Directorate of
Intelligence

Confidential

25X1

Major Industrial Countries: The Saving Rate Gap

25X1

A Research Paper

Confidential

GI 82-10070
April 1982

Copy 424

Page Denied

Directorate of
Intelligence

Confidential [redacted] 25X1

Major Industrial Countries: The Saving Rate Gap [redacted] 25X1

A Research Paper

Information available as of 26 March 1982 has been used in the preparation of this report.

This report was prepared by [redacted] 25X1
[redacted] of the Economics Division of the 25X1
Office of Global Issues. Comments and questions may be addressed to Chief, Economic Analysis Branch, Office of Global Issues, [redacted] 25X1

Confidential
GI 82-10070
April 1982

[redacted] 25X1

Major Industrial Countries: The Saving Rate Gap [redacted] 25X1

Overview

Japan continues to maintain the highest level of national savings among the major industrial countries. The high Japanese saving rate is due almost exclusively to exceptionally high savings by households. As a share of their income, Japanese households save some one-third more than West European households and three times that of US households. This remarkable saving performance has helped Japan finance its massive domestic investment effort, obtain and implement state-of-the-art technologies, and finance a rather large central government budget deficit. [redacted] 25X1

Except the United Kingdom, all of the major West European countries also do considerably better than does the United States. West Germany, France, and Italy each have achieved national saving rates more than double that of the United States. These high savers have several characteristics in common:

- Direct income tax burdens are generally lower than in the United States.
- Strong tax incentives are provided for income earned from savings.
- A large proportion of their populations is in the working and earning ages.

Institutional factors also exert a strong influence over saving performances. In Japan, the large proportion of salaries paid in semiannual bonuses and low retirement benefits likely are factors boosting savings. In Western Europe, the limited availability of consumer credit possibly stimulates household savings. [redacted] 25X1

A variety of factors indicate that the saving gap among the major industrial countries will be narrower in the 1980s. For example, demographic trends will act to reduce Japan's saving rate and to boost saving in Western Europe and North America. In addition, the United States and the United Kingdom—the low savers of the group—have reduced direct tax rates in an attempt to boost saving. Taken together, these factors should reinforce the narrowing of national saving rate differentials that occurred in the 1970s. Nevertheless, unless Tokyo takes further policy actions designed to increase the proportion of incomes spent on consumption, Japan will continue to allocate a larger share of resources to savings and investment than any other Big Seven country. As a result, Japanese firms likely will continue to have a financial edge in the acquisition of new capital equipment and technologies. [redacted] 25X1

GI 82-10070
April 1982

Approved For Release 2007/07/20 : CIA-RDP83B00231R000100160001-6

[redacted] 25X1

Major Industiral Countries: The Savings Rate Gap [redacted] 25X1

The Pattern of Saving Rates

Throughout the past two decades, saving rates differed widely among the major industrial economies. Japan stood out among the group with national saving equal to more than 20 percent of gross domestic product (GDP), triple the rate of US saving (table 1). In West Germany, France, Italy, and Canada saving rates averaged between 10 and 18 percent. Wide differences also occurred in the sources of savings. High household saving rates maintained Japan's lead in this key economic variable; low household rates, on the other hand, contributed significantly to the low overall saving performances of the United States and the United Kingdom (table 2). [redacted]

Table 1 Percent of GDP

Major Industrial Countries: National Saving Rates [a]

	1960-69	1970-79
United States	8.7	6.0
Japan	21.4	21.9
West Germany	17.8	14.0
France	15.4	13.8
United Kingdom	10.5	8.5
Italy	16.0	13.1
Canada	10.2	10.7

[a] Combined savings of households, including nonprofit institutions serving households, corporations, and government entities, expressed as a share of GDP. Annual detail for these and other data in this paper are presented in a statistical appendix. 25X1

[redacted] 25X1

In addition to the intercountry variation in saving rates, pronounced shifts have occurred. Between the early and late 1970s, national saving rates declined in six of the countries and rose slightly in Canada (figure 1). The decline was greatest in Japan:

- The sharp drop in Japan's national saving was due to declines in government and corporate saving; the rate of household saving actually rose.
- Household saving rates held steady in France and Italy, but corporate and government saving fell sharply.
- In the United Kingdom and Canada both household and corporate saving rose, but the overall rate in Britain was pulled down by a 8-percentage point decline in government saving.
- In West Germany saving rates in all three sectors fell during the 1970s; in the United States only household saving declined. [redacted]

Recent data indicate a continuation of these saving patterns into 1980 and 1981. The OECD recorded a decline in total saving in each of the major industrial countries for 1980. Preliminary data for 1981 indicate no change in household saving in Japan, West Germany, France, Italy, and Canada and sharp declines in the United States and the United Kingdom. The UK decline continued despite two years of government policies designed to raise saving. [redacted] 25X1

Factors Behind the Differences

Numerous factors impinge on national saving rates. 25X1 Government savings are essentially determined by policy decisions. Thus, as commitments to social programs grew in the 1970s, and as slower real economic growth increased the cost of these programs, governments shifted from net savers to approximate balance or dissaving. Private saving—that done by households and corporations—is determined by a much more diverse and complex set of factors.

