



40 Years of

ECONOMIC GROWTH

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NATIONAL INDUSTRIAL CONFERENCE BOARD
May 16, 17, 18, 1956

40th Annual Meeting *chart survey*
The Waldorf-Astoria

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*Copies of this Chart Survey may be obtained
from THE CONFERENCE BOARD, sending
charges prepaid, at \$1.00 a copy.*

40 YEARS OF ECONOMIC GROWTH

Prepared for the

40th

ANNUAL MEETING
of
THE CONFERENCE BOARD

May 16, 17, 18, 1956



FOUNDED 1916

NATIONAL INDUSTRIAL CONFERENCE BOARD, INC.

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FOREWORD

IT IS altogether fitting that the theme of this Chart Book be centered upon long-term economic growth, retrospectively and prospectively, as the Board enters its fifth decade as an important custodian and interpreter of our business and economic annals. A decade ago the times were not ripe for a similar "long look," emerging as we were from the excesses and imbalances of all-out war. And two decades ago, the problems of the immediate short run were of compelling and overriding importance, rolling as we were in the wake of the Great Depression.

We begin this new decade with the eyes of industry, labor, and government alike directed more than ever toward the brighter tomorrow, with future economic growth taken almost for granted. Each day it seems that a higher goal of potential achievement is held before the American public for the decade or more ahead. Long-range plans built upon these projections can be found in the top drawer of the desks of American management across the country. Indeed, in the array of charts that follow we also portray the tremendous potential that lies ahead for the rest of this century, assuming that the past forty years is but the prologue to the next forty—and that we continue our economic growth at only the same rate as the past.

This faith and confidence in our nation's longer-range future stands in striking contrast to the mature or stagnant economy thesis that infected our body economic throughout the dismal Thirties. The second and in some instances the third generation of America's business leaders who now manage the Board's Associates have for the most part held high responsibility only during the ascending phase of the curve of economic growth. As our "long look" back shows, it was not always so; the curve of economic growth clearly reveals that not all economic trees grow to the sky. No natural law dictates that future growth must follow because most of our growth patterns of the past have been strong. Political, moral, social and other institutional and environmental changes can play havoc with the most firmly entrenched trend line.

It is well worthy of emphasis, therefore, that while we have attempted here to chart our economic and material growth, we have no reliable measures of our spiritual or moral progress. We have unquestionably mastered many of our physical problems, but can we report the same progress in the relationship of citizen to the state, in labor-management relationships, in the avenues of opportunity available to the inventive, the gifted, and the small entrepreneur?

If we pause to consider, we realize that the threat of inflation is still with us, that international uncertainties make all our long-term plans and projections tentative, and that the huge overhang of present and future commitments of all types must be honored by generations to come.

While there is little room in any of these areas for complacency, there are no grounds for discouragement—for any slackening of our drive. Our country is growing so fast that by the end of the century we must be prepared to meet the needs of another America, almost as large as our present one. With initiative and prudence we can and must strive toward the potentials suggested in the charts.

This study was prepared for the 40th Annual Meeting of The Conference Board by Gertrude Deutsch and other members of the Division of Business Economics, under the direction of Martin R. Gainsbrugh, the Board's Chief Economist. The Board's Chart Department, under the direction of Paulette LeCorre Lydon, prepared the charts.

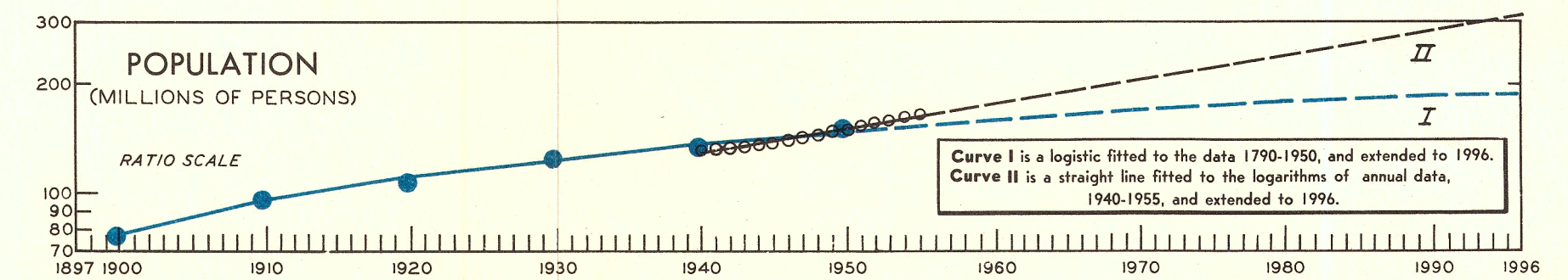
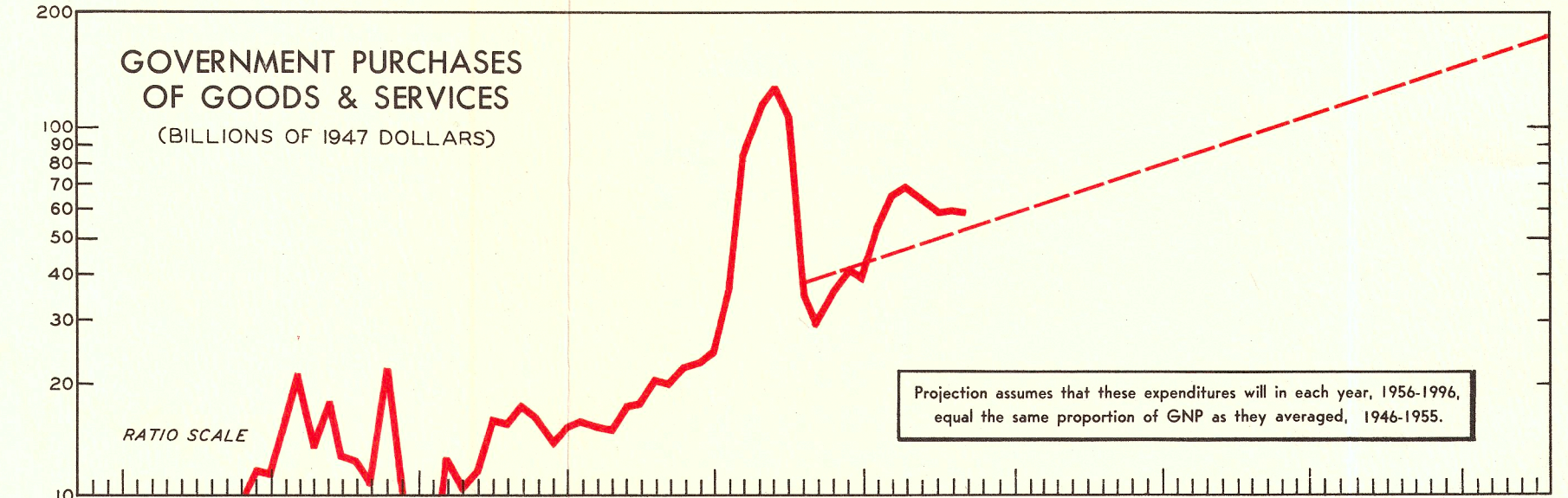
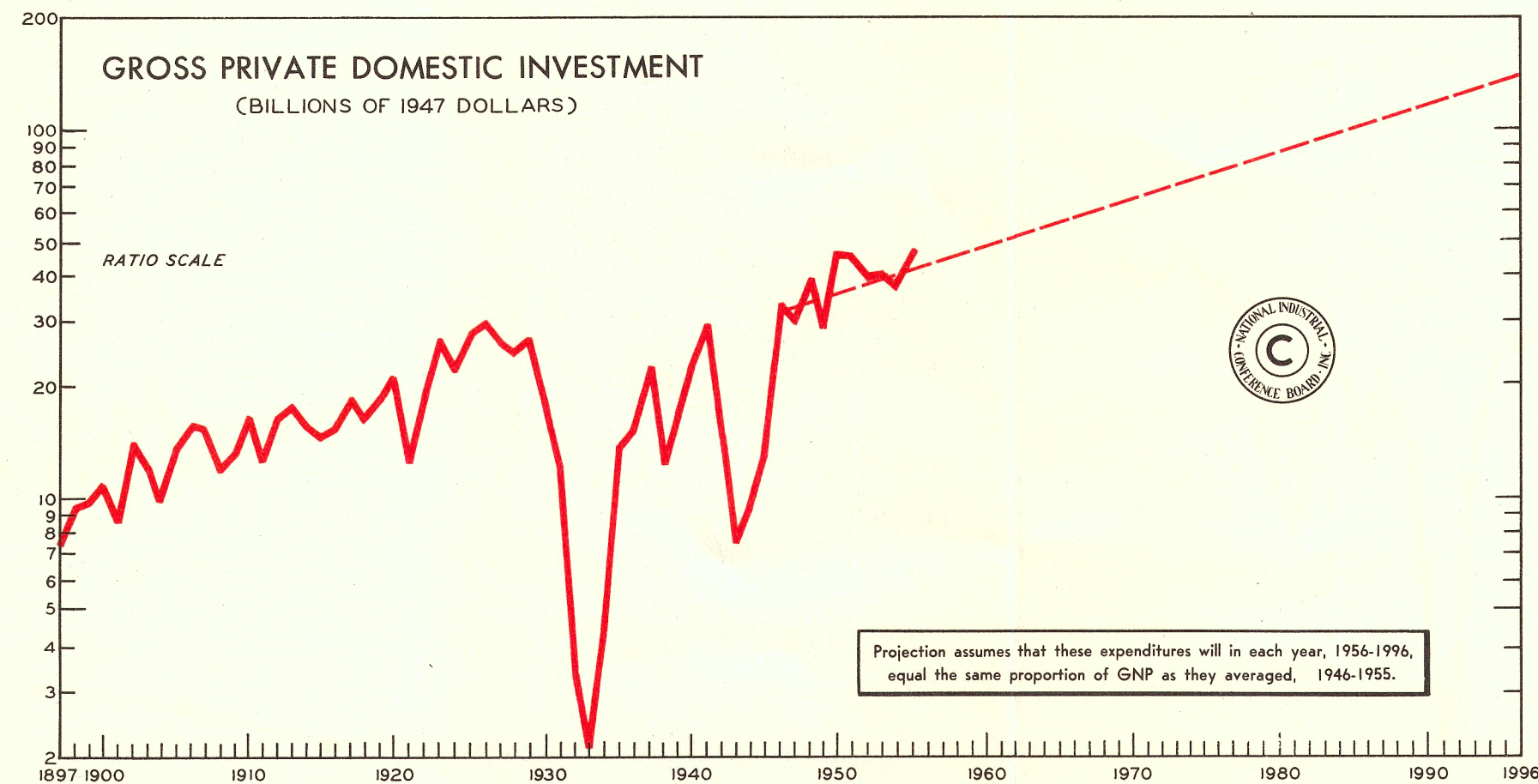
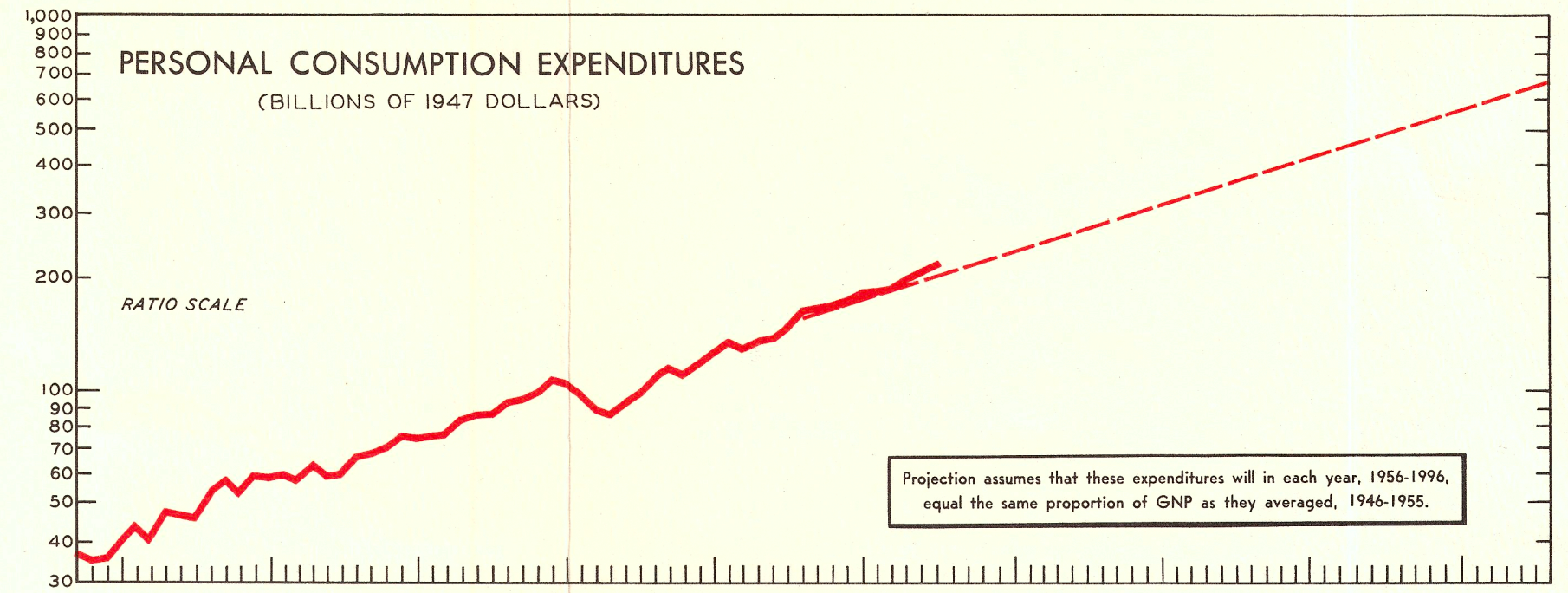
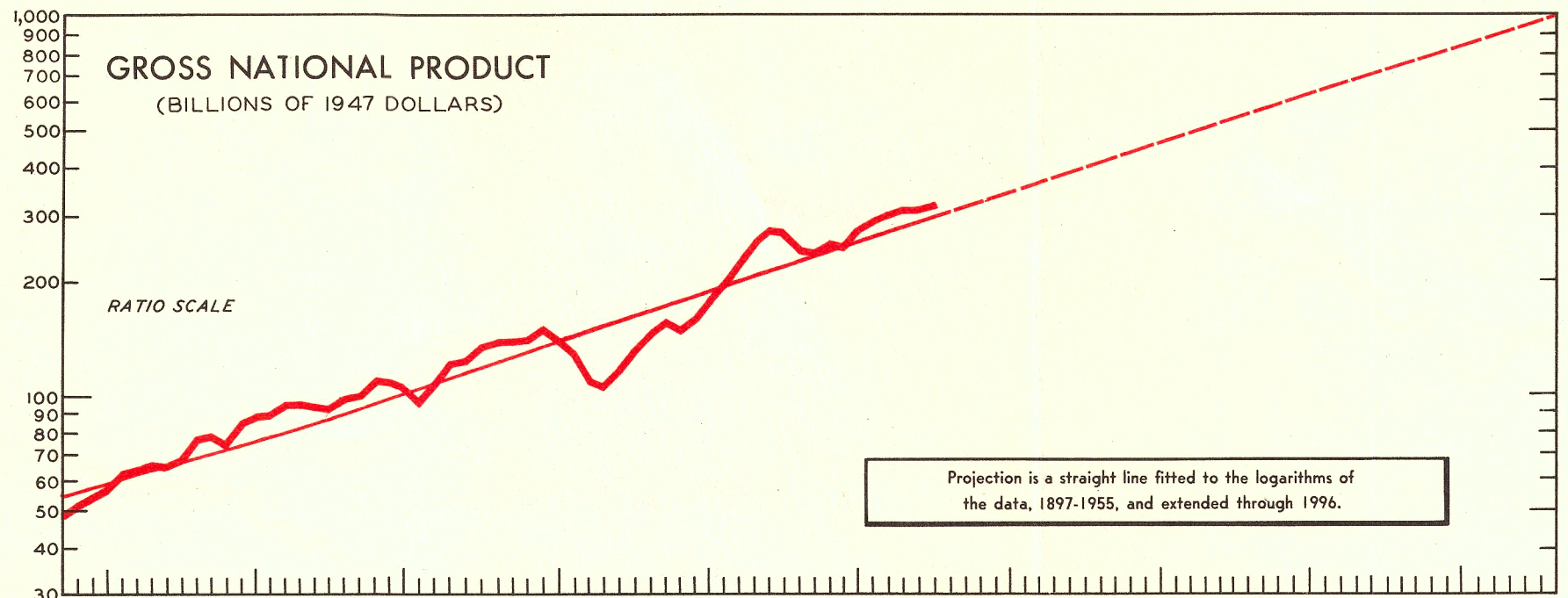
JOHN S. SINCLAIR

