

NOTES

Capital consumption allowances—

Corporate— $Y = 1.44 + .0512 \text{ GNP (62-65)}$.

Noncorporate—trend (60-65).

Indirect business taxes—

Federal— $Y = 1.12 + .024 \text{ GNP}$, adjusted for tax cuts enacted (55-1st half 65).State & local property taxes— $\log Y = .353 + .793 \log (\text{state and local public education wages and salaries})$ (50-65).Education wages and salaries=Number. of 5-21 year olds $\times$ average expenditure for each (trend).All other indirect business taxes— $Y = -3.25 + .038 \text{ GNP (60-65)}$.

Business transfers—Corporate—Trend (55-65 ex. 62). Noncorporate—trend (55-65).

Subsidies, etc.—Federal Trend (61-65 ex. 63). State and local—trend (59-65).

Private wages and salaries (plus proprietors' income)—Based on changes in private productivity, employment, hours, and consumer prices.

Private supplements—Relation to wages and salaries adjusted for changes in tax rates and base; derived by components.

General government compensation—Compensation per employee increased 4.8% per year under assumption A and 4.2% per year under assumption B. 1970 employment from BLS. For 1975, Federal civilian employment increased 20,000 per year; military reduced to 2.6 million (2.7 million in 1970); state and local employment based on regression with total employment and time factor plus additional 1 million under poverty programs under assumption A, and 700 thousand under assumption B.

Proprietors' income—

Business & professional—Trend (48-59) for assumption A; slightly higher rate of growth than in 1960-65 used for assumption B.

Farm—Based on discussion with Department of Agriculture economists.

Rental income—Trend (60-65) for assumption A; trend (53-65) for assumption B.

Net interest—Freehand extension of trend (curve).

Corporate profits and IVA—Residual.

Dividends— $Y = 5.97 + .1415 (\text{cash flow}) + .336 (\text{year-1960})$ (55-65).Other personal outlays— $Y = -3.44 + .022 \text{ GNP (55-63)}$ (assuming interest rates will come down).

Contributions, transfers—See Table 7 notes.

Taxes—See Table 6 notes.