ECONOMIC REPORT OF THE PRESIDENT

Transmitted to the Congress
January 1963

Together With
THE ANNUAL REPORT
of the
COUNCIL OF ECONOMIC ADVISERS

Economic Report of the President

Transmitted to the Congress

January 1963

TOGETHER WITH

THE ANNUAL REPORT

OF THE

COUNCIL OF ECONOMIC ADVISERS

UNITED STATES GOVERNMENT PRINTING OFFICE
WASHINGTON : 1963

LETTER OF TRANSMITTAL

THE WHITE HOUSE
Washington, D.C., January 21, 1963

The Honorable the PRESIDENT OF THE SENATE,
The Honorable the SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIRS: I am presenting herewith my Economic Report to the Congress as required under the Employment Act of 1946.

In preparing this Report, I have had the advice and assistance of the Council of Economic Advisers, who, in turn, have had the assistance of members of the Cabinet and heads of independent agencies.

Together with this Report, I am transmitting the Annual Report of the Council of Economic Advisers, which was prepared in accordance with Section 4(c)(2) of the Employment Act of 1946.

Respectfully,

CONTENTS

Economic Report of the President

Annual Report of the Council of Economic Advisers*

* *For a detailed table of contents of the Council's Report, see page 5.*

ECONOMIC REPORT OF THE PRESIDENT

To the Congress of the United States:

In response to the requirements of the Employment Act of 1946, I report to you

—that the "economic condition" of the United States in 1962 was one of continued advances in "employment, production, and purchasing power;"

—that the "foreseeable trends" in 1963 point to still further advances;

—that more vigorous expansion of our economy is imperative to gain the heights of "maximum employment, production, and purchasing power" specified in the Act and to close the gap that has persisted since 1957 between the "levels . . . obtaining" and the "levels needed" to carry out the policy of the Act;

—that the core of my 1963 "program for carrying out" the policy of the Act is major tax reduction and revision, carefully timed and structured to speed our progress toward full employment and faster growth, while maintaining our recent record of price stability and balance of payments improvement.

The state of the economy poses a perplexing challenge to the American people. Expansion continued throughout 1962, raising total wages, profits, consumption, and production to new heights. This belied the fears of those who predicted that we were about to add another link to the ominous chain of recessions which were more and more frequently interrupting our economic expansions—in 1953–54 after 45 months of expansion, in 1957–58 after 35 months, in 1960–61 after 25 months. Indeed, 22 months of steady recovery have already broken this melancholy sequence, and the prospects are for further expansion in 1963.

Yet if the performance of our economy is high, the aspirations of the American people are higher still—and rightly so. For all its advances the Nation is still falling substantially short of its economic potential—a potential we must fullfill both to raise our standards of well-being at home and to serve the cause of freedom abroad.

A balanced appraisal of our economy, then, necessarily couples pride in our achievements with a sense of challenge to master the job as yet undone. No nation, least of all ours, can rest easy

—when, in spite of a sizable drop in the unemployment rate (seasonally adjusted) from 6.7 percent as 1961 began to 5.6 percent as 1962 ended, the unemployment rate has fallen below 5 percent in but 1 month in the past 5 years, and there are still 4 million people unemployed today;

—when, in spite of a gratifying recovery which raised gross national product (GNP) from an annual rate of $501 billion as 1961 began to $562 billion as 1962 ended, $30–40 billion of usable productive capacity lies idle for lack of sufficient markets and incentives;

—when, in spite of a recovery growth rate of 3.6 percent yearly from 1960 to 1962, our realized growth trend since 1955 has averaged only 2.7 percent annually as against Western European growth rates of 4, 5, and 6 percent and our own earlier postwar growth rate of 4½ percent;

—when, in spite of achieving record corporate profits before taxes of $51 billion in 1962, against a previous high of $47 billion in 1959, our economy could readily generate another $7–8 billion of profits at more normal rates of capacity use;

—when, in spite of a rise of $28 billion in wages and salaries since the trough of the recession in 1961—with next-to-no erosion by rising prices—the levels of labor income could easily be $18–20 billion higher at reasonably full employment.

We cannot now reclaim the opportunities we lost in the past. But we can move forward to seize the even greater possibilities of the future. The decade ahead presents a most favorable gathering of forces for economic progress. Arrayed before us are a growing and increasingly skilled labor force, accelerating scientific and technological advances, and a wealth of new opportunities for innovation at home and for commerce in the world. What we require is a coherent national determination to lift our economy to a new plane of productivity and initiative. It is in this context and spirit that we examine the record of progress in the past 2 years and consider the means for achieving the goals of the Employment Act of 1946.

THE 1961–62 RECORD

As I took office 24 months ago, the Nation was in the grip of its third recession in 7 years; the average unemployment rate was nearing 7 percent; $50 billion of potential output was running to waste in idle manpower and machinery.

In these last 2 years, the Administration and the Congress have taken a series of important steps to promote recovery and strengthen the economy:

1. Early in 1961 vigorous antirecession measures helped get recovery off to a fast start and gave needed assistance to those hardest hit by the recession.

2. In 1961 and 1962 new measures were enacted to redevelop chronically depressed areas; to retrain the unemployed and adapt manpower to changing technology; to enlarge social security benefits for the aged, the unemployed and their families; to provide special tax incentives to boost business capital spending; to raise the wages of underpaid workers; to expand housing and urban redevelopment; to help agriculture and small business—these and related measures improved the structure and functioning of the economy and aided the recovery.

3. Budgetary policy was designed to facilitate the expansion of private demand—to avoid the jolting shift from stimulus to restriction that did much to cut short recovery in 1958–60. The resulting fiscal shift in 1960–61 was much milder. In addition to increases in defense and space programs, measures of domestic improvement, such as the acceleration of public works, reinforced demand in the economy.

4. Monetary conditions were also adjusted to aid recovery within the constraints imposed by balance of payments considerations. While long-term interest rates rose by one-third in 1958–60, they changed little or actually declined in 1961–62. And the money supply grew much more rapidly in the present expansion than in the preceding one.

These policies facilitated rapid recovery from recession in 1961 and continuing expansion in 1962—an advance that carried total economic activity onto new high ground. The record rate of output of $562 billion in the final quarter of 1962 was, with allowance for price changes, 10 percent above the first quarter of 1961 and 8 percent above the last recovery peak in the second quarter of 1960. The industrial production index last month was 16 percent above the low point in January 1961 and 7 percent above the last monthly peak in January 1960.

These gains in output brought with them a train of improvements in income, employment, and profits, while the price level held steady and our balance of payments improved. In the course of the 1961–62 expansion:

1. Personal income rose by $46 billion to $450 billion, 12 percent above its peak in the previous expansion. Net income per farm rose by $330 as farm operators' net income from farming increased by $800 million. Total after-tax income of American consumers increased by 8 percent; this provided a $400 per year increase in living standards (1962 prices) for a family of four.
2. Civilian nonfarm employment increased by 2 million while the average factory work week was rising from 39.3 to 40.3 hours.
3. Corporate profits, as noted, reached a record $51 billion for 1962.
4. Wholesale prices remained remarkably stable, while consumer prices rose by only 1.1 percent a year—a better record of price stability than that achieved by any other major industrial country in the world, with the single exception of Canada.
5. This improving competitive situation, combined with closer international financial cooperation and intensive measures to limit the foreign currency costs of defense, development assistance, and other programs, has helped to bring about material improvements in our balance of payments deficit—from $3.9 billion in 1960 to $2.5 billion in 1961 and now to about $2 billion in 1962.

These are notable achievements. But a measure of how far we have come does not tell us how far we still have to go.

A year ago, there was widespread consensus that economic recovery in 1962, while not matching the swift pace of 1961, would continue at a high rate. But the pace slackened more than expected as the average quarterly change in GNP was only $6 billion in 1962 against $13 billion in 1961. The underlying forces in the private economy—no longer buttressed by the exuberant demand of the postwar decade, yet still thwarted by income tax rates bred of war and inflation—failed to provide the stimulus needed for more vigorous expansion. While housing and government purchases rose about as expected and consumer buying moved up rather well relative to income, increases in business investment fell short of expectations.

Yet, buttressed by the policies and programs already listed, the momentum of the expansion was strong enough to carry the economy safely past the shoals of a sharp break in the stock market, a drop in the rate of inventory accumulation, and a wave of pessimism in early summer. As the year ended, the economy was still moving upward.

THE OUTLOOK FOR 1963

The outlook for continued moderate expansion in 1963 is now favorable:

1. Business investment, responding in part to the stimulus of last year's depreciation reform and investment tax credit and to the prospect of early tax reduction and reform, is expected to rise at least modestly for 1963 as a whole.
2. Home construction should continue at about its 1962 level.
3. Government purchases—Federal, State, and local combined—are expected to rise at a rate of $2 billion a quarter.
4. Consumer purchases should rise in line with gains in business and Government activity.

These prospects, taking into account the proposed tax reduction, lead to the projection of a gross national product for 1963 of $578 billion, understood as the midpoint of a $10 billion range.

I do not expect a fifth postwar recession to interrupt our progress in 1963. It is not the fear of recession but the fact of 5 years of excessive unemployment, unused capacity, and slack profits—and the consequent hobbling of our growth rate—that constitutes the urgent case for tax reduction and reform. And economic expansion in 1963, at any reasonably predictable pace, will leave the economy well below the Employment Act's high standards of maximum employment, production, and purchasing power:

We end 1962 with an unemployment rate of 5.6 percent. That is not *"maximum employment."* It is frustrating indeed to see the unemployment rate stand still even though the output of goods and services rises. Yet past experience tells us that only sustained major increases in production can reemploy the jobless members of today's labor force, create job opportunities for the 2 million young men and women entering the labor market each year, and produce new jobs as fast as technological change destroys old ones.

We end 1962 with U.S. output of goods and services running some $30–40 billion below the economy's capacity to produce. That is not *"maximum production."* And the prospective pace of expansion for 1963 promises little if any narrowing of the production gap until tax reduction takes hold. Our growing labor force and steadily rising productivity raise our capacity to produce by more than $20 billion a year. We need to run just to keep pace and run swiftly to gain ground in our race to full utilization.

We end 1962 with personal income, wages and salaries, and corporate profits also setting new records. But even this favorable record does not represent *"maximum purchasing power,"* as the figures I have already cited clearly demonstrate.

In summary: The recovery that was initiated shortly after I took office 2 years ago now stands poised at a moment of decision. I do not believe the American people will be—or should be—content merely to set new records. Private initiative and public policy must join hands to break the barriers built up by the years of slack since 1957 and bring the Nation into a new period of sustained full employment and rapid economic growth. This cannot be done overnight, but it can be done. The main block to full employment is an unrealistically heavy burden of taxation. The time has come to remove it.

TAX REDUCTION AND REFORM IN 1963

We approach the issue of tax revision, not in an atmosphere of haste and panic brought on by recession or depression, but in a period of comparative calm. Yet if we are to restore the healthy glow of dynamic prosperity to the U.S. economy and avoid a lengthening of the 5-year period of unrealized promise, we have no time to lose. Early action on the tax program outlined in my State of the Union Message—and shortly to be presented in detail in my tax message—will be our best investment in a prosperous future and our best insurance against recession.

The Responsible Citizen and Tax Reduction

In this situation, the citizen serves his country's interest by supporting income tax reductions. For through the normal processes of the market economy, tax reduction can be the constructive instrument for harmonizing public and private interests:

—The taxpayer as *consumer,* pursuing his own best interest and that of his family, can turn his tax savings into a higher standard of living, and simultaneously into stronger markets for the producer.

—The taxpayer as *producer*—businessman or farmer—responding to the profit opportunities he finds in fuller markets and lower tax rates, can simultaneously create new jobs for workers and larger markets for the products of other factories, farms, and mines.

Tax reduction thus sets off a process that can bring gains for everyone, gains won by marshalling resources that would otherwise stand idle—workers without jobs and farm and factory capacity without markets. Yet many taxpayers seem prepared to deny the nation the fruits of tax reduction because they question the financial soundness of reducing taxes when the Federal budget is already in deficit. Let me make clear why, in today's economy, fiscal prudence and responsibility call for tax reduction even if it temporarily enlarges the Federal deficit—why reducing taxes is the best way open to us to increase revenues.

Our choice is not the oversimplified one sometimes posed, between tax reduction and a deficit on one hand and a budget easily balanced by prudent management on the other. If the projected 1964 Federal cash deficit of $10.3 billion did not allow for a $2.7 billion loss in receipts owing to the new tax program, the projected deficit would be $7.6 billion. We have been sliding into one deficit after another through repeated recessions and persistent slack in our economy. A planned cash surplus of $0.6 billion for the fiscal year 1959 became a record cash deficit of $13.1 billion, largely as the result of economic recession. A planned cash surplus of $1.8 billion for the current fiscal year is turning into a cash deficit of $8.3 billion, largely as the result of economic slack. If we were to slide into recession through failure to act on taxes, the cash deficit for next year would be larger *without* the tax reduction than the estimated deficit *with* tax reduction. Indeed, a new recession could break all peace-time deficit records. And if we were to try to force budget balance by drastic cuts in expenditures—necessarily at the expense of defense and other vital programs—we would not only endanger the security of the country, we would so depress demand, production, and employment that tax revenues would fall and leave the government budget still in deficit. The attempt would thus be self-defeating.

So until we restore full prosperity and the budget-balancing revenues it generates, our practical choice is not between deficit and surplus but between two kinds of deficits: between deficits born of waste and weakness and deficits incurred as we build our future strength. If an individual spends frivolously beyond his means today and borrows beyond his prospects for earning tomorrow, this is a sign of weakness. But if he borrows prudently to invest in a machine that boosts his business profits, or to pay for education and training that boost his earning power, this can be a source of strength, a deficit through which he builds a better future for himself and his family, a deficit justified by his increased potential.

As long as we have large numbers of workers without jobs, and producers without markets, we will as a Nation fall into repeated deficits of inertia and weakness. But, by comparison, if we enlarge the deficit temporarily as the by-product of our positive tax policy to expand our economy this will serve as a source of strength, not a sign of weakness. It will yield rich *private* dividends in higher output, faster growth, more jobs, higher profits and incomes; and, by the same token, a large *public* gain in expanded budget revenues. As the economy returns to full employment, the budget will return to constructive balance.

This would not be true, of course, if we were currently straining the limits of our productive capacity, when the dollars released by tax reduction would push against unyielding bottlenecks in industrial plant and skilled manpower. Then, tax reduction would be an open invitation to inflation, to a renewed price-wage spiral, and would threaten our hard-won balance of payments improvement. Today, however, we not only have unused manpower and idle plant capacity; new additions to the labor force and to plant capacity are constantly enlarging our productive potential. We have an economy fully able and ready to respond to the stimulus of tax reduction.

Our need today, then, is

—to provide *markets* to bring back into production underutilized plant and equipment;

—to provide *incentives* to invest, in the form both of wider markets and larger profits—investment that will expand and modernize, innovate, cut costs;

—most important, by means of stronger markets and enlarged investment, to provide *jobs* for the unemployed and for the new workers streaming into the labor force during the sixties—and, closing the circle, the new jobholders will generate still larger markets and further investment.

It was in direct response to these needs that I pledged last summer to submit proposals for a top-to-bottom reduction in personal and corporate income taxes in 1963—for reducing the tax burden on private income and the tax deterrents to private initiative that have for too long held economic activity in check. Only when we have removed the heavy drag our fiscal system now exerts on personal and business purchasing power and on the financial incentives for greater risk-taking and personal effort can we expect to restore the high levels of employment and high rate of growth that we took for granted in the first decade after the war.

Taxes and Consumer Demand

In order to enlarge markets for consumer goods and services and translate these into new jobs, fuller work schedules, higher profits, and rising farm incomes, I am proposing a major reduction in individual income tax rates. Rates should be cut in three stages, from their present range of 20 to 91 percent to the more reasonable range of 14 to 65 percent. In the first stage, beginning July 1, these rate reductions will cut individual liabilities at an annual rate of $6 billion. Most of this would translate immediately into greater take-home pay through a reduction in the basic withholding rate. Further rate reductions would apply to 1964 and 1965 incomes, with resulting revenue losses to be partially offset by tax reforms, thus applying a substantial additional boost to consumer markets.

These revisions would directly increase the annual rate of disposable after-tax incomes of American households by about $6 billion in the second half of 1963, and some $8 billion when the program is in full effect, with account taken of both tax reductions and tax reform. Taxpayers in all brackets would benefit, with those in the lower brackets getting the largest proportional reductions.

American households as a whole regularly spend between 92 and 94 percent of the total after-tax (disposable) incomes they receive. And they generally hold to this range even when income rises and falls; so it follows that they generally spend about the same percentage of dollars of income added or subtracted. If we cut about $8 billion from the consumer tax load, we can reasonably expect a direct addition to consumer goods markets of well over $7 billion.

A reduction of corporate taxes would provide a further increment to the flow of household incomes as dividends are enlarged; and this, too, would directly swell the consumer spending stream.

The direct effects, large as they are, would be only the beginning. Rising output and employment to meet the new demands for consumer goods will generate new income—wages, salaries, and profits. Spending from this extra income flow would create more jobs, more production, and more incomes. The ultimate increases in the continuing flow of incomes, production, and consumption will greatly exceed the initial amount of tax reduction.

Even if the tax program had no influence on investment spending—either directly or indirectly—the $8–9 billion added directly to the flow of consumer income would call forth a flow of at least $16 billion of added consumer goods and services.

But the program will also generate direct and indirect increases in investment spending. The production of new machines, and the building of new factories, stores, offices, and apartments add to incomes in the same way as does production of consumer goods. This too sets off a derived chain reaction of consumer spending, adding at least another $1 billion of output of consumer goods for every $1 billion of added investment.

Taxes and Investment

To raise the Nation's capacity to produce—to expand the quantity, quality, and variety of our output—we must not merely replace but continually expand, improve, modernize, and rebuild our productive capital. That is, we must invest, and we must grow.

The past half decade of unemployment and excess capacity has led to inadequate business investment. In 1962, the rate of investment was almost unchanged from 1957 though gross national product had risen by almost 16 percent, after allowance for price changes. Clearly it is essential to our employment and growth objectives as well as to our international competitive stance that we stimulate more rapid expansion and modernization of America's productive facilities.

As a first step, we have already provided important new tax incentives for productive investment. Last year the Congress enacted a 7-percent tax credit for business expenditures on major kinds of equipment. And the Treasury, at my direction, revised its depreciation rules to reflect today's conditions. Together, these measures are saving business over $2 billion a year in taxes and significantly increasing the net rate of return on capital investments.

The second step in my program to lift investment incentives is to reduce the corporate tax rate from 52 percent to 47 percent, thus restoring the pre-Korean rate. Particularly to aid small businesses, I am recommending that effective January 1, 1963, the rate on the first $25,000 of corporate income be dropped from 30 to 22 percent while the 52 percent rate on corporate income over $25,000 is retained. In later stages, the 52 percent rate would drop to 47 percent. These changes will cut corporate liabilities by over $2.5 billion before structural changes.

The resulting increase in profitability will encourage risk-taking and enlarge the flow of internal funds which typically finance a major share of corporate investment. In recent periods, business *as a whole* has not been starved for financial accommodation. But global totals mask the fact that thousands of small or rapidly growing businesses are handicapped by shortage of investible funds. As the total impact of the tax program takes hold and generates pressures on existing capacity, more and more companies will find the lower taxes a welcome source of finance for plant expansion.

The third step toward higher levels of capital spending is a combination of structural changes to remove barriers to the full flow of investment funds, to sharpen the incentives for creative investment, and to remove tax-induced distortions in resource flow. Reduction of the top individual income tax rate from 91 to 65 percent is a central part of this balanced program.

Fourth, apart from *direct* measures to encourage investment, the tax program will go to the heart of the main deterrent to investment today, namely, inadequate markets. Once the sovereign incentive of high and rising sales is restored, and the businessman is convinced that today's new plant and equipment will find profitable use tomorrow, the effects of the directly stimulative measures will be doubled and redoubled. Thus—and it is no contradiction—the most important single thing we can do to stimulate investment in today's economy is to raise consumption by major reduction of individual income tax rates.

Fifth, side-by-side with tax measures, I am confident that the Federal Reserve and the Treasury will continue to maintain, consistent with their responsibilities for the external defense of the dollar, monetary and credit conditions favorable to the flow of savings into long-term investment in the productive strength of the country.

Given a series of large and timely tax reductions and reforms, as I have proposed, we can surely achieve the balanced expansion of consumption and investment so urgently needed to overcome a half decade of slack and to capitalize on the great and growing economic opportunities of the decade ahead.

The impact of my tax proposals on the budget deficit will be cushioned by the scheduling of reductions in several stages rather than a single large cut; the careful pruning of civilian expenditures for fiscal 1964—those other than for defense, space, and debt service—to levels below fiscal 1963; the adoption of a more current time schedule for tax payments of large corporations, which will at the outset add about $1½ billion a year to budget receipts; the net offset of $3½ billion of revenue loss by selected structural changes in the income tax; most powerfully, in time, by the accelerated growth of taxable income and tax receipts as the economy expands in response to the stimulus of the tax program.

Impact on the Debt

Given the deficit now in prospect, action to raise the existing legal limit on the public debt will be required.

The ability of the Nation to service the Federal debt rests on the income of its citizens whose taxes must pay the interest. Total Federal interest payments as a fraction of the national income have fallen, from 2.8 percent in 1946 to 2.1 percent last year. The gross debt itself as a proportion of our GNP has also fallen steadily—from 123 percent in 1946 to 55 percent last year. Under the budgetary changes scheduled this year and next, these ratios will continue their decline.

It is also of interest to compare the rise in Federal debt with the rise in other forms of debt. Since the end of 1946, the Federal debt held by the public has risen by $12 billion; net State-local debt, by $58 billion; net corporate debt, by $237 billion; and net total private debt, by $518 billion.

Clearly, we would prefer smaller debts than we have today. But this does not settle the issue. The central requirement is that debt be incurred only for constructive purposes and at times and in ways that serve to strengthen the position of the debtor. In the case of the Federal Government, where the Nation is the debtor, the key test is whether the increase serves to strengthen or weaken our economy. In terms of jobs and output generated without threat to price stability—and in terms of the resulting higher revenue—the debt increases foreseen under my tax program clearly pass this test.

Monetary and debt management policies can accommodate our debt increase in 1963—as they did in 1961 and 1962—without inflationary strain or restriction of private credit availability.

Impact on Prices and the Balance of Payments

The Administration tax program for 1963 can strengthen our economy within a continuing framework of price stability and an extension of our hard-won gains in the U.S. balance of payments position.

Rising prices from the end of the war until 1958 led the American people to expect an almost irreversible upward trend of prices. But now prices have been essentially stable for 5 years. This has broken the inflationary psychology and eased the task of assuring continued stability.

We are determined to maintain this stability and to avoid the risk of either an inflationary excess of demand in our markets or a renewed price-wage spiral. Given the excess capacities of our economy today, and its large latent reserves of productive power, my program of fiscal stimulus need raise no such fears. The new discipline of intensified competition in domestic and international markets, the abundant world supplies of primary products, and increased public vigilance all lend confidence that wage-price problems can be resolved satisfactorily even as we approach our full-employment target.

Indeed, in many respects the tax program will contribute to continued price stability. Tax reduction and reform will increase productivity and tend to cut unit labor costs by stimulating cost-cutting investment and technological advance, and reducing distortions in resource allocation. As long as wage rate increases stay within the bounds of productivity increases, as long as the push for higher profit margins through higher prices is restrained—as long as wage and price changes reflect the "guideposts" that were set out a year ago and are reaffirmed in the accompanying Report of the Council of Economic Advisers—the outlook for stable prices is excellent.

Price stability has extra importance today because of our need to eliminate the continuing deficit in the international balance of payments. During the past 2 years we have cut the over-all deficit, from nearly $4 billion in 1960 to about $2 billion in 1962. But we cannot relax our efforts to reduce the payments deficit still further. One important force working strongly in our favor is our excellent record of price stability. Since 1959, while U.S. wholesale prices have been unchanged, those in every major competing country (except Canada) have risen appreciably. Our ability to compete in foreign markets—and in our own—has accordingly improved.

We shall continue to reduce the overseas burden of our essential defense and economic assistance programs, without weakening their effectiveness—both by reducing the foreign exchange costs of these programs and by urging other industrial nations to assume a fairer share of the burden of free world defense and development assistance.

But the area in which our greatest effort must now be concentrated is one in which Government can provide only leadership and opportunity; private business must produce the results. Our commercial trade surplus—the excess of our exports of goods and services over imports—must rise substantially to assure that we will reach balance of payments equilibrium within a reasonable period.

Under our new Trade Expansion Act, we are prepared to make the best bargains for American business that have been possible in many years. We intend to use the authority of that act to maximum advantage to the end that our agricultural and industrial products have more liberal access to other markets—particularly those of the European Economic Community.

With improved Export-Import Bank facilities and the new Foreign Credit Insurance Association, our exporters now have export financing comparable to that of our major competitors. As an important part of our program to increase exports, I have proposed a sharp step-up in the export expansion program of the Department of Commerce. Funds have been recommended both to strengthen our overseas marketing programs and to increase the Department's efforts in the promotion of an expanded interest in export opportunities among American firms.

In the meantime, we have made and will continue to make important progress in increasing the resistance of the international monetary system to speculative attack. The strength and the stability of the payments system have been consolidated during the past year through international cooperation. That cooperation successfully met rigorous tests in 1962—when a major decline occurred in the stock markets of the world; when the Canadian dollar withstood a run in June; and when the establishment of Soviet bases in Cuba threatened the world. Through direct cooperation with other countries the United States engaged in substantial operations in the forward markets for other currencies and held varying amounts of other currencies in its own reserves; the Federal Reserve engaged in a wide circle of swap arrangements for obtaining other currencies; and the Treasury initiated a program of borrowings denominated in foreign currencies. And with the approval by Congress of the necessary enabling legislation, the United States joined other major countries in strengthening the International Monetary Fund as an effective bulwark to the payments system.

With responsible and energetic public and private policies, and continued alertness to any new dangers, we can move now to revitalize our domestic economy without fear of inflation or unmanageable international financial problems—indeed, in the long run, a healthy balance of payments position depends on a healthy economy. As the Organization for Economic Cooperation and Development has emphatically stated in recent months, a prosperous American economy and a sound balance of payments position are not alternatives between which we must choose; rather, expansionary action to bolster our domestic growth—with due vigilance against inflation—will solidify confidence in the dollar.

Impact on State and Local Governments

The Federal budget is hard pressed by urgent responsibilities for free world defense and by vital tasks at home. But the fiscal requirements laid upon our States, cities, school districts, and other units of local government are even more pressing. It is here that the first impacts fall—of rapidly expanding populations, especially at both ends of the age distribution; of mushrooming cities; of continuing shift to new modes of transportation; of demands for more and better education; of problems of crime and delinquency; of new opportunities to combat ancient problems of physical and mental health; of the recreational and cultural needs of an urban society.

To meet these responsibilities, the total of State and local government expenditures has expanded 243 percent since 1948—in contrast to 166 percent for the Federal Government; their debts by 334 percent—in contrast to 18 percent for the Federal Government.

The Federal budget has helped to ease the burdens on our States and local governments by an expanding program of grants for a multitude of purposes, and inevitably it must continue to do so. The Federal tax reductions I propose will also ease these fiscal burdens, chiefly because greater prosperity and faster growth will automatically increase State and local tax revenues at existing rates.

Tax Reduction and Future Fiscal Policy

While the basic purpose of my tax program is to meet our longer run economic challenges, we should not forget its role in strengthening our defenses against recession. Enactment on schedule of this program which involves a total of over $10 billion of net income tax reduction annually would be a major counterforce to any recessionary tendencies that might appear.

Nevertheless, when our calendar of fiscal legislation is lighter than it is in 1963, it will be important to erect further defenses against recession. Last year, I proposed that the Congress provide the President with limited standby authority (1) to initiate, subject to Congressional veto, temporary reductions in individual income tax rates and (2) to accelerate and initiate properly timed public capital improvements in times of serious and rising unemployment.

Work on the development of an acceptable plan for quick tax action to counter future recessions should continue; with the close cooperation of the Congress, it should be possible to combine provision for swift action with full recognition of the Constitutional role of the Congress in taxation.

The House and the Senate were unable to agree in 1962 on standby provisions for temporary speed-ups in public works to help fight recession. Nevertheless, recognizing current needs for stepped-up public capital expenditures, the Congress passed the very important Public Works Acceleration Act (summarized in Appendix A of the Report of the Council of Economic Advisers). I urge that the Congress appropriate the balance of funds authorized for programs under the Public Works Acceleration Act. Initial experience under this program offers promise that rapid temporary acceleration of public projects at all levels of government, under a stand-by program, can be an effective instrument of flexible antirecession policy. Further evaluation of experience should aid in the development of an effective stand-by program which would allow the maximum room for swift executive action consistent with effective Congressional control.

OTHER ECONOMIC MEASURES

Apart from the tax program, and the elements of the growth program discussed in the final section of this Report, there are several other economic measures on which I wish to report or request action. They are:

Transportation

Our national transportation systems provide the means by which materials, labor, and capital are geographically combined in production and the resulting products distributed. Continuous innovations in productive techniques, rapid urbanization of our population, and shifts in international trade have increased the economic significance of transportation in our economy.

Our present approach to regulation is largely a legacy from an earlier period, when there was a demonstrated need to protect the public interest by a comprehensive and detailed supervision of rates and services. The need for regulation remains; but technological and structural changes today permit greater reliance on competition within and between alternative modes of transportation to make them responsive to the demands for new services and the opportunities for greater efficiency.

The extension of our Federal highway system, the further development of a safe and efficient system of airways, the improvement of our waterways and harbors, the modernization and adaptation of mass transport systems in our great metropolitan centers to meet the expanding and changing patterns of urban life—all these raise new problems requiring urgent attention.

Among the recommendations in my Transportation Message of April 1962 were measures which would provide or encourage equal competitive opportunity under diminished regulation, consistent policies of taxation and user charges, and support of urban transportation and expanded transportation research. I urge favorable Congressional action on these measures.

Financial Institutions and Financial Markets

In my Economic Report a year ago, I referred to certain problems relating to the structure of our private financial institutions, and to the Federal Government's participation in and regulation of private financial markets.

A report on these matters had recently been completed by a distinguished private group, the Commission on Money and Credit. In view of the importance of their recommendations, I appointed three interagency working groups in the Executive Branch to review (a) certain problems posed by the rapid growth of corporate pension funds and other private retirement funds, (b) the appropriate role of Federal lending and credit guarantee programs, and (c) Federal legislation and regulations relating to private financial institutions.

These interagency groups are approaching the end of their work. I have requested my Advisory Committee on Labor-Management Policy to consider the tentative recommendations of the first of these three committees. Work of the second will, I am sure, be extremely useful to the Bureau of the Budget, the Treasury Department, and the various Federal credit agencies in reviewing operating guidelines and procedures of Federal credit programs. Work of the third committee, whose task was the most complex, is still in process.

Silver

I again urge a revision in our silver policy to reflect the status of silver as a metal for which there is an expanding industrial demand. Except for its use in coins, silver serves no useful monetary function.

In 1961, at my direction, sales of silver were suspended by the Secretary of the Treasury. As further steps, I recommend repeal of those Acts that oblige the Treasury to support the price of silver; and repeal of the special 50-percent tax on transfers of interest in silver and authorization for the Federal Reserve System to issue notes in denominations of $1, so as to make possible the gradual withdrawal of silver certificates from circulation and the use of the silver thus released for coinage purposes. I urge the Congress to take prompt action on these recommended changes.

Permanent Unemployment Compensation

I will propose later this year that Congress enact permanent improvements in our Federal-State system of unemployment insurance to extend coverage to more workers, and to increase the size and duration of benefits. These improvements will not only ease the burdens of involuntary unemployment, but will further strengthen our built-in defenses against recession. Action is overdue to strengthen our system of unemployment insurance on a permanent basis.

Fair Labor Standards Act

Amendments to the Fair Labor Standards Act in 1961 extended the coverage of minimum wage protection to 3.6 million new workers and provided for raising the minimum wage in steps to $1.25 per hour. These were significant steps toward eliminating the degrading competition which depresses wages of a small fringe of the labor force below a minimum standard of decent compensation. But a large number of workers still remain without this protection. I will urge extension of coverage to further groups.

POLICIES FOR FASTER GROWTH

The tax program I have outlined is phased over 3 years. Its invigorating effects will be felt far longer. For among the costs of prolonged slack is slow growth. An economy that fails to use its productive potential fully feels no need to increase it rapidly. The incentive to invest is bent beneath the weight of excess capacity. Lack of employment opportunities slows the growth of the labor force. Defensive restrictive practices—from featherbedding to market sharing—flourish when limited markets, jobs, and incentives shrink the scope for effort and ingenuity. But when the economy breaks out of the lethargy of the past 5 or 6 years, the end to economic slack will by itself mean faster growth. Full employment will relax the grip of restrictive practices and open the gates wider to innovation and change.

While programs for full utilization of existing resources are the indispensable first step in a positive policy for faster growth, it is not too soon to move ahead on other programs to strengthen the underlying sources of the Nation's capacity to grow. No one doubts that the foundations of America's economic greatness lie in the education, skill, and adaptability of our population and in our advanced and advancing industrial technology. Deep-seated foundations cannot be renewed and extended overnight. But neither is the achievement of national economic purpose just a task for today or tomorrow, or this year or next. Unless we move now to reinforce the human and material base for growth, we will pay the price in slower growth later in this decade and in the next. And so we must begin.

Last summer, convinced of the urgency of the need, I appointed a Cabinet Committee on Economic Growth to stand guardian over the needs of growth in the formulation of government economic policies. At my request, this Committee—consisting of the Secretary of the Treasury, the Secretary of Commerce, the Secretary of Labor, the Director of the Bureau of the Budget as members, and the Chairman of the Council of Economic Advisers as its Chairman—reported to me in December on policies for growth in the context of my 1963 legislative program.

Tax Revision

Their report urges the central significance of prompt tax reduction and reform in a program for economic growth: first, for the sustained lift it will give to the economy's demand for goods and services, and thus to the expansion of its productive capacity; second, for the added incentive to productive investment, risk-taking, and efficient use of resources that will come from lowering the corporate tax rate and the unrealistic top rates on personal income, and eliminating unwarranted tax preferences that undermine the tax base and misdirect energy and resources. I have already laid the case for major tax changes before you, and I will submit detailed legislation and further analysis in a special message. I remind you now that my 1963 tax proposals are central to a program to tilt the trend of American growth upward and to achieve our share of the 50-percent growth target which was adopted for the decade of the sixties by the 20 member nations of the Organization for Economic Cooperation and Development.

Tax reduction will remove an obstacle to the full development of the forces of growth in a free economy. To go further, public policy must offer positive support to the primary sources of economic energy. I propose that the Federal Government lay the groundwork now for positive action in three key areas, each singled out by the Cabinet Committee as fundamental to the long-run strength and resilience of our economy: (1) the stimulation of civilian technology, (2) the support of education, and (3) the development of manpower. In each of these areas I shall make specific proposals for action. Together with tax revision, they mark the beginning of a more conscious and active policy for economic growth.

Civilian Technology

The Federal Government is already the main source of financial support for research and development in the United States. Most funds now spent on research are channeled to private contractors through the Department of Defense, the National Aeronautics and Space Administration, and the Atomic Energy Commission. The defense, space, and atomic energy activities of the country absorb about two-thirds of the trained people available for exploring our scientific and technical frontiers. These activities also assert a strong influence on the direction and substance of scientific and engineering education. In many fields, they have transformed our understanding of nature and our ability to control it. But in the course of meeting specific challenges so brilliantly, we have paid a price by sharply limiting the scarce scientific and engineering resources available to the civilian sectors of the American economy.

The Government has for many years recognized its obligation to support research in fields other than defense. Federal support of medical and agricultural research has been and continues to be particularly important. My proposal for adding to our current efforts new support of science and technology that directly affect industries serving civilian markets represents a rounding out of Federal programs across the full spectrum of science.

Since rising productivity is a major source of economic growth, and research and development are essential sources of productivity growth, I believe that the Federal Government must now begin to redress the balance in the use of scientific skills. To this end I shall propose a number of measures to encourage civilian research and development and to make the byproducts of military and space research easily accessible to civilian industry. These measures will include:

1. Development of a Federal-State Engineering Extension Service;

2. New means of facilitating the use by civilian industry of the results of Government-financed research;

3. Selected support of industrial research and development and technical information services;

4. Support of industry research associations;

5. Adjustment of the income tax laws to give business firms an additional stimulus to invest in research equipment;

6. Stimulus of university training of industrial research personnel.

Together, these measures would encourage a growing number of scientists and engineers to work more intensively to improve the technology of civilian industry, and a growing number of firms and industries to take greater advantage of modern technology. For Americans as a whole, the returns will be better products and services at lower prices. A national research and development effort focused to meet our urgent needs can do much to improve the quality of our lives.

Education

History will value the American commitment to universal education as one of our greatest contributions to civilization. Impressive evidence is also accumulating that education is one of the deepest roots of economic growth. Through its direct effects on the quality and adaptability of the working population and through its indirect effects on the advance of science and knowledge, education is the ultimate source of much of our increased productivity.

Our educational frontier can and must still be widened: through improvements in the quality of education now available, through opening new opportunities so that all can acquire education proportionate to their abilities, and through expanding the capacity of an educational system that increasingly feels the pinch of demands it is not equipped to meet.

In our society, the major responsibility for meeting educational needs must rest with the State and local governments, private institutions, and individual families. But today, when education is essential to the discharge of Federal responsibilities for national security and economic growth, additional Federal support and assistance are required. The dollar contribution the Federal Government would make is small in relation to the $30 billion our Nation now spends on education; but it is vital if we are to grasp the opportunities that lie before us.

By helping to insure a more adequate flow of resources into education, by helping to insure greater opportunities for our students—tomorrow's scientists, engineers, doctors, scholars, artists, teachers, and leaders—by helping to advance the quality of education at all levels, we can add measurably to the sweep of economic growth. I shall make a number of specific proposals in a forthcoming message on education. All of them are designed to strengthen our educational system. They will strengthen quality, increase opportunity, expand capacity. They merit support if we are to live up to our traditions. They demand support if we are to live up to our future.

Manpower Development

Education must not stop in the classroom. In a growing economy, the skills of our labor force must change in response to changing technology. The individual and the firm have shouldered the primary responsibility for the retraining required to keep pace with technical advance—and their capacity to do this increases when markets strengthen and profits grow. But Government must support and supplement these private efforts if the requirements are to be fully met.

The Area Redevelopment Act reflects the importance of adapting labor skills to the needs of a changing technology, as do the retraining and relocation provisions of the Trade Expansion Act of 1962. And in adopting the Manpower Development and Training Act, the Congress last year gave further evidence of its understanding of the national needs and the Federal responsibility in this area. I will shortly present to the Congress an Annual Manpower Report as required under this Act. This will be the first comprehensive report ever presented to Congress on the Nation's manpower requirements and resources, utilization and training. The programs under this Act are already demonstrating the important contribution which an improvement of labor skills can produce, not only for the individual, but for the community as well. I have therefore recommended an increase in the funds for these programs in the coming fiscal year. Not only are the programs needed in today's economy with its relatively high unemployment; they will play an even more significant role as we near the boundaries of full employment. For they will permit fuller utilization of our labor force and consequently produce faster growth.

A second important requirement for an effective manpower policy in a dynamic economy is a more efficient system of matching workers' skills to the jobs available today and to the new jobs available tomorrow. This calls for an expanded informational effort, and I have included in my 1963 program a proposal to achieve this. I attach special importance to the work being done in the Department of Labor to develop an "early warning system" to identify impending job dislocations caused by rapid technical changes in skill requirements in the years ahead. Such information is important as a guide to effective manpower retraining and mobility efforts. It will also be useful in shaping important school programs to meet the manpower needs, not of yesterday, but of tomorrow.

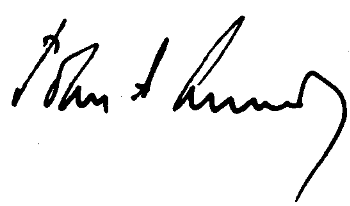
The persistently high rates of unemployment suffered by young workers demand that we act to reduce this waste of human resources. I will therefore recommend the passage of a Youth Employment Opportunities Act to foster methods for developing the potential of untrained and inexperienced youth and to provide useful work experience.

To facilitate growth, we must also steadily reduce the barriers that deny us the full power of our working force. Improved information will help—but more than that is called for. Institutions which tie workers in their jobs, or encourage premature retirement, must be critically reexamined. An end to racial and religious discrimination—which not only affronts our basic ideals but burdens our economy with its waste—offers an imperative contribution to growth. Just as we strive to improve incentives to invest in physical capital, so must we strive to improve incentives to develop our human resources and promote their effective use.

Conclusion

Stepping up the U.S. growth rate will not be easy. We no longer have a large agricultural population to transfer to industry. We do not have the opportunity to capitalize on a generation's worth of advanced technology developed elsewhere. The only easy growth available to us is the growth that will flow from success in ending the period of sluggishness dating back to 1957. That we must have if only because it is inexcusable to have the American economy operating in low gear in a time of crisis.

Beyond full employment, however, we must rely on the basic sources of all long-run growth: people, machines and knowledge. We must identify and use a variety of ways—some imaginative, some routine—to enable our people to realize the full promise of our technology and our economy. In a setting of full employment, these measures can help to move our growth rate to 4 percent and above, the American people toward greater abundance, and the free world toward greater security.



THE ANNUAL REPORT
OF THE
COUNCIL OF ECONOMIC ADVISERS

669333 O—63——1

LETTER OF TRANSMITTAL

COUNCIL OF ECONOMIC ADVISERS,
Washington, D.C., January 14, 1963.

THE PRESIDENT:

SIR: The Council of Economic Advisers herewith submits its Annual Report, January 1963, in accordance with Section 4(c) (2) of the Employment Act of 1946.

Respectfully,

WALTER W. HELLER,
Chairman.

GARDNER ACKLEY

CONTENTS

List of Tables and Charts

Charts	*Page*

Chapter 1

The Economic Record and Its Challenge

THE UNITED STATES is currently in the midst of its fourth postwar recovery—a recovery which began in February 1961 and has now run for almost 2 years. This recovery is notable in that for the first time since the war we have made important progress toward all of our major economic goals: we have made significant advances toward the goals of fuller employment and faster growth at the same time that we have avoided inflation and achieved substantial improvement in our balance of payments position. And these gains have been accompanied by the continued strengthening of free competitive markets and continued progress toward greater equality of economic opportunity.

But in the present expansion, the economy has faced the problem of recovering from not one but two recessions—for the recession of 1960 followed an incomplete recovery from the 1957–58 recession. Despite the gains of the past 2 years, the economy has not yet regained full use of its labor and capital resources. Moreover, the progress made during the current recovery was most rapid in 1961; although advances continued throughout 1962, the rate of expansion was markedly slower. The forces responsible for slowing the expansion in 1962 threaten to prolong the period of economic slack. As 1963 begins, too many workers remain without jobs; too many machines continue idle; too much output goes unrealized as our economy runs below its potential.

The challenge and the opportunity for the American economy are to move from this situation of continuing slack to one which calls forth the full participation of a rapidly growing labor force and the introduction of fruitful technological developments. It is in this setting of promising change that we must consider our commitment to the goals of the Employment Act.

In this chapter we first review the record of 1962 and of the 1961–62 expansion. Then, to draw from the experience of a longer period, we look at the record of the past 5 years, and finally we appraise the outlook for 1963.

COMPARISON OF 1962 WITH 1961

Significant gains were registered in all major categories of economic activity between 1961 and 1962. For the year 1962 as a whole, gross national product (GNP) rose 7 percent over its 1961 level—from $519 billion to $554 billion. Industrial production showed an 8 percent rise. Demands for automobiles and housing were particularly strong: sales of domestic automobiles increased by more than 20 percent—from 5.6 million units in 1961 to 6.8 million units in 1962—making 1962 the second biggest automobile year in history; private nonfarm housing starts rose by 11 percent, with an exceptionally strong advance in apartment construction. Business spending on plant and equipment rose by 9 percent, and the rate of business inventory accumulation increased from $2.1 billion to $3.1 billion.

Disposable personal income increased by $19 billion, or 5 percent. Consumer spending kept pace and, apart from autos, most major components of consumption rose by 4 or 5 percent. Corporate profits (adjusted for inventory valuation, and before taxes) for the year rose by an estimated $5½ billion, to $51 billion.

The gains in output and incomes achieved in 1962 were accompanied by relative stability in prices. The average price of output increased by less than 1½ percent as measured by the comprehensive GNP deflator. Wholesale prices remained virtually stable at 100.6 percent of their 1957–59 average. And consumer prices rose by only 1.2 percent.

The unemployment rate, which averaged 6.7 percent in 1961, fell to an average of 5.6 percent in 1962—the result of an increase of 1.2 million in employment accompanied by an increase of 400,000 in the civilian labor force. The number of involuntary part-time workers declined from 2.8 million to 2.3 million. The fraction of labor-force time lost through unemployment and part-time work dropped from 8.0 to 6.7 percent. The higher levels of employment resulted in a substantial reduction in the number of depressed areas. During 1961, an average of 81 of the 150 major labor market areas in the United States were classified as areas of substantial unemployment. The monthly average for 1962 was 52 areas. Some areas benefited dramatically from the expansion in economic activity: for instance, in Detroit, Michigan, the unemployment rate fell from 10.9 percent in 1961 to 6.8 percent in 1962. Even an area like Wheeling, West Virginia, which still had an intolerable unemployment rate in 1962 (12.2 percent), showed improvement from its 15.2 percent rate of the year before.

Progress was also made by the Nation's agricultural population. Farm income per capita from all sources rose from $1,373 in 1961 to $1,430 in 1962. This is nearly 60 percent of the nonfarm per capita income of $2,445. By comparison, per capita income of the farm population averaged approximately 50 percent of per capita income in the nonfarm sector during the mid-1950's and less than 40 percent just prior to World War II.

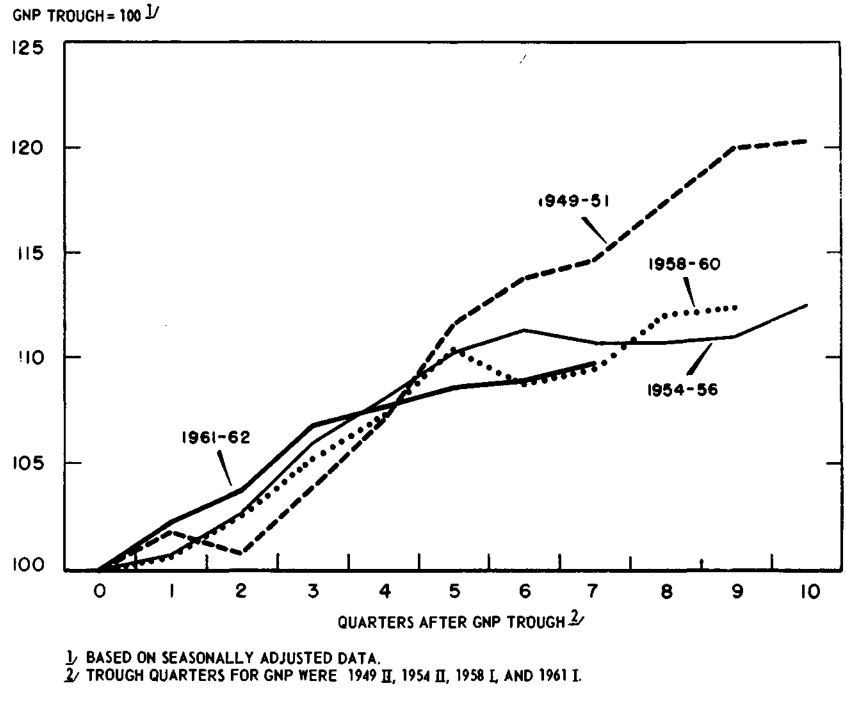
Recovery in domestic output, incomes, and employment was accompanied by improvement in the balance of payments. The over-all balance of payments deficit, which fell from $3.9 billion in 1960 to $2.5 billion in 1961, declined further, to about $2 billion, in 1962. Although exports did not increase as rapidly as the rise in merchandise imports induced by domestic expansion, improvement in the over-all balance was registered because of increased earnings on U.S. investment abroad, and substantial declines in short-term private capital outflows and net government expenditures overseas.

THE RECORD OF THE EXPANSION

The pattern of activity since the 1960 recession is not adequately revealed by the annual figures just cited. The last quarter of 1962 was the seventh quarter of the present expansion and December the 22nd month of sustained recovery from the low point of February 1961. GNP rose to an annual rate of $562 billion in the last quarter of 1962, $61 billion, or

CHART 1

Real Gross National Product in Four Postwar Expansions

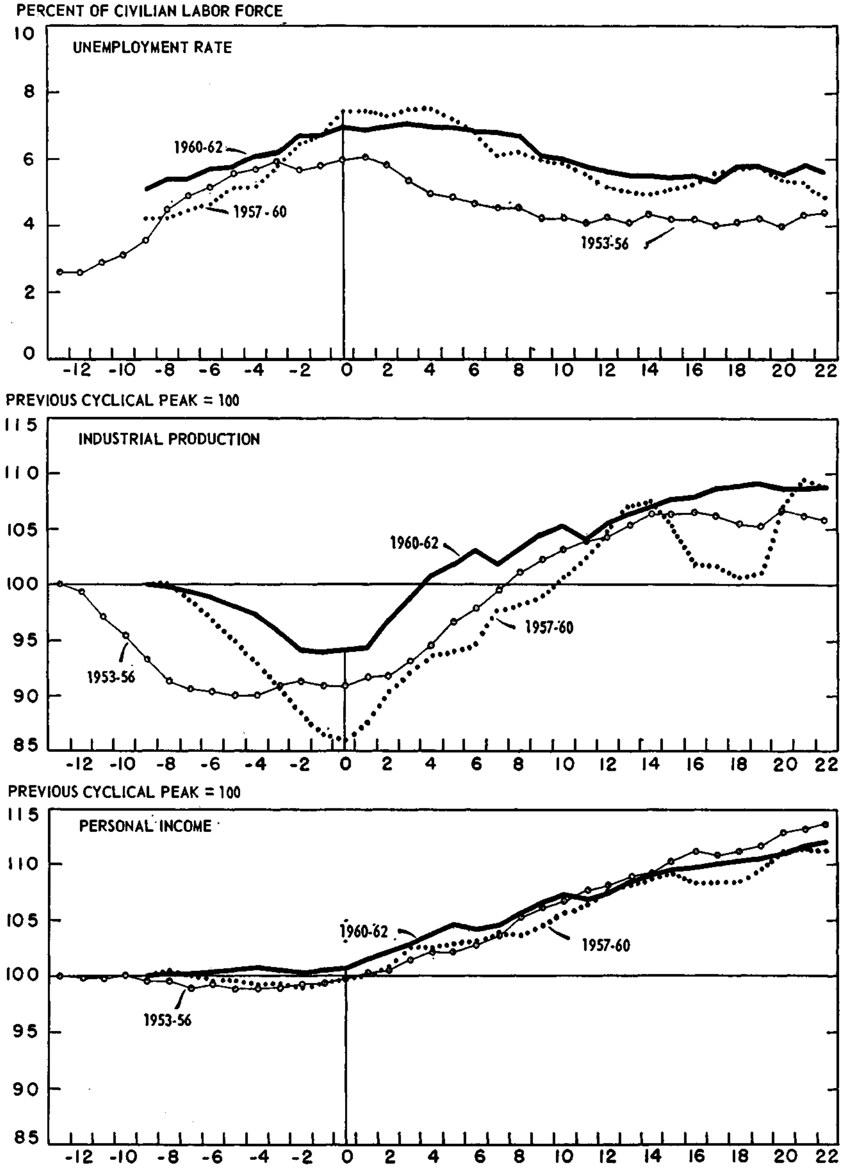


1/ BASED ON SEASONALLY ADJUSTED DATA.
2/ TROUGH QUARTERS FOR GNP WERE 1949 II, 1954 II, 1958 I, AND 1961 I.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

CHART 2

Unemployment, Production, and Income in Three Business Cycles



NOTE: RATE AND INDEXES BASED ON SEASONALLY ADJUSTED DATA. EACH SERIES STARTS AT ITS PREVIOUS CYCLICAL PEAK AND ENDS 22 MONTHS AFTER THE CYCLICAL TROUGH, WHICH CORRESPONDS WITH THE MOST RECENT MONTH OF THE PRESENT EXPANSION.

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

12 percent, above its recession low. In constant prices, this rate was 10 percent above the recession low and 8 percent above the previous peak in the second quarter of 1960.

Despite these gains, the present expansion, along with its immediate predecessor, has not matched the increases in GNP attained at the comparable periods of the two earlier postwar recoveries in 1949–51 and 1954–56, as shown in Chart 1. Chart 2 compares the last three postwar recessions and recoveries in terms of other measures of activity. The comparisons in this chart start with activity at the previous cyclical peaks, not troughs, and thus reflect the record of each cycle over a variable period spanning recession and the first 22 months of expansion. So viewed, the gains in income and production from May 1960 to date approximately match the average of the previous two cycles. But, as already noted, the May 1960 peak itself represented an incomplete recovery.

Slowdown in expansion

As Chart 1 shows, throughout 1961 the current recovery was relatively brisk. However, during 1962, quarterly GNP increases fell to about half their 1961 pace, from an average annual rate of $12½ billion to $6 billion. The slower pace of the expansion is evident in the performance of other major indicators of economic activity during the last 3 quarters of 1961 as opposed to the 4 quarters of 1962 (Table 1). Reflecting the slowdown, the unemployment rate in December 1962 was only 0.4 percentage points below its level a year earlier.

In retrospect, it is clear that the slowdown which was to mark the entire year began in the first quarter. Despite large inventory building, especially of steel, GNP in that quarter rose by only $6.4 billion, after a rise of $16.3 billion in the fourth quarter of 1961.

The second quarter found total activity still expanding moderately. It was marked by the stock market decline that culminated in the historic price break of May 28. The fall in the market contributed uncertainty to the investment outlook later in the year. But the timing indicates strongly that the market break was not a major causal influence on the economic shape of the year as a whole.

By midyear, the uncertainties posed by mixed signs in current economic developments, accompanied by the break in stock prices, led to widespread concern about the possibility of an imminent recession. However, the economy weathered the developments of the spring without a downturn in activity. Stock prices recovered half of their losses by the end of 1962. And business spending on plant and equipment was stronger in the second half than the surveys in February and May had anticipated.

In the third quarter, GNP rose by only $3.3 billion, to $555.3 billion, as net exports declined by $1.2 billion and the rate of inventory accumulation,

TABLE 1.—*Changes in output, income, and employment in 1961 and 1962*

[Seasonally adjusted]

Item	1961 I	1961 IV	1962 IV [1]	Average quarterly change: 1961 I to 1961 IV	Average quarterly change: 1961 IV to 1962 IV [1]
	Billions of dollars, annual rates				
Output (current prices):					
Gross national product	500.8	538.6	562.0	12.6	5.8
Personal consumption expenditures	330.5	346.1	363.5	5.2	4.4
Gross private domestic investment	60.1	76.6	75.0	5.5	−.4
Fixed investment	63.7	70.6	74.5	2.3	1.0
Residential nonfarm construction	19.0	22.8	23.7	1.3	.2
Other construction	20.3	20.4	21.3	(2)	.2
Producers' durable equipment	24.4	27.4	29.6	1.0	.6
Change in business inventories	−3.6	6.0	.5	3.2	−1.4
Net exports of goods and services	5.3	3.8	2.5	−.5	−.3
Government purchases of goods and services	104.8	112.1	121.0	2.4	2.2
Federal	55.4	59.5	63.7	1.4	1.0
State and local	49.4	52.6	57.3	1.1	1.2
Income:					
Disposable personal income	354.3	372.6	389.3	6.1	4.2
Corporate profits after taxes	20.3	26.3	[3] 26.1	2.0	[3] −.1
	Millions of persons				
Employment:					
Total civilian employment	66.8	67.0	68.1	0.1	0.3
Employment in nonagricultural establishments	53.5	54.5	55.6	.3	.3
Private	44.9	45.5	46.2	.2	.2

[1] Preliminary estimates by Council of Economic Advisers.
[2] Less than $50 million.
[3] Data for 1962 III and change from 1961 IV to 1962 III.

NOTE.—Detail will not necessarily add to totals because of rounding.
See Tables C–1, C–15, C–19, C–25, and C–64.

Sources: Department of Commerce and Department of Labor (except as noted).

under pressure from steel liquidation, declined by $3.0 billion from the second quarter level. But by the fourth quarter, exceptionally large early sales of 1963 automobile models helped bring GNP to $562.0 billion.

Role of investment

A year ago the Economic Report and the Budget Message projected a GNP of $570 billion for 1962. After allowance for intervening revisions in the national accounts, this called for a 9 percent rise compared with the 7 percent rise that was achieved. While this was toward the upper end of the range of forecasts then being made, the Administration believed it to be realistic. Now, in restrospect, it can be seen that the predictions of government purchases of goods and services, private nonfarm residential construction, consumer purchases of durables, and net exports were essentially correct.

Consumer purchases of nondurables and services in 1962 fell short of the year-ago forecast by about $6 billion. Changes in such expenditures are largely responsive to changes in disposable personal income which in turn are related to changes in total spending. The percentage of disposable incomes spent by consumers actually rose in 1962. It was therefore the failure of expenditures other than consumption to rise as far as had been expected that held down the rise in incomes and in turn consumers' expenditures.

The error, then, was in the area of business investment, which fell about $8 billion short of the level that had been expected for the year 1962. Indeed from the fourth quarter of 1961 to the fourth quarter of 1962, total business investment actually declined. Expenditures for new plant and equipment rose by $3.1 billion, but this advance was more than offset by a drop of $5.5 billion in the rate of inventory investment. As Chart 3 shows, this decline of investment, which was unuusal for the current stage of expansion, followed 3 quarters of brisk increases in investment spending during 1961.

Half of the shortfall from the prediction of business investment occurred in inventory accumulation. During the current expansion, the ratio of inventory accumulation to the increase in final sales of goods (Table 2) has been only 0.25, compared with ratios of 0.46 and 0.50 in the two preceding expansions. However, the growth of manufacturers' new orders has been slow enough so that unfilled order backlogs have declined and the ratio of inventories to order backlogs has edged upward.

TABLE 2.—*Changes in final sales of goods and inventory accumulation in three expansions*

[Billions of dollars, 1954 prices, seasonally adjusted]

Period [1]	Change in final sales of goods [2]	Inventory accumulation [3]
1954 III to 1956 II	19.1	8.8
1958 II to 1960 I	17.4	8.7
1961 I to 1962 IV [4]	22.1	5.5

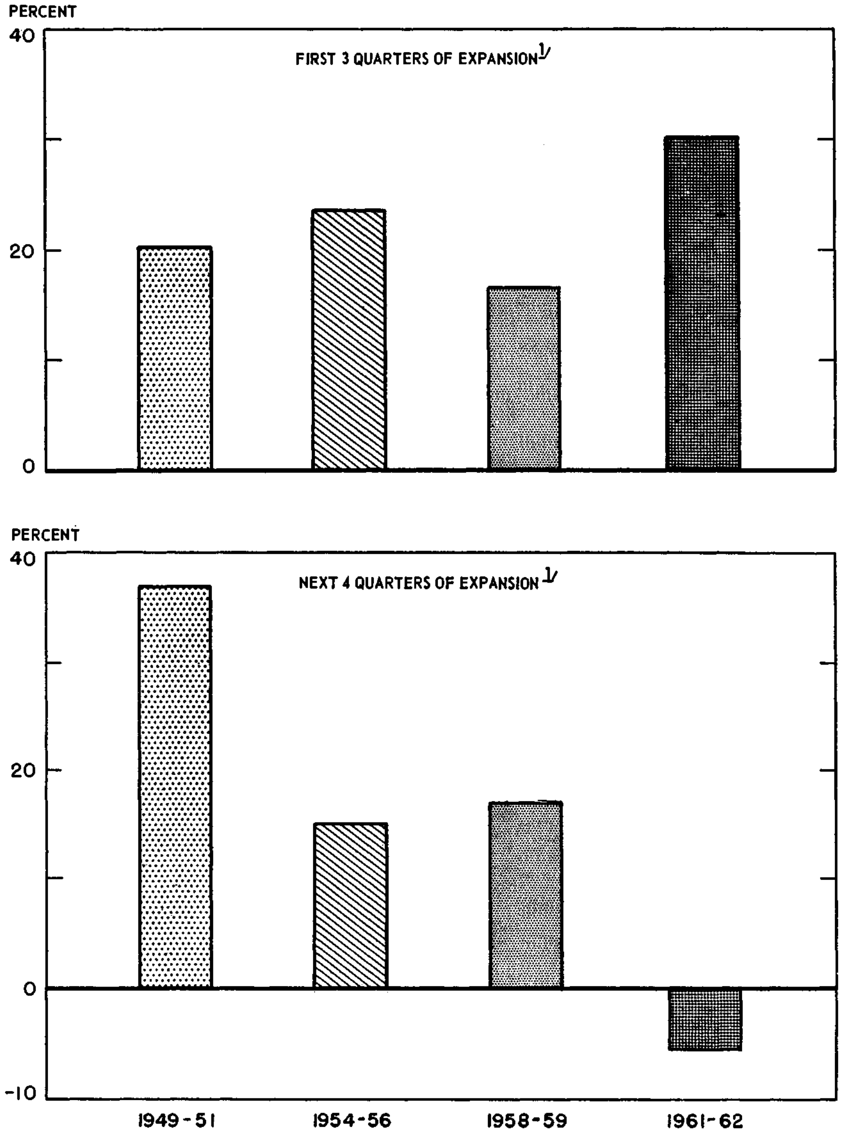
[1] Specific trough for final sales to 7 quarters after trough.
[2] Total change in annual rate of sales.
[3] Total accumulation during period.
[4] Preliminary estimates by Council of Economic Advisers.

Source: Department of Commerce (except as noted).

With easy supply conditions and their own markets growing less than buoyantly, many businesses evidently chose in 1962 to pursue cautious stocking policies and to speed their introduction of new inventory-conserving managerial techniques. Despite the unfavorable effect upon 1962 output and income, inventories, as a result, are less an area of potential weakness in 1963 than might otherwise have been the case.

CHART 3

Change in Total Business Investment in Four Postwar Expansions



1/ BASED ON SEASONALLY ADJUSTED DATA IN CONSTANT PRICES. INVESTMENT CONSISTS OF NONRESIDENTIAL CONSTRUCTION, PRODUCERS' DURABLE EQUIPMENT, AND CHANGE IN INVENTORIES. RECOVERY MEASURED FROM TROUGH QUARTERS FOR GNP: 1949 II, 1954 II, 1958 I, AND 1961 I.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

The other half of the shortfall in 1962 business investment below year-ago expectations was in fixed investment. Although this did rise by 9 percent, 1962 over 1961, it did not exhibit the stronger surge that had been anticipated. A number of conditions that had been expected to facilitate a rapid expansion in plant and equipment spending did in fact materialize. External finance was comparatively cheap and plentiful. Internal finance was relatively abundant; indeed, by the end of the year gross corporate saving exceeded gross investment expenditures by $3 billion. And by summer, as noted in the section that follows, businesses received the combined impetus of liberalized depreciation schedules and an investment tax credit.

To all appearances, the stimulus to invest in new products and in cost-reducing changes of equipment and process remained strong during the year. And the stimulus arising from the current degree of capacity utilization could reasonably have been expected to be stronger than during the preceding expansion. For the index of capacity utilization compiled at the Federal Reserve Board, which rose from 78 percent in the first quarter of 1961 to 85 percent in the fourth quarter of that year, had consistently remained 3 to 5 percentage points above corresponding quarters in the 1958–59 recovery. A similar difference in utilization rates between the end of 1961 and the end of 1958 has also beeen reported in a survey by a private organization.

Rather than in any of these factors, the restraint upon fixed investment in 1962 lay in another circumstance that became increasingly apparent as the year progressed. This was the cumulative effect upon business expectations of 5 years of persisting slack in the economy. By 1962, this prolonged period of underproduction and underemployment had dampened business' willingness to invest. It left businessmen with a long record of consistently, not merely temporarily, redundant capacity. Excess capacity meant lower average profit margins. Further, it meant that new investment was more likely to be risky and less likely to be profitable.

With respect to both fixed investment and inventory investment, in short, the disappointing 1962 performance was a reflection of inadequate demand—not only of a current inadequacy but of one that had been accumulating for half a decade. By the end of 1962, it was plain that businessmen had become conditioned to appraise future expansion cautiously and were slow to extend their commitments beyond near-term needs. Business investment had taken on a character that was likely—in the absence of strong expansionary forces elsewhere in the economy—to cause the economy to stabilize at less-than-full employment levels more or less indefinitely. Plainly, a decisive upward adjustment in the economy's underlying expan-

669333 O—63——2

sionary forces was needed, and it is this the President's 1963 tax program is designed to supply.

FISCAL POLICY

As remarked already, the President's budget for the fiscal year 1963 expected continuation of the strong tide of recovery that had marked the last 3 quarters of 1961. Fiscal policy was designed to support but not to spur the economy's expansion. The Administration was resolved to avoid repeating the premature and abrupt swing of 1959 toward restrictive budgetary policy. At that time, the budget on a national accounts basis moved from a deficit of $11 billion (annual rate) in the third quarter of 1958 to a surplus of $8 billion 6 quarters later. Federal outlays rose only $1 billion while revenues rose $20 billion, reflecting improved corporate profits, the continuing growth of personal incomes, and higher tax rates for social insurance. Between the calendar years 1959 and 1960, the estimated budget surplus that would occur at 4 percent unemployment rose from $6 billion to over $13 billion. During 1961, the first year of this Administration, this implicit surplus was reduced to about $8 billion. The budget presented last January envisioned little further change in this surplus.

Actual revenues were expected to increase rapidly as profits and employment improved in 1962, and Federal receipts and expenditures in the administrative budget were expected to be almost exactly balanced in fiscal 1963. The fiscal 1963 Budget Message noted explicitly that a deficit would appropriately occur if the expansion fell below expectations. When this happened, the automatic shortfall in revenues helped to cushion the burden of taxes on private demand.

Two important changes in taxation were initiated in 1962 to help to stimulate the investment needed for sustained expansion and longer-run growth. On July 11, the Treasury Department issued revised guidelines for determining depreciation schedules for tax purposes. Their effect was to increase, in some cases substantially, the rate at which business firms can write off plant and equipment, thus reducing corporate profits tax liabilities. In addition, the new procedures permit management greater flexibility in determining depreciation charges and allow more fully for prospective obsolescence. As a further encouragement to investment, Congress in October enacted an investment tax credit as part of the Administration-supported Revenue Act of 1962. This credit permits corporations to deduct from their tax liabilities a part of the cost of newly acquired equipment. Taken together, these two changes increase the flow of internal funds by over $2 billion a year and strengthen incentives to invest by an estimated 20 percent increase in the profitability of eligible new investment in plant and equipment. These two measures are described in more detail in Appendix A.

The Public Works Acceleration Act of 1962, passed by the Congress in September, authorized the President to inaugurate public works programs in areas of persistent and substantial unemployment and underemployment. The Administration moved rapidly to carry out this program, which permits acceleration of work on Federal projects, as well as grants for State and local projects. (See Appendix A.)

During the late spring and summer as the slowdown generated concern about impending recession, the Administration considered carefully the need for stronger fiscal measures. By the middle of August, the evidence pointed to continued expansion through 1962. In his August 13 address, the President reviewed the economic situation and discussed his decision to ask the Congress to enact comprehensive tax reduction and reform legislation in 1963 to meet our basic longer-term needs but not to ask for tax reduction in 1962 on an emergency basis.

MONETARY AND DEBT MANAGEMENT POLICIES

Monetary policy has remained favorable to economic expansion. During 1962, most interest rates on long-term financing fell below their levels at the trough of the recession in February 1961 (Chart 4). While this was partly a passive result of economic slack and stability in the price level, it also reflected deliberate effort on the part of the monetary authorities to maintain adequate liquidity and favorable credit conditions.

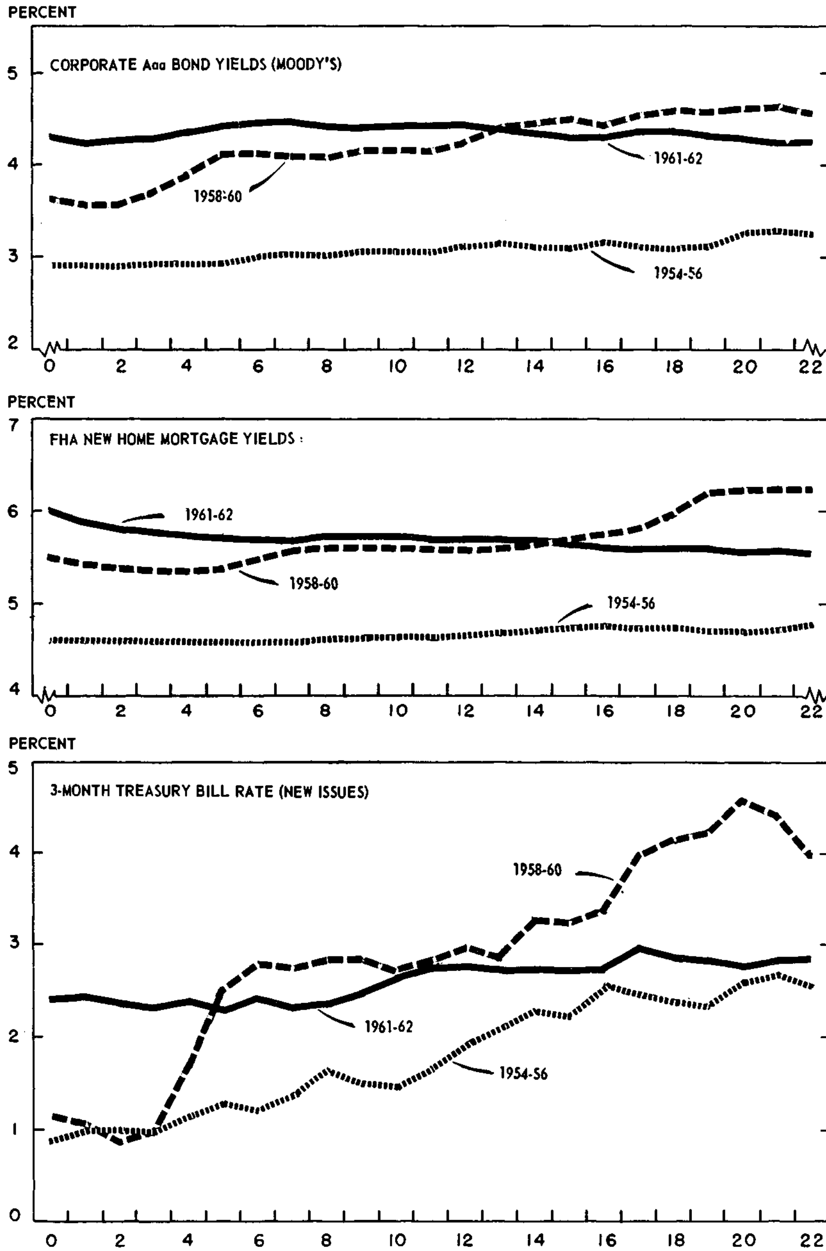
Monetary and debt management authorities faced a continuous challenge in maintaining such credit conditions without encouraging short-term capital movements that would hinder improvement in the U.S. balance of payments. Since mid-1960, monetary and debt management authorities have worked together to keep short-term interest rates from falling out of line with rates abroad.

Federal Reserve open market operations were geared to two objectives. First, they provided the basis for deposit expansion as well as restoring to the banking system reserves absorbed by the decline in the gold stock and the rise in currency in circulation. Since the Federal Reserve also reduced cash reserve requirements against savings and time deposits from 5 to 4 percent, the result was an effective net increase in reserves of more than $1 billion during the year.

Second, purchases and sales of U.S. Government securities were designed to minimize the downward pressures on short-term interest rates resulting from monetary expansion, while encouraging the flow of long-term funds and keeping downward pressures on long-term rates needed for domestic recovery and growth. The Federal Reserve System continued the policy, begun in February 1961, of purchasing longer-term securities, although on a more moderate scale in 1962 than in 1961. Most purchases, on balance, were concentrated in the 1–5 year range. There were negligible net purchases of securities with maturities of under 1 year.

CHART 4

Interest Rates in Three Postwar Expansions



SOURCES: MOODY'S INVESTORS SERVICE, FEDERAL HOUSING ADMINISTRATION (FHA), AND BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

TABLE 3.—*Net funds raised by nonfinancial borrowers, 1957–62*

[Billions of dollars]

Borrower	1957	1958	1959	1960	1961	1962 [1]
Total	32.5	42.8	52.7	36.2	46.3	58.3
Federal Government [2]	−1.3	8.6	8.7	−2.2	7.4	7.4
Foreign borrowers	1.4	2.3	.8	2.0	2.7	1.5
Private domestic nonfinancial sectors	32.4	31.9	43.1	36.3	36.2	49.4
Loans	6.8	3.1	14.1	11.0	5.8	14.6
Consumer credit	2.6	.1	6.1	4.4	1.4	5.5
Bank loans [3]	2.3	1.8	5.6	2.9	2.3	4.8
Other loans	1.9	1.1	2.4	3.7	2.2	4.3
Securities and mortgages	25.6	28.8	29.1	25.3	30.4	34.8
State and local obligations	4.6	5.5	4.7	3.7	5.1	5.4
Corporate securities	8.8	8.0	5.4	5.4	7.0	5.2
1-to-4 family mortgages	8.6	10.1	13.2	10.4	12.1	15.2
Other mortgages	3.5	5.2	5.8	5.8	6.1	9.0

[1] Preliminary estimates by Council of Economic Advisers.
[2] Includes CCC-guaranteed loans.
[3] Bank loans not elsewhere classified.

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

Source: Board of Governors of the Federal Reserve System (except as noted).

Meanwhile, the Treasury expanded its cash offerings of securities of under 1-year maturity. As a result of this and other factors, $1 billion was added to the public's holdings of short-term securities. At the same time, as explained in Chapter 2, the Treasury lengthened the average maturity of the publicly held debt by 5 months, largely through advance refunding operations.

Growth in private demand deposits and currency was $2.3 billion, or only 1½ percent. But the increase in maximum rates payable on commercial bank savings and time deposits under Regulation Q led to a $15 billion rise in these deposits. The money supply—currency and demand deposits—plus savings and time deposits rose by about 7½ percent, somewhat faster than in 1961.

The pattern of commercial bank credit expansion was different from that of 1961 because of three related factors which affected credit: private loan demand grew moderately as economic activity expanded; expectations for stable long-term interest rates formed; and the inflow of savings and time deposits accelerated.

As a result, business lending was the highest in 3 years, and banks were a major factor in the capital markets. Banks added record amounts—over $9 billion—to their holdings both of State and local government securities and of mortgages, but they did not add to their holdings of U.S. Government securities, as they had in 1961. The postwar cyclical pattern of interest rates had led the financial community to expect rising long-term interest rates once recovery began in February 1961. This expectation helped to prevent long-term interest rates from moving downward in the early months of expansion. But as monetary ease persisted, and inflationary psychology waned, this pattern of expectations broke down, and lenders entered longer-term capital markets more aggressively. The abundant flow of funds through institutions that lend in the long-term capital markets, and the substantial operations of commercial banks, helped support a new record volume of mortgage financing, while State and local governmental securities flotations increased somewhat (Table 3).

New issues of corporate securities fell off substantially in the face of modest capital expenditures relative to the large internal cash flow.

THE FIVE-YEAR RECORD

The slowdown of 1962 was rooted in the prolonged sag of demand below capacity that has continued since 1957. The forces that have kept us below full employment in the past several years persist. Our challenge now is to overcome them.

The 1957–62 period matches neither our own record of performance between 1947 and 1957, nor the gains achieved by other free nations (see Chapter 4). The annual growth rates of output, income, and productivity have all run about 1 percentage point lower in the most recent period than in the previous decade, as Table 4 shows.

TABLE 4.—*Changes in output, income, and employment in two postwar periods*

[Percentage change per year]

Item	1947–57	1957–62 [1]
Gross national product (GNP), constant prices	3.9	3.0
Private GNP, constant prices [2]	3.9	3.0
Industrial production	4.4	3.3
Disposable personal income, constant prices	3.9	3.1
Labor force [3]	1.4	1.1
Employment [3]	1.3	.9
GNP per capita, constant prices	2.1	1.2
Private GNP per man-hour, constant prices	3.7	2.7
Disposable personal income per capita, constant prices	2.1	1.3

[1] Based on preliminary estimates for 1962 by Council of Economic Advisers.
[2] Total gross national product less compensation of general government employees.
[3] Includes armed forces; data for 1962 adjusted by Council of Economic Advisers for comparability with data for preceding years.

Sources: Department of Commerce, Board of Governors of the Federal Reserve System, and Department of Labor (except as noted).

In the past 5 years, the economy has been consistently out of balance—with too little demand to match our supply capabilities. In the first postwar decade, when demands were considerably stronger, the balance was frequently tipped in the other direction. There are several reasons why total private demand—and especially investment demand—was particularly strong in the 1947–57 period and less buoyant in the recent period. We began the postwar era with an abundance of liquid assets and a dearth of physical assets—plant and equipment, inventories, housing, and consumer durables. As a result, firms and households were eager spenders for goods in the late 1940's. Then the expansionary fiscal actions required by the Korean conflict helped to underwrite full utilization in the early 1950's. Aided by a tax reduction in 1954, the Nation subsequently adjusted readily to a peacetime, high-defense environment. Demand for capital goods and automobiles sparked a brisk advance toward full employment during 1955. Prices rose considerably in 1956–57, and monetary and fiscal policies were tightened.

When prices stabilized and output began to fall short of full utilization, fiscal and monetary policy continued to treat excess demand as the principal threat to our economic performance. Tax reduction was widely discussed in 1958 but was rejected as unnecessary for reversing recession—a correct judgment in view of the April upturn—and as overly expansionary for the longer run—a judgment that now appears incorrect. In 1959–60 fiscal and monetary policies were tightened sharply in response to what was considered a lingering inflationary threat, contributing to the brief duration and weakness of the 1958–60 expansion. In the immediate postwar years, it took time for policy to be adjusted to the strength of the expansionary forces; later, it again took time to recognize that these forces had largely expended themselves. In the current expansion, no backlogs of private demand, no sums of excess liquidity, no unusual body of deferred technical changes have been present to push the economy toward full employment. And once unemployment of manpower and machines had persisted for nearly 5 years, expectations in 1962 were colored by the suspicion that underutilization was to be the normal state of the American economy. As a result, inadequate demand remains the clear and present danger to an improved economic performance. The manifestations and costs of this imbalance are evident in a review of unemployment and production in the 1957–62 period.

RECORD OF UNEMPLOYMENT

Unemployment has been consistently and significantly higher since 1957 than it was in earlier postwar years. The unemployment rate averaged 4.3 percent of the civilian labor force during the decade which ended in 1957, and exceeded 4 percent significantly only during recessions and early phases of recovery. Since then, unemployment has averaged 6.0 percent and has been below 5 percent for only 1 month in the past 5 years. Both the average number of persons unemployed and the average length of each spell of unemployment have risen. From 1948 to 1957, the average duration of unemployment was 10.3 weeks; since then it has been 14.3 weeks. The comparability of the unemployment data for the years of the postwar era has recently been reaffirmed by the President's Committee to Appraise Employment and Unemployment Statistics.

TABLE 5.—*Unemployment rates for experienced wage and salary workers, by industry, 1957, 1961, and 1962*

[Percent [1]]

Industry	1957	1961	1962
Total experienced wage and salary workers	4.5	6.8	5.5
Nonagricultural industries	4.5	6.7	5.5
Mining, forestry, fisheries	6.3	11.6	8.6
Construction	9.8	14.1	12.0
Manufacturing	5.0	7.7	5.8
Durable goods	4.9	8.4	5.7
Nondurable goods	5.3	6.7	5.9
Transportation and public utilities	3.1	5.1	3.9
Wholesale and retail trade	4.5	7.2	6.3
Finance, insurance, and real estate	1.8	3.3	3.1
Service industries	3.4	4.9	4.3
Public administration	2.0	2.7	2.2

[1] Percent of civilian labor force in each group who were unemployed.

Source: Department of Labor.

As shown in Table 5, unemployment has risen since 1957 among workers attached to services, finance, and trade—industries where employment is at or near record levels—as well as among workers attached to manufacturing, mining, construction, and transportation and public utilities—industries where employment remains below earlier highs. Similarly, as shown in table 6, no major occupational group has been spared higher

TABLE 6.—*Unemployment rates by occupation, 1957, 1961, and 1962*

[Percent [1]]

Occupation	1957 [2]	1961	1962
Total unemployed	4.3	6.7	5.6
Experienced workers	3.9	5.9	4.9
Professional, technical, and kindred workers	1.2	2.0	1.7
Medical and other health workers	1.4	1.4	1.4
Teachers, except college	.7	1.3	1.3
Other professional, technical, and kindred workers	1.3	2.5	2.0
Farmers and farm managers	.3	.4	.3
Managers, officials, and proprietors, except farm	1.0	1.8	1.5
Clerical and kindred workers	2.8	4.6	3.9
Stenographers, typists, and secretaries	2.3	3.7	3.4
Sales workers	2.6	4.7	4.1
Craftsmen, foremen, and kindred workers	3.8	6.3	5.1
Carpenters	8.1	12.3	9.4
Construction craftsmen, except carpenters	6.4	10.7	8.8
Mechanics and repairmen	2.8	4.7	3.6
Metal craftsmen, except mechanics	2.6	6.2	3.4
Other craftsmen and kindred workers	2.4	3.4	3.4
Foremen, not elsewhere classified	1.7	2.6	2.6
Operatives and kindred workers	6.3	9.6	7.5
Private household workers	3.7	5.9	4.9
Service workers, except private household	5.1	7.4	6.4
Farm laborers and foremen	3.7	5.7	4.3
Laborers, except farm and mine	9.4	14.5	12.4

[1] Percent of civilian labor force in each category who were unemployed.
[2] Average of January, April, July, and October estimates.

Source: Department of Labor.

unemployment rates since 1957. The rise has affected professional and technical workers, craftsmen, clerks and sales workers, as well as unskilled and semiskilled workers. Higher unemployment exists even among skill categories in which labor is still assumed to be in short supply. For instance, unemployment rates have risen among mechanics and repairmen, stenographers, clerks and typists, and teachers.

The statistics given above indicate that today jobs are more scarce than skills. But the skills of the labor force must continually adjust to changes in demand and technology, and these adjustments are neither easy nor automatic.

The incidence of high unemployment has fallen most sharply on young persons newly entering the labor market. The inadequate rate of growth in job opportunities has resulted in new entrants encountering special difficulty in finding jobs despite their better educational qualifications. Though lacking in experience and specific skills, young entrants to the labor force are better educated than the average worker and significantly better educated than older workers retiring from the labor market. This has resulted in an increasing proportion of younger persons entering the white collar and more highly skilled occupations, but has not prevented a dramatic rise in the unemployment rate for the group as a whole.

Even during highly prosperous years, there is an imperfect matching of unfilled jobs with unemployed labor. Technological changes, shifting patterns of demand, and the relocation of industry are continuously displacing workers. New skill requirements arise, and old ones become redundant. As a result, there are always unmanned jobs and jobless men. But it is reasonably certain that the number of unfilled job vacancies has not risen along with unemployment these past 5 years. The United States unfortunately does not have a comprehensive statistical series on job vacancies—although work leading to the eventual institution of such a series is being recommended in this year's budget. However, the index of help-wanted advertisements compiled by the National Industrial Conference Board—a partial measure of job vacancies—indicates a substantially smaller volume of such advertisements in 1962 than in 1957 after adjustment is made for growth of the labor force. Higher unemployment is explained by the shortage of new job opportunities; the matching of unfilled jobs and unemployed workers has not become any less efficient in recent years, though current efforts to make it more efficient were long overdue.

The problems of structural unemployment—of imperfect adaptation of jobs and workers—are persistent and serious, and they are thrown into bold relief by the prolonged lack of sufficient job opportunities over the past 5 years. But these problems of adaptation have not constituted a greater cause of unemployment in recent years than in earlier periods. The source of the high unemployment rates in recent years, even in periods of cyclical expansion, lies not in labor market imbalance, but in the markets for goods and services.

While aggregate output rose by 3 percent a year from 1957 to 1962, the productive capacity of the economy rose even faster. A gap between potential and actual output began to emerge in the late stages of the 1954–57 expansion and has persisted ever since. From 1958 through 1962, actual fell short of potential by more than 6 percent on the average.

The difference between unemployment rates of 5.6 percent and 4 percent understates the loss of output that occurred in 1962. Higher employment in a slack economy brings with it higher man-hour productivity through more efficient use of manpower and machinery. In addition, as production moves at a faster pace the total number of hours worked increases faster than employment itself; fully-employed workers find themselves on overtime, and the substantial number of involuntary part-time workers—more than 2 million in 1962—is reduced. Finally, the availability of jobs encourages entry into the labor force of many who had not actively sought work in the knowledge that there was none to be had. The 1962 Report of the Council discussed these aspects of the unemployment-output relationship in more detail.

No precise and unvarying connection exists between higher output and reduced unemployment. The relationship depends on the industry and region producing the added output, the capital available for expanded production, the existing amount of on-the-job underemployment, and the skills of available workers. But our postwar experience indicates that a reduction of 1 percentage point in the global unemployment rate at any moment of time is associated, on the average, with an increase in real GNP of slightly more than 3 percent. Put the other way around, if GNP were 3 percent higher than it is now, the unemployment rate would be approximately 1 percentage point lower.

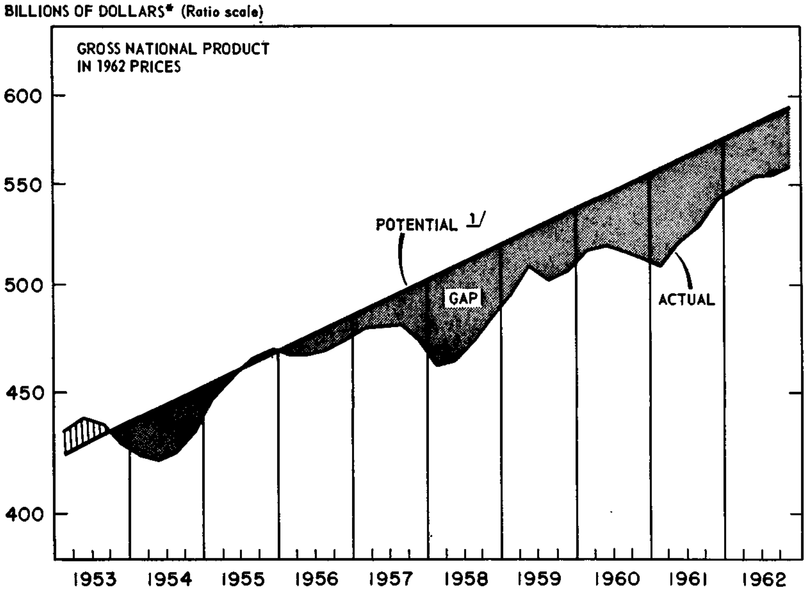
With the passage of time, the unemployment rate will remain constant only if output rises. Because the labor force grows over time, constancy in the unemployment rate means a rise in the number of employed workers and thus requires an increase in total output. And because output per worker also tends to rise—with advances in technology, improvements in skills, and additions of new capital equipment—production must increase faster than employment.

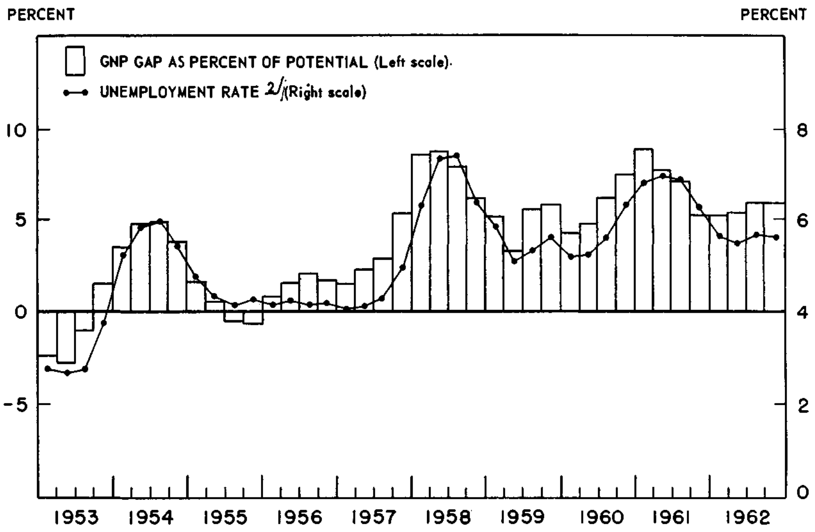
In the post-Korean period, the aggregate output associated with a constant unemployment rate has grown at about 3½ percent a year. For example, in 1954, 1960, and again in 1962, unemployment averaged 5.6 percent of the labor force. From 1954 to 1960, the annual growth rate of output was 3.2 percent; from 1960 to 1962, it was 3.6 percent.

Chart 5 shows the Council's estimate of potential output for the years 1953–62. The path of potential is represented by a 3½ percent trend line through actual output in mid-1955, which is taken as a period of approximately full use of resources. This smooth curve is a consistent approxima-

CHART 5

Gross National Product, Actual and Potential, and Unemployment Rate





* SEASONALLY ADJUSTED ANNUAL RATES.
1/ 3½% TREND LINE THROUGH MIDDLE OF 1955.
2/ UNEMPLOYMENT AS PERCENT OF CIVILIAN LABOR FORCE; SEASONALLY ADJUSTED.
SOURCES: DEPARTMENT OF COMMERCE, DEPARTMENT OF LABOR, AND COUNCIL OF ECONOMIC ADVISERS.

tion to the more irregular path traced out by the alternative calculation using unemployment rates. (This is suggested by the lower panel of the chart, which compares changes in the gap between actual and potential GNP with fluctuations in the unemployment rate.)

The chart also shows actual GNP and the discrepancy between actual and potential output. The cumulative excess of potential over actual output in the period 1958 to 1962 totals $170 billion (1962 prices) or nearly $1,000 a person. The gap was dramatically reduced during early stages of the two expansions of 1958–59 and 1961. But the subsequent stages of each expansion failed to bring actual GNP up to potential.

The estimate of the gap shown in the chart is consistent also with the evidence on the utilization of industrial capacity. There are statistical difficulties in any attempt to measure capacity and utilization rates, and the available material is relatively narrow in coverage. Nevertheless, it provides a partial check on calculations based primarily on unemployment rates. Since 1957, the average of a quarterly index of manufacturing capacity utilization compiled at the Federal Reserve Board has been 5 percent below the average for 1947–57. In the past 5 years, the index has not exceeded its 1947–57 average. As in all recent years, the 1962 operating rate left room for considerable expansion of output and employment without strain on existing manufacturing capacity.

The thrust of recovery during the past 2 years has narrowed the gap of unrealized potential and excess industrial capacity. The problem remaining is to create an economic environment in which the expansionary powers of the private economy can reinforce each other in a movement toward full utilization. Once we have brought our actual performance up to our potential, we can look toward a more rapid growth of our potential as well. From 1947 to 1955, GNP in constant prices, matching the growth of potential GNP, rose at an average annual rate of 4.3 percent. The lower 3½ percent growth rate of potential in recent years is attributable to our failure to use existing capacity fully, thereby blunting the incentives for investment and innovations.

THE LEVEL AND PATTERN OF DEMAND

Higher rates of unemployment, slower advances in output, excess industrial capacity, reduced growth of incomes—these features of our economy in the past several years are not separate phenomena. They are all part of the syndrome of persistently sluggish demand. Total expenditures for goods and services have been insufficient to take full advantage of our capacity to produce, to keep our manpower and machines fully employed, and to support the rapid growth of incomes of which the economy is capable.

The relative strength or weakness of the major categories of demand has varied during the period. Thus Federal purchases of goods and services in constant (1962) prices declined by $4.6 billion between the end of 1958 and the end of 1960. As a fraction of disposable income, consumption ranged from a low of 92 percent in 1958 to a high of 94 percent in 1960. Expenditures on new housing showed strength in 1958–59 and 1961–62. Business investment in fixed assets and inventories fluctuated cyclically around a relatively low average. However, the variations from component to component and from year to year are less significant than the consistent insufficiency of total expenditures. The weakness of total demand held down capacity utilization and retarded the incentives for investment. Weak investment in turn slowed the growth of incomes and demand.

Investment

Throughout the 1957–62 period, weakness in the demand for investment goods was both cause and effect of the weakness of total demand. Unlike other major components of GNP, gross private domestic investment in 1962 prices has shown no upward trend since the mid-1950's. After a brisk rise of about 50 percent from 1947, it reached a peak of $75 billion in 1955, then fell, and did not return to the 1955 level until 1962, when real GNP was 16 percent larger.

Business fixed investment was high in the early postwar years, averaging about 12 percent of total output (1962 prices) in 1947–48. Demand for plant and equipment was especially strong after nearly 2 decades of low growth in capacity associated with the depression of the 1930's and the war. From 1949 through 1957, business fixed investment remained within a range of 10 to 11 percent of real GNP. In sharp contrast, during the past 5 years the proportion of output devoted to business fixed investment has averaged only 9 percent. This trend is shown in Chart 7 in Chapter 2.

The relative weakness in plant and equipment outlays in recent years is reflected in the apparently slow growth of business fixed capital. The amount of business fixed capital in useful existence can only be inferred. But using average service lives based on actual business practice, the Department of Commerce estimates that the existing stock of business structures and equipment has increased by only 2 percent per year over the past 5 years, compared with 4 percent a year in the period 1947–57 (Table 7).

TABLE 7.—*Growth of gross stocks of fixed business capital in two postwar periods* [1]

[Percentage change per year]

Type of stock	1947–57	1957–62 [2]
Total nonfarm	3.9	1.7
Structures	1.7	2.7
Equipment	6.9	.6
Manufacturing	4.3	1.2
Structures	1.7	.4
Equipment	6.5	1.6

[1] Based on stocks, in 1954 prices, at end of year; lives 20 percent shorter than in Internal Revenue Service Bulletin F (1942 edition).
[2] Based on preliminary estimates for 1962 by Council of Economic Advisers.

Sources: Department of Commerce and Council of Economic Advisers.

Changing incentives to invest are reflected in the relationship between corporate saving and investment. Profitable and expanding markets lead businessmen to invest more than their gross retained earnings. Through their participation in debt and equity markets, business firms then channel personal savings into new capital goods and inventories. Chart 6 shows that, from 1947 to 1957, nonfinancial corporations generally invested more than their own gross saving. The only exceptions in that period occurred in the recession years of 1949 and 1954. But, since 1957, the relationship has been reversed: investment by corporations in plant, equipment and additions to inventories has not kept pace with gross retained earnings. Corporate investment fell considerably short of corporate saving in 1958 and 1961, and exceeded saving by a bare margin in 1959 and 1960. The past year, 1962, was the first in the postwar era when corporate investment fell short of corporate saving in a year untinged by recession. While the slow pace of advance in the economy since 1957 has held down the supply of internal funds to nonfinancial corporations, their incentives to invest have not even kept pace with the over-all availability of internal funds.

Residential construction expenditures are so volatile from year to year that a clear trend is hard to discern. The record does suggest that the rise in construction activity slowed after the first postwar decade. Housing activity in 1961–62 surpassed the 1955–57 average by less than 15 percent, while construction in 1955–57 represented a 55 percent gain over 1947–49. Expenditures on residential construction remained the same percentage of personal disposable income (in 1962 prices), 6.0 percent, during 1958–62 as in the previous decade. In view of the large backlog of housing demand in the earlier period, housing activity has held up well.

Consumption

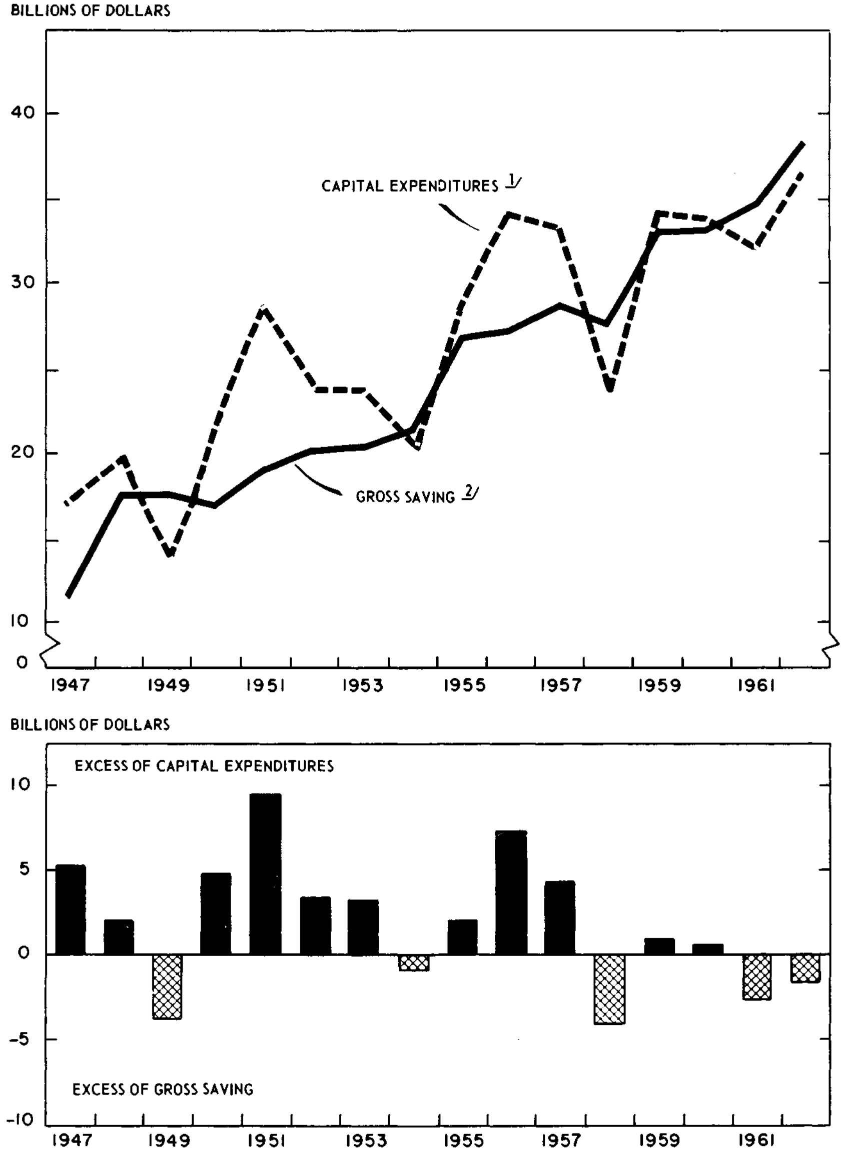
In 1947–49, consumer outlays clearly exerted an important expansionary force on the economy, averaging more than 95 percent of disposable income over the 3-year interval. Since 1950, however, the fraction of disposable personal income spent on consumers goods and services has remained between 92 and 94 percent each year. The fraction has varied in this range from year to year, but it has shown no clear trend. Consumers expenditures have not been constrained in recent years by any unwillingness of consumers to spend out of their disposable incomes.