President

May, 1956

ANOTHER FORTY YEARS—IF WE KEEP THE PACE

ANOTHER FORTY YEARS - IF WE KEEP THE PACE



Another 40 Years—If We Keep The Pace

OUR NATIONAL output of goods and services, valued in constant 1947 dollars, has increased about 3% a year during the last half century, and by 1955 was roughly three and a half times its level forty years earlier. If the historic rate of increase is maintained, output forty years hence will be in the neighborhood of a trillion dollars of 1947 purchasing power—or about \$1.2 trillion at today's price level.

The implications of this growth by the turn of the Twentieth Century are impressive. If the internal composition of the trillion-dollar economy should remain roughly the same as it has been in the past decade, then personal consumption expenditures alone will mount to more than twice the present production of all goods and services. As the century nears its close, just the *annual* increase in output required to maintain the historic growth rate will be striking. Each year national output will have to jump by an amount considerably greater than the value of all construction put in place in 1955. To maintain this growth will also require an annual investment in construction, equipment, and inventories greater than the annual expenditure by the Federal Government at the peak of World War II.

Almost twice the number of people will be around to produce and share this abundance. If the population continues to grow at its recent rate of one and one-half per cent a year, we should have more than 300 million Americans in 1996. Even so, living standards will be about 70% higher than they are today, as measured by personal consumption. This is the promise of the future: many more Americans, and much more for each, provided our political, social and economic environment is as conducive to future growth as it has been in the past.

Sources: Department of Commerce; Bureau of the Census; Raymond W. Goldsmith, "A Study of Saving in the United States"; THE CONFERENCE BOARD.

Population

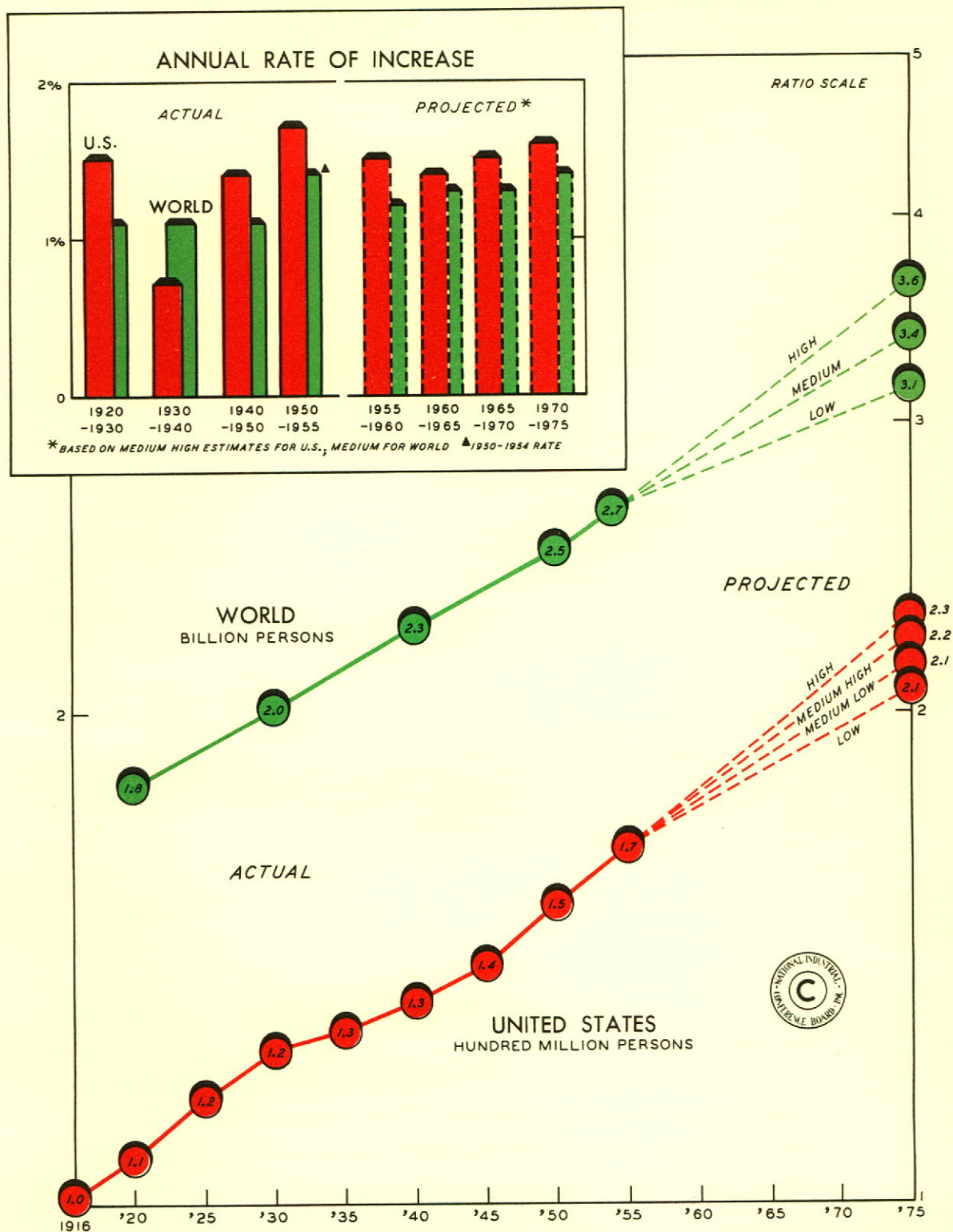
EACH NEW DECADE until World War I we added more people to our population than in the previous one. This extraordinary growth resulted from a high birth rate, a steadily declining mortality, and an open door to immigration. Despite restrictions on immigration, we continued to increase our numbers thereafter. But instead of the regular gains that marked pre-World War I America, our growth pattern has shown vast swings. After the reduced gain from 1910 to 1920, we recorded a greater rise in the Twenties than ever before. Then, in the Thirties, as the birth rate dropped, the absolute increase was the smallest for any decade since 1860-1870, and the percentage increase was the lowest on record. By the end of the Thirties, the idea was widely accepted that a period of stable, if not declining, population was not far off.

World War II started a population boom that is still going on. We now number 167 million—35 million more than in 1940. And nearly 15.5 million persons were added in the past five and a half years. We add the equivalent of a new state the size of Iowa each year.

In recent years the sharp and sustained rise in birth rate has kept the Census Bureau busy revising its estimate of future population upward. Its latest projections, last October, indicated that we may have around 221 million people by 1975. If we grow at this rate (Medium High Projection, Series A, on the chart), our percentage of world population would probably be somewhat higher in 1975 than it is now (6.1%).

Sources: Bureau of the Census; United Nations; THE CONFERENCE BOARD.

MORE PEOPLE



Population

ABOUT 25 million additional workers entered the nation's labor force between 1920 and 1955. Another 25 million workers will be added by 1975, if current population forecasts are correct. This means that the American work force will have more than doubled in a half century, an increase in keeping with the rise in total population.

A noteworthy change in the composition of the work force is the increasing employment of women. In 1920, fewer than one of every four women over fourteen years worked. By 1955, the proportion of women at work had risen to one in three; by 1975 it will be almost two out of five. In 1920 they made up only a fifth of the labor force; by 1975 women will account for more than a third of all employment.

This shift in the role that women are playing was accompanied by significant long-term changes in the American economy. The growth of the trade and service industries, and of semiskilled jobs in manufacturing, has expanded the area of employment open to women. The mechanization of the home and the commercialization of activities once performed in the home have released the time of housewives. And the demand for women in the work force has been augmented by the declining proportion of young men available for employment (because of the steady extension of the educational period and military service) and the declining proportion of males 65 and over seeking work (because of the extension of retirement programs). The most striking gains have been among women over 45, whose children have passed beyond the age when they require close attention in the home.