[1] Throughout this paper, all saving rates are expressed as shares of gross domestic product to allow ease of comparison; *household saving* includes saving by nonprofit institutions serving households; *corporate saving* is essentially retained earnings of corporations; *government saving* is the difference between current receipts and expenditures at all levels of government. Government saving differs from the more familiar government budget deficit: surplus figures by the amount of government investment. Investment is excluded from saving but included in the deficit: surplus figures; as a result, government saving figures are always more positive than the comparable government budget figures. *National Accounts of OECD Countries 1962-79*, Organization for Economic Cooperation and Development, Paris, 1981, was the primary source for the data used in this paper. [redacted]

25X1

Table 2 — Percent of GDP

Major Industrial Countries: Sources of National Saving, 1970-79 [a]

	Total National Saving	Households [b]	Corporations [c]	Governments [d]
United States	6.0	5.0	1.2	1.4
Japan	21.9	14.5	3.0	4.4
West Germany	14.0	8.7	2.0	3.3
France	13.8	9.9	1.2	2.7
United Kingdom	8.5	5.1	2.1	1.4
Italy	13.1	18.8	−0.8	−5.0
Canada	10.7 [e]	5.9	5.0	1.4

[a] Because of rounding, components may not add to the totals shown.
[b] Includes nonprofit institutions serving households.
[c] Excludes capital consumption allowances.
[d] Excludes government investments and is therefore more positive than government budget deficits which include them.
[e] A large statistical discrepancy item prevents components from adding to the total.

25X1

Nonetheless, a few key factors appear to account for much of the difference in national patterns. Some of these factors are subject to the control of government policy while others are not. 25X1

Taxation. It appears that the rate of direct taxation is the major determinant of the differences in Big Seven saving patterns. We estimate that for every 1-percentage point increase in direct tax rates private saving rates dropped about 1 percentage point; the reaction appears to be about the same in each country.[2] Based on this calculation, Japan's lower direct taxes pushed its saving rate some 5 percentage points above the average. At the other extreme, high direct taxes in the United States, West Germany, and the United Kingdom tended to lower their saving rates. In all of the countries, the rise in taxes toward the end of the 1970s likely contributed to the general decline in private saving. 25X1

Significant variation exists in the rates of direct taxes. During the 1970s the direct tax take from businesses was relatively low, amounting to less than 5 percent of GDP in all of the countries. Direct household and social security taxes, however, varied widely (figures 2 and 3):[3]

- Only Japan had low household income and social security taxes, with both tax rates averaging under 7 percent of GDP in the 1970s.
- The United States, the United Kingdom, and Canada had low social security taxes but high household income taxes.
- France and Italy had low direct taxes on households but high social security taxes.
- In West Germany, both household income and social security taxes were relatively high.

In addition to differences in basic tax rates, most of the non-US countries had in place numerous tax breaks on income earned from savings (see accompanying presentation.) 25X1

Many governments with lower direct taxes make up the loss of revenue through higher indirect taxes. Our analysis indicates that, in general, they do so with little adverse impact on saving rates. Indirect taxes do

[2] The analysis on which the quantitative estimates in this report is based is available on request. 25X1

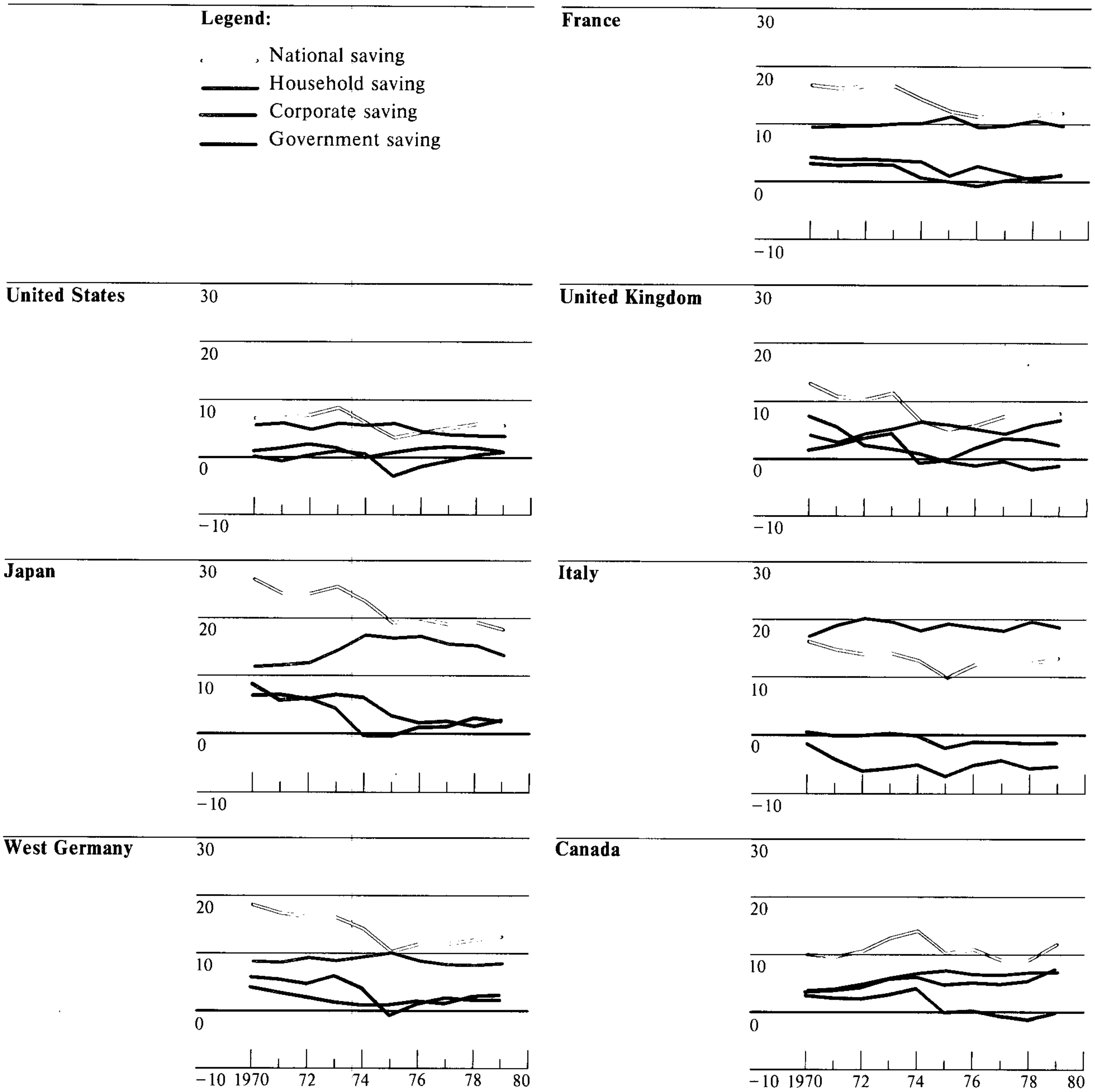
[3] The tax rates discussed here are effective rates, defined as tax collections of a given type relative to total GDP. 25X1