But the growth of consumption has slowed, constrained both by a smaller rise in personal income and by the high and increasing bite of personal taxes. As a result of a rising ratio of personal tax collections—both Federal and State and local—to personal income, disposable personal income as a fraction of personal income has declined from 87.9 percent in 1957 to 86.9 percent in 1962.

Since 1951, the proportion of disposable income (1962 prices) spent on durable goods has shown no trend, although it ranged from a high of 13.6 percent in 1955 to a low of 11.3 percent in 1958. It averaged 12.1

CHART 6

Gross Saving and Capital Expenditures of Corporate Nonfinancial Business



1/ CONSTRUCTION, EQUIPMENT, AND CHANGE IN INVENTORIES.
2/ PROFITS AFTER TAX ACCRUALS AND DIVIDENDS PLUS CAPITAL CONSUMPTION ALLOWANCES.
SOURCES: BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM AND COUNCIL OF ECONOMIC ADVISERS.

percent from 1958 to 1962. This stable proportion gives strong evidence of the continuing demand for durables. Automobile sales have been supported by increasing replacement demand and the growing tendency of families to own more than one car. Expenditures on other durables have grown proportionally with incomes. Since 1957, an increased—but still small—fraction of households have acquired such items as air conditioners, dishwashers, dryers, and freezers.

The most notable change in the composition of consumption in the postwar period has been the shift away from nondurable goods and toward services. From 1951 to 1962, the proportion of disposable income (1962 prices) spent on nondurables fell from 45.8 to 42.3 percent, while the fraction spent on services rose from 34.9 to 38.5 percent.

Conclusion

Total demand depends on the strength of expenditures in the several sectors of the economy. But it is not a simple sum of the parts. Exceptional strength in any component of expenditure will raise employment and capacity utilization, household incomes and business profits, consumption and investment, spreading its expansionary influence throughout the economy. These forces can sometimes be too strong, and they then need to be restrained by fiscal and monetary policies.

At other times, there may be no exceptional upward drive in the economy. In this type of situation, weakness in any sector is diffused throughout the economy unless it is offset by a sufficiently expansionary fiscal or monetary policy. In the past 5 years, total demands have not been adequate to promote rapid growth of incomes. Consumption has not generated the profitable markets needed to stimulate investment; and investment spending has not generated the incomes needed to promote strong gains in consumption. Even though the capital stock has grown slowly, so has total demand; thus the economy has not been able to grow into its unused capacity. And as sluggishness has persisted, unfavorable experiences have generated unfavorable expectations and cautious planning, reinforcing the inadequacy of demand.

Taking the past 2 years by themselves, gains in employment, incomes, and output have been substantial. Fiscal and monetary policies have supported recovery from the recession. However, despite this encouraging progress it is now apparent that demands originating in the private economy are insufficient by themselves to carry us to full employment. Nowhere are there visible spontaneous forces of sufficient strength to put an end to the period of slow growth. But there is a way: through tax reductions and reforms, the Federal Government can relax its restraints on the expansionary power of the private economy.

The Employment Act of 1946 requires estimates of "current and foreseeable trends in the levels of employment, production, and purchasing power." This is a wise and constructive mandate. The plans and policies of both Government and business are forward-looking: they influence the future; they must rest—however uneasily—on expectations about the future.

For some purposes, the forecasts upon which public policies are based need not be numerically precise. As a justification for an expansionary tax reduction in 1963, for example, it is enough to know that, lacking such a cut, the prospect for 1963 and beyond is for substantial shortfalls of demand below capacity. On the other hand, the need, for budgetary purposes, to make fairly exact projections of Federal revenues requires the relatively precise kind of forecast—namely, that GNP will amount to $578 billion, plus or minus $5 billion—contained in this year's Budget Message. This estimate implies moderate gains in employment, production, and purchasing power throughout 1963, with expansion beginning to accelerate later in the year in response to the President's tax program. The average quarterly gain in GNP during the course of the year would be about the same as in 1962—nearly $6 billion.

The projection for 1963 emerges from a survey of prospects for the major categories of public and private spending.

GOVERNMENT PURCHASES OF GOODS AND SERVICES

The budget estimates for the fiscal years 1963 and 1964 indicate that Federal purchases, reflecting increases in defense and space activities, should continue to rise, reaching in the calendar year 1963 an average $4 billion higher than in calendar 1962. State and local purchases are expected to continue rising at the same pace as in recent years, adding another $4 billion increase in total spending.

RESIDENTIAL CONSTRUCTION

Although down a bit from the preceding quarter, activity in housing remained strong at the year-end; November starts and permits were above the 1962 average. Basic demand, supply, and financial conditions should be as favorable in 1963 as they were in 1962. In the past, housing has usually declined considerably before a downturn in over-all activity, at least partly in response to monetary tightness. Ease in mortgage markets is expected to continue in 1963, reinforcing the prospects for sustained strength in residential construction. The best estimate is that nonfarm housing starts and residential construction expenditures will hold at about their 1962 levels.

669333 O—63——3

BUSINESS FIXED INVESTMENT

Business investment in plant and equipment during 1963 is expected to show modest gains above 1962 levels. Its progress is estimated in the light of the following factors:

1. Over-all rates of capacity utilization improved markedly in 1961, but they leveled off well short of full utilization during 1962. There is little prospect of an improvement in operating rates in the near future.
2. The ready availability of funds will continue to favor investment in 1963. In both 1961 and 1962, gross corporate saving exceeded corporate investment. Recent tax adjustments are adding further to business liquidity. And the improved state of equity markets and the continued ease of bond markets will facilitate external financing.
3. New orders for machinery and equipment improved moderately in the second half of 1962. As the year ended, new orders continued to point upward.
4. The November Commerce-SEC survey of investment plans for the first quarter of 1963 gave puzzling results. Estimated expenditures for the last half of 1962 were revised upward by businessmen; yet their plans pointed to a decline in outlays in the first quarter of 1963. Typically, upward revisions of plans are accompanied by continued gains in succeeding quarters, not the reverse. Privately conducted surveys for the year 1963 as a whole report investment plans exceeding 1962 levels by a small margin.
5. Evidence is accumulating that the new depreciation guidelines and the investment tax credit will have a significant influence on investment decisions. According to industry sources, the planned investment of the steel industry has been substantially increased under the stimulus of these measures, and now shows a marked rise over 1962.

Taken together, these considerations support the estimate of a small year-to-year increase in capital outlays.

CHANGE IN BUSINESS INVENTORIES

Businessmen are likely to add to their stocks in 1963, largely in response to moderate increases in final sales of goods. But the expected growth of sales is unlikely to push rates of inventory accumulation above the $3 billion average for 1962. Inventory-sales ratios have, on the whole, remained at conservative levels. The stability of these ratios suggests that businessmen view their current stock-sales relationships as appropriate and are not likely to alter them significantly in either direction in the months ahead. But any sharp departure from expected patterns of final sales would be magnified in this highly volatile component of GNP.

PERSONAL CONSUMPTION EXPENDITURES

Consumer outlays are expected to continue to absorb about 93 percent of disposable personal income in 1963. Services are likely to claim a slightly increased fraction of incomes, with the share devoted to goods declining a bit. Early sales of 1963-model automobiles point to another good year for car sales, but increases in the sales rate achieved in the last quarter of 1962 are unlikely.

Disposable income is expected to grow at a slightly faster rate than GNP in 1963. While the increase in payroll taxes effective January 1, 1963, will retard the rise in disposable income, the prospects for consumer purchasing power are much improved by the President's recommendation for a midyear drop in the withholding rate for individual income taxes.

SUMMARY

In pointing to the likelihood of continued expansion, this review of the major sectors of demand is gratifying; in pointing to continued underutilization, it is challenging.

Continued expansion in 1963 would reverse the apparent postwar trend toward shorter expansions and more frequent recessions. By March 1963, the current expansion will have matched the 1958–60 upswing in duration. If it continues throughout 1963, the present recovery will have lasted 34 months, nearly equaling the 35-month duration of the 1954–57 expansion. The likelihood of such sustained expansion will be increased by prompt enactment of the President's recommendation for tax reduction in 1963.

The estimated GNP for 1963 is 4½ percent above the level of 1962 in current prices. With an increase of this magnitude, real GNP would not change significantly relative to the economy's potential. Neither the average unemployment rate nor excess industrial capacity in 1963 could be expected to decline appreciably. Apart from the effects of reduced taxes, real disposable income per capita and corporate profits could grow slowly at best. The prospects for 1963 reflect the same insufficiency of demand that has slowed our growth in the past several years. New investment will still be inhibited by underutilization of existing capital. Consumer spending will still be held down—until the tax reductions take effect—by a burdensome tax system. With that drain of purchasing power, the achievement of full employment would require a level of private investment that experience suggests will not be forthcoming.

Thus, the prospects for the future join with the facts of the present and the record of the past 5 years in posing a challenge for economic policy. But the same record—past, present, and prospective—furnishes valuable guidance on how to respond to the challenge. It suggests that investment will be brisk when consumer spending provides the stimulus of profitable markets; that consumers' living standards can advance rapidly when business firms have strong incentives to expand employment; that capacity will grow rapidly when existing capacity is put to full and productive use; that a business firm can gear its plans to sustained prosperity when it enjoys buoyant markets; that there is latent strength of private demand which can be activated when tax reduction relaxes the restraints of fiscal policy. The President's proposals for tax legislation in 1963 are fashioned to respond to the realities of the economic record. They are designed to write a far brighter record in the years ahead. As the proposed tax changes take effect and release the force of stronger private demands, we can expect our gains to accelerate markedly. The moderate advance projected for 1963 should be the forerunner of sharply faster advances thereafter. Under the stimulus of tax reduction and reform, the years ahead promise to write a new chapter of full prosperity and rapid growth in our economic history.

Chapter 2

Domestic Economic Policy for the Mid-1960's

THE PROGRESS of the American economy in 1961 and 1962, and the further advance expected in 1963, have been discussed in Chapter 1. The record is one of steady gains in output, progress toward balance in our international accounts, maintenance of reasonable price stability, and a steady rise in incomes which—although moderate in money terms—translates almost entirely into higher living standards. These are achievements which we all welcome.

But this record is not good enough. Since 1957, progress in creating new jobs, absorbing idle capacity, and achieving a satisfactory rate of growth has not measured up to our earlier postwar performance; neither has our competitive position in the world improved sufficiently to solve our balance of payments problem. Our economy has not met the standards rightly expected of it by the American people. Given effective public and private action to make full use of our human and physical resources, our economy could readily be producing at a rate $30–40 billion higher than it is. Given effective policies, as discussed in Chapter 4, our balance of payments problem can be solved.

Our review shows that progress is not likely to be interrupted in the near future by a recession of the type experienced in 1949, 1953, 1957, and 1960. Thus we do not now face a cyclical emergency compelling immediate action. But the record does disclose that, for more than 5 years, the U.S. economy has lacked the buoyancy and vigor which spell full employment and rapid growth. The unemployment rate since mid-1957 has averaged 6 percent. Excess manufacturing capacity has averaged 5 percentage points higher than in the preceding decade. The result has been smaller advances in total payrolls and profits, and lower levels of investment and consumption, than we are willing to, or need to, accept.

Unemployment and excess capacity also take their toll by slowing down our long-run growth. They weaken the vital incentive to expand capacity and to innovate. They hold many of our resources—especially our human resources—in inferior uses. And they often generate resistance to mechanization and superior technology.

The need for early action lies, then, not in imminent recession but in continued waste of manpower and machines, and in thwarted opportunities for more rapid growth. Any program adequate to the task will take time to enact and to become fully effective. Two recessions and two incomplete recoveries in the past five years bear witness that there is ample cause for action and no cause for delay.

FISCAL POLICY FOR FULL EMPLOYMENT AND GROWTH

The pace of expansion foreseen in business, consumer, and government expectations promises no easy resolution of our problem. Indeed, the prospective pace of expansion in 1963 promises little if any reduction of unemployment, little if any narrowing of the gap between actual and potential output. Positive action to invigorate the economy is required to reverse the record of the past 5 years and bring output, employment, and income up to their potential.

Accordingly, the President is recommending a major program of tax reduction and tax reform to expand private purchasing power and to strengthen private incentives—a program which will thus attack the problem of idle men and machines at its source and provide new vigor to the forces for expansion of the U.S. economy. It is the key instrument of policy for meeting our responsibilities for high employment and faster economic growth in the mid-1960's.

By reducing taxes, stimulating cost-cutting investment, strengthening incentives, and promoting a more efficient allocation of productive resources, a balanced tax program serves to lower unit costs. It thereby lays a firmer foundation for continued price stability and an improved U.S. competitive situation in world markets.

This chapter will examine the employment and growth objectives which confront tax and other economic policy this year, summarize the major elements of the proposals for tax reduction, examine the process by which tax revision generates higher levels of economic activity, consider monetary and debt management policies appropriate for complementing the tax changes while aiming at international equilibrium, and review briefly other policies for economic expansion.

GOALS OF HIGH EMPLOYMENT AND FASTER GROWTH

Need for more jobs

Today's unemployment, excessive as it is, provides only a partial measure of the employment problem confronting us—the problem that gives us the most dramatic single index of the need for tax action. The measure of the problem can be illustrated by the number of new jobs that would be needed to reduce unemployment to 4 percent by the end of 1963. This number can be divided into four parts:

1. The jobs needed to reduce unemployment among the present labor force from 5.6 percent even to 4.0 percent: 1.1 million.

2. The jobs needed to employ the added workers who would be drawn into—or drawn back into—the labor market by strong employment opportunities: perhaps 800,000 within a year (a larger number as unemployment remained at 4 percent.)
3. The jobs needed to employ the normal annual increase in the labor force: in 1963, an estimated 1.2 million.
4. The jobs needed to absorb the workers released from their present employment by mechanization, by technological advance, by improved organization and management, in a word, by rising productivity—jobs required merely to "hold our own" rather than to absorb today's unemployed or tomorrow's new entrants into the labor force.

The fourth category represents the replacement jobs needed, the other three, totaling 3.1 million, the extra jobs needed, to achieve the 4 percent unemployment level by the end of 1963. Raising the total number of jobs by 3.1 million would represent an increase in employment of 4.7 percent from December 1962 to December 1963, exceeding the rate of increase for any postwar year except the boom year 1955. And to supply, net, 3.1 million *additional* jobs, would require creating an even larger number of *new* jobs in 1963.

Costs of unemployment

Unemployment is an important index of economic slack and lost output, but it is much more than that. For the unemployed person, it is often a damaging affront to human dignity and sometimes a catastrophic blow to family life. Nor is this cost distributed in proportion to ability to bear it. It falls most heavily on the young, the semiskilled and unskilled, the Negro, the older worker, and the underemployed person in a low income rural area who is denied the option of securing more rewarding urban employment. Especially serious is the discouragement, disillusion, and bitterness generated among young people, entering the labor market for the first time, when the economy leaves them without opportunities of finding employment.

The concentrated incidence of unemployment among specific groups in the population means far greater costs to society than can be measured simply in hours of involuntary idleness or dollars of income lost. The extra costs include disruption of the careers of young people, increased juvenile delinquency, and perpetuation of conditions which breed racial discrimination in employment and otherwise deny equality of opportunity.

There is another and more subtle cost. The social and economic strains of prolonged underutilization create strong pressures for cost-increasing solutions. The longer the economic slack continues, the more difficult it is to resist the efforts of its victims to claim, often quite plausibly, prosperity incomes out of undercapacity output. On the side of labor, prolonged high unemployment leads to "share-the-work" pressures for shorter hours, intensifies resistance to technological change and to rationalization of work rules, and, in general, increases incentives for restrictive and inefficient measures to protect existing jobs. On the side of business, the weakness of markets leads to attempts to raise prices to cover high average overhead costs and to pressures for protection against foreign and domestic competition. On the side of agriculture, higher prices are necessary to achieve income objectives when urban and industrial demand for foods and fibers is depressed and lack of opportunities for jobs and higher incomes in industry keep people on the farm. In all these cases, the problems are real and the claims understandable. But the solutions suggested raise costs and promote inefficiency. By no means the least of the advantages of full utilization will be a diminution of these pressures. They will be weaker, and they can be more firmly resisted in good conscience, when markets are generally strong and job opportunities are plentiful.

Demand and employment

The demand for labor is derived from the demand for the goods and services which labor participates in producing. Thus, unemployment will be reduced to 4 percent of the labor force only when the demand for the myriad of goods and services—automobiles, clothing, food, haircuts, electric generators, highways, and so on—is sufficiently great in total to require the productive efforts of 96 percent of the civilian labor force.

Although many goods are initially produced as materials or components to meet demands related to the further production of other goods, all goods (and services) are ultimately destined to satisfy demands that can, for convenience, be classified into four categories: consumer demand, business demand for new plants and machinery and for additions to inventories, net export demand of foreign buyers, and demand of government units, Federal, State, and local. Thus gross national product (GNP), our total output, is the sum of four major components of expenditure; personal consumption expenditures, gross private domestic investment, net exports, and government purchases of goods and services.

The primary line of attack on the problem of unemployment must be through measures which will expand one or more of these components of demand. As will be explained more fully below, the tax reduction program being proposed for enactment in 1963 will reduce unemployment by increasing the consumption and investment components of demand, thus raising production and creating new jobs.

Full employment, however defined, is a moving target. The GNP needed to achieve full employment is also a moving target; indeed, it moves faster than the employment target. The GNP target rises from year to year not only because the labor force increases but also because output per worker grows each year, as new technology is introduced, as workers are better educated and trained, and because capital investment provides each worker with more as well as better tools and machinery with which to work.

As an illustration of these relationships, based on average experience in the past, GNP in 1962 prices must grow by about 3½ percent a year, or nearly $20 billion in 1963, merely to keep the average unemployment rate at the 1962 level. To have the unemployment rate fall by 1 percentage point in the course of a year, GNP in constant prices would have to grow by an additional 3 percent, or a total of about 6½ percent. For the unemployment rate to be reduced from 5.6 percent to 4 percent within one year would require an 8 to 9 percent increase in GNP at constant prices.

Once a satisfactory level of employment has been achieved in a growing economy, economic stability requires the maintenance of a continuing balance between growing productive capacity and growing demand. Action to expand demand is called for not only when demand actually declines and a recession appears but even when the rate of growth of demand falls short of the rate of growth of capacity.

Structural aspects of unemployment

Although increased demand must be the major line of attack on unemployment, other measures are needed as well. Some workers are unemployed because they are not properly trained. Some are unemployed because they are geographically separated from the places where jobs are opening up and they are unaware of the existence of such opportunities. As a result of insufficient geographic and occupational mobility, bottlenecks and shortages of particular types of labor may occur as job opportunities expand at a time when there are still many unemployed workers.

A high percentage of the currently unemployed are unskilled and teenagers. But past periods of expansion have demonstrated industry's capacity for employing and training large numbers of persons who were considered unemployable in times of slack. If the total demand for labor expands, hiring specifications may be made less rigid, jobs redesigned, and on-the-job training programs expanded. But past experience also makes it clear that to facilitate the reduction of unemployment to minimum levels without undue upward pressure on wages and prices calls for vigorous government measures to improve the mobility and skill structure of the labor force.

Such measures as the Manpower Development and Training Act of 1962 and the "adjustment" provisions of the Trade Expansion Act of 1962 (both of which are outlined in Appendix A) will help to bring employee skills into better balance with employers' job requirements and to improve the geographic balance of labor supply and demand. These measures are an integral part of a program to reduce unemployment to a minimum. The policy circle will be closed only when markets for goods and services are strong enough to create new jobs for the retrained and relocated workers. The problems of structural unemployment and the key role of labor market policy will be further developed in the first annual Manpower Report of the President, to be issued early this year.

It would be wrong to think of the problem of structural adaptation of our manpower supply only in terms of re-adapting present members of the labor force to new jobs. Much of the matching of supplies of skills with demand for them must take the form of appropriate education and training of new entrants into the labor force. The importance of this factor becomes readily apparent when we consider that nearly one-third of all workers in our labor force in 1970 will have entered it during the 1960's. By correctly anticipating the economy's needs for upgraded knowledge and skills, and aiming our education and training efforts to meet them, we can steadily improve the fit of available manpower to available jobs.

Success in a combined policy of strengthening demand and adapting manpower supplies to evolving needs would enable us to achieve an interim objective of 4 percent unemployment and permit us to push beyond it in a setting of reasonable price stability. Bottlenecks in skilled labor, middle-level manpower, and professional personnel tend to become acute as unemployment approaches 4 percent. The result is to retard growth and generate wage-price pressures at particular points in the economy. As we widen or break these bottlenecks by intensified and flexible educational, training, and retraining efforts, our employment sights will steadily rise.

But reaching an interim goal, a way-station, of 4 percent would be no small achievement in itself. The benefits would be felt by all, but particularly by those who bear the brunt of today's unemployment—the one in eight teenagers, the one in eight unskilled workers, the one in nine Negroes. However, an unemployment rate of 4 percent is an unacceptable target. Therefore, we must expand the various programs that would assist us in pushing below it.

The growth objective

Economic policies for 1963 couple pursuit of employment objectives with stimulation of more rapid economic growth. U.S. growth has been lagging. From 1955 to 1962, the economy's potential grew at an estimated annual rate of 3½ percent, nearly a percentage point lower than its growth rate from 1947 to 1955. Actual output grew even more slowly, averaging 2.7 percent a year in the 1955–62 period. This performance falls short of our aspirations, both as stated by the President and as translated into our share of the Organization for Economic Cooperation and Development commitment to a 50-percent growth target for the 1960's (for the 20 member nations as a group). These aspirations can be realized only by stepping up our growth rate to 4 percent and beyond as we move through the decade.

Our commitment for the pursuit of policies for faster growth is not only to our allies in the Atlantic community; it is first of all to ourselves. More rapid economic growth raises living standards, enhances job opportunities, and permits satisfaction of many needs now beyond our reach—in short, it improves the quality of our lives. But it does more. It builds a broader base for free world leadership, not only in easing the burdens of defense and foreign aid but, more important, in demonstrating the continued capacity of a free market economy to expand production, improve distribution, and increase well-being.

Fuller utilization of existing resources provides the primary spur to growth; indeed, it is a virtual prerequisite to speedier growth. A tax program aimed at high employment simultaneously stimulates growth by (1) pushing production increasingly toward higher use of plant capacity and thereby stimulating new investment to expand that capacity, (2) drawing more workers into the labor force and upgrading others from inferior to superior uses, (3) decreasing the resistance of labor and management to the risks of technological change, and correspondingly relaxing the grip of restrictive practices, (4) providing a business climate which tests ingenuity and invigorates a spirit of boldness and innovation, and (5) increasing the profitability of business investment, and generating an enlarged flow of funds to finance such investment.

More directly, as discussed below, the 1963 tax program will provide business with greater incentives and financial ability to invest in new capacity and new products. Incentives to risk-taking and to human effort will be strengthened by rising markets for goods and services, which increase the flow of profits, and by lower tax rates, which increase business profitability and personal disposable income. A lowering and restructuring of income tax rates will be the major stimulus to growth. But the 1963 tax program will also contribute significantly to the growth objective by removing or reducing tax distortions which interfere with the optimal use of resources. Tax reforms to promote a more even-handed treatment of income from different sources will contribute to a more efficient allocation of investment and manpower, i.e., to greater output per unit of input.

While the proposed 1963 tax actions are central to a program for faster growth, a rounded policy embraces many other measures. A later section of this chapter deals with selected additional aspects of the growth program.

A TAX PROGRAM FOR THE MID-1960'S

The Administration's 1963 tax program will be presented in a forthcoming Presidential message. Its major outlines are sketched here to serve as the basis for a review of its impact on total demand and thus on production, income, and employment.

In the first stage, beginning on July 1, 1963, the rate reductions will cut individual liabilities by a total of $6 billion at annual rate. For wage-earners, most of this cut will be translated immediately into greater take-home pay, through a reduction in the withholding rate; other taxpayers will realize the benefit of this reduction in rates by adjusting their quarterly tax payments; some will receive refunds during the first half of 1964 for overpayment of 1963 tax liabilities. Further reductions will occur in the rates applicable to 1964 and 1965 incomes, and these will be offset only partially by enlargements of the tax base.

The proposed gross annual reduction in individual and corporate income tax liabilities, ocurring in three stages, is estimated at $13½ billion, based on current levels of income. Most of this gross reduction—$11 billion—is in individual income tax liabilities. The proposed final rate structure will range from 14 to 65 percent, contrasted with the present range of 20 to 91 percent. The largest part of the total reduction will be received by the lower and middle income groups of taxpayers.

The corporate profits tax rate will be reduced in stages from the current 52 percent to 47 percent. This represents a reduction in corporate tax liabilities of about $2½ billion annually at current levels of profits. Payment of corporate income taxes will, however, be placed on a more nearly current basis, adding about $1½ billion annually to administrative budget revenues for the next several years.

In addition to the tax rate reductions described above, the program incorporates structural changes—offsetting about $3½ billion of the rate reduction—designed to improve the equity of the tax system and to encourage greater efficiency in the use of resources. The present income tax system contains numerous provisions that allow special treatment for income derived from particular sources, for expenses incurred in certain ways, for capital gains that are sometimes thinly disguised transformations of current income. Such exceptions have a number of consequences: (1) they provide a strong element of "horizontal" inequity, taxing differently persons in essentially similar income positions; (2) they complicate enormously the task—for the taxpayer and the Government—of ascertaining any individual's liability, and they divert energies from productive activities to tax avoidance and enforcement; (3) because some forms of production receive preferential tax treatment, resources are allocated to the production of certain goods at the expense of others whose value to the economy is greater; and (4) because they reduce the tax base, the exceptions compel higher rates on incomes that remain subject to tax, compounding the inequity and resulting in rates that may interfere with incentives to work, to assume risks, and to invest.

To eliminate in a single step all forms of unjustifiable special treatment is not feasible. But the President's program will make decisive progress in this direction.

Much, though not by any means all, of the income that currently escapes full taxation is received by persons who are, or would be, in the higher income tax brackets, paying rates on marginal income ranging up to 91 percent. The very height of these rates is, of course, partly the reason for the exceptions: taxpayers looking for ways to escape rates which seem oppressive have sought special treatment, and have often obtained sympathetic response. Those high rates, where paid, undoubtedly have a dampening effect on incentives to invest and take risks; and they impair the ability to accumulate investment funds. Since a higher rate of investment of risk capital is essential to a higher rate of growth, it is appropriate to reduce significantly the highest income tax rates at the same time that a more comprehensive tax base is provided. For these reasons, the President is recommending a top marginal rate of 65 percent on taxable income, together with measures to deal with tax preferences that pull resources away from their most efficient uses.

TAX REVISION: IMPACT ON OUTPUT AND EMPLOYMENT

Tax reduction will directly increase the disposable income and purchasing power of consumers and business, strengthen incentives and expectations, and raise the net returns on new capital investment. This will lead to initial increases in private consumption and investment expenditures. These increases in spending will set off a cumulative expansion, generating further increases in consumption and investment spending and a general rise in production, income, and employment. This process is discussed in some detail in this section. Tax reduction may also have financial effects associated with the increased budget deficit that it will initially produce. Since these effects—in the first instance, at least—depend on the methods used to finance the deficit, they are left for discussion in a later section dealing with monetary and debt management policy.

Initial effects: consumption

Effects on disposable income. The proposed reduction in personal income tax rates will directly add to the disposable income of households. In addition, the reduction in corporate tax rates will increase the after-tax profits of corporations as a result of which corporations may be expected to increase their dividend payments. The initial direct effect on the disposable income of households resulting from the entire program of tax reductions should be approximately $8½ billion, at current levels of income.

Consumer response to increase in disposable income. The ratio of total consumption expenditures to total personal disposable income has in each recent calendar year fallen within the range of 92 to 94 percent. Although there are lags and irregularities from quarter to quarter or even year to year, the change in personal consumption expenditures has in the past, after a few quarters, averaged roughly 93 percent of any change in personal disposable income. On this basis, the initial addition to consumer expenditures associated with tax reductions would be on the order of $8 billion, although all would not be spent at once.

Additions to after-tax incomes resulting from tax reduction are likely to be spent in the same way as other additions to income. The largest part of the proposed tax reduction will be reflected in reduced withholding of taxes from wages and salaries, and therefore in larger wage and salary checks; thus, it will be indistinguishable from additional income arising from wage or salary increases, greater employment, or longer hours of work. Similarly, part of the reduced corporate taxes will be passed along to stockholders in increased dividend checks. Stockholders will not be able to identify the source of their additional dividends. Tax reduction dollars carry no identifying label, and there is no reason to expect recipients to treat them differently from other dollars.

Recent experience with tax reduction demonstrates clearly that additions to disposable income from this source are spent as completely as any other additions. Taxes were reduced by about $4.7 billion on May 1, 1948, retroactive to January 1, with resulting large refunds in mid-1949. Again taxes were cut, net, by about $6 billion, effective January 1, 1954, with further cuts later that year. Table 8 shows that the percentage of disposable income spent by consumers remained within the normal range of quarterly fluctuation during the periods following the enactment of each of these tax reductions.

TABLE 8.—*Personal consumption expenditures as percent of disposable personal income during two postwar periods of tax reduction*

1948–49		1953–55	
Quarter	Percent	Quarter	Percent
1948: I	97.3	1953: IV	91.5
II	94.0	1954: I	91.8
III	92.6	II	92.8
IV	93.2	III	93.0
1949: I	93.9	IV	93.2
II	95.2	1955: I	94.5
III	95.7	II	93.5

Note.—Based on seasonally adjusted data.

Source: Department of Commerce.

It is sometimes suggested that tax reductions which add only a few dollars to the weekly pay check of the typical worker would do little good even if the money was spent, since the amounts involved would not be large enough to permit major expenditures—say on washing machines or automobiles. Instead, the money would be "frittered away" on minor expenditures and would do little good for the economy. But all purchases lead to production which generates income and provides employment. Therefore, the purpose of tax reduction is achieved when the proceeds are spent on any kind of goods or services.

Actually, of course, tax reduction which expands take-home pay even by a relatively small amount each week or month may induce recipients to purchase durable goods or houses of higher quality, since the increased income would permit them to handle larger monthly installment payments. It may even induce a rearrangement of expenditure patterns and thus bring about purchases of durable goods that would not otherwise be made.

Initial effects: investment

Investment is a more volatile element than consumption in national expenditure. The timing and magnitude of its response to tax changes is less predictable. But a cut in tax rates on business income will stimulate spending on new plants and new machinery in two ways. First, it will strengthen investment incentives by increasing the after-tax profits that businessmen can expect to earn on new productive facilities. Second, it will add to the supply of internal funds, a large part of which is normally reinvested in the business (though part of this effect may initially be offset by the proposed acceleration of corporate tax payments).

Since the largest part of business investment is made by corporations, the proposed cuts in the corporate income tax are especially significant. But investments of unincorporated businesses will also be encouraged by cuts in personal income tax rates, especially in the upper brackets.

Two important reforms affecting the taxation of business income designed to stimulate investment in plant and equipment were put into effect during 1962: the new depreciation guidelines and the investment tax credit. (For details of these changes, see Appendix A.)

Evidence to date clearly indicates that these measures are already stimulating some capital spending that would not otherwise have taken place. The impact of the 1962 actions and the 1963 proposals to reduce taxes on business will, of course, differ from company to company and industry to industry, depending in part on the adequacy of their internal funds and their levels of capacity utilization. Though the speed of response may vary, industry after industry will begin to feel pressure on its capital facilities and funds as markets for its products are expanded by the 1963 tax program.

Furthermore, there are many individual companies for which the supply of internal funds is a constraint on investment, and many others that do not have excess capacity. Moreover, it is estimated that some 70 percent of the investment in plant and equipment is for modernization and replacement rather than expansion, that is, it is designed to produce new or better products, or to reduce production costs rather than primarily to expand productive capacity. For this large segment of capital spending, the stronger inducement to invest provided by the business tax changes already adopted and those now proposed will translate much more readily into actual purchases of plant and equipment.

As production expands and existing capacity is more fully utilized, the depreciation guidelines and the investment tax credit and the new business tax reductions will provide an even stronger stimulus to investment.

Cumulative expansion: the consumption multiplier

Tax reduction will start a process of cumulative expansion throughout the economy. If the economy is already undergoing slow expansion, this cumulative process will be superimposed upon it. The initial increases in spending will stimulate production and employment, generating additional incomes. The details and timing of this process will vary from industry to industry. The first impact may be to draw down inventories rather than to expand production. But as inventories are depleted, retailers will quickly expand orders. As manufacturers' sales rise in response and their own inventories of finished goods decline, they will activate idle production lines, hire additional workers, place orders for materials and components. Thus the expansion will spread to other industries, leading to further expansion of production, employment, and orders.

Expanded sales mean increased profits. Increased employment means greater wage and salary income. Each additional dollar's worth of gross production necessarily generates a dollar of additional gross income.

But expansion does not proceed without limit. A considerable fraction of the value of gross production is shared with governments or becomes part of corporate retained earnings and does not become part of consumers' after-tax income. Some of the increase goes to pay additional excise and other indirect business taxes. Typically, when GNP is rising toward potential, corporate profits increase by about one-fourth of the rise in GNP. But a substantial part of this increase in profits is absorbed by Federal and State corporate income taxes, and another part is ordinarily retained by the corporations. Only the remainder is passed on to the households in dividend payments. Part of the additional wage and salary incomes associated with added production is absorbed by higher social security contributions. At the same time, increased employment means a drop in payments for unemployment insurance benefits.

When all of these "leakages" are taken into account, a little less than two-thirds of an additional dollar of GNP finds its way into the before-tax incomes of consumers in the form of wages, dividends, and other incomes. Part is absorbed by personal taxes, Federal, State, and local. The increase in personal disposable income is 50 to 55 percent. Of this amount a small fraction—about 7 percent—is set aside in personal saving, and the remainder—about 93 percent—is spent on consumption, as indicated earlier. Thus, out of each additional dollar of GNP, initially generated by the tax cut, roughly half ends up as added consumption expenditure. But the process does not stop here.

The additional expenditure on consumption that is brought about by the rise in GNP generates, in its turn, further production, which generates additional incomes and consumption, and so on, in a continuous sequence of expansion which economists call the "multiplier process." The "multiplier" applicable to the initial increase in spending resulting from tax reduction, with account taken of the various leakages discussed above, works out to roughly 2. If we apply this multiplier only to the initial increase in consumption (about $8 billion), the total ultimate effect will be an increase in annual consumption—and in production (and GNP)—of roughly $16 billion. Lags in the process of expansion will spread this increase in GNP over time, but studies of the relationships between changes in disposable income, consumption, and production of consumer goods suggest that at least half of the total stimulus of an initial increase in disposable income is realized within 6 months of that increase.

Cumulative expansion: the investment response

Tax reduction will also have important cumulative indirect effects on investment in inventories and in fixed productive facilities. These effects are much more difficult to predict than the induced effects on consumption.

Inventory investment. The stocks of goods that businessmen wish to hold depend upon current and expected rates of sales and production and the volume of new and unfilled orders, as well as on price expectations and other factors. An expansion of aggregate demand can be expected to raise business inventory targets. Production for inventory will generate further increases in demand and income over and above the multiplier effects discussed above, and will in turn induce further increases in consumption spending.

Inventory investment is volatile, and induced inventory accumulation can add significantly to the expansionary effects of tax reduction within a few months. At the same time, it should be recognized that inventory investment is exceedingly difficult to forecast. As the increase in production and sales tapers off, stocks and the rate of inventory investment will be correspondingly adjusted.

Business investment in plant and equipment. A tax reduction large enough to move the economy toward full employment will also stimulate business investment in plant and equipment. General economic expansion will reinforce the initial stimulus to investment of cuts in business taxes. In the first place, narrowing the gap between actual and potential output—now estimated at $30–40 billion—will increase the utilization of existing plant and equipment. As excess capacity declines, more and more businesses will feel increasing pressure to expand capacity. At the same time, increases in the volume of sales and in productivity will raise corporate profits—in absolute terms, relative to GNP, and as a rate of return on investment. Internal funds available for investment will rise, while at the same time higher rates of return on existing capital will cause businessmen to raise their estimates of returns on new investment. When investment incentives are strengthened by rising demand, internal funds are more consistently translated into increased investment than when markets are slack.

Residential construction. The demand for housing depends on growth in the number of families, on the existing stock of houses, and on the cost and availability of mortgage credit. But housing demand also responds, to some extent, to changes in disposable income. Thus, tax reduction will have some direct effect on residential construction. And as production, employment, and income generally expand, the demand for new homes can be expected to increase further. This increase will, in turn, reinforce the other expansionary effects of tax reduction.

669333 O—63——4

State and local government expenditures

State and local government units have found it difficult to finance the needed expansion of their activities. Given the present importance of income and sales taxes in State and local tax systems, government revenues at the State and local level expand automatically as GNP rises. The additional State-local revenues generated by economic expansion will assist these governments to meet their pressing needs. Moreover, since Federal tax liabilities are deductible under many State income tax laws, reduction in Federal tax rates will automatically generate some further addition to State-local tax revenues. Finally, a reduction in Federal taxes will enlarge the tax base available to State and local government units and may make it easier for them to raise rates or impose new taxes.

Undoubtedly, some of the added State-local tax revenues will be used either to retire existing debt or to reduce current borrowing rather than to increase expenditures. Whether the net result will be expansionary will depend upon whether the proportion of additional tax revenues spent on goods and services by State and local government units is greater or smaller than the proportion which would have been spent by the taxpayers from whom they collect the additional taxes. But whether or not the response of State and local government units is such as to strengthen the aggregate impact of Federal tax reduction on income and employment, the Federal tax program will ease, to some extent, the problems of these units in obtaining revenues needed to finance urgent public activities, such as education, transportation facilities, and urban development.

Summary of effects on GNP

Tax reductions for consumers will have initial direct effects on the demand for goods and services, as consumers raise their spending level to reflect their higher after-tax incomes. Corporate tax reductions and the lower tax rates applicable to the highest personal income brackets will stimulate investment directly, through raising the rate of return on new investments and providing additional funds for their financing. Some of the tax reforms will also have a directly stimulating effect on productive investment.

These direct or initial effects on spending would occur even if total output, employment, and incomes remained unchanged. But the increased spending cannot fail to increase total output, employment, and incomes. And as activity responds to the initially increased level of spending, cumulative impacts begin to develop in which the several elements interact to carry the expansion far beyond its initial point.

The higher incomes which consumers receive from the added production of both consumer and capital goods will lead to a further step-up in the rate of spending, creating further increases in incomes and spending. The same expansion process raises rates of capacity utilization, thereby interacting with the initial impact of tax reduction on business incomes to make investment both for modernization and expansion more profitable.

This in turn generates higher consumer incomes and more spending, helping to provide the added demand which justifies the higher investment.

If there were no investment stimulus—either initially, or as a result of the cumulative process of expansion—we could expect that GNP would ultimately expand by about $16 billion. If the result were no more than this, the tax reduction would still be abundantly rewarding in terms of greater production, employment, purchasing power, and profits. What will really be given up to produce added output will be only unwanted idleness of workers (whose families have reduced neither their needs nor aspirations) and incomplete utilization of plant and machinery (which have continued to depreciate).

But the pay-off is much more than this purely consumption impact. There is also an investment impact, and each extra dollar of investment that is stimulated should bring roughly another dollar of added consumption and encourage still further investment.

A strong expansion can alter profoundly the whole climate within which investment decisions are made. If not at once, then somewhat later, subtle but significant changes in business attitudes occur in response to the trend in the economic outcome. We have referred earlier to the cautious investment attitudes that more than 5 years of slack markets have generated. This caution did not arise at once in mid-1957, when output first began to fall away from the track of potential expansion. It developed gradually, fed on itself, and in part helped to justify itself. The reverse can and will happen.

No one can pretend to estimate with precision the ultimate impact of a program so far-reaching as that which the President will propose: it would come into operation in stages extending from July 1, 1963 to January 1, 1965, and its effects would cumulate and spread into 1966 and beyond.

Our study of the program, and our tentative projections based upon it do, however, convince us that the program measures up to the challenge that the 1960's present to our economy: that it will surely set us on a path toward our interim employment target; and that it will lay the foundation for more rapid long-run growth.

TAX REVISION: IMPACT ON THE BUDGET

When the Congress legislates changes in income taxes, it defines or redefines the income subject to taxation—by setting the exclusions, exemptions, and deductions allowable for various reasons—and sets the new tax rates that are applicable to various fractions of that income. Given the levels and structure of current incomes, these new definitions and rates can be translated into fairly precise estimates of the new tax yield in billions of dollars. This can be compared with the actual yield at the old rates and definitions. The difference is the gross cost of (or gain from) tax revision, and it also measures the initial change in deficit or surplus.

This would be the whole story if the tax revision had no effect on incomes. But a prime purpose of tax revision is precisely to affect production, employment, and incomes. The President's tax program for 1963 is designed to end 5 years of undercapacity production, excessive unemployment, and unnecessarily depressed incomes.

Tax revenues do not depend on tax rates alone, but on the tax base as well. The tax base is determined by the level of income. Because tax revision will raise incomes, it will also raise tax revenues, through a "feedback" out of the expanding tax base. Greater prosperity will also reduce some important types of Federal expenditures, such as unemployment insurance, area redevelopment assistance, and public works acceleration. For these reasons, the net cost of tax revision will be less—substantially less—than the gross cost.

FINANCING ECONOMIC EXPANSION IN 1963

In 1963, the financial policies of the Government, like the fiscal policies, will place high priority on expansion of the demand for goods and services to reduce excess capacity and unemployment while maintaining general price stability. Monetary and debt management policies will continue to play a significant role in facilitating balanced economic expansion and in fostering longer-run economic growth. At the same time, these policies continue to bear special responsibilities to sustain our progress toward balance of payments equilibrium. And since they are the most flexible instruments of general economic policy available to the Government, they can and should be used flexibly. If, contrary to present expectations, aggregate demand should expand too fast and too far, seriously jeopardizing stability of prices and the balance of payments, monetary and debt management policies are the first line of defense.

In what follows, these policies will first be discussed in terms of domestic objectives; then in terms of balance of payments objectives. This order indicates nothing as to relative importance. Monetary policy must reconcile, as best it can, both objectives.

FISCAL POLICY, MONETARY POLICY, AND DEBT MANAGEMENT POLICY

As explained earlier in this chapter, the President's program of tax revision will, by increasing the disposable incomes of consumers and business and by strengthening incentives to invest, cause an expansion in private spending, which will, in due course, increase production and employment by a multiple of the original tax cut. Initially, however, the tax cut will increase the budget deficit, and the increased deficit will have to be financed—that is, the money to cover the excess of expenditures over taxes will have to be raised by the Treasury. The financing of the deficit will have effects on private spending in addition to those produced by the tax cut itself. Depending on the methods employed, the financing may either add to the expansionary effects of the tax cut or cancel out a portion of these effects.

Fiscal policy—mainly past fiscal policy—determines the size of the Federal debt. From the financing of past Federal deficits less surpluses the public has accumulated a certain total net claim upon the Government. Only time and future fiscal policy—deficits and surpluses—can change this total. But monetary control and debt management can change its composition, and changes in composition can affect aggregate demand through affecting the level and maturity-structure of interest rates and the availability of credit at various maturities.

The Treasury influences the composition of the interest-bearing Federal debt by deciding what types and maturities of securities to issue to finance current deficits or to replace maturing issues. Part of the interest-bearing Federal debt is owned by the Federal Reserve Banks. When the Federal Reserve purchases Treasury securities in the market, whether from banks or from other private holders, the reserve balances of commercial banks on deposit at the Federal Reserve increase. In this way, Federal Reserve open market purchases reduce the interest-bearing government debt held by the public, and increase bank reserves by an equal amount. An increase in bank reserves permits in turn a multiple expansion of bank deposits and bank credit. Similarly, Federal Reserve open market sales replace bank reserves with additional public holdings of interest-bearing government securities, requiring a multiple contraction of bank deposits and credit.

Thus, in effect the Treasury and the Federal Reserve together determine the composition of the Federal debt held by the public—the Treasury deciding the composition of its interest-bearing debt, and the Federal Reserve the division of public claims on the Government as between interest-bearing securities and bank reserves and currency. By its choices of which kind of government securities to buy or sell, the Federal Reserve also affects, in some degree, the composition of the interest-bearing debt in the hands of the public. The net result of the transactions of these agencies with the public, therefore, determines how the Government borrows from the public to finance a new deficit.

But their powers are not confined to transactions in new debt. These agencies can also—in refunding maturing debt, or in transactions with the public in existing securities—change the composition of old debt. In all these transactions, the government agencies must act within the framework of investors' preferences; they can sell securities of different types and maturities only on terms consistent with these preferences.

FINANCING BUDGET DEFICITS

How can the Federal Government raise the money to finance a budget deficit?

At one logical extreme—which of course no one seriously contemplates—the Federal Reserve could buy Treasury securities and increase the quantity of bank reserves in an amount equal to the deficit. In this way, the reserve base of the banking system would be increased by virtually the entire amount of the deficit, paving the way for a multiple expansion of bank deposits and bank credit. This is the most liquid and most expansionary way of increasing the debt of the Federal Government.

At the other extreme, the Government might finance a deficit while the Federal Reserve permitted no increase in bank reserves. This means that the Treasury would not be able to sell any of its securities, directly or indirectly, to the Federal Reserve Banks. The Treasury would have to sell them either to the public or to the commercial banks; and the banks would be able to buy them only to the extent that they in turn sold other securities to the public or denied loan accommodation to private borrowers. The effects of this policy would depend to some degree on the type and maturity of the new Treasury obligations. Short-term securities, such as Treasury bills, are highly liquid; they satisfy the needs of banks for second-line reserves and are fairly close substitutes for cash in the working balances of other financial institutions and business firms. Long-term bonds are less liquid. Selling only long-term bonds to the public would be the most illiquid and most restrictive way to finance a deficit.

Sometimes the sale of government bonds to commercial banks is considered *per se* expansionary, while the sale of bonds directly to the public is considered neutral. But this distinction is not a reliable guide. When commercial banks increase their government bond holdings, it is one thing if bank reserves and deposits rise correspondingly and quite another if the banks have to unload other securities on the public to make room for the new securities. The important things are *how much* and *what kind* of new indebtedness the Government (together with the Federal Reserve) incurs to the banks and other public creditors rather than *to whom* the indebtedness is incurred.

Ordinarily, neither of the extreme methods of financing deficits mentioned above is appropriate monetary and debt management policy. There are, of course, many gradations between them. The considerations which determine how new debt should be financed are the same as those which guide the monetary authorities and debt managers in their daily decisions on the composition of old debt. These considerations are well known.

A more expansionary method of financing is needed when unemployment is substantial and considerable excess capacity is available than under conditions when the economy is closer to its potential. Thus, the "proper" way of financing a deficit is that which contributes to the goals of increased output, growth, price stability and payments balance. It cannot be determined by preconceived rules.

In 1961 and 1962, budget deficits which increased the Federal debt by $13.3 billion were successfully financed during a period of economic expansion without causing inflation or aggravating balance of payments difficulties. In current circumstances, monetary policy and debt management have to reconcile carefully the needs of domestic economic expansion and those of the U.S. international payments position. But prospective budget deficits do not, in themselves, warrant any shift in the way this reconciliation should be sought. More forceful use of tax policy in support of economic expansion, however, gives greater freedom to monetary policy to maintain conditions in our money and capital markets which are favorable to our balance of payments position.

Monetary policy as well as debt policy must be coordinated with fiscal policy to secure the objectives of higher employment and growth without inflation. We are now, and for some time still will be, in a situation of substantial slack in labor force and capital resources, a situation in which expansionary policies are required. Even after the proposed tax revision begins to release consumer demand and spur investment, other phases of public policy, including monetary and debt policy, can serve to support the absorption of unused resources. When the economy approaches higher levels of capacity utilization and employment, labor as well as capital markets will tend to tighten, and the policy mix will need to be adjusted to changing circumstances. Public policy thus involves a continuous process of adjustment, and no validity attaches to general rules of "tight" or of "easy" money meant to be valid under all conditions. What matters most at this time is that financial policy should be designed to facilitate rather than retard the expansionary process which the tax program is designed to launch.

The ease or tightness of monetary and credit conditions depends only in part on the supplies of bank reserves and liquid government obligations. It also depends on the balance between these supplies and the economy's demands for money, liquid assets, and credit accommodation. Economic expansion increases these demands. As private income and wealth increase, so do the public's needs for money and liquid assets. Normally, the public will wish to place part of its new saving every year in additional holdings of checking accounts, thrift deposits, and other liquid assets. Likewise, business requirements for loans to finance inventories and trade credit expand. When unused productive resources are available, it is not inflationary to permit a parallel expansion in the supplies of money and liquid assets and in the availability of bank credit.

On the other hand, it would clearly be a restrictive monetary policy to hold bank reserves constant while the monetary and credit needs of the economy increase. Interest rates would tend to rise, and private borrowers would find it both more expensive and more difficult to obtain bank loans or to float securities in the capital markets.

Immediately following World War II, the economy was oversupplied with liquid assets accumulated during the war; liquidity requirements were low relative to demands for producers' and consumers' durable goods and were further reduced by the spread of inflationary expectations. But in the 1950's the economy grew up to its supply of liquidity; demands for durable goods became less urgent; and price stability in recent years has dissipated inflationary psychology. Therefore, resumption of growth in liquidity parallel to the growth of the economy's potential has been appropriate.

Over the past year, one measure of liquid assets—including the money supply, savings and time deposits and shares, U.S. Government savings bonds, and short-term marketable U.S. Government securities—grew by about 8 percent, in contrast to an average annual growth of slightly over 4 percent in the period since the war. The growth in liquid assets in 1962 was desirable for the domestic economy. In fact, since economic activity also rose, the ratio of liquid assets to GNP is still only moderately above its postwar low. The stock of liquid assets in the United States does not pose inflationary dangers at this time. These data are summarized in Table 9.

TABLE 9.—*Selected liquid assets held by the public, 1946, 1957, and 1960–62*

Liquid assets	1946	1957	1960	1961	1962 [1]
	Billions of dollars [2]				
Total selected liquid assets [3]	239.1	356.0	399.2	424.6	458.7
Money supply [4] [5]	108.5	133.5	138.4	142.6	144.8
Money supply and time deposits at commercial banks [5]	142.4	191.0	211.5	225.1	242.2
	Percent of GNP				
Total selected liquid assets [3]	113	80	79	82	83
Money supply [4] [5]	51	30	27	27	26
Money supply and time deposits at commercial banks [5]	68	43	42	43	44

[1] Preliminary estimates by Council of Economic Advisers.
[2] Seasonally adjusted, end of year.
[3] Money supply, time deposits at commercial banks and mutual savings banks, Postal Savings System, savings and loan shares, U.S. Government savings bonds, and U.S. Government and Federal agency securities maturing within one year.
[4] Demand deposits and currency; data are for last Wednesday.
[5] Agrees in concept with data in Table C-45 except for deductions to avoid duplication of items in liquid assets series.

Source: Board of Governors of the Federal Reserve System (except as noted).

Sometimes concern about monetary aspects of government deficits focuses on the risks of inflationary consequences in the long run. The stimulus to private spending associated with increased liquid claims against the Government may be appropriate and welcome at the time the claims are created. But at some future time, when the economy is tight and prices are under upward pressure, this stimulus may be an embarrassment. Moreover, at such a time the public's desire for liquid assets may sharply decline; as they try to unload liquid claims, they add fuel to inflationary flames.

This possibility is not a reason for avoiding deficits, or for avoiding expansionary monetary policy, when the economy needs stimulus; the dangers of high blood pressure are no reason to permit a patient to suffer chronically from low blood pressure. It is, however, a reason for not flooding the economy with liquidity even at times like the present when the economic malady is quite the opposite of inflation. It is, above all, a reason for flexibility in monetary policy and, indeed, in fiscal policy as well. Government authorities need not stand by helplessly in times of inflationary peril; the same mechanisms which supply the economy with liquidity can be reversed—and very quickly—to restrict liquidity and credit.

The tremendous growth of the public debt resulting from wartime Federal budget deficits did, to be sure, interfere with the effectiveness of the Federal Reserve in opposing inflation after the war. In order to facilitate the sale of government securities at low interest rates during the war, the Federal Reserve committed itself to "peg" the prices of these securities. To prevent a fall in these prices—a rise in interest rates—after the war, this "pegging" policy was continued with the result that the Federal Reserve had to buy from the public and the banks all the securities they wished to sell. This meant that it was virtually powerless to prevent large quantities of government debt inherited from the war from being converted into member bank reserves with consequent multiple expansion of the money and credit supply. This policy was ended in 1951 by the Treasury-Federal Reserve accord, which restored effective monetary powers to the Federal Reserve. At present, the authorities are not hamstrung by any "pegging" commitment. They are free to manage the debt flexibly in the light of current domestic and international needs of the economy.

In a situation where there existed a perfect mix between fiscal and monetary policy—a situation where both together gave the precisely right degree of stimulus to the economy—adoption of a more expansionary fiscal policy would have to be matched by a more restrictive monetary policy to avoid inflation. But this is not our present situation. A substantial degree of net expansion is clearly required. Since the budget and tax program is a gradual and conservative one, it is not likely to overshoot the mark; and the objective of orderly growth would seem to be best served by a monetary policy which supports economic expansion. As the program succeeds and a widespread tightening of markets develops, changes in the policy will be needed.

MONETARY POLICY AND THE BALANCE OF PAYMENTS

The needs of the domestic economy are clearly for expansionary monetary policy. But monetary and debt management policies are formulated in the context of an open economy, and must continue to aim at external balance as well as domestic expansion. The monetary authorities, in facilitating domestic expansion, must also consider the U.S. international payments position.

First of all, of course, the authorities can continue to adapt their techniques of monetary control and debt management so as to reconcile to the maximum degree possible their domestic and external aims. One method open to the Federal Reserve and the Treasury is to adjust outstanding supplies of government securities of various maturities so as to keep upward pressure on short-term rates, most important in international competition for funds, and downward pressure on long-term rates, important for domestic expansion. In the past 2 years, the Federal Reserve and the Treasury have consistently sought to supply bank reserves and provide for needed increases in currency in ways which would not reduce short-term interest rates and drive mobile funds to foreign financial centers. The Federal Reserve discount rate, the central pivot of the interest rate structure, has remained constant at 3 percent since August 1960. The differential between rates on 3-month Treasury bills and on long-term government obligations narrowed from 1.6 percent in January 1961 to 1 percent in December 1962. In 1962, the Federal Reserve, in purchasing, net, $1.9 billion of U.S. Government securities bought, net, $1.8 billion of securities of over 1-year maturity, mainly in the 1- to 5-year range, and only, net, $100 million of securities of under 1-year maturity. In 1961, the Federal Reserve, in purchasing, net, $1.5 billion of U.S. Government securities, had acquired $2.6 billion of securities of maturity of over 1 year, offsetting this by sales of $1.1 billion of under 1-year securities.

Treasury debt management operations in 1962 were even more important than Federal Reserve operations in affecting the maturity structure of publicly held U.S. Government securities. The Treasury expanded its cash offering of securities of maturity of under 1 year. Advance refunding operations moved some securities out of the "under 1-year maturity" category, but the net increase in such securities held publicly (i.e., outside of the Federal Reserve and U.S. Government investment accounts) amounted to about $1 billion in 1962. The increase in outstanding regular Treasury bills, meanwhile, was considerably larger, about $7 billion. Such increases offset downward pressures on short-term rates resulting from monetary expansion, and they are consistent with present needs for increased liquidity in the economy. In addition, the Treasury, in administering the portfolios of government investment and trust accounts, continued to buy longer-term rather than short-term securities. At the same time, through advance refunding operations, the Treasury offered existing holders of some government securities an opportunity to exchange them for other securities of longer term. This lengthened the debt structure with a minimum impact on other investment flows. The average maturity of the publicly held marketable debt thus actually rose by 5 months.

Other monetary techniques can also help to meet the needs of both payments balance and domestic expansion. At the beginning of 1962, ceiling rates on time and savings deposits in commercial banks, under Regulation Q, were increased. This was an important and successful measure. On the one hand, it enabled U.S. banks to compete more effectively for funds that otherwise would be deposited abroad. (Subsequently, the possibility of attracting into time deposits the balances held as monetary reserves by foreign governments and central banks was further enlarged by enactment of legislation exempting such deposits from all interest rate ceilings.) On the other hand, it increased the flow of funds through the savings departments of commercial banks into mortgages and other longer-term assets, and actually helped to reduce rates charged domestic borrowers. In late 1962, the Federal Reserve released reserves to the banking system by lowering the reserve requirement on time and savings accounts from 5 to 4 percent. This action made it unnecessary for the Federal Reserve to supply these reserves by purchasing short-term government securities in the open market.

While a balance must be continuously struck between credit and interest rate policies in support of domestic economic expansion and policies to protect or improve the balance of payments, any conflict is more a short-run than a long-run one. In the long run, the U.S. balance of payments probably has much to gain from a fully operating, rapidly gaining domestic economy. Only this will create profit opportunities that would keep more American corporate and equity funds at home and attract more long-term foreign capital. Only this will induce the productivity-increasing investments and innovations necessary to improve America's competitive position and increase the export surplus. Only this can create the basic confidence in the U.S. economic future on which confidence in the dollar depends. Without the dynamic of an expanding economy operating at full steam, monetary measures could scarcely be of more than transient help to the balance of payments. No country can permanently balance its international accounts by interest rates so high that its productive potential is kept underutilized and its labor force underemployed. Nevertheless, defense of the currency may require vigorous use of monetary instruments, and there can be no doubt that the U.S. authorities are prepared to take whatever steps are necessary to defend the dollar. An expansionary fiscal policy will give them greater freedom to do what has to be done.

International capital flows are, of course, not a U.S. problem alone. They concern all the major monetary countries, those with payments surpluses as well as those with payments deficits. When interest rates and credit conditions are out of line among major countries, it cannot always be taken for granted that the lower rates should rise. If international borrowing is centered too much on the United States, one clear implication is that other countries should improve their capital markets and relax or dismantle the remaining restrictions on borrowing in their markets. Finally, shifting attitudes toward currency exchange parities may well be at least as important as interest differentials in inducing movements of liquid funds between countries. International arrangements to offset speculative flows are both more effective and more desirable than unilateral action to compensate fears and expectations of currency devaluation with high interest rates. In recent years, remarkable progress has been made in international consultation and coordination, both with respect to national policies affecting the payments balances of the major countries and with respect to concerted measures to defend the international monetary system against speculative attacks. These are discussed in Chapter 4.

ECONOMIC GROWTH

In the Council's Annual Report in 1962, a chapter was devoted to the analysis of economic growth and to a full discussion of its significance. It is unnecessary to repeat that detailed discussion again at this time. We have found no reason to revise that statement of the importance of this goal and the feasibility of achieving it.

DETERMINANTS OF GROWTH

Starting from our present position of underutilization, it has been estimated that we can achieve an increase of about six-tenths of a percentage point in our average annual growth rate for the 1960's by reducing our unemployment rate to 4 percent with the concomitant increase in utilization of capital facilities. This rise in the growth rate comes as a bonus to successful employment policy. Once underutilization of productive capacity has been eliminated, our rate of growth will depend upon the pace at which productive capacity itself expands. Growth of productive capacity in turn is the sum of (a) the percentage rate of growth of the labor force adjusted for changes in the average workweek, and (b) the percentage rate of increase in productivity per man-hour. Public policy can accelerate growth of productivity mainly by stepping up the pace of our efforts to:

—improve the education, health, occupational skills, motivations, and attitudes of the labor force;

—build up the stock of private producers' plant and equipment, and improve its composition by age, type, and location;

—increase the stock of public physical capital, including roads, water systems, school buildings, and hospitals;

—improve the terms on which the economy has access to natural resources, whether through domestic production or imports;

—advance the level of technology, covering the range from managerial and organizational competence to scientific and engineering understanding;

—raise the efficiency with which capital, resources, technology, and labor are used;

—improve communications systems so as to accelerate the dissemination of information on technological, commercial, and employment opportunities.

CABINET COMMITTEE ON ECONOMIC GROWTH

In order to emphasize the high priority of economic growth in the formulation of Federal policies and programs, the President, in August 1962, established a Cabinet Committee on Economic Growth. (For a description of the Committee, see Appendix B.) The first task of this Committee was to identify key measures for the achievement of more rapid growth. The President has directed the Committee to continue to serve as a focal point for concentrating the Government's interests and activities on the growth objective. The Committee has emphasized the importance of achieving and maintaining full employment as a prerequisite to an effective growth policy. In addition, it has made a number of initial recommendations for longer-range programs to stimulate more rapid growth.

The Committee in its work thus far has focused on a number of Federal programs which make or could make important contributions to economic growth. These include public investment in natural resources and agricultural development, in transportation, in urban and rural development; they emphasize investment in human resources—education and health—and in advancing knowledge. Where existing programs are involved, the recommendations of the Cabinet Committee have pointed up the growth-stimulating features of the programs and, in some cases, have urged increased budget support. These recommendations are reflected in the President's budget for fiscal 1964 and do not require repetition here. Education is one of these program areas. The contributions that education has made and must continue to make to economic growth and other national objectives are so important that the proposed new program will be presented in a special Presidential message.

The Administration is proposing programs which are especially relevant to two of the key determinants of economic growth—private investment and civilian technology.

PRIVATE INVESTMENT

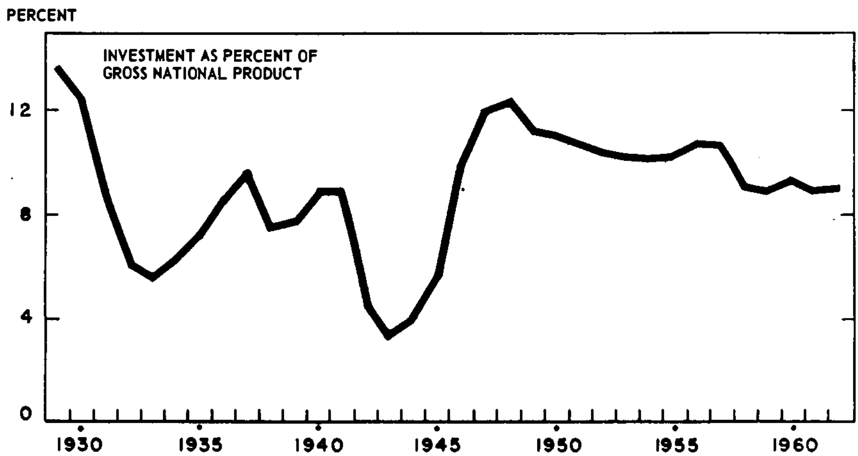
The Cabinet Committee has emphasized the importance of private investment as a source of economic growth. The analysis in this chapter has shown how the proposed tax program, together with the tax revisions of last year—the investment tax credit and depreciation reform—will stimulate a higher level of private investment.

Investment in private plant and equipment is a principal source of long-run gains in productivity. Both in this country and in others, periods of rapid growth have been associated with high rates of investment. In the United States since 1947, the stock of privately owned plant and equipment per worker has increased by nearly 50 percent. During this period the rate of growth of output per worker has been nearly twice its rate during the 1929–47 period when capital growth only barely kept pace with the growth of employment.

The rate of growth of the capital stock is determined, in part, by the share of GNP allocated to investment in new plant and equipment. Chart 7 shows the fluctuation in the share of output devoted to private investment

CHART 7

Business Fixed Investment in Relation to Total Output



NOTE: PERCENT IS BASED ON DATA IN 1962 PRICES. INVESTMENT CONSISTS OF PRODUCERS' DURABLE EQUIPMENT AND NONRESIDENTIAL CONSTRUCTION.
SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

since 1929. Many factors determine the amount of investment that is needed to achieve a given rate of growth of potential GNP. However, given the expected rate of growth of the labor force during the 1960's—an annual rate of 1.6 percent—and assuming technological progress at roughly the rate experienced during the 1950's, the Council's calculations suggest that to achieve a growth of potential output of 4.0 percent a year will require private investment to be between 10 percent and 11 percent of GNP. As the chart indicates, this is above the proportion achieved during the past 5 years; but we did even better during the early postwar years. We do not need to settle for less in the years ahead; indeed, our aim is to regain and exceed the earlier pace of growth.

A high rate of investment is needed to equip our growing labor force with better and more modern equipment. Without new equipment, the new inventions and designs which flow from research and development lie fallow; with it, they can contribute fully to economic growth. Some estimates suggest that during the past few years almost 70 percent of investment has been for modernization and replacement, rather than to increase capacity. The stimulation of capacity increases will provide further impetus to modernization, since the two go hand in hand. When the capacity of an industry is expanded rapidly by new investment, the proportion of new equipment tends to increase, the average age of capital tends to decline, and the average quality of capital in place improves substantially.

The investment needed to gain our growth objectives will be achieved only if we eliminate economic slack—only if we strengthen demand and broaden incentives to take risks. The tax program is designed to help us reach this objective.

CIVILIAN TECHNOLOGY

The Cabinet Committee on Economic Growth as well as the White House Panel on Civilian Technology and officials of the Department of Commerce have identified an urgent need to stimulate more rapid development and fuller use of technology in those sectors of the civilian economy which, despite high potential returns to the Nation, have not been able, or have not been motivated, to seize the opportunity without assistance.

In recent years, there has been a dramatic increase in total expenditures on research and development and in the number of scientists and engineers engaged in these activities. However, defense and space efforts have accounted for nearly three-fourths of the increase. The research laboratories of industry and the universities have been important sources of new products and processes for the civilian economy, but most private research and development is still concentrated in a relatively few industries and is carried on by a few large firms. With the exception of a few hundred manufacturing firms, most enterprises neither undertake much research and development nor have sufficient trained technical manpower to take advantage of the research and development done by others. Our economy would be strengthened significantly over the long run if our civilian research and development resources were expanded to meet better the wide range of private and public needs.

The private business firm, stimulated to meet the needs of the economy by the opportunity for profit and the spur of competition, is generally the most effective organization to conduct and support research and development for the advance of civilian technology. But private business firms are not always in a position to undertake research, especially where one company takes the risks and covers the costs but many companies share widely in the benefits. Research on process improvements not subject to patenting—a major source of productivity growth—and analysis of materials and methods are important cases in point. Experimental work which explores advanced concepts and designs is also likely to provide interesting and useful information without leading directly to a patentable product that can be marketed by the firm sponsoring the research. Unless cooperative arrangements are made, these types of research will not receive enough support.

There are also some serious problems with respect to the dissemination of technical information. Many business firms are not fully aware of the technological possibilities open to them; without a strong technical staff they are often unable to follow and understand the new developments published in the technical literature and communicated informally among technicians.

Government has a responsibility for maintaining a suitable environment for private research activity and for supporting programs which are in the public interest but which are not adequately stimulated by private market opportunities alone. Agriculture provides an outstanding example of the successful role Government can play by supporting and sponsoring research in cooperation with State institutions and private organizations. The fruits of this cooperative research effort, initiated in the last century, are seen in the spectacular increases in American agricultural output and productivity through the improvement in techniques and products.

The details of the programs for Federal support of civilian technology are included in the Administration's 1964 budget proposals. The efforts in the first year will necessarily be modest in budgetary terms and exploratory in nature, but over the long run the program promises great returns.

It is proposed that the Department of Commerce sponsor a pilot program for an industry-university engineering extension service. This program will include identification of technical problems, technical advice, in-plant demonstrations of new technologies, and short courses and conferences. The objective is to strengthen the scientific and technical competence of management and supervisory personnel, to develop the facilities of universities to meet local and regional technological needs, and to reduce the gap between the technologies of leading and lagging industries and firms.

A selective program of research and development support is recommended, designed to take advantage of promising technical possibilities now being ignored. Industries would be selected where there is promise of significant returns from research and development applied to their technology, but where there is little prospect that the firms in the industry, acting alone, will do the job that is needed. The development and improvement of technical information services would also be supported. Grants would be made to industry research associations or industrially oriented development institutions, to encourage technical work which is not called forth in adequate quantity by the prospect of private profit because the results must be shared with firms not supporting the research, and to provide research facilities for small firms which do not have a broad enough spectrum of products to support a research and development effort.

Of particular promise is an experimental program designed to develop new means of translating results of government-financed research and development into a form usable by private industry oriented to civilian markets. The possibilities of adapting to civilian industry the techniques developed in advanced space and defense activities would receive special attention.

To increase the supply of scientists and engineers with appropriate training and interest in industrial research and development, it is planned that support be provided for university research on problems of civilian technologies.

669333 O—63——5

Chapter 3

Fiscal Policy In Perspective

TAX REVISION is the principal instrument of U.S. economic policy to achieve prosperity and more rapid economic growth in the mid-1960's. The nature of that revision and the means by which it will accomplish its objectives have been described in the preceding chapter.

The aim and expectation of this program is to restore full prosperity, which, in the last analysis, is the only sure path to budgetary balance. Since this will, at least temporarily, involve large budgetary deficits, it is important also to examine what deficits mean in modern economic society. Government deficits are not a new fiscal experience for Americans. The first part of this chapter reviews several relevant aspects of that experience, and in particular distinguishes two kinds of deficits and their economic effects—deficits that grow passively out of economic recession or inadequate growth, and deficits that grow out of positive fiscal action, such as tax reduction, to invigorate the economy. The perspective is further widened by placing the Federal deficit or surplus in the context of balancing and offsetting deficits and surpluses in the other major sectors of the national economy.

Since deficits increase the national debt, it is important also to appraise that debt in relation to the Nation's wealth and the Nation's income. The national balance sheet allows us to view the Federal debt as one of a set of interrelated assets and liabilities.

Expansionary tax policy must be considered also in terms of the possible effects it may have on the stability of our price level. Not only is inflation unjust and disruptive, but it would interfere with our progress toward achieving balance in our international financial accounts.

These are some of the problems discussed in this chapter. They are problems which have been considered at length in the technical literature of finance and economics. But they become problems for all Americans to consider as the Nation prepares to take bold steps to invigorate its economy—steps involving large interim Federal deficits. Both experience and analysis confirm that this positive use of fiscal policy in 1963 will make a significant contribution to the achievement of our employment and growth goals and incur minimum risks of interfering with continued price stability and progress toward balance of payments equilibrium.

PASSIVE FISCAL POLICY AND AUTOMATIC STABILIZATION

Any weakening in private spending will reduce incomes, causing tax revenues to fall and transfer payments to rise. Thus disposable incomes will decline less than pre-tax incomes, and will be partly cushioned against the decline in private demand. In effect, the impact of the decline in private income is shared with the Federal Government, which does not shrink its purchases when its income falls. The greater the extent to which a fall in government revenues cushions the decline in private incomes, the less the flow of spending for output will be curtailed.

Automatic stabilization operates in reverse when private demand increases. Additional income is generated, but part of it is siphoned out of the spending stream in higher tax payments and lower transfers. Disposable incomes therefore rise less than incomes before taxes, and the spending and re-spending is limited and damped.

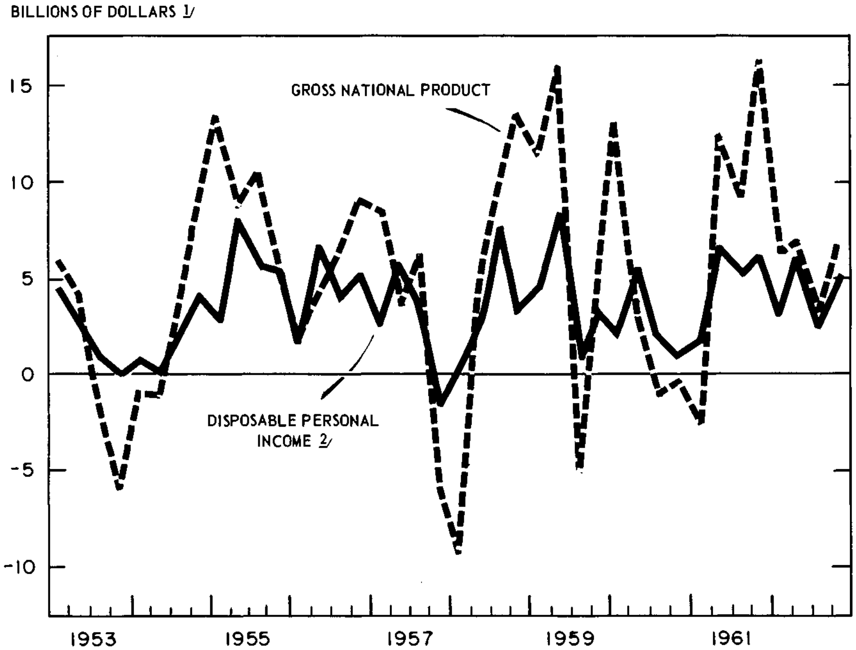
Thus the tax-and-transfer response narrows fluctuations in income caused by irregularities in the strength of demand. The sharper the response of tax collections to changes in GNP, the stronger the stabilization effect. Although the tax-and-transfer response cannot prevent or reverse a movement in GNP, it can and does limit the extent of cumulative expansions and contractions. At least with respect to contractions, this is clearly an important service to the economy.

Automatic fiscal stabilizers have made a major contribution in limiting the length and severity of postwar recessions. Each of the four postwar recessions—1948–49, 1953–54, 1957–58, and 1960–61—has been both short and mild. The decline in real GNP from its peak to its trough has ranged from a high of 4.4 percent in 1957–58 to a low of 2.1 percent in 1960–61, and the duration of the recessions has varied from 9 to 13 months. Chart 8 demonstrates that changes in disposable personal income from quarter to quarter have been much smaller than changes in GNP. Although GNP changes were frequently negative (in each of the postwar recessions), disposable income fell in only one quarter in the entire postwar period. This relative stability of personal disposable income has been mainly due to the automatic fiscal stabilizers, together with the tendency of corporations to maintain their dividends at the expense of retained earnings during recessions. The maintenance of disposable incomes has prevented sharp declines in consumer expenditures. The resulting stability in markets for consumer goods, which constitute by far the largest component of final demand, has prevented any drastic collapse in business investment in fixed capital.

Automatic fiscal stabilizers increase the stability of the economy. Stability is a desirable thing for an economy that is balanced where it wants to be. Thus, an economy operating, on the average, at high levels of output

CHART 8

Quarterly Changes in Gross National Product and Disposable Personal Income



1/ SEASONALLY ADJUSTED ANNUAL RATES.
2/ PERSONAL INCOME LESS PERSONAL TAXES.
SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

and employment benefits from a tax-and-transfer system highly responsive to changes in output and income, as a cushion against sharp movements of aggregate demand either toward inflation or toward recession.

However, in the present situation—with the American economy laboring for over five years well below its potential rate of output—automatic stabilization becomes an ambiguous blessing. The protection it gives against cumulative downward movements of output and employment is all the more welcome. But its symmetrical "protection" against upward movements becomes an obstacle on the path to full employment, throttling expansion well before full employment is reached.

Under such conditions, high employment can be restored—as is being proposed under the 1963 tax program—by a reduction in taxes. When this is done the need is not primarily to lessen the responsiveness of tax receipts to changes in GNP. Rather the whole schedule of taxes should be lowered—so that, at any given GNP, taxes siphon off less private purchasing power—while leaving the response of tax receipts to *changes* in GNP about as great as before. To be sure, it is almost impossible to lower taxes without lessening to some degree their sensitivity to changes in GNP. But the purpose of such a change should be to lower the level of taxes—and hence their persistent drag on purchasing power—rather than to reduce their automatic countercyclical response.

TAX CUTS TO AID RECOVERY

Just as we have had postwar experience with automatic stabilization, we have had experience with active tax cuts which served positively to increase demand. These experiences are of interest in the present context.

In two of the postwar recessions—1948–49 and 1953–54—tax cuts helped to check the decline and to spur the ensuing recovery. Neither of the tax cuts is an example of deliberate countercyclical fiscal action, but both had important expansionary effects which came when they were needed.

Under the Revenue Act of 1948, which was passed by the Congress in April, taxes were reduced by $4.7 billion. While at the time, the tax cut appeared inappropriately timed—few observers were predicting recession—when the recession of 1949 in fact occurred, it turned out to be fortunate that the tax cut had been legislated. The cut was retroactive to January 1, 1948, and as a result refunds were exceptionally large in mid-1949. The upturn began in October 1949. In addition to the tax cut, there was a significant increase in Federal expenditures in late 1948 associated with the introduction of the Marshall Plan. This also helped to mitigate the recession. The economy was further stimulated in the expansion phase by the heavy increases in placement of military orders associated with the Korean War, which began in June 1950. As a result of the tax cut and the increased expenditures, together with the effects of the automatic stabilizers, the recession was short and mild, and the ensuing expansion was strong. By the first quarter of 1951, unemployment had been reduced to 3.5 percent of the labor force.

As a result of the rapid expansion, by the second quarter of 1950, Federal tax liabilities as shown in the national income accounts had risen substantially above the levels that prevailed at the time taxes were cut in the second quarter of 1948.

Taxes also were cut during the recession of 1953–54. Effective January 1, 1954, the excess profits tax was repealed, and personal income tax rates were reduced. Excise taxes were reduced on April 1, and further tax reductions for both individuals and corporations were embodied in the Internal Revenue Code of 1954. These measures are estimated to have reduced Federal revenues by about $6.1 billion (seasonally adjusted annual rate) in the first half of 1954. Further cuts which went into effect later brought the revenue loss on a full-year basis to about $7.4 billion. These cuts in personal and corporate income and excise taxes were partially offset, however, by an increase of about $1.4 billion (annual rate) in OASI contributions, which became effective on January 1, 1954. For the most part, the tax reductions in 1954 were part of a program of tax reform and were not viewed primarily as fiscal policy measures aimed at countering the recession. Yet as a result of the tax cuts that became effective at the beginning of 1954, disposable personal income and personal consumption expenditures turned up in the first quarter, while personal income and GNP were still declining. It is generally agreed that the recession ended in August. Tax reduction, together with an easy monetary policy which made a plentiful supply of funds available to finance a strong expansion of housing and automobile demand, helped to shorten the recession and to invigorate the ensuing expansion which brought unemployment down to 4.2 percent of the labor force by the third quarter of 1955.

As a result of the expansion, by the first quarter of 1955 total Federal tax liabilities, as shown in the national income accounts, had risen significantly above the level that prevailed in the fourth quarter of 1953 before the tax cuts were put into effect.

While the tax cuts of 1954 helped considerably in rescuing the economy from the recession, it should be recognized that had they gone into effect earlier, the recession of 1953–54 might have been completely avoided. Government expenditures (principally defense spending) were cut by nearly $11 billion between mid-1953 and mid-1954. The tax cuts took effect 6 months after expenditures began to fall. As it was, fiscal policy, taken as a whole, was contractionary in this period and was a major cause of the recession. The Federal deficit as shown in the national income and product accounts was $7.0 billion (seasonally adjusted annual rate) in the second quarter of 1953 when the recession began. By the fourth quarter the operation of the automatic stabilizers associated with the decline in economic activity had increased the deficit to $11.8 billion despite significant cuts in expenditures. The deficit dropped to $10.6 billion in the first quarter of 1954, and as a result of sharp cuts in expenditures, to $5.4 billion in the second quarter despite the tax reductions that went into effect in the first half of 1954.

Private scholars who have studied the period have estimated that if the economy had continued to operate at the same rate of unemployment that prevailed in the second quarter of 1953, the budget deficit would have dropped from $7.0 billion in that quarter to $3.8 billion in the fourth quarter of 1953 and would have shifted to a surplus of $3.0 billion by the second quarter of 1954. This represents a shift of $10 billion between the peak of the previous recovery and the trough of the recession. It is an approximate measure of the net contractive effect of active fiscal policy during this period.

FISCAL POLICY IN THE 1930'S

During the 1930's, America had its longest uninterrupted experience with budget deficits. Their persistence, their relatively large size in comparison with GNP, and their association with an unprecedented unemployment rate (averaging 18.2 percent from 1930–39) have sometimes been interpreted as demonstrating the futility of expansionary fiscal policy.

The 1930's were a tragic period in the Nation's history. The "Great Depression," the causes of which are still not fully diagnosed, produced a tremendous "gap" between actual and potential output—not the 6 percent average of recent years but about 40 percent during much of the period. In such an abnormal situation, it is perhaps too much to expect that fiscal policy alone could have fully offset a prolonged failure of the private economy to generate strong expansionary forces.

But in fact, active fiscal policy was not employed vigorously, consistently, or with proper timing. And whatever constructive impact fiscal policy may have had was largely offset by restrictive monetary policies and by institutional failures—failures that could never again occur because of fundamental changes made during and since the 1930's.

Briefly summarized, the facts are these:

(1) Fiscal policy was moderately expansionary for the decade as a whole. Federal expenditures increased substantially, adding to total demand. But most of the effect of this expenditure growth was offset by a series of very heavy tax rate increases, especially in the Revenue Acts of 1932 and 1936. Federal revenues increased by 77 percent over the decade even with a terribly depressed tax base. If the unemployment rate had stayed at the 1929 level, revenues would have more than doubled. The Federal budget changed from a surplus of slightly over $1 billion in 1929 to deficits that would have averaged less than $1 billion over the decade had unemployment been at the same level as in 1929. Of course, because of the collapse of the revenue base, actual deficits were much larger; but these were partly the passive product of depression and partly the reflection of an actively expansionary policy.

(2) At two crucial periods, fiscal policy shifted sharply in a contractionary direction: in 1932–33, and again in 1937–38. In the first period the contractionary policy coincided with and intensified the monetary collapse, and in the second choked off the 1937 recovery.

(3) State and local government budgets were then much larger than the Federal budget, and they were changed in a highly restrictive manner, shifting from a deficit in 1929 to surpluses after 1934.

(4) Unemployment melted away very rapidly when military needs began in 1941 to lead to large budget deficits. Of course, as these expenditures and deficits grew during the war, they not only restored full employment but became a serious inflationary danger. But this wartime overdose of expansionary fiscal medicine should not obscure the fact that more moderate dosages in the early stages quickly solved an unemployment problem which had seemed

insoluble for 10 years. This was not because the expenditures happened to be military in nature—any expenditures, private or public, on the same scale would have expanded demand and put men back to work.

SOME CONCLUSIONS FROM PAST EXPERIENCE

Several conclusions emerge from the preceding review.

The automatic stabilization which our present fiscal system provides is a powerful weapon to damp cyclical movements of output and employment. It is one of the factors that has kept the U.S. economy free from major depressions in the postwar period.

The postwar record shows that deliberate tax cuts can have a countercyclical impact, encouraging recovery by stimulating private demand. The experience reviewed above shows how in two cases tax reduction contributed in this manner to recovery from recession. The fact that these tax changes came at times when they helped to check recession and encourage recovery was, however, largely accidental.

The 1948 tax reduction was intended as a permanent one, reflecting the postwar decline of military expenditures. The 1954 tax cuts were also intended as a permanent adjustment to the sharp reductions in government expenditures at the end of the Korean emergency. But a recession will not always coincide with the need for permanent tax reduction. The temporary fluctuations in private demand that are commonly responsible for cyclical movements in business activity thus may call for temporary adjustments in fiscal policy that can be reversed as the need for them recedes.

Last year the President proposed two measures for greater fiscal flexibility to meet recessions. These were (a) a proposal that the Congress grant to the President limited authority to initiate temporary reductions in personal income tax rates, subject to Congressional approval; and (b) a proposal that the Congress give the President stand-by authority to accelerate and

TABLE 10.—*Federal Government surplus or deficit: Comparison of estimate and actual, fiscal years 1958–63*

[Millions of dollars]

Fiscal year	Date of estimate [1]	Administrative budget surplus or deficit (−)	
		Estimate [1]	Actual [2]
1958–63 average		1,411	−5,511
1958	1957	1,813	−2,819
1959	1958	466	−12,427
1960	1959	70	1,224
1961	1960	4,184	−3,856
1962	1961	1,468	−6,378
1963	1962	463	[3] −8,811

[1] Estimate in Budget document issued in January of year indicated.
[2] Actual, except for 1963.
[3] Estimate, January 1963.

Source: Bureau of the Budget.

initiate appropriately timed public capital improvements in times of serious unemployment. In his Economic Report the President has reaffirmed his support of the principle underlying these two proposals.

A weak private economy can generate very large deficits without receiving a positively stimulating effect from those deficits. The large passive deficits of the 1930's provide examples. More recent examples appear in the experience of the past 5 years. Although the administrative budgets presented for the fiscal years 1958–63 foresaw a surplus in every year, averaging $1.4 billion, the actual outcome has been a deficit in all but one of these years, averaging $5.5 billion. This record is summarized in Table 10. The discrepancy between the Administration's proposed budget and the actual fiscal outcome is, of course, accounted for by two factors: variance between actual and anticipated GNP, and Congressional action modifying both expenditures and taxes. But the major factor explaining these discrepancies was the failure of the economy to attain the GNP that had been anticipated.

Passive deficits are largest when the economy experiences recession. A recession which would reduce the expected GNP gains in fiscal year 1964 by even $15 billion below what they would otherwise be would add almost $5 billion to the deficit.

The experience of the last few years should make it clear that merely to incur deficits is not an appropriate objective of policy. For it is not the deficits as such that provide stimulus. Only reductions in tax rates or increases in expenditures have an actively stimulating role. The passive deficits which are the product of recession or slack, however, have a valuable cushioning function. Nevertheless, it is an appropriate objective of policy to eliminate the deficits that are the product of a recession or a sluggish economy—because of the human and economic waste that is involved in recessions and slack. The proper objectives of policy are full employment and growth, and recessions and slack are the opposites of these.

It is clear that the deficit which a slack economy or recession produces cannot realistically be eliminated by raising tax rates or by reducing government expenditures. Its source is not excessive spending or tax rates that are too low. The attempt to eliminate a deficit by these means would be largely self-defeating. Such a policy would be disastrous for employment, incomes, profits; the deficit would remain; and the role of the dollar as an international currency would be undermined.

Expenditures that are wasteful or represent improper fields for government action (something which only the public, acting through elected representatives, can determine) should surely be eliminated. But unless taxes were simultaneously reduced by more than expenditures decline, the effect would be contractionary on the economy. The beneficial effect on incentives through lower tax rates might be more than offset by a net loss in demand. A cut in expenditures reduces market demand directly by the full amount of the cut, while an equal reduction in taxes expands market demand by a smaller amount, because a part of the reduction will be added to personal and business saving.

Deficits that result from recession or slack can be eliminated only by restoring and maintaining a vigorous, rapidly growing economy. If the tax system imposes an excessive drag on the economy—through its effects on purchasing power and on incentives—tax rates may be too high relative to expenditures, even though the budget is in deficit. Thus, tax revision, involving both reduction and reform, can not only provide stimulus for growth and prosperity, but can even, as a result, balance the budget or produce surpluses. Recession and slack generate deficits; prosperity and growth balance budgets.

The reciprocal relationships among surpluses and deficits in the Federal budget and the strength of the private economy can be clarified by examining the counterparts of the Federal budget for the other sectors of the economy.

DEFICITS AND SURPLUSES—PRIVATE AND PUBLIC

For the economy as a whole, expenditures on final output in any past period must necessarily add up to the value of total gross product or income. Therefore, if any one sector in the economy has incurred a deficit by spending more than it has received in income, some other sector must have incurred a surplus by spending less than it has received. Putting it differently, the sum of all sectoral deficits must be identical with the sum of all surpluses. The problem is to maintain a relationship between the deficits and surpluses of the various sectors that will permit this balance to be reached at a satisfactory level of economic activity—and without a prolonged succession of government deficits. The interrelationship between the levels of surplus and deficit of various sectors in the economy has been tabulated in the President's Economic Report each year since 1947. It gives an interesting insight into the cyclical behavior of the economy and places fluctuations in the Federal deficit or surplus in better perspective.

A Federal deficit on national income account means that the Government's injections into the stream of income and expenditures through purchases of goods and services and transfer payments exceed its withdrawals through taxes and social insurance contributions. Conversely, a surplus means that its withdrawals exceed its injections. (The way in which the Government uses its surplus or finances its deficit may have an important bearing on the level of business or even consumer expenditure. These transactions on asset account are not explicitly treated in the present analysis, but these vital considerations of financial policy are dealt with elsewhere in this Report.)

For consumers, receipts of disposable income are withdrawals, and outlays for consumption represent injections. Expenditures on residential construction, though usually treated in the national income accounts as business investment, are here assigned to the consumer sector, and depreciation charges on residential property are treated accordingly as gross consumer saving.

State and local governments, as the Federal Government, withdraw purchasing power from the income stream through taxes, and inject it by purchases of goods and services and by transfer payments. The concept of surplus and deficit is the same as for the Federal Government. In the case of the foreign sector, imports of goods and services drain purchasing power away to other countries, while exports of goods and services for which payments must be made to the United States constitute injections.

For business firms, retained earnings and depreciation allowances (gross saving) are withdrawals from the gross income stream, while expenditures for fixed and inventory investment are injections. A "deficit," in these terms, exists if investment exceeds gross saving. Thus defined, a "deficit" on capital account does not mean that business is unprofitable—quite the contrary. Borrowing to finance investment in productive plant and equipment that yields a return over time lies at the heart of the growth process of the economy. In years of prosperity, when unemployment is low and capacity is fully utilized, business profits are high and the saving from retained earnings and depreciation allowances is relatively large. But in these years, the inducement to invest in new productive facilities is so strong that it substantially outruns even the large supply of internal saving.

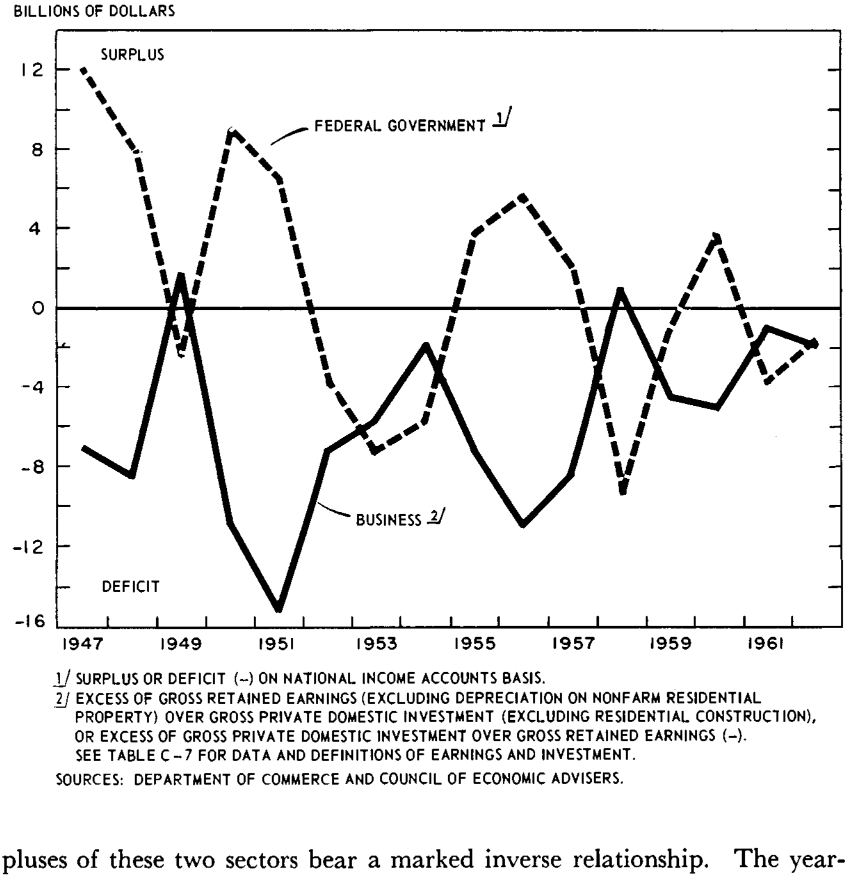
The "budget" of the consumer sector characteristically shows a surplus—an excess of disposable income plus depreciation of houses, over the combined total of personal consumption expenditures and residential construction. Indeed, during the period 1947–62, the consumer sector was in surplus in every year except 1947. The average surplus in that period was about $6.5 billion.

State and local governments have had deficits in 8 out of the last 9 years and in 11 of the entire 16 years under review. Their deficits have been relatively small, averaging a little less than a billion dollars in the last few years. The foreign sector has had an excess of current purchases from the United States over sales to the United States in 9 of the 16 years, and for the whole period the excess of purchases averaged a little less than a billion dollars a year. This excess of purchases is a deficit for purposes of the U.S. national income accounts.

Characteristically, the business and Federal Government sectors combined show a deficit, which offsets a consolidated surplus in the remaining sectors. However, the only two sectors whose deficits and surpluses exhibit fluctuations clearly related to changes in the general level of business activity are the business sector and the Federal Government. Chart 9 shows the deficit or surplus in the Federal national income accounts budget and the deficit or surplus of the business sector on capital account for each year from 1947 to 1962. The chart shows clearly that movements in the deficits and sur-

CHART 9

Federal Budget and Business Capital Account: Surpluses or Deficits



1/ SURPLUS OR DEFICIT (–) ON NATIONAL INCOME ACCOUNTS BASIS.
2/ EXCESS OF GROSS RETAINED EARNINGS (EXCLUDING DEPRECIATION ON NONFARM RESIDENTIAL PROPERTY) OVER GROSS PRIVATE DOMESTIC INVESTMENT (EXCLUDING RESIDENTIAL CONSTRUCTION), OR EXCESS OF GROSS PRIVATE DOMESTIC INVESTMENT OVER GROSS RETAINED EARNINGS (–). SEE TABLE C-7 FOR DATA AND DEFINITIONS OF EARNINGS AND INVESTMENT.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

pluses of these two sectors bear a marked inverse relationship. The year-to-year movements of the deficits or surpluses were in opposite direction for these two sectors in 12 of the 15 cases shown.

The budget of the business sector exhibits surpluses or small deficits in years of recession and slack, moves toward deficit as the economy expands, and commonly achieves a substantial deficit in years of prosperity and low unemployment. Consequently, it is in prosperous years, such as 1947, 1948, 1950, 1951, 1952, 1955, 1956, and 1957, that the business sector has had large deficits on capital account. It is in those years that business raises large amounts of funds on the capital market and uses the surpluses of other sectors. On the other hand, when there is substantial unemployment and unutilized capacity, as in the recession years 1949 and 1954 and the years 1958–62, the inducement to invest tends to be so weak that investment spending falls, even relative to the reduced levels of gross retained earnings, and the business sector budget shows only a small deficit or even a surplus.

The Federal budget shows a reverse pattern. It consistently moves toward a surplus as the economy expands and toward a deficit as it contracts. These movements are mainly a passive result of the operation of the automatic fiscal stabilizers, though they reflect also active measures of fiscal policy aimed at minimizing economic fluctuations. As a general rule, the Federal Government has had budget surpluses in years when the unemployment rate has averaged less than 5½ percent of the labor force and budget deficits in years when the rate has exceeded that figure. The only exceptions to this rule between 1947 and 1962 were the years 1952 and 1953 when the requirements of the Korean war forced very high military expenditures in a time of prosperity and low unemployment, and the year 1960 when a deliberate contraction of Federal expenditures cut short recovery from the 1957–58 recession while unemployment was still high. On the other hand, in years when unemployment has exceeded 5½ percent, the business sector has had an average deficit of less than $2 billion, whereas in years in which unemployment has been less than 5½ percent the business sector deficit has averaged $9 billion.

It is evident that the deficit or surplus in the business sector is related to the surplus or deficit in the Federal Government sector. More important, it is a major determinant of the total level of expenditures and hence of economic activity. When capital spending is sluggish, the over-all level of expenditure, and hence income, is likely to be unsatisfactory. A passive deficit in the Federal sector will occur. But this, in itself, cannot provide the new inducement to investment that will restore full employment and in the process permit the Federal Government a surplus in its own accounts.

The business sector cannot, of course, be expected to run large deficits merely in order to maintain high levels of economic activity. General economic stabilization is a responsibility of the Federal Government, not of private business organizations. Unavoidable fluctuations in private demand make it almost certain that the Federal budget will show deficits in some years. But the way to avoid chronic Federal deficits and achieve surpluses with reasonable frequency is to pursue active Federal policies—including budget and tax policies—designed to keep the economy operating continuously at high levels of employment and capacity utilization.

PROSPECTS FOR THE FUTURE

There are many reasons for confidence that, once full employment is restored by fiscal action, the private sectors will once again find it to their advantage to increase investment and incur deficits sufficient to generate a balance in the Federal account—that the private economy will find new buoyancy which will make surpluses possible and appropriate.

