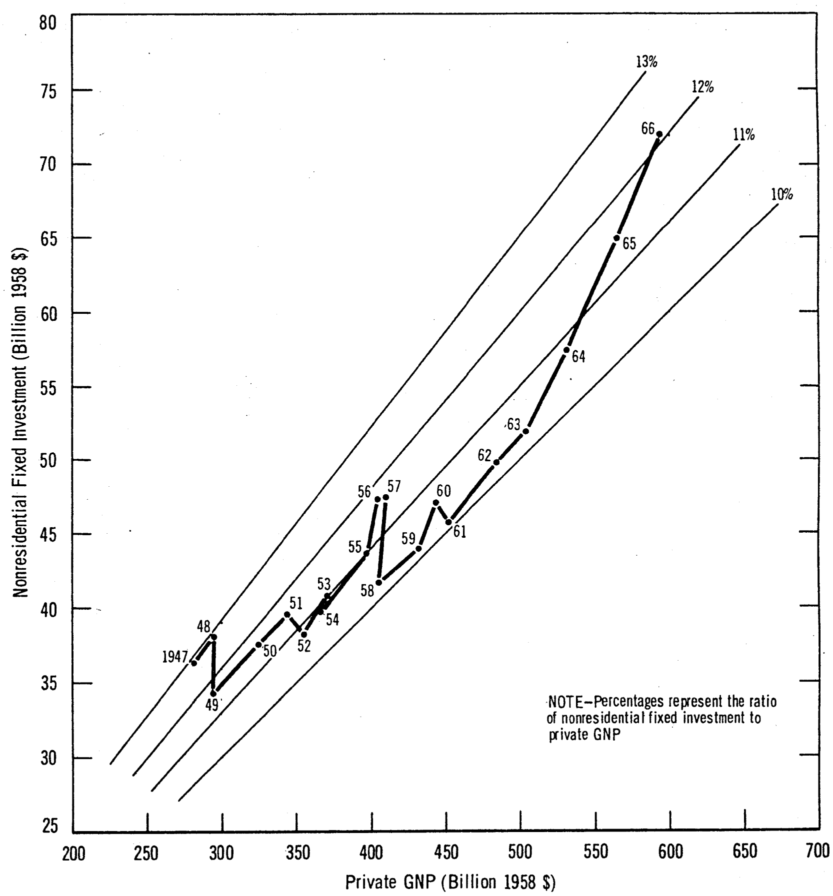
McGraw-Hill survey reported that in 1966 the amount spent by manufacturers for new plant and equipment to produce defense goods was $1.2 billion, or 4 percent of manufacturers' capital expenditures. Inclusion of this type of investment by other industries and of the indirect effects on investment of the defense programs would bolster this amount—and to the continued growth of most other sources of private demand.

The 1966 investment "superboom," as some have characterized it, absorbed a larger proportion of our total output than in the exceptionally high investment years 1956 and 1957; real nonresidential fixed investment in those years accounted for 11½ percent of real private GNP, whereas in 1966 the ratio was more than 12 percent. These ratios are shown in chart 1.

(Chart 1 follows:)

Chart 1

Real Nonresidential Fixed Investment Related to Real Private GNP



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