

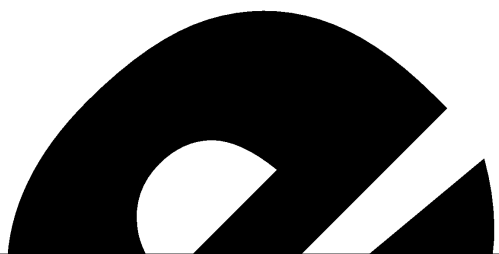


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DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

Chinese Economic Gains in 1971

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January 1972

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
January 1972

INTELLIGENCE MEMORANDUM

CHINESE ECONOMIC GAINS IN 1971

Highlights

1. The economy of the People's Republic of China (PRC) advanced strongly along a broad front in 1971, the first year of the Fourth Five-Year Plan. The political turbulence of the last four months of the year, which involved the status of Defense Minister Lin Piao and several other top military leaders, had no discernible effects on economic activity.
2. Industrial output in 1971 rose by 10% to 12%. In addition to substantial gains in steel, petroleum, and other basic industrial products, striking advances were made in the production of a wide range of military weapons, including missiles, jet aircraft, and submarines.
3. Agriculture continued to benefit from increased inputs of fertilizer and equipment from the industrial sector. The effect of this rise in inputs was offset, however, by above-average trouble with floods, droughts, and insect infestations. As a result, agricultural output was about the same as in 1970.
4. Foreign trade continued to be the source of advanced equipment and technology at the leading edge of China's industrialization drive. Exports went up more than imports in order to compensate for the imbalance that had arisen in 1970.
5. China's gross national product (GNP) rose by about 5% in 1971, to a level of about US \$130 billion, or \$155 per capita. Living standards improved in a number of small ways even though the leadership remained firmly dedicated to military-industrial expansion as the priority task of the economy.

Note: This memorandum was prepared by the Office of Economic Research and coordinated within the Directorate of Intelligence.

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DiscussionThe Period 1970-71 in Perspective

6. Since the waning of the Cultural Revolution in 1969, the PRC has enjoyed two years of moderation in economic policy and of rapid advance in national output. As Premier Chou En-lai explained in a speech on the eve of National Day in 1970, the year 1970 was designed to be a strong base from which a new Fourth Five-Year Plan (1971-75) would be launched. In 1970 the badly shaken economic management apparatus was put back in order. An extraordinary rise in industrial production of about 17% was achieved as new productive capacity - constructed during the chaotic days of the Cultural Revolution - came into full use. Furthermore, a combination of good weather and stepped-up inputs of fertilizer and equipment resulted in record-breaking output in the agricultural sector in 1970.

7. The economy continued to gain momentum during 1971, especially in industry and construction.* The overriding national priority of military-industrial expansion was maintained, and capacity and output in basic industrial materials, heavy machinery, and armaments grew at a lively pace. At the same time, small improvements were made in the living standards of China's large and rapidly growing population, which has probably passed the 850 million mark.

8. In 1971 the Peking propagandists hammered away at the distinction between two lines - the bourgeois line, which emphasizes material incentives, self-interest, and elitist technical expertise, and the revolutionary line, which emphasizes spiritual incentives, class interests, and self-reliant innovation. Speed-up campaigns continued to be front page news. In the longstanding "learn from Ta-chai" campaign, the agricultural sector was enjoined to emulate the tireless workers of the Ta-chai production brigade, and in the "learn from Ta-ch'ing" campaign, the industrial sector was enjoined to emulate the equally tireless workers of the Ta-ch'ing oilfield.

9. Notwithstanding this barrage of radical propaganda, the working policy in the economy in 1971 was a policy of moderation. For example, the program of establishing small and medium-size plants in local areas seems to have been pushed carefully in order to avoid the large-scale pre-emption of labor and raw materials that resulted from the crash programs of the Leap Forward. As a second example of moderation, the permissive policy toward private plots, handicrafts, and petty trade continued in the agricultural sector.

* For key economic series for the PRC, 1952 and 1957-71, see the Appendix.

