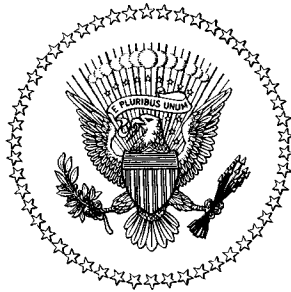


# Report of the President

Transmitted to the Congress  
January 1980



# Economic Report of the President



Transmitted to the Congress

January 1980

TOGETHER WITH  
THE ANNUAL REPORT  
OF THE  
COUNCIL OF ECONOMIC ADVISERS

UNITED STATES GOVERNMENT PRINTING OFFICE

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**ECONOMIC REPORT  
OF THE PRESIDENT**





## ECONOMIC REPORT OF THE PRESIDENT

*To the Congress of the United States:*

Last year world oil prices more than doubled. This increase will add some \$200 billion to the bill for imported oil paid by consuming nations. Higher oil prices were the major reason for the worldwide speedup in inflation during 1979 and the dimming of growth prospects for 1980.

The United States was severely affected, as were other oil-importing countries. Our share of the additional oil bill will come to almost \$45 billion this year. Partly, but not solely, because of higher oil prices, inflation accelerated sharply. The consumer price index rose by over 13 percent. The Nation's output of goods and services, which had been predicted in last year's *Economic Report* to grow by 2¼ percent over the 4 quarters of 1979, rose by less than 1 percent.

Although growth slowed, our economy offered strong resistance to the forces of recession. Despite virtually universal forecasts of imminent recession, output continued to rise throughout the second half of last year. Housing sales and construction held up better than expected until late in the year. By reducing their savings, consumers maintained spending in the face of the multibillion dollar drain of purchasing power from higher oil prices. Because business inventories have been kept remarkably lean, declines in sales did not lead to major inventory corrections. More generally, the economic recovery of recent years has been free of the distortions which, in the past, made the economy sensitive to recessionary forces.

Employment growth held up even better than output, and unemployment remained under 6 percent all year. Unfortunately, the strength of employment gains reflected a sharp decline in productivity—2 percent over the year. This fall in productivity added to costs, and thus bore a share of the responsibility for higher inflation.

While inflation worsened in 1979, a large part of the acceleration was concentrated in a few areas—energy; homeownership and finance; and, early in the year, farm and food products. Elsewhere consumer price inflation was more moderate, as prices rose by 7.5 percent over the year. Wage gains were no higher than in 1978, despite the speedup of inflation. The government's voluntary wage and price standards were widely observed and limited sharply the extent to

which inflation spread from oil and a few other troubled sectors to the rest of the economy.

### *The Importance of Reducing Inflation*

It is my strong conviction that inflation remains the Nation's number one economic problem. Energy and housing prices are still moving up rapidly, adding directly to inflation and continuing to threaten a new price-wage spiral in the rest of the economy. Even apart from these special problem sectors, inflation is now running at an 8 to 9 percent rate, compared to 6 or 6½ percent several years ago, in part because of a disappointing productivity performance.

Our immediate objective for 1980 must be to prevent the spread of double-digit price increases from oil and other problem sectors to the rest of the economy. My budget and economic policies have that as their primary goal. We share that same urgent goal with virtually every other oil-importing country. Halting the spread of inflation is not enough, however. We must take steps to reduce it.

Each new round of inflation since the 1960s has left our country with a higher underlying inflation rate. Without long-term policies to pull down the current 8 to 9 percent rate, our Nation will remain vulnerable to still further increases. Another sharp rise in oil prices or a worldwide crop shortage could provide the next turn of the ratchet. Failure to lower inflation after the latest episode would strengthen long-run inflationary expectations and erode resistance to even larger wage and price increases. Over the longer term, we will either bring inflation down or it will assuredly get worse.

### *A Strategy for Dealing with Inflation*

To fight inflation I propose that we act along four lines. The *first* and most immediate of these is fiscal and monetary restraint:

- Under the economic conditions that now confront us we must concentrate on reducing the budget deficit by holding down Federal spending and forgoing tax reductions. We cannot afford a permissive economic environment in which the oil-led inflation of 1979 gives rise to a widespread acceleration of wage and price increases in 1980 and 1981.
- To reduce inflation in subsequent years, the budget will have to stay tight. That does not mean that it should fail to respond to changing economic circumstances or that taxes can never be reduced. But compared to an earlier less inflationary era the room for budgetary maneuver has appreciably narrowed.
- Monetary policy will have to continue firmly in support of the same anti-inflationary goals.

The *second* line of action is restraint by the private sector in its wage and price decisions. Aided by the deliberations of the Pay and Price Advisory Committees appointed last year, we have been updating and improving the voluntary wage and price standards.

As a *third* line of action we must pursue measures to encourage productivity growth, adapt our economy rapidly to the fact of scarcer oil supplies, and improve our competitive standing in the world economy. By dealing with these fundamental aspects of economic performance, we seek to ensure that the long-term monetary and fiscal restraints needed to curb inflation go hand-in-hand with a healthy growth in output, employment and living standards. These measures will also help us reduce inflationary pressures from the cost side.

Recent history has driven home the lesson that events outside our country—such as worldwide crop shortages or sudden increases in OPEC oil prices—can have major inflationary effects on the domestic economy. The *fourth* line of action, therefore, must be the use of measures relating to energy and food that reduce our vulnerability to outside inflationary shocks.

#### *The Short-Term Economic Outlook*

We face a difficult economic transition in the next year or two. According to my economic advisers, our economy is likely to undergo a mild recession early this year. Most private forecasters share this view. Consumer purchasing power is being drained away by rising energy prices; moreover, construction of new homes may decline somewhat further because of limited supplies of mortgage credit and high mortgage interest rates.

Since economic growth in recent years has been well balanced, there are no serious distortions in our economy to intensify the forces of recession. An economic downturn, if it occurs, should therefore be brief and mild. By year-end our economy should be growing again, and the pace of expansion is likely to increase in 1981.

Unemployment will probably rise moderately this year. Next year a stronger pace of economic expansion will create more new jobs, and unemployment will begin to come down again.

Inflation has been building in our country for a decade and a half, and it will take many years of persistent effort to bring it back down. This year energy prices will still go up faster than other prices, but less so than in 1979. Some of the other special factors that contributed to inflation last year should do so to a smaller degree, or not at all, in 1980. Enactment of the budget that I have recommended, and continued exercise of reasonable restraint by business and labor in their wage and price decisions should make it possible to lower the

rate of inflation from 13 percent in 1979 to close to 10 percent in 1980, and to a range of 8 to 9 percent in 1981. But that accomplishment will still leave inflation running at an entirely unacceptable pace. We cannot, and will not, rest until reasonable price stability has been achieved.

### *Budget Policies*

My budget proposals will reduce the Federal deficit by more than half to \$16 billion in fiscal 1981. Accomplishing this reduction, despite the effect of slower economic growth on Federal tax revenues, has required severe restraint on Federal spending. Outlays will increase from \$564 billion this year to \$616 billion in fiscal 1981. Although real defense spending will rise, total Federal outlays, adjusted for inflation, will remain virtually constant. I propose to reduce inflation-adjusted spending outside of defense.

My 1981 budget is based squarely on the premise that bringing an end to inflation must remain the top priority of economic policy. Not only are budget expenditures held to the minimum level consistent with urgent national needs, but tax reductions are forgone. This austere budget policy, accompanied by supportive policies of monetary restraint, is a necessary condition for controlling inflation.

Citizens all across our country are facing rising tax burdens because of increased social security taxes and because inflation pushes individuals into higher income tax brackets. They want, and deserve, tax reductions when cuts can be granted within the framework of a prudent budgetary policy. Businesses need greater incentives to invest in the new and modern plant and equipment that is essential to growth in our productive capacity and to long-run improvement in economic efficiency. If we continue to keep the growth of Federal expenditures under tight rein, tax reductions will be forthcoming. But I could not and did not recommend tax relief this year.

I am aware that a mild recession is widely forecast. Indeed the estimates of revenues and expenditures in my budget assume its occurrence. But forecasts are necessarily uncertain. Our economy has shown remarkable resilience to date, and there is no evidence that a recession has begun. Under those circumstances, to have recommended a tax reduction and a much larger budget deficit would have been a signal that we were not serious in our fight against inflation. It would have increased inflationary expectations, weakened the value of the dollar in exchange markets, and risked the translation of last year's oil-led inflation into a new and higher wage-price spiral in 1980. In recognition of these realities, my budget proposals concentrate on reducing the deficit.

In this uncertain period, of course, economic policy cannot be fixed in place and then forgotten. If economic conditions and prospects should significantly worsen, I will be prepared to recommend to the Congress additional fiscal measures to support output and employment in ways and under circumstances that are consistent with a continued fight against inflation.

Restraint in the 1981 budget has been accomplished while still moving forward with Federal programs and expenditures that address our Nation's critical needs.

- Outlays for defense will increase by over 3 percent in real terms. Both strategic and conventional forces will be strengthened. Our commitment to our NATO allies will be met, and our ability to deploy forces rapidly anywhere in the world will be improved. Recent events in Southwest Asia have underlined the necessity for these actions.
- Expenditures will be raised to expand domestic energy supplies, increase energy conservation, and provide assistance to low-income families least able to pay higher energy prices.
- Support for basic research, enlarged in the past three fiscal years, will be further expanded to a total of \$5.1 billion in 1981. Sustained commitment to basic research will assure continued American scientific and technical preeminence.
- A major new initiative, for which \$1.2 billion in new budget authority is requested, addresses the serious problem of unemployment among disadvantaged youth.

These programs were made possible within the framework of a tight budget by pruning less essential programs, increasing administrative efficiencies, and reducing fraud and abuse. Legislative proposals to reduce Federal spending will save \$5½ billion in fiscal 1981 and even more in subsequent years.

#### *Pay and Price Standards*

A little more than a year ago, I asked business and labor to join with me in the fight against inflation by complying with voluntary standards for pay and prices. Cooperation with my request was extensive. Last year's acceleration of inflation did not represent a breakdown of the pay and price standards. Skyrocketing energy prices, and rising costs of home purchase and finance lay behind the substantial worsening of inflation. Declining productivity also added to business costs and prices.

The pay and price standards, in fact, have served the Nation well. Although the price standards had only limited applicability to food, energy, and housing prices, in the remaining sectors of the economy,

for which the standards were designed, prices accelerated little during the first year of the program. Wage increases were no larger than in 1978, even though the cost of living rose faster. Increases in energy prices did *not* spill over into wages and the broad range of industrial and service prices.

On September 28, 1979, my Administration and leaders of the labor movement reached a National Accord. We agreed that our anti-inflation policies must be both effective and equitable, and that in fighting inflation we will not abandon our effort to pursue the goals of full employment and balanced growth.

As an outgrowth of that Accord, I appointed a Pay Advisory Committee to work together with my Administration to review and make recommendations on the pay standards and how they are being carried out. A Price Advisory Committee was established to make recommendations with respect to the price standards.

The most immediate problem in 1980 is to ensure that last year's sharp increase in energy prices does not result in a new spiral of price and wage increases that would worsen the underlying inflation rate for many years to come. Understandably, workers, business managers, and other groups want to make up for last year's loss of real income, and they may seek to do so by asking for larger increases in wage rates, salaries and other forms of income. Such efforts would not restore real incomes that have been reduced by rising world oil prices and declining productivity, but they would intensify inflation. Improvements in our living standards can only be achieved by making our economy more efficient and less dependent on imported oil.

Voluntary standards for wages and prices, together with disciplined fiscal and monetary policies, are the key ingredients in a strategy for reducing inflation. During the years immediately ahead, monetary and fiscal policies will seek a gradual but steady lowering of inflation. By itself, restraint on borrowing and spending would mean relatively slow economic growth and somewhat higher unemployment and idle capacity. Effective standards for moderating wage and price increases will lead to greater progress in lowering inflation and thereby reduce the burden on monetary and fiscal policies and provide scope for faster economic growth and increased jobs.

#### *Long-Term Economic Goals*

Just before my Administration took office the overall unemployment rate was still close to 8 percent. For blacks and other minorities, the rate was over 13 percent and had shown little improvement since the recovery began in early 1975.

Since then increases in employment have been extraordinarily large, averaging nearly 3½ percent per year. The gains for women were twice as large as for men. For blacks and other minority groups the percentage rise in employment was half again as large as for whites. Aided by a strongly expanded Federal jobs program for youth, employment among black and other minority teenagers grew by over 15 percent. Employment among Hispanic Americans rose by over 20 percent.

Unemployment rates have come down substantially for most demographic groups. Unemployment among black teenagers, however, has not fallen significantly and remains distressingly high.

To address the very serious problem of unemployment among disadvantaged youth, my Administration has substantially expanded funds for youth employment and training programs over the past 3 years. My 1981 budget includes an important new initiative to increase the skills, earning power, and employability of disadvantaged young people.

In 1978 the Humphrey-Hawkins Full Employment and Balanced Growth Act was passed with the active support of my Administration. The general objectives of the act—and those of my Administration—are to achieve full employment and reasonable price stability.

When I signed that act a little over a year ago, it was my hope that we could achieve by 1983 the interim goals it set forth: to reduce the overall unemployment rate to 4 percent and to achieve a 3 percent inflation rate.

Since the end of 1978, however, huge OPEC oil price increases have made the outlook for economic growth much worse, and at the same time have sharply increased inflation. The economic policies I have recommended for the next 2 years will help the economy adjust to the impact of higher OPEC oil prices. But no policies can change the realities which those higher prices impose.

I have therefore been forced to conclude that reaching the goals of a 4 percent unemployment rate and 3 percent inflation by 1983 is no longer practicable. Reduction of the unemployment rate to 4 percent by 1983, starting from the level now expected in 1981, would require an extraordinarily high economic growth rate. Efforts to stimulate the economy to achieve so high a growth rate would be counterproductive. The immediate result would be extremely strong upward pressure on wage rates, costs, and prices. This would undercut the basis for sustained economic expansion and postpone still further the date at which we could reasonably expect a return to a 4 percent unemployment rate.

Reducing inflation from the 10 percent expected in 1980 to 3 percent by 1983 would be an equally unrealistic expectation. Recent ex-

perience indicates that the momentum of inflation built up over the past 15 years is extremely strong. A practical goal for reducing inflation must take this fact into account.

Because of these economic realities, I have used the authority provided to me in the Humphrey-Hawkins Act to extend the timetable for achieving a 4 percent unemployment rate and 3 percent inflation. The target year for achieving 4 percent unemployment is now 1985, a 2-year deferment. The target year for lowering inflation to 3 percent has been postponed until 3 years after that.

## MEASURES TO IMPROVE ECONOMIC PERFORMANCE

Achieving satisfactory economic growth, reducing unemployment, and at the same time making steady progress in curbing inflation constitutes an enormous challenge to economic policy.

To lower inflation, we will have to persist in the painful steps needed to restrain demand. But demand restraint alone is not enough. We must work to improve the supply side of our economy—speed its adjustment to an era of scarcer energy, increase its efficiency, improve the workings of its labor markets, and expand its capital stock. We must take measures to reduce our vulnerability to inflationary events that occur outside our own economy. Only an approach that deals with both demand and supply can enable the Nation to combine healthy economic growth with price stability.

### *Long-Run Energy Policies*

Over the past 3 years I have devoted a large part of my own efforts and those of my Administration toward putting in place a long-term energy policy for this Nation. With the cooperation of the Congress much has already been accomplished or stands on the threshold of final enactment.

The phased decontrol of natural gas and domestic crude oil prices will provide strong, unambiguous signals encouraging energy conservation and stimulating the development of domestic energy supplies. But decontrol of oil, in the face of very high OPEC prices, inevitably generates substantial windfall profits. The windfall profits tax I have proposed will capture a significant portion of these windfalls for public use.

The increased Federal revenues from this tax will make it possible to cushion the poor from the effects of higher oil prices, to increase our investment in mass transit, and to support programs of accelerated replacement of oil-fired electricity generation facilities and increased residential and commercial energy conservation. I have also proposed incentives for the development of energy from solar and biomass sources, and have asked the Congress for authority to create



an Energy Security Corporation to provide incentives and assistance on a business-like basis for the accelerated development of synthetic fuels. Other legislation that I have proposed, which is also now before a Conference Committee of the Congress, would create an Energy Mobilization Board to cut the red tape and speed the development of essential energy projects. I urge the Congress to take the final steps to enact the enabling legislation for my energy initiatives.

These policies will sharply increase the efficiency with which our Nation uses energy and widen the range of economically feasible energy sources. In so doing, they will help make our economy less inflation-prone. They will also drastically cut our reliance on imported oil, and by making our Nation less vulnerable to sudden increases in world oil prices, reduce the probability of sudden inflationary surges.

By the end of this decade, we will be well on the way to completing the transition toward the new world of scarcer oil supplies. In the interim, however, our country still remains dangerously exposed to the vagaries of the world oil market.

I am pursuing measures to deal with this transitional problem. Together with other major oil-consuming countries in the International Energy Agency we are working to devise improved means of matching any future cuts in oil supplies with joint action to reduce oil demand. By avoiding a competitive scramble for scarce oil, we can reduce the chances of further large price increases.

Last year I pledged that our country would never again import more oil than we did in 1977—8.5 million barrels a day. This year I am establishing a lower import target of 8.2 million barrels a day. I am prepared to reduce that target in the event that discussions within the International Energy Agency produce a fair and equitable agreement that requires still lower imports. I will impose a fee on purchases of foreign oil if they threaten to exceed the limit that I set.

While international cooperation is essential, so are measures we can take on our own. In accordance with legislation enacted last year the Administration has developed a standby motor fuel rationing plan to deal with major supply interruptions, defined to be a shortfall in supply of 20 percent or more. This plan will be submitted to the Congress in February. But even smaller supply interruptions can cause severe economic problems. We are therefore considering proposals for standby measures to be applied if lesser, but still significant, disruptions occur. The Strategic Petroleum Reserve (SPR) can cushion the impact of an abrupt cutoff in supplies. My budget provides funds for resuming SPR purchases this year if conditions permit.

### *Improving Labor Markets*

The persistence of high unemployment among some groups of workers while jobs go begging and unemployment is low elsewhere is not only a major social problem but a waste of national resources. The lack of skills, the imperfections of the labor market, and in some cases, the discrimination that gives rise to this situation, reduce national productivity and contribute to inflation.

Although our labor market currently works quite well for most people, it does not work well for disadvantaged and minority youth. In recognition of this fact, I have recently sent to the Congress proposals designed to deal with teenage unemployment.

The goals of my proposals are:

- to teach basic skills in the secondary schools to those youths who did not master them in elementary school and who need special help;
- to provide part-time employment and training to dropouts if they participate in long-term training to develop skills that will improve their prospects; and
- to provide intensive long-term training aimed at helping older youths out of school find jobs in the private sector.

The funds will go largely to poor rural areas and central cities, where youth unemployment is particularly high because of inadequate education, and where local resources are insufficient to rectify the problem.

Another segment of the labor force needing special assistance is the working poor. The welfare reforms which I have sent to the Congress will provide training, help in seeking jobs, and work opportunities for poor but employable persons.

### *Reforming Regulation*

Regulation has joined taxation, defense, and the provision of social services as one of the principal activities of the government. Unneeded regulations, or necessary regulations that impose undue burdens, lower efficiency and raise costs.

For the past 3 years I have vigorously promoted a basic approach to regulatory reform: unnecessary regulation, however rooted in tradition, should be dismantled and the role of competition expanded; necessary regulation should promote its social objectives at minimum cost.

Working with the Congress we have deregulated the airline industry. We are now cooperating with congressional committees to complete work on fair and effective legislation that eliminates costly ele-

ments of regulation in the trucking, railroad, communications, and financial industries.

Within the executive branch, we are improving the quality and lowering the cost of regulations. The Regulatory Council, which I established a year ago, is helping us comprehend the full scope of Federal regulatory activities and how these activities, taken together, affect individual industries and sectors. A number of regulatory agencies are experimenting with new regulatory techniques that promise to achieve regulatory goals at substantially lower costs.

#### *Increasing Investment and Encouraging Research and Development*

We do not know all of the causes of the slowdown in productivity growth that has characterized our economy in recent years. But we do know that investment and research and development will have to play an important role in reversing the trend.

To meet the Nation's sharply increased requirement for investment in energy production and conservation, to fulfill its commitment to cleaner air and water and improved health and safety in the workplace, and at the same time to provide more and better tools for a growing American work force, our Nation in the coming decade will have to increase the share of its resources devoted to capital investment.

We took one step in this direction in the Revenue Act of 1978, which provided a larger than normal share of tax reduction for investment incentives. Passage of my pending energy legislation will make available major new incentives and financial assistance for investment in the production and conservation of energy. When economic conditions become appropriate for further tax reduction, I believe we must direct an important part of any tax cut to the provision of further incentives for capital investment generally.

One of the most important factors in assuring strong productivity growth is a continuing flow of new ideas from industry. This flow depends in the first instance on a strong base of scientific knowledge. The most important source of such knowledge is basic research, the bulk of which is federally funded.

Between 1968 and 1975 Federal spending for basic research, measured in constant dollars, actually fell. But since that latter year, and especially during the years of my Administration, Federal support for basic research has increased sharply. In spite of the generally tight economic situation, the 1981 budget I am submitting to the Congress calls for yet another substantial increase in real Federal support for basic research. Even during a period of economic difficulties, we cannot afford to cut back on the basis for our future prosperity.

### *Agriculture*

Because the worldwide demand for food has grown substantially, overproduction is no longer the primary problem in agriculture. Government policies now seek to encourage full production, while cushioning the American economy and the American farmer from the sharp swings in prices and incomes to which the farm sector is often subject. Over the past several years my Administration has created a system of farmer-owned grain reserves to supplement the loan and target-price approach to farm income stabilization. In periods of low prices and plentiful supplies, incentives are provided to place grain in the reserves, thereby helping to support farm income. The incentives also work to hold the grain in reserve until prices rise significantly, at which time the grain begins to move out into the market, helping to avoid or to moderate the inflationary consequences of a poor crop.

Over this last year, the reserve has been tested twice. When fears of poor world harvests threatened to drive grain prices to extraordinarily high levels last spring and summer, farmers sold grain from the reserve, limiting the price rise. Since I suspended grain shipments to the Soviet Union this month in response to that country's brutal invasion of Afghanistan, increased incentives to place grain in reserve have been serving as one of our main defenses to protect farmers from precipitous declines in prices.

### *The International Economy*

Other countries besides our own suffered important setbacks in 1979 from the dramatic increase in oil prices. Growth prospects worsened, inflation increased, and balance of payments deficits rose. In such difficult times economic cooperation between nations is especially important. Joint action among oil-consuming countries is needed to reduce the pressure of demand on supply and to restore order in world petroleum markets. Cooperation is necessary to protect international financial markets against potential disruptions arising from the need to finance massively increased payments for oil. And cooperation is also necessary to prevent a destructive round of protectionism.

Because the dollar is the major international store of value and medium of exchange, the stability of international financial markets is closely linked to the dollar's strength. The actions taken in November 1978 by the United States and our allies to strengthen and stabilize the dollar worked well during the past year. That the dollar did well despite accelerating domestic inflation is due in part to a significant improvement in our current account balance during 1979. U.S. exports grew rapidly and thus helped to offset rising payments for oil. During the autumn of 1979, however, the dollar came under

downward pressure. The October actions of the Federal Reserve Board to change the techniques of monetary policy helped moderate inflationary expectations which had been partly responsible for the pressure on the dollar. As a Nation we must recognize the importance of a stable dollar, not just to the United States but to the world economy as a whole, and accept our responsibility to pursue policies that contribute to this stability.

The Multilateral Trade Negotiations of the Tokyo Round were successfully completed and became law in the United States during 1979. These trade agreements are a major achievement for the international economy. By lowering tariff barriers both in the United States and abroad, they will help increase our exports and provide Americans with access to foreign goods at lower prices. Perhaps more important, these agreements will limit restrictive and unfair trade practices and provide clearer remedies where there is abuse. They cannot, by themselves, assure smooth resolution of all trade issues. Indeed, the real test will come as we begin to carry them out. Nevertheless the agreements reached last year do represent a clear commitment to the preservation and enhancement of an open system of world trade.

#### *Conclusion*

The 1970s were a decade of economic turmoil. World oil prices rose more than tenfold, helping to set off two major bouts of inflation and the worst recession in 40 years. The international monetary system had to make a difficult transition from fixed to floating exchange rates. In agriculture a chronic situation of oversupply changed to one which alternates between periods of short and ample supplies.

It was an inflationary decade. It brought increased uncertainty into business and consumer plans for the future.

We are now making the adjustment to the realities of the economic world that the 1970s brought into being. It is in many ways a more difficult world than the one that preceded it. Yet the problems it poses are not insuperable.

There are no economic miracles waiting to be performed. But with patience and self-discipline, combined with some ingenuity and care, we can deal successfully with the new world. The 1980s can be a decade of lessened inflation and healthy growth.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned in the lower right quadrant of the page.

*January 30, 1980.*



**THE ANNUAL REPORT  
OF THE  
COUNCIL OF ECONOMIC ADVISERS**





LETTER OF TRANSMITTAL

COUNCIL OF ECONOMIC ADVISERS,  
*Washington, D.C., January 26, 1980.*

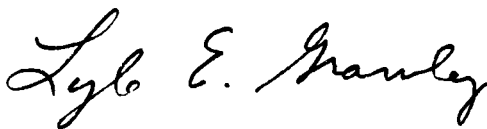
MR. PRESIDENT:

The Council of Economic Advisers herewith submits its 1980 Annual Report in accordance with the provisions of the Employment Act of 1946 as amended by the Full Employment and Balanced Growth Act of 1978.

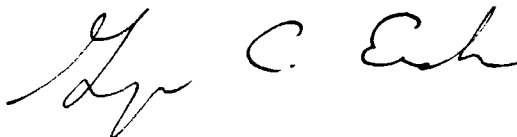
Cordially,



Charles L. Schultze  
CHAIRMAN



Lyle E. Gramley



George C. Eads



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## CHAPTER 1

# The Economy in 1979

THE ECONOMY OF THE UNITED STATES was dealt a heavy blow by rising OPEC oil prices in 1979. Inflation increased sharply; real earnings of American workers declined and economic growth slowed. Employment continued to rise, however, while productivity fell, and the unemployment rate remained relatively stable at between 5.7 and 5.9 percent. Most major demographic groups shared in the rise in employment; the gains for blacks and adult women were particularly notable.

The economy's resilience in the face of the dramatic increase in oil prices and the attendant worsening of inflation was one of the more surprising features of economic developments in 1979. Forecasts of impending recession were becoming frequent by late 1978, long before the magnitude of the 1979 increase in oil prices by the Organization of Petroleum Exporting Countries (OPEC) was perceived. By the middle of 1979 such predictions were common. Growth did slow markedly, but the characteristics of cumulating recession were still not in evidence at the close of the year.

Developments on the inflation front were the most significant disappointment in the 1979 economic performance. At the beginning of the year it was widely expected that inflation would moderate. Those hopes were destroyed, however, by skyrocketing energy prices.

The inflation and energy problems plaguing our economy seriously threaten our ability to achieve the economic goals to which the Carter Administration is firmly committed: maintaining healthy economic growth, providing job opportunities for an expanding labor force, and reducing the unacceptably high unemployment among minorities. It is urgent that we increase our energy independence and reduce the rate of inflation as soon as possible. These are the central objectives of the Carter Administration's economic policies for the period immediately ahead.

### AN OVERVIEW OF THE YEAR

It was evident at the beginning of 1979 that economic growth would slow from the 5 percent average annual rate of the preceding

3 years. Most of the resources idled by the deep recession of 1974-75 had been brought back into productive use, and monetary and fiscal policies had been shifted toward restraint in an effort to slow inflation.

The 0.8 percent growth of real gross national product (GNP) actually recorded over the 4 quarters of last year was well below the 2.2 percent forecast by the Administration at the beginning of 1979. The impact of huge energy price increases on consumers' real incomes was largely responsible.

Personal consumption expenditures for goods declined slightly in real terms, but higher outlays for services kept total personal consumption rising. Residential construction also fell last year, but about in line with expectations at the beginning of the year. The expansion of business fixed investment slowed substantially, to less than 2 percent, in 1979. Businesses continued to pursue cautious inventory policies, as they had earlier in the recovery, and the rate of inventory accumulation in the fourth quarter was well below its level a year earlier.

Net exports of goods and services increased substantially in real terms last year, and by the fourth quarter they reached the highest level since 1975. The volume of exports rose, while the volume of imports leveled off. The slowing of U.S. economic expansion, increased growth abroad, and the decline of the dollar during 1978 all contributed to these developments.

The pace of economic expansion in the United States was uneven during 1979. Real GNP declined in the second quarter, when personal consumption expenditures fell sharply in response to long gas lines, but it rebounded in the summer with the resumption of normal shopping patterns. Growth in the fourth quarter was at a more moderate rate; the rise in final sales slowed and inventory accumulation declined. Output in the industrial sector did not closely follow the quarterly pattern of GNP growth, but over the 4 quarters of 1979 industrial production rose 0.9 percent, about the same as the increase in real GNP.

Both total employment and the civilian labor force grew by about 2 million in 1979. Adult women accounted for about 70 percent of the total increase in employment. The proportion of the working-age population employed rose to 59.3 percent, a slight gain.

Very large advances in energy prices and in the costs of home purchase and finance were dominant factors in the 13 percent rise in the consumer price index (CPI) during 1979. Wholesale prices of finished goods sold by producers rose by 12.5 percent over the 4 quarters of 1979, compared with 8.7 percent in the previous year. Energy prices were primarily responsible for the larger increase last year.



Sharp movements in prices for food, energy, and houses and in mortgage interest costs can have a large influence on the overall rate of inflation recorded in a given year. It is therefore useful to trace the movements of other prices as one means of ascertaining longer-term trends in prices—that is, in the underlying inflation rate.

Consumer prices excluding energy, home purchase and finance, and the farm value of food rose by 8.1 percent last year, less than 1 percentage point above the 1978 pace (Table 1). The rate of increase in producers' prices for finished goods excluding food and energy rose somewhat more, from 7.9 percent in 1978 to 9.0 percent in 1979. By these measures the underlying inflation rate has moved up by about 2 to 3 percentage points since 1976.

TABLE 1.—Changes in consumer prices and in producer prices of finished goods, 1976–79  
[Percent change, fourth quarter to fourth quarter]

Item	1976	1977	1978	1979
Consumer prices, total.....	5.0	6.6	9.0	12.7
Farm value of food.....	-13.3	6.8	20.1	5.8
Energy <sup>1</sup> .....	6.2	8.2	7.5	36.5
Home purchase and finance <sup>2,3</sup> .....	3.8	8.9	13.4	19.8
All other <sup>3</sup> .....	6.4	5.9	7.3	8.1
Producer prices of finished goods, total.....	2.7	6.9	8.7	12.5
Food.....	-4.4	7.4	11.6	7.7
Energy.....	5.0	9.2	6.4	62.0
All other.....	5.6	6.4	7.9	9.0

<sup>1</sup> Includes only prices for direct consumer purchases of energy for the home and for motor vehicles.

<sup>2</sup> In both the table and the text, "home purchase and finance" consists of home purchase and financing, taxes, and insurance on owner-occupied homes.

<sup>3</sup> Estimates.

Sources: Department of Agriculture, Department of Labor (Bureau of Labor Statistics), and Council of Economic Advisers.

Another measure of the underlying inflation rate is found in the rise of unit labor costs adjusted for cyclical variations in productivity growth. Businesses tend to calculate costs on the basis of longer-term trends in productivity and to set their prices accordingly. When nominal wage increases exceed estimated long-term productivity gains, businesses will pass the resulting cost increases through to higher prices if market conditions permit.

The rate of increase in compensation per hour for all employees in the private nonfarm business sector declined in 1977, then rose again. The 1979 increase of 8.8 percent was only slightly more than the 8.5 percent recorded in 1976. Increases in actual productivity have slackened considerably, from 2.2 percent in 1976 to minus 2.2 percent in 1979, but this is partly attributable to cyclical developments. In 1976 the economy was emerging from a deep recession and was growing strongly. In 1979 the recovery was in its fifth year and economic growth slowed.

It is not clear what rate of productivity growth is now being incorporated in business estimates of longer-term trends in costs. Studies by the Council of Economic Advisers suggest that the current trend rate of increase in productivity is only about 1 to 1½ percent; productivity growth in 1979, even allowing for a cyclical slowdown, was much less than this. With compensation per hour in the private non-farm business sector rising at about 9 percent, the long-term rate of increase in unit labor costs—and thus in this measure of the underlying rate of inflation—appears to be around 7½ to 8 percent, compared to about 6 percent in 1976. If heavier weight is given to the especially poor productivity experience of 1979, the underlying rate may now be in the 8 to 9 percent range.

Wage restraint played an important role in limiting the increase in the underlying rate of inflation during 1979. Aggregate measures of wage performance indicate that growth in nominal wages did not increase last year.

Real disposable income rose temporarily in the first quarter, when the personal income tax cut provided by the Revenue Act of 1978 took effect, but it fell in the spring. Over the final 3 quarters of 1979 real disposable income remained at about the level reached in the fourth quarter of 1978. Higher oil prices were the main cause of this stagnation in real income. Inflation, by moving individuals into higher tax brackets, added further to the drag on disposable incomes, as did overwithholding of personal income taxes. Despite the leveling off of real income, personal consumption expenditure rose by about 1½ percent over the 4 quarters of 1979, as the personal saving rate fell.

The distribution of national income among major classes of income recipients changed little in 1979. The shares accruing to corporations as profits and to nonfarm proprietors declined somewhat, as one would expect in a year of weak economic growth and declining productivity. The share of rental income in the total continued its long-term descent. Compensation of employees rose slightly as a share of the total, as did the income of farm proprietors. The net interest component of business costs also increased as a proportion of total national income, reflecting both rising interest rates and the rapid pace of business borrowing.

The greater share of farm income in the total was due primarily to the rapid increase in cattle prices early in the year and a late spring strengthening in grain prices. Cattle price increases were a consequence of reduced marketings and higher consumer demand for beef; grain prices increased as the extent of a crop shortfall in the Soviet Union became known. Through the first half, the income of farm proprietors was 23 percent higher than in 1978. Livestock

prices declined during the summer and autumn as a result of large supplies of pork and poultry and seasonal increases in beef slaughter. Grain prices also dropped from their early summer peaks, while farm production costs continued to increase at about the rate of inflation. Farm proprietors' income in the fourth quarter was 6 percent below that recorded a year earlier. For the year as a whole, farm income equalled the 1973 record.

#### *Why the Economy Was So Resilient*

The fact that the economy did not tip into recession in 1979 has received widespread comment and attention. Periods of economic expansion since World War II have typically come to an end when inflation accelerated and monetary and fiscal policies shifted toward restraint. In 1979, despite rising inflation, restraint on aggregate demand from monetary and fiscal policies, and a huge "oil tax" levied by OPEC, the economy continued to move forward.

Fiscal policy began to shift toward restraint in 1978, but the degree of restraint was lessened somewhat in early 1979 by the tax cut provided in the Revenue Act of 1978. Thereafter the Federal budget became moderately more restrictive. The high-employment budget (discussed later in the chapter) shifted from a \$7 billion deficit in the second half of 1978 to a \$13 billion surplus in the second half of 1979.

Added to the restraint from the budget was the enormous drain on consumer purchasing power resulting from the 1979 rise in oil prices. The oil drag at year's end was reducing consumer spending power by almost \$55 billion at an annual rate, or about 3 percent of personal after-tax income. Fiscal and oil price restraint together were thus draining large amounts from consumer incomes by the fourth quarter of last year. The magnitude of this restraint has no parallel in any postwar year—including 1974, when the first big OPEC price increase rocked the economy.

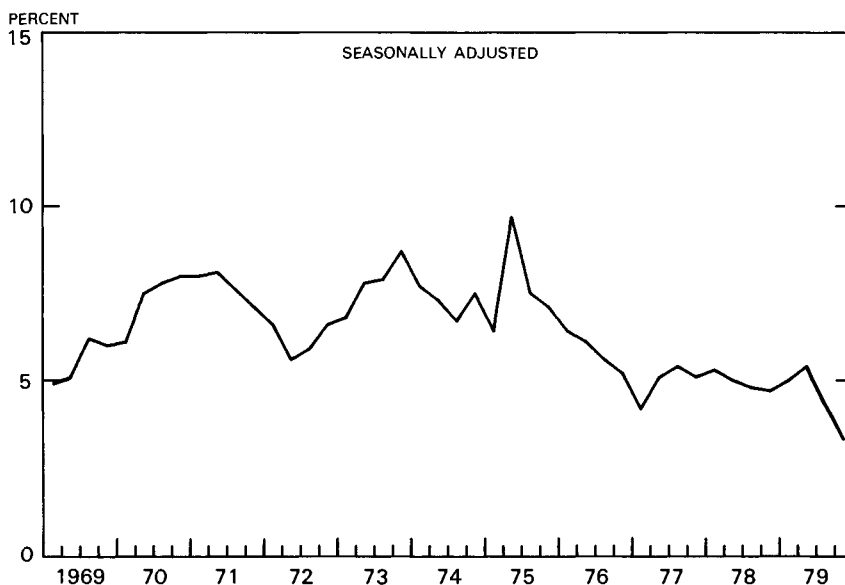
Monetary policy also moved toward restraint over the course of last year. Growth of the major monetary aggregates slowed slightly. Growth of  $M_1$  moderated to 5.5 percent in 1979 from 7.2 percent in 1978; however, shifts to ATS and New York NOW accounts (see below) are estimated to have reduced  $M_1$  growth by 1½ percentage points in 1979. The rise in  $M_2$  dropped back to 8.3 percent from 8.7 percent in the preceding year. Interest rates shot upward in the second half. Short-term market interest rates at year-end were approximately 3 percentage points higher than a year earlier, while long-term rates were up about 1½ percentage points.

The reasons why the economy was able to absorb these shocks without going into a steep decline may not be fully understood for

some time. Three factors, however, clearly played a role. First, individuals as consumers and home buyers appear to be more strongly affected by inflationary expectations now than in the past. Surveys of consumers' attitudes indicate that until fairly recently most people expected that an increase in inflation would be temporary. When actual inflation rates were rising, expected rates of inflation lagged well behind. After two episodes of double-digit inflation, a different response is now elicited. When inflation increases, expected inflation rates move up at the same time. As a result, consumers are now more likely to accelerate purchases when inflation increases. When inflation accelerated markedly in 1973, for example, the personal saving rate rose sharply, even after allowance is made for a large increase in the share of total income accruing to farm proprietors. In 1979, however, consumers responded to the squeeze on real incomes resulting from inflation by continuing to borrow heavily and by reducing their saving as a fraction of disposable income (Chart 1). Although the ratio of household borrowing to disposable income declined over the course of last year, it remained well above 1973 levels.

Chart 1

### Personal Saving Rate



SOURCE: DEPARTMENT OF COMMERCE.

Expected price increases probably exert more influence on decisions to buy houses than on purchases of other durable goods. Prices of new and existing homes have risen considerably faster than prices of other consumer goods and services over the past decade, and that fact has not been lost on most individuals. With demographic factors also supporting demand, sales of new and existing homes remained very strong until late last year, despite a rise of mortgage interest rates to unprecedented heights.

Second, monetary restraint no longer produces the abrupt changes in availability of credit that used to be instrumental in bringing an end to economic expansion. Changes in financial markets over the past 20 years have removed or reduced constraints which used to limit the availability of credit to certain borrowers during periods of monetary tightness. For example, the legal and constitutional barriers that once prevented States and their political subdivisions from paying market rates of interest have been raised or eliminated. Usury ceilings have also been liberalized. Commercial banks and thrift institutions have been given more freedom to bid for funds and are hence better able to provide credit to borrowers willing to pay going rates of interest for loans. In particular, the 6-month money market certificates (MMCs) issued by banks and thrift institutions, on which rates are tied to market yields on Treasury bills, have been a major factor sustaining mortgage credit flows since mid-1978.

Changes such as these have altered the way in which restrictive monetary policies influence aggregate demand. Monetary restraint now works more through changes in interest rates that influence a borrower's willingness to incur debt, and less through changes in a borrower's ability to obtain credit. For this reason, monetary restraint now tends to affect aggregate demand less abruptly and with a less uneven impact across major economic sectors. As events in financial markets late in the year attest, however, significant changes in monetary policy may still lead to constraints on the availability of credit, particularly for housing.

Third, the resilience of the economy last year reflects the relative absence of cyclical imbalances characteristic of earlier periods of economic expansion. Most notable in this regard is the comparatively balanced relationship of inventories to sales after nearly 5 years of economic expansion. Better inventory controls and very cautious inventory policies prevented a buildup of inventories relative to sales during the expansion. In fact the aggregate ratio of real nonfarm inventories to sales was lower in late 1978 and early 1979 than it was throughout most of the preceding 10 years (see Chart 2 on page 45).

When consumer spending weakened in the second quarter of last year, therefore, businesses did not find themselves seriously over-

stocked. To be sure, auto inventories, particularly for large cars, increased substantially, and major auto producers are still trying to redress the balance between stocks and sales. In other industries, however, production cutbacks to reduce excess stocks have been modest.

As Chapter 2 indicates, the economy may head into a recession in early 1980. The factors that sustained growth in 1979 should help to make the recession moderate in depth and duration. But it is unlikely that they will cushion the economy's response to shocks to the same extent that they did in 1979. This fact increases the uncertainty surrounding forecasts of economic performance this year.

## THE VOLUNTARY STANDARDS

On October 24, 1978, the President announced a comprehensive anti-inflation program that included actions by the Federal Government to reduce the relative size of the Federal budget, rationalize and improve the regulatory process, and work together with State and local governments to reduce the inflationary impact of government actions on the economy. Business and labor were asked to adhere to voluntary wage and price standards designed to reduce the rate of price increase over the following 12 months.

The President announced that the Administration would consider noncompliance with the standards to be a sign of inflationary pressure in the markets concerned and would reconsider Federal Government programs and policies affecting those markets. The Federal Government would avoid purchasing from noncompliant firms where feasible. The President also proposed a program of real wage insurance to help protect workers who complied with the program from suffering losses of real income. This innovative proposal was not adopted by the Congress.

### THE OPERATION OF THE STANDARDS

The anti-inflation standards administered by the Council on Wage and Price Stability were designed to minimize administrative burdens and provide maximum flexibility to the private sector. Firms were asked to group their employees into "compliance units": for example, employees covered by collective bargaining agreements, other nonmanagerial personnel, and business managers. The rate of pay increase for each group was to be limited to 7 percent during the first program year, October 1978 through September 1979. The composition of that increase between wages and fringe benefits was left to private decisions, as was the distribution of increases among employees within each subgroup. An assumed 6 percent rate of infla-

tion was used to evaluate cost-of-living adjustment clauses in labor contracts.

Each firm was asked to restrain its average price increase to one-half of 1 percentage point below its average annual rate of increase during 1976-77 (the "price-deceleration" standard). Firms were left free to allocate the allowed price increase among their various product lines, so that they could respond to market conditions for particular products while adhering to the overall anti-inflation goal. Exempted were prices determined in auction markets, such as prices of agricultural commodities and industrial raw materials; those set by regulation, such as prices of crude oil and natural gas; and most imports. New product lines were also exempt.

For some industries with special characteristics, specific alternative standards were constructed. For example, since the volatility of agricultural prices would make it difficult to apply the price-deceleration standard to food manufacturers and processors, they could instead choose to follow a gross-margin standard, limiting the total markup over raw food prices.

Firms unable to meet the price-deceleration standard, or the special alternative industry standards, because of uncontrollable cost increases were allowed to achieve compliance by meeting a test based upon a limitation of profit margins.

Compliance with the standards was widespread during 1979. Nevertheless the circumstances in which the program operated made it impossible to prevent overall inflation from increasing. Energy prices rose very sharply, and prices of both farm products and internationally traded raw materials increased substantially in late 1978 and early 1979. The jump in U.S. prices of internationally traded commodities stemmed partly from the earlier depreciation of the dollar. These price increases led many firms to shift from the primary price-deceleration standard to the profit-margin limit, so that price increases in primary commodities were passed through to prices of final products. Declining productivity also added substantially to business costs.

#### PRICES OF FOOD, RAW MATERIALS, AND ENERGY

*Food.* Pressures on food prices were greatest during the first half of the program year. Declining supplies of beef and strong consumer demand pushed cattle prices up. Higher prices encouraged farmers and ranchers to begin rebuilding their herds, thus reducing current marketings further and putting even more pressure on prices. Prices of pork and poultry, which are competitive with beef, joined in the upward move. In addition, harsh winter weather and a strike in the West were chiefly responsible for shortages of fruit and vegetables

that resulted in rapid price increases for these commodities in early 1979.

Consumer food prices rose less rapidly during the second half of the program year, when farm prices of food declined. Meat supplies increased, particularly for pork and poultry, and vegetable supplies were also more ample.

Increased marketing costs contributed to rising consumer food prices in 1979, as did gains in the net earnings of food distributors. Marketing spreads for food—the difference between retail costs and farm value—ordinarily narrow when farm commodity prices increase rapidly. Early last year, however, these marketing spreads widened while farm prices were rising sharply (Table 2).

TABLE 2.—Changes in farm and food prices, September 1978 to September 1979

[Percent change <sup>1</sup>]

Item	Farm value		Marketing spread		Retail cost	
	Sept. 1978 to Mar. 1979	Mar. 1979 to Sept. 1979	Sept. 1978 to Mar. 1979	Mar. 1979 to Sept. 1979	Sept. 1978 to Mar. 1979	Mar. 1979 to Sept. 1979
Market basket <sup>2</sup> .....	13.0	-6.0	5.2	6.5	8.2	1.4
Meat products.....	21.2	-12.4	5.9	13.4	14.8	-2.5
Dairy products.....	7.3	6.2	6.1	3.4	6.7	4.9
Poultry.....	5.2	-18.6	8.8	6.5	6.7	-8.0
Fresh vegetables.....	31.1	-32.9	12.5	-5.4	18.2	-14.6
Processed fruits and vegetables.....	3.1	1.4	6.0	4.0	5.4	3.5
Cereal and bakery products.....	7.1	16.8	4.4	3.8	4.8	5.7

<sup>1</sup> Not seasonally adjusted, and not at an annual rate.

<sup>2</sup> Includes items not shown separately.

Source: Department of Agriculture.

When farm prices for foods began to decline in April, the marketing spread widened still more. The President met with representatives of the food industry in August and asked them to translate changes in farm prices more quickly into price changes at the retail level.

Increases in retail food prices during the fourth quarter were somewhat below the rate of inflation elsewhere in the economy. At year-end, retail food prices were about 10 percent above their level a year earlier.

*Raw materials.* Pressures on prices of internationally traded raw materials were also greatest during the first half of the program year. During this period the industrial sector of the U.S. economy was operating at high rates of capacity utilization, and growth abroad was strengthening. Demand pressures in markets for basic materials therefore intensified. For example, wholesale prices of crude commodities other than agricultural products and energy rose 24 percent from September 1978 to March 1979. Pressures in these markets eased in the spring, when growth of the U.S. economy began to be



adversely affected by energy developments. Prices of some internationally traded goods began to climb steeply in the early autumn, when speculation in gold threatened to spill over into other commodities. Those pressures were short lived and confined largely to metals, but international political tensions led to a renewed surge in gold and silver prices in December.

*Energy.* It was the runup in world oil prices that most seriously aggravated inflation during 1979. Early in the year cutbacks in Iranian production and efforts here and abroad to rebuild oil inventories created a tight balance between world supply and demand for oil. These developments led in the second quarter to rapidly rising spot market prices of crude petroleum and refined products and contributed to local shortages of gasoline in the United States. Premium prices were imposed by many oil-exporting countries, and supplies moved from long-term contracts to the spot market, where much higher prices prevailed. The Saudi benchmark price of crude oil was raised three times: in April, July, and December. By early January 1980 the world price of oil reached about \$28 per barrel, more than double the level a year earlier.

Phased decontrol of domestic oil prices, which was announced in April and began to take effect on June 1, added only marginally to average crude oil prices in the second half of last year, though decontrol will have larger effects in 1980. Wider refining and marketing margins were a relatively important factor in the increase in prices of gasoline and home heating fuel.

Gasoline prices at the pump rose 35 cents per gallon over the 4 quarters of 1979, compared to an increase of 5 cents that would have been needed to keep up with the general rate of inflation. Approximately 14 cents of this increase stemmed from higher prices for imported crude oil and products, and 11 cents came from widening gross margins of refiners, retailers, and distributors. About 10 cents resulted from higher domestic crude oil prices, only a part of which was due to decontrol.

Rising energy prices added directly about 2¼ percentage points to the overall rate of consumer price inflation in 1979, considerably more than they added in 1974.

#### PRODUCTIVITY AND WAGES

Declining productivity added substantially to business costs during the first program year, compounding the difficulties businesses encountered in complying with the basic price-deceleration standard. For all private nonfarm businesses, productivity decreased 2.2 percent from the fourth quarter of 1978 to the fourth quarter of 1979.

As a consequence the rise in unit labor costs jumped to 11.3 percent over the same 4 quarters, compared with 7.8 percent during 1978.

Slower growth of real GNP in 1979 contributed to last year's poor productivity, but the decline was too large to be explained by cyclical factors alone. Generally businesses would try to pass cost increases resulting from lower productivity through to higher prices if they considered the decline to be permanent. Last year, however, prices in the broad industrial and service sectors rose significantly less than unit labor costs. Businesses may have absorbed part of the increased costs because they believed the productivity decline to be temporary; on the other hand, either market resistance or the standards may have prevented businesses from raising prices further.

Under the circumstances that prevailed in 1979, it is hardly surprising that the overall inflation rate increased despite fairly widespread compliance with the standards. What is surprising is the modest acceleration of inflation that occurred in the broad range of industrial and service prices. As noted earlier, the increase in consumer prices—excluding energy, home purchase and finance, and the farm value of food—was less than 1 percentage point higher in 1979 than in the previous year. The standards played an important role in preventing greater acceleration of prices.

Continued restraint in private wage and price decisions will be important this year. In September 1979 the Administration and the leaders of the American labor movement reached a National Accord recognizing the need to continue an effective and equitable anti-inflation program. (The National Accord and the pay and price standards for the second program year are discussed in Chapter 2.)

#### *Measures of Wage Performance*

The long-term trend of prices of goods and services produced in the private nonfarm sector of the economy closely follows the rise of business costs. Wages, salaries, and fringe benefits account for roughly two-thirds of the total costs of production. If last year's sharp increases in energy prices and the cost of homeownership had led to an accelerated rise of wages and fringe benefits, the long-term outlook for inflation would have greatly worsened. Operation of the pay standard during the first program year helped to prevent that outcome.

The 7 percent pay standard provided a guideline to be used in establishing pay policies for nonunion employees and in collective bargaining. By and large, businesses followed those guidelines and American workers cooperated by complying with the program.

Aggregate measures of wage performance indicate that wage and salary increases did not accelerate during 1979 (Table 3). For example, the rate of increase in the adjusted average hourly earnings index fell from 8.4 percent in 1978 to 8.0 percent in 1979, and the growth of compensation per hour in private nonfarm business declined slightly from 9.0 percent to 8.8 percent.

TABLE 3.—Measures of changes in compensation and employment costs, 1977-79  
[Percent change]

Measure	1977	1978	1979 <sup>1</sup>
<b>Fourth quarter to fourth quarter:</b>			
Adjusted hourly earnings index.....	7.5	8.4	8.0
Compensation per hour <sup>2</sup> .....	7.5	9.0	8.8
Contribution of:			
Private wages, salaries, and fringes.....	6.9	8.3	8.0
Employer contributions for social insurance.....	.6	.7	.8
<b>Third quarter to third quarter:</b>			
Employment cost index <sup>3</sup> .....	7.2	8.0	7.7
Union .....	7.7	7.9	8.4
Nonunion .....	6.9	8.0	7.3
Union wage changes (total effective adjustment) <sup>4</sup> .....	8.6	7.9	8.3
Adjustment resulting from:			
Current settlement.....	3.5	2.1	2.4
Prior settlement.....	3.3	3.5	3.0
Escalator provision.....	1.7	2.2	2.6

<sup>1</sup> Preliminary.

<sup>2</sup> Data relate to private nonfarm business sector, all employees.

<sup>3</sup> Changes are measured from September to September.

<sup>4</sup> Agreements covering 1,000 workers or more.

Sources: Department of Commerce (Bureau of Economic Analysis), Department of Labor (Bureau of Labor Statistics), and Council of Economic Advisers.

Some deceleration in wage increases occurred last year in the non-union sector. However, both the employment cost index for union workers and the effective wage change in collective bargaining units covering 1,000 workers or more showed a greater increase in the 4 quarters through September 1979 than in the preceding 4 quarters.

New collective bargaining agreements were concluded in five major industries in 1979: petroleum, trucking, rubber, electrical machinery, and autos. Increases in wages over the life of the contract are shown in Table 4, with cost-of-living adjustment clauses evaluated at three different rates of inflation.

Without the pay standard, the increases in wages granted in all of these contracts might well have been larger. When evaluated at an 8 percent inflation rate (the average prevailing over the previous contract period) all of the major contracts concluded last year provided for smaller increases in wages than those in the previous contracts.

TABLE 4.—Wage increases under major collective bargaining contracts

[Percent increase]

Industry	Prior contract <sup>1</sup>	1979 contract assuming		
		6 percent inflation	8 percent inflation	10 percent inflation
<b>Petroleum:</b> <sup>2</sup>				
First year of two-year term.....	8.9	8.2	8.2	8.2
<b>Trucking:</b>				
Three-year increase.....	30.5	24.0	27.4	30.9
Annual rate.....	9.3	7.4	8.4	9.4
<b>Rubber:</b>				
Three-year increase.....	45.5	27.6	33.4	39.4
Annual rate.....	13.3	8.5	10.1	11.7
<b>Electrical:</b>				
Three-year increase.....	32.9	20.0	24.5	28.8
Annual rate.....	9.9	6.3	7.6	8.8
<b>Autos:</b>				
Three-year increase.....	29.4	24.1	27.9	32.0
Annual rate.....	9.0	7.5	8.5	9.7

<sup>1</sup> The previous petroleum contract was signed in 1977; all others were signed in 1976.<sup>2</sup> The petroleum contract is a two-year agreement but it was reopened in the second year.

Source: Council on Wage and Price Stability.

Studies by the Council of Economic Advisers reinforce the view that the President's program aided in keeping wage rates from accelerating. Estimates from models of wage and price determination, those developed at the Council as well as others, suggest that wage increases during the first program year were about 1 to 1½ percentage points lower than would be expected, given the basic determinants of wages. To be sure, many influences could account for the shortfall, the effect of the pay standard being but one. For example, a shift in the composition of the work force toward less experienced and lower-paid workers occurred during the year. However, this demographic shift could not have accounted for more than a small part of the difference between actual and expected wage increases, since available evidence indicates that percentage wage increases for lower-paid workers were larger than those for higher-paid workers.

### *Real Wages*

Increases in wage rates during the first program year were below the rise in consumer prices and hence workers' real incomes declined. The rise in prices relative to wages did not result from a general increase in business profit margins, however, but from other sources. The rise in energy prices, stemming in large measure from increased world oil prices, was the major cause.

The magnitude of the decline in real wages last year is itself difficult to estimate. Conclusions differ according to the measure of price change to which the rise in wages is compared. The average hourly earnings index for the private nonfarm sector rose by 8.0 percent over the 4 quarters of last year. Since the consumer price index for

urban consumers climbed 12.7 percent, the average hourly earnings index deflated by the CPI declined by 4.2 percent, compared to the decline of 0.6 percent in 1978 indicated in Table 5.

TABLE 5.—*Alternative deflators for earnings and compensation, 1978-79*  
[Percent change, fourth quarter to fourth quarter]

Item	1978	1979 <sup>1</sup>
<b>Average hourly earnings index</b>		
Deflated by:		
Consumer price index (CPI) .....	-0.6	-4.2
CPI with rent substituted for homeownership .....	.5	-2.4
CPI with rent substitution and excluding energy .....	.5	.1
Fixed-weight deflator for personal consumption expenditures (PCE) .....	.4	-2.5
Fixed-weight deflator for PCE excluding energy .....	.3	( <sup>2</sup> )
<b>Compensation per hour<sup>3</sup></b>		
Deflated by:		
Consumer price index (CPI) .....	.1	-3.5
CPI with rent substituted for homeownership .....	1.2	-1.6
CPI with rent substitution and excluding energy .....	1.2	.9
Fixed-weight deflator for PCE .....	1.0	-1.8
Fixed-weight deflator for PCE excluding energy .....	.9	.8

<sup>1</sup> Preliminary.

<sup>2</sup> Less than 0.05 percent.

<sup>3</sup> Data relate to private nonfarm business, all employees.

Note.—Consumer price index for all urban consumers used.

Sources: Department of Commerce (Bureau of Economic Analysis) and Department of Labor (Bureau of Labor Statistics).

The appropriateness of using the CPI as a measure of the inflation confronting the average consumer has been called into question in recent years because of the way this index treats the purchase of homes and the associated costs of home financing. The CPI is a price index of goods and services that consumers buy; it is not a cost-of-living index. A home is an investment as well as a good purchased by consumers for current consumption. An increase in home prices is thus as much a return on savings to the homeowner in his role as an investor as it is a rise in the cost of living to the individual in his role as a consumer. Furthermore relatively few individuals purchase homes in any given year and pay the associated current mortgage interest rates; for others the rise in the home purchase and finance components of the CPI does not represent an increase in current living costs. Conversely this year's increase in the costs of home purchase and finance, unless reversed, would affect future buyers even if this component of the CPI showed no subsequent rise.

During recent years the Bureau of Labor Statistics has reviewed intensively the treatment of homeownership in the CPI. Several approaches were developed, but none dealt with the complexities in a manner satisfactory to the major users of the CPI. One alternative is to use a rent index to represent the costs of using the services of a house. This may give a better measure of changes in the cost of living to the average consumer, particularly during periods when the

costs of homes and home finance move very sharply. When average hourly earnings are deflated by the CPI with the rent index substituted for homeownership, real earnings still show a drop in 1979, as Table 5 indicates, but it is more moderate.

Another measure which uses the CPI rent index to represent housing costs is the fixed-weight price index for personal consumption expenditures in the national income and product accounts. Average hourly earnings show a decline of about the same size when deflated by this index.

In either case, the source of the decline was the sharp increase in energy prices. Without this rise in energy prices, real average hourly earnings would have been approximately unchanged in 1979, compared with a small increase in the previous year.

The lower part of the table shows compensation per hour deflated by each of these measures of consumer price change. Compensation per hour includes wages, fringe benefits, and employers' contributions to social insurance, and it has generally increased faster than wage rates. The broad pattern of change that emerges when this measure is deflated by the various price indexes is similar to that for average hourly earnings.

There is no doubt that real earnings of American workers declined in 1979. Sharp increases in energy prices made that decline inevitable. The decline in real wages would have been larger if businesses had fully passed through to higher prices the rise in unit labor costs resulting from declining productivity. Larger increases in nominal wages would at best have improved real wages only temporarily. By increasing business costs, they would eventually have led to a still more rapid rise in prices.

#### *The Distribution of National Income*

Another way of appraising the impact of the standards is to consider the changes that occurred during the program year in the distribution of total national income among major income groups.

In the third quarter of 1978, the last quarter before the standards went into effect, employee compensation excluding employer contributions to social insurance accounted for 69.9 percent of total national income (see Table 6). One year later the ratio had risen slightly to 70.2 percent. Over the same year the corporate profit share fell from 10.0 percent to 9.3 percent. Such changes in the share of national income going into employee compensation and profits are typical of a period in which economic growth slows. Since productivity declined and the increased costs were not passed through fully to prices, corporate profit margins fell. The share of employee compen-

sation in national income was larger than it would have been had the higher costs been passed through fully to higher prices.

TABLE 6.—*Shares of national income, 1976-79*

[Percent of total]

Item	1976	1977	1978	1979 <sup>1</sup>	Third quarter	
					1978	1979
Compensation of employees.....	76.3	75.8	75.7	75.8	75.4	75.8
Employer contributions for social insurance.....	5.2	5.3	5.5	5.7	5.4	5.7
Wages, salaries, fringe benefits, and other.....	71.1	70.5	70.2	70.2	69.9	70.2
Proprietors' income <sup>2</sup> .....	6.6	6.6	6.8	6.8	6.7	6.7
Nonfarm <sup>2</sup> .....	5.2	5.3	5.2	5.1	5.2	5.1
Farm <sup>2</sup> .....	1.3	1.3	1.6	1.7	1.5	1.6
Rental income <sup>3</sup> .....	1.6	1.6	1.5	1.4	1.5	1.4
Corporate profits <sup>2</sup> .....	9.3	9.8	9.7	9.3	10.0	9.3
Net interest.....	6.2	6.2	6.4	6.7	6.4	6.8

<sup>1</sup> Preliminary.

<sup>2</sup> With inventory valuation and capital consumption adjustments.

<sup>3</sup> Rental income of persons, with capital consumption adjustment.

Note.—Quarterly figures based on seasonally adjusted data.

Detail may not add to 100 percent because of rounding.

Source: Department of Commerce, Bureau of Economic Analysis.

The decline in the corporate profit share occurred despite significant increases in the profit margins of oil companies. For other non-financial businesses, the squeeze on profit margins stemming from the decline in productivity growth was larger than the overall numbers indicate.

Table 7 shows employee compensation and corporate profits as a share of gross product originating in nonfinancial businesses, excluding petroleum and coal companies. From the third quarter of 1978 to the third quarter of 1979 the profit share declined by 1½ percentage points, while the share of employee compensation rose by almost that much.

TABLE 7.—*Shares of gross product originating in nonfinancial corporate business excluding petroleum and coal companies, 1976-79*

[Percent of total]

Item	1976	1977	1978	1978				1979		
				I	II	III	IV	I	II	III
Compensation of employees.....	68.2	68.5	69.1	69.8	68.9	68.9	68.8	69.8	70.1	70.2
Corporate profits <sup>1</sup> .....	10.9	10.9	10.7	9.4	10.8	11.0	11.2	10.3	9.8	9.5

<sup>1</sup> Corporate profits with inventory valuation adjustment but without capital consumption adjustment, which cannot be distributed by industry.

Note.—Figures in this table cannot be compared directly to those in Table 6.

Source: Department of Commerce (Bureau of Economic Analysis) and Council of Economic Advisers.

## THE MAJOR SECTORS OF AGGREGATE DEMAND IN 1979

Demand in nearly all major sectors of the economy was weaker in 1979 than in the previous year (Table 8). In real terms domestic final sales declined during the first half, largely because of the pronounced drop in consumers' purchases of goods in the second quarter, when long gas lines discouraged shopping. Declining residential construction also contributed to the reduction in final sales. The fall in real GNP in the first half was cushioned by a sizable rise of inventory investment, primarily traceable to involuntary accumulation in the second quarter.

TABLE 8.—*Growth in major components of real gross national product, 1978-79*  
[Seasonally adjusted annual rate]

Component	1977 IV to 1978 IV	1978 IV to 1979 II	1979 II to 1979 IV <sup>1</sup>
<b>Percent change:</b>			
Real gross national product.....	4.8	-0.6	2.3
Personal consumption expenditures.....	4.5	-1.1	4.5
Business fixed investment.....	10.5	1.9	1.5
Residential fixed investment.....	-2	-10.7	-5.9
Government purchases of goods and services.....	1.7	-2.6	2.9
Federal.....	-2.5	-2.4	4.7
State and local.....	4.0	-2.6	1.8
Real domestic final sales <sup>2</sup> .....	4.3	-1.5	3.4
<b>Change as a percent of real GNP:</b>			
Inventory accumulation.....	( <sup>3</sup> )	.9	-2.1
Net exports of goods and services.....	5	( <sup>3</sup> )	1.0

<sup>1</sup> Preliminary.

<sup>2</sup> GNP excluding change in business inventories and net exports of goods and services.

<sup>3</sup> Less than 0.05 percent.

Source: Department of Commerce, Bureau of Economic Analysis.

Final sales strengthened in the second half of the year, when consumer spending picked up noticeably, and government purchases also increased. However, continued cautious inventory policies and efforts to reduce swollen stocks of new cars led to a large decline in inventory accumulation.

Purchases by State and local governments declined slightly in 1979 after a large increase in 1978 that came partly from the effects of the stimulus package introduced by President Carter in 1977.

Net exports were a source of strength in 1979, particularly in the second half. In volume terms, exports of goods and services increased by 9 percent, while imports of goods and services rose only 2 percent.



## PERSONAL CONSUMPTION EXPENDITURES

Growth of real personal consumption expenditures over the 4 quarters of 1979 was the smallest since 1974, when a decline in real consumer buying occurred. The 1979 increase would have been still smaller if consumers had not been willing to reduce their current saving as a proportion of after-tax income and to increase their indebtedness. The personal saving rate, already low at 4.7 percent of disposable income in the fourth quarter of 1978, declined further to a very low level of 3.3 percent by the fourth quarter of last year.

The pattern of consumer spending over the year was uneven. The steep second-quarter drop was followed in the summer by a marked pickup that carried into the fourth quarter. While sales of new cars weakened in the fourth quarter, purchases of other goods and services remained relatively strong despite the continued squeeze on consumer purchasing power.

Purchases of durable goods fell 4 percent in real terms; unit auto sales in the fourth quarter were 11 percent below their level a year earlier. The mix of new car sales changed as consumers became increasingly concerned about the cost and availability of gasoline. Purchases of medium-size and larger cars plummeted in the second quarter. Some strengthening occurred in the third quarter in response to very heavy price discounts, but sales fell again later in the year. Sales of recreational vehicles, vans, and light trucks were also hit hard. In contrast, more imported models, chiefly fuel-efficient vehicles, were purchased in 1979 than in 1978; by the end of last year imports had captured one-fourth of the domestic market. Although sales of the new small American models were limited severely by availability, domestically produced compact and subcompact cars accounted for one-third of total auto sales late last year.

Sales of nondurable goods increased by only 1 percent in real terms during 1979. Declines occurred for energy commodities—gasoline, fuel oil, and coal—as a result of rising energy prices since 1973 and the improved fuel efficiency of automobiles. In 1972, before the first large OPEC price rise, consumers' outlays for energy amounted to 6.8 percent of total personal consumption expenditures. Adjusted for price changes, the ratio in the fourth quarter of 1979 was a full percentage point lower.

## HOUSING

The decline in residential construction in 1979 was about in line with expectations at the beginning of the year, although interest rates increased much more than had been anticipated. For the year as a whole, real residential construction was 6 percent below the high 1978 level, and new housing starts fell to about 1.74 million units

from 2 million in the previous year. A decline in single-family starts to below 1.2 million units accounted for most of the overall reduction. Multifamily starts were only slightly below 1978 levels.

A severe winter led to a drop of more than 20 percent in housing starts in the first quarter. Making up the resulting shortfall helped to sustain construction activity over the next 2 quarters, when housing starts exceeded an annual rate of 1.8 million. During the fourth quarter, housing starts dropped sharply to a rate of about 1.6 million in response to a marked increase in mortgage interest rates and reduced availability of mortgage credit.

The rising cost of mortgage and construction financing depressed housing sales and starts only moderately until late in the year. Interest rates on mortgage loans rose a full percentage point—to about 11 percent—from late 1978 to September 1979. Nevertheless sales of both new and existing homes continued at a fairly high rate. While this strength was partly attributable to demographic trends, the perception of housing as a good hedge against inflation was a major factor sustaining demand. The average price of new homes, adjusted for changes in quality, increased by about 15 percent last year.

Following Federal Reserve action in early October to tighten monetary policy, mortgage interest rates rose sharply, reaching levels well above usury limits in many States. In some cases these usury limits resulted in severe disruptions in local housing markets. In other States potential home buyers found mortgage credit less readily available as mortgage lenders raised down payments, made loans only to established depositors, and took other steps to reduce their lending. Housing starts fell by 14 percent in November to a 1.5-million annual rate and remained at that level in December.

#### BUSINESS FIXED INVESTMENT

Real business fixed investment in the current expansion began to rise strongly in early 1976, led by increased outlays for producers' durable equipment, especially vehicles (Table 9). Investment in industrial plant and other structures lagged behind, but it too turned upward in the middle of 1977. From then until the end of 1978 rising business investment provided strong support for new jobs, higher incomes, and increased total real output. From the end of 1975 to the fourth quarter of 1978 the share of real GNP devoted to business capital formation rose from 9.1 to 10.2 percent, although it remained below the high level attained in late 1973 and early 1974.

TABLE 9.—*Changes in real business fixed investment, 1975-79*  
 [Percent change, fourth quarter to fourth quarter]

Component	1975	1976	1977	1978	1979 <sup>1</sup>
Nonresidential fixed investment.....	-9.9	9.6	7.5	10.5	1.7
Structures.....	-7.2	3.2	4.4	16.0	6.0
Producers' durable equipment.....	-11.2	12.7	8.8	8.1	-2
Autos, trucks, and buses.....	2.9	22.6	20.3	8.0	-23.0
Other.....	-14.8	9.7	4.8	8.1	8.9

<sup>1</sup> Preliminary.

Source: Department of Commerce, Bureau of Economic Analysis.

Over the 4 quarters of last year, growth of real business fixed investment fell to 1.7 percent, compared with 10.5 percent in the previous 4 quarters. Last year's slowdown in the rise of business fixed investment was partly caused by the gradual increase in excess capacity and the squeeze on profit margins that accompanied the reduced pace of economic expansion. Purchases of cars and trucks declined sharply. Excluding the vehicle component, the growth of business investment in equipment during the past 4 quarters was 8.9 percent, compared with 8.1 percent in 1978.

Investment in structures was curtailed in the first quarter because of adverse weather, but it recovered in the second quarter and increased somewhat further in the second half. Growth during 1979 was 6 percent in real terms, well below the increase in 1978.

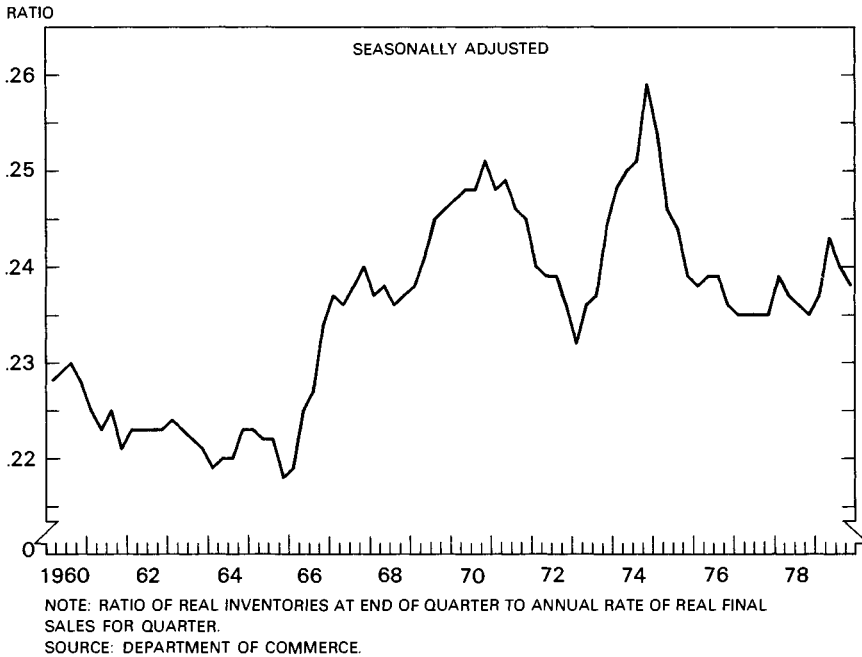
#### INVENTORY ACCUMULATION

Inventory investment in 1972 dollars was just under 1 percent of real GNP in the first quarter of 1979, about the same ratio as in the preceding 2 years. In the second quarter the drop in auto sales led to marked increases in stocks of large cars, trucks, and recreational vehicles; inventories of small cars declined, however. Involuntary accumulation occurred in other industries also, but in moderate amounts. The ratio of real inventories to final sales rose in the first half of the year but declined in the second half. Auto stocks were reduced in the late summer, and other industries adjusted production to avoid undesired increases in inventories.

Because cautious inventory policies continued in 1979, the cyclical imbalances that often occur during economic expansion have been avoided (Chart 2). As a consequence the slower pace of final sales did not lead to the magnified reduction in output that would have occurred if inventory liquidation had been extensive.

Chart 2

## Real Inventory/Sales Ratio, Nonfarm Business



### THE FOREIGN SECTOR

The volume of U.S. merchandise exports began to grow rapidly in the first half of 1978 after several years of near stagnation, and this rapid growth continued through 1979. Over the 4 quarters of last year the volume of merchandise exports is estimated to have risen by about 12 percent.

Although more rapid economic growth abroad helped boost U.S. exports, the most important factor accounting for this surge in foreign sales was the depreciation of the dollar during late 1977 and 1978. Depreciation of the dollar makes U.S. goods more competitive abroad by lowering their prices in foreign currency. Since trade flows respond to changes in relative prices only after a considerable lag, export volumes continued to be affected throughout 1979 by the depreciation that had occurred earlier.

Growth in agricultural exports to a record level also contributed to the rising volume of merchandise exported during 1979, particularly in the second half. A crop shortfall in the Soviet Union resulted in a significant increase in grain exports and higher domestic grain prices. The price rise was moderated, however, by farmer-held reserves and excellent domestic crops of corn, wheat, cotton, and soybeans. In January 1980 the President announced a suspension of agricultural exports to the Soviet Union. At the same time the President took

steps to channel the 17 million metric tons of grain exports which had been interrupted by this action into the Nation's grain reserves.

The volume of merchandise imports, which had grown strongly during 1978, is estimated to have increased by less than 3 percent last year. Earlier depreciation of the dollar, weak growth of domestic demand, and reduced energy consumption in the United States were all contributing factors.

The deficit on merchandise trade narrowed during 1978 from a \$48-billion annual rate in the first quarter to about \$24 billion in the fourth. This improving trend did not continue in 1979 because of the rise in oil prices. In the fourth quarter of 1979 payments for imported oil were about \$30 billion higher (at an annual rate) than a year earlier, even though the volume of oil imports was lower. Net gains in other components of merchandise trade were strong, but they did not quite offset this rise in oil payments.

The current account position of the United States, after posting deficits for 7 consecutive quarters, improved sharply to show a small surplus in the fourth quarter of 1978. For the year 1979 the current account may have been in near balance, compared with a deficit of \$13.5 billion in 1978. This improvement was greater than the year-over-year decline in the merchandise trade deficit because the surplus on service transactions, particularly net investment earnings, rose substantially. Overseas earnings were an estimated \$9 billion larger in 1979 than in 1978. Revival of growth abroad, exceptionally strong earnings by U.S. oil companies on their foreign operations, and the increase in the dollar value of foreign currency earnings due to the depreciation of the dollar all contributed to this rise.

Net exports, as measured in the national income and product accounts, rose about \$8 billion in 1972 dollars over the 4 quarters of 1979.

#### GOVERNMENT PURCHASES OF GOODS AND SERVICES

Federal purchases of goods and services, measured in constant dollars, rose by slightly more than 1 percent over the 4 quarters of 1979. In real terms Federal purchases declined in 1978, and their level at the end of 1979 was still somewhat below the figure posted 2 years earlier. Most of the 1979 increase reflected purchases for defense. In current dollars, defense purchases increased by 13 percent over the 4 quarters of 1979.

The real value of State and local purchases fell in the first quarter of last year because public construction was curtailed by harsh winter weather in the Midwest and along the Atlantic Coast. These purchases recovered somewhat in the second and third quarters of 1979; but over the 4 quarters of the year they declined slightly compared

with a 4-percent rise in 1978. This turnaround partly reflects the ending of the 1977-78 step-up of Federal assistance. Grants-in-aid from the Federal Government rose moderately during 1979, after a large increase in 1978. The aggregate operating account of all State and local governments swung from a small surplus at the end of 1978 to a small deficit by the close of 1979. Receipts grew more slowly than expenditures, partly because the slowdown in economic expansion limited the rise of taxable incomes.

## LABOR MARKET DEVELOPMENTS

Employment growth remained strong in 1979, although well below the substantial gains of recent years. Despite a continued fairly rapid expansion of the labor force, amounting to 2.2 percent during the 4 quarters of 1979, the overall unemployment rate remained within a fairly narrow range of 5.7 to 5.9 percent. The unemployment rates for most major population groups were also relatively stable throughout 1979 (Table 10). The proportion of the working-age population that was employed rose slightly last year.

Women contributed most to the growth of the labor force. The participation rate of adult women rose to a new high of 51.0 percent,

TABLE 10.—Labor market developments, 1976-79

Component	1976 IV	1977 IV	1978 IV	1979 IV
	Percent change from year earlier <sup>1</sup>			
Increase in civilian employment, total.....	3.4	4.4	3.6	2.1
Males 20 years and over.....	2.6	3.3	2.5	1.3
Females 20 years and over.....	4.6	5.2	5.4	3.9
Both sexes 16-19 years.....	3.0	8.0	2.6	- .9
White.....	3.3	4.3	3.2	2.0
Black and other.....	4.2	4.7	7.0	2.9
	Percent <sup>2</sup>			
Unemployment rate, total <sup>3</sup> .....	7.7	6.6	5.8	5.9
Males 20 years and over.....	6.0	4.7	4.0	4.2
Females 20 years and over.....	7.4	6.7	5.7	5.7
Both sexes 16-19 years.....	19.0	16.5	16.2	16.1
White.....	7.0	5.7	5.0	5.1
Black and other.....	13.2	13.2	11.5	11.2
Participation rate, total <sup>4</sup> .....	61.8	62.6	63.5	63.8
Males 20 years and over.....	79.9	79.9	79.8	79.6
Females 20 years and over.....	47.3	48.6	50.1	51.0
Both sexes 16-19 years.....	54.4	56.9	58.5	58.2
White.....	62.1	62.9	63.7	64.1
Black and other.....	59.6	60.7	61.9	61.8

<sup>1</sup> Changes for 1978 IV adjusted for the increase of about 250,000 in employment and labor force in January 1978 resulting from changes in the sample and estimation procedures introduced into the household survey.

<sup>2</sup> Seasonally adjusted.

<sup>3</sup> Unemployment as percent of civilian labor force.

<sup>4</sup> Civilian labor force as percent of civilian noninstitutional population.

Source: Department of Labor, Bureau of Labor Statistics.

up almost a full percentage point over 1978 and about 4 percentage points over 1976. The participation rates of teenagers and adult men declined slightly last year.

The increase in employment among adult women accounted for about 70 percent of the rise in total civilian employment; the percentage increase was about three times that of adult males. Blacks and members of other racial minorities accounted for over 15 percent of the employment increase. Employment for these groups grew one and a half times faster than that for whites.

Nonfarm payroll employment increased 2.4 million from the fourth quarter of 1978 to the fourth quarter of 1979, a smaller gain than the 4-million rise in 1978. This increase was concentrated in nonmanufacturing industries; in particular, mining, construction, and services showed large gains. In the manufacturing sector, most nondurable goods industries continued to show little or no growth in employment. Employment declined in the apparel, leather products, and tobacco industries. Some producers of durable goods, notably manufacturers of electrical and electronic machinery, showed strong gains in employment.

After a fairly steady drop since mid-1975, the number of persons reporting layoffs as the reason for their unemployment leveled off in the first half of last year and rose in the second. The number of unemployed persons who were new entrants or reentrants into the labor force fell for the second consecutive year after having risen quite rapidly through 1977.

## ECONOMIC POLICY IN 1979

The principal objective of economic policy in 1979 was to stem accelerating inflation. Restraining aggregate demand with fiscal and monetary policies was a key element of the government's anti-inflation program. It was recognized, however, that monetary and fiscal restraint could not do the job alone. As discussed earlier, the voluntary standards for prices and wages helped to hold down the rise of prices in the broad industrial and service sectors of the economy and to maintain wage restraint.

### FISCAL POLICY

Federal outlays for fiscal 1979 were \$494 billion, an increase of 9.5 percent over fiscal 1978 but well below the 12.1 percent average annual rate of increase from fiscal 1973 through 1978.

The Revenue Act of 1978 provided for tax relief amounting to \$18.9 billion in calendar 1979, with a \$14.1-billion reduction in personal taxes, a \$6.5-billion cut in business taxes, and a \$0.7-billion in-

crease in outlays for the earned income tax credit. An employment tax credit of \$2.5 billion was allowed to expire. The tax package offset the increase in individual income tax rates caused by inflation, and it also encouraged investment in the new and modern plant and equipment needed to improve productivity.

These tax and spending programs yielded a unified budget deficit of \$28 billion in fiscal 1979, \$21 billion less than the fiscal 1978 level. The deficit was \$10 billion less than had been originally forecast. Outlays were close to original projections, while receipts were \$10 billion greater than expected. The excess of actual over projected receipts reflected not only the impact of inflation, but also substantial unanticipated overwithholding.

### *The High-Employment Budget*

Changes in Federal expenditures, receipts, and the deficit are often misleading indicators of fiscal policy because they reflect cyclical changes in economic activity as well as changes in fiscal policy. This problem does not arise with the high-employment budget. The adjustments made to obtain the high-employment budget remove from

TABLE 11.—*Actual and high-employment Federal receipts and expenditures, national income and product accounts, calendar years, 1973-79*

[Amounts in billions of dollars; quarterly data at seasonally adjusted annual rate]

Calendar year or quarter	Actual				High-employment			
	Receipts	Expenditures	Surplus or deficit (-)		Receipts	Expenditures	Surplus or deficit (-)	
			Amount	Percent of GNP			Amount	Percent of GNP <sup>1</sup>
1973.....	258.3	265.0	-6.7	-0.5	255.1	264.9	-9.8	-0.8
1974.....	288.6	299.3	-10.7	-8	307.0	297.7	9.3	.6
1975.....	286.2	356.8	-70.6	-4.6	327.7	345.9	-18.2	-1.1
1976.....	331.4	385.0	-53.6	-3.1	361.5	374.9	-13.4	-.7
1977.....	375.4	421.7	-46.3	-2.4	395.0	413.6	-18.6	-1.0
1978.....	432.1	459.8	-27.7	-1.3	444.2	455.7	-11.6	-.5
1979 <sup>2</sup> .....	498.3	508.0	-9.7	-.4	515.0	505.2	9.8	.4
1977:								
III.....	375.8	429.4	-53.6	-2.8	391.6	422.1	-30.5	-1.5
IV.....	388.2	441.8	-53.6	-2.7	404.9	434.9	-30.0	-1.5
1978:								
I.....	397.8	447.3	-49.4	-2.5	417.2	442.1	-24.9	-1.2
II.....	424.8	449.4	-24.6	-1.2	437.1	445.2	-8.0	-.4
III.....	442.1	462.6	-20.4	-.9	452.1	458.9	-6.8	-.3
IV.....	463.5	479.7	-16.3	-.7	470.2	476.8	-6.6	-.3
1979:								
I <sup>2</sup> .....	475.5	486.8	-11.3	-.5	483.8	484.1	-.4	(*)
II <sup>2</sup> .....	486.3	492.9	-6.6	-.3	504.5	490.3	14.3	.6
III <sup>2</sup> .....	505.3	516.1	-10.8	-.5	524.8	513.3	11.5	.5
IV <sup>2</sup> .....					546.9	533.1	13.8	.5

<sup>1</sup> High-employment surplus or deficit as percent of high-employment gross national product.

<sup>2</sup> Includes proposed tax increases involving foreign tax credits which are retroactive to 1979 and not included in data published by the Bureau of Economic Analysis.

<sup>3</sup> Preliminary.

<sup>4</sup> Less than 0.05 percent.

Note.—Detail may not add to totals because of rounding.

Sources: Department of Commerce (Bureau of Economic Analysis), Department of the Treasury, Office of Management and Budget, and Council of Economic Advisers.



actual receipts and expenditures the effects of cyclical fluctuations in the economy. Consequently this budget shows the surplus or deficit as it would be if the economy were moving smoothly along its potential growth path. It is therefore a better, although still imperfect, measure of discretionary fiscal policy.

Estimates of high-employment budget expenditures and receipts, as measured in the national income and product accounts, indicate a substantial shift of fiscal policy toward restraint over the past year—from a deficit of \$7 billion, annual rate, in the second half of 1978 to a surplus of about \$13 billion in the second half of 1979 (Table 11). The procedure for estimating the high-employment budget is discussed in Supplement I to this chapter.

#### *Fiscal and Oil Price Restraint*

The shift of the high-employment budget into surplus was less important in restraining aggregate demand in 1979 than were the rising prices of oil and refined petroleum products. To help assess the effects on aggregate demand of these two factors taken together, the Council of Economic Advisers has calculated the combined restraint from fiscal policy and price developments in the oil sector. These estimates are at best an approximate measure, but they indicate the unexpectedly severe restraint placed on aggregate demand in 1979. Over the 4 quarters of the year, fiscal and oil price restraint increased by about \$60 billion, or about 2½ percent of GNP. (A more detailed discussion of the procedures used by the Council to measure the restraint from higher oil prices is provided in Supplement II to this chapter.)

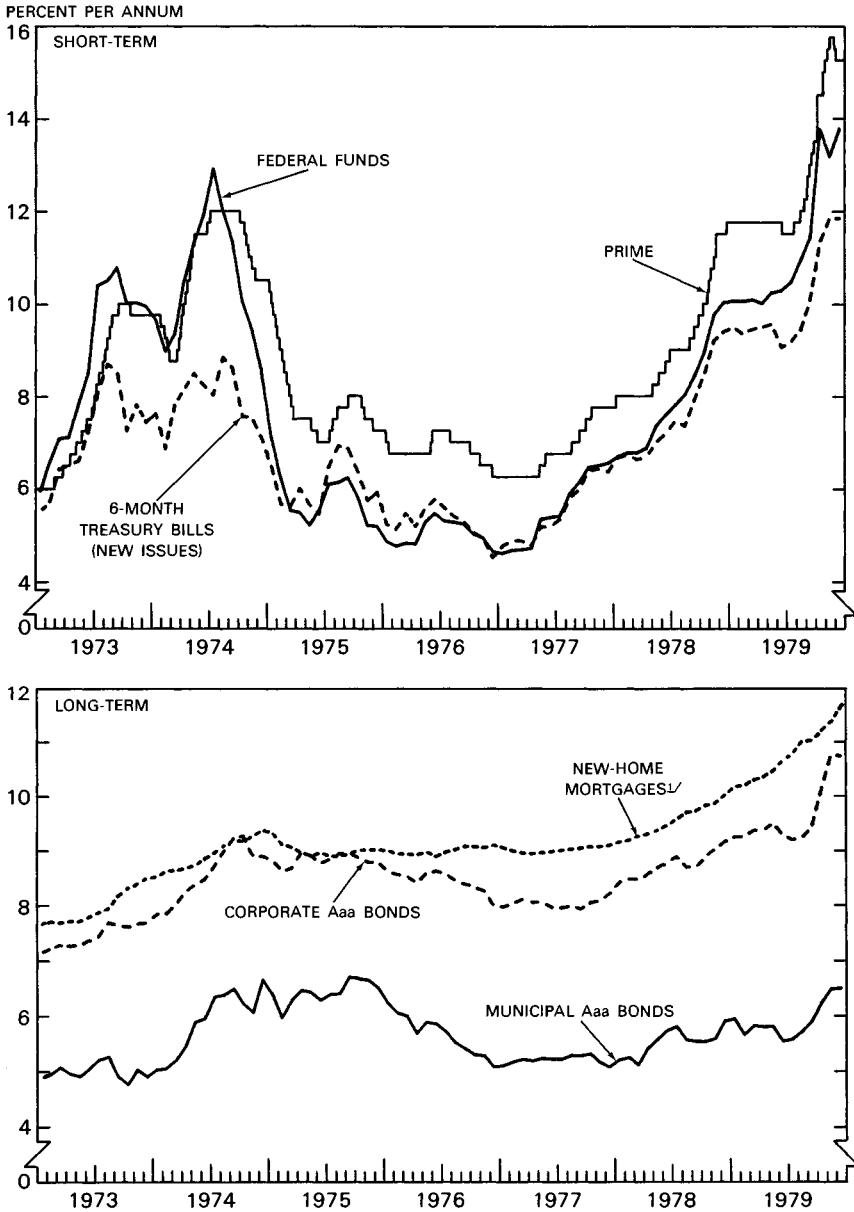
#### MONETARY POLICY AND FINANCIAL MARKETS

The principal objective of monetary policy in 1979 was to help check accelerating inflation by limiting the growth of money and credit. In an environment of sharply expanding demand for money and credit, implementation of that policy required a pronounced rise in interest rates. The pattern of increases was uneven: rates fell slightly on balance in the first half but advanced rapidly thereafter (Chart 3).

In submitting to the Congress the annual monetary policy report required under the Full Employment and Balanced Growth Act of 1978, the Federal Reserve set forth its objectives with regard to increases in the monetary and credit aggregates during 1979. For the period from the fourth quarter of 1978 to the fourth quarter of 1979 the Federal Reserve established a target range of 1½ to 4½ percent for  $M_1$  (demand deposits and currency). The range for  $M_2$  ( $M_1$  plus time and savings deposits other than negotiable certificates of depos-

Chart 3

### Selected Interest Rates and Bond Yields



<sup>1/</sup> EFFECTIVE RATE ON CONVENTIONAL MORTGAGES IN THE PRIMARY MARKET.

SOURCES: DEPARTMENT OF THE TREASURY, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, FEDERAL HOME LOAN BANK BOARD, AND MOODY'S INVESTORS SERVICE.

it at large commercial banks) was set at 5 to 8 percent. For  $M_3$  ( $M_2$  plus time and savings deposits at savings and loan associations, mutual savings banks, and credit unions) a range of 6 to 9 percent was established. Commercial bank credit was projected to increase between 7½ percent and 10½ percent during the year. In setting the initial  $M_1$  range, the Federal Reserve staff estimated that the introduction of automatic transfer services (ATS) and negotiable order of withdrawal (NOW) accounts in New York State (discussed below) would reduce growth in  $M_1$  by about 3 percentage points over the course of 1979. In October the target for  $M_1$  was revised upward to a range of 3 to 6 percent because ATS and NOW accounts had grown much more slowly than anticipated.

In the first quarter of 1979,  $M_1$  actually declined, while  $M_2$  rose at an annual rate of about 2 percent. This leveling off in the monetary aggregates reflected both slower economic growth and shifts of funds from bank deposits to other financial assets because of the higher interest rates established late in 1978. Balances in money market mutual funds jumped from \$11 billion in December to \$18 billion in March, and households substantially stepped up their purchases of government securities. The contraction in  $M_1$  was also due to the rapid growth in ATS and NOW accounts during the first quarter.

The decline in real GNP in the second quarter, combined with uncertainties about the energy situation, led to a widespread belief that an economic downturn had begun. In this environment the Federal Reserve kept monetary policy approximately unchanged. The 9½ percent discount rate established in November 1978 was maintained until July; the Federal funds rate was raised 25 basis points to 10¼ percent in May and then held at that level until July.

Growth of the monetary aggregates surged in the second quarter despite the decline in real GNP. From March to June both  $M_1$  and  $M_2$  increased at an annual rate of almost 12 percent. This pickup in money growth was partly attributable to special factors. Large increases in demand balances occurred just before the April and June tax dates. In addition, after mid-March thrift institutions were no longer permitted to pay a higher interest rate than banks on the popular 6-month money market certificates. As a result commercial banks captured half of the net increase in MMCs in the second quarter, compared to one-third in the first quarter, and this raised the growth rate of  $M_2$ .

In July monetary growth continued at a rapid pace, and market interest rates began to move up. At first the Federal Reserve kept its target for the Federal funds rate unchanged, but it soon became apparent that maintenance of the funds rate was resulting in a rapid expansion in bank reserves and the monetary aggregates. Al-

though the expansion of the monetary aggregates slowed considerably in August, rapid growth of money and credit resumed in September, when economic statistics were indicating a rebound of activity in the third quarter and the continuation of a very high rate of inflation.

During the third quarter the Federal Reserve took steps that led to higher interest rates. The discount rate was moved up in several stages to 11 percent in mid-September, and the Federal funds rate was raised to 11½ percent. From the end of June to mid-September most short-term rates had climbed by almost 200 basis points. Nevertheless both  $M_1$  and  $M_2$  were growing rapidly, and it was clear that the Federal Reserve's 1979 target ranges would be breached if such high growth rates continued.

During the first 9 months of last year, growth in bank credit was well above earlier projections and consistently outstripped the expansion in bank deposits. To satisfy expanding demands for credit, banks substantially increased their reliance on nondeposit sources of funds, which rose from \$85 billion in December 1978 to about \$130 billion in September.

It was—and still is—difficult to assess the degree of restraint exerted by monetary policy in the first 3 quarters of 1979. The spread of active liability management among banks, the advances in cash management techniques used by firms, and the growing financial sophistication of households have produced a marked shift in the normal relationships between economic activity and the monetary aggregates. The new MMCs have played a particularly important role in cushioning the effects of monetary restraint on housing. Moreover the effects of interest rates on aggregate demand may also have changed because of heightened inflationary expectations. In any event, by September the growth of money and credit, developments in the real economy, and signs in commodity markets of an apparent worsening of inflationary expectations were giving unambiguous signals that more monetary restraint was needed. Pressures on the dollar reinforced those signals.

#### *Monetary Policy in the Fourth Quarter of 1979*

On October 6 the Federal Reserve announced a major shift in its technique for implementing monetary policy. Previously it had attempted to control the expansion of the monetary aggregates by adopting a target for the Federal funds rate. Under the new approach the object of open market operations would be to supply the volume of bank reserves consistent with desired rates of monetary growth. Much greater variation in the Federal funds rate was to be permitted.

The Federal Reserve also raised the discount rate to 12 percent and established a marginal reserve requirement of 8 percent on increases in the total of managed liabilities of member banks, Edge Act corporations, and U.S. agencies and branches of foreign banks. Managed liabilities subject to this requirement include large-denomination time deposits with maturities of less than a year, Eurodollar borrowings, repurchase agreements, and borrowings of Federal funds from lenders not subject to the requirement. This added reserve requirement raised the effective cost to banks of obtaining funds through these sources.

Interest rates climbed to record levels in the first few weeks after October 6 but then declined through late November. In December rates rose again but remained below October peaks. On average, short-term rates during the final month of 1979 were about 1¾ percentage points above September levels, while long-term rates had risen about 1 percentage point. With the prime bank loan rate at 15¼ percent at the end of December, businesses faced short-term borrowing costs that greatly exceeded the rate of inflation in the industrial sector, about 9 percent for producer prices of finished goods other than food and energy.

Money and credit growth decreased markedly in the wake of the Federal Reserve's action. During the final quarter of last year  $M_1$  rose at an annual rate of only 3.1 percent, while growth of  $M_2$  dropped to a 7.1 percent rate. Consequently, growth of  $M_1$  and  $M_3$  fell within the target ranges established for 1979, while the increase in  $M_2$  was just above the upper end of its range.

#### *Thrift Institution Deposits and Mortgage Credit*

Although short-term interest rates nearly doubled from December 1977 to December 1979, both thrift institution deposits and the flow of mortgage credit proved more resilient than in earlier periods of high rates.

During past periods of high interest rates, depositors had shifted their funds from accounts at banks and thrift institutions, where deposit ceilings were fixed by regulation, to market instruments giving a higher rate of return. The introduction in June 1978 of 6-month money market certificates enabled both thrift institutions and banks to compete more effectively for funds. Commercial banks are permitted to pay an interest rate on these certificates, which require a \$10,000 minimum deposit, equal to the discount rate on 6-month Treasury bills. Initially thrift institutions were able to pay one-fourth of 1 percent more, but in March 1979 that differential was eliminated whenever the 6-month bill rate was 9 percent or higher.

Thrift institutions captured 70 percent of the net increase in MMC balances from June 1978 to March 1979, and 50 percent of the growth in MMCs over the last 3 quarters of 1979. By the end of 1979 MMCs accounted for about one-fourth of all deposits at thrift institutions.

Certificates of deposit sold in amounts of \$100,000 or more, which are not subject to rate ceilings, were also important in maintaining thrift flows during 1979. Those large-denomination certificates accounted for about one-third of the increase in deposits with savings and loan associations last year, compared to only 12 percent in 1978. Regulations were issued in December authorizing federally chartered savings and loan associations to tap the Euromarkets by issuing large-denomination certificates to foreign investors.

In July 1979 a floating ceiling was established for deposits with a maturity of 4 years or more. Thrift institutions were permitted to pay an interest rate 1 percentage point below the yield on 4-year Treasury issues, and the ceiling for commercial banks was set 25 basis points below that for thrift institutions. The 4-year certificates did not play an important role during 1979; short-term rates remained well above medium-term Treasury yields throughout the latter part of the year, and the 4-year certificates were less attractive to depositors than MMCs and money market mutual funds. Minimum deposit requirements were also eliminated in July for all deposit categories except MMCs, and penalties for early withdrawal were reduced.

On January 1, 1980, the floating ceiling was extended to cover deposits with a maturity of 2½ years or more. Under these new regulations thrift institutions can pay an interest rate on such accounts that is one-half of a percentage point less than the 2½-year Treasury yield, while the ceiling for banks is 25 basis points less than that for thrift institutions. (Floating ceilings apply only when they exceed the previously established fixed ceilings for a given class of deposits.)

Secondary mortgage markets, which have expanded rapidly in recent years, also helped sustain the flow of mortgage credit during 1979. The Government National Mortgage Association (GNMA) guarantees mortgage-backed securities issued against pools of FHA and VA mortgages. Only \$5 billion of such securities were issued during 1974, when the GNMA market was just developing. By 1979 more than two-thirds of all FHA and VA mortgages were being packaged in pools guaranteed by GNMA, and new issues of these securities rose to almost \$25 billion. The secondary market for conventional mortgages has also expanded in recent years. By making mortgages attractive to a wider group of investors, the development of secondary markets has further reduced the degree to which the availability of mortgage credit depends on the flow of deposits to thrift institutions.

Despite these developments the October 6 actions of the Federal Reserve caused a severe shock in the mortgage credit markets. Thrift institutions were confronted with greater uncertainty regarding their ability to attract funds. They also faced the prospect of sharp reductions in earnings because the cost of attracting funds had risen so much relative to revenues from their loan portfolios, which consist largely of loans made at lower rates of interest prevailing in earlier years. In the light of these uncertainties substantial numbers of thrift institutions stopped making new mortgage loan commitments altogether, and many others tightened their lending policies by raising required down payments or by lending only to long-standing depositors. Mortgage interest rates increased sharply in all States where usury ceilings were not binding. Where such ceilings prevented mortgage rates from rising, many mortgage lenders withdrew from the market.

Potential home buyers in late 1979 were therefore confronted with sharply higher costs of home financing and tighter nonprice terms. Some were unwilling to pay the higher rates, others could not make the higher down payment required, and still others found it difficult to qualify for loans because of the higher monthly payments. With both higher costs and reduced availability of credit driving buyers out of the market, housing starts declined substantially in October and in November before leveling off in December.

What the developments in late 1979 imply for the mortgage market in 1980 cannot yet be fully evaluated. Initially the market may have overreacted to uncertainties prevailing in October and November. Since late October, interest rates on market securities have declined, as have rates on new mortgage loan commitments in some regions of the country. Late last year legislation was enacted that permanently exempted FHA and VA loans from State usury limits and temporarily exempted other residential mortgage lending from these ceilings. This should bolster home sales and construction in States where usury limits had been binding. Nevertheless the outlook for housing construction in early 1980 has been dimmed by conditions prevailing in mortgage markets late in 1979. This weakness in housing makes it more likely that the economy will slide into recession this year.

#### *ATS and NOW Accounts*

Two regulatory changes introduced late in 1978 had an important bearing on the financial services offered to individuals by banks in 1979. On November 1, 1978, commercial banks were authorized to offer customers automatic transfer services whereby funds are shifted automatically from savings to demand deposit accounts to cover

checks. With ATS the customer need not keep money in his checking account, and his funds can earn interest at the passbook rate in his savings account. In the same month, banks and thrift institutions in New York State were authorized to offer NOW accounts. Negotiable orders of withdrawal may be used like checks to make current payments, but they are drawn against an interest-bearing savings account. NOW accounts have been available in all six New England States for several years.

Both ATS and NOW accounts, as well as credit union share drafts, provide checking privileges on a deposit that earns interest. Since all of these accounts are classified as savings deposits, shifts from regular demand deposits to these accounts reduce the growth of  $M_1$ .

In the 5 months through March 1979 the increase in ATS accounts and in NOW accounts at New York banks totaled more than \$6 billion. In mid-April, however, a U.S. Court of Appeals ruled that ATS and similar accounts, such as credit union share drafts, were illegal and could not be maintained after January 1, 1980, unless the Congress enacted appropriate legislation. After this ruling the spread of ATS was curtailed sharply.

In December the Congress enacted legislation extending authority for credit union share drafts and bank ATS systems through March 31, 1980. The Senate bill had also included provisions to phase out regulatory interest ceilings on bank and thrift institution deposits over a period of 10 years and to give federally chartered savings and loan associations and credit unions greater consumer and commercial lending authority. Decision on these steps was deferred until 1980. In May the President had sent a message to the Congress strongly supporting such measures, which would enable small savers to earn a market rate of return on their deposits and give thrift institutions the flexibility they need to pay market interest rates and yet maintain adequate earnings. The Administration also proposed granting thrift institutions authority to offer variable rate mortgages. Regulations were issued in July by the Federal Home Loan Bank Board permitting all federally chartered savings and loan associations to issue variable rate mortgages. Federally chartered associations in California and some State-chartered associations were already offering such mortgages before July.

#### CREDIT FLOWS

Borrowing by the private nonfinancial sector of the economy (including State and local governments) continued to expand during the first 3 quarters of 1979, although somewhat less rapidly than private GNP. The increase in private credit flows was about offset by a reduction in Federal borrowing that reflected the decline in the Federal



budget deficit. The aggregate flow of credit to all nonfinancial borrowers thus remained close to its 1978 pace.

The increase in private borrowing stemmed from the business sector. The annual rate of borrowing by nonfinancial businesses during the first 3 quarters of 1979 was one-fourth larger than in 1978. Although the increase cut across most types of borrowing by business, commercial bank loans accounted for most of the acceleration. The strength of business credit demands reflected the slow growth of internal funds relative to capital spending. For nonfinancial corporations the ratio of external funds raised to expenditures for fixed capital and inventories increased from 48 percent in 1978 to 55 percent during 1979 but remained well below the peak rate of 61 percent recorded in 1974.

Borrowing by households over the first 3 quarters of 1979 as a whole remained close to the 1978 pace, but the rate of borrowing tended to decline as the year went on. Growth in consumer installment credit subsided, and so did the volume of mortgage borrowing. The moderation of growth in installment credit derived primarily from the slower pace of auto sales after the first quarter. The slower expansion of household mortgage debt may have stemmed from higher mortgage interest rates and the somewhat more limited availability of mortgage credit. During 1978 the increase in household mortgage debt amounted to 113 percent of household expenditures for new residential construction. By the third quarter of 1979 the ratio was down to 107 percent.

In earlier periods of economic expansion, rising interest rates generally led to sharp changes in the sources of credit supplied to borrowers. Constraints on the ability of depository institutions to attract and hold deposits resulted in a marked decline in the share of credit supplied through financial intermediaries. Correspondingly a higher share was supplied directly to credit markets by households, businesses, and State and local governments. As a result of the innovations in financial markets discussed earlier, this shift in sources of credit did not occur in the first 3 quarters of 1979, when the proportion of funds advanced through private financial intermediaries was actually somewhat higher than in 1978. During the first half of the year, the proportion advanced directly by the public also increased while supplies from foreign sources declined, reflecting substantial intervention sales of dollars by foreign central banks as the U.S. currency strengthened in exchange markets.

#### *The Consumer Debt Burden*

The ratio of consumer debt repayments to disposable income has risen steadily in recent years, reaching a record peak of 18 percent in the third quarter of 1979. The increase in this ratio has created con-

cern that consumers are becoming overextended and has also raised fears that a high repayment burden might act as a strong constraint on consumer spending during an economic downturn. Repayments were equal to 17 percent of disposable income at the top of the last cycle in 1972-73.

The increase in the debt repayment burden from the last cyclical peak to the present is completely accounted for, however, by an increase in monthly payments on revolving credit lines. The revolving credit figures cover all charges and repayments on credit cards issued by banks, gasoline companies, and retail stores, including transactions of consumers who use credit cards only as a convenience and pay their outstanding balances in full each month. Bank credit cards accounted for most of the increase in revolving credit charges and repayments relative to income. While revolving credit repayments have risen rapidly relative to income in the past 6 years, the ratio of debt outstanding on revolving credit lines to income has risen only slightly. Most of the recorded increase in the debt repayment burden for this category of consumer credit can thus be attributed to a greater use of credit cards, particularly bank cards, for convenience only.

The monthly repayment burden on fixed-term consumer loans has not risen over this period. On the contrary, during the last half of 1979 such repayments, which include those on auto loans, were actually somewhat lower in relation to income than they were in 1972-73. Debt outstanding on these loans, however, has increased substantially as a proportion of after-tax income. Consumers were able to increase their debt without raising required repayments as a share of income, because average maturities have lengthened considerably. The average repayment period on new car loans, for example, has increased from almost 3 years in 1974 to about 3 years and 9 months in the third quarter of 1979. Maturities on other fixed-term installment loans have also lengthened, reflecting the easier terms provided by most categories of lenders.

Consumer indebtedness from auto loans and other fixed-term installment credit declined substantially relative to disposable personal income during 1974 and 1975 and then increased rapidly in the upturn. Outstanding balances on revolving credit lines, however, have been a fairly constant proportion of after-tax income throughout the past decade. Last year net borrowing on revolving lines rose at about the same pace as disposable income, while net fixed-term borrowing dropped from about 2½ percent of disposable income in the fourth quarter of 1978 to less than 1½ percent in the final quarter of 1979.

Consumers are indeed more indebted today than they were at the peak of the past cycle, but their fixed-term repayments are actually somewhat lower compared to their disposable income than was the case in 1972-73. While the burden of repayments can be expected to restrain consumer spending as the economy heads into recession, the impact will probably be no greater than during the last downturn and might well be less.

## SUMMING UP

Huge oil price increases dominated economic developments in 1979. Economic growth slowed much more than expected. The decline in inflation anticipated at the beginning of the year did not materialize; on the contrary, inflation increased sharply. The fact that the increase in inflation was confined largely to energy (and as measured in the CPI, to housing) was a distinct positive element in the economic record, but there is still a danger that last year's sharp rise of energy and housing prices may spill over into this year's wages and costs and thus become built into the underlying inflation rate. Fighting inflation must therefore remain the top priority of economic policy.

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## SUPPLEMENT I

### **Improvements in the Method for Estimating the High-Employment Budget**

Beginning with the publication of the 1978 *Report*, the Council's approach in calculating the high-employment budget changed. In the method used earlier, high-employment receipts were determined as the product of real potential GNP, the price level, and estimates of income shares and effective tax rates at high employment. Comparisons of actual receipts—those collected at actual employment levels—with high-employment receipts often yielded an implausible elasticity of receipts with respect to the change in income between actual and potential GNP.

The source of the problem is that estimates of high-employment income shares and effective tax rates made with this approach do not reflect all of the structural characteristics of the tax system or the economy that are embodied in the short-term behavior of actual income shares and effective tax rates. These estimates are unlikely to incorporate such features because they rely completely on trends of income shares and effective tax rates. Hence estimates of actual and high-employment budgets can be inconsistent.

The revised approach ensures consistency by basing the high-employment estimates on actual receipts and adding to these receipts the extra revenues that would be collected if the gap between actual and high-employment GNP were closed. Estimates of these additional revenues are based on the average historical behavior of income shares and marginal tax rates or tax elasticities over the business cycle. In this way the implied elasticity of receipts with respect to the change in income between actual and potential GNP is more consistent with past experience.

During 1979 the Council worked with other Federal agencies to improve the estimates of income shares, marginal tax rates, and tax elasticities used in this approach, integrating as fully as possible the Council's work on potential GNP. Cyclical adjustments of expenditures were made for the first time for several additional Federal expenditure programs, and separate cyclical adjustments were made for regular and extended unemployment insurance benefits.

#### *Income Shares*

The principal improvement last year to estimates of cyclically adjusted income shares was the joint estimation of equations explaining the shares of *all* major components of national income and the difference between national income and GNP. Because the equations were estimated jointly, the sum of the gaps between actual and high-employment values for income components equals the gap between actual GNP and its high-employment level. To facilitate the calculation of the difference between actual and high-employment tax bases for different revenue aggregates, national income was disaggregated into six components: wages and salaries, other forms of compensation, nonfarm proprietors' income, farm proprietors' income, corporate profits, and rent plus net interest.

#### *Tax Elasticities*

Efforts were made on several fronts in 1979 to improve estimates of the personal income tax elasticity. Time series analyses related personal tax receipts adjusted for changes in tax law to adjusted personal income (defined as wages and salaries, proprietors' income, rental income, dividends, and personal interest income). Cross-sectional analyses using a model from the Department of the Treasury's Office of Tax Analysis were also performed for several years in the 1970s. Inputs to this model included estimates of changes in the components of adjusted personal income that would occur in closing the gap between actual and potential GNP. The estimated number and type of additional income tax returns filed by the extra persons employed in closing the gap were also used by the model. These studies suggest that estimates of the personal tax elasticity obtained in moving between actual and potential GNP are particularly sensitive to assumptions about productivity, the income distribution, and the filing status of the extra employed persons. For the calculation shown in this *Report*, an elasticity of  $1\frac{1}{3}$  was used. It is recognized that this estimate is subject to a substantial margin of error.

The study of the marginal corporate tax rate used a time series analysis of the relationship of corporate profits tax receipts to the product of the statutory tax rate and a tax base adjusted for Federal Reserve profits, profits from foreign operations, and State and local taxes. The investment tax credit was also an explanatory factor in the analysis. While it is difficult to control accurately for the effects that changes in these factors exert on corporate tax revenues, most specifications suggested a marginal corporate tax rate near 40 percent in recent years.

During 1979, estimates of the additional contributions for social insurance brought about by closing the gap between actual and high employment were refined in several ways. Social insurance revenues were disaggregated into four subcategories: social security taxes, excluding those paid by the self-employed, and railroad retirement taxes; social security contributions by the self-employed; unemployment insurance taxes; and other taxes (including Federal employee retirement contributions, supplemental medical insurance premiums, veterans' life insurance payments, and workmen's compensation). This disaggregation was particularly important because the relative weight of social security taxes in the total has increased materially since the 1950s.

Estimates were made of the cyclical sensitivity of tax bases for each category of social insurance receipts (except the tax base of other contributions, which was assumed to be insensitive to cyclical influences). Separate tax elasticities were then applied to each of these bases. The tax elasticities were calculated as a weighted average of an employment elasticity (assumed to be 1.0) and an average wage elasticity. For example, the average wage elasticity for social security taxes (except those paid by the self-employed) and railroad retirement taxes has increased during the 1970s from an estimated 0.57 in 1971 to 0.78 in 1979 because of the increase in the taxable earnings base relative to average earnings. The weights are based on the proportion of the difference between actual and high-employment wages and salaries attributable to the change in employment, and the proportion attributable to the change in average wages per worker, in moving from actual to potential GNP.

Estimates of the elasticity of indirect business taxes with respect to changes in real GNP were revised last year on the basis of studies that analyzed the behavior of indirect business taxes since the 1950s, after allowing for changes in tax law. According to these studies the elasticity of total indirect business taxes with respect to real GNP is less than 1, since most of the taxes are on products for which demand is inelastic in relation to income. This elasticity has declined from a peak of 0.9 in the mid-1960s to nearly 0.6 in recent years as a consequence of the repeal of several cyclically sensitive excise taxes, particularly the automobile excise tax.

#### *Expenditure Adjustments*

Separate estimates were made of the cyclical sensitivity of regular and extended unemployment insurance benefits. The estimates suggest that ex-

penditures for regular unemployment insurance benefits currently rise about \$2.5 billion for each 1 percentage point increase in the unemployment rate. The cost of extended benefits is estimated to rise smoothly as a percentage of the cost of regular benefits when the actual unemployment rate rises to about 7½ percent from the benchmark unemployment rate of 5.1 percent. This rise occurs as extended benefits payments are triggered in an increasing number of States. Near an unemployment rate of 7½ percent, the cost of extended benefits jumps sharply, because these benefits are triggered for the Nation as a whole.

During 1979, cyclical adjustments were made for six additional Federal expenditure programs: food stamps, aid to families with dependent children, old age and survivors' insurance, disability insurance, medicaid, and veterans' readjustment benefits (the GI bill). These adjustments were based on a survey of research on these programs, most of it conducted within the Federal Government during the last decade. The increase in expenditures for a 1 percentage point rise in the unemployment rate is about 1 percent of total expenditures on these programs, or \$1.4 billion at 1979 expenditure levels. The total cyclical adjustment for these programs was \$0.9 billion in 1979.

Further improvements are planned in the estimates of income shares and tax elasticities used in calculating the high-employment budget. During 1980 these refinements and historical estimates of the high-employment budget will be reported in the *Survey of Current Business*; and the Bureau of Economic Analysis of the Department of Commerce will then regularly publish updates and revisions of these historical estimates.

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## SUPPLEMENT II

### **Measuring the Restraint from Oil Price Increases**

In analyzing the economic consequences of higher oil prices the Council has found it useful to estimate the magnitude of the "oil price drag," which has effects on real output and employment that are analogous to those of fiscal drag.

Oil price increases affect the broad performance of the economy in two principal ways. First, the overall price level is raised because of the higher prices of petroleum products and the higher costs of products incorporating petroleum. Second, income is transferred from users of petroleum to foreign and domestic producers and also to the government through increased tax collections.

The effect of higher oil prices on users of petroleum is similar to the impact of a higher excise tax. Both raise prices directly, reduce real purchasing power, and thus depress aggregate demand. But when oil prices rise, oil pro-

ducers receive higher net revenues and expand their demands for goods and services.

The calculations of oil price drag are based on average prices for imported and domestically produced oil and on estimated changes in refining and marketing margins. The gross impact of a price increase for imported or domestic crude oil used in the United States is calculated by multiplying changes in average oil prices by the quantities of oil from each source, after allowing for the reduction in oil consumption induced by higher prices. To estimate the effect of higher margins, price increases at each stage in the processing and distribution of refined products are taken into account, along with the quantity of each product used. Where crude oil or refined products are used as inputs in producing other goods, the increased costs are assumed to be passed through to prices on a dollar-for-dollar basis.

In calculating the drag attributable to higher crude oil prices and increased refining and marketing margins, only the increase that exceeds the general rate of inflation is taken into account. Estimates for 1980 assume no further rise in real prices of imported oil above the level prevailing in early 1980 and no further widening of real margins.

Gross oil price drag is defined simply as the gross value of changes in the cost that users of oil and refined products must pay. To calculate a net oil price drag, estimates of respending on American products from the increased revenues of OPEC countries and those of domestic oil producers are subtracted. Increased exports of American products resulting from higher world oil prices are estimated to equal 20 percent of the increase in the U.S. oil bill after 1 year and 50 percent after 2 years. It is assumed that 30 percent of the incremental after-tax revenue of domestic sellers of oil is respent for goods and services after 1 year and 75 percent after 2 years.

According to the Council's estimates, gross oil drag increased over the 4 quarters of 1979 by \$59 billion and is expected to rise by an additional \$41 billion over the 4 quarters of this year. Over the same two 4-quarter periods the net oil drag is expected to increase by just under \$53 and \$24 billion respectively. By the end of 1980 the net drag will have increased by an amount approximately equal to 3 percent of GNP.

## CHAPTER 2

# The Economic Outlook

ECONOMIC FORECASTS LAST YEAR tended to underestimate the strength of private spending and, consequently, the economy's ability to withstand the effects of energy price shocks, fiscal restraint, and rising interest rates.

As indicated in Chapter 1, the resilience of the economy last year reflected forces that may continue to sustain economic activity in 1980. Nevertheless there are a number of reasons for expecting a mild recession in the first half of this year. Rising oil prices, coupled with increases in effective tax rates caused by inflation, will continue to dampen consumers' purchasing power in 1980, and the personal saving rate is likely to rise from its exceptionally low level at the end of last year. Consequently the growth in consumer spending will slow. Businesses are likely to react to the slowdown in consumer buying by trimming their capital investment plans. Housing starts turned down sharply late last year and may decline further in response to reduced availability of mortgage credit and extraordinarily high mortgage interest rates. And inventory accumulation is also likely to decline further as final sales weaken.

In most past periods of economic recession both fiscal and monetary policy have been eased significantly. At the present time, however, recession is still only a forecast; it has not yet appeared in overall measures of economic performance. Moreover the economy has recently withstood recessionary pressures far better than most analysts expected. These facts, together with the seriousness of our inflation problem, argue against an easing of policy at this time. Such a move would heighten expectations of inflation and reduce our prospects of making progress toward price stability. An easing of monetary and fiscal policy, in advance of any actual economic deterioration, would also put strong downward pressures on the dollar in foreign exchange markets. Creating an environment conducive to reduced pressures on prices and costs requires restraint in fiscal and monetary policies and great caution in making changes.

Fiscal policies cannot, of course, be set to run an unswerving course regardless of how actual economic events unfold. The Administration will monitor economic developments closely in 1980 and is



prepared to recommend additional policy measures if worsening economic conditions warrant such action.

## THE ECONOMY IN 1980 AND 1981

The expected recession is likely to be mild and brief. Declines in real gross national product (GNP) should not extend much past mid-year, and economic growth will resume later this year, albeit slowly at first. Over the 4 quarters of 1980 real GNP is forecast to decline by 1 percent.

Employment should remain almost unchanged despite the fall in real GNP, as productivity declines and the average length of the workweek is reduced. However, because job opportunities will not grow as fast as the labor force, the unemployment rate is likely to rise from 5.9 percent in the fourth quarter of 1979 to 7½ percent in the fourth quarter of this year.

In 1980 a major task of economic policy is to prevent the large energy shocks of 1979 from spilling over into wages and industrial prices. Greater slack in the economy will help to hold down inflation by discouraging large wage increases and creating resistance to price increases. The rate of increase in home financing costs should slow this year. Energy prices will continue to rise substantially, although most probably at a slower pace than in 1979. Over the 12 months of this year consumer prices are forecast to increase 10.4 percent, compared with 13.3 percent in the year just ended. Late in 1980 the annual rate of inflation should be between 9 and 9½ percent.

While several factors will be working to reduce inflation, dramatic progress cannot be expected because the momentum of past inflation is substantial and expectations of inflation are deeply entrenched. The pay and price standards will continue to help restrain the growth of wages and nonenergy prices, but they cannot be expected to yield a large reduction in inflation. Indeed, to the extent that workers seek and achieve larger nominal wage gains, some increase in the underlying rate of inflation—that is, the rate determined by the long-term trend in industrial costs—could occur this year. The degree of spillover of last year's price increases into this year's wages will be limited, however, not only by greater economic slack, but also by continuation of the voluntary pay and price standards.

Real growth is forecast to increase to a rate of 2¾ percent over the 4 quarters of 1981. Employment growth is also expected to strengthen, and consequently the unemployment rate is forecast to be slightly lower by year's end. Inflation should decline somewhat further, to about 8½ percent over the 12 months of 1981, as a result of some

improvement in productivity growth and continued slack in labor and product markets.

#### FISCAL POLICY

Fiscal policy must continue to follow a course consistent with reducing inflation. This principle is particularly important in light of the large rise in oil prices in 1979 and the possibility of spillover from higher oil prices into wages and nonenergy costs.

In fiscal 1980 Federal outlays are projected to be \$563.6 billion, an increase of about 14 percent from the previous year. In fiscal 1981 the budget projects outlays of \$615.8 billion, a rise of 9 percent. Most of the increase in Federal outlays over the 2 years arises from the effects of inflation on the Federal budget. Adjusted for inflation, Federal spending will increase only about 2½ percent over the 2 years. Outlays for defense, in real terms, will rise somewhat more than 5 percent between fiscal 1979 and fiscal 1981. Inflation-adjusted outlays for all other Federal programs will be less in fiscal 1981 than they were in fiscal 1980.

Fighting inflation continues to be the top priority of economic policy, and hence the President has not recommended any legislated changes in tax rates in the 1981 budget. Since individuals will be moving into higher tax brackets as their incomes increase, the share of personal income taken by Federal income taxes will rise. Social security tax liabilities are scheduled to increase in January 1981 by \$18 billion. The resulting rise in effective tax rates, combined with limited growth of Federal outlays, will cause the Federal budget to move significantly toward restraint in the next fiscal year.

#### MONETARY POLICY

The actions taken by the Federal Reserve on October 6 to restrain the growth of money and credit were followed by a sharp rise in interest rates to record postwar levels in the last quarter of 1979. Short-term market interest rates reached a peak in the third week of October but eased somewhat thereafter.

The changed approach to monetary control, with more emphasis on controlling the growth of bank reserves and greater willingness to permit fluctuations in interest rates, will help the Federal Reserve to hit its target ranges for the growth of the monetary aggregates. Short-term shifts in the demand for money and credit now show up in movements of short-term interest rates more than in the growth of the monetary aggregates.

While the new strategy will lead to more variation in the course of interest rates over the short run, it need not alter their central tendency. This will continue to be determined by longer-term trends in

inflation and the demands for credit and money relative to the available supplies, which are influenced by the objectives of the Federal Reserve. As the year progresses, slowing economic activity and declining inflation should make the Federal Reserve's objectives for monetary restraint consistent with lower interest rates. The decline in interest rates that develops, however, is likely to be moderate compared to past periods of recession because of the persistence of a high rate of inflation.

#### WORLD OIL MARKETS

World oil markets are expected to be in a delicate balance in 1980. Although consumer demand for petroleum products has fallen and can be expected to decline further, continued high levels of stock-building, combined with supply cutbacks by some foreign producers, may offset whatever tendency might exist for the creation of slack in the international oil market.

The outlook presented here takes into account the most recent price increases announced by the Organization of Petroleum Exporting Countries (OPEC). In Caracas, the OPEC members did not agree on an integrated cartel pricing structure, though some member countries made an effort to narrow existing price differentials within the cartel. Since then some of the countries with the highest prices have posted additional increases. In early January the world price of oil was near \$28 per barrel, more than twice its level a year earlier. The forecast makes allowance for the possibility that further increases in world oil prices may somewhat exceed the inflation rate during 1981.

#### THE ECONOMIC FORECAST

At this time the economy appears likely to head into a mild recession. Housing starts began to turn down in the fourth quarter of last year. New car sales also fell, and auto companies have curtailed their production schedules for the first quarter of this year to reduce abnormally large inventories, especially of large models.

The downward pressure on consumers' real incomes, resulting from rising oil prices and increasing fiscal restraint, is continuing. In the 2 years beginning with the final quarter of 1978, the high-employment budget will swing to surplus by \$34 billion. Increases in crude oil prices, and in domestic oil refiners' and distributors' gross margins, in excess of the general rate of inflation will increase the revenues of domestic and foreign producers by \$100 billion during these years. Some of these receipts will be spent within this time, but a large part will be retained. Allowing for such responding, and adjusting for double-counting, the combination of oil and fiscal restraint is estimated to rise by almost \$80 billion over the 2 years end-

ing in the fourth quarter of 1980, about 3 percent of GNP (see Table 12).

TABLE 12.—*Fiscal and oil price restraint on the economy, fourth quarter 1978 to fourth quarter 1980*

[Billions of dollars, annual rate]

Item	1978 IV to 1979 IV	1979 IV to 1980 IV	1978 IV to 1980 IV
Fiscal restraint <sup>1</sup> .....	20	14	34
Oil price restraint <sup>2</sup> less adjustment for double-counting <sup>3</sup> .....	42	3	45
Total.....	62	17	79

<sup>1</sup> Change in the high-employment budget.

<sup>2</sup> Increase in foreign and domestic producer revenues due to real increases in crude oil prices and refiners' and distributors' gross margins, less the estimated responding by oil sellers of their additional revenues. The 1980 estimates assume no further rise in real imported oil prices from levels prevailing early in 1980.

<sup>3</sup> Higher windfall profits taxes and corporate profits taxes due to real increases in crude oil prices and refiners' and distributors' gross margins, which are included in both the measure of fiscal restraint and the measure of oil price restraint, have been deleted from the latter.

Source: Council of Economic Advisers.

Around the middle of 1980, forces of recovery from recession are expected to be evident. Reduced restraint in financial markets will permit housing starts to turn up in response to strong underlying demand. As inflation abates, some of the drain on consumer purchasing power will be relieved. Continuation of fiscal restraint, together with maintenance of cautious inventory policies by businesses, will result in a slower pace of recovery than has been typical after earlier postwar recessions. The rate of economic growth is expected to strengthen during 1981, however, as businesses step up their capital spending plans. Table 13 reports the forecast for this year.

#### *Consumer Expenditures*

Consumer spending in 1980 will be restrained by the drain on consumers' purchasing power imposed by rising energy prices and the increases in effective tax rates caused by inflation. The rise in energy prices is expected to be smaller than in 1979, and there is likely to be some step-up in the rise of wage rates during 1980. But since employment is projected to change little this year, after-tax income in real terms will show only a small gain. An increase in tax refunds because of overwithholding of individual income taxes in 1979 will help to sustain the rise of after-tax incomes.

Last year the personal saving rate declined considerably and ended the year below 3½ percent. Some increase from this exceptionally low level seems very likely this year, but it should be small as people try to maintain their living standards in the face of slow growth of income. The expected rise in the saving rate, together with sluggish income growth, is expected to result in a decline in real consumer purchases of goods and services of between one-half and 1 percent over the 4 quarters of 1980. This would be the first reduction since 1974.

TABLE 13.—*Economic outlook for 1980*

Item	1979 <sup>1</sup>	Forecast range 1980
<b>Growth, fourth quarter to fourth quarter (percent):</b>		
Real gross national product.....	0.8	-¾ to -1¼
Personal consumption expenditures .....	1.6	-½ to -1
Nonresidential fixed investment .....	1.7	0 to -½
Residential investment.....	-8.3	-11 to -12
Federal purchases .....	1.1	3 to 3½
State and local purchases .....	-4	-1¼ to -1¾
GNP implicit price deflator.....	9.0	8¾ to 9¼
Compensation per hour <sup>2</sup> .....	8.9	9½ to 10
Output per hour <sup>2</sup> .....	-2.0	-¼ to -¾
<b>Level, fourth quarter: <sup>3</sup></b>		
Unemployment rate (percent) .....	5.9	7¼ to 7¾
Housing starts (millions of units) <sup>4</sup> .....	1.6	1½ to 1¾

<sup>1</sup> Preliminary.<sup>2</sup> Private business sector, all employees.<sup>3</sup> Seasonally adjusted.<sup>4</sup> Annual rate.

Sources: Department of Commerce (Bureau of Economic Analysis), Department of Labor (Bureau of Labor Statistics), and Council of Economic Advisers.

Expenditures for consumer durable goods will be most affected. Automobile sales for the year will be below 1979 average levels but should improve in the second half. Purchases of other household durables may also decline, given the downturn forecast for housing starts.

Expenditures by consumers on nondurable goods are also expected to decline in real terms in 1980; purchases of energy-related items are likely to be cut considerably. Consumption of services will probably continue to rise but at a slower pace than in 1979.

Growth in real consumer spending should resume late this year and strengthen in 1981, when employment is expected to rise more strongly while inflation moderates. The increase in social security taxes scheduled for January 1, 1981, however, will limit the rise in real disposable income. In part for this reason, real consumption expenditures are likely to grow less rapidly than real GNP next year.

#### *Business Fixed Investment*

Current indicators suggest that business fixed capital spending in real terms should turn down moderately in 1980. New orders for nondefense capital goods, adjusted for inflation, have fallen from their peaks of last spring. Capital appropriations of manufacturing firms, adjusted for inflation, have also declined since the first quarter of last year. The most recent Department of Commerce survey of capital spending plans by business suggests that companies are planning to increase their real outlays by only about 1 to 2 percent on a year-over-year basis in 1980.

Business spending plans tend to be revised down when the economy weakens. With a mild recession early this year, capacity utilization

will be falling, profits will be squeezed, corporate cash flow will diminish, and business spending will slow further. Recovery from the recession will lead to a strengthening of business investment plans early in 1981, and increased activity in this key sector will provide increasing support to economic growth next year.

### *Housing*

The outlook for housing is more uncertain in 1980 than in the past several years. Late in the fourth quarter the severe strains evident in the mortgage market soon after the October 6 tightening of monetary policy were eased somewhat. Mortgage lenders appeared to be relaxing their lending terms a little; in some sections of the country mortgage loan rates were lowered from the extreme highs of a few weeks earlier. Interest rates on short-term market securities were down from their October peaks, and depository institutions gained additional power to attract funds for lending when the regulatory authorities, effective January 1, instituted a floating interest rate ceiling on deposits with a maturity of 2½ years or more.

These developments should help to improve the flow of mortgage credit early next year. Moreover the preemption of State usury ceilings by Federal law through March 31, which applies to new residential mortgage commitments made during the period as well as to residential loans closed, could lead to a substantial increase in credit available to potential home buyers in almost 20 States.

Very high mortgage interest rates will continue to discourage some individuals, however, and make it difficult for others to qualify for loans. It may also take time for builders to reassess the prospects for housing sales. A sample survey in mid-November conducted by the Bureau of the Census indicated sharp cutbacks in builders' construction plans for early this year.

Housing starts may therefore fall somewhat further to a trough before midyear. Single-family housing starts will bear the brunt of the decline. Unlike the 1974-75 experience, starts of multiple-family dwellings are expected to decline relatively little; vacancy rates are low, and demand is strong in this segment of the housing market.

Later this year housing construction should recover as demand responds to lower mortgage interest rates and continuing strong demographic factors. The favorable after-tax rate of return on housing compared with other physical and financial assets will also reinforce housing demand.

Some slowing in the rise of housing prices may occur in 1980, particularly in the first half, when sales will be depressed by the high cost of mortgage credit. This slowdown of inflation in the housing sector may be temporary, however, since the forces underlying the demand for housing are strong.

In 1981 housing starts should continue to increase toward levels consistent with their long-term determinants. By the end of next year housing starts may be close to a 2-million annual rate.

#### *Inventories*

As final demand weakens in the first half of this year, the rate of inventory accumulation is expected to fall. Since the cautious inventory policies followed by businesses during the recovery have prevented a large buildup of undesired stocks, no significant decumulation is expected. By around midyear, adjustments of stocks to lower levels of demand should be largely complete. Resumption of growth of final demand, together with lower rates of interest, will encourage an upturn in the rate of inventory accumulation in 1981.

#### *Government Purchases*

Real Federal purchases are projected to increase by about 3 percent over the 4 quarters of 1980, led by growth in defense outlays, and will continue to rise moderately during calendar 1981.

State and local government purchases in real terms are expected to continue falling in 1980. Concern over the impact of the recession on tax revenues, combined with taxpayers' resistance to expenditures for new programs, will operate to hold down spending. In 1981, as economic growth resumes and tax revenues increase, State and local purchases should increase in real terms, though much more slowly than real GNP.

#### *Employment and Unemployment*

Employment is likely to be almost unchanged in 1980 despite the weakness of overall economic activity. Declining real GNP during the first half is expected to lead to a further reduction in output per hour worked and to a somewhat more rapid reduction in the average workweek than occurred in 1979. In 1981 employment growth should be stronger as growth in real output increases.

Growth in the labor force is expected to average about 1¾ percent a year over the next 2 years. Weak growth of job opportunities will keep the labor force from growing at the rates of recent years. Nevertheless the increase in the number of job seekers will be larger than the rise in employment during 1980, and the unemployment rate is forecast to rise to 7½ percent by the fourth quarter of 1980. A small decline in the unemployment rate, to about 7¼ percent, is expected by the end of 1981.

#### *Foreign Sector*

Economic growth abroad is likely to slow from 4 percent in 1979 to an average annual rate of about 2 percent in 1980 and 1981. For

the 2 years taken together, growth abroad is expected to be stronger than in the United States. These developments will add moderately to real net exports of goods and services.

The contribution of net exports to real GNP growth this year and next, however, will be significantly less than during the previous 2 years. Imports are projected to decline in volume during the course of 1980 and to recover only moderately in 1981—reflecting the pattern of mild recession and recovery foreseen for the U.S. economy. But the growth of exports is not expected to continue at the strong pace that marked the last 2 years, not only because growth abroad is likely to slow but also because the boost to exports from the past depreciation of the dollar will largely have run its course.

The deficit on merchandise trade, which was about \$28 billion in 1979, is expected to increase somewhat over the coming 2 years because the generally favorable developments in non-oil trade will not fully offset the large increase in the oil import bill from 1979 to 1981. Agricultural exports, which reached record levels in the second half of 1979, should remain on a high plateau in 1980. This estimate makes allowance for the recent decision to limit grain sales to the Soviet Union. A small decline in the volume of agricultural exports over the 4 quarters of 1980 will be nearly offset by a slight increase in export prices of farm commodities.

The widening deficit on merchandise trade should result in a small current account deficit in 1980 and again in 1981, even though moderate increases in net receipts on invisibles transactions are likely. These developments are not expected to affect the value of the dollar adversely in foreign exchange markets, since the U.S. current account position should be stronger than that of other major industrial countries.

#### UNCERTAINTIES IN THE OUTLOOK

As in 1979, a major threat to the outlook is that OPEC decisions about prices and production may lead to increases in world oil prices that go well beyond those announced recently. Such a development would, in the short run, add to the restraint on the economy exerted by oil prices, exacerbate inflation, and lead to lower economic growth and higher unemployment. As Chapter 4 indicates, the probability of large price increases for oil will be diminished if the major consuming countries join to reduce demand in world oil markets. Discussions toward this end are now proceeding in the International Energy Agency.

The new orientation of monetary policy poses additional uncertainties. If inflation does not decelerate as expected, interest rates may be under more upward pressure than is now foreseen. On the other hand, if the Federal Reserve's monetary targets are attained easily be-



cause money demand weakens more than expected, the Federal Reserve's strategy will permit market forces to lower interest rates considerably. The central bank's scope for maneuver will be determined in part by developments in monetary policy abroad and by a variety of forces influencing the value of the dollar in exchange markets.

The potential behavior of the personal saving rate further complicates the assessment of the course of the economy. The saving rate is forecast to rise moderately from its exceptionally low level at the end of 1979. Should it increase further, economic growth would be weaker than expected. As Chapter 1 indicates, past experience provides only limited guidance on how individuals may choose to allocate their disposable income between current consumption and saving under present circumstances.

Perhaps the most serious risk for the longer-term performance of the economy is the possibility of a large spillover of energy price increases into wages and then into industrial goods prices generally. If temporary bursts in energy prices became a relatively permanent feature of the underlying cost structure, the outlook for inflation during the years immediately ahead would worsen; and, as Chapter 3 points out, the costs of bringing inflation back down again would be increased. Maintenance of effective pay and price standards is essential to minimize this spillover.

## CONTROLLING INFLATION

Even during the very sharp 1975 recession the underlying rate of inflation never fell below the neighborhood of 6 percent. In 1976 and 1977 inflation remained at about this level. But early in 1978 inflation began to accelerate, initially on account of a dramatic increase in food prices that resulted from limited supplies of meat and the effects of cold weather on fruit and vegetable production. In 1978 and 1979 adverse productivity developments acted to push up unit labor costs. And around the close of 1978, as the economy was operating near the limit of its capacity, excess demand added briefly to upward pressure on prices. But a dominant factor in the most recent worsening of inflation was the explosion of energy prices in 1979. In the consumer price index (CPI) energy prices in 1978 had risen by 8 percent, somewhat less than the overall rise for other consumer goods and services. During the 12 months of 1979, however, energy prices to consumers increased by 37.4 percent, directly adding about 2¼ percentage points to overall inflation.

Temporary excess demand or sharply rising food and energy prices would not affect inflation for more than a limited period if they did not become built into longer-term trend rates of increase in wages and other costs. However, as outside shocks drive up materials prices, businesses may seek to maintain profit margins by raising prices. The higher prices of finished goods may induce workers to try

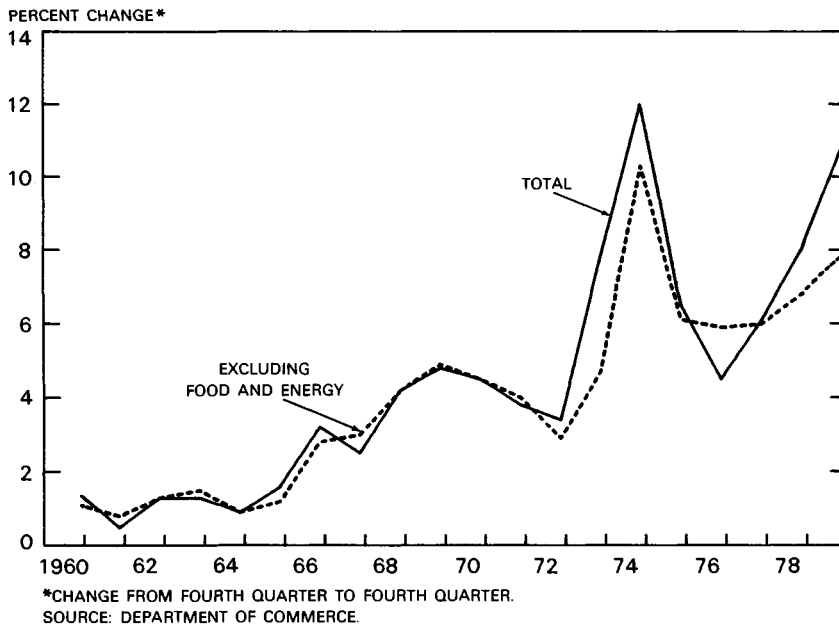
to protect their real incomes by demanding larger nominal wages. Moreover businesses are less resistant to increases in the cost of materials and labor when demand is relatively strong and these increases can be readily passed through to prices of finished products. Temporary shocks that aggravate inflation can thus become embedded in underlying inflation.

