TABLE 2.—GROSS NATIONAL PRODUCT AND NATIONAL INCOME, WITH MAJOR COMPONENTS ADJUSTED TO ILLUSTRATE AN EQUILIBRIUM FULL EMPLOYMENT POSITION—Continued

[In billions of dollars]

	Actual, 1965	Projection A		Projection B	
		1970	1975	1970	1975
Proprietors' income	55.7	71.0	84.0	65.0	75.0
Business and professional	40.7	55.0	68.0	50.0	60.0
Farm	15.1	16.0	16.0	15.0	15.0
Rental income of persons	18.3	20.9	23.5	20.2	22.3
Corporate profits and IVA	74.2	102.7	139.4	97.0	118.2
Profits before tax	75.7	105.7	142.4	99.5	120.7
Profits tax liability	31.2	44.1	59.9	41.5	50.8
Profits after tax	44.5	61.6	82.5	58.0	69.9
Dividends	19.2	24.5	30.7	24.1	29.8
Undistributed profits	25.3	37.1	51.8	33.9	40.1
Inventory valuation adjustment	−1.5	−3.0	−3.0	−2.5	−2.5
Net interest	17.8	32.0	50.0	31.0	47.0

Source: Department of Commerce, Office of Business Economics, and staff, Joint Economic Committee.

The projection of GNP in 1975 prepared by Albert T. Sommers of the National Industrial Conference Board is shown in tables 3 and 4. The Sommers model assumes an average unemployment rate of 4.5 and a 4.35 percent increase per annum in real output. Again, it is interesting to observe in table 3 that gross private domestic investment in current dollars would rise sharply from \$92.9 billion in 1964 to \$171.9 billion in 1975, an increase of about 85 percent. Table 4 likewise shows the marked increase in personal saving projected by Sommers, from \$26.3 billion in 1964 to \$48.5 billion in 1975, with the rate rising from 6 to 6.2 percent of disposable personal income.

Commenting upon his projection, Sommers stated:

> Up ahead, nevertheless, appears to lie a further vigorous expansion in the rate of investment. Indeed, vigorous growth in investment is an essential requirement if the substantially faster rate of growth of employment envisioned here is to be accompanied by an appropriate increase in the total stock of capital.
>
> The annual rate of new fixed investment in 1975 may approach \$118 billion, in prices then prevailing; this is almost double the gross investment rate of 1964.[20]

In his concluding remarks about his projection of the growth of the American economy in the next decade, Sommers states:

> In the first instance, the challenge posed by the trillion-dollar potential of the U.S. economy is job creation. The bumper dimensions of the 1975 potential arise largely because the American economy of 1965 is on the threshold of a great wave of growth in its human resources, unequalled since the days of heavy immigration to America many decades ago. The great challenge in the next decade is to create the jobs to fully engage this surging tide of manpower.
>
> The creation of jobs means, of course, investment; and investment, of course, depends upon saving. Given the increments to the labor force that seem to lie ahead, it would be hard to envision any 10-year projection of the American economy that would not focus on a compelling need to achieve and sustain a high rate of capital formation, to equip the increments to the labor force, and to improve the efficiency of the labor force as a whole.[21]

[20] Albert T. Sommers, "The Economy in the Next Decade," *The Conference Board Record*, December 1965, p. 8.
[21] *Ibid.*, p. 23.