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10. There is no evidence that the mysterious political events of the last four months of 1971, which centered around the status of Defense Minister Lin Piao and several other high-ranking military officers, had any appreciable spillover into the economy, even though the failure of the regime to publish any details on the Fourth Five-Year Plan may be partly attributable to the leadership's preoccupation with the political crisis. In 1971 the representatives of the People's Liberation Army (PLA), who had been stationed in economic bureaus and factories as a stiffening element during the Cultural Revolution, began to be withdrawn as part of the trend to reduce the greatly enhanced authority of the military establishment. The need for the military presence in any case had been greatly lessened by the return of the civilian bureaucracy to normal operation.

Industry in 1971: Solid Gains

11. Industrial output in the PRC in 1971 unquestionably rose by a substantial amount. The problem is how much. Yearend percentage claims made in the official press are as follows:

<u>Item</u>	<u>Officially Claimed Percentage Increase in 1971</u>
Iron ore	26.1
Pig iron	23
Crude steel	18
Rolled steel	15
Crude oil	27.2
Coal	More than 8
Cement	16.5
Chemical fertilizer	20.2 <u>a/</u>
Machine building output	18
Mining equipment	68.8
Metallurgical equipment	24.7
Farm machinery	21

a. This percentage claim is lower than the percentage implied by the production estimates in the Appendix, in part because of differences in the method of measuring output.

12. The yearend claims included only one absolute figure for industry - 21 million metric tons for steel. This figure is consistent with the previous claim made for 1970 of 18 million tons in view of the known capacity of the industry, the strong demand of the industry's major consumers - construction, the heavy machine building sector, and the

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armaments industry - and the concern shown by Peking to obtain sufficient supplies of raw materials for the industry.

13. The government's claim of an advance in coal production of more than 8% suggests that output may have risen from 300 million to 325 million tons. In mid-January, Peking issued a separate statement about electric power, claiming an all-time record for 1971, with production up 18%. The estimates in the Appendix - 60 billion kilowatt hours for 1970 and 70 billion for 1971 - are consistent with this claim. The petroleum industry, one of the PRC's highest priority industries, produced an estimated 23 million tons of crude oil in 1971 compared with 18 million tons in 1970, or an increase of more than 25%. Overall production of fuels and power went up by about 14% if these specific estimates are accurate.

14. Machine building could have gone up by as much as the claimed 18% because capacity in the industry was being steadily expanded in 1971, from both domestic and foreign sources. The claim of a 68.8% increase in mining equipment appears high but could be explained on several grounds - for example, the selection of a narrow band of fast-growing items in order to show the highest rate possible.

15. In contrast to the widely publicized gains in heavy industry, light industry showed much smaller advances in 1971. Cotton textile production probably was about the same in 1971 as in 1970 because raw cotton production fell off and the above-normal inventories of raw cotton accumulated in 1967-69 presumably have been drawn down. Other branches of light industry reflected the general low priority of the sector and the disappointing year in agriculture, which supplies perhaps three-quarters of the raw materials for the sector.

16. The overall advance in industrial production in the PRC in 1971 thus was probably 10% to 12%, to judge from preliminary and fragmentary evidence. The rate almost certainly was a cut below the 17% gain estimated for 1970 when there was considerable slack to be taken up in the industrial sector and when agriculture was having a banner year. The most telling signs that industry was more taut in 1971 were growing stringencies in raw materials. For instance, China had to import a half million tons of pig iron in 1971 whereas in 1970 it imported only 30,000 tons.

17. A major feature of industrial growth in 1971 was the substantial increase in the volume and technological sophistication of military production. An increasing proportion of China's industrial energies is going to missiles. Four ballistic missile systems, ranging from medium to intercontinental, are at various stages of development, production, or deployment. Aircraft production in 1971 included about 25 TU-16 jet medium bombers, 600 MIG-19 and 50 MIG-21 jet fighters, and 100 F-9

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jet fighter-bombers. Naval construction featured the continued expansion of the submarine, main surface - several cruise missile destroyers are now under construction - and guided missile patrol boat forces. Production of ground weapons included tanks, a widening variety of artillery, and small arms. China's progress in developing and producing weapons of Chinese design has been greater than anticipated.

