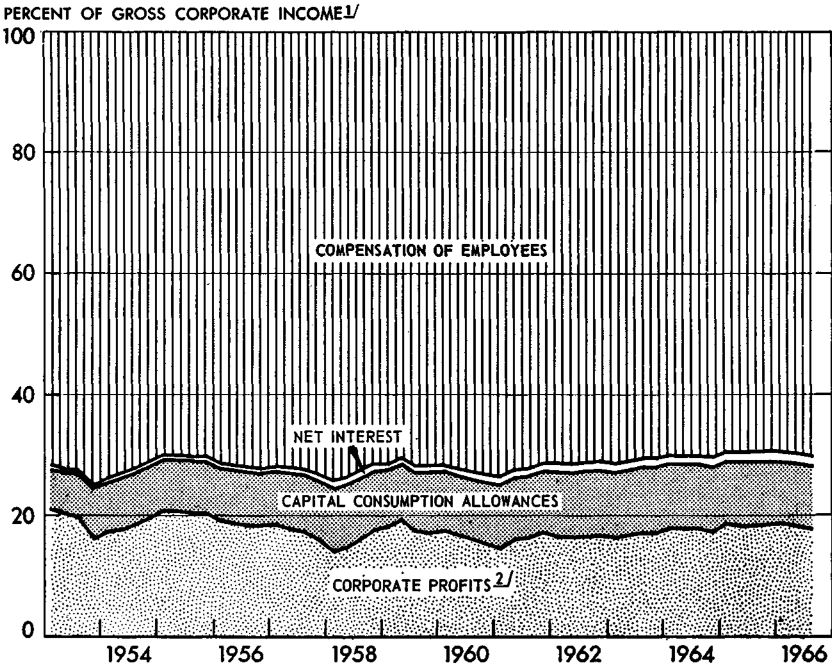
Chart 11

Shares of Gross Corporate Income



1/INCOME ORIGINATING IN BUSINESS PLUS CAPITAL CONSUMPTION ALLOWANCES; BASED ON SEASONALLY ADJUSTED DATA.
2/CORPORATE PROFITS PLUS INVENTORY VALUATION ADJUSTMENT.
NOTE.–DATA RELATE TO DOMESTIC ACTIVITY OF NONFINANCIAL CORPORATIONS.
SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

Of course, the most dramatic income movement was the 7 percent gain in real income per farm. The relative improvement in farm income was largely a result of the sharp rise in prices of farm products in 1965 and early 1966. By the last quarter of 1966, farm prices had begun to fall and income per farm declined substantially from the peak in the first quarter. However, for 1966 as a whole, real income per farm still showed a gain of more than one-third over 1964.

OUTLOOK FOR PRICES

While forecasts of price trends are even more hazardous than other forms of economic prediction, there is good ground for anticipating that 1967 will witness progress toward greater price stability. That view is based on the expectation, reviewed in Chapter 1, that the growth of the real GNP in 1967 will not exceed the growth of productive resources.

Average wholesale prices in the farm and food sector should be relatively stable, if weather is normal, with advances for some items approximately

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balanced by reductions for others. However, retail food prices will probably continue to rise, although more slowly than in 1966.

The sharp increase in mortgage interest rates, which significantly affected the average level of consumer service prices in 1966, should not be repeated in 1967. Costs for medical care will continue to increase and prices of other labor intensive services may also rise, although less rapidly.

Demand pressure on manufacturing prices should be significantly reduced in 1967. With capacity increasing by an estimated 7 percent, there will be a slight reduction in average capacity utilization as well as a better balance among industries. A small decline in manufacturing capacity utilization may have an adverse effect on productivity in some industries, but, in others, such a decline will reduce the need to use obsolete facilities. Moreover, the large amount of new capital coming into use should improve productivity.

The movement of employment costs will be affected by a number of conflicting factors. The pressure of demand on wages in unorganized labor markets will be somewhat weaker. Although employment will grow in pace with the growth of the labor force, the balance between the skills in demand and those available will improve. However, there will be continued upward pressure on the compensation of some groups of professional and technical workers. At the other end of the scale, the scheduled increase in minimum wage rates will raise employment costs in some sectors.

During 1966, negotiated wage settlements had only a limited influence on the over-all movement of employment costs. In 1967, the average size of negotiated wage increases will tend to increase and the number of workers affected will also be larger. These increases will have a significant influence on the costs of the particular industries involved. However, only about 7 million workers—less than 10 percent of all private employees—will be involved in this year's wage negotiations. Consequently, taken by itself, the direct and immediate effect of higher union wage settlements will be relatively small. However, increases obtained by organized workers tend to pull up the wages of unorganized workers in the same labor market. This process will broaden the impact of union settlements on wages and costs in 1967 and will continue to affect wage costs for a much longer time.

The increase in employer contributions for social security in 1967 will be much smaller than in 1966. That will more or less offset other factors tending to push up the rate of increase of hourly employment costs.

Unit labor costs will doubtless continue to rise this year. But with greater stability in the farm and food sector, and with less acute demand pressures in product markets, the rise in the general price level in 1967 should be more moderate than in 1966.

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Chapter 3

Maintaining Price Stability and Reducing Unemployment

THE OUTPUT AND EMPLOYMENT gains of 1966 brought the U.S. unemployment rate to the lowest point since 1953. But these gains were accompanied by the fastest rise of prices since 1957. Once again, after years of absence, an old set of questions reappeared:

(1) How far can unemployment be reduced without inflation?

(2) If there is a "trade-off" between lower unemployment and price stability, how do we choose between them?

(3) What ways are available to change the terms of such a trade-off; how can we reduce unemployment further and maintain reasonable price stability?

An analysis of recent U.S. experience throws some light on these important questions, but it provides no simple answers.

The remarkable economic record of the years 1961–65 demonstrates clearly that, when surplus labor and plant capacity abound, fiscal and monetary policies to expand demand can reduce unemployment substantially, and at stable prices. But, in 1966, as unemployment hovered just below 4 percent of the labor force, prices rose at a clearly unacceptable rate. As shown in Chapter 2, some of this rise can be attributed to temporary and nonrecurring factors. Some was the result not of getting to 4 percent unemployment but of getting there too fast. There is good reason to expect that, this year, an expansion of production which will hold unemployment at the present level will be consistent with a substantially smaller price advance. Nevertheless, the experience of 1966 clearly suggests that expanding demand cannot lower the unemployment rate much below the present level without bringing an unacceptable rate of price increase. Under present conditions, an over-all unemployment rate close to 4 percent appears to be associated with an approximate balance between supply and demand in most labor markets. A higher level of demand for goods and services would create inflationary pressures in both product and labor markets.

If the economy is now in the range of trade-off between falling unemployment and rising prices, then the second question above needs to be faced: how should we rank the advantages of fuller employment against the disadvantages of rising prices?

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In a meaningful sense, any involuntary unemployment is too much. Ideally, everyone who wants work should be able to find it. To tolerate any unemployment, other than temporary, means subjecting individuals to concentrated hardship, both economic and psychological. On the other hand, it is clear that the overwhelming majority of Americans would also say that any rise of prices is too much. Rising prices create hardships for those on fixed incomes or with savings fixed in money value, and windfalls for others. Moreover, more than a very slow rise of prices can create economic distortions that threaten continued prosperity. And a significant rise in prices would surely worsen the U.S. balance of payments, not only in the short run but for some time to come. Surely, at the present juncture, when the payments balance remains in persistent deficit, inflation could undermine the ability of the United States to carry out its objectives around the world.

Faced with a desire for both lower unemployment and price stability, the third question thus becomes the really relevant one: How can the terms of the trade-off between lower unemployment and greater price stability be altered?

This chapter does not attempt to deal with all of the answers to this question; but it deals with three.

First, the pattern of skills and related attributes of the unemployed can be more closely adapted to the pattern which employers seek; and the functioning of the labor market can be improved so that qualified workers and suitable vacancies can be brought together more expeditiously.

Second, all Government policies affecting markets for goods and services can be directed toward the objective of achieving general price stability in an economy with sustained full employment.

Third, producers and labor unions can learn to use their market power more responsibly.

Public policies to improve the performance of labor and product markets, and private policies of voluntary restraint in price and wage decisions, will together enable the American economy to move gradually in the coming years toward lower unemployment with stable prices.

IMPROVING U.S. LABOR MARKETS

During each of the three recessions since 1950, unemployment rose sharply, then returned to a rough plateau—at about 3 percent in 1952–53, 4 percent in 1955–57, and 5½ percent in 1959–60. There were many who read into this record an ominous and irreversible trend toward ever higher rates of unemployment, even in "prosperity." Profound structural changes in the economy during the 1950's, they argued, had rapidly and radically altered the pattern of the demand for labor. The new pattern was not matched within the ranks of the labor force.

This thesis found many supporters in early 1961, when, with an unemployment rate of about 7 percent, a new national administration was deter-

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mining its economic targets and the means to achieve them. Most economists advising the new Administration argued that an adequate increase in the total demand for goods and services could restore unemployment to moderate levels. The advocates of the structural change thesis agreed that more demand for goods and services would create more job openings, but predicted that before unemployment was reduced very much, the economy would experience serious labor shortages and a resulting inflation of wages and prices.

It is obvious now, if it was not obvious in 1961, that there were then plenty of unemployed workers available to fill almost every job that could be created by a general expansion of demand. Labor shortages, except in a few professional areas, were only a distant threat. Chapter 1 has shown how the long economic expansion that began in 1961 produced a sharp and steady decline in unemployment. But as the unemployment rate approached 4 percent in late 1965, and dipped below it in early 1966, significant labor shortages appeared.

Shortages of professional and subprofessional personnel in medicine and education, which have existed for a number of years, continued and were intensified. New shortages appeared in a number of highly skilled occupations, particularly in defense and capital goods industries. And there was a more general excess demand for workers who could fully meet employers' minimum standards for work experience and education. To be sure, employers lowered hiring standards and expanded training activities significantly, and made numerous other adjustments of the kind outlined in Chapter 2. But the rapid expansion of the demand for labor strained the capacity of employers to adapt their employment requirements to the characteristics of the available labor force or, through training or other means, to adapt the available labor force to the requirements of the vacant jobs.

The unemployment remaining today is not of the same character as that of 1961. Plans for further reduction of unemployment must be geared to the nature of the present problem. This requires a careful examination of the composition of today's unemployed.

COMPOSITION OF THE UNEMPLOYED

Unemployment rates for almost every category of workers have been sharply reduced in recent years; yet the incidence of unemployment—by occupations, by age, by sex, and by other characteristics—is still highly uneven. By occupation, rates in 1966 varied from 7.3 percent for nonfarm laborers to 1.3 percent for professional and technical workers (Table 16). By age, unemployment rates were high for teenagers, very much lower among workers aged 20–44, and still lower among older workers. Rates for women at all ages were higher than for men (Table 17). The pattern of unemployment rates by age and sex for nonwhite workers was similar to that for white workers. But unemployment among nonwhite workers was

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TABLE 16.—*Unemployment rates, by major occupation groups, 1961 and 1966*

[Percent [1]]

Occupation group	1961	1966
Total	6.7	3.9
White-collar workers:		
Professional and technical workers	2.0	1.3
Managers, officials, and proprietors, except farm	1.8	1.0
Clerical workers	4.6	2.8
Sales workers	4.7	2.7
Blue-collar workers:		
Craftsmen and foremen	6.3	2.8
Operatives	9.6	4.3
Nonfarm laborers	14.5	7.3
Service workers:		
Private household workers	5.9	3.6
Other service workers	7.4	4.8
Farm workers:		
Farmers and farm managers	.4	.4
Farm laborers and foremen	5.7	4.1

[1] Number of unemployed in each group as percent of labor force in that group; data relate to persons 14 years of age and over.

Source: Department of Labor.

TABLE 17.—*Unemployment, by age, sex, and color, 1966*

Group	Unemployment		
	Number (thousands)	Percentage distribution	Rate (percent) [1]
Total	2,976	100	3.9
Teenagers (14–19 years of age):			
Males	503	17	11.2
White	394	13	9.9
Nonwhite	109	4	21.2
Females	435	15	13.0
White	330	11	11.0
Nonwhite	104	3	31.1
Adults 20–44 years of age:			
Males	678	23	2.6
White	530	18	2.3
Nonwhite	148	5	5.3
Females	632	21	4.6
White	467	16	4.0
Nonwhite	165	6	7.8
Adults 45 years of age and over:			
Males	442	15	2.3
White	371	12	2.1
Nonwhite	71	2	4.2
Females	286	10	2.7
White	234	8	2.5
Nonwhite	52	2	4.4

[1] Number of unemployed in each group as percent of labor force in that group.

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

Source: Department of Labor.

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more than twice as high as among white workers, ranging between 1½ and 3 times as high in each of the various age and sex groups. As total unemployment has fluctuated, these relative patterns of unemployment rates have been fairly stable (Chart 12).

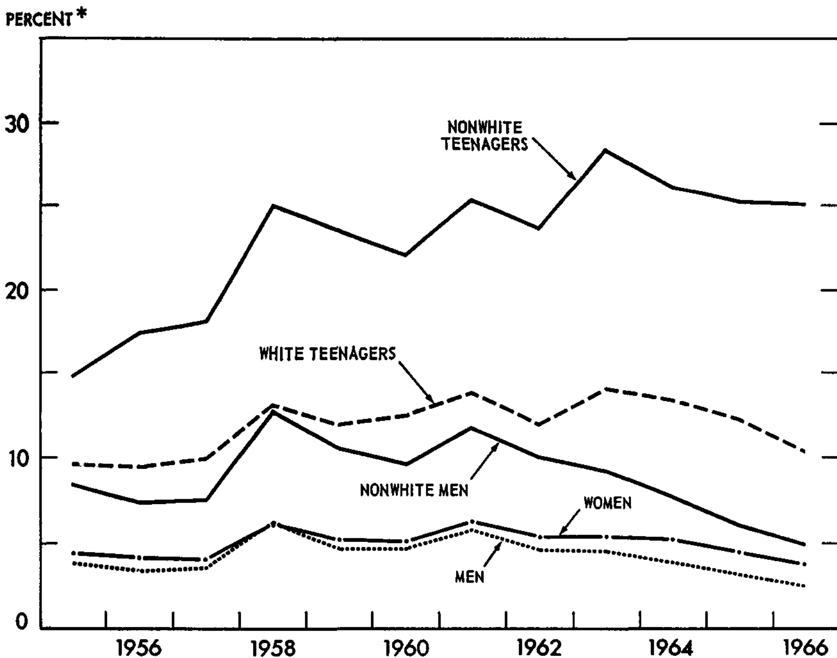
Unemployment averaged 3.5 million persons in 1965 (the latest year for which the following data are available), but more than 12.3 million, or 14 percent of all persons who were in the labor force at some time during the year experienced some unemployment. Most of those unemployed were out of work only once during the year, and then only briefly. But 16 percent had two spells of unemployment, and nearly 20 percent had three or more.

Much of the unemployment during the years 1957 through 1965 was the result of an inadequate total demand for goods and services. This is sometimes referred to as "cyclical" unemployment; but since a large part of it persisted through the post-recession expansions of 1958–60 and 1961–65, the cyclical label is clearly unsatisfactory.

With the virtual elimination of cyclical unemployment in 1966, most of that which remains can usefully be described as either "frictional" or "structural." But these terms are not entirely precise; often, a particular

Chart 12

Unemployment Rates



* PERCENT OF CIVILIAN LABOR FORCE IN EACH GROUP.
SOURCE: DEPARTMENT OF LABOR.

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worker who is without a job cannot easily be classified as either frictionally or structurally unemployed. Moreover, whenever there is also unemployment that is due to inadequate demand, it becomes impossible in many cases to say which particular workers are unemployed for frictional, structural, or cyclical reasons. It is obvious, for instance, that not all unskilled workers or older workers who were unemployed in 1961 were structurally unemployed; very large numbers of them found jobs in the subsequent period of expansion. The reason why many of the unskilled workers or older workers who were without jobs in 1966 could be called structurally unemployed is not that they were necessarily different from those millions of unskilled or older workers who were at work. Rather, in many cases more unskilled workers could be hired only if employers could readily find the necessary complement of skilled workers who were in relatively short supply. There is no need for construction laborers if construction is held up by the absence of bricklayers or pipefitters. But a great many of the "structurally unemployed" have characteristics that make employers reluctant to hire them except under conditions of rather severe labor shortage.

"FRICTIONAL" UNEMPLOYMENT

Even in an economy characterized by steady high-level employment, some involuntary unemployment is bound to occur. New workers need time to find jobs even when jobs are available. Continuous changes in the composition of demand cause fluctuations in the output and manpower requirements of individual plants though the total level of demand in the economy may be growing steadily. There are seasonal variations in activity in many sectors of the economy, such as construction, recreation, and agriculture. The secondary effects of strikes in some plants or industries may cause workers in other plants or industries to be laid off temporarily. Whether unemployment from these causes is called—or in fact is—frictional, depends on whether the workers involved have the skills and other characteristics to qualify for available jobs and on the availability of jobs.

In 1966, more than 40 percent of the unemployment among men over 25, nearly 56 percent of the unemployment among women over 25, and 82 percent of unemployment among teenagers was associated with either entry, reentry, or voluntary job change. Workers entering the labor force found jobs more quickly than in 1965; but the number entering was also considerably greater. As a result, unemployment associated with these causes changed little. Since unemployment from other causes declined, the proportion of total unemployment associated with entry and job change increased during 1966.

In most cases, unemployment due to entry or reentry is of short duration; but a small percentage of new entrants may not be able to find their first jobs for some months. They account for a substantial fraction of the total unemployment associated with entry.

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The primary reason why unemployment rates are consistently higher for teenagers and women than for male adults is the higher proportion of teenagers and women who are new entrants or reentrants into the labor force. Moreover, the voluntary turnover rate of young workers is particularly high, as they often try several jobs in search of one they like.

The rising trend of unemployment rates among teenagers relative to other workers in recent years reflects the further fact that the size of the teenage labor force—which had been stable or contracting in the early postwar period—more recently has been sharply expanding. New entrants obviously make up a larger proportion of the teenage labor force when that force is rapidly growing. Thus, in 1953, when the over-all unemployment rate was 2.9 percent, teenage unemployment averaged 7.1 percent. At that time, the total teenage labor force was actually declining slightly. The higher teenage unemployment rate of 12 percent in 1966 largely reflected the fact that the teenage labor force is now increasing rapidly—by 11 percent in 1966. The rising proportion of women in the labor force also tends to increase the amount of unemployment associated with entry, reentry, and departure.

A rather high rate of voluntary turnover is an important characteristic of the restless, mobile American worker, compared with workers in most other countries. Moreover, voluntary turnover rises as labor markets tighten, and workers feel more secure in their ability to find other jobs. Of course, not all voluntary job changes involve any intervening unemployment. While frictional unemployment associated with causes other than entry and turnover is substantial, no useful data regarding its extent are available.

Frictional unemployment could be reduced somewhat if the demand for labor were to continue to expand more rapidly than the normal growth of the labor force. Workers in seasonal occupations would find it easier to obtain other jobs in their off season. New entrants to the labor force would find first jobs somewhat more quickly. There would be fewer temporary layoffs to "adjust inventories." Such a reduction of frictional unemployment would not only make jobs easier to find, but it would also make job vacancies more widespread. Frictional unemployment might be reduced; but only by a further tightening of labor markets, creating greater upward pressure on wages and prices.

It is impossible to eliminate frictional unemployment completely and undesirable to try. The efficient allocation of labor depends on the movement of experienced workers to better jobs. The frequent entry and reentry of women into the labor force in response to improving job opportunities is an important source of flexibility. The interval between leaving school and the first job could be reduced, although it cannot be entirely closed in all cases. The freedom to change jobs—if only for the sake of variety—is a right that Americans cherish. The seasonality of many types of activity can be reduced, but not eliminated. And the rapid pace of technological change that contributes to the rapid advance of living standards also requires some involuntary job changes. Yet there are ways to

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reduce frictional unemployment without increasing the tightness of job markets.

IMPROVING THE OPERATION OF LABOR MARKETS

Unemployed workers often fail to find vacancies which they are capable of filling, because they are unaware of such vacancies, because they are in the wrong location, or because of artificial job entrance requirements.

The U.S. Employment Service and its affiliated State employment services perform an important function by bringing jobs and workers together, and thus reducing frictional unemployment. During recent years, they have sought to improve their effectiveness in matching jobs and men through improving the quantity and quality of their job market information (including the experimental development of job vacancy data) and through more effective dissemination of this information to job seekers, employers, schools, and community groups; through working more closely with employers to alleviate occupational shortages and to meet defense manpower needs; and through developing an experimental automated system for matching available jobs with characteristics of applicants in both interarea and interstate recruitment. They have also sought to improve their service to disadvantaged workers through cooperating with Community Action agencies and other community groups, through sending mobile teams to rural and smaller urban areas, through making greater efforts to reach the disadvantaged in slum sections of metropolitan areas and through Youth Opportunity Centers. A detailed report on methods for improving the effectiveness of public employment services has recently been made by a public Task Force on the Employment Service. Legislation will be proposed incorporating many of the recommendations of this report.

General expansion in the economy has reduced unemployment remarkably in many areas formerly considered to be "depressed areas." Nevertheless, a few areas of regional depression or underdevelopment remain. The activities of the Department of Commerce under the Economic Development Act and of the Appalachian Regional Commission established in 1965 are continuing to assist such areas in developing new industries by providing loans, public works, technical assistance, and manpower training.

Whenever the effects of general prosperity and of new development programs cannot promise adequate local employment for all workers, migration of workers is clearly called for. Often those who should migrate in order to find jobs either fail to do so—sometimes because of financial inability—or move with inadequate knowledge of where jobs are available for which they might be suited. The Department of Labor has operated an experimental program of relocation allowances and relocation counseling, the results of which need to be thoroughly evaluated in order to determine how relocation assistance might usefully become an expanded element in U.S. manpower policies. Relocation programs appear to have been highly successful in reducing frictional unemployment in several other countries.

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"STRUCTURAL" UNEMPLOYMENT

During 1965, nearly 3.5 million workers were unemployed for more than 15 weeks during the year, and about 1.2 million of those workers were unemployed for 27 weeks or more but, of course, not all at the same time. These 3.5 million workers accounted for nearly two-thirds of the total number of man weeks of unemployment. On the basis of monthly data on the long-term unemployed, it can be estimated that the number of workers who lost 15 or more weeks of work during 1966 fell to about 2.5 million. Of that number about 1.3 million workers were unemployed for more than 15 consecutive weeks, over twice the number of persons appearing in the monthly statistics of long-term unemployment. An additional 1.2 million workers lost at least 15 weeks of work in several spells of joblessness. Workers experiencing severe unemployment are found most frequently among farm and nonfarm laborers, operatives, and service workers—generally, the least skilled. By industries, long-term unemployment is most heavily concentrated in agriculture, construction, mining, entertainment and recreation, food and kindred products manufacturing, and private households. Several of these sectors have a strongly seasonal character.

Classified by their demographic characteristics, those most exposed to severe unemployment were youths out of school, nonwhite workers, or older workers. Each of these groups suffers from some special disadvantage. Over-all unemployment rates for older men are relatively low, because they do not leave jobs readily and seniority often protects them from layoff or dismissal. But older workers who do become unemployed because of plant closings or relocations or technological change often have severe problems in finding new jobs. They are less mobile than new workers; it is often more difficult for them to learn new skills; and the cost of training is higher per year of their remaining working career. Employers may also have to assume higher pension costs when they employ older workers.

Nonwhite workers suffer from discrimination, as well as from the poor education and lack of skills which are in large measure the result of past discrimination. Some ghetto areas are located far from areas of expanding employment in the same metropolitan complex, and transportation facilities are often inadequate. Nonwhite teenagers make up a large proportion of the out-of-school youths unemployed for long periods. They suffer the disadvantages of other nonwhite workers. Like all teenagers in this group, many cannot get jobs because they have little or no work experience, and cannot get experience because they cannot get jobs.

Other concentrations of long-term unemployment are found in depressed areas, or areas where job opportunities for workers with particular skills are no longer available.

Many individuals with serious unemployment problems suffer personal disadvantages which make it difficult for them to get or hold jobs even in a tight labor market. Special studies of the unemployed in ghetto areas indicate that many of the long-term unemployed are functionally illiterate.

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Many fail entrance tests for military service. Poor health and physical defects are common. Some are mentally retarded or physically handicapped. Some suffer from emotional instability. Others have prison records. Many have poor work habits, and lack motivation and discipline. They lose jobs because of absenteeism, tardiness, and inability to follow instructions. Some are younger workers who are unwilling to take low paying, "dead-end" jobs, but lack the patience, discipline, or opportunity to acquire training for better ones.

While an expansion in the number of jobs available would surely cause some reduction in unemployment among these workers, it is clear that many of them will not be steadily employed—except under conditions of severe and general labor shortage—until a heavy investment has been made in improving their skills and education and in helping them to solve their personal problems.

A concentrated attack on the causes of "structural" unemployment is obviously essential if we are to move toward continually lower unemployment while maintaining reasonable stability of prices. However, this statement of the need for attacking these social problems is obviously far too narrow. We need to attack discrimination not only because it stands in the way of fuller utilization of our economic potential, but because it is morally wrong. We would need to assist the handicapped and the disadvantaged—even if we were not able to lower the over-all unemployment rate—in order to make it possible for them to compete on more equal terms for whatever jobs are available. We need to open the doors of opportunity for individual development and self-fulfillment through useful employment even if we should conclude that, on purely economic grounds, it would be cheaper merely to provide guaranteed incomes regardless of contribution to production.

FEDERAL MANPOWER TRAINING

In recent years, the Federal Government has launched a major effort to provide training and retraining designed to develop the large reservoir of unused or underutilized talent in the labor force, with emphasis on the disadvantaged. These include the Manpower Development and Training Act (MDTA), Job Corps, Neighborhood Youth Corps, Work Experience, the Office of Economic Opportunity (OEO) Adult Work Program, and the OEO Special Impact Program for retraining and employing residents of blighted urban areas. The distribution of trainees for the last and the current fiscal year is shown in Table 18.

Under the MDTA program, 175,000 persons were enrolled in training for productive employment in fiscal 1966; and from its inception in 1962 through December 1966, 613,000 persons were enrolled in training for 1,300 occupations. The typical MDTA trainee was a white male, high school graduate. Only one-third of the trainees were from the disadvantaged groups that form the bulk of the hard-core unemployed. Experience under the Act has led to an altered program emphasis which will ex-

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TABLE 18.—*Training opportunities, fiscal years 1966–67*

Program	Number of trainees (thousands)	
	1966	1967[1]
Manpower Development and Training Act Program	273	250
Institutional training	160	125
On-the-job training and other	113	125
Job Corps	10	31
Neighborhood Youth Corps: [2]		
In-school	106	125
Out-of-school	55	60
Summer	209	165
Work experience	64	46
Adult work program	------------	25
Special impact	------------	8

[1] Estimates.
[2] Each position may be occupied by more than one person in the course of a training period, since trainees often do not occupy positions for the full period.

Source: Bureau of the Budget.

pand the highly succesful on-the-job training component and raise to two-thirds the proportion of the disadvantaged in MDTA programs—particularly older workers displaced by technological change, persons in correctional institutions, handicapped workers, the paroled, the illiterate, and the young. Special assistance will be given for intensive on-the-job training to prepare disadvantaged persons for jobs with private firms.

The remaining Federal programs are wholly aimed at the disadvantaged. In 1966, the Neighborhood Youth Corps program reached 220,000 needy students, who received an average of $500 of aid from in-school and summer programs which helped them to continue in school, and 100,000 youths no longer in school, who received an average of 7 months of training. Since its inception, the Job Corps has provided training and work experience for 61,500 of the most disadvantaged youths. When first enrolled, more than 50 percent of Job Corps enrolles fail to read at the 5th grade level, and 30 percent cannot read a simple sentence. Despite this handicap, the retention rate for the Job Corps is superior to that of vocational training programs nationally. However, the difficulty of reaching these hard-core unemployed youth and the need for residential training facilities result in high unit costs.

Other Training Programs

In addition to these programs which emphasize immediate impact, the longer-range objective of continuing improvement in available skills is an important component of other Federal programs. This objective underlies Federal support of education ranging from the basic Elementary and Secondary Education Act of 1965 and the Higher Education Act of 1965 to the more specific Allied Health Professions Personnel Training Act of 1966.

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About 5.8 million persons were enrolled in vocational education programs in 1966. Although some reorientation of these programs has occurred, their occupational distribution continues to stress traditional areas of home economics and agriculture, along with office and industrial occupations. It is essential that vocational training programs be more rapidly transformed to conform with the changing pattern of the economy and of its labor requirements. A comprehensive evaluation of the role and effectiveness of vocational education is a necessity for developing sound national manpower policies. The establishment of the Advisory Council on Vocational Education to appraise the results of the Vocational Training Act of 1963 is a step in the right direction. Its evaluation and recommendations must be placed in the perspective of the future manpower needs of the Nation and the various alternative methods of meeting these needs.

The apprenticeship programs operated in cooperation with the Federal Government are more directly focused on providing the skills needed by industry. In the past year, 25,000 workers completed apprenticeship programs, primarily in the construction trades. There are currently 237,000 federally registered apprentices. The completion rate in these programs was 60 percent, but many dropouts found other work or returned to school. The rapid growth in the demand for skilled craftsmen in factories and construction requires an expansion of apprentice training. However, there is some question whether the expanding needs of the construction industry can better be met by traditional apprenticeship training aimed at the production of fully qualified craftsmen rather than by training specialists with a more limited range of skills. A great deal needs to be done to increase the enrollment of minority groups in apprenticeship programs. Encouraging signs have been observed in certain major northern cities, particularly in the form of cooperation with trade unions and civil rights groups in New York City, Cleveland, and Chicago, but they are only a beginning.

Issues in Manpower Training

The large and rapid expansion of Federal training activities obviously responds to a major need, and it is clear that such programs will be and should be further expanded in the years to come. In recognition of this fact, it is important that a number of issues be clearly faced.

(1) Manpower training has several interrelated objectives. Different kinds of training programs are needed for pursuing each of these objectives, and decisions need to be made as to the relative emphasis to be placed on each. Broadly speaking, training is needed for three purposes. First, training is needed for the disadvantaged who are barely, if at all, employable without it. Second, training or retraining is needed for workers who suffer no special deprivation or disadvantage other than that they lack the

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specific skills now in demand by employers. This is a need which will continue—and increase—in an economy marked by rapid technological advance. Third, training is needed to help break immediate skill bottlenecks. To the extent that expanded employment of unskilled workers is held back by shortages of special skills, breaking these bottlenecks can advance the prospects of noninflationary expansion of total employment. The other issues, discussed below, may be resolved differently depending on which purpose is to be served by a particular training program.

(2) The relative responsibilities of public agencies and private employers need to be evaluated. Despite the large expansion of public manpower training, private training activities greatly exceed public. Obviously, the incentive for employers to provide training varies, depending on the nature of the skills involved, the character of the industry and the characteristics of the trainees. In many cases, no single employer in an industry may have an economic incentive to train workers many of whom will work for his competitors or employers in other industries. Devising special forms of incentive or subsidy which would induce private employers to expand their own training programs is a challenging problem. So far as possible such incentives should avoid rewarding employers for what they are already doing and what is already advantageous for them to do.

(3) Further study is needed of the relative merits—in public training programs—of institutional versus on-the-job training, and—within institutional training—of the contribution that can be made by regular educational institutions of various types.

(4) The relative importance to be given to the work and the training aspects of work-training programs needs to be specifically considered. There may be clear public purposes to be served in employing the disadvantaged in such programs, particularly in the city ghettos, whether or not any significant training emerges as a byproduct, and even if the jobs have something of a "make-work" character. Advocates of certain types of work-training programs are proposing a system of residual public employment for persons otherwise unemployable, with training as one ostensible purpose. Yet the design of a program may be such that many of those initially enrolled are unlikely ever to be prepared to move on to regular jobs. There may well be a useful role for such programs, but the issues and purposes involved need to be frankly faced.

(5) The proliferation of Federal, local government, and private training programs—often designed to serve the same or overlapping clienteles—has led to a number of problems and some inefficiency and duplication, particularly at the local level. Recent Federal efforts have been devoted to improving this coordination, and good results are being achieved in a number of cities under the leadership of the President's Committee on Manpower. There are also problems of coordinating training activities in local areas with other programs designed to serve disadvantaged groups. There have

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also been problems, now being resolved, of coordinating program planning and management at the national level of the Federal Government.

(6) New methods need to be developed for finding, reaching, and motivating more of the unemployed to undertake training. This requires analysis of incentives, such as training bonuses, earnings allowances for persons receiving public assistance, provision of day care centers for mothers of dependent children, training allowances for long-term unemployed who have exhausted their unemployment insurance benefits, and many other issues.

(7) Most generally, a great deal more study and evaluation of the effectiveness of existing training programs is needed. Very little systematic study and evaluation has yet been made of the rapidly expanding Federal activity in this field. Most of the programs are still very new. Moreover, since some of them are intended to solve problems of special difficulty, there is no traditional standard against which to measure effectiveness. It may cost several times as much to prepare an illiterate youth from the slums for employment as it does to improve the skills of a literate adult with previous work experience. Yet the investments may well be equally rewarding for society. The increase in productivity which can result is only one of the economic benefits, and the benefits are not only economic. Nevertheless, the objectives and benefits should, as far as possible, be quantified and compared with the costs. This is surely important where alternative programs serve essentially the same objectives. Substantial research is needed on the effectiveness of different, and particularly of new, training techniques.

Considerably more knowledge of the population that can benefit from the various kinds of training can help in designing more effective programs. The Government plans a large sample survey early in 1968 to collect more detailed information on the nature, extent, causes, and concentration of unemployment and poverty throughout the United States. In addition, special surveys of ghettos and depressed areas in large metropolitan cities are planned by the Department of Labor. The information will be extremely useful for improving the effectiveness of existing manpower programs, and for designing new programs to combat the unemployment and poverty that remain during a period of extended prosperity.

It is now clear that large sums will be spent for training, over a considerable period of years. Because the objectives are vitally important and their attainment costly, every possible effort must be made to increase the effectiveness of training programs. The Federal Government will undertake this year an intensive general review and assessment of the Nation's needs for training and retraining, of the effectiveness of various methods, of the organization of training efforts, and of the relative responsibilities of Government and industry.

Expanded and improved manpower training—both public and private—is an essential requirement for achieving further reductions of unemployment

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in a context of general price stability. Through providing the skills needed by an economy undergoing rapid technological change, and helping those who are presently unemployable or only marginally employable to become productive workers, manpower training—along with improved job placement and job counselling, and a reduction of discrimination—can permit a more rapid rate of economic growth involving progressively fuller use of human resources. It can help the Nation avoid the painful choice between the two goals of lower unemployment and stable prices. More importantly, it serves larger human purposes.

Although precise targets cannot be set for the ultimate minimum level of unemployment or the speed of the downward movement, it is clearly unnecessary and undesirable to accept 4-percent unemployment as a permanent objective of U.S. economic policy.

IMPROVING THE PERFORMANCE OF PRODUCT MARKETS

Progress toward the goal of fuller utilization of resources along with price stability will require improving the performance not only of labor markets but of product markets as well.

Active and vigorous competition offers the strongest defense against the tendency for prices to rise as full utilization of resources is approached. When competition is weak, profit margins in a prosperous economy are likely to be high. To be sure, high profit margins, once established, make no further direct contribution to rising prices. But to the extent that the higher profit margins of a strong economy are initially achieved through price increases, the price level is directly affected. Moreover, high profits understandably provide inviting targets for union wage demands. Firms with strong market power may grant large wage increases, maintaining their profit margins by raising prices. To minimize such upward ratcheting of the price structure, it is essential to maintain and strengthen the forces of competition wherever possible.

Government action can improve the operation of product markets in other ways. Effective regulation can increase efficiency and reduce prices for essential utility services. And the numerous programs of the Federal Government which directly or indirectly affect costs or prices can and should be administered in a way which attempts to avoid unnecessary or unintended upward pressure on prices, and where possible to alleviate such pressures.

STRENGTHENING COMPETITION

The virtues and benefits of free competition have long been among the fundamental premises of the American system. The dynamic growth and vigor of the U.S. economy and this country's position of industrial leadership in the world have in good part reflected the emphasis which public policy has placed on encouraging and strengthening competition.

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The promotion of competition reflects values other than purely economic ones, and economic values other than those related strictly to costs and prices. However, one principal reason why competition in product markets is supported is that it spurs firms to control or reduce costs, and insures that the benefits of cost stability or cost reduction are passed on to consumers.

The intensity of competition among the firms producing a given line of products or services varies widely among the many sectors of the American economy. In many lines individual firms have virtually no control over prices. Their product prices are set by the market in almost the same way as are prices for soybeans or livestock. At the other extreme there are sectors where strong market power makes it possible for firms to establish prices which yield good profits even when capacity utilization is low, and rapidly expanding profits as utilization rates move up. In many other product lines, producers have some degree of market power, the effectiveness of which varies with the state of capacity utilization.

The market power of firms is limited not only by the competition of existing rival producers of the same product but also—though again in varying degrees—by the potential entry of new producers (sometimes including the industry's own customers) and by competition from producers of other products and services. In today's world of rapid technological change, completely new products or services—often produced by firms in another industry—may provide the strongest competition for established products (for example, plastics with metals, automatic washers with laundries, television with movies).

The intensity of competition has been substantially increased in recent years by the growth of international trade and the gradual reduction of barriers to such trade. U.S. firms seek markets all over the world and foreign firms are increasingly active in U.S. markets.

Actual and potential competition is a powerful force restraining unnecessary price increases, promoting product improvement, and inducing firms to seek efficiency and to find new methods for producing at lower cost. The effectiveness of competition is maintained and increased through vigorous enforcement of the antitrust laws.

It is essential to apply the law against collusion among competitors to fix prices or to share markets. Antitrust efforts are also designed to combat practices which strengthen market power through reducing the number of firms in an industry, which erect artificial barriers to the entry of potential competitors, which delay the introduction of superior products or cost reducing techniques, or which serve to blunt the effectiveness of competitive price changes. Such practices raise prices for consumers or reduce the quality of goods which people can buy.

The antitrust statutes assume particular importance in an economy operating near the limits of its capacity. Their vigorous enforcement can counter a possible inflationary bias in product markets by sustaining and strengthening competition. Antitrust activities should continue to be fo-

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cused on this main purpose. In particular, effective antitrust cannot provide for the protection of individual competitors at the expense of the protection of competition.

In some areas, unfortunately, the thrust of protective efforts has been diverted. For example, during the early 1930's many States acted to restrict competition in the field of retail distribution when the pervasive economic distress bankrupted many small firms and threatened countless others with failure. Relief was sought, and frequently obtained, in the form of restrictions on the pricing policies of larger and more efficient firms—especially chain stores and mail order houses.

RESALE PRICE MAINTENANCE

Resale price maintenance is such a device, largely born in the 1930's, which can impair the competitive forces of free markets. It permits the manufacturer of a branded product to enter into agreements with one or more retailers in a State, establishing a minimum resale price for that product. These agreements then become binding on all retailers in that State, regardless of whether they have signed them. Today, resale price maintenance laws are on the books of 40 States but, as the result of a series of adverse legal decisions, the nonsigner clause has been nullified in some States, and the laws are now fully effective in less than 20 States. In those States, firms entering into and affected by price maintenance agreements are exempted from the Federal antitrust statutes as a result of amendments adopted for that specific purpose. In recent years, proposals have been made in Congress to amend further the antitrust laws so as to exempt resale price maintenance agreements from the antitrust laws throughout the United States. The Administration has consistently opposed such legislation.

Resale price maintenance permits manufacturers to guarantee attractive margins to retailers in order to encourage them to promote their products rather than those of competitors. But by providing a shield from competition, price maintenance agreements often raise prices to consumers. Moreover, they can induce the development of excess capacity in some branches of retailing, as well as blunt price competition in manufacturing industries dominated by a small number of large firms.

While resale price maintenance is used for many products, including household appliances, cosmetics, beverages, and many other items, it is most extensively used in the sale of pharmaceutical supplies and proprietary drugs. Because of the adoption of Medicare and the growing public concern with improvement in health standards, it is particularly important to evaluate the impact of resale price maintenance for this group of products.

A basic purpose of the antitrust laws is the maintenance of a market system in which many firms can operate effectively. But protection of inefficient firms is *not* a purpose of the antitrust laws. A small number of very large firms will not dominate retail markets in a competitive environment. For one thing, entry costs in retailing are typically low, so that any attempt

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to seize and hold a dominating market share in any major retail market would be futile.

Whatever the case may have been in the 1930's for depression-born modifications of the basic competitive philosophy, that case does not apply in today's and tomorrow's expanding economy. In a healthy and viable market economy, effective competition will inevitably see some enterprises falter and go under. But vigorous new firms will be created, and those with effective managements will survive, prosper, and grow. Prices in markets protected from competition will be higher on the average and less responsive to changes in economic conditions and consumer demands.

RESTRICTIONS ON INTERNATIONAL TRADE

Foreign competition can be as effective as domestic competition in forcing producers to hold down costs and prices. This is one of the reasons why, for many years, U.S. policy has been directed toward a free and open world trading system with a minimum of restrictions on the flow of goods and services across national boundaries. In such a system, the spur to specialization and productivity which is provided by international competition serves not only U.S. commercial interests but those of the U.S. consumer as well.

While the reduction of trade barriers will, in time, benefit all, it can raise temporary problems for both industry and labor. These problems are obviously considerably less serious during periods of full employment. Nevertheless, they exist even then. The burden of these problems can be reduced in several ways. First, barriers to trade can be relaxed gradually. The tariff cuts expected under the Kennedy Round will be made over a 5-year period. Second, where an industry or its workers or both are seriously injured through a reduction of protection, they can either receive renewed protection from import competition through an "escape clause" action, or they can qualify for "adjustment assistance"—temporary financial and other assistance to help them adjust to the new situation. The latter approach is to be preferred, since the costs to the economy of such support are generally considerably lower than those of trade restrictions, and the assistance deals with the underlying problem rather than with its symptoms. The President recently lifted escape clause protection on watches, which had been in effect since 1954, and reduced it for glass.

REGULATORY POLICIES

Some major sectors of the economy are subject to extensive Government regulation. In these sectors where competition is not considered feasible because of the wastes of duplicative service, regulation substitutes for competition in keeping prices reasonable and service adequate. These regulated industries are vitally important; they not only originate about one-fifth of the national income, but they include the very sinews of a modern economy—electric power, communications, and transportation. The markets and

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technologies of these industries are subject to the forces of persistent change, which requires that existing policies be continually reexamined.

The broad issues are often the same as for the nonregulated sectors. Regulation, like other Government policies, must not be diverted to protecting the established positions of particular firms or industries at the expense of economic efficiency. Nor must excessive reliance on uniform prices preclude the use of price differences to achieve the best use of capital intensive technologies. Finally, regulatory policy must not forego the possibilities of introducing competition when technological change makes this economically desirable.

A vigilant program of regulation makes a special contribution to price stability by holding the prices of essential utility services at the lowest levels consistent with their costs (including necessary profits), thereby helping directly to stabilize or reduce the cost of living and the costs of other businesses. The opportunities for price reduction are particularly promising because of the special economic characteristics of at least some of the regulated industries. In several of them, a high elasticity of demand (price reductions increase volume greatly) coexists with large economies of scale (increased volumes lower unit costs). As a result, significant price reductions may sometimes be achieved with little adverse effect on profits and in some cases with a favorable effect.

Further, public utilities, communications, and some sectors of transportation have experienced particularly rapid productivity gains. In some cases, wage increases have exceeded those elsewhere in the economy, and may well have been inconsistent with the standards for wage-price behavior discussed in the next section.

In these circumstances, regulation is not adequate if it merely protects consumers against excessive price increases. It must be alert to make certain that the economy realizes the opportunities for lower prices and improved service. In so doing, of course, regulation must vigilantly preserve the strength of the regulated industries and their highly skilled labor force. Low prices at the expense of profits insufficient to attract the necessary capital, or wages inadequate to attract the necessary labor, in the long run benefit no one. Regulation must be flexible to take prompt advantage of changing technology such as new sources of power, new channels of communication, new modes of transportation, and new ways of using old modes. At times, such innovations will permit the scope of Government regulation to shrink in favor of greater emphasis on competition.

Well conceived regulatory activities can contribute to the goal of maintaining reasonable price stability in a high level economy moving steadily toward fuller use of its human resources.

DIRECT GOVERNMENT ACTIONS AFFECTING SUPPLY

The rapid expansion of demand during the last half of 1965 and the first part of 1966 resulted in numerous bottlenecks which impeded the

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smooth flow of production. In some cases, the supply of raw materials—especially minerals—could not keep pace with the needs of industry. In others, an essential piece of equipment could not be delivered promptly. In still others, transportation facilities were overloaded. All these impediments naturally aggravated pressure on the prices of either the scarce material or component, or the finished product, or both.

Many of these problems could only be alleviated by the passage of time, and some still persist. In a considerable number of instances, however, Government could and did find ways of assisting.

Scarcities of mineral raw materials were especially prevalent as requirements for military hardware and capital equipment of all kinds rose sharply. Increases in domestic production of minerals take considerable time, and for many the United States is dependent in whole or substantial part on imports. Fortunately, there were substantial supplies of such metals as copper, aluminum, tungsten, vanadium, and columbium in the strategic stockpile. As a result of changing military technology, the necessary security objectives for some stockpile commodities could be and had been reduced. Disposal of the indicated surpluses was phased and accelerated so as to augment the supplies of some of these critically short materials. Thereby many interruptions of production were avoided.

Another area which received increasing attention during 1966 was that of Government procurement. Intensive efforts were made to phase procurement and adjust specifications for both military and civilian purchases so as to minimize the impact on productive facilities and product markets. Arrangements were worked out to this end for the closest possible cooperation and consultation between the Department of Defense and the Departments of Commerce and Agriculture.

The Government also sought to smooth out irregularities in the supply of farm products by appropriate sales of farm commodities from government stocks, through judicious programing of the timing of P.L. 480 exports, and through the adjustment of the timing of purchases by Government agencies. In response to increased export demands and in order to rebuild depleted stocks, the Department of Agriculture adjusted production programs to elicit increased production of wheat, feed grain, and soybeans during 1967.

As specific problems developed, other possible forms of Government action were explored and taken. Thus, the Business and Defense Services Administration of the Department of Commerce was able to expedite delivery of critical items of equipment on a number of occasions. The Forest Service of the Department of Agriculture took steps to increase the cutting of timber in the Northwest. The Interstate Commerce Commission, working with the railroads, alleviated freight-car shortages by speeding up the turnaround of cars at ports and other delivery points and by pressing for a more appropriate distribution of the cars available.

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It is likely that 1967 will bring more problems of this kind, though they will not recur in exactly the same form. However, the experience of 1966 demonstrates that Government can make a significant contribution to smoothing the flow of production and thereby lessening pressures on prices.

WAGE-PRICE POLICIES

Vigorous competition is essential to price stability in a high employment economy. But competitive forces do not and cannot operate with equal strength in every sector of the economy. In industries where the number of competitors is limited, business firms have a substantial measure of discretion in setting prices. In many sectors of the labor market, unions and managements together have a substantial measure of discretion in setting wages. The responsible exercise of discretionary power over wages and prices can help to maintain general price stability. Its irresponsible use can make full employment and price stability incompatible.

When demand outruns the growth of productive resources, prices and wages will rise even in the most highly competitive markets. (Indeed, they may rise faster and farther than where large firms and long-term labor contracts give some degree of stability.) That kind of "demand-pull" inflation can be held in check by fiscal and monetary policies which keep demand in line with productive capabilities. If labor markets are efficient, control of demand-pull inflation will not require restraints on demand that would lead to a high unemployment rate.

But businesses and unions can push prices up even when resources are not fully utilized. That kind of "cost-push" inflation, too, can be controlled by lowering demand, but only at the cost of an unacceptable degree of economic slack. Frequent recessions, chronically high unemployment, idle capacity, and a low rate of investment may purchase price stability—but the cost is too high.

The problem of cost-push inflation has been a matter of concern in this country and abroad ever since the end of World War II. Shortly after the war, when many governments, including our own, declared their determination to maintain high employment, many economists predicted that the irresponsible exercise of market power in an era of high employment would lead to progressively faster rates of inflation.

These fears were exaggerated. But cost-push inflation has been a problem in many countries. A number of them have adopted formal "incomes policies" as a means of limiting inflation. In the United States, efforts to influence the general level of prices through a national wage-price policy have emerged gradually during the period since World War II. These efforts have relied on education, persuasion, and voluntary coopera-

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tion. For example, the 1957 *Economic Report of the President* (pp. 2–3) included the following paragraphs:

> A further responsibility of leaders of management and labor in a free economy derives from the fact that concentrations of power place in their hands the ability to take actions that, through the sensitive network of our economic system, significantly affect the Nation as a whole.
>
> Specifically, business and labor leadership have the responsibility to reach agreements on wages and other labor benefits that are fair to the rest of the community as well as to those persons immediately involved. Negotiated wage increases and benefits should be consistent with productivity prospects and with the maintenance of a stable dollar. And businesses must recognize the broad public interest in the prices set on their products and services.

In the introduction to his 1958 *Economic Report* (p. v), President Eisenhower wrote:

> Business managements must recognize that price increases that are unwarranted by costs, or that attempt to recapture investment outlays too quickly, not only lower the buying power of the dollar, but also may be self-defeating by causing a restriction of markets. lower output, and a narrowing of the return on capital investment. The leadership of labor must recognize that wage increases that go beyond over-all productivity gains are inconsistent with stable prices, and that the resumption of economic growth can be slowed by wage increases that involve either higher prices or a further narrowing of the margin between prices and costs.

These injunctions were given more precise content in the "Wage-Price Guideposts" of the 1962 *Report of the Council of Economic Advisers.*

THE COUNCIL'S WAGE-PRICE GUIDEPOSTS

The 1962 Report started from the premise that there are important segments of the economy in which large firms or well-organized groups of employees have some discretionary ability to affect the levels of their prices and wages. Such decisions affect the public interest. An informed public therefore should have standards by which to judge—and, by judging, to influence—those decisions. The Council proposed a set of standards for this purpose as a contribution to public discussion.

These standards—like those more generally described in the statements quoted above—are based on certain arithmetical relationships among output per man-hour (productivity), wage rates, and prices. These relationships show that, if wage rates increase in line with output per man-hour, prices can be stable while the distribution of income between labor and others contributing to production remains unchanged.

Since this arithmetic is frequently not understood, it will be useful to give an example. If a worker in a particular firm is paid $2 an hour—$80 a week—and contributes to the production of 200 units a week, output per man-hour is 5 units (200 units divided by 40 hours) and unit labor cost is $.40 ($80 divided by 200 units). If, for whatever reason, output rises by 3 percent, to 206 units a week—with no extra labor time required—output per man-hour is also up 3 percent, to 5.15 units (206 units divided by 40 hours). If the wage rate also rises by 3 percent, to $2.06 an hour ($82.40 a week), unit labor costs will remain at $.40 ($82.40 divided by 206 units). If the price of the product is unchanged, the margin between price and unit

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labor cost—available to pay for others' contributions to production—will be the same. But with 3 percent more units sold, the total amount available to pay others, including owners, will also rise by 3 percent.

If productivity were to advance at the same pace in every industry, the same result would apply to the whole economy. But productivity grows at different rates in different industries. If the wage rate in each industry should rise at the same rate as productivity in that industry, the prices of each industry's products could be stable, and the distribution of income between wages and profits would be unchanged both within each industry and in the entire economy. But some wage rates would rise hardly at all while others would rise rapidly. That result would clearly be unsatisfactory, for, after a time, workers with similar skills in different industries would be receiving widely different wages.

Alternatively, the yearly percentage increase in hourly wages and fringe benefits in each industry could be the same, equal to the *average* yearly percentage rise in output per man-hour over the whole economy. Then the *average* of unit labor costs in the whole economy would be stable, although rising in some industries and declining in others. If prices in each industry were to change correspondingly, rising in some and falling in others, they, too, would be stable on the *average*. The sharing of gross income between labor and ownership would then be unchanged in each industry, and for the economy as a whole. This is the arithmetic which underlies the Council's 1962 guideposts.

The advance of productivity from year to year is far from uniform, even though its general trend is reasonably clear. The 1962 Report related the guideposts to the trend of productivity over a period of years, rather than to year-to-year changes. This meant that the rise in average hourly wages and fringes should be steady and smooth, not erratic. Moreover, the problem of trying to estimate the particular movement of average productivity over the period to be covered by a given wage agreement was avoided. Consequently, profits would vary with short-run movements in productivity; and the stable distribution of income between labor and ownership would then be achieved only on the average over a period of years.

The 1962 Wage Guidepost

The Report proposed as a general rule that hourly labor compensation should advance in accordance with the trend increase in productivity in the entire economy. No specific estimate was given of that trend, although a summary of statistical evidence on the long-run growth of output per man-hour was provided.

The general guidepost rule was subject to various exceptions—some explicitly stated and others only suggested. The stated exceptions were these: In the interest of *equity,* wages of workers who are underpaid because of weak bargaining power (or other reasons) should rise faster than the average, while wages of workers who are overpaid because of exceptionally

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strong bargaining power should rise more slowly than the average. In the interest of *efficiency,* wages should rise somewhat faster than the average in industries with a rapidly growing employment (in order to aid recruitment), and more slowly in industries with labor surpluses. Moreover, workers who contributed to an extra rise in their own productivity—for example, by consenting to the relaxation or removal of restraints on the freedom of their employers to change work rules or introduce new methods—should be allowed to share in the benefits of that extra productivity gain.

The Report suggested, without listing them, that there were other factors which could justify deviations from the general rule. One such factor may be the recent history of wage movements: if wages for one group of workers have increased faster than the productivity trend in the recent past, they should rise more slowly now, and vice versa. Moreover, there might be occasions for the removal of glaring inequities between wages in different plants, areas, or occupations which—although they created no immediate labor supply problems—might do so in the long run if not corrected. Presumably this would be accomplished both by slower increases for the favored groups as well as by faster increases for the disadvantaged.

No reference was made to any deviation from the general rule because of a rise in consumer prices—an issue to be discussed below.

If the wage guidepost were generally observed by organized groups of workers with discretion over their wage rates, and there were no excess demand in the economy, the 1962 Report assumed that compensation in unorganized sectors would rise at the same average rate, equal to the gain in over-all productivity. If this were the case, then hourly wages plus fringes in all industries would rise by about the same percentage, and by about that same percentage every year. The average of unit labor costs in the economy would be unchanged in the average year.

But unit labor costs would not be unchanged in each industry. In some industries—in which the trend of productivity exceeded the general average—unit labor costs would show a downward trend. In others—where the trend of productivity was below the over-all average—unit labor costs would show an upward trend.

The 1962 Price Guidepost

The general guidepost rule for prices was that

—in industries in which the trend of productivity about equaled the average for the economy, prices should be stable;

—in industries in which the trend of productivity was steeper than the average, prices should fall; and

—in industries in which the trend of productivity was below the average, prices could appropriately rise.

It has been noted, however, that the over-all productivity gain of any given year will diverge from the trend. Such divergences from trend are even more pronounced in individual industries. Thus in particular years,

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unit labor costs might rise or fall for a particular industry without affecting the recommended trend of prices for that industry. This would result in year-to-year changes in the sharing of gross business income between labor and ownership—both in individual industries and in the whole economy.

Corresponding to the exceptions to the general wage guidepost, there were exceptions to the general rule for prices. Prices could rise more than the general rule would indicate in an industry in which profits were inadequate to attract the capital to finance a needed expansion in capacity, or costs other than labor costs had risen. Prices should fall, in comparison with the general guidepost rule, in industries where productive capacity was excessive or where costs other than labor costs had fallen. Prices should also fall, in comparison with the general rule, where "excessive market power had resulted in rates of profit substantially higher than those earned elsewhere on investments of comparable risk."

Although the price guidepost was directed only at industries in which firms possessed some pricing discretion, the 1962 Report assumed that if prices in these industries conformed to the guideposts, the average of prices would also be stable in the other, highly competitive industries (including agriculture and most services) where firms had no discretion. If this were true, then the average of all prices would be stable. And since money wages would have advanced by the same percentage as productivity, the advance of *real* wages would equal the advance in productivity.

The Guideposts in Subsequent Council Reports

Reports of the Council since 1962 have preserved the general concepts of wage and price guideposts presented in the 1962 Report. However, the Council has given increasingly clear indications of what it regarded as the trend of productivity which should govern wage movements. In the 1966 Report the Council specifically recommended that the general wage guidepost be 3.2 percent a year.

Most of the exceptions to the general guideposts, both for wages and for prices, that were explicitly stated in the 1962 Report have continued to appear in subsequent Reports. However, the possible applicability of these exceptions has been less emphasized. And the possibility of other, unspecified exceptions has not been mentioned. Moreover, whereas the 1962 Report had emphasized that the guideposts were "guides" not "rules," and were presented as a "basis for discussion," subsequent statements by the Council and others in the Administration have been interpreted as treating the guideposts as firm, though voluntary, rules, and those who fail to adhere to them as "violators."

How the Guidepost Policy Has Worked

In the areas in which the guideposts were expected to apply—among strongly organized groups of workers and in firms which have appreciable

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discretion with regard to their prices—the guideposts were reasonably well observed, at least until mid-1966.

Strong labor unions are concentrated in manufacturing, mining, construction, and transportation. Data on the average change in hourly earnings or in total compensation for the total private economy are therefore not particularly helpful in appraising adherence to the wage guidepost.

The most relevant figures are the fragmentary data on important new collective bargaining settlements referred to in Chapter 2. These indicate that until the second half of 1966 the median of such settlements (excluding construction) was only modestly in excess of the general wage guidepost. (However, since many were below the median, there were also some appreciably above.) Construction settlements, on the other hand, consistently and significantly exceeded the general guidepost. Especially in 1966, transportation settlements (for example, airlines and New York subways) were far above the guidepost. Within manufacturing, automobile wages advanced at a rate much above the guidepost, and recent settlements in the electrical equipment manufacturing and telephone industries also were about 1½ percentage points in excess.

Nevertheless, a number of the most significant union settlements—including the key steel bargain of 1965—were at or close to the general guidepost.

It is difficult to generalize about the extent to which the price decisions of firms with price discretion have adhered to the guidepost. It is clear that some significant price reductions which the guidepost would have suggested have not occurred. Automobile prices are doubtless such a case. Steel prices have edged up only moderately, on the average, but it is possible that the guidepost would have permitted some slight increase. The pricing of aluminum—particularly of fabricated aluminum products—could surely not have been consistent with the general guidepost. Producers of steel and aluminum have argued, however, that their relatively low profit positions called for some price increase in order to retain or attract needed capital. Other important price increases about which guidepost questions might be raised include those for newsprint, gasoline, alloy and specialty steels, some chemicals, and agricultural machinery.

For cotton textiles, a sharp decline in the cost of raw cotton would have suggested price reductions; but it can be argued that no individual producer in this highly competitive industry has significant discretion about his prices, and that what happened was a purely supply-demand response. This argument will be tested by what happens to cotton textile prices in the months ahead. Prices of machine tools and of many other types of industrial equipment have undoubtedly risen substantially faster than costs. However, in view of the excess demand for this category of goods, it seems clear that producers have practiced restraint, and that—in a purely competitive market—prices would have risen faster and farther.

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In the minerals industries, increases in sulphur and the small increase in copper (until January 1967) again are cases in which price restraint has clearly held prices below levels which would clear the market, even though a pure guidepost policy might not have implied any price increase. Moreover, in these cases, the possible need for higher prices to encourage the use and development of marginal resources complicates any judgment of the public interest in these prices.

In general terms, the greatest failure of observance of the price guidepost lies in the failure to reduce prices on a considerable number of the product lines of a large number of industries. As Chapter 3 has indicated, a number of the price increases that have occurred in manufacturing and mining industries undoubtedly had some justification in higher costs. But offsetting price decreases have been far too few.

GOVERNMENT ACTIVITIES TO PROMOTE GUIDEPOST ADHERENCE

The 1962 Report proposed the guideposts as a standard for the public to use in judging the extent to which private price and wage decisions were consistent with the public interest in a noninflationary economy. However, the message was directed not merely to the public but also to labor and to business. The guideposts were designed to define more precisely to labor and business the Government's view as to what the public interest required of them. And it was obviously important that labor and business—as well as the public—should understand why observance of these standards was in the public interest, and why it was also in the long-run interest of both labor and business.

Clearly, it was not enough merely to publish these standards and assume that the job was done. The public does not have the information that would permit it to apply the guidepost standards to particular cases of wage or price movements. Some reporting is necessary to help the public make intelligent judgments of labor and business behavior. Likewise, so far as business and labor are concerned, the educational process is not achieved by a single annual statement.

Thus, it is clear that the Government must take an active and continuing interest in interpreting and explaining the guideposts to both labor and industry on the one hand, and to the general public on the other. Indeed, there may even be some conflict between the objective of effectively persuading labor and industry to accept voluntarily the disciplines implied by the guideposts, and that of informing the public so that it can focus its judgments, favorable or unfavorable, concerning particular wage settlements or price changes. The Administration has been gradually feeling its way toward a proper definition of Government's role in the process of information and persuasion. Undoubtedly some mistakes have been made. But some real progress has been achieved.

Three major types of activities have been undertaken. First, the members of the Council of Economic Advisers, various Cabinet and sub-Cabinet

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officials, and the President himself have made numerous addresses about the guideposts to business and labor groups and to the general public. As might be expected, the Council of Economic Advisers has taken a leading part in this activity, with literally dozens of speeches, articles for the popular press, and radio and television appearances. Many of these have received substantial coverage in both the general press and in the specialized press of a number of industries.

The second type of activity has been an increasing number of private communications and meetings between Government officials and leaders of business and labor designed to underscore the public interest factor in wage and price decisions and to solicit the cooperation of union and corporate leadership in specific situations. With labor organizations, most of this activity has been carried on by the Secretary of Labor and his associates. With industry, the Council of Economic Advisers, the Secretaries of Commerce, Treasury, Agriculture, Interior, Defense, and others have participated. However, since the largest number of these contacts has been made by the Council of Economic Advisers, it seems appropriate that the Council should provide a report on these activities.

In the past year, the Council became involved in regard to perhaps 50 product lines for which price increases were either imminent or had been announced by one or more firms. In the typical case, the Council learned in one way or another of a price increase that was contemplated or that had been announced by one or more producers. In some instances, companies contemplating price changes themselves brought the subject to the Council's attention. Where the Council learned of an important actual or impending price increase, its procedure was to send letters or telegrams to all principal producers of the product. In urgent cases, telephone calls substituted for letters or telegrams. If some firms had already announced price increases, they were asked to reconsider. Those who had not so announced were asked to avoid them if possible. In all cases, an invitation was extended to meet with the Council to discuss the matter.

In the private discussions which often followed these communications, the companies explained the reasons why a price increase was considered appropriate, and the Government representatives presented any information available to them which appeared relevant to the price decision.

The Council recognizes in these meetings that it ordinarily does not have the detailed information which would permit a clear judgment as to the appropriateness of the proposed price change on either the basis of the guidepost standards or other relevant considerations. But it explains the public interest in price stability, and the company is urged to take this interest fully into account in making its decision. These meetings are ordinarily not reported publicly, unless revealed by the company involved.

In a few of the cases that arose in 1966, in which the price problems of an industry appeared to be rather general, a number of the leading producers were invited to meet with Government representatives to discuss the price

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situations in their industries. Some of these meetings were publicly reported.

The outcome of these activities cannot be fully known. In a number of cases, it is clear that price increases which were announced or contemplated have been rescinded, reduced in amount or coverage, or delayed. Some companies have indicated that their subsequent price decisions were affected even where their decision in the immediate case was not changed.

The response on the part of the businesses involved has been extremely encouraging. Only in rare cases has the Council been told that it had no right to question private decisions. Almost invariably the companies involved have recognized a larger public interest in their pricing decisions and have made a sincere effort to take that interest into account. Some large companies agreed to give the Council advance notice of their intention to change prices.

This activity will be continued by the Council. It helps to make clear the rationale of the guideposts to business managements in situations where their interpretation may be unclear. And it provides the Council a better understanding of the problems faced by responsible business leaders.

As a third type of activity, the Council has, on occasion, issued formal statements to the public commenting on particular wage or price decisions. In the past year, these included statements on wage increases for employees of the New York Transit Authority, the five airlines involved in the July–August strike, and the American Airlines case. It issued public statements on price increases for steel (on several occasions), aluminum, copper, and molybdenum. It responded informally to press questions in other cases.

BASIC PROBLEMS FOR WAGE-PRICE POLICY IN 1967

Two important developments have created the major problems for wage-price policy today. The first is that consumer prices have risen by 3.3 percent in the past 12 months, which makes organized workers—even in unions which were previously disposed to cooperate with the Government's policy—unwilling to contemplate settlements at or close to the guideposts. And it gives unions which were never disposed to cooperate an additional reason for not doing so. The second development is that corporate profits have increased considerably more than aggregate labor income, especially when measured from the slack years of the late 1950's or the recession year of 1961. This provides a second reason for labor's resistance to the guidepost.

There can be no question that some part of the rise in consumer prices is due to past failure to observe the guideposts, both by organized labor and by business. And some part of the faster rise of corporate profits has been due to the failure of some businesses to make their price decisions conform to the guidepost principles (particularly by not reducing some prices when costs fell).

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But it is clear from Chapter 2 that the primary source of the rise in consumer prices lies in areas to which the guideposts have no applicability: in farm products, where prices have risen considerably, despite rapid productivity gains; and in services, where wages and professional incomes of unorganized workers have also risen rapidly.

So far as the rise in corporate profits is concerned, much of it would have occurred had the guideposts been precisely followed. As noted above, the year-to-year advance of productivity frequently diverges from the long-term trend during years of rapid expansion, and did from 1962 at least through 1965. Moreover, greater sales volume and higher operating rates meant lower unit capital costs, thus adding to profits. Consequently, even if guidepost principles on wages and prices had been literally observed, profit margins during such a period would have increased sharply, and aggregate profits even more so. Likewise, the leveling off of profits in 1966—when productivity gains slowed down—is consistent with the guidepost expectation.

Nevertheless, the rise in consumer prices and the increasing share of profits until the first quarter of 1966 are facts that cannot be disputed nor explained out of existence. And they cannot fail to influence the behavior of wages in 1967. Through the effect of wages on costs, they will also influence prices.

A WAGE-PRICE POLICY FOR 1967

The main issues for wage-price policy in 1967 are these:

(*a*) Should the guidepost for wages be adjusted to recognize in some way the recent increase in living costs?

(*b*) Should further recognition be given to special factors—other than those previously recognized—which appropriately justify exceptions to the general guidepost principles?

(*c*) To what extent should profit margins absorb cost increases?

Recognition of Higher Living Costs

The Council recognizes that the recent rise in living costs makes it unlikely that most collective bargaining settlements in 1967 will fully conform to the trend increase of productivity. But it sees no useful purpose to be served by suggesting some higher standard for wage increases, even on a temporary basis.

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

While it can be expected that many wage settlements in 1967 will exceed the trend increase of productivity, it is obvious that if, on the average, they should exceed it by the amount of the recent increase in living costs, price stability could never be restored. If the average wage increase in 1967 were to include a full allowance for productivity plus an additional margin

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to "compensate" for past increases in living costs, unit labor costs would rise at a rate which would require living costs to continue their rapid rise.

In this connection, it must be recognized that some part of the advance of consumer prices represents a transfer of income to public uses. Most State and local governments are compelled repeatedly to raise indirect tax rates to finance the expansion of essential services. These indirect taxes enter into prices, accounting for 0.2 percentage point of rise in the consumer price index in 1966. And in 1967, there will be no offset to the rise in these indirect taxes (as in 1965 and 1966) from reduced Federal excises. If every group attempted to offset the burden of these higher indirect taxes by a compensating rise in money incomes, no transfer of real resources to public purposes could be achieved.

It is not expected that market forces in 1967 will again require that average wages in the largely unorganized sectors—agriculture, trade, and services—should rise faster than in the organized segments—manufacturing, mining, construction, and transportation—in order to promote an efficient allocation and use of labor. But the higher minimum wage effective in 1967 will have its principal impact on wages in the unorganized sectors, and in the largely unorganized low-wage segments of manufacturing. Thus there will be some continued pressure on costs and prices originating in wage increases outside of the organized sectors.

In 1967, the national interest continues to require restraint in wage settlements; indeed, it is more essential than ever that restraint be practiced in order to turn the trend of prices back toward stability. If restraint cannot mean an average wage advance only equal to the rise in productivity, it surely must mean wage advances which are substantially less than the productivity trend plus the recent rise in consumer prices.

Although the Council recognizes that some allowance will frequently be made for higher living costs in 1967 settlements, it continues to believe that arrangements which automatically tie wage rates to changes in consumer price indexes will contribute to inflation. One union may be able to protect its members in this way against any deterioration in its real wage or any real impact from increased indirect taxes. But it does so only by imposing more of the burden on others. And if all unions—and other groups in society—were to succeed in tying compensation to consumer prices, the arrangement would become a vast engine of inflation, which, once it began to roll, would continue to gain speed.

Guidepost Exceptions

The most frequent criticism of the present wage guidepost—after the criticism that it fails to allow for the rise in consumer prices—is that it fails to provide sufficient exceptions for the many special and individual circumstances of which account must be taken in wage negotiations. This criticism requires consideration.

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A guidepost exception has always been made for low wages. In a year in which the minimum wage will advance 11 percent, from $1.25 to $1.40 an hour, with an inevitable impact on wages previously near the new minimum, this exception is obviously significant. The fact, however, that few strong unions exist among low-wage workers gives the exception only limited relevance for collective bargaining.

It surely does not justify large wage increases for high-wage unions. Indeed, the productivity arithmetic suggests that, if an exception for low-wage workers is to be meaningful in permitting low-wage workers to receive increases in *real* wages, high-wage workers who have profited in the past from exceptionally strong bargaining power must respect the counterpart exception that their wage increases should be less than the average.

Second, the guidepost principle has always contained a clear exception for wage changes that serve an economic function by assisting in the reallocation of labor toward shortage occupations and industries. Thus, for example, no complaint has ever been made in the name of the guideposts with respect to the large wage increases recently received by nurses.

Indeed, in a high-employment economy, the importance of differential wage changes as an instrument of labor reallocation is greatly increased, and, this exception is more important today than in earlier years. However, the Council suggests that, as a general principle, an exception to the guideposts for workers in a shortage occupation should be claimed only where the union involved stands ready to lift every artificial barrier to entry into the occupation, and to cooperate fully in public and private efforts to train whatever numbers of workers may desire to enter the occupation. Moreover, as indicated in Chapter 2, the remaining labor shortages this year will be concentrated in unorganized professional and technical occupations.

Other exceptions have frequently been proposed for incorporation in a national wage policy.

One such proposal is to allow for the narrowing of differentials between wage rates paid in different industries or by different employers for similar work—the so-called issue of "comparable wages." To the extent that such differentials may interfere with a rational allocation of labor, their correction is already encouraged by the exception just discussed.

The public interest obviously requires that wage settlements pay appropriate attention to factors of comparability. But it cannot accept inflationary settlements every time this justification is alleged.

At least within a single labor market area, it is surely desirable that workers in occupations requiring similar training, skill, education, and responsibility should be paid the same wage. This is less obvious as between labor markets. Even within labor markets, some wage differentials may reflect the fact that one employer finds it worthwhile to pay above-average rates in order to insure low turnover, good morale, and greater selectivity in hiring, while another prefers to pay lower rates and forego these advantages.

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It is probably true, on the whole, that the dispersion of wages for similar work by similar workers is larger than it should be from the point of view of either efficiency or equity. But the wage comparisons made in collective bargaining disputes often have little or no relevance either to resource allocation or to equity. Very often the wage comparisons in collective bargaining are only part of a game of follow-the-leader which, at best, is irrelevant to resource allocation and, at worst, speeds up a wage-price spiral.

Many recent instances in which outsized wage agreements have emerged from collective bargaining—based on claims that such increases were necessary in order to achieve wage comparability—have created more problems of inequity and inefficiency than they have resolved. Meaningful wage comparisons should be made not only with wages that are higher but also with those that are lower. Otherwise, wage increases to achieve "comparability" may actually reduce it. Unions can always find *some* group of workers more highly paid than they—whether or not all other conditions are similar. If all corrections of such "inequities" are upward, labor cost inflation is inevitable.

One recent important collective bargaining dispute produced a highly inflationary uniform percentage increase for the entire work force involved. The justification was that an increase of this magnitude was necessary to correct what may have been genuine disparity between the wages of a small group of specialized workers and similar workers in other employments. The mediation committee which recommended the settlement recognized that, for the great majority of the work force involved, wage rates were already as high as or, higher than those for comparable workers. But they could not recommend destroying the customary relationship between the wages of those workers for whom the disparity was found to exist and the wages of all other members of the work force. This is a clear recipe for inflation.

Another exception frequently urged is that, in industries with rapid productivity gains, wages should rise faster than the average. If such an exception were made, it would necessarily impart an inflationary bias to the system—for no one argues that wages will or should rise less rapidly or not at all in industries with little or no productivity gain.

It is clearly in the public interest for unit labor costs and prices to fall in industries with relatively high productivity gains. In the long run, falling unit labor costs do result in falling prices (except where there are offsetting increases in other costs). But the long run may be too long for labor's and the public's patience. And sometimes the very factors that produce falling costs may work against price reduction. For example, the industries in which labor costs are falling are often those in which demand, and thus production, is expanding most rapidly—a situation which weakens rather than strengthens the competitive forces driving down prices.

If there is a long lag between a reduction in labor costs and a reduction in prices, it is difficult to make a convincing case that high wage settlements

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in industries with high productivity growth are not in the public interest. As the 1964 Report (p. 120) put it:

> Such circumstances pose a most unattractive dilemma from the viewpoint of the public interest. On the one hand, extra increases in wages or fringe benefits might tend to spread to other industries, creating a general cost-push from the wage side. On the other hand, there is no justification, on either economic or equity grounds, for distributing above-average gains in productivity exclusively through the profits channel. The real way out of this dilemma is for the firms involved to remove its cause by reducing prices.

That statement is as important in 1967 as it was in 1964. Indeed, it forms one of the most significant elements of a national price policy for 1967.

Another of the reasons given for an exception to the wage guidepost is ability to pay. In practice, this refers to the profits of the bargaining employers. Ability-to-pay considerations are, of course, often related to the industry's own productivity trend. Industries with rapid productivity gains, falling labor costs, and stable prices are industries in which profits have risen.

But ability-to-pay considerations arise independently in another context. In any period of rapid expansion toward full utilization, profits inevitably rise faster than total employee income—just as profits fall more rapidly when utilization rates decline. The past 5 years have been such a period of rising profits. It is not surprising that trade unions seek to share in the profits generated by prosperity.

The record shows, however, that attempts on the part of unions to redistribute income from profits to wages through excessive wage increases in high-profit industries results primarily in higher prices in those industries. When this happens, the effect is to redistribute real income from the rest of the community—who are mostly other wage earners—to the workers in question, with very little redistribution from profits to wages.

To avoid a wage-price spiral it is therefore essential that firms with discretion over prices—and particularly those with unusually high profits—pursue price policies which will not invite excessive wage demands.

Price Policy for 1967

The foregoing discussion (and that of Chapter 2) has indicated the essential character of the problems which businesses with pricing discretion will face in 1967:

(1) Wage contracts newly negotiated in 1967 will tend to raise the unit labor costs of many firms and industries.

(2) Nevertheless, many important industries will continue to operate in 1967 under labor contracts negotiated in 1965 or 1966, which often will be consistent with declining unit labor costs.

(3) Although the cost of purchased industrial products may frequently be higher in 1967 than in 1966, the purchase cost of some raw materials will be lower.

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(4) Many firms in 1967 will be using new and modern capital equipment installed during the past year, and will be under less pressure to operate marginal units. Often this will involve substantially lower costs.

In short, the cost picture for price setters in 1967 will continue to be a mixed one.

Although average profit margins of manufacturers declined in the second half of 1966, they were higher for the entire year—at least as a percentage of equity—than in any prior year since the highly inflationary year of 1950.

In the past, profit rates like those recorded in 1966 endured only for brief periods. Profits rose rapidly in cyclical expansions. But as the economy reached and quickly passed a cyclical peak, reductions in capacity utilization retarded the growth of productivity and intensified competitive pressures, with a resulting erosion of profit margins. If public and private policies now succeed in maintaining a steadily expanding economy, it follows that the profit margins which were feasible only in the boom stage of a boom-bust economy—and therefore may have been appropriate in that stage—are inappropriate in a steadily prosperous economy.

Once firms can become accustomed to operating in a more stable environment, the profit margins which they now seek to achieve in periods of high utilization can be reduced, as no longer necessary to make up for the low and frequently inadequate profits of periods of slack and recession. In fact, profit margins not only should be lower than in the boom phase of a cyclical economy, but should be reduced on the average because operations in such an environment carry lesser risk.

It is true that an adjustment to lower profit margins may be feasible and appropriate only if steady economic advance can be maintained. But it is equally true that such an adjustment of margins may itself be required if a steadily high employment economy is to be maintained.

In an economy which grows steadily but does not outrun the growth of capacity, there will be vigorous competition, and, ultimately, profit margins in most industries should seek an appropriate level. But competitive pressures work slowly. In industries where a small number of leading firms possess strong market power, they work very slowly indeed. Firms in those industries in which market power, combined with strong demand, has pushed profit margins to record levels, have a special responsibility in price-making at this critical time.

If, in 1967, firms with discretion as to their prices should follow pricing policies which even maintain present margins, the opportunity for a significantly improved price record will be compromised. It would speed up the rise in living costs, and it would again pose inviting targets for inflationary wage demands by unions.

To assume steady movement toward price stability in 1967, the public interest requires that producers absorb cost increases to the maximum extent feasible, and take advantage of every opportunity to lower prices.

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In so doing, they will make an important contribution to strengthening America's international competitive position and to a climate that will permit the economy to maintain the forward momentum which will preserve and enlarge the gains of the past 6 years of rewarding prosperity.

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Chapter 4

Selected Uses of Economic Growth

A GREAT FINANCIER is said to have remarked that compound interest is the eighth wonder of the world. No doubt he was referring to its remarkable properties in enhancing private fortunes. However, those concerned with national policies for economic growth have also become aware of the power of compound interest. If the American economy continues to grow at 4 percent a year, output will double in 18 years, triple in 28, quadruple in 35. If that potential is wisely and efficiently shared among competing uses, great advances in the economic well-being of all Americans are assured.

Literally billions of private and public decisions determine the distribution of the growing gross national product (GNP) among consumption, investment, and Government purchases, and—within each of these categories—among the myriad of individual goods and services the economy can provide. Consumption decisions of households and the investment decisions of business firms determine the uses of output in the private sector. But these decisions are inevitably affected by public policies. Monetary and credit policies and changes in tax rates and tax incentives restrain or encourage consumer and business outlays and influence their composition.

The budget-making process at Federal, State, and local levels determines the share of output used to meet public needs. Taxes and public spending represent a substantial share of the national product. Moreover, in a growing economy with given tax rates, tax revenues move upward strongly over time and call for continued decisions on increases in public expenditures, tax reductions, and debt management. Public policy cannot be neutral in its impact on the allocation of the gains from economic growth. How these gains should be distributed must be squarely faced as an issue of public policy.

PRIVATE AND PUBLIC GOODS

Households directly purchase the greater part of our national output to meet their wants and needs as consumers. Personal consumption expenditures now constitute 63 percent of GNP. The share has been as low as 52 percent in World War II and as high as 83 percent in the depression

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year 1932, but has recently been relatively stable. Most of the future increase in output will surely take the form of more goods and services for consumers.

CONSUMER CHOICE

Growing incomes will enable households to enjoy continuing increases in their standards of living. For those families which are now poor, higher incomes will mean more of those types of goods and services which most Americans now regard as necessities—adequate and varied diets, sufficient health care, satisfactory housing, a good education for their children. Even for Americans well above the poverty line, a significant share of the growth in incomes will be devoted to these basic items. With higher incomes, the proportion of the budget spent for various types of goods shifts in fairly predictable ways—toward consumer durable goods, travel, recreation, and other leisure-time activities. Rising incomes provide for more freedom, more security, more comforts, more cultural opportunity, and more variety in life, permitting the greater fulfillment of personal aspirations.

EXTERNAL EFFECTS

The buyer receives satisfaction from most purchases he makes, and he pays the cost. Society as a whole has no important concern about whether the individual chooses to eat more steak and to buy fewer new clothes, or the reverse. But there are many instances in which one man's consumption may affect his neighbors significantly. In the technical language of economists, many economic actions have important "external effects" on persons who are not decision-makers in the transaction and whose interests are not normally reflected. Indeed, these actions are increasing in number as the size, complexity, and interdependence of the American economy increases.

An extreme form of external effects occurs in the category of commodities called "public goods." Once created, their use cannot be effectively limited to a group of paying customers or subscribers. A health program to eradicate communicable diseases is an example of a public good. Police protection and national defense are other examples—where everyone can benefit without reducing benefits available to others. Since no one can be excluded from the enjoyment of public goods, each person would be tempted to let his neighbor pay for them, while he spent his own income on goods which he enjoys exclusively. For this reason, decisions to supply public goods are everywhere made collectively and paid for collectively by taxes.

In less extreme, but more typical cases of external effects, private decisions would lead to *some* production and consumption of goods, but not the right amount from the standpoint of society as a whole. The modernization of one house may help to upgrade an entire block, but might not be undertaken if the homeowner had to pay the full cost. The smoke from one

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man's chimney can spread soot far and wide—and might be stopped if the originator paid the full costs he is imposing on others. Such cases of external benefits, which extend to roads, parks, and education, are important reasons for the growing responsibilities of Federal, State, and local governments.

Another part of these responsibilities stems from a social concern for equality of opportunity and relief of human misery. There is growing recognition that many Americans, due to accident of birth or circumstance, do not share in the blessings of a rich society, have little opportunity of ever sharing, and moreover, may well see their children, too, denied an opportunity to compete on an equal footing. Programs for income maintenance, health, education, and cities reflect this recognition and social concern, as well as awareness of the external costs and benefits.

In meeting social responsibilities of all kinds, there is often a choice between public production and public encouragement to private production through subsidies, regulation, or financial aids to purchasers. For example, a comprehensive medical insurance system may reduce the need for public hospitals for the poor. Decisions in such matters have been made pragmatically; many are perhaps accidents of history. The postal service is nationalized while telephone and telegraph service is provided by regulated private enterprise. Yet these decisions have produced viable results. In contrast with experience abroad and our own experience in previous generations, there is no major ideological battle in the United States today over the scope of the Government sector. Public policy now faces up to questions of the Government-private mix in a flexible manner, endeavoring to meet the aspirations of our citizenry with greatest efficiency while maintaining an appropriate preference for decentralization in decision making.

The increased wealth of the United States permits us to face directly the problems of poverty, lack of education, ill health, and urban decay as national issues requiring a coordinated policy effort. Many of these problems can be solved most efficiently by State and local governments if they have the resources. Other problems require national policies. The pace of progress in meeting them will be held back as long as our commitments in Vietnam absorb a substantial share of our economic growth. But, even in this period, progress can and will be made. And, when the welcome opportunities of peace arise, we will be ready to intensify our efforts to build a better America.

The following sections of this chapter discuss selected areas in which the provision of public goods, the external effects of economic decisions, or the achievement of humanitarian goals will absorb part of the additional output which constitutes economic growth. The conquest of poverty, improvements in education, better health, and the rebuilding of American cities are expensive. They will make substantial claims even on our growing

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affluence. Choices will have to be made—not to solve one problem at the expense of another, but rather to allocate resources in such a way as to permit balanced progress on many fronts.

INCOME MAINTENANCE

Poverty in the United States today afflicts 32.7 million Americans directly and every American indirectly. But poverty is curable, and the Nation is now committed to using a share of the fruits of growth to stamp out this malady.

POVERTY AND WORK

By definition, the poor have incomes inadequate to provide even the basic essentials of a decent life in our society. A household is statistically classified as poor if its total money income falls below levels specified by the Social Security Administration, currently $1,570 for an unrelated individual, $2,030 for a couple, and $3,200 for a family of four. Obviously, any such statistical classification ignores such factors as assets, particular family needs, and the variability of income. But it helps to illuminate the extent and character of poverty.

In the broadest sense, the poor comprise two general categories. The first, but smaller, includes families headed by an able-bodied male breadwinner whose wages are low or whose employment is irregular. Among nonwhite families in the South, even breadwinners holding full-time jobs often do not earn living wages (Table 19). For the entire Nation, however, only 6 percent of all families headed by a fully employed male worker were below the poverty line in 1965, but this group includes 26 percent of all poor families. Large family size was a characteristic of many of these households. Another group—15 percent of all poor families—was headed by a chronically unemployed man or by one who worked only part-time.

Poverty among families with able-bodied male breadwinners has declined substantially in recent years. For example, improving nonfarm job opportunities, which facilitated migration from the farm, also meant a welcome migration out of poverty for many rural families. The number of poor farm households fell by 53 percent between 1959 and 1965 (Table 20) and represented only 6 percent of all poor households in 1965, although some of the formerly poor farm families who acquired urban addresses remained poor.

But most poor families are headed by persons who cannot or should not be in the labor force, at least on a full-time basis. The aged, the family consisting of a female head with children, and the disabled are increasingly becoming the dominant groups of "hard-core poor," accounting for about half of all poor families in 1965. Rapid economic growth and full employ-

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TABLE 19.—*The poor and their work experience, 1965* [1]

Work experience of head of household	Poor households (millions) [2]		Poor families			
			Number (millions)		Incidence of poverty (percent) [3]	
	Male head	Female head	Male head	Female head	Male head	Female head
Total	6.1	5.4	4.8	1.9	11	37
Aged (65 years and over)	1.8	2.4	1.2	.3	21	29
All other	4.3	3.0	3.6	1.5	10	40
Did not work in 1965	.7	1.5	.5	.8	38	66
Ill or disabled	.4	.2	.3	.1	42	(4)
Other reasons	.3	1.3	.2	.8	33	66
Worked at part-time jobs	.5	.5	.4	.2	34	44
Worked at full-time jobs	3.0	1.0	2.7	.5	8	23
Employed 39 weeks or less	.8	.4	.6	.2	23	49
Employed 40-49 weeks	.4	.1	.4	.1	13	24
Employed 50 weeks or more	1.8	.4	1.7	.2	6	15
0-3 children	1.0	.1	1.0	.1	4	11
4 or more children	.7	.1	.7	.1	17	65
South [5]	.9	.2	.9	.1	11	24
White [5]	.5	.1	.5	(6)	7	11
Nonwhite [5]	.4	.1	.4	.1	36	51
Rest of country [5]	.9	.3	.8	.1	4	10
White [5]	.8	.2	.7	.1	4	8
Nonwhite [5]	.1	.1	.1	(6)	10	22

[1] Numbers in this table are based on the Current Population Survey. An enlarged survey of the poor, now in progress, may show somewhat different results due to sampling error and the use of different interviewing techniques.
[2] Households are defined here as the total of families and unrelated individuals.
[3] Poor families as percent of the total number of families in the category.
[4] Percent not shown because of small number of families.
[5] Estimated by Department of Health, Education, and Welfare.
[6] Less than 50,000.

NOTE.—Poverty is defined by the Social Security Administration poverty-income standard; it takes into account family size, composition, and place of residence.
Detail will not necessarily add to totals because of rounding.

Sources: Department of Commerce and Department of Health, Education, and Welfare.

ment can do little to solve their problems. For them, cash benefits are essential.

For those of the poor who can work full time, economic growth and full employment will continue to erode poverty. But for them, too, cash benefits are required to alleviate the immediate rigors of poverty, while they take training, while they are being relocated, while they seek and find jobs.

INCOME MAINTENANCE AND THE POOR

Income maintenance programs financed by Federal, State, and local governments provide some support for millions of the poor. The poor, like others, enjoy protection under major social insurance programs, such as Old-Age, Survivors, and Disability Insurance (OASDI), Health Insurance for the Aged, and Unemployment Insurance. Roughly one-third of OASDI benefits, which totaled $18 billion in 1965, went

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TABLE 20.—*Number of poor households and incidence of poverty, 1959, 1962, and 1965*

Characteristics of head of household	Number of poor households (millions)[1]			Incidence of poverty (percent)[2]		
	1959	1962	1965	1959	1962	1965
Total	13.4	12.6	11.5	24	22	19
Aged (65 years and over)[3]	3.9	3.8	3.8	49	41	39
White	3.5	3.3	3.4	47	39	37
Male	1.6	1.4	1.3	36	28	24
Female	1.9	1.9	2.1	63	56	55
Nonwhite	.4	.4	.5	73	64	65
Male	.2	.2	.2	66	54	54
Female	.2	.2	.3	82	75	78
All other [4]	9.4	8.9	7.6	20	18	15
Farm	1.5	.9	.7	40	31	24
White	1.1	.7	.5	34	25	18
Male	1.0	.6	.4	32	24	17
Female	.1	.1	.1	57	39	40
Nonwhite	.4	.2	.2	86	81	76
Male	.4	.2	.2	86	79	76
Female	.1	(5)	(5)	(6)	(6)	(6)
Nonfarm	8.0	7.9	7.0	18	17	15
White	5.7	5.5	4.9	15	14	12
Male	3.5	3.5	2.9	10	10	8
Female	2.2	2.0	2.0	37	34	30
Nonwhite	2.2	2.4	2.0	47	47	37
Male	1.3	1.3	1.1	38	38	29
Female	1.0	1.0	.9	68	68	58
Addendum:	Billions of dollars			Percent of GNP		
Poverty income gap [7]	13.7	12.8	[8] 11.0	2.8	2.3	[8] 1.6

[1] Households are defined here as the total of families and unrelated individuals.

[2] Poor households as percent of the total number of households in the category.

[3] Includes only one- and two-person households with head aged 65 years and over.

[4] Includes all households headed by a person under 65 years of age and families of three or more headed by an aged person.

[5] Less than 50,000.

[6] Percent not shown because of small number of households.

[7] The poverty income gap is the amount which would raise money income of all poor households over the poverty threshold.

[8] Preliminary.

NOTE.—Poverty is defined by the Social Security Administration poverty-income standard; it takes into account family size, composition, and place of residence. Poverty-income lines are adjusted to take account of price changes during the period.

Detail will not necessarily add to totals because of rounding.

Sources: Department of Commerce and Department of Health, Education, and Welfare.

to the poor and another two-fifths went to households which otherwise would have been poor. Other programs, such as Public Assistance, Food Stamps, and Commodity Distribution, provide most of their benefits to the poor. Expenditures under these programs totaled nearly $7 billion in fiscal year 1966.

Public Assistance

The major income maintenance program aimed directly at the poor is Public Assistance. In many respects, this program still reflects conditions that surrounded its adoption in the depression years of the 1930's, when President Roosevelt saw one-third of the Nation as economically deprived.

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At that time it was designed to make cash payments to those who were unemployable and unable to help themselves because of identifiable family or personal characteristics, including old age, death or absence of the breadwinner, disability, and blindness. But the program has never been adequate, and with the Nation's growing affluence its shortcomings are even less tolerable.

The States pay 41 percent of the costs of Public Assistance, and they establish standards of eligibility. In response to general financial pressures, many States have cut costs by establishing low standards of need and imposing stringent requirements relating to length of residence, other income and assets, and relatives' responsibility. Less than half of the poor fall within the Public Assistance categories; as a result of State eligibility requirements, only 22 percent actually receive any help; and for those on the rolls actual payments typically fall far below need even as defined by the State itself.

One of the Public Assistance programs, Aid to Families with Dependent Children (AFDC) can actually promote family dissolution. Because it excludes families in which there is an employed (or in some States, employable) adult male, a man unable to provide adequately for his wife and children can make them eligible for cash payments only by deserting them. The Unemployed Parent Program under AFDC, introduced in 1962 and now in operation in 21 States, therefore represents a gratifying step toward improving the present Public Assistance system.

However, other problems with Public Assistance remain. For example, some of those who receive aid may be discouraged from helping themselves. The cash payments are intended for those with no earning capacity and are curtailed to the extent that recipients have earnings. While relatively few recipients of Public Assistance can work, some mothers with dependent school-age children and most fathers under the Unemployed Parent program, who might supplement their benefits with earnings, are discouraged from making the effort by knowledge that their assistance payments will be reduced one dollar for every dollar of earnings.

The President is proposing important amendments to the Public Assistance system this year. They would require each State, as a condition for Federal support, to make assistance payments at least sufficient to bring households up to the needs standards which the State has established and to update these standards as conditions change. The proposed legislation would also alter the payment formulas to encourage self-support.

The categories of persons eligible for aid under Public Assistance were set up in the 1930's. At that time, poverty was so extensive that benefits could be provided only to those obviously unable to support themselves.

But these categories no longer seem adequate for a rich and prosperous society. In particular, it is necessary to consider the plight of one group excluded from virtually all existing programs—the 4 million poor households

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headed by an able-bodied male under 65 who is, nevertheless, an inadequate breadwinner. In the longer run, education, training, health and rehabilitation services, counseling, employment information, and other supportive services are the key escape routes from poverty for potential full-time workers with currently inadequate earning capacity. In the interim, ample benefits to families with children have particular priority because they can help to end the poverty cycle in which blighted environment denies poor children the skills and the attitudes they need to break out of poverty as adults. Mothers with dependent children have particular needs for day-care schools, family management education, and transportation. Special programs, keyed to special problems, can reinforce a more general program of cash payments based on need.

TOWARD IMPROVED INCOME MAINTENANCE FOR THE POOR

Ideally, an income maintenance system should provide benefits on the basis of need, without degrading means tests, while preserving incentives for self help. These goals could be achieved through broadening the Public Assistance program or through new techniques, such as a minimum income allowance or negative income tax. Much public attention recently has been focused on methods of guaranteeing a minimum income, perhaps sufficient to eliminate poverty altogether.

In considering these or any other new approaches, the question of incentives has to be faced squarely. The poor cannot be expected to work without pay, any more than can the rich. If sufficient cash support were offered to raise each poor household's income to a fixed minimum, such as the poverty threshold, then recipients would have no incentive to obtain outside earnings up to the level of the income guarantee. Every dollar earned would be offset by a dollar of cash support lost. Indeed, some persons whose incomes were only slightly above the poverty threshold might find it attractive to reduce their work effort and to receive cash benefits. Incentives for self help would thus be dulled. But if benefit payments were cut back by only a fraction of any additional outside earnings, some benefits would be paid to families with total incomes above the poverty level, increasing the cost. There is an abundance of assertion and anecdote regarding the impact of work incentives on low-income Americans, but little real knowledge. The Office of Economic Opportunity and the Department of Health, Education, and Welfare are each planning to undertake some pilot studies in the coming year.

SOCIAL SECURITY

Under the Social Security Act of 1935 and successive amendments, spectacular advances have been made toward providing all Americans with basic social insurance protection against loss of income due to old age and retirement, long-term disability, and joblessness. Most social insurance programs provide protection against these designated risks for the whole

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population, not just for the poor. Old-Age Insurance under the Social Security Act is the basic retirement system for nearly all Americans. It insures many Americans against the risk of poverty in their old age: 30 percent of the aged would be in poverty but for Social Security. Nevertheless, nearly two-fifths of all aged remain poor. This proportion will decline under existing law, since new retirees will have longer and higher wage histories which will entitle them to greater benefits.

Further liberalization in benefits—particularly in minimum benefits—can hasten the day when all Americans will be assured, upon retirement, of a pension adequate to prevent poverty. Americans with incomes well above poverty levels also want and are willing to pay for increasing social insurance protection. Therefore, the President is proposing a substantial liberalization of retirement benefits under Social Security, involving an increase in the minimum benefit from the present $44 a month to $70 a month, and a 15 percent increase in all other benefits coupled with an increase in the earnings base. Modernization and improvement of the Federal-State unemployment insurance system is also being proposed, in which extended benefits for the long-term unemployed will be coupled with automatic access to training and retraining and other rehabilitative services.