The weakness of fixed business investment in recent years has reflected—and in turn reinforced—the slow and uncertain growth of aggregate demand. Greater utilization of existing capacity may not immediately yield a burst of investment activity. Businesses which expanded capacity in 1955–57 in the expectation of expanding markets and reaped only a harvest of higher overhead costs may be hesitant to bet again on sustained prosperity. But as strong markets are restored and maintained, business confidence can and will revive. Private investment will then be once again the primary force for economic growth. Structural factors will favor this development. For example, beginning in the second half of the 1960's demographic conditions will be ripe for one of the strongest and most prolonged booms in residential construction this country has ever known. The vast research and development effort of American industry will yield new techniques and new products which will be profitable to install in steadily expanding markets.

The historical record of the American economy—like that of every industrialized country—exhibits an irregular sequence of periods of strong and buoyant demand, alternating with intervals of weakness and slack. The reasons for this irregularity are many: massive innovations like the automobile or electrification, the opening or closing of new territories, bursts of population growth, the temporary drying-up of profitable investment opportunities. History teaches that all such periods end. The natural tendency to extrapolate the recent past ought not to blind us to the likelihood that the weakness of the past few years will sooner or later be transformed into strength. But if we fail to do what is needed now, the transformation may be long delayed.

TAX REDUCTION AND THE NATIONAL DEBT

Tax reduction in 1963 will, as indicated previously, lead to a transitional increase in the budget deficit. As a result, the total Federal debt will rise by an estimated $5.4 billion in the fiscal year 1963, from $298.6 billion in June 1962 to $304 billion in June 1963.

The significance of the public debt—and its increase in 1963—can be best understood by putting the debt in the context of the over-all economy and taking into account the development over time of both the debt and the economy.

World War II led to a $211.9 billion increase in total Federal debt outstanding—from $47.6 billion in December 1939 to $259.5 billion in December 1946, as shown in Table 11. By December 1962, the debt had risen by a further $44.5 billion. Since the war, its size relative to the total economy has declined by more than one-half: the ratio of the debt to GNP was 123 percent at the close of 1946, and at the close of 1962 it was 55 percent. The decline has been fairly steady and has continued in each of the last 2 years. While the absolute size of the debt will again increase during the

TABLE 11.—*Federal debt and interest payments on the debt, selected calendar years, 1939–62*

Item	1939	1946	1950	1955	1960	1962 [1]
	Billions of dollars					
Federal debt: [2]						
Total [3]	47.6	259.5	256.7	280.8	290.4	304.0
Held by the public [4]	38.6	205.3	196.7	204.3	207.9	217.6
Interest payments on debt:						
Total debt	1.0	5.0	5.6	6.5	9.3	9.6
Debt held by the public	.8	4.2	4.3	4.8	6.7	6.9
	Percent					
Debt as percent of gross national product:						
Total debt	52.3	123.2	90.2	70.6	57.7	54.9
Debt held by the public	42.4	97.4	69.1	51.4	41.3	39.3
Interest payments on debt as percent of national income:						
Total debt	1.4	2.8	2.3	2.0	2.2	2.1
Debt held by the public	1.1	2.3	1.8	1.5	1.6	1.5

[1] Preliminary estimates by Council of Economic Advisers.
[2] Amount outstanding, end of calendar year.
[3] Gross public debt and guaranteed issues held outside the Treasury.
[4] Total less amounts held by U.S. Government investment accounts and by Federal Reserve Banks.

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

fiscal year 1963, it will continue to decline relative to GNP: the growth of 1.8 percent in the debt will be less than the expected rise of 4.3 percent in GNP.

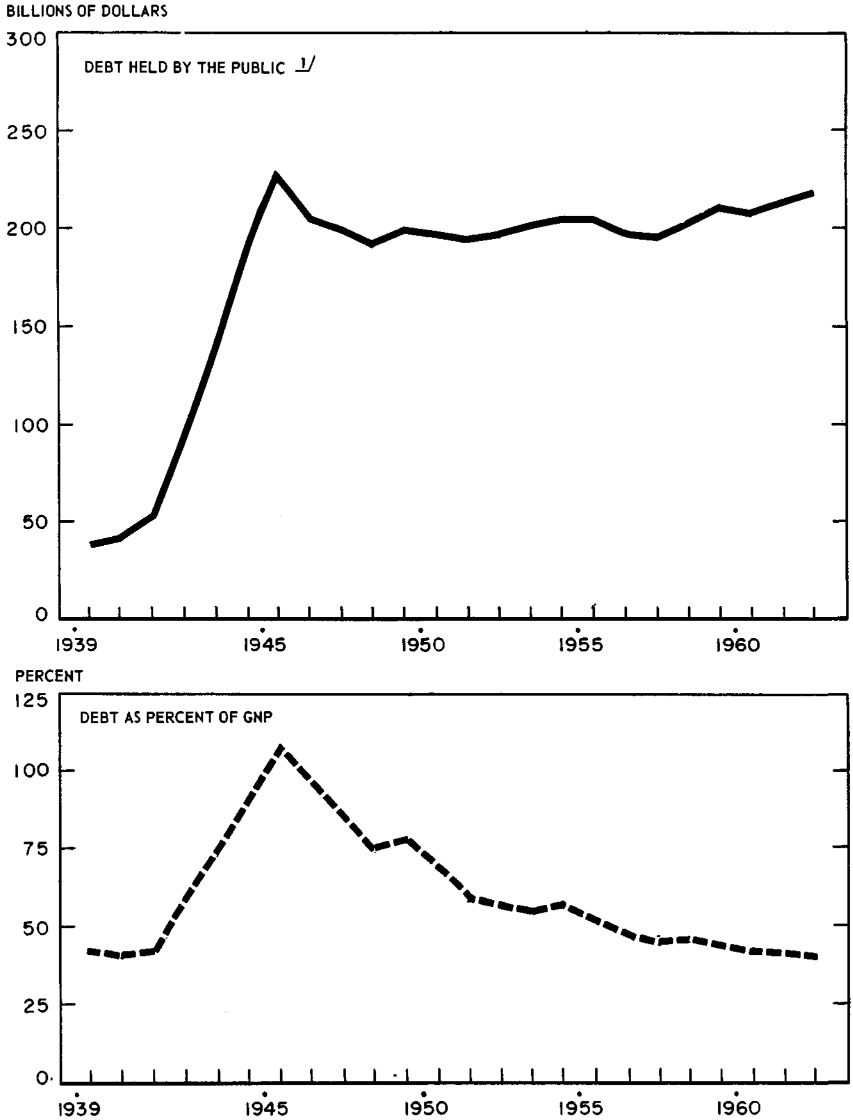
The absolute amount of interest payments shown in the administrative budget has risen from $5 billion in the calendar year 1946 to over $9 billion in the calendar year 1962, primarily because of the necessity of refinancing at higher current interest rates debt incurred during World War II. Such payments, however, have declined as a percentage of national income and as a percentage of total Federal expenditures during the postwar period.

Even in the perspective of the GNP, figures for *total* outstanding Federal debt and gross interest payments overstate the debt "problem." The total outstanding debt includes Federal securities held by the U.S. Government investment accounts—such as the social security trust funds—and by the Federal Reserve System. Interest payments on these components of the debt are, in effect, internal transfers of funds within the Federal Government itself and do not involve payments to the public. Moreover, debt held by the government investment accounts and the Federal Reserve does not pose a significant problem of debt management. The economically significant concepts are, accordingly, the publicly held debt, which excludes these components, and Federal interest payments to the public, which excludes interest transfers within the Government.

The publicly held Federal debt was $217.6 billion in December 1962, compared with total outstanding Federal debt of $304.0 billion. In the calendar year 1962, net Federal interest payments to the public were $6.9 billion, compared with the $9.6 billion of interest shown in the administra-

CHART 10

Federal Debt Held by the Public and its Relation to Gross National Product



1/ TOTAL GROSS PUBLIC DEBT AND GUARANTEED ISSUES LESS AMOUNTS HELD BY U. S. GOVERNMENT INVESTMENT ACCOUNTS AND BY FEDERAL RESERVE BANKS; END OF CALENDAR YEAR.

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

tive budget. From 1946 to 1962, the net increase in the publicly held debt was $12.3 billion, compared with the increase of $44.5 billion in the total outstanding Federal debt. (See Table 11 and Chart 10.) Net publicly held debt per capita fell from $1,450 in 1946 to $1,170 in 1962.

Since 1946, State and local governments in the United States have increased their net indebtedness fivefold—from $13.6 billion to $72 billion, or from $96 to $390 per capita. During this same period, total net private debt increased from $154 billion to an estimated $672 billion. Net corporate debt, accounting for one-half of this total, tripled its 1946 level, while individuals and noncorporate business increased their net indebtedness by over fivefold during this period. (See Appendix C, Table 51.)

Whether the increases in indebtedness in these sectors were wise or foolish depends not on the mere fact of an increase in their debt, but on the purposes achieved and on the future prospects of the individuals or organizations assuming the debt obligations. For the Federal Government, these same guides underlie our judgment as we decide whether an increase in the debt is appropriate. Federal expenditure programs must be rigorously judged on their merits. The decision as to the appropriate method of financing them, however, should be based on the Nation's economic condition, not on the object of the expenditure. In this respect the public debt is unique.

FEDERAL DEBT AND NATIONAL WEALTH

Our national wealth consists of real objects which yield direct services to us (such as the family automobile) or enable us to produce more or better goods and services (the machines in a factory). It also includes the amount by which Americans' claims on foreigners exceed foreigners' claims against Americans.

The measured national wealth, together with the skills and efforts of our labor force, constitutes the productive capacity of the American economy, the source of each year's output. In turn, the portion of annual output devoted to net investment equals the yearly addition to our national wealth—in the form of productive equipment, plants, houses, schools, post offices, and so on. The national wealth grows rapidly in prosperous years when investment is high and slowly in years of recession and slack. Thus, Table 12 shows that during the depressed 1930's national wealth actually declined; during both the prosperous 1920's and 1950's it increased substantially.

If our public debt were owned by foreigners, it would be a deduction from our national wealth and would place a direct burden on our economy by requiring us to export part of our total output to cover interest and amortization. But our public debt is nearly 95 percent internally held. Public debt held by Americans neither directly increases nor directly reduces national wealth. Also, it is not directly related to the asset holdings of

669333 O—63——6

TABLE 12.—*Civilian national wealth, selected years, 1900–58*

[Billions of dollars, 1947–49 prices]

End of year	National wealth [1]			Net foreign assets
	Total	Privately owned	Publicly owned	
1900	314.6	292.0	22.6	−6.9
1912	464.7	423.5	41.2	−4.8
1922	588.2	532.5	55.7	12.0
1929	778.0	700.2	77.8	18.2
1933	742.2	644.7	97.5	15.8
1939	748.4	623.2	125.2	3.1
1945 [2]	763.7	628.5	135.2	1.2
1945 [2]	788.4	647.1	141.3	−2.7
1946	812.9	671.7	141.2	3.0
1950	949.1	790.6	158.5	12.0
1954	1,086.3	907.8	178.5	12.8
1958	[3] 1,244.5	1,041.7	202.8	18.9

[1] Includes net tangible wealth and net foreign assets; excludes military assets.
[2] Two estimates for 1945: the first comparable with data for earlier years and the second comparable with data for later years.
[3] Total in 1958 prices is $1,702.8 billion.

Source: Raymond W. Goldsmith, *The National Wealth of the United States in the Postwar Period.*

the Government—although it may be noted that a recent report of the House Government Operations Committee estimates that the total wealth, including military assets, owned by the U.S. Government, exceeds its debt.

The tax program that is being proposed for enactment this year will bring about an increase in investment, both by raising demand and reducing excess capacity and by increasing incentives and the availability of funds. Thus, it will increase the accumulation of real capital and add to our national wealth.

Under other circumstances, of course, a fiscal policy which involved an increase in the public debt might operate to reduce real investment and retard the growth of national wealth. For example, when employment is high and demand is pressing against capacity, deficit financing of public noninvestment expenditures may contribute to inflation or raise interest rates and thereby depress private capital formation. Changes in national debt, therefore, bear no simple relation to changes in national wealth. An increase in national debt may indirectly spur the growth of wealth under some conditions and stifle it under other conditions.

THE BURDEN OF THE PUBLIC DEBT

An understanding of the relation between national debt and national wealth helps to place the problem of debt burden in further perspective. In what respects can it be said that public debt imposes a burden on either present or future generations?

1. As indicated above, the kind of fiscal policies we follow can either increase or decrease the living standards of future generations by affecting the stock of wealth we bequeath to them. But, clearly, the tax program being proposed for enactment in 1963, which

encourages both high employment and high capital formation for economic growth, will benefit future generations as well as our own. It will do so even though it results in some increase in the public debt.

2. At full employment, an increase in interest payments on the publicly held Federal debt will ordinarily require higher personal income and corporate profits taxes than would otherwise be necessary in order to prevent inflation. The resulting transfer from taxpayers to interest recipients does not constitute a direct draft on the real resources available to the American people as a whole, but it may impose a burden of a more subtle kind. By dampening incentives, the higher tax rates may reduce total output. How serious such a burden will be depends on the level of tax rates that is needed. In recent years, interest payments to the public by the Federal Government have amounted to less than 2 percent of the national income, as shown on Table 13. Moreover, the ratio of interest payments to national income has declined, and it is this ratio that matters in setting the required level of tax rates. Given the magnitudes of debt change involved in a fiscal policy for high employment, and relating them to the expected growth of our economy, it is likely that the debt burden will continue to decline.
3. A further potential disadvantage of debt service may result from its effects on income distribution. If all the debt were held by one group of investors while taxes were paid by a quite different group, undesirable distributional consequences might result. This, however, is not the case in the United States where debt-holding is fairly widely dispersed and our tax structure partially offsets the distributional effects of interest transfers.

Today's economic problem is slack, not inflation. Thus, under the present circumstances there is no reason to fear such increases in the public debt as tax reduction may entail. The ratio of interest payments on the debt to national income is small and is likely to fall, not rise. Nor is there any danger that the increase in the Federal debt will be a burden on future generations. Tax reduction will increase investment, and hence the wealth we will bequeath, not decrease it. The danger is the opposite one. By failing to take expansionary fiscal action, we will keep both consumption and investment depressed, thus hurting not only ourselves, but future generations as well.

PRICES, WAGES, AND THE BALANCE OF PAYMENTS

The primary purpose of the President's tax program is to strengthen greatly the forces of economic expansion, within an environment of continued price stability and improvement in our balance-of-payments position. The prospects are good that this can be accomplished by a proper combination of fiscal and monetary policies, continued adherence to sound wage and price policies, and even more intensive application of the measures already taken to improve our balance of payments position—particularly export expansion.

PRICES AND WAGES

Prices rise when demand exceeds supply. The most widely experienced form of inflation occurs when the demand for most or all commodities exceeds or is expected soon to exceed productive capacity. Inflationary pressures cannot directly result from passive deficits associated with economic slack and sluggish growth. The deficits of the past 5 years have occurred in a period of almost unprecedented stability of wholesale prices. Much larger deficits, as a proportion of GNP, were experienced during the 1930's, in a period of falling prices.

Active deficits, on the other hand, arise from policies designed to expand demand. An expansion of demand sufficient to achieve high employment tends to put pressure on prices and wages. But expansions which originate from tax reductions and which are associated with government deficits impose neither more nor less inflationary pressure than expansions originating in any other source. It is not the source of the increased demand, but the extent to which increased demand can be met without increases in costs, and the extent to which competition keeps prices in line with costs, that determine the effect of the expansion on prices and wages.

Effects of expansion on prices and wages

At present, considerable latitude exists in the American economy to increase output by bringing unemployed labor and unused capital back to work; this is a principal reason why a tax reduction is needed. While the record of the postwar years indicates that wages tend to rise more rapidly in years when unemployment is low, given the present high unemployment rate demand for labor can expand substantially without resulting in much additional pressure on labor markets.

In addition, competition is keen. Employers, labor, and the public all are aware of the dangers of cost inflation. The potential mobility of labor is high, and there are reasons to believe it will increase. In the years ahead a larger proportion of the total labor force will be new entrants, and their average educational level will be higher than ever before. New Federal programs of retraining, and other measures to increase the adaptability of the labor force have been introduced. These measures will be further strengthened in 1963 and the years ahead. These improvements in the adaptability of the labor force to changing demand conditions should permit relatively low levels of unemployment to be achieved before bottlenecks become serious.

Although wage pressures undoubtedly would be somewhat stronger at lower rates of unemployment, unit labor costs need not be higher because a considerable improvement in productivity would be the direct consequence of return to higher rates of capacity utilization. An underutilized economy incurs high costs relative to its output—the overhead costs of usable but unused plant and equipment, the cost of maintaining underutilized clerical and administrative staff, etc. All these costs are incurred whether production is low or high. Raising demand for goods and services will permit more efficient use of existing capacity and reduce underemployment of workers still on the payroll—in short, will increase the productivity both of labor and of capital. While higher demand will certainly pull some prices up and lengthen some delivery periods, reduced costs resulting from higher utilization of capacity in many industries will be a force on the side of stability. And in the longer run, the return to full employment, by stimulating investment in new plant and equipment, and the technical improvements it makes possible, will help to speed up the long-run advance in productivity and thus help stabilize or reduce unit costs.

Moreover, the world supply situation for primary products suggests stability in the prices of internationally traded raw materials. Thus substantial expansion of production in the United States can take place without upward pressure on costs from that source.

The extra gain in productivity associated with higher utilization will permit increased profit margins without price increases, provided wage rate increases do not outrun gains in productivity. Total profits will increase even more as sales rise. It is important that the push from the side of profits, like the push from the side of wages, be restrained within limits consistent with over-all stability. Stiff competition from abroad has already disciplined the price policies of a number of American industries and will continue to do so. In addition, a resolute policy of maintaining competition and encouraging the mobility of capital and enterprise as well as labor can make an important contribution in containing inflationary pressures.

A return to low unemployment after the recent period of price stability is unlikely to be encumbered by the same degree of inflationary psychology as earlier postwar periods of low unemployment.

Wage and price "guideposts"

To aid public understanding, the 1962 Economic Report concluded (pp. 185–90) with a set of "guideposts for noninflationary wage and price behavior." These guideposts were designed to provide standards for evaluating those price and wage decisions where the public has an interest in their content and consequences. They cannot, and should not, replace the normal processes of free private decisions and negotiations.

As the margin of unemployed labor and idle capital narrows, and as markets for goods and services become tighter, the guideposts will gain in importance. They are restated here in the belief that an enlightened public understanding of the nature and causes of inflation would be an additional force minimizing any inflationary threats in the years ahead.

The guideposts themselves involve *general* guides for noninflationary wage and price behavior, subject, in each case, to a number of important and specific *qualifications* required by the objectives of equity and efficiency.

The general guide for wages is that "the rate of increase in wage rates (including fringe benefits) in each industry be equal to the trend rate of over-all productivity increase." Under these conditions the gain from increases in productivity throughout the economy would be shared between wage and nonwage incomes by allowing each to grow at the same percentage rate. Each sector of economic life would share in the gains of advancing productivity. The qualifications call for faster increases in wage rates in an industry that (a) would otherwise be unable to attract sufficient labor to meet demands for its products, or (b) currently pays wage rates exceptionally low compared with those earned elsewhere by labor of similar ability. Symmetrically, increases in wage rates would fall short of the general guide rate in an industry that (a) could not provide employment for its entire labor force even in generally prosperous times; or (b) currently pays wage rates exceptionally high compared with those earned elsewhere by labor of similar ability.

The general guide for prices is that prices should fall in an industry whose rate of productivity increase exceeds the over-all rate, rise in the opposite case, and remain stable if the two rates of productivity increase are equal. The qualifications call for a faster price increase or slower price decrease in an industry in which (a) the level of profits is insufficient to attract the capital required to meet expansion of demand, or (b) costs other than labor costs have risen. On the other hand, increases in price would be slower or decreases faster than indicated by the general guide in an industry in which (a) productive capacity exceeding full-employment demand shows an outflow of capital to be desirable, or (b) costs other than labor costs have fallen, or (c) excessive market power has resulted in rates of profit substantially higher than those earned elsewhere on investments of comparable risk.

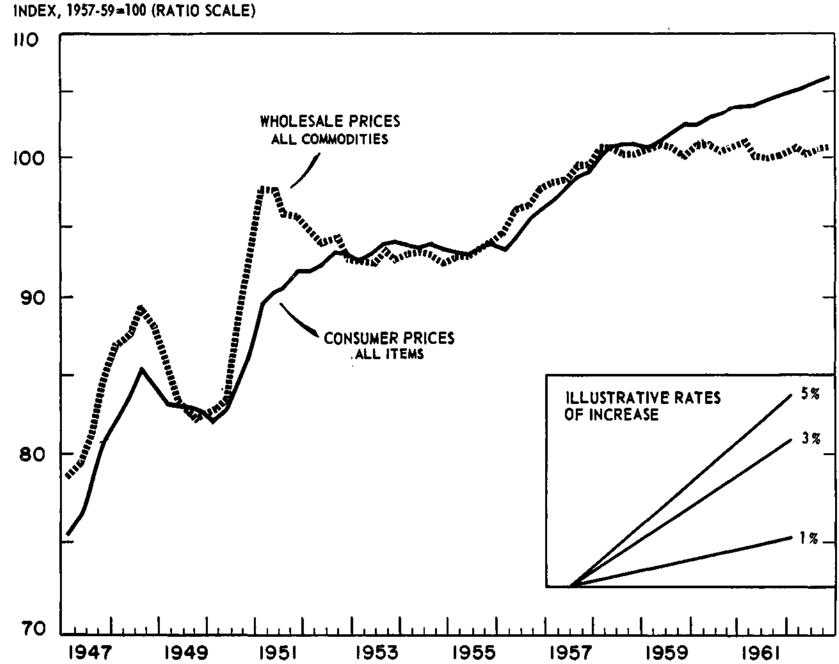
The recent record

Inflationary pressures in the American economy have receded since 1957. Between the first quarter of 1947 and the first quarter of 1958, wholesale prices increased at an annual rate of 2.2 percent, and consumer prices at 2.6 percent. Between the first quarter of 1958 and the last quarter of 1962, however, these annual rates of increase had fallen to 0.1 percent and 1.2 percent, respectively (Chart 11).

Between 1958 and 1959 a decline in wholesale prices of farm products and processed foods offset a slight increase in the average of all other wholesale prices. Since 1959, wholesale prices of all groups have been

CHART 11

Price Developments in the Postwar Period



SOURCE: DEPARTMENT OF LABOR.

essentially unchanged. Within the total of consumer prices, service prices continued to rise more rapidly than the average, but there has also been some slowing in the rate of increase of service prices. When it is recognized that improvements in the quality of goods and services are only imperfectly allowed for, the 5-year record of the consumer price index, and its several components, is cause for satisfaction.

The principal threat to the continuation of price stability in 1962 occurred in April when a general increase in steel prices was announced by a number of the major producers. This increase followed the agreement in March on a wage contract generally regarded as noninflationary. Had this increase stood, it would have caused and invited other price increases throughout the economy; it would have led organized labor to adopt a new militancy in its wage demands; and it would have seriously weakened the forces working toward the restoration of our international competitive position. Fortunately, the price increase was rescinded after the President expressed the country's concern over the serious threat to price stability and our balance of payments.

TABLE 13.—*Changes in hourly earnings in manufacturing industries, 1947–62*

Period	Percentage change per year [1]
1947 I to 1962 IV [2]	4.7
1947 I to 1958 I	5.5
1947 I to 1949 III	8.0
1949 III to 1954 III	4.9
1954 III to 1958 I	4.3
1958 I to 1962 IV [2]	2.9
1958 I to 1961 I	3.4
1961 I to 1962 IV [2]	2.2

[1] Change in average hourly earnings of production workers, adjusted to exclude overtime and inte industry shifts. Quarterly data not available prior to 1959; first month in quarter used.
[2] Preliminary estimates by Council of Economic Advisers.

Source: Department of Labor (except as noted).

The rate of annual increases in average hourly earnings in all manufacturing, adjusted to exclude overtime and interindustry shifts, has declined steadily throughout the postwar period, and the rate of increase has been considerably reduced in the past 5 years.

As is shown in Table 13, average hourly earnings rose 5.5 percent a year between 1947 and 1958, and only 2.9 percent a year between 1958 and 1962. This pattern needs, of course, to be interpreted in the context of the concurrent slowdown in the rate of increase of consumer prices. Labor costs per unit of output in all manufacturing have been stable or declining since 1958, whereas in the earlier period they had advanced.

The fact that these developments have occurred under the cloud of a 5-year underutilization of resources warns against overconfidence in their continuation. But sober confidence that expansionary policies can proceed without fear of premature revival of inflationary pressure is justified by the fact that price stability has been maintained through the second year of cyclical expansion.

BALANCE OF PAYMENTS

Chapter 4 discusses the impact of economic expansion on the balance of payments. The main point to be made here is that the immediate effects on the balance of payments of an expansion of domestic economic activity brought about by fiscal measures are no different from those produced by an expansion finding its origin in a spontaneous increase of private demand. However, the 1963 tax program, in addition to expanding total demand, will strengthen incentives, thereby increasing investment, decreasing unit costs, and helping our international competitive position.

Stability of prices is particularly important for the balance of payments. It should be emphasized, however, that what is significant for America's competitive position in international trade is not the absolute change in the level of U.S. prices, but rather the change relative to prices abroad. In the past several years, prices in the principal industrial nations of the world have risen relative to ours and indications are that this tendency will continue.

Perhaps the most important impact of economic expansion on the balance of payments will be through increased confidence around the world in the strength of the U.S. economy and thus in the strength of the dollar. Such confidence cannot be bred by the perpetuation of a sluggishly growing U.S. economy, subject to frequent recessions and incomplete recoveries.

Until recently there was widespread belief that foreign businessmen and private and central bankers would be frightened by expansionary fiscal policies and budget deficits in the United States. Fears of inflation and intensified balance of payments difficulties, it was said, would drive short-term capital funds from the United States and lead central banks to convert more and more of their increasing dollar holdings into gold. But in part through the joint studies and activities of the United States and its partners in the Organization for Economic Cooperation and Development (OECD) a better understanding now exists abroad of American prospects and policies. While there is an alert concern that inflation might again develop, important segments of European opinion now realize the urgency of expansionary U.S. fiscal policy—not only to strengthen the U.S. economy but to support the world economy and the international payments system based on the dollar.

In recent months, the OECD has recommended vigorous fiscal action to revive a strong and growing U.S. economy. For example, the annual OECD Economic Survey of the United States (issued December 13, 1962) concluded its review as follows:

> At the risk of over-simplification, the conclusions of this survey may be summarized as follows:
>
> i) The United States needs to raise its growth rate substantially above that experienced since the middle of the 1950's * * *
>
> ii) The major problem underlying the unsatisfactory experience of recent years has been the persistent weakness of demand * * *
>
> iii) It seems unlikely that demand from the private sector will, by itself, prove sufficiently buoyant to put the economy back on to a more appropriate long-term growth trend * * *
>
> iv) Under these circumstances, a greater stimulus from the Federal budget would seem necessary to offset the weakness of private demand, a stimulus that could be provided by tax reductions, by higher Federal expenditure, or by a combination of the two. This may well entail some temporary resort to deficit budget financing; but the quicker the economy regains the full-employment level the shorter will be the period during which deficits are incurred. It is greatly to be hoped that the fiscal changes to be proposed to Congress in 1963 * * * will be adequate in scope and timing to permit the early absorption of the present slack in the economy.
>
> v) In the short run stronger expansion involving increased imports will tend somewhat to decrease the balance of payments surplus on current account. But the government's efforts to promote exports and increase invisible earnings should counteract this tendency, given the cooperation of other Member countries. Rising activity at home should somewhat reduce the outflow on capital account, increasing the attractiveness of investment at home relative to investment abroad. Confidence in the dollar depends in good part on a strong domestic economy; it is unlikely to be fostered for any length of time by policies which keep the level of activity low.

As is clear from the final paragraph, our European and Canadian partners in the OECD recognize that stronger expansion might tend to intensify balance of payments problems in the short-run, and they are concerned that U.S. monetary and debt management policies should take appropriate account of these problems—as indeed they have in the past and will in the future. But our foreign friends also recognize—as most segments of domestic opinion now agree—that the problems prosperity will bring are far less serious than the problems it will solve.

The United States can stand prosperity.

Chapter 4

The United States and the International Economy

THE INTERNATIONAL ECONOMY has undergone a remarkable transformation in the past decade. For many years after World War II, import quotas, discriminatory trade practices, and exchange restrictions on all forms of international payments characterized the bulk of international transactions. Though further progress needs to be made, much of this restrictive legacy has now been swept away. This transformation culminated in the formal acceptance by the major European countries in early 1961 of the currency convertibility requirements of the International Monetary Fund. It is a notable achievement and has far-reaching implications for the U.S. economy and U.S. economic policy.

Among the factors facilitating this development has been a massive redistribution of the world's gold and foreign exchange reserves. At the end of 1948, the United States held 71 percent of the free world's monetary gold stock; by June 1962, the U.S. share had fallen to 40 percent. During the same period, Western Europe's share grew from 15 percent to 44 percent. In addition, foreign official holdings of liquid dollar assets rose by nearly $9 billion. This redistribution ended the excessive concentration of reserves which had been brought about by the political upheavals in Europe in the 1930's, World War II, and the requirements of postwar reconstruction. In achieving balance of payments surpluses which rebuilt reserves, continental European countries gained greater freedom of action to promote economic expansion and to reduce restrictions on international transactions.

The redistribution of reserves was brought about partly through deficits in the international payments of the United States, which led to large transfers of gold and liquid dollar assets to Europe. These U.S. payments deficits have persisted beyond the point where they improve the distribution of the world's monetary reserves. Indeed, continuing large payments deficits by the United States could create doubts about the stability of the dollar and threaten the efficient operation of the international payments system. As a result, the U.S. Government has had to pay close and constant attention to the net financial outcome of its transactions, and those of its citizens, with the rest of the world. Important measures have been taken to improve the payments position of the United States, and domestic economic policy has been framed with attention to the balance of payments and the position of the dollar. International transactions of the United States are discussed in the first section of this chapter.

The relaxation of many restrictions on trade and payments and the redistribution of world reserves have not been the only factors transforming the world economy. The progress of the European Economic Community (EEC) toward a rapidly growing, unified, tariff-free market encompassing six European countries—and possibly more in the future—has already profoundly altered world economic relationships. The EEC offers a domestic market broadly comparable to the United States and an import market even larger. Liberal access to this market will be vital to future foreign trade; exclusion by restrictive import tariffs or other barriers could seriously affect the trade and economic development of many countries of the free world. The emerging EEC and the relationship of the United States to it are discussed in the second section of this chapter.

It is now generally acknowledged that the responsibility of the industrial nations for providing capital and technical knowledge to other countries for economic development requires more than the occasional and sporadic efforts made before the mid-1950's. Systematic economic development of the low-income parts of the free world—within a span of time that is very short by historical standards—has become a major objective of western foreign policy. Carrying out this gigantic task will require considerable transfers of capital and technical skill. It will result in large shifts in the structure of world production and trade, and will require substantial adjustments in both advanced and developing countries. Some of these problems are discussed in the third section of this chapter.

These developments have one common characteristic: they bring countries economically closer together. They tend to integrate the free world economy. Markets will become more unified, competition will be keener, and differences among nations in techniques of production will diminish. Substantial progress toward our foreign economic objectives will be made, but new challenges for economic policy, national and international, will arise. Some of these problems and recent efforts to find solutions are discussed in the final section of this chapter.

U.S. INTERNATIONAL TRANSACTIONS

THE UNITED STATES AS WORLD TRADER, INVESTOR, AND BANKER

The United States is by far the largest producing nation in the world, accounting for more than 40 percent of total industrial production of the free world. Its 188 million inhabitants place it fourth among nations in population, and its unequalled level of per capita income makes it the world's largest domestic market and largest source of savings.

As trader

The basic purpose of our foreign trade is to exchange goods produced efficiently in the United States for goods which we can produce relatively less efficiently or not at all. International trade lowers costs and raises standards of living both at home and abroad. Foreign trade accounts for a much larger part of transactions of the U.S. economy than is generally appreciated. Even though our merchandise exports are only about 4 percent of total gross national product (GNP), they amount to nearly 9 percent of our total production of movable goods. For some products, overseas demand is exceptionally important; it provides over half the market for such diverse U.S. products as rice, DDT, and tracklaying tractors. Imports by the United States provide materials essential for production and also permit Americans variety and diversity in their consumption. Crucial products like nickel and cobalt come almost entirely from foreign sources.

U.S. exports and imports are a major part of world trade. In the first three quarters of 1962, U.S. merchandise imports were nearly 14 percent of total world imports. For some countries and some commodities, of course, the U.S. market is far more important than this average share implies. For example, U.S. coffee imports are usually over half of total world imports of coffee.

U.S. citizens pay large sums for services provided by foreigners—transportation of goods and persons, food and lodging for American tourists and businessmen traveling abroad, interest, dividends, and profits on the funds of foreigners invested in American enterprise or securities. In addition, the United States spends overseas nearly $3 billion (gross) a year for its own military defense and, indeed, for the defense of the entire free world. This expenditure is made in part directly by the U.S. Government and in part by more than one million U.S. servicemen and their dependents stationed abroad.

The United States is also a major supplier of goods and services, accounting in 1961 for nearly 18 percent of total world exports of merchandise, for nearly one-fourth of world exports of manufactures, and for nearly one-third of world exports of capital goods. It is a principal exporter of many agricultural goods, especially cotton, wheat, tobacco, soybeans, and poultry, and it exports large amounts of military equipment to its allies—some on a grant basis, some for cash payment.

The very size of the United States in the world economy lends to its economic activity and its economic policies special importance and interest abroad. Its rate of unemployment, economic growth, and commercial and financial policies are closely charted and carefully watched throughout the world.

As saver and investor

A nation as large and wealthy as the United States is naturally an important source of savings for the entire world, and national savings move abroad both as private investment and as official foreign aid. Its advanced technology invites emulation abroad, and the profitability of duplicating

American technology draws American savers and investors beyond domestic borders. Its need for foreign resources to supply American production attracts private U.S. development capital. In addition, the United States has accepted heavy responsibility for the economic development of emerging nations, which require public as well as private capital.

Private long-term investment abroad by U.S. residents has risen markedly in the past decade, from an annual average of $0.9 billion in 1952–55 to $2.5 billion in 1958–61. Much of this increase has gone to Europe.

The U.S. Government provided $3.2 billion to foreign countries and international lending institutions in the first three quarters of 1962—in the form of development loans, Export-Import Bank export credits, sales for local currencies, commodity and cash grants, technical assistance, and contributions to international institutions. This was 12 percent more than in the corresponding period in 1961. U.S. foreign aid to the developing nations has risen markedly since 1954, and under new programs, notably the Alliance for Progress in Latin America, U.S. economic assistance is expected to continue to be high. Total aid expenditures are, however, still below those reached in the late 1940's under the Marshall Plan to assist European recovery.

Both private investment outflows and government aid are appropriate for a high-output, high-saving country such as the United States, and both are expected to yield considerable economic and political returns in the long run. Government and private lending and equity investment add substantial amounts each year to the net foreign assets of the United States, which have risen steadily in the past decade. Their contribution to the growth of U.S. national wealth is shown in Table 12, Chapter 3. But in the short run, both also aggravate the U.S. balance of payments deficit. To reduce the impact of the foreign aid program on the balance of payments, a large part of foreign aid expenditure has been tied to the purchase of goods and services in the United States. In the first three quarters of 1962, 76 percent of government grants and capital outflows resulted in no direct dollar outflow, compared with 64 percent two years earlier. Recent changes in the tax treatment of earnings on foreign investments (described in Appendix A) were designed to achieve more equitable tax treatment between U.S. investment at home and abroad. They should reduce the outflow of investment funds to the extent that these funds were attracted by various tax privileges available in several other countries, and should also increase the repatriation of foreign earnings. Thus these changes should improve the U.S. payments position, at least in the short run when improvement is crucially needed.

Though foreign aid and investment absorb only a small part of U.S. savings, the United States is providing a substantial part of the total flow of savings across national boundaries, especially of the flow to the developing nations. The Development Assistance Committee (DAC) of the 20-nation

Organization for Economic Cooperation and Development (OECD) estimates that the United States in 1961 supplied 57 percent of official foreign aid and 44 percent of private long-term investment flow from DAC members to the less developed countries.

As banker

Since the end of World War I, and especially in the past 15 years, the U.S. dollar has emerged as the principal supplement to gold as an international store of value and medium of exchange. The important position of the United States as a market for goods and as a source of goods and savings, its well-developed, extensive, and efficient financial markets, and its long-standing policy of buying gold from, and selling it to, foreign monetary authorities at a fixed price have all made the U.S. dollar an attractive form in which to hold international reserves. Foreign monetary authorities hold more than $12 billion—over one-quarter of their total gold and foreign exchange reserves—in liquid dollar assets, mostly in the form of U.S. Treasury bills and deposits in American banks. In addition, foreign private parties hold $8 billion in dollar assets, and international institutions nearly $6 billion.

These large outstanding claims on the United States indicate the importance attached by the rest of the world to the dollar as an international currency, and the significance of the United States as an international banking center. For a number of years, the deficit in the U.S. balance of payments was financed to a large extent by increases in foreign dollar holdings which enabled foreign governments and nationals to acquire earning assets and at the same time add to their liquid resources. In recent years, about one-fourth to one-half of our over-all deficit has been settled in gold, but the growth in dollar holdings abroad has continued on a significant scale. The rise in dollar holdings has been an important element in the growth of international liquidity.

But these large balances also make the dollar peculiarly vulnerable. A decline of confidence in the dollar, resulting in widespread conversion of dollars into gold, would create a serious problem for the international payments system and for the economic progress of the free world. Therefore, satisfactory progress in reducing the U.S. payments deficit is essential at this time.

The United States still holds large gold and foreign exchange reserves. Last summer the President reaffirmed U.S. determination to defend the existing parity of the dollar and indicated the country's willingness to use its entire gold stock, if necessary, to do so. In addition to the $16 billion in gold and convertible currencies held by the United States, stand-by arrangements have been entered into with a number of individual countries, and the United States has extensive drawing rights on the International Monetary Fund. The Fund itself was strengthened in October when a special borrowing arrangement, supplementing the Fund's resources by as much as $6 billion, came into force. The final section of this chapter will describe how international cooperation in the past few years has developed new and more effective techniques to protect the dollar and the international payments system against speculative attack.

The balance of payments in 1962

A record of the international transactions of the United States is presented in the balance of payments accounts, compiled by the Department of Commerce (Table 14). For the year 1962 as a whole, the over-all payments

TABLE 14.—*United States balance of international payments, 1951–62*

[Billions of dollars]

Type of transaction	1951-55 average	1956-60 average	1958	1959	1960	1961	1962 [1]
Current account and unilateral transfers	−0.6	0.8	−0.1	−2.3	1.3	2.4	2.1
Merchandise trade balance	2.4	3.9	3.3	1.0	4.7	5.4	4.7
Exports	13.4	17.8	16.3	16.3	19.5	19.9	20.8
Imports	−11.0	−13.8	−13.0	−15.3	−14.7	−14.5	−16.1
Military expenditures	−2.3	−3.2	−3.4	−3.1	−3.0	−2.9	−3.0
Income on foreign investments, net [2]	1.6	2.2	2.2	2.2	2.3	2.8	3.1
Other services, net [3]	.3	.2	.2	.1	−.1	−.1	.1
Government nonmilitary grants	−2.1	−1.7	−1.6	−1.6	−1.7	−1.9	−1.9
Pensions and remittances	−.6	−.7	−.7	−.8	−.8	−.9	−.9
Long-term capital account	−.9	−3.0	−3.5	−1.9	−3.2	−2.9	−2.7
U.S. direct investment [4]	−.7	−1.7	−1.2	−1.4	−1.7	−1.5	−1.2
Other private U.S. investment	−.2	−.9	−1.4	−.9	−.8	−1.0	−1.1
Government loans (less repayments) [5]	−.2	−.8	−1.0	−.4	−1.1	−.9	−1.1
Foreign long-term capital [6]	.3	.4	.1	.7	.4	.5	[7] .7
Balance on entries above ("basic" accounts)	−1.5	−2.3	−3.7	−4.2	−1.9	−.5	−.6
U.S. private short-term assets and nonliquid liabilities	−.2	−.5	−.4	.1	−1.4	−1.3	−.6
Errors and omissions	.4	.4	.5	.4	−.6	−.6	−.7
Over-all balance [deficit (−)]	−1.2	−2.3	−3.5	−3.7	−3.9	−2.5	−1.9
Sales (−) of gold and convertible currencies	−.2	−.7	−2.3	−.7	−1.7	−.7	[8] −.7
Increase (−) in liquid liabilities to foreigners	−1.0	−1.6	−1.3	−3.0	−2.2	−1.7	[8] −1.3

[1] First 3 quarters, seasonally adjusted annual rate (except as noted).
[2] Excludes subsidiary earnings not repatriated.
[3] Includes foreign military purchases in the United States.
[4] Excludes reinvested subsidiary earnings, amounting to $1.0 billion in 1961.
[5] Includes changes in holdings of nonconvertible foreign currencies.
[6] Excludes reinvested subsidiary earnings, amounting to $0.2 billion in 1961.
[7] Includes certain increases in nonliquid U.S. Government liabilities to foreigners.
[8] Unadjusted annual rate.

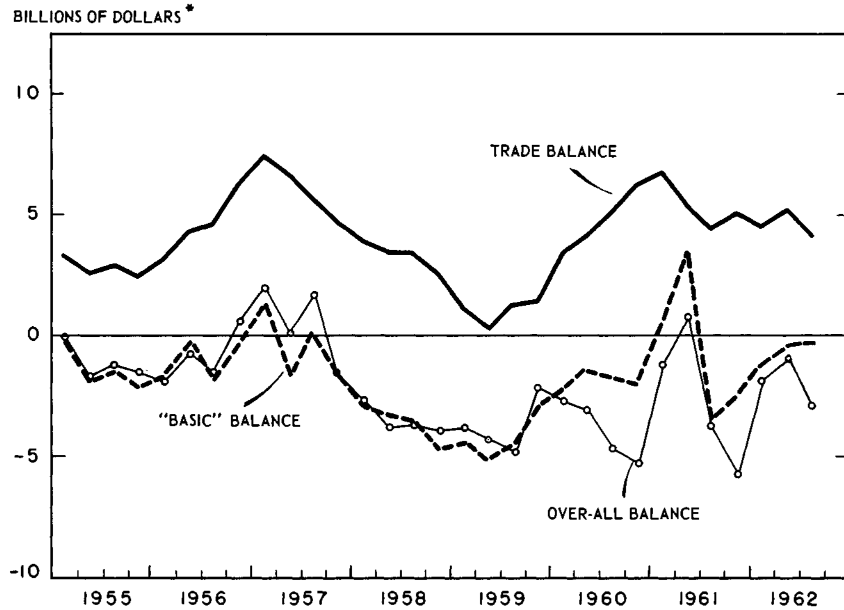
NOTE.—Minus signs indicate payments to foreigners.
Detail will not necessarily add to totals because of rounding.

Sources: Department of Commerce and Council of Economic Advisers.

deficit of the United States was around $2 billion—a decline from $2.5 billion in 1961 and $3.9 billion in 1960 (Chart 12). Although U.S. imports have risen substantially above their 1961 recession low, rising commercial exports have offset a part of the increase. Earnings from American investments abroad continued their upward trend of the past few years. Net mili-

CHART 12

Balance of Trade and Payments



* SEASONALLY ADJUSTED ANNUAL RATES.
NOTE: FOR DEFINITIONS OF DIFFERENT BALANCES SEE TABLE 14.
SOURCE: DEPARTMENT OF COMMERCE.

tary expenditures abroad were offset substantially by accelerated payments by Germany against current and future delivery of materials for national defense. The German Government has agreed to offset fully U.S. defense expenditures in Germany by military purchases in the United States, thus both bolstering the German defense contribution and reducing the net impact of our military spending abroad. More recently the Italian Government has also agreed to substantial military purchases in the United States.

U.S. foreign aid expenditures rose further in the first three quarters of 1962, but since they were increasingly tied to purchases of U.S. goods and services, the direct outflow of dollars actually fell slightly below that in the corresponding period of 1961. Private long-term investment abroad continued at a rate of about $2.5 billion a year. In the first three quarters of 1962 the deficit on goods and services, Government assistance, and long-term capital—the so-called basic accounts—was slightly larger (at an annual rate) than in 1961. The net recorded outflow of short-term capital declined sharply, reflecting in part a reduction in the flow of bank credit to Japan as its payments position improved.

U.S. balance of payments developments during the course of 1962 reflected the Canadian exchange crisis of May and June. Payments to Canada

669333 O—63——7

dropped sharply during the first half of the year, but rose again in early summer when an extensive stabilization program brought to a halt speculation against the Canadian dollar, for which a new par value equal to 92½ U.S. cents had been established in May.

A substantial contribution to U.S. receipts was made by advance repayments totaling over $660 million by France, Italy, and Sweden of postwar debt to the U.S. Government. In addition, late in 1962 the U.S. Treasury sold 15- and 16-month, nonmarketable securities denominated in foreign currency to Italy and Switzerland, totaling the equivalent of $250 million. Debt prepayments of over $660 million had also been received in 1961.

Without these special receipts, the U.S. payments deficit in 1962 would have been $900 million higher. This underlines the importance of policies to correct the balance of payments. The U.S. Government is continuing to carry out and develop programs affecting a wide variety of transactions, ranging from exports to the outflow of funds attracted by higher interest yields abroad. New measures adopted in 1962 are described in Appendix A. Particular attention is being given to the share and terms of development assistance extended by other industrial nations and to their share of the common costs of defending the free world. Greater effort on their part would not only increase free world security; at the present time it would also contribute to better balance in international payments. Countries in which U.S. military forces make large expenditures are being urged to offset these expenditures, for example by purchasing military equipment in the United States.

EXTERNAL IMPACT OF U.S. ECONOMIC EXPANSION

Structure of the world economy

Virtually no economic event can occur anywhere without affecting trade flows and capital movements throughout the world economy. These repercussions can rarely be traced completely or precisely, but they are nonetheless real and important and cannot be ignored in the formulation of economic policies. The prominence of the U.S. payments deficit since 1958 has focused attention on those economic factors, at home and abroad, which most influence the international transactions of the United States. Because of their size and variability, U.S. exports warrant special attention.

About two-thirds of U.S. exports go to countries outside Europe. Typically, the ability of these countries to import depends directly on their foreign exchange receipts from their own exports, from capital inflow, and from foreign aid. Without such receipts, most non-European countries are unable to allow their citizens to import. As their receipts fluctuate, so do their purchases from the United States. The share of their markets captured by American goods depends upon a variety of factors—historical business relationships, the availability and terms of financing, and the competitiveness of American products.

Most countries in Europe are in a quite different position. Their large and growing gold and foreign exchange reserves indicate that they need not gear their imports and other foreign expenditures so closely to their receipts. On the contrary, their reserves provide an ample cushion for considerable deviation between foreign exchange receipts and expenditures. European imports are therefore, at least in the short run, more closely related to their domestic economic activity and to competitive conditions than to actual or prospective foreign exchange earnings.

The United States is an important supplier both of foodstuffs and of industrial materials to Europe (Table 15). These exports are closely

TABLE 15.—*Commodity composition and destination of United States exports, first 3 quarters of 1962*

[Millions of dollars]

Commodity group	Total exports	Destination				
		European Economic Community	Other Western Europe	Canada	Japan	Rest of world
Total exports	14,571	2,712	2,054	2,868	1,059	5,878
Food and beverages	2,747	566	572	305	204	1,100
Industrial supplies and materials	5,250	1,170	739	951	538	1,852
Agricultural	887	226	180	55	131	295
Capital equipment	4,862	751	561	1,154	267	2,129
Machinery	3,693	621	460	846	242	1,524
Transportation equipment	1,168	131	100	308	26	603
Consumer goods, nonfood	1,026	117	126	279	19	485
All other	687	108	56	178	31	314

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

Source: Department of Commerce.

related to the level of European economic activity and of consumption. The United States is also an important exporter of capital goods to Europe, and U.S. sales of such goods have been growing rapidly in recent years. Because the demand for capital goods reflects the prospects for growing markets, not simply large markets, continuing economic growth in Europe is of great importance for an early solution to the U.S. balance of payments problem.

The close dependence of other countries of the free world, and particularly of the less developed countries, on large and steady foreign exchange earnings to finance needed imports gives them, as well as the United States, a special interest in economic developments in Europe. The heavy dependence of many countries on exports of primary products for exchange earnings with which to purchase needed imports makes their development programs especially vulnerable to fluctuations in import demand either in Europe or in the United States. A recession or slowdown in economic activity in either of these major industrial regions reduces the export earnings of the other countries of the free world both by lowering the sales of their goods and by weakening the prices they receive. The network of world trade by major trading areas in 1961 is shown in Table 16.

TABLE 16.—*Origin and destination of free world exports, 1961*

[Billions of dollars]

Exports from ↓ / Exports to →	Total exports [1]	United States	Canada	Japan	European Economic Community	Other Western Europe	Rest of world [2]
Total exports [1]	110.4	14.3	5.3	4.6	29.1	25.4	31.6
United States [3]	18.7	-------	3.6	1.7	3.5	2.7	7.2
Canada	5.6	3.2	-------	.2	.5	1.1	.9
Japan	4.0	1.1	.1	-------	.2	.3	2.3
European Economic Community	30.9	2.2	.3	.3	11.9	8.9	7.3
Other Western Europe	21.2	1.7	.7	.2	5.8	6.3	6.5
Rest of world [2]	29.9	6.1	.6	2.2	7.2	6.1	7.7

[1] Excludes some trade which could not be allocated by destination.
[2] Excludes Soviet bloc.
[3] Excludes "special category" exports of $1.8 billion.

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

Source: United Nations.

These complex world-wide relationships must be taken into account in assessing the ultimate impact of changes in U.S. domestic economic activity on the U.S. balance of payments. Economic expansion in the United States, reducing and eventually closing the gap between actual and potential output, would have important repercussions throughout the world economy and significant "feedback" effects on the U.S. balance of payments. Because of the sheer size of the United States in the world economy, changes in its trade and investment outflows affect significantly its own international transactions receipts. The complexity of the feedbacks makes it impossible to trace with great precision the impact of higher economic activity on the U.S. payments position. But there is good reason to believe that the adverse impact, even in the short run, would be far less than is frequently assumed. Furthermore, vigorous prosecution of programs aimed specifically at improving the balance of payments and maintaining price stability should enable the United States not only to avoid an adverse over-all effect but to strengthen its payments position.

Effects of domestic expansion on foreign trade

The most obvious effect of a more rapid rise in GNP would be a more rapid rise in imports. Over the years, total U.S. imports have maintained a reasonably stable relationship to total domestic demand. Some imports complement U.S. production, providing both raw materials for expanding industrial production and foreign products to satisfy diversified consumer demand. Other imports compete with domestic products; and as U.S. demand increases, imports can sometimes respond more quickly than domestic output.

However, the net balance of payments impact depends also on the feedback effects. Higher U.S. imports provide additional dollars to foreigners. As already noted, many countries are so hungry for foreign goods that additional foreign exchange earnings are promptly re-channeled into additional expenditures abroad. Additional imports by the United States will increase substantially the foreign exchange earnings of these countries, and the United States will in turn receive a large part of their additional export orders. For example, over one-fifth of U.S. imports come from Latin American countries, and these countries together buy nearly half their imports from the United States. Over two-thirds of Canadian imports normally come from the United States. Whether the United States maintains these shares of Latin American and Canadian markets depends, of course, on the competitiveness of U.S. products and the salesmanship of U.S. firms.

An expanding U.S. economy may also be expected to strengthen some of the primary product markets which have deteriorated in recent years. This too would add to the export earnings of countries relying heavily on sales of primary products, and would maintain their demand for industrial imports while lessening their dependence on U.S. economic assistance. However, even in the best of cases, some primary product markets may remain weak.

Rising domestic demand, by reducing unemployment and excess capacity, may after a time create upward pressure on domestic prices too. Price increases in export industries, or in industries competing with imports, would tend to weaken the U.S. trade position. But for reasons discussed in Chapter 3, raising demand for goods and services will permit more efficient use of existing plant capacity and of underemployed workers still on payrolls—in short, will increase the productivity both of capital and of labor. These factors work counter to the tendency of rising demand to pull costs and prices up. Higher demand will also reduce pressures—by labor, by business, by agriculture—for cost-increasing or protectionist solutions to social and economic strains created by prolonged underutilization of domestic resources.

Effects of domestic expansion on U.S. investment abroad

The outflow of private investment funds is influenced by many economic factors, especially the profitability of investment abroad. But it is also influenced by economic activity in the United States. When U.S. capacity is fully utilized, and when capital for domestic investment is in large demand, high profitability will tend to keep capital at home provided that bank credit expansion is not excessive. When capacity is underutilized, unemployment widespread, and the domestic investment outlook discouraging, capital will seek higher profits and interest yields abroad.

Full utilization of capacity will also increase savings in the United States, both corporate and individual. In its impact on the balance of payments, this increase in total savings works counter to the improvement in profitability of domestic investment, since some of the new savings may be sent abroad. But in present circumstances, investment abroad is probably not limited by the supply of savings. Corporations now have a larger cash flow than they are investing both at home and abroad, and both corporations and individuals have had ample opportunity to invest abroad from existing wealth, i.e., from past savings. For these reasons, we can expect the improvement in profitability which full utilization will bring—reinforced by recent and proposed tax measures to improve incentives for domestic investment—to be a major influence in reducing the outflows of U.S. investment funds.

In recent years, Americans have made very large direct and portfolio investments in Europe, especially in the EEC. These investments have reflected in part the weakness of markets and profit prospects in the United States; this can be remedied only by higher utilization of domestic capacity.

They have also responded to important attractions to investment in Europe, but the resulting outflows can be expected to diminish in size.

1. The vigorous growth of European economies has been accompanied by high profit rates, and the steps to create a large internal common market have reinforced expectations of substantial profits. There are now signs, however, that profitability is declining in Europe; some of the most obvious investment opportunities have already been exploited, and increasing manpower shortages are leading to increases in labor costs which squeeze profit margins. Furthermore, sharp declines in European stock prices—generally much larger than the U.S. decline earlier in 1962—have demonstrated to some American investors the thinness of European stock markets.

2. Many American businessmen have built facilities in Europe for fear of being excluded from the EEC by preferential commercial policies. The resulting surge of capital flows to Europe can be expected to taper off. Moreover, successful tariff negotiations under the Trade Expansion Act of 1962 would reduce the tariff discrimination against outside producers inherent in the Common Market.

3. Europe has achieved political, economic, and monetary stability in the past decade, and full currency convertibility only in the last five years. Moreover, in an age of missiles, Europe is no more vulnerable than North America to military attack. These developments have removed certain extra-economic factors which concentrated capital, both American and foreign, in the United States in the 1930's and 1940's. Accordingly, American individuals, business firms, and investing institutions have recently had special reasons to reconsider investment opportunities in Europe, and to diversify their investments to include European assets. This, again, is mainly a once-for-all development, which will spend its force in time.

4. European and U.S. tax laws have, in many instances, favored investment in Europe over comparable opportunities in the United States.

Recent legislation should increase the relative attractiveness of investment in the United States. The investment tax credit and changes in tax regulations governing depreciation should increase the profitability of U.S. domestic investment, while changes in the tax treatment of earnings on foreign investments should reduce the attraction of so-called foreign tax-havens. These measures are described more fully in Appendix A. The tax bill to be recommended to the Congress this year should also encourage investment at home.

Summary of the impact of expansion on the balance of payments

Fuller use of domestic resources can, therefore, improve the balance of payments in a number of ways. Against these improvements must be counted several negative effects: the prompt and regular response of imports of goods and services to increases in domestic activity and income; any tendency of economic expansion to pull prices up or to encourage faster increases in wage rates and profit margins; the increase in total saving. Moreover, the favorable effects will not occur all at once; they may be slower than the unfavorable effects of expansion. Considerable time will be needed, for example, for cost-reducing investments to yield higher export orders. Capital flows should adjust more quickly to domestic profitability, but many months may be required before higher utilization is visibly reflected in higher yields, higher profits, and higher profit expectations.

No one can be certain whether the positive or negative effects of domestic economic expansion on the balance of payments will predominate in the long run. It may be that sustained underutilization and deflation could restrict imports and, in time, encourage exports sufficiently to correct a balance of payments deficit. But neither our domestic aspirations nor our world responsibilities permit us to follow such a course. And recent experience here and abroad suggests strongly that, ultimately, the key to a sustained balance in international payments is a dynamic, growing, fully operating economy. That kind of economy has produced payments surpluses in Europe, while 5 years of economic slack have not eliminated the U.S. payments deficit.

Any doubts on this score should be resolved by a consideration which far transcends mechanical estimates of balance of payments effects. Long-run confidence in the dollar as an international currency, and therefore in the international payments system in which the dollar plays a central role, depends on underlying confidence in the American economy—on its ability to produce efficiently, to use its vast resources fully, and to grow without inflation.

The American economy is still the ultimate example—the showcase—of free enterprise in action. A sluggish American economy will raise doubts everywhere, and especially in the newly developing nations, about the ability of a free enterprise economy to perform efficiently and to grow continuously. Full utilization and economic growth in the United States are of critical importance to the less developed countries in one further respect. These countries cannot develop without an increasing demand from abroad for their products. They cannot diversify their economies without export markets for their new products—especially light manufactures. Full utilization and full employment in the United States will not only raise U.S. demand for these imports, but will also—by permitting labor, capital, and enterprise to adjust more readily to changing patterns of supply and demand—make it easier to accept imports of light manufactures even when they compete with domestic production.

COMPETITIVENESS OF U.S. PRODUCTS

If full employment and rapid growth are to improve the balance of payments, there is one crucial requirement. The competitiveness of U.S. products must continue to improve. Export competitiveness has many dimensions, including price, credit availability, product design, timing of delivery, sales and distribution outlets, and servicing facilities. Strengthening the U.S. export position therefore requires a broadly gauged program.

In the past two years, the Department of Commerce has launched an export drive to inform potential U.S. exporters about sources of foreign demand and to acquaint U.S. manufacturers with foreign requirements. Details of the National Export Expansion program are given in Appendix A. In July 1962, a National Export Expansion Coordinator was appointed by the President to oversee and coordinate the many aspects of the export promotion program. The Department of Agriculture, in cooperation with private trade groups, has under way an extensive export promotion program directed at expanding foreign dollar markets for U.S. food and agricultural products. More than 40 agriculture and trade groups cooperate with the Foreign Agricultural Service in carrying out this program. In addition, as described in Appendix A, the Export-Import Bank has greatly improved its export credit programs and has instituted a new credit insurance program to bring the credit facilities available to U.S. exporters closer into line with those available to European exporters. While these export credits defer receipts from foreign importers to a later date, the enlarged exports serve to interest foreigners in American products and Americans in foreign markets.

A key element in competitiveness is price. If we want to sell more abroad, we cannot allow our prices—and particularly the prices of our exports—to rise relative to those of our major foreign competitors.

Reversing the trend of the mid-1950's, prices on the whole have tended to move in favor of the United States in the last three years. Wholesale U.S. prices during the past 23 months of economic recovery have been stable. Meanwhile, high demand and growing supply shortages, especially of labor, have tended to raise costs and prices in many other industrial countries (Table 17).

TABLE 17.—*International comparison of changes in prices and wages, 1953–62*

[Percentage change]

Country	Consumer price index		Wholesale price index		Hourly earnings in manufacturing	
	1953–59	1959–62 [1]	1953–59	1959–62 [1]	1953–59	1959–62 [1]
United States	9	4	8	0	26	9
Belgium	10	3	1	2	33	14
Canada	10	[2] −7	4	[2] −7	26	[2] −2
France	[2] −8	12	[2] −10	7	[2] [3] 13	[3] 23
Germany (Federal Republic)	10	[2] 13	2	[2] 9	46	[2] 38
Italy	13	9	−2	4	31	23
Japan	10	16	−1	6	[4] 36	[4] 28
Netherlands	18	[2] 12	6	[2] 3	[3] 46	[2] [3] 29
Sweden	20	11	7	7	40	24
United Kingdom	20	9	12	6	[3] 33	[3] 14

[1] Based on incomplete data for 1962.
[2] Adjusted for changes in exchange rates.
[3] Hourly wage rates.
[4] Monthly earnings.

Sources: Organization for Economic Cooperation and Development, United Nations, and Council of Economic Advisers.

Industries which figure importantly in U.S. exports, such as metals, machinery, and transport equipment, played a leading role in the U.S. price inflation of 1955–58; and prices in these industries rose considerably more than prices of similar foreign products. The relative increase in U.S. prices probably contributed to the decline in the American share of world exports of manufactures. Lately, these prices have not risen significantly, and some have even fallen. Avoiding increases in these prices is particularly important for success in expanding U.S. exports.

Prices reflect costs and profit margins. Wage increases in the United States, particularly in recent years, have been modest compared with increases in most other major industrial countries. Even where productivity has been growing rapidly, as in France and Germany, wages have been rising even faster, raising unit labor costs. In the United States, by contrast, unit labor costs have actually declined since 1959. The period of modest wage and price increases in the United States has also been one of high unemployment. We cannot tell how large these increases would have been in the last 5 years if unemployment and excess capacity had been substantially lower. If expansionary economic policy is not to be severely constrained by an adverse external balance, wages must not rise faster than productivity for the economy as a whole, even when higher employment tips the bargaining scales more in labor's favor. Other income claimants must respect similar limits. Noninflationary wage and price behavior and its relation to productivity are described in Chapter 3. Both labor and management stand to gain by obtaining higher incomes from higher output rather than by seeking full capacity incomes from undercapacity operations.

THE UNITED STATES AND THE EMERGENCE OF A UNIFIED EUROPE

In the early postwar years, the United States necessarily played the leading role in an international economy disorganized by the depression of the 1930's and World War II. As a market for other nations' goods, as a source of needed materials and capital funds, and as a center of finance, the United States had no peer. But reconstruction, prosperity, and growth have restored Europe's historic position in the world economy. And now the movement toward European unity is leading to a major restructuring of international economic relations.

European prosperity and growth and increasing European economic unity have not developed independently of each other. The progress toward greater economic unity might have come much more slowly in an atmosphere of economic slack and uncertainty. The reduction of national economic barriers in Europe in turn has fostered economic growth by stimulating investment and by improving efficiency.

POSTWAR EUROPEAN PROSPERITY AND GROWTH

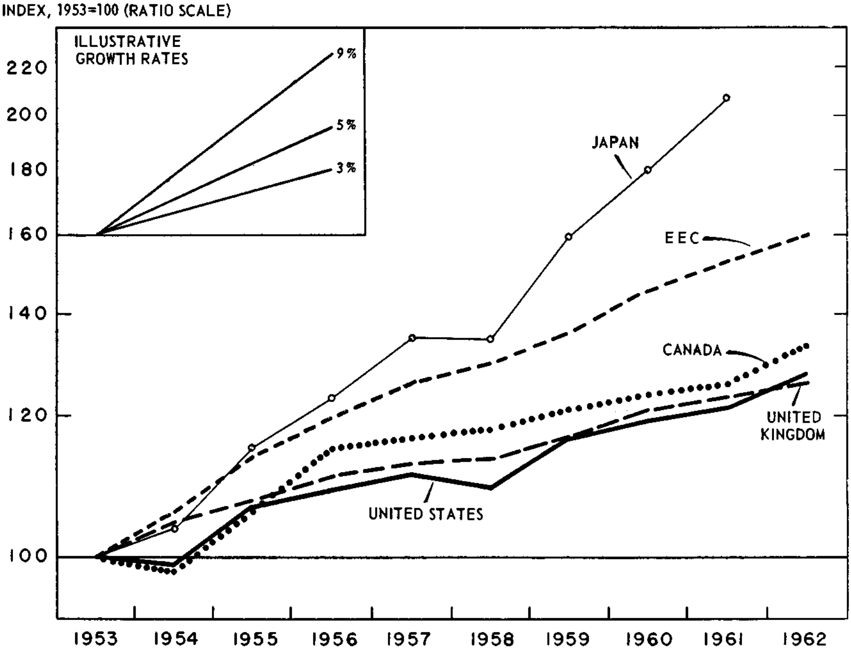
The postwar economic growth rates of various industrial nations are compared in Chart 13. Members of the EEC have experienced rapid growth in total output and in output per man-year of employment. Canada, the United Kingdom, and the United States have advanced more slowly. While European growth was fastest in the early 1950's, it has continued at a rapid pace even in recent years. Clearly, Europe's progress no longer can be attributed to the impetus of recovery and reconstruction. The contrast with U.S. growth over the past 5 years is particularly striking.

European growth has been steady and stable. Whereas the United States has had four recessions since the war, there have been only two periods of economic slack in Europe—in 1952 and 1958—and these were marked more by temporary slowdowns in the rate of expansion than by actual downturns in activity. While in the United States and Canada unemployment has fluctuated around a rising trend, in Western Europe it held at compartively low rates throughout the 1950's or else contracted sharply as in Germany and Italy.

The pace of European growth recently has been somewhat more moderate than in earlier postwar years, but the reason has not been a general deficiency of demand; rather it has been pressure on supply. Such convenient sources of growth as technological "catching-up," the elimination of traditional inefficiencies, and the availability of large inflows of immigrants are beginning to dry up. Unemployment is low and new entrants to the labor force are relatively few. But continued technological progress and the increased efficiency provided by the reduction of internal trade barriers within Europe are still expanding Europe's economic potential. And

CHART 13

Growth in Real Gross National Product, Selected Countries



SOURCES: ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT, JAPANESE ECONOMIC PLANNING AGENCY, AND COUNCIL OF ECONOMIC ADVISERS.

European economic performance gives every indication of continuing to match this potential.

PROGRESS TOWARD EUROPEAN UNITY

Substantial progress has been made since World War II toward the attainment of the centuries-old ideal of European unity. The most far-reaching step taken in this direction since the war is the formation of the European Economic Community, with its goal of full economic union and increased political unity among its member states.

The Community was established by the Treaty of Rome, which was signed on March 25, 1957 by representatives of Belgium, France, Germany, Italy, Luxembourg, and the Netherlands. Article 2 of this Treaty states:

> It shall be the aim of the Community, by establishing a Common Market and progressively approximating the economic policies of Member States, to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, increased stability, an accelerated raising of the standard of living and closer relations between its Member States.

The Rome Treaty is an ambitious document; it is also proving to be a workable and flexible charter. The decision of the United Kingdom and three other European nations (Denmark, Norway, and Ireland) to seek admission to the Community testifies to the success and promise of the EEC.

The establishment of the EEC has created a powerful new trading unit in the international economy. The magnitude of the EEC, both as it is and as it will become if the present applicants are admitted, is indicated by Table 18. Even as presently constituted, it is a vast and productive economic unit. Its population is only slightly less than that of the United States. Its total output is more than one-third that of the United States; and after adjustment for differences in price structure, EEC output has been estimated at approximately half U.S. output.

TABLE 18.—*Comparison of United States and European Economic Community (EEC), selected data, 1961*

Item	Unit	United States	EEC [1]	EEC plus current applicants for membership [2]
Population	Millions of persons	183.7	170.7	234.7
Civilian labor force [3]	do	70.6	72.8	101.7
Gross output: [4]				
Total	Billions of dollars	475.4	[5] 173.7	[5] 251.7
Per capita	Dollars	2,588	1,018	1,073
Exports [6]	Billions of dollars	20.6	20.5	26.2
Imports [6]	do	16.1	20.6	29.4
Exports share of gross national product	Percent	4.3	11.8	10.4

[1] Includes Belgium, France, Federal Republic of Germany, Luxembourg, Netherlands, and Italy.
[2] Current applicants for membership are Denmark, Ireland, Norway, and United Kingdom.
[3] Data for 1960.
[4] At factor cost; adjusted to comparable definitions.
[5] Valued at official exchange rates. No allowance has been made for differences in price structure.
[6] Excludes intra-trade; imports valued c.i.f., exports valued f.o.b.

Sources: Organization for Economic Cooperation and Development, International Monetary Fund, and Council of Economic Advisers.

The EEC has extensive trade and financial ties with the rest of the world. Its imports and exports together (not including intra-Community trade) account for 18 percent of total free world trade, compared with 17 percent for the United States. The EEC as a unit comprises the world's largest importer of agricultural products and raw materials—accounting for more than 25 percent of world imports of those commodities in 1960—and, as an agricultural exporter, it is second only to the United States. Exports account for 12 percent of its total output, compared with only 4 percent for the United States. EEC countries hold a large and growing share of the world's gold and foreign exchange—27 percent in September 1962.

Membership by the present four applicants not only would increase the size of the Community; it also would have an important qualitative impact. The United Kingdom imports more temperate-zone agricultural products than any other nation. Moreover, it is a major importer of manufactures from nonindustrial countries. These products comprise a significantly larger part of U.K. imports than of EEC imports.

The best known aspect of the EEC is the customs union for which the Treaty provisions are most explicit and toward which progress has been rapid. To achieve a customs union, barriers among its member states must be eliminated and a common external tariff established. The common external tariff contemplated in the Treaty is the unweighted average of the national tariffs in force as of January 1, 1957, with the exception of certain German and Italian tariff reductions made prior to that date which were not included in the base used for calculation. Certain commodities were specifically exempted from this formula and tariffs on them were to be negotiated separately. The Treaty also provided detailed timetables for removal of barriers to intra-EEC trade and for alignment of national tariffs to the common external tariffs. These adjustments were to be completed by 1970, but the timetables have since been accelerated.

All quantitative restrictions on industrial goods in intra-Community trade were eliminated on December 31, 1961. Tariffs on internal trade in industrial products have been reduced by 50 percent. On December 30, 1960—1 year ahead of schedule—an initial 30 percent adjustment of national tariffs to the new common external tariff took place and a second such step is planned for July 1963. In its suggested action program, the EEC Commission has proposed the elimination of all internal duties and the full attainment of the common external tariff no later than the end of 1966. During the negotiations in the General Agreement on Tariffs and Trade (GATT) that ended in March 1962, the EEC agreed, in exchange for U.S. tariff concessions, to reduce its common tariff by 20 percent on many industrial items for which the United States is the Community's principal supplier. Comparable progress has not been made toward liberalizing trade in agricultural products—either intra-Community or with third countries—but agreement was reached early in 1962 on the broad outlines of a Common Agricultural Policy.

The EEC, by moving toward the elimination of internal trade barriers and a common external tariff, is giving its member states increasingly preferential access to a vast and growing market. This discrimination against the outside world is inherent in the formation of any customs union. Such discrimination diverts trade from nonmembers toward the member states. However, the reduction of internal barriers to trade broadens the scope for efficient allocation of resources within a union; it is also likely to provide an important stimulus to investment and growth. Whether the net result is beneficial to the rest of the world depends upon the particular conditions of the case in point. One thing is clear: the lower the external tariff of a customs union, the smaller is the burden of discrimination on other nations.

A full EEC customs union will be a creation of far-ranging significance. But the Rome Treaty itself, the history of the EEC, and the views of its leaders indicate that the EEC is more than that. The drafters of the Treaty sought to lay the basis for a fully integrated economic union within which goods, capital, and people will move freely across national boundaries—a union with common or harmonized policies in such diverse matters as taxes, social insurance, money and credit, and market organization. Even beyond this, the drafters looked upon the EEC as establishing "the foundation of an ever closer union among the European peoples."

The success of the EEC in promoting economic integration seems assured. Its role in the world is more uncertain; here the plans and goals of the Community are much less clear and definite. Where differences of opinion and interest among the members threaten to block progress toward the Community's European goals, there are of course strong temptations to resolve them by seeking to throw the burdens of adjustment onto the rest of the world. How well these temptations are resisted in the difficult decisions that confront the Community over the next few years will determine whether the EEC is to be inward looking or outward looking.

EUROPE AND WORLD TRADE

European prosperity and emerging European unity have had a direct influence on European trade. From 1953 to 1961, for example, the share of EEC exports in total free world exports (excluding intra-EEC trade) increased from 15 percent to 20 percent. But parallel with this development was an even sharper increase in intra-EEC trade. Exports from the EEC to the rest of the world increased by 97 percent over the 1953–61 period, while intra-EEC exports increased by 197 percent. In 1953, 26 percent of total EEC imports came from within the Community; by 1961, the percentage was 36 (Table 19). This development stems in part from rapid European growth, but it also reflects the reduction, actual and anticipated, of internal European barriers to trade.

There has been little change in the share of imports of manufactures from the United States in total imports of manufactures of the EEC nations. However, total U.S. exports of manufactures to the EEC in the 4 years following 1957, the year before the Rome Treaty went into effect, increased by 70 percent—from $1.1 billion to $1.8 billion—whereas U.S. exports of manufactures to the rest of the world declined by 6 percent.

Nevertheless, this experience does not indicate that growth in European demand induced by the EEC will automatically offset increased trade discrimination by the EEC. The EEC is only one of the factors that have fostered recent European growth, which was proceeding rapidly even before the Treaty of Rome. Also, the virtual elimination of quotas on manufactures since 1957 was a special factor favoring U.S. exports. Whatever

TABLE 19.—*European Economic Community (EEC) imports by selected commodity category and source of supply, 1953 and 1958–61*

Commodity category and source of supply	Billions of dollars					Percent distribution [1]				
	1953	1958	1959	1960	1961	1953	1958	1959	1960	1961
Total imports	15.1	22.9	24.3	29.6	32.2	100	100	100	100	100
Intra-EEC	4.0	6.8	8.1	10.1	11.5	26	30	33	34	36
From United States	1.6	2.8	2.7	3.8	3.9	10	12	11	13	12
Manufactures [2]	4.8	8.9	10.3	13.6	15.2	100	100	100	100	100
Intra-EEC	2.3	4.5	5.4	6.9	8.1	47	50	52	51	53
From United States	.6	1.1	1.3	2.0	2.0	13	13	12	15	13
Agricultural products [3]	3.8	5.3	5.5	6.0	6.1	100	100	100	100	100
Intra-EEC	.6	.9	1.2	1.4	1.5	16	18	21	23	24
From United States	.4	.5	.6	.6	.7	11	9	11	11	12

[1] Percents based on imports in millions of dollars.
[2] Standard International Trade Classification sections 5, 6, 7, and 8.
[3] Standard International Trade Classification sections 0, 1, and 4.

Sources: United Nations and Organization for Economic Cooperation and Development.

happens to European growth in the future, the commercial policy of the EEC is a matter of great concern to the whole world.

The emergence of liberal trade policies in the EEC is of major importance for our industrial exports; it is even more important for the continuation of high agricultural exports. U.S. agriculture is more dependent than U.S. industry on Europe as an export market; nearly 50 percent of U.S. dollar sales of agricultural exports goes to EEC members or prospective member countries. While these agricultural exports have been increasing in recent years, decisions now being taken by the EEC concerning its Common Agricultural Policy will have a profound effect on the future course of world trade in agricultural products.

EEC agricultural policy

The EEC members reached agreement in January 1962 on the major features of a Common Agricultural Policy to replace the different national systems of agricultural support in the member states. This agreement calls for a uniform agricultural policy, based largely on a system of target prices and variable levies, to be established by 1970. The agreement also provides for a transitional adjustment period permitting price differences among the members of the EEC until 1970. Many details of the Common Agricultural Policy have not yet been settled. It could provide the basis for a more rational use of world agricultural resources; or it could severely restrict world trade in agricultural products.

On July 30, 1962, national restrictions on imports of grain (excluding rice) were replaced by variable levies calculated to offset the differences in market prices (after adjustment for transportation costs) between the EEC importing country and foreign suppliers. The levies on imports from other EEC countries are to be eliminated by 1970, when a single price system will come into effect throughout the Community. During the transition period, national support prices will be fixed within the limits set by the high and low national prices prevailing currently in the Community.

New import regulations related to differences in feed grain prices inside and outside the Community were also instituted for poultry, eggs, and pork. Minimum prices have been established for these products within the Community, and imports at lower prices are barred. Agreement was also reached in principle on the establishment of similar arrangements for certain other agricultural products, including rice and dairy products. Protective and support arrangements not involving variable levies have been established for other commodities, such as fruit. The action program of the EEC Commission proposes as a goal that 90 percent of EEC agricultural production be covered by common policy regulations of some kind.

The January 1962 agreement also provides for subsidies on exports to other member countries; these are designed to enable any member country with an agricultural surplus to meet the import needs of other member countries where the price of the commodity is lower. These subsidies are scheduled to disappear by 1970, along with price differences among members. However, the agreement also envisages export subsidies for sales outside the Community if the Community as a whole should develop an exportable surplus.

Under the system of variable levies, the full amount of national production forthcoming at domestic support prices is marketed in each country. Only after these supplies are exhausted are foreign suppliers likely to be able to enter the market. In the transition period, EEC suppliers are afforded priority access to markets of other member countries since outside suppliers must pay an additional fee beyond the variable levy.

In the short run, high market prices may not stimulate a substantial expansion of EEC supplies. Over several years, however, high market prices without production controls for domestic producers can be expected to increase production within the Community significantly. Moreover, once the transitional period ends and a single EEC price system is established, production anywhere within the EEC will have unlimited access to the entire EEC market at the prevailing market price.

In the next several months, the EEC will face difficult decisions concerning the development and application of its Common Agricultural Policy. While agreement was reached on establishing a single Community target price for grains by 1970, both the target price and the mechanism for reaching it were left undecided. A decision is scheduled to be made this spring, possibly on a provisional basis, on the common grain prices to come into effect in 1970. It is possible that this decision will be delayed. High grain prices would encourage expansion of production within the Community and seriously curtail its imports, while relatively low grain prices would encourage international specialization and trade. The establishment of these prices will be an important factor in determining whether EEC agricultural policies develop along trade-restrictive lines or along lines that will permit efficient agricultural exporters, such as the United States, to continue to sell in the EEC market.

How the Community implements its Common Agricultural Policy will determine, more than anything else, how the nations of the free world develop their agricultural policies—whether these policies are internationally or nationally oriented, whether they promote efficient production and competitive trade or lead to protected national and regional markets in which resources are used inefficiently. The Community's agricultural policy will also affect the entire course of free world commercial policy. Industrial and agricultural trade are closely interrelated and it would be difficult and shortsighted to try to maintain highly protective barriers in one and free competition in the other.

The Trade Expansion Act

The whole free world can benefit from removal of age-old national barriers to the full utilization of Europe's productive strength. But the nations of the free world, both within and outside the EEC, must assure that the EEC uses its new power, not as a lever to secure gains for its members at the expense of nonmembers or for some of its producers at the expense of others, but as an engine to promote economic progress and cooperation throughout the world.

The Trade Expansion Act of 1962, signed by President Kennedy in October, is designed to meet this challenge by enabling the United States to bargain more effectively and comprehensively. The tariff reducing authority provided by the Act (outlined in Appendix A) greatly increases U.S. flexibility in tariff negotiations, particularly in negotiations with the EEC. If the United Kingdom becomes a member of the Community, the special authority to negotiate tariff reductions greater than 50 percent with the expanded EEC on goods for which the United States and the EEC together furnish 80 percent or more of world exports would apply to a wide variety of products, including coal, organic chemicals, transportation equipment, most kinds of machinery, photographic supplies, paints, cosmetics, and miscellaneous chemical products. In 1960, free world exports of those goods to which the special authority would apply amounted to some $22.5 billion; of this total, exports from the United States were $8.8 billion. Those from EEC countries plus present applicants were $10.4 billion. The United States and the EEC as presently constituted accounted in 1960 for 80 percent of world exports in only two commodity groups: aircraft, and margarine and shortenings.

It will not be easy for the United States and the EEC to reach a tariff agreement of the comprehensive scope that is essential. But both sides realize the importance of providing a liberal framework for world trade.

669333 O—63——8

Since any tariff reductions negotiated by the United States, the EEC, and other participants will be extended to other free world nations on a most-favored-nation basis, these trade negotiations will contribute to a general expansion of free world trade. This extension of tariff reductions to other countries gives them a direct interest in the success of trade negotiations under the Trade Expansion Act. General tariff reductions should benefit all nations, including those exporting products in competition with the exports of former African colonies which now have preferred access to the EEC market. Negotiations under the special authority will also benefit major industrial nations such as Canada and Japan—the two largest trading partners of the United States. To achieve maximum success in tariff reduction, full participation of all major trading nations in the forthcoming negotiations will be essential.

Since trade in many important agricultural products is restricted not only by tariffs but also by quotas and other barriers, negotiations concerning agricultural trade are likely to prove especially complicated and difficult. Both the EEC and the United States may have to make concessions that will be painful to some producers in each area. With the help of the bargaining authority given by the Trade Expansion Act of 1962, the United States hopes to obtain substantial liberalization of trade in agricultural products and to avoid, in the long run, any unfavorable net impact of EEC agricultural policies on U.S. agricultural exports. Some short-run U.S.-EEC understandings along these lines have already been reached. In particular, the EEC has agreed that, if the common policy for grains should result in a reduction in trade in higher quality wheat, corrective action will be taken to restore historical relationships. Also, during the last GATT round of tariff reductions, the United States received important concessions on several agricultural commodities, including cotton and soybeans. The EEC has agreed to negotiate further on trade access for ordinary wheat, corn, grain sorghum, rice, and poultry, and to reconsider during the next general round of negotiations the high external tariffs for tobacco and vegetable oils.

These understandings, stemming from the tariff negotiations concluded in early 1962, are limited and do not themselves assure access for U.S. exports that compete with domestic EEC production. However, they point toward rather than away from liberalization. In contrast, the early actions implementing the Common Agricultural Policy indicate a trend toward increased protection. It would be unfortunate if this trend were not reversed. The reversal will be painful to some EEC producers who have envisaged the Community as an assured market for their products, but will be in the general interest of EEC consumers.

In return for assurances that the EEC will set prices at levels which will allow efficient exporters continued access to their markets, the United States may have to limit its own export subsidy program and subject its own domestic price policies to international review. U.S. agricultural policies and programs, like those of other agricultural exporting countries, will be subject to close examination and our waiver in the GATT, permitting us to restrict agricultural imports under certain specific conditions, is likely to come under increasing criticism.

Quantitative restrictions, prohibitive import duties, and subsidies are out of place in the world which both the United States and other industrial nations are trying to build. They do not meet the long-run needs of producers and consumers in these developed countries; they restrict mutally advantageous trade; and they are unfair handicaps to the developing countries in other continents.

EUROPE AND THE FLOW OF WORLD CAPITAL

Although the countries of continental Europe, and particularly the EEC member countries, have grown in financial and economic strength since the war, they have not assumed international investment and banking responsibilities commensurate with their importance in world trade. Capital markets in several major European countries remain relatively undeveloped by American standards. They are not effective in channeling savings into long-term debt instruments or equity capital. These markets do not meet adequately the growing domestic requirements for long-term capital, let alone foreign demands. Moreover, most European countries maintain official controls which deter foreign issues in their markets. Many of the European issues which are floated in New York appear to be attracted not so much by differences in lenders' interest rates as by other advantages in cost and service.

Progress toward more efficient capital and money markets can be expected under the EEC. The Treaty of Rome envisages reductions of barriers to the free flow of capital within the Community. Some progress in this direction is already being made. Several individual countries are also trying to improve the adequacy of their domestic capital markets through institutional and governmental reforms. They feel a pressing need to do so because businesses are now less able than in the early postwar years to finance investment out of retained earnings and must inevitably tap the rising volume of personal savings. Finally, the emergence and rapid development in the past 3 years of the Euro-dollar market, in which European banks accept and re-lend short-term deposits denominated in U.S. dollars, represent progress toward an efficient and competitive short-term capital market for Europe, and indeed for the whole world.

The inadequacies of European capital markets, in addition to causing European borrowers to turn to the U.S. market for funds, have limited net outflows of private capital from Europe to developing nations in the postwar period. In recent years, the total outflow of private long-term capital from the European members of the Development Assistance Committee

(DAC) to the developing nations has amounted to only a little more than $1½ billion a year. Outflows of government funds have partially made up the deficiencies of private capital markets in this respect. DAC data show that official capital flows, including all export credits of more than 1 year, from its European members rose from $1.1 billion in 1956 to $2.2 billion in 1961 and that there has been some tendency toward easier terms.

THE UNITED STATES AND THE LESS DEVELOPED COUNTRIES

A basic objective of U.S. foreign economic policy is an economic environment in which the people of all nations can steadily raise their standards of living. Economic growth in the industrial countries should support, and be supported by, progress and development in the less developed countries. The transfer of capital and skills from the industrial nations to the developing countries is increasingly important, and is now widely recognized as essential for speeding their development. But foreign assistance will not be sufficient; the developing countries must also find markets for their rising output. International commerce must distribute equitably and efficiently the fruits of productive specialization and economic growth.

ECONOMIC ASSISTANCE FOR INTERNATIONAL DEVELOPMENT

Through the foreign economic programs of the Agency for International Development, the United States committed $2.5 billion to the less developed countries and international lending institutions in the fiscal year 1962, a sharp rise over previous years (Table 20). There has also been a

TABLE 20.—*Agency for International Development: Regional allocations of economic assistance, fiscal years 1958, 1960, and 1962*

Region	Millions of dollars			Percent of total		
	1958	1960	1962	1958	1960	1962
Total new commitments [1]	1,502	1,714	2,300	100	100	100
Far East	675	595	367	45	35	16
Near East and South Asia	547	749	1,124	36	44	49
Latin America	88	105	478	6	6	21
Africa	82	170	315	5	10	14
Europe	109	95	16	7	6	1

[1] Excludes contributions to international organizations and nonregional funds.

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

Source: Agency for International Development.

marked shift in emphasis during the past 5 years, especially toward Latin America. In March 1961, the President proposed a ten-year program for the social and economic development of the Americas. The Alliance for Progress, stemming from the proposals in his address and from the Act of Bogota of September 1960, has been gathering strength and taking concrete form in national development programs during the past year.

Multilateral development financing must supplement U.S. foreign assistance. U.S. participation in multilateral financing institutions—the World Bank and its affiliates, and the Inter-American Development Bank—is an important aspect of promoting economic development. The World Bank made loan commitments of almost $900 million in its latest fiscal year, with subscribed funds and funds raised in U.S. and other capital markets. The International Development Association (IDA), an affiliate of the World Bank set up in 1960 to make credits available on liberal terms, will commit about $400 million of such credits in the present fiscal year. The demand for IDA financing has necessitated an early replenishment of its resources, and negotiations are now being carried on among IDA's members for substantial new contributions. Authority for the United States to contribute will be sought at this session of Congress. A second affiliate of the World Bank, the International Finance Corporation, was esablished to assist private enterprise in developing countries.

The Inter-American Development Bank (IDB) is playing an increasingly important role in the Alliance for Progress. It lends its subscribed resources and borrowed funds, and administers the Social Progress Trust Fund, which is financed by the U.S. Government. Increases in the available resources of the IDB and the Social Progress Trust Fund will also be sought from the Congress this year.

U.S. economic assistance, even when joined with that of other nations and international agencies, can provide only a small part of the total capital and technical resources needed. In the 14 countries receiving over two-thirds of U.S. development aid, 1962 per capita income averaged about $130 and domestic per capita saving available for development averaged $18. U.S. assistance furnished over $2 per capita to these countries. The small extra amounts provided by this assistance permit an inflow of machinery and equipment, spare parts, essential commodities, and technical skills to the aided economies that makes it possible for them to marshal internal resources far more effectively. The United States tries to design the amounts, timing, content, and conditions of its assistance in order to encourage recipient countries to strengthen their own development efforts. The willingness of countries to adopt self-help measures increasingly influences the allocation of U.S. aid. The type of assistance extended to any foreign country is influenced by the nature of our objectives, the nature of our relations with the government, the country's political situation, and the capacity and potential of the local economy.

In many developing countries, foreign assistance is indispensable for the economic development required to preserve stable, nonauthoritarian political institutions. But this economic development should become self-generating. It must not only expand the flows of skilled manpower, savings, and other domestic inputs required for self-sustaining growth; it must also generate the foreign exchange earnings which will enable the developing nations eventually to become independent of foreign assistance. The imports needed to promote economic growth and to meet rising consumption standards can be obtained only by substantial expansion of exports. In the years ahead, the pace at which economic development will proceed and the rate at which the developing nations reduce their dependence on foreign assistance will depend very heavily upon the pace at which they can increase their export markets.

TRADE AS AN "ENGINE OF GROWTH"

Foreign trade has historically been of major importance in stimulating and facilitating economic development. But the relationship between trade and development has varied with national circumstances.

The United States, richly endowed with natural resources, was able to develop and export resource-using products needed in Europe. During the 19th century, when the United States was in transition from a predominantly agricultural and raw material producing economy to a major industrial power, exports of agricultural products and raw materials furnished a major share of U.S. earnings of foreign exchange. In 1870, primary products accounted for 81 percent of the total value of U.S. exports. Even as late as 1900, their share was approximately 65 percent.

Japanese growth followed a different pattern. Lacking abundant natural resources, Japan concentrated on the development of its human resources and on the export of labor-using agricultural and manufactured products. Foreign exchange earnings from these exports financed imports of raw materials and capital equipment necessary for industrialization.

No single trade and development strategy is appropriate for all economies. The appropriate policy for a country depends on its particular resource endowment, its people, its location, and many other factors; a careful assessment of these factors is a first step in the design of development programs.

Trade problems

Developing economies, whatever strategies for development and trade they choose, today face certain disadvantages that impinged less heavily on the developing economies of the late 19th and early 20th centuries. Simultaneous efforts by many countries to increase foreign exchange earnings to finance development place downward pressure on the prices of the goods they export. And competition from new substitute products in the industrial countries—the widespread replacement of silk by nylon is a classic example—constantly threatens the markets of countries with less abundant capital and less advanced technology. Against this sharp competition for markets must be placed the advantage of deliberate development assistance from the more developed nations and unparalled possibilities for the rapid transfer of advanced technology.

Despite dramatic fluctuations in the prices of foodstuffs, agricultural raw materials, and minerals since the 1920's, the prices of these products in the mid-1950's bore essentially the same relationship to prices of products produced in the industrial countries as they did 30 years earlier. Since the mid-1950's, however, the prices of primary products have declined sharply relative to the prices of finished products (Table 21). This decline has not

TABLE 21.—*Price indexes of selected commodity groups entering international trade, 1956–62*

[1956=100]

Period	Primary products			Manufactures
	Food	Agricultural nonfood	Minerals	
1956	100	100	100	100
1957	102	99	104	103
1958	99	88	101	103
1959	92	92	95	102
1960	90	94	94	104
1961	89	90	93	106
1962: I	89	88	93	106
II	90	87	93	106
III	89	85	93	106

Source: United Nations.

affected all commodities uniformly. Some foodstuffs have declined more than fibers and metals. And prices of a few commodities, such as silver, tin, and, more recently, sugar, have risen.

Many less-developed countries have turned to labor-intensive light manufacturing in an attempt to compensate for the decline in prices of primary products by developing new export products and replacing needed imports with domestic production. India, Pakistan, Spain, and Yugoslavia, among others, are attempting to supplement earnings from the export of industrial materials by exporting textiles and other light manufactures. This trend can be expected to weaken markets for such products both in the advanced countries and in developing countries. Japan, which pioneered the development route of light industry, is beginning to feel competitive pressure from other areas and is shifting more and more to heavy industry. India expects to be a substantial exporter of steel to other Asian nations in the near future. Such shifts in the composition of the exports of the less developed countries are necessary if these countries are to become self-supporting and achieve the higher levels of income they seek.

Adjustments will be required by the less developed countries if they are to take effective advantage of the freer trade opportunities offered by the industrial nations. Their commodity policies must avoid the mistake of stimulating surplus production. Countries producing commodities in long-run oversupply, such as coffee, must be encouraged to shift into other products. Efficient specialization in raw material production among countries must be encouraged, but countries which are overly dependent on the output of primary products must endeavor to diversify and industrialize their economies.

Cooperation for widening markets

The ability of the less developed countries to increase earnings depends both upon growing world demand and upon the commercial policies followed by the industrial countries.

Economic growth in the advanced economies will greatly facilitate worldwide economic development. Rapid economic expansion leads to increased world demand for the industrial materials and light manufactures produced in the less developed countries. Sluggish economic performance in the advanced economies, on the other hand, places increasing pressure on the prices of exports of developing countries, and also hardens resistance within the advanced countries to the domestic adjustments called for by increased imports from developing areas.

The industrial nations can make an essential contribution to worldwide economic development by accepting, and indeed encouraging, the expansion of imports from the newly developing countries. Free access to the markets of the industrial nations is of major importance in providing developing nations with the foreign exchange needed to purchase the imports essential for their own economic development. In terms of the total output of the advanced economies, increasing imports from developing areas can be easily absorbed; but there are generally some domestic producers who will be affected by increased competition from imports. The advanced countries must find ways to ease their problems of adjustment which do not interfere with trade. The Trade Expansion Act contains important new adjustment provisions, described in Appendix A, to ease the hardships of transition and help firms and workers affected by foreign competition shift to new lines of work.

The benefits of increased exports from the developing nations accrue not to these nations alone, but to the industrial nations as well. Given the assurance of open markets for their exports, the developing nations are capable of providing cheaply and efficiently to the advanced economies large and growing supplies of industrial materials, foodstuffs, and light manufactures. The United States and other industrial economies will directly benefit from these increased exports in lower production costs and cheaper consumer goods. And any single country will find its ability to compete in export markets seriously impaired if, through its own restrictive policies, it denies itself these gains.

Certain domestic economic programs in developed economies can have side-effects detrimental to the interests of the less developed nations. In the case of the United States, for example, oil import controls have restricted purchases of petroleum from overseas areas. Subsidized agricultural exports from the United States compete in world markets with the agricultural exports from other nations. More recently, for balance of payments reasons, the United States has limited overseas defense and AID procurement with the result that the dollar earnings of several developing countries have been reduced.

Cooperation among industrial nations in establishing a framework of world trade responsive to the interests of developing economies is essential. The United States has taken an active role in promoting this cooperation. It is attempting to prevent further deterioration of the prices of key primary products by negotiating effective commodity agreements where practicable and by exploring international credit mechanisms for damping short-run fluctuations in the export earnings of the primary producing countries. The U.S. objective is a worldwide solution, which might include selective international commodity agreements, compensatory financing arrangements, and economic programs designed to encourage diversification in the primary producing economies. The International Coffee Agreement negotiated in 1962 is an example of efforts along these lines.

The United States was instrumental in securing the negotiation of a long-term Cotton Textile Agreement at the February 1962 meeting of the GATT Cotton Textile Committee. This Agreement regulates the conditions under which importing countries may impose measures to prevent the disruption of their domestic markets, and provides for the relaxation of quotas in the restricted EEC markets on cotton textile imports from the less developed countries. Ultimately, of course, the general objective of U.S. foreign economic policy is a trading world free of quantitative restrictions.

The Trade Expansion Act of 1962 provides a major tool for the development of open and nondiscriminatory trading throughout the free world. The new authority granted to the President under the Act will be used to the full to obtain freer access to protected markets, not only for the United States and the other industrial nations, but for the developing nations as well.

The industrial nations of the free world are agreed on the urgency of achieving greater cooperation in supporting the development efforts of the less developed nations. This consensus was clearly expressed in the final communique of the 1962 Ministerial Meeting of the OECD, which recognizes that trade and development policies are closely linked and calls special attention to the need for integrating aid programs more closely with other efforts to stabilize and expand the foreign exchange earnings of developing countries.

NEW PROBLEMS FOR THE UNITED STATES AND THE WORLD ECONOMY

Greater integration of the world economy promotes efficient division of labor among countries and promises high rewards in economic welfare for all nations: a freer flow of goods among nations unburdened by discriminatory barriers to trade; movement of capital across national boundaries relatively uninhibited by currency restrictions; an increasing volume of economic assistance to raise living standards in the developing nations. All these represent progress toward our economic objectives.

But these developments are also posing new problems for policy and subject all countries to new constraints on independent domestic actions. Freer trade unifies world markets, and competition in unified markets will not permit any nation's prices to get far out of line without reducing sales drastically. Freer capital movements and currency convertibility tend to create world capital and money markets in which domestic interest rates cannot deviate too much from those abroad without encouraging large flows of capital. Foreign aid and direct investment, moreover, may limit the national advantages of new products and techniques, as the innovations are quickly transmitted to foreign economies.

The greater integration of the world economy is occurring only gradually; but the limits such a development may place on independent national action should be anticipated and faced squarely.

CORRECTING IMBALANCES IN INTERNATIONAL PAYMENTS

International transactions may be expected in the future to reflect more rapidly and more fully than in the past divergences among nations and continents in economic developments—in prices, costs, economic growth, interest rates, profitability, demand, availability of natural resources, or technical progress. These divergences will be speedily reflected in imbalances in international payments. Yet the process of adjustment to fundamental imbalances in international payments has not yet been correspondingly improved. Indeed some mechanisms of adjustment which have been important in earlier periods are less available today, because their use conflicts with other national or international goals.

The *ad hoc* imposition and relaxation of trade and exchange controls on private transactions, so frequently used for correcting imbalances a decade ago, are increasingly, and properly, eschewed by the major trading nations.

External imbalances can frequently be eliminated by changes in domestic economic activity. Lower aggregate internal demand will generally lower imports, while higher domestic demand will spill over into imports. Sometimes these consequences help to stabilize the domestic economy: inflation is checked by an emergence of an external deficit, or recession is cushioned by a balance of payments surplus. In these cases, internal policy measures to restore domestic equilibrium also tend to restore external balance. But in other cases, this mechanism for adjusting the balance of payments conflicts sharply with universally accepted domestic economic objectives—full employment and stable prices. For in these cases it requires domestic incomes to fall when they are already too low and unemployment to rise when it is already high. Or it requires money incomes and prices to rise further even when they may be already rising too rapidly. In the United States, such policy would often be inconsistent with the mandate of the Employment Act of 1946, and many other countries have similar commitments to maintain both a high level of domestic activity and reasonable price stability. Moreover, for reasons already discussed, it is doubtful whether depressing the level of domestic activity could eliminate for more than a brief period a deficit in international payments of a country as large and central to the world economy as is the United States.