To the extent that a rise in prices relative to wages reflected a surge of business profits to abnormal levels, wages could rise to recover the lost ground. The increase in costs could then be absorbed by businesses without further price rises, and any longer-term increase in inflation could be avoided. However, as Table 6 in Chapter 1 indicates, in 1979 the rise in prices relative to wages did not stem from a general increase in the profit share of national income. Instead it was the result mainly of rising oil prices. Attempts to recapture the lost ground are not likely to lead to a readjustment of income shares; the danger is that they may trigger another round of price increases.

Trends in the broad range of prices for final industrial goods and services in the U.S. economy are fairly evident in the fixed-weight price index for personal consumption expenditures, excluding food and energy, in the national income and product accounts. Chart 4 in-

Chart 4

### Fixed-Weight Price Index for Personal Consumption Expenditures



dicates a rise in that index from a 1 percent rate of increase in 1964 to near 8 percent in 1979.

There have been few years in which this measure of price rise has shown any significant moderation over the past two decades. In 1971 and 1972, when mandatory price controls were in effect, inflation shown by this measure declined by more than 1½ percentage points, from 4½ percent in 1970 to just under 3 percent in 1972. By the end of 1973, however, when a less stringent set of mandatory controls was in place, inflation in the industrial and service sectors was up again to 4¾ percent. Removal of the controls in early 1974 was followed by an explosion of wages and prices. By the fourth quarter of 1974, prices paid by consumers for goods and services, excluding food and energy, had risen 10¼ percent above the level a year earlier. Once this temporary burst of prices following controls ended, underlying inflation settled back to around 6 percent—higher than the level before the controls were instituted.

Periods of economic recession over these two decades produced little permanent progress in unwinding inflation. In the very mild recession of 1970, prices of goods and services other than food and energy rose nearly as fast as they had in 1969 when the economy was overheated. Moreover in 1970, when the unemployment rate averaged almost 5 percent, the rise of hourly wages and fringe benefits was almost as large as the rise in 1969, when the unemployment rate was 3½ percent. In 1975 the rate of increase of prices (excluding food and energy) declined significantly, as did the rise of compensation per hour worked. That moderation of inflation, however, came about largely because of the termination of the special factors pushing up prices and wages in 1974. During the latter half of 1975 the rates of increase in compensation per hour and in prices, excluding food and energy, were still higher than they had been in 1973.

The trend of inflation created by these developments is disturbing. Shocks from excess demand and from higher prices of food and energy have at least partly fed back into wages, costs, and prices for goods other than food and energy. Since the early 1960s the start of each period of economic expansion has been marked by higher inflation than the start of the previous upswing, and inflation has been higher at the end of each expansion than at the beginning.

Developments in productivity have been another important source of the upward trend of cost and price increases. In the early 1960s increments to productivity averaged about 3 percent per year, as Table 14 shows. Rates of advance have dwindled, however, since the middle years of the 1960s. Adjusted for cyclical developments, productivity growth in the 2 years ending with the fourth quarter of 1978 was only one-half of 1 percent. During 1979 cyclically adjusted productivity declined sharply. The longer-term reduction in produc-

tivity growth would not have influenced the trend of inflation if wage increases had been correspondingly scaled down.

Table 14.—*Changes in compensation per hour, productivity, unit labor costs, and prices, 1959–79*  
[Percent change per year <sup>1</sup>]

Period	Private nonfarm business sector, all employees			Fixed-weight deflator for personal consumption expenditures excluding food and energy
	Compensation per hour	Output per hour	Unit labor costs	
1959 to 1964.....	4.0	2.9	1.0	1.1
1964 to 1969.....	5.9	1.3	4.5	3.2
1969 to 1972.....	6.5	2.8	3.6	3.8
1972 to 1974.....	9.5	-2.0	11.8	7.5
1974 to 1977.....	8.2	2.7	5.3	6.0
1977 to 1979 <sup>2</sup> .....	8.9	-5	9.5	7.3

<sup>1</sup> Changes are measured from fourth quarter to fourth quarter.

<sup>2</sup> Preliminary.

Sources: Department of Commerce (Bureau of Economic Analysis) and Department of Labor (Bureau of Labor Statistics).

As noted earlier, rising inflation over a long period has influenced the way prices and wages are set, and these and other structural changes may have reduced the response of wages and prices to a moderate degree of slack in the economy. Formal escalator clauses in labor contracts have become more common. In 1970 only one-fourth of the workers covered by major collective bargaining contracts had such clauses; in 1979 the contracts of nearly 60 percent of such workers had these clauses. Nonunion wages have also become more sensitive to price increases, perhaps because informal agreements to provide cost-of-living protection for workers have become more common. Econometric studies of the determinants of wage changes indicate a larger response to price inflation in more recent periods, and some studies suggest a smaller response to labor market slack. The incomes of other groups have been adjusted for inflation as well. Since 1975 social security benefits have been indexed to increases in the consumer price index.

Widespread belief that inflation will continue, if not worsen, leads businesses to accede to cost increases in the expectation of being able to pass the added costs forward into higher prices. These higher prices then become the basis for additional rounds of wage increases. Expectations of inflation can also lead individuals and businesses to accelerate their spending and thus add to the pressure of aggregate demand on available supplies of goods and services.

Repeated shocks to prices from the energy and food sectors aggravate the problem. As shocks become more frequent, the probability grows that a given shock will have a greater effect on expectations of inflation.

In the present environment we cannot realistically expect that price and wage increases will respond quickly and strongly to a moderate increase in the degree of slack in the economy. Nor can it be expect-

ed that a sharp but relatively short recession would have a lasting effect on inflation. Expectations of inflation have become much too deeply entrenched for that to happen.

Aggregate demand restraint is nonetheless critical to the creation of an environment that helps to prevent an acceleration of underlying inflation in 1980 and to lower it in the years beyond. Fiscal and monetary policies must be conducted in ways that convince the public—workers, businesses, consumers, and investors—that our government will not permit inflation to proceed unchecked. It is particularly critical at this time to avoid circumstances in which the energy-led price increases of 1979 could easily carry over into a general wage-price spiral at double-digit rates of increase. Maintenance of restrictive fiscal and monetary policies in the face of the forces now weakening the economy will unfortunately mean less output and employment in the immediate future than anyone would like. But persistence in restraint now is the only way to produce the conditions for sustainable expansion later.

The Administration's fiscal policy exhibits the restraint needed at this time. As Table 11 in Chapter 1 indicates, the high-employment Federal budget began to move from stimulus toward restraint early in 1978. At that time the high-employment deficit amounted to about 1¼ percent of actual GNP. The budget moved into surplus in early 1979 and will move further into surplus throughout 1980 and 1981. By late 1981 the surplus in the high-employment budget will amount to 2¼ percent of GNP; the swing from deficit to surplus over the 4 years ending in the fourth quarter of 1981 will be about 4 percent of GNP. This fiscal policy, and the impact on the economy of higher oil prices, imply a strong degree of restraint on aggregate demand.

The monetary policy being pursued by the Federal Reserve is consistent with an overall aggregate demand policy aimed at slowing inflation and breaking the grip that expectations of inflation have on decisions affecting wages, prices, and spending. Because the new methods of implementing monetary policy should make the monetary authority better able to achieve its target ranges for growth of the monetary aggregates, they provide greater assurance that monetary policy will not inadvertently add to pressures on costs and prices by permitting excessive increases in supplies of money and credit. At the same time the new approach will tend to lead fairly promptly to lower interest rates as inflation comes down and economic activity weakens.

#### THE PRICE AND PAY STANDARDS

The price and pay standards announced in October 1978 recognized that our current inflation problem cannot be solved through aggregate demand policy alone. The costs in forgone output and em-

ployment would be unacceptably high. Used in conjunction with prudent monetary and fiscal policies, voluntary standards for prices and wages can help limit increases in prices that widen profit margins, lessen the need for catchup wage increases, and minimize the transmission of temporary price pressures into wages and other costs.

During their first 15 months the pay and price standards did help hold down inflation, as indicated in Chapter 1. The first year's experience revealed two major problems, both caused in large measure by sharp price increases in sectors where standards cannot effectively limit price increases: energy, other raw materials, and food.

Many firms faced with uncontrollable cost increases applied to switch from the price-deceleration standard to the profit-margin limitation. While this limitation restricted both the profit margin and the rise in dollar profits that could be secured through higher prices, firms that qualified for the exception were still able to pass through large uncontrollable cost increases to prices of final products. Moreover the constraint on the growth of dollar profits had an upward bias. Firms with low base-year profits were able to increase prices and raise their profit margins to the average of the best 2 out of 3 prior fiscal years, while those with high base-period profits were not compelled to make a comparable downward adjustment.

On the pay side, a problem of equity was created by the way cost-of-living adjustment (COLA) clauses were treated. Calculations of whether a wage contract adhered to the standard assumed a 6 percent inflation rate in assessing the cost of a COLA clause. This appeared to be a reasonable assumption at the time that the standard was designed, especially for multiyear contracts. Because of the large price increases in the several sectors noted above, however, inflation during the first program year was far in excess of 6 percent. As a result, many workers with COLAs were in compliance with the pay standard while receiving greater wage increases than the complying workers without such clauses—and greater increases than were consistent with the desired degree of wage restraint.

#### THE SECOND PROGRAM YEAR

Sharply higher prices led to a substantial reduction in real wages in the first program year. Because many workers have attributed the loss of real income to the pay standard rather than to its fundamental causes, there have been pressures to relax the pay standard in ways that would aggravate inflation. The American people cannot be wholly recompensed for losses of real income due to higher world oil prices. Efforts by workers or other groups to restore real income through larger increases in wages, salaries, or other forms of nominal

income will only increase business costs and thus ultimately intensify inflation. This fact makes the pay and price standards all the more important in the year ahead.

On November 1, 1979, the Council on Wage and Price Stability announced the second-year price standard. Companies are expected to limit their price increases for the 2 years ending September 30, 1980, to the price change for the 2 years from 1976 to 1977. A 2-year standard was chosen to avoid penalizing companies that raised prices less than the standard allowed during the first year. Any company, regardless of its base-period performance, will be in compliance if its prices go up less than 5 percent in the 2 years; any company whose prices rise by more than 19 percent will be out of compliance. Under the profit limitation exception, price increases are permissible if the growth of dollar profits over the 2 years does not exceed 13.5 percent and the profit margin is no higher than the average in the best 2 out of 3 fiscal years preceding the program. The special adjustment for firms whose base-year profit margin is below the profit margin in the best 2 of the last 3 years has been cut in half.

To elicit greater public participation in the standards program, a Price Advisory Committee has been created. This Committee, which consists of six public members appointed by the President, will from time to time recommend to the Council on Wage and Price Stability modifications of the price standards and new or revised interpretations of them.

The problem of catchup for workers without COLA clauses who complied with the pay standard in 1979 is difficult. Just before the end of the first program year the Council on Wage and Price Stability allowed a self-administered 1 percent pay increase for complying workers not covered by COLA clauses; on a case-by-case basis the increases may be more than 1 percent where disparities between wage increases of workers with COLAs and other workers in similar situations demonstrably require correction.

On September 28, 1979, the Carter Administration and the leadership of the American labor movement reached a National Accord. This agreement provides for the cooperation and participation of organized labor in formulating and implementing policies aimed at reducing inflation effectively and equitably while furthering our national goals of full employment and balanced growth.

One immediate result of this accord was the creation of a tripartite Pay Advisory Committee with 18 members: six from labor, six from management, and six from the public. Its central task is to recommend modifications to the first-year pay standard. The Committee has been asked to look at the basic standard, the accompanying infla-

tion assumption for those workers who have COLA clauses, the exemption for low-wage workers, equitable catchup adjustments for workers not covered by COLA clauses, and the treatment of incremental or merit increases.

The Committee has already made a number of recommendations that the Council on Wage and Price Stability subsequently adopted. The Committee recommended loosening the exception for tandem pay relationships allowed in the first year. Pay increases in "follower" units will be in compliance if they are substantially equal to increases in "leader" units that are exempt from or in compliance with the pay standard; employee groups whose pay increases follow formal market surveys of pay rates will also be in compliance. The Committee further proposed that the tandem exception be self-administered, with notification to the Council on Wage and Price Stability after the fact.

The Pay Committee recommended a change as well in the low-wage exemption. The exemption will continue to apply to individual workers making under \$4.00 per hour on October 1, 1978. Employee groups with an average straight-time hourly wage rate of \$5.35 or less during the third quarter of 1979 are exempt from the pay standard in the second program year.

Finally, a recommendation by the Committee clarifies the status of so-called incremental pay increases. Any promotion or pay raise in established pay plans that results from completing a qualification requirement or from movement within a preexisting pay structure is exempt from the pay standard.

As this *Report* went to press, the Committee had just recommended a basic pay standard that would establish a range of allowable pay increases, together with a statement of principles for labor and management to use in determining the appropriateness of particular wage increases.

#### THE OUTLOOK FOR INFLATION

Restraint on aggregate demand in combination with the pay and price standards can make an important contribution to the control of inflation in 1980 and help lay the foundation for later reductions in inflation. Price developments in specific sectors such as food, energy, and housing will continue to have a significant impact on inflation.

Over the 4 quarters of 1980 food prices should rise approximately in line with general inflation. Prices are expected to climb most rapidly during the fall. Both the farm value of food prices and marketers' margins are expected to move up at about the same rate.

Inflation will continue to raise food marketing costs, which account for about two-thirds of consumer food costs. Price increases in food marketing operations, including labor, packaging materials, fuels, and



transport supplies, are quickly translated into higher retail food prices.

The pattern of price increases for food during the year will also depend on the general level of economic activity and the relative availability of food products, primarily meats. Beef supplies for the year will be about the same as in 1979, making 1980 the first year since 1976 that supplies have not declined substantially. However, seasonally lower cattle marketings could put upward pressure on beef prices during the spring, and a reduction in the supplies of other meats is likely to boost meat prices in the fall. While pork and poultry production will continue to increase through the first half of the year, it might slow later because farm prices for these commodities may not cover production costs during the first half of 1980. Pork and poultry prices are consequently expected to remain fairly stable through midyear but then to increase, particularly in the fourth quarter.

A major uncertainty in the outlook for food prices is consumer demand. While food prices tend to be most heavily influenced by the availability of food products and marketing costs, the slower growth of consumer incomes expected in the first half of this year will help to moderate food price increases. Prices for highly perishable products like meat, fruit, and vegetables are likely to be most affected.

Energy prices to consumers are likely to increase less in 1980 than in 1979, when they rose 37.4 percent. The outlook for prices of petroleum products is very uncertain, however, since it is not clear how much further world oil prices will rise this year. The forecast assumes no further increase in real world oil prices in 1980, after the most recent round of OPEC price increases. As decontrol of domestic oil prices proceeds, the ratio of domestic to world oil prices will rise from about two-thirds at the beginning of 1980 to slightly over four-fifths at year's end. Domestic oil prices will rise substantially over the 4 quarters of 1980.

The extent to which crude oil price increases are passed on to consumers depends heavily upon the balance of supply and demand in the oil market. In 1979 the market was tight enough not only to allow full pass-through of higher crude oil prices, but also to permit a widening of refiners' and distributors' gross margins. Barring another severe disruption in world oil supplies, the outlook for the balance of supply and demand in the world oil market, at least in the first half of 1980, is not likely to permit a further widening of inflation-adjusted margins.

The rate of increase in prices of houses may moderate somewhat early in 1980 as a consequence of reduced demand attributable to developments in mortgage credit markets late in 1979. The rise in

home financing costs should also be moderated later in 1980 by declining mortgage interest rates.

Available evidence noted in Chapter 1 suggests that the pay standard reduced wage inflation by about 1 percentage point in 1979. The voluntary pay standard will continue this year, although its impact on increases in wage costs during 1980 may be somewhat less than in 1979, both because the standard has had to be made more liberal and because of pressures to restore real wage losses suffered in 1979. Increased slack in the labor market, however, will also help to hold down the rise of wage rates this year. The increase in average hourly earnings is expected to range between 8½ and 9 percent in 1980.

Because of the projected cyclical decline in real GNP, the output per hour of all employees in the private business sector will probably decline in 1980, but by less than in 1979. As a consequence the increase in unit labor costs will be above 10 percent for the second year in a row. Not all of these cost increases will be passed through to consumers, however, because weak aggregate demand will limit price increases and cut into profit margins in 1980.

Taking all these factors into account, consumer prices are expected to rise about 10.4 percent over the 12 months of this year, considerably less than in 1979. Smaller increases in energy prices and in the costs of purchasing and financing homes are principally responsible for the moderation. Most of the expected slowing of inflation this year will occur during the second half, when the direct effects that OPEC's recent price increases exert on the prices of petroleum products will be largely exhausted. Some further winding down of inflation is expected in 1981, when the increase in the consumer price index is expected to be about 8½ percent.

#### THE PRODUCTIVITY PROBLEM

The trend rate of productivity growth in the United States, as in other major industrial countries, has been declining in recent years. In the United States, however, this decline started earlier and has lasted longer than in other industrial economies. Table 15, which compares growth in output per worker for the major OECD countries, makes it evident that declines have occurred in all countries.

Table 16 shows growth in output per hour in the United States since the end of World War II. During the first 20 years after the war, output per hour for all employees in the private nonfarm business sector rose at an average annual rate of just under 2½ percent. From 1965 to 1973 the increase was 1½ percent. Since 1973 the annual growth of productivity has been less than 1 percent. In the most recent period, years of sharply declining productivity, such as 1974 and 1979, have been interspersed with years of fairly good gains, such as 1976.

TABLE 15.—Annual growth in GNP per employed worker in major industrial countries, 1963-79

[Percent change per year]

Country	1963 to 1973	1973 to 1979 <sup>1</sup>
United States.....	1.9	0.1
Japan.....	8.7	3.4
Germany.....	4.6	3.2
France.....	4.6	2.7
United Kingdom.....	3.0	.3
Italy.....	5.4	1.6
Canada.....	2.4	.4

<sup>1</sup> Estimate.

Source: Organization for Economic Cooperation and Development.

Last year's productivity performance was particularly disappointing. While productivity increased at a rate of 1.1 percent during 1978, in line with the recent trend, it declined over the 4 quarters of 1979 by about 2 percent. Productivity growth is cyclically sensitive because businesses are generally slow to adjust their work force to changes in production. This tendency causes sharp increases in productivity when output increases vigorously in the early stages of recovery; later, near cyclical peaks, very weak growth in productivity or even declines may occur as growth in real output slows. Still, cyclical considerations cannot account for all of the decline in productivity last year.

TABLE 16.—Labor productivity growth, 1948-79

[Percent change per year]

Sector	1948 to 1955	1955 to 1965	1965 to 1973	1973 to 1978	1978 IV to 1979 IV <sup>1</sup>
Private business sector.....	2.5	2.4	1.6	0.8	-2.0
Nonfarm.....	2.4	2.5	1.6	.9	-2.2
Manufacturing.....	3.2	2.8	2.4	1.5	( <sup>2</sup> )
Nonmanufacturing.....	2.1	2.2	1.2	.5	( <sup>2</sup> )

<sup>1</sup> Preliminary.<sup>2</sup> Not available.

Note—Data relate to output per hour for all employees.

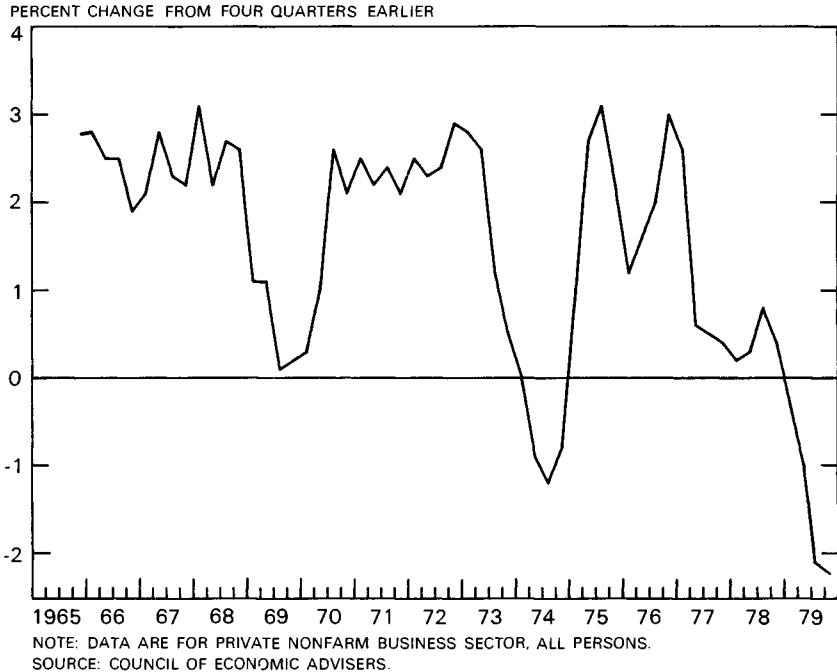
Source: Department of Labor, Bureau of Labor Statistics.

Chart 5 shows 4-quarter changes in productivity since 1965, adjusted for cyclical fluctuations. The productivity pattern of the last decade has not been marked by consistently lower growth, but by periods of relatively satisfactory productivity gains interrupted by several intervals of very poor performance. One of the disturbing factors about the productivity decline of 1979 was that it did not interrupt a period of high growth but followed 2 years in which productivity gains had already been quite low.

Last year's *Report* evaluated the various explanations for the slower growth of productivity in recent years. The Council has continued to examine the productivity problem and to monitor closely other analyses of this topic.

Chart 5

## Productivity Adjusted for Cyclical Variation



The magnitude of the slowdown and numerical estimates of the various forces behind it differ according to the period and measure of productivity examined. Most analysts have, however, identified breaks in productivity growth in the mid-1960s and again in 1973, though other sharp reductions in cyclically adjusted productivity appear to have occurred as well. A comparison of estimated productivity growth in the nonfarm economy from 1973 to 1978 with the estimated growth from 1948 to 1973 indicates a slowdown of about 1½ percentage points. Statistical analyses have been able to identify factors responsible for some of the decline, but a significant part remains unexplained.

The slowdown in the growth of the capital-labor ratio may have contributed about one-fourth of a percentage point to the decline, although some estimates put the figure higher. In earlier years the entry into the labor force of many young workers had a measurable impact on the decline, but this factor has not been so important since 1973. Offsetting some of the loss, however, have been the improved training and health of the labor force.

The diversion of resources to comply with government regulation may have accounted for as much as three-tenths of a percentage point of the decline, although the impact has not been so large in recent years. Many of these regulations have of course improved the quality of our environment and the health and safety of workers and consumers, benefits that are not measured in business output and productivity statistics. But regulation has not always proceeded in the most effective and efficient manner, and there is ample room for improvement. Administration initiatives to modernize the regulatory structure in some industries have improved productivity. (The case of the airline industry is discussed in Chapter 3.)

The relevance of research and development spending in explaining the decline of productivity is controversial. The real volume of resources devoted to research and development fell by 7 percent between 1968 and 1975, but since the latter date it has increased steadily. However, as a percentage of GNP, total research and development spending has declined since the mid-1960s, from 3.0 percent in 1964 to 2.2 percent in 1979. In private industry, where the links between productivity and research and development are more firmly established, real expenditures have increased steadily over the last two decades and have remained relatively stable as a share of GNP. More industrial research and development, however, has been aimed at compliance with regulatory requirements, and this may affect its contribution to measured output, especially in the short term. Moreover, with the recent slowing of growth of the private capital stock, fewer technological advances may have been embodied in equipment used in production. Federal support for research and development rose steadily during the early and middle years of the 1960s, but in real terms declined by about one-fourth from fiscal 1967 to fiscal 1975. Government research and development support is concentrated in basic research and in military research, however, which affect business output and productivity only after very long lags. Thus this slowdown in Federal funding may have had little effect on measured productivity so far. And Federal obligations for research and development have increased by over 14 percent in real terms since 1975.

Finally, some events, such as sudden changes in energy prices or the impact of inflation on decisions by business and individuals, may affect productivity in ways not yet understood. For example, rapid increases in energy prices, if sustained, would make the operation of older energy-intensive equipment less profitable and may make some of our present knowledge less relevant. To the extent that energy and capital are complements in production, rising energy prices may slow the rate of growth of the capital-labor ratio, and labor productivity may fall. While this phenomenon probably played a role, the

available evidence does not suggest that it represents a major source of the decline in productivity since 1973.

Since it is difficult to identify a single cause for a slowdown in productivity growth, the immediate prospects for a dramatic improvement in productivity are not good. Most recommendations for policies to improve productivity have been directed at incentives to increase investment in human and physical capital as well as in research and development. Since the slower growth of physical capital is responsible for only a part of the decline in productivity growth, efforts to stimulate business fixed investment will not solve all our productivity problem. Still, improved investment performance is almost surely a necessary condition for higher productivity growth.

In last year's *Report* the Council estimated the current trend rate of advance in productivity at 1½ percent. Since the average rate of increase during the past 6 years has been below that figure, the trend rate of increase may very well be still lower, perhaps 1 percent. Such a judgment, however, would give very heavy weight to last year's sharp decline in productivity, whose causes are not clearly understood. The Council has therefore decided to leave its estimate of the trend unchanged at 1½ percent. It is recognized, however, that cyclically adjusted productivity growth in the immediate future may fall short of that figure.

#### POTENTIAL GNP

The uncertainties surrounding the causes and extent of the decline in trend productivity make the assessment of the rate of growth of the economy's productive potential most difficult. In last year's *Report*, the Council of Economic Advisers noted that the trend rate of growth of productivity since 1973 was extremely uncertain, but apparently it was below the 2 percent figure consistent with the 3½ percent growth rate of potential GNP previously estimated.

Corollary evidence for this conclusion came from inaccurate predictions of the unemployment rate based on Okun's law, which describes the relation between the unemployment rate and the gap between actual and potential real GNP. If potential GNP growth had been at 3½ percent from 1968 onward, the unemployment rate in 1977 and 1978 would have been substantially higher than its actual level.

As a result of these considerations the Council concluded in the 1979 *Report* that potential GNP had grown at only a 3 percent average rate in the 5 years since 1973. With this downward revision, the overpredictions of the unemployment rate by Okun's law were brought within historical margins of error. Underlying this estimate of potential GNP growth was an assessment that productivity had grown on average at about 1 percent per year, perhaps one-half of 1

percentage point below its long-term average. The shortfall of actual productivity growth from its trend was offset by average annual growth in the labor force about one-half of 1 percent above its long-term average.

The projection made in the 1979 *Report* of potential GNP growth over the 1978-83 period was 3 percent, the same as the revised estimate for 1973-78. The estimated trend productivity growth underlying this projection was 1½ percent, implying that some part, but less than half, of the 1973-74 drop in productivity represented nonrecurring events and that the remainder derived from a lower trend rate of increase.

Developments during 1979 raised further questions about the long-term trend rate of increase in productivity, as noted earlier. Once again the unemployment rate was substantially less than would have been indicated by a projection based on a comparison between the rate of growth of actual GNP and the assumed growth rate of potential GNP. If potential GNP had been rising at 3 percent, actual economic growth of 0.8 percent in the 4 quarters of 1979 should have caused the unemployment rate to rise from 5.8 in the fourth quarter of 1978 to about 6½ percent in last year's final quarter; in fact the unemployment rate was unchanged over the period.

One year's experience does not provide sufficient evidence to change the 1½ percent estimate of long-term productivity advance that underlies the Council's projection of a 3 percent annual trend rate of growth in potential GNP. The 1979 drop in productivity, however, in the wake of a similar one in 1974, does reduce the confidence with which that estimate can be held. In any event the Council believes that cyclically adjusted productivity growth in the next 2 years will not recover fully from its 1979 low and reach the 1½ percent trend. For this reason the estimate of the rate of growth of potential GNP has been reduced from 3 to 2½ percent during the 3 years beginning with the first quarter of 1979. This temporarily lower growth of potential can be divided into the following components: an annual growth in potential employment of near 2 percent, an increase in productivity of about 1 percent per year, and a one-half of 1 percent per year decline in hours per worker.

This estimate puts potential real GNP at \$1,461 billion in 1972 dollars in 1979, \$30 billion above the actual real GNP of \$1,431 billion, as shown in Table 17. By the fourth quarter of 1979 the gap between actual and potential GNP was \$36.3 billion in 1972 dollars.

During the 1982-85 period productivity growth should increase. Improved growth in investment and a more experienced labor force should boost cyclically adjusted productivity growth during this period to a range of 1½ to 2 percent. A projected average annual increase of 1¾ percent in potential employment, combined with an ex-

TABLE 17.—Potential gross national product and benchmark unemployment rate, 1973–79

[Billions of 1972 dollars, except as noted]

Year	Potential GNP	Actual GNP	GNP gap (potential less actual)	Benchmark unemployment rate (percent)
1973 .....	1,227.0	1,235.0	-8.0	4.9
1974 .....	1,264.4	1,217.8	46.6	5.0
1975 .....	1,302.3	1,202.3	100.0	5.1
1976 .....	1,341.4	1,273.0	68.4	5.1
1977 .....	1,381.6	1,340.5	41.1	5.1
1978 .....	1,422.9	1,399.2	23.7	5.1
1979 .....	1,461.1	<sup>1</sup> 1,431.1	30.0	5.1

<sup>1</sup> Preliminary.

Sources: Department of Commerce (Bureau of Economic Analysis) and Council of Economic Advisers.

pected yearly fall in hours of one-half of 1 percent, yields a growth in potential output over the 1982–85 period that is near 3 percent.

Projections of potential GNP, and in particular of cyclically adjusted productivity, are always subject to wide margins of error. This is especially true now, when the economy is adjusting to higher energy prices, changes in comparative advantage in international trade, and new trends in regulation.

### GOALS OF ECONOMIC POLICY

In 1978 the Humphrey-Hawkins Full Employment and Balanced Growth Act, enacted with the support of this Administration, specified procedures for developing and reviewing economic policies within the government and required the President to set 5-year goals for the U.S. economy. Last year the *Economic Report of the President* and the accompanying “Annual Report of the Council of Economic Advisers” discussed the act at length. In September 1979 the use of the principles in the act as a framework for making economic policy was reaffirmed in the National Accord reached by the Administration and American labor leaders.

The Humphrey-Hawkins Act incorporates both general and highly specific objectives for two of the most important indicators of the country’s economic health: the unemployment rate and the rate of inflation. The general objectives of the act—and those of the Administration—are to achieve full employment and reasonable price stability. The act is quite clear that reasonable price stability means ultimately achieving a zero rate of inflation. Full employment is not defined as any specific unemployment rate. The preamble to the act, however, indicates that the purpose of the legislation is “to translate into practical reality the right of all Americans who are able, willing, and seeking to work to full opportunity for useful paid employment at fair rates of compensation.” The act also establishes a balanced Federal budget as a high-priority goal of economic policy.



The act sets up specific milestones for the reduction of unemployment and inflation as the Nation proceeds toward the ultimate objectives. Interim goals of 4 percent for the overall unemployment rate (3 percent for adults) and 3 percent for inflation are set for 1983. The act requires that this year's *Economic Report* include, along with a review of the numerical goals and timetables for reducing unemployment and inflation, and the goal of a balanced budget, a report to the Congress on the degree of progress being made in these areas, and a discussion of the policies being used to achieve these goals.

In this and subsequent *Economic Reports* the President may, if he finds it necessary, recommend modification of the existing timetable or timetables for achieving the interim goals of 4 percent for the unemployment rate and 3 percent for inflation.

#### *Progress Toward Meeting the Humphrey-Hawkins Goals*

At the end of 1976 the overall unemployment rate was still close to 8 percent. For blacks and other minorities the rate was over 13 percent. The average duration of unemployment exceeded 15 weeks, and 1 million discouraged workers stayed out of the labor force because they believed no jobs were available. A large part of the labor resources idled by the severe recession of 1974-75, the deepest of the postwar period, still remained unemployed.

Since the fourth quarter of 1976, increases in employment have been extraordinarily large, averaging nearly 3½ percent per year. Gains in employment have occurred for all major demographic groups (Table 18).

TABLE 18.—*Changes in employment and unemployment by demographic group, fourth quarter 1976 to fourth quarter 1979*

[Seasonally adjusted, except as noted]

Group	Unemployment rate (percent)		Employment		
	1976 IV	1979 IV	Thousands of persons		Percent change <sup>1</sup>
			1976 IV	1979 IV	
Total.....	7.7	5.9	88,242	97,665	10.4
By sex:					
Male.....	7.1	5.2	52,732	56,648	7.3
Female.....	8.6	6.8	35,509	41,017	14.9
By race and origin:					
White.....	7.0	5.1	78,689	86,640	9.8
Black and other.....	13.2	11.2	9,577	11,048	15.2
Hispanic origin <sup>2</sup> .....	11.1	8.6	3,841	4,626	20.4
By age:					
Adults (20 years and over).....	6.6	4.8	80,987	89,686	10.5
Teenagers (16-19 years).....	19.0	16.1	7,255	7,979	9.4
Black and other.....	36.6	34.1	588	671	15.7

<sup>1</sup> Adjusted for the increase of about 250,000 in employment and labor force in January 1978 resulting from changes in the sample and estimation procedures introduced into the household survey.

<sup>2</sup> Data on persons of Hispanic origin are tabulated separately without regard to race, which means that such persons are also included in the data for white and black and other workers; at the time of the 1970 Census, approximately 96 percent of their population was white. Data are not seasonally adjusted.

Source: Department of Labor, Bureau of Labor Statistics.

For blacks and other minority groups the percentage rise in employment was half again as large as for whites. Gains in employment among persons of Hispanic origin, in percentage terms, were about twice as large as for all workers. Aided by strongly expanded Federal jobs programs for youth, employment among black teenagers grew by nearly 16 percent. Since the number of black teenagers seeking work also climbed very sharply, however, their unemployment rate fell less rapidly, and in December 1979 it was still an exceedingly high 34.3 percent.

While unemployment rates declined for all major demographic groups, disparities among the rates for different groups did not change appreciably. The unemployment rate late last year for blacks and other minorities was still about twice as high as that for whites; the teenage unemployment rate was more than three times that for adults.

The most distressing feature of the unemployment record is the fact that the unemployment rates of black teenagers failed to decline significantly. To address this very serious problem the Administration has substantially increased the funds available during the past 3 years to support employment and training programs for youth. Indeed despite a tight budget it has gone further. An important new initiative to improve the basic skills and the ability of disadvantaged youth to find and keep jobs is proposed in this year's budget.

As discussed earlier in this chapter, inflation has not declined during the past 3 years; in fact, it has increased appreciably since 1976. A large part of the increase was due to developments in the food and energy sectors, where aggregate demand policies and the voluntary pay and price standards have little influence. The underlying, or longer-term, rate of inflation, however, has also moved up considerably.

Progress in reducing the Federal budget deficit has been significant. The budget deficit has declined from \$66 billion (4.1 percent of GNP) in fiscal 1976 to a projected level of about \$40 billion in the 1980 fiscal year (1.6 percent of GNP). The budget for 1981 just submitted to the Congress moves the deficit substantially lower, to \$16 billion. Sharp increases in oil prices have worsened the outlook for economic growth in 1980. If economic growth in 1980 and 1981 were strong enough to keep the unemployment rate from rising, the expenditure programs and tax rates in the 1981 budget would yield a surplus.

#### *Achieving the Goals of the Humphrey-Hawkins Act*

The next 2 years will be difficult for the U.S. economy. As indicated earlier a mild recession is expected in the first half of this year,

and some increase in unemployment is likely. Economic growth is expected to resume later in 1980 and to continue through 1981; and the unemployment rate should begin to decline, though it is not expected to fall below 7¼ percent by the fourth quarter of 1981. Some progress in slowing inflation from the very high rate that occurred last year is foreseen; but, given the energy price increases now in train, the rate of consumer price increases in 1981 is still likely to be close to 8½ percent.

After 4 years of relatively rapid growth during the recovery from the 1974-75 recession, some slowdown in the rate of economic expansion in 1979 and 1980 would have occurred even under the best of circumstances. But we have not had the best of circumstances. Huge OPEC oil price increases since the end of 1978 have made the outlook for economic growth much worse and have at the same time sharply increased inflation. Attempting to offset the deleterious effects on output and employment from the rise in the cost of oil by applying a very strong economic stimulus would make inflation worse and risk pushing it permanently into the double-digit range. The effect that a further worsening of inflation would have on long-term interest rates, the exchange value of the dollar, and investment plans would in turn frustrate the effort to keep output and employment on a rising course. Conversely, applying draconian monetary and fiscal policies in an effort to suppress completely the inflationary results of the oil price increase and keep the economy on a path toward the Humphrey-Hawkins goal of 3 percent inflation would produce a deep and extended recession without reducing inflation to the desired degree. During the next 2 years, appropriate economic policies can help the economy adjust to the impact of the OPEC price increases. But no policies can change the realities which those increases impose. The world oil situation has caused a tremendous setback in the economic progress of all oil-importing nations.

Given this obstacle to economic progress, the goals of a 4 percent unemployment rate and 3 percent inflation by 1983 are no longer practicable. Reduction of the unemployment rate to 4 percent by 1983, starting from the level now expected in 1981, would require a growth of real GNP averaging about 7 percent per year during 1982 and 1983. That would be a rate of growth higher than that in the first 2 years following the recession of 1974-75, the deepest of the postwar period. Indeed no 2 consecutive calendar years since the Korean war have produced a real GNP growth averaging over 7 percent a year. Moreover, efforts to achieve so high a growth rate through aggregate demand policies would be counterproductive. Their immediate result would be extremely strong upward pressure on wage rates, costs, and prices. As already noted, this would undercut the

basis for sustained economic expansion and postpone still further the date at which we could reasonably expect a return to a 4 percent unemployment rate.

Reducing inflation from 8½ percent in 1981 to 3 percent by 1983 is an equally unrealistic expectation. Recent experience indicates that the momentum of inflation built up over the past 15 years is extremely strong. A practical goal for reducing inflation must take this fact into account.

Because of these economic realities, the President has used the authority provided to him in the Humphrey-Hawkins Act to extend the timetable for achieving a 4 percent unemployment rate and 3 percent inflation. The target year for achieving 4 percent unemployment is now 1985, a 2-year deferment. The target year for achieving 3 percent inflation has been postponed until 3 years beyond that. Economic goals through 1985 consistent with this timetable are shown in Table 19.

TABLE 19.—*Economic goals, 1980–85*

Item	1980	1981	1982	1983	1984	1985
	Level, fourth quarter <sup>1</sup>					
Employment (millions).....	97.8	99.7	102.5	105.3	108.0	110.7
Unemployment rate (percent).....	7.5	7.3	6.5	5.6	4.8	4.0
	Percent change, fourth quarter to fourth quarter					
Consumer prices.....	10.7	8.7	7.9	7.2	6.5	5.8
Real GNP.....	-1.0	2.8	5.0	5.0	4.8	4.6
Real disposable income.....	.5	1.1	4.7	4.7	4.6	4.4
Productivity <sup>2</sup> .....	-3	1.3	2.3	2.5	2.5	2.5

<sup>1</sup> Seasonally adjusted.

<sup>2</sup> Based on real GNP per hour worked.

Source: Council of Economic Advisers.

The short-term goals represent a forecast for 1980 and 1981. The medium-term goals for 1982 through 1985 are not forecasts but projections of the economic performance needed to achieve the unemployment rate and inflation goals within the Administration's timetable. Long-term policies that will improve the prospects of meeting these targets are discussed in Chapter 3.

These projections through 1985 assume that growth of real potential GNP is 2½ percent during this year and next and 3 percent thereafter. Accordingly, given the growth rates forecast for 1980 and 1981, real GNP growth from 1982 through 1985 would need to be quite rapid to achieve 4 percent unemployment by 1985. The projection shows growth at a 5 percent rate in 1982 and 1983 followed by a deceleration as the economy approaches 4 percent unemployment.

The rate of inflation is projected to slow steadily to just under 6 percent by 1985. Faster deceleration would be desirable but difficult to attain, particularly in light of the prospect, discussed in Chapter 3, that energy prices will probably continue to rise faster than other prices. Progress against inflation along the lines projected would have an important salutary effect on inflationary expectations, however, and would greatly add to the chances of reducing inflation still further in subsequent years.

As last year's *Economic Report* pointed out, reducing unemployment to 4 percent and at the same time achieving steady progress in curbing inflation constitutes an enormous challenge. The rate of unemployment has continuously exceeded 4 percent since early 1970. Over the past decade, however, inflation has increased substantially, stimulated by large increases in oil prices and the slowdown in productivity growth.

The Administration believes that simultaneous progress toward the unemployment rate and inflation goals cannot be made by relying solely on aggregate demand policies. The Humphrey-Hawkins Act also recognizes this fact. To be sure, a reduction of inflation over the long term will require continued application of restraint in monetary and fiscal policies. Braking the momentum of inflation will also require the widespread and sustained compliance of business and labor with the voluntary pay and price standards. If output and employment are to be kept growing satisfactorily while growth of aggregate demand is restrained, specific policies are needed to improve productivity and reduce the impact from outside inflationary shocks. Chapters 3 and 4 in this *Report* discuss a number of such measures. First among these is the Administration's long-term energy program, designed to promote conservation and to help in the development of alternative energy sources that will make us gradually less vulnerable to OPEC price increases that add to unemployment and inflation.

Also included among these longer-term measures and discussed in Chapters 3 and 4 are grain reserve policies designed to prevent worldwide crop shortages from leading to sharp increases in food prices; regulatory reform policies to foster competition in currently regulated industries and ensure cost-effective social regulations; cooperative efforts with other oil-consuming countries to match oil imports with available production and thus avoid a costly scramble for petroleum supplies; and trade policies designed to secure the advantages of a free flow of imports for American consumers, to give American businesses access to expanding world markets, and to improve procedures for the protection of American workers and businesses from unfair trade practices.

Progress toward the goals of the Humphrey-Hawkins Act will also require policies that reduce structural unemployment through carefully targeted jobs programs, especially for minorities and youth. The Administration has launched a number of such programs since 1976. In 1978 a new structural employment component was added to title II of the Comprehensive Employment and Training Act (CETA) establishing a category of public service jobs especially for the disadvantaged and the long-term unemployed. The 1978 legislation also provided new resources for employment and training opportunities in private industry, and private industry councils have been established in nearly all local CETA jurisdictions. In addition, under CETA, particularly in the Youth Employment and Demonstration Projects Act, special employment and training programs have been established for the young, giving particular attention to the disadvantaged. Outlays for the Department of Labor's youth employment and training programs have tripled since 1976.

The Revenue Act of 1978 contained a targeted income tax credit to encourage the employment of disadvantaged persons, particularly those between the ages of 18 and 24. The Administration has also worked vigorously for its proposed welfare reform, which would make benefit levels uniform and expand work and training opportunities for the poor, thus moving the country closer to the President's goal of providing job opportunities for all Americans. A major demonstration project has been initiated to help in the design of the program.

Further, as mentioned previously, a significant new initiative is included in the budget this year to improve basic educational and job skills among the Nation's disadvantaged young people. This program is described further in Chapter 3.

#### CONCLUSION

Progress toward our goal of a high-employment economy with reasonably stable prices was interrupted last year by the effects of sharply rising oil prices on economic growth and inflation. Achieving both a 4 percent unemployment rate and 3 percent inflation by 1983 was an ambitious goal a year ago; developments of this past year indicate now that it is impossible. A reasonable degree of success in attaining our objectives will take somewhat longer.

As last year's *Economic Report* pointed out, the most difficult obstacle to achieving our national economic goals is the tendency of inflationary forces to intensify as the economy approaches full utilization of its human and capital resources. This obstacle still exists; in fact increased real prices of energy make it even greater. The challenge for economic policy in the near term is to prevent last year's higher energy prices from becoming embedded in the structure of costs and

industrial prices, thereby worsening inflation for years to come and delaying even longer the achievement of our economic goals. The challenge over the longer run is to strengthen our defenses against the effects of OPEC price and supply decisions and reduce the inflationary forces that accompany high employment through measures to increase productivity and to lower structural unemployment. Long-term policies to meet these needs are the subject of Chapter 3.

## CHAPTER 3

# Longer-Term Policies for Stability and Growth

THE CONTROL AND REDUCTION OF INFLATION is the Nation's highest economic priority, requiring fiscal and monetary policies that restrain demand not only in the immediate future but over an extended period. We also need policies to improve the structure and functioning of the economy in order to increase the effectiveness of demand restraint in lowering inflation and to reduce its depressing influence on output and employment. Such supply and structural policies are also important because they address two other tasks facing the American economy: restoring the Nation's productivity growth and making the necessary adjustments to scarce energy supplies.

The first part of this chapter outlines the broad framework of aggregate demand restraint consistent with a sustained attack on inflation and touches briefly on the strengths and limitations of this means of controlling inflation over the long run. The bulk of the chapter is devoted to a discussion of supply and structural problems. It examines how productivity and output are affected by the pace of business investment and by measures to reform regulatory policies, improve the operation of labor markets, promote energy conservation, and expand energy supplies. It also discusses ways to reduce the economy's vulnerability to inflationary shocks in the areas of energy and food.

### THE NEED TO REDUCE INFLATION

As Chapter 2 emphasized, the most immediate goal of anti-inflation policy must be to prevent the recent price increases for energy and housing from spilling over into the rest of the economy. Success in that endeavor will still leave the country's inflation rate far too high. On the basis of measures of inflation in sectors other than energy and housing, and taking account of longer-term trends in unit labor costs, the underlying inflation rate currently appears to be in the neighborhood of 8 to 9 percent.



Each new round of inflation since the mid-1960s has left us with a higher underlying inflation rate. Without long-term policies to reduce the current underlying rate of 8 to 9 percent, the economy will remain vulnerable to still further increases. These could come from a variety of sources. Another sharp increase in oil prices or a worldwide crop shortage could be the impetus for the next turn of the ratchet. A sudden and unanticipated surge in private spending could temporarily overheat the economy and spur inflation. Moreover, failure to lower inflation significantly after the latest inflationary episode would strengthen long-run inflationary expectations and erode resistance to future wage and price increases. Over the longer term, therefore, we must either have policies in place to reduce the underlying rate of inflation or in all likelihood face worsening inflation.

Successfully unwinding inflation over the coming years will require policies that address each of its three major long-run determinants: the rate of growth of nominal wages, profits, and other income; the pace at which productivity advances; and the occurrence of outside inflationary events. First, the rise in hourly wages and other income has to be reduced in order to bring down the rate at which costs are rising. While the task of economic policy at the moment—after a year of substantial increase in energy and housing prices—is to prevent the acceleration of wages and other costs, the longer-run objective of substantially reducing inflation can only be achieved by decreasing the rate of growth in nominal incomes. Second, curbing the rise of unit costs also requires that the rate of productivity growth be improved. For the economy as a whole, short-run changes in the rate of productivity growth do not seem to affect the growth of money wages, which depends principally on the state of aggregate demand and the momentum of past inflation. As a consequence, measures that improve efficiency and speed up productivity growth not only raise real living standards but retard the growth of unit labor costs and thus lower the underlying rate of inflation. The dismal productivity performance of the American economy in recent years calls urgently for improvement. Much of the rise in unit labor costs over the past several years appears to derive not from an acceleration of wage increases, but from the fall in productivity growth.

Finally, the Nation must improve its ability to cope with such shocks as worldwide crop shortages or sudden increases in the world price of oil. These periodic events, whose effects have been especially severe in the past decade, do not cause merely temporary spurts in inflation. They do more permanent damage through the formal indexing and informal mechanisms that many groups in society resort to in an attempt to raise their money incomes and escape the burden of the initial price shocks. If widespread, these mechanisms cannot

make up for the loss in real income, but they do raise the underlying rate of inflation.

#### CONTROLLING AGGREGATE DEMAND

The President's budget for 1981 calls for increased fiscal restraint. Chapter 2 estimates the degree of restraint and explains the necessity for using the budget as an anti-inflation tool, even in a period of weakening economic growth.

The specific fiscal and monetary policies needed to reduce inflation will necessarily vary from year to year, depending principally upon the strength or weakness of the private economy and the actual course of inflation and unemployment. Nevertheless some broad principles can be laid down to guide fiscal and monetary policy toward a long-term reduction in the underlying rate of inflation.

#### *Reducing the Growth of Nominal GNP*

While monetary and fiscal policies can to some extent directly affect the rate of inflation through their impact on inflationary expectations, their principal influence comes indirectly through their effect on the growth of total spending, or nominal gross national product (GNP). If inflation is to be reduced over the long run, the growth of nominal GNP must decline. At one level this is simply an arithmetic truism. The growth rate of nominal GNP approximately equals the rate of growth of real output plus the rate of inflation. If real output increases by 3 percent and prices rise by 10 percent, nominal GNP will thus increase by about 13 percent. A long-term reduction in the rate of inflation in an economy growing at or close to its potential rate necessarily implies a decline in the growth rate of nominal GNP.

But the proposition is more than a truism. Because there is a momentum to inherited inflation, this year's underlying rate of wage and price increase is likely to perpetuate itself next year unless other forces counteract it. In the absence of significant economic slack, therefore, monetary and fiscal policies which aim at a continuation of last year's rate of growth in nominal GNP are likely to perpetuate last year's underlying rate of inflation. Indeed, failure to resist such perpetuation of inflation may arouse inflationary expectations and thereby produce a further increase in inflation—particularly after the economy has been shocked by soaring energy prices. On the other hand, if monetary and fiscal policies reduce the growth of nominal GNP, the persistence of wage and price increases at undiminished rates would necessarily lessen the growth of output and create more idle capacity and unemployment. Increased economic slack generates greater resistance to wage and price increases; and the degree to which wage and price increases respond determines the division of

reduced growth in nominal GNP between a reduction in output and a decline in the inflation rate.

Unfortunately, as the 1979 *Economic Report of the President* discussed at length, the overall rate of wage and price increases in the American economy, while not immune to the effects of idle capacity and unemployment, is not highly sensitive to moderate changes in economic slack. Using monetary and fiscal policies to produce a very sharp and immediate reduction in the growth of nominal GNP in the hope of reducing inflation quickly by a large amount would almost surely fail. It would produce a large decline in output and employment and only a modest reduction in the underlying rate of inflation. In such circumstances the political consensus needed to continue policies of restraint on aggregate demand would be short lived. The most appropriate course is likely to be monetary and fiscal restraint that aims for a long-term decline in the growth of nominal GNP and produces a gradual but steady lowering of inflation. Persistence in this endeavor, moreover, would improve the expectations about future inflation, and as a result prices and wages might respond more readily to economic slack than they have in the past.

In the context of such monetary and fiscal policies, standards for moderation in setting wages and prices become a means not only of reducing inflation but also of increasing jobs and output. If the pay and price standards succeed this year in stabilizing the underlying rate of inflation, they can be directed in later years to the more difficult task of reducing that rate. Over the longer term the challenge is to develop standards and approaches that are sufficiently specific to be self-administered by most employers and employee groups, but flexible enough to avoid rigidity and misallocation of resources. The National Accord between labor leadership and the Administration provides a framework for developing such standards.

Similarly, in the context of a long-run aggregate demand policy dedicated to reducing inflation, the supply and structural policies discussed later in the chapter also take on a new meaning. Many of these measures are designed to speed up the rate of productivity growth. To the extent that they succeed, the growth of output is likely to be higher for any given reduction in the growth of nominal GNP. Moreover an increase in the long-term rate of productivity growth raises the potential growth rate, and thus output can rise more rapidly without putting any greater demand pressure on product or labor markets. As a consequence, a lesser degree of monetary and fiscal restraint is needed to produce a decline in the inflation rate. Policies that improve supply thus make possible an eventual relaxation of the monetary and fiscal constraints on the growth of aggregate demand without endangering the effort to reduce inflation.

### *Some General Principles*

The general principles that must guide economic policies designed to reduce the inherited underlying rate of inflation over the long run can be summarized in four propositions: (1) The rate of inflation can be reduced only if fiscal and monetary policies over the long term aim at lowering the rate of growth of nominal GNP. (2) Because of the momentum of underlying inflation, such restraint in fiscal and monetary policies will operate to retard output and employment somewhat, compared to what might have been achieved in a noninflationary economy. (3) Greater moderation in wage and price decisions by business and labor will result in correspondingly smaller losses in output and employment growth as growth in nominal GNP falls. (4) Measures that successfully increase the Nation's efficiency in using its human and capital resources not only directly reduce inflation but also improve standards of living and make possible some relaxation of fiscal and monetary restraint, thereby promoting a faster growth in national output and employment.

The goal of a long-term reduction in the nominal growth of GNP still leaves room for adapting fiscal and monetary policy to shorter-run changes in economic conditions. In the first place the objective of a long-term decline in nominal GNP growth has to allow for some year-to-year variations. In 1980, for example, real output is expected to decline, while subsequent recovery would raise GNP growth moderately above potential for a time. Anti-inflation policy this year will be successful if it does no more than stabilize the rate of underlying inflation after a series of huge oil price increases. Substantial reductions in inflation must come later. Taking all of these factors into account, the maintenance of an overall framework of monetary and fiscal restraint during the next several years is likely to be consistent with a growth of nominal GNP that declines substantially in 1980 and then rises in 1981 and 1982.

Furthermore any given growth of nominal GNP might require more or less restraint from monetary or fiscal policy, depending upon the strength of private demand. When the growth of private spending promises to be very strong, aggregate demand should be further restrained to prevent nominal GNP from growing too rapidly. When private demand is very weak, the desired growth in nominal GNP may require more expansive policies. The long-term reduction of inflation does not mean that fiscal and monetary policy must be locked into a fixed position. But it does require adjustments around an average degree of demand restraint that produces declining inflation over the long run and is therefore greater than would be appropriate in less inflationary times.

In one respect the necessities of the long-term fight against inflation have a very particular implication for the way in which specific decisions ought to be made about short-run adjustments of monetary and fiscal policies. Monetary and fiscal policies exert their effects on the economy only after some time. Hence they must be based on economic forecasts, which are often in error; makers of economic policy must take this fact into account. A world in which the momentum of past inflation is very strong and in which inflationary expectations are easily aroused produces asymmetric risks. If expansive monetary or fiscal actions are undertaken on the basis of an erroneous forecast that economic activity will weaken, the underlying inflation rate may well worsen for many years to come. On the other hand, if expansive actions are forgone because of a mistakenly optimistic forecast, the resulting unexpected declines in output and employment, while still costly, can be remedied more surely and quickly than if the error had been in the other direction.

These considerations do not warrant a rigid and unbending policy, but they do indicate the need for continuing prudence and caution in monetary and fiscal decisions. To be acceptable, the case for relaxing monetary and fiscal restraint now and in the near future will have to be more urgent and much clearer than it was in earlier and less inflationary periods.

As events of the past decade have made painfully clear, monetary and fiscal policy must be prepared to cope with sudden inflationary forces arising from events like a worldwide crop shortage or a large increase in world oil prices. Such supply shocks have two inflationary effects. First, they directly increase prices of the affected commodities; second, they threaten to induce larger wage increases and efforts to restore profit margins which generate higher prices throughout the economy.

If, before the supply shock, monetary and fiscal policies were set to produce a decline in the growth of nominal GNP and in the rate of inflation, how should they now be adjusted? To suppress even the direct inflationary consequences of an abrupt increase in food or oil prices, fiscal and monetary policy would have to be sufficiently tightened that the reduction in price and wage inflation outside the affected sector would offset the price shock within the sector. But given the relative insensitivity of wages and prices to economic slack, such a policy would lead to unacceptably severe reductions in output and employment. On the other hand, an effort to avoid any loss in output and employment from the supply shock would require supporting aggregate demand to the point where no resistance would be offered to the wage-price spiral triggered by the price shock. Such a policy would raise the underlying rate of inflation, setting back for many

years the long-term goal of reducing inflation. A practical alternative would be to accommodate the direct inflationary effects of the shock but, through a combination of monetary and fiscal policies and wage-price guidelines, to seek to stabilize the rate of wage and price increase elsewhere in the economy. Thus monetary and fiscal policy would recognize the inevitability of a temporary addition to inflation but would fight vigorously any tendencies to increase the underlying rate. Such a policy would lead to some temporary loss of output. But the direct inflationary effects of the supply shock would gradually disappear and the economic slack would itself moderate the indirect effects. At some cost, the economy could absorb the supply shock and return to its previous path of increasing output and declining inflation.

Finally, one must be clear about measuring restraint in fiscal policy. This Administration has committed itself to reducing the share of Federal spending in GNP. At the same time, however, in the absence of tax cuts the progressivity of the tax system generates Federal revenues that grow faster than GNP, producing increasing fiscal restraint. (Table 12 estimates the growth of fiscal drag in 1979 and 1980.) Tax reductions become necessary at times to prevent excessive fiscal restraint and need not in themselves be inconsistent with a general policy of fiscal restraint. However, the timing and magnitude of such reductions must be decided on the basis of prevailing and expected economic conditions. Tax reductions at the appropriate time could be quite consistent with the maintenance of restraint; taken prematurely, they could induce an excessive growth in nominal GNP and thus thwart the achievement of long-run anti-inflation objectives. Proper timing for tax reductions must also take into account the asymmetry of risks discussed on the previous page. The President's budget for 1981 was drawn up in accordance with these considerations.

## IMPROVING THE STRUCTURAL PERFORMANCE OF THE ECONOMY

While a long-term strategy of restraint on the growth of aggregate demand is essential in bringing down the underlying rate of inflation, it cannot accomplish the task by itself without serious costs in the form of reduced growth in real incomes. Over the longer run there is simply no alternative to increasing the efficiency with which the economy produces goods and services. "Supply-side" policies to achieve this end fall into two general categories: those that improve the productivity of human and capital resources and those that help insulate the economy from the price-increasing effects of supply shocks.

Supply-side policies do not produce quick and dramatic results. They operate slowly and sometimes only after a considerable lag. But unless we successfully pursue them, we cannot achieve the high rates of economic growth, stable prices, and full employment set forth as goals in the Humphrey-Hawkins Act.

## MEETING THE ENERGY CHALLENGE

The immediate economic consequences of the sharp rise in world oil prices in 1979 have focused attention on the short-term effects of tighter energy supplies. Developments over the last year have a deeper significance, however. They confirm that rising energy prices are not a transient phenomenon, but something the Nation must adjust to. This adjustment will place a significant burden on the economy, but it cannot be avoided. Attempts to do so will damage the Nation's growth prospects and its competitiveness in the world economy.

Over the long run and with proper policies the United States can make a successful transition to a world of higher energy prices. With energy conservation and the timely development of alternative energy supplies, growth in output and improvements in our living standards need be only modestly reduced by the relative scarcity of energy supplies. The task of energy policy is twofold: to promote over the long run an efficient and orderly adjustment to a world of scarcer and more costly energy supplies, and in the interim to reduce the Nation's vulnerability to the transitional economic costs of sudden increases in oil prices and disruptions in supply.

### REDUCING VULNERABILITY IN THE SHORT RUN

Over the longer term the Administration's energy program will accomplish substantial reductions in oil imports. In the short run, however, the Nation's dependence on imported oil is likely to remain uncomfortably high. The President has pledged that the United States will never again import more oil than it did during 1977: a net of 8.5 million barrels per day. During 1979 both imports and oil consumption fell considerably because of a number of factors, including physical shortages in the spring, conservation induced by the sharp increases in energy prices, and policies to promote conservation and conversion to non-oil energy sources. A continuing decline in domestic demand for petroleum products is forecast for 1980. However, uncertainty about further sharp price increases and supply disruptions keep the balance between supply and demand in the world oil market precarious. Measures to limit the Nation's vulnerability over the shorter term are therefore necessary.

The most effective means of moderating the impact of supply disruptions is to change the conditions which permit large and sudden price increases. To the extent that world demand for oil can be reduced, the price-raising pressures of demand against supply will be relieved. Similarly by developing a mechanism for responding to any cutbacks in oil supply with a coordinated reduction in demand, the major oil-consuming countries, acting together, can reduce the competitive scramble for oil and thus lessen the bidding up of prices in the spot market. High spot market prices would encourage further official price increases by the Organization of Petroleum Exporting Countries (OPEC). Chapter 4 discusses the efforts now under way by the United States and other major oil-consuming countries in the International Energy Agency to achieve these very important objectives.

While international cooperation is essential, so are national measures. The Strategic Petroleum Reserve (SPR) is intended to cushion the impact of any abrupt cutoff in supply. Purchases for the SPR were halted last year at the onset of the Iranian crisis. In August 1979 the reserve contained 92 million barrels—far short of its target. If conditions permit during the year ahead, SPR purchases could resume. An adequate Strategic Petroleum Reserve, combined with private stocks, will provide considerable protection for the United States against supply interruptions. The SPR will also buy time for other responses to disruptions, such as mandatory conservation measures, to be put in place.

Finally, we also need to have measures in readiness so that if a severe disruption occurs available supplies will be distributed both fairly and efficiently. While the price system is likely to be the most efficient (and in some respects the fairest) way of handling minor interruptions in supply, it should not be relied on as the sole remedy for interruptions of all magnitudes. In response to recent legislation the Administration is developing a standby motor fuel rationing plan for submission to the Congress. Under that legislation the rationing plan may be put into effect in situations where the shortfall in gasoline, diesel fuel, and heating oil supplies is expected to exceed 20 percent for more than 30 days. (Using 1979 figures, this shortfall would amount to approximately 2 million barrels per day.) A notable feature of the plan is a “white market” for trading unused ration coupons. All motorists would be assured a certain minimum supply of fuel, but those wishing more would be free to purchase it—at market-clearing prices.

The Nation must also be capable of dealing with smaller supply disruptions. As we learned this past year, even cutoffs of less than 10 percent of supply can significantly disrupt normal activity, and hence



the Administration is preparing proposals for standby measures to be applied when smaller disruptions occur.

#### LONGER-TERM IMPROVEMENTS

A key aim in the Administration's energy program is to move as quickly as feasible to a rational pricing policy for energy. Price controls are being removed from domestic oil and natural gas so that the market can direct efficient use of energy and encourage the production of additional supplies.

Unfortunately, reliance on the market will not be enough. Habits of energy consumption learned over decades of falling real energy prices are difficult to change. Furthermore the benefits to our national and economic security from reducing our dependence on foreign oil exceed even the high price we must now pay for this oil. For both of these reasons there is room for measures that mandate additional energy conservation and encourage investment in new sources of energy.

#### *Gradual Decontrol of Domestic Natural Gas and Crude Oil Prices*

The 1978 enactment of the Administration's proposal for deregulation of natural gas began what is to be a gradual decontrol of gas prices. The initial steps toward decontrol have already been beneficial. The decline in yearly additions to reserves has been halted, and natural gas previously confined to intrastate channels can now enter the interstate market. Price flexibility is also helping to redirect supplies to relatively more valuable uses.

In April 1979 the President announced that he would phase out price controls on domestically produced oil. Decontrol began on June 1 with the release of controls on the price of newly discovered oil (oil discovered since January 1, 1979). At that same time 80 percent of all "marginal" oil (oil produced from wells of various depths yielding 10 to 35 barrels per day) was allowed to be sold at a substantially higher (but still controlled) price. In August the President announced the immediate decontrol of "heavy" crude oil, an extremely viscous oil produced mainly in California. In December the definition of heavy oil was broadened slightly, exempting still more oil from controls. These initial decontrol steps had little impact on the economy, however, because they affected a relatively small proportion of the domestically produced oil.

In January 1980 the pace of decontrol accelerated as the price of most domestically produced oil began to move steadily toward the world price. Decontrol is scheduled to be completed by October 1, 1981.

Decontrol of domestic crude oil prices will provide strong, unambiguous signals encouraging conservation and stimulating do-

mestic energy supplies. According to recent estimates by the Department of Energy and the Congressional Budget Office, by 1990 decontrol will result in U.S. oil imports being at least 2 million barrels per day lower than they would be otherwise.

*The Effect of Higher Prices on Oil Consumption*

Some continue to doubt that higher energy prices significantly reduce energy demand. Because the elasticity of demand for most petroleum products is somewhat smaller than that for other familiar commodities, and is less than unity, economists have called the demand for petroleum products inelastic. This fact, combined with a widespread belief that use of energy in general and gasoline in particular is essential, has led to the erroneous conclusion that price would have no impact on demand. However, economists who have studied the question have almost invariably found statistical evidence that gasoline demand is indeed responsive to price. In the majority of studies, estimated short-run (1-year) price elasticities of demand for gasoline range between minus 0.2 and minus 0.4. (Thus a 10 percent rise in price will lead to a reduction of 2 to 4 percent in consumption.) Longer-run (5-year) elasticities are significantly higher, generally between minus 0.6 and minus 0.8.

Even before the dramatic price rise of last year there were signs that the price of energy was cutting into demand. Table 20 shows that after the 1973 oil embargo the growth in per capita gasoline consumption was much slower than in the years immediately preceding it, even though real per capita income rose at approximately the same rate during the two periods. While this finding is partly explained by improvements in the fuel efficiency of automobiles, there was also a sharp reduction in automobile use. By the end of 1978 the average miles traveled per car was slightly below the 1972 average. If trends before the embargo had continued, the 1978 figure would have been 10 percent higher.

Of course, gasoline is not the only energy source whose demand is influenced by price. The final item in Table 20 shows that increases in total per capita energy use slowed dramatically after the 1973 embargo. If the trends of the preceding 6 years had continued, total 1978 use would have been 16 percent higher—the equivalent of nearly 6 million barrels of oil per day.

During 1979 additional evidence accumulated that energy demand is responsive to price. Preliminary estimates indicate that demand for all petroleum products (as measured by disappearances from primary stocks) fell by 4.2 percent between the fourth quarter of 1978 and the fourth quarter of 1979. Demand for gasoline fell by 9.3 percent. Preliminary estimates also suggest that miles traveled per car dropped about 5 percent from 1978 levels. Although waiting in line

TABLE 20.—Gasoline consumption and energy use, 1966–78

[Percent change]

Item	1966 to 1972	1972 to 1978
Real per capita income.....	17	15
Real gasoline price.....	-12	21
Per capita gasoline consumption.....	25	11
Per capita total energy use.....	21	5

Sources: Department of Commerce (Bureau of Economic Analysis), Department of Energy (Energy Information Administration), Department of Labor (Bureau of Labor Statistics), and Council of Economic Advisers.

for gasoline surely contributed to these dramatic reductions, there is no doubt that sharply higher prices were a primary factor.

*Side Effects of Crude Oil Decontrol: Windfall Profits and Impact on Lower-Income Groups*

Decontrol has inevitable side effects which public policy must address. Decontrol generates substantial windfall profits and reduces the real incomes of consumers. Gradual phasing in of decontrol can mitigate those effects, but it cannot entirely eliminate them. Other measures are therefore needed.

Decontrol of domestic crude oil will transfer very substantial revenues from users of petroleum products to domestic crude oil producers. While some of these increased revenues will stimulate additional domestic production, a large proportion will represent pure windfalls—revenues that owners of oil properties receive solely because of actions taken by others. Windfalls do nothing to increase supplies. The windfall profits tax will divert a significant portion of these revenues to public uses that will help the economy to adjust to higher oil prices. Through the combined effect of the corporate income tax and the windfall profits tax, the Federal Government will collect considerably more than half of the additional net revenues accruing to producers. Certain States will also collect substantial additional revenues through their own tax systems.

Recent sharp increases in energy prices have had a significant impact on low-income households. A portion of the windfall profits tax will be used to cushion this blow. Public policy must try to offset the drain on the incomes of poor households from higher energy prices without blunting the incentive to conserve energy. Policies which directly reduce the perceived price of energy should obviously be avoided. But even income supplement programs, which might not appear to influence decisions at the margin, may blunt impulses toward conservation. The weaker the link between the amount of assistance and the family's actual energy consumption, the less interfer-

ence there will be with conservation incentives, but the greater the likelihood will be that some poor families needing relatively large amounts of energy may have significant losses of income. The Administration's low-income energy assistance program represents a reasonable compromise in adjusting assistance to need without blunting conservation incentives.

The program provides two types of assistance to low-income households. The first is the special energy allowance, which provides assistance to recipients of supplemental security income and will provide grants to States to be distributed according to the energy-related needs of the low-income population. This program will cost \$1.2 billion in 1980, increasing to \$2.0 billion in 1981 and later years. The second is the energy crisis assistance program. It provides payments of \$400 million per year that States can use to help low-income households with critical emergencies related to energy: the need to repair home heating systems, pay overdue heating bills, and obtain additional clothing or food. In 1980 the program will be completely financed by the Federal Government, but in 1981 it will become a matching-grant program with the States. After 1980, \$2.4 billion in windfall profits tax revenues will be used annually for these programs to assist low-income individuals and families.

#### *The Case for Additional Conservation and Supply Incentives*

Although the incentives for increased energy conservation as well as for increased energy supplies must come principally from market prices, a strong case can be made for supplementary measures to push conservation and supply decisions beyond what the market dictates. The most telling argument is that the cost to the Nation of substantial dependence on imports exceeds the price that U.S. citizens pay for imported oil.

First, the United States is the world's largest importer of oil, accounting for about one-fourth of all world oil imports. Reductions in U.S. import demand will help ease pressures for higher prices in the world oil market. Second, the bill for imported oil adds substantially to the Nation's trade deficit. Reducing this bill will tend to strengthen the dollar, thereby lowering the cost of all imports. Third, an intangible but exceedingly important consideration is the cost to our security entailed by an excessive reliance on imported oil. The events of the past year graphically demonstrate these costs.

The conservation incentives in the Administration's energy policy are targeted to reach nearly every significant use of energy. Illustrations here will focus on two such uses: automobiles and residential space heating and cooling.

*Fuel economy standards for autos.* Automobiles represent the country's single largest user of petroleum products. As of 1978, American motorists were burning over 80 billion gallons of gasoline per year, almost 15 percent of total domestic energy use. Between 1950 and 1974 the average number of miles traveled per gallon of fuel consumed by newly produced cars dropped by 20 percent.

Even though this trend was reversed in the 1975 model year, the Energy Policy and Conservation Act passed in December 1975 required that automobile manufacturers substantially increase their improvements in fuel efficiency. By 1985 the average fuel efficiency of new cars must reach at least 27.5 miles per gallon (EPA test basis). While the relation between the Environmental Protection Agency's (EPA) estimates and actual mileage is uncertain, current estimates indicate that actual mileage for new cars is about 80 percent of the EPA figures.

Sharply higher gasoline prices in 1979 have caused consumer demand to shift toward smaller and more fuel-efficient cars. Due to the standards, this demand will be more easily accommodated.

The effect that improving the fuel economy of cars will have on domestic demand for energy will be substantial. Because of the time it takes to replace the entire fleet of domestic automobiles, the full effects of these improvements will not be felt until the mid-1990s. But by then, even if the annual average number of miles driven per car does not fall significantly from present levels, and even if the fleet continues to grow, the total amount of fuel consumed by U.S. passenger cars will be only about two-thirds of what it was in 1979. This savings would translate into about 2 million barrels of gasoline per day. To the extent that higher gasoline prices reduce the miles traveled per car and that further improvements in automobile fuel economy occur after 1985, the reduction in total gasoline consumption could be significantly greater.

*Residential space heating and cooling.* Residential space heating and cooling account for about 15 percent of all the energy consumed in the United States. This figure can be significantly cut by several relatively simple and inexpensive steps. Raising thermostat settings during the summer and lowering them during the winter directly reduce energy use and costs, though they entail some discomfort. Other measures, such as increased insulation and making structures more weatherproof, require investment but increase the efficiency with which any given degree of comfort can be attained. It is difficult to induce millions of individuals to undertake such changes. The single most important inducement for residential users to conserve energy will be the higher prices now confronting them. Indeed higher prices may be the only way to bring about permanent changes.

A targeted program of incentives can nevertheless accelerate investments in insulation and weatherproofing. The Administration's program to encourage energy conservation in residential structures requires that electric and gas utilities offer to perform "energy audits" of their customers' residences, thus enabling households to pinpoint sources of serious heat losses and learn how to remedy them.

The program also provides financial assistance to households for installing insulation, caulking, weatherstripping, storm windows, and fuel-saving heating equipment. Households at all income levels are helped in various ways. For example, a 15 percent tax credit on the first \$2,000 spent on qualified conservation measures is available to any household. Households with low or moderate incomes may apply for a direct interest subsidy of up to 35 percent with a limit of \$1,000 per loan. (This limit includes the value of any tax credit taken.) The Weatherization Grant Program goes even further in assisting families with low incomes; it supplies grants for qualified energy-saving measures. Supplementing these provisions, the program requires that utilities offer to help customers finance the energy-saving measures they may need to take.

Special incentives are available to encourage use of solar energy. Builders of new structures utilizing passive solar technology may be eligible for a tax credit up to \$2,000 per residence or \$10,000 per commercial building. A tax credit of up to \$2,200 is available for new homes with active solar systems. A proposed Solar Bank would provide interest subsidies of up to 40 percent on loans for equipment to convert to solar energy.

The improvements that these programs and higher energy prices could produce are impressive. One private study estimates that by incorporating in existing and new residential structures only those technological improvements in heating systems and building shells that are economically justifiable at an energy price equivalent to \$30 per barrel for oil, the total U.S. consumption of energy for residential heating could be reduced to about half its 1975 level by the year 2000. This translates into a reduction in energy demand equivalent to approximately 2 million barrels of oil per day.

#### *Developing Additional Domestic Supplies of Energy*

Policies to stimulate savings in energy must be supplemented by programs to add to domestic supplies of energy. Even after decontrol, the unaided market place may not in all instances generate the needed investment in new energy supplies. Or it may do so more slowly than is desirable, especially in the case of investments involving new technology for increasing the supply of energy.

*The synthetic fuels program.* Events of the past few years have demonstrated that future oil prices are hard to estimate. Yet a private investor must predict not only the level but also the path of world oil prices in deciding whether to undertake a development project for synthetic fuel.

The difficulty is more than statistical. If world oil prices were market determined, then an investor might reasonably estimate when the rising world oil price would so far exceed the cost of commercializing a given synthetic fuel technology that he would be compensated for the risk of proceeding. But world oil prices are not market determined. The present price reflects both demand considerations (including the demand for increased stocks) and OPEC's desired production levels. The latter incorporate the OPEC countries' assessment of the oil prices they can charge in the future.

The cost of producing synthetic fuels in commercial quantities, however, can have an important effect on this judgment. As the prospects of substantial supplies of synthetic fuels increase, OPEC countries may be induced to expand their own oil production considerably because of the depressing effect of this development on the value of their oil reserves. Thus the potential investor faces a risk that the world price of oil will be less than his break-even point; he has little chance of making much more than a going rate of return on his capital. Few private concerns would be willing to invest in synthetic fuels on the basis of forecasts that world oil prices will rise by a given amount. They would more likely wait until the world oil price came fairly close to the estimated cost of synthetic fuel production. This would not present a problem if a synthetic fuels industry could be developed quickly, but more than a decade will probably be required before much capacity can be brought into operation.

A paradox here underlines the need for some governmental role. The more OPEC countries are convinced that high oil prices will bring a large synthetic fuels industry into existence, the more their own decisions are likely to lead to moderate pricing. But the more potential investors fear this reaction from OPEC, the less likely they are to make the investments needed for developing a large-scale synthetic fuels industry on their own.

In addition to such price risks, new products like synthetic fuels involve serious technological uncertainties. Several processes may be able to produce synthetic liquid fuels. The absolute and relative costs of each are highly uncertain. Given the large capital costs, the risk of picking the wrong technology could discourage private, commercial-scale investment in any one.

The preceding argument applies equally to all of the so-called unconventional sources of energy. The development of a significant domestic capacity to produce liquid fuels from biomass, a substantial increase in the use of solar energy, or the development of major new sources of natural gas would all tend to limit the rise in OPEC prices to a degree that depends on the cost at which each resource could be brought to market. The Administration is strongly supporting programs in each of these areas tailored to the specific technological characteristics and the current state of development.

During the past year, techniques which would tap the Nation's vast supplies of coal and shale and biomass were singled out for special attention. These now seem to be at a stage where a focused effort might hasten their commercial use. The Administration has therefore proposed the creation of an independent government corporation to assist in this major undertaking.

The Energy Security Corporation (ESC) will have a number of instruments at its disposal. It will be able to use at its discretion both loan guarantees and outright loans to assist private enterprises pursuing approved synthetic fuel projects. The Corporation will also be able to shelter to some extent the developing concerns from the risks they would otherwise face because of the uncertainty of future oil prices. Purchasing agreements or price guarantees will be arranged at firm prices for the project output, but the agreements will require private enterprise to bear a fair share of the risks. The variety of instruments available to the Energy Security Corporation increase its ability to assist recipients without removing the normal incentives to exercise prudent judgment and keep costs to a minimum.

The Energy Security Corporation will also be able to participate in cooperative or joint ventures with private companies. In an extremely limited number of cases, it may also construct and operate facilities for processes that have technical merit but cannot be sufficiently developed by other means.

#### IMPLICATIONS FOR THE ECONOMY

The energy policy initiatives undertaken during this Administration will sharply alter both the future consumption of energy in this country and the range of energy sources. Most important, the Nation's reliance on oil, especially imported oil, will be cut. By the end of the decade the economy will be well on its way toward completing this transition—one of the most important and difficult it has ever faced.

Total U.S. energy use in 1978 amounted to 78 quadrillion Btu (quads). Estimates for 1990, made soon after the 1973-74 oil price rise, were as high as 120 quads. More recent forecasts have been re-



vised sharply downward and seem to be clustering near 100–110 quads. Given recent rapid increases in oil prices, even lower figures can be expected.

The composition of expected demand for fuels reflects a relatively more rapid rise in the price of oil. In 1978 nearly half of the country's primary energy demand was met by petroleum. In most present forecasts this share falls sharply; some project it to be as low as one-third by 1990. Removal of price controls on domestic crude oil will ensure that the highest possible share will be met by domestically produced oil.

In mid-July the Department of Energy estimated that the various steps already taken or announced would reduce oil imports to approximately 4.5 million barrels per day by 1990—far less than earlier estimates of imports, which were as high as 13 million barrels per day. Events since July have reinforced the belief that record levels of oil imports are already behind us.

#### *Requirements for Higher Investment Levels*

Changes in private consumption and production in response to higher energy prices, the supplemental conservation measures induced by regulation, and the development of new, unconventional sources of energy in the United States will all require substantial investments by both the private and the public sectors. Estimates vary, but the following figures (all in 1978 dollars) give some idea of the possible magnitudes.

The Department of Energy has estimated that the domestic oil and gas sector will need to invest an average of \$25 to \$30 billion annually during the 1980s for exploration, development, production, and refining capacity just to achieve the lower share of energy supply that has been projected for it. Other private estimates range as high as \$35 billion per year. Comparable expenditures were less than \$13 billion in 1972 and approximately \$20 billion in 1978. The Department of Energy also estimates that the domestic coal industry will have to invest between \$5 and \$6 billion annually during the 1980s if it is to increase its output as forecast. This compares to actual investments of less than \$1 billion in 1972 and \$2.4 billion in 1978.

Building a domestic synthetic fuels industry will also be expensive. The costs of developing the technology and installing operating capacity are still highly uncertain; but to create the capacity to produce about 1¼ million barrels of coal liquids and shale oil per day by the early 1990s at a capacity cost per barrel of output per day of about \$40,000, investment will probably average more than \$6 billion per year over the next decade. While the ESC will provide various forms of assistance, most of these funds will come from the private sector.

The adjustments in consumption induced by decontrol, with its consequent higher prices, and the supplementary conservation measures will also be costly. Fuel-saving features installed in old and new dwellings will add at least an additional \$4 billion per year to the cost of residential construction. Similar conservation measures for new and old commercial structures will also add to construction costs. Finally, the replacement or refitting of portions of our industrial plants may have to be accelerated. Facilities that might have been marginally profitable for a few more years at pre-1974 or even pre-1979 energy prices may have become unprofitable at current energy prices. Any such acceleration in obsolescence will add to required annual investments during the mid-1980s.

#### CONCLUSION

The developments in the domestic and international energy markets during this past year have profoundly affected the economy. Energy consumers and producers have begun in earnest to adjust to higher prices. These adjustments—belt-tightening in some cases, or finding more energy-efficient ways to do things—have been costly and in some cases painful. But as a result, the economy should gradually become less dependent on foreign sources of oil and consequently less vulnerable to disruptions in supply. It is imperative that the Nation persevere in these efforts.

#### STRIKING THE PROPER BALANCE IN REGULATION

That the pace and scope of the government's regulatory activity have increased sharply over the last decade is obvious. Whether and how the government should regulate certain activities have become familiar questions in policy debates. In the case of traditional economic regulatory activities, especially with regard to transportation, communications, and finance, there has been a growing recognition that we need to reduce direct regulation and give greater play to competitive forces. In these sectors regulatory reform has become synonymous with deregulation. But for the newer forms of regulation dealing with social concerns such as the environment, occupational health and safety, and the safety of consumer products, regulatory reform has come to mean not deregulation but more flexible and more cost-effective regulation. The government is increasingly seen to have a legitimate role in helping the private sector to attain socially desirable ends that cannot be achieved in the market place. People have also become much more aware that regulation often adversely affects productivity, at least as it is conventionally measured.

Over the last 3 years the Administration has made marked progress in reforming this country's regulatory institutions and procedures. In some cases regulatory structures existing for decades are being dismantled, exposing the industries they protected to new forces of competition. In other areas important procedural reforms have been put into place to help assure that, subject to legislative mandates, regulations set reasonable goals and meet those goals in a cost-effective manner. The job of reforming the regulatory process is far from complete, but an important beginning has been made.

#### REGULATORY POLICY AND PRODUCTIVITY

Government regulation of individual and corporate behavior takes many forms, including common law rules of liability, antitrust laws, restrictions on international trade, and regulatory rules of all kinds at the Federal, State, and local level. The ways in which this activity affects productivity are varied and complex, but several broad generalizations can be made:

First, regulations which divert capital and labor from the production of steel, automobiles, or clothing (where output can be readily measured) to the production of environmental cleanliness, workers' safety, or other goods whose values are difficult to measure, entail a loss in measured productivity. This is not necessarily a matter for concern, since it stems primarily from the limitations of what can be captured in the national income statistics.

Second, regulatory procedures which cost more in capital and labor than they yield in social benefits, or which require more resources than are necessary to meet stipulated social targets, do reduce national productivity, both measured and unmeasured.

Third, many economic regulations directly cut productivity. Before recent decontrol actions, airline regulations encouraged low load factors on airplanes. Current trucking regulations require needless empty backhauls and circuitous routing of trucks, both of which reduce productivity. Many local building codes necessitate the use of excessively costly materials. Perhaps an even more important cause of lower productivity is the attempt by many of the older economic regulatory bodies to preserve the domain of some established industries. Such protective measures can suppress the competitive pressures that force otherwise staid firms to adopt innovative ideas and improve their productivity.

Some loss in measured productivity is a necessary and unavoidable consequence of regulation. But there are also avoidable losses stemming from regulatory activities. Regulatory reform that works toward

the elimination of outmoded economic regulations and promotes improvements in the balance and cost effectiveness of social regulation can contribute to growth in productivity.

#### REMOVING OBSOLETE REGULATORY STRUCTURES

The reasons why industries were originally made subject to detailed economic regulation regarding the prices they charged and the conditions under which they provided service were many and varied. One obvious example was the objection to the so-called "natural monopoly" enjoyed by an industry with such large economies of scale that meaningful competition was impossible. In other instances fear of "destructive competition" provided the primary rationale for regulation. Extending the scope of service was yet another aim behind government intervention. In many cases the original justification is no longer valid; in others it never existed. Legislative and administrative action is helping to remove these obsolete regulatory structures.

In late 1978, with the cooperation of the Congress, the Administration succeeded in opening up the domestic airline industry to meaningful entry and truly competitive pricing for the first time in at least 40 years. This was the culmination of a process of liberalization that had begun several years earlier. Under regulation, airlines competed through quality of service; under deregulation consumers benefited immediately from an expanded volume of flights and lower fares. By September 1978 the average level of domestic and foreign air fares for the 11 largest U.S. airlines had fallen 2.8 percent from the year before and stood only 1.4 percent above their 1976 level. In October 1978 air fares were actually lower than 2 years earlier.

Some critics have interpreted recent increases in airline fares as evidence that deregulation, though perhaps successful initially, will be a failure in the long run. Nothing could be further from the truth. Deregulation of an industry does not render it immune to increases in prices of factors of production. It does affect the degree to which such increases are translated into higher unit costs and prices. The airline industry has recently provided graphic proof of how reduced regulation can improve productivity and hence price performance.

As of the end of September 1979, average fares for the 11 domestic trunklines were 7.8 percent above their mid-1977 levels. But average weighted input prices for the airlines rose by 35.4 percent over this same period. These rises in input prices were largely offset by improved productivity. Load factors—the percentage of seats filled—rose from 56.1 percent during the first 9 months of 1977 to 65.1 percent during the comparable period in 1979. The airlines increased the number of seats per aircraft by 8.6 percent for the large DC-10s and L-1011s, and by 4.3 percent for the smaller 727s. Finally, air-

lines have used their aircraft fleets more intensively. Airborne hours per aircraft per day rose by 12 percent between the third quarter of 1977 and the third quarter of 1979. Greater use of the airlines' capital stock has reduced passenger comfort and curtailed some other amenities, but the lower fares it permits compensates for these reductions in service.

The record under regulation offers an instructive contrast. During the mid-1970s, airline input prices also rose substantially; in 1977 they averaged 56 percent above their level of 1973. During this period, however, the airlines lacked the strong spur to productivity brought about by deregulation. Fares rose by 32 percent. Although airlines' profits have weakened during recent months, orders for new, fuel-efficient aircraft have continued to be strong. The difficulty of obtaining long-term credit, which accompanied some industry downturns in the past, as yet shows little sign of occurring.

The experience of the airlines during this past year differs sharply from that of certain segments of the regulated trucking industry. Here lack of fuel, large fuel price increases, and sticky Interstate Commerce Commission rates were significant factors in leading many of the smaller, independent truckers to go on strike rather than operate their trucks at a loss. The result was a shortage of trucking capacity and a disruption in commerce.

It is both impractical and inequitable to dismantle regulatory institutions overnight. Producers and consumers, as well as suppliers and others indirectly dependent on the industry, must have time to adjust to a less regulated market environment, and some may be hurt by less stringent regulation. Transitions must therefore be planned for the groups seriously affected by the change. For this reason the Airline Deregulation Act of 1978 permits a gradual phase-out of the Civil Aeronautics Board's regulatory activity and of the Board itself over a 6-year period. The act also provides continued subsidies for essential service to communities affected by the easing of abandonment restrictions.

Substantially relaxing detailed economic regulation of an industry does not mean the end of governmental interest in the industry's performance. For example, the eventual abolition of the Civil Aeronautics Board will not weaken the powers of the Federal Aviation Administration to regulate airline safety. The Administration is committed to basic reforms in economic regulation and to incorporating in them the adjustments needed to ease the legitimate problems of transition. The President has introduced or is supporting legislation embodying these principles, which would substantially reduce Federal regulation in trucking, railroads, telecommunications, and finance. As

the record of airline deregulation has so graphically illustrated, these initiatives offer the prospect of large gains in productivity.

The Administration's trucking bill proposes a sharp reduction in regulatory barriers to competition. Among other things, the bill will make entry into common-carrier trucking easier and will phase out the numerous commodity and route restrictions which limit competition between firms in this segment of the industry. It will significantly broaden the exemption from regulation currently enjoyed by the transporters of some agricultural commodities and permit the Commission to grant similar exemptions to other classes of commodities, if this seems in the public interest. The bill permits freight forwarders and contract carriers to hold common-carrier certificates and ends the artificial limit on the number of shippers that contract carriers may serve. Private carriers will be allowed to apply for authority to haul noncompany commodities, to provide transportation for corporate subsidiaries, and to "trip-lease" for single trips to carriers holding certificates. Finally, it will end the exemption granted in 1948 (over President Truman's veto) of rate bureaus' activities from antitrust litigation. Because of the Administration's belief that truck safety is currently inadequate, the Administration's bill would substantially increase the government's responsibility for this activity and the Federal resources channeled into it.

The Administration's efforts are also directed at broadening the gains achieved by earlier reform legislation affecting railroads. The intent of this legislation has been blunted by the Interstate Commerce Commission's overly restrictive interpretation of certain of its key provisions. The Administration is working with the Congress to see how increased pricing flexibility can be achieved in ways that do not reduce the protection offered "captive" shippers, and it has also sought to make abandonment of unprofitable services less difficult.

In his September 1979 message on telecommunications policy the President supported congressional efforts to amend the Communications Act of 1934. Consumers are already benefiting from Federal Communications Commission (FCC) actions that have increased competition in the market for telephone sets and for certain sophisticated data-processing and private-line services. But in spite of extraordinary technological advances that now make it possible to hold meetings, transmit messages, perform research, bank, shop, and receive a widening variety of information and entertainment through electronics—and that invalidate the assumption that all telecommunications enterprises are natural monopolies—the basic statutory framework for regulating telecommunications has remained unchanged. The President's message encouraged legislation to promote competition wherever it is workable. (If necessary, some markets, such as local

telephone exchanges, may remain regulated monopolies indefinitely.) He also urged removal of restrictions based on out-of-date market distinctions, such as that between telecommunications and data processing, and he advocated allowing the FCC to develop more efficient means of assigning nonbroadcast frequencies. At the same time, the President reaffirmed the Administration's support for regulations to make basic telephone service available to all at affordable rates and for measures to protect the technical quality of the telecommunications network.

In May 1979 the President sent a financial reform message to the Congress urging that deposit interest rates be permitted to rise to market levels after a period of orderly transition, and that federally insured institutions be authorized to offer interest-bearing transactions accounts to individuals. The President also urged the Congress to grant all federally chartered savings institutions the power to offer variable rate mortgages and to invest up to 10 percent of their assets in consumer loans. This package was intended to bring the benefits of market rates to small savers, promote a steadier flow of credit to finance housing, and improve the efficiency of financial markets. Although a bill was passed by the Senate which addressed all of the President's May proposals, the House-passed bill was less comprehensive. Resolution of the broader questions was postponed until 1980, but the Congress did pass more limited legislation extending through March 31, 1980, authority for credit union share drafts, automatic transfer services, and savings and loan institutions' remote service units. These three services effectively enable depositors to earn interest on deposits that are used for making current transactions.

#### BALANCING COSTS AND BENEFITS IN INDIVIDUAL REGULATIONS

Eliminating large areas of regulation is not the appropriate route to reform of regulations aimed at environmental protection, health, safety, and other social goals. Rather, attention must focus on the processes and techniques of regulation. One especially important task is to ensure that the individual regulations consider the balance between gains and social costs and the adoption of cost-effective approaches.

The designing of any regulation involves an implicit weighing of costs against benefits. How explicit any such balancing should be or can be is a major question, especially in regulation affecting the environment, health, and safety. Although any explicit effort to determine the "appropriate" level of health and safety meets with opposition, many similar choices are being made implicitly. It is clear, for example, that traffic fatalities could be reduced by drastically lower-

ing maximum speed limits or by providing pedestrian underpasses at all major traffic intersections. The failure of society to take these actions reflects a tacit judgment that the benefits in safety do not warrant the costs. Society also implicitly recognizes that a risk-free world is impossible, and that pursuing such a goal would lead to unacceptable reductions in social welfare. Indeed, reducing some risks can generate new risks elsewhere. For example, prohibiting the use of sodium nitrite as a meat preservative may cut the risk of cancer but increase the risk of botulism.

The Administration has sought to encourage balanced and cost-effective regulation through the requirement for regulatory analysis called for in Executive Order 12044, signed by the President on March 23, 1978, which applies to executive branch agencies and departments but not to the independent regulatory agencies. The order requires that agencies' policy makers give increased attention to regulatory issues, provide greater opportunity for public participation in the development of regulation, and conduct "sunset" reviews of existing regulations. In addition, the order requires that agencies prepare a regulatory analysis for each major regulation. The analysis must examine the costs and other burdens imposed by the proposed regulatory action and compare them with those of alternative actions differing in approach, timing, degree of stringency, or scope.

The purpose of regulatory analysis is not to reduce all costs and benefits to dollar sums that can be mechanically compared. Some monetary costs cannot be confidently estimated—the costs, for example, of introducing untested changes in technology or production processes, or of changing the attributes of products or the location of plants. Even more clearly, many social benefits cannot be easily converted to monetary terms. But costs and burdens can be identified and in many cases measured. Benefits can be described and often analyzed at least partially in quantitative terms even if not in dollars.

The fundamental premise of the requirement for regulatory analysis is that the difficulty of measuring costs and benefits justifies neither indiscriminate regulation nor the elimination of all regulation. The analysis required by the Executive Order is not a cost-benefit analysis which automatically dictates the decision; it is a procedural mechanism—a decision-making tool—for examining the costs and other consequences of achieving regulatory goals.

Regulatory analyses are not easy to prepare, but they play an important role. A formal regulatory analysis forces the rulemaking agency to consider explicitly the objectives of a major regulation and the best route to those goals. It requires consideration of process as well as outcome. This sort of thinking is a prerequisite for good rulemaking.



A draft regulatory analysis is issued when a regulation is first proposed. It can thus play a part in the public debate over the rule. Members of the public can examine and evaluate the agency's assumptions and objectives. The President has also established an interagency group to review and comment upon selected regulatory analyses. The Regulatory Analysis Review Group comprises representatives from the Executive Office of the President and from all executive branch economic and regulatory agencies. This group, which is chaired by the Council of Economic Advisers, has completed five comprehensive reviews during each of the past 2 years. In 1979 this group's reports, submitted for the public record, covered the Environmental Protection Agency's hazardous waste standards and new source performance standards for electric utility plants; the Department of Energy's proposed and interim final regulations on coal conversion for utilities and industrial boilers; and the Department of Health, Education, and Welfare's proposal for labeling to accompany prescription drugs. At year's end, reports were being prepared reviewing the Environmental Protection Agency's air carcinogen policy, its guidelines for water effluents in the leather-tanning industry, and the Department of Energy's standards for the energy performance of new buildings.

The number of reviews that the group can undertake in any one year is quite limited. Furthermore the Executive Order does not apply to independent regulatory agencies. Comments filed by the Council on Wage and Price Stability, however, partially fill the gap. That Council is directed by statute to comment on the economic impact of rules and regulations proposed by both the executive branch and the independent agencies. In 1979 the Council on Wage and Price Stability filed 58 comments in rulemaking proceedings.

The Administration's regulatory reform legislation would make the regulatory analysis called for in Executive Order 12044 a permanent requirement and extend the order to cover the independent regulatory agencies. Agency heads would be required either to choose the least burdensome alternative or to explain their proposed course of action. Selecting the least burdensome alternative would not be mandatory if there were a justification for choosing another approach. The relevant substantive statute would continue to govern the final decision.

Several existing statutes have been interpreted as limiting the extent to which regulatory agencies can consider costs (including added risks). However, even for agencies having little or no discretion to balance costs against benefits, the regulatory analysis allows consideration of cost effectiveness. If even this degree of flexibility is not within the terms of the statute, the rationale for precluding cost ef-

fectiveness should be continuously re-evaluated in the light of new knowledge. The Administration supports “sunset” review legislation that would require just such periodic re-examination of major regulatory mandates.

#### COORDINATING REGULATORY PROGRAMS

Improving individual regulations is an important part of long-term economic policy, but more is needed for effective management of the regulatory process. Many individual regulations overlap, and some try to serve conflicting objectives. For example, congressionally mandated emission standards for automobiles have sometimes tended to decrease fuel economy. When they do this, they make it harder for auto companies to meet the Department of Transportation’s standards requiring a steady increase in fuel economy. This is not a case of confused action but of conflicting goals. In designing an automobile, some balancing may be necessary between cleaner air and energy conservation.

The President established the Regulatory Council, composed of 36 Federal departments and agencies, to help achieve better coordination among regulatory programs and expand efforts to manage the regulatory process more effectively. At the President’s direction the Council prepares the semiannual *Calendar of Federal Regulations*. This provides in one document a concise summary and analysis of important regulations being developed by each of the executive branch agencies and by those independent regulatory agencies that choose to participate. It includes all major rulemakings in progress or expected during the coming year and thus provides a means of identifying potential overlaps or conflicts as well as previewing the impact of the rules on affected sectors.

The Regulatory Council will assess the cumulative effects of regulations issued by a number of different agencies on particular sectors or industries. The Council has begun a comprehensive analysis of how regulation affects the automobile industry, and it is conducting projects related to coal, hospitals, and nonferrous metals. In addition, the Council has successfully coordinated a joint policy statement by the five Federal agencies with primary responsibility for regulating carcinogens. The activities of the Council should help reduce two of the major sources of unnecessary costs of regulation—uncertainty about regulatory policies and conflict or duplication in regulatory actions.

#### SETTING PRIORITIES

Because we do not live in a world of unlimited resources we cannot simultaneously achieve all desirable social goals. Rational social

regulation requires priorities in our use of the resources at hand. No purely technical means can determine what resources should be devoted to social goals in any given year. That must come from the political system. Although some implicit balancing of goals occurs, more explicit attention should be devoted to the aggregate and sectoral consequences of regulation and to the problem of priorities.

Until recently efforts by the Federal Government to promote social goals relied principally on direct expenditures. Since 1921 the Congress has required that these expenditures appear in the Federal budget. The budget process allows explicit tradeoffs to be made and the appropriate level of government action to be debated. But as more goals are pursued through rules and regulations mandating private outlays rather than through direct governmental expenditures, the Federal budget is an increasingly inadequate measure of the resources directed by government toward social ends.

As a result, proposals have been made that the Federal Government develop a "regulatory budget," similar to the expenditure budget, as a framework for looking at the total financial burden imposed by regulations, for setting some limits to this burden, and for making tradeoffs within those limits.

However, a regulatory budget is not without problems. In the case of particular programs in the expenditure budget, past outlays are known and most future outlays can be predicted with some accuracy. Estimates of the past or future costs of regulation, some of which may be important to the development of a regulatory budget, are much less certain. It is difficult, for example, to specify all the costs to a firm when it must locate a new plant according to its third choice rather than its first. It is equally hard to measure the cost of banning the manufacture of a product.

A regulatory budget would also have to take into account the basic difference between the processes through which regulation and expenditures are determined. For Federal expenditures, the President initially sets priorities in the budget he submits to the Congress, which has the final word in adjusting those priorities through appropriation and revenue bills. For social regulations the order is generally reversed. The Congress passes regulatory statutes which set forth objectives with varying specificity. A number of executive branch agencies and independent regulatory agencies are delegated the power, subject to judicial review, to implement those objectives through specific regulations on a case-by-case basis. Regardless of which branch initiates and which completes the priority-setting, however, it is clear that the regulatory process as yet lacks any mechanism analogous to the expenditure budget for comparing and integrating priorities among different program areas.

As the process of regulation develops, more consideration will need to be given to the impact of regulations on the economy. The Nation must recognize that regulation to meet social goals competes for scarce resources with other national objectives. Priorities must be set to make certain that the first problems addressed are those in which regulations are likely to bring the greatest social benefits. Admittedly, this is an ideal that can never be perfectly realized, but tools like the regulatory budget may have to be developed if it is to be approached.

#### NEW APPROACHES TO REGULATION

Growing recognition that social regulations have significant and sometimes unintended indirect effects on the economy is producing pressure to modify regulatory mechanisms. One modification may take the form of alternatives to, or variations of, the "command-and-control" approach, which uses detailed regulations to specify permissible behavior. This approach often creates inflexibilities that add unnecessarily to the burdens imposed by the regulations. In the past few years regulatory agencies have begun to experiment with alternatives or supplements to traditional regulation. For example, the Environmental Protection Agency has developed an "offset" policy under which firms can set up activities that result in pollution in areas not currently attaining air quality standards only if they can purchase greater reductions in the pollution from existing sources. The agency has also recently promulgated a "bubble" policy, to be applied under carefully controlled conditions, which permits a firm to trade further reductions in emissions from one source for increases in emissions from another. Since firms can thereby reduce pollution most where costs are least, the same overall reduction of pollution can be achieved at a lower cost (or more improvements realized for the same cost). A similar approach was taken in permitting corporate-fleet averaging in the present standards for automobile fuel economy.

Regulation can be improved in other ways as well. Although there is some doubt about the ability of consumers to assess and assimilate certain information, the strategy of informing the public instead of banning questionable products shows promise in some situations. During 1979 the National Highway Traffic Safety Administration made data available to potential buyers on how well cars can withstand crashes, and the Consumer Product Safety Commission continued to publish information about hazardous products as an alternative to outright bans or restrictions. Such programs help consumers become better able to judge competing products.

Increasing the information consumers can draw upon sometimes complements more traditional structural remedies as a means of fostering competition in a market. The Department of Agriculture is currently trying to replicate in the United States the results of a recent Canadian experiment that achieved price reductions of 3 to 7 percent on a typical market basket of food items by disseminating comparative price lists for local grocery stores. If successful, this strategy of fighting high prices by helping consumers take advantage of price differentials among retailers could have wide application.

#### CONCLUSION

Regulation has joined taxation, and the provision of defense and social services as one of the principal activities of government; it has just as much need for effective management. Careful and responsible management of the government's regulatory efforts is all the more vital because many of their effects on the economy are subtle and difficult to discern. Although some regulation can be largely or wholly eliminated, most of the government's regulatory activities are here to stay. This country will not give up the protection afforded by these programs, any more than it will give up education or a sound defense. But it has every right to demand its dollar's worth. The Administration's regulatory reform effort over the past 3 years has been designed to assure just that.

#### PROMOTING FLEXIBILITY IN THE LABOR MARKET

How well the labor market functions will be crucial in any successful long-run strategy for reducing inflation. Wages constitute a major part of production costs, and the supply and productivity of labor help determine how much of which goods and services will be sold at any particular price. The more rapidly and smoothly the labor market adjusts to changes in the supply and demand for labor, the less delay and cost will be entailed in accommodating such major economic dislocations as the sharp rise in energy prices. Efficient adjustment in the labor market makes possible a greater growth in employment and output without hindering the long-term reduction in inflation.

Output and the demand for labor do not grow evenly in all industries and occupations. In a poorly adjusting labor market, unsatisfied demands for labor in rapidly growing sectors or occupations can generate inflationary pressures while unemployment and economic slack are still high elsewhere in the economy. In such situations inflation can be avoided only by more restrained monetary and fiscal policies and a slower growth of overall employment than would have been possible in a more efficient labor market.

In a modern industrial society, raising the productivity of labor is less a matter of changing worker motivation than of attracting labor to the sectors of the economy where it is most productive and then combining it effectively with other resources. Therefore a labor market in which the demand and supply of labor adjust smoothly raises the general productivity of the labor force.

The use of labor market policy as part of an anti-inflation strategy poses three requirements: (1) to identify the sources of potential labor market pressures; (2) to consider how well the labor market is likely to cope with these developments; and (3) to ascertain the measures most likely to promote timely and effective labor market adjustments.

#### LABOR MARKET DEVELOPMENTS IN THE 1980s

On the demand side, two developments that will probably require continuing adjustments in the labor market during the years ahead are rising energy prices and the increasing importance of international trade. Governmental policies that help the labor market adjust to these developments will also help build an energy-efficient economy, pull labor into more productive uses, and thus work to reduce inflation.

*Energy.* Technological adaptation to a higher real price of energy entails two major shifts in employment. First, labor is needed to build, operate, and maintain the new sources of energy. Second, workers must adapt to the new productive techniques that become economically efficient at the higher energy prices.

The amount of labor directly required by the President's energy program depends on the mix of energy sources, the technology used to produce energy, and the labor required for constructing, operating, and maintaining these projects. The Administration's initiatives are expected to increase substantially the demand for labor in the energy sector. Employment in the industries supplying goods and services to the energy sector will also increase. The distribution of these added jobs will not be uniform either geographically or by skills.

In the remainder of the economy, higher energy prices, once adjusted to, will also lead to changes in employment patterns. Some studies using data through the early 1970s have suggested that higher fuel prices cause a substitution of labor for energy and capital in manufacturing industries, although the evidence on this, as noted earlier, is mixed. Historically, energy and blue-collar workers have appeared on average to be substitutes in production; energy and white-collar workers in manufacturing have appeared to be complements. If those relationships continue as energy prices rise, the consequent increases both in gross manufacturing employment and in

the ratio of blue-collar to white-collar jobs may partially offset a trend of the past several decades. Given the uncertainty about the technology that will prevail in a world of sharply higher energy prices, however, predictions about the impact of higher energy prices on employment patterns must remain tentative.

*International trade.* Over the past two decades U.S. foreign trade has expanded very considerably. Real exports have increased steadily from 4.1 percent of real GNP in 1950 to 8.4 percent in 1979. A growing role for international trade tends to favor industries for which our Nation has particular efficiencies; it also helps provide an additional competitive force to the market. On both counts, trade has a moderating effect on inflation. But it also forces shifts in employment. Jobs become fewer in domestic sectors threatened by imports; they increase in industries which are more competitive in world markets. Since the comparative advantage of the United States tends to be in its high-technology, capital-intensive industries, a growth in exports shifts the demand for labor toward more highly skilled workers with more advanced training.

*Other factors.* If the adjustments required by international trade and higher energy prices are encouraged rather than hindered, changes in the composition of labor demand during the next decade should favor a faster productivity growth. Reducing race and sex discrimination will also improve productivity because human resources will be put to more advantageous use. The virtual disappearance of wage discrimination against young blacks with high levels of education is a favorable development. Unless the pace of improvement is accelerated, however, it will still be many decades before all wage discrimination against blacks is eliminated.

#### *Supply Side*

The dominant force on the supply side of the labor market during the 1980s will be the aging of the large World War II "baby boom" generation. As Table 21 shows, young people in the 16-24 age group have represented one of the fastest growing components of the labor force during the 1970s. In the coming years their share of the labor force will decline swiftly. At the same time the proportion of the work force accounted for by prime-age and the more experienced workers will grow rapidly.

This demographic change should help reduce both inflation and unemployment. The growth in the relative size of the experienced work force means that average productivity should rise. The fact that young people, whose unemployment rates are usually higher than average, will represent a smaller fraction of the work force, will itself tend to lower the level of aggregate unemployment at which inflationary pressures begin to emerge. Finally, young members of minor-

TABLE 21.—Share of selected demographic groups in the civilian labor force, 1970–85

Group	1970	1977	1985 (pro- jected)	Annual percent change in share <sup>1</sup>	
				1970 to 1977	1977 to 1985 (pro- jected)
	Share (percent) <sup>2</sup>				
All youth (16–24 years).....	21.6	24.3	21.6	1.7	–1.5
Black and other minority youth (16–24 years) .....	2.6	2.8	2.7	1.2	–.7
All prime-age (25–54 years).....	60.9	61.0	65.7	.0	.9
Prime-age women (25–54 years) .....	22.0	24.3	28.7	1.4	2.1

<sup>1</sup> Percent changes based on unrounded shares.

<sup>2</sup> Percent of civilian labor force.

Source: Department of Labor, Bureau of Labor Statistics.

ity groups, whose unemployment rates are now exceedingly high, should find it easier to secure entry-level jobs in a work force where there are fewer young people seeking such jobs.

The productivity of the labor force depends not only on the number and experience of workers but also on their education. As Table 22 shows, a general increase occurred during the past four decades in the years of schooling of all groups in the labor force, with a dramatic rise for blacks. School enrollment rates for whites and non-whites are now comparable. Unfortunately, trends in the quality of education have not all been favorable. For elementary school children an improvement in basic skills and a substantial lessening of racial differentials are evident. But there has been no improvement in the skills achieved in the secondary schools. Blacks and low-income city youths do especially poorly in tests measuring functional literacy, and this weakness may contribute to their unemployment problems.

TABLE 22.—School attainment of 25- to 29-year-olds, 1940, 1960, and 1978

Item	All persons	Blacks
Percent with—		
Less than 5 years of school:		
1940.....	5.9	27.7
1960.....	2.8	7.0
1978.....	.9	.8
4 years of high school or more:		
1940.....	38.1	11.6
1960.....	60.7	37.7
1978.....	85.3	77.3
4 years of college or more:		
1940.....	5.9	1.6
1960.....	11.1	4.8
1978.....	23.3	11.8

Source: Department of Commerce, Bureau of the Census.



There is some evidence that the gap between the achievement of black and white students has been narrowing. Future improvements in productivity performance would be aided by continuation of this movement.

#### HOW WELL CAN THE LABOR MARKET ADJUST?

Policies that will help the labor market allocate resources so as to raise productivity and reduce the waste of human resources need to be targeted to areas where the market fails to perform effectively.

The fact is that the labor market worked quite well for most people during the 1970s; the serious failures were concentrated among special groups. During this period the civilian labor force grew by some 21 million workers, or 25 percent. One-third of that growth was among young people from 16 to 24 years old, and 39 percent was among women between the ages of 25 and 44. Although unemployment rates for those groups rose over the decade, the percentage increase in their unemployment rate was less than that of the total unemployment rate. Indeed, the market even works well for most youths; they find jobs without difficulty when they enter the full-time labor force.

There is a large flow of workers through the labor market each year as people change jobs and individual firms hire and lay off workers. In January 1978 a special study by the Bureau of Labor Statistics showed that fewer than 72 percent of those employed had held the same job they were in a year earlier. Transfers on so large a scale imply that the labor market is relatively flexible and capable of making major adjustments. Moreover, fewer than 42 percent of those unemployed in 1978 were on indefinite layoffs or had lost their jobs. Most were re-entering the labor force, had quit their last job, or had never worked before.

While the market has worked well for most groups, it has not worked well for all. The greatest problems are concentrated among disadvantaged young people, especially blacks. Approximately three-fourths of the weeks of unemployment reported by youths are accounted for by those who have been unemployed for periods totaling more than 15 weeks within a year. A disproportionate share of those young people are black. Over the past 15 years the employment-population ratio for black youths has been falling both absolutely and relative to the record for white youths. A Department of Labor study found that among black males aged 16 to 19 the unemployment rate rose from 23 percent to 42 percent between March 1964 and March 1978. Among black teenage females there was an increase from 35 percent to 44 percent over the same period. Increases were especially large for central city black teenagers attending school. The message

is clear: when major labor market adjustments are required, like the absorption of the large numbers of young people during the 1970s, the poor or those with other disadvantages have the least chance of making that adjustment successfully. Further, when potential workers have few basic skills and little experience and when the minimum wage and other institutions create wage floors, the result can be unemployment or part-time employment rather than full-time but lower-wage employment. The Administration's targeted jobs tax credit is an employment subsidy designed to deal with these problems.

Unwarranted differences in the experiences of different groups imply that there has been failure in the labor market, and the Humphrey-Hawkins Act places special emphasis on reducing such differences. While it is not possible to establish detailed employment and earnings goals for disadvantaged youths, older displaced workers, the handicapped, women, Hispanics, veterans, and other such subgroups, the specific goal can be set forth: to reduce unemployment and raise earnings for all these groups. Equality of unemployment rates among all demographic groups is not an appropriate objective, of course, since it would fail to recognize differences in employment needs. For example, young people searching for better careers and not greatly attached to any job should not be expected to have the same unemployment rates as older experienced workers. But structural policies are needed to reduce unjustified disparities among groups, and especially to lower unemployment among those with the most acute problems and those handicapped by childhood poverty. Labor market differences based on factors which do not affect productivity or reflect variations in tastes for work and type of job search should be eliminated.

Another group for whom labor markets may not work adequately is older, more experienced workers whose long-time jobs disappear. Workers with skills specific to the needs of a particular firm often have to accept lower wages when they must seek another job. In a dynamic economy where the fortunes of individual firms wax and wane, these problems are continual. If they are concentrated in a major industry or in a large firm, they often become issues for government to deal with.

Problems in adjustment will continue in the 1980s as the labor market responds to changes in energy sources, in patterns of international trade, and in other economic factors. While no general rule will serve every occasion, the goals of raising productivity and improving living standards are best achieved if governmental policy is designed to aid the flow of human resources from obsolescent and lower productivity uses to new and more productive ones.

Although there are some general principles for dealing with displaced workers possessing firm-specific skills, applying them to particular cases is not easy. It is difficult to tell in advance which displaced workers will have trouble. For example, a study of workers who had been laid off and were eligible for aid under the Trade Adjustment Act in 1978 showed that about three-fourths eventually returned to their previous place of employment. In the same period a sample of unemployed manufacturing workers receiving unemployment insurance showed that 58 percent eventually returned to their previous jobs.

#### POLICIES TO AID LABOR MARKETS

The labor market is sufficiently flexible that it can adjust to most of the pressures of the 1980s without special assistance. Governmental policy still has a role, however, in easing the adjustment for some workers. This cannot be accomplished through aggregate demand policy alone, because attempting to do so would merely add to inflation while yielding only minimal benefits for the groups suffering especially from unemployment. Active labor market policies directed at the structural unemployment of particular groups or at specific rigidities in the market are thus called for.

Nearly 5 percent of the Federal budget goes to education, training, and employment programs, many of which are aimed directly at increasing employment. These include public service jobs (some 450,000 such jobs will be funded in 1981); a new targeted jobs tax credit giving subsidies to firms hiring the disadvantaged; antidiscrimination efforts of the Equal Employment Opportunity Commission and the Office of Federal Contract Compliance; the new Presidential directive expanding the hiring of disadvantaged workers in private sector jobs through Federal economic development programs; and flexitime experiments and employer technical services of the U.S. Employment Service that help restructure jobs to fit workers' needs. Complete evaluations of most of these programs are not yet available. Some of them may prove effective on a small scale but may not work so well on a larger scale.

Programs to create public sector jobs provide an example of some of the difficulties faced by structural labor market policies. Such public jobs programs have three consequences which must be considered: First, the existence of such jobs may attract such large numbers of people into the labor force that the reduction in unemployment is significantly less than the increase in employment. (To the extent that new members of the labor force were previously too discouraged even to seek work, this would of course be beneficial.) Second, the

jobs may either displace some public sector workers or end up financing existing public sector jobs rather than providing new ones. The limits placed on wages payable in public service jobs in the 1978 Administration-supported amendments to the Comprehensive Employment and Training Act (CETA) and other amendments should eliminate some of the "substitution" problems. Third, such jobs are relatively short-term solutions for individual workers and may only postpone the transition for these workers, without adequately preparing them for unsubsidized employment. To address this problem, the 1978 CETA amendments increased the emphasis on preparing workers for unsubsidized jobs, and the programs were also changed in other ways that should help workers adjust to labor market needs.

Both the Administration and the Humphrey-Hawkins Act recognize that the problems of disadvantaged and minority youth make this group a particularly appropriate subject for structural labor market policy. The Administration has tripled expenditures on Labor Department programs for youth training and employment. In anticipation of the expiration of authority for some youth activities this year and in recognition of the persistent needs of disadvantaged youth, the President's budget contains proposals that will form the basis of this Administration's policies to alleviate the labor market problems of young people in the 1980s. These policies recognize that, especially as the proportion of youths in the population declines, there is no general youth problem; but that employment problems are likely to be serious for the roughly 10 percent of young people who are poor and suffering long-term unemployment. Not all of them require government help, but many do. The decline in young people's share of the labor force should make it more likely that training and job development will help that group.

The President's new policies also recognize that the best time to confront the employment problems of the young is before they leave school and experience long stretches of unemployment. Better and more intensive training in basic skills for junior and senior high school students before they leave school must have high priority if we are to improve their opportunities to find employment. The need to reduce long-term unemployment among labor market entrants is made more urgent because one of its consequences is lower productivity and earnings in later years. Our economy cannot afford to waste such human potential. So far, however, the amount of government money spent on compensatory education for secondary students has been relatively small.

The goals of the President's new initiative are: (1) to teach basic skills in the secondary school to those youths who did not master them in elementary school and who need special help; (2) to provide

part-time employment and training to dropouts willing to undertake extended training to develop skills that will improve their labor market prospects; and (3) to provide intensive long-term training aimed at achieving unsubsidized private sector placements for older youths out of school. Under the proposal the funds will go largely to poor rural areas and central cities, where a lack of basic skills and high unemployment are most serious.

For principal wage earners in low-income families with children, the Administration has sent to the Congress a set of major proposals for welfare reform. One component of these proposals would provide training, help in seeking jobs, and work opportunities for employable persons. The other major component improves the cash-assistance provisions of the welfare system. Together the two parts of the program would provide minimum income for those low-wage earners in need, along with jobs for those who can work. The program is designed to make employment more attractive than cash aid.

Much remains to be learned about the design of effective policies aimed at other groups in the labor market. Perhaps most important, the efficacy of training programs for adult low-income workers is uncertain. The CETA system and other programs provide such workers with both work experience and training. Although a new authority, Title II-C of CETA, can be used for retraining and aiding any displaced worker, most of CETA has increasingly been targeted toward the disadvantaged and long-term unemployed. Evaluations of the training components of such programs show that they have modest positive effects, especially for women. These effects seem to diminish for male participants in the course of time.

Another question in policy design is whether the government or the unemployed workers themselves are better informed about the type of training they need and can most benefit from. If the unemployed workers are knowledgeable about themselves and the market, schemes giving them vouchers for training through either private or public programs should be considered. Some limited experiments using this approach for welfare recipients show promise.

A third issue is the success of programs to help workers relocate. Relocation assistance is a feature of the Trade Adjustment Assistance Act. The concept of providing relocation assistance is sound, but few workers now take advantage of such assistance, and many who do return to their home towns within a relatively short time.

As demographic changes begin to reduce some of the problems in the labor market remaining from the 1970s, significant progress in helping those groups which suffer the worst unemployment problems becomes feasible. By improving the employment opportunities of these groups and by making them more productive, labor market

policies can increase our supply of goods and services, improve our efficiency in using the Nation's human resources, and help people lead more satisfying lives.

### INCREASING THE RATE OF CAPITAL FORMATION (Investment Policy Report)

To reach a number of our important economic goals, the share of national output devoted to capital formation will have to increase in the 1980s. Lifting the growth of productivity from the very low levels of recent years will require an accelerated rise in the stock of capital. Environmental and related improvements will also demand large investments. Further, as discussed earlier in this chapter, we will need to invest very substantial sums in developing alternative sources of energy and improving the energy efficiency of the economy. A larger and more efficient capital stock would also help the United States to compete in world markets, improve the foreign trade balance, and strengthen the value of the dollar relative to other currencies in exchange markets.

Because of the importance of capital formation in determining the long-run growth of the economy, the Humphrey-Hawkins Act places considerable emphasis on the performance of business fixed investment. One of the requirements of the act is that an Investment Policy Report be included in each *Economic Report of the President*. The following section touches on the topics specified in the act; relevant matters, such as policies dealing with Federal expenditures, Federal regulation, and international trade, are discussed in more detail elsewhere in this *Economic Report*.

#### THE ADEQUACY OF RECENT INVESTMENT

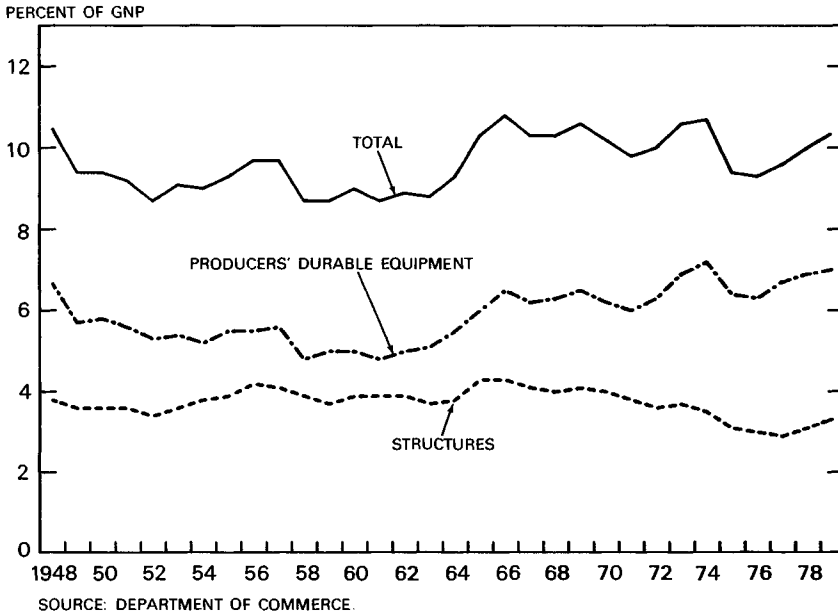
An examination of recent trends in investment raises a number of questions. The fraction of GNP devoted to investment in 1978-79 has approached the shares realized in the late stages of the last two expansions, but this proportion was relatively low during the early stages of the recovery from the 1974-75 recession. Thus the addition to the stock over the past 4 years has been relatively small, especially when the depreciation of the stock during this period is taken into account. At the same time the growth in the labor force was larger than in earlier periods, and hence the rate of growth in the capital stock available per worker fell substantially. Furthermore some of the recent investment has been devoted to meeting increased energy needs and the requirements of environmental, health, and safety regulations. While such investment is important to national goals, it does not directly expand industrial capacity or contribute to meas-

ured productivity. Finally, the composition of investment has been more heavily weighted toward shorter-lived assets than it was in periods prior to the 1974-75 recession.

Since 1974 the share of gross business fixed investment has reached 10 percent of GNP only during the last 2 years (Chart 6). Moreover the 1979 gain occurred despite reduced growth in real investment expenditures; real GNP grew at a still lower rate.

Chart 6

### Real Nonresidential Fixed Investment as Percent of Real GNP



Historically it has not been uncommon for the share of such investment in GNP to rise as growth of the economy begins to slow. Similar behavior occurred in 1960, 1969, and again in 1974. The growth of investment does not always coincide with the overall growth of the economy because actual investment expenditures lag the planning and appropriation stages and because expenditures for ongoing projects are not necessarily curtailed in a downturn.

The composition of recent business fixed investment has been quite different from historical norms. In 1979 the share of investment in producers' durable goods in real GNP (7.0 percent) was the

second highest in the last three decades. Both motor vehicles and other equipment attained shares of GNP that approached record peaks for the year as a whole, although purchases of vehicles declined sharply during the course of 1979. In contrast the share of real GNP accounted for by business investment in structures (3.3 percent) continued to be less than that realized in every year between 1947 and 1974.

A variety of causes could be found for the changing strength of the major components of business fixed investment. One is Federal tax legislation, which since 1971 has increased the investment tax credit for equipment while giving structures only partial coverage. Another is that the higher level of inflation in recent years has increased the tax burden on long-lived assets relative to short-lived assets. Uncertainty about future economic conditions and about the outcome of various regulatory processes has intensified, and such uncertainty tends especially to penalize investments in assets with long-term payoffs.

As discussed in Chapter 2, only part of the unsatisfactory productivity of recent years can be blamed on declining rates of capital accumulation. Nevertheless there is little doubt that increased rates of capital formation will improve productivity in the future. Capital accumulation increases labor productivity directly by giving labor more to work with, and some technical advances contribute to productivity growth only when they are embodied in the capital stock.

#### *Investment and Innovation*

The last point made in the preceding section takes on special significance in the light of changes in the average age of the capital stock. From 1948 through 1966 the average age of producers' durable equipment and structures fell about 3 years. The average age fell by about 1 year from 1966 through 1973. Since 1973 the average age of business capital has not changed significantly. Because the gap between best-practice and average-practice technology is narrowed when innovations are put in place, modernization of the capital stock is one way to diffuse innovation that will add to productivity. Not all technical progress is embodied in capital, however, and the quality of some new capital may change little. Thus the fact that the average age of the capital stock has remained constant may account for only a small portion of the recent declines in productivity growth.

A Domestic Policy Review, initiated by the President, recently assessed the proper role of the government in fostering industrial innovation. On the basis of this review, the President sent an Industrial Innovation Message to the Congress in which he detailed a number of steps that the Administration had taken or would soon be taking.



Specifically, the President's 1981 budget proposes programs to encourage the development and transfer of technical information and to improve the patent system. The budget also contains proposals to stimulate small businesses devoted to high technology, including direct support to small research and development firms. The President has directed the Small Business Administration to increase further the availability of venture capital to these firms. Finally, also to increase the availability of venture capital, Employee Retirement Income Security Act regulations have already been changed to allow pension funds to invest in small innovative firms.

Federal support for research and development, measured in real terms, fell substantially between 1969 and 1975. In more recent years the trend has been reversed. The Nation's effort in basic research depends on the Federal Government for about two-thirds of its support. The budgets of the Administration have increased that support each year, the increase amounting to 22 percent in real terms between 1976 and 1979. The President's 1981 budget proposal continues that policy.

#### SPECIAL INVESTMENT NEEDS

Compliance with mandates to improve the environment, health, and safety requires substantial investment. The results of this investment—cleaner air, purer water, and a safer working environment—are not included in conventional measures of output, although they benefit everyone. Investments to meet regulatory requirements are financed from the same sources as investments that directly increase industrial capacity. Thus any given fraction of GNP devoted to investment will yield less measured gain in productivity than historical relationships would suggest. Meeting requirements of the Clean Air and Water Acts alone is estimated by the Environmental Protection Agency to have absorbed 5.6 percent of business fixed investment, or 0.6 percent of GNP, in 1977. Over the decade of the 1980s the investment required to meet existing environmental regulations alone is expected to average 0.3 to 0.6 percent of GNP. To the extent that new regulations are imposed, the share of GNP used may be larger.

The additional private investments directly attributable to increasing and diversifying our domestic energy supplies and improving energy efficiency will also be substantial. The requirements outlined earlier in this chapter, including those stemming from the national energy program, will add the equivalent of about 1 percent of GNP to investment needs. There will be other indirect investment requirements. Since rapidly rising energy costs increase the rate at which the capital stock becomes obsolete, replacement investment must also rise if a reduction in the Nation's productive capacity is to be avoided.

Even without the special investment needs of energy and the environment, it is difficult to imagine that healthy economic growth could be maintained by a ratio of business fixed investment to GNP of less than 10 percent. The direct investment requirements for increased energy supplies, plus environmental regulations currently on the books, could raise this to over 11 percent. Finally, depending upon how much investment will be required by new environmental regulations and by the need to accelerate the replacement of industrial facilities made obsolete by higher energy costs, the necessary investment ratio may be higher still. Achieving this level of investment will not be easy; the highest share attained by the economy in the postwar period was 10.8 percent in 1966.

#### SAVING-INVESTMENT RELATIONSHIP

The basic saving-investment relationship as measured in the national income and product accounts is presented in Table 23. The reported values represent the amount of gross saving by the household, business, and government sectors, along with gross investment by type of expenditure. Household saving equals disposable personal income less personal outlays, which consist mainly of personal consumption expenditures. Business saving is defined as retained earnings plus depreciation. The government sector's contribution to national saving depends on the budget surpluses or deficits of Federal, State, and local governments. The government sector adds to national saving when a combined budget surplus is recorded.

Gross investment consists of domestic investment and net foreign investment. Net foreign investment is conceptually similar to the current account deficit in the balance of payments, with a surplus in the current account corresponding to positive net foreign investment. As Table 23 shows, saving and investment as fractions of GNP have increased in the last 2 years, although they remain slightly below the values of the 1965-69 period.

Whether business investment will grow enough to meet the country's needs in the 1980s will depend on two key questions. Will investment incentives be sufficient to bring the demand for business capital goods up to the necessary level? And will the share of national saving in GNP expand to permit that investment demand to be realized without adding to inflationary pressures on the economy? While the two questions are related—since additional saving tends to lower long-term interest rates and encourage investment demand—it is useful to examine each of them separately.

TABLE 23.—Gross saving and investment as percent of GNP, 1965–79

[Percent]

Item	1965-69	1970-74	1975-77	1978-79 <sup>1</sup>
Gross saving <sup>2 3</sup> .....	15.8	15.1	13.8	15.3
Personal.....	4.4	5.0	4.2	3.2
Business.....	11.6	10.5	11.9	11.8
Government.....	-.2	-.5	-2.3	.3
Federal.....	-.3	-1.2	-3.3	-.8
State and local.....	(*)	.7	1.0	1.2
Gross investment <sup>3</sup> .....	15.8	15.3	14.2	15.5
Nonresidential fixed.....	10.5	10.2	9.8	10.6
Residential fixed.....	4.0	4.5	4.1	4.9
Change in business inventories.....	1.3	.8	.4	.9
Net foreign.....	.1	-.3	-.2	-.9
Statistical discrepancy.....	(*)	.2	.4	.2

<sup>1</sup> Preliminary.<sup>2</sup> Includes net capital grants received by the United States, not shown separately.<sup>3</sup> Saving and investment may not be equal due to rounding.<sup>4</sup> Less than 0.05 percent.

Source: Department of Commerce (Bureau of Economic Analysis).

## DEMAND FOR NONRESIDENTIAL FIXED CAPITAL

Future trends in capital formation will reflect both past and future investment incentives. Last year's *Economic Report* discussed many of the factors which appear to influence business decisions to invest. Table 24 presents data for a number of these factors.

Preliminary data for the year 1979 as a whole do not indicate a clear pattern. Two of the measures shown—capacity utilization and the rate of return on stockholders' equity—rose and were above their average levels for the 1955–69 period. The other three declined and

TABLE 24.—Determinants of business fixed investment, 1955–79

[Percent, except as noted]

Period	Ratio of real investment to real GNP	Capacity utilization rate in manufacturing <sup>1</sup>	Nonfinancial corporations			
			Cash flow as percent of GNP <sup>2</sup>	Rate of return on depreciable assets <sup>3</sup>	Rate of return on stockholders' equity <sup>4</sup>	Ratio of market value to replacement cost of net assets <sup>5</sup>
1955-69 average.....	9.5	84.2	9.4	12.9	6.4	1.097
1970-77 average.....	10.0	80.9	8.3	9.4	6.4	.871
1978.....	10.0	84.4	8.8	9.7	7.1	.678
1979: First 3 quarters <sup>6</sup> .....	10.4	86.0	8.5	9.2	7.7	.654

<sup>1</sup> Federal Reserve Board index.<sup>2</sup> Cash flow calculated as after-tax profits plus capital consumption allowance plus inventory valuation adjustment.<sup>3</sup> Profits before taxes plus capital consumption adjustment and inventory valuation adjustment plus net interest paid divided by the stock of depreciable assets valued at current replacement cost.<sup>4</sup> After-tax profits corrected for inflation effects divided by net worth (physical capital component valued at current replacement cost).<sup>5</sup> Equity plus interest-bearing debt divided by current replacement cost of net assets.<sup>6</sup> Seasonally adjusted.

Note.—For annual figures for 1955–77, see Appendix Table B-85.

Sources: Department of Commerce (Bureau of Economic Analysis), Board of Governors of the Federal Reserve System, and Council of Economic Advisers.

were below their 1955-69 averages. The steady increases in capacity utilization rates since the 1974-75 recession reflect the strength and duration of the subsequent recovery as well as the relatively slow accumulation of additional industrial capacity. The rate of return on stockholders' equity also rose (see Table 24). However, this increase is not a good measure of the change in the rate of return available on new equity investments, because it stemmed largely from unanticipated increases in inflation which reduced the real burden of corporate debt. The slowdown in the growth of profits in 1979 contributed to the declines in the rate of corporate cash flow and the rate of return on depreciable assets. The ratio of market value to replacement cost of net assets declined even further from its low 1978 level as inflation pushed the replacement cost of physical capital well beyond the market value reflected in equity and debt prices. All of the investment determinants except the ratio of market value to replacement cost of net assets and the return to depreciable assets were above 1970-77 averages, but these averages themselves were equal to or below those of the 1955-69 period.

Federal tax policy has an important influence on business fixed investment. The Revenue Act of 1978 lowered the corporate tax rate across all income classifications. The investment tax credit was made permanent and was extended to a broader range of investment expenditures. The tax rate on capital gains was also reduced by allowing a larger proportion of capital gains to be excluded from an individual's taxable income.

While these reductions in tax rates were occurring, the increase in inflation tended to raise the tax burden on businesses. During periods of rising inflation the real tax burden increases because depreciation allowances are based on historical costs rather than on replacement costs. Partly for this reason, the ratio of Federal corporate income taxes to profits measured on an economic basis was higher in 1979 than in 1978 despite the reduction in the corporate income tax rate which took effect in 1979. Since long-lived investment goods suffer larger declines in the real value of depreciation allowances over time, inflation distorts both the amount and composition of investment.

#### THE SOURCES OF SAVING

In periods of economic slack the production of additional capital goods does not require a reduction in the output of consumer goods. In fact the expansion of wage income from the increase in output of investment goods will lead to a simultaneous rise in the demand for and the production of consumer goods.

In periods of relatively high employment, however, the growth of national output is limited to the 2½ to 3 percent rate given by the growth in potential GNP. Investment can grow more rapidly only if its share in GNP rises, which in turn requires an increase in the share of GNP that is saved. In order to increase the share of investment in GNP during the 1980s, therefore, total saving will have to rise relative to GNP. Saving frees resources for use in the production of capital goods and provides the flow of funds needed to finance investment outlays. The amount of saving by governments, business firms, and individuals is thus the major determinant of the amount of total investment that can be undertaken. About one-fourth to one-third of national saving in the past has been absorbed by residential construction. The bulk of the remainder is available for business capital formation.

Recently, as the Federal Government's deficit has narrowed, Federal Government dissaving has declined. The Federal deficit (as measured in the national income and product accounts) has declined in every year since 1975 from an average of 3.3 percent of GNP in 1975-77 to 0.8 percent in 1978-79 (see Table 23).

Gross saving in the State and local government sector averaged 1.2 percent of GNP during 1978-79. The bulk of this saving was from net additions to the surpluses of social insurance and pension funds. Last year the operating budgets of State and local governments were approximately in balance. The combined budgets of Federal, State, and local governments recorded a net surplus in 1979, the first such surplus since 1973.

In contrast to the recent changes in governmental budgets toward positive net saving, the personal saving rate has declined substantially in recent years. For 1979 as a whole, the rate was 4½ percent; it was even lower by year end. A number of contributing factors have been cited as causes of the recent low saving rate. These include the high proportion of the work force consisting of younger people, the increased number of two-earner households, and—in 1979—the efforts of consumers to maintain real consumption in the face of slow growth in real income. In addition, inflationary expectations in conjunction with low rates of return on financial assets, low real borrowing costs, and the ready availability of credit may have reduced the personal saving rate by increasing the attractiveness of real assets relative to financial assets. The relative importance of these factors to the decline in the saving rate is uncertain.

Business saving—retained earnings plus depreciation—grew at a rate of 9.2 percent in 1979, down moderately from the growth of recent years. Historically the rate of growth of business saving has var-

ied substantially; the most recent figure is well within past ranges. Because business saving is an internal source of funds to finance expenditures on physical capital, policies designed to increase business saving also tend to have a direct impact on business fixed investment. The Revenue Act of 1978 strengthened this source of corporate financing by lowering the corporate income tax rate.

#### CAPITAL MARKETS AND THE AVAILABILITY OF CREDIT

Financial markets and institutions play a major role in linking saving and investment. The business sector finances a significant portion of its long-term investment expenditures through such financial intermediaries as insurance companies and pension funds. Direct purchases of new equities and corporate bonds by households have recently been only a minor source of financial capital for businesses. In 1978, for example, the nonfinancial corporate business sector raised \$20.1 billion in the corporate bond market, while the household sector reduced its net corporate bond holdings by \$1.4 billion. Indirectly, however, workers and other individuals constitute an important source of business funds through pension funds and other forms of group saving.

During most of 1979 businesses had little difficulty in obtaining credit. Total financial capital raised by the nonfinancial business sector rose by an estimated 17 percent in 1979. Short-term debt was an unusually important source of the business sector's financing. Businesses preferred shorter-term issues because it was thought throughout most of the year that longer-term rates were at or near their cyclical peaks and would decline in the near future. In fact long-term rates rose sharply during 1979, but this increase had not been widely anticipated.

To help ensure that financial capital is available to businesses in the future, the Administration is systematically reviewing Federal credit activities. In the budget for fiscal 1980 the Administration announced the development of a program to establish a credit-monitoring system which covers direct lending by agencies as well as guaranteed loan programs. The 1981 budget recommends limitations on annual appropriations for a wide range of activities involving Federal credit. This new monitoring system includes both on- and off-budget Federal loan and loan guarantee programs. Although some programs are exempt, this review will lead to a more efficient allocation of both credit and real resources.

The availability of financial capital in the future will be maintained by improving the economic environment in the United States, as outlined in this chapter, and by selective policies designed to meet the

needs of small businesses for financing. Through the continuing efforts of the Small Business Administration and the programs included in the President's proposals to foster industrial innovation, more credit will be available to small businesses. For the economy as a whole, a reduction in inflation will enable monetary policy to ease, thereby improving the flow of funds in financial markets.

