

ducers of capital equipment, and a quarterly forecast index of machinery orders, which reflects the producers' expectations for four quarters ahead. The indexes cover a relatively small number of large manufacturers of machinery.

We generally survey business on its plans for domestic investment twice a year—in the spring and in the fall. The spring survey is very comprehensive and is geared to longer range plans; the fall survey covers fewer questions and is geared to short-range plans.

In October 1961 we carried out our fall survey of business' plans for 1962 and 1963. Our comprehensive survey of business' plans for 1962 to 1965 was made during March and early April of this year. At the end of June we carried out a special checkup of plans.

The McGraw-Hill checkup of spending plans showed that business, in general, is planning to invest approximately the same amount in new plants and equipment in 1962 that it reported to us in our comprehensive survey taken earlier this year, and a considerably higher amount than it anticipated last fall. The table below shows the results of the three McGraw-Hill surveys and actual 1961 capital expenditures as reported by the U.S. Department of Commerce.

(The table follows:)

Business plans for capital spending in 1962

[Billion dollars]

Industry	1961 actual ¹	1962 planned—		
		As of October 1961	As of March and early April 1962	As of end of June
All manufacturing.....	13.67	14.59	15.41	15.30
Mining.....	.98	.99	1.09	1.08
Railroads.....	.67	.64	.85	.87
Other transportation and communications.....	5.07	5.03	5.50	5.50
Electric and gas utilities.....	5.52	5.87	5.74	5.82
Commercial.....	8.46	8.72	9.39	9.39
Total, all business.....	34.37	35.84	37.98	37.96

¹ U.S. Department of Commerce.

Mr. GREENWALD. Our fall 1961 survey indicated that business had plans to invest \$35.84 billion in 1962, an increase of about 4 percent over 1961. Over the past several years our fall surveys of business' plans have always provided the correct direction of change in investment as well as fairly reliable indications of the degree of change.

The McGraw-Hill comprehensive survey of business' plans for new plants and equipment taken early this spring indicated that business firms had raised their investment sights significantly from the fall. Planned investment for 1962 was \$37.98 billion, up 10.5 percent over 1961. During the years that we have been making these spring surveys, they have proved remarkably accurate in indicating the trend of overall investment for the year ahead, except in 1950, when all plans were altered by the Korean war. During the last decade, the average error between the McGraw-Hill survey's planned percentage change and the Department of Commerce's percentage change for actual data is only 3.5 percent.

Senator BUSH. That doesn't mean 3½ percent annually?