

TABLE I.—*Projection of gross national product, 1970*
[In billions of 1959 dollars]

	1959	1970
Supply:		
Labor force (millions).....	71.9	85.9
Armed Forces (millions).....	-2.5	-2.5
Civilian labor force (millions).....	69.4	83.4
Unemployed (millions).....	-2.7	-3.3
Total civilian (millions).....	66.7	80.1
Government civilian (millions).....	-6.7	-8.6
State and local (millions).....	5.0	6.6
Federal (millions).....	1.7	2.0
Total private (millions).....	60.0	71.5
Agricultural (millions).....	5.8	4.2
Nonagricultural (millions).....	54.2	67.3
Private average weekly hours.....	39.1	37.5
Private average yearly hours.....	2,033.2	1,950.0
Private total man-hours (millions).....	122.0	139.4
Private output per man-hour (2.68 percent).....	\$3.62	\$4.84
Plus Government product.....		\$53.5
Total GNP (supply).....		\$728.3
Demand:		
Personal consumption expenditures.....	\$313.8	\$472.5
Gross private domestic investment.....	71.0	117.9
Plant and equipment.....	43.7	77.9
Residential construction.....	22.3	30.0
Inventories.....	5.9	7.0
Net export.....	-9	3.0
Government purchases of goods and services.....	97.2	137.9
Federal.....	53.3	65.8
State and local.....	43.9	72.1
Total GNP (demand).....	493.0	728.3

Sources: Solomon Fabricant, *Basic Facts on Productivity Change*, Occasional Paper No. 63, National Bureau of Economic Research; "Technical Supplement No. 1," *Derivation of the 1970 Judgment Model*, report prepared by the National Planning Association, 1958; *Projection of the Labor Force, to 1975* Bureau of the Census, Current Population Reports, Series P25, No. 197; R. N. Goldsmith, *A Study of Saving in the U.S.*, vol. II, 1956; Edward E. Edwards and others, *The Next Decade and Its Opportunities for the Savings and Loan Business*, Indiana University, 1959; Otto Eckstein, *Trends in Public Expenditures in the Next Decade*, Committee for Economic Development, 1959; Bureau of the Budget, *Special Study, Ten-Year Projection of Federal Budget Expenditures*, Executive Office of the President, 1961; Clarence Long and Selma Mushkin, "Welfare Programs and Economic Growth and Stability," Joint Economic Committee Compendium, *Federal Expenditure Policy for Growth and Stability*, 1956; Office of Business Economics, *U.S. Income and Output*, Department of Commerce, 1958.

The set of regression equations was used to establish the level of final demand for the 55 categories of personal consumption based on the aggregate projection of personal disposable income. Subsequently, the set was used to derive new levels of consumption consistent with the projected increase in disposable personal income accompanying the tax cut hypothesized by the private offset. This procedure permitted changes in the disaggregated composition of personal consumption expenditures based on the shift from military demand to private demand. Finally, the 55 commodity estimates were converted to industry demands, and the converted estimates aggregated by industries were analysed for an armed and a disarmed economy assuming a private offset.

The industry estimates for the government and investment components of final demand do not represent purchases of final products, but estimates of direct requirements necessary to supply final products to these categories of demand. For example, the military purchases tanks from the ordnance industry; however, ordnance has been formulated as an exogenous sector and therefore does not appear in the system of equations connecting the endogenous sectors