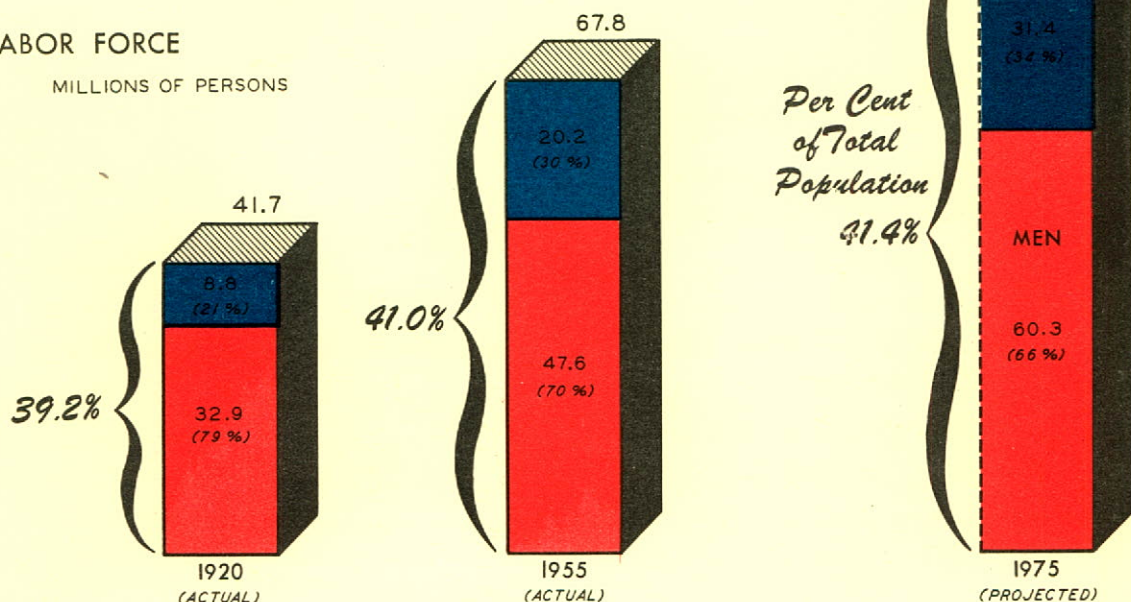
Sources: Bureau of the Census; THE CONFERENCE BOARD.

MORE PEOPLE AT WORK

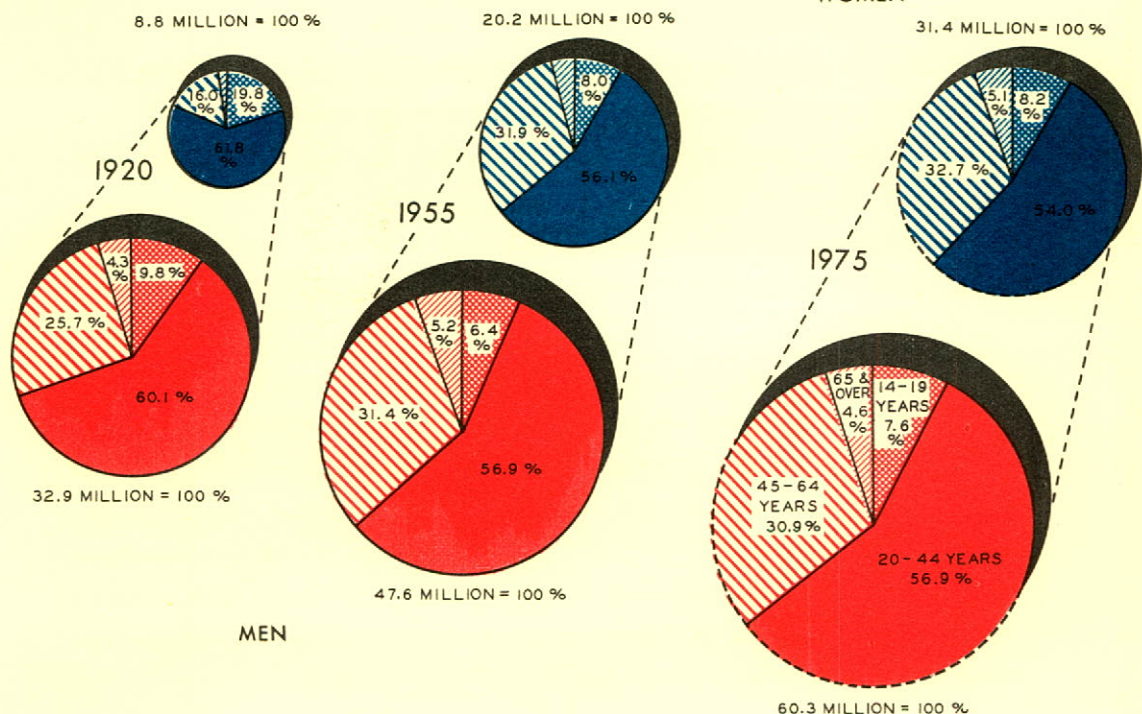


LABOR FORCE

MILLIONS OF PERSONS



AGE & SEX



Population

OUR widely discussed "crisis in education" is due largely to two blessings—our rapid economic growth, and the upsurge in births since 1940.

First, our economic growth has made it possible for an increasing proportion of our children to attend school longer. The 1950 Census reveals that persons who finished school around 1916 had on the average 8.7 years of schooling. A generation later our young adults had completed 12.1 years. Thus, the average youth in 1950 had completed four years of high school, while the chances are that his father had less than a year.

Second, our booming birth rate in the last fifteen years has made it difficult for us to build schools and train teachers fast enough to accommodate the advancing hosts of school-age Americans.

Despite the present strains on our educational facilities, we have made great strides during the forty years toward providing more education for our children. Today, four out of every five youngsters aged 14 to 17 are enrolled in secondary schools; in 1915, only about one in five got that far. Our universities, colleges, and professional schools now have over 2.7 million people on their rosters. And this represents nearly one in three of college age, as compared with only one in twenty in 1915.

New and increasingly important are the extensive programs for adults, for the handicapped, and for many other special groups. The new media of mass communication, such as radio, television, and paper-bound books, not only offer amusement but provide a real opportunity for educational and cultural development.

What about the future? Will this trend of more education for more people continue? By 1965, it is expected that more teenagers than ever before will be in high schools, but that the proportion of young people in college will be about the same as today. (Today's college enrolment is inflated by nearly half a million veterans.) However, college enrolments may be higher if an effective program is launched to increase the number of scientists and others with specialized talent.

Sources: Office of Education; Bureau of the Census; THE CONFERENCE BOARD.

UP THE EDUCATIONAL LADDER

ELEMENTARY SCHOOL

ENROLMENT

OUT OF EVERY 100 CHILDREN 7-13 YEARS OLD:



HIGH SCHOOL

ENROLMENT

OUT OF EVERY 100 PERSONS 14-17 YEARS OLD:



GRADUATES

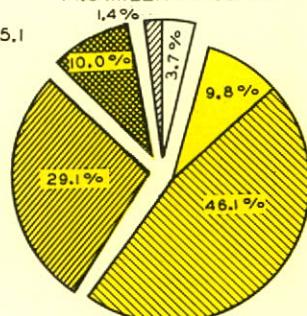
OUT OF EVERY 100 PERSONS 17 YEARS OLD:



EDUCATIONAL BACKGROUND OF THE ADULT POPULATION[▲]

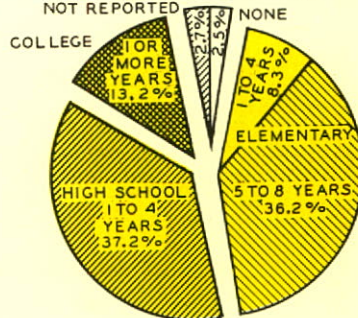
1940

74.8 MILLION = 100 %



1950

87.6 MILLION = 100 %



COLLEGE

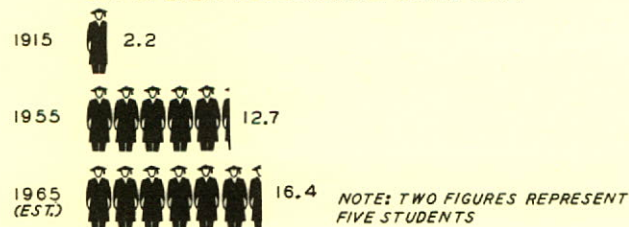
ENROLMENT

OUT OF EVERY 100 PERSONS 18-21 YEARS OLD:



GRADUATES

OUT OF EVERY 100 PERSONS 21 YEARS OLD:



▲ 25 YEARS OLD & OVER

Consumption

AS REAL income rises, relatively less has to be spent to keep body and soul together, and more is left over for "the better things of life." The average city worker's family spends far less proportionately for food, clothing, and housing than a generation ago, thus retaining a larger part of its income for "optional" purposes.

In just four decades the average city worker's family intake of goods and services has almost doubled—even after correction for price changes. This has resulted in a significant increase in optional spending. The average American worker can now afford to buy an automobile and to take his family vacationing in it. His wife is able to purchase work-saving appliances. More money is left over for the barber and beauty parlor, and the family's normal health needs can be taken care of without undue concern. Spending for recreation, for hobbies, and for "do-it-yourself" activities are all on the rise. And the average worker has far more leisure to develop these interests, since he works some ten hours less each week than his father did.

Currently the city worker's family has 42.8% of the budget left for optional spending. The share that is left for "new" and optional needs may well rise to more than half of the budget before many years have passed. His way of life will continue to be more varied. He and his family will enjoy further opportunities for even better living, provided the "miracle of productivity" is maintained.

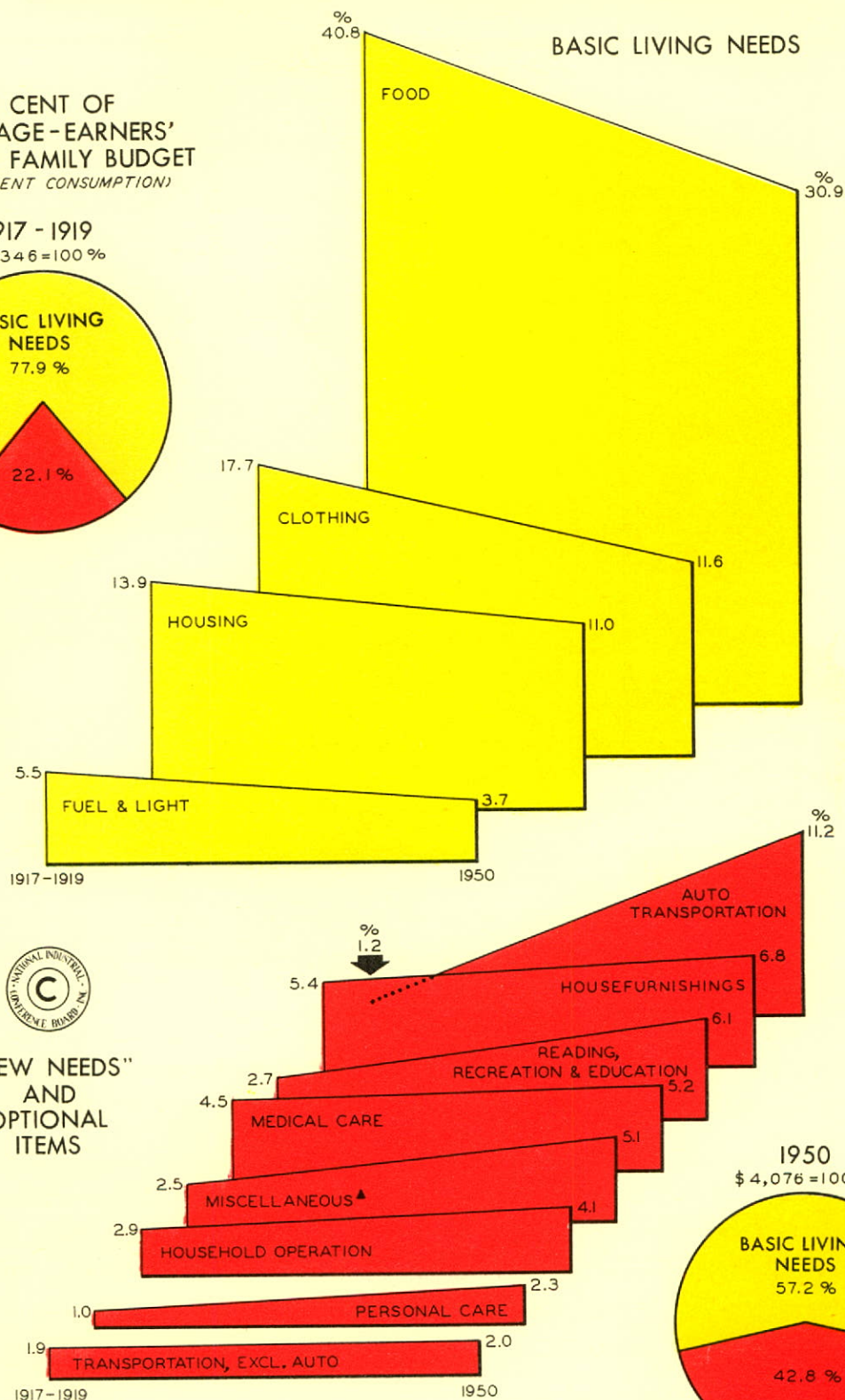
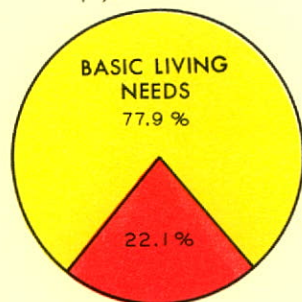
Sources: Bureau of Labor Statistics; THE CONFERENCE BOARD.