SOME LIKELY PATTERNS OF NATIONAL SAVING IN THE 1980s

Table 25 illustrates a pattern for national saving that seems possible under a set of reasonable assumptions for the 5-year period 1982-86. The Federal budget is assumed to be balanced on average over the period. Continued control over spending should make it possible both to reduce taxes during the period and to have a balanced budget in most of those years. State and local governments are likely to continue, on average, the surpluses of recent years which stem from an excess of revenues over expenditures in pension and related funds for their own employees. Business saving will probably remain close to historical trends in the absence of future business tax cuts, and the personal saving rate is assumed to increase to slightly above its 1975-79 average. In sum, total domestic saving as a proportion of GNP can be expected to rise slightly in the 1982-86 period compared to recent years. But the inflow of investment from abroad, which is the financial counterpart of the U.S. current account deficit, should move toward zero as market forces bring receipts and expenditures in the current account close to balance. The share of GNP used for housing will increase slightly because of the energy requirements discussed earlier in this chapter. With inventory investment taking about the same share of saving as in the recent past, the

TABLE 25.—*Actual and illustrative saving-investment balances*  
[Percent of GNP]

Item	Actual 1975-79 <sup>1</sup>	Illustrative 1982-86
Federal Government surplus.....	-2.2	0
State and local government surplus.....	1.1	1.0
Gross business saving.....	11.8	11.5
Personal saving.....	3.8	4.0
Equals: Total saving.....	14.5	16.5
Less: Net foreign investment.....	-5	0
Residential fixed investment.....	4.5	4.8
Inventory investment.....	.6	.7
Equals: Saving available for business fixed capital formation.....	9.9	11.0

<sup>1</sup> Preliminary; detail may not add to total because of rounding.

Sources: Department of Commerce (Bureau of Economic Analysis) and Council of Economic Advisers.

amount available for business fixed investment should be about 11 percent of GNP.

It was estimated earlier that to improve productivity, expand capacity, make the adjustment to higher energy costs, and meet environmental needs the ratio of business capital formation to GNP would have to rise to at least 11 percent and possibly somewhat higher. The earlier discussion of factors underlying the demand for investment goods and the analysis of saving ratios in Table 25 suggest that specific measures to increase investment and saving may be needed in later years.

#### THE PROSPECTIVE POLICY MIX

Inflation and economic growth tend to increase average effective tax rates and thus the share of Federal taxes in GNP. Under current inflationary conditions, and given the uncertainties in the economic outlook, the highest priority in the use of additional Federal revenues is to reduce the budget deficit. This is the policy incorporated in the President's 1981 budget proposals. However, continued control of Federal spending will make possible tax reductions in future years that are quite consistent with the maintenance of an appropriate degree of fiscal restraint. Considering the need for additional investment incentives, the design of future tax reductions should give a high priority to measures which strengthen investment.

Policies will also be needed to increase the amount of available national saving. One way to do so is to have smaller tax reductions and run a Federal budget surplus. A budget surplus would increase national saving and thereby provide additional sources of funds for investment. Alternatively, some of any potential budget surplus could be used to reduce taxes in ways which increase the after-tax return to personal saving. There is considerable uncertainty about the likely size of the response of personal saving to increased after-tax returns. It is clear, however, that each dollar of such tax reduction—which lowers the potential Federal surplus (and hence total national saving) dollar for dollar—will yield at most a small fraction of a dollar in additional personal saving.

Tax reductions devoted explicitly to business firms in the form of increased investment incentives, on the other hand, will tend to increase both business saving and investment. While some part of a business tax reduction will go toward higher dividends, a fairly large fraction of it is likely to end up as increased retained earnings.

The fact that an increase in the ratio of saving to GNP may be necessary to make possible the desired expansion of investment does not imply, of course, that increasing the saving share will itself guarantee



a rise in investment. A higher saving share will tend to reduce real interest rates and thus encourage investment. But that alone may not be sufficient. An overall economic climate with inflation being steadily reduced and output growing at a sustainable pace would be very conducive to investment. It may be necessary also, as fiscal drag allows statutory tax rates to be reduced, to provide a significant part of the reduction in forms which both raise the return to investment and increase business saving.

## ADJUSTING TO EQUILIBRIUM IN AGRICULTURE

During the past decade the role of U.S. agriculture in the national and international economy changed dramatically. This change has important implications for inflation, agricultural productivity, and the long-term performance of the farm sector.

Historically agriculture's productive capacity increased so rapidly relative to demand that national agricultural policy had to concentrate heavily on protecting farm income from the consequences of overproduction. But rising world population, increased consumption of animal products, and the improved capability of some developing nations to purchase food and feed grains—combined in the last decade with dollar devaluations and global crop shortfalls—now require nearly full use of the land, labor, and capital available to agriculture. Measured in constant dollars, this sector's total exports have increased more than 60 percent since 1972. U.S. agriculture appears closer to resource equilibrium than it has been for many decades.

This situation is likely to persist. While year-to-year fluctuations in weather, world economic performance, or even international affairs may result in potentially troublesome periods of excess production, the longer-term outlook strongly suggests that production will more typically be at or near capacity. Growth in world population and improved economic conditions in both developed and developing countries will increase their need for and improve their capability to purchase food and feed grains.

## POLICY ISSUES

The United States is now more vulnerable to agricultural price and income fluctuations arising from changes in worldwide demand for U.S. farm products than it was in the past. Sustained full use of farmland, for example, makes it more difficult to increase output in response to successive world crop shortfalls. Then too, as exports are expanded, U.S. agriculture becomes even more closely linked with

world weather and the domestic policies of other nations. Since little can be done to influence these factors, domestic agricultural policies must operate to cushion the sector and the Nation from the price and income shocks that they would otherwise experience. Reducing this vulnerability while improving the sector's productivity and economic performance is a major objective of the Administration's food and agricultural policy.

### *Supply Shocks*

The total demand for food is so inelastic that small changes in global food supply can lead to very large changes in price. And because the supply cannot be increased quickly, year-to-year price changes do little to alter the quantity offered for sale; rather they increase the potential for generating oscillations in price and production. Widespread crop shortages can set off a general inflationary surge. Bumper crops can reduce market prices below what is needed to cover variable operating expenses. These characteristics, combined with the fact that food is a basic raw material, leave us exposed to abrupt price changes in the food sector.

A clear demonstration that small variations in global food supply can lead to wide variations in producers' incomes and food prices was furnished by the events of 1972-74. World food production declined only about 2 percent globally in 1972. This modest decline led to an increase of 54 percent in U.S. crop prices in 1973 and to another 28 percent increase in 1974. Consumer food prices increased 31 percent over these 2 years. Net farm income was a record \$33.3 billion in 1973, 78 percent higher than in 1972.

The rise in grain prices touched off the most rapid liquidation of the domestic cattle herd ever recorded. Cattle prices fell as cattle marketings increased during 1975 through 1977. Grain prices also fell during the period, a consequence of increasing world stocks. In 1976 net farm income was about equal to its 1972 level. Beginning in 1978, food prices rose, reflecting strong consumer demand and the cut in meat supplies that resulted from the earlier slaughter of breeding herds. During 1978 and 1979 retail beef and veal prices increased more than 50 percent.

### *Price and Income Support*

Government programs in the past have increased farm income by raising commodity prices. These artificially high price supports often interfered with adjustments in production and agricultural trade flows; farmers frequently based decisions on government price guarantees rather than on basic forces of demand and supply. Production

often exceeded market needs at government-supported prices, and government stocks began to accumulate. As a result, quotas and acreage allotments were adopted to control output. Agriculture was justifiably cited as an example of the inefficiency created by government interference in private markets.

The Agriculture and Consumer Protection Act of 1973 (see the 1974 *Economic Report* for detail) represented a significant change in the philosophy underlying government support of farm incomes through commodity programs. For major crops the price support mechanism was augmented by a system of direct income payments under which market prices are allowed to fluctuate in response to supply and demand, thereby promoting a more efficient allocation of agricultural resources among the crops. By this means consumers and grain-using producers can benefit from lower prices when harvests are large. When market prices fall below legislatively determined targets, farmers receive direct income payments to make up for the income lost through the lower prices.

While the 1973 act changed the way incomes were protected, the primary focus was still on the problem of low incomes. The act made no provision for cushioning farmers and consumers from the effects of instability resulting from increased reliance on market prices. It was generally believed that the rapid price increases of 1973 were largely an aberration and that sufficient commercial grain stocks would be available in the future to moderate the price fluctuations associated with occasional crop failures. Only in the years that followed did the inflationary consequences of a continuing policy of placing sole emphasis on minimum income protection become clear.

#### *Agricultural Productivity*

A sustained and nearly full use of agricultural resources requires giving more attention to policies that improve the sector's productivity. Crop production per acre increased at an average annual rate of 2.4 percent from 1953 to 1973. Since then the average rate has been about 1.1 percent per year. Without the excellent growing conditions in 1978 and 1979, which pushed yields per acre well above the trend, the rate of increase would have been below 1 percent per year.

The greater use of marginal lands during this decade has undoubtedly contributed to the slower increase in crop production per acre. After steadily declining for more than 20 years, the number of crop acres harvested increased significantly in 1973. This number has remained at about the 1973 level, despite the occasional use of acreage set-asides since then. The rise in agricultural exports has been a significant factor in increased land use. Today one-third of the U.S.

crop acres produce for export, 40 percent more than in the 1960s and 120 percent more than during the 1950s.

Continued intensive use of cropland will lead to a depletion of soil and water resources unless specific resource management schemes are employed. These improved farming practices are becoming even more crucial to productivity improvements because the migration of labor from the sector has slowed and because prices for fuel and fertilizer are climbing.

#### THE ADMINISTRATION'S AGRICULTURAL POLICIES

In January 1977 world grain stocks and prices were returning to pre-1972 levels. The domestic cattle herd was being liquidated at a rapid rate, and retail meat prices were lower than in 1976. Net farm income had fallen 44 percent from 1973. Sentiment was growing for a reinstatement of farm programs designed to support producers' incomes through higher commodity prices. It was uncertain whether the 1972-75 situation was an aberration or a signal that price and income stability would have to be the major consideration in future farm policy.

The Administration, believing that conditions had indeed changed, worked with the Congress in developing the Food and Agriculture Act of 1977. That legislation and the policy directions it implied became the basis for a broad range of food and agricultural programs to protect farmers' incomes while supporting the principle of full-capacity production and increased reliance on market prices.

#### *Grain Reserves*

In a major departure from past policies the Administration's programs went beyond minimal income protection for grain farmers and established a farmer-owned grain reserve. Using existing authority and the Commodity Credit Corporation (CCC) loan program, the Administration announced the implementation of a farmer-owned wheat and rice reserve in April 1977. CCC loans on the 1976 crops were extended and farmers received government payments for crop storage. They were allowed to repay the loans without penalty whenever the market price reached 140 percent of the loan rate on the crop.

In August 1977 the Administration announced its plan to establish reserves of 30-35 million metric tons of food grain (wheat and rice) and feed grain (corn, sorghum, barley, and oats). Most were to be owned by farmers, but a small government-owned food reserve was also planned.

Passage of the 1977 Act formally authorized these reserves. It mandated the farmer-owned wheat reserve with essentially the same op-

erating rules as those announced earlier by the Administration. The act also provided broader authority for incentives to use the farmer-owned reserve to store crops. It authorized a reserve for feed grains as well and provided low-interest loans to expand facilities for grain storage at the farm. By October 1979 more than \$1.3 billion in loans were outstanding to farmers for constructing such facilities.

The Administration achieved its goal for the level of reserve stocks in less than 2 years. By early 1979 more than 11 million metric tons of wheat and 20 million metric tons of feed grains had entered the reserve.

Explicit rules now govern release of the grain from the reserve. Farmers may not redeem loans or sell the reserve stocks within the contract period (generally 3 years) without penalty unless market prices reach a certain percentage of the loan value. If they do, the reserve is "released"; that is, the government ceases storage payments and farmers are allowed (but not required) to repay the CCC loan and sell their reserve stocks. If the market price reaches a higher percentage of the loan rate the loans are "called"; farmers are required to repay the CCC loans or forfeit the grain. This program thus makes it less likely that grain prices will rise significantly above the call price, because grain is released from the reserve in stages.

The combination of the call price and the loan rate establishes a known corridor of market prices. Price movements within that range allocate resources among crops but the probability of excessive fluctuations which disrupt planning and increase volatility in agricultural production is much reduced. This arrangement helps to make the Nation less susceptible to the inflationary effects of crop shortages.

The first test of how well the managed reserve concept could weather a period of tight supplies occurred in the spring of 1979. Late plantings in the United States and most of the rest of the Northern Hemisphere increased the likelihood that 1979 would bring a poor harvest. Reports of a potentially serious production shortfall in the Soviet Union added to this possibility. The farm-level price of wheat rose 16 percent between mid-May and mid-June alone. Feed grain prices also increased rapidly.

Even with the prospect that world carryover stocks might decline more severely than in 1972, a rapid rise in grain prices was avoided.

The price increases in late spring brought the wheat and the feed grain reserves into release status. At that point the government ceased storage payments and farmers were allowed to withdraw grain from the reserve without penalty. By mid-October 40 percent of the wheat and sorghum and more than 25 percent of the corn had been withdrawn. As this grain came into the market the price increase

slowed. As a result, producers of hogs, poultry, and dairy products could continue to expand their output, and cattle producers could continue to rebuild their breeding herds.

The suspension of sales of agricultural products to the USSR in early 1980 will provide yet another test of the grain reserve concept. Normally such an action would have substantially reduced farm prices. In announcing the trade suspension the President assured the Nation that the burden of that action would not fall unfairly on the agricultural sector. Shortly thereafter the Administration stated that the farmer-owned grain reserve would play an important role in isolating affected commodities from the market. To remove the immediate price-depressing effect of the Soviet grain suspension, the CCC offered to assume the contractual obligations for the unshipped grains. Simultaneously the Administration announced that the rules governing the reserve were being changed to encourage farmers to place grain in storage. These two actions were expected to reduce the level of free stocks and counter downward pressure on prices. Then, as prices firmed, the government-secured grain could be sold back to the market, thus keeping season-average prices little changed. The flow of grain into reserve stocks would support prices over the current crop year and serve as a buffer against future crop shortfalls. The central role assigned to the use of farmer-owned reserves in this case underlines their usefulness as a major tool for cushioning supply shocks in the farm sector.

The reserve can thus be a moderating force on both the upside and the downside. If corn prices had reached \$3.50 per bushel in early 1979, as some thought possible, the expansion in the cattle-breeding herd would have been delayed. Hog and poultry producers would have begun slaughtering their animals immediately. Total meat production in 1981 and beyond would have been lower than is now expected, and food prices would have been higher. Then too, the early 1980 suspension of agricultural trade with the Soviet Union, in the absence of special policy actions, would have resulted in a significant decline in commodity prices and farm income. Use of the farmer-owned grain reserve coupled with other policy actions will mitigate these impacts. In both cases food prices and farm income will have been stabilized—and, importantly, stabilized around long-term market trends.

#### *International Trade Agreements*

The avoidance of excessive price fluctuations in an agricultural sector operating at full capacity with an increased reliance on agricultur-

al exports requires improvements in international trade arrangements. The grain reserve helps to cushion the effects of fluctuations in world trade, of course, but better commodity trade communication between nations is also essential.

Since 1970 the communication process has been made more formal in a number of ways, perhaps the most important being passage of reporting requirements on export sales. The Agricultural Act of 1970 requires that all exporters of major agricultural products report weekly the type of commodity to be exported, the marketing year of shipment, and the destination, if known. The Secretary of Agriculture is then required to publish the compiled data each week following the week of reporting. The law was amended by the Food and Agriculture Act of 1977 to allow the Secretary of Agriculture to require the daily reporting of export sales.

In addition to requiring these regular reports of export trade the Administration has been successful in several other related areas. Completion of the Multilateral Trade Negotiations, ratified through subsequent passage of the Trade Agreements Act of 1979, is one example. In addition, the President's Export Council has been revitalized with a strong subcommittee on agricultural exports. Agricultural trade offices have been opened in several overseas locations, and the rank of the U.S. agricultural attaché at important foreign posts has been upgraded. All these actions help to improve our network for international agricultural trade communications.

The Administration has also moved to moderate the volatility in domestic sugar prices. Acting in concert, the world's sugar producers and importers have established a mechanism for balancing world sugar supplies more nearly in accord with market needs. When the International Sugar Agreement is fully operational, we should be less likely to see a repetition of the 450 percent price increase of 1974.

The Meat Import Act of 1979, which provides a new procedure for determining meat imports, is further evidence that price stability in the food and agricultural sector is important to the Administration. Under the predecessor to this legislation allowable meat imports were tied directly to domestic production, and this served to accentuate cyclical movements in the beef industry. Presidents were often impelled to take action that would increase the amount of meat available to consumers and would moderate retail price rises in years when domestic production was low. But even suspension of the quota could not increase total supplies for domestic consumption by much, since most cattle-producing nations are generally at the same phase in the production cycle.

The new authority automatically allows imports to increase when domestic supplies fall. With prior knowledge that the United States will accept greater quantities of imported meat when domestic production declines, producers around the world can act in ways that help to stabilize beef production.

Humanitarian aid has long been an important aspect of U.S. agricultural policy. But when crop prices rose sharply in 1973-75, the food sent to aid the developing nations was substantially reduced, evidencing the need for a policy that would not leave such nations so vulnerable to crop shortages and high prices. As a result the Administration has proposed an International Food Security Reserve, which would isolate about 4 million metric tons of wheat from the market and make it available to developing nations during emergencies. The Congress has yet to act on the legislation. Title III of Public Law 480, the Food for Peace Program, is also a major vehicle of the Administration's policy related to international food aid. Under Title III, qualifying nations are permitted to repay debts for food aid by investing in projects which improve their countries' long-term economic prospects and thereby reduce the future need for emergency food assistance.

#### FUTURE POLICY PROBLEMS

Significant progress has been made in refocusing food and agricultural policies toward making the Nation better able to withstand shocks in the food sector. Managing full-capacity production with grain reserves and better arrangements for long-term international trade and food aid represent a fundamental shift in policy. But much is still left to be done.

The concept of a farmer-owned grain reserve has been tested, at least to a point, and has proved capable of moderating volatility in grain prices. Important questions must still be answered, however, about its operation and impact on the sector's productivity. There are misgivings about the appropriate size of the reserve and the price-trigger rules. There is also a danger that the target price could eventually be established "too high" and possibly lead to subsequent upward adjustments in both the release price and the call level. If that happens, our grain will become less competitive in world markets, and the flexibility of the reserve policy will largely be negated.

More emphasis needs to be placed on increasing the food and agricultural sector's productivity. Past productivity gains in the sector were aided by the widespread use of relatively inexpensive energy inputs, especially petroleum-based fertilizers, and by the migration of the rural population to the cities. Today, in the face of the world's



growing needs for food, and increased anxiety about inflation, environmental damage, and the energy shortage, other avenues to advanced productivity will probably need to be found. As an example, the Food and Agriculture Act of 1977 provides targeted, competitive grants for studying plant growth, a field where research may disclose many possible ways to improve productivity.

Over the next several years, food prices will continue to command attention. Although rising commodity prices have been a significant cause of past increases in retail prices, programs to stabilize commodity prices by buffering annual fluctuations in production cannot, by themselves, lead to significant reductions in food price inflation. Marketing costs, of which labor costs and the price of energy inputs are major components, account for approximately two-thirds of every dollar spent on food. Long-term progress in lowering the annual rate of food price increases will therefore depend on reducing the underlying general inflation rate.

While we must expect future problems, the accomplishments of recent years in certain key commodity areas have been encouraging. In a relatively brief time the agricultural sector has moved from excess capacity, supported by policies designed to reduce production, to nearly full utilization of the sector's resources, with sales at world market prices. This change in the operation of the sector made the economy more vulnerable to potentially rapid increases in food and commodity prices, such as those in 1972-74. Administration policies in agriculture have aimed at reducing this vulnerability, and the events of the past year are evidence of their promise.

## CHAPTER 4

# The World Economy—Testing Resilience

ABROAD, JUST AS AT HOME, oil price increases dominated economic developments in 1979. Both the sharply higher price for oil and the likelihood that oil supplies will continue to be uncertain in the intermediate future raise difficult questions for economic policy in all countries. Substantial adaptations within and among the world's economies are needed to respond to the changing energy situation.

Improvement in economic performance during 1978 had provided a solid base for further expansion in 1979. Outside the United States, inflation pressures had eased somewhat. Growth had begun to increase, partly in response to the less restrictive policies that the declining inflation made possible. As a result of previous changes in exchange rates as well as the altered pattern of relative growth among the United States and the major foreign countries, external imbalances were diminishing rapidly. Actions in November 1978 to strengthen and stabilize the dollar helped to reduce uncertainties in financial markets.

Other circumstances also favored continued expansion abroad in 1979. Declining real oil prices during 1978 and the appreciation of most currencies against the dollar had improved the terms of trade for many countries. The resulting gain in real incomes began to be reflected in higher spending in late 1978 and early 1979. With diminishing margins of spare productive capacity, strengthening profit positions, and improving business expectations, investment demand recovered sharply. Trade volumes also grew at a higher rate than had been generally expected despite a virtual collapse in exports to Iran.

Developments in oil markets, however, began to pose a growing threat to continued economic progress. In December 1978 the Organization of Petroleum Exporting Countries (OPEC) announced a schedule of gradual price increases to raise the average price of crude oil from about \$13 per barrel to about \$14.50 by the end of 1979. Following the temporary interruption of Iranian supplies, official OPEC selling prices rose sharply and prices in spot markets soared even further. With continued tightness in oil markets, stemming in part from a large inventory buildup by consuming countries,

world oil prices reached an average level of about \$28 by early January 1980.

Thus in the course of 13 months oil prices have more than doubled. The additional payments for oil imports resulting from this price rise represent just over 2 percent of the combined gross national product (GNP) of the industrial countries. Measured in this way the oil shock of 1979 is fully as large as that of 1974.

The dimensions of the 1979 price increase raise the question of whether the 1974-75 pattern of global recession and increased inflation will be repeated. There are a number of similarities in the two situations.

First, direct transfer of purchasing power from oil consumers to oil suppliers can be expected to lead consumers to spend less on other goods and services. As in 1975, this reduced consumer spending will not be replaced fully in the near term by increased purchases by the oil-exporting countries. On the contrary, internal conditions in a number of these countries suggest that the expansion of imports in response to higher revenues will be less rapid now than in 1974-75.

Second, as discussed in Chapter 2, the policy dilemma that became apparent in 1974 reappeared in 1979. Large oil price increases depress demand, output, and employment. But by sharply raising consumer prices, they also threaten to set off a new wage-price spiral as workers and other income recipients seek to prevent a reduction in real income. Stimulative fiscal and monetary measures designed to prevent the adverse effects on output and employment increase the likelihood that the oil price rise will become embodied in wages and other costs, and thus in underlying inflation. On the other hand, restrictive fiscal and monetary policies aimed at preventing a spillover of oil price increases into a more general inflationary surge exacerbate the harmful effects of the higher oil prices on output and employment.

Third, international financial markets will once again need to recycle very large flows of funds from OPEC countries to countries with current account deficits. While the 1974-75 experience demonstrated the versatility and flexibility of these markets, serious strains may still emerge.

There are also major differences between the current situation and the 1974-75 oil price shock. In one respect the situation is now more difficult. Following the rise in oil prices in 1974, the oil market began to ease and from 1975 to 1978 a buyers' market prevailed. An extended easing is less probable in the current situation since moderate reductions in the demand for oil may be matched by reduced supplies. Sustained price weakness is not likely unless rapid and substantial conservation can be achieved.

In other respects, however, the situation is somewhat more hopeful. Perhaps most important, there is now substantially less aggregate demand pressure on overall capacity and on labor markets than in the earlier period. All countries had reached cyclical peaks more or less simultaneously in early 1974, and clear signs of overheating had emerged. Inventory building in particular had become marked by speculative excess. In order to counter aggregate demand pressures, government policies had turned sharply toward restraint. The shock of rising oil prices reinforced these other tendencies toward weakness, and together they produced a global recession in 1975. The close synchronization of economic activity across countries in 1974–75 also intensified the transmission of recession from one country to another through rapidly declining world trade.

Currently elements of cyclical strength persist in a number of countries. Signs of a speculative surge in inventory building have not appeared, and prospects are good that a large inventory cycle can be avoided. Continued growth in a number of the larger countries—albeit at a much reduced rate—will help to sustain world trade in the face of weakening activity and imports in the United States; hence the secondary repercussions on growth from declining trade will be less pronounced.

Moreover a good deal has been learned since 1974. The major countries recognize more clearly the nature of the constraints imposed by the rise in oil prices. In at least some countries labor market participants appear to have recognized that higher oil prices cannot be fully compensated through higher nominal wages. A “wage explosion” like that in many countries during 1974 is therefore less likely. Government policies, too, seem better prepared to limit the spillover effects from the oil market, while avoiding the sharp swings of fiscal and monetary policy that characterized the earlier period. Finally, the mechanisms for gaining international cooperation and policy coordination have been strengthened since 1974, though much more can be done in this regard.

Although oil price increases and the problems they bring dominate the current economic scene, they cannot be viewed in isolation from other developments in the international economy. Appropriate policies in trade, international financial relations, and energy can make it easier to adjust to the rise in oil prices. Conversely if protectionist trade actions multiply, if energy policies work at cross-purposes, or if financial markets become disrupted, then overall economic performance will be that much worse.

The remainder of this chapter examines the direct economic aspects and policy implications of the oil price rise and then considers some broader questions of managing international economic interdependence.

The first section discusses recent and prospective overall economic performance in the industrial world and explores the challenges for fiscal, monetary, and energy policies to manage this performance.

The second section discusses recent developments in the international financial and monetary system. Three topics are of particular importance: the emerging pattern of international payments and the problem of recycling the OPEC surplus to finance the deficits of developing countries; the evolution of a system of "managed floating" exchange rates among major currencies; and the longer-run role of the dollar as the principal international reserve asset and medium of exchange.

The final section discusses trade and trade policies, focusing on the process of adjustment to changing patterns of comparative advantage.

## DEVELOPMENTS IN MAJOR INDUSTRIAL ECONOMIES

Despite the sharp rise in energy prices, average GNP growth for the six major industrial countries other than the United States was about 4 percent in 1979, roughly unchanged from 1978. The momentum of growth appears to have been surprisingly well maintained into the second half of the year in most foreign countries. While virtually all forecasts suggest that growth will slow sharply this year, clear signs of a general weakening have not yet emerged.

Inflation rates in 1979, as measured by the personal consumption deflator, averaged about 7 percent for this same group of countries, a moderate increase from 1978. During the course of the year, however, inflation accelerated sharply as higher oil prices began to work their way through these economies.

The most recent projections by the Organization for Economic Cooperation and Development (OECD) are that the average growth of GNP for these six countries will fall to about 2½ percent in 1980 and that inflation will rise to about 9 percent (see Tables 26 and 27). The further increases in oil prices that have occurred since this projection suggest that these forecasts understate the extent to which economic performance is likely to deteriorate.

TABLE 26.—Growth in real GNP in major industrial countries, 1978–80

[Percent change]

Country	1978	1979 <sup>1</sup>	1980 <sup>2</sup>
United States.....	4.4	2.3	-0.6
Japan.....	5.6	6.0	4.8
Germany.....	3.5	4.3	2.3
France <sup>3</sup> .....	3.3	3.0	2.0
United Kingdom <sup>3</sup> .....	3.3	.5	-2.0
Italy <sup>3</sup> .....	2.6	4.0	2.0
Canada.....	3.4	2.8	1.5
Average excluding United States <sup>4</sup> .....	4.1	4.1	2.6

<sup>1</sup> Preliminary.

<sup>2</sup> Forecasts by OECD and Council of Economic Advisers.

<sup>3</sup> Data are for real gross domestic product.

<sup>4</sup> Based on 1978 GNP/GDP weights and exchange rates.

Sources: Department of Commerce (Bureau of Economic Analysis), Organization for Economic Cooperation and Development (OECD), and Council of Economic Advisers.

### GROWTH IN 1979

The fact that growth abroad remained strong while our own growth was slowing stems in part from differences in the earlier pace of recovery. Through mid-1978, economic recovery from the global recession of 1974–75 was far more complete in the United States than in most other industrial countries. For that reason economic policies here and abroad moved in different directions. In the United States, where unemployment had fallen to a relatively low level and inflationary pressures were intensifying, a shift toward more restrictive monetary and fiscal policies was made. In a number of other countries, particularly Germany and Japan, policies to promote faster growth were set in motion.

TABLE 27.—Inflation in major industrial countries, 1978–80

[Percent change in prices<sup>1</sup>]

Country	1978	1979 <sup>2</sup>	1980 <sup>3</sup>
United States.....	6.8	8.9	9.0
Japan.....	4.5	3.3	7.3
Germany.....	2.6	4.5	5.0
France.....	9.3	10.8	11.5
United Kingdom.....	8.3	12.3	15.5
Italy.....	12.1	14.8	16.5
Canada.....	7.3	8.5	8.5
Average excluding United States <sup>4</sup> .....	6.1	7.1	9.2

<sup>1</sup> Change in implicit price deflator for private consumption expenditures for United States, Japan, Germany, United Kingdom, and Canada. Change in consumer prices for France and Italy.

<sup>2</sup> Preliminary.

<sup>3</sup> Forecasts by OECD and Council of Economic Advisers.

<sup>4</sup> Based on 1978 GNP/GDP weights and exchange rates.

Sources: Department of Commerce (Bureau of Economic Analysis), Organization for Economic Cooperation and Development (OECD), and Council of Economic Advisers.

Perhaps the most important factor accounting for higher growth abroad in 1979, however, was the recovery in private investment,

which had been unusually weak since 1974. A pent-up demand for replacement investment and capacity expansion had developed because of low rates of investment over the preceding several years. Consequently, when business firms perceived a moderate improvement in the prospects for overall demand, investment responded rapidly. The recovery of investment was reinforced by improving profits and higher cash flows for enterprises. A substantial part of the gains in the terms of trade experienced by the major foreign industrial countries during 1978 apparently accrued to businesses in the form of higher profits, since the relative decline in the prices of imported goods was only partly passed through to final consumers. The generally moderate rise in wages in both 1978 and early 1979 also worked to strengthen profits. Profit positions were further improved in a number of countries by a sharp rise in productivity as output expanded.

The acceleration of growth in the second half of 1978 and the first half of 1979 was accompanied by an even sharper acceleration in the growth of imports. Import volumes, which had increased at an average rate of about 4 percent for the six major foreign industrial countries during the preceding year, grew by more than 11 percent over the year from mid-1978 to mid-1979. This more rapid increase in imports reflected not only higher final domestic demand but also a rise in inventory accumulation and, for Japan, the appreciation of the yen during 1978. The principal beneficiaries of this strengthened demand for imports were the United States and a number of the smaller countries of the OECD.

During the second half of last year, imports by the major foreign countries slowed; and their exports accelerated, primarily because of the rapid growth of purchases by the oil-exporting countries. The continuation of relatively rapid growth abroad in the face of the growing burden of higher oil prices is explained in large part by this strengthening of net exports. Another factor is that abroad as well as in the United States consumers apparently reacted to accelerating inflation by reducing personal saving rates, so that consumer demand slowed less than personal income.

It is difficult to judge whether the growth momentum that had become established abroad would have been sustained in 1980 if oil prices had not risen. Outside Germany, Japan, and a few smaller countries, inflation rates were still very high. Because they probably would have begun to increase, a strong recovery might have been difficult to sustain in any event. The serious structural problems brought on by rigid labor markets and other resource immobilities continue to limit the degree to which full capacity utilization can be approached without serious inflationary repercussions.

## INFLATION IN 1979

With oil prices rising sharply, inflation increased everywhere. Table 28 shows the rate of consumer price increases during 1978 and 1979 in major countries. An attempt has been made to separate the changes in prices into energy and other components. For comparison, import unit values are also shown.

TABLE 28.—Changes in consumer prices, with and without energy, and import unit values, major industrial countries, 1978–79

(Percent change, annual rate <sup>1</sup>)

Country and item	Dec. 1977 to June 1978	June 1978 to Dec. 1978	Dec. 1978 to June 1979	Latest 3 months over preceding 3 months	Latest month (1979)
<b>United States:</b>					
Consumer prices <sup>2</sup> .....	8.5	7.7	11.0	10.3	December
Energy <sup>3</sup> .....	7.7	8.5	43.6	23.4	
Other.....	8.7	7.3	8.1	8.5	
Import unit value.....	17.2	5.0	24.2	36.2	November
<b>Japan:</b>					
Consumer prices.....	3.8	3.2	4.2	6.7	September
Energy <sup>4</sup> .....	-5.6	-11.7	31.6	50.2	
Other.....	4.4	4.2	2.4	3.9	
Import unit value.....	-9.8	-12.3	63.2	73.8	October
<b>Germany:</b>					
Consumer prices.....	1.9	2.9	4.7	7.4	September
Energy <sup>4</sup> .....	2.1	9.4	32.8	30.2	
Other.....	1.9	2.4	2.7	<sup>5</sup> 5.8	
Import unit value.....	-2.2	-1.6	23.4	18.8	September
<b>France:</b>					
Consumer prices.....	9.6	9.7	10.7	12.6	September
Energy <sup>4</sup> .....	10.3	14.2	17.3	30.8	
Other.....	9.5	9.3	10.1	10.9	
Import unit value.....	1.2	2.7	18.1	23.8	September
<b>United Kingdom:</b>					
Consumer prices.....	6.4	10.2	12.5	33.4	September
Energy <sup>4</sup> .....	.4	8.0	18.1	82.4	
Other.....	7.0	10.4	11.9	<sup>5</sup> 28.4	
Import unit value.....	2.9	6.0	10.1	8.9	September
<b>Italy:</b>					
Consumer prices.....	11.5	11.6	15.6	18.5	September
Energy <sup>4</sup> .....	11.5	.0	8.1	<sup>6</sup> 61.0	
Other.....	11.5	12.4	16.1	15.5	
Import unit value.....	6.8	8.1	25.2	35.9	September
<b>Canada:</b>					
Consumer prices.....	8.7	8.1	9.5	7.1	September
Energy <sup>4</sup> .....	7.2	10.2	7.1	10.3	
Other.....	8.9	7.9	9.8	6.7	
Import unit value.....	11.0	16.7	6.6	30.6	October

<sup>1</sup> Consumer prices are seasonally adjusted; import unit values are not seasonally adjusted.

<sup>2</sup> Consumer prices with rent substituted for home ownership.

<sup>3</sup> Gas (piped) and electricity; fuel oil, coal, and bottled gas; and gasoline, motor oil, coolant, etc.

<sup>4</sup> Fuel and light and gasoline.

<sup>5</sup> Reflects increases in value-added tax rates in these countries.

<sup>6</sup> Fuel and light only.

Note.—All data for breakdown of consumer prices between energy and other are estimates.

Sources: Department of Commerce, Department of Labor, Organization for Economic Cooperation and Development, and Council of Economic Advisers.

While it is not possible to distinguish precisely between “internally” and “externally” generated inflation, a substantial part of the declining inflation abroad in 1978 can be traced to the relative modera-



tion in import prices during 1978. This moderation resulted not only from the stability of dollar prices of oil and primary commodities but also from the appreciation of most currencies against the dollar. Conversely the sharp acceleration in inflation in 1979 predominantly reflects the turnaround in import prices, a development exacerbated in Japan by the sharp depreciation of the yen.

The judgment that the domestic component of inflation in most countries did not accelerate much in 1979 is borne out by the behavior of wages, which have risen at a relatively constant rate in most countries (see Table 29). One exception is Italy, where widespread indexation (the *scala mobile*) leads inevitably to a rapid transmission of higher prices into wages. In the United Kingdom very sharp wage increases in new contract settlements signed in October may also signal an acceleration in wages, though the evidence is still scanty. Domestic cost pressures in most countries outside the United States were also eased by relatively strong productivity growth.

TABLE 29.—Changes in wages in major industrial countries, 1978–79

[Percent change]

Country	Change from same period a year earlier to				Latest month (1979)
	1978 1st half	1978 2nd half	1979 1st half	1979 latest 3 months	
United States.....	7.9	8.3	8.0	8.0	December
Japan.....	7.9	6.3	4.4	7.0	October
Germany.....	5.5	5.6	4.9	4.8	October
France.....	12.6	12.7	12.7	12.2	June
United Kingdom.....	13.2	15.6	14.5	15.1	October
Italy.....	17.3	15.6	17.0	20.8	September
Canada.....	7.4	7.4	9.1	9.3	July

Source: National sources.

#### THE RESPONSE OF ECONOMIC POLICY TO RISING OIL PRICES

The mechanism through which increases in OPEC oil prices reduce growth and worsen inflation is well understood and is much the same in all countries that rely heavily on imported oil.

Higher prices for imported oil raise the prices of petroleum products directly and also increase the costs and prices of goods and services requiring petroleum for their production. Consumers suffer a real income loss. The result is equivalent to a rise in excise taxes, hence the term "OPEC tax." Except temporarily, this tax cannot be offset by increases in nominal wages; such increases, when they occur, tend to lead not to a restoration of real incomes but to a rise in other prices, a sequence that builds the increase in oil prices into the underlying inflation rate.

In the longer run the loss in real income resulting from the OPEC tax need not result in a weakening of aggregate demand. To the extent that the higher receipts of OPEC countries lead to a commensurate increase in their demand for goods and services, aggregate demand would be unaffected. Lower real spending by consumers of petroleum products would be offset by stronger exports. Jobs lost in the consumer goods industries would be replaced by new jobs in export industries. Indeed, by 1978 the industrial countries as a group were exporting sufficient goods and services to the oil-producing countries to pay in full the tax imposed on them by the 1974 rise in oil prices.

In the short run, however, OPEC's imports will not increase as rapidly as its receipts. Indeed, as discussed in more detail below, it appears probable that the gap between OPEC receipts and expenditures that has now reappeared will remain very large for a number of years.

The adverse effects on aggregate demand of the current rise in oil prices could be offset, at least in the short run, by changes in private spending. For example, while the "oil tax" caused economic growth in the United States to decline in 1979 by more than had been expected early last year, the drag on the economy has been softened by a drop in the personal saving rate. A similar though less marked decline has occurred elsewhere. This decline may not be sustained, however. Historically, the greater uncertainty associated with higher inflation, the increased job insecurity resulting from adjustment to the higher oil prices, and the desire of consumers to restore the real value of financial wealth that has been eroded by inflation have all induced more cautious behavior by consumers.

Policy responses of most countries during the past year have not compensated for the OPEC tax. On the contrary, fiscal and monetary policies have shifted toward restraint. Germany and the United Kingdom both raised value-added tax rates during the course of 1979, though in the United Kingdom this was partially offset by reductions in income taxes. Almost everywhere, government deficits in 1979 were smaller than had been projected at the beginning of the year. Planned budgets for 1980, furthermore, are generally more restrictive than those of last year, Italy being the principal exception.

Monetary policies were also tightened during 1979 in all major countries. Short-term interest rates abroad rose by over 500 basis points on average during the year as monetary authorities attempted to maintain growth of the monetary aggregates within target ranges in the face of rising inflation. The fact that these target ranges were not changed implies in itself greater monetary restraint on real growth, since price levels are higher now because of the oil price rise

than had been expected when the targets were set. A number of countries have announced lower targets for growth of the monetary aggregates for 1980.

The major reason for pursuing relatively restrictive economic policies is the overriding need to limit the spillover from higher oil prices into higher nominal wages. In other countries, as in the United States, preventing an upward ratcheting of the wage-price spiral is viewed as the most pressing task of economic policy. Nominal wages in most countries have not, so far, shown signs of sharp acceleration. Prospects for limiting wage acceleration seem better in Germany and Japan than elsewhere. In those countries and some others the process of wage determination is relatively concentrated in wage rounds that terminate each spring when annual labor contracts for most workers are negotiated. In such circumstances it is easier to enforce the perception that an accelerated growth of wage claims cannot effectively raise real incomes. Synchronization of wage bargaining does not by itself assure a moderate wage outcome—both Germany and Japan experienced wage explosions in 1974 when the “consensus mechanisms” broke down. Recognition of this fact perhaps explains why those two countries, as well as most others, are currently practicing restrictive demand management as the principal means of limiting the inflationary effects of higher world oil prices.

#### THE OUTLOOK FOR 1980

Most major countries thus face the prospect that growth in 1980 will be slowed by both the direct effects of higher oil prices and the shift to more restrictive policies needed to limit the rise in inflation. However, if real oil prices do not rise substantially beyond the \$28 per barrel average that appears to have been established by early 1980, growth will probably remain positive in all major countries except the United States and the United Kingdom. Investment demand in a number of countries may be relatively well sustained. Japan is likely to benefit from a stronger growth in the volume of exports during 1980 as a result of the lower value of the yen (although the growth induced by yen depreciation will to some extent displace production in other countries). The United Kingdom's fall in output does not derive principally from the rise in oil prices but from the very sharp shift toward restrictive monetary and fiscal policies instituted by the new government.

For at least some countries the rise in inflation may be brief if the increases in oil prices now begin to moderate. To the extent that the cautious economic policies generally pursued during 1979 succeed in forestalling wage increases induced by higher oil prices, there may be more room for policy actions to support economic activity in some

countries as 1980 proceeds. Hence the slowdown in economic growth need not be prolonged.

It is clear, however, that the outlook is precarious. Further substantial increases in the price of oil could induce a widespread recession as well as higher inflation. If wages accelerate more sharply than is now assumed and, in response, monetary policies tighten further, positive real growth will become less likely. Finally, a sharper slowing of world trade—because of a general move to reduce inventories, increased protectionist barriers, or forced retrenchment by developing countries unable to finance needed imports—could also lead to weaker growth than is currently expected.

#### REDUCING WORLD OIL DEMAND

The rise in petroleum prices reflects very tight conditions in world markets. If there are no further significant reductions in supply, some temporary easing in market conditions is likely, at least in 1980, because of price-induced conservation, slower growth in oil-importing countries, and reductions in the recent rate of stockbuilding demand. Given the relatively low price elasticity of demand for oil in the short run, however, the margin between ease and tightness is very narrow. Increased uncertainty of supply, as well as the erosion of previously established buyer-supplier relationships in the petroleum markets, have tended to raise the demand for oil inventories as a hedge against possible future scarcity. Decisions by a small number of oil-exporting countries to reduce production in response to market weakness could undo some or all of the benefits of reduced demand. Unless the reductions in demand are substantial, upward pressure on oil prices could continue, even as consumption declines, and thus further undermine the prospects for economic performance.

The current situation is marked by strong interdependence among oil-consuming countries. Increased demand for petroleum in one country, by putting pressure on world oil prices, affects inflation and growth prospects in all other oil-importing countries. Conversely the benefits of lower consumption in one country tend to be shared by all in the form of reduced price pressure in the world oil market. Such interdependence creates strong grounds for the coordination of energy policies among countries.

Considerable progress toward this end was made during 1979. But the problem is difficult, given both the strong perception of national interest that colors each country's views regarding adequate supplies of oil and the attendant pressure on each to secure its own position.

The basis for cooperation among oil-consuming countries since 1974 has been the Emergency Allocation Agreement within the Inter-

national Energy Agency, to which the major industrial countries except France belong. This agreement provides a mechanism for sharing available oil supplies among member countries when the supply shows a substantial shortfall (a 7 percent reduction or more). The agreement, however, does not provide a mechanism for limiting competition among countries when the shortfall is below this threshold.

Early in 1979 it was agreed within the International Energy Agency, and in parallel within the European Economic Community, that by the end of the year each country should reduce its consumption by 5 percent relative to trend. While the United States met this objective, there was significantly less success in doing so among most other countries.

At the Tokyo Summit meeting last June the leaders of the seven major industrial countries took several important steps to establish a framework for cooperation in energy over the medium term. Of central importance was the acknowledgment of interdependence and recognition of the resulting need for each country to commit itself to import levels that, in sum, would not exceed the volume of oil likely to be available. Firm targets for 1985 were laid down. It was further agreed to pursue discussions in the International Energy Agency and other forums on steps to reach these targets and develop cooperative approaches to limit demand for imports during the intervening years. These discussions resulted last December in a new agreement by the International Energy Agency, setting out individual targets for each country's oil imports in 1980. It was further agreed to review the targets each quarter and revise them if necessary to match reductions in supply. The successful carrying out of this approach would do much to moderate future upward pressure on oil prices, since it provides a means of averting a competitive scramble for limited oil supplies.

Over the long run, the cut in the availability of oil need not sharply check the growth of the world economy. Higher relative prices for oil will encourage conservation and additional production of energy from other sources. While the increased real price of energy may somewhat slow the substitution of energy-intensive capital for labor and thus curb the growth of productivity, most studies indicate that this effect is likely to be quite small. In the shorter term, however, given the wage and price rigidities in all industrial economies, the limited availability of oil acts as a constraint on growth through its impact on the price of oil and in turn on inflation. Coordinated policies to reduce the demand for energy and increase energy production are therefore essential tools not only of energy policy but of overall economic management.

## THE GLOBAL PATTERN OF PAYMENTS

In 1977 and early 1978 the major imbalances in current account positions were among the largest industrial countries: sizable surpluses for Japan and Germany and a large deficit for the United States. During 1978 and into 1979 these imbalances were eliminated. The United States was near balance in 1979, and both Germany and Japan had deficits.

The large shift in Japan's current account, from a surplus of over \$16 billion in 1978 to a deficit of about \$8 billion in 1979, is particularly striking. Primarily as a result of the appreciation of the yen since mid-1977, the volume of imports into Japan began to accelerate sharply during 1978, while export volumes declined. From June 1978 to June 1979 import volumes grew by a remarkable 21 percent. Until late in 1978, however, these volume trends were not fully reflected in a declining current account balance. The reason was that the appreciation of the yen also caused the terms of trade to move strongly in Japan's favor. Import prices in dollar terms grew moderately while export prices surged. In late 1978 the yen turned around. During the course of 1979 the yen depreciated by 23 percent and at the same time both oil and other commodity prices rose sharply. The resulting 61 percent rise in import prices (October 1978 to October 1979), coupled with the trade-volume trends that had previously become established, led to a very rapid shift toward deficit in the current account. More recently the growth in the volume of imports into Japan has begun to slow and export volumes to rise again as the lower value of the yen has made Japanese producers more competitive in both domestic and foreign markets. Since Japanese payments for oil will rise substantially further this year, it is not now expected that these volume shifts will lead to a renewed current account surplus in 1980.

While current account positions within the OECD have become more nearly balanced, the increase in oil prices has led to a renewed and substantial imbalance in the pattern of payments among the three major groupings of countries—the OECD, the oil-exporting countries, and the other developing countries.

Table 30, which is based on estimates by the OECD, shows the pattern of surpluses and deficits among major groups of countries in recent years. The final column gives projections by the Council of Economic Advisers for the distribution of current accounts among major groupings in 1980. Between 1978 and 1980 the OPEC surplus is projected to rise by more than \$90 billion. The counterpart to this

is a near doubling of the deficits of the other developing countries and a shift into deficit of about \$60 billion in the aggregate position of the OECD countries.

TABLE 30.—Current account balances, 1975–80

[Billions of dollars; OECD basis]

Country	1975	1976	1977	1978	1979 <sup>1</sup>	1980 <sup>2</sup>
OECD countries.....	-0.4	-18.2	-24.8	9.1	-30.0	-50
United States.....	18.3	4.6	-14.1	-13.9	.0	
Japan.....	-7	3.7	10.9	16.5	-7.5	
Germany.....	3.5	3.4	4.2	8.8	-3.5	
France.....	-1	-6.1	-3.3	3.9	1.5	
United Kingdom.....	-4.1	-1.5	.5	2.0	-5.5	
Italy.....	-8	-2.8	2.5	6.4	6.3	
Canada.....	-4.7	-3.9	-4.0	-4.6	-6.0	
Other OECD.....	-11.8	-15.6	-21.5	-10.0	-15.3	
OPEC countries <sup>3</sup> .....	27.3	36.5	29.0	7.0	65.0	100
Other developing countries.....	-37.5	-25.5	-24.0	-36.0	-47.0	-70

<sup>1</sup> Preliminary.

<sup>2</sup> Estimates by Council of Economic Advisers.

<sup>3</sup> Includes Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Saudi Arabia, United Arab Emirates, and Venezuela.

Sources: Organization for Economic Cooperation and Development (OECD) and Council of Economic Advisers.

The projected rise in the combined deficits of the non-OPEC developing countries reflects not only the very substantial increase in their payments for oil but also more slowly growing export receipts. Slower growth in the industrial countries will reduce the demand for the goods that developing countries export. Rising external debt at higher interest rates will also add to their deficits, the more so because most of their debt to banks is contracted at a floating rate of interest.

In relation to GNP, however, the projected rise in the deficit of developing countries is less than that in 1974–75. To some extent this is explained by the generally better maintenance of world trade that is foreseen. As a further point, in 1975 most developing countries chose to finance large deficits, rather than reducing them by slowing their demand for imports. It seems probable that adjustment actions now will be somewhat more prompt. Most important, however, the collapse in prices of raw materials, which greatly weakened the terms of trade of the developing countries in 1975, is not expected to be repeated. First, raw materials prices are currently quite low compared with production costs, whereas they had soared in 1972–73. Second, low investment since 1975 to expand capacity for producing raw materials has resulted in fairly low levels of excess capacity. Finally, international commodity agreements may moderate price fluctuations for a number of commodities.

## THE RECYCLING PROBLEM

The pattern of large surpluses for OPEC and large deficits for developing countries (as well as for some more developed ones) requires that international financial markets once again "recycle" funds on an enormous scale. The problem, while not insuperable, is more difficult than in 1974-75 in three respects. First, the OPEC surplus is likely to persist longer. Second, debt burdens for many developing countries are larger now than they were in 1974. The increased indebtedness that higher oil bills will once again impose comes on top of the debts incurred when oil prices rose in 1974. Finally, banks and other lenders now have a substantially larger exposure in many developing countries than they did in 1974 and may become increasingly reluctant to add yet further to their exposure.

### *Persistence of OPEC Surpluses*

In 1974 it was widely predicted that large OPEC surpluses would persist for many years. In fact, however, the OPEC surplus of 1974 was cut roughly in half in 1975, largely because the recession in the industrial countries greatly reduced the demand for oil, while OPEC imports continued to rise sharply. The surplus widened somewhat in 1976 and 1977 but was increasingly concentrated in the hands of a small number of "low-absorbing" countries whose revenues were large relative to their populations. In 1978 the overall surplus declined to modest proportions, and a number of OPEC countries began to incur deficits.

The reduction of the OPEC surplus is likely to be less rapid and complete this time. After the initial marked increases in oil prices in 1974, world oil prices then declined relative to the prices of the goods that OPEC imported. Conditions in oil markets likely to prevail during the next several years, however, suggest that a sustained decline in the relative price of oil is less likely. In a number of important OPEC countries—and most notably in Iran—trends toward social conservatism may limit the growth of imports, as governments scale back development plans in order to minimize the disruption and social strains that rapid growth sometimes entails.

### *Debt Accumulation*

Judgments differ on the rate of debt accumulation that developing countries can sustain. The external debts of developing countries have grown rapidly since 1974. Debt service obligations have increased even faster, since maturities have shortened on average and interest costs have risen as a result of the increased role of commercial relative to concessionary financing. If developing countries incur deficits on the projected scale, their indebtedness will accelerate substantially in coming years. However, the debt-carrying capacity of



many developing countries has also been increasing rapidly. With few exceptions, the most rapid rises in indebtedness have been among countries whose growth rates are also high and whose exports are expanding rapidly. Consequently debt burdens—as measured by the ratio of debt-service payments to exports, for instance—have not risen sharply on average. Where substantial increases have occurred, they have been largely in those countries whose prospects for longer-term growth are quite favorable.

In such circumstances it is difficult to judge the appropriate combination of adjustment policies to reduce deficits and additional borrowing. Faced with sharply higher bills for oil imports, a developing country may borrow to sustain the flow of imports devoted to investment and growth. If the borrowed resources are being effectively invested, the productivity growth that is preserved by borrowing should more than cover the debt-servicing costs. While the country's living standards will improve more slowly than they would have done in the absence of the oil price rise, borrowing to pay for the increased oil import bill can be appropriate and manageable.

For most developing countries, however, some actions to curtail the growth of imports will be required to compensate for higher oil bills and weaker export revenues. Some countries, where past adjustment has been inadequate, may have to begin a stringent retrenchment. On balance, a general shift to highly restrictive policies is not likely to be necessary if the rise of oil prices now begins to slow.

#### *Lenders' Exposure*

To some extent OPEC countries directly provide loans or grants to developing countries. To a far larger extent, however, they have deposited their surpluses in the banks of industrial countries and their foreign branches. These banks, in turn, have extended loans to countries needing to finance their balance of payments.

Balance of payments financing is not of course exclusively carried out through banks. Historically the largest portion of developing countries' deficits has been financed through other mechanisms, including direct investment flows, official financing from international financial institutions, and bilateral development assistance. In recent years, however, bank credit has become a major source of funds for an increasing number of developing countries. The sustainability of large deficits therefore depends very greatly on the amounts, and terms, of resources made available through this channel.

Banks making international loans incur a variety of risks. Two in particular have received the most attention: "maturity risk" and "country risk." Maturity risk arises from the fact that banks use relatively short-term deposits to make longer-term loans. In 1974-75

some feared that this risk would inhibit the recycling process. If OPEC deposits proved volatile, individual banks would have difficulty meeting sudden demands of depositors for cash. Such apprehension proved unwarranted, partly because OPEC deposits were less volatile than feared. More important, however, was the functioning of the interbank lending market. While autonomous deposits in individual banks fluctuated, the aggregate level of such deposits to the international banking system as a whole was fairly stable and on a strongly rising trend. Individual banks could therefore attract funds from other banks to offset deposit shifts. The depth of this interbank market is indicated by the fact that interbank deposits account for over two-thirds of total gross Eurocurrency liabilities.

Country risk arises from the recognition that countries may be unable or unwilling to repay all or part of the principal or interest on their loans, thereby forcing a rescheduling of loans, which might entail losses to the bank. Such reschedulings have occurred periodically with respect to individual countries, and no doubt they will continue. Nevertheless, losses to banks from such events have been minimal. In 1978, for instance, the ratio of losses on foreign loans to outstanding claims averaged .01 percent for a sample of 30 U.S. banks. The comparable loss ratio on domestic loans was .34 percent. On the record to date at least, international lending is comparatively safe. It is likely, however, that country risk will become an increasingly important consideration as the debt burdens of a number of countries rise beyond historical levels.

By far the greatest share in the projected rise of the other developing countries' aggregate deficit will accrue to a small number of generally more prosperous nations that have been substantial borrowers in international markets for a number of years. A further acceleration in borrowing by some of these countries might encounter resistance from banks reluctant to increase commensurately their exposure to risk. To some extent banks may be restricted by internally set "country limits," which specify the maximum lending to be undertaken in any one country. National banking authorities, moreover, may exercise increased surveillance or, as Japan seems to have done recently, issue more direct guidance to their banks to limit the growth of international lending.

In practice, however, there appears to be a great deal of flexibility in banks' international lending. The number of banks participating in international lending has grown rapidly. Even if individual banks become more cautious, the overall flow could well be maintained. Indeed a striking development in the last few years has been the eagerness of the banking system to provide financing. Interest rate spreads over the London interbank offered rate have steadily tended down-

ward for most developing countries seeking loans. These countries have used the opportunity to refinance outstanding debts and build up their reserves by substantial amounts. Larger demands for credit and somewhat tighter monetary conditions in national markets suggest that spreads over the London rate on new loans may widen over the coming year. Front-end fees have already become a little more expensive and maturities on new loans have shortened.

A widening of spreads can be expected to serve a useful rationing function. Wider spreads, by raising the profitability of lending relative to the cost of obtaining funds, may increase the supply of funds that banks make available. By raising the costs of borrowing, wider spreads will also induce borrowing countries to shift their policies in the direction of greater adjustment in their current account and less financing. This process does not always work smoothly. A general widening of spreads may be difficult to achieve even when it is warranted by market conditions. Borrowers have resisted such movements strongly because they, and other lenders, view a narrow spread as an indicator of creditworthiness. If an increase in the spread is confined to one or a few countries, other potential lenders to these countries might shy away, with the possible result of a sudden, sharp interruption of financing.

While judgments differ on the seriousness of these risks, existing international channels are probably capable of preventing severe disruptions. The International Monetary Fund in particular has substantial resources that can be drawn upon temporarily by countries encountering financing difficulties while they institute programs to overcome problems with their balance of payments. Implementation of such programs, in turn, is likely to restore the confidence of private lenders.

Many developing countries, particularly the poorer ones, do not have sufficient standing to borrow on international markets. For such countries an incipient increase in deficits cannot be financed by private recycling, and in consequence a forced adjustment could arise. While some adjustment may be necessary, retrenchment is not an acceptable solution for poorer countries where large portions of the population are near or below subsistence levels.

In practice, the poorer countries have received a substantial flow of resources through bilateral and multilateral development assistance from outside. This Administration, like the governments of many other industrial countries, and the International Development Banks have policies under which a growing proportion of official financing and other aid flows is directed to these countries. Further additions to such flows would be appropriate even in the absence of the incremental oil price rise.

While current assessments indicate that existing financing mechanisms can prevent major widespread disruption, the rise in oil prices cuts severely into the incomes of most countries. Even rapidly growing countries will be forced into some combination of higher debt service and lower investment, both of which will adversely affect living standards. The poorer countries especially can ill afford any such losses. Furthermore, financing mechanisms cannot cope with any and all increases in oil prices and the associated financing needs. The cumulative effects of large further rises in oil prices could increasingly threaten to overload the international financial system.

### FOREIGN EXCHANGE MARKETS IN 1979

The strong coordinated actions taken by the United States and other major countries in November 1978 to strengthen the dollar, which had been under almost continual downward pressure for more than a year, had beneficial effects in exchange markets in 1979. On a trade-weighted basis against an average of foreign currencies, the dollar fluctuated within a relatively narrow range during the year. In December 1979 the weighted-average dollar exchange rate was 2.5 percent lower than a year earlier.

This relative stability of the dollar reflected divergent movements with respect to individual foreign currencies: a depreciation of about 5–10 percent vis-a-vis the mark, most other currencies of the European Monetary System, and the British pound; and an appreciation of about 23 percent vis-a-vis the Japanese yen.

Shifts in expectations about inflation rates, uncertainties about the oil market, perceptions of central banks' intentions with respect to intervention policy, and, perhaps most importantly, the conduct of monetary policy by the major countries affected movements in exchange rates at various times during 1979. Except for Japan, external balance considerations played only a small role, since successful adjustments had been made. Occasional downward pressure on the dollar in the second half of 1979 primarily reflected the market's assessment of the strength of continued inflationary pressure in the United States. Rising oil prices and a less secure supply of oil had an especially important effect on the yen. The United Kingdom's favorable outlook respecting oil independence tended to strengthen the pound during much of the year, despite an acceleration of inflation. The market's perception of the new government's policies, particularly the emphasis on tight monetary policy, also helped strengthen the pound.

Exchange rate movements between the dollar and the German mark, as well as between the dollar and those currencies linked to the

mark through the European Monetary System, tended to reflect changes in the market's expectations about relative rates of inflation in the United States and Germany and about the course of monetary policy. Prior to October 6 exchange markets tended to consider interest rates in the United States to be low relative to those in Germany, given the inflation rates in the two countries. The dollar strengthened notably vis-a-vis the mark after the Federal Reserve announced a shift in its operating strategy on October 6, and short-term interest rates in the United States rose strongly; but at the end of the year the dollar weakened again, largely because of the increased uncertainty caused by the Iranian situation.

The substantial depreciation of the yen is perhaps the most striking aspect of exchange market developments during the year. Some portion of the decline may represent a reversal from the overshooting during the yen's previous period of appreciation, but the reversal went beyond that. Of course Japan is particularly vulnerable to the rise in oil prices and to a diminished security of supply. Prices of other raw materials on which Japan is dependent have also risen sharply. For the major industrial countries, Table 31 shows estimated changes in terms of trade that would have stemmed from the 1979 changes in oil prices if exchange rates had remained at their December 1978 levels. The terms-of-trade loss is substantially larger for Japan than for other major countries except the United States. Unlike the United States, Japan does not have large potential sources of alternative forms of energy. Some decline in the real value of the yen would thus be consistent with needed longer-term adjustments in exports and imports. Changes in long-term trade volume in response to exchange rate changes are large, however, and the actual depreciation of the yen may have exceeded the requirements of the adjustment process.

TABLE 31.—*Impact of oil price increase on terms of trade*  
 (Increased oil bills at 1978 oil import volume as percent of value of 1978 merchandise exports)

Country	Percent
United States.....	31.4
Japan.....	29.8
Germany.....	11.0
France.....	17.2
United Kingdom.....	12.2
Italy.....	23.1
Canada.....	7.6

Sources: Central Intelligence Agency, International Monetary Fund, and Council of Economic Advisers.

The Japanese government generally resisted the depreciation of the yen, notably through heavy intervention sales of dollars. Its monetary policies also became somewhat more restrictive, although the

rise of interest rates during the year was less in Japan than in a number of other countries.

At several times during 1979 the market's perception of the intervention policy of central banks also affected exchange rates, especially the dollar-mark rate. Early in the year the stability of the dollar may have been due to perceptions in the market that coordinated actions by central banks could effectively counter large short-term rate movements. Under such conditions market participants faced a "two-way risk" and acted in ways that helped to keep rates relatively stable. By contrast, after midyear, market participants were less certain about the goals of intervention policy, and their testing of the intentions of the monetary authorities led to greater volatility in exchange rates. Problems of this sort inevitably arise when intervention is used as a tool for limiting erratic fluctuations in exchange rates. On balance, however, the mechanisms of coordination among monetary authorities have kept such problems minor. More important, it is clearly and generally recognized that intervention per se has limited usefulness when the market is convinced that prevailing exchange rates are inconsistent with its perceptions of underlying economic conditions and of monetary and other macroeconomic policies.

Foreign exchange intervention and monetary policy actions affect exchange rates in different ways. Intervention results in a change in the market supply of financial assets denominated in one currency relative to those denominated in another. If demands for the two currencies are stable, this shift in relative supplies leads to a rise in the exchange value of the currency whose supply is reduced. Because assets denominated in the major currencies appear to be close substitutes, however, this exchange rate effect is correspondingly small. The consequences of intervention are therefore likely to be determined mostly by the way market expectations respond. Intervention is most likely to succeed in stemming large unwanted changes in rates if accompanying actions signal an intention to pursue policies that will justify the existing exchange rate level over the longer term.

Monetary policy affects exchange rates primarily by influencing the demands for different currencies. For example, a rise in interest rates in the United States increases the demand for dollars because the interest return on dollar assets is raised. The result is a bidding up of the exchange rate for the dollar. There is a limit to such appreciation, however, if it is expected that the dollar exchange rate will subsequently move back toward its longer-run equilibrium value. For this reason exchange rate changes due simply to changes in interest rate differentials ought not to be very large. Stronger effects, however, are likely when shifts in monetary policy are taken to be a sign of changed objectives for overall macroeconomic performance. Thus a

rise in interest rates that is interpreted as a shift to a more restrictive policy will lead to expectations of slower growth and less inflation. Expectational effects will then reinforce the exchange rate movements generated by the attraction of higher interest returns.

How effectively monetary policy can be used to stabilize the domestic economy depends on how accurately exchange markets assess the policy implications of changes in interest rates. In recent years a number of countries have begun to define monetary objectives in terms of quantitative targets for one or more monetary aggregates, rather than targets for interest rates. Last October the Federal Reserve Board modified its operating techniques to place greater emphasis on achieving target rates of growth in the monetary aggregates. In such a world, even when monetary objectives remain unchanged, short-term interest rates will tend to fluctuate in response to changes in real growth, or the rate of inflation, or other factors. Thus an economy in which inflation is moderating or economic activity is weakening will experience a decline in interest rates in the context of unchanged monetary policy. To avoid unwarranted exchange rate movements, exchange markets must recognize that such interest rate declines do not represent a shift in monetary policy toward expansion, but in fact spring from developments that are anti-inflationary in character.

## THE DOLLAR IN THE INTERNATIONAL MONETARY SYSTEM

For many years the dollar has been the key currency of the international monetary system. It is the largest component of official reserves, although not the only one. Relatively smaller amounts of other currencies are also held; holdings of special drawing rights (SDRs) and credit positions with the International Monetary Fund are also reserve assets. Gold holdings are counted in reserves, though their official use is now quite limited.

The dollar is also the principal intervention currency. For example, if Switzerland wishes to intervene to support the Swiss franc in relation to the German mark, it is likely to do so by selling dollars to buy francs. This can put pressure on the dollar if the seller of the Swiss francs is unwilling to hold the new dollar balances.

Beyond its role in official transactions, the dollar is also the principal international medium in private transactions; international borrowing is conducted in dollars, and settlements for international transactions in goods and services take place in dollars, even for trade contracts denominated in other currencies. While an international monetary system based on a single currency offers certain multilateral advantages, there is no inherent reason why the dollar

should continue to play this dominant role. Indeed, the international importance of other currencies has been increasing. International and foreign bond issues, for instance, were 71 percent dollar denominated on average in the 1960s; in 1978 only 37 percent were denominated in dollars. Despite considerable reluctance by the Swiss and German monetary authorities to have their currencies held as official reserves, such holdings have been growing. Recently the Swiss have allowed foreign governments to hold deposits of Swiss francs directly with the Swiss National Bank. Until now such holdings have been primarily Eurodeposits. Intervention in other currencies is also increasing, particularly with the establishment of the European Monetary System, where member countries often intervene directly in each other's currencies to maintain bilateral rates within agreed margins.

Over the longer term a declining relative role for the dollar would seem a natural consequence of a changing world situation. The U.S. economy today accounts for a smaller share of world trade than it did when the dollar-based system evolved, and the U.S. economy has become relatively smaller. The European Economic Community's GNP is almost the same size as that of the United States; the Japanese economy alone is almost half the size of the U.S. economy. The relative preponderance of U.S. capital markets has also diminished. The share of worldwide long-term funds (essentially bonds and equity issues) raised in the United States has declined from 45 percent in the 1960s to 32 percent in 1978.

However, the evolution of the international monetary system from a system based on the dollar to one based on a number of currencies could be unsettling. The process of reserve and private portfolio diversification through which such an evolution would proceed requires a gradual increase in the supply of assets denominated in foreign currencies and a relative reduction in dollar-denominated assets. If such shifts in relative supplies do not take place to match shifts in demand, exchange markets would come under pressure. Furthermore, demand shifts may not always be gradual. Pressures for diversification are likely to become greater when expectations for a weaker dollar are strongly held, and to be arrested when expectations for an appreciation of the dollar predominate.

There are, however, certain constraints limiting the development of an international role for other currencies. Private holders of liquid dollar assets will continue to need these dollars to finance international transactions. Many holders of dollar assets also hold dollar-denominated debts and would therefore increase their exposure to risk by selling dollars. Official diversification on a large scale has not taken place; and it is inhibited by the limited availability of suitable



alternative assets, as well as by the recognition that the attempt to sell large quantities of dollars would weaken the dollar and hence cause capital losses on remaining reserves.

Nevertheless it is possible that, if left to evolution, the process of diversification could generate episodic downward pressure on the dollar. Such a result might not be welcomed internationally if it tended to generate large current account surpluses for the United States; and it would be unwelcome domestically if it increased inflationary pressures.

It is also widely perceived that a multicurrency system—even without considering the transition costs—is far from ideal. Exchange rates in such a system might be destabilized as a result of shifts in the composition of reserve assets by central banks, or of attempted shifts in private holdings. Transaction costs for both official and private agents would be raised by the need to manage complex portfolios.

Such considerations have given rise to renewed interest in an alternative movement that would place greater reliance on a single international reserve asset, the special drawing right, in preference to the development of a multicurrency reserve system. A number of steps have been taken to strengthen the role of the SDR. Most recently the International Monetary Fund has been considering the possible establishment of a substitution account into which countries could deposit dollars and perhaps other currencies and receive claims denominated in SDRs in exchange.

Such an account could not resolve all the issues raised by the current role of the dollar in the international monetary system. It would not directly address, for example, the role of the dollar as the principal intervention currency. Countries would still need currencies for intervention. SDR claims could only be used directly for intervention if they were widely held in private portfolios and so could be sold directly in foreign exchange markets to nonofficial participants, a possibility that could be considered at a future stage of the evolution of the SDR. In the near term, however, a substitution account would establish a mechanism to reshape the trend toward a multicurrency system in a form that did not destabilize exchange markets.

In October 1979 the Interim Committee of the International Monetary Fund agreed that a properly designed substitution account could make a useful contribution to improving the international monetary system. A number of difficult and complex problems must be addressed, however, before such an account can be established, and it is not clear when or whether these issues can be resolved. They will be the subject of continuing international discussion during the coming year.

## WORLD TRADE: PATTERNS AND ISSUES

The slower average rate of growth in the industrial world since 1973 and the more marked decline in the average growth of trade over the same period have tended in general to intensify the difficulties of absorbing the continuing structural adjustments that trade necessarily imposes. At the same time the large benefits that come from open trade are less visible when markets are growing more slowly. The challenges facing trade policy are difficult: to preserve, and indeed enhance, an open trading system in the face of strengthened protectionist pressures; to accommodate and absorb the increasing ability of a number of developing countries to compete in a widening range of product markets; and to ensure that market processes are not subverted as the primary determinants of evolving comparative advantage.

### THE MULTILATERAL TRADE NEGOTIATIONS

The signing last December of the agreements reached in the Tokyo Round of the Multilateral Trade Negotiations strengthens the framework for world trade at a critical time. This set of agreements is an important commitment by industrial and developing nations to resolve current and future trade problems in ways that preserve the benefits to world growth that derive from free trade.

The Tokyo Round agreements include significant reductions in tariff and nontariff barriers to trade, and they introduce through a series of codes a set of procedures designed to limit nontariff distortions of trade patterns. The United States and its trading partners have made reciprocal tariff cuts; the U.S. reductions average about 30 percent, those of Japan 22 percent, and those of the European Economic Community 27 percent. Negotiations have not been completed on a safeguards code to sharpen and clarify the conditions under which exceptional relief action could be taken. Five major codes, however, have been agreed upon in the Tokyo Round. The government procurement code significantly improves the opportunities for suppliers to compete equally for government orders. The agreement on standards should speed the certification of foreign products. The agreement on customs valuation ensures more consistent practices and thus reduces the scope for offsetting tariff concessions by changes in valuation rules. The agreements on subsidies and countervailing duties and on antidumping actions restrict the use of subsidies and clarify the circumstances in which countervailing and antidumping duties may be imposed.

These agreements may owe their greatest significance to the specific rules they establish to help regulate the process by which nontariff

barriers to trade are implemented. They emphasize the importance of transparency—that is, making visible the requirements for licensing and bidding on contracts, and using explicit rather than arbitrary measures to regulate imports when this is unavoidable. The role of procedures is stressed; in practice, trade policy is made on a case-by-case basis, and procedural safeguards are needed to ensure that relevant information is brought to bear on any decisions. The agreements embody the realization that the processes whereby trade policy is implemented must be considered fair by all signatories.

The agreements themselves do not guarantee success in resolving these difficult and detailed nontariff issues. Only when they are applied in individual circumstances will the procedures specified in the agreements reveal their adequacy. But in facing these questions squarely, the parties to these agreements have made significant progress in the continuing effort to reduce barriers to trade and strengthen the rules under which trade and investment are conducted. The agreements should improve markets for U.S. exports and help reduce inflation by lowering our own import barriers.

#### SOURCES OF RISING PROTECTIONISM

Much needs to be done to consolidate the progress represented by the Tokyo Round agreements. The growing interdependence of the world economy and the increased frequency of shocks during the past decade have led in recent years to a growing skepticism about the benefits of trade. These doubts have several roots: the significant increase in current account deficits following the oil price increase of 1973; the recession and associated high unemployment experienced in many industrial countries for most of the last 5 years; the development of long-term structural difficulties in several leading industrial sectors; and the rapid industrialization of a group of middle-income developing countries, whose growing exports have increased competition in markets for certain manufactured goods.

Oil price increases in 1979 will give further impetus to calls for greater protectionism. Current account deficits have already widened substantially in a number of countries and are likely to be reduced at a much slower rate than that which followed the 1974 oil price rise. Individual countries may attempt to curtail imports and accelerate penetration of foreign markets to pay for increasingly expensive oil. The slower rate of growth of domestic markets over the next several years will also invite actions to limit imports and to subsidize exports.

The need to adjust capacity and employment so as to reflect changed patterns of world consumption and production became acute in several sectors of the major industrial economies after the 1974-75 recession. The steel industry has begun the process, and its

experience suggests the difficult choices that must be made in determining the burden of adjustment within and among countries. The shipbuilding industry has completed somewhat more of the requisite adjustment of capacity and employment. The automobile industry is in the early stages of a complex rationalization and consolidation. As the adjustments continue, the temptation will be great to put off the difficult choices by limiting imports.

Calls for higher import barriers will intensify as industrialization continues in a number of developing countries. Though accelerated growth in these countries began in the 1960s, the exports integral to the process aroused concern in the major industrial countries only during the period of rising unemployment after the 1974-75 recession. They can be expected to occasion continuing concern in the near future.

The world economy has witnessed several instances of rapid industrialization earlier in the postwar period. Italy in the 1960s is a particularly good example. Such developments in part reflect the exploitation of significant cost advantages in the use of labor or other resources. In part they are a natural consequence of the maturation of product design and technology, which allows production to be transferred from more industrialized countries to regions that were initially served by exports. These regions subsequently become able to export back to the industrialized countries, or to third countries. In recent years this cycle has accelerated. Technology has been diffused more quickly, capital has moved more rapidly, and labor skills have grown impressively outside the major industrial countries. The international spread of production processes by transnational companies has also quickened the cycle, particularly for newly industrializing countries enjoying political stability.

The industrial countries, whose own innovations triggered this process, have responded by focusing production toward more sophisticated, knowledge-intensive products, the direction in which their comparative advantage is evolving. Problems of adjustment have occurred, in particular because the increases in exports from the newly industrializing countries have been concentrated in a few very narrow product lines, such as certain textiles, specific standardized items of electronic equipment, or footwear. In the aggregate the share of exports from newly industrializing countries to OECD countries is still quite small. Furthermore most of the former countries, using the debt-servicing capability that rapid export growth provides, have increased their imports by even larger amounts. Thus increased exports by these countries to OECD countries have been more than matched by an increased flow of goods (especially capital equipment) and services in the opposite direction.

## NEEDED RESPONSES

In developing policies to address these problems one must take into account a number of important considerations. The first is that protection, even when it appears attractive from the point of view of an individual country, is very costly to all countries—including the one initiating protection—once the likely retaliatory responses of other countries are taken into account. Trade actions, when judged necessary, must therefore be implemented in ways that minimize the risk of an escalating retaliatory cycle. The emphasis on transparency and procedural safeguards in the Tokyo Round agreements is important in this regard.

Another consideration is that the counterpart to the adjustment costs imposed on some industries that are facing increased competition from abroad is the benefit to consumers from cheaper goods and the benefit to the nation from lower inflation. In assessing the appropriateness of trade actions, one must weigh such costs and benefits. The increased use of direct or indirect export subsidies by many countries creates particularly difficult problems in this regard. In the short run, subsidies provide importing countries with bargain-priced goods. In the longer run, however, the adjustments that the subsidies induce are likely to be generally harmful. A country that adjusts out of a sector in which its underlying comparative advantage is favorable, because foreign subsidies have made the sector appear less competitive, will ultimately face higher prices if foreign subsidies are removed in the future, or if the market power that subsidies promote is later used to extract monopoly rents. Because, in the long run, export subsidies reduce the efficiency with which resources are allocated globally, such subsidies are undesirable. Where foreign subsidies create injury to domestic sectors, countervailing action may therefore be justified to assure an appropriate worldwide pattern of production.

A final important point is that, over the longer term, expanding imports will be matched by a concomitant growth of export markets through the adjustment process. The loss of jobs in sectors of declining comparative advantage will be offset by the growth of new jobs in higher-wage, high-technology industries. The principal focus of trade policy must therefore be on adjustment not preservation. Only in this way can foreign trade approach its potential for improving productivity and reducing inflation.



**Appendix A**  
**REPORT TO THE PRESIDENT ON THE ACTIVITIES**  
**OF THE**  
**COUNCIL OF ECONOMIC ADVISERS DURING 1979**





LETTER OF TRANSMITTAL

COUNCIL OF ECONOMIC ADVISERS,  
*Washington, D.C., December 31, 1979.*

MR. PRESIDENT:

The Council of Economic Advisers submits this report on its activities during the calendar year 1979 in accordance with the requirements of the Congress, as set forth in section 10(d) of the Employment Act of 1946 as amended by the Full Employment and Balanced Growth Act of 1978.

Cordially,

CHARLES L. SCHULTZE, *Chairman*  
LYLE E. GRAMLEY  
GEORGE C. EADS



## Report to the President on the Activities of the Council of Economic Advisers during 1979

The Council of Economic Advisers was established by the Employment Act of 1946 to provide economic analysis and advice to the President and thus to assist in the development and implementation of national economic policies. The Council also advises the President with regard to decisions on other matters that affect the health and operations of the Nation's economy.

With the enactment of the Full Employment and Balanced Growth Act of 1978—the Humphrey-Hawkins Act—the chartering legislation of the Council of Economic Advisers was substantially revised for the first time since 1946. This revision left unchanged the basic mission of the Council of Economic Advisers but created a new framework for the government's pursuit of its economic policies. This act was discussed in detail in the 1979 *Report* of the Council.

Charles L. Schultze, Chairman, and Lyle E. Gramley, Member, continued to serve in these positions throughout 1979. On February 4, 1979, William D. Nordhaus, Member, resigned to return to Yale University, where he is Professor of Economics and a member of the Cowles Foundation for Research in Economics. On June 6, 1979, George C. Eads became a Member of the Council. He was formerly Director of the Regulatory Policies and Institutions Program of the Rand Corporation.

### RESPONSIBILITIES

Since its creation the responsibilities of the Council of Economic Advisers have grown steadily as new economic problems placed new demands on the Council and its staff. Over the last decade the Council's activities have broadened with the growing recognition that many "noneconomic" decisions have major consequences for our economy. Today the Council is responsible for advising the President not only on Federal fiscal policies but also on regulation and regulatory reform, energy policies, and international economic policies.

Past Council Members and their dates of service are listed below:

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, 1949	
	Acting Chairman	November 2, 1949	
	Chairman	May 10, 1950	January 20, 1953.
John D. Clark	Member	August 9, 1946	
	Vice Chairman	May 10, 1950	February 11, 1953.
Roy Blough	Member	June 29, 1950	August 20, 1952.
Robert C. Turner	Member	September 8, 1952	January 20, 1953.
Arthur F. Burns	Chairman	March 19, 1953	December 1, 1956.
Neil H. Jacoby	Member	September 15, 1953	February 9, 1955.
Walter W. Stewart	Member	December 2, 1953	April 29, 1955.
Raymond J. Sautnier	Member	April 4, 1955	
	Chairman	December 3, 1956	January 20, 1961.
Joseph S. Davis	Member	May 2, 1955	October 31, 1958.
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.
Walter W. Heller	Chairman	January 29, 1961	November 15, 1964.
James Tobin	Member	January 29, 1961	July 31, 1962.
Kermit Gordon	Member	January 29, 1961	December 27, 1962.
Gardner Ackley	Member	August 3, 1962	
	Chairman	November 16, 1964	February 15, 1968.
John P. Lewis	Member	May 17, 1963	August 31, 1964.
Otto Eckstein	Member	September 2, 1964	February 1, 1966.
Arthur M. Okun	Member	November 16, 1964	
	Chairman	February 15, 1968	January 20, 1969.
James S. Duesenberry	Member	February 2, 1966	June 30, 1968.
Merton J. Peck	Member	February 15, 1968	January 20, 1969.
Warren L. Smith	Member	July 1, 1968	January 20, 1969.
Paul W. McCracken	Chairman	February 4, 1969	December 31, 1971.
Hendrik S. Houthakker	Member	February 4, 1969	July 15, 1971.
Herbert Stein	Member	February 4, 1969	
	Chairman	January 1, 1972	August 31, 1974.
Ezra Solomon	Member	September 9, 1971	March 26, 1973.
Marina v.N. Whitman	Member	March 13, 1972	August 15, 1973.
Gary L. Seevers	Member	July 23, 1973	April 15, 1975.
William J. Felner	Member	October 31, 1973	February 25, 1975.
Alan Greenspan	Chairman	September 4, 1974	January 20, 1977.
Paul W. MacAvoy	Member	June 13, 1975	November 15, 1976.
Burton G. Malkiel	Member	July 22, 1975	January 20, 1977.
William D. Nordhaus	Member	March 18, 1977	February 4, 1979.

## MACROECONOMIC POLICIES

From the outset the Council's fundamental role has been to advise the President on comprehensive economic policies designed to achieve the government's objectives for employment, output, and price stability. To fulfill this responsibility the Council develops economic forecasts several times each year with the assistance of an Interagency Forecasting Committee. The members of this Committee include, in addition to the Council, representatives from the Office of Management and Budget and the Departments of the Treasury, Commerce, and Labor. This group, which is chaired by a Member of the Council, meets to analyze the outlook for individual sectors of the economy and to develop detailed economic forecasts for the period immediately ahead. The Chairman of the Council presents these forecasts to the Economic Policy Group (EPG), which is made up of the President's principal economic advisers and meets each week to discuss and develop the Administration's proposals touching on economic policy. The Chairman of the Council of Economic Advisers is a member of the EPG and of its steering group.

In the final months of each year, during the preparation of the President's annual budget, the Council works with other members of the EPG to develop and present to the President proposals for the stance and structure of Federal fiscal policies during the coming fiscal year. The Council monitors the progress of the economy and offers advice on when changes in fiscal policies are in order. Advising the President on macroeconomic policy has remained one of the Council's major responsibilities.

In addition, the Council has been heavily involved in the anti-inflation program, including the design of the second-year standards and the discussions with organized labor concerning the National Accord.

The Chairman of the Council also chairs the Interagency Committee on Housing and Housing Finance. In 1979 the Council coordinated efforts to ascertain the impact of the October change in monetary policy on the housing market and prepared a report to the EPG and the President on the available means for dealing with problems of housing finance.

#### MICROECONOMIC POLICIES

Over the years the Council of Economic Advisers has become increasingly involved in the analysis of microeconomic issues—those economic developments and policy actions that affect individual industries, markets, or sectors of the economy. In 1979 the Council took part in formulating and articulating the Administration's policies on agriculture, energy, health insurance, hospital cost containment, youth employment, welfare reform, regulatory reform, and international trade.

In 1979 the Council continued to chair the interagency Regulatory Analysis Review Group (RARG) created late in 1977 to review selected analyses of the economic effects of major regulatory proposals. The President has ordered that each major regulatory proposal issued by a nonindependent regulatory agency must be accompanied by a regulatory analysis. The analysis is to be developed by the agency originating the proposal and made available in draft form for public comment before the final regulation takes effect. During the period for public comment the Regulatory Analysis Review Group evaluates a select few of these regulatory analyses, and its appraisal is filed in the agency's record of public comment.

In 1979 five regulations were reviewed by RARG: the Environmental Protection Agency's hazardous waste standards and new source performance standards for electric utility plants; the Department of Energy's proposed and interim final coal conversion regulations for utilities and industrial boilers; and the Department of Health, Education, and Welfare's proposal for labeling to accompany prescription

drugs. At year's end reports were being prepared reviewing the Environmental Protection Agency's air carcinogen policy; its guidelines for water effluents in the leather-tanning industry; and the Department of Energy's building-energy performance standards. The Council's staff served as part of the analytic staff for the RARG and prepared a number of the review group's comments. The Council and the staff also actively contributed to the continuing progress of the Administration's legislative proposals for regulation reform.

The Council had a strong role in the development and presentation of the Administration's energy policy initiatives, especially these: phased decontrol, the windfall profits tax, low-income energy assistance, and the Energy Security Corporation. The Chairman serves as a member of the Executive Committee of the Energy Coordinating Committee.

#### INTERNATIONAL ECONOMIC POLICIES

During 1979 the Council of Economic Advisers continued to take an active part in international economic affairs. The Chairman of the Council was elected to serve another year as Chairman of the Economic Policy Committee of the Organization for Economic Cooperation and Development (OECD). As such, he chaired two meetings of the Committee, which consists of senior economic officials from OECD member governments. The Chairman also coordinated the work of a group of senior officials from other countries in drafting a common position paper on economic policy issues for the Tokyo Summit.

The Council is active in the OECD Economic Policy Committee's working parties on inflation, balance of payments adjustment, and medium-term growth. A Member of the Council chairs a task force of the special high-level group on positive adjustment policies. Council Members or staff economists represent the U.S. Government at periodic meetings of these working parties during the year.

Economic developments in most Western nations were strongly affected in 1979 by the continued sharp rise in energy prices and the uncertainty of supplies. Analysis of the impacts of, and appropriate responses to, the energy price and supply situation dominated many OECD meetings. The Council assisted in developing the United States position on energy issues for the Tokyo Summit and in preparing for the International Energy Agency Ministerial Meeting, including the setting of an oil import quota.

#### PUBLIC INFORMATION

The annual *Economic Report* is the principal medium through which the Council informs the public of its work and its views. It is also an important vehicle for presenting and explaining the Administration's

economic policies, both domestic and international. Distribution of the *Report* in recent years has averaged about 50,000 copies. The Council also assumes primary responsibility for the monthly *Economic Indicators*, a publication prepared by the Council's Statistical Office, under the supervision of Catherine H. Furlong. The Joint Economic Committee issues the *Indicators*, which has a distribution of approximately 10,000 copies. Information is also provided to members of the public through speeches and other public appearances by the Chairman, Members, and staff economists of the Council. In 1979 the Chairman and Members made 25 appearances before Committees of the Congress to testify on the Administration's economic policies.

## ORGANIZATION AND STAFF OF THE COUNCIL

### OFFICE OF THE CHAIRMAN

The Chairman is responsible for communicating the Council's views to the President. This duty is performed through discussions with the President and written reports on economic developments. The Chairman also represents the Council at Cabinet meetings and at many other formal and informal meetings of government officials. He exercises ultimate responsibility for directing the work of the professional staff.

### COUNCIL MEMBERS

The two Council Members directly supervise the work of the Council's professional staff and are responsible for all subject matter covered by the Council. They represent the Council at numerous meetings of public and private groups, and they assume major responsibility for the Council's involvement in the activities of the government that affect the economy.

The Chairman and the Council Members work as a team on most policy issues. Operationally, however, responsibility over major topics of concern is divided between the two Members. Mr. Gramley has continued to take primary responsibility for macroeconomic analysis, including international monetary developments and the preparation of economic forecasts; and for labor market policies. Mr. Eads has supervised microeconomic analysis, including analysis of policies related to such matters as energy, agriculture, social welfare, and international trade; and the overseeing of regulatory reform activities.

### PROFESSIONAL STAFF

At the end of 1979 the professional staff consisted of the Special Assistant to the Chairman, 10 senior staff economists, 2 staff economists, 1 statistician, and 5 junior staff economists.

The professional staff and their special fields at the end of the year were:

Susan J. Irving ..... Special Assistant to the Chairman

*Senior Staff Economists*

William T. Boehm ..... Agriculture and Food Policy  
Paul N. Courant..... Public Finance, Taxes, State and Local Finance, Social Security, Health, and Welfare  
K. Burke Dillon..... Finance, Money, Housing, and Urban Policy  
David Harrison, Jr. .... Regulation and Natural Resources  
Val L. Koromzay..... International Financial and Economic Developments  
David S. McClain ..... Macroeconomic Analysis and Forecasting, Fiscal Policy, and International Trade  
David C. Munro ..... Macroeconomic Analysis and Forecasting, and Energy  
V. Vance Roley ..... Investment, Research and Development, and Potential GNP  
Daniel H. Saks ..... Labor Market and Anti-Inflation Policies, and Education  
Charles L. Trozzo..... Regulation and Energy

*Statistician*

Catherine H. Furlong ..... Senior Statistician

*Staff Economists*

Michael J. McKee..... Macroeconomic Analysis and Forecasting, Productivity, Prices, and Anti-Inflation Policies  
Kate Stith Pressman ..... Regulation and Energy

*Junior Economists*

David W. Berson ..... Public Finance  
Lisa L. Blum ..... International Economic Developments and Trade  
Stephen G. Cecchetti..... Labor Market Policies  
Judith R. Gelman..... Regulation and Health  
Matthew D. Shapiro..... Macroeconomic Analysis and Forecasting

Catherine H. Furlong, Senior Statistician, continued to be in charge of the Council's Statistical Office. Mrs. Furlong has primary responsibility for managing the Council's statistical information system. She supervises the publication of *Economic Indicators* and the preparation of all statistical matter in the *Economic Report*. She also



oversees the verification of statistics in memoranda, testimony, and speeches. Natalie V. Rentfro and Earnestine Reid assist Mrs. Furlong.

In preparing the *Economic Report* the Council relied upon the editorial assistance of Rosannah C. Steinhoff. Also called on for special assistance in connection with the *Report* were Dorothy L. Reid and Dorothy Bagovich, former members of the Council's staff.

#### SUPPORTING STAFF

The Administrative Office of the Council of Economic Advisers provides general support for the Council's activities. Nancy F. Skidmore, Administrative Officer, prepares and analyzes the Council's budget and provides general administrative services.

Elizabeth A. Kaminski, Staff Assistant to the Council, handles general personnel management, coordinates the schedule for the *Economic Report*, and provides general assistance to the Council and the Special Assistant in the management of the Council's activities.

Members of the secretarial staff for the Chairman and Council Members during 1979 were Patricia A. Lee, Linda A. Reilly, Lisa A. Stockdale, and Alice H. Williams. Secretaries for the professional staff were Catherine Fibich, Bessie M. Lafakis, Joyce A. Pilkerton, Margaret L. Snyder, and Lillie M. Sturniolo. Bettye T. Siegel provided secretarial assistance in connection with the *Report*. Robert L. Gilliam served as a clerk during the summer months. Michael J. Handel served as an intern during preparation of the *Report*.

#### DEPARTURES

The Council's professional staff members are in most cases on leave from universities, other government agencies, or research institutions. Their tenure with the Council is usually limited to 1 or 2 years. Senior staff economists who resigned during the year were Thomas C. Earley (Schnittker Associates), Robert J. Flanagan (Stanford University), Steven W. Kohlhagen (University of California, Berkeley), Susan J. Lepper (Senate Budget Committee), David S. Sibley (Civil Aeronautics Board), Lawrence J. White (New York University), David A. Wyss (Data Resources, Inc.), and John M. Yinger (Harvard University). Robert E. Litan, staff economist, resigned to accept a position with Arnold and Porter. Peter G. Gould also resigned from the position of Special Assistant to the Chairman to accept a position with the Department of Commerce.

Junior economists who resigned in 1979 were James P. Lockett (Brookings Institution), Robert S. Lurie (Yale University), Frederick W. McKinney (Yale University), Elizabeth A. Savoca (University of California, Berkeley), and Wanda S. Tseng (International Monetary Fund).

Florence T. Torrison, secretary to the Chairman, also resigned from the Council staff.



**Appendix B**  
**STATISTICAL TABLES RELATING TO INCOME,  
EMPLOYMENT, AND PRODUCTION**



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General Notes

Detail in these tables may not add to totals because of rounding.  
Unless otherwise noted, all dollar figures are in current dollars.

Symbols used:

<sup>p</sup> Preliminary.

—Not available (also, not applicable).



# NATIONAL INCOME OR EXPENDITURE

## TABLE B-1.—Gross national product, 1929–79

(Billions of dollars, except as noted; quarterly data at seasonally adjusted annual rates)

Year or quarter	Gross national product	Personal consumption expenditures	Gross private domestic investment	Net exports of goods and services			Government purchases of goods and services				Percent change from preceding period, gross national product <sup>2</sup>	
				Net exports	Exports	Imports	Total	Federal				State and local
								Total	National defense <sup>1</sup>	Non-defense		
1929.....	103.4	77.3	16.2	1.1	7.0	5.9	8.8	1.4			7.4	
1933.....	55.8	45.8	1.4	.4	2.4	2.0	8.2	2.1			6.1	-4.2
1939.....	90.8	67.0	9.3	1.1	4.4	3.4	13.5	5.2	1.2	3.9	8.3	6.9
1940.....	100.0	71.0	13.1	1.7	5.4	3.6	14.2	6.1	2.2	3.9	8.1	10.1
1941.....	124.9	80.8	17.9	1.3	5.9	4.6	24.9	16.9	13.7	3.2	8.0	24.9
1942.....	158.3	88.6	9.9	.0	4.8	4.8	59.8	52.0	49.4	2.6	7.8	26.8
1943.....	192.0	99.4	5.8	-2.0	4.4	6.5	88.9	81.3	79.7	1.6	7.5	21.3
1944.....	210.5	108.2	7.2	-1.8	5.3	7.1	97.0	89.4	87.4	2.0	7.6	9.6
1945.....	212.3	119.5	10.6	-.6	7.2	7.8	82.8	74.6	73.5	1.1	8.2	.9
1946.....	209.6	143.8	30.7	7.6	14.8	7.2	27.5	17.6	14.8	2.8	9.9	-1.3
1947.....	232.8	161.7	34.0	11.6	19.8	8.2	25.5	12.7	9.0	3.7	12.8	11.1
1948.....	259.1	174.7	45.9	6.5	16.9	10.4	32.0	16.7	10.7	6.0	15.3	11.3
1949.....	258.0	178.1	35.3	6.2	15.9	9.6	38.4	20.4	13.2	7.2	18.0	-4
1950.....	286.2	192.0	53.8	1.9	13.9	12.0	38.5	18.7	14.0	4.7	19.8	10.9
1951.....	330.2	207.1	59.2	3.8	18.9	15.1	60.1	38.3	33.5	4.8	21.8	15.4
1952.....	347.2	217.1	52.1	2.4	18.2	15.8	75.6	52.4	45.8	6.5	23.2	5.1
1953.....	366.1	229.7	53.3	.6	17.1	16.6	82.5	57.5	48.6	8.9	25.0	5.5
1954.....	366.3	235.8	52.7	2.0	18.0	16.0	75.8	47.9	41.1	6.8	27.8	.0
1955.....	399.3	253.7	68.4	2.2	20.0	17.8	75.0	44.5	38.4	6.0	30.6	9.0
1956.....	420.7	266.0	71.0	4.3	23.9	19.6	79.4	45.9	40.2	5.7	33.5	5.4
1957.....	442.8	280.4	69.2	6.1	26.7	20.7	87.1	50.0	44.0	5.9	37.1	5.2
1958.....	448.9	289.5	61.9	2.5	23.3	20.8	95.0	53.9	45.6	8.3	41.1	1.4
1959.....	486.5	310.8	77.6	.6	23.7	23.2	97.6	53.9	45.6	8.3	43.7	8.4
1960.....	506.0	324.9	76.4	4.4	27.6	23.2	100.3	53.7	44.5	9.3	46.5	4.0
1961.....	523.3	335.0	74.3	5.8	28.9	23.1	108.2	57.4	47.0	10.4	50.8	3.4
1962.....	563.8	355.2	85.2	5.4	30.6	25.2	118.0	63.7	51.1	12.7	54.3	7.7
1963.....	594.7	374.6	90.2	6.3	32.7	26.4	123.7	64.6	50.3	14.3	59.0	5.5
1964.....	635.7	400.4	96.6	8.9	37.4	28.4	129.8	65.2	49.0	16.2	64.6	6.9
1965.....	688.1	430.2	112.0	7.6	39.5	32.0	138.4	67.3	49.4	17.8	71.1	8.2
1966.....	753.0	464.8	124.5	5.1	42.8	37.7	158.7	78.8	60.3	18.5	79.8	9.4
1967.....	796.3	490.4	120.8	4.9	45.6	40.6	180.2	90.9	71.5	19.5	89.3	5.8
1968.....	868.5	535.9	131.5	2.3	49.9	47.7	198.7	98.0	76.9	21.2	100.7	9.1
1969.....	935.5	579.7	146.2	1.8	54.7	52.9	207.9	97.5	76.3	21.2	110.4	7.7
1970.....	982.4	618.8	140.8	3.9	62.5	58.5	218.9	95.6	73.5	22.1	123.2	5.0
1971.....	1,063.4	668.2	160.0	1.6	65.6	64.0	233.7	96.2	70.2	26.0	137.5	8.2
1972.....	1,171.1	733.0	188.3	-3.3	72.7	75.9	253.1	102.1	73.5	28.6	151.0	10.1
1973.....	1,306.6	809.9	220.0	7.1	101.6	94.4	269.5	102.2	73.5	28.7	167.3	11.6
1974.....	1,412.9	899.6	214.6	6.0	137.9	131.9	302.7	111.1	77.0	34.1	191.5	8.1
1975.....	1,528.8	979.1	190.9	20.4	147.3	126.9	338.4	123.1	83.7	39.4	215.4	8.2
1976.....	1,702.2	1,089.9	243.0	8.0	163.3	155.4	361.3	129.7	86.4	43.3	231.6	11.3
1977.....	1,899.5	1,210.0	303.3	-9.9	175.9	185.8	396.2	144.4	93.7	50.6	251.8	11.6
1978.....	2,127.6	1,350.8	351.5	-10.3	207.2	217.5	435.6	152.6	99.0	53.6	283.0	12.0
1979 <sup>p</sup> .....	2,368.5	1,509.8	386.2	-3.5	257.4	260.9	476.1	166.3	108.3	58.0	309.8	11.3
1977:												
I.....	1,820.2	1,169.1	280.4	-9.2	170.5	179.8	380.0	138.2	91.6	46.6	241.8	15.4
II.....	1,876.0	1,190.5	300.0	-6.0	178.6	184.7	391.6	142.6	93.1	49.5	249.0	12.8
III.....	1,930.5	1,220.6	315.7	-6.3	180.1	186.4	400.5	145.6	93.9	51.7	254.9	12.1
IV.....	1,971.3	1,259.7	316.9	-18.1	174.2	192.3	412.8	151.2	96.4	54.8	261.6	8.7
1978:												
I.....	2,011.3	1,287.2	327.0	-22.2	184.4	206.6	419.4	150.9	97.6	53.3	268.5	8.4
II.....	2,104.2	1,331.2	352.3	-7.6	205.7	213.3	428.3	148.2	98.2	50.0	280.1	19.8
III.....	2,159.6	1,369.3	356.2	-6.8	213.8	220.6	440.9	152.3	99.0	53.3	288.6	10.9
IV.....	2,235.2	1,415.4	370.5	-4.5	224.9	229.4	453.8	159.0	101.2	57.8	294.8	14.8
1979:												
I.....	2,292.1	1,454.2	373.8	4.0	238.5	234.4	460.1	163.6	103.4	60.2	296.5	10.6
II.....	2,329.8	1,475.9	395.4	-8.1	243.7	251.9	466.6	161.7	106.0	55.7	304.9	6.7
III.....	2,396.5	1,528.6	392.3	-2.3	267.3	269.5	477.8	162.9	109.0	53.9	314.9	11.9
IV <sup>p</sup> .....	2,455.8	1,580.4	383.3	-7.7	280.0	287.7	499.8	177.0	114.6	62.4	322.8	10.3

<sup>1</sup> This category corresponds closely to the national defense classification in "The Budget of the United States Government, Fiscal Year 1981."

<sup>2</sup> Changes are based on unrounded data and therefore may differ slightly from those obtained from data shown here.  
Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-2.—Gross national product in 1972 dollars, 1929-79  
 (Billions of 1972 dollars, except as noted; quarterly data at seasonally adjusted annual rates)

Year or quarter	Gross national product	Personal consumption expenditures				Gross private domestic investment				
		Total	Durable goods	Non-durable goods	Services	Total	Fixed investment			
							Total	Nonresidential		
								Total	Structures	Producers' durable equipment
1929.....	314.6	215.6	21.5	98.1	96.1	55.9	51.3	37.0	20.6	16.4
1933.....	222.1	170.7	10.9	82.9	76.8	8.4	13.3	10.4	4.9	5.5
1939.....	318.8	220.3	19.1	115.1	86.1	33.6	32.0	20.7	8.6	12.1
1940.....	343.3	230.4	21.8	119.9	88.7	44.6	38.4	25.7	9.9	15.8
1941.....	398.5	244.1	24.7	127.6	91.8	55.8	43.8	30.3	11.9	18.5
1942.....	460.3	241.7	16.3	129.9	95.5	29.6	24.4	17.6	6.7	10.9
1943.....	530.6	248.7	14.5	134.0	100.1	18.1	18.0	14.0	4.2	9.8
1944.....	568.6	255.7	13.5	139.4	102.7	19.8	22.1	18.7	5.5	13.2
1945.....	560.0	271.4	14.8	150.3	106.3	27.8	31.4	27.6	8.3	19.2
1946.....	476.9	301.4	25.8	158.9	116.7	71.0	58.8	42.0	18.8	23.2
1947.....	468.3	306.2	30.6	154.8	120.8	70.1	70.4	48.9	17.3	31.6
1948.....	487.7	312.8	33.1	155.0	124.6	82.3	76.8	51.0	18.4	32.7
1949.....	490.7	320.0	36.3	157.4	126.4	65.6	70.0	46.0	17.8	28.2
1950.....	533.5	338.1	43.4	161.8	132.8	93.7	83.2	50.0	19.1	30.9
1951.....	576.5	342.3	39.9	165.3	137.1	94.1	80.4	52.9	20.6	32.3
1952.....	598.5	350.9	38.9	171.2	140.8	83.2	78.9	52.1	20.6	31.5
1953.....	621.8	364.2	43.1	175.7	145.5	85.6	84.1	56.3	22.5	33.8
1954.....	613.7	370.9	43.5	177.0	150.4	83.4	85.6	55.4	23.5	31.8
1955.....	654.8	395.1	52.2	185.4	157.5	104.1	96.3	61.2	25.3	35.9
1956.....	668.8	406.3	49.8	191.6	164.9	102.9	97.1	65.2	28.1	37.1
1957.....	680.9	414.7	49.7	194.9	170.2	97.2	95.7	66.0	28.1	37.9
1958.....	679.5	419.0	46.4	196.8	175.8	87.7	89.6	58.9	26.4	32.5
1959.....	720.4	441.5	51.8	205.0	184.7	107.4	101.0	62.9	26.8	36.1
1960.....	736.8	453.0	52.5	208.2	192.3	105.4	101.0	66.0	28.8	37.2
1961.....	755.3	462.2	50.3	211.9	200.0	103.6	100.7	65.6	29.3	36.3
1962.....	799.1	482.9	55.7	218.5	208.7	117.4	109.3	70.9	30.8	40.1
1963.....	830.7	501.4	60.7	223.0	217.6	124.5	116.8	73.5	30.8	42.7
1964.....	874.4	528.7	65.7	233.3	229.7	132.1	124.8	81.0	33.3	47.7
1965.....	925.9	558.1	73.4	244.0	240.7	150.1	138.8	95.6	39.6	56.0
1966.....	981.0	586.1	79.0	255.5	251.6	161.3	144.6	106.1	42.5	63.6
1967.....	1,007.7	603.2	79.7	259.5	264.0	152.7	140.7	103.5	41.1	62.4
1968.....	1,051.8	633.4	88.2	270.2	275.0	159.5	150.8	108.0	42.0	66.1
1969.....	1,078.8	655.4	91.9	276.4	287.2	168.0	157.5	114.3	44.0	70.3
1970.....	1,075.3	668.9	88.9	282.7	297.3	154.7	150.4	110.0	42.8	67.2
1971.....	1,107.5	691.9	98.1	287.5	306.3	166.8	160.2	108.0	41.7	66.3
1972.....	1,171.1	733.0	111.2	299.3	322.4	188.3	178.8	116.8	42.5	74.3
1973.....	1,235.0	767.7	121.8	309.3	336.5	207.2	190.7	131.0	45.5	85.5
1974.....	1,217.8	760.7	112.5	303.9	344.3	183.6	175.6	130.6	42.5	88.1
1975.....	1,202.3	774.6	112.7	306.6	355.3	142.6	152.4	113.6	37.1	76.5
1976.....	1,273.0	820.6	126.6	321.5	372.5	173.4	166.8	119.0	38.3	80.7
1977.....	1,340.5	861.7	138.2	332.7	390.8	200.1	186.9	129.3	39.1	90.1
1978.....	1,399.2	900.8	146.7	343.3	410.8	214.3	200.2	140.1	43.9	96.2
1979 <sup>P</sup> .....	1,431.1	924.5	147.0	349.3	428.2	214.8	204.6	148.2	47.9	100.3
1977:										
I.....	1,315.7	849.2	135.8	328.9	384.5	191.0	179.7	126.3	37.5	88.8
II.....	1,331.2	853.1	136.6	329.6	386.9	199.6	186.2	128.3	39.0	89.3
III.....	1,353.9	863.7	138.2	332.1	393.3	206.7	190.1	130.8	39.9	90.9
IV.....	1,361.3	880.9	142.4	340.0	398.5	203.0	191.7	131.7	40.1	91.5
1978:										
I.....	1,367.8	882.7	139.3	337.3	406.1	209.0	192.5	133.1	40.2	93.0
II.....	1,395.2	894.8	147.8	339.4	407.6	216.8	201.2	140.3	43.9	96.4
III.....	1,407.3	905.3	147.5	344.7	413.1	214.0	201.8	141.6	45.1	96.5
IV.....	1,426.6	920.3	152.1	351.9	416.3	217.4	205.5	145.5	46.5	98.9
1979:										
I.....	1,430.6	921.8	150.2	348.1	423.5	217.2	204.9	147.2	45.8	101.3
II.....	1,422.3	915.0	144.8	344.1	426.1	221.7	203.5	146.9	47.9	99.0
III.....	1,433.3	925.9	146.9	349.2	429.9	214.2	207.1	150.7	48.7	101.9
IV <sup>P</sup> .....	1,438.4	935.2	146.0	356.0	433.2	206.2	203.0	148.0	49.3	98.7

See next page for continuation of table.

TABLE B-2.—Gross national product in 1972 dollars, 1929-79—Continued

[Billions of 1972 dollars, except as noted; quarterly data at seasonally adjusted annual rates]

Year or quarter	Gross private domestic investment—continued					Net exports of goods and services			Government purchases of goods and services			Percent change from preceding period, gross national product <sup>1</sup>
	Fixed investment—continued				Change in business inventories	Net exports	Exports	Imports	Total	Federal	State and local	
	Residential											
	Total	Nonfarm structures	Farm structures	Producers' durable equipment								
1929	14.3	13.6	0.6	0.1	4.6	2.2	15.6	13.4	40.9	7.0	33.8	
1933	2.9	2.6	.2	.1	-4.9	.2	9.4	9.3	42.8	10.9	31.9	-2.2
1939	11.3	10.6	.6	.1	1.6	2.0	13.3	11.4	62.9	22.8	40.2	7.6
1940	12.8	11.8	.8	.1	6.2	3.0	14.6	11.5	65.2	26.7	38.5	7.7
1941	13.5	12.5	.9	.2	12.0	.8	14.7	14.0	97.7	61.0	36.7	16.1
1942	6.8	6.1	.6	.1	5.2	-2.5	10.3	12.8	191.5	157.4	34.1	15.5
1943	4.0	3.5	.4	0	.1	-7.3	9.0	16.3	271.2	239.6	31.6	15.3
1944	3.4	3.0	.4	0	-2.3	-7.2	10.0	17.3	300.3	269.7	30.6	7.1
1945	3.8	3.5	.3	.1	-3.6	-4.5	13.5	18.0	265.3	233.7	31.6	-1.5
1946	16.8	15.5	1.1	.2	12.2	11.6	26.1	14.6	93.0	58.2	34.7	-14.8
1947	21.5	19.8	1.3	.3	-2	16.6	30.2	13.6	75.4	36.1	39.3	-1.8
1948	25.8	23.9	1.5	.3	5.5	8.5	24.2	15.7	84.1	42.4	41.8	4.1
1949	24.0	22.3	1.4	.3	-4.4	8.8	24.2	15.4	96.2	48.9	47.4	.6
1950	33.2	31.5	1.3	.3	10.6	4.0	21.7	17.7	97.7	47.0	50.7	8.7
1951	27.5	25.9	1.3	.3	13.7	7.4	25.9	18.5	132.7	81.3	51.3	8.1
1952	26.8	25.3	1.2	.3	4.3	4.9	24.9	20.0	159.5	107.0	52.5	3.8
1953	27.8	26.3	1.2	.3	1.5	2.0	23.8	21.8	170.0	114.6	55.4	3.9
1954	30.2	28.8	1.1	.3	-2.2	4.5	25.3	20.8	154.9	95.2	59.7	-1.3
1955	35.1	33.8	.9	.4	7.7	4.7	27.9	23.2	150.9	86.9	64.0	6.7
1956	31.9	30.4	1.0	.4	5.8	7.3	32.3	25.0	152.4	85.9	66.5	2.1
1957	29.7	28.3	1.0	.4	1.5	8.9	34.8	26.0	160.1	89.8	70.3	1.8
1958	30.6	29.2	.9	.5	-1.8	3.5	30.7	27.2	169.3	92.8	76.4	-2
1959	38.1	36.5	1.0	.6	6.5	.9	31.5	30.6	170.7	91.8	78.9	6.0
1960	35.0	33.7	.8	.5	4.4	5.5	35.8	30.3	172.9	90.8	82.0	2.3
1961	35.1	33.6	1.0	.5	2.9	6.7	37.0	30.3	182.8	95.6	87.1	2.5
1962	38.4	36.9	.9	.6	8.1	5.8	39.6	33.9	193.1	103.1	90.0	5.8
1963	43.2	41.7	.9	.6	7.8	7.3	42.2	35.0	197.6	102.2	95.4	4.0
1964	43.8	42.2	.9	.7	7.3	10.9	47.8	36.9	202.7	100.6	102.1	5.3
1965	43.2	41.6	.8	.7	11.3	8.2	49.1	41.0	209.6	100.5	109.1	5.9
1966	38.5	36.9	.9	.8	16.7	4.3	51.6	47.3	229.3	112.5	116.8	5.9
1967	37.2	35.5	.9	.8	12.0	3.5	54.2	50.7	248.3	125.3	123.1	2.7
1968	42.8	41.1	.8	.9	8.7	-4	58.5	58.9	259.2	128.3	130.9	4.4
1969	43.2	41.5	.9	.9	10.6	-1.3	62.2	63.5	256.7	121.8	134.9	2.6
1970	40.4	38.9	.6	.9	4.3	1.4	67.1	65.7	250.2	110.7	139.5	-3
1971	52.2	50.5	.7	1.0	6.6	-6	67.9	68.5	249.4	103.9	145.5	3.0
1972	62.0	60.3	.7	1.1	9.4	-3.3	72.7	75.9	253.1	102.1	151.0	5.7
1973	59.7	57.9	.5	1.2	16.5	7.6	87.4	79.9	252.5	96.6	155.9	5.5
1974	45.0	43.0	.9	1.1	8.0	15.9	93.0	77.1	257.7	95.8	161.8	-1.4
1975	38.8	37.2	.7	.9	-9.8	22.6	90.0	67.5	262.6	96.5	166.1	-1.3
1976	47.8	46.0	.7	1.1	6.6	15.8	96.1	80.4	263.3	96.4	166.9	5.9
1977	57.7	55.5	.9	1.3	13.1	10.3	98.4	88.2	268.5	100.6	167.9	5.3
1978	60.1	57.7	1.0	1.4	14.1	11.0	108.9	97.9	273.2	98.6	174.6	4.4
1979 <sup>a</sup>	56.5	54.1	.9	1.4	10.2	17.7	119.8	102.0	274.1	99.2	174.9	2.3
1977:												
I	53.5	51.2	1.0	1.2	11.3	11.1	96.5	85.4	264.5	98.4	166.0	8.9
II	57.9	55.7	1.0	1.2	13.4	10.9	99.4	88.5	267.6	100.3	167.3	4.8
III	59.3	57.0	1.0	1.3	16.6	13.2	100.5	87.3	270.3	101.8	168.5	7.0
IV	60.1	58.0	.7	1.4	11.3	5.8	97.3	91.4	271.5	101.8	169.8	2.2
1978:												
I	59.4	56.8	1.1	1.4	16.5	5.3	100.7	95.4	270.7	99.9	170.9	1.9
II	60.9	58.6	.8	1.5	15.6	12.3	109.2	96.9	271.3	96.6	174.7	8.3
III	60.2	57.7	1.0	1.4	12.2	13.3	111.9	98.5	274.7	98.5	176.2	3.5
IV	60.0	57.6	1.0	1.4	12.0	12.9	113.8	101.0	276.0	99.3	176.6	5.6
1979:												
I	57.7	55.6	.8	1.4	12.3	17.0	117.0	100.0	274.7	101.1	173.6	1.1
II	56.7	54.4	.9	1.4	18.1	13.2	116.0	102.9	272.4	98.1	174.3	-2.3
III	56.5	54.0	1.0	1.4	7.1	20.1	122.2	102.1	273.1	97.4	175.6	3.1
IV <sup>a</sup>	55.0	52.5	1.1	1.5	3.2	20.7	123.9	103.2	276.3	100.4	175.9	1.4

<sup>1</sup> Changes are based on unrounded data and therefore may differ slightly from those obtained from data shown here. Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-3.—Implicit price deflators for gross national product, 1929-79

[Index numbers, 1972=100, except as noted; quarterly data seasonally adjusted]

Year or quarter	Gross national product <sup>1</sup>	Personal consumption expenditures				Gross private domestic investment <sup>1</sup>			
		Total	Durable goods	Nondurable goods	Services	Fixed investment			
						Total	Nonresidential		
							Total	Structures	Producers' durable equipment
1929	32.87	35.8	43.1	38.4	31.6	28.2	28.2	24.1	33.4
1933	25.14	26.8	31.7	26.8	26.1	22.4	22.8	19.1	26.2
1939	28.48	30.4	34.9	30.5	29.2	27.6	28.2	22.8	32.0
1940	29.13	30.8	35.7	30.9	29.5	28.5	29.1	23.1	32.8
1941	31.34	33.1	39.1	33.6	30.8	30.6	30.9	24.7	34.9
1942	34.39	36.7	42.1	39.1	32.4	33.4	33.8	28.1	37.3
1943	36.18	40.0	45.0	43.7	34.2	35.6	35.7	32.0	37.3
1944	37.03	42.3	49.5	46.2	36.1	36.9	36.6	33.4	38.0
1945	37.92	44.0	53.7	47.8	37.3	37.1	36.6	33.6	37.9
1946	43.95	47.7	61.1	52.1	38.9	41.3	39.9	36.3	42.8
1947	49.70	52.8	66.8	58.7	41.7	48.9	46.8	43.7	48.5
1948	53.13	55.9	69.1	62.3	44.4	53.6	51.3	48.4	52.9
1949	52.59	55.7	69.1	60.3	46.1	54.8	52.8	48.0	55.9
1950	53.64	56.8	70.8	60.7	47.4	56.5	54.3	48.8	57.6
1951	57.27	60.5	74.7	65.8	49.9	60.8	58.9	54.7	61.6
1952	58.00	61.9	74.8	66.6	52.6	62.1	59.9	55.8	62.5
1953	58.88	63.1	75.5	66.3	55.4	62.9	61.0	56.8	63.7
1954	59.69	63.6	73.2	66.6	57.2	63.4	61.4	55.9	65.4
1955	60.98	64.2	74.0	66.3	58.5	64.8	62.6	57.0	66.5
1956	62.90	65.5	76.0	67.3	60.2	68.3	67.0	61.8	71.0
1957	65.02	67.6	79.2	69.4	62.2	70.9	70.7	64.4	75.4
1958	66.06	69.1	79.4	71.0	64.2	70.8	70.6	63.3	76.5
1959	67.52	70.4	81.9	71.4	66.0	71.6	72.0	63.6	78.2
1960	68.67	71.7	82.1	72.6	68.0	71.9	72.2	63.1	79.3
1961	69.28	72.5	82.7	73.3	69.1	71.6	71.8	62.7	79.2
1962	70.55	73.6	83.9	73.9	70.4	72.0	72.3	63.0	79.4
1963	71.59	74.7	84.8	74.9	71.7	72.1	72.9	63.5	79.6
1964	72.71	75.7	85.7	75.8	72.8	72.8	73.6	64.4	80.1
1965	74.32	77.1	85.6	77.3	74.3	73.8	74.5	65.9	80.6
1966	76.76	79.3	85.7	80.1	76.5	76.2	76.8	68.8	82.1
1967	79.02	81.3	87.4	81.9	78.8	78.7	79.3	71.8	84.3
1968	82.57	84.6	90.7	85.3	82.0	82.1	82.6	75.3	87.3
1969	86.72	88.5	93.1	89.4	86.1	86.9	86.6	81.1	90.0
1970	91.36	92.5	95.5	93.6	90.5	91.1	91.3	88.0	93.4
1971	96.02	96.6	99.0	96.6	95.8	95.9	96.4	94.4	97.6
1972	100.00	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1973	105.80	105.5	101.6	107.9	104.7	106.0	103.8	107.8	101.7
1974	116.02	116.9	108.4	123.8	113.6	117.1	115.3	128.1	109.2
1975	127.15	126.4	117.7	133.4	123.2	132.3	132.2	144.9	126.0
1976	133.71	132.8	124.3	138.1	131.2	139.7	138.5	149.5	133.3
1977	141.70	140.4	129.4	144.7	140.7	150.5	146.6	160.0	140.7
1978	152.05	150.0	136.5	154.6	150.9	164.4	157.8	174.3	150.3
1979 <sup>p</sup>	165.50	163.3	144.8	170.9	163.5	179.7	171.3	192.5	161.2
1977:									
I	138.34	137.7	128.4	142.2	137.1	145.3	142.4	154.9	137.1
II	140.93	139.6	128.7	144.3	139.4	149.0	145.0	159.0	138.9
III	142.59	141.3	129.5	145.4	142.0	151.6	147.7	161.0	141.9
IV	144.82	143.0	130.9	146.8	144.1	155.7	150.8	164.9	144.7
1978:									
I	147.05	145.8	133.0	150.0	146.8	158.0	153.0	166.5	147.1
II	150.82	148.8	135.6	153.7	149.4	162.3	156.0	171.5	149.0
III	153.45	151.3	137.9	155.7	152.3	166.6	159.6	176.5	151.7
IV	156.68	153.8	139.4	158.6	155.0	170.3	162.3	181.4	153.4
1979:									
I	160.22	157.8	142.4	164.1	158.0	173.0	165.4	185.2	156.4
II	163.81	161.3	144.1	168.9	161.0	177.8	169.6	189.0	160.2
III	167.20	165.1	145.3	173.2	165.3	182.4	173.8	195.1	163.6
IV <sup>p</sup>	170.74	169.0	147.6	177.3	169.4	185.7	176.6	200.3	164.7

See next page for continuation of table.

TABLE B-3.—Implicit price deflators for gross national product, 1929-79—Continued

[Index numbers, 1972=100, except as noted; quarterly data seasonally adjusted]

Year or quarter	Gross private domestic investment <sup>1</sup> —continued				Exports and imports of goods and services <sup>1</sup>		Government purchases of goods and services			Gross domestic product	Percent change from preceding period <sup>2</sup>	
	Fixed investment—continued				Exports	Imports	Total	Federal	State and local		Gross national product implicit price deflator	Gross domestic product implicit price deflator
	Residential											
	Total	Non-farm structures	Farm structures	Producers' durable equipment								
1929.....	28.2	27.8	28.6	77.2	45.0	43.8	21.6	20.5	21.8	32.8		
1933.....	20.7	19.8	19.5	58.8	25.5	22.1	19.3	19.4	19.2	25.2	-2.1	-2.0
1939.....	26.6	26.3	23.4	61.1	33.3	29.6	21.5	22.7	20.7	28.5	-.7	-.7
1940.....	27.4	27.2	23.6	59.6	36.8	31.5	21.7	22.7	21.0	29.1	2.3	2.3
1941.....	29.9	29.7	26.6	63.8	40.2	33.2	25.5	27.8	21.7	31.3	7.6	7.6
1942.....	32.4	31.8	30.7	71.3	46.5	37.4	31.2	33.0	22.9	34.4	9.7	9.7
1943.....	34.9	34.3	35.7	71.4	49.2	39.6	32.8	34.0	23.8	36.2	5.2	5.2
1944.....	38.1	37.3	40.8	75.0	52.6	41.1	32.3	33.1	24.9	37.0	2.3	2.3
1945.....	40.8	40.0	42.9	84.6	53.6	43.6	31.2	31.9	25.9	37.9	2.4	2.4
1946.....	44.6	43.9	46.6	95.2	56.7	49.7	29.6	30.2	28.6	43.9	15.9	15.9
1947.....	53.7	53.0	52.8	105.6	65.8	60.7	33.8	35.1	32.5	49.7	13.1	13.0
1948.....	58.1	57.4	57.3	111.5	69.8	66.1	38.0	39.4	36.6	53.1	6.9	6.9
1949.....	58.7	58.1	58.0	107.9	65.5	62.7	39.9	41.8	38.0	52.6	-1.0	-1.0
1950.....	60.0	59.5	59.4	107.4	64.0	67.8	39.4	39.9	39.0	53.6	2.0	2.0
1951.....	64.4	63.8	63.8	114.9	73.1	81.8	45.3	47.1	42.4	57.2	6.8	6.7
1952.....	66.4	65.8	65.7	114.6	73.0	79.1	47.4	48.9	44.2	57.9	1.3	1.3
1953.....	66.9	66.3	66.2	114.2	71.9	75.8	48.5	50.2	45.1	58.8	1.5	1.5
1954.....	67.1	66.6	66.5	112.4	71.2	76.9	48.9	50.4	46.6	59.6	1.4	1.4
1955.....	68.7	68.2	68.3	109.1	71.8	76.8	49.7	51.1	47.8	60.9	2.2	2.2
1956.....	70.9	70.5	70.6	104.3	73.9	78.3	52.1	53.4	50.4	62.8	3.2	3.2
1957.....	71.3	70.8	70.9	103.4	76.4	79.5	54.4	55.7	52.8	65.0	3.4	3.4
1958.....	71.2	70.7	70.8	101.9	75.7	76.5	56.1	58.1	53.8	66.0	1.6	1.6
1959.....	71.0	70.6	70.8	101.8	75.4	75.7	57.2	58.7	55.4	67.5	2.2	2.2
1960.....	71.4	70.9	71.2	100.8	77.1	76.7	58.0	59.1	56.8	68.6	1.7	1.7
1961.....	71.3	70.9	70.7	99.1	78.0	76.1	59.2	60.0	58.3	69.2	.9	.9
1962.....	71.5	71.1	71.3	96.8	77.3	74.5	61.1	61.8	60.3	70.5	1.8	1.9
1963.....	70.9	70.5	70.7	95.3	77.5	75.6	62.6	63.3	61.9	71.6	1.5	1.5
1964.....	71.2	70.8	71.0	94.3	78.3	77.1	64.0	64.8	63.3	72.7	1.6	1.6
1965.....	72.3	72.0	72.3	92.1	80.5	78.0	66.0	67.0	65.1	74.3	2.2	2.2
1966.....	74.6	74.2	74.3	90.8	82.8	79.7	69.2	70.1	68.4	76.8	3.3	3.3
1967.....	77.0	76.7	76.7	91.0	84.0	80.1	72.6	72.6	72.5	79.0	2.9	3.0
1968.....	80.7	80.4	80.5	93.2	85.3	80.9	76.7	76.4	76.9	82.6	4.5	4.5
1969.....	87.7	87.5	87.5	95.2	87.9	83.3	81.0	80.0	81.9	86.8	5.0	5.1
1970.....	90.6	90.4	90.5	97.5	93.1	89.1	87.5	86.4	88.3	91.4	5.4	5.3
1971.....	94.9	94.8	95.0	99.3	96.6	93.5	93.7	92.6	94.5	96.0	5.1	5.1
1972.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	4.1	4.1
1973.....	110.8	111.0	110.7	100.1	116.2	118.2	106.7	105.8	107.3	105.7	5.8	5.7
1974.....	122.3	122.7	122.7	105.3	148.3	171.0	117.5	115.9	118.4	115.6	9.7	9.3
1975.....	132.8	133.2	132.9	116.2	163.6	188.0	128.9	127.5	129.7	126.8	9.6	9.7
1976.....	142.5	143.0	142.6	121.9	169.9	193.3	137.2	134.6	138.8	133.3	5.2	5.1
1977.....	159.3	160.0	159.7	126.3	178.7	210.7	147.6	143.6	150.0	141.2	6.0	5.9
1978.....	179.7	180.8	180.3	132.3	190.3	222.1	159.4	154.8	162.1	151.5	7.3	7.3
1979 <sup>P</sup> .....	201.7	203.4	203.3	139.6	214.9	255.7	173.7	167.6	177.2	164.6	8.8	8.7
1977:												
I.....	152.2	152.8	153.5	124.2	176.7	210.5	143.7	140.4	145.6	137.8	6.0	5.7
II.....	157.8	158.5	159.4	125.9	179.6	208.7	146.3	142.1	148.9	140.4	7.7	7.8
III.....	160.1	160.9	161.7	126.5	179.1	213.4	148.1	143.0	151.3	142.0	4.8	4.7
IV.....	166.2	167.1	166.7	128.2	179.1	210.3	152.0	148.6	154.1	144.3	6.4	6.6
1978:												
I.....	169.3	170.2	171.5	129.2	183.1	216.6	154.9	151.1	157.1	146.5	6.3	6.2
II.....	176.7	177.9	176.8	131.4	188.4	220.2	157.8	153.4	160.3	150.2	10.6	10.6
III.....	183.1	184.3	183.8	133.0	191.1	223.9	160.5	154.6	163.8	152.9	7.2	7.2
IV.....	189.5	190.8	189.3	135.6	197.6	227.2	164.5	160.1	166.9	156.1	8.7	8.7
1979:												
I.....	192.6	194.0	192.7	138.2	203.9	234.5	167.5	161.9	170.8	159.5	9.3	9.1
II.....	199.2	200.7	199.8	139.5	210.1	244.9	171.3	164.8	174.9	163.1	9.3	9.2
III.....	205.5	207.3	206.0	139.6	218.7	264.0	175.0	167.2	179.3	166.2	8.5	8.0
IV <sup>P</sup> .....	210.1	212.0	211.3	140.8	226.0	278.7	180.9	176.3	183.6	169.7	8.7	8.6

<sup>1</sup> Separate deflators are not available for gross private domestic investment, change in business inventories, and net exports of goods and services.

<sup>2</sup> Changes are based on unrounded data and therefore may differ slightly from those obtained from data shown here. Quarterly data are at annual rates.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-4.—Implicit price deflators and alternative price measures for gross national product and gross domestic product, 1929-79

[Quarterly data seasonally adjusted]

Year or quarter	Index numbers, 1972 = 100				Percent change from preceding period <sup>1</sup>					
	Gross national product		Gross domestic product		Gross national product			Gross domestic product		
	Implicit price deflator	Fixed-weighted price index (1972 weights)	Implicit price deflator	Fixed-weighted price index (1972 weights)	Implicit price deflator	Fixed-weighted price index (1972 weights)	Chain price index	Implicit price deflator	Fixed-weighted price index (1972 weights)	Chain price index
1929	32.87		32.8							
1933	25.14		25.2		-2.1			-2.0		
1939	28.48		28.5		-.7			-.7		
1940	29.13		29.1		2.3			2.3		
1941	31.34		31.3		7.6			7.6		
1942	34.39		34.4		9.7			9.7		
1943	36.18		36.2		5.2			5.2		
1944	37.03		37.0		2.3			2.3		
1945	37.92		37.9		2.4			2.4		
1946	43.95		43.9		15.9			15.9		
1947	49.70		49.7		13.1			13.0		
1948	53.13		53.1		6.9			6.9		
1949	52.59		52.6		-1.0			-1.0		
1950	53.64		53.6		2.0			2.0		
1951	57.27		57.2		6.8			6.7		
1952	58.00		57.9		1.3			1.3		
1953	58.88		58.8		1.5			1.5		
1954	59.69		59.6		1.4			1.4		
1955	60.98		60.9		2.2			2.2		
1956	62.90		62.8		3.2			3.2		
1957	65.02		65.0		3.4			3.4		
1958	66.06	68.1	66.0	68.0	1.6			1.6		
1959	67.52	69.1	67.5	69.1	2.2	1.6	1.6	2.2	1.6	1.6
1960	68.67	70.3	68.6	70.2	1.7	1.7	1.7	1.7	1.7	1.7
1961	69.28	71.1	69.2	71.1	.9	1.1	1.2	.9	1.2	1.2
1962	70.55	72.0	70.5	72.0	1.8	1.3	1.4	1.9	1.3	1.5
1963	71.59	72.8	71.6	72.8	1.5	1.1	1.3	1.5	1.1	1.3
1964	72.71	73.7	72.7	73.7	1.6	1.2	1.4	1.6	1.2	1.4
1965	74.32	75.0	74.3	75.0	2.2	1.8	1.9	2.2	1.8	1.9
1966	76.76	77.2	76.8	77.2	3.3	2.9	3.1	3.3	3.0	3.1
1967	79.02	79.5	79.0	79.6	2.9	3.0	3.0	3.0	3.0	3.1
1968	82.57	83.0	82.6	83.0	4.5	4.3	4.4	4.5	4.4	4.4
1969	86.72	87.1	86.8	87.1	5.0	5.0	5.0	5.1	5.0	5.0
1970	91.36	91.6	91.4	91.7	5.4	5.2	5.3	5.3	5.2	5.3
1971	96.02	96.1	96.0	96.2	5.1	4.9	5.0	5.1	4.9	5.0
1972	100.00	100.0	100.0	100.0	4.1	4.0	4.1	4.1	4.0	4.1
1973	105.80	106.0	105.7	105.9	5.8	6.0	6.0	5.7	5.9	5.9
1974	116.02	116.8	115.6	116.4	9.7	10.2	9.9	9.3	9.9	9.6
1975	127.15	127.7	126.8	127.2	9.6	9.3	9.4	9.7	9.3	9.4
1976	133.71	134.8	133.3	134.4	5.2	5.6	5.6	5.1	5.6	5.6
1977	141.70	143.5	141.2	142.9	6.0	6.4	6.3	5.9	6.4	6.2
1978	152.05	154.2	151.5	153.7	7.3	7.5	7.4	7.3	7.5	7.4
1979 <sup>p</sup>	165.50	168.7	164.6	168.0	8.8	9.4	8.9	8.7	9.3	8.8
1977:										
I	138.34	140.1	137.8	139.6	6.0	7.4	7.2	5.7	7.1	6.9
II	140.93	142.4	140.4	141.9	7.7	6.6	6.6	7.8	6.8	6.7
III	142.59	144.2	142.0	143.7	4.8	5.1	5.0	4.7	5.0	4.9
IV	144.82	146.7	144.3	146.2	6.4	7.2	6.8	6.6	7.3	7.0
1978:										
I	147.05	149.1	146.5	148.7	6.3	6.8	6.8	6.2	6.8	6.7
II	150.82	152.6	150.2	152.1	10.6	9.6	9.4	10.6	9.7	9.4
III	153.45	155.7	152.9	155.2	7.2	8.3	8.2	7.2	8.3	8.2
IV	156.68	159.0	156.1	158.5	8.7	8.9	8.6	8.7	8.9	8.7
1979:										
I	160.22	162.8	159.5	162.3	9.3	9.9	9.7	9.1	9.9	9.6
II	163.81	166.6	163.1	166.0	9.3	9.5	8.8	9.2	9.4	8.7
III	167.20	170.6	166.2	169.9	8.5	10.0	8.9	8.0	9.6	8.4
IV <sup>p</sup>	170.74	174.7	169.7	173.8	8.7	9.9	9.2	8.6	9.7	8.9

<sup>1</sup> Changes are based on unrounded data and therefore may differ slightly from those obtained from published indexes shown here. Quarterly data are at annual rates.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-5.—*Gross national product by industry in 1972 dollars, 1947-78*

[Billions of 1972 dollars]

Year	Gross national product	Agriculture, forestry, and fisheries	Construction	Manufacturing			Transportation, communication, and utilities	Wholesale and retail trade	Finance insurance, and real estate	Services	Government and government enterprises	All other <sup>1</sup>
				Total	Durable goods industries	Non-durable goods industries						
1947	468.3	26.1	22.9	114.9	68.5	46.4	38.3	76.1	55.4	55.1	68.5	11.1
1948	487.7	28.0	26.5	121.5	72.0	49.6	38.7	78.0	57.1	56.7	69.0	12.0
1949	490.7	27.8	26.5	115.0	66.3	48.8	36.4	79.9	60.7	57.2	73.1	14.1
1950	533.5	29.1	29.3	131.3	78.1	53.2	39.6	87.6	64.4	59.4	75.4	17.5
1951	576.5	28.2	32.5	146.0	89.9	56.1	44.2	88.3	66.7	60.6	89.8	20.2
1952	598.5	29.0	33.8	150.7	94.3	56.4	44.3	91.1	71.1	61.6	96.6	20.2
1953	621.8	30.3	34.8	161.2	102.6	58.6	45.9	94.0	74.0	63.0	96.4	22.3
1954	613.7	31.1	36.0	149.6	91.7	57.9	45.6	94.6	77.7	63.1	94.9	21.1
1955	654.8	31.9	38.2	165.8	103.4	62.4	49.4	103.2	82.0	67.5	95.4	21.4
1956	668.8	31.4	40.9	166.9	102.5	64.4	52.3	106.2	85.7	71.1	97.6	16.6
1957	680.9	30.8	40.9	167.8	102.9	64.9	53.4	108.0	89.8	73.3	100.1	16.8
1958	679.5	32.0	42.1	153.3	88.8	64.5	52.2	107.9	93.5	75.8	101.7	21.0
1959	720.4	30.9	45.5	170.7	100.7	70.0	55.7	115.8	98.1	80.3	103.6	20.0
1960	736.8	32.2	46.1	172.0	101.5	70.5	58.0	117.9	101.9	82.2	107.2	19.4
1961	755.3	32.3	46.6	171.2	99.3	72.0	59.1	119.2	106.8	85.4	111.1	23.6
1962	799.1	32.3	48.3	186.2	110.1	76.2	62.1	126.7	115.3	88.6	115.1	24.5
1963	830.7	32.8	49.8	201.0	119.0	82.1	65.6	131.7	115.3	92.2	118.3	24.1
1964	874.4	32.1	53.7	215.7	129.3	86.4	68.9	139.7	119.3	96.9	122.6	25.6
1965	925.9	33.0	57.0	235.1	144.1	91.0	74.3	148.6	127.2	101.2	127.4	22.1
1966	981.0	31.3	59.0	254.0	157.0	97.0	80.0	156.9	131.4	106.5	136.4	25.4
1967	1,007.7	32.6	59.5	254.1	157.2	96.9	82.3	160.7	136.5	112.7	143.5	25.7
1968	1,051.8	32.4	62.5	268.4	165.5	102.9	88.2	170.6	142.9	116.3	148.1	22.4
1969	1,078.8	33.0	61.2	276.2	169.1	107.2	92.9	174.5	149.3	121.4	151.8	18.4
1970	1,075.3	34.3	57.1	260.6	154.4	106.2	95.1	178.4	152.9	124.7	152.0	20.4
1971	1,107.5	36.1	57.1	264.1	155.3	108.7	97.3	186.8	160.6	126.6	153.1	25.7
1972	1,171.1	35.4	58.0	288.8	171.9	116.8	103.6	201.2	167.3	134.5	154.9	27.7
1973	1,235.0	35.9	58.3	313.0	189.0	124.1	112.6	212.0	171.1	143.1	157.3	31.7
1974	1,217.8	35.7	56.0	291.9	176.0	115.9	112.4	205.7	180.3	144.7	160.0	31.2
1975	1,202.3	37.0	49.8	277.1	162.2	114.9	113.5	206.2	182.3	145.2	162.7	28.5
1976	1,273.0	36.2	53.8	303.5	178.4	125.2	118.6	218.9	192.0	151.9	164.7	33.5
1977	1,340.5	38.3	56.6	325.8	192.5	133.3	124.9	228.0	205.8	159.5	165.5	36.1
1978	1,399.2	38.7	59.2	341.6	203.8	137.8	134.4	239.1	216.1	169.1	168.6	32.3

<sup>1</sup> Mining, rest of the world, and residual (GNP in 1972 dollars measured as the sum of final products less GNP in 1972 dollars measured as the sum of gross product by industry).