Approved For Release 2007/07/20 : CIA-RDP83B00231R000100160001-6

Figure 1

Major Industrial Countries: Trends in Saving Rates

Percent of GDP



25X1

586350 4-82

Tax Breaks on Earnings From Savings

Japan. *Through a variety of schemes, the Japanese Government exempts from taxes virtually all interest income earned by average Japanese citizens. This includes interest on deposits of up to $13,300 in both postal savings accounts and banks, interest on up to $13,300 worth of government bonds, and interest on as much as $2,000 held in an employee payroll savings account. Thus a Japanese can theoretically shield as much as $62,000 in savings from taxes on interest income.*

West Germany. *The West German Government adds a hefty bonus to special savings accounts that are frozen for six or seven years and can take the form of bank accounts, life insurance policies, building society shares, and stocks and bonds. Any adult with a taxable income of less than $13,700 ($27,400 for couples) can deposit up to $475 a year in such an account and earn, on top of interest, a tax-free bonus of 14 percent a year plus 2 percent for each dependent child. (Deposit and income ceilings are doubled for married couples.) In addition, an employee can set up another special seven-year account by authorizing regular payroll deductions of up to $357 a year that qualify for a government bonus of 30 to 40 percent annually, depending on the size of his family. That is not all. Individual interest income up to $460 a year is tax free, and life insurance premiums are deductible from taxable incomes within certain limits.*

France. *The French Government allows all individuals, including children, to earn tax-free interest of 7.5 percent on deposits of up to $10,840 in mutual savings banks. Roughly $1,000 of income from government bonds is tax free under various incentive schemes, and there is partial tax relief on other bond interest, as well as complete tax relief on the first $723 of dividend income from stocks. The most recent incentive scheme is the popular Monory law (named after Finance Minister Rene Monory), which was passed in 1978 and lets people deduct as much as $1,205 a year for stock investments, provided the shares are of French companies and are held at least four years.*

United Kingdom. *To help protect the elderly against the withering blast of inflation, Britain offers them a retirement bond, which is indexed to the retail price index and earns a bonus of 4 percent interest if held for five years. Individuals can invest up to $2,800 in such bonds. In addition, all adults can sign up for special tax-free save-as-you-earn programs, under which accounts are funded by regular contributions or payroll deductions up to $47 a month. The deposits are fully indexed against inflation if held for five years, and the account earns a bonus of two months' contributions if held for seven years.*

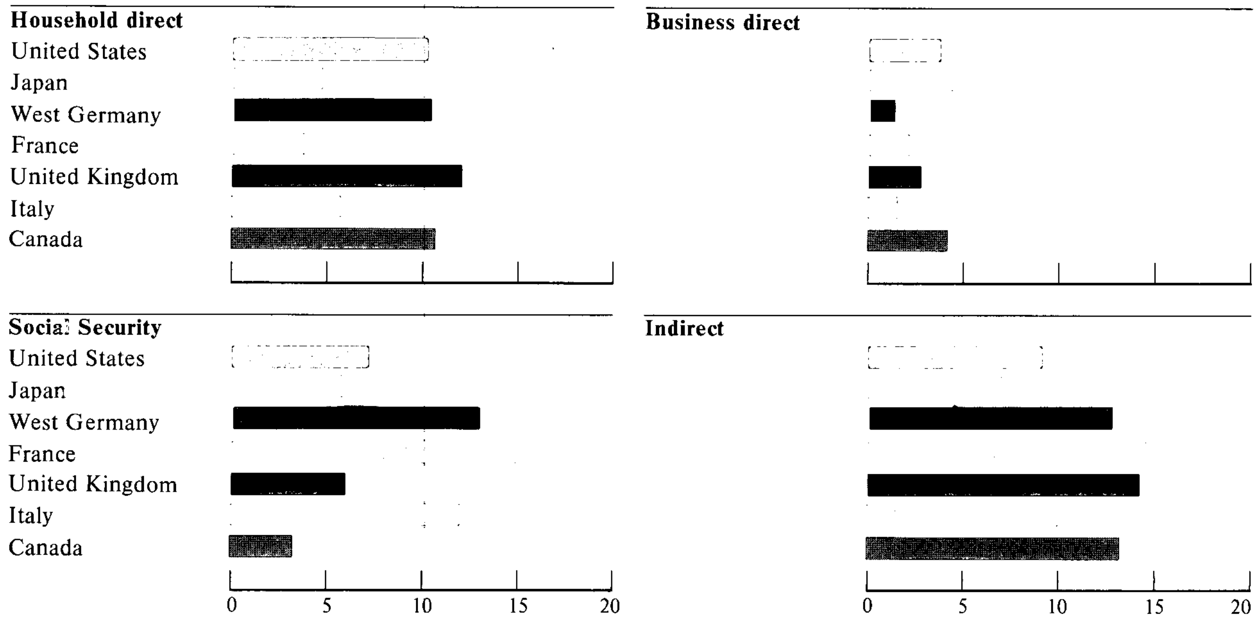
Canada. *Unlike the United States the Canadian Government defers taxes on employee contributions to employer-sponsored pension plans. It also defers income taxes on Registered Retirement Savings Plans, which are roughly comparable to Individual Retirement Accounts in the United States but have higher contribution limits and are available to all workers. For a worker who is enrolled in both programs, the limit on his annual tax-deferred contributions is $3,500, or 20 percent of earnings, whichever is less. If he is enrolled only in an RRSP, the limit becomes $5,500, or 20 percent of earnings.*