In the last Congress, important amendments to the Social Security Act were enacted to provide health protection for the aged through Medicare and to liberalize Social Security benefits. With enactment of the new proposals, retirement, disability, and unemployment will have been transformed for most Americans who have worked from risks which had to be borne unaided into contingencies against which a substantial measure of public protection is afforded.

EDUCATION

Outlays for education have been rising by 10½ percent a year for the last decade, making it one of the major U.S. growth industries. Direct costs for formal schooling in the current school year will total $49 billion (Table 21), nearly 6½ percent of GNP.

Education in the United States is both a public and a private undertaking. About three-fourths of the costs of education are paid through government budgets; tuition, endowments, and earnings of private institutions meet the remainder of the bill. The Federal Government has long played a role in certain phases of education and has recently taken new large steps. Still, the bulk of public costs are borne by State and local governments.

VALUE OF EDUCATION

Education provides benefits both for the person receiving it and for society at large. For the individual, education produces both quantifiable

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TABLE 21.—*Costs of formal education, 1966–67*

[Billions of dollars]

Item	Total	Elementary and secondary education	Higher education
Direct outlays	48.8	32.0	16.8
Student tuition and fees	3.6	.9	2.7
State governments	14.7	10.7	4.0
Local governments	15.7	15.3	.4
Federal Government	6.1	2.3	3.8
Endowment, charity, and earnings of institutions	8.7	2.8	5.9
Indirect costs: Forgone student earnings [1]	20 to 30	8 to 12	12 to 18

[1] Assuming 75 to 85 percent of students 16 years and over could find empoyment at from $1,000 to $4,500 per annum depending on age and previous amount of schooling.

NOTE.—Includes current and capital costs of public and private schools; excludes such items as on-the-job training and other education outside the school. Data are estimates for school year 1966–67.
Detail will not necessarily add to totals because of rounding.

Sources: Department of Health, Education, and Welfare and Council of Economic Advisers.

benefits, such as the chance for a higher paying job, and intangible rewards, such as the ability to live a fuller life in every sense. Some of these benefits are private consumption; others are "investment in human capital" which, like investments in machinery or plant, yield profits over a period of years.

Increase in Earning Power

Many studies show that the quantity of education a person has received and his earning power are closely correlated. Of course, family income and family connections, and place of birth or residence—to say nothing of native ability and motivation—all tend to result in both higher educational attainment and higher income. However, even after taking account of such factors, a dramatic story of the net contribution of additional schooling

TABLE 22.—*Earnings of males, by years of school completed and other characteristics, 1959* [1]

Age group by years of school completed	White males		Nonwhite males	
	North	South	North	South
27–37 years of age:				
0–4 years	$3,180	$2,361	$3,090	$1,717
8 years	4,227	3,632	2,746	2,017
12 years	5,357	4,782	3,618	2,309
16 years	7,244	6,554	4,229	3,155
42–52 years of age:				
0–4 years	3,703	2,737	2,839	1,800
8 years	4,928	3,895	3,469	2,199
12 years	6,257	5,733	4,220	2,788
16 years	9,975	9,006	4,477	3,289

[1] Unweighted average of the earnings of single-age groups of 27, 32, and 37 years of age and 42, 47, and 52 years of age, respectively.
In computing the earnings, the following variables were held constant: rural or urban origin, size of family, marital status, 5-year residence in one State or not, and foreign or domestic born parents.

Source: Calculated by Council of Economic Advisers from tables in Giora Hanoch, *Personal Earnings and Investment in Schooling*, an unpublished Ph. D. dissertation, University of Chicago, December 1965.

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to earnings emerges. Table 22 records some of the results of a study of the income and education of 34,180 employed males, classified according to a variety of personal characteristics. It shows, for example, that in 1959 a white, male, high school graduate living in the North (aged 42 to 52) earned 27 percent more than an elementary school graduate whose other measured characteristics were identical, and a college graduate earned 59 percent more than a high school graduate.

Social Benefits

Some scholars have used evidence on private returns from education to estimate the returns on investments in education for the society as a whole. Some studies suggest that more than one-fifth of economic growth in the United States during the last three or four decades is attributable to increases in the average educational attainment of the labor force, with perhaps another one-fifth attributable to the general advance of knowledge.

But many qualifications are required in any attempt to estimate the returns to society from the benefits to individuals who receive education. For example, employers often use educational achievement as a kind of intelligence or ability test in selecting employees—as a "ticket of admission" to better paying jobs. To this extent, education tends to yield higher returns to the individual than to society.

On the other hand, education yields substantial external benefits which will not show up explicitly in the incomes of the educated. Our economy and our society are built on the assumption of virtually universal literacy, which permits information to be transmitted immediately and directly to everyone. Well-educated workers are more adaptable to changing economic conditions. Education can help to reduce antisocial and criminal behavior. It is essential for political democracy.

Education and the Disadvantaged

In the absence of public expenditures to provide schooling at reduced prices to all persons, education—like other commodities—would be purchased in largest quantities by the well-to-do. Since education in turn raises the capacity to earn, this would tend to perpetuate and aggravate income inequality. Poverty would run through generations in a vicious circle. The importance of education as a qualification for well-paying jobs and the recognition that all Americans must be provided with the opportunity to join the economic mainstream together emphasize the responsibility of governments to help finance education.

Many of the underprivileged, particularly members of ethnic and racial minorities, have received less than their share of education. Measured by average years of schooling completed, nonwhites are today about where the white population was at least two decades ago. Some of the gaps

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are being reduced or even eliminated (Chart 13). Nearly all whites and nonwhites now complete elementary school, but the gap in high school completion rates remains large even among the 20–24 year old group. Moreover, nonwhites often receive not only less, but also poorer, formal education. Also, education acquired in pre-school years and outside the school is impaired when parents and companions suffer from educational gaps. Hence, far larger efforts for the educationally disadvantaged are necessary to bring about true equality of educational opportunity.

It was in recognition of the national importance of education that the Federal Government undertook a major new initiative with the Elementary and Secondary Education Act of 1965, which provides financial help on the basis of the number of children from low-income families. Under this Act, the Federal Government is spending $1.2 billion in support of elementary and secondary education in the current fiscal year, tripling the support it provided only 2 years ago. The "Head Start" program has demonstrated great capacity for benefiting disadvantaged, pre-school children. The Administration is therefore proposing that the benefits of this program be extended by providing a follow-up program in the early elementary grades.

TRENDS IN DEMAND AND COSTS

Between 1956 and 1966, enrollment in full-time elementary and secondary day schools in the United States increased by 33 percent, from 37.2 million to 49.7 million. This sharp increase is attributable to the postwar spurt in birth rates and to greater school attendance by teenagers. Because roughly half of high school graduates continued on to college while the number of students graduating from high school rose sharply, college and university enrollment doubled from 2.9 million in 1956 to 6.0 million in 1966.

In the next decade, elementary and secondary school enrollments will increase only about one-fourth as much as in the past decade. Demand for college education, on the other hand, is expected to continue increasing rapidly, as the proportion of youths completing high school rises and as somewhat more than half of high school graduates go to college. Projections for the future also point to a continued very rapid rise in the fraction of labor force entrants with a college education, which could reduce the returns from higher education.

Outlays per student-year of formal education at all levels have risen by nearly 90 percent during the past decade. The increase may reflect, in part, improvements in the quality of education, but it also reflects higher costs of education. A major factor in the increase in costs has been the dramatic rise in professional salaries at all levels, as increased demand for teachers outran the growth of supply, especially since entry requirements for teachers were raised in many areas. Salaries rose substantially faster

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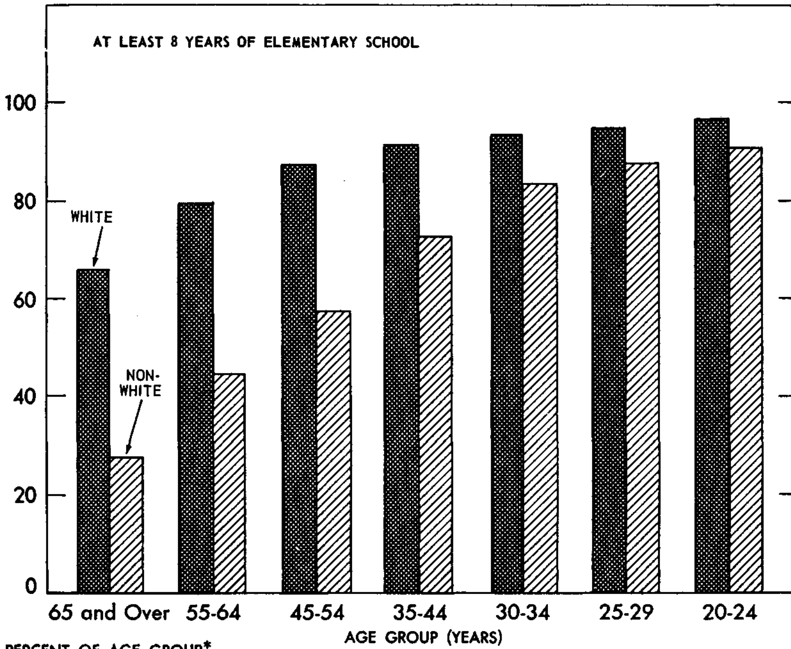
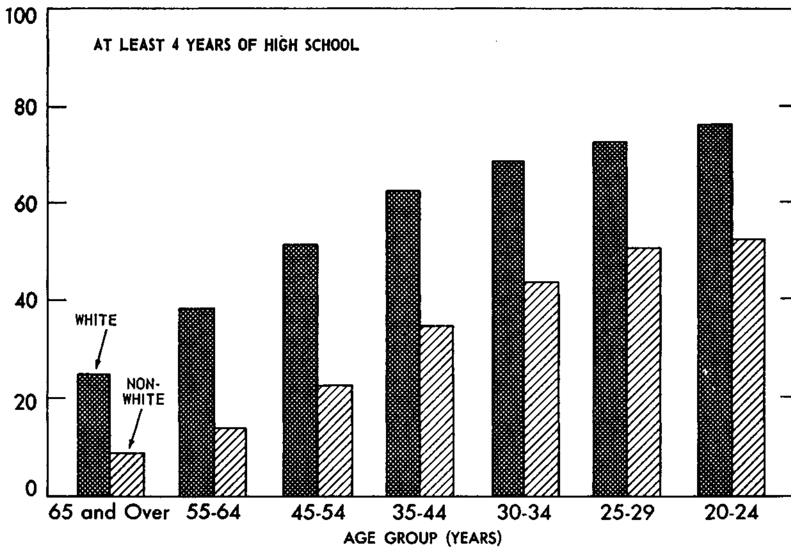
Chart 13

Educational Attainment





*BASED ON AVERAGES OF MARCH DATA, 1964-66.
SOURCE: DEPARTMENT OF COMMERCE.

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than wages generally, and, in response, an unusually large number of former elementary and secondary teachers returned to the classroom.

Enrollments are expected to rise less rapidly over the next decade than the number of college graduates available to teach in elementary and secondary schools or than the number with advanced degrees available to teach in colleges and universities. However, it may take special efforts to meet acute present shortages of teachers with specialized skills, such as nursery school instructors, teachers of remedial reading, and teachers of the emotionally handicapped. In the recently initiated Teacher Corps, the Federal Government helps to support teams of specialized teachers who work in slum areas at the request of the city. The expansion of special programs for the disadvantaged will require a major increase in the supply of teachers in these specialties.

New Methods

Learning can be improved and the costs of education lowered by a variety of changes in techniques and technology: new curricula and methods of instruction including team teaching, more job specific and employment oriented curricula; upgraded and more flexible school systems; greater application of learning theory; incentive pay systems; full utilization of physical plant, especially during nights and summers; and use of subprofessional aides to economize on professional time. The Joint Economic Committee last year surveyed professional opinion on these and other technological developments. Educational television, teaching machines, computerized education, and programmed learning promise future educational breakthroughs—perhaps more quality improvement than cost reduction for some time. Many of the newer techniques remain to be tested in practice, and further research is required.

Forgone Earnings as a Cost

From the private point of view, forgone earnings (the sacrifice of opportunity to work full-time) are a significant part of the costs of secondary and, particularly, of higher education. Many potential students forgo education because they are unwilling or unable to defer careers, marriage, and present earnings. But society can afford to wait for the returns more patiently than many of the young, especially the poor. Thus, the private costs of forgone earnings may exceed the social costs, thereby creating a deficiency of demand from a social point of view.

College students could afford to wait more readily for future earnings if investment in human capital could be financed as other forms of investment are financed, by borrowing against future earnings. In particular, students encounter problems of raising sufficient funds without collateral. To fill gaps in private financial markets, a number of Federal and State student loan pro-

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grams have been initiated since 1958. A guaranteed student loan program relying on private bank participation was provided in the Higher Education Act of 1965, but its launching was slow, partly because of the tight money conditions of 1966. Additional steps are underway to strengthen and expand this program. However, proposals for new financing techniques over the longer run need and deserve careful exploration. Some interesting proposals would provide for student loans with repayment scaled to the borrower's earnings after graduation.

Over the next decade education will claim an increasing share of our growing incomes in a number of ways. First, throughout the society, average educational attainment is likely to increase. Second, significant efforts will be made to improve the content and quality of education. Finally, society will endeavor to assure that those disadvantaged groups now receiving education of below average quality and quantity should have full access to educational opportunities. The distribution of responsibility between the public and private sectors varies among these areas. Private choices will largely determine the increases in average educational attainment, mainly through greater enrollments in colleges. Both private and public efforts will be required to improve quality. The achievement of equality in educational opportunity will be a top priority public responsibility.

HEALTH CARE

Americans are demanding, receiving, and paying for more and better medical care every year, both as consumers and as taxpayers. Despite rising costs, the Nation is demanding for everyone—whether he can personally afford the costs or not—medical services which a few decades ago were available only for the well-to-do.

Health care has become one of the largest industries in the United States. It employs over 3 million people, more than do the steel, automobile, and aircraft manufacturing industries combined. In 1965, total expenditures for health services, medical research, and new facilities totaled $40.8 billion, about 6 percent of GNP (Table 23). Public expenditures account for one-

TABLE 23.—*The Nation's health budget, 1965*

[Billions of dollars]

Expenditure category	Total expenditures [1]	Consumers	Federal Government	State and local governments	Philanthropy and other
Total expenditures	40.8	28.1	5.3	5.0	2.5
Hospital and nursing home care	14.7	8.9	2.2	3.2	.3
Services of physicians, dentists, and other professionals	12.7	12.0	.2	.5	(2)
Drugs and eyeglasses, and appliances	6.0	5.8	.1	.1	----------
Research	1.5	----------	1.3	.1	.2
Construction	2.0	----------	.3	.3	1.3
All other	3.8	1.3	1.2	.8	.6

[1] Direct outlays for health care, including net cost of medical insurance. Excludes indirect costs of illness, such as income lost through illness.
[2] Less than $50 million.

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

Source: Department of Health, Education, and Welfare.

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fourth of the total health budget of the Nation, just the reverse of the situation in education.

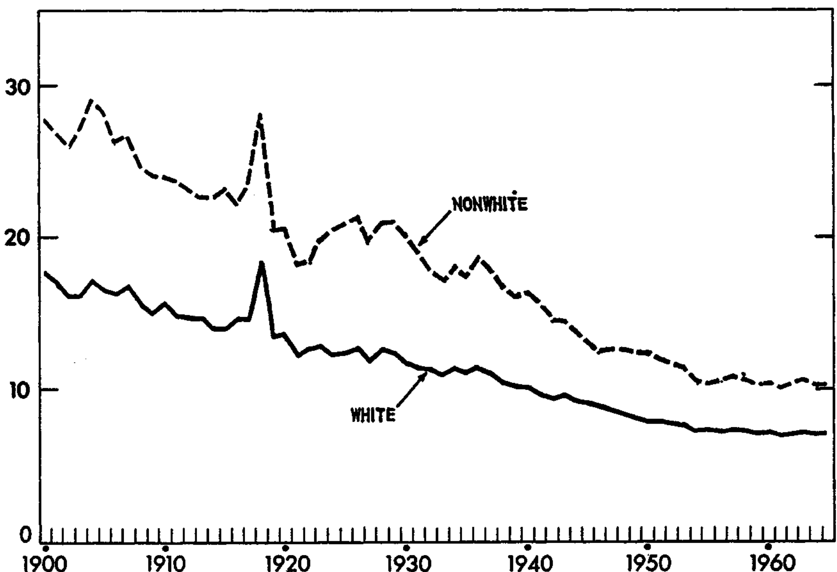
The methods by which health care is produced, distributed, and financed have been changing rapidly. Home visits by physicians have become unusual. The total number of doctors has changed little, but the number of specialists is increasing while that of general practitioners is falling. More services are being dispensed through hospitals, where specialists are aided by elaborate equipment and auxiliary health technicians. Group practice is becoming more common and medical insurance more important. These changes will continue and will influence the quality and cost of medical care in the coming decade.

DEMAND FOR MEDICAL CARE

Health research and the control of contagious disease are prime examples of public goods which would not be produced in adequate amounts without Government subsidy. Health care outlays which increase the Nation's productivity are investments in human capital—like outlays for education. But the major part of health care is a consumption item, reflecting the value

Chart 14

Age Adjusted Death Rates



NOTE.–AGE ADJUSTED DEATH RATES ARE RATES BY AGE, WEIGHTED BY THE 1940 AGE DISTRIBUTION OF THE POPULATION. THE NUMBER OF STATES COVERED INCREASED FROM 10 STATES AND THE DISTRICT OF COLUMBIA IN 1900 TO THE ENTIRE UNITED STATES IN 1933.

SOURCE: DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE.

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which individuals place on their own and others' comfort and, indeed, on life itself. Like food, clothing, and shelter, some medical care is a necessity. But the notion of what is necessary changes as society becomes increasingly wealthy and technologically advanced. Medical research generates new cures or treatments of illnesses previously considered incurable, and this adds further to demands. And habits such as cigarette smoking, increased use of automobiles and pesticides, and growing urbanization and industrialization have aggravated various health hazards.

American performance in medical research has been outstanding. But the spread of knowledge and best practices has been slow and spotty. The health care of sizable groups of Americans lags seriously behind that of the majority. For example, the average life of nonwhites is 7 years shorter than that of whites; a newborn nonwhite child is nearly twice as likely to die in its first year as a newborn white child; and maternal mortality is four times as high for nonwhites as for whites. There are also important disparities among areas and regions. Low-income States have fewer doctors and nurses than high-income States. Infant mortality in Mississippi is twice that in Massachusetts. The poor and especially poor children receive less health care than other Americans (Table 24).

TABLE 24.—*Physician and dental visits per year, by age and family income, 1963–64*

Family income	Physician visits per year by age group			Dental visits per year
	Under 15 years	15–64 years	65 years and over	
Under $2,000	2.0	4.5	6.1	0.8
$2,000–$3,999	3.0	4.4	6.7	.9
$4,000–$6,999	3.8	4.7	7.0	1.4
$7,000 and over	4.5	4.9	7.3	2.3

NOTE.—Data are based on household interviews during the period July 1963 to June 1964.

Source: Department of Health, Education, and Welfare.

Although U.S. health expenditures have risen steeply, mortality rates, which fell sharply in the first half of the century, did not decline significantly during the last decade (Chart 14). Moreover, our record with respect to life expectancy and infant and maternal mortality lags behind that of other advanced countries, which have lower average incomes.

Expansion of Insurance

The expansion of medical insurance coverage has had a major impact on the demand for medical services. About 81 percent of the population under 65 has some private hospital insurance coverage today, and 76 percent some surgical coverage, compared with 9 percent of the population in 1940. In 1965, about $8.7 billion—nearly one-third of consumer outlays for health—

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was reimbursed by private medical insurance. However, most of the poor and many of the aged remained completely unprotected until last year.

Legislation enacted in 1965 closed the biggest remaining gaps. With the enactment of Medicare, practically all of the aged now have hospital insurance, and about 94 percent have insurance covering part of the cost of doctors' and other bills. Under the same legislation, medical payments under Public Assistance are to be replaced by 1970 with new State programs of medical assistance for the poor under Medicaid.

COST FACTORS

The costs of medical care, which have been rising about twice as rapidly as average consumer prices over the past decade, jumped 6½ percent during 1966. The most rapid increases have been in hospital rates and, more recently, in doctors' fees. Prices of drugs and medicines have not risen in recent years. But neither have they been reduced.

The shift to hospital treatment, the increasing use of outpatient and emergency facilities, and the spread of group practice have enabled physicians to use their time more efficiently. Prepaid medical care encourages early diagnosis and prompt treatment, which can save both money and lives. New drugs and medical practices, which shorten hospital stays, have partly offset the increases in costs per hospital day. But hospital rates have soared as patients have received more professional services, more laboratory work, more drugs, more treatment by increasingly complex and costly equipment. In many areas, duplication of expensive and seldom used equipment in several hospitals has contributed to rising costs. Labor requirements in hospitals have also risen sharply. The number of employees per patient has almost doubled in the last 20 years. Simultaneously, the wage gap between hospital workers and employees with corresponding skills elsewhere has narrowed in response to strong demands for workers in health occupations.

PROSPECTS FOR THE COMING DECADE

With both costs and demand rising strongly, it seems likely that public and private health expenditures, which rose from 4½ percent to 6 percent of GNP in the past decade, will continue to command an increasing share of the Nation's resources. The bulk of these outlays will be made by consumers, as they have been in the past. Public expenditures will be particularly important to break supply bottlenecks, and to close gaps in health care associated with poverty.

Actions to Improve Health Care

A serious obstacle to the improvement of health care is the shortage of doctors, nurses and other professional health workers. The Public Health Service estimates that about one-half million professional and subprofessional health workers are needed to bring standards throughout the country up to those of the northeastern region. Several recent Federal legislative

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actions have been designed to help to meet the growing need. The Health Professions Educational Assistance Act of 1963 extended grants for construction of medical and dental training facilities and initiated programs of student loans. Subsequent legislation expanded the scope of Federal assistance to cover the training of nurses and subprofessional health personnel, and added scholarships, assistance for school operations, and traineeships for teachers in the health professions. Other general Federal manpower programs are also engaged in training subprofessional health personnel. Last year, the President appointed a National Commission on Health Manpower, due to report this June, to review remaining needs and to recommend further remedies.

These new directions in Federal programs are a much-needed complement to long-established support in the areas of research and construction. Under the Hill-Burton Act, enacted in 1946, more than $8.2 billion, including $2.6 billion of Federal funds, have been earmarked or spent for construction or modernization of hospitals or extended care facilities with a capacity of 358,000 beds.

Although the shortage of nursing homes and other facilities for the aged is acute in some areas, a considerable number of vacancies exists in other areas. The development of needed additional centers for group medical practice will be assisted by legislation enacted in 1966 to permit Government mortgage insurance for group practice facilities.

Considerable private and public effort is needed to hold down costs. Most health care is now dispensed either in a physician's office or through hospitals. Decreases in costs are possible through the increased use of clinic stations, outpatient facilities, diagnostic and treatment centers, supervised home care, and group practice. Careful study of new arrangements to make better use of scarce skills and facilities must be followed up by incentives for more efficient operation and distribution of health services. Hospital cost accounting and average cost pricing should be reexamined, particularly to assure that capital costs are rationally allocated over time and among uses. It is essential to avoid any tendency to control costs less carefully as a result of the increasing scale of insurance and prepayment.

As long as poverty persists, Federal, State, and local governments have a major commitment to help those unable to purchase their own care. And programs to promote the training of health personnel, support medical research, and improve health care systems impose particular responsibilities on governments at all levels.

CITIES

Americans have been flocking to urban areas since the Revolutionary War, when 95 percent of them earned their livelihood on the farm. Today, about two-thirds reside in metropolitan areas, roughly half in central cities and half in suburbs. Almost all the growth in the total U.S. popu-

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lation over the next decade will be in metropolitan areas and, as in the last decade, in suburbs rather than in central cities. But suburbanites also have a major stake in the quality of central cities, since they continue to look to the city for jobs, recreation, and culture.

Throughout history, people and jobs have congregated in cities: the people came in search of jobs; and the jobs came because employers found benefits in urban location. Firms could pool costs with other firms and share overhead facilities. Specialized services were available to cater to the sporadic and unpredictable demands of a large number of enterprises. Firms could locate close to their suppliers' warehouses and could count on being able to meet unanticipated requirements on very short notice, thereby economizing on inventories. It was highly advantageous to locate near ports and rail hubs, which in turn became virtually the center of the city's economic organization.

The city has lost some of its economic advantages, however. Many of the benefits from urban location arose from savings in transportation and communications costs, but the automobile and truck have drastically reduced the cost advantage of the central city. The automobile increased congestion on old city streets, laid out for other transportation modes, and simultaneously made the location of factories and warehouses near beltways and interurban highway connections more advantageous. The development of more efficient, faster communications media has also reduced the advantages of central city locations, especially for factories and goods-handling enterprises.

The city has made vital contributions to economic growth in the past, and can continue to do so in the future. But the city needs modernization and revitalization to become a more pleasant place in which to live and work, and a more effective contributor to economic growth and productivity. Both aspects will involve private investment in housing and in plant and equipment, and a variety of public actions and expenditures.

ELEMENTS OF THE URBAN PROBLEM

Despite their earlier advantages and the continued preference of many Americans for urban life, cities today suffer from a wide range of economic, financial, and social problems.

Cities have become congested and noisy. Traffic jams, packed subways and buses, and crowded airports are not only unpleasant but impose real economic costs in the form of wasted time, reduced efficiency, and, in some cases, personal injury and property damage. Noise causes distraction and discomfort. Crime and delinquency seem to be increasing. The problems of air pollution are becoming more and more acute. City water systems have to remove increasing amounts of chemicals and wastes. Trash, junk, and dirt make life in cities both more expensive and less pleasant. The problems of poverty and unemployment among the young and disadvantaged are on occasion brought to national attention through mass protest or social unrest.

It is true that important progress is being made. Housing is better than at any time in the past; communication is faster; city dwellers are healthier,

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TABLE 25.—*Characteristics of population by area*

Characteristic	All areas	Metropolitan		Non-metro-politan nonfarm	Farm
		Central cities	Outside central cities		
Population (millions)[1]	191.5	58.3	64.3	57.1	11.8
Percent of population:					
Children under 18 years of age[2]	36.4	33.6	37.6	37.6	38.7
Aged (65 years and over)	9.4	10.4	7.3	10.6	9.9
Nonwhite	11.8	21.6	4.4	9.4	12.4
Poor[3]	17.1	18.2	9.6	22.4	26.5
Median family income (dollars)	6,569	6,697	7,772	5,542	3,558

[1] Excludes inmates of institutions and all members of the armed forces except those living off post or with their families on post. Metropolitan data exclude and farm data include the relatively few farms within Standard Metropolitan Statistical Areas.
[2] Never married children living in families.
[3] Poverty is defined by the Social Security Administration poverty-income standard; it takes into account family size, composition, and place of residence.

Note.—All data from Current Population Survey, March 1966, except median income from March 1965 Survey.

Sources: Department of Commerce and Department of Health, Education, and Welfare.

better educated, and wealthier. Incomes in cities are lower than in suburbs but higher than in rural areas (Table 25). But concern about cities is growing because the standards of all Americans are rising and because the poor rightly insist on sharing access to the bounty that most Americans enjoy. In particular, the concentration of poverty among racial and linguistic minorities in congested areas leads to a problem which is considerably larger than the sum of its parts.

Shifts in Jobs and Population

As industry has moved to the suburbs, so have job opportunities. In 7 large metropolitan areas, for example, 975,000 new jobs became available in the suburban ring in the period 1948–62, while the central cities of the same metropolitan areas were gaining only 60,000 new jobs. The central city gains were all in finance, insurance, real estate, and services. In manufacturing, the 7 central cities lost 150,000 jobs while their suburban rings gained 250,000.

Throughout the 19th century and the early part of the 20th century, the growth of cities was spurred by immigration from abroad. The city provided the immigrant with his basic requirements at low cost—neighbors of similar origin, inexpensive housing near his job, schools, health services, and convenient shopping. Since the 1920's immigration from abroad has been replaced by migration from rural areas. With flagging demand for low-skilled workers, the cities have been relatively less successful with the new migrants. And for the Negro migrant into the city, racial discrimination in housing and inadequate commuter transportation facilities have made it difficult to follow the jobs to the suburbs.

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Urban Blight

Meanwhile, the physical plants of cities have been aging and deteriorating. Because the very heart of the city is still highly attractive to many kinds of enterprises, it frequently pays to tear down old buildings and replace them with new and more suitable structures. But, outside the very heart of the city, private demand for replacement is inadequate to bring about the renewal of the large nearby "gray areas" of housing which were yesterday's "suburbs" and are today's slums. Once blight begins, natural market forces quicken the decay over a large area, as the deterioration of neighborhoods weakens incentives for any one landlord to maintain the condition of his property.

Mismatch Between Costs and Benefits

Urban blight is only one example of how external effects of private actions affect the modern city. The man who drives to work considers that the convenience of driving his own car outweighs the inconvenience of congestion. But his reckoning neglects the costs he imposes on other commuters by increasing the congestion on the highway. In making location decisions, an industrialist will not necessarily consider the pollution of air and water which his factory causes. Should he decide to leave the city, his calculation will ignore the impact of his departure on city revenues or the local rate of unemployment. In these cases, private benefits exceed private costs; but because costs to the city, or even to society at large, are not adequately considered in the decision, the action may be harmful.

These discrepancies between private and social calculations distort choices among alternatives and constitute an important part of the cities' problems. All too often, the benefits accrue privately while the costs appear in a city's budget.

City Finances

The sheer proximity of large numbers of people brings special problems and costs to city governments. Cities must supply services to commuters as well as to residents: transportation, clean water, opportunities for recreation, and, perhaps most vital of all, economic opportunity. The city's inhabitants demand services from government that may be provided privately, or even be unnecessary, in the countryside. All these requirements place heavy burdens on public finance in the city. Thus, more is spent for government in cities than in other areas; on a per capita basis, medium-size cities spend more than small ones, and large cities still more (Chart 15). The relatively high per-capita tax base in cities is more than eaten up by higher costs and outlays.

On the revenue side of the ledger, there are few taxes which cities can effectively collect. Heavy property taxes can drive wealthier homeowners into the suburbs. When applied to business property, such taxes can

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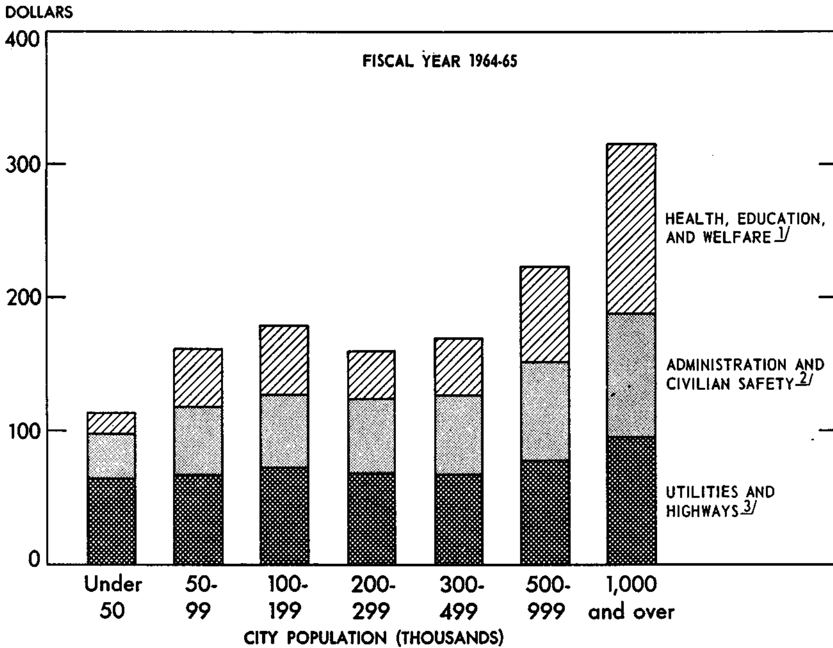
Chart 15



1/PUBLIC WELFARE, EDUCATION, HOSPITALS, HEALTH, LIBRARIES, AND HOUSING AND URBAN RENEWAL.
2/POLICE AND FIRE PROTECTION, FINANCIAL ADMINISTRATION, GENERAL CONTROL, GENERAL PUBLIC BUILDINGS, INTEREST ON GENERAL DEBT, AND OTHER.
3/HIGHWAYS, SEWERAGE, SANITATION, PARKS AND RECREATION, AND UTILITIES.
SOURCE: DEPARTMENT OF COMMERCE.

accelerate the loss of jobs. Income taxes that can be administered by a city government are apt to be crude and unprogressive payroll taxes. And retail sales taxes administered by cities can sometimes be evaded on large purchases.

Finally, the historical boundaries of the city government's jurisdiction have become increasingly inadequate for planning, financing and executing efficient programs and policies in water supply, air and water pollution abatement, transportation, and many other fields.

In short, too many cities realize the worst of all possible worlds, with strained budgets, inadequate expenditures for public services ranging from education to law enforcement, burdensome property taxes which spur the exodus of wealthier taxpayers and discourage job-creating business, and partial, excessively costly solutions to problems that extend far beyond the city's jurisdiction and control.

MEETING THE CITIES' PROBLEMS

Both public and private investment will be required on a large scale over the next decade to improve the quantity and quality of city housing, to

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modernize public transportation, and to upgrade other services provided by city governments to their residents. But money is by no means the only requirement.

Eliminating Racial Discrimination

The removal of the barriers of racial discrimination in housing and jobs will pay large returns at little cost. If the Negro could secure the kind of housing that he is willing and able to pay for in the location of his choice, and if he could compete on equal terms for employment, the ordinary processes of the market would lead to substantial improvements in the housing stock and would eliminate some of the worst manifestations of poverty. Racial discrimination imposes large costs on the city. Unemployment is higher, income is lower, housing conditions poorer, and welfare budgets larger than they would be if the Negro were free to seek his best options. To begin to unlock the resources of the city, the resources of individuals must be unchained. The only cost entailed will be the sacrifice of prejudices.

The human resources of the city are also wasted by inadequate training and education and by outmoded public transportation systems. The demand for unskilled labor is rising very slowly, and jobs of all descriptions are increasingly located outside the city. Training and education, as well as better public transportation, are therefore indispensable in bringing enough jobs within reach of the city's labor force.

Improvements in income maintenance programs, discussed earlier in this chapter, are especially urgent in the city, where the physical concentration of poverty magnifies health, welfare, and safety hazards. The elimination of racial discrimination in jobs and housing, the alleviation of extreme poverty, and more adequate education and training for the city's population would, in combination, gradually cure many of the city's present ills. But some ailments require more than this.

Housing and Urban Renewal

Housing is a key additional requirement. It has been estimated that, for the Nation as a whole, about 2 million housing units a year will have to be built over the next decade to meet population growth and to replace units too dilapidated to be worth repairing. It is clear that most housing will be built either in cities or their suburbs, and that much replacement building will be in the central cities themselves. Most of this new construction will be financed privately, as it is now. But public efforts will also be needed to assist the poor—urban and rural—to acquire the housing they need.

While the Federal Government has been assisting local highway construction and urban renewal for many years and has helped to remove many unsightly slums, it has been slow in aiding those displaced by some

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of the projects. After the demolition of unsatisfactory housing, the poor have sometimes been worse off, having to crowd into the reduced supply of cheap housing still available.

Public policies for housing the city's poor have advanced through several stages. Newly constructed public housing has been made available at low cost to those with incomes below a fixed level. To assure that only the poor occupy such housing, families are required to vacate if their incomes rise substantially and if there is other good housing they can afford in the community. This tends to leave in public housing the chronically poor families, least able to help themselves. Moreover, local public authorities have had difficulty producing an adequate number of housing units through this approach.

Rent Supplements. The newly adopted Rent Supplement program offers promise of increasing the supply of low-income housing by tapping private resources. Under this program, multifamily housing will be constructed and operated by approved nonprofit or limited profit private sponsors. Subsidies to tenants are provided for the difference between a fair market rental of such apartments and 25 percent of the assisted tenant's income. The recipient pays more of his rent as his income rises, but he is not obliged to move out.

Model Cities. Public programs for renovating the cities have long taken cognizance of the fact that a blighted residential area cannot effectively be restored one house at a time. But these programs have not often been applied to the full area for which integrated advance planning is required, and have not included a full range of public services which must be coordinated in an effective area-wide attack. The Model Cities legislation, enacted last year, was drafted in recognition of the need for an integrated assault on urban blight. It provides for the coordinated use of already existing Federal grant and loan programs—for planning, housing, water and sewers, health and social services, education and training, and employment services—and perhaps even more important, it pays for part of the cost of locally designed and administered programs in the demonstration area which are not covered by other programs. As funding increases, it will become a major forward step in a cooperative Federal-local coordinated effort toward urban renovation.

Community Action Programs. Solution of the problem of poverty, like that of urban blight, requires a coordinated attack. Especially in cities, the interaction of people and the interrelations among such problems as low incomes, lack of education, substandard housing, and ill health mean that a piecemeal approach is inadequate. More than 1,000 Community Action Agencies supported by the Office of Economic Opportunity, now provide this coordination, bringing together needy clients and available services. Neighborhood centers are serving as a vehicle for decentralizing and im-

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proving the delivery of social services to disadvantaged people. The Administration is requesting that funds be provided to increase the services which can be made available in rural areas as well as in cities.

Cost Reduction. Opportunities to reduce the cost of housing improvements must be sought and pursued. The high cost of construction labor puts a premium on the use of labor-saving devices. But institutional barriers to the introduction of new techniques must be overcome. More needs to be done in research and experimentation leading to the development and perfection of new techniques. And new ways must be sought to use public funds to harness private initiative and private resources.

Pricing Policies

Finally, the potential efficiency of the market should be recognized in all areas of city life. Transportation is a notable case where the logic of the price system is often violated. Bridge and tunnel tolls typically remain the same whether the road is jammed or empty. If polluters were forced to bear the costs imposed by their actions, the quantity of pollution would be substantially reduced. Subsidized airport landing fees may encourage excessive private use of crowded facilities. The pricing of public transportation often fails to take into account the external benefits arising from decongestion of highways. Similiarly, more rational pricing systems for water and sewer service in many of our cities could both increase efficiency in the use of existing capacities and reduce the planning and financial burdens of city governments.

Summary

The fundamental challenge to the city is to achieve an orderly transition to a new pattern of land use which reflects the new requirements of industry and people. All of its policies (zoning, taxation, transportation) and all of its investments (in housing, public buildings, and education) must be geared to encourage the emergence of the new patterns. This is essentially what is meant by comprehensive planning, and it is the kind of objective which is sought in the Model Cities program and planned metropolitan development incentive grants. The recently established National Commission on Codes, Zoning, Taxation and Development Standards will explore ways by which cities can undertake creative change.

The cost of dealing with the overwhelming problems of poverty, housing, physical and human renewal exceeds the revenue potential of many cities. If each city were required to achieve a financial balance within its own borders, it would be forced to neglect some of the most pressing social problems of our time. There is no escape from the conclusion that the Federal Government must continue to provide a share of the resources cities need to remain engines of economic and social progress.

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FEDERAL, STATE, AND LOCAL FISCAL RELATIONS

Since World War II, State and local expenditures have been growing far more rapidly than Federal outlays. To finance their budgets, these governments have increased tax rates and assessments frequently; yet State and local debt has increased sevenfold. Over the same period, Federal receipts have generally kept pace with expenditures in peacetime, despite reductions in tax rates; and the net Federal debt has risen only one-fifth, falling sharply in relation to GNP.

The problem of matching revenues with expenditure responsibilities is a never-ending one in our Federal system. Partly by historical accident, the Federal Government has developed the best source of revenue, namely the income tax. But increasing urbanization and other factors have swelled the demand for public services which are regarded as primarily the responsibility of State and local governments—both by tradition and by the preference of the American people for keeping government as close to home as possible.

TAXATION

The Federal Government obtains two-thirds of its revenues from taxes on personal and business incomes. Despite its imperfections, the Federal individual income tax is one of the best taxes ever devised. By taxing larger incomes at higher rates, it squares with the American notion of equity. Its revenue yield rises strongly as the economy grows. It serves as a built-in stabilizer by varying with economic fluctuations. By comparison with other taxes, it interferes least with job choices and expenditure decisions.

The States rely principally on sales and excise taxes, and local governments on property taxes. Broad-based personal income taxes, now levied by 33 States, were enacted in most cases before the Federal Government began to draw heavily on this source in World War II. A small number of cities use "income" taxes—usually in the form of payroll levies. Tables 26 and 27 show the relative importance of different sources of revenue and of expenditure requirements in 1965.

Sales and property taxes are regressive. A poor family pays a substantial sales tax in most States even if it owes nothing under the Federal income tax. Sales taxes also discriminate among taxpayers in similar economic circumstances. Families with the same incomes but different patterns of consumption may pay different amounts; and large families may bear a relatively heavier burden than small families. Moreover, the yield of sales taxes is less responsive than that of income taxes to economic growth. Property taxes, which are the major source of financing for education, are especially objectionable to homeowners who have no children and cause hardships for those who own their own homes but have relatively low current incomes. They can also discourage private efforts to rehabilitate and upgrade declining neighborhoods. Because so much trade and commerce

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TABLE 26.—*Federal and State and local government receipts, by source, national income and product accounts, 1965*

Source	Amount (billions of dollars)		Percentage distribution [1]	
	Federal Government	State and local governments	Federal Government	State and local governments
Total receipts	124.9	75.3	100.0	100.0
Individual income taxes [2]	51.3	4.4	41.1	5.9
Licenses, fees, and other taxes and charges on persons	2.9	7.4	2.3	9.8
Corporate profits tax accruals	29.1	2.0	23.3	2.7
Sales and excise taxes and customs [2]	15.8	15.9	12.6	21.1
Real estate and business property taxes		23.1		30.7
Other business taxes, fees, and charges	1.1	6.9	.9	9.1
Contributions for social insurance	24.8	4.5	19.8	5.9
Federal grants-in-aid		11.2		14.9

[1] Based on receipts in millions of dollars.
[2] Less tax refunds.

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

Source: Department of Commerce.

is interstate, attempts by States to tax sales and income often make administration complex and costly and create problems in taxpayer compliance and frictions among States in apportioning revenue sources.

STATE AND LOCAL FISCAL PROBLEM

The States and localities have not been idle in the face of mounting demands for public services. Since 1959, for example, the 50 States have

TABLE 27.—*Federal and State and local government expenditures, by major function, national income and product accounts, 1965*

Function	Amount (billions of dollars)			Percentage distribution [1]		
	Federal Government		State and local governments	Federal Government		State and local governments
	Total excluding grants-in-aid	Grants-in-aid to State and local governments		Total excluding grants-in-aid	Grants-in-aid to State and local governments	
Total expenditures	112.2	11.2	73.7	100.0	100.0	100.0
Defense, space, veterans, and international	66.0	.4	.4	58.9	4.0	.6
Education	.5	.7	28.9	.5	6.6	39.2
Health, hospitals, and sanitation	1.2	.7	7.6	1.1	6.3	10.3
Social security, welfare, and labor	23.1	4.5	7.1	20.6	40.3	9.6
Police, fire, and correction	.1		5.1	.1		6.9
Highways	.1	3.8	11.3	.1	34.2	15.3
Postal services, public utilities, commerce, and nonhighway transportation	2.6	.1	1.6	2.3	.5	2.1
Housing, community development, and recreation	.3	.5	1.6	.2	4.6	2.1
Agriculture and natural resources	5.9	.3	1.5	5.3	3.1	2.0
Interest and general government	12.3	(2)	8.8	11.0	.4	11.9

[1] Based on expenditures in millions of dollars.
[2] Less than $50 million.

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

Source: Department of Commerce.

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enacted about 200 increases in the rates of their major taxes, and imposed 15 new taxes, including 8 new retail sales taxes.

In the years ahead, the financial pressures on States and localities in the aggregate may moderate somewhat. The age category that produces the largest per capita need for public services—school-age children—will grow less rapidly than the working age population. Nevertheless, pressures will still be strong, especially to meet the massive problems of cities imposed by decades of neglect. According to detailed estimates recently made for the Joint Economic Committee, construction needs of State and local governments in the next decade will equal those of the last decade.

Thus the financial problems of State and local governments will persist. Currently, increased defense expenditures dominate the Federal budget picture. But over the long run, there is every prospect of a return to the fiscal paradox of recent years—booming income tax revenues for the Federal Government while States and localities struggle to finance their massive program requirements.

CATEGORICAL FEDERAL AID

The Federal Government now provides many grants-in-aid in support of specific categories of State and local expenditure. Federal grants now constitute about one-sixth of total revenues of State and local governments. The first large Federal grant programs were for emergency relief and public assistance during the 1930's. Federal grants declined during World War II, but then grew rapidly in the 1950's, with highway construction grants producing an acceleration in the second half of the decade (Table 28).

TABLE 28.—*Growth of Federal aid to State and local governments, fiscal years 1930–68* [1]

Function	1930	1940	1950	1955	1960	1965	1968 [2]
	Billions of dollars						
Total Federal aid	0.1	2.4	2.3	3.3	7.0	10.9	17.4
Health, labor, and welfare	(3)	2.2	1.6	1.9	2.9	4.4	8.0
Commerce and transportation	.1	.2	.5	.6	3.0	4.4	4.3
Education	(3)	(3)	(3)	.2	.4	.6	2.5
Housing and community development	(3)	(3)	(3)	.1	.3	.6	1.3
Agriculture and agricultural resources	(3)	(3)	.1	.2	.2	.5	.6
Natural resources	(3)	(3)	(3)	.1	.2	.3	.5
Other	(3)	(3)	(3)	.1	.1	.1	.2
	Percent						
Federal aid as percent of:							
Federal expenditures [4]	4.3	25.6	5.3	4.8	7.7	9.2	10.3
State and local expenditures [4]	1.4	25.3	10.5	10.4	14.7	15.4	18.7

[1] Grants-in-aid and shared revenues from both administrative budget and trust funds.
[2] Data for 1968 are estimates.
[3] Less than $50 million.
[4] National income and product accounts basis.

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

Source: Bureau of the Budget.

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The last few years have seen a rapid acceleration of Federal aid through a variety of new or expanded programs—most notably for elementary and secondary education and to combat poverty. In fact, most new legislation in areas discussed in this chapter operates through grants or loans to State and local governments.

The grant-in-aid approach is flexible. It enables the Federal Government to single out the most urgent needs and to apply suitable remedies directly. Furthermore, by imposing matching formulas where appropriate, the Federal Government often can enlist additional State effort in neglected areas. Variable matching requirements are used by the Federal Government to pay for a greater share of costs in States and areas where needs are greatest relative to available resources. Federal grants can encourage innovation at the local level, and provide for experimentation and demonstration where the problems are more obvious than the remedies. They can be launched modestly and expanded upon demonstration of effectiveness. The grant approach can spur better planning and coordination among overlapping or adjacent—and sometimes conflicting—local jurisdictions where a regional or areawide problem requires a cooperative and coordinated attack.

At the same time, the categorical grant mechanism is open to some criticisms. State and local officials are sometimes bewildered by the number, variety, and complexity of eligibility and matching provisions of different Federal aid programs. A special effort is necessary to keep them informed of latest developments, so that all eligible units of government may share equitably. And some localities resent Federal standards and "supervision" in grant programs.

Broadening the Scope of Federal Grants

Supporters of categorical aid argue that, while there may be faults in the present system, they are not intrinsic. Many steps have already been taken to improve grant programs. The Bureau of the Budget has undertaken recently to improve the coordination of Federal programs at the State and local level. The Partnership in Health act of last year combined several small, categorical grant authorizations into one and provided assistance for planning comprehensive health services. Similarly, the Model Cities program provides for the coordinated use of funds from a number of separate categorical programs as well as from private and local government sources; it also authorizes Federal assistance for local government programs in the demonstration area of the city even if these would not qualify for any categorical aid. The Community Action Program offers cities support for a broad range of activities that fit into a coordinated attack on poverty.

These new programs of broad support represent a major evolution from many traditional types of categorical grants in which the Federal Government pinpoints the State and local expenditures it will support.

These developments are viewed by some observers as a decisive argument for an evolutionary approach that continues to rely on categorical aid as the

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principle vehicle by which Federal assistance should be given to State and local governments. These observers would argue that effectiveness is limited only by the amounts that the Federal Government can afford to channel to States and localities, rather than by any inherent defects in the mechanism of categorical aid.

GENERAL SUPPORT GRANTS

Others contend, however, that broader "general support" grants are needed as part of Federal support to States and localities. In principle, these grants would have no strings attached, and would be available for general budget support rather than tied to specific activities or programs. Direct transfers without supervision would leave the States and cities free to set priorities and to design remedies for local problems. The unconditional grant approach lends itself readily to "equalization," to take account of differences in income levels and fiscal capacity among the States. Many proposals recommend setting the size of such grants as a percentage of collections under the Federal individual income tax. One would earmark 5 percent of collections from the Federal individual income tax for general support grants to the States.

Critics of general support grants have questioned whether State governments would spend the added revenues wisely, whether they would maintain their own revenue efforts, and whether they would provide adequately for their own cities. Unconditional grants to the States are viewed by some as a threat to additional Congressional appropriations for categorical grant programs which provide direct assistance to cities and their pressing problems. Also, if States had a claim on a share of Federal revenues, they might oppose Federal tax reduction even when needed to combat recession. And if the cut were nevertheless approved, its effectiveness could be weakened by a resulting cutback in State outlays.

Supporters of revenue-sharing point out that formulas can be devised to cope with cyclical swings in general support grants and to channel funds to localities as well as States. However, there are obvious difficulties.

Under some proposed compromise arrangements, a fixed level would be established for total Federal financial aid to State and local government, designed to cover both categorical grants and general support. Categorical grants would continue to be appropriated as at present; and the balance of the support would take the form of untied grants going to cities as well as States. The untied portion would serve as an "overhead" payment to be used by States and cities to strengthen their own programs and their planning. Such a compromise is intended to provide some assurance of continued Federal support for categorical grant programs which have established their merit, while enlarging opportunities for State and local initiative and responsibility.

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CREDIT FOR STATE INCOME TAXES

An additional method of enlarging State revenues in the context of an improved over-all national tax structure has been proposed by the Advisory Commission on Intergovernment Relations. The suggestion is that a credit against Federal personal income tax liability be given for up to 40 percent of State income taxes paid. This credit would provide powerful incentives: the 17 States which do not now have broad-based individual income taxes would be strongly induced to enact them; States which already have income taxes would be encouraged to rely on them more heavily. A State could then augment its revenues through income taxation with a net increase in the burden on State taxpayers equal to only 60 percent of added revenue. Through the credit device, the States would, in effect, be collecting part of their income taxes from the Federal Government.

Federal tax credits to influence local tax policy are not new. They are applied to estate or inheritance taxes paid to States, and they are used under the Federal-State unemployment insurance system.

The tax credit device has been subjected to certain criticisms. First, by their very nature, tax credits provide more help to rich States than to poor States, because the amount of assistance depends on the tax base of each State. Second, the proposal does not in itself provide direct aid to the cities. Third, the Federal tax credit adds to State revenues only when and if the States act to initiate or raise rates on income taxes; the initial impact merely lowers Federal taxes for people who now pay State income taxes.

JOINT REVENUE COLLECTION

It has also been proposed that the Internal Revenue Service (IRS) expand its current assistance to the States in their income tax collection efforts. At present, there is cooperative exchange of information between Federal and State revenue officials. But the IRS could act as collecting agent for State income taxes. The State rate structure would be applied against the Federal definition of taxable or adjusted gross income or Federal tax liability itself. Joint revenue collection is a modest proposal which could be enacted on its own merits or as a supplement to the larger plans. It might encourage additional States to enact income taxes, and should certainly simplify life for both taxpayers and revenue officials in States which already use income taxes. It would, of course, be necessary for the States to follow Federal concepts of taxable income, which may not always accord with their own.

OTHER ISSUES OF TAX COORDINATION

Among other problems requiring better coordination of Federal-State-local taxation is one dealing with the exemption from taxation, under the Federal individual income tax, of interest paid on State and local government securities. Because of the exemption, these governments can borrow more cheaply—paying lower rates of interest and competing more effectively

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for funds against other borrowers in capital markets. However, the exemption also reduces the progressivity of the Federal individual income tax, since it produces much bigger tax savings to those in high income tax brackets than to those taxable at lower rates. This is a relatively inefficient means of channeling aid: the Federal Government loses far more revenue than the States and cities gain in reduced interest costs.

Apart from the general question of interest exemption, and of immediate concern, is the use of so-called industrial development bonds. Through the use of these bonds, localities have passed to private industries the benefit of the exemption of their interest from Federal tax, in many cases without assuming any real obligation for repayment of the bonds. This questionable practice is becoming increasingly widespread, and the lack of any obligation by the locality authorizing the bonds permits proliferation without limit. The use of the Federal tax code in this fashion is inefficient and inappropriate.

Another fiscal problem concerns State taxation of corporate income. Since most corporate income is generated by interstate corporations, States must establish formulas to apportion the income assumed to be earned from business done in other areas. The formulas give various weights to such factors as location of plant, percent of payroll, sales destination, location of sales offices, and "origin" of sales. In 1966, after several years of study, the House Judiciary Committee recommended legislation that would require a uniform State formula based solely on two factors, property and payroll. The States have responded unfavorably to this proposal. As an alternative, additional Federal grants to the States might be used to persuade them to relinquish a tax which is more efficiently collected at the national level.

CONCLUSION

Expenditures for income maintenance, health, and education, and revenues of States and cities, have grown faster than GNP since the mid-1950's. Expenditures for educational services and health care combined have risen from about 8½ percent to 12½ percent of GNP, and expenditures of States and localities have expanded from 8½ percent to 11 percent of national output in the past decade. Federal transfer payments to persons have risen from 3 percent to 4½ percent of GNP. Through their dollar votes on the market and their votes at the polls, Americans have reaffirmed their strong desires for greater expenditures in these areas.

In response to the wishes of the public, these areas will continue to absorb a significant fraction of the gains from economic growth. But it is impossible reliably to forecast how rapidly these outlays will grow, or to set in advance meaningful targets for how fast they should increase. Opportunities for progress in these areas will be influenced by the urgency of competing claims on output, ranging from national defense to the unlimited aspira-

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tions of private consumers, and from conservation of natural resources and improvements in the quality of our environment to industrial research, development, and investment. In peacetime the Nation will face repeated and difficult—though welcome—choices about how to distribute fiscal dividends between public programs and tax reductions. These decisions should be responsive to changing circumstances.

Moreover, it is not possible to stipulate "needs" in the areas discussed in this chapter. If needs are merely what survival requires, most of what is needed is now available. And if needs are everything that could be reasonably desired, then they will not be fully met for generations.

A rational balancing of opportunities and alternatives, will undoubtedly call for some progress in all of these—and other—priority areas. Most of the choices, both public and private, will be incremental in character. The individual chooses whether or not to visit his dentist, weighing the need against other uses of funds; he does not decide on health in the abstract or in the large. Similarly, the Federal budgetary process is full of efforts to cut low-priority expenditures marginally in order to expedite a promising new program like model cities. Even major program decisions which will be faced in the years ahead—such as whether or not to set a minimum income floor to combat poverty, or whether or not to select any of the proposed innovations in the area of Federal-State-local fiscal relations—could also be approached on an incremental basis. In making these budgetary decisions, it is vitally important that goals and objectives be defined precisely, that all alternative methods of reaching them be considered, that costs and benefits be quantified as far as possible; only then can the most efficient means of achieving the objectives be chosen. The Planning-Programming-Budgeting System recently initiated by the Bureau of the Budget and the executive agencies of the Federal Government is designed to advance this systematic approach.

This chapter has attempted to raise some issues which will require difficult choices. Collectively such decisions will determine the directions of social progress in the years ahead.

It is clear that social progress will make important claims on the Federal budget. There is no easy way to define the Government's appropriate role. But the pursuit of public interest and the exercise of public responsibility need not add dollar-for-dollar to the bills of taxpayers or to the size of Government. Much of our advance in health, education, and cities will be financed through the budgets of consumers and businesses. The energies and outlays of private enterprise can be stimulated by wise and imaginative public policies relying on enlightened regulation, carefully designed fees and subsidies, appropriate tax provisions, Government loans and insurance programs, and improved functioning of the market economy so that actual prices become better signals for estimating social costs and benefits.

Within the public sector, another set of issues arises: whether particular programs can be administered and financed most effectively by Federal,

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State, or local governments, and how the over-all division of responsibilities can assure adequate financing for priority social needs through an equitable tax system.

The aspirations for material and social progress are boundless; the limits of our potential progress are set by the resource costs and the level of productivity in our society. It can be confidently forecast that the problem will be to find the means to fulfill our public and private aspirations rather than to deal with any redundancy of resources. A decade from now, major gains will have been made, but there will still be a large inventory of unmet desires and unsolved social problems, requiring public and private efforts to channel a substantial additional portion of our growing output toward priority uses.

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Chapter 5

Growth and Balance in the World Economy

WORLD ECONOMIC EXPANSION in the first half of the 1960's has been sustained and rapid. The pace has probably been surpassed only during the period of recovery from World War II. Moreover, since the end of the war, the extreme fluctuations of earlier years have not been repeated.

But continued economic progress is not assured. Many problems remain. The most difficult and important is that of overcoming poverty in many of the less developed countries of Africa, Asia, and Latin America. A major problem for the developed countries is to cope with international financial imbalances in ways which do not inhibit sound economic growth.

This chapter records the economic progress in both the developed and less developed countries during the first part of the 1960's and outlines some major issues for international consideration during the remainder of this decade. It deals especially with the policy issues facing the United States and other developed countries in their efforts to achieve a better international balance and to pursue national policies that promote world economic progress. The worldwide economic impact of their national policies places a special responsibility on the major developed countries.

WORLD ECONOMIC GROWTH IN THE 1960'S

Two quantitative goals for economic growth in the 1960's have been fixed by international organizations:

> The United Nations has set 5 percent a year as the minimum growth rate for the less developed countries over the 1960's, calling this the "Development Decade."
>
> The Organization for Economic Cooperation and Development (OECD), which includes the countries of Western Europe, the United States, Canada, and Japan, has called for an increase in aggregate output of all member countries combined, amounting to 50 percent over the decade or an average annual growth rate of 4.1 percent.

As can be seen from Table 29, the expansion of real output in the less developed countries, estimated at 4½ percent a year, so far has fallen somewhat short of the UN target on average, and far below it in several

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TABLE 29.—*Changes in total and per capita real GNP in OECD and less developed countries since 1955*

Country	Share of total output (percent) [1]	Percentage increase per year			
		Total real GNP		Per capita real GNP	
		1955 to 1960	1960 to 1965	1955 to 1960	1960 to 1965
OECD countries: Total	100.0	3.2	5.0	2.0	3.7
United States	53.3	2.2	4.7	.4	3.2
Total excluding United States	46.7	5.0	5.3	3.7	4.2
Germany	8.6	[2] 6.3	[3] 4.8	[2] 5.1	[3] 3.5
United Kingdom	7.7	2.8	3.3	2.2	2.6
France	7.3	4.6	5.1	3.7	3.7
Japan	5.4	9.7	9.7	8.8	8.5
Italy	4.1	5.5	5.1	4.9	4.3
Spain	1.4	4.3	9.2	3.4	8.3
Greece	.4	5.4	8.7	4.3	8.1
Less developed countries: Total	100.0	[4] 4.5	4.6	[4] 2.2	2.2
Africa	12.5	(5)	3.3	(5)	1.1
Nigeria	1.3	(5)	5.0	(5)	3.0
Ghana	.7	6.1	4.0	3.5	1.3
Latin America	50.1	4.8	4.4	2.0	1.5
Brazil	11.6	5.8	3.3	2.7	.2
Argentina	10.7	2.6	3.0	.9	1.3
Mexico	10.7	6.1	5.9	3.0	2.8
Asia	37.4	4.5	3.9	2.4	1.5
Middle East	6.4	6.1	6.1	3.7	3.7
Other Asia	31.0	4.2	3.4	2.1	1.0
India	16.3	4.4	2.9	2.3	.4
Pakistan	3.7	3.5	5.4	1.2	2.8

[1] Share in 1963 for OECD countries and in 1960 for less developed countries.
[2] Excludes Saar and West Berlin.
[3] Includes Saar and West Berlin.
[4] Estimates.
[5] Not available.

NOTE.—Totals include countries not shown separately.
Detail will not necessarily add to totals because of rounding.

Sources: Organization for Economic Cooperation and Development (OECD), Agency for International Development (AID), and Council of Economic Advisers.

of the largest of these countries. However, the table also shows that output in the OECD countries has been exceeding the growth rate of the OECD target.

DEVELOPED COUNTRIES

In the first half of the 1960's, real output in Western Europe and Japan increased by more than 5 percent a year. Contributing to the rapid expansion were government policies directed toward achieving and maintaining high levels of employment with reasonable price stability, stimulating the movement of labor from low to high productivity employment, reducing barriers to foreign trade, and encouraging the more efficient utilization of resources in other ways.

A high rate of capital formation helped to achieve this rapid growth. Investment averaged 18 percent of gross national product (GNP) in the OECD countries other than the United States; it ranged from almost 30 percent in

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Japan to less than 14 percent in the United Kingdom. While much of the increase in output comes from investment in physical capital and from the incorporation of technological advances, a good deal also comes from investment in human capital—in raising the education, skills, and health of the population.

The growth of output is also benefiting from the movement of labor out of activities of low productivity to those of higher productivity. There has been a large-scale movement of labor from Southern Europe to Northwestern Europe—from areas of low productivity, low incomes, and high unemployment to areas where productivity and incomes are high and unemployment low. Within countries, the major shift has been out of employment in agriculture. The OECD estimates that this latter shift alone accounted for between 10 and 15 percent of the increase in productivity during the first half of the 1960's in France, Germany, Italy, and Japan. The United Kingdom, which by 1960 already had only a small agricultural sector, did not have this source of expanding productivity.

Internal shifts of labor have been stimulated and facilitated by the expansion of foreign trade, which has far exceeded the growth of output. The rapid growth of trade has resulted, in part, from the reduction of trade barriers, especially within the two regional groupings—the European Economic Community (EEC) and the European Free Trade Association (EFTA).

For a number of European countries and Japan, a rapid rise in exports has also directly stimulated the growth of GNP. In addition, when domestic expansion is led by export growth, the resulting rise in imports can be readily financed; there is less chance that the government will need to apply the brakes to reverse a developing balance of payments deficit.

LESS DEVELOPED COUNTRIES

The achievement of an adequate rate of self-sustaining growth in the less developed countries remains an urgent world economic problem. Over half of the 4½ percent annual growth of total output for the less developed areas has been needed just to maintain their low level of living, since their populations have been rising by 2½ percent annually. The yearly increase in per capita output has been only 2 percent, or barely $3 a person.

Achieving rapid and sustainable growth in these countries is by no means a hopeless task, however. Self-sustaining growth has been attained in certain less developed countries—including Israel, Malaysia, Mexico, Taiwan, Venezuela, and some Central American countries. Others—such as Pakistan, South Korea, Thailand, and Turkey—are approaching that objective.

But the problems are formidable. Further efforts by both the developed and the less developed countries are required. The rapid growth of population in many less developed countries, already over-populated in relation to their economic resources, must be slowed. A number of these

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nations have adopted measures to induce their citizens to limit the size of their families. Some of these programs—in Hong Kong, Singapore, and Taiwan—have already shown signs of success. Nevertheless, the growth rate of population in the less developed countries as a group is still rising.

Another major problem area is agriculture. Agricultural output has grown so slowly that food output per person in many countries is below pre-World War II levels. Unless a vigorous effort is made to redress the situation, it is likely to deteriorate further as population and need for food continue to grow rapidly. Moreover, in at least some of the less developed countries, agricultural development may be a key to general economic growth. The application of improved farming techniques can substantially improve agricultural productivity with relatively small increments of capital; increased agricultural output can be a major substitute for imports; rising farm income can provide an expanding market for domestic industrial output.

The developed countries can do much to help by providing technical assistance, food, fertilizers, agricultural equipment, and financing. But the basic responsibility rests on the less developed countries themselves. They must, among other things, improve the incentives for farmers to increase output.

Education also is a major field in which improvement is essential. Economic progress requires literacy. A modern and expanding economy needs much more—people trained to operate farm machinery, run a lathe, operate a retail store, and keep accounts. In recognition of the importance of education, the less developed countries have in recent years increased their education budgets by 15 percent annually. This effort has long been supported by the United States. More Agency for International Development (AID) technicians working abroad are employed in educational projects than in any other field. Moreover, beginning in fiscal year 1967, AID is sharply increasing its educational aid effort, as well as its work in agriculture and health. The educational efforts of our Peace Corps workers are also welcomed throughout the less developed world.

The Need for Capital

The developing countries also need capital. About one-fourth of their domestic investment is financed by capital imports. From 1961 to 1965, the net amount of this capital inflow rose by only 5 percent a year in money terms and less in real terms. Some increase continued into 1966. Since 1963, the entire increase from abroad has been in private capital flows.

This investment, to be sure, benefits the recipient countries, and the United States has taken steps to encourage it. But it has gone mainly to the extractive industries, particularly oil. Thus, it is unevenly distributed among countries. Further, investment in technologically advanced, some-

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times highly automated, extractive processes does not have the same stimulating effects on general economic activity as does investment in local manufacturing. It does, however, provide much needed foreign exchange and technological know-how for those countries fortunate enough to be well-endowed with minerals.

For many developing nations, a growing burden of interest and amortization payments on external debt absorbs a large and rising proportion of gross aid receipts. In 1960, debt service charges amounted to 13 percent of the official bilateral aid receipts of less developed countries; today the figure is 19 percent. India's debt service charges on government assistance for the period of its Third Plan amounted to 26 percent of its foreign aid. In Turkey, debt service during 1963–66 was more than half as large as gross foreign aid.

For the net inflow of aid merely to remain constant, the gross inflow must rise to cover growing debt service. In fact, the gross flow of government aid from the developed countries has been rising just enough to keep net aid inflow on a plateau since 1963. Future prospects are even less encouraging. Bilateral aid commitments—pledges of actual aid disbursements to be made in the future—declined in 1965. This could foreshadow a decline in net and even in gross official aid disbursements in the years to come.

The stagnation in the net flow of official capital to the less developed countries has come at the very time that the industrial countries have reached new heights of prosperity. And it comes at a time when the pace of economic expansion achieved by the less developed countries as a group is encouraging. They are developing the skills required for a modern economy. They are capable of using more capital than they can raise domestically or borrow abroad on commercial terms. For this and other reasons, foreign aid, both bilateral and multilateral, should have a high priority claim on the resources of high-income countries.

One of the most fruitful avenues for increased aid to the less developed countries is through the multilateral lending agencies—the World Bank family and the regional development banks. The United States firmly supports these agencies as mechanisms for mobilizing both external capital and domestic resources of the developing countries themselves. Replenishment of the resources of the International Development Association (IDA), which lends on easy terms, ought to be high on the agenda of the developed countries. The IDA's resources should be substantially increased in ways which take into account the balance of payments situation of the contributing countries. The recently established Asian Development Bank represents a new stage in Asian economic cooperation, in which the United States is participating with other non-Asian countries. For Latin America, the United States continues its strong support of the Inter-American Development Bank, which serves as the financial arm of the Alliance for Progress and is helping to draw funds from inside and outside the hemisphere into

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Latin American development. The African Development Bank, which has recently begun operations, will perform similar functions in its area.

Foreign aid and private foreign investment finance only one-fifth of the foreign exchange expenditures of the developing countries. The remaining four-fifths is financed by their own export earnings. After near stagnation in the late 1950's, these earnings rose by about 6 percent a year during the first half of the 1960's. The increase was produced by many factors, including strengthened prices for many primary commodities, the growing ability of the less developed countries to supply these commodities, and the rapidly expanding markets in the United States, Western Europe, and Japan. Only with continued vigorous growth in the developed world and improved access to its markets can the less developed countries earn the foreign exchange needed to support their own continuing growth.

TRADE POLICIES

The less developed countries obviously have much to gain from reductions in tariffs, quotas, and other barriers to trade in primary products, since such products constitute 85 percent of their exports. Over the longer run, satisfactory growth in the export earnings of the less developed countries will require relatively less reliance on sales of primary products and continuation of the sharp expansion in exports of manufactured goods. Such diversification will also be important for their internal growth. Reductions in tariffs and other trade barriers in developed countries can contribute much to the needed growth of manufactured exports from developing countries.

In most of the less developed countries, internal markets are too small to support efficient modern industrial plants. It is not geographic size or population but effective purchasing power that determines the size of a market. Regional cooperation can create larger markets so that the enterprises of the developing countries can benefit from the economies of scale and of specialization on which growth and efficiency depend.

Encouraging progress toward regional integration is being made in a number of areas. The Latin American Free Trade Association, despite handicaps, can form the basis for a true Latin American common market. Particular progress has been made in the Central American Common Market. The United States supports outward-looking regional integration.

The importance of trade expansion as a factor in economic growth in all countries argues strongly for more rapid trade liberalization. This proposition is effectively demonstrated by the recent experience in the new free-trade areas of Europe, just as it was earlier demonstrated in the great common market of the United States. Thus, it is essential that success be achieved in the current multilateral trade negotiations, by far the most comprehensive in history.

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Kennedy Round

This success is important to both the developed and less developed countries. The substantial reduction in tariff barriers which the United States and other countries are seeking to achieve in the Kennedy Round negotiations should make an important contribution to increased world trade.

Expanding world trade encourages capital and labor to move out of those economic activities which are better supplied from abroad and into those fields which provide higher real income through greater productivity. By permitting countries to produce efficiently and on a large scale, freer trade makes a contribution to higher incomes everywhere. And through reduction of artificial shelters to laggard domestic industries, the lowering of barriers to imports spurs innovation and efficiency.

In the Kennedy Round, the major reductions in barriers to world trade are expected to be made by the developed countries—the United States, EEC, EFTA, and Japan. EFTA has now virtually eliminated barriers to industrial trade among its members while the EEC will do so for both industrial and agricultural products by July 1968. The reduction of barriers to trade with nonmember countries would now help these groups to continue their rapid pace of growth, and would avoid distortion of the normal pattern of European trade in particular and world trade generally. The less developed countries are not being asked to grant tariff concessions that would endanger their economic development programs.

Longer-Run Tasks

A successful Kennedy Round will be a great achievement, and will promote rapid and healthy economic expansion throughout the world. But the Kennedy Round cannot be the end of the road for the liberalization of world trade. In the year ahead, further study and international consultation should be directed at four remaining tasks in the trade field:

(1) Continuing efforts to liberalize those tariff and nontariff barriers which will remain after the Kennedy Round;

(2) Developing a better international pattern of agricultural production and trade to speed economic growth;

(3) Achieving more stable export prices and raising the export volume of developing countries;

(4) Improving economic relations between the countries of Eastern Europe—including the Soviet Union—and the United States.

President Johnson has emphasized the importance of this last task on several occasions. In his recent State of the Union Message, he noted that the Export-Import Bank can now extend commercial credits to Bulgaria, Czechoslovakia, Hungary, and Poland, as well as to Rumania and Yugoslavia. He called again for legislative authority to extend most-favored-nation—i.e., nondiscriminatory—tariff treatment to the countries of Eastern

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Europe and the Soviet Union. Their trade with Western Europe has increased steadily in recent years, while U.S. trade with these countries has been stagnant, and constitutes less than 1 percent of all U.S. foreign trade.

U.S. BALANCE OF PAYMENTS

A country's foreign trade and payments are its main points of economic contact with the rest of the world. The balance of payments of any nation is intimately dependent on policies and developments in the outside world. U.S. exports depend heavily on European, Canadian, and Japanese growth and the foreign exchange receipts of the less developed countries as well as on U.S. growth and price stability. The flow of capital from the United States depends on profit opportunities and monetary conditions abroad as well as on those in the United States.

For most of the decade following World War II, U.S. balance of payments deficits provided needed international currency to support the rapid expansion of world trade and economic growth. Other countries were eager to hold more dollars; indeed, it was commonly known as a period of "dollar shortage." Recently, however, as foreign reserves have increased, U.S. deficits have been less welcome.

These deficits do not, of course, contradict the unmatched strength and productivity of the U.S. economy; neither do they mean that our competitive position in world markets is weak. The United States is not living beyond its means, increasing its net debt to foreign countries, or using up its international capital. U.S. ownership of assets abroad continues to grow faster than foreign ownership of assets in the United States. U.S. assets abroad, net of foreign assets in the United States, increased from $7 billion in 1935 to $14 billion in 1950; by 1961 they had risen to $28 billion; and in 1965 they were $47 billion.

The deficits have, however, resulted in a steady erosion of the U.S. stock of reserve assets, which are needed to maintain a stable value of the dollar in international transactions. At the same time, there have been steady increases in U.S. liabilities to foreigners that may be considered potential claims against our reserve assets. This combination implies a continuing decline in liquidity; it is clearly not indefinitely sustainable if confidence in the safety and stability of the dollar is to be maintained.

The U.S. balance of payments performance is now evaluated in terms of two alternative accounting definitions. Both measure an over-all U.S. deficit or surplus in terms of what is currently happening to (1) U.S. reserves and (2) certain types of claims against the United States. Both count as an increase or decrease in reserves any change in the sum of U.S. holdings of monetary gold, U.S. "gold tranche" claims on the International Monetary Fund (IMF), and U.S. official holdings of convertible foreign currencies.

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They differ in how they treat changes in various outstanding claims against the United States.

One measure—the "official reserve transactions" balance—treats any increase in foreign *private* claims on the United States, liquid or illiquid, as an ordinary capital inflow. Only the change in claims on the United States held by *foreign official agencies* is counted, along with the change in U.S. reserves, as a measure of the U.S. deficit or surplus. Foreign official monetary agencies have the privilege of converting claims on the United States into gold at the U.S. Treasury; their net purchases thus add to the direct claims on U.S. reserves. Moreover, they are charged with maintaining stable exchange rates for their national currencies. They usually do this by buying or selling dollars to close any gap between normal supply and demand for dollars which might otherwise upset the exchange rate between the dollar and their currency. In this sense, the net balance of such transactions by other countries, together with changes in our own reserves, is one indicator of the size of the imbalance in U.S. payments.

The alternative "liquidity" balance attempts an assessment of changes in the U.S. liquidity position. It takes account of the fact that liquid dollar holdings of private foreigners may be readily sold to foreign central banks. It therefore treats only increases in foreign *non-liquid* claims on the United States as ordinary capital inflows. Changes in all *liquid* claims are included along with changes in U.S. reserve assets as a measure of the U.S. balance, regardless of whether the claims are acquired or sold by an official agency or by a private individual, bank, or business.

While these measures of balance are important, they must be viewed as indicators, rather than definitions, of equilibrium. In part, the limitation arises because any measure of balance must arbitrarily divide dollar assets into two distinct groups—those which are claims against our reserves and those which are not. Such a clear division does not exist in reality. To a degree, any marketable dollar asset can be indirectly exercised as a claim against U.S. reserves. Moreover, the likelihood that assets will be used as a claim against U.S. reserves depends not only on their marketability and maturity but also on the motivation and attitude of current and prospective holders. Evidence on such attitudes, including the performance of the dollar in foreign exchange markets, helps to interpret the U.S. position. But, however that position is assessed, the U.S. balance of payments clearly has not been in sustainable equilibrium in recent years and must be improved.

Where a sustainable equilibrium may lie over the long run is not completely clear. The expansion of international transactions—most of which are settled in dollars—suggests that some growth of foreign private holdings of dollars is natural and desirable and may be perfectly sustainable. Some increase in official claims on the United States may also occur over the long run, given the preference of many countries to hold all or some of their official reserves in dollars, and the fact that transactions needs of official agencies

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will continue to expand. Regardless of the movement of dollar holdings abroad, however, continuing U.S. reserve losses would not be compatible with sustained equilibrium. On the other hand, any growth of either official, or official plus private liquid, holdings of dollars need not be precisely equaled by growth of U.S. reserve assets in order that sustainable equilibrium be achieved.

RECENT DEVELOPMENTS

The U.S. liquidity deficit widened slightly in 1966 while the official settlements balance registered a small surplus for the first time since 1957.

The liquidity deficit had improved markedly in 1965 and showed a slight further improvement through the first three quarters of 1966. Preliminary evidence points to a somewhat larger fourth quarter liquidity deficit which will bring the year's total slightly above the $1.3 billion deficit of 1965. During the year, there was an extraordinary buildup of foreign private dollar holdings, which resulted in a small surplus on official settlements.

Despite the surplus on official settlements, net gold sales continued as foreign monetary authorities reduced their dollar claims on the United States. While sales to France were $601 million in 1966, the net reduction in the U.S. gold stock for the year was $571 million.

Full data on the U.S. balance of payments are available only for the first three quarters of 1966. Unless otherwise noted, all figures for 1966 used below represent the total of these first three quarters at a seasonally adjusted annual rate.

The structure of the balance of payments in 1965 and 1966 was markedly different from that of previous years. The surplus on goods and services, which had been rising from 1959 to 1964, dropped sharply in 1965 and 1966. On the other hand, the net outflow on capital account was also greatly reduced in both years (Chart 16 and Table 30).

These developments can in large measure be attributed to (1) the increase in the direct costs of the war in Vietnam, (2) the sharp rise in imports induced by the rapid economic expansion and the heightened pressure on domestic resources, (3) the exceptionally tight monetary conditions of 1966, and (4) the balance of payments programs inaugurated in 1965. The last two factors were important in accomplishing a large reduction in U.S. bank lending abroad and in attracting an exceptional inflow of foreign capital.

The Balance on Goods and Services

The U.S. surplus on goods and services more than doubled from 1960 to 1964, reaching an exceptional peak of $8½ billion. Subsequently, however, the surplus declined. As the combined result of a narrowing trade surplus and sharply increased military expenditures in 1966, it fell to $5½ billion.

Trade. The trade surplus fell through the first three quarters of 1966, to the lowest level since 1959. The most striking factor in this deterioration

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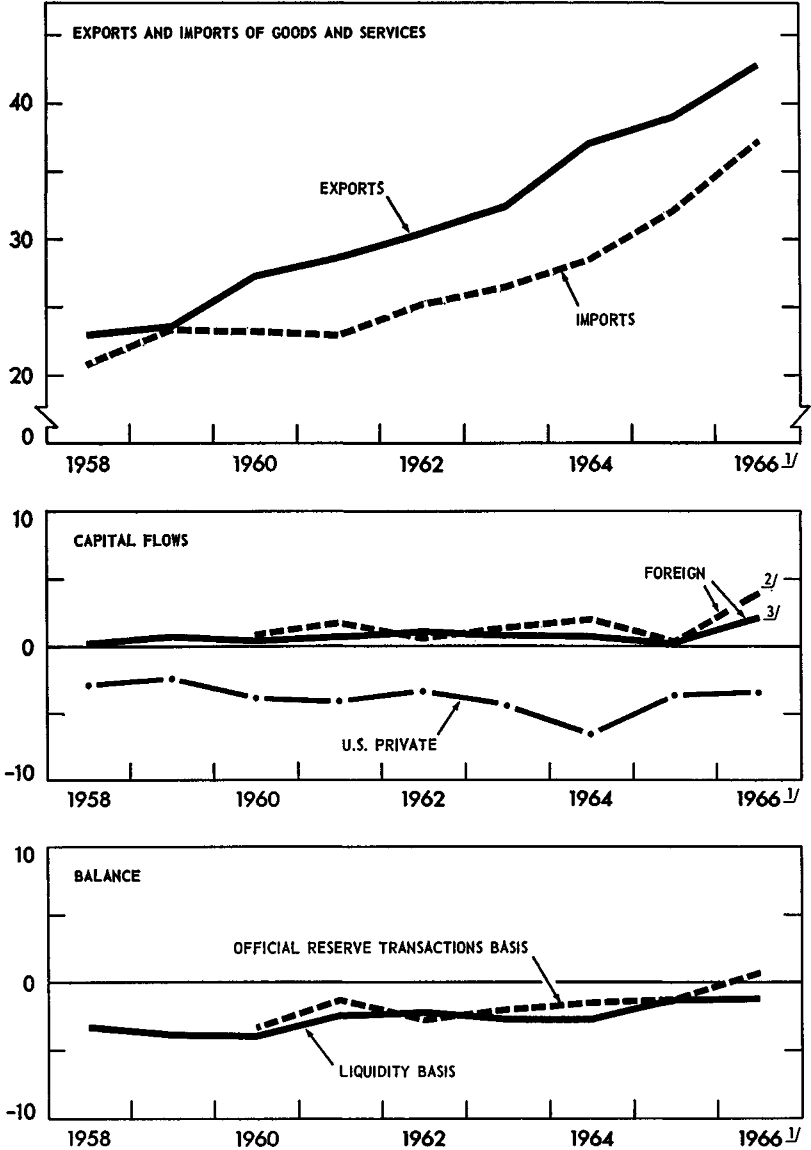
Chart 16

U.S. Balance of International Payments



1/ FIRST 3 QUARTERS AT SEASONALLY ADJUSTED ANNUAL RATES.
2/ EXCLUDING OFFICIAL RESERVE TRANSACTIONS.
3/ EXCLUDING LIQUID CAPITAL.
SOURCE: DEPARTMENT OF COMMERCE.

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TABLE 30.—*United States balance of payments, 1960–66*

[Billions of dollars]

Type of transaction	1960	1961	1962	1963	1964	1965	1966 [1]
Balance on goods and services	4.0	5.6	5.1	5.9	8.5	7.0	5.5
Balance on merchandise trade	4.8	5.4	4.4	5.1	6.7	4.8	3.7
Military expenditures, net	−2.7	−2.6	−2.4	−2.3	−2.1	−2.0	−2.7
Balance on other services	2.0	2.8	3.1	3.1	3.9	4.2	4.5
Remittances and pensions	−.7	−.7	−.8	−.9	−.9	−1.0	−1.0
Government grants and capital, net	−2.8	−2.8	−3.0	−3.6	−3.6	−3.4	−3.6
U.S. private capital, net	−3.9	−4.2	−3.4	−4.5	−6.5	−3.7	−3.6
Foreign nonliquid capital, net	.4	.7	1.0	.7	.7	.2	2.0
Errors and omissions	−.9	−1.0	−1.2	−.4	−1.0	−.4	−.5
BALANCE ON LIQUIDITY BASIS	−3.9	−2.4	−2.2	−2.7	−2.8	−1.3	−1.2
Plus: Foreign private liquid capital, net [2]	.5	1.0	−.2	.6	1.6	.1	2.3
Less: Increases in nonliquid liabilities to foreign monetary authorities [3]			.3	(4)	.3	.1	.5
BALANCE ON OFFICIAL RESERVE TRANSACTIONS BASIS	−3.4	−1.3	−2.7	−2.0	−1.5	−1.3	.7
Gold (decrease +)	1.7	.9	.9	.5	.1	1.7	[5] .6
Convertible currencies (decrease +)		−.1	(4)	−.1	−.2	−.3	[5] −.5
IMF gold tranche position (decrease +)	.4	−.1	.6	(4)	.3	−.1	[5] .7
Foreign monetary official claims (increase +)	1.3	.7	1.2	1.7	1.4	.1	[5] −1.4

[1] First 3 quarters at seasonally adjusted annual rates, except as noted.
[2] Includes changes in Treasury liabilities to certain foreign military agencies during 1960–62.
[3] Included above under foreign nonliquid capital.
[4] Less than $50 million.
[5] First 3 quarters at unadjusted annual rates.

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

Source: Department of Commerce.

was the sharp acceleration in the growth of merchandise imports beginning in 1965, to an annual rate of about 20 percent. In 1966, imports rose to about 3.5 percent of GNP—the highest in the postwar period—from about 3.2 percent in 1965 and an average of less than 3 percent in previous years of the 1960's.

Imports of capital goods rose by about 50 percent, and accounted for more than 20 percent of the increase in imports in 1966. For the second consecutive year they rose sharply as a percentage of total domestic purchases of capital goods. As the increasing demand for capital goods began to strain domestic capacity in 1965, and even more in 1966, purchasers increasingly turned to foreign suppliers to get prompt delivery. While less than 3 percent of domestic requirements was imported in 1964, about 9 percent of the *increase* in domestic purchases of capital equipment between 1964 and 1965, and over 12 percent between 1965 and 1966, was accounted for by additional imports. The earlier strains and pressures continued to affect imports, especially for long lead-time items, in the second half of 1966, after the pace of over-all economic advance had moderated.

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Export performance in 1966 was healthy despite domestic demand pressures. Exports were more than 10 percent greater than in 1965, even after adjustment for the effects of the 1965 dock strike. The U.S. share of world exports (excluding exports to the United States) remained stable, while the U.S. share of world exports of manufactured goods rose slightly.

A major source of the strength of U.S. exports in the 1960's has been the stability of the U.S. cost-price structure, while costs and prices have been rising elsewhere. Recent price developments in the United States, however, brought this relative improvement to a halt. Even so, unit labor costs in manufacturing have risen less rapidly in the United States during 1966 than in most other industrial countries. On the whole, it appears that the U.S. competitive position with respect to prices and costs was essentially unchanged in 1966.

Other Goods and Services. Overseas military expenditures increased in 1966 by more than $700 million, after having been relatively stable for several years. The war in Vietnam, of course, was the cause of the increase. Expenditures in Europe still account for about 45 percent of the total, but have been largely offset by purchases of U.S. military equipment and by various financial transactions.

Other items in the goods and services balance behaved normally. Investment income receipts, expanding by 6 percent, showed continued strength. U.S. travel expenditures abroad also continued to increase. Foreign travel expenditures in the United States rose faster on a percentage basis, but by less in dollar amount, than the expenditures of U.S. nationals abroad.

The deterioration of the U.S. balance on goods and services during 1966, in summary, reflected primarily pressures stemming from the rapid advance of the domestic economy and the foreign exchange costs of the hostilities in Vietnam.

The Capital Account

As shown in Table 31, net U.S. private capital outflows fell from a record $6.5 billion in 1964 to $3.7 billion in 1965 and remained essentially unchanged in 1966.

U.S. Purchases of Foreign Securities. After a sharp rise in new issues of foreign securities in U.S. markets beginning in 1962, the United States in July 1963 imposed an Interest Equalization Tax (IET) on purchases from foreigners of securities of issuers in developed economies other than Canada. The IET was designed as a partial offset to the lower interest rates which prevailed in U.S. capital markets as a result of better organization and greater competitiveness, and of the need for the United States to press toward full employment of its resources through expansionary fiscal and monetary policies.

The IET has worked well. From 1964 through 1966, U.S. net purchases of foreign securities averaged about $700 million annually, down

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TABLE 31.—*United States balance of payments: Capital transactions, 1960–66*

[Billions of dollars]

Type of capital transaction	1960	1961	1962	1963	1964	1965	1966[1]
U.S. private capital, net	−3.9	−4.2	−3.4	−4.5	−6.5	−3.7	−3.6
Direct investment	−1.7	−1.6	−1.7	−2.0	−2.4	−3.4	−3.2
New foreign security issues	−.6	−.5	−1.1	−1.3	−1.1	−1.2	−1.2
Other transactions in foreign securities[2]	−.1	−.2	.1	.1	.4	.4	.7
U.S. bank claims	−1.2	−1.3	−.5	−1.5	−2.5	.1	.3
Other claims	−.4	−.6	−.4	.2	−1.0	.3	−.3
Foreign nonliquid capital, net	.4	.7	1.0	.7	.7	.2	2.0
Direct investment	.1	.1	.1	(3)	(3)	.1	−.1
U.S. securities (excluding Treasury issues)	.3	.3	.1	.3	−.1	−.4	1.1
Long-term U.S. bank liabilities	(3)	(3)	(3)	.1	.2	.2	.8
Other[4]	−.1	.3	.8	.4	.5	.4	.3
Foreign nonliquid capital, net	0.4	0.7	1.0	0.7	0.7	0.2	2.0
Plus: Foreign private liquid capital, net	.5	1.0	−.2	.6	1.6	.1	2.3
Less: Increases in nonliquid liabilities to foreign monetary authorities[5]			.3	(3)	.3	.1	.5
Equals: Foreign capital excluding official reserve transactions, net	.8	1.7	.5	1.3	1.9	.2	3.9

[1] First 3 quarters at seasonally adjusted annual rates.
[2] Includes redemptions.
[3] Less than $50 million.
[4] Includes certain special government transactions.
[5] Included above under foreign nonliquid capital.

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

Source: Department of Commerce.

from the average of $1.1 billion of 1962 and 1963. U.S. purchases of new issues have stabilized near $1.2 billion; virtually all new issues have been by Canadians and other borrowers not covered by the tax.

U.S. Direct Investment and Bank Lending. The outflow of direct investment funds from the United States began to accelerate in 1963. By 1965, the flow was more than double that in 1960–62. The years 1963 and 1964 also saw a sharp rise in loans abroad by U.S. banks. The total outflow of U.S. capital in 1964 was more than $2½ billion in excess of its average in 1960–61.

Although the outflow of portfolio capital and bank loans is largely explained by differentials in the cost of borrowing and the efficiency of U.S. financial markets, the increase in direct foreign investment by U.S. corporations in the last few years is somewhat more difficult to explain. The rapid increase in investment in Europe generally reflects, of course, a desire to participate in a large and rapidly expanding new market.

Earnings on investments in Europe, however, have fallen since 1962. Between 1955 and 1962, rates of return on investments of U.S. manufacturing affiliates in Europe, at 14 to 19 percent, were significantly higher each year than the 10 to 15 percent earned by U.S. manufacturers at home. However, since 1962, earnings on direct investments in Europe have varied between 12 and 14 percent, about the same as, or—in 1965—even below,

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those in the United States. It is possible that long-term plans for expansion of foreign operations decided upon in the earlier period have dictated the large investment outflows of recent years.

Whatever the reasons for the sharp increase in direct investment and bank lending in 1963–64, it clearly was imposing an intolerable strain on the U.S. balance of payments.

Consequently, early in 1965, the United States introduced a program of voluntary restraint on foreign investment by U.S. corporations and banks. This program was designed to moderate the capital outflow to the developed countries, while not interfering with the flow to the less developed. The Federal Reserve program requested that banks limit their increase in claims on foreigners in 1965 to 5 percent of the outstanding claims at the start of the year; a further 4 percent increase was the suggested limit in 1966. Banks were asked to give priority to export financing and credits to less developed countries. Similar guidelines were applied to foreign lending by other financial institutions. This program—together with the effects of tight money—achieved a $2½ billion favorable swing in bank lending from 1964 to 1965 and a further $200 million improvement in 1966.

The Department of Commerce, early in 1965, asked large nonfinancial corporations to make a maximum effort to expand their net payments balances and to repatriate liquid funds. Late in 1965, corporations were asked to limit their average annual direct investment outflows (including reinvested earnings, but net of U.S. corporate borrowing abroad) for 1965–66 to specified developed and oil exporting countries to no more than 135 percent of the average annual flow in 1962–64.

Under the Commerce program, firms have been encouraged to obtain maximum foreign financing. An indication of the program's success is the sharp surge in U.S. corporate borrowing abroad. In particular, U.S. corporations issued more than $500 million of securities in foreign capital markets during the first three quarters of 1966. (These issues are included in Table 31 under foreign investment in U.S. securities; it offsets a part of the debit on direct investment.) In addition, borrowing by foreign subsidiaries of U.S. corporations has increased, reducing the need for outflows from the United States.

With these adjustments in financing, U.S. corporations continued their extraordinary expansion of plant and equipment expenditures abroad. Outlays in 1965 were more than 20 percent higher than in 1964; a further substantial increase is estimated for 1966, to an amount nearly double the outlays in 1962. The increase from 1965 to 1966 in U.S. manufacturing investment in EEC countries may have been more than one-third.

Foreign Capital. Higher yields on U.S. securities in 1966 attracted a large inflow of foreign capital, particularly into Government agency obligations and certificates of deposit issued by U.S. banks. Foreign official agencies and international organizations shifted a substantial volume of liquid dollar claims into these instruments.

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The inflow of foreign private liquid capital that occurred in the third quarter of 1966 was particularly large. U.S. monetary tightness provided a strong pull to such funds. Some of the inflow clearly reflected a movement out of sterling during the period of acute pressure in July and August. Although an upward trend in private foreign demand for dollar balances is to be expected, the surge that occurred in the third quarter will obviously not continue and may be partly reversed in the future.

Most of the inflow represented borrowing by U.S. banks from their foreign branches as the home offices of U.S. banks responded to tightness in their reserve positions. The foreign branches, able to offer higher rates to depositors than those allowed in the United States, gathered a substantial volume of short-term funds abroad. Although this flow of funds did not reduce the U.S. deficit on liquidity account, it did prevent what would otherwise have been a larger flow of dollars into the hands of foreign official monetary agencies, and thereby placed the official settlements account in substantial surplus in the third quarter. It probably held down the loss in U.S. reserve assets at a time when there was temporary deterioration in other parts of the balance of payments.

PROSPECTS AND POLICIES FOR 1967

The U.S. trade surplus should resume its growth in 1967. Indeed, improvement may have begun in the fourth quarter of 1966. Success of the domestic economic policies described in Chapter 1 will be essential to improvement of the trade surplus. A moderate pace and more balanced pattern of domestic economic advance should lower the ratio of imports to domestic income from the peak recorded in 1966. While imports grow at a slower rate, export expansion should continue to be strong, given favorable growth rates in foreign markets and the increase in dollar earnings enjoyed by foreigners in 1966. The easing of domestic demand pressures and more stable prices should enable U.S. producers to take full advantage of export opportunities.

In addition, the U.S. Government will undertake further active efforts to promote exports, in part through expanded credit facilities of the Export-Import Bank. Steps are also being taken to attract a substantially larger number of tourists to the United States. The special task force on travel which the President will appoint in the near future should lay the groundwork for a greatly intensified long-run effort in this area.

Military expenditures abroad will continue to be large, although they will probably grow at a slower rate than in 1966. At the same time, the excess of investment income receipts over payments should show a substantial growth. The surplus on goods and services, then, should improve in 1967.

Just as the capital account of the U.S. balance of payments last year benefited greatly from the sharp tightening of monetary conditions, relaxation of credit could create pressures in 1967 for increased private capital

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outflows and reduced foreign inflows. This makes it especially important that the programs to limit capital outflows be continued and strengthened.

Strengthened Voluntary Programs

The 1967 guidelines for the Federal Reserve and the Department of Commerce voluntary restraint programs, issued last December, reflect these considerations. Commercial banks by late 1966 were more than $1.2 billion under their Federal Reserve guideline ceilings. To limit the potential increase in total foreign lending during 1967, the Federal Reserve asked each bank to continue to observe, throughout 1967, its existing ceiling of 109 percent of the claims outstanding as of the end of 1964. Banks were also asked to use their leeway under the ceiling only gradually—not more than one-fifth of it per quarter—beginning with the fourth quarter of 1966. Moreover, to assure that such credits as are extended will be devoted primarily to the financing of exports or to meet the credit needs of developing countries, any increase in nonexport credits to developed countries is to be limited to 10 percent of the leeway existing on September 30, 1966. New and greatly simplified guidelines were also issued for nonbank financial institutions.

The guidelines for the Department of Commerce voluntary program to restrain direct investment outlays of business firms abroad were also strengthened. The ceiling on direct investment outflow plus overseas retained earnings for the average of the two years 1966–67 was lowered to 120 percent of the 1962–64 average. With the strengthened program, the total of direct investment outflows—net of borrowings abroad—and retained overseas earnings in 1967 is expected to be below the actual level now estimated for 1966. The program will continue to permit the expansion of U.S. plant and equipment expenditures in those countries covered to the extent that the expansion can be financed from foreign sources. It also remains a fully voluntary program, confined to investments in developed and oil exporting countries.

Extension of IET

As a further measure to strengthen existing programs, the President is requesting a 2-year extension of the IET, now scheduled to expire in mid-1967, and is asking for authority to vary the effective rate of the tax between zero and 2 percent a year. By present law, the tax adds 1 percentage point, in effect, to the annual interest costs of those foreigners subject to the tax who borrow at long term in the United States or who sell securities to U.S. citizens.