18. An additional feature of industrial growth in 1971 was the increasing prominence of small and medium-size plants in local areas. For several years, Peking has been endeavoring to give agriculture more support without further commitment of centrally controlled resources. The resulting campaign envisioned the establishment of several hundred small local plants designed to make use of local labor, raw materials, and transport and featuring the production of chemical fertilizer, cement, simple steel products, and basic machinery items, especially farm equipment. In its yearend statistical announcement, Peking claimed that 60% of chemical fertilizer output and 40% of cement output were accounted for by small plants; no doubt, these percentages would be considerably lower if adequate account were taken of differences in quality.

19. So far, the small plants campaign has avoided the gross excesses of the Leap Forward campaign (1958-60), which spawned thousands of jerry-built plants and wasted untold labor and materials. Nevertheless, the small plants program must have contributed to the general tightening of raw materials felt throughout industry in 1971. On balance, the small plants make good sense economically because a large portion of the labor and materials used has no good alternative employment. Moreover, the small plants increase the pace at which the hinterland is being modernized and fortify the regime's policy of discouraging movement to the big cities. Thousands of middle-school graduates from major urban areas are being posted to jobs in these new plants.

Construction: A Dynamic Sector

20. Construction of new industrial and military facilities proceeded at an impressive rate in 1971. Among the major plants under construction are several petroleum refineries, major new shipyards, large plants associated with the production of nuclear weapons, and a large new aluminum plant. In addition to these plants there are believed to be a number of construction projects, including nearly a dozen major complexes, each of which is spread over several square miles of mountainous terrain in the interior. Some of these complexes probably belong to the machine building industry, and all will add to China's steadily growing military strength. The construction of small plants, another important activity in 1971, has been covered above.

21. China has continued to push its massive underground construction program, a program which entails enormous costs in construction materials

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and labor. The Chinese are building "hardened" facilities to protect aircraft, naval vessels, and petroleum stores. Civil defense construction is nationwide. In October 1971, Premier Chou En-lai, in sketching China's defense preparations for some visiting Americans, said:

What should we do? We are ready. We must dig underground tunnels, and this has been done in every big and small city.*

In some major cities the Chinese are even going to the extreme of building reinforced concrete tunnels that lead from the center to the outskirts of town.

22. In transportation, the Chinese are continuing to push development of their rail system and their network of jet-capable airfields. Most of the new rail construction projects are located in the rugged central and southwestern areas of China where many of the new industrial projects are being built. Airfield construction, on the other hand, is centered largely in the eastern half of the country where most of China's population and industrial centers are located.

Agriculture: Mediocre Year

23. In contrast to the striking successes in industry and construction, agriculture in the PRC experienced a mediocre year in 1971. Our preliminary estimate is that total grain output - by far China's most important agricultural item - was little changed from the 1970 level of 215 million to 220 million tons. The increase claimed by Peking at yearend is suitably modest - from 240 million to 246 million tons. The failure to increase agricultural output substantially is a thinly veiled disappointment to the Chinese leadership, which had provided the countryside with increased inputs of fertilizer and equipment and had arranged for further increases in double cropping. Furthermore, a small diversion of cotton acreage to boost grain production, plus poor weather, forced the output of raw cotton down somewhat from the 1970 level.

24. The effect of the additional resources put into agriculture in 1971 was offset by severe floods, droughts, and insect infestations. Of course, these negative forces are present to a greater or less degree in various regions of China every year, but since the disaster years of 1959-61, the PRC had enjoyed generally favorable weather for nine straight years. Even though Peking bravely talks of 1971 as "the tenth successive good year" in agriculture, the year was mediocre, and further information could even confirm a decline in production.

* New York Times, 7 October 1971, p. 4.

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25. In spite of the disappointing agricultural performance, imports of grain declined to 3.2 million tons in 1971, considerably below the 4 million to 5 million tons that had been imported in recent years. In its yearend economic statement, Peking claimed that food stocks were built up in 1971. In any case the PRC has the financial resources to restore the old level of grain purchases if needed.

Foreign Trade: Restoration of Balance

26. China's foreign trade increased by an estimated 5.6% in 1971, to \$4.5 billion (exports plus imports). Practically all the increase was on the export side as Peking moved to offset the imbalance caused by the sharp rise in imports of the preceding year. China has been following a successful policy of avoiding long-term debt, in contrast to other large less developed countries -- such as India, Pakistan, Indonesia, and Egypt -- which are staggering under a heavy burden of external debt. China's reserves of gold and hard currency at yearend 1971 amounted to about three-quarters of a billion dollars, entirely adequate given China's current volume of trade and the absence of long-term obligations.