This presentation is based on Gene Koretz, "Commentary/Economics," *Business Week*, 1 September 1980, p. 67. 25X1

25X1

Figure 2

Major Industrial Countries: Tax Rates, 1970-79



[redacted] 25X1

586351 4-82

not have a strong negative effect on savings of direct income taxes chiefly because they are levied on consumption and therefore can be avoided, or at least postponed, if a greater portion of income is put in savings. Thus, one aspect of indirect taxes is to increase the incentive to save. [redacted]

Demographic Factors. Demographic factors also help explain national saving rates and are subject to little policy control. Japan has saved as much as it has over the past 20 years in part because it has had the highest proportion of population in the primary working ages of 20 to 64 (figure 4). This age group, because it is earning an income and is saving either to purchase houses or for retirement, is the chief source of household savings in the Japanese economy; older and younger population groups generally dissave. [redacted]

Other countries that received a boost to saving from this factor were West Germany and Italy. At the other extreme, US and French private saving, particularly household, probably was reduced by the low working-age to non-working-age population ratios of the 1970s. [redacted] 25X1

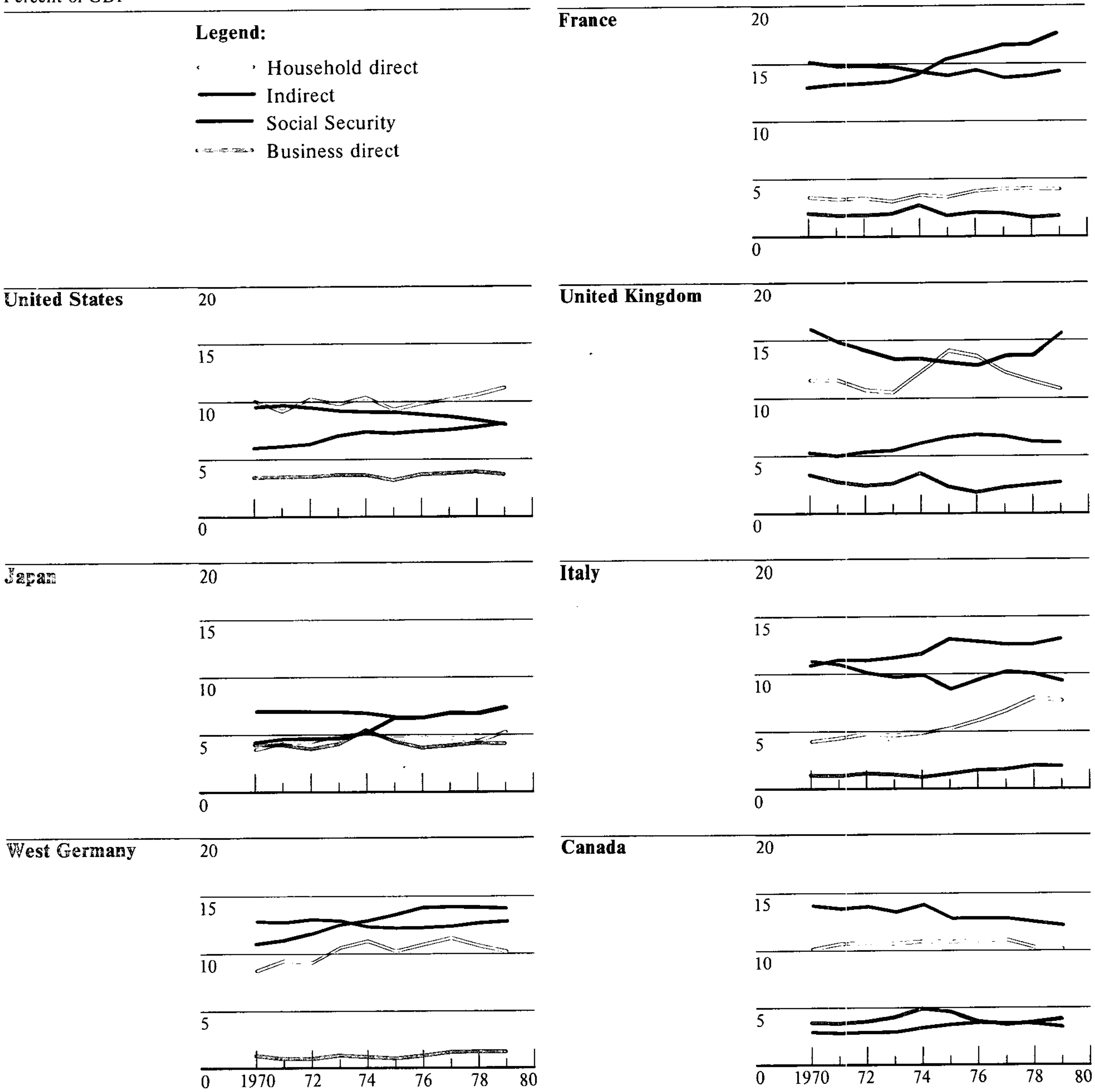
Economic Performance. Differences in long-term economic performances as well as differential responses to those performances also play important roles in determining saving rates. Again, Japan's saving rate was boosted by its exceptionally strong growth in real incomes, which provided increased discretionary income from which to save. Inflation and inflationary expectations may also have affected saving rates.