EXPANSION IN OPTIONAL SPENDING

PER CENT OF
CITY WAGE-EARNERS'
AVERAGE FAMILY BUDGET
(FOR CURRENT CONSUMPTION)

1917-1919

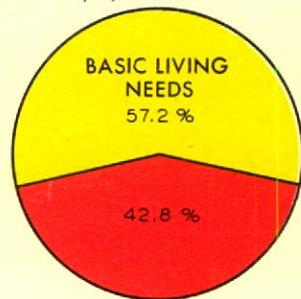
\$1,346 = 100%



"NEW NEEDS"
AND
OPTIONAL
ITEMS



1950
\$4,076 = 100%



NOTE: 1950 DATA ARE WEIGHTED AVERAGES OF EXPENDITURES IN 49 CITIES

▲ ALCOHOL, TOBACCO, AND OTHER

Consumption

IT IS CLEAR from the chart that American families have been climbing steadily up the income ladder, even after allowance for the rubber dollar. Two developments are especially striking over the forty-year span. One is in the lowest bracket, with income under \$2,500. Here, the number of families has dropped from 58% of the total to less than 23%. The other is the sixfold increase in the percentage of families in the \$5,000-\$7,500 bracket. The "middle-income" ranks would undoubtedly be swelled on an after-tax basis since families in higher income groups have their incomes sharply cut back by their higher tax rates.

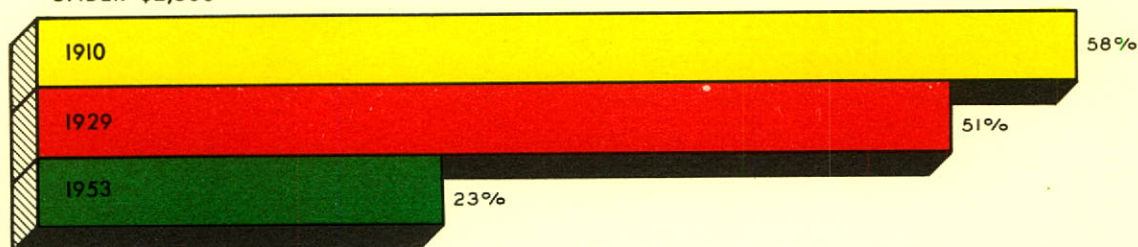
Recent sample income surveys indicate that the bracket-jumping is continuing, notably from the \$2,500-\$5,000 group into the next-higher one.

Because our prosperity is shared so broadly, one seldom finds the sharp contrasts between great wealth and poverty that are so apparent in many countries abroad. We are far more truly a "middle-class" nation in respect to income and living standards than we were a generation ago.

Sources: Department of Commerce; W. I. King, "Wealth and Income of the People of the United States;" M. Leven, H. G. Moulton, C. Warburton, "America's Capacity to Consume;" Bureau of Labor Statistics; Federal Reserve Bank of New York; THE CONFERENCE BOARD.

MORE MIDDLE-INCOME FAMILIES

INCOME BEFORE TAX
IN 1953 DOLLARS:
UNDER \$2,500

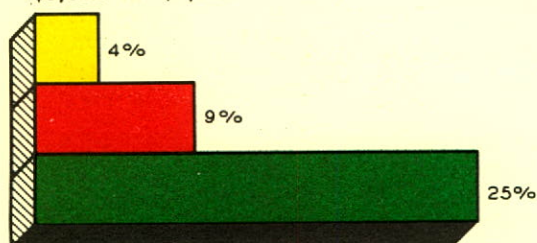


\$2,500 TO \$5,000

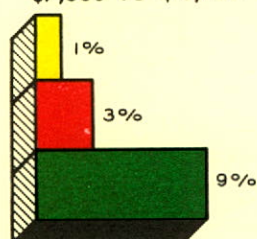


PER CENT OF FAMILIES
INCLUDING SINGLE INDIVIDUALS

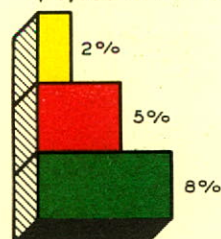
\$5,000 TO \$7,500



\$7,500 TO \$10,000



\$10,000 & OVER



DISTRIBUTION OF AMERICAN FAMILIES* BY SIZE OF INCOME

Money Income Class Before Taxes (in 1953 dollars)	1910		1929		1953	
	Millions	Per Cent of Total	Millions	Per Cent of Total	Millions	Per Cent of Total
Under 2,500	16.3	58	18.7	51	11.5	23
2,500-5,000	9.7	35	11.6	32	17.9	35
5,000-7,500	10	4	3.3	9	12.5	25
7,500-10,000	0.4	1	1.2	3	4.8	9
10,000 and over	0.5	2	1.7	5	3.8	8
Total	27.9	100	36.5	100	50.5	100

*Including single individuals

Sources: U. S. Department of Commerce; M. Leven; W. I. King; The Conference Board

Consumption

FORTY YEARS ago the factory worker's pay envelope and what it could buy were about the only ways of judging his economic well-being. They are still basic measures. But a third dimension has been added—fringe benefits, which have grown rapidly in the past ten years. Beyond what is in his paycheck, a factory worker today gets medical care, insurance, pensions, and many other "extras." Few could provide parallel benefits for themselves in 1916. (Gross hourly earnings do not include employer outlays for the bulk of these benefits, and hence are an increasingly inadequate measure of labor costs per hour.)

Average "real" earnings of a factory worker today are at least twice what they were in 1916, whatever wage series is used. He works the equivalent of a day less each week, and he is also paid for extended vacations and other time off the job. Not only has the average factory worker achieved a higher level of living, but there are nearly 6 million more production workers now employed in manufacturing.

Increased wage rates have been mainly responsible for the gains in money income since 1916, but other factors have also been at work. Among them: the shift of a greater proportion of workers to higher-paying durable goods industries; the growing preponderance of skilled and semiskilled workers to meet industry's needs; relatively fewer very young and aged workers; and the growth of labor organization with its economic and political pressure for, as Samuel Gompers put it, "More!"

The fatter paycheck of the American worker, even as his hours of work were reduced, was made possible by increased productivity. In turn, his ability to make more with less effort has been due to labor-saving inventions, huge investments of capital for modern plant and equipment, and advances in scientific management, as well as his better education, training and skill. Not to be forgotten are the contributions of aggressive advertising and marketing in distributing our increased output and making the whole production-distribution process pay its way.

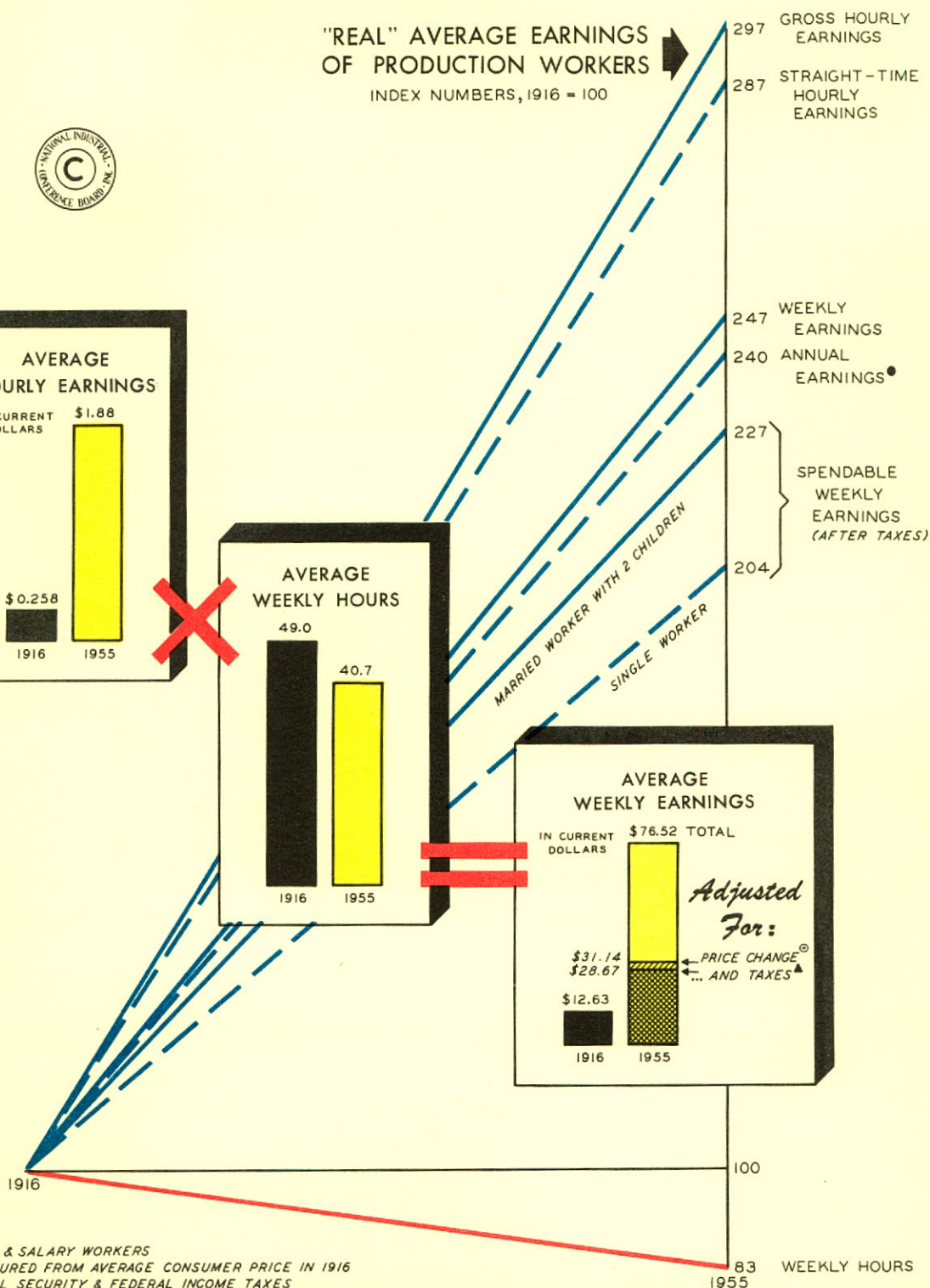
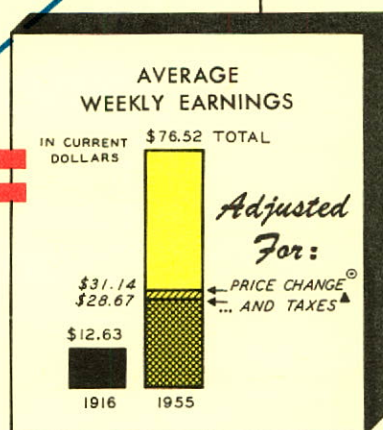
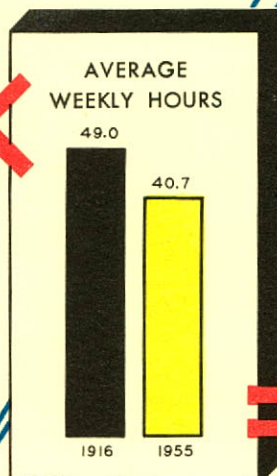
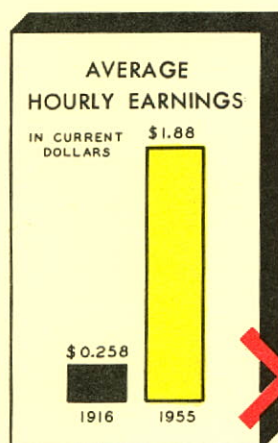
Sources: Bureau of Labor Statistics; Department of Commerce; THE CONFERENCE BOARD.