27. The direction and commodity composition of foreign trade in 1971 followed the pattern established in the 1960s. Eighty percent of China's trade continues to be with non-Communist nations. Japan alone continues to account for 20% of total trade. In 1971, China once more ran a heavy deficit in its Japanese trade, with exports to Japan of \$300 million falling far short of imports of \$600 million. In contrast, China had net earnings of about \$700 million in hard currencies from its dealings with Hong Kong in 1971:

- about \$425 million from provisioning Hong Kong with food, water, and other goods;
- about \$100 million from exports to Hong Kong that are re-exported to third countries; and
- about \$175 million in remittances from overseas Chinese and in profits of PRC-owned enterprises.

28. Trade with the USSR in 1971 is tentatively estimated at \$130 million, or about three times the \$45 million level of 1970. Sino-Soviet trade thus remains less than 3% of total Chinese trade, a far cry from 1959, when this trade was \$1 billion in each direction and represented one-half of China's total trade.

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29. Trade with the United States consists primarily of purchases by US tourists and importers of Chinese luxury products through sellers located outside the PRC. China is taking some advantage of US technology but so far only through third-party transactions - for example, the purchase of British and Italian equipment with US components. Prospects for sales of US machinery and technology to China are limited by the existence of well-established sources of supply in Japan and Western Europe. Nonetheless, certain high-technology US products, such as oil-drilling equipment, truck-manufacturing equipment, long-range aircraft, and advanced computers, could become of interest to Peking.

30. China's exports in 1971 continued to feature textiles, foodstuffs, and raw materials. The main imports were grain, chemical fertilizer, industrial raw materials, and machinery and equipment. A large part of the machinery and equipment - which includes transport equipment, instruments, precision machine tools, construction equipment, electronics end items and production equipment, and equipment for complete plants - is at the cutting edge of China's technology. China retains its ultimate aim at being self-sufficient in industrial goods and technology. The damage to its scientific and educational establishment caused by the Cultural Revolution has postponed the date when this aim can be realized.

31. In foreign military and economic aid, the year 1971 was only slightly less spectacular than 1970. A record \$700 million in economic aid was extended to non-Communist less developed countries in 1970; in 1971 this figure was just under \$500 million. Actual expenditures, however, jumped from \$55 million in 1970 to roughly \$125 million in 1971. Considerable effort was pumped into China's single largest aid project, the \$400-million railroad that will connect Zambia's copper belt to the Tanzanian port of Dar es Salaam. Fifteen thousand Chinese technicians and laborers are currently working on this project. Aid to Hanoi in 1971 seems to have remained at about the \$200-million level, half military and half economic.

Population: No Respite

32. The present period of economic moderation furnishes a favorable climate for the renewed population control campaign. The campaign itself is a mixture of administrative pressure for later marriages,* provision of contraceptive chemicals and devices and instruction in their use, greater availability of abortion and sterilization, and threats to cut off welfare benefits beyond the second or third child. So far, the population control

* The ages advocated as the normal ages for marriage vary, but a typical announcement will call for men to marry at 30 instead of 25 and women at 25 instead of 20.

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campaigns instituted by the PRC have not made an appreciable dent in the population structure because they have been (a) intermittent, (b) largely confined to the urban 15% of the population, (c) lacking in trained personnel and reliable materials, and (d) contrary to deep-seated social traditions.

33. In 1971 the government moved to overcome some of these deficiencies -- but not on a high-priority basis. The thousands of "barefoot doctors" -- youthful paramedics in rural areas who can treat minor ills and screen for major ills -- are apparently being employed to an increasing degree to spread birth control knowledge to the countryside. At the same time, the activities of the barefoot doctors could well lead to improvements in public health that will more than offset the effects of their birth control efforts.