Note.—The industry classification is on an establishment basis and is based on the 1972 Standard Industrial Classification.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-6.—Gross national product by major type of product, 1929-79

(Billions of dollars; quarterly data at seasonally adjusted annual rates)

Year or quarter	Gross national product	Final sales	Inventory change	Goods								Services	Structures	Auto output
				Total			Durable goods		Nondurable goods					
				Total	Final sales	Inventory change	Final sales	Inventory change	Final sales	Inventory change				
											Total			
1929	103.4	101.7	1.7	56.1	54.4	1.7	16.1	1.4	38.3	0.3	35.9	11.4		
1933	55.8	57.4	-1.6	27.0	28.6	-1.6	5.4	-5	23.2	-1.1	25.9	2.9		
1939	90.8	90.4	.4	49.0	48.6	.4	12.4	.3	36.2	.1	34.3	7.5		
1940	100.0	97.8	2.2	56.0	53.8	2.2	15.4	1.2	38.4	1.0	35.7	8.3		
1941	124.9	120.4	4.5	72.5	68.0	4.5	23.8	3.1	44.2	1.4	40.6	11.8		
1942	158.3	156.5	1.8	93.7	91.9	1.8	34.5	1.0	57.4	.7	50.6	14.0		
1943	192.0	192.5	-.6	120.4	121.0	-.6	54.2	.0	66.8	-.6	62.9	8.7		
1944	210.5	211.5	-1.0	132.3	133.3	-1.0	58.5	-.6	74.8	-.3	72.2	6.1		
1945	212.3	213.4	-1.0	128.9	129.9	-1.0	50.1	-1.3	79.8	-.2	76.9	6.5		
1946	209.6	203.2	6.4	125.3	118.9	6.4	31.8	5.3	87.1	1.1	68.6	15.7		
1947	232.8	233.2	-.5	139.8	140.3	-.5	44.1	1.7	96.2	-2.2	71.3	21.7	7.3	
1948	259.1	254.4	4.7	154.4	149.7	4.7	46.9	-.7	102.8	4.0	76.7	28.0	8.9	
1949	258.0	261.1	-3.1	147.7	150.8	-3.1	48.3	-2.1	102.5	-1.0	81.9	28.4	12.0	
1950	286.2	279.4	6.8	162.4	155.6	6.8	54.7	4.1	100.9	2.7	88.2	35.6	15.5	
1951	330.2	319.9	10.3	189.5	179.2	10.3	62.5	6.9	116.7	3.4	102.9	37.8	13.4	
1952	347.2	344.0	3.1	194.6	191.5	3.1	67.6	1.1	123.9	2.0	113.1	39.4	12.2	
1953	366.1	365.7	.4	203.1	202.7	.4	71.5	.9	131.2	-.5	121.0	42.0	16.3	
1954	366.3	367.8	-1.5	196.1	197.6	-1.5	69.0	-2.5	128.7	1.0	125.7	44.5	14.9	
1955	399.3	393.3	6.0	214.5	208.5	6.0	78.2	3.0	130.3	2.9	135.3	49.5	21.5	
1956	420.7	416.0	4.7	223.3	218.6	4.7	82.3	2.8	136.3	1.9	145.2	52.2	17.2	
1957	442.8	441.4	1.3	232.3	231.0	1.3	87.3	1.3	143.7	.0	157.5	53.0	19.6	
1958	448.9	450.4	-1.5	228.2	229.7	-1.5	80.5	-2.8	149.2	1.3	166.9	53.8	14.6	
1959	486.5	481.2	5.2	247.4	242.2	5.2	87.4	2.7	154.8	2.5	179.5	59.5	19.6	
1960	506.0	502.2	3.8	254.3	250.6	3.8	89.1	2.4	161.4	1.4	193.2	58.4	21.6	
1961	523.3	521.1	2.2	256.5	254.3	2.2	90.2	-.1	164.1	2.3	206.7	60.1	18.1	
1962	563.8	557.3	6.5	278.0	271.5	6.5	98.4	3.6	173.2	2.9	221.5	64.3	22.9	
1963	594.7	588.8	6.0	289.7	283.7	6.0	105.4	2.7	178.3	3.3	236.2	68.9	25.6	
1964	635.7	629.9	5.8	309.0	303.2	5.8	115.0	3.9	188.2	1.9	254.4	72.4	26.5	
1965	688.1	678.6	9.5	336.6	327.1	9.5	127.0	6.6	200.1	2.9	272.7	78.8	31.8	
1966	753.0	738.7	14.3	373.9	359.6	14.3	139.0	10.0	220.6	4.3	297.7	81.4	31.1	
1967	796.3	786.2	10.1	387.3	377.2	10.1	143.5	5.3	233.7	4.8	326.1	82.9	28.8	
1968	868.5	860.8	7.7	418.9	411.2	7.7	157.4	5.0	253.8	2.8	356.6	93.0	36.6	
1969	935.5	926.2	9.4	446.2	436.8	9.4	169.2	6.1	267.6	3.3	388.7	100.7	36.8	
1970	982.4	978.6	3.8	456.2	452.4	3.8	170.7	.0	281.7	3.7	424.6	101.6	30.6	
1971	1,063.4	1,057.1	6.4	479.8	473.5	6.4	179.8	1.8	293.7	4.6	465.5	118.1	42.2	
1972	1,171.1	1,161.7	9.4	526.0	516.6	9.4	202.1	6.3	314.5	3.2	510.8	134.3	45.1	
1973	1,306.6	1,288.6	17.9	598.8	580.9	17.9	229.6	10.9	351.3	7.0	560.5	147.2	50.7	
1974	1,412.9	1,404.0	8.9	638.6	629.7	8.9	240.8	7.1	389.0	1.8	626.8	147.4	42.9	
1975	1,528.8	1,539.6	-10.7	686.6	697.3	-10.7	267.9	-8.9	429.4	-1.8	697.6	144.7	45.6	
1976	1,702.2	1,692.1	10.0	762.7	752.7	10.0	300.6	5.3	452.0	4.7	776.7	162.7	62.4	
1977	1,899.5	1,877.6	21.9	842.2	820.2	21.9	333.9	11.9	486.3	10.0	866.4	190.9	72.3	
1978	2,127.6	2,105.2	22.3	930.0	907.7	22.3	366.5	13.9	541.2	8.4	969.3	228.2	77.5	
1979 <sup>a</sup>	2,368.5	2,350.2	18.4	1,030.5	1,012.2	18.4	409.7	13.7	602.5	4.7	1,085.3	252.7	76.1	
1977:														
I.....	1,820.2	1,800.9	19.3	812.2	793.0	19.3	329.8	8.8	463.1	10.4	833.5	174.4	72.7	
II.....	1,876.0	1,853.6	22.5	834.2	811.8	22.5	329.9	13.0	481.9	9.5	851.7	190.1	71.5	
III.....	1,930.5	1,902.9	27.5	855.5	828.0	27.5	336.7	14.6	491.3	12.9	878.7	196.3	70.6	
IV.....	1,971.3	1,952.9	18.5	866.6	848.2	18.5	339.3	11.3	508.9	7.1	901.9	202.8	74.2	
1978:														
I.....	2,011.3	1,988.5	22.8	873.0	850.2	22.8	340.1	18.6	510.1	4.2	934.1	204.2	73.9	
II.....	2,104.2	2,078.4	25.8	922.5	896.7	25.8	364.9	13.1	531.8	12.7	956.2	223.6	79.6	
III.....	2,159.6	2,139.5	20.0	940.9	920.8	20.0	372.3	10.3	548.6	9.7	981.7	237.0	75.8	
IV.....	2,235.2	2,214.5	20.6	983.8	963.2	20.6	388.9	13.4	574.3	7.2	1,005.3	246.0	80.6	
1979:														
I.....	2,292.1	2,272.9	19.1	1,011.8	992.7	19.1	407.1	18.4	585.5	.7	1,041.4	238.9	84.3	
II.....	2,329.8	2,296.4	33.4	1,018.1	984.6	33.4	398.0	24.3	586.6	9.1	1,064.2	247.5	77.5	
III.....	2,396.5	2,381.9	14.5	1,036.0	1,021.5	14.5	417.1	7.3	604.4	7.2	1,100.6	259.8	71.2	
IV <sup>a</sup> .....	2,455.8	2,449.5	6.4	1,056.2	1,049.9	6.4	416.4	4.6	633.4	1.8	1,135.0	264.6	71.4	

Source: Department of Commerce, Bureau of Economic Analysis.



TABLE B-7.—Gross national product by major type of product in 1972 dollars, 1929–79

(Billions of 1972 dollars; quarterly data at seasonally adjusted annual rates)

Year or quarter	Gross national product	Final sales	Inventory change	Goods								Services	Structures	Auto output
				Total			Durable goods		Nondurable goods					
				Total	Final sales	Inventory change	Final sales	Inventory change	Final sales	Inventory change				
1929	314.6	310.0	4.6	143.9	139.3	4.6	40.7	3.5	98.6	1.1	126.8	44.0		
1933	222.1	226.9	-4.9	97.2	102.1	-4.9	17.6	-2.1	84.5	-2.8	110.9	14.0		
1939	318.8	317.2	1.6	153.9	152.3	1.6	35.6	.7	116.7	.9	134.6	30.3		
1940	343.3	337.1	6.2	171.2	165.0	6.2	43.1	3.4	121.8	2.8	139.5	32.6		
1941	398.5	386.4	12.0	197.4	185.4	12.0	57.5	8.2	127.9	3.8	157.6	43.4		
1942	460.3	455.1	5.2	221.1	215.9	5.2	76.0	3.5	140.0	1.7	192.7	46.4		
1943	530.6	530.5	.1	263.5	263.4	.1	119.3	.7	144.1	-.6	240.9	26.3		
1944	568.6	570.9	-2.3	286.8	289.1	-2.3	135.9	-1.8	153.2	-.5	263.6	18.1		
1945	560.0	563.6	-3.6	279.2	282.8	-3.6	121.9	-3.7	161.0	.1	261.9	18.9		
1946	476.9	464.7	12.2	238.0	225.8	12.2	60.5	10.8	165.3	1.3	199.7	39.2		
1947	468.3	468.5	-.2	236.8	237.0	-.2	74.9	1.8	162.1	-2.0	186.9	44.7	12.9	
1948	487.7	482.2	5.5	244.2	238.7	5.5	75.6	1.5	163.1	4.0	190.9	52.5	14.7	
1949	490.7	495.1	-4.4	239.9	244.3	-4.4	76.1	-3.7	168.2	-.8	197.0	53.7	18.9	
1950	533.5	522.9	10.6	261.5	250.9	10.6	84.4	6.3	166.5	4.2	206.0	66.0	24.0	
1951	576.5	562.8	13.7	283.1	269.4	13.7	92.6	9.8	176.8	3.9	229.0	64.4	20.4	
1952	598.5	594.2	4.3	292.3	288.0	4.3	100.6	1.8	187.4	2.5	240.6	65.6	18.4	
1953	621.8	620.3	1.5	306.9	305.4	1.5	105.9	1.4	195.5	1	245.5	69.4	23.9	
1954	613.7	615.8	-2.2	292.2	294.4	-2.2	101.7	-3.6	192.7	1.4	247.0	74.5	22.9	
1955	654.8	647.1	7.7	316.3	308.6	7.7	112.9	4.2	195.7	3.5	257.6	80.9	31.3	
1956	668.8	663.0	5.8	320.9	315.1	5.8	113.5	3.7	201.6	2.1	267.2	80.7	24.4	
1957	680.9	679.4	1.5	321.8	320.3	1.5	114.6	1.5	205.6	0	279.3	79.9	25.8	
1958	679.5	681.3	-1.8	312.0	313.8	-1.8	104.8	-3.4	209.0	1.6	285.6	81.9	20.0	
1959	720.4	714.0	6.5	332.5	326.1	6.5	110.6	3.3	215.5	3.2	298.0	89.9	24.7	
1960	736.8	732.4	4.4	337.1	332.8	4.4	111.6	2.9	221.2	1.5	310.7	89.0	26.8	
1961	755.3	752.4	2.9	338.1	335.2	2.9	112.6	-.1	222.7	3.0	325.5	91.7	22.6	
1962	799.1	791.0	8.1	362.0	353.8	8.1	121.1	4.4	232.7	3.7	339.9	97.2	27.5	
1963	830.7	823.0	7.8	373.0	365.2	7.8	128.4	3.4	236.8	4.3	354.0	103.8	30.3	
1964	874.4	867.1	7.3	394.0	386.7	7.3	139.2	5.0	247.5	2.3	372.2	108.1	31.1	
1965	925.9	914.6	11.3	421.5	410.2	11.3	152.6	8.0	257.7	3.3	389.1	115.3	37.4	
1966	981.0	964.3	16.7	455.6	438.9	16.7	165.2	11.9	273.7	4.8	410.2	115.2	36.7	
1967	1,007.7	995.7	12.0	461.9	449.9	12.0	166.6	6.4	283.3	5.6	432.7	113.1	33.5	
1968	1,051.8	1,043.1	8.7	481.1	472.4	8.7	175.7	5.6	296.7	3.2	449.9	120.9	40.6	
1969	1,078.8	1,068.2	10.6	492.3	481.7	10.6	183.3	6.8	298.4	3.7	465.4	121.1	40.0	
1970	1,075.3	1,071.0	4.3	483.4	479.1	4.3	179.1	.1	300.0	4.2	477.2	114.6	32.5	
1971	1,107.5	1,100.9	6.6	491.6	484.9	6.6	181.5	1.8	303.4	4.8	491.1	124.9	42.1	
1972	1,171.1	1,161.7	9.4	526.0	516.6	9.4	202.1	6.2	314.5	3.2	510.8	134.3	45.1	
1973	1,235.0	1,218.5	16.5	569.0	552.5	16.5	225.9	10.6	326.6	5.9	531.1	134.8	50.6	
1974	1,217.8	1,209.9	8.0	554.2	546.2	8.0	222.7	5.6	323.5	2.4	546.4	117.2	40.1	
1975	1,202.3	1,212.1	-9.8	538.3	548.0	-9.8	219.8	-7.0	328.2	-2.7	560.1	104.0	39.4	
1976	1,273.0	1,266.4	6.6	578.4	571.8	6.6	233.2	3.7	338.6	2.9	582.6	112.1	49.9	
1977	1,340.5	1,327.4	13.1	615.6	602.4	13.1	248.6	8.0	353.9	5.2	604.4	120.5	55.2	
1978	1,399.2	1,385.1	14.1	639.5	625.4	14.1	261.4	8.6	364.0	5.5	630.3	129.5	54.9	
1979 P	1,431.1	1,421.0	10.2	652.9	642.8	10.2	270.7	7.6	372.1	2.6	649.8	128.4	51.5	
1977:														
I	1,315.7	1,304.4	11.3	605.0	593.7	11.3	248.5	6.1	345.2	5.2	596.2	114.5	56.1	
II	1,331.2	1,317.8	13.4	610.6	597.2	13.4	246.9	8.5	350.3	4.9	599.6	121.1	55.3	
III	1,353.9	1,337.3	16.6	622.5	605.9	16.6	249.9	9.6	356.0	7.0	608.2	123.2	54.2	
IV	1,361.3	1,350.0	11.3	624.2	612.9	11.3	249.0	7.6	364.0	3.7	613.8	123.3	55.1	
1978:														
I	1,367.8	1,351.3	16.5	621.4	604.9	16.5	248.5	11.8	356.4	4.7	624.2	122.1	53.6	
II	1,395.2	1,379.6	15.6	637.2	621.6	15.6	262.8	7.9	358.8	7.6	627.9	130.1	56.8	
III	1,407.3	1,395.1	12.2	641.8	629.6	12.2	263.6	6.3	366.0	5.9	633.1	132.4	53.0	
IV	1,426.6	1,414.6	12.0	657.3	645.3	12.0	270.6	8.5	374.7	3.5	636.0	133.3	56.3	
1979:														
I	1,430.6	1,418.4	12.3	658.6	646.3	12.3	275.2	10.8	371.2	1.4	645.2	126.8	58.1	
II	1,422.3	1,404.1	18.1	647.3	629.1	18.1	265.1	13.2	364.1	4.9	647.3	127.7	52.9	
III	1,433.3	1,426.2	7.1	651.3	644.2	7.1	272.9	3.7	371.3	3.4	652.0	130.0	47.5	
IV P	1,438.4	1,435.2	3.2	654.5	651.3	3.2	269.5	2.7	381.8	.5	654.7	129.2	47.5	

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-8.—Gross national product: Receipts and expenditures by major economic groups, 1929–79

[Billions of dollars]

Year or quarter	Persons					Government						Surplus or deficit (—), national income and product accounts
	Disposable personal income			Personal consumption expenditures	Personal saving or dis-saving (—)	Net receipts			Expenditures			
	Total <sup>1</sup>	Less: Interest paid and transfers <sup>2</sup>	Equals: Total excluding interest paid and transfers			Tax and nontax receipts or accruals	Less: Transfers, interest, and subsidies <sup>3</sup>	Equals: Net receipts	Total expenditures	Less: Transfers, interest, and subsidies <sup>3</sup>	Equals: Purchases of goods and services	
1929	82.3	1.9	80.4	77.3	3.1	11.3	1.5	9.8	10.3	1.5	8.8	1.0
1933	45.5	.7	44.8	45.8	-1.0	9.3	2.5	6.9	10.7	2.5	8.2	-1.4
1939	69.9	.9	69.1	67.0	2.1	15.4	4.1	11.3	17.6	4.1	13.5	-2.2
1940	75.2	1.0	74.3	71.0	3.3	17.7	4.3	13.5	18.4	4.3	14.2	-7
1941	92.0	1.1	91.0	80.8	10.2	25.0	3.8	21.2	28.8	3.8	24.9	-3.8
1942	116.5	.8	115.6	88.6	27.0	32.6	4.2	28.4	64.0	4.2	59.8	-31.4
1943	132.9	.7	132.1	99.4	32.7	49.2	4.4	44.7	93.3	4.4	88.9	-44.1
1944	145.5	.8	144.6	108.2	36.5	51.2	6.0	45.2	103.0	6.0	97.0	-51.8
1945	149.0	.9	148.0	119.5	28.5	53.2	9.9	43.3	92.7	9.9	82.8	-39.5
1946	158.6	1.4	157.3	143.8	13.4	51.0	18.0	33.0	45.6	18.0	27.5	5.4
1947	168.4	1.7	166.7	161.7	4.9	56.9	17.1	39.9	42.5	17.1	25.5	14.4
1948	187.4	2.1	185.3	174.7	10.6	58.9	18.5	40.4	50.5	18.5	32.0	8.4
1949	187.1	2.3	184.9	178.1	6.7	55.9	20.9	35.0	59.3	20.9	38.4	-3.4
1950	205.5	2.7	202.8	192.0	10.8	69.0	22.5	46.5	61.0	22.5	38.5	8.0
1951	224.8	2.9	221.9	207.1	14.8	85.2	19.1	66.2	79.2	19.1	60.1	6.1
1952	236.4	3.3	233.1	217.1	16.0	90.1	18.3	71.8	93.9	18.3	75.6	-3.8
1953	250.7	4.0	246.6	229.7	17.0	94.6	19.0	75.6	101.6	19.0	82.5	-6.9
1954	255.7	4.3	251.4	235.8	15.6	89.9	21.3	68.6	97.0	21.3	75.8	-7.1
1955	273.4	4.8	268.6	253.7	14.9	101.1	23.0	78.1	98.0	23.0	75.0	3.1
1956	291.3	5.6	285.7	266.0	19.7	109.7	25.1	84.6	104.5	25.1	79.4	5.2
1957	306.9	5.9	301.0	280.4	20.6	116.2	28.2	88.0	115.3	28.2	87.1	.9
1958	317.1	6.0	311.1	289.5	21.7	115.0	32.6	82.4	127.6	32.6	95.0	-12.6
1959	336.1	6.5	329.6	310.8	18.8	129.4	33.4	96.0	131.0	33.4	97.6	-1.6
1960	349.4	7.4	342.0	324.9	17.1	139.5	36.1	103.4	136.4	36.1	100.3	3.1
1961	362.9	7.7	355.2	335.0	20.2	144.8	40.9	103.9	149.1	40.9	108.2	-4.3
1962	383.9	8.3	375.6	355.2	20.4	156.7	42.4	114.3	160.5	42.4	118.0	-3.8
1963	402.8	9.4	393.4	374.6	18.8	168.5	44.1	124.4	167.8	44.1	123.7	.7
1964	437.0	10.5	426.5	400.4	26.1	174.0	46.5	127.5	176.3	46.5	129.8	-2.3
1965	472.2	11.7	460.4	430.2	30.3	188.3	49.5	138.9	187.8	49.5	138.4	.5
1966	510.4	12.6	497.8	464.8	33.0	212.3	54.9	157.4	213.6	54.9	158.7	-1.3
1967	544.5	13.3	531.2	490.4	40.9	228.2	62.2	166.0	242.4	62.2	180.2	-14.2
1968	588.1	14.1	574.0	535.9	38.1	263.4	70.2	193.2	268.9	70.2	198.7	-5.5
1969	630.4	15.6	614.8	579.7	35.1	296.3	77.8	218.5	285.6	77.8	207.9	10.7
1970	685.9	16.6	669.4	618.8	50.6	302.6	93.1	209.5	311.9	93.1	218.9	-9.4
1971	742.8	17.3	725.5	668.2	57.3	322.2	106.8	215.5	340.5	106.8	233.7	-18.3
1972	801.3	18.9	782.4	733.0	49.4	367.4	117.8	249.6	370.9	117.8	253.1	-3.5
1973	901.7	21.5	880.2	809.9	70.3	411.2	135.4	275.8	404.9	135.4	269.5	6.3
1974	984.6	23.4	961.3	889.6	71.7	455.1	155.6	299.5	458.2	155.6	302.7	-3.2
1975	1,086.7	23.9	1,062.7	979.1	83.6	468.5	194.4	274.1	532.8	194.4	338.4	-64.4
1976	1,184.5	26.1	1,158.5	1,089.9	68.6	538.3	212.7	325.6	574.0	212.7	361.3	-35.7
1977	1,305.1	30.2	1,274.9	1,210.0	65.0	606.6	229.9	376.7	626.1	229.9	396.2	-19.5
1978	1,458.4	35.6	1,422.8	1,350.8	72.0	685.7	250.4	435.3	686.0	250.4	435.6	-3
1979 <sup>p</sup>	1,623.2	40.6	1,582.6	1,509.8	72.8	771.9	281.8	490.1	757.9	281.8	476.1	14.0

See next page for continuation of table.

TABLE B-8.—Gross national product: Receipts and expenditures by major economic groups, 1929-79—

Continued

(Billions of dollars)

Year or quarter	Business			International					Total income or receipts	Statistical discrepancy	Gross national product or expenditure
	Gross retained earnings <sup>4</sup>	Gross private domestic investment <sup>5</sup>	Excess of earnings or of investment (-)	Net transfers and interest paid to foreigners <sup>6</sup>	Net exports of goods and services		Excess of net transfers and interest or of net exports (-) <sup>7</sup>				
					Exports	Less: Imports		Equals: Net exports			
1929	11.7	16.2	-4.4	0.4	7.0	5.9	1.1	-0.7	102.3	1.1	103.4
1933	3.2	1.4	1.8	.2	2.4	2.0	.4	-2	55.1	.7	55.8
1939	8.8	9.3	-5	.2	4.4	3.4	1.1	-9	89.4	1.4	90.8
1940	10.9	13.1	-2.2	.2	5.4	3.6	1.7	-1.5	98.9	1.1	100.0
1941	12.0	17.9	-5.8	.2	5.9	4.6	1.3	-1.1	124.3	.5	124.9
1942	14.8	9.9	4.9	.2	4.8	4.8	.0	.2	159.1	-.8	158.3
1943	16.7	5.8	10.9	.2	4.4	6.5	-2.0	2.2	193.8	-1.8	192.0
1944	17.7	7.2	10.5	.3	5.3	7.1	-1.8	2.1	207.8	2.7	210.5
1945	16.0	10.6	5.4	.8	7.2	7.8	-.6	1.4	208.2	4.1	212.3
1946	15.8	30.7	-14.9	2.9	14.8	7.2	7.6	-4.6	208.9	.7	209.6
1947	21.8	34.0	-12.1	2.6	19.8	8.2	11.6	-9.0	231.0	1.8	232.8
1948	30.0	45.9	-15.8	4.5	16.9	10.4	6.5	-2.0	260.3	-1.2	259.1
1949	31.4	35.3	-3.8	5.6	15.9	9.6	6.2	-.6	257.0	1.0	258.0
1950	30.8	53.8	-23.0	4.0	13.9	12.0	1.9	2.1	284.1	2.0	286.2
1951	34.6	59.2	-24.6	3.5	18.9	15.1	3.8	-.3	326.2	4.0	330.2
1952	37.1	52.1	-15.1	2.6	18.2	15.8	2.4	.2	344.5	2.7	347.2
1953	38.0	53.3	-15.3	2.5	17.1	16.6	-.6	1.9	362.8	3.3	366.1
1954	41.0	52.7	-11.7	2.3	18.0	16.0	2.0	.3	363.3	3.0	366.3
1955	47.5	68.4	-20.8	2.5	20.0	17.8	2.2	.3	396.8	2.5	399.3
1956	48.7	71.0	-22.3	2.5	23.9	19.6	4.3	-1.8	421.5	-.8	420.7
1957	51.1	69.2	-18.1	2.5	26.7	20.7	6.1	-3.6	442.6	-.2	442.8
1958	51.3	61.9	-10.6	2.4	23.3	20.8	2.5	-.1	447.2	1.7	449.9
1959	58.5	77.6	-19.0	2.6	23.7	23.2	.6	2.0	486.7	-.2	486.5
1960	58.7	76.4	-17.7	2.6	27.6	23.2	4.4	-1.7	506.7	-.7	506.0
1961	59.8	74.3	-14.5	2.8	28.9	23.1	5.8	-3.0	521.7	1.6	523.3
1962	67.0	85.2	-18.2	3.0	30.6	25.2	5.4	-2.4	559.8	4.0	563.8
1963	70.1	90.2	-20.1	3.1	32.7	26.4	6.3	-3.2	591.0	3.7	594.7
1964	76.2	96.6	-20.4	3.2	37.4	28.4	8.9	-5.7	633.5	2.2	635.7
1965	84.6	112.0	-27.4	3.3	39.5	32.0	7.6	-4.3	687.2	.9	688.1
1966	91.2	124.5	-33.3	3.5	42.8	37.7	5.1	-1.6	749.8	3.2	753.0
1967	93.7	120.8	-27.1	3.7	45.6	40.6	4.9	-1.2	794.6	1.7	796.3
1968	98.2	131.5	-33.3	3.6	49.9	47.7	2.3	1.4	869.1	-.6	868.5
1969	101.7	146.2	-44.5	3.8	54.7	52.9	1.8	2.0	938.8	-3.3	935.5
1970	101.4	140.8	-39.5	4.3	62.5	58.5	3.9	.3	984.5	-2.1	982.4
1971	115.7	160.0	-44.3	5.5	65.6	64.0	1.6	3.9	1,062.1	1.3	1,063.4
1972	131.0	188.3	-57.3	6.5	72.7	75.9	-3.3	9.8	1,169.4	1.7	1,171.1
1973	140.2	220.0	-79.8	7.7	101.6	94.4	7.1	.6	1,303.9	2.6	1,306.6
1974	137.9	214.6	-76.7	8.5	137.9	131.9	6.0	2.5	1,401.1	5.8	1,412.9
1975	176.2	190.9	-14.8	8.5	147.3	126.9	20.4	-11.9	1,521.5	7.4	1,528.8
1976	203.3	243.0	-39.7	8.7	163.3	155.4	8.0	.7	1,696.0	6.1	1,702.2
1977	230.7	303.3	-72.6	9.7	175.9	185.8	-9.9	19.6	1,892.0	7.5	1,899.5
1978	252.9	351.5	-98.6	13.3	207.2	217.5	-10.3	23.5	2,124.2	3.3	2,127.6
1979 <sup>a</sup>	276.0	386.2	-110.2	15.8	257.4	260.9	-3.5	19.3	2,364.6	4.0	2,368.5

<sup>1</sup> Personal income less personal tax and nontax payments (fines, penalties, etc.).

<sup>2</sup> Interest paid by consumers to business and net personal transfer payments to foreigners.

<sup>3</sup> Government transfer payments to persons and foreigners, net interest paid by government, subsidies less current surplus of government enterprises, and disbursements less wage accruals.

<sup>4</sup> Undistributed corporate profits with inventory valuation and capital consumption adjustments, corporate and noncorporate capital consumption allowances with capital consumption adjustment, and private wage accruals less disbursements.

<sup>5</sup> See Table B-14.

<sup>6</sup> Net transfers to foreigners by persons and government and interest paid by government to foreigners.

<sup>7</sup> Capital grants received by the United States (net) less net foreign investment.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-9.—Gross national product by sector, 1929-79

(Billions of dollars, except as noted; quarterly data at seasonally adjusted annual rates)

Year or quarter	Gross national product	Gross domestic product									Rest of the world	Percent change from preceding period, gross domestic product <sup>3</sup>
		Total	Business				Households and institutions	Government <sup>2</sup>				
			Total	Non-farm <sup>1</sup>	Farm	Statistical discrepancy		Total	Federal	State and local		
1929.....	103.4	102.6	95.4	84.7	9.7	1.1	2.9	4.3	0.9	3.5	0.8	.....
1933.....	55.8	55.5	49.1	43.8	4.6	.7	1.7	4.7	1.2	3.5	.3	-4.1
1939.....	90.8	90.5	80.6	72.9	6.3	1.4	2.3	7.6	3.4	4.2	.3	7.0
1940.....	100.0	99.6	89.4	81.8	6.5	1.1	2.4	7.8	3.5	4.3	.4	10.1
1941.....	124.9	124.5	112.6	103.1	8.9	.5	2.5	9.4	5.0	4.4	.4	25.0
1942.....	158.3	157.9	139.9	127.7	13.0	-.8	2.9	15.1	10.6	4.5	.4	26.8
1943.....	192.0	191.6	162.8	149.3	15.3	-1.8	3.2	25.6	20.9	4.7	.3	21.4
1944.....	210.5	210.1	174.2	156.2	15.3	2.7	3.7	32.2	27.2	4.9	.4	9.6
1945.....	212.3	212.0	172.8	152.7	16.0	4.1	4.1	35.2	29.8	5.4	.3	.9
1946.....	209.6	209.0	183.8	164.2	18.9	.7	4.5	20.8	14.6	6.2	.5	-1.4
1947.....	232.8	231.8	210.0	188.0	20.2	1.8	5.1	16.7	9.4	7.3	.9	10.9
1948.....	259.1	257.9	234.9	212.7	23.3	-1.2	5.6	17.4	8.9	8.5	1.2	11.3
1949.....	258.0	256.9	231.5	211.7	18.8	1.0	5.9	19.4	10.0	9.4	1.1	-4
1950.....	286.2	284.8	257.5	235.5	20.0	6.4	6.4	20.9	10.7	10.1	1.3	10.9
1951.....	330.2	328.7	294.4	267.4	22.9	4.0	6.9	27.4	16.2	11.2	1.5	15.4
1952.....	347.2	345.7	307.3	282.5	22.2	2.7	7.2	31.2	18.9	12.3	1.5	5.2
1953.....	366.1	364.6	324.9	301.2	20.3	3.3	7.8	31.9	18.6	13.3	1.5	5.5
1954.....	366.3	364.5	323.9	301.3	19.6	3.0	8.1	32.5	17.8	14.7	1.8	-0
1955.....	399.3	397.3	354.0	332.8	18.8	2.5	9.1	34.2	18.4	15.8	2.0	9.0
1956.....	420.7	418.5	372.1	354.3	18.6	-8	9.8	36.6	19.0	17.6	2.2	5.3
1957.....	442.8	440.5	390.8	372.3	18.4	.2	10.5	39.1	19.6	19.6	2.3	5.2
1958.....	448.9	446.6	393.1	370.7	20.7	1.7	11.4	42.1	20.5	21.6	2.2	1.4
1959.....	486.5	484.0	427.7	408.9	19.1	-2	12.3	44.0	20.9	23.1	2.4	8.4
1960.....	506.0	503.5	442.5	423.0	20.2	-7	13.8	47.1	21.7	25.5	2.5	4.0
1961.....	523.3	520.2	455.3	433.4	20.2	1.6	14.4	50.5	22.6	27.9	3.1	3.3
1962.....	563.8	560.2	490.4	465.9	20.5	4.0	15.5	54.3	24.1	30.2	3.6	7.7
1963.....	594.7	591.1	516.5	492.2	20.5	3.7	16.6	58.0	25.2	32.9	3.7	5.5
1964.....	635.7	631.4	550.7	529.2	19.3	2.2	17.8	62.9	27.0	35.9	4.3	6.8
1965.....	688.1	683.4	596.6	573.8	22.0	.9	19.2	67.6	28.3	39.3	4.7	8.2
1966.....	753.0	748.8	651.1	625.0	22.9	3.2	21.1	76.5	32.4	44.1	4.2	9.6
1967.....	796.3	791.8	682.7	658.8	22.2	1.7	23.9	85.1	35.6	49.5	4.6	5.7
1968.....	868.5	863.7	742.2	720.2	22.6	-6	26.4	95.2	39.3	55.9	4.8	9.1
1969.....	935.5	931.1	798.1	776.2	25.2	-3.3	29.2	103.7	41.8	61.9	4.5	7.8
1970.....	982.4	977.8	831.5	807.6	25.9	-2.1	31.6	114.7	44.7	70.0	4.6	5.0
1971.....	1,063.4	1,056.8	896.9	867.9	27.7	1.3	34.7	125.2	46.8	78.5	6.6	8.1
1972.....	1,171.1	1,164.1	989.5	955.8	32.0	1.7	37.2	137.4	50.1	87.3	7.0	10.1
1973.....	1,306.6	1,297.5	1,108.0	1,055.2	50.1	2.6	40.5	149.1	51.9	97.1	9.1	11.5
1974.....	1,412.9	1,399.8	1,193.7	1,139.9	48.0	5.8	44.8	161.4	54.9	106.5	13.1	7.9
1975.....	1,528.8	1,518.3	1,289.2	1,232.6	49.2	7.4	50.5	178.6	59.0	119.6	10.5	8.5
1976.....	1,702.2	1,687.7	1,437.7	1,385.2	46.4	6.1	56.4	193.5	62.4	131.2	14.5	11.2
1977.....	1,899.5	1,881.7	1,609.0	1,552.2	49.2	7.5	62.6	210.1	66.4	143.7	17.8	11.5
1978.....	2,127.6	2,107.0	1,807.8	1,745.0	59.5	3.3	69.6	229.6	71.8	157.8	20.5	12.0
1979 <sup>p</sup> .....	2,368.5	2,343.3	2,017.7	1,944.2	69.5	4.0	77.2	248.4	77.0	171.4	25.2	11.2
1977:												
I.....	1,820.2	1,802.9	1,538.7	1,481.4	48.2	9.1	60.4	203.7	65.2	138.6	17.4	15.0
II.....	1,876.0	1,858.5	1,590.0	1,533.5	47.9	8.6	61.4	207.1	65.3	141.7	17.6	12.9
III.....	1,930.5	1,911.7	1,637.4	1,582.1	47.6	7.7	63.2	211.1	65.6	145.5	18.8	12.0
IV.....	1,971.3	1,953.8	1,669.7	1,612.0	53.2	4.6	65.4	218.7	69.6	149.1	17.5	9.1
1978:												
I.....	2,011.3	1,992.0	1,701.1	1,641.8	56.3	3.0	67.3	223.6	70.2	153.4	19.3	8.1
II.....	2,104.2	2,083.2	1,787.5	1,725.8	59.4	2.3	68.9	226.8	70.7	156.1	21.0	19.6
III.....	2,159.6	2,138.9	1,837.6	1,774.8	58.9	3.9	70.3	231.0	71.5	159.2	20.7	11.1
IV.....	2,235.2	2,213.9	1,904.9	1,837.5	63.3	4.1	72.1	237.0	74.8	162.7	21.2	14.8
1979:												
I.....	2,292.1	2,267.9	1,951.4	1,880.8	70.0	.6	74.8	241.8	75.5	166.3	24.2	10.1
II.....	2,329.8	2,306.1	1,984.5	1,915.2	70.6	-1.3	75.8	245.8	75.8	170.0	23.7	6.9
III.....	2,396.5	2,369.5	2,042.0	1,964.8	68.9	8.3	77.9	249.6	76.3	173.3	26.9	11.5
IV <sup>p</sup> .....	2,455.8	2,429.7	2,092.8	.....	68.3	.....	80.4	256.6	80.6	175.9	26.1	10.6

<sup>1</sup> Includes compensation of employees in government enterprises.

<sup>2</sup> Compensation of government employees.

<sup>3</sup> Changes are based on unrounded data and therefore may differ slightly from those obtained from data shown here. See Table B-1 for percent changes in gross national product.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-10.—Gross national product by sector in 1972 dollars, 1929-79

(Billions of 1972 dollars, except as noted; quarterly data at seasonally adjusted annual rates)

Year or quarter	Gross national product	Gross domestic product										Rest of the world	Percent change from preceding period, gross domestic product <sup>4</sup>
		Total	Business					Households and institutions	Government <sup>3</sup>				
			Total	Non-farm <sup>1</sup>	Farm	Residual <sup>2</sup>	Total		Federal	State and local			
1929	314.6	312.8	271.1	244.2	23.8	3.1	15.6	26.1	5.2	20.9	1.9	.....	
1933	222.1	220.5	179.7	152.1	25.0	2.6	12.2	28.7	6.6	22.0	1.6	-2.2	
1939	318.8	317.7	260.6	230.7	25.3	4.7	15.1	42.0	16.9	25.1	1.2	7.7	
1940	343.3	342.0	282.0	253.8	24.7	3.6	16.1	43.9	18.6	25.3	1.3	7.7	
1941	398.5	397.2	326.3	299.1	26.3	.9	15.9	55.1	29.6	25.5	1.2	16.1	
1942	460.3	459.2	361.0	336.0	28.7	-3.8	16.4	81.8	56.7	25.0	1.1	15.6	
1943	530.6	529.7	385.2	363.9	27.8	-6.6	15.2	129.3	105.0	24.4	1.0	15.4	
1944	568.6	567.5	403.5	372.7	27.3	3.5	15.1	149.0	125.2	23.8	1.0	7.2	
1945	560.0	559.2	397.9	366.4	25.8	5.8	15.0	146.2	121.8	24.5	.8	-1.5	
1946	476.9	475.8	384.9	362.2	25.8	-3.0	15.1	75.8	49.7	26.1	1.1	-14.9	
1947	468.3	466.7	392.8	370.8	23.9	-1.9	16.0	57.9	29.8	28.1	1.6	-1.9	
1948	487.7	485.9	411.2	387.2	25.7	-1.7	16.7	58.0	29.2	28.8	1.8	4.1	
1949	490.7	488.8	409.4	382.1	25.5	1.8	17.3	62.2	31.3	30.9	1.9	6	
1950	531.5	531.5	448.6	417.9	26.9	3.8	18.3	64.6	32.7	31.9	1.9	8.7	
1951	576.5	574.7	477.2	445.9	25.8	5.5	18.7	78.8	46.2	32.6	1.8	8.1	
1952	598.5	596.7	492.8	460.7	26.3	7.7	18.6	85.3	51.6	33.7	1.8	3.8	
1953	621.8	619.9	515.6	480.6	27.6	7.3	19.3	85.0	49.6	35.5	2.0	3.9	
1954	613.7	611.4	508.0	473.4	28.3	6.2	19.4	83.9	47.2	36.7	2.3	-1.4	
1955	654.8	652.2	546.5	512.5	29.2	4.8	21.4	84.4	45.9	38.4	2.5	6.7	
1956	668.8	666.1	557.2	529.3	28.8	-9	22.5	86.5	45.6	40.8	2.7	2.1	
1957	680.9	678.0	566.0	538.7	28.1	-8	23.1	88.9	45.8	43.1	2.9	1.8	
1958	679.5	676.5	561.9	528.2	29.3	4.4	24.2	90.4	44.5	45.8	3.0	-2	
1959	720.4	717.3	600.5	569.6	28.2	2.7	24.9	91.8	44.5	47.3	3.2	6.0	
1960	736.8	733.6	611.8	580.5	29.5	1.8	26.8	94.9	45.2	49.7	3.2	2.3	
1961	755.3	751.2	625.6	590.9	29.6	5.1	27.2	98.5	46.2	52.3	4.1	2.4	
1962	799.1	794.3	663.9	629.6	29.5	4.8	28.3	102.1	48.3	53.9	4.8	5.7	
1963	830.7	825.8	692.0	658.4	30.0	3.6	29.0	104.8	48.2	56.6	4.9	6.0	
1964	874.4	868.7	730.4	697.1	29.2	4.0	29.9	108.4	48.5	60.0	5.7	5.2	
1965	925.9	919.9	776.4	746.7	30.1	-4	31.1	112.4	48.7	63.6	6.1	5.9	
1966	981.0	975.6	822.4	791.1	28.5	2.8	32.8	120.4	53.0	67.5	5.4	6.1	
1967	1,007.7	1,001.9	839.8	807.8	29.6	2.4	34.8	127.2	57.2	70.0	5.8	2.7	
1968	1,051.8	1,045.7	878.2	850.6	29.4	-1.8	35.9	131.7	58.1	73.6	6.1	4.4	
1969	1,078.8	1,073.1	901.5	877.4	29.9	-5.9	36.6	135.0	58.2	76.8	5.7	2.6	
1970	1,075.3	1,069.8	898.3	871.3	31.1	-4.2	36.3	135.2	55.2	80.1	5.5	-3	
1971	1,107.5	1,100.3	927.6	894.9	32.8	-1	36.6	136.0	52.5	83.5	7.2	2.8	
1972	1,171.1	1,164.1	989.5	955.8	32.0	1.7	37.2	137.4	50.1	87.3	7.0	5.8	
1973	1,235.0	1,227.4	1,050.4	1,013.2	32.3	4.9	38.1	138.9	48.3	90.6	7.6	5.4	
1974	1,217.8	1,211.0	1,031.2	993.7	32.2	5.3	38.0	141.9	48.6	93.3	6.8	-1.3	
1975	1,202.3	1,197.5	1,013.6	975.3	33.7	4.7	39.4	144.4	48.5	96.0	4.9	-1.1	
1976	1,273.0	1,266.2	1,079.7	1,039.9	32.4	7.4	40.7	145.8	48.5	97.3	6.8	5.7	
1977	1,340.5	1,332.9	1,143.7	1,100.7	34.4	8.7	42.2	147.0	48.7	98.4	7.6	5.3	
1978	1,399.2	1,391.1	1,197.5	1,160.0	34.2	3.4	43.6	149.9	49.1	100.8	8.1	4.4	
1979 P	1,431.1	1,423.2	1,227.7	1,190.7	34.7	2.4	45.0	150.5	49.1	101.3	7.9	2.3	
1977:													
I	1,315.7	1,308.3	1,120.9	1,079.1	32.3	9.5	41.4	146.0	48.6	97.4	7.4	8.8	
II	1,331.2	1,323.6	1,135.6	1,093.5	33.0	9.1	41.7	146.2	48.6	97.6	7.6	4.7	
III	1,353.9	1,346.0	1,155.9	1,111.3	35.9	8.7	42.5	147.6	48.7	98.8	7.9	6.9	
IV	1,361.3	1,353.9	1,162.4	1,118.7	36.2	7.5	43.2	148.3	48.7	99.5	7.4	2.4	
1978:													
I	1,367.8	1,359.9	1,167.5	1,126.6	35.7	5.3	43.0	149.4	48.9	100.5	7.8	1.8	
II	1,395.2	1,386.8	1,193.6	1,156.2	34.2	3.2	43.4	149.8	49.0	100.8	8.4	8.1	
III	1,407.3	1,399.2	1,205.1	1,169.1	33.6	2.4	43.9	150.2	49.2	100.9	8.1	3.6	
IV	1,426.6	1,418.4	1,223.9	1,188.0	33.2	2.7	44.1	150.4	49.3	101.1	8.1	5.6	
1979:													
I	1,430.6	1,421.7	1,226.9	1,193.1	33.4	.4	44.4	150.4	49.2	101.2	8.9	.9	
II	1,422.3	1,414.2	1,219.0	1,184.7	35.1	-.8	44.7	150.5	49.1	101.4	8.1	-2.1	
III	1,433.3	1,425.3	1,229.3	1,189.4	34.9	5.0	45.4	150.6	49.2	101.5	8.0	3.2	
IV P	1,438.4	1,431.7	1,235.8	1,195.5	35.3	5.0	45.7	150.3	49.0	101.2	6.7	1.8	

<sup>1</sup> Includes compensation of employees in government enterprises.<sup>2</sup> The difference between gross product in 1972 dollars measured as the sum of final products and that measured as the sum of gross product by industry.<sup>3</sup> Compensation of government employees.<sup>4</sup> Changes are based on unrounded data and therefore may differ slightly from those obtained from data shown here. See Table B-2 for percent changes in gross national product in 1972 dollars.

Source: Department of Commerce, Bureau of Economic Analysis.



TABLE B-12.—Output, costs, and profits of nonfinancial corporate business, 1948-79

[Quarterly data at seasonally adjusted annual rates]

Year or quarter	Gross domestic product of nonfinancial corporate business (billions of dollars)		Current-dollar cost and profit per unit of output (dollars) <sup>1</sup>								Output per hour of all employees (1972 dollars)	Compensation per hour of all employees (dollars)
			Total cost and profit <sup>2</sup>	Capital consumption allowances with capital consumption adjustment	Indirect business tax, etc. <sup>3</sup>	Compensation of employees	Net interest	Corporate profits with inventory valuation and capital consumption adjustments				
	Current dollars	1972 dollars						Total	Profits tax liability	Profits after tax <sup>4</sup>		
1948	137.3	229.7	0.598	0.047	0.053	0.382	0.004	0.112	0.051	0.061		
1949	133.5	219.9	.607	.053	.057	.388	.004	.105	.042	.062		
1950	151.9	247.5	.614	.051	.057	.383	.004	.120	.068	.051		
1951	174.5	270.2	.646	.054	.056	.408	.004	.124	.079	.045		
1952	182.3	275.2	.663	.057	.061	.430	.004	.110	.065	.046		
1953	195.0	292.0	.668	.058	.062	.441	.004	.102	.063	.039		
1954	191.9	283.5	.677	.063	.061	.446	.006	.101	.055	.046		
1955	216.7	315.1	.688	.061	.061	.439	.005	.121	.064	.057		
1956	231.6	324.1	.715	.066	.064	.467	.005	.112	.062	.050		
1957	242.3	328.3	.738	.072	.068	.484	.007	.106	.058	.048		
1958	236.3	313.4	.754	.080	.073	.497	.009	.096	.052	.044	5.201	2.587
1959	265.7	347.3	.765	.075	.073	.494	.009	.114	.060	.055	5.428	2.682
1960	277.3	358.9	.773	.075	.079	.505	.010	.104	.053	.051	5.539	2.795
1961	284.5	366.7	.776	.076	.082	.505	.011	.102	.053	.049	5.715	2.885
1962	311.0	399.7	.778	.072	.083	.500	.011	.112	.052	.061	5.992	2.996
1963	330.9	425.4	.778	.070	.084	.495	.011	.118	.054	.064	6.238	3.089
1964	357.6	455.2	.786	.068	.084	.497	.012	.125	.053	.072	6.475	3.218
1965	392.1	494.6	.793	.066	.083	.497	.012	.134	.055	.079	6.685	3.325
1966	430.7	532.9	.808	.067	.080	.513	.014	.134	.055	.078	6.828	3.504
1967	452.9	545.8	.830	.072	.084	.535	.016	.123	.051	.072	6.906	3.694
1968	498.4	581.6	.857	.074	.089	.553	.017	.124	.058	.066	7.133	3.944
1969	541.8	607.3	.892	.079	.094	.589	.022	.109	.055	.055	7.154	4.207
1970	560.6	600.6	.933	.088	.103	.628	.028	.086	.045	.041	7.147	4.487
1971	602.5	619.3	.973	.094	.110	.645	.029	.095	.048	.046	7.389	4.766
1972	671.0	671.0	1.000	.093	.110	.661	.028	.107	.050	.057	7.631	5.047
1973	752.0	720.4	1.044	.095	.112	.699	.032	.105	.055	.050	7.790	5.447
1974	808.8	695.0	1.164	.116	.123	.796	.043	.086	.061	.024	7.492	5.961
1975	874.1	680.0	1.285	.142	.136	.848	.045	.113	.060	.053	7.726	6.554
1976	988.0	730.4	1.353	.146	.137	.890	.042	.138	.072	.066	7.973	7.098
1977	1,106.3	770.7	1.436	.151	.140	.951	.043	.151	.077	.074	8.064	7.666
1978	1,246.9	818.7	1.523	.155	.143	1.020	.048	.157	.084	.073	8.142	8.302
1979 <sup>p</sup>	1,388.3	844.0	1.645	.167	.150	1.114	.056	.158	.089	.069		
1977:												
I	1,054.6	755.2	1.396	.148	.139	.928	.042	.141	.076	.065	8.063	7.480
II	1,093.3	766.1	1.427	.149	.139	.945	.042	.152	.078	.074	8.042	7.596
III	1,128.9	778.5	1.450	.151	.140	.954	.044	.161	.077	.084	8.110	7.738
IV	1,148.6	782.9	1.467	.154	.142	.975	.046	.150	.078	.073	8.059	7.859
1978:												
I	1,169.1	789.8	1.480	.156	.143	1.002	.047	.132	.071	.061	8.056	8.071
II	1,236.5	817.1	1.513	.154	.144	1.009	.047	.159	.085	.074	8.138	8.212
III	1,267.9	826.3	1.535	.155	.142	1.024	.049	.163	.086	.077	8.179	8.379
IV	1,314.1	841.4	1.562	.155	.143	1.042	.050	.171	.093	.078	8.201	8.544
1979:												
I	1,346.4	846.6	1.590	.158	.145	1.075	.052	.161	.088	.072	8.159	8.770
II	1,370.4	841.0	1.629	.165	.148	1.104	.054	.159	.085	.074	8.100	8.941
III	1,401.3	842.4	1.664	.170	.151	1.127	.057	.157	.091	.066	8.095	9.127

<sup>1</sup> Output is measured by gross domestic product of nonfinancial corporate business in 1972 dollars.

<sup>2</sup> This is equal to the deflator for gross domestic product of nonfinancial corporate business with the decimal point shifted two places to the left.

<sup>3</sup> Indirect business tax and nontax liability plus business transfer payments less subsidies.

<sup>4</sup> With inventory valuation and capital consumption adjustments.

Sources: Department of Commerce (Bureau of Economic Analysis) and Department of Labor (Bureau of Labor Statistics).





TABLE B-14.—Gross private domestic investment, 1929-79

(Billions of dollars; quarterly data at seasonally adjusted annual rates)

Year or quarter	Gross private domestic investment	Fixed investment										Change in business inventories		
		Total	Nonresidential						Residential				Total	Non-farm
			Total	Structures		Producers' durable equipment		Total	Non-farm structures	Farm structures	Producers' durable equipment			
				Total	Non-farm	Total	Non-farm							
1929	16.2	14.5	10.5	5.0	4.8	5.5	4.8	4.0	3.8	0.2	0.1	1.7	1.8	
1933	1.4	3.0	2.4	.9	.9	1.4	1.3	.6	.5	.0	.0	-1.6	-1.4	
1939	9.3	8.8	5.8	2.0	1.9	3.9	3.3	3.0	2.8	.1	.1	.4	.3	
1940	13.1	10.9	7.5	2.3	2.2	5.2	4.5	3.5	3.2	.2	.1	2.2	1.9	
1941	17.9	13.4	9.4	2.9	2.8	6.4	5.5	4.0	3.7	.2	.1	4.5	4.0	
1942	9.9	8.1	6.0	1.9	1.8	4.1	3.5	2.2	1.9	.2	.1	1.8	.7	
1943	5.8	6.4	5.0	1.3	1.2	3.7	3.2	1.4	1.2	.2	.0	-.6	-.6	
1944	7.2	8.1	6.8	1.8	1.7	5.0	4.2	1.3	1.1	.1	.0	-1.0	-.6	
1945	10.6	11.7	10.1	2.8	2.6	7.3	6.3	1.6	1.4	.1	.0	-1.0	-.6	
1946	30.7	24.3	16.8	6.8	6.1	9.9	9.0	7.5	6.8	.5	.2	6.4	6.4	
1947	34.0	34.4	22.9	7.6	6.8	15.3	13.4	11.5	10.5	.7	.3	-.5	1.3	
1948	45.9	41.1	26.2	8.9	8.1	17.3	14.7	15.0	13.8	.9	.3	4.7	3.0	
1949	35.3	38.4	24.3	8.6	7.8	15.7	12.8	14.1	12.9	.8	.3	-3.1	-2.2	
1950	53.8	47.0	27.1	9.3	8.6	17.8	14.9	19.9	18.7	.8	.4	6.8	6.0	
1951	59.2	48.9	31.1	11.3	10.5	19.9	16.9	17.7	16.6	.8	.4	10.3	9.1	
1952	52.1	49.0	31.2	11.5	10.6	19.7	17.1	17.8	16.6	.8	.4	3.1	2.1	
1953	53.3	52.9	34.3	12.8	12.0	21.5	18.7	18.6	17.5	.8	.4	4.4	1.1	
1954	52.7	54.3	34.0	13.2	12.4	20.8	18.4	20.3	19.2	.7	.4	-1.5	-2.1	
1955	68.4	62.4	38.3	14.4	13.7	23.9	21.3	24.1	23.0	.6	.4	6.0	5.5	
1956	71.0	66.3	43.7	17.4	16.6	26.3	24.1	22.6	21.4	.7	.5	4.7	5.1	
1957	69.2	67.9	46.7	18.1	17.4	28.6	26.2	21.2	20.0	.7	.5	1.3	.8	
1958	61.9	63.4	41.6	16.7	16.0	24.3	21.9	21.8	20.7	.7	.5	-1.5	-2.3	
1959	77.6	72.3	45.3	17.0	16.1	28.3	25.2	27.0	25.8	.7	.6	5.2	5.3	
1960	76.4	72.7	47.7	18.2	17.3	29.5	27.0	25.0	23.9	.6	.5	3.8	3.5	
1961	74.3	72.1	47.1	18.4	17.5	28.7	26.1	25.0	23.8	.7	.5	2.2	1.9	
1962	85.2	78.7	51.2	19.4	18.5	31.8	28.9	27.4	26.3	.6	.5	6.5	5.8	
1963	90.2	84.2	53.6	19.6	18.6	34.0	30.6	30.6	29.4	.7	.6	6.0	5.2	
1964	96.6	90.8	59.7	21.5	20.5	38.2	34.6	31.2	29.9	.7	.6	5.8	6.4	
1965	112.0	102.5	71.3	26.1	25.1	45.1	41.2	31.2	29.9	.6	.7	9.5	8.5	
1966	124.5	110.2	81.4	29.2	28.1	52.2	47.9	28.7	27.4	.7	.7	14.3	14.5	
1967	120.8	110.7	82.1	29.5	28.2	52.6	48.0	28.6	27.2	.7	.7	10.1	9.4	
1968	131.5	123.8	89.3	31.6	30.4	57.7	53.4	34.5	33.1	.6	.8	7.7	7.6	
1969	146.2	136.8	98.9	35.7	34.3	63.3	58.9	37.9	36.3	.7	.9	9.4	9.2	
1970	140.8	137.0	100.5	37.7	36.1	62.8	58.1	36.6	35.1	.6	.9	3.8	3.7	
1971	160.0	153.6	104.1	39.3	37.8	64.7	59.9	49.6	47.9	.7	1.0	6.4	5.1	
1972	188.3	178.8	116.8	42.5	41.1	74.3	69.1	62.0	60.3	.7	1.1	9.4	8.8	
1973	220.0	202.1	136.0	49.0	46.9	87.0	80.1	66.1	64.3	.6	1.2	17.9	14.7	
1974	214.6	205.7	150.6	54.5	51.8	96.2	88.2	55.1	52.7	1.2	1.2	8.9	10.8	
1975	190.9	201.6	150.2	53.8	51.3	96.4	87.4	51.5	49.5	.9	1.1	-10.7	-14.3	
1976	243.0	233.0	164.9	57.3	54.7	107.6	97.4	68.1	65.7	1.1	1.3	10.0	12.1	
1977	303.3	281.3	189.4	62.6	59.8	126.8	116.3	91.9	88.8	1.5	1.6	21.9	20.7	
1978	351.5	329.1	221.1	76.5	73.3	144.6	132.6	108.0	104.4	1.8	1.9	22.3	21.3	
1979 P	386.2	367.8	253.9	92.3	88.6	161.6	147.3	113.9	110.0	1.9	2.0	18.4	16.6	
1977:														
I	280.4	261.1	179.8	58.1	55.5	121.7	110.9	81.3	78.3	1.6	1.5	19.3	20.1	
II	300.0	277.5	186.1	62.1	59.2	124.1	113.6	91.4	88.3	1.6	1.5	22.5	21.5	
III	315.7	288.2	193.2	64.2	61.2	129.0	118.8	95.0	91.7	1.6	1.6	27.5	25.6	
IV	316.9	298.5	198.6	66.2	63.3	132.4	121.8	99.9	97.0	1.2	1.7	18.5	15.7	
1978:														
I	327.0	304.1	203.7	66.9	63.8	136.8	126.4	100.5	96.8	1.9	1.9	22.8	22.0	
II	352.3	326.5	218.8	75.2	72.0	143.6	131.9	107.7	104.3	1.4	2.0	25.8	25.3	
III	356.2	336.1	225.9	79.7	76.4	146.3	133.5	110.2	106.4	1.9	1.9	20.0	18.5	
IV	370.5	349.8	236.1	84.4	81.1	151.8	138.9	113.7	110.0	1.9	1.9	20.6	19.3	
1979:														
I	373.8	354.6	243.4	84.9	81.2	158.5	146.1	111.2	107.8	1.5	1.9	19.1	18.8	
II	395.4	361.9	249.1	90.5	86.8	158.6	144.5	112.9	109.1	1.8	2.0	33.4	32.6	
III	392.3	377.8	261.8	95.0	91.4	166.7	150.0	116.0	112.0	2.0	2.0	14.5	12.6	
IV P	383.3	376.9	261.3	98.7	94.9	162.6	148.5	115.6	111.2	2.3	2.1	6.4	2.3	

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-15.—Inventories and final sales of business, 1946-79

[Billions of dollars, except as noted; seasonally adjusted]

Year and quarter	Inventories <sup>1</sup>							Final sales <sup>2</sup>	Inventory—final sales ratio	
	Total	Farm	Nonfarm				Total		Non-farm <sup>3</sup>	
			Total	Manufacturing	Wholesale trade	Retail trade				Other
Fourth quarter:										
1946	73.7	21.8	51.9	26.7	9.6	11.9	3.7	192.0	0.384	0.270
1947	86.9	25.8	61.1	31.8	10.6	14.1	4.6	219.6	.396	.278
1948	90.6	23.4	67.2	34.8	12.1	15.3	4.9	235.7	.384	.285
1949	81.0	19.5	61.4	31.0	11.7	14.3	4.4	234.6	.345	.262
1950	98.8	24.2	74.6	37.4	14.3	17.7	5.2	259.8	.380	.287
1951	112.1	26.5	85.6	46.2	14.9	18.3	6.2	295.6	.379	.290
1952	109.4	23.1	86.3	47.3	14.9	17.9	6.2	313.3	.349	.275
1953	110.1	21.6	88.5	49.3	15.1	18.5	5.5	325.8	.338	.272
1954	107.2	20.5	86.7	47.0	15.4	18.7	5.6	330.1	.325	.263
1955	112.1	17.6	94.6	51.4	16.7	20.9	5.6	356.5	.315	.265
1956	121.8	18.3	103.5	57.5	17.8	21.8	6.4	377.0	.323	.274
1957	126.7	20.9	105.8	57.9	18.1	22.9	6.9	392.7	.323	.269
1958	128.9	24.9	103.9	56.0	18.1	22.9	6.9	405.0	.318	.257
1959	132.3	23.6	108.7	57.5	19.2	24.1	8.0	426.7	.310	.255
1960	136.2	24.8	111.3	58.1	19.6	25.6	8.1	442.1	.308	.252
1961	138.4	25.0	113.4	59.5	20.2	25.1	8.7	465.3	.297	.244
1962	145.2	26.6	118.6	62.5	20.9	26.7	8.6	492.7	.295	.241
1963	151.5	26.9	124.6	64.8	22.4	28.2	9.2	524.2	.289	.238
1964	157.6	25.7	131.8	68.5	23.6	29.8	9.9	553.1	.285	.238
1965	172.7	29.7	143.0	73.7	25.3	33.1	10.9	610.7	.283	.234
1966	189.1	28.9	160.2	83.4	28.6	36.6	11.6	647.5	.292	.247
1967	202.2	29.2	173.0	91.1	30.6	37.8	13.5	688.0	.294	.251
1968	215.3	30.4	184.9	97.4	32.4	40.7	14.4	757.6	.284	.244
1969	236.2	33.4	202.8	107.1	35.3	44.4	16.1	804.5	.294	.252
1970	244.2	31.7	212.5	110.8	38.3	45.6	17.7	839.4	.291	.253
1971	269.9	36.8	225.1	113.6	41.2	51.0	19.2	915.2	.286	.246
1972	288.6	44.6	243.9	120.4	45.7	55.9	21.8	1,019.9	.283	.239
1973	355.8	66.2	289.6	143.6	55.2	64.4	26.4	1,120.5	.318	.258
1974	425.6	61.9	363.7	186.4	69.8	72.3	35.2	1,216.0	.350	.299
1975	428.3	64.3	364.0	187.9	68.1	72.1	35.9	1,355.1	.316	.269
1976	460.5	60.8	399.7	203.9	76.6	80.5	38.8	1,480.9	.311	.270
1977	506.0	61.5	444.5	222.5	86.4	91.6	44.1	1,651.3	.306	.269
1978	586.9	76.7	510.2	253.7	102.0	105.4	49.1	1,884.3	.311	.271
1979 <sup>a</sup>	684.3	81.8	602.5	305.3	118.6	118.7	59.9	2,086.5	.328	.289
1977:										
I	474.6	61.5	413.0	208.7	80.2	83.6	40.5	1,519.5	.312	.272
II	479.2	57.6	421.6	213.2	81.0	85.7	41.7	1,567.6	.306	.269
III	490.1	57.1	433.0	217.4	83.4	88.9	43.2	1,609.9	.304	.269
IV	506.0	61.5	444.5	222.5	86.4	91.6	44.1	1,651.3	.306	.269
1978:										
I	526.4	66.1	460.3	230.3	90.9	95.0	44.1	1,678.3	.314	.274
II	544.7	69.0	475.7	237.0	94.2	98.8	45.7	1,761.7	.309	.270
III	563.2	71.5	491.7	245.5	97.1	102.0	47.0	1,817.6	.310	.271
IV	586.9	76.7	510.2	253.7	102.0	105.4	49.1	1,884.3	.311	.271
1979:										
I	613.4	79.8	533.5	267.4	106.9	107.6	51.6	1,932.2	.317	.276
II	635.1	81.2	553.9	277.7	111.0	111.6	53.5	1,951.1	.325	.284
III	662.9	79.9	583.0	294.4	116.3	114.5	57.8	2,027.5	.327	.288
IV <sup>a</sup>	684.3	81.8	602.5	305.3	118.6	118.7	59.9	2,086.5	.328	.289

<sup>1</sup> End of quarter.

<sup>2</sup> Annual rates.

<sup>3</sup> Ratio based on total final sales, which include a small amount of final sales by farms.

Note.—The industry classification of inventories is on an establishment basis and is based on the 1972 Standard Industrial Classification (SIC) beginning in 1948 and on the 1942 SIC prior to 1948.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-16.—Inventories and final sales of business in 1972 dollars, 1947-79

[Billions of 1972 dollars, except as noted; seasonally adjusted]

Year and quarter	Inventories <sup>1</sup>							Final sales <sup>2</sup>	Inventory—final sales ratio	
	Total	Farm	Nonfarm				Total		Total	Non-farm <sup>3</sup>
			Total	Manufacturing	Wholesale trade	Retail trade				
Fourth quarter:										
1947.....	118.6	25.7	93.0	49.9	13.8	20.5	8.7	397.2	0.299	0.234
1948.....	124.1	26.7	97.3	51.3	16.1	21.3	8.6	412.0	.301	.236
1949.....	119.7	26.2	93.5	48.6	16.1	20.9	7.8	415.1	.288	.225
1950.....	130.2	27.5	102.7	51.8	18.3	23.9	8.7	442.6	.294	.232
1951.....	143.9	29.1	114.8	62.5	18.9	23.9	9.5	476.5	.302	.241
1952.....	148.2	30.4	117.9	65.2	19.2	23.9	9.6	499.1	.297	.236
1953.....	149.7	30.2	119.6	66.9	19.4	24.5	8.7	516.2	.290	.232
1954.....	147.5	31.1	116.5	63.3	19.7	24.6	8.8	517.0	.285	.225
1955.....	155.3	31.5	123.7	66.7	21.4	27.2	8.4	547.4	.284	.226
1956.....	161.1	30.7	130.3	71.6	22.0	27.5	9.2	557.6	.289	.234
1957.....	162.6	31.4	131.2	71.1	21.9	28.4	9.8	565.3	.288	.232
1958.....	160.8	32.4	128.4	68.6	21.8	28.2	9.8	577.2	.279	.222
1959.....	167.2	32.4	134.8	71.1	23.7	29.6	10.5	596.8	.280	.226
1960.....	171.6	32.8	138.8	72.4	24.3	31.5	10.7	609.0	.282	.228
1961.....	174.5	33.2	141.2	74.2	25.0	30.6	11.4	636.6	.274	.221
1962.....	182.6	34.5	148.1	78.4	25.9	32.5	11.4	664.2	.275	.223
1963.....	190.4	35.7	154.7	80.8	27.8	34.1	12.0	699.3	.272	.221
1964.....	197.7	35.1	162.6	84.7	29.1	36.0	12.8	730.7	.271	.223
1965.....	209.0	36.2	172.8	89.1	30.5	39.4	13.8	791.3	.264	.218
1966.....	225.7	36.0	189.7	99.0	33.7	42.7	14.3	809.2	.279	.234
1967.....	237.7	36.8	200.9	105.9	35.5	43.1	16.3	837.2	.284	.240
1968.....	246.4	37.0	209.4	110.7	36.6	45.3	16.8	882.8	.279	.237
1969.....	257.0	37.3	219.7	115.8	38.2	47.7	18.0	892.2	.288	.246
1970.....	261.3	37.7	223.6	117.1	40.4	47.3	18.8	891.7	.293	.251
1971.....	267.9	39.2	228.8	115.4	42.0	51.9	19.5	935.0	.287	.245
1972.....	277.4	39.8	237.6	117.5	44.4	54.4	21.3	1,007.6	.275	.236
1973.....	293.9	42.1	251.8	123.6	47.4	58.2	22.7	1,031.8	.285	.244
1974.....	301.8	41.8	260.1	128.6	50.6	56.5	24.5	1,005.3	.300	.259
1975.....	292.1	43.0	249.1	124.2	47.2	54.0	23.6	1,043.3	.280	.239
1976.....	298.7	41.1	257.6	126.8	50.3	56.8	23.6	1,092.7	.273	.236
1977.....	311.8	41.0	270.8	131.0	53.7	61.6	24.5	1,151.2	.271	.235
1978.....	325.9	41.3	284.6	136.3	58.2	64.8	25.3	1,212.0	.269	.235
1979 <sup>p</sup> .....	336.1	42.3	293.8	143.5	59.5	65.1	25.8	1,232.6	.273	.238
1977:										
I.....	301.5	40.7	260.8	127.6	51.4	57.9	23.8	1,109.6	.272	.235
II.....	304.8	40.7	264.2	129.3	51.8	59.0	24.1	1,122.2	.272	.235
III.....	309.0	40.7	268.2	130.4	52.8	60.6	24.4	1,139.3	.271	.235
IV.....	311.8	41.0	270.8	131.0	53.7	61.6	24.5	1,151.2	.271	.235
1978:										
I.....	315.9	41.0	274.9	132.6	55.5	62.6	24.3	1,151.0	.274	.239
II.....	319.8	41.0	278.8	134.3	56.3	63.5	24.7	1,178.0	.271	.237
III.....	322.9	41.2	281.7	135.6	56.8	64.4	24.9	1,192.9	.271	.236
IV.....	325.9	41.3	284.6	136.3	58.2	64.8	25.3	1,212.0	.269	.235
1979:										
I.....	328.9	41.4	287.6	138.4	59.3	64.4	25.5	1,214.6	.271	.237
II.....	333.5	41.5	292.0	141.1	59.4	65.8	25.7	1,200.9	.278	.243
III.....	335.3	41.7	293.5	142.5	60.0	65.3	25.7	1,222.2	.274	.240
IV <sup>p</sup> .....	336.1	42.3	293.8	143.5	59.5	65.1	25.8	1,232.6	.273	.238

<sup>1</sup> End of quarter.

<sup>2</sup> Annual rates.

<sup>3</sup> Ratio based on total final sales, which include a small amount of final sales by farms.

Note.—The industry classification of inventories is on an establishment basis and is based on the 1972 Standard Industrial Classification (SIC) beginning in 1948 and on the 1942 SIC prior to 1948.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-17.—Relation of gross national product and national income, 1929-79

(Billions of dollars; quarterly data at seasonally adjusted annual rates)

Year or quarter	Gross national product	Less: Capital consumption allowances with capital consumption adjustment	Equals: Net national product	Plus: Subsidies less current surplus of government enterprises	Less:			Equals: National income
					Indirect business tax and nontax liability	Business transfer payments	Statistical discrepancy	
1929.....	103.4	9.7	93.7	-0.2	7.1	0.6	1.1	84.8
1933.....	55.8	7.5	48.3	-0	7.1	.7	.7	39.9
1939.....	90.8	8.7	82.1	.4	9.4	.5	1.4	71.3
1940.....	100.0	9.0	91.0	.4	10.1	.4	1.1	79.7
1941.....	124.9	10.0	114.9	.1	11.3	.5	.5	102.6
1942.....	158.3	11.2	147.1	.1	11.8	.5	-.8	135.7
1943.....	192.0	11.5	180.5	.1	12.8	.5	-1.8	169.1
1944.....	210.5	11.3	198.7	.6	14.2	.5	2.7	181.9
1945.....	212.3	12.3	200.0	.7	15.5	.5	4.1	180.6
1946.....	209.6	13.8	195.7	.9	17.1	.5	.7	178.3
1947.....	232.8	17.2	215.6	-.2	18.4	.6	1.8	194.6
1948.....	259.1	20.3	238.8	-.1	20.1	.7	-1.2	219.0
1949.....	258.0	22.0	236.1	-.3	21.3	.8	1.0	212.7
1950.....	286.2	23.9	262.3	.1	23.4	.8	2.0	236.2
1951.....	330.2	27.6	302.6	-.1	25.3	.9	4.0	272.3
1952.....	347.2	29.6	317.6	-.3	27.7	1.0	2.7	285.8
1953.....	366.1	31.6	334.5	-.5	29.7	1.2	3.3	299.7
1954.....	366.3	33.1	333.2	-.3	29.6	1.1	3.0	299.1
1955.....	399.3	35.3	364.0	-.0	32.2	1.2	2.5	328.0
1956.....	420.7	38.9	381.8	.7	35.1	1.4	-.8	346.9
1957.....	442.8	42.0	400.8	.7	37.5	1.5	.2	362.3
1958.....	448.9	44.1	404.8	1.1	38.7	1.6	1.7	364.0
1959.....	486.5	46.1	440.4	.1	41.8	1.8	-.2	397.1
1960.....	506.0	47.7	458.3	.4	45.4	2.0	-.7	412.0
1961.....	523.3	49.1	474.2	1.7	48.0	2.0	1.6	424.2
1962.....	563.8	50.5	513.3	1.8	51.6	2.1	4.0	457.4
1963.....	594.7	52.2	542.5	1.1	54.6	2.4	3.7	482.8
1964.....	635.7	54.6	581.2	1.7	58.8	2.7	2.2	519.2
1965.....	688.1	57.5	630.6	1.6	62.6	2.8	.9	566.0
1966.....	753.0	61.7	691.3	2.5	65.3	3.0	3.2	622.2
1967.....	796.3	67.0	729.3	1.6	70.2	3.1	1.7	655.8
1968.....	868.5	73.8	794.7	1.3	78.8	3.4	-.6	714.4
1969.....	935.5	82.5	853.1	1.8	86.4	3.8	-3.3	767.9
1970.....	982.4	90.8	891.6	2.7	94.0	4.0	-2.1	798.4
1971.....	1,063.4	98.8	964.7	2.4	103.4	4.2	1.3	858.1
1972.....	1,171.1	105.4	1,065.8	3.6	111.0	4.7	1.7	951.9
1973.....	1,306.6	117.7	1,188.9	3.9	120.2	5.4	2.6	1,064.6
1974.....	1,412.9	137.7	1,275.2	1.0	128.6	5.9	5.8	1,136.0
1975.....	1,528.8	162.0	1,366.9	2.3	139.2	7.6	7.4	1,215.0
1976.....	1,702.2	177.8	1,524.4	1.0	151.4	8.0	6.1	1,359.8
1977.....	1,899.5	195.4	1,704.1	3.1	165.1	8.7	7.5	1,525.8
1978.....	2,127.6	216.9	1,910.7	4.2	178.1	9.2	3.3	1,724.3
1979 p.....	2,368.5	243.0	2,125.6	2.3	189.5	10.2	4.0	1,924.2
1977:								
I.....	1,820.2	186.9	1,633.3	1.5	160.1	8.6	9.1	1,456.9
II.....	1,876.0	191.9	1,684.1	1.2	162.7	8.7	8.6	1,505.3
III.....	1,930.5	198.7	1,731.8	2.8	166.9	8.9	7.7	1,551.1
IV.....	1,971.3	204.3	1,767.0	6.8	170.6	8.9	4.6	1,589.8
1978:								
I.....	2,011.3	209.1	1,802.2	4.3	173.6	8.9	3.0	1,621.0
II.....	2,104.2	214.4	1,889.8	4.6	179.3	9.0	2.3	1,703.9
III.....	2,159.6	219.6	1,940.0	2.8	177.2	9.2	3.9	1,752.5
IV.....	2,235.2	224.6	2,010.6	5.1	182.1	9.5	4.1	1,820.0
1979:								
I.....	2,292.1	229.9	2,062.2	1.8	184.8	9.6	.6	1,869.0
II.....	2,329.8	239.0	2,090.8	2.6	186.9	9.9	-1.3	1,897.9
III.....	2,396.5	247.9	2,148.5	3.2	191.1	10.4	8.3	1,941.9
IV p.....	2,455.8	255.1	2,200.8	1.5	195.2	10.8		

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-18.—Relation of national income and personal income, 1929-79

[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Year or quarter	National income	Less				Plus				Equals Personal income
		Corporate profits with inventory valuation and capital consumption adjustments	Net interest	Contributions for social insurance	Wage accruals less disbursements	Government transfer payments to persons	Personal interest income	Dividends	Business transfer payments	
1929.....	84.8	9.2	4.7	0.2	0.0	0.9	6.9	5.8	0.6	84.9
1933.....	39.9	-1.7	4.1	.3	.0	1.5	5.5	2.0	.7	46.9
1939.....	71.3	5.3	3.6	2.1	.0	2.5	5.4	3.8	.5	72.4
1940.....	79.7	8.7	3.3	2.3	.0	2.7	5.3	4.0	.4	77.8
1941.....	102.6	14.1	3.3	2.8	.0	2.6	5.3	4.4	.5	95.3
1942.....	135.7	19.3	3.1	3.5	.0	2.7	5.2	4.3	.5	122.4
1943.....	169.1	23.5	2.7	4.5	.2	2.5	5.1	4.4	.5	150.7
1944.....	181.9	23.6	2.4	5.2	-.2	3.1	5.2	4.6	.5	164.4
1945.....	180.6	19.6	2.6	6.1	.0	5.6	5.9	4.6	.5	169.8
1946.....	178.3	16.6	1.6	6.1	-.0	10.8	6.4	5.6	.5	177.3
1947.....	194.6	22.2	2.1	5.8	.0	11.2	7.3	6.3	.6	189.3
1948.....	219.0	29.1	2.1	5.4	.0	10.6	7.7	7.0	.7	208.5
1949.....	212.7	26.9	2.2	5.9	-.0	11.7	8.2	7.2	.8	205.6
1950.....	236.2	33.7	2.3	7.1	.0	14.4	8.9	8.8	.8	226.1
1951.....	272.3	38.1	2.7	8.5	.1	11.6	9.6	8.5	.9	253.7
1952.....	285.8	35.4	3.0	9.0	-.0	12.1	10.3	8.5	1.0	270.4
1953.....	299.7	35.5	3.4	9.1	-.1	12.9	11.4	8.8	1.2	286.1
1954.....	299.1	34.6	4.3	10.1	.0	15.1	12.7	9.1	1.1	288.2
1955.....	328.0	44.6	4.8	11.5	.0	16.2	13.8	10.3	1.2	308.8
1956.....	346.9	42.9	5.2	12.9	.0	17.3	15.3	11.1	1.4	330.9
1957.....	362.3	42.1	6.5	14.9	.0	20.1	17.4	11.5	1.5	349.3
1958.....	364.0	37.5	8.0	15.2	.0	24.3	18.8	11.3	1.6	359.3
1959.....	397.1	48.2	8.8	18.0	.0	25.2	20.9	12.2	1.8	382.1
1960.....	412.0	46.6	9.8	21.1	.0	27.0	23.3	12.9	2.0	399.7
1961.....	424.2	46.9	11.2	21.9	.0	30.8	24.6	13.3	2.0	415.0
1962.....	457.4	54.9	12.8	24.3	.0	31.6	27.1	14.4	2.1	440.7
1963.....	482.8	59.6	14.3	27.3	.0	33.4	30.2	15.5	2.4	463.1
1964.....	519.2	67.0	15.9	28.7	.0	34.8	33.3	17.3	2.7	495.7
1965.....	566.0	77.1	18.5	30.0	.0	37.6	37.2	19.1	2.8	537.0
1966.....	622.2	82.5	21.9	38.8	.0	41.6	41.8	19.4	3.0	584.9
1967.....	655.8	79.3	24.3	43.4	.0	49.5	45.0	20.1	3.1	626.6
1968.....	714.4	85.8	26.8	48.1	.0	56.5	49.6	21.9	3.4	685.2
1969.....	767.9	81.4	30.8	54.9	.0	62.7	55.9	22.6	3.8	745.8
1970.....	798.4	67.9	37.5	58.7	.0	75.9	64.3	22.9	4.0	801.3
1971.....	858.1	77.2	42.8	64.8	.6	89.9	69.3	23.0	4.2	859.1
1972.....	951.9	92.1	47.0	73.6	.0	99.4	74.6	24.6	4.7	942.5
1973.....	1,064.6	99.1	52.3	91.5	-.1	113.5	84.1	27.8	5.4	1,052.4
1974.....	1,136.0	83.6	69.0	103.8	.0	134.9	103.0	31.0	5.9	1,154.9
1975.....	1,215.0	95.9	78.6	110.6	.0	170.6	115.5	31.9	7.6	1,255.5
1976.....	1,359.8	126.8	83.8	126.0	.0	185.8	127.0	37.5	8.0	1,381.6
1977.....	1,525.8	150.0	94.0	142.5	.0	199.6	141.7	42.1	8.7	1,531.6
1978.....	1,724.3	167.7	109.5	164.1	.2	214.9	163.3	47.2	9.2	1,717.4
1979 <sup>p</sup> .....	1,924.2	178.5	129.7	189.8	-.2	241.9	191.8	52.7	10.2	1,923.1
1977:										
I.....	1,456.9	137.1	89.3	137.7	.0	194.5	135.6	40.8	8.6	1,472.5
II.....	1,505.3	148.9	92.7	140.7	.0	195.6	140.2	41.5	8.7	1,509.0
III.....	1,551.1	160.8	95.8	143.8	.0	202.4	143.9	42.7	8.9	1,548.5
IV.....	1,589.8	153.0	98.2	147.6	.0	206.0	147.2	43.4	8.9	1,596.4
1978:										
I.....	1,621.0	141.2	101.5	158.3	.0	208.5	152.2	45.1	8.9	1,634.8
II.....	1,703.9	169.4	106.8	162.6	.0	209.8	159.4	46.0	9.0	1,689.3
III.....	1,752.5	175.2	111.9	165.7	.5	219.1	167.2	47.8	9.2	1,742.5
IV.....	1,820.0	184.8	117.6	170.0	.4	222.3	174.3	49.7	9.5	1,803.1
1979:										
I.....	1,869.0	178.9	122.6	184.6	.1	227.7	181.0	51.5	9.6	1,852.6
II.....	1,897.9	176.6	125.6	187.7	-.9	233.7	187.6	52.3	9.9	1,892.5
III.....	1,941.9	180.8	131.5	191.1	-.1	250.4	194.4	52.8	10.4	1,946.6
IV <sup>p</sup> .....			138.9	195.9	.2	255.8	204.3	54.4	10.8	2,000.5

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-19.—National income by type of income, 1929-79

[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Year or quarter	National income <sup>1</sup>	Compensation of employees			Proprietors' income with inventory valuation and capital consumption adjustments							
		Total	Wages and salaries	Supplements to wages and salaries <sup>2</sup>	Total	Farm			Nonfarm			
						Total	Income <sup>3</sup>	Capital consumption adjustment	Total	Income <sup>4</sup>	Inventory valuation adjustment	Capital consumption adjustment
1929.....	84.8	51.1	50.5	0.6	14.9	6.2	6.3	-0.1	8.8	8.8	0.1	-0.2
1933.....	39.9	29.5	29.0	.5	5.8	2.6	2.5	.1	3.2	3.9	-.5	-.2
1939.....	71.3	48.1	46.0	2.1	11.7	4.4	4.4	-.0	7.3	7.6	-.2	-.1
1940.....	79.7	52.1	49.9	2.3	12.9	4.5	4.5	-.0	8.4	8.6	-.0	-.1
1941.....	102.6	64.8	62.1	2.7	17.4	6.4	6.5	-.0	10.9	11.7	-.6	-.1
1942.....	135.7	85.3	82.1	3.2	24.0	9.8	10.3	-.5	14.3	14.4	-.4	-.2
1943.....	169.1	109.5	105.8	3.8	29.0	11.7	12.2	-.5	17.3	17.1	-.2	.3
1944.....	181.9	121.2	116.7	4.5	30.2	11.6	12.2	-.6	18.6	18.3	-.1	.4
1945.....	180.6	123.1	117.5	5.6	31.7	12.2	12.6	-.4	19.4	19.3	-.1	.2
1946.....	178.3	118.1	112.0	6.0	36.6	14.9	15.1	-.2	21.6	23.3	-1.7	0.0
1947.....	194.6	129.2	123.1	6.1	35.8	15.2	15.6	-.4	20.6	21.8	-1.5	.4
1948.....	219.0	141.4	135.5	5.9	40.7	17.5	18.1	-.6	23.2	23.1	-.4	.5
1949.....	212.7	141.3	134.7	6.6	36.1	12.7	13.4	-.7	23.5	22.2	.5	.8
1950.....	236.2	154.8	147.0	7.8	38.4	13.5	14.1	-.7	24.9	25.1	-1.1	.9
1951.....	272.3	181.0	171.3	9.7	42.8	15.8	16.6	-.8	27.0	26.4	-.3	.9
1952.....	285.8	195.7	185.3	10.4	42.9	14.9	15.7	-.8	28.0	26.9	.2	.9
1953.....	299.7	209.6	198.5	11.0	41.3	12.9	13.7	-.7	28.4	27.6	-.2	.9
1954.....	299.1	208.4	196.8	11.6	40.8	12.3	12.9	-.6	28.5	27.6	-.0	1.0
1955.....	328.0	224.9	211.7	13.2	42.5	11.9	11.9	-.6	31.2	30.5	-.2	1.0
1956.....	346.9	243.5	228.3	15.2	43.6	11.2	11.8	-.6	32.4	31.8	-.5	1.1
1957.....	362.3	256.5	239.3	17.2	45.0	11.0	11.8	-.8	33.9	33.1	-.3	1.2
1958.....	364.0	258.2	240.5	17.7	47.4	13.1	13.9	-.8	34.3	33.2	-.1	1.1
1959.....	397.1	279.6	258.9	20.6	47.2	10.7	11.6	-.9	36.6	35.3	-.1	1.3
1960.....	412.0	294.9	271.9	23.0	47.0	11.4	12.3	-.9	35.6	34.2	.1	1.3
1961.....	424.2	303.6	279.5	24.1	48.3	11.8	12.7	-.9	36.4	35.3	-.1	1.2
1962.....	457.4	325.1	298.0	27.1	49.6	11.9	12.8	-1.0	37.7	36.4	-.0	1.4
1963.....	482.8	342.9	313.4	29.5	50.3	11.6	12.5	-.9	38.7	37.2	-.0	1.6
1964.....	519.2	368.0	336.1	31.8	52.2	10.3	11.2	-1.0	42.0	40.2	-.0	1.8
1965.....	566.0	396.5	362.0	34.5	56.7	12.6	13.5	-.9	44.1	42.7	-.2	1.6
1966.....	622.2	439.3	398.4	40.9	60.3	13.6	14.6	-1.0	46.7	45.3	-.3	1.6
1967.....	655.8	471.9	427.5	44.4	61.0	12.1	13.2	-1.2	48.9	47.5	-.3	1.7
1968.....	714.4	519.8	469.5	50.3	63.4	12.0	13.3	-1.3	51.4	50.4	-.4	1.5
1969.....	767.9	571.4	514.6	56.8	66.2	13.9	15.4	-1.4	52.3	51.3	-.5	1.4
1970.....	798.4	609.2	546.5	62.7	65.1	13.9	15.3	-1.4	51.2	50.7	-.5	1.0
1971.....	858.1	650.3	580.0	70.3	67.7	14.3	16.0	-1.7	53.4	52.8	-.4	1.1
1972.....	951.9	715.1	633.8	81.4	76.1	18.0	20.0	-2.0	58.1	56.4	-.7	2.5
1973.....	1,064.6	799.2	701.2	98.0	92.4	32.0	34.2	-2.2	60.4	60.3	-1.7	1.8
1974.....	1,136.0	875.8	764.1	111.7	86.2	25.4	27.9	-2.5	60.9	62.9	-3.6	1.6
1975.....	1,215.0	931.1	805.9	125.2	87.0	23.5	27.1	-3.7	63.5	64.0	-1.2	.6
1976.....	1,359.8	1,037.8	890.0	147.8	89.3	18.3	22.3	-4.0	71.0	72.2	-1.2	-.0
1977.....	1,525.8	1,156.9	984.0	172.9	100.2	19.6	24.0	-4.3	80.5	81.9	-1.3	-.1
1978.....	1,724.3	1,304.5	1,103.5	201.0	116.8	27.7	32.6	-4.9	89.1	92.2	-2.1	-1.0
1979 <sup>a</sup> .....	1,924.2	1,459.1	1,227.3	231.8	130.0	32.1	37.5	-5.4	98.0	103.7	-3.0	-2.8
1977:												
I.....	1,456.9	1,110.1	945.8	164.3	96.9	19.2	23.1	-4.0	77.7	79.3	-1.7	.1
II.....	1,505.3	1,141.5	971.8	169.7	97.6	17.9	22.1	-4.2	79.8	81.0	-1.2	-.1
III.....	1,551.1	1,170.7	995.0	175.7	98.6	16.8	21.3	-4.5	81.7	82.6	-.8	-.1
IV.....	1,589.8	1,205.5	1,023.4	182.1	107.6	24.7	29.4	-4.7	82.9	84.5	-1.3	-.3
1978:												
I.....	1,621.0	1,244.0	1,052.0	192.0	109.1	25.7	30.4	-4.7	83.4	85.6	-1.7	-.5
II.....	1,703.9	1,288.2	1,090.0	198.3	115.0	27.7	32.5	-4.9	87.3	90.1	-2.0	-.8
III.....	1,752.5	1,321.1	1,117.4	203.7	117.4	26.1	31.1	-5.0	91.3	94.5	-2.0	-1.1
IV.....	1,820.0	1,361.8	1,154.7	210.1	125.7	31.3	36.4	-5.1	94.4	98.5	-2.4	-1.6
1979:												
I.....	1,869.0	1,411.2	1,189.4	221.8	129.0	34.2	39.3	-5.1	94.8	99.8	-3.1	-1.9
II.....	1,897.9	1,439.7	1,211.5	228.2	129.3	33.7	39.0	-5.3	95.5	100.5	-2.5	-2.5
III.....	1,941.9	1,472.8	1,238.0	234.8	130.3	30.9	36.2	-5.3	99.4	106.0	-3.1	-3.4
IV <sup>b</sup> .....	1,512.8	1,152.8	1,270.3	242.6	131.5	29.5	35.5	-6.0	102.0	108.6	-3.1	-3.4

See next page for continuation of table.

TABLE B-19.—National income by type of income, 1929-79—Continued

[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Year or quarter	Rental income of persons with capital consumption adjustment			Corporate profits with inventory valuation and capital consumption adjustments										Net interest
	Total	Rental income of persons	Capital consumption adjustment	Total	Profits with inventory valuation adjustment and without capital consumption adjustment						Inventory valuation adjustment	Capital consumption adjustment		
					Total	Profits before tax			Profits after tax					
						Total	Profits tax liability	Total	Dividends	Undistributed profits				
1929	4.9	5.7	-0.8	9.2	10.5	10.0	1.4	8.6	5.8	2.8	0.5	-1.3	4.7	
1933	2.2	2.3	-1	-1.7	-1.2	1.0	.5	.4	2.0	-1.6	-2.1	-.5	4.1	
1939	2.6	3.1	-.6	5.3	6.3	7.0	1.4	5.6	3.8	1.8	-.7	-1.0	3.6	
1940	2.7	3.3	-.6	8.7	9.8	10.0	2.8	7.2	4.0	3.2	-.2	-1.1	3.3	
1941	3.1	3.9	-.8	14.1	15.2	17.7	7.6	10.1	4.4	5.7	-2.5	-1.1	3.3	
1942	4.0	5.0	-1.0	19.3	20.3	21.5	11.4	10.1	4.3	5.9	-1.2	-1.0	3.1	
1943	4.4	5.6	-1.2	23.5	24.4	25.1	14.1	11.1	4.4	6.6	-.8	-.8	2.7	
1944	4.5	5.9	-1.4	23.6	23.8	24.1	12.9	11.2	4.6	6.5	-.3	-.2	2.4	
1945	4.6	6.2	-1.6	19.0	19.2	19.7	10.7	9.0	4.6	4.4	-.6	-.1	2.2	
1946	5.5	7.3	-1.8	16.6	19.3	24.6	9.1	15.5	5.6	9.9	-5.3	-2.7	1.6	
1947	5.3	7.7	-2.5	22.2	25.6	31.5	11.3	20.2	6.3	13.9	-5.9	-3.4	2.1	
1948	5.7	8.5	-2.8	29.1	33.0	35.2	12.4	22.7	7.0	15.7	-2.2	-3.9	2.1	
1949	6.1	8.9	-2.8	26.9	30.8	28.9	10.2	18.7	7.2	11.5	1.9	-3.8	2.2	
1950	7.1	10.0	-2.9	33.7	37.6	42.6	17.9	24.7	8.8	15.9	-5.0	-4.0	2.3	
1951	7.7	11.0	-3.3	38.1	42.7	43.9	22.6	21.3	8.5	12.8	-1.2	-4.6	2.7	
1952	8.8	12.2	-3.4	35.4	39.8	38.9	19.4	19.5	8.5	11.0	1.0	-4.5	3.0	
1953	10.0	13.4	-3.4	35.5	39.5	40.5	20.3	20.2	8.8	11.5	-1.0	-4.1	3.4	
1954	11.0	14.4	-3.3	34.6	37.8	38.1	17.6	20.5	9.1	11.4	-.3	-3.2	4.3	
1955	11.3	14.8	-3.5	44.6	46.7	48.4	22.0	26.4	10.3	16.1	-1.7	-2.1	4.8	
1956	11.6	15.2	-3.6	42.9	45.9	48.6	22.0	26.6	11.1	15.5	-2.7	-3.0	5.2	
1957	12.2	15.9	-3.6	42.1	45.4	46.9	21.4	25.5	11.5	14.0	-1.5	-3.3	6.5	
1958	12.9	16.7	-3.8	37.5	40.8	41.1	19.0	22.1	11.3	10.8	-.3	-3.4	8.0	
1959	13.2	17.3	-4.0	48.2	51.2	51.6	23.6	28.0	12.2	15.8	-.5	-2.9	8.8	
1960	13.8	17.8	-4.1	46.6	48.9	48.5	22.7	25.8	12.9	13.0	.3	-2.3	9.8	
1961	14.3	18.3	-4.0	46.9	48.7	48.6	22.8	25.8	13.3	12.5	1.1	-1.8	11.2	
1962	15.0	19.0	-4.0	54.9	53.7	53.6	24.0	29.6	14.4	15.2	1.1	1.2	12.8	
1963	15.7	19.6	-3.9	59.6	57.6	57.7	26.2	31.5	15.5	16.0	-.2	2.1	14.3	
1964	16.1	20.1	-4.0	67.0	64.2	64.7	28.0	36.7	17.3	19.4	-.5	2.8	15.9	
1965	17.1	21.0	-3.9	77.1	73.3	75.2	30.9	44.3	19.1	25.2	-1.9	3.8	18.5	
1966	18.2	22.1	-3.9	82.5	78.6	80.7	33.7	47.1	19.4	27.6	-2.1	3.9	21.9	
1967	19.4	23.4	-4.0	79.3	75.6	77.3	32.5	44.9	20.1	24.7	-1.7	3.7	24.3	
1968	18.6	23.8	-5.2	85.8	82.1	85.6	39.4	46.2	21.9	24.2	-3.4	3.7	26.8	
1969	18.1	24.8	-6.7	81.4	77.9	83.4	39.7	43.8	22.6	21.2	-5.5	3.5	30.8	
1970	18.6	25.8	-7.1	67.9	66.4	71.5	34.5	37.0	22.9	14.1	-5.1	1.5	37.5	
1971	20.1	27.7	-7.6	77.2	76.9	82.0	37.7	44.3	23.0	21.3	-5.0	.3	42.8	
1972	21.5	29.4	-7.9	92.1	89.6	96.2	41.5	54.6	24.6	30.0	-6.6	2.5	47.0	
1973	21.6	31.3	-9.8	99.1	97.2	115.8	48.7	67.1	27.8	39.3	-18.6	1.9	52.3	
1974	21.4	33.7	-12.3	83.6	86.5	126.9	52.4	74.5	31.0	43.6	-40.4	-2.9	69.0	
1975	22.4	36.9	-14.5	95.9	107.9	120.4	49.8	70.6	31.9	38.7	-12.4	-12.0	78.6	
1976	22.1	38.3	-16.2	126.8	141.3	156.0	63.8	92.2	37.5	54.7	-14.6	-14.5	83.8	
1977	24.7	44.2	-19.5	150.0	162.0	177.1	72.6	104.5	42.1	62.4	-15.2	-12.0	94.0	
1978	25.9	49.3	-23.4	167.7	180.8	206.0	84.5	121.5	47.2	74.3	-25.2	-13.1	109.5	
1979 <sup>p</sup>	26.9	55.0	-28.1	178.5	195.2	237.0	92.7	144.4	52.7	91.7	-41.9	-16.7	129.7	
1977:														
I	23.6	41.4	-17.8	137.1	149.7	168.4	69.2	99.2	40.8	58.3	-18.7	-12.6	89.3	
II	24.6	43.5	-18.9	148.9	160.3	176.2	72.5	103.7	41.5	62.2	-15.9	-11.4	92.7	
III	25.2	45.2	-20.0	160.8	172.0	180.9	73.7	107.2	42.7	64.6	-8.9	-11.2	95.8	
IV	25.5	46.7	-21.2	153.0	166.0	183.0	75.1	107.9	43.4	64.5	-17.0	-13.0	98.2	
1978:														
I	25.2	46.9	-21.7	141.2	153.6	177.5	70.8	106.7	45.1	61.6	-23.9	-12.4	101.5	
II	24.4	47.3	-22.9	169.4	182.0	207.2	84.7	122.4	46.0	76.4	-25.1	-12.6	106.8	
III	26.8	50.9	-24.1	175.2	189.0	212.0	87.5	124.6	47.8	76.8	-23.0	-13.8	111.9	
IV	27.1	52.1	-25.0	184.8	198.6	227.4	95.1	132.3	49.7	82.6	-28.8	-13.8	117.6	
1979:														
I	27.3	53.0	-25.7	178.9	193.3	233.3	91.3	142.0	51.5	90.5	-39.9	-14.5	122.6	
II	26.8	54.1	-27.3	176.6	191.3	227.9	88.7	139.3	52.3	87.0	-36.6	-14.7	125.6	
III	26.6	56.0	-29.5	180.8	198.3	242.3	94.0	148.3	52.8	95.5	-44.0	-17.6	131.5	
IV <sup>p</sup>	27.0	56.8	-29.8						54.4		-46.9	-20.1	138.9	

<sup>1</sup> National income is the total net income earned in production. It differs from gross national product mainly in that it excludes depreciation charges and other allowances for business and institutional consumption of durable capital goods and indirect business taxes. See Table B-17.

<sup>2</sup> Employer contributions for social insurance and to private pension, health, and welfare funds; workmen's compensation; directors' fees; and a few other minor items.

<sup>3</sup> With inventory valuation adjustment and without capital consumption adjustment.

<sup>4</sup> Without inventory valuation and capital consumption adjustments.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-20.—Sources of personal income, 1929-79

(Billions of dollars; quarterly data at seasonally adjusted annual rates)

Year or quarter	Personal income	Wage and salary disbursements <sup>1</sup>						Other labor income <sup>1</sup>	Proprietors' income with inventory valuation and capital consumption adjustments	
		Total	Commodity-producing industries		Distributive industries	Service industries	Government and government enterprises		Farm Nonfarm	
			Total	Manufacturing					Farm	Nonfarm
1929	84.9	50.5	21.5	16.1	15.6	8.4	5.0	0.5	6.2	8.8
1933	46.9	29.0	9.8	7.8	8.8	5.2	5.2	.4	2.6	3.2
1939	72.4	46.0	17.4	13.6	13.3	7.1	8.2	.6	4.4	7.3
1940	77.8	49.9	19.7	15.6	14.2	7.5	8.5	.6	4.5	8.4
1941	95.3	62.1	27.5	21.7	16.3	8.1	10.2	.7	6.4	10.9
1942	122.4	82.1	39.1	30.9	18.0	9.0	16.0	.9	9.8	14.3
1943	150.7	105.6	49.0	40.9	20.1	9.9	26.6	1.1	11.7	17.3
1944	164.4	116.9	50.4	42.9	22.7	10.9	33.0	1.5	11.6	18.6
1945	169.8	117.5	45.9	38.2	24.8	11.9	34.9	1.8	12.2	19.4
1946	177.3	112.0	46.0	36.5	31.0	14.3	20.7	2.0	14.9	21.6
1947	189.8	123.1	54.2	42.5	35.2	16.1	17.5	2.4	15.2	20.6
1948	208.5	135.5	61.1	47.1	37.5	17.9	19.0	2.7	17.5	23.2
1949	205.6	134.8	57.8	44.6	37.7	18.5	20.8	2.9	12.7	23.5
1950	226.1	147.0	64.8	50.3	39.8	19.8	22.6	3.7	13.5	24.9
1951	253.7	171.3	76.3	59.3	44.3	21.5	29.2	4.6	15.8	27.0
1952	270.4	185.4	82.0	64.1	46.9	23.1	33.3	5.2	14.9	28.0
1953	286.1	198.6	89.6	71.2	49.7	24.9	34.4	5.9	12.9	28.4
1954	288.2	196.8	85.7	67.5	50.1	26.1	34.9	6.1	12.3	28.5
1955	308.8	211.7	93.1	73.8	53.4	28.6	36.6	7.0	11.3	31.2
1956	330.9	228.3	100.6	79.4	57.7	31.3	38.8	8.0	11.2	32.4
1957	349.3	239.3	104.2	82.4	60.5	33.6	41.0	9.0	11.0	33.9
1958	359.3	240.5	100.0	78.6	60.8	35.6	44.1	9.4	13.1	34.3
1959	382.1	258.9	109.6	86.8	64.8	38.5	46.0	10.6	10.7	36.6
1960	399.7	271.9	113.1	89.7	68.2	41.4	49.2	11.2	11.4	35.6
1961	415.0	279.5	113.7	89.8	69.3	44.1	52.4	11.8	11.8	36.4
1962	440.7	298.0	121.8	96.7	72.8	47.2	56.3	13.0	11.9	37.7
1963	463.1	313.4	126.9	100.6	76.3	50.2	60.0	14.0	11.6	38.7
1964	495.7	336.1	135.4	107.1	81.4	54.4	64.9	15.7	10.3	42.0
1965	537.0	362.0	146.0	115.5	87.2	58.9	69.9	17.8	12.6	44.1
1966	584.9	398.4	161.0	128.0	94.4	64.7	78.3	19.9	13.6	46.7
1967	626.6	427.5	168.3	134.1	100.9	71.8	86.4	21.7	12.1	48.9
1968	685.2	469.5	183.4	145.8	109.9	79.8	96.4	25.1	12.0	51.4
1969	745.8	514.6	199.6	157.5	120.7	89.4	104.9	28.2	13.9	52.3
1970	801.3	546.5	202.9	158.2	130.1	97.5	116.0	32.0	13.9	51.2
1971	859.1	579.4	208.3	160.3	139.3	106.2	125.6	36.2	14.3	53.4
1972	942.5	633.8	227.3	175.4	151.9	117.2	137.3	42.0	18.0	58.1
1973	1,052.4	701.3	254.3	196.2	168.1	130.3	148.6	48.7	32.0	60.4
1974	1,154.9	764.6	274.6	211.4	184.3	145.1	160.5	55.6	25.4	60.9
1975	1,255.5	805.9	275.0	211.0	195.3	160.1	175.4	65.1	23.5	63.5
1976	1,381.6	890.0	307.2	237.4	216.3	178.5	188.0	77.4	18.3	71.0
1977	1,531.6	984.0	343.1	266.0	239.1	200.5	201.3	91.8	19.6	80.5
1978	1,717.4	1,103.3	387.4	298.3	269.4	228.7	217.8	106.5	27.7	89.1
1979 <sup>p</sup>	1,923.1	1,227.5	435.2	330.9	300.8	257.8	233.7	122.7	32.1	98.0
1977:										
I.....	1,472.5	945.8	327.9	254.8	230.0	192.2	195.7	86.2	19.2	77.7
II.....	1,509.0	971.8	340.5	263.3	236.0	196.8	198.5	89.7	17.9	79.8
III.....	1,548.5	995.0	348.1	269.4	241.8	202.9	202.2	93.7	16.8	81.7
IV.....	1,596.4	1,023.4	356.1	276.4	248.5	210.0	208.8	97.4	24.7	82.9
1978:										
I.....	1,634.8	1,052.0	363.9	285.6	257.6	218.2	212.3	101.1	25.7	83.4
II.....	1,689.3	1,090.0	383.4	294.1	265.9	225.4	215.3	104.7	27.7	87.3
III.....	1,742.5	1,116.8	393.7	300.8	272.5	231.9	218.7	108.2	26.1	91.3
IV.....	1,803.1	1,154.3	408.6	312.7	281.6	239.4	224.7	111.9	31.3	94.4
1979:										
I.....	1,852.6	1,189.3	423.0	324.8	291.1	247.2	228.0	116.0	34.2	94.8
II.....	1,892.5	1,212.4	431.7	328.5	295.8	252.8	232.1	120.3	33.7	95.5
III.....	1,946.6	1,238.1	438.3	331.9	304.0	261.3	234.5	124.9	30.9	99.4
IV <sup>p</sup> .....	2,000.5	1,270.1	447.9	338.6	312.2	269.9	240.1	129.6	29.5	102.0

See next page for continuation of table.



TABLE B-20.—Sources of personal income, 1929-79—Continued

(Billions of dollars; quarterly data at seasonally adjusted annual rates)

Year or quarter	Rental income of persons with capital consumption adjustment	Dividends	Personal interest income	Transfer payments						Less: Personal contributions for social insurance	Nonfarm personal income <sup>2</sup>	
				Total	Old-age, survivors, disability, and health insurance benefits	Government unemployment insurance benefits	Veterans benefits	Government employee retirement benefits	Aid to families with dependent children (AFDC)			Other
1929.....	4.9	5.8	6.9	1.5			0.6	0.1	0.8	0.1		
1933.....	2.2	2.0	5.5	2.1			.6	.2	1.4	.2		
1939.....	2.6	3.8	5.4	3.0	0.0	0.4	.5	.3	1.7	.6		
1940.....	2.7	4.0	5.3	3.1	.0	.5	.5	.3	1.7	.7		
1941.....	3.1	4.4	5.3	3.1	.1	.4	.5	.3	1.8	.8		
1942.....	4.0	4.3	5.2	3.1	.1	.4	.5	.3	1.8	1.2		
1943.....	4.4	4.4	5.1	3.0	.2	.1	.5	.4	1.8	1.8		
1944.....	4.5	4.6	5.2	3.6	.2	.1	1.0	.4	2.0	2.2		
1945.....	4.6	4.6	5.9	6.2	.3	.4	3.0	.5	2.0	2.3		
1946.....	5.5	5.6	6.4	11.3	.4	1.1	7.0	.7	2.1	2.0	159.6	
1947.....	5.3	6.3	7.3	11.7	.5	.8	7.0	.7	.3	2.1	171.5	
1948.....	5.7	7.0	7.7	11.3	.6	.9	5.9	.7	.4	2.9	187.7	
1949.....	6.1	7.2	8.2	12.5	.7	1.9	5.3	.9	.5	3.3	189.9	
1950.....	7.1	8.8	8.9	15.2	1.0	1.5	7.7	1.0	.6	3.5	209.3	
1951.....	7.7	8.5	9.6	12.6	1.9	.9	4.6	1.1	.6	3.6	3.4	234.4
1952.....	8.8	8.5	10.3	13.1	2.2	1.1	4.3	1.2	.5	3.8	3.8	252.0
1953.....	10.0	8.8	11.4	14.1	3.0	1.0	4.1	1.4	.5	4.1	4.0	269.9
1954.....	11.0	9.1	12.7	16.2	3.6	2.2	4.2	1.5	.6	4.1	4.6	272.7
1955.....	11.3	10.3	13.8	17.5	4.9	1.5	4.4	1.7	.6	4.3	5.2	294.3
1956.....	11.6	11.1	15.3	18.7	5.7	1.5	4.4	1.9	.6	4.5	5.8	316.4
1957.....	12.2	11.5	17.4	21.6	7.3	1.9	4.5	2.2	.7	4.9	6.7	335.0
1958.....	12.9	11.3	18.8	25.9	8.5	4.1	4.7	2.5	.8	5.3	6.9	342.6
1959.....	13.2	12.2	20.9	27.0	10.2	2.8	4.6	2.8	.9	5.8	7.9	367.7
1960.....	13.8	12.9	23.3	28.9	11.1	3.0	4.6	3.1	1.0	6.2	9.3	384.4
1961.....	14.3	13.3	24.6	32.8	12.6	4.3	5.0	3.4	1.1	6.4	9.7	399.0
1962.....	15.0	14.4	27.1	33.8	14.3	3.1	4.7	3.7	1.3	6.7	10.3	424.5
1963.....	15.7	15.5	30.2	35.8	15.2	3.0	4.8	4.2	1.4	7.3	11.8	447.0
1964.....	16.1	17.3	33.3	37.4	16.0	2.7	4.7	4.7	1.5	7.8	12.6	480.7
1965.....	17.1	19.1	37.2	40.4	18.1	2.3	4.9	5.2	1.7	8.3	13.3	519.5
1966.....	18.2	19.4	41.8	44.7	20.8	1.9	4.9	6.1	1.9	9.2	17.8	566.1
1967.....	19.4	20.1	45.0	52.6	25.5	2.2	5.6	6.9	2.3	10.2	20.6	609.1
1968.....	18.6	21.9	49.6	59.9	30.2	2.1	5.9	7.7	2.8	11.1	22.8	667.5
1969.....	18.1	22.6	55.9	66.5	32.9	2.2	6.7	8.6	3.5	12.5	26.3	725.8
1970.....	18.6	22.9	64.3	79.9	38.5	4.0	7.7	10.1	4.8	14.9	28.0	780.7
1971.....	20.1	23.0	69.3	94.1	44.5	5.8	8.8	11.7	6.2	17.2	30.8	838.0
1972.....	21.5	24.6	74.6	104.1	49.6	5.6	9.7	13.5	6.9	18.9	34.2	917.3
1973.....	21.6	27.8	84.1	118.9	60.4	4.3	10.4	15.6	7.2	21.0	42.2	1,011.9
1974.....	21.4	31.0	103.0	140.8	70.1	6.6	11.8	18.8	7.9	25.5	47.7	1,119.3
1975.....	22.4	31.9	115.5	178.2	81.4	17.4	14.5	22.7	9.2	33.0	50.5	1,220.8
1976.....	22.1	37.5	127.0	193.8	92.9	15.5	14.4	25.9	10.1	35.2	55.6	1,350.6
1977.....	24.7	42.1	141.7	208.4	104.9	12.5	13.8	29.2	10.6	37.3	61.3	1,498.1
1978.....	25.9	47.2	163.3	224.1	116.3	9.2	13.9	32.9	10.7	41.1	69.6	1,674.2
1979 <sup>p</sup> .....	26.9	52.7	191.8	252.1	132.4	9.3	14.3	37.4	11.0	47.7	80.7	1,873.1
1977:												
I.....	23.6	40.8	135.6	203.1	99.6	14.7	14.3	27.6	10.4	36.4	59.5	1,439.9
II.....	24.6	41.5	140.2	204.2	101.7	12.6	13.9	28.9	10.6	36.7	60.8	1,477.5
III.....	25.2	42.7	143.9	211.3	108.4	11.4	13.4	29.6	10.7	37.8	61.8	1,517.6
IV.....	25.5	43.4	147.2	214.8	110.0	11.2	13.7	30.8	10.7	38.5	63.0	1,557.3
1978:												
I.....	25.2	45.1	152.2	217.4	111.4	10.5	14.0	31.4	10.7	39.5	67.3	1,594.5
II.....	24.4	46.0	159.4	218.8	112.4	9.2	13.7	32.5	10.8	40.3	69.0	1,646.6
III.....	26.8	47.8	167.2	228.3	119.8	9.0	13.7	33.1	10.7	42.0	70.2	1,700.6
IV.....	27.1	49.7	174.3	231.8	121.5	8.2	14.1	34.6	10.7	42.6	71.8	1,755.3
1979:												
I.....	27.3	51.5	181.0	237.3	123.8	8.7	14.5	35.3	10.7	44.3	78.7	1,801.3
II.....	26.8	52.3	187.6	243.6	127.1	8.8	14.1	36.7	10.8	46.2	79.8	1,841.0
III.....	26.6	52.8	194.4	260.8	138.7	9.6	14.2	37.9	10.9	49.6	81.2	1,897.6
IV <sup>p</sup> .....	27.0	54.4	204.3	266.7	140.2	10.0	14.5	39.7	11.5	50.7	83.0	1,952.4

<sup>1</sup> The total of wage and salary disbursements and other labor income differs from compensation of employees in Table B-19 in that it excludes employer contributions for social insurance and the excess of wage accruals over wage disbursements.

<sup>2</sup> Personal income exclusive of farm proprietors' income, farm wages, farm other labor income, and agricultural net interest.

Note.—The industry classification of wage and salary disbursements and proprietors' income is on an establishment basis and is based on the 1972 Standard Industrial Classification (SIC) beginning 1948 and on the 1942 SIC prior to 1948.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-21.—Disposition of personal income, 1929-79

(Billions of dollars, except as noted; quarterly data at seasonally adjusted annual rates)

Year or quarter	Personal income	Less: Personal tax and nontax payments	Equals: Disposable personal income	Less: Personal outlays				Equals: Personal saving	Percent of disposable personal income		
				Total	Personal consumption expenditures	Interest paid by consumers to business	Personal transfer payments to foreigners (net)		Personal outlays		Personal saving
									Total	Consumption expenditures	
1929	84.9	2.6	82.3	79.1	77.3	1.5	0.3	3.1	96.2	93.9	3.8
1933	46.9	1.4	45.5	46.5	45.8	.5	.2	-1.0	102.2	100.7	-2.2
1939	72.4	2.4	69.9	67.8	67.0	.7	.2	2.1	97.0	95.8	3.0
1940	77.8	2.6	75.2	72.0	71.0	.8	.2	3.3	95.6	94.3	4.4
1941	95.3	3.3	92.0	81.8	80.8	.9	.2	10.2	88.9	87.7	11.1
1942	122.4	5.9	116.5	89.4	88.6	.7	.1	27.0	76.8	76.1	23.2
1943	150.7	17.8	132.9	100.1	99.4	.5	.2	32.7	75.4	74.8	24.6
1944	164.4	18.9	145.5	109.0	108.2	.5	.4	36.5	74.9	74.4	25.1
1945	169.8	20.8	149.0	120.4	119.5	.5	.5	28.5	80.8	80.2	19.2
1946	177.3	18.7	158.6	145.2	143.8	.7	.7	13.4	91.5	90.6	8.5
1947	189.8	21.4	168.4	163.5	161.7	1.0	.7	4.9	97.1	96.1	2.9
1948	208.5	21.0	187.4	176.9	174.7	1.4	.7	10.6	94.3	93.2	5.7
1949	205.6	18.5	187.1	180.4	178.1	1.7	.5	6.7	96.4	95.2	3.6
1950	226.1	20.6	205.5	194.7	192.0	2.3	.4	10.8	94.7	93.4	5.3
1951	253.7	28.9	224.8	210.0	207.1	2.5	.4	14.8	93.4	92.1	6.6
1952	270.4	34.0	236.4	220.4	217.1	2.9	.4	16.0	93.2	91.8	6.8
1953	286.1	35.5	250.7	233.7	229.7	3.6	.5	17.0	93.2	91.6	6.8
1954	288.2	32.5	255.7	240.1	235.8	3.8	.5	15.6	93.9	92.2	6.1
1955	308.8	35.4	273.4	258.5	253.7	4.4	.4	14.9	94.6	92.8	5.4
1956	330.9	39.7	291.3	271.6	266.0	5.1	.5	19.7	93.2	91.3	6.8
1957	349.3	42.4	306.9	286.4	280.4	5.5	.5	20.6	93.3	91.4	6.7
1958	359.3	42.1	317.1	295.4	289.5	5.6	.4	21.7	93.2	91.3	6.8
1959	382.1	46.0	336.1	317.3	310.8	6.1	.4	18.8	94.4	92.5	5.6
1960	399.7	50.4	349.4	332.3	324.9	7.0	.4	17.1	95.1	93.0	4.9
1961	415.0	52.1	362.9	342.7	335.0	7.3	.4	20.2	94.4	92.3	5.6
1962	440.7	56.8	383.9	363.5	355.2	7.8	.5	20.4	94.7	92.5	5.3
1963	463.1	60.3	402.8	384.0	374.6	8.8	.6	18.8	95.3	93.0	4.7
1964	495.7	58.6	437.0	410.9	400.4	9.9	.6	26.1	94.0	91.6	6.0
1965	537.0	64.9	472.2	441.9	430.2	11.1	.7	30.3	93.6	91.1	6.4
1966	584.9	74.5	510.4	477.4	464.8	12.0	.6	33.0	93.5	91.1	6.5
1967	626.6	82.1	544.5	503.7	490.4	12.5	.9	40.9	93.5	90.0	7.5
1968	685.2	97.1	588.1	550.1	535.9	13.3	.8	38.1	93.5	91.1	6.5
1969	745.8	115.4	630.4	595.3	579.7	14.7	.9	35.1	94.4	92.0	5.6
1970	801.3	115.3	685.9	635.4	618.8	15.5	1.1	50.6	92.6	90.2	7.4
1971	859.1	116.3	742.8	685.5	668.2	16.2	1.1	57.3	92.3	90.0	7.7
1972	942.5	141.2	801.3	751.9	733.0	17.9	1.0	49.4	93.8	91.5	6.2
1973	1,052.4	150.8	901.7	831.3	809.9	20.2	1.3	70.3	92.2	89.8	7.8
1974	1,154.9	170.3	984.6	913.0	889.6	22.4	1.0	71.7	92.7	90.3	7.3
1975	1,255.5	168.8	1,086.7	1,003.0	979.1	23.0	.9	83.6	92.3	90.1	7.7
1976	1,381.6	197.1	1,184.5	1,115.9	1,089.9	25.1	.9	68.6	94.2	92.0	5.8
1977	1,531.6	226.4	1,305.1	1,240.2	1,210.0	29.3	.9	65.0	95.0	92.7	5.0
1978	1,717.4	259.0	1,458.4	1,386.4	1,350.8	34.8	.8	72.0	95.1	92.6	4.9
1979 P	1,923.1	299.9	1,623.2	1,550.4	1,509.8	39.6	.9	72.8	95.5	93.0	4.5
1977:											
I	1,472.5	222.4	1,250.1	1,197.6	1,169.1	27.5	1.0	52.5	95.8	93.5	4.2
II	1,509.0	223.0	1,286.0	1,220.2	1,190.5	28.7	1.0	65.9	94.9	92.6	5.1
III	1,548.5	235.3	1,313.2	1,251.3	1,220.6	29.8	.9	71.9	94.6	92.2	5.4
IV	1,596.4	235.2	1,361.2	1,291.7	1,259.7	31.1	.9	69.5	94.9	92.5	5.1
1978:											
I	1,634.8	239.8	1,395.0	1,320.4	1,287.2	32.4	.8	74.6	94.7	92.3	5.3
II	1,689.3	252.1	1,437.3	1,366.1	1,331.2	34.0	.9	71.2	95.0	92.6	5.0
III	1,742.5	266.0	1,476.5	1,405.6	1,369.3	35.6	.7	70.9	95.2	92.7	4.8
IV	1,803.1	278.2	1,524.8	1,453.4	1,415.4	37.1	.9	71.5	95.3	92.8	4.7
1979:											
I	1,852.6	280.4	1,572.2	1,493.0	1,454.2	37.7	1.1	79.2	95.0	92.5	5.0
II	1,892.5	290.7	1,601.7	1,515.8	1,475.9	39.0	.9	85.9	94.6	92.1	5.4
III	1,946.6	306.6	1,640.0	1,569.7	1,528.6	40.2	.9	70.3	95.7	93.2	4.3
IV P	2,000.5	321.7	1,678.8	1,622.9	1,580.4	41.6	.9	55.9	96.7	94.1	3.3

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-22.—Total and per capita disposable personal income and personal consumption expenditures in current and 1972 dollars, 1929-79

(Quarterly data at seasonally adjusted annual rates, except as noted)

Year or quarter	Disposable personal income				Personal consumption expenditures				Population (thousands) <sup>1</sup>
	Total (billions of dollars)		Per capita (dollars)		Total (billions of dollars)		Per capita (dollars)		
	Current dollars	1972 dollars	Current dollars	1972 dollars	Current dollars	1972 dollars	Current dollars	1972 dollars	
1929	82.3	229.8	675	1,886	77.3	215.6	634	1,769	121,875
1933	45.5	169.7	362	1,350	45.8	170.7	364	1,358	125,690
1939	69.9	230.1	534	1,756	67.0	220.3	511	1,681	131,028
1940	75.2	244.3	570	1,849	71.0	230.4	537	1,744	132,122
1941	92.0	278.1	690	2,084	80.8	244.1	605	1,830	133,402
1942	116.5	317.3	863	2,353	88.6	241.7	657	1,792	134,860
1943	132.9	332.2	972	2,429	99.4	248.7	727	1,819	136,739
1944	145.5	343.9	1,051	2,485	108.2	255.7	781	1,847	138,397
1945	149.0	338.6	1,065	2,420	118.5	271.4	854	1,939	139,928
1946	158.6	332.4	1,122	2,351	143.8	301.4	1,017	2,131	141,389
1947	168.4	318.8	1,168	2,212	161.7	306.2	1,122	2,124	144,126
1948	187.4	335.5	1,278	2,288	174.7	312.8	1,182	2,133	146,631
1949	187.1	336.1	1,254	2,253	178.1	320.0	1,194	2,145	149,188
1950	205.5	361.9	1,355	2,386	192.0	338.1	1,266	2,229	151,684
1951	224.8	371.6	1,457	2,408	207.1	342.3	1,342	2,219	154,287
1952	236.4	382.1	1,506	2,434	217.1	350.9	1,383	2,236	156,954
1953	250.7	397.5	1,571	2,491	229.7	364.2	1,439	2,283	159,565
1954	255.7	402.1	1,574	2,476	235.8	370.9	1,452	2,284	162,391
1955	273.4	425.9	1,654	2,577	253.7	395.1	1,535	2,391	166,275
1956	291.3	444.9	1,731	2,643	266.0	408.3	1,581	2,415	168,221
1957	306.9	453.9	1,792	2,650	280.4	414.7	1,637	2,421	171,274
1958	317.1	459.0	1,821	2,636	289.5	419.0	1,662	2,406	174,141
1959	336.1	477.4	1,898	2,696	310.8	441.5	1,755	2,493	177,073
1960	349.4	487.3	1,934	2,697	324.9	453.0	1,798	2,507	180,671
1961	362.9	500.6	1,976	2,725	335.0	462.2	1,824	2,516	183,691
1962	383.9	521.6	2,058	2,796	353.2	482.9	1,904	2,589	186,538
1963	402.8	539.2	2,128	2,849	374.6	501.4	1,979	2,649	189,242
1964	437.0	577.3	2,278	3,009	400.4	528.7	2,087	2,755	191,889
1965	472.2	612.4	2,430	3,152	430.2	558.1	2,214	2,872	194,303
1966	510.4	643.6	2,597	3,274	464.8	586.1	2,365	2,982	196,560
1967	544.5	669.8	2,740	3,371	490.4	603.2	2,468	3,035	198,712
1968	588.1	695.2	2,930	3,464	535.9	633.4	2,670	3,156	200,706
1969	630.4	712.3	3,111	3,515	579.7	655.4	2,860	3,234	202,677
1970	685.9	741.6	3,348	3,619	618.8	668.9	3,020	3,265	204,878
1971	742.8	769.0	3,588	3,714	668.2	691.9	3,227	3,342	207,053
1972	801.3	801.3	3,837	3,837	733.0	733.0	3,510	3,510	208,846
1973	901.7	854.7	4,285	4,062	809.9	767.7	3,849	3,648	210,410
1974	984.6	842.0	4,646	3,973	889.6	760.7	4,197	3,589	211,945
1975	1,086.7	859.7	5,088	4,025	979.1	774.6	4,584	3,627	213,566
1976	1,184.5	891.8	5,504	4,144	1,089.9	820.6	5,064	3,813	215,203
1977	1,305.1	929.5	6,017	4,285	1,210.0	861.7	5,579	3,973	216,898
1978	1,458.4	972.5	6,672	4,449	1,350.8	900.8	6,179	4,121	218,594
1979 <sup>p</sup>	1,623.2	994.1	7,363	4,509	1,509.8	924.5	6,848	4,193	220,466
1977:									
I.....	1,250.1	908.0	5,781	4,199	1,169.1	849.2	5,406	3,927	216,244
II.....	1,286.0	921.5	5,936	4,254	1,190.5	853.1	5,495	3,938	216,643
III.....	1,323.2	936.3	6,094	4,312	1,220.6	863.7	5,622	3,978	217,119
IV.....	1,361.2	951.8	6,256	4,374	1,259.7	880.9	5,789	4,049	217,586
1978:									
I.....	1,395.0	956.6	6,401	4,389	1,287.2	882.7	5,906	4,050	217,942
II.....	1,437.3	966.1	6,583	4,425	1,331.2	894.8	6,097	4,098	218,335
III.....	1,476.5	976.2	6,748	4,461	1,369.3	905.3	6,258	4,137	218,814
IV.....	1,524.8	991.5	6,954	4,522	1,415.4	920.3	6,455	4,197	219,286
1979:									
I.....	1,572.2	996.6	7,157	4,536	1,454.2	921.8	6,619	4,196	219,690
II.....	1,601.7	993.0	7,275	4,510	1,475.9	915.0	6,704	4,156	220,166
III.....	1,640.0	993.4	7,430	4,501	1,528.6	925.9	6,926	4,195	220,715
IV <sup>p</sup> .....	1,678.8	993.4	7,586	4,489	1,580.4	935.2	7,142	4,226	221,291

<sup>1</sup> Population of the United States including Armed Forces overseas; includes Alaska and Hawaii beginning 1960. Annual data are for July 1 through 1973 and are averages of quarterly data beginning 1974. Quarterly data are average for the period.

Source: Department of Commerce (Bureau of Economic Analysis and Bureau of the Census).

TABLE B-23.—Gross saving and investment, 1929-79

(Billions of dollars; quarterly data at seasonally adjusted annual rates)

Year or quarter	Gross saving							Gross investment			Statistical discrepancy	
	Total	Gross private saving			Government surplus or deficit (-), national income and product accounts			Total	Gross private domestic investment	Net foreign investment <sup>3</sup>		
		Total	Personal saving	Gross business saving <sup>1</sup>	Total	Federal	State and local					
1929.....	15.9	14.9	3.1	11.7	1.0	1.2	-0.2	17.0	16.2	0.8	1.1	
1933.....	.9	2.2	-1.0	3.2	-1.4	-1.3	-1	1.6	1.4	.2	.7	
1939.....	8.7	10.9	2.1	8.8	-2.2	-2.2	.0	10.1	9.3	.9	1.4	
1940.....	13.5	14.2	3.3	10.9	-.7	-1.3	.6	14.6	13.1	1.5	1.1	
1941.....	18.5	22.2	10.2	12.0	-3.8	-5.1	1.3	19.0	17.9	1.1	.5	
1942.....	10.5	41.9	27.0	14.8	-31.4	-33.1	1.8	9.7	9.9	-.2	-.8	
1943.....	5.3	49.4	32.7	16.7	-44.1	-46.6	2.5	3.5	5.8	-2.2	-1.8	
1944.....	2.3	54.1	36.5	17.7	-51.8	-54.5	2.7	5.1	7.2	-2.1	2.7	
1945.....	5.1	44.6	28.5	16.0	-39.5	-42.1	2.6	9.2	10.6	-1.4	4.1	
1946.....	34.6	29.2	13.4	15.8	5.4	3.5	1.9	35.3	30.7	4.6	.7	
1947.....	41.2	26.8	4.9	21.8	14.4	13.4	1.0	42.9	34.0	9.0	1.8	
1948.....	49.0	40.6	10.6	30.0	8.4	8.3	-.1	47.8	45.9	2.0	-1.2	
1949.....	34.8	38.2	6.7	31.4	-3.4	-2.6	-.7	35.9	35.3	.6	1.0	
1950.....	49.7	41.6	10.8	30.8	8.0	9.2	-1.2	51.7	53.8	-2.1	2.0	
1951.....	55.5	49.4	14.8	34.6	6.1	6.5	-.4	59.5	59.2	-.3	4.0	
1952.....	49.3	53.1	16.0	37.1	-3.8	-3.7	-.0	51.9	52.1	-.2	2.7	
1953.....	48.1	55.0	17.0	38.0	-6.9	-7.1	-.1	51.4	53.3	-1.9	3.3	
1954.....	49.4	56.5	15.6	41.0	-7.1	-6.0	-1.1	52.4	52.7	-.3	3.0	
1955.....	65.6	62.4	14.9	47.5	3.1	4.4	-1.3	68.0	68.4	-.3	2.5	
1956.....	73.6	68.4	19.7	48.7	5.2	6.1	-.9	72.8	71.0	1.8	-.8	
1957.....	72.6	71.7	20.6	51.1	.9	2.3	-1.4	72.8	69.2	3.6	-.2	
1958.....	60.4	73.0	21.7	51.3	-12.6	-10.3	-2.4	62.0	61.9	-.1	1.7	
1959.....	75.8	77.3	18.8	58.5	-1.6	-1.1	-.4	75.5	77.6	-2.0	-2.2	
1960.....	78.9	75.8	17.1	58.7	3.1	3.0	-.1	78.2	76.4	1.7	-.7	
1961.....	75.8	80.0	20.2	59.8	-4.3	-3.9	-.4	77.3	74.3	3.0	1.6	
1962.....	83.6	87.4	20.4	67.0	-3.8	-4.2	.5	87.6	85.2	2.4	4.0	
1963.....	89.6	88.9	18.8	70.1	7	3	.5	93.4	90.2	3.2	3.7	
1964.....	100.1	102.4	26.1	76.2	-2.3	-3.3	1.0	102.3	96.6	5.7	2.2	
1965.....	115.4	114.9	30.3	84.6	.5	.5	-.0	116.3	112.0	4.3	.9	
1966.....	122.9	124.2	33.0	91.2	-1.3	-1.8	-.5	126.1	124.5	1.6	3.2	
1967.....	120.3	134.6	40.9	93.7	-14.2	-13.2	-1.1	122.1	120.8	1.2	1.7	
1968.....	130.8	136.3	38.1	98.2	-5.5	-5.8	-.3	130.2	131.5	-1.4	-.6	
1969.....	147.5	136.8	35.1	101.7	10.7	8.5	2.1	144.2	146.2	-2.0	-3.3	
1970.....	143.4	151.9	50.6	101.4	-9.4	-12.1	2.8	0.9	141.4	140.8	.5	-2.1
1971.....	155.4	173.0	57.3	115.7	-18.3	-22.0	3.7	.7	156.8	160.0	-3.2	1.3
1972.....	177.5	180.4	49.4	131.0	-3.5	-17.3	13.7	.7	179.2	188.3	-9.0	1.7
1973.....	216.8	210.5	70.3	140.2	6.3	-6.7	13.0	.0	219.4	220.0	-.6	2.6
1974.....	204.4	209.5	71.7	137.9	-3.2	-10.7	7.6	4	210.1	214.6	-4.5	5.8
1975.....	195.4	259.8	83.6	176.2	-64.4	-70.6	6.2	.0	202.8	190.9	11.9	7.4
1976.....	236.2	271.9	68.6	203.3	-35.7	-53.6	17.9	.0	242.3	243.0	-.7	6.1
1977.....	276.1	295.6	65.0	230.7	-19.5	-46.3	26.8	.0	283.6	303.3	-19.6	7.5
1978.....	324.6	324.9	72.0	252.9	-.3	-27.7	27.4	.0	327.9	351.5	-23.5	3.3
1979 P.....	364.0	348.9	72.8	276.0	14.0	-10.5	24.4	1.1	368.0	386.2	-18.2	4.0
1977:												
I.....	253.3	266.4	52.5	213.9	-13.1	-37.2	24.2	.0	262.5	280.4	-17.9	9.1
II.....	276.0	292.7	65.9	226.8	-16.6	-40.9	24.2	.0	284.7	300.0	-15.3	8.6
III.....	291.6	315.1	71.9	243.2	-23.5	-53.6	30.1	.0	299.3	315.7	-16.4	7.7
IV.....	283.6	308.4	69.5	238.9	-24.8	-53.6	28.8	.0	288.1	316.9	-28.8	4.6
1978:												
I.....	289.7	308.9	74.6	234.3	-19.2	-49.4	30.2	.0	292.7	327.0	-34.2	3.0
II.....	329.2	324.2	71.2	253.0	5.0	-24.6	29.6	.0	331.5	352.3	-20.8	2.3
III.....	332.7	330.4	70.9	259.5	2.3	-20.4	22.7	.0	336.5	356.2	-19.6	3.9
IV.....	346.9	336.1	71.5	264.6	10.8	-16.3	27.1	.0	351.0	370.5	-19.4	4.1
1979:												
I.....	362.2	345.2	79.2	266.0	15.8	-11.7	27.6	1.1	362.8	373.8	-11.0	.6
II.....	374.3	360.5	85.9	274.6	12.7	-7.0	19.7	1.1	373.1	395.4	-22.3	-1.3
III.....	367.3	352.1	70.3	281.9	14.0	-11.3	25.3	1.1	375.6	392.3	-16.7	8.3
IV P.....			55.9					1.1	360.4	383.3	-22.8	

<sup>1</sup> Undistributed corporate profits with inventory valuation and capital consumption adjustments, corporate and noncorporate capital consumption allowances with capital consumption adjustment, and private wage accruals less disbursements.

<sup>2</sup> Allocations of special drawing rights (SDR), except as noted in footnote 4.

<sup>3</sup> Net exports of goods and services less net transfers to foreigners and interest paid by government to foreigners plus capital grants received by the United States, net.

<sup>4</sup> In February 1974, the U.S. Government paid to India \$2,010 million in rupees under provisions of the Agricultural Trade Development and Assistance Act. This transaction is being treated as capital grants paid to foreigners, i.e., a -\$2.0 billion entry in capital grants received by the United States, net.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-24.—Saving by individuals, 1946-79<sup>1</sup>

[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Year or quarter	Total	Increase in financial assets							Net investment in			Less: Net increase in debt			
		Total <sup>2</sup>	Cur- rency and demand deposits	Sav- ings ac- counts	Money mar- ket fund shares	Securities			Insur- ance and pension re- serves <sup>5</sup>	Non- farm homes	Con- sumer dura- bles	Non- cor- porate busi- ness as- sets <sup>6</sup>	Mort- gage debt on non- farm homes	Con- sumer credit	Other debt <sup>7</sup>
						Gov- ernment securi- ties <sup>3</sup>	Corpo- rate and for- eign bonds	Corpo- rate equi- ties <sup>4</sup>							
1946	24.4	18.8	5.6	6.3	-1.5	-0.9	1.1	5.3	3.6	6.1	2.1	3.6	3.1	-0.5	
1947	20.2	13.2	.1	3.4	1.6	-.8	1.1	5.4	6.7	8.8	2.0	4.7	3.7	2.2	
1948	24.5	9.1	-2.9	2.2	1.3	-.1	1.0	5.3	9.1	8.8	7.1	4.6	3.2	2.8	
1949	21.3	9.9	-2.0	2.6	1.8	-.4	.7	5.6	8.4	10.9	2.0	4.4	3.2	2.2	
1950	30.9	13.7	2.6	2.4	-.1	-.8	.7	6.9	11.8	14.9	7.0	6.7	4.8	5.0	
1951	34.7	19.1	4.6	4.7	-.6	-.2	1.8	6.3	11.7	11.3	4.4	6.6	1.6	3.6	
1952	30.7	23.2	1.6	7.8	2.5	-.0	1.6	7.7	11.3	8.4	2.0	6.2	5.3	2.8	
1953	31.6	22.8	1.0	8.1	2.5	-.1	1.0	7.9	12.3	9.4	.8	7.6	4.2	1.9	
1954	27.7	22.2	2.2	9.1	1.0	-.9	.8	7.8	12.7	6.9	1.5	8.7	1.5	5.5	
1955	33.4	28.0	1.2	8.6	5.8	.5	1.0	8.5	16.7	11.9	2.4	12.2	7.2	6.4	
1956	36.7	30.2	1.8	9.4	3.9	1.1	2.0	9.5	15.6	8.7	.5	11.2	3.9	3.2	
1957	35.8	28.6	-.4	11.9	2.3	.9	1.5	9.5	13.2	7.6	2.1	8.9	2.9	3.8	
1958	33.4	31.6	3.8	13.9	-2.5	1.2	1.5	10.4	12.1	3.4	2.3	9.5	.5	6.0	
1959	35.6	37.4	.8	11.1	10.1	.4	.6	11.9	15.9	6.9	3.4	12.8	8.0	7.2	
1960	35.6	32.5	1.0	12.1	2.4	.7	-.5	11.5	14.3	6.7	3.1	11.7	4.4	4.8	
1961	34.1	35.9	-.9	18.3	1.8	-.1	-.3	12.1	12.0	4.1	3.3	12.2	2.5	6.5	
1962	40.3	40.6	-1.2	26.1	1.8	-.5	-.0	12.7	12.8	8.2	6.3	14.1	6.3	7.2	
1963	45.2	47.3	4.2	26.3	1.2	-.2	-.6	13.9	13.4	11.8	8.5	16.2	8.9	10.6	
1964	55.7	56.1	5.2	26.1	5.1	-.5	-.1	16.1	13.9	15.1	7.7	17.5	9.8	9.8	
1965	63.8	59.0	7.5	27.8	3.9	.5	-2.1	16.9	13.4	20.2	11.2	17.0	10.6	12.6	
1966	72.1	58.4	2.4	19.0	11.7	1.3	-.6	19.2	12.6	22.8	9.4	13.8	6.5	10.8	
1967	77.6	70.4	9.9	35.3	-.7	3.9	-4.2	18.6	10.9	20.9	8.5	12.5	5.7	15.0	
1968	82.2	76.2	11.1	31.1	5.7	4.3	-6.4	19.8	14.3	26.3	9.4	17.1	11.5	15.3	
1969	73.7	64.5	-2.5	9.1	25.3	5.4	-3.6	21.5	14.2	26.2	11.4	18.5	10.8	13.3	
1970	86.1	78.8	8.9	43.6	-.7	9.5	-1.5	24.0	11.7	20.2	9.8	14.1	5.4	14.8	
1971	98.7	103.0	12.2	67.8	-10.1	8.8	-5.1	27.5	18.8	26.2	13.5	26.4	14.7	21.8	
1972	116.9	128.8	13.9	74.5	1.9	5.0	-5.6	29.4	26.0	35.1	17.7	41.5	19.8	29.5	
1973	138.4	148.5	14.1	63.8	24.1	2.0	-.7	33.0	28.2	41.1	20.3	47.1	26.0	26.5	
1974	128.9	142.4	7.1	55.9	27.8	5.1	-2.2	36.3	23.1	28.6	2.8	35.4	9.9	22.7	
1975	150.0	167.2	4.0	84.0	1.3	22.9	8.4	-3.6	43.5	20.8	26.6	-.2	38.1	9.7	
1976	164.6	208.1	14.9	109.3	0	12.0	5.8	-3.2	52.6	33.1	40.6	-1.0	61.3	25.6	
1977	172.8	241.7	22.7	109.2	2	18.3	-3.3	-6.1	65.4	48.1	50.9	5.9	93.2	40.6	
1978	198.2	275.3	18.3	105.2	6.9	30.2	-1.4	-6.2	77.9	59.2	57.5	6.9	103.8	50.6	
1977:															
I	162.4	223.7	23.7	115.8	-.9	5.6	4.9	-11.0	56.9	39.8	50.8	3.4	77.5	30.7	
II	166.5	236.8	31.1	103.5	-.1	13.1	-5.1	-3.5	60.0	45.7	49.8	7.7	93.5	42.5	
III	189.7	263.8	25.5	120.6	1	7.7	-4.7	-1.7	80.6	52.0	49.8	5.7	101.6	39.3	
IV	172.7	242.6	10.4	96.9	1.7	46.9	-8.3	-8.3	63.8	54.9	53.1	6.7	100.2	49.7	
1978:															
I	176.6	243.4	26.7	91.2	6.9	35.3	-8.9	-8.8	71.0	56.6	48.1	5.3	95.3	43.4	
II	196.7	286.4	17.2	113.7	5.4	32.5	1.5	-.7	73.2	58.3	59.5	5.2	102.8	56.9	
III	205.4	288.6	14.7	117.1	5.8	26.5	-1.0	-5.1	90.7	59.8	58.8	6.7	104.1	48.8	
IV	214.2	282.9	14.7	98.8	9.6	27.1	3.0	-10.2	76.4	62.0	63.4	10.4	113.2	53.3	
1979:															
I	170.5	248.8	-24.0	90.0	28.8	52.2	-1.0	-9.5	70.5	60.4	61.3	7.0	111.5	50.7	
II	201.6	300.4	16.2	83.2	31.6	51.1	8.5	-13.1	85.1	58.5	52.5	6.7	117.4	44.7	
III	194.1	281.8	17.7	108.5	33.1	-10.5	-1.4	-3.6	90.8	56.6	53.6	4.6	101.5	42.4	

<sup>1</sup> Saving by households, personal trust funds, nonprofit institutions, farms, and other noncorporate business.<sup>2</sup> Includes commercial paper and miscellaneous financial assets, not shown separately.<sup>3</sup> Consists of U.S. savings bonds, other U.S. Treasury securities, U.S. Government agency securities and sponsored agency securities, and State and local obligations.<sup>4</sup> Includes investment company shares.<sup>5</sup> Private life insurance reserves, private insured and noninsured pension reserves, and government insurance and pension reserves.<sup>6</sup> Includes data for corporate farms.<sup>7</sup> Other debt consists of security credit, policy loans, noncorporate business mortgage debt, and other debt.