FACTORY WAGES KEEP AHEAD



"REAL" AVERAGE EARNINGS OF PRODUCTION WORKERS

INDEX NUMBERS, 1916 = 100



● WAGE & SALARY WORKERS

⊙ MEASURED FROM AVERAGE CONSUMER PRICE IN 1916

▲ SOCIAL SECURITY & FEDERAL INCOME TAXES
OF A MARRIED WORKER WITH TWO CHILDREN

Consumption

WHAT distinguishes the American economic system? One answer might be that our system converts costly luxuries into necessities or common conveniences within a short space of time.

At first, only the wealthy can own an automobile, an automatic refrigerator, or a television set. Then a team of typically American factors goes to work—mass production, want-creation, competitive marketing, and liberal credit. Desire for ownership is stimulated, unit costs come down, and before long the item moves from class to mass consumption.

The automobile has become the symbol of this economic democracy. Not only do most families own one, but in recent years an increasing number of families—now almost one-tenth—own two or more. The trek to the suburbs has made the auto an absolute necessity of everyday living for millions of our people. Today's "luxury" of two cars may well become the necessity of tomorrow.

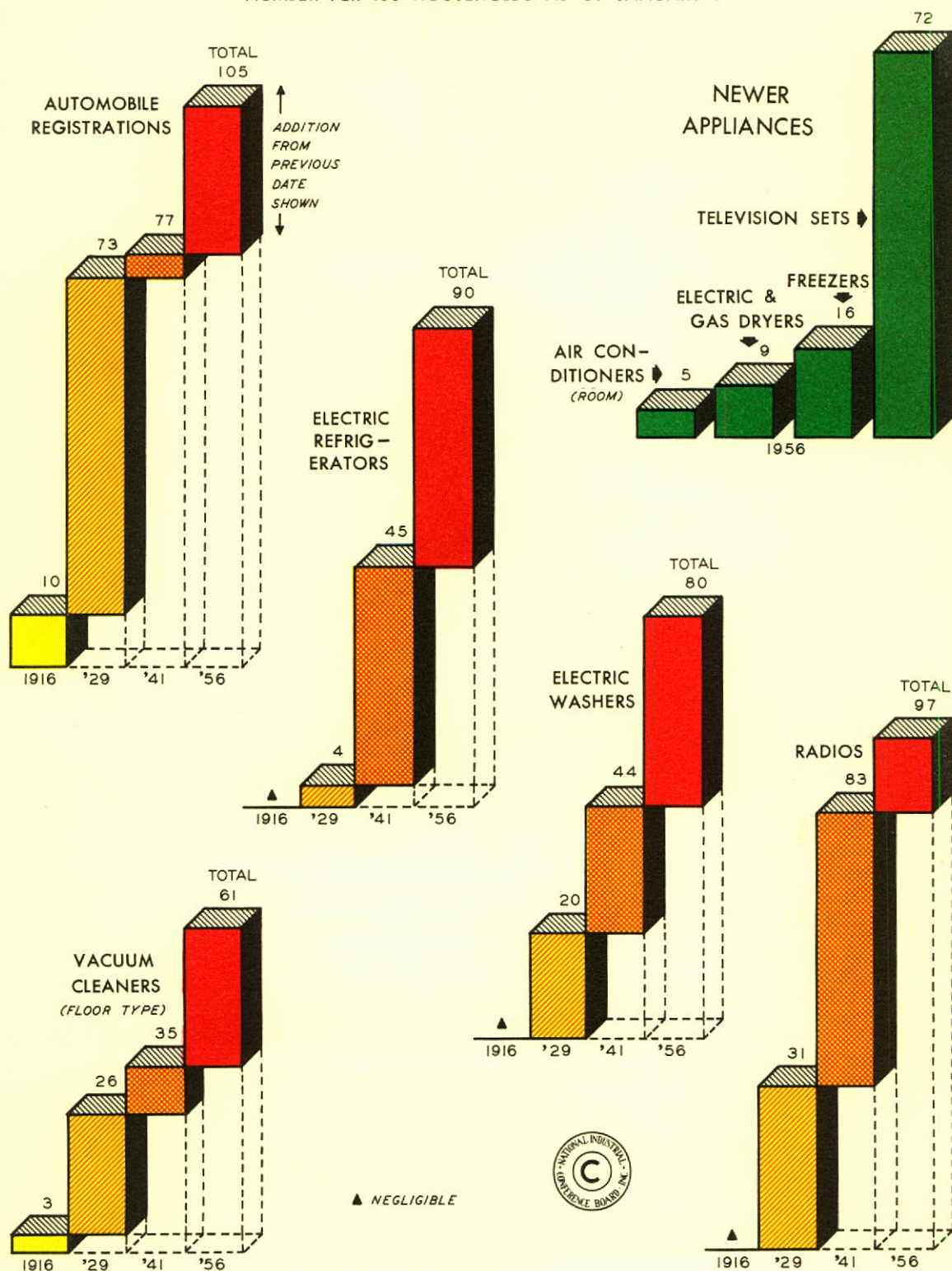
With the prosperity of the past decade, ownership of a battery of household appliances has become universal. The disappearance of the domestic servant (also linked to this prosperity) has provided an incentive for family investment in time and work-saving appliances. As more and more women join the labor force it seems likely that this trend will continue.

Many new appliances that abound in our homes today were only a gleam in an inventor's eye before World War II. The television set has already moved into the American home. Air conditioners, home freezers and clothes dryers are now rapidly gaining favor. Our experience indicates that these and still newer "luxuries" to come will be owned by millions of our people.

Sources: Bureau of Public Roads; Electrical Merchandising; Bureau of the Census; THE CONFERENCE BOARD.

FROM "LUXURIES" TO MASS OWNERSHIP

NUMBER PER 100 HOUSEHOLDS AS OF JANUARY 1



Investment and Technology

OUT of each year's production, the American economy normally sets aside a portion for "seed-corn." Companies reinvest a part of their profits in new machines and new plant. Individuals withhold a part of their income from consumption, and these funds find their way directly or indirectly into productive investment. Individuals also spend a part of their income on homes, automobiles, and other durable goods, which remain in use for many years.

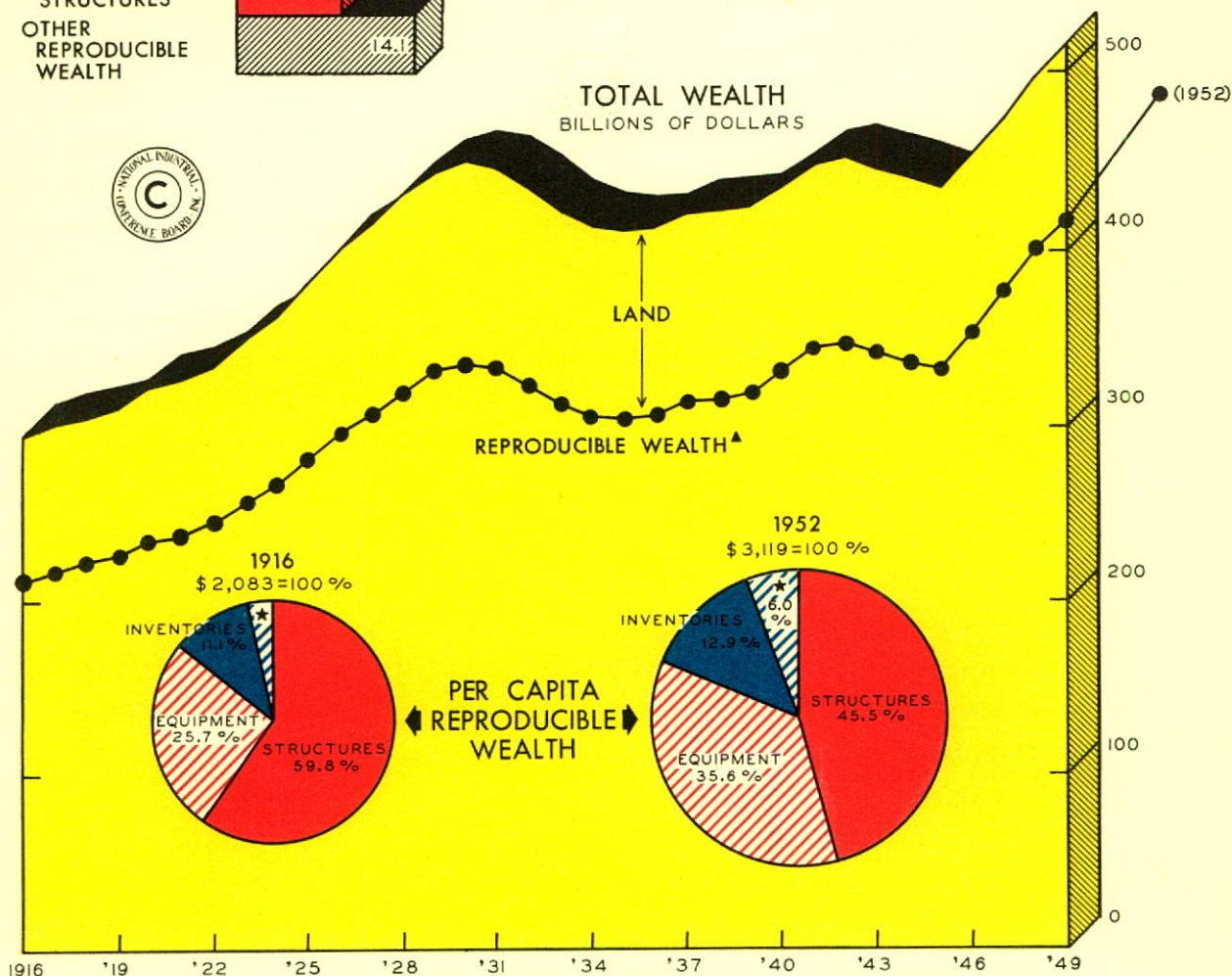
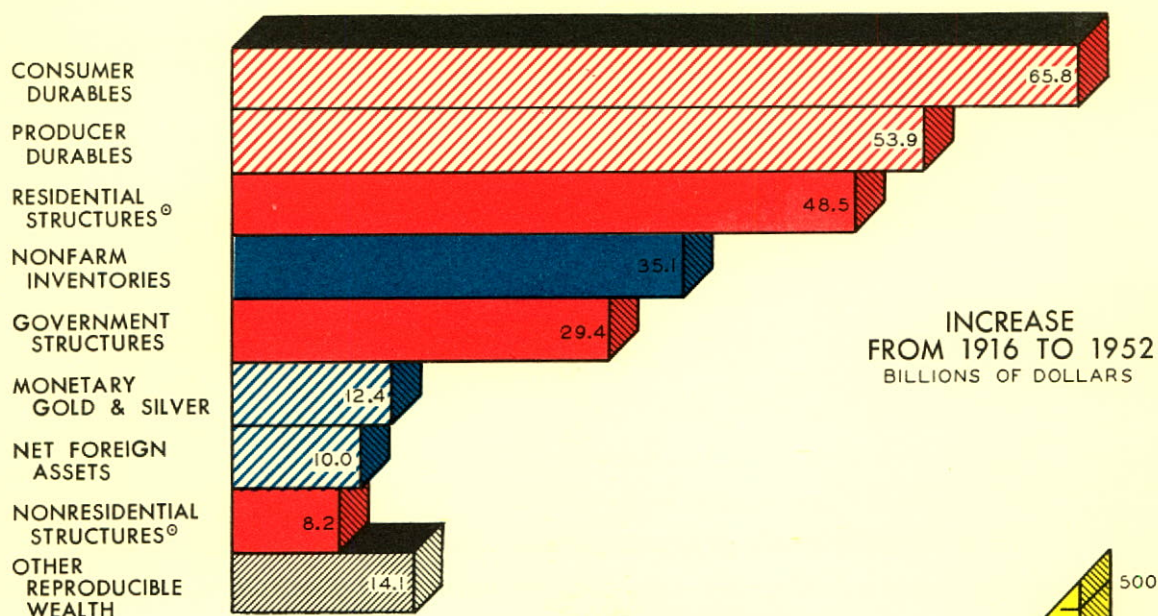
This is America's real wealth—its stock of structures, equipment, and other assets that has been accumulated by putting a part of each year's income back to productive work. Upon this solid and growing foundation of capital goods the unprecedented living standard of Americans is built.

Our stock of consumer durables (homes, automobiles, furniture, household appliances, etc.) is two and one half times what it was forty years ago. Our stock of factories, power plants, office buildings, other business structures and equipment used in the production and distribution of goods and services has almost doubled.

All of this wealth was valued at almost a trillion dollars in 1952. If we include the value of our land, the figure would be well over a trillion. Even after allowance for the erosion of inflation, these assets have grown faster than our population. By 1952 our real reproducible wealth per capita was almost 50% greater than in 1916.