25X1

Figure 3

Major Industrial Countries: Trends in Tax Rates

Percent of GDP

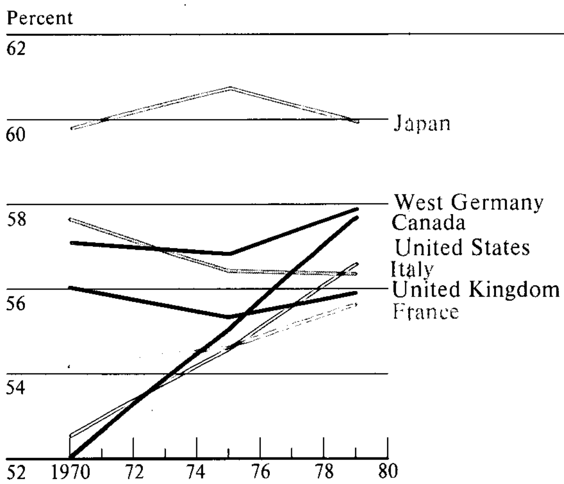


25X1

586352 4-82

Approved For Release 2007/07/20 : CIA-RDP83B00231R000100160001-6

Figure 4
Major Industrial Countries: Share of Working-Age Population[a]



[a] Ages 20 to 64.

[redacted]

586353 4-82

Specifically, saving rates appeared to rise with inflation in Canada, where widespread indexation to inflation exists, and in West Germany, where the expectation of early return to low inflation likely played a role. Acceleration of inflation seemed to lower saving in most of the other countries, probably because consumers responded by speeding up purchases to beat price rises. [redacted]

Retirement Benefits. To the extent that individuals save to ensure an adequate standard of living in retirement years, differences in retirement benefits across countries influence saving rates. Indeed, the fact that Japan's retirement benefits have, until recently, been the least generous likely is another reason for its high saving rates (table 3). As recently as 1975, the pension of a typical Japanese couple amounted to only 35 percent of their preretirement earnings. Except for Britain, all other countries' pension plans replaced 50 percent or more of preretirement earnings. Since 1975, the benefits of Japan's retirement programs have increased dramatically. [redacted] 25X1

Table 3

Major Industrial Countries: Income Replacement by Retirement Benefits [a]

	Percent of Preretirement Earnings		
	1969	1975	1980
United States	44	57	66
Japan	24	35	56
West Germany	56	50	49
France	56	65	75
United Kingdom	33	39	42
Italy	67	67	70
Canada	39	57	65

[a] From Leif Haanes-Olsen, "Earnings Replacement Rate of Old-Age Benefits 1965-75; Selected Countries," *Social Security Bulletin,* January 1978; [redacted] 25X1

[redacted] 25X1

Institutional Factors. Finally, institutional characteristics likely create differences in saving behavior. The influence of these factors is not clear, but they appear to be strongest in favor of saving in Japan and weakest in the United States. [redacted] 25X1 25X1

Specific institutional factors at work in Japan include a high ratio of house prices to income and an unusually long retirement period. Japan's house-price-to-income ratio is the highest in the group, a fact that forces a high rate of saving by younger Japanese. At the same time, Japanese workers have to maintain high rates of saving to obtain sufficient funds for retirement years. As already discussed, Japan's pension system was among the least generous in the Big Seven. In addition, the typical Japanese retirement period is unusually extended because of a relatively long average life span and an early retirement age. The semiannual bonuses that are a major part of Japanese wage payments also have been cited as a factor in Japan's high saving rate. [redacted] 25X1 25X1

The other basic institutional differences seem bound up in consumer credit arrangements, chiefly a much greater use of cash payments in Europe and Japan than in the United States and Canada. Thus, outside of North America, where extensive consumer credit is available, it is necessary to save up large down payments to make purchases.[4] Rapid increases in social safety net programs, such as unemployment and income maintenance schemes, also may have contributed to shifts in saving rates as households were able to reduce precautionary savings in response to government-provided floors under their earnings. [redacted]

25X1

Saving in the 1980s: Outlook and Implications

In the coming decade, saving rates likely will bottom out from their declines of the 1970s and, in some countries, may even rise. Several factors suggest this outcome:

- Demographic trends will be generally favorable for saving provided that the larger proportion of adults are able to find employment. West Germany's relative working-age population will rise by 7 percent between 1979 and 1985, boosting its saving rate by perhaps a percentage point. Increases in the relative working-age population of France, Canada, the United Kingdom, and the United States should lead to rises in saving rates of about half a percentage point. Only in Japan will demographic trends tend to lower saving over the next few years; there, the proportion of the population in the working ages will drop 1 percentage point by 1985.

