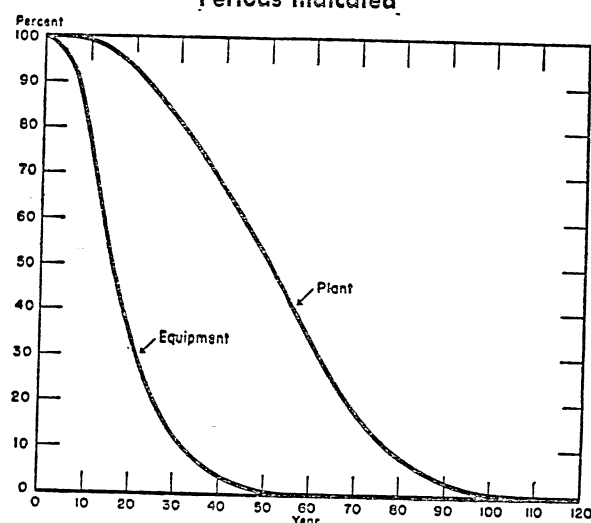


CHART III

**Estimated Percentages of Original Installations
of Plant and Equipment Surviving After the
Periods Indicated^a**



^a These survival curves imply average service lives of about 17 years for equipment and 50 years for plant.

Source: Capital Goods Review, No. 39.

The procedure used in computing the capital stock on the basis of survival curves made possible this computation of the age of capital. Since the survivals are dated by year of origin, it is possible from the computation to derive not only the total stock, but its age composition as well. From this, the weighted average age can be computed (34).

(5) *All other variables*.—Because there were a number of important influences which could not be measured directly, the analysis included a time trend having a constant rate of increase per year. This time trend is a proxy or stand-in for the many other variables mentioned at the outset, such as changes in managerial skill, technological progress, improvements in the health and education of the labor force, and so forth. It was found that there was no basis for varying this rate from period to period.

Three transformations

It was necessary to transform some of the basic information so as to place three of the terms in the form in which they appear in the equation of the production function. These three transformations