The discretionary authority sought by the President would permit a rapid and flexible response to changing monetary conditions at home and abroad. Although the present 1 percent rate has virtually eliminated new security issues of countries which are not exempted, the current rate could prove ineffective, if foreign countries do not lower their high interest rates while U.S. monetary conditions ease.

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BALANCE OF PAYMENTS ADJUSTMENT POLICIES

As countries grow at different rates and in different ways, payments imbalances are bound to arise. The adjustment policies of each country will directly affect not only its payments balance but its own internal economic performance and the payments balances of other countries. Therefore, payments adjustment should be pursued in ways compatible with each country's major domestic objectives and with the broad interests of the entire international community.

REPORT ON THE ADJUSTMENT PROCESS

During 1966, important progress was made toward developing a greater international consensus on policies best suited for adjusting payments imbalances. A report by Working Party 3 of the OECD, prepared by representatives of the ten major industrial countries, carefully explored the nature of the adjustment process and pointed to various possibilities for improving it.

The report recommended various ways of strengthening national policy instruments and outlined a set of informal guidelines regarding appropriate adjustment policies. In addition, it suggested a number of steps to improve adjustment procedures through greater international cooperation, including collective reviews of countries' balance of payments aims; the setting up of an "early warning" system for prompter identification and better diagnosis of payments imbalances; and the strengthening of international consultations with respect to the sharing of responsibilities for adjustment. These suggestions stemmed from the report's major conclusions, which included the following:

First, countries need to formulate their balance of payments aims more clearly and base their individual and joint policies on aims that are mutually consistent as well as desirable from the viewpoint of a healthy world economy.

Second, responsibility for adjustment must fall on both surplus and deficit countries.

Third, countries need to have available and make use of a wider range of policy instruments—both general and selective—and to tailor such instruments more finely to the requirements of different circumstances and multiple policy goals. There is particular need in many cases to place greater reliance on fiscal policies, and less on monetary policies, in achieving internal economic balance, because of the important international ramifications of changes in monetary policy.

Fourth, the proper combination of policy instruments depends on the situations encountered and the particular characteristics of the country concerned. No single policy prescription is appropriate in all cases.

Fifth, countries must take continuous account of the impact of their actions on other countries. A special need for international consultation exists in the field of monetary policy to avoid inappropriate levels of interest rates.

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U.S. ADJUSTMENT POLICIES

The strategy adopted by the United States to improve its international payments position can be viewed in the light of the adjustment principles outlined by Working Party 3. U.S. policy has been designed to minimize interference with basic domestic and international objectives of this Nation and with the healthy development of the world economy.

Monetary and fiscal policies were used in 1966 to restrain demand in the light of both domestic and balance of payments considerations. The United States has continued to pursue a liberal trade policy. It has maintained its flow of economic assistance to the less developed countries. Direct interference with international transactions has been essentially limited to Government transactions and restraints on the outflow of capital to the developed countries of the world.

Policy on Goods and Services

Resort to controls over private international transactions in goods and services has been avoided as harmful to both the United States and the world economy. The long and steady progress toward trade liberalization could well be reversed by even "temporary" restrictions, which could threaten to become permanent shelters of protection for economic interest groups. Thus, U.S. actions to deal with the balance of payments problem have maintained the trend toward trade liberalization in which the United States has taken strong and consistent leadership since 1934.

On the other hand, vigorous action has been taken to minimize the foreign exchange costs of U.S. Government programs. There is no precedent for the economic and military assistance extended to foreign countries and the military expenditures made abroad by the U.S. Government since World War II. The acceptance of these responsibilities has involved a major balance of payments drain.

U.S. nonmilitary foreign aid programs—which, net of loan repayments, currently amount to $3.6 billion a year—now have only a limited net balance of payments impact. This has been achieved by tying aid so far as feasible to purchases of U.S. goods and services. Although tying is already broadly applied and probably cannot be usefully extended in any major degree, continuing effort is required to assure the effectiveness of the techniques employed.

U.S. offshore military expenditures have been substantial during the entire postwar period, reflecting national security requirements and commitments to allies in an unsettled world. The impact of these expenditures on the U.S. balance of payments was reduced from a 1958 high of $3.4 billion to less than $2.9 billion in 1965; the Vietnam war caused a sharp increase, to $3.6 billion, in 1966 (first three quarters at annual rate). At the same time, deliveries of military equipment sold to foreign countries rose from about $300 million a year in 1960 to about $1.1 billion for the full year 1966.

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The foreign exchange costs of the security program, even excluding Vietnam, remain high. The United States is prepared to play its full part in supplying the necessary real resources for the common defense. But it seems reasonable to expect those allied countries whose payments positions benefit from U.S. expenditures for the common defense to adopt measures to neutralize their "windfall" foreign exchange gains—especially when their reserve positions are strong. This could be done in many ways. Specific arrangements could be worked out within the framework of the alliance itself. Such arrangements could relieve strategic planning from balance of payments constraints which, in the extreme, could jeopardize our national security and that of our allies.

Policy on Capital Flows

Over the years, the outflow of U.S. capital has made a major contribution to world economic growth. By providing capital to areas where it is relatively scarce, U.S. foreign investment raises foreign incomes and often leads to a more efficient use of world capital resources. U.S. direct investment has provided a vehicle for the spread of advanced technology and management skills. U.S. foreign investment also has yielded handsome returns to American investors and substantial investment income receipts for the balance of payments.

Despite the advantages of U.S. foreign investment both to the recipient countries and to the United States, it can—like every good thing—be overdone. And it was being overdone in the early 1960's. Just as a person must weigh and balance opportunities for investment that will be highly profitable in the future against his current wants, so must a nation weigh the benefits of future foreign exchange income against current requirements. The costs of adjusting other elements in the balance of payments may be greater than the costs of sacrificing future investment income.

It is often true that U.S. investment abroad generates not only a flow of investment income but also additional U.S. exports. From a balance of payments standpoint, this is an additional dividend. Yet it is also true, in some cases, that U.S. plants abroad supply markets that would otherwise have been supplied from the United States, with a consequent adverse direct effect on U.S. exports.

It is sometimes held that the international flow of capital occurs always and automatically in just the economically "correct" amount, and that any effort to affect this flow through government measures constitutes a subtraction from the economic welfare of the country of origin, the country of receipt, and the entire world community. Such a position cannot be sustained.

While much of the large flow of U.S. capital to the developed countries is no doubt a response to a shortage of real capital there relative to the United States, the flow is also influenced by many other factors. These may include

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cyclical differences in capacity utilization, differences in monetary conditions and financial structure, speculation on exchange rates, tax advantages, and opportunities for tax evasion—none of which necessarily leads to a more rational pattern of international investment.

High prospective returns on investment in a particular country may reflect a particular choice of policies in the recipient country that is quite unrelated to any underlying shortage of capital. If a country chooses to channel the bulk of its private saving into low productivity uses, if it employs a tight monetary policy, if it limits access of its own nationals to its capital market, it will attract foreign capital. Restraint on such capital flows may therefore merely mean that more of the adverse effect of such domestic policies on economic growth will rest—as perhaps it should—on the country that made the policy choice.

Trade restrictions may also lead to a flow of capital that would not otherwise take place. U.S. investment in the EEC has, at least in part, been induced by the desire to get within the tariff walls erected around a large and growing market. If, however, a continued movement toward trade liberalization may be expected, the economic justification for some part of these capital flows is lessened.

One major stimulant for direct investment abroad is undoubtedly the substantial advantage in technology and managerial skills which U.S. firms often possess. The international transfer of these factors may be embodied in a capital outflow independent of the relative scarcity of capital. Action would thus be appropriate, not necessarily to curtail the investment itself, which would interfere with the beneficial transfer of the scarce technology and skills, but to transfer the source of financing to the area receiving the direct investment. This, indeed, is the primary intention and the result of the present voluntary program on direct investment.

Finally, differential monetary conditions among countries can induce capital flows. But monetary policy is an important and useful instrument of domestic stabilization and growth as well as of balance of payments adjustment. During 1960–65, U.S. monetary policy was oriented to serve domestic expansion. In 1966, it contributed to a desirable restraint on internal demand and to an improved balance of payments. In 1967, relaxation of U.S. monetary policy has begun in order to help obtain a better balance of internal demand. Appropriate use of restraints on capital outflows in such forms as the voluntary programs and the IET can usefully supplement monetary policy in promoting domestic and international goals.

In summary, it is clear that balance of payments policy should not exempt capital flows from its compass. It is equally clear that the United States should be a major capital exporter. The U.S. programs have been designed to maintain a reasonable flow of capital, especially to the less developed countries. Given the alternatives and the need to improve its payments position, the United States has restrained the outflow of capital as

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preferable to cutting essential international commitments, limiting international trade, or restricting domestic—and world—economic growth.

ADJUSTMENT POLICIES OF OTHER DEVELOPED COUNTRIES

Actions by the United States to improve its payments position cannot by themselves assure that the world payments pattern will be either sustainable or desirable from an international point of view. Such a result is only possible through appropriate efforts of both deficit and surplus countries.

In 1966, various other countries pursued policies to reduce payments imbalances. The most dramatic measures were taken by the United Kingdom, following renewed severe speculative attacks on the pound in the summer, which were initially met by drawings on swaps and other short-term international credit facilities cooperatively provided by the financial authorities of the major industrial countries and the Bank for International Settlements. The British increased the bank rate to 7 percent, provided a strong dose of over-all fiscal restraint, adopted selective tax measures to encourage increased productivity, and imposed a temporary freeze on wages and prices. These measures markedly reduced the earlier deficit, and the United Kingdom may soon move into surplus.

In Italy and Japan, resumption of more rapid growth in domestic economic activity, together with policies favorable to increased capital exports, succeeded in reducing payments surpluses as the year progressed. Industrial expansion in France similarly led to a shrinkage in that country's over-all surplus as the trade balance narrowed; however, there continued to be a net capital inflow.

Germany, which had a payments deficit in 1965 for the first time in several years, swung back to a sizable surplus in 1966. Monetary policy was tightened mainly to contain inflation. As a result, domestic investment slowed markedly, and the trade surplus increased sharply. The payments surplus was still expanding at year end. In January 1967, Germany took a welcome step toward monetary ease by lowering the central bank discount rate.

Although somewhat reduced from the preceding year, payments imbalances continued large in 1966. In some countries, corrective policies are clearly needed to prevent imbalances from growing still larger in the current year. Moreover, considerable question remains whether the pattern of adjustment in 1967 will permit a fully satisfactory rate of economic growth in the industrial countries, and an adequate flow of capital to the less developed world.

The United States will be actively pursuing policies to strengthen its payments position in 1967. But reduction of U.S. deficits must have a counterpart in reduced surpluses or increased deficits elsewhere. If the impact of the U.S. payments improvement were to fall largely on the United Kingdom or the less developed countries, the international payments system would suffer rather than benefit. From the viewpoint of a viable

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international payments pattern, consequently, there is no real alternative: it is the countries with strong underlying payments positions and large reserves which must absorb a major share of the impact of reduced U.S. and U.K. deficits. In particular, a marked reduction is needed in the chronic over-all surplus of the major industrial countries of Continental Europe.

The surplus countries also bear a significant share of the responsibility for assuring that the manner in which adjustment takes place is, to the greatest extent possible, consistent with the broad objectives of the international economic community as a whole.

Most importantly, adjustment policies should not, in the aggregate, prevent a healthy rate of worldwide economic growth compatible with reasonably stable price levels. In the United States, demand policies aiming at a slower rate of growth than that of 1966 are, of course, entirely appropriate on purely domestic grounds. But an even more marked slowdown in demand than is needed for proper domestic balance would entail serious social and economic costs at home and could risk a recession. Given the massive weight of the United States in the world economy, such a policy would risk a slowdown in trade and economic growth on a worldwide basis.

On the other hand, the objectives of international economic expansion and payments adjustment are simultaneously served when surplus countries with lagging internal demand take effective steps to spur the pace of economic activity—as was, for example, true of France, Italy, and Japan during the past year. In 1967, a number of surplus countries will be in a good position to contribute significantly to better international payments equilibrium in this fashion, without running serious risks of engendering inflationary pressures.

Surplus countries also have a special responsibility for fostering relative freedom in international transactions. As the report of Working Party 3 pointed out, it is desirable—wherever possible—that adjustment take place "through the relaxation of controls and restraints over international trade and capital movements by surplus countries, rather than by the imposition of new restraints by deficit countries." In the past year, Italy and Japan generally followed policies that facilitated capital outflows; the recently announced intention of the French Government to liberalize capital controls is also a hopeful development. There is, however, scope for further measures by various surplus countries to liberalize the regulations that govern capital outflows and also to ease restrictions on imports. More liberal import policies would both improve payments balance and counter domestic inflation.

In 1966, there was an escalation of monetary restraint. The sharp tightening of monetary policies in the United States, undertaken largely for domestic reasons, did help significantly to contain the U.S. payments deficit during the year. Monetary action also was a key feature in the program to defend the British pound. But countries in a strong reserve position

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also placed heavy reliance on restrictive monetary policies to contain domestic demand. The net effect of all these actions, and of the failure of most other countries to take active steps to avoid monetary stringency, was a dramatic upward movement in interest rates on a worldwide basis (Chart 17). Between September 1965 and September 1966, rates on 90-day Eurodollar deposits increased from 4.4 percent to 6.7 percent; yields on long-term international bond issues rose by more than a full percentage point; and there were marked increases in long-term government bond yields in all major industrial countries.

The extent to which the present high worldwide *level* of interest rates aids the process of balance of payments adjustment is doubtful. The substantial benefit to the U.S. balance of payments from the tightening of U.S. monetary conditions stemmed from *differential* monetary conditions here and abroad. The potential magnitude of such effects is reduced when surplus countries simultaneously permit or even encourage their own interest rates to rise.

From the standpoint of world economic growth, it would be preferable if payments adjustment took place at a lower average level of interest rates than has recently prevailed. Precisely what level is appropriate is a matter that deserves continuing international discussion.

Given the key role of the United States in international financial markets, a general easing in international monetary conditions would be greatly aided by a lessening of monetary tightness in the United States. A move in this direction, already under way, will have major benefits for domestic economic balance. But if credit relaxation were confined to the United States, it would not promote a better balance of payments adjustment either for this country or for the major surplus countries of Europe. Moreover, at least in some important European economies, monetary easing would help to facilitate needed domestic economic growth. It would appear, therefore, that movement toward easier credit conditions by the countries of Western Europe would promote their own and the general welfare. Where necessary for domestic reasons, demand restraint could be maintained by greater reliance on fiscal policy.

If the major surplus countries adjust mainly by permitting their trade surpluses to decline, this can lead to a substantially improved trade surplus for the United States and permit it to maintain and even augment its role as a major capital exporter. Alternatively, if the large surplus countries—and particularly the EEC countries—wish to continue to maintain a substantial surplus on current account, they should assume a larger share of the responsibility for providing financial capital where it is needed.

Some progress in this direction has, in fact, recently been made, partly under the spur of the more restricted access to U.S. capital markets. New international bond issues in Europe during the first three quarters of 1966, for example, were at an annual rate of about $1.4 billion—four times the

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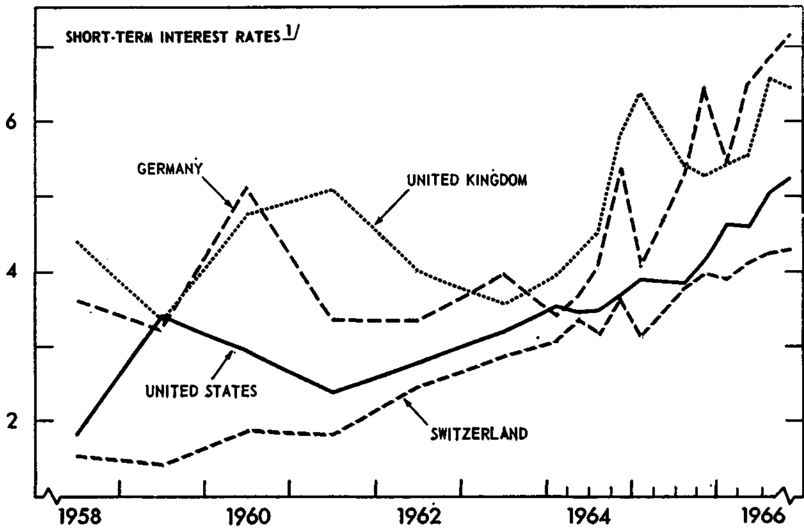
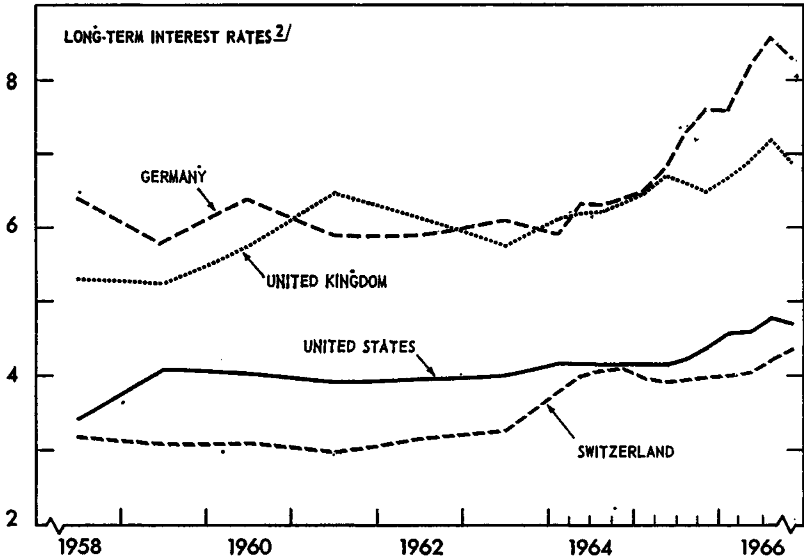
Chart 17

Interest Rates in Selected Countries





1/ U.S. AND U.K., 3-MONTH TREASURY BILLS; GERMANY, 3-MONTH INTERBANK LOANS; SWITZERLAND, 3-MONTH BANK DEPOSITS.

2/ U.S., 10-YEAR TAXABLE BONDS; U.K., WAR LOANS; GERMANY, PUBLIC AUTHORITY BONDS; SWITZERLAND, GOVERNMENT BONDS.

NOTE.–DATA PLOTTED ARE ANNUAL THROUGH 1963, QUARTERLY THEREAFTER.

SOURCES: TREASURY DEPARTMENT AND BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

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$360 million level in 1962, the year preceding the introduction of the Interest Equalization Tax. It is highly desirable, however, that the surplus countries take stronger steps to enlarge the capacity of their capital markets and to assure an adequate volume of long-term capital exports (including foreign aid), especially to the less developed countries.

INTERNATIONAL MONETARY REFORM

The avoidance or appropriate correction of large-scale payments imbalances is of key importance in facilitating sound world economic growth and relatively unfettered international trade and payments. But better adjustment alone is not sufficient to attain these objectives.

In the long run, most countries seek some steady increase in their international reserves. With growing world transactions, this has meant that they have generally sought to have surpluses rather than deficits in their balances of payments. Obviously, however, all countries cannot attain such a goal simultaneously. At present, only the flow of new gold into monetary reserves can permit a steady accumulation of reserve assets by some countries without corresponding deficits for others.

This flow of new gold has, for many years, been inadequate. For much of the postwar period, dollars supplied through U.S. deficits served as the major supplement to gold in new reserve creation. For reasons already cited, however, the dollar can no longer be expected to perform this task in the same way; nor can it be assumed that adequate new reserves will accrue in the form of automatic drawing rights at the IMF, as the byproduct of the Fund's normal lending operations. To satisfy desires for rising official monetary reserves over the longer run and to eliminate dependence of the world economy on the vagaries of gold production, deliberate generation of new reserve assets is needed on a cooperative international basis.

In 1966, significant progress was made toward setting up a mechanism for such deliberate reserve creation. Representatives of the major industrial countries known as the Group of Ten agreed that it is prudent to begin the preparation of a contingency plan now. They also agreed that deliberate reserve creation should be tailored to global needs rather than the financing of individual balance of payments deficits; that decisions on the amount of reserves to be created should be made for some years ahead; and that reserve assets should be distributed to all members of the Fund, on the basis of IMF quotas or comparable objective standards. While the negotiations in the Group of Ten, and parallel deliberations by the Executive Directors of the Fund, did not result in complete accord on the precise form and use of new reserve assets, the exploration of technical details produced substantial agreement regarding the nature of alternative "building blocks" that might be incorporated in the final contingency plan.

A major accomplishment in 1966 was the initiation of a second stage of international monetary negotiations late in the year, involving joint dis-

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cussions of the Executive Directors of the Fund and the Deputies of the Finance Ministers and Central Bank Governors of the Group of Ten. It is hoped that these meetings, which have already shown great promise, will by the time of the next Annual Meeting of the Fund lead to a wide consensus on the key remaining points at issue.

Differences of view on two of these points already seem to be narrowing. There now appears to be a widespread feeling that the needs of the international monetary system can best be served if deliberate reserve creation is effected through the development of an entirely new reserve unit, distributed to all Fund members. At the same time, there is increasing recognition that satisfactory procedures can be developed to make the new reserve asset generally acceptable without linking its use to specified payments of gold.

Probably the most important outstanding issue is the precise manner in which decisions on reserve creation are to be made. There is good reason to expect, however, that this question can be resolved in a way that takes account of the legitimate needs and interests of all the countries represented in the negotiations.

While the progress made in the negotiations thus gives ground for considerable satisfaction, it is also true that the need for developing a contingency plan for deliberate reserve creation has become more urgent.

One reason is that it can no longer be assumed that U.S. deficits will automatically increase world reserves. These deficits, which for much of the postwar period were the main element in new reserve creation, have since the end of 1964 made no net contribution to the rise in world reserves. Indeed, in September 1966, the dollar holdings in the official reserves of other countries were actually smaller than 21 months earlier, both in absolute terms and after a rough adjustment for seasonal influences. Over this period, total U.S. gold sales to other countries were more than twice as large as the accumulated U.S. balance of payments deficit on official settlements. Thus, the manner in which the U.S. deficit was financed has tended to reduce, rather than augment, the total of world reserves.

Second, the flow of gold into monetary channels has been sharply reduced recently. While final estimates for 1966 are not yet available, it is likely that there was virtually no net addition of gold to monetary reserves during the year. In 1965, only $240 million of new gold entered into monetary stocks. This contrasts with an annual average of about $600 million in the decade ended in 1964.

Third, it is significant that the modest increase in over-all world reserves that did occur in the recent past reflected very special circumstances. During the 21-month period from the end of 1964 through September 1966, world reserves increased by about $1.8 billion. But the largest part of this increase was a byproduct of the difficulties experienced by the British pound, which caused the U.K. authorities to draw $1.4 billion from the IMF; a large portion of this drawing, in turn, increased reserve claims on the Fund by

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other countries. Not only can transactions of this kind no longer be counted upon to add to world reserves as the British situation improves, but repayment of Britain's debt could actually lead to a contraction of reserves.

These considerations suggest that the time when deliberately created reserves are needed may be closer at hand than is often realized. In any event, continued uncertainty regarding the nature of a contingency plan and the timing of its adoption can be a growing source of uneasiness in international financial markets and interfere with the smooth working of the adjustment process. Clear agreement on a contingency plan, on the other hand, would be a major factor in strengthening confidence in the world monetary system and in reducing gold hoarding and would help lessen the tendency of countries to pursue unattainable balance of payments aims.

The essential tasks for 1967 thus are to improve the process of payments adjustment through increased international cooperation and to move decisively toward establishing a mechanism for deliberate reserve creation. The two tasks are intimately interwoven; success in both is necessary to provide a sound climate for world economic growth and relative freedom in trade and capital transactions, as well as to assure an adequate flow of long-term capital from the developed to the less developed countries.

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Appendix A

REPORT TO THE PRESIDENT ON THE ACTIVITIES OF THE COUNCIL OF ECONOMIC ADVISERS DURING 1966

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LETTER OF TRANSMITTAL

DECEMBER 31, 1966.

The PRESIDENT.

SIR: The Council of Economic Advisers submits this report on its activities during the calendar year 1966 in accordance with the requirements of Congress, as set forth in section 4(d) of the Employment Act of 1946.

Respectfully,

GARDNER ACKLEY, *Chairman*
JAMES S. DUESENBERRY
ARTHUR M. OKUN

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Report to the President on the Activities of the Council of Economic Advisers During 1966

Throughout 1966 the Council of Economic Advisers was confronted with the challenge of analyzing the problems and opportunities of a prosperous economy, now at full employment for the first time in more than a decade. The problem of reconciling full employment and price stability introduced a new emphasis into every area of the Council's work—fiscal and monetary analysis, examination of manpower problems and of programs for efficiency in industry, and study of balance of payments issues. Some of our specific activities in the price area are described more fully in our Annual Report. In recent months the pressures on prices seem to have been more restrained, as economic policies have sought to turn the expansion along the path of full employment growth. The challenge for the Council in 1967 is to contribute to the shaping of policies that will maintain expansion along that path.

Council Membership

Gardner Ackley and Arthur M. Okun continued to serve as Council members in 1966, with Mr. Ackley as Chairman. James S. Duesenberry joined the Council on February 2, replacing Otto Eckstein who returned to his position as Professor of Economics at Harvard University. Messrs. Ackley, Okun, and Duesenberry are on leave from the University of Michigan, Yale University, and Harvard University, respectively.

Following is a list of all past Council members and their dates of service:

Name	Position	Oath of office date	Separation date
Edwin G. Nourse	Chairman	August 9, 1946	November 1, 1949.
Leon H. Keyserling	Vice Chairman	August 9, 1946	
	Acting Chairman	November 2, 1949	
	Chairman	May 10, 1950	January 20, 1953.
John D. Clark	Member	August 9, 1946	
	Vice Chairman	May 10, 1950	February 11, 1953.
Roy Blough	Member	June 29, 1950	August 20, 1952.
Robert C. Turner	Member	September 8, 1952	January 20, 1953.
Arthur F. Burns	Chairman	March 19, 1953	December 1, 1956.
Neil H. Jacoby	Member	September 15, 1953	February 9, 1955.
Walter W. Stewart	Member	December 2, 1953	April 29, 1955.
Joseph S. Davis	Member	May 2, 1955	October 31, 1958.
Raymond J. Saulnier	Member	April 4, 1955	
	Chairman	December 3, 1956	January 20, 1961.
Paul W. McCracken	Member	December 3, 1956	January 31, 1959.
Karl Brandt	Member	November 1, 1958	January 20, 1961.
Henry C. Wallich	Member	May 7, 1959	January 20, 1961.
James Tobin	Member	January 29, 1961	July 31, 1962.
Kermit Gordon	Member	January 29, 1961	December 27, 1962.
Walter W. Heller	Chairman	January 29, 1961	November 15, 1964.
John P. Lewis	Member	May 17, 1963	August 31, 1964.
Otto Eckstein	Member	September 2, 1964	February 1, 1966.

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Council Staff

At the end of 1966, members of the Council's professional staff were Henry J. Aaron, Shirley M. Almon, G. Paul Balabanis, Guy Black, Jack W. Carlson, Donald E. Cullen, Stanley L. Friedlander, Catherine H. Furlong, Stephen M. Goldfeld, Frances M. James, David T. Kresge, Wilfred Lewis, Jr., David W. Lusher, Carey P. Modlin, Jr., Saul Nelson, Alfred Reifman, Frank W. Schiff, and Charles B. Warden, Jr.

Each year a number of staff members who have joined the Council on a temporary basis return to their posts in private life or in government. Those leaving the Council in 1966 were John J. Arena, Stanley W. Black, John W. Dorsey, Jr., Theodore J. Goering, Susan J. Lepper, Paul W. MacAvoy, Benjamin A. Okner, Theodore K. Osgood, R. Robert Russell, Martin Segal, Lewis J. Spellman, and Paul J. Taubman.

Continuing its practice of discussing economic developments and problems with leading members of the economics profession, the Council in 1966 called on the following consultants: W. H. Locke Anderson, G. Leland Bach, James T. Bonnen, William G. Bowen, William H. Branson, William M. Capron, Benjamin Chinitz, Gerhard Colm, Richard N. Cooper, Peter P. Dorner, John T. Dunlop, Otto Eckstein, R. Aaron Gordon, Kermit Gordon, Walter W. Heller, Myron L. Joseph, Carl Kaysen, Stanley Lebergott, Allen H. Lerman, Harold M. Levinson, John V. Lintner, Jr., Edwin S. Mills, Richard A. Musgrave, Joseph A. Pechman, Merton J. Peck, Frank C. Pierson, George L. Perry, Albert E. Rees, Melvin Rothbaum, Paul A. Samuelson, Robert M. Solow, Daniel B. Suits, Charles A. Taff, Lester D. Taylor, Lester C. Thurow, James Tobin, and Robert C. Turner.

The Council extended into the winter months its graduate student intern program, which was started in 1961 and, until 1966, had been carried on in only the summer months. Graduate students working with the Council for various periods in 1966 were Arthur J. Alexander, Barry P. Bosworth, Terrence R. Colvin, Robert J. Flanagan, E. Duncan Moose, Larry B. Morse, Ralph E. Pochoda, and Kenneth R. Smith.

As in the past, the Council received loyal and energetic assistance from its nonprofessional staff. Members of this staff at the end of 1966 were Dorothy Bagovich, Teresa D. Bradburn, Louis P. Brighthaupt, Carrie E. Bryant, Carol S. Burke, Gladys R. Durkin, Catherine Fibich, Charlotte Fremon, James W. Gatling, Laura B. Hoffman, Christine L. Johnson, Constance R. King, Bessie M. Lafakis, Patricia A. Lee, June A. Liverman, Dorothy L. Reid, Earnestine Reid, Gail Roberts, Bettye T. Siegel, Daisy M. Sindelar, Nancy F. Skidmore, Roselle Smith, Margaret L. Snyder, Mary Alice Spriggs, Miriam E. Vincent, and Elizabeth A. Zea.

In 1966, as in earlier years, the Council relied upon the editorial skills of Miss Dorothy Wescott in preparing the Annual Report.

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The Council of Economic Advisers was established as an agency of the Federal Government nearly 21 years ago by the Employment Act of 1946. Under the Act, the Council is charged with the responsibility of analyzing and interpreting economic developments and of recommending economic policies that will promote the goals of "maximum employment, production, and purchasing power."

The Council's chief responsibility is to keep the President fully informed of economic developments and emerging problems which may affect the Nation's economy. To meet this responsibility, the Council continuously reviews economic conditions, undertakes special studies of particular problem areas, and makes recommendations concerning Government programs and policies. The Council confers regularly with all major Government agencies having responsibilities in the economic field.

The Secretary of the Treasury, the Director of the Bureau of the Budget, and the Chairman of the Council and their respective staffs (the "Troika") provide the President with a continuous joint assessment of the economic and budgetary outlook for the current and subsequent fiscal years, and, where appropriate, analyze the effects of alternative fiscal policies. The heads of the "Troika" agencies and their associates, together with the Chairman of the Board of Governors of the Federal Reserve System, meet periodically as the "Quadriad" with the President to discuss domestic and international monetary problems. Joint staff work among the "Quadriad" agencies contributed in 1966 to improved coordination of fiscal and monetary policies.

In addition to its regular and informal consultations with other Government agencies, the Council and its staff in 1966 participated with other agencies in a large variety of more formal committees, task forces, and studies. Although the results of most of these activities are for use only within the Government, two studies in which the Council participated were published in 1966—the reports of the Northeast Desalting Team and of the Interagency Energy Study. Other projects and studies related to such diverse problems as environmental pollution, income maintenance, high energy transmission, cost effectiveness in the Federal Government, economic impact of disarmament, manpower activities, balance of payments problems, and the operation of financial institutions.

The Council and its staff represent the United States in a number of important international conferences. The Council Chairman heads the U.S. delegation to the meetings of the Economic Policy Committee of the Organization for Economic Cooperation and Development (OECD), and members of the Council and its staff this year participated in a dozen or more other international meetings under the auspices of the OECD. The Chairman and Mr. Okun were members, respectively, of the U.S. Cabinet-level delegations which meet annually with similar delegations of the Cana-

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dian and Japanese governments. The Council also was involved in activities of the UN Economic Commission for Europe.

An important responsibility of the Council is to explain and clarify the Administration's economic policies, both within the Government and to the public at large. This is done through numerous speeches, articles, press briefings, statements, Congressional testimony, its Annual Report, and by assisting the President in the preparation of his Economic Report. The Council meets frequently and informally with many visiting scholars, officials of foreign countries, men and women from the press corps, businessmen, labor leaders, State officials, bankers, and interested private citizens, and more formally with a number of advisory groups, including the President's Advisory Committee on Labor-Management Policy and the Business Council's Liaison Committee with the Council of Economic Advisers.

The Council prepares two documents for publication. One is the *Economic Report of the President,* together with the *Annual Report of the Council of Economic Advisers.* Over 70,000 copies of the 1966 Report were distributed to members of the Congress, Government officials, the press, depository libraries, or sold to the public by the Superintendent of Documents. The second is the monthly *Economic Indicators.* This important compilation of current economic statistics has been prepared since 1948 at the Council under the direction of Miss Frances M. James, and is published by the Joint Economic Committee of the Congress. More than 9,000 copies are furnished to members of Congress, depository libraries, or sold to the public every month.

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Appendix B

STATISTICAL TABLES RELATING TO INCOME, EMPLOYMENT, AND PRODUCTION

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General Notes

Detail in these tables will not necessarily add to totals because of rounding.
Data for Alaska and Hawaii are not included unless specifically noted.
Unless otherwise noted, all dollar figures are in current prices.

Symbols used:

p Preliminary.
.. Not available (also, not applicable).
* Amount insignificant in terms of the particular unit (e.g., less than $50 million where unit is billions of dollars).

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TABLE B–1.—*Gross national product or expenditure, 1929–66*

[Billions of dollars]

Year or quarter	Total gross national product	Personal consumption expenditures [1]	Gross private domestic investment [2]	Net exports of goods and services [3]	Government purchases of goods and services				
					Total	Federal [4]			State and local
						Total	National defense [5]	Other	
1929	103.1	77.2	16.2	1.1	8.5	1.3	1.3		7.2
1930	90.4	69.9	10.3	1.0	9.2	1.4	1.4		7.8
1931	75.8	60.5	5.6	.5	9.2	1.5	1.5		7.7
1932	58.0	48.6	1.0	.4	8.1	1.5	1.5		6.6
1933	55.6	45.8	1.4	.4	8.0	2.0	2.0		6.0
1934	65.1	51.3	3.3	.6	9.8	3.0	3.0		6.8
1935	72.2	55.7	6.4	.1	10.0	2.9	2.9		7.1
1936	82.5	61.9	8.5	.1	12.0	4.9	4.9		7.0
1937	90.4	66.5	11.8	.3	11.9	4.7	4.7		7.2
1938	84.7	63.9	6.5	1.3	13.0	5.4	5.4		7.6
1939	90.5	66.8	9.3	1.1	13.3	5.1	1.2	3.9	8.2
1940	99.7	70.8	13.1	1.7	14.0	6.0	2.2	3.8	8.0
1941	124.5	80.6	17.9	1.3	24.8	16.9	13.8	3.1	7.9
1942	157.9	88.5	9.8	*	59.6	51.9	49.4	2.5	7.7
1943	191.6	99.3	5.7	−2.0	88.6	81.1	79.7	1.4	7.4
1944	210.1	108.3	7.1	−1.8	96.5	89.0	87.4	1.6	7.5
1945	211.9	119.7	10.6	−.6	82.3	74.2	73.5	.7	8.1
1946	208.5	143.4	30.6	7.5	27.0	17.2	14.7	2.5	9.8
1947	231.3	160.7	34.0	11.5	25.1	12.5	9.1	3.5	12.6
1948	257.6	173.6	46.0	6.4	31.6	16.5	10.7	5.8	15.0
1949	256.5	176.8	35.7	6.1	37.8	20.1	13.3	6.8	17.7
1950	284.8	191.0	54.1	1.8	37.9	18.4	14.1	4.3	19.5
1951	328.4	206.3	59.3	3.7	59.1	37.7	33.6	4.1	21.5
1952	345.5	216.7	51.9	2.2	74.7	51.8	45.9	5.9	22.9
1953	364.6	230.0	52.6	.4	81.6	57.0	48.7	8.4	24.6
1954	364.8	236.5	51.7	1.8	74.8	47.4	41.2	6.2	27.4
1955	398.0	254.4	67.4	2.0	74.2	44.1	38.6	5.5	30.1
1956	419.2	266.7	70.0	4.0	78.6	45.6	40.3	5.3	33.0
1957	441.1	281.4	67.8	5.7	86.1	49.5	44.2	5.3	36.6
1958	447.3	290.1	60.9	2.2	94.2	53.6	45.9	7.7	40.6
1959	483.7	311.2	75.3	.1	97.0	53.7	46.0	7.6	43.3
1960	503.7	325.2	74.8	4.0	99.6	53.5	44.9	8.6	46.1
1961	520.1	335.2	71.7	5.6	107.6	57.4	47.8	9.6	50.2
1962	560.3	355.1	83.0	5.1	117.1	63.4	51.6	11.8	53.7
1963	590.5	375.0	87.1	5.9	122.5	64.2	50.8	13.5	58.2
1964	631.7	401.4	93.0	8.5	128.9	65.2	50.0	15.2	63.7
1965	681.2	431.5	106.6	7.0	136.2	66.8	50.1	16.7	69.4
1966 p	739.5	465.0	116.5	4.9	153.1	77.0	60.0	17.0	76.2
	Seasonally adjusted annual rates								
1964: I	616.8	391.1	90.2	9.0	126.5	64.9	50.1	14.8	61.6
II	627.7	398.0	91.8	7.9	130.1	66.6	51.6	15.1	63.4
III	637.9	407.5	92.5	8.4	129.5	65.1	49.8	15.3	64.4
IV	644.2	408.8	97.4	8.6	129.4	64.1	48.5	15.6	65.3
1965: I	660.8	418.9	103.8	6.4	131.6	64.4	48.2	16.2	67.3
II	672.9	426.8	103.7	8.2	134.3	65.6	49.1	16.5	68.7
III	686.5	435.0	106.7	7.1	137.7	67.5	50.7	16.8	70.2
IV	704.4	445.2	111.9	6.1	141.2	69.8	52.5	17.3	71.4
1966: I	721.2	455.6	114.5	6.0	145.0	71.9	54.6	17.4	73.1
II	732.3	460.1	118.5	4.7	149.0	74.0	57.1	16.9	75.0
III	745.3	469.9	115.0	4.2	156.2	79.0	62.0	17.0	77.2
IV p	759.1	474.4	118.0	4.8	161.9	82.5	65.5	17.0	79.4

[1] See Table B–9 for major components.
[2] See Table B–10 for further detail and explanation of components.
[3] See Table B–6 for exports and imports separately.
[4] Net of Government sales.
[5] This category corresponds closely to the national defense classification in the *Budget of the United States Government for the Fiscal Year ending June 30, 1968.*

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

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TABLE B–2.—*Gross national product or expenditure, in 1958 prices, 1929–66*

[Billions of dollars, 1958 prices]

Year or quarter	Total gross national product	Personal consumption expenditures				Gross private domestic investment						
							Fixed investment					Change in business inventories
								Nonresidential			Residential structures	
		Total	Durable goods	Nondurable goods	Services	Total	Total	Total	Structures	Producers' durable equipment		
1929	203.6	139.6	16.3	69.3	54.0	40.4	36.9	26.5	13.9	12.6	10.4	3.5
1930	183.5	130.4	12.9	65.9	51.5	27.4	28.0	21.7	11.8	9.9	6.3	−.6
1931	169.3	126.1	11.2	65.6	49.4	16.8	19.2	14.1	7.5	6.6	5.1	−2.4
1932	144.2	114.8	8.4	60.4	45.9	4.7	10.9	8.2	4.4	3.8	2.7	−6.2
1933	141.5	112.8	8.3	58.6	46.0	5.3	9.7	7.6	3.3	4.3	2.1	−4.3
1934	154.3	118.1	9.4	62.5	46.1	9.4	12.1	9.2	3.6	5.6	2.9	−2.7
1935	169.5	125.5	11.7	65.9	47.9	18.0	15.6	11.5	4.0	7.5	4.0	2.4
1936	193.0	138.4	14.5	73.4	50.5	24.0	20.9	15.8	5.4	10.3	5.1	3.1
1937	203.2	143.1	15.1	76.0	52.0	29.9	24.5	18.8	7.1	11.8	5.6	5.5
1938	192.9	140.2	12.2	77.1	50.9	17.0	19.4	13.7	5.6	8.1	5.7	−2.4
1939	209.4	148.2	14.5	81.2	52.5	24.7	23.5	15.3	5.9	9.4	8.2	1.2
1940	227.2	155.7	16.7	84.6	54.4	33.0	28.1	18.9	6.8	12.1	9.2	4.9
1941	263.7	165.4	19.1	89.9	56.3	41.6	32.0	22.2	8.1	14.2	9.8	9.6
1942	297.8	161.4	11.7	91.3	58.5	21.4	17.3	12.5	4.6	7.9	4.9	4.0
1943	337.1	165.8	10.2	93.7	61.8	12.7	12.9	10.0	2.9	7.2	2.9	−.2
1944	361.3	171.4	9.4	97.3	64.7	14.0	15.9	13.4	3.8	9.6	2.5	−1.9
1945	355.2	183.0	10.6	104.7	67.7	19.6	22.6	19.8	5.7	14.1	2.8	−2.9
1946	312.6	203.5	20.5	110.8	72.1	52.3	42.3	30.2	12.5	17.7	12.1	10.0
1947	309.9	206.3	24.7	108.3	73.4	51.5	51.7	36.2	11.6	24.6	15.4	−.2
1948	323.7	210.8	26.3	108.7	75.8	60.4	55.9	38.0	12.3	25.7	17.9	4.6
1949	324.1	216.5	28.4	110.5	77.6	48.0	51.9	34.5	11.9	22.6	17.4	−3.9
1950	355.3	230.5	34.7	114.0	81.8	69.3	61.0	37.5	12.7	24.8	23.5	8.3
1951	383.4	232.8	31.5	116.5	84.8	70.0	59.0	39.6	14.1	25.5	19.5	10.9
1952	395.1	239.4	30.8	120.8	87.8	60.5	57.2	38.3	13.7	24.6	18.9	3.3
1953	412.8	250.8	35.3	124.4	91.1	61.2	60.2	40.7	14.9	25.8	19.6	.9
1954	407.0	255.7	35.4	125.5	94.8	59.4	61.4	39.6	15.2	24.5	21.7	−2.0
1955	438.0	274.2	43.2	131.7	99.3	75.4	69.0	43.9	16.2	27.7	25.1	6.4
1956	446.1	281.4	41.0	136.2	104.1	74.3	69.5	47.3	18.5	28.8	22.2	4.8
1957	452.5	288.2	41.5	138.7	108.0	68.8	67.6	47.4	18.2	29.1	20.2	1.2
1958	447.3	290.1	37.9	140.2	112.0	60.9	62.4	41.6	16.6	25.0	20.8	−1.5
1959	475.9	307.3	43.7	146.8	116.8	73.6	68.8	44.1	16.2	27.9	24.7	4.8
1960	487.7	316.1	44.9	149.6	121.6	72.4	68.9	47.1	17.4	29.6	21.9	3.5
1961	497.2	322.5	43.9	153.0	125.6	69.0	67.0	45.5	17.4	28.1	21.6	2.0
1962	529.8	338.4	49.2	158.2	131.1	79.4	73.4	49.7	17.9	31.7	23.8	6.0
1963	551.0	353.3	53.7	162.2	137.4	82.5	76.7	51.9	17.9	34.0	24.8	5.8
1964	580.0	373.8	59.1	170.5	144.2	86.5	81.9	57.4	18.9	38.5	24.6	4.6
1965	614.4	396.2	66.4	178.2	151.6	97.8	89.0	64.9	21.7	43.2	24.1	8.8
1966 p	647.7	415.5	70.8	185.9	158.7	104.3	93.7	72.2	23.5	48.7	21.5	10.6
	Seasonally adjusted annual rates											
1964: I	569.7	365.7	57.2	167.2	141.2	84.6	81.2	55.5	18.7	36.7	25.7	3.5
II	578.1	371.0	59.5	168.4	143.1	85.6	81.6	56.6	18.9	37.7	24.9	4.0
III	585.0	379.5	60.9	173.3	145.3	85.7	82.2	58.2	18.7	39.5	24.1	3.5
IV	587.2	378.9	58.8	173.1	146.9	90.2	82.8	59.2	19.2	40.0	23.6	7.4
1965: I	600.3	387.1	64.8	174.2	148.1	95.9	86.6	62.3	20.7	41.5	24.4	9.3
II	607.8	392.2	64.2	177.6	150.4	95.3	88.0	63.4	21.7	41.7	24.5	7.3
III	618.2	398.9	67.2	178.5	153.1	97.9	89.4	65.5	21.3	44.2	23.9	8.5
IV	631.2	406.5	69.2	182.5	154.8	102.2	91.9	68.4	23.2	45.2	23.5	10.2
1966: I	640.5	412.8	72.2	184.1	156.5	103.5	95.0	70.8	24.3	46.4	24.3	8.5
II	643.5	412.2	68.5	185.8	157.9	106.3	94.7	71.3	23.6	47.7	23.4	11.6
III	649.9	418.3	71.6	187.1	159.6	102.5	93.5	73.0	23.2	49.8	20.5	9.1
IV p	657.0	418.5	71.2	186.5	160.9	105.0	91.7	73.8	23.0	50.8	17.9	13.2

See footnote at end of table.

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TABLE B-2.—*Gross national product or expenditure, in 1958 prices, 1929-66*—Continued

[Billions of dollars, 1958 prices]

Year or quarter	Net exports of goods and services			Government purchases of goods and services		
	Net exports	Exports	Imports	Total	Federal [1]	State and local
1929	1.5	11.8	10.3	22.0	3.5	18.5
1930	1.4	10.4	9.0	24.3	4.0	20.2
1931	.9	8.9	7.9	25.4	4.3	21.1
1932	.6	7.1	6.6	24.2	4.6	19.6
1933	*	7.1	7.1	23.3	6.0	17.3
1934	.3	7.3	7.1	26.6	8.0	18.6
1935	−1.0	7.7	8.7	27.0	7.9	19.2
1936	−1.2	8.2	9.3	31.8	12.2	19.6
1937	−.7	9.8	10.5	30.8	11.5	19.4
1938	1.9	9.9	8.0	33.9	13.3	20.6
1939	1.3	10.0	8.7	35.2	12.5	22.7
1940	2.1	11.0	8.9	36.4	15.0	21.4
1941	.4	11.2	10.8	56.3	36.2	20.1
1942	−2.1	7.8	9.9	117.1	98.9	18.3
1943	−5.9	6.8	12.6	164.4	147.8	16.6
1944	−5.8	7.6	13.4	181.7	165.4	16.3
1945	−3.8	10.2	13.9	156.4	139.7	16.7
1946	8.4	19.6	11.2	48.4	30.1	18.4
1947	12.3	22.6	10.3	39.9	19.1	20.8
1948	6.1	18.1	12.0	46.3	23.7	22.7
1949	6.4	18.1	11.7	53.3	27.6	25.7
1950	2.7	16.3	13.6	52.8	25.3	27.5
1951	5.3	19.3	14.1	75.4	47.4	27.9
1952	3.0	18.2	15.2	92.1	63.8	28.4
1953	1.1	17.8	16.7	99.8	70.0	29.7
1954	3.0	18.8	15.8	88.9	56.8	32.1
1955	3.2	20.9	17.7	85.2	50.7	34.4
1956	5.0	24.2	19.1	85.3	49.7	35.6
1957	6.2	26.2	19.9	89.3	51.7	37.6
1958	2.2	23.1	20.9	94.2	53.6	40.6
1959	.3	23.8	23.5	94.7	52.5	42.2
1960	4.3	27.3	23.0	94.9	51.4	43.5
1961	5.1	28.0	22.9	100.5	54.6	45.9
1962	4.5	30.0	25.5	107.5	60.0	47.5
1963	5.6	32.1	26.6	109.6	59.5	50.1
1964	8.5	36.4	28.0	111.3	57.8	53.4
1965	6.3	37.3	31.0	114.1	57.8	56.3
1966 p	4.8	41.3	36.4	123.2	64.1	59.1
	Seasonally adjusted annual rates					
1964: I	9.2	36.1	26.9	110.3	58.2	52.0
II	8.2	35.7	27.5	113.3	59.7	53.6
III	8.4	36.7	28.3	111.3	57.4	53.9
IV	8.0	37.1	29.0	110.1	56.1	54.0
1965: I	5.7	33.4	27.7	111.5	56.2	55.3
II	7.1	38.7	31.6	113.2	57.3	55.9
III	6.4	38.4	31.9	115.0	58.3	56.7
IV	6.0	38.7	32.8	116.6	59.3	57.3
1966: I	5.9	40.1	34.2	118.3	60.4	57.9
II	4.6	40.3	35.8	120.4	61.9	58.5
III	4.2	41.8	37.6	124.9	65.5	59.4
IV p	4.7	42.9	38.2	128.8	68.2	60.6

[1] Net of Government sales.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-3.—*Implicit price deflators for gross national product, 1929–66*

[Index numbers, 1958=100]

Year or quarter	Total gross national product [1]	Personal consumption expenditures				Gross private domestic investment [1]				
						Fixed investment				
							Nonresidential			
		Total	Durable goods	Nondurable goods	Services	Total	Total	Structures	Producers' durable equipment	Residential structures
1929	50.6	55.3	56.4	54.5	56.1	39.4	39.9	35.7	44.6	38.1
1930	49.3	53.6	55.3	51.6	55.7	37.9	38.1	34.0	43.0	37.1
1931	44.8	47.9	49.1	44.1	52.7	35.2	35.8	31.1	41.1	33.6
1932	40.2	42.3	43.2	37.7	48.3	31.6	32.9	27.6	39.1	27.3
1933	39.3	40.6	41.9	38.0	43.6	30.6	31.6	27.9	34.5	27.1
1934	42.2	43.5	44.7	42.7	44.3	33.7	34.9	28.9	38.8	30.1
1935	42.6	44.4	43.7	44.5	44.4	34.3	35.9	30.6	38.7	29.8
1936	42.7	44.7	43.6	44.8	45.0	34.6	35.6	30.2	38.5	31.3
1937	44.5	46.5	45.8	46.4	46.8	37.8	38.8	34.4	41.4	34.3
1938	43.9	45.6	46.7	44.0	47.7	38.2	39.3	33.9	43.0	35.5
1939	43.2	45.1	46.0	43.2	47.7	37.7	38.7	33.1	42.2	35.7
1940	43.9	45.5	46.5	43.8	47.9	39.0	40.0	33.9	43.4	36.9
1941	47.2	48.7	50.4	47.7	49.8	42.0	42.7	36.4	46.3	40.3
1942	53.0	54.8	59.3	55.6	52.7	46.5	47.8	41.3	51.5	43.3
1943	56.8	59.9	64.2	62.5	55.3	49.3	49.9	46.8	51.1	47.0
1944	58.2	63.2	71.5	66.2	57.5	51.1	51.0	48.6	51.9	51.6
1945	59.7	65.4	75.9	68.7	58.7	51.5	51.0	49.2	51.7	54.9
1946	66.7	70.5	76.8	74.3	62.7	58.5	56.3	54.4	57.5	59.7
1947	74.6	77.9	82.7	83.6	67.9	66.7	64.5	64.4	64.6	71.7
1948	79.6	82.3	86.3	88.5	72.1	73.9	70.7	71.5	70.3	80.8
1949	79.1	81.7	86.8	85.6	74.3	74.7	72.8	71.2	73.6	78.5
1950	80.2	82.9	87.8	86.0	76.3	77.5	74.4	72.9	75.2	82.5
1951	85.6	88.6	94.2	93.3	80.0	83.1	80.4	79.3	80.9	88.6
1952	87.5	90.5	95.4	94.3	83.6	85.3	82.6	83.2	82.2	90.8
1953	88.3	91.7	94.3	93.9	87.7	86.6	84.0	84.9	83.5	91.9
1954	89.6	92.5	92.9	94.2	90.0	86.8	84.8	86.0	84.0	90.4
1955	90.9	92.8	91.9	93.6	92.0	89.0	86.7	88.1	85.9	92.9
1956	94.0	94.8	94.9	94.9	94.6	94.0	92.4	93.4	91.8	97.4
1957	97.5	97.7	98.4	97.7	97.3	98.5	97.9	98.6	97.5	99.8
1958	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1959	101.6	101.3	101.4	99.9	103.0	102.6	102.2	102.7	102.0	103.1
1960	103.3	102.9	100.9	101.2	105.8	103.4	102.9	104.0	102.2	104.5
1961	104.6	103.9	100.6	101.9	107.6	103.9	103.4	105.6	102.1	105.0
1962	105.8	104.9	100.8	102.8	109.0	104.9	104.1	107.1	102.3	106.7
1963	107.2	106.1	100.4	104.0	110.9	106.0	104.5	108.9	102.3	108.9
1964	108.9	107.4	100.4	104.9	113.2	107.8	105.8	111.3	103.1	112.3
1965	110.9	108.9	99.5	107.0	115.3	109.6	107.4	114.4	103.8	115.5
1966 p	114.2	111.9	98.0	110.9	119.4	112.1	109.8	118.8	105.5	120.0
1964: I	108.3	107.0	100.6	104.6	112.3	106.7	104.8	108.4	103.0	110.9
II	108.6	107.3	100.5	104.8	112.9	107.4	105.5	110.6	102.9	111.9
III	109.1	107.4	100.3	104.9	113.3	108.1	106.1	112.6	103.0	113.0
IV	109.7	107.9	100.1	105.4	114.0	108.7	106.9	113.6	103.6	113.4
1965: I	110.1	108.2	100.5	106.0	114.3	109.0	107.1	113.7	103.8	113.8
II	110.7	108.8	100.2	106.7	115.0	109.2	107.1	113.6	103.8	114.5
III	111.0	109.0	99.2	107.2	115.5	109.6	107.2	114.6	103.6	116.4
IV	111.6	109.5	98.4	107.9	116.4	110.4	108.0	115.5	104.1	117.3
1966: I	112.6	110.4	97.5	109.6	117.2	111.1	108.8	117.1	104.5	117.7
II	113.8	111.6	98.0	110.7	118.7	112.1	109.7	118.3	105.4	119.6
III	114.7	112.3	98.2	111.2	120.0	112.5	110.0	119.4	105.6	121.3
IV p	115.6	113.4	98.6	111.9	121.6	112.9	110.7	120.4	106.3	122.2

See footnotes at end of table.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-3.—*Implicit price deflators for gross national product, 1929–66*—Continued

[Index numbers, 1958=100]

Year or quarter	Exports and imports of goods and services [1]		Government purchases of goods and services			Gross national product by sectors	
	Exports	Imports	Total	Federal	State and local	Private [2]	General government
1929	59.5	57.3	38.6	36.0	39.1	51.7	34.1
1930	52.3	49.0	37.9	34.1	38.7	50.4	34.1
1931	41.0	39.3	36.3	34.5	36.6	45.7	34.5
1932	34.7	31.5	33.4	31.9	33.8	40.9	33.7
1933	33.7	28.8	34.5	33.1	35.0	39.9	33.5
1934	40.6	33.6	36.8	37.4	36.6	43.0	34.8
1935	42.3	36.0	37.0	37.0	37.0	43.5	34.7
1936	43.4	36.7	37.6	40.5	35.9	43.4	36.5
1937	46.5	40.7	38.4	40.7	37.1	45.3	36.5
1938	43.8	37.9	38.3	40.5	36.8	44.6	37.4
1939	44.1	38.6	37.9	40.8	36.3	43.9	36.8
1940	48.6	40.8	38.5	40.2	37.3	44.7	36.0
1941	53.0	43.0	44.0	46.6	39.2	48.7	34.7
1942	61.5	48.3	50.9	52.5	42.3	55.5	37.3
1943	65.2	51.2	53.9	54.9	44.6	60.9	39.7
1944	69.9	53.2	53.1	53.8	46.1	62.0	43.3
1945	71.3	56.4	52.6	53.1	48.6	62.6	48.3
1946	75.4	64.9	55.8	57.3	53.2	68.2	55.4
1947	87.3	79.4	62.9	65.6	60.4	76.3	58.5
1948	92.7	86.4	68.1	69.8	66.4	81.4	60.8
1949	87.0	82.2	71.0	73.0	68.9	80.6	64.7
1950	84.9	88.7	71.8	72.9	70.8	81.4	67.1
1951	97.0	107.2	78.5	79.4	76.9	87.4	70.5
1952	98.8	103.6	81.0	81.2	80.6	89.0	74.4
1953	95.2	99.1	81.8	81.4	82.8	89.6	76.6
1954	94.3	100.8	84.1	83.5	85.3	90.8	79.5
1955	94.9	100.6	87.1	86.9	87.5	91.6	84.0
1956	97.5	102.5	92.1	91.7	92.7	94.5	88.7
1957	101.3	104.0	96.4	95.8	97.3	97.9	93.3
1958	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1959	98.8	99.3	102.4	102.2	102.6	101.4	104.2
1960	99.9	101.0	105.0	104.2	105.9	102.8	108.6
1961	101.9	100.1	107.1	105.2	109.4	103.7	113.6
1962	100.8	98.5	109.0	105.6	113.2	104.7	116.6
1963	100.6	99.5	111.8	108.0	116.3	105.8	121.5
1964	101.5	101.9	115.8	112.7	119.3	107.1	128.1
1965	104.5	103.3	119.4	115.7	123.2	108.9	133.3
1966 p	103.9	104.2	124.3	120.1	128.9	111.7	140.7
1964: I	101.0	101.9	114.7	111.4	118.4	106.6	126.5
II	100.7	102.2	114.8	111.6	118.3	106.9	127.1
III	101.4	101.6	116.3	113.4	119.5	107.2	128.7
IV	102.9	101.8	117.5	114.3	120.8	107.8	130.1
1965: I	105.0	103.5	118.0	114.4	121.6	108.2	131.0
II	104.7	102.2	118.7	114.6	122.8	108.8	131.8
III	104.5	103.4	119.7	115.8	123.7	109.0	133.7
IV	103.9	104.2	121.1	117.8	124.6	109.4	136.5
1966: I	103.9	104.2	122.6	119.1	126.3	110.3	138.6
II	103.9	104.2	123.7	119.6	128.0	111.5	139.3
III	103.9	104.2	125.0	120.5	129.9	112.2	141.6
IV p	103.9	104.2	125.8	121.0	131.1	113.0	143.2

[1] Separate deflators are not available for total gross private domestic investment, change in business inventories, and net exports of goods and services.

[2] Gross national product less compensation of general government employees. See also Tables B-7 and B-8.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B–4.—*Gross national product by major type of product, 1929–66*

[Billions of dollars]

Year or quarter	Total gross national product	Final sales	Inventory change	Goods output: Total: Total goods	Goods output: Total: Final sales	Goods output: Total: Inventory change	Goods output: Durable goods: Total	Goods output: Durable goods: Final sales	Goods output: Durable goods: Inventory change	Goods output: Nondurable goods: Total	Goods output: Nondurable goods: Final sales	Goods output: Nondurable goods: Inventory change	Services	Structures	Gross auto product
1929	103.1	101.4	1.7	56.1	54.3	1.7	17.5	16.1	1.4	38.5	38.2	0.3	35.6	11.4	......
1930	90.4	90.7	−.4	46.9	47.3	−.4	11.4	12.5	−1.0	35.5	34.8	.7	34.2	9.2	......
1931	75.8	77.0	−1.1	37.4	38.6	−1.1	7.7	9.0	−1.2	29.7	29.6	.1	31.7	6.7	......
1932	58.0	60.5	−2.5	26.7	29.2	−2.5	3.6	5.7	−2.0	23.1	23.6	−.4	27.5	3.8	......
1933	55.6	57.2	−1.6	27.0	28.6	−1.6	4.9	5.4	−.5	22.1	23.2	−1.1	25.7	2.9	......
1934	65.1	65.8	−.7	34.4	35.1	−.7	7.4	7.3	.1	27.0	27.8	−.9	27.1	3.5	......
1935	72.2	71.2	1.1	39.9	38.8	1.1	9.3	8.9	.3	30.6	29.9	.7	28.3	4.0	......
1936	82.5	81.2	1.3	45.8	44.5	1.3	12.2	11.2	.9	33.6	33.3	.3	31.0	5.6	......
1937	90.4	87.9	2.5	51.5	48.9	2.5	13.9	13.1	.8	37.6	35.8	1.8	32.3	6.7	......
1938	84.7	85.6	−.9	45.3	46.2	−.9	9.9	10.8	−.9	35.4	35.4	*	33.2	6.2	......
1939	90.5	90.1	.4	49.0	48.6	.4	12.7	12.4	.3	36.3	36.2	.1	34.0	7.5	......
1940	99.7	97.5	2.2	56.0	53.8	2.2	16.6	15.4	1.2	39.3	38.4	1.0	35.4	8.3	......
1941	124.5	120.1	4.5	72.5	68.0	4.5	26.8	23.8	3.0	45.6	44.2	1.4	40.3	11.8	......
1942	157.9	156.2	1.8	93.6	91.9	1.8	35.5	34.5	1.0	58.1	57.4	.7	50.3	14.0	......
1943	191.6	192.2	−.6	120.4	121.0	−.6	54.2	54.2	*	66.2	66.8	−.6	62.5	8.7	......
1944	210.1	211.1	−1.0	132.3	133.3	−1.0	57.9	58.5	−.6	74.4	74.8	−.3	71.8	6.1	......
1945	211.9	213.0	−1.0	128.9	129.9	−1.0	48.9	50.2	−1.3	80.0	79.7	.2	76.5	6.5	......
1946	208.5	202.1	6.4	124.9	118.5	6.4	36.9	31.6	5.3	88.0	86.9	1.1	68.0	15.6	......
1947	231.3	231.8	−.5	139.7	140.1	−.5	46.0	44.3	1.7	93.7	95.9	−2.2	70.2	21.4	7.2
1948	257.6	252.9	4.7	154.2	149.4	4.7	48.7	48.0	.7	105.5	101.5	4.0	75.7	27.7	8.8
1949	256.5	259.6	−3.1	147.5	150.5	−3.1	47.8	49.9	−2.1	99.7	100.6	−1.0	80.8	28.3	11.9
1950	284.8	278.0	6.8	162.4	155.6	6.8	60.4	56.3	4.1	102.0	99.3	2.7	87.0	35.4	15.4
1951	328.4	318.1	10.3	189.7	179.4	10.3	73.7	66.8	6.9	116.0	112.6	3.4	101.2	37.5	13.5
1952	345.5	342.4	3.1	195.6	192.5	3.1	74.6	73.5	1.1	121.0	119.1	2.0	110.8	39.1	12.0
1953	364.6	364.1	.4	204.1	203.7	.4	79.4	78.5	.9	124.8	125.2	−.5	118.8	41.7	16.3
1954	364.8	366.4	−1.5	197.1	198.6	−1.5	72.1	74.6	−2.5	125.0	124.1	1.0	123.5	44.2	14.6
1955	398.0	392.0	6.0	216.4	210.4	6.0	85.7	82.7	3.0	130.7	127.7	2.9	132.6	49.0	21.2
1956	419.2	414.5	4.7	225.4	220.7	4.7	90.3	87.5	2.8	135.1	133.2	1.9	142.3	51.5	16.9
1957	441.1	439.8	1.3	234.6	233.3	1.3	94.4	93.1	1.3	140.2	140.2	*	154.2	52.3	19.5
1958	447.3	448.8	−1.5	230.8	232.3	−1.5	83.6	86.4	−2.8	147.2	145.9	1.3	163.4	53.1	14.5
1959	483.7	478.9	4.8	249.1	244.4	4.8	95.6	93.2	2.3	153.6	151.1	2.4	176.2	58.3	19.1
1960	503.7	500.2	3.6	259.6	256.0	3.6	99.5	97.4	2.1	160.1	158.6	1.5	187.3	56.8	21.4
1961	520.1	518.1	2.0	262.3	260.2	2.0	96.5	96.6	−.1	165.8	163.7	2.1	199.5	58.3	17.9
1962	560.3	554.3	6.0	284.5	278.5	6.0	109.0	106.2	2.8	175.5	172.2	3.2	213.3	62.6	22.5
1963	590.5	584.6	5.9	298.6	292.7	5.9	116.1	113.3	2.8	182.5	179.4	3.1	226.2	65.7	25.1
1964	631.7	627.0	4.7	318.2	313.6	4.7	125.5	122.2	3.3	192.7	191.3	1.4	244.5	68.9	25.8
1965	681.2	672.1	9.1	344.7	335.7	9.1	138.5	132.2	6.3	206.3	203.5	2.7	262.0	74.5	31.4
1966 p	739.5	728.1	11.4	376.7	365.3	11.4	154.9	145.9	9.1	221.8	219.5	2.3	286.2	76.7	29.4
	Seasonally adjusted annual rates														
1964: I	616.8	613.3	3.5	310.7	307.1	3.5	121.9	119.6	2.3	188.8	187.5	1.2	237.3	68.8	26.3
II	627.7	623.5	4.2	315.6	311.4	4.2	126.1	122.4	3.6	189.6	189.0	.5	242.7	69.4	26.6
III	637.9	634.4	3.6	322.4	318.8	3.6	127.8	125.0	2.8	194.6	193.8	.8	247.1	68.5	27.1
IV	644.2	636.8	7.4	324.3	316.9	7.4	126.4	122.0	4.4	197.9	195.0	2.9	251.1	68.8	23.1
1965: I	660.8	651.4	9.5	333.8	324.3	9.5	135.1	127.7	7.4	198.7	196.6	2.1	254.3	72.7	32.6
II	672.9	665.3	7.6	338.8	331.2	7.6	135.2	128.8	6.4	203.6	202.4	1.2	259.8	74.3	30.8
III	686.5	677.8	8.7	347.5	338.8	8.7	141.0	134.3	6.7	206.5	204.4	2.1	265.1	73.9	31.6
IV	704.4	694.0	10.4	358.8	348.4	10.4	142.6	137.9	4.7	216.2	210.5	5.7	268.8	76.9	30.5
1966: I	721.2	712.3	8.9	366.0	357.0	8.9	147.6	141.8	5.8	218.4	215.2	3.1	275.5	79.8	31.5
II	732.3	720.0	12.3	371.6	359.3	12.3	149.6	140.6	9.0	222.0	218.7	3.3	282.1	78.6	28.6
III	745.3	735.4	9.9	379.6	369.7	9.9	158.1	148.7	9.5	221.4	221.0	.5	289.9	75.8	27.9
IV p	759.1	744.7	14.4	389.3	374.9	14.4	164.0	152.1	11.9	225.3	222.8	2.4	297.0	72.9	29.7

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

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TABLE B–5.—*Gross national product by major type of product, in 1958 prices, 1929–66*

[Billions of dollars, 1958 prices]

Year or quarter	Total gross national product	Final sales	Inventory change	Goods output: Total: Total goods	Goods output: Total: Final sales	Goods output: Total: Inventory change	Durable goods: Total	Durable goods: Final sales	Durable goods: Inventory change	Nondurable goods: Total	Nondurable goods: Final sales	Nondurable goods: Inventory change	Services	Structures	Gross auto product
1929	203.6	200.1	3.5	103.9	100.4	3.5	33.6	30.9	2.7	70.4	69.5	0.8	69.3	30.3	----
1930	183.5	184.1	−.6	90.5	91.1	−.6	22.4	24.5	−2.1	68.0	66.5	1.5	67.7	25.3	----
1931	169.3	171.7	−2.4	83.2	85.7	−2.4	16.3	19.2	−3.0	67.0	66.5	.5	65.8	20.2	----
1932	144.2	150.5	−6.2	68.7	74.9	−6.2	8.3	13.4	−5.1	60.4	61.5	−1.1	61.9	13.7	----
1933	141.5	145.9	−4.3	68.8	73.2	−4.3	11.7	13.4	−1.7	57.1	59.8	−2.7	63.0	9.8	----
1934	154.3	157.0	−2.7	77.9	80.5	−2.7	16.9	16.7	.2	61.0	63.8	−2.8	65.3	11.1	----
1935	169.5	167.1	2.4	88.6	86.2	2.4	21.5	20.6	.9	67.1	65.6	1.5	68.1	12.8	----
1936	193.0	189.9	3.1	102.2	99.1	3.1	28.7	26.3	2.4	73.5	72.8	.7	73.3	17.5	----
1937	203.2	197.8	5.5	110.2	104.8	5.5	31.0	29.1	1.9	79.2	75.7	3.6	73.9	19.1	----
1938	192.9	195.3	−2.4	100.5	102.9	−2.4	21.1	23.4	−2.3	79.4	79.5	−.1	74.8	17.7	----
1939	209.4	208.2	1.2	110.7	109.5	1.2	27.6	27.0	.6	83.0	82.5	.6	76.9	21.8	----
1940	227.2	222.3	4.9	124.0	119.0	4.9	35.6	32.8	2.7	88.4	86.2	2.2	80.0	23.2	----
1941	263.7	254.1	9.6	143.4	133.8	9.6	50.0	43.5	6.6	93.4	90.3	3.1	89.8	30.5	----
1942	297.8	293.8	4.0	158.1	154.1	4.0	57.2	54.4	2.9	100.9	99.7	1.2	107.7	31.9	----
1943	337.1	337.3	−.2	187.4	187.6	−.2	85.6	85.2	.4	101.7	102.4	−.6	131.8	17.9	----
1944	361.3	363.2	−1.9	204.8	206.7	−1.9	95.9	97.4	−1.5	108.8	109.3	−.4	144.0	12.4	----
1945	355.2	358.2	−2.9	198.0	201.0	−2.9	84.3	87.4	−3.1	113.7	113.6	.2	144.3	12.9	----
1946	312.6	302.6	10.0	172.1	162.1	10.0	54.7	46.1	8.6	117.4	116.0	1.4	113.3	27.2	----
1947	309.9	310.1	−.2	172.2	172.4	−.2	60.1	58.6	1.5	112.2	113.8	−1.7	106.5	31.2	10.3
1948	323.7	319.1	4.6	178.4	173.8	4.6	61.3	60.0	1.2	117.1	113.8	3.3	109.3	36.1	11.4
1949	324.1	328.1	−3.9	174.2	178.1	−3.9	58.0	61.0	−3.0	116.2	117.1	−.9	112.4	37.5	14.8
1950	355.3	347.0	8.3	192.6	184.3	8.3	73.4	68.3	5.2	119.1	116.0	3.1	117.5	45.2	19.1
1951	383.4	372.5	10.9	208.4	197.5	10.9	84.1	76.1	8.0	124.3	121.4	2.9	130.5	44.4	15.9
1952	395.1	391.8	3.3	214.0	210.7	3.3	84.6	83.2	1.5	129.4	127.6	1.8	136.3	44.7	13.5
1953	412.8	411.8	.9	225.4	224.5	.9	91.0	89.9	1.2	134.4	134.6	−.2	140.3	47.0	18.7
1954	407.0	409.0	−2.0	215.1	217.1	−2.0	81.9	84.8	−3.0	133.2	132.3	.9	141.8	50.2	17.1
1955	438.0	431.6	6.4	236.1	229.7	6.4	96.5	93.0	3.4	139.7	136.7	3.0	147.5	54.3	24.6
1956	446.1	441.2	4.8	239.0	234.2	4.8	96.5	93.5	3.0	142.5	140.7	1.8	153.0	54.0	18.6
1957	452.5	451.2	1.2	239.8	238.5	1.2	96.2	95.0	1.2	143.6	143.6	*	160.1	52.6	20.2
1958	447.3	448.8	−1.5	230.8	232.3	−1.5	83.6	86.4	−2.8	147.2	145.9	1.3	163.4	53.1	14.5
1959	475.9	471.1	4.8	247.7	242.9	4.8	94.0	91.6	2.4	153.7	151.2	2.5	171.2	57.0	18.5
1960	487.7	484.2	3.5	256.0	252.6	3.5	97.8	95.9	2.0	158.2	156.7	1.5	176.6	55.0	21.0
1961	497.2	495.2	2.0	257.3	255.3	2.0	94.9	94.9	*	162.3	160.3	2.0	184.0	55.8	17.5
1962	529.8	523.8	6.0	277.3	271.3	6.0	107.0	104.1	2.8	170.3	167.2	3.1	193.7	58.8	22.0
1963	551.0	545.2	5.8	289.7	283.9	5.8	114.2	111.4	2.8	175.6	172.5	3.1	200.9	60.4	24.7
1964	580.0	575.4	4.6	307.2	302.6	4.6	123.1	119.9	3.2	184.1	182.7	1.4	211.2	61.7	25.4
1965	614.4	605.6	8.8	328.5	319.7	8.8	135.5	129.4	6.1	193.0	190.3	2.7	221.1	64.8	31.4
1966 p	647.7	637.1	10.6	351.0	340.4	10.6	150.9	142.5	8.4	200.1	197.9	2.2	232.6	64.2	30.0
	Seasonally adjusted annual rates														
1964: I	569.7	566.3	3.5	300.4	296.9	3.5	119.5	117.3	2.2	180.9	179.6	1.2	206.7	62.6	26.0
II	578.1	574.1	4.0	305.1	301.1	4.0	123.7	120.3	3.5	181.4	180.8	.5	210.4	62.6	26.2
III	585.0	581.4	3.5	311.3	307.8	3.5	125.4	122.6	2.8	185.9	185.1	.8	212.8	60.8	26.7
IV	587.2	579.9	7.4	311.9	304.6	7.4	123.9	119.4	4.4	188.1	185.2	2.9	214.6	60.6	22.9
1965: I	600.3	591.0	9.3	319.7	310.3	9.3	131.8	124.6	7.2	187.8	185.7	2.1	216.6	64.0	32.2
II	607.8	600.5	7.3	322.5	315.2	7.3	131.7	125.5	6.2	190.8	189.6	1.1	220.3	65.0	30.6
III	618.2	609.7	8.5	330.9	322.4	8.5	138.3	131.8	6.5	192.6	190.6	2.0	223.3	64.0	31.9
IV	631.2	621.0	10.2	341.0	330.7	10.2	140.3	135.7	4.7	200.6	195.1	5.6	224.0	66.2	30.7
1966: I	640.5	632.0	8.5	344.7	336.2	8.5	145.4	139.9	5.5	199.4	196.3	3.0	227.7	68.0	32.2
II	643.5	631.9	11.6	346.7	335.1	11.6	146.0	137.6	8.4	200.8	197.6	3.2	230.9	66.0	29.1
III	649.9	640.8	9.1	352.8	343.7	9.1	153.7	145.1	8.7	199.0	198.6	.4	234.4	62.8	28.5
IV p	657.0	643.7	13.2	359.7	346.5	13.2	158.4	147.4	11.0	201.3	199.1	2.3	237.3	60.0	30.1

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-6.—*Gross national product: Receipts and expenditures by major economic groups, 1929–66*

[Billions of dollars]

Year or quarter	Persons: Disposable personal income: Total [1]	Persons: Disposable personal income: Less: Interest paid and transfer payments to foreigners	Persons: Disposable personal income: Equals: Total excluding interest and transfers	Persons: Personal consumption expenditures	Persons: Personal saving or dissaving (−)	Government: Net receipts: Tax and nontax receipts or accruals	Government: Net receipts: Less: Transfers, interest, and subsidies [2]	Government: Net receipts: Equals: Net receipts	Government: Expenditures: Total expenditures	Government: Expenditures: Less: Transfers, interest, and subsidies [3]	Government: Expenditures: Equals: Purchases of goods and services	Government: Surplus or deficit (−), national income and product accounts
1929	83.3	1.9	81.4	77.2	4.2	11.3	1.8	9.5	10.3	1.8	8.5	1.0
1930	74.5	1.2	73.3	69.9	3.4	10.8	1.9	8.9	11.1	1.9	9.2	−.3
1931	64.0	.9	63.1	60.5	2.6	9.5	3.1	6.3	12.4	3.1	9.2	−2.9
1932	48.7	.7	48.0	48.6	−.6	8.9	2.6	6.3	10.6	2.6	8.1	−1.8
1933	45.5	.7	44.9	45.8	−.9	9.3	2.7	6.7	10.7	2.7	8.0	−1.4
1934	52.4	.6	51.7	51.3	.4	10.5	3.1	7.4	12.9	3.1	9.8	−2.4
1935	58.5	.7	57.8	55.7	2.1	11.4	3.4	8.0	13.4	3.4	10.0	−2.0
1936	66.3	.8	65.5	61.9	3.6	12.9	4.1	8.8	16.1	4.1	12.0	−3.1
1937	71.2	.9	70.3	66.5	3.8	15.4	3.2	12.2	15.0	3.2	11.9	.3
1938	65.5	.8	64.6	63.9	.7	15.0	3.8	11.2	16.8	3.8	13.0	−1.8
1939	70.3	.9	69.4	66.8	2.6	15.4	4.2	11.2	17.6	4.2	13.3	−2.2
1940	75.7	1.0	74.7	70.8	3.8	17.7	4.4	13.3	18.4	4.4	14.0	−.7
1941	92.7	1.1	91.6	80.6	11.0	25.0	4.0	21.0	28.8	4.0	24.8	−3.8
1942	116.9	.8	116.1	88.5	27.6	32.6	4.4	28.2	64.0	4.4	59.6	−31.4
1943	133.5	.8	132.7	99.3	33.4	49.2	4.7	44.4	93.3	4.7	88.6	−44.1
1944	146.3	.8	145.5	108.3	37.3	51.2	6.5	44.7	103.0	6.5	96.5	−51.8
1945	150.2	1.0	149.3	119.7	29.6	53.2	10.4	42.8	92.7	10.4	82.3	−39.5
1946	160.0	1.4	158.6	143.4	15.2	50.9	18.5	32.4	45.5	18.5	27.0	5.4
1947	169.8	1.8	168.0	160.7	7.3	56.8	17.3	39.5	42.4	17.3	25.1	14.4
1948	189.1	2.2	186.9	173.6	13.4	58.9	18.8	40.1	50.3	18.8	31.6	8.5
1949	188.6	2.4	186.2	176.8	9.4	56.0	21.3	34.7	59.1	21.3	37.8	−3.2
1950	206.9	2.9	204.1	191.0	13.1	68.7	22.9	45.8	60.8	22.9	37.9	7.8
1951	226.6	3.1	223.5	206.3	17.3	84.8	19.9	64.9	79.0	19.9	59.1	5.8
1952	238.3	3.5	234.8	216.7	18.2	89.8	19.0	70.8	93.7	19.0	74.7	−3.8
1953	252.6	4.3	248.3	230.0	18.3	94.3	19.5	74.8	101.2	19.5	81.6	−6.9
1954	257.4	4.6	252.9	236.5	16.4	89.7	21.9	67.8	96.7	21.9	74.8	−7.0
1955	275.3	5.1	270.2	254.4	15.8	100.4	23.4	76.9	97.6	23.4	74.2	2.7
1956	293.2	5.9	287.2	266.7	20.6	109.0	25.5	83.5	104.1	25.5	78.6	4.9
1957	308.5	6.4	302.2	281.4	20.7	115.6	28.7	86.8	114.9	28.7	86.1	.7
1958	318.8	6.5	312.3	290.1	22.3	114.7	33.0	81.6	127.2	33.0	94.2	−12.5
1959	337.3	7.1	330.3	311.2	19.1	128.9	34.0	95.0	131.0	34.0	97.0	−2.1
1960	350.0	7.8	342.3	325.2	17.0	139.8	36.5	103.3	136.1	36.5	99.6	3.7
1961	364.4	8.1	356.3	335.2	21.2	144.6	41.3	103.3	149.0	41.3	107.6	−4.3
1962	385.3	8.6	376.6	355.1	21.6	157.0	42.8	114.2	159.9	42.8	117.1	−2.9
1963	404.6	9.7	394.9	375.0	19.9	168.8	44.4	124.3	166.9	44.4	122.5	1.8
1964	436.6	10.7	425.8	401.4	24.5	174.2	46.7	127.5	175.6	46.7	128.9	−1.4
1965	469.1	11.9	457.2	431.5	25.7	189.0	49.6	139.4	185.8	49.6	136.2	3.2
1966 p	505.3	13.4	491.9	465.0	26.9	[6] 212.2	55.7	[6] 156.5	208.7	55.7	153.1	[6] 3.5
	Seasonally adjusted annual rates											
1964: I	423.4	10.3	413.1	391.1	22.0	172.3	46.7	125.6	173.1	46.7	126.5	−0.9
II	435.1	10.6	424.5	398.0	26.6	170.8	46.4	124.4	176.5	46.4	130.1	−5.7
III	441.2	10.9	430.3	407.5	22.8	175.4	46.7	128.7	176.2	46.7	129.5	−.8
IV	446.6	11.2	435.4	408.8	26.6	178.3	46.8	131.5	176.2	46.8	129.4	2.1
1965: I	453.2	11.4	441.8	418.9	22.8	186.5	48.5	138.0	180.1	48.5	131.6	6.4
II	461.0	11.8	449.2	426.8	22.4	188.5	48.1	140.5	182.4	48.1	134.3	6.1
III	476.2	12.1	464.1	435.0	29.0	188.6	51.9	136.7	189.6	51.9	137.7	−1.0
IV	486.1	12.4	473.7	445.2	28.5	192.6	49.9	142.6	191.1	49.9	141.2	1.4
1966: I	495.1	12.7	482.4	455.6	26.7	203.1	53.4	149.7	198.4	53.4	145.0	4.7
II	499.9	13.2	486.7	460.1	26.6	209.5	53.2	156.3	202.2	53.2	149.0	7.3
III	507.8	13.5	494.3	469.9	24.5	215.9	56.4	159.5	212.5	56.4	156.2	3.3
IV p	518.2	13.9	504.3	474.4	29.9	-------	59.7	-------	221.6	59.7	161.9	-------

See footnotes at end of table.

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TABLE B–6.—*Gross national product: Receipts and expenditures by major economic groups, 1929–66*—Continued

[Billions of dollars]

Year or quarter	Business			International					Total income or receipts	Statistical discrepancy	Gross national product or expenditure
	Gross retained earnings[1]	Gross private domestic investment[4]	Excess of investment (−)	Transfers to foreigners by persons and Government	Net exports of goods and services			Excess of transfers or of net exports (−)[5]			
					Exports	Less: Imports	Equals: Net exports				
1929	11.2	16.2	−5.1	0.4	7.0	5.9	1.1	−0.8	102.4	0.7	103.1
1930	8.6	10.3	−1.6	.3	5.4	4.4	1.0	−.7	91.2	−.8	90.4
1931	5.3	5.6	−.3	.3	3.6	3.1	.5	−.2	75.1	.7	75.8
1932	3.2	1.0	2.2	.2	2.5	2.1	.4	−.2	57.7	.3	58.0
1933	3.2	1.4	1.8	.2	2.4	2.0	.4	−.2	55.0	.6	55.6
1934	5.2	3.3	1.9	.2	3.0	2.4	.6	−.4	64.5	.5	65.1
1935	6.4	6.4	*	.2	3.3	3.1	.1	.1	72.5	−.2	72.2
1936	6.7	8.5	−1.8	.2	3.5	3.4	.1	.1	81.3	1.2	82.5
1937	7.7	11.8	−4.0	.2	4.6	4.3	.3	−.1	90.5	*	90.4
1938	8.0	6.5	1.6	.2	4.3	3.0	1.3	−1.1	84.1	.6	84.7
1939	8.4	9.3	−.9	.2	4.4	3.4	1.1	−.9	89.2	1.3	90.5
1940	10.5	13.1	−2.7	.2	5.4	3.6	1.7	−1.5	98.7	1.0	99.7
1941	11.4	17.9	−6.5	.2	5.9	4.6	1.3	−1.1	124.1	.4	124.5
1942	14.5	9.8	4.6	.2	4.8	4.8	*	.2	159.0	−1.1	157.9
1943	16.3	5.7	10.6	.2	4.4	6.5	−2.0	2.2	193.6	−2.0	191.6
1944	17.1	7.1	10.0	.3	5.3	7.1	−1.8	2.1	207.6	2.5	210.1
1945	15.1	10.6	4.6	.8	7.2	7.9	−.6	1.4	208.0	3.9	211.9
1946	14.5	30.6	−16.1	2.9	14.7	7.2	7.5	−4.6	208.4	.1	208.5
1947	20.2	34.0	−13.8	2.6	19.7	8.2	11.5	−8.9	230.4	.9	231.3
1948	28.0	46.0	−18.0	4.5	16.8	10.3	6.4	−1.9	259.5	−2.0	257.6
1949	29.7	35.7	−6.0	5.6	15.8	9.6	6.1	−.5	256.2	.3	256.5
1950	29.4	54.1	−24.7	4.0	13.8	12.0	1.8	2.2	283.3	1.5	284.8
1951	33.1	59.3	−26.2	3.5	18.7	15.1	3.7	−.2	325.1	3.3	328.4
1952	35.1	51.9	−16.8	2.5	18.0	15.8	2.2	.3	343.3	2.2	345.5
1953	36.1	52.6	−16.5	2.5	16.9	16.6	.4	2.1	361.6	3.0	364.6
1954	39.2	51.7	−12.5	2.3	17.8	15.9	1.8	.5	362.1	2.7	364.8
1955	46.3	67.4	−21.1	2.5	19.8	17.8	2.0	.5	395.9	2.1	398.0
1956	47.3	70.0	−22.8	2.4	23.6	19.6	4.0	−1.5	420.4	−1.1	419.2
1957	49.8	67.8	−18.1	2.3	26.5	20.8	5.7	−3.4	441.1	*	441.1
1958	49.4	60.9	−11.5	2.4	23.1	20.9	2.2	.2	445.8	1.6	447.3
1959	56.8	75.3	−18.5	2.4	23.5	23.3	.1	2.3	484.5	−.8	483.7
1960	56.8	74.8	−18.0	2.4	27.2	23.2	4.0	−1.7	504.8	−1.0	503.7
1961	58.7	71.7	−13.0	2.6	28.6	23.0	5.6	−3.0	520.8	−.8	520.1
1962	66.3	83.0	−16.8	2.7	30.3	25.1	5.1	−2.5	559.8	.5	560.3
1963	68.8	87.1	−18.4	2.8	32.3	26.4	5.9	−3.1	590.8	−.3	590.5
1964	76.9	93.0	−16.0	2.8	37.0	28.5	8.5	−5.7	633.1	−1.4	631.7
1965	83.4	106.6	−23.1	2.8	39.0	32.0	7.0	−4.2	682.8	−1.6	681.2
1966 p	[6] 88.2	116.5	[6] −28.3	3.0	42.9	38.0	4.9	−1.9	[6] 739.7	[6] −.2	739.5
	Seasonally adjusted annual rates										
1964: I	74.9	90.2	−15.3	2.8	36.4	27.4	9.0	−6.3	616.4	0.4	616.8
II	76.5	91.8	−15.3	2.9	36.0	28.1	7.9	−5.0	628.3	−.6	627.7
III	78.4	92.5	−14.1	2.8	37.2	28.8	8.4	−5.7	640.2	−2.3	637.9
IV	77.9	97.4	−19.5	2.7	38.1	29.6	8.6	−5.9	647.5	−3.3	644.2
1965: I	82.5	103.8	−21.3	2.6	35.1	28.7	6.4	−3.8	664.9	−4.1	660.8
II	82.4	103.7	−21.3	3.1	40.5	32.3	8.2	−5.1	675.0	−2.1	672.9
III	83.8	106.7	−22.9	2.8	40.1	33.0	7.1	−4.2	687.3	−.8	686.5
IV	85.1	111.9	−26.8	2.5	40.3	34.2	6.1	−3.5	704.0	.4	704.4
1966: I	86.5	114.5	−28.0	3.4	41.7	35.6	6.0	−2.6	722.0	−.8	721.2
II	87.3	118.5	−31.0	2.9	41.9	37.3	4.7	−1.8	733.2	−.9	732.3
III	88.0	115.0	−27.0	3.1	43.4	39.2	4.2	−1.1	744.9	.4	745.3
IV p	------	118.0	------	2.7	44.6	39.8	4.8	−2.1	------	------	759.1

[1] Personal income less personal tax and nontax payments (fines, penalties, etc.).
[2] Government transfer payments to persons, foreign net transfers by Government, net interest paid by government, and subsidies less current surplus of government enterprises.
[3] Undistributed corporate profits, corporate inventory valuation adjustment, capital consumption allowances, and wage accruals less disbursements.
[4] Private business investment, purchases of capital goods by private nonprofit institutions, and residential housing. See Table B-10.
[5] Net foreign investment with sign changed.
[6] Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

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http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B–7.—*Gross national product by sector, 1929–66*

[Billions of dollars]

Year or quarter	Total gross national product	Gross private product [1]						Gross government product [3]
		Total	Business			Households	Rest of the world	
			Total	Nonfarm [2]	Farm			
1929	103.1	98.8	95.1	85.4	9.7	2.9	0.8	4.3
1930	90.4	85.8	82.4	74.8	7.7	2.7	.7	4.5
1931	75.8	71.2	68.3	62.0	6.3	2.3	.5	4.7
1932	58.0	53.6	51.3	46.8	4.5	1.9	.4	4.4
1933	55.6	50.9	48.9	44.3	4.6	1.7	.3	4.7
1934	65.1	59.5	57.4	52.7	4.7	1.8	.3	5.6
1935	72.2	66.3	64.1	57.1	7.0	1.9	.4	5.9
1936	82.5	75.2	72.9	66.5	6.4	2.0	.3	7.3
1937	90.4	83.5	81.0	72.7	8.3	2.3	.3	6.9
1938	84.7	77.0	74.5	67.9	6.6	2.2	.4	7.6
1939	90.5	82.9	80.3	74.0	6.3	2.3	.3	7.6
1940	99.7	91.9	89.1	82.6	6.5	2.4	.4	7.8
1941	124.5	115.1	112.2	103.3	8.9	2.5	.4	9.4
1942	157.9	142.8	139.5	126.5	13.0	2.9	.4	15.1
1943	191.6	166.0	162.4	147.2	15.3	3.2	.4	25.6
1944	210.1	177.9	173.8	158.5	15.3	3.7	.4	32.2
1945	211.9	176.8	172.3	156.4	15.9	4.1	.4	35.2
1946	208.5	187.7	182.7	163.9	18.8	4.5	.6	20.8
1947	231.3	214.6	208.6	188.5	20.2	5.1	.8	16.7
1948	257.6	240.1	233.5	210.2	23.3	5.6	1.0	17.4
1949	256.5	237.0	230.1	211.4	18.8	5.9	1.0	19.4
1950	284.8	263.9	256.3	236.3	20.0	6.4	1.2	20.9
1951	328.4	301.0	292.8	269.9	22.9	6.9	1.3	27.4
1952	345.5	314.3	305.8	283.7	22.2	7.2	1.3	31.2
1953	364.6	332.7	323.6	303.3	20.3	7.8	1.3	31.9
1954	364.8	332.4	322.7	303.1	19.6	8.1	1.6	32.5
1955	398.0	363.8	352.9	334.1	18.8	9.1	1.8	34.2
1956	419.2	382.6	370.8	352.2	18.6	9.8	2.1	36.6
1957	441.1	402.0	389.3	370.9	18.4	10.5	2.2	39.1
1958	447.3	405.2	391.7	370.9	20.8	11.4	2.0	42.1
1959	483.7	439.4	425.0	405.3	19.6	12.2	2.2	44.3
1960	503.7	456.3	440.7	420.2	20.5	13.2	2.4	47.5
1961	520.1	469.2	452.3	431.4	20.9	14.0	2.9	50.9
1962	560.3	505.7	487.4	466.2	21.2	15.0	3.3	54.7
1963	590.5	532.4	513.0	491.5	21.5	16.0	3.4	58.1
1964	631.7	568.7	547.4	527.0	20.4	17.3	4.0	63.0
1965	681.2	613.4	590.8	567.1	23.8	18.3	4.3	67.8
1966 [p]	739.5	663.3	639.3	614.5	24.8	19.5	4.5	76.2
	Seasonally adjusted annual rates							
1964: I	616.8	555.5	534.6	513.8	20.7	16.7	4.2	61.3
II	627.7	565.5	544.1	523.4	20.7	17.3	4.0	62.3
III	637.9	574.2	552.6	532.5	20.1	17.6	4.0	63.7
IV	644.2	579.4	558.2	538.0	20.2	17.4	3.8	64.8
1965: I	660.8	595.2	573.0	551.6	21.4	17.5	4.7	65.6
II	672.9	606.4	583.6	559.4	24.2	18.0	4.8	66.6
III	686.5	618.2	595.3	570.6	24.7	18.7	4.1	68.3
IV	704.4	633.8	611.2	586.6	24.7	19.1	3.4	70.6
1966: I	721.2	648.4	624.9	599.3	25.7	19.1	4.4	72.8
II	732.3	657.6	634.0	609.0	25.0	19.1	4.4	74.7
III	745.3	667.7	643.5	619.1	24.4	19.7	4.6	77.6
IV [p]	759.1	679.3	654.8	630.5	24.3	20.0	4.5	79.9

[1] Gross national product less compensation of general government employees.

[2] Includes compensation of employees in government enterprises. Government enterprises are those agencies of government whose operating costs are at least to a substantial extent covered by the sale of goods and services, in contrast to the general activities of government which are financed mainly by tax revenues and debt creation. Government enterprises, in other words, conduct operations essentially commercial in character, even though they perform them under governmental auspices. The Post Office and public power systems are typical examples of government enterprises. On the other hand, State universities and public parks, where the fees and admissions cover only a nominal part of operating costs, are part of general government activities.