Exchange rate adjustments are sanctioned by the Articles of Agreement of the International Monetary Fund for the purpose of correcting "fundamental" imbalances. But in practice, the exchange depreciation required to restore balance in the short run generally exceeds what is required over a longer period of time, when labor and capital can adjust to the new structure of relative prices and exchange rates. Such adjustments thus create new imbalances in the future. Moreover, anticipation of changes in exchange rates between freely convertible currencies stimulates enormous flows of speculative capital and disrupts normal transactions. For this reason, in the world as a whole exchange rate adjustment is a remedy that cannot be used very often without creating more imbalances than it solves. The dollar, in particular, is so widely held abroad as a store of value by official and private institutions that an adjustment in its gold content would gravely disturb the international payments system. U.S. policy, repeatedly reaffirmed, is to maintain the present gold parity of the dollar.

Several methods for eliminating imbalances remain open, but they operate only slowly.

Modest and gradual price adjustments offer some prospect for correcting imbalances without courting either rapid inflation or high unemployment. Countries in payments surplus might allow factor costs to rise more rapidly than productivity, while countries in deficit keep increases in money incomes within the bounds of productivity, permitting some prices to fall. Rising export prices in surplus countries and stable or falling prices in deficit countries could, in time, eliminate payments deficits and surpluses. In fact, equilibrating price adjustments are quite consistent with over-all price stability if appropriate price changes in export and import-competing sectors are offset by changes in other domestic and import prices.

The competitive response of private business to inroads of foreign products in traditional markets, both at home and abroad, can be a powerful equilibrating factor. Selective price adjustment is only one possible response. Changes in product design, improvements in service, and better credit terms can all play an important role. An example is the response of U.S. automobile design to sharp increases in imports of foreign cars several years ago. Government efforts to spur exports can also be used to reduce imbalances. But once various countries are on a par in this respect, overly competitive use of special government incentives would be inefficient for the world as a whole and ineffective for individual nations.

Transactions of central governments are an increasingly important element in international payments, and governments can gear their own international transactions to the requirements of external balance. The size of these government expenditures can be altered, but generally only at the sacrifice of national objectives. Governments of countries with payments deficits can attempt to minimize the impact of their transactions on the external deficit, while countries in surplus free their government expenditures from artificial restraints. For example, deficit countries can tie government transfers to foreign countries to their own goods and services, and domestic suppliers can be given preference in government projects. Since 1959, the United States has tied an increasing share of its foreign aid expenditures to procurement of goods and services in the United States; and in the past year, the preference accorded domestic suppliers over foreign suppliers was increased for much government procurement. Preferences and restrictions of this kind are inappropriate for surplus countries.

While such policies can be used to restore external balance, in practice they are difficult to impose and to remove with the speed and flexibility desirable for that purpose. Moreover, as government programs increase in size, the problem of allocational inefficiencies arising from differential treatment of public and private transactions becomes more acute. Although a policy of tied aid may be unavoidable under conditions of external deficits, it has the twofold disadvantage of reducing the efficiency of a given level of aid and of shielding some export industries from foreign competition. As its balance of payments position improves, the United States has indicated its willingness to discuss with other countries various possibilities for general untying of government expenditures.

The available means of eliminating imbalances in international payments take time, some of them much time, to achieve substantial results. Meanwhile, large and persistent imbalances in payments could compel deficit countries to adopt policies not only at variance with their own economic objectives but also harmful to the rest of the world.

INTERNATIONAL ECONOMIC COOPERATION

In order to protect basic objectives in both domestic and foreign economic policy, it is therefore of the utmost importance that nations cooperate (1) to remove causes of imbalance, (2) to provide adequate finance to permit nations to weather temporary though sometimes prolonged periods of imbalance, and (3) to strengthen the international monetary system, particularly against speculative attacks on major currencies. Notable innovations and adjustments have been made in the past few years in all these dimensions of international cooperation, but important work remains to be done.

All three modes of international cooperation are important and all are difficult, but the instruments and institutions of cooperation of the first kind are quite different from those of the other two. To remove sources of imbalance, nations must consult with each other concerning domestic policies which affect their international payments; and they must stand ready to modify their internal and external policies in order to maintain or restore balance. To finance imbalances, including those resulting from exchange speculation, requires mutual agreement among nations to lend to each other, or to assure adequate supplies of international reserve assets which each country will accept in settlement of international accounts.

To a certain extent, one of these methods of cooperation takes the place of the other. The better the coordination of national policies, the greater are the chances of avoiding payments imbalances or of correcting quickly those that arise, and the smaller is the need for facilities to finance large and long imbalances. Conversely, the better the facilities for financing payments deficits, the less urgent it is to coordinate policies in order to eliminate them quickly.

Whichever method is emphasized, international economic cooperation requires consensus on objectives and machinery for coordination.

Over a decade ago the major trading countries agreed, in the GATT, on the broad outlines of a world trade environment beneficial to all. The GATT expresses the joint recognition that mutual benefit will be achieved by eliminating barriers to trade. Yet it is based on the premise that trade liberalization can take place without jeopardizing external balance only if all participants lower barriers together—or if countries in surplus lower barriers more rapidly than those in deficit. The Trade Expansion Act of 1962 is designed to continue and strengthen this principle of reciprocity.

Recently, new steps have been taken toward closer harmony of objectives and policies. The EEC is showing how greater economic integration and greater cooperation in economic and financial policy go hand-in-hand. Similar steps—less formal, less comprehensive, more tentative—are under way for other and wider groups of nations.

In November 1961, the Ministerial Council of the OECD announced that the 20 member nations had pledged themselves to aim at a growth of output, for the group as a whole, of 50 percent over the decade of the 1960's. The Ministers pointed out that this growth would not only increase the economic welfare and strength of North America and Western Europe but would lead to an increased flow of resources to the developing countries throughout the free world. This growth objective has given new meaning and unity to the important and detailed work of the Organization and its committees. In the words of the Secretary-General, the OECD can help:

— to develop common understanding of the problems of each country, and the way it is tackling them, so that each country knows what others are doing;
— to provide a means for improving policy by comparison and joint examination of the alternative approaches to common problems which may be found in different countries;
— to explore the inter-relations and inter-actions of plans or expectations in the different countries;

— to arrange concerted action when this is appropriate to deal with the problems which arise.

The committees of the OECD discuss many aspects of economic policy, e.g., manpower, agriculture, industry, trade, and payments. Through its Economic Policy Committee, consisting of senior officials from member countries with responsibilities in the fields of economic and financial policy, information is exchanged on future economic prospects and policies in the member countries. The annual country examinations by the OECD and by the International Monetary Fund (IMF) also provide forums for exchanging information and advice on economic prospects and policies. Balance of payments developments and related national policies are continuously discussed in the IMF, at monthly meetings of central bankers at the Bank for International Settlements in Basle, and in Working Party 3 of the OECD Economic Policy Committee. In addition, the United States has held annual Cabinet-level economic talks with Canada and Japan during the past two years. All these international discussions represent important advances in the exchange of information across borders and in the consideration of the interactions between the economic policies of different countries.

COORDINATING ECONOMIC POLICIES

Many sources of payments imbalance can be eliminated with little sacrifice of basic objectives, national or collective. Mutual consultation can lead to better timing of monetary and fiscal measures taken for purposes of internal stabilization. Differences among nations in taxation that promote undesirable capital movements can be eliminated. National policies can be better harmonized in a variety of fields, e.g., agricultural prices and subsidies, export credit and export promotion, remission of internal taxes on exports, social insurance, wage-price policies, antimonopoly regulations, and amounts and terms of development assistance. The first purpose of international coordination of policies is to take these steps.

However, beyond some point, efforts to eliminate imbalance by coordinating national policies are bound to conflict with basic objectives of one or more of the nations or of the group as a whole. Troublesome capital movements can often be avoided or reduced by bringing interest rates in major countries into closer alignment; but this may mean untimely monetary restriction within some countries and unwelcome monetary expansion in others. Correction of imbalance by adjustments in trade balances may require prices to rise in some countries or to fall in others; both may be unacceptable to the governments concerned.

Some of these conflicts may be avoided by suitable variation among countries in the mixture of policies. For example, a surplus country battling domestic inflation by tight monetary policy and high interest rates will attract more foreign funds and increase still further its external surplus; if tight fiscal policy is used instead, its interest rates need not aggravate the payments imbalance. Similarly, a country, like the United States today, facing simultaneously a payments deficit abroad and a slack economy at home, can emphasize fiscal rather than monetary measures for domestic expansion.

The need to coordinate policies is not a wholly new burden on nations. After all, circumstances by themselves sooner or later compel a certain rough coordination of policies. In the end, deficit countries must take actions to correct external imbalance. Deliberate consultation and coordination can result in more timely and more symmetrical adjustments, with surplus countries sharing the burden of adjustment. But international cooperation must also include ways to accommodate desirable divergence in national policies, resulting from differences in national objectives and national circumstances.

STRENGTHENING THE INTERNATIONAL MONETARY SYSTEM

Even with close coordination of economic policies, imbalances in international payments can and will develop. Changes in consumer tastes, improvements in technology, and other factors will require continuing adjustment to changing international payments. Because generally acceptable processes of adjustment are necessarily slow, such imbalances may persist for some time. Their emergence and persistence can, in some cases, create doubts about the ability of governments to maintain existing exchange rate parities, and may lead to large and erratic speculative flows of capital. Indeed, speculative considerations can come to play a part in every international transaction, frequently overriding in importance normal motivations for foreign trade and investment. Unless disruptive speculation can be discouraged or offset by official actions, it could undermine the international payments system.

Speculative attacks on the principal currencies of the world can be contained, and even prevented, if the major governments together make clear their intention to maintain currency parities, both by individual and by multilateral action. A principal line of defense of a nation's currency is its gold and foreign exchange reserve; these reserves should be used when necessary. In his balance of payments message in early 1961, the President pledged the full strength of the U.S. gold reserve to the defense of the dollar.

National reserves can be significantly supplemented with drawing rights on the International Monetary Fund, established for the express purpose of assisting countries in temporary balance of payments difficulties. The $1.5 billion drawing of the United Kingdom in August 1961 and its full repayment by July 1962 demonstrate the size and flexibility of support which the IMF can give to the payments system. The participation of the IMF on very short notice in more than $1 billion of support given to Canada in late June indicates the speed with which it can act. The IMF was substantially strengthened in October when an agreement to supplement its resources came into force. Ten leading industrial countries have agreed to lend up to $6 billion to the IMF if such extra funds should be needed "to forestall or cope with an impairment of the international monetary system." This is especially important to the United States, for it makes available to the Fund resources adequate to assure the world that the United States could make full use of its Fund quota, should that ever be necessary.

The benefits of an efficient payments system accrue to all the principal trading nations, which have joint responsibility not only for making adjustments to correct international payments imbalances, but also for defending the payments system while orderly adjustments are taking place. This elementary fact is being increasingly recognized and accepted, as is shown by the new IMF borrowing arrangement and by other recent bilateral and multilateral actions. The United States and the United Kingdom joined the IMF in providing massive support for Canada during its exchange crisis in mid-1962. Advance debt repayment and U.S. borrowing in foreign currencies, already discussed, have been important cooperative methods of reducing the accumulation of short-term dollar assets by foreign authorities.

In 1961, for the first time since the 1930's, the U.S. Treasury resumed operations in foreign exchange markets for the purposes of preventing or correcting unsettling movements in spot and forward exchange rates. These operations have proved helpful in coping with reversible flows of funds and in cushioning the impact on exchange markets of potentially disturbing international political developments, such as the Berlin Crisis.

In February 1962 the Federal Open Market Committee of the Federal Reserve System decided to operate in foreign exchange markets on the System's own account. The resources of the Federal Reserve reinforce those of the Treasury and greatly increase the flexibility of U.S. foreign exchange operations. During the year, the Federal Reserve entered into "swap" arrangements (whereby equivalent currency claims on, and liabilities to, another central bank can be created by mutual agreement) totaling $900 million with nine central banks in Europe and Canada and with the Bank for International Settlements. At the end of the year, most of these arrangements were on a stand-by basis, the technical problems of their creation and use having been successfully tested.

Foreign exchange operations, whether by the Treasury or the Federal Reserve, are undertaken only in close cooperation with the foreign central banks directly concerned. The monthly meetings of central bankers at Basle, which are attended by senior officials from the Federal Reserve System, keep foreign exchange developments under careful review and consider methods for handling disturbances. This review encompasses developments in the London gold market, where international disturbances are sometimes reflected in a sharp rise in private purchases of gold.

During the past few years, therefore, progress has been made in developing new methods for dealing with some of the international monetary problems of the new world economy. But some incompletely resolved problems still face us, and new developments are continually calling for new solutions. Constant attention and continuing study are necessary and are being given to ensure that the international monetary system responds to the challenges of a highly complex and rapidly changing world economy.

669333 O—63——9

Appendix A

REVIEW OF 1961–62 LEGISLATIVE AND ADMINISTRATIVE ACTIONS TO STRENGTHEN THE ECONOMY

CONTENTS

Part 1. Major Policy Actions in 1961 and 1962

Part 2. Additional Legislative and Administrative Actions Taken in 1962

Review of 1961-62 Legislative and Administrative Actions to Strengthen the Economy

The present Administration and the 87th Congress adopted a variety of measures to speed recovery and promote continued economic expansion and growth during the past 2 years. The major economic actions taken in 1962, with the exception of defense, and several 1961 measures which affect the economy significantly, are described in Part 1 of this Appendix. Other measures taken during 1961 to foster economic recovery and growth are listed in last year's Economic Report (pp. 97–107). Part 2 of this Appendix lists additional legislative and administrative actions of importance to the U.S. economy which were taken during 1962.

Part 1. Major Policy Actions in 1961 and 1962

TRADE EXPANSION ACT OF 1962

The Trade Expansion Act of 1962, signed by the President on October 11, 1962, is the most important development in U.S. tariff legislation since the Trade Agreements Act of 1934. The major features of the Act provide new authority to reduce tariffs and new programs of adjustment assistance to firms and workers.

The new Presidential authority for tariff reduction includes:

1. General authority to decrease by 50 percent any rate of duty existing on July 1, 1962 and to modify other types of import restrictions;
2. Special authority to negotiate with the European Economic Community (EEC) for reductions up to 100 percent in duties on (a) goods for which the EEC and the United States together furnish more than 80 percent of the free world's exports, and (b) agricultural goods, if the President determines such reduction will help to maintain or expand U.S. exports;
3. Special authority to reduce by more than 50 percent, or to eliminate, duties on tropical agriculture or forestry products not produced in significant quantities in the United States, provided that the EEC makes a comparable nondiscriminatory commitment;
4. Special authority to reduce or to eliminate duties of less than 5 percent ad valorem.

To administer tariff negotiations authorized by the Act, provision is made for the appointment of a Special Representative for Trade Negotiations. The Act also provides for the establishment of a Cabinet-level interagency trade committee to advise and assist the President in carrying out the mandate of the Act.

If increased imports arising primarily from tariff concessions granted under this or any prior Act are causing serious injury to an industry, two types of adjustment assistance are provided. One is the traditional authority to readjust tariffs or impose quotas; the other provides for direct assistance to firms and workers in injured industries. Upon proper certification and for a limited time period, technical, financial, and tax assistance will be provided for such firms, and trade readjustment allowances up to 52 weeks may be given affected workers. In addition, similar assistance is provided firms and workers injured as a result of imports, without a finding of injury to the industry.

In addition to the above provisions, the Act contains a number of other important features: requirements for public notification and for public hearings when articles are being considered for trade concessions; reservation of certain articles from negotiations, notably those on which an escape clause action is in effect; provisions for withdrawing trade agreement concessions in the event of unreasonable import restrictions being imposed by foreign countries; requirements for carrying out the negotiated tariff reduction in stages.

New Depreciation Guidelines

The new guidelines and procedures for determining depreciation of equipment, announced by the Treasury in 1962, constitute a fundamental reform that will provide a major stimulus to our continued economic growth. They represent a new and simplified method of computing depreciation, as well as a general shortening of the useful lives of depreciable assets, primarily machinery and equipment. No change has been made in the useful lives for buildings. The new depreciation guidelines will increase the cash flow position of corporations as well as the rate of capital recovery, and will provide more realistic allowance for obsolescence. The new depreciation rates, however, must be validated by a firm's replacement practices.

The suggested new asset lives automatically permit a more rapid write-off for approximately 70 to 80 percent of the machinery and equipment presently in use. For machinery and equipment used in manufacturing, allowable asset lives are 32 percent shorter, on the average, than were allowed under the old guidelines.

The amount of depreciation which can be taken in 1962 under the new guidelines is estimated at $32.0 billion. This represents $4.7 billion, or 17 percent, more than the amount which corporate and noncorporate taxpayers would have claimed on their 1962 tax returns under the previous procedure. Not all of this amount will actually be claimed. The revenue loss, without account being taken of any offsetting revenue gains resulting from the stimulation to economic growth, is estimated at over $1.0 billion for 1962.

Revenue Act of 1962

The Revenue Act of 1962, in conjunction with the depreciation reform outlined above, will give to U.S. industry a tax treatment on new investment in machinery and equipment which is more comparable to the tax policies applying to its chief foreign competitors. An additional stimulus to domestic investment is created by the removal of unwarranted tax inducements to investment abroad. The Act also contains many provisions to make the tax law more equitable.

Investment Credit

A tax credit is granted for investment in depreciable machinery and equipment used in the United States. The credit generally allowable is 7 percent of qualified investment (3 percent for certain public utilities). The amount of the credit may offset, in full, tax liability up to $25,000 and one-fourth of the tax liability above this figure. A 3-year carryback and a 5-year carryforward are provided for unused credits. The credit computation applies to the full cost of property with an estimated useful life of 8 years or more, two-thirds of the cost of property with an estimated life of 6 to 8 years, and one-third of the cost of property with an estimated life of 4 to 6 years. All investment in eligible new property, and up to $50,000 a year of investment in eligible used property, may qualify for the credit. The depreciation basis of the property is reduced by the investment credit allowed.

Reporting Requirements on Dividends and Interest Payments

The Act requires payers of dividends and interest to file with the Internal Revenue Service information returns on payments of $10 or more to any person in a calendar year. Payers must furnish similar information to the recipients of such payments.

Entertainment Expenses

Entertainment expenses in general are not to be allowed unless they are incurred under circumstances conducive to the actual transaction of business or directly precede or follow legitimate and substantial business discussions. The cost of maintaining entertainment facilities (yachts, hunting lodges, country club dues, etc.) is allowed only if the particular facility is used more than 50 percent of the time in furtherance of the taxpayer's trade or business. Only the part of the cost directly related to the active conduct of the taxpayer's trade or business is deductible. No deduction is allowed for the cost of business gifts in excess of $25 a year to any one individual.

Deduction is denied for the vacation portion of combined business and vacation travel where the total travel exceeds a week's time and where the vacation portion exceeds 25 percent of total travel time. The new Act requires strict substantiation, not only of the amount of entertainment expenses but also of the business nature.

Mutual Thrift Institutions

For mutual thrift institutions, deductions for bad debt reserves are limited to 60 percent of retained income or to an amount necessary to build up those reserves to 3 percent of their qualified real property loans.

Taxation of Cooperatives

The Act provides for current taxation of the income of cooperatives either at the cooperative level or the patron level. The patron is subject to current taxation on patronage dividends when at least 20 percent of the dividend has been paid in cash and the remainder is a qualified allocation. Qualified allocations either must be redeemable in cash at face value within 90 days at the option of the patron or must be paid to a patron who has consented to pay the current tax.

Sale of Depreciable Property

Gains from the sale of depreciable personal property and certain machinery and equipment sold after December 31, 1962 are taxable as ordinary income to the extent of depreciation taken after December 31, 1961. The Act permits salvage value of up to 10 percent of the cost of the original asset to be disregarded in determining allowable depreciation deductions.

Mutual Fire and Casualty Insurance Companies

Mutual Fire and Casualty Insurance Companies are to be taxed on their underwriting income as well as on their investment income. However, the tax is deferred for a period of 5 years upon a portion of each year's underwriting income, and for an additional indefinite period upon one-eighth of each year's underwriting income.

Appearances with Respect to Legislation

Deductions are granted for all ordinary and necessary business expenses associated with legislative activities of direct interest to the taxpayer that require appearances before legislative bodies and before legislators at all government levels. Costs (including dues) incurred because of communication with organizations that have the same legislative interests as the taxpayer are also deductible. Expenditures in support of specific candidates for public office are not deductible, nor are expenditures to influence the general public on legislative matters, elections, or referendums.

Provisions on Foreign Income

1. Income earned abroad by foreign corporations in which U.S. shareholders own 50 percent or more of the outstanding stock ("controlled foreign corporations") and which derive "tax haven" income will, for

U.S. shareholders, be taxable in the current tax year even though actual distribution of the "tax haven" earnings is deferred until the future.

2. Profits derived abroad by foreign subsidiaries of U.S. corporations in industrial countries and distributed as dividends will be taxable at the full domestic corporation income tax rate less a tax credit for income tax payments made abroad.

3. Tax advantages granted to investment companies created abroad are removed.

4. The exemption from U.S. tax that had been accorded the earned income of U.S. citizens establishing their residence abroad is now restricted.

5. A tax at ordinary rates is imposed on profits from future sales of U.S. patents by U.S. corporations to their foreign subsidiaries.

6. U.S. beneficiaries are taxed on all distributions of income received by them from foreign trusts created by U.S. grantors.

Area Redevelopment Act of 1961

The Area Redevelopment Act, signed on May 1, 1961, provides a wide range of Federal assistance to areas with substantial and persistent unemployment and underemployment:

1. Long-term, low interest loans for commercial and industrial enterprises;
2. Loans and grants for community facilities;
3. Liberalization of urban renewal assistance;
4. Technical assistance to help hard-hit areas to plan economic expansion;
5. Job retraining programs.

By December 31, 1962, locally organized citizens groups in 730 redevelopment areas and 37 Indian reservations in 48 States, American Samoa, Puerto Rico, Guam, and the Virgin Islands had prepared and submitted over-all plans for their long-range economic development.

The Area Redevelopment Administration (ARA) in the Department of Commerce, which is in charge of the program, assisted these groups in various ways: providing a staff of field specialists who worked with State and local leaders to outline needed actions and to organize local development organizations; identifying new directions for local economic growth and new job opportunities; informing national and foreign industry leaders of the market and industrial opportunities in these areas.

Under the coordinating features of the Area Redevelopment Act, the varied resources of many Federal agencies have been utilized systematically in these programs. By the end of 1962, a total of 559 projects in 46 States and territories—involving a Federal investment of $71 million—had been approved by ARA, to help to create more than 26,500 direct jobs in new or expanding industries and some 19,000 indirect jobs in supporting industries, trades, and services; and to help to train nearly 15,000 jobless workers in

117 different occupations. In addition, 400 loan and grant applications, valued at more than $200 million, are being reviewed currently.

Under the Rural Area Development program organized in more than 1,700 rural communities, 640 projects have been developed which have created more than 20,000 new jobs.

Public Works Acceleration Act of 1962

On September 14, 1962, the President signed the Public Works Acceleration Act, authorizing $900 million of public works projects, to create employment in areas of persistent and substantial unemployment. The program makes possible the initiation and speed-up of capital improvement projects in areas eligible for assistance under the Area Redevelopment Act and in other areas which failed to share in the over-all recovery from the 1960–61 recession and which have experienced substantial unemployment—more than 6 percent in 9 out of the last 12 months.

Congress appropriated $400 million to initiate this program on October 24, 1962 and the Federal agencies involved moved quickly to approve projects that could be launched speedily, completed in a reasonable period, and provide employment in hard-hit areas. Responsibility for coordination was given to the Area Redevelopment Administration.

Within 2 months after the President's approval on October 24 of the first allocation of $165 million, the Federal agencies had approved specific projects totaling $115 million for local and State projects and $44 million for direct Federal projects. This was in keeping with the intent to give first priority to local and State projects, which call for matching funds. The initial projects under the first allocation were designed to generate more than 200,000 man-months of on-site labor, plus additional jobs in a wide variety of supporting industries.

The aim was to have the widest possible distribution, with the result that, under the first allocation, 1,392 projects were approved in more than half of the areas eligible for assistance under the program. Funds were divided among the States, with emphasis on areas with the largest amount of unemployment. On December 17, the President approved a second program allocation of $198 million.

Manpower Development and Training Act of 1962

The Manpower Development and Training Act of 1962 requires the Federal Government, through the Secretary of Labor—

1. To maintain a regular appraisal of the manpower resources and requirements of the Nation;
2. To develop and apply the information and methods needed to deal with the problems of unemployment resulting from automation and technological changes and of other types of persistent unemployment;

3. To develop information on the supply of and demand for the Nation's human resources;
4. To establish a system of detecting in advance the impact of technological developments and shifts on supply or demand;
5. To develop Federal programs deemed necessary;
6. To report regularly on the Nation's manpower needs, resources, utilization, and training.

A program of testing, counseling, and training provides direct remedial action for unemployed and underemployed workers who lack the skills to secure appropriate full-time employment. Through the joint efforts of the Department of Health, Education, and Welfare, the State employment services, and the State vocational education agencies, the Department of Labor has, in the short time that the Act has been in operation, approved 430 training projects for more than 16,000 workers.

Housing Act of 1961 and Senior Citizens Housing Act of 1962

Housing Act of 1961

This Act includes:

1. A $2 billion increase in capital grant authorizations for urban renewal;
2. Insurance and purchase of long-term, low-interest mortgages on rental and cooperative housing for moderate income families;
3. Approximately 100,000 additional units of low-rent public housing;
4. Increased authorization for direct, low-interest loans for housing for the elderly;
5. Authority for the Federal Housing Administration (FHA) to insure long-term home improvement and rehabilitation loans;
6. Additional funds for the Federal National Mortgage Association (FNMA) special assistance programs of mortgage purchases;
7. An extension of the FHA insurance program for middle-income families to permit an increase in the maximum mortgage period to 40 years in certain cases and to make other changes to ease housing credit;
8. New programs of assistance to localities for the acquisition of permanent open space land and for mass transit;
9. Additional aid for urban planning, community facilities, and housing research.

Senior Citizens Housing Act of 1962

This Act provides:

1. Authorization to increase from $125 million to $225 million loans to nonprofit corporations, cooperatives, or public agencies;
2. Authorization for an additional $50 million to make direct loans to the rural elderly for new or used housing;

3. Authorization of a $50 million revolving fund for direct loans to sponsors of nonprofit rental housing for the rural elderly;
4. Insured loans for rental housing for the elderly in rural areas.

Social Security Amendments of 1961 and Public Welfare Amendments of 1962

Important extensions in social insurance were made by the passage on June 30, 1961, of the Social Security amendments. Under this legislation, an additional $815 million became available to social insurance beneficiaries in the first 12 months of the program. The following changes were made:

1. Lowering of retirement age for men from 65 to 62, on a voluntary basis, with a reduction of benefits;
2. Increasing the minimum insurance benefit paid to retired workers from $33 to $40 a month;
3. Broadening the program to include approximately 160,000 retired persons who would not otherwise have qualified for benefits;
4. Increasing by 10 percent benefits to the aged widow;
5. Increasing the amount a worker may earn without losing benefit payments.

The Public Welfare Amendments of 1962 provide the most extensive improvement and redirection of Federal-State public assistance and child welfare programs since 1935. This legislation stresses the rehabilitation of families on public welfare by establishing programs intended to assist families in becoming self-supporting. By emphasizing the training of professional workers, the amendments are intended to stimulate an increase in the supply of qualified public welfare workers needed to attain the objective of the law.

The amendments also include:

1. An increase from 50 to 75 percent in the Federal share of the cost of rehabilitation services and a monthly increase of about $4 a person in the Federal share of the assistance payment to the aged, blind, and disabled;
2. The extension for 5 years of Federal aid to dependent children where either parent is unemployed (the Act also includes authority to make payments under community work and training programs);
3. An option for States to submit a single plan for assistance to the aged, blind, and disabled, and medical assistance for the aged.

To encourage new approaches to public welfare problems, the Secretary may approve special State pilot or demonstration projects.

Food and Agriculture Act of 1962

On September 27, the President signed into law the Food and Agriculture Act of 1962. The principal provisions are noted below:

Land-Use Adjustment

Provision is made for continued Federal administration of the agricultural conservation program. The Act also includes authority for the Secretary of Agriculture to carry out long-range conservation plans with individual farmers and ranchers through agreements for up to 10 years, and to provide assistance in amounts not to exceed $10 million for any calendar year, except that for the calendar year 1963 he may provide assistance in an amount not to exceed an additional $15 million, for lands previously covered by conservation reserve contracts.

The Act provides for loans or loan insurance by the Farmers Home Administration for the development of recreational facilities. Also, the Watershed Act is amended to add recreational development to those purposes eligible for cost sharing.

Assistance to local organizations in developing municipal and industrial water supply for future use also is authorized.

Agricultural Trade Development

Agreements for long-term dollar credit sales under Title IV of Public Law 480 were liberalized to permit private as well as government trade.

Commodity Programs

1963 feed grain program. For the 1963 crop of corn, grain sorghum, and barley, producers can participate voluntarily by reducing their 1959–60 base acreage by at least 20 percent and up to 50 percent.

1963 wheat program. The Act continues the national allotment of 55 million acres and a voluntary diversion program. Producers who do not exceed their allotment will be eligible for price support at $1.82 a bushel, and they can also participate in the diversion program. If they divert at least 20 percent of their wheat allotment to conservation uses, they will be eligible for diversion payments not to exceed 50 percent of the value of the normal production on the diverted acreage, and for payment-in-kind at a rate of 18 cents a bushel on the normal production of the acreage devoted to wheat.

1964 feed grain program. Without subsequent legislation, corn price supports will be between 50 and 90 percent of parity and at a level that the Secretary determines will not add to Commodity Credit Corporation stocks of corn for 1964 and succeeding crop years. Price supports for other feed grains will be related to corn. No provision is made for acreage diversion after 1963.

Long-range wheat program. The permanent wheat provisions of the Act eliminate the 55-million acre national allotment, and authorize the

Secretary to estimate the requirements for wheat in any year and to announce an acreage allotment large enough to meet those requirements.

Through a marketing certificate program, price supports are provided at between 65 and 90 percent of parity on wheat used for food in the United States, and on a share of exports to be determined by the Secretary. Additional wheat produced will be supported at a level related to its feed value and the world wheat price. If more than one-third of the producers voting in a referendum oppose the program, the price support will be at 50 percent of parity to cooperators.

FOREIGN ASSISTANCE ACT OF 1962 AND FOREIGN AID AND RELATED AGENCIES APPROPRIATION ACT OF 1962

The 1962 legislation is resulting in a change in the composition of U.S. foreign economic assistance programs in that appropriations for long-term development lending will comprise, for the first time, more than half of the total funds available. Emphasis is also placed on the encouragement of private investment in the less developed countries through an expanded use of investment guarantees.

The active interest of this Administration in the accelerated social and economic development of Latin America is reflected in an appropriation, under the Alliance for Progress program, of $525 million for long-term development loans and grants to Latin American countries. The Alliance for Progress program was also put on a long-term basis through the authorization of development loans extending through 1966.

Part 2. Additional Legislative and Administrative Actions Taken in 1962

FISCAL AND MONETARY ACTIONS

Tax on Transportation of Persons

Effective November 16, 1962, the transportation tax on tickets of railroads and bus lines was removed, and the tax on air travel was reduced from 10 percent to 5 percent.

Self-Employed Individual Tax Retirement Act

This Act encourages the establishment of qualified voluntary pension plans and/or bond purchase plans by self-employed individuals for themselves and their employees. The provisions are effective as of January 1, 1963.

Margin Requirements on Stock Purchases

On July 10, 1962, the Federal Reserve Board reduced the margin requirements on stock purchases from 70 percent to 50 percent of the purchase price.

Reserve Requirements Against Time Deposits

In October and November, 1962, the Federal Reserve Board reduced reserve requirements against time deposits from 5 percent to 4 percent for member banks of the Federal Reserve System.

Federal Debt Structure

Largely through advance refunding, the Treasury undertook significant actions to improve the structure of the debt. As a result, the total supply of under-1-year debt instruments increased $1.4 billion; 1–5 year debt decreased $3 billion; and over-5-year debt increased almost $9 billion.

Employment Measures

Equal Employment Opportunities

During 1962, 117 national and international unions pledged themselves to cooperate in furthering the goals set forth in Executive Order 10925 requiring Federal agencies and firms performing government contracts to provide equal opportunities regardless of race, creed, color, or national origin. On July 23, 1962, the President directed all Federal agencies to provide equal opportunities to women in job placements and promotions.

Temporary Extended Unemployment Compensation Program

The Temporary Extended Unemployment Compensation Program, which came to a close on June 30, 1962, provided benefits to nearly 2.8 million unemployed workers who had exhausted their State benefits between April 8, 1961 and June 30, 1962.

Employment Service

The United States Employment Service undertook a reorganization program to deal more effectively with major labor market problems. In the 42 large metropolitan areas where reorganizations were well under way, there were 22 percent more job placements in fiscal 1962 than in the preceding year; in the nonreorganized areas, the gain was only 14 percent.

Welfare and Pension Plans Disclosure Act

The 1962 Amendments to this Act strengthened the protection afforded the beneficiaries of welfare and pensions plans by authorizing the Secretary of Labor to make investigations, to compel compliance with the reporting and disclosure requirements of the original Act, and to issue binding interpretations of the law.

Work Hours Act of 1962

This Act specifies a uniform 8-hour workday and a 40-hour workweek, with overtime compensation of one and one-half times the basic rate of pay, for work performed by laborers and mechanics under certain Federal and Federally assisted contracts.

669333 O—63——10

Protection of Domestic Farm Workers

The Administration took action during 1962 to protect domestic farm workers from the competition of large numbers of Mexican workers. Guarantees of a minimum hourly wage rate for domestic and foreign farm workers hired by employers of foreign workers were established in 24 States. Employment of domestic farm workers has risen as a result, the number of foreign workers has decreased, and there has been a general rise in wage rates.

Foreign Trade and Balance of Payments

Export-Import Bank Programs

During fiscal 1962, the Export-Import Bank inaugurated two new programs to facilitate the financing of U.S. exports. One is a program for export credit insurance issued by the Foreign Credit Insurance Association (FCIA), a cooperative venture with over 70 major insurance companies, which covers 85 percent of losses due to credit risk and 85 to 95 percent of losses due to political risk. More than 1,000 insurance policies, covering nearly $500 million in liability on export credits, have been issued since the FCIA began operations last February. The other is a program of guarantees to commercial banks and other financial institutions, covering credit risks on the longer maturities and the political risks on all maturities of export paper financed without recourse to the exporter.

Export Expansion

The President established the position of National Export Expansion Coordinator within the Department of Commerce to coordinate all the activities of the Government directed toward expanding our exports. U.S. producers' interest in foreign markets will be stimulated by 34 Regional Export Expansion Councils collaborating with the regional offices of the Department of Commerce. Permanent U.S. trade centers abroad are to be established—those in London, Bangkok, and Frankfurt have already been opened—and U.S. participation in foreign trade fairs is to be increased.

U.S. Travel Service

Pursuant to legislation enacted in 1961, the U.S. Travel Service was established in the Department of Commerce to encourage travel to the United States. This Service has established travel centers in nine foreign countries. In 1962, the number of travelers from overseas was 20 percent greater than in 1961.

Government Expenditures Abroad

Government expenditures abroad are subjected to continuing close scrutiny. The need for expenditure overseas rather than in the United States must be justified. Efforts are being made to return to the United States much defense procurement, and the Agency for International Development is attemping to have 80 percent of the expenditures resulting from all new commitments made in the United States.

Increased Purchases by Our Allies of American Military Equipment

The net impact of government expenditures on the balance of payments was further reduced by offset agreements negotiated with some of our allies; Germany and Italy have undertaken to offset all or part of our estimated military expenditures in their countries by increased purchases in the United States of defense materiel.

Encouragement of Foreign Investment in the United States

The Department of Commerce established an Office of International Investment in the United States. An investment program is being carried out in close coordination with the activities of the Area Redevelopment Administration, since it is hoped that foreign investment can be increasingly directed toward areas requiring redevelopment.

Advance Repayment of Debt

Advance repayments of debts owed to the U.S. Government were negotiated with three European countries. In 1962, these countries made advance repayments in excess of $600 million.

Additional Resources for the International Monetary Fund

Legislation enacted in October permits the United States, together with nine other countries, to participate in an arrangement whereby the currency resources of the International Monetary Fund may be increased by borrowing amounts of up to $6 billion in order to strengthen the international monetary system.

Exchange Stabilization

Early in 1962, the Federal Open Market Committee of the Federal Reserve System decided to supplement Treasury operations in the foreign exchange markets by means of activities for the System's own account. Foreign exchange for these operations was acquired primarily through "swap" arrangements (whereby equivalent currency claims on and liabilities to another central bank can be created by mutual agreement); such arrangements totaled nearly $1 billion in 1962.

Foreign Currency Securities

The Treasury expanded its foreign exchange operations and for the first time issued medium-term, nonmarketable, foreign-currency-denominated securities, which serve to tap sources of foreign capital and to provide foreign exchange for Treasury operations.

Official Foreign Time Deposits

Legislation was enacted in October 1962 to exempt official foreign time deposits from interest ceilings. This step permits U.S. commercial banks to compete with banks in other countries for such deposits and is a limited step toward reducing pressures on U.S. reserves.

Housing

Prevention of Discrimination

On November 20, 1962, the President signed an Executive Order directing all agencies in the Executive Branch of the Government to prevent discrimination based on race, color, creed, or national origin in housing and related facilities built or purchased with Federal aid.

Additional Housing Actions

In 1962, the following additional housing actions were taken:

1. FHA improved the attractiveness to lenders of FHA-insured long-term home improvement and rehabilitation loans;
2. FNMA improved its ability to provide a degree of liquidity for mortgage investors by relaxing the restrictions on the periods of time within which mortgages have to be offered for purchase after their initiation;
3. A program of special assistance mortgage purchases was established for housing constructed on restricted Indian lands;
4. At various times during 1962, additional funds were allocated by the President for special assistance mortgage purchases for urban renewal and related housing, for cooperative housing, for low-interest rate moderate-income family housing, and for housing for the elderly.

Aids to Business and Consumers

Small Business

In 1962, the limitation on the revolving fund of the Small Business Administration was increased from $1,200 million to $1,666 million. In September 1962, the Small Business Administration and the American Bankers Association jointly announced a new bank participation program for secured term loans. For the fiscal year 1962, the President established, and the Defense Department achieved, a 10-percent increase in the share of military procurement contracts awarded small business concerns.

Communications Satellite Act of 1962

This Act provides for the establishment, ownership, and operation of a commercial satellite system with public participation and Federal regulation to ensure continued U.S. leadership in international communication.

Consumer Advisory Council

This Council was established to advise the Government on issues of broad economic policy, on government programs protecting consumer needs, and on the flow of consumer research material to the public. Special representatives in 22 Departments and Agencies concerned with consumer activities have been appointed to serve as liaison with the Council.

Drug Amendments of 1962

This Act gives the Food and Drug Administration additional authority to protect the public health by assuring the safety, effectiveness, and reliability of drugs, by standardizing drug names, and by clarifying and strengthening existing inspection of drug manufacturing establishments and laboratories.

Cotton Textile Arrangement

A long-term cotton textile arrangement was negotiated with other major cotton textile manufacturing nations.

TRANSPORTATION

Federal Aid to Highways

The Federal-Aid Highway Act of 1962, approved on October 23, authorizes increased grants of $950 million for 1964 and $975 million for 1965 for Federal aid to primary, secondary, and urban highway programs.

Aircraft Loan Guarantees

Authority for making aircraft loan guarantees was extended for 5 years, and the maximum limit for any one borrower was increased from $5 million to $10 million.

Policies on Mergers

At Presidential request, an interagency committee, including the Attorney General, the Secretaries of Commerce and Labor, and the Chairman of the Council of Economic Advisers, undertook the formulation of Administration criteria and policies on mergers in the transportation industries.

Transportation in Densely Populated Areas

The President appointed an interagency committee to study transportation problems and to develop government policy on transportation facilities in the densely populated area between Washington, D.C., and Boston, Massachusetts.

HEALTH, EDUCATION, AND WELFARE

Health Clinics for Domestic Migratory Farm Workers

Federal project grants are authorized to help States and localities to develop health clinics and services for domestic migratory farm workers.

Migration and Refugee Assistance Act of 1962

This Act authorizes the President or his designee to assist refugees from Western Hemisphere countries for purposes including the following: health and educational services; training for employment; transportation and resettlement; and establishment and maintenance of projects for employment or refresher professional training.

Educational Television

A grant program was established, authorizing the appropriation of $32 million over a 5-year period beginning in the fiscal year 1963, to assist in the construction of educational television facilities.

Veterans' Benefits

Insurance Dividends

Special and accelerated veterans' insurance dividends totaling $328 million were announced by the President on November 22, 1962. Payment is to be made in January 1963.

Disability Compensation and Rehabilitation Benefits

Effective July 1, 1962, veteran disability compensation rates were increased, to adjust for changes in the cost of living. In the first year, expenditures on this account will total $98 million. Rehabilitation benefits for severely disabled ex-servicemen were extended to cover those who serve in peacetime.

Natural Resources and Agriculture

Inventory of Research Activities

At the President's request, an inventory was made of Federal research activities in 1962 in each of the major fields of natural resources, and the activities were evaluated. Continuing effort is being made within the executive branch to maintain and enhance our knowledge and technology in the resource fields.

Water Resources

New policies, standards, and procedures were recommended for the formulation and evaluation of plans for water resources development by the Departments of the Interior, Agriculture, the Army, and Health, Education, and Welfare. These recommendations were approved by the President in May 1962.

Outdoor Recreation

As a result of the recommendation of the Outdoor Recreation Resources Review Commission, the Bureau of Outdoor Recreation was established in the Department of the Interior to provide a focal point for outdoor recreation programs. The Bureau is charged with collecting and interpreting current data on recreation, assisting States on outdoor recreation matters, and developing a national plan for outdoor recreation. A Recreation Advisory Council, consisting of the heads of Federal agencies concerned with recreation, was established to facilitate coordination among the agencies.

Air Pollution

The Air Pollution Act was extended to June 30, 1966, and the Surgeon General of the Public Health Service was given explicit authority to conduct special studies of the problem of automobile-exhaust fumes.

Peaceful Uses of Atomic Energy

During 1962, the Atomic Energy Commission (AEC), in conjunction with the Corps of Engineers, conducted a nuclear explosion to investigate possible earth excavation uses of atomic energy. In addition, five new civilian atomic power plants were activated in the United States, two of which were built wholly with private funds. Congress also authorized the AEC to participate in an arrangement whereby a non-Federal group will use the steam from the AEC's new production reactor at Hanford, Washington to generate electric power.

Electric Power

During 1962, the Federal Power Commission initiated a national power survey which includes long-run plans for meeting national demands for electric power during the 1970's. In addition, planning studies are being conducted on regional inter-connections of Federal and other power systems by the Department of the Interior.

Oil Import Quota

By Presidential Proclamation of November 30, 1962, quotas for imports of liquid hydrocarbons east of the Rocky Mountains, except for residual fuel oil to be used as fuel, were shifted from a demand basis to a basis related to domestic production. Imports, including those under quota and exempted overland imports, are limited to 12.2 percent of the previous year's domestic production. Formerly, quota imports were 9 percent of estimated demand for the quota period.

International Wheat Agreement

This Agreement was extended for 3 years, until 1965, and the maximum price for wheat was increased by 12.5 cents a bushel, to $2.025.

Food Stamp Program

The pilot food stamp distribution program begun in 1961 was extended from 8 to 18 areas in 1962.

Sugar Act

Important amendments were made to the Sugar Act of 1948, to take account of the loss of Cuba as a major supplier of sugar for the U.S. market. Part of Cuba's former quota was allocated to domestic producers, and part was allocated to foreign suppliers. Also, part was held open for Cuba if, in the future, the importation of sugar from that country is resumed; until that time, the quota is available without premium to other exporting countries on a global basis.

Appendix B

REPORT TO THE PRESIDENT ON THE ACTIVITIES OF THE COUNCIL OF ECONOMIC ADVISERS DURING 1962

LETTER OF TRANSMITTAL

DECEMBER 31, 1962.

The PRESIDENT.

SIR: The Council of Economic Advisers submits this report on its activities during the calendar year 1962 in accordance with the requirements of Congress, as set forth in Section 4(d) of the Employment Act of 1946.

Respectfully,

WALTER W. HELLER, *Chairman*
GARDNER ACKLEY

Report to the President on the Activities of the Council of Economic Advisers During 1962

Council Membership

Walter W. Heller continued during 1962 as Chairman of the Council; James Tobin resigned in the summer, when his leave-of-absence from Yale University expired, to resume his duties there as Sterling Professor of Economics; and Kermit Gordon resigned at the end of the year to become Director of the U.S. Bureau of the Budget.

Mr. Tobin was succeeded on August 3 by Gardner Ackley, on leave from his position as Professor of Economics at the University of Michigan. Mr. Ackley served in Government from 1940 to 1946, with the Office of Price Administration and the Office of Strategic Services, and in 1951 and 1952 as Assistant Director of the Office of Price Stabilization.

The President has announced his intention to appoint John P. Lewis, Professor and Chairman of the Department of Business Economics and Public Policy, Graduate School of Business, Indiana University, to fill the vacancy left by Mr. Gordon's appointment as Budget Director. Mr. Lewis will assume his Council duties early in the spring of 1963. He served on the staff of the Council and as Assistant to the Chairman from 1950 to 1953.

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	November 1, 1949.
	Acting Chairman	November 2, 1949	May 9, 1950.
	Chairman	May 10, 1950	January 20, 1953.
John D. Clark	Member	August 9, 1946	May 9, 1950.
	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	December 2, 1956.
	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 27, 1961	July 31, 1962.
Kermit Gordon	Member	January 27, 1961	December 27, 1962.

Council Staff

At the end of 1962, the members of the professional staff of the Council of Economic Advisers were Michael F. Brewer, William M. Capron, Charles A. Cooper, Richard N. Cooper, Rashi Fein, Catherine H. Furlong, Frances M. James, Edward D. Kalachek, Marshall A. Kaplan, Robert J. Lampman, David W. Lusher, Richard R. Nelson, George L. Perry, Fredric Q. Raines, Vernon W. Ruttan, Paul S. Sarbanes, Norman J. Simler, Warren L. Smith, Nancy H. Teeters, and Betty J. Willis.

A number of staff members join the Council on a leave-of-absence basis from posts in private life or government. During 1962 the following persons returned to those posts: Kenneth J. Arrow, Arthur M. Okun, Lee E. Preston, Robert M. Solow, and Lloyd Ulman. The following resigned to accept other positions: Richard E. Attiyeh, Barbara R. Berman, Walter F. Stettner, Leroy S. Wehrle, and Sidney G. Winter, Jr.

As in past years, the Council had frequent occasion to call upon the services of outside consultants. Those working in this capacity with the Council during 1962 were Kenneth J. Arrow, Martin Bronfenbrenner, E. Cary Brown, Robert Dorfman, James Duesenberry, Otto Eckstein, Dale E. Hathaway, Burton H. Klein, Edwin Kuh, John Lintner, John R. Meyer, Richard A. Musgrave, Arthur M. Okun, Joseph A. Pechman, Lee E. Preston, William A. Salant, Paul A. Samuelson, Charles L. Schultze, Robert Solomon, Robert M. Solow, Charles A. Taff, James Tobin, Robert Triffin, and Robert W. Tufts.

The Council continued in 1962 the summer student intern program begun in 1961. Those participating in the program this past summer were Donald W. Katzner, Edward H. Moscovitch, Michael J. Piore, T. Paul Schultz, and Karl L. Shell.

Council Activities

The Council, responding to Presidential requests in a changing economic environment, had materially expanded its activities in 1961. This broadening of responsibilities continued in 1962. In particular, work in the fields of economic growth, international economics, and consumer economics was considerably expanded. At the same time, the Council continued to devote its major attention to fiscal, monetary, and other policies to promote "maximum employment, production, and purchasing power" in accordance with the Employment Act of 1946.

Participation in Interagency Activities

The Council's advisory duties involve not only informal consultations with other government agencies, the Congress, and the public but also formal participation in numerous interagency activities:

1. The Chairman regularly attends meetings of the Cabinet.

2. He serves as Chairman of the Cabinet Committee on Economic Growth and as a member of the Cabinet Committee on Balance of Payments.

3. The Secretary of the Treasury, the Director of the Bureau of the Budget, and the Chairman of the Council continue to serve the President as a coordinating committee on economic, budgetary, and revenue developments and forecasts.

4. These three officials and their associates, together with the Chairman of the Board of Governors of the Federal Reserve System, form an advisory group on domestic and international monetary matters which meets periodically with the President.

5. The Chairman of the Council (or one of the other two members as his alternate) served on the three interagency committees named in 1962 by the President to examine the issues raised by the Report of the Commission on Money and Credit:

a. The Committee on Financial Institutions, chaired by the Chairman of the Council, to consider changes in government policy toward private financial institutions that would contribute to economic stability, growth, and efficiency;
b. The Committee on Federal Credit Programs, chaired by the Secretary of the Treasury, to review policies and programs for Federal direct lending as well as Federal guarantees and insurance for private loans;
c. The Committee on Corporate Pension Funds and Other Private Retirement and Welfare Programs, chaired by the Secretary of Labor, to review the implications of such funds and programs for the financial structure of the economy, for the Nation's economic security system, and for the utilization and mobility of manpower.

6. Council members or staff participated in the work of numerous other committees whose concern was primarily with domestic economic matters:

a. Cabinet Committee on Foreign-flag Shipping and Cargo Preference;
b. Panel on Civilian Technology which was established under the joint sponsorship of the Council, the Department of Commerce, and the Office of Science and Technology;
c. Natural Resources Committees of both the Federal Council for Science and Technology and the National Academy of Science;
d. Interagency Committee on Transportation Mergers;
e. International Air Transport Policy Study Committee;
f. Committee on Federal Mental Health Programs;
g. Interdepartmental Advisory Committee on the U.S. National Health Survey;
h. Interagency Group on Housing Credit Policy.

7. The Council continued its work with the President's Advisory Committee on Labor-Management Policy, including participation by Council members and staff in the Advisory Committee's spring White House Conference on National Economic Issues and its autumn Conference on Fiscal and Monetary Policy.

8. The Council participated with the Bureau of the Budget and members of the White House staff in the review of measures proposed for inclusion in the President's legislative program.

The Cabinet Committee on Economic Growth

The Cabinet Committee on Economic Growth was established by the President on August 21, 1962, to coordinate Federal activities and policies in this field and to advise the President on steps to accelerate the growth of the U.S. economy. The members of the Committee are the Secretary of the Treasury, the Secretary of Labor, the Secretary of Commerce, the Director of the Bureau of the Budget, and the Chairman of the Council of Economic Advisers, who serves as Chairman. The President's charge to the Committee directed it to consider itself a steering group which would consult closely with the other government agencies having a contribution to make to economic growth policies and to report to the President from time to time on:

a. Ways to utilize the interest, energy, initiative, and experience of private industry, agriculture, and labor for national economic growth;
b. The impact of existing government programs and private economic trends on current and foreseeable rates of growth;
c. Additional administrative measures and legislative proposals that might be desirable, together with their budgetary implications; and
d. Ways to organize the Federal Government more effectively to promote economic growth.

In its first report in November, the Committee—joined by the Secretary of Health, Education, and Welfare and the Director of the Office of Science and Technology—recommended or endorsed a number of measures which are included in the President's program for 1963.

The work of the Cabinet Committee is supplemented by that of the Interagency Growth Study Committee. This group, which comprises representatives of the Council, the Bureau of the Budget, the Department of Labor, and the Department of Commerce, was chaired first by Mr. Tobin and since his departure at the end of July by Mr. Ackley. It is responsible for developing and supervising an integrated program of studies of U.S. economic growth.

International Economic Activities

The growing importance of the international dimension of U.S. economic policies and problems was again reflected in the Council's activities. The importance of the balance of payments in today's economy was indicated not only by the Council's participation in the Cabinet Committee on Balance of Payments, but also by its undertaking to finance, in conjunction with the Treasury and the Bureau of the Budget, an extensive study under a contract with the Brookings Institution on the five-year outlook for the U.S. basic balance of payments. A preliminary confidential report was submitted in October, and the final report was in preparation at the end of the year.

The Council continued to participate actively in international meetings and in consultations of international organizations.

1. The Chairman of the Council was a member of the U.S. delegation to:
   a. The second annual meeting of the Cabinet-level United States-Japan Joint Committee on Trade and Economic Affairs, which met in Washington for three days in early December;
   b. The September meetings in Washington of the International Monetary Fund and the International Bank for Reconstruction and Development;
   c. The International Conference on Middle-Level Manpower in Puerto Rico in October.

2. The Council was heavily involved in the work of the Organization for Economic Cooperation and Development (OECD):
   a. Mr. Heller continued to serve as Chairman of the U.S. delegation to the meetings of the Economic Policy Committee of the OECD;
   b. Mr. Tobin and Mr. Gordon were members of the U.S. delegation to the Committee's Working Party on Balance of Payments Equilibrium;
   c. Mr. Gordon was Chairman of the U.S. delegation to the Committee's Working Party on Costs of Production and Prices;
   d. Mr. Solow, and subsequently Mr. Ackley, served as Chairman of the U.S. delegation to the Committee's Working Party on Policies for the Promotion of Economic Growth;
   e. Mr. Ackley headed the U.S. delegation for the annual review of the U.S. economy undertaken by the Economic Development and Review Committee of the OECD, and was a member of the U.S. delegation to the second Ministerial Meeting of the OECD.

3. Other Council activity in the international area included sending representatives to the meeting of Senior Economic Advisers held by the United Nations Economic Commission for Europe in Geneva in November, and participation by Council staff in the work of such groups as the Committee on Balance of Payments Information, the Interagency Committee on Foreign Trade Statistics, and the National Advisory Council on International Monetary and Financial Problems.

Congressional Testimony

Apart from its appearances before Appropriations Committees of the Congress in support of its own budget request, the Council testified before Congressional Committees as follows during 1962:

1. On January 25, the Council led off the Joint Economic Committee's Hearings on the 1962 *Economic Report of the President.*

2. On March 26, Mr. Heller and Mr. Gordon appeared before the Committee on Public Works of the House of Representatives in support of the Standby Capital Improvement Bill of 1962 and a proposed amendment authorizing an immediate capital improvements program for redevelopment areas and areas of substantial unemployment.

3. On April 12, Mr. Heller testified on the capital improvement measures before the Committee on Public Works of the Senate.

4. On August 8, the Council appeared before the Joint Economic Committee during its Hearings on the State of the Economy and Policies for Achieving Maximum Employment, Production, and Purchasing Power.

5. On August 9, Mr. Heller appeared before the House Committee on Ways and Means during its Executive Hearings on the Status of the Economy.

Nongovernmental Meetings and Activities

The President's call, in his address in June at the Yale University Commencement Exercises, for a serious dialogue on the pressing economic issues of the time underlines the importance of active public discussion of these vital matters. The Council members and staff sought to contribute to this discussion by means of speaking engagements before various private organizations, articles in popular and professional publications, and occasional appearances on radio and television.

The present Council has also undertaken—in response to the provisions of the Employment Act—a vigorous program of consultation with a variety of interested private groups and individuals. In addition to frequent meetings of the Council members and staff with academic, labor, business, agricultural, and financial economists and executives, the Council holds periodic meetings with several advisory groups:

1. The Liaison Committee of the Business Council including—in addition to Roger Blough, past Chairman, and Frederick Kappel, present Chairman, of the Business Council—the following: Chairman of the Liaison Committee, Donald K. David, Vice-Chairman, Ford Foundation; Paul C. Cabot, Chairman, State Street Investment Corporation; John Cowles, President, Minneapolis Star and Tribune; Joseph B. Hall, Chairman, Kroger Company; and Charles K. Mortimer, Chairman, General Foods Corporation.

2. The Economic Policy Committee of the AFL–CIO including—in addition to George Meany, President, and William F. Schnitzler, Secretary-Treasurer, of the AFL–CIO—the following members: Walter P. Reuther, Chairman; James B. Carey; David Dubinsky; George Harrison; A. J. Hayes; Joseph Keenan; O. A. Knight; David J. McDonald; Paul L. Phillips; Emil Rieve; Joseph Rourke; Peter T. Schoemann; and James Suffridge.

3. The Conference of Business Economists, a group of 50 business economists, chaired in 1962 by Walter Hoadley of Armstrong Cork Company.

A significant new advisory group was established in 1962 in the field of consumer interests. The Presidential Message on Consumers' Protection and Interest Programs directed the Council of Economic Advisers to create a Consumer Advisory Council to examine and provide advice to the Government on issues of broad economic policy, on governmental programs protecting consumer needs, and on needed improvements in the flow of consumer research material to the public. Carrying out this Presidential directive, the Chairman of the Council announced the appointment, effective July 1, 1962, of the following persons to the Consumer Advisory Council: Dean Helen G. Canoyer, New York State College of Home Economics, Cornell University, Chairman; David W. Angevine, Information Director, Cooperative League of the U.S.A.; Persia Campbell, Professor and Chairman, Economics Department, Queen's College, New York; Stephen M. Du Brul, Jr., Partner, Lehman Brothers; Mrs. John G. Lee, Past President, League of Women Voters; Edward S. Lewis, Executive Director, Urban League of Greater New York; Walter F. Mondale, Attorney General, State of Minnesota; Richard L. D. Morse, Professor and Head, Department of Family Economics, Kansas State University; Helen E. Nelson, California Consumer Counsel; Sylvia F. Porter, Syndicated Columnist, New York Post (later resigned); Caroline Ware, Consultant; Colston E. Warne, President, Consumers Union of U.S., Inc. and Professor of Economics, Amherst College.

The Consumer Advisory Council held meetings in July, September, and November. It formulated a plan of work which includes several small committees that will pursue some of the leading issues in the consumer field. The general subjects selected for current study are as follows:

1. Consumer standards of identity, quality, quantity, safety, and product performance, including an assessment of systems of grades, labels, and quality designation;
2. A survey of present and possible governmental and nongovernmental materials and programs dealing with the two-way flow of information between government and the consumer;
3. Institutions and procedures for achieving greater and more effective representation and participation of the consumer in government;
4. An examination of consumer credit and of procedures which will provide continuing economic indicators of consumer welfare; and
5. The interrelationship among Federal agencies and between Federal and State agencies in the areas of consumer protection.

By the end of the year, committee work on these topics was well under way. Furthermore, in response to a Presidential directive, 22 departments and agencies whose activities bear significantly on consumer welfare have designated an official as special liaison to the Consumer Advisory Council. The opinion of the Consumer Advisory Council has been sought by the Administration on a number of current proposals for increasing the protection accorded consumer interests. The Consumer Advisory Council constitutes an important part of the Administration's effort to assure full and fair consideration of the consumers' needs and point of view.

PUBLICATIONS

In 1962, the present Council prepared its first *Annual Report* which was transmitted to the Congress in January together with the *Economic Report of the President*. The usual distribution of copies of the *Report* was made to members of the Congress, the press, government officials, and depository libraries. In addition, the Superintendent of Documents sold 22,125 copies to the public, the largest public sale to date of an *Economic Report*.

Since 1948, under the direction of Miss Frances M. James, the Council has prepared the monthly *Economic Indicators,* which is published by the Joint Economic Committee of the Congress. After reviewing with the Joint Economic Committee its needs and those of other users of the publication, the Council introduced a number of changes in the November 1962 issue. Sales of *Economic Indicators* to the public by the Superintendent of Documents in 1962 totaled more than 10,000 a month; in addition, under the authority of a Joint Resolution of the Congress, copies were furnished to members of the Congress and to depository libraries throughout the country.

APPROPRIATIONS

For the fiscal year 1963, the Council requested—and was granted by the Congress—an appropriation of $584,000, an amount identical with its appropriation for the fiscal year 1962. For the fiscal year 1964, the Council's budget request, which contemplates no increase in staff size, is again unchanged, except for an adjustment to take partial account of staff salary increases resulting from the pay increase legislaiton in 1962.

Appendix C

STATISTICAL TABLES RELATING TO INCOME, EMPLOYMENT, AND PRODUCTION

CONTENTS

Note.—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.

TABLE C–1.—*Gross national product or expenditure, 1929–62*

[Billions of dollars]

Year or quarter	Total gross national product	Personal consumption expenditures [1]	Gross private domestic investment [2]: Total	New construction: Total	New construction: Residential nonfarm	New construction: Other	Producers' durable equipment	Net change in business inventories	Net exports of goods and services [3]	Government purchases of goods and services: Total	Federal: Total	Federal: National defense [4]	Federal: Other	Federal: Less: Government sales	State and local
1929	104.4	79.0	16.2	8.7	3.6	5.1	5.8	1.7	0.8	8.5	1.3	1.3		(5)	7.2
1930	91.1	71.0	10.3	6.2	2.1	4.1	4.5	−.4	.7	9.2	1.4	1.4		(5)	7.8
1931	76.3	61.3	5.5	4.0	1.6	2.4	2.8	−1.3	.2	9.2	1.5	1.5		(5)	7.7
1932	58.5	49.3	.9	1.9	.6	1.2	1.6	−2.6	.2	8.1	1.5	1.5		(5)	6.6
1933	56.0	46.4	1.4	1.4	.5	1.0	1.6	−1.6	.2	8.0	2.0	2.0		(5)	6.0
1934	65.0	51.9	2.9	1.7	.6	1.1	2.3	−1.1	.4	9.8	3.0	3.0		(5)	6.8
1935	72.5	56.3	6.3	2.3	1.0	1.3	3.1	.9	−.1	10.0	2.9	2.9		(5)	7.1
1936	82.7	62.6	8.4	3.3	1.6	1.7	4.2	1.0	−.1	11.8	4.8	4.8		(5)	7.0
1937	90.8	67.3	11.7	4.4	1.9	2.5	5.1	2.2	.1	11.7	4.6	4.6		(5)	7.2
1938	85.2	64.6	6.7	4.0	2.0	2.0	3.6	−.9	1.1	12.8	5.3	5.3		(5)	7.5
1939	91.1	67.6	9.3	4.8	2.7	2.1	4.2	.4	.9	13.3	5.2	1.3	3.9	(5)	8.2
1940	100.6	71.9	13.2	5.5	3.0	2.5	5.5	2.2	1.5	14.1	6.2	2.2	4.0	(5)	7.9
1941	125.8	81.9	18.1	6.6	3.5	3.1	6.9	4.5	1.1	24.8	16.9	13.8	3.2	(5)	7.8
1942	159.1	89.7	9.9	3.7	1.7	2.0	4.3	1.8	−.2	59.7	52.0	49.6	2.7	0.2	7.7
1943	192.5	100.5	5.6	2.3	.9	1.4	4.0	−.8	−2.2	88.6	81.2	80.4	1.5	.6	7.4
1944	211.4	109.8	7.1	2.7	.8	1.9	5.4	−1.0	−2.1	96.5	89.0	88.6	1.6	1.2	7.5
1945	213.6	121.7	10.4	3.8	1.1	2.7	7.7	−1.1	−1.4	82.9	74.8	75.9	1.0	2.2	8.1
1946	210.7	147.1	28.1	11.0	4.8	6.3	10.7	6.4	4.9	30.5	20.6	18.8	4.5	2.7	9.9
1947	234.3	165.4	31.5	15.3	7.5	7.7	16.7	−.5	9.0	28.4	15.6	11.4	5.4	1.1	12.7
1948	259.4	178.3	43.1	19.5	10.1	9.3	18.9	4.7	3.5	34.5	19.3	11.6	8.2	.5	15.2
1949	258.1	181.2	33.0	18.8	9.6	9.2	17.2	−3.1	3.8	40.2	22.2	13.6	8.9	.2	17.9
1950	284.6	195.0	50.0	24.2	14.1	10.1	18.9	6.8	.6	39.0	19.3	14.3	5.2	.1	19.7
1951	329.0	209.8	56.3	24.8	12.5	12.3	21.3	10.2	2.4	60.5	38.8	33.9	5.2	.3	21.7
1952	347.0	219.8	49.9	25.5	12.8	12.7	21.3	3.1	1.3	76.0	52.9	46.4	6.7	.3	23.2
1953	365.4	232.6	50.3	27.6	13.8	13.8	22.3	.4	−.4	82.8	58.0	49.3	9.0	.3	24.9
1954	363.1	238.0	48.9	29.7	15.4	14.3	20.8	−1.6	1.0	75.3	47.5	41.2	6.7	.3	27.7
1955	397.5	256.9	63.8	34.9	18.7	16.2	23.1	5.8	1.1	75.6	45.3	39.1	6.6	.4	30.3
1956	419.2	269.9	67.4	35.5	17.7	17.8	27.2	4.7	2.9	79.0	45.7	40.4	5.7	.3	33.2
1957	442.8	285.2	66.1	36.1	17.0	19.0	28.5	1.6	4.9	86.5	49.7	44.4	5.7	.4	36.8
1958	444.5	293.2	56.6	35.5	18.0	17.4	23.1	−2.0	1.2	93.5	52.6	44.8	8.3	.5	40.8
1959	482.7	313.5	72.7	40.2	22.3	17.9	25.9	6.6	−.8	97.2	53.6	46.2	7.9	.5	43.6
1960	503.4	328.5	72.4	40.7	21.1	19.7	27.6	4.1	2.9	99.7	53.2	45.7	8.1	.6	46.5
1961	518.7	338.1	69.3	41.6	21.0	20.5	25.5	2.1	4.0	107.4	57.0	49.0	8.7	.6	50.4
1962 [6]	553.6	356.7	76.2	44.3	23.1	21.2	28.8	3.1	3.1	117.6	62.6	53.7	9.7	.7	55.0
	Seasonally adjusted annual rates														
1960: I	501.7	323.9	79.1	40.9	21.5	19.3	27.4	10.8	1.4	97.2	52.5	45.4	7.5	0.4	44.7
II	504.8	329.9	73.5	40.7	21.2	19.5	28.4	4.4	2.4	99.0	53.1	45.8	8.0	.7	45.9
III	503.7	329.8	70.3	40.5	21.0	19.5	27.7	2.1	2.8	100.8	53.6	45.7	8.4	.5	47.2
IV	503.3	330.5	66.5	40.7	20.5	20.2	26.8	−1.1	4.9	101.4	53.6	45.8	8.4	.6	47.8
1961: I	500.8	330.5	60.1	39.3	19.0	20.3	24.4	−3.6	5.3	104.8	55.4	47.7	8.2	.5	49.4
II	513.1	335.5	67.6	41.0	20.1	20.8	24.6	2.1	4.0	106.0	56.6	49.0	8.5	.8	49.4
III	522.3	340.1	72.4	42.6	21.9	20.7	25.8	4.0	2.8	106.9	56.5	48.4	8.7	.6	50.4
IV	538.6	346.1	76.6	43.2	22.8	20.4	27.4	6.0	3.8	112.1	59.5	50.8	9.2	.6	52.6
1962: I	545.0	350.2	75.9	41.6	21.2	20.5	27.6	6.7	3.7	115.2	61.9	53.0	9.6	.6	53.3
II	552.0	354.9	77.4	44.5	23.3	21.2	28.9	4.0	3.7	116.0	62.1	53.2	9.5	.6	54.0
III	555.3	358.2	76.3	46.1	24.3	21.8	29.2	1.0	2.5	118.2	62.7	54.0	9.6	.8	55.5
IV [6]	562.0	363.5	75.0	44.9	23.7	21.3	29.6	.5	2.5	121.0	63.7	54.6	10.0	.8	57.3

[1] See Table C–9 for major components.

[2] See Table C–10 for further detail and explanation of components.

[3] For 1929–45, net exports of goods and services and net foreign investment have been equated, since foreign net transfers by Government were negligible during that period. See Table C–7 for exports and imports separately.

[4] This category corresponds closely to the national defense classification in the *Budget of the United States Government for the Fiscal Year ending June 30, 1964*. See also Table C–57.

[5] Less than $50 million.

[6] Preliminary estimates by Council of Economic Advisers.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce (except as noted).

TABLE C-2.—*Gross national product or expenditure, in 1962 prices, 1929–62* [1]

[Billions of dollars, 1962 prices]

Year or quarter	Total gross national product	Personal consumption expenditures: Total	Personal consumption expenditures: Durable goods	Personal consumption expenditures: Nondurable goods	Personal consumption expenditures: Services	Gross private domestic investment: Total	New construction: Total	New construction: Residential nonfarm	New construction: Other	Producers' durable equipment	Change in business inventories
1929	212.0	143.6	15.7	71.2	56.7	42.6	25.6	10.2	15.4	13.5	3.4
1930	192.5	135.0	12.5	67.7	54.8	29.2	19.1	6.0	13.1	10.7	−.6
1931	178.2	130.9	10.8	67.4	52.7	18.1	13.4	5.0	8.4	7.2	−2.4
1932	151.9	119.1	8.2	62.0	48.9	5.2	7.4	2.5	5.0	4.3	−6.5
1933	148.2	116.3	7.9	60.2	48.2	5.8	5.7	1.9	3.8	4.5	−4.4
1934	162.3	122.3	9.1	64.2	49.0	9.9	6.3	2.2	4.1	6.1	−2.5
1935	177.8	129.8	11.3	67.8	50.8	18.8	8.3	3.6	4.6	8.2	2.4
1936	202.7	142.9	13.9	75.5	53.5	25.9	11.5	5.4	6.2	11.2	3.2
1937	213.2	147.9	14.5	78.1	55.3	31.8	13.8	5.8	8.0	12.7	5.3
1938	203.9	145.4	11.8	79.4	54.2	18.9	12.3	6.0	6.4	8.8	−2.3
1939	220.7	153.5	14.0	83.6	55.9	26.3	14.8	8.0	6.8	10.3	1.2
1940	239.3	161.7	16.1	87.5	58.0	34.7	16.6	8.6	8.0	13.3	4.9
1941	278.6	172.3	18.6	93.4	60.4	43.8	18.6	9.3	9.3	15.6	9.6
1942	318.5	168.9	11.5	95.2	62.2	22.5	9.6	4.2	5.3	9.0	3.9
1943	358.7	173.4	9.9	98.2	65.3	13.5	5.4	2.0	3.4	8.4	−.2
1944	384.8	179.6	9.1	102.5	68.1	15.1	6.0	1.7	4.3	11.1	−2.0
1945	377.5	192.1	10.3	110.6	71.2	20.9	8.2	2.2	6.1	15.5	−2.8
1946	328.4	215.0	20.4	117.4	77.2	50.9	21.2	8.6	12.7	19.6	10.1
1947	327.9	218.6	24.6	114.8	79.2	50.9	24.3	11.3	13.0	26.4	.2
1948	340.7	222.8	25.9	114.6	82.3	59.5	27.6	13.4	14.2	27.6	4.2
1949	341.7	228.5	27.7	115.9	84.8	47.5	27.2	13.2	14.0	24.1	−3.8
1950	370.0	242.2	33.8	119.1	89.3	67.0	33.3	18.3	15.0	25.9	7.9
1951	400.4	244.5	30.7	121.3	92.4	69.6	31.8	15.1	16.7	26.7	11.1
1952	415.8	250.9	30.0	125.4	95.5	61.1	31.7	15.1	16.6	26.5	2.9
1953	434.8	262.8	34.9	129.0	99.0	61.8	33.7	16.0	17.6	27.4	.8
1954	426.3	266.3	34.2	130.1	102.0	59.3	36.2	18.1	18.1	25.3	−2.2
1955	459.6	286.1	41.7	136.8	107.6	75.3	41.2	21.4	19.9	27.4	6.7
1956	469.4	295.7	40.1	142.1	113.5	74.7	39.5	19.1	20.4	30.3	5.0
1957	478.5	303.6	40.6	144.6	118.4	70.2	38.8	18.0	20.8	29.9	1.5
1958	471.1	306.3	37.5	145.3	123.5	59.4	37.8	19.1	18.7	23.6	−2.0
1959	502.6	323.6	43.2	151.3	129.1	74.4	41.8	23.0	18.8	26.0	6.6
1960	515.8	334.3	44.5	154.2	135.6	73.3	41.7	21.4	20.4	27.5	4.0
1961	525 5	341.3	43.9	156.3	141.2	70.1	42.4	21.4	21.0	25.6	2.1
1962 [6]	553.6	356.7	47.6	162.0	147.2	76.2	44.3	23.1	21.2	28.8	3.1
	Seasonally adjusted annual rates										
1960: I	516.6	331.2	44.7	153.3	133.2	80.5	42.1	21.9	20.2	27.4	11.0
II	518.3	335.8	45.3	155.2	135.4	74.4	41.7	21.5	20.2	28.3	4.4
III	515.3	335.2	44.0	154.8	136.4	70.9	41.4	21.3	20.1	27.6	2.0
IV	512.6	335.0	44.1	153.4	137.5	67.5	41.8	20.9	20.9	26.9	−1.2
1961: I	509.0	334.6	41.1	154.3	139.1	61.0	40.2	19.4	20.8	24.4	−3.6
II	520.5	339.3	43.6	155.2	140.4	68.4	41.8	20.5	21.3	24.6	2.1
III	528.5	343.2	43.9	157.4	141.8	73.2	43.3	22.2	21.2	25.8	4.1
IV	543.7	348.3	46.8	158.0	143.5	77.4	43.9	23.2	20.7	27.6	6.0
1962: I	548.4	352.0	46.5	160.4	145.2	76.4	42.1	21.4	20.7	27.6	6.7
II	552.6	355.3	47.0	161.6	146.8	77.5	44.6	23.4	21.3	28.9	4.0
III	554.2	357.8	47.0	163.0	147.8	75.9	45.8	24.1	21.7	29.1	1.0
IV [6]	559.1	361.6	49.8	163.0	148.9	74.8	44.6	23.5	21.1	29.7	.5

See footnotes at end of table.

TABLE C-2.—*Gross national product or expenditure, in 1962 prices, 1929–62* [1]—Continued

[Billions of dollars, 1962 prices]

Year or quarter	Net exports of goods and services [2]	Government purchases of goods and services: Total	Federal: Total [3]	Federal: National defense [3] [4]	Federal: Other	State and local
1929	1.4	24.5	3.8	(5)	(5)	20.7
1930	1.2	27.1	4.3	(5)	(5)	22.7
1931	.6	28.5	4.7	(5)	(5)	23.8
1932	.4	27.1	5.0	(5)	(5)	22.1
1933	−.1	26.2	6.8	(5)	(5)	19.5
1934	.1	30.0	8.9	(5)	(5)	21.1
1935	−1.1	30.3	8.6	(5)	(5)	21.7
1936	−1.3	35.2	13.2	(5)	(5)	22.1
1937	−.6	34.1	12.3	(5)	(5)	21.8
1938	1.8	37.8	14.7	(5)	(5)	23.1
1939	1.3	39.6	14.1	3.4	10.7	25.5
1940	2.1	40.8	16.9	6.0	10.8	23.9
1941	.5	61.9	39.4	32.0	7.4	22.5
1942	−2.0	129.2	108.7	103.1	5.6	20.5
1943	−5.7	177.6	158.9	156.0	2.9	18.7
1944	−5.8	195.9	177.6	174.5	3.1	18.3
1945	−4.4	168.9	150.2	148.2	2.1	18.7
1946	5.4	57.1	36.2	28.3	7.9	20.9
1947	9.9	48.5	24.8	16.2	8.6	23.7
1948	3.4	54.9	29.3	16.8	12.5	25.6
1949	4.1	61.6	32.4	19.5	12.9	29.2
1950	1.8	59.0	27.7	20.3	7.5	31.3
1951	4.0	82.4	50.4	43.6	6.8	32.0
1952	3.0	100.9	68.3	59.6	8.7	32.6
1953	.8	109.3	75.4	63.7	11.7	33.9
1954	2.8	97.9	61.0	52.4	8.6	36.9
1955	2.9	95.3	55.8	47.7	8.1	39.5
1956	4.8	94.2	53.5	46.8	6.7	40.7
1957	6.3	98.4	55.5	49.1	6.4	42.9
1958	2.1	103.3	57.0	48.1	9.0	46.3
1959	.2	104.5	56.3	50.1	6.2	48.2
1960	4.1	104.1	54.3	46.1	8.2	49.8
1961	4.4	109.6	57.1	48.4	8.7	52.5
1962 [6]	3.1	117.6	62.6	53.0	9.7	55.0
	Seasonally adjusted annual rates					
1960: I	2.7	102.3	53.9	46.2	7.7	48.4
II	3.6	104.4	55.0	46.7	8.3	49.4
III	4.0	105.1	54.7	46.1	8.6	50.4
IV	5.9	104.3	53.6	45.2	8.4	50.7
1961: I	6.1	107.3	55.1	46.9	8.1	52.2
II	4.2	108.7	56.9	48.4	8.5	51.7
III	3.3	108.8	56.6	47.8	8.7	52.2
IV	4.1	113.8	59.9	50.6	9.3	53.9
1962: I	4.0	116.0	62.0	52.4	9.6	54.0
II	3.4	116.3	62.3	52.8	9.5	54.0
III	2.4	118.0	62.8	53.2	9.6	55.2
IV [6]	2.5	120.2	63.3	53.4	9.8	56.9

[1] These estimates represent an approximate conversion of the Department of Commerce series in 1954 prices. (See Tables C-3 and C-6.) This was done by major components, using the implicit price indexes converted to a 1962 base. Although it would have been preferable to redeflate the series by minor components, this would not substantially change the results except possibly for the period of World War II, and for the series on change in business inventories.

For explanation of conversion of estimates in current prices to those in 1954 prices, see *U. S. Income and Output, A Supplement to the Survey of Current Business*, 1958.

[2] For 1929–45, net exports of goods and services and net foreign investment have been equated, since foreign net transfers by Government were negligible during that period.

[3] Net of Government sales, which are not shown separately in this table. See Table C-1 for Government sales in current prices.

[4] See footnote 4, Table C-1.

[5] Not available separately.

[6] Preliminary estimates by Council of Economic Advisers.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Sources: Department of Commerce and Council of Economic Advisers.

TABLE C–3.—*Gross national product or expenditure, in 1954 prices, 1929–62* [1]

[Billions of dollars, 1954 prices]

Year or quarter	Total gross national product	Personal consumption expenditures				Gross private domestic investment					
		Total	Durable goods	Nondurable goods	Services	Total	New construction			Producers' durable equipment	Change in business inventories
							Total	Residential nonfarm	Other		
1929	181.8	128.1	14.9	65.3	48.0	35.0	20.9	8.7	12.2	11.1	3.0
1930	164.5	120.3	11.8	62.1	46.4	23.6	15.4	5.1	10.4	8.8	−.7
1931	153.0	116.6	10.3	61.8	44.6	15.0	10.9	4.2	6.6	5.9	−1.8
1932	130.1	106.0	7.8	56.9	41.4	3.9	6.0	2.1	3.9	3.5	−5.6
1933	126.6	103.5	7.5	55.2	40.8	4.0	4.6	1.6	3.0	3.7	−4.2
1934	138.5	108.9	8.6	58.8	41.5	7.4	5.1	1.9	3.2	5.0	−2.8
1935	152.9	115.8	10.7	62.1	42.9	16.1	6.7	3.1	3.6	6.7	2.6
1936	173.3	127.7	13.1	69.2	45.3	21.0	9.4	4.6	4.9	9.2	2.4
1937	183.5	132.1	13.8	71.6	46.8	27.0	11.3	5.0	6.3	10.5	5.2
1938	175.1	129.9	11.2	72.8	45.9	15.5	10.1	5.1	5.0	7.3	−1.8
1939	189.3	137.3	13.3	76.7	47.2	21.6	12.2	6.8	5.4	8.5	1.0
1940	205.8	144.6	15.3	80.2	49.1	29.0	13.6	7.3	6.3	10.9	4.5
1941	238.1	154.3	17.6	85.6	51.1	36.7	15.3	7.9	7.4	12.9	8.6
1942	266.9	150.8	10.9	87.3	52.6	18.8	7.8	3.6	4.2	7.4	3.6
1943	296.7	154.6	9.4	90.0	55.2	10.7	4.4	1.7	2.7	6.9	−.6
1944	317.9	160.2	8.6	94.0	57.6	12.3	4.8	1.4	3.4	9.2	−1.7
1945	314.0	171.4	9.8	101.4	60.2	17.0	6.6	1.8	4.8	12.7	−2.4
1946	282.5	192.3	19.4	107.6	65.3	42.4	17.3	7.3	10.0	16.1	9.0
1947	282.3	195.6	23.3	105.3	67.0	41.5	19.9	9.6	10.3	21.7	−.1
1948	293.1	199.3	24.6	105.1	69.6	49.8	22.7	11.4	11.2	22.8	4.4
1949	292.7	204.3	26.3	106.3	71.7	38.5	22.3	11.2	11.1	19.8	−3.6
1950	318.1	216.8	32.1	109.2	75.5	55.9	27.4	15.5	11.9	21.3	7.2
1951	341.8	218.5	29.2	111.2	78.2	57.7	26.0	12.9	13.2	22.0	9.7
1952	353.5	224.2	28.5	115.0	80.8	50.4	26.0	12.8	13.2	21.8	2.6
1953	369.0	235.1	33.1	118.3	83.7	50.6	27.6	13.6	14.0	22.5	.5
1954	363.1	238.0	32.4	119.3	86.3	48.9	29.7	15.4	14.3	20.8	−1.6
1955	392.7	256.0	39.6	125.4	91.0	62.5	33.9	18.2	15.7	22.5	6.1
1956	400.9	264.3	38.0	130.3	96.0	61.7	32.3	16.2	16.1	25.0	4.5
1957	408.6	271.2	38.5	132.6	100.1	58.1	31.8	15.3	16.5	24.6	1.6
1958	401.3	273.2	35.5	133.3	104.4	49.0	31.1	16.2	14.8	19.4	−1.5
1959	428.6	288.9	41.0	138.7	109.2	61.7	34.4	19.5	14.9	21.4	5.9
1960	440.2	298.3	42.2	141.4	114.7	60.7	34.3	18.2	16.1	22.7	3.7
1961	447.9	304.3	41.6	143.3	119.4	57.8	34.8	18.2	16.6	21.1	2.0
1962 [5]	471.5	318.1	45.1	148.5	124.5	62.9	36.4	19.6	16.8	23.7	2.8
	Seasonally adjusted annual rates										
1960: I	440.9	295.6	42.4	140.6	112.6	66.7	34.6	18.6	16.0	22.6	9.6
II	442.3	299.7	43.0	142.3	114.5	61.5	34.2	18.2	16.0	23.3	4.0
III	439.7	299.1	41.8	141.9	115.4	58.6	34.0	18.1	15.9	22.7	1.9
IV	437.7	298.8	41.8	140.7	116.3	55.8	34.3	17.8	16.5	22.2	−.7
1961: I	433.9	298.2	39.0	141.5	117.7	50.0	33.0	16.5	16.5	20.1	−3.0
II	443.9	302.5	41.3	142.3	118.8	56.5	34.3	17.4	16.9	20.2	2.0
III	450.4	306.0	41.7	144.4	120.0	60.4	35.6	18.8	16.7	21.3	3.5
IV	463.4	310.6	44.4	144.9	121.4	64.1	36.1	19.7	16.4	22.7	5.4
1962: I	467.4	313.9	44.1	147.0	122.8	63.3	34.6	18.2	16.4	22.8	5.9
II	470.8	316.9	44.6	148.1	124.1	64.1	36.7	19.9	16.8	23.8	3.7
III	471.6	319.0	44.6	149.5	125.0	62.4	37.7	20.5	17.2	24.0	.8
IV [5]	476.1	322.6	47.2	149.5	125.9	61.7	36.6	20.0	16.7	24.4	.6

See footnotes at end of table.

TABLE C–3.—*Gross national product or expenditure, in 1954 prices, 1929–62* [1]—Continued

[Billions of dollars, 1954 prices]

Year or quarter	Net exports of goods and services [2]			Government purchases of goods and services			Gross private product [4]
	Net exports	Exports	Imports	Total	Federal [3]	State and local	
1929	0.2	11.1	10.9	18.5	2.9	15.6	171.5
1930	.2	9.9	9.7	20.5	3.4	17.1	153.7
1931	–.3	8.4	8.7	21.6	3.7	17.9	142.0
1932	–.3	6.8	7.1	20.5	3.9	16.6	119.4
1933	–.8	6.8	7.7	19.9	5.3	14.6	115.0
1934	–.6	6.9	7.5	22.8	6.9	15.8	125.1
1935	–1.9	7.3	9.2	23.0	6.7	16.3	138.7
1936	–2.2	7.7	9.8	26.9	10.3	16.6	156.6
1937	–1.6	9.3	10.9	26.0	9.6	16.4	167.8
1938	.8	9.3	8.5	28.8	11.4	17.4	158.0
1939	.3	9.5	9.2	30.1	11.0	19.1	172.1
1940	1.1	10.5	9.4	31.1	13.1	18.0	188.1
1941	–.6	10.6	11.3	47.7	30.7	16.9	216.0
1942	–2.9	7.6	10.5	100.1	84.7	15.4	234.8
1943	–6.6	6.7	13.2	137.9	123.9	14.0	246.4
1944	–6.7	7.4	14.1	152.2	138.4	13.8	259.8
1945	–5.6	9.8	15.3	131.2	117.1	14.0	257.0
1946	3.8	15.8	12.0	43.9	28.2	15.8	252.7
1947	8.0	19.2	11.1	37.2	19.4	17.8	259.6
1948	2.0	14.7	12.8	42.1	22.9	19.2	270.3
1949	2.6	15.1	12.4	47.2	25.3	21.9	268.7
1950	.2	14.5	14.2	45.1	21.6	23.5	293.3
1951	2.2	17.3	15.1	63.3	39.3	24.1	311.1
1952	1.2	16.9	15.7	77.7	53.3	24.5	320.4
1953	–.9	16.4	17.3	84.3	58.8	25.5	336.2
1954	1.0	17.5	16.5	75.3	47.5	27.7	330.8
1955	.9	19.2	18.3	73.2	43.5	29.7	360.4
1956	2.5	22.4	19.8	72.3	41.7	30.6	368.2
1957	3.8	24.4	20.6	75.5	43.2	32.2	375.4
1958	–.2	21.4	21.6	79.3	44.5	34.8	367.5
1959	–2.1	21.9	24.1	80.1	43.9	36.2	394.8
1960	1.5	24.9	23.4	79.8	42.3	37.4	405.5
1961	1.8	25.3	23.5	84.0	44.5	39.4	412.3
1962 [5]	.4	26.3	26.0	90.2	48.8	41.4	434.2
	Seasonally adjusted annual rates						
1960: I	0.2	24.0	23.8	78.4	42.0	36.4	406.7
II	1.0	25.1	24.0	80.0	42.9	37.1	407.5
III	1.5	25.0	23.5	80.5	42.7	37.8	404.9
IV	3.3	25.6	22.3	79.9	41.8	38.1	402.8
1961: I	3.5	25.7	22.2	82.2	42.9	39.2	398.8
II	1.7	24.4	22.7	83.3	44.4	38.9	408.6
III	.7	25.1	24.4	83.3	44.1	39.2	414.6
IV	1.4	26.2	24.8	87.2	46.7	40.5	427.0
1962: I	1.3	26.1	24.8	88.9	48.3	40.6	430.4
II	.7	26.6	25.9	89.2	48.6	40.6	433.6
III	–.3	26.2	26.5	90.5	49.0	41.5	434.3
IV [5]	–.2	26.4	26.6	92.1	49.3	42.8	438.6

[1] For explanation of conversion of estimates in current prices to those in 1954 prices, see *U.S. Income and Output, A Supplement to the Survey of Current Business*, 1958. See Table C–6 for implicit price deflators.
[2] For 1929–45, net exports of goods and services and net foreign investment have been equated, since foreign net transfers by Government were negligible during that period.
[3] Net of Government sales.
[4] Gross national product less compensation of general government employees; i.e., gross product accruing from domestic business, households, and institutions, and from the rest of the world.
[5] Preliminary estimates by Council of Economic Advisers.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce (except as noted).

TABLE C–4.—*Gross national product by major type of product, 1947–62*

[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	Construction
1947	234.3	234.8	−0.5	143.8	144.3	−0.5	47.4	46.0	1.4	96.4	98.2	−1.8	71.8	18.7
1948	259.4	254.7	4.7	157.0	152.3	4.7	49.8	48.9	.9	107.2	103.4	3.8	78.1	24.3
1949	258.1	261.1	−3.1	149.3	152.4	−3.1	47.9	49.9	−2.1	101.5	102.4	−1.0	83.5	25.2
1950	284.6	277.8	6.8	163.6	156.8	6.8	60.7	56.7	4.0	102.9	100.1	2.8	89.8	31.2
1951	329.0	318.7	10.2	191.8	181.6	10.2	74.4	67.5	6.9	117.4	114.1	3.3	102.9	34.2
1952	347.0	343.9	3.1	198.2	195.2	3.1	75.6	74.5	1.2	122.6	120.7	1.9	112.3	36.4
1953	365.4	364.9	.4	206.9	206.4	.4	79.8	78.9	.9	127.0	127.5	−.5	119.5	39.0
1954	363.1	364.8	−1.6	197.4	199.0	−1.6	71.6	74.1	−2.5	125.9	125.0	.9	124.1	41.6
1955	397.5	391.7	5.8	217.2	211.4	5.8	84.3	81.3	3.0	132.9	130.2	2.7	133.4	46.9
1956	419.2	414.5	4.7	227.6	223.0	4.7	89.6	86.7	2.8	138.1	136.2	1.8	143.3	48.2
1957	442.8	441.2	1.6	238.2	236.6	1.6	94.5	93.4	1.0	143.7	143.2	.5	154.5	50.1
1958	444.5	446.5	−2.0	229.4	231.4	−2.0	80.4	83.3	−2.8	149.0	148.1	.9	164.2	50.9
1959	482.7	476.1	6.6	250.6	244.0	6.6	95.0	91.5	3.5	155.6	152.5	3.1	175.8	56.3
1960	503.4	499.4	4.1	258.2	254.1	4.1	97.2	95.0	2.3	160.9	159.2	1.8	188.6	56.7
1961	518.7	516.6	2.1	259.4	257.2	2.1	94.0	94.0	.0	165.4	163.3	2.1	200.7	58.6
1962 [1]	553.6	550.5	3.1	276.7	273.6	3.1	104.6	103.0	1.6	172.1	170.7	1.4	214.8	62.1
	Seasonally adjusted annual rates													
1960:														
I	501.7	490.8	10.8	262.1	251.3	10.8	102.6	94.0	8.6	159.5	157.3	2.2	183.8	55.8
II	504.8	500.4	4.4	260.6	256.2	4.4	99.7	96.9	2.8	160.9	159.3	1.6	187.7	56.4
III	503.7	501.5	2.1	257.1	254.9	2.1	95.8	94.8	1.0	161.2	160.1	1.1	189.9	56.8
IV	503.3	504.4	−1.1	253.0	254.1	−1.1	90.9	94.2	−3.3	162.2	160.0	2.2	193.1	57.2
1961:														
I	500.8	504.4	−3.6	248.0	251.6	−3.6	84.8	90.2	−5.5	163.3	161.4	1.9	195.9	56.8
II	513.1	511.0	2.1	256.6	254.4	2.1	91.3	92.6	−1.3	165.3	161.8	3.4	199.0	57.5
III	522.3	518.3	4.0	261.8	257.8	4.0	97.7	94.3	3.4	164.2	163.5	.6	201.3	59.2
IV	538.6	532.6	6.0	271.0	265.0	6.0	102.3	98.8	3.5	168.8	166.3	2.5	206.6	61.0
1962:														
I	545.0	538.3	6.7	274.9	268.2	6.7	103.4	99.9	3.5	171.5	168.4	3.1	211.1	59.0
II	552.0	547.9	4.0	276.7	272.6	4.0	104.5	102.6	1.9	172.2	170.0	2.2	213.5	61.8
III	555.3	554.2	1.0	275.7	274.7	1.0	104.9	103.0	1.9	170.8	171.7	−.9	215.9	63.6
IV [1]	562.0	561.5	.5	279.6	279.0	.5	105.8	106.5	−.7	173.8	172.5	1.3	218.6	63.9

[1] Preliminary estimates by Council of Economic Advisers.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce (except as noted).

TABLE C–5.—*Gross national product by major type of product, in 1954 prices, 1947–62* [1]

[Billions of dollars, 1954 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	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	Construction
1947	282.3	282.4	−0.1	163.3	163.4	−0.1	55.8	54.3	1.5	107.5	109.2	−1.6	94.7	24.3
1948	293.1	288.7	4.4	167.7	163.4	4.4	55.4	54.6	.8	112.3	108.8	3.5	97.2	28.2
1949	292.7	296.3	−3.6	162.3	165.9	−3.6	51.9	54.3	−2.4	110.5	111.6	−1.2	100.7	29.7
1950	318.1	310.9	7.2	177.6	170.4	7.2	65.3	61.0	4.3	112.3	109.4	2.9	105.0	35.4
1951	341.8	332.1	9.7	191.7	182.0	9.7	74.6	67.4	7.1	117.1	114.5	2.6	114.2	36.0
1952	353.5	350.9	2.6	196.8	194.2	2.6	75.1	73.9	1.2	121.8	120.3	1.5	119.8	36.9
1953	369.0	368.5	.5	207.7	207.2	.5	80.8	79.8	1.0	126.9	127.4	−.5	122.5	38.8
1954	363.1	364.8	−1.6	197.4	199.0	−1.6	71.6	74.1	−2.5	125.9	125.0	.9	124.1	41.6
1955	392.7	386.6	6.1	216.9	210.8	6.1	83.1	80.1	3.0	133.8	130.7	3.1	130.2	45.6
1956	400.9	396.4	4.5	221.4	217.0	4.5	84.9	82.3	2.7	136.5	134.7	1.8	135.5	43.9
1957	408.6	406.9	1.6	223.4	221.7	1.6	85.5	84.5	1.0	137.9	137.2	.7	141.2	44.0
1958	401.3	402.8	−1.5	211.5	213.1	−1.5	71.7	74.1	−2.4	139.8	139.0	.8	145.2	44.5
1959	428.6	422.7	5.9	228.8	222.9	5.9	82.9	80.0	3.0	145.9	143.0	2.9	151.4	48.3
1960	440.2	436.5	3.7	234.0	230.3	3.7	85.0	82.9	2.1	149.1	147.5	1.6	158.3	47.8
1961	447.9	446.0	2.0	233.5	231.5	2.0	82.1	82.0	.1	151.4	149.5	1.8	165.2	49.3
1962 [2]	471.5	468.7	2.8	247.1	244.4	2.8	90.7	89.4	1.4	156.4	155.0	1.4	173.2	51.2
	Seasonally adjusted annual rates													
1960: I	440.9	431.3	9.6	238.0	228.4	9.6	89.3	81.8	7.5	148.7	146.7	2.1	155.5	47.4
II	442.3	438.3	4.0	236.3	232.3	4.0	87.0	84.4	2.5	149.3	147.9	1.4	158.3	47.7
III	439.7	437.7	1.9	233.1	231.1	1.9	83.6	82.6	.9	149.5	148.5	1.0	158.8	47.8
IV	437.7	438.4	−.7	228.8	229.5	−.7	80.0	82.7	−2.6	148.7	146.8	2.0	160.7	48.2
1961: I	433.9	436.9	−3.0	223.5	226.5	−3.0	74.3	78.8	−4.6	149.3	147.7	1.6	162.5	47.9
II	443.9	441.9	2.0	231.2	229.2	2.0	79.7	80.7	−1.0	151.5	148.5	3.1	164.2	48.5
III	450.4	446.9	3.5	235.3	231.8	3.5	85.0	82.0	3.0	150.3	149.8	.5	165.4	49.7
IV	463.4	458.1	5.4	243.7	238.4	5.4	89.4	86.3	3.1	154.4	152.1	2.2	168.7	51.0
1962: I	467.4	461.5	5.9	246.4	240.5	5.9	89.9	87.0	2.9	156.5	153.5	3.0	171.8	49.2
II	470.8	467.2	3.7	247.1	243.4	3.7	90.3	88.7	1.6	156.8	154.7	2.1	172.7	51.0
III	471.6	470.8	.8	245.8	245.0	.8	90.8	89.1	1.6	155.0	155.9	−.9	173.7	52.1
IV [2]	476.1	475.5	.6	249.3	248.6	.6	91.9	92.5	−.6	157.3	156.1	1.2	174.5	52.3

[1] For explanation of conversion of estimates in current prices to those in 1954 prices, see *U.S. Income and Output, A Supplement to the Survey of Current Business*, 1958.
[2] Preliminary estimates by Council of Economic Advisers.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce (except as noted).