Source: Board of Governors of the Federal Reserve System.

TABLE B-25.—Money income (in 1978 dollars) and poverty status of families and unrelated individuals by race of head, 1947-78

Year	Total				White				Black			
	Total number (mil- lions)	Median income	Percent with incomes—		Total number (mil- lions)	Median income	Percent with incomes—		Total number (mil- lions)	Median income	Percent with incomes—	
			Below poverty level	\$25,000 and over <sup>1</sup>			Below poverty level	\$25,000 and over <sup>1</sup>			Below poverty level	\$25,000 and over <sup>1</sup>
<b>FAMILIES</b>												
1947	37.2	\$8,848		40.8	34.1	\$9,217		43.3	23.1	\$4,711.		214.2
1948	38.6	8,634		38.9	35.3	8,965		41.4	23.3	4,790		213.1
1949	39.3	8,500		38.1		8,839		40.4		4,514		211.6
1950	39.9	8,991		42.0		9,331		44.6		5,062		212.2
1951	40.6	9,310		18.1		9,687		19.6		5,101		23.4
1952	40.8	9,557		4.0		10,107		4.3		5,744		2.6
1953	41.2	10,342		4.9		10,723		5.3		6,012		2.7
1954	42.0	10,110		5.1	38.2	10,525		5.6	23.8	5,862		2.7
1955	42.9	10,759		5.6	39.0	11,233		6.2	23.9	6,195		2.6
1956	43.5	11,468		6.9	39.5	12,001		7.5	24.0	6,314		2.9
1957	43.7	11,505		6.3	39.7	11,973		6.9	24.0	6,401		2.7
1958	44.2	11,472		7.0	40.2	11,953		7.5	24.0	6,123		21.4
1959	45.1	12,119	18.5	8.5	40.9	12,624	15.2	9.2	24.2	6,521	48.1	21.4
1960	45.5	12,374	18.1	9.4	41.1	12,848	14.9	10.1	24.3	7,113	49.0	22.5
1961	46.4	12,500	18.1	10.6	41.9	13,036	14.8	11.4	24.5	6,955	49.0	23.2
1962	47.1	12,838	17.2	11.1	42.4	13,445	13.9	12.0	24.6	7,173	48.0	22.7
1963	47.5	13,309	15.9	12.4	42.7	13,947	12.8	13.4	24.8	7,379	43.7	23.4
1964	48.0	13,810	15.0	13.5	43.1	14,417	12.2	14.5	24.8	8,068	40.0	24.2
1965	48.5	14,378	13.9	14.8	43.5	14,986	11.1	16.0	24.8	8,253	39.7	24.5
1966	49.2	15,134	11.8	16.8	44.1	15,723	9.3	18.1	25.0	9,425	35.5	25.4
1967	50.1	15,493	11.4	18.2	44.8	16,081	9.0	19.4	4.6	9,521	33.9	6.1
1968	50.8	16,179	10.0	20.4	45.4	16,750	8.0	21.6	4.6	10,046	29.4	7.8
1969	51.6	16,778	9.7	22.6	46.0	17,420	7.7	24.0	4.8	10,670	27.9	8.8
1970	52.2	16,569	10.1	22.7	46.5	17,189	8.0	24.0	4.9	10,544	29.5	9.7
1971	53.3	16,559	10.0	22.4	47.6	17,183	7.9	23.8	5.2	10,369	28.8	9.1
1972	54.4	17,326	9.3	25.2	48.5	18,001	7.1	26.8	5.3	10,699	29.0	11.1
1973	55.1	17,683	8.8	25.4	48.9	18,481	6.6	27.0	5.4	10,666	28.1	10.1
1974	55.7	16,973	9.2	22.6	49.5	17,660	7.0	24.2	5.5	10,324	27.8	8.5
1974 <sup>4</sup>	55.7	17,060	8.8	25.6	49.4	17,729	6.8	27.1	5.5	10,586	26.9	10.8
1975	56.2	16,621	9.7	23.6	49.9	17,286	7.7	25.1	5.6	10,636	27.1	9.9
1976	56.7	17,134	9.4	24.9	50.1	17,797	7.1	26.5	5.8	10,586	27.9	10.7
1977	57.2	17,226	9.3	26.3	50.5	18,013	7.0	27.9	5.8	10,290	28.2	11.1
1978	57.8	17,640	9.1	27.9	50.9	18,368	6.9	29.5	5.9	10,879	27.5	13.4
<b>UNRELATED INDIVIDUALS</b>												
1947	8.2	\$2,861		7.5	7.2	\$3,023		8.2	21.0	\$2,178		23.1
1948	8.4	2,699		5.9	7.3	2,852		6.4	21.0	2,137		21.7
1949	9.0	2,872		7.0		3,101		8.1		2,241		2.5
1950	9.4	2,830		7.7		3,019		8.4		2,212		23.2
1951	9.1	2,999		1.6		3,157		1.8		2,332		2.6
1952	9.7	3,462		2.4		3,731		2.7		2,581		2.4
1953	9.5	3,403		2.6		3,591		3.2		2,824		2.2
1954	9.7	2,965		2.4	8.3	3,191		2.7	1.4	2,219		2.5
1955	9.9	3,208		3.0	8.5	3,410		3.5	1.4	2,277		2.2
1956	9.8	3,420		3.1	8.5	3,512		3.4	1.3	2,607		2.8
1957	10.4	3,460		4.1	8.9	3,701		4.7	1.5	2,352		2.5
1958	10.9	3,351		4.5	9.2	3,590		5.2	1.6	2,435		2.8
1959	10.9	3,484	46.1	4.7	9.3	3,722	44.1	5.2	1.6	2,404	57.0	21.5
1960	11.1	3,787	45.2	4.8	9.6	4,094	43.0	5.4	1.5	2,351	59.3	21.4
1961	11.2	3,823	45.9	5.9	9.6	4,109	43.2	6.8	1.6	2,523	62.7	21.7
1962	11.0	3,778	45.4	7.5	9.5	4,043	42.7	8.4	1.5	2,700	62.1	22.7
1963	11.2	3,834	44.2	7.8	9.7	4,019	42.0	8.7	1.5	2,758	58.3	22.3
1964	12.1	4,169	42.7	8.3	10.4	4,390	40.7	9.2	1.6	3,008	55.0	23.2
1965	12.2	4,449	39.8	9.2	10.5	4,640	38.1	10.2	1.7	3,383	54.7	23.0
1966	12.5	4,601	38.3	9.1	10.7	4,838	36.1	10.1	1.6	3,042	50.4	22.9
1967	13.2	4,646	38.1	10.1	11.3	4,824	36.5	10.9	1.6	3,637	49.3	3.6
1968	13.9	5,222	34.0	12.1	12.0	5,533	32.2	13.1	1.7	3,681	46.3	4.1
1969	14.6	5,213	34.0	11.9	12.5	5,475	32.1	13.0	1.8	3,746	46.7	3.7
1970	15.5	5,268	32.9	12.5	13.4	5,513	30.8	13.6	1.7	3,555	48.3	4.8
1971	16.3	5,339	31.6	12.6	14.2	5,579	29.6	13.6	1.9	3,623	46.0	5.1
1972	16.8	5,488	29.0	13.4	14.5	5,731	27.1	14.2	2.0	4,004	42.9	7.3
1973	18.3	6,066	25.6	14.9	15.8	6,265	23.7	15.6	2.2	4,629	37.9	9.3
1974	18.9	5,870	25.5	13.2	16.3	6,130	23.2	14.1	2.3	4,045	41.0	7.3
1974 <sup>4</sup>	18.9	6,086	24.1	13.8	16.3	6,306	21.8	14.6	2.4	4,254	39.3	8.0
1975	20.2	5,915	25.1	13.4	17.5	6,178	22.7	14.3	2.4	3,982	42.1	7.6
1976	21.5	6,157	24.9	13.9	18.6	6,421	22.7	14.8	2.6	4,317	39.8	8.2
1977	23.1	6,356	22.6	14.8	19.9	6,597	20.4	15.6	2.9	4,773	37.0	9.5
1978	24.6	6,705	22.1	16.6	21.3	7,030	19.8	17.3	2.9	4,411	38.6	11.3

<sup>1</sup> For families, restricted to "\$10,000 and over" for the years 1947 to 1950 and "\$15,000 and over" for the year 1951; for unrelated individuals restricted to "\$10,000 and over" for the years 1947 to 1950.

<sup>2</sup> Data for Black include "other" races.

<sup>3</sup> Revised using population controls based on the 1970 census. Such controls are not available by race.

<sup>4</sup> Based on revised methodology procedures.

Note.—The poverty level is based on the poverty index adopted by a Federal interagency committee in 1969. That index reflects different consumption requirements for families based on size and composition, sex and age of family head, and farm–nonfarm residence. The poverty thresholds are updated every year to reflect changes in the consumer price index. For further details see "Current Population Reports," Series P-60, No. 119, Bureau of the Census.

Source: Department of Commerce, Bureau of the Census.

POPULATION, EMPLOYMENT, WAGES, AND PRODUCTIVITY

TABLE B-26.—Population by age groups, 1929-79

[Thousands of persons]

July 1	Total	Age (years)						
		Under 5	5-15	16-19	20-24	25-44	45-64	65 and over
1929.....	121,767	11,734	26,800	9,127	10,694	35,862	21,076	6,474
1933.....	125,579	10,612	26,897	9,302	11,152	37,319	22,933	7,363
1939.....	130,880	10,418	25,179	9,822	11,519	39,354	25,823	8,764
1940.....	132,122	10,579	24,811	9,895	11,690	39,868	26,249	9,031
1941.....	133,402	10,850	24,516	9,840	11,807	40,383	26,718	9,288
1942.....	134,860	11,301	24,231	9,730	11,955	40,861	27,196	9,584
1943.....	136,739	12,016	24,093	9,607	12,064	41,420	27,671	9,867
1944.....	138,397	12,524	23,949	9,561	12,062	42,016	28,138	10,147
1945.....	139,928	12,979	23,907	9,361	12,036	42,521	28,630	10,494
1946.....	141,389	13,244	24,103	9,119	12,004	43,027	29,064	10,828
1947.....	144,126	14,406	24,468	9,097	11,814	43,657	29,498	11,185
1948.....	146,631	14,919	25,209	8,952	11,794	44,288	29,931	11,538
1949.....	149,188	15,607	25,852	8,788	11,700	44,916	30,405	11,921
1950.....	152,271	16,410	26,721	8,542	11,680	45,672	30,849	12,397
1951.....	154,878	17,333	27,279	8,446	11,552	46,103	31,362	12,803
1952.....	157,553	17,312	28,894	8,414	11,350	46,495	31,884	13,203
1953.....	160,184	17,638	30,227	8,460	11,062	46,786	32,394	13,617
1954.....	163,026	18,057	31,480	8,637	10,832	47,001	32,942	14,076
1955.....	165,931	18,566	32,682	8,744	10,714	47,194	33,506	14,525
1956.....	168,903	19,003	33,994	8,916	10,616	47,379	34,057	14,938
1957.....	171,984	19,494	35,272	9,195	10,603	47,440	34,591	15,388
1958.....	174,882	19,887	36,445	9,543	10,756	47,337	35,109	15,806
1959.....	177,830	20,175	37,368	10,215	10,969	47,192	35,663	16,248
1960.....	180,671	20,341	38,494	10,683	11,134	47,140	36,203	16,675
1961.....	183,691	20,522	39,765	11,025	11,483	47,084	36,722	17,089
1962.....	186,538	20,469	41,205	11,180	11,959	47,013	37,255	17,457
1963.....	189,242	20,342	41,626	12,007	12,714	46,994	37,782	17,778
1964.....	191,889	20,165	42,297	12,736	13,269	46,958	38,338	18,127
1965.....	194,303	19,824	42,938	13,516	13,746	46,912	38,916	18,451
1966.....	196,560	19,208	43,702	14,311	14,050	47,001	39,534	18,755
1967.....	198,712	18,563	44,244	14,200	15,248	47,194	40,193	19,071
1968.....	200,706	17,913	44,622	14,452	15,786	47,721	40,846	19,365
1969.....	202,677	17,376	44,840	14,800	16,480	48,064	41,437	19,680
1970.....	204,878	17,148	44,774	15,275	17,184	48,435	41,975	20,087
1971.....	207,053	17,177	44,441	15,635	18,089	48,811	42,413	20,488
1972.....	208,846	16,990	43,948	15,946	18,032	50,254	42,785	20,892
1973.....	210,410	16,694	43,227	16,310	18,345	51,411	43,077	21,346
1974.....	211,901	16,288	42,538	16,590	18,741	52,593	43,319	21,833
1975.....	213,559	15,879	41,956	16,793	19,229	53,735	43,546	22,420
1976.....	215,152	15,345	41,459	16,928	19,630	55,129	43,707	22,954
1977.....	216,880	15,248	40,575	16,966	20,077	56,706	43,795	23,513
1978.....	218,717	15,378	39,623	16,935	20,461	58,380	43,876	24,064
1979.....	220,584	15,649	38,643	16,838	20,726	60,161	43,910	24,658

Note.—Includes Armed Forces overseas beginning 1940. Includes Alaska and Hawaii beginning 1950.

Source: Department of Commerce, Bureau of the Census.

TABLE B-27.—Noninstitutional population and the labor force, 1929-79

[Monthly data seasonally adjusted, except as noted]

Year or month	Noninstitutional population <sup>1</sup>	Armed Forces <sup>1</sup>	Civilian labor force					Unemployment rate (percent of civilian labor force)	Civilian labor force participation rate <sup>2</sup>		
			Total	Employment			Unemployment		Total	Males	Females
				Total	Agricultural	Nonagricultural					
Thousands of persons 14 years of age and over								Percent			
1929		260	49,180	47,630	10,450	37,180	1,550	3.2			
1933		250	51,590	38,760	10,090	28,670	12,830	24.9			
1939		370	55,230	45,750	9,610	36,140	9,480	17.2			
1940	100,380	540	55,640	47,520	9,540	37,980	8,120	14.6	55.7	83.7	28.2
1941	101,520	1,620	55,910	50,350	9,100	41,250	5,560	9.9	56.0	84.3	28.7
1942	102,610	3,970	56,410	53,750	9,250	44,500	2,660	4.7	57.2	85.6	31.3
1943	103,660	9,020	55,540	54,470	9,080	45,390	1,070	1.9	58.7	86.4	36.0
1944	104,630	11,410	54,630	53,960	8,950	45,010	670	1.2	58.6	87.0	36.5
1945	105,530	11,440	53,860	52,820	8,580	44,240	1,040	1.9	57.2	84.8	35.9
1946	106,520	3,450	57,520	55,250	8,320	46,930	2,270	3.9	55.8	82.6	31.2
1947	107,608	1,590	60,168	57,812	8,256	49,557	2,356	3.9	56.8	84.0	31.0
Thousands of persons 16 years of age and over											
1947	103,418	1,591	59,350	57,038	7,890	49,148	2,311	3.9	58.3	86.4	31.8
1948	104,527	1,459	60,621	58,343	7,629	50,714	2,276	3.8	58.8	86.6	32.7
1949	105,611	1,617	61,286	57,651	7,658	49,993	3,637	5.9	58.9	86.4	31.3
1950	106,645	1,650	62,208	58,918	7,160	51,758	3,288	5.3	59.2	86.4	33.9
1951	107,721	3,100	62,017	59,961	6,726	53,235	2,055	3.3	59.3	86.5	34.6
1952	108,823	3,592	62,138	60,250	6,500	53,749	1,883	3.0	59.0	86.3	34.7
1953 <sup>a</sup>	110,601	3,545	63,015	61,179	6,260	54,919	1,834	2.9	58.9	86.0	34.4
1954	111,671	3,350	63,643	60,109	6,205	53,904	3,532	5.5	58.8	85.5	34.6
1955	112,732	3,049	65,023	62,170	6,450	55,722	2,852	4.4	59.3	85.3	35.7
1956	113,811	2,857	66,552	63,799	6,283	57,514	2,750	4.1	60.0	85.5	36.9
1957	115,065	2,800	66,929	64,071	5,947	58,123	2,859	4.3	59.6	84.8	36.9
1958	116,363	2,636	67,639	63,036	5,586	57,450	4,602	6.8	59.5	84.2	37.1
1959	117,881	2,552	68,369	64,630	5,565	59,065	3,740	5.5	59.3	83.7	37.1
1960 <sup>a</sup>	119,759	2,514	69,628	65,778	5,458	60,318	3,852	5.5	59.4	83.3	37.7
1961	121,343	2,572	70,459	65,746	5,200	60,546	4,714	6.7	59.3	82.9	38.1
1962 <sup>a</sup>	122,981	2,828	70,614	66,702	4,944	61,759	3,911	5.5	58.8	82.0	37.9
1963	125,154	2,738	71,833	67,762	4,687	63,076	4,070	5.7	58.7	81.4	38.3
1964	127,224	2,739	73,091	69,305	4,523	64,782	3,786	5.2	58.7	81.0	38.7
1965	129,236	2,723	74,455	71,088	4,361	66,726	3,366	4.5	58.9	80.7	39.3
1966	131,180	3,123	75,770	72,895	3,979	68,915	2,875	3.8	59.2	80.4	40.3
1967	133,319	3,446	77,347	74,372	3,844	70,527	2,975	3.8	59.6	80.4	41.1
1968	135,562	3,535	78,737	75,920	3,817	72,103	2,817	3.6	59.6	80.1	41.6
1969	137,841	3,506	80,734	77,902	3,606	74,296	2,832	3.5	60.1	79.8	42.7
1970	140,182	3,188	82,715	78,627	3,462	75,165	4,088	4.9	60.4	79.7	43.3
1971	142,596	2,816	84,113	79,120	3,387	75,732	4,993	5.9	60.2	79.1	43.3
1972 <sup>a</sup>	145,775	2,449	86,542	81,702	3,472	78,230	4,840	5.6	60.4	79.0	43.9
1973 <sup>a</sup>	148,263	2,326	88,714	84,409	3,452	80,957	4,304	4.9	60.8	78.8	44.7
1974	150,827	2,229	91,011	85,935	3,492	82,443	5,076	5.6	61.2	78.7	45.6
1975	153,449	2,180	92,613	84,783	3,380	81,403	7,830	8.5	61.2	77.9	46.3
1976	156,048	2,144	94,773	87,485	3,297	84,188	7,288	7.7	61.6	77.5	47.3
1977	158,559	2,133	97,401	90,346	3,244	87,302	6,855	7.0	62.3	77.7	48.4
1978 <sup>a</sup>	161,058	2,117	100,420	94,373	3,342	91,031	6,047	6.0	63.2	77.9	50.0
1979	163,620	2,088	102,908	96,945	3,297	93,648	5,963	5.8	63.7	77.9	51.0

See next page for continuation of table.



TABLE B-27.—Noninstitutional population and the labor force, 1929-79—Continued

(Monthly data seasonally adjusted, except as noted)

Year or month	Noninstitutional population <sup>1</sup>	Armed Forces <sup>1</sup>	Civilian labor force					Unemployment rate (percent of civilian labor force)	Civilian labor force participation rate <sup>2</sup>		
			Total	Employment			Unemployment		Total	Males	Females
				Total	Agricultural	Nonagricultural					
Thousands of persons 16 years of age and over							Percent				
1977:											
Jan.....	157,381	2,133	95,688	88,566	3,142	85,424	7,122	7.4	61.6	77.3	47.6
Feb.....	157,584	2,137	96,225	88,959	3,175	85,784	7,266	7.6	61.9	77.6	47.9
Mar.....	157,782	2,138	96,544	89,397	3,181	86,216	7,147	7.4	62.0	77.5	48.1
Apr.....	157,986	2,132	96,776	89,843	3,271	86,572	6,933	7.2	62.1	77.5	48.3
May.....	158,228	2,128	97,155	90,291	3,396	86,895	6,864	7.1	62.2	77.6	48.4
June.....	158,456	2,129	97,475	90,429	3,288	87,141	7,046	7.2	62.4	77.8	48.5
July.....	158,682	2,135	97,344	90,603	3,201	87,402	6,741	6.9	62.2	77.6	48.4
Aug.....	97,759	2,137	97,759	90,958	3,213	87,745	6,801	7.0	62.4	77.7	48.6
Sept.....	159,114	2,131	97,812	91,177	3,171	88,006	6,655	6.8	62.3	77.3	48.8
Oct.....	159,334	2,134	98,136	91,514	3,236	88,278	6,622	6.7	62.4	77.8	48.6
Nov.....	159,522	2,132	98,859	92,221	3,340	88,881	6,638	6.7	62.8	78.0	49.2
Dec.....	159,736	2,129	98,758	92,589	3,297	89,292	6,169	6.2	62.7	78.0	48.9
1978:											
Jan <sup>3</sup> .....	159,937	2,121	99,118	92,813	3,388	89,425	6,305	6.4	62.8	77.9	49.3
Feb.....	160,128	2,124	99,009	92,921	3,268	89,653	6,088	6.1	62.7	77.7	49.1
Mar.....	160,313	2,122	99,281	93,128	3,315	89,813	6,153	6.2	62.8	77.8	49.3
Apr.....	160,504	2,118	99,819	93,763	3,295	90,468	6,056	6.1	63.0	77.8	49.7
May.....	160,713	2,113	100,242	94,116	3,298	90,818	6,126	6.1	63.2	77.9	50.0
June.....	160,928	2,098	100,458	94,556	3,415	91,141	5,902	5.9	63.2	77.9	50.1
July.....	161,148	2,116	100,656	94,428	3,382	91,046	6,228	6.2	63.3	77.8	50.3
Aug.....	161,348	2,122	100,731	94,802	3,345	91,457	5,929	5.9	63.3	77.8	50.2
Sept.....	161,570	2,123	100,944	94,973	3,375	91,598	5,971	5.9	63.3	77.7	50.4
Oct.....	161,829	2,122	101,189	95,401	3,377	92,024	5,788	5.7	63.4	77.8	50.4
Nov.....	162,033	2,117	101,610	95,728	3,240	92,488	5,882	5.8	63.5	78.0	50.5
Dec.....	162,250	2,108	101,815	95,831	3,375	92,456	5,984	5.9	63.6	78.0	50.6
1979:											
Jan.....	162,448	2,094	102,061	96,157	3,260	92,897	5,904	5.8	63.6	78.2	50.6
Feb.....	162,633	2,094	102,379	96,496	3,307	93,189	5,883	5.7	63.8	78.2	50.8
Mar.....	162,909	2,090	102,505	96,623	3,320	93,303	5,882	5.7	63.7	78.1	50.9
Apr.....	163,008	2,082	102,198	96,254	3,215	93,039	5,944	5.8	63.5	77.9	50.6
May.....	163,260	2,078	102,398	96,495	3,246	93,249	5,903	5.8	63.5	77.8	50.7
June.....	163,469	2,076	102,476	96,652	3,243	93,409	5,824	5.7	63.5	77.7	50.7
July.....	163,685	2,082	103,093	97,184	3,267	93,917	5,909	5.7	63.8	77.9	51.1
Aug.....	163,891	2,090	103,128	97,004	3,315	93,689	6,124	5.9	63.7	77.7	51.2
Sept.....	164,106	2,092	103,494	97,604	3,364	94,140	5,960	5.8	63.9	78.0	51.2
Oct.....	164,468	2,093	103,595	97,474	3,294	94,180	6,121	5.9	63.8	77.7	51.3
Nov.....	164,682	2,092	103,652	97,608	3,385	94,223	6,044	5.8	63.8	77.6	51.3
Dec.....	164,898	2,089	103,999	97,912	3,359	94,553	6,087	5.9	63.9	77.6	51.5

<sup>1</sup> Not seasonally adjusted.

<sup>2</sup> Civilian labor force as percent of civilian noninstitutional population.

<sup>3</sup> Not strictly comparable with earlier data due to population adjustments as follows: Beginning 1953, introduction of 1950 census data added about 600,000 to population and about 350,000 to labor force, total employment, and agricultural employment. Beginning 1960, inclusion of Alaska and Hawaii added about 500,000 to population, about 300,000 to labor force, and about 240,000 to nonagricultural employment. Beginning 1962, introduction of 1960 census data reduced population by about 50,000 and labor force and employment by about 200,000. Beginning 1972, introduction of 1970 census data added about 800,000 to civilian noninstitutional population and about 333,000 to labor force and employment. A subsequent adjustment based on 1970 census in March 1973 added 60,000 to labor force and to employment. Beginning 1978, changes in sampling and estimation procedures introduced into the household survey added about 250,000 to labor force and to employment. Unemployment levels and rates were not significantly affected.

Note.—Labor force data in Tables B-27 through B-32 are based on household interviews and relate to the calendar week including the 12th of the month. For definitions of terms, area samples used, historic comparability of the data, comparability with other series, etc., see "Employment and Earnings."

Source: Department of Labor, Bureau of Labor Statistics.



TABLE B-29.—Selected employment and unemployment data, 1948-79

[Percent; <sup>1</sup> monthly data seasonally adjusted]

Year or month	Unemployment rate <sup>1</sup>									Employment as percent of population <sup>5</sup>		
	By sex and age				By selected groups					Total	White	Black and other
	All workers	Both sexes 16-19 years	Males 20 years and over	Females 20 years and over	Experienced wage and salary workers	Married men <sup>2</sup>	Women who head families	Full-time workers <sup>3</sup>	Blue-collar workers <sup>4</sup>			
1948.....	3.8	9.2	3.2	3.6	4.3				4.2	55.8		
1949.....	5.9	13.4	5.4	5.3	6.8	3.5		5.4	8.0	54.6		
1950.....	5.3	12.2	4.7	5.1	6.0	4.6		5.0	7.2	55.2		
1951.....	3.3	8.2	2.5	4.0	3.7	1.5		2.6	3.9	55.7		
1952.....	3.0	8.5	2.4	3.2	3.3	1.4		2.5	3.6	55.4		
1953.....	2.9	7.6	2.5	2.9	3.2	1.7			3.4	55.3		
1954.....	5.5	12.6	4.9	5.5	6.2	4.0		5.2	7.2	53.8		
1955.....	4.4	11.0	3.8	4.4	4.8	2.8		3.8	5.8	55.1		
1956.....	4.1	11.1	3.4	4.2	4.4	2.6		3.7	5.1	56.1		
1957.....	4.3	11.6	3.6	4.1	4.6	2.8		4.0	6.2	55.7		
1958.....	6.8	15.9	6.2	6.1	7.2	5.1		7.2	10.2	54.2		
1959.....	5.5	14.6	4.7	5.2	5.7	3.6			7.6	54.8		
1960.....	5.5	14.7	4.7	5.1	5.7	3.7			7.8	54.9		
1961.....	6.7	16.8	5.7	6.3	6.8	4.6		6.7	9.2	54.2		
1962.....	5.5	14.7	4.6	5.4	5.6	3.6			7.4	54.2		
1963.....	5.7	17.2	4.5	5.4	5.5	3.4		5.5	7.3	54.1	54.0	55.2
1964.....	5.2	16.2	3.9	5.2	5.0	2.8		4.9	6.3	54.5	54.3	56.1
1965.....	4.5	14.8	3.2	4.5	4.3	2.4		4.2	5.3	55.0	54.8	56.8
1966.....	3.8	12.8	2.5	3.8	3.5	1.9		3.5	4.2	55.6	55.4	57.2
1967.....	3.8	12.8	2.3	4.2	3.6	1.8	4.9	3.4	4.4	55.8	55.7	56.9
1968.....	3.6	12.7	2.2	3.8	3.4	1.6	4.4	3.1	4.1	56.0	55.9	56.6
1969.....	3.5	12.2	2.1	3.7	3.3	1.5	4.4	3.1	3.9	56.5	56.5	56.7
1970.....	4.9	15.2	3.5	4.8	4.8	2.6	5.4	4.5	6.2	56.1	56.2	55.5
1971.....	5.9	16.9	4.4	5.7	5.7	3.2	7.3	5.5	7.4	55.5	55.7	53.7
1972.....	5.6	16.2	4.0	5.4	5.3	2.8	7.2	5.1	6.5	56.0	56.4	53.0
1973.....	4.9	14.5	3.2	4.8	4.5	2.7	7.0	4.3	5.3	56.9	57.3	53.9
1974.....	5.6	16.0	3.8	5.5	5.3	2.7	7.0	5.1	6.7	57.0	57.5	53.0
1975.....	8.5	19.9	6.7	8.0	8.2	5.1	10.0	8.1	11.7	55.3	55.9	50.0
1976.....	7.7	19.0	5.9	7.4	7.3	4.2	10.0	7.3	9.4	56.1	56.8	50.6
1977.....	7.0	17.7	5.2	7.0	6.6	3.6	9.3	6.5	8.1	57.1	57.9	51.1
1978.....	6.0	16.3	4.2	6.0	5.6	2.8	8.5	5.5	6.9	58.6	59.3	53.3
1979.....	5.8	16.1	4.1	5.7	5.4	2.7	8.3	5.3	6.9	59.3	60.0	53.6
1978:												
Jan.....	6.4	16.5	4.6	6.3	5.9	3.0	8.3	5.9	7.4	58.0	58.8	52.4
Feb.....	6.1	17.1	4.5	5.8	5.7	2.9	7.7	5.7	7.2	58.0	58.8	52.9
Mar.....	6.2	17.2	4.5	5.9	5.8	3.0	8.7	5.7	7.2	58.1	58.8	52.9
Apr.....	6.1	16.6	4.3	6.0	5.6	2.8	10.0	5.5	6.7	58.4	59.2	53.0
May.....	6.1	16.2	4.3	6.2	5.7	2.9	9.1	5.6	6.7	58.6	59.3	53.2
June.....	5.9	15.2	4.1	6.1	5.5	2.8	8.7	5.3	6.7	58.8	59.5	53.4
July.....	6.2	16.7	4.1	6.5	5.7	2.7	9.8	5.7	6.8	58.6	59.3	53.2
Aug.....	5.9	15.8	4.1	5.9	5.4	2.7	8.0	5.4	6.7	58.8	59.5	53.5
Sept.....	5.9	16.2	4.1	5.9	5.6	2.7	8.1	5.4	6.9	58.8	59.5	53.8
Oct.....	5.7	16.0	4.0	5.6	5.4	2.6	7.5	5.2	6.7	59.0	59.7	53.8
Nov.....	5.8	16.2	3.9	5.8	5.3	2.4	7.8	5.2	6.4	59.1	59.8	53.7
Dec.....	5.9	16.4	4.1	5.8	5.5	2.6	7.9	5.3	6.7	59.1	59.8	53.6
1979:												
Jan.....	5.8	16.0	4.0	5.7	5.4	2.6	8.0	5.2	6.5	59.2	60.0	53.4
Feb.....	5.7	16.0	3.9	5.7	5.3	2.6	8.3	5.2	6.5	59.3	60.2	53.4
Mar.....	5.7	15.7	4.0	5.7	5.4	2.6	8.2	5.2	6.6	59.3	60.1	53.8
Apr.....	5.8	16.3	4.0	5.7	5.4	2.7	8.3	5.3	6.9	59.0	59.9	53.2
May.....	5.8	16.5	3.9	5.7	5.4	2.5	8.6	5.2	6.8	59.1	59.9	53.3
June.....	5.7	15.4	4.0	5.7	5.3	2.7	9.0	5.2	6.6	59.1	59.9	53.5
July.....	5.7	15.8	4.1	5.5	5.4	2.8	8.1	5.3	6.8	59.4	60.1	54.1
Aug.....	5.9	16.6	4.2	5.9	5.7	2.9	7.9	5.4	7.3	59.2	59.9	53.8
Sept.....	5.8	16.2	4.2	5.5	5.5	2.9	7.7	5.3	7.1	59.4	60.2	54.0
Oct.....	5.9	16.4	4.2	5.7	5.6	2.9	8.4	5.4	7.2	59.3	60.1	53.9
Nov.....	5.8	15.9	4.3	5.6	5.5	2.9	8.4	5.4	7.5	59.3	60.1	53.7
Dec.....	5.9	16.0	4.2	5.7	5.5	2.8	8.4	5.4	7.2	59.4	60.2	53.4

<sup>1</sup> Unemployment as percent of civilian labor force in group specified.

<sup>2</sup> Married men living with their wives. Data for 1949 and 1951-54 are for April; 1950, for March.

<sup>3</sup> Data for 1949-61 are for May.

<sup>4</sup> Includes craft and kindred workers, operatives, and nonfarm laborers. Data for 1948-57 are based on data for January, April, July, and October.

<sup>5</sup> Civilian employment as percent of total noninstitutional population.

Note.—See footnote 3 and Note, Table B-27.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-30.—Unemployment rate by demographic characteristic, 1948-79

[Percent; <sup>1</sup> monthly data seasonally adjusted]

Year or month	White							Black and other						
	Total	Males			Females			Total	Males			Females		
		Total	16-19 years	20 years and over	Total	16-19 years	20 years and over		Total	16-19 years	20 years and over	Total	16-19 years	20 years and over
1948	3.5	3.4			3.8			5.9	5.8			6.1		
1949	5.6	5.6			5.7			8.9	9.6			7.9		
1950	4.9	4.7			5.3			9.0	9.4			8.4		
1951	3.1	2.6			4.2			5.3	4.9			6.1		
1952	2.8	2.5			3.3			5.4	5.2			5.7		
1953	2.7	2.5			3.1			4.5	4.8			4.1		
1954	5.0	4.8	13.4	4.4	5.5	10.4	5.1	9.9	10.3	14.4	9.9	9.2	20.6	8.4
1955	3.9	3.7	11.3	3.3	4.3	9.1	3.9	8.7	8.8	13.4	8.4	8.5	19.2	7.7
1956	3.6	3.4	10.5	3.0	4.2	9.7	3.7	8.3	7.9	15.0	7.4	8.9	22.8	7.8
1957	3.8	3.6	11.5	3.2	4.3	9.5	3.8	7.9	8.3	18.4	7.6	7.3	20.2	6.4
1958	6.1	6.1	15.7	5.5	6.2	12.7	5.6	12.6	13.7	26.8	12.7	10.8	28.4	9.5
1959	4.8	4.6	14.0	4.1	5.3	12.0	4.7	10.7	11.5	25.2	10.5	9.4	27.7	8.3
1960	4.9	4.8	14.0	4.2	5.3	12.7	4.6	10.2	10.7	24.0	9.6	9.4	24.8	8.3
1961	6.0	5.7	15.7	5.1	6.5	14.8	5.7	12.4	12.8	26.8	11.7	11.9	29.2	10.6
1962	4.9	4.6	13.7	4.0	5.5	12.8	4.7	10.9	10.9	22.0	10.0	11.0	30.2	9.6
1963	5.0	4.7	15.9	3.9	5.8	15.1	4.8	10.8	10.5	27.3	9.2	11.2	34.7	9.4
1964	4.6	4.1	14.7	3.4	5.5	14.9	4.6	9.6	8.9	24.3	7.7	10.7	31.6	9.0
1965	4.1	3.6	12.9	2.9	5.0	14.0	4.0	8.1	7.4	23.3	6.0	9.2	31.7	7.5
1966	3.3	2.8	10.5	2.2	4.3	12.1	3.3	7.3	6.3	21.3	4.9	8.7	31.3	6.6
1967	3.4	2.7	10.7	2.1	4.6	11.5	3.8	7.4	6.1	23.9	4.3	9.1	29.6	7.1
1968	3.2	2.6	10.1	2.0	4.3	12.1	3.4	6.7	5.6	22.1	3.9	8.3	28.7	6.3
1969	3.1	2.5	10.0	1.9	4.2	11.5	3.4	6.4	5.3	21.4	3.7	7.8	27.6	5.8
1970	4.5	4.0	13.7	3.2	5.4	13.4	4.4	8.2	7.3	25.0	5.6	9.3	34.4	6.9
1971	5.4	4.9	15.1	4.0	6.3	15.1	5.3	9.9	9.1	28.9	7.2	10.8	35.4	8.7
1972	5.0	4.5	14.2	3.6	5.9	14.2	4.9	10.0	8.9	29.7	6.8	11.3	38.5	8.8
1973	4.3	3.7	12.3	2.9	5.3	13.0	4.3	8.9	7.6	26.9	5.7	10.5	34.5	8.2
1974	5.0	4.3	13.5	3.5	6.1	14.5	5.0	9.9	9.1	31.6	6.8	10.7	34.6	8.4
1975	7.8	7.2	18.3	6.2	8.6	17.4	7.5	13.9	13.7	35.4	11.7	14.0	38.5	11.5
1976	7.0	6.4	17.3	5.4	7.9	16.4	6.8	13.1	12.7	35.4	10.6	13.6	39.0	11.3
1977	6.2	5.5	15.0	4.6	7.3	15.9	6.2	13.1	12.4	37.0	10.0	14.0	39.9	11.7
1978	5.2	4.5	13.5	3.7	6.2	14.4	5.2	11.9	10.9	34.4	8.6	13.1	38.4	10.6
1979	5.1	4.4	13.9	3.6	5.9	13.9	5.0	11.3	10.3	31.5	8.4	12.3	35.7	10.1
1978:														
Jan	5.5	4.7	13.1	4.0	6.6	14.7	5.6	12.9	12.2	36.2	9.9	13.6	42.6	11.0
Feb	5.4	4.8	14.2	3.9	6.3	15.0	5.2	11.8	11.2	34.7	8.8	12.5	41.2	9.9
Mar	5.3	4.9	14.0	4.0	6.1	15.0	5.0	12.5	11.2	36.7	8.7	14.0	41.1	11.5
Apr	5.3	4.5	13.7	3.7	6.3	14.8	5.3	11.8	11.1	33.8	8.9	12.5	36.6	10.4
May	5.3	4.5	12.7	3.7	6.4	14.8	5.4	12.3	11.3	37.5	8.8	13.4	37.9	11.0
June	5.0	4.3	11.8	3.6	6.2	13.2	5.3	11.9	10.4	32.4	8.3	13.5	40.6	10.8
July	5.3	4.4	13.5	3.6	6.6	14.5	5.6	12.5	10.7	32.6	8.4	14.4	41.0	11.7
Aug	5.1	4.4	13.1	3.6	6.2	14.3	5.2	11.6	10.6	31.6	8.6	12.6	36.3	10.3
Sept	5.2	4.4	13.2	3.6	6.2	14.5	5.2	11.5	10.5	34.7	8.3	12.5	36.3	10.2
Oct	5.0	4.5	14.3	3.5	5.7	13.3	4.8	11.2	10.1	31.9	8.0	12.4	36.5	10.1
Nov	5.0	4.2	13.3	3.3	6.0	14.3	5.0	11.7	10.9	36.9	8.4	12.7	35.6	10.5
Dec	5.1	4.5	14.4	3.5	6.1	13.9	5.1	11.4	10.5	33.8	8.3	12.4	35.6	10.2
1979:														
Jan	5.0	4.4	14.0	3.5	5.9	13.6	5.0	11.3	10.3	33.9	8.0	12.4	31.9	10.5
Feb	4.9	4.3	13.8	3.4	5.9	13.4	5.0	11.8	10.9	34.2	8.6	12.7	35.6	10.4
Mar	5.0	4.3	13.8	3.4	5.9	13.4	5.0	11.3	10.8	31.5	8.7	11.8	31.6	10.0
Apr	5.0	4.4	13.9	3.5	5.9	13.9	5.0	11.7	10.6	32.0	8.6	12.9	36.8	10.5
May	5.0	4.3	14.4	3.4	6.0	14.0	5.0	11.5	10.3	30.4	8.4	12.8	42.5	10.0
June	4.9	4.3	12.6	3.5	5.9	13.8	4.9	11.2	10.0	31.4	8.1	12.5	35.9	10.4
July	5.0	4.5	13.6	3.6	5.8	13.9	4.8	11.0	10.1	30.5	8.4	11.9	32.7	10.0
Aug	5.3	4.6	14.9	3.7	6.2	14.7	5.2	11.0	9.8	28.4	8.1	12.4	37.5	10.3
Sept	5.1	4.6	14.4	3.7	5.8	14.1	4.8	10.8	9.8	29.6	8.0	11.9	35.4	9.8
Oct	5.1	4.5	13.8	3.7	6.0	14.4	5.0	11.5	10.5	32.0	8.6	12.5	38.4	10.2
Nov	5.1	4.6	14.1	3.7	5.8	13.8	4.9	10.9	10.2	31.1	8.4	11.6	34.6	9.5
Dec	5.1	4.5	13.7	3.7	6.0	14.1	5.0	11.3	10.5	33.2	8.6	12.2	35.4	10.0

<sup>1</sup> Unemployment as percent of civilian labor force in group specified.

Note.—See footnote 3 and Note, Table B-27.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-31.—Unemployment by duration, 1947-79

[Monthly data seasonally adjusted<sup>1</sup>]

Year or month	Total unemployment	Duration of unemployment				Average (mean) duration in weeks
		Less than 5 weeks	5-14 weeks	15-26 weeks	27 weeks and over	
Thousands of persons 16 years of age and over						
1947.....	2,311	1,210	704	234	164	8.6
1948.....	2,276	1,300	669	193	116	10.0
1949.....	3,637	1,756	1,194	428	256	12.1
1950.....	3,288	1,450	1,055	425	357	9.7
1951.....	2,055	1,177	574	166	137	8.4
1952.....	1,883	1,135	516	148	84	8.0
1953.....	1,834	1,142	482	132	78	11.8
1954.....	3,532	1,605	1,116	495	317	13.0
1955.....	2,852	1,335	815	366	336	11.3
1956.....	2,750	1,412	805	301	232	10.5
1957.....	2,859	1,408	891	321	239	13.9
1958.....	4,602	1,753	1,396	785	667	14.4
1959.....	3,740	1,585	1,114	469	571	12.8
1960.....	3,852	1,719	1,176	503	454	15.6
1961.....	4,714	1,806	1,376	728	804	14.7
1962.....	3,911	1,663	1,134	534	585	14.0
1963.....	4,070	1,751	1,231	535	553	13.3
1964.....	3,786	1,697	1,117	491	482	11.8
1965.....	3,366	1,628	983	404	351	10.4
1966.....	2,875	1,573	779	287	239	8.8
1967.....	2,975	1,634	893	271	177	8.4
1968.....	2,817	1,594	810	256	156	7.9
1969.....	2,832	1,629	827	242	133	8.7
1970.....	4,088	2,137	1,289	427	235	11.3
1971.....	4,993	2,234	1,578	665	517	12.0
1972.....	4,840	2,223	1,459	597	562	10.0
1973.....	4,304	2,196	1,296	475	337	9.7
1974.....	5,076	2,567	1,572	563	373	14.1
1975.....	7,830	2,894	2,452	1,290	1,193	15.8
1976.....	7,288	2,790	2,159	1,003	1,336	14.3
1977.....	6,855	2,856	2,089	896	1,015	11.9
1978.....	6,047	2,793	1,875	746	633	10.8
1979.....	5,963	2,869	1,892	684	518	13.0
1978:						
Jan.....	6,305	2,771	1,900	818	802	12.6
Feb.....	6,088	2,671	1,877	882	656	12.4
Mar.....	6,153	2,805	1,908	783	686	12.4
Apr.....	6,056	2,699	1,856	795	668	12.0
May.....	6,126	2,902	1,824	717	679	12.1
June.....	5,902	2,736	1,933	709	619	11.9
July.....	6,228	3,005	1,846	684	646	11.5
Aug.....	5,929	2,761	1,895	624	605	11.5
Sept.....	5,971	2,807	1,855	684	608	11.8
Oct.....	5,788	2,702	1,788	711	585	11.1
Nov.....	5,882	2,797	1,836	683	518	10.6
Dec.....	5,984	2,858	1,937	732	485	11.2
1979:						
Jan.....	5,904	2,751	1,881	708	521	11.3
Feb.....	5,883	2,779	1,877	700	539	11.8
Mar.....	5,882	2,769	1,860	729	562	11.0
Apr.....	5,944	2,876	1,884	687	536	10.9
May.....	5,903	2,823	1,919	705	507	10.5
June.....	5,824	2,880	1,808	656	496	10.1
July.....	5,909	2,820	1,934	615	452	10.7
Aug.....	6,124	3,168	1,738	658	527	10.7
Sept.....	5,990	2,778	2,035	644	508	10.5
Oct.....	6,121	2,955	1,963	678	517	10.6
Nov.....	6,044	2,919	1,869	660	531	10.5
Dec.....	6,087	2,916	1,966	711	519	

<sup>1</sup> Because of independent seasonal adjustment of the various series, detail will not add to totals.

Note.—See footnote 3 and Note, Table B-27.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-32.—Unemployment by reason, 1967-79

[Monthly data seasonally adjusted<sup>1</sup>]

Year or month	Total unemployment	Job losers	Job leavers	Reentrants	New entrants
Thousands of persons 16 years of age and over					
1967.....	2,975	1,229	438	945	396
1968.....	2,817	1,070	431	909	407
1969.....	2,832	1,017	436	965	413
1970.....	4,088	1,809	549	1,227	503
1971.....	4,993	2,313	587	1,466	627
1972.....	4,840	2,089	635	1,444	672
1973.....	4,304	1,666	674	1,323	642
1974.....	5,076	2,205	756	1,441	672
1975.....	7,830	4,341	812	1,865	812
1976.....	7,288	3,625	886	1,895	882
1977.....	6,855	3,103	889	1,926	938
1978.....	6,047	2,514	851	1,814	867
1979.....	5,963	2,555	854	1,758	797
1979:					
Jan.....	5,904	2,441	900	1,721	824
Feb.....	5,883	2,475	828	1,766	858
Mar.....	5,882	2,457	864	1,766	808
Apr.....	5,944	2,520	847	1,778	800
May.....	5,903	2,356	940	1,767	824
June.....	5,824	2,449	857	1,753	781
July.....	5,909	2,526	846	1,762	726
Aug.....	6,124	2,680	875	1,788	745
Sept.....	5,990	2,632	825	1,760	801
Oct.....	6,121	2,731	835	1,762	804
Nov.....	6,044	2,729	845	1,698	736
Dec.....	6,087	2,728	800	1,771	858
Percent of civilian labor force					
1967.....	3.8	1.6	0.6	1.2	0.5
1968.....	3.6	1.3	.5	1.2	.5
1969.....	3.5	1.2	.5	1.2	.5
1970.....	4.9	2.2	.7	1.5	.6
1971.....	5.9	2.8	.7	1.7	.7
1972.....	5.6	2.4	.7	1.7	.8
1973.....	4.9	1.9	.8	1.5	.7
1974.....	5.6	2.4	.8	1.6	.7
1975.....	8.5	4.7	.9	2.0	.9
1976.....	7.7	3.8	.9	2.0	.9
1977.....	7.0	3.2	.9	2.0	1.0
1978.....	6.0	2.5	.8	1.8	.9
1979.....	5.8	2.5	.8	1.7	.8
1979:					
Jan.....	5.8	2.4	.9	1.7	.8
Feb.....	5.7	2.4	.8	1.7	.8
Mar.....	5.7	2.4	.8	1.7	.8
Apr.....	5.8	2.5	.8	1.7	.8
May.....	5.8	2.3	.9	1.7	.8
June.....	5.7	2.4	.8	1.7	.8
July.....	5.7	2.5	.8	1.7	.7
Aug.....	5.9	2.6	.8	1.7	.7
Sept.....	5.8	2.5	.8	1.7	.8
Oct.....	5.9	2.6	.8	1.7	.8
Nov.....	5.8	2.6	.8	1.6	.7
Dec.....	5.9	2.6	.8	1.7	.8

<sup>1</sup> Because of independent seasonal adjustment of the various series, detail will not add to totals.

Note.—See footnote 3 and Note, Table B-27.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-33.—Unemployment insurance programs, selected data, 1946-79

Year or month	All programs			State programs				Benefits paid	
	Covered employment <sup>1</sup>	Insured unemployment (weekly average) <sup>2,3</sup>	Total benefits paid (millions of dollars) <sup>2,4</sup>	Insured unemployment	Initial claims	Exhaustions <sup>5</sup>	Insured unemployment as percent of covered employment	Total (millions of dollars) <sup>4</sup>	Average weekly check (dollars) <sup>6</sup>
	Thousands			Weekly average; thousands					
1946	31,856	2,804	2,878.5	1,295	189	38	4.3	1,094.9	18.50
1947	33,876	1,793	1,785.5	997	187	24	3.1	775.1	17.83
1948	34,646	1,446	1,328.7	980	200	20	3.0	789.9	19.03
1949	33,098	2,474	2,269.8	1,973	340	37	6.2	1,736.0	20.48
1950	34,308	1,605	1,467.6	1,513	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	1,044	215	18	2.9	998.2	22.79
1953	38,072	1,067	1,050.6	990	218	15	2.8	962.2	23.58
1954	36,622	2,051	2,291.6	1,870	304	34	5.2	2,026.9	24.93
1955	40,018	1,399	1,560.2	1,265	226	25	3.5	1,350.3	25.04
1956	42,751	1,323	1,540.6	1,215	227	20	3.2	1,380.7	27.02
1957	43,436	1,571	1,913.0	1,446	270	23	3.6	1,733.9	28.17
1958	44,411	3,269	4,290.6	2,526	369	50	6.4	3,512.7	30.58
1959	45,728	2,099	2,854.3	1,684	277	33	4.4	2,279.0	30.41
1960	46,334	2,071	3,022.8	1,908	331	31	4.8	2,726.7	32.87
1961	46,266	2,994	4,358.1	2,290	350	46	5.6	3,422.7	33.80
1962	47,776	1,946	3,145.1	1,783	302	32	4.4	2,675.4	34.56
1963	48,434	1,973	3,025.9	1,806	298	30	4.3	2,774.7	35.27
1964	49,637	1,753	2,749.2	1,605	268	26	3.8	2,522.1	35.92
1965	51,580	1,450	2,360.4	1,328	232	21	3.0	2,166.0	37.19
1966	54,739	1,129	1,890.9	1,061	203	15	2.3	1,771.3	39.75
1967	56,342	1,270	2,221.5	1,205	226	17	2.5	2,092.3	41.25
1968	57,977	1,187	2,191.0	1,111	201	16	2.2	2,031.6	43.43
1969	59,999	1,177	2,298.6	1,101	200	16	2.1	2,127.9	46.17
1970	59,526	2,070	4,209.3	1,805	296	25	3.4	3,848.5	50.34
1971	59,375	2,608	6,154.0	2,150	295	39	4.1	4,957.0	53.23
1972	66,458	2,192	5,491.1	1,848	261	35	3.5	4,471.0	56.76
1973	69,897	1,793	4,517.3	1,632	247	29	2.7	4,007.6	59.00
1974	72,451	2,558	6,933.9	2,262	363	37	3.5	5,974.9	64.25
1975	71,037	4,937	16,802.4	3,986	478	81	6.0	11,754.7	70.23
1976	73,459	3,846	12,344.8	2,991	386	63	4.6	8,974.5	75.16
1977	76,419	3,308	10,998.9	2,655	375	55	3.9	8,352.7	78.79
1978 <sup>p</sup>	*88,804	2,645	9,006.3	2,359	346	39	3.3	7,716.6	83.67
1979 <sup>p</sup>		2,619		2,460	388		3.0		
1978:				*	*		*		
Jan.		3,781	1,091.0	2,463	348	48	3.6	909.4	84.10
Feb.		3,638	1,053.6	2,499	373	46	3.6	918.8	85.80
Mar.		3,212	1,128.9	2,458	344	46	3.6	1,001.5	85.48
Apr.		2,659	805.4	2,307	336	48	3.3	708.0	84.33
May		2,369	753.9	2,266	332	42	3.2	639.8	82.70
June		2,297	706.7	2,274	342	40	3.2	580.0	81.69
July		2,581	663.8	2,371	356	36	3.3	557.0	80.77
Aug.		2,394	771.5	2,418	344	34	3.4	677.8	81.53
Sept.		2,064	595.6	2,295	328	33	3.2	521.0	81.90
Oct.		1,999	589.9	2,246	327	30	3.0	517.8	83.42
Nov.		2,148	605.6	2,232	332	33	3.0	554.1	83.89
Dec.		2,567	700.3	2,259	342	36	3.1	649.0	86.14
1979:									
Jan.		3,198	1,036.6	2,345	352	40	3.0	972.8	88.28
Feb.		3,209	972.1	2,329	346	40	3.0	915.1	90.31
Mar.		2,921	1,043.0	2,336	359	44	3.0	975.6	90.28
Apr.		2,610	844.2	2,381	433	44	3.0	777.7	89.28
May		2,230	793.2	2,307	355	42	2.9	725.2	88.37
June		2,119	662.9	2,320	380	39	2.9	610.3	87.25
July		2,429	715.1	2,409	390	38	2.9	665.7	86.40
Aug.		2,377	820.2	2,492	394	36	3.0	765.0	88.56
Sept.		2,164	656.1	2,488	394	35	3.0	606.3	89.10
Oct. <sup>p</sup>		2,236	741.1	2,540	402	35	3.0	673.9	90.59
Nov. <sup>p</sup>		2,559		2,643	405	35	3.1		
Dec. <sup>p</sup>		3,034		2,631	416		3.1		

\*Monthly data are seasonally adjusted.

<sup>1</sup> 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).

<sup>2</sup> 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 extended benefit programs. Does not include FSB (Federal supplemental benefits) and SUA (special unemployment assistance) programs.

<sup>3</sup> Covered workers who have completed at least 1 week of unemployment.

<sup>4</sup> Annual data are net amounts and monthly data are gross amounts.

<sup>5</sup> Individuals receiving final payments in benefit year.

<sup>6</sup> For total unemployment only.

<sup>7</sup> Programs include Puerto Rican sugarcane workers for initial claims and insured unemployment beginning July 1963.

<sup>8</sup> Latest data available for all programs combined. Workers covered by State programs account for about 94 percent of the total.

Source: Department of Labor, Employment and Training Administration.

TABLE B-34.—*Wage and salary workers in nonagricultural establishments, 1929–79*

[Thousands of persons; monthly data seasonally adjusted]

Year or month	Total wage and salary workers	Manufacturing			Mining	Construction	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services	Government	
		Total	Durable goods	Non-durable goods							Federal	State and local
1929	31,324	10,702			1,087	1,512	3,916	6,123	1,494	3,425	533	2,532
1933	23,699	7,397			744	824	2,672	4,755	1,280	2,861	565	2,601
1939	30,603	10,278	4,715	5,564	854	1,165	2,936	6,426	1,447	3,502	905	3,090
1940	32,361	10,985	5,363	5,622	925	1,311	3,038	6,750	1,485	3,665	996	3,206
1941	36,539	13,192	6,968	6,225	957	1,814	3,274	7,210	1,525	3,905	1,340	3,320
1942	40,106	15,280	8,823	6,458	992	2,198	3,460	7,118	1,509	4,066	2,213	3,270
1943	42,434	17,602	11,084	6,518	925	1,587	3,647	6,982	1,481	4,130	2,905	3,175
1944	41,864	17,328	10,856	6,472	892	1,108	3,829	7,058	1,461	4,145	2,928	3,116
1945	40,374	15,524	9,074	6,450	836	1,147	3,906	7,314	1,481	4,222	2,808	3,137
1946	41,652	14,703	7,742	6,962	862	1,683	4,061	8,376	1,675	4,697	2,254	3,341
1947	43,857	15,545	8,385	7,159	955	2,009	4,166	8,955	1,728	5,025	1,892	3,582
1948	44,866	15,582	8,326	7,256	994	2,198	4,189	9,272	1,800	5,181	1,863	3,787
1949	43,754	14,441	7,489	6,953	930	2,194	4,001	9,264	1,828	5,240	1,908	3,948
1950	45,197	15,241	8,094	7,147	901	2,364	4,034	9,386	1,888	5,357	1,928	4,098
1951	47,819	16,393	9,089	7,304	929	2,637	4,226	9,742	1,956	5,547	2,302	4,087
1952	48,793	16,632	9,349	7,284	898	2,668	4,248	10,004	2,035	5,699	2,420	4,188
1953	50,202	17,549	10,110	7,438	866	2,659	4,290	10,247	2,111	5,835	2,305	4,340
1954	48,990	16,314	9,129	7,185	791	2,646	4,084	10,235	2,200	5,969	2,188	4,563
1955	50,641	16,882	9,541	7,341	792	2,839	4,141	10,535	2,298	6,240	2,187	4,727
1956	52,369	17,243	9,833	7,411	822	3,039	4,244	10,858	2,389	6,497	2,209	5,069
1957	52,853	17,174	9,855	7,321	828	2,962	4,241	10,886	2,438	6,708	2,217	5,399
1958	51,324	15,945	8,829	7,116	751	2,817	3,976	10,750	2,481	6,765	2,191	5,648
1959	53,268	16,675	9,373	7,303	732	3,004	4,011	11,127	2,549	7,087	2,233	5,850
1960	54,189	16,796	9,459	7,337	712	2,926	4,004	11,391	2,629	7,378	2,270	6,083
1961	53,999	16,326	9,070	7,256	672	2,859	3,903	11,337	2,688	7,620	2,279	6,315
1962	55,549	16,853	9,480	7,373	650	2,948	3,906	11,566	2,754	7,982	2,340	6,550
1963	56,653	16,995	9,616	7,380	635	3,010	3,903	11,778	2,830	8,277	2,358	6,868
1964	58,283	17,274	9,816	7,458	634	3,097	3,951	12,160	2,911	8,660	2,348	7,248
1965	60,765	18,062	10,405	7,656	632	3,232	4,036	12,716	2,977	9,036	2,378	7,696
1966	63,901	19,214	11,282	7,930	627	3,317	4,158	13,245	3,058	9,498	2,564	8,220
1967	65,803	19,447	11,439	8,007	613	3,248	4,268	13,606	3,185	10,045	2,719	8,672
1968	67,897	19,781	11,626	8,155	606	3,350	4,318	14,099	3,337	10,567	2,737	9,102
1969	70,384	20,167	11,895	8,272	619	3,575	4,442	14,705	3,512	11,169	2,758	9,437
1970	70,880	19,367	11,208	8,158	623	3,588	4,515	15,040	3,645	11,548	2,731	9,823
1971	71,214	18,623	10,636	7,987	609	3,704	4,476	15,352	3,772	11,797	2,696	10,185
1972	73,675	19,151	11,049	8,102	628	3,889	4,541	15,949	3,908	12,276	2,684	10,649
1973	76,790	20,154	11,891	8,262	642	4,097	4,656	16,607	4,046	12,857	2,663	11,068
1974	78,265	20,077	11,925	8,152	697	4,020	4,725	16,987	4,148	13,441	2,724	11,446
1975	76,945	18,323	10,688	7,635	752	3,525	4,542	17,060	4,165	13,892	2,748	11,937
1976	79,382	18,997	11,077	7,920	779	3,576	4,582	17,755	4,271	14,551	2,733	12,138
1977	82,423	19,682	11,597	8,086	813	3,851	4,713	18,516	4,467	15,303	2,727	12,352
1978	86,446	20,476	12,246	8,230	851	4,271	4,927	19,499	4,727	16,220	2,753	12,723
1979 P	89,497	20,979	12,694	8,285	958	4,642	5,154	20,140	4,964	17,047	2,773	12,840

See next page for continuation of table.



TABLE B-34.—*Wage and salary workers in nonagricultural establishments, 1929-79—Continued*

[Thousands of persons; monthly data seasonally adjusted]

Year or month	Total wage and salary workers	Manufacturing			Mining	Construction	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services	Government	
		Total	Durable goods	Non-durable goods							Federal	State and local
<b>1977:</b>												
Jan.....	80,565	19,272	11,301	7,971	801	3,579	4,640	18,065	4,364	14,919	2,724	12,201
Feb.....	80,794	19,324	11,320	8,004	806	3,666	4,652	18,117	4,374	14,949	2,724	12,182
Mar.....	81,233	19,456	11,423	8,033	819	3,741	4,654	18,213	4,403	15,025	2,730	12,192
Apr.....	81,622	19,568	11,485	8,083	825	3,798	4,679	18,309	4,423	15,093	2,724	12,203
May.....	81,986	19,655	11,554	8,101	827	3,844	4,702	18,393	4,438	15,147	2,725	12,255
June.....	82,369	19,721	11,603	8,118	839	3,873	4,712	18,484	4,456	15,230	2,730	12,324
July.....	82,616	19,761	11,649	8,112	814	3,905	4,719	18,551	4,467	15,301	2,721	12,377
Aug.....	82,849	19,785	11,686	8,099	802	3,903	4,726	18,633	4,488	15,386	2,730	12,396
Sept.....	83,287	19,805	11,699	8,106	837	3,923	4,756	18,710	4,511	15,526	2,728	12,491
Oct.....	83,549	19,858	11,749	8,109	840	3,937	4,754	18,786	4,535	15,606	2,728	12,505
Nov.....	83,908	19,927	11,794	8,133	847	3,966	4,769	18,900	4,561	15,675	2,727	12,536
Dec.....	84,125	20,055	11,896	8,159	696	3,999	4,781	18,981	4,583	15,748	2,725	12,557
<b>1978:</b>												
Jan.....	84,421	20,148	11,970	8,178	691	3,999	4,797	19,078	4,602	15,777	2,738	12,591
Feb.....	84,735	20,226	12,030	8,196	696	3,971	4,829	19,138	4,635	15,862	2,739	12,639
Mar.....	85,246	20,317	12,085	8,232	710	4,080	4,857	19,228	4,651	15,966	2,741	12,696
Apr.....	85,961	20,389	12,144	8,245	883	4,215	4,895	19,333	4,672	16,068	2,747	12,759
May.....	86,227	20,414	12,168	8,246	882	4,238	4,910	19,417	4,693	16,124	2,753	12,796
June.....	86,590	20,457	12,204	8,253	890	4,305	4,947	19,507	4,723	16,196	2,766	12,799
July.....	86,686	20,474	12,247	8,227	895	4,341	4,899	19,562	4,743	16,230	2,763	12,779
Aug.....	86,880	20,476	12,263	8,213	899	4,341	4,936	19,612	4,761	16,335	2,763	12,757
Sept.....	87,032	20,511	12,308	8,203	904	4,352	4,941	19,653	4,774	16,423	2,755	12,719
Oct.....	87,424	20,633	12,419	8,214	910	4,398	5,014	19,744	4,793	16,464	2,760	12,708
Nov.....	87,840	20,772	12,510	8,262	919	4,429	5,038	19,829	4,827	16,554	2,757	12,715
Dec.....	88,133	20,881	12,583	8,298	922	4,469	5,054	19,858	4,847	16,630	2,734	12,738
<b>1979:</b>												
Jan.....	88,433	20,958	12,640	8,318	927	4,497	5,071	19,965	4,868	16,670	2,758	12,719
Feb.....	88,700	21,025	12,715	8,310	937	4,486	5,094	20,016	4,884	16,763	2,757	12,738
Mar.....	89,039	21,073	12,751	8,322	940	4,614	5,116	20,054	4,899	16,833	2,757	12,753
Apr.....	89,036	21,066	12,752	8,314	940	4,559	5,024	20,088	4,915	16,880	2,758	12,806
May.....	89,398	21,059	12,739	8,320	944	4,648	5,130	20,129	4,936	16,954	2,770	12,828
June.....	89,626	21,063	12,760	8,303	949	4,662	5,190	20,116	4,958	17,051	2,788	12,849
July.....	89,713	21,079	12,786	8,293	956	4,688	5,169	20,122	4,972	17,092	2,785	12,850
Aug.....	89,762	20,957	12,714	8,243	968	4,674	5,194	20,126	5,003	17,141	2,813	12,886
Sept.....	89,803	20,949	12,737	8,212	973	4,671	5,180	20,169	4,997	17,191	2,762	12,911
Oct.....	89,982	20,899	12,650	8,249	979	4,694	5,218	20,243	5,018	17,257	2,770	12,904
Nov.....	90,109	20,846	12,597	8,249	984	4,712	5,227	20,303	5,041	17,314	2,771	12,911
Dec.....	90,426	20,954	12,660	8,294	999	4,759	5,224	20,300	5,070	17,385	2,787	12,948

Note.—Data in Tables B-34 through B-36 are based on reports from employing establishments and relate to full- and part-time wage and salary workers in nonagricultural establishments who worked during or received pay for any part of the pay period which includes the 12th of the month.

Not comparable with labor force data (Tables B-27 through B-32), 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., even if they are not paid for the time off; and which are based on a sample of the working-age population, whereas the estimates in this table are based on reports from employing establishments.

For description and details of the various establishment data, see "Employment and Earnings."

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-35.—Average weekly hours and hourly earnings in selected private nonagricultural industries, 1947-79

[For production or nonsupervisory workers; monthly data seasonally adjusted]

Year or month	Average weekly hours				Average gross hourly earnings, current dollars				Adjusted hourly earnings, total private nonagricultural <sup>2</sup>			
	Total private non-agricultural <sup>1</sup>	Manufacturing	Construction	Wholesale and retail trade	Total private non-agricultural <sup>1</sup>	Manufacturing	Construction	Wholesale and retail trade	Index, 1967=100		Percent change from a year earlier <sup>4</sup>	
									Current dollars	1967 dollars <sup>3</sup>	Current dollars	1967 dollars
1947.....	40.3	40.4	38.2	40.5	\$1.131	\$1.216	\$1.540	\$0.940	42.6	63.7	.....	.....
1948.....	40.0	40.0	38.1	40.4	1.225	1.327	1.712	1.010	46.0	63.8	8.0	0.2
1949.....	39.4	39.1	37.7	40.5	1.275	1.376	1.792	1.060	48.2	67.5	4.8	5.8
1950.....	39.8	40.5	37.4	40.5	1.335	1.439	1.863	1.100	50.0	69.3	3.7	2.7
1951.....	39.9	40.6	38.1	40.5	1.45	1.56	2.02	1.18	53.7	69.0	7.4	-4
1952.....	39.9	40.7	38.9	40.0	1.52	1.64	2.13	1.23	56.4	70.9	5.0	2.8
1953.....	39.6	40.5	37.9	39.5	1.61	1.74	2.28	1.30	59.6	74.4	5.7	4.9
1954.....	39.1	39.6	37.2	39.5	1.65	1.78	2.38	1.35	61.7	76.6	3.5	3.0
1955.....	39.6	40.7	37.1	39.4	1.71	1.85	2.45	1.40	63.7	79.4	3.2	3.7
1956.....	39.3	40.4	37.5	39.1	1.80	1.95	2.57	1.47	67.0	82.3	5.2	3.7
1957.....	38.8	39.8	37.0	38.7	1.89	2.04	2.71	1.54	70.3	83.4	4.9	1.3
1958.....	38.5	39.2	36.8	38.6	1.95	2.10	2.82	1.60	73.2	84.5	4.1	1.3
1959.....	39.0	40.3	37.0	38.8	2.02	2.19	2.93	1.66	75.8	86.8	3.6	2.7
1960.....	38.6	39.7	36.7	38.6	2.09	2.26	3.07	1.71	78.4	88.4	3.4	1.8
1961.....	38.6	39.8	36.9	38.3	2.14	2.32	3.20	1.76	80.8	90.2	3.1	2.0
1962.....	38.7	40.4	37.0	38.2	2.22	2.39	3.31	1.83	83.5	92.2	3.3	2.2
1963.....	38.8	40.5	37.3	38.1	2.28	2.45	3.41	1.89	85.9	93.7	2.9	1.6
1964.....	38.7	40.7	37.2	37.9	2.36	2.53	3.55	1.97	88.2	95.0	2.7	1.4
1965.....	38.8	41.2	37.4	37.7	2.46	2.61	3.70	2.04	91.2	96.6	3.4	1.7
1966.....	38.6	41.4	37.6	37.1	2.56	2.71	3.89	2.14	95.3	98.0	4.5	1.4
1967.....	38.0	40.6	37.7	36.6	2.68	2.82	4.11	2.25	100.0	100.0	4.9	2.0
1968.....	37.8	40.7	37.3	36.1	2.85	3.01	4.41	2.41	106.2	101.9	6.2	1.9
1969.....	37.7	40.6	37.9	35.7	3.04	3.19	4.79	2.56	113.2	103.1	6.6	1.2
1970.....	37.1	39.8	37.3	35.3	3.23	3.35	5.24	2.72	120.7	103.8	6.6	.7
1971.....	36.9	39.9	37.2	35.1	3.45	3.57	5.69	2.88	129.2	106.5	7.0	2.6
1972.....	37.0	40.5	36.5	34.9	3.70	3.82	6.06	3.05	137.5	109.7	6.4	3.0
1973.....	36.9	40.7	36.8	34.6	3.94	4.09	6.41	3.23	146.0	109.7	6.2	.0
1974.....	36.5	40.0	36.6	34.2	4.24	4.42	6.81	3.48	157.5	106.7	7.9	-2.7
1975.....	36.1	39.5	36.4	33.9	4.53	4.83	7.31	3.73	170.6	105.9	8.3	-7
1976.....	36.1	40.1	36.8	33.7	4.86	5.22	7.71	3.97	183.0	107.3	7.3	1.3
1977.....	36.0	40.3	36.5	33.3	5.25	5.68	8.10	4.28	196.8	108.4	7.5	1.0
1978.....	35.8	40.4	36.8	32.9	5.69	6.17	8.65	4.67	212.9	109.0	8.2	.6
1979 <sup>p</sup> .....	35.7	40.2	36.9	32.6	6.16	6.69	9.25	5.06	229.8	105.6	7.9	-3.1
1978:												
Jan.....	35.5	39.6	35.1	32.8	5.47	5.94	8.32	4.52	205.9	109.8	7.8	1.0
Feb.....	35.7	40.0	35.8	32.8	5.50	5.98	8.36	4.51	206.6	109.4	7.7	1.2
Mar.....	35.9	40.5	36.3	33.0	5.54	6.01	8.46	4.54	208.1	109.4	7.9	1.2
Apr.....	36.0	40.7	36.9	32.9	5.61	6.06	8.48	4.60	210.1	109.5	8.2	1.4
May.....	35.9	40.4	36.6	32.9	5.63	6.09	8.57	4.61	211.1	109.1	8.0	.8
June.....	35.9	40.5	37.2	32.9	5.67	6.13	8.63	4.64	212.4	108.9	8.1	.7
July.....	35.9	40.5	37.2	32.9	5.72	6.19	8.66	4.68	214.0	109.1	8.2	.5
Aug.....	35.8	40.4	37.0	32.8	5.74	6.21	8.73	4.71	214.9	108.9	8.3	.4
Sept.....	35.8	40.5	37.0	32.8	5.78	6.26	8.77	4.75	216.5	108.9	8.4	.1
Oct.....	35.8	40.5	36.9	32.9	5.84	6.33	8.78	4.79	218.1	108.7	8.3	-.5
Nov.....	35.8	40.6	36.8	32.8	5.87	6.38	8.85	4.81	219.2	108.6	8.3	-.5
Dec.....	35.8	40.6	37.0	32.8	5.92	6.43	8.88	4.85	220.9	108.7	8.5	-.5
1979:												
Jan.....	35.8	40.6	37.1	32.5	5.96	6.46	8.94	4.92	222.6	108.5	8.1	-1.2
Feb.....	35.7	40.6	36.6	32.5	6.00	6.51	9.06	4.93	224.0	107.8	8.4	-1.5
Mar.....	35.9	40.6	37.1	32.7	6.04	6.56	9.03	4.96	225.2	107.3	8.2	-2.0
Apr.....	35.3	39.1	35.5	32.8	6.04	6.56	9.11	4.99	226.8	106.9	8.0	-2.4
May.....	35.7	40.2	37.1	32.6	6.09	6.65	9.20	5.00	227.5	106.1	7.8	-2.8
June.....	35.6	40.1	37.2	32.6	6.13	6.68	9.19	5.03	229.0	105.7	7.8	-2.9
July.....	35.6	40.2	36.8	32.6	6.18	6.72	9.27	5.07	230.9	105.6	7.9	-3.2
Aug.....	35.6	40.1	37.2	32.5	6.22	6.74	9.32	5.10	232.2	105.3	8.1	-3.5
Sept.....	35.7	40.2	37.5	32.6	6.26	6.78	9.39	5.12	234.3	104.9	8.2	-3.6
Oct.....	35.6	40.2	36.6	32.6	6.28	6.82	9.38	5.14	234.9	104.2	7.7	-4.1
Nov <sup>p</sup> .....	35.7	40.1	36.8	32.7	6.33	6.87	9.45	5.19	237.1	104.1	8.2	-4.1
Dec <sup>p</sup> .....	35.7	40.3	37.1	32.6	6.39	6.91	9.48	5.22	239.1	103.8	8.2	-5.3

<sup>1</sup> Also includes other private industry groups shown in Table B-34.

<sup>2</sup> Adjusted for overtime (in manufacturing only) and for interindustry employment shifts.

<sup>3</sup> Current dollar earnings index divided by the consumer price index (revised index for urban wage earners and clerical workers used beginning 1978).

<sup>4</sup> Monthly data are computed from indexes to two decimal places.

Note.—See Note, Table B-34.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-36.—Average weekly earnings in selected private nonagricultural industries, 1947-79

[For production or nonsupervisory workers; monthly data seasonally adjusted]

Year or month	Average gross weekly earnings					Percent change from a year earlier, total private nonagricultural <sup>3</sup>	
	Total private nonagricultural <sup>1</sup>		Manufacturing (current dollars)	Construction (current dollars)	Wholesale and retail trade (current dollars)	Current dollars	1967 dollars
	Current dollars	1967 dollars <sup>2</sup>					
1947.....	\$45.58	\$68.13	\$49.13	\$58.83	\$38.07	7.5	-0.2
1948.....	49.00	67.96	53.08	65.23	40.80	2.5	3.5
1949.....	50.24	70.36	53.80	67.56	42.93		
1950.....	53.13	73.69	58.28	69.68	44.55	5.8	4.7
1951.....	57.86	74.37	63.34	76.96	47.79	8.9	.9
1952.....	60.65	76.29	66.75	82.86	49.20	4.8	2.6
1953.....	63.76	79.60	70.47	86.41	51.35	5.1	4.3
1954.....	64.52	80.15	70.49	88.54	53.33	1.2	.7
1955.....	67.72	84.44	75.30	90.90	55.16	5.0	5.4
1956.....	70.74	86.90	78.78	96.38	57.48	4.5	2.9
1957.....	73.33	86.99	81.19	100.27	59.60	3.7	.1
1958.....	75.08	86.70	82.32	103.78	61.76	2.4	-3
1959.....	78.78	90.24	88.26	108.41	64.41	4.9	4.1
1960.....	80.67	90.95	89.72	112.67	66.01	2.4	.8
1961.....	82.60	92.19	92.34	118.08	67.41	2.4	1.4
1962.....	85.91	94.82	96.56	122.47	69.91	4.0	2.9
1963.....	88.46	96.47	99.23	127.19	72.01	3.0	1.7
1964.....	91.33	98.31	102.97	132.06	74.66	3.2	1.9
1965.....	95.45	101.01	107.53	138.38	76.91	4.5	2.7
1966.....	98.82	101.67	112.19	146.26	79.39	3.5	.7
1967.....	101.84	101.84	114.49	154.95	82.35	3.1	1.2
1968.....	107.73	103.39	122.51	164.49	87.00	5.8	1.5
1969.....	114.61	104.38	129.51	181.54	91.39	6.4	1.0
1970.....	119.83	103.04	133.33	195.45	96.02	4.6	-1.3
1971.....	127.31	104.95	142.44	211.67	101.09	6.2	1.9
1972.....	136.90	109.26	154.71	221.19	106.45	7.5	4.1
1973.....	145.39	109.23	165.46	235.89	111.76	6.2	-0
1974.....	154.76	104.78	176.80	249.25	119.02	6.4	-4.1
1975.....	163.53	101.45	190.79	266.08	126.45	5.7	-3.2
1976.....	175.45	102.90	209.32	283.73	133.79	7.3	1.4
1977.....	189.00	104.13	228.90	295.65	142.52	7.7	1.2
1978.....	203.70	104.30	249.27	318.32	153.64	7.8	.2
1979 <sup>p</sup> .....	219.91	101.02	268.94	341.33	164.96	8.0	-3.1
1978:							
Jan.....	194.19	103.51	235.22	292.03	148.26	7.5	.7
Feb.....	196.35	104.00	239.20	299.29	147.93	6.3	-0
Mar.....	198.89	104.57	243.41	307.10	149.82	8.0	1.5
Apr.....	201.96	105.30	246.64	312.91	151.34	8.5	1.8
May.....	202.12	104.51	246.04	313.66	151.67	7.5	.4
June.....	203.55	104.38	248.27	321.04	152.66	8.1	.7
July.....	205.35	104.66	250.70	322.15	153.97	8.3	.5
Aug.....	205.49	104.15	250.88	323.01	154.49	8.3	.4
Sept.....	206.92	104.03	253.53	324.49	155.80	8.2	-0
Oct.....	209.07	104.22	256.37	323.98	157.59	8.3	-4
Nov.....	210.15	104.14	259.03	325.68	157.77	8.6	-2
Dec.....	211.94	104.30	261.06	328.56	159.08	8.9	-1
1979:							
Jan.....	213.37	103.98	262.28	331.67	159.90	9.2	-1
Feb.....	214.20	103.13	264.31	331.60	160.23	9.4	-5
Mar.....	216.84	103.31	266.34	335.01	162.19	8.6	-1.6
Apr.....	213.21	100.48	256.50	323.41	163.67	5.6	-4.6
May.....	217.41	101.40	267.33	341.32	163.00	7.8	-2.8
June.....	218.23	100.75	267.87	341.87	163.98	7.2	-3.4
July.....	220.01	100.60	270.14	341.14	165.28	7.2	-3.9
Aug.....	221.43	100.24	270.27	346.70	165.75	7.8	-3.8
Sept.....	223.48	100.04	272.56	352.13	166.91	8.1	-3.8
Oct.....	223.57	99.19	274.16	343.31	167.56	7.1	-4.8
Nov <sup>p</sup> .....	225.98	99.24	275.49	347.76	169.71	7.2	-4.9
Dec <sup>p</sup> .....	228.12	99.05	278.47	351.71	170.17	7.4	-5.3

<sup>1</sup> Also includes other private industry groups shown in Table B-34.

<sup>2</sup> Earnings in current dollars divided by the consumer price index (revised index for urban wage earners and clerical workers used beginning 1978).

<sup>3</sup> Based on unadjusted data.

Note.—See Note, Table B-34.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-37.—Productivity and related data, private business sector, 1947-79

[1967 = 100; quarterly data seasonally adjusted]

Year or quarter	Output <sup>1</sup>		Hours of all persons <sup>2</sup>		Output per hour of all persons		Compensation per hour <sup>3</sup>		Unit labor cost		Implicit price deflator <sup>4</sup>	
	Private business sector	Nonfarm business sector	Private business sector	Nonfarm business sector	Private business sector	Nonfarm business sector	Private business sector	Nonfarm business sector	Private business sector	Nonfarm business sector	Private business sector	Nonfarm business sector
1947	48.7	47.5	90.9	79.1	53.6	60.1	36.0	38.4	67.1	63.9	65.1	62.3
1948	50.9	49.6	91.5	80.4	55.6	61.7	39.0	41.7	70.1	67.6	70.6	67.5
1949	50.0	48.7	88.5	77.3	56.5	63.0	39.7	42.9	70.2	68.1	69.8	68.0
1950	54.6	53.3	89.5	79.7	61.0	66.9	42.4	45.4	69.6	67.9	70.8	69.1
1951	57.8	56.8	92.1	83.4	62.7	68.1	46.6	49.4	74.3	72.5	76.0	73.6
1952	59.5	58.5	92.2	84.3	64.5	69.4	49.6	52.1	76.8	75.1	77.1	75.2
1953	62.0	60.9	93.2	86.4	66.5	70.4	52.8	55.0	79.3	78.1	77.9	76.8
1954	60.9	59.7	90.1	83.5	67.6	71.5	54.5	56.7	80.6	79.4	78.6	77.8
1955	65.7	64.6	93.5	86.9	70.3	74.3	55.8	58.7	79.4	79.1	79.8	79.4
1956	67.6	66.6	94.9	89.1	71.2	74.7	59.5	62.3	83.5	83.4	82.2	81.9
1957	68.5	67.6	93.5	88.7	73.2	76.2	63.4	65.9	86.5	86.4	84.8	84.6
1958	67.0	65.9	89.3	85.0	75.1	77.5	66.2	68.3	88.1	88.1	86.4	85.9
1959	71.9	71.1	92.8	88.7	77.5	80.1	69.0	71.1	89.0	88.7	88.1	88.0
1960	73.2	72.2	92.9	89.3	78.7	80.9	71.9	74.2	91.3	91.7	89.3	89.2
1961	74.2	73.3	91.5	88.3	81.1	83.0	74.6	76.6	92.0	92.3	89.8	89.8
1962	78.8	78.1	92.9	90.2	84.8	86.6	78.1	79.7	92.0	92.0	90.6	90.5
1963	82.3	81.6	93.4	91.1	88.1	89.6	81.0	82.5	92.0	92.1	91.4	91.5
1964	86.9	86.5	94.9	93.2	91.6	92.8	85.3	86.3	93.1	93.0	92.7	92.9
1965	92.9	92.6	97.8	96.5	95.0	95.9	88.7	89.4	93.3	93.2	94.2	94.1
1966	98.1	98.1	100.0	99.8	98.0	98.4	94.9	94.8	96.8	96.4	97.2	96.8
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	105.1	105.3	101.8	102.1	103.3	103.2	107.6	107.3	104.1	104.0	103.9	104.0
1969	108.3	108.5	104.6	105.5	103.5	102.9	114.9	114.1	111.0	110.9	108.8	108.7
1970	107.3	107.4	103.0	104.2	104.2	103.0	123.1	121.7	118.2	118.1	113.9	114.0
1971	110.3	110.2	102.4	103.8	107.7	106.2	131.4	129.9	122.0	122.3	118.9	119.2
1972	117.5	117.8	105.5	107.0	111.4	110.1	139.7	138.4	125.4	125.7	123.2	122.9
1973	124.4	124.9	109.6	111.5	113.6	112.0	151.2	149.2	133.1	133.2	130.3	127.9
1974	121.4	121.8	110.3	112.3	110.1	108.5	164.9	162.8	149.8	150.0	143.1	141.4
1975	118.7	118.8	105.6	107.4	112.4	110.5	181.3	178.9	161.3	161.8	157.5	156.4
1976	126.4	126.9	108.6	111.0	116.4	114.4	197.2	193.8	169.4	169.4	165.5	164.8
1977	133.8	134.3	112.8	115.6	118.6	116.2	213.0	209.3	179.6	180.1	174.8	174.5
1978	140.7	141.5	118.1	121.1	119.2	116.8	231.2	227.3	194.0	194.5	187.2	186.1
1979 <sup>p</sup>	144.0	144.8	122.0	125.4	118.1	115.5	252.8	247.6	214.1	214.4	203.8	202.2
1977:												
I	131.0	131.7	110.6	113.2	118.5	116.4	207.7	204.1	175.2	175.4	170.5	169.8
II	132.8	133.4	112.6	115.2	117.9	115.8	210.8	207.3	178.8	179.0	173.9	173.6
III	135.2	135.6	113.2	116.2	119.4	116.7	215.3	211.2	180.2	180.9	176.0	176.2
IV	136.1	136.4	114.5	117.3	118.8	116.3	218.5	214.8	183.8	184.7	178.6	178.3
1978:												
I	136.9	137.3	115.6	118.4	118.4	116.0	224.2	220.6	189.4	190.2	180.9	180.2
II	140.3	141.1	117.9	121.1	119.0	116.5	228.5	224.6	192.1	192.7	185.8	184.7
III	141.8	142.7	118.4	121.6	119.7	117.3	233.6	229.4	195.2	195.6	188.9	187.8
IV	144.0	145.0	120.2	123.4	119.8	117.6	238.4	234.3	199.0	199.3	192.9	191.4
1979:												
I	144.4	145.5	121.5	124.8	118.9	116.6	244.8	240.2	205.9	206.0	197.2	195.1
II	143.4	144.2	121.3	124.9	118.2	115.4	250.3	244.8	211.7	212.1	202.0	200.3
III	143.8	144.6	122.0	125.7	117.8	115.0	255.6	249.9	217.0	217.3	206.1	204.7
IV <sup>p</sup>	144.4	145.2	123.1	126.4	117.3	114.9	260.0	255.2	221.5	222.2	210.0	208.9

<sup>1</sup> Output refers to gross domestic product originating in the sector in 1972 dollars.

<sup>2</sup> Hours of all persons engaged in the sector, including hours of proprietors and unpaid family workers. Estimates based primarily on establishment data.

<sup>3</sup> Wages and salaries of employees plus employers' contributions for social insurance and private benefit plans. Also includes an estimate of wages, salaries, and supplemental payments for the self-employed.

<sup>4</sup> Current dollar gross domestic product divided by constant dollar gross domestic product.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-38.—Changes in productivity and related data, private business sector, 1948-79

(Percent change from preceding period; quarterly data at seasonally adjusted annual rates)

Year or quarter	Output <sup>1</sup>		Hours of all persons <sup>2</sup>		Output per hour of all persons		Compensation per hour <sup>3</sup>		Unit labor cost		Implicit price deflator <sup>4</sup>	
	Private business sector	Nonfarm business sector	Private business sector	Nonfarm business sector	Private business sector	Nonfarm business sector	Private business sector	Nonfarm business sector	Private business sector	Nonfarm business sector	Private business sector	Nonfarm business sector
1948	4.5	4.4	0.7	1.6	3.8	2.7	8.5	8.6	4.5	5.7	8.4	8.3
1949	-1.8	-1.8	-3.3	-3.8	1.6	2.1	1.6	3.0	.1	.8	-1.1	.8
1950	9.2	9.4	1.1	3.1	7.9	6.1	7.0	5.8	-9	-3	1.5	1.6
1951	5.9	6.5	2.9	4.6	2.8	1.8	9.8	8.7	6.8	6.8	7.3	6.5
1952	3.0	3.0	1	1.0	2.8	1.9	6.4	5.5	3.4	3.5	1.5	2.1
1953	4.1	4.1	1.0	2.5	3.1	1.5	6.5	5.6	3.3	4.0	1.0	2.1
1954	-1.7	-2.0	-3.3	-3.4	1.6	1.5	3.2	3.1	1.5	1.6	.9	1.3
1955	8.0	8.2	3.8	4.1	4.0	4.0	2.5	3.6	-1.5	-4	1.5	2.1
1956	2.8	3.0	1.5	2.5	1.3	5	6.5	6.0	5.2	5.5	3.0	3.2
1957	1.3	1.5	-1.5	-5	2.8	2.0	6.5	5.7	3.6	3.6	3.2	3.3
1958	-2.1	-2.5	-4.5	-4.1	2.5	1.8	4.4	3.8	1.9	2.0	1.8	1.5
1959	7.3	7.9	3.9	4.4	3.2	3.3	4.3	4.0	1.0	.7	2.0	2.4
1960	1.8	1.6	.2	.6	1.6	1.0	4.2	4.4	2.6	3.4	1.4	1.4
1961	1.4	1.5	-1.6	-1.1	3.1	2.6	3.8	3.3	.7	.6	.6	.6
1962	6.2	6.5	1.6	2.1	4.5	4.3	4.6	4.0	.1	-3	.9	.8
1963	4.4	4.5	1.5	1.1	3.8	3.4	3.8	3.5	-1	-1	.9	1.0
1964	5.6	5.9	5	2.3	4.0	3.6	5.3	4.6	1.2	1.0	1.4	1.5
1965	7.0	7.1	3.1	3.6	3.8	3.4	4.0	3.5	.2	.1	1.6	1.3
1966	5.5	6.0	2.3	3.3	3.2	2.5	7.0	6.1	3.8	3.5	3.2	2.9
1967	2.0	1.9	0	.2	2.0	1.6	5.3	5.5	3.3	3.8	2.9	3.3
1968	5.1	5.3	1.8	2.1	3.3	3.2	7.6	7.3	4.1	4.0	3.9	4.0
1969	3.0	3.0	2.8	3.4	.2	-3	6.8	6.3	6.6	6.7	4.7	4.5
1970	-9	-1.1	-1.6	-1.2	.7	.1	7.1	6.7	6.4	6.5	4.7	4.9
1971	2.8	2.6	-6	-4	3.3	3.1	6.7	6.7	3.3	3.5	4.4	4.5
1972	6.6	6.9	3.0	3.1	3.5	3.7	6.3	6.5	2.8	2.8	3.6	3.1
1973	5.9	6.0	3.9	4.2	1.9	1.7	8.2	7.8	6.2	6.0	5.8	4.1
1974	-2.4	-2.5	.7	.7	-3.0	-3.1	9.1	9.1	12.5	12.7	9.8	10.5
1975	-2.3	-2.5	-4.3	-4.3	2.1	1.9	9.9	9.9	7.7	7.9	10.1	10.6
1976	6.5	6.9	2.9	3.3	3.5	3.5	8.8	8.3	5.0	4.7	5.0	5.4
1977	5.8	5.8	3.9	4.1	1.9	1.6	8.0	8.0	6.0	6.3	5.6	5.9
1978	5.2	5.4	4.7	4.8	.5	.5	8.5	8.6	8.0	8.0	7.1	6.6
1979 <sup>P</sup>	2.3	2.3	3.3	3.6	-9	-1.2	9.3	8.9	10.4	10.2	8.9	8.7
1977:												
I	10.5	11.1	5.7	5.8	4.6	5.1	8.2	8.7	3.4	3.4	5.2	4.1
II	5.4	5.3	7.6	7.2	-2.1	-1.8	6.2	6.4	8.5	8.4	8.4	9.1
III	7.6	6.6	2.1	3.4	5.4	3.1	8.7	7.7	3.1	4.5	4.7	6.2
IV	2.5	2.4	4.6	4.0	-2.0	-1.5	6.1	7.0	8.3	8.6	6.1	4.8
1978:												
I	2.4	2.7	3.9	3.6	-1.5	-9	10.9	11.4	12.6	12.4	5.3	4.4
II	10.5	11.5	8.4	9.4	2.0	1.9	7.9	7.5	5.8	5.4	11.2	10.2
III	4.2	4.5	1.7	1.8	2.4	2.7	9.2	8.8	6.6	6.0	6.9	7.0
IV	6.4	6.8	6.1	5.9	.3	.8	8.5	8.8	8.1	8.0	8.7	7.8
1979:												
I	1.2	1.2	4.4	4.6	-3.0	-3.2	11.1	10.4	14.6	14.0	9.3	8.1
II	-2.9	-3.6	-7	.5	-2.2	-4.1	9.3	7.9	11.8	12.5	10.1	11.0
III	1.1	1.2	2.4	2.6	-1.3	-1.4	8.8	8.5	10.3	10.1	8.3	9.0
IV <sup>P</sup>	1.8	1.7	3.5	2.1	-1.6	-4	6.9	8.9	8.7	9.3	7.8	8.4

<sup>1</sup> Output refers to gross domestic product originating in the sector in 1972 dollars.

<sup>2</sup> Hours of all persons engaged in the sector, including hours of proprietors and unpaid family workers. Estimates based primarily on establishment data.

<sup>3</sup> Wages and salaries of employees plus employers' contributions for social insurance and private benefit plans. Also includes an estimate of wages, salaries, and supplemental payments for the self-employed.

<sup>4</sup> Current dollar gross domestic product divided by constant dollar gross domestic product.

Note.—Percent changes are based on original data and therefore may differ slightly from percent changes based on indexes in Table B-37.

Source: Department of Labor, Bureau of Labor Statistics.

## PRODUCTION AND BUSINESS ACTIVITY

TABLE B-39.—*Industrial production indexes, major industry divisions, 1929-79*

[1967 = 100; monthly data seasonally adjusted]

Year or month	Total industrial production	Manufacturing			Mining	Utilities
		Total	Durable	Nondurable		
1967 proportion.....	100.00	87.95	51.98	35.97	6.36	5.69
1929.....	21.6	22.8	22.5	23.2	43.1	7.4
1933.....	13.7	14.0	9.1	19.9	30.6	6.7
1939.....	21.7	21.5	17.7	26.1	42.1	10.7
1940.....	25.0	25.4	23.5	27.5	46.8	11.8
1941.....	31.6	32.4	31.4	33.3	49.7	13.3
1942.....	36.3	37.8	39.9	34.6	51.3	14.9
1943.....	44.0	47.0	54.2	37.1	52.5	16.5
1944.....	47.4	50.9	59.9	38.6	56.2	17.5
1945.....	40.7	42.6	45.2	38.5	55.1	17.8
1946.....	35.0	35.3	31.6	39.7	54.2	18.6
1947.....	39.4	39.4	37.7	41.3	61.3	20.1
1948.....	41.1	40.9	39.3	42.7	64.4	22.4
1949.....	38.8	38.7	35.7	42.0	57.1	23.9
1950.....	44.9	45.0	43.5	46.7	63.8	27.2
1951.....	48.7	48.6	48.9	48.3	70.0	31.0
1952.....	50.6	50.6	51.9	49.2	69.4	33.7
1953.....	54.8	55.2	58.7	51.2	71.2	36.5
1954.....	51.9	51.5	51.8	51.6	69.9	39.3
1955.....	58.5	58.2	59.2	57.2	77.9	43.9
1956.....	61.1	60.5	61.1	60.1	82.0	48.2
1957.....	61.9	61.2	61.6	61.1	82.1	51.5
1958.....	57.9	57.0	53.9	61.6	75.3	53.9
1959.....	64.8	64.2	61.9	67.7	78.7	59.3
1960.....	66.2	65.4	62.9	69.3	80.3	63.4
1961.....	66.7	65.6	61.8	71.5	80.8	67.0
1962.....	72.2	71.5	68.6	75.8	83.1	72.0
1963.....	76.5	75.8	73.1	80.0	86.4	77.0
1964.....	81.7	81.0	78.3	85.2	89.9	83.6
1965.....	89.8	89.7	89.0	90.9	93.2	88.7
1966.....	97.8	97.9	98.9	96.7	98.2	95.5
1967.....	100.0	100.0	100.0	100.0	100.0	100.0
1968.....	106.3	106.4	106.5	106.2	104.2	108.4
1969.....	111.1	111.0	110.6	111.5	108.3	117.3
1970.....	107.8	106.4	102.3	112.3	112.2	124.5
1971.....	109.6	108.2	102.4	116.6	109.8	130.5
1972.....	119.7	118.9	113.7	126.5	113.1	139.4
1973.....	129.8	129.8	127.1	133.8	114.7	145.4
1974.....	129.3	129.4	125.7	134.6	115.3	143.7
1975.....	117.8	116.3	109.3	126.4	112.8	146.0
1976.....	130.5	130.3	122.3	141.8	114.2	151.7
1977.....	138.2	138.4	130.0	150.5	118.2	156.5
1978.....	146.1	146.8	139.7	156.9	124.0	161.4
1979 <sup>1</sup> .....	152.2	153.3	146.3	163.3	125.1	165.6
1978:						
Jan.....	140.0	140.4	132.1	152.4	114.5	160.2
Feb.....	140.3	140.7	132.3	152.9	114.4	159.9
Mar.....	142.1	142.7	135.0	153.8	119.5	158.4
Apr.....	144.4	144.9	137.6	155.5	125.5	158.5
May.....	144.8	145.2	137.9	155.8	126.5	159.5
June.....	146.1	146.4	139.0	157.0	127.4	160.6
July.....	147.1	147.7	141.1	157.2	127.1	162.0
Aug.....	148.0	148.6	141.8	158.4	126.2	162.2
Sept.....	148.6	149.6	142.9	159.3	124.4	163.0
Oct.....	149.7	150.7	144.6	159.5	127.9	163.2
Nov.....	150.6	151.6	145.5	160.4	128.0	163.7
Dec.....	151.8	152.9	146.8	161.7	127.4	164.7
1979:						
Jan.....	151.5	152.5	146.8	160.7	123.8	166.2
Feb.....	152.0	153.3	147.2	162.0	120.9	167.7
Mar.....	153.0	154.5	148.6	163.0	122.3	167.1
Apr.....	150.8	151.6	144.6	161.7	122.7	167.4
May.....	152.4	153.8	147.6	162.8	122.8	166.5
June.....	152.6	153.9	147.6	163.0	123.9	164.2
July.....	152.8	154.1	147.2	164.1	124.7	164.8
Aug.....	151.6	152.4	144.2	164.3	126.4	165.5
Sept.....	152.4	153.5	145.9	164.6	125.8	165.3
Oct.....	152.2	153.2	145.8	163.9	127.8	164.8
Nov.....	151.8	152.6	144.7	164.2	129.2	164.6
Dec.....	152.2	153.1	144.8	165.1	130.8	164.7

<sup>1</sup> Preliminary estimates by Council of Economic Advisers.

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

TABLE B-40.—Industrial production indexes, market groupings, 1947-79

[1967=100; monthly data seasonally adjusted]

Year or month	Total industrial production	Final products						Inter-mediate products	Materials <sup>3</sup>		
		Total	Consumer goods <sup>1</sup>			Equipment <sup>2</sup>			Total	Durable goods	Non-durable goods
			Total	Auto-motive products	Home goods	Total	Business				
1967 proportion .....	100.00	47.82	27.68	2.83	5.06	20.14	12.63	12.89	39.29	20.35	10.47
1947 .....	39.4	38.6	42.4	45.3	37.5	30.6	38.0	41.9	39.5	38.3	.....
1948 .....	41.1	40.0	43.7	47.4	39.1	32.2	39.5	44.3	41.2	39.4	.....
1949 .....	38.8	38.8	43.4	47.0	36.2	28.7	34.5	42.0	37.6	35.3	.....
1950 .....	44.9	43.7	49.6	59.1	49.9	31.1	37.0	48.8	45.0	44.4	.....
1951 .....	48.7	47.2	49.1	52.3	43.0	43.3	45.2	51.3	49.8	50.5	.....
1952 .....	50.6	50.7	50.2	47.1	43.0	51.9	51.2	50.9	50.5	51.6	.....
1953 .....	54.8	54.1	53.2	59.5	48.6	56.3	53.3	54.5	56.1	60.3	.....
1954 .....	51.9	51.3	52.9	55.4	44.9	49.3	46.8	54.3	51.8	52.0	45.9
1955 .....	58.5	55.4	59.0	73.6	53.0	50.4	50.8	61.7	61.3	63.7	52.5
1956 .....	61.1	58.6	61.2	60.6	55.7	55.3	58.8	64.4	62.8	63.9	54.9
1957 .....	61.9	60.3	62.6	63.5	54.5	57.5	61.1	64.4	62.8	63.8	54.7
1958 .....	57.9	57.6	62.1	50.5	51.4	51.5	51.5	63.0	56.5	53.7	54.4
1959 .....	64.8	63.2	68.1	63.3	59.0	56.5	57.9	69.5	65.2	64.0	62.1
1960 .....	66.2	65.3	70.7	72.5	59.4	58.1	59.4	70.0	66.1	64.8	63.2
1961 .....	66.7	65.8	72.2	66.1	61.3	57.3	57.7	71.4	66.2	63.3	65.8
1962 .....	72.2	71.4	77.1	80.1	66.5	63.7	62.7	75.7	72.1	70.4	71.3
1963 .....	76.5	75.5	81.3	87.7	71.8	67.5	65.8	79.9	76.7	75.1	75.6
1964 .....	81.7	79.7	85.9	91.9	78.4	71.4	73.7	85.2	82.9	81.9	82.2
1965 .....	89.8	87.6	92.6	113.3	88.9	80.7	84.4	90.6	92.4	93.8	90.3
1966 .....	97.8	95.9	97.3	112.8	97.9	94.0	97.7	96.2	100.7	103.3	97.5
1967 .....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968 .....	106.3	106.2	105.9	119.4	106.4	106.5	105.5	106.3	106.5	106.2	108.8
1969 .....	111.1	109.6	109.8	118.1	113.2	109.3	112.5	112.9	112.5	112.1	115.7
1970 .....	107.8	105.3	109.0	98.8	110.2	100.1	107.0	112.9	109.2	103.8	115.4
1971 .....	109.6	106.3	114.7	124.4	115.6	94.7	104.1	116.7	111.3	104.9	120.2
1972 .....	119.7	115.7	124.4	141.4	129.5	103.8	118.0	122.3	117.7	117.7	132.9
1973 .....	129.8	124.4	131.5	153.0	142.5	114.5	134.2	137.2	133.9	134.6	142.2
1974 .....	129.3	125.1	128.9	132.8	136.8	120.0	142.4	135.3	132.4	132.7	142.6
1975 .....	117.8	118.2	124.0	125.8	118.8	110.2	128.2	123.1	115.5	109.1	126.6
1976 .....	130.5	127.6	137.1	155.7	134.1	114.6	135.4	137.2	131.7	128.0	147.8
1977 .....	138.2	135.9	145.3	175.6	141.9	123.0	147.8	145.1	138.6	136.1	155.6
1978 .....	146.1	142.2	149.1	179.9	147.7	132.8	160.3	154.1	148.3	149.0	165.6
1979* .....	152.2	147.0	150.5	168.2	148.6	142.2	171.2	159.9	155.9	157.7	174.8
1978:											
Jan .....	140.0	136.0	143.2	157.6	141.8	126.1	152.0	150.5	141.3	140.7	158.7
Feb .....	140.3	137.3	145.2	163.9	144.5	126.5	153.6	150.2	140.7	139.7	161.0
Mar .....	142.1	139.9	147.5	176.4	147.1	129.4	156.5	150.4	142.2	141.1	162.9
Apr .....	144.4	141.6	149.5	185.9	149.2	130.7	158.0	152.0	145.4	144.7	164.6
May .....	144.8	141.4	149.0	181.2	148.4	131.0	158.4	152.4	146.5	145.5	164.8
June .....	146.1	142.1	149.3	181.6	149.6	132.3	160.1	154.0	146.3	147.7	166.3
July .....	147.1	143.2	149.8	183.8	150.0	134.0	161.7	154.7	149.3	150.5	164.5
Aug .....	148.0	144.2	150.6	183.5	149.2	135.3	163.4	155.6	150.2	151.9	165.3
Sept .....	148.6	144.5	150.8	179.5	149.9	135.9	163.8	155.6	151.2	153.4	167.8
Oct .....	149.7	145.1	151.2	187.6	148.6	136.6	164.8	156.4	153.2	155.5	168.8
Nov .....	150.6	145.3	151.3	190.2	147.6	137.1	165.0	157.8	154.5	157.0	170.2
Dec .....	151.8	146.1	151.5	186.9	147.7	138.6	166.8	159.9	156.2	159.5	171.9
1979:											
Jan .....	151.5	146.1	150.6	181.4	148.6	139.9	168.1	160.8	155.0	158.1	171.0
Feb .....	152.0	146.8	151.5	179.3	150.9	140.4	169.0	161.4	155.2	158.0	172.4
Mar .....	153.0	148.2	152.9	186.8	150.6	141.7	170.8	160.4	156.3	159.2	173.1
Apr .....	150.8	145.4	149.1	163.0	145.2	140.4	168.7	159.7	154.5	155.7	173.0
May .....	152.4	147.8	152.0	182.7	148.1	141.9	171.4	159.5	155.7	157.9	173.8
June .....	152.6	147.6	151.8	175.9	148.8	141.9	171.5	159.5	156.5	159.5	173.4
July .....	152.8	147.1	150.8	170.3	149.8	142.1	171.4	159.4	157.6	160.7	174.6
Aug .....	151.6	145.6	148.2	147.3	147.7	141.8	171.5	160.6	156.0	157.7	175.8
Sept .....	152.4	147.2	149.7	157.6	148.5	143.9	173.6	159.8	156.3	157.6	176.7
Oct .....	152.2	146.8	149.6	159.5	148.4	143.0	171.7	159.6	156.4	157.4	177.2
Nov P .....	151.8	146.6	148.9	151.6	148.1	143.5	172.1	159.6	155.6	155.5	177.2
Dec P .....	152.2	147.3	149.1	146.0	148.6	144.8	173.8	159.5	155.8	155.3	178.7

<sup>1</sup> Also includes clothing and consumer staples, not shown separately.

<sup>2</sup> Also includes defense and space equipment, not shown separately.

<sup>3</sup> Also includes energy materials, not shown separately.

<sup>4</sup> Preliminary estimates by Council of Economic Advisers.

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

TABLE B-41.—Industrial production indexes, selected manufactures, 1947-79

[1967=100; monthly data seasonally adjusted]

Year or month	Durable manufactures							Nondurable manufactures				
	Primary metals		Fabricated metal products	Non-electrical machinery	Electrical machinery	Transportation equipment		Lumber and products	Apparel products	Printing and publishing	Chemicals and products	Foods
	Total	Iron and steel				Total	Motor vehicles and parts					
1967 proportion.....	6.57	4.21	5.93	9.15	8.05	9.27	4.50	1.64	3.31	4.72	7.74	8.75
1947.....	63.3	.....	49.9	39.0	22.2	31.8	.....	58.9	57.8	43.3	19.7	55.8
1948.....	65.8	.....	50.8	39.2	23.0	34.8	.....	61.3	60.3	45.4	21.3	55.2
1949.....	55.4	.....	45.8	33.4	21.6	34.9	.....	54.1	59.7	46.6	21.0	55.9
1950.....	69.7	.....	56.1	37.5	29.6	41.8	.....	65.7	64.3	48.9	26.2	57.9
1951.....	75.8	.....	59.9	47.7	29.8	46.6	.....	65.5	63.1	49.7	29.7	59.0
1952.....	69.2	.....	58.5	51.9	34.0	54.2	.....	64.7	66.3	49.7	31.1	60.2
1953.....	78.5	.....	66.0	54.0	39.0	68.0	.....	68.4	67.2	52.0	33.6	61.4
1954.....	63.5	70.1	59.4	46.1	34.7	59.2	60.5	68.0	66.4	54.1	34.1	62.7
1955.....	82.5	93.2	67.8	50.6	39.9	68.0	81.2	75.9	73.3	59.5	39.8	66.3
1956.....	82.0	91.5	68.8	58.0	43.1	66.0	65.8	75.0	75.0	63.2	42.7	70.1
1957.....	78.5	88.2	70.6	57.9	42.8	70.7	69.0	68.8	74.9	65.4	45.2	71.1
1958.....	62.3	66.5	63.3	48.6	39.2	55.8	51.0	69.9	72.8	63.9	46.6	72.9
1959.....	72.7	76.5	71.0	56.7	47.6	63.2	66.2	79.3	80.1	68.2	54.3	76.5
1960.....	72.4	77.7	71.1	56.9	51.6	65.4	74.7	74.7	81.7	71.0	56.4	78.6
1961.....	71.1	74.2	69.4	55.4	54.8	61.5	65.5	78.2	82.2	71.3	59.2	80.9
1962.....	76.3	77.3	75.4	62.1	62.9	71.1	79.8	82.5	85.5	73.9	65.7	83.4
1963.....	82.3	84.3	77.8	66.3	64.7	78.0	88.3	86.3	89.1	77.8	71.8	86.4
1964.....	92.8	95.9	82.6	75.6	68.4	80.0	90.7	92.7	92.2	82.6	78.8	90.4
1965.....	102.1	105.2	90.8	85.0	81.7	95.1	115.9	96.3	97.4	87.9	87.8	92.4
1966.....	108.4	108.4	97.2	98.8	97.9	102.0	113.9	100.0	99.9	94.6	95.7	96.0
1967.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968.....	104.3	103.2	105.6	101.8	105.5	111.1	120.3	105.5	102.9	103.2	109.5	102.6
1969.....	113.8	112.6	107.9	109.3	111.9	108.4	116.5	107.9	106.7	107.4	118.4	106.1
1970.....	106.6	104.7	102.4	104.4	108.1	89.5	92.3	105.6	101.4	107.0	120.4	108.9
1971.....	100.2	96.1	103.5	100.2	107.7	97.9	118.6	113.8	104.7	107.1	125.9	112.8
1972.....	112.1	107.1	112.1	116.0	122.2	108.2	135.8	120.8	109.4	112.7	143.6	116.8
1973.....	126.7	122.3	124.7	133.7	143.1	118.3	148.8	126.0	117.3	118.2	154.5	120.9
1974.....	123.1	119.8	124.2	140.1	143.8	108.7	128.2	116.2	114.3	118.2	159.4	124.0
1975.....	96.4	95.8	109.9	125.1	116.5	97.4	111.1	107.6	107.6	113.3	147.2	123.4
1976.....	109.7	104.8	123.9	134.5	134.8	111.1	142.0	123.2	125.7	122.5	170.9	133.0
1977.....	111.1	103.8	131.0	143.6	145.4	122.2	161.1	131.2	134.2	127.6	185.7	138.8
1978.....	119.9	113.2	141.6	153.6	159.4	132.5	169.9	136.3	134.2	131.5	197.4	142.7
1979.....	121.5	113.9	148.6	163.7	174.6	135.3	159.9	137.4	131.1	136.9	209.8	147.8
1978:												
Jan.....	110.4	102.6	136.4	148.2	149.5	118.8	150.4	134.0	126.5	130.5	190.7	139.7
Feb.....	107.7	97.3	136.6	148.9	150.9	120.4	154.6	132.5	129.8	129.8	190.5	140.6
Mar.....	108.0	98.4	137.6	149.8	154.4	128.4	166.2	134.0	133.3	130.2	191.2	141.4
Apr.....	115.5	110.2	139.0	150.6	156.8	132.6	173.2	135.1	135.3	130.1	193.0	143.1
May.....	116.0	111.0	140.2	151.4	157.6	131.0	169.1	134.4	132.7	129.8	194.1	142.9
June.....	118.3	113.1	141.1	152.9	158.8	131.4	168.9	136.3	133.7	131.1	196.4	142.8
July.....	122.5	116.5	142.8	154.7	162.5	133.4	171.5	136.2	132.7	131.4	198.6	143.1
Aug.....	124.9	118.3	143.7	155.5	161.5	134.2	171.6	136.0	137.7	131.9	199.3	143.9
Sept.....	127.4	121.3	144.2	156.4	163.3	134.9	171.0	136.2	139.6	132.6	201.3	143.7
Oct.....	129.4	123.8	144.9	157.5	164.2	139.7	178.9	138.1	136.8	132.6	202.7	143.2
Nov.....	130.8	124.4	145.6	157.8	165.2	142.1	181.9	140.1	135.8	133.7	204.6	143.7
Dec.....	132.1	125.3	147.1	158.1	167.7	142.9	182.1	144.0	136.5	134.4	207.2	144.7
1979:												
Jan.....	123.4	113.3	149.1	161.2	170.9	141.2	177.9	137.3	130.3	135.6	206.5	143.9
Feb.....	120.4	110.8	150.8	162.9	173.2	139.9	173.1	137.2	133.5	138.2	208.6	145.5
Mar.....	123.7	116.2	150.2	164.0	174.2	143.7	179.7	137.7	136.5	137.3	207.4	147.6
Apr.....	121.7	115.8	148.8	161.8	170.6	131.6	156.0	137.2	130.8	135.7	207.7	147.0
May.....	121.0	114.3	150.3	164.3	174.7	141.9	176.3	136.1	128.2	136.8	209.7	149.2
June.....	124.3	118.1	149.3	164.5	175.1	139.4	169.6	136.8	132.0	136.9	207.8	149.5
July.....	127.1	119.0	149.3	165.3	174.4	135.5	160.2	135.2	129.7	135.6	210.5	149.4
Aug.....	121.0	112.0	147.6	166.2	171.7	124.7	138.5	138.0	130.1	137.7	213.1	148.1
Sept.....	121.7	115.0	146.5	165.1	176.7	131.7	150.6	138.6	131.2	137.1	212.0	148.8
Oct.....	118.7	109.4	147.5	162.3	177.0	133.5	150.6	138.7	128.5	136.9	211.0	148.6
Nov <sup>P</sup> .....	117.6	108.9	146.4	162.6	177.7	128.3	139.7	138.4	.....	136.9	213.1	149.3
Dec <sup>P</sup> .....	117.5	.....	147.4	163.3	179.0	126.0	134.8	.....	.....	137.8	.....	.....

<sup>P</sup> Preliminary estimates by Council of Economic Advisers. Where unadjusted data are not available for 12 months, data are averages of seasonally adjusted indexes shown.

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



TABLE B-42.—Capacity utilization rate in manufacturing, 1948-79

[Percent; quarterly data seasonally adjusted]

Year or quarter	FRB series <sup>1</sup>			Commerce series <sup>2</sup>					Wharton series <sup>3</sup>		
	Total manufacturing	Primary processing	Advanced processing	Total manufacturing	Durable goods	Non-durable goods	Primary-processed goods	Advanced-processed goods	Total manufacturing	Durable goods	Non-durable goods
1948	82.5	87.3	80.0								
1949	74.2	76.2	73.3								
1950	82.8	88.5	79.8								
1951	85.8	90.2	83.4								
1952	85.4	84.9	85.9								
1953	89.2	89.4	89.3								
1954	80.3	80.6	80.1						88.1	85.3	92.0
1955	87.1	92.1	84.3						90.5	88.3	93.6
1956	86.4	89.7	84.5						87.9	85.3	91.5
1957	83.7	84.7	83.1						84.0	81.6	87.4
1958	75.2	75.4	75.1						74.2	68.0	83.0
1959	81.9	83.4	81.1						78.9	73.7	86.3
1960	80.2	79.8	80.4						76.9	71.9	84.1
1961	77.4	77.9	77.2						73.7	67.7	82.5
1962	81.6	81.6	81.7						76.5	71.8	83.3
1963	83.5	83.8	83.4						77.7	73.4	83.8
1964	85.6	87.8	84.6						79.5	75.5	85.2
1965	89.6	91.1	88.9	86	88	85	89	85	84.2	82.3	86.9
1966	91.1	91.4	91.1	86	87	86	88	85	88.2	88.0	88.5
1967	86.9	85.7	87.6	84	83	85	87	83	86.9	86.2	87.9
1968	87.1	87.7	86.8	85	84	86	86	84	89.2	88.8	89.8
1969	86.2	88.5	85.0	85	84	86	87	84	90.2	89.6	91.1
1970	79.3	82.9	77.4	81	78	83	83	79	84.1	80.8	88.8
1971	78.4	82.3	76.3	80	78	83	82	80	82.7	78.3	89.0
1972	83.5	88.2	81.0	83	82	85	85	82	87.9	84.5	92.9
1973	87.6	92.5	85.0	86	85	86	89	84	93.2	92.0	94.9
1974	83.8	87.8	81.5	83	82	84	85	82	90.5	89.2	92.4
1975	72.9	73.7	72.5	77	76	79	76	77	79.8	76.5	84.5
1976	79.5	81.9	78.2	81	81	82	82	81	86.0	82.6	90.9
1977	81.9	84.0	80.8	83	84	82	83	83	88.7	85.8	93.0
1978	84.4	86.9	83.0	84	84	83	84	84	91.7	90.4	93.6
1979 <sup>p</sup>	85.7	87.8	84.5								
1974:											
I	85.5	90.8	82.6	84	83	85	87	83	91.8	90.0	94.5
II	85.5	90.3	82.7	84	84	85	87	83	92.0	90.3	94.4
III	85.1	89.4	82.7	84	84	84	86	83	92.0	91.0	93.4
IV	79.1	80.8	78.2	78	76	80	79	77	86.3	85.6	87.4
1975:											
I	70.3	69.9	70.4	75	74	76	75	75	77.3	75.4	80.2
II	70.7	70.4	71.0	75	73	78	73	76	77.7	74.7	82.0
III	74.6	76.2	73.8	79	78	80	78	79	81.4	77.8	86.7
IV	76.1	78.4	74.9	79	77	81	78	79	82.7	78.2	89.1
1976:											
I	78.4	81.0	77.0	82	81	82	83	81	85.2	81.1	91.1
II	79.5	81.9	78.1	82	83	81	83	82	86.0	82.7	90.9
III	80.0	82.6	78.5	80	79	82	82	79	86.3	83.4	90.6
IV	80.0	82.1	78.8	81	81	82	80	82	86.5	83.2	91.1
1977:											
I	80.7	82.2	79.8	83	84	82	83	84	87.4	83.8	92.6
II	82.1	84.4	80.8	84	86	82	84	84	88.9	85.8	93.2
III	82.4	84.5	81.3	82	82	82	82	82	89.2	86.4	93.2
IV	82.6	84.7	81.3	82	82	82	82	83	89.5	87.0	93.0
1978:											
I	82.0	84.0	80.9	84	84	83	83	84	89.2	86.9	92.4
II	83.9	86.3	82.7	84	85	82	84	84	91.2	89.6	93.6
III	85.2	87.9	83.7	83	83	82	84	82	92.4	91.5	93.8
IV	86.4	89.5	84.6	84	85	83	85	84	94.0	93.7	94.5
1979:											
I	86.7	88.7	85.6	84	85	83	85	84	94.4	94.6	94.2
II	85.9	87.9	84.8	83	84	82	84	83	93.6	93.5	93.8
III	85.4	88.0	84.0	82	82	82	83	81	93.1	92.5	93.9
IV <sup>p</sup>	84.6	86.6	83.5								

<sup>1</sup> For description of the series, see "Federal Reserve Measures of Capacity and Capacity Utilization," February 1978.

<sup>2</sup> Quarterly data are for last month in quarter. Annual data are averages of the four indexes, except for 1965 (December index) and 1966-67 (averages of June and December indexes). For description of the series, see "Survey of Current Business," July 1974.

<sup>3</sup> Annual data are averages of quarterly indexes. For description of the series, see F. Gerard Adams and Robert Summers, "The Wharton Index of Capacity Utilization: A Ten Year Perspective," 1973 Proceedings of the Business and Economic Statistics Section, American Statistical Association.

Sources: Board of Governors of the Federal Reserve System, Department of Commerce (Bureau of Economic Analysis), and Wharton School of Finance.

TABLE B-43.—New construction activity, 1929-79

[Value put in place, billions of dollars; monthly data at seasonally adjusted annual rates]

Year or month	Total new construction	Private construction							Public construction		
		Total	Residential buildings <sup>1</sup>		Nonresidential buildings and other construction <sup>1</sup>				Total	Federal	State and local <sup>2</sup>
			Total <sup>2</sup>	New housing units	Total	Commercial <sup>3</sup>	Industrial	Other <sup>4</sup>			
1929.....	10.8	8.3	3.6	3.0	4.7	1.1	0.9	2.6	2.5	0.2	2.3
1933.....	2.9	1.2	.5	.3	.8	.1	.2	.5	1.6	.5	1.1
1939.....	8.2	4.4	2.7	2.3	1.7	.3	.3	1.2	3.8	.8	3.1
1940.....	8.7	5.1	3.0	2.6	2.1	.3	.4	1.3	3.6	1.2	2.4
1941.....	12.0	6.2	3.5	3.0	2.7	.4	.8	1.5	5.8	3.8	2.0
1942.....	14.1	3.4	1.7	1.4	1.7	.2	.3	1.2	10.7	9.3	1.3
1943.....	8.3	2.0	.9	.7	1.1	.0	.2	.9	6.3	5.6	.7
1944.....	5.3	2.2	.8	.6	1.4	.1	.2	1.1	3.1	2.5	.6
1945.....	5.8	3.4	1.3	.7	2.1	.2	.6	1.3	2.4	1.7	.7
1946.....	14.3	12.1	6.2	4.8	5.8	1.2	1.7	3.0	2.2	.9	1.4
<b>New series</b>											
1947.....	20.0	16.7	9.9	7.8	6.9	1.0	1.7	4.2	3.3	.8	2.5
1948.....	26.1	21.4	13.1	10.5	8.2	1.4	1.4	5.5	4.7	1.2	3.5
1949.....	26.7	20.5	12.4	10.0	8.0	1.2	1.0	5.9	6.3	1.5	4.8
1950.....	33.6	26.7	18.1	15.6	8.6	1.4	1.1	6.1	6.9	1.6	5.2
1951.....	35.4	26.2	15.9	13.2	10.3	1.5	2.1	6.7	9.3	3.0	6.3
1952.....	36.8	26.0	15.8	12.9	10.2	1.1	2.3	6.8	10.8	4.2	6.6
1953.....	39.1	27.9	16.6	13.4	11.3	1.8	2.2	7.3	11.2	4.1	7.1
1954.....	41.4	29.7	18.2	14.9	11.5	2.2	2.0	7.2	11.7	3.4	8.3
1955.....	46.5	34.8	21.9	18.2	12.9	3.2	2.4	7.3	11.7	2.8	8.9
1956.....	47.6	34.9	20.2	16.1	14.7	3.6	3.1	8.0	12.7	2.7	10.0
1957.....	49.1	35.1	19.0	14.7	16.1	3.6	3.6	9.0	14.1	3.0	11.1
1958.....	50.0	34.6	19.8	15.4	14.8	3.6	2.4	8.8	15.5	3.4	12.1
1959.....	55.4	39.3	24.3	19.2	15.1	3.9	2.1	9.0	16.1	3.7	12.3
1960.....	54.7	38.9	23.0	17.3	15.9	4.2	2.9	8.9	15.9	3.6	12.2
1961.....	56.4	39.3	23.1	17.1	16.2	4.7	2.8	8.7	17.1	3.9	13.3
1962.....	60.2	42.3	25.2	19.4	17.2	5.1	2.8	9.2	17.9	3.9	14.0
1963.....	64.8	45.5	27.9	21.7	17.6	5.0	2.9	9.7	19.4	4.0	15.4
1964.....	67.7	47.3	28.0	21.8	19.3	5.4	3.6	10.3	20.4	3.9	16.5
1965.....	73.7	51.7	27.9	21.7	23.8				22.1	4.0	18.0
1966.....	76.4	52.4	25.7	19.4	26.7				24.0	4.0	20.0
1967.....	78.1	52.5	25.6	19.0	27.0				25.5	3.5	22.1
1968.....	87.1	59.5	30.6	24.0	28.9	7.8	6.0	15.1	27.6	3.4	24.2
1969.....	93.9	66.0	33.2	25.9	32.8	9.4	6.8	16.6	28.0	3.3	24.7
1970.....	94.9	66.8	31.9	24.3	34.9	9.8	6.5	18.6	28.1	3.3	24.8
1971.....	110.0	80.1	43.3	35.1	36.8	11.6	5.4	19.8	29.9	4.0	25.9
1972.....	124.1	93.9	54.3	44.9	39.6	13.5	4.7	21.5	30.2	4.4	25.8
1973.....	137.9	105.4	59.7	50.1	45.7	15.5	6.2	24.0	32.5	4.9	27.7
1974.....	138.5	100.2	50.4	40.6	49.8	15.9	7.9	25.9	38.3	5.3	33.0
1975.....	134.5	93.7	46.5	34.4	47.2	12.8	8.0	26.4	40.9	6.3	34.6
1976.....	151.1	111.9	60.5	47.3	51.4	12.8	7.2	31.5	39.1	7.0	32.1
1977.....	174.0	135.8	81.0	65.7	54.9	14.8	7.7	32.4	38.2	7.3	30.9
1978.....	206.2	160.4	93.4	75.8	67.0	18.6	11.0	37.4	45.8	8.3	37.5

See next page for continuation of table.

TABLE B-43.—New construction activity, 1929-79—Continued  
 [Value put in place, billions of dollars; monthly data at seasonally adjusted annual rates]

Year or month	Total new construction	Private construction							Public construction		
		Total	Residential buildings <sup>1</sup>		Nonresidential buildings and other construction <sup>1</sup>				Total	Federal	State and local <sup>2</sup>
			Total <sup>3</sup>	New housing units	Total	Commer- cial <sup>3</sup>	Indus- trial	Other <sup>4</sup>			
1978:											
Jan.....	174.9	137.3	79.9	65.1	57.4	15.7	8.1	33.6	37.6	7.6	30.0
Feb.....	181.0	144.4	86.4	71.6	58.0	15.4	8.3	34.2	36.6	7.5	29.1
Mar.....	188.6	149.4	88.7	73.0	60.7	16.3	9.3	35.0	39.2	7.7	31.5
Apr.....	198.3	155.0	91.4	74.1	63.6	17.3	9.5	36.8	43.4	8.4	35.0
May.....	204.4	158.6	93.7	75.3	64.9	18.8	9.2	36.9	45.9	8.0	37.8
June.....	206.2	161.5	94.9	76.7	66.6	19.4	10.6	36.5	44.7	7.3	37.4
July.....	212.8	164.6	95.6	77.6	69.0	19.2	11.6	38.2	48.2	9.4	38.8
Aug.....	213.7	165.1	95.8	77.7	69.3	19.2	12.0	38.1	48.6	9.4	39.3
Sept.....	215.3	166.5	96.0	77.7	70.5	19.2	12.5	38.7	48.8	9.2	39.5
Oct.....	217.8	168.5	95.9	77.6	72.6	19.9	13.0	39.7	49.3	8.3	41.1
Nov.....	220.0	170.7	97.5	78.9	73.2	20.4	12.9	39.9	49.3	8.7	40.6
Dec.....	223.2	173.8	99.7	80.7	74.0	20.5	13.5	40.1	49.4	8.5	40.9
1979:											
Jan.....	212.3	165.9	93.7	73.6	72.1	19.8	12.7	39.6	46.4	8.8	37.6
Feb.....	210.9	169.3	97.8	77.2	71.5	19.0	13.4	39.2	41.6	7.8	33.8
Mar.....	216.7	172.7	96.5	75.9	76.2	21.0	15.2	40.0	44.0	9.7	34.3
Apr.....	216.4	171.9	95.7	76.0	76.2	21.5	14.0	40.7	44.5	8.1	36.4
May.....	223.4	175.0	95.2	75.7	79.8	23.6	14.5	41.7	48.4	9.3	39.1
June.....	224.3	178.3	96.9	77.7	81.4	24.8	14.7	41.9	46.0	8.1	37.9
July.....	231.1	180.1	97.0	77.7	83.1	24.8	15.5	42.7	51.0	9.6	41.3
Aug.....	230.3	180.6	97.5	78.3	83.1	25.8	13.8	43.5	49.7	9.6	40.1
Sept.....	232.6	181.6	99.0	79.1	82.6	25.7	13.7	43.2	50.9	9.7	41.2
Oct.....	238.5	185.6	99.2	78.3	86.3	26.7	15.0	44.6	52.9	8.2	44.7
Nov.....	235.3	184.1	98.3	77.0	85.7	26.6	14.7	44.4	51.2	8.7	42.5

<sup>1</sup> Beginning 1960, farm residential buildings included in residential buildings; prior to 1960, included in nonresidential buildings and other construction.

<sup>2</sup> Total includes additions and alterations and nonhousekeeping units, not shown separately.

<sup>3</sup> Office buildings, warehouses, stores, restaurants, garages, etc.

<sup>4</sup> Religious, educational, hospital and institutional, miscellaneous nonresidential, farm (see also footnote 1), public utilities, and all other private.

<sup>5</sup> Includes Federal grants-in-aid for State and local projects.

Source: Department of Commerce (Bureau of the Census).

TABLE B-44.—New housing units started and authorized, 1959-79

(Thousands of units)

Year or month	New housing units started						New private housing units authorized <sup>2</sup>			
	Private and public <sup>1</sup>		Private <sup>1</sup>				Total	Type of structure		
	Total (farm and nonfarm)	Nonfarm	Total (farm and nonfarm)					One unit	2 to 4 units	5 units or more
			Total	Type of structure						
	One unit	2 to 4 units	5 units or more							
1959.....	1,553.7	1,531.3	1,517.0	1,234.0	283.0		1,208.3	938.3	77.1	192.9
1960.....	1,296.1	1,274.0	1,252.2	994.7	257.4		998.0	746.1	64.6	187.4
1961.....	1,365.0	1,336.8	1,313.0	974.3	338.7		1,064.2	722.8	67.6	273.8
1962.....	1,492.5	1,468.7	1,462.9	991.4	471.5		1,186.6	716.2	87.1	383.3
1963.....	1,634.9	1,614.8	1,603.2	1,012.4	590.8		1,334.7	750.2	118.9	465.6
1964.....	1,561.0	1,534.0	1,528.8	970.5	108.4	450.0	1,285.8	720.1	100.8	464.9
1965.....	1,509.7	1,487.5	1,472.8	963.7	86.6	422.5	1,239.8	709.9	84.8	445.1
1966.....	1,195.8	1,172.8	1,164.9	778.6	61.1	325.1	971.9	563.2	61.0	347.7
1967.....	1,321.9	1,298.8	1,291.6	843.9	71.6	376.1	1,141.0	650.6	73.0	417.5
1968.....	1,545.4	1,521.4	1,507.6	899.4	80.9	527.3	1,353.4	694.7	84.3	574.4
1969.....	1,499.5	1,482.3	1,466.8	810.6	85.0	571.2	1,323.7	625.9	85.2	612.7
1970.....	1,469.0	( <sup>a</sup> )	1,433.6	812.9	84.8	535.9	1,351.5	646.8	88.1	616.7
1971.....	2,084.5	( <sup>a</sup> )	2,052.2	1,151.0	120.3	780.9	1,924.6	906.1	132.9	885.7
1972.....	2,378.5	( <sup>a</sup> )	2,356.6	1,309.2	141.3	906.2	2,218.9	1,033.1	148.6	1,037.2
1973.....	2,057.5	( <sup>a</sup> )	2,045.3	1,132.0	118.3	795.0	1,819.5	882.1	117.0	820.5
1974.....	1,352.5	( <sup>a</sup> )	1,337.7	888.1	68.1	381.6	1,074.4	643.8	64.3	366.2
1975.....	1,171.4	( <sup>a</sup> )	1,160.4	892.2	64.0	204.3	939.2	675.5	63.9	199.8
1976.....	1,547.6	( <sup>a</sup> )	1,537.5	1,162.4	85.9	289.2	1,296.2	893.6	93.1	309.5
1977.....	1,989.8	( <sup>a</sup> )	1,987.1	1,450.9	121.7	414.4	1,690.0	1,126.1	121.3	442.7
1978.....	2,023.3	( <sup>a</sup> )	2,020.3	1,433.3	125.0	462.0	1,800.5	1,182.6	130.6	487.3
1979 <sup>p</sup> .....	1,746.6	( <sup>a</sup> )	1,742.5	1,193.3	122.3	426.9	1,537.3	971.0	124.8	441.5
Seasonally adjusted annual rates										
1978:										
Jan.....	88.6	( <sup>a</sup> )	1,744	1,290	110	344	1,723	1,167	112	444
Feb.....	101.3	( <sup>a</sup> )	1,659	1,171	88	400	1,705	1,097	119	489
Mar.....	172.3	( <sup>a</sup> )	2,011	1,413	126	472	1,742	1,130	131	481
Apr.....	197.5	( <sup>a</sup> )	2,176	1,482	138	556	1,914	1,275	124	515
May.....	211.1	( <sup>a</sup> )	2,037	1,463	92	482	1,756	1,175	122	459
June.....	216.1	( <sup>a</sup> )	2,093	1,439	143	511	1,983	1,245	169	569
July.....	192.3	( <sup>a</sup> )	2,104	1,455	134	515	1,765	1,140	116	509
Aug.....	190.9	( <sup>a</sup> )	2,004	1,431	137	436	1,716	1,129	124	463
Sept.....	181.1	( <sup>a</sup> )	2,024	1,432	112	480	1,838	1,184	131	523
Oct.....	192.1	( <sup>a</sup> )	2,054	1,436	135	483	1,835	1,209	135	491
Nov.....	158.6	( <sup>a</sup> )	2,107	1,502	150	455	1,789	1,172	134	483
Dec.....	121.4	( <sup>a</sup> )	2,074	1,539	119	416	1,827	1,268	139	420
1979:										
Jan.....	88.4	( <sup>a</sup> )	1,679	1,139	124	416	1,451	929	125	396
Feb.....	84.7	( <sup>a</sup> )	1,381	953	76	352	1,425	881	95	449
Mar.....	153.3	( <sup>a</sup> )	1,786	1,266	116	404	1,621	1,056	126	439
Apr.....	161.3	( <sup>a</sup> )	1,745	1,278	115	352	1,517	1,036	119	362
May.....	189.1	( <sup>a</sup> )	1,835	1,226	119	490	1,618	1,047	116	455
June.....	192.0	( <sup>a</sup> )	1,923	1,288	123	512	1,639	1,012	132	495
July.....	165.0	( <sup>a</sup> )	1,788	1,220	138	430	1,528	1,001	135	392
Aug.....	171.4	( <sup>a</sup> )	1,793	1,239	156	398	1,654	1,030	151	473
Sept.....	163.8	( <sup>a</sup> )	1,921	1,254	122	545	1,775	1,015	151	609
Oct.....	169.0	( <sup>a</sup> )	1,764	1,159	139	466	1,542	927	137	478
Nov <sup>p</sup> .....	119.2	( <sup>a</sup> )	1,522	985	123	414	1,263	751	99	413
Dec <sup>p</sup> .....	89.2	( <sup>a</sup> )	1,527	1,071	106	350	1,204	768	104	332

<sup>1</sup> Units in structures built by private developers for sale upon completion to local public housing authorities under the Department of Housing and Urban Development "Turnkey" program are classified as private housing. Military housing starts, including those financed with mortgages insured by FHA under Section 803 of the National Housing Act, are included in publicly owned starts and excluded from total private starts.

<sup>2</sup> Authorized by issuance of local building permit: in 16,000 permit-issuing places beginning 1978; in 14,000 places for 1972-77; in 13,000 places for 1967-71; in 12,000 places for 1963-66; and in 10,000 places prior to 1963.

<sup>3</sup> Not available separately beginning January 1970.

Note.—Only the series on private and public nonfarm housing units started is available prior to 1959. See 1976 "Economic Report" for this earlier series.

Source: Department of Commerce, Bureau of the Census.