Sources: Raymond W. Goldsmith, "A Study of Saving in the United States"; THE CONFERENCE BOARD.

ADDITIONS TO NATIONAL WEALTH IN 1929 PRICES



★ OTHER ○ NONFARM ▲ INCLUDES NET FOREIGN ASSETS

NOTE: IN CURRENT DOLLARS, TOTAL WEALTH WAS \$226.8 BILLION IN 1916, \$898.2 BILLION IN 1949.

Investment and Technology

WE HAVE invested nearly half a trillion dollars in new plant and equipment since 1916, but even that figure gives only a crude indication of the expansion in our industrial capacity. No suitable yardstick has been found by which to measure the physical capacity of most industries. Where the gains can be reckoned, they have been impressive. All seven industries shown in the chart have more than doubled their 1916 potential, with electric power capacity highlighting the trend toward mechanization.

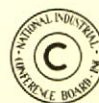
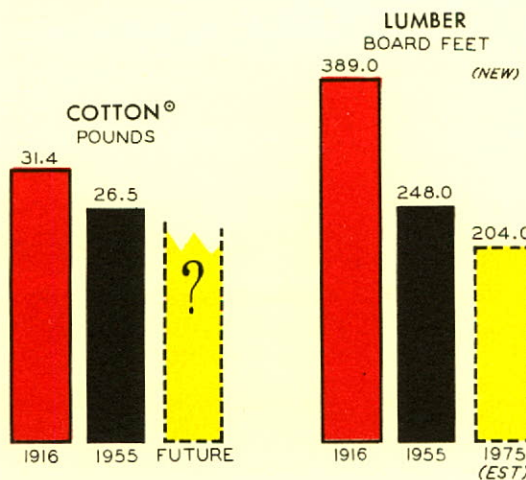
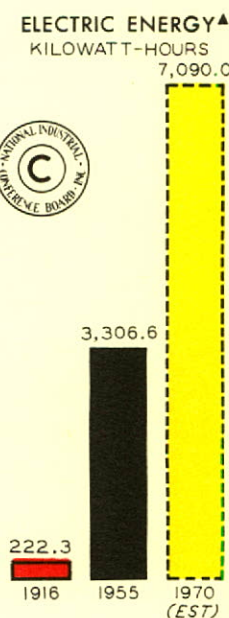
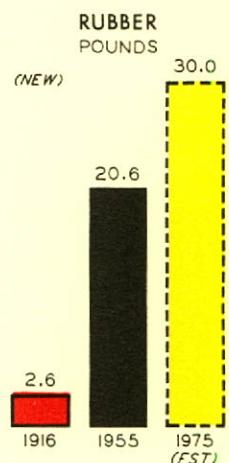
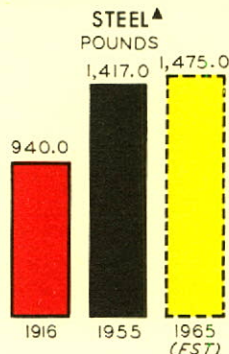
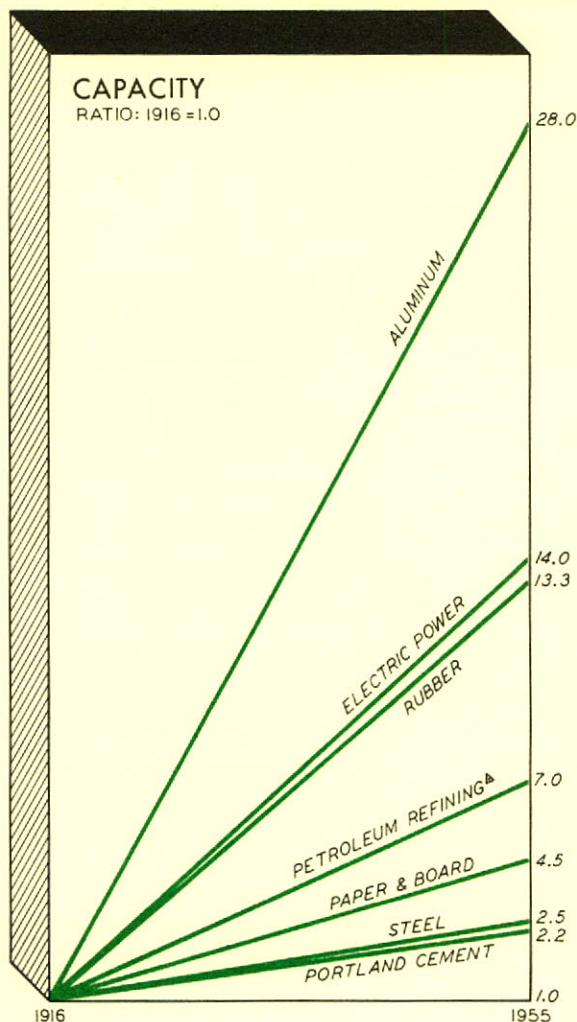
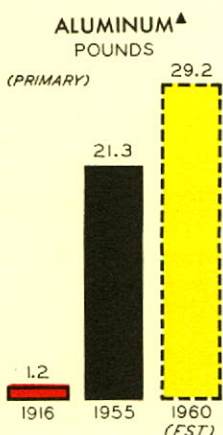
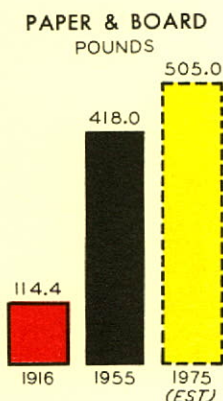
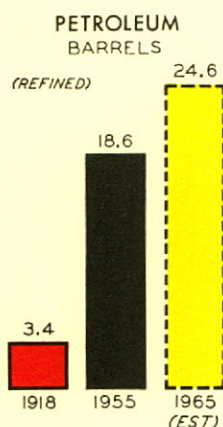
Our per capita consumption of steel, aluminum, electricity, and most of the other major products soared between 1916 and 1955. While the phenomenal increases in the use of aluminum and electrical energy are closely related, the atomic energy program has created a new and heavy demand for electric power. So has the greater use of electrical machinery and appliances by industry and other consumers. Per capita consumption of cotton, on the other hand, has declined, reflecting both the drop in per capita clothing expenditures and the introduction of competing fibers.

With few exceptions, it is expected that far larger amounts of these materials will be needed in the years ahead to supply our growing population with more products of greater complexity. Leading the way once again will be electrical energy, where our per capita consumption is expected to increase more in the next fifteen years than it did in the past forty.

Sources: Bureau of Mines; Department of Commerce; Department of Agriculture; Federal Power Commission; American Iron and Steel Institute; American Paper and Pulp Association; American Petroleum Institute; Rubber Manufacturers Association; Stanford Research Institute; Aluminum Company of America; The Chase Manhattan Bank; Electrical World; THE CONFERENCE BOARD.

BIGGER CAPACITY - BIGGER CONSUMPTION

APPARENT CONSUMPTION PER CAPITA



▲ PRODUCTION ® MILL CONSUMPTION ▲ 1916 = 1.0

Investment and Technology

ACCELERATED RESEARCH and improved know-how are vital to economic progress and higher standards of living. Outlays for research and development have spurted over the past decade and a half. This investment has brought us new and improved products and more efficient methods of production. Synthetic fibers, the electronic wonder world, atomic energy, jet propulsion, antibiotics, and transistors are only a few of these modern marvels that were either discovered or developed for practical and mass use in this period.

It is true that expenditures for research and development (familiarily called R & D) inched up fairly steadily during the two or three decades preceding World War II. But it was the added stimuli of war, defense, population boom, and general economic expansion that heightened the incentive to extend our scientific frontiers. From well under \$1 billion in 1940, R & D expenditures apparently soared to more than \$5.5 billion in 1955, or about as much as we spent for such purposes during the entire 20-year span preceding 1940. According to one projection, our annual investment in research may reach \$20 billion by 1976.

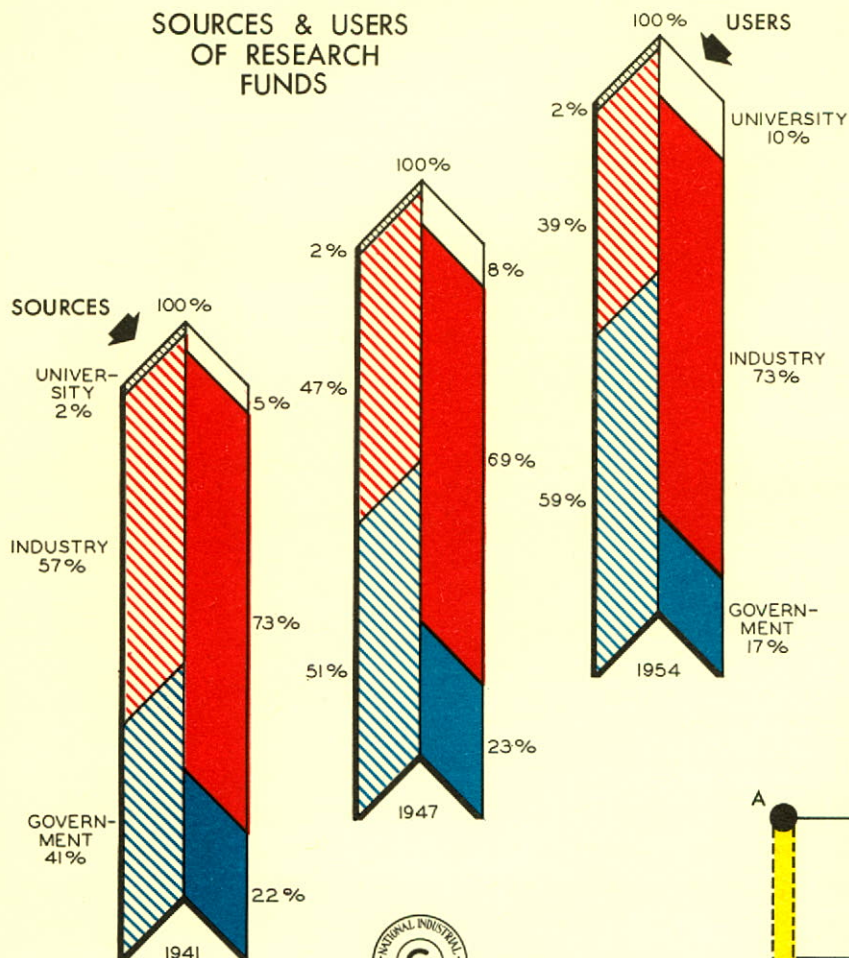
Industry and government supply the bulk of the funds for R & D, but universities and foundations also make a significant contribution. Over the past decade and a half, government has been footing an increasing proportion of these costs, but it has been using a declining share. Research at the universities has risen markedly over the past decade.

Note: A survey sponsored by the National Science Foundation shows a considerably higher level of expenditures for research and development for 1953 than was previously estimated (approximately \$5.4 billion, compared with around \$4 billion). While the long-term series has not yet been revised, the study for 1953 suggests that the existing figures are understated, particularly since 1940.