TABLE C-6.—*Implicit price deflators for gross national product, 1929-62*

[Index numbers, 1954=100]

Year or quarter	Gross national product [1]	Personal consumption expenditures: Total	Personal consumption expenditures: Durable goods	Personal consumption expenditures: Nondurable goods	Personal consumption expenditures: Services	Gross private domestic investment [1]: New construction: Total	Gross private domestic investment [1]: New construction: Residential nonfarm	Gross private domestic investment [1]: New construction: Other	Gross private domestic investment [1]: Producers' durable equipment
1929	57.4	61.6	62.0	57.7	66.8	41.7	41.8	41.6	52.5
1930	55.4	59.0	60.5	54.8	64.2	40.0	40.8	39.7	50.5
1931	49.9	52.6	53.5	46.9	60.3	36.5	37.1	36.2	47.9
1932	44.9	46.5	47.0	40.0	55.3	31.1	30.1	31.7	45.5
1933	44.2	44.8	46.1	40.3	50.7	31.2	29.8	31.9	43.1
1934	46.9	47.6	48.8	45.3	50.7	33.3	33.1	33.4	45.9
1935	47.4	48.6	47.9	47.2	50.9	34.1	32.6	35.4	45.6
1936	47.7	49.1	47.9	47.4	51.9	34.8	34.3	35.2	45.4
1937	49.5	50.9	50.3	49.1	53.8	39.0	37.8	39.9	48.7
1938	48.7	49.8	50.8	46.7	54.5	39.1	39.2	39.1	50.2
1939	48.1	49.2	50.2	45.8	54.5	39.0	39.5	38.4	49.4
1940	48.9	49.7	50.7	46.4	54.8	40.1	40.9	39.1	50.6
1941	52.9	53.1	54.8	50.5	56.8	43.4	44.6	42.2	54.0
1942	59.6	59.5	64.2	58.8	59.8	47.6	47.7	47.6	58.5
1943	64.9	65.0	70.3	65.8	62.8	53.0	51.4	54.0	58.4
1944	66.5	68.6	78.7	69.5	65.5	56.3	56.2	56.3	59.3
1945	68.0	71.0	82.8	72.2	67.1	57.8	60.0	56.9	60.0
1946	74.6	76.5	82.0	78.8	71.1	63.7	65.3	62.6	66.7
1947	83.0	84.6	88.4	88.7	76.8	76.6	78.4	74.8	76.8
1948	88.5	89.5	92.4	94.0	81.7	85.9	88.6	83.1	83.1
1949	88.2	88.7	93.5	90.9	83.6	84.3	85.9	82.6	87.0
1950	89.5	89.9	94.6	91.4	85.9	88.3	90.9	85.1	89.0
1951	96.2	96.0	101.1	99.0	89.8	95.3	97.5	93.1	96.8
1952	98.1	98.0	102.2	100.1	93.6	98.4	100.3	96.5	97.5
1953	99.0	99.0	99.4	99.7	97.7	100.1	101.3	98.9	99.0
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1955	101.2	100.4	100.1	99.5	101.7	103.1	103.0	103.2	102.6
1956	104.6	102.1	101.3	100.9	104.1	109.8	109.0	110.7	109.0
1957	108.4	105.1	104.7	103.9	107.0	113.5	111.2	115.7	115.7
1958	110.8	107.3	104.9	106.3	109.4	114.2	111.2	117.6	118.9
1959	112.6	108.5	106.3	106.0	112.5	116.8	114.3	120.1	121.4
1960	114.4	110.1	106.1	107.4	115.0	118.8	115.9	122.0	121.6
1961	115.8	111.1	105.2	108.3	116.5	119.6	115.8	123.7	121.3
1962 [2]	117.4	112.1	105.4	109.1	118.2	121.7	117.7	126.4	121.5
1960: I	113.8	109.6	106.4	106.7	114.4	118.2	115.8	121.1	121.5
II	114.1	110.1	106.6	107.2	114.9	118.9	116.3	121.9	121.9
III	114.6	110.3	106.5	107.4	115.1	119.1	116.1	122.4	122.0
IV	115.0	110.6	105.1	108.3	115.5	118.9	115.5	122.6	121.1
1961: I	115.4	110.8	104.6	108.5	115.7	119.2	115.0	123.4	121.6
II	115.6	110.9	105.3	108.1	116.2	119.5	115.7	123.4	121.5
III	116.0	111.1	105.5	108.2	116.6	119.9	116.3	123.7	121.4
IV	116.2	111.4	105.1	108.5	117.3	119.8	116.1	124.3	120.7
1962: I	116.6	111.6	104.9	108.7	117.4	120.4	116.2	125.0	121.2
II	117.2	112.0	106.0	108.9	117.9	121.3	117.3	126.0	121.8
III	117.7	112.3	105.6	109.1	118.5	122.4	118.5	126.9	121.8
IV [2]	118.1	112.7	105.3	109.5	119.2	122.7	118.6	127.5	121.1

See footnotes at end of table.

TABLE C–6.—*Implicit price deflators for gross national product, 1929–62*—Continued

[Index numbers, 1954=100]

Year or quarter	Exports and imports of goods and services [1]		Government purchases of goods and services		
	Exports	Imports	Total	Federal	State and local
1929	63.1	57.3	45.8	44.5	46.1
1930	55.0	48.9	44.9	41.8	45.5
1931	43.2	39.7	42.7	41.7	43.0
1932	36.2	32.3	39.4	38.2	39.7
1933	35.2	29.3	40.3	38.3	41.1
1934	43.0	33.8	42.9	43.2	42.8
1935	44.7	36.0	43.4	43.7	43.3
1936	46.0	36.9	44.0	46.9	42.2
1937	48.9	41.1	45.1	47.3	43.8
1938	46.5	38.0	44.5	46.1	43.4
1939	46.9	38.6	44.2	46.8	42.7
1940	51.2	40.9	45.2	47.0	43.9
1941	56.1	43.0	51.9	55.1	46.2
1942	64.9	48.9	59.6	61.4	49.8
1943	68.1	51.3	64.3	65.6	52.7
1944	73.3	53.3	63.4	64.3	54.6
1945	75.3	57.4	63.2	63.9	57.4
1946	80.8	65.5	69.4	73.0	63.0
1947	93.4	79.7	76.4	80.8	71.5
1948	98.6	86.3	82.0	84.4	79.3
1949	92.7	82.0	85.1	88.0	81.7
1950	90.3	87.8	86.5	89.6	83.7
1951	103.3	102.8	95.5	98.7	90.2
1952	103.0	102.8	97.8	99.2	94.8
1953	101.0	98.2	98.3	98.6	97.5
1954	100.0	100.0	100.0	100.0	100.0
1955	100.7	99.9	103.3	104.1	102.2
1956	103.4	101.8	109.2	109.7	108.6
1957	107.4	103.2	114.6	114.9	114.2
1958	105.9	99.2	117.9	118.3	117.3
1959	104.3	98.2	121.4	122.2	120.3
1960	105.8	100.3	125.0	125.6	124.2
1961	107.6	99.1	127.9	128.0	127.9
1962 [2]	108.2	97.7	130.4	128.3	133.0
1960: I	105.4	100.4	124.0	125.0	122.8
II	105.8	100.5	123.7	123.7	123.6
III	106.1	100.6	125.2	125.5	124.8
IV	106.0	99.8	127.0	128.3	125.5
1961: I	106.8	99.8	127.6	129.1	125.9
II	108.4	98.8	127.3	127.6	127.0
III	107.3	98.8	128.3	128.1	128.6
IV	108.1	98.8	128.4	127.3	129.7
1962: I	108.1	98.8	129.5	128.2	131.1
II	109.1	97.8	130.1	127.8	132.9
III	108.2	97.4	130.7	128.1	133.7
IV [2]	107.2	96.8	131.4	129.1	134.1

[1] Separate deflators are not available for total gross private domestic investment, change in business inventories, and net exports of goods and services.

For explanation of conversion of estimates in current prices to those in 1954 prices, see *U.S. Income and Output, A Supplement to the Survey of Current Business*, 1958.

[2] Preliminary estimates by Council of Economic Advisers.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce (except as noted).

TABLE C–7.—*Gross national product: Receipts and expenditures by major economic groups, 1929–62*

[Billions of dollars]

Year or quarter	Persons			Business			International				
	Disposable personal income	Personal consumption expenditures	Personal saving or dissaving (−)	Gross retained earnings [1]	Gross private domestic investment	Excess of receipts or investment (−)	Foreign net transfers by government [2]	Net exports of goods and services [3]			Excess of transfers or net exports (−)
								Net exports	Exports	Imports	
1929	83.1	79.0	4.2	11.5	16.2	−4.7	([2])	0.8	7.0	6.3	−0.8
1930	74.4	71.0	3.4	8.8	10.3	−1.5	([2])	.7	5.4	4.8	−.7
1931	63.8	61.3	2.5	5.2	5.5	−.3	([2])	.2	3.6	3.4	−.2
1932	48.7	49.3	−.6	2.7	.9	1.8	([2])	.2	2.5	2.3	−.2
1933	45.7	46.4	−.6	2.6	1.4	1.2	([2])	.2	2.4	2.3	−.2
1934	52.0	51.9	.1	4.9	2.9	2.0	([2])	.4	3.0	2.5	−.4
1935	58.3	56.3	2.0	6.3	6.3	.1	([2])	−.1	3.3	3.3	.1
1936	66.2	62.6	3.6	6.5	8.4	−1.9	([2])	−.1	3.5	3.6	.1
1937	71.0	67.3	3.7	7.8	11.7	−4.0	([2])	.1	4.6	4.5	−.1
1938	65.7	64.6	1.1	7.8	6.7	1.2	([2])	1.1	4.3	3.2	−1.1
1939	70.4	67.6	2.9	8.3	9.3	−1.0	([2])	.9	4.4	3.5	−.9
1940	76.1	71.9	4.2	10.4	13.2	−2.8	([2])	1.5	5.4	3.8	−1.5
1941	93.0	81.9	11.1	11.5	18.1	−6.6	([2])	1.1	6.0	4.8	−1.1
1942	117.5	89.7	27.8	14.1	9.9	4.3	([2])	−.2	4.9	5.1	.2
1943	133.5	100.5	33.0	16.3	5.6	10.7	([2])	−2.2	4.5	6.8	2.2
1944	146.8	109.8	36.9	17.2	7.1	10.1	([2])	−2.1	5.4	7.5	2.1
1945	150.4	121.7	28.7	15.6	10.4	5.2	([2])	−1.4	7.4	8.8	1.4
1946	160.6	147.1	13.5	13.1	28.1	−15.1	0.3	4.9	12.8	7.9	−4.6
1947	170.1	165.4	4.7	18.9	31.5	−12.6	.1	9.0	17.9	8.9	−8.9
1948	189.3	178.3	11.0	26.6	43.1	−16.5	1.6	3.5	14.5	11.0	−1.9
1949	189.7	181.2	8.5	27.6	33.0	−5.4	3.2	3.8	14.0	10.2	−.5
1950	207.7	195.0	12.6	27.7	50.0	−22.3	2.8	.6	13.1	12.5	2.2
1951	227.5	209.8	17.7	31.5	56.3	−24.8	2.1	2.4	17.9	15.5	−.2
1952	238.7	219.8	18.9	33.2	49.9	−16.6	1.5	1.3	17.4	16.1	.2
1953	252.5	232.6	19.8	34.3	50.3	−16.0	1.6	−.4	16.6	17.0	2.0
1954	256.9	238.0	18.9	35.5	48.9	−13.4	1.4	1.0	17.5	16.5	.4
1955	274.4	256.9	17.5	42.1	63.8	−21.8	1.5	1.1	19.4	18.3	.4
1956	292.9	269.9	23.0	43.0	67.4	−24.3	1.5	2.9	23.1	20.2	−1.5
1957	308.8	285.2	23.6	45.6	66.1	−20.5	1.5	4.9	26.2	21.3	−3.5
1958	317.9	293.2	24.7	44.8	56.6	−11.9	1.3	1.2	22.7	21.5	.1
1959	337.1	313.5	23.6	51.3	72.7	−21.4	1.5	−.8	22.9	23.6	2.3
1960	349.4	328.5	20.9	52.1	72.4	−20.3	1.6	2.9	26.4	23.5	−1.3
1961	363.6	338.1	25.6	53.6	69.3	−15.6	1.6	4.0	27.3	23.3	−2.4
1962 [4]	[5] 382.7	356.7	26.0	[5,6] 57.9	76.2	[6] −18.3	1.7	3.1	28.4	25.4	−1.4
	Seasonally adjusted annual rates										
1960: I	344.0	323.9	20.1	52.6	79.1	−26.5	1.5	1.4	25.3	23.9	0.1
II	349.6	329.9	19.7	52.4	73.5	−21.1	1.6	2.4	26.5	24.2	−.8
III	351.7	329.8	22.0	52.0	70.3	−18.2	1.5	2.8	26.5	23.6	−1.3
IV	352.7	330.5	22.2	51.2	66.5	−15.3	1.6	4.9	27.2	22.3	−3.2
1961: I	354.3	330.5	23.8	50.0	60.1	−10.1	1.6	5.3	27.4	22.2	−3.7
II	361.0	335.5	25.5	53.2	67.6	−14.4	1.5	4.0	26.4	22.4	−2.4
III	366.3	340.1	26.3	54.1	72.4	−18.3	1.5	2.8	26.9	24.1	−1.3
IV	372.6	346.1	26.5	57.0	76.6	−19.6	1.6	3.8	28.3	24.5	−2.2
1962: I	375.6	350.2	25.4	57.2	75.9	−18.7	1.7	3.7	28.2	24.5	−2.0
II	381.8	354.9	26.9	57.6	77.4	−19.9	1.7	3.7	29.0	25.3	−2.0
III	384.1	358.2	26.0	57.7	76.3	−18.6	1.8	2.5	28.3	25.8	−.7
IV [4]	389.3	363.5	25.8	([7])	75.0	([7])	1.5	2.5	28.3	25.8	−1.0

See footnotes at end of table.

TABLE C-7.—*Gross national product: Receipts and expenditures by major economic groups, 1929–62*—Continued

[Billions of dollars]

Year or quarter	Government							Total income or receipts	Statistical discrepancy	Gross national product or expenditure
	Receipts			Expenditures			Surplus or deficit (−) on income and product account			
	Net receipts	Tax and nontax receipts or accruals	Transfers, interest, and subsidies [3]	Purchases of goods and services	Total expenditures	Transfers, interest, and subsidies [3]				
1929	9.5	11.3	1.7	8.5	10.2	1.7	1.0	104.2	0.3	104.4
1930	8.9	10.8	1.8	9.2	11.0	1.8	−.3	92.1	−1.0	91.1
1931	6.4	9.5	3.1	9.2	12.3	3.1	−2.8	75.4	.8	76.3
1932	6.4	8.9	2.5	8.1	10.6	2.5	−1.7	57.7	.8	58.5
1933	6.7	9.3	2.6	8.0	10.7	2.6	−1.4	55.0	.9	56.0
1934	7.4	10.5	3.1	9.8	12.8	3.1	−2.4	64.2	.7	65.0
1935	8.0	11.4	3.4	10.0	13.3	3.4	−2.0	72.7	−.2	72.5
1936	8.9	12.9	4.1	11.8	15.9	4.1	−3.0	81.6	1.1	82.7
1937	12.3	15.4	3.1	11.7	14.8	3.1	.6	91.0	−.2	90.8
1938	11.2	15.0	3.8	12.8	16.6	3.8	−1.6	84.8	.5	85.2
1939	11.2	15.4	4.2	13.3	17.5	4.2	−2.1	89.9	1.2	91.1
1940	13.3	17.7	4.4	14.1	18.5	4.4	−.7	99.8	.8	100.6
1941	21.0	25.0	4.0	24.8	28.8	4.0	−3.8	125.4	.4	125.8
1942	28.3	32.6	4.3	59.7	64.0	4.3	−31.4	160.0	−.8	159.1
1943	44.4	49.2	4.8	88.6	93.4	4.8	−44.2	194.2	−1.7	192.5
1944	44.6	51.2	6.5	96.5	103.1	6.5	−51.9	208.6	2.8	211.4
1945	43.1	53.2	10.1	82.9	92.9	10.1	−39.7	209.1	4.5	213.6
1946	34.6	51.1	16.5	30.5	47.0	16.5	4.1	208.6	2.1	210.7
1947	41.6	57.1	15.4	28.4	43.8	15.4	13.3	230.7	3.5	234.3
1948	42.8	59.2	16.5	34.5	51.0	16.5	8.2	260.3	−.8	259.4
1949	37.0	56.4	19.4	40.2	59.5	19.4	−3.1	257.5	.5	258.1
1950	47.2	69.3	22.1	39.0	61.1	22.1	8.2	285.3	−.7	284.6
1951	66.6	85.5	18.9	60.5	79.4	18.9	6.1	327.7	1.2	329.0
1952	72.2	90.6	18.4	76.0	94.4	18.4	−3.9	345.6	1.4	347.0
1953	75.7	94.9	19.2	82.8	102.0	19.2	−7.1	364.1	1.3	365.4
1954	68.5	90.0	21.5	75.3	96.7	21.5	−6.7	362.3	.9	363.1
1955	78.4	101.4	23.0	75.6	98.6	23.0	2.9	396.5	1.0	397.5
1956	84.2	109.5	25.3	79.0	104.3	25.3	5.2	421.6	−2.4	419.2
1957	87.5	116.3	28.7	86.5	115.3	28.7	1.0	443.4	−.6	442.8
1958	82.0	115.1	33.1	93.5	126.6	33.1	−11.4	446.0	−1.5	444.5
1959	95.7	130.2	34.4	97.2	131.6	34.4	−1.5	485.7	−3.0	482.7
1960	103.8	141.0	37.1	99.7	136.8	37.1	4.2	506.8	−3.4	503.4
1961	103.0	144.8	41.9	107.4	149.3	41.9	−4.4	521.8	−3.1	518.7
1962 [4]	[5] [6] 114.8	[5] [6] 158.2	43.4	117.6	161.0	43.4	−2.8	[6] 557.1	[6] −3.5	553.6
	Seasonally adjusted annual rates									
1960: I	105.9	141.9	36.0	97.2	133.2	36.0	8.7	504.0	−2.3	501.7
II	105.7	142.4	36.7	99.0	135.6	36.7	6.7	509.2	−4.5	504.8
III	102.6	139.9	37.4	100.8	138.2	37.4	1.8	507.8	−4.2	503.7
IV	100.8	139.7	38.9	101.4	140.3	38.9	−.7	506.4	−3.0	503.3
1961: I	97.9	138.1	40.2	104.8	145.0	40.2	−6.9	503.9	−3.1	500.8
II	101.7	143.9	42.1	106.0	148.1	42.1	−4.3	517.5	−4.4	513.1
III	103.4	145.7	42.4	106.9	149.3	42.4	−3.6	525.3	−3.1	522.3
IV	109.2	151.6	42.4	112.1	154.4	42.4	−2.9	540.5	−1.9	538.6
1962: I	111.9	154.6	42.7	115.2	157.9	42.7	−3.3	546.4	−1.4	545.0
II	114.9	157.8	42.9	116.0	158.9	42.9	−1.1	556.0	−4.0	552.0
III	115.9	159.2	43.3	118.2	161.6	43.3	−2.4	559.8	−4.3	555.3
IV [4]	(7)	(7)	44.6	121.0	165.6	44.6	(7)	(7)	(7)	562.0

[1] Undistributed corporate profits, corporate inventory valuation adjustment, capital consumption allowances, and excess of wage accruals over disbursements.
[2] For 1929–45, foreign net transfers by Government were negligible; therefore, for that period, net exports of goods and services and net foreign investment have been equated.
[3] Government transfer payments to persons, foreign net transfers by Government, net interest paid by government, and subsidies less current surplus of government enterprises.
[4] Preliminary estimates by Council of Economic Advisers.
[5] See Table C–62.
[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.
[7] Not available.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce (except as noted).

TABLE C-8.—*Gross private and government product, in current and 1962 prices, 1929–62*

[Billions of dollars]

Year or quarter	Current prices					1962 prices [4]				
	Total gross national product	Gross private product [1]			Gross government product [3]	Total gross national product	Gross private product [1]			Gross government product [3]
		Total	Farm [2]	Nonfarm			Total	Farm [2]	Nonfarm	
1929	104.4	100.1	9.8	90.3	4.3	212.0	196.7	15.8	180.9	15.3
1930	91.1	86.6	7.7	78.8	4.5	192.5	176.5	14.4	162.1	16.0
1931	76.3	71.6	6.2	65.4	4.7	178.2	161.9	16.9	145.1	16.3
1932	58.5	54.0	4.4	49.6	4.4	151.9	135.9	15.8	120.1	15.9
1933	56.0	51.3	4.6	46.7	4.7	148.2	131.1	15.6	115.5	17.1
1934	65.0	59.4	4.3	55.1	5.6	162.3	142.5	13.0	129.6	19.7
1935	72.5	66.6	6.9	59.6	5.9	177.8	156.7	15.8	140.9	21.1
1936	82.7	75.5	6.3	69.2	7.3	202.7	178.0	13.5	164.5	24.7
1937	90.8	83.9	8.1	75.8	6.9	213.2	190.0	16.9	173.1	23.3
1938	85.2	77.6	6.7	70.9	7.6	203.9	178.7	17.0	161.7	25.2
1939	91.1	83.5	6.5	77.0	7.6	220.7	195.2	17.0	178.2	25.5
1940	100.6	92.8	6.8	86.0	7.8	239.3	213.1	16.7	196.4	26.2
1941	125.8	116.4	9.4	107.0	9.4	278.6	246.0	18.0	228.0	32.6
1942	159.1	144.0	13.4	130.6	15.1	318.5	271.1	19.6	251.5	47.5
1943	192.5	167.0	15.3	151.7	25.6	358.7	284.4	17.9	266.4	74.4
1944	211.4	179.2	15.7	163.5	32.2	384.8	298.8	18.4	280.4	86.0
1945	213.6	178.4	16.2	162.2	35.2	377.5	293.2	17.3	275.8	84.3
1946	210.7	189.9	19.3	170.7	20.7	328.4	284.2	17.6	266.7	44.2
1947	234.3	217.6	20.7	196.9	16.7	327.9	294.2	16.2	278.1	33.7
1948	259.4	242.0	23.8	218.2	17.4	340.7	306.9	18.4	288.5	33.7
1949	258.1	238.7	19.3	219.4	19.4	341.7	306.3	17.5	288.8	35.4
1950	284.6	263.8	20.5	243.2	20.8	370.0	333.4	18.5	314.9	36.6
1951	329.0	301.7	23.6	278.2	27.3	400.4	354.9	17.3	337.6	45.5
1952	347.0	316.0	22.8	293.2	31.0	415.8	366.7	18.0	348.7	49.1
1953	365.4	333.6	20.9	312.7	31.8	434.8	386.2	18.6	367.6	48.6
1954	363.1	330.8	20.3	310.5	32.3	426.3	378.5	19.5	359.0	47.8
1955	397.5	363.5	19.6	343.9	34.0	459.6	411.9	20.5	391.4	47.7
1956	419.2	382.8	19.3	363.5	36.4	469.4	421.1	20.0	401.0	48.4
1957	442.8	403.8	19.4	384.5	38.9	478.5	429.3	19.7	409.6	49.2
1958	444.5	402.6	21.3	381.2	42.0	471.1	421.6	20.0	401.7	49.5
1959	482.7	438.6	20.0	418.6	44.1	502.6	452.6	19.9	432.8	50.0
1960	503.4	456.2	20.9	435.3	47.3	515.8	464.5	20.9	443.6	51.3
1961	518.7	467.9	21.4	446.6	50.8	525.5	472.7	21.1	451.6	52.8
1962 [5]	553.6	498.5	21.3	477.2	55.1	553.6	498.5	21.3	477.2	55.1
	Seasonally adjusted annual rates									
1960: I	501.7	455.8	(6)	(6)	45.9	516.6	466.0	(6)	(6)	50.6
II	504.8	458.0	(6)	(6)	46.8	518.3	466.8	(6)	(6)	51.5
III	503.7	455.8	(6)	(6)	47.9	515.3	463.9	(6)	(6)	51.5
IV	503.3	454.8	(6)	(6)	48.6	512.6	461.0	(6)	(6)	51.7
1961: I	500.8	451.4	(6)	(6)	49.3	509.0	457.0	(6)	(6)	52.0
II	513.1	463.0	(6)	(6)	50.1	520.5	468.2	(6)	(6)	52.3
III	522.3	471.2	(6)	(6)	51.1	528.5	475.6	(6)	(6)	52.9
IV	538.6	486.0	(6)	(6)	52.6	543.7	489.8	(6)	(6)	53.9
1962: I	545.0	491.0	(6)	(6)	54.0	548.4	493.6	(6)	(6)	54.8
II	552.0	497.1	(6)	(6)	54.8	552.6	497.5	(6)	(6)	55.1
III	555.3	499.9	(6)	(6)	55.4	554.2	499.1	(6)	(6)	55.1
IV [5]	526.0	505.8	(6)	(6)	56.3	559.1	503.6	(6)	(6)	55.5

[1] Gross national product less compensation of general government employees, i. e., gross product accruing from domestic business, households, and institutions, and from the rest of the world.

[2] See *Survey of Current Business*, October 1958, for description of series and estimates in current and constant prices and implicit deflators for 1910–57.

[3] Includes compensation of general government employees and excludes 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.

[4] See footnote 1, Table C–2.

[5] Preliminary estimates by Council of Economic Advisers.

[6] Not available.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Sources: Department of Commerce and Council of Economic Advisers.

TABLE C-9.—*Personal consumption expenditures, 1929–62*

[Billions of dollars]

Year or quarter	Total personal consumption expenditures	Durable goods: Total	Durable goods: Automobiles and parts	Durable goods: Furniture and household equipment	Durable goods: Other	Nondurable goods: Total	Nondurable goods: Food excluding alcoholic beverages [1]	Nondurable goods: Clothing and shoes [2]	Nondurable goods: Gasoline and oil	Nondurable goods: Other	Services: Total	Services: Housing [3]	Services: Household operation	Services: Transportation	Services: Other
1929	79.0	9.2	3.2	4.8	1.2	37.7	19.5	9.4	1.8	7.0	32.1	11.4	4.0	2.6	14.0
1930	71.0	7.2	2.2	3.9	1.1	34.0	18.0	8.0	1.7	6.3	29.8	11.0	3.9	2.2	12.7
1931	61.3	5.5	1.6	3.1	.9	28.9	14.7	6.9	1.5	5.7	26.9	10.3	3.5	1.9	11.2
1932	49.3	3.6	.9	2.1	.6	22.8	11.4	5.1	1.5	4.8	22.9	9.0	3.0	1.6	9.3
1933	46.4	3.5	1.1	1.9	.5	22.3	10.9	4.6	1.5	5.3	20.7	7.9	2.8	1.5	8.5
1934	51.9	4.2	1.4	2.2	.6	26.7	12.2	5.7	1.6	7.2	21.0	7.6	3.0	1.6	8.8
1935	56.3	5.1	1.9	2.6	.7	29.3	13.6	6.0	1.7	7.9	21.9	7.6	3.2	1.7	9.4
1936	62.6	6.3	2.3	3.2	.8	32.8	15.2	6.6	1.9	9.1	23.5	7.9	3.4	1.9	10.3
1937	67.3	6.9	2.4	3.6	1.0	35.2	16.4	6.8	2.1	9.8	25.1	8.4	3.7	2.0	11.1
1938	64.6	5.7	1.6	3.1	.9	34.0	15.6	6.8	2.1	9.5	25.0	8.8	3.6	1.9	10.7
1939	67.6	6.7	2.2	3.5	1.0	35.1	15.7	7.1	2.2	10.1	25.8	9.0	3.8	2.0	11.0
1940	71.9	7.8	2.7	3.9	1.1	37.2	16.7	7.4	2.3	10.8	26.9	9.3	4.0	2.1	11.4
1941	81.9	9.7	3.4	4.9	1.4	43.2	19.4	8.8	2.6	12.3	29.0	10.0	4.3	2.4	12.3
1942	89.7	7.0	.7	4.7	1.6	51.3	23.7	11.0	2.1	14.5	31.5	10.8	4.8	2.7	13.1
1943	100.5	6.6	.8	3.9	1.9	59.3	27.8	13.4	1.3	16.7	34.7	11.3	5.2	3.4	14.7
1944	109.8	6.8	.8	3.8	2.2	65.4	30.6	14.6	1.4	18.7	37.7	11.9	5.9	3.7	16.3
1945	121.7	8.1	1.0	4.6	2.5	73.2	34.1	16.5	1.8	20.8	40.4	12.4	6.4	4.0	17.5
1946	147.1	15.9	3.9	8.7	3.3	84.8	40.7	18.2	3.0	22.9	46.4	13.8	6.7	5.1	20.8
1947	165.4	20.6	6.3	11.0	3.4	93.4	45.8	18.8	3.6	25.2	51.4	15.6	7.4	5.5	23.0
1948	178.3	22.7	7.4	11.9	3.4	98.7	48.2	20.1	4.4	26.0	56.9	17.6	7.9	6.0	25.4
1949	181.2	24.6	9.8	11.5	3.3	96.6	46.4	19.3	5.0	25.9	60.0	19.3	8.4	6.1	26.2
1950	195.0	30.4	13.0	14.0	3.4	99.8	47.4	19.6	5.4	27.4	64.9	21.2	9.3	6.3	28.1
1951	209.8	29.5	11.6	14.2	3.7	110.1	53.4	21.1	6.0	29.5	70.2	23.2	10.1	6.9	29.9
1952	219.8	29.1	11.0	14.1	3.9	115.1	55.8	21.9	6.7	30.7	75.6	25.4	10.8	7.4	32.0
1953	232.6	32.9	14.0	14.7	4.1	118.0	56.6	21.9	7.5	31.8	81.8	27.5	11.7	8.0	34.6
1954	238.0	32.4	13.4	14.8	4.3	119.3	57.7	21.9	8.0	31.7	86.3	29.1	12.1	7.9	37.1
1955	256.9	39.6	18.3	16.6	4.8	124.8	59.2	23.4	8.8	33.4	92.5	30.7	13.5	8.3	39.9
1956	269.9	38.5	15.8	17.4	5.3	131.4	62.2	24.5	9.6	35.2	100.0	32.7	14.8	8.6	43.8
1957	285.2	40.4	17.1	17.4	5.8	137.7	65.2	25.4	10.4	36.7	107.1	35.2	15.8	9.0	47.0
1958	293.2	37.3	13.9	17.4	6.0	141.6	67.4	25.7	10.5	38.0	114.3	37.7	16.9	9.2	50.6
1959	313.5	43.6	18.1	18.9	6.6	147.1	68.1	27.5	11.1	40.5	122.8	39.6	18.1	10.0	55.1
1960	328.5	44.8	18.8	19.1	7.0	151.8	69.7	28.1	11.7	42.4	131.9	41.8	19.6	10.7	59.7
1961	338.1	43.7	17.2	19.3	7.3	155.2	70.9	28.6	11.9	43.8	139.1	43.9	20.6	11.1	63.5
1962 [4]	356.7	47.6	20.0	19.9	7.6	162.0	74.1	30.1	12.4	45.4	147.2	46.0	21.8	11.6	67.8
	Seasonally adjusted annual rates														
1960: I	323.9	45.1	19.0	19.3	6.8	150.0	68.9	28.1	11.5	41.5	128.9	40.9	19.2	10.6	58.2
II	329.9	45.8	19.5	19.2	7.2	152.6	69.9	28.3	11.6	42.7	131.5	41.7	19.6	10.6	59.7
III	329.8	44.5	18.3	19.1	7.1	152.5	69.5	28.4	11.7	42.9	132.8	42.2	19.7	10.6	60.2
IV	330.5	44.0	18.3	18.7	7.0	152.3	70.4	27.8	11.9	42.3	134.2	42.6	20.0	10.7	61.0
1961: I	330.5	40.8	15.4	18.4	7.1	153.5	70.1	28.1	11.9	43.5	136.2	43.1	20.2	10.9	62.0
II	335.5	43.5	16.9	19.2	7.4	153.9	70.4	28.0	11.7	43.9	138.0	43.6	20.6	10.9	62.9
III	340.1	44.0	16.9	19.7	7.4	156.2	71.6	29.0	11.9	43.8	139.9	44.1	20.7	11.1	64.0
IV	346.1	46.6	19.4	19.8	7.4	157.2	71.7	29.2	12.1	44.2	142.3	44.8	21.0	11.4	65.1
1962: I	350.2	46.3	19.1	19.7	7.5	159.9	73.4	29.8	12.1	44.6	144.1	45.2	21.3	11.5	66.0
II	354.9	47.2	20.3	19.3	7.6	161.3	73.6	29.8	12.3	45.5	146.3	45.7	21.8	11.5	67.3
III	358.2	47.1	19.3	20.1	7.6	163.0	74.6	30.3	12.5	45.5	148.1	46.2	21.9	11.6	68.4
IV [4]	363.5	49.7	21.5	20.5	7.7	163.7	74.6	30.5	12.7	45.9	150.1	46.8	22.2	11.8	69.3

[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.
[4] Preliminary estimates by Council of Economic Advisers.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce (except as noted).

TABLE C-10.—*Gross private domestic investment, 1929–62*

[Billions of dollars]

Year or quarter	Total gross private domestic investment	Fixed investment									Change in business inventories		
		Total	New construction [1]					Producers' durable equipment			Total	Nonfarm	Farm
			Total	Residential nonfarm	Other [2]			Total	Nonfarm	Farm			
					Total	Nonfarm	Farm						
1929	16.2	14.6	8.7	3.6	5.1	4.8	0.3	5.8	5.2	0.6	1.7	1.8	−0.2
1930	10.3	10.6	6.2	2.1	4.1	3.9	.2	4.5	4.0	.5	−.4	−.1	−.3
1931	5.5	6.8	4.0	1.6	2.4	2.3	.1	2.8	2.6	.3	−1.3	−1.6	.3
1932	.9	3.5	1.9	.6	1.2	1.2	(3)	1.6	1.4	.1	−2.6	−2.6	(3)
1933	1.4	3.0	1.4	.5	1.0	.9	(3)	1.6	1.5	.1	−1.6	−1.4	−.3
1934	2.9	4.0	1.7	.6	1.1	1.0	.1	2.3	2.1	.3	−1.1	.2	−1.3
1935	6.3	5.4	2.3	1.0	1.3	1.2	.1	3.1	2.7	.4	.9	.4	.5
1936	8.4	7.4	3.3	1.6	1.7	1.6	.2	4.2	3.6	.5	1.0	2.1	−1.1
1937	11.7	9.5	4.4	1.9	2.5	2.3	.2	5.1	4.5	.6	2.2	1.7	.5
1938	6.7	7.6	4.0	2.0	2.0	1.8	.2	3.6	3.1	.5	−.9	−1.0	.1
1939	9.3	8.9	4.8	2.7	2.1	1.9	.2	4.2	3.7	.5	.4	.3	.1
1940	13.2	11.0	5.5	3.0	2.5	2.2	.2	5.5	4.9	.6	2.2	1.9	.3
1941	18.1	13.6	6.6	3.5	3.1	2.8	.3	6.9	6.1	.8	4.5	4.0	.5
1942	9.9	8.1	3.7	1.7	2.0	1.7	.3	4.3	3.7	.7	1.8	.7	1.2
1943	5.6	6.4	2.3	.9	1.4	1.2	.3	4.0	3.5	.6	−.8	−.6	−.2
1944	7.1	8.2	2.7	.8	1.9	1.6	.3	5.4	4.7	.7	−1.0	−.6	−.4
1945	10.4	11.5	3.8	1.1	2.7	2.5	.3	7.7	6.9	.7	−1.1	−.6	−.5
1946	28.1	21.8	11.0	4.8	6.3	5.4	.9	10.7	9.8	.9	6.4	6.4	(3)
1947	31.5	31.9	15.3	7.5	7.7	6.3	1.4	16.7	14.9	1.8	−.5	1.3	−1.8
1948	43.1	38.4	19.5	10.1	9.3	7.8	1.5	18.9	16.4	2.6	4.7	3.0	1.7
1949	33.0	36.0	18.8	9.6	9.2	7.7	1.5	17.2	14.4	2.9	−3.1	−2.2	−.9
1950	50.0	43.2	24.2	14.1	10.1	8.5	1.6	18.9	16.2	2.7	6.8	6.0	.8
1951	56.3	46.1	24.8	12.5	12.3	10.4	1.8	21.3	18.4	2.9	10.2	9.1	1.2
1952	49.9	46.8	25.5	12.8	12.7	10.8	1.9	21.3	18.6	2.7	3.1	2.1	.9
1953	50.3	49.9	27.6	13.8	13.8	12.1	1.7	22.3	19.5	2.8	.4	1.1	−.6
1954	48.9	50.5	29.7	15.4	14.3	12.7	1.6	20.8	18.5	2.3	−1.6	−2.1	.5
1955	63.8	58.1	34.9	18.7	16.2	14.6	1.6	23.1	20.6	2.5	5.8	5.5	.3
1956	67.4	62.7	35.5	17.7	17.8	16.3	1.6	27.2	25.0	2.2	4.7	5.1	−.4
1957	66.1	64.6	36.1	17.0	19.0	17.5	1.6	28.5	26.2	2.3	1.6	.8	.8
1958	56.6	58.6	35.5	18.0	17.4	15.9	1.5	23.1	20.3	2.8	−2.0	−2.9	.9
1959	72.7	66.2	40.2	22.3	17.9	16.2	1.7	25.9	23.1	2.9	6.6	6.5	.1
1960	72.4	68.3	40.7	21.1	19.7	18.0	1.6	27.6	25.1	2.5	4.1	3.7	.3
1961	69.3	67.1	41.6	21.0	20.5	18.6	1.9	25.5	23.0	2.5	2.1	1.9	.2
1962 [4]	76.2	73.1	44.3	23.1	21.2	19.4	1.7	28.8	25.9	2.9	3.1	3.0	.1
	Seasonally adjusted annual rates												
1960: I	79.1	68.3	40.9	21.5	19.3	17.7	1.7	27.4	24.9	2.5	10.8	10.6	0.2
II	73.5	69.1	40.7	21.2	19.5	17.9	1.7	28.4	26.0	2.4	4.4	4.1	.3
III	70.3	68.2	40.5	21.0	19.5	17.8	1.6	27.7	25.4	2.3	2.1	1.7	.4
IV	66.5	67.5	40.7	20.5	20.2	18.6	1.6	26.8	24.3	2.6	−1.1	−1.5	.4
1961: I	60.1	63.7	39.3	19.0	20.3	18.9	1.5	24.4	21.6	2.8	−3.6	−3.9	.3
II	67.6	65.6	41.0	20.1	20.8	18.5	2.3	24.6	22.1	2.5	2.1	1.8	.3
III	72.4	68.4	42.6	21.9	20.7	18.5	2.3	25.8	23.5	2.3	4.0	3.8	.2
IV	76.6	70.6	43.2	22.8	20.4	18.6	1.8	27.4	24.9	2.5	6.0	5.9	.1
1962: I	75.9	69.2	41.6	21.2	20.5	18.9	1.6	27.6	24.9	2.7	6.7	6.6	.1
II	77.4	73.4	44.5	23.3	21.2	19.4	1.8	28.9	26.0	2.9	4.0	3.9	.1
III	76.3	75.3	46.1	24.3	21.8	19.9	1.9	29.2	26.1	3.1	1.0	1.0	.0
IV [4]	75.0	74.5	44.9	23.7	21.3	19.5	1.8	29.6	26.6	3.0	.5	.5	.1

[1] Revisions in series on new construction shown in Table C–36 have not yet been incorporated into these series.
[2] Includes petroleum and natural gas well drilling, which are excluded from estimates in Table C–36.
[3] Less than $50 million.
[4] Preliminary estimates by Council of Economic Advisers.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce (except as noted).

TABLE C–11.—*National income by type of income, 1929–62*

[Billions of dollars]

Year or quarter	Total national income[1]	Compensation of employees[2]	Business and professional income and inventory valuation adjustment: Total	Business and professional income and inventory valuation adjustment: Income of unincorporated enterprises	Business and professional income and inventory valuation adjustment: Inventory valuation adjustment	Income of farm proprietors[3]	Rental income of persons	Corporate profits and inventory valuation adjustment: Total	Corporate profits and inventory valuation adjustment: Corporate profits before taxes[4]	Corporate profits and inventory valuation adjustment: Inventory valuation adjustment	Net interest
1929	87.8	51.1	8.8	8.6	0.1	6.0	5.4	10.1	9.6	0.5	6.4
1930	75.7	46.8	7.4	6.7	.8	4.1	4.8	6.6	3.3	3.3	6.0
1931	59.7	39.7	5.6	5.0	.6	3.2	3.8	1.6	−.8	2.4	5.8
1932	42.5	31.1	3.4	3.1	.3	1.9	2.7	−2.0	−3.0	1.0	5.4
1933	40.2	29.5	3.2	3.7	−.5	2.4	2.0	−2.0	.2	−2.1	5.0
1934	49.0	34.3	4.6	4.6	−.1	2.4	1.7	1.1	1.7	−.6	4.9
1935	57.1	37.3	5.4	5.4	(5)	5.0	1.7	2.9	3.1	−.2	4.8
1936	64.9	42.9	6.5	6.6	−.1	4.0	1.8	5.0	5.7	−.7	4.7
1937	73.6	47.9	7.1	7.1	(5)	5.6	2.1	6.2	6.2	(5)	4.7
1938	67.6	45.0	6.8	6.6	.2	4.3	2.6	4.3	3.3	1.0	4.6
1939	72.8	48.1	7.3	7.5	−.2	4.3	2.7	5.7	6.4	−.7	4.6
1940	81.6	52.1	8.4	8.5	(5)	4.6	2.9	9.1	9.3	−.2	4.5
1941	104.7	64.8	10.9	11.5	−.6	6.5	3.5	14.5	17.0	−2.5	4.5
1942	137.7	85.3	13.9	14.3	−.4	10.0	4.5	19.7	20.9	−1.2	4.3
1943	170.3	109.6	16.8	17.0	−.2	11.4	5.1	23.8	24.6	−.8	3.7
1944	182.6	121.3	18.0	18.1	−.1	11.5	5.4	23.0	23.3	−.3	3.3
1945	181.2	123.2	19.0	19.1	−.1	11.8	5.6	18.4	19.0	−.6	3.2
1946	180.9	117.7	21.3	23.0	−1.7	15.3	6.2	17.3	22.6	−5.3	3.1
1947	198.2	128.8	19.9	21.4	−1.5	15.5	6.5	23.6	29.5	−5.9	3.8
1948	223.5	141.0	22.4	22.8	−.4	17.8	7.3	30.8	33.0	−2.2	4.2
1949	217.7	140.8	22.7	22.2	.5	12.9	8.3	28.2	26.4	1.9	4.8
1950	241.9	154.2	23.5	24.6	−1.1	14.0	9.0	35.7	40.6	−5.0	5.5
1951	279.3	180.3	26.0	26.3	−.3	16.3	9.4	41.0	42.2	−1.2	6.3
1952	292.2	195.0	26.9	26.7	.2	15.3	10.2	37.7	36.7	1.0	7.1
1953	305.6	208.8	27.4	27.6	−.2	13.3	10.5	37.3	38.3	−1.0	8.2
1954	301.8	207.6	27.8	27.8	(5)	12.7	10.9	33.7	34.1	−.3	9.1
1955	330.2	223.9	30.4	30.6	−.2	11.8	10.7	43.1	44.9	−1.7	10.4
1956	350.8	242.5	32.1	32.6	−.5	11.6	10.9	42.0	44.7	−2.7	11.7
1957	366.9	255.5	32.7	33.0	−.3	11.8	11.9	41.7	43.2	−1.5	13.4
1958	367.4	257.1	32.5	32.6	−.1	13.5	12.2	37.2	37.4	−.3	14.8
1959	400.5	278.5	35.1	35.2	−.1	11.4	11.9	47.2	47.7	−.5	16.4
1960	415.5	293.7	34.2	34.2	(5)	12.0	11.9	45.6	45.4	.2	18.0
1961	427.8	302.2	34.8	34.7	(5)	13.1	12.3	45.5	45.6	(5)	20.0
1962[6]	[7,8] 457.5	321.6	36.8	36.8	(5)	13.0	12.8	[7,8] 51.0	[7,8] 50.9	[8] .2	22.2
	Seasonally adjusted annual rates										
1960: I	413.9	290.6	34.5	34.8	−0.3	10.7	11.9	48.6	49.2	−0.6	17.6
II	417.2	294.6	34.5	34.5	.0	12.4	11.9	46.2	46.4	−.2	17.7
III	416.6	295.8	34.1	33.8	.3	12.2	11.9	44.4	43.3	1.2	18.2
IV	414.4	293.9	33.8	33.9	−.1	12.7	12.0	43.3	42.8	.5	18.8
1961: I	411.8	294.1	33.7	33.7	.0	12.8	12.0	40.1	39.8	.3	19.1
II	424.3	300.2	34.5	34.3	.2	12.7	12.2	45.0	44.8	.2	19.8
III	431.3	304.5	35.1	35.2	−.1	13.1	12.3	46.0	46.3	−.3	20.3
IV	444.0	309.9	36.0	36.0	.0	13.6	12.5	51.1	51.4	−.3	21.0
1962: I	448.9	315.2	36.2	36.3	−.1	12.9	12.6	50.4	50.1	.3	21.5
II	456.7	321.7	36.8	36.8	.0	12.8	12.8	50.7	50.9	−.2	22.0
III	459.8	323.8	37.0	37.1	−.1	12.8	12.9	51.0	51.1	−.1	22.5
IV[6]	(9)	325.8	37.3	37.1	.2	13.6	12.9	(9)	(9)	.8	23.0

[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 C–12.

[2] Wages and salaries and supplements to wages and salaries (employer contributions for social insurance; employer contributions 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. Data for 1929–45 differ from those shown in Table C–72 because of revisions by the Department of Agriculture not yet incorporated into the national income accounts.

[4] See Table C–64 for corporate tax liability (Federal and State income and excess profits taxes) and corporate profits after taxes.

[5] Less than $50 million.

[6] Preliminary estimates by Council of Economic Advisers.

[7] See Table C–62.

[8] 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.

[9] Not available.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce (except as noted).

Table C-12.—*Relation of gross national product and national income, 1929–62*

[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			Less: Business transfer payments	Less: Statistical discrepancy	Equals: National income
		Total	Depreciation charges	Other[1]			Total	Federal	State and local			
1929	104.4	8.6	7.7	0.9	95.8	−0.1	7.0	1.2	5.8	0.6	0.3	87.8
1930	91.1	8.5	7.7	.8	82.6	−.1	7.2	1.0	6.1	.5	−1.0	75.7
1931	76.3	8.2	7.6	.6	68.1	(2)	6.9	.9	6.0	.6	.8	59.7
1932	58.5	7.6	7.0	.6	50.9	(2)	6.8	.9	5.8	.7	.8	42.5
1933	56.0	7.2	6.7	.5	48.8	(2)	7.1	1.6	5.4	.7	.9	40.2
1934	65.0	7.1	6.6	.5	57.9	.3	7.8	2.2	5.6	.6	.7	49.0
1935	72.5	7.2	6.7	.6	65.3	.4	8.2	2.2	6.0	.6	−.2	57.1
1936	82.7	7.5	6.7	.8	75.2	(2)	8.7	2.3	6.4	.6	1.1	64.9
1937	90.8	7.7	6.9	.8	83.0	.1	9.2	2.4	6.8	.6	−.2	73.6
1938	85.2	7.8	6.9	.8	77.4	.2	9.2	2.2	6.9	.4	.5	67.6
1939	91.1	7.8	7.1	.7	83.3	.5	9.4	2.3	7.0	.5	1.2	72.8
1940	100.6	8.1	7.3	.8	92.5	.4	10.0	2.6	7.4	.4	.8	81.6
1941	125.8	9.0	8.1	1.0	116.8	.1	11.3	3.6	7.7	.5	.4	104.7
1942	159.1	10.2	9.2	1.0	149.0	.2	11.8	4.0	7.7	.5	−.8	137.7
1943	192.5	10.9	9.9	1.0	181.6	.2	12.7	4.9	7.8	.5	−1.7	170.3
1944	211.4	12.0	10.8	1.2	199.4	.7	14.1	6.2	8.0	.5	2.8	182.6
1945	213.6	12.5	11.2	1.3	201.0	.8	15.5	7.1	8.4	.5	4.5	181.2
1946	210.7	10.7	9.0	1.7	200.0	.9	17.3	7.9	9.4	.6	2.1	180.9
1947	234.3	13.0	11.1	2.0	221.3	−.2	18.6	7.9	10.8	.7	3.5	198.2
1948	259.4	15.5	13.1	2.4	244.0	−.2	20.4	8.1	12.3	.7	−.8	223.5
1949	258.1	17.3	15.1	2.2	240.8	−.2	21.6	8.2	13.5	.8	.5	217.7
1950	284.6	19.1	16.5	2.6	265.5	.2	23.7	9.0	14.7	.8	−.7	241.9
1951	329.0	22.0	18.8	3.2	307.0	.2	25.6	9.5	16.1	1.0	1.2	279.3
1952	347.0	24.0	20.9	3.1	323.0	−.2	28.1	10.5	17.6	1.2	1.4	292.2
1953	365.4	26.5	23.1	3.5	338.9	−.4	30.2	11.2	19.0	1.4	1.3	305.6
1954	363.1	28.8	25.2	3.6	334.3	−.2	30.2	10.1	20.1	1.3	.9	301.8
1955	397.5	32.0	27.9	4.0	365.5	(2)	32.9	11.0	21.8	1.5	1.0	330.2
1956	419.2	34.4	30.5	3.9	384.8	.9	35.7	11.6	24.1	1.6	−2.4	350.8
1957	442.8	37.4	33.4	4.0	405.3	1.0	38.2	12.2	26.0	1.8	−.6	366.9
1958	444.5	38.6	35.2	3.4	405.9	1.1	39.3	11.9	27.4	1.8	−1.5	367.4
1959	482.7	41.0	37.3	3.7	441.7	.4	42.6	13.0	29.6	2.1	−3.0	400.5
1960	503.4	43.2	39.4	3.8	460.2	.5	46.5	14.1	32.5	2.1	−3.4	415.5
1961	518.7	45.3	41.5	3.8	473.4	1.7	48.2	13.9	34.2	2.1	−3.1	427.8
1962[3]	553.6	[4] 47.6	[4] 43.5	4.0	[4] 506.0	1.8	51.6	15.0	36.6	2.1	[5] −3.5	[4,5] 457.5
	Seasonally adjusted annual rates											
1960: I	501.7	42.7	(6)	(6)	459.0	0.5	45.9	14.4	31.5	2.1	−2.3	413.9
II	504.8	43.4	(6)	(6)	461.4	.4	47.0	14.5	32.4	2.1	−4.5	417.2
III	503.7	43.3	(6)	(6)	460.3	.5	46.4	13.6	32.8	2.1	−4.2	416.6
IV	503.3	43.6	(6)	(6)	459.7	.6	46.9	13.7	33.2	2.1	−3.0	414.4
1961: I	500.8	44.1	(6)	(6)	456.6	.7	46.6	13.1	33.5	2.1	−3.1	411.8
II	513.1	45.0	(6)	(6)	468.1	2.0	48.0	14.1	33.9	2.1	−4.4	424.3
III	522.3	45.7	(6)	(6)	476.6	2.1	48.3	13.9	34.4	2.1	−3.1	431.3
IV	538.6	46.6	(6)	(6)	492.0	2.0	49.7	14.7	35.1	2.1	−1.9	444.0
1962: I	545.0	47.0	(6)	(6)	498.0	1.8	50.2	14.6	35.6	2.1	−1.4	448.9
II	552.0	47.5	(6)	(6)	504.5	1.8	51.4	15.2	36.2	2.1	−4.0	456.7
III	555.3	47.5	(6)	(6)	507.8	1.8	51.8	15.0	36.9	2.1	−4.3	459.8
IV[3]	562.0	48.3	(6)	(6)	513.8	1.8	53.0	15.3	37.6	2.1	(6)	(6)

[1] Accidental damage to fixed capital and capital outlays charged to current account.
[2] Less than $50 million.
[3] Preliminary estimates by Council of Economic Advisers.
[4] See Table C–62.
[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.
[6] Not available.

Note.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce (except as noted).

TABLE C–13.—*Relation of national income and personal income, 1929–62*

[Billions of dollars]

Year or quarter	National income	Less:			Plus:				Equals:
		Corporate profits and inventory valuation adjustment	Contributions for social insurance	Excess of wage accruals over disbursements	Government transfer payments to persons	Net interest paid by government	Dividends	Business transfer payments	Personal income
1929	87.8	10.1	0.2		0.9	1.0	5.8	0.6	85.8
1930	75.7	6.6	.3		1.0	1.0	5.5	.5	76.9
1931	59.7	1.6	.3		2.1	1.1	4.1	.6	65.7
1932	42.5	−2.0	.3		1.4	1.1	2.6	.7	50.1
1933	40.2	−2.0	.3		1.5	1.2	2.1	.7	47.2
1934	49.0	1.1	.3		1.6	1.2	2.6	.6	53.6
1935	57.1	2.9	.3		1.8	1.1	2.9	.6	60.2
1936	64.9	5.0	.6		2.9	1.1	4.5	.6	68.5
1937	73.6	6.2	1.8		1.9	1.2	4.7	.6	73.9
1938	67.6	4.3	2.0		2.4	1.2	3.2	.4	68.6
1939	72.8	5.7	2.1		2.5	1.2	3.8	.5	72.9
1940	81.6	9.1	2.3		2.7	1.3	4.0	.4	78.7
1941	104.7	14.5	2.8		2.6	1.3	4.5	.5	96.3
1942	137.7	19.7	3.5		2.6	1.5	4.3	.5	123.5
1943	170.3	23.8	4.5	0.2	2.5	2.1	4.5	.5	151.4
1944	182.6	23.0	5.2	−.2	3.1	2.8	4.7	.5	165.7
1945	181.2	18.4	6.1		5.6	3.7	4.7	.5	171.2
1946	180.9	17.3	6.0		10.9	4.5	5.8	.6	179.3
1947	198.2	23.6	5.7		11.1	4.4	6.5	.7	191.6
1948	223.5	30.8	5.2		10.5	4.5	7.2	.7	210.4
1949	217.7	28.2	5.7		11.6	4.7	7.5	.8	208.3
1950	241.9	35.7	6.9		14.3	4.8	9.2	.8	228.5
1951	279.3	41.0	8.2	.1	11.6	5.0	9.0	1.0	256.7
1952	292.2	37.7	8.6		12.0	5.0	9.0	1.2	273.1
1953	305.6	37.3	8.7	−.1	12.9	5.2	9.2	1.4	288.3
1954	301.8	33.7	9.7		15.0	5.4	9.8	1.3	289.8
1955	330.2	43.1	11.0		16.0	5.4	11.2	1.5	310.2
1956	350.8	42.0	12.6		17.2	5.7	12.1	1.6	332.9
1957	366.9	41.7	14.5		20.1	6.2	12.6	1.8	351.4
1958	367.4	37.2	14.8		24.5	6.2	12.4	1.8	360.3
1959	400.5	47.2	17.6		25.4	7.1	13.7	2.1	383.9
1960	415.5	45.6	20.6		27.3	7.8	14.4	2.1	400.8
1961	427.8	45.5	21.6		31.3	7.3	15.0	2.1	416.4
1962 [1]	[2,3] 457.5	[2] 51.0	23.9		32.4	7.4	15.9	2.1	[3] 440.5
	Seasonally adjusted annual rates								
1960: I	413.9	48.6	20.3		26.3	7.7	14.3	2.1	395.4
II	417.2	46.2	20.6		26.8	7.8	14.2	2.1	401.4
III	416.6	44.4	20.8		27.5	7.8	14.4	2.1	403.1
IV	414.4	43.3	20.7		28.8	7.8	14.5	2.1	403.7
1961: I	411.8	40.1	21.1		30.4	7.6	14.7	2.1	405.4
II	424.3	45.0	21.5		31.2	7.4	14.8	2.1	413.5
III	431.3	46.0	21.8		31.6	7.2	14.9	2.1	419.4
IV	444.0	51.1	22.1		31.6	7.2	15.5	2.1	427.3
1962: I	448.9	50.4	23.6		31.9	7.3	15.8	2.1	432.0
II	456.7	50.7	23.9		32.0	7.4	15.8	2.1	439.5
III	459.8	51.0	24.0		32.3	7.5	15.8	2.1	442.6
IV [1]	[4]	[4]	24.2		33.5	7.6	16.4	2.1	448.0

[1] Preliminary estimates by Council of Economic Advisers.
[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.
[3] See Table C–62.
[4] Not available.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce (except as noted).

TABLE C–14.—*Sources of personal income, 1929–62*

[Billions of dollars]

Year or quarter	Total personal income	Wage and salary disbursements [1]						Other labor income [1]	Proprietors' income [2]	
		Total	Commodity-producing industries		Distributive industries	Service industries	Government		Business and professional	Farm [3]
			Total	Manufacturing						
1929	85.8	50.4	21.5	16.1	15.6	8.4	4.9	0.6	8.8	6.0
1930	76.9	46.2	18.5	13.8	14.5	8.0	5.2	.6	7.4	4.1
1931	65.7	39.1	14.3	10.8	12.5	7.1	5.3	.5	5.6	3.2
1932	50.1	30.5	9.9	7.7	9.8	5.8	5.0	.5	3.4	1.9
1933	47.2	29.0	9.8	7.8	8.8	5.2	5.1	.4	3.2	2.4
1934	53.6	33.7	12.1	9.6	9.9	5.7	6.1	.4	4.6	2.4
1935	60.2	36.7	13.5	10.8	10.7	5.9	6.5	.5	5.4	5.0
1936	68.5	41.9	15.8	12.4	11.8	6.5	7.9	.6	6.5	4.0
1937	73.9	46.1	18.4	14.6	13.2	7.1	7.5	.6	7.1	5.6
1938	68.6	43.0	15.3	11.8	12.6	6.8	8.2	.6	6.8	4.3
1939	72.9	45.9	17.4	13.6	13.3	7.1	8.2	.6	7.3	4.3
1940	78.7	49.8	19.7	15.6	14.2	7.5	8.4	.7	8.4	4.6
1941	96.3	62.1	27.5	21.7	16.3	8.1	10.2	.7	10.9	6.5
1942	123.5	82.1	39.2	30.9	18.0	9.0	16.0	.9	13.9	10.0
1943	151.4	105.6	49.0	40.9	20.1	9.9	26.6	1.1	16.8	11.4
1944	165.7	117.0	50.4	42.9	22.7	10.9	33.0	1.5	18.0	11.5
1945	171.2	117.6	45.9	38.2	24.8	12.0	34.9	1.8	19.0	11.8
1946	179.3	111.9	46.0	36.5	30.9	14.3	20.6	1.9	21.3	15.3
1947	191.6	122.8	54.3	42.5	35.2	16.0	17.3	2.3	19.9	15.5
1948	210.4	135.2	60.3	46.5	38.8	17.3	18.8	2.7	22.4	17.8
1949	208.3	134.4	56.9	43.9	39.0	17.9	20.5	3.0	22.7	12.9
1950	228.5	146.4	63.5	49.4	41.3	19.3	22.3	3.8	23.5	14.0
1951	256.7	170.7	74.9	58.3	46.0	21.1	28.8	4.8	26.0	16.3
1952	273.1	184.9	80.5	63.0	48.7	22.6	32.9	5.3	26.9	15.3
1953	288.3	198.1	88.1	69.9	51.8	24.3	33.9	6.0	27.4	13.3
1954	289.8	196.3	84.1	66.1	52.3	25.5	34.4	6.2	27.8	12.7
1955	310.2	210.9	91.4	72.3	55.8	27.8	36.0	7.1	30.4	11.8
1956	332.9	227.6	98.7	77.7	60.3	30.5	38.0	8.1	32.1	11.6
1957	351.4	238.5	102.2	80.6	63.4	32.8	40.2	9.1	32.7	11.8
1958	360.3	239.8	97.9	76.7	63.8	34.8	43.2	9.4	32.5	13.5
1959	383.9	258.5	107.2	84.7	68.2	37.7	45.3	10.4	35.1	11.4
1960	400.8	271.3	110.4	87.4	71.8	40.7	48.4	11.0	34.2	12.0
1961	416.4	278.8	110.8	87.5	72.9	43.4	51.8	11.4	34.8	13.1
1962 [6] [7]	[7] 440.5	295.8	117.2	93.6	76.2	46.3	56.2	12.3	36.8	13.0
	Seasonally adjusted annual rates									
1960: I	395.4	268.5	111.2	88.5	70.8	39.6	46.9	10.8	34.5	10.7
II	401.4	272.2	111.6	88.4	72.4	40.5	47.8	11.0	34.5	12.4
III	403.1	273.3	110.6	87.4	72.4	41.3	49.0	11.0	34.1	12.2
IV	403.7	271.3	108.4	85.4	71.8	41.5	49.7	11.2	33.8	12.7
1961: I	405.4	271.2	106.8	84.0	71.7	42.3	50.4	11.2	33.7	12.8
II	413.5	276.9	110.3	87.1	72.4	43.1	51.2	11.3	34.5	12.7
III	419.4	281.0	111.7	88.2	73.4	43.8	52.2	11.4	35.1	13.1
IV	427.3	286.1	114.3	90.7	73.9	44.3	53.6	11.6	36.0	13.6
1962: I	432.0	289.9	115.0	91.9	74.9	45.1	54.9	12.0	36.2	12.9
II	439.5	295.9	118.1	94.4	76.1	45.9	55.8	12.3	36.8	12.8
III	442.6	297.8	118.0	94.1	76.5	46.9	56.4	12.4	37.0	12.8
IV [6]	448.0	299.7	117.8	94.0	77.1	47.3	57.5	12.5	37.3	13.6

See footnotes at end of table.

TABLE C-14.—*Sources of personal income, 1929–62*—Continued

[Billions of dollars]

Year or quarter	Rental income of persons	Dividends	Personal interest income	Transfer payments: Total	Transfer payments: Old-age and survivors insurance benefits	Transfer payments: State unemployment insurance benefits	Transfer payments: Veterans' benefits	Transfer payments: Other	Less: Personal contributions for social insurance	Nonagricultural personal income [4]
1929	5.4	5.8	7.4	1.5	----------	----------	0.6	0.9	0.1	77.7
1930	4.8	5.5	6.9	1.5	----------	----------	.6	.9	.1	70.8
1931	3.8	4.1	6.9	2.7	----------	----------	1.6	1.1	.2	60.9
1932	2.7	2.6	6.6	2.2	----------	----------	.8	1.4	.2	46.9
1933	2.0	2.1	6.2	2.1	----------	----------	.5	1.6	.2	43.6
1934	1.7	2.6	6.1	2.2	----------	----------	.4	1.8	.2	49.8
1935	1.7	2.9	5.9	2.4	----------	----------	.5	1.9	.2	53.9
1936	1.8	4.5	5.8	3.5	----------	----------	1.9	1.6	.2	63.2
1937	2.1	4.7	5.9	2.4	(5)	(5)	.6	1.8	.6	67.0
1938	2.6	3.2	5.8	2.8	(5)	0.4	.5	1.9	.6	62.8
1939	2.7	3.8	5.8	3.0	(5)	.4	.5	2.0	.6	67.1
1940	2.9	4.0	5.8	3.1	(5)	.5	.5	2.0	.7	72.6
1941	3.5	4.5	5.8	3.1	0.1	.3	.5	2.2	.8	88.0
1942	4.5	4.3	5.8	3.1	.1	.3	.5	2.2	1.2	111.5
1943	5.1	4.5	5.8	3.0	.2	.1	.5	2.2	1.8	137.6
1944	5.4	4.7	6.2	3.6	.2	.1	.9	2.4	2.2	151.6
1945	5.6	4.7	6.9	6.2	.3	.4	2.8	2.7	2.3	156.8
1946	6.2	5.8	7.6	11.4	.4	1.1	6.8	3.2	2.0	161.2
1947	6.5	6.5	8.2	11.8	.5	.8	6.7	3.8	2.1	172.8
1948	7.3	7.2	8.7	11.3	.6	.8	5.8	4.2	2.2	189.2
1949	8.3	7.5	9.4	12.4	.7	1.7	5.1	4.9	2.2	192.1
1950	9.0	9.2	10.3	15.1	1.0	1.4	4.9	7.9	2.9	211.3
1951	9.4	9.0	11.2	12.6	1.9	.8	3.9	6.0	3.4	237.0
1952	10.2	9.0	12.1	13.2	2.2	1.0	3.9	6.2	3.8	254.3
1953	10.5	9.2	13.4	14.3	3.0	1.0	3.7	6.6	3.9	271.5
1954	10.9	9.8	14.6	16.2	3.6	2.0	3.8	6.7	4.6	273.8
1955	10.7	11.2	15.8	17.5	4.9	1.4	4.2	7.0	5.2	295.0
1956	10.9	12.1	17.5	18.8	5.7	1.4	4.2	7.5	5.8	317.9
1957	11.9	12.6	19.6	21.9	7.3	1.8	4.4	8.4	6.7	336.1
1958	12.2	12.4	21.0	26.3	8.5	3.9	4.6	9.4	6.9	343.0
1959	11.9	13.7	23.5	27.5	10.2	2.5	4.5	10.3	7.9	368.6
1960	11.9	14.4	25.8	29.4	11.1	2.8	4.5	10.9	9.2	384.7
1961	12.3	15.0	27.4	33.4	12.6	4.0	4.8	12.0	9.7	399.1
1962 [6]	12.8	15.9	29.7	34.6	14.3	3.0	4.8	12.5	10.5	423.2
	Seasonally adjusted annual rates									
1960: I	11.9	14.3	25.2	28.5	10.7	2.4	4.6	10.8	9.1	380.8
II	11.9	14.2	25.5	28.9	11.2	2.4	4.5	10.8	9.2	384.9
III	11.9	14.4	26.0	29.6	11.3	2.9	4.5	10.9	9.3	386.8
IV	12.0	14.5	26.5	30.9	11.4	3.8	4.6	11.1	9.3	386.8
1961: I	12.0	14.7	26.6	32.5	11.8	3.8	4.7	12.2	9.5	388.4
II	12.2	14.8	27.2	33.4	12.5	4.4	4.9	11.5	9.6	396.6
III	12.3	14.9	27.5	33.7	12.8	3.9	4.7	12.3	9.7	402.0
IV	12.5	15.5	28.1	33.8	13.4	3.7	4.8	11.9	9.9	409.4
1962: I	12.6	15.8	28.8	34.1	13.7	3.3	4.8	12.3	10.3	414.8
II	12.8	15.8	29.4	34.2	14.4	2.7	4.8	12.3	10.5	422.3
III	12.9	15.8	30.0	34.4	14.5	2.7	4.7	12.5	10.5	425.5
IV [6]	12.9	16.4	30.6	35.7	14.8	3.2	4.9	12.7	10.6	430.3

[1] The total of wage and salary disbursements and other labor income differs from compensation of employees in Table C-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] Data for 1929–45 differ from those in Table C-72 because of revisions by the Department of Agriculture not yet incorporated into the national income accounts.

[4] 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.

[5] Less than $50 million.

[6] Preliminary estimates by Council of Economic Advisers.

[7] See Table C-62.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce (except as noted).

TABLE C–15.—*Disposition of personal income, 1929–62*

Year or quarter	Personal income	Less: Personal taxes [1]	Equals: Disposable personal income	Less: Personal consumption expenditures	Equals: Personal saving	Percent of disposable personal income: Personal consumption expenditures	Percent of disposable personal income: Personal saving
	Billions of dollars					Percent	
1929	85.8	2.6	83.1	79.0	4.2	95.1	5.1
1930	76.9	2.5	74.4	71.0	3.4	95.4	4.6
1931	65.7	1.9	63.8	61.3	2.5	96.1	3.9
1932	50.1	1.5	48.7	49.3	−.6	101.2	−1.2
1933	47.2	1.5	45.7	46.4	−.6	101.5	−1.3
1934	53.6	1.6	52.0	51.9	.1	99.8	.2
1935	60.2	1.9	58.3	56.3	2.0	96.6	3.4
1936	68.5	2.3	66.2	62.6	3.6	94.6	5.4
1937	73.9	2.9	71.0	67.3	3.7	94.8	5.2
1938	68.6	2.9	65.7	64.6	1.1	98.3	1.7
1939	72.9	2.4	70.4	67.6	2.9	96.0	4.1
1940	78.7	2.6	76.1	71.9	4.2	94.5	5.5
1941	96.3	3.3	93.0	81.9	11.1	88.1	11.9
1942	123.5	6.0	117.5	89.7	27.8	76.3	23.7
1943	151.4	17.8	133.5	100.5	33.0	75.3	24.7
1944	165.7	18.9	146.8	109.8	36.9	74.8	25.1
1945	171.2	20.9	150.4	121.7	28.7	80.9	19.1
1946	179.3	18.7	160.6	147.1	13.5	91.6	8.4
1947	191.6	21.5	170.1	165.4	4.7	97.2	2.8
1948	210.4	21.1	189.3	178.3	11.0	94.2	5.8
1949	208.3	18.7	189.7	181.2	8.5	95.5	4.5
1950	228.5	20.8	207.7	195.0	12.6	93.9	6.1
1951	256.7	29.2	227.5	209.8	17.7	92.2	7.8
1952	273.1	34.4	238.7	219.8	18.9	92.1	7.9
1953	288.3	35.8	252.5	232.6	19.8	92.1	7.8
1954	289.8	32.9	256.9	238.0	18.9	92.6	7.4
1955	310.2	35.7	274.4	256.9	17.5	93.6	6.4
1956	332.9	40.0	292.9	269.9	23.0	92.1	7.9
1957	351.4	42.6	308.8	285.2	23.6	92.4	7.6
1958	360.3	42.3	317.9	293.2	24.7	92.2	7.8
1959	383.9	46.8	337.1	313.5	23.6	93.0	7.0
1960	400.8	51.4	349.4	328.5	20.9	94.0	6.0
1961	416.4	52.8	363.6	338.1	25.6	93.0	7.0
1962 [2]	[3] 440.5	[3] 57.8	[3] 382.7	356.7	26.0	93.2	6.8
	Seasonally adjusted annual rates						
1960: I	395.4	51.4	344.0	323.9	20.1	94.2	5.8
II	401.4	51.9	349.6	329.9	19.7	94.4	5.6
III	403.1	51.4	351.7	329.8	22.0	93.8	6.3
IV	403.7	50.9	352.7	330.5	22.2	93.7	6.3
1961: I	405.4	51.0	354.3	330.5	23.8	93.3	6.7
II	413.5	52.5	361.0	335.5	25.5	92.9	7.1
III	419.4	53.0	366.3	340.1	26.3	92.8	7.2
IV	427.3	54.6	372.6	346.1	26.5	92.9	7.1
1962: I	432.0	56.4	375.6	350.2	25.4	93.2	6.8
II	439.5	57.7	381.8	354.9	26.9	93.0	7.0
III	442.6	58.5	384.1	358.2	26.0	93.3	6.8
IV [2]	448.0	58.8	389.3	363.5	25.8	93.4	6.6

[1] Includes also such items as fines and penalties.
[2] Preliminary estimates by Council of Economic Advisers.
[3] See Table C–62.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce (except as noted).

TABLE C-16.—*Total and per capita disposable personal income and personal consumption expenditures, in current and 1962 prices, 1929–62*

Year or quarter	Total disposable personal income (billions of dollars)		Per capita disposable personal income (dollars)		Total personal consumption expenditures (billions of dollars)		Per capita personal consumption expenditures (dollars)		Population (thousands) [4]
	Current prices	1962 prices [1]	Current prices	1962 prices [1]	Current prices	1962 prices [2]	Current prices	1962 prices [3]	
1929	83.1	151.1	682	1,240	79.0	143.6	648	1,178	121,875
1930	74.4	141.5	604	1,149	71.0	135.0	576	1,096	123,188
1931	63.8	136.3	514	1,098	61.3	130.9	494	1,054	124,149
1932	48.7	117.6	390	941	49.3	119.1	395	954	124,949
1933	45.7	114.7	364	913	46.4	116.3	369	926	125,690
1934	52.0	122.5	411	969	51.9	122.3	410	967	126,485
1935	58.3	134.5	458	1,056	56.3	129.8	442	1,019	127,362
1936	66.2	151.1	516	1,179	62.6	142.9	488	1,115	128,181
1937	71.0	156.1	551	1,211	67.3	147.9	522	1,147	128,961
1938	65.7	147.8	506	1,137	64.6	145.4	497	1,119	129,969
1939	70.4	160.1	537	1,222	67.6	153.5	516	1,172	131,028
1940	76.1	171.1	576	1,295	71.9	161.7	544	1,224	132,122
1941	93.0	195.7	697	1,467	81.9	172.3	614	1,292	133,402
1942	117.5	221.1	871	1,640	89.7	168.9	665	1,252	134,860
1943	133.5	230.3	976	1,684	100.5	173.4	735	1,268	136,739
1944	146.8	240.0	1,061	1,734	109.8	179.6	793	1,298	138,397
1945	150.4	237.3	1,075	1,696	121.7	192.1	870	1,373	139,928
1946	160.6	234.7	1,136	1,660	147.1	215.0	1,040	1,521	141,389
1947	170.1	224.8	1,180	1,560	165.4	218.6	1,148	1,517	144,126
1948	189.3	236.5	1,291	1,613	178.3	222.8	1,216	1,520	146,631
1949	189.7	239.2	1,272	1,603	181.2	228.5	1,215	1,531	149,188
1950	207.7	258.0	1,369	1,701	195.0	242.2	1,286	1,597	151,689
1951	227.5	265.1	1,475	1,718	209.8	244.5	1,360	1,584	154,283
1952	238.7	272.5	1,521	1,736	219.8	250.9	1,400	1,598	156,947
1953	252.5	285.2	1,582	1,788	232.6	262.8	1,458	1,647	159,559
1954	256.9	287.4	1,582	1,770	238.0	266.3	1,466	1,640	162,388
1955	274.4	305.7	1,660	1,849	256.9	286.1	1,554	1,731	165,276
1956	292.9	320.9	1,741	1,908	269.9	295.7	1,604	1,758	168,225
1957	308.8	328.7	1,803	1,919	285.2	303.6	1,665	1,772	171,278
1958	317.9	332.1	1,825	1,907	293.2	306.3	1,684	1,759	174,154
1959	337.1	348.0	1,904	1,965	313.5	323.6	1,770	1,827	177,080
1960	349.4	355.5	1,934	1,968	328.5	334.3	1,818	1,850	180,676
1961	363.6	367.2	1,979	1,998	338.1	341.3	1,840	1,858	183,742
1962 [5]	[6] 382.7	[6] 382.7	[6] 2,051	[6] 2,051	356.7	356.7	1,912	1,912	186,591
	Seasonally adjusted annual rates								
1960: I	344.0	351.7	1,914	1,957	323.9	331.2	1,803	1,843	179,692
II	349.6	355.9	1,939	1,973	329.9	335.8	1,829	1,862	180,334
III	351.7	357.6	1,942	1,974	329.8	335.2	1,821	1,851	181,102
IV	352.7	357.5	1,939	1,965	330.5	335.0	1,817	1,841	181,939
1961: I	354.3	358.7	1,940	1,964	330.5	334.6	1,809	1,832	182,666
II	361.0	365.0	1,969	1,991	335.5	339.3	1,830	1,850	183,375
III	366.3	369.7	1,989	2,008	340.1	343.2	1,847	1,864	184,150
IV	372.6	375.0	2,015	2,027	346.1	348.3	1,871	1,883	184,952
1962: I	375.6	377.5	2,024	2,034	350.2	352.0	1,887	1,897	185,607
II	381.8	382.3	2,050	2,053	354.9	355.3	1,905	1,908	186,258
III	384.1	383.7	2,054	2,052	358.2	357.8	1,916	1,913	186,980
IV [5]	389.3	387.3	2,073	2,063	363.5	361.6	1,936	1,926	187,741

[1] Estimates in current prices divided by the implicit price deflator for personal consumption expenditures on a 1962 base.
[2] See Table C–2 for explanation.
[3] Total expenditures in 1962 prices divided by population.
[4] Population of the United States including armed forces abroad. Annual data are for July 1; quarterly data are for middle of period.
[5] Preliminary estimates by Council of Economic Advisers.
[6] See Table C–62.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Sources: Department of Commerce and Council of Economic Advisers.

TABLE C–17.—*Financial saving by individuals, 1939–62* [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 reserves (4)	Noninsured pension funds	Government insurance and pension reserves[5]	Less: Increase in debt: Mortgage debt[6]	Less: Increase in debt: Consumer debt[7]	Less: Increase in debt: Securities loans[8]
1939	4.2	3.0	0.1	−0.8	0.7	−0.9	−0.6	1.7	0.1	1.3	0.5	0.8	−0.2
1940	4.2	2.9	.3	−.4	.9	−.8	−.4	1.8	.1	1.3	.9	1.0	−.2
1941	10.5	4.8	.4	2.6	2.8	.4	−.5	2.1	.1	1.9	.8	.7	−.1
1942	29.3	10.9	.3	10.3	8.0	2.3	(9)	2.5	.1	2.6	.1	−3.0	.3
1943	38.7	16.2	.6	14.1	11.1	3.2	−.3	2.8	.2	3.9	−.4	−1.0	.6
1944	41.4	17.5	.9	15.7	11.8	4.6	−.7	3.2	.6	5.0	−.1	.1	1.4
1945	37.3	19.0	1.1	9.9	6.8	4.2	−1.2	3.5	.9	5.1	.2	.5	1.5
1946	14.1	10.6	1.2	−1.4	1.0	−2.4	(9)	3.4	.3	3.5	3.6	2.3	−2.3
1947	6.5	2.0	1.3	2.4	2.0	−.3	.7	3.6	.3	3.5	4.6	2.8	−.8
1948	2.8	−1.8	1.3	3.1	1.6	.4	1.1	3.7	.4	3.6	4.7	2.4	.4
1949	2.2	−1.4	1.6	2.4	1.5	.2	.7	3.7	.6	2.3	4.1	2.6	.3
1950	.8	3.5	1.7	.9	.2	−.1	.7	3.9	.9	1.1	7.3	3.6	.2
1951	11.1	5.9	2.3	.5	−.5	−.4	1.4	4.1	1.4	4.2	6.6	1.0	−.3
1952	13.1	7.0	3.3	3.5	.1	1.3	2.2	4.8	1.5	4.4	6.5	4.4	.6
1953	10.9	4.7	4.0	3.4	.2	2.0	1.2	5.0	1.8	3.2	7.3	3.6	.4
1954	9.5	5.4	4.8	.4	.6	−.9	.7	5.2	1.9	2.6	9.0	1.0	.9
1955	7.1	3.3	5.2	6.4	.3	3.9	2.2	5.5	2.1	3.1	11.8	6.1	.6
1956	14.1	4.7	5.4	5.2	−.1	3.3	2.0	5.5	2.4	3.6	10.3	3.1	−.8
1957	15.5	4.9	5.2	4.6	−1.9	3.7	2.8	5.1	2.9	3.2	7.9	2.5	−.1
1958	16.9	10.2	6.3	1.3	−.5	−.8	2.6	5.4	3.1	.6	9.3	.2	.4
1959	13.3	4.4	7.2	9.9	−1.8	10.8	.9	5.5	3.4	2.3	13.2	6.1	.2
1960	9.3	3.8	8.3	(9)	−.2	−.9	1.1	5.4	3.7	3.4	10.9	4.2	.3
1961	16.2	9.7	9.3	1.1	.8	−1.3	1.6	5.9	4.0	1.3	13.0	1.2	1.1
1962 [10]	21.2	19.6	10.3	−.9	.7	−1.7	.1	6.2	4.2	2.7	15.3	4.9	.8
1960: I	2.8	−1.9	1.6	1.9	−.2	2.0	(9)	1.2	1.0	.3	2.9	−.4	−1.3
II	1.6	(9)	2.5	−.6	−.1	−.6	.2	1.3	.9	2.1	2.5	2.0	.1
III	3.8	3.0	1.4	.5	(9)	.1	.5	1.4	.8	1.0	2.7	.9	.8
IV	1.1	2.7	2.8	−1.8	.1	−2.3	.4	1.6	.9	−.1	2.8	1.7	.6
1961: I	4.7	1.3	2.0	−.9	.3	−1.4	.2	1.5	1.1	−.2	2.9	−1.7	−1.0
II	3.2	2.1	2.7	−.7	.1	−2.3	1.5	1.3	.9	1.4	2.9	.7	.9
III	5.9	3.3	1.5	1.5	.2	1.3	(9)	1.4	.9	.7	3.0	.2	.2
IV	2.4	3.0	3.2	1.2	.2	1.1	−.1	1.8	1.0	−.6	4.1	2.1	1.1
1962: I	6.6	4.2	2.1	−.1	.2	−.2	−.1	1.5	1.2	−.2	3.6	−1.1	−.5
II	4.5	3.3	2.8	−.6	.1	−.8	.1	1.4	1.1	2.2	3.8	2.2	−.4
III	7.6	6.0	1.7	.7	.2	.5	(9)	1.7	1.0	1.0	3.4	1.0	.1
IV [10]	2.4	6.0	3.7	−.9	.3	−1.2	(9)	1.7	1.0	−.3	4.4	2.8	1.6

[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 beginning 1951, nonguaranteed Federal agency issues, which are included in "corporate and other" for years prior to 1951.
[4] Includes insured pension reserves.
[5] Includes Social Security funds, State and local retirement systems, etc.
[6] Mortgage debt to institutions on one- to four-family nonfarm dwellings.
[7] Consumer debt owed to corporations, largely attributable to purchases 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.
[8] Change in bank loans to brokers and dealers and others for the purpose of purchasing or carrying securities.
[9] Less than $50 million.
[10] Preliminary.

NOTE.—Figures beginning 1959 have been revised since the *Economic Report of the President*, January 1962.

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 disposable personal income and expenditures. Conceptually, Commerce saving includes the following items not included in Securities and Exchange Commission saving: housing, farm and unincorporated business investment in inventories and plant and equipment, net of depreciation, and increase in debt. Government insurance is excluded from the Commerce saving series. For a reconciliation of the two series, see Securities and Exchange Commission *Statistical Bulletin*, July 1962, and *Survey of Current Business*, July 1962.

The flow-of-funds system of accounts of the Board of Governors of the Federal Reserve System includes capital investments as well as financial components of saving and covers saving of Federal, State, and local governments, businesses, financial institutions, and consumers. While the Federal Reserve's estimates of consumer saving in financial form are similar to the Securities and Exchange Commission estimates of individuals' saving, there are some statistical and conceptual differences in the two sets of data.

Revisions for 1955–62 in the consumer credit statistics of the Board of Governors of the Federal Reserve System have not yet been incorporated into these estimates.

Data for Alaska and Hawaii included for all periods.

Source: Securities and Exchange Commission.

TABLE C–18.—*Sources and uses of gross saving, 1929–62*

[Billions of dollars]

Year or quarter	Gross private saving and government surplus or deficit on income and product transactions							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	16.7	15.7	4.2	11.5	1.0	1.2	−0.1	17.0	16.2	0.8	0.3
1930	11.9	12.2	3.4	8.8	−.3	.3	−.5	11.0	10.3	.7	−1.0
1931	4.9	7.7	2.5	5.2	−2.8	−2.1	−.7	5.7	5.5	.2	.8
1932	.3	2.0	−.6	2.7	−1.7	−1.5	−.2	1.1	.9	.2	.8
1933	.6	1.9	−.6	2.6	−1.4	−1.3	(2)	1.5	1.4	.2	.9
1934	2.6	5.0	.1	4.9	−2.4	−2.9	.5	3.3	2.9	.4	.7
1935	6.4	8.4	2.0	6.3	−2.0	−2.6	.6	6.2	6.3	−.1	−.2
1936	7.2	10.1	3.6	6.5	−3.0	−3.5	.5	8.3	8.4	−.1	1.1
1937	12.1	11.5	3.7	7.8	.6	−.2	.7	11.8	11.7	.1	−.2
1938	7.3	8.9	1.1	7.8	−1.6	−2.0	.4	7.8	6.7	1.1	.5
1939	9.0	11.2	2.9	8.3	−2.1	−2.2	.1	10.2	9.3	.9	1.2
1940	13.9	14.6	4.2	10.4	−.7	−1.4	.7	14.7	13.2	1.5	.8
1941	18.8	22.6	11.1	11.5	−3.8	−5.1	1.3	19.2	18.1	1.1	.4
1942	10.5	41.9	27.8	14.1	−31.4	−33.2	1.8	9.7	9.9	−.2	−.8
1943	5.1	49.3	33.0	16.3	−44.2	−46.7	2.5	3.4	5.6	−2.2	−1.7
1944	2.3	54.2	36.9	17.2	−51.9	−54.6	2.7	5.0	7.1	−2.1	2.8
1945	4.5	44.3	28.7	15.6	−39.7	−42.3	2.6	9.0	10.4	−1.4	4.5
1946	30.6	26.5	13.5	13.1	4.1	2.2	1.9	32.7	28.1	4.6	2.1
1947	36.8	23.6	4.7	18.9	13.3	12.2	1.1	40.4	31.5	8.9	3.5
1948	45.9	37.6	11.0	26.6	8.2	8.0	.3	45.0	43.1	1.9	−.8
1949	33.0	36.1	8.5	27.6	−3.1	−2.5	−.6	33.5	33.0	.5	.5
1950	48.5	40.3	12.6	27.7	8.2	9.2	−1.0	47.8	50.0	−2.2	−.7
1951	55.3	49.2	17.7	31.5	6.1	6.4	−.3	56.6	56.3	.2	1.2
1952	48.3	52.2	18.9	33.2	−3.9	−3.9	.1	49.7	49.9	−.2	1.4
1953	47.0	54.1	19.8	34.3	−7.1	−7.4	.3	48.3	50.3	−2.0	1.3
1954	47.6	54.4	18.9	35.5	−6.7	−5.8	−.9	48.5	48.9	−.4	.9
1955	62.4	59.6	17.5	42.1	2.9	3.8	−1.0	63.4	63.8	−.4	1.0
1956	71.3	66.1	23.0	43.0	5.2	5.7	−.5	68.8	67.4	1.5	−2.4
1957	70.2	69.2	23.6	45.6	1.0	2.0	−1.0	69.6	66.1	3.5	−.6
1958	58.1	69.5	24.7	44.8	−11.4	−9.4	−2.1	56.6	56.6	−.1	−1.5
1959	73.4	74.9	23.6	51.3	−1.5	−1.1	−.3	70.4	72.7	−2.3	−3.0
1960	77.1	72.9	20.9	52.1	4.2	3.8	.4	73.7	72.4	1.3	−3.4
1961	74.8	79.2	25.6	53.6	−4.4	−3.8	−.6	71.7	69.3	2.4	−3.1
1962 [3] [4]	[4] [5] 81.1	[5] 83.9	26.0	[5] 57.9	[5] −2.8	[5] −1.7	[5] −1.1	77.6	76.2	1.4	[5] −3.5
	Seasonally adjusted annual rates										
1960: I	81.4	72.7	20.1	52.6	8.7	8.1	0.6	79.0	79.1	−0.1	−2.3
II	78.8	72.0	19.7	52.4	6.7	5.5	1.2	74.3	73.5	.8	−4.5
III	75.8	74.0	22.0	52.0	1.8	1.5	.2	71.6	70.3	1.3	−4.2
IV	72.8	73.4	22.2	51.2	−.7	−.4	−.2	69.7	66.5	3.2	−3.0
1961: I	66.9	73.9	23.8	50.0	−6.9	−6.3	−.7	63.8	60.1	3.7	−3.1
II	74.5	78.7	25.5	53.2	−4.3	−4.2	−.1	70.1	67.6	2.4	−4.4
III	76.8	80.4	26.3	54.1	−3.6	−3.3	−.3	73.8	72.4	1.3	−3.1
IV	80.7	83.5	26.5	57.0	−2.9	−1.3	−1.6	78.8	76.6	2.2	−1.9
1962: I	79.2	82.5	25.4	57.2	−3.3	−2.4	−.8	77.8	75.9	2.0	−1.4
II	83.4	84.5	26.9	57.6	−1.1	−.7	−.4	79.4	77.4	2.0	−4.0
III	81.3	83.7	26.0	57.7	−2.4	−.9	−1.4	77.0	76.3	.7	−4.3
IV [3]	(6)	(6)	25.8	(6)	(6)	(6)	(6)	76.0	75.0	1.0	(6)

[1] Net exports of goods and services less foreign net transfers by Government. For 1929–45, net foreign investment and net exports of goods and services have been equated, since foreign net transfers by Government were negligible during that period.
[2] Less than $50 million.
[3] Preliminary estimates by Council of Economic Advisers.
[4] See Table C–62.
[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.
[6] Not available.

NOTE.—Data for Alaska and Hawaii included beginning 1960.

Source: Department of Commerce (except as noted).

TABLE C–19.—*Noninstitutional population and the labor force, 1929–62*

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	
Old definitions: [2]										
1929	(3)	49, 440	260	49, 180	47, 630	10, 450	37, 180	1, 550	(3)	3. 2
1930	(3)	50, 080	260	49, 820	45, 480	10, 340	35, 140	4, 340	(3)	8. 7
1931	(3)	50, 680	260	50, 420	42, 400	10, 290	32, 110	8, 020	(3)	15. 9
1932	(3)	51, 250	250	51, 000	38, 940	10, 170	28, 770	12, 060	(3)	23. 6
1933	(3)	51, 840	250	51, 590	38, 760	10, 090	28, 670	12, 830	(3)	24. 9
1934	(3)	52, 490	260	52, 230	40, 890	9, 900	30, 990	11, 340	(3)	21. 7
1935	(3)	53, 140	270	52, 870	42, 260	10, 110	32, 150	10, 610	(3)	20. 1
1936	(3)	53, 740	300	53, 440	44, 410	10, 000	34, 410	9, 030	(3)	16. 9
1937	(3)	54, 320	320	54, 000	46, 300	9, 820	36, 480	7, 700	(3)	14. 3
1938	(3)	54, 950	340	54, 610	44, 220	9, 690	34, 530	10, 390	(3)	19. 0
1939	(3)	55, 600	370	55, 230	45, 750	9, 610	36, 140	9, 480	(3)	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, 430	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 [4]	130, 117	74, 839	2, 828	72, 011	67, 999	5, 255	62, 744	4, 012	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
1961: January	126, 725	72, 361	2, 524	69, 837	64, 452	4, 634	59, 818	5, 385	57. 1	7. 7
February	126, 918	72, 894	2, 534	70, 360	64, 655	4, 708	59, 947	5, 705	57. 4	8. 1
March	127, 115	73, 540	2, 529	71, 011	65, 516	4, 977	60, 539	5, 495	57. 9	7. 7
April	127, 337	73, 216	2, 520	70, 696	65, 734	5, 000	60, 734	4, 962	57. 5	7. 0
May	127, 558	74, 059	2, 513	71, 546	66, 778	5, 544	61, 234	4, 768	58. 1	6. 7
June	127, 768	76, 790	2, 504	74, 286	68, 706	6, 671	62, 035	5, 580	60. 1	7. 5
July	127, 986	76, 153	2, 514	73, 639	68, 499	6, 453	62, 046	5, 140	59. 5	7. 0
August	128, 183	75, 610	2, 529	73, 081	68, 539	6, 325	62, 215	4, 542	59. 0	6. 2
September	128, 372	73, 670	2, 547	71, 123	67, 038	5, 666	61, 372	4, 085	57. 4	5. 7
October	128, 570	74, 345	2, 586	71, 759	67, 824	5, 964	61, 860	3, 934	57. 8	5. 5
November	128, 756	74, 096	2, 757	71, 339	67, 349	5, 199	62, 149	3, 990	57. 5	5. 6
December	128, 941	73, 372	2, 813	70, 559	66, 467	4, 418	62, 049	4, 091	56. 9	5. 8

See footnotes at end of table.

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	
1962: January	129, 118	72, 564	2, 843	69, 721	65, 058	4, 417	60, 641	4, 663	56. 2	6. 7
February	129, 290	73, 218	2, 886	70, 332	65, 789	4, 578	61, 211	4, 543	56. 6	6. 5
March	129, 471	73, 582	2, 885	70, 697	66, 316	4, 782	61, 533	4, 382	56. 8	6. 2
April	129. 641	73, 864	2. 885	70. 979	67, 027	5, 048	61, 979	3, 952	57. 0	5. 6
April [5]	129, 587	73, 654	2, 885	70, 769	66, 824	4, 961	61, 863	3, 946	56. 8	5. 6
May	129, 752	74, 797	2, 875	71, 922	68, 203	5, 428	62, 775	3, 719	57. 6	5. 2
June	129, 930	76, 857	2, 856	74, 001	69, 539	6, 290	63, 249	4, 463	59. 2	6. 0
July	130, 183	76, 437	2, 855	73, 582	69, 564	6, 064	63, 500	4, 018	58. 7	5. 5
August	130, 359	76, 554	2, 859	73, 695	69, 762	5, 770	63, 993	3, 932	58. 7	5. 3
September	130, 546	74, 914	2, 735	72, 179	68, 668	5, 564	63, 103	3, 512	57. 4	4. 9
October	130, 730	74, 923	2, 736	72, 187	68, 893	5, 475	63, 418	3, 294	57. 3	4. 6
November	130, 910	74, 532	2, 750	71, 782	67, 981	4, 883	63, 098	3, 801	56. 9	5. 3
December	131, 096	74, 142	2, 764	71, 378	67, 561	4, 066	63, 495	3, 817	56. 6	5. 3
	Seasonally adjusted [6]									
1961: January	-------	-------	-------	71, 554	66, 651	5, 721	60, 852	4, 761	-------	6. 7
February	-------	-------	-------	71, 869	66, 723	5, 763	60, 922	4, 968	-------	6. 9
March	-------	-------	-------	72, 092	67, 127	5, 787	61, 274	4, 874	-------	6. 8
April	-------	-------	-------	71, 410	66, 398	5, 297	61, 101	4, 950	-------	6. 9
May	-------	-------	-------	71, 475	66, 512	5, 326	61, 234	5, 019	-------	7. 0
June	-------	-------	-------	71, 983	66, 900	5, 504	61, 543	4, 936	-------	6. 9
July	-------	-------	-------	71, 633	66, 698	5, 473	61, 371	4, 923	-------	6. 9
August	-------	-------	-------	71, 789	66, 998	5, 662	61, 417	4, 887	-------	6. 8
September	-------	-------	-------	70, 981	66, 243	5, 156	61, 188	4, 867	-------	6. 8
October	-------	-------	-------	71, 473	66, 822	5, 472	61, 369	4, 762	-------	6. 7
November	-------	-------	-------	71, 482	67, 148	5, 311	61, 840	4, 370	-------	6. 1
December	-------	-------	-------	71, 272	66, 936	5, 204	61, 618	4, 274	-------	6. 0
1962: January	-------	-------	-------	71, 435	67, 278	5, 453	61, 690	4, 159	-------	5. 8
February	-------	-------	-------	71, 841	67, 894	5, 603	62, 206	4, 008	-------	5. 6
March	-------	-------	-------	71, 774	67, 947	5, 560	62, 280	3, 914	-------	5. 5
April	-------	-------	-------	71, 696	67, 704	5, 347	62, 353	3, 971	-------	5. 5
April [5]	-------	-------	-------	71, 484	67, 499	5, 255	62, 236	3, 963	-------	5. 5
May	-------	-------	-------	71, 850	67, 931	5, 214	62, 775	3, 903	-------	5. 4
June	-------	-------	-------	71, 706	67, 711	5, 190	62, 747	3, 917	-------	5. 5
July	-------	-------	-------	71, 578	67, 735	5, 143	62, 809	3, 828	-------	5. 3
August	-------	-------	-------	72, 392	68, 194	5, 166	63, 172	4, 218	-------	5. 8
September	-------	-------	-------	72, 035	67, 854	5, 063	62, 914	4, 167	-------	5. 8
October	-------	-------	-------	71, 899	67, 875	5, 023	62, 915	3, 977	-------	5. 5
November	-------	-------	-------	71, 926	67, 778	4, 988	62, 784	4, 164	-------	5. 8
December	-------	-------	-------	72, 099	68, 037	4, 789	63, 054	4, 002	-------	5. 6

[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] Not available.
[4] Averages have been adjusted by the Council of Economic Advisers for comparison with previous data. See Note.
[5] Beginning April 1962, not comparable with prior data. See Note.
[6] Seasonally adjusted totals may differ from the sum of components because totals and components have been seasonally adjusted separately.

NOTE.—Civilian labor force data beginning with January 1960 are based on a 333-area sample. For May 1956–December 1959 they are based 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 continued 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 made use of 1960 Census data; January 1953–March 1962, 1950 Census data and 1940–52, 1940 Census data were used. 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 (except as noted).