[3] Compensation of general government employees.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-8.—*Gross national product by sector, in 1958 prices, 1929–66*

[Billions of dollars, 1958 prices]

Year or quarter	Total gross national product	Gross private product [1]						Gross government product [3]
		Total	Business			Households	Rest of the world	
			Total	Nonfarm [2]	Farm			
1929	203.6	190.9	182.1	165.1	17.0	7.4	1.4	12.7
1930	183.5	170.1	161.4	145.4	16.1	7.1	1.6	13.3
1931	169.3	155.8	147.7	129.2	18.5	6.6	1.4	13.5
1932	144.2	131.0	123.8	105.8	18.0	6.0	1.3	13.2
1933	141.5	127.5	120.6	103.0	17.5	5.7	1.2	14.0
1934	154.3	138.3	131.1	116.6	14.6	6.2	1.0	16.0
1935	169.5	152.4	144.9	128.4	16.5	6.4	1.1	17.1
1936	193.0	173.1	165.4	150.5	14.9	6.8	1.0	19.9
1937	203.2	184.3	176.4	158.5	17.9	7.1	.8	18.9
1938	192.9	172.6	164.6	146.8	17.8	6.8	1.1	20.4
1939	209.4	188.7	180.7	162.5	18.2	7.1	.9	20.6
1940	227.2	205.6	197.1	179.6	17.5	7.6	1.0	21.6
1941	263.7	236.6	228.1	209.3	18.8	7.5	.9	27.2
1942	297.8	257.3	248.7	228.0	20.6	7.8	.8	40.5
1943	337.1	272.8	264.9	245.3	19.6	7.2	.8	64.3
1944	361.3	286.9	278.9	259.5	19.4	7.1	.9	74.4
1945	355.2	282.5	274.6	256.5	18.1	7.1	.8	72.8
1946	312.6	275.1	267.0	248.6	18.5	7.1	.9	37.5
1947	309.9	281.4	272.8	255.8	17.0	7.5	1.1	28.6
1948	323.7	295.0	286.0	267.0	19.0	7.9	1.2	28.7
1949	324.1	294.1	284.7	266.2	18.4	8.2	1.2	30.1
1950	355.3	324.2	314.2	294.9	19.4	8.7	1.3	31.1
1951	383.4	344.6	334.5	316.2	18.4	8.8	1.2	38.8
1952	395.1	353.2	343.2	324.2	19.0	8.8	1.2	41.8
1953	412.8	371.1	360.7	340.7	20.0	9.1	1.3	41.7
1954	407.0	366.2	355.4	335.0	20.4	9.2	1.6	40.9
1955	438.0	397.2	385.4	364.4	20.9	10.1	1.8	40.7
1956	446.1	404.8	392.2	371.4	20.8	10.6	2.0	41.3
1957	452.5	410.5	397.5	377.2	20.3	10.9	2.1	41.9
1958	447.3	405.2	391.7	370.9	20.8	11.4	2.0	42.1
1959	475.9	433.4	419.4	398.3	21.1	11.7	2.2	42.5
1960	487.7	444.0	429.5	407.6	21.9	12.2	2.3	43.7
1961	497.2	452.3	436.9	414.8	22.2	12.4	2.9	44.8
1962	529.8	482.9	466.7	444.6	22.1	12.9	3.4	46.9
1963	551.0	503.2	486.6	463.8	22.8	13.2	3.4	47.8
1964	580.0	530.8	513.3	491.2	22.0	13.6	3.9	49.2
1965	614.4	563.5	545.4	521.7	23.8	14.0	4.1	50.9
1966 p	647.7	593.5	574.8	552.2	22.6	14.4	4.4	54.2
	Seasonally adjusted annual rates							
1964: I	569.7	521.3	503.9	482.2	21.7	13.2	4.1	48.5
II	578.1	529.1	511.5	488.8	22.6	13.7	4.0	49.0
III	585.0	535.4	517.6	495.8	21.8	13.9	3.9	49.5
IV	587.2	537.4	520.0	497.9	22.0	13.7	3.7	49.8
1965: I	600.3	550.2	532.2	509.4	22.8	13.4	4.6	50.1
II	607.8	557.3	538.9	515.1	23.8	13.7	4.6	50.5
III	618.2	567.2	548.9	524.6	24.3	14.2	4.0	51.1
IV	631.2	579.4	561.6	537.5	24.1	14.5	3.3	51.8
1966: I	640.5	588.0	569.4	546.4	23.0	14.3	4.3	52.5
II	643.5	589.9	571.4	548.4	22.9	14.2	4.3	53.6
III	649.9	595.1	576.2	554.5	21.7	14.5	4.4	54.8
IV p	657.0	601.2	582.2	559.4	22.8	14.6	4.3	55.8

[1] Gross national product less compensation of general government employees.
[2] Includes compensation of employees in government enterprises. Government enterprises are those agencies of government whose operating costs are at least to a substantial extent covered by the sale of goods and services, in contrast to the general activities of government which are financed mainly by tax revenues and debt creation. Government enterprises, in other words, conduct operations essentially commercial in character, even though they perform them under governmental auspices. The Post Office and public power systems are typical examples of government enterprises. On the other hand, State universities and public parks, where the fees and admissions cover only a nominal part of operating costs, are part of general government activities.
[3] Compensation of general government employees.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-9.—*Personal consumption expenditures, 1929–66*

[Billions of dollars]

Year or quarter	Total personal consumption expenditures	Durable goods				Nondurable goods					Services				
		Total	Automobiles and parts	Furniture and household equipment	Other	Total	Food, excluding alcoholic beverages [1]	Clothing and shoes [2]	Gasoline and oil	Other	Total	Housing [3]	Household operation	Transportation	Other
1929	77.2	9.2	3.2	4.8	1.2	37.7	19.5	9.4	1.8	7.0	30.3	11.5	4.0	2.6	12.2
1930	69.9	7.2	2.2	3.9	1.1	34.0	18.0	8.0	1.7	6.3	28.7	11.0	3.9	2.2	11.5
1931	60.5	5.5	1.6	3.1	.9	29.0	14.7	6.9	1.5	5.7	26.0	10.3	3.5	1.9	10.3
1932	48.6	3.6	.9	2.1	.6	22.7	11.4	5.1	1.5	4.8	22.2	9.0	3.0	1.6	8.6
1933	45.8	3.5	1.1	1.9	.5	22.3	10.9	4.6	1.5	5.3	20.1	7.9	2.8	1.5	7.9
1934	51.3	4.2	1.4	2.2	.6	26.7	12.2	5.7	1.6	7.2	20.4	7.6	3.0	1.6	8.2
1935	55.7	5.1	1.9	2.6	.7	29.3	13.6	6.0	1.7	7.9	21.3	7.7	3.2	1.7	8.7
1936	61.9	6.3	2.3	3.2	.8	32.9	15.3	6.6	1.9	9.1	22.8	8.0	3.4	1.9	9.5
1937	66.5	6.9	2.4	3.6	1.0	35.2	16.5	6.8	2.1	9.8	24.4	8.5	3.7	2.0	10.2
1938	63.9	5.7	1.6	3.1	.9	34.0	15.6	6.8	2.1	9.5	24.3	8.9	3.6	1.9	9.9
1939	66.8	6.7	2.2	3.5	1.0	35.1	15.7	7.1	2.2	10.1	25.0	9.1	3.8	2.0	10.1
1940	70.8	7.8	2.7	3.9	1.1	37.0	16.6	7.4	2.3	10.7	26.0	9.4	4.0	2.1	10.4
1941	80.6	9.6	3.4	4.9	1.4	42.9	19.2	8.8	2.6	12.2	28.1	10.2	4.3	2.4	11.2
1942	88.5	6.9	.7	4.7	1.6	50.8	23.3	11.0	2.1	14.4	30.8	11.0	4.8	2.7	12.3
1943	99.3	6.6	.8	3.9	1.9	58.6	27.4	13.4	1.3	16.5	34.2	11.5	5.2	3.4	14.0
1944	108.3	6.7	.8	3.8	2.2	64.3	29.9	14.4	1.6	18.4	37.2	12.0	5.9	3.7	15.6
1945	119.7	8.0	1.0	4.6	2.5	71.9	33.2	16.5	1.8	20.5	39.8	12.5	6.4	4.0	16.8
1946	143.4	15.8	4.0	8.6	3.2	82.4	39.0	18.2	3.0	22.1	45.3	13.9	6.8	5.0	19.7
1947	160.7	20.4	6.2	10.9	3.3	90.5	43.7	18.8	3.6	24.4	49.8	15.7	7.5	5.3	21.4
1948	173.6	22.7	7.5	11.9	3.4	96.2	46.3	20.1	4.4	25.4	54.7	17.5	8.1	5.8	23.3
1949	176.8	24.6	9.9	11.6	3.2	94.5	44.8	19.3	5.0	25.4	57.6	19.3	8.5	5.9	23.9
1950	191.0	30.5	13.1	14.1	3.3	98.1	46.0	19.6	5.4	27.1	62.4	21.3	9.5	6.2	25.4
1951	206.3	29.6	11.6	14.4	3.6	108.8	52.1	21.2	6.1	29.3	67.9	23.9	10.4	6.7	26.9
1952	216.7	29.3	11.1	14.3	3.9	114.0	54.7	21.9	6.8	30.5	73.4	26.5	11.1	7.1	28.7
1953	230.0	33.2	14.2	14.9	4.1	116.8	55.5	22.1	7.7	31.6	79.9	29.3	12.0	7.8	30.8
1954	236.5	32.8	13.6	15.0	4.2	118.3	56.5	22.1	8.2	31.5	85.4	31.7	12.6	7.9	33.2
1955	254.4	39.6	18.4	16.6	4.6	123.3	58.1	23.1	9.0	33.1	91.4	33.7	14.0	8.2	35.5
1956	266.7	38.9	16.4	17.5	5.0	129.3	60.4	24.1	9.8	34.9	98.5	36.0	15.2	8.6	38.6
1957	281.4	40.8	18.3	17.3	5.2	135.6	63.9	24.3	10.6	36.7	105.0	38.5	16.2	9.0	41.3
1958	290.1	37.9	15.4	17.1	5.4	140.2	66.6	24.7	11.0	37.9	112.0	41.1	17.3	9.3	44.3
1959	311.2	44.3	19.5	18.9	5.9	146.6	68.4	26.4	11.6	40.2	120.3	43.7	18.5	10.1	48.0
1960	325.2	45.3	20.1	18.9	6.3	151.3	70.1	27.3	12.3	41.6	128.7	46.3	20.0	10.8	51.6
1961	335.2	44.2	18.4	19.3	6.5	155.9	72.1	27.9	12.4	43.5	135.1	48.7	20.8	10.6	54.9
1962	355.1	49.5	22.0	20.5	6.9	162.6	74.4	29.6	12.9	45.7	143.0	52.0	22.0	11.0	58.0
1963	375.0	53.9	24.3	22.2	7.5	168.6	76.5	30.6	13.5	48.0	152.4	55.4	23.1	11.4	62.5
1964	401.4	59.4	25.8	25.1	8.5	178.9	80.4	33.6	14.1	50.8	163.1	59.2	24.3	11.8	67.8
1965	431.5	66.1	29.8	27.1	9.1	190.6	85.4	35.9	15.1	54.1	174.8	63.2	25.6	12.8	73.3
1966 p	465.0	69.4	30.0	30.1	9.3	206.1	91.3	40.0	16.0	58.8	189.5	67.7	27.2	14.0	80.6
	Seasonally adjusted annual rates														
1964: I	391.1	57.6	25.3	24.1	8.2	174.9	78.5	32.8	13.9	49.6	158.7	57.7	23.8	11.7	65.5
II	398.0	59.8	26.0	25.4	8.4	176.5	79.7	32.7	13.9	50.1	161.6	58.7	24.2	11.7	67.0
III	407.5	61.1	27.1	25.3	8.7	181.7	81.4	34.3	14.2	51.8	164.7	59.6	24.7	11.9	68.4
IV	408.8	58.9	24.6	25.7	8.5	182.4	81.8	34.4	14.4	51.7	167.5	60.7	24.7	12.1	70.1
1965: I	418.9	65.1	30.1	26.0	9.0	184.5	82.7	34.6	14.4	52.8	169.3	61.6	24.7	12.2	70.8
II	426.8	64.4	29.2	26.2	9.0	189.4	84.8	35.6	15.2	53.8	173.0	62.7	25.4	12.7	72.3
III	435.0	66.7	30.2	27.3	9.2	191.4	85.7	36.0	15.3	54.4	176.9	63.6	26.0	13.0	74.2
IV	445.2	68.0	29.9	28.8	9.3	197.0	88.5	37.5	15.7	55.3	180.2	64.7	26.3	13.4	75.8
1966: I	455.6	70.3	31.4	29.6	9.3	201.9	89.9	39.4	15.8	56.7	183.4	66.0	26.5	13.5	77.5
II	460.1	67.1	28.5	29.2	9.3	205.6	91.2	39.7	16.1	58.6	187.4	67.1	27.1	13.9	79.4
III	469.9	70.2	30.1	30.7	9.4	208.1	91.8	41.1	16.1	59.2	191.5	68.2	27.6	14.2	81.5
IV p	474.4	70.1	30.0	31.0	9.2	208.7	92.3	39.9	16.1	60.4	195.6	69.5	27.8	14.5	83.9

[1] Quarterly data are estimates by Council of Economic Advisers.
[2] Includes standard clothing issued to military personnel.
[3] Includes imputed rental value of owner-occupied dwellings.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics (except as noted).

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B–10.—*Gross private domestic investment, 1929–66*

[Billions of dollars]

Year or quarter	Total gross private domestic investment	Fixed investment									Change in business inventories	
		Total	Nonresidential					Residential structures			Total	Nonfarm
			Total	Structures		Producers' durable equipment		Total	Nonfarm	Farm		
				Total	Nonfarm	Total	Nonfarm					
1929	16.2	14.5	10.6	5.0	4.8	5.6	4.9	4.0	3.8	0.2	1.7	1.8
1930	10.3	10.6	8.3	4.0	3.9	4.3	3.7	2.3	2.2	.1	−.4	−.1
1931	5.6	6.8	5.0	2.3	2.3	2.7	2.4	1.7	1.6	.1	−1.1	−1.6
1932	1.0	3.4	2.7	1.2	1.2	1.5	1.3	.7	.7	*	−2.5	−2.6
1933	1.4	3.0	2.4	.9	.9	1.5	1.3	.6	.5	*	−1.6	−1.4
1934	3.3	4.1	3.2	1.0	1.0	2.2	1.8	.9	.8	.1	−.7	.2
1935	6.4	5.3	4.1	1.2	1.2	2.9	2.4	1.2	1.1	.1	1.1	.4
1936	8.5	7.2	5.6	1.6	1.6	4.0	3.3	1.6	1.5	.1	1.3	2.1
1937	11.8	9.2	7.3	2.4	2.4	4.9	4.1	1.9	1.8	.1	2.5	1.7
1938	6.5	7.4	5.4	1.9	1.8	3.5	2.9	2.0	1.9	.1	−.9	−1.0
1939	9.3	8.9	5.9	2.0	1.9	4.0	3.4	2.9	2.8	.1	.4	.3
1940	13.1	11.0	7.5	2.3	2.2	5.3	4.6	3.4	3.2	.2	2.2	1.9
1941	17.9	13.4	9.5	2.9	2.8	6.6	5.6	3.9	3.7	.2	4.5	4.0
1942	9.8	8.1	6.0	1.9	1.8	4.1	3.5	2.1	1.9	.2	1.8	.7
1943	5.7	6.4	5.0	1.3	1.2	3.7	3.2	1.4	1.2	.2	−.6	−.6
1944	7.1	8.1	6.8	1.8	1.7	5.0	4.2	1.3	1.1	.1	−1.0	−.6
1945	10.6	11.6	10.1	2.8	2.7	7.3	6.3	1.5	1.4	.1	−1.0	−.6
1946	30.6	24.2	17.0	6.8	6.1	10.2	9.2	7.2	6.7	.5	6.4	6.4
1947	34.0	34.4	23.4	7.5	6.7	15.9	14.0	11.1	10.4	.7	−.5	1.3
1948	46.0	41.3	26.9	8.8	8.0	18.1	15.5	14.4	13.6	.9	4.7	3.0
1949	35.7	38.8	25.1	8.5	7.7	16.6	13.7	13.7	12.8	.8	−3.1	−2.2
1950	54.1	47.3	27.9	9.2	8.5	18.7	15.7	19.4	18.6	.8	6.8	6.0
1951	59.3	49.0	31.8	11.2	10.4	20.7	17.7	17.2	16.4	.8	10.3	9.1
1952	51.9	48.8	31.6	11.4	10.5	20.2	17.6	17.2	16.4	.8	3.1	2.1
1953	52.6	52.1	34.2	12.7	11.9	21.5	18.6	18.0	17.2	.8	.4	1.1
1954	51.7	53.3	33.6	13.1	12.3	20.6	18.0	19.7	19.0	.7	−1.5	−2.1
1955	67.4	61.4	38.1	14.3	13.6	23.8	21.2	23.3	22.7	.6	6.0	5.5
1956	70.0	65.3	43.7	17.2	16.5	26.5	24.2	21.6	20.9	.7	4.7	5.1
1957	67.8	66.5	46.4	18.0	17.2	28.4	25.9	20.2	19.5	.7	1.3	.8
1958	60.9	62.4	41.6	16.6	15.8	25.0	22.0	20.8	20.1	.6	−1.5	−2.3
1959	75.3	70.5	45.1	16.7	15.9	28.4	25.4	25.5	24.8	.6	4.8	4.8
1960	74.8	71.3	48.4	18.1	17.4	30.3	27.7	22.8	22.2	.6	3.6	3.3
1961	71.7	69.7	47.0	18.4	17.7	28.6	25.8	22.6	22.0	.6	2.0	1.7
1962	83.0	77.0	51.7	19.2	18.5	32.5	29.4	25.3	24.8	.6	6.0	5.3
1963	87.1	81.3	54.3	19.5	18.8	34.8	31.2	27.0	26.4	.6	5.9	5.1
1964	93.0	88.3	60.7	21.0	20.3	39.7	35.9	27.6	27.0	.6	4.7	5.3
1965	106.6	97.5	69.7	24.9	24.2	44.8	40.6	27.8	27.2	.6	9.1	8.1
1966 [p]	116.5	105.1	79.3	27.9	27.3	51.4	46.2	25.8	25.3	.6	11.4	11.7
	Seasonally adjusted annual rates											
1964: I	90.2	86.6	58.1	20.3	19.6	37.9	34.0	28.5	27.9	0.6	3.5	3.6
II	91.8	87.6	59.7	20.9	20.2	38.8	35.2	27.9	27.3	.6	4.2	5.1
III	92.5	88.9	61.7	21.0	20.3	40.7	36.9	27.2	26.6	.6	3.6	4.6
IV	97.4	90.0	63.3	21.8	21.2	41.4	37.7	26.7	26.2	.6	7.4	7.9
1965: I	103.8	94.4	66.7	23.6	22.9	43.1	39.3	27.7	27.2	.6	9.5	9.4
II	103.7	96.0	67.9	24.6	24.0	43.3	39.4	28.1	27.5	.6	7.6	6.7
III	106.7	98.0	70.2	24.4	23.8	45.8	41.3	27.8	27.3	.5	8.7	7.2
IV	111.9	101.5	73.9	26.8	26.1	47.1	42.3	27.6	27.0	.5	10.4	9.0
1966: I	114.5	105.6	77.0	28.5	27.8	48.5	43.7	28.6	28.0	.5	8.9	8.5
II	118.5	106.2	78.2	27.9	27.2	50.3	45.4	28.0	27.4	.6	12.3	12.1
III	115.0	105.1	80.3	27.7	27.0	52.6	47.5	24.8	24.3	.6	9.9	10.4
IV [p]	118.0	103.6	81.7	27.6	27.0	54.1	48.2	21.9	21.3	.6	14.4	15.6

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B–11.—*National income by type of income, 1929–66*

[Billions of dollars]

Year or quarter	Total national income[1]	Compensation of employees			Business and professional income and inventory valuation adjustment			Income of farm proprietors[3]	Rental income of persons	Corporate profits and inventory valuation adjustment			Net interest
		Total	Wages and salaries	Supplements to wages and salaries[2]	Total	Income of unincorporated enterprises	Inventory valuation adjustment			Total	Corporate profits before taxes[4]	Inventory valuation adjustment	
1929	86.8	51.1	50.4	0.7	9.0	8.8	0.1	6.2	5.4	10.5	10.0	0.5	4.7
1930	75.4	46.8	46.2	.7	7.6	6.8	.8	4.3	4.8	7.0	3.7	3.3	4.9
1931	59.7	39.8	39.1	.6	5.8	5.1	.6	3.4	3.8	2.0	–.4	2.4	5.0
1932	42.8	31.1	30.5	.6	3.6	3.3	.3	2.1	2.7	–1.3	–2.3	1.0	4.6
1933	40.3	29.5	29.0	.5	3.3	3.9	–.5	2.6	2.0	–1.2	1.0	–2.1	4.1
1934	49.5	34.3	33.7	.6	4.7	4.8	–.1	3.0	1.7	1.7	2.3	–.6	4.1
1935	57.2	37.3	36.7	.6	5.5	5.5	*	5.3	1.7	3.4	3.6	–.2	4.1
1936	65.0	42.9	41.9	1.0	6.7	6.8	–.1	4.3	1.8	5.6	6.3	–.7	3.8
1937	73.6	47.9	46.1	1.8	7.2	7.2	*	6.0	2.1	6.8	6.8	*	3.7
1938	67.4	45.0	43.0	2.0	6.9	6.7	.2	4.4	2.6	4.9	4.0	1.0	3.6
1939	72.6	48.1	45.9	2.2	7.4	7.6	–.2	4.4	2.7	6.3	7.0	–.7	3.5
1940	81.1	52.1	49.8	2.3	8.6	8.6	*	4.5	2.9	9.8	10.0	–.2	3.3
1941	104.2	64.8	62.1	2.7	11.1	11.7	–.6	6.4	3.5	15.2	17.7	–2.5	3.2
1942	137.1	85.3	82.1	3.2	14.0	14.4	–.4	9.8	4.5	20.3	21.5	–1.2	3.1
1943	170.3	109.5	105.8	3.8	17.0	17.1	–.2	11.7	5.1	24.4	25.1	–.8	2.7
1944	182.6	121.2	116.7	4.5	18.2	18.3	–.1	11.6	5.4	23.8	24.1	–.3	2.3
1945	181.5	123.1	117.5	5.6	19.2	19.3	–.1	12.2	5.6	19.2	19.7	–.6	2.2
1946	181.9	117.9	112.0	5.9	21.6	23.3	–1.7	14.9	6.6	19.3	24.6	–5.3	1.5
1947	199.0	128.9	123.0	5.9	20.3	21.8	–1.5	15.2	7.1	25.6	31.5	–5.9	1.9
1948	224.2	141.1	135.4	5.8	22.7	23.1	–.4	17.5	8.0	33.0	35.2	–2.2	1.8
1949	217.5	141.0	134.5	6.5	22.6	22.2	.5	12.7	8.4	30.8	28.9	1.9	1.9
1950	241.1	154.6	146.8	7.8	24.0	25.1	–1.1	13.5	9.4	37.7	42.6	–5.0	2.0
1951	278.0	180.7	171.1	9.6	26.1	26.5	–.3	15.8	10.3	42.7	43.9	–1.2	2.3
1952	291.4	195.3	185.1	10.2	27.1	26.9	.2	15.0	11.5	39.9	38.9	1.0	2.6
1953	304.7	209.1	198.3	10.9	27.5	27.6	–.2	13.0	12.7	39.6	40.6	–1.0	2.8
1954	303.1	208.0	196.5	11.5	27.6	27.6	*	12.4	13.6	38.0	38.3	–.3	3.6
1955	331.0	224.5	211.3	13.2	30.3	30.5	–.2	11.4	13.9	46.9	48.6	–1.7	4.1
1956	350.8	243.1	227.8	15.2	31.3	31.8	–.5	11.4	14.3	46.1	48.8	–2.7	4.6
1957	366.1	256.0	238.7	17.3	32.8	33.1	–.3	11.3	14.8	45.6	47.2	–1.5	5.6
1958	367.8	257.8	239.9	17.9	33.2	33.2	–.1	13.4	15.4	41.1	41.4	–.3	6.8
1959	400.0	279.1	258.2	20.9	35.1	35.3	–.1	11.4	15.6	51.7	52.1	–.5	7.1
1960	414.5	294.2	270.8	23.4	34.2	34.3	*	12.0	15.8	49.9	49.7	.2	8.4
1961	427.3	302.6	278.1	24.6	35.6	35.6	*	12.8	16.0	50.3	50.3	–.1	10.0
1962	457.7	323.6	296.1	27.5	37.1	37.1	*	13.0	16.7	55.7	55.4	.3	11.6
1963	481.9	341.0	311.1	29.9	37.9	37.9	*	13.1	17.1	58.9	59.4	–.5	13.8
1964	517.3	365.7	333.6	32.0	39.9	39.9	*	12.0	17.7	66.6	67.0	–.4	15.5
1965	559.0	392.9	358.4	34.5	40.7	41.0	–.4	15.1	18.3	74.2	75.7	–1.5	17.8
1966 p	[5]609.7	433.3	392.3	41.0	41.8	42.2	–.4	16.0	18.9	79.8	81.8	–2.0	20.0
	Seasonally adjusted annual rates												
1964: I	504.0	355.3	324.4	31.0	39.1	39.1	*	12.2	17.4	65.3	65.8	–0.5	14.7
II	513.7	362.2	330.6	31.7	39.9	40.2	–0.2	12.2	17.6	66.5	66.8	–.3	15.1
III	522.9	369.8	337.4	32.4	40.3	40.3	–.1	11.7	17.8	67.8	67.8	*	15.7
IV	528.5	375.3	342.2	33.1	40.3	40.2	.1	11.9	17.9	66.8	67.7	–.9	16.3
1965: I	543.3	381.7	348.2	33.5	40.5	40.6	–.2	12.9	18.1	73.2	74.5	–1.3	16.9
II	552.2	387.8	353.7	34.1	40.4	40.9	–.5	15.5	18.3	72.7	74.5	–1.8	17.5
III	562.7	395.6	360.8	34.8	40.7	41.0	–.3	16.0	18.4	74.0	75.0	–1.0	18.1
IV	577.8	406.5	370.8	35.7	41.1	41.7	–.6	16.0	18.5	76.9	78.7	–1.8	18.7
1966: I	595.7	419.6	380.0	39.6	41.4	42.0	–.6	17.0	18.7	80.0	82.7	–2.8	19.1
II	604.1	427.9	387.4	40.5	41.6	42.2	–.6	16.3	18.8	79.9	82.8	–2.9	19.6
III	613.8	438.3	396.7	41.5	41.9	42.4	–.5	15.4	18.9	79.1	81.9	–2.8	20.2
IV p	------	447.5	405.0	42.5	42.2	42.2	*	15.2	19.1	------	------	.5	21.0

[1] National income is the total net income earned in production. It differs from gross national product mainly in that it excludes depreciation charges and other allowances for business and institutional consumption of durable capital goods, and indirect business taxes. See Table B–12.

[2] Employer contributions for social insurance and to private pension, health, and welfare funds; compensation for injuries; directors' fees; pay of the military reserve; and a few other minor items.

[3] Excludes income resulting from net reductions of farm inventories and gives credit in computing income to net additions to farm inventories during the period.

[4] See Table B–66 for corporate tax liability and profits after taxes.

[5] Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-12.—*Relation of gross national product and national income, 1929–66*

[Billions of dollars]

Year or quarter	Gross national product	Less: Capital consumption allowances	Equals: Net national product	Plus: Subsidies less current surplus of government enterprises	Less: Indirect business taxes: Total	Less: Indirect business taxes: Federal	Less: Indirect business taxes: State and local	Less: Business transfer payments	Less: Statistical discrepancy	Equals: National income
1929	103.1	7.9	95.2	−0.1	7.0	1.2	5.8	0.6	0.7	86.8
1930	90.4	8.0	82.4	−.1	7.2	1.0	6.1	.5	−.8	75.4
1931	75.8	7.9	68.0	*	6.9	.9	6.0	.6	.7	59.7
1932	58.0	7.4	50.7	*	6.8	.9	5.8	.7	.3	42.8
1933	55.6	7.0	48.6	*	7.1	1.6	5.4	.7	.6	40.3
1934	65.1	6.8	58.2	.3	7.8	2.2	5.6	.6	.5	49.5
1935	72.2	6.9	65.4	.4	8.2	2.2	6.0	.6	−.2	57.2
1936	82.5	7.0	75.4	*	8.7	2.3	6.4	.6	1.2	65.0
1937	90.4	7.2	83.3	.1	9.2	2.4	6.8	.6	*	73.6
1938	84.7	7.3	77.4	.2	9.2	2.2	6.9	.4	.6	67.4
1939	90.5	7.3	83.2	.5	9.4	2.3	7.0	.5	1.3	72.6
1940	99.7	7.5	92.2	.4	10.0	2.6	7.4	.4	1.0	81.1
1941	124.5	8.2	116.3	.1	11.3	3.6	7.7	.5	.4	104.2
1942	157.9	9.8	148.1	.2	11.8	4.0	7.7	.5	−1.1	137.1
1943	191.6	10.2	181.3	.2	12.7	4.9	7.8	.5	−2.0	170.3
1944	210.1	11.0	199.1	.7	14.1	6.2	8.0	.5	2.5	182.6
1945	211.9	11.3	200.7	.8	15.5	7.1	8.4	.5	3.9	181.5
1946	208.5	9.9	198.6	.9	17.1	7.8	9.3	.5	.1	181.9
1947	231.3	12.2	219.1	−.2	18.4	7.8	10.6	.6	.9	199.0
1948	257.6	14.5	243.1	−.1	20.1	8.0	12.1	.7	−2.0	224.2
1949	256.5	16.6	239.9	−.1	21.3	8.0	13.3	.8	.3	217.5
1950	284.8	18.3	266.4	.2	23.3	8.9	14.5	.8	1.5	241.1
1951	328.4	21.2	307.2	.2	25.2	9.4	15.8	.9	3.3	278.0
1952	345.5	23.2	322.3	−.1	27.6	10.3	17.3	1.0	2.2	291.4
1953	364.6	25.7	338.9	−.4	29.6	10.9	18.7	1.2	3.0	304.7
1954	364.8	28.2	336.6	−.2	29.4	9.7	19.7	1.1	2.7	303.1
1955	398.0	31.5	366.5	−.1	32.1	10.7	21.4	1.2	2.1	331.0
1956	419.2	34.1	385.2	.8	34.9	11.2	23.6	1.4	−1.1	350.8
1957	441.1	37.1	404.0	.9	37.3	11.8	25.5	1.5	*	366.1
1958	447.3	38.9	408.4	.9	38.5	11.5	27.0	1.6	1.6	367.8
1959	483.7	41.4	442.3	.1	41.5	12.5	28.9	1.7	−.8	400.0
1960	503.7	43.4	460.3	.2	45.2	13.5	31.7	1.9	−1.0	414.5
1961	520.1	45.2	474.9	1.4	47.7	13.6	34.1	2.0	−.8	427.3
1962	560.3	50.0	510.4	1.4	51.5	14.6	36.9	2.1	.5	457.7
1963	590.5	52.6	537.9	.8	54.7	15.3	39.4	2.3	−.3	481.9
1964	631.7	56.0	575.7	1.3	58.5	16.2	42.3	2.5	−1.4	517.3
1965	681.2	59.6	621.6	1.0	62.7	16.8	45.8	2.6	−1.6	559.0
1966 p	739.5	63.1	676.4	1.3	65.5	16.0	49.5	2.6	[1] −.2	[1] 609.7
	Seasonally adjusted annual rates									
1964: I	616.8	54.6	562.2	1.0	56.4	15.5	40.8	2.4	0.4	504.0
II	627.7	55.5	572.2	1.3	57.9	16.1	41.9	2.5	−.6	513.7
III	637.9	56.6	581.4	1.4	59.5	16.6	42.9	2.6	−2.3	522.9
IV	644.2	57.5	586.6	1.4	60.2	16.5	43.7	2.6	−3.3	528.5
1965: I	660.8	58.2	602.7	1.2	62.0	17.5	44.6	2.6	−4.1	543.3
II	672.9	59.1	613.8	1.0	62.2	16.8	45.4	2.5	−2.1	552.2
III	686.5	60.2	626.3	.9	62.7	16.3	46.4	2.5	−.8	562.7
IV	704.4	60.8	643.6	.9	63.6	16.7	47.0	2.6	.4	577.8
1966: I	721.2	61.6	659.7	.8	63.0	15.2	47.8	2.6	−.8	595.7
II	732.3	62.7	669.6	.9	64.7	16.1	48.7	2.6	−.9	604.1
III	745.3	63.7	681.6	1.5	66.3	16.2	50.0	2.6	.4	613.8
IV p	759.1	64.6	694.6	1.8	68.1	16.5	51.6	2.6		

[1] Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-13.—*Relation of national income and personal income, 1929–66*

[Billions of dollars]

Year or quarter	National income	Less:			Plus:				Equals:
		Corporate profits and inventory valuation adjustment	Contributions for social insurance	Wage accruals less disbursements	Government transfer payments to persons	Interest paid by government (net) and by consumers	Dividends	Business transfer payments	Personal income
1929	86.8	10.5	0.2	*	0.9	2.5	5.8	0.6	85.9
1930	75.4	7.0	.3	*	1.0	1.8	5.5	.5	77.0
1931	59.7	2.0	.3	*	2.1	1.8	4.1	.6	65.9
1932	42.8	−1.3	.3	*	1.4	1.7	2.5	.7	50.2
1933	40.3	−1.2	.3	*	1.5	1.6	2.0	.7	47.0
1934	49.5	1.7	.3	*	1.6	1.7	2.6	.6	54.0
1935	57.2	3.4	.3	*	1.8	1.7	2.8	.6	60.4
1936	65.0	5.6	.6	*	2.9	1.7	4.5	.6	68.6
1937	73.6	6.8	1.8	*	1.9	1.9	4.7	.6	74.1
1938	67.4	4.9	2.0	*	2.4	1.9	3.2	.4	68.3
1939	72.6	6.3	2.1	*	2.5	1.9	3.8	.5	72.8
1940	81.1	9.8	2.3	*	2.7	2.1	4.0	.4	78.3
1941	104.2	15.2	2.8	*	2.6	2.2	4.4	.5	96.0
1942	137.1	20.3	3.5	*	2.6	2.2	4.3	.5	122.9
1943	170.3	24.4	4.5	0.2	2.5	2.6	4.4	.5	151.3
1944	182.6	23.8	5.2	−.2	3.1	3.3	4.6	.5	165.3
1945	181.5	19.2	6.1	*	5.6	4.2	4.6	.5	171.1
1946	181.9	19.3	6.0	*	10.8	5.2	5.6	.5	178.7
1947	199.0	25.6	5.7	*	11.1	5.5	6.3	.6	191.3
1948	224.2	33.0	5.2	*	10.5	6.1	7.0	.7	210.2
1949	217.5	30.8	5.7	*	11.6	6.5	7.2	.8	207.2
1950	241.1	37.7	6.9	*	14.3	7.2	8.8	.8	227.6
1951	278.0	42.7	8.2	.1	11.5	7.6	8.6	.9	255.6
1952	291.4	39.9	8.7	*	12.0	8.1	8.6	1.0	272.5
1953	304.7	39.6	8.8	−.1	12.8	9.0	8.9	1.2	288.2
1954	303.1	38.0	9.8	*	14.9	9.5	9.3	1.1	290.1
1955	331.0	46.9	11.1	*	16.1	10.1	10.5	1.2	310.9
1956	350.8	46.1	12.6	*	17.1	11.2	11.3	1.4	333.0
1957	366.1	45.6	14.5	*	19.9	12.0	11.7	1.5	351.1
1958	367.8	41.1	14.8	*	24.1	12.1	11.6	1.6	361.2
1959	400.0	51.7	17.6	*	24.9	13.6	12.6	1.7	383.5
1960	414.5	49.9	20.7	*	26.6	15.1	13.4	1.9	401.0
1961	427.3	50.3	21.4	*	30.4	15.0	13.8	2.0	416.8
1962	457.7	55.7	24.0	*	31.2	16.1	15.2	2.1	442.6
1963	481.9	58.9	26.9	*	33.0	17.6	16.5	2.3	465.5
1964	517.3	66.6	28.0	*	34.2	19.1	17.3	2.5	496.0
1965	559.0	74.2	29.2	*	37.1	20.6	19.2	2.6	535.1
1966 p	[1] 609.7	[1] 79.8	37.8	*	41.9	22.8	20.9	2.6	580.4
	Seasonally adjusted annual rates								
1964: I	504.0	65.3	27.4	*	34.6	18.6	17.1	2.4	484.0
II	513.7	66.5	27.7	*	33.9	18.9	17.3	2.5	492.0
III	522.9	67.8	28.2	0.1	34.1	19.4	17.4	2.6	500.3
IV	528.5	66.8	28.6	−.1	34.4	19.6	17.7	2.6	507.5
1965: I	543.3	73.2	28.8	*	36.0	20.0	18.1	2.6	518.0
II	552.2	72.7	29.0	*	35.2	20.5	18.8	2.5	527.6
III	562.7	74.0	29.2	*	39.4	20.9	19.5	2.5	541.9
IV	577.8	76.9	29.8	*	37.9	21.0	20.2	2.6	552.8
1966: I	595.7	80.0	36.5	*	40.0	21.9	20.9	2.6	564.6
II	604.1	79.9	37.0	*	40.1	22.5	21.1	2.6	573.5
III	613.8	79.1	38.5	*	42.3	23.0	21.1	2.6	585.2
IV p	---------	--------	39.3	*	45.3	23.8	20.7	2.6	598.1

[1] Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-14.—*Disposition of personal income, 1929–66*

Year or quarter	Personal income	Less: Personal tax and nontax payments	Equals: Disposable personal income	Less: Personal outlays: Total outlays	Less: Personal outlays: Personal consumption expenditures	Less: Personal outlays: Interest paid by consumers	Less: Personal outlays: Personal transfer payments to foreigners	Equals: Personal saving	Percent of disposable personal income: Personal outlays: Total	Percent of disposable personal income: Personal outlays: Consumption expenditures	Percent of disposable personal income: Personal saving
	Billions of dollars								Percent		
1929	85.9	2.6	83.3	79.1	77.2	1.5	0.3	4.2	95.0	92.7	5.0
1930	77.0	2.5	74.5	71.1	69.9	.9	.3	3.4	95.4	93.8	4.6
1931	65.9	1.9	64.0	61.4	60.5	.7	.3	2.6	95.9	94.4	4.1
1932	50.2	1.5	48.7	49.3	48.6	.5	.2	−.6	101.3	99.8	−1.3
1933	47.0	1.5	45.5	46.5	45.8	.5	.2	−.9	102.0	100.6	−2.0
1934	54.0	1.6	52.4	52.0	51.3	.5	.2	.4	99.3	98.0	.7
1935	60.4	1.9	58.5	56.4	55.7	.5	.2	2.1	96.3	95.2	3.7
1936	68.6	2.3	66.3	62.7	61.9	.6	.2	3.6	94.6	93.3	5.4
1937	74.1	2.9	71.2	67.4	66.5	.7	.2	3.8	94.7	93.4	5.3
1938	68.3	2.9	65.5	64.8	63.9	.7	.2	.7	98.9	97.6	1.1
1939	72.8	2.4	70.3	67.7	66.8	.7	.2	2.6	96.3	95.0	3.7
1940	78.3	2.6	75.7	71.8	70.8	.8	.2	3.8	94.9	93.6	5.1
1941	96.0	3.3	92.7	81.7	80.6	.9	.2	11.0	88.2	86.9	11.8
1942	122.9	6.0	116.9	89.3	88.5	.7	.1	27.6	76.4	75.7	23.6
1943	151.3	17.8	133.5	100.1	99.3	.5	.2	33.4	75.0	74.4	25.0
1944	165.3	18.9	146.3	109.1	108.3	.5	.4	37.3	74.5	74.0	25.5
1945	171.1	20.9	150.2	120.7	119.7	.5	.5	29.6	80.3	79.7	19.7
1946	178.7	18.7	160.0	144.8	143.4	.8	.7	15.2	90.5	89.6	9.5
1947	191.3	21.4	169.8	162.5	160.7	1.1	.7	7.3	95.7	94.6	4.3
1948	210.2	21.1	189.1	175.8	173.6	1.5	.7	13.4	92.9	91.8	7.1
1949	207.2	18.6	188.6	179.2	176.8	1.9	.5	9.4	95.0	93.8	5.0
1950	227.6	20.7	206.9	193.9	191.0	2.4	.5	13.1	93.7	92.3	6.3
1951	255.6	29.0	226.6	209.3	206.3	2.7	.4	17.3	92.4	91.0	7.6
1952	272.5	34.1	238.3	220.2	216.7	3.0	.4	18.1	92.4	90.9	7.6
1953	288.2	35.6	252.6	234.3	230.0	3.8	.5	18.3	92.8	91.1	7.2
1954	290.1	32.7	257.4	241.0	236.5	4.0	.5	16.4	93.6	91.9	6.4
1955	310.9	35.5	275.3	259.5	254.4	4.7	.5	15.8	94.3	92.4	5.7
1956	333.0	39.8	293.2	272.6	266.7	5.4	.6	20.6	93.0	91.0	7.0
1957	351.1	42.6	308.5	287.8	281.4	5.8	.6	20.7	93.3	91.2	6.7
1958	361.2	42.3	318.8	296.6	290.1	5.9	.6	22.3	93.0	91.0	7.0
1959	383.5	46.2	337.3	318.3	311.2	6.5	.6	19.1	94.4	92.3	5.6
1960	401.0	50.9	350.0	333.0	325.2	7.3	.5	17.0	95.1	92.9	4.9
1961	416.8	52.4	364.4	343.3	335.2	7.6	.5	21.2	94.2	92.0	5.8
1962	442.6	57.4	385.3	363.7	355.1	8.1	.5	21.6	94.4	92.2	5.6
1963	465.5	60.9	404.6	384.7	375.0	9.1	.6	19.9	95.1	92.7	4.9
1964	496.0	59.4	436.6	412.1	401.4	10.1	.6	24.5	94.4	91.9	5.6
1965	535.1	66.0	469.1	443.4	431.5	11.3	.6	25.7	94.5	92.0	5.5
1966 p	580.4	75.1	505.3	478.4	465.0	12.7	.7	26.9	94.7	92.0	5.3
	Seasonally adjusted annual rates										
1964: I	484.0	60.7	423.4	401.4	391.1	9.7	0.6	22.0	94.8	92.4	5.2
II	492.0	56.9	435.1	408.5	398.0	10.0	.6	26.6	93.9	91.5	6.1
III	500.3	59.1	441.2	418.4	407.5	10.3	.6	22.8	94.8	92.4	5.2
IV	507.5	60.9	446.6	420.0	408.8	10.6	.6	26.6	94.0	91.5	6.0
1965: I	518.0	64.9	453.2	430.3	418.9	10.8	.6	22.8	94.9	92.4	5.0
II	527.6	66.6	461.0	438.6	426.8	11.2	.6	22.4	95.1	92.6	4.9
III	541.9	65.7	476.2	447.1	435.0	11.5	.6	29.0	93.9	91.3	6.1
IV	552.8	66.7	486.1	457.6	445.2	11.8	.6	28.5	94.1	91.6	5.9
1966: I	564.6	69.5	495.1	468.4	455.6	12.1	.6	26.7	94.6	92.0	5.4
II	573.5	73.6	499.9	473.3	460.1	12.5	.7	26.6	94.7	92.0	5.3
III	585.2	77.4	507.8	483.3	469.9	12.8	.7	24.5	95.2	92.5	4.8
IV p	598.1	79.9	518.2	488.4	474.4	13.2	.7	29.9	94.2	91.5	5.8

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

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TABLE B-15.—*Sources of personal income, 1929–66*

[Billions of dollars]

Year or quarter	Total personal income	Wage and salary disbursements [1]						Other labor income [1]	Proprietors' income	
		Total	Commodity-producing industries		Distributive industries	Service industries	Government		Business and professional	Farm [2]
			Total	Manufacturing						
1929	85.9	50.4	21.5	16.1	15.6	8.4	4.9	0.6	9.0	6.2
1930	77.0	46.2	18.5	13.8	14.5	8.0	5.2	.6	7.6	4.3
1931	65.9	39.1	14.3	10.8	12.5	7.1	5.3	.5	5.8	3.4
1932	50.2	30.5	9.9	7.7	9.8	5.8	5.0	.5	3.6	2.1
1933	47.0	29.0	9.8	7.8	8.8	5.2	5.1	.4	3.3	2.6
1934	54.0	33.7	12.1	9.6	9.9	5.7	6.1	.4	4.7	3.0
1935	60.4	36.7	13.5	10.8	10.7	5.9	6.5	.5	5.5	5.3
1936	68.6	41.9	15.8	12.4	11.8	6.5	7.9	.6	6.7	4.3
1937	74.1	46.1	18.4	14.6	13.2	7.1	7.5	.6	7.2	6.0
1938	68.3	43.0	15.3	11.8	12.6	6.8	8.2	.6	6.9	4.4
1939	72.8	45.9	17.4	13.6	13.3	7.1	8.2	.6	7.4	4.4
1940	78.3	49.8	19.7	15.6	14.2	7.5	8.4	.7	8.6	4.5
1941	96.0	62.1	27.5	21.7	16.3	8.1	10.2	.7	11.1	6.4
1942	122.9	82.1	39.1	30.9	18.0	9.0	16.0	.9	14.0	9.8
1943	151.3	105.6	48.9	40.9	20.1	9.9	26.6	1.1	17.0	11.7
1944	165.3	116.9	50.3	42.9	22.7	10.9	33.0	1.5	18.2	11.6
1945	171.1	117.5	45.8	38.2	24.8	12.0	34.9	1.8	19.2	12.2
1946	178.7	112.0	46.0	36.5	31.0	14.4	20.7	1.9	21.6	14.9
1947	191.3	123.0	54.3	42.5	35.2	16.1	17.4	2.3	20.3	15.2
1948	210.2	135.3	61.0	47.2	37.6	17.9	18.9	2.7	22.7	17.5
1949	207.2	134.6	57.7	44.7	37.7	18.6	20.6	3.0	22.6	12.7
1950	227.6	146.7	64.6	50.3	39.9	19.9	22.4	3.8	24.0	13.5
1951	255.6	171.0	76.1	59.4	44.3	21.7	28.9	4.8	26.1	15.8
1952	272.5	185.1	81.8	64.2	46.9	23.3	33.1	5.3	27.1	15.0
1953	288.2	198.3	89.4	71.2	49.8	25.1	34.1	6.0	27.5	13.0
1954	290.1	196.5	85.4	67.6	50.2	26.4	34.6	6.3	27.6	12.4
1955	310.9	211.3	92.8	73.9	53.4	28.9	36.2	7.3	30.3	11.4
1956	333.0	227.8	100.2	79.5	57.7	31.6	38.3	8.4	31.3	11.4
1957	351.1	238.7	103.8	82.5	60.5	33.9	40.4	9.5	32.8	11.3
1958	361.2	239.9	99.7	78.7	60.8	35.9	43.5	9.9	33.2	13.4
1959	383.5	258.2	109.1	86.9	64.8	38.7	45.6	11.3	35.1	11.4
1960	401.0	270.8	112.5	89.7	68.1	41.5	48.7	12.0	34.2	12.0
1961	416.8	278.1	112.8	89.8	69.1	44.0	52.2	12.7	35.6	12.8
1962	442.6	296.1	120.8	96.7	72.5	46.8	56.0	13.9	37.1	13.0
1963	465.5	311.1	125.7	100.6	76.0	49.9	59.5	14.9	37.9	13.1
1964	496.0	333.6	134.0	107.2	81.2	54.1	64.3	16.6	39.9	12.0
1965	535.1	358.4	144.3	115.5	86.7	58.1	69.2	18.5	40.7	15.1
1966 p	580.4	392.3	158.2	127.2	93.1	63.5	77.4	20.8	41.8	16.0
	Seasonally adjusted annual rates									
1964: I	484.0	324.4	130.2	104.2	79.1	52.6	62.6	15.9	39.1	12.2
II	492.0	330.6	132.9	106.2	80.5	53.7	63.5	16.4	39.9	12.2
III	500.3	337.2	135.5	108.6	81.9	54.8	65.0	16.9	40.3	11.7
IV	507.5	342.3	137.4	109.7	83.1	55.4	66.3	17.3	40.3	11.9
1965: I	518.0	348.2	140.9	112.6	84.6	55.7	67.0	17.8	40.5	12.9
II	527.6	353.7	142.6	114.0	86.0	57.2	68.0	18.2	40.4	15.5
III	541.9	360.8	144.8	116.2	87.1	59.2	69.7	18.8	40.7	16.0
IV	552.8	370.8	148.9	119.2	89.1	60.5	72.3	19.4	41.1	16.0
1966: I	564.6	380.0	153.8	123.0	90.8	61.3	74.1	20.0	41.4	17.0
II	573.5	387.4	157.0	126.0	92.1	62.5	75.9	20.6	41.6	16.3
III	585.2	396.7	159.6	128.6	93.9	64.4	78.8	21.1	41.9	15.4
IV p	598.1	405.0	162.3	131.2	95.8	65.8	81.0	21.7	42.2	15.2

See footnotes at end of table.

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TABLE B-15.—*Sources of personal income, 1929–66*—Continued

[Billions of dollars]

Year or quarter	Rental income of persons	Dividends	Personal interest income	Transfer payments					Less: Personal contributions for social insurance	Nonagricultural personal income [3]
				Total	Old-age and survivors insurance benefits	State unemployment insurance benefits	Veterans' benefits	Other		
1929	5.4	5.8	7.2	1.5	----------	----------	0.6	0.9	0.1	77.6
1930	4.8	5.5	6.8	1.5	----------	----------	.6	.9	.1	70.8
1931	3.8	4.1	6.7	2.7	----------	----------	1.6	1.1	.2	60.8
1932	2.7	2.5	6.3	2.2	----------	----------	.8	1.4	.2	46.7
1933	2.0	2.0	5.7	2.1	----------	----------	.5	1.6	.2	43.2
1934	1.7	2.6	5.8	2.2	----------	----------	.4	1.8	.2	49.8
1935	1.7	2.8	5.7	2.4	----------	----------	.5	1.9	.2	53.9
1936	1.8	4.5	5.5	3.5	----------	----------	1.9	1.6	.2	63.0
1937	2.1	4.7	5.6	2.4	*	*	.6	1.8	.6	66.7
1938	2.6	3.2	5.5	2.8	*	0.4	.5	1.9	.6	62.6
1939	2.7	3.8	5.5	3.0	*	.4	.5	2.0	.6	66.9
1940	2.9	4.0	5.4	3.1	*	.5	.5	2.0	.7	72.3
1941	3.5	4.4	5.5	3.1	0.1	.3	.5	2.2	.8	87.8
1942	4.5	4.3	5.3	3.1	.1	.3	.5	2.2	1.2	111.0
1943	5.1	4.4	5.3	3.0	.2	.1	.5	2.2	1.8	137.3
1944	5.4	4.6	5.6	3.6	.2	.1	.9	2.4	2.2	151.2
1945	5.6	4.6	6.3	6.2	.3	.4	2.8	2.7	2.3	156.4
1946	6.6	5.6	6.8	11.3	.4	1.1	6.7	3.1	2.0	161.0
1947	7.1	6.3	7.5	11.7	.5	.8	6.7	3.7	2.1	173.0
1948	8.0	7.0	7.9	11.2	.6	.8	5.8	4.1	2.2	189.4
1949	8.4	7.2	8.5	12.4	.7	1.7	5.1	4.9	2.2	191.3
1950	9.4	8.8	9.2	15.1	1.0	1.4	4.9	7.9	2.9	210.9
1951	10.3	8.6	9.9	12.5	1.9	.8	3.9	5.9	3.4	236.4
1952	11.5	8.6	10.6	13.0	2.2	1.0	3.9	6.0	3.8	254.1
1953	12.7	8.9	11.8	14.0	3.0	1.0	3.7	6.3	4.0	271.9
1954	13.6	9.3	13.1	16.0	3.6	2.0	3.9	6.5	4.6	274.7
1955	13.9	10.5	14.2	17.3	4.9	1.4	4.3	6.8	5.2	296.4
1956	14.3	11.3	15.7	18.5	5.7	1.4	4.3	7.2	5.8	318.5
1957	14.8	11.7	17.6	21.4	7.3	1.8	4.4	7.9	6.7	336.6
1958	15.4	11.6	18.9	25.7	8.5	3.9	4.6	8.7	6.9	344.3
1959	15.6	12.6	20.7	26.6	10.2	2.5	4.6	9.4	7.9	368.5
1960	15.8	13.4	23.4	28.5	11.1	2.8	4.6	10.0	9.3	385.2
1961	16.0	13.8	25.0	32.4	12.6	4.0	4.8	10.9	9.6	400.0
1962	16.7	15.2	27.7	33.3	14.3	2.9	4.8	11.2	10.3	425.5
1963	17.1	16.5	31.4	35.3	15.2	2.8	5.0	12.2	11.8	448.1
1964	17.7	17.3	34.6	36.8	16.0	2.6	5.3	12.9	12.5	479.7
1965	18.3	19.2	38.4	39.7	18.1	2.2	5.6	13.8	13.2	515.6
1966 p	18.9	20.9	42.8	44.5	21.0	1.8	6.1	15.7	17.6	559.7
	Seasonally adjusted annual rates									
1964: I	17.4	17.1	33.3	37.1	15.8	2.7	5.2	13.3	12.3	467.7
II	17.6	17.3	34.0	36.4	15.9	2.6	5.3	12.7	12.4	475.5
III	17.8	17.4	35.1	36.6	16.1	2.5	5.3	12.8	12.6	484.4
IV	17.9	17.7	35.9	37.0	16.3	2.4	5.3	13.0	12.8	491.3
1965: I	18.1	18.1	36.9	38.6	16.7	2.4	5.5	14.1	13.1	500.9
II	18.3	18.8	38.0	37.8	16.6	2.2	5.6	13.3	13.2	507.7
III	18.4	19.5	38.9	42.0	20.4	2.2	5.7	13.7	13.2	521.5
IV	18.5	20.2	39.7	40.5	18.6	2.0	5.8	14.1	13.5	532.2
1966: I	18.7	20.9	41.0	42.6	19.5	2.0	5.9	15.2	16.9	542.9
II	18.8	21.1	42.1	42.8	19.7	1.6	6.0	15.4	17.1	552.5
III	18.9	21.1	43.2	44.9	21.2	1.8	6.1	15.8	18.1	565.1
IV p	19.1	20.7	44.8	47.9	23.5	1.7	6.3	16.4	18.5	578.2

[1] The total of wage and salary disbursements and other labor income differs from compensation of employees in Table B-11 in that it excludes employer contributions for social insurance and excludes the excess of wage accruals over wage disbursements.

[2] Excludes income resulting from net reductions of inventories and gives credit in computing income to net additions to inventories during the period.

[3] Nonagricultural income is personal income exclusive of net income of unincorporated farm enterprises, farm wages, agricultural net interest, and net dividends paid by agricultural corporations.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B–16.—*Total and per capita disposable personal income and personal consumption expenditures, in current and 1958 prices, 1929–66*

Year or quarter	Disposable personal income				Personal consumption expenditures				Population (thousands)[1]
	Total (billions of dollars)		Per capita (dollars)		Total (billions of dollars)		Per capita (dollars)		
	Current prices	1958 prices	Current prices	1958 prices	Current prices	1958 prices	Current prices	1958 prices	
1929	83.3	150.6	683	1,236	77.2	139.6	634	1,145	121,875
1930	74.5	139.0	605	1,128	69.9	130.4	567	1,059	123,188
1931	64.0	133.7	516	1,077	60.5	126.1	487	1,016	124,149
1932	48.7	115.1	390	921	48.6	114.8	389	919	124,949
1933	45.5	112.2	362	893	45.8	112.8	364	897	125,690
1934	52.4	120.4	414	952	51.3	118.1	406	934	126,485
1935	58.5	131.8	459	1,035	55.7	125.5	437	985	127,362
1936	66.3	148.4	518	1,158	61.9	138.4	483	1,080	128,181
1937	71.2	153.1	552	1,187	66.5	143.1	516	1,110	128,961
1938	65.5	143.6	504	1,105	63.9	140.2	492	1,079	129,969
1939	70.3	155.9	537	1,190	66.8	148.2	510	1,131	131,028
1940	75.7	166.3	573	1,259	70.8	155.7	536	1,178	132,122
1941	92.7	190.3	695	1,427	80.6	165.4	604	1,240	133,402
1942	116.9	213.4	867	1,582	88.5	161.4	656	1,197	134,860
1943	133.5	222.8	976	1,629	99.3	165.8	726	1,213	136,739
1944	146.3	231.6	1,057	1,673	108.3	171.4	782	1,238	138,397
1945	150.2	229.7	1,074	1,642	119.7	183.0	855	1,308	139,928
1946	160.0	227.0	1,132	1,606	143.4	203.5	1,014	1,439	141,389
1947	169.8	218.0	1,178	1,513	160.7	206.3	1,115	1,431	144,126
1948	189.1	229.8	1,290	1,567	173.6	210.8	1,184	1,438	146,631
1949	188.6	230.8	1,264	1,547	176.8	216.5	1,185	1,451	149,188
1950	206.9	249.6	1,364	1,646	191.0	230.5	1,259	1,520	151,684
1951	226.6	255.7	1,469	1,657	206.3	232.8	1,337	1,509	154,287
1952	238.3	263.3	1,518	1,678	216.7	239.4	1,381	1,525	156,954
1953	252.6	275.4	1,583	1,726	230.0	250.8	1,441	1,572	159,565
1954	257.4	278.3	1,585	1,714	236.5	255.7	1,456	1,575	162,391
1955	275.3	296.7	1,666	1,795	254.4	274.2	1,539	1,659	165,275
1956	293.2	309.3	1,743	1,839	266.7	281.4	1,585	1,673	168,221
1957	308.5	315.8	1,801	1,844	281.4	288.2	1,643	1,683	171,274
1958	318.8	318.8	1,831	1,831	290.1	290.1	1,666	1,666	174,141
1959	337.3	333.0	1,905	1,881	311.2	307.3	1,758	1,735	177,073
1960	350.0	340.2	1,937	1,883	325.2	316.1	1,800	1,749	180,684
1961	364.4	350.7	1,983	1,909	335.2	322.5	1,824	1,755	183,756
1962	385.3	367.3	2,064	1,968	355.1	338.4	1,902	1,813	186,656
1963	404.6	381.3	2,136	2,013	375.0	353.3	1,980	1,865	189,417
1964	436.6	406.5	2,272	2,116	401.4	373.8	2,089	1,946	192,120
1965	469.1	430.8	2,411	2,214	431.5	396.2	2,218	2,036	194,572
1966 p	505.3	451.5	2,567	2,294	465.0	415.5	2,362	2,111	196,842
	Seasonally adjusted annual rates								
1964: I	423.4	395.7	2,215	2,070	391.1	365.7	2,046	1,913	191,163
II	435.1	405.5	2,269	2,114	398.0	371.0	2,075	1,934	191,781
III	441.2	410.8	2,292	2,134	407.5	379.5	2,117	1,972	192,492
IV	446.6	413.9	2,312	2,142	408.8	378.9	2,116	1,961	193,196
1965: I	453.2	418.8	2,339	2,162	418.9	387.1	2,162	1,998	193,731
II	461.0	423.7	2,373	2,181	426.8	392.2	2,197	2,019	194,268
III	476.2	436.8	2,443	2,241	435.0	398.9	2,232	2,047	194,898
IV	486.1	443.9	2,486	2,270	445.2	406.5	2,277	2,079	195,543
1966: I	495.1	448.4	2,525	2,287	455.6	412.8	2,324	2,105	196,082
II	499.9	447.9	2,543	2,278	460.1	412.2	2,340	2,097	196,585
III	507.8	452.2	2,576	2,294	469.9	418.3	2,384	2,122	197,124
IV p	518.2	457.0	2,621	2,311	474.4	418.5	2,399	2,117	197,717

[1] Population of the United States including armed forces abroad. Annual data are for July 1; quarterly data are for middle of period, interpolated from monthly data.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Sources: Department of Commerce (Office of Business Economics and Bureau of the Census) and Council of Economic Advisers.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B–17.—*Number and money income of families and unrelated individuals, 1947–65*

Year	Families [1]			
	Total		Poor [2]	
	Number (millions)	Median income (1965 prices)	Number (millions)	Incidence (percent)
1947	37.2	4,275	11.2	30.0
1948	38.6	4,178	12.0	31.2
1949	39.3	4,116	12.7	32.3
1950	39.9	4,351	11.9	29.9
1951	40.6	4,507	11.3	27.8
1952	40.8	4,625	10.7	26.3
1953	41.2	5,002	10.1	24.6
1954	42.0	4,889	11.0	26.2
1955	42.9	5,223	10.1	23.6
1956	43.5	5,561	9.4	21.5
1957	43.7	5,554	9.5	21.7
1958	44.2	5,543	9.6	21.8
1959	45.1	5,856	9.3	20.6
1960	45.5	5,991	9.2	20.3
1961	46.3	6,054	9.3	20.1
1962	47.0	6,220	8.9	18.9
1963	47.4	6,444	8.5	18.0
1964	47.8	6,676	8.2	17.1
1965	48.3	6,882	8.0	16.5
	Unrelated individuals [3]			
	Total		Poor [4]	
	Number (millions)	Median income (1965 prices)	Number (millions)	Incidence (percent)
1947	8.2	1,407	4.3	52.3
1948	8.4	1,365	4.5	54.0
1949	9.0	1,430	4.7	51.9
1950	9.4	1,421	4.9	52.1
1951	9.1	1,470	4.6	50.7
1952	9.7	1,692	4.5	46.6
1953	9.5	1,662	4.5	47.5
1954	9.7	1,454	5.0	51.2
1955	9.9	1,561	4.8	48.9
1956	9.8	1,670	4.6	46.9
1957	10.4	1,720	4.8	46.1
1958	10.9	1,675	5.1	46.9
1959	10.9	1,718	5.0	46.0
1960	11.1	1,857	4.9	44.3
1961	11.2	1,862	4.9	43.5
1962	11.0	1,841	4.8	43.2
1963	11.2	1,862	4.8	42.8
1964	12.1	2,017	5.0	41.4
1965	12.1	2,110	4.7	38.8

[1] The term "family" refers to a group of two or more persons related by blood, marriage, or adoption and residing together; all such persons are considered members of the same family.
[2] Poverty is defined to include all families with total money income of less than $3,000 in 1965 prices; these are also referred to as poor families. Incidence of poverty is measured by the percent that poor families are of all families.
[3] The term "unrelated individuals" refers to persons 14 years of age and over (other than inmates of institutions) who are not living with any relatives.
[4] Poverty is defined to include all unrelated individuals with total money income of less than $1,500 in 1965 prices. Incidence of poverty is measured by the percent that poor unrelated individuals are of all unrelated individuals.

NOTE.—The number of poor and incidence of poverty shown in this table differ from data shown in Chapter 5, Tables 18 and 19. In Chapter 5, poverty is defined by the new Social Security Administration poverty-income standard; it takes into account family size, composition, and place of residence (as well as the amount of money income).
Data for Alaska and Hawaii included beginning 1959.

Source: Department of Commerce, Bureau of the Census.

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TABLE B-18.—*Sources and uses of gross saving, 1929–66*

[Billions of dollars]

Year or quarter	Gross private saving and government surplus or deficit, national income and product accounts							Gross investment			Statistical discrepancy
	Total	Private saving			Government surplus or deficit (−)			Total	Gross private domestic investment	Net foreign investment [1]	
		Total	Personal saving	Gross business saving	Total	Federal	State and local				
1929	16.3	15.3	4.2	11.2	1.0	1.2	−0.2	17.0	16.2	0.8	0.7
1930	11.8	12.1	3.4	8.6	−.3	.3	−.6	11.0	10.3	.7	−.8
1931	5.1	8.0	2.6	5.3	−2.9	−2.1	−.8	5.8	5.6	.2	.7
1932	.8	2.5	−.6	3.2	−1.8	−1.5	−.3	1.1	1.0	.2	.3
1933	.9	2.3	−.9	3.2	−1.4	−1.3	−.1	1.6	1.4	.2	.6
1934	3.2	5.6	.4	5.2	−2.4	−2.9	.5	3.8	3.3	.4	.5
1935	6.6	8.6	2.1	6.4	−2.0	−2.6	.6	6.4	6.4	−.1	−.2
1936	7.2	10.3	3.6	6.7	−3.1	−3.6	.5	8.4	8.5	−.1	1.2
1937	11.9	11.5	3.8	7.7	.3	−.4	.7	11.8	11.8	.1	*
1938	7.0	8.7	.7	8.0	−1.8	−2.1	.4	7.6	6.5	1.1	.6
1939	8.8	11.0	2.6	8.4	−2.2	−2.2	*	10.2	9.3	.9	1.3
1940	13.6	14.3	3.8	10.5	−.7	−1.3	.6	14.6	13.1	1.5	1.0
1941	18.6	22.4	11.0	11.4	−3.8	−5.1	1.3	19.0	17.9	1.1	.4
1942	10.7	42.0	27.6	14.5	−31.4	−33.1	1.8	9.6	9.8	−.2	−1.1
1943	5.5	49.7	33.4	16.3	−44.1	−46.6	2.5	3.5	5.7	−2.2	−2.0
1944	2.5	54.3	37.3	17.1	−51.8	−54.5	2.7	5.0	7.1	−2.1	2.5
1945	5.2	44.7	29.6	15.1	−39.5	−42.1	2.6	9.1	10.6	−1.4	3.9
1946	35.1	29.7	15.2	14.5	5.4	3.5	1.9	35.2	30.6	4.6	.1
1947	42.0	27.5	7.3	20.2	14.4	13.4	1.0	42.9	34.0	8.9	.9
1948	49.9	41.4	13.4	28.0	8.5	8.4	.1	47.9	46.0	1.9	−2.0
1949	35.9	39.0	9.4	29.7	−3.2	−2.4	−.7	36.2	35.7	.5	.3
1950	50.4	42.5	13.1	29.4	7.8	9.1	−1.2	51.8	54.1	−2.2	1.5
1951	56.1	50.3	17.3	33.1	5.8	6.2	−.4	59.5	59.3	.2	3.3
1952	49.5	53.3	18.1	35.1	−3.8	−3.8	*	51.6	51.9	−.3	2.2
1953	47.5	54.4	18.3	36.1	−6.9	−7.0	.1	50.5	52.6	−2.1	3.0
1954	48.5	55.6	16.4	39.2	−7.0	−5.9	−1.1	51.3	51.7	−.5	2.7
1955	64.8	62.1	15.8	46.3	2.7	4.0	−1.3	66.9	67.4	−.5	2.1
1956	72.7	67.8	20.6	47.3	4.9	5.7	−.9	71.6	70.0	1.5	−1.1
1957	71.2	70.5	20.7	49.8	.7	2.1	−1.4	71.2	67.8	3.4	*
1958	59.2	71.7	22.3	49.4	−12.5	−10.2	−2.3	60.7	60.9	−.2	1.6
1959	73.8	75.9	19.1	56.8	−2.1	−1.2	−.8	73.0	75.3	−2.3	−.8
1960	77.5	73.9	17.0	56.8	3.7	3.5	.2	76.5	74.8	1.7	−1.0
1961	75.5	79.8	21.2	58.7	−4.3	−3.8	−.5	74.7	71.7	3.0	−.8
1962	85.0	87.9	21.6	66.3	−2.9	−3.8	.9	85.5	83.0	2.5	.5
1963	90.5	88.7	19.9	68.8	1.8	.7	1.2	90.3	87.1	3.1	−.3
1964	100.1	101.4	24.5	76.9	−1.4	−3.0	1.7	98.7	93.0	5.7	−1.4
1965	112.3	109.1	25.7	83.4	3.2	1.6	1.6	110.7	106.6	4.2	−1.6
1966 p	[2] 118.6	[2] 115.1	26.9	[2] 88.2	[2] 3.5	[2] .2	[2] 3.3	118.4	116.5	1.9	[2] −.2
	Seasonally adjusted annual rates										
1964: I	96.0	96.9	22.0	74.9	−0.9	−1.9	1.0	96.5	90.2	6.3	0.4
II	97.4	103.1	26.6	76.5	−5.7	−6.7	1.1	96.8	91.8	5.0	−.6
III	100.4	101.2	22.8	78.4	−.8	−3.0	2.2	98.2	92.5	5.7	−2.3
IV	106.6	104.5	26.6	77.9	2.1	−.5	2.6	103.3	97.4	5.9	−3.3
1965: I	111.7	105.3	22.8	82.5	6.4	4.5	1.9	107.6	103.8	3.8	−4.1
II	110.9	104.8	22.4	82.4	6.1	4.4	1.7	108.8	103.7	5.1	−2.1
III	111.8	112.8	29.0	83.8	−1.0	−2.5	1.5	110.9	106.7	4.2	−.8
IV	115.0	113.6	28.5	85.1	1.4	−.2	1.6	115.4	111.9	3.5	.4
1966: I	117.9	113.2	26.7	86.5	4.7	2.3	2.4	117.1	114.5	2.6	−.8
II	121.2	113.9	26.6	87.3	7.3	3.8	3.5	120.3	118.5	1.8	−.9
III	115.8	112.5	24.5	88.0	3.3	−.5	3.8	116.1	115.0	1.1	.4
IV p	------	------	29.9	------	------	------	------	120.1	118.0	2.1	------

[1] Net exports of goods and services less net transfers to foreigners.

[2] Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

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TABLE B–19.—*Population by age groups: Estimates, 1929–66, and projections, 1970–85*

[Thousands of persons]

July 1	Total	Age (years)						
		Under 5	5-13	14-19	20-24	25-44	45-64	65 and over
Estimates:								
1929	121,767	11,734	22,131	13,796	10,694	35,862	21,076	6,474
1930	123,077	11,372	22,266	13,937	10,915	36,309	21,573	6,705
1931	124,040	11,179	22,263	13,980	11,003	36,654	22,031	6,928
1932	124,840	10,903	22,238	14,015	11,077	36,988	22,473	7,147
1933	125,579	10,612	22,129	14,070	11,152	37,319	22,933	7,363
1934	126,374	10,331	21,964	14,163	11,238	37,662	23,435	7,582
1935	127,250	10,170	21,730	14,296	11,317	37,987	23,947	7,804
1936	128,053	10,044	21,434	14,442	11,375	38,288	24,444	8,027
1937	128,825	10,009	21,082	14,558	11,411	38,589	24,917	8,258
1938	129,825	10,176	20,668	14,680	11,453	38,954	25,387	8,508
1939	130,880	10,418	20,253	14,748	11,519	39,354	25,823	8,764
1940	132,122	10,579	19,936	14,770	11,690	39,868	26,249	9,031
1941	133,402	10,850	19,674	14,682	11,807	40,383	26,718	9,288
1942	134,860	11,301	19,427	14,534	11,955	40,861	27,196	9,584
1943	136,739	12,016	19,319	14,381	12,064	41,420	27,671	9,867
1944	138,397	12,524	19,246	14,264	12,062	42,016	28,138	10,147
1945	139,928	12,979	19,326	13,942	12,036	42,521	28,630	10,494
1946	141,389	13,244	19,625	13,597	12,004	43,027	29,064	10,828
1947	144,126	14,406	20,118	13,447	11,814	43,657	29,498	11,185
1948	146,631	14,919	20,990	13,171	11,794	44,288	29,931	11,538
1949	149,188	15,607	21,634	13,006	11,700	44,916	30,405	11,921
1950	152,271	16,410	22,424	12,839	11,680	45,673	30,849	12,397
1951	154,878	17,333	22,998	12,727	11,552	46,103	31,362	12,803
1952	157,553	17,312	24,501	12,807	11,350	46,494	31,884	13,203
1953	160,184	17,638	25,701	12,986	11,062	46,786	32,393	13,617
1954	163,026	18,057	26,887	13,230	10,832	47,002	32,941	14,076
1955	165,931	18,566	27,925	13,501	10,714	47,195	33,507	14,527
1956	168,903	19,003	28,929	13,981	10,616	47,380	34,058	14,937
1957	171,984	19,494	29,672	14,795	10,603	47,441	34,591	15,387
1958	174,882	19,887	30,651	15,337	10,756	47,336	35,109	15,805
1959	177,830	20,175	31,767	15,816	10,969	47,192	35,663	16,248
1960	180,684	20,364	32,985	16,217	11,116	47,134	36,208	16,659
1961	183,756	20,657	33,296	17,566	11,408	47,061	36,756	17,013
1962	186,656	20,746	33,943	18,483	11,889	46,969	37,316	17,311
1963	189,417	20,750	34,606	19,075	12,620	46,933	37,868	17,565
1964	192,120	20,691	35,298	19,813	13,152	46,874	38,434	17,856
1965	[1] 194,583	20,434	35,888	20,638	13,667	46,790	39,011	18,156
1966	196,842	19,851	36,525	21,579	14,047	46,792	39,592	18,457
Projections: [2]								
1970: Series A	208,615	21,317	37,224	23,136	17,261	48,276	41,817	19,585
Series D	204,923	17,625	37,224	23,136				
1975: Series A	227,929	27,210	37,884	25,132	19,299	53,882	43,363	21,159
Series D	215,367	18,323	34,209	25,132				
1980: Series A	250,489	31,040	45,215	24,621	20,997	62,373	43,179	23,063
Series D	227,665	20,736	32,695	24,621				
1985: Series A	274,748	33,288	53,497	26,894	21,068	72,083	42,941	24,977
Series D	241,731	23,030	35,933	21,699				

[1] The latest estimate for total population for 1965 is 194,572,000 (as shown in Table B–16), but detail by age groups is not yet available.

[2] Two of four series projected by the cohort method and based on different assumptions with regard to completed fertility, which moves gradually toward a level of 3,350 children per 1,000 women for Series A and 2,450 children per 1,000 women for Series D. For further explanation of method of projection and for additional data, see forthcoming *Population Estimates, Current Population Reports, Series P–25.*

NOTE.—Data for armed forces overseas included beginning 1940 and for Alaska and Hawaii beginning 1950.

Source: Department of Commerce, Bureau of the Census.

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TABLE B-20.—*Noninstitutional population and the labor force, 1929–66*

Year or month	Noninstitutional population [1]	Total labor force (including armed forces) [1]	Armed forces [1]	Civilian labor force: Total	Civilian labor force: Employment [2]: Total	Civilian labor force: Employment [2]: Agricultural	Civilian labor force: Employment [2]: Nonagricultural	Civilian labor force: Unemployment [2]	Total labor force as percent of noninstitutional population	Unemployment as percent of civilian labor force
	Thousands of persons 14 years of age and over								Percent	
Old definitions [2]										
1929	-------	49,440	260	49,180	47,630	10,450	37,180	1,550	-------	3.2
1930	-------	50,080	260	49,820	45,480	10,340	35,140	4,340	-------	8.7
1931	-------	50,680	260	50,420	42,400	10,290	32,110	8,020	-------	15.9
1932	-------	51,250	250	51,000	38,940	10,170	28,770	12,060	-------	23.6
1933	-------	51,840	250	51,590	38,760	10,090	28,670	12,830	-------	24.9
1934	-------	52,490	260	52,230	40,890	9,900	30,990	11,340	-------	21.7
1935	-------	53,140	270	52,870	42,260	10,110	32,150	10,610	-------	20.1
1936	-------	53,740	300	53,440	44,410	10,000	34,410	9,030	-------	16.9
1937	-------	54,320	320	54,000	46,300	9,820	36,480	7,700	-------	14.3
1938	-------	54,950	340	54,610	44,220	9,690	34,530	10,390	-------	19.0
1939	-------	55,600	370	55,230	45,750	9,610	36,140	9,480	-------	17.2
1940	100,380	56,180	540	55,640	47,520	9,540	37,980	8,120	56.0	14.6
1941	101,520	57,530	1,620	55,910	50,350	9,100	41,250	5,560	56.7	9.9
1942	102,610	60,380	3,970	56,410	53,750	9,250	44,500	2,660	58.8	4.7
1943	103,660	64,560	9,020	55,540	54,470	9,080	45,390	1,070	62.3	1.9
1944	104,630	66,040	11,410	54,630	53,960	8,950	45,010	670	63.1	1.2
1945	105,530	65,300	11,440	53,860	52,820	8,580	44,240	1,040	61.9	1.9
1946	106,520	60,970	3,450	57,520	55,250	8,320	46,930	2,270	57.2	3.9
1947	107,608	61,758	1,590	60,168	58,027	8,266	49,761	2,142	57.4	3.6
New definitions [2]										
1947	107,608	61,758	1,590	60,168	57,812	8,256	49,557	2,356	57.4	3.9
1948	108,632	62,898	1,456	61,442	59,117	7,960	51,156	2,325	57.9	3.8
1949	109,773	63,721	1,616	62,105	58,423	8,017	50,406	3,682	58.0	5.9
1950	110,929	64,749	1,650	63,099	59,748	7,497	52,251	3,351	58.4	5.3
1951	112,075	65,983	3,099	62,884	60,784	7,048	53,736	2,099	58.9	3.3
1952	113,270	66,560	3,594	62,966	61,035	6,792	54,243	1,932	58.8	3.1
1953	115,094	67,362	3,547	63,815	61,945	6,555	55,390	1,870	58.5	2.9
1954	116,219	67,818	3,350	64,468	60,890	6,495	54,395	3,578	58.4	5.6
1955	117,388	68,896	3,048	65,848	62,944	6,718	56,225	2,904	58.7	4.4
1956	118,734	70,387	2,857	67,530	64,708	6,572	58,135	2,822	59.3	4.2
1957	120,445	70,744	2,798	67,946	65,011	6,222	58,789	2,936	58.7	4.3
1958	121,950	71,284	2,637	68,647	63,966	5,844	58,122	4,681	58.5	6.8
1959	123,366	71,946	2,552	69,394	65,581	5,836	59,745	3,813	58.3	5.5
1960	124,878	72,820	2,514	70,306	66,392	5,696	60,697	3,913	58.3	5.6
Including Alaska and Hawaii										
1960	125,368	73,126	2,514	70,612	66,681	5,723	60,958	3,931	58.3	5.6
1961	127,852	74,175	2,572	71,603	66,796	5,463	61,333	4,806	58.0	6.7
1962 [3]	130,081	74,840	2,827	72,013	68,000	5,259	62,744	4,014	57.5	5.6
1962	130,081	74,681	2,827	71,854	67,846	5,190	62,657	4,007	57.4	5.6
1963	132,124	75,712	2,737	72,975	68,809	4,946	63,863	4,166	57.3	5.7
1964	134,143	76,971	2,738	74,233	70,357	4,761	65,596	3,876	57.4	5.2
1965	136,241	78,357	2,722	75,635	72,179	4,585	67,594	3,456	57.5	4.6
1966	138,385	80,164	3,123	77,041	74,065	4,206	69,859	2,976	57.9	3.9
1965: Jan	135,302	75,699	2,707	72,992	68,996	3,739	65,257	3,996	55.9	5.5
Feb	135,469	76,418	2,704	73,714	69,496	3,803	65,694	4,218	56.4	5.7
Mar	135,651	76,612	2,703	73,909	70,169	3,989	66,180	3,740	56.5	5.1
Apr	135,812	77,307	2,686	74,621	71,070	4,473	66,597	3,552	56.9	4.8
May	135,982	78,425	2,684	75,741	72,407	5,128	67,278	3,335	57.7	4.4
June	136,160	80,683	2,680	78,003	73,716	5,622	68,094	4,287	59.3	5.5
July	136,252	81,150	2,693	78,457	74,854	5,626	69,228	3,602	59.6	4.6
Aug	136,473	80,163	2,693	77,470	74,212	5,136	69,077	3,258	58.7	4.2
Sept	136,670	78,044	2,723	75,321	72,446	4,778	67,668	2,875	57.1	3.8
Oct	136,862	78,713	2,760	75,953	73,196	4,954	68,242	2,757	57.5	3.6
Nov	137,043	78,598	2,795	75,803	72,837	4,128	68,709	2,966	57.4	3.9
Dec	137,226	78,477	2,841	75,636	72,749	3,645	69,103	2,888	57.2	3.8

See footnotes at end of table.

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TABLE B–20.—*Noninstitutional population and the labor force, 1929–66*—Continued

Year or month	Noninstitutional population [1]	Total labor force (including armed forces) [1]	Armed forces [1]	Civilian labor force					Total labor force as percent of noninstitutional population	Unemployment as percent of civilian labor force
				Total	Employment [2]			Unemployment [2]		
					Total	Agricultural	Nonagricultural			
	Thousands of persons 14 years of age and over								Percent	
1966: Jan	137,394	77,409	2,890	74,519	71,229	3,577	67,652	3,290	56.3	4.4
Feb	137,562	77,632	2,924	74,708	71,551	3,612	67,939	3,158	56.4	4.2
Mar	137,741	78,034	2,974	75,060	72,023	3,780	68,244	3,037	56.7	4.0
Apr	137,908	78,914	3,008	75,906	73,105	4,204	68,900	2,802	57.2	3.7
May	138,100	79,751	3,045	76,706	73,764	4,292	69,472	2,942	57.7	3.8
June	138,275	82,700	3,099	79,601	75,731	5,187	70,543	3,870	59.8	4.9
July	138,444	82,771	3,135	79,636	76,411	5,010	71,402	3,225	59.8	4.0
Aug	138,648	82,468	3,178	79,290	76,369	4,707	71,662	2,921	59.5	3.7
Sept	138,839	80,052	3,229	76,823	74,251	4,373	69,878	2,573	57.7	3.3
Oct	139,041	80,530	3,279	77,251	74,730	4,301	70,430	2,521	57.9	3.3
Nov	139,237	80,968	3,322	77,646	75,006	3,969	71,036	2,640	58.2	3.4
Dec	139,429	80,734	3,390	77,344	74,612	3,465	71,147	2,732	57.9	3.5
	Seasonally adjusted									
1965: Jan	--------	77,588	--------	74,881	71,252	4,533	66,719	3,629	--------	4.8
Feb	--------	77,770	--------	75,066	71,326	4,608	66,718	3,740	--------	5.0
Mar	--------	77,722	--------	75,019	71,483	4,588	66,895	3,536	--------	4.7
Apr	--------	77,988	--------	75,302	71,688	4,769	66,919	3,614	--------	4.8
May	--------	77,990	--------	75,306	71,816	4,869	66,947	3,490	--------	4.6
June	--------	78,332	--------	75,652	72,085	4,651	67,434	3,567	--------	4.7
July	--------	78,747	--------	76,054	72,618	4,639	67,979	3,436	--------	4.5
Aug	--------	78,465	--------	75,772	72,387	4,572	67,815	3,385	--------	4.5
Sept	--------	78,334	--------	75,611	72,297	4,418	67,879	3,314	--------	4.4
Oct	--------	78,606	--------	75,846	72,561	4,551	68,010	3,285	--------	4.3
Nov	--------	78,9[illegible]6	--------	76,111	72,914	4,273	68,641	3,197	--------	4.2
Dec	--------	79,408	--------	76,567	73,441	4,486	68,955	3,126	--------	4.1
1966: Jan	--------	79,644	--------	76,754	73,715	4,429	69,286	3,039	--------	4.0
Feb	--------	79,279	--------	76,355	73,521	4,442	69,079	2,834	--------	3.7
Mar	--------	79,315	--------	76,341	73,435	4,363	69,072	2,906	--------	3.8
Apr	--------	79,674	--------	76,666	73,799	4,482	69,317	2,867	--------	3.7
May	--------	79,313	--------	76,268	73,231	4,076	69,155	3,037	--------	4.0
June	--------	80,185	--------	77,086	73,997	4,238	69,759	3,089	--------	4.0
July	--------	80,233	--------	77,098	74,072	4,144	69,928	3,026	--------	3.9
Aug	--------	80,549	--------	77,371	74,338	4,158	70,180	3,033	--------	3.9
Sept	--------	80,342	--------	77,113	74,165	4,049	70,116	2,948	--------	3.8
Oct	--------	80,414	--------	77,135	74,163	3,971	70,192	2,972	--------	3.9
Nov	--------	81,249	--------	77,927	75,076	4,108	70,968	2,851	--------	3.7
Dec	--------	81,579	--------	78,189	75,226	4,254	70,972	2,963	--------	3.8

[1] Data for 1940–52 revised to include about 150,000 members of the armed forces who were outside the United States in 1940 and who were, therefore, not enumerated in the 1940 Census and were excluded from the 1940–52 estimates.
[2] See Note.
[3] Averages adjusted by Council of Economic Advisers for comparison with preceding data. See Note.

NOTE.—Civilian labor force data beginning with January 1963 are based on a 357-area sample. For January 1960–December 1962 on a 333-area sample; for May 1956–December 1959 on a 330-area sample; for January 1954–April 1956 on a 230-area sample; for 1946–53 on a 68-area sample; for 1940–45 on a smaller sample; and for 1929–39 on sources other than direct enumeration.

Effective January 1957, persons on layoff with definite instructions to return to work within 30 days of layoff and persons waiting to start new wage and salary jobs within the following 30 days are classified as unemployed. Such persons had previously been classified as employed (with a job but not at work). The combined total of the groups changing classification has averaged about 200,000 to 300,000 a month in recent years. The small number of persons in school during the survey week and waiting to start new jobs are classified as not in the labor force instead of employed, as formerly. Persons waiting to open new businesses or start new farms within 30 days continue to be classified as employed.

Beginning July 1955, monthly data are for the calendar week ending nearest the 15th of the month; previously, for week containing the 8th. Annual data are averages of monthly figures.

Beginning April 1962, estimating procedures make use of 1960 Census data; for January 1953–March 1962 1950 Census data were used, and 1940–52, 1940 Census data. For the effects of this change on the historical comparability of the data, see *Employment and Earnings, May 1962*, p. xiv.

Source: Department of Labor, Bureau of Labor Statistics (except as noted).

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TABLE B-21.—*Civilian employment and unemployment, by sex and age, 1947–66*

[Thousands of persons 14 years of age and over]

Year or month	Employment							Unemployment						
	Total	Males			Females			Total	Males			Females		
		Total	14–19 years	20 years and over	Total	14–19 years	20 years and over		Total	14–19 years	20 years and over	Total	14–19 years	20 years and over
New definitions[1]														
1947	57, 812	41, 552	2, 776	38, 776	16, 259	1, 905	14, 354	2, 356	1, 720	298	1, 422	637	162	475
1948	59, 117	42, 268	2, 887	39, 381	16, 848	1, 913	14, 935	2, 325	1, 590	286	1, 304	735	170	565
1949	58, 423	41, 473	2, 672	38, 803	16, 947	1, 812	15, 137	3, 682	2, 602	382	2, 219	1, 083	241	841
1950	59, 748	42, 162	2, 769	39, 395	17, 584	1, 761	15, 824	3, 351	2, 280	359	1, 922	1, 073	220	854
1951	60, 784	42, 362	2, 738	39, 626	18, 421	1, 851	16, 570	2, 099	1, 250	220	1, 029	851	162	689
1952	61, 035	42, 237	2, 659	39, 578	18, 798	1, 840	16, 958	1, 932	1, 217	237	980	715	157	559
1953	61, 945	42, 966	2, 671	40, 295	18, 979	1, 813	17, 164	1, 870	1, 228	209	1, 019	642	133	510
1954	60, 890	42, 165	2, 530	39, 634	18, 724	1, 724	17, 000	3, 578	2, 372	338	2, 035	1, 207	210	997
1955	62, 944	43, 152	2, 626	40, 527	19, 790	1, 788	18, 002	2, 904	1, 889	308	1, 580	1, 016	194	823
1956	64, 708	43, 999	2, 783	41, 216	20, 707	1, 940	18, 767	2, 822	1, 757	315	1, 442	1, 067	236	832
1957	65, 011	43, 990	2, 750	41, 239	21, 021	1, 970	19, 050	2, 936	1, 893	351	1, 541	1, 043	222	820
1958	63, 966	43, 042	2, 631	40, 410	20, 924	1, 881	19, 043	4, 681	3, 155	473	2, 680	1, 526	284	1, 242
1959	65, 581	44, 089	2, 821	41, 268	21, 492	1, 968	19, 523	3, 813	2, 473	451	2, 022	1, 340	276	1, 064
1960[2]	66, 681	44, 485	2, 941	41, 543	22, 196	2, 091	20, 104	3, 931	2, 541	480	2, 058	1, 390	310	1, 078
1961	66, 796	44, 318	2, 976	41, 342	22, 478	2, 181	20, 295	4, 806	3, 060	542	2, 518	1, 747	379	1, 366
1962[3]	67, 846	44, 892	3, 077	41, 815	22, 954	2, 262	20, 693	4, 007	2, 488	472	2, 016	1, 519	344	1, 176
1963	68, 809	45, 330	3, 079	42, 252	23, 479	2, 223	21, 257	4, 166	2, 537	566	1, 971	1, 629	413	1, 216
1964	70, 357	46, 139	3, 253	42, 886	24, 218	2, 316	21, 903	3, 876	2, 271	553	1, 718	1, 605	409	1, 195
1965	72, 179	47, 034	3, 612	43, 422	25, 145	2, 515	22, 631	3, 456	1, 980	545	1, 436	1, 476	420	1, 057
1966	74, 065	47, 639	3, 971	43, 667	26, 426	2, 919	23, 507	2, 976	1, 622	503	1, 119	1, 354	435	919
	Seasonally adjusted													
1965: Jan	71, 252	46, 585	3, 274	43, 311	24, 667	2, 280	22, 387	3, 629	2, 106	528	1, 578	1, 523	466	1, 057
Feb	71, 326	46, 714	3, 334	43, 380	24, 612	2, 300	22, 312	3, 740	2, 099	504	1, 595	1, 641	454	1, 187
Mar	71, 483	46, 823	3, 400	43, 423	24, 660	2, 324	22, 336	3, 536	2, 012	497	1, 515	1, 524	442	1, 082
Apr	71, 688	46, 968	3, 529	43, 439	24, 720	2, 360	22, 360	3, 614	2, 070	539	1, 531	1, 544	475	1, 069
May	71, 816	47, 054	3, 551	43, 503	24, 762	2, 412	22, 350	3, 490	2, 063	570	1, 493	1, 427	401	1, 026
June	72, 085	46, 962	3, 484	43, 478	25, 123	2, 409	22, 714	3, 567	2, 009	554	1, 455	1, 558	406	1, 152
July	72, 618	47, 228	3, 736	43, 492	25, 390	2, 567	22, 823	3, 436	2, 013	590	1, 423	1, 423	385	1, 038
Aug	72, 387	47, 130	3, 677	43, 453	25, 257	2, 531	22, 726	3, 385	1, 952	540	1, 412	1, 433	380	1, 053
Sept	72, 297	46, 917	3, 632	43, 285	25, 380	2, 609	22, 771	3, 314	1, 889	528	1, 361	1, 425	422	1, 003
Oct	72, 561	47, 051	3, 817	43, 234	25, 510	2, 720	22, 790	3, 285	1, 899	594	1, 305	1, 386	397	989
Nov	72, 914	47, 185	3, 855	43, 330	25, 729	2, 792	22, 937	3, 197	1, 737	502	1, 235	1, 460	430	1, 030
Dec	73, 441	47, 500	3, 921	43, 579	25, 941	2, 784	23, 157	3, 126	1, 729	557	1, 172	1, 397	433	964
1966: Jan	73, 715	47, 624	4, 020	43, 604	26, 091	2, 863	23, 228	3, 039	1, 701	517	1, 184	1, 338	421	917
Feb	73, 521	47, 602	3, 922	43, 680	25, 919	2, 774	23, 145	2, 834	1, 589	446	1, 143	1, 245	374	871
Mar	73, 435	47, 622	3, 958	43, 664	25, 813	2, 768	23, 045	2, 906	1, 651	493	1, 158	1, 255	401	854
Apr	73, 799	47, 814	4, 042	43, 772	25, 985	2, 852	23, 133	2, 867	1, 549	485	1, 064	1, 318	451	867
May	73, 231	47, 344	3, 747	43, 597	25, 887	2, 766	23, 121	3, 037	1, 611	547	1, 064	1, 426	465	961
June	73, 997	47, 754	4, 133	43, 621	26, 243	2, 957	23, 286	3, 089	1, 693	534	1, 159	1, 396	456	940
July	74, 072	47, 651	4, 066	43, 585	26, 421	2, 996	23, 425	3, 026	1, 669	510	1, 159	1, 357	469	888
Aug	74, 338	47, 766	4, 075	43, 691	26, 572	3, 045	23, 527	3, 033	1, 613	471	1, 142	1, 420	466	954
Sept	74, 165	47, 345	3, 762	43, 583	26, 820	2, 838	23, 982	2, 948	1, 588	505	1, 083	1, 360	412	948
Oct	74, 163	47, 374	3, 834	43, 540	26, 789	2, 921	23, 868	2, 972	1, 553	483	1, 070	1, 419	427	992
Nov	75, 076	47, 702	4, 031	43, 671	27, 374	3, 080	24, 294	2, 851	1, 550	468	1, 082	1, 301	414	887
Dec	75, 226	47, 911	4, 019	43, 892	27, 315	3, 064	24, 251	2, 963	1, 609	531	1, 078	1, 354	384	970

[1] See Note, Table B-20, for explanation of differences between the old and new definitions.
[2] Beginning 1960, data for Alaska and Hawaii included.
[3] Beginning April 1962, not comparable with preceding data; see Note, Table B-20.

Note.—See Note, Table B-20, for information on area sample used and reporting periods.

Source: Department of Labor, Bureau of Labor Statistics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B–22.—*Selected unemployment rates, 1948–66*

[Percent]

Year or month	All workers	By sex and age: Both sexes, 14–19 years	By sex and age: Men, 20 years and over	By sex and age: Women, 20 years and over	By race: White	By race: Nonwhite	By selected groups: Experienced wage and salary workers	By selected groups: Married men [1]	By selected groups: Full-time workers [2]	By selected groups: Blue-collar workers [3]	Labor force time lost through unemployment and part-time employment [4]
New definitions											
1948	3.8	8.7	3.2	3.6	------	------	4.2	------	------	4.2	------
1949	5.9	12.2	5.4	5.3	------	------	6.7	3.4	5.4	8.0	------
1950	5.3	11.3	4.7	5.1	------	------	6.0	4.6	5.0	7.2	------
1951	3.3	7.7	2.5	4.0	------	------	3.7	1.5	2.6	3.9	------
1952	3.1	8.0	2.4	3.2	------	------	3.3	1.4	2.5	3.6	------
1953	2.9	7.1	2.5	2.9	------	------	3.2	1.7	------	3.4	------
1954	5.6	11.4	4.9	5.5	5.0	9.8	6.0	4.0	5.2	7.2	------
1955	4.4	10.2	3.8	4.4	3.9	8.7	4.8	2.8	3.8	5.8	------
1956	4.2	10.4	3.4	4.2	3.7	8.4	4.4	2.6	3.7	5.1	5.1
1957	4.3	10.8	3.6	4.1	3.9	8.0	4.5	2.8	4.0	6.2	5.3
1958	6.8	14.4	6.2	6.1	6.1	12.6	7.2	5.1	7.2	10.1	8.1
1959	5.5	13.2	4.7	5.2	4.9	10.7	5.6	3.6	------	7.6	6.6
1960 [5]	5.6	13.6	4.7	5.1	5.0	10.2	5.7	3.7	------	7.8	6.7
1961	6.7	15.2	5.7	6.3	6.0	12.5	6.8	4.6	6.7	9.2	8.0
1962 [6]	5.6	13.3	4.6	5.4	4.9	11.0	5.5	3.6	------	7.4	6.7
1963	5.7	15.6	4.5	5.4	5.1	10.9	5.5	3.4	5.5	7.2	[4] 6.4
1964	5.2	14.7	3.9	5.2	4.6	9.8	5.0	2.8	4.9	6.3	5.8
1965	4.6	13.6	3.2	4.5	4.1	8.3	4.2	2.4	4.3	5.3	5.0
1966	3.9	12.0	2.5	3.8	3.4	7.5	3.5	1.9	3.5	4.2	4.2
	Seasonally adjusted										
1965: Jan	4.8	15.2	3.5	4.5	4.3	9.0	4.5	2.7	4.5	5.6	5.3
Feb	5.0	14.5	3.5	5.1	4.5	9.2	4.6	2.6	4.6	5.6	5.4
Mar	4.7	14.1	3.4	4.6	4.2	8.6	4.4	2.5	4.4	5.3	5.2
Apr	4.8	14.7	3.4	4.6	4.4	8.2	4.5	2.5	4.4	5.7	5.3
May	4.6	14.0	3.3	4.4	4.2	7.8	4.4	2.5	4.4	5.4	5.2
June	4.7	14.0	3.2	4.8	4.3	8.3	4.5	2.4	4.5	5.6	5.3
July	4.5	13.4	3.2	4.4	4.0	8.9	4.1	2.3	4.3	5.5	5.2
Aug	4.5	12.9	3.1	4.4	4.1	7.7	4.2	2.6	4.2	5.0	5.1
Sept	4.4	13.2	3.0	4.2	3.9	8.1	4.0	2.2	4.1	5.1	4.7
Oct	4.3	13.2	2.9	4.2	3.9	7.9	4.0	2.1	3.8	4.8	4.6
Nov	4.2	12.3	2.8	4.3	3.7	8.1	3.8	2.0	3.8	4.6	4.5
Dec	4.1	12.9	2.6	4.0	3.7	7.5	3.7	1.8	3.7	4.4	4.4
1966: Jan	4.0	12.0	2.6	3.8	3.5	7.0	3.5	1.9	3.5	4.2	4.3
Feb	3.7	10.9	2.6	3.6	3.3	7.0	3.3	1.9	3.3	4.0	4.0
Mar	3.8	11.7	2.6	3.6	3.4	7.2	3.5	1.9	3.4	4.2	4.1
Apr	3.7	12.0	2.4	3.6	3.4	7.0	3.4	1.8	3.4	4.0	4.1
May	4.0	13.4	2.4	4.0	3.5	7.6	3.7	1.8	3.7	4.2	4.4
June	4.0	12.3	2.6	3.9	3.5	7.9	3.7	1.9	3.8	4.4	4.8
July	3.9	12.2	2.6	3.7	3.4	7.9	3.5	2.0	3.7	4.6	4.6
Aug	3.9	11.6	2.5	3.9	3.4	8.2	3.7	2.0	3.5	4.5	4.3
Sept	3.8	12.2	2.4	3.8	3.3	7.8	3.6	1.9	3.4	4.1	4.2
Oct	3.9	11.9	2.4	4.0	3.4	7.6	3.6	1.9	3.4	4.1	4.1
Nov	3.7	11.0	2.4	3.5	3.2	7.4	3.4	1.7	3.4	4.3	3.9
Dec	3.8	11.4	2.4	3.8	3.3	7.6	3.5	1.7	3.4	4.2	4.0

[1] Married men living with their wives. Data for 1949 and 1951–54 are for April; 1950, for March. Data prior to 1955 have not been adjusted to reflect the change in the definition of employment and unemployment adopted in January 1957. See Note, Table B–20.