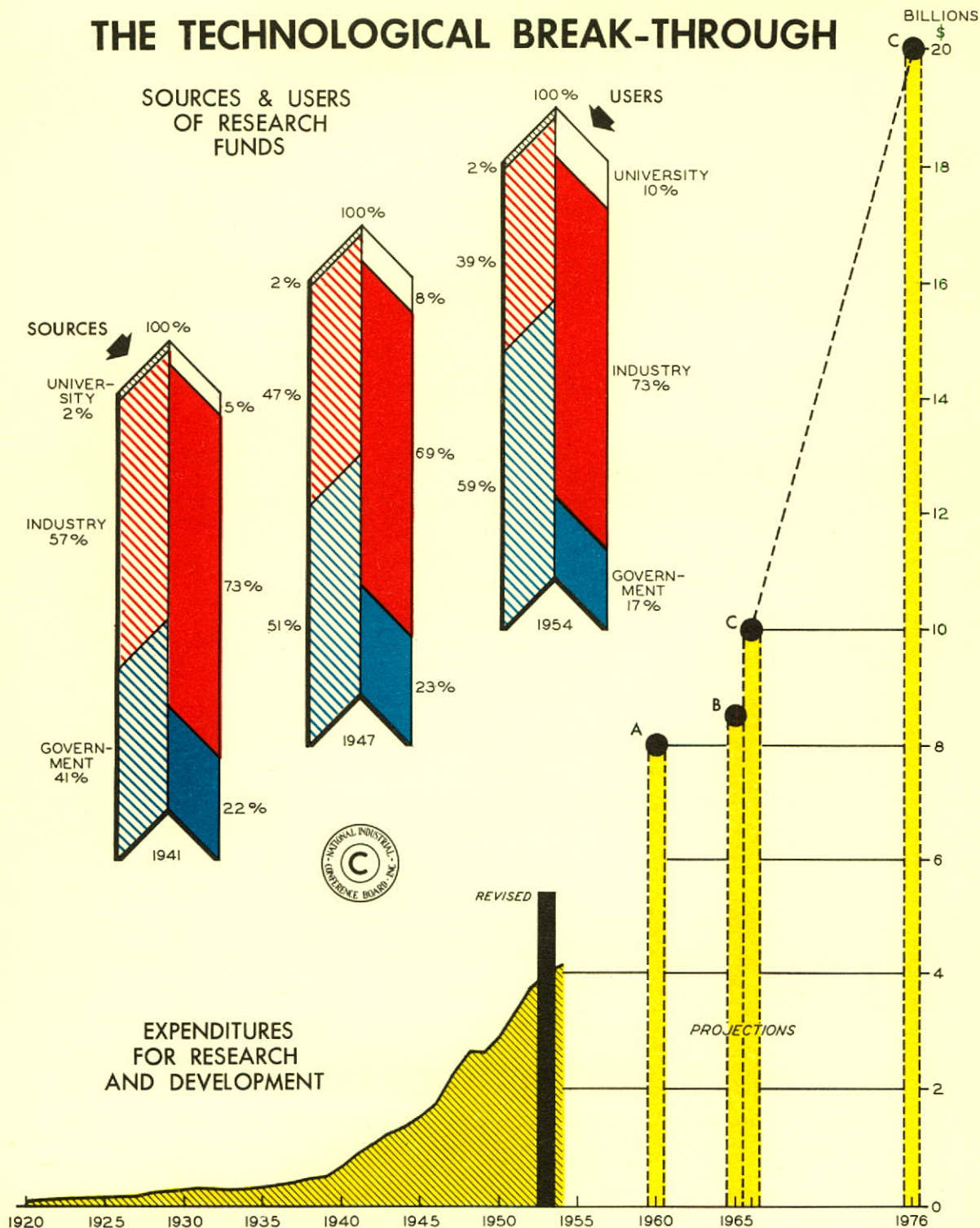
Sources: Data for 1920-1940, Raymond H. Ewell, National Science Foundation, and published in Chemical and Engineering News, July 18, 1955; 1941-1954, Department of Defense; 1953 revised estimate, National Science Foundation; THE CONFERENCE BOARD.

THE TECHNOLOGICAL BREAK-THROUGH

SOURCES & USERS
OF RESEARCH
FUNDS



EXPENDITURES
FOR RESEARCH
AND DEVELOPMENT



SOURCES OF PROJECTIONS: A-DEPARTMENT OF ECONOMICS, M_C GRAW-HILL
 B-HALDON A. LEEDY, ARMOUR RESEARCH FOUNDATION
 C-E.D. REEVES, ESSO RESEARCH AND ENGINEERING CO.

Government and Debt

ALMOST everything about America has grown enormously in the last forty years and we are inclined to take such growth as a commonplace. But even so, we may be startled to discover that the growth and cost of government has outstripped almost everything else. To give just one example: although our vaunted national income has jumped 422% since 1922 (when the chart story begins), the tax burden is now 968% greater. This latter percentage would be still higher if our annual contribution of \$11 billion for social insurance were to be included with other taxes.

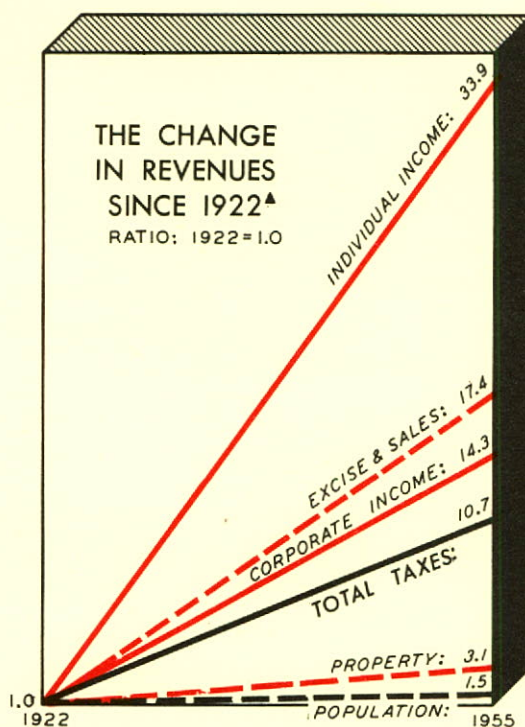
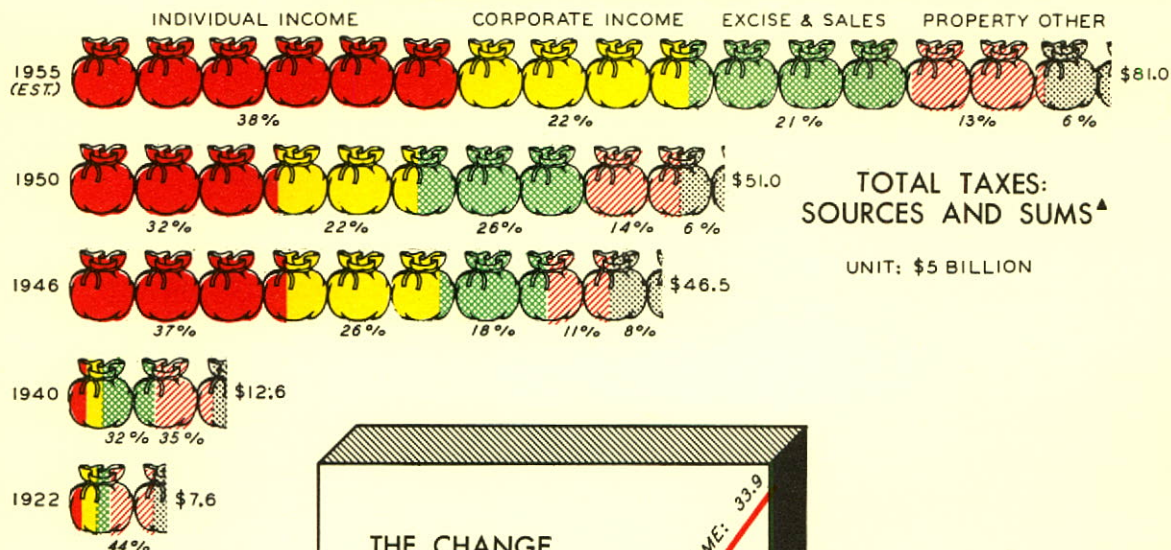
Why and how this came about was graphically shown last year in the Board's Chart Book, "Toward Better Government." Briefly, government has not only grown as we have grown, but it has had to pay for wars and their aftermath of rehabilitation and pensions, defense needs in an unstable world and, over the years, a shifting of responsibilities upon government and an ever-rising demand for services from government. Also, the very growth of the country has required greater public spending for roads, schools, and community facilities.

The bulk of the needed funds has come from increased income taxes, but vast amounts were also borrowed. In 1922, three out of every ten dollars in tax receipts came from levies upon income; the proportion is now exactly double. The total of \$48.6 billion of income taxes in 1955 was \$14 billion greater than the corresponding peak assessment in World War II.

What hope is there for an easing of the tax burden? Much hinges on the course of defense expenditures. The possibilities range from an actual reduction of governmental costs, to their stabilization or more modest increases coupled with continued economic growth. One Congressional tax committee has gone on record as expecting that "steady growth" in the next decade "will make possible . . . substantial reductions" in federal rates "perhaps by as much as one-third."

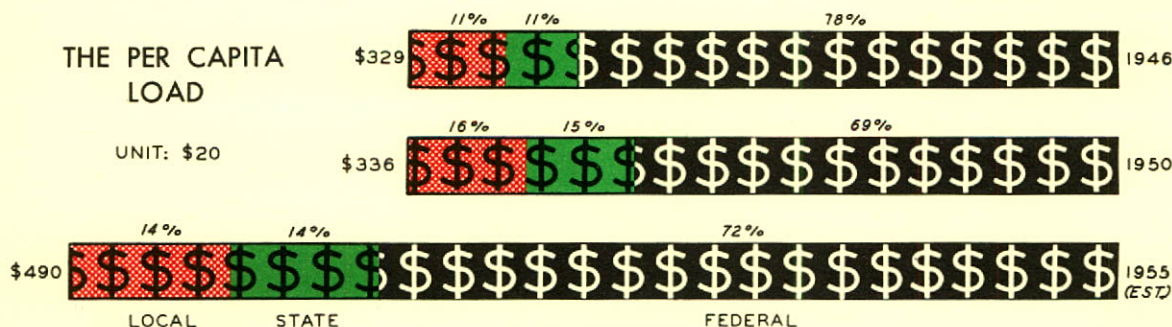
Sources: Treasury Department; Department of Commerce; Bureau of the Budget; Joint Committee on the Economic Report; THE CONFERENCE BOARD.

GOVERNMENT'S WAYS AND MEANS



THE PER CAPITA LOAD

UNIT: \$20



[▲] DATA ARE FOR FEDERAL, STATE, AND LOCAL GOVERNMENTS AND FOR FISCAL YEARS

Government and Debt

WHEN The Conference Board was founded in 1916, federal outlays were under the billion-dollar mark for the last time in our history. A year later they had nearly tripled, never again to return to anything approaching 1916's dimensions. State and local disbursements too, have mounted steadily ever since. They were nearly three and a half times those of the Federal Government in 1916, but they have been dwarfed over most of four decades of unparalleled Federal growth.

In a world of uncertainty and anxiety, national security requires the lion's share of our tax dollar; but the long-term perspective clearly shows the sharp uptrend in nondefense activities. Government has intervened increasingly in transportation, agriculture, resource development, housing, health, education, public welfare, and a host of other facets of the nation's social and economic life. Some 20% of national output is today consigned to public trusteeship; four decades ago it was only about 6%.

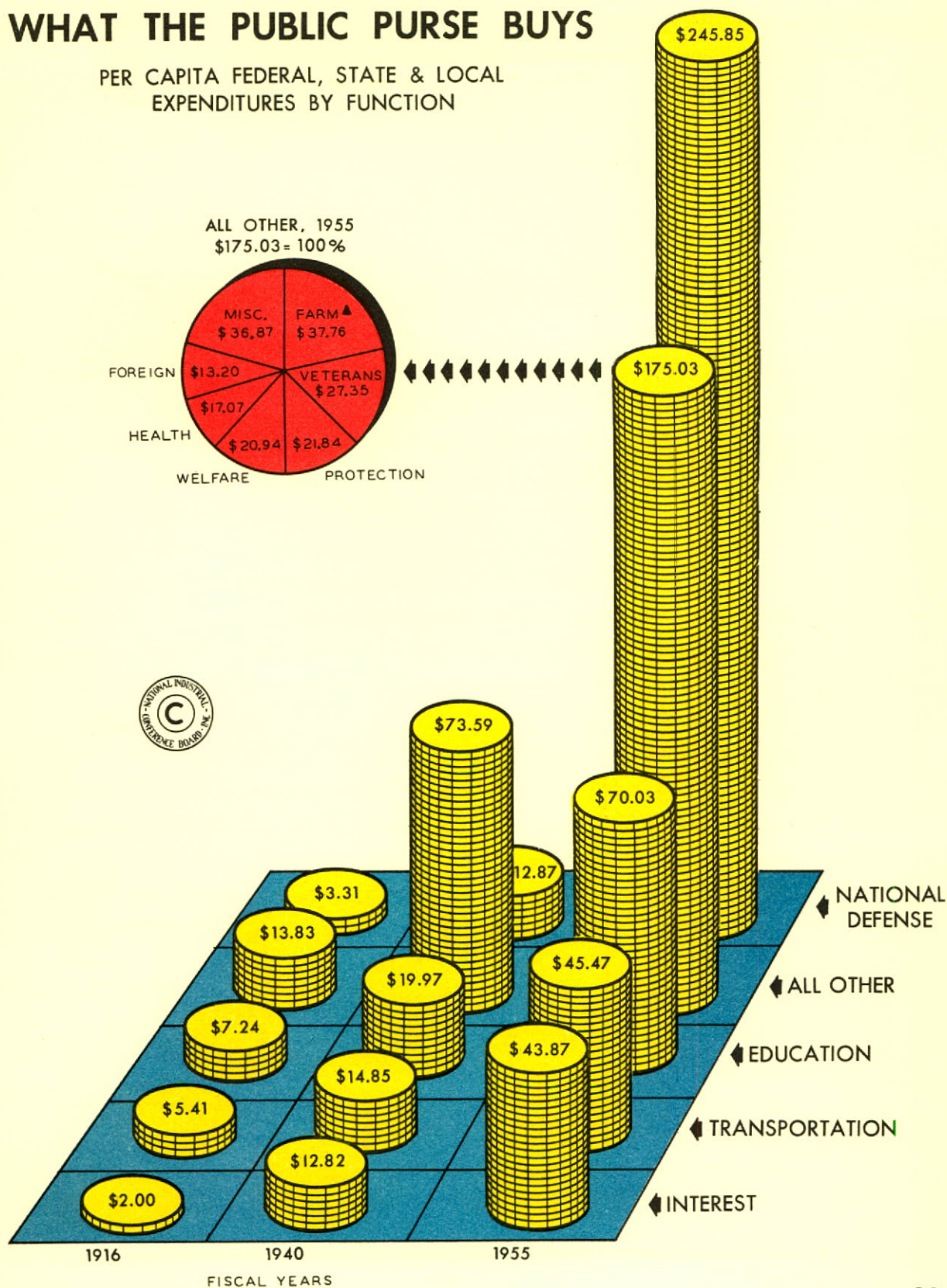
We have made and continue to make commitments that insure a towering role for the state far into the future. By conservative estimates, the survivors of persons covered today by social security will be entitled to future benefits equivalent to the amount of all private life insurance outstanding in the nation. The substantial and still growing portion of the population consisting of veterans and their beneficiaries will be entitled to steadily rising payments through nearly all of the next forty years. Under way, too, are vast new national efforts to expand our highway and educational systems. We look first to government to initiate them and underwrite them.

