

these government plants, it was assumed that the purchases of these plants from the economy could be approximated by those of counterpart private plants; the private-plant purchase patterns are embodied in the processing sectors of interindustry models.

Major category composition

The first step in the development of the SIC distribution was the division of total DOD procurement into six major categories: Aircraft, ships, missiles, electronics and communications, ammunition, and weapons, vehicles and other. Table 2^{8,9} presents the composition of the six major categories, by appropriation title and budget activity code.⁸ Each budget activity (in some cases aggregations of budget activities were studied) was then analyzed to determine its first-order product composition. For example, the missiles category shown in table 2 is composed of a number of budget activities for each military service. For the Marine Corps it is the "Procurement, Marine Corps (PMC)" appropriation, budget activity 2, guided missiles and equipment. The SIC percentage distribution of the dollar total for that activity is shown in the accompanying tabulation:

	SIC	Percent
1925	Complete guided missiles.....	51
3662	Radio, TV communications equipment.....	22
3722	Aircraft engines and parts.....	17
3729	Aircraft equipment, n.e.c.....	10
Total.....		100

The percentage distributions for each code were then aggregated, using fiscal year 1963 expenditures as weights,* into a total bill of goods for all services and categories to construct the distribution for DOD shown in table 1.

The primary sources of data were the Army,¹⁰ Navy,⁹ and Air Force^{11,12} procurement lists submitted by the military departments to OSD as part of the FYFSFP. The line items in these procurement lists display considerable diversity with respect to levels of aggregation; for example, one line item such as missile modifications may represent a multimillion-dollar aggregation of products and services covering many SIC codes; in other areas a line item may be as detailed as "Truck, forklift, gasoline-engine driven, 4,000 pounds, 144-inch lift." Further product detail breakdown was based on DOD budgetary, programing, and systems-management data for all procurement-list line items representing aggregations of products (more than one four-digit SIC code). The detailed sources used for this disaggregation are cited in the following sections.

*The fiscal year 1963 expenditures data by budget activity code were developed from DOD budgetary sources by the Bureau of Labor Statistics, Division of Economic Growth, and represent expenditures in DOD accounting terms. They are not adjusted to national income accounting concepts. Although the Department of Commerce model is for calendar 1963, calendar year weights were not available, and fiscal 1963 data had to be used in weighting the distributions.