TABLE C-20.—*Employment and unemployment, by sex and age, 1947–62*

[Thousands of persons 14 years of age and over]

Year or month	Employed							Unemployed						
	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
Old definitions: [1]														
1947	58,027	41,677	2,795	38,883	16,349	1,921	14,429	2,142	1,595	279	1,316	547	146	402
1948	59,378	42,428	2,911	39,518	16,950	1,930	15,020	2,064	1,430	262	1,171	633	153	480
1949	58,710	41,660	2,687	38,974	17,049	1,826	15,225	3,395	2,415	367	2,048	981	228	753
1950	59,957	42,287	2,787	39,499	17,670	1,777	15,893	3,142	2,155	339	1,816	987	204	784
1951	61,005	42,490	2,753	39,738	18,515	1,863	16,652	1,879	1,123	206	917	756	150	609
1952	61,293	42,391	2,674	39,717	18,902	1,857	17,047	1,673	1,062	222	840	611	140	471
1953	62,213	43,125	2,686	40,440	19,088	1,829	17,259	1,602	1,069	195	875	533	117	416
1954	61,238	42,377	2,550	39,827	18,861	1,736	17,125	3,230	2,161	318	1,842	1,069	197	873
1955	63,193	43,290	2,642	40,646	19,904	1,803	18,101	2,654	1,752	292	1,460	903	179	724
1956	64,979	44,148	2,802	41,345	20,831	1,962	18,869	2,551	1,608	296	1,314	943	214	730
New definitions: [1]														
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
	Seasonally adjusted [4]													
1961:														
January	66,651	44,238	2,908	41,359	22,461	2,075	20,396	4,761	3,097	545	2,552	1,664	375	1,289
February	66,723	44,088	2,878	41,288	22,636	2,137	20,491	4,968	3,175	576	2,599	1,793	384	1,409
March	67,127	44,299	2,925	41,246	22,847	2,215	20,642	4,874	3,096	554	2,542	1,778	383	1,395
April	66,398	44,026	2,792	41,205	22,416	2,185	20,258	4,950	3,202	564	2,638	1,748	326	1,422
May	66,512	44,150	2,969	41,177	22,361	2,078	20,289	5,019	3,267	552	2,715	1,752	344	1,408
June	66,900	44,504	3,100	41,368	22,463	2,128	20,327	4,936	3,117	545	2,572	1,819	375	1,444
July	66,698	44,412	3,099	41,272	22,288	2,147	20,112	4,923	3,111	507	2,604	1,812	419	1,393
August	66,998	44,586	3,166	41,325	22,436	2,216	20,184	4,887	3,146	534	2,612	1,741	424	1,317
September	66,243	44,270	2,904	41,398	21,995	2,112	19,903	4,867	3,024	542	2,482	1,843	429	1,414
October	66,822	44,352	2,909	41,479	22,445	2,193	20,243	4,762	2,952	551	2,401	1,810	399	1,411
November	67,148	44,507	2,920	41,599	22,658	2,390	20,286	4,370	2,733	517	2,216	1,637	376	1,261
December	66,936	44,360	2,936	41,466	22,615	2,282	20,340	4,274	2,742	518	2,224	1,532	288	1,244
1962:														
January	67,278	44,496	2,989	41,546	22,831	2,217	20,636	4,159	2,536	476	2,060	1,623	360	1,263
February	67,894	44,825	3,040	41,881	23,069	2,226	20,841	4,008	2,488	519	1,969	1,520	376	1,144
March	67,947	44,910	3,085	41,714	23,057	2,286	20,787	3,914	2,417	458	1,959	1,497	360	1,137
April [3]	67,499	44,674	3,007	41,655	22,870	2,204	20,689	3,963	2,489	477	2,012	1,474	381	1,093
May	67,931	45,044	3,170	41,875	22,886	2,318	20,597	3,903	2,472	527	1,945	1,431	354	1,077
June	67,711	44,961	3,137	41,788	22,817	2,346	20,442	3,917	2,517	478	2,039	1,400	301	1,099
July	67,735	44,932	3,159	41,724	22,808	2,307	20,444	3,828	2,403	433	1,970	1,425	333	1,092
August	68,194	45,105	3,174	41,843	23,121	2,360	20,705	4,218	2,600	435	2,165	1,618	339	1,279
September	67,854	44,965	3,029	41,970	22,909	2,175	20,756	4,167	2,515	476	2,039	1,652	316	1,336
October	67,875	44,982	3,022	42,001	22,865	2,166	20,691	3,977	2,407	445	1,962	1,570	352	1,218
November	67,778	44,833	2,860	41,974	22,962	2,245	20,726	4,164	2,554	539	2,015	1,610	378	1,232
December	68,037	44,948	3,125	41,886	23,126	2,234	20,899	4,002	2,491	419	2,072	1,511	360	1,151

[1] See Note, Table C–19, for explanation of differences between the old and new definitions.
[2] Beginning January 1960, data for Alaska and Hawaii are included.
[3] Beginning April 1962, not comparable with prior data; see Note, Table C–19.
[4] Seasonally adjusted totals may differ from the sum of components because totals and components have been seasonally adjusted separately.

Note.—See Note, Table C–19, for information on area sample used and reporting periods.

Source: Department of Labor.

TABLE C–21.—*Employed persons not at work, by reason for not working, and special groups of unemployed persons, 1946–62*

[Thousands of persons 14 years of age and over]

Year or month	Employed persons not at work, by reason for not working						Special groups of unemployed persons [1]	
	Total	Bad weather	Industrial dispute	Vacation	Illness	All other reasons	Temporary layoff [2]	New wage and salary job [3]
New definitions: [4]								
1946	2,103	(5)	(5)	662	819	(5)	97	58
1947	2,259	211	95	834	847	273	123	92
1948	2,489	197	97	1,044	844	308	141	121
1949	2,244	110	79	1,044	719	291	185	101
1950	2,440	151	85	1,137	718	349	92	116
1951	2,460	111	57	1,073	782	436	117	103
1952	2,555	68	164	1,130	775	418	142	117
1953	2.530	96	73	1,171	827	362	167	101
1954	2,688	73	53	1,361	776	425	221	127
1955	2,682	103	61	1,268	835	416	133	117
1956	2,889	109	76	1,346	901	456	124	147
1957	3,017	139	45	1,447	962	425	150	110
1958	3,076	182	59	1,479	882	474	166	120
1959	3.161	115	160	1,494	907	484	128	134
1960 [6]	3,231	168	40	1,576	942	505	147	119
1961	3,146	143	56	1,492	898	556	149	129
1962 [4]	3,281	160	33	1,533	940	615	121	125
1961: January	2,045	194	20	337	979	515	206	54
February	2,173	260	12	430	997	474	260	71
March	2,044	213	10	407	942	471	210	101
April	2,020	189	33	394	945	460	120	135
May	2,026	56	28	641	902	399	137	96
June	3,839	75	18	2,178	807	761	127	311
July	7,357	88	53	5,568	833	814	102	157
August	6,604	1	40	4,805	831	928	186	177
September	2,928	88	229	1,336	849	427	113	160
October	2,354	6	166	815	927	441	101	102
November	2,189	172	43	585	910	480	99	99
December	2,170	372	26	409	858	505	130	83
1962: January	2,681	698	39	322	1,036	587	186	100
February	2,570	275	37	396	1,224	639	95	82
March	2,130	201	27	374	1,040	487	115	80
April [4]	1,994	104	40	428	949	474	93	107
May	2,032	10	34	663	870	455	107	111
June	3,870	40	61	2,129	832	808	96	211
July	7,477	29	48	5,637	862	900	128	152
August	6,839	3	12	5,132	843	849	183	248
September	2,780	17	32	1,448	811	472	107	154
October	2,263	29	19	818	898	499	114	95
November	2,174	32	22	618	916	586	116	94
December	2,559	476	30	430	1,002	621	117	63

1 Under the old definitions of employment and unemployment, these groups were included in the "employed but not at work" category.

2 Persons on layoff with definite instructions to return to work within 30 days of the layoff.

3 Persons scheduled to start new wage and salary jobs within 30 days. Under the old definitions, the "new job or business" group included these persons as well as persons waiting to open new businesses or start new farms within 30 days (see "all other" category in this table) and persons in school during the survey week and waiting to start new jobs (these are now classified as "not in the labor force").

4 See Note, Table C-19 for explanation.

5 Not available.

6 Beginning January 1960, data for Alaska and Hawaii are included.

NOTE.—See Note, Table C-19 for information on area sample used and reporting periods.

Source: Department of Labor.

TABLE C-22.—*Selected measures of unemployment and part-time employment, 1948–62*

Year or month	Unemployment rate (percent of civilian labor force in group): All workers	Experienced wage and salary workers	Married men[1]	Labor force time lost through unemployment and part-time work[2]	Persons employed part-time in nonagricultural industries for economic reasons: Usually full-time[3]	Usually part-time[4]
	Percent				Thousands of persons 14 years of age and over	
New definitions:						
1948	3.8	4.2	------------	------------	------------	------------
1949	5.9	6.7	3.4	------------	1,530	786
1950	5.3	6.0	4.6	------------	1,032	965
1951	3.3	3.7	1.5	------------	917	694
1952	3.1	3.3	1.4	------------	958	642
1953	2.9	3.2	1.7	------------	(5)	(5)
1954	5.6	6.0	4.0	------------	1,548	866
1955	4.4	4.8	2.6	------------	934	876
1956	4.2	4.4	2.3	5.1	1,067	900
1957	4.3	4.5	2.8	5.3	1,183	986
1958	6.8	7.2	5.1	8.1	1,638	1,315
1959	5.5	5.6	3.6	6.6	1,032	1,304
1960[6]	5.6	5.7	3.7	6.7	1,243	1,317
1961	6.7	6.8	4.6	8.0	1,297	1,516
1962[7]	5.6	5.5	3.6	6.7	1,049	1,287
	Seasonally adjusted					
1961: January	6.7	6.9	4.7	7.9	1,499	1,536
February	6.9	7.1	4.9	8.2	1,605	1,519
March	6.8	6.9	4.7	8.0	1,398	1,537
April	6.9	7.1	4.9	8.2	1,342	1,523
May	7.0	7.1	4.9	8.4	1,291	1,619
June	6.9	6.9	4.8	8.2	1,159	1,596
July	6.9	6.8	4.7	8.2	1,298	1,470
August	6.8	6.8	4.8	8.2	1,282	1,553
September	6.8	6.9	4.6	8.0	1,178	1,591
October	6.7	6.8	4.2	7.9	1,229	1,413
November	6.1	6.1	4.2	7.3	1,133	1,482
December	6.0	6.0	3.9	7.1	1,081	1,319
1962: January	5.8	5.8	3.8	6.9	875	1,243
February	5.6	5.5	3.4	6.6	880	1,316
March	5.5	5.3	3.5	6.6	1,028	1,299
April[7]	5.5	5.4	3.7	6.5	962	1,179
May	5.4	5.4	3.4	6.5	1,098	1,256
June	5.5	5.3	3.6	6.6	1,002	1,298
July	5.3	5.3	3.5	6.6	1,116	1,330
August	5.8	5.8	3.7	7.0	1,169	1,246
September	5.8	5.8	3.4	6.9	1,206	1,305
October	5.5	5.5	3.4	6.8	1,130	1,345
November	5.8	5.6	3.7	7.0	1,207	1,358
December	5.6	5.5	3.5	6.6	1,027	1,282

[1] Married men living with their wives. Data for 1949 and 1951–54 are for April; 1950 for March. These data, including 1955 and 1956, have not been adjusted to reflect the change in the definition of employment and unemployment adopted in January 1957. See Note, Table C–19.
[2] Assumes unemployed persons lost 37.5 hours a week; those on part-time for economic reasons lost difference between 37.5 hours and actual number of hours worked.
[3] Includes persons who worked part-time because of slack work, material shortages or repairs, new job started, or job terminated. Data for 1949–55 are for the month of May.
[4] Primarily includes persons who could find only part-time work. Data for 1949–55 are for the month of May.
[5] Not available.
[6] Beginning with January 1960, data for Alaska and Hawaii are included.
[7] Not comparable with prior data. See Note, Table C–19.

Source: Department of Labor.

TABLE C-23.—*Unemployed persons, by duration of unemployment, 1947–62*

Year or quarter	Total unemployed	Duration of unemployment				Average duration of unemployment (weeks)
		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	9.8
1948	2,325	1,349	669	193	116	8.6
1949	3,682	1,804	1,195	427	256	10.0
1950	3,351	1,515	1,055	425	357	12.1
1951	2,099	1,223	574	166	137	9.7
1952	1,932	1,183	517	148	84	8.3
1953	1,870	1,178	482	132	79	8.1
1954	3,578	1,651	1,115	495	317	11.7
1955	2,904	1,387	815	367	336	13.2
1956	2,822	1,485	805	301	232	11.3
1957	2,936	1,485	890	321	239	10.4
1958	4,681	1,833	1,397	785	667	13.8
1959	3,813	1,658	1,113	469	571	14.5
1960 [1]	3,931	1,798	1,176	502	454	12.8
1961	4,806	1,897	1,375	728	804	15.5
1962 [2]	4,007	1,754	1,134	534	585	14.7
1960: I [1]	4,095	1,634	1,432	563	467	13.3
II	3,847	1,957	910	545	435	12.3
III	3,731	1,741	1,171	403	416	12.3
IV	4,050	1,861	1,190	499	499	13.0
1961: I	5,528	1,997	1,922	903	705	14.0
II	5,103	2,043	1,188	953	919	16.1
III	4,589	1,831	1,314	544	900	16.4
IV	4,005	1,724	1,079	512	691	16.0
1962: I	4,529	1,690	1,450	686	703	15.7
II [2]	4,042	1,862	917	607	656	15.4
III	3,820	1,729	1,171	371	549	14.0
IV	3,637	1,734	1,000	471	432	13.5

[1] Beginning January 1960, data for Alaska and Hawaii are included.
[2] Beginning April 1962, not comparable with prior data; see Note, Table C-19.

NOTE.—See Note, Table C-19 for information on area sample used and reporting periods.

Source: Department of Labor.

Table C-24.—*Unemployment insurance programs, selected data, 1940–62*

Year or month	All programs: Covered employment[1]	All programs: Insured unemployment (weekly average)[2,3]	All programs: Total benefits paid (millions of dollars)[2,4]	State programs: Insured unemployment[3]	State programs: Initial claims	State programs: Exhaustions[5]	State programs: Insured unemployment as percent of covered employment: Unadjusted	State programs: Insured unemployment as percent of covered employment: Seasonally adjusted	State programs: Benefits paid: Total (millions of dollars)[4]	State programs: Benefits paid: Average weekly check (dollars)[6]
	Thousands	Thousands		Weekly average, thousands	Weekly average, thousands	Weekly average, thousands	Percent	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	36,617	2,048	2,291.8	1,865	303	34	5.2	--------	2,026.9	24.93
1955	40,014	1,395	1,560.2	1,254	226	25	3.5	--------	1,350.3	25.04
1956	42,758	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	44,412	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	46,264	2,994	4,358.2	2,290	350	46	5.6	--------	3,422.7	33.80
1962[7]	47,150	2,080	3,160.0	1,800	303	32	4.5	--------	2,690.0	34.65
1961: January	44,756	3,515	436.4	3,266	541	44	8.1	*6.1*	397.6	34.34
February	44,467	3,638	435.5	3,394	480	49	8.4	*6.3*	399.3	34.45
March	44,873	3,403	500.9	3,168	372	53	7.8	*6.3*	461.5	34.37
April	45,384	3,626	419.4	2,779	367	58	6.8	*5.9*	362.5	34.18
May	45,899	3,290	457.2	2,328	297	54	5.7	*5.6*	320.1	33.46
June	46,654	2,877	403.9	1,991	279	53	4.9	*5.3*	264.4	32.92
July	46,762	2,678	321.9	1,958	357	50	4.8	*5.3*	224.0	32.91
August	47,154	2,357	333.5	1,744	271	44	4.3	*5.2*	237.2	33.36
September	47,224	2,122	263.4	1,558	257	38	3.8	*5.1*	185.0	33.12
October	47,129	2,018	255.3	1,502	277	35	3.7	*5.1*	180.9	33.30
November	47,237	2,172	261.4	1,662	320	34	4.1	*6.1*	190.9	33.67
December	47,637	2,533	286.0	2,017	394	35	5.0	*4.8*	218.5	34.10
1962: January	46,022	3,015	395.2	2,486	429	39	6.2	*4.7*	314.9	34.44
February	46,146	2,914	353.4	2,415	320	39	6.0	*4.6*	287.2	34.73
March	46,542	2,702	381.0	2,218	273	39	5.5	*4.4*	310.2	34.98
April	(8)	2,216	297.9	1,831	267	39	4.5	*3.9*	239.6	34.52
May	(8)	1,840	254.3	1,570	250	33	3.9	*3.8*	215.0	34.04
June	(8)	1,667	215.4	1,469	258	30	3.6	*4.0*	188.9	34.20
July	(8)	1,699	205.2	1,543	319	28	3.8	*4.3*	187.0	34.01
August	(8)	1,628	218.9	1,469	261	26	3.6	*4.4*	197.4	34.29
September	(8)	1,497	181.1	1,331	235	25	3.3	*4.4*	160.6	34.42
October	(8)	1,539	198.9	1,385	275	25	3.4	*4.6*	176.6	34.69
November	(8)	1,780	215.5	1,625	314	26	4.0	*4.8*	193.6	34.95
December[7]	(8)	2,220	255.0	2,050	422	28	5.0	*4.8*	230.0	35.30

[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 gross amounts and monthly data are net amounts.

[5] Individuals receiving final payments in benefit year.

[6] For total unemployment only.

[7] Preliminary.

[8] March 1962 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 since January 1961.

Source: Department of Labor.

TABLE C–25.—*Number of wage and salary workers in nonagricultural establishments, 1929–62* [1]

[Thousands of employees]

Year or month	Total wage and salary workers	Manufacturing: Total	Manufacturing: Durable goods	Manufacturing: Nondurable goods	Mining	Contract construction	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Service and miscellaneous	Government (Federal, State, and local)
1929	31,339	10,702	(2)	(2)	1,087	1,497	3,916	6,123	1,509	3,440	3,065
1930	29,424	9,562	(2)	(2)	1,009	1,372	3,685	5,797	1,475	3,376	3,148
1931	26,649	8,170	(2)	(2)	873	1,214	3,254	5,284	1,407	3,183	3,264
1932	23,628	6,931	(2)	(2)	731	970	2,816	4,683	1,341	2,931	3,225
1933	23,711	7,397	(2)	(2)	744	809	2,672	4,755	1,295	2,873	3,166
1934	25,953	8,501	(2)	(2)	883	862	2,750	5,281	1,319	3,058	3,299
1935	27,053	9,069	(2)	(2)	897	912	2,786	5,431	1,335	3,142	3,481
1936	29,082	9,827	(2)	(2)	946	1,145	2,973	5,809	1,388	3,326	3,668
1937	31,026	10,794	(2)	(2)	1,015	1,112	3,134	6,265	1,432	3,518	3,756
1938	29,209	9,440	(2)	(2)	891	1,055	2,863	6,179	1,425	3,473	3,883
1939	30,618	10,278	4,715	5,564	854	1,150	2,936	6,426	1,462	3,517	3,995
1940	32,376	10,985	5,363	5,622	925	1,294	3,038	6,750	1,502	3,681	4,202
1941	36,554	13,192	6,968	6,225	957	1,790	3,274	7,210	1,549	3,921	4,660
1942	40,125	15,280	8,823	6,458	992	2,170	3,460	7,118	1,538	4,084	5,483
1943	42,452	17,602	11,084	6,518	925	1,567	3,647	6,982	1,502	4,148	6,080
1944	41,883	17,328	10,856	6,472	892	1,094	3,829	7,058	1,476	4,163	6,043
1945	40,394	15,524	9,074	6,450	836	1,132	3,906	7,314	1,497	4,241	5,944
1946	41,674	14,703	7,742	6,962	862	1,661	4,061	8,376	1,697	4,719	5,595
1947	43,881	15,545	8,385	7,159	955	1,982	4,166	8,955	1,754	5,050	5,474
1948	44,891	15,582	8,326	7,256	994	2,169	4,189	9,272	1,829	5,206	5,650
1949	43,778	14,441	7,489	6,953	930	2,165	4,001	9,264	1,857	5,264	5,856
1950	45,222	15,241	8,094	7,147	901	2,333	4,034	9,386	1,919	5,382	6,026
1951	47,849	16,393	9,089	7,304	929	2,603	4,226	9,742	1,991	5,576	6,389
1952	48,825	16,632	9,349	7,284	898	2,634	4,248	10,004	2,069	5,730	6,609
1953	50,232	17,549	10,110	7,438	866	2,623	4,290	10,247	2,146	5,867	6,645
1954	49,022	16,314	9,129	7,185	791	2,612	4,084	10,235	2,234	6,002	6,751
1955	50,675	16,882	9,541	7,340	792	2,802	4,141	10,535	2,335	6,274	6,914
1956	52,408	17,243	9,834	7,409	822	2,999	4,244	10,858	2,429	6,536	7,277
1957	52,904	17,174	9,856	7,319	828	2,923	4,241	10,886	2,477	6,749	7,626
1958	51,423	15,945	8,830	7,116	751	2,778	3,976	10,750	2,519	6,811	7,893
1959	53,380	16,667	9,369	7,298	731	2,955	4,010	11,125	2,597	7,105	8,190
1960	54,347	16,762	9,441	7,321	709	2,882	4,017	11,412	2,684	7,361	8,520
1961	54,077	16,267	9,042	7,225	666	2,760	3,923	11,368	2,748	7,516	8,828
1962 [3]	55,325	16,750	9,443	7,308	647	2,696	3,925	11,571	2,793	7,757	9,185
	Seasonally adjusted										
1960: January	54,211	16,988	9,659	7,329	716	2,922	4,022	11,315	2,641	7,256	8,351
February	54,445	17,063	9,719	7,344	723	2,974	4,034	11,355	2,655	7,287	8,354
March	54,427	17,054	9,683	7,371	722	2,759	4,039	11,356	2,661	7,287	8,549
April	54,702	17,037	9,652	7,385	729	2,901	4,054	11,439	2,666	7,307	8,569
May	54,584	16,985	9,608	7,377	725	2,921	4,040	11,442	2,670	7,326	8,475
June	54,538	16,901	9,526	7,375	717	2,912	4,039	11,436	2,679	7,357	8,497
July	54,514	16,813	9,451	7,362	698	2,928	4,031	11,465	2,685	7,398	8,496
August	54,403	16,701	9,377	7,324	706	2,902	4,022	11,455	2,696	7,402	8,519
September	54,301	16,619	9,322	7,297	700	2,879	4,008	11,422	2,704	7,400	8,569
October	54,190	16,489	9,208	7,281	698	2,877	3,991	11,423	2,707	7,415	8,590
November	53,995	16,351	9,111	7,240	693	2,832	3,976	11,371	2,719	7,431	8,622
December	53,707	16,174	8,988	7,186	679	2,757	3,950	11,334	2,723	7,447	8,643

See footnotes at end of table.

TABLE C–25.—*Number of wage and salary workers in nonagricultural establishments, 1929–62* [1]—Continued

[Thousands of employees]

Year or month	Total wage and salary workers	Manufacturing: Total	Manufacturing: Durable goods	Manufacturing: Nondurable goods	Mining	Contract construction	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Service and miscellaneous	Government (Federal, State, and local)
	Seasonally adjusted										
1961: January	53,581	16,021	8,863	7,158	672	2,773	3,931	11,347	2,727	7,439	8,671
February	53,485	15,962	8,797	7,165	667	2,765	3,922	11,296	2,731	7,460	8,682
March	53,561	16,023	8,820	7,203	668	2,792	3,919	11,252	2,732	7,463	8,712
April	53,663	16,119	8,904	7,215	666	2,766	3,901	11,320	2,732	7,425	8,734
May	53,894	16,275	9,058	7,217	670	2,742	3,903	11,355	2,739	7,436	8,774
June	54,182	16,373	9,114	7,259	669	2,795	3,914	11,392	2,747	7,471	8,821
July	54,335	16,392	9,138	7,254	672	2,776	3,942	11,437	2,748	7,533	8,835
August	54,333	16,381	9,131	7,250	665	2,770	3,939	11,410	2,757	7,546	8,865
September	54,304	16,323	9,105	7,218	666	2,754	3,939	11,363	2,756	7,567	8,936
October	54,385	16,361	9,112	7,249	661	2,758	3,929	11,365	2,764	7,580	8,967
November	54,525	16,466	9,213	7,253	665	2,719	3,927	11,374	2,771	7,611	8,992
December	54,492	16,513	9,244	7,269	654	2,699	3,911	11,366	2,770	7,642	8,937
1962: January	54,434	16,456	9,217	7,239	653	2,594	3,906	11,384	2,772	7,640	9,029
February	54,773	16,572	9,312	7,260	653	2,694	3,914	11,447	2,774	7,675	9,044
March	54,901	16,682	9,385	7,297	654	2,648	3,927	11,460	2,776	7,681	9,073
April	55,260	16,848	9,490	7,358	656	2,734	3,935	11,546	2,778	7,675	9,088
May	55,403	16,891	9,544	7,347	659	2,716	3,936	11,596	2,786	7,692	9,127
June	55,535	16,923	9,555	7,368	652	2,671	3,934	11,621	2,788	7,749	9,197
July	55,617	16,908	9,552	7,356	648	2,738	3,913	11,652	2,792	7,783	9,183
August	55,536	16,795	9,461	7,334	646	2,731	3,932	11,627	2,796	7,805	9,204
September	55,583	16,805	9,486	7,319	641	2,715	3,928	11,612	2,799	7,809	9,274
October	55,647	16,781	9,470	7,311	638	2,716	3,935	11,594	2,813	7,831	9,339
November [3]	55,577	16,676	9,407	7,269	638	2,698	3,920	11,592	2,820	7,847	9,386
December [3]	55,594	16,684	9,439	7,245	626	2,659	3,920	11,577	2,817	7,880	9,431

[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 ending nearest the 15th 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 C–19) 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.

[2] Not available.

[3] Preliminary.

NOTE.—Data are based on the 1957 Standard Industrial Classification and March 1959 benchmark data. Data for Alaska and Hawaii included beginning January 1959.

Source: Department of Labor.

TABLE C–26.—*Average weekly hours of work in selected industries, 1929–62*

Year or month	Manufacturing: Total	Manufacturing: Durable goods	Manufacturing: Nondurable goods	Contract construction	Retail trade (except eating and drinking places)	Wholesale trade	Bituminous coal mining	Class I railroads [1]	Telephone communication [2]
1929	44.2	(3)	(3)	(3)	(3)	(3)	38.1	(3)	(3)
1930	42.1	(3)	(3)	(3)	(3)	(3)	33.3	(3)	(3)
1931	40.5	(3)	(3)	(3)	(3)	(3)	28.1	(3)	(3)
1932	38.3	32.5	41.9	(3)	(3)	(3)	27.0	(3)	(3)
1933	38.1	34.7	40.0	(3)	(3)	(3)	29.3	(3)	(3)
1934	34.6	33.8	35.1	(3)	(3)	(3)	26.8	(3)	(3)
1935	36.6	37.2	36.1	(3)	(3)	41.6	26.2	(3)	(3)
1936	39.2	40.9	37.7	(3)	(3)	42.9	28.5	(3)	(3)
1937	38.6	39.9	37.4	(3)	(3)	43.1	27.7	(3)	38.8
1938	35.6	34.9	36.1	(3)	(3)	42.3	23.3	(3)	38.9
1939	37.7	37.9	37.4	(3)	43.4	41.8	26.8	43.7	39.1
1940	38.1	39.2	37.0	(3)	43.2	41.3	27.8	44.3	39.5
1941	40.6	42.0	38.9	(3)	42.8	41.1	30.7	45.8	40.1
1942	43.1	45.0	40.3	(3)	41.8	41.4	32.4	47.0	40.5
1943	45.0	46.5	42.5	(3)	40.9	42.3	36.3	48.7	41.9
1944	45.2	46.5	43.1	(3)	41.0	43.0	43.0	48.9	42.3
1945	43.5	44.0	42.3	(3)	40.9	42.8	42.0	48.5	[4] 41.7
1946	40.3	40.4	40.5	(3)	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	40.2	39.3	36.9	38.1	40.5	35.9	42.1	39.4
1962 [5]	40.4	40.9	39.7	36.8	37.9	40.6	36.9	(3)	40.0
	Seasonally adjusted					Unadjusted			
1961: January	39.0	39.3	38.7	37.5	38.3	40.3	35.3	41.1	39.0
February	39.3	39.6	38.8	38.1	38.4	40.1	34.7	42.6	39.1
March	39.3	39.7	39.1	36.9	38.2	40.2	31.4	42.2	38.8
April	39.7	40.0	39.3	35.7	38.2	40.3	32.9	40.4	38.7
May	39.8	40.2	39.3	36.3	38.3	40.3	34.7	43.0	38.9
June	39.9	40.4	39.5	36.8	38.1	40.6	37.0	43.0	39.2
July	40.0	40.5	39.5	36.9	38.2	40.7	38.0	41.6	39.6
August	40.0	40.5	39.3	37.1	37.9	40.6	36.8	43.2	39.5
September	39.6	39.8	39.2	36.7	38.0	40.5	36.8	41.9	40.3
October	40.2	40.6	39.6	37.2	38.0	40.6	37.9	42.1	40.1
November	40.6	41.2	39.7	37.5	37.9	40.6	37.7	42.8	39.7
December	40.4	41.2	39.7	35.5	38.1	40.8	37.8	41.8	39.5
1962: January	39.8	40.3	39.2	34.4	37.9	40.4	37.6	42.9	39.3
February	40.3	40.9	39.5	37.0	38.0	40.3	37.9	42.9	39.4
March	40.5	41.0	39.9	37.3	38.0	40.5	37.7	42.5	39.3
April	40.8	41.3	40.2	36.6	37.8	40.6	37.3	41.8	39.2
May	40.6	41.1	40.1	37.5	38.0	40.6	35.2	43.1	39.4
June	40.5	41.0	40.0	36.7	37.9	40.7	37.4	42.4	39.7
July	40.5	41.0	39.8	37.4	37.9	40.8	(3)	(3)	40.3
August	40.2	40.9	39.4	37.3	37.9	40.7	36.5	(3)	40.2
September	40.5	41.0	39.7	37.7	38.0	40.7	36.2	(3)	40.6
October	40.1	40.7	39.3	37.2	37.8	40.6	36.9	(3)	40.5
November [5]	40.4	41.0	39.4	37.3	37.9	40.6	36.2	(3)	41.2
December [5]	40.3	41.0	39.7	(3)	(3)	(3)	(3)	(3)	(3)

[1] Based upon data summarized in the M–300 report by the Interstate Commerce Commission. Hours and earnings 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 C–27.
[3] Not available.
[4] Nine-month average, April through December, because of new series started in April 1945.
[5] Preliminary.

NOTE.—See Note, Table C–25.

Data are for production workers in manufacturing and mining, construction workers in contract construction, and for nonsupervisory employees in other industries (except as noted). Data are for pay period ending nearest the 15th of the month.

The annual figures for 1962 are simple arithmetic averages of the monthly figures shown and are not strictly comparable with the averages for earlier years, which have been weighted by data on employment.

See Table C–29 for unadjusted average weekly hours in manufacturing.

Data for Alaska and Hawaii included beginning January 1959.

Source: Department of Labor.

TABLE C–27.—*Average gross hourly earnings in selected industries, 1929–62*

Year or month	Manufacturing			Contract construction	Retail trade (except eating and drinking places)	Wholesale trade	Bituminous coal mining	Class I railroads [1]	Telephone communication [2]	Agriculture [3]
	Total	Durable goods	Nondurable goods							
1929	$0.560	([4])	([4])	([4])	([4])	([4])	$0.659	([4])	([4])	$0.241
1930	.546	([4])	([4])	([4])	([4])	([4])	.662	([4])	([4])	.226
1931	.509	([4])	([4])	([4])	([4])	([4])	.626	([4])	([4])	.172
1932	.441	$0.492	$0.412	([4])	([4])	([4])	.503	([4])	([4])	.129
1933	.437	.467	.419	([4])	([4])	([4])	.485	([4])	([4])	.115
1934	.526	.550	.505	([4])	([4])	([4])	.651	([4])	([4])	.129
1935	.544	.571	.520	([4])	([4])	$0.610	.720	([4])	([4])	.142
1936	.550	.580	.519	([4])	([4])	.628	.768	([4])	([4])	.152
1937	.617	.667	.566	([4])	([4])	.658	.828	([4])	$0.774	.172
1938	.620	.679	.572	([4])	([4])	.674	.849	([4])	.816	.166
1939	.627	.691	.571	([4])	$0.484	.688	.858	$0.730	.822	.166
1940	.655	.716	.590	([4])	.494	.711	.854	.733	.827	.169
1941	.726	.799	.627	([4])	.518	.763	.960	.743	.820	.206
1942	.851	.937	.709	([4])	.559	.828	1.030	.837	.843	.268
1943	.957	1.048	.787	([4])	.606	.898	1.101	.852	.870	.353
1944	1.011	1.105	.844	([4])	.653	.948	1.147	.948	.911	.423
1945	1.016	1.099	.886	([4])	.699	.990	1.199	.955	[5].962	.472
1946	1.075	1.144	.995	([4])	.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	2.19	3.12	2.54	2.18	.798
1960	2.26	2.43	2.05	3.07	1.62	2.25	3.15	2.61	2.26	.818
1961	2.32	2.49	2.11	3.19	1.68	2.31	3.14	2.67	2.37	.834
1962 [6]	2.39	2.57	2.17	3.28	1.75	2.37	3.13	([4])	2.47	.856
1961: January	2.29	2.45	2.09	3.17	1.66	2.28	3.14	2.65	2.32	.909
February	2.29	2.45	2.09	3.16	1.65	2.28	3.12	2.70	2.32	--------
March	2.29	2.46	2.09	3.14	1.65	2.28	3.10	2.64	2.32	--------
April	2.31	2.47	2.10	3.15	1.67	2.30	3.12	2.68	2.33	.757
May	2.32	2.48	2.11	3.16	1.68	2.30	3.12	2.65	2.34	--------
June	2.32	2.49	2.11	3.16	1.69	2.32	3.17	2.66	2.35	--------
July	2.33	2.49	2.12	3.16	1.69	2.32	3.17	2.68	2.36	.825
August	2.31	2.48	2.10	3.17	1.69	2.31	3.14	2.65	2.37	--------
September	2.33	2.50	2.12	3.22	1.70	2.34	3.15	2.69	2.42	--------
October	2.34	2.51	2.13	3.22	1.71	2.33	3.13	2.67	2.41	.843
November	2.36	2.54	2.14	3.24	1.71	2.34	3.14	2.68	2.43	--------
December	2.38	2.55	2.15	3.29	1.69	2.34	3.14	2.69	2.44	--------
1962: January	2.39	2.56	2.16	3.33	1.72	2.33	3.15	2.67	2.44	.932
February	2.38	2.55	2.15	3.23	1.73	2.34	3.13	2.73	2.44	--------
March	2.38	2.56	2.16	3.27	1.73	2.35	3.15	2.67	2.44	--------
April	2.39	2.56	2.16	3.27	1.74	2.36	3.15	2.68	2.44	.779
May	2.39	2.56	2.17	3.24	1.75	2.37	3.11	2.66	2.44	--------
June	2.39	2.56	2.17	3.23	1.75	2.38	3.13	2.72	2.46	--------
July	2.39	2.56	2.17	3.27	1.75	2.38	([4])	([4])	2.47	.848
August	2.37	2.54	2.16	3.28	1.75	2.38	3.13	([4])	2.47	--------
September	2.40	2.57	2.17	3.33	1.76	2.41	3.16	([4])	2.52	--------
October	2 40	2.57	2.17	3 32	1 77	2.39	8.12	([4])	2.52	.868
November [6]	2.41	2.59	2.19	3.33	1.77	2.40	3.10	([4])	2.50	--------
December [6]	2.42	2.60	2.19	([4])	([4])	([4])	([4])	([4])	([4])	--------

[1] For coverage of series, see footnote 1, Table C–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] Not available.

[5] Nine-month average, April through December, because of new series started in April 1945.

[6] Preliminary.

NOTE.— See Note, Table C–25.

Data are for production workers in manufacturing and mining, construction workers in contract construction, and for all nonsupervisory employees in other industries (except as noted). Data are for pay period ending nearest the 15th of the month.

The annual figures for 1962 are simple arithmetic averages of the monthly figures shown and are not strictly comparable with the averages for earlier years, which have been weighted by data on man-hours.

Data for Alaska and Hawaii included beginning January 1959.

Sources: Department of Labor and Department of Agriculture.

TABLE C–28.—*Average gross weekly earnings in selected industries, 1929–62*

Year or month	Manufacturing: Total	Manufacturing: Durable goods	Manufacturing: Nondurable goods	Contract construction	Retail trade (except eating and drinking places)	Wholesale trade	Bituminous coal mining	Class I railroads [1]	Telephone communication [2]
1929	$24.76	$26.84	$22.47	(3)	(3)	(3)	$25.11	(3)	(3)
1930	23.00	24.42	21.40	(3)	(3)	(3)	22.04	(3)	(3)
1931	20.64	20.98	20.09	(3)	(3)	(3)	17.59	(3)	(3)
1932	16.89	15.99	17.26	(3)	(3)	$26.75	13.58	(3)	(3)
1933	16.65	16.20	16.76	(3)	(3)	25.19	14.21	(3)	(3)
1934	18.20	18.59	17.73	(3)	(3)	25.44	17.45	(3)	(3)
1935	19.91	21.24	18.77	(3)	(3)	25.38	18.86	(3)	(3)
1936	21.56	23.72	19.57	(3)	(3)	26.96	21.89	(3)	(3)
1937	23.82	26.61	21.17	(3)	(3)	28.36	22.94	(3)	$30.03
1938	22.07	23.70	20.65	(3)	(3)	28.51	19.78	(3)	31.74
1939	23.64	26.19	21.36	(3)	$21.01	28.76	22.99	$31.90	32.14
1940	24.96	28.07	21.83	(3)	21.34	29.36	23.74	32.47	32.67
1941	29.48	33.56	24.39	(3)	22.17	31.36	29.47	34.03	32.88
1942	36.68	42.17	28.57	(3)	23.37	34.28	33.37	39.34	34.14
1943	43.07	48.73	33.45	(3)	24.79	37.99	39.97	41.49	36.45
1944	45.70	51.38	36.38	(3)	26.77	40.76	49.32	46.36	38.54
1945	44.20	48.36	37.48	(3)	28.59	42.37	50.36	46.32	[4] 40.12
1946	43.32	46.22	40.30	(3)	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	88.91	111.70	106.43	85.46
1960	89.72	97.44	80.36	112.67	62.37	91.13	112.77	108.84	89.50
1961	92.34	100.10	82.92	117.71	64.01	93.56	112.73	112.41	93.38
1962 [5]	96.56	105.11	86.15	120.70	66.33	96.22	114.60	(3)	98.80
1961: January	89.08	96.29	80.47	115.39	63.25	91.88	110.84	108.92	90.48
February	89.31	96.29	80.47	114.08	62.87	91.43	108.26	115.02	90.71
March	89.54	97.17	80.88	112.41	62.70	91.66	97.34	111.41	90.02
April	90.78	98.31	81.27	112.77	63.46	92.69	102.65	108.27	90.17
May	92.10	99.70	82.29	116.29	63.84	92.69	108.26	113.95	91.03
June	93.03	101.09	83.56	119.13	64.90	94.19	117.29	114.38	92.12
July	93.20	100.35	84.16	119.76	65.57	94.42	120.46	111.49	93.46
August	92.86	100.44	83.58	122.05	65.23	93.79	115.55	114.48	93.62
September	92.73	100.00	83.74	120.43	64.60	94.77	115.92	112.71	97.53
October	94.54	102.66	84.77	123.00	64.64	94.60	118.63	112.41	96.64
November	95.82	104.39	85.39	118.26	64.13	95.00	118.38	114.70	96.47
December	96.63	105.32	85.57	114.82	64.73	95.47	118.69	112.44	96.38
1962: January	94.88	103.17	84.24	111.22	64.84	94.13	118.44	114.54	95.89
February	95.20	103.53	84.28	113.37	65.22	94.30	118.63	117.12	96.14
March	95.91	104.45	85.32	118.05	65.39	95.18	118.76	113.48	95.89
April	96.56	105.22	85.54	120.01	65.42	95.82	117.50	112.02	95.65
May	96.80	105.22	86.37	123.44	65.98	96.22	109.47	114.65	96.14
June	97.27	105.47	87.02	121.45	66.85	96.87	117.06	115.33	97.66
July	96.80	104.45	86.80	125.57	67.38	97.10	103.60	(3)	99.54
August	95.75	103.89	86.18	127.26	67.55	96.87	114.25	(3)	99.29
September	97.68	105.88	86.80	128.21	66.88	98.09	114.39	(3)	102.31
October	96.72	105.37	85.72	126.82	66.55	97.03	115.13	(3)	102.06
November [5]	97.36	105.93	86.72	120.88	66.38	97.44	112.22	(3)	103.00
December [5]	98.01	106.86	87.16	(3)	(3)	(3)	(3)	(3)	(3)

[1] For coverage of series, see footnote 1, Table C–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] Not available.
[4] Nine-month average, April through December, because of new series started in April 1945.
[5] Preliminary.

NOTE.—See Note, Table C–25.
Data are for production workers in manufacturing and mining, construction workers in contract construction, and for nonsupervisory employees in other industries (except as noted). Data are for pay period ending nearest the 15th of the month.
The annual figures for 1962 are simple arithmetic averages of the monthly figures shown and are not strictly comparable with the averages for earlier years, which have been weighted by data on man-hours.
Data for Alaska and Hawaii included beginning January 1959.

Source: Department of Labor.

Table C–29.—*Average weekly hours and hourly earnings, gross and excluding overtime, in manufacturing industries, 1939–62*

Year or month	All manufacturing industries: Average weekly hours: Gross	All manufacturing industries: Average weekly hours: Excluding overtime	All manufacturing industries: Average hourly earnings: Gross	All manufacturing industries: Average hourly earnings: Excluding overtime	All manufacturing industries: Average hourly earnings: Excluding overtime and interindustry shift (1957–59=100)	Durable goods manufacturing industries: Average weekly hours: Gross	Durable goods manufacturing industries: Average weekly hours: Excluding overtime	Durable goods manufacturing industries: Average hourly earnings: Gross	Durable goods manufacturing industries: Average hourly earnings: Excluding overtime	Nondurable goods manufacturing industries: Average weekly hours: Gross	Nondurable goods manufacturing industries: Average weekly hours: Excluding overtime	Nondurable goods manufacturing industries: Average hourly earnings: Gross	Nondurable goods manufacturing industries: Average hourly earnings: Excluding overtime
1939	37.7	(1)	$0.627	(1)	32.2	37.9	(1)	$0.691	(1)	37.4	(1)	$0.571	(1)
1940	38.1	(1)	.655	(1)	(1)	39.2	(1)	.716	(1)	37.0	(1)	.590	(1)
1941	40.6	(1)	.726	$0.691	[2] 33.4	42.0	(1)	.799	$0.762	38.9	(1)	.627	$0.613
1942	43.1	(1)	.851	.793	[2] 37.5	45.0	(1)	.937	.872	40.3	(1)	.709	.684
1943	45.0	(1)	.957	.881	[2] 40.8	46.5	(1)	1.048	.966	42.5	(1)	.787	.748
1944	45.2	(1)	1.011	.933	[2] 43.7	46.5	(1)	1.105	1.019	43.1	(1)	.844	.798
1945	43.5	(1)	1.016	[3] .949	[2] 45.5	44.0	(1)	1.099	[3] 1.031	42.3	(1)	.886	[3] .841
1946	40.3	(1)	1.075	1.035	[2] 50.4	40.4	(1)	1.144	1.111	40.5	(1)	.995	.962
1947	40.4	(1)	1.217	1.18	57.8	40.5	(1)	1.278	1.24	40.2	(1)	1.145	1.11
1948	40.0	(1)	1.328	1.29	63.2	40.4	(1)	1.395	1.35	39.6	(1)	1.250	1.21
1949	39.1	(1)	1.378	1.34	66.1	39.4	(1)	1.453	1.42	38.9	(1)	1.295	1.26
1950	40.5	(1)	1.440	1.39	68.2	41.1	(1)	1.519	1.46	39.7	(1)	1.347	1.31
1951	40.6	(1)	1.56	1.51	73.6	41.5	(1)	1.65	1.59	39.5	(1)	1.44	1.40
1952	40.7	(1)	1.65	1.59	77.4	41.5	(1)	1.75	1.68	39.7	(1)	1.51	1.46
1953	40.5	(1)	1.74	1.68	81.6	41.2	(1)	1.86	1.79	39.6	(1)	1.58	1.53
1954	39.6	(1)	1.78	1.73	84.3	40.1	(1)	1.90	1.84	39.0	(1)	1.62	1.58
1955	40.7	(1)	1.86	1.79	86.9	41.3	(1)	1.99	1.91	39.9	(1)	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	1.86
1959	40.3	37.6	2.19	2.12	103.6	40.7	38.0	2.36	2.28	39.7	37.0	1.98	1.91
1960	39.7	37.3	2.26	2.20	107.0	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	110.0	40.2	37.9	2.49	2.42	39.3	36.8	2.11	2.05
1962 [4]	40.4	37.6	2.39	2.31	112.5	40.9	38.1	2.57	2.48	39.7	37.0	2.17	2.10
1961: January	38.9	37.0	2.29	2.24	109.0	39.3	37.5	2.45	2.39	38.5	36.4	2.09	2.04
February	39.0	37.1	2.29	2.23	109.0	39.3	37.5	2.45	2.39	38.5	36.4	2.09	2.03
March	39.1	37.1	2.29	2.24	109.2	39.5	37.7	2.46	2.40	38.7	36.5	2.09	2.04
April	39.3	37.2	2.31	2.25	109.6	39.8	37.8	2.47	2.41	38.7	36.5	2.10	2.05
May	39.7	37.5	2.32	2.25	109.8	40.2	38.1	2.48	2.42	39.0	36.7	2.11	2.05
June	40.1	37.7	2.32	2.25	109.9	40.6	38.3	2.49	2.42	39.6	37.0	2.11	2.04
July	40.0	37.5	2.33	2.26	110.1	40.3	38.0	2.49	2.42	39.7	37.1	2.12	2.05
August	40.2	37.6	2.31	2.24	109.8	40.5	38.0	2.48	2.41	39.8	37.0	2.10	2.03
September	39.8	37.0	2.33	2.25	110.1	40.0	37.3	2.50	2.41	39.5	36.6	2.12	2.05
October	40.4	37.6	2.34	2.26	110.7	40.9	38.2	2.51	2.43	39.8	36.9	2.13	2.06
November	40.6	37.7	2.36	2.28	111.2	41.1	38.2	2.54	2.45	39.9	37.1	2.14	2.06
December	40.6	37.7	2.38	2.30	111.7	41.3	38.3	2.55	2.46	39.8	37.1	2.15	2.08
1962: January	39.7	37.1	2.39	2.31	111.7	40.3	37.7	2.56	2.48	39.0	36.5	2.16	2.09
February	40.0	37.5	2.38	2.31	111.7	40.6	38.1	2.55	2.47	39.2	36.7	2.15	2.08
March	40.3	37.7	2.38	2.31	112.2	40.8	38.1	2.56	2.48	39.5	36.9	2.16	2.09
April	40.4	37.7	2.39	2.31	112.2	41.1	38.4	2.56	2.48	39.6	37.0	2.16	2.09
May	40.5	37.7	2.39	2.31	112.2	41.1	38.3	2.56	2.47	39.8	37.0	2.17	2.09
June	40.7	37.8	2.39	2.31	112.2	41.2	38.2	2.56	2.47	40.1	37.2	2.17	2.10
July	40.5	37.7	2.39	2.31	112.7	40.8	38.0	2.56	2.47	40.0	37.2	2.17	2.10
August	40.4	37.6	2.37	2.29	112.7	40.8	38.0	2.54	2.46	39.9	37.2	2.16	2.09
September	40.7	37.7	2.40	2.31	112.7	41.2	38.1	2.57	2.48	40.0	37.1	2.17	2.10
October	40.3	37.5	2.40	2.32	113.2	41.0	38.1	2.57	2.48	39.5	36.8	2.17	2.10
November [4]	40.4	37.5	2.41	2.33	113.7	40.9	37.9	2.59	2.50	39.6	36.8	2.19	2.11
December [4]	40.5	37.5	2.42	2.34	(1)	41.1	37.9	2.60	2.50	39.8	37.1	2.19	2.12

[1] Not available.
[2] April used. Annual average not available.
[3] Eleven-month average; August 1945 excluded because of VJ Day holiday period.
[4] Preliminary.

Note.—Series revised; see Note, Table C–25.
Data relate to production workers and are for pay period ending nearest the 15th of the month.
The annual figures for 1962 are simple arithmetic averages of the monthly figures shown and are not strictly comparable with the averages for earlier years, which have been weighted by data on employment (in the case of hours) and man-hours (in the case of earnings).
See Table C–26 for seasonally adjusted average gross weekly hours.
Data for Alaska and Hawaii included beginning January 1959.

Source: Department of Labor.

TABLE C–30.—*Average weekly earnings, gross and spendable, in manufacturing industries, in current and 1962 prices, 1939–62*

Year or month	Average gross weekly earnings		Average spendable weekly earnings [2]			
			Worker with no dependents		Worker with three dependents	
	Current prices	1962 prices [1]	Current prices	1962 prices [1]	Current prices	1962 prices [1]
1939	$23.64	$51.50	$23.37	$50.92	$23.40	$50.98
1940	24.96	53.91	24.46	52.83	24.71	53.37
1941	29.48	60.53	27.96	57.41	29.19	59.94
1942	36.68	68.05	31.80	59.00	36.31	67.37
1943	43.07	75.30	35.95	62.85	41.33	72.26
1944	45.70	78.52	37.99	65.27	43.76	75.19
1945	44.20	74.29	36.82	61.88	42.59	71.58
1946	43.32	67.16	37.31	57.84	42.79	66.34
1947	49.17	66.63	42.10	57.05	47.58	64.47
1948	53.12	66.82	46.57	58.58	52.31	65.80
1949	53.88	68.46	47.21	59.99	52.95	67.28
1950	58.32	73.36	50.26	63.22	56.36	70.89
1951	63.34	73.74	52.97	61.66	60.18	70.06
1952	67.16	76.49	55.04	62.69	62.98	71.73
1953	70.47	79.72	57.59	65.15	65.60	74.21
1954	70.49	79.38	58.45	65.82	65.65	73.93
1955	75.70	85.54	62.51	70.63	69.79	78.86
1956	78.78	87.73	64.92	72.29	72.25	80.46
1957	81.59	87.73	66.93	71.97	74.31	79.90
1958	82.71	86.61	67.82	71.02	75.23	78.77
1959	88.26	91.65	71.89	74.65	79.40	82.45
1960	89.72	91.74	72.57	74.20	80.11	81.91
1961	92.34	93.37	74.60	75.43	82.18	83.09
1962 [3]	96.56	96.56	77.87	77.87	85.55	85.55
1961: January	89.08	90.44	72.08	73.18	79.60	80.81
February	89.31	90.58	72.26	73.29	79.78	80.91
March	89.54	90.81	72.43	73.46	79.97	81.11
April	90.78	92.07	73.39	74.43	80.95	82.10
May	92.10	93.50	74.41	75.54	81.99	83.24
June	93.03	94.26	75.15	76.14	82.74	83.83
July	93.20	94.05	75.29	75.97	82.88	83.63
August	92.86	93.80	75.01	75.77	82.61	83.44
September	92.73	93.48	74.91	75.51	82.50	83.17
October	94.54	95.30	76.36	76.98	83.98	84.66
November	95.82	96.59	77.39	78.01	85.03	85.72
December	96.63	97.51	78.04	78.75	85.70	86.48
1962: January	94.88	95.74	76.51	77.20	84.15	84.91
February	95.20	95.77	76.77	77.23	84.41	84.92
March	95.91	96.30	77.34	77.65	85.00	85.34
April	96.56	96.75	77.86	78.02	85.53	85.70
May	96.80	96.99	78.05	78.21	85.73	85.90
June	97.27	97.37	78.43	78.51	86.11	86.20
July	96.80	96.70	78.05	77.97	85.73	85.64
August	95.75	95.65	77.21	77.13	84.87	84.79
September	97.68	97.00	78.76	78.21	86.45	85.85
October	96.72	96.14	77.99	77.52	85.66	85.15
November [3]	97.36	96.78	78.50	78.03	86.19	85.68
December [3]	98.01	(4)	79.02	(4)	86.72	(4)

[1] Estimates in current prices divided by the consumer price index on a 1962 base (using 11-month average).
[2] Average gross weekly earnings less social security and income taxes.
[3] Preliminary.
[4] Not available.

NOTE.—Series revised; see Note, Table C–25.
Data relate to production workers and are for pay period ending nearest the 15th of the month.
The annual figures for 1962 are simple arithmetic averages of the monthly figures shown and are not strictly comparable with the averages for earlier years, which have been weighted by data on man-hours.
Data for Alaska and Hawaii included beginning January 1959.

Source: Department of Labor.

TABLE C–31.—*Labor turnover rates in manufacturing industries, 1930–62*

[Rates per 100 employees]

Year or month	Accession rates: Total [1]	Accession rates: New hires	Separation rates: Total [2]	Separation rates: Quits	Separation rates: Layoffs
1930	3.8	(3)	5.9	1.9	3.6
1931	3.7	(3)	4.8	1.1	3.5
1932	4.1	(3)	5.2	.9	4.2
1933	6.5	(3)	4.5	1.1	3.2
1934	5.7	(3)	4.9	1.1	3.7
1935	5.1	(3)	4.3	1.1	3.0
1936	5.3	(3)	4.0	1.3	2.4
1937	4.3	(3)	5.2	1.5	3.5
1938	4.7	(3)	4.8	.8	3.9
1939	5.0	(3)	3.7	1.0	2.6
1940	5.4	(3)	4.0	1.1	2.6
1941	6.5	(3)	4.7	2.4	1.6
1942	9.3	(3)	7.8	4.6	1.3
1943	9.1	(3)	8.6	6.3	.7
1944	7.4	(3)	8.1	6.2	.7
1945	7.7	(3)	9.6	6.1	2.6
1946	8.1	(3)	7.2	5.2	1.4
1947	6.2	(3)	5.7	4.1	1.1
1948	5.4	(3)	5.4	3.4	1.6
1949	4.3	(3)	5.0	1.9	2.9
1950	5.3	(3)	4.1	2.3	1.3
1951	5.3	4.1	5.3	2.9	1.4
1952	5.4	4.1	4.9	2.8	1.4
1953	4.8	3.6	5.1	2.8	1.6
1954	3.6	1.9	4.1	1.4	2.3
1955	4.5	3.0	3.9	1.9	1.5
1956	4.2	2.8	4.2	1.9	1.7
1957	3.6	2.2	4.2	1.6	2.1
1958	3.6	1.7	4.1	1.1	2.6
1959	4.2	2.6	4.1	1.5	2.0
1960	3.8	2.2	4.3	1.3	2.4
1961	4.1	2.2	4.0	1.2	2.2
1962 [4]	4.2	2.6	4.1	1.5	1.9
	Seasonally adjusted				
1961: January	4.0	1.8	4.7	1.1	2.9
February	3.8	1.7	4.5	1.1	2.9
March	4.6	1.9	4.2	1.1	2.3
April	4.4	2.0	3.5	1.0	1.9
May	4.2	2.1	3.8	1.2	2.0
June	3.9	2.1	4.0	1.2	2.2
July	4.0	2.2	4.3	1.1	2.5
August	4.1	2.3	3.8	1.2	1.9
September	3.7	2.2	4.1	1.3	2.2
October	4.4	2.5	3.6	1.3	1.7
November	4.0	2.4	3.9	1.3	1.8
December	3.8	2.5	4.1	1.4	2.1
1962: January	4.4	2.6	3.9	1.4	1.9
February	4.1	2.4	3.9	1.5	1.9
March	4.3	2.7	3.8	1.5	1.6
April	4.4	2.7	3.7	1.3	1.6
May	4.3	2.9	4.1	1.6	1.8
June	3.9	2.5	4.3	1.5	2.0
July	4.1	2.5	4.6	1.3	2.4
August	4.0	2.4	4.8	1.5	2.6
September	3.8	2.3	4.1	1.4	2.0
October	4.0	2.3	3.8	1.4	1.8
November [5]	3.5	2.2	3.8	1.3	1.8

[1] Includes rehires and other accessions, not published separately.
[2] Includes discharges and miscellaneous separations, not published separately. (Prior to 1940 quits include miscellaneous separations.)
[3] Not available.
[4] January–November average.
[5] Preliminary.

NOTE.—See Note, Table C–25.
Beginning January 1943, data relate to all employees; previously to production workers only.
Beginning January 1959, transfers between establishments of the same firm are included in total accessions and total separations, therefore rates for these items are not strictly comparable with prior data.
Data for Alaska and Hawaii included beginning January 1959.
Source: Department of Labor.

TABLE C–32.—*Indexes of output per man-hour and related data, 1947–62*

[1957–59=100]

Year	Output per man-hour					Output [1]					Man-hours				
	Total private	Agriculture	Nonagricultural industries			Total private	Agriculture	Nonagricultural industries			Total private	Agriculture	Nonagricultural industries		
			Total	Manufacturing	Nonmanufacturing			Total	Manufacturing	Nonmanufacturing			Total	Manufacturing	Nonmanufacturing
	Establishment basis [2]														
1947	70.9	50.2	76.3	74.8	76.8	68.4	81.2	67.7	71.1	65.9	96.5	161.8	88.7	95.1	85.8
1948	73.4	59.6	77.9	76.8	78.2	71.2	92.8	70.0	72.6	68.7	97.0	155.8	89.9	94.5	87.9
1949	75.5	56.8	80.8	78.5	82.0	70.8	88.0	69.8	67.6	71.0	93.8	154.8	86.4	86.1	86.6
1950	80.9	64.7	85.1	83.7	85.6	77.3	92.8	76.4	78.3	75.5	95.6	143.4	89.8	93.5	88.2
1951	82.9	64.0	86.5	85.2	86.8	82.0	87.0	81.7	85.7	79.6	98.9	136.0	94.4	100.6	91.7
1952	84.7	69.9	87.6	86.4	87.8	84.4	90.4	84.1	88.4	81.9	99.6	129.4	96.0	102.3	93.3
1953	88.2	77.8	90.0	90.6	89.0	88.6	93.7	88.3	97.3	83.7	100.5	120.5	98.1	107.4	94.0
1954	89.7	83.4	91.4	89.8	92.0	87.2	97.6	86.6	88.1	85.8	97.2	117.0	94.8	98.1	93.3
1955	93.8	86.4	95.3	96.0	94.6	95.0	102.9	94.5	99.5	92.0	101.3	119.1	99.2	103.6	97.3
1956	93.9	88.3	94.9	97.1	93.4	97.0	100.5	96.8	102.1	94.1	103.3	113.8	102.0	105.2	100.7
1957	97.2	94.2	97.5	97.2	97.6	98.9	99.0	98.9	100.7	98.0	101.8	105.1	101.4	103.6	100.4
1958	99.6	103.0	99.4	98.9	99.7	97.0	100.5	96.8	94.2	98.1	97.4	97.6	97.4	95.2	98.4
1959	103.3	102.8	103.1	103.7	102.7	104.1	100.0	104.3	105.0	103.9	100.8	97.3	101.2	101.3	101.2
1960	105.3	109.3	104.8	106.1	104.2	106.9	104.8	107.0	107.1	107.0	101.5	95.9	102.1	100.9	102.7
1961	108.9	117.9	107.9	110.7	106.8	108.6	106.2	108.8	108.6	108.9	99.7	90.1	100.8	98.1	102.0
1962 [3]	113.4	121.8	112.1	114.9	110.6	114.4	107.2	114.9	117.3	113.6	100.9	88.0	102.5	102.1	102.7
	Labor force basis [4]														
1947	68.5	50.2	73.8	(5)	(5)	68.4	81.2	67.7	(5)	(5)	99.8	161.8	91.7	(5)	(5)
1948	70.6	59.6	74.5	(5)	(5)	71.2	92.8	70.0	(5)	(5)	100.9	155.6	93.9	(5)	(5)
1949	72.0	56.4	76.9	(5)	(5)	70.8	88.0	69.8	(5)	(5)	98.3	156.1	90.8	(5)	(5)
1950	77.5	64.5	81.4	(5)	(5)	77.3	92.8	76.4	(5)	(5)	99.7	143.9	93.9	(5)	(5)
1951	81.1	63.6	84.7	(5)	(5)	82.0	87.0	81.7	(5)	(5)	101.1	136.8	96.5	(5)	(5)
1952	83.7	69.4	86.7	(5)	(5)	84.4	90.4	84.1	(5)	(5)	100.8	130.2	97.0	(5)	(5)
1953	87.5	77.3	89.5	(5)	(5)	88.6	93.7	88.3	(5)	(5)	101.3	121.2	98.7	(5)	(5)
1954	89.7	83.0	91.5	(5)	(5)	87.2	97.6	86.6	(5)	(5)	97.2	117.6	94.6	(5)	(5)
1955	94.1	85.9	95.8	(5)	(5)	95.0	102.9	94.5	(5)	(5)	101.0	119.8	98.6	(5)	(5)
1956	94.4	87.8	95.7	(5)	(5)	97.0	100.5	96.8	(5)	(5)	102.7	114.5	101.2	(5)	(5)
1957	97.5	94.2	98.0	(5)	(5)	98.9	99.0	98.9	(5)	(5)	101.4	105.1	100.9	(5)	(5)
1958	99.1	103.1	98.8	(5)	(5)	97.0	100.5	96.8	(5)	(5)	97.9	97.5	98.0	(5)	(5)
1959	103.4	102.7	103.2	(5)	(5)	104.1	100.0	104.3	(5)	(5)	100.7	97.4	101.1	(5)	(5)
1960	104.9	109.3	104.2	(5)	(5)	106.9	104.8	107.0	(5)	(5)	101.9	95.9	102.7	(5)	(5)
1961	107.4	118.4	106.0	(5)	(5)	108.6	106.2	108.8	(5)	(5)	101.1	89.7	102.6	(5)	(5)
1962 [3]	111.2	122.1	109.5	(5)	(5)	114.4	107.2	114.9	(5)	(5)	102.9	87.8	104.9	(5)	(5)

[1] Output refers to gross national product in 1954 prices.
[2] Man-hour estimates based primarily on establishment data.
[3] Preliminary.
[4] Man-hour estimates based primarily on labor force data.
[5] Not available.

NOTE.—For information on sources and methodology, see Bureau of Labor Statistics (Department of Labor) Bulletin No. 1249, *Trends in Output per Man-hour in the Private Economy, 1909–58.*
Data for Alaska and Hawaii included beginning 1960.

Source: Department of Labor.

TABLE C–33.—*Industrial production indexes, market groupings, 1947–62*

[1957–59=100]

Year or month	Total industrial production [1]	Final products						Materials		
		Total	Consumer goods [2]			Equipment, including defense		Total	Durable goods	Nondurable goods
			Total	Automotive products	Home goods	Total	Business			
1947	65.7	64.2	67.1	69.4	68.8	55.4	102.0	67.0	68.2	64.9
1948	68.4	66.6	69.2	72.6	71.7	58.3	105.9	70.2	71.0	68.2
1949	64.7	64.5	68.8	72.0	66.3	52.0	92.7	64.8	64.2	64.2
1950	74.9	72.8	78.6	90.6	91.4	56.4	99.2	76.9	79.5	73.3
1951	81.3	78.6	77.8	80.1	78.7	78.4	121.2	83.8	87.8	78.8
1952	84.3	84.3	79.5	72.1	78.8	94.1	137.3	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	109.8	111.3	112.7	111.8	112.2	108.3	110.1	108.4	104.8	112.1
1962 [3]	118.2	119.7	119.8	131.2	122.2	119.7	122.0	116.9	114.1	119.7
	Seasonally adjusted									
1961: January	103.3	106.0	106.7	99.8	101.8	104.3	106.1	100.7	95.0	106.6
February	103.4	106.4	107.4	95.3	103.5	104.2	106.0	100.5	94.3	106.9
March	103.8	106.6	108.0	94.5	105.5	103.5	105.1	101.7	95.9	107.8
April	106.6	108.6	110.3	107.8	109.3	105.2	107.0	105.3	101.0	109.8
May	108.8	110.1	111.9	113.0	112.5	106.1	107.9	107.7	104.5	111.0
June	110.9	111.8	113.9	118.1	114.5	107.3	109.4	110.0	107.9	112.2
July	112.0	112.7	114.9	120.9	115.7	108.1	110.1	110.5	108.2	112.9
August	113.4	113.4	115.3	121.8	114.2	109.4	111.4	111.9	109.8	114.1
September	112.0	112.6	113.4	102.8	115.9	110.8	112.7	110.9	107.6	114.3
October	113.5	114.8	115.9	116.4	116.0	112.4	114.1	112.9	110.2	115.7
November	114.8	116.4	117.5	127.3	117.9	114.1	115.8	113.9	110.9	116.9
December	115.6	116.9	117.9	130.8	120.3	114.9	116.4	114.8	111.8	118.0
1962: January	114.3	115.7	116.5	127.8	118.8	112.7	113.4	113.7	110.8	116.6
February	116.0	116.8	117.3	123.7	120.4	115.0	116.3	115.5	113.1	117.8
March	117.0	118.2	118.8	122.6	122.6	116.1	118.0	116.9	115.1	118.6
April	117.7	118.5	119.1	129.4	124.4	117.0	119.3	117.1	116.2	117.9
May	118.4	120.2	121.1	132.8	126.0	118.5	121.2	117.0	114.6	119.3
June	118.6	120.6	120.9	126.8	126.2	120.1	123.1	117.1	113.7	120.5
July	119.3	121.7	121.7	135.2	122.7	121.8	124.4	117.0	113.8	120.3
August	119.7	121.6	120.9	134.1	121.2	123.2	125.6	117.7	114.8	120.7
September	119.8	122.0	121.8	135.3	122.2	123.2	126.2	118.1	114.9	121.5
October	119.3	121.5	120.7	135.4	120.8	123.7	126.6	117.1	113.9	120.5
November	119.5	121.7	121.2	136.2	122.8	123.0	125.7	117.9	114.2	121.6
December [3]	119.6	122.3	122.0	138.0	([4])	123.0	125.0	117.7	114.0	122.0

[1] Annual indexes for 1929–46 are, respectively: 38.4, 32.0, 26.5, 20.7, 24.4, 26.6, 30.7, 36.3, 39.7, 31.4, 38.3, 43.9, 56.4, 69.3, 82.9, 81.7, 70.5, and 59.5.
[2] Also includes apparel and consumer staples, not shown separately.
[3] Preliminary.
[4] Not available.

Source: Board of Governors of the Federal Reserve System.

TABLE C-34.—*Industrial production indexes, industry groupings, 1947–62*

[1957-59=100]

Year or month	Total industrial production	Manufacturing: Total	Durable manufactures: Total	Primary metals	Fabricated metal products	Machinery	Transportation equipment	Instruments and related products	Clay, glass, and lumber	Furniture and miscellaneous
1947	65.7	66.4	64.3	90.7	75.9	65.3	42.9	53.7	75.8	73.5
1948	68.4	68.9	67.0	94.3	77.2	66.5	46.9	55.2	79.7	77.4
1949	64.7	65.1	60.9	79.4	69.8	59.0	47.1	49.2	72.3	71.6
1950	74.9	75.8	74.1	99.9	85.4	72.7	56.4	57.3	87.7	83.7
1951	81.3	81.9	83.5	108.7	91.2	83.0	62.9	65.7	92.0	80.2
1952	84.3	85.2	88.5	99.3	89.0	92.1	73.1	78.1	89.3	82.4
1953	91.3	92.7	99.9	112.5	100.3	100.5	91.7	85.3	92.7	89.7
1954	85.8	86.3	88.4	91.3	90.2	87.7	83.8	82.9	89.6	86.8
1955	96.6	97.3	101.9	118.4	98.3	96.5	102.0	88.7	100.7	97.9
1956	99.9	100.2	104.0	116.4	98.8	107.1	97.4	95.4	102.0	101.0
1957	100.7	100.8	104.0	112.2	101.5	104.2	106.4	98.0	97.5	97.6
1958	93.7	93.2	90.3	87.5	92.9	88.8	89.5	92.1	94.1	93.3
1959	105.6	106.0	105.6	100.4	105.5	107.1	104.0	109.9	108.5	109.0
1960	108.7	108.9	108.5	101.3	107.6	110.8	108.2	116.5	105.7	113.3
1961	109.8	109.7	107.0	98.9	106.5	110.4	103.6	115.8	104.5	114.1
1962 [1]	118.2	118.6	117.9	104.9	117.2	123.4	118.3	123.0	109.2	124.5
	Seasonally adjusted									
1961: January	103.3	102.5	98.6	79.9	98.4	104.8	95.2	113.6	99.4	106.4
February	103.4	102.6	98.3	81.4	96.8	104.7	94.0	111.9	98.6	106.6
March	103.8	103.2	98.8	82.4	97.7	104.5	94.2	111.6	101.2	107.1
April	106.6	106.3	103.1	92.1	101.1	107.5	99.9	112.8	103.2	110.3
May	108.8	108.7	106.5	100.8	105.2	108.8	104.2	114.3	104.8	112.0
June	110.9	111.0	109.2	103.5	108.9	111.2	107.2	116.2	106.9	114.7
July	112.0	112.3	110.8	107.6	109.8	112.9	108.0	116.4	107.2	115.4
August	113.4	113.7	112.1	109.6	112.7	113.5	109.4	117.9	107.8	116.2
September	112.0	112.1	109.7	110.0	108.5	112.8	100.5	118.0	107.3	117.7
October	113.5	113.5	111.2	106.7	111.3	113.9	107.0	118.0	105.3	119.0
November	114.8	115.0	113.0	106.2	113.5	114.7	112.2	119.4	105.6	121.3
December	115.6	115.9	114.5	111.0	113.3	116.8	113.7	119.8	104.7	120.8
1962: January	114.3	114.4	113.2	111.9	111.0	115.6	112.5	118.9	101.5	117.6
February	116.0	116.3	115.4	117.5	111.9	117.5	113.4	118.5	106.6	118.2
March	117.0	117.4	116.5	116.6	113.6	120.2	113.4	119.0	105.9	121.5
April	117.7	118.1	118.5	112.4	116.3	122.9	116.8	122.3	108.9	126.1
May	118.4	118.8	118.2	101.3	117.4	124.5	119.4	122.6	110.1	127.3
June	118.6	118.9	117.7	96.8	118.5	125.9	116.8	124.7	110.7	127.4
July	119.3	119.7	118.7	96.6	118.8	125.4	122.1	124.9	109.9	127.3
August	119.7	120.3	119.8	99.1	119.9	126.5	122.0	125.8	112.1	125.8
September	119.8	120.4	119.5	99.6	119.3	126.4	121.5	124.3	112.5	126.8
October	119.3	119.6	118.6	98.8	117.8	125.4	121.8	124.2	108.9	125.3
November	119.5	119.9	119.0	101.5	118.5	125.3	121.3	125.0	109.4	125.1
December [1]	119.6	120.3	119.4	104	118	125	122	126	110	125

See footnote at end of table.

TABLE C-34.—*Industrial production indexes, industry groupings, 1947–62*—Continued

[1957-59=100]

Year or month	Manufacturing: Nondurable manufactures: Total	Textile, apparel, and leather products	Paper and printing	Chemical, petroleum, and rubber products	Foods, beverages, and tobacco	Mining	Utilities
1947	67.2	81.0	66.7	47.5	80.7	79.9	36.5
1948	69.5	84.5	69.4	50.8	80.0	84.0	40.8
1949	68.3	80.6	69.3	49.4	80.8	74.5	43.4
1950	76.0	89.1	76.7	60.7	83.6	83.2	49.5
1951	78.5	87.4	79.4	67.4	85.4	91.3	56.4
1952	80.0	89.5	77.7	69.9	87.3	90.5	61.2
1953	83.6	90.7	82.6	75.2	88.2	92.9	66.8
1954	83.6	86.9	85.0	74.7	89.8	90.2	71.8
1955	91.6	95.5	92.5	86.8	93.1	99.2	80.2
1956	95.4	98.0	97.1	91.4	96.6	104.8	87.9
1957	96.7	96.9	97.8	95.6	96.7	104.6	93.9
1958	96.8	95.0	97.0	95.5	99.4	95.6	98.1
1959	106.5	108.1	105.2	108.9	103.9	99.7	108.0
1960	109.5	107.5	109.0	113.9	106.6	101.6	115.6
1961	112.9	108.4	112.4	118.8	110.4	102.6	122.8
1962 [1]	119.5	115.3	116.8	130.5	113.0	104.8	132.2
	Seasonally adjusted						
1961: January	107.4	99.1	108.8	110.9	108.3	102.2	117.6
February	108.1	102.2	108.5	111.0	108.9	101.6	118.2
March	108.7	103.5	109.6	110.7	109.4	101.4	117.7
April	110.2	105.2	110.8	114.5	108.8	101.7	120.2
May	111.4	105.8	111.1	118.0	108.4	101.5	122.5
June	113.3	107.8	112.9	120.2	110.1	101.9	123.0
July	114.1	110.5	112.0	121.5	110.6	102.2	123.5
August	115.7	112.5	114.8	122.8	111.4	102.7	125.0
September	115.2	111.3	114.4	121.8	111.5	102.4	125.7
October	116.5	113.1	114.2	124.5	112.0	104.4	126.5
November	117.5	114.9	115.2	125.2	112.9	105.2	126.7
December	117.7	115.8	115.7	125.9	112.0	104.7	127.3
1962: January	115.9	112.4	115.1	124.1	111.2	104.0	128.8
February	117.3	113.6	116.2	125.8	111.7	104.3	129.0
March	118.6	114.8	116.9	126.7	113.5	104.8	128.8
April	117.5	114.8	115.7	126.6	112.1	105.5	128.1
May	119.6	115.2	117.0	130.8	112.8	104.8	129.8
June	120.3	115.8	116.7	132.6	112.5	104.6	132.4
July	121.0	115.5	118.0	133.2	114.2	106.1	133.5
August	120.8	115.2	118.1	133.2	113.8	105.5	132.3
September	121.5	116.7	118.2	133.7	114.7	105.9	133.0
October	120.9	115.7	117.2	134.0	113.5	105.5	133.5
November	121.0	116.4	117.2	133.6	113.9	105.3	134.5
December [1]	121.3	118	117	134	114	102.3	135

[1] Preliminary.

Source: Board of Governors of the Federal Reserve System.

TABLE C–34.—*Business expenditures for new plant and equipment, 1939 and 1945–63*

[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 [3]	37.41	14.80	7.15	7.65	1.11	.86	2.04	5.47	13.13
	Seasonally adjusted annual rates								
1960: I	35.15	14.10	7.15	6.95	1.00	1.00	2.00	5.75	11.35
II	36.30	14.70	7.40	7.30	1.05	1.10	2.15	5.70	11.60
III	35.90	14.65	7.35	7.30	1.00	1.00	1.90	5.60	11.75
IV	35.50	14.40	6.85	7.55	.90	1.00	1.80	5.70	11.65
1961: I	33.85	13.75	6.50	7.25	.95	.70	1.75	5.35	11.30
II	33.50	13.50	6.20	7.30	1.00	.70	1.80	5.50	11.05
III	34.70	13.65	6.10	7.55	1.00	.65	1.90	5.65	11.85
IV	35.40	14.00	6.40	7.60	1.00	.60	1.95	5.55	12.35
1962: I	35.70	14.20	6.55	7.60	1.15	.70	2.05	5.15	12.45
II	36.95	14.45	6.95	7.50	1.05	.95	2.25	5.40	12.85
III	38.35	15.05	7.25	7.80	1.10	1.00	2.00	5.75	13.40
IV [3]	38.35	15.50	7.75	7.75	1.15	.80	1.80	5.40	13.70
1963: I [3]	37.70	14.95	7.10	7.85	1.15	.70	1.80	5.30	13.80

[1] Excludes agriculture.
[2] Commercial and other includes trade, service, finance, communications, and construction.
[3] Estimates for fourth quarter 1962 and first quarter 1963 based on anticipated capital expenditures reported by business in November 1962. 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 the 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, real estate firms insurance companies, and of certain outlays charged to current account.

This series is not available for years prior to 1939 and for 1940 to 1944.

Sources: Securities and Exchange Commission and Department of Commerce.

Table C–36.—*New construction activity, 1929–62*

[Value put in place, millions of dollars]

Year or month	Total new construction	Private construction: Total [1]	Residential building (nonfarm): Total [2]	Residential building (nonfarm): New housing units	Residential building (nonfarm): Additions and alterations	Nonresidential building and other construction: Total	Nonresidential building and other construction: Commercial [3]	Nonresidential building and other construction: Industrial	Nonresidential building and other construction: Public utility	Nonresidential building and other construction: Other [4]	Public construction
1929	10,793	8,307	3,625	3,040	340	4,682	1,135	949	1,578	1,020	2,486
1930	8,741	5,883	2,075	1,570	305	3,808	893	532	1,527	856	2,858
1931	6,427	3,768	1,565	1,320	175	2,203	454	221	946	582	2,659
1932	3,538	1,676	630	485	105	1,046	223	74	467	282	1,862
1933	2,879	1,231	470	290	145	761	130	176	261	194	1,648
1934	3,720	1,509	625	380	200	884	173	191	326	194	2,211
1935	4,232	1,999	1,010	710	250	989	211	158	363	257	2,233
1936	6,497	2,981	1,565	1,210	295	1,416	290	266	518	342	3,516
1937	6,999	3,903	1,875	1,475	320	2,028	387	492	705	444	3,096
1938	6,980	3,560	1,990	1,620	295	1,570	285	232	605	448	3,420
1939	8,198	4,389	2,680	2,270	320	1,709	292	254	683	480	3,809
1940	8,682	5,054	2,985	2,560	335	2,069	348	442	771	508	3,628
1941	11,957	6,206	3,510	3,040	375	2,696	409	801	872	614	5,751
1942	14,075	3,415	1,715	1,440	225	1,700	155	346	786	413	10,660
1943	8,301	1,979	885	710	160	1,094	33	156	570	335	6,322
1944	5,259	2,186	815	570	220	1,371	56	208	725	382	3,073
1945	5,809	3,411	1,276	720	516	2,135	203	642	827	463	2,398
1946	12,627	10,396	4,752	3,300	1,307	5,644	1,153	1,689	1,374	1,428	2,231
1947	17,901	14,582	7,535	5,450	1,960	7,047	957	1,702	2,338	2,050	3,319
1948	23,243	18,539	10,122	7,500	2,467	8,417	1,397	1,397	3,043	2,580	4,704
1949	24,183	17,914	9,642	7,257	2,200	8,272	1,182	972	3,323	2,795	6,269
1950	29,947	23,081	14,100	11,525	2,400	8,981	1,415	1,062	3,330	3,174	6,866
1951	32,700	23,447	12,529	9,849	2,490	10,918	1,498	2,117	3,729	3,574	9,253
1952	34,670	23,889	12,842	9,870	2,787	11,047	1,137	2,320	4,043	3,547	10,781
1953	37,019	25,783	13,777	10,555	2,955	12,006	1,791	2,229	4,475	3,511	11,236
1954	39,234	27,556	15,379	12,070	3,013	12,177	2,212	2,030	4,161	3,774	11,678
1955	44,164	32,440	18,705	14,990	3,376	13,735	3,218	2,399	4,363	3,755	11,724
1956	45,815	33,067	17,677	13,535	3,695	15,390	3,631	3,084	4,893	3,782	12,748
1957	47,845	33,766	17,019	12,615	3,903	16,747	3,564	3,557	5,414	4,212	14,079
1958	48,950	33,493	18,047	13,552	3,862	15,446	3,589	2,382	5,087	4,388	15,457
1959	54,109	38,002	22,331	17,116	4,450	15,671	3,914	2,098	4,990	4,669	16,107
New series: [5]											
1959	56,555	40,344	24,962	19,233	4,961	15,382	3,930	2,106	5,008	4,338	16,211
1960	55,556	39,603	22,546	16,422	5,199	17,057	4,180	2,851	5,323	4,703	15,953
1961	57,399	40,365	22,499	16,188	5,139	17,866	4,663	2,759	5,389	5,055	17,034
1962 [6]	61,130	43,351	24,814	18,208	5,344	18,537	4,964	2,814	5,496	5,263	17,779
	Seasonally adjusted annual rates (New series [5])										
1961:											
January	56,249	38,575	20,649	14,594	4,957	17,926	4,848	3,053	5,308	4,717	17,674
February	55,598	37,962	20,016	13,963	4,900	17,946	4,821	2,992	5,384	4,749	17,636
March	55,663	38,511	20,508	14,417	4,920	18,003	4,743	2,957	5,398	4,905	17,152
April	55,455	38,986	21,042	15,071	4,770	17,944	4,636	2,921	5,323	5,064	16,469
May	55,531	39,232	21,257	15,343	4,704	17,975	4,515	2,849	5,383	5,228	16,299
June	57,061	40,328	22,271	15,978	5,124	18,057	4,510	2,750	5,382	5,415	16,733
July	57,125	41,176	23,118	16,600	5,352	18,058	4,578	2,672	5,457	5,351	15,949
August	58,054	41,281	23,306	16,879	5,240	17,975	4,646	2,588	5,470	5,271	16,773
September	58,896	41,709	23,782	17,116	5,460	17,927	4,718	2,610	5,422	5,177	17,187
October	59,037	41,767	24,026	17,438	5,377	17,741	4,681	2,608	5,404	5,048	17,270
November	60,744	42,044	24,504	17,723	5,618	17,540	4,608	2,554	5,380	4,998	18,700
December	59,006	41,881	24,440	17,692	5,642	17,441	4,641	2,537	5,337	4,926	17,125
1962:											
January	59,166	41,077	23,187	16,771	5,240	17,890	4,928	2,590	5,357	5,015	18,089
February	56,714	39,909	22,245	16,028	4,997	17,664	4,756	2,592	5,274	5,042	16,805
March	57,748	40,553	22,507	16,276	5,008	18,046	4,795	2,653	5,449	5,149	17,195
April	58,279	41,747	23,484	17,285	4,958	18,263	4,793	2,792	5,388	5,290	16,532
May	60,764	43,472	25,018	18,497	5,257	18,454	4,752	2,886	5,481	5,335	17,292
June	62,678	44,842	26,118	19,268	5,558	18,724	4,865	2,950	5,539	5,370	17,836
July	62,084	44,908	25,987	19,153	5,514	18,921	5,110	2,962	5,444	5,405	17,176
August	62,829	45,244	25,957	19,186	5,446	19,287	5,273	2,936	5,626	5,452	17,585
September	62,358	44,976	25,813	18,974	5,539	19,163	5,214	2,930	5,548	5,471	17,382
October	63,517	43,843	25,013	18,463	5,248	18,830	5,018	2,885	5,575	5,352	19,674
November [6]	62,637	43,898	25,326	18,486	5,580	18,572	4,967	2,820	5,570	5,215	18,739
December [6]	62,417	44,045	25,611	18,703	5,708	18,434	4,979	2,788	5,576	5,091	18,372

[1] Data in this table do not agree with the new construction expenditures included in the gross national product. The latter data include expenditures for crude petroleum and natural gas well drilling, and do not reflect revisions in the "new series" presented above. (See Table C–1.)
[2] Total includes nonhousekeeping units, not shown separately.
[3] Office buildings, warehouses, stores, restaurants, and garages.
[4] Farm, institutional, and all other.
[5] New series beginning January 1959 not entirely comparable with prior data. In addition to major differences between old and new series, data for Alaska and Hawaii are included beginning January 1959. For details, see *Construction Activity*, C30–25 (Supplement), July 1961, Bureau of the Census.
[6] Preliminary.

Source: Department of Commerce.

TABLE C-37.—*New public construction activity, 1929–62*

[Value put in place, millions of dollars]

Year	Total new public construction [1]				Major types of new public construction						
	All public sources	Federal		State and local	Highway	Educational	Hospital and institutional	Sewer and water and miscellaneous public service	Conservation and development	Military facilities	All other public [2]
		Direct	Federal aid								
1929	2,486	155	80	2,251	1,266	389	101	404	115	19	193
1930	2,858	209	104	2,545	1,516	364	118	500	137	29	194
1931	2,659	271	235	2,153	1,355	285	110	479	156	40	234
1932	1,862	333	111	1,418	958	130	83	291	150	34	216
1933	1,648	516	286	846	847	52	49	160	359	36	145
1934	2,211	626	721	864	1,000	148	51	228	518	47	219
1935	2,233	814	567	852	845	153	38	246	700	37	214
1936	3,516	797	1,566	1,153	1,362	366	74	509	658	29	518
1937	3,096	776	1,117	1,203	1,226	253	73	445	605	37	457
1938	3,420	717	1,320	1,383	1,421	311	97	492	551	62	486
1939	3,809	759	1,377	1,673	1,381	468	127	507	570	125	631
1940	3,628	1,182	946	1,500	1,302	156	54	469	528	385	734
1941	5,751	3,751	697	1,303	1,066	158	42	393	500	1,620	1,972
1942	10,660	9,313	475	872	734	128	35	254	357	5,016	4,136
1943	6,322	5,609	268	445	446	63	44	156	285	2,550	2,778
1944	3,073	2,505	126	442	362	41	58	125	163	837	1,487
1945	2,398	1,737	99	562	398	59	85	152	130	690	884
1946	2,231	865	244	1,122	764	101	85	278	260	188	555
1947	3,319	840	409	2,070	1,344	287	77	492	424	204	491
1948	4,704	1,177	417	3,110	1,661	618	213	699	670	158	685
1949	6,269	1,488	461	4,320	2,015	934	458	803	852	137	1,070
1950	6,866	1,625	462	4,779	2,134	1,133	499	819	942	177	1,162
1951	9,253	2,981	481	5,791	2,353	1,513	527	959	912	887	2,102
1952	10,781	4,185	626	5,970	2,679	1,619	495	958	900	1,387	2,743
1953	11,236	4,134	687	6,415	3,015	1,714	369	1,050	892	1,290	2,906
1954	11,678	3,418	728	7,532	3,680	2,134	333	1,171	773	1,003	2,584
1955	11,724	2,777	790	8,157	3,861	2,442	300	1,318	701	1,287	1,815
1956	12,748	2,742	896	9,110	4,431	2,556	300	1,659	826	1,360	1,616
1957	14,079	2,993	1,314	9,772	4,954	2,825	354	1,737	971	1,287	1,951
1958	15,457	3,388	2,130	9,939	5,545	2,875	390	1,838	1,019	1,402	2,388
1959 [3]	16,211	3,755	2,790	9,666	5,870	2,656	428	2,018	1,130	1,488	2,621
1960	15,953	3,665	2,453	9,835	5,464	2,818	400	2,136	1,221	1,386	2,528
1961	17,034	3,795	2,495	10,744	5,818	3,051	370	2,166	1,350	1,368	2,911
1962 [4]	17,779	3,883	2,642	11,254	6,268	2,983	397	2,233	1,545	1,282	3,071

[1] For expenditures classified by ownership, combine "Federal aid" and "State and local" columns to obtain State and local ownership. "Direct" column stands as it is for Federal ownership.

[2] Includes nonresidential buildings (other than educational and hospital and institutional), residential buildings, and miscellaneous public construction such as parks and playgrounds, memorials, etc.

[3] Beginning with 1959, data include estimates for Alaska and Hawaii. Comparability with earlier data is not seriously affected since these two States accounted for less than two-thirds of one percent of total new public construction in 1959.

[4] Preliminary.

Source: Department of Commerce.

TABLE C-38.—*New housing starts and applications for financing, 1929–62*

[Thousands of units]

Year or month	Housing starts: Total private and public (including farm)[1]	Housing starts: Total private (including farm)	Housing starts: Private and public nonfarm	Housing starts: Private nonfarm: Total[1]	Housing starts: Private nonfarm: One-family	Housing starts: Private nonfarm: Two or more families	Housing starts: Total private (including farm)	Housing starts: Private nonfarm: Total	Housing starts: Private nonfarm: Government programs: FHA	Housing starts: Private nonfarm: Government programs: VA	New private housing units authorized	Proposed home construction[2]: Applications for FHA commitments	Proposed home construction[2]: 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	14.0	------	------	[3] 20.6	------
1936	------	------	319.0	304.2	238.5	65.7	------	304.2	49.4	------	------	47.8	------
1937	------	------	336.0	332.4	265.8	66.6	------	332.4	60.0	------	------	49.8	------
1938	------	------	406.0	399.3	316.4	82.9	------	399.3	118.7	------	------	131.1	------
1939	------	------	515.0	458.4	373.0	85.4	------	458.4	158.1	------	------	179.8	------
1940	------	------	602.6	529.6	447.6	82.0	------	529.6	180.1	------	------	231.2	------
1941	------	------	706.1	619.5	533.2	86.3	------	619.5	220.4	------	------	288.5	------
1942	------	------	356.0	301.2	252.3	48.9	------	301.2	165.7	------	------	238.5	------
1943	------	------	191.0	183.7	136.3	47.4	------	183.7	146.2	------	------	144.4	------
1944	------	------	141.8	138.7	114.6	24.1	------	138.7	93.3	------	------	62.9	------
1945	------	------	209.3	208.1	184.6	23.5	------	208.1	41.2	[4] 8.8	------	56.6	(5)
1946	------	------	670.5	662.5	590.0	72.5	------	662.5	69.0	91.8	------	121.7	(5)
1947	------	------	849.0	845.6	740.2	105.4	------	845.6	229.0	160.3	------	286.4	(5)
1948	------	------	931.6	913.5	763.2	150.3	------	913.5	294.1	71.1	------	293.2	(5)
1949	------	------	1,025.1	988.8	792.4	196.4	------	988.8	363.8	90.8	------	327.0	(5)
1950	------	------	1,396.0	1,352.2	1,150.7	201.5	------	1,352.2	486.7	191.2	------	397.7	(5)
1951	------	------	1,091.3	1,020.1	892.2	127.9	------	1,020.1	263.5	148.6	------	192.8	164.4
1952	------	------	1,127.0	1,068.5	939.1	129.4	------	1,068.5	279.9	141.3	------	267.9	226.3
1953	------	------	1,103.8	1,068.3	932.8	135.5	------	1,068.3	252.0	156.5	------	253.7	251.4
1954	------	------	1,220.4	1,201.7	1,077.3	124.4	------	1,201.7	276.3	307.0	1,056.5	338.6	535.4
1955	------	------	1,328.9	1,309.5	1,190.0	119.5	------	1,309.5	276.7	392.9	1,152.6	306.2	620.8
1956	------	------	1,118.1	1,093.9	980.7	113.2	------	1,093.9	189.3	270.7	921.9	197.7	401.5
1957	------	------	1,041.9	992.8	840.2	152.6	------	992.8	168.4	128.3	820.3	198.8	159.4
1958	------	------	1,209.4	1,141.5	932.5	209.0	------	1,141.5	295.4	102.1	950.8	341.7	234.2
1959	------	------	1,378.5	1,342.8	1,078.5	264.3	------	1,342.8	332.5	109.3	1,081.1	369.7	234.0
	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	------	------	(*)	------	------
1959	1,553.5	1,516.8	1,531.3	1,494.6	1,211.7	282.9	1,516.8	1,494.6	332.5	109.3	1,208.3	369.7	234.0
1960	1,296.0	1,252.1	1,274.0	1,230.1	972.3	257.4	1,252.1	1,230.1	260.9	74.6	997.6	242.4	142.9
1961	1,365.0	1,313.0	1,336.8	1,284.8	946.4	338.6	1,313.0	1,284.8	244.3	83.3	1,064.2	243.8	177.8
1962 [6]	1,483.3	1,454.7	1,459.5	1,430.9	973.5	451.5	1,454.7	1,430.9	260.9	77.8	1,170.0	221.1	171.2

See footnotes at end of table.

TABLE C–38.—*New housing starts and applications for financing, 1929–62*—Continued

[Thousands of units]

Year or month	Housing starts: Total private and public (including farm) [1]	Housing starts: Total private (including farm)	Housing starts: Private and public nonfarm	Housing starts: Private nonfarm: Total [1]	Housing starts: Private nonfarm: One-family	Housing starts: Private nonfarm: Two or more families	Housing starts: Total private (including farm)	Housing starts: Private nonfarm: Total	Housing starts: Private nonfarm: Government programs: FHA	Housing starts: Private nonfarm: Government programs: VA	New private housing units authorized	Proposed home construction [2]: Applications for FHA commitments	Proposed home construction [2]: Requests for VA appraisals
							Seasonally adjusted annual rates						
1961:													
January	73.1	70.4	71.6	68.9	49.1	19.8	1,137	1,108	194	85	973	221	151
February	79.3	74.1	76.0	70.8	51.5	19.4	1,141	1,087	186	94	974	218	165
March	109.3	104.2	106.9	101.8	75.3	26.5	1,292	1,258	201	88	1,005	223	189
April	117.1	112.8	114.8	110.5	83.1	27.4	1,185	1,162	194	78	1,007	223	189
May	131.6	127.6	129.2	125.2	95.2	30.0	1,301	1,278	192	87	1,013	230	139
June	140.6	134.8	137.6	131.8	98.7	33.2	1,407	1,376	192	77	1,063	225	168
July	129.9	126.6	127.4	124.1	94.7	29.4	1,358	1,333	188	78	1,072	233	166
August	130.3	127.1	127.5	124.3	91.7	32.6	1,328	1,303	196	76	1,102	238	166
September	131.2	125.4	129.5	123.7	90.9	32.8	1,415	1,397	201	77	1,061	222	196
October	129.9	124.8	127.4	122.3	90.1	32.2	1,443	1,413	222	92	1,123	272	213
November	106.1	103.0	104.4	101.3	72.7	28.5	1,368	1,345	202	85	1,118	265	216
December	86.6	82.2	84.5	80.1	53.4	26.8	1,295	1,255	219	90	1,215	299	205
1962:													
January	83.0	80.6	81.7	79.3	53.1	26.2	1,273	1,247	214	66	1,135	227	198
February	77.8	76.4	76.7	75.3	52.6	22.7	1,152	1,134	228	96	1,236	239	165
March	117.9	115.4	116.3	113.8	78.0	35.8	1,431	1,407	216	88	1,151	246	212
April	151.6	147.0	149.5	144.9	98.9	46.0	1,542	1,521	230	96	1,229	240	168
May	156.4	154.2	154.9	152.7	105.7	47.0	1,579	1,566	202	89	1,128	233	168
June	139.5	136.2	137.0	133.7	93.4	40.2	1,425	1,399	186	76	1,137	212	147
July	139.3	135.8	137.4	133.9	93.3	40.6	1,466	1,447	203	75	1,160	219	179
August	147.8	146.1	144.7	143.0	97.9	45.0	1,529	1,500	190	72	1,123	197	148
September	115.3	113.6	112.7	111.0	73.4	37.6	1,289	1,261	178	70	1,174	189	160
October [6]	136.3	133.5	132.5	129.5	88.4	41.1	1,550	1,504	178	70	1,175	212	178
November [6]	122.3	120.7	121.1	119.5	------	------	1,591	1,576	181	71	1,197	206	170
December [6]	96.1	95.2	95.0	94.1	------	------	1,499	1,479	177	74	------	202	175

[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] Units in mortgage applications for new home construction.
[3] FHA program approved in June 1934; all 1934 activity included in 1935.
[4] Monthly estimates for September 1945–May 1950 were prepared by Housing and Home Finance Agency.
[5] Not available.
[6] Preliminary; annual data for 1962 partly estimated by Council of Economic Advisers.
*New series; see *Housing Starts*, C20–11 (Supplement), Bureau of the Census, May 1960, for description.
NOTE.—Census series beginning with the new series in 1959 and the data for VA programs include Alaska and Hawaii. FHA data include Alaska, Hawaii, and Puerto Rico.

Sources: Department of Commerce, Federal Housing Administration (FHA), and Veterans Administration (VA), except as noted.

TABLE C–39.—*Sales and inventories in manufacturing and trade, 1939–62*

[Amounts in billions of dollars]

Year or month	Total manufacturing and trade [1]			Manufacturing			Wholesale trade [1]			Retail trade [1]		
	Sales [2]	Inventories [3]	Ratio [4]	Sales [2]	Inventories [3]	Ratio [4]	Sales [2]	Inventories [3]	Ratio [4]	Sales [2]	Inventories [3]	Ratio [4]
1939	10.80	20.05	1.77	5.11	11.46	2.11	2.19	3.05	1.34	3.50	5.53	1.53
1940	12.13	22.18	1.72	5.86	12.82	2.06	2.41	3.24	1.30	3.86	6.12	1.49
1941	15.81	28.78	1.58	8.17	16.96	1.78	3.03	4.04	1.20	4.61	7.78	1.48
1942	18.62	31.09	1.66	10.43	19.29	1.77	3.43	3.78	1.19	4.77	8.02	1.76
1943	21.92	31.34	1.40	12.82	20.10	1.51	3.83	3.68	.97	5.27	7.56	1.43
1944	23.79	31.06	1.33	13.78	19.51	1.45	4.15	3.91	.94	5.85	7.64	1.31
1945	23.85	30.89	1.30	12.87	18.39	1.48	4.48	4.56	.91	6.50	7.95	1.21
1946	27.01	42.72	1.33	12.62	24.46	1.66	[1] 5.66	[1] 6.20	.90	[1] 8.73	[1] 12.06	1.13
1947	33.03	50.24	1.43	15.92	28.87	1.71	6.91	7.12	1.00	10.20	14.24	1.26
1948	36.31	55.57	1.47	17.63	31.69	1.72	7.55	7.87	1.01	11.14	16.01	1.39
1949	34.78	51.92	1.55	16.42	28.86	1.86	7.21	7.59	1.07	11.15	15.47	1.41
1950	39.97	62.90	1.38	19.28	34.31	1.57	8.42	9.12	.96	12.27	19.46	1.38
1951	44.72	73.57	1.58	22.31	42.82	1.77	9.37	9.71	1.05	13.05	21.05	1.63
1952	45.94	74.84	1.60	22.85	43.80	1.90	9.56	10.01	1.01	13.53	21.03	1.52
1953	48.41	77.39	1.59	24.52	45.43	1.84	9.81	10.47	1.06	14.09	21.49	1.53
1954	47.36	74.30	1.59	23.53	42.98	1.86	9.73	10.39	1.07	14.10	20.93	1.51
1955	52.28	80.58	1.47	26.34	46.36	1.68	10.62	11.44	1.02	15.32	22.77	1.43
1956	54.80	88.68	1.55	27.71	52.30	1.79	11.27	12.95	1.08	15.81	23.43	1.47
1957	56.32	90.80	1.60	28.38	53.52	1.89	11.27	12.71	1.14	16.67	24.57	1.44
1958	54.02	85.46	1.61	26.23	49.18	1.93	11.09	11.99	1.10	16.70	24.29	1.43
1959	59.98	90.61	1.48	29.74	52.43	1.72	12.29	12.65	1.00	17.95	25.54	1.39
1960 [5]	61.04	94.13	1.54	30.41	53.74	1.79	12.33	13.21	1.05	18.29	27.18	1.45
1961 [6]	61.52	95.54	1.52	30.73	55.20	1.75	12.56	13.48	1.07	18.23	26.86	1.45
1962 [7] [8]	65.90	98.44	1.48	33.49	57.13	1.69	13.13	13.84	1.05	19.28	27.46	1.40
	Seasonally adjusted											
1961:												
January	58.67	93.65	1.60	28.67	53.67	1.87	12.23	13.15	1.08	17.77	26.83	1.51
February	59.24	93.38	1.58	29.03	53.60	1.85	12.43	13.21	1.06	17.79	26.57	1.49
March	60.21	92.66	1.54	29.55	53.31	1.80	12.54	13.28	1.06	18.12	26.07	1.44
April	60.08	93.00	1.55	30.09	53.38	1.77	12.13	13.45	1.11	17.85	26.18	1.47
May	61.52	93.06	1.51	30.73	53.37	1.74	12.80	13.46	1.05	17.98	26.23	1.46
June	61.82	93.09	1.51	30.85	53.36	1.73	12.78	13.50	1.06	18.19	26.22	1.44
July	61.63	93.46	1.52	31.11	53.55	1.72	12.50	13.58	1.09	18.02	26.34	1.46
August	62.36	93.62	1.50	31.38	54.03	1.72	12.80	13.60	1.06	18.17	25.98	1.43
September	61.57	94.26	1.53	31.36	54.44	1.74	12.08	13.48	1.12	18.13	26.34	1.45
October	63.20	94.62	1.50	31.75	54.78	1.72	12.87	13.44	1.04	18.58	26.40	1.42
November	64.40	95.12	1.48	32.18	55.03	1.71	13.12	13.34	1.02	19.10	26.75	1.40
December	63.94	95.54	1.49	32.40	55.20	1.70	12.72	13.48	1.06	18.83	26.86	1.43
1962:												
January	63.96	96.17	1.50	32.04	55.73	1.74	13.08	13.58	1.04	18.84	26.86	1.43
February	64.54	96.70	1.50	32.85	56.18	1.71	12.73	13.62	1.06	18.96	26.90	1.42
March	65.25	97.05	1.49	33.22	56.57	1.70	12.76	13.70	1.07	19.27	26.78	1.39
April	66.14	97.26	1.47	33.48	56.69	1.69	13.06	13.70	1.05	19.60	26.87	1.37
May	66.32	97.52	1.47	33.50	56.81	1.70	13.38	13.78	1.03	19.43	26.94	1.39
June	65.18	97.88	1.50	32.96	56.91	1.73	13.13	13.89	1.06	19.09	27.08	1.42
July	66.43	98.15	1.48	33.40	57.00	1.71	13.35	13.97	1.05	19.68	27.18	1.38
August	66.01	97.90	1.48	33.29	56.97	1.71	13.16	13.88	1.06	19.57	27.05	1.38
September	66.78	98.38	1.47	33.68	57.19	1.70	13.48	13.95	1.03	19.62	27.24	1.39
October	66.50	98.70	1.48	33.48	57.27	1.71	13.27	14.03	1.06	19.74	27.40	1.39
November [8]	67.65	98.44	1.46	34.00	57.13	1.68	13.46	13.84	1.03	20.19	27.46	1.36
December [8]										20.24		

[1] The series beginning in 1946 for wholesale trade and for retail trade are not comparable with previous years because of changes in definitions.
[2] Monthly average shown for year and total for month.
[3] Seasonally adjusted, end of period.
[4] 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.
[5] Beginning January 1960, retail sales and inventories include data for Alaska and Hawaii.
[6] Beginning January 1961, wholesale sales and inventories include data for Alaska and Hawaii.
[7] Where December data not available, data for year calculated on basis of no change from November.
[8] Preliminary.