Each year brings new demands and new forms for government intervention. Direct government loans were once extended on a broad scale; they are being replaced on an even greater scale by public guarantees, government insurance, and other related devices.

Sources: Treasury Department; Department of Commerce; Raymond W. Goldsmith, "A Study of Saving in the United States"; Federal Reserve Bank of New York; THE CONFERENCE BOARD.

WHAT THE PUBLIC PURSE BUYS

PER CAPITA FEDERAL, STATE & LOCAL
EXPENDITURES BY FUNCTION



Government and Debt

AS A NATION and as individuals we have traditionally borrowed to grow. We have borrowed to pay for wars; we have borrowed to pay for roads and schools; we have borrowed to create new factories, equipment and output; and now we are borrowing increasingly to buy that output—new homes, autos, vacations, travel and a host of other consumer goods and services.

Over the years leadership in borrowing has alternated. During wars the federal debt rose to levels hardly envisioned before. In peace, the need for public works has shifted the lead to state and local governments. In our rapid growth of the last decade, the master trend has been that of private borrowers going into debt to finance new productive capacity and to purchase its output. Private borrowings in that decade alone have totaled nearly as much as federal borrowing to finance World War II.

Our total debt has risen in all but five of the past forty years. Last year, the most prosperous we have known, saw our debt rise by nearly \$50 billion, largely under the impetus of heavy private borrowings. At the end of 1955 our debt came to \$3,900 for every person in the country, five times that of 1916.

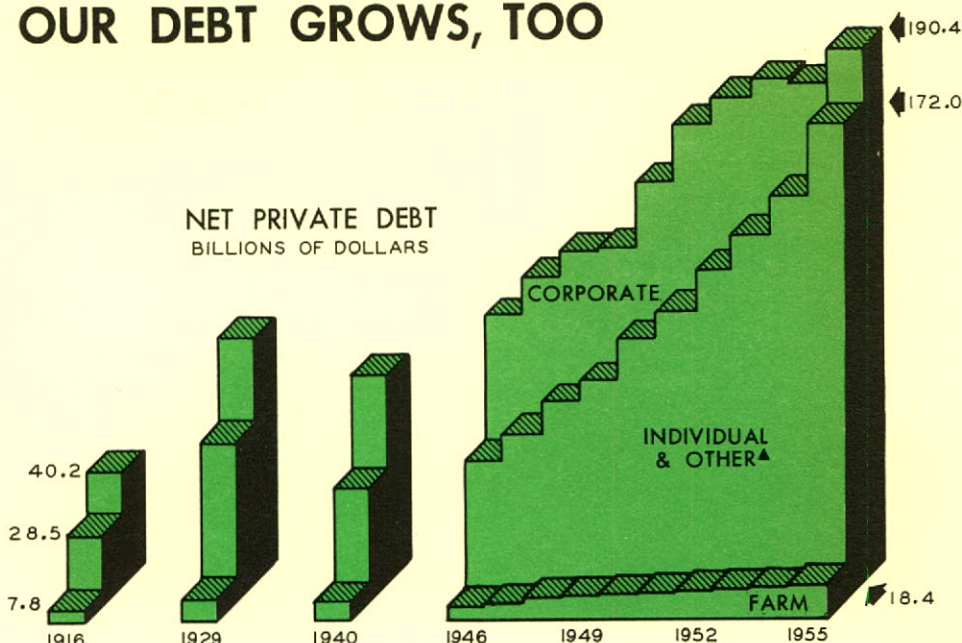
Our willingness to borrow, to build, and “buy now” against future income has made a fundamental contribution to our growth. But the \$650 billion of debt we now carry into the coming years poses challenging problems for the decades ahead. The past does not suggest a clear solution. Too often in the past the burden of debt has been lightened by the easy “out” of inflation. Too often we have met emergencies only by increasing our debt.

Sources: Department of Commerce; Treasury Department; THE CONFERENCE BOARD.

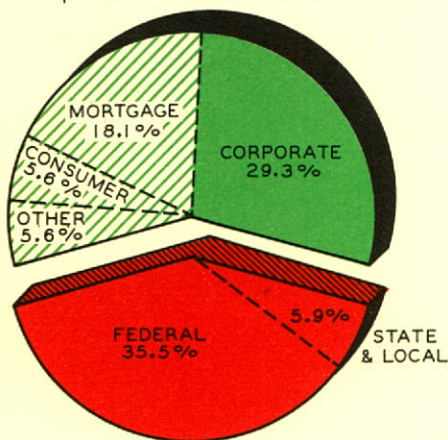
OUR DEBT GROWS, TOO



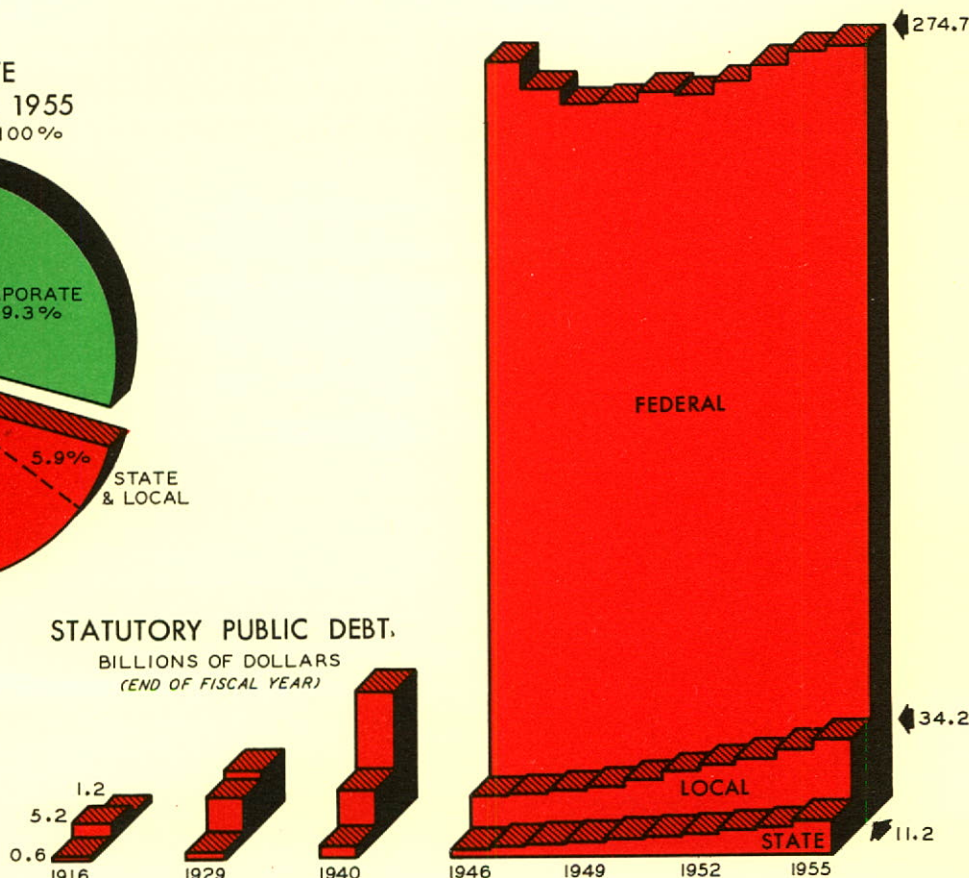
NET PRIVATE DEBT
BILLIONS OF DOLLARS



NET PRIVATE
& PUBLIC DEBT, 1955
\$ 650.4 BILLION=100%



STATUTORY PUBLIC DEBT.
BILLIONS OF DOLLARS
(END OF FISCAL YEAR)




NOTE: NET DEBT EXCLUDES OBLIGATIONS HELD BY OTHER ENTITIES IN SAME ECONOMIC SECTOR. STATUTORY PUBLIC DEBT CONSISTS OF TOTAL DIRECT OBLIGATIONS; PLUS (FOR FEDERAL) GUARANTEED DEBT AND (FOR STATE AND LOCAL) NONGUARANTEED AND AGENCY DEBT. NET STATE AND LOCAL DEBT ARE AS OF JUNE 30.


▲NONCORPORATE BORROWING, INCLUDING SOME FARM INDEBTEDNESS.

The Conference Board


THE CONFERENCE BOARD is an independent, private, cooperative, nonprofit institution for scientific research, professional education, practical service, and public information in the field of business economics and business management. Its purpose is to promote the development of private productive enterprise. Its function is to assemble, analyze, interpret and disseminate accurate, complete and useful information regarding economic conditions in the United States and other countries.




To perform this function the Board maintains a large staff engaged in continuous research in economics, statistics and management technique; it operates a widely used public information bureau; it provides specific information services for individuals, organizations and business concerns; it conducts periodic conferences of business executives and others for discussion of economic and management problems; and it issues many publications presenting the results of its investigations and conferences.



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Additional information regarding THE CONFERENCE BOARD and its activities may be obtained from the Board's offices at 460 Park Avenue, New York 22, N. Y.

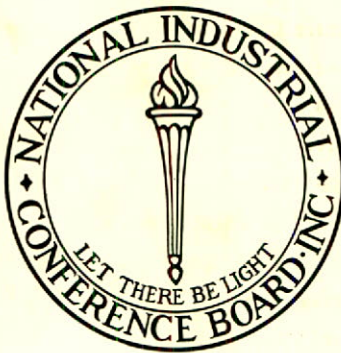
THE GRAPHIC RECORD OF AMERICAN ENTERPRISE

Chart Surveys prepared in connection with the Annual Meetings
of the National Industrial Conference Board

(*Partial List*)

- 1956—40 Years of Economic Growth
- 1955—Toward Better Government
- 1954—Prices, Costs, Wages
- 1953—Profits in Perspective
- 1952—How Much Government?
- 1951—Defense Economics: The First Year
- *1950—Economic Expansion: Patterns, Problems, Potentials
- 1949—Wages, Prices, Profits
- 1948—Domestic Consumer Markets
- *1947—America's Resources for World Leadership
- *1947—Profits in the National Economy
- *1946—Productivity and Progress
- *1945—The Pattern of Inflation
- *1944—Postwar Employment Opportunities
- *1943—Economic Background for Postwar Reconstruction
- *1942—America's War Effort: Objectives, Resources and Progress
- *1941—The Arsenal of American Enterprise
- *1940—The Development of American Enterprise and the Challenge to the
Enterprise Principle
- *1939—The Dismal Decade, 1929-1939
- *1938—A Century of American Industry
- *1937—Elements of National Welfare at Home and Abroad
- *1936—American Economic and Social Progress
- *1935—American Industry and Economic Progress
- *1933—Economic Development, A Graphic Record
- *1923—A Graphic Analysis of the Census of Manufacturers, 1849 to 1919

*Out of print. Available on loan basis from Information Division.



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