- Government tax policies should also be more favorable for savings. There appears to be increased recognition of the disincentive effects of direct taxes on savings; the United States and the United Kingdom have begun lowering the burden of direct taxes as an explicit assault on their low saving rates.

- Shifts in government-sponsored retirement benefits also seem likely to increase private saving in the 1980s, or at least not discourage it; specifically, the income replacement value of retirement benefits probably will not increase by anywhere near the 40-percent rise recorded in the 1970s.

- Finally, the declines in government saving should bottom out, given the widespread concern about the impact of government budget deficits on credit markets. [redacted]

25X1

Table 4 — Billion US $ [a]

Major Industrial Countries: Absolute Volume of National Savings

	1965	1973	1980
United States	71.9	111.6	130.2
Japan	26.4	126.2	173.9
West Germany	44.5	82.0	99.0
France	18.2	43.5	68.4
United Kingdom	9.5	19.1	34.3
Italy	6.9	14.7	41.3
Canada	5.3	13.6	26.5

[a] Coverted at 1980 exchange rates.

[redacted]

25X1

The actual saving trends of the 1970s and those outlined as probable for the early 1980s indicate that the gap between Japan's saving rate and those of other Big Seven countries will probably be substantially smaller. Nonetheless, Japan, by virtue of the growth in its economy and its still-higher saving rate, will amass an absolute volume of savings larger than that of the United States and several times larger than the other countries (table 4). Thus, despite a decline in Japan's saving rate, Japanese firms should continue to have a substantial advantage over foreign competitors with regard to availability and cost of investment capital. This lower cost of capital likely will continue to accrue chiefly to Japanese firms, as opposed to non-Japanese ones, as a result of the restricted access of foreign firms to Japanese financial markets.[5] [redacted]

25X1

[4] It is possible that saving rates do not vary with consumer credit availability. With tight credit, consumers have to save relatively more prior to purchase; with easier credit, the purchase can be made with less prior saving, but thereafter saving must be higher to pay off the credit extended at time of purchase. In reality, saving probably would nonetheless be higher in a tight-credit country because saving would have to occur earlier, precautionary saving would be higher to offset inability to obtain emergency credit, and a "habit" of saving may be inculcated by the need to save in order to make the first major purchases in a person's adult life. [redacted]

[5] A more detailed assessment of international differences in the cost and availability of investment capital will be presented in a forthcoming paper [redacted]

25X1

25X1

Appendix A

Major Industrial Countries: Trends in Saving Rates and Determinants, 1970-79

Table A-1 Percent of GDP

National Saving Rate

	United States	Japan	West Germany	France	United Kingdom	Italy	Canada
1970	6.8	26.7	18.4	16.7	13.0	16.1	9.9
1971	6.8	24.3	16.9	16.1	10.7	14.6	9.5
1972	7.3	24.2	16.2	16.5	10.2	13.8	10.4
1973	8.6	25.5	16.2	16.5	11.3	14.0	12.8
1974	6.0	22.9	14.2	14.1	6.5	12.7	14.1
1975	3.4	19.2	10.2	12.1	5.0	9.7	10.1
1976	4.3	19.8	11.5	11.2	5.7	12.1	10.8
1977	5.1	18.9	11.5	11.4	7.3	12.3	8.9
1978	5.8	19.2	12.3	11.4	7.3	12.3	9.0
1979	5.5	18.0	12.8	11.9	7.8	13.1	11.6

Table A-2 Percent of GDP

Household Saving Rate

	United States	Japan	West Germany	France	United Kingdom	Italy	Canada
1970	5.6	11.6	8.6	9.4	4.0	17.1	3.7
1971	5.9	11.9	8.4	9.5	2.8	18.9	4.0
1972	4.8	12.3	9.3	9.6	4.3	20.2	4.9
1973	5.9	14.5	8.7	10.0	5.2	19.5	5.9
1974	5.5	17.1	9.4	10.1	6.4	18.0	6.7
1975	5.9	16.6	10.1	11.2	5.8	19.2	7.2
1976	4.5	16.9	8.7	9.3	5.0	18.5	6.5
1977	3.9	15.5	8.0	9.7	4.2	18.0	6.4
1978	3.8	15.2	7.9	10.5	5.7	19.6	6.8
1979	3.7	13.6	8.2	9.6	6.7	18.6	6.9

Table A-3 Percent of GDP

Corporate Saving Rate

	United States	Japan	West Germany	France	United Kingdom	Italy	Canada
1970	0.9	8.5	3.9	2.9	1.4	0.4	3.4
1971	1.4	5.6	3.0	2.6	2.2	−0.2	3.6
1972	2.1	5.9	2.2	2.8	3.4	−0.2	4.1
1973	1.5	4.2	1.4	2.7	4.3	0.2	5.6
1974	−0.2	−0.5	0.9	0.5	−0.9	−0.3	6.0
1975	0.7	−0.6	0.9	−0.2	−0.4	−2.4	4.0
1976	1.4	0.9	1.5	−0.9	1.7	−1.4	5.7
1977	1.7	1.1	1.2	0.1	3.4	−1.4	4.7
1978	1.5	2.6	2.4	0.6	3.2	−1.6	5.2
1979	0.8	2.0	2.6	0.9	2.2	−1.5	7.3

