

TABLE 3.—THE QUARTERLY PROFILE IN GNP IN 1968 AND 1969
[In billions of current dollars at seasonally adjusted annual rates]

Line	Item	1968				1969			
		1	2	3	4	1	2	3	4
1	Personal consumption expenditures...	519.4	527.9	541.1	546.3	555.5	564.5	574.5	584.5
2	Autos and parts.....	34.6	35.4	38.1	38.0	37.0	37.5	36.5	37.0
3	Other durable goods.....	44.4	45.6	47.0	46.8	48.0	49.0	50.0	51.0
4	Nondurable goods.....	226.5	228.2	232.7	233.5	238.0	242.0	247.5	252.5
5	Services.....	213.9	218.7	223.4	228.0	232.5	236.0	240.5	244.0
6	Gross private domestic investment...	119.7	127.3	127.1	136.1	136.5	135.0	136.0	136.5
7	Residential construction.....	28.5	28.9	28.9	31.2	33.0	33.5	34.5	35.0
8	Other construction.....	29.6	28.5	28.8	29.8	30.5	30.5	31.0	32.0
9	Producers' durable equipment...	59.0	58.5	61.3	64.4	65.5	65.0	65.0	64.5
10	Change in inventories.....	2.1	10.8	7.5	10.0	7.5	6.0	5.5	5.0
11	Net exports of goods and services...	1.5	2.0	3.3	3.0	1.5	2.5	2.0	2.0
19	Government purchases of goods and services.....	19.50	195.7	199.6	202.5	205.5	209.5	216.5	221.5
13	Federal.....	97.1	103.0	101.2	101.6	102.5	104.5	109.0	111.5
14	(National defense).....	(76.8)	(79.0)	(79.5)	(80.0)	(80.0)	(81.5)	(84.0)	(85.5)
15	(Other, including NASA).....	(20.3)	(21.0)	(21.6)	(21.6)	(22.5)	(23.0)	(25.0)	(26.0)
16	State and local.....	93.4	95.6	98.4	100.8	103.0	105.0	107.5	110.0
17	Gross National product.....	832.1	852.9	871.0	887.8	899.0	911.5	929.0	944.5
18	Amount of increase.....	20.2	21.7	18.1	16.8	11.2	12.5	17.5	15.5
19	Implicit price deflator, 1958=100....	120.0	121.2	122.3	123.5	124.5	125.5	126.7	127.6

Source: Survey of Current Business, January 1969, for data through 4th quarter, 1968

It should be pointed out that the accurate distribution of annual national output by quarters is difficult. We believe, however, that our forecast of GNP for the year is reasonable and that the second half of the year will see more rapid growth than the first half. If this prediction is accurate, then it is very important that the tax surcharge be returned through 1969. If the tax surcharge is not continued past June 30, 1969, we believe that prices and interest rates will be higher than we have predicted. Also, if the surcharge is not extended, total production, employment, and corporate profits will be somewhat higher but residential construction will be lower.

In conclusion, assuming that the tax surcharge is extended through 1969, we believe that the economy will grow at the respectable rate of 3.4 percent in real terms and that a start will be made toward reducing the rate of inflation. It is not possible in this brief statement to defend all the numbers presented in the three tables, so at the proper time I shall be glad to attempt to answer any questions you may have.

Thank you.

Chairman PATMAN. Thank you, Professor Williams. Senator Sparkman?

Senator SPARKMAN. Doctor, in your statement, just before you start on your conclusion, you inserted something there.

Mr. WILLIAMS. Yes, I did.

Senator SPARKMAN. Would you read it, please?

Mr. WILLIAMS. The sentence inserted was as follows:

Also if the surcharge is not extended total production, employment and corporate profits will be somewhat higher, but residential construction will be lower.

Senator SPARKMAN. Thank you.

Chairman PATMAN. I notice you said that "if the tax surcharge is not continued past June 30, 1969, we believe that interest rates will be higher than we have predicted."