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.

Source: Department of Commerce.

TABLE C-40.—*Manufacturers' sales, inventories, and orders, 1939–62*

[Billions of dollars]

Year or month	Sales [1]		Inventories [2]						New orders [1]			Unfilled orders (unadjusted) [3]
			Durable goods industries			Nondurable goods industries						
	Durable goods industries	Nondurable goods industries	Purchased materials	Goods in process	Finished goods	Purchased materials	Goods in process	Finished goods	Total	Durable goods industries	Nondurable goods industries	
1939	1.95	3.16	1.76	1.48	2.09	2.44	.81	2.88	5.35	2.17	3.19	7.02
1940	2.47	3.39	2.06	1.98	2.26	2.65	.88	2.98	6.81	3.37	3.43	18.37
1941	3.80	4.37	3.11	3.16	2.33	4.00	1.15	3.20	9.80	5.32	4.48	37.95
1942	5.16	5.27	3.68	4.58	2.19	4.31	1.27	3.27	13.34	8.05	5.30	72.93
1943	6.86	5.96	3.86	5.23	2.08	4.53	1.33	3.06	12.70	6.77	5.93	71.53
1944	7.34	6.45	3.34	5.03	2.06	4.64	1.38	3.05	11.91	5.47	6.43	49.03
1945	6.27	6.60	3.16	3.51	2.10	4.92	1.49	3.21	10.53	3.94	6.59	20.93
1946	4.99	7.63	4.50	4.64	2.85	6.44	1.79	4.23	13.69	5.94	7.75	33.84
1947	6.70	9.22	5.13	5.20	3.97	7.15	2.19	5.24	15.62	6.36	9.26	30.30
1948	7.59	10.04	5.60	5.39	4.74	7.27	2.25	6.44	17.35	7.48	9.87	26.95
1949	7.07	9.35	4.59	4.70	4.68	6.50	2.09	6.29	15.90	6.59	9.31	20.78
1950	8.80	10.48	6.09	6.00	4.68	8.43	2.53	6.58	20.98	10.32	10.66	41.13
1951	10.38	11.93	7.38	8.63	6.79	9.08	2.72	8.21	24.51	12.68	11.84	67.55
1952	10.94	11.92	7.28	10.17	6.95	8.57	2.71	8.10	23.58	11.69	11.90	76.34
1953	12.38	12.14	7.41	10.73	8.10	8.14	2.65	8.40	23.11	11.03	12.08	59.50
1954	11.24	12.29	6.49	9.84	7.75	7.89	2.60	8.41	22.48	10.16	12.32	46.90
1955	13.08	13.26	7.42	11.09	8.16	8.12	2.76	8.82	27.17	13.85	13.32	56.86
1956	13.80	13.91	8.66	12.78	9.22	8.53	2.96	10.15	28.32	14.44	13.88	64.21
1957	14.16	14.22	8.31	12.73	10.11	8.79	3.06	10.52	27.26	13.08	14.17	50.70
1958	12.38	13.85	7.52	11.31	8.99	8.55	3.00	9.81	25.90	12.04	13.86	46.80
1959	14.51	15.23	8.30	12.08	9.71	8.95	3.03	10.36	30.13	14.85	15.28	51.49
1960	14.68	15.73	8.05	12.06	10.76	8.75	3.08	11.05	29.90	14.24	15.66	45.37
1961	14.54	16.18	8.09	12.64	10.74	9.06	3.37	11.29	30.96	14.74	16.23	48.20
1962 [4] [5]	16.25	17.11	8.12	13.30	11.18	9.46	3.53	11.53	33.22	16.12	17.09	46.13
	Seasonally adjusted											
1961:												
January	13.17	15.50	8.03	12.07	10.65	8.74	3.07	11.10	28.50	12.88	15.62	45.27
February	13.32	15.71	8.01	12.05	10.59	8.68	3.04	11.23	29.11	13.36	15.76	45.52
March	13.69	15.86	7.91	11.90	10.49	8.78	3.05	11.18	29.85	13.82	16.03	45.59
April	14.14	15.96	7.81	11.87	10.47	8.88	3.12	11.22	30.41	14.38	16.03	45.83
May	14.57	16.16	7.78	11.91	10.47	8.97	3.20	11.05	31.04	14.79	16.25	45.80
June	14.67	16.18	7.60	12.03	10.57	8.97	3.25	10.94	31.05	14.90	16.15	45.95
July	14.78	16.33	7.70	12.07	10.60	8.96	3.31	10.91	31.28	15.02	16.27	46.82
August	15.04	16.34	7.74	12.31	10.75	8.94	3.31	10.97	32.10	15.63	16.46	47.24
September	14.95	16.40	7.96	12.40	10.74	8.97	3.29	11.07	32.20	15.74	16.47	47.40
October	15.27	16.48	8.07	12.59	10.74	8.90	3.34	11.14	32.63	16.07	16.56	47.54
November	15.62	16.56	8.08	12.70	10.76	8.96	3.37	11.17	32.70	16.10	16.60	47.80
December	15.66	16.74	8.09	12.64	10.74	9.06	3.37	11.29	32.85	16.24	16.61	48.20
1962:												
January	15.50	16.54	8.32	12.64	10.93	9.26	3.38	11.20	32.94	16.43	16.51	48.97
February	15.95	16.89	8.40	12.89	10.90	9.35	3.40	11.24	33.08	16.19	16.89	49.46
March	16.33	16.89	8.55	12.97	10.89	9.45	3.43	11.28	32.95	16.00	16.95	49.20
April	16.40	17.08	8.59	12.94	10.95	9.49	3.43	11.30	32.73	15.73	17.00	48.48
May	16.40	17.10	8.62	13.00	10.96	9.47	3.44	11.32	33.07	15.97	17.10	47.81
June	15.89	17.08	8.55	13.02	11.01	9.46	3.47	11.41	32.43	15.44	16.99	47.45
July	16.33	17.08	8.49	13.10	11.04	9.39	3.51	11.46	33.26	16.27	16.98	48.09
August	16.35	16.93	8.45	13.15	11.09	9.29	3.50	11.48	32.83	15.91	16.92	47.43
September	16.34	17.34	8.41	13.26	11.06	9.33	3.52	11.59	33.23	15.89	17.34	46.82
October	16.34	17.14	8.26	13.34	11.16	9.41	3.54	11.57	33.82	16.57	17.25	46.50
November [5]	16.54	17.46	8.12	13.30	11.18	9.46	3.53	11.53	34.04	16.57	17.47	46.13
December [5]	16.45									16.00		

[1] Monthly average for year and total for month.
[2] Book value, seasonally adjusted, end of period.
[3] End of period.
[4] Based on data through November.
[5] Preliminary.

NOTE.—See Table C-39 for total sales and inventories of manufacturers.

Source: Department of Commerce.

TABLE C–41.—*Wholesale price indexes, 1929–62*

[1957–59=100] [1]

Year or month	All commodities	Farm products	Processed foods	All commodities other than farm products and foods (industrials)				
				Total	Textile products and apparel	Chemicals and allied products	Rubber and rubber products	Lumber and wood products
1929	52.1	63.9	54.3	51.7	67.8	(5)	57.6	26.4
1930	47.3	54.0	49.5	48.1	60.3	(5)	50.4	24.1
1931	39.9	39.6	41.6	42.4	49.8	(5)	42.8	19.6
1932	35.6	29.4	33.9	39.7	41.2	(5)	37.1	16.9
1933	36.1	31.3	33.7	40.2	48.6	46.6	39.0	20.0
1934	41.0	39.9	39.6	44.2	54.7	48.8	45.5	23.5
1935	43.8	48.0	48.3	44.0	53.3	50.9	45.8	22.6
1936	44.2	49.4	46.4	44.9	53.7	51.2	49.4	23.6
1937	47.2	52.7	48.6	48.1	57.3	53.6	58.1	27.9
1938	43.0	41.9	42.3	46.1	50.1	51.0	57.1	25.4
1939	42.2	39.9	40.2	46.0	52.3	50.7	59.3	26.1
1940	43.0	41.3	40.4	46.8	55.4	51.6	55.3	28.9
1941	47.8	50.1	46.7	50.3	63.7	56.1	59.6	34.5
1942	54.0	64.6	54.8	53.9	72.8	62.3	69.4	37.5
1943	56.5	74.8	57.2	54.7	73.1	63.1	71.3	39.7
1944	56.9	75.3	56.0	55.6	73.9	63.8	70.4	42.8
1945	57.9	78.3	56.4	56.3	75.1	64.2	68.3	43.4
1946	66.1	90.6	71.7	61.7	87.3	69.4	68.6	49.7
1947	81.2	109.1	91.1	75.3	105.7	92.2	68.3	77.4
1948	87.9	117.1	98.4	81.7	110.3	94.4	70.5	88.5
1949	83.5	101.3	88.8	80.0	100.9	86.2	68.3	81.9
1950	86.8	106.4	92.6	82.9	104.8	87.5	83.2	94.1
1951	96.7	123.8	103.3	91.5	116.9	100.1	102.1	102.5
1952	94.0	116.8	100.9	89.4	105.5	95.0	92.5	99.5
1953	92.7	105.9	97.0	90.1	102.8	96.1	86.3	99.4
1954	92.9	104.4	97.6	90.4	100.6	97.3	87.6	97.6
1955	93.2	97.9	94.3	92.4	100.7	96.9	99.2	102.3
1956	96.2	96.6	94.3	96.5	100.7	97.5	100.6	103.8
1957	99.0	99.2	97.9	99.2	100.8	99.6	100.2	98.5
1958	100.4	103.6	102.9	99.5	98.9	100.4	100.1	97.4
1959	100.6	97.2	99.2	101.3	100.4	100.0	99.7	104.1
1960	100.7	96.9	100.0	101.3	101.5	100.2	99.9	100.4
1961	100.3	96.0	100.7	100.8	99.7	99.1	96.1	95.9
1962 [6]	100.6	97.7	101.2	100.8	100.6	97.5	93.3	96.5
1961: January	101.0	97.9	102.0	101.2	100.2	99.7	96.4	95.6
February	101.0	98.3	102.6	101.2	100.1	100.0	96.3	94.8
March	101.0	98.1	101.7	101.2	99.7	100.1	96.5	95.4
April	100.5	96.6	100.9	101.1	99.4	100.2	96.7	97.5
May	100.0	94.8	99.8	100.8	99.3	99.9	96.8	97.2
June	99.5	92.9	99.0	100.6	99.0	99.4	96.3	97.4
July	99.9	95.1	99.9	100.6	99.2	99.0	95.9	96.9
August	100.1	96.7	100.4	100.6	99.5	98.6	96.2	95.9
September	100.0	95.2	100.3	100.7	99.7	98.3	96.3	95.6
October	100.0	95.1	100.5	100.5	100.1	98.2	96.2	94.8
November	100.0	95.6	100.2	100.7	100.2	98.1	95.5	94.8
December	100.4	95.9	101.0	100.9	100.3	98.1	94.5	94.6
1962: January	100.8	97.9	102.0	101.0	100.3	98.4	94.1	94.7
February	100.7	98.2	101.8	100.8	100.4	98.1	93.5	95.2
March	100.7	98.4	101.6	100.8	100.5	98.0	93.6	96.2
April	100.4	96.9	100.2	100.9	100.5	97.9	92.9	96.8
May	100.2	96.2	99.6	100.9	100.7	97.7	93.2	97.1
June	100.0	95.3	99.8	100.7	100.8	97.6	93.0	97.3
July	100.4	96.5	100.8	100.8	100.9	97.2	92.7	97.5
August	100.5	97.6	101.5	100.6	100.8	97.0	92.7	97.4
September	101.2	100.6	103.3	100.8	100.6	96.9	92.8	97.0
October	100.6	98.7	101.5	100.7	100.5	97.1	93.1	96.6
November	100.7	99.3	101.3	100.7	100.5	97.0	93.7	96.3
December [6]	100.4	97.3	100.9	100.7	100.6	96.8	94.4	95.9

See footnotes at end of table.

TABLE C-41.—*Wholesale price indexes, 1929–62*—Continued

[1957-59=100] [1]

Year or month	Hides, skins, leather, and leather products	Fuel and related products, and power [2]	Pulp, paper, and allied products	Metals and metal products	Machinery and motive products	Furniture and other household durables	Nonmetallic mineral products [3]	Tobacco products and bottled beverages [4]	Miscellaneous products
	All commodities other than farm products and foods (industrials)—*continued*								
1929	56.6	61.5	(5)	44.1	(5)	56.4	53.4	67.4	(5)
1930	52.0	58.2	(5)	39.7	(5)	55.5	53.2	67.8	(5)
1931	44.7	50.0	(5)	35.7	(5)	51.1	49.7	67.2	(5)
1932	38.0	52.1	(5)	32.8	(5)	45.0	46.5	63.3	(5)
1933	42.0	49.3	(5)	33.6	(5)	45.1	49.2	56.6	(5)
1934	44.9	54.3	(5)	37.1	(5)	49.0	52.6	59.2	(5)
1935	46.5	54.5	(5)	37.0	(5)	48.6	52.6	59.1	(5)
1936	49.5	56.5	(5)	37.8	(5)	49.3	52.7	59.0	(5)
1937	54.3	57.5	(5)	43.2	(5)	54.7	53.9	59.5	(5)
1938	48.2	56.6	(5)	41.6	(5)	53.4	52.2	59.4	(5)
1939	49.6	54.2	(5)	41.2	43.7	53.2	51.2	59.4	(5)
1940	52.3	53.2	(5)	41.4	44.2	54.4	51.2	60.1	(5)
1941	56.1	56.6	(5)	42.2	45.8	57.8	52.4	60.8	(5)
1942	61.1	58.2	(5)	42.8	47.7	62.5	54.5	61.5	(5)
1943	61.0	59.9	(5)	42.7	47.4	62.1	54.7	64.6	(5)
1944	60.5	61.6	(5)	42.7	47.4	63.8	55.8	64.9	(5)
1945	61.3	62.3	(5)	43.4	47.8	63.9	58.1	66.7	(5)
1946	70.7	66.7	(5)	48.5	53.6	67.8	61.8	69.8	(5)
1947	96.5	79.7	75.3	60.2	61.8	77.8	69.1	75.6	108.7
1948	97.5	93.8	78.6	68.5	67.5	82.5	74.7	78.2	111.2
1949	92.5	89.3	75.2	69.0	71.2	83.8	76.7	79.6	103.5
1950	99.9	90.2	77.1	72.7	72.6	85.6	78.6	80.5	104.1
1951	114.8	93.5	91.3	80.9	79.5	92.8	83.5	85.1	113.1
1952	92.8	93.3	89.0	81.0	81.2	91.1	83.5	87.0	116.7
1953	94.1	95.9	88.7	83.6	82.2	92.9	86.9	89.8	105.4
1954	89.9	94.6	88.8	84.3	83.2	93.9	88.8	93.8	110.5
1955	89.5	94.5	91.1	90.0	85.8	94.3	91.3	94.6	99.1
1956	94.8	97.4	97.2	97.8	92.1	96.9	95.2	95.1	98.1
1957	94.9	102.7	99.0	99.7	97.7	99.4	98.9	98.0	96.6
1958	96.0	98.7	100.1	99.1	100.1	100.2	99.9	99.7	101.5
1959	109.1	98.7	101.0	101.2	102.2	100.4	101.2	102.2	101.9
1960	105.2	99.6	101.8	101.3	102.4	100.1	101.4	102.5	99.3
1961	106.2	100.7	98.8	100.7	102.3	99.5	101.8	103.2	103.9
1962 [6]	107.4	100.2	100.0	100.0	102.3	98.8	101.8	104.1	107.3
1961: January	103.4	102.6	101.0	100.3	102.6	99.5	101.8	102.8	103.0
February	103.1	103.1	101.0	100.4	102.5	99.4	101.7	102.8	102.6
March	104.5	102.9	100.4	100.4	102.5	99.4	101.9	102.8	104.3
April	104.9	100.9	100.1	100.6	102.3	99.6	101.9	102.7	105.3
May	105.7	99.5	96.3	100.8	102.3	99.6	101.8	102.8	107.2
June	105.1	100.1	96.6	100.9	102.4	99.6	101.6	102.8	103.4
July	106.1	100.4	96.6	100.9	102.2	99.5	101.7	103.1	103.0
August	108.0	100.2	96.5	101.2	102.0	99.3	101.8	103.3	103.0
September	108.4	99.6	98.9	101.3	102.0	99.4	101.8	103.8	103.0
October	108.9	99.0	99.6	100.9	102.1	99.4	102.1	103.8	100.7
November	108.6	99.8	99.2	100.4	102.2	99.5	101.9	103.8	105.1
December	108.2	100.6	99.6	100.6	102.2	99.3	101.6	103.8	106.3
1962: January	108.2	101.0	99.9	100.7	102.3	99.3	101.9	103.8	106.7
February	107.7	100.4	99.9	100.6	102.3	99.1	102.1	103.8	105.6
March	107.4	98.9	101.0	100.4	102.3	99.0	102.2	104.0	105.6
April	106.9	100.2	101.3	100.3	102.3	98.9	102.4	104.0	106.0
May	107.2	99.7	100.8	100.2	102.3	99.0	102.1	104.1	106.0
June	108.0	99.6	100.5	99.8	102.4	98.9	101.9	104.1	105.4
July	107.5	100.0	100.0	99.7	102.3	98.8	101.6	104.0	107.6
August	107.0	99.5	99.7	99.8	102.3	98.7	101.6	104.2	107.2
September	107.5	100.8	99.5	99.7	102.3	98.6	101.5	104.2	109.1
October	107.4	100.8	99.3	99.4	102.2	98.5	101.6	104.5	108.7
November	107.3	100.8	99.1	99.3	102.2	98.6	101.6	104.5	109.8
December [6]	106.8	100.9	99.0	99.4	102.1	98.5	101.5	104.3	110.2

[1] This does not replace the former index (1926=100) as the official index prior to January 1952. Data beginning January 1947 represent the revised sample and weighting pattern. Prior to January 1947 they are based on the month-to-month movement of the former index.
[2] Formerly titled "Fuel, power, and lighting materials."
[3] Formerly titled "Nonmetallic minerals—structural."
[4] Formerly titled "Tobacco manufactures and bottled beverages."
[5] Not available. [6] Preliminary.

Source: Department of Labor.

TABLE C–42.—*Wholesale price indexes, by stage of processing, 1947–62*

[1957-59=100]

Year or month	All commodities	Crude materials				Intermediate materials, supplies, and components [1]						
		Total	Foodstuffs and feedstuffs	Nonfood materials, except fuel	Fuel	Total	Materials and components for manufacturing					Materials and components for construction
							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 [4]	100.6	97.1	96.8	97.4	101.8	100.2	99.2	100.5	98.0	100.4	98.8	99.4
1961:												
January	101.0	96.9	98.0	94.0	104.5	100.7	100.1	102.7	99.4	100.2	100.2	99.7
February	101.0	97.3	98.2	94.9	104.9	100.7	100.1	103.8	99.3	100.1	100.2	99.6
March	101.0	97.4	97.5	96.5	104.4	100.9	100.2	104.1	99.3	100.1	100.2	99.6
April	100.5	96.8	96.2	97.8	101.5	100.9	100.2	103.9	99.3	100.3	99.7	100.1
May	100.0	95.3	93.8	97.9	100.7	100.4	100.1	103.2	99.0	100.5	99.6	100.0
June	99.5	93.7	91.5	97.7	99.8	100.0	99.8	102.3	98.6	100.5	99.6	100.0
July	99.9	94.8	92.9	98.3	100.4	99.9	99.5	101.9	98.1	100.7	99.6	99.9
August	100.1	97.0	95.5	99.6	101.0	99.8	99.5	101.7	98.2	100.8	99.2	99.6
September	100.0	96.0	93.6	100.2	101.5	99.9	99.5	101.6	98.0	100.8	99.1	99.6
October	100.0	95.9	93.3	100.4	102.7	99.7	99.5	102.0	98.1	100.5	99.2	99.3
November	100.0	95.4	93.7	98.4	102.9	100.0	99.4	101.7	98.1	100.4	99.2	99.3
December	100.4	96.4	95.0	98.7	102.7	100.3	99.5	102.0	98.1	100.5	99.3	99.3
1962:												
January	100.8	97.8	96.7	99.5	102.7	100.3	99.5	102.2	98.4	100.3	99.1	99.2
February	100.7	97.5	96.3	99.3	104.0	100.2	99.4	101.9	98.2	100.4	99.0	99.4
March	100.7	97.6	96.9	98.7	103.1	100.3	99.5	101.5	98.3	100.6	99.1	99.7
April	100.4	96.5	95.5	98.3	99.7	100.5	99.4	100.4	98.5	100.7	98.9	99.8
May	100.2	95.8	94.7	97.9	99.6	100.4	99.3	99.6	98.4	100.7	98.8	99.7
June	100.0	95.2	94.0	97.3	98.7	100.2	99.3	99.5	98.3	100.6	98.9	99.5
July	100.4	96.5	96.0	97.0	101.0	100.3	99.2	99.4	98.1	100.6	98.7	99.3
August	100.5	97.2	97.4	96.6	100.6	100.1	99.1	99.8	97.8	100.5	98.7	99.3
September	101.2	99.2	100.6	96.3	102.0	100.2	99.0	100.4	97.7	100.4	98.7	99.2
October	100.6	97.4	97.9	96.0	103.2	100.1	98.9	100.8	97.6	100.1	98.6	99.1
November	100.7	97.6	98.2	95.9	103.4	100.1	98.8	100.2	97.4	100.1	98.6	99.0
December [4]	100.4	96.8	97.1	95.8	103.9	100.1	98.7	99.9	97.3	100.0	98.5	98.9

See footnotes at end of table.

TABLE C–42.—*Wholesale price indexes, by stage of processing, 1947–62*—Continued

[1957-59=100]

Year or month	Finished goods: Total [1]	Consumer finished goods: Total	Consumer finished goods: Foods	Consumer finished goods: Other nondurable goods	Consumer finished goods: Durable goods	Producer finished goods	Special groups of industrial products: Crude materials [2]	Special groups of industrial products: Intermediate materials, supplies, and components [3]	Special groups of industrial products: Consumer finished goods excluding foods
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 [4]	101.7	101.2	101.3	101.6	100.0	102.9	95.6	99.9	101.0
1961: January	102.2	101.9	102.1	102.1	100.7	102.6	94.8	100.7	101.7
February	102.3	102.2	102.5	102.4	100.6	102.5	95.5	100.6	101.7
March	102.0	101.7	101.6	102.2	100.5	102.5	96.5	100.6	101.6
April	101.2	100.8	100.0	101.5	100.5	102.4	96.5	100.5	101.1
May	100.7	100.1	98.9	100.9	100.5	102.4	96.5	100.0	100.7
June	100.7	100.0	98.3	101.2	100.6	102.5	96.8	99.9	100.9
July	101.2	100.7	100.0	101.2	100.6	102.5	97.5	99.8	101.0
August	101.3	100.8	100.3	101.3	100.5	102.5	98.7	99.7	101.0
September	101.2	100.7	100.1	101.2	100.5	102.5	99.2	99.9	101.0
October	101.2	100.7	100.2	101.2	100.3	102.6	99.7	99.8	100.9
November	101.3	100.7	100.0	101.4	100.4	102.7	97.2	99.8	101.1
December	101.5	100.9	100.2	101.8	100.3	102.7	97.2	99.9	101.2
1962: January	102.1	101.7	101.9	102.0	100.2	102.8	98.5	100.0	101.3
February	102.1	101.7	102.3	101.8	100.1	102.8	98.2	99.9	101.1
March	101.8	101.3	101.9	101.3	100.0	102.8	97.1	100.0	100.8
April	101.4	100.7	100.1	101.6	99.9	102.9	95.8	100.3	101.0
May	101.2	100.5	99.5	101.5	100.0	102.9	95.3	100.2	101.0
June	101.1	100.4	99.3	101.4	100.0	102.8	94.4	100.1	101.0
July	101.5	100.8	100.3	101.5	100.2	103.0	94.4	100.0	101.0
August	101.7	101.1	101.3	101.4	100.1	103.0	94.8	99.8	100.9
September	102.6	102.3	103.9	101.7	100.1	102.9	95.1	99.8	101.1
October	101.9	101.5	101.9	101.8	99.9	102.8	94.8	99.7	101.1
November	102.0	101.5	102.1	101.7	100.0	102.9	94.6	99.6	101.1
December [4]	101.6	101.0	100.7	101.8	99.9	102.8	94.7	99.5	101.1

[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.
[4] Preliminary.

NOTE.—For a listing of the commodities included in each sector, see Table 7B, *Wholesale Prices and Price Indexes*, 1958 (BLS Bulletin 1257).

Source: Department of Labor.

TABLE C–43.—*Consumer price indexes, by major groups, 1929–62*

For city wage-earner and clerical-worker families

[1957–59=100]

Year or month	All items	Food	Housing		Apparel	Transportation	Medical care	Personal care	Reading and recreation	Other goods and services
			Total	Rent						
1929	59.7	55.6	[1]	85.4	56.2	[1]	[1]	[1]	[1]	[1]
1930	58.2	52.9	[1]	83.1	54.9	[1]	[1]	[1]	[1]	[1]
1931	53.0	43.6	[1]	78.7	50.0	[1]	[1]	[1]	[1]	[1]
1932	47.6	36.3	[1]	70.6	44.3	[1]	[1]	[1]	[1]	[1]
1933	45.1	35.3	[1]	60.8	42.8	[1]	[1]	[1]	[1]	[1]
1934	46.6	39.3	[1]	57.0	46.8	[1]	[1]	[1]	[1]	[1]
1935	47.8	42.1	56.3	56.9	47.2	49.4	49.4	42.6	50.2	52.7
1936	48.3	42.5	57.1	58.3	47.6	49.8	49.6	43.2	51.0	52.6
1937	50.0	44.2	59.1	60.9	50.1	50.6	50.0	45.7	52.5	54.0
1938	49.1	41.0	60.1	62.9	49.8	51.0	50.2	46.7	54.3	54.5
1939	48.4	39.9	59.7	63.0	49.0	49.8	50.2	46.5	54.4	55.4
1940	48.8	40.5	59.9	63.2	49.6	49.5	50.3	46.4	55.4	57.1
1941	51.3	44.2	61.4	64.3	51.9	51.2	50.6	47.6	57.3	58.2
1942	56.8	51.9	64.2	65.7	60.5	55.7	52.0	52.2	60.0	59.9
1943	60.3	57.9	64.9	65.7	63.2	55.5	54.5	57.6	65.0	63.0
1944	61.3	57.1	66.4	65.9	67.7	55.5	56.2	61.7	72.0	64.7
1945	62.7	58.4	67.5	66.1	71.2	55.4	57.5	63.6	75.0	67.3
1946	68.0	66.9	69.3	66.5	78.1	58.3	60.7	68.2	77.5	69.5
1947	77.8	81.3	74.5	68.7	90.6	64.3	65.7	76.2	82.5	75.4
1948	83.8	88.2	79.8	73.2	96.5	71.6	69.8	79.1	86.7	78.9
1949	83.0	84.7	81.0	76.4	92.7	77.0	72.0	78.9	89.9	81.2
1950	83.8	85.8	83.2	79.1	91.5	79.0	73.4	78.9	89.3	82.6
1951	90.5	95.4	88.2	82.3	99.7	84.0	76.9	86.3	92.0	86.1
1952	92.5	97.1	89.9	85.7	98.7	89.6	81.1	87.3	92.4	90.6
1953	93.2	95.6	92.3	90.3	97.8	92.1	83.9	88.1	93.3	92.8
1954	93.6	95.4	93.4	93.5	97.3	90.8	86.6	88.5	92.4	94.3
1955	93.3	94.0	94.1	94.8	96.7	89.7	88.6	90.0	92.1	94.3
1956	94.7	94.7	95.5	96.5	98.4	91.3	91.8	93.7	93.4	95.8
1957	98.0	97.8	98.5	98.3	99.7	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	100.7	103.8	104.4	102.4	102.4	101.8
1960	103.1	101.4	103.1	103.1	102.1	103.8	108.1	104.1	104.9	103.8
1961	104.2	102.6	103.9	104.4	102.8	105.0	111.3	104.6	107.2	104.6
1962 [2]	105.4	103.6	104.8	105.6	103.1	107.1	114.1	106.4	109.5	105.3
1961: January	103.8	102.8	103.8	103.9	102.1	103.8	109.7	104.4	105.5	104.1
February	103.9	102.9	103.8	104.1	102.2	103.8	110.3	104.4	106.0	104.1
March	103.9	102.7	103.9	104.1	102.4	103.4	110.4	104.3	106.6	104.1
April	103.9	102.7	103.8	104.2	102.1	103.5	110.7	104.4	107.2	104.1
May	103.8	102.3	103.7	104.3	102.2	104.0	111.0	104.4	107.0	104.5
June	104.0	102.5	103.8	104.4	102.2	104.8	111.3	104.5	106.6	104.5
July	104.4	103.4	103.8	104.4	102.5	105.3	111.6	104.8	107.2	104.9
August	104.3	102.7	103.8	104.4	102.5	106.0	111.7	104.8	107.4	104.9
September	104.6	102.6	104.0	104.7	103.6	106.0	111.9	104.8	107.9	105.0
October	104.6	102.5	104.1	104.8	103.9	106.7	112.3	104.6	108.3	105.0
November	104.6	101.9	104.2	104.9	103.7	106.8	112.4	104.8	108.1	105.0
December	104.5	102.0	104.4	105.0	103.5	106.0	112.5	105.2	108.2	104.9
1962: January	104.5	102.5	104.4	105.1	101.8	106.0	112.6	105.6	108.5	104.9
February	104.8	103.1	104.6	105.2	102.0	106.0	113.0	105.8	109.1	105.0
March	105.0	103.2	104.6	105.3	102.7	105.9	113.6	105.9	109.2	105.1
April	105.2	103.4	104.6	105.4	102.7	107.2	113.9	106.3	109.4	105.1
May	105.2	103.2	104.7	105.5	102.7	107.3	114.1	106.4	109.5	105.1
June	105.3	103.5	104.8	105.6	102.8	107.3	114.4	106.1	109.2	105.2
July	105.5	103.8	104.8	105.7	102.9	106.8	114.6	106.8	110.0	105.6
August	105.5	103.8	104.8	105.8	102.5	107.4	114.6	106.8	110.3	105.5
September	106.1	104.8	104.9	105.9	104.6	107.8	114.7	106.8	110.0	105.6
October	106.0	104.3	105.0	106.1	104.9	108.1	114.9	106.9	109.5	105.6
November	106.0	104.1	105.1	106.2	104.3	108.3	115.0	107.1	110.1	105.6

[1] Not available.
[2] January–November average.

Source: Department of Labor.

TABLE C-44.—*Consumer price indexes, by special groups, 1935–62*

For city wage-earner and clerical-worker families

[1957–59=100]

Year or month	All items	All items less food	All items less shelter	Commodities		Commodities less food			Services		
				All commodities	Food	All	Durables	Nondurables	All services	Rent	All services less rent
1935	47.8	52.5	46.1	45.0	42.1	50.4	48.1	48.8	53.2	56.9	50.7
1936	48.3	53.0	46.7	45.6	42.5	51.0	48.8	49.2	53.8	58.3	50.4
1937	50.0	54.9	48.2	47.4	44.2	53.2	51.9	51.2	55.4	60.9	50.9
1938	49.1	55.5	46.8	45.6	41.0	53.2	52.8	50.9	56.5	62.9	51.3
1939	48.4	55.1	46.0	44.7	39.9	52.3	51.7	50.1	56.6	63.0	51.3
1940	48.8	55.3	46.3	45.1	40.5	52.6	51.3	50.6	56.8	63.2	51.4
1941	51.3	56.9	49.1	48.2	44.2	55.2	54.8	52.8	57.5	64.3	52.0
1942	56.8	60.9	55.3	55.2	51.9	61.4	62.2	58.4	59.3	65.7	54.3
1943	60.3	62.6	59.5	60.1	57.9	64.0	64.3	60.9	60.4	65.7	56.7
1944	61.3	65.0	60.5	60.8	57.1	67.5	70.2	64.0	61.9	65.9	59.5
1945	62.7	66.5	62.1	62.6	58.4	70.2	75.5	66.3	62.7	66.1	60.7
1946	68.0	69.4	68.4	69.4	66.9	74.6	79.0	71.1	63.9	66.5	62.9
1947	77.8	75.8	79.4	83.4	81.3	84.2	85.6	81.7	66.5	68.7	66.1
1948	83.8	81.3	85.6	89.4	88.2	90.6	91.9	88.0	70.7	73.2	69.9
1949	83.0	82.1	84.1	87.1	84.7	89.3	93.2	86.3	74.0	76.4	73.4
1950	83.8	83.1	84.7	87.6	85.8	89.2	94.2	86.2	76.4	79.1	75.4
1951	90.5	88.4	91.8	95.5	95.4	95.9	101.4	92.7	80.4	82.3	80.0
1952	92.5	90.5	93.6	96.7	97.1	96.7	102.7	93.2	84.0	85.7	83.8
1953	93.2	92.3	93.9	96.4	95.6	96.8	101.6	94.0	87.5	90.3	87.0
1954	93.6	92.8	93.9	95.4	95.4	95.6	97.7	94.4	89.8	93.5	89.1
1955	93.3	93.1	93.4	94.4	94.0	94.6	94.9	94.4	91.4	94.8	90.8
1956	94.7	94.7	94.7	95.3	94.7	95.9	94.9	96.5	93.4	96.5	92.8
1957	98.0	97.9	97.8	98.4	97.8	98.9	98.2	99.1	97.0	98.3	96.7
1958	100.7	100.1	100.7	100.7	101.9	99.8	99.7	99.8	100.3	100.1	100.3
1959	101.5	102.0	101.5	101.0	100.3	101.3	102.0	101.0	102.7	101.6	102.9
1960	103.1	103.7	103.0	101.7	101.4	101.8	100.7	102.6	105.6	103.1	106.1
1961	104.2	104.8	104.2	102.4	102.6	102.1	100.5	103.2	107.6	104.4	108.3
1962 [1]	105.4	106.1	105.4	103.2	103.6	102.7	101.5	103.7	109.5	105.6	110.1
1961: January	103.8	104.1	103.7	102.2	102.8	101.6	99.5	102.9	106.8	103.9	107.5
February	103.9	104.3	103.8	102.3	102.9	101.7	99.5	103.0	107.0	104.1	107.6
March	103.9	104.4	103.8	102.2	102.7	101.6	99.2	103.1	107.2	104.1	107.9
April	103.9	104.3	103.8	102.1	102.7	101.4	99.9	102.5	107.3	104.2	108.0
May	103.8	104.5	103.7	101.9	102.3	101.5	100.0	102.5	107.4	104.3	108.1
June	104.0	104.6	104.0	102.2	102.5	101.8	100.4	102.7	107.5	104.4	108.2
July	104.4	104.8	104.4	102.8	103.4	102.1	100.6	103.0	107.6	104.4	108.3
August	104.3	104.9	104.3	102.5	102.7	102.2	101.0	103.1	107.7	104.4	108.4
September	104.6	105.3	104.5	102.8	102.6	102.6	101.0	103.8	107.9	104.7	108.6
October	104.6	105.5	104.7	102.9	102.5	103.0	101.7	103.8	108.0	104.8	108.7
November	104.6	105.6	104.5	102.6	101.9	102.9	101.6	103.8	108.2	104.9	108.9
December	104.5	105.5	104.4	102.4	102.0	102.6	101.1	103.6	108.5	105.0	109.1
1962: January	104.5	105.3	104.4	102.3	102.5	102.0	100.8	102.9	108.7	105.1	109.3
February	104.8	105.5	104.8	102.7	103.1	102.2	100.8	103.3	108.9	105.2	109.5
March	105.0	105.7	105.0	102.8	103.2	102.4	100.9	103.5	109.0	105.3	109.6
April	105.2	106.0	105.2	103.1	103.4	102.8	101.4	103.8	109.2	105.4	109.8
May	105.2	106.0	105.2	103.0	103.2	102.6	101.5	103.5	109.4	105.5	110.1
June	105.3	106.1	105.3	103.1	103.5	102.6	101.6	103.4	109.5	105.6	110.2
July	105.5	106.1	105.4	103.1	103.8	102.5	101.5	103.3	109.8	105.7	110.5
August	105.5	106.2	105.5	103.2	103.8	102.6	101.7	103.2	109.9	105.8	110.6
September	106.1	106.6	106.1	104.1	104.8	103.4	101.6	104.6	109.8	105.9	110.5
October	106.0	106.7	106.1	104.0	104.3	103.6	102.0	104.6	109.8	106.1	110.5
November	106.0	106.7	106.0	103.9	104.1	103.5	102.2	104.4	110.0	106.2	110.6

[1] January–November average.

Source: Department of Labor.

MONEY SUPPLY, CREDIT, AND FINANCE

TABLE C–45.—*Money supply, 1947–62*

[Averages of daily figures, billions of dollars]

Year and month	Seasonally adjusted: Total money supply and time deposits adjusted	Seasonally adjusted: Money supply[1] Total	Seasonally adjusted: Money supply[1] Currency component	Seasonally adjusted: Money supply[1] Demand deposit component	Seasonally adjusted: Time deposits adjusted[2]	Unadjusted: Total money supply and time deposits adjusted[2]	Unadjusted: Money supply[1] Total	Unadjusted: Money supply[1] Currency component	Unadjusted: Money supply[1] Demand deposit component	Unadjusted: Time deposits adjusted[2]	Unadjusted: U.S. Government demand deposits[3]
1947: December	148.5	113.1	26.4	86.7	35.4	151.1	115.9	26.8	89.1	35.1	1.0
1948: December	147.5	111.5	25.8	85.8	36.0	150.0	114.3	26.2	88.1	35.7	1.8
1949: December	147.5	111.2	25.1	86.0	36.4	150.0	113.9	25.5	88.4	36.1	2.8
1950: December	152.9	116.2	25.0	91.2	36.7	155.6	119.2	25.4	93.8	36.4	2.4
1951: December	160.9	122.7	26.1	96.5	38.2	163.8	125.8	26.6	99.2	38.0	2.7
1952: December	168.6	127.4	27.3	100.1	41.2	171.7	130.8	27.8	103.0	40.9	4.9
1953: December	173.4	128.8	27.7	101.1	44.6	176.4	132.1	28.2	103.9	44.2	3.8
1954: December	180.7	132.3	27.4	104.9	48.4	183.6	135.6	27.9	107.7	48.0	5.0
1955: December	185.4	135.2	27.8	107.4	50.2	188.2	138.6	28.4	110.2	49.6	3.4
1956: December	189.0	136.9	28.2	108.7	52.1	191.7	140.3	28.8	111.5	51.4	3.4
1957: December	193.4	135.9	28.3	107.5	57.5	196.0	139.3	28.9	110.4	56.7	3.5
1958: December	206.7	141.2	28.6	112.6	65.5	209.3	144.7	29.2	115.5	64.6	3.9
1959: December	209.4	142.0	28.9	113.2	67.4	212.2	145.6	29.5	116.1	66.6	4.9
1960: December	213.9	141.2	28.9	112.2	72.7	216.8	144.7	29.6	115.2	72.1	4.7
1961: December	228.2	145.7	29.6	116.1	82.5	231.2	149.4	30.2	119.2	81.8	4.9
1962: December[4]	245.3	147.9	30.6	117.3	97.5	248.2	151.6	31.2	120.4	96.6	5.6
1961: January	215.1	141.4	29.0	112.5	73.7	217.6	144.5	28.8	115.6	73.2	4.1
February	216.7	141.8	28.9	112.9	74.9	216.3	141.6	28.6	113.0	74.6	4.8
March	217.8	142.2	28.9	113.3	75.6	216.3	140.8	28.6	112.2	75.5	4.7
April	218.7	142.5	28.9	113.5	76.3	218.9	142.5	28.7	113.8	76.5	2.8
May	220.2	142.8	28.9	113.9	77.4	218.5	140.8	28.7	112.1	77.7	4.7
June	221.0	142.8	29.0	113.9	78.2	219.8	141.3	28.9	112.4	78.6	4.5
July	222.1	142.9	29.0	113.9	79.1	221.2	141.6	29.2	112.4	79.5	4.3
August	222.7	142.9	29.1	113.9	79.8	221.8	141.6	29.2	112.4	80.2	5.5
September	224.0	143.5	29.2	114.3	80.5	224.0	143.1	29.3	113.8	80.9	5.2
October	225.5	144.2	29.3	114.9	81.3	226.1	144.5	29.4	115.1	81.5	6.4
November	227.0	144.9	29.4	115.5	82.0	227.8	146.3	29.7	116.6	81.5	5.8
December	228.2	145.7	29.6	116.1	82.5	231.2	149.4	30.2	119.2	81.8	4.9
1962: January	230.0	145.9	29.7	116.3	84.1	232.5	149.0	29.5	119.5	83.5	3.8
February	231.3	145.5	29.7	115.8	85.8	230.7	145.3	29.3	115.9	85.4	4.6
March	233.1	145.7	29.9	115.8	87.5	231.6	144.2	29.6	114.6	87.4	5.1
April	234.7	146.1	30.0	116.0	88.7	235.1	146.2	29.8	116.4	88.9	3.8
May	235.2	145.7	30.0	115.7	89.6	233.5	143.6	29.8	113.8	89.9	7.0
June	236.2	145.6	30.1	115.4	90.7	235.1	144.0	30.0	113.9	91.1	7.2
July	237.4	145.7	30.2	115.5	91.8	236.6	144.3	30.3	114.0	92.2	7.1
August	237.6	145.1	30.2	114.9	92.5	236.7	143.8	30.3	113.5	93.0	6.8
September	238.7	145.3	30.2	115.1	93.4	238.8	145.0	30.3	114.6	93.8	7.2
October	240.8	146.1	30.3	115.8	94.6	241.4	146.5	30.4	116.1	94.9	7.3
November	242.9	146.9	30.5	116.4	96.0	243.6	148.2	30.8	117.5	95.4	6.0
December[4]	245.3	147.9	30.6	117.3	97.5	248.2	151.6	31.2	120.4	96.6	5.6

[1] Money supply consists of (1) currency outside the Treasury, the Federal Reserve, and 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 (3) foreign demand balances at Federal Reserve Banks.

[2] Time deposits adjusted are time deposits at all commercial banks other than those due to domestic commercial banks and the U.S. Government.

[3] Deposits at all commercial banks.

[4] Preliminary.

NOTE.—Between January and August 1959, the series were expanded to include data for all banks in Alaska and Hawaii.

Source: Board of Governors of the Federal Reserve System.

TABLE C–46.—*Bank loans and investments, 1948–62*

[Billions of dollars]

Year or month [1]	All commercial banks				Weekly reporting member banks [2]
	Total loans and investments	Loans, excluding interbank	Investments		
			U.S. Government securities	Other securities	Business loans [3]
	Seasonally adjusted				
1948	113.0	41.5	62.3	9.2	15.6
1949	118.7	42.0	66.4	10.2	13.9
1950	124.7	51.1	61.2	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	66.1	62.3	14.7	23.4
1954	153.1	69.0	67.7	16.4	22.4
1955	157.6	80.5	60.4	16.7	[3] 26.7
1956	161.6	88.0	57.3	16.3	30.8
1957	166.4	91.4	57.0	17.9	31.8
1958	181.0	95.6	64.9	20.5	[3] 31.7
1959	185.7	107.8	57.6	20.4	[3] 30.7
1960	194.5	114.2	59.6	20.7	32.2
1961	209.6	121.1	64.7	23.8	32.9
1962 [4]	227.6	134.8	63.8	29.0	35.2
1961: January	195.4	113.9	60.5	21.0	31.4
February	198.6	115.8	61.4	21.4	31.5
March	198.2	115.3	61.2	21.6	32.2
April	197.4	115.2	60.6	21.7	31.7
May	200.2	115.9	62.4	21.9	31.5
June	201.9	115.9	63.8	22.1	31.8
July	203.3	116.3	64.7	22.3	31.3
August	204.0	116.3	65.1	22.6	31.5
September	206.7	117.4	66.1	23.2	31.8
October	207.1	118.6	65.3	23.2	31.9
November	208.3	119.4	65.3	23.6	32.1
December	209.6	121.1	64.7	23.8	32.9
1962: January	210.7	120.8	65.7	24.2	32.0
February	213.3	122.6	66.1	24.6	32.2
March	215.2	123.8	66.1	25.3	33.0
April	215.0	124.5	64.6	25.9	32.8
May	216.4	124.8	65.5	26.1	32.9
June	220.3	126.6	66.6	27.1	33.4
July	217.8	126.1	64.1	27.6	33.0
August	220.3	127.3	65.0	28.0	33.4
September	222.0	129.7	64.3	28.0	34.1
October [4]	224.4	131.7	64.1	28.6	34.3
November [4]	225.8	132.3	64.4	29.1	34.7
December [4]	227.6	134.8	63.8	29.0	35.2

[1] Data are for last Wednesday of month (except June 30 and December 31 call dates) for all commercial banks and for last Wednesday for weekly reporting member banks.
[2] Member banks are all national banks and those State banks which have taken membership in the Federal Reserve System. Weekly reporting member banks comprise about 350 large banks in over 100 leading cities.
[3] Commercial and industrial loans and prior to 1956 agricultural loans. Beginning July 1959, loans to financial institutions excluded. Series revised beginning October 1955, July 1958, and July 1959.
[4] Preliminary. Data for December are estimates for December 31, 1962.

NOTE.—Series for all commercial banks have been revised to show seasonally adjusted data.
Between January and August 1959, series for all commercial banks expanded to include data for all banks in Alaska and Hawaii. Data for all member banks include Alaska and Hawaii beginning 1954 and 1959, respectively.

Source: Board of Governors of the Federal Reserve System.

TABLE C–47.—*Federal Reserve Bank credit and member bank reserves, 1929–62*

[Averages of daily figures, millions of dollars]

Year and month	Reserve Bank credit outstanding: Total	Reserve Bank credit outstanding: U.S. Government securities	Reserve Bank credit outstanding: Member bank borrowings	Reserve Bank credit outstanding: All other, mainly float	Member bank reserves: Total	Member bank reserves: Required	Member bank reserves: Excess	Member bank free reserves (excess reserves less borrowings)
1929: December	1,643	446	801	396	2,395	2,347	48	−753
1930: December	1,273	644	337	292	2,415	2,342	73	−264
1931: December	1,950	777	763	410	2,069	2,010	60	−703
1932: December	2,192	1,854	281	57	2,435	1,909	526	245
1933: December	2,669	2,432	95	142	2,588	[1] 1,822	[1] 766	671
1934: December	2,472	2,430	10	32	4,037	2,290	1,748	1,738
1935: December	2,494	2,430	6	58	5,716	2,733	2,983	2,977
1936: December	2,498	2,434	7	57	6,665	4,619	2,046	2,039
1937: December	2,628	2,565	16	47	6,879	5,808	1,071	1,055
1938: December	2,618	2,564	7	47	8,745	5,520	3,226	3,219
1939: December	2,612	2,510	3	99	11,473	6,462	5,011	5,008
1940: December	2,305	2,188	3	114	14,049	7,403	6,646	6,643
1941: December	2,404	2,219	5	180	12,812	9,422	3,390	3,385
1942: December	6,035	5,549	4	483	13,152	10,776	2,376	2,372
1943: December	11,914	11,166	90	659	12,749	11,701	1,048	958
1944: December	19,612	18,693	265	654	14,168	12,884	1,284	1,019
1945: December	24,744	23,708	334	702	16,027	14,536	1,491	1,157
1946: December	24,746	23,767	157	821	16,517	15,617	900	743
1947: December	22,858	21,905	224	729	17,261	16,275	986	762
1948: December	23,978	23,002	134	842	19,990	19,193	797	663
1949: December	19,012	18,287	118	607	16,291	15,488	803	685
1950: December	21,606	20,345	142	1,119	17,391	16,364	1,027	885
1951: December	25,446	23,409	657	1,380	20,310	19,484	826	169
1952: December	27,299	24,400	1,593	1,306	21,180	20,457	723	−870
1953: December	27,107	25,639	441	1,027	19,920	19,227	693	252
1954: December	26,317	24,917	246	1,154	19,279	18,576	703	457
1955: December	26,853	24,602	839	1,412	19,240	18,646	594	−245
1956: December	27,156	24,765	688	1,703	19,535	18,883	652	−36
1957: December	26,186	23,982	710	1,494	19,420	18,843	577	−133
1958: December	28,412	26,312	557	1,543	18,899	18,383	516	−41
1959: December	29,435	27,036	906	1,493	[2] 18,932	18,450	482	−424
1960: December	29,060	27,248	87	1,725	19,283	18,527	756	669
1961: December	31,217	29,098	149	1,970	20,118	19,550	568	419
1962: December	33,218	30,546	304	2,368	[3] 20,036	[3] 19,468	[3] 568	[3] 264
1961: January	28,484	26,942	49	1,493	19,315	18,570	745	696
February	28,145	26,829	137	1,179	18,964	18,310	654	517
March	28,030	26,831	70	1,129	18,809	18,253	556	486
April	27,925	26,676	56	1,193	18,884	18,277	607	551
May	28,007	26,747	96	1,164	18,856	18,307	549	453
June	28,304	26,935	63	1,306	19,042	18,430	612	549
July	28,498	27,024	51	1,423	19,063	18,482	581	530
August	28,661	27,415	67	1,179	19,223	18,619	604	537
September	29,080	27,563	37	1,480	19,367	18,783	584	547
October	29,504	28,044	65	1,396	19,660	19,153	507	442
November	30,142	28,616	105	1,420	19,840	19,218	622	517
December	31,217	29,098	149	1,970	20,118	19,550	568	419
1962: January	30,468	28,519	70	1,879	20,089	19,473	616	546
February	29,839	28,384	68	1,387	19,571	19,069	502	434
March	30,063	28,570	91	1,402	19,547	19,077	470	379
April	30,634	29,143	69	1,422	19,723	19,213	510	441
May	30,991	29,503	63	1,425	19,817	19,320	497	434
June	31,265	29,568	100	1,597	19,924	19,453	471	371
July	31,475	29,581	89	1,805	20,046	19,514	532	443
August	31,600	30,088	127	1,385	19,921	19,358	563	436
September	31,807	29,921	80	1,806	20,034	19,576	458	378
October	32,057	30,241	65	1,751	20,205	19,721	484	419
November	32,053	30,195	119	1,739	19,601	19,012	589	470
December	33,218	30,546	304	2,368	[3] 20,036	[3] 19,468	[3] 568	[3] 264

[1] Data from March 1933 through April 1934 are for licensed banks only.
[2] Beginning December 1959, total reserves held include vault cash allowed.
[3] Preliminary.

NOTE.—Data for member banks in Alaska and Hawaii included beginning 1954 and 1959, respectively.

Source: Board of Governors of the Federal Reserve System.

TABLE C–48.—*Bond yields and interest rates, 1929–62*

[Percent per annum]

Year or month	U.S. Government securities: 3-month Treasury bills [1]	U.S. Government securities: 9–12 month issues [2]	U.S. Government securities: 3–5 year issues [3]	U.S. Government securities: Taxable bonds [4]	Corporate bonds (Moody's): Aaa	Corporate bonds (Moody's): Baa	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
1929	([6])	([6])	....	....	4.73	5.90	4.27	([7])	5.85	5.16
1930	([6])	([6])	....	....	4.55	5.90	4.07	([7])	3.59	3.04
1931	1.402	([6])	....	....	4.58	7.62	4.01	([7])	2.64	2.11
1932	.879	([6])	....	....	5.01	9.30	4.65	([7])	2.73	2.82
1933	.515	([6])	2.66	....	4.49	7.76	4.71	([7])	1.73	2.56
1934	.256	([6])	2.12	....	4.00	6.32	4.03	([7])	1.02	1.54
1935	.137	([6])	1.29	....	3.60	5.75	3.40	([7])	.75	1.50
1936	.143	([6])	1.11	....	3.24	4.77	3.07	([7])	.75	1.50
1937	.447	([6])	1.40	....	3.26	5.03	3.10	([7])	.94	1.33
1938	.053	([6])	.83	....	3.19	5.80	2.91	([7])	.81	1.00
1939	.023	([6])	.59	....	3.01	4.96	2.76	2.1	.59	1.00
1940	.014	([6])	.50	....	2.84	4.75	2.50	2.1	.56	1.00
1941	.103	([6])	.73	....	2.77	4.33	2.10	2.0	.53	1.00
1942	.326	([6])	1.46	2.46	2.83	4.28	2.36	2.2	.66	[8] 1.00
1943	.373	0.75	1.34	2.47	2.73	3.91	2.06	2.6	.69	[8] 1.00
1944	.375	.79	1.33	2.48	2.72	3.61	1.86	2.4	.73	[8] 1.00
1945	.375	.81	1.18	2.37	2.62	3.29	1.67	2.2	.75	[8] 1.00
1946	.375	.82	1.16	2.19	2.53	3.05	1.64	2.1	.81	[8] 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	2.7	1.49	1.50
1950	1.218	1.26	1.50	2.32	2.62	3.24	1.98	2.7	1.45	1.59
1951	1.552	1.73	1.93	2.57	2.86	3.41	2.00	3.1	2.16	1.75
1952	1.766	1.81	2.13	2.68	2.96	3.52	2.19	3.5	2.33	1.75
1953	1.931	2.07	2.56	2.94	3.20	3.74	2.72	3.7	2.52	1.99
1954	.953	.92	1.82	2.55	2.90	3.51	2.37	3.6	1.58	1.60
1955	1.753	1.89	2.50	2.84	3.06	3.53	2.53	3.7	2.18	1.89
1956	2.658	2.83	3.12	3.08	3.36	3.88	2.93	4.2	3.31	2.77
1957	3.267	3.53	3.62	3.47	3.89	4.71	3.60	4.6	3.81	3.12
1958	1.839	2.09	2.90	3.43	3.79	4.73	3.56	4.3	2.46	2.16
1959	3.405	4.11	4.33	4.08	4.38	5.05	3.95	[9] 5.0	3.97	3.36
1960	2.928	3.55	3.99	4.02	4.41	5.19	3.73	5.2	3.85	3.53
1961	2.378	2.91	3.60	3.90	4.35	5.08	3.46	5.0	2.97	3.00
1962	2.778	3.02	3.57	3.95	4.33	5.02	3.18	5.0	3.26	3.00
1960: January	4.436	4.93	4.87	4.37	4.61	5.34	4.13	....	4.91	4.00
February	3.954	4.58	4.66	4.22	4.56	5.34	3.97	....	4.66	4.00
March	3.439	3.93	4.24	4.08	4.49	5.25	3.87	5.34	4.49	4.00
April	3.244	3.99	4.23	4.18	4.45	5.20	3.84	....	4.16	4.00
May	3.392	4.19	4.42	4.16	4.46	5.28	3.85	....	4.25	4.00
June	2.641	3.35	4.06	3.98	4.45	5.26	3.78	5.35	3.81	3.65
July	2.396	3.13	3.71	3.86	4.41	5.22	3.72	....	3.39	3.50
August	2.286	2.89	3.50	3.79	4.28	5.08	3.53	....	3.34	3.18
September	2.489	2.99	3.50	3.84	4.25	5.01	3.53	4.97	3.39	3.00
October	2.426	3.01	3.61	3.91	4.30	5.11	3.59	....	3.30	3.00
November	2.384	2.99	3.68	3.93	4.31	5.08	3.46	....	3.28	3.00
December	2.272	2.79	3.51	3.88	4.35	5.10	3.45	4.99	3.23	3.00

See footnotes at end of table.

TABLE C-48.—*Bond yields and interest rates, 1929–62*—Continued

[Percent per annum]

Year or month	U.S. Government securities: 3-month Treasury bills [1]	U.S. Government securities: 9–12 month issues [2]	U.S. Government securities: 3–5 year issues [3]	U.S. Government securities: Taxable bonds [4]	Corporate bonds (Moody's): Aaa	Corporate bonds (Moody's): Baa	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
1961: January	2.302	2.70	3.53	3.89	4.32	5.10	3.44		2.98	3.00
February	2.408	2.84	3.54	3.81	4.27	5.07	3.33		3.03	3.00
March	2.420	2.86	3.43	3.78	4.22	5.02	3.38	4.97	3.03	3.00
April	2.327	2.83	3.39	3.80	4.25	5.01	3.44		2.91	3.00
May	2.288	2.82	3.28	3.73	4.27	5.01	3.38		2.76	3.00
June	2.359	3.02	3.70	3.88	4.33	5.03	3.53	4.97	2.91	3.00
July	2.268	2.87	3.69	3.90	4.41	5.09	3.53		2.72	3.00
August	2.402	3.03	3.80	4.00	4.45	5.11	3.55		2.92	3.00
September	2.304	3.03	3.77	4.02	4.45	5.12	3.54	4.99	3.05	3.00
October	2.350	2.97	3.64	3.98	4.42	5.13	3.46		3.00	3.00
November	2.458	2.95	3.68	3.98	4.39	5.11	3.44		2.98	3.00
December	2.617	3.03	3.82	4.06	4.42	5.10	3.49	4.96	3.19	3.00
1962: January	2.746	3.08	3.84	4.08	4.42	5.08	3.32		3.26	3.00
February	2.752	3.11	3.77	4.09	4.42	5.07	3.28		3.22	3.00
March	2.719	2.99	3.55	4.01	4.39	5.04	3.19	4.98	3.25	3.00
April	2.735	2.94	3.48	3.89	4.33	5.02	3.08		3.20	3.00
May	2.694	2.98	3.53	3.88	4.28	5.00	3.09		3.16	3.00
June	2.719	3.02	3.51	3.90	4.28	5.02	3.24	5.01	3.25	3.00
July	2.945	3.23	3.71	4.02	4.34	5.05	3.30		3.36	3.00
August	2.837	3.13	3.57	3.98	4.35	5.06	3.31		3.30	3.00
September	2.792	3.00	3.56	3.94	4.32	5.03	3.18	4.99	3.34	3.00
October	2.751	2.90	3.46	3.89	4.28	4.99	3.03		3.27	3.00
November	2.803	2.92	3.46	3.87	4.25	4.96	3.03		3.23	3.00
December	2.856	2.95	3.44	3.87	4.24	4.92	3.12	5.02	3.29	3.00

[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] Includes 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 before August 1942.
[7] Not available on same basis as for 1939 and subsequent years.
[8] 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 or callable in 1 year or less.
[9] 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.

TABLE C-49.—*Short- and intermediate-term consumer credit outstanding, 1929–62*

[Millions of dollars]

End of year or month	Total	Instalment credit: Total	Automobile paper [1]	Other consumer goods paper [1]	Repair and modernization loans [2]	Personal loans	Noninstalment credit: Total	Charge accounts	Other [3]
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 [4]	63,250	48,075	19,350	12,725	3,300	12,700	15,175	5,600	9,575
1961: January	55,013	42,346	17,456	11,353	3,100	10,437	12,667	4,754	7,913
February	54,144	41,875	17,241	11,123	3,076	10,435	12,269	4,187	8,082
March	53,929	41,671	17,139	10,990	3,067	10,475	12,258	4,141	8,117
April	54,026	41,627	17,087	10,900	3,075	10,565	12,399	4,229	8,170
May	54,434	41,787	17,143	10,912	3,102	10,630	12,647	4,375	8,272
June	54,815	42,089	17,272	10,944	3,125	10,748	12,726	4,440	8,286
July	54,750	42,141	17,285	10,931	3,134	10,791	12,609	4,327	8,282
August	55,078	42,358	17,292	10,989	3,170	10,907	12,720	4,360	8,360
September	55,149	42,334	17,133	11,056	3,188	10,957	12,815	4,366	8,449
October	55,340	42,494	17,153	11,142	3,193	11,006	12,846	4,448	8,398
November	55,915	42,737	17,211	11,264	3,204	11,058	13,178	4,601	8,577
December	57,678	43,527	17,223	11,857	3,191	11,256	14,151	5,324	8,827
1962: January	56,711	43,265	17,155	11,720	3,151	11,239	13,446	4,784	8,662
February	56,093	43,074	17,191	11,496	3,123	11,264	13,019	4,192	8,827
March	56,275	43,211	17,348	11,407	3,113	11,343	13,064	4,074	8,990
April	57,314	43,837	17,671	11,498	3,128	11,540	13,477	4,319	9,158
May	58,318	44,495	18,032	11,598	3,169	11,696	13,823	4,544	9,279
June	59,108	45,208	18,410	11,726	3,200	11,872	13,900	4,596	9,304
July	59,364	45,650	18,680	11,754	3,226	11,990	13,714	4,457	9,257
August	60,003	46,204	18,933	11,824	3,260	12,187	13,799	4,491	9,308
September	60,126	46,310	18,881	11,861	3,277	12,291	13,816	4,495	9,321
October	60,626	46,722	19,083	11,986	3,289	12,364	13,904	4,663	9,241
November	61,473	47,274	19,307	12,186	3,302	12,479	14,199	4,825	9,374
December [4]	63,250	48,075	19,350	12,725	3,300	12,700	15,175	5,600	9,575

[1] Includes all consumer credit extended for the purpose of purchasing automobiles and other consumer goods.
[2] Includes only such loans held by financial institutions; those held by retail outlets are included in "other consumer goods paper."
[3] Single-payment loans and service credit.
[4] Preliminary estimates by Council of Economic Advisers.

NOTE.—Series revised for 1929–1939 and 1955 to date. For details, see *Federal Reserve Bulletin*, December 1962.

Data for Alaska and Hawaii included beginning January and August 1959, respectively.

Source: Board of Governors of the Federal Reserve System (except as noted).

TABLE C–50.—*Instalment credit extended and repaid, 1946–62*

[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 [1]	55,275	50,725	19,475	17,350	16,025	15,150	2,100	2,000	17,675	16,225
	Seasonally adjusted									
1961: January	3,879	3,904	1,285	1,373	1,184	1,162	169	167	1,241	1,202
February	3,829	3,915	1,229	1,370	1,155	1,140	163	163	1,282	1,242
March	3,879	3,925	1,277	1,366	1,147	1,174	171	163	1,284	1,222
April	3,836	3,957	1,255	1,378	1,162	1,203	170	167	1,249	1,209
May	3,905	3,914	1,297	1,354	1,163	1,168	171	169	1,274	1,223
June	4,024	3,980	1,344	1,372	1,178	1,188	179	171	1,323	1,249
July	3,961	3,957	1,318	1,379	1,191	1,176	169	165	1,283	1,237
August	4,071	4,016	1,312	1,377	1,229	1,197	185	169	1,345	1,273
September	4,018	3,969	1,297	1,360	1,232	1,188	174	169	1,315	1,252
October	4,235	4,073	1,419	1,396	1,267	1,217	174	175	1,375	1,285
November	4,332	4,063	1,510	1,384	1,265	1,206	172	166	1,385	1,307
December	4,409	4,061	1,469	1,375	1,402	1,233	167	169	1,371	1,284
1962: January	4,327	4,048	1,504	1,401	1,280	1,190	171	165	1,372	1,292
February	4,356	4,084	1,546	1,390	1,276	1,236	166	167	1,368	1,291
March	4,499	4,121	1,582	1,415	1,328	1,231	174	168	1,415	1,307
April	4,659	4,166	1,675	1,435	1,345	1,247	182	168	1,457	1,316
May	4,650	4,211	1,655	1,447	1,338	1,260	183	173	1,474	1,331
June	4,623	4,202	1,621	1,433	1,344	1,260	187	170	1,471	1,339
July	4,669	4,283	1,631	1,456	1,368	1,296	189	170	1,481	1,361
August	4,619	4,261	1,602	1,446	1,325	1,281	179	172	1,513	1,362
September	4,491	4,289	1,505	1,440	1,308	1,298	170	169	1,508	1,382
October	4,682	4,298	1,685	1,491	1,335	1,261	169	165	1,493	1,381
November	4,961	4,380	1,797	1,490	1,425	1,302	168	163	1,571	1,425
December [1]	4,765	4,390	1,650	1,500	1,400	1,300	165	165	1,550	1,425

[1] Preliminary; December by Council of Economic Advisers.

NOTE.—Series revised beginning 1955. For details, see *Federal Reserve Bulletin*, December 1962.
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).

TABLE C–51.—*Mortgage debt outstanding, by type of property and of financing, 1939–62*

[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	7.3
1953	101.3	93.6	66.1	28.1	12.0	16.1	38.0	27.5	7.8
1954	113.7	105.4	75.7	32.1	12.8	19.3	43.6	29.7	8.3
1955	129.9	120.9	88.2	38.9	14.3	24.6	49.3	32.6	9.1
1956	144.5	134.6	99.0	43.9	15.5	28.4	55.1	35.6	9.9
1957	156.6	146.1	107.6	47.2	16.5	30.7	60.4	38.5	10.5
1958	171.9	160.7	117.7	50.1	19.7	30.4	67.6	43.0	11.3
1959	190.9	178.7	130.9	53.8	23.8	30.0	77.0	47.9	12.2
1960	207.1	194.0	141.3	56.4	26.7	29.7	84.8	52.7	13.1
1961[3]	225.5	211.3	153.0	59.1	29.5	29.6	93.9	58.3	14.2
1962[3]	249.9	234.3	168.7	(4)	(4)	(4)	(4)	65.6	15.5
1960: I	194.6	182.1	133.1	54.5	24.6	29.9	78.6	49.0	12.5
II	198.9	186.0	135.8	55.0	25.2	29.8	80.9	50.2	12.8
III	203.2	190.3	138.8	55.7	26.0	29.7	83.2	51.5	13.0
IV	207.1	194.0	141.3	56.4	26.7	29.7	84.8	52.7	13.1
1961: I	210.3	197.0	143.2	57.1	27.4	29.7	86.1	53.7	13.3
II	215.2	201.5	146.3	57.8	28.0	29.8	88.6	55.1	13.7
III	220.1	206.1	149.6	58.7	28.8	29.9	90.9	56.5	14.0
IV[3]	225.5	211.3	153.0	59.1	29.5	29.6	93.9	58.3	14.2
1962: I[3]	230.2	215.7	155.9	59.9	30.3	29.6	95.9	59.9	14.5
II[3]	236.8	221.9	160.1	60.4	30.9	29.5	99.7	61.8	14.9
III[3]	243.2	227.9	164.3	61.0	31.5	29.5	103.3	63.6	15.3
IV[3]	249.9	234.3	168.7	(4)	(4)	(4)	(4)	65.6	15.5

[1] Derived figures.
[2] Includes negligible amount of farm loans held by savings and loan associations.
[3] Preliminary.
[4] Not available.

Source: Board of Governors of the Federal Reserve System, estimated and compiled from data supplied by various Government and private organizations.

TABLE C–52.—*Net public and private debt, 1929–62* [1]

[Billions of dollars]

End of year [2]	Total	Federal Government	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	9.1	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	782.5	232.7	50.9	498.9	259.5	121.2	138.4	239.4	23.3	216.1	144.6	26.5	45.0
1959	847.3	243.2	55.6	548.5	281.5	129.3	152.2	267.0	24.0	243.0	160.8	30.8	51.3
1960	884.1	241.0	60.0	583.1	294.8	137.9	156.9	288.3	25.3	263.0	174.5	32.7	55.8
1961	936.9	248.1	65.0	623.8	311.5	146.3	165.1	312.3	28.7	283.6	189.9	36.6	57.1
1962 [5]	1,000.7	256.8	72.0	671.9	330.8	156.2	174.6	341.1	29.3	311.8	210.7	38.0	63.1

[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] Preliminary estimates by Council of Economic Advisers.

NOTE.—Revisions for 1929-39 and 1955-62 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, Treasury Department, Board of Governors of the Federal Reserve System, and Federal Home Loan Bank Board (except as noted).

TABLE C-53.—*U.S. Government debt, by kind of obligation, 1929–62*

[Billions of dollars]

End of year or month	Gross public debt and guaranteed issues [1]	Interest-bearing public debt: Marketable public issues: Short-term issues [2]	Interest-bearing public debt: Marketable public issues: Treasury bonds	Interest-bearing public debt: Nonmarketable public issues: United States savings bonds	Interest-bearing public debt: Nonmarketable public issues: Treasury tax and savings notes	Interest-bearing public debt: Nonmarketable public issues: Investment bonds [3]	Interest-bearing public debt: Special issues [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	(5)	12.3	43.9
1956	276.7	79.5	80.8	56.3	(6)	11.6	45.6
1957	275.0	82.1	82.1	52.5	(6)	10.3	45.8
1958	283.0	92.2	83.4	51.2	(6)	9.0	44.8
1959	290.9	103.5	84.8	48.2	(6)	7.6	43.5
1960	290.4	109.2	79.8	47.2	(6)	6.2	44.3
1961	296.5	120.5	75.5	47.5	(6)	5.1	43.5
1962	304.0	124.6	78.4	47.5	(6)	4.4	43.4
1961: January	290.2	109.5	79.8	47.2	(6)	6.1	43.8
February	290.7	110.1	79.8	47.3	(6)	6.1	43.7
March	287.7	105.8	80.6	47.4	(6)	6.0	44.0
April	288.2	107.2	80.9	47.4	(6)	5.9	43.0
May	290.4	108.0	80.8	47.5	(6)	5.8	44.5
June	289.2	106.3	80.8	47.5	(6)	5.8	45.0
July	292.6	110.5	80.8	47.6	(6)	5.8	44.2
August	294.0	111.5	79.7	47.6	(6)	5.7	45.6
September	294.0	112.6	79.3	47.7	(6)	5.6	45.0
October	296.0	116.0	79.3	47.7	(6)	5.2	43.9
November	297.3	120.4	75.2	47.8	(6)	5.1	44.2
December	296.5	120.5	75.5	47.5	(6)	5.1	43.5
1962: January	296.9	121.0	76.6	47.5	(6)	5.0	42.3
February	297.4	121.0	76.6	47.5	(6)	5.0	42.8
March	296.5	120.0	76.6	47.6	(6)	4.8	42.8
April	297.4	120.3	77.8	47.6	(6)	4.8	42.1
May	299.6	122.7	75.5	47.6	(6)	4.8	44.3
June	298.6	121.0	75.0	47.6	(6)	4.7	44.9
July	298.3	121.9	75.0	47.7	(6)	4.7	43.8
August	302.3	122.1	77.2	47.7	(6)	4.6	45.4
September	300.0	118.2	79.8	47.7	(6)	4.6	44.6
October	302.6	121.6	79.7	47.7	(6)	4.5	43.9
November	305.9	124.2	80.0	47.7	(6)	4.5	44.2
December	304.0	124.6	78.4	47.5	(6)	4.4	43.4

[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 foreign currency certificates and bonds, not shown separately. Not all of total shown is subject to statutory debt limitation.

[2] Bills, certificates of indebtedness, and notes.

[3] Series A bonds and, beginning April 1951, series B convertible bonds.

[4] Issued to U.S. Government investment accounts. These accounts also held $12.2 billion of public marketable and nonmarketable issues on December 31, 1962.

[5] Less than $50 million.

[6] The last series of Treasury savings notes matured in April 1956.

Source: Treasury Department.

TABLE C–54.—*Estimated ownership of U.S. Government obligations, 1939–62*

[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 others							
			Total	Federal Reserve banks	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	41.1	2.5	15.9	9.4	2.2	0.4	10.1	0.7
1940	50.9	7.6	43.3	2.2	17.3	10.1	2.0	.5	10.6	.7
1941	64.3	9.5	54.7	2.3	21.4	11.9	4.0	.7	13.6	.9
1942	112.5	12.2	100.2	6.2	41.1	15.8	10.1	1.0	23.7	2.3
1943	170.1	16.9	153.2	11.5	59.9	21.2	16.4	2.1	37.6	4.4
1944	232.1	21.7	210.5	18.8	77.7	28.0	21.4	4.3	53.3	7.0
1945	278.7	27.0	251.6	24.3	90.8	34.7	22.2	6.5	64.1	9.1
1946	259.5	30.9	228.6	23.3	74.5	36.7	15.3	6.3	64.2	8.1
1947	257.0	34.4	222.6	22.6	68.7	35.9	14.1	7.3	65.7	8.4
1948	252.9	37.3	215.5	23.3	62.5	32.7	14.8	7.9	65.5	8.9
1949	257.2	39.4	217.8	18.9	66.8	31.5	16.8	8.1	66.3	9.4
1950	256.7	39.2	217.5	20.8	61.8	29.6	19.7	8.8	66.3	10.5
1951	259.5	42.3	217.2	23.8	61.6	26.3	20.7	9.6	64.6	10.6
1952	267.4	45.9	221.6	24.7	63.4	25.5	19.9	11.1	65.2	11.7
1953	275.2	48.3	226.9	25.9	63.7	25.1	21.5	12.7	64.8	13.2
1954	278.8	49.6	229.2	24.9	69.2	24.1	19.2	14.4	63.4	13.9
1955	280.8	51.7	229.1	24.8	62.0	23.1	23.5	15.3	64.7	15.6
1956	276.7	54.0	222.7	24.9	59.5	21.3	19.1	16.3	65.5	16.1
1957	275.0	55.2	219.8	24.2	59.5	20.2	18.6	16.6	64.0	16.6
1958	283.0	54.4	228.6	26.3	67.5	19.9	18.8	16.5	63.0	16.6
1959	290.9	53.7	237.3	26.6	60.3	19.5	22.8	18.0	68.0	22.1
1960	290.4	55.1	235.3	27.4	62.1	18.1	19.9	18.7	64.9	24.2
1961	296.5	54.5	242.0	28.9	67.2	17.5	19.4	18.7	65.2	25.0
1962 [8]	304.0	55.6	248.4	30.8	66.2	17.5	21.0	19.5	65.5	27.9
1961: January	290.2	54.6	235.6	26.6	62.7	18.3	20.3	18.8	64.9	24.0
February	290.7	54.5	236.3	26.7	61.9	18.2	21.4	19.1	65.0	23.9
March	287.7	54.9	232.8	26.7	59.7	18.3	19.7	19.3	65.1	24.1
April	288.2	54.0	234.2	26.8	61.7	17.9	20.8	19.1	64.1	23.9
May	290.4	55.5	234.9	26.9	62.1	17.9	21.4	19.1	63.8	23.5
June	289.2	56.1	233.1	27.3	62.5	17.7	19.7	19.3	63.4	23.2
July	292.6	55.2	237.4	27.4	65.5	17.8	19.8	19.4	63.9	23.7
August	294.0	56.5	237.5	27.7	65.1	17.8	20.0	19.2	64.4	23.2
September	294.0	55.9	238.1	27.8	66.6	17.8	18.6	19.1	64.5	23.7
October	296.0	55.0	241.0	28.3	67.3	17.8	19.5	18.9	64.8	24.5
November	297.3	55.4	241.9	29.2	66.9	17.7	20.3	18.6	65.1	24.1
December	296.5	54.5	242.0	28.9	67.2	17.5	19.4	18.7	65.2	25.0
1962: January	296.9	53.8	243.1	28.5	67.8	17.8	20.4	19.0	65.4	24.1
February	297.4	54.2	243.2	28.4	66.6	17.8	21.4	19.1	65.4	24.5
March	296.5	54.5	242.0	29.1	64.0	18.0	20.2	19.5	65.7	25.6
April	297.4	53.7	243.6	29.2	65.3	17.8	20.4	19.6	65.5	25.9
May	299.6	55.9	243.7	29.6	65.2	17.8	20.8	19.7	65.2	25.4
June	298.6	56.5	242.1	29.7	65.0	17.6	19.3	19.7	65.2	25.7
July	298.3	55.5	242.8	29.8	64.5	17.8	20.0	19.9	65.4	25.4
August	302.3	57.1	245.3	30.4	64.5	17.8	21.1	19.9	65.5	26.1
September	300.0	56.4	243.6	29.8	64.6	17.7	19.1	19.8	65.6	27.0
October	302.6	56.1	246.5	30.2	65.9	17.6	20.0	19.6	65.5	27.7
November	305.9	57.9	248.0	30.5	65.4	17.6	22.0	19.3	65.6	27.6
December [8]	304.0	55.6	248.4	30.8	66.2	17.5	21.0	19.5	65.5	27.9

[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 C–46, 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, and the Inter-American Development Bank, in special non-interest-bearing notes 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).

TABLE C–55.—*Average length and maturity distribution of marketable interest-bearing public debt, 1946–62*

End of year or month	Amount outstanding	Maturity class					Average length	
		Within 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and over		
	Millions of dollars						Years	Months
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
1961: January	189,320	75,613	70,836	18,684	13,211	10,976	4	6
February	189,919	80,054	67,007	18,683	13,203	10,973	4	6
March	186,520	76,622	61,007	27,658	10,262	10,970	4	7
April	188,147	78,731	60,541	27,654	10,254	10,968	4	6
May	188,893	78,896	62,349	26,438	10,245	10,965	4	6
June	187,148	81,120	58,400	26,435	10,233	10,960	4	6
July	191,275	85,224	58,437	26,433	10,225	10,956	4	4
August	191,138	80,675	63,607	25,693	10,212	10,952	4	5
September	191,925	81,334	63,747	21,934	11,479	13,431	4	8
October	195,234	82,578	65,828	21,930	11,469	13,428	4	7
November	195,643	83,641	67,105	19,487	11,982	13,428	4	8
December	195,965	85,913	64,874	19,782	11,976	13,419	4	7
1962: January	197,628	86,416	64,921	20,918	11,959	13,414	4	6
February	197,609	88,417	62,910	20,916	11,954	13,411	4	7
March	196,524	87,209	59,679	23,720	10,677	15,239	4	11
April	198,138	88,055	59,206	24,976	10,670	15,232	4	10
May	198,193	90,577	55,549	26,178	10,664	15,225	4	11
June	196,072	88,442	57,041	26,049	9,319	15,221	4	11
July	196,870	89,244	57,055	26,045	9,313	15,213	4	10
August	199,295	93,728	52,806	27,885	9,309	15,567	4	10
September	197,951	84,467	58,158	32,411	7,353	15,562	5	0
October	201,311	88,284	57,728	32,403	7,348	15,548	4	11
November	204,222	88,580	61,614	31,140	7,342	15,545	4	11
December	203,011	87,284	61,640	33,983	4,565	15,539	4	11

NOTE.—All issues classified to final maturity except partially tax-exempt bonds, which are classified to earliest call date.

Source: Treasury Department.

TABLE C–56.—*Federal budget receipts and expenditures and the public debt, 1929–64*

[Millions of dollars]

Fiscal or calendar year	Net budget receipts [1]	Budget 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	27,053
1935	3,706	6,497	−2,791	28,701
1936	3,997	8,422	−4,425	33,779
1937	4,956	7,733	−2,777	36,425
1938	5,588	6,765	−1,177	37,165
1939	4,979	8,841	−3,862	40,440
1940	5,137	9,055	−3,918	42,968
1941	7,096	13,255	−6,159	48,961
1942	12,547	34,037	−21,490	72,422
1943	21,947	79,368	−57,420	136,696
1944	43,563	94,986	−51,423	201,003
1945	44,362	98,303	−53,941	258,682
1946	39,650	60,326	−20,676	269,422
1947	39,677	38,923	754	258,286
1948	41,375	32,955	8,419	252,292
1949	37,663	39,474	−1,811	252,770
1950	36,422	39,544	−3,122	257,357
1951	47,480	43,970	3,510	255,222
1952	61,287	65,303	−4,017	259,105
1953	64,671	74,120	−9,449	266,071
1954	64,420	67,537	−3,117	271,260
1955	60,209	64,389	−4,180	274,374
1956	67,850	66,224	1,626	272,751
1957	70,562	68,966	1,596	270,527
1958	68,550	71,369	−2,819	276,343
1959	67,915	80,342	−12,427	284,706
1960	77,763	76,539	1,224	286,331
1961	77,659	81,515	−3,856	288,971
1962	[3] 81,409	87,787	−6,378	298,201
1963 [4]	[3] 85,500	94,311	−8,811	303,494
1964 [4]	[3] 86,900	98,802	−11,902	315,604
Calendar year:				
1948	40,800	35,559	5,241	252,800
1949	37,464	41,056	−3,592	257,130
1950	37,235	37,657	−422	256,708
1951	52,877	56,236	−3,358	259,419
1952	64,705	70,547	−5,842	267,391
1953	63,654	72,811	−9,157	275,168
1954	60,938	64,622	−3,683	278,750
1955	63,119	65,891	−2,771	280,769
1956	70,616	66,838	3,779	276,628
1957	71,749	71,157	592	274,898
1958	68,262	75,349	−7,088	282,922
1959	72,738	79,778	−7,040	290,798
1960	79,518	77,565	1,953	290,217
1961	78,157	84,463	−6,306	296,169
1962 [5]	[3] 84,709	91,907	−7,199	303,470

[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] Excludes guaranteed issues; therefore, differs from total shown in Tables C–53 and C–54. 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] Receipts reflect new depreciation guidelines and investment tax credit. For details, see Table C–62.

[4] Estimate.

[5] Preliminary.

NOTE.—Certain interfund transactions are excluded from budget receipts and expenditures beginning fiscal year 1932. For years prior to 1932, the amounts of such transactions are not significant.

Sources: Treasury Department and Bureau of the Budget.

TABLE C-57.—*Federal budget receipts by source and expenditures by function, fiscal years 1946–64*

[Millions of dollars]

Fiscal year	Budget receipts by source					Budget expenditures by function						Budget surplus or deficit (−)
	Total	Individual income taxes	Corporation income taxes	Excise taxes	All other receipts[1]	Total	National defense	Veterans' services and benefits	Agriculture and agricultural resources	Interest	All other expenditures[2]	
1946	39,650	16,157	11,833	6,999	4,661	60,326	43,176	4,415	747	4,816	7,173	−20,676
1947	39,677	17,835	8,569	7,207	6,066	38,923	14,368	7,381	1,243	5,012	10,917	754
1948	41,375	19,305	9,678	7,356	5,037	32,955	11,771	6,653	575	5,248	8,708	8,419
1949	37,663	15,548	11,195	7,502	3,418	39,474	12,908	6,725	2,512	5,445	11,884	−1,811
1950	36,422	15,745	10,448	7,549	2,679	39,544	13,009	6,646	2,783	5,817	11,288	−3,122
1951	47,480	21,643	14,106	8,648	3,083	43,970	22,444	5,342	650	5,714	9,819	3,510
1952	61,287	27,913	21,225	8,851	3,298	65,303	43,976	4,863	1,045	5,934	9,486	−4,017
1953	64,671	30,108	21,238	9,868	3,456	74,120	50,442	4,368	2,955	6,578	9,777	−9,449
1954	64,420	29,542	21,101	9,945	3,833	67,537	46,986	4,341	2,573	6,470	7,167	−3,117
1955	60,209	28,747	17,861	9,131	4,469	64,389	40,695	4,522	4,388	6,438	8,346	−4,180
1956	67,850	32,188	20,880	9,929	4,854	66,224	40,723	4,810	4,868	6,846	8,977	1,626
1957	70,562	35,620	21,167	9,055	4,721	68,966	43,360	4,870	4,546	7,307	8,883	1,596
1958	68,550	34,724	20,074	8,612	5,141	71,369	44,234	5,184	4,419	7,689	9,843	−2,819
1959	67,915	36,719	17,309	8,504	5,384	80,342	46,491	5,287	6,590	7,671	14,303	−12,427
1960	77,763	40,715	21,494	9,137	6,418	76,539	45,691	5,266	4,882	9,266	11,434	1,224
1961	77,659	41,338	20,954	9,063	6,304	81,515	47,494	5,414	5,173	9,050	14,384	−3,856
1962[3]	81,409	45,571	20,523	9,585	5,731	87,787	51,103	5,403	5,895	9,198	16,186	−6,378
1963[3,4]	85,500	47,300	21,200	9,900	7,100	94,311	53,004	5,545	6,731	9,782	19,250	−8,811
1964[3,4]	86,900	45,800	23,800	10,430	6,870	98,802	55,433	5,484	5,696	10,103	22,087	−11,902

[1] Includes employment taxes, estate and gift taxes, customs revenues, and miscellaneous receipts. See also Note below.

[2] Includes expenditures for international affairs and finance; space research and technology; natural resources; commerce and transportation; housing and community development; health, labor, and welfare; education; and general government. Annual expenditures (millions of dollars) for space research and technology, 1954–1964 are, respectively: 90, 74, 71, 76, 89, 145, 401, 744, 1,257, 2,400, and 4,200. Also includes adjustment to daily Treasury statement (for actuals) and allowance for contingencies (for estimates). See also Note below.

[3] Receipts reflect new depreciation guidelines and investment tax credit. For details, see Table C–62.

[4] Estimate.

NOTE.—Total budget receipts and total budget expenditures and the "all other" categories exclude certain interfund transactions.

Sources: Treasury Department and Bureau of the Budget.

TABLE C–58.—*Government cash receipts from and payments to the public, 1946–64*

[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	12.1	10.6	1.5
1948	59.6	50.2	9.4	45.4	36.5	8.9	14.2	13.7	.5
1949	57.6	56.3	1.3	41.6	40.6	1.0	16.0	15.7	.3
1950	58.2	61.5	−3.3	40.9	43.1	−2.2	17.3	18.4	−1.1
1951	72.5	65.2	7.3	53.4	45.8	7.6	19.1	19.4	−.3
1952	88.7	88.9	−.2	68.0	68.0	(3)	20.7	20.9	−.2
1953	93.9	99.1	−5.2	71.5	76.8	−5.3	22.4	22.3	.1
1954	95.6	96.1	−.4	71.6	71.9	−.2	24.0	24.2	−.2
1955	93.5	97.5	−4.0	67.8	70.5	−2.7	25.7	27.0	−1.3
1956	105.8	101.6	4.2	77.1	72.6	4.5	28.7	29.0	−.3
1957	113.5	111.8	1.7	82.1	80.0	2.1	31.4	31.8	−.4
1958	115.0	118.2	−3.2	81.9	83.4	−1.5	33.1	34.8	−1.7
1959	117.0	132.3	−15.3	81.7	94.8	−13.1	35.3	37.5	−2.2
1960	134.5	132.9	1.6	95.1	94.3	.8	39.4	38.6	.8
1961	139.2	141.7	−2.5	97.2	99.5	−2.3	42.0	42.2	−.2
1962	[4] 146.7	153.3	−6.6	[4] 101.9	107.7	−5.8	44.8	45.7	−.9
1963 [5]				[4] 108.4	116.8	−8.3			
1964 [5]				[4] 112.2	122.5	−10.3			
Calendar year:									
1946	52.9	50.9	2.0	41.4	41.4	(3)	11.4	9.5	1.9
1947	57.4	50.7	6.7	44.3	38.6	5.7	13.1	12.1	1.0
1948	60.0	51.8	8.2	44.9	36.9	8.0	15.1	14.9	.2
1949	57.9	59.8	−1.8	41.3	42.6	−1.3	16.6	17.1	−.5
1950	60.4	61.1	−.6	42.4	42.0	.5	18.0	19.1	−1.1
1951	79.1	78.3	.9	59.3	58.0	1.2	19.9	20.2	−.4
1952	93.0	93.6	−.6	71.3	72.0	−.6	21.7	21.6	.1
1953	93.5	100.4	−6.9	70.2	77.4	−7.2	23.2	23.0	.3
1954	93.3	95.3	−2.0	68.6	69.7	−1.1	24.7	25.6	−.9
1955	98.4	100.2	−1.8	71.4	72.2	−.7	26.9	28.0	−1.1
1956	110.2	105.2	5.0	80.3	74.8	5.5	29.9	30.4	−.5
1957	116.8	116.6	.2	84.5	83.3	1.2	32.3	33.3	−1.0
1958	115.9	125.2	−9.3	81.7	89.0	−7.3	34.1	36.2	−2.1
1959	124.6	133.1	−8.5	87.6	95.6	−8.0	37.1	37.5	−.5
1960	139.4	135.4	4.0	98.3	94.7	3.6	41.1	40.7	.4
1961	141.3	148.7	−7.4	97.9	104.7	−6.8	43.4	44.0	−.6
1962 [6]	[4] 152.7	159.6	−7.0	[4] 106.2	111.9	−5.7	46.4	47.7	−1.3

[1] For derivation of Federal cash receipts and payments, see *Budget of the United States Government for the Fiscal Year ending June 30, 1964*, and Table C–61.
[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 also Table C–59.
[3] Less than $50 million.
[4] Receipts reflect new depreciation guidelines and investment tax credit. For details, see Table C–62.
[5] Estimate.
[6] Preliminary.

Sources: Treasury Department, Bureau of the Budget, Department of Commerce, and Council of Economic Advisers.

TABLE C–59.—*Government receipts and expenditures in the national income accounts, 1929–62*

[Billions of dollars]

Calendar year or quarter	Total government			Federal Government [1]			State and local government		
	Receipts	Expenditures	Surplus or deficit (−) on income and product account	Receipts	Expenditures	Surplus or deficit (−) on income and product account	Receipts	Expenditures	Surplus or deficit (−) on income and product account
1929	11.3	10.2	1.0	3.8	2.6	1.2	7.6	7.7	−0.1
1930	10.8	11.0	−.3	3.0	2.8	.3	7.8	8.4	−.5
1931	9.5	12.3	−2.8	2.0	4.2	−2.1	7.7	8.4	−.7
1932	8.9	10.6	−1.7	1.7	3.2	−1.5	7.3	7.6	−.2
1933	9.3	10.7	−1.4	2.7	4.0	−1.3	7.2	7.2	(2)
1934	10.5	12.8	−2.4	3.5	6.4	−2.9	8.6	8.1	.5
1935	11.4	13.3	−2.0	4.0	6.5	−2.6	9.1	8.5	.6
1936	12.9	15.9	−3.0	5.0	8.5	−3.5	8.6	8.1	.5
1937	15.4	14.8	.6	7.0	7.2	−.2	9.1	8.4	.7
1938	15.0	16.6	−1.6	6.5	8.5	−2.0	9.3	8.9	.4
1939	15.4	17.5	−2.1	6.7	9.0	−2.2	9.6	9.6	.1
1940	17.7	18.5	−.7	8.6	10.1	−1.4	10.0	9.2	.7
1941	25.0	28.8	−3.8	15.4	20.5	−5.1	10.4	9.0	1.3
1942	32.6	64.0	−31.4	22.9	56.1	−33.2	10.6	8.8	1.8
1943	49.2	93.4	−44.2	39.3	86.0	−46.7	10.9	8.4	2.5
1944	51.2	103.1	−51.9	41.0	95.6	−54.6	11.1	8.4	2.7
1945	53.2	92.9	−39.7	42.5	84.8	−42.3	11.6	9.0	2.6
1946	51.1	47.0	4.1	39.2	37.0	2.2	13.0	11.1	1.9
1947	57.1	43.8	13.3	43.3	31.1	12.2	15.5	14.4	1.1
1948	59.2	51.0	8.2	43.4	35.4	8.0	17.8	17.6	.3
1949	56.4	59.5	−3.1	39.1	41.6	−2.5	19.6	20.2	−.6
1950	69.3	61.1	8.2	50.2	41.0	9.2	21.4	22.4	−1.0
1951	85.5	79.4	6.1	64.5	58.0	6.4	23.5	23.8	−.3
1952	90.6	94.4	−3.9	67.7	71.6	−3.9	25.5	25.4	.1
1953	94.9	102.0	−7.1	70.3	77.7	−7.4	27.4	27.1	.3
1954	90.0	96.7	−6.7	63.8	69.6	−5.8	29.1	30.1	−.9
1955	101.4	98.6	2.9	72.8	68.9	3.8	31.7	32.7	−1.0
1956	109.5	104.3	5.2	77.5	71.8	5.7	35.2	35.7	−.5
1957	116.3	115.3	1.0	81.7	79.7	2.0	38.6	39.6	−1.0
1958	115.1	126.6	−11.4	78.5	87.9	−9.4	42.0	44.1	−2.1
1959	130.2	131.6	−1.5	90.3	91.4	−1.1	46.6	47.0	−.3
1960	141.0	136.8	4.2	96.9	93.1	3.8	50.4	50.0	.4
1961	144.8	149.3	−4.4	98.3	102.1	−3.8	53.6	54.2	−.6
1962 [3]	[4] 158.2	161.0	−2.8	[4] 108.2	109.9	−1.7	57.7	58.8	−1.1
	Seasonally adjusted annual rates								
1960: I	141.9	133.2	8.7	98.9	90.8	8.1	48.9	48.3	0.6
II	142.4	135.6	6.7	98.4	92.9	5.5	50.6	49.4	1.2
III	139.9	138.2	1.8	95.5	94.0	1.5	50.9	50.7	.2
IV	139.7	140.3	−.7	94.7	95.2	−.4	51.1	51.3	−.2
1961: I	138.1	145.0	−6.9	92.7	99.0	−6.3	52.4	53.1	−.7
II	143.9	148.1	−4.3	97.7	101.9	−4.2	53.1	53.2	−.1
III	145.7	149.3	−3.6	98.9	102.2	−3.3	53.8	54.1	−.3
IV	151.6	154.4	−2.9	103.8	105.1	−1.3	54.8	56.4	−1.6
1962: I	154.6	157.9	−3.3	105.9	108.3	−2.4	56.3	57.1	−.8
II	157.8	158.9	−1.1	108.4	109.0	−.7	57.4	57.8	−.4
III	159.2	161.6	−2.4	108.9	109.8	−.9	57.8	59.3	−1.4
IV [3]	(5)	165.6	(5)	(5)	112.5	(5)	(5)	61.2	(5)

[1] See Note, Table C-60.
[2] Less than $50 million.
[3] Preliminary estimates by Council of Economic Advisers.
[4] See Table C-62.
[5] Not available.

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 (except as noted).