[2] Data for 1949–61 are for May.

[3] Includes craftsmen, operatives, and nonfarm laborers. Data for 1948–57 are based on months, January, April, July, and October.

[4] Beginning in 1963, this series not strictly comparable with preceding data. Under the current concept, the percent of labor force time lost assumes that unemployed persons looking for full-time work lost 37.5 hours, unemployed persons looking for part-time work lost the average hours worked by voluntary part-time employees, and those on part-time for economic reasons lost difference between 37.5 hours and actual number of hours worked.

[5] Beginning 1960, data for Alaska and Hawaii included.

[6] Not comparable with preceding data. See Note, Table B–20.

Source: Department of Labor, Bureau of Labor Statistics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B–23.—*Unemployment by duration, 1947–66*

Year or month	Total unemployment	Duration of unemployment			
		4 weeks and under	5–14 weeks	15–26 weeks	Over 26 weeks
	Thousands of persons 14 years of age and over				
New definitions					
1947	2,356	1,255	704	234	164
1948	2,325	1,349	669	193	116
1949	3,682	1,804	1,195	427	256
1950	3,351	1,515	1,055	425	357
1951	2,099	1,223	574	166	137
1952	1,932	1,183	517	148	84
1953	1,870	1,178	482	132	79
1954	3,578	1,651	1,115	495	317
1955	2,904	1,387	815	367	336
1956	2,822	1,485	805	301	232
1957	2,936	1,485	890	321	239
1958	4,681	1,833	1,397	785	667
1959	3,813	1,658	1,113	469	571
1960 [1]	3,931	1,798	1,176	502	454
1961	4,806	1,897	1,375	728	804
1962 [2]	4,007	1,754	1,134	534	585
1963	4,166	1,847	1,231	535	553
1964	3,876	1,787	1,116	491	482
1965	3,456	1,718	983	404	351
1966	2,976	1,636	804	295	241
	Seasonally adjusted				
1965: Jan	3,629	1,695	1,044	421	403
Feb	3,740	1,776	1,030	479	408
Mar	3,536	1,741	1,003	439	361
Apr	3,614	1,818	1,029	443	370
May	3,490	1,829	1,046	377	338
June	3,567	1,788	1,015	419	360
July	3,436	1,791	980	355	330
Aug	3,385	1,722	980	397	320
Sept	3,314	1,703	858	384	344
Oct	3,285	1,562	992	350	347
Nov	3,197	1,618	903	334	310
Dec	3,126	1,532	869	355	305
1966: Jan	3,039	1,548	738	354	307
Feb	2,834	1,514	721	315	264
Mar	2,906	1,543	787	319	269
Apr	2,867	1,625	670	343	260
May	3,037	1,789	856	261	275
June	3,089	1,816	815	251	225
July	3,026	1,710	912	220	215
Aug	3,033	1,666	927	249	202
Sept	2,948	1,626	807	298	201
Oct	2,972	1,544	898	292	228
Nov	2,851	1,515	803	286	197
Dec	2,963	1,626	766	273	228

[1] Beginning January 1960, data for Alaska and Hawaii included.
[2] Beginning April 1962, not comparable with preceding data; see Note, Table B–20.

NOTE.—See Note, Table B–20, for information on area sample used and reporting periods.

Source: Department of Labor, Bureau of Labor Statistics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-24.—*Unemployment insurance programs, selected data, 1940-66*

Year or month	All programs			State programs						
	Covered employment [1]	Insured unemployment (weekly average) [2] [3]	Total benefits paid (millions of dollars) [2] [4]	Insured unemployment [3]	Initial claims	Exhaustions [5]	Insured unemployment as percent of covered employment: Unadjusted	Insured unemployment as percent of covered employment: *Seasonally adjusted*	Benefits paid: Total (millions of dollars) ([4])	Benefits paid: Average weekly check (dollars) [6]
	Thousands			Weekly average, thousands			Percent			
1940	24,291	1,331	534.7	1,282	214	50	5.6	--------	518.7	10.56
1941	28,136	842	358.8	814	164	30	3.0	--------	344.3	11.06
1942	30,819	661	350.4	649	122	21	2.2	--------	344.1	12.66
1943	32,419	149	80.5	147	36	4	.5	--------	79.6	13.84
1944	31,714	111	67.2	105	29	2	.4	--------	62.4	15.90
1945	30,087	720	574.9	589	116	5	2.1	--------	445.9	18.77
1946	31,856	2,804	2,878.5	1,295	189	38	4.3	--------	1,094.9	18.50
1947	33,876	1,805	1,785.0	1,009	187	24	3.1	--------	775.1	17.83
1948	34,646	1,468	1,328.7	1,002	210	20	3.0	--------	789.9	19.03
1949	33,098	2,479	2,269.8	1,979	322	37	6.2	--------	1,736.0	20.48
1950	34,308	1,605	1,467.6	1,503	236	36	4.6	--------	1,373.1	20.76
1951	36,334	1,000	862.9	969	208	16	2.8	--------	840.4	21.09
1952	37,006	1,069	1,043.5	1,024	215	18	2.9	--------	998.2	22.79
1953	38,072	1,065	1,050.6	995	218	15	2.8	--------	962.2	23.58
1954	36,622	2,048	2,291.8	1,865	303	34	5.2	--------	2,026.9	24.93
1955	40,018	1,395	1,560.2	1,254	226	25	3.5	--------	1,350.3	25.04
1956	42,751	1,318	1,540.6	1,212	226	20	3.2	--------	1,380.7	27.02
1957	43,436	1,567	1,913.0	1,450	268	23	3.6	--------	1,733.9	28.17
1958	44,411	3,269	4,209.2	2,509	370	50	6.4	--------	3,512.7	30.58
1959	45,728	2,099	2,803.0	1,682	281	33	4.4	--------	2,279.0	30.41
1960	46,334	2,067	3,022.7	1,906	331	31	4.8	--------	2,726.7	32.87
1961	46,266	2,994	4,358.2	2,290	350	46	5.6	--------	3,422.7	33.80
1962	47,776	1,946	3,160.0	1,783	302	32	4.4	--------	2,675.4	34.56
1963	48,434	[7] 1,973	3,025.9	[7] 1,806	[7] 298	30	4.3	--------	2,774.7	35.28
1964	49,637	1,753	2,749.2	1,605	268	26	3.8	--------	2,522.1	35.96
1965	51,580	1,450	2,343.7	1,328	232	21	3.0	--------	2,166.0	37.19
1966 [p]	53,700	1,123	1,900.0	1,061	204	15	2.3	--------	1,780.0	39.72
1965: Jan	49,321	2,135	273.0	1,996	355	25	4.6	*3.4*	252.1	37.18
Feb	49,319	2,066	265.8	1,932	269	25	4.5	*3.3*	245.7	37.39
Mar	49,838	1,863	294.9	1,718	222	25	4.0	*3.2*	273.4	37.41
Apr	50,640	1,622	242.7	1,470	220	27	3.4	*3.2*	224.9	37.16
May	51,186	1,316	179.2	1,179	186	24	2.7	*3.0*	165.7	36.40
June	52,087	1,182	169.1	1,059	191	22	2.4	*3.0*	156.3	36.07
July	52,280	1,262	160.6	1,139	252	19	2.6	*3.0*	149.5	36.40
Aug	52,611	1,235	160.7	1,120	215	18	2.5	*3.1*	148.0	36.58
Sept	52,713	1,089	150.3	981	173	17	2.2	*2.9*	138.6	37.23
Oct	52,716	1,030	128.2	933	189	16	2.0	*2.7*	117.8	37.32
Nov	52,819	1,133	143.0	1,042	225	15	2.3	*2.7*	132.2	38.08
Dec	53,431	1,396	184.7	1,308	290	17	3.0	*2.7*	172.1	38.81
1966: Jan	[p] 51,935	1,739	226.5	1,644	329	19	3.7	*2.7*	212.7	39.36
Feb	[p] 52,127	1,679	230.2	1,590	238	19	3.6	*2.6*	217.2	39.66
Mar	[p] 52,894	1,381	240.0	1,301	171	18	2.9	*2.3*	225.5	39.83
Apr	[p] 53,797	1,112	166.4	1,044	166	19	2.3	*2.1*	155.5	39.38
May	[p] 54,320	916	136.1	862	152	17	1.9	*2.1*	126.1	38.86
June	[8] 55,543	842	123.4	793	156	15	1.8	*2.1*	114.4	38.72
July	--------	1,001	121.0	947	249	14	2.1	*2.4*	113.8	39.05
Aug	--------	980	152.0	928	173	12	2.0	*2.4*	143.1	40.65
Sept	--------	802	114.3	754	145	11	1.6	*2.2*	106.5	39.68
Oct	--------	799	100.4	752	166	12	1.6	*2.1*	93.7	39.84
Nov	--------	955	122.6	903	208	12	1.9	*2.2*	114.8	40.57
Dec [p]	--------	1,312	171.0	1,253	299	13	2.7	*2.4*	162.5	41.00

[1] Includes persons under the State, UCFE (Federal employee, effective January 1955), and RRB (Railroad Retirement Board) programs. Beginning October 1958, also includes the UCX program (unemployment compensation for ex-servicemen).

[2] Includes State, UCFE, RR, UCX, UCV (unemployment compensation for veterans, October 1952–January 1960), and SRA (Servicemen's Readjustment Act, September 1944–September 1951) programs. Also includes Federal and State programs for temporary extension of benefits from June 1958 through June 1962, expiration date of program.

[3] Covered workers who have completed at least 1 week of unemployment.

[4] Includes benefits paid under extended duration provisions of State laws, beginning June 1958. Annual data are net amounts and monthly data are gross amounts.

[5] Individuals receiving final payments in benefit year.

[6] For total unemployment only.

[7] Programs include Puerto Rican sugarcane workers for initial claims and insured unemployment beginning July 1963.

[8] Preliminary; June 1966 is latest month for which data are available for all programs combined. Workers covered by State programs account for about 87 percent of the total.

NOTE.—Data for Alaska and Hawaii included for all periods and for Puerto Rico beginning January 1961.

Source: Department of Labor, Bureau of Employment Security.

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TABLE B-25.—*Number of wage and salary workers in nonagricultural establishments, 1929–66* [1]

[Thousands of employees]

Year or month	Total wage and salary workers	Manufacturing			Mining	Contract construction	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Service and miscellaneous	Government	
		Total	Durable goods	Nondurable goods							Federal	State and local
1929	31,339	10,702			1,087	1,497	3,916	6,123	1,509	3,440	533	2,532
1930	29,424	9,562			1,009	1,372	3,685	5,797	1,475	3,376	526	2,622
1931	26,649	8,170			873	1,214	3,254	5,284	1,407	3,183	560	2,704
1932	23,628	6,931			731	970	2,816	4,683	1,341	2,931	559	2,666
1933	23,711	7,397			744	809	2,672	4,755	1,295	2,873	565	2,601
1934	25,953	8,501			883	862	2,750	5,281	1,319	3,058	652	2,647
1935	27,053	9,069			897	912	2,786	5,431	1,335	3,142	753	2,728
1936	29,082	9,827			946	1,145	2,973	5,809	1,388	3,326	826	2,842
1937	31,026	10,794			1,015	1,112	3,134	6,265	1,432	3,518	833	2,923
1938	29,209	9,440			891	1,055	2,863	6,179	1,425	3,473	829	3,054
1939	30,618	10,278	4,715	5,564	854	1,150	2,936	6,426	1,462	3,517	905	3,090
1940	32,376	10,985	5,363	5,622	925	1,294	3,038	6,750	1,502	3,681	996	3,206
1941	36,554	13,192	6,968	6,225	957	1,790	3,274	7,210	1,549	3,921	1,340	3,320
1942	40,125	15,280	8,823	6,458	992	2,170	3,460	7,118	1,538	4,084	2,213	3,270
1943	42,452	17,602	11,084	6,518	925	1,567	3,647	6,982	1,502	4,148	2,905	3,174
1944	41,883	17,328	10,856	6,472	892	1,094	3,829	7,058	1,476	4,163	2,928	3,116
1945	40,394	15,524	9,074	6,450	836	1,132	3,906	7,314	1,497	4,241	2,808	3,137
1946	41,674	14,703	7,742	6,962	862	1,661	4,061	8,376	1,697	4,719	2,254	3,341
1947	43,881	15,545	8,385	7,159	955	1,982	4,166	8,955	1,754	5,050	1,892	3,582
1948	44,891	15,582	8,326	7,256	994	2,169	4,189	9,272	1,829	5,206	1,863	3,787
1949	43,778	14,441	7,489	6,953	930	2,165	4,001	9,264	1,857	5,264	1,908	3,948
1950	45,222	15,241	8,094	7,147	901	2,333	4,034	9,386	1,919	5,382	1,928	4,098
1951	47,849	16,393	9,089	7,304	929	2,603	4,226	9,742	1,991	5,576	2,302	4,087
1952	48,825	16,632	9,349	7,284	898	2,634	4,248	10,004	2,069	5,730	2,420	4,188
1953	50,232	17,549	10,110	7,438	866	2,623	4,290	10,247	2,146	5,867	2,305	4,340
1954	49,022	16,314	9,129	7,185	791	2,612	4,084	10,235	2,234	6,002	2,188	4,563
1955	50,675	16,882	9,541	7,340	792	2,802	4,141	10,535	2,335	6,274	2,187	4,727
1956	52,408	17,243	9,834	7,409	822	2,999	4,244	10,858	2,429	6,536	2,209	5,069
1957	52,894	17,174	9,856	7,319	828	2,923	4,241	10,886	2,477	6,749	2,217	5,399
1958	51,363	15,945	8,830	7,116	751	2,778	3,976	10,750	2,519	6,806	2,191	5,648
1959	53,313	16,675	9,373	7,303	732	2,960	4,011	11,127	2,594	7,130	2,233	5,850
1960	54,234	16,796	9,459	7,336	712	2,885	4,004	11,391	2,669	7,423	2,270	6,083
1961	54,042	16,326	9,070	7,256	672	2,816	3,903	11,337	2,731	7,664	2,279	6,315
1962	55,596	16,853	9,480	7,373	650	2,902	3,906	11,566	2,800	8,028	2,340	6,550
1963	56,702	16,995	9,616	7,380	635	2,963	3,903	11,778	2,877	8,325	2,358	6,868
1964	58,332	17,274	9,816	7,458	634	3,050	3,951	12,160	2,957	8,709	2,348	7,249
1965	60,770	18,032	10,386	7,645	632	3,181	4,033	12,683	3,019	9,098	2,378	7,713
1966 p	63,863	19,084	11,190	7,895	628	3,281	4,136	13,219	3,085	9,581	2,566	8,283

See footnotes at end of table.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-25.—*Number of wage and salary workers in nonagricultural establishments, 1929–66* [1]—Continued

[Thousands of employees]

Year or month	Total wage and salary workers	Manufacturing			Mining	Contract construction	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Service and miscellaneous	Government	
		Total	Durable goods	Nondurable goods							Federal	State and local
	Seasonally adjusted											
1964: Jan	57,336	17,085	9,692	7,393	630	2,865	3,916	11,952	2,924	8,534	2,342	7,088
Feb	57,676	17,111	9,700	7,411	631	3,054	3,924	12,006	2,933	8,569	2,340	7,108
Mar	57,800	17,159	9,752	7,407	632	3,056	3,920	12,009	2,943	8,591	2,339	7,151
Apr	57,942	17,183	9,764	7,419	633	3,030	3,941	12,047	2,947	8,631	2,341	7,189
May	58,061	17,197	9,758	7,439	630	3,029	3,942	12,085	2,952	8,675	2,341	7,210
June	58,211	17,231	9,776	7,455	638	3,049	3,936	12,136	2,957	8,703	2,325	7,236
July	58,369	17,268	9,816	7,452	638	3,057	3,952	12,192	2,964	8,742	2,322	7,234
Aug	58,521	17,325	9,857	7,468	633	3,055	3,960	12,229	2,963	8,765	2,328	7,263
Sept	58,747	17,456	9,971	7,485	633	3,047	3,967	12,247	2,971	8,795	2,325	7,306
Oct	58,649	17,198	9,704	7,494	636	3,073	3,970	12,286	2,974	8,818	2,334	7,360
Nov	59,118	17,513	9,978	7,535	638	3,110	3,979	12,307	2,980	8,832	2,352	7,407
Dec	59,387	17,600	10,052	7,548	638	3,147	4,008	12,364	2,980	8,862	2,351	7,437
1965: Jan	59,489	17,667	10,099	7,568	636	3,141	3,942	12,420	2,985	8,889	2,342	7,467
Feb	59,777	17,721	10,142	7,579	636	3,177	3,984	12,485	2,993	8,929	2,338	7,514
Mar	60,072	17,807	10,203	7,604	635	3,205	4,015	12,530	2,999	8,976	2,342	7,563
Apr	60,152	17,850	10,250	7,600	633	3,118	4,013	12,579	3,002	9,005	2,344	7,608
May	60,363	17,885	10,277	7,608	630	3,157	4,025	12,623	3,011	9,042	2,347	7,643
June	60,623	17,990	10,348	7,642	630	3,169	4,033	12,670	3,016	9,060	2,355	7,700
July	60,841	18,069	10,418	7,651	635	3,132	4,036	12,714	3,021	9,123	2,374	7,737
Aug	61,021	18,129	10,483	7,646	631	3,162	4,050	12,717	3,030	9,152	2,379	7,771
Sept	61,180	18,157	10,508	7,649	622	3,168	4,064	12,765	3,036	9,180	2,378	7,810
Oct	61,437	18,242	10,550	7,692	627	3,186	4,071	12,809	3,041	9,226	2,386	7,849
Nov	61,864	18,392	10,641	7,751	631	3,234	4,080	12,880	3,045	9,282	2,400	7,920
Dec	62,241	18,492	10,725	7,767	633	3,334	4,083	12,941	3,049	9,329	2,397	7,983
1966: Jan	62,469	18,566	10,805	7,761	635	3,318	4,091	13,009	3,052	9,363	2,423	8,012
Feb	62,811	18,722	10,911	7,811	634	3,323	4,105	13,045	3,051	9,410	2,451	8,070
Mar	63,247	18,840	11,007	7,833	637	3,419	4,109	13,085	3,064	9,463	2,477	8,153
Apr	63,350	18,923	11,065	7,858	595	3,333	4,114	13,128	3,068	9,484	2,501	8,204
May	63,517	19,002	11,122	7,880	628	3,238	4,132	13,164	3,076	9,515	2,523	8,239
June	63,983	19,167	11,220	7,947	632	3,300	4,143	13,217	3,090	9,549	2,571	8,314
July	64,072	19,128	11,210	7,918	636	3,297	4,122	13,256	3,095	9,609	2,601	8,328
Aug	64,199	19,262	11,324	7,938	636	3,251	4,105	13,264	3,100	9,647	2,610	8,324
Sept	64,168	19,204	11,322	7,882	628	3,228	4,168	13,268	3,100	9,649	2,594	8,329
Oct	64,466	19,312	11,387	7,925	625	3,202	4,165	13,340	3,102	9,712	2,615	8,393
Nov p	64,818	19,422	11,434	7,988	623	3,212	4,193	13,380	3.109	9,780	2,621	8,478
Dec p	65,066	19,465	11,471	7,994	627	3,282	4,194	13,390	3,119	9,814	2,638	8,537

[1] Includes all full- and part-time wage and salary workers in nonagricultural establishments who worked during, or received pay for, any part of the pay period which includes the 12th of the month. Excludes proprietors, self-employed persons, domestic servants, and unpaid family workers. Not comparable with estimates of nonagricultural employment of the civilian labor force (Table B-20) which include proprietors, self-employed persons, domestic servants, and unpaid family workers; which count persons as employed when they are not at work because of industrial disputes, bad weather, etc.; and which are based on a sample survey of households, whereas the estimates in this table are based on reports from employing establishments.

NOTE.—Data are based on the 1957 Standard Industrial Classification and March 1965 benchmark data. Data for Alaska and Hawaii included beginning 1959.

Source: Department of Labor, Bureau of Labor Statistics.

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TABLE B-26.—*Average weekly hours of work in selected industries, 1929–66*

Year or month	Manufacturing			Contract construction	Retail trade	Wholesale trade	Bituminous coal mining	Class I railroads [1]	Telephone communication [2]
	Total	Durable goods	Nondurable goods						
1929	44.2						38.1		
1930	42.1						33.3		
1931	40.5						28.1		
1932	38.3	32.5	41.9				27.0		
1933	38.1	34.7	40.0				29.3		
1934	34.6	33.8	35.1				26.8		
1935	36.6	37.2	36.1			41.6	26.2		
1936	39.2	40.9	37.7			42.9	28.5		
1937	38.6	39.9	37.4			43.1	27.7		38.8
1938	35.6	34.9	36.1			42.3	23.3		38.9
1939	37.7	37.9	37.4		43.4	41.8	26.8	43.7	39.1
1940	38.1	39.2	37.0		43.2	41.3	27.8	44.3	39.5
1941	40.6	42.0	38.9		42.8	41.1	30.7	45.8	40.1
1942	43.1	45.0	40.3		41.8	41.4	32.4	47.0	40.5
1943	45.0	46.5	42.5		40.9	42.3	36.3	48.7	41.9
1944	45.2	46.5	43.1		41.0	43.0	43.0	48.9	42.3
1945	43.5	44.0	42.3		40.9	42.8	42.0	48.5	[3] 41.7
1946	40.3	40.4	40.5		41.3	41.6	41.3	46.0	39.4
1947	40.4	40.5	40.2	38.2	41.0	41.1	40.3	46.4	37.4
1948	40.0	40.4	39.6	38.1	40.9	41.0	37.7	46.2	39.2
1949	39.1	39.4	38.9	37.7	41.0	40.8	32.3	43.7	38.5
1950	40.5	41.1	39.7	37.4	41.1	40.7	34.7	40.8	38.9
1951	40.6	41.5	39.5	38.1	40.9	40.8	34.9	41.0	39.1
1952	40.7	41.5	39.7	38.9	40.5	40.7	33.8	40.6	38.5
1953	40.5	41.2	39.6	37.9	39.8	40.6	34.1	40.6	38.7
1954	39.6	40.1	39.0	37.2	39.7	40.5	32.3	40.8	38.9
1955	40.7	41.3	39.9	37.1	39.6	40.7	37.3	41.9	39.6
1956	40.4	41.0	39.6	37.5	39.1	40.5	37.5	41.7	39.5
1957	39.8	40.3	39.2	37.0	38.7	40.3	36.3	41.7	39.0
1958	39.2	39.5	38.8	36.8	38.7	40.2	33.3	41.6	38.4
1959	40.3	40.7	39.7	37.0	38.7	40.6	35.8	41.9	39.2
1960	39.7	40.1	39.2	36.7	38.5	40.5	35.8	41.7	39.6
1961	39.8	40.3	39.3	36.9	38.1	40.5	35.9	42.3	39.4
1962	40.4	40.9	39.6	37.0	37.9	40.6	[4] 37.0	42.6	39.9
1963	40.5	41.1	39.6	37.3	37.8	40.6	[4] 38.9	42.9	40.0
1964	40.7	41.4	39.7	37.2	[5] 37.0	40.6	[4] 39.2	43.5	40.2
1965	41.2	42.0	40.1	37.4	36.6	40.8	[4] 40.2	43.6	40.4
1966 p	41.4	42.1	40.2	37.5	35.9	40.7	40.4		40.6
	Seasonally adjusted						Unadjusted		
1965: Jan	41.1	42.1	40.1	37.6	36.8	40.8	40.0	42.4	39.9
Feb	41.2	42.0	40.1	37.4	36.8	40.8	39.8	44.1	40.1
Mar	41.3	42.2	40.2	37.5	36.8	40.8	39.7	43.8	39.8
Apr	41.0	41.8	39.8	37.0	36.9	40.7	39.5	43.6	39.8
May	41.2	42.0	40.0	37.4	36.8	40.9	40.4	43.0	40.1
June	41.0	41.9	40.0	37.1	36.6	40.8	41.5	44.2	39.9
July	41.0	41.9	40.0	37.4	36.7	40.8		43.7	40.6
Aug	41.1	41.8	40.0	37.3	36.6	40.9	41.1	43.4	40.4
Sept	41.0	41.7	40.1	36.4	36.5	40.8	39.4	43.7	41.3
Oct	41.2	42.1	40.1	37.1	36.4	40.9	41.8	42.6	40.9
Nov	41.4	42.2	40.3	37.2	36.3	40.8	37.6	44.2	42.0
Dec	41.3	42.2	40.2	38.6	36.3	40.9	41.7	44.4	40.5
1966: Jan	41.4	42.4	40.2	37.8	36.2	41.0	41.0	42.7	39.9
Feb	41.5	42.4	40.5	38.1	36.1	40.9	40.9	44.7	40.6
Mar	41.5	42.3	40.4	38.5	36.0	40.8	41.5	44.3	40.3
Apr	41.5	42.3	40.3	37.2	35.9	40.7	32.9	43.1	40.1
May	41.5	42.2	40.3	36.1	35.9	40.7	41.7	44.1	40.3
June	41.3	42.0	40.3	37.4	36.0	40.6	42.2	44.8	40.7
July	41.0	41.8	40.1	37.8	36.1	40.9		43.4	41.2
Aug	41.4	42.1	40.2	36.9	36.1	40.8	41.2		40.7
Sept	41.5	42.3	40.2	37.7	35.8	40.7	41.2		40.9
Oct	41.3	42.2	40.2	37.3	35.7	40.7	42.5		40.8
Nov p	41.3	42.0	40.2	37.1	35.7	40.6	39.1		41.4
Dec p	41.0	41.9	40.0	38.8	35.6	40.5			

[1] Data relate to all employees who received pay during the month, except executives, officials, and staff assistants.
[2] Prior to April 1945, data relate to all employees except executives. See footnote 2, Table B-28.
[3] Nine-month average, April through December, because of new series started in April 1945.
[4] Eleven-month average; excludes data for July.
[5] Beginning 1964, data include eating and drinking places. Comparable figure excluding eating and drinking places is 37.4 hours for 1964.

NOTE.—See Note, Table B-25.

Data are for production workers in manufacturing and mining, for construction workers in contract construction, and for nonsupervisory employees in other industries (except as noted). Data are for pay period which includes the 12th of the month.

See Table B-29 for unadjusted average weekly hours in manufacturing.

Data for Alaska and Hawaii included beginning 1959.

Source: Department of Labor, Bureau of Labor Statistics.

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TABLE B-27.—*Average gross hourly earnings in selected industries, 1929–66*

Year or month	Manufacturing			Contract construction	Retail trade	Wholesale trade	Bituminous coal mining	Class I railroads [1]	Telephone communication [2]	Agriculture [3]
	Total	Durable goods	Nondurable goods							
1929	$0.560						$0.659			$0.241
1930	.546						.662			.226
1931	.509						.626			.172
1932	.441	$0.492	$0.412				.503			.129
1933	.437	.467	.419				.485			.115
1934	.526	.550	.505				.651			.129
1935	.544	.571	.520			$0.610	.720			.142
1936	.550	.580	.519			.628	.768			.152
1937	.617	.667	.566			.658	.828		$0.774	.172
1938	.620	.679	.572			.674	.849		.816	.166
1939	.627	.691	.571		$.484	.688	.858	$0.730	.822	.166
1940	.655	.716	.590		.494	.711	.854	.733	.827	.169
1941	.726	.799	.627		.518	.763	.960	.743	.820	.206
1942	.851	.937	.709		.559	.828	1.030	.837	.843	.268
1943	.957	1.048	.787		.606	.898	1.101	.852	.870	.353
1944	1.011	1.105	.844		.653	.948	1.147	.948	.911	.423
1945	1.016	1.099	.886		.699	.990	1.199	.955	[4] .962	.472
1946	1.075	1.144	.995		.797	1.107	1.357	1.087	1.124	.515
1947	1.217	1.278	1.145	$1.541	.901	1.220	1.582	1.186	1.197	.547
1948	1.328	1.395	1.250	1.713	.972	1.308	1.835	1.301	1.248	.580
1949	1.378	1.453	1.295	1.792	1.015	1.360	1.877	1.427	1.345	.559
1950	1.440	1.519	1.347	1.863	1.050	1.427	1.944	1.572	1.398	.561
1951	1.56	1.65	1.44	2.02	1.13	1.52	2.14	1.73	1.49	.625
1952	1.65	1.75	1.51	2.13	1.18	1.61	2.22	1.83	1.59	.661
1953	1.74	1.86	1.58	2.28	1.25	1.70	2.40	1.88	1.68	.672
1954	1.78	1.90	1.62	2.39	1.29	1.76	2.40	1.93	1.76	.661
1955	1.86	1.99	1.67	2.45	1.34	1.83	2.47	1.96	1.82	.675
1956	1.95	2.08	1.77	2.57	1.40	1.94	2.72	2.12	1.86	.705
1957	2.05	2.19	1.85	2.71	1.47	2.02	2.92	2.26	1.95	.728
1958	2.11	2.26	1.91	2.82	1.52	2.09	2.93	2.44	2.05	.757
1959	2.19	2.36	1.98	2.93	1.57	2.18	3.11	2.54	2.18	.798
1960	2.26	2.43	2.05	3.08	1.62	2.24	3.14	2.61	2.26	.818
1961	2.32	2.49	2.11	3.20	1.68	2.31	3.12	2.67	2.37	.834
1962	2.39	2.56	2.17	3.31	1.74	2.37	[5] 3.12	2.72	2.48	.856
1963	2.46	2.63	2.22	3.41	1.80	2.45	[5] 3.15	2.76	2.56	.880
1964	2.53	2.71	2.29	3.55	[6] 1.75	2.52	[5] 3.30	2.80	2.62	.904
1965	2.61	2.79	2.36	3.69	1.82	2.61	[5] 3.49	3.00	2.70	.951
1966 p	2.71	2.89	2.45	3.87	1.91	2.73	3.64		2.78	1.030
1965: Jan	2.58	2.76	2.33	3.63	1.79	2.56	3.46	2.99	2.67	1.010
Feb	2.59	2.77	2.33	3.69	1.79	2.58	3.48	3.03	2.67	
Mar	2.59	2.78	2.34	3.66	1.79	2.58	3.46	2.97	2.67	
Apr	2.60	2.78	2.34	3.62	1.80	2.59	3.47	2.98	2.68	.860
May	2.61	2.79	2.35	3.66	1.82	2.61	3.50	3.01	2.69	
June	2.61	2.79	2.35	3.67	1.82	2.59	3.51	2.99	2.69	
July	2.61	2.79	2.36	3.65	1.82	2.60		3.00	2.67	.929
Aug	2.59	2.77	2.36	3.69	1.82	2.60	3.52	2.99	2.68	
Sept	2.63	2.81	2.38	3.75	1.84	2.62	3.50	3.01	2.73	
Oct	2.64	2.82	2.38	3.77	1.86	2.63	3.50	3.01	2.73	.984
Nov	2.65	2.83	2.39	3.75	1.86	2.65	3.51	3.01	2.75	
Dec	2.66	2.84	2.40	3.77	1.85	2.66	3.51	2.99	2.78	
1966: Jan	2.67	2.85	2.40	3.79	1.88	2.66	3.53	3.09	2.76	1.060
Feb	2.67	2.86	2.41	3.82	1.88	2.68	3.54	3.13	2.78	
Mar	2.68	2.86	2.41	3.80	1.88	2.69	3.52	3.05	2.77	
Apr	2.70	2.88	2.43	3.81	1.89	2.72	3.43	3.08	2.77	.945
May	2.70	2.88	2.44	3.83	1.90	2.73	3.72	3.08	2.77	
June	2.71	2.88	2.45	3.83	1.91	2.72	3.72	3.07	2.78	
July	2.71	2.88	2.46	3.85	1.91	2.73		3.09	2.77	1.010
Aug	2.70	2.87	2.45	3.89	1.90	2.73	3.70		2.76	
Sept	2.74	2.93	2.47	3.96	1.93	2.75	3.74		2.79	
Oct	2.75	2.94	2.48	3.95	1.94	2.77	3.76		2.80	1.070
Nov p	2.76	2.94	2.49	3.95	1.95	2.78	3.76		2.81	
Dec p	2.77	2.95	2.50	3.97	1.93	2.78				

[1] For coverage of series, see footnote 1, Table B-26.

[2] Prior to April 1945, data relate to all employees except executives; for April 1945–May 1949, mainly to employees subject to the Fair Labor Standards Act; and beginning June 1949, to nonsupervisory employees only.

[3] Weighted average of all farm wage rates on a per hour basis.

[4] Nine-month average, April through December, because of new series started in April 1945.

[5] Eleven-month average; excludes data for July.

[6] Beginning 1964, data include eating and drinking places. Comparable figure excluding eating and drinking places is $1.87 for 1964; $1.96 for 1965; and $2.04 for 1966.

NOTE.—See Note, Table B-25.

Data are for production workers in manufacturing and mining, for construction workers in contract construction, and for all nonsupervisory employees in other industries (except as noted). Data are for pay period which includes the 12th of the month.

Data for Alaska and Hawaii included beginning 1959.

Sources: Department of Labor, Bureau of Labor Statistics, and Department of Agriculture.

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TABLE B-28.—*Average gross weekly earnings in selected industries, 1929–66*

Year or month	Manufacturing			Contract construction	Retail trade	Wholesale trade	Bituminous coal mining	Class I railroads [1]	Telephone communication [2]
	Total	Durable goods	Nondurable goods						
1929	$24.76	$26.84	$22.47	-------	-------	-------	$25.11	-------	-------
1930	23.00	24.42	21.40	-------	-------	-------	22.04	-------	-------
1931	20.64	20.98	20.09	-------	-------	-------	17.59	-------	-------
1932	16.89	15.99	17.26	-------	-------	$26.75	13.58	-------	-------
1933	16.65	16.20	16.76	-------	-------	25.19	14.21	-------	-------
1934	18.20	18.59	17.73	-------	-------	25.44	17.45	-------	-------
1935	19.91	21.24	18.77	-------	-------	25.38	18.86	-------	-------
1936	21.56	23.72	19.57	-------	-------	26.96	21.89	-------	-------
1937	23.82	26.61	21.17	-------	-------	28.36	22.94	-------	$30.03
1938	22.07	23.70	20.65	-------	-------	28.51	19.78	-------	31.74
1939	23.64	26.19	21.36	-------	$21.01	28.76	22.99	$31.90	32.14
1940	24.96	28.07	21.83	-------	21.34	29.36	23.74	32.47	32.67
1941	29.48	33.56	24.39	-------	22.17	31.36	29.47	34.03	32.88
1942	36.68	42.17	28.57	-------	23.37	34.28	33.37	39.34	34.14
1943	43.07	48.73	33.45	-------	24.79	37.99	39.97	41.49	36.45
1944	45.70	51.38	36.38	-------	26.77	40.76	49.32	46.36	38.54
1945	44.20	48.36	37.48	-------	28.59	42.37	50.36	46.32	[3] 40.12
1946	43.32	46.22	40.30	-------	32.92	46.05	56.04	50.00	44.29
1947	49.17	51.76	46.03	$58.87	36.94	50.14	63.75	55.03	44.77
1948	53.12	56.36	49.50	65.27	39.75	53.63	69.18	60.11	48.92
1949	53.88	57.25	50.38	67.56	41.62	55.49	60.63	62.36	51.78
1950	58.32	62.43	53.48	69.68	43.16	58.08	67.46	64.14	54.38
1951	63.34	68.48	56.88	76.96	46.22	62.02	74.69	70.93	58.26
1952	67.16	72.63	59.95	82.86	47.79	65.53	75.04	74.30	61.22
1953	70.47	76.63	62.57	86.41	49.75	69.02	81.84	76.33	65.02
1954	70.49	76.19	63.18	88.91	51.21	71.28	77.52	78.74	68.46
1955	75.70	82.19	66.63	90.90	53.06	74.48	92.13	82.12	72.07
1956	78.78	85.28	70.09	96.38	54.74	78.57	102.00	88.40	73.47
1957	81.59	88.26	72.52	100.27	56.89	81.41	106.00	94.24	76.05
1958	82.71	89.27	74.11	103.78	58.82	84.02	97.57	101.50	78.72
1959	88.26	96.05	78.61	108.41	60.76	88.51	111.34	106.43	85.46
1960	89.72	97.44	80.36	113.04	62.37	90.72	112.41	108.84	89.50
1961	92.34	100.35	82.92	118.08	64.01	93.56	112.01	112.94	93.38
1962	96.56	104.70	85.93	122.47	65.95	96.22	114.46	115.87	98.95
1963	99.63	108.09	87.91	127.19	68.04	99.47	121.43	118.40	102.40
1964	102.97	112.19	90.91	132.06	[4] 64.75	102.31	128.91	121.80	105.32
1965	107.53	117.18	94.64	138.01	66.61	106.49	140.23	130.80	109.08
1966 p	112.19	121.67	98.49	145.13	68.57	111.11	147.45	-------	112.87
1965: Jan	105.52	115.37	92.50	131.77	65.34	103.94	138.40	126.78	106.53
Feb	106.19	115.79	92.73	131.73	65.34	104.49	138.50	133.62	107.07
Mar	106.71	117.04	93.60	134.32	65.34	105.01	137.36	130.09	106.27
Apr	105.82	115.93	92.20	132.85	66.06	105.15	137.07	129.93	106.66
May	107.53	117.46	94.00	140.18	66.43	106.75	141.40	129.43	107.87
June	107.79	117.74	94.47	139.46	66.98	105.93	145.67	132.16	107.33
July	107.01	116.34	94.87	140.89	68.25	106.60	137.11	131.10	108.40
Aug	106.45	115.51	95.11	143.54	68.07	106.34	144.67	129.77	108.27
Sept	107.83	117.18	95.68	138.75	67.16	106.90	137.90	131.54	112.75
Oct	109.03	118.72	95.68	144.39	67.33	107.57	146.30	128.23	111.66
Nov	109.71	119.43	96.32	136.50	66.77	108.12	131.98	133.04	115.50
Dec	110.92	120.98	96.96	139.87	67.71	109.59	146.37	132.76	112.59
1966: Jan	110.00	119.99	95.52	138.34	67.49	108.53	144.73	131.94	110.12
Feb	110.27	120.69	96.88	139.05	67.30	109.08	144.79	139.91	112.87
Mar	110.95	120.69	96.88	143.26	67.12	109.48	146.08	135.12	111.63
Apr	111.24	121.54	96.96	140.59	67.47	110.43	112.85	132.75	111.08
May	112.05	121.82	98.33	141.71	67.64	111.11	155.12	135.83	111.63
June	112.74	121.82	99.23	146.69	69.14	110.70	156.98	137.54	113.15
July	111.11	119.81	99.14	150.15	70.48	112.20	148.03	134.11	114.12
Aug	111.78	120.54	99.23	149.38	70.11	111.38	152.44	-------	112.33
Sept	113.71	123.94	99.54	151.67	69.09	111.93	154.09	-------	114.11
Oct	113.85	124.07	99.94	152.08	68.87	112.74	159.80	-------	114.24
Nov p	113.99	123.48	100.10	143.39	68.84	112.87	147.02	-------	116.33
Dec p	114.68	124.79	100.50	147.68	69.29	113.42	-------	-------	-------

[1] For coverage of series, see footnote 1, Table B-26.
[2] Prior to April 1945, data relate to all employees except executives; for April 1945–May 1949, mainly to employees subject to the Fair Labor Standards Act; and beginning June 1949, to nonsupervisory employees only.
[3] Nine-month average, April through December, because of new series started in April 1945.
[4] Beginning 1964, data include eating and drinking places. Comparable figure excluding eating and drinking places is $69.94 for 1964.

NOTE.—See Note, Table B-25.
Data are for production workers in manufacturing and mining, for construction workers in contract construction, and for nonsupervisory employees in other industries (except as noted). Data are for pay period which includes the 12th of the month.
Data for Alaska and Hawaii included beginning 1959.

Source: Department of Labor, Bureau of Labor Statistics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-29.—*Average weekly hours and hourly earnings, gross and excluding overtime, in manufacturing industries, 1939–66*

Year or month	All manufacturing industries					Durable goods manufacturing industries				Nondurable goods manufacturing industries			
	Average weekly hours		Average hourly earnings			Average weekly hours		Average hourly earnings		Average weekly hours		Average hourly earnings	
	Gross	Excluding overtime	Gross	Excluding overtime	Excluding overtime and interindustry shift (1957–59=100)	Gross	Excluding overtime	Gross	Excluding overtime	Gross	Excluding overtime	Gross	Excluding overtime
1939	37.7	-----	$0.627	-----	32.2	37.9	-----	$0.691	-----	37.4	-----	$0.571	-----
1940	38.1	-----	.655	-----	-----	39.2	-----	.716	-----	37.0	-----	.590	-----
1941	40.6	-----	.726	$0.691	[1] 33.4	42.0	-----	.799	$0.762	38.9	-----	.627	$0.613
1942	43.1	-----	.851	.793	[1] 37.5	45.0	-----	.937	.872	40.3	-----	.709	.684
1943	45.0	-----	.957	.881	[1] 40.8	46.5	-----	1.048	.966	42.5	-----	.787	.748
1944	45.2	-----	1.011	.933	[1] 43.7	46.5	-----	1.105	1.019	43.1	-----	.844	.798
1945	43.5	-----	1.016	[2] .949	[1] 45.5	44.0	-----	1.099	[2] 1.031	42.3	-----	.886	[2] .841
1946	40.3	-----	1.075	1.035	[1] 50.4	40.4	-----	1.144	1.111	40.5	-----	.995	.962
1947	40.4	-----	1.217	1.18	57.8	40.5	-----	1.278	1.24	40.2	-----	1.145	1.11
1948	40.0	-----	1.328	1.29	63.2	40.4	-----	1.395	1.35	39.6	-----	1.250	1.21
1949	39.1	-----	1.378	1.34	66.1	39.4	-----	1.453	1.42	38.9	-----	1.295	1.26
1950	40.5	-----	1.440	1.39	68.2	41.1	-----	1.519	1.46	39.7	-----	1.347	1.31
1951	40.6	-----	1.56	1.51	73.6	41.5	-----	1.65	1.59	39.5	-----	1.44	1.40
1952	40.7	-----	1.65	1.59	77.4	41.5	-----	1.75	1.68	39.7	-----	1.51	1.46
1953	40.5	-----	1.74	1.68	81.6	41.2	-----	1.86	1.79	39.6	-----	1.58	1.53
1954	39.6	-----	1.78	1.73	84.3	40.1	-----	1.90	1.84	39.0	-----	1.62	1.58
1955	40.7	-----	1.86	1.79	86.9	41.3	-----	1.99	1.91	39.9	-----	1.67	1.62
1956	40.4	37.6	1.95	1.89	91.5	41.0	38.0	2.08	2.01	39.6	37.2	1.77	1.72
1957	39.8	37.5	2.05	1.99	96.2	40.3	37.9	2.19	2.12	39.2	37.0	1.85	1.80
1958	39.2	37.2	2.11	2.05	100.2	39.5	37.6	2.26	2.21	38.8	36.6	1.91	1.62
1959	40.3	37.6	2.19	2.12	103.5	40.7	38.0	2.36	2.28	39.7	37.0	1.98	1.92
1960	39.7	37.3	2.26	2.20	106.6	40.1	37.7	2.43	2.36	39.2	36.7	2.05	1.99
1961	39.8	37.4	2.32	2.25	109.6	40.3	38.0	2.49	2.42	39.3	36.8	2.11	2.05
1962	40.4	37.6	2.39	2.31	112.3	40.9	38.1	2.56	2.48	39.6	36.9	2.17	2.09
1963	40.5	37.7	2.46	2.37	115.2	41.1	38.2	2.63	2.54	39.6	36.9	2.22	2.15
1964	40.7	37.6	2.53	2.44	118.0	41.4	38.1	2.71	2.60	39.7	36.8	2.29	2.21
1965	41.2	37.6	2.61	2.50	121.0	42.0	38.1	2.79	2.67	40.1	36.9	2.36	2.27
1966 p	41.4	37.5	2.71	2.59	124.8	42.1	37.8	2.89	2.75	40.2	36.8	2.45	2.35
1965: Jan	40.9	37.6	2.58	2.48	119.7	41.8	38.2	2.76	2.65	39.7	36.9	2.33	2.25
Feb	41.0	37.7	2.59	2.49	120.0	41.8	38.1	2.77	2.65	39.8	36.9	2.33	2.25
Mar	41.2	37.7	2.59	2.49	120.1	42.1	38.3	2.78	2.66	40.0	37.0	2.34	2.25
Apr	40.7	37.6	2.60	2.50	120.4	41.7	38.2	2.78	2.66	39.4	36.7	2.34	2.26
May	41.2	37.7	2.61	2.50	120.6	42.1	38.2	2.79	2.66	40.0	36.9	2.35	2.26
June	41.3	37.7	2.61	2.50	120.8	42.2	38.2	2.79	2.67	40.2	37.0	2.35	2.27
July	41.0	37.6	2.61	2.51	120.9	41.7	38.0	2.79	2.67	40.2	37.1	2.36	2.28
Aug	41.1	37.6	2.59	2.49	120.7	41.7	37.9	2.77	2.65	40.3	37.1	2.36	2.27
Sept	41.0	37.2	2.63	2.51	121.7	41.7	37.7	2.81	2.68	40.2	36.7	2.38	2.29
Oct	41.3	37.4	2.64	2.52	121.8	42.1	37.9	2.82	2.68	40.2	36.8	2.38	2.28
Nov	41.4	37.5	2.65	2.53	122.3	42.2	37.9	2.83	2.69	40.3	36.9	2.39	2.29
Dec	41.7	37.7	2.66	2.54	122.7	42.6	38.2	2.84	2.70	40.4	37.0	2.40	2.31
1966: Jan	41.2	37.5	2.67	2.56	123.2	42.1	38.0	2.85	2.72	39.8	36.7	2.40	2.31
Feb	41.3	37.5	2.67	2.56	123.4	42.2	38.0	2.86	2.72	40.2	36.9	2.41	2.31
Mar	41.4	37.5	2.68	2.56	123.6	42.2	38.0	2.86	2.72	40.2	36.9	2.41	2.32
Apr	41.2	37.3	2.70	2.58	124.2	42.2	37.9	2.88	2.74	39.9	36.6	2.43	2.33
May	41.5	37.5	2.70	2.58	124.4	42.3	37.9	2.88	2.74	40.3	36.9	2.44	2.34
June	41.6	37.6	2.71	2.58	124.7	42.3	37.9	2.88	2.74	40.5	37.0	2.45	2.34
July	41.0	37.2	2.71	2.59	124.8	41.6	37.5	2.88	2.74	40.3	36.8	2.46	2.35
Aug	41.4	37.4	2.70	2.57	124.8	42.0	37.7	2.87	2.73	40.5	37.0	2.45	2.34
Sept	41.5	37.3	2.74	2.61	125.9	42.3	37.7	2.93	2.78	40.3	36.6	2.47	2.36
Oct	41.4	37.3	2.75	2.62	126.3	42.2	37.7	2.94	2.79	40.3	36.7	2.48	2.37
Nov p	41.3	37.4	2.76	2.63	126.8	42.0	37.8	2.94	2.80	40.2	36.8	2.49	2.38
Dec p	41.4	37.5	2.77	2.64	-----	42.3	38.0	2.95	2.81	40.2	36.9	2.50	2.40

[1] Annual average not available; April used.
[2] Eleven-month average; August 1945 excluded because of VJ Day holiday period.

NOTE.—See Note, Table B-25.
Data relate to production workers and are for pay period which includes the 12th of the month.
See Table B-26 for seasonally adjusted average gross weekly hours.
Data for Alaska and Hawaii included beginning 1959.

Source: Department of Labor, Bureau of Labor Statistics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-30.—*Average weekly earnings, gross and spendable, in manufacturing industries, in current and 1957-59 prices, 1939-66*

Year or month	Average gross weekly earnings		Average spendable weekly earnings [1]			
			Worker with no dependents		Worker with three dependents	
	Current prices	1957-59 prices [2]	Current prices	1957-59 prices [2]	Current prices	1957-59 prices [2]
1939	$23.64	$48.84	$23.37	$48.29	$23.40	$48.35
1940	24.96	51.15	24.46	50.12	24.71	50.64
1941	29.48	57.47	27.96	54.50	29.19	56.90
1942	36.68	64.58	31.80	55.99	36.31	63.93
1943	43.07	71.43	35.95	59.62	41.33	68.54
1944	45.70	74.55	37.99	61.97	43.76	71.39
1945	44.20	70.49	36.82	58.72	42.59	67.93
1946	43.32	63.71	37.31	54.87	42.79	62.93
1947	49.17	63.20	42.10	54.11	47.58	61.16
1948	53.12	63.39	46.57	55.57	52.31	62.42
1949	53.88	64.92	47.21	56.88	52.95	63.80
1950	58.32	69.59	50.26	59.98	56.36	67.26
1951	63.34	69.99	52.97	58.53	60.18	66.50
1952	67.16	72.61	55.04	59.50	62.98	68.09
1953	70.47	75.61	57.59	61.79	65.60	70.39
1954	70.49	75.31	58.45	62.45	65.65	70.14
1955	75.70	81.14	62.51	67.00	69.79	74.80
1956	78.78	83.19	64.92	68.55	72.25	76.29
1957	81.59	83.26	66.93	68.30	74.31	75.83
1958	82.71	82.14	67.82	67.35	75.23	74.71
1959	88.26	86.96	71.89	70.83	79.40	78.23
1960	89.72	87.02	72.57	70.39	80.11	77.70
1961	92.34	88.62	74.60	71.59	82.18	78.87
1962	96.56	91.61	77.86	73.87	85.53	81.15
1963	99.63	93.37	79.82	74.81	87.58	82.08
1964	102.97	95.25	84.40	78.08	92.18	85.27
1965	107.53	97.84	89.08	81.06	96.78	88.06
1966 p	112.19	99.20	91.45	80.86	99.33	87.82
1965: Jan	105.52	96.90	87.47	80.32	95.09	87.32
Feb	106.19	97.51	88.00	80.81	95.65	87.83
Mar	106.71	97.90	88.42	81.12	96.09	88.16
Apr	105.82	96.82	87.71	80.25	95.34	87.23
May	107.53	98.11	89.08	81.28	96.78	88.30
June	107.79	97.90	89.29	81.10	96.99	88.09
July	107.01	97.11	88.66	80.45	96.34	87.42
Aug	106.45	96.77	88.21	80.19	95.87	87.15
Sept	107.83	97.85	89.32	81.05	97.03	88.05
Oct	109.03	98.76	90.28	81.78	98.04	88.80
Nov	109.71	99.20	90.83	82.12	98.61	89.16
Dec	110.92	99.93	91.80	82.70	99.62	89.75
1966: Jan	110.00	99.10	89.79	80.89	97.58	87.91
Feb	110.27	98.81	90.00	80.65	97.80	87.63
Mar	110.95	99.06	90.51	80.81	98.34	87.80
Apr	111.24	98.88	90.73	80.65	98.57	87.62
May	112.05	99.51	91.35	81.13	99.22	88.12
June	112.74	99.86	91.87	81.37	99.77	88.37
July	111.11	98.07	90.63	79.99	98.47	86.91
Aug	111.78	98.22	91.14	80.09	99.00	86.99
Sept	113.71	99.66	92.61	81.17	100.54	88.12
Oct	113.85	99.43	92.72	80.98	100.65	87.90
Nov p	113.99	99.47	92.82	80.99	100.76	87.92
Dec p	114.68	99.98	93.35	81.39	101.31	88.33

[1] Average gross weekly earnings less social security and income taxes.
[2] Earnings in current prices divided by the consumer price index on a 1957-59 base.

NOTE.—See Note, Table B-25.
Data relate to production workers and are for pay period which includes the 12th of the month.
Data for Alaska and Hawaii included beginning 1959.

Source: Department of Labor, Bureau of Labor Statistics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-31.—*Indexes of output per man-hour and related data, private economy, 1947–66*

[1957-59=100]

Year	Output per man-hour			Output [1]			Man-hours [2]		
	Total private	Farm	Nonfarm	Total private	Farm	Nonfarm	Total private	Farm	Nonfarm
	Establishment basis [3]								
1947	69.1	49.8	74.3	67.6	82.1	66.8	97.8	164.8	89.9
1948	72.1	58.0	76.6	70.8	91.8	69.8	98.2	158.4	91.1
1949	74.4	56.5	79.6	70.6	88.9	69.7	94.9	157.3	87.6
1950	80.5	64.4	84.6	77.9	93.7	77.0	96.8	145.6	91.0
1951	82.9	64.7	86.4	82.8	88.9	82.5	99.9	137.5	95.5
1952	84.4	70.3	87.1	84.8	91.8	84.5	100.5	130.6	97.0
1953	88.0	79.6	89.7	89.1	96.6	88.8	101.3	121.4	99.0
1954	90.0	83.7	91.6	87.9	98.6	87.4	97.7	117.8	95.4
1955	94.0	84.4	95.7	95.4	101.0	95.1	101.5	119.6	99.4
1956	94.1	88.0	95.2	97.2	100.5	97.1	103.3	114.2	102.0
1957	96.9	93.3	97.2	98.6	98.1	98.6	101.8	105.1	101.4
1958	99.8	103.0	99.7	97.3	100.5	97.2	97.5	97.6	97.5
1959	103.4	104.8	103.1	104.1	101.9	104.2	100.7	97.2	101.1
1960	105.0	110.7	104.4	106.6	105.8	106.7	101.5	95.6	102.2
1961	108.5	119.4	107.3	108.6	107.2	108.7	100.1	89.8	101.3
1962	113.6	122.2	112.2	116.0	106.8	116.5	102.1	87.4	103.8
1963	117.6	133.1	115.6	120.8	110.1	121.4	102.7	82.7	105.0
1964	122.1	133.7	119.9	127.5	106.3	128.6	104.4	79.5	107.3
1965	125.5	148.8	122.4	135.3	115.0	136.4	107.8	77.3	111.4
1966 p	129.0	155.8	125.3	142.5	109.2	144.3	110.5	70.1	115.2
	Labor force basis [4]								
1947	67.9	49.8	72.9	67.6	82.1	66.8	99.6	164.8	91.6
1948	70.2	58.0	74.5	70.8	91.8	69.8	100.8	158.2	93.7
1949	71.9	56.1	76.8	70.6	88.9	69.7	98.2	158.6	90.8
1950	78.5	64.1	82.4	77.9	93.7	77.0	99.2	146.2	93.4
1951	82.1	64.3	85.7	82.8	88.9	82.5	100.9	138.3	96.3
1952	84.5	69.9	87.5	84.8	91.8	84.5	100.4	131.3	96.6
1953	88.4	79.1	90.4	89.1	96.6	88.8	100.8	122.1	98.2
1954	90.8	83.3	92.8	87.9	98.6	87.4	96.8	118.3	94.2
1955	94.7	84.0	96.7	95.4	101.0	95.1	100.7	120.3	98.3
1956	94.6	87.5	95.9	97.2	100.5	97.1	102.7	114.9	101.2
1957	97.2	93.3	97.7	98.6	98.1	98.6	101.4	105.2	100.9
1958	99.4	103.1	99.2	97.3	100.5	97.2	97.9	97.5	98.0
1959	103.4	104.7	103.1	104.1	101.9	104.2	100.7	97.3	101.1
1960	104.5	110.7	103.8	106.6	105.8	106.7	102.0	95.6	102.8
1961	107.3	119.9	105.9	108.6	107.2	108.7	101.2	89.4	102.6
1962	113.0	122.3	111.4	116.0	106.8	116.5	102.7	87.3	104.6
1963	116.7	133.5	114.4	120.8	110.1	121.4	103.5	82.5	106.1
1964	120.7	134.0	118.2	127.5	106.3	128.6	105.6	79.3	108.8
1965	124.2	149.0	120.9	135.3	115.0	136.4	108.9	77.2	112.8
1966 p	128.4	155.6	124.3	142.5	109.2	144.3	111.0	70.2	116.1

[1] Output refers to gross national product in 1958 prices.
[2] Hours worked by all persons in private industry engaged in production, including man-hours of proprietors and unpaid family workers.
[3] Man-hours estimates based primarily on establishment data.
[4] Man-hours estimates based primarily on labor force data.

NOTE.—For information on sources, methodology, trends, and underlying factors influencing the measures, see Bureau of Labor Statistics, Department of Labor, Bulletin No. 1249, *Trends in Output per Man-Hour in the Private Economy, 1909–58, December 1959.*
Data for Alaska and Hawaii included beginning 1960.

Source: Department of Labor, Bureau of Labor Statistics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-32.—*Industrial production indexes, major industry divisions, 1929–66*

[1957-59=100]

Year or month	Total industrial production	Manufacturing			Mining	Utilities
		Total	Durable	Nondurable		
1929	38.4	38.6	38.2	38.3	54.2	12.7
1930	32.0	31.7	28.4	34.8	47.0	13.1
1931	26.5	25.9	19.5	32.8	40.3	12.5
1932	20.7	19.9	11.9	28.9	33.6	11.7
1933	24.4	23.7	15.5	32.8	38.5	11.5
1934	26.6	26.0	18.8	33.8	40.3	12.2
1935	30.7	30.6	24.1	37.4	43.7	13.2
1936	36.3	36.4	31.2	41.6	50.3	14.9
1937	39.7	39.7	35.2	44.1	56.7	16.4
1938	31.4	30.5	22.6	39.1	49.0	16.5
1939	38.3	37.9	31.4	44.9	53.8	18.3
1940	43.9	43.8	40.0	47.3	60.1	20.3
1941	56.4	58.3	57.7	57.6	64.8	22.8
1942	69.3	73.1	79.9	63.7	67.0	25.6
1943	82.9	88.7	102.9	70.7	69.0	28.3
1944	81.7	86.3	100.9	68.2	74.2	30.1
1945	70.5	73.0	78.2	65.6	73.0	30.6
1946	59.5	60.0	54.7	64.8	72.2	31.8
1947	65.7	66.4	64.3	67.2	79.9	36.5
1948	68.4	68.9	67.0	69.5	84.0	40.8
1949	64.7	65.1	60.9	68.3	74.5	43.4
1950	74.9	75.8	74.1	76.0	83.2	49.5
1951	81.3	81.9	83.5	78.5	91.3	56.4
1952	84.3	85.2	88.5	80.0	90.5	61.2
1953	91.3	92.7	99.9	83.6	92.9	66.8
1954	85.8	86.3	88.4	83.6	90.2	71.8
1955	96.6	97.3	101.9	91.6	99.2	80.2
1956	99.9	100.2	104.0	95.4	104.8	87.9
1957	100.7	100.8	104.0	96.7	104.6	93.9
1958	93.7	93.2	90.3	96.8	95.6	98.1
1959	105.6	106.0	105.6	106.5	99.7	108.0
1960	108.7	108.9	108.5	109.5	101.6	115.6
1961	109.7	109.6	107.0	112.9	102.6	122.3
1962	118.3	118.7	117.9	119.8	105.0	131.4
1963	124.3	124.9	124.5	125.3	107.9	140.0
1964	132.3	133.1	133.5	132.6	111.5	151.3
1965	143.4	145.0	148.4	140.8	114.8	160.9
1966 p	156.3	158.7	165.1	150.6	120.2	173.4
	Seasonally adjusted					
1965: Jan	138.8	140.3	142.1	138.1	112.9	154.8
Feb	139.6	141.3	143.5	138.6	112.2	155.2
Mar	140.9	142.5	145.1	139.3	112.8	157.8
Apr	141.0	142.5	145.6	138.6	113.1	159.6
May	141.8	143.3	147.0	138.7	114.2	159.9
June	143.1	144.6	148.4	139.9	115.2	161.2
July	144.3	146.0	150.4	140.4	115.9	161.6
Aug	144.9	146.4	150.5	141.4	116.7	162.8
Sept	144.1	145.8	149.2	141.5	112.5	164.4
Oct	145.5	147.0	150.8	142.3	116.4	164.7
Nov	146.7	148.6	151.8	144.5	116.4	164.1
Dec	149.0	151.0	155.2	145.7	118.3	164.9
1966: Jan	150.6	152.9	158.1	146.4	117.3	164.7
Feb	152.4	154.7	160.7	147.3	117.7	168.7
Mar	153.7	155.9	161.9	148.5	120.0	168.8
Apr	153.9	156.6	162.9	148.7	115.6	169.1
May	155.3	157.6	164.2	149.4	120.7	170.2
June	156.5	158.9	165.4	150.7	122.0	171.7
July	157.2	159.4	166.1	151.3	122.0	175.7
Aug	158.0	160.1	167.1	151.3	122.1	179.0
Sept	157.7	160.0	167.3	150.9	121.0	177.0
Oct	158.8	161.4	169.1	151.7	121.4	175.2
Nov	158.6	161.0	167.6	152.8	120.8	176.5
Dec p	158.7	161.0	167.3	153.2	122.8	177.0

Source: Board of Governors of the Federal Reserve System.

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TABLE B-33.—*Industrial production indexes, market groupings, 1947-66*

[1957-59=100]

Year or month	Total industrial production	Final products						Materials		
		Total	Consumer goods [1]			Equipment		Total	Durable goods	Nondurable goods
			Total	Automotive products	Home goods	Total, including defense	Business			
1947	65.7	64.2	67.1	69.4	68.8	55.4	69.9	67.0	68.2	64.9
1948	68.4	66.6	69.2	72.6	71.7	58.3	72.6	70.2	71.0	68.2
1949	64.7	64.5	68.8	72.0	66.3	52.0	63.5	64.8	64.2	64.2
1950	74.9	72.8	78.6	90.6	91.4	56.4	68.0	76.9	79.5	73.3
1951	81.3	78.6	77.8	80.1	78.7	78.4	83.1	83.8	87.8	78.8
1952	84.3	84.3	79.5	72.1	78.8	94.1	94.1	84.3	88.9	79.0
1953	91.3	89.9	85.0	91.3	90.2	100.5	96.6	92.6	100.7	84.1
1954	85.8	85.7	84.3	85.0	86.0	88.9	85.1	85.9	88.4	83.3
1955	96.6	93.9	93.3	118.3	97.3	95.0	91.9	99.0	104.7	93.0
1956	99.9	98.1	95.5	97.8	100.9	103.7	104.7	101.6	105.3	97.7
1957	100.7	99.4	97.0	105.2	96.6	104.6	105.3	101.9	104.8	98.9
1958	93.7	94.8	96.4	86.7	92.8	91.3	89.8	92.7	90.0	95.4
1959	105.6	105.7	106.6	108.1	110.7	104.1	104.9	105.4	105.1	105.7
1960	108.7	109.9	111.0	123.2	110.8	107.6	110.2	107.6	106.6	108.7
1961	109.7	111.2	112.6	111.8	112.2	108.3	110.1	108.4	104.8	112.2
1962	118.3	119.7	119.7	131.1	122.2	119.6	122.1	117.0	114.1	120.0
1963	124.3	124.9	125.2	141.2	129.6	124.2	128.3	123.7	121.2	126.3
1964	132.3	131.8	131.7	145.1	141.1	132.0	139.1	132.8	131.2	134.4
1965	143.4	142.5	140.3	167.2	154.8	147.0	156.7	144.2	144.3	144.1
1966 p	156.3	155.4	147.4	163.2	168.8	172.7	181.2	157.1	157.4	156.8
	Seasonally adjusted									
1965: Jan	138.8	138.3	138.2	165.4	149.7	138.5	148.0	139.4	138.5	139.7
Feb	139.6	138.8	138.4	164.2	151.2	139.7	149.5	140.2	139.9	139.9
Mar	140.9	140.2	140.0	171.5	153.0	140.7	150.4	141.4	142.6	139.6
Apr	141.0	139.5	138.5	166.6	151.0	141.6	151.2	142.5	142.8	141.5
May	141.8	140.2	138.6	167.3	152.6	143.8	153.5	143.5	144.8	142.1
June	143.1	141.3	139.5	167.5	152.3	145.2	154.9	145.2	146.5	143.8
July	144.3	142.1	139.8	167.1	153.3	147.6	157.1	146.4	148.5	144.7
Aug	144.9	143.0	140.5	166.7	151.4	148.5	158.0	146.5	147.3	145.6
Sept	144.1	143.7	141.3	165.2	155.3	149.0	159.0	144.9	144.3	145.4
Oct	145.5	145.7	141.9	168.0	158.8	153.9	163.8	145.3	144.3	147.1
Nov	146.7	148.0	143.7	168.5	159.7	157.3	167.2	146.1	143.6	148.6
Dec	149.0	148.9	144.2	169.1	165.8	159.0	169.1	148.8	147.3	150.4
1966: Jan	150.6	150.3	144.6	168.1	166.8	162.6	171.9	150.9	149.9	151.0
Feb	152.4	152.1	146.1	167.9	165.7	164.8	174.0	152.6	152.6	152.1
Mar	153.7	152.5	146.2	170.0	164.1	166.2	175.4	154.4	155.6	153.1
Apr	153.9	152.9	146.4	168.4	168.4	166.9	175.9	154.5	156.7	152.3
May	155.3	153.7	146.2	160.7	169.9	169.8	178.3	157.1	157.7	156.5
June	156.5	154.9	147.1	162.3	168.3	171.4	180.0	158.0	159.3	158.0
July	157.2	155.3	146.5	154.5	168.0	174.4	182.7	158.8	159.1	158.6
Aug	158.0	156.4	147.1	146.4	168.9	176.4	184.4	159.6	160.1	159.1
Sept	157.7	156.3	146.5	150.7	166.0	177.4	185.7	159.2	159.8	158.6
Oct	158.8	158.4	148.9	168.5	170.1	179.0	187.4	159.6	159.7	159.6
Nov	158.6	158.4	148.4	163.3	168.9	180.1	187.9	158.8	158.7	159.5
Dec p	158.7	159.0	148.7	164	-------	181.2	189	158.4	156	161

[1] Also includes apparel and consumer staples, not shown separately.

Source: Board of Governors of the Federal Reserve System.

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TABLE B–34.—*Industrial production indexes, selected manufactures, 1947–66*

[1957-59=100]

Year or month	Durable manufactures							Nondurable manufactures			
	Primary metals	Fabricated metal products	Machinery	Transportation equipment	Instruments and related products	Clay, glass, and lumber	Furniture and miscellaneous	Textile, apparel, and leather products	Paper and printing	Chemical, petroleum, and rubber products	Foods, beverages, and tobacco
1947	90.7	75.9	65.3	42.9	53.7	75.8	73.5	81.0	66.7	47.5	80.7
1948	94.3	77.2	66.5	46.9	55.2	79.7	77.4	84.5	69.4	50.8	80.0
1949	79.4	69.8	59.0	47.1	49.2	72.3	71.6	80.6	69.3	49.4	80.8
1950	99.9	85.4	72.7	56.4	57.3	87.7	83.7	89.1	76.7	60.7	83.6
1951	108.7	91.2	83.0	62.9	65.7	92.0	80.2	87.4	79.4	67.4	85.4
1952	99.3	89.0	92.1	73.1	78.1	89.3	82.4	89.5	77.7	69.9	87.3
1953	112.5	100.3	100.5	91.7	85.3	92.7	89.7	90.7	82.6	75.2	88.2
1954	91.3	90.2	87.7	83.8	82.9	89.6	86.8	86.9	85.0	74.7	89.8
1955	118.4	98.3	96.5	102.0	88.7	100.7	97.9	95.5	92.5	86.8	93.1
1956	116.4	98.8	107.1	97.4	95.4	102.0	101.0	98.0	97.1	91.4	96.6
1957	112.2	101.5	104.2	106.4	98.0	97.5	97.6	96.9	97.8	95.6	96.7
1958	87.5	92.9	88.8	89.5	92.1	94.1	93.3	95.0	97.0	95.5	99.4
1959	100.4	105.5	107.1	104.0	109.9	108.5	109.0	108.1	105.2	108.9	103.9
1960	101.3	107.6	110.8	108.2	116.5	105.7	113.3	107.5	109.0	113.9	106.6
1961	98.9	106.5	110.4	103.6	115.8	104.5	114.1	108.4	112.4	118.9	110.2
1962	104.6	117.1	123.5	118.3	123.0	109.3	124.5	115.1	116.7	131.2	113.3
1963	113.3	123.4	129.2	127.0	130.2	114.4	129.1	118.5	120.1	141.8	116.8
1964	129.1	132.7	141.4	130.7	136.4	121.[illegible]	138.4	125.2	127.5	152.5	120.8
1965	137.6	147.8	160.5	149.2	151.4	127.6	151.8	135.8	135.3	164.6	123.4
1966 p	142.8	163.0	183.9	168.1	176.3	133.0	165.1	141.4	146.5	181.7	127.6
	Seasonally adjusted										
1965: Jan	139.6	140.3	151.6	141.2	143.4	123.2	145.2	133.1	132.1	159.1	124.1
Feb	139.5	145.0	153.6	141.0	143.8	124.8	147.6	133.8	132.0	160.9	123.5
Mar	140.4	144.8	155.4	144.6	145.4	125.9	148.4	134.4	133.0	162.0	123.7
Apr	142.5	147.1	155.5	144.7	146.9	124.1	149.1	134.2	133.3	160.3	123.0
May	142.9	145.7	157.2	147.5	147.0	126.1	150.1	134.9	134.2	160.9	121.6
June	144.5	146.0	159.1	148.9	149.8	126.8	150.3	135.4	134.8	163.2	122.5
July	149.6	148.0	161.0	149.6	152.1	127.7	150.5	134.6	135.9	164.6	122.7
Aug	146.6	147.5	161.6	151.2	152.6	127.8	151.9	134.7	136.9	166.4	123.1
Sept	132.6	146.7	164.3	149.8	155.7	128.4	152.7	136.5	136.0	166.3	123.4
Oct	125.0	150.9	166.4	154.9	158.0	130.1	155.1	137.3	136.4	167.9	123.3
Nov	120.6	153.6	168.3	157.2	159.0	130.3	157.8	138.7	139.2	170.6	125.1
Dec	126.5	156.3	171.0	160.4	162.2	135.0	160.9	140.2	140.6	172.8	124.8
1966: Jan	131.9	157.7	174.5	163.0	166.8	136.2	158.4	138.6	142.1	174.6	125.7
Feb	138.3	161.6	176.4	164.1	169.4	136.4	161.6	139.8	142.7	175.1	126.8
Mar	141.8	161.7	176.1	166.1	171.9	138.0	162.9	141.1	144.2	176.6	127.4
Apr	142.4	161.4	178.6	165.9	174.6	137.8	163.5	142.6	143.5	177.3	126.9
May	146.5	162.9	180.6	165.8	176.4	133.3	166.7	142.0	146.6	179.3	125.5
June	148.0	161.8	182.8	167.1	176.5	134.4	167.0	143.4	148.3	180.1	126.8
July	148.6	162.1	186.6	166.0	177.0	131.7	163.5	141.6	149.6	182.0	127.2
Aug	148.7	161.4	189.6	166.0	177.4	129.8	167.1	140.1	148.6	182.4	128.5
Sept	146.4	163.0	188.8	168.3	179.5	129.8	165.9	140.2	147.2	182.8	127.9
Oct	144.6	164.2	191.1	174.8	181.8	128.1	165.3	141.0	147.9	185.5	126.7
Nov	139.4	164.5	189.8	172.6	181.3	126.7	166.2	141.1	148.3	187.1	128.6
Dec p	137	167	189	172	183	126	167	141	149	188	128

Source: Board of Governors of the Federal Reserve System.

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TABLE B–35.—*Manufacturing capacity, output, and utilization rate, 1948–66*

Period	Capacity [1]	Output (1957–59=100)	Utilization rate (percent) [2]
1948	79	69	87
1949	83	65	79
1950	85	76	89
1951	89	82	93
1952	94	85	90
1953	99	93	94
1954	104	86	83
1955	109	97	90
1956	114	100	88
1957	121	101	84
1958	126	93	74
1959	130	106	82
1960	135	109	81
1961	139	110	79
1962	144	119	82
1963	149	125	84
1964	155	133	86
1965	163	145	89
1966 p	174	159	91
	Seasonally adjusted		
1961: I	138	103	75
II	139	108	78
III	140	112	80
IV	141	115	82
1962: I	142	117	82
II	143	119	83
III	145	120	83
IV	146	120	82
1963: I	147	121	82
II	149	125	84
III	150	126	84
IV	151	127	84
1964: I	153	129	85
II	154	133	86
III	156	135	87
IV	157	136	87
1965: I	159	141	89
II	162	144	89
III	165	146	89
IV	167	149	89
1966: I	170	155	91
II	173	158	91
III	176	160	91
IV p	179	161	90

[1] For description and source of data see "A Revised Index of Manufacturing Capacity," *Federal Reserve Bulletin, November 1966*, pp. 1605–1615, Frank de Leeuw, Frank E. Hopkins, and Michael D. Sherman. See also McGraw-Hill surveys on "Business Plans for New Plants and Equipment" for data on capacity and operating rates.

[2] Output as percent of capacity; based on unrounded data.

Source: Board of Governors of the Federal Reserve System (output) and sources in footnote 1 (capacity and utilization rate).

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TABLE B–36.—*New construction activity, 1929–66*

[Value put in place, millions of dollars]

Year or month	Total new construction	Private construction								Public construction		
		Total	Residential building (nonfarm)		Nonresidential building and other construction					Total	Federal funds [4]	State and local funds
			Total [1]	New housing units	Total	Commercial [2]	Industrial	Other [3]				
1929	10,793	8,307	3,625	3,040	4,682	1,135	949	2,598		2,486	235	2,251
1930	8,741	5,883	2,075	1,570	3,808	893	532	2,383		2,858	313	2,545
1931	6,427	3,768	1,565	1,320	2,203	454	221	1,528		2,659	506	2,153
1932	3,538	1,676	630	485	1,046	223	74	749		1,862	444	1,418
1933	2,879	1,231	470	290	761	130	176	455		1,648	802	846
1934	3,720	1,509	625	380	884	173	191	520		2,211	1,347	864
1935	4,232	1,999	1,010	710	989	211	158	620		2,233	1,381	852
1936	6,497	2,981	1,565	1,210	1,416	290	266	860		3,516	2,363	1,153
1937	6,999	3,903	1,875	1,475	2,028	387	492	1,149		3,096	1,893	1,203
1938	6,980	3,560	1,990	1,620	1,570	285	232	1,053		3,420	2,037	1,383
1939	8,198	4,389	2,680	2,270	1,709	292	254	1,163		3,809	2,136	1,673
1940	8,682	5,054	2,985	2,560	2,069	348	442	1,279		3,628	2,128	1,500
1941	11,957	6,206	3,510	3,040	2,696	409	801	1,486		5,751	4,448	1,303
1942	14,075	3,415	1,715	1,440	1,700	155	346	1,199		10,660	9,788	872
1943	8,301	1,979	885	710	1,094	33	156	905		6,322	5,877	445
1944	5,259	2,186	815	570	1,371	56	208	1,107		3,073	2,631	442
1945	5,809	3,411	1,276	720	2,135	203	642	1,290		2,398	1,836	562
1946	12,627	10,396	4,752	3,300	5,644	1,153	1,689	2,802		2,231	1,109	1,122
New series [5]												
1946	14,308	12,077	6,247	4,795	5,830	1,153	1,689	2,988		2,231	1,109	1,122
1947	20,041	16,722	9,850	7,765	6,872	957	1,702	4,213		3,319	1,249	2,070
1948	26,078	21,374	13,128	10,506	8,246	1,397	1,397	5,452		4,704	1,594	3,110
1949	26,722	20,453	12,428	10,043	8,025	1,182	972	5,871		6,269	1,949	4,320
1950	33,575	26,709	18,126	15,551	8,583	1,415	1,062	6,106		6,866	2,078	4,788
1951	35,435	26,180	15,881	13,207	10,299	1,498	2,117	6,684		9,255	3,445	5,810
1952	36,828	26,049	15,803	12,851	10,246	1,137	2,320	6,789		10,779	4,735	6,044
1953	39,136	27,894	16,594	13,411	11,300	1,791	2,229	7,280		11,242	4,839	6,403
1954	41,380	29,668	18,187	14,931	11,481	2,212	2,030	7,239		11,712	4,103	7,609
1955	46,519	34,804	21,877	18,242	12,927	3,218	2,399	7,310		11,715	3,508	8,207
1956	47,601	34,869	20,178	16,143	14,691	3,631	3,084	7,976		12,732	3,583	9,149
1957	49,139	35,080	19,006	14,736	16,074	3,564	3,557	8,953		14,059	4,243	9,816
1958	50,153	34,696	19,789	15,445	14,907	3,589	2,382	8,936		15,457	5,493	9,964
1959	55,305	39,235	24,251	19,233	14,984	3,930	2,106	8,948		16,070	6,435	9,635
1960	53,941	38,078	21,706	16,410	16,372	4,180	2,851	9,341		15,863	5,889	9,974
1961	55,447	38,299	21,680	16,189	16,619	4,674	2,780	9,165		17,148	6,305	10,843
1962	59,576	41,707	24,292	18,638	17,415	4,955	2,949	9,511		17,869	6,469	11,400
1963	62,755	43,859	25,843	20,064	18,016	5,200	2,962	9,854		18,896	7,120	11,776
New series [6]												
1962	59,667	41,798	24,292	18,638	17,506	5,144	2,842	9,520		17,869	6,469	11,400
1963	62,968	43,642	25,843	20,064	17,799	4,995	2,906	9,898		19,326	7,120	12,206
1964	66,221	45,914	26,507	20,612	19,407	5,406	3,572	10,429		20,307	7,311	12,996
1965	71,930	49,999	26,689	20,765	23,310	6,704	5,086	11,520		21,931	7,068	14,863
1966 [p]	74,603	50,628	24,616	18,756	26,012	13,690		12,322		23,975	------	------

See footnotes at end of table.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-36.—*New construction activity, 1929–66*—Continued

[Value put in place, millions of dollars]

Year or month	Total new construction	Private construction: Total	Residential building (nonfarm)[5]: Total[1]	Residential building (nonfarm): New housing units	Nonresidential building and other construction: Total	Commercial[2]	Industrial	Other[3]	Public construction: Total	Federal funds[4]	State and local funds
	Seasonally adjusted annual rates										
1965: Jan	68,823	47,697	26,676	20,845	21,021	6,415	3,712	10,894	21,126		
Feb	70,361	48,927	26,713	20,866	22,214	6,599	4,478	11,137	21,434		
Mar	71,170	49,414	26,602	20,735	22,812	6,600	4,969	11,243	21,756		
Apr	71,411	49,717	26,675	20,762	23,042	6,709	4,775	11,558	21,694		
May	71,973	50,132	27,070	21,077	23,062	6,091	5,416	11,555	21,841		
June	71,756	50,317	27,224	21,203	23,093	6,199	5,426	11,468	21,439		
July	70,358	49,122	26,983	20,990	22,139	5,882	4,907	11,350	21,236		
Aug	70,863	49,222	26,621	20,657	22,601	6,239	4,973	11,389	21,641		
Sept	72,830	50,167	26,413	20,491	23,754	6,977	5,321	11,456	22,663		
Oct	72,687	50,084	26,343	20,416	23,741	7,056	5,068	11,617	22,603		
Nov	74,039	51,209	26,243	20,340	24,966	7,706	5,291	11,969	22,830		
Dec	76,443	53,445	26,684	20,780	26,761	8,017	6,250	12,494	22,998		
1966: Jan	77,622	53,285	27,460	21,574	25,825	7,846	5,987	11,992	24,337		
Feb	78,920	54,290	27,463	21,554	26,827	7,294	6,629	12,904	24,630		
Mar	79,499	55,066	27,279	21,400	27,787	7,672	7,073	13,042	24,433		
Apr	78,578	54,347	27,437	21,578	26,910	7,097	7,175	12,638	24,231		
May	76,135	52,284	27,023	21,146	25,261	6,126	6,856	12,279	23,851		
June	75,894	52,108	26,156	20,249	25,952	6,343	7,548	12,061	23,786		
July	73,827	50,061	25,115	19,193	24,946	6,280	7,163	11,503	23,766		
Aug	73,509	49,668	23,927	18,037	25,741	6,482	7,164	12,095	23,841		
Sept	73,627	49,725	23,100	17,293	26,625	7,054	6,913	12,658	23,902		
Oct	70,309	46,754	22,012	16,220	24,742	6,608	6,223	11,911	23,555		
Nov	71,094	47,091	20,777	14,971	26,314	7,028	6,698	12,588	24,003		
Dec p	70,373	46,562	20,320	14,536	26,242			12,516	23,811		

[1] Total includes additions and alterations and nonhousekeeping units not shown separately.
[2] Office buildings, warehouses, stores, restaurants, and garages.
[3] Farm, institutional, public utilities, and all other private.
[4] Includes Federal grants-in-aid for State and locally owned projects.
[5] New series in 1946 reflects differences due to the new higher level series of housing starts and farm construction expenditures and the reduced level value in place series for public utilities. See *Construction Report C30-61 (Supplement)* for a description of the differences.
[6] New series differs from old in that it reflects differences in 1962 due to the introduction of new series for private nonresidential buildings and differences in 1963 due to the introduction of new series for State and locally owned public construction. See *Construction Report C30-65S* for a description of the differences.

NOTE.—Data for Alaska and Hawaii included beginning 1959.

Source: Department of Commerce, Bureau of the Census.

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TABLE B-37.—*New housing starts and applications for financing, 1929–66*

[Thousands of units]

Year or month	Housing starts										New private housing units authorized [2]	Proposed home construction [3]	
	Private and public		Private				Private						
				Nonfarm				Nonfarm					
									Government home programs				
	Total (farm and nonfarm)	Nonfarm	Total (including farm)	Total [1]	One-family	Two or more families	Total (including farm)	Total	FHA	VA		Applications for FHA commitments	Requests for VA appraisals
1929		509.0		509.0	316.0	193.0		509.0					
1930		330.0		330.0	227.0	103.0		330.0					
1931		254.0		254.0	187.0	67.0		254.0					
1932		134.0		134.0	118.0	16.0		134.0					
1933		93.0		93.0	76.0	17.0		93.0					
1934		126.0		126.0	109.0	17.0		126.0					
1935		221.0		215.7	182.2	33.5		215.7	13.2			[4] 20.6	
1936		319.0		304.2	238.5	65.7		304.2	48.8			47.8	
1937		336.0		332.4	265.8	66.6		332.4	57.0			49.8	
1938		406.0		399.3	316.4	82.9		399.3	106.8			131.1	
1939		515.0		458.4	373.0	85.4		458.4	144.7			179.8	
1940		602.6		529.6	447.6	82.0		529.6	176.6			231.2	
1941		706.1		619.5	533.2	86.3		619.5	217.1			288.5	
1942		356.0		301.2	252.3	48.9		301.2	160.2			238.5	
1943		191.0		183.7	136.3	47.4		183.7	126.1			144.4	
1944		141.8		138.7	114.6	24.1		138.7	83.6			62.9	
New series													
1945		326.1		324.9				324.9	38.9	[5] 8.8		56.6	
1946		1,023.2		1,015.2				1,015.2	67.1	91.8		121.7	
1947		1,268.5		1,265.1				1,265.1	178.3	160.3		286.4	
1948		1,362.1		1,344.0				1,344.0	216.4	71.1		293.2	
1949		1,466.1		1,429.8				1,429.8	252.6	90.8		327.0	
1950		1,951.9		1,908.1				1,908.1	328.2	191.2		397.7	
1951		1,491.0		1,419.8				1,419.8	186.9	148.6		192.8	164.4
1952		1,503.9		1,445.4				1,445.4	229.1	141.3		267.9	226.3
1953		1,437.6		1,402.1				1,402.1	216.5	156.5		253.7	251.4
1954		1,550.5		1,531.8				1,531.8	250.9	307.0		338.6	535.4
1955		1,646.0		1,626.6				1,626.6	268.7	392.9		306.2	620.8
1956		1,349.1		1,324.9				1,324.9	183.4	270.7		197.7	401.5
1957		1,223.9		1,174.8				1,174.8	150.1	128.3		198.8	159.4
1958		1,382.0		1,314.2				1,314.2	270.3	102.1		341.7	234.2
1959	1,553.5	1,531.3	1,516.8	1,494.6	1,212.1	282.5	1,516.8	1,494.6	307.0	109.3	1,208.3	369.7	234.0
1960	1,296.0	1,274.0	1,252.1	1,230.1	972.7	257.4	1,252.1	1,230.1	225.7	74.6	998.0	242.4	142.9
1961	1,365.0	1,336.8	1,313.0	1,284.8	946.2	338.6	1,313.0	1,284.8	198.8	83.3	1,064.2	243.8	177.8
1962	1,492.4	1,468.7	1,462.7	1,439.0	967.8	471.2	1,462.7	1,439.0	197.3	77.8	1,186.6	221.1	171.2
1963	1,641.0	1,613.4	1,609.2	1,581.7	993.2	588.5	1,609.2	1,581.7	166.2	71.0	1,334.7	190.2	139.3
1964	1,590.7	1,563.7	1,557.4	1,530.4	944.5	585.9	1,557.4	1,530.4	154.0	59.2	1,285.8	182.1	113.6
1965	1,542.7	1,520.4	1,505.0	1,482.7	940.0	542.7	1,505.0	1,482.7	159.9	52.5	1,240.6	188.9	102.1
1966 p	1,252.3	1,229.0	1,220.5	1,197.2	772.9	424.3	1,220.5	1,197.2	129.1	40.5	966.4	153.0	99.2

See footnotes at end of table.

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TABLE B–37.—*New housing starts and applications for financing, 1929–66*—Continued

[Thousands of units]

Year or month	Housing starts: Private and public: Total (farm and nonfarm)	Housing starts: Private and public: Nonfarm	Housing starts: Private: Total (including farm)	Housing starts: Private: Nonfarm: Total[1]	Housing starts: Private: Nonfarm: One-family	Housing starts: Private: Nonfarm: Two or more families	Seasonally adjusted annual rates: Housing starts: Private: Total (including farm)	Seasonally adjusted annual rates: Housing starts: Private: Nonfarm: Total	Seasonally adjusted annual rates: Housing starts: Private: Nonfarm: Government home programs: FHA	Seasonally adjusted annual rates: Housing starts: Private: Nonfarm: Government home programs: VA	Seasonally adjusted annual rates: New private housing units authorized[2]	Seasonally adjusted annual rates: Proposed home construction[3]: Applications for FHA commitments	Seasonally adjusted annual rates: Proposed home construction[3]: Requests for VA appraisals
1965: Jan	85.6	84.2	81.4	80.1	50.4	29.7	1,442	1,417	168	67	1,273	196	107
Feb	87.9	87.1	85.4	84.7	50.7	34.0	1,482	1,468	164	61	1,226	194	116
Mar	124.9	123.0	120.7	118.8	74.8	44.0	1,489	1,465	163	56	1,245	175	106
Apr	154.9	152.8	152.2	150.1	97.7	52.4	1,552	1,532	146	50	1,204	187	100
May	162.1	159.8	157.5	155.2	99.9	55.3	1,516	1,501	155	54	1,243	180	113
June	162.3	159.7	155.5	152.8	97.0	55.8	1,566	1,539	154	54	1,245	154	100
July	143.9	141.6	141.3	139.0	91.8	47.2	1,473	1,447	151	52	1,234	165	95
Aug	138.0	136.2	134.7	132.8	86.5	46.3	1,427	1,409	148	48	1,228	186	95
Sept	125.9	124.3	124.3	122.7	78.4	44.3	1,453	1,436	160	47	1,180	189	97
Oct	135.7	133.0	133.6	130.9	84.4	46.5	1,411	1,380	167	49	1,244	192	94
Nov	118.3	117.1	116.1	114.9	70.2	44.7	1,547	1,531	173	54	1,280	222	100
Dec	103.2	101.6	102.3	100.8	58.3	42.5	1,769	1,735	189	48	1,292	219	105
1966: Jan	87.3	86.3	84.6	83.7	47.2	36.5	1,611	1,585	181	53	1,255	214	89
Feb	81.0	79.5	78.2	76.7	45.3	31.4	1,374	1,349	177	40	1,197	179	72
Mar	130.9	128.7	126.3	124.1	78.7	45.4	1,569	1,538	187	45	1,268	160	92
Apr	149.2	146.9	147.1	144.8	93.0	51.8	1,502	1,481	151	37	1,185	168	111
May	139.3	136.1	135.4	132.2	84.8	47.4	1,318	1,287	128	38	1,098	133	98
June	130.7	128.3	127.5	125.1	81.4	43.7	1,285	1,261	121	44	954	127	90
July	104.8	103.1	104.0	102.3	69.7	32.6	1,088	1,068	117	42	921	124	99
Aug	107.3	105.2	105.4	103.3	69.1	34.2	1,107	1,084	113	35	844	119	104
Sept	95.2	93.0	92.4	90.2	60.1	30.1	1,075	1,050	96	37	733	151	102
Oct	82.8	80.6	80.2	78.1	53.0	25.1	848	826	94	38	714	122	119
Nov p	77.1	75.8	74.8	73.5	49.2	24.3	1,007	988	107	40	715	135	103
Dec p	66.5	65.3	64.4	63.2	41.6	21.6	1,102	1,079	105	42	772	203	104

[1] Military housing starts, including those financed with mortgages insured by FHA under Section 803 of the National Housing Act, are included in publicly financed starts but excluded from total private starts and from FHA starts.

[2] Data beginning 1963 cover approximately 12,000 permit-issuing places. Data for 1959–62 are based on reports from approximately 10,000 places. In 1963, the additional 2,000 permit-issuing places accounted for almost 50,000 new privately owned housing unit authorizations.

[3] Units in mortgage applications or appraisal requests for new home construction.

[4] FHA program approved in June 1934; all 1934 activity included in 1935.

[5] Monthly estimates for September 1945–May 1950 were prepared by Housing and Home Finance Agency.

NOTE.—Census series beginning 1945 include Alaska and Hawaii. FHA and VA series include Alaska, Hawaii, and Puerto Rico for all periods.

Sources: Department of Commerce (Bureau of the Census), Department of Housing and Urban Development, Federal Housing Administration (FHA), and Veterans Administration (VA), except as noted

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TABLE B–38.—*Business expenditures for new plant and equipment, 1939 and 1945–67*

[Billions of dollars]

Year or quarter	Total [1]	Manufacturing			Mining	Transportation		Public utilities	Commercial and other [2]
		Total	Durable goods	Nondurable goods		Railroad	Other		
1939	5.51	1.94	0.76	1.19	0.33	0.28	0.36	0.52	2.08
1945	8.69	3.98	1.59	2.39	.38	.55	.57	.50	2.70
1946	14.85	6.79	3.11	3.68	.43	.58	.92	.79	5.33
1947	20.61	8.70	3.41	5.30	.69	.89	1.30	1.54	7.49
1948	22.06	9.13	3.48	5.65	.88	1.32	1.28	2.54	6.90
1949	19.28	7.15	2.59	4.56	.79	1.35	.89	3.12	5.98
1950	20.60	7.49	3.14	4.36	.71	1.11	1.21	3.31	6.78
1951	25.64	10.85	5.17	5.68	.93	1.47	1.49	3.66	7.24
1952	26.49	11.63	5.61	6.02	.98	1.40	1.50	3.89	7.09
1953	28.32	11.91	5.65	6.26	.99	1.31	1.56	4.55	8.00
1954	26.83	11.04	5.09	5.95	.98	.85	1.51	4.22	8.23
1955	28.70	11.44	5.44	6.00	.96	.92	1.60	4.31	9.47
1956	35.08	14.95	7.62	7.33	1.24	1.23	1.71	4.90	11.05
1957	36.96	15.96	8.02	7.94	1.24	1.40	1.77	6.20	10.40
1958	30.53	11.43	5.47	5.96	.94	.75	1.50	6.09	9.81
1959	32.54	12.07	5.77	6.29	.99	.92	2.02	5.67	10.88
1960	35.68	14.48	7.18	7.30	.99	1.03	1.94	5.68	11.57
1961	34.37	13.68	6.27	7.40	.98	.67	1.85	5.52	11.68
1962	37.31	14.68	7.03	7.65	1.08	.85	2.07	5.48	13.15
1963	39.22	15.69	7.85	7.84	1.04	1.10	1.92	5.65	13.82
1964	44.90	18.58	9.43	9.16	1.19	1.41	2.38	6.22	15.13
1965	51.96	22.45	11.40	11.05	1.30	1.73	2.81	6.94	16.73
1966 [3]	60.56	27.01	14.04	12.97	1.47	1.94	3.48	8.31	18.36
	Seasonally adjusted annual rates								
1964: I	42.55	17.40	8.85	8.55	1.15	1.40	2.30	5.95	14.35
II	43.50	17.80	9.00	8.80	1.15	1.25	2.25	6.30	14.75
III	45.65	18.85	9.60	9.20	1.20	1.50	2.40	6.30	15.40
IV	47.75	20.15	10.15	10.00	1.30	1.55	2.60	6.35	15.80
1965: I	49.00	20.75	10.40	10.40	1.25	1.75	2.55	6.80	15.85
II	50.35	21.55	10.80	10.70	1.30	1.55	2.70	6.85	16.40
III	52.75	23.00	11.75	11.25	1.25	1.70	3.00	6.75	17.00
IV	55.35	24.15	12.45	11.70	1.35	1.95	3.00	7.30	17.55
1966: I	58.00	25.60	13.15	12.45	1.40	1.75	3.30	8.25	17.70
II	60.10	26.80	13.85	12.95	1.55	2.00	3.50	8.30	17.95
III	61.25	27.55	14.35	13.20	1.45	1.85	3.40	8.55	18.45
IV [3]	62.60	27.80	14.65	13.15	1.45	2.15	3.70	8.15	19.25
1967: I [3]	63.45	27.85	14.70	13.15	1.50	2.00	3.65	9.30	19.15
II [3]	64.05	28.45	15.10	13.35			35.60		

[1] Excludes agriculture.
[2] Commercial and other includes trade, service, finance, communications, and construction.
[3] Estimates based on anticipated capital expenditures reported by business in late October and November 1966. The quarterly anticipations include adjustments, when necessary, for systematic tendencies in anticipatory data.

NOTE.—Annual total is the sum of unadjusted expenditures; it does not necessarily coincide with the average of seasonally adjusted figures.

These figures do not agree precisely with plant and equipment expenditures included in the gross national product estimates of the Department of Commerce. The main difference lies in the inclusion in the gross national product of investment by farmers, professionals, institutions, and real estate firms, and of certain outlays charged to current account.

These series are not available for years prior to 1939 and for 1940 to 1944.

Sources: Department of Commerce (Office of Business Economics) and Securities and Exchange Commission.