Table A-4 Percent of GDP

Government Saving Rate

	United States	Japan	West Germany	France	United Kingdom	Italy	Canada
1970	0.2	6.7	5.9	4.3	7.5	−1.4	3.0
1971	−0.6	6.8	5.5	3.9	5.7	−4.1	2.6
1972	0.5	6.0	4.7	4.0	2.5	−6.1	2.4
1973	1.2	6.8	6.1	3.8	1.8	−5.7	3.2
1974	0.7	6.3	4.0	3.6	1.0	−5.0	4.2
1975	−3.2	3.2	−0.8	1.1	−0.4	−7.1	0.1
1976	−1.5	2.0	1.3	2.8	−1.0	−5.1	0.4
1977	−0.5	2.3	2.3	1.6	−0.3	−4.3	−0.6
1978	0.5	1.4	2.0	0.4	−1.7	−5.7	−1.2
1979	1.0	2.4	2.0	1.4	−1.1	−5.3	−0.0

Table A-5 Percent of GDP

Average Direct Household Tax Rate

	United States	Japan	West Germany	France	United Kingdom	Italy	Canada
1970	11.3	4.4	9.5	3.8	12.7	4.6	11.8
1971	10.3	5.0	10.5	3.6	12.7	4.9	12.3
1972	11.4	5.2	10.3	3.7	11.8	5.3	12.3
1973	11.0	5.6	11.8	3.4	11.6	5.1	12.1
1974	11.7	6.0	12.5	4.1	13.7	5.4	12.3
1975	10.7	5.4	11.6	3.9	15.9	5.9	12.3
1976	11.2	5.5	12.2	4.5	15.4	6.7	12.5
1977	11.5	5.5	12.8	4.7	13.9	7.6	12.7
1978	12.0	5.2	12.1	4.7	13.0	8.8	11.9
1979	12.7	6.1	11.5	4.6	12.2	8.5	11.8

Table A-6 Percent of GDP

Average Direct Business Tax Rate

	United States	Japan	West Germany	France	United Kingdom	Italy	Canada
1970	3.5	4.2	1.2	2.1	3.4	1.3	3.9
1971	3.6	4.2	0.9	1.9	2.8	1.2	3.8
1972	3.6	3.8	0.9	1.9	2.5	1.4	4.0
1973	3.7	4.3	1.2	2.0	2.7	1.3	4.3
1974	3.7	5.5	1.1	2.8	3.6	1.1	5.0
1975	3.3	4.5	1.0	1.9	2.4	1.4	4.8
1976	3.8	3.9	1.2	2.2	1.9	1.7	3.9
1977	3.8	4.1	1.5	2.1	2.3	1.8	3.7
1978	4.0	4.4	1.6	1.7	2.5	2.1	3.9
1979	3.7	4.3	1.5	1.9	2.7	2.0	4.2

Table A-7 Percent of GDP

Average Social Security Tax Rate

	United States	Japan	West Germany	France	United Kingdom	Italy	Canada
1970	6.0	4.3	10.9	12.9	5.2	10.7	2.9
1971	6.1	4.6	11.2	13.1	4.9	11.2	2.7
1972	6.3	4.7	11.7	13.2	5.3	11.1	2.8
1973	7.0	4.6	12.5	13.4	5.4	11.4	2.9
1974	7.4	5.2	12.9	14.0	6.0	11.7	3.3
1975	7.2	6.4	13.4	15.3	6.6	12.9	3.5
1976	7.4	6.4	14.0	15.8	6.8	12.7	3.7
1977	7.5	6.9	14.0	16.5	6.7	12.5	3.7
1978	7.8	6.8	14.0	16.6	6.2	12.5	3.6
1979	8.1	7.4	13.9	17.5	6.1	13.0	3.3

Table A-8 Percent of GDP

Average Indirect Tax Rate

	United States	Japan	West Germany	France	United Kingdom	Italy	Canada
1970	9.6	7.1	12.8	15.2	16.0	11.2	13.9
1971	9.7	7.1	12.8	14.9	14.9	10.9	13.7
1972	9.5	7.0	13.0	14.9	14.2	10.1	13.9
1973	9.2	7.0	12.9	14.8	13.5	9.8	13.4
1974	9.1	6.9	12.4	14.4	13.5	9.8	14.0
1975	9.1	6.6	12.3	14.0	13.2	8.7	12.9
1976	8.9	6.6	12.3	14.5	12.9	9.6	12.9
1977	8.7	7.0	12.4	13.8	13.8	10.3	12.9
1978	8.4	6.9	12.7	14.0	13.8	10.1	12.5
1979	8.1	7.4	12.8	14.4	15.7	9.5	12.3

Table A-9

Percent of Marginal GDP

Marginal Direct Household Tax Rate

	United States	Japan	West Germany	France	United Kingdom	Italy	Canada
1971	−2.1	9.6	16.9	1.7	11.7	7.6	14.9
1972	20.8	15.6	7.6	4.0	2.6	8.8	11.7
1973	6.3	7.1	22.5	1.0	9.2	4.0	10.3
1974	17.5	6.6	18.8	7.5	25.5	5.8	11.8
1975	−3.0	0	−8.3	2.2	21.2	8.3	10.4
1976	14.8	5.2	17.6	7.3	11.3	8.8	11.6
1977	12.9	4.9	19.1	5.8	3.1	10.8	11.6
1978	14.2	1.7	1.9	4.2	6.1	14.4	4.3
1979	16.6	15.1	4.5	3.7	6.6	6.6	9.3

