Mr. GREENWALD. Yes, sir. The average annual error.

Senator DOUGLAS. Somewhere in the range of a billion dollars.

Mr. GREENWALD. In the earlier years it would be smaller in dollar terms, and in the current years it would be bigger.

Senator DOUGLAS. But the average range would be about a billion dollars?

Mr. GREENWALD. Yes, sir.

We do not conclude from this experience, however, that we have a sure-fire forecasting device. We claim nothing for the results of our surveys except that they report present plans. We heavily emphasize the proposition that our surveys are not promises of what is actually going to happen.

Our special checkup in late June showed that business planned to spend $37.96 billion on new plants and equipment this year, up 10.4 percent over 1961.

This checkup was based on plans of a substantial cross section of business, accounting for 35 percent of total capital investment. For the most part the results reflect the plans of large companies. This recheck provided no indication of what small companies were doing about their investment. To begin with, investment plans of small companies were not up as much for 1962 as those of larger companies.

The downward movement of the stock market in May and June may have had some impact on their investment plans. However, small companies account for a relatively small percentage of total capital investment.

Our checkup pointed up the fact that business in general had not cut back or canceled plans for investment in new facilities in 1962 as a result of the sharp drop in stock prices in May and June or the so-called loss of business confidence.

Manufacturing industries overall planned to invest $15.3 billion this year, down about $110 million from plans reported to us in the spring. Steel, machinery, electrical machinery, stone, clay and glass and miscellaneous manufacturing industries plan to invest less in 1962 than they did earlier. However, transportation equipment (aircraft, railroads and shipbuilding) fabricated metal products and instruments, chemicals, rubber and food industries plan to increase their capital expenditures this year more than planned originally.

Among manufacturing industries, railroads and utilities planned slightly higher capital investment for 1962 than they did earlier, while the mining industry cut its plans.

About 80 percent of the companies that answered in our recheck indicated they had made no change in their 1962 plans for new plants and equipment. The remaining 20 percent indicated some changes in their planning. But this group was split right down the middle, with half increasing plans and half cutting them.

Among the companies indicating investment cutbacks, only a very few cited economic conditions as the reason. In most cases where investment plans were lower than they were earlier, the reasons given had absolutely nothing to do with a lack of business confidence or the drop in the stock market. Instead, technological delays and construction delays were the reasons given.

We should point out that in the past years of high and rising business activity a large number of companies increased investment plans during the year. This has not been the case so far in 1962.

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