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TABLE B-39.—*Sales and inventories in manufacturing and trade, 1947–66*

[Amounts in millions of dollars]

Year or month	Total manufacturing and trade			Manufacturing			Merchant wholesalers			Retail trade		
	Sales [1]	Inventories [2]	Ratio [3]	Sales [1]	Inventories [2]	Ratio [3]	Sales [1]	Inventories [2]	Ratio [3]	Sales [1]	Inventories [2]	Ratio [3]
1947	------	------	------	15,513	25,897	1.58	------	------	------	10,200	14,241	1.26
1948	35,260	52,507	1.42	17,316	28,543	1.57	6,808	7,957	1.13	11,135	16,007	1.39
1949	33,788	49,497	1.53	16,126	26,321	1.75	6,514	7,706	1.19	11,149	15,470	1.41
1950	38,596	59,822	1.36	18,634	31,078	1.48	7,695	9,284	1.07	12,268	19,460	1.38
1951	43,356	70,242	1.55	21,714	39,306	1.66	8,597	9,886	1.16	13,046	21,050	1.64
1952	44,840	72,377	1.58	22,529	41,136	1.78	8,782	10,210	1.12	13,529	21,031	1.52
1953	47,987	76,122	1.58	24,843	43,948	1.76	9,052	10,686	1.17	14,091	21,488	1.53
1954	46,443	73,175	1.60	23,355	41,612	1.81	8,993	10,637	1.18	14,095	20,926	1.51
1955	51,694	79,516	1.47	26,480	45,069	1.62	9,893	11,678	1.13	15,321	22,769	1.43
1956	54,063	87,304	1.55	27,740	50,642	1.73	10,513	13,260	1.19	15,811	23,402	1.47
1957	55,879	89,052	1.59	28,736	51,871	1.80	10,475	12,730	1.23	16,667	24,451	1.44
1958	54,233	86,922	1.60	27,280	50,070	1.84	10,257	12,739	1.24	16,696	24,113	1.43
1959	59,661	91,891	1.50	30,219	52,707	1.70	11,491	13,879	1.15	17,951	25,305	1.40
1960	60,746	94,747	1.56	30,796	53,814	1.76	11,656	14,120	1.22	18,294	26,813	1.45
1961	61,106	95,813	1.54	30,884	55,087	1.74	11,988	14,488	1.20	18,234	26,238	1.43
1962	65,594	100,627	1.50	33,308	57,753	1.70	12,674	14,936	1.16	19,613	27,938	1.38
1963	68,692	105,578	1.49	34,774	60,147	1.69	13,382	16,048	1.15	20,536	29,383	1.39
1964	73,459	111,051	1.47	37,129	62,944	1.64	14,527	16,977	1.13	21,802	31,130	1.40
1965	79,536	120,896	1.46	40,279	68,015	1.61	15,595	18,274	1.14	23.662	34,607	1.39
1966 [4]	86,221	133,825	1.48	43,900	76,900	1.65	17,014	20,191	1.13	25,307	36,734	1.42
	Seasonally adjusted											
1965: Jan	76,867	112,099	1.46	38,885	63,213	1.63	15,046	17,273	1.15	22,936	31,613	1.38
Feb	76,558	112,419	1.47	38,693	63,382	1.64	14,789	17,368	1.17	23,076	31,669	1.37
Mar	78,734	113,661	1.44	40,285	63,708	1.58	15,593	17,574	1.13	22,856	32,379	1.42
Apr	78,330	114,392	1.46	40,044	63,999	1.60	15,437	17,671	1.14	22,849	32,722	1.43
May	78,643	115,091	1.46	39,814	64,269	1.61	15,512	17,882	1.15	23,317	32,940	1.41
June	78,805	115,742	1.47	39,943	64,625	1.62	15,540	17,873	1.15	23,322	33,244	1.43
July	80,776	116,697	1.44	41,452	65,394	1.58	15,656	17,907	1.14	23,668	33,396	1.41
Aug	79,685	117,712	1.48	40,518	65,788	1.62	15,582	17,933	1.15	23.585	33,991	1.44
Sept	79,610	117,907	1.48	40,173	66,267	1.65	15,684	18,055	1.15	23,753	33,585	1.41
Oct	80,655	118,432	1.47	40,548	66,642	1.64	15,777	18,123	1.15	24,330	33,667	1.38
Nov	82,214	119,279	1.45	41,403	67,192	1.62	16,164	18,171	1.12	24,647	33,916	1.38
Dec	83,591	120,896	1.45	42,622	68,015	1.60	16,153	18,274	1.13	24,816	34,607	1.39
1966: Jan	84,669	121,570	1.44	42,665	68,594	1.61	16,981	18,231	1.07	25,023	34,745	1.39
Feb	84,530	122,542	1.45	42,702	69,040	1.62	16,779	18,580	1.11	25,049	34,922	1.38
Mar	86,991	123,630	1.42	44,121	69,648	1.58	17,334	18,881	1.09	25,536	35,101	1.37
Apr	85,455	124,700	1.46	43,540	70,346	1.62	16,966	19,008	1.12	24,949	35,346	1.42
May	85,426	126,179	1.48	44,071	71,103	1.61	16,880	19,149	1.13	24,475	35,927	1.47
June	86,957	127,584	1.47	44,125	71,949	1.63	17,438	19,310	1.11	25,394	36,325	1.43
July	86,678	128,714	1.48	44,327	72,958	1.65	16,989	19,444	1.14	25,362	36,312	1.43
Aug	86,995	130,043	1.49	44,206	74,110	1.68	17,217	19,742	1.15	25,572	36,191	1.42
Sept	86,775	130,839	1.51	44,091	74,884	1.70	16,981	19,600	1.15	25,703	36,355	1.41
Oct	87,066	132,392	1.52	44,487	75,788	1.70	17,029	19,924	1.17	25,550	36,680	1.44
Nov [p]	86,999	133,779	1.54	44,503	76,854	1.73	16,790	20,191	1.20	25,706	36,734	1.43
Dec [p]	------	------	------	------	------	------	------	------	------	25,362	------	------

[1] Monthly average for year and total for month.
[2] Seasonally adjusted, end of period.
[3] Inventory/sales ratio. For annual periods, ratio of weighted average inventories to average monthly sales; for monthly data, ratio of inventories at end of month to sales for month.
[4] Where December data not available, data for year calculated on basis of no change from November.

NOTE.—The inventory figures in this table do not agree with the estimates of change in business inventories included in the gross national product since these figures cover only manufacturing and trade rather than all business, and show inventories in terms of current book value without adjustment for revaluation.

Data for Alaska and Hawaii included beginning 1958 for manufacturing, beginning 1960 for retail trade, and beginning 1961 for merchant wholesalers.

Source: Department of Commerce (Office of Business Economics and Bureau of the Census).

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B–40.—*Manufacturers' shipments and inventories, 1947–66*

[Millions of dollars]

Year or month	Shipments [1]			Inventories [2]								
	Total	Durable goods industries	Nondurable goods industries	Total	Durable goods industries				Nondurable goods industries			
					Total	Materials and supplies	Work in process	Finished goods	Total	Materials and supplies	Work in process	Finished goods
1947	15,513	6,694	8,819	25,897	13,061	------	------	------	12,836	------	------	------
1948	17,316	7,579	9,738	28,543	14,662	------	------	------	13,881	------	------	------
1949	16,126	7,191	8,935	26,321	13,060	------	------	------	13,261	------	------	------
1950	18,634	8,845	9,789	31,078	15,539	------	------	------	15,539	------	------	------
1951	21,714	10,493	11,221	39,306	20,991	------	------	------	18,315	------	------	------
1952	22,529	11,313	11,216	41,136	23,731	------	------	------	17,405	------	------	------
1953	24,843	13,349	11,494	43,948	25,878	8,966	10,720	6,206	18,070	8,317	2,472	7,409
1954	23,355	11,828	11,527	41,612	23,710	7,894	9,721	6,040	17,902	8,167	2,440	7,415
1955	26,480	14,071	12,409	45,069	26,405	9,194	10,756	6,348	18,664	8,556	2,571	7,666
1956	27,740	14,715	13,025	50,642	30,447	10,417	12,317	7,565	20,195	8,971	2,721	8,622
1957	28,736	15,237	13,499	51,871	31,728	10,608	12,837	8,125	20,143	8,775	2,864	8,624
1958	27,280	13,572	13,708	50,070	30,095	9,847	12,294	7,749	19,975	8,671	2,800	8,498
1959	30,219	15,544	14,675	52,707	31,839	10,585	12,952	8,143	20,868	9,089	2,928	8,857
1960	30,796	15,817	14,979	53,814	32,360	10,286	12,780	9,190	21,454	9,113	2,935	9,353
1961	30,884	15,532	15,352	55,087	32,646	10,234	13,225	9,088	22,441	9,511	3,120	9,707
1962	33,308	17,184	16,124	57,753	34,326	10,571	14,129	9,593	23,427	9,770	3,304	10,246
1963	34,774	18,071	16,704	60,147	36,028	10,879	14,857	10,292	24,119	9,769	3,479	10,871
1964	37,129	19,231	17,898	62,944	38,412	11,688	15,933	10,791	24,532	9,619	3,522	11,391
1965	40,279	21,020	19,258	68,015	42,324	12,943	18,109	11,272	25,691	9,964	3,862	11,865
1966 [3]	43,900	22,900	21,000	76,900	49,300	14,500	22,000	12,800	27,600	10,600	4,300	12,700
	Seasonally adjusted											
1965: Jan	38,885	20,415	18,470	63,213	38,495	11,802	15,934	10,759	24,718	9,585	3,532	11,601
Feb	38,693	20,374	18,319	63,382	38,692	11,876	16,008	10,808	24,690	9,541	3,531	11,618
Mar	40,285	21,284	19,001	63,708	38,972	12,068	16,041	10,863	24,736	9,557	3,533	11,646
Apr	40,044	20,915	19,129	63,999	39,233	12,406	16,114	10,713	24,766	9,660	3,533	11,573
May	39,814	20,513	19,301	64,269	39,475	12,512	16,162	10,801	24,794	9,675	3,558	11,561
June	39,943	20,652	19,291	64,625	39,951	12,537	16,533	10,881	24,674	9,608	3,611	11,455
July	41,452	21,820	19,632	65,394	40,600	12,664	17,053	10,883	24,794	9,537	3,591	11,666
Aug	40,518	21,191	19,327	65,788	40,814	12,672	17,283	10,859	24,974	9,645	3,662	11,667
Sept	40,173	20,924	19,249	66,267	41,300	12,812	17,380	11,108	24,967	9,766	3,702	11,499
Oct	40,548	21,146	19,402	66,642	41,523	12,886	17,502	11,135	25,119	9,769	3,825	11,525
Nov	41,403	21,606	19,797	67,192	41,869	12,914	17,763	11,192	25,323	9,827	3,823	11,673
Dec	42,622	22,316	20,306	68,015	42,324	12,943	18,109	11,272	25,691	9,964	3,862	11,865
1966: Jan	42,665	22,307	20,358	68,594	42,589	12,951	18,285	11,353	26,005	10,028	3,876	12,101
Feb	42,702	22,433	20,269	69,040	42,884	13,004	18,468	11,412	26,156	10,072	3,877	12,207
Mar	44,121	23,238	20,883	69,648	43,273	12,988	18,807	11,478	26,375	10,153	3,893	12,329
Apr	43,540	22,708	20,832	70,346	43,779	13,146	19,141	11,492	26,567	10,309	3,913	12,345
May	44,071	22,915	21,156	71,103	44,275	13,298	19,302	11,675	26,828	10,439	3,991	12,398
June	44,125	22,898	21,227	71,949	45,003	13,507	19,693	11,803	26,946	10,562	4,044	12,340
July	44,327	23,031	21,296	72,958	45,790	13,653	20,235	11,902	27,168	10,506	4,062	12,600
Aug	44,206	22,874	21,332	74,110	46,814	13,997	20,698	12,119	27,296	10,615	4,126	12,555
Sept	44,091	22,971	21,120	74,884	47,568	14,309	20,949	12,310	27,316	10,579	4,169	12,568
Oct	44,487	23,451	21,036	75,788	48,352	14,465	21,446	12,441	27,436	10,542	4,251	12,643
Nov [p]	44,503	23,349	21,154	76,854	49,240	14,521	21,952	12,767	27,614	10,655	4,263	12,696
Dec [p]	------	23,813	------	------	------	------	------	------	------	------	------	------

[1] Monthly average for year and total for month.
[2] Book value, seasonally adjusted, end of period.
[3] Where December data not available, data for year calculated on basis of no change from November.

NOTE.—Data for Alaska and Hawaii included beginning 1958.

Source: Department of Commerce, Bureau of the Census.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-41.—*Manufacturers' new and unfilled orders, 1947–66*

[Amounts in millions of dollars]

Year or month	New orders [1]				Unfilled orders [2]			Unfilled orders-shipments ratio [3]		
	Total	Durable goods industries: Total	Durable goods industries: Machinery and equipment	Nondurable goods industries	Total	Durable goods industries	Nondurable goods industries	Total	Durable goods industries	Nondurable goods industries
1947	15,256	6,388	......	8,868	34,415	28,532	5,883	......	......	......
1948	17,692	8,126	......	9,566	30,717	26,601	4,116	......	......	......
1949	15,614	6,633	......	8,981	24,506	20,018	4,488	......	......	......
1950	20,110	10,165	......	9,945	43,055	36,838	6,217	......	......	......
1951	23,907	12,841	......	11,066	69,785	65,835	3,950	......	......	......
1952	23,203	12,061	......	11,142	75,649	72,480	3,169	......	......	......
1953	23,533	12,105	2,084	11,428	61,178	58,637	2,541	......	......	......
1954	22,313	10,743	1,770	11,570	48,266	45,250	3,016	3.42	4.12	0.96
1955	27,423	14,954	2,499	12,469	60,004	56,241	3,763	3.63	4.27	1.12
1956	28,383	15,381	2,870	13,002	67,375	63,880	3,495	3.87	4.55	1.04
1957	27,514	14,073	2,566	13,441	53,183	50,352	2,831	3.35	4.00	.85
1958	26,901	13,170	2,354	13,731	48,882	45,739	3,143	......	......	......
1959	30,679	15,951	2,878	14,728	54,494	50,654	3,840	......	......	......
1960	30,115	15,223	2,791	14,892	46,133	43,401	2,732	......	......	......
1961	31,061	15,664	2,854	15,397	48,343	45,173	3,170	2.52	3.01	.76
1962	33,167	17,085	3,090	16,082	46,784	44,094	2,690	2.44	2.94	.65
1963	35,036	18,300	3,326	16,736	49,796	46,676	3,120	2.36	2.85	.66
1964	37,697	19,803	3,706	17,895	57,044	53,958	3,086	2.45	2.96	.61
1965	41,023	21,728	4,140	19,295	66,068	62,534	3,534	2.61	3.16	.64
1966 [4]	45,000	24,100	4,800	20,900	79,600	76,200	3,400	2.98	3.66	.58
	Seasonally adjusted									
1965: Jan	39,704	21,271	3,958	18,433	57,317	54,280	3,037	2.48	3.01	0.60
Feb	39,469	21,130	3,799	18,339	58,160	55,092	3,068	2.53	3.07	.61
Mar	40,712	21,714	4,024	18,998	58,595	55,531	3,064	2.46	2.98	.59
Apr	41,120	22,043	4,078	19,077	59,463	56,374	3,089	2.51	3.04	.60
May	40,181	20,992	4,069	19,189	59,897	56,875	3,022	2.56	3.13	.57
June	40,689	21,310	4,091	19,379	60,588	57,454	3,134	2.58	3.15	.60
July	41,846	22,195	4,348	19,651	60,981	57,830	3,151	2.48	3.02	.58
Aug	40,926	21,509	4,159	19,417	61,391	58,148	3,243	2.57	3.12	.62
Sept	41,483	22,163	4,153	19,320	62,699	59,385	3,314	2.66	3.23	.64
Oct	41,843	22,425	4,249	19,418	63,993	60,664	3,329	2.69	3.28	.63
Nov	42,234	22,389	4,325	19,845	64,821	61,445	3,376	2.65	3.23	.62
Dec	43,868	23,403	4,583	20,465	66,068	62,534	3,534	2.61	3.16	.64
1966: Jan	43,986	23,578	4,450	20,408	67,388	63,803	3,585	2.65	3.21	.65
Feb	44,129	23,741	4,584	20,388	68,814	65,110	3,704	2.71	3.28	.68
Mar	45,833	24,888	4,587	20,945	70,527	66,762	3,765	2.69	3.25	.66
Apr	45,064	24,197	4,788	20,867	72,049	68,250	3,799	2.78	3.37	.68
May	45,321	24,276	4,845	21,045	73,297	69,609	3,688	2.79	3.40	.64
June	45,833	24,593	4,753	21,240	75,009	71,308	3,701	2.86	3.50	.64
July	45,625	24,371	5,092	21,254	76,310	72,651	3,659	2.83	3.49	.61
Aug	44,842	23,512	4,813	21,330	76,942	73,286	3,656	2.89	3.54	.62
Sept	46,318	25,274	4,906	21,044	79,170	75,591	3,579	2.97	3.64	.61
Oct	45,243	24,244	4,816	20,999	79,923	76,382	3,541	3.00	3.67	.60
Nov p	44,176	23,146	4,685	21,030	79,596	76,179	3,417	2.98	3.66	.58
Dec p	......	23,885	4,685	......	......	76,253	......	......	......	......

[1] Monthly average for year and total for month.
[2] Seasonally adjusted, end of period.
[3] Ratio of shipments for period to unfilled orders at end of period. Annual figures relate to seasonally adjusted data for December.
[4] Where December data not available, data for year calculated on basis of no change from November.

NOTE.—Data for Alaska and Hawaii included beginning 1958.

Source: Department of Commerce, Bureau of the Census.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-42.—*Consumer price indexes, by major groups, 1929–66*

For city wage earners and clerical workers

[1957-59=100]

Year or month	All items	Food	Housing		Apparel and upkeep	Transportation	Medical care	Personal care	Reading and recreation	Other goods and services
			Total	Rent						
1929	59.7	55.6		85.4	55.3					
1930	58.2	52.9		83.1	54.1					
1931	53.0	43.6		78.7	49.2					
1932	47.6	36.3		70.6	43.6					
1933	45.1	35.3		60.8	42.1					
1934	46.6	39.3		57.0	46.1					
1935	47.8	42.1	56.3	56.9	46.5	49.4	49.4	42.6	50.2	52.7
1936	48.3	42.5	57.1	58.3	46.9	49.8	49.6	43.2	51.0	52.6
1937	50.0	44.2	59.1	60.9	49.3	50.6	50.0	45.7	52.5	54.0
1938	49.1	41.0	60.1	62.9	49.0	51.0	50.2	46.7	54.3	54.5
1939	48.4	39.9	59.7	63.0	48.3	49.8	50.2	46.5	54.4	55.4
1940	48.8	40.5	59.9	63.2	48.8	49.5	50.3	46.4	55.4	57.1
1941	51.3	44.2	61.4	64.3	51.1	51.2	50.6	47.6	57.3	58.2
1942	56.8	51.9	64.2	65.7	59.6	55.7	52.0	52.2	60.0	59.9
1943	60.3	57.9	64.9	65.7	62.2	55.5	54.5	57.6	65.0	63.0
1944	61.3	57.1	66.4	65.9	66.7	55.5	56.2	61.7	72.0	64.7
1945	62.7	58.4	67.5	66.1	70.1	55.4	57.5	63.6	75.0	67.3
1946	68.0	66.9	69.3	66.5	76.9	58.3	60.7	68.2	77.5	69.5
1947	77.8	81.3	74.5	68.7	89.2	64.3	65.7	76.2	82.5	75.4
1948	83.8	88.2	79.8	73.2	95.0	71.6	69.8	79.1	86.7	78.9
1949	83.0	84.7	81.0	76.4	91.3	77.0	72.0	78.9	89.9	81.2
1950	83.8	85.8	83.2	79.1	90.1	79.0	73.4	78.9	89.3	82.6
1951	90.5	95.4	88.2	82.3	98.2	84.0	76.9	86.3	92.0	86.1
1952	92.5	97.1	89.9	85.7	97.2	89.6	81.1	87.3	92.4	90.6
1953	93.2	95.6	92.3	90.3	96.5	92.1	83.9	88.1	93.3	92.8
1954	93.6	95.4	93.4	93.5	96.3	90.8	86.6	88.5	92.4	94.3
1955	93.3	94.0	94.1	94.8	95.9	89.7	88.6	90.0	92.1	94.3
1956	94.7	94.7	95.5	96.5	97.8	91.3	91.8	93.7	93.4	95.8
1957	98.0	97.8	98.5	98.3	99.5	96.5	95.5	97.1	96.9	98.5
1958	100.7	101.9	100.2	100.1	99.8	99.7	100.1	100.4	100.8	99.8
1959	101.5	100.3	101.3	101.6	100.6	103.8	104.4	102.4	102.4	101.8
1960	103.1	101.4	103.1	103.1	102.2	103.8	108.1	104.1	104.9	103.8
1961	104.2	102.6	103.9	104.4	103.0	105.0	111.3	104.6	107.2	104.6
1962	105.4	103.6	104.8	105.7	103.6	107.2	114.2	106.5	109.6	105.3
1963	106.7	105.1	106.0	106.8	104.8	107.8	117.0	107.9	111.5	107.1
1964	108.1	106.4	107.2	107.8	105.7	109.3	119.4	109.2	114.1	108.8
1965	109.9	108.8	108.5	108.9	106.8	111.1	122.3	109.9	115.2	111.4
1966	113.1	114.2	111.1	110.4	109.6	112.7	127.7	112.2	117.1	114.9
1965: Jan	108.9	106.6	108.1	108.4	105.6	111.1	120.6	110.0	115.0	109.3
Feb	108.9	106.6	108.2	108.5	105.8	110.6	121.0	110.1	115.2	109.4
Mar	109.0	106.9	108.2	108.7	106.0	110.6	121.4	110.4	115.4	109.5
Apr	109.3	107.3	108.2	108.8	106.3	111.0	121.6	110.7	115.9	110.3
May	109.6	107.9	108.2	108.8	106.8	111.4	121.8	111.0	115.9	110.6
June	110.1	110.1	108.2	108.8	106.9	111.2	122.2	111.0	115.7	111.0
July	110.2	110.9	108.3	108.9	106.1	111.5	122.7	108.7	114.6	111.5
Aug	110.0	110.1	108.2	109.0	106.4	111.0	122.8	109.0	114.3	112.6
Sept	110.2	109.7	108.6	109.1	107.2	111.0	122.8	109.2	114.8	112.7
Oct	110.4	109.7	109.0	109.2	107.8	111.2	123.0	109.2	115.2	113.3
Nov	110.6	109.7	109.2	109.3	108.1	111.5	123.4	109.6	115.4	113.3
Dec	111.0	110.6	109.4	109.5	108.1	111.6	123.7	110.0	115.4	113.4
1966: Jan	111.0	111.4	109.2	109.7	107.3	111.2	124.2	110.4	115.7	113.4
Feb	111.6	113.1	109.4	109.8	107.6	111.1	124.5	110.8	115.9	113.6
Mar	112.0	113.9	109.6	109.9	108.2	111.4	125.3	111.0	116.6	113.8
Apr	112.5	114.0	110.3	110.1	108.7	112.0	125.8	111.6	116.8	114.3
May	112.6	113.5	110.7	110.2	109.3	112.0	126.3	112.0	116.8	114.7
June	112.9	113.9	111.1	110.2	109.4	112.2	127.0	112.2	117.0	114.9
July	113.3	114.3	111.3	110.3	109.2	113.5	127.7	112.5	117.2	115.3
Aug	113.8	115.8	111.5	110.6	109.2	113.5	128.4	112.7	117.4	115.5
Sept	114.1	115.6	111.8	110.7	110.7	113.3	129.4	113.0	117.5	115.7
Oct	114.5	115.6	112.2	111.0	111.5	114.3	130.4	113.3	118.0	115.9
Nov	114.6	114.8	112.6	111.2	112.0	114.5	131.3	113.4	118.3	116.0
Dec	114.7	114.8	113.0	111.3	112.3	113.8	131.9	113.7	118.4	115.9

Source: Department of Labor, Bureau of Labor Statistics.

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TABLE B–43.—*Consumer price indexes, by special groups, 1935–66*

For city wage earners and clerical workers

[1957-59=100]

Year or month	All items	All items less food	All items less shelter	Commodities					Services		
				All commodities	Food	Commodities less food			All services	Rent	All services less rent
						All	Durable	Nondurable			
1935	47.8	52.5	46.1	45.0	42.1	50.2	47.1	48.8	52.2	56.9	49.3
1936	48.3	53.0	46.7	45.6	42.5	50.8	47.8	49.2	52.8	58.3	49.0
1937	50.0	54.9	48.2	47.4	44.2	53.0	50.8	51.2	54.4	60.9	49.5
1938	49.1	55.5	46.8	45.6	41.0	53.0	51.7	50.9	55.4	62.9	49.9
1939	48.4	55.1	46.0	44.7	39.9	52.1	50.6	50.1	55.5	63.0	49.9
1940	48.8	55.3	46.3	45.1	40.5	52.4	50.2	50.6	55.7	63.2	50.0
1941	51.3	56.9	49.1	48.2	44.2	55.0	53.6	52.8	56.4	64.3	50.6
1942	56.8	60.9	55.3	55.2	51.9	61.2	60.9	58.4	58.2	65.7	52.8
1943	60.3	62.6	59.5	60.1	57.9	63.8	62.9	60.9	59.3	65.7	55.2
1944	61.3	65.0	60.5	60.8	57.1	67.3	68.7	64.0	60.7	65.9	57.9
1945	62.7	66.5	62.1	62.6	58.4	70.0	73.9	66.3	61.5	66.1	59.1
1946	68.0	69.4	68.4	69.4	66.9	74.4	77.3	71.1	62.7	66.5	61.2
1947	77.8	75.8	79.4	83.4	81.3	83.9	83.8	81.7	65.3	68.7	64.3
1948	83.8	81.3	85.6	89.4	88.2	90.3	89.9	88.0	69.4	73.2	68.0
1949	83.0	82.1	84.1	87.1	84.7	89.0	91.2	86.3	72.6	76.4	71.4
1950	83.8	83.1	84.7	87.6	85.8	88.9	92.2	86.2	75.0	79.1	73.4
1951	90.5	88.4	91.8	95.5	95.4	95.6	99.2	92.7	78.9	82.3	77.8
1952	92.5	90.5	93.6	96.7	97.1	96.4	100.5	93.2	82.4	85.7	81.5
1953	93.2	92.3	93.9	96.4	95.6	96.6	99.8	94.0	86.0	90.3	84.9
1954	93.6	92.8	93.9	95.5	95.4	95.6	97.3	94.4	88.7	93.5	87.4
1955	93.3	93.1	93.4	94.6	94.0	94.9	95.4	94.4	90.5	94.8	89.4
1956	94.7	94.7	94.7	95.5	94.7	95.9	95.4	96.5	92.8	96.5	91.9
1957	98.0	97.9	97.8	98.5	97.8	98.8	98.5	99.1	96.6	98.3	96.1
1958	100.7	100.1	100.7	100.8	101.9	99.9	100.0	99.8	100.3	100.1	100.2
1959	101.5	102.0	101.5	100.9	100.3	101.2	101.5	101.0	103.2	101.6	103.6
1960	103.1	103.7	103.0	101.7	101.4	101.7	100.9	102.6	106.6	103.1	107.4
1961	104.2	104.8	104.2	102.3	102.6	102.0	100.8	103.2	108.8	104.4	110.0
1962	105.4	106.1	105.4	103.2	103.6	102.8	101.8	103.8	110.9	105.7	112.1
1963	106.7	107.4	106.7	104.1	105.1	103.5	102.1	104.8	113.0	106.8	114.5
1964	108.1	108.9	108.0	105.2	106.4	104.4	103.0	105.7	115.2	107.8	117.0
1965	109.9	110.4	109.6	106.4	108.8	105.1	102.6	107.2	117.8	108.9	120.0
1966	113.1	113.0	112.9	109.2	114.2	106.5	102.7	109.7	122.3	110.4	125.0
1965: Jan	108.9	109.8	108.6	105.6	106.6	104.9	103.6	106.1	116.6	108.4	118.6
Feb	108.9	109.8	108.6	105.5	106.6	104.7	103.3	106.1	116.9	108.5	118.9
Mar	109.0	109.9	108.7	105.6	106.9	104.8	103.2	106.2	117.0	108.7	119.1
Apr	109.3	110.1	109.1	105.9	107.3	105.0	103.0	106.8	117.3	108.8	119.3
May	109.6	110.3	109.4	106.2	107.9	105.2	102.9	107.2	117.5	108.8	119.5
June	110.1	110.3	110.0	106.9	110.1	105.1	102.6	107.3	117.6	108.8	119.7
July	110.2	110.2	110.1	106.9	110.9	104.7	102.3	106.9	117.8	108.9	120.0
Aug	110.0	110.2	109.8	106.6	110.1	104.7	101.8	107.1	117.9	109.0	120.0
Sept	110.2	110.6	110.0	106.6	109.7	104.9	101.7	107.7	118.5	109.1	120.7
Oct	110.4	110.9	110.2	106.9	109.7	105.3	102.1	108.0	118.7	109.2	121.0
Nov	110.6	111.2	110.4	107.1	109.7	105.6	102.4	108.3	119.0	109.3	121.3
Dec	111.0	111.3	110.8	107.4	110.6	105.7	102.4	108.4	119.3	109.5	121.6
1966: Jan	111.0	111.1	110.8	107.4	111.4	105.3	101.9	108.0	119.5	109.7	121.8
Feb	111.6	111.3	111.4	108.0	113.1	105.4	101.8	108.3	119.7	109.8	122.0
Mar	112.0	111.6	111.9	108.4	113.9	105.6	102.0	108.6	120.1	109.9	122.5
Apr	112.5	112.2	112.4	108.8	114.0	106.0	102.3	109.0	121.1	110.1	123.6
May	112.6	112.5	112.4	108.8	113.5	106.3	102.5	109.3	121.5	110.2	124.1
June	112.9	112.8	112.6	109.0	113.9	106.4	102.6	109.5	122.0	110.2	124.8
July	113.3	113.2	113.1	109.3	114.3	106.7	103.0	109.7	122.6	110.3	125.5
Aug	113.8	113.4	113.6	109.8	115.8	106.6	103.0	109.6	123.0	110.6	125.9
Sept	114.1	113.8	113.9	110.0	115.6	107.0	102.7	110.5	123.5	110.7	126.5
Oct	114.5	114.4	114.3	110.3	115.6	107.6	103.5	110.9	124.1	111.0	127.1
Nov	114.6	114.8	114.4	110.2	114.8	107.8	103.5	111.3	124.7	111.2	127.7
Dec	114.7	114.9	114.3	110.1	114.8	107.7	103.1	111.4	125.2	111.3	128.3

Source: Department of Labor, Bureau of Labor Statistics.

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TABLE B-44.—*Wholesale price indexes, by major commodity groups, 1929–66*

[1957-59=100]

Year or month	All commodities	Farm products	Processed foods	All commodities other than farm products and foods (industrials)				
				Total	Textile products and apparel	Hides, skins, leather, and leather products	Fuels and related products, and power	Chemicals and allied products
1929	52.1	63.9	54.3	51.7	67.8	56.6	61.5	....
1930	47.3	54.0	49.5	48.1	60.3	52.0	58.2	....
1931	39.9	39.6	41.6	42.4	49.8	44.7	50.0	....
1932	35.6	29.4	33.9	39.7	41.2	38.0	52.1	....
1933	36.1	31.3	33.7	40.2	48.6	42.0	49.3	46.6
1934	41.0	39.9	39.6	44.2	54.7	44.9	54.3	48.8
1935	43.8	48.0	48.3	44.0	53.3	46.5	54.5	50.9
1936	44.2	49.4	46.4	44.9	53.7	49.5	56.5	51.2
1937	47.2	52.7	48.6	48.1	57.3	54.3	57.5	53.6
1938	43.0	41.9	42.3	46.1	50.1	48.2	56.6	51.0
1939	42.2	39.9	40.2	46.0	52.3	49.6	54.2	50.7
1940	43.0	41.3	40.4	46.8	55.4	52.3	53.2	51.6
1941	47.8	50.1	46.7	50.3	63.7	56.1	56.6	56.1
1942	54.0	64.6	54.8	53.9	72.8	61.1	58.2	62.3
1943	56.5	74.8	57.2	54.7	73.1	61.0	59.9	63.1
1944	56.9	75.3	56.0	55.6	73.9	60.5	61.6	63.8
1945	57.9	78.3	56.4	56.3	75.1	61.3	62.3	64.2
1946	66.1	90.6	71.7	61.7	87.3	70.7	66.7	69.4
1947	81.2	109.1	91.1	75.3	105.7	96.5	79.7	92.2
1948	87.9	117.1	98.4	81.7	110.3	97.5	93.8	94.4
1949	83.5	101.3	88.8	80.0	100.9	92.5	89.3	86.2
1950	86.8	106.4	92.6	82.9	104.8	99.9	90.2	87.5
1951	96.7	123.8	103.3	91.5	116.9	114.8	93.5	100.1
1952	94.0	116.8	100.9	89.4	105.5	92.8	93.3	95.0
1953	92.7	105.9	97.0	90.1	102.8	94.1	95.9	96.1
1954	92.9	104.4	97.6	90.4	100.6	89.9	94.6	97.3
1955	93.2	97.9	94.3	92.4	100.7	89.5	94.5	96.9
1956	96.2	96.6	94.3	96.5	100.7	94.8	97.4	97.5
1957	99.0	99.2	97.9	99.2	100.8	94.9	102.7	99.6
1958	100.4	103.6	102.9	99.5	98.9	96.0	98.7	100.4
1959	100.6	97.2	99.2	101.3	100.4	109.1	98.7	100.0
1960	100.7	96.9	100.0	101.3	101.5	105.2	99.6	100.2
1961	100.3	96.0	100.7	100.8	99.7	106.2	100.7	99.1
1962	100.6	97.7	101.2	100.8	100.6	107.4	100.2	97.5
1963	100.3	95.7	101.1	100.7	100.5	104.2	99.8	96.3
1964	100.5	94.3	101.0	101.2	101.2	104.6	97.1	96.7
1965	102.5	98.4	105.1	102.5	101.8	109.2	98.9	97.4
1966 p	105.8	105.6	111.5	104.7	102.1	119.7	101.3	97.8
1965: Jan	101.0	93.0	102.2	101.9	101.5	104.9	98.5	97.3
Feb	101.2	94.5	102.1	101.9	101.5	105.1	97.9	97.5
Mar	101.3	95.4	101.8	102.0	101.5	105.7	97.9	97.5
Apr	101.7	97.6	102.3	102.1	101.5	106.3	97.6	97.6
May	102.1	98.4	103.3	102.3	101.6	107.4	98.4	97.6
June	102.8	100.3	106.1	102.5	101.9	107.7	98.7	97.4
July	102.9	100.0	106.6	102.5	101.9	108.8	98.7	97.4
Aug	102.9	99.1	106.7	102.7	101.9	112.2	99.0	97.1
Sept	103.0	99.5	106.7	102.7	102.1	111.3	99.2	97.2
Oct	103.1	99.4	106.9	102.8	102.0	113.3	99.4	97.6
Nov	103.5	100.3	107.6	103.2	101.9	113.6	100.3	97.5
Dec	104.1	103.0	109.4	103.2	102.0	114.6	100.6	97.6
1966: Jan	104.6	104.5	110.3	103.5	101.9	116.0	100.5	97.6
Feb	105.4	107.4	111.8	103.8	102.0	117.8	100.3	97.6
Mar	105.4	106.8	111.5	104.0	102.1	118.7	99.9	97.6
Apr	105.5	106.4	110.6	104.3	102.2	120.6	100.0	97.6
May	105.6	104.5	110.5	104.7	102.2	122.8	100.4	97.7
June	105.7	104.2	110.6	104.9	102.2	122.9	101.5	97.6
July	106.4	107.8	111.7	105.2	102.4	122.7	101.4	97.9
Aug	106.8	108.1	113.8	105.2	102.4	121.2	102.0	97.9
Sept	106.8	108.7	113.8	105.2	102.2	119.9	102.2	98.0
Oct	106.2	104.4	112.4	105.3	102.2	118.7	102.6	97.9
Nov	105.9	102.5	110.7	105.5	102.1	117.5	102.[illegible]	98.0
Dec p	105.9	101.8	110.6	105.5	101.9	117.5	102.1	98.2

See footnotes at end of table.

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TABLE B-44.—*Wholesale price indexes, by major commodity groups, 1929–66*—Continued

[1957-59=100]

Year or month	All commodities other than farm products and foods (industrials)—*Continued*								
	Rubber and rubber products	Lumber and wood products	Pulp, paper, and allied products	Metals and metal products	Machinery and motive products	Furniture and other household durables	Nonmetallic mineral products	Tobacco products and bottled beverages	Miscellaneous products
1929	57.6	26.4	--------	44.1	--------	56.4	53.4	67.4	--------
1930	50.4	24.1	--------	39.7	--------	55.5	53.2	67.8	--------
1931	42.8	19.6	--------	35.7	--------	51.1	49.7	67.2	--------
1932	37.1	16.9	--------	32.8	--------	45.0	46.5	63.3	--------
1933	39.0	20.0	--------	33.6	--------	45.1	49.2	56.6	--------
1934	45.5	23.5	--------	37.1	--------	49.0	52.6	59.2	--------
1935	45.8	22.6	--------	37.0	--------	48.6	52.6	59.1	--------
1936	49.4	23.6	--------	37.8	--------	49.3	52.7	59.0	--------
1937	58.1	27.9	--------	43.2	--------	54.7	53.9	59.5	--------
1938	57.1	25.4	--------	41.6	--------	53.4	52.2	59.4	--------
1939	59.3	26.1	--------	41.2	43.7	53.2	51.2	59.4	--------
1940	55.3	28.9	--------	41.4	44.2	54.4	51.2	60.1	--------
1941	59.6	34.5	--------	42.2	45.8	57.8	52.4	60.8	--------
1942	69.4	37.5	--------	42.8	47.7	62.5	54.5	61.5	--------
1943	71.3	39.7	--------	42.7	47.4	62.1	54.7	64.6	--------
1944	70.4	42.8	--------	42.7	47.4	63.8	55.8	64.9	--------
1945	68.3	43.4	--------	43.4	47.8	63.9	58.1	66.7	--------
1946	68.6	49.7	--------	48.5	53.6	67.8	61.8	69.8	--------
1947	68.3	77.4	75.3	60.2	61.8	77.8	69.1	75.6	108.7
1948	70.5	88.5	78.6	68.5	67.5	82.5	74.7	78.2	111.2
1949	68.3	81.9	75.2	69.0	71.2	83.8	76.7	79.6	103.5
1950	83.2	94.1	77.1	72.7	72.6	85.6	78.6	80.5	104.1
1951	102.1	102.5	91.3	80.9	79.5	92.8	83.5	85.1	113.1
1952	92.5	99.5	89.0	81.0	81.2	91.1	83.5	87.0	116.7
1953	86.3	99.4	88.7	83.6	82.2	92.9	86.9	89.8	105.4
1954	87.6	97.6	88.8	84.3	83.2	93.9	88.8	93.8	110.5
1955	99.2	102.3	91.1	90.0	85.8	94.3	91.3	94.6	99.1
1956	100.6	103.8	97.2	97.8	92.1	96.9	95.2	95.1	98.1
1957	100.2	98.5	99.0	99.7	97.7	99.4	98.9	98.0	96.6
1958	100.1	97.4	100.1	99.1	100.1	100.2	99.9	99.7	101.5
1959	99.7	104.1	101.0	101.2	102.2	100.4	101.2	102.2	101.9
1960	99.9	100.4	101.8	101.3	102.4	100.1	101.4	102.5	99.3
1961	96.1	95.9	98.8	100.7	102.3	99.5	101.8	103.2	103.9
1962	93.3	96.5	100.0	100.0	102.3	98.8	101.8	104.1	107.3
1963	93.8	98.6	99.2	100.1	102.2	98.1	101.3	106.1	110.4
1964	92.5	100.6	99.0	102.8	102.9	98.5	101.5	107.4	109.2
1965	92.9	101.1	99.9	105.7	103.7	98.0	101.7	107.7	111.0
1966 p	94.8	105.6	102.6	108.3	106.0	99.1	102.6	109.5	117.2
1965: Jan	92.3	100.8	99.0	104.5	103.3	98.3	101.7	107.5	110.0
Feb	92.2	100.8	99.0	104.6	103.5	98.2	101.8	107.6	109.6
Mar	92.2	100.7	99.5	104.8	103.5	98.3	101.9	107.5	109.5
Apr	92.3	100.5	99.8	105.2	103.7	98.0	101.9	107.8	110.3
May	92.9	100.4	100.0	105.7	103.7	98.0	101.9	108.1	108.9
June	93.1	100.3	100.0	105.9	103.8	98.0	102.0	107.6	111.0
July	93.0	100.5	99.9	105.8	103.7	97.8	101.7	107.6	112.6
Aug	93.2	101.8	99.9	106.2	103.8	97.7	101.6	107.6	111.5
Sept	93.3	102.0	100.0	106.2	103.8	97.7	101.6	107.7	111.5
Oct	93.4	101.6	100.5	106.3	103.9	97.8	101.6	107.7	111.2
Nov	93.5	101.6	100.8	106.7	104.1	98.0	101.6	107.7	113.2
Dec	93.5	101.9	100.9	106.6	104.2	98.2	101.6	107.9	112.5
1966: Jan	93.7	102.8	101.2	107.0	104.4	98.3	102.0	108.1	114.3
Feb	94.1	103.7	101.3	107.5	104.7	98.4	102.1	108.0	116.0
Mar	94.3	105.6	101.8	108.0	105.0	98.4	102.1	109.2	113.1
Apr	95.4	108.4	102.3	108.2	105.2	98.6	102.3	109.4	113.0
May	95.4	109.6	102.7	108.4	105.8	98.9	102.4	109.4	115.1
June	95.4	107.7	103.0	108.7	105.9	98.9	102.5	109.8	115.7
July	95.1	106.6	103.2	108.8	106.0	99.0	102.7	110.0	120.5
Aug	95.1	106.2	103.2	108.5	106.2	99.1	102.7	110.1	121.1
Sept	94.7	105.9	103.1	108.4	106.3	99.2	103.0	110.1	120.4
Oct	94.6	104.8	103.1	108.6	107.1	99.7	103.2	110.1	118.2
Nov	95.0	103.0	103.0	109.0	107.7	100.3	103.3	110.1	118.5
Dec p	95.0	102.5	103.0	108.9	107.9	100.4	103.2	110.1	120.5

Source: Department of Labor, Bureau of Labor Statistics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-45.—*Wholesale price indexes, by stage of processing, 1947–66*

[1957-59=100]

Year or month	All commodities	Crude materials				Intermediate materials, supplies, and components[1]						
						Total	Materials and components for manufacturing					Materials and components for construction
		Total	Foodstuffs and feedstuffs	Nonfood materials, except fuel	Fuel		Total	Materials for food manufacturing	Materials for nondurable manufacturing	Materials for durable manufacturing	Components for manufacturing	
1947	81.2	100.8	113.0	86.5	73.6	76.5	75.5	102.6	94.0	58.8	63.0	69.6
1948	87.9	110.5	122.2	96.2	87.0	82.7	81.5	105.8	99.5	66.4	68.0	77.0
1949	83.5	95.6	101.5	87.5	86.5	79.4	78.0	91.0	90.7	68.2	69.3	77.2
1950	86.8	104.2	108.9	100.0	86.1	83.0	81.8	94.7	95.2	72.1	71.9	81.2
1951	96.7	119.6	126.0	115.3	87.7	93.0	92.7	105.5	110.3	80.1	81.6	88.8
1952	94.0	109.9	118.6	99.9	88.3	90.3	88.8	101.4	99.3	80.3	81.8	88.2
1953	92.7	101.5	106.2	95.6	91.4	90.8	90.2	101.6	98.5	83.9	83.3	89.7
1954	92.9	100.6	106.2	93.8	87.3	91.3	90.4	100.7	96.9	85.7	83.7	90.1
1955	93.2	96.7	96.2	99.1	87.1	93.0	92.6	97.5	97.3	90.0	87.4	93.7
1956	96.2	97.2	94.2	102.8	93.3	97.1	96.9	97.9	98.8	95.7	95.4	98.5
1957	99.0	99.4	98.4	101.4	98.6	99.4	99.3	99.7	100.1	98.8	99.1	99.1
1958	100.4	101.6	104.2	97.6	99.8	99.6	99.7	102.0	99.1	99.5	99.9	99.1
1959	100.6	99.0	97.4	101.0	101.6	101.0	101.0	98.3	100.8	101.8	101.1	101.8
1960	100.7	96.6	96.2	96.8	102.5	101.0	101.0	99.5	100.8	101.9	100.6	101.1
1961	100.3	96.1	94.9	97.9	102.3	100.3	99.8	102.6	98.6	100.5	99.6	99.7
1962	100.6	97.1	96.8	97.4	101.8	100.2	99.2	100.5	98.0	100.4	98.8	99.3
1963	100.3	95.0	94.0	96.2	103.0	100.5	99.4	105.5	97.1	100.5	98.8	99.6
1964	100.5	94.1	91.9	97.8	102.5	100.9	100.4	104.0	97.8	102.5	99.7	100.6
1965	102.5	98.9	98.3	99.8	103.3	102.2	102.0	106.6	98.7	104.6	101.3	101.4
1966 p	105.8	105.3	107.2	101.9	106.3	104.8	104.0	111.3	99.5	106.6	104.8	104.0
1965: Jan	101.0	94.2	91.8	98.3	103.5	101.6	101.5	106.3	98.5	103.7	100.4	100.9
Feb	101.2	95.5	93.5	98.7	104.3	101.6	101.4	106.3	98.5	103.9	100.5	100.9
Mar	101.3	95.8	93.9	99.0	103.6	101.6	101.5	105.6	98.5	104.0	100.5	100.9
Apr	101.7	96.9	95.4	99.7	101.5	101.8	101.6	105.8	98.6	104.2	100.7	101.0
May	102.1	98.3	97.3	100.2	101.5	101.9	101.7	104.9	98.7	104.6	101.2	101.2
June	102.8	100.6	101.0	99.8	101.7	102.2	101.9	105.9	98.7	104.8	101.4	101.2
July	102.9	100.5	100.9	99.6	101.9	102.3	102.0	106.2	98.7	104.8	101.4	101.3
Aug	102.9	100.8	101.1	100.0	102.7	102.4	102.1	106.5	98.7	105.0	101.6	101.7
Sept	103.0	100.0	100.0	99.9	103.7	102.5	102.2	106.9	98.7	105.1	101.6	101.7
Oct	103.1	100.1	100.1	100.1	104.3	102.6	102.4	107.5	98.9	105.1	101.9	101.7
Nov	103.5	100.8	100.7	100.7	104.8	103.0	102.5	108.1	98.8	105.3	102.2	101.8
Dec	104.1	103.2	104.1	101.3	105.4	103.0	102.6	108.8	98.9	105.2	102.3	101.9
1966: Jan	104.6	105.2	106.8	102.2	105.6	103.4	102.8	109.7	98.9	105.5	102.5	102.3
Feb	105.4	107.5	109.6	103.8	105.9	103.8	103.2	111.1	99.0	105.8	102.9	102.7
Mar	105.4	106.9	108.3	104.6	105.2	103.9	103.4	110.8	99.2	106.1	103.3	103.4
Apr	105.5	106.3	107.5	104.5	104.0	104.3	103.7	110.1	99.4	106.6	104.1	104.3
May	105.6	105.7	106.5	104.5	105.0	104.8	104.1	109.8	99.7	106.8	104.8	104.8
June	105.7	105.6	106.0	105.1	105.3	104.9	104.1	110.0	100.0	106.7	105.0	104.5
July	106.4	107.8	109.1	105.7	105.5	105.4	104.4	111.9	100.2	106.6	105.1	104.5
Aug	106.8	107.4	111.2	100.2	106.2	105.8	104.8	114.8	100.1	106.9	105.4	104.6
Sept	106.8	106.1	109.9	98.9	107.0	105.6	104.6	113.6	99.8	106.8	105.5	104.6
Oct	106.2	103.6	106.2	98.2	108.1	105.3	104.3	111.6	99.5	106.8	105.9	104.5
Nov	105.9	101.1	102.5	97.6	108.9	105.3	104.4	111.2	99.2	107.0	106.6	104.3
Dec p	105.9	100.8	102.2	97.4	109.1	105.4	104.5	110.9	99.2	107.1	107.0	104.2

See footnotes at end of table.

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TABLE B-45.—*Wholesale price indexes, by stage of processing, 1947-66*—Continued

[1957-59=100]

Year or month	Finished goods					Special groups of industrial products			
	Total	Consumer finished goods				Producer finished goods	Crude materials [2]	Intermediate materials, supplies, and components [3]	Consumer finished goods excluding foods
		Total	Foods	Other nondurable goods	Durable goods				
1947	80.1	86.1	90.7	86.5	75.9	61.8	79.2	73.4	83.1
1948	86.4	92.6	99.0	92.0	81.1	67.4	92.5	79.8	88.4
1949	84.0	88.3	91.0	88.2	83.2	70.7	84.0	77.8	86.5
1950	85.5	89.8	92.8	89.6	84.1	72.4	93.6	81.4	87.8
1951	93.6	98.2	104.2	96.5	89.7	79.5	102.9	91.2	94.2
1952	93.0	97.0	103.3	94.1	90.4	80.8	93.1	88.3	92.9
1953	92.1	95.4	97.9	95.0	91.1	82.1	92.4	89.4	93.7
1954	92.3	95.3	97.1	95.3	91.8	83.1	88.0	89.8	94.1
1955	92.5	94.7	94.7	95.8	92.8	85.6	96.6	92.5	94.8
1956	95.1	96.1	94.5	97.7	95.9	92.0	102.3	97.0	97.1
1957	98.6	98.9	97.8	99.9	98.7	97.7	100.9	99.6	99.5
1958	100.8	101.0	103.5	99.3	100.1	100.2	96.9	99.4	99.6
1959	100.6	100.1	98.7	100.8	101.3	102.1	102.3	101.0	100.9
1960	101.4	101.1	100.8	101.5	100.9	102.3	98.3	101.4	101.3
1961	101.4	100.9	100.4	101.5	100.5	102.5	97.2	100.1	101.2
1962	101.7	101.2	101.3	101.6	100.0	102.9	95.6	99.9	101.0
1963	101.4	100.7	100.1	101.9	99.5	103.1	94.3	99.6	101.0
1964	101.8	100.9	100.6	101.6	99.9	104.1	97.1	100.2	100.9
1965	103.6	102.8	104.5	102.8	99.6	105.4	100.9	101.5	101.7
1966 p	106.9	106.4	111.2	104.8	100.2	108.0	104.5	103.6	103.2
1965: Jan	102.3	101.2	100.8	102.3	99.8	104.9	99.0	100.8	101.4
Feb	102.3	101.2	100.9	102.2	99.7	105.0	99.4	100.8	101.3
Mar	102.4	101.4	101.3	102.2	99.7	105.1	99.7	100.9	101.3
Apr	102.8	101.9	102.6	102.2	99.7	105.3	100.1	101.1	101.3
May	103.2	102.3	103.5	102.5	99.6	105.3	101.0	101.4	101.5
June	103.9	103.2	105.6	102.6	99.7	105.4	100.5	101.5	101.6
July	104.0	103.4	106.0	102.7	99.6	105.4	100.4	101.5	101.6
Aug	103.8	103.1	105.3	102.8	99.5	105.5	101.7	101.7	101.6
Sept	104.1	103.5	106.1	103.0	99.5	105.5	101.3	101.8	101.8
Oct	104.3	103.7	106.3	103.3	99.5	105.6	102.0	101.9	102.0
Nov	104.7	104.2	107.2	103.6	99.6	105.9	102.7	102.1	102.2
Dec	105.3	104.9	108.9	103.7	99.6	106.0	102.6	102.2	102.3
1966: Jan	105.6	105.2	109.5	103.9	99.7	106.2	104.0	102.4	102.4
Feb	106.3	106.0	111.5	104.0	99.7	106.6	105.7	102.6	102.4
Mar	106.4	106.1	111.5	104.1	99.7	106.8	106.6	102.9	102.5
Apr	106.3	105.9	110.7	104.3	99.8	107.0	106.1	103.4	102.8
May	106.2	105.6	109.6	104.5	100.2	107.6	105.9	103.8	103.0
June	106.4	105.7	109.5	104.9	100.1	107.9	106.5	103.9	103.2
July	107.0	106.4	111.2	105.0	100.2	108.1	106.4	104.0	103.3
Aug	107.5	107.1	112.8	105.2	100.1	108.3	103.3	104.2	103.4
Sept	108.1	107.8	114.5	105.4	100.0	108.4	102.8	104.1	103.5
Oct	107.8	107.2	112.2	105.5	100.9	109.1	102.8	104.1	103.9
Nov	107.8	107.0	111.3	105.7	101.2	109.8	102.7	104.1	104.1
Dec p	107.6	106.6	110.5	105.5	101.3	110.0	101.7	104.1	104.0

[1] Includes, in addition to subgroups shown, processed fuels and lubricants, containers, and supplies.
[2] Excludes crude foodstuffs and feedstuffs, plant and animal fibers, oilseeds, and leaf tobacco.
[3] Excludes intermediate materials for food manufacturing and manufactured animal feeds.

NOTE.—For a listing of the commodities included in each sector, see Table 2B, *Wholesale Prices and Price Indexes, 1963 (BLS Bulletin 1513).*

Source: Department of Labor, Bureau of Labor Statistics.

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TABLE B-46.—*Money supply, 1947–66*

[Averages of daily figures, billions of dollars]

Year and month	Seasonally adjusted: Total money supply and time deposits adjusted	Seasonally adjusted: Money supply: Total	Seasonally adjusted: Money supply: Currency component [1]	Seasonally adjusted: Money supply: Demand deposit component [2]	Seasonally adjusted: Time deposits adjusted [3]	Unadjusted: Total money supply and time deposits adjusted	Unadjusted: Money supply: Total	Unadjusted: Money supply: Currency component [1]	Unadjusted: Money supply: Demand deposit component [2]	Unadjusted: Time deposits adjusted [3]	U.S. Government demand deposits [4]
1947: Dec	148.5	113.1	26.4	86.7	35.4	151.0	115.9	26.8	89.1	35.1	1.0
1948: Dec	147.5	111.5	25.8	85.8	36.0	150.0	114.3	26.2	88.1	35.7	1.8
1949: Dec	147.6	111.2	25.1	86.0	36.4	150.0	113.9	25.5	88.4	36.1	2.8
1950: Dec	152.9	116.2	25.0	91.2	36.7	155.6	119.2	25.4	93.8	36.4	2.4
1951: Dec	160.9	122.7	26.1	96.5	38.2	163.8	125.8	26.6	99.2	38.0	2.7
1952: Dec	168.5	127.4	27.3	100.1	41.1	171.7	130.8	27.8	103.0	40.9	4.9
1953: Dec	173.3	128.8	27.7	101.1	44.5	176.3	132.1	28.2	103.9	44.2	3.8
1954: Dec	180.6	132.3	27.4	104.9	48.3	183.6	135.6	27.9	107.7	48.0	5.0
1955: Dec	185.2	135.2	27.8	107.4	50.0	188.2	138.6	28.4	110.2	49.6	3.4
1956: Dec	188.8	136.9	28.2	108.7	51.9	191.7	140.3	28.8	111.5	51.4	3.4
1957: Dec	193.3	135.9	28.3	107.6	57.4	196.0	139.3	28.9	110.4	56.7	3.5
1958: Dec	206.5	141.1	28.6	112.6	65.4	209.3	144.7	29.2	115.5	64.6	3.9
1959: Dec	209.3	141.9	28.9	113.1	67.4	212.2	145.6	29.5	116.1	66.6	4.9
1960: Dec	214.0	141.1	28.9	112.1	72.9	216.8	144.7	29.6	115.2	72.1	4.7
1961: Dec	228.2	145.5	29.6	116.0	82.7	231.2	149.4	30.2	119.2	81.8	4.9
1962: Dec	245.3	147.5	30.6	116.9	97.8	248.3	151.6	31.2	120.3	96.7	5.6
1963: Dec	265.3	153.1	32.5	120.6	112.2	268.3	157.3	33.1	124.1	111.0	5.1
1964: Dec	286.3	159.7	34.2	125.4	126.6	289.2	164.0	35.0	129.1	125.2	5.5
1965: Dec	314.1	167.2	36.3	130.9	146.9	317.2	172.0	37.1	134.9	145.2	4.6
1966: Dec p	328.2	170.2	38.2	132.0	158.0	331.4	175.1	39.0	136.1	156.3	3.5
1965: Jan	288.4	159.7	34.5	125.3	128.7	292.7	164.4	34.4	130.1	128.3	4.2
Feb	290.5	159.8	34.6	125.2	130.7	290.3	159.5	34.2	125.2	130.8	5.7
Mar	292.3	160.3	34.7	125.6	132.0	291.6	158.9	34.4	124.6	132.7	6.6
Apr	294.3	161.0	34.8	126.2	133.3	295.5	161.5	34.5	127.1	134.0	5.5
May	295.3	160.7	34.9	125.8	134.6	292.9	157.5	34.6	122.9	135.4	9.5
June	297.9	161.7	35.0	126.7	136.2	296.1	159.5	34.9	124.5	136.6	9.1
July	300.3	162.4	35.3	127.2	137.9	299.1	160.8	35.4	125.4	138.3	9.0
Aug	303.0	163.0	35.5	127.5	140.0	300.5	160.3	35.5	124.8	140.2	7.3
Sept	305.7	164.1	35.7	128.5	141.6	304.5	163.1	35.7	127.5	141.4	5.5
Oct	308.9	165.2	36.0	129.3	143.7	309.2	165.7	36.0	129.7	143.5	5.0
Nov	311.1	165.6	36.1	129.5	145.5	311.6	167.3	36.5	130.8	144.3	4.1
Dec	314.1	167.2	36.3	130.9	146.9	317.2	172.0	37.1	134.9	145.2	4.6
1966: Jan	315.8	168.0	36.6	131.4	147.8	320.3	173.0	36.5	136.5	147.3	3.8
Feb	316.7	168.2	36.8	131.4	148.5	316.5	167.8	36.4	131.4	148.7	5.2
Mar	318.8	169.3	36.9	132.3	149.5	318.0	167.8	36.6	131.3	150.2	4.6
Apr	322.3	170.9	37.2	133.7	151.4	323.8	171.6	36.8	134.8	152.2	3.1
May	323.2	170.2	37.3	132.9	153.0	320.8	166.9	37.0	129.9	153.9	7.2
June	[5] 324.8	171.1	37.4	133.7	[5] 153.7	[5] 322.9	168.8	37.3	131.5	[5] 154.1	6.3
July	324.9	169.6	37.7	132.0	155.3	323.7	167.9	37.8	130.1	155.8	8.2
Aug	326.2	169.6	37.8	131.8	156.6	323.9	166.9	37.9	129.1	157.0	5.2
Sept	327.6	170.5	37.9	132.6	157.1	326.4	169.5	37.9	131.5	156.9	4.5
Oct	326.4	169.6	37.9	131.7	156.8	326.7	170.1	38.0	132.1	156.6	4.8
Nov	326.1	169.2	38.0	131.1	156.9	326.6	171.0	38.5	132.5	155.6	3.7
Dec p	328.2	170.2	38.2	132.0	158.0	331.4	175.1	39.0	136.1	156.3	3.5

[1] Currency outside the Treasury, the Federal Reserve System, and the vaults of all commercial banks.

[2] Demand deposits at all commercial banks, other than those due to domestic commercial banks and the U.S. Government, less cash items in process of collection and Federal Reserve float, and foreign demand balances at Federal Reserve banks.

[3] Time deposits adjusted are time deposits at all commercial banks other than those due to domestic commercial banks and the U.S. Government.

[4] Deposits at all commercial banks.

[5] Effective June 1966, balances accumulated for payment of personal loans were reclassified for reserve purposes and are excluded from time deposits reported by member banks. The estimated amount of such deposits at all commercial banks ($1.1 billion) is excluded from time deposits adjusted thereafter.

NOTE.—Data for Alaska and Hawaii included beginning January 1959 and August 1959, respectively.

Source: Board of Governors of the Federal Reserve System.

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TABLE B–47.—*Selected liquid assets held by the public, 1946–66* [1]

[Billions of dollars, seasonally adjusted]

End of year or month	Total	Demand deposits and currency [2]	Time deposits: Commercial banks [3]	Time deposits: Mutual savings banks	Postal savings system	Savings and loan shares	U.S. Government savings bonds [4]	U.S. Government securities maturing within 1 year [4]
1946	239.1	108.5	33.9	16.9	3.3	8.5	48.6	19.4
1947	246.2	112.4	35.3	17.8	3.4	9.7	50.9	16.6
1948	254.1	110.5	35.9	18.4	3.3	11.0	53.4	21.6
1949	262.1	110.4	36.3	19.3	3.2	12.5	55.0	25.5
1950	271.4	115.5	36.6	20.1	2.9	14.0	55.8	26.4
1951	281.0	120.9	38.2	20.9	2.7	16.1	55.4	26.8
1952	296.0	125.5	41.2	22.6	2.5	19.2	55.7	29.3
1953	311.5	127.3	44.6	24.4	2.4	22.8	55.6	34.4
1954	320.3	130.2	48.2	26.3	2.1	27.2	55.6	30.6
1955	332.5	133.3	49.7	28.1	1.9	32.0	55.9	31.6
1956	343.2	134.6	52.0	30.0	1.6	37.0	54.8	33.2
1957	356.0	133.5	57.5	31.6	1.3	41.7	51.6	38.8
1958	373.1	138.8	65.4	33.9	1.1	47.7	50.5	35.6
1959	393.9	139.7	67.4	34.9	.9	54.3	47.9	48.8
1960	399.2	138.4	73.1	36.2	.8	61.8	47.0	41.9
1961	424.6	142.6	82.5	38.3	.6	70.5	47.4	42.6
1962	459.0	144.8	98.1	41.4	.5	79.8	47.6	46.8
1963	495.4	149.6	112.9	44.5	.5	90.9	49.0	48.1
1964	530.5	156.7	127.1	49.0	.4	101.4	49.9	46.1
1965	572.9	164.0	147.1	52.6	.3	109.7	50.5	48.6
1966 p	599.6	168.5	158.4	54.8	.1	113.2	50.9	53.6
1965: Jan	534.9	156.1	130.6	49.4	.4	101.7	50.0	46.8
Feb	536.5	154.8	131.9	49.6	.4	102.6	49.9	47.3
Mar	542.9	158.6	133.0	49.8	.4	103.7	49.9	47.6
Apr	543.4	156.3	134.1	50.1	.4	103.9	49.9	48.6
May	543.0	155.4	134.9	50.4	.4	104.5	49.9	47.6
June	550.2	159.7	136.3	50.8	.3	105.1	50.0	48.0
July	550.9	157.7	138.3	51.1	.4	105.5	50.1	47.9
Aug	555.7	157.8	139.8	51.3	.3	106.5	50.1	49.8
Sept	560.7	160.6	141.6	51.6	.3	107.8	50.1	48.7
Oct	565.1	161.1	144.0	52.0	.3	108.4	50.1	49.1
Nov	568.3	160.4	146.5	52.3	.3	109.3	50.1	49.4
Dec	572.9	164.0	147.1	52.6	.3	109.7	50.5	48.6
1966: Jan	578.5	164.8	149.2	52.8	.3	109.8	50.5	51.2
Feb	577.5	162.7	149.4	53.0	.3	110.6	50.3	51.0
Mar	585.5	167.0	151.1	53.1	.3	111.4	50.3	52.1
Apr	587.0	166.4	152.5	53.1	.3	111.0	50.4	53.3
May	585.7	163.7	153.6	53.3	.3	111.2	50.4	53.3
June	[5] 589.1	166.5	[5] 153.9	53.4	.2	111.4	50.4	53.4
July	588.4	164.3	156.1	53.7	.2	110.7	50.6	52.7
Aug	592.8	167.0	156.6	53.9	.2	111.3	50.6	53.3
Sept	594.2	166.1	156.7	54.2	.2	112.2	50.5	54.4
Oct p	596.0	166.0	156.6	54.6	.2	112.1	50.6	56.0
Nov p	600.2	167.8	158.2	54.8	.1	112.8	50.6	55.8
Dec p	599.6	168.5	158.4	54.8	.1	113.2	50.9	53.6

[1] Excludes holdings of the U.S. Government, Government agencies and trust funds, domestic commercial banks, and Federal Reserve banks. Adjusted wherever possible to avoid double counting.

[2] Agrees in concept with the money supply, Table B–46, except for deduction of demand deposits held by mutual savings banks and savings and loan associations. Data are for last Wednesday of month.

[3] Time deposits at all commercial banks other than those due to domestic commercial banks and the U.S. Government (same concept as in Table B–46). Data are for last Wednesday of month, except that June 30 and December 31 call data are used where available.

[4] Excludes holdings of Government agencies and trust funds, domestic commercial and mutual savings banks, Federal Reserve banks, and beginning February 1960, savings and loan associations.

[5] Effective June 1966, balances accumulated for the payment of personal loans (about $1.1 billion) are excluded from time deposits at all commercial banks and from total liquid assets.

NOTE.—Series for all commercial banks include data for Alaska and Hawaii beginning January 1959 and August 1959, respectively, except that one national bank in Alaska and one national bank in Hawaii were included in April 1954 and April 1959, respectively.

Source: Board of Governors of the Federal Reserve System.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-48.—*Financial saving by individuals, 1939–66* [1]

[Billions of dollars]

Year or quarter	Total	Currency and bank deposits	Savings shares (2)	Securities: Total	Securities: U.S. savings bonds	Securities: Other government[3]	Securities: Corporate and other	Private insurance and pension reserves	Noninsured pension funds	Government insurance and pension reserves[4]	Less: Increase in debt: Mortgage debt[5]	Less: Increase in debt: Consumer debt[6]	Less: Increase in debt: Securities loans[7]
1939	3.0	3.0	0.1	−0.8	0.7	−0.9	−0.6	1.5	0.1	0.3	0.5	0.8	−0.2
1940	2.9	2.9	.3	−.4	.9	−.8	−.4	1.6	.1	.3	.9	1.0	−.2
1941	8.8	4.8	.4	2.6	2.8	.4	−.5	1.9	.1	.3	.8	.7	−.1
1942	27.1	10.9	.3	10.3	8.0	2.3	*	2.2	.1	.7	.1	−3.0	.3
1943	35.9	16.2	.6	14.1	11.1	3.3	−.3	2.6	.2	1.3	−.4	−1.0	.6
1944	38.4	17.5	.9	15.7	11.8	4.6	−.7	2.9	.6	2.3	−.1	.1	1.4
1945	35.0	19.0	1.1	9.9	6.9	4.2	−1.2	3.2	.9	3.1	.2	.5	1.5
1946	13.2	10.6	1.2	−1.4	1.0	−2.6	.2	3.1	.3	2.5	3.1	2.3	−2.3
1947	5.0	2.0	1.3	2.2	2.0	−.2	.4	3.5	.3	1.7	3.9	2.8	−.8
1948	.5	−1.8	1.3	3.0	1.6	.5	.9	3.3	.4	2.0	4.7	2.4	.4
1949	1.6	−1.4	1.6	2.3	1.5	.1	.7	3.5	.6	1.8	3.9	2.6	.3
1950	−.3	3.5	1.7	.9	.3	−.1	.7	3.7	.9	−.6	6.5	3.7	.2
1951	8.1	5.9	2.3	.7	−.5	−.5	1.6	3.8	1.5	1.7	7.0	1.0	−.3
1952	10.4	7.0	3.3	3.4	.1	1.2	2.1	4.4	1.7	1.9	6.1	4.4	.6
1953	9.0	4.7	4.0	3.4	.2	2.0	1.2	4.5	2.0	1.7	7.2	3.7	.4
1954	8.5	5.4	4.7	.2	.6	−1.1	.6	4.7	2.2	1.7	8.3	1.0	.9
1955	5.2	3.4	5.2	6.2	.3	3.7	2.3	5.0	2.3	1.8	12.0	6.2	.6
1956	12.2	4.8	5.3	5.2	−.1	3.2	2.0	5.0	2.7	2.3	10.6	3.3	−.8
1957	15.0	4.8	5.2	5.3	−1.9	4.4	2.7	4.6	3.1	2.6	8.1	2.5	−.1
1958	19.7	10.2	6.4	1.1	−.5	−1.1	2.6	4.8	3.2	2.9	8.2	.2	.4
1959	14.0	4.1	7.2	10.2	−1.8	11.0	1.0	4.9	3.6	3.0	12.5	6.1	.2
1960	6.3	2.4	8.2	−1.0	−.2	−.9	.1	4.8	4.0	3.2	10.9	4.2	.3
1961	18.9	9.5	9.2	1.1	.8	−.6	1.0	5.2	4.1	3.2	10.9	1.5	1.0
1962	22.1	17.7	9.9	−.4	.4	.7	−1.5	5.7	4.2	3.7	12.5	5.0	1.1
1963	24.6	18.4	11.7	1.6	1.2	2.5	−2.1	6.2	4.5	4.0	14.6	6.3	.9
1964	31.8	19.4	11.3	7.0	.9	5.7	.4	6.7	4.9	4.6	15.6	6.5	.1
1965	33.1	25.4	9.3	4.9	.6	4.2	.1	7.4	5.6	5.0	15.4	9.0	*
1966 p	27.8	10.0	4.3	14.9	.5	12.6	1.7	6.5	5.6	4.9	13.1	6.9	−1.6
1964: I	6.8	1.8	2.5	1.8	.2	1.7	−.1	1.5	1.1	.9	4.1	−.7	−.6
II	6.0	3.8	3.3	1.9	.2	1.5	.3	1.5	1.3	1.2	3.8	2.6	.6
III	8.3	5.7	2.1	2.0	.2	1.9	−.1	1.7	1.1	1.3	3.6	1.6	.3
IV	10.7	8.1	3.5	1.2	.3	.7	.3	2.0	1.4	1.3	4.1	3.0	−.3
1965: I	6.1	1.9	2.1	1.3	.2	.9	.2	1.7	1.4	1.1	3.7	−.3	−.1
II	6.0	5.0	2.5	1.9	.1	1.2	.6	1.5	1.3	1.3	3.3	3.5	.7
III	10.6	8.0	1.4	1.0	.1	1.1	−.2	1.9	1.3	1.3	4.0	2.4	−2.0
IV	10.3	10.4	3.3	.6	.2	.9	−.5	2.2	1.7	1.3	4.4	3.4	1.5
1966: I	5.5	−1.4	1.4	4.9	.1	4.2	.6	1.8	1.2	1.1	4.5	−.4	−.4
II	5.1	2.4	1.0	3.7	.2	2.2	1.4	1.5	1.3	1.2	3.0	2.6	.3
III	9.5	4.2	−.6	4.5	.1	3.8	.6	1.5	1.3	1.3	2 1	1.6	−1.0
IV p	7.6	4.7	2.5	1.7	.2	2.4	−.9	1.8	1.8	1.3	3.5	3.2	−.5

[1] Individuals' saving, in addition to personal holdings, covers saving of unincorporated business, trust funds, and nonprofit institutions in the forms specified.
[2] Includes shares in savings and loan associations and shares and deposits in credit unions.
[3] "Other government" includes U.S. Government issues (except savings bonds), State and local government securities, and nonguaranteed Federal agency issues.
[4] Includes civil service, railroad retirement, and State and local retirement systems.
[5] Mortgage debt to institutions on one- to four-family nonfarm dwellings.
[6] Consumer debt owed to corporations, largely attributable to purchase of automobiles and other durable consumer goods, although including some debt arising from purchases of consumption goods. Policy loans on Government and private life insurance have been deducted from those items of saving.
[7] Change in bank loans to brokers, dealers, and others for the purpose of purchasing or carrying securities.

NOTE.—In addition to the concept of saving shown above, there are other concepts of individuals' saving, with varying degrees of coverage, currently in use. The personal saving estimates of the Department of Commerce are derived as the difference between personal income (after taxes) and personal outlays. For a reconciliation of the two series, see Securities and Exchange Commission *Statistical Bulletin, July 1966*, and *Survey of Current Business, July 1966*.
The flow-of-funds system of accounts of the Board of Governors of the Federal Reserve System includes estimates of gross saving and net financial investment of households.
Data for Alaska and Hawaii included for all periods.

Source: Securities and Exchange Commission.

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TABLE B–49.—*Bank loans and investments, 1929–66*

[Billions of dollars]

End of year or month [1]	All commercial banks				Weekly reporting member banks
	Total loans and investments [2]	Loans [2]	Investments		
			U.S. Government securities	Other securities	Business loans [3]
1929 [4]	49.4	35.7	4.9	8.7	
1930 [4]	48.9	34.5	5.0	9.4	
1931 [4]	44.9	29.2	6.0	9.7	
1932 [4]	36.1	21.8	6.2	8.1	
1933 [4]	30.4	16.3	7.5	6.5	
1934 [4]	32.7	15.7	10.3	6.7	
1935	36.1	15.2	13.8	7.1	
1936	39.6	16.4	15.3	7.9	
1937	38.4	17.2	14.2	7.0	5.1
1938	38.7	16.4	15.1	7.2	4.2
1939	40.7	17.2	16.3	7.1	4.7
1940	43.9	18.8	17.8	7.4	5.3
1941	50.7	21.7	21.8	7.2	7.1
1942	67.4	19.2	41.4	6.8	6.3
1943	85.1	19.1	59.8	6.1	6.4
1944	105.5	21.6	77.6	6.3	6.5
1945	124.0	26.1	90.6	7.3	7.3
1946	114.0	31.1	74.8	8.1	11.3
1947	116.3	38.1	69.2	9.0	14.7
1948	114.2	42.4	62.6	9.2	15.6
	Seasonally adjusted				
1948	113.0	41.5	62.3	9.2	15.6
1949	118.7	42.0	66.4	10.3	13.9
1950	124.7	51.1	61.1	12.4	17.9
1951	130.2	56.5	60.4	13.4	21.6
1952	139.1	62.8	62.2	14.2	23.4
1953	143.1	66.2	62.2	14.7	23.4
1954	153.1	69.1	67.6	16.4	22.4
1955	157.6	80.6	60.3	16.8	26.7
1956	161.6	88.1	57.2	16.3	30.8
1957	166.4	91.5	56.9	17.9	31.8
1958	181.2	95.6	65.1	20.5	31.7
1959	185.9	107.5	57.9	20.5	30.7
1960	194.5	113.8	59.8	20.8	32.2
1961	209.6	120.5	65.2	23.9	32.9
1962 [5]	227.9	134.1	64.5	29.2	35.2
1963 [5]	246.2	149.7	61.5	35.0	38.8
1964	267.2	167.4	61.1	38.7	42.1
1965	294.4	192.0	57.7	44.8	50.6
1966 [5]	310.7	208.2	54.3	48.3	60.6
1965: Jan	269.6	170.2	60.0	39.5	41.8
Feb	272.1	172.8	59.4	40.0	43.0
Mar	275.8	175.4	59.9	40.5	44.6
Apr	277.0	177.1	58.7	41.2	44.6
May	279.4	179.4	58.7	41.3	45.2
June	281.7	181.4	58.2	42.1	46.8
July	283.2	182.9	57.9	42.4	46.3
Aug	286.1	185.2	57.7	43.1	46.9
Sept	286.2	186.2	56.5	43.4	48.1
Oct	289.9	188.6	57.4	43.9	48.2
Nov	291.5	189.8	57.5	44.2	49.0
Dec	294.4	192.0	57.7	44.8	50.6
1966: Jan	297.4	194.5	58.0	44.9	50.3
Feb	297.5	196.2	55.9	45.4	51.1
Mar	300.3	198.6	56.0	45.7	52.6
Apr	302.9	200.8	55.9	46.2	52.5
May	304.9	202.3	55.1	47.4	53.5
June	[6] 307.7	[6] 204.0	55.1	[6] 48.6	55.8
					New series [7]
July	309.2	206.4	54.4	48.5	58.7
Aug	310.8	206.6	56.1	48.1	58.3
Sept	308.7	206.1	54.3	48.3	59.4
Oct [p]	308.1	207.3	52.4	48.4	59.5
Nov [p]	308.4	207.3	52.9	48.3	59.9
Dec [5]	310.7	208.2	54.3	48.3	60.6

[1] Data are for last Wednesday of month (except June 30 and December 31 call dates used for all commercial banks).

[2] Adjusted to exclude interbank loans beginning 1948.

[3] Commercial and industrial loans and prior to 1956, agricultural loans. Beginning July 1959, loans to financial institutions excluded. Prior to 1943, published data adjusted to include open market paper.

[4] June data used because complete end-of-year data not available.

[5] Commercial bank data are estimates for December 31.

[6] Effective June 1966, balances accumulated for payment of personal loans (about $1.1 billion) are excluded from loans at all commercial banks, and certain certificates of CCC and Export-Import Bank totaling about $1 billion are included in other securities rather than in loans.

[7] See *Federal Reserve Bulletin, August 1966.*

NOTE.—National bank data for Alaska and Hawaii included beginning April 1954 and April 1959, respectively. All other bank data for Alaska and Hawaii included beginning January 1959 and August 1959, respectively.

Source: Board of Governors of the Federal Reserve System.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-50.—*Bond yields and interest rates, 1929–66*

[Percent per annum]

Year or month	U.S. Government securities				Corporate bonds (Moody's)		High-grade municipal bonds (Standard & Poor's)	Average rate on short-term bank loans to business—selected cities	Prime commercial paper, 4–6 months	Federal Reserve Bank discount rate
	3-month Treasury bills [1]	9–12 month issues [2]	3–5 year issues [3]	Taxable bonds [4]	Aaa	Baa				
1929	(5)				4.73	5.90	4.27	(6)	5.85	5.16
1930	(5)				4.55	5.90	4.07	(6)	3.59	3.04
1931	1.402				4.58	7.62	4.01	(6)	2.64	2.11
1932	.879				5.01	9.30	4.65	(6)	2.73	2.82
1933	.515		2.66		4.49	7.76	4.71	(6)	1.73	2.56
1934	.256		2.12		4.00	6.32	4.03	(6)	1.02	1.54
1935	.137		1.29		3.60	5.75	3.40	(6)	.75	1.50
1936	.143		1.11		3.24	4.77	3.07	(6)	.75	1.50
1937	.447		1.40		3.26	5.03	3.10	(6)	.94	1.33
1938	.053		.83		3.19	5.80	2.91	(6)	.81	1.00
1939	.023		.59		3.01	4.96	2.76	2.1	.59	1.00
1940	.014		.50		2.84	4.75	2.50	2.1	.56	1.00
1941	.103		.73		2.77	4.33	2.10	2.0	.53	1.00
1942	.326		1.46	2.46	2.83	4.28	2.36	2.2	.66	[7] 1.00
1943	.373	0.75	1.34	2.47	2.73	3.91	2.06	2.6	.69	[7] 1.00
1944	.375	.79	1.33	2.48	2.72	3.61	1.86	2.4	.73	[7] 1.00
1945	.375	.81	1.18	2.37	2.62	3.29	1.67	2.2	.75	[7] 1.00
1946	.375	.82	1.16	2.19	2.53	3.05	1.64	2.1	.81	[7] 1.00
1947	.594	.88	1.32	2.25	2.61	3.24	2.01	2.1	1.03	1.00
1948	1.040	1.14	1.62	2.44	2.82	3.47	2.40	2.5	1.44	1.34
1949	1.102	1.14	1.43	2.31	2.66	3.42	2.21	2.68	1.49	1.50
1950	1.218	1.26	1.50	2.32	2.62	3.24	1.98	2.69	1.45	1.59
1951	1.552	1.73	1.93	2.57	2.86	3.41	2.00	3.11	2.16	1.75
1952	1.766	1.81	2.13	2.68	2.96	3.52	2.19	3.49	2.33	1.75
1953	1.931	2.07	2.56	2.94	3.20	3.74	2.72	3.69	2.52	1.99
1954	.953	.92	1.82	2.55	2.90	3.51	2.37	3.61	1.58	1.60
1955	1.753	1.89	2.50	2.84	3.06	3.53	2.53	3.70	2.18	1.89
1956	2.658	2.83	3.12	3.08	3.36	3.88	2.93	4.20	3.31	2.77
1957	3.267	3.53	3.62	3.47	3.89	4.71	3.60	4.62	3.81	3.12
1958	1.839	2.09	2.90	3.43	3.79	4.73	3.56	4.34	2.46	2.16
1959	3.405	4.11	4.33	4.08	4.38	5.05	3.95	[8] 5.00	3.97	3.36
1960	2.928	3.55	3.99	4.02	4.41	5.19	3.73	5.16	3.85	3.53
1961	2.378	2.91	3.60	3.90	4.35	5.08	3.46	4.97	2.97	3.00
1962	2.778	3.02	3.57	3.95	4.33	5.02	3.18	5.00	3.26	3.00
1963	3.157	3.28	3.72	4.00	4.26	4.86	3.23	5.01	3.55	3.23
1964	3.549	3.76	4.06	4.15	4.40	4.83	3.22	4.99	3.97	3.55
1965	3.954	4.09	4.22	4.21	4.49	4.87	3.27	5.06	4.38	4.04
1966	4.881	5.17	5.16	4.65	5.13	5.67	3.82	6.00	5.55	4.50
1964: Jan	3.529	3.66	4.06	4.15	4.37	4.83	3.23		3.97	3.50
Feb	3.532	3.63	4.02	4.14	4.36	4.83	3.17		3.88	3.50
Mar	3.553	3.67	4.15	4.18	4.38	4.83	3.32	4.99	4.00	3.50
Apr	3.484	3.63	4.18	4.20	4.40	4.85	3.29		3.91	3.50
May	3.482	3.67	4.07	4.16	4.41	4.85	3.21		3.89	3.50
June	3.478	3.83	4.03	4.13	4.41	4.85	3.20	4.99	4.00	3.50
July	3.479	3.68	3.99	4.13	4.40	4.83	3.18		3.96	3.50
Aug	3.506	3.73	3.99	4.14	4.41	4.82	3.20		3.88	3.50
Sept	3.527	3.82	4.03	4.16	4.42	4.82	3.25	4.98	3.89	3.50
Oct	3.575	3.83	4.04	4.16	4.42	4.81	3.26		4.00	3.50
Nov	3.624	3.88	4.04	4.12	4.43	4.81	3.18		4.02	3.62
Dec	3.856	3.96	4.07	4.14	4.44	4.81	3.15	5.00	4.17	4.00

See footnotes at end of table.

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TABLE B-50.—*Bond yields and interest rates, 1929–66*—Continued

[Percent per annum]

Year or month	U.S. Government securities				Corporate bonds (Moody's)		High-grade municipal bonds (Standard & Poor's)	Average rate on short-term bank loans to business—selected cities	Prime commercial paper, 4-6 months	Federal Reserve Bank discount rate
	3-month Treasury bills [1]	9-12 month issues [2]	3-5 year issues [3]	Taxable bonds [4]	Aaa	Baa				
1965: Jan	3.828	3.87	4.06	4.14	4.43	4.80	3.06		4.25	4.00
Feb	3.929	3.97	4.08	4.16	4.41	4.78	3.10		4.27	4.00
Mar	3.942	4.03	4.12	4.15	4.42	4.78	3.18	4.97	4.38	4.00
Apr	3.932	4.00	4.12	4.15	4.43	4.80	3.17		4.38	4.00
May	3.895	3.99	4.11	4.14	4.44	4.81	3.19		4.38	4.00
June	3.810	3.98	4.09	4.14	4.46	4.85	3.26	4.99	4.38	4.00
July	3.831	3.96	4.10	4.15	4.48	4.88	3.26		4.38	4.00
Aug	3.836	4.00	4.19	4.19	4.49	4.88	3.25		4.38	4.00
Sept	3.912	4.11	4.24	4.25	4.52	4.91	3.36	5.00	4.38	4.00
Oct	4.032	4.18	4.33	4.28	4.56	4.93	3.42		4.38	4.00
Nov	4.082	4.29	4.46	4.34	4.60	4.95	3.47		4.38	4.00
Dec	4.362	4.66	4.77	4.43	4.68	5.02	3.56	5.27	4.65	4.42
1966: Jan	4.596	4.83	4.89	4.43	4.74	5.06	3.52		4.82	4.50
Feb	4.670	4.92	5.02	4.61	4.78	5.12	3.63		4.88	4.50
Mar	4.626	4.96	4.94	4.63	4.92	5.32	3.72	5.55	5.21	4.50
Apr	4.611	4.87	4.86	4.55	4.96	5.41	3.59		5.38	4.50
May	4.642	4.90	4.94	4.57	4.98	5.48	3.68		5.39	4.50
June	4.539	4.94	5.01	4.63	5.07	5.58	3.77	5.82	5.51	4.50
July	4.855	5.17	5.22	4.75	5.16	5.68	3.94		5.63	4.50
Aug	4.932	5.52	5.58	4.80	5.31	5.83	4.17		5.85	4.50
Sept	5.356	5.80	5.62	4.79	5.49	6.09	4.11	6.30	5.89	4.50
Oct	5.387	5.57	5.38	4.70	5.41	6.10	3.97		6.00	4.50
Nov	5.344	5.45	5.43	4.74	5.35	6.13	3.93		6.00	4.50
Dec	5.007	5.10	5.07	4.65	5.39	6.18	3.83	6.31	6.00	4.50

[1] Rate on new issues within period. Issues were tax exempt prior to March 1, 1941, and fully taxable thereafter. For the period 1934–37, series includes issues with maturities of more than 3 months.
[2] Certificates of indebtedness and selected note and bond issues (fully taxable).
[3] Selected note and bond issues. Issues were partially tax exempt prior to 1941, and fully taxable thereafter.
[4] First issued in 1941. Series includes bonds which are neither due nor callable before a given number of years as follows: April 1953 to date, 10 years; April 1952–March 1953, 12 years; October 1941–March 1952, 15 years.
[5] Treasury bills were first issued in December 1929 and were issued irregularly in 1930.
[6] Not available on same basis as for 1939 and subsequent years.
[7] From October 30, 1942, to April 24, 1946, a preferential rate of 0.50 percent was in effect for advances secured by Government securities maturing in 1 year or less.
[8] Beginning 1959, series revised to exclude loans to nonbank financial institutions.

NOTE.—Yields and rates computed for New York City except for short-term bank loans.

Sources: Treasury Department, Board of Governors of the Federal Reserve System, Moody's Investors Service, and Standard & Poor's Corporation.

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TABLE B-51.—*Federal Reserve Bank credit and member bank reserves, 1929–66*

[Averages of daily figures, millions of dollars]

Year and month	Reserve Bank credit outstanding				Member bank reserves			Member bank free reserves (excess reserves less borrowings)
	Total	U.S. Government securities	Member bank borrowings	All other, mainly float	Total	Required	Excess	
1929: Dec	1,643	446	801	396	2,395	2,347	48	−753
1930: Dec	1,273	644	337	292	2,415	2,342	73	−264
1931: Dec	1,950	777	763	410	2,069	2,010	60	−703
1932: Dec	2,192	1,854	281	57	2,435	1,909	526	245
1933: Dec	2,669	2,432	95	142	2,588	[1] 1,822	[1] 766	671
1934: Dec	2,472	2,430	10	32	4,037	2,290	1,748	1,738
1935: Dec	2,494	2,430	6	58	5,716	2,733	2,983	2,977
1936: Dec	2,498	2,434	7	57	6,665	4,619	2,046	2,039
1937: Dec	2,628	2,565	16	47	6,879	5,808	1,071	1,055
1938: Dec	2,618	2,564	7	47	8,745	5,520	3,226	3,210
1939: Dec	2,612	2,510	3	99	11,473	6,462	5,011	5,008
1940: Dec	2,305	2,188	3	114	14,049	7,403	6,646	6,643
1941: Dec	2,404	2,219	5	180	12,812	9,422	3,390	3,385
1942: Dec	6,035	5,549	4	483	13,152	10,776	2,376	2,372
1943: Dec	11,914	11,166	90	659	12,749	11,701	1,048	958
1944: Dec	19,612	18,693	265	654	14,168	12,884	1,284	1,019
1945: Dec	24,744	23,708	334	702	16,027	14,536	1,491	1,157
1946: Dec	24,746	23,767	157	821	16,517	15,617	900	743
1947: Dec	22,858	21,905	224	729	17,261	16,275	986	762
1948: Dec	23,978	23,002	134	842	19,990	19,193	797	663
1949: Dec	19,012	18,287	118	607	16,291	15,488	803	685
1950: Dec	21,606	20,345	142	1,119	17,391	16,364	1,027	885
1951: Dec	25,446	23,409	657	1,380	20,310	19,484	826	169
1952: Dec	27,299	24,400	1,593	1,306	21,180	20,457	723	−870
1953: Dec	27,107	25,639	441	1,027	19,920	19,227	693	252
1954: Dec	26,317	24,917	246	1,154	19,279	18,576	703	457
1955: Dec	26,853	24,602	839	1,412	19,240	18,646	594	−245
1956: Dec	27,156	24,765	688	1,703	19,535	18,883	652	−36
1957: Dec	26,186	23,982	710	1,494	19,420	18,843	577	−133
1958: Dec	28,412	26,312	557	1,543	18,899	18,383	516	−41
1959: Dec	29,435	27,036	906	1,493	[2] 18,932	18,450	482	−424
1960: Dec	29,060	27,248	87	1,725	19,283	18,527	756	669
1961: Dec	31,217	29,098	149	1,970	20,118	19,550	568	419
1962: Dec	33,218	30,546	304	2,368	20,040	19,468	572	268
1963: Dec	36,610	33,729	327	2,554	20,746	20,210	536	209
1964: Dec	39,873	37,126	243	2,504	21,609	21,198	411	168
1965: Dec	43,853	40,885	454	2,514	22,719	22,267	452	−2
1966: Dec p	46,864	43,740	557	2,567	23,825	23,430	396	−161
1965: Jan	39,245	36,684	299	2,262	21,620	21,215	405	106
Feb	39,244	37,052	405	1,787	21,231	20,790	441	36
Mar	39,535	37,315	416	1,804	21,246	20,905	341	−75
Apr	39,882	37,637	471	1,774	21,511	21,145	366	−105
May	40,340	38,111	505	1,724	21,472	21,147	325	−180
June	41,153	38,840	528	1,785	21,709	21,363	346	−182
July	41,651	39,249	524	1,878	21,863	21,513	350	−174
Aug	41,504	39,318	564	1,622	21,617	21,187	430	−134
Sept	41,610	39,108	528	1,974	21,740	21,356	384	−144
Oct	42,048	39,601	490	1,957	21,958	21,614	344	−146
Nov	42,649	40,128	452	2,069	21,958	21,589	369	−83
Dec	43,853	40,885	454	2,514	22,719	22,267	452	−2
1966: Jan	43,449	40,626	402	2,421	22,750	22,392	358	−44
Feb	43,116	40,635	478	2,003	22,233	21,862	371	−107
Mar	42,943	40,398	551	1,994	22,160	21,855	305	−246
Apr	43,339	40,629	626	2,084	22,528	22,170	358	−268
May	43,891	41,129	722	2,040	22,487	22,117	370	−352
June	44,498	41,672	674	2,152	22,534	22,212	322	−352
July	45,737	42,221	766	2,750	23,090	22,682	408	−358
Aug	45,348	42,280	728	2,340	22,655	22,317	338	−390
Sept	45,631	42,735	766	2,130	23,240	22,842	398	−368
Oct	45,604	42,837	733	2,034	23,333	23,031	302	−431
Nov	46,087	43,347	611	2,129	23,251	22,862	389	−222
Dec p	46,864	43,740	557	2,567	23,825	23,430	396	−161

[1] Data from March 1933 through April 1934 are for licensed banks only.
[2] Beginning December 1959, total reserves held include vault cash allowed.

NOTE.—Data for member banks in Alaska and Hawaii included beginning 1954 and 1959, respectively.

Source: Board of Governors of the Federal Reserve System.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B–52.—*Short- and intermediate-term consumer credit outstanding, 1929–66*

[Millions of dollars]

End of year or month	Total	Instalment credit					Noninstalment credit		
		Total	Automobile paper	Other consumer goods paper	Repair and modernization loans [1]	Personal loans	Total	Charge accounts	Other [2]
1929	7,116	3,524	1,384	1,544	27	569	3,592	1,996	1,596
1930	6,351	3,022	986	1,432	25	579	3,329	1,833	1,496
1931	5,315	2,463	684	1,214	22	543	2,852	1,635	1,217
1932	4,026	1,672	356	834	18	464	2,354	1,374	980
1933	3,885	1,723	493	799	15	416	2,162	1,286	876
1934	4,218	1,999	614	889	37	459	2,219	1,306	913
1935	5,190	2,817	992	1,000	253	572	2,373	1,354	1,019
1936	6,375	3,747	1,372	1,290	364	721	2,628	1,428	1,200
1937	6,948	4,118	1,494	1,505	219	900	2,830	1,504	1,326
1938	6,370	3,686	1,099	1,442	218	927	2,684	1,403	1,281
1939	7,222	4,503	1,497	1,620	298	1,088	2,719	1,414	1,305
1940	8,338	5,514	2,071	1,827	371	1,245	2,824	1,471	1,353
1941	9,172	6,085	2,458	1,929	376	1,322	3,087	1,645	1,442
1942	5,983	3,166	742	1,195	255	974	2,817	1,444	1,373
1943	4,901	2,136	355	819	130	832	2,765	1,440	1,325
1944	5,111	2,176	397	791	119	869	2,935	1,517	1,418
1945	5,665	2,462	455	816	182	1,009	3,203	1,612	1,591
1946	8,384	4,172	981	1,290	405	1,496	4,212	2,076	2,136
1947	11,598	6,695	1,924	2,143	718	1,910	4,903	2,381	2,522
1948	14,447	8,996	3,018	2,901	853	2,224	5,451	2,722	2,729
1949	17,364	11,590	4,555	3,706	898	2,431	5,774	2,854	2,920
1950	21,471	14,703	6,074	4,799	1,016	2,814	6,768	3,367	3,401
1951	22,712	15,294	5,972	4,880	1,085	3,357	7,418	3,700	3,718
1952	27,520	19,403	7,733	6,174	1,385	4,111	8,117	4,130	3,987
1953	31,393	23,005	9,835	6,779	1,610	4,781	8,388	4,274	4,114
1954	32,464	23,568	9,809	6,751	1,616	5,392	8,896	4,485	4,411
1955	38,830	28,906	13,460	7,641	1,693	6,112	9,924	4,795	5,129
1956	42,334	31,720	14,420	8,606	1,905	6,789	10,614	4,995	5,619
1957	44,970	33,867	15,340	8,844	2,101	7,582	11,103	5,146	5,957
1958	45,129	33,642	14,152	9,028	2,346	8,116	11,487	5,060	6,427
1959	51,542	39,245	16,420	10,630	2,809	9,386	12,297	5,104	7,193
1960	56,028	42,832	17,688	11,525	3,139	10,480	13,196	5,329	7,867
1961	57,678	43,527	17,223	11,857	3,191	11,256	14,151	5,324	8,827
1962	63,164	48,034	19,540	12,605	3,246	12,643	15,130	5,684	9,446
1963	70,461	54,158	22,433	13,856	3,405	14,464	16,303	5,871	10,432
1964	78,442	60,548	25,195	15,593	3,532	16,228	17,894	6,300	11,594
1965	87,884	68,565	28,843	17,693	3,675	18,354	19,319	6,746	12,573
1966 [3]	95,000	74,700	31,000	19,700	3,800	20,200	20,300	7,200	13,100
1965: Jan	77,783	60,442	25,231	15,455	3,505	16,251	17,341	5,724	11,617
Feb	77,406	60,436	25,383	15,218	3,479	16,356	16,970	5,154	11,816
Mar	77,796	60,861	25,691	15,180	3,475	16,515	16,935	4,977	11,958
Apr	79,237	61,886	26,235	15,292	3,488	16,871	17,351	5,210	12,141
May	80,469	62,807	26,717	15,458	3,534	17,098	17,662	5,453	12,209
June	81,717	63,850	27,280	15,648	3,576	17,346	17,867	5,528	12,339
July	82,539	64,704	27,779	15,818	3,604	17,503	17,835	5,534	12,301
Aug	83,319	65,508	28,111	15,996	3,648	17,753	17,811	5,498	12,313
Sept	83,801	65,979	28,175	16,229	3,664	17,911	17,822	5,496	12,326
Oct	84,465	66,511	28,393	16,492	3,676	17,950	17,954	5,645	12,309
Nov	85,291	67,168	28,612	16,797	3,689	18,070	18,123	5,740	12,383
Dec	87,884	68,565	28,843	17,693	3,675	18,354	19,319	6,746	12,573
1966: Jan	87,027	68,314	28,789	17,566	3,634	18,325	18,713	6,107	12,606
Feb	86,565	68,279	28,894	17,386	3,603	18,396	18,286	5,505	12,781
Mar	87,059	68,827	29,248	17,450	3,597	18,532	18,232	5,393	12,839
Apr	88,184	69,543	29,597	17,597	3,602	18,747	18,641	5,670	12,971
May	89,092	70,209	29,908	17,732	3,642	18,927	18,883	5,860	13,023
June	90,070	71,194	30,402	17,959	3,677	19,156	18,876	5,908	12,968
July	90,650	71,862	30,680	18,165	3,711	19,306	18,788	5,888	12,900
Aug	91,483	72,640	30,918	18,390	3,755	19,577	18,843	5,973	12,870
Sept	91,639	72,829	30,793	18,564	3,771	19,701	18,810	5,993	12,817
Oct	91,899	73,073	30,852	18,714	3,770	19,737	18,826	6,107	12,719
Nov	92,498	73,491	30,937	18,945	3,772	19,837	19,007	6,199	12,808
Dec [3]	95,000	74,700	31,000	19,700	3,800	20,200	20,300	7,200	13,100

[1] Holdings of financial institutions only; holdings of retail outlets are included in "other consumer goods paper."
[2] Single-payment loans and service credit.
[3] Preliminary; December by Council of Economic Advisers.