Table A-10

Percent of Marginal GDP

Marginal Direct Business Tax Rate

	United States	Japan	West Germany	France	United Kingdom	Italy	Canada
1971	4.0	4.0	−1.7	0.4	−2.3	0.5	3.2
1972	3.6	1.2	0.8	2.1	−0.6	3.6	5.5
1973	5.4	6.3	3.9	2.8	3.7	0.7	6.5
1974	3.5	11.8	−0.8	7.8	10.3	0.1	8.5
1975	−2.1	−5.1	−1.7	−4.7	−2.3	3.5	2.6
1976	8.3	−0.7	4.0	4.0	−0.6	2.9	−1.3
1977	4.6	5.8	6.1	1.5	5.0	2.1	0.8
1978	5.3	6.6	2.1	−0.9	4.0	4.1	6.2
1979	1.5	3.6	1.3	2.8	4.2	1.8	6.2

Table A-11

Percent of Marginal GDP

Marginal Social Security Tax Rate

	United States	Japan	West Germany	France	United Kingdom	Italy	Canada
1971	7.7	7.5	13.9	15.3	2.7	16.6	1.7
1972	8.2	5.0	17.6	13.7	8.4	10.9	3.7
1973	13.4	4.5	19.5	14.7	6.3	12.7	2.9
1974	11.7	7.8	17.5	18.4	10.7	13.1	5.4
1975	5.7	18.7	24.4	24.5	8.6	22.2	5.8
1976	9.1	6.6	20.9	19.4	7.9	11.8	4.8
1977	8.5	10.6	14.9	22.0	5.8	11.4	3.1
1978	9.7	6.7	13.2	17.0	2.9	12.6	3.3
1979	10.8	13.6	12.9	24.3	5.6	15.1	1.3

Table A-12

Percent of Marginal GDP

Marginal Indirect Tax Rate

	United States	Japan	West Germany	France	United Kingdom	Italy	Canada
1971	11.7	6.9	12.1	12.0	5.8	7.4	11.1
1972	7.1	6.7	15.7	14.9	7.6	2.7	15.5
1973	6.9	7.0	11.7	14.3	8.8	7.9	10.7
1974	8.0	6.3	5.6	11.5	13.5	9.9	17.2
1975	8.9	3.5	9.6	11.5	11.9	0.6	3.2
1976	7.2	6.4	12.9	17.5	11.6	13.0	13.1
1977	7.1	10.9	14.0	8.4	19.3	13.4	12.5
1978	5.8	5.6	16.6	15.3	14.1	9.0	9.6
1979	4.8	13.9	14.3	17.3	27.7	6.6	10.2

Table A-13 As Share of Total

Relative Working-Age Population Persons Aged 20 to 64

	United States	Japan	West Germany	France	United Kingdom	Italy	Canada
1970	52.5	59.8	57.1	54.1	56.0	57.6	52.0
1971	52.9	60.0	57.0	54.2	55.9	57.4	52.7
1972	53.4	60.1	57.0	54.3	55.7	57.1	53.3
1973	53.8	60.3	56.9	54.4	55.6	56.9	53.9
1974	54.2	60.5	56.8	54.5	55.4	56.7	54.5
1975	54.6	60.7	56.8	54.6	55.3	56.4	55.0
1976	55.1	60.5	57.1	54.8	55.4	56.4	55.7
1977	55.6	60.3	57.3	55.1	55.6	56.4	56.4
1978	56.1	60.1	57.6	55.4	55.7	56.4	57.0
1979	56.6	59.9	57.8	55.6	55.9	56.3	57.7

Table A-14 Percent

Changes in Real National Income

	United States	Japan	West Germany	France	United Kingdom	Italy	Canada
1970	1.3	11.3	9.4	6.3	3.2	7.9	2.2
1971	5.5	2.0	3.7	6.5	5.2	5.1	7.7
1972	5.7	11.4	4.2	6.1	4.8	5.6	7.8
1973	5.1	9.0	0.7	5.6	6.2	7.2	8.7
1974	−3.8	−5.8	0.5	−0.5	−3.6	1.6	6.8
1975	2.6	1.8	3.9	3.3	−2.5	−2.6	5.0
1976	4.0	5.3	2.0	1.3	5.1	5.8	7.0
1977	4.0	1.2	1.5	4.9	−1.5	−0.2	1.9
1978	2.7	7.0	5.6	6.0	6.1	4.5	1.9
1979	−1.0	2.5	4.1	2.3	1.1	5.1	4.7

Table A-15

Percent

Changes in Consumer Prices

	United States	Japan	West Germany	France	United Kingdom	Italy	Canada
1970	6.0	7.6	3.3	5.3	6.3	5.0	3.4
1971	4.3	6.0	5.4	5.2	9.0	5.0	2.8
1972	3.2	4.5	5.5	6.1	7.6	5.7	4.7
1973	6.2	11.8	6.9	7.4	9.1	10.8	7.7
1974	11.0	24.3	7.0	13.7	16.0	19.1	10.8
1975	9.2	11.8	5.9	11.9	24.2	17.0	10.9
1976	5.8	9.4	4.5	9.6	15.8	16.5	7.5
1977	6.4	8.1	3.7	9.4	16.0	19.3	8.0
1978	7.6	4.2	2.7	9.1	9.0	12.4	9.0
1979	11.2	3.5	4.1	10.6	13.4	15.6	9.1

25X1