TABLE B-45.—Business expenditures for new plant and equipment, 1947-80<sup>1</sup>

(Billions of dollars; quarterly data at seasonally adjusted annual rates)

Year or quarter	Total	Manufacturing			Nonmanufacturing							
		Total	Durable goods	Non-durable goods	Total	Mining	Transportation			Public utilities	Communication	Commercial and other <sup>2</sup>
							Rail-road	Air	Other			
1947.....	19.33	8.44	3.25	5.19	10.89	0.69	0.91	0.17	1.13	1.54	1.40	5.05
1948.....	21.30	9.01	3.30	5.71	12.29	.93	1.37	.10	1.17	2.54	1.74	4.42
1949.....	18.98	7.12	2.45	4.68	11.86	.88	1.42	.12	.76	3.10	1.34	4.24
1950.....	20.21	7.39	2.94	4.45	12.82	.84	1.18	.10	1.09	3.24	1.14	5.22
1951.....	25.46	10.71	4.82	5.89	14.75	1.11	1.58	.14	1.33	3.56	1.37	5.67
1952.....	26.43	11.45	5.21	6.24	14.98	1.21	1.50	.24	1.23	3.74	1.61	5.45
1953.....	28.20	11.86	5.31	6.56	16.34	1.25	1.42	.24	1.29	4.34	1.78	6.02
1954.....	27.19	11.24	4.91	6.33	15.95	1.28	.93	.24	1.22	3.99	1.82	6.45
1955.....	29.53	11.89	5.41	6.48	17.64	1.31	1.02	.26	1.30	4.03	2.11	7.63
1956.....	35.73	15.40	7.45	7.95	20.34	1.64	1.37	.35	1.31	4.52	2.82	8.32
1957.....	37.94	16.51	7.84	8.68	21.43	1.69	1.58	.41	1.30	5.67	3.19	7.60
1958.....	31.89	12.38	5.61	6.77	19.51	1.43	.86	.37	1.06	5.52	2.79	7.48
1959.....	33.55	12.77	5.81	6.95	20.78	1.36	1.02	.78	1.33	5.14	2.72	8.44
1960.....	36.75	15.09	7.23	7.85	21.66	1.30	1.16	.66	1.30	5.24	3.24	8.75
1961.....	35.91	14.33	6.31	8.02	21.58	1.29	.82	.73	1.23	5.00	3.39	9.13
1962.....	38.39	15.06	6.79	8.26	23.33	1.40	1.02	.52	1.65	4.90	3.85	9.99
1963.....	40.77	16.22	7.53	8.70	24.55	1.27	1.26	.40	1.58	4.98	4.06	10.99
1964.....	46.97	19.34	9.28	10.07	27.62	1.34	1.66	1.02	1.50	5.49	4.61	12.02
1965.....	54.42	23.44	11.50	11.94	30.98	1.46	1.99	1.22	1.68	6.13	5.30	13.19
1966.....	63.51	28.20	14.06	14.14	35.32	1.62	2.37	1.74	1.64	7.43	6.02	14.48
1967.....	65.47	28.51	14.06	14.45	36.96	1.65	1.86	2.29	1.48	8.74	6.34	14.59
1968.....	67.76	28.37	14.12	14.25	39.40	1.63	1.45	2.56	1.59	10.20	6.83	15.14
1969.....	75.56	31.68	15.96	15.72	43.88	1.86	1.86	2.51	1.68	11.61	8.30	16.05
1970.....	79.71	31.95	15.80	16.15	47.76	1.89	1.78	3.03	1.23	13.14	10.10	16.59
1971.....	81.21	29.99	14.15	15.84	51.22	2.16	1.67	1.88	1.38	15.30	10.77	18.05
1972.....	88.44	31.35	15.64	15.72	57.09	2.42	1.80	2.46	1.46	17.00	11.89	20.07
1973.....	99.74	38.01	19.25	18.76	61.73	2.74	1.96	2.41	1.66	18.71	12.85	21.40
1974.....	112.40	46.01	22.62	23.39	66.39	3.18	2.54	2.00	2.12	20.55	13.96	22.05
1975.....	112.78	47.95	21.84	26.11	64.82	3.79	2.55	1.84	3.18	20.14	12.74	20.60
1976.....	120.49	52.48	23.68	28.81	68.01	4.00	2.52	1.30	3.63	22.28	13.30	20.99
1977.....	135.80	60.16	27.77	32.39	75.64	4.50	2.80	1.62	2.51	25.80	15.45	22.97
1978.....	153.82	67.62	31.66	35.96	86.19	4.78	3.32	2.30	2.43	29.48	18.16	25.71
1979 <sup>3</sup> .....	176.37	78.30	37.89	40.41	98.07	5.52	3.88	3.34	2.97	33.18	20.18	28.98
1980 <sup>3</sup> .....	195.67	89.51	43.76	45.75	106.16	6.45	4.40	3.44	3.41	34.39	54.07	31.73
1978:												
I.....	144.25	61.57	28.72	32.86	82.68	4.45	3.35	2.67	2.44	27.92	17.07	24.76
II.....	150.76	67.20	31.40	35.80	83.56	4.81	3.09	2.08	2.23	28.46	18.18	24.71
III.....	155.41	67.75	32.25	35.50	87.66	4.99	3.38	2.20	2.47	29.62	18.90	26.09
IV.....	163.96	73.24	33.99	39.26	90.71	4.98	3.49	2.39	2.55	31.73	18.46	27.12
1979:												
I.....	165.94	71.56	34.00	37.56	94.38	5.46	4.02	3.35	2.71	32.35	18.75	27.73
II.....	173.48	76.42	36.86	39.56	97.06	5.31	3.66	3.26	2.79	33.24	20.29	28.51
III.....	179.33	80.22	39.72	40.50	99.12	5.42	4.03	3.10	3.16	33.33	20.41	29.66
IV <sup>3</sup> .....	184.32	83.04	40.16	42.88	101.28	5.91	4.00	3.74	3.22	33.76	50.65	31.73
1980:												
I <sup>3</sup> .....	189.32	85.02	42.32	42.70	104.29	4.95	3.92	5.09	3.75	33.07	53.52	31.73
II <sup>3</sup> .....	195.76	89.11	44.44	44.68	106.65							

<sup>1</sup> Excludes agricultural business; real estate operators; medical, legal, educational, and cultural services; and nonprofit organizations. These figures do not agree precisely with the nonresidential fixed investment data in the gross national product estimates, mainly because those data include investment by farmers, professionals, nonprofit institutions, and real estate firms, and certain outlays charged to current account.

<sup>2</sup> Commercial and other includes trade, service, construction, finance, and insurance.

<sup>3</sup> Planned capital expenditures as reported by business in late October-December 1979. Plans are adjusted when necessary for systematic bias.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-46.—Sales and inventories in manufacturing and trade, 1947-79

[Amounts in millions of dollars; monthly data seasonally adjusted]

Year or month	Total manufacturing and trade			Manufacturing			Merchant wholesalers			Retail trade		
	Sales <sup>1</sup>	Inventories <sup>2</sup>	Ratio <sup>3</sup>	Sales <sup>1</sup>	Inventories <sup>2</sup>	Ratio <sup>3</sup>	Sales <sup>1</sup>	Inventories <sup>2</sup>	Ratio <sup>3</sup>	Sales <sup>1</sup>	Inventories <sup>2</sup>	Ratio <sup>3</sup>
1947				15,513	25,897	1.58				10,200	14,241	1.26
1948	35,260	52,507	1.42	17,316	28,543	1.57	6,808	7,957	1.13	11,135	16,007	1.39
1949	33,788	49,497	1.53	16,126	26,321	1.75	6,514	7,706	1.19	11,149	15,470	1.41
1950	38,596	59,822	1.36	18,634	31,078	1.48	7,695	9,284	1.07	12,268	19,460	1.38
1951	43,356	70,242	1.55	21,714	39,306	1.66	8,597	9,886	1.16	13,046	21,050	1.64
1952	44,840	72,377	1.58	22,529	41,136	1.78	8,782	10,210	1.12	13,529	21,031	1.52
1953	47,987	76,122	1.58	24,843	43,948	1.76	9,052	10,686	1.17	14,091	21,488	1.53
1954	46,443	73,175	1.60	23,355	41,612	1.81	8,993	10,637	1.18	14,095	20,926	1.51
1955	51,694	79,516	1.47	26,480	45,069	1.62	9,893	11,678	1.13	15,321	22,769	1.43
1956	54,063	87,304	1.55	27,740	50,642	1.73	10,513	13,260	1.19	15,811	23,402	1.47
1957	55,879	89,052	1.59	28,736	51,871	1.80	10,475	12,730	1.23	16,667	24,451	1.44
1958	54,201	87,093	1.60	27,247	50,241	1.84	10,257	12,739	1.24	16,696	24,113	1.43
1959	59,279	92,129	1.50	30,286	52,945	1.70	11,491	13,879	1.15	17,951	25,305	1.40
1960	60,827	94,713	1.56	30,879	53,780	1.75	11,656	14,120	1.22	18,294	26,813	1.45
1961	61,159	95,594	1.54	30,923	54,885	1.74	11,988	14,488	1.20	18,249	26,221	1.43
1962	65,662	101,063	1.50	33,357	58,186	1.70	12,674	14,936	1.16	19,630	27,941	1.38
1963	68,995	105,480	1.49	35,058	60,046	1.69	13,382	16,048	1.15	20,556	29,386	1.39
1964	73,682	111,503	1.47	37,331	63,409	1.64	14,529	17,000	1.14	21,823	31,094	1.40
1965	80,283	120,907	1.45	40,995	68,185	1.60	15,611	18,317	1.15	23,677	34,405	1.39
1966	87,187	136,790	1.47	44,870	77,952	1.62	16,987	20,765	1.15	25,330	38,073	1.44
1967	90,348	145,335	1.56	46,487	84,659	1.76	19,448	25,377	1.25	24,413	35,299	1.43
1968	98,143	156,166	1.54	50,268	90,617	1.74	20,846	26,604	1.25	27,030	38,945	1.38
1969	105,042	169,841	1.55	53,540	98,210	1.77	22,609	29,114	1.23	28,893	42,517	1.41
1970	107,475	178,337	1.62	52,832	101,667	1.90	23,943	32,803	1.29	30,700	43,867	1.41
1971	116,035	188,563	1.58	55,925	102,677	1.83	26,257	35,823	1.30	33,853	50,063	1.41
1972	130,049	203,161	1.50	63,042	108,296	1.67	29,584	39,786	1.27	37,422	55,079	1.40
1973	151,720	234,163	1.44	72,954	124,672	1.58	36,822	46,254	1.17	41,944	63,237	1.41
1974	175,350	285,519	1.47	84,821	157,915	1.65	45,836	56,537	1.12	44,642	71,067	1.49
1975	179,982	285,035	1.58	86,617	158,178	1.83	44,633	55,113	1.24	48,731	71,744	1.45
1976	201,814	310,736	1.48	98,810	170,156	1.66	48,408	61,307	1.21	54,597	79,273	1.39
1977	224,686	338,099	1.45	110,842	179,981	1.59	53,509	67,998	1.21	60,335	90,120	1.40
1978	254,125	379,630	1.41	124,714	198,041	1.52	62,842	80,771	1.19	66,568	100,818	1.44
1978:												
Jan.	232,439	341,516	1.47	114,287	181,322	1.58	56,260	69,191	1.23	61,892	91,003	1.47
Feb.	238,873	344,337	1.44	118,246	182,798	1.54	57,729	70,325	1.22	62,898	91,214	1.45
Mar.	242,926	349,407	1.44	120,048	184,066	1.53	58,803	72,629	1.24	64,075	92,712	1.45
Apr.	249,868	353,863	1.42	123,082	185,826	1.51	61,640	74,327	1.21	65,146	93,710	1.44
May	251,588	357,248	1.42	122,895	187,536	1.52	63,171	74,779	1.18	65,522	94,933	1.45
June	252,380	360,065	1.43	123,760	189,267	1.53	62,656	75,191	1.20	65,964	95,607	1.45
July	252,728	363,048	1.44	123,079	190,783	1.55	63,425	75,744	1.19	66,224	96,521	1.46
Aug.	259,226	366,574	1.41	127,029	192,412	1.51	64,894	76,338	1.18	67,303	97,824	1.45
Sept.	260,099	369,227	1.42	127,483	193,764	1.52	64,531	77,113	1.19	68,085	98,350	1.44
Oct.	266,724	372,404	1.40	130,415	194,500	1.49	67,338	78,625	1.17	68,971	99,279	1.44
Nov.	269,792	376,812	1.40	132,082	196,803	1.49	67,552	79,526	1.18	70,158	100,483	1.43
Dec.	272,537	379,630	1.39	133,796	198,041	1.48	67,823	80,771	1.19	70,918	100,818	1.42
1979:												
Jan.	273,304	384,190	1.41	135,301	200,908	1.48	67,148	81,543	1.21	70,855	101,739	1.44
Feb.	274,579	387,822	1.41	135,962	203,642	1.50	67,495	83,005	1.23	71,122	101,175	1.42
Mar.	285,372	391,893	1.37	142,503	205,589	1.44	70,824	84,078	1.19	72,045	102,226	1.42
Apr.	275,936	397,530	1.44	134,126	209,178	1.56	70,444	84,973	1.21	71,366	103,379	1.45
May	287,139	401,504	1.40	142,288	211,085	1.48	72,937	85,257	1.17	71,914	105,162	1.46
June	283,388	405,966	1.43	138,960	214,339	1.54	72,625	85,245	1.17	71,803	106,382	1.48
July	289,206	413,395	1.43	141,730	216,560	1.53	75,106	88,144	1.17	72,370	108,691	1.50
Aug.	293,059	416,956	1.42	142,532	219,137	1.54	75,733	88,727	1.17	74,794	109,092	1.46
Sept.	296,394	417,334	1.41	143,201	221,417	1.55	76,264	88,393	1.16	76,929	107,524	1.40
Oct.	299,077	421,205	1.41	145,551	223,450	1.54	77,915	88,784	1.14	75,611	108,971	1.44
Nov.	298,433	424,149	1.42	144,141	226,159	1.57	78,117	88,648	1.13	76,175	109,342	1.44
Dec.										77,020		

<sup>1</sup> Monthly average for year and total for month.<sup>2</sup> Seasonally adjusted, end of period.<sup>3</sup> 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.

Note.—Earlier data are not strictly comparable with data beginning 1958 for manufacturing and beginning 1967 for wholesale and retail trade.

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 (Bureau of Economic Analysis and Bureau of the Census).

TABLE B-47.—Manufacturers' shipments and inventories, 1947-79

(Millions of dollars; monthly data seasonally adjusted)

Year or month	Shipments <sup>1</sup>			Inventories <sup>2</sup>									
	Total	Durable goods industries	Non-durable goods industries	Total	Durable goods industries				Nondurable goods industries				
					Total	Materials and supplies	Work in process	Finished goods	Total	Materials and supplies	Work in process	Finished goods	
1947	15,513	6,694	8,819	25,897	13,061					12,836			
1948	17,316	7,579	9,738	28,543	14,662					13,881			
1949	16,126	7,191	8,935	26,321	13,060					13,261			
1950	18,634	8,845	9,789	31,078	15,539					15,539			
1951	21,714	10,493	11,221	39,306	20,991					18,315			
1952	22,529	11,313	11,216	41,136	23,731					17,405			
1953	24,843	13,349	11,494	43,948	25,878	8,966	10,720	6,206		18,070	8,317	2,472	7,409
1954	23,355	11,828	11,527	41,612	23,710	7,894	9,721	6,040		17,902	8,167	2,440	7,415
1955	26,480	14,071	12,409	45,069	26,405	9,194	10,756	6,348	18,664	8,556	2,571	7,666	
1956	27,740	14,715	13,025	50,642	30,447	10,417	12,317	7,565	20,195	8,971	2,721	8,622	
1957	28,736	15,237	13,499	51,871	31,728	10,608	12,837	8,125	20,143	8,775	2,864	8,624	
1958	27,247	13,563	13,684	50,241	30,258	10,032	12,387	7,839	19,983	8,662	2,828	8,491	
1959	30,286	15,609	14,677	52,945	32,077	10,776	13,063	8,239	20,868	9,080	2,944	8,845	
1960	30,879	15,883	14,996	53,780	32,371	10,353	12,772	9,245	21,409	9,082	2,946	9,380	
1961	30,923	15,616	15,307	54,885	32,544	10,279	13,203	9,063	22,341	9,493	3,110	9,738	
1962	33,357	17,262	16,095	58,186	34,632	10,810	14,159	9,662	23,554	9,813	3,296	10,444	
1963	35,058	18,280	16,778	60,046	35,866	11,068	14,871	9,925	24,180	9,978	3,406	10,796	
1964	37,331	19,637	17,694	63,409	38,506	11,970	16,191	10,344	24,903	10,131	3,511	11,261	
1965	40,995	22,221	18,774	68,185	42,257	13,325	18,075	10,854	25,928	10,448	3,806	11,674	
1966	44,870	24,649	20,220	77,952	49,920	15,489	21,939	12,491	28,032	11,155	4,204	12,673	
1967	46,487	25,267	21,220	84,659	54,996	16,454	25,001	13,542	29,662	11,715	4,423	13,524	
1968	50,268	27,698	22,570	90,617	58,871	17,389	27,314	14,167	31,746	12,289	4,849	14,608	
1969	53,540	29,477	24,064	98,210	64,739	18,710	30,377	15,651	33,471	12,726	5,124	15,621	
1970	52,832	28,215	24,617	101,667	66,790	19,198	29,836	17,756	34,877	13,154	5,275	16,448	
1971	55,925	29,973	25,952	102,677	66,313	19,778	28,654	17,882	36,364	13,680	5,669	17,015	
1972	63,042	34,043	28,999	108,296	70,308	20,893	30,819	18,597	37,987	14,676	5,983	17,328	
1973	72,954	39,703	33,251	124,672	81,426	26,062	35,546	19,818	43,245	18,134	6,713	18,398	
1974	84,821	44,253	40,568	157,915	101,866	35,228	42,683	23,956	56,048	23,689	8,179	24,180	
1975	86,617	43,678	42,939	158,178	101,766	33,629	42,923	25,214	56,412	23,199	8,692	24,521	
1976	98,810	50,697	48,113	170,156	109,095	36,562	44,843	27,690	61,061	25,056	9,576	26,429	
1977	110,842	58,010	52,832	179,981	115,552	38,745	46,990	29,816	64,430	25,227	10,142	29,061	
1978	124,714	66,505	58,210	198,041	129,226	41,468	55,449	32,309	68,816	26,610	10,717	31,489	
1978: Jan	114,287	59,856	54,431	181,322	116,467	38,361	47,761	30,345	64,855	25,310	10,152	29,393	
Feb	118,246	62,552	55,694	182,798	117,728	38,733	48,661	30,335	65,070	25,380	10,268	29,422	
Mar	120,048	63,764	56,284	184,066	118,731	38,723	49,300	30,708	65,335	25,758	10,339	29,338	
Apr	123,082	65,566	57,266	185,826	119,901	38,923	50,137	30,841	65,925	25,720	10,334	29,871	
May	122,895	65,018	57,877	187,536	121,426	39,425	50,963	31,038	66,110	25,762	10,315	30,033	
June	123,760	65,593	58,167	189,267	122,529	39,677	51,558	31,294	66,739	26,184	10,278	30,277	
July	123,079	65,106	57,972	190,783	123,624	39,751	52,525	31,347	67,158	26,037	10,366	30,755	
Aug	127,029	67,972	59,057	192,412	124,952	40,205	53,137	31,611	67,460	26,956	10,370	31,134	
Sept	127,483	68,476	59,007	193,764	126,108	41,093	53,324	31,691	67,657	26,059	10,469	31,129	
Oct	130,415	70,096	60,319	194,500	126,715	40,869	54,114	31,732	67,785	26,165	10,663	30,957	
Nov	132,082	71,392	60,689	196,803	128,422	41,276	54,889	32,256	68,381	26,427	10,695	31,259	
Dec	133,796	72,637	61,159	198,041	129,226	41,468	55,449	32,309	68,816	26,610	10,717	31,489	
1979: Jan	135,301	72,897	62,404	200,908	131,699	42,030	56,275	33,394	69,209	27,098	10,839	31,272	
Feb	135,962	73,646	62,316	203,642	133,994	42,615	57,262	34,117	69,648	27,292	10,990	31,366	
Mar	142,503	76,855	65,648	205,589	135,278	43,370	57,658	34,032	70,311	27,712	10,982	31,617	
Apr	134,126	70,996	63,130	209,178	137,903	43,848	58,995	35,060	71,275	28,089	11,149	32,037	
May	142,288	75,698	66,590	211,085	139,502	44,504	59,975	35,023	71,583	28,079	11,248	32,256	
June	138,960	72,629	66,331	214,339	141,700	44,885	61,461	35,354	72,639	28,400	11,335	32,904	
July	141,730	73,585	68,145	216,560	143,369	45,538	62,006	35,825	73,191	28,515	11,548	33,128	
Aug	142,532	74,416	68,116	219,137	144,966	46,492	62,776	35,698	74,171	29,266	11,598	33,307	
Sept	143,201	74,012	69,189	221,417	145,927	46,382	63,828	35,717	75,490	29,369	11,890	34,231	
Oct	145,551	75,570	69,981	223,450	148,042	47,734	64,892	35,416	75,408	29,577	11,981	33,850	
Nov	144,141	73,657	70,484	226,159	150,332	48,406	66,096	35,830	75,827	30,044	11,871	33,912	

<sup>1</sup> Monthly average for year and total for month.

<sup>2</sup> Book value, seasonally adjusted, end of period, except as noted.

Note.—Data beginning 1958 are not strictly comparable with earlier data.

Source: Department of Commerce, Bureau of the Census.

TABLE B-48.—Manufacturers' new and unfilled orders, 1947-79

(Amounts in millions of dollars; monthly data seasonally adjusted)

Year or month	New orders <sup>1</sup>				Unfilled orders <sup>2</sup>			Unfilled orders—shipments ratio <sup>3</sup>		
	Total	Durable goods industries		Non-durable goods industries	Total	Durable goods industries	Non-durable goods industries	Total	Durable goods industries	Non-durable goods industries
		Total	Capital goods industries, non-defense							
1947	15,256	6,388		8,868	34,473	28,579	5,894			
1948	17,693	8,126		9,566	30,736	26,619	4,117			
1949	15,614	6,633		8,981	24,045	19,622	4,423			
1950	20,110	10,165		9,945	41,456	35,435	6,021			
1951	23,907	12,841		11,066	67,266	63,394	3,872			
1952	23,204	12,061		11,143	75,857	72,680	3,177			
1953	23,586	12,147		11,439	61,178	58,637	2,541			
1954	22,335	10,768		11,566	48,266	45,250	3,016	3.42	4.12	0.96
1955	27,465	14,996		12,469	60,004	56,241	3,763	3.63	4.27	1.12
1956	28,368	15,365		13,003	67,375	63,880	3,495	3.87	4.55	1.04
1957	27,559	14,111		13,448	53,183	50,352	2,831	3.35	4.00	.85
1958	27,002	13,290		13,712	47,370	44,559	2,811	3.09	3.69	.86
1959	30,724	16,003		14,720	52,732	49,373	3,359	3.01	3.54	.94
1960	30,235	15,303		14,932	45,080	42,514	2,566	2.78	3.37	.72
1961	31,104	15,759		15,345	47,407	44,375	3,032	2.63	3.13	.79
1962	33,436	17,374		16,061	48,577	45,965	2,612	2.69	3.24	.68
1963	35,524	18,709		16,815	54,327	51,270	3,057	2.80	3.37	.73
1964	38,357	20,652		17,705	66,882	63,691	3,191	3.10	3.72	.72
1965	42,100	23,278		18,823	80,071	76,298	3,773	3.33	3.95	.80
1966	46,402	26,177		20,225	98,401	94,575	3,826	3.81	4.55	.76
1967	47,062	25,831		21,231	105,030	101,058	3,972	3.71	4.42	.73
1968	50,684	28,113	7,070	22,571	109,912	105,935	3,977	3.84	4.64	.69
1969	53,967	29,887	7,746	24,079	115,142	110,969	4,173	3.74	4.48	.69
1970	52,068	27,418	6,800	24,650	105,916	101,323	4,593	3.64	4.38	.77
1971	55,990	30,004	7,517	25,986	106,772	101,744	5,028	3.37	4.04	.77
1972	64,162	35,059	8,803	29,104	120,395	114,059	6,336	3.29	3.89	.88
1973	76,183	42,853	11,089	33,330	159,468	152,089	7,379	3.87	4.58	.93
1974	87,157	46,740	12,737	40,417	187,574	182,037	5,537	4.12	4.94	.64
1975	85,082	41,957	10,772	43,125	169,126	161,286	7,840	3.69	4.42	.83
1976	99,184	51,047	12,501	48,137	173,646	165,509	8,137	3.20	3.83	.74
1977	112,451	59,562	15,084	52,889	193,150	184,319	8,831	3.17	3.77	.73
1978	128,488	70,145	18,308	58,343	238,652	228,181	10,471	3.35	3.92	.81
1978:										
Jan	117,197	62,611	16,173	54,585	196,061	187,075	8,986	3.31	3.95	.76
Feb	121,220	65,541	17,190	55,679	199,035	190,064	8,971	3.22	3.82	.74
Mar	124,585	68,138	17,182	56,448	203,575	194,440	9,135	3.23	3.83	.74
Apr	126,896	69,249	17,277	57,647	207,388	198,132	9,255	3.20	3.80	.73
May	127,022	68,895	17,608	58,127	211,514	202,009	9,506	3.29	3.92	.75
June	126,651	68,313	17,608	58,338	214,406	204,729	9,677	3.29	3.91	.76
July	124,076	65,935	17,450	58,141	215,403	205,557	9,845	3.32	3.95	.76
Aug	129,870	70,593	18,358	59,277	218,244	208,178	10,066	3.23	3.81	.78
Sept	131,608	72,399	19,835	59,208	222,368	212,101	10,267	3.27	3.84	.81
Oct	136,714	76,463	21,032	60,250	228,667	218,468	10,199	3.31	3.90	.78
Nov	137,794	76,912	20,754	60,882	234,381	223,989	10,392	3.35	3.94	.79
Dec	138,069	76,831	19,132	61,238	238,652	228,181	10,471	3.35	3.92	.81
1979:										
Jan	141,748	79,647	21,410	62,101	245,113	234,943	10,170	3.44	4.06	.76
Feb	144,036	81,312	22,868	62,724	253,187	242,608	10,579	3.51	4.13	.79
Mar	148,586	83,088	23,978	65,498	259,267	248,839	10,428	3.41	4.01	.75
Apr	139,332	76,099	20,767	63,233	264,479	253,948	10,531	3.71	4.42	.76
May	143,594	77,027	20,965	66,567	265,782	255,273	10,509	3.53	4.19	.73
June	142,269	75,820	21,753	66,449	269,086	258,457	10,629	3.65	4.34	.75
July	140,508	72,545	20,232	67,963	267,863	257,417	10,446	3.57	4.27	.71
Aug	142,664	74,029	20,737	68,635	267,994	257,029	10,965	3.56	4.22	.76
Sept	147,154	77,560	21,815	69,594	271,946	260,576	11,370	3.63	3.74	.79
Oct	146,640	76,663	20,999	69,977	273,047	261,679	11,368	3.56	4.22	.77
Nov	146,569	75,417	21,419	71,152	275,471	263,435	12,036	3.66	4.34	.82

<sup>1</sup> Monthly average for year and total for month.

<sup>2</sup> Seasonally adjusted, end of period.

<sup>3</sup> Ratio of unfilled orders at end of period to shipments for period; excludes industries with no unfilled orders. Annual figures relate to seasonally adjusted data for December.

Note.—Data beginning 1958 are not strictly comparable with earlier data.

Source: Department of Commerce, Bureau of the Census.



PRICES

TABLE B-49.—Consumer price indexes, major expenditure classes, 1929-79

[1967=100]

Year or month	All items	Food and beverages		Housing				Apparel and upkeep	Transportation	Medical care	Entertainment	Other goods and services	Energy*	
		Total <sup>1</sup>	Food	Total <sup>2</sup>	Rent, residential	Home ownership	Fuel and other utilities <sup>3</sup>							
1929	51.3	48.3		76.0				48.5						
1933	38.8	30.6		54.1				36.9						
1939	41.6	34.6		52.2	56.0			42.4	43.0	36.7				
1940	42.0	35.2	52.4	56.2				42.8	42.7	36.8				
1941	44.1	38.4	53.7	57.2				44.8	44.2	37.0				
1942	48.8	45.1	56.2	58.5				52.3	48.1	38.0				
1943	51.8	50.3	56.8	58.5				54.6	47.9	39.9				
1944	52.7	49.6	58.1	58.6				58.5	47.9	41.1				
1945	53.9	50.7	59.1	58.8				61.5	47.8	42.1				
1946	58.5	58.1	60.6	59.2				67.5	50.3	44.4				
1947	66.9	70.6	65.2	61.1				78.2	55.5	48.1				
1948	72.1	76.6	69.8	65.1				83.3	61.8	51.1				
1949	71.4	73.5	70.9	68.0				80.1	66.4	52.7				
1950	72.1	74.5	72.8	70.4				79.0	68.2	53.7				
1951	77.8	82.8	77.2	73.2				86.1	72.5	56.3				
1952	79.5	84.3	78.7	76.2				85.3	77.3	59.3				
1953	80.1	83.0	80.8	80.3	75.0	83.0		84.6	79.5	61.4				
1954	80.5	82.8	81.7	83.2	76.3	83.5		84.5	78.3	63.4				
1955	80.2	81.6	82.3	84.3	77.0	85.1		84.1	77.4	64.8				
1956	81.4	82.2	83.6	85.9	78.3	87.3		85.8	78.8	67.2				
1957	84.3	84.9	86.2	87.5	81.7	89.9		87.3	83.3	69.9			90.1	
1958	86.6	88.5	87.7	89.1	83.5	91.7		87.5	86.0	73.2			90.3	
1959	87.3	87.1	88.6	90.4	84.4	93.8		88.2	89.6	76.4			91.8	
1960	88.7	88.0	90.2	91.7	86.3	95.9		89.6	89.6	79.1			94.2	
1961	89.6	89.1	90.9	92.9	86.9	97.1		90.4	90.6	81.4			94.4	
1962	90.6	89.9	91.7	94.0	87.9	97.3		90.9	92.5	83.5			94.7	
1963	91.7	91.2	92.7	95.0	89.0	98.2		91.9	93.0	85.6			95.0	
1964	92.9	92.4	93.8	95.9	90.8	98.4		92.7	94.3	87.3			94.6	
1965	94.5	94.4	94.9	96.9	92.7	98.3		93.7	95.9	89.5			96.3	
1966	97.2	99.1	97.2	98.2	96.3	98.8		96.1	97.2	93.4			97.8	
1967	100.0	100.0	100.0	100.0	100.0	100.0		100.0	100.0	100.0	100.0	100.0	100.0	
1968	104.2	103.6	103.6	104.0	102.4	105.7		101.3	105.4	103.2	106.1	105.7	105.2	
1969	109.8	108.8	108.9	110.4	105.7	116.0		103.6	111.5	107.2	113.4	111.0	110.4	
1970	116.3	114.7	114.9	118.2	110.1	128.5		107.6	116.1	112.7	120.6	116.7	116.8	
1971	121.3	118.3	118.4	123.4	115.2	133.7		115.0	119.8	118.6	128.4	122.9	122.4	
1972	125.3	123.2	123.5	128.1	119.2	140.1		120.1	122.3	119.9	132.5	126.5	127.5	
1973	133.1	139.5	141.4	133.7	124.3	146.7		126.9	126.8	123.8	137.7	130.0	132.5	
1974	147.7	158.7	161.7	148.8	130.6	163.2		150.2	136.2	137.7	150.5	139.8	142.0	
1975	161.2	172.1	175.4	164.5	137.3	181.7		167.8	142.3	150.6	168.6	152.2	153.9	
1976	170.5	177.4	180.8	174.6	144.7	191.7		182.7	147.6	165.5	184.7	159.8	162.7	
1977	181.5	188.0	192.2	186.5	153.5	204.9		202.2	154.2	177.2	202.4	167.7	172.2	
1978	195.4	206.3	211.4	202.8	164.0	227.2		216.0	159.6	185.5	219.4	176.6	183.3	
1979	217.4	228.5	234.5	227.6	176.0	262.4		239.3	166.6	212.0	239.7	188.5	196.7	
1978:														
Jan.	187.2	194.6	199.2	193.8	158.8	215.0	208.5	155.7	179.0	211.2	171.9	178.5	211.8	
Feb.	188.4	197.3	202.0	195.0	159.7	216.4	210.6	154.5	179.4	213.3	172.9	179.0	213.0	
Mar.	189.8	199.5	204.2	196.7	160.5	218.3	212.6	156.5	179.9	214.5	174.1	179.3	214.3	
Apr.	191.5	202.6	207.5	198.3	161.5	220.4	213.9	158.4	181.1	215.7	175.6	179.8	215.7	
May	193.3	205.2	210.3	199.9	162.7	222.5	215.5	159.8	183.2	216.9	176.2	180.4	217.7	
June	195.3	208.5	213.8	202.0	163.6	225.3	217.5	159.9	185.5	217.9	176.2	181.0	220.7	
July	196.7	209.7	215.0	203.8	164.2	228.3	218.0	158.0	187.2	219.4	177.0	183.1	222.4	
Aug.	197.8	210.1	215.4	205.2	165.1	230.6	218.1	159.6	188.1	221.4	177.4	184.0	223.7	
Sept.	199.3	210.3	215.6	207.5	166.4	234.2	218.8	161.9	188.7	222.6	178.3	187.8	225.1	
Oct.	200.9	211.6	216.8	209.5	167.4	237.0	220.1	163.3	189.7	224.7	179.3	188.3	226.5	
Nov.	202.0	212.5	217.8	210.6	168.5	238.8	218.5	164.1	191.4	227.0	179.5	188.8	225.9	
Dec.	202.9	214.1	219.4	211.5	169.5	239.5	219.9	163.2	192.6	227.8	180.9	189.1	228.3	
1979:														
Jan.	204.7	218.3	223.9	213.1	170.3	241.6	221.5	160.7	193.9	230.7	182.3	190.5	231.5	
Feb.	207.1	222.4	228.2	215.6	171.0	245.6	223.3	161.4	195.6	232.6	183.2	191.9	235.0	
Mar.	209.1	224.4	230.4	217.6	171.3	248.2	225.9	164.3	198.1	233.9	184.8	192.8	241.2	
Apr.	211.5	226.3	232.3	219.8	172.0	251.7	227.5	165.4	202.9	235.1	186.5	193.2	250.2	
May	214.1	228.2	234.3	222.4	173.8	254.9	232.2	166.1	207.7	236.3	187.8	193.9	260.8	
June	216.6	229.3	235.4	225.5	174.7	258.8	239.0	165.7	212.6	237.7	188.2	194.5	275.4	
July	218.9	230.7	236.9	228.4	175.9	263.0	243.5	164.3	216.6	239.9	189.1	195.2	287.1	
Aug.	221.1	230.2	236.3	231.5	177.5	267.6	247.2	166.3	219.6	241.8	190.2	197.0	296.3	
Sept.	223.4	231.0	237.1	234.6	179.0	271.9	251.2	169.8	221.4	243.7	191.1	201.7	304.3	
Oct.	225.4	232.1	238.7	237.7	181.4	276.7	252.9	171.0	222.7	245.9	192.0	202.3	307.5	
Nov.	227.5	233.1	239.1	240.8	182.1	282.4	252.0	171.7	224.9	248.0	192.8	202.9	307.8	
Dec.	229.9	235.5	241.7	243.6	182.9	286.9	255.1	172.2	227.7	250.7	193.4	204.0	313.7	

<sup>1</sup> Includes alcoholic beverages, not shown separately.

<sup>2</sup> Includes other items, not shown separately. Series beginning 1967 not comparable with series for earlier years.

<sup>3</sup> Gas (piped) and electricity; fuel oil, coal, and bottled gas; and other utilities and public services.

<sup>4</sup> Gas (piped) and electricity; fuel oil, coal, and bottled gas; and gasoline, motor oil, coolant, etc.

Note.—Data beginning January 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-50.—Consumer price indexes, selected expenditure classes, 1939–79

[1967=100]

Year or month	Food and beverages			Homeownership				Fuel and other utilities				
	Total	Food		Total	Home purchase	Financing, taxes, and insurance	Maintenance and repair	Total	Household fuels			Other utilities and public services
		Total	At home						Away from home	Total	Gas and electricity	
1939		34.6								82.9	37.1	
1940		35.2								82.1	38.2	
1941		38.4								81.4	40.5	
1942		45.1								81.0	43.1	
1943		50.3								80.6	45.2	
1944		49.6								80.3	47.1	
1945		50.7								79.6	48.0	
1946		58.1								77.4	51.3	
1947		70.6	73.5							77.1	58.4	
1948		76.6	79.8							79.1	68.6	
1949		73.5	76.7							81.0	70.3	
1950		74.5	77.6							81.2	72.7	
1951		82.8	86.3							81.5	76.5	
1952		84.3	87.8							82.6	78.0	
1953		83.0	86.2	68.9	75.0	86.5	71.2	83.0	83.0	84.2	81.5	
1954		82.8	85.8	70.1	76.3	87.1	72.4	83.5	85.3	85.3	81.2	
1955		81.6	84.1	70.8	77.0	87.3	74.1	85.1	87.5	87.5	82.3	
1956		82.2	84.4	72.2	78.3	87.6	77.2	87.3	88.4	88.4	85.9	
1957		84.9	87.2	74.9	81.7	90.0	80.5	89.9	89.3	89.3	86.7	
1958		88.5	91.0	77.2	83.5	91.3	81.8	91.7	92.4	92.4	89.3	
1959		87.1	88.8	79.3	84.4	91.3	83.2	93.8	94.7	94.7	89.8	
1960		88.0	89.6	81.4	86.3	91.8	84.6	95.9	98.6	98.6	89.2	
1961		89.1	90.4	83.2	86.9	92.3	85.9	97.1	99.4	99.4	91.0	
1962		89.9	91.0	85.4	87.9	93.2	86.5	97.3	99.4	99.4	91.5	
1963		91.2	92.2	87.3	89.0	94.2	87.7	98.2	99.4	99.4	93.2	
1964		92.4	93.2	88.9	90.8	95.7	89.5	98.4	99.4	99.4	94.6	
1965		94.4	95.5	90.9	92.7	97.0	91.3	98.8	99.4	99.4	97.0	
1966		99.1	100.3	95.1	96.3	98.6	95.2	98.8	99.6	99.6	97.0	
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	103.6	103.6	103.2	105.2	105.7	102.8	108.3	106.1	101.3	101.4	100.9	101.2
1969	108.8	108.9	108.2	111.6	116.0	109.5	123.7	115.0	103.6	103.4	102.8	105.6
1970	114.7	114.9	113.7	119.9	128.5	118.3	142.3	124.0	107.6	107.9	107.3	110.1
1971	118.3	118.4	116.4	126.1	133.7	124.8	143.5	133.7	115.0	115.3	114.7	117.5
1972	123.2	123.5	121.6	131.1	140.1	130.0	150.8	140.7	120.1	120.1	120.5	118.5
1973	139.5	141.4	141.4	141.4	146.7	132.7	160.6	151.0	126.9	128.4	126.4	136.0
1974	158.7	161.7	162.4	159.4	163.2	142.7	181.1	171.6	150.2	160.7	145.8	146.6
1975	172.1	175.4	175.8	174.3	181.7	160.3	201.9	187.6	167.8	183.8	169.6	173.1
1976	177.4	180.8	179.5	186.1	191.7	168.4	212.8	199.6	182.7	202.3	189.0	184.4
1977	188.0	192.2	190.2	200.3	204.9	179.5	227.2	214.7	202.2	228.6	213.4	203.4
1978	206.3	211.4	210.2	218.4	227.2	196.7	257.8	233.0	216.0	247.4	232.6	228.3
1979	228.5	234.5	232.9	242.9	262.4	223.1	308.9	256.4	239.3	286.4	257.8	240.1
1978:												
Jan	194.6	199.2	197.0	208.2	215.0	188.1	240.5	222.4	208.5	235.9	219.7	295.2
Feb	197.3	202.0	200.1	210.5	216.4	189.0	242.4	223.5	210.6	239.2	223.3	296.9
Mar	199.5	204.2	202.5	212.3	218.3	190.5	244.8	225.5	212.6	242.1	226.6	297.2
Apr	202.6	207.5	206.5	214.0	220.4	191.7	247.7	228.4	213.9	244.2	229.2	296.6
May	205.2	210.3	209.7	215.8	222.5	193.4	250.8	229.6	215.5	246.8	232.5	295.6
June	208.5	213.8	213.9	217.8	225.3	195.3	254.7	231.9	217.5	250.2	236.5	295.1
July	209.7	215.0	214.7	219.9	228.3	197.4	259.3	234.4	218.0	250.7	237.2	294.5
Aug	210.1	215.4	214.5	221.7	230.6	197.9	264.1	236.1	218.1	250.4	236.9	294.2
Sept	210.3	215.6	214.1	223.2	234.2	201.2	268.9	237.5	218.8	251.5	237.9	295.7
Oct	211.6	216.8	215.4	224.6	237.0	203.4	272.4	240.7	220.1	254.0	240.0	300.1
Nov	212.5	217.8	216.1	225.9	238.8	204.8	274.7	242.3	218.5	250.6	234.9	306.1
Dec	214.1	219.4	217.9	227.4	239.5	207.1	273.1	243.3	219.9	252.7	236.2	311.8
1979:												
Jan	218.3	223.9	223.1	230.2	241.6	208.1	276.6	245.2	221.5	256.3	239.5	316.4
Feb	222.4	228.2	228.0	233.4	245.6	210.9	283.5	245.9	223.3	259.3	241.2	326.1
Mar	224.4	230.4	229.9	236.0	248.2	212.7	287.7	247.5	225.9	264.0	244.0	339.5
Apr	226.3	232.3	231.7	238.4	251.7	215.4	292.1	250.6	227.5	266.8	245.3	349.8
May	228.2	234.3	233.4	241.1	254.9	217.6	297.2	252.4	232.2	274.6	251.6	364.3
June	229.3	235.4	234.2	242.7	258.8	220.9	302.2	255.5	239.0	286.2	259.9	391.2
July	230.7	236.9	235.5	244.9	263.0	224.0	308.6	257.9	243.5	293.8	264.5	412.9
Aug	230.2	236.3	233.9	246.5	267.6	226.9	316.4	259.7	247.2	299.7	266.5	438.6
Sept	231.0	237.1	234.7	247.6	271.9	229.8	323.0	262.5	251.2	306.6	270.1	461.6
Oct	232.1	238.2	235.4	249.6	276.7	233.4	330.5	264.7	252.9	310.3	272.5	470.8
Nov	233.1	239.1	236.0	251.3	282.4	237.3	340.1	266.4	252.0	307.0	267.3	477.4
Dec	235.5	241.7	238.7	253.4	286.9	239.9	348.3	268.3	255.1	311.8	270.8	488.0

See next page for continuation of table.

TABLE B-50.—Consumer price indexes, selected expenditure classes, 1939-79—Continued

[1967 = 100]

Year or month	Transportation							Medical care		
	Total	Private					Public transportation	Total	Medical care services	Medical care commodities
		Total	New cars	Used cars	Gasoline	Maintenance and repair				
1939.....	43.0	44.2	43.2		49.0	43.1	33.1	36.7	32.5	71.1
1940.....	42.7	43.6	43.3		48.1	43.0	33.1	36.8	32.5	70.8
1941.....	44.2	45.9	46.6		50.5	44.9	33.1	37.0	32.7	71.4
1942.....	48.1	52.3			53.4	48.8	33.3	38.0	33.7	73.0
1943.....	47.9	51.4			54.0	49.4	33.4	39.9	35.4	73.5
1944.....	47.9	51.4			54.2	50.0	33.5	41.1	36.9	74.3
1945.....	47.8	51.3			53.8	50.4	33.5	42.1	37.9	74.8
1946.....	50.3	54.3			54.9	52.0	34.4	44.4	40.1	76.2
1947.....	55.5	61.5	69.2		62.2	56.4	36.0	48.1	43.5	81.8
1948.....	61.8	68.2	75.6		70.4	59.6	40.7	51.1	46.4	86.1
1949.....	66.4	72.3	82.8		72.3	61.1	45.2	52.7	48.1	87.4
1950.....	68.2	72.5	83.4		71.8	62.3	48.9	53.7	49.2	88.5
1951.....	72.5	75.8	87.4		73.9	67.0	54.0	56.3	51.7	91.0
1952.....	77.3	80.8	94.9		75.8	68.6	57.5	59.3	55.0	91.8
1953.....	79.5	82.4	95.8	89.2	80.3	72.3	61.3	61.4	57.0	92.6
1954.....	78.3	80.3	94.3	75.9	82.5	74.8	65.5	63.4	58.7	93.7
1955.....	77.4	78.9	90.9	71.8	83.6	76.5	67.4	64.8	60.4	94.7
1956.....	78.8	80.1	93.5	69.1	86.5	79.5	70.0	67.2	62.8	96.7
1957.....	83.3	84.7	98.4	77.4	90.0	82.4	72.7	69.9	65.5	99.3
1958.....	86.0	87.4	101.5	80.2	88.8	83.7	76.1	73.2	68.7	102.8
1959.....	89.6	91.1	105.9	89.5	89.9	85.5	78.3	76.4	72.0	104.4
1960.....	89.6	90.6	104.5	83.6	92.5	87.2	81.0	79.1	74.9	104.5
1961.....	90.6	91.3	104.5	86.9	91.4	89.3	84.6	81.4	77.7	103.3
1962.....	92.5	93.0	104.1	94.8	91.9	90.4	87.4	83.5	80.2	101.7
1963.....	93.0	93.4	103.5	96.0	91.8	91.6	88.5	85.6	82.6	100.8
1964.....	94.3	94.7	103.2	100.1	91.4	92.8	90.1	87.3	84.6	100.5
1965.....	95.9	96.3	100.9	99.4	94.9	94.5	91.9	89.5	87.3	100.2
1966.....	97.2	97.5	99.1	97.0	97.0	96.2	95.2	93.4	92.0	100.5
1967.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968.....	103.2	103.0	102.8	( <sup>1</sup> )	101.4	105.5	103.4	104.6	106.1	107.3
1969.....	107.2	106.5	104.4	103.1	104.7	112.2	109.7	112.7	113.4	116.0
1970.....	112.7	111.1	107.6	104.3	105.6	120.6	119.2	128.5	124.2	103.6
1971.....	118.6	116.6	112.0	110.2	106.3	129.2	128.4	137.7	128.4	133.3
1972.....	119.9	117.5	111.0	110.5	107.6	135.1	129.1	143.4	132.5	138.2
1973.....	123.8	121.5	111.1	117.6	118.1	142.2	127.8	144.8	137.7	144.3
1974.....	137.7	136.6	117.5	122.6	159.9	156.8	132.4	148.0	150.5	159.1
1975.....	150.6	149.8	127.6	146.4	170.8	176.6	141.2	158.6	168.6	179.1
1976.....	165.5	164.6	135.7	167.9	177.9	189.7	163.1	174.2	184.7	197.1
1977.....	177.2	176.6	142.9	182.8	188.2	203.7	177.3	182.4	202.4	216.7
1978.....	185.5	185.0	153.8	186.5	196.3	220.6	184.6	187.8	219.4	235.4
1979.....	212.0	212.3	166.0	201.0	265.6	242.6	198.6	200.3	239.7	258.3
1978:										
Jan.....	179.0	178.2	150.9	169.8	190.0	212.0	181.7	186.6	211.2	226.5
Feb.....	179.4	178.6	151.2	170.0	189.5	214.1	182.5	186.8	213.3	228.7
Mar.....	179.9	179.1	151.1	172.3	189.4	215.3	182.5	187.2	214.5	229.9
Apr.....	181.1	180.3	151.2	177.3	190.2	216.3	182.6	187.3	215.7	231.3
May.....	183.2	182.6	152.5	184.6	191.8	217.7	182.8	187.4	216.9	232.5
June.....	185.5	185.0	153.5	191.5	194.4	219.5	183.4	187.2	217.9	233.5
July.....	187.2	186.8	153.9	195.9	197.2	220.9	183.9	187.7	219.4	235.4
Aug.....	188.1	187.7	153.8	196.7	199.8	222.5	184.3	187.6	221.4	237.7
Sept.....	188.7	188.3	153.5	195.9	201.5	224.4	185.3	188.2	222.6	239.1
Oct.....	189.7	189.4	155.5	195.4	201.9	226.4	186.9	189.3	224.7	241.5
Nov.....	191.4	191.1	158.5	194.7	203.5	228.2	189.0	189.7	227.0	244.1
Dec.....	192.6	192.5	159.8	194.0	206.2	229.3	190.6	189.1	227.8	244.8
1979:										
Jan.....	193.9	193.8	161.2	193.6	209.1	231.3	191.4	190.0	230.7	248.3
Feb.....	195.6	195.5	162.3	193.4	213.0	233.9	192.5	190.7	232.6	250.4
Mar.....	198.1	198.1	162.7	195.4	220.6	236.3	193.4	191.5	233.9	251.8
Apr.....	202.9	203.2	164.3	200.0	234.7	238.2	194.8	192.6	235.1	251.6
May.....	207.7	208.1	165.8	205.4	247.7	240.1	196.4	193.3	236.3	254.4
June.....	212.6	213.3	166.3	208.9	265.0	242.0	197.3	194.0	237.7	255.9
July.....	216.6	217.4	166.7	209.2	280.0	244.0	198.5	197.1	239.9	258.5
Aug.....	219.6	220.4	166.6	207.0	292.0	245.7	200.5	200.8	241.8	260.6
Sept.....	221.4	222.0	166.1	202.9	301.0	247.1	201.7	205.2	243.7	262.8
Oct.....	222.7	223.1	167.5	199.9	303.8	249.1	203.7	209.1	245.9	265.3
Nov.....	224.9	225.0	170.6	198.4	306.9	250.8	205.5	216.5	248.0	267.6
Dec.....	227.7	227.5	171.7	198.2	313.9	252.6	207.5	223.0	250.7	270.7

<sup>1</sup> Not available.

Note.—Data beginning January 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-51.—Consumer price indexes by commodity and service groups, 1939–79

[1967 = 100]

Year or month	Commodities						Services			Special indexes		
	All items	All commodities	Food	Commodities less food			All services	Rent	Services less rent	All items less food	All items less energy	All items less food and energy
				All	Durable	Non-durable						
1939	41.6	40.2	34.6	47.7	48.5	44.3	43.5	56.0	38.1	47.2		
1940	42.0	40.6	35.2	48.0	48.1	44.7	43.6	56.2	38.1	47.3		
1941	44.1	43.3	38.4	50.4	51.4	46.7	44.2	57.2	38.6	48.7		
1942	48.8	49.6	45.1	56.0	58.4	51.6	45.6	58.5	40.3	52.1		
1943	51.8	54.0	50.3	58.4	60.3	53.8	46.4	58.5	42.1	53.6		
1944	52.7	54.7	49.6	61.6	65.9	56.6	47.5	58.6	44.2	55.7		
1945	53.9	56.3	50.7	64.1	70.9	58.6	48.2	58.8	45.1	56.9		
1946	58.5	62.4	58.1	68.1	74.1	62.9	49.1	59.2	46.7	59.4		
1947	66.9	75.0	70.6	76.8	80.3	72.2	51.1	61.1	49.0	64.9		
1948	72.1	80.4	76.6	82.7	86.2	77.8	54.3	65.1	51.9	69.6		
1949	71.4	78.3	73.5	81.5	87.4	76.3	56.9	68.0	54.5	70.3		
1950	72.1	78.8	74.5	81.4	88.4	76.2	58.7	70.4	56.0	71.1		
1951	77.8	85.9	82.8	87.5	95.1	82.0	61.8	73.2	59.3	75.7		
1952	79.5	87.0	84.3	88.3	96.4	82.4	64.5	76.2	62.2	77.5		
1953	80.1	86.7	83.0	88.5	95.7	83.1	67.3	80.3	64.8	79.0		
1954	80.5	85.9	82.8	87.5	93.3	83.5	69.5	83.2	66.7	79.5		
1955	80.2	85.1	81.6	86.9	91.5	83.5	70.9	84.5	68.2	79.7		
1956	81.4	85.9	82.2	87.8	91.5	85.3	72.7	85.9	70.1	81.1		
1957	84.3	88.6	84.9	90.5	94.4	87.6	75.6	87.5	73.3	83.8	83.9	83.3
1958	86.6	90.6	88.5	91.5	95.9	89.2	78.5	89.1	76.4	84.9	86.3	85.2
1959	87.3	90.7	87.1	92.7	97.3	89.3	80.8	90.4	79.0	87.3	87.0	87.0
1960	88.7	91.5	88.0	93.1	96.7	90.7	83.5	91.7	81.9	88.8	88.3	88.3
1961	89.6	92.0	89.1	93.4	96.6	91.2	85.2	92.9	83.9	89.7	89.3	89.3
1962	90.6	92.8	89.9	94.1	97.6	91.8	86.8	94.0	85.5	90.8	90.4	90.5
1963	91.7	93.6	91.2	94.8	97.9	92.7	88.5	95.0	87.3	92.0	91.6	91.6
1964	92.9	94.6	92.4	95.6	98.8	93.5	90.2	95.9	89.2	93.0	92.9	93.0
1965	94.5	95.7	94.4	96.2	98.4	94.8	92.2	96.9	91.5	94.5	94.3	94.3
1966	97.2	98.2	99.1	97.5	98.5	97.0	95.8	98.2	95.3	96.7	97.3	96.6
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	104.2	103.7	103.6	103.7	103.1	104.1	105.2	102.4	105.7	104.4	104.4	104.6
1969	109.8	108.4	108.9	108.1	107.0	108.8	112.5	105.7	113.8	110.1	110.3	110.7
1970	116.3	113.5	114.9	112.5	111.8	113.1	121.6	110.1	123.7	116.7	117.0	117.6
1971	121.3	117.4	118.4	116.8	116.5	117.0	128.4	115.2	130.8	122.1	122.0	123.1
1972	125.3	120.9	123.5	119.4	118.9	119.8	133.3	119.2	135.9	125.8	126.1	126.9
1973	133.1	129.9	141.4	123.5	121.9	124.8	139.1	124.3	141.8	130.7	133.8	131.3
1974	147.7	145.5	161.7	136.6	130.6	140.9	152.1	130.6	156.0	143.7	146.9	142.2
1975	161.2	158.4	175.4	149.1	145.5	151.7	166.6	137.3	171.9	157.1	160.2	155.3
1976	170.5	165.2	180.8	156.6	154.3	158.3	180.4	144.7	186.8	167.5	169.2	165.5
1977	181.5	174.7	192.2	165.1	163.2	166.5	194.3	153.5	201.6	178.4	179.8	175.8
1978	195.4	187.1	211.4	174.7	173.9	174.3	210.9	164.0	219.4	191.2	193.8	188.7
1979	217.4	208.4	234.5	195.1	191.1	198.7	234.2	176.0	244.9	213.0	213.1	207.0
1978:												
Jan	187.2	179.2	199.2	168.6	166.6	169.7	202.0	158.8	209.8	183.8	185.6	181.4
Feb	188.4	180.2	202.0	168.8	167.2	169.6	203.5	159.7	211.4	184.7	186.7	182.2
Mar	189.8	181.6	204.2	170.0	168.3	170.7	204.9	160.5	213.0	185.9	188.2	183.4
Apr	191.5	183.5	207.5	171.3	169.9	171.8	206.5	161.5	214.6	187.4	190.0	184.9
May	193.3	185.5	210.3	173.0	172.0	172.8	208.0	162.7	216.2	189.0	191.7	186.4
June	195.3	187.5	213.8	174.4	173.9	173.7	209.9	163.6	218.3	190.6	193.6	188.0
July	196.7	188.6	215.0	175.4	175.3	174.1	211.7	164.2	220.4	192.0	195.0	189.3
Aug	197.8	189.3	215.4	176.3	175.9	175.4	213.4	165.1	222.2	193.3	196.1	190.5
Sept	199.3	190.5	215.6	177.8	177.2	177.1	215.6	166.4	224.6	195.1	197.6	192.4
Oct	200.9	191.8	216.8	179.1	178.8	178.1	217.6	167.4	226.7	196.7	199.2	194.0
Nov	202.0	192.9	217.8	180.3	180.0	179.1	218.6	168.5	227.8	197.8	200.4	195.3
Dec	202.9	194.2	219.4	181.3	181.2	180.0	219.2	169.5	228.2	198.6	201.3	196.0
1979:												
Jan	204.7	195.8	223.9	181.9	182.0	180.3	221.1	170.3	230.4	199.8	202.9	197.0
Feb	207.1	198.3	228.2	183.7	183.6	182.2	223.3	171.0	232.9	201.8	205.2	198.8
Mar	209.1	200.5	230.4	185.9	184.9	185.7	225.1	171.3	235.0	203.8	206.9	200.4
Apr	211.5	203.3	232.3	188.9	187.2	189.6	227.0	172.0	237.1	206.3	208.8	202.3
May	214.1	205.8	234.3	191.6	189.2	193.2	229.5	173.8	239.8	208.9	210.7	204.1
June	216.6	208.4	235.4	194.7	191.1	197.6	232.1	174.7	242.6	211.8	212.2	205.8
July	218.9	210.5	236.9	197.0	192.6	201.1	234.7	175.9	245.6	214.2	213.8	207.3
Aug	221.1	212.2	236.3	199.5	193.6	205.4	237.6	177.5	248.8	216.9	215.4	209.4
Sept	223.4	214.1	237.1	201.8	194.5	209.6	240.7	179.0	252.1	219.6	217.3	211.5
Oct	225.4	215.6	238.2	203.4	196.0	211.3	243.6	181.4	255.1	221.8	219.2	213.6
Nov	227.5	217.4	239.1	205.4	198.4	212.9	246.2	182.1	258.2	224.1	221.4	216.1
Dec	229.9	219.4	241.7	207.2	199.8	215.2	249.3	182.9	261.6	226.4	223.6	218.1

Note.—Data beginning January 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers.  
Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-52.—Changes in consumer price indexes, major groups, 1948-79

(Percent change)

Year or month	All items		Commodities						Services		All items less food	
	Dec. to Dec. 1	Year to year	Total		Food		Commodities less food		Dec. to Dec. 1	Year to year	Dec. to Dec. 1	Year to year
			Dec. to Dec. 1	Year to year	Dec. to Dec. 1	Year to year	Dec. to Dec. 1	Year to year				
1948.....	2.7	7.8	1.7	7.2	-0.8	8.5	5.3	7.7	6.1	6.3	5.5	7.2
1949.....	-1.8	-1.0	-4.1	-2.6	-3.7	-4.0	-4.8	-1.5	3.6	4.8	-8	1.0
1950.....	5.8	1.0	7.7	.6	9.6	1.4	5.7	-.1	3.6	3.2	4.1	1.1
1951.....	5.9	7.9	5.9	9.0	7.4	11.1	4.6	7.5	5.2	5.3	5.0	6.5
1952.....	.9	2.2	-.7	1.3	-1.1	1.8	-.5	.9	4.6	4.4	1.7	2.4
1953.....	.6	.8	-.6	-.3	-1.3	-1.5	-.2	.2	4.2	4.3	1.7	1.9
1954.....	-.5	.5	-1.4	-.9	-1.6	-.2	-1.4	-1.1	1.9	3.3	0	.6
1955.....	.4	-.4	-.4	-.9	-.9	-1.4	0	-.7	2.3	2.0	.9	.3
1956.....	2.9	1.5	2.6	.9	3.1	.7	2.5	1.0	3.1	2.5	2.6	1.8
1957.....	3.0	3.6	2.6	3.1	2.8	3.3	2.2	3.1	4.5	4.0	3.2	3.3
1958.....	1.8	2.7	1.3	2.3	2.2	4.2	.8	1.1	2.7	3.8	1.6	2.3
1959.....	1.5	.8	.6	.1	-.8	-1.6	1.5	1.3	3.7	2.9	2.3	1.9
1960.....	1.5	1.6	1.1	.9	3.1	1.0	-.3	.4	2.7	3.3	1.0	1.7
1961.....	.7	1.0	0	.5	-.9	1.3	.6	.3	1.9	2.0	1.1	1.0
1962.....	1.2	1.1	1.0	.9	1.5	.9	.7	.7	1.7	1.9	1.2	1.2
1963.....	1.6	1.2	1.4	.9	1.9	1.4	1.2	.7	2.3	2.0	1.6	1.3
1964.....	1.2	1.3	.8	1.1	1.4	1.3	.4	.8	1.8	1.9	1.0	1.3
1965.....	1.9	1.7	1.6	1.2	3.4	2.2	.7	.6	2.6	2.2	1.6	1.4
1966.....	3.4	2.9	2.5	2.6	3.9	5.0	1.9	1.4	4.9	3.9	3.3	2.3
1967.....	3.0	2.9	2.5	1.8	1.2	.9	3.1	2.6	4.0	4.4	3.5	3.4
1968.....	4.7	4.2	3.8	3.7	4.3	3.6	3.7	3.7	6.1	5.2	4.9	4.4
1969.....	6.1	5.4	5.5	4.5	7.2	5.1	4.5	4.2	7.4	6.9	5.7	5.5
1970.....	5.5	5.9	4.0	4.7	2.2	5.5	4.8	4.1	8.2	8.1	6.5	6.0
1971.....	3.4	4.3	2.9	3.4	4.3	3.0	2.3	3.8	4.1	5.6	3.1	4.6
1972.....	3.4	3.3	3.4	3.0	4.7	4.3	2.5	2.2	3.6	3.8	3.0	3.0
1973.....	8.8	6.2	10.4	7.4	20.1	14.5	5.0	3.4	6.2	4.4	5.6	3.9
1974.....	12.2	11.0	12.7	12.0	12.2	14.4	13.2	10.6	11.3	9.3	12.2	9.9
1975.....	7.0	9.1	6.3	8.9	6.5	8.5	6.2	9.2	8.1	9.5	7.1	9.3
1976.....	4.8	5.8	3.3	4.3	.6	3.1	5.1	5.0	7.3	8.3	6.2	6.6
1977.....	6.8	6.5	6.1	5.8	8.0	6.3	4.9	5.4	7.9	7.7	6.3	6.5
1978.....	9.0	7.7	8.9	7.1	11.8	10.0	7.7	5.8	9.3	8.5	8.5	7.2
1979.....	13.3	11.3	13.0	11.4	10.2	10.9	14.3	11.7	13.7	11.0	14.0	11.4
Change from preceding month												
	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted
1978:												
Jan.....	0.6	0.7	0.5	0.8	1.5	1.2	0.1	0.7	0.7	0.6	0.4	0.7
Feb.....	.6	.6	.6	.5	1.4	1.1	.1	.2	.7	.8	.5	.5
Mar.....	.7	.8	.8	.8	1.1	1.2	.7	.6	.7	.8	.6	.7
Apr.....	.9	.8	1.0	.9	1.6	1.7	.8	.5	.8	.9	.8	.7
May.....	.9	.8	1.1	.8	1.3	1.2	1.0	.6	.7	.9	.9	.7
June.....	1.0	.9	1.1	.9	1.7	1.4	.8	.6	.9	.9	.8	.7
July.....	.7	.6	.6	.4	.6	.1	.6	.6	.9	.8	.7	.7
Aug.....	.6	.6	.4	.5	.2	.4	.5	.6	.8	.8	.7	.7
Sept.....	.8	.9	.6	.8	.1	.7	.9	.9	1.0	.9	.9	.8
Oct.....	.8	.8	.7	.8	.6	.9	.7	.7	.9	.9	.8	.8
Nov.....	.5	.6	.6	.7	.5	.6	.7	.7	.5	.5	.6	.6
Dec.....	.4	.6	.7	.8	.7	1.0	.6	.8	.3	.4	.4	.6
1979:												
Jan.....	.9	.9	.8	1.1	2.1	1.4	.3	.9	.9	.5	.6	.8
Feb.....	1.2	1.2	1.3	1.2	1.9	1.6	1.0	1.0	1.0	1.1	1.0	1.0
Mar.....	1.0	1.0	1.1	1.1	1.0	1.1	1.2	1.1	.8	.9	1.0	1.0
Apr.....	1.1	1.1	1.4	1.2	.8	1.0	1.6	1.3	.8	.9	1.2	1.2
May.....	1.2	1.1	1.2	.9	.9	.7	1.4	1.1	1.1	1.3	1.3	1.2
June.....	1.2	1.0	1.3	1.0	.5	.2	1.6	1.3	1.1	1.0	1.4	1.1
July.....	1.1	1.0	1.0	.9	.6	.1	1.2	1.2	1.1	1.1	1.1	1.2
Aug.....	1.0	1.1	.8	.9	-.3	.0	1.3	1.3	1.2	1.2	1.3	1.3
Sept.....	1.0	1.1	.9	1.1	.3	.9	1.2	1.2	1.3	1.1	1.2	1.2
Oct.....	.9	1.0	.7	.8	.5	.8	.8	.8	1.2	1.2	1.0	1.0
Nov.....	.9	1.0	.8	.9	.4	.5	1.0	1.1	1.1	1.1	1.0	1.1
Dec.....	1.1	1.2	.9	1.1	1.1	1.3	.9	1.1	1.3	1.3	1.0	1.2

<sup>1</sup> Changes from December to December are based on unadjusted indexes.

Note.—Data beginning January 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-53.—Changes in special consumer price indexes, 1958-79

[Percent change]

Year or month	All items		All items less food		All items less energy <sup>1</sup>		All items less food and energy <sup>1</sup>		All items less home purchase and finance <sup>2</sup>	
	Dec. to Dec. <sup>3</sup>	Year to Year	Dec. to Dec. <sup>3</sup>	Year to Year	Dec. to Dec. <sup>3</sup>	Year to Year	Dec. to Dec. <sup>3</sup>	Year to Year	Dec. to Dec. <sup>3</sup>	Year to Year
1958.....	1.8	2.7	1.6	2.3	1.9	2.9	1.8	2.3		
1959.....	1.5	.8	2.3	1.9	1.4	.8	2.2	2.1		
1960.....	1.5	1.6	1.0	1.7	1.4	1.5	.8	1.5		
1961.....	.7	1.0	1.1	1.0	.8	1.1	1.5	1.1		
1962.....	1.2	1.1	1.2	1.2	1.2	1.2	1.1	1.3		
1963.....	1.6	1.2	1.6	1.3	1.8	1.3	1.8	1.2		
1964.....	1.2	1.3	1.0	1.3	1.3	1.4	1.2	1.5		
1965.....	1.9	1.7	1.6	1.4	1.9	1.5	1.5	1.4		
1966.....	3.4	2.9	3.3	2.3	3.5	3.2	3.3	2.4		
1967.....	3.0	2.9	3.5	3.4	3.1	2.8	3.9	3.5		
1968.....	4.7	4.2	4.9	4.4	4.9	4.4	5.1	4.6	4.3	4.1
1969.....	6.1	5.4	5.7	5.5	6.4	5.7	6.1	5.8	5.5	4.7
1970.....	5.5	5.9	6.5	6.0	5.6	6.1	6.6	6.2	4.7	5.1
1971.....	3.4	4.3	3.1	4.6	3.3	4.3	3.1	4.7	3.7	4.5
1972.....	3.4	3.3	3.0	3.0	3.5	3.4	3.0	3.1	3.3	3.1
1973.....	8.8	6.2	5.6	3.9	8.3	6.1	4.7	3.5	9.0	6.6
1974.....	12.2	11.0	12.2	9.9	11.5	9.8	11.3	8.3	12.2	11.1
1975.....	7.0	9.1	7.1	9.3	6.7	9.1	6.7	9.2	6.7	8.8
1976.....	4.8	5.8	6.2	6.6	4.6	5.6	6.1	6.6	5.1	5.8
1977.....	6.8	6.5	6.3	6.5	6.8	6.3	6.4	6.2	6.3	6.5
1978.....	9.0	7.7	8.5	7.2	9.2	7.8	8.5	7.3	8.1	6.9
1979.....	13.3	11.3	14.0	11.4	11.1	10.0	11.3	9.7	11.3	10.0
Change from preceding month										
	Un- adjusted	Sea- sonally adjusted	Un- adjusted	Sea- sonally adjusted	Un- adjusted	Sea- sonally adjusted	Un- adjusted	Sea- sonally adjusted	Un- adjusted	Sea- sonally adjusted
1978:										
Jan.....	0.6	0.7	0.4	0.7	0.7	0.7	0.4	0.8	0.5	0.6
Feb.....	.6	.6	.5	.5	.6	.5	.4	.4	.6	.4
Mar.....	.7	.8	.6	.7	.8	.9	.7	.6	.8	.8
Apr.....	.9	.8	.8	.7	1.0	.8	.8	.7	.9	.7
May.....	.9	.8	.9	.7	.9	.8	.8	.8	.9	.7
June.....	1.0	.9	.8	.7	1.0	1.0	.9	.8	1.0	.9
July.....	.7	.6	.7	.7	.7	.5	.7	.7	.5	.4
Aug.....	.6	.6	.7	.7	.6	.7	.6	.7	.5	.6
Sept.....	.8	.9	.9	.8	.8	.8	1.0	.8	.5	.6
Oct.....	.8	.8	.8	.8	.8	.8	.8	.7	.7	.8
Nov.....	.5	.6	.6	.6	.6	.8	.7	.7	.5	.6
Dec.....	.4	.6	.4	.6	.4	.7	.4	.6	.5	.7
1979:										
Jan.....	.9	.9	.6	.8	.8	.8	.5	.8	.9	1.0
Feb.....	1.2	1.2	1.0	1.0	1.1	1.0	.9	.9	1.0	.8
Mar.....	1.0	1.0	1.0	1.0	.8	.8	.8	.7	.9	.9
Apr.....	1.1	1.1	1.2	1.2	.9	.8	.9	.8	1.1	.9
May.....	1.2	1.1	1.3	1.2	.9	.7	.9	.8	1.2	1.1
June.....	1.2	1.0	1.4	1.1	.7	.7	.8	.8	1.1	1.0
July.....	1.1	1.0	1.1	1.2	.8	.6	.7	.7	.9	.8
Aug.....	1.0	1.1	1.3	1.3	.7	.8	1.0	1.0	.8	.9
Sept.....	1.0	1.1	1.2	1.2	.9	1.0	1.0	.8	.8	.9
Oct.....	.9	1.0	1.0	1.0	.9	.9	1.0	1.0	.6	.6
Nov.....	.9	1.0	1.0	1.1	1.0	1.1	1.2	1.1	.6	.7
Dec.....	1.1	1.2	1.0	1.2	1.0	1.3	.9	1.2	.9	1.0

<sup>1</sup> Seasonally adjusted data are estimates.

<sup>2</sup> All items less home purchase and financing, taxes, and insurance. All data are estimates.

<sup>3</sup> Changes from December to December are based on unadjusted indexes.

Note.—Data beginning January 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-54.—*Producer price indexes by stage of processing, 1947-79*

[1967 = 100]

Year or month	Finished goods									Total consumer finished goods
	Total finished goods	Consumer foods			Finished goods excluding consumer foods					
		Total	Crude	Processed	Total	Consumer goods			Capital equipment	
						Total	Durable	Non-durable		
1947	74.0	82.8	99.4	80.2	79.0	74.6	80.7	55.4	80.5	
1948	79.9	90.4	107.1	87.6	84.0	79.7	85.8	60.4	86.5	
1949	77.6	83.1	101.3	80.1	82.2	81.8	82.3	63.4	82.5	
1950	79.0	84.7	92.2	83.4	83.5	82.7	83.6	64.9	83.9	
1951	86.5	95.2	105.9	93.2	89.5	88.2	90.0	71.2	91.8	
1952	86.0	94.3	112.8	91.3	88.3	88.9	87.8	72.4	90.7	
1953	85.1	89.4	105.2	86.7	89.1	89.6	88.6	73.6	89.2	
1954	85.3	88.7	94.7	87.6	89.4	90.3	88.9	74.5	89.1	
1955	85.5	86.5	98.8	84.4	90.1	91.2	89.4	76.7	88.5	
1956	87.9	86.3	98.7	84.3	92.3	94.3	91.1	82.4	89.8	
1957	91.1	89.3	97.4	87.9	94.6	97.1	93.2	87.5	92.4	
1958	93.2	94.5	103.5	93.1	94.7	98.4	92.6	89.8	94.4	
1959	93.0	90.1	94.3	89.5	95.9	99.6	94.0	91.5	93.6	
1960	93.7	92.1	100.6	90.7	96.3	99.2	94.7	91.7	94.5	
1961	93.7	91.7	96.1	90.9	96.2	98.8	94.7	91.8	94.3	
1962	94.0	92.5	97.0	91.7	96.0	98.3	94.8	92.2	94.6	
1963	93.7	91.4	95.5	90.7	96.0	97.8	95.1	92.4	94.1	
1964	94.1	91.9	98.2	90.8	95.9	98.2	94.8	93.3	94.3	
1965	95.7	95.4	98.6	94.9	96.6	97.9	95.9	94.4	96.1	
1966	98.8	101.6	104.8	101.0	98.1	98.5	97.8	96.8	99.4	
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
1968	102.9	103.7	107.5	103.0	102.6	102.1	102.2	103.5	102.7	
1969	106.6	110.0	116.0	108.9	105.4	104.6	104.0	105.0	106.9	
1970	110.3	113.5	116.3	113.1	109.1	107.7	106.9	108.3	112.0	
1971	113.7	115.3	115.8	115.1	111.4	111.4	110.8	111.7	112.9	
1972	117.2	121.7	121.2	121.7	115.4	113.4	113.2	113.6	119.5	
1973	127.9	146.4	160.7	143.9	120.1	118.5	115.8	120.5	129.2	
1974	147.5	166.9	180.8	164.6	139.3	138.6	126.3	146.8	149.3	
1975	163.4	181.0	181.2	181.3	156.2	153.1	138.2	163.0	162.5	
1976	170.3	180.2	194.8	177.4	165.5	161.8	144.4	173.3	169.0	
1977	180.6	189.1	201.8	186.4	176.2	172.1	152.2	185.4	184.5	
1978	194.6	206.7	215.5	204.1	188.9	183.7	165.8	195.4	199.1	
1979 <sup>1</sup>	215.9	226.3	231.3	223.7	210.6	208.1	181.5	225.8	215.5	
1978:										
Jan	187.0	195.0	197.9	192.9	182.7	177.4	158.5	189.9	184.4	
Feb	188.5	199.6	210.2	196.9	183.2	177.8	158.3	190.7	186.2	
Mar	189.1	200.2	207.5	197.8	183.8	178.3	159.0	191.1	186.8	
Apr	191.5	204.5	220.2	201.4	185.6	180.5	163.2	191.8	195.6	
May	193.1	206.8	212.0	204.4	186.9	181.9	165.0	192.9	196.9	
June	194.5	209.5	211.7	207.3	188.0	182.9	165.3	194.4	198.1	
July	196.0	210.4	234.1	206.6	189.6	184.8	167.7	195.9	199.2	
Aug	195.6	205.9	212.8	203.4	190.4	185.7	168.4	196.9	200.0	
Sept	197.1	209.4	213.7	207.1	191.4	186.5	169.1	197.8	201.1	
Oct	199.6	212.0	212.9	209.9	193.7	188.3	170.9	199.7	204.4	
Nov	200.3	211.7	220.8	209.0	194.8	189.0	170.7	201.1	206.1	
Dec	202.5	215.8	232.1	212.5	196.4	191.0	173.0	202.7	207.0	
1979: <sup>1</sup>										
Jan	205.4	220.2	236.7	216.9	198.8	193.4	175.2	205.4	209.3	
Feb	207.7	225.1	257.2	220.5	200.2	194.9	176.2	207.2	210.8	
Mar	209.1	226.3	244.6	222.8	201.7	196.7	176.8	209.8	211.7	
Apr	211.4	227.8	241.8	224.6	204.2	199.3	178.4	213.1	214.0	
May	212.7	226.6	226.7	224.4	206.3	202.1	179.5	217.1	215.1	
June	213.7	223.6	227.1	221.3	208.5	205.2	180.4	221.7	215.8	
July	216.2	224.9	224.9	222.8	211.4	208.9	181.6	227.1	217.2	
Aug	217.3	223.5	231.7	220.7	213.2	212.3	181.1	233.4	216.5	
Sept	220.4	227.8	213.9	226.8	215.9	215.9	182.0	238.9	221.3	
Oct	223.7	226.7	215.4	225.4	220.6	220.6	187.4	243.0	222.5	
Nov	225.9	230.5	228.0	228.6	222.2	222.4	188.5	245.2	223.8	
Dec	227.8	232.0	227.8	230.1	224.3	225.0	191.2	247.8	228.8	

See next page for continuation of table.

TABLE B-54.—*Producer price indexes by stage of processing, 1947-79—Continued*

[1967=100]

Year or month	Intermediate materials, supplies, and components							Crude materials for further processing					
	Total	Foods and feeds <sup>2</sup>	Other	Materials and components		Processed fuels and lubricants	Containers	Supplies	Total	Food-stuffs and feed-stuffs	Other		
				For manufacturing	For construction						Total	Fuel	Other
1947	72.4		70.0	72.1	66.0	85.5	66.8	77.5	101.2	111.7		66.6	90.6
1948	78.3		76.1	77.8	73.1	96.9	69.8	81.0	110.9	120.8		78.7	100.7
1949	75.2		74.2	74.5	73.2	88.2	70.1	76.3	96.0	100.3		78.3	91.6
1950	78.6		77.7	78.1	77.0	89.9	72.0	78.9	104.6	107.6		77.9	104.7
1951	88.1		87.0	88.5	84.3	93.9	84.5	88.8	120.1	124.5		79.4	120.7
1952	85.5		84.3	84.8	83.7	92.8	79.9	88.8	110.3	117.2		79.9	104.6
1953	86.0		85.3	86.2	85.1	93.4	80.0	88.3	101.9	104.9		82.7	100.1
1954	86.5		85.7	86.3	85.5	93.3	81.5	86.3	101.0	104.9		79.0	98.2
1955	88.1		88.3	88.4	88.9	93.3	82.6	84.8	97.1	95.1		78.8	103.8
1956	92.0		92.6	92.6	93.5	96.3	88.6	87.1	97.6	93.1		84.4	107.6
1957	94.1		95.0	94.8	94.0	101.9	92.5	88.0	98.8	97.2		89.2	106.2
1958	94.3		94.8	95.2	94.0	96.0	94.7	90.0	102.0	103.0		90.3	102.2
1959	95.6		96.4	96.5	96.6	95.6	94.2	91.2	99.4	96.2		91.9	105.8
1960	95.6		96.8	96.5	95.9	98.2	95.5	90.7	97.0	95.1		92.8	101.4
1961	95.0		95.5	95.3	94.6	99.4	94.7	91.8	96.5	93.8		92.6	102.5
1962	94.9		95.3	94.7	94.2	99.0	95.9	93.8	97.5	95.7		92.1	102.0
1963	95.2		95.0	94.9	94.5	98.1	94.7	95.2	95.4	92.9		93.2	100.7
1964	95.5		95.6	95.9	95.4	96.0	94.0	94.3	94.5	90.8		92.8	102.4
1965	96.8		96.9	97.4	96.2	97.4	95.8	95.2	99.3	97.1		93.5	104.5
1966	99.2		98.9	99.3	98.8	99.2	98.4	99.4	105.7	105.9		96.3	106.7
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	102.3	99.4	102.6	102.2	104.9	97.7	102.4	101.2	101.6	101.3	102.2	102.3	102.1
1969	105.8	102.7	106.1	105.8	110.8	98.7	106.3	102.8	108.4	109.3	106.8	106.6	106.9
1970	109.9	109.1	109.9	110.0	112.6	105.0	111.4	108.0	112.3	112.0	112.7	122.6	109.8
1971	114.1	111.7	114.3	112.8	119.7	115.2	116.6	111.0	115.1	114.2	117.0	139.0	110.7
1972	118.7	118.5	118.9	117.0	126.2	118.9	121.9	115.6	127.6	127.5	128.0	148.7	121.9
1973	131.6	168.4	128.1	127.7	136.7	131.5	129.2	140.6	174.0	180.0	162.5	164.5	161.5
1974	162.9	200.2	159.5	162.2	161.6	199.1	152.2	154.5	196.1	189.4	208.9	219.4	205.4
1975	180.0	195.3	178.6	178.7	176.4	233.0	171.4	168.1	196.9	191.8	206.9	271.5	188.3
1976	189.3	186.6	189.5	185.6	188.0	250.8	181.5	179.1	205.1	190.1	233.6	314.7	210.2
1977	201.7	191.0	202.4	195.5	202.9	283.8	193.1	188.0	214.3	190.9	258.4	400.4	217.3
1978	215.5	201.0	216.4	208.3	224.4	296.4	212.5	196.9	240.1	215.3	286.7	463.7	235.4
1979 <sup>1</sup>	242.7	223.2	243.8	234.0	246.8	360.9	234.9	217.5	282.2	247.1	348.3	568.2	284.6
1978:													
Jan	207.2	189.6	208.2	200.0	212.7	291.2	202.2	190.5	219.6	194.0	267.8	430.3	220.7
Feb	208.9	189.9	210.1	202.2	216.3	291.7	204.9	189.8	225.0	201.3	269.7	431.7	222.7
Mar	210.7	197.9	211.5	203.5	218.3	294.3	205.7	192.7	230.5	206.3	276.2	441.9	228.1
Apr	212.5	200.6	213.3	205.5	220.8	294.8	206.6	194.0	239.0	216.3	281.6	454.7	231.4
May	213.9	200.8	214.7	206.5	222.5	297.3	209.3	195.1	241.2	219.1	282.6	458.3	231.7
June	215.1	201.9	215.9	207.4	224.3	299.9	211.7	195.8	245.4	223.7	286.1	465.8	234.0
July	216.0	201.5	216.8	208.2	226.2	298.1	213.5	197.1	245.4	222.0	289.3	471.8	236.4
Aug	217.3	198.8	218.4	210.1	228.3	296.8	214.6	196.9	240.2	213.2	291.2	470.8	239.1
Sept	218.7	203.4	219.6	211.7	229.1	296.8	216.4	199.0	244.8	218.4	294.5	478.4	241.1
Oct	220.8	207.6	221.7	213.9	230.2	297.6	221.2	202.2	249.2	224.0	296.7	480.1	243.5
Nov	222.0	207.7	222.9	215.0	232.1	297.6	221.7	204.0	248.4	220.9	300.2	480.0	246.6
Dec	223.0	212.2	223.7	215.6	232.5	300.4	222.6	206.1	252.5	224.8	304.8	495.1	249.6
1979: <sup>1</sup>													
Jan	225.7	214.3	226.5	218.6	236.1	302.0	223.9	207.4	260.2	233.0	311.5	504.3	255.6
Feb	228.5	218.2	229.1	221.6	239.0	304.8	224.3	209.6	270.4	243.7	320.7	513.9	264.7
Mar	231.5	218.9	232.3	224.5	241.3	312.9	229.3	211.1	276.6	247.4	331.6	525.2	275.5
Apr	235.8	220.7	236.7	229.0	244.5	323.9	231.8	212.8	279.9	251.5	333.3	529.2	276.5
May	238.2	219.3	239.3	230.9	245.2	336.8	234.5	213.7	282.3	251.9	339.6	556.8	276.6
June	240.3	223.0	241.3	232.1	245.6	349.5	234.9	216.1	283.0	248.2	348.7	563.1	286.6
July	244.6	231.0	245.4	236.0	247.4	364.8	235.4	219.6	287.1	254.1	349.3	570.7	285.2
Aug	247.5	223.1	249.0	238.0	249.2	384.6	237.6	219.6	281.7	243.7	353.6	586.2	286.1
Sept	250.7	226.6	252.1	240.5	251.6	399.4	237.1	220.8	287.9	248.7	362.1	599.4	293.3
Oct	254.6	226.0	256.4	243.9	254.4	410.5	240.8	224.4	289.2	247.1	368.9	611.4	298.6
Nov	256.1	227.0	257.8	245.2	253.8	416.5	243.5	226.0	290.8	246.4	374.8	616.8	304.6
Dec	258.4	230.0	260.1	247.5	253.6	424.6	246.1	228.4	296.7	249.7	385.8	641.8	311.5

<sup>1</sup> Data have been revised through August 1979 to reflect the availability of late reports and corrections by respondents. All data are subject to revision 4 months after original publication.

<sup>2</sup> Intermediate materials for food manufacturing and manufactured animal feeds.

Source: Department of Labor, Bureau of Labor Statistics.



TABLE B-55.—*Producer price indexes by stage of processing, special groups, 1974-79*

[1967=100]

Year or month	Finished goods						Intermediate materials, supplies, and components				Crude materials for further processing			
	Total	Food	Energy	Excluding food and energy			Total	Foods and feeds <sup>1</sup>	Energy	Other	Total	Foodstuffs and feedstuffs	Energy	Crude materials excluding agricultural products and energy
				Total	Capital equipment	Consumer goods excluding food and energy								
1974.....	147.5	166.9	215.2	133.5	141.0	129.1	162.9	200.2	188.7	156.7	196.1	189.4	223.0	213.7
1975.....	163.4	181.0	252.4	148.5	162.5	141.0	180.0	195.3	220.8	174.7	196.9	191.8	266.9	167.8
1976.....	170.3	180.2	274.5	156.7	173.2	148.0	189.3	186.6	237.3	184.9	205.1	190.1	291.0	192.5
1977.....	180.6	189.2	305.0	166.1	184.5	156.1	201.7	191.0	268.3	196.0	214.3	190.9	344.9	193.0
1978.....	194.6	206.7	318.1	178.6	199.1	167.4	215.5	201.0	281.2	210.1	240.1	215.3	390.7	216.4
1979 <sup>a</sup> .....	215.9	226.3	438.1	194.2	216.6	182.1	242.7	223.2	344.6	233.9	282.2	247.1	479.4	270.0
1978:														
Jan.....	187.0	195.0	311.3	172.5	193.0	161.2	207.2	189.6	275.8	201.7	219.6	194.0	367.4	200.3
Feb.....	188.5	199.6	309.7	173.1	193.7	161.8	208.9	189.9	276.3	203.7	225.0	201.3	368.6	205.1
Mar.....	189.1	200.2	308.2	173.9	194.6	162.5	210.7	197.9	278.7	205.0	230.5	206.3	375.6	208.6
Apr.....	191.5	204.5	308.3	175.7	195.6	164.9	212.5	200.6	279.3	206.9	239.0	216.3	383.3	213.8
May.....	193.1	206.8	310.2	177.0	196.9	166.2	213.9	200.8	281.8	208.2	241.2	219.1	386.0	210.9
June.....	194.5	209.5	313.6	177.9	198.1	167.0	215.1	201.9	284.3	209.2	245.4	223.7	391.4	214.4
July.....	196.0	210.4	317.7	179.3	199.2	168.6	216.0	201.5	283.0	210.4	245.4	222.0	396.0	217.6
Aug.....	195.6	205.9	321.4	180.0	200.0	169.2	217.3	198.8	281.9	212.2	240.2	213.2	396.1	220.8
Sept.....	197.1	209.4	324.0	180.8	201.1	169.9	218.7	203.4	282.0	213.6	244.8	218.4	401.3	221.3
Oct.....	199.6	212.0	327.6	183.1	204.4	171.5	220.8	207.6	282.8	215.7	249.2	224.0	403.1	223.7
Nov.....	200.3	211.7	329.3	184.1	206.1	172.1	222.0	207.7	282.8	217.1	248.4	220.9	406.8	228.2
Dec.....	202.5	215.8	336.0	185.3	207.0	173.6	223.0	212.2	285.6	217.7	252.5	224.8	413.0	231.5
1979: <sup>a</sup>														
Jan.....	205.4	220.2	340.8	187.5	209.3	175.8	225.7	214.3	287.6	220.5	260.2	233.0	419.4	241.9
Feb.....	207.7	225.1	346.1	188.8	210.8	176.9	228.5	218.2	290.2	223.2	270.4	243.7	427.0	259.6
Mar.....	209.1	226.3	356.7	189.7	211.7	177.8	231.5	218.9	297.7	225.9	276.6	247.4	433.7	282.7
Apr.....	211.4	227.8	372.1	191.4	214.0	179.1	235.8	220.7	308.3	229.7	279.9	251.5	436.7	282.9
May.....	212.7	226.6	392.4	192.4	215.1	180.2	238.2	219.3	320.7	231.4	282.3	251.9	455.3	275.9
June.....	213.7	223.6	415.7	193.3	215.8	181.2	240.3	223.0	333.7	232.3	283.0	248.2	467.8	282.2
July.....	216.2	224.9	445.8	194.5	217.2	182.3	244.6	231.0	348.1	235.3	287.1	254.1	478.1	274.1
Aug.....	217.3	223.5	474.1	194.8	216.5	183.2	247.5	223.1	366.9	237.4	281.7	243.7	492.9	267.4
Sept.....	220.4	227.8	505.1	195.8	217.7	184.1	250.7	226.6	382.2	239.3	287.9	248.7	516.0	262.4
Oct.....	223.7	226.7	525.8	199.5	222.5	187.2	254.6	226.0	392.6	242.9	289.2	247.1	528.8	266.2
Nov.....	225.9	230.5	535.7	200.6	223.8	188.1	256.1	227.0	399.6	243.8	290.8	246.4	537.7	271.4
Dec.....	227.8	232.0	546.7	202.1	225.1	189.8	258.4	230.0	407.5	245.6	296.7	249.7	559.8	273.3

<sup>1</sup> Intermediate materials for food manufacturing and manufactured animal feeds.

<sup>a</sup> Data have been revised through August 1979 to reflect the availability of late reports and corrections by respondents. All data are subject to revision 4 months after original publication.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-56.—*Producer price indexes by major commodity groups, 1929-79*

[1967 = 100]

Year or month	Farm products and processed foods and feeds			Industrial commodities				
	Total	Farm products	Processed foods and feeds	Total	Textile products and apparel	Hides, skins, leather, and related products	Fuels and related products, and power <sup>1</sup>	Chemicals and allied products <sup>1</sup>
1929.....		64.1		48.6		48.9	59.4	
1933.....		31.4		37.8		36.3	47.6	47.4
1939.....		40.0		43.3		42.8	52.3	51.5
1940.....		41.4		44.0		45.2	51.4	52.4
1941.....		50.3		47.3		48.4	54.6	57.0
1942.....		64.8		50.7		52.8	56.2	63.3
1943.....		75.0		51.5		52.7	57.8	64.1
1944.....		75.5		52.3		52.2	59.5	64.8
1945.....		78.5		53.0		52.9	60.1	65.2
1946.....		90.5		58.0		61.1	64.4	70.5
1947.....	94.3	109.4	82.9	70.8	103.6	83.3	76.9	93.7
1948.....	101.5	117.5	88.7	76.9	108.1	84.2	90.5	95.9
1949.....	89.6	101.6	80.6	75.3	98.9	79.9	86.2	87.6
1950.....	93.9	106.7	83.4	78.0	102.7	86.3	87.1	88.9
1951.....	106.9	124.2	92.7	86.1	114.6	99.1	90.3	101.7
1952.....	102.7	117.2	91.6	84.1	103.4	80.1	90.1	96.5
1953.....	96.0	106.2	87.4	84.8	100.8	81.3	92.6	97.7
1954.....	95.7	104.7	88.9	85.0	98.6	77.6	91.3	98.9
1955.....	91.2	98.2	85.0	86.9	98.7	77.3	91.2	98.5
1956.....	90.6	96.9	84.9	90.8	98.7	81.9	94.0	99.1
1957.....	93.7	99.5	87.4	93.3	98.8	82.0	99.1	101.2
1958.....	98.1	103.9	91.8	93.6	97.0	82.9	95.3	102.0
1959.....	93.5	97.5	89.4	95.3	98.4	94.2	95.3	101.6
1960.....	93.7	97.2	89.5	95.3	99.5	90.8	96.1	101.8
1961.....	93.7	96.3	91.0	94.8	97.7	91.7	97.2	100.7
1962.....	94.7	98.0	91.9	94.8	98.6	92.7	96.7	99.1
1963.....	93.8	96.0	92.5	94.7	98.5	90.0	96.3	97.9
1964.....	93.2	94.6	92.3	95.2	99.2	90.3	93.7	98.3
1965.....	97.1	98.7	95.5	96.4	99.8	94.3	95.5	99.0
1966.....	103.5	105.9	101.2	98.5	100.1	103.4	97.8	99.4
1967.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968.....	102.4	102.5	102.2	102.5	103.7	103.2	98.9	99.8
1969.....	108.0	109.1	107.3	106.0	106.0	108.9	100.9	99.9
1970.....	111.7	111.0	112.1	110.0	107.1	110.3	106.2	102.2
1971.....	113.9	112.9	114.5	114.1	109.0	114.1	115.2	104.1
1972.....	122.4	125.0	120.8	117.9	113.6	131.3	118.6	104.2
1973.....	159.1	176.3	148.1	125.9	123.8	143.1	134.3	110.0
1974.....	177.4	187.7	170.9	153.8	139.1	145.1	208.3	146.8
1975.....	184.2	186.7	182.6	171.5	137.9	148.5	245.1	181.3
1976.....	183.1	191.0	178.0	182.4	148.2	167.8	265.6	187.2
1977.....	188.8	192.5	186.1	195.1	154.0	179.3	302.2	192.8
1978.....	206.6	212.5	202.6	209.4	159.8	200.0	322.5	198.8
1979*.....	229.8	241.4	222.5	236.3	168.6	252.2	408.1	222.1
1978:								
Jan.....	192.2	192.2	191.5	201.6	156.5	185.8	312.8	194.1
Feb.....	196.8	198.9	194.9	202.9	157.0	187.2	312.9	195.2
Mar.....	200.0	204.2	196.9	204.1	157.4	187.9	315.3	196.1
Apr.....	205.5	213.7	200.2	206.1	157.9	191.9	317.3	196.9
May.....	207.6	215.8	202.4	207.4	158.6	193.6	319.7	198.6
June.....	210.4	219.5	204.6	208.7	159.2	195.3	323.2	198.9
July.....	210.3	219.9	204.2	210.1	160.0	197.3	324.5	199.8
Aug.....	205.3	210.3	201.8	211.4	160.5	205.1	324.9	199.5
Sept.....	209.4	215.1	205.5	212.5	161.3	210.7	326.7	200.3
Oct.....	213.2	219.4	209.0	214.7	162.3	213.0	328.5	201.6
Nov.....	212.3	218.2	208.2	216.0	163.2	215.8	329.7	202.3
Dec.....	216.2	222.7	211.8	217.2	163.6	216.2	334.3	202.3
1979: <sup>2</sup>								
Jan.....	221.1	230.4	215.2	220.0	164.1	223.4	338.1	205.0
Feb.....	227.2	240.9	218.9	222.5	164.2	232.2	342.5	207.3
Mar.....	229.0	242.8	220.5	225.4	165.2	253.3	350.9	209.9
Apr.....	231.2	246.0	222.3	229.0	166.4	258.9	361.5	215.1
May.....	230.8	245.4	222.0	231.6	167.2	269.6	377.6	218.0
June.....	229.0	242.8	220.6	234.0	168.4	268.0	393.7	219.2
July.....	232.2	246.8	223.3	237.5	169.3	261.9	411.8	225.0
Aug.....	227.5	238.5	220.5	240.6	170.5	257.9	432.8	228.5
Sept.....	231.7	241.0	225.7	243.8	171.3	250.7	454.4	230.3
Oct.....	230.6	239.5	224.8	248.5	171.9	253.6	468.3	233.5
Nov.....	232.3	240.2	227.1	250.2	172.4	248.5	476.7	235.6
Dec.....	234.5	242.5	229.2	252.8	172.8	248.9	488.7	238.1

See next page for continuation of table.

TABLE B-56.—*Producer price indexes by major commodity groups, 1929-79—Continued*  
[1967=100]

Year or month	Industrial commodities—Continued								Miscellaneous products
	Rubber and plastic products	Lumber and wood products	Pulp, paper, and allied products	Metals and metal products	Machinery and equipment	Furniture and household durables	Non-metallic mineral products	Transportation equipment: Motor vehicles and equipment <sup>3</sup>	
1929.....	59.4	25.0		40.2		55.8	51.2	41.9	
1933.....	40.2	19.0		30.7		44.6	47.2	34.8	
1939.....	61.2	24.8		37.6	41.3	52.6	49.1	39.1	
1940.....	57.1	27.4		37.8	41.4	53.8	49.1	40.4	
1941.....	61.5	32.7		38.5	42.1	57.2	50.2	43.2	
1942.....	71.6	35.6		39.1	42.8	61.8	52.3	47.2	
1943.....	73.6	37.7		39.0	42.4	61.4	52.4	47.2	
1944.....	72.7	40.6		39.0	42.1	63.1	53.5	47.5	
1945.....	70.5	41.2		39.6	42.2	63.2	55.7	48.3	
1946.....	70.8	47.2		44.3	46.4	67.1	59.3	56.0	
1947.....	70.5	73.4	72.5	54.9	53.7	77.0	66.3	64.1	73.5
1948.....	72.8	84.0	75.7	62.5	58.2	81.6	71.6	70.8	76.5
1949.....	70.5	77.7	72.4	63.0	61.0	82.9	73.5	75.7	78.0
1950.....	85.9	89.3	74.3	66.3	63.1	84.7	75.4	75.3	79.2
1951.....	105.4	97.2	88.0	73.8	70.5	91.8	80.1	79.4	83.9
1952.....	95.5	94.4	85.7	73.9	70.6	90.1	80.1	84.0	83.4
1953.....	89.1	94.3	85.5	76.3	72.2	91.9	83.3	83.6	85.6
1954.....	90.4	92.6	85.5	76.9	73.4	92.9	85.1	83.8	86.4
1955.....	102.4	97.1	87.8	82.1	75.7	93.3	87.5	86.3	86.5
1956.....	103.8	98.5	93.6	89.2	81.8	95.8	91.3	91.2	87.6
1957.....	103.4	93.5	95.4	91.0	87.6	98.3	94.8	95.1	90.2
1958.....	103.3	92.4	96.4	90.4	89.4	99.1	95.8	98.1	92.0
1959.....	102.9	98.8	97.3	92.3	91.3	99.3	97.0	100.3	92.2
1960.....	103.1	95.3	98.1	92.4	92.0	99.0	97.2	98.8	93.0
1961.....	99.2	91.0	95.2	91.9	91.9	98.4	97.6	98.6	93.3
1962.....	96.3	91.6	96.3	91.2	92.0	97.7	97.6	98.6	93.7
1963.....	96.8	93.5	95.6	91.3	92.2	97.0	97.1	97.8	94.5
1964.....	95.5	95.4	95.4	93.8	92.8	97.4	97.3	98.3	95.2
1965.....	95.9	95.9	96.2	96.4	93.9	96.9	97.5	98.5	95.9
1966.....	97.8	100.2	98.8	98.8	96.8	98.0	98.4	98.6	97.7
1967.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968.....	103.4	113.3	101.1	102.6	103.2	102.8	103.7	102.8	102.2
1969.....	105.3	125.3	104.0	108.5	106.5	104.9	107.7	104.8	105.2
1970.....	108.3	113.6	108.2	116.6	111.4	107.5	112.9	108.7	109.9
1971.....	109.1	127.3	110.1	118.7	115.5	110.0	122.4	114.9	112.9
1972.....	109.3	144.3	113.4	123.5	117.9	111.4	126.1	118.0	114.6
1973.....	112.4	177.2	122.1	132.8	121.7	115.2	130.2	119.2	119.7
1974.....	136.2	183.6	151.7	171.9	139.4	127.9	153.2	129.2	133.1
1975.....	150.2	176.9	170.4	185.6	161.4	139.7	174.0	144.6	147.7
1976.....	159.2	205.6	179.4	195.9	171.0	145.6	186.3	153.8	153.7
1977.....	167.6	236.3	186.4	209.0	181.7	151.5	200.5	163.7	164.3
1978.....	174.8	276.0	195.6	227.1	196.1	160.4	222.8	176.0	184.3
1979 <sup>2</sup> .....	194.1	300.3	218.9	259.3	213.8	171.0	248.3	190.3	208.3
1978:									
Jan.....	170.2	256.4	188.0	215.2	189.3	156.5	212.9	171.3	171.6
Feb.....	170.2	263.7	188.6	219.1	190.3	156.7	215.1	171.8	171.3
Mar.....	171.4	266.2	189.7	221.1	191.6	157.7	215.9	171.9	172.6
Apr.....	172.8	269.6	191.9	223.9	192.7	158.4	218.4	172.9	181.4
May.....	173.8	273.4	193.2	224.6	193.9	159.2	219.3	174.6	182.6
June.....	174.5	278.5	193.5	225.9	195.3	159.5	222.0	175.0	184.3
July.....	174.9	277.5	195.5	227.3	196.5	161.4	224.7	175.5	189.7
Aug.....	175.7	281.6	195.8	231.0	197.5	161.8	227.2	175.8	191.3
Sept.....	176.7	282.8	199.0	231.4	198.8	162.0	228.2	175.9	192.9
Oct.....	178.1	284.2	202.4	234.1	200.5	162.9	229.1	181.8	190.8
Nov.....	179.4	290.0	203.9	235.5	202.7	163.5	230.0	182.5	189.2
Dec.....	179.7	288.6	205.2	236.6	203.8	164.6	231.1	182.8	193.6
1979: <sup>2</sup>									
Jan.....	180.8	290.2	207.0	241.9	205.1	166.6	238.3	185.0	197.7
Feb.....	183.2	293.9	208.8	247.3	206.5	167.9	240.5	185.9	199.8
Mar.....	185.9	300.5	212.3	251.7	207.9	168.3	240.8	186.1	200.6
Apr.....	188.8	304.9	215.0	256.0	209.8	168.7	243.4	189.4	201.4
May.....	190.8	302.8	216.2	256.2	211.4	169.6	245.6	189.8	203.3
June.....	193.1	299.8	216.6	258.2	212.4	170.2	246.9	190.1	205.2
July.....	195.5	300.1	218.3	260.8	214.8	170.7	249.5	190.8	207.0
Aug.....	198.8	304.7	222.2	261.8	216.0	171.5	249.9	187.8	208.9
Sept.....	200.3	309.7	222.8	263.6	217.6	171.7	252.2	188.1	212.3
Oct.....	202.4	308.8	227.2	269.4	219.6	174.1	255.6	196.3	216.8
Nov.....	204.3	299.0	229.3	270.9	221.0	175.6	257.1	197.0	219.0
Dec.....	205.7	289.8	231.0	273.5	222.9	177.0	259.2	197.6	227.2

<sup>1</sup> Prices for some items in this grouping are lagged and refer to 1 month earlier than the index month.

<sup>2</sup> Data have been revised through August 1979 to reflect the availability of late reports and corrections by respondents. All data are subject to revision 4 months after original publication.

<sup>3</sup> Index for total transportation equipment is not shown but is available beginning December 1968.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-57.—Changes in producer price indexes for finished goods, 1948-79

[Percent change]

Year or month	Total finished goods		Consumer finished foods		Finished goods excluding consumer foods						Finished energy goods		Finished goods excluding food and energy	
	Dec. to Dec. <sup>1</sup>	Year to year	Dec. to Dec. <sup>1</sup>	Year to year	Total		Consumer goods		Capital equipment		Dec. to Dec. <sup>1</sup>	Year to year	Dec. to Dec. <sup>1</sup>	Year to year
					Dec. to Dec. <sup>1</sup>	Year to year	Dec. to Dec. <sup>1</sup>	Year to year	Dec. to Dec. <sup>1</sup>	Year to year				
1948.....	3.0	8.0	-2.4	9.2			4.0	6.3	10.4	9.0				
1949.....	-4.6	-2.9	-7.4	-8.1			-4.5	-2.1	-6	5.0				
1950.....	10.4	1.8	13.3	1.9			8.2	1.6	10.3	2.4				
1951.....	2.9	9.5	5.3	12.4			9	7.2	3.4	9.7				
1952.....	-2.2	-6	-5.9	-9			-1.1	-1.3	.8	1.7				
1953.....	.5	-1.0	-2.2	-5.2			1.6	.9	2.3	1.7				
1954.....	-1.1	.2	-1.9	-8			.3	.3	1.1	1.2				
1955.....	1.2	.2	-2.9	-2.5			1.7	.8	5.6	3.0				
1956.....	4.2	2.8	3.6	-2			2.5	2.4	8.3	7.4				
1957.....	3.2	3.6	5.3	3.5			1.7	2.5	4.3	6.2				
1958.....	.5	2.3	.4	5.8			.2	.1	1.3	2.6				
1959.....	-.4	-.2	-3.7	-4.7			.8	1.3	1.0	1.9				
1960.....	1.8	.8	5.2	2.2			.4	.4	1	2				
1961.....	-.5	0	-1.8	-.4			-.3	-.1	2	.1				
1962.....	.1	.3	.5	.9			-.1	-.2	.3	.4				
1963.....	-.2	-.3	-1.3	-1.2			.1	0	.5	.2				
1964.....	.5	.4	.4	.5			.1	-.1	.9	1.0				
1965.....	3.3	1.7	9.1	3.8			.9	.7	1.5	1.2				
1966.....	2.2	3.2	1.4	6.5			1.7	1.6	3.9	2.5				
1967.....	1.6	1.2	-.4	-1.6			2.1	1.9	3.1	3.3				
1968.....	3.1	2.9	4.8	3.7	2.4	2.6	2.0	2.1	3.0	3.5				
1969.....	4.8	3.6	8.2	6.1	3.4	2.7	2.9	2.4	4.6	3.3				
1970.....	2.2	3.5	-2.5	3.2	4.3	3.5	3.9	3.0	4.9	4.8				
1971.....	3.2	3.1	5.9	1.6	2.1	3.7	2.0	3.4	2.4	4.1				
1972.....	3.8	3.1	8.0	5.6	2.0	2.0	2.0	1.8	2.0	2.5				
1973.....	11.8	9.1	22.5	20.3	6.7	4.1	7.4	4.5	5.3	3.3				
1974.....	18.3	15.3	13.0	14.0	21.2	16.0	20.5	17.0	22.6	14.2				
1975.....	6.6	10.8	5.5	8.4	7.2	12.1	6.7	10.5	8.2	15.2	16.4	17.3	6.1	11.2
1976.....	3.3	4.2	-2.5	-.4	5.5	6.0	4.9	5.7	6.4	6.6	5.4	8.8	5.4	5.5
1977.....	6.6	6.0	6.6	4.9	6.6	6.5	6.1	6.4	7.2	6.5	9.1	11.1	6.3	6.0
1978.....	9.2	7.8	11.9	9.3	8.3	7.2	8.4	6.7	8.0	7.9	8.0	4.3	8.2	7.5
1979 <sup>2</sup> .....	12.5	10.9	7.5	9.5	14.2	11.5	17.8	13.3	8.7	8.8	62.7	37.7	9.1	8.7

Percent change from preceding month														
	Unad-justed	Season-ally ad-justed	Unad-justed	Season-ally ad-justed	Unad-justed	Season-ally ad-justed	Unad-justed	Season-ally ad-justed	Unad-justed	Season-ally ad-justed	Unad-justed	Season-ally ad-justed	Unad-justed	Season-ally ad-justed
1978:														
Jan.....	0.8	0.7	1.1	1.0	0.7	0.6	0.7	0.5	0.7	0.6	0.0	0.6	0.8	0.5
Feb.....	.8	.8	2.4	1.9	.3	.4	.2	.3	.4	.6	-.5	-.6	.3	.6
Mar.....	.3	.6	.3	1.0	.3	.5	.3	.5	.5	.5	-.5	-.3	.5	.6
Apr.....	1.3	1.1	2.1	1.0	1.0	1.0	1.2	1.3	.5	.7	.0	.3	1.0	1.1
May.....	.8	.7	1.1	.3	.7	.8	.8	.8	.7	.8	.6	.1	.7	.9
June.....	.7	.7	1.3	1.4	.6	.5	.5	.4	.6	.8	1.1	.4	.5	.6
July.....	.8	.7	.4	.1	.9	.9	1.0	1.0	.6	.7	1.3	.3	.8	.9
Aug.....	-.2	.3	-2.1	-.4	.4	.5	.5	.5	.4	.4	1.2	.7	.4	.5
Sept.....	.8	.8	1.7	1.5	.5	.6	.4	.5	.6	.5	.8	.9	.4	.5
Oct.....	1.3	.8	1.2	1.6	1.2	.5	1.0	1.4	1.6	.6	1.1	1.7	1.3	.3
Nov.....	.4	.7	-.1	.8	.6	.7	.4	.6	.8	.8	.5	1.1	.5	.7
Dec.....	1.1	1.0	1.9	1.2	.8	1.0	1.1	1.2	.4	.6	2.0	2.4	.7	.8
1979: <sup>2</sup>														
Jan.....	1.4	1.3	2.0	1.8	1.2	1.1	1.3	1.2	1.1	1.0	1.4	2.1	1.2	1.0
Feb.....	1.1	1.1	2.2	1.8	.7	.9	.8	.9	.7	.9	1.6	1.5	.7	.9
Mar.....	.7	1.0	.5	1.2	.7	.9	.9	1.1	.4	.6	3.1	3.3	.5	.6
Apr.....	1.1	.9	.7	.4	1.2	1.3	1.3	1.3	1.1	1.2	4.3	4.5	.9	.9
May.....	.6	.4	-.5	-.4	1.5	1.0	1.1	1.4	1.5	.5	6.5	4.9	.5	.7
June.....	.5	.5	-1.3	-1.2	1.1	1.1	1.5	1.4	.3	.6	5.9	5.3	.5	.6
July.....	1.2	1.1	.6	.2	1.4	1.4	1.8	1.8	.6	.8	7.2	6.2	.6	.8
Aug.....	.5	1.0	-.6	1.2	.9	.9	1.6	1.7	-.3	-.3	6.3	5.8	.2	.3
Sept.....	1.4	1.4	1.9	1.7	1.3	1.3	1.7	1.8	.6	.6	6.5	6.7	.5	.6
Oct.....	1.5	1.0	-.5	-.1	2.2	1.4	2.2	1.6	2.2	1.2	4.1	4.7	1.9	1.0
Nov.....	1.0	1.3	1.7	2.6	.7	.8	.8	1.0	.6	.5	1.9	2.5	.6	.6
Dec.....	.8	.8	.7	-.1	.9	1.2	1.2	1.3	.6	.9	2.1	2.4	.7	1.0

<sup>1</sup> Changes from December to December are based on unadjusted indexes.

<sup>2</sup> Data have been revised through August 1979 to reflect the availability of late reports and corrections by respondents. All data are subject to revision 4 months after original publication.

Source: Department of Labor, Bureau of Labor Statistics.

## MONEY STOCK, CREDIT, AND FINANCE

### TABLE B-58.—Money stock measures, 1953-79

(Averages of daily figures; billions of dollars, seasonally adjusted, except as noted)

Year and month	Overall measures <sup>1</sup>				Components and related items								U.S. Government deposits (unadjusted) <sup>6</sup>	
	M1	M1 +	M2	M3	Currency	Deposits at commercial banks					Deposits at nonbank thrift institutions <sup>4</sup>	Checkable deposits at nonbank thrift institutions (unadjusted) <sup>5</sup>		
						Demand	Time and savings			Savings <sup>3</sup>				
							Total	Large CDs <sup>2</sup>	Other					
1953: Dec.....	128.8	.....	.....	.....	27.7	101.1	44.5	.....	.....	.....	.....	.....	.....	3.8
1954: Dec.....	132.3	.....	.....	.....	27.4	104.9	48.3	.....	.....	.....	.....	.....	.....	5.0
1955: Dec.....	135.2	.....	.....	.....	27.8	107.4	50.0	.....	.....	.....	.....	.....	.....	3.4
1956: Dec.....	136.9	.....	.....	.....	28.2	108.7	51.9	.....	.....	.....	.....	.....	.....	3.4
1957: Dec.....	135.9	.....	.....	.....	28.3	107.6	57.4	.....	.....	.....	.....	.....	.....	3.5
1958: Dec.....	141.1	.....	.....	.....	28.6	112.6	65.4	.....	.....	.....	.....	.....	.....	3.9
1959: Dec.....	143.4	.....	210.9	303.8	28.9	114.5	67.4	.....	67.4	92.9	.....	.....	.....	4.9
1960: Dec.....	144.2	.....	217.1	319.3	29.0	115.2	72.9	.....	72.9	102.3	.....	.....	.....	4.7
1961: Dec.....	148.7	.....	228.6	342.1	29.6	119.1	82.7	2.8	79.9	113.4	.....	.....	.....	4.9
1962: Dec.....	150.9	.....	242.9	369.2	30.6	120.3	97.6	5.7	92.0	126.4	.....	.....	.....	5.6
1963: Dec.....	156.5	.....	258.9	400.3	32.5	124.1	112.0	9.6	102.3	141.4	.....	.....	.....	5.1
1964: Dec.....	163.7	.....	277.1	434.4	34.3	129.5	126.2	12.8	113.4	157.3	.....	.....	.....	5.5
1965: Dec.....	171.4	.....	301.4	471.8	36.3	135.1	146.4	16.4	130.0	170.4	.....	.....	.....	4.6
1966: Dec.....	175.8	.....	318.2	495.5	38.3	137.5	157.9	15.5	142.4	177.3	.....	.....	.....	3.4
1967: Dec.....	187.4	280.7	350.0	544.0	40.4	147.0	183.3	20.6	69.4	93.3	.....	0.1	.....	5.0
1968: Dec.....	202.5	297.7	383.3	589.9	43.4	159.0	204.3	23.5	85.6	95.2	206.7	.....	.....	5.0
1969: Dec.....	209.0	301.8	392.4	607.4	46.0	162.9	194.4	10.9	90.7	92.8	214.9	.....	.....	5.6
1970: Dec.....	219.7	317.2	423.6	656.3	49.0	170.7	229.2	25.3	106.5	97.4	232.6	.....	1.1	7.3
1971: Dec.....	233.9	345.7	471.8	745.1	52.5	181.5	271.1	33.3	126.2	111.6	273.3	.....	1.1	6.9
1972: Dec.....	255.3	378.9	525.3	844.5	56.9	198.4	313.5	43.5	146.5	123.5	319.1	.....	1.1	7.4
1973: Dec.....	270.5	397.9	571.3	919.0	61.6	209.0	363.7	63.0	173.6	127.1	347.7	.....	3.3	6.3
1974: Dec.....	283.2	419.5	612.2	981.0	67.8	215.3	418.1	89.0	193.2	135.9	368.7	.....	4.4	4.9
1975: Dec.....	295.4	456.8	664.8	1,092.4	73.8	221.7	450.3	81.0	208.6	160.7	427.7	.....	1.7	4.1
1976: Dec.....	313.8	517.2	740.6	1,235.6	80.8	233.0	489.2	62.4	224.7	202.1	495.0	.....	1.4	4.4
1977: Dec.....	338.7	560.6	809.4	1,374.3	88.6	250.1	544.4	73.7	251.0	219.7	564.9	.....	2.1	5.1
1978: Dec.....	361.5	586.1	879.0	1,503.3	97.7	263.8	614.1	96.6	295.9	221.6	624.4	.....	3.0	10.3
1979: Dec P.....	382.1	592.7	952.6	1,623.5	106.3	275.8	664.8	94.3	363.2	207.3	670.9	.....	3.4	9.5
1978:														
Jan.....	341.9	564.6	816.0	1,385.5	89.4	252.5	550.0	75.9	253.7	220.4	569.5	.....	2.2	4.3
Feb.....	342.4	565.3	819.4	1,392.9	90.2	252.3	555.9	78.9	256.4	220.6	573.5	.....	2.3	4.3
Mar.....	343.2	566.4	822.6	1,400.3	90.7	252.5	560.8	81.5	258.5	220.9	577.7	.....	2.3	4.8
Apr.....	347.9	572.1	830.3	1,411.9	91.3	256.6	565.9	83.4	260.8	221.7	581.5	.....	2.5	5.0
May.....	350.7	576.1	836.7	1,422.0	92.0	258.8	572.2	86.2	263.2	222.8	585.3	.....	2.6	4.0
June.....	352.5	578.6	842.6	1,433.1	92.5	260.0	576.8	86.7	266.6	223.5	590.5	.....	2.6	6.2
July.....	354.4	580.0	848.5	1,444.4	93.2	261.2	582.1	88.0	271.2	222.9	595.9	.....	2.7	4.4
Aug.....	356.7	583.4	856.5	1,458.0	93.9	262.8	587.4	87.6	275.8	224.0	601.5	.....	2.7	3.5
Sept.....	360.7	589.2	865.8	1,474.0	95.2	265.5	593.5	88.5	279.1	225.8	608.5	.....	2.8	6.2
Oct.....	361.2	589.4	870.8	1,485.4	95.9	265.3	598.2	88.6	284.2	225.4	614.6	.....	2.9	4.3
Nov.....	360.7	587.0	875.6	1,495.0	96.7	264.0	610.2	95.4	291.5	223.4	619.5	.....	2.9	8.1
Dec.....	361.5	586.1	879.0	1,503.3	97.7	263.8	614.1	96.6	295.9	221.6	624.4	.....	3.0	10.3
1979:														
Jan.....	360.2	581.9	879.0	1,507.7	98.4	261.8	619.3	100.5	300.1	218.8	628.7	.....	2.9	12.0
Feb.....	359.4	578.8	880.9	1,513.9	99.0	260.4	623.6	102.1	305.0	216.5	633.0	.....	2.9	8.4
Mar.....	360.0	578.3	883.9	1,521.9	99.5	260.5	622.9	99.0	308.5	215.3	638.0	.....	3.0	6.5
Apr.....	365.5	584.0	894.4	1,535.4	100.2	265.3	623.9	95.0	313.6	215.3	641.0	.....	3.2	5.3
May.....	365.7	583.1	898.4	1,541.6	100.7	265.0	623.2	90.6	318.6	214.1	643.2	.....	3.3	8.4
June.....	370.3	589.2	909.0	1,556.9	101.5	268.7	623.6	84.9	323.2	215.6	647.9	.....	3.3	10.8
July.....	373.5	594.3	918.7	1,571.6	102.4	271.1	629.8	84.7	327.8	217.4	652.9	.....	3.4	13.2
Aug.....	375.6	597.6	927.1	1,584.6	103.6	272.1	637.3	85.9	332.9	218.5	657.5	.....	3.4	9.8
Sept.....	379.2	601.2	936.6	1,599.0	104.9	274.4	645.4	88.1	338.8	218.5	662.4	.....	3.5	12.5
Oct.....	380.0	598.8	943.3	1,608.6	105.4	274.6	654.4	91.1	347.9	215.4	665.3	.....	3.4	11.7
Nov.....	380.5	592.9	948.3	1,616.0	105.8	274.6	662.8	95.0	358.8	209.1	667.7	.....	3.4	5.5
Dec P.....	382.1	592.7	952.6	1,623.5	106.3	275.8	664.8	94.3	363.2	207.3	670.9	.....	3.4	9.5

<sup>1</sup> M1 is currency plus demand deposits; M1 + is M1 plus savings deposits at commercial banks and checkable deposits at nonbank thrift institutions; M2 is M1 plus time and savings deposits at commercial banks other than large certificates of deposit (CDs); and M3 is M2 plus deposits at nonbank thrift institutions.

<sup>2</sup> Negotiable time certificates of deposit (CDs) issued in denominations of \$100,000 or more by large weekly reporting commercial banks.

<sup>3</sup> Includes negotiable order of withdrawal (NOW) accounts at commercial banks.

<sup>4</sup> Average of the beginning and end-of-month deposits of mutual savings banks, savings capital at savings and loan associations, and credit union shares.

<sup>5</sup> Includes negotiable order of withdrawal (NOW) accounts at thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

<sup>6</sup> Deposits at all commercial banks. Includes Treasury note balances beginning November 1978.

Source: Board of Governors of the Federal Reserve System.

TABLE B-59.—Commercial bank loans and investments, 1939-79

[Billions of dollars]

Period	Total loans and investments	Loans		Investments		Loans plus loans sold to bank affiliates
		Total	Commercial and industrial	U.S. Treasury securities	Other securities	
<b>End of month<sup>1</sup></b>						
1939: Dec	40.7	17.2		16.3	7.1	
1940: Dec	43.9	18.8		17.8	7.4	
1941: Dec	50.7	21.7		21.8	7.2	
1942: Dec	67.4	19.2		41.4	6.8	
1943: Dec	85.1	19.1		59.8	6.1	
1944: Dec	105.5	21.6		77.6	6.3	
1945: Dec	124.0	26.1		90.6	7.3	
1946: Dec	114.0	31.1		74.8	8.1	
1947: Dec	116.3	38.1		69.2	9.0	
1948: Dec	114.2	42.4		62.6	9.2	
<b>Seasonally adjusted</b>						
1948: Dec	113.0	41.5		62.3	9.2	
1949: Dec	118.7	42.0		66.4	10.3	
1950: Dec	124.7	51.1		61.1	12.4	
1951: Dec	130.2	56.5		60.4	13.4	
1952: Dec	139.1	62.8		62.2	14.2	
1953: Dec	143.1	66.2		62.2	14.7	
1954: Dec	153.1	69.1		67.6	16.4	
1955: Dec	157.6	80.6		60.3	16.8	
1956: Dec	161.6	88.1		57.2	16.3	
1957: Dec	166.4	91.5		56.9	17.9	
1958: Dec	181.2	95.6		65.1	20.5	
1959: Dec	188.7	110.5	39.4	57.7	20.5	110.5
1960: Dec	197.4	116.7	42.1	59.9	20.8	116.7
1961: Dec	212.8	123.6	43.9	65.3	23.9	123.6
1962: Dec	231.2	137.3	47.6	64.7	29.2	137.3
1963: Dec	250.2	153.7	52.1	61.5	35.0	153.7
1964: Dec	272.3	172.9	58.4	60.7	38.7	172.9
1965: Dec	300.1	198.2	69.5	57.1	44.8	198.2
1966: Dec	316.1	213.9	78.6	53.5	48.7	213.9
1967: Dec	352.0	231.3	86.2	59.4	61.3	231.3
1968: Dec	390.2	258.2	95.9	60.7	71.3	258.2
1969: Dec	401.7	279.4	105.7	51.2	71.1	283.3
1970: Dec	435.5	292.0	110.0	57.8	85.7	294.7
1971: Dec	485.7	320.9	116.2	60.6	104.2	323.7
1972: Dec	558.0	378.9	130.4	62.6	116.5	381.5
<b>Average for month<sup>2</sup></b>						
1972: Dec	566.1	386.2	136.3	64.1	115.8	388.8
1973: Dec	647.8	460.3	165.6	58.7	128.8	464.6
1974: Dec	713.6	519.9	197.3	53.7	140.0	524.7
1975: Dec	744.6	516.9	189.8	82.1	145.7	521.3
1976: Dec	804.3	554.8	191.2	100.6	149.0	558.5
1977: Dec	891.1	632.1	211.2	99.5	159.6	636.9
1978: Dec	1,014.3	747.8	246.5	93.4	173.1	751.6
1979: Dec <sup>3</sup>	1,131.5	846.2	288.9	93.7	191.6	849.0
<b>1979:</b>						
Jan	1,030.9	759.9	252.6	93.0	178.0	763.5
Feb	1,042.0	770.0	256.9	93.2	178.8	773.5
Mar	1,048.9	775.7	259.8	93.9	179.3	779.2
Apr	1,061.0	786.6	263.3	94.0	180.4	790.3
May	1,068.8	793.3	266.8	94.1	181.4	797.0
June	1,080.0	803.1	270.4	94.8	182.1	806.9
July	1,092.2	813.4	275.5	95.3	183.5	817.2
Aug	1,102.8	823.3	279.9	94.1	185.4	827.0
Sept	1,122.8	840.0	285.9	95.2	187.6	843.7
Oct	1,128.9	844.8	288.6	95.3	188.8	848.4
Nov	1,128.4	843.6	288.3	94.3	190.5	847.2
Dec <sup>3</sup>	1,131.5	846.2	288.9	93.7	191.6	849.0

<sup>1</sup> Data are for last Wednesday of month (except June 30 and December 31 call dates).<sup>2</sup> Data are averages of Wednesday figures and are for domestically chartered banks and foreign-related institutions. Lease financing receivables are included in the total loans and investments, total loans, and loans plus loans sold to bank affiliates.<sup>3</sup> As of December 1979, loans sold to affiliates were reduced \$0.8 billion as a result of data corrections. In addition, comparability of the data may also be affected by bank mergers, liquidations, loan reclassifications, etc.

Note.—Data adjusted to exclude all interbank loans beginning 1948 and domestic interbank loans only beginning January 1959. Beginning January 1959, loans and investments are reported gross, without valuation reserves deducted, rather than net of valuation reserves, as in earlier periods. Effective June 1966, balances accumulated for payment of personal loans (then about \$1.1 billion) are excluded from loans at all commercial banks, and certain certificates of CCC and Export-Import Bank (then about \$1 billion) are included in other securities rather than in loans. Beginning June 1969, data include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries; earlier data include commercial banks only. Beginning June 1971, Farmers Home Administration insured notes (then about \$0.7 billion) are classified as other securities rather than as loans.

Source: Board of Governors of the Federal Reserve System.

TABLE B-60.—Liquid asset holdings of private domestic nonfinancial investors, 1952–79

[Average outstanding; billions of dollars, seasonally adjusted]

Year and month	Total liquid assets	Currency and deposits					U.S. Treasury securities		Negotiable certificates of deposits <sup>5</sup>	Other private money market instruments <sup>6</sup>
		Total	Currency <sup>1</sup>	Demand deposits <sup>1</sup>	Time deposits		Savings bonds <sup>2</sup>	Short-term marketable securities <sup>4</sup>		
					Commercial banks <sup>1</sup>	Non-bank thrift institutions <sup>2</sup>				
1952: Dec	269.1	200.7	27.3	91.5	39.1	42.8	49.2	18.4	0.8	
1953: Dec	284.6	210.9	27.7	92.8	41.9	48.6	49.3	23.1	1.2	
1954: Dec	295.3	223.9	27.4	96.2	45.1	55.2	49.9	20.1	1.3	
1955: Dec	314.8	235.4	27.8	98.4	46.8	62.3	50.2	27.7	1.5	
1956: Dec	325.4	246.2	28.2	99.5	49.0	69.5	50.1	27.4	1.7	
1957: Dec	338.0	257.2	28.3	97.9	54.6	76.4	48.3	30.6	1.9	
1958: Dec	354.4	277.5	28.6	102.3	61.8	84.8	47.8	27.6	1.6	
1959: Dec	373.3	290.7	28.9	104.2	64.7	92.9	46.1	35.5	1.1	
1960: Dec	386.8	305.7	29.0	104.5	69.9	102.3	45.7	32.4	2.9	
1961: Dec	410.7	326.3	29.6	106.3	77.0	113.4	46.5	32.0	3.3	
1962: Dec	442.1	352.2	30.6	106.5	88.8	126.4	46.9	33.4	4.2	
1963: Dec	479.3	382.2	32.5	109.7	98.6	141.4	48.1	35.0	5.1	
1964: Dec	515.5	414.6	34.3	114.3	108.8	157.3	49.0	33.0	7.2	
1965: Dec	559.6	451.1	36.3	119.4	125.0	170.4	49.6	35.8	7.8	
1966: Dec	587.3	474.3	38.3	121.9	136.8	177.3	50.2	37.8	10.6	
1967: Dec	638.3	521.0	40.4	130.5	156.1	194.0	51.2	34.8	12.7	
1968: Dec	696.8	565.6	43.4	141.2	174.2	206.7	51.8	40.9	18.7	
1969: Dec	722.7	582.8	46.1	145.2	176.7	214.9	51.7	53.2	26.7	
1970: Dec	769.8	632.4	49.0	152.1	198.7	232.6	52.0	41.9	21.7	
1971: Dec	854.9	721.1	52.5	162.1	233.2	273.3	54.3	31.5	27.5	
1972: Dec	966.8	815.9	56.9	176.3	263.6	319.1	57.5	34.3	35.9	
1973: Dec	1,086.1	886.5	61.6	183.9	293.2	347.7	60.4	43.3	42.8	
1974: Dec	1,174.2	942.4	67.8	187.5	318.4	368.7	63.3	47.8	51.3	
1975: Dec	1,295.6	1,053.2	73.8	193.6	358.2	427.7	67.2	67.3	50.9	
1976: Dec	1,428.4	1,191.8	80.8	201.2	414.8	495.0	71.9	66.7	55.3	
1977: Dec	1,598.7	1,327.1	88.6	214.6	459.0	564.9	76.6	78.2	66.1	
1978: Dec	1,775.3	1,451.4	97.7	224.9	504.4	624.4	80.6	85.9	95.2	
1979: Dec <sup>p</sup>	1,957.7	1,565.3	106.3	229.8	558.3	670.9	79.9	112.4	153.1	
1978:										
Jan	1,614.8	1,337.5	89.4	216.2	462.4	569.5	77.0	80.1	51.6	
Feb	1,626.5	1,344.6	90.2	216.0	464.9	573.5	77.4	80.9	52.8	
Mar	1,636.7	1,351.8	90.7	216.1	467.3	577.7	77.8	79.6	54.4	
Apr	1,653.6	1,363.3	91.3	219.9	470.6	581.5	78.2	80.1	56.7	
May	1,668.6	1,373.2	92.0	221.9	474.0	585.3	78.6	80.8	59.3	
June	1,681.2	1,384.3	92.5	223.1	478.2	590.5	78.9	80.8	59.1	
July	1,694.5	1,395.1	93.2	224.0	482.0	595.9	79.2	81.0	59.4	
Aug	1,707.2	1,408.2	93.9	225.6	487.2	601.5	79.5	81.6	57.5	
Sept	1,726.2	1,423.8	95.2	227.9	492.2	608.5	79.8	83.8	57.3	
Oct	1,737.2	1,434.2	95.9	226.8	496.9	614.6	80.1	82.0	56.1	
Nov	1,757.1	1,443.2	96.7	225.1	501.9	619.5	80.3	82.1	61.7	
Dec	1,775.3	1,451.4	97.7	224.9	504.4	624.4	80.6	85.9	62.1	
1979:										
Jan	1,791.0	1,455.5	98.4	222.5	505.8	628.7	80.7	89.3	65.1	
Feb	1,804.1	1,461.4	99.0	221.0	508.4	633.0	80.6	91.5	65.5	
Mar	1,815.9	1,469.0	99.5	221.0	510.5	638.0	80.6	95.7	61.4	
Apr	1,832.2	1,481.7	100.2	225.0	515.5	641.0	80.6	100.3	56.4	
May	1,845.3	1,487.7	100.7	224.2	519.5	643.2	80.6	108.4	51.7	
June	1,865.9	1,502.3	101.5	227.2	525.7	647.9	80.6	116.2	45.7	
July	1,881.9	1,516.6	102.4	229.2	532.1	652.9	80.6	114.2	44.3	
Aug	1,895.5	1,529.3	103.6	229.9	538.3	657.5	80.6	110.3	43.6	
Sept	1,915.0	1,542.6	104.9	231.3	544.0	662.4	80.6	111.3	44.3	
Oct	1,933.1	1,553.2	105.4	232.1	550.4	665.3	80.5	111.7	45.9	
Nov	1,947.9	1,559.6	105.8	230.6	555.5	667.7	80.2	111.7	48.8	
Dec <sup>p</sup>	1,957.7	1,565.3	106.3	229.8	558.3	670.9	79.9	112.4	47.0	

<sup>1</sup> Money stock components (see Table B-58) after deducting foreign holdings and holdings by domestic financial institutions. The three columns add to M2 held by domestic nonfinancial sectors.

<sup>2</sup> As published in money stock statistics.

<sup>3</sup> Series E and H savings bonds, other savings bonds, and savings notes held by individuals.

<sup>4</sup> Short-term marketable U.S. Treasury securities excluding official, foreign, and financial institution holdings.

<sup>5</sup> Certificates over \$100,000 at weekly reporting banks, except foreign holdings.

<sup>6</sup> Commercial paper, bankers' acceptances, Federal funds, security repurchase agreements, and money market mutual fund shares held outside banks and other financial institutions.

Source: Board of Governors of the Federal Reserve System.

TABLE B-61.—Total funds raised in credit markets by nonfinancial sectors, 1971-79

(Billions of dollars)

Item	1971	1972	1973	1974	1975	1976	1977	1978
Total funds raised by nonfinancial sectors.....	153.9	176.8	203.1	191.6	210.8	271.9	338.5	400.3
U.S. Government.....	24.9	15.1	8.3	11.8	85.4	69.0	56.8	53.7
Foreign.....	5.1	4.0	6.1	15.4	13.3	20.8	13.9	32.3
Private domestic nonfinancial sectors.....	124.0	157.7	188.8	164.4	112.1	182.0	267.9	314.4
Corporate equities.....	11.4	10.9	7.9	4.1	9.9	10.5	2.7	2.6
Debt instruments.....	112.5	146.8	180.9	160.3	102.1	171.5	265.1	311.8
Debt capital instruments.....	86.7	102.1	105.1	98.0	98.4	123.5	175.6	196.6
State and local government obligations.....	17.4	14.7	14.7	16.5	16.1	15.7	23.7	28.3
Corporate bonds.....	18.8	12.2	9.2	19.7	27.2	22.8	21.0	20.1
Mortgages.....	50.5	75.2	81.2	61.9	55.0	85.0	131.0	148.2
Home.....	28.0	42.5	46.4	34.8	39.5	63.7	96.4	104.5
Multi-family residential.....	9.9	12.7	10.4	6.9	*	1.8	7.4	10.2
Commercial.....	10.2	16.4	18.9	15.1	11.0	13.4	18.4	23.3
Farm.....	2.4	3.6	5.5	5.0	4.6	6.1	8.8	10.2
Other debt instruments.....	25.8	44.7	75.8	62.3	3.8	48.0	89.5	115.2
Consumer credit.....	14.7	19.8	26.0	9.9	9.7	25.6	40.6	50.6
Bank loans n.e.c.....	7.1	17.1	37.1	32.0	-12.3	4.0	27.0	37.3
Open-market paper.....	-4	.8	2.5	6.6	-2.6	4.0	2.9	5.2
Other.....	4.4	6.9	10.3	13.7	9.0	14.4	19.0	22.2
By borrowing sector: Total.....	124.0	157.7	188.8	164.4	112.1	182.0	267.9	314.4
State and local governments.....	17.7	14.5	13.2	15.5	13.7	15.2	20.4	23.6
Households.....	44.9	65.1	80.1	51.3	49.7	90.5	139.9	162.6
Nonfinancial business.....	61.4	78.1	95.5	97.6	48.6	76.3	107.6	128.2
Farm.....	4.5	5.8	9.6	8.0	8.8	10.9	14.7	18.1
Nonfarm noncorporate.....	11.7	14.1	12.9	7.4	2.0	4.7	12.9	15.4
Corporate.....	45.2	58.2	73.0	82.1	37.9	60.7	79.9	94.7
Debt instruments.....	33.8	47.2	65.2	78.0	28.0	50.2	77.2	92.2
Equities.....	11.4	10.9	7.9	4.1	9.9	10.5	2.7	2.6
Total funds supplied to nonfinancial sectors.....	153.9	176.8	203.1	191.6	210.8	271.9	338.5	400.3
Financed directly or indirectly by:								
Private domestic nonfinancial sectors.....	88.6	122.7	140.3	118.9	140.4	168.5	189.7	217.0
Deposits.....	93.7	106.7	101.2	73.8	98.1	131.9	149.5	151.8
Demand deposits and currency.....	13.7	21.5	14.5	8.2	12.6	16.1	26.1	22.2
Time and savings deposits.....	79.1	83.6	75.7	65.4	84.0	113.5	121.0	115.2
Money market funds and repurchase agreements.....	.8	1.6	11.0	.2	1.6	2.3	2.4	14.4
Credit market instruments.....	*	21.6	45.7	47.3	45.8	39.8	46.4	71.4
Corporate equities.....	-5.1	-5.6	-6.7	-2.2	-3.5	-3.2	-6.1	-6.2
Foreign funds.....	22.8	14.6	6.4	22.1	2.1	13.4	43.2	46.5
At banks.....	-4.5	3.8	3.0	10.3	-8.7	-4.6	1.2	6.3
Credit and equity instruments.....	27.3	10.8	3.4	11.7	10.8	17.9	42.0	40.1
U.S. Government—related loans, net.....	11.6	2.6	11.2	19.5	24.9	20.5	19.5	30.5
U.S. Government cash balances.....	3.1	-4	-1.5	-4.6	2.8	3.0	.9	3.7
Private insurance and pension reserves.....	24.5	26.3	30.7	33.4	39.7	47.9	58.7	70.6
Other sources.....	3.3	11.0	16.1	2.4	.9	18.6	26.5	32.0

See next page for continuation of table.