TABLE C-60.—*Federal Government receipts and expenditures in the national income accounts, 1946–64*

[Billions of dollars]

Year or quarter	Receipts: Total	Receipts: Personal tax and nontax receipts	Receipts: Corporate profits tax accruals	Receipts: Indirect business tax and nontax accruals	Receipts: Contributions for social insurance	Expenditures: Total	Expenditures: Purchases of goods and services	Expenditures: Transfer payments: To persons	Expenditures: Transfer payments: Foreign (net)	Expenditures: Grants-in-aid to State and local governments	Expenditures: Net interest paid	Expenditures: Subsidies less current surplus of government enterprises	Surplus or deficit (−) on income and product account
Fiscal year:													
1946	37.3	16.9	7.2	7.4	5.8	56.6	41.4	([1])	([1])	0.9	3.9	2.3	−19.3
1947	42.9	18.8	10.7	7.9	5.5	31.7	16.9	8.3	0.2	1.5	4.2	.7	11.2
1948	43.7	20.0	11.2	8.0	4.6	32.3	16.6	8.7	.6	1.8	4.2	.4	11.4
1949	40.1	16.3	10.9	8.1	4.8	40.0	21.8	8.1	2.9	2.1	4.3	.8	.2
1950	42.0	16.5	11.7	8.3	5.5	42.2	20.0	11.3	3.1	2.4	4.4	1.0	−.2
1951	61.7	23.5	21.8	9.6	6.6	45.3	26.5	8.2	2.3	2.4	4.6	1.3	16.3
1952	65.5	29.0	19.3	9.9	7.3	66.6	47.7	8.7	1.8	2.5	4.8	1.1	−1.1
1953	69.9	31.5	19.8	11.0	7.6	76.2	56.8	9.4	1.7	2.8	4.8	.9	−6.3
1954	65.9	30.4	17.1	10.7	7.7	74.5	53.9	10.6	1.3	2.8	4.9	1.0	−8.6
1955	67.0	29.9	18.4	10.4	8.3	68.1	45.0	12.2	1.6	2.9	4.9	1.4	−1.1
1956	76.3	33.5	21.0	11.2	10.5	69.5	45.2	12.9	1.3	3.1	5.0	1.9	6.8
1957	80.9	36.7	20.4	12.1	11.7	76.5	48.3	14.6	1.5	3.6	5.5	3.1	4.4
1958	77.8	36.3	17.3	12.0	12.3	82.8	50.5	18.1	1.3	4.5	5.6	2.7	−4.9
1959	85.9	38.7	21.1	12.3	13.8	90.3	53.9	20.3	1.4	6.0	5.8	2.7	−4.4
1960	95.5	43.1	21.8	13.9	16.7	92.2	53.1	21.3	1.6	6.7	6.9	2.7	3.3
1961	95.5	44.0	19.8	13.6	18.0	97.7	54.8	24.3	1.6	6.6	6.9	3.4	−2.2
1962	[2]104.0	47.6	21.9	14.6	19.8	105.7	59.8	26.2	1.6	7.3	6.6	4.2	−1.7
1963 [3]	[2]108.8	50.1	21.7	15.3	21.8	113.2	64.4	29.7		7.8	7.3	4.0	−4.3
1964 [3]	[2]111.4	48.8	23.3	15.8	23.4	119.0	68.2	30.9		8.8	7.5	3.6	−7.6
Calendar year:													
1946	39.2	17.2	8.6	7.9	5.5	37.0	20.6	9.2	.3	1.1	4.2	1.6	2.2
1947	43.3	19.6	10.7	7.9	5.1	31.1	15.6	8.9	.1	1.7	4.2	.6	12.2
1948	43.4	19.0	11.8	8.1	4.5	35.4	19.3	7.7	1.6	2.0	4.3	.6	8.0
1949	39.1	16.2	9.8	8.2	4.9	41.6	22.2	8.8	3.2	2.2	4.4	.7	−2.5
1950	50.2	18.2	17.1	9.0	5.9	41.0	19.3	10.9	2.8	2.3	4.5	1.2	9.2
1951	64.5	26.3	21.6	9.5	7.1	58.0	38.8	8.7	2.1	2.5	4.7	1.3	6.4
1952	67.7	31.2	18.6	10.5	7.4	71.6	52.9	8.9	1.5	2.6	4.7	1.0	−3.9
1953	70.3	32.4	19.4	11.2	7.4	77.7	58.0	9.7	1.6	2.8	4.8	.8	−7.4
1954	63.8	29.2	16.5	10.1	8.1	69.6	47.5	11.6	1.4	2.9	5.0	1.2	−5.8
1955	72.8	31.5	20.9	11.0	9.3	68.9	45.3	12.5	1.5	3.0	4.9	1.6	3.8
1956	77.5	35.2	20.2	11.6	10.6	71.8	45.7	13.5	1.5	3.3	5.2	2.7	5.7
1957	81.7	37.3	19.9	12.2	12.2	79.7	49.7	16.0	1.5	4.1	5.7	2.8	2.0
1958	78.5	36.6	17.7	11.9	12.4	87.9	52.6	20.0	1.3	5.4	5.6	3.0	−9.4
1959	90.3	40.4	22.0	13.0	14.9	91.4	53.6	20.6	1.5	6.7	6.4	2.5	−1.1
1960	96.9	44.0	21.2	14.1	17.6	93.1	53.2	22.2	1.6	6.3	7.1	2.8	3.8
1961	98.3	45.0	21.0	13.9	18.4	102.1	57.0	25.8	1.6	7.0	6.6	4.1	−3.8
1962 [4]	[5]108.2	49.3	23.4	15.0	20.5	109.9	62.6	26.8	1.7	7.8	6.7	4.3	−1.7
	Seasonally adjusted annual rates												
Calendar quarter:													
1960: I	98.9	44.1	22.9	14.4	17.5	90.8	52.5	21.2	1.5	5.9	7.0	2.7	8.1
II	98.4	44.6	21.6	14.5	17.6	92.9	53.1	21.9	1.6	6.6	7.1	2.6	5.5
III	95.5	44.0	20.2	13.6	17.8	94.0	53.6	22.5	1.5	6.5	7.1	2.8	1.5
IV	94.7	43.4	19.9	13.7	17.6	95.2	53.6	23.8	1.6	6.2	7.1	2.9	−.4
1961: I	92.7	43.3	18.3	13.1	18.0	99.0	55.4	25.0	1.6	7.0	6.9	3.0	−6.3
II	97.7	44.7	20.6	14.1	18.3	101.9	56.6	25.8	1.5	7.0	6.7	4.3	−4.2
III	98.9	45.1	21.3	13.9	18.6	102.2	56.5	26.2	1.5	7.0	6.5	4.5	−3.3
IV	103.8	46.7	23.7	14.7	18.8	105.1	59.5	26.1	1.6	7.0	6.4	4.4	−1.3
1962: I	105.9	48.0	23.0	14.6	20.3	108.3	61.9	26.3	1.7	7.5	6.6	4.3	−2.4
II	108.4	49.2	23.4	15.2	20.5	109.0	62.1	26.3	1.7	7.9	6.7	4.3	−.7
III	108.9	49.9	23.5	15.0	20.5	109.8	62.7	26.7	1.8	7.5	6.8	4.3	−.9
IV [4]	([1])	50.1	([1])	15.3	20.7	112.5	63.7	27.8	1.5	8.1	6.9	4.4	([1])

[1] Not available. [2] See footnote 4, Table C-58. [3] Estimate.
[4] Preliminary estimates by Council of Economic Advisers.
[5] See Table C-62.

NOTE.—These accounts, like the cash budget, include the transactions of the trust accounts. Unlike both the conventional budget and the cash statement, they exclude certain capital and lending 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 and Bureau of the Budget (except as noted).

TABLE C-61.—*Reconciliation of Federal Government receipts and expenditures in the conventional budget and the consolidated cash statement with receipts and expenditures in the national income accounts, fiscal years 1960–64*

[Billions of dollars]

Receipts or expenditures	Fiscal years				
	1960	1961	1962 [1]	1963 [1]	1964 [1]
RECEIPTS					
Budget receipts	77.8	77.7	81.4	85.5	86.9
Less: Intragovernmental transactions	3.0	3.9	3.8	3.9	4.2
Receipts from exercise of monetary authority	.1	.1	.1	(2)	(2)
Plus: Trust fund receipts	20.3	23.6	24.3	26.9	29.5
Equals: Federal receipts from the public (consolidated cash receipts)	95.1	97.2	101.9	108.4	112.2
Adjustments for agency coverage:					
Less: District of Columbia revenues	.2	.2	.3	.4	.4
Adjustments for netting and consolidation:					
Less: Interest, dividends, and other earnings	1.4	1.1	1.0	1.1	1.2
Plus: Contributions to Federal employees' retirement funds, etc	1.6	1.7	1.8	1.8	1.9
Adjustments for timing:					
Plus: Excess of corporate tax accruals over collections; personal taxes, social insurance contributions, etc	1.4	−.7	2.5	1.4	−.1
Adjustments for capital transactions: [3]					
Less: Realization upon loans and investments, sale of Government property, etc	.9	1.5	.8	1.4	1.0
Equals: Receipts—National income accounts	95.5	95.5	[4] 104.0	108.8	111.4
EXPENDITURES					
Budget expenditures	76.5	81.5	87.8	94.3	98.8
Less: Intragovernmental transactions	3.0	3.9	3.8	3.9	4.2
Accrued interest and other non-cash expenditures (net)	.4	.8	1.5	.9	.5
Plus: Trust fund expenditures	20.7	23.0	24.1	27.1	28.0
Government-sponsored enterprise expenditures (net)	.5	−.2	1.1	.1	.4
Equals: Federal payments to the public (consolidated cash expenditures)	94.3	99.5	107.7	116.8	122.5
Adjustments for agency coverage:					
Less: District of Columbia expenditures	.3	.3	.3	.4	.4
Adjustments for netting and consolidation:					
Less: Interest received and proceeds of Government sales	.9	.7	.9	1.4	1.3
Plus: Contributions to Federal employees' retirement funds, etc	1.6	1.7	1.8	1.8	1.9
Adjustments for timing:					
Plus: Excess of interest accruals over payments on savings bonds and Treasury bills	.6	.2	.7	.6	.6
Excess of deliveries over expenditures and miscellaneous items [5]	−.3	.8	1.2	.7	.3
Less: Commodity Credit Corporation foreign currency exchanges	.9	1.0	.9	1.0	1.0
Adjustments for capital transactions [3]					
Less: Loans—Federal National Mortgage Association secondary market mortgage purchases, redemption of International Monetary Fund notes, etc	1.0	1.1	2.2	2.4	2.4
Trust and deposit fund items	.7	.1	1.2	1.4	1.2
Purchase of land and existing assets	.1	.1	.1	.1	.1
Other [6]	--------	1.3	--------	--------	--------
Equals: Expenditures—National income accounts	92.2	97.7	105.7	113.2	119.0

[1] Data for 1963 and 1964 are estimates. Receipts reflect new depreciation guidelines and investment tax credit. For details, see Table C-62.
[2] Less than $50 million.
[3] Consist of transactions in financial assets and liabilities, land and secondhand assets. Acquisition of newly produced tangible assets are included in expenditures for goods and services as defined in the national income and product accounts.
[4] Excluding effects of new guidelines and investment tax credit, receipts were $104.8 billion.
[5] Includes net change in Commodity Credit Corporation guaranteed non-recourse loans and increase in clearing account.
[6] Commodity Credit Corporation inventory valuation adjustment.

Sources: Bureau of the Budget and Department of Commerce.

TABLE C–62.—*Estimated effects of new depreciation guidelines and investment tax credit, 1962–63*

[Billions of dollars, calendar years]

Item	1962	1963
Total tax loss, Federal Government	2.1	2.3
From depreciation	1.1	1.3
From investment credit	1.0	1.0
Corporate tax loss	1.8	1.9
From depreciation	1.0	1.1
From investment credit	.8	.8
Noncorporate tax loss	.3	.4
From depreciation	.1	.2
From investment credit	.2	.2
Additional depreciation	2.5	2.9
Corporate	2.2	2.4
Noncorporate	.3	.5
Changes in national income accounts: [1]		
Federal receipts	−2.1	−2.3
Corporate	−1.8	−1.9
Noncorporate	−.3	−.4
Federal deficit	2.1	2.3
Capital consumption allowances	2.5	2.9
National income	−2.5	−2.9
Corporate profits before taxes and inventory valuation adjustment	−2.2	−2.4
Corporate profits after taxes	−.4	−.5
Personal income	−.3	−.5
Disposable personal income	.0	−.1

[1] Unless otherwise indicated, national income account statistics used in the text of this Report and included in Appendix C are consistent with national income data currently published by the Department of Commerce. They do not 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. Estimates of the effect of these actions are given in this table.

Sources: Department of Commerce, Treasury Department, Bureau of the Budget, and Council of Economic Advisers.

TABLE C-63.—*State and local government revenues and expenditures, selected fiscal years, 1927–61*

[Millions of dollars]

Fiscal year [1]	Revenues by source [2]							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	9,250	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	6,974	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	21,061

[1] Fiscal years not the same for all governments.
[2] Excludes revenues or expenditures of publicly owned utilities and liquor stores, and of insurance-trust activities. Intergovernmental receipts and payments between governments in these categories 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 community redevelopment, local recreation, general control, interest on general debt, and other and unallocable expenditures.

NOTE.—Data are not available for intervening years.
Data for Alaska and Hawaii included beginning 1959 and 1960, respectively.
See Table C-52 for net debt of State and local governments.

Source: Department of Commerce (Bureau of the Census).

TABLE C–64.—*Profits before and after taxes, all private corporations, 1929–62*

[Billions of dollars]

Year or quarter	Corporate profits (before taxes) and inventory valuation adjustment						Corporate profits before taxes	Corporate tax liability [1]	Corporate profits after taxes		
	All industries	Manufacturing			Transportation, communication, and public utilities	All other industries			Total	Dividend payments	Undistributed profits
		Total	Durable goods industries	Nondurable goods industries							
1929	10.1	5.1	2.6	2.5	2.0	3.0	9.6	1.4	8.3	5.8	2.4
1930	6.6	3.9	1.5	2.4	1.2	1.5	3.3	.8	2.5	5.5	−3.0
1931	1.6	1.3	(2)	1.3	.6	−.2	−.8	.5	−1.3	4.1	−5.4
1932	−2.0	−.6	−1.1	.4	.2	−1.5	−3.0	.4	−3.4	2.6	−6.0
1933	−2.0	−.5	−.5	(2)	.1	−1.5	.2	.5	−.4	2.1	−2.4
1934	1.1	.9	.2	.7	.4	−.2	1.7	.7	1.0	2.6	−1.6
1935	2.9	2.0	.9	1.1	.5	.5	3.1	1.0	2.2	2.9	−.7
1936	5.0	3.1	1.7	1.4	.7	1.2	5.7	1.4	4.3	4.5	−.2
1937	6.2	3.6	1.7	2.0	.8	1.8	6.2	1.5	4.7	4.7	(2)
1938	4.3	2.2	.7	1.4	.6	1.5	3.3	1.0	2.3	3.2	−.9
1939	5.7	3.2	1.6	1.5	1.0	1.5	6.4	1.4	5.0	3.8	1.2
1940	9.1	5.4	3.0	2.3	1.3	2.4	9.3	2.8	6.5	4.0	2.4
1941	14.5	9.3	6.3	3.0	2.0	3.2	17.0	7.6	9.4	4.5	4.9
1942	19.7	11.7	7.1	4.5	3.5	4.5	20.9	11.4	9.5	4.3	5.2
1943	23.8	13.7	8.0	5.6	4.4	5.7	24.6	14.1	10.5	4.5	6.0
1944	23.0	13.0	7.3	5.7	3.9	6.1	23.3	12.9	10.4	4.7	5.7
1945	18.4	9.5	4.5	5.0	2.8	6.1	19.0	10.7	8.3	4.7	3.6
1946	17.3	8.4	2.1	6.3	1.8	7.1	22.6	9.1	13.4	5.8	7.7
1947	23.6	12.8	5.3	7.4	2.1	8.7	29.5	11.3	18.2	6.5	11.7
1948	30.8	16.8	7.4	9.4	2.9	11.2	33.0	12.5	20.5	7.2	13.3
1949	28.2	15.3	7.9	7.4	2.9	10.1	26.4	10.4	16.0	7.5	8.5
1950	35.7	20.4	12.0	8.4	4.0	11.3	40.6	17.9	22.8	9.2	13.6
1951	41.0	24.4	13.5	10.9	4.5	12.0	42.2	22.4	19.7	9.0	10.7
1952	37.7	21.1	11.8	9.3	4.8	11.8	36.7	19.5	17.2	9.0	8.3
1953	37.3	21.4	12.1	9.3	4.9	11.0	38.3	20.2	18.1	9.2	8.9
1954	33.7	18.4	10.1	8.3	4.4	11.0	34.1	17.2	16.8	9.8	7.0
1955	43.1	25.0	14.2	10.8	5.4	12.8	44.9	21.8	23.0	11.2	11.8
1956	42.0	23.5	12.6	10.9	5.6	12.9	44.7	21.2	23.5	12.1	11.3
1957	41.7	22.9	13.1	9.8	5.5	13.3	43.2	20.9	22.3	12.6	9.7
1958	37.2	18.3	9.0	9.3	5.6	13.3	37.4	18.6	18.8	12.4	6.4
1959	47.2	25.4	13.4	11.9	6.7	15.1	47.7	23.2	24.5	13.7	10.8
1960	45.6	24.0	12.2	11.8	7.0	14.6	45.4	22.4	23.0	14.4	8.6
1961	45.5	23.5	11.7	11.7	7.4	14.7	45.6	22.3	23.3	15.0	8.3
1962 [3 4]	[5] 51.0	27.6	14.7	12.9	8.0	15.4	[5] 50.9	[5] 24.8	[5] 26.0	15.9	[5] 10.1
	Seasonally adjusted annual rates										
1960: I	48.6	26.6	14.6	12.0	7.0	15.1	49.2	24.3	24.9	14.3	10.6
II	46.2	24.0	12.2	11.8	7.1	15.1	46.4	22.9	23.5	14.2	9.2
III	44.4	23.1	11.4	11.7	7.0	14.3	43.3	21.4	21.9	14.4	7.5
IV	43.3	22.3	10.7	11.6	6.9	14.1	42.8	21.1	21.7	14.5	7.1
1961: I	40.1	19.4	8.7	10.7	6.7	14.0	39.8	19.4	20.3	14.7	5.6
II	45.0	22.9	11.2	11.7	7.2	14.8	44.8	21.9	22.9	14.8	8.1
III	46.0	24.0	12.1	11.9	7.5	14.5	46.3	22.6	23.7	14.9	8.7
IV	51.1	27.5	14.9	12.6	8.0	15.6	51.4	25.1	26.3	15.5	10.8
1962: I	50.4	27.0	14.2	12.8	8.1	15.4	50.1	24.4	25.6	15.8	9.9
II	50.7	27.1	14.3	12.8	8.0	15.7	50.9	24.9	26.1	15.8	10.3
III	51.0	28.1	15.3	12.8	7.9	14.9	51.1	24.9	26.1	15.8	10.3
IV [3]	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	16.4	(6)

[1] Federal and State corporate income and excess profits taxes.
[2] Less than $50 million.
[3] Preliminary estimates by Council of Economic Advisers.
[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.
[5] See Table C–62.
[6] Not available.

Source: Department of Commerce (except as noted).

TABLE C–65.—*Relation of profits after taxes to stockholders' equity and to sales, private manufacturing corporations, by industry group, 1958–62*

Quarter	All private manufacturing corporations	Durable goods industries											
		Lumber and wood products (except furniture)	Furniture and fixtures	Stone, clay, and glass products	Primary iron and steel industries	Primary nonferrous metal industries	Fabricated metal products	Machinery (except electrical)	Electrical machinery, equipment, and supplies	Motor vehicles and equipment	Other transportation equipment	Instruments and related products	Miscellaneous manufacturing (including ordnance)
	Ratio of profits after Federal taxes (annual rate) to stockholders' equity—percent												
BASED ON 1957 SIC [1]													
1958: I	6.8	0.2	2.0	3.4	5.3	5.7	5.0	5.6	8.3	8.3	11.6	7.0	3.6
II	7.8	3.1	3.4	11.0	6.5	4.6	7.3	7.7	9.1	5.9	10.3	9.6	5.7
III	9.0	11.0	8.6	14.7	6.5	5.6	8.8	7.1	9.9	1.5	10.3	12.2	13.7
IV	10.7	8.4	11.0	11.4	10.4	7.9	7.9	7.0	13.4	16.9	10.6	13.6	9.2
1959: I	10.0	6.1	6.2	8.0	11.7	8.2	5.9	7.1	10.7	19.1	7.8	10.8	7.2
II	12.4	11.3	9.1	17.4	16.7	10.3	9.7	12.5	12.7	20.5	9.6	12.0	7.1
III	9.6	12.9	11.7	15.7	−2.7	6.7	10.9	10.7	12.1	8.0	6.6	14.5	12.4
IV	9.6	7.0	8.3	9.8	6.3	6.7	5.6	8.5	14.3	10.8	6.7	14.8	10.2
1960: I	9.8	3.3	5.5	6.7	12.1	8.0	5.3	8.1	10.4	18.5	6.7	11.6	5.7
II	9.9	6.2	5.8	13.1	8.0	8.2	6.9	9.7	10.0	16.1	7.8	12.1	7.9
III	8.7	4.6	8.2	11.9	4.0	6.8	7.2	6.9	9.1	6.1	5.3	11.9	11.5
IV	8.4	.3	6.5	7.8	4.6	5.5	3.0	5.6	8.6	13.2	3.6	10.8	11.6
1961: I	6.8	−.6	−1.1	2.9	3.2	6.1	2.5	5.7	7.3	8.0	6.4	7.1	5.9
II	9.2	6.2	4.0	10.9	7.0	8.0	7.3	9.1	8.2	13.2	8.3	9.9	7.2
III	8.8	6.8	7.0	11.7	6.4	6.1	7.7	7.8	8.1	6.3	8.2	11.6	12.6
IV	10.5	3.7	9.6	9.7	8.0	8.1	6.2	8.5	12.0	18.1	8.1	13.5	13.7
1962: I	9.0	1.4	4.6	3.7	7.6	8.2	6.3	8.1	9.2	16.8	9.9	9.8	6.8
II	10.3	7.6	7.2	11.8	5.8	8.8	9.8	10.8	10.4	18.3	11.7	12.6	7.3
III	9.2	6.6	10.8	11.9	3.4	5.8	8.6	9.2	9.5	9.3	10.3	12.0	12.3
	Profits after taxes per dollar of sales—cents												
BASED ON 1957 SIC [1]													
1958: I	3.4	0.1	0.7	2.7	4.2	4.7	2.5	3.0	3.2	3.7	2.7	3.8	1.5
II	3.8	1.6	1.2	7.2	4.9	3.8	3.2	3.9	3.5	2.9	2.3	5.0	2.2
III	4.4	5.0	2.8	8.8	5.0	4.4	3.6	3.9	3.9	1.0	2.4	6.3	4.8
IV	4.9	3.8	3.2	7.3	7.1	5.8	3.2	3.7	4.7	6.8	2.5	6.3	3.3
1959: I	4.7	3.0	2.0	5.7	7.1	6.0	2.6	3.8	4.0	7.4	2.0	5.7	2.9
II	5.5	4.7	2.8	9.8	8.1	7.0	3.8	5.8	4.5	7.8	2.2	6.0	2.6
III	4.6	5.4	3.4	9.1	−3.1	5.1	4.1	5.3	4.4	4.2	1.5	7.3	4.6
IV	4.5	3.2	2.4	6.4	4.8	5.0	2.3	4.3	4.8	5.0	1.5	6.8	3.7
1960: I	4.7	1.7	1.9	5.0	7.0	5.9	2.4	4.1	3.9	6.9	1.6	6.0	2.4
II	4.6	2.7	1.9	8.2	5.3	6.0	2.9	4.5	3.6	6.6	1.8	6.2	3.1
III	4.3	2.1	2.6	7.4	3.2	5.2	3.0	3.6	3.5	3.5	1.3	6.2	4.1
IV	4.0	.1	2.1	5.4	3.9	4.3	1.3	3.0	3.2	5.8	.8	5.3	4.1
1961: I	3.5	−.3	−.4	2.4	2.7	4.8	1.2	3.2	2.9	4.1	1.5	4.0	2.5
II	4.4	2.9	1.3	6.8	5.0	5.9	3.0	4.6	3.2	5.8	1.8	5.3	2.8
III	4.3	3.0	2.1	7.0	4.6	4.8	3.1	4.2	3.3	3.8	1.9	6.0	4.2
IV	4.8	1.7	2.9	6.2	5.7	5.8	2.4	4.4	4.3	7.5	1.8	6.2	4.7
1962: I	4.3	.7	1.5	2.8	4.9	5.8	2.7	4.3	3.5	7.1	2.2	5.1	2.7
II	4.7	3.2	2.1	6.9	4.0	6.2	3.8	5.1	3.8	7.4	2.5	6.1	2.8
III	4.4	2.7	3.2	6.8	2.6	4.5	3.3	4.6	3.7	4.9	2.3	6.0	4.4

See footnotes at end of table.

TABLE C-65.—*Relation of profits after taxes to stockholders' equity and to sales, private manufacturing corporations, by industry group, 1958-62*—Continued

Quarter	Nondurable goods industries										
	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	Products of petroleum and coal (except petroleum refining)	Rubber and miscellaneous plastic products	Leather and leather products
	Ratio of profits after Federal taxes (annual rate) to stockholders' equity—percent										
BASED ON 1957 SIC [1]											
1958: I	6.8	11.8	0.6	3.3	7.0	8.4	9.8	8.9	−2.4	5.3	4.1
II	8.5	13.3	2.5	1.5	7.9	9.4	11.0	8.2	8.3	8.7	3.2
III	9.8	14.5	5.1	9.4	7.9	11.5	11.8	10.4	12.4	11.5	8.3
IV	9.7	14.3	5.8	5.5	9.3	6.6	12.8	12.3	6.2	10.8	6.9
1959: I	7.8	12.0	5.9	8.6	8.5	9.8	13.0	10.1	4.0	10.0	6.9
II	9.5	14.2	8.1	7.5	10.2	12.0	15.6	9.4	13.6	13.1	8.9
III	10.4	14.4	7.6	10.1	9.6	14.9	14.1	9.7	19.3	11.1	8.7
IV	9.4	12.8	8.6	8.1	9.6	8.8	11.9	10.1	7.2	9.9	9.2
1960: I	7.6	12.0	6.6	5.2	8.5	11.3	12.5	9.8	.9	9.8	10.4
II	8.8	13.6	6.1	6.9	9.3	10.2	13.6	8.8	8.3	10.5	6.2
III	9.8	13.7	5.7	11.9	8.2	11.8	12.1	10.3	22.1	8.2	3.6
IV	8.7	14.2	5.0	6.8	8.1	9.0	10.6	11.5	8.8	7.9	5.0
1961: I	7.2	12.0	2.6	2.1	6.6	7.5	9.8	10.6	−6.6	6.7	3.3
II	9.2	14.1	4.3	2.6	8.3	6.8	13.2	9.6	14.4	10.6	2.6
III	10.0	14.3	6.0	11.2	7.3	11.2	11.8	9.6	20.6	9.2	4.7
IV	9.1	14.2	7.1	12.3	9.1	8.4	12.2	11.3	18.3	10.7	6.9
1962: I	7.1	11.7	5.3	6.7	7.4	7.7	11.5	10.0	.0	9.1	6.3
II	8.9	12.9	6.3	7.4	8.7	11.1	13.5	8.8	11.2	10.9	5.2
III	10.1	13.7	6.0	11.3	8.0	11.6	12.2	9.7	16.7	8.5	6.4
	Profits after taxes per dollar of sales—cents										
BASED ON 1957 SIC [1]											
1958: I	1.8	5.1	0.3	0.7	4.3	2.9	6.4	8.2	−1.5	2.2	1.3
II	2.2	5.2	1.2	.3	4.8	3.4	6.7	8.2	3.5	3.3	1.0
III	2.5	5.5	2.3	1.7	4.6	4.1	7.1	9.9	4.2	4.4	2.4
IV	2.4	5.6	2.4	1.0	5.3	2.3	7.6	11.3	2.9	3.9	1.9
1959: I	2.1	5.2	2.5	1.6	5.0	3.6	7.7	9.3	1.9	3.9	1.9
II	2.5	5.5	3.2	1.4	5.5	4.2	8.5	9.4	5.7	4.4	2.4
III	2.7	5.6	3.0	1.8	5.2	5.1	8.1	9.5	7.1	4.1	2.2
IV	2.5	5.2	3.3	1.4	5.2	2.9	7.2	9.9	3.3	3.7	2.4
1960: I	2.1	5.2	2.8	1.0	4.9	4.0	7.6	9.4	.5	3.8	2.7
II	2.4	5.4	2.5	1.3	5.4	3.6	7.8	8.9	3.2	3.9	1.6
III	2.6	5.5	2.5	2.0	4.8	3.9	7.4	10.2	6.4	3.3	.9
IV	2.2	5.8	2.1	1.1	4.8	2.9	6.9	11.0	3.1	3.2	1.4
1961: I	1.9	5.3	1.2	.4	4.1	2.6	6.5	10.4	−3.0	2.9	.9
II	2.4	5.7	1.8	.5	4.8	2.3	7.8	9.9	4.9	4.2	.7
III	2.6	5.9	2.5	1.8	4.3	3.7	7.4	9.8	6.0	3.8	1.2
IV	2.3	5.9	2.7	2.1	5.2	2.7	7.6	11.1	6.1	4.2	1.6
1962: I	1.9	5.4	2.2	1.3	4.4	2.6	7.2	9.5	.0	3.7	1.6
II	2.3	5.5	2.5	1.4	4.9	3.6	7.6	8.8	4.3	4.1	1.4
III	2.7	5.8	2.4	1.9	4.5	3.9	7.3	9.5	5.4	3.4	1.6

[1] Standard Industrial Classification.

NOTE.—Data on a comparable basis are not available for earlier periods. For explanatory notes concerning compilation of the series, see *Quarterly Financial Reports for U. S. Manufacturing Corporations*, Federal Trade Commission and Securities and Exchange Commission.

Data for Alaska and Hawaii included for all periods.

Sources: Federal Trade Commission and Securities and Exchange Commission.

TABLE C–66.—*Relation of profits before and after taxes to stockholders' equity and to sales, private manufacturing corporations, by asset size class, 1958–62*

Quarter	Asset size class (millions of dollars)											
	All asset sizes		Under 1		1 to 10		10 to 100		100 to 1,000		1,000 and over	
	Ratio of profits (annual rate) to stockholders' equity—percent											
	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes
BASED ON 1957 SIC [1]												
1958: I	12.9	6.8	5.5	0.4	9.8	3.5	13.0	6.3	14.2	7.4	14.3	9.5
II	13.9	7.8	11.4	5.4	13.3	6.0	14.4	7.2	15.7	8.3	12.3	8.8
III	15.9	9.0	16.5	9.3	17.1	8.3	16.9	8.5	17.8	9.4	12.3	9.1
IV	18.8	10.7	7.8	2.5	14.9	7.3	18.5	9.7	20.2	11.2	21.4	14.2
1959: I	18.7	10.0	12.5	5.7	15.1	6.9	17.5	8.7	19.2	10.1	21.7	12.9
II	23.1	12.4	20.4	11.7	20.2	10.1	22.4	11.4	23.8	12.5	24.5	14.3
III	17.1	9.6	21.1	12.4	19.8	9.9	20.7	10.5	17.6	9.4	12.1	8.6
IV	16.8	9.6	8.8	3.3	14.6	7.0	19.0	10.0	18.4	10.4	15.9	10.7
1960: I	18.4	9.8	11.7	5.0	14.1	6.3	17.1	8.4	18.5	9.8	21.9	13.0
II	18.0	9.9	15.2	8.0	16.4	7.6	17.9	9.0	18.3	10.1	19.0	11.5
III	15.4	8.7	16.7	9.0	14.6	6.9	16.3	8.2	16.9	9.1	13.3	9.1
IV	14.8	8.4	5.0	.5	9.2	3.6	14.5	7.4	16.2	9.2	17.4	11.4
1961: I	12.6	6.8	6.3	.9	8.3	2.6	11.8	5.6	13.9	7.5	14.4	9.5
II	16.8	9.2	13.7	6.8	14.7	6.9	16.3	8.3	17.1	9.1	18.0	11.2
III	15.8	8.8	15.8	8.4	16.8	8.2	16.3	8.1	17.1	9.2	13.6	9.2
IV	18.5	10.5	12.5	6.3	16.1	7.7	17.3	8.9	18.3	10.3	21.4	13.5
1962: I	16.7	9.0	10.6	4.6	14.0	5.9	14.6	7.1	16.3	8.6	20.1	12.1
II	18.9	10.3	19.8	11.7	18.1	8.8	17.8	9.0	18.1	9.7	20.2	11.8
III	16.6	9.2	19.8	11.7	17.8	8.6	17.1	8.6	16.4	8.7	15.6	9.9
	Profits per dollar of sales—cents											
	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes
BASED ON 1957 SIC [1]												
1958: I	6.4	3.4	1.3	0.1	3.8	1.4	6.5	3.1	7.5	3.9	10.6	7.0
II	6.8	3.8	2.5	1.2	5.0	2.3	7.0	3.5	8.0	4.2	9.7	6.9
III	7.7	4.4	3.6	2.1	6.1	2.9	8.1	4.0	8.9	4.7	10.4	7.7
IV	8.6	4.9	1.6	.5	5.3	2.6	8.5	4.5	9.7	5.4	14.9	9.9
1959: I	8.9	4.7	2.8	1.3	5.4	2.5	8.4	4.2	9.6	5.0	15.2	9.0
II	10.2	5.5	4.2	2.4	6.6	3.3	9.9	5.0	10.9	5.7	16.4	9.6
III	8.2	4.6	4.3	2.5	6.7	3.4	9.5	4.8	8.8	4.7	10.2	7.3
IV	7.9	4.5	1.8	.7	4.9	2.4	8.7	4.5	9.1	5.1	12.2	8.2
1960: I	8.7	4.7	2.6	1.1	5.0	2.2	8.1	4.0	9.3	4.9	14.5	8.6
II	8.4	4.6	3.2	1.6	5.6	2.6	8.2	4.1	9.0	5.0	13.2	8.0
III	7.6	4.3	3.5	1.9	5.1	2.4	7.7	3.9	8.7	4.7	10.6	7.3
IV	7.1	4.0	1.1	.1	3.2	1.3	6.9	3.5	8.3	4.7	12.7	8.3
1961: I	6.5	3.5	1.4	.2	3.0	.9	6.0	2.8	7.4	4.0	11.6	7.7
II	8.0	4.4	2.9	1.5	4.8	2.3	7.6	3.9	8.4	4.5	13.6	8.5
III	7.7	4.3	3.4	1.8	5.5	2.7	7.7	3.8	8.5	4.6	11.4	7.7
IV	8.5	4.8	2.6	1.3	5.1	2.5	7.9	4.1	8.9	5.0	15.2	9.5
1962: I	8.0	4.3	2.3	1.0	4.7	2.0	7.0	3.4	8.0	4.3	14.2	8.5
II	8.6	4.7	4.1	2.4	5.6	2.7	8.0	4.0	8.6	4.6	14.0	8.2
III	7.9	4.4	4.2	2.4	5.6	2.7	7.8	3.9	8.1	4.3	12.0	7.6

[1] Standard Industrial Classification.

NOTE.—Data on a comparable basis are not available for earlier periods. For explanatory notes concerning compilation of the series, see *Quarterly Financial Reports for U.S. Manufacturing Corporations*, Federal Trade Commission and Securities and Exchange Commission.
Data for Alaska and Hawaii included for all periods.

Sources: Federal Trade Commission and Securities and Exchange Commission.

TABLE C–67.—*Sources and uses of corporate funds, 1951–62* [1]

[Billions of dollars]

Source or use of funds	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962 [2]
Total uses	36.8	27.3	28.2	24.0	45.1	39.5	37.9	31.5	46.8	38.5	42.3	47.1
Plant and equipment outlays	21.6	22.4	23.9	22.4	24.2	29.9	32.7	26.4	27.7	30.8	29.6	32.3
Inventories (book value)	9.8	1.3	1.8	−1.6	6.7	7.6	2.1	−2.4	6.6	2.6	1.8	2.5
Customer net receivables [3]	2.0	3.1	.7	2.4	6.4	3.3	2.1	2.9	5.6	5.1	3.6	6.3
Cash and U.S. Government securities	2.8	.1	1.8	(4)	5.0	−4.3	−.3	2.7	2.9	−3.1	2.5	.7
Other assets	.6	.4	(4)	.8	2.8	3.0	1.3	1.9	4.1	3.1	4.9	5.3
Total sources	36.9	28.1	30.0	22.4	44.8	42.4	40.1	35.7	51.9	41.5	45.7	52.0
Internal sources	19.0	17.8	19.7	19.8	26.6	27.8	28.0	26.0	31.1	30.4	32.0	35.3
Retained profits and depletion allowances	10.0	7.4	7.9	6.3	10.9	10.5	8.9	5.7	9.5	7.3	7.3	9.1
Depreciation and amortization allowances	9.0	10.4	11.8	13.5	15.7	17.3	19.1	20.3	21.6	23.1	24.8	26.2
External sources	17.9	10.3	10.3	2.6	18.2	14.6	12.1	9.7	20.8	11.1	13.7	16.7
Federal income tax liability	4.3	−3.1	.6	−3.1	3.8	−1.7	−2.2	−2.5	2.1	−1.5	.6	1.5
Other liabilities	1.9	2.4	2.2	.4	2.1	3.0	2.1	1.7	3.7	1.6	1.7	3.0
Bank loans and mortgage loans	5.4	3.1	.4	−.6	5.4	5.4	1.7	1.0	7.1	3.0	1.8	5.0
Net new issues	6.3	7.9	7.1	5.9	6.9	7.9	10.5	9.5	7.8	8.0	9.6	7.2
Discrepancy (uses less sources)	−.1	−.8	−1.8	1.6	.3	−2.9	−2.2	−4.2	−5.0	−3.0	−3.4	−4.9

[1] Excludes banks and insurance companies.
[2] Preliminary estimates.
[3] Receivables are net of payables, which are therefore not shown separately.
[4] Less than $50 million.

Source: Department of Commerce based on Securities and Exchange Commission and other financial data.

TABLE C–68.—*Current assets and liabilities of United States corporations, 1939–62* [1]

[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 [2]	Other notes and accounts receivable	Inventories	Other current assets [3]	Total	Advances and prepayments, U.S. Government [2]	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	286.0	36.1	19.9	3.1	125.1	91.6	10.2	157.0	1.8	103.1	13.5	38.6	129.0
1961	303.0	39.0	19.4	3.4	134.5	95.2	11.5	165.6	1.8	109.5	14.1	40.3	137.4
1960: I	280.1	33.0	22.6	2.9	119.0	92.3	10.2	153.5	1.8	100.1	13.6	38.0	126.6
II	281.8	33.7	21.0	2.9	121.4	92.4	10.4	154.8	1.8	101.8	12.6	38.6	127.0
III	284.6	34.2	19.5	2.9	124.5	92.9	10.5	156.3	1.8	102.4	13.1	39.0	128.4
IV	286.0	36.1	19.9	3.1	125.1	91.6	10.2	157.0	1.8	103.1	13.5	38.6	129.0
1961: I	285.4	33.9	19.7	3.2	124.2	93.3	11.1	154.3	1.8	101.4	11.8	39.3	131.1
II	290.2	35.2	19.7	3.1	127.9	92.6	11.7	155.5	1.7	102.8	11.4	39.5	134.7
III	294.9	36.0	18.6	3.2	131.5	93.5	12.1	159.0	1.8	104.5	12.4	40.3	136.0
IV	303.0	39.0	19.4	3.4	134.5	95.2	11.5	165.6	1.8	109.5	14.1	40.3	137.4
1962: I	305.7	35.6	20.2	3.4	136.0	97.7	12.7	166.7	1.8	109.5	13.6	41.8	139.0
II	310.5	36.1	19.3	3.3	140.0	98.7	13.1	169.4	1.8	111.6	13.6	42.4	141.1
III	317.5	36.3	18.8	3.4	145.4	100.3	13.3	175.4	1.9	115.7	14.6	43.2	142.1

[1] All United States corporations, excluding banks, savings and loan associations, and insurance companies. Year-end data through 1959 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. As more complete information becomes available, estimates are revised.

[2] Receivables from and payables to U.S. Government do not include amounts offset against each other on the corporation's 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 the corporation's books.

[3] Includes marketable securities other than U.S. Government.

Source: Securities and Exchange Commission.

TABLE C–69.—*State and municipal and corporate securities offered, 1934–62* [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]					
		Total	Common stock	Preferred stock	Bonds and notes	Total	New money			Retirement of securities	Other purposes
							Total	Plant and equipment	Working capital		
1934	939	397	19	6	371	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	13,147	3,273	449	9,425	12,874	10,829	7,539	3,290	895	1,150
1962 [5]	8,514	10,820	1,321	443	9,056	10,609	8,380	5,712	2,669	737	1,491
1960: I	1,885	2,265	435	100	1,729	2,214	1,972	1,180	791	69	174
II	2,252	2,537	582	110	1,845	2,465	2,181	1,412	768	83	201
III	1,764	2,520	337	92	2,091	2,467	2,222	1,480	742	39	205
IV	1,329	2,832	310	106	2,417	2,778	2,384	1,589	795	80	315
1961: I	2,122	1,992	354	96	1,543	1,951	1,648	952	695	142	161
II	2,370	5,352	1,582	192	3,578	5,261	4,272	3,373	899	566	423
III	1,766	2,566	571	82	1,913	2,501	2,120	1,396	723	63	318
IV	2,101	3,237	765	80	2,392	3,161	2,790	1,818	972	123	248
1962: I	2,610	2,378	490	16	1,871	2,320	2,009	1,426	582	62	250
II	2,534	3,251	460	180	2,611	3,184	2,607	1,901	705	179	399
III	1,627	2,184	200	107	1,877	2,146	1,565	1,026	539	236	345
IV [5]	1,743	3,007	171	140	2,697	2,958	2,200	1,358	842	260	498

[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.

[5] Preliminary.

NOTE.—Data for Alaska and Hawaii included for all periods.

Sources: Securities and Exchange Commission, *The Commercial and Financial Chronicle*, and *The Bond Buyer*.

TABLE C–70.—*Common stock prices, earnings, and yields and stock market credit, 1939–62*

Year or month	Common stock prices index, 1957–59=100 (SEC) [1]	Common stock price/earnings ratio—industrials (Standard & Poor's) [2]	Common stock yields, 200 stocks (Moody's)	Stock market credit: Customer credit (excluding U.S. Government securities): Total	Stock market credit: Customer credit (excluding U.S. Government securities): Net debit balances [3]	Stock market credit: Customer credit (excluding U.S. Government securities): Bank loans to "others" [4]	Stock market credit: Bank loans to brokers and dealers [5]
			Percent	Millions of dollars			
1939	26.8	12.17	4.15	([6])	([6])	([6])	715
1940	25.3	11.03	5.31	([6])	([6])	([6])	584
1941	23.0	9.65	6.25	([6])	([6])	([6])	535
1942	20.1	10.14	6.67	([6])	([6])	([6])	850
1943	26.6	17.58	4.89	([6])	([6])	([6])	1,328
1944	29.0	16.95	4.81	([6])	([6])	353	2,137
1945	35.2	22.99	4.19	1,374	942	432	2,782
1946	40.1	11.01	3.97	976	473	[5] 503	[5] 1,471
1947	35.1	9.14	5.13	1,032	517	515	784
1948	35.6	5.86	5.78	968	499	469	1,331
1949	34.3	6.76	6.63	1,249	821	428	1,608
1950	41.4	7.51	6.27	1,798	1,237	561	1,742
1951	49.6	9.62	6.12	1,826	1,253	573	1,419
1952	52.3	10.22	5.50	1,980	1,332	[5] 648	[5] 2,002
1953	51.9	9.68	5.49	2,445	1,665	780	2,248
1954	61.7	12.17	4.78	3,436	2,388	1,048	2,688
1955	81.8	12.65	4.06	4,030	2,791	1,239	2,852
1956	92.6	13.54	4.07	3,984	2,823	1,161	2,214
1957	89.8	12.91	4.33	3,576	2,482	1,094	2,190
1958	93.2	17.71	4.05	4,537	3,285	[5] 1,252	[5] 2,569
1959	116.7	19.79	3.31	4,461	3,280	[5] 1,181	[5] 2,584
1960	113.9	18.92	3.60	4,415	3,222	1,193	2,614
1961	134.2	19.57	3.07	5,602	4,259	[5] 1,343	3,398
1962	127.1	------------	3.37	5,494	4,125	1,369	4,386
1961: January	120.9	------------	3.28	4,424	3,253	1,171	1,969
February	125.4	------------	3.22	4,532	3,358	1,174	2,001
March	129.8	23.32	3.15	4,787	3,601	1,186	1,805
April	133.0	------------	3.15	5,190	3,936	1,254	2,397
May	134.9	------------	3.09	5,386	4,060	1,326	2,439
June	132.8	21.18	3.16	5,367	4,024	1,343	2,441
July	132.7	------------	3.05	5,355	3,991	1,364	2,732
August	137.4	------------	3.00	5,349	3,972	1,377	2,136
September	136.2	20.54	3.03	5,311	3,991	1,320	2,637
October	138.0	------------	2.95	5,333	4,029	1,304	2,743
November	144.0	------------	2.93	5,460	4,141	1,319	2,583
December	145.8	19.57	2.91	5,602	4,259	1,343	3,398
1962: January	140.4	------------	3.03	5,464	4,111	1,353	2,340
February	142.8	------------	2.99	5,426	4,066	1,360	2,985
March	142.9	19.99	3.00	5,457	4,083	1,374	3,040
April	138.0	------------	3.20	5,491	4,079	1,412	3,174
May	128.3	------------	3.48	5,408	4,000	1,408	2,610
June	114.3	15.50	3.79	4,938	3,605	1,333	2,533
July	116.0	------------	3.55	4,876	3,562	1,314	2,044
August	119.5	------------	3.50	5,073	3,773	1,300	2,224
September	117.9	15.98	3.69	5,156	3,887	1,269	3,366
October	114.3	------------	3.60	5,165	3,864	1,301	3,382
November	122.8	------------	3.41	5,285	3,951	1,334	2,738
December	128.0	------------	3.37	5,494	4,125	1,369	4,386

[1] Based on 300 stocks.

[2] Based on 50 stocks for 1939–56 and 425 stocks beginning 1957. Ratio is obtained by dividing the stock price index as of the end of the period by the seasonally adjusted annual rate of earnings for the quarter then ending.

[3] 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.

[4] Loans by weekly reporting member banks to others than brokers and dealers for purchasing or carrying securities except U.S. Government obligations. From 1953 through June 1959, loans for purchasing or carrying U.S. Government securities were reported separately only by New York and Chicago banks. Accordingly, for that period any loans for purchasing or carrying such securities at other reporting banks are included. Series also revised beginning July 1946, March 1953, July 1958, and April 1961. Data are for last Wednesday of period. For details, see *Federal Reserve Bulletin*, June 1961.

[5] Loans by weekly reporting member banks for purchasing or carrying securities, including U.S. Government obligations. Series revised beginning July 1946, January 1952, July 1958, July 1959, and April 1961. Data are for last Wednesday of period. For details, see *Federal Reserve Bulletin*, June 1961.

[6] Not available.

Sources: Securities and Exchange Commission, Board of Governors of the Federal Reserve System, Standard & Poor's Corporation, Moody's Investors Service, and New York Stock Exchange.

TABLE C-71.—*Business population and business failures, 1929–62*

Year or month	Operating businesses and business turnover (thousands of firms) [1]: Operating businesses [2]	Operating businesses and business turnover (thousands of firms) [1]: New businesses [3]	Operating businesses and business turnover (thousands of firms) [1]: Discontinued businesses [3]	New business incorporations (number) [3]	Business failures [3, 4]: Business failure rate [5]	Business failures [3, 4]: Number of failures: Total	Business failures [3, 4]: Number of failures: Liability size class: Under $100,000	Business failures [3, 4]: Number of failures: Liability size class: $100,000 and over	Business failures [3, 4]: Amount of current liabilities (millions of dollars): Total	Business failures [3, 4]: Amount of current liabilities (millions of dollars): Liability size class: Under $100,000	Business failures [3, 4]: Amount of current liabilities (millions of dollars): Liability size class: $100,000 and over
1929	3,029	(6)	(6)	(6)	103.9	22,909	22,165	744	483.3	261.5	221.8
1930	2,994	(6)	(6)	(6)	121.6	26,355	25,408	947	668.3	303.5	364.8
1931	2,916	(6)	(6)	(6)	133.4	28,285	27,230	1,055	736.3	354.2	382.2
1932	2,828	(6)	(6)	(6)	154.1	31,822	30,197	1,625	928.3	432.6	495.7
1933	2,782	(6)	(6)	(6)	[7] 100.3	[7] 19,859	[7] 18,880	[7] 979	[7] 457.5	[7] 215.5	[7] 242.0
1934	2,884	(6)	(6)	(6)	61.1	12,091	11,421	670	334.0	138.5	195.4
1935	2,992	(6)	(6)	(6)	61.7	12,244	11,691	553	310.6	135.5	175.1
1936	3,070	(6)	(6)	(6)	47.8	9,607	9,285	322	203.2	102.8	100.4
1937	3,136	(6)	(6)	(6)	45.9	9,490	9,203	287	183.3	101.9	81.4
1938	3,074	(6)	(6)	(6)	61.1	12,836	12,553	283	246.5	140.1	106.4
1939	3,222	(6)	(6)	(6)	[7] 69.6	[7] 14,768	[7] 14,541	[7] 227	[7] 182.5	[7] 132.9	[7] 49.7
1940	3,319	275	318	(6)	63.0	13,619	13,400	219	166.7	119.9	46.8
1941	3,276	290	271	(6)	54.5	11,848	11,685	163	136.1	100.7	35.4
1942	3,295	121	386	(6)	44.6	9,405	9,282	123	100.8	80.3	20.5
1943	3,030	146	337	(6)	16.4	3,221	3,155	66	45.3	30.2	15.1
1944	2,839	331	175	(6)	6.5	1,222	1,176	46	31.7	14.5	17.1
1945	2,995	423	176	(6)	4.2	809	759	50	30.2	11.4	18.8
1946	3,242	617	209	132,916	5.2	1,129	1,002	127	67.3	15.7	51.6
1947	3,651	461	239	112,638	14.3	3,474	3,103	371	204.6	63.7	140.9
1948	3,873	393	282	96,101	20.4	5,250	4,853	397	234.6	93.9	140.7
1949	3,984	331	306	85,491	34.4	9,246	8,708	538	308.1	161.4	146.7
1950	4,009	348	290	92,925	34.3	9,162	8,746	416	248.3	151.2	97.1
1951	4,067	327	276	83,649	30.7	8,058	7,626	432	259.5	131.6	128.0
1952	4,118	346	276	92,819	28.7	7,611	7,081	530	283.3	131.9	151.4
1953	4,188	352	299	102,545	33.2	8,862	8,075	787	394.2	167.5	226.6
1954	4,240	366	319	117,164	42.0	11,086	10,226	860	462.6	211.4	251.2
1955	4,287	408	314	139,651	41.6	10,969	10,113	856	449.4	206.4	243.0
1956	4,381	431	342	140,775	48.0	12,686	11,615	1,071	562.7	239.8	322.9
1957	4,471	398	335	136,697	51.7	13,739	12,547	1,192	615.3	267.1	348.2
1958	4,533	397	347	150,280	55.9	14,964	13,499	1,465	728.3	297.6	430.7
1959	4,583	422	346	[8] 193,067	51.8	14,053	12,707	1,346	692.8	278.9	413.9
1960	4,658	438	384	182,713	57.0	15,445	13,650	1,795	938.6	327.2	611.4
1961	4,713	437	398	181,535	64.4	17,075	15,006	2,069	1,090.1	370.1	720.0
1962	4,752	------	------	---------	60.8	15,782	13,772	2,010	1,213.6	346.5	867.1
1961: January	*4,730*	------	------	16,350	*61.1*	1,404	1,241	163	81.5	33.0	48.6
February	------	------	------	13,281	*64.2*	1,449	1,274	175	88.1	31.7	56.4
March	------	------	------	16,783	*62.9*	1,610	1,369	241	126.6	33.3	93.3
April	*4,740*	------	------	14,815	*60.8*	1,441	1,271	170	86.1	32.1	54.0
May	------	------	------	16,371	*64.3*	1,545	1,370	175	80.5	34.8	45.7
June	------	------	------	16,418	*60.7*	1,403	1,206	197	83.8	28.9	55.0
July	*4,750*	------	------	14,483	*62.5*	1,275	1,133	142	69.2	28.9	40.2
August	------	------	------	15,079	*74.4*	1,604	1,412	192	102.7	34.1	68.6
September	------	------	------	13,616	*67.5*	1,285	1,143	142	116.7	27.5	89.1
October	*4,760*	------	------	15,492	*69.5*	1,446	1,301	145	70.3	31.2	39.0
November	------	------	------	14,045	*63.8*	1,335	1,145	190	119.2	27.3	92.0
December	------	------	------	14,802	*63.6*	1,278	1,141	137	65.5	27.3	38.2
1962: January	*4,770*	------	------	18,343	*62.9*	1,447	1,249	198	106.6	30.1	76.5
February	------	------	------	14,365	*61.1*	1,353	1,205	148	90.5	30.4	60.1
March	------	------	------	17,196	*59.4*	1,490	1,321	169	80.9	32.6	48.3
April	*4,780*	------	------	15,653	*65.0*	1,504	1,346	158	121.8	31.0	90.8
May	------	------	------	16,408	*58.7*	1,378	1,195	183	91.5	29.9	61.6
June	------	------	------	15,234	*57.3*	1,281	1,110	171	88.5	27.7	60.8
July	*4,790*	------	------	14,957	*58.3*	1,165	1,042	123	91.6	27.2	64.4
August	------	------	------	14,955	*62.5*	1,319	1,109	210	146.8	27.9	118.9
September	------	------	------	12,777	*62.2*	1,118	970	148	96.2	26.9	69.3
October	*4,800*	------	------	15,318	*66.3*	1,410	1,207	203	119.1	30.3	88.8
November	------	------	------	12,914	*59.4*	1,216	1,059	157	98.8	27.5	71.3
December	------	------	------	---------	*56.0*	1,101	959	142	81.3	25.3	56.0

[1] Excludes firms in the fields of agriculture and professional services. Includes self-employed person only if he has either an established place of business or at least one paid employee. Series revised beginning 1951.

[2] Data through 1939 are averages of end-of-quarter estimates centered at June 30. Beginning 1940, data are for beginning of period. Quarterly data shown here 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] Not available.

[7] Series revised; not strictly comparable with earlier data.

[8] Includes data for Hawaii beginning 1959 and Alaska beginning 1960. (Data for 1958 comparable to 1959 are 150,781; data for 1960 comparable to 1959 are 182,374.)

Sources: Department of Commerce and Dun & Bradstreet, Inc.

TABLE C-72.—*Income from agriculture, 1929–62*

Year or quarter	Income received by total farm population from agricultural sources: Total [1]	Income received by total farm population from agricultural sources: Farm wages [2]	Income received from farming: Realized gross: Total [3]	Realized gross: Cash receipts from marketings	Production expenses	Net to farm operators: Excluding net inventory change	Net to farm operators: Including net inventory change [4]	Net income per farm including net inventory change [5]: Current prices	Net income per farm including net inventory change [5]: 1962 prices [6]
	Billions of dollars							Dollars	
1929	7.0	0.9	13.9	11.3	7.6	6.3	6.1	943	1,813
1930	5.1	.8	11.4	9.1	6.9	4.5	4.3	650	1,325
1931	4.0	.6	8.4	6.4	5.5	2.9	3.3	506	1,207
1932	2.5	.5	6.4	4.7	4.4	1.9	2.0	305	847
1933	3.0	.4	7.1	5.3	4.3	2.8	2.6	382	1,032
1934	3.4	.5	8.5	6.4	4.7	3.9	2.9	434	1,059
1935	5.9	.6	9.7	7.1	5.1	4.6	5.3	778	1,852
1936	5.0	.6	10.7	8.4	5.6	5.1	4.3	643	1,531
1937	6.8	.7	11.3	8.9	6.1	5.2	6.0	911	2,070
1938	5.1	.7	10.1	7.7	5.8	4.3	4.4	675	1,646
1939	5.2	.7	10.6	7.9	6.2	4.4	4.5	697	1,700
1940	5.3	.7	11.0	8.4	6.7	4.3	4.6	720	1,756
1941	7.5	.9	13.8	11.1	7.7	6.2	6.6	1,044	2,373
1942	11.1	1.2	18.8	15.6	9.9	8.8	9.9	1,600	3,137
1943	13.2	1.4	23.4	19.6	11.5	11.9	11.8	1,942	3,468
1944	13.4	1.5	24.4	20.5	12.2	12.2	11.8	1,967	3,278
1945	14.0	1.6	25.8	21.7	12.9	12.8	12.4	2,080	3,355
1946	17.0	1.8	29.7	24.8	14.5	15.2	15.3	2,574	3,730
1947	17.5	1.9	34.4	29.6	17.0	17.3	15.5	2,648	3,269
1948	19.8	2.0	34.9	30.2	18.9	16.1	17.8	3,065	3,606
1949	14.7	1.8	31.8	27.8	18.0	13.8	12.9	2,259	2,722
1950	15.7	1.7	32.5	28.5	19.3	13.2	14.0	2,479	2,951
1951	18.1	1.8	37.3	33.0	22.2	15.2	16.3	3,009	3,307
1952	17.3	1.9	37.0	32.6	22.6	14.4	15.3	2,951	3,208
1953	15.1	1.8	35.3	31.1	21.4	13.9	13.3	2,664	2,927
1954	14.4	1.8	33.9	30.0	21.7	12.2	12.7	2,645	2,875
1955	13.5	1.7	33.3	29.6	21.9	11.5	11.8	2,529	2,749
1956	13.4	1.7	34.6	30.6	22.6	12.0	11.6	2,574	2,768
1957	13.6	1.8	34.4	29.8	23.4	11.0	11.8	2,695	2,807
1958	15.4	1.8	37.9	33.4	25.3	12.6	13.5	3,201	3,266
1959	13.2	1.8	37.5	33.5	26.2	11.3	11.4	2,775	2,832
1960	13.8	1.8	37.9	34.0	26.2	11.7	12.0	3,044	3,075
1961	14.9	1.8	39.9	35.2	27.1	12.8	13.0	3,422	3,457
1962 [7]	14.8	1.8	40.6	35.7	27.7	12.9	13.0	3,525	3,525
	Seasonally adjusted annual rates								
1961: I	-------	-------	39.4	35.5	26.9	12.5	12.8	3,360	3,390
II	-------	-------	39.4	34.5	27.0	12.4	12.7	3,330	3,360
III	-------	-------	40.1	35.2	27.2	12.9	13.1	3,440	3,470
IV	-------	-------	40.8	35.8	27.3	13.5	13.6	3,570	3,610
1962: I [7]	-------	-------	40.3	35.4	27.5	12.8	12.9	3,500	3,500
II [7]	-------	-------	40.3	35.3	27.6	12.7	12.8	3,470	3,470
III [7]	-------	-------	40.5	35.5	27.7	12.8	12.8	3,470	3,470
IV [7]	-------	-------	41.4	36.5	27.9	13.5	13.6	3,690	3,690

[1] Net income of farm operators from farming (including net inventory change) and farm wages as shown.
[2] Farm wages received by farm resident workers.
[3] Cash receipts from marketings, Government payments, and nonmoney income furnished by farms.
[4] Includes net change in inventory of crops and livestock valued at the average price for the year. Data prior to 1946 differ from farm proprietors' income shown in Tables C-11 and C-14 because of revisions by the Department of Agriculture not yet incorporated into the national income accounts of the Department of Commerce.
[5] Estimates of number of farms revised from 1951 according to new 1959 Census of Agriculture definition.
[6] Income in current prices divided by the index of prices paid by farmers for family living items on a 1962 base.
[7] Preliminary.

Source: Department of Agriculture.

TABLE C–73.—*Indexes of prices received and prices paid by farmers, and parity ratio, 1929–62*

[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	98	99	96	95	93	97	103	93	98	96	101	101
1961	99	101	99	95	94	100	109	112	97	97	101	92
1962 [7]	100	104	107	97	95	102	110	109	99	101	98	91
1961: January	100	98	98	92	89	90	105	101	102	99	105	106
February	101	99	99	95	92	87	107	109	102	101	103	107
March	101	101	98	95	93	93	107	115	100	100	100	101
April	99	102	95	91	89	99	107	125	97	98	97	92
May	98	104	96	95	94	99	107	125	93	95	95	87
June	97	104	94	96	95	100	107	114	92	93	93	84
July	97	103	95	98	98	102	107	114	93	94	97	87
August	99	102	99	97	96	106	111	113	97	98	100	89
September	100	103	101	98	98	106	112	106	98	98	104	87
October	99	101	102	97	96	110	111	106	98	96	106	89
November	99	100	103	94	91	107	111	108	97	95	108	89
December	99	100	103	95	93	103	112	109	99	97	106	92
1962: January	100	101	103	96	93	98	111	109	100	99	104	94
February	101	101	103	96	93	94	112	111	100	99	102	97
March	101	105	105	96	94	95	112	110	99	100	99	93
April	100	106	106	98	95	103	112	111	95	98	94	88
May	100	109	109	100	98	106	112	111	94	98	90	82
June	99	106	109	99	98	105	112	111	94	99	90	81
July	99	104	108	98	98	105	112	110	96	101	93	84
August	101	103	107	95	94	105	107	107	99	103	97	89
September	103	104	107	97	96	107	108	104	103	106	101	97
October	101	101	107	96	94	105	107	104	101	102	103	95
November	101	102	109	93	90	103	107	107	102	102	104	96
December	100	100	109	96	94	100	104	108	100	100	102	96

See footnotes at end of table.

TABLE C–73.—*Indexes of prices received and prices paid by farmers, and parity ratio, 1929–62*—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	120	58	32	92
1930	52	51	50	52	61	35	43	83	116	59	30	83
1931	44	44	43	43	43	35	42	75	111	58	24	67
1932	38	38	37	38	32	34	40	66	104	53	18	58
1933	37	38	38	38	37	34	39	61	92	46	15	64
1934	41	43	43	44	52	36	40	69	83	39	17	75
1935	42	45	43	46	53	37	41	68	76	37	18	88
1936	42	45	43	46	55	38	42	64	70	38	20	92
1937	45	48	45	50	62	39	43	67	66	38	22	93
1938	42	45	43	47	47	42	44	67	62	39	22	78
1939	42	44	42	46	47	40	43	66	60	39	22	77
1940	42	45	42	47	50	40	43	64	57	40	22	81
1941	45	48	45	50	54	42	43	64	55	39	26	93
1942	52	55	52	57	66	45	46	71	53	40	34	105
1943	58	61	58	63	78	47	48	76	47	39	45	113
1944	62	64	61	66	87	51	49	77	44	39	54	108
1945	65	66	64	67	86	53	49	79	42	40	62	109
1946	71	72	71	73	100	55	51	79	42	45	66	113
1947	82	85	83	85	118	63	58	88	43	50	72	115
1948	89	92	88	95	125	71	67	96	44	58	76	110
1949	86	88	85	91	103	78	76	98	46	62	74	100
1950	88	90	86	94	105	78	78	94	50	67	73	101
1951	97	100	94	104	118	83	83	100	55	70	81	107
1952	98	100	95	104	126	87	86	102	61	73	87	100
1953	95	96	94	97	114	86	87	103	66	77	88	92
1954	95	96	94	97	113	86	87	102	71	80	88	89
1955	94	95	94	96	106	87	87	102	76	83	89	84
1956	95	96	96	95	103	89	91	100	84	89	92	83
1957	98	98	99	98	101	96	96	100	92	94	96	82
1958	100	101	100	101	99	100	100	100	99	100	99	85
1959	102	101	101	101	100	104	104	100	109	106	105	80
1960	102	101	101	101	97	102	107	100	120	114	109	80
1961	103	101	102	101	98	101	110	101	130	123	110	80
1962 [7]	104	103	103	103	100	105	111	100	135	131	114	80
1961: January	103	102	102	102	97	102	------	------	130	123	*109*	80
February	103	102	102	102	98	------	------	------	130	123	*109*	81
March	103	102	101	103	99	102	109	------	130	123	*109*	80
April	103	102	102	102	98	------	------	100	130	123	*111*	79
May	103	102	102	101	100	------	------	------	130	123	*111*	78
June	103	101	101	101	99	101	109	------	130	123	*111*	78
July	103	101	101	101	99	101	------	------	130	123	*111*	78
August	103	101	101	101	99	------	------	------	130	123	*111*	80
September	103	101	102	101	99	101	110	101	130	123	*111*	80
October	103	101	102	101	97	101	------	------	130	123	*109*	80
November	103	101	102	101	97	------	------	------	130	123	*109*	79
December	103	102	102	102	99	104	110	------	130	123	*109*	79
1962: January	104	102	102	102	99	105	------	------	135	131	*112*	80
February	104	103	103	102	99	------	------	------	135	131	*112*	80
March	104	103	103	103	99	106	110	------	135	131	*112*	80
April	105	103	103	103	99	------	------	100	135	131	*115*	79
May	105	103	103	103	99	------	------	------	135	131	*115*	79
June	104	103	103	102	99	106	111	------	135	131	*115*	78
July	104	103	103	102	99	105	------	------	135	131	*114*	79
August	104	103	103	102	99	------	------	------	135	131	*114*	80
September	105	103	103	103	100	105	112	100	135	131	*114*	81
October	105	103	103	103	100	105	------	------	135	131	*113*	80
November	105	103	103	103	100	108	------	------	135	131	*113*	80
December	105	104	103	104	102	108	113	------	135	131	*113*	79

[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.
[7] Preliminary.

Source: Department of Agriculture.

TABLE C-74.—*Farm production indexes, 1929–62*

[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 bearing 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 [4]	107	107	99	101	106	111	110	116	119	122	107	107	103	112
1962 [4]	108	108	101	106	97	109	108	119	131	123	107	108	104	110

[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.
[4] Preliminary.

Source: Department of Agriculture.

TABLE C–75.—*Selected measures of farm resources and inputs, 1929–62*

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	214	92	38	21	27	76
1930	369	304	92	22.9	97	212	91	40	21	26	76
1931	365	303	93	23.4	96	217	89	38	16	23	78
1932	371	311	95	22.6	93	209	86	35	11	24	79
1933	340	281	98	22.6	91	209	87	32	12	24	76
1934	304	247	98	20.2	86	187	86	32	14	24	69
1935	345	289	86	21.1	88	195	88	33	17	23	66
1936	323	269	90	20.4	89	189	89	35	20	31	68
1937	347	295	87	22.1	94	205	90	38	24	29	68
1938	349	301	87	20.6	91	191	91	40	23	30	70
1939	331	286	93	20.7	94	191	92	40	24	37	72
1940	341	298	95	20.5	97	190	92	42	28	45	73
1941	344	304	94	20.0	97	186	92	44	30	46	74
1942	348	309	104	20.6	100	191	91	48	34	57	75
1943	357	320	117	20.3	101	188	89	50	38	63	76
1944	362	326	114	20.2	101	187	88	51	43	64	76
1945	354	322	109	18.8	99	174	88	54	45	72	76
1946	352	323	107	18.1	99	167	91	58	53	69	77
1947	355	329	104	17.2	99	159	92	64	56	73	78
1948	356	332	98	16.8	100	156	95	72	57	72	74
1949	360	338	99	16.2	101	150	95	80	61	69	82
1950	345	326	102	15.1	101	140	97	86	68	72	85
1951	344	326	103	15.2	104	141	98	92	73	80	88
1952	349	334	103	14.4	103	134	99	96	80	81	88
1953	348	335	100	13.9	103	128	99	97	83	80	91
1954	346	335	104	13.2	102	123	100	98	88	82	91
1955	340	330	106	12.8	102	119	100	99	90	86	94
1956	324	315	104	12.1	101	112	99	99	91	91	98
1957	324	316	101	11.2	99	103	100	100	94	93	95
1958	324	317	99	10.7	99	99	100	99	97	101	100
1959	324	318	100	10.5	102	98	100	101	109	106	105
1960	324	319	97	10.0	101	92	100	100	110	109	106
1961 [5]	304	300	98	9.6	101	89	100	99	114	116	109
1962 [5]	295	291	100	9.3	101	86	100	96	116	121	111

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.
5 Preliminary.

Source: Department of Agriculture.

TABLE C–76.—*Farm population, employment, and productivity, 1929–62*

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. 1	12, 763	9, 360	3, 403	63	29	29	48	69	68
1930	30, 529	24. 8	12, 497	9, 307	3, 190	63	29	28	47	64	70
1931	30, 845	24. 8	12, 745	9, 642	3, 103	69	30	30	47	72	70
1932	31, 388	25. 1	12, 816	9, 922	2, 894	69	31	31	47	68	69
1933	32, 393	25. 8	12, 739	9, 874	2, 865	65	28	28	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	32	44	66	69
1936	31, 737	24. 8	12, 331	9, 350	2, 981	62	29	29	46	56	70
1937	31, 266	24. 2	11, 978	9, 054	2, 924	73	34	34	46	76	71
1938	30, 980	23. 8	11, 622	8, 815	2, 807	74	35	36	48	73	75
1939	30, 840	23. 5	11, 338	8, 611	2, 727	72	36	36	50	74	75
1940	30, 547	23. 1	10, 979	8, 300	2, 679	72	37	38	50	76	75
1941	30, 118	22. 6	10, 669	8, 017	2, 652	75	39	40	51	77	80
1942	28, 914	21. 4	10, 504	7, 949	2, 555	82	43	44	56	86	81
1943	26, 186	19. 2	10, 446	8, 010	2, 436	79	43	43	58	78	78
1944	24, 815	17. 9	10, 219	7, 988	2, 231	82	44	45	56	83	75
1945	24, 420	17. 5	10, 000	7, 881	2, 119	82	47	47	58	82	79
1946	25, 403	18. 0	10, 295	8, 106	2, 189	85	50	51	59	86	78
1947	25, 829	17. 9	10, 382	8, 115	2, 267	82	51	51	61	82	79
1948	24, 383	16. 6	10, 363	8, 026	2, 337	88	56	58	62	92	82
1949	24, 194	16. 2	9, 964	7, 712	2, 252	86	58	59	66	85	86
1950	23, 048	15. 2	9, 926	7, 597	2, 329	85	61	64	68	84	86
1951	21, 890	14. 2	9, 546	7, 310	2, 236	86	63	63	72	85	89
1952	21, 748	13. 8	9, 149	7, 005	2, 144	89	69	70	74	90	89
1953	19, 874	12. 4	8, 864	6, 775	2, 089	90	73	72	76	89	93
1954	19, 019	11. 7	8, 639	6, 579	2, 060	91	76	75	80	88	92
1955	19, 078	11. 5	8, 364	6, 347	2, 017	94	81	80	85	91	93
1956	18, 712	11. 1	7, 820	5, 899	1, 921	96	87	85	89	92	95
1957	17, 656	10. 3	7, 577	5, 682	1, 895	96	92	91	92	93	96
1958	17, 128	9. 8	7, 525	5, 570	1, 955	103	103	105	100	105	100
1959	16, 592	9. 4	7, 384	5, 459	1, 925	101	105	104	108	102	104
1960	15, 635	8. 7	7, 118	5, 249	1, 869	105	115	114	113	109	105
1961 [5]	14, 803	8. 1	6, 990	5, 104	1, 886	106	120	118	122	113	109
1962 [5]	14, 313	7. 7	6, 751	4, 934	1, 817	107	123	118	126	117	107

[1] Farm population as defined by Department of Agriculture and Department of Commerce, i.e., civilian population living on farms, regardless of occupation. Figures for 1941–59 are revisions of previously published estimates.

[2] Total population of United States as of July 1 includes armed forces abroad and Alaska and Hawaii after they achieved statehood.

[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 C–19) 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.

[5] Preliminary.

Sources: Department of Agriculture and Department of Commerce.

TABLE C–77.—*Comparative balance sheet of agriculture, 1929–63*

[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	Machinery and motor vehicles	Crops [1]	Household furnishings and equipment [2]	Deposits and currency	U.S. savings bonds	Investment in cooperatives				
1929	(3)	48.0	6.6	3.2	(3)	(3)	(3)	(3)	(3)	(3)	9.8	(3)	(3)
1930	68.5	47.9	6.5	3.4	2.5	4.0	3.6	(3)	0.6	68.5	9.6	5.0	53.9
1931	(3)	43.7	4.9	3.3	(3)	(3)	(3)	(3)	(3)	(3)	9.4	(3)	(3)
1932	(3)	37.2	3.6	3.0	(3)	(3)	(3)	(3)	(3)	(3)	9.1	(3)	(3)
1933	(3)	30.8	3.0	2.5	(3)	(3)	(3)	(3)	(3)	(3)	8.5	(3)	(3)
1934	(3)	32.2	3.2	2.2	(3)	(3)	(3)	(3)	(3)	(3)	7.7	(3)	(3)
1935	(3)	33.3	3.5	2.2	(3)	(3)	(3)	(3)	(3)	(3)	7.6	(3)	(3)
1936	(3)	34.3	5.2	2.4	(3)	(3)	(3)	(3)	(3)	(3)	7.4	(3)	(3)
1937	(3)	35.2	5.1	2.6	(3)	(3)	(3)	(3)	(3)	(3)	7.2	(3)	(3)
1938	(3)	35.2	5.0	3.0	(3)	(3)	(3)	(3)	(3)	(3)	7.0	(3)	(3)
1939	(3)	34.1	5.1	3.2	(3)	(3)	(3)	(3)	(3)	(3)	6.8	(3)	(3)
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	84.5	48.2	9.7	5.3	6.1	5.3	6.6	2.2	1.1	84.5	5.4	3.5	75.6
1945	94.0	53.9	9.0	6.3	6.7	5.6	7.9	3.4	1.2	94.0	4.9	3.4	85.7
1946	103.3	61.0	9.7	5.2	6.3	6.1	9.4	4.2	1.4	103.3	4.8	3.2	95.3
1947	116.2	68.5	11.9	5.1	7.1	7.7	10.2	4.2	1.5	116.2	4.9	3.6	107.7
1948	127.5	73.7	13.3	7.0	9.0	8.5	9.9	4.4	1.7	127.5	5.1	4.2	118.2
1949	134.2	76.6	14.4	9.4	8.6	9.1	9.6	4.6	1.9	134.2	5.3	6.1	122.8
1950	131.6	75.3	12.9	11.3	7.6	8.6	9.1	4.7	2.1	131.6	5.6	6.9	119.1
1951	150.6	86.8	17.1	13.0	7.9	9.7	9.1	4.7	2.3	150.6	6.1	7.0	137.5
1952	166.4	96.0	19.5	15.2	8.8	10.3	9.4	4.7	2.5	166.4	6.7	7.9	151.8
1953	162.6	96.6	14.8	15.6	9.0	9.9	9.4	4.6	2.7	162.6	7.3	8.8	146.5
1954	158.8	94.7	11.7	16.3	9.2	9.9	9.4	4.7	2.9	158.8	7.8	9.3	141.7
1955	162.6	98.1	11.2	16.2	9.6	10.0	9.4	5.0	3.1	162.6	8.3	9.5	144.8
1956	166.3	102.4	10.6	16.5	8.3	10.5	9.5	5.2	3.3	166.3	9.1	9.8	147.4
1957	173.8	109.5	11.0	17.1	8.3	10.0	9.4	5.1	3.4	173.8	9.9	9.6	154.3
1958	183.1	116.5	13.9	17.0	7.6	9.9	9.5	5.1	3.6	183.1	10.5	9.7	162.9
1959	199.7	125.4	17.7	18.5	9.3	9.8	10.0	5.2	3.8	199.7	11.3	12.0	176.4
1960	199.7	130.2	15.6	18.6	7.8	9.6	9.1	4.7	4.1	199.7	12.3	11.8	175.6
1961	200.0	131.8	15.5	18.2	8.0	8.9	8.7	4.6	4.3	200.0	13.1	12.4	174.5
1962	207.5	138.0	16.3	18.2	8.7	8.5	8.8	4.5	4.5	207.5	14.2	13.5	179.8
1963 [4]	214.1	144.5	(3)	(3)	(3)	(3)	(3)	(3)	(3)	214.1	15.4	13.9	184.8

[1] Includes all crops held on farms for whatever purpose and crops held off farms as security for Commodity Credit Corporation loans. The latter on January 1, 1962, totaled $964 million.
[2] Revised to reflect farm population estimates based on definition of a farm in 1959 Census of Agriculture. For further details of revision, see *Agricultural Information Bulletin No. 270.*
[3] Not available.
[4] Preliminary.

Source: Department of Agriculture.

TABLE C–78.—*United States balance of payments, 1947–62*

[Millions of dollars]

Year or quarter	Exports of goods and services: Total	Exports: Merchandise [1]	Exports: Military sales	Exports: Income on investments: Private	Exports: Income on investments: Government	Exports: Other services	Imports of goods and services: Total	Imports: Merchandise [1]	Imports: Military expenditures	Imports: Other services	Balance on goods and services
1947	19,737	16,015	(7)	1,036	66	2,620	8,208	5,979	455	1,774	11,529
1948	16,789	13,193	(7)	1,238	102	2,256	10,349	7,563	799	1,987	6,440
1949	15,770	12,149	(7)	1,297	98	2,226	9,621	6,879	621	2,121	6,149
1950	13,807	10,117	(7)	1,484	109	2,097	12,028	9,108	576	2,344	1,779
1951	18,744	14,123	(7)	1,684	198	2,739	15,073	11,202	1,270	2,601	3,671
1952	17,992	13,319	(7)	1,624	204	2,845	15,766	10,838	2,054	2,874	2,226
1953	16,947	12,281	192	1,658	252	2,564	16,561	10,990	2,615	2,956	386
1954	17,759	12,799	182	1,955	272	2,551	15,931	10,354	2,642	2,935	1,828
1955	19,804	14,280	200	2,170	274	2,880	17,795	11,527	2,901	3,367	2,009
1956	23,595	17,379	161	2,468	194	3,393	19,628	12,804	2,949	3,875	3,967
1957	26,481	19,390	375	2,612	205	3,899	20,752	13,291	3,216	4,245	5,729
1958	23,067	16,264	300	2,538	307	3,658	20,861	12,952	3,435	4,474	2,206
1959	23,476	16,282	302	2,694	349	3,849	23,342	15,310	3,107	4,925	134
1960	27,013	19,459	335	2,873	349	3,997	23,188	14,723	3,048	5,417	3,825
1961	28,066	19,915	406	3,303	379	4,063	22,923	14,514	2,947	5,462	5,143
1962 [9]	29,716	20,763	556	3,556	479	4,363	24,831	16,100	2,971	5,751	4,885
	Seasonally adjusted annual rates										
1960: I	25,936	18,628	232	2,836	348	3,892	23,676	15,204	3,084	5,388	2,260
II	27,140	19,504	488	2,848	348	3,952	23,876	15,344	3,032	5,500	3,264
III	27,132	19,760	280	2,712	348	4,032	23,316	14,656	3,188	5,472	3,816
IV	27,844	19,944	340	3,096	352	4,112	21,884	13,688	2,888	5,308	5,960
1961: I	28,276	20,244	284	3,388	376	3,984	21,792	13,476	3,080	5,236	6,484
II	27,312	19,072	600	3,072	480	4,088	22,040	13,668	3,024	5,348	5,272
III	27,564	19,760	352	3,184	280	3,988	23,708	15,360	2,796	5,552	3,856
IV	29,112	20,584	388	3,568	380	4,192	24,152	15,552	2,888	5,712	4,960
1962: I	29,008	20,252	384	3,648	456	4,268	24,248	15,680	3,008	5,560	4,760
II	30,660	21,356	612	3,640	568	4,484	24,912	16,128	2,984	5,800	5,748
III [8]	29,480	20,680	672	3,380	412	4,336	25,332	16,520	2,920	5,892	4,148

See footnotes at end of table.

TABLE C–78.—*United States balance of payments, 1947–62*—Continued

[Millions of dollars]

Year or quarter	Remittances and pensions	Government grants and capital		U.S. private capital, net			Foreign capital [2]	Unrecorded transactions	Over-all balance (surplus or deficit (−))				
		Grants and capital outflow	Repayments on U.S. loans	Direct investments	Long-term portfolio	Short-term			Total [3]	Total	Gold and convertible currencies	Liquid liabilities [4]	
												To monetary authorities and institutions [5]	To other foreign holders [6]
1947	−715	−6,415	294	−749	−49	−189	−75	936	4,567	4,567	2,850	1,717	
1948	−617	−5,361	443	−721	−69	−116	−173	1,179	1,005	1,005	1,530	−525	
1949	−630	−5,854	205	−660	−80	187	83	775	175	175	164	11	
1950	−523	−3,935	295	−621	−495	−149	90	−21	−3,580	−3,580	−1,743	−1,837	
1951	−457	−3,496	305	−508	−437	−103	243	477	−305	−305	53	−358	
1952	−545	−2,809	429	−852	−214	−94	212	601	−1,046	−1,046	379	−1,425	
1953	−617	−2,542	487	−735	185	167	178	339	−2,152	−2,152	−1,161	−991	
1954	−615	−2,061	507	−667	−320	−635	240	173	−1,550	−1,550	−298	−1,252	
1955	−585	−2,627	416	−823	−241	−191	394	503	−1,145	−1,145	−41	−1,104	
1956	−665	−2,841	479	−1,951	−603	−517	653	543	−935	−935	306	−1,241	
1957	−702	−3,233	659	−2,442	−859	−276	487	1,157	520	520	798	−278	
1958	−722	−3,131	544	−1,181	−1,444	−311	22	488	−3,529	−3,529	−2,275	−1,254	
1959	−791	−3,040	1,054	−1,372	−926	−77	863	412	−3,743	−3,743	−731	−3,012	
1960	−842	−3,405	636	−1,694	−850	−1,338	335	−592	−3,925	−3,925	−1,702	−1,862	−361
1961	−878	−4,051	1,274	−1,475	−1,006	−1,472	606	−602	−2,461	−2,461	−742	−517	−1,202
1962 [9]	−904	−4,289	1,305	−1,240	−1,091	−523	636	−696	−1,916	(10)	(10)	(10)	(10)
	Seasonally adjusted annual rates									Quarterly totals, unadjusted			
1960:													
I	−816	−3,072	680	−1,296	−944	−392	844	16	−2,720	−641	−50	−153	−438
II	−820	−3,332	588	−1,084	−836	−812	492	−560	−3,100	−891	−94	−462	−335
III	−844	−3,304	688	−1,660	−680	−2,196	188	−636	−4,628	−1,191	−637	−596	42
IV	−888	−3,912	588	−2,736	−940	−1,952	−184	−1,188	−5,252	−1,202	−921	−651	370
1961:													
I	−884	−3,848	532	−1,828	−480	−1,928	792	−116	−1,276	−308	−346	−36	74
II	−884	−3,216	3,404	−1,076	−872	−1,556	1,096	−1,464	704	89	330	329	−570
III	−864	−4,376	324	−1,716	−776	−888	28	772	−3,640	−909	−270	−405	−234
IV	−880	−4,764	836	−1,280	−1,896	−1,516	508	−1,600	−5,632	−1,333	−456	−405	−472
1962:													
I	−936	−4,160	572	−920	−1,588	−1,280	1,160	424	−1,968	−462	−190	420	−692
II	−892	−4,236	880	−1,600	−1,136	404	464	−536	−904	−312	207	−529	10
III [8]	−884	−4,472	2,464	−1,200	−548	−692	284	−1,976	−2,876	−738	−550	−625	437

[1] Adjusted from customs data for differences in timing and coverage.
[2] Other than liquid funds.
[3] Equals changes in U.S. gold and convertible currencies and liquid liabilities to foreigners.
[4] Minus indicates increase in liabilities.
[5] To International Monetary Fund (IMF) and foreign central banks and governments.
[6] To foreign commercial banks and other international and regional institutions not listed in footnote 5 and to other foreigners.
[7] Not reported separately.
[8] Preliminary.
[9] Average of the first three quarters based on seasonally adjusted annual rates.
[10] Not available.

NOTE.—Data exclude military aid and U.S. subscriptions to IMF.

Source: Department of Commerce.

TABLE C–79.—*Major U.S. Government foreign assistance, by type and by area, total postwar period and fiscal years 1959–62*

[Fiscal years, billions of dollars]

Fiscal year	Total	Western Europe (excluding Greece and Turkey)	Near East (including Greece and Turkey) and South Asia	Other Africa	Far East and Pacific	American Republics	International organizations and unspecified areas
Total, net							
Total postwar [1]	89.9	39.8	14.2	1.1	21.6	4.4	8.7
1959	6.0	.7	1.5	.1	1.5	.6	1.6
1960	4.2	.4	1.5	.2	1.5	.3	.3
1961	4.0	–.1	1.6	.2	1.5	.4	.4
1962	5.3	.4	1.6	.4	1.5	1.0	.4
Investment in five international financial institutions [2]							
Total postwar [1]	5.1	----------	----------	----------	----------	----------	5.1
1959	1.4	----------	----------	----------	----------	----------	1.4
1960	.1	----------	----------	----------	----------	----------	.1
1961	.1	----------	----------	----------	----------	----------	.1
1962	.2	----------	----------	----------	----------	----------	.2
Under assistance programs, net							
Total postwar [1]	84.8	39.8	14.2	1.1	21.6	4.4	3.6
1959	4.7	.7	1.5	.1	1.5	.6	.2
1960	4.1	.4	1.5	.2	1.5	.3	.2
1961	3.9	–.1	1.6	.2	1.5	.4	.3
1962	5.1	.4	1.6	.4	1.5	1.0	.2
Net grants of military supplies and services							
Total postwar [1]	30.4	15.0	4.8	.1	9.4	.7	.3
1959	2.2	.7	.5	(3)	.8	.1	(3)
1960	2.0	.8	.4	(3)	.7	.1	(3)
1961	1.7	.6	.3	(3)	.7	.1	(3)
1962	1.7	.4	.3	(3)	.8	.1	(3)
Other aid, net							
Total postwar [1]	54.4	24.7	9.5	1.1	12.2	3.7	3.3
1959	2.4	(3)	.9	.1	.7	.6	.2
1960	2.1	–.3	1.1	.2	.7	.2	.2
1961	2.2	–.6	1.3	.2	.8	.3	.3
1962	3.4	(3)	1.3	.3	.7	.9	.2
Net grants (less conversions)							
Total postwar [1]	37.8	17.2	5.5	.7	10.9	1.0	2.5
1959	1.6	.1	.5	.1	.7	.1	.1
1960	1.6	.2	.4	.1	.7	.1	.1
1961	1.8	.1	.6	.2	.7	.1	.2
1962	1.9	.1	.7	.3	.6	.1	.2
Net credits (including conversions)							
Total postwar [1]	13.5	7.0	2.4	.3	1.0	2.4	.4
1959	.7	–.1	.2	(3)	.1	.5	(3)
1960	.1	–.4	.3	(3)	(3)	.1	(3)
1961	(3)	–.7	.4	(3)	.1	.2	(3)
1962	1.4	–.1	.6	.1	.1	.6	(3)
Other assistance (through net accumulation of foreign currency claims) [4]							
Total postwar [1]	3.1	.5	1.5	(3)	.3	.3	.4
1959	.2	(3)	.2	(3)	(3)	(3)	.1
1960	.4	–.1	.3	(3)	(3)	.1	.1
1961	.4	(3)	.3	(3)	(3)	(3)	.1
1962	.2	(3)	(3)	(3)	(3)	.1	.1

[1] Fiscal years 1946–62.
[2] Inter-American Development Bank, International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, and International Monetary Fund.
[3] Less than $50 million.
[4] Other assistance (net) represents the transfer of United States farm products in exchange for foreign currencies, less the U.S. Government's disbursements of the currencies as grants, credits, or for purchases. Also includes the foreign currency claims acquired by the Government as principal and interest collections; since enactment of Public Law 87–128, they are available for the same purpose as farm sales proceeds.

Source: Department of Commerce.

TABLE C–80.—*United States merchandise exports and imports, by economic category, 1949 and 1957–62*

[Millions of dollars]

Category	1949	1957	1958	1959	1960	1961	January–September	
							1961	1962
Domestic exports: Total [1]	11,789	19,316	16,202	16,211	19,401	19,818	14,528	15,443
Agricultural	3,578	4,506	3,854	3,955	4,831	5,029	3,568	3,730
Nonagricultural	8,211	14,810	12,348	12,256	14,570	14,789	10,960	11,713
Food and beverages	2,302	2,738	2,549	2,796	3,103	3,352	2,338	2,747
Agricultural foodstuffs	2,254	2,696	2,511	2,751	3,060	3,313	2,310	2,721
Nonagricultural foodstuffs	48	42	38	45	43	39	28	26
Industrial supplies and materials	4,870	8,583	6,404	6,110	7,802	7,591	5,652	5,267
Cotton, tobacco, and other agricultural	1,273	1,720	1,262	1,088	1,654	1,593	1,174	887
Nonagricultural industrial materials	3,597	6,863	5,142	5,022	6,148	5,998	4,478	4,380
Materials used in farming	167	303	263	300	331	346	251	331
Capital equipment	3,378	5,931	5,328	5,363	6,392	6,724	4,982	5,656
Machinery and related items	2,296	4,028	3,667	3,706	4,141	4,516	3,357	3,692
Commercial transportation equipment	918	1,626	1,423	1,369	1,792	1,516	1,151	1,173
Special category equipment [2]	164	277	238	288	459	692	474	791
Consumer goods, nonfood	913	1,333	1,271	1,274	1,327	1,346	980	1,025
Government military sales and unclassified	159	428	387	368	446	459	325	417
General imports: Total [3]	6,638	13,255	[4] 13,255	15,627	15,017	14,725	10,725	12,158
Industrial supplies and materials [3]	3,743	7,473	7,007	8,441	7,956	7,680	5,608	6,373
Petroleum and products	485	1,534	1,610	1,536	1,548	1,682	1,249	1,355
Newsprint and paper base stocks	670	1,032	988	1,089	1,098	1,093	805	843
Materials associated with nondurable goods output	991	1,301	1,161	1,556	1,489	1,452	1,068	1,216
Selected building materials (excluding metals)	143	407	435	603	541	538	400	469
All other industrial supplies and materials [3] (associated mainly with durable goods output)	1,454	3,199	2,813	3,657	3,280	2,915	2,086	2,490
Food and beverages	2,004	3,175	3,354	3,364	3,209	3,258	2,403	2,545
Materials used in farming	286	380	366	366	353	394	294	323
Consumer goods, nonfood	410	1,524	1,710	2,424	2,459	2,200	1,553	1,958
Capital equipment (including agricultural machinery)	107	412	481	618	602	720	526	592
All other and unclassified	88	291	370	414	438	473	341	367

[1] Excludes military aid shipments of supplies and equipment under the Military Assistance Program, 1957–62; in 1949, excludes military shipments under the Greek-Turkey and the China military aid programs. Also excludes uranium exports prior to 1961 (about $10 million a year).
[2] Excludes Government military cash sales.
[3] Adjusted to include imports of uranium ores and concentrates.
[4] Total adjusted to exclude $33 million of the value reported by economic category.

Source: Department of Commerce.

TABLE C-81.—*United States merchandise exports and imports, by area, 1949 and 1957–62* [1]

[Millions of dollars]

Area	1949	1957	1958	1959	1960	1961	January-October	
							1961	1962
Exports (including reexports):								
Total [2]	11,560	19,001	15,925	15,926	18,892	19,105	15,775	16,050
Canada	1,928	3,939	3,439	3,748	3,709	3,643	3,037	3,210
Other Western Hemisphere	2,820	4,848	4,334	3,777	3,770	3,686	3,041	2,934
Western Europe	3,980	5,755	4,514	4,535	6,318	6,292	5,172	5,244
Soviet bloc [3]	62	86	113	89	194	133	121	113
Other Europe	3	5	5	7	13	15	13	14
Asia	1,997	3,391	2,658	2,756	3,646	4,107	3,385	3,342
Australia and Oceania	175	282	245	323	475	401	338	391
Africa	594	695	618	691	766	827	667	802
General imports: Total	6,638	13,255	[4] 13,255	15,627	15,017	14,725	12,088	13,597
Canada	1,558	3,042	2,965	3,352	3,153	3,272	2,682	3,026
Other Western Hemisphere	2,444	4,141	4,049	4,029	3,964	3,728	3,083	3,281
Western Europe	909	3,077	3,297	4,523	4,185	4,067	3,288	3,745
Soviet bloc [3]	67	61	63	81	81	81	68	68
Other Europe	4	8	5	4	2	2	2	2
Asia	1,184	1,985	1,997	2,603	2,721	2,583	2,111	2,467
Australia and Oceania	125	216	209	338	266	320	270	353
Africa	338	692	668	679	627	669	583	632
Unidentified countries [5]	8	32	34	20	19	4	1	22

[1] Data for all periods have been adjusted to include imports of uranium ore and exports of uranium and other nuclear materials. Imports from Canada and the Republic of South Africa have been adjusted for all periods for such imports. Data on imports of uranium ore from other countries are not available prior to 1961.

[2] Excludes special category items.

[3] U.S.S.R., Poland, Bulgaria, Rumania, Czechoslovakia, East Germany, Hungary, Albania, Estonia, Latvia, Lithuania.

[4] Total adjusted to exclude $33 million of the value reported by area.

[5] Consists of certain low-valued shipments and uranium and thorium imports, not identifiable by country.

Source: Department of Commerce.

TABLE C–82.—*Gold reserves and dollar holdings of foreign countries and international organizations, 1949, 1953, and 1957–62*

[Millions of dollars; end of period]

Area and country	1949	1953	1957	1958	1959	1960	1961	1962
								September[1]
Total	18,668	26,935	32,555	36,543	42,231	46,320	49,459	[2] 51,924
Continental Western Europe	6,098	9,920	14,673	17,244	19,248	21,059	23,793	24,645
Austria	92	249	460	612	630	539	561	744
Belgium	818	915	1,053	1,391	1,279	1,314	1,582	1,511
France	733	1,204	944	1,294	1,980	2,165	3,114	3,646
Germany	149	1,224	4,113	4,407	4,640	6,450	6,508	6,470
Italy	570	821	1,533	2,209	3,119	3,080	3,459	3,533
Netherlands	370	981	957	1,399	1,634	1,783	1,800	1,859
Scandinavian countries (Sweden, Norway, Denmark, and Finland)	394	710	980	1,121	1,113	942	1,193	1,219
Spain	132	169	128	96	157	328	470	589
Switzerland	2,067	2,174	2,813	2,853	2,991	2,957	3,518	3,371
Other	773	1,473	1,692	1,862	1,705	1,501	1,588	1,703
United Kingdom	2,027	3,241	3,080	3,917	3,813	4,887	4,961	4,820
Canada	1,516	2,509	3,180	3,438	3,610	3,770	4,163	4,409
Latin America	3,072	3,679	4,544	4,123	4,014	3,648	3,779	3,643
Argentina	412	504	263	210	393	420	426	302
Brazil	510	425	457	464	479	483	514	500
Chile	101	122	116	140	228	180	153	147
Colombia	138	236	215	241	288	237	236	229
Cuba	463	570	525	452	296	79	44	37
Mexico	270	345	569	565	587	541	611	564
Peru	82	104	88	96	111	114	132	154
Uruguay	236	338	236	262	242	232	238	273
Venezuela	517	597	1,556	1,215	932	800	820	781
Other	343	438	519	478	458	562	605	656
Asia	2,008	2,865	2,937	3,251	4,008	4,446	4,303	4,816
Japan	356	953	716	1,095	1,566	2,169	1,897	[2] 2,347
Other	1,652	1,912	2,221	2,156	2,442	2,277	2,406	2,469
All other countries	679	1,105	1,222	1,199	1,313	1,273	1,453	1,738
International	3,268	3,616	2,919	3,371	6,225	7,237	7,007	7,853

[1] Preliminary.

[2] Total dollar holdings include $109 million reported by banks initially included as of June 30, of which $105 million reported for Japan.

NOTE.—Includes gold reserves and dollar holdings of all foreign countries (with the exception of gold reserves of U.S.S.R., other Eastern European countries, and Communist China), and of international organizations (International Bank for Reconstruction and Development, International Monetary Fund, United Nations and others). Holdings of the Bank for International Settlements and the European Payments Union/European Fund and the Tripartite Commission for the Restitution of Monetary Gold are included under "other" Continental Western Europe.

Source: Board of Governors of the Federal Reserve System.

TABLE C–83.—*Price changes in international trade, 1954–62*

[1958=100]

Area or commodity class	1954	1955	1956	1957	1958	1959	1960	1961	1962 Third quarter
Area:									
Developed areas:									
Exports	97	97	100	103	100	99	100	101	101
Terms of trade [1]	96	96	97	96	100	102	103	104	105
United States:									
Exports	93	94	97	101	100	101	101	104	104
Terms of trade [1]	91	92	94	96	100	102	101	105	108
Undeveloped areas:									
Exports	105	105	104	104	100	97	98	95	93
Terms of trade [1]	109	108	104	100	100	99	99	97	96
Latin America:									
Exports	119	111	111	107	100	95	95	94	[2] 92
Terms of trade [1]	125	115	111	105	100	95	96	96	[2] 95
Latin America excluding petroleum:									
Exports	126	116	115	111	100	94	95	93	[2] 90
Terms of trade [1]	132	120	116	109	100	94	96	95	[2] 93
Commodity class: [3]									
Manufactured goods	93	94	97	100	100	99	101	103	103
Nonferrous base metals	111	133	138	111	100	111	114	110	108
Primary commodities: Total	109	104	105	106	100	97	97	95	93
Foodstuffs	114	102	101	103	100	93	91	90	90
Coffee, tea, cocoa	145	109	106	103	100	83	77	72	70
Cereals	112	105	102	100	100	97	96	98	103
Other agricultural commodities	113	115	114	113	100	105	107	103	97
Fats, oils, oilseeds	111	101	109	105	100	100	94	97	87
Textiles	133	125	123	126	100	98	104	105	99
Wool	137	125	129	144	100	106	108	107	104
Minerals	94	95	99	103	100	94	93	92	92
Metal ores	94	98	105	107	100	97	98	100	98

[1] Terms of trade indexes are unit value indexes of exports divided by unit value indexes of imports.
[2] Data are for second quarter.
[3] Manufactured goods indexes are for exports. Primary commodities indexes are for exports and imports combined.

NOTE.—Data shown for area groups and for manufactured goods are unit value indexes. All others are price indexes.
Data exclude trade of Soviet area and Communist China.

Source: United Nations.

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington 25, D.C. - Price $1.25