NOTE.—Data for Alaska and Hawaii included beginning January and August 1959, respectively.

Source: Board of Governors of the Federal Reserve System (except as noted).

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TABLE B-53.—*Installment credit extended and repaid, 1946-66*

[Millions of dollars]

Year or month	Total		Automobile paper		Other consumer goods paper		Repair and modernization loans		Personal loans	
	Extended	Repaid	Extended	Repaid	Extended	Repaid	Extended	Repaid	Extended	Repaid
1946	8,495	6,785	1,969	1,443	3,077	2,603	423	200	3,026	2,539
1947	12,713	10,190	3,692	2,749	4,498	3,645	704	391	3,819	3,405
1948	15,585	13,284	5,217	4,123	5,383	4,625	714	579	4,271	3,957
1949	18,108	15,514	6,967	5,430	5,865	5,060	734	689	4,542	4,335
1950	21,558	18,445	8,530	7,011	7,150	6,057	835	717	5,043	4,660
1951	23,576	22,985	8,956	9,058	7,485	7,404	841	772	6,294	5,751
1952	29,514	25,405	11,764	10,003	9,186	7,892	1,217	917	7,347	6,593
1953	31,558	27,956	12,981	10,879	9,227	8,622	1,344	1,119	8,006	7,336
1954	31,051	30,488	11,807	11,833	9,117	9,145	1,261	1,255	8,866	8,255
1955	38,972	33,634	16,734	13,082	10,642	9,752	1,393	1,316	10,203	9,484
1956	39,868	37,054	15,515	14,555	11,721	10,756	1,582	1,370	11,051	10,373
1957	42,016	39,868	16,465	15,545	11,807	11,569	1,674	1,477	12,069	11,276
1958	40,119	40,344	14,226	15,415	11,747	11,563	1,871	1,626	12,275	11,741
1959	48,052	42,603	17,779	15,579	13,982	12,402	2,222	1,765	14,070	12,857
1960	49,560	45,972	17,654	16,384	14,470	13,574	2,213	1,883	15,223	14,130
1961	48,396	47,700	16,007	16,472	14,578	14,246	2,068	2,015	15,744	14,967
1962	55,126	50,620	19,796	17,478	15,685	14,939	2,051	1,996	17,594	16,206
1963	61,295	55,171	22,292	19,400	17,102	15,850	2,198	2,038	19,703	17,883
1964	67,505	61,121	24,435	21,676	19,473	17,737	2,204	2,078	21,393	19,630
1965	75,508	67,495	27,914	24,267	21,454	19,355	2,238	2,096	23,902	21,777
1966 [1]	79,100	73,000	28,700	26,500	23,400	21,400	2,200	2,100	24,800	23,000
	Seasonally adjusted									
1965: Jan	5,947	5,332	2,186	1,916	1,695	1,527	185	172	1,881	1,717
Feb	6,082	5,485	2,249	1,947	1,768	1,665	177	173	1,888	1,700
Mar	6,107	5,465	2,268	1,970	1,702	1,568	189	174	1,948	1,753
Apr	6,245	5,500	2,299	1,975	1,648	1,497	194	180	2,104	1,848
May	6,167	5,511	2,249	1,987	1,731	1,569	191	174	1,996	1,781
June	6,196	5,601	2,285	2,007	1,719	1,590	199	179	1,993	1,825
July	6,383	5,659	2,355	2,007	1,818	1,608	180	171	2,030	1,873
Aug	6,385	5,729	2,372	2,068	1,816	1,662	194	180	2,003	1,819
Sept	6,434	5,748	2,385	2,056	1,859	1,638	176	171	2,014	1,883
Oct	6,425	5,805	2,338	2,080	1,907	1,670	179	171	2,001	1,884
Nov	6,530	5,831	2,480	2,148	1,873	1,683	185	176	1,992	1,824
Dec	6,489	5,855	2,443	2,107	1,862	1,720	185	175	1,999	1,853
1966: Jan	6,544	5,947	2,340	2,115	1,983	1,778	176	176	2,045	1,878
Feb	6,492	5,954	2,340	2,135	1,957	1,781	171	174	2,024	1,864
Mar	6,673	6,024	2,479	2,216	1,959	1,708	183	176	2,052	1,924
Apr	6,505	5,974	2,302	2,145	1,958	1,729	180	175	2,065	1,925
May	6,472	5,979	2,298	2,159	1,933	1,784	186	172	2,055	1,864
June	6,675	6,126	2,419	2,211	1,944	1,767	189	176	2,123	1,972
July	6,732	6,168	2,383	2,238	2,050	1,803	189	174	2,110	1,953
Aug	6,689	6,087	2,431	2,223	1,995	1,792	187	172	2,076	1,900
Sept	6,578	6,103	2,387	2,213	1,958	1,784	175	168	2,058	1,938
Oct	6,522	6,142	2,378	2,244	1,941	1,820	166	169	2,037	1,909
Nov	6,657	6,213	2,461	2,255	1,947	1,836	166	169	2,083	1,953
Dec [1]	6,725	6,300	2,450	2,280	1,960	1,850	165	170	2,150	2,000

[1] Preliminary; December by Council of Economic Advisers.

NOTE.—Data for Alaska and Hawaii included beginning January and August 1959, respectively. Therefore, the difference between extensions and repayments for January and August 1959 and for the year 1959 does not equal the net change in credit outstanding.

Source: Board of Governors of the Federal Reserve System (except as noted).

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-54.—*Mortgage debt outstanding, by type of property and of financing, 1939–66*

[Billions of dollars]

End of year or quarter	All properties	Nonfarm properties							Farm properties
		Total	1- to 4-family houses					Multifamily and commercial properties [2]	
			Total	Government underwritten			Conventional [1]		
				Total	FHA insured	VA guaranteed			
1939	35.5	28.9	16.3	1.8	1.8		14.5	12.5	6.6
1940	36.5	30.0	17.4	2.3	2.3		15.1	12.6	6.5
1941	37.6	31.2	18.4	3.0	3.0		15.4	12.9	6.4
1942	36.7	30.8	18.2	3.7	3.7		14.5	12.5	6.0
1943	35.3	29.9	17.8	4.1	4.1		13.7	12.1	5.4
1944	34.7	29.7	17.9	4.2	4.2		13.7	11.8	4.9
1945	35.5	30.8	18.6	4.3	4.1	0.2	14.3	12.2	4.8
1946	41.8	36.9	23.0	6.1	3.7	2.4	16.9	13.8	4.9
1947	48.9	43.9	28.2	9.3	3.8	5.5	18.9	15.7	5.1
1948	56.2	50.9	33.3	12.5	5.3	7.2	20.8	17.6	5.3
1949	62.7	57.1	37.6	15.0	6.9	8.1	22.6	19.5	5.6
1950	72.8	66.7	45.2	18.9	8.6	10.3	26.3	21.6	6.1
1951	82.3	75.6	51.7	22.9	9.7	13.2	28.8	23.9	6.7
1952	91.4	84.2	58.5	25.4	10.8	14.6	33.1	25.7	7.2
1953	101.3	93.6	66.1	28.1	12.0	16.1	38.0	27.5	7.7
1954	113.7	105.4	75.7	32.1	12.8	19.3	43.6	29.7	8.2
1955	129.9	120.9	88.2	38.9	14.3	24.6	49.3	32.6	9.0
1956	144.5	134.6	99.0	43.9	15.5	28.4	55.1	35.6	9.8
1957	156.5	146.1	107.6	47.2	16.5	30.7	60.4	38.5	10.4
1958	171.8	160.7	117.7	50.1	19.7	30.4	67.6	43.0	11.1
1959	190.8	178.7	130.9	53.8	23.8	30.0	77.0	47.9	12.1
1960	206.8	194.0	141.3	56.4	26.7	29.7	84.8	52.7	12.8
1961	226.3	212.4	153.1	59.1	29.5	29.6	93.9	59.3	13.9
1962	251.6	236.4	166.5	62.2	32.3	29.9	104.3	69.9	15.2
1963	281.2	264.4	182.2	65.9	35.0	30.9	116.3	82.2	16.8
1964	311.6	292.7	197.6	69.2	38.3	30.9	128.3	95.1	18.9
1965	341.7	320.6	213.5	73.1	42.0	31.1	140.4	107.0	21.2
1966 p	366.4	343.0	225.2					117.8	23.4
1963: I	257.1	241.6	169.2	63.0	33.0	30.0	106.2	72.4	15.6
II	265.3	249.2	173.7	63.8	33.5	30.3	109.9	75.5	16.2
III	273.4	256.8	178.2	64.6	34.3	30.4	113.6	78.6	16.6
IV	281.2	264.4	182.2	65.9	35.0	30.9	116.3	82.2	16.8
1964: I	287.4	270.0	185.4	66.6	35.7	31.0	118.8	84.6	17.3
II	295.5	277.5	189.8	67.3	36.3	30.9	122.5	87.7	18.1
III	303.6	285.1	193.9	68.4	37.4	31.1	125.4	91.2	18.5
IV	311.6	292.7	197.6	69.2	38.3	30.9	128.3	95.1	18.9
1965: I	317.7	298.3	200.7	70.1	39.0	31.1	130.7	97.5	19.5
II	325.9	305.7	205.2	70.7	39.7	31.0	134.4	100.5	20.2
III p	333.9	313.2	209.5	72.0	40.9	31.1	137.4	103.7	20.7
IV p	341.7	320.6	213.5	73.1	42.0	31.1	140.4	107.0	21.2
1966: I p	348.2	326.5	216.7	74.1	43.0	31.1	142.6	109.8	21.8
II p	355.6	333.1	220.5	74.6	43.7	30.9	145.8	112.7	22.5
III p	361.4	338.4	223.1	75.3	44.4	30.9	147.8	115.3	23.0
IV p	366.4	343.0	225.2					117.8	23.4

[1] Derived figures.
[2] Includes negligible amount of farm loans held by savings and loan associations.

Source: Board of Governors of the Federal Reserve System, estimated and compiled from data supplied by various Government and private organizations.

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TABLE B–55.—*Net public and private debt, 1929–66* [1]

[Billions of dollars]

End of year [2]	Total	Federal Government and agency	State and local government [2]	Private									
				Total	Corporate			Individual and noncorporate					
					Total	Long-term	Short-term	Total	Farm [3]	Nonfarm			
										Total	Mortgage	Commercial and financial [4]	Consumer
1929	190.9	16.5	13.2	161.2	88.9	47.3	41.6	72.3	12.2	60.1	31.2	22.4	6.4
1930	191.0	16.5	14.1	160.4	89.3	51.1	38.2	71.1	11.8	59.3	32.0	21.6	5.8
1931	181.9	18.5	15.5	147.9	83.5	50.3	33.2	64.4	11.1	53.3	30.9	17.6	4.8
1932	174.6	21.3	16.6	136.7	80.0	49.2	30.8	56.7	10.1	46.6	29.0	14.0	3.6
1933	168.5	24.3	16.7	127.5	76.9	47.9	29.1	50.6	9.1	41.5	26.3	11.7	3.5
1934	171.4	30.4	15.9	125.1	75.5	44.6	30.9	49.6	8.9	40.6	25.5	11.2	3.9
1935	174.7	34.4	16.0	124.2	74.8	43.6	31.2	49.4	8.9	40.5	24.8	10.8	4.9
1936	180.3	37.7	16.2	126.4	76.1	42.5	33.5	50.3	8.6	41.7	24.4	11.2	6.1
1937	182.0	39.2	16.1	126.7	75.8	43.5	32.3	50.9	8.6	42.3	24.3	11.3	6.7
1938	179.6	40.5	16.0	123.1	73.3	44.8	28.4	49.8	9.0	40.9	24.5	10.1	6.3
1939	183.2	42.6	16.3	124.3	73.5	44.4	29.2	50.8	8.8	42.0	25.0	9.8	7.2
1940	189.9	44.8	16.5	128.6	75.6	43.7	31.9	53.0	9.1	43.9	26.1	9.5	8.3
1941	211.6	56.3	16.3	139.0	83.4	43.6	39.8	55.6	9.3	46.3	27.1	10.0	9.2
1942	259.0	101.7	15.8	141.5	91.6	42.7	49.0	49.9	9.0	40.9	26.8	8.1	6.0
1943	313.6	154.4	14.9	144.3	95.5	41.0	54.5	48.8	8.2	40.5	26.1	9.5	4.9
1944	370.8	211.9	14.1	144.8	94.1	39.8	54.3	50.7	7.7	42.9	26.0	11.8	5.1
1945	406.3	252.7	13.7	139.9	85.3	38.3	47.0	54.6	7.3	47.4	27.0	14.7	5.7
1946	397.4	229.7	13.6	154.1	93.5	41.3	52.2	60.6	7.6	53.0	32.5	12.1	8.4
1947	417.4	223.3	14.4	179.7	108.9	46.1	62.8	70.8	8.6	62.3	38.8	11.9	11.6
1948	433.6	216.5	16.2	200.9	117.8	52.5	65.3	83.1	10.8	72.4	45.1	12.9	14.4
1949	448.4	218.6	18.1	211.7	118.0	56.5	61.5	93.7	12.0	81.8	50.6	13.9	17.3
1950	490.3	218.7	20.7	250.9	142.1	60.1	81.9	108.8	12.3	96.6	59.4	15.8	21.4
1951	524.0	218.5	23.3	282.2	162.5	66.6	95.9	119.7	13.6	106.2	67.4	16.2	22.6
1952	555.2	222.9	25.8	306.5	171.0	73.3	97.7	135.5	15.2	120.4	75.2	17.8	27.4
1953	586.5	228.1	28.6	329.8	179.5	78.3	101.2	150.3	16.9	133.6	83.8	18.4	31.4
1954	612.0	230.2	33.4	348.4	182.8	82.9	100.0	165.6	17.6	147.9	94.6	20.8	32.5
1955	672.3	231.5	38.4	402.5	212.1	90.0	122.2	190.4	18.8	171.6	108.7	24.0	38.9
1956	707.5	225.4	42.7	439.4	231.7	100.1	131.7	207.7	19.5	188.2	121.3	24.4	42.5
1957	738.9	224.4	46.7	467.8	246.7	112.1	134.6	221.1	20.3	200.8	131.6	24.3	44.8
1958	782.6	232.7	50.9	499.1	259.5	121.2	138.4	239.5	23.3	216.2	144.6	26.5	45.1
1959	846.2	243.2	55.6	547.4	283.3	129.3	154.0	264.1	23.0	241.1	160.8	28.7	51.5
1960	890.2	241.0	60.0	589.2	302.8	139.1	163.6	286.4	25.1	261.4	174.5	30.8	56.0
1961	947.7	248.1	65.0	634.6	324.3	149.3	175.0	310.3	27.5	282.8	190.4	34.8	57.7
1962	1,019.3	255.8	73.7	689.8	348.2	161.2	187.0	341.6	30.2	311.4	210.6	37.6	63.2
1963	1,096.9	261.0	79.5	756.4	376.1	174.4	201.7	380.3	33.2	347.1	234.3	42.3	70.5
1964	1,174.3	267.2	85.2	821.9	402.6	189.2	213.4	419.3	36.0	383.3	259.5	45.4	78.4
1965	1,270.3	269.8	95.1	905.4	445.6	207.5	238.1	459.8	39.3	420.5	284.8	47.8	87.9
1966 [5]	1,368.3	274.6	101.1	992.6	500.9	235.5	265.4	491.7	42.5	449.2	304.0	50.2	95.0

[1] Net public and private debt outstanding is a comprehensive aggregate of the indebtedness of borrowers after elimination of certain types of duplicating governmental and corporate debt. For a further explanation of the concept, see *Survey of Current Business, October 1950.*

[2] Data for State and local government debt are for June 30.

[3] Farm mortgages and farm production loans. Farmers' financial and consumer debt is included in the nonfarm categories.

[4] Financial debt is debt owed to banks for purchasing or carrying securities, customers' debt to brokers, and debt owed to life insurance companies by policyholders.

[5] Estimate.

NOTE.—Revisions for 1929–39 and 1955–57 in the consumer credit data of the Board of Governors of the Federal Reserve System have not yet been fully incorporated into this series.

Sources: Department of Commerce (Office of Business Economics), Treasury Department, Department of Agriculture, Board of Governors of the Federal Reserve System, and Federal Home Loan Bank Board.

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TABLE B-56.—*U.S. Government debt, by kind of obligation, 1929-66*

[Billions of dollars]

End of year or month	Gross public debt and guaranteed issues [1]	Interest-bearing public debt					
		Marketable public issues		Nonmarketable public issues			Special issues [5]
		Short-term issues [2]	Treasury bonds	United States savings bonds	Treasury tax and savings notes [3]	Investment bonds [4]	
1929	16.3	3.3	11.3				0.6
1930	16.0	2.9	11.3				.8
1931	17.8	2.8	13.5				.4
1932	20.8	5.9	13.4				.4
1933	24.0	7.5	14.7				.4
1934	31.5	11.1	15.4				.6
1935	35.1	14.2	14.3	0.2			.7
1936	39.1	12.5	19.5	.5			.6
1937	41.9	12.5	20.5	1.0			2.2
1938	44.4	9.8	24.0	1.4			3.2
1939	47.6	7.7	26.9	2.2			4.2
1940	50.9	7.5	28.0	3.2			5.4
1941	64.3	8.0	33.4	6.1	2.5		7.0
1942	112.5	27.0	49.3	15.0	6.4		9.0
1943	170.1	47.1	67.9	27.4	8.6		12.7
1944	232.1	69.9	91.6	40.4	9.8		16.3
1945	278.7	78.2	120.4	48.2	8.2		20.0
1946	259.5	57.1	119.3	49.8	5.7		24.6
1947	257.0	47.7	117.9	52.1	5.4	1.0	29.0
1948	252.9	45.9	111.4	55.1	4.6	1.0	31.7
1949	257.2	50.2	104.8	56.7	7.6	1.0	33.9
1950	256.7	58.3	94.0	58.0	8.6	1.0	33.7
1951	259.5	65.6	76.9	57.6	7.5	13.0	35.9
1952	267.4	68.7	79.8	57.9	5.8	13.4	39.2
1953	275.2	77.3	77.2	57.7	6.0	12.9	41.2
1954	278.8	76.0	81.8	57.7	4.5	12.7	42.6
1955	280.8	81.3	81.9	57.9	*	12.3	43.9
1956	276.7	79.5	80.8	56.3	*	11.6	45.6
1957	275.0	82.1	82.1	52.5	*	10.3	45.8
1958	283.0	92.2	83.4	51.2	*	9.0	44.8
1959	290.9	103.5	84.8	48.2	*	7.6	43.5
1960	290.4	109.2	79.8	47.2	*	6.2	44.3
1961	296.5	120.5	75.5	47.5	*	5.1	43.5
1962	304.0	124.6	78.4	47.5	*	4.4	43.4
1963	310.1	121.2	86.4	48.8	*	3.7	43.7
1964	318.7	115.5	97.0	49.7	*	3.4	46.1
1965	321.4	110.4	104.2	50.3	*	2.8	46.3
1966	329.8	118.9	99.2	50.8	*	2.7	52.0
1965: Jan	318.6	111.6	102.8	49.8	*	3.4	44.2
Feb	320.6	114.3	100.6	49.9	*	3.3	45.6
Mar	318.4	112.0	100.5	49.9	*	3.3	45.7
Apr	317.2	112.0	100.5	50.0	*	3.3	44.4
May	319.8	108.5	102.5	50.0	*	3.3	47.8
June	317.9	106.2	102.5	50.0	*	3.3	48.6
July	317.1	106.2	102.5	50.1	*	3.3	47.8
Aug	318.7	104.1	104.3	50.2	*	3.3	49.8
Sept	317.3	104.1	104.3	50.2	*	3.2	48.1
Oct	319.4	107.8	104.3	50.3	*	2.8	47.0
Nov	322.2	110.4	104.2	50.3	*	2.8	47.1
Dec	321.4	110.4	104.2	50.3	*	2.8	46.3
1966: Jan	322.4	113.5	104.2	50.3		2.8	44.4
Feb	323.7	114.5	103.2	50.3		2.8	45.8
Mar	321.5	112.0	103.1	50.4		2.8	46.0
Apr	320.1	111.9	103.1	50.4		2.7	44.9
May	322.8	111.8	102.0	50.5		2.7	48.8
June	320.4	107.2	101.9	50.5		2.7	51.1
July	319.8	107.2	101.9	50.6		2.7	50.7
Aug	324.9	110.8	100.6	50.6		2.7	53.2
Sept	325.2	111.3	100.5	50.6		2.7	53.1
Oct	327.4	114.8	100.5	50.7		2.7	51.9
Nov	329.9	118.1	99.2	50.8		2.7	52.5
Dec	329.8	118.9	99.2	50.8		2.7	52.0

[1] Total includes non-interest-bearing debt, fully guaranteed securities (except those held by the Treasury), Postal Savings bonds, prewar bonds, adjusted service bonds, depositary bonds, armed forces leave bonds, Rural Electrification Administration series bonds, foreign series certificates and notes, foreign currency certificates, notes and bonds, Treasury certificates, and U.S. retirement plan bonds, not shown separately. Not all of total shown is subject to statutory debt limitation.

[2] Bills, certificates of indebtedness, and notes.

[3] The last series of Treasury savings notes matured in April 1956.

[4] Series A bonds through September 1965 and, beginning April 1951, series B convertible bonds.

[5] Issued to U.S. Government investment accounts. These accounts also held $16.4 billion of public marketable and nonmarketable issues on December 31, 1966.

Source: Treasury Department.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B–57.—*Estimated ownership of U.S. Government obligations, 1939–66*

[Par values,[1] billions of dollars]

End of year or month	Gross public debt and guaranteed issues [2]									
	Total	Held by U.S. Government investment accounts	Held by Federal Reserve banks	Held by "the public"						
				Total	Commercial banks [3]	Mutual savings banks and insurance companies	Other corporations [4]	State and local governments [5]	Individuals [6]	Miscellaneous investors [7]
1939	47.6	6.5	2.5	38.6	15.9	9.4	2.2	0.4	10.1	0.7
1940	50.9	7.6	2.2	41.1	17.3	10.1	2.0	.5	10.6	.7
1941	64.3	9.5	2.3	52.5	21.4	11.9	4.0	.7	13.6	.9
1942	112.5	12.2	6.2	94.0	41.1	15.8	10.1	1.0	23.7	2.3
1943	170.1	16.9	11.5	141.6	59.9	21.2	16.4	2.1	37.6	4.4
1944	232.1	21.7	18.8	191.6	77.7	28.0	21.4	4.3	53.3	7.0
1945	278.7	27.0	24.3	227.4	90.8	34.7	22.2	6.5	64.1	9.1
1946	259.5	30.9	23.3	205.2	74.5	36.7	15.3	6.3	64.2	8.1
1947	257.0	34.4	22.6	200.1	68.7	35.9	14.1	7.3	65.7	8.4
1948	252.9	37.3	23.3	192.2	62.5	32.7	14.8	7.9	65.5	8.9
1949	257.2	39.4	18.9	198.9	66.8	31.5	16.8	8.1	66.3	9.4
1950	256.7	39.2	20.8	196.8	61.8	29.6	19.7	8.8	66.3	10.5
1951	259.5	42.3	23.8	193.4	61.6	26.3	20.7	9.6	64.6	10.6
1952	267.4	45.9	24.7	196.9	63.4	25.5	19.9	11.1	65.2	11.7
1953	275.2	48.3	25.9	201.0	63.7	25.1	21.5	12.7	64.8	13.2
1954	278.8	49.6	24.9	204.2	69.2	24.1	19.1	14.4	63.5	13.9
1955	280.8	51.7	24.8	204.3	62.0	23.1	23.2	15.4	65.0	15.6
1956	276.7	54.0	24.9	197.8	59.5	21.3	18.7	16.3	65.9	16.1
1957	275.0	55.2	24.2	195.5	59.5	20.2	17.7	16.6	64.9	16.6
1958	283.0	54.4	26.3	202.3	67.5	19.9	18.1	16.5	63.7	16.6
1959	290.9	53.7	26.6	210.6	60.3	19.5	21.4	18.0	69.4	22.1
1960	290.4	55.1	27.4	207.9	62.1	18.1	18.7	18.7	66.1	24.2
1961	296.5	54.5	28.9	213.1	67.2	17.5	18.5	19.0	65.9	25.0
1962	304.0	55.6	30.8	217.6	67.2	17.6	18.6	20.1	66.0	28.0
1963	310.1	58.0	33.6	218.5	64.3	17.1	18.7	21.1	68.2	29.2
1964	318.7	60.6	37.0	221.1	64.0	16.8	17.9	21.2	70.0	31.2
1965	321.4	61.9	40.8	218.7	60.8	15.8	15.5	22.9	72.3	31.4
1966 [8]	329.8	68.8	44.3	216.8	57.1	14.3	14.9	23.8	75.6	31.1
1965: Jan	318.6	59.1	36.7	222.8	62.9	17.1	18.6	22.2	70.6	31.5
Feb	320.6	60.4	36.9	223.3	61.7	17.2	19.0	23.0	71.0	31.4
Mar	318.4	60.7	37.6	220.2	60.4	17.0	17.2	23.2	71.5	30.8
Apr	317.2	59.2	37.8	220.3	59.7	16.8	17.0	24.3	71.2	31.3
May	319.8	62.7	38.7	218.5	58.4	16.6	17.6	24.4	71.2	30.2
June	317.9	63.4	39.1	215.4	58.3	16.3	15.1	24.1	71.1	30.5
July	317.1	62.3	39.2	215.6	57.2	16.3	15.9	24.0	71.8	30.4
Aug	318.7	64.8	39.0	214.9	56.4	16.3	16.1	23.7	71.8	30.5
Sept	317.3	63.6	39.8	213.9	57.4	16.3	14.7	23.0	72.2	30.2
Oct	319.4	62.3	39.7	217.5	59.6	16.0	15.6	23.3	72.2	30.8
Nov	322.2	62.8	40.6	218.8	59.8	15.8	16.7	22.9	72.3	31.4
Dec	321.4	61.9	40.8	218.7	60.8	15.8	15.5	22.9	72.3	31.4
1966: Jan	322.4	60.0	40.6	221.9	60.9	15.9	16.5	23.7	73.2	31.8
Feb	323.7	61.7	40.2	221.9	58.7	15.8	17.4	24.7	73.5	31.8
Mar	321.5	61.7	40.7	219.0	57.0	15.7	15.7	24.4	74.6	31.6
Apr	320.1	60.5	40.7	218.9	57.0	15.4	15.7	25.1	74.3	31.4
May	322.8	64.5	41.5	216.9	55.1	15.2	16.2	25.3	74.1	30.9
June	320.4	66.7	42.2	211.5	54.7	14.8	13.9	24.5	73.9	29.7
July	319.8	66.4	42.4	211.0	53.4	14.7	14.2	24.8	74.1	29.8
Aug	324.9	69.3	42.5	213.1	54.7	14.6	14.3	24.6	74.8	30.1
Sept	325.2	69.2	42.9	213.2	54.4	14.6	13.5	24.2	75.8	30.6
Oct	327.4	68.0	43.0	216.4	54.9	14.4	14.9	24.2	76.2	31.7
Nov	329.9	68.9	43.9	217.1	55.1	14.4	16.0	24.1	75.9	31.5
Dec [8]	329.8	68.8	44.3	216.8	57.1	14.3	14.9	23.8	75.6	31.1

[1] United States savings bonds, series A–F and J, are included at current redemption value.

[2] Excludes guaranteed securities held by the Treasury. Not all of total shown is subject to statutory debt limitation.

[3] Includes commercial banks, trust companies, and stock savings banks in the United States and Territories and island possessions; figures exclude securities held in trust departments. Since the estimates in this table are on the basis of par values and include holdings of banks in United States Territories and possessions, they do not agree with the estimates in Table B–49, which are based on book values and relate only to banks within the United States.

[4] Exclusive of banks and insurance companies.

[5] Includes trust, sinking, and investment funds of State and local governments and their agencies, and of Territories and possessions.

[6] Includes partnerships and personal trust accounts.

[7] Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, and investments of foreign balances and international accounts in this country. Beginning with December 1946, the international accounts include investments by the International Bank for Reconstruction and Development, the International Monetary Fund, the International Development Association, the Inter-American Development Bank, and various United Nations' funds, in special non-interest-bearing notes and bonds issued by the U.S. Government. Beginning with June 30, 1947, includes holdings of Federal land banks.

[8] Preliminary estimates by Council of Economic Advisers.

Source: Treasury Department (except as noted).

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TABLE B–58.—*Average length and maturity distribution of marketable interest-bearing public debt, 1946–66*

End of year or month	Amount outstanding	Maturity class: Within 1 year	Maturity class: 1 to 5 years	Maturity class: 5 to 10 years	Maturity class: 10 to 20 years	Maturity class: 20 years and over	Average length: Years	Average length: Months
	Millions of dollars							
Fiscal year:								
1946	189,606	61,974	24,763	41,807	17,461	43,599	9	1
1947	168,702	51,211	21,851	35,562	18,597	41,481	9	5
1948	160,346	48,742	21,630	32,264	16,229	41,481	9	2
1949	155,147	48,130	32,562	16,746	22,821	34,888	8	9
1950	155,310	42,338	51,292	7,792	28,035	25,853	8	2
1951	137,917	43,908	46,526	8,707	29,979	8,797	6	7
1952	140,407	46,367	47,814	13,933	25,700	6,594	5	8
1953	147,335	65,270	36,161	15,651	28,662	1,592	5	4
1954	150,354	62,734	29,866	27,515	28,634	1,606	5	6
1955	155,206	49,703	39,107	34,253	28,613	3,530	5	10
1956	154,953	58,714	34,401	28,908	28,578	4,351	5	4
1957	155,705	71,952	40,669	12,328	26,407	4,349	4	9
1958	166,675	67,782	42,557	21,476	27,652	7,208	5	3
1959	178,027	72,958	58,304	17,052	21,625	8,088	4	7
1960	183,845	70,467	72,844	20,246	12,630	7,658	4	4
1961	187,148	81,120	58,400	26,435	10,233	10,960	4	6
1962	196,072	88,442	57,041	26,049	9,319	15,221	4	11
1963	203,508	85,294	58,026	37,385	8,360	14,444	5	1
1964	206,489	81,424	65,453	34,929	8,355	16,328	5	0
1965	208,695	87,637	56,198	39,169	8,449	17,241	5	4
1966	209,127	89,136	60,933	33,596	8,439	17,023	4	11
1965: Jan	214,411	86,798	57,886	43,902	6,107	19,718	5	5
Feb	214,863	89,829	59,703	39,532	6,106	19,693	5	4
Mar	212,507	87,517	62,135	37,120	6,106	19,630	5	4
Apr	212,451	88,126	61,487	37,116	6,106	19,616	5	3
May	210,954	89,901	56,178	39,172	8,450	17,253	5	4
June	208,695	87,637	56,198	39,169	8,449	17,241	5	4
July	208,664	87,635	56,192	39,166	8,448	17,222	5	3
Aug	208,402	92,446	55,266	35,032	8,448	17,210	5	3
Sept	208,381	92,444	55,264	35,027	8,447	17,199	5	3
Oct	212,097	96,491	54,952	35,024	8,446	17,184	5	1
Nov	214,619	93,392	60,593	35,021	8,446	17,167	5	0
Dec	214,604	93,396	60,602	35,013	8,445	17,148	5	0
1966: Jan	217,656	96,461	60,608	35,013	8,444	17,131	4	10
Feb	217,690	94,226	62,893	35,008	8,443	17,120	4	11
Mar	215,150	91,704	64,306	33,607	8,442	17,092	4	11
Apr	215,004	91,820	64,076	33,603	8,441	17,065	4	10
May	213,764	92,231	62,453	33,600	8,440	17,040	4	11
June	209,127	89,136	60,933	33,596	8,439	17,023	4	11
July	209,108	89,138	60,932	33,592	8,439	17,007	4	10
Aug	211,402	92,238	62,957	30,783	8,437	16,987	4	11
Sept	211,771	92,642	62,952	30,774	8,436	16,967	4	10
Oct	215,313	96,656	62,495	30,771	8,435	16,957	4	8
Nov	217,239	104,398	59,459	28,008	8,434	16,940	4	8
Dec	218,025	105,218	59,447	28,005	8,433	16,923	4	7

NOTE.—All issues classified to final maturity except partially tax-exempt bonds, which were classified to earliest call date (the last of these bonds were called on Aug. 14, 1962, for redemption on Dec. 15, 1962).

Source: Treasury Department.

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TABLE B–59.—*Federal administrative budget receipts by source and expenditures by function, fiscal years 1939–68* [1]

[Millions of dollars]

Fiscal year	Net receipts									Expenditures		
	Total	Individual income taxes	Corporation income taxes	Excise taxes	Employment taxes	Estate and gift taxes	Customs	Miscellaneous receipts	Interfund transactions	Total	National defense	International affairs and finance [2]
1939	4,979	1,022	1,138	1,861	127	357	302	188	−17	8,841	1,075	20
1940	5,137	959	1,123	1,973	165	357	331	237	−7	9,055	1,498	51
1941	7,096	1,400	2,029	2,555	117	403	365	235	−7	13,255	6,054	145
1942	12,547	3,205	4,727	3,393	154	421	369	286	−9	34,037	23,970	1,839
1943	21,947	6,490	9,570	4,093	160	442	308	924	−39	79,368	63,216	3,299
1944	43,563	19,701	14,737	4,761	200	507	417	3,313	−73	94,986	76,757	3,642
1945	44,362	18,415	15,146	6,267	189	638	341	3,480	−113	98,303	81,277	3,312
1946	39,650	16,157	11,833	6,999	213	669	424	3,476	−122	60,326	43,226	3,107
1947	39,677	17,835	8,569	7,207	314	770	477	4,614	−109	38,923	14,398	6,536
1948	41,375	19,305	9,678	7,356	50	890	403	3,807	−113	32,955	11,779	4,566
1949	37,663	15,548	11,195	7,502	235	780	367	2,069	−33	39,474	12,926	6,052
1950	36,422	15,745	10,448	7,549	225	698	407	1,422	−73	39,544	13,018	4,674
1951	47,480	21,643	14,106	8,648	234	708	609	1,620	−88	43,970	22,471	3,736
1952	61,287	27,913	21,225	8,851	256	818	533	1,794	−104	65,303	44,037	2,826
1953	64,671	30,108	21,238	9,868	274	881	596	1,859	−154	74,120	50,442	2,216
1954	64,420	29,542	21,101	9,945	283	934	542	2,309	−235	67,537	46,986	1,732
1955	60,209	28,747	17,861	9,131	579	924	585	2,562	−181	64,389	40,695	2,310
1956	67,850	32,188	20,880	9,929	322	1,161	682	3,003	−315	66,224	40,723	2,467
1957	70,562	35,620	21,167	9,055	328	1,365	735	2,760	−467	68,966	43,368	[2] 3,545
1958	68,550	34,724	20,074	8,612	333	1,393	782	3,200	−567	71,369	44,234	3,559
1959	67,915	36,719	17,309	8,504	321	1,333	925	3,160	−355	80,342	46,483	4,980
1960	77,763	40,715	21,494	9,137	339	1,606	1,105	4,062	−694	76,539	45,691	3,195
1961	77,659	41,338	20,954	9,063	*	1,896	982	4,080	−654	81,515	47,494	4,124
1962	81,409	45,571	20,523	9,585	-------	2,016	1,142	3,206	−633	87,787	51,103	4,523
1963	86,376	47,588	21,579	9,915	-------	2,167	1,205	4,435	−513	92,642	52,755	4,412
1964	89,459	48,697	23,493	10,211	-------	2,394	1,252	4,076	−664	97,684	54,181	4,032
1965	93,072	48,792	25,461	10,911	-------	2,716	1,442	4,619	−870	96,507	50,163	4,506
1966	104,727	55,446	30,073	9,145	-------	3,066	1,767	5,865	−635	106,978	57,718	4,191
1967 [5]	116,995	62,200	34,400	9,300	-------	3,100	1,980	6,780	−766	126,729	70,222	4,608
1968 [5]	126,937	73,200	33,900	8,800	-------	3,100	2,100	6,517	−682	135,033	75,487	4,797

See footnotes at end of table.

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TABLE B–59.—*Federal administrative budget receipts by source and expenditures by function, fiscal years 1939–68* [1]—Continued

[Millions of dollars]

Fiscal year	Expenditures—Continued											
	Space research and technology	Agriculture and agricultural resources	Natural resources (3)	Commerce and transportation	Housing and community development	Health, labor, and welfare	Education	Veterans benefits and services	Interest	General government	Allowances	Interfund transactions (4)
1939	2	1,199	360	662	−148	3,866	41	560	950	335	-------	−80
1940	3	1,538	471	454	35	3,000	41	552	1,056	370	-------	−14
1941	8	1,314	452	577	129	2,536	43	566	1,123	409	-------	−101
1942	12	1,482	533	2,600	215	1,926	47	558	1,272	515	-------	−933
1943	23	610	501	7,211	309	1,132	47	606	1,825	825	-------	−236
1944	30	1,215	402	7,725	316	881	94	745	2,623	989	-------	−433
1945	38	1,607	319	4,143	−185	864	154	2,095	3,662	880	-------	139
1946	32	747	342	886	−193	865	79	4,415	4,816	1,047	-------	955
1947	35	1,243	548	655	356	1,148	62	7,381	5,012	1,353	-------	196
1948	38	575	743	1,218	94	1,213	68	6,653	5,248	1,263	-------	−501
1949	49	2,512	1,057	1,618	295	1,433	67	6,725	5,445	1,054	-------	239
1950	54	2,795	1,206	1,759	268	1,790	78	6,646	5,817	1,170	-------	267
1951	62	676	1,275	1,625	531	1,863	103	5,400	5,714	1,307	-------	−793
1952	67	1,060	1,375	1,888	593	1,916	191	4,933	5,934	1,445	-------	−961
1953	79	2,949	1,484	1,926	396	2,052	320	4,368	6,583	1,461	-------	−154
1954	90	2,564	1,326	1,219	−628	2,122	326	4,341	6,470	1,226	-------	−235
1955	74	4,246	1,216	1,225	136	2,165	377	4,522	6,438	1,166	-------	−181
1956	71	4,234	1,125	1,892	−10	2,462	343	4,810	6,846	1,576	-------	−315
1957	76	2,952	1,320	1,305	−118	2,631	437	4,870	7,307	1,738	-------	−467
1958	89	3,066	1,587	1,632	30	3,042	541	5,184	7,689	1,284	-------	−567
1959	145	5,354	1,741	2,025	970	3,841	732	5,287	7,671	1,466	-------	−355
1960	401	3,475	1,798	1,963	122	3,650	866	5,266	9,266	1,542	-------	−694
1961	744	3,498	2,100	2,573	320	4,200	943	5,414	9,050	1,709	-------	−654
1962	1,257	4,116	2,264	2,774	349	4,481	1,076	5,403	9,198	1,875	-------	−633
1963	2,552	5,050	2,506	2,843	−67	4,715	1,244	5,186	9,980	1,979	-------	−513
1964	4,171	5,129	2,658	3,002	−80	5,381	1,339	5,492	10,765	2,280	-------	−664
1965	5,093	4,696	2,851	3,499	−104	5,797	1,544	5,495	11,435	2,402	-------	−870
1966	5,933	3,307	3,120	2,969	347	7,574	2,834	5,023	12,132	2,464	-------	−635
1967 [5]	5,600	3,035	3,226	3,495	890	10,389	3,304	6,394	13,508	2,725	100	−766
1968 [5]	5,300	3,173	3,518	3,089	1,023	11,304	2,816	6,124	14,152	2,781	[6] 2,150	−682

[1] For administrative budget surplus or deficit, see Table B-60.
[2] Beginning 1957, includes agricultural commodities donated abroad through voluntary agencies; classified under "Agriculture and agricultural resources" in the earlier years.
[3] Beginning with 1952, includes watershed projects of the Soil Conservation Service; these are classified under "Agriculture and agricultural resources" in the earlier years.
[4] Includes adjustment to Daily Treasury Statement prior to 1953.
[5] Estimate.
[6] Includes allowance of $1 billion for civilian and military pay increases, $750 million for possible shortfall in asset sales, and $400 million for contingencies.

Sources: Treasury Department and Bureau of the Budget.

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TABLE B–60.—*Federal administrative budget receipts and expenditures and the public debt, 1929–68*

[Millions of dollars]

Fiscal or calendar year	Net receipts [1]	Expenditures	Surplus or deficit (−)	Public debt at end of year [2]
Fiscal year:				
1929	3,861	3,127	734	16,931
1930	4,058	3,320	738	16,185
1931	3,116	3,577	−462	16,801
1932	1,924	4,659	−2,735	19,487
1933	1,997	4,598	−2,602	22,539
1934	3,015	6,645	−3,630	27,734
1935	3,706	6,497	−2,791	32,824
1936	3,997	8,422	−4,425	38,497
1937	4,956	7,733	−2,777	41,089
1938	5,588	6,765	−1,177	42,018
1939	4,979	8,841	−3,862	45,890
1940	5,137	9,055	−3,918	48,497
1941	7,096	13,255	−6,159	55,332
1942	12,547	34,037	−21,490	76,991
1943	21,947	79,368	−57,420	140,796
1944	43,563	94,986	−51,423	202,626
1945	44,362	98,303	−53,941	259,115
1946	39,650	60,326	−20,676	269,898
1947	39,677	38,923	754	258,376
1948	41,375	32,955	8,419	252,366
1949	37,663	39,474	−1,811	252,798
1950	36,422	39,544	−3,122	257,377
1951	47,480	43,970	3,510	255,251
1952	61,287	65,303	−4,017	259,151
1953	64,671	74,120	−9,449	266,123
1954	64,420	67,537	−3,117	271,341
1955	60,209	64,389	−4,180	274,418
1956	67,850	66,224	1,626	272,825
1957	70,562	68,966	1,596	270,634
1958	68,550	71,369	−2,819	276,444
1959	67,915	80,342	−12,427	284,817
1960	77,763	76,539	1,224	286,471
1961	77,659	81,515	−3,856	289,211
1962	81,409	87,787	−6,378	298,645
1963	86,376	92,642	−6,266	306,466
1964	89,459	97,684	−8,226	312,526
1965	93,072	96,507	−3,435	317,864
1966	104,727	106,978	−2,251	320,369
1967 [3]	116,995	126,729	−9,734	327,300
1968 [3]	126,937	135,033	−8,096	335,400
Calendar year:				
1948	40,800	35,559	5,241	252,854
1949	37,464	41,056	−3,592	257,160
1950	37,235	37,657	−422	256,731
1951	52,877	56,236	−3,358	259,461
1952	64,705	70,547	−5,842	267,445
1953	63,654	72,811	−9,157	275,244
1954	60,938	64,622	−3,683	278,784
1955	63,119	65,891	−2,771	280,822
1956	70,616	66,838	3,779	276,731
1957	71,749	71,157	592	275,002
1958	68,262	75,349	−7,088	283,031
1959	72,738	79,778	−7,040	290,925
1960	79,518	77,565	1,953	290,373
1961	78,157	84,463	−6,306	296,499
1962	84,709	91,907	−7,199	303,988
1963	87,516	94,188	−6,672	310,089
1964	88,696	96,945	−8,248	318,750
1965	96,679	101,378	−4,699	321,359
1966	110,802	118,078	−7,276	329,814

[1] Gross receipts less refunds of receipts and transfers of tax receipts to the old-age and survivors insurance trust fund, the disability insurance trust fund, the railroad retirement account, the unemployment trust fund, and the highway trust fund.

[2] Includes guaranteed issues except those held by the Treasury. The change in the public debt from year to year reflects not only the budget surplus or deficit but also changes in the Government's cash on hand, and the use of corporate debt and investment transactions by certain Government enterprises.

[3] Estimate.

Sources: Treasury Department and Bureau of the Budget.

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TABLE B-61.—*Government cash receipts from and payments to the public, 1946–68*

[Billions of dollars]

Fiscal or calendar year	Total			Federal [1]			State and local [2]		
	Cash receipts	Cash payments	Excess of receipts or of payments (−)	Cash receipts	Cash payments	Excess of receipts or of payments (−)	Cash receipts	Cash payments	Excess of receipts or of payments (−)
Fiscal year:									
1946	54.2	70.2	−16.0	43.5	61.7	−18.2	10.7	8.5	2.2
1947	55.6	47.5	8.1	43.5	36.9	6.6	12.0	10.6	1.5
1948	59.4	49.9	9.4	45.4	36.5	8.9	14.0	13.5	.5
1949	57.2	56.3	.8	41.6	40.6	1.0	15.6	15.8	−.2
1950	57.9	61.4	−3.5	40.9	43.1	−2.2	16.9	18.2	−1.3
1951	72.1	65.2	6.9	53.4	45.8	7.6	18.7	19.4	−.7
1952	88.4	88.7	−.3	68.0	68.0	(3)	20.4	20.8	−.4
1953	93.6	98.6	−5.0	71.5	76.8	−5.3	22.1	21.8	.3
1954	95.2	95.6	−.5	71.6	71.9	−.2	23.6	23.8	−.2
1955	92.9	97.2	−4.3	67.8	70.5	−2.7	25.1	26.7	−1.6
1956	105.0	101.3	3.7	77.1	72.5	4.5	27.9	28.8	−.9
1957	112.7	111.5	1.2	82.1	80.0	2.1	30.6	31.5	−.9
1958	114.4	118.0	−3.5	81.9	83.5	−1.6	32.5	34.5	−2.0
1959	116.3	131.8	−15.6	81.7	94.8	−13.1	34.6	37.1	−2.5
1960	133.8	132.5	1.3	95.1	94.3	.8	38.7	38.2	.6
1961	138.8	141.2	−2.5	97.2	99.5	−2.3	41.5	41.7	−.2
1962	146.4	152.7	−6.3	101.9	107.7	−5.8	44.6	45.0	−.5
1963	158.6	161.5	−2.9	109.7	113.8	−4.0	48.9	47.7	1.2
1964	167.9	171.3	−3.4	115.5	120.3	−4.8	52.4	51.0	1.4
1965	176.6	177.7	−1.1	119.7	122.4	−2.7	56.9	55.3	1.6
1966	196.3	197.5	−1.2	134.5	137.8	−3.3	61.8	59.7	2.1
1967 [4]	-------	-------	-------	154.7	160.9	−6.2	-------	-------	-------
1968 [4]	-------	-------	-------	168.1	172.4	−4.3	-------	-------	-------
Calendar year:									
1946	52.7	50.8	1.9	41.4	41.4	.1	11.3	9.4	1.9
1947	57.2	50.6	6.6	44.3	38.6	5.7	12.9	12.0	.9
1948	59.8	51.6	8.1	44.9	36.9	8.0	14.8	14.7	.1
1949	57.7	59.7	−2.0	41.3	42.6	−1.3	16.3	17.0	−.7
1950	60.2	61.0	−.8	42.4	42.0	.5	17.8	19.0	−1.3
1951	78.8	78.1	.7	59.3	58.0	1.2	19.5	20.0	−.5
1952	92.6	93.3	−.7	71.3	72.0	−.6	21.3	21.3	(5)
1953	93.1	100.1	−7.0	70.2	77.4	−7.2	22.9	22.7	.2
1954	92.8	95.0	−2.2	68.6	69.7	−1.1	24.2	25.3	−1.1
1955	97.8	99.9	−2.1	71.4	72.2	−.7	26.4	27.7	−1.4
1956	109.6	105.0	4.7	80.3	74.7	5.6	29.3	30.2	−.9
1957	116.2	116.4	−.2	84.5	83.4	1.1	31.7	33.0	−1.3
1958	115.3	124.8	−9.5	81.7	89.0	−7.2	33.5	35.9	−2.3
1959	123.9	132.8	−8.9	87.6	95.6	−8.0	36.4	37.3	−.9
1960	138.6	134.8	3.7	98.3	94.7	3.6	40.3	40.1	.2
1961	141.0	148.4	−7.4	97.9	104.7	−6.8	43.1	43.7	−.5
1962	153.3	158.0	−4.8	106.2	111.9	−5.7	47.1	46.2	.9
1963	162.9	166.5	−3.6	112.6	117.2	−4.6	50.3	49.3	1.1
1964	169.9	173.6	−3.7	115.0	120.3	−5.2	54.9	53.4	1.6
1965	183.0	185.9	−3.0	123.4	127.9	−4.5	59.6	58.0	1.6
1966 [p]	209.9	212.5	−2.6	145.1	150.9	−5.7	64.8	61.6	3.2

[1] For derivation of Federal cash receipts and payments, see *Budget of the United States Government for the Fiscal Year ending June 30, 1968*, and Table B-64.
[2] Estimated by Council of Economic Advisers from receipts and expenditures in the national income accounts. Cash receipts consist of personal tax and nontax receipts, indirect business tax and nontax accruals, and corporate tax accruals adjusted to a collection basis. Cash payments are total expenditures less Federal grants-in-aid and less contributions for social insurance. (Federal grants-in-aid are therefore excluded from State and local receipts and payments and included only in Federal payments.) See Table B-62.
[3] Surplus of $49 million.
[4] Estimate.
[5] Deficit of $13 million.

Sources: Treasury Department, Bureau of the Budget, Department of Commerce (Office of Business Economics), and Council of Economic Advisers.

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TABLE B–62.—*Government receipts and expenditures in the national income and product accounts, 1929–66*

[Billions of dollars]

Calendar year or quarter	Total government			Federal Government [1]			State and local government		
	Receipts	Expenditures	Surplus or deficit (−), national income and product accounts	Receipts	Expenditures	Surplus or deficit (−), national income and product accounts	Receipts	Expenditures	Surplus or deficit (−), national income and product accounts
1929	11.3	10.3	1.0	3.8	2.6	1.2	7.6	7.8	−0.2
1930	10.8	11.1	−.3	3.0	2.8	.3	7.8	8.4	−.6
1931	9.5	12.4	−2.9	2.0	4.2	−2.1	7.7	8.5	−.8
1932	8.9	10.6	−1.8	1.7	3.2	−1.5	7.3	7.6	−.3
1933	9.3	10.7	−1.4	2.7	4.0	−1.3	7.2	7.2	−.1
1934	10.5	12.9	−2.4	3.5	6.4	−2.9	8.6	8.1	.5
1935	11.4	13.4	−2.0	4.0	6.5	−2.6	9.1	8.6	.6
1936	12.9	16.1	−3.1	5.0	8.7	−3.6	8.6	8.1	.5
1937	15.4	15.0	.3	7.0	7.4	−.4	9.1	8.4	.7
1938	15.0	16.8	−1.8	6.5	8.6	−2.1	9.3	9.0	.4
1939	15.4	17.6	−2.2	6.7	8.9	−2.2	9.6	9.6	(2)
1940	17.7	18.4	−.7	8.6	10.0	−1.3	10.0	9.3	.6
1941	25.0	28.8	−3.8	15.4	20.5	−5.1	10.4	9.1	1.3
1942	32.6	64.0	−31.4	22.9	56.1	−33.1	10.6	8.8	1.8
1943	49.2	93.3	−44.1	39.3	85.8	−46.6	10.9	8.4	2.5
1944	51.2	103.0	−51.8	41.0	95.5	−54.5	11.1	8.5	2.7
1945	53.2	92.7	−39.5	42.5	84.6	−42.1	11.6	9.0	2.6
1946	50.9	45.5	5.4	39.1	35.6	3.5	12.9	11.0	1.9
1947	56.8	42.4	14.4	43.2	29.8	13.4	15.3	14.3	1.0
1948	58.9	50.3	8.5	43.3	34.9	8.4	17.6	17.4	.1
1949	56.0	59.1	−3.2	38.9	41.3	−2.4	19.3	20.0	−.7
1950	68.7	60.8	7.8	49.9	40.8	9.1	21.1	22.3	−1.2
1951	84.8	79.0	5.8	64.0	57.8	6.2	23.3	23.7	−.4
1952	89.8	93.7	−3.8	67.2	71.0	−3.8	25.2	25.3	(3)
1953	94.3	101.2	−6.9	70.0	77.0	−7.0	27.2	27.0	.1
1954	89.7	96.7	−7.0	63.8	69.7	−5.9	28.8	29.9	−1.1
1955	100.4	97.6	2.7	72.1	68.1	4.0	31.4	32.7	−1.3
1956	109.0	104.1	4.9	77.6	71.9	5.7	34.7	35.6	−.9
1957	115.6	114.9	.7	81.6	79.6	2.1	38.2	39.5	−1.4
1958	114.7	127.2	−12.5	78.7	88.9	−10.2	41.6	44.0	−2.3
1959	128.9	131.0	−2.1	89.7	91.0	−1.2	46.0	46.8	−.8
1960	139.8	136.1	3.7	96.5	93.0	3.5	49.9	49.6	.2
1961	144.6	149.0	−4.3	98.3	102.1	−3.8	53.6	54.1	−.5
1962	157.0	159.9	−2.9	106.4	110.3	−3.8	58.6	57.6	.9
1963	168.8	166.9	1.8	114.5	113.9	.7	63.4	62.2	1.2
1964	174.2	175.6	−1.4	115.1	118.1	−3.0	69.6	67.9	1.7
1965	189.0	185.8	3.2	124.9	123.4	1.6	75.3	73.7	1.6
1966 p	[4] 212.2	208.7	3.5	[4] 142.4	142.2	.2	[4] 84.3	81.0	3.3
	Seasonally adjusted annual rates								
1964: I	172.3	173.2	−0.9	115.3	117.2	−1.9	66.8	65.7	1.0
II	170.8	176.5	−5.7	112.3	119.1	−6.7	68.7	67.6	1.1
III	175.4	176.2	−.8	115.4	118.4	−3.0	70.8	68.6	2.2
IV	178.3	176.2	2.1	117.2	117.7	−.5	72.0	69.5	2.6
1965: I	186.5	180.1	6.4	124.0	119.6	4.5	73.4	71.5	1.9
II	188.5	182.4	6.1	125.0	120.6	4.4	74.6	72.9	1.7
III	188.6	189.6	−1.0	123.8	126.3	−2.5	75.9	74.4	1.5
IV	192.6	191.2	1.4	126.9	127.0	−.2	77.3	75.7	1.6
1966: I	203.1	198.4	4.7	136.0	133.7	2.3	80.1	77.7	2.4
II	209.5	202.2	7.3	141.0	137.1	3.8	83.2	79.7	3.5
III	215.9	212.5	3.3	145.3	145.8	−.5	85.9	82.1	3.8
IV p	-------	221.6	-------	-------	152.2	-------	-------	84.7	-------

[1] See Note, Table B–63.
[2] Surplus of $32 million.
[3] Deficit of $41 million.
[4] Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.

NOTE.—Federal grants-in-aid to State and local governments are reflected in Federal expenditures and State and local receipts and expenditures. Total government receipts and expenditures have been adjusted to eliminate this duplication.

Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce, Office of Business Economics.

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TABLE B–63.—*Federal Government receipts and expenditures in the national income and product accounts, 1946–68*

[Billions of dollars]

Year or quarter	Receipts					Expenditures							Surplus or deficit (—), national income and product accounts
	Total	Personal tax and nontax receipts	Corporate profits tax accruals	Indirect business tax and nontax accruals	Contributions for social insurance	Total	Purchases of goods and services	Transfer payments: To persons	Transfer payments: To foreigners (net)	Grants-in-aid to State and local governments	Net interest paid	Subsidies less current surplus of government enterprises	
Fiscal year:													
1946	38.4	16.9	8.3	7.4	5.8	55.5	40.1	-----	-----	0.9	3.7	2.1	−17.1
1947	42.7	18.8	10.6	7.9	5.5	29.5	13.0	8.3	1.8	1.5	4.2	.7	13.2
1948	43.6	20.0	11.2	7.9	4.6	30.9	13.2	8.7	2.6	1.8	4.2	.5	12.7
1949	40.0	16.3	11.0	8.0	4.8	39.6	19.3	8.1	5.0	2.1	4.3	.8	.4
1950	42.0	16.5	11.9	8.2	5.5	42.4	19.0	11.3	4.3	2.4	4.4	1.0	−.5
1951	60.8	23.2	21.5	9.5	6.6	44.6	25.1	8.1	3.1	2.4	4.6	1.3	16.2
1952	65.1	28.8	19.3	9.7	7.3	66.0	46.6	8.5	2.6	2.5	4.8	1.1	−1.0
1953	69.3	31.4	19.7	10.7	7.5	75.8	56.1	9.3	2.1	2.8	4.8	.9	−6.5
1954	65.8	30.3	17.3	10.4	7.8	74.2	53.2	10.5	1.7	2.9	5.0	1.0	−8.5
1955	67.2	29.7	18.7	10.0	8.7	67.3	43.9	12.1	2.1	3.0	4.9	1.3	−.1
1956	75.8	33.6	21.1	10.8	10.2	69.8	45.2	12.8	1.8	3.2	5.1	1.7	6.0
1957	80.7	36.7	20.6	11.7	11.7	76.0	47.7	14.4	1.9	3.7	5.5	2.8	4.7
1958	77.9	36.3	17.8	11.6	12.2	83.1	50.7	17.8	1.7	4.7	5.7	2.5	−5.1
1959	85.4	38.2	21.5	11.9	13.8	90.9	54.7	19.8	1.8	6.2	5.9	2.4	−5.5
1960	94.8	42.5	22.3	13.2	16.7	91.3	52.7	20.6	1.8	6.8	7.0	2.3	3.5
1961	95.3	43.6	20.3	13.3	18.1	98.0	55.5	23.6	2.1	6.9	6.8	3.2	−2.7
1962	104.2	47.3	22.9	14.2	19.9	106.4	60.9	25.1	2.1	7.6	6.8	3.8	−2.1
1963	110.2	49.6	23.5	15.0	22.1	111.4	63.4	26.4	2.1	8.4	7.5	3.6	−1.2
1964	115.5	50.7	25.6	15.6	23.6	116.9	65.7	27.3	2.2	9.8	8.1	3.8	−1.4
1965	120.6	51.3	27.8	16.9	24.6	118.3	64.3	28.2	2.2	10.9	8.5	4.1	2.3
1966	132.6	57.9	30.7	15.9	28.1	132.3	71.7	32.0	2.3	12.9	9.1	4.5	.3
1967 [1]	149.8	65.5	32.3	16.5	35.5	153.6	83.6	37.4	2.4	14.8	10.0	5.4	−3.8
1968 [1]	167.1	76.8	35.3	16.9	38.1	169.2	91.9	44.0	2.6	16.7	10.5	3.5	−2.1
Calendar year:													
1946	39.1	17.2	8.6	7.8	5.5	35.6	17.2	9.2	2.2	1.1	4.2	1.6	3.5
1947	43.2	19.6	10.7	7.8	5.1	29.8	12.5	8.8	1.9	1.7	4.2	.6	13.4
1948	43.3	19.0	11.8	8.0	4.5	34.9	16.5	7.6	3.8	2.0	4.3	.7	8.4
1949	38.9	16.1	9.8	8.0	4.9	41.3	20.1	8.7	5.1	2.2	4.4	.8	−2.4
1950	49.9	18.1	17.0	8.9	5.9	40.8	18.4	10.8	3.6	2.3	4.5	1.2	9.1
1951	64.0	26.1	21.5	9.4	7.1	57.8	37.7	8.5	3.1	2.5	4.7	1.3	6.2
1952	67.2	31.0	18.5	10.3	7.4	71.0	51.8	8.8	2.1	2.6	4.7	1.0	−3.8
1953	70.0	32.2	19.5	10.9	7.4	77.0	57.0	9.5	2.0	2.8	4.9	.8	−7.0
1954	63.8	29.0	17.0	9.7	8.1	69.7	47.4	11.5	1.8	2.9	5.0	1.1	−5.9
1955	72.1	31.4	20.6	10.7	9.3	68.1	44.1	12.4	2.0	3.1	4.9	1.5	4.0
1956	77.6	35.2	20.6	11.2	10.6	71.9	45.6	13.4	1.9	3.3	5.3	2.4	5.7
1957	81.6	37.4	20.2	11.8	12.2	79.6	49.5	15.7	1.8	4.2	5.7	2.6	2.1
1958	78.7	36.8	18.0	11.5	12.4	88.9	53.6	19.5	1.8	5.6	5.6	2.7	−10.2
1959	89.7	39.9	22.5	12.5	14.8	91.0	53.7	20.1	1.8	6.8	6.4	2.1	−1.2
1960	96.5	43.6	21.7	13.5	17.7	93.0	53.5	21.5	1.9	6.5	7.1	2.5	3.5
1961	98.3	44.7	21.8	13.6	18.2	102.1	57.4	24.9	2.1	7.2	6.6	3.8	−3.8
1962	106.4	48.6	22.7	14.6	20.5	110.3	63.4	25.5	2.2	8.0	7.2	4.0	−3.8
1963	114.5	51.5	24.6	15.3	23.1	113.9	64.2	27.0	2.2	9.1	7.7	3.6	.7
1964	115.1	48.6	26.5	16.2	23.9	118.1	65.2	27.8	2.2	10.4	8.3	4.2	−3.0
1965	124.9	54.2	29.1	16.8	24.8	123.4	66.8	30.3	2.2	11.2	8.7	4.2	1.6
1966 p	[2] 142.4	61.9	[2] 31.5	16.0	33.0	142.2	77.0	34.2	2.3	14.6	9.6	4.6	[2] .2
Calendar quarter:	Seasonally adjusted annual rates												
1964: I	115.3	50.4	26.0	15.5	23.4	117.2	64.9	28.3	2.2	9.8	8.2	4.0	−1.9
II	112.3	46.2	26.4	16.1	23.7	119.1	66.6	27.5	2.3	10.2	8.2	4.2	−6.7
III	115.4	48.1	26.8	16.6	24.0	118.4	65.1	27.6	2.2	10.8	8.4	4.4	−3.0
IV	117.2	49.6	26.7	16.5	24.4	117.7	64.1	27.7	2.1	11.0	8.4	4.4	−.5
1965: I	124.0	53.4	28.7	17.5	24.5	119.6	64.4	29.2	2.0	11.0	8.6	4.3	4.5
II	125.0	54.9	28.7	16.8	24.6	120.6	65.6	28.4	2.5	11.1	8.7	4.2	4.4
III	123.8	53.8	28.9	16.3	24.7	126.3	67.5	32.5	2.2	11.1	8.8	4.1	−2.5
IV	126.9	54.7	30.3	16.7	25.2	127.0	69.8	30.8	1.9	11.6	8.8	4.1	−.2
1966: I	136.0	57.1	31.9	15.2	31.7	133.7	71.9	32.6	2.8	13.0	9.3	4.1	2.3
II	141.0	60.7	31.9	16.1	32.2	137.1	74.0	32.6	2.2	14.6	9.5	4.2	3.8
III	145.3	63.9	31.6	16.2	33.6	145.8	79.0	34.5	2.4	15.3	9.7	4.8	−.5
IV p	-------	65.8	------	16.5	34.3	152.2	82.5	37.2	2.0	15.3	10.0	5.2	------

[1] Estimate.

[2] Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.

NOTE.—These accounts, like the cash budget, include the transactions of the trust accounts. Unlike both the administrative budget and the cash statement, they exclude certain financial transactions. In general, they do not use the cash basis for transactions with business. Instead, corporate profits taxes are included in receipts on an accrual instead of a cash basis; expenditures are timed with the delivery instead of the payment for goods and services; and CCC guaranteed price-support crop loans financed by banks are counted as expenditures when the loans are made, not when CCC redeems them.

Data for Alaska and Hawaii included beginning 1960.

Sources: Department of Commerce (Office of Business Economics) and Bureau of the Budget.

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TABLE B-64.—*Relation of three measures of Federal Government receipts and expenditures, fiscal years, 1964–68* [1]

[Billions of dollars]

Receipts or expenditures	Fiscal years				
	1964	1965	1966	1967 [2]	1968 [2]
RECEIPTS					
Administrative budget receipts	89.5	93.1	104.7	117.0	126.9
Plus: Trust fund receipts	30.3	31.0	34.9	44.9	48.1
Less: Intragovernmental transactions	4.2	4.3	4.5	6.2	6.5
Receipts from exercise of the monetary authority	.1	.1	.6	1.1	.5
Equals: Federal receipts from the public	115.5	119.7	134.5	154.7	168.1
Less:					
Exclusions from the Federal sector, national income accounts:					
Loans repaid	.5	.3	.3	.4	.2
Items classified in another sector:					
District of Columbia	.3	.3	.3	.3	.4
Foreign assistance, military trust	.7	.8	.7	1.1	1.4
Plus:					
Exclusions from Federal receipts from the public:					
Excess of accruals over collections	.7	1.1	−1.2	−3.9	.4
Employer/employee contributions to Federal retirement funds	2.0	2.2	2.3	2.3	2.3
Plus:					
Miscellaneous netting, grossing, and related adjustments:					
Receipts netted against expenditures, etc.	−1.2	−.7	−1.2	−1.0	−1.0
Other	−.1	−.2	−.5	−.5	−.7
Equals: Federal receipts, national income and product accounts	115.5	120.6	132.6	149.8	167.1
EXPENDITURES					
Administrative budget expenditures	**97.7**	**96.5**	**107.0**	**126.7**	**135.0**
Plus: Trust fund expenditures [3]	28.9	29.6	34.9	40.9	44.5
Less: Intragovernmental transactions	4.2	4.3	4.5	6.2	6.5
Debt issued in lieu of checks and other adjustments	2.0	−.6	−.4	.6	.7
Equals: Federal payments to the public	**120.3**	**122.4**	**137.8**	**160.9**	**172.4**
Less: Exclusions from the Federal sector:					
Loans and financial transactions:					
Lending: Net	2.0	3.3	3.2	4.3	1.8
Federal land banks and Federal home loan banks	1.8	1.2	1.9	1.7	.2
Acquisition of foreign currency for financing agricultural exports	1.1	1.2	1.0	1.1	1.0
Items classified in other sectors:					
District of Columbia	.3	.4	.4	.5	.6
Foreign assistance, military trust	.5	.7	.8	1.1	1.4
Plus: Exclusions from Federal payments to public:					
Excess of deliveries or accruals over payments	.5	.8	−.3	.2	.4
Employer/employee contributions to Federal retirement funds	2.0	2.2	2.3	2.3	2.3
Plus: Miscellaneous netting, grossing, and related adjustments:					
Receipts netted against expenditures	−1.2	−.7	−1.2	−1.0	−1.0
Other	1.1	.5	1.0	*	.1
Equals: Federal expenditures, national income and product accounts	**116.9**	**118.3**	**132.3**	**153.6**	**169.2**

[1] The Federal sector receipts and expenditures are identical to those published by the Department of Commerce in the *Survey of Current Business*.
[2] Data for 1967 and 1968 are estimates.
[3] Includes Government sponsored enterprises, net.

NOTE.—Data for Alaska and Hawaii included.

Sources: Bureau of the Budget and Department of Commerce (Office of Business Economics).

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B–65.—*State and local government revenues and expenditures, selected fiscal years, 1927–65*

[Millions of dollars]

Fiscal year [1]	General revenues by source [2]							General expenditures by function [2]				
	Total	Property taxes	Sales and gross receipts taxes	Individual income taxes	Corporation net income taxes	Revenue from Federal Government	All other revenue [3]	Total	Education	Highways	Public welfare	All other [4]
1927	7,271	4,730	470	70	92	116	1,793	7,210	2,235	1,809	151	3,015
1932	7,267	4,487	752	74	79	232	1,643	7,765	2,311	1,741	444	3,269
1934	7,678	4,076	1,008	80	49	1,016	1,449	7,181	1,831	1,509	889	2,952
1936	8,395	4,093	1,484	153	113	948	1,604	7,644	2,177	1,425	827	3,215
1938	9,228	4,440	1,794	218	165	800	1,811	8,757	2,491	1,650	1,069	3,547
1940	9,609	4,430	1,982	224	156	945	1,872	9,229	2,638	1,573	1,156	3,862
1942	10,418	4,537	2,351	276	272	858	2,123	9,190	2,586	1,490	1,225	3,889
1944	10,908	4,604	2,289	342	451	954	2,269	8,863	2,793	1,200	1,133	3,737
1946	12,356	4,986	2,986	422	447	855	2,661	11,028	3,356	1,672	1,409	4,591
1948	17,250	6,126	4,442	543	592	1,861	3,685	17,684	5,379	3,036	2,099	7,170
1950	20,911	7,349	5,154	788	593	2,486	4,541	22,787	7,177	3,803	2,940	8,867
1952	25,181	8,652	6,357	998	846	2,566	5,763	26,098	8,318	4,650	2,788	10,342
1953	27,307	9,375	6,927	1,065	817	2,870	6,252	27,910	9,390	4,987	2,914	10,619
1954	29,012	9,967	7,276	1,127	778	2,966	6,897	30,701	10,557	5,527	3,060	11,557
1955	31,073	10,735	7,643	1,237	744	3,131	7,584	33,724	11,907	6,452	3,168	12,197
1956	34,667	11,749	8,691	1,538	890	3,335	8,465	36,711	13,220	6,953	3,139	13,399
1957	38,164	12,864	9,467	1,754	984	3,843	9,252	40,375	14,134	7,816	3,485	14,940
1958	41,219	14,047	9,829	1,759	1,018	4,865	9,699	44,851	15,919	8,567	3,818	16,547
1959	45,306	14,983	10,437	1,994	1,001	6,377	10,516	48,887	17,283	9,592	4,136	17,876
1960	50,505	16,405	11,849	2,463	1,180	6,954	11,634	51,876	18,719	9,428	4,404	19,324
1961	54,037	18,002	12,463	2,613	1,266	7,131	12,563	56,201	20,574	9,844	4,720	21,063
1962	58,252	19,054	13,494	3,037	1,308	7,871	13,489	60,206	22,216	10,357	5,084	22,549
1963	62,890	20,089	14,456	3,269	1,505	8,722	14,850	64,816	23,776	11,136	5,481	24,423
1962–63 [5]	62,269	19,833	14,446	3,267	1,505	8,663	14,555	63,977	23,729	11,150	5,420	23,678
1963–64 [5]	68,443	21,241	15,762	3,791	1,695	10,002	15,952	69,302	26,286	11,664	5,766	25,586
1964–65 [5]	74,341	22,918	17,118	4,090	1,929	11,029	17,257	74,786	28,803	12,221	6,315	27,447

[1] Fiscal years not the same for all governments. See footnote 5.

[2] Excludes revenues or expenditures of publicly owned utilities and liquor stores, and of insurance-trust activities. Intergovernmental receipts and payments between State and local governments are also excluded.

[3] Includes licenses and other taxes and charges and miscellaneous revenues.

[4] Includes expenditures for health, hospitals, police, local fire protection, natural resources, sanitation, housing and urban renewal, local parks and recreation, general control, financial administration, interest on general debt, and other unallocable expenditures.

[5] Data for fiscal year ending in the 12-month period through June 30. Data for 1963 and earlier years include local government amounts grouped in terms of fiscal years ended during the particular calendar year.

NOTE.—Data are not available for intervening years.

Data for Alaska and Hawaii included beginning 1959 and 1960, respectively.

See Table B–55 for net debt of State and local governments.

Source: Department of Commerce, Bureau of the Census.

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TABLE B–66.—*Profits before and after taxes, all private corporations, 1929–66*

[Billions of dollars]

Year or quarter	Corporate profits (before taxes) and inventory valuation adjustment: All industries	Manufacturing: Total	Manufacturing: Durable goods industries	Manufacturing: Nondurable goods industries	Transportation, communication, and public utilities	All other industries	Corporate profits before taxes	Corporate tax liability [1]	Corporate profits after taxes: Total	Dividend payments	Undistributed profits	Corporate capital consumption allowances [2]	Profits plus capital consumption allowances [3]
1929	10.5	5.2	2.6	2.6	1.8	3.4	10.0	1.4	8.6	5.8	2.8	4.2	12.8
1930	7.0	3.9	1.5	2.4	1.2	1.9	3.7	.8	2.9	5.5	−2.6	4.3	7.2
1931	2.0	1.3	*	1.3	.5	.2	−.4	.5	−.9	4.1	−4.9	4.3	3.5
1932	−1.3	−.5	−1.0	.5	.2	−.9	−2.3	.4	−2.7	2.5	−5.2	4.0	1.3
1933	−1.2	−.4	−.4	*	*	−.8	1.0	.5	.4	2.0	−1.6	3.8	4.2
1934	1.7	1.1	.3	.8	.4	.3	2.3	.7	1.6	2.6	−1.0	3.6	5.2
1935	3.4	2.1	.9	1.1	.4	.9	3.6	1.0	2.6	2.8	−.2	3.6	6.3
1936	5.6	3.2	1.7	1.5	.7	1.7	6.3	1.4	4.9	4.5	.4	3.6	8.5
1937	6.8	3.8	1.7	2.1	.8	2.2	6.8	1.5	5.3	4.7	.6	3.6	8.9
1938	4.9	2.3	.8	1.6	.5	2.1	4.0	1.0	2.9	3.2	−.2	3.7	6.6
1939	6.3	3.3	1.7	1.7	1.0	2.0	7.0	1.4	5.6	3.8	1.8	3.7	9.3
1940	9.8	5.5	3.1	2.4	1.3	3.0	10.0	2.8	7.2	4.0	3.2	3.8	11.0
1941	15.2	9.5	6.4	3.1	2.0	3.7	17.7	7.6	10.1	4.4	5.7	4.2	14.4
1942	20.3	11.8	7.2	4.6	3.4	5.1	21.5	11.4	10.1	4.3	5.9	5.0	15.2
1943	24.4	13.8	8.1	5.7	4.4	6.2	25.1	14.1	11.1	4.4	6.6	5.4	16.4
1944	23.8	13.2	7.4	5.9	3.9	6.7	24.1	12.9	11.2	4.6	6.5	6.1	17.2
1945	19.2	9.7	4.5	5.2	2.7	6.7	19.7	10.7	9.0	4.6	4.4	6.4	15.4
1946	19.3	9.0	2.4	6.6	1.8	8.5	24.6	9.1	15.5	5.6	9.9	4.7	20.2
1947	25.6	13.6	5.8	7.8	2.2	9.9	31.5	11.3	20.2	6.3	13.9	5.8	26.0
1948	33.0	17.6	7.5	10.0	3.0	12.5	35.2	12.5	22.7	7.0	15.6	7.0	29.7
1949	30.8	16.2	8.1	8.1	3.0	11.6	28.9	10.4	18.5	7.2	11.3	7.9	26.5
1950	37.7	20.9	12.0	8.9	4.0	12.7	42.6	17.8	24.9	8.8	16.0	8.8	33.7
1951	42.7	24.6	13.2	11.4	4.6	13.5	43.9	22.3	21.6	8.6	13.0	10.3	31.8
1952	39.9	21.6	11.7	9.9	4.9	13.3	38.9	19.4	19.6	8.6	11.0	11.5	31.0
1953	39.6	22.0	11.9	10.1	5.0	12.6	40.6	20.3	20.4	8.9	11.5	13.2	33.5
1954	38.0	19.9	10.5	9.4	4.7	13.4	38.3	17.7	20.6	9.3	11.3	15.0	35.5
1955	46.9	26.0	14.3	11.8	5.6	15.2	48.6	21.6	27.0	10.5	16.5	17.4	44.4
1956	46.1	24.7	12.8	11.9	5.9	15.6	48.8	21.7	27.2	11.3	15.9	18.9	46.1
1957	45.6	24.0	13.3	10.7	5.8	15.8	47.2	21.2	26.0	11.7	14.2	20.8	46.8
1958	41.1	19.3	9.3	10.0	5.9	15.9	41.4	19.0	22.3	11.6	10.8	22.0	44.3
1959	51.7	26.3	13.6	12.7	7.0	18.4	52.1	23.7	28.5	12.6	15.9	23.5	52.0
1960	49.9	24.4	12.0	12.4	7.5	17.9	49.7	23.0	26.7	13.4	13.2	24.9	51.6
1961	50.3	23.3	11.4	11.9	7.9	19.1	50.3	23.1	27.2	13.8	13.5	26.2	53.5
1962	55.7	26.6	14.1	12.5	8.5	20.5	55.4	24.2	31.2	15.2	16.0	30.1	61.3
1963	58.9	28.8	15.8	13.0	9.5	20.6	59.4	26.3	33.1	16.5	16.6	31.8	64.8
1964	66.6	32.4	17.9	14.5	10.4	23.8	67.0	28.4	38.7	17.3	21.3	33.9	72.5
1965	74.2	37.8	22.1	15.7	11.1	25.3	75.7	31.2	44.5	19.2	25.3	36.3	80.8
1966 [4]	79.8	40.7	23.5	17.2	12.0	27.1	81.8	33.7	48.1	20.9	27.1	38.8	86.8
	Seasonally adjusted annual rates												
1964: I	65.3	32.1	18.1	14.1	10.1	23.0	65.8	27.9	38.0	17.1	20.9	32.9	70.9
II	66.5	32.4	17.7	14.6	10.2	23.9	66.8	28.3	38.5	17.3	21.3	33.5	72.0
III	67.8	33.0	18.4	14.6	10.6	24.2	67.8	28.7	39.1	17.4	21.7	34.2	73.3
IV	66.8	32.2	17.5	14.7	10.5	24.1	67.7	28.6	39.0	17.7	21.4	34.8	73.9
1965: I	73.2	37.4	21.9	15.5	10.7	25.1	74.5	30.7	43.8	18.1	25.7	35.2	79.0
II	72.7	36.7	21.2	15.5	10.9	25.1	74.5	30.7	43.8	18.8	25.0	36.0	79.8
III	74.0	37.4	21.9	15.5	11.2	25.3	75.0	30.9	44.1	19.5	24.6	36.8	80.9
IV	76.9	39.6	23.2	16.4	11.5	25.8	78.7	32.4	46.3	20.2	26.1	37.2	83.5
1966: I	80.0	41.9	24.7	17.2	11.3	26.7	82.7	34.1	48.7	20.9	27.8	37.7	86.4
II	79.9	40.6	23.4	17.2	12.0	27.2	82.8	34.1	48.7	21.1	27.6	38.5	87.1
III	79.1	39.5	22.5	17.0	12.2	27.4	81.9	33.7	48.2	21.1	27.1	39.1	87.3
IV [p]	------	------	------	------	------	------	------	------	------	20.7	------	39.7	------

[1] Federal and State corporate income and excess profits taxes.
[2] Includes depreciation and accidental damages.
[3] Corporate profits after taxes plus corporate capital consumption allowances.
[4] Data for corporate profits are approximations for the year as a whole; data for fourth quarter are not available. All other data incorporating or derived from these figures are correspondingly approximate.

NOTE.—Beginning 1962 data reflect the new depreciation guidelines issued by the Treasury Department July 11, 1962, and the investment tax credit provided in the Revenue Act of 1962.

Source: Department of Commerce, Office of Business Economics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B-67.—*Sales, profits, and stockholders' equity, all manufacturing corporations (except newspapers), 1947–66*

[Billions of dollars]

Year or quarter	All manufacturing corporations				Durable goods industries				Nondurable goods industries			
	Sales (net)	Profits		Stockholders' equity [1]	Sales (net)	Profits		Stockholders' equity [1]	Sales (net)	Profits		Stockholders' equity [1]
		Before taxes	After taxes			Before taxes	After taxes			Before taxes	After taxes	
1947	150.7	16.6	10.1	65.1	66.6	7.6	4.5	31.1	84.1	9.0	5.6	34.0
1948	165.6	18.4	11.5	72.2	75.3	8.9	5.4	34.1	90.4	9.5	6.2	38.1
1949	154.9	14.4	9.0	77.6	70.3	7.5	4.5	37.0	84.6	7.0	4.6	40.6
1950	181.9	23.2	12.9	83.3	86.8	12.9	6.7	39.9	95.1	10.3	6.1	43.5
1951	245.0	27.4	11.9	98.3	116.8	15.4	6.1	47.2	128.1	12.1	5.7	51.1
1952	250.2	22.9	10.7	103.7	122.0	12.9	5.5	49.8	128.0	10.0	5.2	53.9
1953	265.9	24.4	11.3	108.2	137.9	14.0	5.8	52.4	128.0	10.4	5.5	55.7
1954	248.5	20.9	11.2	113.1	122.8	11.4	5.6	54.9	125.7	9.6	5.6	58.2
1955	278.4	28.6	15.1	120.1	142.1	16.5	8.1	58.8	136.3	12.1	7.0	61.3
1956	307.3	29.8	16.2	131.6	159.5	16.5	8.3	65.2	147.8	13.2	7.8	66.4
1957	320.0	28.2	15.4	141.1	166.0	15.8	7.9	70.5	154.1	12.4	7.5	70.6
1958	305.3	22.7	12.7	147.4	148.6	11.4	5.8	72.8	156.7	11.3	6.9	74.6
1959	338.0	29.7	16.3	157.1	169.4	15.8	8.1	77.9	168.5	13.9	8.3	79.2
1960	345.7	27.5	15.2	165.4	173.9	14.0	7.0	82.3	171.8	13.5	8.2	83.1
1961	356.4	27.5	15.3	172.6	175.2	13.6	6.9	84.9	181.2	13.9	8.5	87.7
1962	389.9	31.9	17.7	181.4	195.5	16.7	8.6	89.1	194.4	15.1	9.2	92.3
1963	412.7	34.9	19.5	189.7	209.0	18.5	9.5	93.3	203.6	16.4	10.0	96.3
1964	443.1	39.6	23.2	199.8	226.3	21.2	11.6	98.5	216.8	18.3	11.6	101.3
1965	492.2	46.5	27.5	211.7	257.0	26.2	14.5	105.4	235.2	20.3	13.0	106.3
1964: I	104.6	9.0	5.1	195.2	53.3	4.9	2.5	96.2	51.3	4.1	2.6	99.1
II	111.9	10.6	6.1	198.5	58.6	6.1	3.3	97.9	53.3	4.6	2.9	100.6
III	110.2	9.6	5.7	201.7	55.2	4.8	2.7	99.5	54.9	4.8	3.0	102.2
IV	116.5	10.3	6.3	203.6	59.2	5.4	3.1	100.4	57.3	4.9	3.2	103.2
1965: I	114.9	10.7	6.2	205.4	60.0	6.1	3.3	102.2	54.9	4.6	2.9	103.2
II	124.0	12.3	7.2	209.7	66.0	7.2	4.0	104.6	58.0	5.1	3.2	105.1
III	121.5	11.0	6.6	213.6	62.0	5.8	3.3	106.4	59.4	5.2	3.3	107.2
IV	131.9	12.5	7.5	218.1	69.0	7.1	4.0	108.2	62.9	5.4	3.5	109.9
1966: I	129.9	12.4	7.2	222.4	68.0	7.0	3.8	110.0	61.9	5.4	3.4	112.4
II	141.0	14.0	8.4	228.6	75.4	8.2	4.6	114.2	65.6	5.8	3.7	114.3
III	137.8	12.3	7.4	233.4	71.1	6.5	3.7	117.1	66.7	5.8	3.7	116.3

[1] Annual data are average equity for the year (using four end-of-quarter figures).

NOTE.—For explanatory notes concerning compilation of the series, see *Quarterly Financial Report for Manufacturing Corporations*, Federal Trade Commission and Securities and Exchange Commission.

Data are not necessarily comparable from one period to another due to changes in accounting procedures, industry classifications, sampling procedures, etc. Specific information about the effects of the more significant changes and revisions is contained in the following issues of the *Quarterly Financial Report:* third quarter 1953, third quarter 1956, first quarter 1959, and first quarter 1965.

Comparability for certain industries was affected by changes noted in the following reports: fourth quarter 1952, first quarter 1955, second quarter 1960, third quarter 1960, fourth quarter 1965, and second quarter 1966.

Data for Alaska and Hawaii included for all periods.

Sources: Federal Trade Commission and Securities and Exchange Commission.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B–68.—*Relation of profits after taxes to stockholders' equity and to sales, all manufacturing corporations (except newspapers), by industry group, 1947–66*

Year or quarter	All manufacturing corporations (except newspapers)	Durable goods industries: Total durable	Motor vehicles and equipment	Aircraft and parts	Electrical machinery, equipment and supplies	Machinery (except electrical)	Fabricated metal products	Primary iron and steel industries	Primary nonferrous metal industries	Stone, clay, and glass products	Furniture and fixtures	Lumber and wood products (except furniture)	Instruments and related products	Miscellaneous manufacturing (including ordnance)
	Ratio of profits after Federal taxes (annual rate) to stockholders' equity—percent [2]													
1947	15.6	14.4	16.4	------	19.0	15.7	17.6	12.0	12.4	14.0	18.0	22.9	14.4	14.0
1948	16.0	15.7	19.9	------	16.1	16.3	17.0	14.7	14.2	15.0	15.9	19.2	14.0	12.2
1949	11.6	12.1	22.1	------	13.6	11.6	10.4	10.0	8.1	13.1	8.1	9.1	12.1	7.2
1950	15.4	16.9	25.3	------	20.9	14.1	16.0	14.3	15.1	17.7	15.2	17.5	16.7	12.3
1951	12.1	13.0	14.3	------	14.0	13.0	13.4	12.3	13.8	14.2	11.3	11.9	13.2	9.7
1952	10.3	11.1	13.9	------	13.7	11.3	10.1	8.5	11.6	11.7	8.6	8.5	11.6	7.0
1953	10.5	11.1	13.9	------	13.1	9.8	9.8	10.7	11.1	11.8	8.2	7.1	11.4	8.2
1954	9.9	10.3	14.1	------	12.4	8.6	7.6	8.1	10.4	12.5	6.0	6.3	12.3	7.5
1955	12.6	13.8	21.7	------	12.3	10.3	10.0	13.5	15.5	15.6	9.2	11.1	12.5	8.5
1956	12.3	12.8	13.1	------	11.4	12.6	10.7	12.7	16.4	14.9	11.6	8.7	12.4	11.6
1957	10.9	11.3	14.2	17.7	12.5	10.7	9.3	11.4	9.3	12.4	8.5	4.7	12.0	7.7
1958	8.6	8.0	8.2	13.2	10.2	6.9	7.3	7.2	6.0	10.2	6.3	5.7	10.6	8.2
1959	10.4	10.4	14.5	8.1	12.5	9.7	8.0	8.0	7.9	12.7	8.9	9.4	13.1	9.3
1960	9.2	8.5	13.5	7.3	9.5	7.5	5.6	7.2	7.1	9.9	6.5	3.6	11.6	9.2
1961	8.9	8.1	11.4	9.8	8.9	7.8	5.9	6.1	7.1	8.9	4.9	4.1	10.6	9.9
1962	9.8	9.6	16.3	12.7	10.0	9.1	7.9	5.4	7.5	8.9	7.9	5.6	12.0	9.4
1963	10.3	10.1	16.7	11.3	10.1	9.6	8.3	7.0	7.6	8.7	8.3	8.2	12.1	8.8
1964	11.6	11.7	16.9	12.2	11.2	12.5	10.1	8.8	9.8	9.6	10.1	9.9	14.4	9.5
1965	13.0	13.8	19.5	15.2	13.5	14.1	13.2	9.8	11.9	10.3	13.4	10.1	17.5	10.7
1965: I	12.1	12.9	22.9	12.2	11.7	12.0	11.3	11.0	11.8	4.6	9.8	6.7	14.7	8.7
II	13.8	15.3	23.5	14.7	13.1	15.8	15.0	11.5	13.3	12.1	13.0	10.7	16.0	10.5
III	12.3	12.4	10.3	16.4	13.2	14.4	14.1	8.6	10.4	13.5	14.5	12.7	17.7	9.4
IV	13.7	14.6	21.4	17.2	16.0	14.3	12.5	7.9	12.2	10.8	16.0	10.1	21.5	14.1
1966: I	13.0	14.0	20.6	14.6	14.3	14.4	13.9	9.1	14.0	5.9	12.4	8.1	17.6	12.2
II	14.7	16.2	19.7	15.9	15.5	17.0	16.6	12.2	16.2	12.9	15.9	14.6	20.5	13.4
III	12.7	12.6	5.5	12.7	14.6	14.8	15.6	9.7	13.6	12.3	14.5	11.2	22.0	15.7
	Profits after taxes per dollar of sales—cents													
1947	6.7	6.7	6.0	------	6.3	7.2	7.4	6.6	8.9	7.9	6.0	11.4	7.7	6.3
1948	7.0	7.1	6.9	------	5.9	7.3	7.1	7.6	9.0	8.6	5.5	9.9	7.8	5.6
1949	5.8	6.4	7.9	------	5.7	6.4	5.1	6.5	6.9	8.6	3.3	5.9	7.1	3.6
1950	7.1	7.7	8.3	------	7.2	7.3	6.8	7.9	10.2	10.1	5.1	9.4	8.6	5.6
1951	4.8	5.3	4.7	------	5.0	5.5	5.0	5.8	7.8	7.1	3.4	5.5	6.1	3.7
1952	4.3	4.5	4.7	------	4.5	4.8	4.0	4.7	6.7	6.6	2.7	4.1	4.8	2.7
1953	4.3	4.2	3.9	------	4.1	4.2	3.6	5.3	6.3	6.5	2.6	3.5	4.6	2.9
1954	4.5	4.6	5.1	------	4.5	4.4	3.1	5.3	6.6	7.4	2.1	3.4	5.5	2.8
1955	5.4	5.7	6.9	------	4.4	5.1	3.8	7.2	8.3	8.6	2.9	5.4	6.0	3.1
1956	5.3	5.2	5.2	------	3.8	5.4	4.0	6.7	9.3	8.2	3.4	3.9	5.8	3.6
1957	4.8	4.8	5.4	2.9	4.2	4.8	3.6	6.6	6.6	7.5	2.6	2.3	5.7	2.5
1958	4.2	3.9	4.0	2.4	3.8	3.7	3.1	5.4	4.7	6.8	2.0	2.8	5.4	3.0
1959	4.8	4.8	6.3	1.6	4.4	4.8	3.2	5.4	5.8	7.9	2.7	4.2	6.5	3.5
1960	4.4	4.0	5.9	1.4	3.5	3.9	2.4	5.1	5.4	6.6	2.1	1.7	5.9	3.5
1961	4.3	3.9	5.5	1.8	3.5	4.1	2.5	4.6	5.3	5.8	1.6	1.9	5.4	3.6
1962	4.5	4.4	6.9	2.4	3.7	4.5	3.1	3.9	5.5	5.6	2.3	2.5	5.9	3.4
1963	4.7	4.5	6.9	2.3	3.8	4.7	3.2	4.8	5.3	5.3	2.4	3.3	6.0	3.3
1964	5.2	5.1	7.0	2.6	4.2	5.8	3.7	5.6	6.5	5.6	2.9	3.9	7.2	3.6
1965	5.6	5.7	7.2	3.3	4.8	6.2	4.5	5.7	7.3	5.9	3.7	4.0	8.6	3.8
1965: I	5.4	5.5	8.1	2.7	4.3	5.7	4.2	6.2	7.6	3.1	2.9	2.9	7.8	3.6
II	5.8	6.1	8.2	3.1	4.6	6.6	5.1	6.2	7.7	6.7	3.7	4.2	8.0	3.9
III	5.4	5.3	4.8	3.6	4.7	6.3	4.8	5.2	6.7	7.2	4.0	4.7	9.0	3.4
IV	5.7	5.7	7.3	3.5	5.2	6.1	4.1	5.2	7.3	6.0	4.2	3.9	9.5	4.1
1966: I	5.6	5.6	7.3	3.1	4.8	6.3	4.8	5.4	8.0	3.9	3.6	3.3	8.5	4.2
II	5.9	6.2	7.1	3.2	5.1	6.9	5.3	6.4	8.5	6.8	4.2	5.2	9.3	4.3
III	5.4	5.2	2.8	2.7	4.9	6.4	5.1	5.4	7.7	6.5	3.9	4.1	10.1	5.1

See footnotes at end of table.