TABLE B-61.—Total funds raised in credit markets by nonfinancial sectors, 1971-79—Continued

[Billions of dollars]

Item	1979 unadjusted quarterly flows			1979 seasonally adjusted annual rates		
	I	II	III	I	II	III
Total funds raised by nonfinancial sectors.....	75.3	101.7	112.9	371.6	401.4	433.9
U.S. Government.....	10.7	-4.6	12.4	25.2	29.05	34.0
Foreign.....	-1.6	6.6	14.9	4.4	26.3	60.2
Private domestic nonfinancial sectors.....	66.2	99.7	85.6	342.0	346.1	339.7
Corporate equities.....	.7	.7	.7	2.9	2.8	2.9
Debt instruments.....	65.5	99.1	84.9	339.1	343.4	336.9
Debt capital instruments.....	40.7	57.9	54.1	202.0	207.6	194.0
State and local government obligations.....	2.3	6.4	7.7	22.3	12.7	23.5
Corporate bonds.....	5.0	6.3	3.6	21.5	25.8	12.4
Mortgages.....	33.4	45.2	42.8	158.3	169.1	158.1
Home mortgages.....	22.5	31.4	28.4	109.7	115.7	101.6
Multi-family residential.....	2.0	2.0	3.2	9.2	7.2	12.5
Commercial.....	4.8	7.0	7.4	23.2	28.3	28.8
Farm.....	4.1	4.9	3.8	16.2	17.9	15.1
Other debt instruments.....	24.8	41.1	30.8	137.1	135.8	142.9
Consumer credit.....	4.5	15.0	13.1	50.7	44.7	42.4
Bank loans n.e.c.....	9.8	14.9	14.5	45.8	51.9	67.6
Open-market paper.....	2.9	2.7	3.7	12.9	8.6	23.1
Other.....	7.5	8.5	-5	27.7	30.5	9.8
By borrowing sector: Total.....	66.2	99.7	85.6	342.0	346.1	339.7
State and local governments.....	1.5	5.8	6.9	18.9	10.3	20.1
Households.....	31.2	46.3	42.7	165.3	171.7	159.9
Nonfinancial business.....	33.5	47.7	36.1	157.8	164.2	159.7
Farm.....	5.7	7.6	4.7	24.0	22.3	18.4
Nonfarm noncorporate.....	1.5	4.6	4.5	15.2	14.9	18.9
Corporate.....	26.4	35.5	26.8	118.6	126.9	122.4
Debt instruments.....	25.7	34.8	26.1	115.8	124.1	119.6
Equities.....	.7	.7	.7	2.9	2.8	2.9
Total funds supplied to nonfinancial sectors.....	75.3	101.7	112.9	371.6	401.4	433.9
Financed directly or indirectly by:						
Private domestic nonfinancial sectors.....	34.2	57.0	49.9	196.0	226.4	226.9
Deposits.....	13.7	33.5	39.4	112.2	131.4	186.2
Demand deposits and currency.....	-25.2	12.7	.7	-13.9	21.6	29.0
Time and savings deposits.....	28.4	10.9	28.0	84.4	70.1	114.2
Money market funds and repurchase agreements.....	10.4	9.9	10.8	41.7	39.7	43.0
Credit market instruments.....	21.3	27.5	11.7	93.3	108.1	44.4
Corporate equities.....	-.8	-4.0	-1.3	-9.5	-13.1	-3.7
Foreign funds.....	12.7	-5.7	19.4	49.5	.1	59.1
At banks.....	-17.3	5.7	10.8	79.9	24.4	20.4
Credit and equity instruments.....	-4.6	-11.4	8.7	-30.4	-24.4	38.7
U.S. Government-related loans, net.....	3.4	11.1	12.7	31.4	26.1	43.3
U.S. Government cash balances.....	-8.2	9.7	6.1	-14.1	8.2	11.9
Private insurance and pension reserves.....	17.8	19.1	18.9	68.1	79.3	73.8
Other sources.....	15.5	10.5	5.9	40.8	61.4	19.0

Source: Board of Governors of the Federal Reserve System.

TABLE B-62.—Federal Reserve Bank credit and member bank reserves, 1929–79

(Averages of daily figures; millions of dollars)

Year and month	Reserve Bank credit outstanding				Member bank reserves <sup>2</sup>			
	Total	U.S. Government and Federal agency securities	Member bank borrowings		Other <sup>1</sup>	Total	Required	Excess
			Total	Seasonal				
1929: Dec.....	1,643	446	801		396	2,395	2,347	48
1933: Dec.....	2,669	2,432	95		142	2,588	<sup>a</sup> 1,822	<sup>a</sup> 766
1939: Dec.....	2,612	2,510	3		99	11,473	6,462	5,011
1940: Dec.....	2,305	2,188	3		114	14,049	7,403	6,646
1941: Dec.....	2,404	2,219	5		180	12,812	9,422	3,390
1942: Dec.....	6,035	5,549	4		482	13,152	10,776	2,376
1943: Dec.....	11,914	11,166	90		658	12,749	11,701	1,048
1944: Dec.....	19,612	18,693	265		654	14,168	12,884	1,284
1945: Dec.....	24,744	23,708	334		702	16,027	14,536	1,491
1946: Dec.....	24,746	23,767	157		822	16,517	15,617	900
1947: Dec.....	22,858	21,905	224		729	17,261	16,275	986
1948: Dec.....	23,978	23,002	134		842	19,990	19,193	797
1949: Dec.....	19,012	18,287	118		607	16,291	15,488	803
1950: Dec.....	21,606	20,345	142		1,119	17,391	16,364	1,027
1951: Dec.....	25,446	23,409	657		1,380	20,310	19,484	826
1952: Dec.....	27,299	24,400	1,593		1,306	21,180	20,457	723
1953: Dec.....	27,107	25,639	441		1,027	19,920	19,227	693
1954: Dec.....	26,317	24,917	246		1,154	19,279	18,576	703
1955: Dec.....	26,853	24,602	839		1,412	19,240	18,646	594
1956: Dec.....	27,156	24,765	688		1,703	19,535	18,883	652
1957: Dec.....	26,186	23,982	710		1,494	19,420	18,843	577
1958: Dec.....	28,412	26,312	557		1,543	18,899	18,383	516
1959: Dec.....	29,435	27,036	906		1,493	18,932	18,450	482
1960: Dec.....	29,060	27,248	87		1,725	19,283	18,514	769
1961: Dec.....	31,217	29,098	149		1,970	20,118	19,550	568
1962: Dec.....	33,218	30,546	304		2,368	20,040	19,468	572
1963: Dec.....	36,610	33,729	327		2,554	20,746	20,210	536
1964: Dec.....	39,873	37,126	243		2,504	21,609	21,198	411
1965: Dec.....	43,853	40,885	454		2,514	22,719	22,267	452
1966: Dec.....	46,864	43,760	557		2,547	23,830	23,438	392
1967: Dec.....	51,268	48,891	238		2,139	25,260	24,915	345
1968: Dec.....	56,610	52,529	765		3,316	27,221	26,766	455
1969: Dec.....	64,100	57,500	1,086		5,514	28,031	27,774	257
1970: Dec.....	66,708	61,688	321		4,699	29,265	28,993	272
1971: Dec.....	74,255	69,158	107		4,990	31,329	31,164	165
1972: Dec.....	76,851	71,094	1,049		4,708	31,353	31,134	219
1973: Dec.....	85,642	79,701	1,298	41	4,643	35,068	34,806	262
1974: Dec.....	93,967	86,679	703	32	6,585	36,941	36,602	339
1975: Dec.....	99,651	92,108	127	13	7,416	34,989	34,727	262
1976: Dec.....	107,632	100,328	62	12	7,242	35,136	34,964	172
1977: Dec.....	116,382	107,948	558	54	7,876	36,471	36,297	174
1978: Dec.....	129,330	117,344	874	134	11,112	41,572	41,447	125
1979: Dec <sup>p</sup> .....	140,008	126,276	1,454	81	12,278	44,063	43,560	503
1979:								
Jan.....	128,749	113,192	994	112	14,563	43,167	42,865	302
Feb.....	125,953	110,863	973	114	14,117	40,703	40,494	209
Mar.....	126,356	112,992	999	121	12,365	40,316	40,059	257
Apr.....	127,462	113,133	897	134	13,432	40,546	40,548	-2
May.....	128,597	113,575	1,777	173	13,245	40,382	40,095	287
June.....	129,035	114,653	1,396	188	12,986	40,105	39,884	221
July.....	131,585	118,298	1,179	168	12,108	40,900	40,710	190
Aug.....	131,441	120,158	1,097	177	10,186	40,687	40,494	193
Sept.....	133,505	121,491	1,344	169	10,670	40,868	40,863	95
Oct.....	134,049	122,189	2,022	161	9,838	42,423	42,002	421
Nov.....	136,696	123,603	1,908	141	11,185	42,979	42,770	209
Dec <sup>p</sup> .....	140,008	126,276	1,454	81	12,278	44,063	43,560	503

<sup>1</sup> Mainly float.

<sup>2</sup> Beginning December 1959, part of currency and cash held by member banks allowed as reserves; beginning November 1960 all such currency and cash allowed.

Beginning November 1972, includes reserve deficiencies on which Federal Reserve Banks were allowed to waive penalties for a transition period in connection with bank adaptation to Regulation J as amended effective November 9, 1972. Transition period ended after second quarter 1974.

Effective November 1975, includes reserve deficiencies on which penalties are waived over a 24-month period when a nonmember bank merges into an existing member bank, or when a nonmember bank joins the Federal Reserve System.

<sup>3</sup> Data are for licensed banks only.

Source: Board of Governors of the Federal Reserve System.

TABLE B-63.—Aggregate reserves and deposits of member banks, 1959-79

[Averages of daily figures; billions of dollars, seasonally adjusted]

Year and month	Member bank reserves <sup>1</sup>			Monetary base <sup>2</sup>	Member bank deposits subject to reserve requirements <sup>3</sup>				Adjusted for changes in reserve requirements <sup>4</sup>			
	Total	Non-borrowed	Re-quired		Total	Time and savings	Demand		Total	Non-borrowed	Re-quired	Monetary base
							Private	U.S. Government				
1959: Dec.....	18.63	17.68	18.12	48.3	158.2	54.3	99.0	4.8	16.30	15.35	15.79	46.01
1960: Dec.....	18.92	18.84	18.17	48.7	162.5	58.8	99.1	4.6	16.56	16.49	15.82	46.34
1961: Dec.....	19.75	19.61	19.16	50.2	175.5	67.7	102.9	4.9	17.25	17.12	16.66	47.65
1962: Dec.....	19.66	19.40	19.08	51.1	189.0	79.9	103.3	5.7	17.84	17.58	17.27	49.31
1963: Dec.....	20.31	19.98	19.82	53.7	203.2	92.1	105.9	5.2	18.48	18.15	17.99	51.90
1964: Dec.....	21.19	20.92	20.78	56.5	218.7	103.7	109.1	5.9	19.34	19.08	18.94	54.62
1965: Dec.....	22.18	21.74	21.76	59.6	238.3	120.7	112.8	4.9	20.32	19.88	19.90	57.75
1966: Dec.....	23.28	22.75	22.94	62.8	246.3	128.7	113.9	3.7	20.11	20.30	20.30	60.11
1967: Dec.....	24.76	24.54	24.39	66.4	275.7	148.9	121.3	5.5	22.79	22.57	22.42	64.40
1968: Dec.....	27.06	26.31	26.63	71.8	299.8	164.5	130.5	4.9	24.52	23.78	24.10	69.29
1969: Dec.....	27.99	26.87	27.70	75.4	287.8	150.5	132.1	5.2	24.46	23.35	24.18	71.92
1970: Dec.....	29.11	28.78	28.86	79.6	321.1	178.8	136.1	6.2	26.17	25.83	25.92	76.69
1971: Dec.....	31.16	31.03	30.98	85.3	360.2	210.5	144.0	5.8	28.35	28.22	28.17	82.52
1972: Dec.....	31.34	30.29	31.05	90.1	402.0	241.6	154.4	6.1	31.86	30.81	31.58	90.66
1973: Dec.....	34.90	33.60	34.60	98.6	442.2	279.2	158.1	4.8	34.37	33.07	34.07	98.02
1974: Dec.....	36.55	35.83	36.30	106.7	486.0	322.1	160.6	3.3	37.10	36.38	36.85	107.25
1975: Dec.....	34.67	34.54	34.40	111.0	504.2	336.8	164.5	2.9	36.83	36.70	36.57	113.16
1976: Dec.....	34.89	34.83	34.61	118.4	528.6	354.1	171.5	3.0	37.24	37.19	36.97	120.80
1977: Dec.....	36.10	35.53	35.91	127.8	568.6	386.7	178.5	3.5	39.18	38.61	38.99	130.90
1978: Dec.....	41.27	40.40	41.04	142.4	616.7	429.4	185.1	2.3	41.57	40.70	41.34	142.69
1979: Dec <sup>a</sup> .....	43.	42.06	43.13	153.8	645.7	452.0	192.0	1.8	43.20	41.73	42.81	153.48
1978:												
Jan.....	36.67	36.18	36.40	129.3	575.4	390.1	182.1	3.2	39.77	39.28	39.50	132.40
Feb.....	36.88	36.48	36.64	130.3	577.3	394.6	179.7	3.0	40.00	39.60	39.76	133.40
Mar.....	36.67	36.34	36.47	130.6	581.3	398.3	179.7	3.4	39.83	39.50	39.63	133.74
Apr.....	36.93	36.38	36.79	131.4	585.8	400.7	181.8	3.3	40.11	39.55	39.96	134.61
May.....	37.27	36.06	37.05	136.6	591.5	405.1	183.6	2.7	40.47	39.26	40.26	135.79
June.....	37.63	36.53	37.45	133.5	595.8	407.4	184.6	3.8	40.87	39.77	40.69	136.76
July.....	38.11	36.80	37.92	134.7	600.5	410.8	186.1	3.6	41.37	40.05	41.17	137.97
Aug.....	37.93	36.79	37.77	135.3	602.7	413.0	186.5	3.3	41.20	40.06	41.03	138.56
Sept.....	38.21	37.15	38.02	136.8	607.0	416.8	186.2	4.0	41.50	40.44	41.31	140.12
Oct.....	38.38	37.10	38.22	137.8	608.9	418.3	187.2	3.5	41.67	40.40	41.51	141.05
Nov.....	39.75	39.05	39.53	139.9	616.9	427.5	187.0	2.3	41.57	40.87	41.35	141.75
Dec.....	41.27	40.40	41.04	142.4	616.7	429.4	185.1	2.3	41.57	40.70	41.34	142.69
1979:												
Jan.....	41.48	40.48	41.26	143.4	621.1	433.5	185.6	1.9	41.77	40.76	41.55	143.70
Feb.....	40.75	39.78	40.54	143.3	619.7	436.1	181.9	1.8	41.03	40.06	40.82	143.62
Mar.....	40.81	39.82	40.66	143.9	616.4	434.1	180.5	1.8	41.10	40.11	40.94	144.18
Apr.....	40.65	39.73	40.47	144.5	618.6	432.0	184.7	1.8	40.91	39.99	40.73	144.75
May.....	40.48	38.72	40.34	144.9	613.9	428.7	183.5	1.7	40.75	38.98	40.61	145.13
June.....	40.42	39.00	40.20	145.6	613.1	425.9	184.8	2.4	40.70	39.28	40.48	145.88
July.....	40.82	39.65	40.61	146.9	618.7	429.4	187.5	1.8	41.13	39.96	40.92	147.24
Aug.....	41.07	39.98	40.85	148.4	623.7	434.4	187.1	2.2	41.38	40.29	41.15	148.73
Sept.....	41.46	40.12	41.27	150.1	630.5	439.8	189.0	1.8	41.77	40.43	41.58	150.45
Oct.....	42.30	40.28	42.04	151.6	638.2	445.6	190.8	1.8	42.48	40.46	42.22	151.77
Nov.....	43.13	41.22	42.88	152.8	644.2	451.8	190.4	2.0	42.66	40.75	42.42	152.38
Dec <sup>a</sup> .....	43.53	42.06	43.13	153.8	645.7	452.0	192.0	1.8	43.20	41.73	42.81	153.48

<sup>1</sup> Series reflects actual reserve requirement percentages with no adjustment to eliminate the effect of changes in Regulations D and M. In addition to earlier breaks in the series effective November 2, 1978, a supplementary reserve requirement of 2 percentage points was imposed on time deposits of \$100,000, or more. This action increased required reserves approximately \$3.0 billion in the week beginning November 16, 1978. Effective October 11, 1979, an 8 percentage point marginal reserve requirement was imposed on "managed liabilities." On October 25, 1979, reserves of Edge Act Corporations were included in member bank reserves. In the week beginning October 25, 1979, these last two actions raised required reserves \$320 million and \$318 million, respectively.

<sup>2</sup> Includes total reserves (member bank reserve balances in the current week plus vault cash held two weeks earlier); currency outside the U.S. Treasury, Federal Reserve Banks, and the vaults of commercial banks; and vault cash of nonmember banks.

<sup>3</sup> Includes total time and savings deposits and net demand deposits as defined by Regulation D. Private demand deposits include all demand deposits except those due to the U.S. Government, less cash items in process of collection and demand balances due from domestic commercial banks.

<sup>4</sup> Reserve aggregates series have been adjusted to remove discontinuities associated with marginal reserve requirements, the inclusions of Edge Act Corporation Reserves, and other changes in Regulations D, K and M.

Source: Board of Governors of the Federal Reserve System.

TABLE B-64.—Bond yields and interest rates, 1929-79

[Percent per annum]

Year or month	U.S. Treasury securities				Corporate bonds (Moody's)		High-grade municipal bonds (Standard & Poor's)	New-home mortgage yields (FHLBB) <sup>3</sup>	Prime commercial paper, 4-6 months	Prime rate charged by banks <sup>4</sup>	Discount rate, Federal Reserve Bank of New York <sup>4</sup>	Federal funds rate <sup>5</sup>
	Bills (new issues) <sup>1</sup>		Constant maturities <sup>2</sup>		Aaa	Baa						
	3-month	6-month	3 years	10 years								
1929.....					4.73	5.90	4.27		5.85		5.16	
1933.....	0.515				4.49	7.76	4.71		1.73		2.56	
1939.....	.023				3.01	4.96	2.76		.59		1.00	
1940.....	.014				2.84	4.75	2.50		.56		1.00	
1941.....	.103				2.77	4.33	2.10		.53		1.00	
1942.....	.326				2.83	4.28	2.36		.66		*1.00	
1943.....	.373				2.73	3.91	2.06		.69		*1.00	
1944.....	.375				2.72	3.61	1.86		.73		*1.00	
1945.....	.375				2.62	3.29	1.67		.75		*1.00	
1946.....	.375				2.53	3.05	1.64				*1.00	
1947.....	.594				2.61	3.24	2.01		1.03		1.00	
1948.....	1.040				2.82	3.47	2.40		1.44		1.34	
1949.....	1.102				2.66	3.42	2.21		1.49	2.00	1.50	
1950.....	1.218				2.62	3.24	1.98		1.45	2.07	1.59	
1951.....	1.552				2.86	3.41	2.00		2.16	2.56	1.75	
1952.....	1.766				2.96	3.52	2.19		2.33	3.00	1.75	
1953.....	1.931		2.47	2.85	3.20	3.74	2.72		2.52	3.17	1.99	
1954.....	.953		1.63	2.40	2.90	3.51	2.37		1.58	3.05	1.60	
1955.....	1.753		2.47	2.82	3.06	3.53	2.53		2.18	3.16	1.89	1.78
1956.....	2.658		3.19	3.18	3.36	3.88	2.93		3.31	3.77	2.77	2.73
1957.....	3.267		3.98	3.65	3.89	4.71	3.60		3.81	4.20	3.12	3.11
1958.....	1.839		2.84	3.32	3.79	4.73	3.56		2.46	3.83	2.15	1.57
1959.....	3.405	3.832	4.46	4.33	4.38	5.05	3.95		3.97	4.48	3.36	3.30
1960.....	2.928	3.247	3.98	4.12	4.41	5.19	3.73		3.85	4.82	3.53	3.22
1961.....	2.378	2.605	3.54	3.88	4.35	5.08	3.46		2.97	4.50	3.00	1.96
1962.....	2.778	2.908	3.47	3.95	4.33	5.02	3.18		3.26	4.50	3.00	2.68
1963.....	3.157	3.253	3.67	4.00	4.26	4.86	3.23	5.89	3.55	4.50	3.23	3.18
1964.....	3.549	3.686	4.03	4.19	4.40	4.83	3.22	5.82	3.97	4.50	3.55	3.50
1965.....	3.954	4.055	4.22	4.28	4.49	4.87	3.27	5.81	4.38	4.54	4.04	4.07
1966.....	4.881	5.082	5.23	4.92	5.13	5.67	3.82	6.25	5.55	5.63	4.50	5.11
1967.....	4.321	4.630	5.03	5.07	5.51	6.23	3.98	6.46	5.10	5.61	4.19	4.22
1968.....	5.339	5.470	5.68	5.65	6.18	6.94	4.51	6.97	5.90	6.30	5.17	5.66
1969.....	6.677	6.853	7.02	6.67	7.03	7.81	5.81	7.80	7.83	7.96	5.87	8.22
1970.....	6.458	6.562	7.29	7.35	8.04	9.11	6.51	8.45	7.72	7.91	5.95	7.17
1971.....	4.348	4.511	5.65	6.16	7.39	8.56	5.70	7.74	5.11	5.72	4.88	4.67
1972.....	4.071	4.466	5.72	6.21	7.21	8.16	5.27	7.60	4.69	5.25	4.50	4.44
1973.....	7.041	7.178	6.95	6.84	7.44	8.24	5.18	7.95	8.15	8.03	6.45	8.74
1974.....	7.886	7.926	7.82	7.56	8.57	9.50	6.09	8.92	9.87	10.81	7.83	10.51
1975.....	5.838	6.122	7.49	7.99	8.83	10.61	6.89	9.01	6.33	7.86	6.25	5.82
1976.....	4.989	5.266	6.77	7.61	8.43	9.75	6.49	8.99	5.35	6.84	5.50	5.05
1977.....	5.265	5.510	6.69	7.42	8.02	8.97	5.56	9.01	5.60	6.83	5.46	5.54
1978.....	7.221	7.572	8.29	8.41	8.73	9.49	5.90	9.54	7.99	9.06	7.46	7.94
1979.....	10.041	10.017	9.71	9.44	9.63	10.69	6.39	10.77	† 10.91	12.67	10.28	11.20

See next page for continuation of table.

TABLE B-64.—Bond yields and interest rates, 1929-79—Continued

[Percent per annum]

Year or month	U.S. Treasury securities				Corporate bonds (Moody's)		High-grade municipal bonds (Standard & Poor's)	New-home mortgage yields (FHLBB) <sup>3</sup>	Prime commercial paper, 4-6 months	Prime rate charged by banks <sup>4</sup>	Discount rate, Federal Reserve Bank of New York <sup>4</sup>	Federal funds rate <sup>5</sup>
	Bills (new issues) <sup>1</sup>		Constant maturities <sup>2</sup>		Aaa	Baa						
	3-month	6-month	3 years	10 years								
1977:												
Jan.....	4.597	4.783	6.22	7.21	7.96	9.08	5.70	9.05	4.74	6¼-6¼	5¼-5¼	4.61
Feb.....	4.662	4.896	6.44	7.39	8.04	9.12	5.75	8.99	4.82	6¼-6¼	5¼-5¼	4.68
Mar.....	4.613	4.883	6.47	7.46	8.10	9.12	5.76	8.95	4.87	6¼-6¼	5¼-5¼	4.69
Apr.....	4.540	4.790	6.31	7.37	8.04	9.07	5.61	8.94	4.87	6¼-6¼	5¼-5¼	4.73
May.....	4.942	5.193	6.55	7.46	8.05	9.01	5.64	8.96	5.35	6¼-6¼	5¼-5¼	5.35
June.....	5.004	5.198	6.39	7.28	7.95	8.91	5.53	8.98	5.49	6¼-6¼	5¼-5¼	5.39
July.....	5.146	5.351	6.51	7.33	7.94	8.87	5.50	9.00	5.41	6¼-6¼	5¼-5¼	5.42
Aug.....	5.500	5.810	6.79	7.40	7.98	8.82	5.46	9.02	5.84	6¾-7	5¼-5¼	5.90
Sept.....	5.770	5.991	6.84	7.34	7.92	8.80	5.37	9.04	6.17	7 - 7¼	5¼-5¼	6.14
Oct.....	6.188	6.410	7.19	7.52	8.04	8.89	5.53	9.07	6.55	7¼-7¼	5¼-6	6.47
Nov.....	6.160	6.433	7.22	7.58	8.08	8.95	5.38	9.07	6.59	7¼-7¼	6 - 6	6.51
Dec.....	6.063	6.377	7.30	7.69	8.19	8.99	5.48	9.09	6.64	7¼-7¼	6 - 6	6.56
1978:												
Jan.....	6.448	6.685	7.61	7.96	8.41	9.17	5.60	9.15	6.79	7¾-8	6 - 6½	6.70
Feb.....	6.457	6.740	7.67	8.03	8.47	9.20	5.51	9.18	6.80	8 - 8	6½-6½	6.78
Mar.....	6.319	6.644	7.70	8.04	8.47	9.22	5.49	9.26	6.80	8 - 8	6½-6½	6.79
Apr.....	6.306	6.700	7.85	8.15	8.56	9.32	5.71	9.30	6.86	8 - 8	6½-6½	6.89
May.....	6.430	7.019	8.07	8.35	8.69	9.49	5.97	9.37	7.11	8 - 8½	6½-7	7.36
June.....	6.707	7.200	8.30	8.46	8.76	9.60	6.13	9.46	7.63	8½-9	7 - 7	7.60
July.....	7.074	7.471	8.54	8.64	8.88	9.60	6.18	9.57	7.91	9 - 9	7 - 7¼	7.81
Aug.....	7.036	7.363	8.33	8.41	8.60	9.48	5.98	9.70	7.90	9 - 9¼	7¼-7¼	8.04
Sept.....	7.836	7.948	8.41	8.42	8.69	9.42	5.93	9.73	8.44	9¼-9¼	7¾-8	8.45
Oct.....	8.132	8.493	8.62	8.64	8.89	9.59	5.95	9.83	9.03	9¾-10¼	8 - 8½	8.96
Nov.....	8.787	9.204	9.04	8.81	9.03	9.83	6.03	9.87	10.23	10½-11½	9½-9½	9.76
Dec.....	9.122	9.397	9.33	9.01	9.16	9.94	6.33	10.02	10.43	11½-11¾	9½-9½	10.03
1979:												
Jan.....	9.351	9.501	9.50	9.10	9.25	10.13	6.25	10.18	10.32	11¾-11¾	9½-9½	10.07
Feb.....	9.265	9.349	9.29	9.10	9.26	10.08	6.19	10.20	10.01	11¾-11¾	9½-9½	10.06
Mar.....	9.457	9.458	9.38	9.12	9.37	10.26	6.16	10.30	9.96	11¾-11¾	9½-9½	10.09
Apr.....	9.493	9.498	9.43	9.18	9.38	10.33	6.14	10.36	9.87	11¾-11¾	9½-9½	10.01
May.....	9.579	9.531	9.42	9.25	9.50	10.47	6.10	10.47	9.98	11¾-11¾	9½-9½	10.24
June.....	9.045	9.062	8.95	8.91	9.29	10.38	5.99	10.66	9.71	11¾-11¾	9½-9½	10.29
July.....	9.262	9.190	8.94	8.95	9.20	10.29	6.05	10.78	9.82	11½-11¾	9½-10	10.47
Aug.....	9.450	9.450	9.14	9.03	9.23	10.35	6.10	11.01	10.39	11¾-12¼	10 - 10½	10.94
Sept.....	10.182	10.125	9.69	9.33	9.44	10.54	6.40	11.02	11.60	12¼-13½	10½-11	11.43
Oct.....	11.472	11.339	10.95	10.30	10.13	11.40	6.98	11.21	13.23	13½-15	11 - 12	13.77
Nov.....	11.868	11.856	11.18	10.65	10.76	11.99	7.19	11.37	13.26	15¼-15¼	12 - 12	13.18
Dec.....	12.071	11.847	10.71	10.39	10.74	12.06	7.09	11.65	12.80	15½-15¼	12 - 12	13.78

<sup>1</sup> Rate on new issues within period.

<sup>2</sup> Yields on the more actively traded issues adjusted to constant maturities by the Treasury Department.

<sup>3</sup> Effective rate (in the primary market) on conventional mortgages, reflecting fees and charges as well as contract rate and assumed, on the average, repayment at end of 10 years. Rates beginning January 1973 not strictly comparable with prior rates.

<sup>4</sup> Average effective rate for the year; opening and closing rate for the month.

<sup>5</sup> Since July 19, 1975, the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates. Prior to that date, the daily effective rate was the rate considered most representative of the day's transactions, usually the one at which most transactions occurred.

<sup>6</sup> From October 30, 1942, to April 24, 1946, a preferential rate of 0.50 percent was in effect for advances secured by Government securities maturing in 1 year or less.

<sup>7</sup> Beginning November 1979, data are for 6-months paper.

Sources: Department of the Treasury, Board of Governors of the Federal Reserve System, Federal Home Loan Bank Board (FHLBB), Moody's Investors Service, and Standard & Poor's Corporation.

TABLE B-65—Consumer credit outstanding and net change, 1950-79

(Millions of dollars)

Year and month	Amount outstanding (end of month)						Net change from preceding period				
	Total	Installment credit <sup>1</sup>				Non-installment credit <sup>4</sup>	Total	Installment credit <sup>1</sup>		Non-installment credit <sup>4</sup>	
		Total	Auto-mobile	Revolving <sup>2</sup>	Mobile home <sup>3</sup>			Other	Total		Auto-mobile
1950: Dec.	25,641	15,503	6,015			9,488	10,138	4,789	3,271	1,537	1,518
1951: Dec.	27,268	16,220	5,958			10,262	11,048	1,627	717	-57	910
1952: Dec.	32,551	20,470	7,635			12,835	12,081	5,283	4,250	1,677	1,033
1953: Dec.	36,736	24,254	9,685			14,569	12,482	4,185	3,784	2,050	401
1954: Dec.	38,192	24,891	9,747			15,144	13,301	1,456	637	62	819
1955: Dec.	45,348	30,269	13,471			16,798	15,079	7,156	5,378	3,724	1,778
1956: Dec.	49,268	33,171	14,484			18,687	16,097	3,923	2,902	1,013	1,018
1957: Dec.	52,191	35,443	15,472			19,971	16,748	2,923	2,272	988	651
1958: Dec.	52,702	35,339	14,258			21,081	17,363	511	-104	-1,214	615
1959: Dec.	60,741	41,123	16,632			24,491	19,618	8,039	5,784	2,374	2,255
1960: Dec.	65,104	45,051	18,083			26,968	20,053	4,363	3,928	1,451	435
1961: Dec.	67,635	46,027	17,599			28,428	21,608	2,531	976	-484	1,555
1962: Dec.	73,917	50,994	19,924			31,070	22,923	6,282	4,967	2,325	1,315
1963: Dec.	82,805	57,829	22,842			34,987	24,976	8,888	6,835	2,918	2,053
1964: Dec.	92,591	65,572	25,817			39,755	27,019	9,786	7,743	2,975	2,043
1965: Dec.	103,207	73,881	29,355			44,526	29,326	10,616	8,309	3,538	2,307
1966: Dec.	109,749	79,339	30,992			48,347	30,410	6,542	5,458	1,637	1,084
1967: Dec.	115,430	83,148	31,131			52,017	32,282	5,681	3,809	139	1,872
1968: Dec.	126,949	91,681	34,348	2,105		55,228	35,268	11,519	8,533	3,217	2,986
1969: Dec.	137,742	101,161	36,946	3,720		60,495	36,581	10,793	9,480	2,598	1,313
1970: Dec.	143,113	105,528	36,325	5,128	2,461	61,614	37,585	5,371	4,367	-621	1,004
1971: Dec.	157,795	118,255	40,519	8,528	7,226	61,982	39,540	14,682	12,727	4,194	1,955
1972: Dec.	177,639	133,173	47,862	9,700	9,526	66,085	44,466	19,844	14,918	7,343	4,926
1973: Dec.	203,077	155,108	53,772	11,709	13,580	76,047	47,969	25,438	21,935	5,910	3,503
1974: Dec.	213,427	164,594	54,266	13,681	14,642	82,005	48,833	10,350	49,486	494	864
1975: Dec.	223,497	172,353	57,242	15,019	14,434	85,658	51,144	10,070	7,759	2,976	2,311
1976: Dec.	249,383	193,992	67,707	17,189	14,573	94,523	55,391	25,886	21,639	10,465	4,247
1977: Dec.	289,398	230,829	82,911	39,274	15,141	93,503	58,569	40,015	36,837	15,204	3,178
1978: Dec.	340,317	275,629	102,468	47,051	16,042	110,068	64,688	50,919	44,800	19,557	6,119
Seasonally adjusted <sup>5</sup>											
1978: Jan.	288,194	230,126	83,075	38,795	15,092	93,164	58,068	2,755	2,437	1,326	318
Feb.	289,170	230,547	83,826	38,143	15,070	93,508	58,623	3,620	2,863	1,333	757
Mar.	292,691	233,842	85,757	38,034	15,149	94,902	58,849	4,231	4,076	1,634	155
Apr.	297,708	237,855	87,747	38,426	15,287	96,395	59,853	4,922	4,106	1,872	816
May	303,527	243,371	90,359	38,967	15,396	98,649	60,156	4,745	4,280	1,877	465
June	310,589	249,865	93,261	40,001	15,532	101,071	60,724	4,430	4,207	1,642	223
July	314,400	253,897	95,289	40,553	15,663	102,392	60,503	3,576	3,466	1,711	110
Aug.	320,978	259,614	97,687	41,629	15,799	104,499	61,364	4,397	3,632	1,604	765
Sept.	325,209	263,387	99,062	42,420	15,910	105,995	61,822	4,127	3,680	1,532	447
Oct.	328,895	265,814	100,159	42,579	15,925	107,151	63,081	4,714	3,376	1,375	1,338
Nov.	333,151	269,436	101,565	43,523	16,017	108,331	63,715	4,407	3,832	1,755	575
Dec.	340,317	275,629	102,468	47,051	16,042	110,068	64,688	4,499	4,399	1,780	100
1979: Jan.	340,432	275,337	102,890	46,516	16,004	109,927	65,095	4,394	3,067	1,681	1,327
Feb.	341,579	276,019	103,780	45,586	16,008	110,645	65,560	3,863	3,563	1,565	300
Mar.	344,523	278,453	105,426	45,240	16,092	111,695	66,070	4,423	3,625	1,486	798
Apr.	349,779	282,575	107,186	45,781	16,198	113,410	67,204	4,997	4,105	1,387	892
May	354,807	287,315	109,211	46,489	16,453	115,162	67,492	3,761	3,306	1,225	455
June	359,515	291,856	110,930	47,458	16,607	116,861	67,659	2,421	2,558	690	-137
July	362,801	295,052	111,952	47,894	16,719	118,487	67,749	2,887	2,443	616	444
Aug.	368,088	299,813	113,351	49,270	16,972	120,220	68,275	2,792	2,446	594	346
Sept.	372,641	303,902	114,765	50,422	17,105	121,610	68,739	4,922	4,446	1,823	476
Oct.	375,178	305,217	114,876	50,883	17,244	122,214	69,961	3,586	2,186	487	1,400
Nov.		307,641	115,121	52,060	17,349	123,111			2,407	533	

<sup>1</sup> Installment credit covers most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.

<sup>2</sup> Consists of credit cards at retailers, gasoline companies, and commercial banks, and check credit at commercial banks. Prior to 1968, included in "other," except gasoline companies, included in noninstallment credit prior to 1971. Beginning 1977, includes open-end credit at retailers, previously included in "other." Also beginning 1977, some retail credit was reclassified from commercial into consumer credit. Credit secured by real estate is generally excluded.

<sup>3</sup> Not reported separately prior to July 1970.

<sup>4</sup> Noninstallment credit is credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit. Because of inconsistencies in the data and infrequent benchmarking, series is no longer published by the Federal Reserve Board on a regular basis. Data are shown here as a general indication of trends.

<sup>5</sup> For installment credit, computed as the difference between extensions and liquidations (both seasonally adjusted); see also Table B-66. For noninstallment credit, computed as the change from one month to another in the seasonally adjusted amount outstanding.

Source: Board of Governors of the Federal Reserve System.

TABLE B-66—Consumer installment credit extended and liquidated, 1950-79

(Millions of dollars; monthly data seasonally adjusted)

Year or month	Total		Automobile		Revolving <sup>1</sup>		Mobile home <sup>2</sup>		Other	
	Ex-extended	Liquidated	Ex-extended	Liquidated	Ex-extended	Liquidated	Ex-extended	Liquidated	Ex-extended	Liquidated
1950	22,130	18,861	8,445	6,906					13,685	11,955
1951	24,583	23,867	8,951	9,008					15,632	14,859
1952	30,616	26,355	11,610	9,932					19,006	16,423
1953	32,579	28,794	12,740	10,689					19,839	18,105
1954	32,265	31,625	11,741	11,679					20,524	19,946
1955	40,263	34,882	16,732	13,008					23,531	21,874
1956	40,886	37,899	15,572	14,559					25,314	23,340
1957	43,101	40,759	16,554	15,567					26,547	25,192
1958	41,138	41,290	14,287	15,501					26,026	25,789
1959	49,134	43,395	18,008	15,638					31,126	27,757
1960	50,827	47,022	18,112	16,661					32,715	30,361
1961	50,598	49,735	16,477	16,960					34,121	32,775
1962	57,562	52,601	20,164	17,840					37,398	34,761
1963	64,660	57,822	22,617	19,699					42,043	38,123
1964	72,445	64,616	24,792	21,815					47,653	42,801
1965	79,918	71,616	27,913	24,386					52,005	47,230
1966	83,821	78,365	27,844	26,206					55,977	52,159
1967	89,058	85,194	27,623	27,482					61,435	57,712
1968	101,426	92,075	32,228	29,013	3,481	2,726			65,717	60,336
1969	109,422	99,945	33,686	31,090	6,182	4,567			69,554	64,288
1970	115,132	110,352	30,857	31,414	8,689	7,278	612	478	74,980	71,188
1971	138,046	127,789	36,706	32,512	21,862	20,818	2,521	1,754	76,957	72,705
1972	151,749	136,787	43,702	38,081	24,659	23,485	5,121	2,975	78,267	72,246
1973	173,035	152,817	49,606	43,696	28,702	26,699	7,061	4,184	87,666	78,238
1974	172,765	163,276	46,514	46,019	33,213	31,243	5,788	4,720	87,250	81,294
1975	180,441	172,676	52,420	49,444	36,956	35,616	4,328	4,536	86,737	83,080
1976	211,028	189,381	63,743	53,278	43,934	41,764	4,859	4,719	98,492	89,620
1977	254,071	218,793	75,641	60,437	86,756	80,508	5,425	4,860	86,249	72,988
1978	298,351	253,541	88,987	69,430	104,587	96,811	6,067	5,170	98,710	82,130
1978:										
Jan	21,983	19,546	6,541	5,215	7,960	7,545	447	398	7,035	6,388
Feb	22,758	19,895	6,730	5,397	8,147	7,698	405	389	7,476	6,411
Mar	23,925	19,849	7,043	5,409	8,398	7,566	493	398	7,991	6,476
Apr	24,682	20,576	7,434	5,622	8,523	7,840	529	417	8,196	6,697
May	25,104	20,824	7,592	5,715	8,563	7,919	527	426	8,422	6,764
June	25,565	21,358	7,595	5,953	9,062	8,107	510	440	8,398	6,858
July	25,022	21,556	7,652	5,941	8,700	8,100	509	426	8,161	7,089
Aug	25,669	22,037	7,744	6,140	9,028	8,291	531	452	8,366	7,154
Sept	25,537	21,857	7,542	6,010	9,006	8,384	494	422	8,495	7,041
Oct	25,766	22,390	7,501	6,126	8,946	8,500	604	579	8,815	7,185
Nov	25,956	22,124	7,788	6,033	9,176	8,511	486	411	8,506	7,169
Dec	26,516	22,117	7,833	6,053	9,424	8,555	502	431	8,757	7,078
1979:										
Jan	25,548	22,481	7,549	5,868	9,417	8,984	369	329	8,213	7,300
Feb	26,452	22,889	7,756	6,191	9,357	9,040	454	398	8,885	7,260
Mar	26,533	22,908	7,794	6,308	9,714	8,972	518	410	8,507	7,218
Apr	27,009	22,904	7,999	6,612	9,722	8,804	510	428	8,778	7,060
May	27,901	24,595	8,260	7,035	10,039	9,290	668	434	8,934	7,836
June	26,139	23,581	7,178	6,488	10,136	9,340	547	445	8,278	7,308
July	26,848	24,405	7,447	6,831	9,856	9,427	519	447	9,026	7,700
Aug	27,583	25,137	7,667	7,073	10,371	9,584	655	473	8,890	8,007
Sept	28,634	24,188	8,430	6,607	10,699	9,642	531	442	8,974	7,497
Oct	27,695	25,509	7,676	7,189	10,424	9,760	582	432	9,013	8,128
Nov	26,464	24,057	7,066	6,533	10,613	9,814	515	412	8,270	7,298

<sup>1</sup> Consists of credit cards at retailers, gasoline companies, and commercial banks, and check credit at commercial banks. Prior to 1968, included in "other," except gasoline companies, included in noninstallment credit prior to 1971. Beginning 1977, includes open-end credit at retailers, previously included in "other." Also beginning 1977, some retail credit was reclassified from commercial into consumer credit. Credit secured by real estate is generally excluded.

<sup>2</sup> Not reported separately prior to July 1970.

Note.—Installment credit covers most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments. Liquidated credit includes repayments, chargeoffs, and other credit. See also Table B-65.

Source: Board of Governors of the Federal Reserve System.

TABLE B-67.—Mortgage debt outstanding by type of property and of financing, 1939-79

(Billions of dollars)

End of year or quarter	All properties	Farm properties	Nonfarm properties				Nonfarm properties by type of mortgage					
			Total	1- to 4-family houses	Multi-family properties	Com-mercial prop-erties <sup>1</sup>	Government underwritten			Conventional <sup>2</sup>		
							Total <sup>2</sup>	1- to 4-family houses		Total	1- to 4-family houses	
								Total	FHA insured			VA guar-anteed
1939	35.5	6.6	28.9	16.3	5.6	7.0	1.8	1.8	1.8		27.1	14.5
1940	36.5	6.5	30.0	17.4	5.7	6.9	2.3	2.3	2.3		27.7	15.1
1941	37.6	6.4	31.2	18.4	5.9	7.0	3.0	3.0	3.0		28.2	15.4
1942	36.7	6.0	30.8	18.2	5.8	6.7	3.7	3.7	3.7		27.1	14.5
1943	35.3	5.4	29.9	17.8	5.8	6.3	4.1	4.1	4.1		25.8	13.7
1944	34.7	4.9	29.7	17.9	5.6	6.2	4.2	4.2	4.2		25.5	13.7
1945	35.5	4.8	30.8	18.6	5.7	6.4	4.3	4.3	4.1	0.2	26.5	14.3
1946	41.8	4.9	36.9	23.0	6.1	7.7	6.3	6.1	3.7	2.4	30.6	16.9
1947	48.9	5.1	43.9	28.2	6.6	9.1	9.8	9.3	3.8	5.5	34.1	18.9
1948	56.2	5.3	50.9	33.3	7.5	10.2	13.6	12.5	5.3	7.2	37.3	20.8
1949	62.7	5.6	57.1	37.6	8.6	10.8	17.1	15.0	6.9	8.1	40.0	22.6
1950	72.8	6.1	66.7	45.2	10.1	11.5	22.1	18.9	8.6	10.3	44.6	26.3
1951	82.3	6.7	75.6	51.7	11.5	12.5	26.6	22.9	9.7	13.2	49.0	28.8
1952	91.4	7.2	84.2	58.5	12.3	13.4	29.3	25.4	10.8	14.6	54.9	33.1
1953	101.3	7.7	93.6	66.1	12.9	14.5	32.1	28.1	12.0	16.1	61.5	38.0
1954	113.7	8.2	105.4	75.7	13.5	16.3	36.2	32.1	12.8	19.3	69.2	43.6
1955	129.9	9.0	120.9	88.2	14.3	18.3	42.9	38.9	14.3	24.6	78.0	49.3
1956	144.5	9.8	134.6	99.0	14.9	20.7	47.8	43.9	15.5	28.4	86.8	55.1
1957	156.5	10.4	146.1	107.6	15.3	23.2	51.6	47.2	16.5	30.7	94.6	60.4
1958	171.8	11.1	160.7	117.7	16.8	26.1	55.1	50.1	19.7	30.4	105.5	67.6
1959	190.8	12.1	178.7	130.9	18.7	29.2	59.3	53.8	23.8	30.0	119.4	77.0
1960	207.5	12.8	194.7	141.9	20.3	32.4	62.3	56.4	26.7	29.7	132.3	85.5
1961	228.0	13.9	214.1	154.7	23.0	36.4	65.6	59.1	29.5	29.6	148.5	95.6
1962	251.4	15.2	236.2	169.3	25.8	41.1	69.4	62.2	32.3	29.9	166.9	107.1
1963	278.5	16.8	261.7	186.4	29.0	46.2	73.4	65.9	35.0	30.9	188.2	120.5
1964	305.9	18.9	287.0	203.4	33.6	50.0	77.2	69.2	38.3	30.9	209.8	134.1
1965	333.3	21.2	312.1	220.5	37.2	54.5	81.2	73.1	42.0	31.1	231.0	147.4
1966	356.5	23.1	333.4	232.9	40.3	60.1	84.1	76.1	44.8	31.3	249.3	156.9
1967	381.2	25.1	356.1	247.3	43.9	64.8	88.2	79.9	47.4	32.5	267.9	167.4
1968	410.9	27.4	383.5	264.8	47.3	71.4	93.4	84.4	50.6	33.8	290.1	180.4
1969	441.4	29.2	412.2	282.8	52.3	77.1	100.2	90.2	54.5	35.7	312.0	192.7
1970	474.2	30.3	443.8	298.1	60.1	85.6	109.2	97.3	59.9	37.3	334.6	200.8
1971	526.5	32.2	494.3	328.3	70.1	95.9	120.7	105.2	65.7	39.5	373.5	232.1
1972	603.4	35.8	567.7	372.2	82.8	112.7	131.1	113.0	68.2	44.7	436.5	259.2
1973	682.3	41.3	641.1	416.2	93.1	131.7	135.0	116.2	66.2	50.0	506.0	300.0
1974	742.5	46.3	696.2	449.4	100.0	146.9	140.2	121.3	65.1	56.2	556.0	328.1
1975	801.5	50.9	750.7	490.8	100.6	159.3	147.0	127.7	66.1	61.6	603.7	363.0
1976	889.2	57.0	832.2	556.5	104.5	171.2	154.1	133.5	66.5	67.0	678.0	422.9
1977	1,023.5	65.8	957.7	656.6	111.8	189.3	161.7	141.6	68.0	73.6	795.9	515.0
1978	1,172.7	76.1	1,096.6	761.9	122.0	212.7	176.4	153.4	71.4	82.0	920.2	608.5
1977:												
I	911.7	59.2	852.5	573.2	105.3	174.0	155.7	134.9	66.9	68.0	696.8	438.2
II	949.0	61.9	887.1	601.7	107.6	177.8	158.7	137.4	67.8	69.6	728.5	464.4
III	986.5	64.0	922.5	630.5	109.7	182.3	161.6	139.9	67.9	71.9	761.0	490.6
IV	1,023.5	65.8	957.7	656.6	111.8	189.3	161.7	141.6	68.0	73.6	795.9	515.0
1978:												
I	1,051.7	68.1	983.7	676.4	113.7	193.6	165.3	144.7	68.6	76.1	818.4	531.7
II	1,092.3	70.9	1,021.4	706.3	116.4	198.7	167.4	146.7	69.2	77.6	853.9	559.6
III	1,133.5	73.8	1,059.7	734.7	119.4	205.6	174.7	150.7	69.9	80.8	885.1	584.0
IV	1,172.7	76.1	1,096.6	761.9	122.0	212.7	176.4	153.4	71.4	82.0	920.2	608.5
1979:												
I	1,206.3	80.2	1,126.1	784.6	124.0	217.5	183.0	158.4	73.9	84.5	943.1	626.2
II	1,252.5	85.1	1,167.4	817.0	125.9	224.5	187.1	162.2	76.4	85.8	980.4	654.8
III	1,295.4	89.0	1,206.4	845.3	129.1	232.1	194.4	168.3	79.1	89.2	1,012.0	677.0

<sup>1</sup> Includes negligible amount of farm loans held by savings and loan associations.

<sup>2</sup> Includes FHA insured multifamily properties, not shown separately.

<sup>3</sup> Derived figures. Total includes multifamily and commercial properties, not shown separately.

Source: Board of Governors of the Federal Reserve System, based on data from various Government and private organizations.



TABLE B-68.—Mortgage debt outstanding by holder, 1939-79

(Billions of dollars)

End of year or quarter	Total	Major financial institutions					Other holders	
		Total	Savings and loan associations	Mutual savings banks	Commercial banks <sup>1</sup>	Life insurance companies	Federal and related agencies <sup>2</sup>	Individuals and others
1939	35.5	18.6	3.8	4.8	4.3	5.7	5.0	11.9
1940	36.5	19.5	4.1	4.9	4.6	6.0	4.9	12.0
1941	37.6	20.7	4.6	4.8	4.9	6.4	4.7	12.2
1942	36.7	20.7	4.6	4.6	4.7	6.7	4.3	11.7
1943	35.3	20.2	4.6	4.4	4.5	6.7	3.6	11.5
1944	34.7	20.2	4.8	4.3	4.4	6.7	3.0	11.5
1945	35.5	21.0	5.4	4.2	4.8	6.6	2.4	12.1
1946	41.8	26.0	7.1	4.4	7.2	7.2	2.0	13.8
1947	48.9	31.8	8.9	4.9	9.4	8.7	1.8	15.3
1948	56.2	37.8	10.3	5.8	10.9	10.8	1.8	16.6
1949	62.7	42.9	11.6	6.7	11.6	12.9	2.3	17.5
1950	72.8	51.7	13.7	8.3	13.7	16.1	2.8	18.4
1951	82.3	59.5	15.6	9.9	14.7	19.3	3.5	19.3
1952	91.4	66.9	18.4	11.4	15.9	21.3	4.1	20.4
1953	101.3	75.1	22.0	12.9	16.9	23.3	4.6	21.7
1954	113.7	85.7	26.1	15.0	18.6	26.0	4.8	23.2
1955	129.9	99.3	31.4	17.5	21.0	29.4	5.3	25.3
1956	144.5	111.2	35.7	19.7	22.7	33.0	6.2	27.1
1957	156.5	119.7	40.0	21.2	23.3	35.2	7.7	29.1
1958	171.8	131.5	45.6	23.3	25.5	37.1	8.0	32.3
1959	190.8	145.5	53.1	25.0	28.1	39.2	10.2	35.1
1960	207.5	157.6	60.1	26.9	28.8	41.8	11.5	38.4
1961	228.0	172.6	68.8	29.1	30.4	44.2	12.2	43.1
1962	251.4	192.5	78.8	32.3	34.5	46.9	12.6	46.3
1963	278.5	217.1	90.9	36.2	39.4	50.5	11.8	49.5
1964	305.9	241.0	101.3	40.6	44.0	55.2	12.2	52.7
1965	333.3	264.6	110.3	44.6	49.7	60.0	13.5	55.2
1966	356.5	280.8	114.4	47.3	54.4	64.6	17.5	58.2
1967	381.2	298.8	121.8	50.5	59.0	67.5	20.9	61.4
1968	410.9	319.9	130.8	53.5	65.7	70.0	25.1	65.9
1969	441.4	339.1	140.2	56.1	70.7	72.0	31.1	71.2
1970	474.2	355.9	150.3	57.9	73.3	74.4	38.3	79.9
1971	526.5	394.2	174.3	62.0	82.5	75.5	46.4	85.9
1972	603.4	450.0	206.2	67.6	99.3	76.9	54.6	98.9
1973	682.3	505.4	231.7	73.2	119.1	81.4	64.8	112.2
1974	742.5	542.6	249.3	74.9	132.1	86.2	82.1	117.8
1975	801.5	581.2	278.6	77.2	136.2	89.2	101.0	119.3
1976	889.2	647.5	323.0	81.6	151.3	91.6	116.6	125.1
1977	1,023.5	745.0	381.2	88.1	179.0	96.8	140.3	138.2
1978	1,172.7	848.1	432.9	95.2	214.0	106.2	170.5	154.1
1977:								
I	911.7	662.8	333.6	82.3	155.2	91.8	121.5	127.4
II	949.0	690.5	350.6	84.1	163.0	92.9	127.1	131.4
III	986.5	718.1	366.8	86.1	171.2	94.1	133.7	134.7
IV	1,023.5	745.0	381.2	88.1	179.0	96.8	140.3	138.2
1978:								
I	1,051.7	764.6	392.4	89.8	184.4	97.9	146.0	141.2
II	1,092.3	793.8	408.0	91.5	194.5	99.9	152.6	145.8
III	1,133.5	822.0	421.0	93.4	205.4	102.2	161.4	150.1
IV	1,172.7	848.1	432.9	95.2	214.0	106.2	170.5	154.1
1979:								
I	1,206.3	866.0	441.4	96.1	220.1	108.4	181.2	159.0
II	1,252.5	894.5	456.6	97.2	229.6	111.1	192.4	165.7
III	1,295.4	920.0	468.3	97.9	239.4	114.4	203.7	171.7

<sup>1</sup> Includes loans held by nondepository trust companies, but not by bank trust departments.<sup>2</sup> Includes former Federal National Mortgage Association (FNMA) and new Government National Mortgage Association (GNMA), as well as Federal Housing Administration, Veterans Administration, Public Housing Administration, Farmers Home Administration, and in earlier years Reconstruction Finance Corporation, Homeowners Loan Corporation, and Federal Farm Mortgage Corporation. Also includes GNMA Pools and U.S.-sponsored agencies such as new FNMA, Federal Land Banks, and Federal Home Loan Mortgage Corporation. Other U.S. agencies (amounts small or current separate data not readily available) included with "individuals and others."

Source: Board of Governors of the Federal Reserve System, based on data from various Government and private organizations.

## GOVERNMENT FINANCE

TABLE B-69.—Federal budget receipts, outlays, and debt, fiscal years 1970-81

[Millions of dollars; fiscal years]

Description	Actual					
	1970	1971	1972	1973	1974	1975
<b>BUDGET RECEIPTS AND OUTLAYS:</b>						
Total receipts.....	193,743	188,392	208,649	232,225	264,932	280,997
Federal funds.....	143,158	133,785	148,846	161,357	181,219	187,505
Trust funds.....	59,362	66,193	72,959	92,193	104,846	118,590
Interfund transactions.....	-8,778	-11,586	-13,156	-21,325	-21,133	-25,098
Total outlays.....	196,588	211,425	232,021	247,074	269,620	326,185
Federal funds.....	156,300	163,651	178,110	186,951	199,918	240,115
Trust funds.....	49,066	59,360	67,067	81,448	90,835	111,168
Interfund transactions.....	-8,778	-11,586	-13,156	-21,325	-21,133	-25,098
Total surplus or deficit (-).....	-2,845	-23,033	-23,373	-14,849	-4,688	-45,188
Federal funds.....	-13,142	-29,866	-29,264	-25,594	-18,699	-52,609
Trust funds.....	10,296	6,833	5,892	10,745	14,011	7,422
<b>OUTSTANDING DEBT, END OF PERIOD:</b>						
Gross Federal debt.....	382,603	409,467	437,329	468,426	486,247	544,131
Held by Government agencies.....	97,723	105,140	113,559	125,381	140,194	147,225
Held by the public.....	284,880	304,328	323,770	343,045	346,053	396,906
Federal Reserve System.....	57,714	65,518	71,426	75,182	80,648	84,993
Other.....	227,166	238,810	252,344	267,863	265,405	311,913
<b>BUDGET RECEIPTS.....</b>						
Individual income taxes.....	90,412	86,230	94,737	103,246	118,952	122,386
Corporation income taxes.....	32,829	26,785	32,166	36,153	38,620	40,621
Social insurance taxes and contributions.....	45,298	48,578	53,914	64,542	76,780	86,441
Excise taxes.....	15,705	16,614	15,477	16,260	16,844	16,551
Estate and gift taxes.....	3,644	3,735	5,436	4,917	5,035	4,611
Customs duties.....	2,430	2,591	3,287	3,188	3,334	3,676
Miscellaneous receipts:						
Deposits of earnings by Federal Reserve System.....	3,266	3,533	3,252	3,495	4,845	5,777
All other.....	158	325	381	426	524	934
<b>BUDGET OUTLAYS.....</b>						
National defense.....	78,553	75,808	76,550	74,541	77,781	85,552
International affairs.....	4,297	4,097	4,693	4,066	5,681	6,922
General science, space, and technology.....	4,507	4,180	4,173	4,030	3,977	3,989
Energy.....	990	1,031	1,270	1,179	837	2,169
Natural resources and environment.....	3,061	3,909	4,235	4,763	5,670	7,336
Agriculture.....	5,161	4,288	5,280	4,852	2,227	1,659
Commerce and housing credit.....	2,108	2,358	2,216	924	3,925	5,607
Transportation.....	7,006	8,050	8,388	9,065	9,172	10,388
Community and regional development.....	2,391	2,916	3,422	4,595	4,134	3,737
Education, training, employment, and social services.....	8,625	9,839	12,519	12,735	12,344	15,870
Health.....	13,051	14,716	17,467	18,832	22,073	27,648
Income security.....	43,073	55,426	63,913	72,965	84,437	108,610
Veterans benefits and services.....	8,677	9,776	10,730	12,013	13,386	16,597
Administration of justice.....	952	1,299	1,650	2,131	2,462	2,942
General government.....	1,857	2,020	2,415	2,568	3,243	3,135
General purpose fiscal assistance.....	536	535	673	7351	6,890	7,187
Interest.....	18,309	19,602	20,563	22,782	28,032	30,911
Allowances.....						
Undistributed offsetting receipts.....	-6,567	-8,427	-8,137	-12,318	-16,651	-14,075
Composition of undistributed offsetting receipts:						
Employer share, employee retirement.....	-2,444	-2,611	-2,768	-2,927	-3,319	-3,980
Interest received by trust funds.....	-3,936	-4,765	-5,089	-5,436	-6,583	-7,667
Rents and royalties on the Outer Continental Shelf.....	-187	-1,051	-279	-3,956	-6,748	-2,428

See next page for continuation of table.

TABLE B-69.—Federal budget receipts, outlays, and debt, fiscal years 1970-81—Continued

(Millions of dollars; fiscal years)

Description	Actual					Estimate	
	1976	Transition quarter	1977	1978	1979	1980	1981
<b>BUDGET RECEIPTS AND OUTLAYS:</b>							
Total receipts.....	300,005	81,773	357,762	401,997	465,940	523,829	599,988
Federal funds.....	201,099	54,085	241,312	270,484	316,351	347,813	383,151
Trust funds.....	133,695	32,071	152,763	168,012	189,641	222,196	265,107
Interfund transactions.....	-34,789	-4,383	-36,313	-36,498	-40,052	-46,179	-48,270
Total outlays.....	366,439	94,729	402,725	450,836	493,673	563,583	615,761
Federal funds.....	269,943	65,089	295,772	332,016	362,420	405,653	429,700
Trust funds.....	131,286	34,023	143,267	155,318	171,305	204,110	234,331
Interfund transactions.....	-34,789	-4,383	-36,313	-36,498	-40,052	-46,179	-48,270
Total surplus or deficit (-).....	-66,434	-12,956	-44,963	-48,839	-27,733	-39,754	-15,773
Federal funds.....	-68,843	-11,004	-54,459	-61,533	-46,069	-57,840	-46,549
Trust funds.....	2,410	-1,952	9,496	12,694	18,335	18,086	30,776
<b>OUTSTANDING DEBT, END OF PERIOD:</b>							
Gross Federal debt.....	631,866	646,379	709,138	780,425	833,751	892,812	939,357
Held by Government agencies.....	151,566	148,052	157,295	169,477	189,162	203,923	217,368
Held by the public.....	480,300	498,327	551,843	610,948	644,589	688,889	721,989
Federal Reserve System.....	94,714	96,702	105,004	115,480	115,594		
Other.....	385,586	401,625	446,839	495,468	528,996		
<b>BUDGET RECEIPTS.....</b>	<b>300,005</b>	<b>81,773</b>	<b>357,762</b>	<b>401,997</b>	<b>465,940</b>	<b>523,829</b>	<b>599,988</b>
Individual income taxes.....	131,603	38,801	157,626	180,988	217,841	238,717	274,367
Corporation income taxes.....	41,409	8,460	54,892	59,952	65,677	72,303	71,574
Social insurance taxes and contributions.....	92,714	25,760	108,688	123,410	141,591	162,181	187,397
Excise taxes.....	16,963	4,473	17,548	18,376	18,745	26,333	40,209
Estate and gift taxes.....	5,216	1,455	7,327	5,285	5,411	5,777	5,938
Customs duties.....	4,074	1,212	5,150	6,573	7,439	7,600	8,403
Miscellaneous receipts:							
Deposits of earnings by Federal Reserve System.....	5,451	1,500	5,908	6,641	8,327	10,058	10,876
All other.....	2,575	112	622	772	910	861	1,224
<b>BUDGET OUTLAYS.....</b>	<b>366,439</b>	<b>94,729</b>	<b>402,725</b>	<b>450,836</b>	<b>493,673</b>	<b>563,583</b>	<b>615,761</b>
National defense.....	89,430	22,307	97,501	105,186	117,681	130,368	146,241
International affairs.....	5,552	2,193	4,813	5,922	6,091	10,401	9,612
General science, space, and technology.....	4,370	1,161	4,677	4,742	5,041	5,889	6,442
Energy.....	3,127	794	4,172	5,861	6,856	7,751	8,107
Natural resources and environment.....	8,124	2,532	10,000	10,925	12,091	12,776	12,819
Agriculture.....	2,504	581	5,532	7,731	6,238	4,636	2,802
Commerce and housing credit.....	3,792	1,392	—44	3,324	2,565	5,476	712
Transportation.....	13,435	3,304	14,636	15,445	17,459	19,631	20,159
Community and regional development.....	4,767	1,340	6,348	11,039	9,482	8,467	8,820
Education, training, employment, and social services.....	18,737	5,162	20,985	26,463	29,685	30,654	31,989
Health.....	33,448	8,721	38,785	43,676	49,614	56,563	62,449
Income security.....	127,412	32,797	137,915	146,212	160,198	190,948	219,982
Veterans benefits and services.....	18,432	3,962	18,038	18,974	19,928	20,766	21,731
Administration of justice.....	3,320	859	3,600	3,802	4,153	4,530	4,699
General government.....	2,948	883	3,312	3,737	4,153	4,885	4,931
General purpose fiscal assistance.....	7,235	2,092	9,499	9,601	8,372	8,670	9,617
Interest.....	34,511	7,216	38,009	43,966	52,556	63,330	67,197
Allowances.....						100	2,570
Undistributed offsetting receipts.....	-14,704	-2,567	-15,053	-15,772	-18,488	-22,258	-25,119
Composition of undistributed offsetting receipts:							
Employer share, employee retirement.....	-4,242	-985	-4,548	-4,983	-5,271	-5,919	-6,161
Interest received by trust funds.....	-7,800	-270	-8,131	-8,530	-9,950	-11,539	-12,958
Rents and royalties on the Outer Continental Shelf.....	-2,662	-1,311	-2,374	-2,259	-3,267	-4,800	-6,000

Note.—Through fiscal year 1976, the fiscal year was on a July 1—June 30 basis. Beginning October 1976 (fiscal year 1977), the fiscal year is on an October 1—September 30 basis. The period July 1, 1976 through September 30, 1976 is a separate fiscal period known as the transition quarter.

See "Budget of the United States Government, Fiscal Year 1981" for additional information.

Sources: Department of the Treasury and Office of Management and Budget.

TABLE B-70.—Federal budget receipts and outlays, fiscal years 1929-81

[Millions of dollars]

Fiscal year	Receipts	Outlays	Surplus or deficit (-)
1929	3,862	3,127	734
1933	1,997	4,598	-2,602
1939	4,979	8,841	-3,862
1940	6,361	9,456	-3,095
1941	8,621	13,634	-5,013
1942	14,350	35,114	-20,764
1943	23,649	78,533	-54,884
1944	44,276	91,280	-47,004
1945	45,216	92,690	-47,474
1946	39,327	55,183	-15,856
1947	38,394	34,532	3,862
1948	41,774	29,773	12,001
1949	39,437	38,834	603
1950	39,485	42,597	-3,112
1951	51,646	45,546	6,100
1952	66,204	67,721	-1,517
1953	69,574	76,107	-6,533
1954	69,719	70,890	-1,170
1955	65,469	68,509	-3,041
1956	74,547	70,460	4,087
1957	79,990	76,741	3,249
1958	79,636	82,575	-2,939
1959	79,249	92,104	-12,855
1960	92,492	92,223	269
1961	94,389	97,795	-3,406
1962	99,676	106,813	-7,137
1963	106,560	111,311	-4,751
1964	112,662	118,584	-5,922
1965	116,833	118,430	-1,596
1966	130,856	134,652	-3,796
1967	149,552	158,254	-8,702
1968	153,671	178,833	-25,161
1969	187,784	184,548	3,236
1970	193,743	196,588	-2,845
1971	188,392	211,425	-23,033
1972	208,649	232,021	-23,373
1973	232,225	247,074	-14,849
1974	264,932	269,620	-4,688
1975	280,997	326,185	-45,188
1976	300,005	366,439	-66,434
Transition quarter	81,773	94,729	-12,956
1977	357,762	402,725	-44,963
1978	401,997	450,836	-48,839
1979	465,940	493,673	-27,733
1980 <sup>1</sup>	523,829	563,583	-39,754
1981 <sup>1</sup>	599,988	615,761	-15,773

<sup>1</sup> Estimates.

Note.—Under provisions of the Congressional Budget Act of 1974, the fiscal year for the Federal Government shifted beginning with fiscal year 1977. Through fiscal year 1976, the fiscal year was on a July 1-June 30 basis; beginning October 1976 (fiscal year 1977), the fiscal year is on an October 1-September 30 basis. The 3-month period from July 1, 1976 through September 30, 1976 is a separate fiscal period known as the transition quarter.

Data for 1929-39 are according to the administrative budget and those beginning 1940 according to the unified budget. Refunds of receipts are excluded from receipts and outlays.

See "Budget of the United States Government, Fiscal Year 1981" for additional information.

Sources: Department of the Treasury and Office of Management and Budget.

TABLE B-71.—*Relation of Federal Government receipts and expenditures in the national income and product accounts to the unified budget, 1979-81*

(Billions of dollars; fiscal years)

Receipts and expenditures	1979	Estimate	
		1980	1981
<b>RECEIPTS</b>			
Total budget receipts .....	465.9	523.8	600.0
Government contribution for employee retirement (grossing).....	7.9	8.8	9.4
Other netting and grossing.....	3.6	3.8	4.3
Adjustment to accruals.....	7.3	-4.8	-4.9
Other.....	- .9	-1.0	-1.2
Federal sector, national income and product accounts, receipts.....	483.7	530.6	607.7
<b>EXPENDITURES</b>			
Total budget outlays.....	493.7	563.6	615.8
Lending and financial transactions.....	-7.2	-7.3	- .4
Government contribution for employee retirement (grossing).....	7.9	8.8	9.4
Other netting and grossing.....	3.6	3.8	4.3
Defense timing adjustment.....	-1.3	-2.7	-2.2
Bonuses on Outer Continental Shelf land leases.....	1.9	3.0	3.9
Other.....	-4.9	-4.9	-4.4
Federal sector, national income and product accounts, expenditures.....	493.6	564.2	626.3

Note.—See Note, Table B-70.  
See Special Analysis B, "Special Analyses, Budget of the United States Government, Fiscal Year 1981" for description of these categories.

Sources: Department of Commerce (Bureau of Economic Analysis), Department of the Treasury, and Office of Management and Budget.

TABLE B-72.—Government receipts and expenditures, national income and product accounts, 1929–79

[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Calendar year or quarter	Total government			Federal Government			State and local government		
	Receipts	Expenditures	Surplus or deficit (-), national income and product accounts	Receipts	Expenditures	Surplus or deficit (-), national income and product accounts	Receipts	Expenditures	Surplus or deficit (-), national income and product accounts
1929.....	11.3	10.3	1.0	3.8	2.6	1.2	7.6	7.8	-0.2
1933.....	9.3	10.7	-1.4	2.7	4.0	-1.3	7.2	7.2	-1
1939.....	15.4	17.6	-2.2	6.7	8.9	-2.2	9.6	9.6	.0
1940.....	17.7	18.4	-.7	8.6	10.0	-1.3	10.0	9.3	.6
1941.....	25.0	28.8	-3.8	15.4	20.5	-5.1	10.4	9.1	1.3
1942.....	32.6	64.0	-31.4	22.9	56.1	-33.1	10.6	8.8	1.8
1943.....	49.2	93.3	-44.1	39.3	85.8	-46.6	10.9	8.4	2.5
1944.....	51.2	103.0	-51.8	41.0	95.5	-54.5	11.1	8.5	2.7
1945.....	53.2	92.7	-39.5	42.5	84.6	-42.1	11.6	9.0	2.6
1946.....	51.0	45.6	5.4	39.1	35.6	3.5	13.0	11.1	1.9
1947.....	56.9	42.5	14.4	43.2	29.8	13.4	15.4	14.4	1.0
1948.....	58.9	50.5	8.4	43.2	34.9	8.3	17.7	17.6	.1
1949.....	55.9	59.3	-3.4	38.7	41.3	-2.6	19.5	20.2	-.7
1950.....	69.0	61.0	8.0	50.0	40.8	9.2	21.3	22.5	-1.2
1951.....	85.2	79.2	6.1	64.3	57.8	6.5	23.4	23.9	-.4
1952.....	90.1	93.9	-3.8	67.3	71.1	-3.7	25.4	25.5	-.0
1953.....	94.6	101.6	-6.9	70.0	77.1	-7.1	27.4	27.3	.1
1954.....	89.9	97.0	-7.1	63.7	69.8	-6.0	29.0	30.2	-1.1
1955.....	101.1	98.0	3.1	72.6	68.1	4.4	31.7	32.9	-1.3
1956.....	109.7	104.5	5.2	78.0	71.9	6.1	35.0	35.9	-.9
1957.....	116.2	115.3	.9	81.9	79.6	2.3	38.5	39.8	-1.4
1958.....	115.0	127.6	-12.6	78.7	88.9	-10.3	42.0	44.3	-.4
1959.....	129.4	131.0	-1.6	89.8	91.0	-1.1	46.4	46.9	-.4
1960.....	139.5	136.4	3.1	96.1	93.1	3.0	49.9	49.8	.1
1961.....	144.8	149.1	-4.3	98.1	101.9	-3.9	54.0	54.4	-.4
1962.....	156.7	160.5	-3.8	106.2	110.4	-4.2	58.5	58.0	.5
1963.....	168.5	167.8	.7	114.4	114.2	.3	63.2	62.8	.5
1964.....	174.0	176.3	-2.3	114.9	118.2	-3.3	69.5	68.5	1.0
1965.....	188.3	187.8	.5	124.3	123.8	.5	75.1	75.1	-.0
1966.....	212.3	213.6	-1.3	141.8	143.6	-1.8	84.8	84.3	.5
1967.....	228.2	242.4	-14.2	150.5	163.7	-13.2	93.6	94.7	-1.1
1968.....	263.4	268.9	-5.5	174.7	180.6	-5.8	107.2	106.9	.3
1969.....	296.3	285.6	10.7	197.0	188.4	8.5	119.7	117.6	2.1
1970.....	302.6	311.9	-9.4	192.1	204.2	-12.1	134.9	132.2	2.8
1971.....	322.2	340.5	-18.3	198.6	220.6	-22.0	152.6	148.9	3.7
1972.....	367.4	370.9	-3.5	227.5	244.7	-17.3	177.4	163.7	13.7
1973.....	411.2	404.9	6.3	258.3	265.0	-6.7	193.5	180.5	13.0
1974.....	455.1	458.2	-3.2	288.6	299.3	-10.7	210.4	202.8	7.6
1975.....	468.5	532.8	-64.4	286.2	356.8	-70.6	236.9	230.6	6.2
1976.....	538.3	574.0	-35.7	331.4	385.0	-53.6	268.0	250.1	17.9
1977.....	606.6	626.1	-19.5	375.4	421.7	-46.3	298.8	271.9	26.8
1978.....	685.7	686.0	-.3	432.1	459.8	-27.7	331.0	303.6	27.4
1979 <sup>a</sup> .....	771.9	757.9	14.0	497.6	508.0	-10.5	354.4	329.9	24.4
1977:									
I.....	589.5	602.6	-13.1	366.8	404.0	-37.2	285.4	261.3	24.2
II.....	599.0	615.5	-16.6	370.8	411.6	-40.9	293.7	269.5	24.2
III.....	609.6	633.1	-23.5	375.8	429.4	-53.6	305.2	275.1	30.1
IV.....	628.5	653.3	-24.8	388.2	441.8	-53.6	310.7	281.9	28.8
1978:									
I.....	642.4	661.7	-19.2	397.8	447.3	-49.4	319.0	288.8	30.2
II.....	678.6	673.7	5.0	424.8	449.4	-24.6	330.5	301.0	29.6
III.....	696.3	694.1	2.3	442.1	462.6	-20.4	331.8	309.1	22.7
IV.....	725.4	714.5	10.8	463.5	479.7	-16.3	342.6	315.5	27.1
1979:									
I.....	741.1	725.3	15.8	475.0	486.8	-11.7	343.9	316.3	27.6
II.....	754.0	741.3	12.7	485.8	492.9	-7.0	345.9	326.1	19.7
III.....	782.9	768.8	14.0	504.8	516.1	-11.3	359.8	334.5	25.3
IV <sup>a</sup> .....		796.2			536.4			342.8	

Note.—Federal grants-in-aid to State and local governments are reflected in Federal expenditures and State and local receipts. Total government receipts and expenditures have been adjusted to eliminate this duplication.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-73.—Federal Government receipts and expenditures, national income and product accounts, 1953-81

[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Year or quarter	Receipts					Expenditures						Surplus or deficit (-), national income and product accounts	
	Total	Personal tax and nontax receipts	Corporate profits tax accruals	Indirect business tax and nontax accruals	Contributions for social insurance	Total <sup>1</sup>	Purchases of goods and services	Transfer payments		Grants-in-aid to State and local governments	Net interest paid		Subsidies current surplus of government enterprises
								To persons	To foreigners				
<b>Fiscal year:</b>													
1953	69.4	31.4	19.7	10.7	7.6	75.9	56.4	9.2	2.1	2.8	4.5	9	-6.5
1954	65.8	30.3	17.3	10.4	7.8	74.3	53.9	10.5	1.7	2.9	4.6	8	-8.5
1955	67.4	29.7	18.9	10.0	8.7	67.2	44.3	12.1	2.1	3.0	4.6	1.2	.2
1956	76.3	33.6	21.5	10.8	10.3	70.0	45.5	12.8	1.8	3.2	4.8	1.7	6.3
1957	81.0	36.7	20.8	11.7	11.7	76.0	48.1	14.4	1.9	3.7	5.3	2.6	5.0
1958	78.1	36.3	17.9	11.6	12.3	82.8	51.1	17.8	1.7	4.7	5.4	2.4	-4.7
1959	85.4	38.2	21.4	12.0	13.9	91.2	54.8	19.9	1.8	6.2	5.6	2.5	-5.8
1960	94.8	42.5	22.3	13.2	16.7	91.3	52.9	20.6	1.8	6.9	6.8	2.4	3.4
1961	95.0	43.6	20.0	13.3	18.1	98.1	55.8	23.6	2.1	6.9	6.4	3.3	-3.1
1962	104.0	47.3	22.7	14.2	19.9	106.2	61.0	25.1	2.1	7.6	6.4	4.1	-2.2
1963	110.0	49.6	23.3	15.0	22.1	111.7	63.7	26.5	2.1	8.3	7.1	4.0	-1.7
1964	115.6	50.7	25.7	15.6	23.6	117.2	65.9	27.4	2.2	9.8	7.7	4.1	-1.5
1965	120.0	51.4	27.1	16.9	24.5	118.5	64.6	28.4	2.2	10.9	8.2	4.3	1.4
1966	132.7	57.5	30.8	15.5	28.9	132.7	72.4	31.8	2.3	12.7	8.7	4.8	0
1967	146.0	64.4	30.3	15.8	35.5	154.9	86.0	37.2	2.2	14.8	9.6	5.2	-8.9
1968	160.0	71.4	33.2	17.1	38.4	172.2	95.0	42.7	2.1	17.8	10.5	4.1	-12.2
1969	190.1	90.0	37.0	18.6	44.5	184.7	98.0	48.7	2.2	19.2	12.1	4.6	5.4
1970	194.9	93.6	33.0	19.2	49.2	195.6	97.0	55.0	2.0	22.6	13.6	5.4	-6
1971	192.5	87.5	32.0	20.0	52.9	212.7	94.8	67.7	2.3	26.8	14.2	6.8	-20.2
1972	213.5	100.3	34.2	19.9	59.1	232.9	100.9	76.1	2.8	32.6	14.1	6.4	-19.5
1973	240.5	107.3	41.0	20.7	71.5	256.2	101.7	87.1	2.7	40.4	15.9	9.1	-15.7
1974	271.8	122.6	43.7	21.4	84.2	278.8	104.6	101.7	3.0	41.6	19.8	8.0	-7.0
1975	283.5	127.1	42.1	22.2	92.1	328.7	118.0	131.2	3.1	48.4	21.9	5.7	-45.3
1976	313.9	137.0	51.7	24.3	100.9	371.1	125.7	153.5	3.0	57.6	25.2	6.2	-57.3
1977	366.0	166.0	59.1	24.5	116.4	411.4	140.3	166.4	3.2	66.3	28.4	6.9	-45.5
1978	414.7	186.3	67.7	27.2	133.5	450.1	150.7	178.5	3.5	74.7	33.1	9.6	-35.4
1979	483.7	223.5	78.4	29.4	152.4	493.6	162.4	197.7	4.0	79.3	40.4	9.8	-9.9
1980 <sup>a</sup>	530.6	245.1	76.5	38.5	170.5	564.2	185.6	230.9	4.2	84.3	49.2	10.0	-33.6
1981 <sup>a</sup>	607.7	279.7	77.1	53.0	197.9	626.3	202.9	263.2	4.4	90.7	52.2	12.9	-18.6
<b>Calendar year:</b>													
1953	70.0	32.2	19.5	10.9	7.4	77.1	57.5	9.4	2.0	2.8	4.6	7	-7.1
1954	63.7	29.0	16.9	9.7	8.2	69.8	47.9	11.5	1.8	2.9	4.6	1.0	-6.0
1955	72.6	31.4	21.1	10.7	9.4	68.1	44.5	12.4	2.0	3.1	4.6	1.5	4.4
1956	78.0	35.2	20.9	11.2	10.6	71.9	45.9	13.4	1.9	3.3	5.1	2.4	6.1
1957	81.9	37.4	20.4	11.8	12.3	79.6	50.0	15.7	1.8	4.2	5.5	2.4	2.3
1958	78.7	36.8	18.0	11.5	12.4	88.9	53.9	19.6	1.8	5.6	5.2	2.8	-10.3
1959	89.8	39.9	22.5	12.5	14.9	91.0	53.9	20.1	1.8	6.8	6.2	2.1	-1.1
1960	96.1	43.6	21.4	13.4	17.6	93.1	53.7	21.6	1.9	6.5	6.8	2.6	3.0
1961	98.1	44.7	21.5	13.6	18.3	101.9	57.4	25.0	2.1	7.2	6.2	4.0	-4.2
1962	106.2	48.6	22.5	14.6	20.5	110.4	63.7	25.6	2.2	8.0	6.8	4.2	-4.2
1963	114.4	51.5	24.6	15.3	23.1	114.2	64.6	27.0	2.2	9.1	7.3	3.9	3
1964	114.9	48.6	26.1	16.2	24.0	118.2	65.2	27.9	2.2	10.4	8.0	4.5	-3.3
1965	124.3	53.9	28.9	16.5	25.0	123.8	67.3	30.3	2.2	11.1	8.4	5	5
1966	141.8	61.7	31.4	15.6	33.1	143.6	78.8	33.5	2.3	14.4	9.2	5.5	-1.8
1967	150.5	67.5	30.0	16.3	36.7	163.7	90.9	40.1	2.2	15.9	9.8	4.7	-13.2
1968	174.7	79.6	36.3	18.0	40.8	180.6	98.0	46.0	2.1	18.6	11.4	4.5	-5.8
1969	197.0	94.8	36.2	19.0	47.0	188.4	97.5	50.6	2.1	20.3	12.9	5.2	8.5
1970	192.1	92.2	30.8	19.3	49.7	204.2	95.6	61.3	2.2	24.4	14.3	6.3	-12.1
1971	198.6	89.9	33.5	20.4	54.9	220.6	96.2	72.7	2.6	29.0	14.0	6.2	-22.0
1972	227.5	108.2	36.6	20.0	62.8	244.7	102.1	80.5	2.7	37.5	14.6	7.8	-17.3
1973	258.3	114.6	43.0	21.2	79.4	265.0	102.2	93.2	2.6	40.6	18.2	8.2	-6.7
1974	288.6	131.1	45.9	21.7	89.9	299.3	111.1	114.4	3.2	43.9	20.9	5.3	-10.7
1975	286.2	125.4	42.8	23.9	94.2	356.8	123.1	146.0	3.1	54.6	23.2	6.8	-70.6
1976	331.4	147.2	54.6	23.4	106.3	385.0	129.7	158.4	3.2	61.1	26.8	5.8	-53.6
1977	375.4	169.6	61.8	25.1	118.9	421.7	144.4	169.5	3.2	67.5	29.0	8.1	-46.3
1978	432.1	194.9	72.0	28.1	137.0	459.8	152.6	181.6	3.7	77.3	34.8	9.7	-27.7
1979 <sup>p</sup>	497.6	229.9	78.3	30.0	159.3	508.0	166.3	205.7	3.9	80.1	43.0	9.0	-10.5
<b>1978:</b>													
I	397.8	178.9	60.2	26.6	132.2	447.3	150.9	176.4	3.4	74.4	32.5	9.7	-49.4
II	424.8	188.8	72.2	28.0	135.8	449.4	148.2	176.8	3.9	76.7	34.0	9.8	-24.6
III	442.1	200.9	74.6	28.4	138.2	462.6	152.3	185.3	3.5	77.6	35.6	8.4	-20.4
IV	463.5	211.0	81.2	29.3	142.0	479.7	159.0	187.9	4.2	80.7	37.1	10.9	-16.3
<b>1979:</b>													
I	475.0	213.0	77.2	29.4	155.5	486.8	163.6	192.7	4.0	77.8	40.0	8.3	-11.7
II	485.8	223.4	74.9	29.9	157.5	492.9	161.7	198.0	3.9	77.7	42.6	9.0	-7.0
III	504.8	235.2	79.4	30.0	160.2	516.1	162.9	213.9	3.7	81.8	43.5	10.2	-11.3
IV <sup>p</sup>		248.1		30.7	164.2	536.4	177.0	217.9	4.0	83.0	46.0	8.4	

<sup>1</sup> Includes an item for the difference between wage accruals and disbursements, not shown separately.

<sup>2</sup> Estimates.

Sources: Department of Commerce (Bureau of Economic Analysis) and Office of Management and Budget.

TABLE B-74.—State and local government receipts and expenditures, national income and product accounts, 1946-79

[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Calendar year or quarter	Receipts						Expenditures					Surplus or deficit (-), national income and product accounts
	Total	Personal tax and nontax receipts	Corporate profits tax accruals	Indirect business tax and nontax accruals	Contributions for social insurance	Federal grants-in-aid	Total <sup>1</sup>	Purchases of goods and services	Transfer payments to persons	Net interest paid	Subsidies less current surplus of government enterprises	
1946.....	13.0	1.5	0.5	9.3	0.6	1.1	11.1	9.9	1.7	0.2	-0.7	1.9
1947.....	15.4	1.7	.6	10.7	.7	1.7	14.4	12.8	2.3	.1	-.8	1.0
1948.....	17.7	2.1	.7	12.2	.8	2.0	17.6	15.3	3.0	.1	-.8	.1
1949.....	19.5	2.4	.6	13.3	.9	2.2	20.2	18.0	3.0	.1	-.9	-.7
1950.....	21.3	2.5	.8	14.6	1.1	2.3	22.5	19.8	3.6	.1	-.9	-1.2
1951.....	23.4	2.8	.9	15.9	1.4	2.5	23.9	21.8	3.1	.0	-1.0	-.4
1952.....	25.4	3.0	.8	17.4	1.6	2.6	25.5	23.2	3.3	.0	-1.1	-.0
1953.....	27.4	3.2	.8	18.8	1.7	2.8	27.3	25.0	3.5	.0	-1.2	.1
1954.....	29.0	3.5	.8	19.9	2.0	2.9	30.2	27.8	3.6	.1	-1.3	-1.1
1955.....	31.7	3.9	1.0	21.6	2.1	3.1	32.9	30.6	3.8	.1	-1.5	-1.3
1956.....	35.0	4.5	1.0	23.8	2.3	3.3	35.9	33.5	3.9	.1	-1.6	-.9
1957.....	38.5	5.0	1.0	25.7	2.6	4.2	39.8	37.1	4.3	.1	-1.7	-1.4
1958.....	42.0	5.4	1.0	27.2	2.8	5.6	44.3	41.1	4.8	.1	-1.7	-2.4
1959.....	46.4	6.1	1.2	29.3	3.1	6.8	46.9	43.7	5.1	.1	-2.0	-.4
1960.....	49.9	6.7	1.2	32.0	3.4	6.5	49.8	46.5	5.4	.1	-2.2	.1
1961.....	54.0	7.4	1.3	34.4	3.7	7.2	54.4	50.8	5.8	.1	-2.3	-.4
1962.....	58.5	8.2	1.5	37.0	3.9	8.0	58.0	54.3	6.0	.1	-2.5	.5
1963.....	63.2	8.8	1.7	39.4	4.2	9.1	62.8	59.0	6.4	.1	-2.8	.5
1964.....	69.5	10.0	1.8	42.6	4.7	10.4	68.5	64.6	6.9	-.1	-2.8	1.0
1965.....	75.1	10.9	2.0	46.1	5.0	11.1	75.1	71.1	7.3	-.3	-3.0	-.0
1966.....	84.8	12.8	2.2	49.7	5.7	14.4	84.3	79.8	8.1	-.7	-3.0	.5
1967.....	93.6	14.6	2.5	54.0	6.7	15.9	94.7	89.3	9.4	-.9	-3.1	-1.1
1968.....	107.2	17.4	3.1	60.8	7.2	18.6	106.9	100.7	10.6	-.2	-3.2	.3
1969.....	119.7	20.6	3.4	67.4	7.9	20.3	117.6	110.4	12.1	-1.6	-3.3	2.1
1970.....	134.9	23.1	3.7	74.7	9.0	24.4	132.2	123.2	14.6	-2.0	-3.6	2.8
1971.....	152.6	26.4	4.2	83.1	9.9	29.0	148.9	137.5	17.2	-1.8	-3.8	3.7
1972.....	177.4	33.0	5.0	91.0	10.8	37.5	163.7	151.0	18.9	-2.1	-4.2	13.7
1973.....	193.5	36.1	5.7	99.0	12.1	40.6	180.5	167.3	20.3	-2.9	-4.4	13.0
1974.....	210.4	39.2	6.5	106.9	13.9	43.9	202.8	191.5	20.5	-4.9	-4.3	7.6
1975.....	236.9	43.4	7.1	115.4	16.4	54.6	230.6	215.4	24.5	-4.8	-4.5	6.2
1976.....	268.0	49.9	9.3	128.0	19.7	61.1	250.1	231.6	27.4	-4.1	-4.8	17.9
1977.....	298.8	56.8	10.9	140.0	23.6	67.5	271.9	251.8	30.2	-5.0	-5.0	26.8
1978.....	331.0	64.1	12.5	150.0	27.1	77.3	303.6	283.0	33.3	-7.1	-5.5	27.4
1979 <sup>p</sup> .....	354.4	69.9	14.3	159.5	30.5	80.1	329.9	309.8	36.3	-9.5	-6.7	24.4
1977:												
I.....	285.4	54.6	10.3	135.8	22.1	62.7	261.3	241.8	29.1	-4.3	-5.3	24.2
II.....	293.7	56.3	10.8	137.9	23.1	65.5	269.5	249.0	29.8	-4.6	-4.8	24.2
III.....	305.2	57.4	11.1	141.3	24.0	71.4	275.1	254.9	30.5	-5.2	-5.1	30.1
IV.....	310.7	58.9	11.3	144.9	25.1	70.4	281.9	261.6	31.3	-5.9	-5.0	28.8
1978:												
I.....	319.0	60.9	10.6	147.0	26.0	74.4	288.8	268.5	32.1	-6.4	-5.4	30.2
II.....	330.5	63.3	12.5	151.3	26.8	76.7	301.0	280.1	33.0	-7.0	-5.2	29.6
III.....	331.8	65.0	12.9	148.8	27.5	77.6	309.1	288.6	33.8	-7.3	-5.6	22.7
IV.....	342.6	67.2	13.9	152.8	28.0	80.7	315.5	294.8	34.4	-7.6	-5.8	27.1
1979:												
I.....	343.9	67.3	14.1	155.5	29.1	77.8	316.3	296.5	35.0	-8.3	-6.5	27.6
II.....	345.9	67.3	13.7	157.0	30.2	77.7	326.1	304.9	35.7	-9.0	-6.4	19.7
III.....	359.8	71.4	14.7	161.1	30.9	81.8	334.5	314.9	36.5	-10.0	-7.0	25.3
IV <sup>p</sup> .....		73.7		164.5	31.8	83.0	342.8	322.8	37.9	-10.8	-6.9	

<sup>1</sup> Includes an item for the difference between wage accruals and disbursements, not shown separately.

Source: Department of Commerce, Bureau of Economic Analysis.



TABLE B-75.—State and local government revenues and expenditures, selected fiscal years, 1927-77

(Millions of dollars)

Fiscal year <sup>1</sup>	General revenues by source <sup>2</sup>							General expenditures by function <sup>2</sup>				
	Total	Property taxes	Sales and gross receipts taxes	Individual income taxes	Corporation net income taxes	Revenue from Federal Government	All other <sup>3</sup>	Total	Educa-tion	High-ways	Public welfare	All other <sup>4</sup>
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	19,325
1961.....	54,037	18,002	12,463	2,613	1,266	7,131	12,563	56,201	20,574	9,844	4,720	21,063
1962.....	58,252	19,054	13,494	3,037	1,308	7,871	13,489	60,206	22,216	10,357	5,084	22,549
1963.....	62,890	20,089	14,456	3,269	1,505	8,722	14,850	64,816	23,776	11,136	5,481	24,423
1962-63 <sup>5</sup>	62,269	19,833	14,446	3,267	1,505	8,663	14,556	63,977	23,729	11,150	5,420	23,678
1963-64 <sup>5</sup>	68,443	21,241	15,762	3,791	1,695	10,002	15,951	69,302	26,286	11,664	5,766	25,586
1964-65 <sup>5</sup>	74,000	22,583	17,118	4,090	1,929	11,029	17,250	74,546	28,563	12,221	6,315	27,447
1965-66 <sup>5</sup>	83,036	24,670	19,085	4,760	2,038	13,214	19,269	82,843	33,287	12,770	6,757	30,029
1966-67 <sup>5</sup>	91,197	26,047	20,530	5,826	2,227	15,370	21,197	93,350	37,919	13,932	8,218	33,281
1967-68 <sup>5</sup>	101,264	27,747	22,911	7,308	2,518	17,181	23,598	102,411	41,158	14,481	9,857	36,915
1968-69 <sup>5</sup>	114,550	30,673	26,519	8,908	3,180	19,153	26,118	116,728	47,238	15,417	12,110	41,963
1969-70 <sup>5</sup>	130,756	34,054	30,322	10,812	3,738	21,857	29,971	131,332	52,718	16,427	14,679	47,508
1970-71 <sup>5</sup>	144,927	37,852	33,233	11,900	3,424	26,146	32,374	150,674	59,413	18,095	18,226	54,940
1971-72 <sup>5</sup>	166,352	42,133	37,488	15,237	4,416	31,253	35,826	166,873	64,886	19,010	21,070	61,907
1972-73 <sup>5</sup>	190,214	45,283	42,047	17,994	5,425	39,256	40,210	181,227	69,714	18,615	23,582	69,316
1973-74 <sup>5</sup>	207,670	47,705	46,098	19,491	6,015	41,820	46,541	198,959	75,833	19,946	25,085	78,096
1974-75 <sup>5</sup>	228,171	51,491	49,815	21,454	6,642	47,034	51,735	230,721	87,858	22,528	28,155	92,180
1975-76 <sup>5</sup>	256,176	57,001	54,547	24,575	7,273	55,589	57,191	256,731	97,216	23,907	32,604	103,004
1976-77 <sup>5</sup>	285,796	62,535	60,595	29,245	9,174	62,575	61,673	274,388	102,805	23,105	35,941	112,537

<sup>1</sup> Fiscal years not the same for all governments. See footnote 5.

<sup>2</sup> Excludes revenues or expenditures of publicly owned utilities and liquor stores, and of insurance-trust activities. Intergovernmental receipts and payments between State and local governments are also excluded.

<sup>3</sup> Includes licenses and other taxes and charges and miscellaneous revenues.

<sup>4</sup> Includes expenditures for health, hospitals, police, local fire protection, natural resources, sanitation, housing and urban renewal, local parks and recreation, general control, financial administration, interest on general debt, and unallocable expenditures.

<sup>5</sup> Data for fiscal year ending in the 12-month period through June 30. Data for 1963 and earlier years include local government amounts grouped in terms of fiscal years ended during the particular calendar year.

Note.—Data are not available for intervening years.

Source: Department of Commerce, Bureau of the Census.

TABLE B-76.—Interest-bearing public debt securities by kind of obligation, 1967-79

(Millions of dollars)

End of year or month	Total interest-bearing public debt securities	Marketable				Nonmarketable				
		Total	Bills	Treasury notes	Treasury bonds <sup>1</sup>	Total	U.S. savings bonds	Foreign government and public series <sup>2</sup>	Government account series <sup>3</sup>	Other <sup>4</sup>
<b>Fiscal year:</b>										
1967	322,286	210,672	58,535	49,108	97,418	111,614	51,213	1,514	56,155	2,731
1968	344,401	226,592	64,440	71,073	91,079	117,808	51,712	3,741	59,526	2,828
1969	351,729	226,107	68,356	78,946	78,805	125,623	51,711	4,070	66,790	3,051
1970	369,026	232,599	76,154	93,489	62,956	136,426	51,281	4,755	76,323	4,068
1971	396,289	245,473	86,677	104,807	53,989	150,816	53,003	9,270	82,784	5,759
1972	425,360	257,202	94,648	113,419	49,135	168,158	55,921	18,985	89,598	3,654
1973	456,353	262,971	100,061	117,840	45,071	193,382	59,418	28,524	101,738	3,701
1974	473,238	266,575	105,019	128,419	33,137	206,663	61,921	25,011	115,442	4,289
1975	532,122	315,606	128,569	150,257	36,779	216,516	65,482	23,216	124,173	3,644
1976	619,254	392,581	161,198	191,758	39,626	226,673	69,733	21,500	130,557	4,883
1977	697,629	443,508	156,091	241,692	45,724	254,121	75,411	21,799	140,113	16,797
1978	766,971	485,155	160,936	267,865	56,355	281,816	79,798	21,680	153,271	27,067
1979	819,007	506,693	161,378	274,242	71,073	312,314	80,440	28,115	176,360	27,400
<b>1978:</b>										
Jan	720,563	466,780	161,221	257,077	48,483	253,783	76,987	22,787	136,364	17,644
Feb	728,474	470,766	161,817	258,472	50,477	257,707	77,415	22,597	139,422	18,273
Mar	736,929	478,252	165,652	262,179	50,420	258,677	77,804	23,649	137,956	19,267
Apr	733,074	472,193	159,640	262,180	50,373	260,881	78,220	23,433	138,833	20,395
May	740,579	473,684	159,391	261,612	52,681	266,895	78,645	22,419	144,394	21,436
June	748,002	477,699	159,757	265,310	52,632	270,303	78,965	21,460	146,448	23,430
July	749,462	481,041	160,092	266,586	54,363	268,420	79,281	20,813	144,665	23,660
Aug	763,404	485,557	160,615	268,531	56,410	277,847	79,543	22,224	149,047	27,032
Sept	766,971	485,155	160,936	267,865	56,355	281,816	79,798	21,680	153,271	27,067
Oct	775,452	491,651	161,227	272,610	57,814	283,801	80,091	24,042	152,685	26,983
Nov	782,048	493,337	161,548	271,663	60,125	288,711	80,331	26,624	154,812	26,944
Dec	782,371	487,546	161,747	265,791	60,007	294,825	80,546	29,593	157,522	27,164
<b>1979:</b>										
Jan	789,502	496,529	162,286	272,807	61,436	292,973	80,414	30,257	155,237	27,065
Feb	791,249	497,976	162,416	271,372	64,189	293,273	80,459	28,150	157,637	27,027
Mar	792,344	500,400	165,459	270,803	64,139	291,944	80,417	28,161	153,765	29,601
Apr	795,434	504,585	163,730	275,311	65,544	290,849	80,426	25,416	158,178	26,829
May	803,816	506,867	163,076	276,123	67,668	296,949	80,430	25,158	164,552	26,809
June	799,863	499,343	159,890	272,066	67,387	300,520	80,460	26,807	166,274	26,981
July	806,508	506,994	159,938	278,257	68,799	299,514	80,524	28,015	163,882	27,094
Aug	812,095	509,187	160,489	277,582	71,116	302,909	80,503	27,688	167,301	27,418
Sept	819,007	506,693	161,378	274,242	71,073	312,314	80,440	28,115	176,360	27,400
Oct	825,736	515,033	161,692	280,832	72,510	310,703	80,178	23,860	175,267	31,398
Nov	832,730	519,573	165,100	279,723	74,751	313,157	79,669	23,895	176,992	32,601
Dec	843,960	530,731	172,644	283,379	74,708	313,229	79,517	23,551	177,460	32,701

<sup>1</sup> Includes Treasury bonds and minor amounts of Panama Canal and postal savings bonds.

<sup>2</sup> Nonmarketable certificates of indebtedness, notes, bonds, and bills in the Treasury foreign series of dollar-denominated and foreign-currency denominated issues.

<sup>3</sup> Includes Treasury deposit funds and some special issues formerly included in "Other."

<sup>4</sup> Includes depository bonds, retirement plan bonds, Rural Electrification Administration bonds, State and local bonds, and special issues held only by U.S. Government agencies and trust funds and the Federal home loan banks.

<sup>5</sup> Includes \$5,610 million in certificates not shown separately.

Note.—Through fiscal year 1976, the fiscal year was on a July 1—June 30 basis; beginning October 1976 (fiscal year 1977) the fiscal year is on an October 1—September 30 basis.

Source: Department of the Treasury.

TABLE B-77.—Estimated ownership of public debt securities, 1967-79

[Par values; <sup>1</sup> billions of dollars]

End of year or month	Total public debt securities									
	Total <sup>2</sup>	Held by Government accounts	Held by Federal Reserve Banks	Held by private investors						
				Total <sup>3</sup>	Commercial banks <sup>4</sup>	Mutual savings banks and insurance companies	Corporations <sup>5</sup>	State and local governments <sup>6</sup>	Individuals <sup>7</sup>	Miscellaneous investors <sup>3, 8</sup>
<b>Fiscal year:</b>										
1967.....	322.9	71.8	46.7	204.4	55.5	13.2	11.0	23.6	70.4	30.7
1968.....	345.4	76.1	52.2	217.0	59.7	12.5	12.0	25.1	74.2	33.4
1969.....	352.9	84.8	54.1	214.0	55.3	11.6	11.1	26.4	77.3	32.3
1970.....	370.1	95.2	57.7	217.2	52.6	10.4	8.5	29.0	81.8	35.0
1971.....	397.3	102.9	65.5	228.9	61.0	10.3	7.4	25.9	75.4	49.1
1972.....	426.4	111.5	71.4	243.6	60.9	10.2	9.3	26.9	73.2	63.2
1973.....	457.3	123.4	75.0	258.9	58.8	9.6	9.8	28.8	75.9	76.0
1974.....	474.2	138.2	80.5	255.6	53.2	8.5	10.8	28.3	80.7	74.2
1975.....	533.2	145.3	84.7	303.2	69.0	10.6	13.2	31.7	87.1	91.5
1976.....	620.4	149.6	94.4	376.4	92.5	16.0	24.3	39.3	96.4	107.9
1977.....	698.8	155.5	104.7	438.6	99.8	20.5	23.3	53.0	103.9	138.1
1978.....	771.5	168.0	115.3	488.3	96.3	20.3	21.3	69.0	109.4	172.1
1979.....	826.5	187.7	115.5	523.4	92.3	19.3	23.7	68.9	113.2	205.9
<b>1978:</b>										
Jan.....	721.6	151.5	97.0	473.1	100.1	21.3	23.4	55.3	106.3	166.6
Feb.....	729.8	154.2	98.5	477.1	101.7	21.8	22.3	57.7	107.0	166.6
Mar.....	738.0	152.7	101.6	483.7	100.7	21.1	20.8	60.6	107.1	173.5
Apr.....	736.6	153.6	103.5	479.5	100.3	20.4	19.5	60.1	107.3	171.9
May.....	741.6	159.1	102.8	479.7	98.4	20.6	18.9	59.7	108.1	173.9
June.....	749.0	161.1	110.1	477.8	99.1	19.9	18.2	63.7	108.2	168.6
July.....	750.5	159.3	108.9	482.3	97.9	20.3	19.1	62.9	108.6	173.6
Aug.....	764.4	163.7	111.7	489.0	96.8	20.3	22.4	70.7	109.2	169.7
Sept.....	771.5	168.0	115.3	488.3	96.3	20.3	21.3	69.0	109.4	172.1
Oct.....	776.4	166.3	115.3	494.7	95.3	20.5	20.4	68.3	110.0	180.2
Nov.....	783.0	167.4	113.3	502.3	94.5	20.2	20.8	70.4	110.3	186.1
Dec.....	789.2	170.0	110.6	508.6	94.7	19.9	20.5	70.1	110.8	192.7
<b>1979:</b>										
Jan.....	790.5	167.7	101.3	521.4	93.3	20.1	21.2	69.2	111.2	206.2
Feb.....	792.2	170.1	103.5	518.6	94.4	20.2	22.5	69.8	111.6	200.1
Mar.....	796.8	166.3	110.9	519.6	95.6	20.1	22.7	71.4	111.9	197.9
Apr.....	796.4	170.7	108.6	517.1	96.2	19.7	22.6	71.7	112.3	194.7
May.....	804.8	177.1	106.2	521.5	97.6	19.8	24.9	71.7	112.6	195.0
June.....	804.9	178.6	109.7	516.6	94.0	19.1	22.8	70.5	112.5	197.6
July.....	807.5	176.3	111.4	519.8	93.4	19.2	21.2	69.9	112.7	203.4
Aug.....	813.1	178.6	113.0	521.5	92.7	19.2	20.7	70.1	112.9	205.9
Sept.....	826.5	187.7	115.5	523.4	92.3	19.3	23.7	68.9	113.2	205.9
Oct.....	826.8	185.7	114.6	526.5	93.5	19.3	24.1	69.7	113.4	206.4
Nov.....	833.8	187.1	118.1	528.6	95.0	18.8	24.0	68.2	113.7	208.9
Dec.....	845.1	187.1	117.5	540.5						

<sup>1</sup> U.S. savings bonds, series A-F and J, and U.S. savings notes are included at current redemption value.

<sup>2</sup> As of July 31, 1974, public debt outstanding has been adjusted to exclude the notes of the International Monetary Fund to conform with the Budget presentation. This adjustment applies to the 1967-79 data in this table.

<sup>3</sup> For comparability with 1975-79 published data, published data for 1967-74 have been adjusted to exclude notes of the International Monetary Fund. These adjustments amounted to \$3.3 billion in 1967, \$2.2 billion in 1968, and \$0.8 billion in each year 1969 through 1974. These adjustments were necessary in order to add to the total public debt figures as published by the Department of the Treasury.

<sup>4</sup> Includes commercial banks, trust companies, and stock savings banks in the United States and Territories and island possessions; figures exclude securities held in trust departments. Since the estimates in this table are on the basis of par values and include holdings of banks in United States Territories and possessions, they do not agree with the estimates in Table B-59, which are based on book values and relate only to banks within the United States.

<sup>5</sup> Exclusive of banks and insurance companies.

<sup>6</sup> Includes trust, sinking, and investment funds of State and local governments and their agencies, and of Territories and possessions.

<sup>7</sup> Includes partnerships and personal trust accounts.

<sup>8</sup> Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain government deposit accounts and government-sponsored agencies, and investments of foreign balances and international accounts in the United States.

Note.—Through fiscal year 1976, the fiscal year was on a July 1—June 30 basis; beginning October 1976 (fiscal year 1977), the fiscal year is on an October 1—September 30 basis.

Source: Department of the Treasury.

TABLE B-78.—Average length and maturity distribution of marketable interest-bearing public debt securities held by private investors, 1967-79

End of year or month	Amount outstanding, privately held	Maturity class					Average length	
		Within 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and over	Years	Months
		Millions of dollars						
<b>Fiscal year:</b>								
1967.....	150,321	56,561	53,584	21,057	6,153	12,968	5	1
1968.....	159,671	66,746	52,295	21,850	6,110	12,670	4	5
1969.....	156,008	69,311	50,182	18,078	6,097	12,337	4	2
1970.....	157,910	76,443	57,035	8,286	7,876	8,272	3	8
1971.....	161,863	74,803	58,557	14,503	6,357	7,645	3	6
1972.....	165,978	79,509	57,157	16,033	6,358	6,922	3	3
1973.....	167,869	84,041	54,139	16,385	8,741	4,564	3	1
1974.....	164,862	87,150	50,103	14,197	9,930	3,481	2	11
1975.....	210,382	115,677	65,852	15,385	8,857	4,611	2	8
1976.....	279,782	151,723	89,151	24,169	8,087	6,652	2	7
1977.....	326,674	161,329	113,319	33,067	8,428	10,531	2	11
1978.....	356,501	163,819	132,993	33,500	11,383	14,805	3	3
1979.....	380,530	181,883	127,574	32,279	18,489	20,304	3	7
<b>1978:</b>								
Jan.....	355,374	177,642	123,692	32,712	9,733	11,595	2	11
Feb.....	358,320	175,195	130,715	29,853	9,719	12,838	3	0
Mar.....	362,693	178,474	132,501	29,414	9,635	12,669	2	11
Apr.....	355,144	170,272	130,884	31,816	9,571	12,601	3	0
May.....	356,892	166,094	135,524	31,758	9,847	13,668	3	1
June.....	353,660	162,533	137,543	30,458	9,766	13,360	3	1
July.....	358,255	163,619	139,017	30,573	11,512	13,533	3	1
Aug.....	359,919	163,512	136,462	33,603	11,407	14,936	3	3
Sept.....	356,501	163,819	132,993	33,500	11,383	14,805	3	3
Oct.....	362,443	165,337	136,064	33,476	12,746	14,820	3	2
Nov.....	367,256	170,492	133,876	33,695	13,879	15,314	3	4
Dec.....	365,239	174,231	128,293	33,604	13,833	15,278	3	4
<b>1979:</b>								
Jan.....	382,556	184,277	133,992	33,690	15,282	15,315	3	3
Feb.....	381,797	185,602	132,434	31,299	15,195	17,267	3	5
Mar.....	380,060	186,967	129,454	31,245	15,141	17,254	3	4
Apr.....	383,315	185,725	132,538	31,235	16,578	17,239	3	4
May.....	388,001	188,018	130,576	33,572	17,326	18,508	3	6
June.....	377,649	184,113	124,443	33,359	17,271	18,462	3	6
July.....	383,102	183,277	129,462	33,555	18,617	18,390	3	6
Aug.....	384,771	182,891	130,607	32,392	18,548	20,334	3	8
Sept.....	380,530	181,883	127,574	32,279	18,489	20,304	3	7
Oct.....	389,074	182,297	134,205	32,325	19,938	20,309	3	8
Nov.....	390,439	180,671	133,281	34,319	19,866	22,302	3	10
Dec.....	402,226	190,408	133,168	36,592	19,796	22,262	3	9

Note.—All issues classified to final maturity. Through fiscal year 1976, the fiscal year was on a July 1—June 30 basis; beginning October 1976 (fiscal year 1977), the fiscal year is on an October 1—September 30 basis.

Source: Department of the Treasury.

## CORPORATE PROFITS AND FINANCE

TABLE B-79.—*Corporate profits with inventory valuation and capital consumption adjustments, 1946-79*

[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Year or quarter	Corporate profits with inventory valuation and capital consumption adjustments	Corporate profits tax liability	Profits after tax with inventory valuation and capital consumption adjustments		
			Total	Dividends	Undistributed profits with inventory valuation and capital consumption adjustments
1946.....	16.6	9.1	7.5	5.6	2.0
1947.....	22.2	11.3	10.9	6.3	4.6
1948.....	29.1	12.4	16.7	7.0	9.7
1949.....	26.9	10.2	16.7	7.2	9.5
1950.....	33.7	17.9	15.7	8.8	6.9
1951.....	38.1	22.6	15.5	8.5	7.0
1952.....	35.4	19.4	16.0	8.5	7.5
1953.....	35.5	20.3	15.2	8.8	6.4
1954.....	34.6	17.6	17.0	9.1	7.9
1955.....	44.6	22.0	22.6	10.3	12.2
1956.....	42.9	22.0	20.9	11.1	9.8
1957.....	42.1	21.4	20.6	11.5	9.1
1958.....	37.5	19.0	18.5	11.3	7.2
1959.....	48.2	23.6	24.6	12.2	12.4
1960.....	46.6	22.7	23.9	12.9	11.0
1961.....	46.9	22.8	24.1	13.3	10.8
1962.....	54.9	24.0	30.9	14.4	16.5
1963.....	59.6	26.2	33.4	15.5	17.9
1964.....	67.0	28.0	39.0	17.3	21.7
1965.....	77.1	30.9	46.2	19.1	27.1
1966.....	82.5	33.7	48.9	19.4	29.4
1967.....	79.3	32.5	46.8	20.1	26.7
1968.....	85.8	39.4	46.4	21.9	24.4
1969.....	81.4	39.7	41.8	22.6	19.2
1970.....	67.9	34.5	33.4	22.9	10.5
1971.....	77.2	37.7	39.5	23.0	16.5
1972.....	92.1	41.5	50.5	24.6	25.9
1973.....	99.1	48.7	50.4	27.8	22.6
1974.....	83.6	52.4	31.2	31.0	.2
1975.....	95.9	49.8	46.1	31.9	14.2
1976.....	126.8	63.8	63.0	37.5	25.5
1977.....	150.0	72.6	77.3	42.1	35.2
1978.....	167.7	84.5	83.2	47.2	36.0
1979 <sup>a</sup> .....	178.5	92.7	85.8	52.7	33.1
1977:					
I.....	137.1	69.2	67.8	40.8	27.0
II.....	148.9	72.5	76.4	41.5	34.9
III.....	160.8	73.7	87.2	42.7	44.5
IV.....	153.0	75.1	77.9	43.4	34.5
1978:					
I.....	141.2	70.8	70.4	45.1	25.3
II.....	169.4	84.7	84.7	46.0	38.7
III.....	175.2	87.5	87.8	47.8	40.0
IV.....	184.8	95.1	89.8	49.7	40.1
1979:					
I.....	178.9	91.3	87.6	51.5	36.1
II.....	176.6	88.7	88.0	52.3	35.6
III.....	180.8	94.0	86.7	52.8	34.0

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-80.—Corporate profits by industry, 1929-79

[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Year or quarter	Corporate profits with inventory valuation adjustment and without capital consumption adjustment										
	Total	Domestic industries									Rest of the world
		Financial <sup>1</sup>				Nonfinancial					
		Total	Federal Reserve banks	Other	Total	Manufacturing <sup>2</sup>	Wholesale and retail trade	Utilities <sup>3</sup>	Other		
1929.....	10.5	10.2	1.3	0.0	1.3	8.9	5.2	1.0	1.8	0.9	0.2
1933.....	-1.2	-1.2	.3	.0	.3	-1.5	-.4	-.5	.0	-.7	.0
1939.....	6.3	6.1	.8	.0	.8	5.3	3.3	.7	1.0	.3	.2
1940.....	9.8	9.6	1.0	.0	.9	8.6	5.5	1.2	1.3	.6	.2
1941.....	15.2	15.0	1.1	.0	1.0	14.0	9.5	1.4	2.0	1.1	.2
1942.....	20.3	20.1	1.2	.0	1.2	18.9	11.8	2.2	3.4	1.5	.2
1943.....	24.4	24.1	1.3	.0	1.3	22.8	13.8	3.0	4.4	1.6	.2
1944.....	23.8	23.5	1.6	.1	1.6	21.9	13.2	3.2	3.9	1.6	.3
1945.....	19.2	18.9	1.7	.1	1.6	17.3	9.7	3.3	2.7	1.5	.2
1946.....	19.3	18.9	2.1	.1	2.0	16.8	9.0	3.8	1.8	2.1	.4
1947.....	25.6	24.9	1.7	.1	1.6	23.2	13.6	4.6	2.2	2.9	.7
1948.....	33.0	32.2	2.6	.2	2.3	29.6	17.6	5.5	3.0	3.6	.8
1949.....	30.8	29.9	3.1	.2	2.9	26.8	16.2	4.5	3.0	3.1	.8
1950.....	37.6	36.7	3.1	.2	3.0	33.5	20.9	5.0	4.0	3.6	1.0
1951.....	42.7	41.5	3.6	.3	3.3	37.9	24.6	5.0	4.6	3.7	1.2
1952.....	39.8	38.7	4.0	.4	3.7	34.7	21.7	4.8	4.9	3.3	1.1
1953.....	39.5	38.4	4.5	.4	4.1	33.9	22.0	3.8	5.0	3.1	1.1
1954.....	37.8	36.4	4.6	.3	4.3	31.8	19.9	3.8	4.7	3.4	1.4
1955.....	46.7	45.1	4.8	.3	4.5	40.3	26.0	5.0	5.6	3.6	1.6
1956.....	45.9	44.1	5.0	.5	4.5	39.1	24.7	4.5	5.9	4.1	1.8
1957.....	45.4	43.5	5.2	.6	4.6	38.3	24.0	4.4	5.8	4.0	1.9
1958.....	40.8	39.1	5.7	.6	5.1	33.5	19.4	4.6	5.9	3.6	1.7
1959.....	51.2	49.4	6.8	.7	6.0	42.6	26.2	5.9	7.0	3.5	1.8
1960.....	48.9	47.0	7.2	1.0	6.2	39.8	23.9	4.9	7.4	3.5	1.9
1961.....	48.7	46.3	7.0	.8	6.3	39.3	23.0	4.9	7.8	3.6	2.3
1962.....	53.7	51.1	7.3	.9	6.4	43.8	26.0	5.7	8.4	3.8	2.6
1963.....	57.6	54.9	6.8	1.0	5.8	48.1	28.7	5.9	9.3	4.2	2.6
1964.....	64.2	61.0	6.9	1.1	5.8	54.1	31.9	7.4	9.9	4.9	3.1
1965.....	73.3	70.1	7.5	1.4	6.2	62.5	38.3	7.9	11.0	5.3	3.3
1966.....	78.6	75.9	8.5	1.7	6.8	67.4	41.6	8.0	11.8	6.0	2.8
1967.....	75.6	72.6	9.0	2.0	7.0	63.6	37.9	8.9	10.7	6.1	3.0
1968.....	82.1	78.9	10.4	2.5	7.9	68.5	41.2	10.1	10.7	6.5	3.2
1969.....	77.9	74.2	11.3	3.1	8.2	62.9	36.8	10.1	10.2	5.8	3.7
1970.....	66.4	62.6	12.6	3.6	9.0	50.1	27.1	9.4	8.2	5.3	3.8
1971.....	76.9	72.4	14.1	3.3	10.8	58.2	32.4	11.7	8.3	5.8	4.6
1972.....	89.6	84.7	15.4	3.4	12.1	69.3	40.6	13.3	9.0	6.4	4.8
1973.....	97.2	90.4	16.2	4.5	11.7	74.1	44.1	14.7	8.3	7.0	6.8
1974.....	86.5	76.9	14.4	5.7	8.7	62.5	36.6	12.9	5.6	7.4	9.6
1975.....	107.9	101.8	13.0	5.7	7.3	88.9	48.3	20.7	9.2	10.7	6.1
1976.....	141.3	133.1	17.8	6.0	11.8	115.3	65.7	23.3	13.8	12.4	8.2
1977.....	162.0	152.1	23.8	6.2	17.6	128.3	73.5	24.1	16.8	13.9	9.8
1978.....	180.8	170.6	29.7	7.7	21.9	140.9	81.7	23.0	20.3	16.0	10.2
1979 p.....	195.2	181.9	33.0	9.6	23.4	149.0	89.3				13.3
1977:											
I.....	149.7	139.9	21.3	6.0	15.2	118.7	68.3	21.5	16.3	12.6	9.8
II.....	160.3	150.5	22.9	6.2	16.7	127.6	75.1	23.4	15.3	13.8	9.8
III.....	172.0	161.2	24.8	6.2	18.6	136.4	72.5	31.0	18.1	14.8	10.7
IV.....	166.0	156.9	26.4	6.4	20.0	130.5	78.1	20.5	17.5	14.4	9.1
1978:											
I.....	153.6	143.5	27.2	6.9	20.3	116.3	67.6	17.9	17.1	13.7	10.1
II.....	182.0	171.0	28.9	7.4	21.5	142.1	83.4	22.7	20.1	16.0	11.0
III.....	189.0	178.8	30.6	8.0	22.6	148.3	85.1	25.5	21.2	16.5	10.2
IV.....	198.6	189.0	32.1	8.6	23.5	156.9	90.6	25.8	22.7	17.9	9.6
1979:											
I.....	193.3	181.4	31.9	8.8	23.1	149.6	94.1	18.6	21.7	15.1	11.9
II.....	191.3	179.6	32.0	9.2	22.8	147.7	90.6	22.4	18.5	16.1	11.7
III.....	198.3	182.5	33.8	9.7	24.1	148.7	86.4	26.5	18.0	17.8	15.8

See next page for continuation of table.

TABLE B-80.—Corporate profits by industry, 1929-79—Continued

[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Year or quarter	Corporate profits before deduction of capital consumption allowances, with inventory valuation adjustment										Rest of the world
	Total	Domestic industries								Total	
		Total	Financial <sup>1</sup>			Nonfinancial					
			Total	Federal Reserve banks	Other	Total	Manufacturing <sup>2</sup>	Wholesale and retail trade	Utilities <sup>3</sup>		
1929	14.7	14.4	1.4	0.0	1.4	13.0	7.1	1.3	2.9	1.7	0.2
1933	2.6	2.6	.4	.0	.4	2.2	1.3	-.2	1.1	.0	.0
1939	10.1	9.9	.9	.0	.9	9.0	4.9	1.0	2.0	1.1	.2
1940	13.6	13.4	1.1	.0	1.1	12.3	7.2	1.5	2.3	1.4	.2
1941	19.5	19.3	1.2	.0	1.2	18.1	11.4	1.7	3.1	1.9	.2
1942	25.4	25.2	1.3	.0	1.3	23.9	14.2	2.6	4.8	2.2	.2
1943	29.7	29.5	1.4	.0	1.4	28.1	16.6	3.3	5.8	2.4	.2
1944	29.9	29.6	1.7	.1	1.6	27.9	16.5	3.5	5.5	2.4	.3
1945	25.5	25.3	1.7	.1	1.6	23.6	13.0	3.6	4.6	2.3	.2
1946	24.0	23.6	2.2	.1	2.1	21.4	11.2	4.2	3.0	2.9	.4
1947	31.4	30.7	1.8	.1	1.7	28.9	16.3	5.2	3.6	3.8	.7
1948	40.0	39.2	2.7	.2	2.5	36.5	20.8	6.2	4.7	4.8	.8
1949	38.7	37.9	3.3	.2	3.0	34.6	19.8	5.4	4.8	4.6	.8
1950	46.5	45.5	3.3	.2	3.1	42.2	24.9	6.0	6.1	5.2	1.0
1951	53.0	51.8	3.8	.3	3.5	48.0	29.1	6.2	7.1	5.6	1.2
1952	51.3	50.2	4.2	.4	3.9	46.0	26.9	6.1	7.6	5.4	1.1
1953	52.7	51.6	4.8	.4	4.4	46.8	28.3	5.1	8.1	5.3	1.1
1954	52.8	51.4	4.9	.3	4.6	46.5	27.1	5.2	8.2	5.9	1.4
1955	64.1	62.6	5.2	.3	4.8	57.4	34.3	6.7	9.8	6.6	1.6
1956	64.9	63.1	5.4	.5	4.9	57.7	33.6	6.3	10.3	7.4	1.8
1957	66.3	64.4	5.7	.6	5.0	58.7	33.9	6.5	10.5	7.8	1.9
1958	62.9	61.2	6.1	.6	5.5	55.0	29.8	6.6	10.9	7.6	1.7
1959	74.8	73.0	7.3	.7	6.5	65.7	37.1	8.0	12.5	8.0	1.8
1960	74.1	72.2	7.8	1.0	6.8	64.4	35.5	7.3	13.3	8.4	1.9
1961	75.3	72.9	7.7	.8	6.9	65.3	35.2	7.4	14.0	8.8	2.3
1962	84.2	81.5	8.0	.9	7.1	73.6	40.2	8.4	15.4	9.6	2.6
1963	90.0	87.4	7.6	1.0	6.6	79.8	43.9	8.7	16.8	10.4	2.6
1964	98.7	95.6	7.9	1.2	6.7	87.7	48.0	10.4	17.9	11.4	3.1
1965	110.8	107.5	8.5	1.4	7.2	99.0	55.9	11.1	19.6	12.3	3.3
1966	119.3	116.5	9.6	1.7	7.9	106.9	60.5	11.5	21.3	13.6	2.8
1967	119.7	116.7	10.2	2.0	8.2	106.5	58.7	12.7	21.0	14.1	3.0
1968	130.2	127.0	11.8	2.5	9.3	115.1	63.9	14.3	21.9	15.0	3.2
1969	130.9	127.2	13.0	3.1	9.9	114.2	61.5	14.9	22.4	15.4	3.7
1970	123.0	119.2	14.5	3.6	11.0	104.7	53.1	14.7	21.4	15.5	3.8
1971	137.8	133.3	16.3	3.4	13.0	116.9	59.8	17.5	23.2	16.4	4.6
1972	157.4	152.6	18.0	3.4	14.7	134.6	69.9	20.2	26.3	18.3	4.8
1973	170.9	164.1	19.5	4.5	14.9	144.6	75.0	22.1	27.4	20.2	6.8
1974	168.1	158.5	18.3	5.7	12.6	140.2	70.5	21.3	26.7	21.7	9.6
1975	197.2	191.1	17.3	5.7	11.6	173.8	85.2	29.9	32.3	26.4	6.1
1976	238.5	230.2	22.5	6.0	16.5	207.7	105.7	34.3	38.5	29.2	8.2
1977	271.3	261.4	28.9	6.2	22.7	232.5	119.9	36.0	43.3	33.2	9.8
1978	300.6	290.4	35.2	7.8	27.4	255.2	132.1	36.2	49.7	37.3	10.2
1979 <sup>P</sup>	326.1	312.9	38.7	9.6	29.2	274.1	145.1				13.3
1977:											
I	253.8	244.0	26.2	6.0	20.2	217.8	112.2	33.1	41.7	30.9	9.8
II	268.6	258.8	28.0	6.2	21.8	230.9	121.0	35.2	41.7	33.0	9.8
III	283.7	272.9	29.9	6.2	23.7	243.0	120.3	43.0	45.2	34.5	10.7
IV	279.0	269.9	31.6	6.4	25.2	238.3	126.2	32.8	44.8	34.6	9.1
1978:											
I	270.1	260.0	32.5	7.0	25.6	227.5	117.0	30.6	45.7	34.3	10.1
II	301.1	290.1	34.3	7.4	26.9	255.8	133.7	35.7	49.4	37.0	11.0
III	309.6	299.4	36.1	8.0	28.1	263.3	135.5	38.9	51.0	37.9	10.2
IV	321.7	312.1	37.8	8.6	29.1	274.4	142.2	39.5	52.7	39.9	9.6
1979:											
I	318.8	306.9	37.5	8.8	28.8	269.4	147.2	32.5	52.2	37.5	11.9
II	321.7	310.0	37.7	9.2	28.5	272.3	145.9	36.7	50.4	39.4	11.7
III	331.1	315.3	39.6	9.7	29.9	275.7	143.0	41.1	50.0	41.5	15.8

<sup>1</sup> Consists of the following industries: Banking; credit agencies other than banks; security and commodity brokers, dealers, and services; insurance carriers; regulated investment companies; small business investment companies; and real estate investment trusts.

<sup>2</sup> See Table B-81 for industry detail.

<sup>3</sup> Consists of transportation, communication, and electric, gas, and sanitary services.

Note.—The industry classification is on a company basis and is based on the 1972 Standard Industrial Classification (SIC) beginning 1948, and on the 1942 SIC prior to 1948.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-81.—Corporate profits of manufacturing industries, 1929-79

(Billions of dollars; quarterly data at seasonally adjusted annual rates)

Year or quarter	Corporate profits with inventory valuation adjustment and without capital consumption adjustment											
	Total manufacturing	Nondurable goods					Durable goods					
		Total	Food and kindred products	Chemicals and allied products	Petroleum and coal products	Other	Total	Primary metal industries	Fabricated metal products	Machinery, except electrical	Electric and electronic equipment	Motor vehicles and equipment
1929.....	5.2	2.6				2.6						
1933.....	- .4	.0				- .4						
1939.....	3.3	1.7				1.7						
1940.....	5.5	2.4				3.1						
1941.....	9.5	3.1				6.4						
1942.....	11.8	4.6				7.2						
1943.....	13.8	5.7				8.1						
1944.....	13.2	5.9				7.4						
1945.....	9.7	5.2				4.5						
1946.....	9.0	6.6				2.4						
1947.....	13.6	7.8				5.8						
1948.....	17.6	10.0	1.9	1.7	2.8	3.7	1.6	0.8	1.2	0.7	1.4	1.8
1949.....	16.2	8.1	1.6	1.8	1.9	2.8	1.5	.7	1.3	.8	2.1	1.7
1950.....	20.9	8.9	1.6	2.3	2.3	2.7	2.3	1.1	1.6	1.2	3.1	2.6
1951.....	24.6	11.4	1.4	2.8	2.7	4.4	13.2	3.1	1.3	2.3	1.3	2.4
1952.....	21.7	9.9	1.7	2.3	2.3	3.6	11.7	1.9	1.0	2.3	1.5	2.4
1953.....	22.0	10.1	1.8	2.2	2.8	3.3	11.9	2.5	1.0	1.9	1.4	2.6
1954.....	19.9	9.4	1.6	2.2	2.7	2.9	10.5	1.7	.9	1.7	1.2	2.1
1955.....	26.0	11.8	2.2	3.0	3.0	3.6	14.3	2.9	1.0	1.7	1.1	4.1
1956.....	24.7	11.9	1.8	2.8	3.3	4.1	12.8	3.0	1.1	2.1	1.2	2.2
1957.....	24.0	10.7	1.8	2.8	2.6	3.6	13.3	3.0	1.1	2.0	1.5	2.6
1958.....	19.4	10.0	2.1	2.5	2.1	3.3	9.3	1.9	.9	1.4	1.3	.9
1959.....	26.2	12.7	2.6	3.4	2.5	4.2	13.5	2.3	1.1	2.1	1.7	2.9
1960.....	23.9	11.9	2.1	3.1	2.5	4.2	12.0	2.1	.9	1.8	1.3	3.0
1961.....	23.0	11.7	2.3	3.1	2.2	4.0	11.3	1.5	1.0	1.8	1.3	2.5
1962.....	26.0	11.9	2.3	3.2	2.1	4.3	14.1	1.6	1.2	2.3	1.5	4.0
1963.....	28.7	12.8	2.7	3.6	2.1	4.5	15.9	1.9	1.2	2.4	1.5	4.9
1964.....	31.9	14.4	2.8	3.9	2.4	5.3	17.5	2.4	1.4	3.1	1.6	4.7
1965.....	38.3	15.8	2.6	4.5	2.8	5.8	22.6	3.1	2.0	3.8	2.5	6.1
1966.....	41.6	18.0	3.3	4.8	3.2	6.7	23.5	3.6	2.4	4.4	3.0	5.1
1967.....	37.9	17.3	3.1	4.2	3.8	6.2	20.6	2.7	2.4	4.0	2.9	3.9
1968.....	41.2	18.8	3.2	5.0	3.6	7.0	22.4	2.0	2.4	4.1	2.8	5.5
1969.....	36.8	17.7	2.9	4.6	3.3	6.9	19.2	1.4	2.0	3.6	2.2	4.8
1970.....	27.1	16.8	3.5	3.9	3.6	5.8	10.3	.9	1.2	2.7	1.1	1.4
1971.....	32.4	17.3	3.3	4.2	3.6	6.2	15.1	.5	1.3	2.7	1.8	4.9
1972.....	40.6	18.1	2.8	5.0	3.5	6.8	22.5	1.6	2.1	3.9	2.9	5.9
1973.....	44.1	20.1	2.2	5.8	4.9	7.2	24.0	2.0	2.6	4.5	2.6	5.8
1974.....	36.6	25.1	3.0	5.1	10.2	6.8	11.5	4.9	1.2	1.5	.3	2
1975.....	48.3	30.1	7.9	5.8	8.1	8.2	18.3	2.9	2.9	4.3	2.1	1.7
1976.....	65.7	37.5	7.3	8.0	11.7	10.6	28.2	2.0	3.9	5.6	2.7	7.4
1977.....	73.5	39.3	6.2	7.6	12.2	13.4	34.2	1.3	4.3	7.1	4.2	9.1
1978.....	81.7	41.4	5.7	7.9	13.0	14.7	40.3	2.5	4.6	8.3	5.2	8.9
1979 <sup>a</sup> .....	89.3	51.3					38.0					10.8
1977:												
I.....	68.3	37.3	5.4	7.8	11.8	12.3	31.0	1.3	4.0	6.1	3.5	7.2
II.....	75.1	39.5	6.2	7.8	12.6	12.9	35.5	1.8	4.4	6.8	4.1	10.4
III.....	72.5	39.4	7.2	7.3	11.4	13.5	33.1	.6	4.2	7.4	4.3	8.5
IV.....	78.1	40.9	5.9	7.4	13.0	14.7	37.2	1.6	4.6	8.1	4.8	8.7
1978:												
I.....	67.6	36.7	4.6	7.4	10.0	14.8	30.9	.7	3.8	6.1	4.7	7.0
II.....	83.4	41.0	5.5	7.6	13.3	14.7	42.3	3.2	4.8	9.4	4.9	9.6
III.....	85.1	42.7	6.5	7.8	14.1	14.4	42.4	3.1	4.9	7.8	6.1	9.5
IV.....	90.6	45.1	6.4	8.9	14.8	15.1	45.5	2.9	5.1	9.8	5.1	9.3
1979:												
I.....	94.1	48.2	5.7	9.0	16.4	17.1	46.0	3.8	5.0	8.2	5.5	11.4
II.....	90.6	49.4	7.6	8.0	19.5	14.2	41.2	4.2	5.4	7.6	5.2	7.4
III.....	86.4	53.8	7.8	7.1	21.8	17.1	32.6	4.0	4.8	7.9	5.1	- .5

See next page for continuation of table.