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TABLE B-68.—*Relation of profits after taxes to stockholders' equity and to sales, all manufacturing corporations (except newspapers), by industry group, 1947–66*—Continued

Year or quarter	Nondurable goods industries										
	Total nondurable[1]	Food and kindred products	Tobacco manufactures	Textile mill products	Apparel and related products	Paper and allied products	Printing and publishing (except newspapers)	Chemicals and allied products	Petroleum refining	Rubber and miscellaneous plastic products	Leather and leather products
	Ratio of profits after Federal taxes (annual rate) to stockholders' equity—percent[2]										
1947	16.6	17.6	10.1	19.5	18.9	22.0	17.2	15.9	------	12.4	14.0
1948	16.2	12.8	13.6	18.7	12.1	16.4	14.7	15.8	------	12.3	10.4
1949	11.2	11.8	12.6	7.6	7.5	10.7	11.4	13.2	------	8.7	6.2
1950	14.1	12.3	11.5	12.7	10.1	16.2	11.5	17.8	------	16.9	10.9
1951	11.2	8.1	9.5	8.2	2.9	13.9	10.3	12.2	15.2	14.8	2.1
1952	9.7	7.6	8.4	4.2	4.4	10.5	9.1	10.9	13.3	11.1	5.8
1953	9.9	8.1	9.4	4.6	5.1	10.1	9.4	10.7	13.4	11.3	6.0
1954	9.6	8.1	10.2	1.8	4.5	9.9	9.2	11.6	12.7	10.6	5.9
1955	11.4	8.9	11.4	5.7	6.1	11.5	10.2	14.7	13.4	13.2	8.5
1956	11.8	9.3	11.7	5.8	8.1	11.6	13.0	14.2	13.9	12.2	7.2
1957	10.6	8.7	12.5	4.2	6.3	8.9	11.7	13.3	12.5	11.1	7.0
1958	9.2	8.7	13.5	3.5	4.9	8.1	9.0	11.4	10.0	9.1	5.7
1959	10.4	9.3	13.4	7.5	8.6	9.5	11.4	13.7	9.8	11.0	8.5
1960	9.8	8.7	13.4	5.8	7.7	8.5	10.6	12.2	10.1	9.1	6.3
1961	9.6	8.9	13.6	5.0	7.2	7.9	8.5	11.8	10.3	9.3	4.4
1962	9.9	8.8	13.1	6.2	9.3	8.1	10.3	12.4	10.1	9.6	6.9
1963	10.4	9.0	13.4	6.1	7.7	8.1	9.2	12.9	11.3	9.2	6.9
1964	11.5	10.0	13.4	8.5	11.7	9.3	12.6	14.4	11.4	10.6	10.5
1965	12.2	10.7	13.5	10.9	12.7	9.4	14.2	15.3	11.8	11.7	11.6
1965: I	11.4	9.5	11.5	9.9	9.5	8.3	13.8	14.5	11.6	10.2	10.9
II	12.2	10.4	14.3	10.5	10.8	9.4	12.4	16.4	11.8	11.7	10.5
III	12.3	11.6	14.6	10.9	15.3	9.1	15.6	15.0	11.5	11.1	11.2
IV	12.8	11.2	13.6	12.0	15.0	10.7	14.7	15.1	12.5	13.7	13.8
1966: I	12.1	10.0	12.1	9.4	11.0	10.2	15.0	15.2	12.2	11.0	13.2
II	13.1	11.2	14.8	10.9	13.8	11.3	15.6	16.6	12.2	13.3	12.7
III	12.8	12.3	15.3	10.4	14.6	10.0	16.4	14.7	12.1	11.9	12.6
	Profits after taxes per dollar of sales—cents										
1947	6.7	4.2	4.1	8.2	4.6	10.7	6.1	8.8	------	4.4	4.3
1948	6.8	3.3	5.2	8.3	3.1	8.5	5.2	8.8	------	4.7	3.3
1949	5.4	3.3	5.1	4.1	2.1	6.5	4.5	8.2	------	3.8	2.2
1950	6.5	3.4	4.9	5.8	2.8	8.8	4.5	10.3	------	5.8	3.7
1951	4.5	2.0	3.8	3.4	.6	6.6	3.7	6.5	11.1	4.5	.6
1952	4.1	1.9	3.2	1.9	1.0	5.7	3.3	6.1	10.1	3.6	1.8
1953	4.3	2.0	3.7	2.2	1.2	5.4	3.4	6.1	10.4	3.8	1.8
1954	4.4	2.1	4.2	1.0	1.1	5.6	3.4	6.8	10.6	4.0	1.9
1955	5.1	2.3	4.8	2.6	1.3	6.1	3.6	8.3	11.1	4.4	2.5
1956	5.3	2.4	5.0	2.6	1.6	6.1	4.2	8.0	11.6	4.4	2.1
1957	4.9	2.2	5.2	1.9	1.3	5.0	3.7	7.6	10.6	4.2	2.0
1958	4.4	2.2	5.4	1.6	1.0	4.7	3.1	7.0	9.5	3.5	1.7
1959	4.9	2.4	5.4	3.0	1.5	5.2	4.0	7.9	9.5	4.0	2.2
1960	4.8	2.3	5.5	2.5	1.4	5.0	3.6	7.5	9.9	3.6	1.6
1961	4.7	2.3	5.7	2.1	1.3	4.7	2.8	7.3	10.3	3.8	1.1
1962	4.7	2.3	5.7	2.4	1.6	4.6	3.4	7.4	9.7	3.7	1.8
1963	4.9	2.4	5.9	2.3	1.4	4.5	3.2	7.5	10.8	3.6	1.8
1964	5.4	2.7	5.9	3.1	2.1	5.1	4.3	7.9	10.9	4.1	2.6
1965	5.5	2.7	5.9	3.8	2.3	4.9	4.8	7.9	11.1	4.3	2.8
1965: I	5.4	2.5	5.5	3.7	1.9	4.5	4.9	7.7	10.9	3.9	2.7
II	5.5	2.7	6.0	3.8	2.0	5.0	4.3	8.2	11.0	4.1	2.7
III	5.6	3.0	6.1	3.8	2.7	4.8	5.3	7.9	10.9	4.1	2.7
IV	5.6	2.8	5.9	4.1	2.5	5.4	4.7	7.9	11.4	4.9	3.1
1966: I	5.5	2.6	5.4	3.4	2.1	5.3	5.1	8.0	11.1	4.0	3.1
II	5.7	2.8	6.2	3.9	2.5	5.6	5.1	8.2	11.0	4.6	3.0
III	5.6	2.9	6.3	3.7	2.5	5.0	5.5	7.6	11.2	4.4	3.0

[1] Includes certain industries not shown separately.
[2] Annual ratios based on average equity for the year (using four end-of-quarter figures). Quarterly ratios based on equity at end of quarter only.

NOTE.—Ratios based on data in millions of dollars.
For explanatory notes concerning compilation of the series, see *Quarterly Financial Report for Manufacturing Corporations*, Federal Trade Commission and Securities and Exchange Commission. See also Note, Table B-67.
Data for Alaska and Hawaii included for all periods.

Sources: Federal Trade Commission and Securities and Exchange Commission.

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TABLE B-69.—*Sources and uses of funds, nonfarm nonfinancial corporate business, 1955–66*

[Billions of dollars]

Source or use of funds	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
Sources, total	53.6	47.2	42.0	42.2	55.5	47.3	54.7	63.3	65.9	70.5	88.0	94.0
Internal sources [1]	29.2	28.9	30.6	29.5	35.0	34.4	35.6	41.8	43.9	50.8	55.3	58.6
Undistributed profits [1]	13.9	13.2	11.8	8.3	12.6	10.0	10.2	12.4	13.6	18.5	21.7	23.0
Corporate inventory valuation adjustment	−1.7	−2.7	−1.5	−.3	−.5	.2	−.1	.3	−.5	−.4	−1.5	−2.0
Capital consumption allowances [1]	17.0	18.4	20.3	21.4	22.9	24.2	25.4	29.2	30.8	32.8	35.1	37.6
External sources	24.5	18.3	11.4	12.7	20.5	12.9	19.1	21.5	22.0	19.7	32.7	35.4
Stocks	1.9	2.3	2.4	2.1	2.2	1.6	2.5	.6	−.3	1.4	*	.8
Bonds	2.8	3.6	6.3	5.7	3.0	3.5	4.6	4.6	3.9	4.0	5.4	10.1
Mortgages	.7	.4	.4	1.2	1.2	.7	1.8	2.9	3.5	3.3	3.2	2.2
Bank loans, n.e.c.	3.2	4.4	1.1	−.6	3.0	1.3	.1	2.5	2.9	3.6	8.7	6.2
Other loans	*	*	.7	.2	.3	1.0	.3	.7	.5	1.3	1.3	2.2
Trade debt	8.7	5.7	.5	4.3	4.9	3.1	6.6	4.5	6.0	3.4	7.9	7.8
Profits tax liability	4.1	−2.0	−2.1	−2.6	2.4	−2.2	1.2	1.1	1.5	.9	2.0	−.3
Other liabilities	3.0	3.9	2.2	2.4	3.6	4.0	1.9	4.7	4.0	1.8	4.2	6.4
Uses, total	51.4	43.1	40.0	42.1	54.3	45.3	55.0	61.6	65.8	67.1	87.3	92.0
Purchases of physical assets	31.5	35.9	34.7	27.3	36.9	39.2	37.0	44.7	46.7	52.2	61.9	73.8
Nonresidential fixed investment	25.8	30.7	33.4	28.4	31.1	34.9	33.2	37.0	38.6	44.1	51.3	59.9
Residential structures	.8	.4	.7	1.4	1.7	1.3	2.2	3.0	3.7	3.7	3.9	3.0
Change in business inventories	4.9	4.9	.6	−2.5	4.1	3.0	1.5	4.7	4.3	4.4	6.8	11.0
Increase in financial assets [2]	19.9	7.2	5.3	14.8	17.4	6.1	18.0	16.9	19.1	14.9	25.4	18.2
Liquid assets	5.2	−4.2	−.1	2.5	5.6	−3.9	3.5	4.1	4.3	.7	.6	−2.5
Demand deposits and currency	1.0	.1	*	1.5	−1.0	−.5	1.7	−.9	−.8	−2.5	−1.9	−2.0
Time deposits	−.1	*	*	.9	−.4	1.3	1.9	3.7	3.9	3.2	3.9	−.7
U.S. Government securities	4.2	−4.5	−.4	*	6.6	−5.4	−.2	.5	.5	−1.4	−2.1	−1.9
Finance company paper	.1	.1	.3	.1	.4	.7	.1	.9	.7	1.5	.7	2.1
Consumer credit	.7	.4	.2	.5	.8	.2	.1	.9	.7	1.0	1.2	1.2
Trade credit	11.4	7.5	2.6	7.9	7.2	6.3	10.0	8.2	8.5	9.1	13.7	13.2
Other financial assets	2.3	3.4	2.5	3.5	3.3	3.7	4.6	4.1	4.8	4.0	9.3	6.3
Discrepancy (uses less sources)	−2.2	−4.1	−2.0	−.1	−1.1	−2.0	.3	−1.6	−.1	−3.3	−.7	−2.0

[1] The figures shown here for "internal sources," "undistributed profits," and "capital consumption allowances" differ from those shown for "cash flow, net of dividends," "undistributed profits" and "capital consumption allowances" in the gross corporate product table in the national income and product accounts of the Department of Commerce for the following reasons: (1) these figures include, and the statistics in the gross corporate product table exclude, branch profits remitted from foreigners net of corresponding U.S. remittances to foreigners; and (2) these figures exclude, and the gross corporate product figures include, the internal funds of corporations whose major activity is farming.

[2] Includes some categories not shown separately.

NOTE.—Includes data for Alaska and Hawaii.

Source: Board of Governors of the Federal Reserve System.

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TABLE B-70.—*Current assets and liabilities of United States corporations, 1939–66*

[Billions of dollars]

End of year or quarter	Current assets							Current liabilities					Net working capital
	Total	Cash on hand and in banks	U.S. Government securities	Receivables from U.S. Government [1]	Other notes and accounts receivable	Inventories	Other current assets [2]	Total	Advances and prepayments, U.S. Government [1]	Other notes and accounts payable	Federal income tax liabilities	Other current liabilities	
1939	54.5	10.8	2.2	-------	22.1	18.0	1.4	30.0	-------	21.9	1.2	6.9	24.5
1940	60.3	13.1	2.0	0.1	23.9	19.8	1.5	32.8	0.6	22.6	2.5	7.1	27.5
1941	72.9	13.9	4.0	.6	27.4	25.6	1.4	40.7	.8	25.6	7.1	7.2	32.3
1942	83.6	17.6	10.1	4.0	23.3	27.3	1.3	47.3	2.0	24.0	12.6	8.7	36.3
1943	93.8	21.6	16.4	5.0	21.9	27.6	1.3	51.6	2.2	24.1	16.6	8.7	42.1
1944	97.2	21.6	20.9	4.7	21.8	26.8	1.4	51.7	1.8	25.0	15.5	9.4	45.6
1945	97.4	21.7	21.1	2.7	23.2	26.3	2.4	45.8	.9	24.8	10.4	9.7	51.6
1946	108.1	22.8	15.3	.7	30.0	37.6	1.7	51.9	.1	31.5	8.5	11.8	56.2
1947	123.6	25.0	14.1	38.3		44.6	1.6	61.5	37.6		10.7	13.2	62.1
1948	133.0	25.3	14.8	42.4		48.9	1.6	64.4	39.3		11.5	13.5	68.6
1949	133.1	26.5	16.8	43.0		45.3	1.4	60.7	37.5		9.3	14.0	72.4
1950	161.5	28.1	19.7	1.1	55.7	55.1	1.7	79.8	.4	47.9	16.7	14.9	81.6
1951	179.1	30.0	20.7	2.7	58.8	64.9	2.1	92.6	1.3	53.6	21.3	16.5	86.5
1952	186.2	30.8	19.9	2.8	64.6	65.8	2.4	96.1	2.3	57.0	18.1	18.7	90.1
1953	190.6	31.1	21.5	2.6	65.9	67.2	2.4	98.9	2.2	57.3	18.7	20.7	91.8
1954	194.6	33.4	19.2	2.4	71.2	65.3	3.1	99.7	2.4	59.3	15.5	22.5	94.9
1955	224.0	34.6	23.5	2.3	86.6	72.8	4.2	121.0	2.3	73.8	19.3	25.7	103.0
1956	237.9	34.8	19.1	2.6	95.1	80.4	5.9	130.5	2.4	81.5	17.6	29.0	107.4
1957	244.7	34.9	18.6	2.8	99.4	82.2	6.7	133.1	2.3	84.3	15.4	31.1	111.6
1958	255.3	37.4	18.8	2.8	106.9	81.9	7.5	136.6	1.7	88.7	12.9	33.3	118.7
1959	277.3	36.3	22.8	2.9	117.7	88.4	9.1	153.1	1.7	99.3	15.0	37.0	124.2
1960	289.0	37.2	20.1	3.1	126.1	91.8	10.6	160.4	1.8	105.0	13.5	40.1	128.6
1961	306.8	41.1	20.0	3.4	135.8	95.2	11.4	171.2	1.8	112.8	14.1	42.5	135.6
New series [3]													
1961	304.6	40.7	19.2	3.4	133.3	95.2	12.9	155.8	1.8	110.0	14.2	29.8	148.8
1962	326.5	43.7	19.6	3.7	144.2	100.7	14.7	170.9	2.0	119.1	15.2	34.5	155.6
1963	351.7	46.5	20.2	3.6	156.8	107.0	17.8	188.2	2.5	130.4	16.5	38.7	163.5
1964	372.6	47.1	18.8	3.4	170.6	114.0	18.8	200.3	2.7	139.6	17.2	40.7	172.3
1965	407.9	49.2	16.7	3.9	189.6	126.3	22.1	224.5	3.1	157.2	19.2	45.0	183.4
1964: I	352.2	42.7	20.8	3.3	158.5	108.3	18.7	186.3	2.6	128.4	15.9	39.4	165.9
II	358.6	44.5	19.8	3.0	162.9	109.3	19.1	190.1	2.6	131.3	15.5	40.8	168.4
III	366.2	45.1	18.8	3.2	168.8	110.9	19.5	195.1	2.7	134.5	16.3	41.7	171.1
IV	372.6	47.1	18.8	3.4	170.6	114.0	18.8	200.3	2.7	139.6	17.2	40.7	172.3
1965: I	378.4	44.4	18.3	3.3	174.6	117.1	20.6	203.2	2.8	141.1	16.8	42.5	175.1
II	386.3	45.8	16.1	3.2	179.9	119.4	21.9	208.6	2.9	145.8	16.2	43.8	177.7
III	395.4	45.6	15.8	3.6	185.2	123.1	22.1	214.6	3.1	150.0	17.2	44.3	180.7
IV	407.9	49.2	16.7	3.9	189.6	126.3	22.1	224.5	3.1	157.2	19.2	45.0	183.4
1966: I	413.7	46.9	16.9	3.9	192.5	130.2	23.4	227.7	3.8	157.5	19.1	47.3	186.0
II	423.6	47.7	15.3	4.0	198.4	134.4	23.7	233.1	3.9	163.4	16.7	49.1	190.4
III	431.4	46.9	14.6	4.2	202.8	139.4	23.5	239.9	4.4	167.1	17.9	50.4	191.5

[1] Receivables from and payables to U.S. Government do not include amounts offset against each other on corporations' books or amounts arising from subcontracting which are not directly due from or to the U.S. Government. Wherever possible, adjustments have been made to include U.S. Government advances offset against inventories on corporations' books.

[2] Includes marketable securities other than U.S. Government.

[3] Generally reflects definitions and classifications used in *Statistics of Income* for 1961.

NOTE.—Data relate to all United States corporations, excluding banks, savings and loan associations, insurance companies, and beginning with the new series for 1961, investment companies. Year-end data through 1963 are based on *Statistics of Income* (Treasury Department), covering virtually all corporations in the United States. *Statistics of Income* data may not be strictly comparable from year to year because of changes in the tax laws, basis for filing returns, and processing of data for compilation purposes. All other figures shown are estimates based on data compiled from many different sources, including data on corporations registered with the Securities and Exchange Commission.

Source: Securities and Exchange Commission.

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TABLE B-71.—*State and municipal and corporate securities offered, 1934–66* [1]

[Millions of dollars]

Year or quarter	State and municipal securities offered for cash (principal amounts)	Corporate securities offered for cash [2]									
		Gross proceeds [3]				Proposed uses of net proceeds [4]					
							New money				
		Total	Common stock	Preferred stock	Bonds and notes	Total	Total	Plant and equipment	Working capital	Retirement of securities	Other purposes
1934	939	397	19	6	372	384	57	32	26	231	95
1935	1,232	2,332	22	86	2,224	2,266	208	111	96	1,865	193
1936	1,121	4,572	272	271	4,028	4,431	858	380	478	3,368	204
1937	908	2,310	285	406	1,618	2,239	991	574	417	1,100	148
1938	1,108	2,155	25	86	2,044	2,110	681	504	177	1,206	222
1939	1,128	2,164	87	98	1,980	2,115	325	170	155	1,695	95
1940	1,238	2,677	108	183	2,386	2,615	569	424	145	1,854	192
1941	956	2,667	110	167	2,390	2,623	868	661	207	1,583	172
1942	524	1,062	34	112	917	1,043	474	287	187	396	173
1943	435	1,170	56	124	990	1,147	308	141	167	739	100
1944	661	3,202	163	369	2,670	3,142	657	252	405	2,389	96
1945	795	6,011	397	758	4,855	5,902	1,080	638	442	4,555	267
1946	1,157	6,900	891	1,127	4,882	6,757	3,279	2,115	1,164	2,868	610
1947	2,324	6,577	779	762	5,036	6,466	4,591	3,409	1,182	1,352	524
1948	2,690	7,078	614	492	5,973	6,959	5,929	4,221	1,708	307	722
1949	2,907	6,052	736	425	4,890	5,959	4,606	3,724	882	401	952
1950	3,532	6,361	811	631	4,920	6,261	4,006	2,966	1,041	1,271	984
1951	3,189	7,741	1,212	838	5,691	7,607	6,531	5,110	1,421	486	589
1952	4,401	9,534	1,369	564	7,601	9,380	8,180	6,312	1,868	664	537
1953	5,558	8,898	1,326	489	7,083	8,755	7,960	5,647	2,313	260	535
1954	6,969	9,516	1,213	816	7,488	9,365	6,780	5,110	1,670	1,875	709
1955	5,977	10,240	2,185	635	7,420	10,049	7,957	5,333	2,624	1,227	864
1956	5,446	10,939	2,301	636	8,002	10,749	9,663	6,709	2,954	364	721
1957	6,958	12,884	2,516	411	9,957	12,661	11,784	9,040	2,744	214	663
1958	7,449	11,558	1,334	571	9,653	11,372	9,907	7,792	2,115	549	915
1959	7,681	9,748	2,027	531	7,190	9,527	8,578	6,084	2,494	135	814
1960	7,230	10,154	1,664	409	8,081	9,924	8,758	5,662	3,097	271	895
1961	8,360	13,165	3,294	450	9,420	12,885	10,715	7,413	3,303	868	1,302
1962	8,558	10,705	1,314	422	8,969	10,501	8,240	5,652	2,588	754	1,507
1963	10,107	12,237	1,022	342	10,872	12,081	8,993	5,405	3,588	1,528	1,561
1964	10,544	13,957	2,679	412	10,865	13,792	11,233	7,003	4,230	754	1,805
1965	11,148	15,992	1,547	725	13,720	15,801	13,063	7,712	5,352	996	1,741
1966 [p]	11,073	18,418	1,940	570	15,908	18,169	16,193	12,715	3,477	241	1,737
1964: I	2,661	2,548	262	38	2,248	2,518	2,086	1,149	937	103	330
II	2,764	4,965	1,735	154	3,076	4,911	4,441	3,230	1,211	173	297
III	2,642	2,876	357	137	2,382	2,837	2,077	1,219	858	216	544
IV	2,478	3,568	324	83	3,160	3,526	2,629	1,405	1,224	262	635
1965: I	2,746	3,007	297	132	2,578	2,972	2,427	1,520	907	234	311
II	2,991	5,043	665	255	4,123	4,977	4,164	2,324	1,840	188	625
III	2,758	3,912	231	151	3,529	3,869	3,177	2,104	1,073	336	356
IV	2,653	4,030	353	187	3,490	3,982	3,296	1,763	1,533	237	449
1966: I	2,870	5,094	519	215	4,359	5,036	4,320	3,258	1,062	51	665
II	3,177	5,115	975	115	4,025	5,046	4,644	3,668	976	72	331
III	2,434	4,197	171	143	3,883	4,143	3,663	2,907	756	52	428
IV [p]	2,593	4,012	275	96	3,641	3,944	3,566	2,882	683	66	313

[1] These data cover substantially all new issues of State, municipal, and corporate securities offered for cash sale in the United States in amounts over $100,000 and with terms to maturity of more than 1 year.

[2] Excludes notes issued exclusively to commercial banks, intercorporate transactions, sales of investment company issues, and issues to be sold over an extended period, such as offerings under employee-purchase plans.

[3] Number of units multiplied by offering price.

[4] Net proceeds represents the amount received by the issuer after payment of compensation to distributors and other costs of flotation.

NOTE.—Data for Alaska and Hawaii included for all periods.

Sources: Securities and Exchange Commission, *The Commercial and Financial Chronicle*, and *The Bond Buyer*.

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TABLE B–72.—*Common stock prices, earnings, and yields, and stock market credit, 1939–66*

Year or month	Standard & Poor's common stock data						Stock market credit			
	Price index [1]				Dividend yield [2] (percent)	Price/earnings ratio [3]	Customer credit (excluding U.S. Government securities)			Bank loans to brokers and dealers [6]
	Total (500 stocks)	Industrials (425 stocks)	Public utilities (50 stocks)	Railroads (25 stocks)			Total	Net debit balances [4]	Bank loans to "others" [5]	
	1941–43=10						Millions of dollars			
1939	12.06	11.77	16.34	9.82	4.05	13.80	...	...	...	715
1940	11.02	10.69	15.05	9.41	5.59	10.24	...	...	...	584
1941	9.82	9.72	10.93	9.39	6.82	8.26	...	...	...	535
1942	8.67	8.78	7.74	8.81	7.24	8.80	...	...	...	850
1943	11.50	11.49	11.34	11.81	4.93	12.84	...	...	...	1,328
1944	12.47	12.34	12.81	13.47	4.86	13.66	...	...	353	2,137
1945	15.16	14.72	16.84	18.21	4.17	16.33	1,374	942	432	2,782
1946	17.08	16.48	20.76	19.09	3.85	17.69	976	473	503	1,471
1947	15.17	14.85	18.01	14.02	4.93	9.36	1,032	517	515	784
1948	15.53	15.34	16.77	15.27	5.54	6.90	968	499	469	1,331
1949	15.23	15.00	17.87	12.83	6.59	6.64	1,249	821	428	1,608
1950	18.40	18.33	19.96	15.53	6.57	6.63	1,798	1,237	561	1,742
1951	22.34	22.68	20.59	19.91	6.13	9.27	1,826	1,253	573	1,419
1952	24.50	24.78	22.86	22.49	5.80	10.47	1,980	1,332	648	2,002
1953	24.73	24.84	24.03	22.60	5.80	9.69	2,445	1,665	780	2,248
1954	29.69	30.25	27.57	23.96	4.95	11.25	3,436	2,388	1,048	2,688
1955	40.49	42.40	31.37	32.94	4.08	11.50	4,030	2,791	1,239	2,852
1956	46.62	49.80	32.25	33.65	4.09	14.05	3,984	2,823	1,161	2,214
1957	44.38	47.63	32.19	28.11	4.35	12.89	3,576	2,482	1,094	2,190
1958	46.24	49.36	37.22	27.05	3.97	16.64	4,537	3,285	1,252	2,569
1959	57.38	61.45	44.15	35.09	3.23	17.05	4,461	3,280	1,181	2,584
1960	55.85	59.43	46.86	30.31	3.47	17.09	4,415	3,222	1,193	2,614
1961	66.27	69.99	60.20	32.83	2.98	21.06	5,602	4,259	1,343	3,398
1962	62.38	65.54	59.16	30.56	3.37	16.68	5,494	4,125	1,369	4,352
1963	69.87	73.39	64.99	37.58	3.17	17.62	7,242	5,515	1,727	4,754
1964	81.37	86.19	69.91	45.46	3.01	18.08	7,053	5,079	1,974	4,631
1965	88.17	93.48	76.08	46.78	3.00	17.08	7,705	5,521	2,184	4,135
1966	85.26	91.09	68.21	46.34	3.40	...	7,443	5,329	2,114	4,501
1965: Jan	86.12	91.04	75.87	46.79	2.99	...	6,940	4,986	1,954	4,011
Feb	86.75	91.64	77.04	46.76	2.99	...	6,872	5,007	1,865	3,851
Mar	86.83	91.75	76.92	46.98	2.99	17.69	6,941	5,055	1,886	4,434
Apr	87.97	93.08	77.24	46.63	2.95	...	7,001	5,066	1,935	4,571
May	89.28	94.69	77.50	45.53	2.92	...	7,085	5,129	1,956	4,495
June	85.04	90.19	74.19	42.52	3.07	15.93	7,084	5,114	1,970	5,325
July	84.91	89.92	74.63	43.31	3.09	...	6,833	4,863	1,970	3,673
Aug	86.49	91.68	74.71	46.13	3.06	...	6,874	4,886	1,988	3,710
Sept	89.38	94.93	76.10	46.96	2.98	17.10	7,036	4,994	2,042	3,323
Oct	91.39	97.20	76.69	48.46	2.91	...	7,117	5,073	2,044	3,480
Nov	92.15	98.02	76.72	50.23	2.96	...	7,304	5,209	2,095	3,734
Dec	91.73	97.66	75.39	51.03	3.05	17.61	7,705	5,521	2,184	4,135
1966: Jan	93.32	99.56	74.50	53.68	3.02	...	7,726	5,551	2,175	3,985
Feb	92.69	99.11	71.87	54.78	3.06	...	7,950	5,753	2,197	3,507
Mar	88.88	95.04	69.21	51.52	3.23	16.31	7,823	5,645	2,178	3,752
Apr	91.60	98.17	70.06	52.33	3.15	...	7,991	5,835	2,156	4,418
May	86.78	92.85	68.49	47.00	3.30	...	7,905	5,768	2,137	4,260
June	86.06	92.14	67.51	46.35	3.36	14.71	8,001	5,770	2,231	4,654
									New series [7]	
July	85.84	91.95	67.30	45.50	3.37	...	7,870	5,667	2,203	3,687
Aug	80.65	86.40	63.41	42.12	3.60	...	7,811	5,609	2,202	4,179
Sept	77.81	83.11	63.11	40.31	3.75	13.92	7,525	5,355	2,170	3,545
Oct	77.13	82.01	65.41	39.44	3.76	...	7,302	5,169	2,133	3,268
Nov	80.99	86.10	68.82	41.57	3.66	...	7,352	5,217	2,135	3,107
Dec	81.33	86.50	68.86	41.44	3.59	...	7,443	5,329	2,114	4,501

[1] Annual data are averages of monthly figures and monthly data are averages of daily figures.

[2] Aggregate cash dividends (based on latest known annual rate) divided by the aggregate monthly market value of the stocks in the group. Annual yields are averages of monthly data.

[3] Ratio of quarterly earnings (seasonally adjusted annual rate) to price index for last day in quarter. Annual ratios are averages of quarterly data.

[4] As reported by member firms of the New York Stock Exchange carrying margin accounts. Includes net debit balances of all customers (other than general partners in the reporting firm and member firms of national exchanges) whose combined accounts net to a debit. Balances secured by U.S. Government obligations are excluded. Data are for end of period.

[5] Loans by weekly reporting member banks (weekly reporting large commercial banks beginning July 1966) to others than brokers and dealers for purchasing or carrying securities except U.S. Government obligations. (For 1953 through June 1959 some loans for purchasing or carrying U.S. Government securities may be included.) Data are for last Wednesday of period.

[6] Loans by weekly reporting member banks (weekly reporting large commercial banks beginning July 1966) for purchasing or carrying securities, including U.S. Government obligations. Data are for last Wednesday of period.

[7] See *Federal Reserve Bulletin*, August 1966.

Sources: Board of Governors of the Federal Reserve System, Standard & Poor's Corporation, and New York Stock Exchange.

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TABLE B-73.—*Business formation and business failures, 1929–66*

Year or month	Index of net business formation (1957–59=100) [1]	New business incorporations (number) [2]	Business failures [3] [4]						
			Business failure rate [5]	Number of failures			Amount of current liabilities (millions of dollars)		
				Total	Liability size class		Total	Liability size class	
					Under $100,000	$100,000 and over		Under $100,000	$100,000 and over
1929			103.9	22,909	22,165	744	483.3	261.5	221.8
1930			121.6	26,355	25,408	947	668.3	303.5	364.8
1931			133.4	28,285	27,230	1,055	736.3	354.2	382.2
1932			154.1	31,822	30,197	1,625	928.3	432.6	495.7
1933			[6] 100.3	[6] 19,859	[6] 18,880	[6] 979	[6] 457.5	[6] 215.5	[6] 242.0
1934			61.1	12,091	11,421	670	334.0	138.5	195.4
1935			61.7	12,244	11,691	553	310.6	135.5	175.1
1936			47.8	9,607	9,285	322	203.2	102.8	100.4
1937			45.9	9,490	9,203	287	183.3	101.9	81.4
1938			61.1	12,836	12,553	283	246.5	140.1	106.4
1939			[6] 69.6	[6] 14,768	[6] 14,541	[6] 227	[6] 182.5	[6] 132.9	[6] 49.7
1940			63.0	13,619	13,400	219	166.7	119.9	46.8
1941			54.5	11,848	11,685	163	136.1	100.7	35.4
1942			44.6	9,405	9,282	123	100.8	80.3	20.5
1943			16.4	3,221	3,155	66	45.3	30.2	15.1
1944			6.5	1,222	1,176	46	31.7	14.5	17.1
1945			4.2	809	759	50	30.2	11.4	18.8
1946		132,916	5.2	1,129	1,002	127	67.3	15.7	51.6
1947		112,638	14.3	3,474	3,103	371	204.6	63.7	140.9
1948	123.1	96,101	20.4	5,250	4,853	397	234.6	93.9	140.7
1949	96.7	85,491	34.4	9,246	8,708	538	308.1	161.4	146.7
1950	102.3	92,925	34.3	9,162	8,746	416	248.3	151.2	97.1
1951	102.8	83,649	30.7	8,058	7,626	432	259.5	131.6	128.0
1952	108.0	92,819	28.7	7,611	7,081	530	283.3	131.9	151.4
1953	103.5	102,545	33.2	8,862	8,075	787	394.2	167.5	226.6
1954	99.8	117,164	42.0	11,086	10,226	860	462.6	211.4	251.2
1955	107.6	139,651	41.6	10,969	10,113	856	449.4	206.4	243.0
1956	103.2	140,775	48.0	12,686	11,615	1,071	562.7	239.8	322.9
1957	98.3	136,697	51.7	13,739	12,547	1,192	615.3	267.1	348.2
1958	97.1	[7] 150,280	55.9	14,964	13,499	1,465	728.3	297.6	430.7
1959	104.6	193,067	51.8	14,053	12,707	1,346	692.8	278.9	413.6
1960	99.8	182,713	57.0	15,445	13,650	1,795	938.6	327.2	611.4
1961	95.4	181,535	64.4	17,075	15,006	2,069	1,090.1	370.1	720.0
1962	98.0	182,057	60.8	15,782	13,772	2,010	1,213.6	346.5	867.1
1963 [8]	100.6	186,404	56.3	14,374	12,192	2,182	1,352.6	321.0	1,031.6
1964	104.5	197,724	53.2	13,501	11,346	2,155	1,329.2	313.6	1,015.6
1965	106.0	203,897	53.3	13,514	11,340	2,174	1,321.7	321.7	1,000.0
1966	105.8		51.6	13,061	10,833	2,228	1,385.7	321.5	1,064.1
1965: Jan	*106.5*	*17,275*	*52.8*	1,137	950	187	89.3	26.7	62.5
Feb	*106.6*	*17,367*	*51.7*	1,114	930	184	112.0	25.6	86.3
Mar	*106.1*	*17,112*	*54.8*	1,332	1,097	235	146.6	31.1	115.4
Apr	*104.7*	*16,504*	*50.8*	1,179	1,030	149	83.2	28.9	54.3
May	*105.4*	*16,043*	*54.1*	1,183	1,001	182	133.1	28.2	104.9
June	*106.2*	*16,671*	*50.1*	1,094	881	213	144.6	25.0	119.6
July	*106.5*	*16,369*	*52.8*	1,074	906	168	121.5	25.8	95.7
Aug	*105.7*	*16,957*	*56.9*	1,131	965	166	135.0	28.0	107.0
Sept	*106.1*	*17,138*	*59.7*	1,100	893	207	105.0	25.5	79.4
Oct	*105.5*	*16,744*	*51.5*	1,047	912	135	82.1	24.9	57.2
Nov	*106.1*	*17,418*	*51.4*	1,033	893	140	71.7	25.5	46.2
Dec	*106.9*	*16,999*	*54.2*	1,090	882	208	97.6	26.3	71.3
1966: Jan	*109.1*	*17,677*	*50.7*	1,084	916	168	103.2	27.1	76.0
Feb	*109.6*	*17,868*	*44.1*	946	800	146	95.5	24.2	71.3
Mar	*109.6*	*17,305*	*50.2*	1,226	1,037	189	103.5	28.6	74.8
Apr	*107.6*	*17,022*	*47.4*	1,106	924	182	110.1	26.1	84.1
May	*106.8*	*16,603*	*45.8*	997	847	150	96.4	23.9	72.5
June	*106.2*	*16,641*	*49.4*	1,077	885	192	123.6	26.5	97.1
July	*104.8*	*16,688*	*52.3*	1,017	879	138	69.9	26.2	43.6
Aug	*103.9*	*16,224*	*60.8*	1,249	999	250	178.1	30.7	147.4
Sept	*102.7*	*15,564*	*56.6*	1,040	867	175	129.2	25.4	103.8
Oct	*103.3*	*16,305*	*57.2*	1,150	957	193	108.0	29.6	78.4
Nov	*100.6*	*16,096*	*55.6*	1,112	919	193	106.7	29.0	77.8
Dec			*52.4*	1,055	803	252	161.5	24.2	137.2

[1] Monthly data are seasonally adjusted.
[2] Total for period. Monthly data are seasonally adjusted.
[3] Total for period.
[4] Commercial and industrial failures only. Excludes failures of banks and railroads and, beginning 1933, of real estate, insurance, holding, and financial companies, steamship lines, travel agencies, etc.
[5] Failure rate per 10,000 listed enterprises. Monthly data are seasonally adjusted.
[6] Series revised; not strictly comparable with earlier data.
[7] Includes data for Hawaii beginning 1959 and Alaska beginning 1960. (Figure for 1958 comparable with 1959 is 150,781; figure for 1960 comparable with 1959 is 182,374.)
[8] Includes data for District of Columbia beginning 1963.

Sources: Department of Commerce (Bureau of the Census) and Dun & Bradstreet, Inc.

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TABLE B-74.—*Income from agriculture, 1929–66*

Year or quarter	Personal income received by total farm population			Income received from farming					Net income per farm, including net inventory change	
				Realized gross		Production expenses	Net to farm operators			
	From all sources	From farm sources	From nonfarm sources [1]	Total [2]	Cash receipts from marketings		Excluding net inventory change	Including net inventory change [3]	Current prices	1966 prices [4]
	Billions of dollars								Dollars	
1929				13.9	11.3	7.7	6.3	6.2	945	1,929
1930				11.5	9.1	6.9	4.5	4.3	651	1,415
1931				8.4	6.4	5.5	2.9	3.3	506	1,297
1932				6.4	4.7	4.5	1.9	2.0	304	894
1933				7.1	5.3	4.4	2.7	2.6	379	1,115
1934	5.4	3.2	2.2	8.6	6.4	4.7	3.9	2.9	431	1,105
1935	7.7	5.4	2.3	9.7	7.1	5.1	4.6	5.3	775	1,987
1936	7.2	4.6	2.6	10.8	8.4	5.6	5.1	4.3	639	1,638
1937	9.0	6.2	2.7	11.4	8.9	6.2	5.2	6.0	905	2,207
1938	7.2	4.7	2.5	10.1	7.7	5.9	4.2	4.4	668	1,713
1939	7.4	4.8	2.6	10.6	7.9	6.3	4.3	4.4	685	1,803
1940	7.6	4.8	2.8	11.1	8.4	6.9	4.2	4.5	706	1,858
1941	10.1	6.8	3.3	13.9	11.1	7.8	6.1	6.5	1,031	2,515
1942	14.1	10.1	3.9	18.8	15.6	10.0	8.8	9.9	1,588	3,379
1943	16.5	12.1	4.4	23.4	19.6	11.6	11.8	11.7	1,927	3,636
1944	16.6	12.2	4.4	24.4	20.5	12.3	12.1	11.7	1,950	3,482
1945	17.2	12.8	4.4	25.8	21.7	13.1	12.8	12.3	2,063	3,557
1946	20.0	15.5	4.6	29.5	24.8	14.5	15.0	15.1	2,543	3,973
1947	21.1	15.8	5.3	34.1	29.6	17.0	17.1	15.4	2,615	3,487
1948	23.8	18.0	5.8	34.7	30.2	18.8	15.9	17.7	3,044	3,805
1949	19.5	13.3	6.2	31.6	27.8	18.0	13.6	12.8	2,233	2,900
1950	20.4	14.1	6.3	32.3	28.5	19.4	12.9	13.7	2,421	3,104
1951	22.7	16.2	6.5	37.1	32.9	22.3	14.8	16.0	2,946	3,466
1952	22.1	15.4	6.7	36.8	32.5	22.6	14.1	15.1	2,896	3,367
1953	19.8	13.4	6.4	35.0	31.0	21.3	13.7	13.1	2,626	3,089
1954	18.4	12.5	5.9	33.6	29.8	21.6	12.0	12.5	2,606	3,030
1955	17.6	11.4	6.2	33.1	29.5	21.9	11.2	11.5	2,463	2,864
1956	17.8	11.2	6.6	34.3	30.4	22.4	11.9	11.4	2,535	2,914
1957	17.7	11.0	6.6	34.0	29.7	23.3	10.7	11.3	2,590	2,878
1958	19.5	12.8	6.7	37.9	33.5	25.2	12.7	13.5	3,189	3,504
1959	18.1	11.0	7.0	37.5	33.5	26.1	11.4	11.5	2,795	3,071
1960	18.7	11.4	7.2	37.9	34.0	26.2	11.7	12.0	3,043	3,308
1961	19.0	12.1	6.9	39.6	34.9	27.0	12.6	12.9	3,389	3,684
1962	19.2	12.2	7.0	41.1	36.2	28.5	12.5	13.1	3,562	3,789
1963	18.7	12.0	6.7	42.1	37.2	29.6	12.5	13.1	3,671	3,864
1964	17.9	11.1	6.7	42.3	36.9	29.4	12.9	12.1	3,479	3,662
1965	20.6	13.7	6.8	44.9	39.2	30.7	14.2	15.2	4,493	4,632
1966 p	21.3	14.5	6.8	49.5	42.9	33.2	16.3	16.1	4,955	4,955
	Seasonally adjusted annual rates									
1965: I				42.9	37.3	30.0	12.9	12.9	3,820	3,980
II				45.4	39.7	30.8	14.6	15.5	4,590	4,730
III				45.5	39.7	30.9	14.6	16.1	4,770	4,920
IV				45.9	40.0	31.2	14.7	16.1	4,770	4,920
1966: I				48.4	42.2	31.9	16.5	17.1	5,260	5,310
II				48.7	42.2	32.5	16.2	16.4	5,040	5,040
III				49.8	43.0	33.8	16.0	15.5	4,770	4,720
IV p				51.1	44.1	34.6	16.5	15.3	4,710	4,660

[1] Includes all income received by farm residents from nonfarm sources such as wages and salaries from nonfarm employment, nonfarm business and professional income, rents from nonfarm real estate, dividends, interest, royalties, unemployment compensation, and social security payments.
[2] Cash receipts from marketings, Government payments, and nonmoney income furnished by farms.
[3] Includes net change in inventory of crops and livestock valued at the average price for the year.
[4] Income in current prices divided by the index of prices paid by farmers for family living items on a 1966 base.

Source: Department of Agriculture.

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TABLE B-75.—*Farm production indexes, 1929–66*

[1957-59=100]

Year	Farm output [1]	Crops									Livestock and products			
		Total [2]	Feed grains	Hay and forage	Food grains	Vegetables	Fruits and nuts	Cotton	Tobacco	Oil crops	Total [3]	Meat animals	Dairy products	Poultry and eggs
1929	62	73	62	79	68	73	75	120	88	13	63	62	75	44
1930	61	69	56	66	74	74	73	113	95	14	64	63	76	45
1931	66	77	63	72	79	75	92	138	89	14	65	66	78	44
1932	64	73	73	74	63	76	75	105	58	13	66	67	79	44
1933	59	65	56	69	47	73	76	105	80	11	67	70	79	44
1934	51	54	33	64	45	80	71	78	63	13	61	59	78	41
1935	61	70	60	82	55	81	90	86	76	21	59	53	78	41
1936	55	59	38	66	54	75	70	101	68	16	63	60	79	44
1937	69	81	67	75	74	82	93	154	91	18	62	58	79	44
1938	67	76	65	81	77	81	84	97	80	22	65	63	81	45
1939	68	75	65	75	63	81	96	96	110	29	70	71	82	48
1940	70	78	66	86	69	83	93	102	84	34	71	72	84	49
1941	73	79	71	86	79	84	99	88	73	37	75	76	89	54
1942	82	89	81	93	83	89	98	105	81	56	84	87	92	62
1943	80	83	74	91	72	97	84	93	81	60	91	97	91	71
1944	83	88	78	90	88	92	98	100	113	50	86	88	92	71
1945	81	85	75	93	92	94	89	74	114	54	86	84	95	74
1946	84	89	82	87	95	105	106	71	134	52	83	82	94	69
1947	81	85	63	84	111	91	101	97	122	55	82	81	93	68
1948	88	97	91	84	107	97	92	122	115	67	80	79	90	67
1949	87	92	80	83	92	94	98	131	114	61	85	83	93	74
1950	86	89	81	89	86	96	98	82	117	71	88	89	93	78
1951	89	91	75	92	85	89	100	124	135	65	92	95	92	81
1952	92	95	79	90	109	90	97	124	130	63	92	95	92	82
1953	93	94	77	92	100	95	98	134	119	63	93	94	97	84
1954	93	93	81	92	88	93	99	111	130	71	96	98	98	87
1955	96	96	86	98	83	96	99	120	127	78	99	103	99	86
1956	97	95	85	94	87	102	103	108	126	92	99	100	101	94
1957	95	93	93	101	82	98	94	89	96	91	97	96	101	95
1958	102	104	101	102	121	102	102	93	100	111	99	98	100	101
1959	103	103	106	97	97	100	104	118	104	98	104	106	99	104
1960	106	108	109	103	115	103	98	116	112	105	102	103	101	104
1961	107	107	99	102	106	110	109	116	119	122	106	106	103	112
1962	108	107	100	105	98	108	98	121	134	123	107	108	104	111
1963	112	112	110	105	102	108	102	125	135	128	111	114	103	115
1964	112	109	97	105	114	103	111	124	129	128	113	116	105	118
1965	115	116	111	112	116	109	118	121	107	154	111	110	104	122
1966 [p]	113	112	111	110	118	110	122	78	107	165	111	111	101	128

[1] Farm output measures the annual volume of farm production available for eventual human use through sales from farms or consumption in farm households. Total excludes production of feed for horses and mules.
[2] Includes production of feed for horses and mules and certain items not shown separately.
[3] Includes certain items not shown separately.

Source: Department of Agriculture.

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TABLE B–76.—*Farm population, employment, and productivity, 1929–66*

Year	Farm population (April 1) [1]		Farm employment (thousands) [3]			Farm output				Crop production per acre [4]	Livestock production per breeding unit
	Number (thousands)	As percent of total population [2]	Total	Family workers	Hired workers	Per unit of total input	Per man-hour				
							Total	Crops	Livestock		
						Index, 1957–59=100					
1929	30,580	25.2	12,763	9,360	3,403	63	28	28	48	69	68
1930	30,529	24.9	12,497	9,307	3,190	63	28	27	47	64	70
1931	30,845	24.9	12,745	9,642	3,103	69	30	30	47	72	70
1932	31,388	25.2	12,816	9,922	2,894	69	30	30	47	68	69
1933	32,393	25.8	12,739	9,874	2,865	65	28	27	46	61	68
1934	32,305	25.5	12,627	9,765	2,862	59	27	27	43	51	62
1935	32,161	25.3	12,733	9,855	2,878	69	31	31	44	66	69
1936	31,737	24.8	12,331	9,350	2,981	62	29	28	46	56	70
1937	31,266	24.2	11,978	9,054	2,924	73	33	33	46	76	71
1938	30,980	23.8	11,622	8,815	2,807	74	35	35	48	73	75
1939	30,840	23.5	11,338	8,611	2,727	72	35	34	50	74	75
1940	30,547	23.1	10,979	8,300	2,679	72	36	37	50	76	75
1941	30,118	22.6	10,669	8,017	2,652	75	39	39	51	77	80
1942	28,914	21.4	10,504	7,949	2,555	82	42	43	56	86	81
1943	26,186	19.2	10,446	8,010	2,436	79	42	41	58	78	78
1944	24,815	17.9	10,219	7,988	2,231	82	44	44	56	83	75
1945	24,420	17.5	10,000	7,881	2,119	82	46	46	58	82	79
1946	25,403	18.0	10,295	8,106	2,189	85	49	50	59	86	78
1947	25,829	17.9	10,382	8,115	2,267	82	50	50	61	82	79
1948	24,383	16.6	10,363	8,026	2,337	88	56	57	62	92	82
1949	24,194	16.2	9,964	7,712	2,252	86	57	57	66	85	86
1950	23,048	15.2	9,926	7,597	2,329	85	61	63	68	84	86
1951	21,890	14.2	9,546	7,310	2,236	86	62	61	72	85	89
1952	21,748	13.9	9,149	7,005	2,144	89	68	67	74	90	89
1953	19,874	12.5	8,864	6,775	2,089	90	71	69	76	89	93
1954	19,019	11.7	8,651	6,570	2,081	91	74	73	80	88	92
1955	19,078	11.5	8,379	6,345	2,034	94	80	77	85	91	93
1956	18,712	11.1	7,853	5,899	1,954	96	86	83	89	92	95
1957	17,656	10.3	7,600	5,660	1,940	96	91	90	92	93	96
1958	17,128	9.8	7,503	5,521	1,982	103	103	105	100	105	100
1959	16,592	9.4	7,342	5,390	1,952	101	106	105	108	102	104
1960	15,635	8.7	7,057	5,172	1,885	105	115	114	113	109	105
1961	14,803	8.1	6,919	5,029	1,890	106	120	119	120	113	108
1962	14,313	7.7	6,700	4,873	1,827	107	127	124	127	116	108
1963	13,367	7.1	6,518	4,738	1,780	110	135	132	137	119	111
1964	12,954	6.7	6,110	4,506	1,604	109	142	133	147	116	112
1965	12,363	6.4	5,610	4,128	1,482	112	153	150	154	123	110
1966 [p]	11,500	5.8	5,259	3,902	1,357	109	157	149	161	120	114

[1] Farm population as defined by Department of Agriculture and Department of Commerce, i.e., civilian population living on farms, regardless of occupation.

[2] Total population of United States as of July 1 includes armed forces abroad and Alaska and Hawaii beginning January and August 1959, respectively.

[3] Includes persons doing farm work on all farms. These data, published by the Department of Agriculture, Statistical Reporting Service, differ from those on agricultural employment by the Department of Labor (see Table B–20) because of differences in the method of approach, in concepts of employment, and in time of month for which the data are collected. For further explanation, see monthly report on *Farm Labor, September 10, 1958.*

[4] Computed from variable weights for individual crops produced each year.

Sources: Department of Agriculture and Department of Commerce (Bureau of the Census).

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TABLE B-77.—*Indexes of prices received and prices paid by farmers, and parity ratio, 1929–66*

[1957-59=100]

Year or month	Prices received by farmers											
	All farm products [1]	Crops							Livestock and products			
		All crops [1]	Food grains	Feed grains and hay		Cotton	Tobacco	Oil-bearing crops	All livestock and products [1]	Meat animals	Dairy products	Poultry and eggs
				Total	Feed grains							
1929	61	61	55	74	77	57	35	62	62	50	65	102
1930	52	52	44	67	68	40	29	48	52	43	55	81
1931	36	34	27	46	44	24	20	32	38	30	43	62
1932	27	26	21	31	28	19	18	19	28	20	33	51
1933	29	32	31	36	36	26	22	25	27	19	34	47
1934	37	44	43	60	60	39	32	45	32	22	40	56
1935	45	46	46	68	70	38	35	55	44	38	45	74
1936	47	49	51	65	68	38	33	52	46	38	49	73
1937	51	53	57	79	84	36	41	56	49	42	51	70
1938	40	36	35	45	45	27	36	42	43	37	45	69
1939	39	37	34	46	44	28	31	42	41	36	43	61
1940	42	41	40	54	54	32	28	45	42	35	47	62
1941	51	48	46	58	58	43	32	60	53	46	55	77
1942	66	65	57	72	73	60	51	80	66	60	63	96
1943	[6] 80	84	70	96	97	64	66	88	77	66	[6] 77	121
1944	[6] 82	89	78	108	109	66	72	97	76	62	[6] 86	112
1945	[6] 86	91	81	106	104	69	74	100	82	[6] 67	[6] 89	126
1946	[6] 98	102	95	127	131	91	78	114	94	[6] 81	[6] 104	127
1947	114	118	128	161	171	105	77	158	111	107	106	141
1948	119	114	118	162	170	104	78	153	122	117	117	153
1949	103	100	103	112	109	94	82	106	106	101	98	140
1950	107	104	106	122	123	108	83	120	108	110	97	118
1951	125	119	115	143	147	129	90	148	130	133	112	144
1952	119	120	116	147	150	119	89	129	119	115	118	130
1953	105	108	111	130	132	102	89	122	104	94	104	140
1954	102	108	110	128	130	105	91	133	97	92	96	113
1955	96	104	107	116	116	104	90	109	90	80	96	121
1956	95	105	106	115	116	103	93	111	88	76	99	112
1957	97	101	106	105	105	101	96	106	94	89	101	102
1958	104	100	98	97	97	97	100	98	106	109	99	108
1959	99	99	96	98	98	102	104	96	100	102	100	90
1960	99	99	96	95	93	97	103	93	98	96	101	101
1961	99	102	99	95	94	100	109	112	98	97	101	92
1962	101	104	107	97	95	104	109	108	99	101	99	92
1963	100	107	106	103	101	104	102	113	95	94	99	92
1964	98	107	90	105	102	100	101	112	91	88	100	90
1965	102	104	77	109	106	94	106	116	101	104	102	92
1966	110	105	87	113	111	82	114	128	113	116	114	102
1965: Jan 15	98	105	79	110	106	90	101	120	92	88	104	87
Feb 15	98	105	79	111	107	89	103	123	93	91	102	87
Mar 15	99	107	78	112	108	93	103	123	93	92	100	88
Apr 15	101	109	77	113	110	95	103	123	95	95	97	91
May 15	104	111	76	115	112	97	103	119	99	104	94	87
June 15	105	108	74	113	113	97	103	120	103	111	94	88
July 15	104	104	76	112	111	97	103	118	104	111	97	90
Aug 15	103	100	76	108	107	93	107	112	105	111	101	93
Sept 15	103	100	76	108	106	95	109	107	105	108	105	95
Oct 15	103	99	77	101	99	95	109	107	106	108	108	96
Nov 15	103	93	79	98	94	94	113	107	107	108	110	98
Dec 15	107	100	80	105	101	90	113	111	112	116	110	104
1966: Jan 15	108	101	81	108	105	86	111	117	114	120	108	101
Feb 15	112	104	82	110	106	86	112	121	118	125	108	108
Mar 15	111	104	81	107	104	90	112	119	118	123	108	110
Apr 15	110	106	79	108	106	92	113	121	113	119	106	102
May 15	109	107	82	110	109	92	113	124	110	117	104	95
June 15	109	108	89	110	109	94	113	128	110	117	104	93
July 15	110	110	96	115	114	97	113	138	111	114	111	97
Aug 15	113	108	94	118	117	69	115	148	116	119	117	103
Sept 15	112	106	93	120	119	69	118	133	116	115	124	106
Oct 15	110	104	89	116	114	73	116	128	114	111	128	101
Nov 15	107	103	89	115	113	71	111	128	110	105	127	103
Dec 15	107	103	90	118	116	71	116	129	109	105	125	100

See footnotes at end of table.

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TABLE B–77.—*Indexes of prices received and prices paid by farmers, and parity ratio, 1929–66*—Continued

[1957–59=100]

Year or month	Prices paid by farmers											Parity ratio [5]
	All items, interest, taxes, and wage rates (parity index)	Commodities and services							Interest [2]	Taxes [3]	Wage rates [4]	
		All items	Family living items	Production items								
				All production items [1]	Feed	Motor vehicles	Farm machinery	Fertilizer				
1929	55	55	54	56	68	36	43	85	116	56	32	92
1930	52	51	50	52	61	35	43	83	113	57	30	83
1931	44	44	43	43	43	35	42	75	108	56	24	67
1932	38	38	37	38	32	34	40	66	101	51	18	58
1933	37	38	38	38	37	34	39	61	90	44	15	64
1934	41	43	43	44	52	36	40	69	80	38	17	75
1935	42	45	43	46	53	37	41	68	74	36	18	88
1936	42	45	43	46	55	38	42	64	68	36	20	92
1937	45	48	45	50	62	39	43	67	64	36	22	93
1938	42	45	43	47	47	42	44	67	60	38	22	78
1939	42	44	42	46	47	40	43	66	58	37	22	77
1940	42	45	42	47	50	40	43	64	56	38	22	81
1941	45	48	45	50	54	42	43	64	54	38	26	93
1942	52	55	52	57	66	45	46	71	51	38	34	105
1943	58	61	58	63	78	47	48	76	46	37	45	113
1944	62	64	61	66	87	51	49	77	43	37	54	108
1945	65	66	64	67	86	53	49	79	41	39	62	109
1946	71	72	71	73	100	55	51	79	40	43	66	113
1947	82	85	83	85	118	63	58	88	42	48	72	115
1948	89	92	88	95	125	71	67	96	43	56	76	110
1949	86	88	85	91	103	78	76	98	45	60	74	100
1950	87	90	86	94	105	78	78	94	49	65	73	101
1951	96	100	94	104	118	83	83	100	54	68	81	107
1952	98	100	95	104	126	87	86	102	59	71	87	100
1953	95	96	94	97	114	86	87	103	63	74	88	92
1954	95	96	94	97	113	86	87	102	68	77	88	89
1955	94	95	95	96	106	87	87	101	74	81	89	84
1956	95	96	96	95	103	89	92	100	83	87	92	83
1957	98	98	99	98	101	96	96	100	91	93	96	82
1958	100	101	100	100	99	100	100	100	100	100	99	85
1959	102	101	101	102	100	104	104	100	109	107	105	81
1960	102	101	102	101	98	102	107	100	120	117	109	80
1961	103	101	102	101	98	102	110	100	131	125	110	79
1962	105	103	103	103	100	105	111	100	145	132	114	80
1963	107	104	104	104	104	109	113	100	162	139	116	78
1964	107	104	105	103	103	111	116	99	182	147	119	76
1965	110	106	107	105	104	113	119	100	206	156	125	77
1966 [p]	114	109	110	108	109	118	124	100	232	165	135	80
1965: Jan 15	108	104	106	104	104	------	------	------	204	155	*122*	74
Feb 15	109	105	106	104	104	------	------	------	204	155	*122*	75
Mar 15	109	105	106	104	104	113	118	100	204	155	*122*	75
Apr 15	109	106	106	105	105	------	------	100	204	155	*126*	76
May 15	110	107	108	106	105	115	------	------	204	155	*126*	78
June 15	110	107	107	106	105	114	119	100	204	155	*126*	79
July 15	110	107	107	106	104	------	------	------	204	155	*125*	78
Aug 15	110	106	107	106	104	------	------	------	204	155	*125*	77
Sept 15	110	106	107	106	104	110	121	100	204	155	*125*	77
Oct 15	110	106	107	105	103	111	------	------	204	155	*128*	77
Nov 15	110	106	107	105	102	113	------	------	204	155	*128*	77
Dec 15	111	107	108	106	103	115	121	------	206	156	*128*	80
1966: Jan 15	112	108	108	107	105	------	------	------	232	165	*127*	80
Feb 15	112	108	109	108	107	------	------	------	232	165	*127*	83
Mar 15	113	109	110	108	105	117	122	100	232	165	*127*	81
Apr 15	114	109	110	108	105	------	------	100	232	165	*138*	80
May 15	114	109	110	108	106	116	------	------	232	165	*138*	79
June 15	114	109	110	108	106	118	124	100	232	165	*138*	79
July 15	114	109	110	109	110	------	------	------	232	165	*135*	80
Aug 15	114	110	111	109	111	------	------	------	232	165	*135*	81
Sept 15	115	111	111	110	113	117	126	100	232	165	*135*	80
Oct 15	115	110	111	109	112	119	------	------	232	165	*140*	79
Nov 15	115	110	111	109	111	118	------	------	232	165	*140*	77
Dec 15	115	110	111	109	113	------	------	------	232	165	*140*	77

[1] Includes items not shown separately.
[2] Interest payable per acre on farm real estate debt.
[3] Farm real estate taxes payable per acre (levied in preceding year).
[4] Monthly data are seasonally adjusted.
[5] Percentage ratio of prices received for all farm products to parity index, on a 1910–14=100 base.
[6] Includes wartime subsidy payments.

Source: Department of Agriculture.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B–78.—*Selected measures of farm resources and inputs, 1929–66*

Year	Crops harvested (millions of acres) [1]		Livestock breeding units (1957–59=100) [2]	Man-hours of farm work (billions)	Index numbers of inputs (1957–59=100)						
	Total	Exclusive of use for feed for horses and mules			Total	Farm labor	Farm real estate [3]	Mechanical power and machinery	Fertilizer and lime	Feed, seed, and livestock purchases [4]	Miscellaneous
1929	365	298	92	23.2	98	218	92	38	21	27	76
1930	369	304	92	22.9	97	216	91	40	21	26	76
1931	365	303	93	23.4	96	220	89	38	16	23	78
1932	371	311	95	22.6	93	213	86	35	11	24	79
1933	340	281	98	22.6	91	212	87	32	12	24	76
1934	304	247	98	20.2	86	190	86	32	14	24	69
1935	345	289	86	21.1	88	198	88	33	17	23	66
1936	323	269	90	20.4	89	192	89	35	20	31	68
1937	347	295	87	22.1	94	208	90	38	24	29	68
1938	349	301	87	20.6	91	193	91	40	23	30	70
1939	331	286	93	20.7	94	194	92	40	24	37	72
1940	341	298	95	20.5	97	192	92	42	28	45	73
1941	344	304	94	20.0	97	188	92	44	30	46	74
1942	348	309	104	20.6	100	194	91	48	34	57	75
1943	357	320	117	20.3	101	191	89	50	38	63	76
1944	362	326	114	20.2	101	190	88	51	43	64	76
1945	354	322	109	18.8	99	177	88	54	45	72	76
1946	352	323	107	18.1	99	170	91	58	53	69	77
1947	355	329	104	17.2	99	162	92	64	56	73	78
1948	356	332	98	16.8	100	158	95	72	57	72	74
1949	360	338	99	16.2	101	152	95	80	61	69	82
1950	345	326	102	15.1	101	142	97	86	68	72	85
1951	344	326	103	15.2	104	143	98	92	73	80	88
1952	349	334	103	14.5	103	136	99	96	80	81	88
1953	348	335	100	14.0	103	131	99	97	83	80	91
1954	346	335	104	13.3	102	125	100	98	88	82	91
1955	340	330	106	12.8	102	120	100	99	90	86	94
1956	324	315	104	12.0	101	113	99	99	91	91	98
1957	324	316	101	11.1	99	104	100	100	94	93	95
1958	324	317	99	10.5	99	99	100	99	97	101	100
1959	324	318	100	10.3	102	97	100	101	109	106	105
1960	324	319	97	9.8	101	92	100	100	110	109	106
1961	303	299	98	9.5	101	89	100	97	116	123	109
1962	295	291	99	9.1	101	85	101	97	124	121	113
1963	300	296	100	8.8	102	83	101	99	141	124	115
1964	301	297	101	8.4	103	79	102	101	155	123	120
1965	299	295	101	8.0	103	75	100	101	163	124	124
1966 p	296	292	97	7.6	104	72	99	103	164	130	128

[1] Acreage harvested (excluding duplication) plus acreages in fruits, tree nuts, and farm gardens.
[2] Animal units of breeding livestock, excluding horses and mules.
[3] Includes buildings and improvements on land.
[4] Nonfarm inputs associated with farmers' purchases.

Source: Department of Agriculture.

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TABLE B-79.—*Comparative balance sheet of agriculture, 1929–67*

[Billions of dollars]

Beginning of year	Assets									Claims			
	Total	Real estate	Other physical assets				Financial assets			Total	Real estate debt	Other debt	Proprietors' equities
			Livestock [1]	Machinery and motor vehicles	Crops [2]	Household furnishings and equipment	Deposits and currency	U.S. savings bonds	Investment in cooperatives				
1929	------	48.0	6.6	3.2	------	------	------	------	------	------	9.8	------	------
1930	68.5	47.9	6.5	3.4	2.5	4.0	3.6	------	0.6	68.5	9.6	5.0	53.9
1931	------	43.7	4.9	3.3	------	------	------	------	------	------	9.4	------	------
1932	------	37.2	3.6	3.0	------	------	------	------	------	------	9.1	------	------
1933	------	30.8	3.0	2.5	------	------	------	------	------	------	8.5	------	------
1934	------	32.2	3.2	2.2	------	------	------	------	------	------	7.7	------	------
1935	------	33.3	3.5	2.2	------	------	------	------	------	------	7.6	------	------
1936	------	34.3	5.2	2.4	------	------	------	------	------	------	7.4	------	------
1937	------	35.2	5.1	2.6	------	------	------	------	------	------	7.2	------	------
1938	------	35.2	5.0	3.0	------	------	------	------	------	------	7.0	------	------
1939	------	34.1	5.1	3.2	------	------	------	------	------	------	6.8	------	------
1940	52.9	33.6	5.1	3.1	2.7	4.2	3.2	0.2	.8	52.9	6.6	3.4	42.9
1941	55.0	34.4	5.3	3.3	3.0	4.2	3.5	.4	.9	55.0	6.5	3.9	44.6
1942	62.9	37.5	7.1	4.0	3.8	4.9	4.2	.5	.9	62.9	6.4	4.1	52.4
1943	73.7	41.6	9.6	4.9	5.1	5.0	5.4	1.1	1.0	73.7	6.0	4.0	63.7
1944	84.6	48.2	9.7	5.4	6.1	5.3	6.6	2.2	1.1	84.6	5.4	3.5	75.7
1945	94.2	53.9	9.0	6.5	6.7	5.6	7.9	3.4	1.2	94.2	4.9	3.4	85.9
1946	103.5	61.0	9.7	5.4	6.3	6.1	9.4	4.2	1.4	103.5	4.8	3.2	95.5
1947	116.4	68.5	11.9	5.3	7.1	7.7	10.2	4.2	1.5	116.4	4.9	3.6	107.9
1948	127.9	73.7	13.3	7.4	9.0	8.5	9.9	4.4	1.7	127.9	5.1	4.2	118.6
1949	134.9	76.6	14.4	10.1	8.6	9.1	9.6	4.6	1.9	134.9	5.3	6.1	123.5
1950	132.5	75.3	12.9	12.2	7.6	8.6	9.1	4.7	2.1	132.5	5.6	6.8	120.1
1951	151.5	86.6	17.1	14.1	7.9	9.7	9.1	4.7	2.3	151.5	6.1	7.0	138.4
1952	167.0	95.1	19.5	16.7	8.8	10.3	9.4	4.7	2.5	167.0	6.7	8.0	152.3
1953	164.3	96.5	14.8	17.4	9.0	9.9	9.4	4.6	2.7	164.3	7.2	8.9	148.2
1954	161.2	95.0	11.7	18.4	9.2	9.9	9.4	4.7	2.9	161.2	7.7	9.2	144.3
1955	165.1	98.2	11.2	18.6	9.6	10.0	9.4	5.0	3.1	165.1	8.2	9.4	147.5
1956	169.7	102.9	10.6	19.3	8.3	10.5	9.5	5.2	3.4	169.7	9.0	9.8	150.9
1957	178.0	110.4	11.0	20.2	8.3	10.0	9.4	5.1	3.6	178.0	9.8	9.6	158.6
1958	186.0	115.9	13.9	20.2	7.6	9.9	9.5	5.1	3.9	186.0	10.4	10.0	165.6
1959	202.8	124.4	17.7	22.1	9.3	9.8	10.0	5.2	4.3	202.8	11.1	12.6	179.1
1960	203.9	129.9	15.6	22.3	7.8	9.6	9.2	4.7	4.8	203.9	12.1	12.8	179.0
1961	204.3	131.4	15.5	22.0	8.0	8.9	8.7	4.6	5.2	204.3	12.8	13.4	178.1
1962	213.0	137.4	16.4	22.5	8.7	9.1	8.8	4.5	5.6	213.0	13.9	14.8	184.3
1963	220.7	142.8	17.2	22.7	9.2	9.0	9.2	4.4	6.2	220.7	15.2	16.6	188.9
1964	229.2	150.7	15.7	24.1	9.9	8.8	9.2	4.2	6.6	229.2	16.8	18.1	194.3
1965	237.9	159.4	14.4	25.7	8.9	8.7	9.6	4.2	7.0	237.9	18.9	18.6	200.4
1966	255.8	171.1	17.5	27.5	9.6	8.6	10.0	4.1	7.4	255.8	21.2	20.4	214.2
1967 p	273.3	184.2	66.5				22.6			273.3	23.5	22.3	227.5

[1] Beginning with 1961, horses and mules are excluded.

[2] Includes all crops held on farms and crops held off farms by farmers as security for Commodity Credit Corporation loans. The latter on January 1, 1966, totaled $570 million.

Source: Department of Agriculture.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B–80.—*United States balance of payments, 1947–66*

[Millions of dollars]

Year or quarter	Exports of goods and services						Imports of goods and services				Balance on goods and services	Remittances and pensions
	Total	Merchandise [1]	Military sales	Income on investments		Other services	Total	Merchandise [1]	Military expenditures	Other services		
				Private	Government							
1947	19,737	16,015	(9)	1,036	66	2,620	8,208	5,979	455	1,774	11,529	−728
1948	16,789	13,193	(9)	1,238	102	2,256	10,349	7,563	799	1,987	6,440	−631
1949	15,770	12,149	(9)	1,297	98	2,226	9,621	6,879	621	2,121	6,149	−641
1950	13,807	10,117	(9)	1,484	109	2,097	12,028	9,108	576	2,344	1,779	−533
1951	18,744	14,123	(9)	1,684	198	2,739	15,073	11,202	1,270	2,601	3,671	−480
1952	17,992	13,319	(9)	1,624	204	2,845	15,766	10,838	2,054	2,874	2,226	−571
1953	16,947	12,281	192	1,658	252	2,564	16,561	10,990	2,615	2,956	386	−644
1954	17,759	12,799	182	1,955	272	2,551	15,931	10,354	2,642	2,935	1,828	−633
1955	19,804	14,280	200	2,170	274	2,880	17,795	11,527	2,901	3,367	2,009	−597
1956	23,595	17,379	161	2,468	194	3,393	19,628	12,804	2,949	3,875	3,967	−690
1957	26,481	19,390	375	2,612	205	3,899	20,752	13,291	3,216	4,245	5,729	−729
1958	23,067	16,264	300	2,538	307	3,658	20,861	12,952	3,435	4,474	2,206	−745
1959	23,489	16,295	302	2,694	349	3,849	23,342	15,310	3,107	4,925	147	−815
1960	27,244	19,489	335	3,001	349	4,070	23,198	14,732	3,069	5,397	4,046	−698
1961	28,575	19,954	402	3,561	380	4,278	22,954	14,510	2,981	5,463	5,621	−732
1962	30,278	20,604	656	3,954	471	4,593	25,148	16,187	3,083	5,878	5,130	−757
1963	32,339	22,071	657	4,156	498	4,957	26,442	16,992	2,936	6,514	5,897	−867
1964	36,958	25,297	747	4,932	460	5,522	28,468	18,621	2,834	7,013	8,490	−879
1965	38,993	26,276	844	5,389	512	5,972	32,036	21,488	2,881	7,667	6,957	−994
1966 [11]	42,687	28,961	898	5,683	593	6,552	37,200	25,233	3,587	8,380	5,487	−1,000
	Seasonally adjusted annual rates											
1964: I	36,448	24,624	792	5,080	528	5,424	27,400	17,556	2,960	6,884	9,048	−848
II	36,004	24,368	744	4,944	532	5,416	28,128	18,316	2,900	6,912	7,876	−852
III	37,232	25,556	648	4,940	532	5,556	28,784	19,008	2,744	7,032	8,448	−896
IV	38,148	26,640	804	4,764	248	5,692	29,560	19,604	2,732	7,224	8,588	−920
1965: I	35,104	22,500	800	5,688	556	5,560	28,656	18,624	2,656	7,376	6,448	−908
II	40,544	27,192	916	5,880	584	5,972	32,348	21,924	2,804	7,620	8,196	−1,152
III	40,064	27,304	796	5,284	596	6,084	32,980	22,380	2,980	7,620	7,084	−976
IV	40,260	28,108	864	4,704	312	6,272	34,160	23,024	3,084	8,052	6,100	−940
1966: I	41,980	28,684	792	5,524	596	6,384	35,704	24,016	3,416	8,272	6,276	−944
II	42,288	28,444	1,040	5,720	596	6,488	36,848	25,048	3,596	8,204	5,440	−944
III p	43,792	29,756	860	5,804	588	6,784	39,048	26,636	3,748	8,664	4,744	−1,112

See footnotes at end of table.

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TABLE B–80.—*United States balance of payments, 1947–66*—Continued

[Millions of dollars]

Year or quarter	U.S. Government grants and capital, net [2]	U.S. private capital, net: Direct investment	U.S. private capital, net: Other long-term	U.S. private capital, net: Short-term	Foreign capital, net [2]	Errors and unrecorded transactions	Balance: Liquidity basis [3]	Balance: Official reserve transactions basis [4]	Changes in selected liabilities (decrease (−)) [5]: To foreign official holders [6]: Liquid	Changes in selected liabilities (decrease (−)) [5]: To foreign official holders [6]: Nonliquid [7]	Changes in selected liabilities (decrease (−)) [5]: To other foreign holders [8]	Changes in gold, convertible currencies, and IMF gold tranche position (increase (−))
1947	−6,121	−749	−49	−189	−432	949	4,210	------	------	------	------	−3,315
1948	−4,918	−721	−69	−116	−361	1,193	817	------	------	------	------	−1,736
1949	−5,649	−660	−80	187	44	786	136	------	------	------	------	−266
1950	−3,640	−621	−495	−149	181	−11	−3,489	------	------	------	------	1,758
1951	−3,191	−508	−437	−103	540	500	−8	------	------	------	------	−33
1952	−2,380	−852	−214	−94	52	627	−1,206	------	------	------	------	−415
1953	−2,055	−735	185	167	146	366	−2,184	------	------	------	------	1,256
1954	−1,554	−667	−320	−635	249	191	−1,541	------	------	------	------	480
1955	−2,211	−823	−241	−191	297	515	−1,242	------	------	------	------	182
1956	−2,362	−1,951	−603	−517	615	568	−973	------	------	------	------	−869
1957	−2,574	−2,442	−859	−276	545	1,184	578	------	------	------	------	−1,165
1958	−2,587	−1,181	−1,444	−311	186	511	−3,365	------	------	------	------	2,292
1959	−1,986	−1,372	−926	−77	736	423	−3,870	------	------	------	------	1,035
1960	−2,769	−1,674	−863	−1,348	366	−941	−3,881	−3,402	[10] 1,449	------	289	2,143
1961	−2,780	−1,599	−1,025	−1,556	707	−1,006	−2,370	−1,347	[10] 681	------	1,083	606
1962	−3,013	−1,654	−1,227	−544	1,021	−1,159	−2,203	−2,706	[10] 457	254	213	1,533
1963	−3,581	−1,976	−1,695	−785	689	−352	−2,670	−2,044	1,673	−7	619	378
1964	−3,560	−2,416	−1,961	−2,146	685	−1,011	−2,798	−1,546	1,073	302	1,554	171
1965	−3,375	−3,371	−1,080	761	194	−429	−1,337	−1,305	−17	100	132	1,222
1966 [11]	−3,608	−3,151	−443	−53	2,016	−461	−1,213	655	------	------	------	------
	Seasonally adjusted annual rates								Quarterly totals unadjusted			
1964: I	−3,048	−1,916	−1,064	−2,460	480	−1,184	−992	−576	−400	−34	227	−51
II	−3,416	−2,144	−1,120	−2,276	332	−608	−2,208	−1,304	215	23	114	303
III	−3,540	−2,488	−2,408	−1,460	688	−812	−2,468	−924	389	222	562	70
IV	−4,236	−3,116	−3,252	−2,388	1,240	−1,440	−5,524	−3,380	869	91	651	−151
1965: I	−3,208	−4,848	−2,656	1,084	1,300	*	−2,788	−2,472	−860	−23	203	842
II	−3,796	−3,436	404	1,648	−524	−436	904	956	−107	−16	−150	68
III	−2,972	−2,276	−1,452	420	−1,004	−960	−2,136	928	253	−18	712	41
IV	−3,524	−2,924	−616	−108	1,004	−320	−1,328	−4,632	697	157	−633	271
1966: I	−3,792	−2,748	−876	−88	1,156	−1,188	−2,204	−964	−851	25	475	424
II	−3,856	−3,904	−320	−152	3,840	−668	−564	−856	58	254	26	68
III [p]	−3,176	−2,800	−132	80	1,052	472	−872	3,784	−614	105	1,243	82

[1] Adjusted from customs data for differences in timing and coverage.
[2] Includes certain special Government transactions.
[3] Equals changes in liquid liabilities to foreign official holders, other foreign holders, and changes in official reserve assets consisting of gold, convertible currencies, and the U.S. gold tranche position in the IMF.
[4] Equals changes in liquid and nonliquid liabilities to foreign official holders and changes in official reserve assets consisting of gold, convertible currencies, and the U.S. gold tranche position in the IMF.
[5] Includes short-term official and banking liabilities, foreign holdings of U.S. Government bonds and notes, and certain nonliquid liabilities to foreign official holders.
[6] Central banks, governments, and U.S. liabilities to the IMF arising from reversible gold sales to, and gold deposits with the U.S. Data for years before 1960 include estimates of official transactions in marketable U.S. Government bonds and notes.
[7] Provisional.
[8] Private holders; includes banks and international and regional organizations, excludes IMF.
[9] Not reported separately.
[10] Includes change in Treasury liabilities to certain foreign military agencies; excluding these changes, data ($ millions) are 1,259 (1960), 741 (1961), 919 (1962).
[11] Average for the first 3 quarters on a seasonally adjusted annual rates basis.

NOTE.—Data exclude military grant-aid and U.S. subscriptions to International Monetary Fund.

Source: Department of Commerce, Office of Business Economics.

http://fraser.stlouisfed.org/docs/publications/ERP/1967/ERP_1967.pdf

TABLE B–81.—*United States merchandise exports and imports, by commodity groups, 1958–66*

[Millions of dollars]

Year or quarter	Merchandise exports [1]						Merchandise imports						Gross merchandise trade surplus, *seasonally adjusted* [8]
	Total, including reexports [2]		Domestic exports				Imports for consumption [7]	General imports [3]					
	Seasonally adjusted	Unadjusted	Total [2] [4]	Food, beverages, and tobacco	Crude materials and fuels [5]	Manufactured goods [6]		Total [4]: *Seasonally adjusted*	Total [4]: Unadjusted	Food, beverages, and tobacco	Crude materials and fuels [5]	Manufactured goods [6]	
1958	------	16,373	16,208	2,688	3,051	11,546	13,167	------	13,220	3,550	4,062	5,283	3,153
1959	------	16,406	16,222	2,852	2,996	11,171	15,416	------	15,629	3,580	4,580	7,090	777
1960	------	19,638	19,437	3,145	3,898	12,892	15,016	------	15,019	3,392	4,380	6,846	4,619
1961	------	20,188	19,943	3,422	3,817	13,037	14,660	------	14,716	3,455	4,303	6,523	5,472
1962	------	20,973	20,704	3,677	3,323	13,912	16,244	------	16,382	3,674	4,640	7,627	4,591
1963	------	22,427	22,142	4,096	3,741	14,611	17,002	------	17,140	3,863	4,693	8,066	5,287
1964	------	25,671	25,318	4,638	4,339	16,366	18,600	------	18,684	4,022	4,964	9,108	6,987
1965	------	26,567	26,224	4,521	4,274	17,258	21,282	------	21,366	4,013	5,385	11,238	5,201
1966 p	------	29,500	28,500	5,200	4,400	19,000	25,500	------	25,600	4,600	5,700	14,400	3,900
1964: I	*6,173*	6,185	6,101	1,148	1,039	3,935	4,349	*4,395*	4,372	967	1,209	2,050	*1,778*
II	*6,185*	6,414	6,314	1,134	1,020	4,158	4,558	*4,581*	4,608	982	1,229	2,257	*1,604*
III	*6,479*	6,036	5,956	1,051	1,035	3,887	4,673	*4,745*	4,665	911	1,279	2,329	*1,734*
IV	*6,789*	7,036	6,947	1,305	1,245	4,386	5,020	*4,890*	5,039	1,162	1,247	2,472	*1,899*
1965: I	*5,568*	5,593	5,522	846	916	3,766	4,618	*4,653*	4,609	828	1,292	2,332	*915*
II	*6,870*	7,128	7,042	1,163	1,170	4,717	5,419	*5,451*	5,487	1,027	1,389	2,897	*1,419*
III	*6,913*	6,436	6,346	1,177	986	4,107	5,158	*5,234*	5,146	912	1,300	2,752	*1,679*
IV	*7,106*	7,410	7,314	1,335	1,202	4,668	6,087	*5,944*	6,124	1,246	1,404	3,257	*1,162*
1966: I	*7,178*	7,090	6,931	1,257	1,023	4,650	5,832	*6,001*	5,897	1,112	1,410	3,187	*1,177*
II	*7,181*	7,439	7,090	1,253	1,090	4,892	6,229	*6,308*	6,341	1,165	1,438	3,522	*873*
III	*7,501*	7,038	6,799	1,314	1,030	4,535	6,555	*6,665*	6,546	1,112	1,456	3,766	*836*
IV [9]	*7,600*	7,900	7,700	1,400	1,300	4,900	6,900	*6,600*	6,800	1,200	1,400	3,900	*1,000*

[1] Data for 1964 only have been adjusted for comparability with the revised commodity classifications effective in 1965.

[2] Totals exclude Department of Defense shipments of grant-aid military supplies and equipment under the Military Assistance Program.

[3] Total arrivals of imported goods other than intransit shipments.

[4] Total includes commodities and transactions not classified according to kind.

[5] Includes fats and oils.

[6] Includes machinery, transportation equipment, chemicals, metals, and other manufactures. Export data for these items include military grant-aid shipments.

[7] Imported merchandise released from Customs custody for entry into U.S. consumption channels, entries into bonded manufacturing warehouses, and imported ores and crude metals which have been processed in bonded smelting warehouses.

[8] Exports, excluding military grant-aid, less general imports.

[9] Totals based on data for October, November, and estimates for December.

NOTE.—Data are as reported by the Bureau of the Census. Export statistics cover all merchandise shipped from the U.S. customs area, except supplies for U.S. Armed Forces. Export values are f.a.s. port of export and include shipments under Agency for International Development and Food for Peace programs as well as other private relief shipments. Import statistics are valued f.o.b., the foreign port of export, and exclude insurance, transportation, and other charges incident to arrival in the United States. Data include trade of Alaska, Hawaii, and Puerto Rico.

Source: Department of Commerce, Bureau of International Commerce.

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TABLE B-82.—*United States merchandise exports and imports, by area, 1960-66*

[Millions of dollars]

Area	1960	1961	1962	1963	1964	1965	January-November 1965	January-November 1966
Exports (including reexports and special category shipments): Total	20,586	20,998	21,700	23,347	26,489	27,346	24,740	27,633
Developed countries	13,259	13,564	13,985	15,124	17,182	18,183	16,478	18,284
Developing countries	7,132	7,300	7,590	8,056	8,967	9,024	8,145	9,169
Canada	3,810	3,826	4,045	4,251	4,915	5,644	5,119	6,078
Other Western Hemisphere	3,875	3,849	3,679	3,692	4,292	4,275	3,847	4,322
Western Europe	7,211	7,237	7,633	8,171	9,076	9,177	8,281	8,996
Eastern Europe	195	134	125	167	340	139	117	180
Asia	4,187	4,643	4,673	5,448	5,803	6,013	5,431	6,091
Australia and Oceania	515	450	522	565	804	869	808	739
Africa	793	859	1,023	1,053	1,259	1,229	1,137	1,227
General imports: Total	15,019	14,716	16,382	17,140	18,684	21,366	19,206	23,321
Developed countries	8,951	8,910	10,250	10,808	11,894	14,068	12,671	16,007
Developing countries	5,984	5,721	6,049	6,247	6,687	7,156	6,411	7,150
Canada	3,153	3,270	3,660	3,829	4,239	4,832	4,362	5,502
Other Western Hemisphere	3,964	3,725	3,931	4,021	4,150	4,373	3,920	4,321
Western Europe	4,188	4,062	4,544	4,731	5,208	6,155	5,510	7,004
Eastern Europe	81	81	79	81	99	138	121	161
Asia	2,721	2,583	2,960	3,192	3,620	4,529	4,082	4,874
Australia and Oceania	266	320	440	502	440	453	416	551
Africa	627	671	754	778	916	875	785	900
Unidentified countries [1]	19	4	14	6	12	11	10	8

[1] Consists of certain low-valued shipments and some uranium imports, not identified by country.

NOTE.—Developed countries include Canada, Western Europe, Japan, Australia, New Zealand, and the Republic of South Africa. Developing countries include rest of the world except Communist areas in Eastern Europe (except Yugoslavia) and Asia.
Data include trade of Alaska, Hawaii and Puerto Rico.

Source: Department of Commerce, Bureau of International Commerce.

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TABLE B–83.—*United States foreign assistance, by type and area, fiscal years 1946–66*

[Millions of dollars]

Type and fiscal period	Net obligations and loan authorizations						
	Total	Near East and South Asia	Latin America	Far East	Africa	Europe	Other and non-regional
Foreign assistance:							
Total postwar [1]	122,793	25,338	11,677	28,206	3,635	47,139	6,799
1962–65 average	6,347	2,092	1,216	1,374	443	701	521
1966 [1]	7,023	1,746	1,473	2,053	412	634	705
Economic aid:							
Total postwar	86,530	18,734	10,654	17,356	3,419	30,822	5,545
Loans	34,847	10,537	7,414	3,070	1,473	11,996	359
Grants	51,683	8,197	3,240	14,286	1,946	18,826	5,186
1962–65 average	4,786	1,754	1,126	736	419	344	407
Loans	2,652	1,249	739	195	164	286	19
Grants	2,134	505	387	540	255	58	388
1966	5,616	1,474	1,388	1,262	388	468	635
Loans	3,127	1,250	858	234	202	441	140
Grants	2,489	224	530	1,028	186	27	494
AID and predecessor agencies:							
Total postwar	42,574	9,726	3,658	9,361	1,852	15,229	2,748
1962–65 average	2,242	859	544	369	223	3	244
1966	2,543	622	647	836	170	−1	269
Food for Peace:							
Total postwar	14,755	7,080	1,549	2,203	977	2,527	418
1962–65 average	1,602	820	189	252	146	145	51
1966	1,726	824	202	293	142	205	60
Export-Import Bank long-term loans:							
Total postwar	[2] 9,476	988	3,680	976	420	3,247	166
1962–65 average	488	68	128	78	31	183	*
1966	[2] 793	10	226	109	44	263	140
Other economic aid: [3]							
Total postwar	19,725	940	1,768	4,816	169	9,819	2,213
1962–65 average	455	7	266	37	19	14	113
1966	553	18	312	25	33	---	165
Military assistance: [4]							
Total postwar [1]	36,263	6,604	1,023	[5] 10,849	216	16,317	1,255
Loans	630	152	144	[5] 36	11	127	160
Grants	35,633	6,451	879	[5] 10,813	206	16,190	1,094
1962–65 average	1,561	338	90	[5] 639	24	356	114
Loans	55	7	7	[5] 9	*	19	13
Grants	1,506	331	83	[5] 630	24	338	101
1966 [1]	1,408	272	85	[5] 790	24	166	71
Loans	84	5	30	---	---	15	35
Grants	1,324	267	56	[5] 790	24	151	36
Addendum—Repayments and interest: [6]							
Economic assistance:							
Total postwar	13,145	1,626	2,519	992	327	7,557	124
1962–65 average	1,147	204	249	118	35	529	12
1966	1,224	315	275	162	35	429	9
Military assistance:							
Total postwar	352	77	68	22	4	107	74
1962–65 average	44	10	3	4	1	16	11
1966	50	20	9	8	1	7	7

[1] Includes preliminary 1966 military assistance date from the Department of Defense.
[2] Excludes $238 million in guaranteed loans purchased in 1966 and not distributed by country.
[3] Includes capital subscriptions to Inter-American Development Bank, International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, and the Asian Development Bank (1946-66, $1,915 million; 1962-65 average, $179 million; 1966, $374 million) and Peace Corps (1962-66, $359 million; 1962-65 average, $62 million; 1966, $113 million).
[4] Includes grant-aid and credit assistance under the Foreign Assistance Act (FAA) plus military assistance grants under other acts. FAA military data are from the Department of Defense. Annual data are for deliveries. "Total postwar" entries are program totals.
[5] Excludes Australia and New Zealand, shown in "other and nonregional."
[6] Data for certain programs from Department of Commerce (Office of Business Economics), and Department of Defense.

Source: Agency for International Development (except as noted).

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TABLE B-84.—*International reserves, 1949, 1953, and 1961–66*

[Millions of dollars; end of period]

Area and country	1949	1953	1961	1962	1963	1964	1965	1966	
								September	December
All countries	45,515	51,780	62,320	62,620	66,020	68,480	69,845	70,305	....
Developed areas	37,240	41,390	53,670	54,235	56,675	58,970	59,065	59,190	....
United States	26,024	23,458	18,753	17,220	16,843	16,672	15,450	14,876	14,882
United Kingdom	1,752	2,670	3,318	3,308	3,147	2,316	3,004	3,161	3,099
Other Western Europe	6,455	10,515	25,813	26,965	29,277	32,310	33,225	33,794	[1] 34,495
Austria	92	325	845	1,081	1,229	1,317	1,311	1,327	1,333
Belgium	978	1,144	1,813	1,753	1,940	2,192	2,304	2,294	2,320
France	580	829	3,365	4,049	4,908	5,724	6,343	6,878	6,733
Germany	196	1,773	7,163	6,956	7,650	7,882	7,429	7,672	8,033
Italy	(2)	768	3,799	3,818	3,406	3,824	4,415	4,585	4,566
Netherlands	434	1,232	1,958	1,946	2,102	2,349	2,416	2,409	2,448
Scandinavian countries (Denmark, Finland, Norway, and Sweden)	537	1,026	1,607	1,610	1,875	2,382	2,326	2,303	2,342
Spain	(2)	150	886	1,045	1,147	1,513	1,409	1,276	1,206
Switzerland	1,692	1,768	2,759	2,872	3,078	3,123	3,247	2,934	3,327
Other [3]	1,343	1,500	1,618	1,835	1,942	2,004	2,025	2,115	[1] 2,185
Canada	1,197	1,902	2,276	2,547	2,603	2,881	3,027	2,710	2,683
Japan	(2)	892	1,666	2,022	2,058	2,019	2,152	2,089	2,119
Australia, New Zealand, and South Africa	1,582	1,952	1,847	2,175	2,748	2,773	2,205	2,558	....
Less developed areas [4]	8,280	10,390	8,650	8,385	9,350	9,510	10,780	11,120	....
Latin America	2,775	3,400	2,665	2,200	2,685	2,815	3,245	2,970	....
Middle East	1,475	1,200	1,505	1,770	2,250	2,315	2,690	2,745	....
Other Asia	3,395	3,840	2,825	2,780	3,045	2,990	3,310	3,790	....
Other Africa	[3] 290	1,800	1,525	1,550	1,270	1,245	1,390	1,455	....

[1] Estimate.
[2] Not available separately.
[3] In addition to other Western European countries, includes unpublished gold reserves of Greece and an estimate of gold to be distributed by the Tripartite Commission for the Restitution of Monetary Gold.
[4] Includes unpublished gold holdings not allocable by area.

NOTE.—Includes gold holdings, reserve positions in the International Monetary Fund, and foreign exchange of all countries except U.S.S.R., other Eastern European countries, Communist China, Cuba (after March 1964), and Indonesia (after July 1965).

Beginning 1959, when most of the major currencies of the world became convertible, data exclude known holdings of inconvertible currencies, balances under payments agreements, and the bilateral claims arising from liquidation of the European Payments Union.

Source: International Monetary Fund, *International Financial Statistics*.

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TABLE B-85.—*United States gold stock and holdings of convertible foreign currencies by U.S. monetary authorities, 1946–66*

[Millions of dollars]

End of year or month	Total	Gold stock [1]		Foreign currency holdings
		Total [2]	Treasury	
1946	20,706	20,706	20,529	
1947	22,868	22,868	22,754	
1948	24,399	24,399	24,244	
1949	24,563	24,563	24,427	
1950	22,820	22,820	22,706	
1951	22,873	22,873	22,695	
1952	23,252	23,252	23,187	
1953	22,091	22,091	22,030	
1954	21,793	21,793	21,713	
1955	21,753	21,753	21,690	
1956	22,058	22,058	21,949	
1957	22,857	22,857	22,781	
1958	20,582	20,582	20,534	
1959	19,507	19,507	19,456	
1960	17,804	17,804	17,767	
1961	17,063	16,947	16,889	116
1962	16,156	16,057	15,978	99
1963	15,808	15,596	15,513	212
1964	15,903	15,471	15,388	432
1965	14,587	13,806	13,733	781
1966 [p]	14,556	13,235	13,159	1,321
1965: Jan	15,572	15,208	15,185	364
Feb	15,220	14,993	14,937	227
Mar	15,129	14,639	14,563	490
Apr	14,884	14,480	14,410	404
May	14,511	14,362	14,290	149
June	14,595	14,049	13,934	546
July	14,697	13,969	13,857	728
Aug	14,953	13,916	13,857	1,037
Sept	14,884	13,925	13,858	959
Oct	14,795	13,937	13,857	858
Nov	14,686	13,879	13,805	807
Dec	14,587	13,806	13,733	781
1966: Jan	14,450	13,811	13,732	639
Feb	14,188	13,811	13,730	377
Mar	14,297	13,738	13,634	559
Apr	14,190	13,668	13,632	522
May	14,210	13,582	13,532	628
June	14,251	13,529	13,433	722
July	14,506	13,413	13,332	1,093
Aug	14,618	13,319	13,259	1,299
Sept	14,504	13,356	13,258	1,148
Oct	14,524	13,311	13,257	1,213
Nov	14,370	13,262	13,159	1,108
Dec [p]	14,556	13,235	13,159	1,321

[1] Includes gold sold to the United States by the International Monetary Fund with the right of repurchase, which amounted to $800 million on December 31, 1966. Beginning September 1965 also includes gold deposited by the IMF to mitigate the impact on the U.S. gold stock of purchases by foreign countries for gold subscriptions on increased IMF quotas. Amount outstanding was $211 million on Dec. 31, 1966. The United States has a corresponding gold liability to the IMF.

[2] Includes gold in Exchange Stabilization Fund.

NOTE.—Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States.

Sources: Treasury Department and Board of Governors of the Federal Reserve System.

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TABLE B–86.—*Price changes in international trade, 1958–66*

[1958=100]

Area or commodity class	1958	1959	1960	1961	1962	1963	1964	1965	1966 Third quarter
	Unit value indexes by area								
Developed areas									
Total:									
Exports	100	99	100	101	101	102	103	104	106
Terms of trade [1]	100	102	103	104	105	104	104	104	104
United States [2]									
Exports	100	100	101	103	102	102	103	106	[3] 107
Terms of trade [1]	100	102	101	105	107	105	104	106	[3] 105
Developing areas									
Total:									
Exports	100	97	98	95	93	95	97	97	99
Terms of trade [1]	100	99	99	97	95	97	97	97	97
Latin America									
Exports	100	95	95	93	91	94	101	101	[3] 103
Terms of trade [1]	100	95	96	95	93	97	103	102	[3] 103
Latin America excluding petroleum									
Exports	100	94	95	93	91	95	104	104	[3] 106
Terms of trade [1]	100	94	96	95	92	97	105	105	[3] 106
	World export price indexes [4]								
Primary commodities: Total	100	97	97	95	94	100	103	100	101
Foodstuffs	100	93	91	90	90	103	106	99	100
Coffee, tea, and cocoa	100	83	77	72	70	73	87	80	85
Cereals	100	97	96	98	103	102	105	101	106
Other agricultural commodities [5]	100	105	107	103	99	103	105	104	107
Fats, oils, and oilseeds	100	100	94	97	89	95	98	108	106
Textile fibers	100	98	104	105	101	112	116	105	108
Wool	100	106	108	107	106	127	131	110	119
Minerals	100	94	93	92	92	92	94	96	96
Metal ores	100	97	98	100	99	96	104	110	108
Nonferrous base metals	100	111	114	110	109	110	135	155	173
Manufactured goods [4]	100	99	101	102	102	103	104	106	109

[1] Terms of trade indexes are unit value indexes of exports divided by unit value indexes of imports.
[2] Includes foreign trade of Alaska, Hawaii, and Puerto Rico.
[3] Data are for second quarter 1966.
[4] Data for manufactured goods are unit value indexes.
[5] Includes nonfood fish and forest products.

NOTE.—Data exclude trade of Communist areas in Eastern Europe (except Yugoslavia) and Asia.

Sources: United Nations and Department of Commerce (Bureau of International Commerce).

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TABLE B–87.—*Consumer price indexes in the United States and other major industrial countries, 1955–66*

[1960=100]

Period	United States	Canada	Japan	France	Germany	Italy	Nether-lands	United Kingdom
1955	90.5	90.9	92.7	75.5	91.4	91.2	88	87.8
1956	91.9	92.3	93.0	76.9	93.7	94.3	89	92.1
1957	95.1	95.2	95.9	79.0	95.6	95.5	95	95.6
1958	97.7	97.7	95.5	90.9	97.7	98.2	97	98.5
1959	98.4	98.8	96.5	96.5	98.6	97.8	98	99.0
1960	100.0	100.0	100.0	100.0	100.0	100.0	100	100.0
1961	101.1	100.9	105.3	103.3	102.3	102.1	101	103.4
1962	102.2	102.1	112.5	108.3	105.4	106.9	103	107.8
1963	103.5	103.9	121.0	113.5	108.5	114.8	107	110.0
1964	104.9	105.8	125.6	117.4	111.1	121.6	113	113.6
1965	106.6	108.4	135.2	120.3	114.9	127.1	119	119.0
1966 [1]	109.7	112.3	142.2	123.3	118.8	129.9	126	123.5
1964: I	104.5	105.0	122.4	116.3	110.3	119.1	110	111.3
II	104.7	105.6	125.1	116.6	110.9	120.5	114	113.4
III	105.0	106.2	126.1	117.5	111.3	122.5	114	114.3
IV	105.4	106.3	128.8	118.2	111.8	124.3	114	115.3
1965: I	105.6	107.2	131.4	119.1	113.0	125.7	115	116.4
II	106.4	108.0	136.0	120.4	114.4	126.5	120	119.3
III	106.8	108.9	136.2	120.6	115.6	127.7	120	119.8
IV	107.4	109.4	137.3	121.2	116.2	128.5	120	120.6
1966: I	108.2	110.9	139.6	122.2	117.8	129.4	123	121.4
II	109.3	112.1	142.7	123.1	119.2	129.7	128	123.8
III	110.3	113.1	143.1	123.8	119.0	130.1	126	124.2
IV [2]	111.2	113.6	144.2	124.5	119.3	130.7	126	125.0

[1] Eleven month average except United States.
[2] For other than United States, data are averages of October and November.

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

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