TABLE B-81.—Corporate profits of manufacturing industries, 1929-79—Continued

(Billions of dollars; quarterly data at seasonally adjusted annual rates)

Year or quarter	Corporate profits before deduction of capital consumption allowances, with inventory valuation adjustment												
	Total manufacturing	Nondurable goods					Durable goods						
		Total	Food and kindred products	Chemicals and allied products	Petroleum and coal products	Other	Total	Primary metal industries	Fabricated metal products	Machinery, except electrical	Electric and electronic equipment	Motor vehicles and equipment	Other
1929.....	7.1	3.6					3.4						
1933.....	1.3	1.1					2						
1939.....	4.9	2.6					2.3						
1940.....	7.2	3.4					3.8						
1941.....	11.4	4.1					7.2						
1942.....	14.2	5.9					8.4						
1943.....	16.6	7.1					9.5						
1944.....	16.5	7.5					9.0						
1945.....	13.0	7.0					6.0						
1946.....	11.2	7.9					3.3						
1947.....	16.3	9.3					6.9						
1948.....	20.8	11.8	2.2	2.0	3.4	4.2	9.0	1.9	1.0	1.5	0.8	1.6	2.2
1949.....	19.8	10.1	2.0	2.1	2.6	3.4	9.7	1.9	9	1.6	9	2.3	2.1
1950.....	24.9	11.1	2.1	2.7	3.1	3.3	13.7	2.8	1.3	1.9	1.4	3.3	3.0
1951.....	29.1	13.9	2.0	3.2	3.6	5.1	15.3	3.6	1.5	2.6	1.5	2.7	3.3
1952.....	26.9	12.7	2.3	2.8	3.2	4.4	14.2	2.6	1.3	2.7	1.7	2.7	3.3
1953.....	28.3	13.2	2.3	2.8	3.9	4.1	15.0	3.5	1.2	2.3	1.6	3.0	3.3
1954.....	27.1	13.1	2.3	3.0	4.1	3.8	14.1	2.9	1.2	2.2	1.5	2.5	3.7
1955.....	34.3	16.0	2.9	3.9	4.6	4.6	18.3	4.2	1.4	2.3	1.5	4.6	4.4
1956.....	33.6	16.5	2.5	3.8	4.9	5.2	17.2	4.3	1.4	2.8	1.6	2.9	4.2
1957.....	33.9	15.7	2.6	3.8	4.4	4.9	18.2	4.5	1.5	2.7	2.0	3.3	4.2
1958.....	29.8	15.4	3.0	3.6	4.0	4.7	14.4	3.2	1.3	2.2	1.8	1.6	4.2
1959.....	37.1	18.4	3.6	4.6	4.5	5.7	18.7	3.6	1.5	2.9	2.2	3.7	4.8
1960.....	35.5	17.8	3.2	4.4	4.5	5.8	17.7	3.4	1.4	2.7	1.8	4.0	4.4
1961.....	35.2	18.0	3.4	4.5	4.3	5.7	17.2	2.9	1.5	2.8	1.9	3.5	4.6
1962.....	40.2	19.1	3.6	4.8	4.4	6.2	21.1	3.3	1.8	3.4	2.1	5.2	5.3
1963.....	43.9	20.5	4.0	5.3	4.7	6.5	23.3	3.7	1.9	3.5	2.2	6.3	5.7
1964.....	48.0	22.6	4.2	5.7	5.1	7.5	25.5	4.3	2.1	4.3	2.3	6.3	6.2
1965.....	55.9	24.4	4.0	6.5	5.8	8.1	31.4	5.1	2.7	5.2	3.3	8.0	7.1
1966.....	60.5	27.2	4.9	6.8	6.3	9.2	33.3	5.7	3.1	5.8	3.9	7.5	7.3
1967.....	58.7	27.1	4.7	6.3	7.2	8.9	31.6	5.0	3.3	5.7	3.9	6.4	7.3
1968.....	63.9	29.3	4.9	7.3	7.3	9.9	34.6	4.5	3.4	6.0	4.1	8.1	8.6
1969.....	61.5	29.2	4.8	7.1	7.1	10.2	32.3	4.0	3.0	5.7	3.7	7.5	8.4
1970.....	53.1	29.0	5.6	6.6	7.6	9.2	24.1	3.5	2.3	5.2	2.8	3.8	6.5
1971.....	59.8	30.4	5.5	7.1	7.9	9.9	29.4	3.1	2.4	5.4	3.7	7.3	7.5
1972.....	69.9	32.2	5.1	8.2	8.0	10.8	37.6	4.1	3.3	6.8	5.1	8.4	9.9
1973.....	75.0	35.1	4.8	9.0	9.7	11.6	39.9	4.7	3.8	7.6	4.9	8.3	10.6
1974.....	70.5	40.8	5.7	8.6	15.1	11.5	29.7	8.1	2.6	4.9	3.0	3.1	8.1
1975.....	85.2	47.2	10.9	9.7	13.3	13.3	38.0	6.3	4.5	7.9	5.0	4.8	9.5
1976.....	105.7	56.6	10.6	12.5	17.5	16.0	49.1	5.4	5.6	9.7	5.8	10.7	12.0
1977.....	119.9	62.1	10.0	12.8	19.9	19.5	57.9	5.2	6.4	11.6	7.8	13.2	13.7
1978.....	132.1	66.3	9.9	13.6	21.7	21.2	65.8	6.7	6.9	13.2	9.0	13.3	16.8
1979 <sup>p</sup> .....	145.1	78.8					66.3						
1977:													
I.....	112.2	58.5	9.0	12.8	18.6	18.1	53.7	4.9	5.9	10.4	6.9	12.8	12.7
II.....	121.0	62.2	9.9	13.0	20.0	19.3	58.8	5.7	6.4	11.4	7.6	14.1	13.6
III.....	120.3	62.9	11.1	12.5	19.7	19.6	57.4	4.5	6.4	12.1	7.9	12.8	13.7
IV.....	126.2	64.7	9.8	12.8	21.2	21.0	61.4	5.6	6.8	12.6	8.6	13.0	14.9
1978:													
I.....	117.0	61.0	8.6	12.8	18.4	21.1	56.0	4.9	6.0	10.8	8.4	11.6	14.3
II.....	133.7	65.9	9.5	13.2	22.0	21.1	67.9	7.3	7.0	14.2	8.9	14.3	16.2
III.....	135.5	67.6	10.6	13.5	22.7	20.9	67.9	7.3	7.2	12.8	9.9	13.8	16.9
IV.....	142.2	70.7	10.7	14.9	23.5	21.5	71.6	7.2	7.4	14.9	8.9	13.5	19.8
1979:													
I.....	147.2	74.4	10.1	15.2	25.4	23.8	72.7	8.1	7.5	13.3	9.5	16.0	18.4
II.....	145.9	76.9	12.2	14.5	29.0	21.1	69.1	8.6	8.1	13.0	9.4	12.0	17.9
III.....	143.0	81.6	12.5	13.5	31.4	24.2	61.4	8.8	7.5	13.4	9.4	4.6	17.7

Note.—The industry classification is on a company basis and is based on the 1972 Standard Industrial Classification (SIC) beginning 1948, and on the 1942 SIC prior to 1948.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-82.—Sales, profits, and stockholders' equity, all manufacturing corporations, 1950-79

(Billions of dollars)

Year or quarter	All manufacturing corporations				Durable goods industries				Nondurable goods industries			
	Sales (net)	Profits		Stockholders' equity <sup>2</sup>	Sales (net)	Profits		Stockholders' equity <sup>2</sup>	Sales (net)	Profits		Stockholders' equity <sup>2</sup>
		Before income taxes <sup>1</sup>	After income taxes			Before income taxes <sup>1</sup>	After income taxes			Before income taxes <sup>1</sup>	After income taxes	
1950	181.9	23.2	12.9	83.3	86.8	12.9	6.7	39.9	95.1	10.3	6.1	43.5
1951	245.0	27.4	11.9	98.3	116.8	15.4	6.1	47.2	128.1	12.1	5.7	51.1
1952	250.2	22.9	10.7	103.7	122.0	12.9	5.5	49.8	128.0	10.0	5.2	53.9
1953	265.9	24.4	11.3	108.2	137.9	14.0	5.8	52.4	128.0	10.4	5.5	55.7
1954	248.5	20.9	11.2	113.1	122.8	11.4	5.6	54.9	125.7	9.6	5.6	58.2
1955	278.4	28.6	15.1	120.1	142.1	16.5	8.1	58.8	136.3	12.1	7.0	61.3
1956	307.3	29.8	16.2	131.6	159.5	16.5	8.3	65.2	147.8	13.2	7.8	66.4
1957	320.0	28.2	15.4	141.1	166.0	15.8	7.9	70.5	154.1	12.4	7.5	70.6
1958	305.3	22.7	12.7	147.4	148.6	11.4	5.8	72.8	156.7	11.3	6.9	74.6
1959	338.0	29.7	16.3	157.1	169.4	15.8	8.1	77.9	168.5	13.9	8.3	79.2
1960	345.7	27.5	15.2	165.4	173.9	14.0	7.0	82.3	171.8	13.5	8.2	83.1
1961	356.4	27.5	15.3	172.6	175.2	13.6	6.9	84.9	181.2	13.9	8.5	87.7
1962	389.9	31.9	17.7	181.4	195.5	16.7	8.6	89.1	194.4	15.1	9.2	92.3
1963	412.7	34.9	19.5	189.7	209.0	18.5	9.5	93.3	203.6	16.4	10.0	96.3
1964	443.1	39.6	23.2	199.8	226.3	21.2	11.6	98.5	216.8	18.3	11.6	101.3
1965	492.2	46.5	27.5	211.7	257.0	26.2	14.5	105.4	235.2	20.3	13.0	106.3
1966	554.2	51.8	30.9	230.3	291.7	29.2	16.4	115.2	262.4	22.6	14.6	115.1
1967	575.4	47.8	29.0	247.6	300.6	25.7	14.6	125.0	274.8	22.0	14.4	122.6
1968	631.9	55.4	32.1	265.9	335.5	30.6	16.5	135.6	296.4	24.8	15.5	130.3
1969	694.6	58.1	33.2	289.9	366.5	31.5	16.9	147.6	328.1	26.6	16.4	142.3
1970	708.8	48.1	28.6	306.8	363.1	23.0	12.9	155.1	345.7	25.2	15.7	151.7
1971	751.4	53.2	31.3	320.9	382.5	26.5	14.5	160.6	368.9	26.7	16.7	160.3
1972	849.5	63.2	36.5	343.4	435.8	33.6	18.4	171.4	413.7	29.6	18.0	172.0
1973	1,017.2	81.4	48.1	374.1	527.3	43.6	24.8	188.7	489.9	37.8	23.3	185.4
1973: IV	275.1	21.4	13.0	386.4	140.1	10.8	6.3	194.7	135.0	10.6	6.7	191.7
New series:												
1974	1,060.6	92.1	58.7	395.0	529.0	41.1	24.7	196.0	531.6	51.0	34.1	199.0
1975	1,065.2	79.9	49.1	423.4	521.1	35.3	21.4	208.1	544.1	44.6	27.7	215.3
1976	1,203.2	104.9	64.5	462.7	589.6	50.7	30.8	224.3	613.7	54.3	33.7	238.4
1977	1,328.1	115.1	70.4	496.7	657.3	57.9	34.8	239.9	670.8	57.2	35.5	256.8
1978	1,496.4	132.5	81.1	539.4	760.7	69.6	41.8	261.5	735.7	62.9	39.3	277.9
1973: IV	236.6	20.6	13.2	368.0	122.7	10.1	6.2	185.8	113.9	10.5	7.0	182.1
1974:												
I	242.0	21.2	13.5	379.0	120.3	9.5	5.7	189.4	121.7	11.7	7.8	189.6
II	269.4	25.9	16.3	389.9	136.8	12.6	7.6	194.1	132.6	13.3	8.7	195.8
III	272.1	25.0	15.5	402.7	134.8	10.5	6.2	199.9	137.3	14.5	9.4	202.8
IV	277.0	20.1	13.4	408.4	137.1	8.6	5.2	200.8	140.0	11.5	8.2	207.6
1975:												
I	247.1	15.4	9.3	410.7	121.3	7.0	4.1	201.7	125.8	8.4	5.2	209.0
II	265.8	20.2	12.4	420.2	132.4	9.3	5.7	207.3	133.3	10.9	6.8	212.9
III	271.0	21.7	13.2	427.4	131.0	9.1	5.5	209.7	140.0	12.7	7.7	217.6
IV	281.3	22.6	14.2	435.5	136.3	10.0	6.2	213.7	145.0	12.6	8.1	221.8
1976:												
I	284.2	24.5	14.8	446.5	137.8	11.3	6.7	216.7	146.3	13.2	8.1	229.8
II	307.6	29.3	18.1	460.1	153.7	14.8	9.0	223.4	153.9	14.5	9.1	236.7
III	301.6	26.2	16.0	468.9	146.2	12.2	7.4	227.1	155.4	14.0	8.6	241.7
IV	309.8	24.9	15.6	475.3	151.8	12.4	7.7	229.9	158.1	12.6	7.9	245.5
1977:												
I	311.5	25.6	15.6	479.8	151.2	12.5	7.5	230.8	160.3	13.0	8.1	249.1
II	338.6	32.4	19.7	492.9	169.5	16.9	10.2	238.4	169.1	15.5	9.5	254.5
III	331.7	27.3	16.7	502.4	163.8	13.0	7.8	243.1	167.9	14.3	8.9	259.3
IV	346.2	29.9	18.4	511.7	172.7	15.5	9.4	247.5	173.5	14.3	9.0	264.2
1978:												
I	340.3	26.9	16.0	518.7	170.1	13.6	7.9	250.3	170.3	13.3	8.1	268.4
II	377.5	36.0	22.1	531.8	195.0	19.8	12.0	257.6	182.4	16.2	10.1	274.2
III	376.9	33.4	20.4	546.3	189.7	17.0	10.3	265.2	187.2	16.4	10.1	281.1
IV	401.8	36.3	22.6	560.8	205.9	19.1	11.6	272.9	195.9	17.1	11.0	287.8
1979:												
I	406.2	36.5	22.6	574.2	208.1	18.8	11.5	281.1	198.1	17.7	11.2	293.1
II	436.4	42.6	26.8	592.0	223.3	21.7	13.3	290.1	213.0	21.0	13.4	301.9
III	437.5	38.3	24.8	609.2	214.6	16.4	10.4	297.8	223.0	21.8	14.4	311.4

<sup>1</sup> In the old series, "income taxes" refers to Federal income taxes only, as State and local income taxes had already been deducted. In the new series, no income taxes have been deducted.

<sup>2</sup> Annual data are average equity for the year (using four end-of-quarter figures).

Note.—Data are not necessarily comparable from one period to another due to changes in accounting procedures, industry classifications, sampling procedures, etc. For explanatory notes concerning compilation of the series, see "Quarterly Financial Report for Manufacturing, Mining, and Trade Corporations," Federal Trade Commission.

Source: Federal Trade Commission.

TABLE B-83.—Relation of profits after taxes to stockholders' equity and to sales, all manufacturing corporations, 1947-79

Year or quarter	Ratio of profits after income taxes (annual rate) to stockholders' equity—percent <sup>1</sup>			Profits after income taxes per dollar of sales—cents		
	All manufacturing corporations	Durable goods industries	Nondurable goods industries	All manufacturing corporations	Durable goods industries	Nondurable goods industries
1947.....	15.6	14.4	16.6	6.7	6.7	6.7
1948.....	16.0	15.7	16.2	7.0	7.1	6.8
1949.....	11.6	12.1	11.2	5.8	6.4	5.4
1950.....	15.4	16.9	14.1	7.1	7.7	6.5
1951.....	12.1	13.0	11.2	4.8	5.3	4.5
1952.....	10.3	11.1	9.7	4.3	4.5	4.1
1953.....	10.5	11.1	9.9	4.3	4.2	4.3
1954.....	9.9	10.3	9.6	4.5	4.6	4.4
1955.....	12.6	13.8	11.4	5.4	5.7	5.1
1956.....	12.3	12.8	11.8	5.3	5.2	5.3
1957.....	10.9	11.3	10.6	4.8	4.8	4.9
1958.....	8.6	8.0	9.2	4.2	3.9	4.4
1959.....	10.4	10.4	10.4	4.8	4.8	4.9
1960.....	9.2	8.5	9.8	4.4	4.0	4.8
1961.....	8.9	8.1	9.6	4.3	3.9	4.7
1962.....	9.8	9.6	9.9	4.5	4.4	4.7
1963.....	10.3	10.1	10.4	4.7	4.5	4.9
1964.....	11.6	11.7	11.5	5.2	5.1	5.4
1965.....	13.0	13.8	12.2	5.6	5.7	5.5
1966.....	13.4	14.2	12.7	5.6	5.6	5.6
1967.....	11.7	11.7	11.8	5.0	4.8	5.3
1968.....	12.1	12.2	11.9	5.1	4.9	5.2
1969.....	11.5	11.4	11.5	4.8	4.6	5.0
1970.....	9.3	8.3	10.3	4.0	3.5	4.5
1971.....	9.7	9.0	10.3	4.1	3.8	4.5
1972.....	10.6	10.8	10.5	4.3	4.2	4.4
1973.....	12.8	13.1	12.6	4.7	4.7	4.8
1973: IV.....	13.4	12.9	14.0	4.7	4.5	5.0
<u>New series:</u>						
1974.....	14.9	12.6	17.1	5.5	4.7	6.4
1975.....	11.6	10.3	12.9	4.6	4.1	5.1
1976.....	13.9	13.7	14.2	5.4	5.2	5.5
1977.....	14.2	14.5	13.8	5.3	5.3	5.3
1978.....	15.0	16.0	14.2	5.4	5.5	5.3
1973: IV.....	14.3	13.3	15.3	5.6	5.0	6.1
1974:						
I.....	14.3	12.1	16.4	5.6	4.8	6.4
II.....	16.7	15.6	17.8	6.0	5.5	6.6
III.....	15.4	12.3	18.5	5.7	4.6	6.8
IV.....	13.2	10.4	15.8	4.8	3.8	5.9
1975:						
I.....	9.0	8.1	10.0	3.7	3.4	4.1
II.....	11.8	10.9	12.8	4.7	4.3	5.1
III.....	12.4	10.5	14.1	4.9	4.2	5.5
IV.....	13.1	11.6	14.5	5.1	4.5	5.6
1976:						
I.....	13.3	12.4	14.2	5.2	4.9	5.6
II.....	15.7	16.1	15.4	5.9	5.8	5.9
III.....	13.7	13.0	14.3	5.3	5.1	5.6
IV.....	13.1	13.4	12.9	5.0	5.1	5.0
1977:						
I.....	13.0	13.0	13.0	5.0	5.0	5.0
II.....	16.0	17.1	15.0	5.8	6.0	5.6
III.....	13.3	12.9	13.7	5.0	4.8	5.3
IV.....	14.4	15.1	13.7	5.3	5.4	5.2
1978:						
I.....	12.4	12.7	12.1	4.7	4.7	4.8
II.....	16.7	18.7	14.8	5.9	6.2	5.6
III.....	14.9	15.5	14.4	5.4	5.4	5.4
IV.....	16.1	17.0	15.3	5.6	5.6	5.6
1979:						
I.....	15.8	16.3	15.3	5.6	5.5	5.6
II.....	18.1	18.4	17.8	6.1	6.0	6.3
III.....	16.3	13.9	18.5	5.7	4.8	6.5

<sup>1</sup> Annual ratios based on average equity for the year (using four end-of-quarter figures). Quarterly ratios based on equity at end of quarter only.

Note.—Based on data in millions of dollars.  
See Note, Table B-82.

Source: Federal Trade Commission.

TABLE B-84.—Relation of profits after taxes to stockholders' equity and to sales, all manufacturing corporations, by industry group, 1978-79

Industry	Ratio of profits after income taxes (annual rate) to stockholders' equity—percent <sup>1</sup>					Profits after income taxes per dollar of sales—cents				
	1978		1979			1978		1979		
	III	IV	I	II	III	III	IV	I	II	III
All manufacturing corporations.....	14.9	16.1	15.8	18.1	16.3	5.4	5.6	5.6	6.1	5.7
Durable goods industries.....	15.5	17.0	16.3	18.4	13.9	5.4	5.6	5.5	6.0	4.8
Stone, clay, and glass products.....	21.3	17.8	7.7	19.4	19.3	7.5	6.6	3.3	6.9	6.7
Primary metal industries.....	9.9	11.1	12.7	17.2	13.2	3.6	3.9	4.2	5.4	4.4
Iron and steel.....	10.3	9.8	10.2	15.6	11.7	3.5	3.2	3.2	4.6	3.7
Nonferrous metals.....	9.0	13.4	16.9	19.9	15.7	3.8	5.5	6.2	7.2	6.0
Fabricated metal products.....	16.4	15.4	15.8	18.9	15.8	4.7	4.4	4.5	5.2	4.5
Machinery, except electrical.....	16.1	19.1	16.3	17.8	15.9	7.1	8.0	7.0	7.2	6.7
Electrical and electronic equipment.....	18.3	17.9	17.8	18.7	16.3	6.1	5.8	5.8	5.8	5.3
Transportation equipment <sup>2</sup> .....	12.8	17.8	20.1	19.1	5.1	4.0	4.8	5.5	5.3	1.7
Motor vehicles and equipment.....	10.9	17.8	21.8	18.7	-.5	3.6	4.9	6.1	5.5	-.2
Aircraft, guided missiles, and parts.....	17.9	19.0	17.6	20.6	18.1	5.1	5.1	4.7	5.5	5.2
Instruments and related products.....	18.4	18.3	16.7	17.4	16.2	9.4	9.4	8.8	9.0	8.4
Other durable manufacturing products.....	18.4	18.2	16.4	19.6	19.7	4.8	4.7	4.6	5.0	5.2
Nondurable goods industries.....	14.3	15.3	15.3	17.8	18.5	5.4	5.6	5.6	6.3	6.5
Food and kindred products.....	13.5	15.3	12.2	15.6	17.3	3.1	3.5	2.8	3.5	3.9
Tobacco manufactures.....	18.7	18.3	18.5	18.4	21.6	10.5	9.6	11.0	10.9	13.1
Textile mill products.....	12.0	11.7	9.0	12.8	13.4	3.2	3.1	2.6	3.3	3.7
Paper and allied products.....	12.2	14.1	16.3	16.8	20.5	5.0	5.7	6.7	6.6	8.2
Printing and publishing.....	18.3	21.1	16.0	19.0	20.1	6.2	7.0	5.6	6.4	6.8
Chemicals and allied products <sup>2</sup> .....	15.2	16.3	17.6	18.3	16.1	7.2	7.7	7.9	8.1	7.3
Industrial chemicals and synthetics.....	13.2	17.2	16.9	17.1	13.5	6.3	8.1	7.4	7.3	6.0
Drugs.....	18.9	17.0	20.7	20.5	18.6	12.7	11.3	13.9	14.2	12.7
Petroleum and coal products.....	14.0	14.8	15.7	20.1	21.2	7.4	7.6	7.8	9.5	9.0
Rubber and miscellaneous plastics products.....	10.7	8.3	14.1	13.4	8.8	3.4	2.5	4.1	3.8	2.7
Other nondurable manufacturing products.....	16.9	14.3	12.6	12.7	19.1	3.5	3.0	2.9	2.7	3.7

<sup>1</sup> Ratios based on equity at end of quarter.

<sup>2</sup> Includes other industries not shown separately.

Source: Federal Trade Commission.

TABLE B-85.—*Determinants of business fixed investment, 1955-79*

[Percent, except as noted]

Year	Ratio of real investment to real GNP	Capacity utilization rate in manufacturing <sup>1</sup>	Nonfinancial corporations			
			Cash flow as percent of GNP <sup>2</sup>	Rate of return on depreciable assets <sup>3</sup>	Rate of return on stockholders' equity <sup>4</sup>	Ratio of market value to replacement cost of net assets <sup>5</sup>
1955	9.3	87.1	9.3	14.4	6.2	0.922
1956	9.7	86.4	8.9	12.4	5.5	.918
1957	9.7	83.7	8.9	11.2	5.0	.849
1958	8.7	75.2	8.6	9.5	3.9	.869
1959	8.7	81.9	9.2	12.1	4.9	1.041
1960	9.0	80.2	9.0	11.2	5.0	1.017
1961	8.7	77.4	8.8	11.0	4.5	1.141
1962	8.9	81.6	9.4	12.7	5.9	1.088
1963	8.8	83.5	9.6	13.6	6.4	1.197
1964	9.3	85.6	10.0	14.6	7.6	1.287
1965	10.3	89.6	10.4	15.8	9.3	1.352
1966	10.8	91.1	10.3	15.7	9.1	1.198
1967	10.3	86.9	9.9	13.8	8.0	1.212
1968	10.3	87.1	9.4	13.6	7.8	1.252
1969	10.6	86.2	8.6	11.9	7.1	1.116
1970	10.2	79.3	7.9	9.4	4.6	.906
1971	9.8	78.4	8.2	9.7	5.4	.996
1972	10.0	83.5	8.6	10.7	6.6	1.068
1973	10.6	87.6	8.0	10.3	9.2	1.008
1974	10.7	83.8	6.9	7.8	8.8	.750
1975	9.4	72.9	8.7	8.3	5.4	.712
1976	9.3	79.5	9.1	9.3	4.8	.801
1977	9.6	81.9	9.1	9.7	6.3	.729
1978	10.0	84.4	8.8	9.7	7.1	.678
1979: First 3 quarters <sup>6</sup>	10.4	86.0	8.5	~ 9.2	7.7	.654

<sup>1</sup> Federal Reserve Board index.

<sup>2</sup> Cash flow calculated as after-tax profits plus capital consumption allowance plus inventory valuation adjustment.

<sup>3</sup> Profits before taxes plus capital consumption adjustment and inventory valuation adjustment plus net interest paid divided by the stock of depreciable assets valued at current replacement cost.

<sup>4</sup> After-tax profits corrected for inflation effects divided by net worth (physical capital component valued at current replacement cost).

<sup>5</sup> Equity plus interest-bearing debt divided by current replacement cost of net assets.

<sup>6</sup> Seasonally adjusted.

Sources: Department of Commerce (Bureau of Economic Analysis), Board of Governors of the Federal Reserve System, and Council of Economic Advisers.

TABLE B-86.—Sources and uses of funds, nonfarm nonfinancial corporate business, 1946-79

(Billions of dollars; quarterly data at seasonally adjusted annual rates)

Year or quarter	Sources							Uses			Discrepancy (sources less uses)
	Total	Internal <sup>1</sup>	External				Total	Purchase of physical assets <sup>3</sup>	Increase in financial assets		
			Total	Credit market funds <sup>2</sup>						Other	
				Total	Long-term	Short-term					
1946	18.4	7.8	10.6	6.9	4.6	2.3	3.7	17.1	18.5	-1.4	1.3
1947	26.7	12.6	14.1	8.3	6.4	2.0	5.8	25.3	17.0	8.4	1.4
1948	28.5	18.8	9.8	6.5	6.4	.1	3.3	24.9	19.9	5.0	3.6
1949	19.7	19.3	.4	3.1	4.2	-1.1	-2.7	17.9	14.4	3.5	1.9
1950	41.8	17.8	24.0	8.1	5.3	2.8	15.9	39.9	23.6	16.4	1.9
1951	35.9	19.7	16.2	10.5	8.0	2.5	5.7	37.2	29.8	7.4	-1.3
1952	29.2	21.2	8.0	9.5	8.2	1.3	-1.5	29.1	24.5	4.6	.1
1953	27.3	21.1	6.1	5.6	5.8	-2	.5	27.7	25.4	2.3	-5
1954	29.1	23.5	5.6	6.5	6.1	.3	-8	27.7	22.8	4.9	1.4
1955	52.0	28.8	23.2	10.2	7.8	2.4	13.1	49.2	32.7	16.5	2.8
1956	44.0	28.7	15.3	12.8	9.8	3.1	2.5	41.1	37.1	4.0	2.9
1957	42.2	30.4	11.8	12.2	11.0	1.3	-4	39.4	35.2	4.2	2.9
1958	41.3	29.6	11.7	10.5	10.2	.3	1.2	38.7	27.9	10.8	2.5
1959	55.2	35.0	20.1	12.2	9.4	2.8	7.9	51.7	37.5	14.2	3.5
1960	47.6	34.7	12.9	11.9	8.6	3.3	1.0	40.6	38.0	2.7	7.0
1961	54.5	35.3	19.2	12.5	11.0	1.5	6.7	50.4	37.2	13.2	4.1
1962	58.8	41.6	17.2	12.8	10.7	2.1	4.3	54.9	43.8	11.1	3.9
1963	66.0	44.5	21.5	12.2	9.7	2.6	9.3	59.1	44.9	14.2	6.9
1964	72.6	50.1	22.5	14.8	10.9	3.9	7.7	64.1	50.7	13.4	8.5
1965	91.1	56.1	35.1	20.6	13.5	7.2	14.4	82.2	62.0	20.2	9.0
1966	96.8	60.5	36.3	25.4	19.6	5.8	10.9	90.5	75.7	14.8	6.3
1967	93.9	61.3	32.7	29.8	23.8	5.9	2.9	87.5	73.0	14.5	6.4
1968	114.6	62.3	52.2	31.8	22.6	9.2	20.4	105.3	77.2	28.2	9.2
1969	118.6	61.7	57.0	38.6	25.7	12.9	18.4	113.1	84.3	28.8	5.6
1970	104.4	58.9	45.5	40.7	34.2	6.5	4.9	95.9	80.3	15.6	8.5
1971	127.8	68.6	59.3	45.2	41.9	3.3	14.1	119.6	86.0	33.5	8.2
1972	161.6	80.8	80.8	58.2	45.3	12.9	22.6	145.8	100.3	45.6	15.8
1973	200.0	83.8	116.2	73.0	49.2	23.8	43.1	185.6	123.3	62.3	14.4
1974	191.3	75.7	115.6	82.1	51.6	30.6	33.4	179.0	134.7	44.4	12.2
1975	150.0	106.8	43.2	37.9	44.1	-6.3	5.3	133.0	99.9	33.2	16.9
1976	209.7	125.3	84.4	60.7	49.1	11.6	23.8	183.3	139.0	44.3	26.4
1977	242.3	139.9	102.3	79.9	53.0	26.9	22.4	216.8	169.9	46.9	25.5
1978	295.7	148.8	146.9	94.7	61.5	33.2	52.2	274.3	195.9	78.3	21.4
1977:											
I	223.4	129.1	94.3	63.2	41.0	22.2	31.1	205.5	158.8	46.7	17.9
II	221.3	138.5	82.7	71.5	42.0	29.5	11.3	191.7	168.5	23.1	29.6
III	268.0	150.0	118.0	83.8	56.5	27.3	34.3	237.0	180.2	56.8	31.0
IV	256.4	142.1	114.3	101.1	72.5	28.6	13.2	233.1	172.0	61.1	23.3
1978:											
I	259.6	135.0	124.5	94.7	51.2	43.5	29.8	232.5	177.0	55.5	27.0
II	297.7	150.5	147.2	92.7	65.2	27.5	54.5	281.3	203.2	78.1	16.4
III	303.5	153.8	149.7	90.4	63.1	27.3	59.3	284.4	199.9	84.4	19.1
IV	322.1	155.9	166.2	101.1	66.5	34.6	65.1	298.9	203.6	95.2	23.2
1979:											
I	345.5	154.4	191.1	118.6	69.3	49.3	72.5	321.4	213.0	108.4	24.2
II	324.1	159.0	165.1	126.9	76.9	50.0	38.2	296.5	229.1	67.4	27.6
III	335.3	167.8	167.5	122.4	68.9	53.6	45.1	310.2	228.6	81.6	25.1

<sup>1</sup> Undistributed profits (after inventory valuation and capital consumption adjustments), capital consumption allowances, and foreign branch profits.

<sup>2</sup> Maturity split is approximate: Long-term consists of stocks, bonds, multi-family and commercial mortgages, and 40 percent of bank loans. Short-term consists of home mortgages, 60 percent of bank loans, commercial paper, finance company loans, bankers' acceptances, and U.S. Government loans.

<sup>3</sup> Plant and equipment, residential structures, inventory investment, and mineral rights from U.S. Government.

Source: Board of Governors of the Federal Reserve System.

TABLE B-87.—Current assets and liabilities of U.S. corporations, 1939-79

(Billions of dollars)

End of year or quarter	Current assets						Current liabilities			Net working capital	Current ratio <sup>3</sup>
	Total	Cash <sup>1</sup>	U.S. Government securities <sup>2</sup>	Notes and accounts receivable	Inventories	Other current assets	Total	Notes and accounts payable	Other current liabilities		
All corporations <sup>4</sup>											
<b>SEC series:<sup>5</sup></b>											
1939.....	54.5	10.8	2.2	22.1	18.0	1.4	30.0	21.9	8.1	24.5	1.817
1940.....	60.3	13.1	2.0	24.0	19.8	1.5	32.8	23.2	9.6	27.5	1.838
1941.....	72.9	13.9	4.0	28.0	25.6	1.4	40.7	26.4	14.3	32.3	1.791
1942.....	83.6	17.6	10.1	27.3	27.3	1.3	47.3	26.0	21.3	36.3	1.767
1943.....	93.8	21.6	16.4	26.9	27.6	1.3	51.6	26.3	25.3	42.1	1.818
1944.....	97.2	21.6	20.9	26.5	26.8	1.4	51.7	26.8	24.9	45.6	1.880
1945.....	97.4	21.7	21.1	25.9	26.3	2.4	45.8	25.7	20.1	51.6	2.127
1946.....	108.1	22.8	15.3	30.7	37.6	1.7	51.9	31.6	20.3	56.2	2.083
1947.....	123.6	25.0	14.1	38.3	44.6	1.6	61.5	37.6	23.9	62.1	2.010
1948.....	133.0	25.3	14.8	42.4	48.9	1.6	64.4	39.3	25.0	68.6	2.065
1949.....	133.1	26.5	16.8	43.0	45.3	1.4	60.7	37.5	23.3	72.4	2.193
1950.....	161.5	28.1	19.7	56.8	55.1	1.7	79.8	48.3	31.6	81.6	2.024
1951.....	179.1	30.0	20.7	61.5	64.9	2.1	92.6	54.9	37.8	86.5	1.934
1952.....	186.2	30.8	19.9	67.4	65.8	2.4	96.1	59.3	36.8	90.1	1.938
1953.....	190.6	31.1	21.5	68.5	67.2	2.4	98.9	59.5	39.4	91.8	1.927
1954.....	194.6	33.4	19.2	73.6	65.3	3.1	99.7	61.7	38.0	94.9	1.952
1955.....	224.0	34.6	23.5	89.9	72.8	4.2	121.0	76.1	45.0	103.0	1.851
1956.....	237.9	34.8	19.1	97.7	80.4	5.9	130.5	83.9	46.6	107.4	1.823
1957.....	244.7	34.9	18.6	102.2	82.2	6.7	133.1	86.6	46.5	111.6	1.838
1958.....	255.3	37.4	18.8	109.7	81.9	7.5	136.6	90.4	46.2	118.7	1.869
1959.....	277.3	36.3	22.8	120.6	88.4	9.1	153.1	101.0	52.0	124.2	1.811
1960.....	289.0	37.2	20.1	129.2	91.8	10.6	160.4	106.8	53.6	128.6	1.802
1961.....	306.8	41.1	20.0	139.2	95.2	11.4	171.2	114.6	56.6	135.6	1.792
Nonfinancial corporations <sup>6</sup>											
<b>SEC series:<sup>5</sup></b>											
1961.....	254.7	34.8	16.5	97.9	95.0	10.5	123.7	84.4	39.3	131.0	2.059
1962.....	269.7	37.1	16.8	103.2	100.5	12.1	132.4	88.7	43.7	137.3	2.037
1963.....	288.2	39.8	16.7	110.5	106.8	14.4	145.5	97.0	48.5	142.7	1.981
1964.....	305.6	40.5	15.8	119.9	113.1	16.3	156.6	104.9	51.7	149.0	1.951
1965.....	336.0	42.8	14.4	134.1	126.6	18.1	178.8	121.5	57.3	157.2	1.879
1966.....	364.0	41.9	13.0	146.6	142.8	19.7	199.4	137.5	61.9	164.6	1.825
1967.....	386.2	45.5	10.3	155.3	153.1	22.0	211.3	147.1	64.2	174.9	1.828
1968.....	426.5	48.2	11.5	173.9	166.0	26.9	244.1	168.8	75.3	182.4	1.747
1969.....	473.6	47.9	10.6	197.0	186.4	31.6	287.8	199.2	88.6	185.7	1.646
1970.....	492.3	50.2	7.7	206.1	193.3	35.0	304.9	211.3	93.6	187.4	1.615
1971.....	529.6	53.3	11.0	221.1	200.4	43.8	326.0	220.5	105.5	203.6	1.625
1972.....	599.3	59.0	10.6	248.2	225.7	55.8	375.6	282.9	92.7	223.7	1.595
1973.....	697.8	66.3	12.8	288.5	263.9	66.4	450.9	340.3	110.7	246.9	1.548
1974.....	790.7	71.1	12.3	322.1	313.6	71.7	530.4	402.3	128.1	260.3	1.491
<b>FTC-FRB series:<sup>7</sup></b>											
1974.....	735.4	73.2	11.1	265.8	319.5	65.9	453.4	269.8	183.6	282.0	1.622
1975.....	759.0	82.1	19.0	272.1	315.9	69.9	451.6	264.2	187.4	307.4	1.681
1976.....	826.3	87.3	23.6	293.3	342.9	79.2	492.7	282.0	210.6	333.6	1.677
1977.....	900.9	94.3	18.7	325.0	375.6	87.3	546.8	313.7	233.1	354.1	1.648
1978.....	1,028.1	103.5	17.8	381.9	428.3	96.5	662.2	375.1	287.1	365.9	1.552
1978:											
I.....	925.0	88.8	18.6	337.4	390.5	89.6	574.2	325.2	249.0	350.7	1.611
II.....	954.2	91.3	17.3	356.0	399.3	90.3	593.5	337.9	255.6	360.7	1.608
III.....	992.6	91.6	16.1	376.4	415.5	92.9	626.3	356.2	270.0	366.3	1.585
IV.....	1,028.1	103.5	17.8	381.9	428.3	96.5	662.2	375.1	287.1	365.9	1.552
1979:											
I.....	1,078.6	102.4	19.2	405.3	452.6	99.1	701.9	392.6	309.2	376.7	1.537
II.....	1,110.2	100.1	20.8	418.8	468.9	101.4	723.7	410.5	313.1	386.5	1.534

<sup>1</sup> Includes time certificates of deposit.

<sup>2</sup> Includes Federal agency issues.

<sup>3</sup> Total current assets divided by total current liabilities.

<sup>4</sup> Excludes banks, savings and loan associations, and insurance companies.

<sup>5</sup> Based on data from "Statistics of Income," Department of the Treasury.

<sup>6</sup> Excludes banks, savings and loan associations, insurance companies, investment companies, finance companies (personal and commercial), real estate companies, and security and commodity brokers, dealers, and exchanges.

<sup>7</sup> Based on data from "Quarterly Financial Report for Manufacturing, Mining, and Trade Corporations," Federal Trade Commission. See "Federal Reserve Bulletin," July 1978, for details regarding the series.

Note.—SEC series not available after 1974.

Sources: Board of Governors of the Federal Reserve System, Federal Trade Commission, and Securities and Exchange Commission.

TABLE B-88.—State and municipal and corporate securities offered, 1934-79

(Millions of dollars)

Year or quarter	State and municipal securities offered for cash (principal amounts)	Corporate securities offered for cash								
		Total corporate offerings	Type of corporate security			Industry of corporate issuer				
			Common stock	Preferred stock	Bonds and notes	Manufacturing <sup>1</sup>	Electric, gas, and water <sup>2</sup>	Transportation <sup>3</sup>	Communication	Other
1934	939	397	19	6	372	67	133	176		21
1939	1,128	2,164	87	98	1,979	604	1,271	186		103
1940	1,238	2,677	108	183	2,386	992	1,203	324		159
1941	956	2,667	110	167	2,389	848	1,357	366		96
1942	524	1,062	34	112	917	539	472	48		4
1943	435	1,170	56	124	990	510	477	161		21
1944	661	3,202	163	369	2,670	1,061	1,422	609		109
1945	795	6,011	397	758	4,855	2,026	2,319	1,454		211
1946	1,157	6,900	891	1,127	4,882	3,701	2,158	711		329
1947	2,324	6,577	779	762	5,036	2,742	3,257	286		293
1948	2,690	7,078	614	492	5,973	2,226	2,187	755	902	1,008
1949	2,907	6,052	736	425	4,890	1,414	2,320	800	571	946
1950	3,532	6,362	811	631	4,920	1,200	2,649	813	399	1,300
1951	3,189	7,741	1,212	838	5,691	3,122	2,455	494	612	1,058
1952	4,401	9,534	1,359	564	7,601	4,039	2,675	992	760	1,068
1953	5,558	8,898	1,326	489	7,083	2,254	3,029	595	882	2,138
1954	6,969	9,516	1,213	816	7,488	2,268	3,713	778	720	2,037
1955	5,977	10,240	2,185	635	7,420	2,994	2,464	893	1,132	2,757
1956	5,446	10,939	2,301	636	8,002	3,647	2,529	724	1,419	2,619
1957	6,958	12,884	2,516	411	9,957	4,234	3,938	824	1,462	2,426
1958	7,449	11,558	1,334	571	9,653	3,515	3,804	824	1,424	1,991
1959	7,681	9,748	2,027	531	7,190	2,073	3,258	967	717	2,733
1960	7,230	10,154	1,664	409	8,081	2,152	2,851	718	1,050	3,383
1961	8,360	13,165	3,294	450	9,420	4,077	3,032	694	1,834	3,527
1962	8,558	10,705	1,314	422	8,969	3,249	2,825	567	1,303	2,761
1963	10,107	12,211	1,011	343	10,856	3,514	2,677	957	1,105	3,957
1964	10,544	13,957	2,679	412	10,865	3,046	2,760	982	2,189	4,980
1965	11,148	14,782	1,473	724	12,585	5,414	2,934	702	945	4,787
1966	11,089	17,385	1,901	580	14,904	7,056	3,666	1,494	2,003	3,167
1967	14,288	24,014	1,927	881	21,206	11,069	4,935	1,639	1,975	4,396
1968	16,374	21,261	3,885	636	16,740	6,958	5,293	1,564	1,775	5,671
1969	11,460	25,997	7,640	691	17,666	6,346	6,715	1,779	2,172	8,985
1970	17,762	37,451	7,037	1,390	29,023	10,647	11,009	1,253	5,291	9,252
1971	24,370	43,229	9,485	3,683	30,061	11,651	11,721	1,148	5,840	12,867
1972	22,941	39,705	10,707	3,371	25,628	6,398	11,314	860	4,836	16,298
1973	22,953	31,680	7,642	3,341	20,700	4,832	10,269	811	4,872	10,897
1974	22,824	37,729	3,979	2,253	31,494	10,408	12,837	1,005	3,930	9,551
1975	29,326	52,539	7,414	3,459	41,666	18,651	15,894	2,635	4,464	10,895
1976	33,845	52,290	8,304	2,803	41,182	15,496	14,414	3,626	3,562	15,190
1977	45,060	51,836	8,047	3,916	39,879	13,754	13,704	1,801	4,442	18,139
1978	46,215	46,749	7,941	2,832	35,976	11,070	12,336	1,763	3,640	17,944
1978:										
I	10,316	10,544	1,521	507	8,516	2,562	2,433	230	854	4,467
II	12,757	12,717	1,707	1,234	9,776	3,148	3,803	689	424	4,651
III	11,992	11,550	1,888	456	9,206	2,699	3,049	489	1,143	4,173
IV	11,152	11,938	2,825	635	8,478	2,661	3,051	354	1,219	4,652
1979:										
I	9,722	11,949	1,916	603	9,430	2,096	3,334	577	1,569	4,371
II	10,546	14,604	1,455	607	12,542	3,308	3,373	803	779	6,342
III	10,097	12,459	2,250	1,491	8,718	3,668	3,007	717	1,103	3,966

<sup>1</sup> Prior to 1948, also includes extractive, radio broadcasting, airline companies, commercial, and miscellaneous company issues.

<sup>2</sup> Prior to 1948, also includes telephone, street railway, and bus company issues.

<sup>3</sup> Prior to 1948, includes railroad issues only.

Note.—Covers 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; excludes notes issued exclusively to commercial banks, intercorporate transactions, and issues to be sold over an extended period, such as employee-purchase plans. Closed-end investment company issues are included beginning 1973.

Sources: Securities and Exchange Commission, "The Commercial and Financial Chronicle" and "The Bond Buyer."



TABLE B-89.—Common stock prices and yields, 1949-79

Year or quarter	Common stock prices <sup>1</sup>						Common stock yields (percent) <sup>5</sup>		
	New York Stock Exchange indexes (Dec. 31, 1965=50) <sup>2</sup>					Dow-Jones industrial average <sup>3</sup>	Standard & Poor's composite index (1941-43=10) <sup>4</sup>	Dividend-price ratio <sup>6</sup>	Earnings-price ratio <sup>7</sup>
	Composite	Industrial	Transportation	Utility	Finance				
1949	9.02					179.48	15.23	6.59	15.48
1950	10.87					216.31	18.40	6.57	13.99
1951	13.08					257.64	22.34	6.13	11.82
1952	13.81					270.76	24.50	5.80	9.47
1953	13.67					275.97	24.73	5.80	10.26
1954	16.19					333.94	29.69	4.95	8.57
1955	21.54					442.72	40.49	4.08	7.95
1956	24.40					493.01	46.62	4.09	7.55
1957	23.67					475.71	44.38	4.35	7.89
1958	24.56					491.66	46.24	3.97	6.23
1959	30.73					632.12	57.38	3.23	5.78
1960	30.01					618.04	55.85	3.47	5.90
1961	35.37					691.55	66.27	2.98	4.62
1962	33.49					639.76	62.38	3.37	5.82
1963	37.51					714.81	69.87	3.17	5.50
1964	43.76					834.05	81.37	3.01	5.32
1965	47.39					910.88	88.17	3.00	5.59
1966	46.15	46.18	50.26	45.41	44.45	873.60	85.26	3.40	6.63
1967	50.77	51.97	53.51	45.43	49.82	879.12	91.93	3.20	5.73
1968	55.37	58.00	50.58	44.19	65.85	906.00	98.70	3.07	5.67
1969	54.67	57.44	46.96	42.80	70.49	876.72	97.84	3.24	6.08
1970	45.72	48.03	32.14	37.24	60.00	753.19	83.22	3.83	6.45
1971	54.22	57.92	44.35	39.53	70.38	884.76	98.29	3.14	5.41
1972	60.29	65.73	50.17	38.48	78.35	950.71	109.20	2.84	5.50
1973	57.42	63.08	37.74	37.69	70.12	923.88	107.43	3.06	7.12
1974	43.84	48.08	31.89	29.79	49.67	759.37	82.85	4.47	11.59
1975	45.73	50.52	31.10	31.50	47.14	802.49	86.16	4.31	9.15
1976	54.46	60.44	39.57	36.97	52.94	974.92	102.01	3.77	8.90
1977	53.69	57.86	41.09	40.92	55.25	894.63	98.20	4.62	10.79
1978	53.70	58.23	43.50	39.22	56.65	820.23	96.02	5.28	12.03
1979	58.32	64.76	47.34	38.21	61.42	844.40	103.01	5.45	
1978:									
Jan	49.89	53.45	39.15	39.09	50.91	781.09	90.25	5.32	
Feb	49.41	52.80	38.90	39.02	50.60	763.57	88.98	5.49	
Mar	49.50	52.77	38.95	39.26	51.44	756.37	88.82	5.62	12.24
Apr	51.75	55.48	41.19	39.69	55.04	794.66	92.71	5.42	
May	54.49	59.14	44.21	39.47	57.96	838.56	97.41	5.20	
June	54.83	59.63	44.19	39.41	58.31	840.26	97.66	5.19	11.76
July	54.61	59.35	44.74	39.28	57.97	831.71	97.19	5.25	
Aug	58.53	64.07	49.45	40.20	63.28	887.93	103.92	4.93	
Sept	58.58	64.23	50.19	39.82	63.22	878.64	103.86	4.97	11.28
Oct	56.40	61.60	46.70	39.44	60.42	857.69	100.58	5.11	
Nov	52.74	57.50	41.80	37.88	54.95	804.29	94.71	5.45	
Dec	53.69	58.72	42.49	38.09	55.68	807.94	96.11	5.39	12.83
1979:									
Jan	55.77	61.31	43.69	38.83	57.59	837.39	99.71	5.28	
Feb	55.08	60.37	42.27	39.21	56.09	825.18	98.23	5.43	
Mar	56.19	61.89	43.22	38.94	57.65	847.84	100.11	5.36	13.09
Apr	57.50	63.63	45.92	38.63	59.50	864.96	102.07	5.35	
May	56.21	62.21	45.60	37.48	58.80	837.41	99.73	5.58	
June	57.61	63.57	47.54	38.44	61.87	838.65	101.73	5.53	13.58
July	58.38	64.24	48.85	38.88	64.43	836.95	102.71	5.50	
Aug	61.19	67.71	52.48	39.26	68.40	873.55	107.36	5.30	
Sept	61.89	69.17	52.21	38.39	67.21	878.50	108.60	5.31	13.27
Oct	59.27	66.68	48.09	36.58	61.64	840.39	104.47	5.56	
Nov	59.02	66.45	47.61	36.55	60.64	815.78	103.66	5.71	
Dec	61.75	69.83	50.59	37.29	63.21	836.14	107.78	5.53	

<sup>1</sup> Averages of daily closing prices, except New York Stock Exchange data through May 1964 are averages of weekly closing prices.

<sup>2</sup> Includes all the stocks (more than 1,500) listed on the New York Stock Exchange.

<sup>3</sup> Includes 30 stocks.

<sup>4</sup> Includes 500 stocks.

<sup>5</sup> Standard & Poor's series, based on 500 stocks in the composite index.

<sup>6</sup> Aggregate cash dividends (based on latest known annual rate) divided by aggregate market value based on Wednesday closing prices. Monthly data are averages of weekly figures; annual data are averages of monthly figures.

<sup>7</sup> Ratio of quarterly earnings after taxes (seasonally adjusted annual rate) to price index for last day of quarter. Annual ratios are averages of quarterly ratios.

Note.—All data relate to stocks listed on the New York Stock Exchange.

Sources: New York Stock Exchange, Dow-Jones & Co., Inc., and Standard & Poor's Corporation.

TABLE B-90.—Business formation and business failures, 1929-79

Year or month	Index of net business formation (1967 = 100)	New business incorporations (number)	Business failures <sup>1</sup>						
			Business failure rate <sup>2</sup>	Number of failures			Amount of current liabilities (millions of dollars)		
				Total	Liability size class		Total	Liability size class	
					Under \$100,000	\$100,000 and over		Under \$100,000	\$100,000 and over
1929			103.9	22,909	22,165	744	483.3	261.5	221.8
1933 <sup>3</sup>			100.3	19,859	18,880	979	457.5	215.5	242.0
1939 <sup>3</sup>			69.6	14,768	14,541	227	182.5	132.9	49.7
1940			63.0	13,619	13,400	219	166.7	119.9	46.8
1941			54.4	11,848	11,685	163	136.1	100.7	35.4
1942			44.6	9,405	9,282	123	100.8	80.3	20.5
1943			16.4	3,221	3,155	66	45.3	30.2	15.1
1944			6.5	1,222	1,176	46	31.7	14.5	17.1
1945			4.2	809	759	50	30.2	11.4	18.8
1946		132,916	5.2	1,129	1,003	126	67.3	15.7	51.6
1947		112,897	14.3	3,474	3,103	371	204.6	63.7	140.9
1948	104.8	96,346	20.4	5,250	4,853	397	234.6	93.9	140.7
1949	86.4	85,640	34.4	9,246	8,708	538	308.1	161.4	146.7
1950	90.8	93,092	34.3	9,162	8,746	416	248.3	151.2	97.1
1951	90.1	83,778	30.7	8,058	7,626	432	259.5	131.6	128.0
1952	94.5	92,946	28.7	7,611	7,081	530	283.3	131.9	151.4
1953	92.4	102,706	33.2	8,862	8,075	787	394.2	167.5	226.6
1954	90.8	117,411	42.0	11,086	10,226	860	462.6	211.4	251.2
1955	98.2	139,915	41.6	10,969	10,113	856	449.4	206.4	243.0
1956	95.4	141,163	48.0	12,686	11,615	1,071	562.7	239.8	322.9
1957	91.4	137,112	51.7	13,739	12,547	1,192	615.3	267.1	348.2
1958	91.1	150,781	55.9	14,964	13,499	1,465	728.3	297.6	430.7
1959	98.1	193,067	51.8	14,053	12,707	1,346	692.8	278.9	413.9
1960	94.5	182,713	57.0	15,445	13,650	1,795	938.6	327.2	611.4
1961	91.1	181,535	64.4	17,075	15,006	2,069	1,090.1	370.1	720.0
1962	92.8	182,057	60.8	15,782	13,772	2,010	1,213.6	346.5	867.1
1963	94.7	186,404	56.3	14,374	12,192	2,182	1,352.6	321.0	1,031.6
1964	98.0	197,724	53.2	13,501	11,346	2,155	1,329.2	313.6	1,015.6
1965	99.5	203,897	53.3	13,514	11,340	2,174	1,321.7	321.7	1,000.0
1966	98.9	200,010	51.6	13,061	10,833	2,228	1,385.7	321.5	1,064.1
1967	100.0	206,569	49.0	12,364	10,144	2,220	1,265.2	297.9	967.3
1968	107.6	233,635	38.6	9,636	7,829	1,807	941.0	241.1	699.9
1969	113.5	274,267	37.3	9,154	7,192	1,962	1,142.1	231.3	910.8
1970	107.1	264,209	43.8	10,748	8,019	2,729	1,887.8	269.3	1,618.4
1971	109.5	287,577	41.7	10,326	7,611	2,715	1,916.9	271.3	1,645.6
1972	115.5	316,601	38.3	9,566	7,040	2,526	2,000.2	258.8	1,741.5
1973	115.5	329,358	36.4	9,345	6,627	2,718	2,298.6	235.6	2,063.0
1974	111.2	319,149	38.4	9,915	6,733	3,182	3,053.1	256.9	2,796.3
1975	108.9	326,345	42.6	11,432	7,504	3,928	4,380.2	298.6	4,081.6
1976	117.2	375,766	34.8	9,628	6,176	3,452	3,011.3	257.8	2,753.4
1977	126.5	432,172	28.4	7,919	4,861	3,058	3,095.3	208.3	2,887.0
1978	132.9	477,827	23.9	6,619	3,712	2,907	2,656.0	164.7	2,491.3
Seasonally adjusted									
1978:									
Jan	133.6	36,547	21.6	504	316	188	168.3	14.3	154.0
Feb	133.7	39,253	24.0	559	319	240	205.0	14.1	190.9
Mar	130.5	37,602	24.6	666	388	278	324.4	18.2	306.2
Apr	130.7	38,498	24.1	594	335	259	203.0	15.5	187.5
May	131.0	38,320	23.4	583	337	246	160.4	14.7	145.7
June	132.9	39,796	21.9	519	301	218	178.8	12.3	166.5
July	133.4	39,403	22.0	459	244	215	231.8	10.7	221.2
Aug	133.0	42,605	29.8	675	347	328	206.4	15.9	190.5
Sept	133.0	41,827	22.6	458	266	192	127.0	11.4	115.6
Oct	135.5	41,945	22.5	511	283	228	475.3	12.4	463.0
Nov	133.6	41,568	25.2	556	296	260	178.9	12.8	166.1
Dec	133.5	42,461	26.4	535	280	255	196.5	12.6	183.9
1979:									
Jan	131.4	42,847	27.4	642	355	287	182.2	15.1	167.1
Feb	132.4	42,061	24.4	545	291	254	177.1	12.8	164.3
Mar	132.2	42,206	27.9	732	379	353	187.8	18.0	169.8
Apr	130.4	42,763	30.8	734	397	337	242.8	16.8	226.0
May	130.1	43,741	29.1	708	380	328	200.4	16.8	183.7
June	131.0	42,634	26.2	602	307	295	273.2	13.8	259.4
July	132.3	45,049	27.5	565	285	280	212.2	13.9	198.3
Aug	131.3	43,213							
Sept	133.1	44,961							
Oct	134.0	46,346							

<sup>1</sup> 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.

<sup>2</sup> Failure rate per 10,000 listed enterprises.

<sup>3</sup> Series revised; not strictly comparable with earlier data.

Sources: Department of Commerce (Bureau of Economic Analysis) and Dun & Bradstreet, Inc.

# AGRICULTURE

TABLE B-91.—*Income of farm people and farmers, 1929-79*

[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Year or quarter	Personal income received by total farm population			Income received from farming <sup>a</sup>						
	From all sources	From farm sources <sup>1</sup>	From nonfarm sources <sup>2</sup>	Gross income before inventory adjustment			Production expenses	Net to farm operators after inventory adjustment <sup>3</sup>		
				Total <sup>4</sup>	Cash receipts from marketings			Current dollars	1967 dollars <sup>5</sup>	
					Total	Livestock and products				Crops
1929				13.9	11.3	6.2	5.1	7.7	6.2	12.0
1932				7.1	5.3	2.8	2.5	4.4	2.6	6.6
1939	7.4	4.8	2.6	10.6	7.9	4.5	3.3	6.3	4.4	10.6
1940	7.6	4.8	2.8	11.1	8.4	4.9	3.5	6.9	4.5	10.7
1941	10.1	6.8	3.3	13.9	11.1	6.5	4.6	7.8	6.5	14.7
1942	14.1	10.1	3.9	18.8	15.6	9.0	6.5	10.0	9.9	20.2
1943	16.5	12.1	4.4	23.4	19.6	11.5	8.1	11.6	11.7	22.7
1944	16.6	12.2	4.4	24.4	20.5	11.4	9.2	12.3	11.7	22.2
1945	17.2	12.8	4.4	25.8	21.7	12.0	9.7	13.1	12.3	22.8
1946	20.0	15.5	4.6	29.5	24.8	13.8	11.0	14.5	15.1	25.8
1947	21.1	15.8	5.3	34.1	29.6	16.5	13.1	17.0	15.4	23.0
1948	23.8	18.0	5.8	34.7	30.2	17.1	13.1	18.8	17.7	24.5
1949	19.5	13.3	6.2	31.6	27.8	15.4	12.4	18.0	12.8	17.9
1950	20.3	14.1	6.3	32.3	28.5	16.1	12.4	19.5	13.6	18.9
1951	22.7	16.1	6.5	37.1	32.9	19.6	13.2	22.3	15.9	20.5
1952	22.0	15.3	6.7	36.8	32.5	18.2	14.3	22.8	15.0	18.8
1953	19.7	13.3	6.4	35.1	31.0	16.9	14.1	21.5	13.0	16.2
1954	18.3	12.4	5.9	33.7	29.8	16.3	13.6	21.8	12.4	15.4
1955	17.5	11.3	6.2	33.3	29.5	16.0	13.5	22.2	11.3	14.1
1956	17.6	11.1	6.6	34.4	30.4	16.4	14.0	22.7	11.3	13.8
1957	17.5	10.8	6.6	34.2	29.7	17.4	12.3	23.7	11.1	13.1
1958	19.2	12.5	6.7	38.1	33.5	19.2	14.2	25.8	13.2	15.2
1959	17.5	10.4	7.1	37.9	33.6	18.9	14.7	27.2	10.7	12.3
1960	18.4	11.1	7.2	38.5	34.2	19.0	15.3	27.4	11.5	13.0
1961	19.0	11.4	7.6	40.2	35.2	19.5	15.7	28.6	12.0	12.3
1962	19.7	11.4	8.3	41.7	36.5	20.2	16.3	30.3	12.1	13.3
1963	20.0	11.0	9.0	42.7	37.5	20.0	17.4	31.6	11.8	12.8
1964	19.8	10.0	9.7	43.1	37.3	19.9	17.2	31.8	10.5	11.3
1965	22.6	12.0	10.6	45.5	39.4	21.9	17.5	33.7	12.9	13.7
1966	23.8	12.6	11.2	50.6	43.4	25.0	18.4	36.5	14.0	14.4
1967	22.9	11.1	11.7	49.9	42.8	24.4	18.4	38.2	12.3	12.3
1968	24.1	11.3	12.8	51.7	44.2	25.5	18.7	39.5	12.3	11.8
1969	26.9	12.9	13.9	56.3	48.2	28.6	19.6	42.1	14.3	13.4
1970	27.5	13.0	14.5	58.6	50.5	29.6	21.0	44.4	14.2	12.2
1971	28.8	13.5	15.3	60.6	52.9	30.6	22.3	47.4	14.6	12.1
1972	34.6	16.9	17.8	70.1	61.2	35.7	25.5	52.3	18.7	14.9
1973	48.9	29.2	19.7	95.5	87.1	45.9	41.1	65.6	33.3	25.1
1974	45.2	23.4	21.8	100.0	92.4	41.4	51.1	72.2	26.1	17.7
1975	44.5	21.9	22.7	96.9	88.2	43.0	45.1	75.9	24.5	15.2
1976	40.3	16.8	23.5	104.2	94.8	46.1	48.7	83.1	18.7	11.0
1977	42.9	18.0	24.9	107.5	95.7	47.4	48.2	88.8	19.8	10.9
1978	54.0	25.2	28.8	124.9	111.0	59.0	52.1	98.1	27.9	14.3
1977:										
I				107.0	96.8	46.4	50.4	86.7	19.3	10.9
II				104.5	93.8	45.7	48.1	87.5	18.0	10.0
III				103.4	92.1	47.1	44.9	88.5	16.9	9.2
IV				115.0	99.9	50.6	49.4	92.4	24.8	13.4
1978:										
I				119.8	106.2	53.9	52.4	95.0	25.8	13.7
II				124.3	111.0	58.3	52.7	97.0	27.8	14.4
III				122.2	109.0	60.4	48.6	97.4	26.3	13.3
IV				133.4	118.0	63.4	54.6	103.0	31.6	15.6
1979:										
I				141.9	128.9	70.0	58.9	109.0	34.9	16.8
II				144.3	130.7	68.2	62.5	112.0	34.8	16.3
III				143.2	129.9	65.0	64.9	116.0	30.7	13.9

<sup>1</sup> Net income to farm operators after inventory adjustment, less net income of nonresident operators, plus wages and salaries and other labor income of farm resident workers, less contributions of farm resident operators and workers to social insurance.

<sup>2</sup> Estimated income of farm residents from nonfarm sources; based on survey benchmarks with extrapolations to current year.

<sup>3</sup> Includes government payments.

<sup>4</sup> Also includes government payments and nonmoney income and other farm income furnished by farms, not shown separately.

<sup>5</sup> Includes net value of physical change in inventory of crops and livestock valued at average prices for the year.

<sup>6</sup> Income in current dollars divided by the consumer price index (Department of Labor).

Sources: Department of Agriculture and Department of Labor.

TABLE B-92.—Farm output and productivity indexes, 1929-79

[1967=100]

Year	Farm output						Productivity indicators				
	Total <sup>1</sup>	Crops <sup>2</sup>				Live-stock and products <sup>2</sup>	Farm output per unit of total input	Crop production per acre <sup>4</sup>	Farm output per hour of farm work		
		Total <sup>3</sup>	Feed grains	Food grains	Oil crops				Total	Crops	Live-stock and products
1929	53	62	48	52	11	53	52	56	16	16	26
1933	51	55	44	36	8	57	53	50	16	15	25
1939	58	64	51	48	25	59	59	60	19	20	27
1940	60	67	52	52	29	60	60	62	20	21	27
1941	62	68	56	60	29	64	62	63	21	23	28
1942	70	76	64	63	40	71	68	70	24	25	30
1943	69	71	59	54	41	77	66	64	24	24	31
1944	71	75	62	67	36	73	67	68	24	25	30
1945	70	73	60	70	36	73	68	67	26	27	31
1946	71	77	65	72	34	71	71	71	27	29	32
1947	69	73	50	85	39	70	68	67	28	29	33
1948	76	83	72	81	47	68	74	75	31	33	34
1949	74	79	63	70	45	72	71	70	32	33	35
1950	74	76	64	65	46	75	71	69	34	36	37
1951	76	78	59	64	47	78	71	70	35	35	39
1952	79	81	63	83	46	78	74	73	38	39	40
1953	79	81	61	76	47	79	75	72	39	40	41
1954	80	79	64	67	49	82	76	71	42	42	43
1955	82	82	68	63	53	84	78	74	44	45	46
1956	82	82	68	66	60	84	80	76	47	48	48
1957	81	80	74	62	58	83	80	77	51	53	50
1958	87	89	80	91	69	84	87	86	57	61	54
1959	88	89	84	73	64	88	87	85	59	61	58
1960	91	93	87	87	68	87	90	89	65	66	62
1961	91	91	78	80	77	91	91	92	67	68	66
1962	92	92	79	74	78	92	92	95	71	72	71
1963	96	96	86	77	81	95	96	97	77	77	77
1964	95	93	75	86	81	97	95	95	81	79	82
1965	98	99	88	88	95	95	100	100	89	90	86
1966	95	95	89	88	97	97	97	97	92	94	93
1967	100	100	100	100	100	100	100	100	100	100	100
1968	102	103	95	106	114	100	102	105	106	106	105
1969	102	104	99	98	116	101	103	106	110	108	112
1970	101	100	89	91	117	105	102	104	115	111	121
1971	110	112	116	107	121	106	110	112	128	126	128
1972	110	113	112	102	131	107	110	115	136	135	137
1973	112	119	115	114	155	105	111	116	130	138	144
1974	106	110	93	120	127	106	106	104	136	128	156
1975	114	121	114	142	153	101	115	112	152	142	160
1976	117	121	120	141	132	105	115	111	162	146	178
1977	121	130	126	132	175	106	117	117	173	158	189
1978	121	131	135	123	183	106	117	121	183	166	204
1979	129	144	145	143	219	107	124	130	184	171	195

<sup>1</sup> Farm output measures the annual volume of net farm production available for eventual human use through sales from farms or consumption in farm households.

<sup>2</sup> Gross production.

<sup>3</sup> Includes items not included in groups shown.

<sup>4</sup> Computed from variable weights for individual crops produced each year.

Source: Department of Agriculture.

TABLE B-93.—Farm input use, selected inputs, 1929-79

Year	Farm population (April 1) <sup>1</sup>		Farm employment (thousands) <sup>2</sup>			Crops harvested (millions of acres) <sup>4</sup>	Selected indexes of input use (1967=100)					
	Number (thousands)	As percent of total population <sup>3</sup>	Total	Family workers	Hired workers		Total	Farm labor	Farm real-estate	Mechanical power and machinery	Agricultural chemicals <sup>5</sup>	Feed, seed, and livestock purchases <sup>6</sup>
1929.....	30,580	25.1	12,763	9,360	3,403	365	102	329	103	38	10	31
1933.....	32,393	25.8	12,739	9,874	2,865	340	96	321	97	32	6	28
1939.....	30,840	23.5	11,338	8,611	2,727	331	98	294	102	40	11	41
1940.....	30,547	23.1	10,979	8,300	2,679	341	100	293	103	42	13	42
1941.....	30,118	22.6	10,669	8,017	2,652	344	100	288	102	44	14	45
1942.....	28,914	21.4	10,504	7,949	2,555	348	103	296	100	51	15	48
1943.....	26,186	19.2	10,446	8,010	2,436	357	104	292	98	55	17	52
1944.....	24,815	17.9	10,219	7,988	2,231	362	105	289	98	57	20	52
1945.....	24,420	17.5	10,000	7,881	2,119	354	103	271	98	58	20	54
1946.....	25,403	18.0	10,295	8,106	2,189	352	101	260	102	57	21	53
1947.....	25,829	17.9	10,382	8,115	2,267	355	101	246	103	64	23	55
1948.....	24,383	16.6	10,363	8,026	2,337	356	103	240	103	72	25	56
1949.....	24,194	16.2	9,964	7,712	2,252	360	105	231	104	80	27	61
1950.....	23,048	15.2	9,926	7,597	2,329	345	104	217	105	84	29	63
1951.....	21,890	14.2	9,546	7,310	2,236	344	107	218	105	90	32	67
1952.....	21,748	13.9	9,149	7,005	2,144	349	107	208	105	94	35	69
1953.....	19,874	12.5	8,864	6,775	2,089	348	106	200	105	96	36	69
1954.....	19,019	11.7	8,651	6,570	2,081	346	105	192	105	96	37	71
1955.....	19,078	11.5	8,381	6,345	2,036	340	105	185	105	97	39	72
1956.....	18,712	11.1	7,852	5,900	1,952	324	103	174	102	98	41	75
1957.....	17,656	10.3	7,600	5,660	1,940	324	101	162	102	97	41	74
1958.....	17,128	9.8	7,503	5,521	1,982	324	100	156	100	97	43	79
1959.....	16,592	9.4	7,342	5,390	1,952	324	102	151	101	98	49	84
1960.....	15,635	8.7	7,057	5,172	1,885	324	101	145	100	97	49	84
1961.....	14,803	8.1	6,919	5,029	1,890	302	100	139	100	94	53	88
1962.....	14,313	7.7	6,700	4,873	1,827	295	100	133	100	94	58	90
1963.....	13,367	7.1	6,518	4,738	1,780	298	100	129	100	93	65	90
1964.....	12,954	6.8	6,110	4,506	1,604	298	100	122	100	93	71	92
1965.....	12,363	6.4	5,610	4,128	1,482	298	98	110	99	94	75	93
1966.....	11,595	5.9	5,214	3,854	1,360	294	98	103	99	96	85	97
1967.....	10,875	5.5	4,903	3,650	1,253	306	100	100	100	100	100	100
1968.....	10,454	5.2	4,749	3,535	1,213	300	100	97	99	101	105	97
1969.....	10,307	5.1	4,596	3,419	1,176	290	99	93	98	101	111	101
1970.....	9,712	4.7	4,523	3,348	1,175	293	100	89	101	100	115	104
1971.....	9,425	4.6	4,436	3,275	1,161	305	100	86	99	102	124	111
1972.....	9,610	4.6	4,373	3,228	1,146	294	100	82	98	101	131	113
1973.....	9,472	4.5	4,337	3,169	1,168	321	101	80	97	105	136	116
1974.....	9,264	4.4	4,389	3,075	1,314	328	100	78	95	109	140	107
1975.....	8,864	4.2	4,342	3,026	1,317	336	100	76	96	113	127	101
1976.....	8,253	3.8	4,374	2,997	1,377	337	103	73	97	117	145	110
1977.....	7,806	3.6	4,155	2,859	1,296	344	104	71	99	118	151	111
1978.....	78,005	3.7	3,937	2,681	1,256	336	103	67	98	120	145	116
1979 <sup>7</sup> .....			3,944	2,525	1,418	348	103	66	98	121	151	116

<sup>1</sup> Farm population as defined by Department of Agriculture and Department of Commerce, i.e., civilian population living on farms, regardless of occupation. See also footnote 7.

<sup>2</sup> Total population of United States as of July 1, including Armed Forces overseas.

<sup>3</sup> Includes persons doing farmwork on all farms. These data, published by the Department of Agriculture, differ from those on agricultural employment by the Department of Labor (see Table B-29) because of differences in the method of approach in concepts of employment, and in time of month for which the data are collected. See monthly report on "Farm Labor."

<sup>4</sup> Acreage harvested plus acreages in fruits, tree nuts, and farm gardens.

<sup>5</sup> Fertilizer, lime, and pesticides.

<sup>6</sup> Nonfarm constant dollar value of feed, seed, and livestock purchases.

<sup>7</sup> Based on new definition of a farm, farm population is 6,501,000 in 1978 and 6,200,000 (preliminary) in 1979.

Sources: Department of Agriculture and Department of Commerce (Bureau of the Census).

TABLE B-94.—Indexes of prices received and prices paid by farmers, 1940-79

[1967 = 100]

Year or month	Prices received by farmers			Prices paid by farmers					Addendum: Average farm real estate value per acre <sup>4</sup>	
	All farm products	Crops	Live-stock and products	All commodities, services, interest, taxes, and wage rates <sup>1</sup>	Production items					
					Total <sup>2</sup>	Tractors and self-propelled machinery	Fertilizer	Fuels and energy		Wage rates <sup>3</sup>
1940.....	40	40	40	36	43				15	19
1941.....	49	48	50	39	45				18	19
1942.....	64	64	62	44	52				23	21
1943.....	77	83	72	50	57				31	23
1944.....	79	88	71	53	60				38	26
1945.....	83	90	77	56	61				42	29
1946.....	94	102	88	61	67				46	32
1947.....	110	117	105	70	78				49	36
1948.....	115	113	115	76	87				52	39
1949.....	100	100	99	73	83				51	41
1950.....	103	103	102	75	86				50	40
1951.....	121	118	122	82	95				55	46
1952.....	115	119	111	84	95				59	51
1953.....	102	107	97	81	89				61	52
1954.....	98	108	90	81	89				60	51
1955.....	93	103	85	81	87				61	53
1956.....	92	104	82	81	87				63	55
1957.....	94	100	89	84	90				66	58
1958.....	100	99	99	86	92				68	61
1959.....	96	98	93	87	93				72	66
1960.....	95	99	92	88	92				74	68
1961.....	96	101	91	88	93				76	69
1962.....	98	103	93	90	94				78	73
1963.....	97	107	89	91	95				80	77
1964.....	95	106	86	92	94				82	82
1965.....	98	103	94	94	96	92	103	98	86	86
1966.....	106	106	106	99	100	96	102	98	93	93
1967.....	100	100	100	100	100	100	100	100	100	100
1968.....	102	100	104	103	100	104	94	101	108	107
1969.....	107	97	117	108	104	111	87	102	119	113
1970.....	110	100	118	112	108	116	88	104	128	117
1971.....	113	108	118	118	113	122	91	107	134	122
1972.....	125	114	136	125	121	128	94	108	142	132
1973.....	179	175	183	144	146	137	102	116	155	150
1974.....	192	224	165	164	166	161	167	159	178	187
1975.....	185	201	172	180	182	195	217	177	192	213
1976.....	186	197	177	192	193	217	185	187	210	242
1977.....	183	192	175	202	200	238	181	202	226	283
1978.....	210	204	217	219	216	259	180	212	242	308
1979.....	241	223	257	249	247	289	196	276	265	351
1978:										
Jan.....	187	188	186	209	203	245	179	209	244	.....
Feb.....	193	190	197	211	206	245	179	209	244	308
Mar.....	200	197	204	214	211	251	181	209	244	.....
Apr.....	208	208	209	216	214	251	181	209	246	.....
May.....	215	212	219	219	217	251	181	209	246	.....
June.....	217	216	219	220	218	260	181	211	246	.....
July.....	216	213	218	220	218	260	181	213	243	.....
Aug.....	211	204	218	221	217	260	181	214	243	.....
Sept.....	217	205	227	223	220	272	181	215	243	.....
Oct.....	218	202	232	224	222	272	179	215	237	.....
Nov.....	216	202	230	225	222	272	179	217	237	332
Dec.....	222	205	239	226	225	272	179	220	237	.....
1979:										
Jan.....	232	209	252	234	230	272	179	227	257	.....
Feb.....	241	216	264	238	235	272	179	231	257	351
Mar.....	246	214	274	243	243	280	187	237	257	.....
Apr.....	244	212	272	246	246	280	187	248	269	.....
May.....	246	220	269	248	247	280	194	258	269	.....
June.....	244	233	255	249	248	293	194	271	269	.....
July.....	244	240	250	251	250	293	194	287	266	.....
Aug.....	237	235	239	251	249	293	194	298	266	.....
Sept.....	241	225	255	254	253	302	194	308	266	.....
Oct.....	236	224	248	256	255	302	211	314	266	.....
Nov.....	238	223	251	256	255	302	211	318	268	384
Dec.....	239	220	256	259	258	302	222	324	268	.....

<sup>1</sup> Includes items used for family living, not shown separately.

<sup>2</sup> Includes other items not shown separately.

<sup>3</sup> Seasonally adjusted; annual data are averages of seasonally adjusted data.

<sup>4</sup> Average for 48 States. Annual data are for March 1 of each year through 1975 and for February 1 beginning 1976. Monthly data are for first of month.

Source: Department of Agriculture.

TABLE B-95.—U.S. exports and imports of agricultural commodities, 1940-79

(Billions of dollars)

Year	Exports							Imports					Agricultural trade balance	
	Total <sup>1</sup>	Feed grains	Food grains <sup>2</sup>	Oil-seeds and products	Cotton	Tobacco	Animals and products	Total <sup>1</sup>	Crops, fruits, and vegetables <sup>3</sup>	Animals and products	Coffee	Cocoa beans and products		
1940	0.5	(*)	(*)	(*)	0.2	(*)	0.1	1.3	(*)	0.2	0.1	(*)	-0.8	
1941	.7	(*)	0.1	(*)	.1	0.1	.3	1.7	0.1	.3	.2	(*)	-1.0	
1942	1.2	(*)	(*)	(*)	.1	.1	.8	1.3	(*)	.5	.2	(*)	-.1	
1943	2.1	(*)	.1	0.1	.2	.2	1.2	1.5	.1	.4	.3	(*)	.6	
1944	2.1	(*)	.1	.1	.1	.1	1.3	1.8	.1	.3	.3	(*)	.3	
1945	2.3	(*)	.4	(*)	.3	.2	.9	1.7	.1	.4	.3	(*)	.6	
1946	3.1	0.1	.7	(*)	.5	.4	.9	2.3	.2	.4	.5	0.1	.8	
1947	4.0	.4	1.4	.1	.4	.3	.7	2.8	.1	.4	.6	.2	1.2	
1948	3.5	.1	1.5	.2	.5	.2	.5	3.1	.2	.6	.7	.2	.4	
1949	3.6	.3	1.1	.3	.9	.3	.4	2.9	.2	.4	.8	.1	.7	
1950	2.9	.2	.6	.2	1.0	.3	.3	4.0	.2	.7	1.1	.2	-1.1	
1951	4.0	.3	1.1	.3	1.1	.3	.5	5.2	.2	1.1	1.4	.2	-1.2	
1952	3.4	.3	1.1	.2	.9	.2	.3	4.5	.2	.7	1.4	.2	-1.1	
1953	2.8	.3	.7	.2	.5	.3	.4	4.2	.2	.6	1.5	.2	-1.4	
1954	3.1	.2	.5	.3	.8	.3	.5	4.0	.2	.5	1.5	.3	-.9	
1955	3.2	.3	.6	.4	.5	.4	.6	4.0	.2	.5	1.4	.2	-.8	
1956	4.2	.4	1.0	.5	.7	.3	.7	4.0	.2	.4	1.4	.2	.2	
1957	4.5	.3	1.0	.5	1.0	.4	.7	4.0	.2	.5	1.4	.2	.5	
1958	3.9	.5	.8	.4	.7	.4	.5	3.9	.2	.7	1.2	.2	.2	
1959	4.0	.6	.9	.6	.4	.3	.6	4.1	.2	.8	1.1	.2	-.1	
1960	4.8	.5	1.2	.6	1.0	.4	.6	3.8	.2	.6	1.0	.2	1.0	
1961	5.0	.5	1.4	.6	.9	.4	.6	3.7	.2	.7	1.0	.2	1.3	
1962	5.0	.8	1.3	.7	.5	.4	.6	3.9	.2	.9	1.0	.2	1.1	
1963	5.6	.8	1.5	.8	.6	.4	.7	4.0	.3	.9	1.0	.2	1.6	
1964	6.3	.9	1.7	1.0	.7	.4	.8	4.1	.3	.8	1.2	.2	2.2	
1965	6.2	1.1	1.4	1.2	.5	.4	.8	4.1	.3	.9	1.1	.1	2.1	
1966	6.9	1.3	1.8	1.2	.4	.5	.7	4.5	.4	1.2	1.1	.1	2.4	
1967	6.4	1.1	1.5	1.3	.5	.5	.7	4.5	.4	1.1	1.0	.2	1.9	
1968	6.3	.9	1.4	1.3	.5	.5	.7	5.0	.5	1.3	1.2	.2	1.2	
1969	6.0	.9	1.2	1.3	.3	.6	.8	5.0	.5	1.4	.9	.2	.9	
1970	7.3	1.1	1.4	1.9	.4	.5	.9	5.8	.5	1.6	1.2	.3	1.5	
1971	7.7	1.0	1.3	2.2	.6	.5	1.0	5.8	.6	1.5	1.2	.2	1.9	
1972	9.4	1.5	1.8	2.4	.5	.7	1.1	6.5	.7	1.8	1.3	.2	2.9	
1973	17.7	3.5	4.7	4.3	.9	.7	1.6	8.4	.8	2.6	1.7	.3	9.3	
1974	22.0	4.6	5.4	5.7	1.3	.9	1.8	1.2	.8	2.2	1.6	.5	11.8	
1975	21.9	5.2	6.2	4.5	1.0	.9	1.7	9.3	.8	1.8	1.7	.5	12.6	
1976	23.0	6.0	4.7	5.1	1.0	.9	2.4	11.0	.9	2.3	2.9	.6	12.0	
1977	23.6	4.9	3.6	6.6	1.5	1.1	2.7	13.4	1.2	2.3	4.2	1.0	1.2	
1978	29.4	5.9	5.5	8.2	1.7	1.4	3.0	14.8	1.5	3.1	4.0	1.4	14.8	
Jan-Sept:														
1978	21.2	4.5	4.1	5.5	1.4	.8	1.8	1.9	1.5	2.2	3.0	1.0	1.3	
1979	23.8	5.4	4.3	6.0	1.6	.7	2.4	12.3	1.6	2.8	2.9	.9	11.5	

<sup>1</sup> Total includes items not shown separately.<sup>2</sup> Rice, wheat, and wheat flour.<sup>3</sup> Includes nuts, fruits, and vegetable preparations.<sup>4</sup> Less than \$50 million.

Note.—Data derived from official estimates released by the Bureau of the Census, Department of Commerce. Agricultural commodities are defined as (1) nonmarine food products and (2) other products of agriculture which have not passed through complex processes of manufacture. Export value, at U.S. port of exportation, is based on the selling price and includes inland freight, insurance, and other charges to the port. Import value, defined generally as the market value in the foreign country, excludes import duties, ocean freight, and marine insurance.

Source: Department of Agriculture.

TABLE B-96.—Balance sheet of the farming sector, 1929-80

[Billions of dollars]

Beginning of year	Assets								Claims				
	Total	Real estate	Live-stock <sup>1</sup>	Other physical assets			Financial assets			Total	Real estate debt	Other debt	Proprietors' equities
				Machinery and motor vehicles	Crops <sup>2</sup>	Household equipment and furnishings	Deposits and currency	U.S. savings bonds	Investments in cooperatives				
1929		48.0	6.6	3.2						9.8			
1933		30.8	3.0	2.5						8.5			
1939		34.1	5.1	3.2						6.8			
1940	53.0	33.6	5.1	3.1	2.7	4.2	3.2	0.3	0.8	53.0	6.6	3.4	43.0
1941	54.8	34.4	5.3	3.3	3.0	4.1	3.5	.3	.9	54.8	6.5	3.9	44.4
1942	62.9	37.5	7.1	4.0	3.9	4.8	4.2	.5	.9	62.9	6.4	4.1	52.4
1943	73.6	41.6	9.6	4.9	5.1	4.8	5.5	1.1	1.0	73.6	5.9	4.0	63.7
1944	84.0	48.2	9.7	5.4	6.1	4.7	6.6	2.2	1.1	84.0	5.4	3.5	75.1
1945	93.8	53.9	9.0	6.5	6.7	5.2	7.9	3.4	1.2	93.8	4.9	3.4	85.5
1946	102.9	61.0	9.7	5.4	6.3	5.5	9.4	4.2	1.4	102.9	4.7	3.2	95.0
1947	115.9	68.5	11.9	5.3	7.1	7.2	10.2	4.2	1.5	115.9	4.9	3.6	107.4
1948	127.4	73.7	13.2	7.4	9.0	8.1	9.9	4.4	1.7	127.4	5.1	4.2	118.1
1949	134.6	76.6	14.4	10.1	8.5	8.9	9.6	4.6	1.9	134.6	5.3	6.1	123.2
1950	134.5	77.6	12.9	12.2	7.6	8.4	9.1	4.7	2.0	134.5	5.6	6.8	122.1
1951	154.3	89.5	17.1	14.1	7.9	9.6	9.1	4.7	2.3	154.3	6.1	6.9	141.3
1952	170.1	98.4	19.5	16.7	8.8	10.1	9.4	4.7	2.5	170.1	6.7	8.0	155.4
1953	167.6	100.1	14.8	17.4	9.0	9.6	9.4	4.6	2.7	167.6	7.2	8.9	151.5
1954	164.6	98.7	11.8	18.4	9.2	9.5	9.4	4.7	2.9	164.6	7.7	9.2	147.7
1955	168.8	102.2	11.2	18.6	9.6	9.7	9.4	5.0	3.1	168.8	8.2	9.4	151.2
1956	173.6	107.5	10.6	19.3	8.3	10.0	9.5	5.2	3.2	173.6	9.0	9.8	154.8
1957	182.8	115.7	11.0	20.2	8.3	9.6	9.4	5.1	3.5	182.8	9.8	9.5	163.5
1958	191.3	121.8	13.9	20.1	7.6	9.6	9.5	5.1	3.7	191.3	10.4	10.0	170.9
1959	208.4	131.1	17.7	21.8	9.3	9.4	10.0	5.2	3.9	208.4	11.1	12.5	184.8
1960	210.2	137.2	15.3	22.7	7.7	9.2	9.2	4.7	4.2	210.2	12.0	12.8	185.4
1961	210.8	138.5	15.6	22.2	8.0	8.7	8.7	4.6	4.5	210.8	12.8	13.4	184.6
1962	219.3	144.5	16.4	22.5	8.8	8.9	8.8	4.5	4.9	219.3	13.8	14.7	190.8
1963	227.7	150.2	17.3	23.5	9.3	8.8	9.2	4.4	5.0	227.7	15.1	16.3	196.3
1964	235.8	158.6	15.9	23.9	9.8	8.8	9.2	4.2	5.4	235.8	16.8	17.6	201.4
1965	243.8	167.5	14.5	24.8	9.2	8.4	9.6	4.2	5.6	243.8	18.9	17.9	207.0
1966	260.8	179.2	17.6	26.0	9.7	8.4	10.0	4.0	5.9	260.8	21.2	19.5	220.1
1967	274.2	189.1	19.0	27.4	10.0	8.3	10.3	3.9	6.2	274.2	23.1	21.0	230.1
1968	288.0	199.7	18.9	29.8	9.6	8.8	10.9	3.8	6.5	288.0	25.1	22.3	240.6
1969	302.8	209.2	20.2	31.3	10.6	9.4	11.5	3.8	6.8	302.8	27.4	23.1	252.3
1970	314.9	215.8	23.5	32.3	10.9	9.6	11.9	3.7	7.2	314.9	29.2	23.8	261.9
1971	326.0	223.2	23.7	34.4	10.7	10.0	12.4	3.6	8.0	326.0	30.3	24.2	271.5
1972	351.8	239.6	27.3	36.6	11.8	10.8	13.2	3.7	8.8	351.8	32.2	26.9	292.7
1973	394.8	267.3	34.1	39.3	14.5	11.9	14.0	4.0	9.7	394.8	35.7	29.6	329.5
1974	478.5	327.7	42.4	44.2	22.1	12.3	14.9	4.1	10.8	478.5	41.3	32.8	404.4
1975	517.6	368.5	24.6	55.7	23.3	14.0	15.1	4.3	12.1	517.6	46.3	35.5	435.8
1976	580.2	416.9	29.5	65.0	21.3	14.2	15.6	4.4	13.3	580.2	51.1	39.7	489.4
1977	655.8	483.8	29.1	71.9	22.0	14.4	16.0	4.4	14.2	655.8	56.6	46.1	553.1
1978	713.0	525.8	32.0	77.7	24.9	16.4	16.3	4.4	15.5	713.0	63.7	55.6	593.7
1979	820.2	599.5	51.3	84.3	27.4	19.2	16.8	4.8	16.9	820.2	72.3	65.2	682.7
1980	950.0	696.0	64.0	97.0	30.5	22.0	17.2	5.0	18.3	950.0	83.1	74.7	792.2

<sup>1</sup> Beginning with 1961, horses and mules are excluded.

<sup>2</sup> Includes all crops held on farms and crops held off farms by farmers as security for Commodity Credit Corporation loans. The latter on January 1, 1980 totaled approximately \$1.0 billion.

Note.—Beginning 1960, data include Alaska and Hawaii.

Source: Department of Agriculture.



# INTERNATIONAL STATISTICS

**TABLE B-97.—Exchange rates, 1973-79**

[Cents per unit of foreign currency, except as noted]

Year and month	Belgian franc	Canadian dollar	French franc	German mark	Italian lira	Japanese yen
	1973:					
Mar.....	2.5377	100.333	22.191	35.548	0.17600	0.38190
June.....	2.6643	100.160	23.472	38.786	.16792	.37808
Sept.....	2.7089	99.181	23.466	41.246	.17691	.37668
Dec.....	2.4726	100.058	21.757	37.629	.15458	.35692
1974:						
Mar.....	2.5040	102.877	20.742	38.211	.15687	.35454
June.....	2.6366	103.481	20.408	39.603	.15379	.35340
Sept.....	2.5364	101.384	20.831	37.580	.15103	.33439
Dec.....	2.7158	101.192	22.109	40.816	.15179	.33288
1975:						
Mar.....	2.9083	99.954	23.804	43.120	.15842	.34731
June.....	2.8603	97.426	24.971	42.726	.15982	.34077
Sept.....	2.5485	97.437	22.367	38.191	.14740	.33345
Dec.....	2.5311	98.627	22.428	38.144	.14645	.32715
1976:						
Mar.....	2.5480	101.431	21.657	39.064	.12113	.33276
June.....	2.5220	102.712	21.109	38.797	.11780	.33424
Sept.....	2.6046	102.557	20.334	40.169	.11837	.34800
Dec.....	2.7483	98.204	20.055	41.965	.11521	.33933
1977:						
Mar.....	2.7258	95.125	20.075	41.812	.11276	.35687
June.....	2.7713	94.549	20.240	42.453	.11295	.36652
Sept.....	2.7910	93.168	20.314	43.034	.11318	.37486
Dec.....	2.9608	91.132	20.844	46.499	.11416	.41491
1978:						
Mar.....	3.1589	88.823	21.256	49.181	.11692	.43148
June.....	3.0590	89.143	21.841	47.984	.11634	.46744
Sept.....	3.2207	85.739	22.909	50.778	.12050	.52656
Dec.....	3.3637	84.763	23.178	53.217	.11863	.51038
1979:						
Mar.....	3.3971	85.187	23.328	53.754	.11888	.48470
June.....	3.3048	85.296	22.914	53.084	.11828	.45750
Sept.....	3.4684	85.814	23.826	55.758	.12326	.44963
Dec.....	3.5423	85.471	24.614	57.671	.12329	.41613
					United States dollar (March 1973 = 100)	
	Netherlands guilder	Swedish krona	Swiss franc	United Kingdom pound	Multilateral trade-weighted average	Bilateral trade- weighted average
1973:						
Mar.....	34.834	22.582	31.084	247.24	100.0	100.0
June.....	36.582	23.746	32.757	257.62	96.5	98.5
Sept.....	38.542	23.769	33.146	241.83	95.1	98.3
Dec.....	35.615	22.026	31.252	231.74	101.5	102.2
1974:						
Mar.....	36.354	21.915	32.490	234.06	101.6	100.9
June.....	37.757	22.885	33.449	239.02	100.0	99.9
Sept.....	36.870	22.333	33.371	231.65	102.9	103.0
Dec.....	39.331	23.897	38.442	232.94	98.6	101.0
1975:						
Mar.....	42.124	25.481	40.273	241.80	93.9	98.5
June.....	41.502	25.532	40.086	228.03	94.8	100.0
Sept.....	37.229	22.501	36.905	208.35	103.0	104.9
Dec.....	37.234	22.685	37.970	202.21	103.5	105.0
1976:						
Mar.....	37.149	22.702	38.980	194.28	105.1	104.6
June.....	36.524	22.475	40.484	176.40	107.1	105.2
Sept.....	38.390	22.998	40.431	172.72	105.7	104.0
Dec.....	40.240	24.051	40.823	167.84	105.3	105.8
1977:						
Mar.....	40.079	23.726	39.209	171.74	105.2	106.2
June.....	40.326	22.625	40.170	171.91	104.4	105.6
Sept.....	40.604	20.602	42.115	174.31	103.8	105.4
Dec.....	42.955	21.044	48.168	185.46	98.4	101.9
1978:						
Mar.....	45.994	21.693	52.693	190.55	94.8	100.3
June.....	44.716	21.690	53.046	183.72	94.7	99.2
Sept.....	46.733	22.592	63.765	195.95	89.5	96.0
Dec.....	49.120	22.808	59.703	198.61	88.5	96.3
1979:						
Mar.....	49.801	22.901	59.473	203.78	88.4	96.7
June.....	48.374	23.028	58.884	211.19	89.6	98.0
Sept.....	50.635	23.860	62.087	219.66	86.7	96.5
Dec.....	52.092	23.935	62.542	220.07	86.3	97.5

Source: Board of Governors of the Federal Reserve System.

TABLE B-98.—U.S. international transactions, 1946-79

(Millions of dollars; quarterly data seasonally adjusted)

Year or quarter	Merchandise <sup>1 2</sup>			Investment income <sup>3</sup>			Net military transactions	Net travel and transportation receipts	Other services, net <sup>3</sup>	Balance on goods and services <sup>1 4</sup>	Remittances, pensions, and other unilateral transfers <sup>1</sup>	Balance on current account
	Exports	Imports	Net balance	Re-receipts	Payments	Net						
1946.....	11,764	-5,067	6,697	772	-212	560	-493	733	310	7,807	-2,922	4,885
1947.....	16,097	-5,973	10,124	1,102	-245	857	-455	946	145	11,617	-2,625	8,992
1948.....	13,265	-7,557	5,708	1,921	-437	1,484	-799	374	175	6,942	-4,525	2,417
1949.....	12,213	-6,874	5,339	1,831	-476	1,355	-621	230	208	6,511	-5,638	873
1950.....	10,203	-9,081	1,122	2,068	-559	1,509	-576	-120	242	2,177	-4,017	-1,840
1951.....	14,243	-11,176	3,067	2,633	-583	2,050	-1,270	298	254	4,399	-3,515	884
1952.....	13,449	-10,838	2,611	2,751	-555	2,196	-2,054	83	309	3,145	-2,531	614
1953.....	12,412	-10,975	1,437	2,736	-624	2,112	-2,423	-238	307	1,195	-2,481	-1,286
1954.....	12,929	-10,353	2,576	2,929	-582	2,347	-2,460	-269	305	2,499	-2,280	219
1955.....	14,424	-11,527	2,897	3,406	-676	2,730	-2,701	-297	299	2,928	-2,498	430
1956.....	17,556	-12,803	4,753	3,837	-735	3,102	-2,788	-361	447	5,153	-2,423	2,730
1957.....	19,562	-13,291	6,271	4,180	-796	3,384	-2,841	-189	482	7,107	-2,345	4,762
1958.....	16,414	-12,952	3,462	3,790	-825	2,965	-3,135	-633	486	3,145	-2,361	784
1959.....	16,458	-15,310	1,148	4,132	-1,061	3,071	-2,805	-821	573	1,166	-2,448	-1,282
1960.....	19,650	-14,758	4,892	4,616	-1,237	3,379	-2,752	-964	579	5,132	-2,308	2,824
1961.....	20,108	-14,537	5,571	4,998	-1,245	3,753	-2,596	-978	594	6,345	-2,524	3,821
1962.....	20,781	-16,260	4,521	5,619	-1,324	4,295	-2,449	-1,152	809	6,026	-2,638	3,388
1963.....	22,272	-17,048	5,224	6,157	-1,561	4,596	-2,304	-1,309	960	7,167	-2,754	4,414
1964.....	25,501	-18,700	6,801	6,823	-1,784	5,039	-2,133	-1,146	1,041	9,603	-2,781	6,822
1965.....	26,461	-21,510	4,951	7,436	-2,088	5,348	-2,122	-1,280	1,387	8,284	-2,854	5,431
1966.....	29,310	-25,493	3,817	7,526	-2,481	5,045	-2,935	-1,331	1,365	5,961	-2,932	3,029
1967.....	30,666	-26,866	3,800	8,021	-2,747	5,274	-3,226	-1,750	1,612	5,709	-3,125	2,584
1968.....	33,626	-32,991	635	9,368	-3,378	5,990	-3,143	-1,548	1,630	3,563	-2,952	611
1969.....	36,414	-35,807	607	10,912	-4,869	6,043	-3,328	-1,763	1,833	3,393	-2,994	399
1970.....	42,469	-39,866	2,603	11,746	-5,516	6,230	-3,354	-2,038	2,190	5,634	-3,294	2,340
1971.....	43,319	-45,579	-2,260	12,706	-5,436	7,270	-2,893	-2,345	2,509	2,282	-3,701	-1,419
1972.....	49,381	-55,797	-6,416	14,764	-6,544	8,220	-3,420	-3,063	2,789	-1,889	-3,854	-5,744
1973.....	71,410	-70,499	911	21,808	-9,655	12,153	-2,070	-3,158	3,185	11,022	-3,881	7,141
1974.....	98,306	-103,649	-5,343	27,587	-12,084	15,503	-1,653	-3,184	3,975	9,298	-7,186	2,113
1975.....	107,088	-98,041	9,047	25,351	-12,564	12,787	-746	-2,725	4,590	22,952	-4,613	18,339
1976.....	114,745	-124,051	-9,306	29,286	-13,311	15,975	674	-2,465	4,725	9,603	-4,998	4,605
1977.....	120,816	-151,689	-30,873	32,587	-14,598	17,989	1,679	-3,200	4,983	-9,423	-4,670	-14,092
1978.....	142,052	-175,822	-33,770	43,465	-21,820	21,645	492	-2,985	6,226	-8,392	-5,086	-13,478
1977:												
I.....	29,518	-37,185	-7,667	7,775	-3,192	4,583	509	-912	1,167	-2,320	-1,116	-3,436
II.....	31,075	-37,639	-6,564	8,080	-3,519	4,561	407	-808	1,231	-1,173	-1,283	-2,456
III.....	30,558	-37,996	-7,438	8,420	-3,686	4,734	407	-693	1,331	-1,659	-1,249	-2,908
IV.....	29,665	-38,869	-9,204	8,312	-4,201	4,111	357	-787	1,251	-4,272	-1,023	-5,295
1978:												
I.....	30,712	-42,629	-11,917	9,776	-4,537	5,239	244	-731	1,439	-5,725	-1,228	-6,953
II.....	35,396	-43,329	-7,933	10,256	-5,402	4,854	237	-798	1,501	-2,139	-1,313	-3,452
III.....	36,532	-44,481	-7,949	10,526	-5,574	4,952	247	-784	1,603	-1,931	-1,233	-3,164
IV.....	39,412	-45,383	-5,971	12,907	-6,308	6,599	-239	-672	1,682	1,399	-1,314	85
1979:												
I.....	41,348	-47,463	-6,115	14,115	-7,251	6,864	34	-566	1,520	1,737	-1,322	415
II.....	42,792	-50,508	-7,716	15,404	-7,939	7,465	-217	-840	1,615	307	-1,363	-1,056
III P.....	47,337	-54,619	-7,282	17,506	-8,712	8,794	-384	-615	1,623	2,136	-1,374	762

<sup>1</sup> Excludes military grants.<sup>2</sup> Adjusted from Census data for differences in valuation, coverage, and timing.<sup>3</sup> Fees and royalties from U.S. direct investments abroad or from foreign direct investments in the United States are excluded from investment income and included in other services, net.<sup>4</sup> In concept, the sum of balance on current account and allocations of special drawing rights is equal to net foreign investment in the national income and product accounts, although the two may differ because of revisions, special handling of certain items, etc.

(See next page for continuation of table.)

TABLE B-98.—U.S. international transactions, 1946-79—Continued

(Millions of dollars; quarterly data seasonally adjusted, except as noted)

Year or quarter	U.S. assets abroad, net [increase/capital outflow (-)]				Foreign assets in the U.S., net [increase/capital inflow (+)]				Statistical discrepancy		
	Total	U.S. official reserve assets*	Other U.S. Government assets	U.S. private assets	Total	Foreign official assets		Other foreign assets	Allocations of special drawing rights (SDRs)	Total (sum of the items with sign reversed)	Of which: Seasonal adjustment discrepancy
						Total	Assets of foreign official reserve agencies				
1946		-623									
1947		-3,315									
1948		-1,736									
1949		-266									
1950		1,758									
1951		-33									
1952		-415									
1953		1,256									
1954		480									
1955		182									
1956		-869									
1957		-1,165									
1958		2,292									
1959		1,035									
1960	-4,099	2,145	-1,100	-5,144	2,294	1,473	1,258	821		-1,019	
1961	-5,537	607	-910	-5,234	2,705	765	741	1,939		-989	
1962	-4,175	1,535	-1,085	-4,624	1,911	1,270	1,118	641		-1,124	
1963	-7,270	378	-1,662	-5,986	3,217	1,986	1,558	1,231		-360	
1964	-9,559	171	-1,680	-8,049	3,643	1,660	1,362	1,983		-907	
1965	-5,715	1,225	-1,605	-5,335	742	134	69	607		-458	
1966	-7,319	570	-1,543	-6,345	3,661	-672	-785	4,333		629	
1967	-9,758	53	-2,423	-7,387	7,379	3,451	3,368	3,928		-205	
1968	-10,977	-870	-2,274	-7,833	9,928	-774	-759	10,703		438	
1969	-11,585	-1,179	-2,200	-8,206	12,702	-1,301	-1,552	14,002		-1,516	
1970	-9,336	2,481	-1,589	-10,228	6,359	6,908	7,364	-550	867	-230	
1971	-12,474	2,349	-1,884	-12,939	22,970	26,879	27,389	-3,909	717	-9,794	
1972	-14,497	-4	-1,568	-12,925	21,461	10,475	10,293	10,986	710	-1,930	
1973	-22,874	158	-2,644	-20,388	18,388	6,026	5,090	12,362		-2,655	
1974	-34,745	-1,467	* 366	-33,643	34,241	10,546	10,244	23,696		-1,609	
1975	-39,703	-849	-3,474	-35,380	15,420	6,777	5,259	8,643		5,944	
1976	-51,269	-2,558	-4,214	-44,498	36,399	17,573	13,066	18,826		10,265	
1977	-35,793	-375	-3,693	-31,725	50,823	36,656	35,416	14,167		-937	
1978	-60,957	732	-4,656	-57,033	63,713	33,758	31,004	29,956		10,722	
1977:											
I	-1,683	-420	-1,062	-201	2,596	5,491	4,928	-2,895		2,523	714
II	-12,272	-24	-885	-11,363	14,002	7,720	7,497	6,282		726	240
III	-6,625	112	-1,001	-5,736	14,236	8,266	7,890	5,970		-4,703	-2,275
IV	-15,213	-43	-746	-14,424	19,991	15,179	15,101	4,812		517	1,321
1978:											
I	-15,188	187	-1,009	-14,366	18,175	15,618	14,895	2,557		3,965	901
II	-5,466	248	-1,263	-4,451	941	-5,265	-5,129	6,206		7,976	517
III	-10,049	115	-1,390	-8,774	15,358	4,641	4,519	10,717		-2,145	-2,716
IV	-30,254	182	-994	-29,442	29,239	18,764	16,719	10,475		930	1,301
1979:											
I	-7,637	-3,585	-1,094	-2,958	1,476	-9,391	-9,227	10,868	1,139	4,606	985
II	-16,165	343	-1,001	-15,507	6,057	-10,043	-10,299	16,100		11,163	737
III P	-23,325	2,779	-756	-25,348	23,059	5,562	5,371	17,497		-495	-3,756

\* Includes extraordinary U.S. Government transactions with India.

\* Consists of gold, special drawing rights, convertible currencies, and the U.S. reserve position in the International Monetary Fund (IMF).

Note.—Quarterly data for changes in U.S. official reserve assets, U.S. private assets abroad, and foreign assets in the United States are not seasonally adjusted.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-99.—U.S. merchandise exports and imports by principal end-use category, 1965-79

[Millions of dollars; quarterly data seasonally adjusted]

Year or quarter	Exports					Imports				
	Total	Agricultural	Nonagricultural			Total	Petroleum and products	Nonpetroleum		
			Total	Capital goods	Other goods			Total	Industrial supplies	Other goods
1965.....	26,461	6,305	20,156	8,052	12,104	21,510	2,034	19,476	9,123	10,353
1966.....	29,310	6,949	22,361	8,907	13,454	25,493	2,078	23,415	10,235	13,180
1967.....	30,666	6,453	24,213	9,934	14,279	26,866	2,091	24,775	9,956	14,819
1968.....	33,626	6,297	27,329	11,111	16,218	32,991	2,384	30,607	12,027	18,580
1969.....	36,414	6,096	30,318	12,369	17,949	35,807	2,649	33,158	11,798	21,360
1970.....	42,469	7,374	35,095	14,659	20,436	39,866	2,927	36,939	12,390	24,549
1971.....	43,319	7,831	35,488	15,372	20,116	45,579	3,650	41,929	13,762	28,167
1972.....	49,381	9,513	39,868	16,914	22,954	55,797	4,650	51,147	16,263	34,884
1973.....	71,410	17,978	53,432	21,999	31,433	70,499	8,415	62,084	19,588	42,496
1974.....	98,306	22,412	75,894	30,878	45,016	103,649	26,609	77,040	27,766	49,274
1975.....	107,088	22,242	84,846	36,639	48,207	98,041	27,017	71,024	23,966	47,058
1976.....	114,745	23,381	91,364	39,112	52,252	124,051	34,573	89,478	29,700	59,778
1977.....	120,816	24,331	96,485	39,767	56,718	151,689	44,983	106,706	35,670	71,036
1978.....	142,052	29,904	112,148	46,474	65,674	175,822	42,317	133,505	42,547	90,958
1977:										
I.....	29,518	6,245	23,273	9,773	13,500	37,185	12,396	24,789	7,949	16,840
II.....	31,075	6,254	24,821	9,854	14,967	37,639	10,699	26,940	8,946	17,994
III.....	30,558	6,023	24,535	10,264	14,271	37,996	11,342	26,654	9,220	17,434
IV.....	29,665	5,809	23,856	9,876	13,980	38,869	10,546	28,323	9,555	18,768
1978:										
I.....	30,712	6,496	24,216	10,153	14,063	42,629	10,635	31,994	10,248	21,746
II.....	35,396	7,680	27,716	11,080	16,636	43,329	9,972	33,357	10,996	22,361
III.....	36,532	7,930	28,602	12,425	16,177	44,481	10,871	33,610	10,680	22,930
IV.....	39,412	7,798	31,614	12,816	18,798	45,383	10,839	34,544	10,623	23,921
1979:										
I.....	41,348	7,640	33,708	13,811	19,897	47,463	11,638	35,825	11,057	24,768
II.....	42,792	7,733	35,059	13,695	21,364	50,508	12,905	37,603	12,284	25,319
III.....	47,337	9,609	37,728	15,557	22,171	54,619	16,619	38,000	12,726	25,274

Note.—Data are on an international transactions basis and exclude military shipments.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-100.—U.S. merchandise exports and imports by area, 1973-79

[Millions of dollars]

Item	1973	1974	1975	1976	1977	1978	1979 <sup>1</sup>
Exports .....	71,410	98,306	107,088	114,745	120,816	142,052	175,303
Developed countries .....	48,529	64,487	66,496	72,335	76,970	87,762	110,463
Canada .....	16,710	21,842	23,537	26,336	28,533	31,228	36,008
Japan .....	8,356	10,724	9,567	10,196	10,566	12,960	17,365
Western Europe .....	21,216	28,164	29,884	31,883	34,094	39,364	52,052
Australia, New Zealand, and South Africa .....	2,247	3,757	3,508	3,920	3,777	4,210	5,037
Developing countries .....	20,834	32,082	37,343	38,287	40,951	50,208	60,133
OPEC <sup>2</sup> .....	3,414	6,219	9,956	11,561	12,877	14,846	14,264
Other <sup>3</sup> .....	17,420	25,863	27,387	26,726	28,074	35,362	45,869
Eastern Europe .....	2,047	1,737	3,249	4,123	2,895	4,082	5,347
Imports .....	70,499	103,649	98,041	*124,051	*151,689	*175,822	*203,453
Developed countries .....	48,985	61,092	55,973	67,488	79,227	99,154	109,527
Canada .....	17,694	22,392	21,710	26,475	29,644	33,552	37,869
Japan .....	9,665	12,414	11,257	15,531	18,565	24,542	25,851
Western Europe .....	19,774	24,267	20,764	23,003	28,226	36,620	40,260
Australia, New Zealand, and South Africa .....	1,852	2,019	2,242	2,479	2,792	4,440	5,547
Developing countries .....	20,913	41,580	41,334	55,379	70,681	74,407	90,570
OPEC <sup>2</sup> .....	5,097	17,234	18,897	27,409	35,778	33,289	41,483
Other <sup>3</sup> .....	15,816	24,346	22,437	27,970	34,903	41,118	49,087
Eastern Europe .....	601	977	734	875	1,127	1,509	1,687

<sup>1</sup> First 3 quarters at seasonally adjusted annual rate; preliminary. Detail will not add to totals because of seasonal adjustment discrepancy and rounding.

<sup>2</sup> Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

<sup>3</sup> Latin American Republics, other Western Hemisphere, and other countries in Asia and Africa, less petroleum exporting countries and the International Monetary Fund.

<sup>4</sup> Includes imports of nonmonetary gold from International Monetary Fund, not in area detail.

Note.—Data are on an international transactions basis and exclude military shipments.

Source: Department of Commerce, Bureau of Economic Analysis.



TABLE B-102.—*International investment position of the United States at year-end, selected years, 1970-78*

[Billions of dollars]

Type of investment	1970	1972	1974	1976	1977	1978
Net international investment position of the United States.....	58.6	37.1	58.8	82.6	72.4	76.7
U.S. assets abroad.....	165.5	199.0	255.7	347.2	383.0	450.1
U.S. official reserve assets.....	14.5	13.2	15.9	18.7	19.3	18.7
Gold.....	11.1	10.5	11.7	11.6	11.7	11.7
Special drawing rights (SDRs).....	.9	2.0	2.4	2.4	2.6	1.6
Reserve position in the International Monetary Fund (IMF).....	1.9	.5	1.9	4.4	4.9	1.0
Foreign currency reserves.....	.6	.2	.0	.3	.0	4.4
Other U.S. Government assets.....	32.1	36.1	38.4	46.0	49.6	54.2
U.S. loans and other long-term assets.....	29.7	34.1	36.3	44.1	47.8	52.3
U.S. short-term assets other than reserves.....	2.5	2.0	2.1	1.9	1.8	1.9
U.S. private assets.....	118.8	149.7	201.5	282.4	314.1	377.2
Direct investments abroad (book value).....	75.5	89.9	110.1	136.8	149.8	168.1
Foreign securities.....	21.0	27.6	28.2	44.2	49.4	53.4
Claims on foreigners reported by U.S. banks, not included elsewhere.....	13.8	20.7	46.2	81.1	92.6	129.6
Claims on unaffiliated foreigners reported by U.S. nonbanks.....	8.5	11.4	17.0	20.3	22.3	26.1
Foreign assets in the United States.....	106.8	161.8	196.9	264.6	310.6	373.3
Foreign official assets.....	26.1	63.2	79.8	105.5	141.9	175.1
U.S. Government securities <sup>1</sup> .....	17.7	52.9	58.1	74.0	106.8	130.8
Other U.S. Government liabilities.....	1.7	1.6	2.6	8.7	9.9	12.7
Liabilities reported by U.S. banks, not included elsewhere.....	6.7	8.5	18.4	17.2	18.0	23.1
Other official assets.....	.0	.2	.6	5.6	7.2	8.5
Other foreign assets.....	80.7	98.7	117.1	159.1	168.7	198.2
Direct investments in the United States (book value).....	13.3	14.9	25.1	30.8	34.6	40.8
Liabilities reported by U.S. banks, not included elsewhere.....	22.7	21.2	41.8	53.5	60.2	77.0
U.S. Treasury securities.....	1.2	1.2	1.7	7.0	7.6	9.9
Other U.S. securities <sup>2</sup> .....	34.7	50.7	34.9	54.8	52.9	55.4
Liabilities to unaffiliated foreigners reported by U.S. nonbanks..	8.8	10.7	13.6	13.0	13.4	15.1

<sup>1</sup> Includes Treasury and agency issues of securities.

<sup>2</sup> Corporate and other bonds and corporate stocks.

Note.—Gold is valued at SDR35 per ounce, throughout. The SDR value is converted to dollars at \$1/SDR before December 1971, at \$1.08571/SDR from December 1971 through January 1973, at \$1.20635/SDR from February 1973 through June 1974, and as measured by the basket valuation of the SDR beginning July 1974.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-103.—*World trade: Exports and imports, 1965, 1970, and 1975-79*

[Billions of U.S. dollars]

Area and country	1965	1970	1975	1976	1977	1978	1979 <sup>1</sup>
	Exports, f.a.s. <sup>2</sup>						
Developed countries <sup>3</sup> .....	129.7	225.9	583.3	647.3	735.3	881.0	1,032.2
United States.....	27.5	43.2	107.6	115.0	121.2	143.7	183.1
Canada.....	8.5	16.7	34.1	40.5	43.4	47.9	55.5
Japan.....	8.5	19.3	55.8	67.3	81.1	98.4	102.5
European Community <sup>4</sup> .....	64.8	113.0	298.4	328.8	382.3	462.2	555.8
France.....	10.2	18.1	53.1	57.2	65.0	79.4	98.8
West Germany.....	17.9	34.2	90.2	102.2	118.1	142.5	173.2
Italy.....	7.2	13.2	34.8	37.3	45.3	56.1	72.0
United Kingdom.....	13.8	19.6	44.5	46.7	58.2	71.7	90.7
Other developed countries.....	20.4	33.6	87.4	95.7	107.1	128.8	135.3
Developing countries.....	35.2	54.3	203.5	248.3	282.5	294.8	383.9
OPEC <sup>5</sup> .....	10.7	17.6	111.5	135.2	148.0	142.8	201.9
Other.....	24.5	36.7	92.0	113.1	134.5	152.0	182.0
Communist countries <sup>6</sup> .....	23.2	34.7	90.4	99.1	115.4	133.2	145.6
U.S.S.R.....	8.2	12.8	33.4	37.3	45.2	52.4	64.0
Eastern Europe.....	11.8	18.2	45.3	49.5	56.4	64.2	73.1
China.....	2.0	2.1	7.2	7.3	8.0	9.9	1.2
TOTAL.....	188.1	314.9	877.2	994.7	1,133.2	1,309.0	1,561.7
	Imports, c.i.f. <sup>7</sup>						
Developed countries <sup>3</sup> .....	136.7	235.3	611.0	701.5	793.8	915.4	1,080.0
United States.....	23.2	42.4	103.4	129.6	157.6	183.1	219.5
Canada.....	8.7	14.3	36.3	40.3	42.1	46.2	55.1
Japan.....	8.2	18.9	57.9	64.9	71.3	79.9	108.9
European Community <sup>4</sup> .....	69.3	116.9	301.9	345.6	390.2	462.8	577.2
France.....	10.4	19.1	54.0	64.4	70.5	81.8	105.7
West Germany.....	17.6	29.9	74.9	88.4	101.5	121.8	161.2
Italy.....	7.4	15.0	38.4	43.4	48.1	56.5	75.4
United Kingdom.....	16.1	22.0	54.2	56.6	64.6	78.6	103.1
Other developed countries.....	27.3	43.0	111.5	121.2	132.7	143.4	119.3
Developing countries.....	37.0	56.6	189.8	208.0	248.0	296.4	339.2
OPEC <sup>5</sup> .....	6.5	10.0	52.7	64.6	84.8	104.0	106.1
Other.....	30.5	46.6	137.1	143.4	163.2	192.4	233.1
Communist countries <sup>6</sup> .....	22.6	34.2	100.8	105.1	115.3	139.7	161.4
U.S.S.R.....	8.1	11.7	37.1	38.2	40.9	50.8	60.0
Eastern Europe.....	11.6	18.5	51.3	55.6	62.3	71.7	78.9
China.....	1.8	2.2	7.4	6.0	7.1	10.9	14.4
TOTAL.....	196.3	326.1	901.6	1,014.6	1,157.1	1,351.5	1,580.6

<sup>1</sup> Preliminary estimates.<sup>2</sup> Free-alongside-ship value.<sup>3</sup> Includes the OECD countries, South Africa, and non-OECD Europe.<sup>4</sup> Includes Belgium-Luxembourg, Denmark, Ireland, and the Netherlands, not shown separately.<sup>5</sup> Includes Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.<sup>6</sup> Includes North Korea, Vietnam, Albania, Cuba, Mongolia, and Yugoslavia, not shown separately.<sup>7</sup> Cost, insurance, and freight value, except Eastern Europe (except Albania) and U.S.S.R., which are f.o.b. (free on board).

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



TABLE B-104.—World trade balance and current account balances, 1965, 1970, and 1975-79

(Billions of U.S. dollars)

Area and country	1965	1970	1975	1976	1977	1978	1979 <sup>1</sup>
	<b>World trade balance<sup>2</sup></b>						
Developed countries <sup>3</sup> .....	-6.9	-9.6	-27.7	-54.2	-58.5	-34.4	-47.8
United States.....	4.3	.8	4.2	-14.6	-36.3	-39.4	-36.4
Canada.....	-2	2.5	-2.1	.2	1.3	1.7	.4
Japan.....	.3	.4	-2.1	2.4	9.8	18.5	-6.4
European Community <sup>4</sup> .....	-4.5	-3.9	-3.5	-16.8	-7.9	-.6	-21.4
France.....	-.2	-1.0	-.8	-7.2	-5.5	-2.4	-6.9
West Germany.....	.3	4.3	15.2	13.7	16.6	20.7	12.1
Italy.....	-.2	-1.8	-3.6	-6.2	-2.8	-.4	-3.4
United Kingdom.....	-2.3	-2.4	-9.6	-9.9	-6.4	-6.9	-12.4
Other developed countries.....	-6.8	-9.4	-24.1	-25.5	-25.7	-14.6	16.0
Developing countries.....	-1.8	-2.3	13.7	40.3	34.5	-1.6	44.7
OPEC <sup>5</sup> .....	4.2	7.6	58.8	70.6	63.2	38.8	95.8
Other.....	-6.0	-9.9	-45.1	-30.3	-28.7	-40.4	-51.1
Communist countries <sup>6</sup> .....	.5	.5	-10.4	-6.0	.1	-6.5	-15.8
U.S.S.R.....	.1	1.1	-3.7	-.9	4.3	1.6	4.0
Eastern Europe.....	.2	-.4	-6.0	-6.1	-5.9	-7.5	-5.8
China.....	.2	-.2	-.2	1.3	.9	-1.0	-13.2
TOTAL <sup>7</sup> .....	-8.2	-11.4	-24.4	-19.9	-23.9	-42.5	-18.9
	<b>Current account balances<sup>8</sup></b>						
OECD.....	3.8	6.7	-0.4	-18.2	-24.8	9.1	-30.0
United States.....	5.4	2.3	18.3	4.6	-14.1	-13.9	.0
Canada.....	-1.1	1.1	-4.7	-3.9	-4.0	-4.6	-6.0
Japan.....	.9	2.0	-.7	3.7	10.9	16.5	-7.5
European Community <sup>4</sup> .....	.9	3.2	.3	-6.2	1.5	17.2	-5.9
France.....	.4	.1	-.1	-6.1	-3.3	3.9	1.5
West Germany.....	-1.6	.9	3.5	3.4	4.2	8.8	-3.5
Italy.....	2.2	1.1	-.8	-2.8	2.5	6.4	6.3
United Kingdom.....	-.1	1.8	-4.1	-1.5	.5	2.0	-5.5
Developing countries.....		-8.5	-10.2	11.0	5.0	-29.0	18.0
OPEC <sup>9</sup> .....		-.5	27.3	36.5	29.0	7.0	65.0
Other.....		-8.0	-37.5	-25.5	-24.0	-36.0	-47.0
Other <sup>10</sup> .....		-2.9	-18.5	-13.0	-8.7	-9.5	-8.2
TOTAL.....		-4.7	-29.1	-20.2	-28.5	-29.4	-20.2

<sup>1</sup> Preliminary estimates.

<sup>2</sup> Exports f.a.s. (free alongside ship) less imports c.i.f. (cost, insurance, and freight).

<sup>3</sup> Includes the OECD countries, South Africa, and non-OECD Europe.

<sup>4</sup> Includes Belgium-Luxembourg, Denmark, Ireland, and the Netherlands, not shown separately.

<sup>5</sup> Includes Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Saudi Arabia, United Arab Emirates, and Venezuela.

<sup>6</sup> Includes North Korea, Vietnam, Albania, Cuba, Mongolia, and Yugoslavia, not shown separately.

<sup>7</sup> Asymmetries arise in global payments aggregations because of discrepancies in coverage, classification, timing, and valuation in the recording of transactions by the countries involved.

<sup>8</sup> OECD basis.

<sup>9</sup> Consists of countries in footnote 4 plus Bahrain and Qatar.

<sup>10</sup> Includes Communist countries and non-OECD developed countries.

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

TABLE B-105.—International reserves, selected years, 1952-79

[Millions of dollars; end of period]

Area and country	1952	1962	1972	1976	1977	1978	1979
							November
All countries.....	149,187	62,660	159,118	257,415	317,886	364,035	383,966
Industrialized countries <sup>2</sup> .....	36,773	49,254	105,814	131,848	169,397	209,062	211,353
United States.....	24,714	17,220	13,150	18,319	19,392	19,582	20,196
Canada.....	1,944	2,561	6,050	5,843	4,608	4,569	3,971
Japan.....	1,101	2,021	18,366	16,605	23,261	33,500	20,475
Austria.....	116	1,081	2,720	4,410	4,244	6,007	4,598
Belgium.....	1,133	1,753	3,869	5,206	5,761	5,908	7,818
France.....	686	4,049	10,015	9,728	10,194	13,929	20,395
Germany.....	960	6,957	23,785	34,801	39,737	53,883	53,621
Italy.....	722	4,068	6,085	6,654	11,629	14,899	21,353
Netherlands.....	950	1,944	4,785	7,387	8,065	7,585	9,512
Scandinavian countries (Denmark, Norway, and Sweden).....	817	1,362	3,757	5,635	7,580	10,530	11,381
Switzerland.....	1,667	2,919	7,557	12,993	13,830	21,561	17,775
United Kingdom.....	1,956	3,308	5,647	4,230	21,057	17,067	20,208
Other Europe.....	1,559	2,966	12,749	13,734	15,668	22,324	24,327
Australia, New Zealand, and South Africa.....	1,509	2,066	8,264	4,602	3,657	3,742	3,445
Oil exporting countries.....	1,699	2,030	10,901	65,233	75,499	60,214	67,869
Iran.....	177	211	960	8,833	12,266	12,152	.....
Nigeria.....	500	289	376	5,203	4,259	1,916	4,981
Saudi Arabia <sup>3</sup> .....	.....	268	2,500	27,025	30,034	19,407	18,710
Venezuela.....	443	583	1,732	8,578	8,214	6,555	6,243
Other <sup>4</sup> .....	579	680	5,330	15,597	20,727	20,184	.....
Other less developed areas.....	7,187	6,343	21,388	41,997	53,664	68,692	76,971
Other Western Hemisphere.....	2,086	1,700	8,145	15,222	20,280	28,938	33,584
Other Middle East.....	826	992	2,927	5,778	7,472	9,391	9,642
Other Asia.....	3,479	2,663	8,248	17,912	22,138	26,323	29,383
Other Africa.....	796	989	2,067	3,085	3,776	4,039	4,362

<sup>1</sup> Includes Cuba.<sup>2</sup> Includes Luxembourg.<sup>3</sup> Data beginning April 1978, exclude the foreign exchange cover against the note issue.<sup>4</sup> Algeria, Indonesia, Iraq, Kuwait, Libya, Oman, Qatar, and United Arab Emirates.

Note.—International reserves is comprised of monetary authorities' holdings of gold, special drawing rights (SDRs), reserve positions in the International Monetary Fund, and foreign exchange. Data exclude U.S.S.R., other Eastern European countries, Mainland China, and Cuba (after 1960).

Source: International Monetary Fund, "International Financial Statistics."

TABLE B-106.—Growth rates in real gross national product, 1960-79

[Percent change]

Area and country	1960-73 annual average	1974	1975	1976	1977	1978	1979 <sup>1</sup>	U.S. dollar value in 1978 (billions) <sup>2</sup>
OECD countries.....	4.8	0.5	-0.4	5.2	3.7	3.9	3.3	5,960.0
United States.....	3.9	-1.3	-1.0	5.5	4.8	4.4	2.0	2,107.6
Canada.....	5.4	3.5	1.1	5.7	2.7	3.4	2.8	203.5
Japan.....	10.5	-1.0	2.4	6.0	5.4	5.6	6.0	968.8
European Community <sup>3</sup> .....	4.7	1.7	-1.4	5.1	2.3	3.1	3.0	1,950.0
France.....	5.7	3.2	.2	4.9	2.8	3.3	3.0	470.2
West Germany.....	4.8	.5	-2.1	5.6	2.8	3.5	4.3	640.2
Italy.....	5.2	4.2	-3.5	5.7	1.7	2.6	4.0	235.2
United Kingdom.....	3.2	-1.5	-1.0	3.7	1.3	3.3	.5	309.6
Other OECD <sup>4</sup> .....	5.4	3.5	.2	3.8	1.9	2.3	3.0	730.1
Communist countries <sup>5</sup> .....	*5.3	4.3	3.6	3.0	4.4	4.7	.....	2,240.0
U.S.S.R.....	*5.0	4.1	2.5	3.7	3.1	4.0	.8	1,253.6
Eastern Europe.....	*4.1	4.7	4.2	4.3	3.3	2.9	.....	384.0
China.....	*6.2	3.7	7.0	.1	8.1	11.7	6.5	444.2
Less developed countries.....	.....	.....	.....	.....	.....	.....	.....	1,460.0
OPEC.....	*9.0	8.0	-.3	12.8	6.2	2.6	.....	.....
Other.....	*6.1	5.3	4.1	5.0	5.1	5.2	.....	.....
TOTAL.....	.....	.....	.....	.....	.....	.....	.....	9,660.0

<sup>1</sup> Preliminary estimates.<sup>2</sup> Estimates based on conversion at average rates of exchange for 1977, except for those of the Communist countries, which were converted at U.S. purchasing power equivalents.<sup>3</sup> Includes Belgium-Luxembourg, Denmark, Ireland, and the Netherlands, not shown separately.<sup>4</sup> Growth rates are for OECD countries other than the Big Seven (United States, Canada, Japan, France, West Germany, Italy, and the United Kingdom).<sup>5</sup> Includes North Korea, Vietnam, Albania, Cuba, Mongolia, and Yugoslavia, not shown separately.<sup>6</sup> 1961-73 annual average.<sup>7</sup> 1967-73 annual average.

Note.—For Italy and United Kingdom, data relate to real gross domestic product. For France, data relate to real gross domestic product excluding nonmarket activity such as compensation of employees in the government sector.

Sources: Department of Commerce, International Monetary Fund, Organization for Economic Cooperation and Development (OECD), and Council of Economic Advisers.

TABLE B-107.—Industrial production and unemployment rate, major industrial countries, 1960-79

[Quarterly data seasonally adjusted]

Year or quarter	United States	Canada	Japan	European Community <sup>1</sup>	France	West Germany	Italy	United Kingdom
Industrial production (1967=100) <sup>2</sup>								
1960.....	66.2	63.1	43.0	74.7	70	78.4	59.2	84.4
1961.....	66.7	65.6	51.2	78.1	73	82.8	65.5	84.3
1962.....	72.2	71.2	55.4	81.3	78	86.1	71.9	85.1
1963.....	76.5	75.7	61.7	84.8	86	88.9	78.4	88.4
1964.....	81.7	82.6	71.4	91.0	90	96.6	79.2	95.0
1965.....	89.8	89.7	74.2	94.7	93	102.1	82.8	97.7
1966.....	97.8	96.2	83.8	98.4	98	103.0	93.3	99.2
1967.....	100.0	100.0	100.0	100.0	100	100.0	100.0	100.0
1968.....	106.3	106.4	115.2	107.4	104	109.2	106.4	106.7
1969.....	111.1	113.7	133.4	117.6	114	123.2	110.5	110.3
1970.....	107.8	115.3	151.8	123.3	120	131.1	117.6	110.9
1971.....	109.6	121.5	155.7	126.1	128	133.6	117.5	110.6
1972.....	119.7	130.7	167.0	131.7	135	138.7	122.7	113.2
1973.....	129.8	143.0	190.5	141.4	145	147.7	134.6	123.0
1974.....	129.3	147.5	183.1	142.3	148	145.1	140.6	120.0
1975.....	117.8	139.6	163.9	132.8	139	137.1	127.6	114.3
1976.....	130.5	147.4	182.0	142.5	148	149.1	143.7	117.4
1977.....	138.2	152.1	189.7	145.7	152	152.5	145.1	122.8
1978.....	146.1	160.9	201.1	149.1	156	155.8	148.4	126.5
1979.....	152.2							
1978:								
I.....	140.8	156.3	196.0	146.6	154	153	146.1	123.7
II.....	145.1	158.8	199.6	147.7	157	153	147.8	127.4
III.....	147.9	162.0	202.4	148.6	156	157	145.6	128.2
IV.....	150.7	166.2	206.5	152.2	159	159	153.9	127.3
1979:								
I.....	152.2	167.8	210.2	152.3	159	159	157.0	128.5
II.....	151.9	165.8	215.4	155.2	160	163	151.9	135.3
III.....	152.3	169.9	219.4	155.6	165	165	153.6	130.6
IV.....	152.1							
Unemployment rate (percent) <sup>3</sup>								
1960.....	5.5	7.0	1.7		1.8	1.1	3.8	2.2
1961.....	6.7	7.1	1.5		1.6	.6	3.2	2.0
1962.....	5.5	5.9	1.3		1.5	.6	2.8	2.8
1963.....	5.7	5.5	1.3		1.3	.5	2.4	3.4
1964.....	5.2	4.7	1.2		1.5	.4	2.6	2.5
1965.....	4.5	3.9	1.2		1.6	.3	3.5	2.2
1966.....	3.8	3.4	1.4		1.9	.3	3.8	2.3
1967.....	3.8	3.8	1.3		2.0	1.3	3.4	3.4
1968.....	3.6	4.5	1.2		2.6	1.4	3.4	3.3
1969.....	3.5	4.4	1.1		2.4	.9	3.3	3.0
1970.....	4.9	5.7	1.2		2.6	.8	3.1	3.1
1971.....	5.9	6.2	1.3		2.8	.8	3.1	3.7
1972.....	5.6	6.2	1.4		2.9	.8	3.6	4.1
1973.....	4.9	5.5	1.3		2.8	.8	3.4	2.9
1974.....	5.6	5.3	1.4		3.0	1.7	2.8	2.9
1975.....	8.5	6.9	1.9		4.3	3.6	3.2	4.1
1976.....	7.7	7.1	2.0		4.7	3.6	3.6	5.5
1977.....	7.0	8.1	2.0		5.0	3.6	3.4	6.2
1978.....	6.0	8.4	2.3		5.5	3.4	3.7	6.1
1979 *.....	5.8	7.5	*2.2		6.1	3.0	3.9	5.8
1978:								
I.....	6.2	8.4	2.2		4.9	3.5	3.7	6.3
II.....	6.0	8.5	2.3		5.4	3.5	3.6	6.2
III.....	6.0	8.4	2.3		5.8	3.4	3.6	6.1
IV.....	5.8	8.2	2.3		5.8	3.3	3.7	5.8
1979:								
I.....	5.8	7.9	2.0		5.9	3.2	3.9	6.0
II.....	5.8	7.6	2.1		6.2	3.0	3.8	5.7
III.....	5.8	7.1	2.2		6.3	2.9	3.9	5.6
IV.....	5.9	7.3			6.1	2.8	3.9	5.9

<sup>1</sup> Consists of Belgium-Luxembourg, Denmark, France, Ireland, Italy, Netherlands, United Kingdom, and West Germany.

<sup>2</sup> All data exclude construction.

<sup>3</sup> Unemployment rates adjusted to U.S. concepts. Data for United Kingdom exclude Northern Ireland.

<sup>4</sup> Data are preliminary except for United States and Canada.

<sup>5</sup> Ten-month average, seasonally adjusted.

Sources: Department of Commerce (International Trade Administration) and Department of Labor (Bureau of Labor Statistics).

TABLE B-108.—Consumer prices and hourly compensation, major industrial countries, 1960-79

[1967=100]

Year or quarter	United States	Canada	Japan	France	West Germany	Italy	United Kingdom
Consumer prices							
1960.....	88.7	85.9	68.3	178.0	82.9	74.1	79.0
1961.....	89.6	86.7	71.8	180.6	84.8	75.7	81.6
1962.....	90.6	87.7	76.7	85.4	87.4	79.2	85.1
1963.....	91.7	89.2	82.5	89.5	89.9	85.1	86.8
1964.....	92.9	90.9	85.8	92.5	92.0	90.1	89.6
1965.....	94.5	93.1	91.6	94.8	95.0	94.2	93.9
1966.....	97.2	96.5	96.3	97.4	98.4	96.4	97.6
1967.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968.....	104.2	104.0	105.3	104.5	101.6	101.4	104.8
1969.....	109.8	108.8	110.9	111.3	103.5	104.1	110.3
1970.....	116.3	112.4	119.3	117.1	107.1	109.2	117.4
1971.....	121.3	115.6	126.5	123.5	112.7	114.4	128.5
1972.....	125.3	121.2	132.3	131.1	119.0	121.0	137.7
1973.....	133.1	130.3	147.9	140.7	127.2	134.0	150.2
1974.....	147.7	144.5	184.0	160.0	136.1	159.7	174.3
1975.....	161.2	160.1	205.8	178.9	144.2	186.8	216.5
1976.....	170.5	172.1	224.9	196.1	150.7	218.1	252.4
1977.....	181.5	185.9	243.0	214.5	156.6	255.2	292.4
1978.....	195.4	202.5	252.3	233.9	160.7	286.2	316.6
1978:							
I.....	188.5	195.6	247.5	224.5	159.6	274.1	306.2
II.....	193.4	200.3	252.6	230.9	161.1	282.6	314.6
III.....	197.9	205.4	254.3	237.1	161.0	289.3	320.0
IV.....	201.9	208.6	254.9	242.0	161.2	298.1	325.5
1979:							
I.....	207.0	213.4	254.0	247.3	164.5	309.5	335.6
II.....	214.1	218.9	260.5	254.3	167.1	321.0	347.9
III.....	221.1	223.3	263.1	262.5	169.0	331.8	371.2
Hourly compensation <sup>2</sup>							
1960.....	77.1	80.3	43.4	56.0	51.8	46.8	65.9
1961.....	79.4	78.9	50.3	61.7	60.5	51.8	70.8
1962.....	82.6	77.0	57.5	67.9	68.8	61.1	74.6
1963.....	85.2	79.0	64.1	75.0	73.6	72.3	77.9
1964.....	88.9	82.0	72.0	80.7	79.5	80.4	83.2
1965.....	91.0	86.2	81.1	86.9	85.7	86.0	91.2
1966.....	95.2	93.0	89.2	92.5	94.3	89.8	98.7
1967.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968.....	107.0	107.4	116.9	112.6	105.9	106.8	93.3
1969.....	113.9	115.5	139.3	111.6	117.3	121.1	101.7
1970.....	121.8	128.2	165.9	117.2	145.9	145.0	115.3
1971.....	129.5	142.6	197.3	131.3	173.4	169.7	134.3
1972.....	136.6	156.6	259.2	159.9	211.4	206.0	154.4
1973.....	146.4	170.5	353.7	208.5	289.3	261.7	167.8
1974.....	161.1	200.6	431.2	231.3	342.4	291.6	197.8
1975.....	180.2	222.4	497.2	310.7	406.3	374.7	247.3
1976.....	195.1	260.8	538.3	319.1	425.4	352.7	235.6
1977.....	212.0	270.3	644.5	355.5	506.1	394.2	250.4
1978.....	229.5	270.1	870.2	437.1	628.5	466.9	316.1

<sup>1</sup> Data for 1960 and 1961 are for Paris only.

<sup>2</sup> Hourly compensation in manufacturing, U.S. dollar basis. Data relate to all employed persons (wage and salary earners and the self-employed) in the United States and Canada and to all employees (wage and salary earners) in the other countries. For France and United Kingdom compensation adjusted to include changes in employment taxes that are not compensation to employees, but are labor costs to employers.

Sources: Department of Commerce (International Trade Administration) and Department of Labor (Bureau of Labor Statistics).

TABLE B-109.—Summary of major U.S. Government net foreign assistance, July 1, 1945 to December 31, 1978

(Millions of dollars)<sup>1</sup>

Type and geographic distribution	Yearly average or calendar year				
	1945-49 <sup>2</sup>	1950-54	1955-59	1960-64	1965-69
Total, net.....	5,540	5,059	4,772	4,664	5,899
Investment in 6 international financial institutions <sup>3</sup> .....	141		7	124	81
Under assistance programs, net.....	5,399	5,059	4,764	4,540	5,818
Net new military grants.....	325	2,462	2,438	1,594	2,190
Gross new grants.....	340	2,494	2,451	1,629	2,196
Less: Reverse grants and returns.....	15	32	14	35	5
Other grants, credits, and other assistance (through net accumulation of foreign currency claims), net.....	5,074	2,597	2,327	2,946	3,628
Net new economic and technical aid grants <sup>4</sup> .....	3,312	2,406	1,710	1,850	1,776
Gross new grants.....	3,486	2,512	1,759	1,872	1,780
Less: Reverse grants and returns.....	174	106	48	22	4
Net new credits <sup>4, 5</sup> .....	1,762	148	210	871	1,950
New credits.....	1,986	544	827	1,843	3,082
Less: Principal collections.....	224	396	617	972	1,132
Other assistance (through net accumulation of foreign currency claims) <sup>6</sup> .....		42	407	225	-98
Currency claims acquired.....		51	965	1,230	814
Sales of farm products.....		51	963	1,186	691
Second-stage operations <sup>7</sup> .....			2	44	122
Less: Currencies disbursed.....		9	558	1,005	912
Economic grants and credits to purchasing country.....		7	413	807	716
Other uses.....		2	145	198	196
<b>Geographic distribution of net nonmilitary assistance</b>					
Developing countries, <sup>8</sup> net total.....	904	1,032	2,211	3,316	3,611
Net new economic and technical aid grants.....	752	772	1,470	1,817	1,765
Net new credits.....	152	240	386	1,310	1,926
Other assistance (through net accumulation of foreign currency claims).....		20	355	189	-80
Developed countries, <sup>8</sup> net total.....	4,170	1,564	116	-371	17
Net new economic and technical aid grants.....	2,560	1,634	240	32	11
Net new credits.....	1,610	-92	-176	-439	24
Other assistance (through net accumulation of foreign currency claims).....		22	52	36	-18

<sup>1</sup> Negative figures (-) occur when the total of grant returns, principal repayments, and/or foreign currencies disbursed by the Government exceeds new grants and new credits utilized and/or acquisitions of foreign currencies through new sales of farm products.

<sup>2</sup> July 1, 1945, through December 31, 1949. Yearly average is for 4½ years.

<sup>3</sup> Includes paid-in capital subscriptions and contributions to the special funds of the African Development Fund, Asian Development Bank, Inter-American Development Bank, International Bank for Reconstruction and Development, International Development Association, and International Finance Corporation.

<sup>4</sup> Net new grants are not adjusted for settlements of postwar relief and other grants under agreements, and net new credits exclude prior grants converted into credits. Repayments on these settlements are included in net new credits.

<sup>5</sup> Outstanding credits on December 31, 1978, totaled \$45,287 million, representing net credits extended since organization of Export-Import Bank, February 12, 1934, less chargeoffs and net adjustments due to exchange rates (\$1,560 million), and excluding World War I debts. The amount repayable in dollars at U.S. Government option was \$42,849 million; the remainder was repayable in foreign currencies, commodities, or services, at the option of the borrowers.

(See next page for continuation of table.)

TABLE B-109.—Summary of major U.S. Government net foreign assistance, July 1, 1945 to December 31, 1978—Continued

[Millions of dollars]<sup>1</sup>

Type and geographic distribution	Yearly average or calendar year				
	1970-74	1975	1976	1977	1978 <sup>p</sup>
Total, net.....	7,146	8,676	7,931	6,732	8,000
Investment in 6 international financial institutions <sup>3</sup> .....	332	654	1,102	870	867
Under assistance programs, net.....	6,814	8,022	6,829	5,862	7,134
Net new military grants.....	3,310	2,891	1,339	767	840
Gross new grants.....	3,314	2,895	1,342	770	853
Less: Reverse grants and returns.....	5	4	3	3	13
Other grants, credits, and other assistance (through net accumulation of foreign currency claims), net.....	3,504	5,130	5,490	5,096	6,294
Net new economic and technical aid grants <sup>4</sup> .....	2,486	2,247	2,268	2,274	2,652
Gross new grants.....	2,534	2,250	2,274	2,274	2,652
Less: Reverse grants and returns.....	48	2	6		
Net new credits <sup>4,5</sup> .....	1,190	2,853	3,275	2,861	3,695
New credits.....	3,836	5,297	5,837	5,546	6,599
Less: Principal collections.....	2,646	2,444	2,562	2,685	2,904
Other assistance (through net accumulation of foreign currency claims) <sup>6</sup> .....	-171	30	-53	-39	-53
Currency claims acquired.....	742	189	129	175	124
Sales of farm products.....	106	5	(*)	(*)	(*)
Second-stage operations <sup>7</sup> .....	635	184	129	175	124
Less: Currencies disbursed.....	913	159	182	214	177
Economic grants and credits to purchasing country.....	709	21	42	16	17
Other uses.....	204	138	140	198	160
<b>Geographic distribution of net nonmilitary assistance</b>					
Developing countries, <sup>8</sup> net total.....	3,614	5,021	5,330	5,283	6,215
Net new economic and technical aid grants.....	2,529	2,248	2,268	2,271	2,639
Net new credits.....	1,234	2,715	3,094	3,018	3,606
Other assistance (through net accumulation of foreign currency claims).....	-149	58	-30	-6	-30
Developed countries, <sup>8</sup> net total.....	-110	109	158	-188	78
Net new economic and technical aid grants.....	-44	-1	(*)	2	12
Net new credits.....	-44	138	181	-157	89
Other assistance (through net accumulation of foreign currency claims).....	-22	-28	-23	-33	-23

<sup>6</sup> Equivalent value of currencies still available to be used, including some funds advanced from foreign governments and after loss by exchange rate fluctuations (\$1,404 million), was \$504 million on December 31, 1978.

<sup>7</sup> Includes foreign currencies acquired from triangular trade operations and principal and interest collections on credits, originally extended under Public Law 83-480, which—since enactment of Public Law 87-128—are available for the same purposes as Public Law 83-480 currencies.

<sup>8</sup> Developed countries include Australia, Canada, Japan, New Zealand, Republic of South Africa, and all countries in Europe except Cyprus, Gibraltar, Greece, Malta, Portugal, Spain, Turkey, and Yugoslavia. Developing countries include all other countries. This classification is on the basis of the standard list of less developed countries used by the Development Assistance Committee of the Organization for Economic Cooperation and Development.

<sup>p</sup> Less than plus or minus \$500,000.

Source: Department of Commerce, Bureau of Economic Analysis, based on information made available by operating agencies.