34. Public propaganda in 1971 continued to stress antinatalist themes. In an interview with a Cairo journalist, Chou's right-hand man for economic administration, Li Hsien-nien, sounded such a theme and followed up with some unprecedentedly frank remarks on the different estimates of population held within the Chinese bureaucracy:

We have been racing against time to cope with the enormous increase in population. Some people estimate the population at 800 million and some at 750 million. Unfortunately, there are no accurate statistics in this connection. Nevertheless, the officials at the supply and grain departments are saying confidently, "The number is 800 million people." Officials outside the grain department say the population is "750 million only" while the Ministry of Commerce affirms that "the number is 830 million." However, the planning department insists that the number is "less than 750 million." The Ministry of Commerce insists on the bigger number in order to be able to provide goods in large quantities. The planning men reduce the figure in order to strike a balance in the plans of the various state departments.*

35. We think the population is 850 million and growing at 2% a year; nonetheless, figures of 50 million or 100 million less are often given and cannot be disproved. The population series used in our reports is one developed by the US Bureau of the Census and is based on:

- acceptance of the 583 million total reported in the Chinese census of 1953; and

* Cairo Al-Jumhuriyah in Arabic, p. 9, as reported in FBIS Daily Report: People's Republic of China (FBIS-CHI-71-238), 10 December 1971, p. A-8.

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- judgments as to specific birth and death rates for the various age-sex cohorts, taking into account the availability of food. The resulting growth rate of 2.1% to 2.2% for the period 1949-72 might even be judged conservative in one major respect: it is lower than the 2-1/2% rates for India, Pakistan (pre-1971), and Indonesia - Asian nations which like China are mainly rural and poor but which do not match China in many aspects of public health and nutrition.

36. In conclusion, the year 1971 was a poor year for the food/population balance: agricultural production probably failed to increase, the population rose by about 20 million people, and imports of grain were reduced from 4.7 million to 3.2 million tons. The difficulties in agriculture are short-term - production should grow at an average annual rate of at least 2% during the next few years - but the pressure of population is not going to be relaxed without a sustained and high-priority population control program.

Living Standards: Small Improvements

37. The rank-and-file consumer in 1971 benefited from a variety of small improvements in living standards. Food stocks were sufficient to cushion the unfavorable short-term movement in the food/population balance; indeed according to Chinese press accounts and the observations of visitors, the consumer continued to benefit from an increasing variety, quality, and availability of foodstuffs. Private plots, which still remain undisturbed, contributed importantly to this improvement. The clothing ration was honored in full, and dress, at least in urban areas, became brighter and more variegated. Blocks of new apartments continued to be erected in urban areas, and rural housing benefited from countless small improvements based on private initiative and local materials. The production of furniture, kitchen utensils, and consumer durables - fountain pens, watches, radios, bicycles, and sewing machines - all seem to have advanced in fairly brisk fashion, although sometimes from a small absolute base. Because of the restoration of the government bureaucracy and the substantial increase in industrial production, many persons moved up the job ladder. On the negative side: large numbers of young middle-school and college graduates were either unemployed, underemployed, or being rounded up for harsh duty in remote areas.

Gross National Product: \$155 Per Capita

38. Industry-related activity and agriculture-related activity now stand roughly in one-to-one proportion in the PRC. Thus, if industrial output went up 10% to 12% in 1971 and agricultural output stood still, China's

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GNP rose approximately 5%, or to about \$130 billion (in 1970 US dollars). This total amounts to approximately \$155 per capita, compared with less than \$100 per capita in India and about \$400 per capita in Taiwan.

Prospects: Bullish

39. The dominant consideration in assessing China's near-term economic prospects is that the industrial capacity needed for continued expansion of production either is coming on stream or is under construction. This new construction not only will provide additional capacity for military-related output but also for increased support of agriculture. China's agricultural sector can still profitably absorb large additional quantities of fertilizers, pesticides, and irrigation and drainage equipment. The foreign trade sector will continue to supply machinery at the forefront of China's technology. Even though the population is now responding less readily to spiritual incentives than in the early days of Communist rule, there are enough controls and material incentives in China's economy to ensure reasonably good productive effort in the near future. Of course, a return to radical economic policies or a prolonged spell of bad weather in agriculture could undercut these bullish prospects.

40. Beyond the near-term, however, China will face several formidable problems of growing intensity:

a. Peking will have to decide on the scale of development, production, and deployment of increasingly complex weapons systems, which can chew up an alarming proportion of China's best resources.

b. The system of education and technical training - which was purged of many "bourgeois" elements during the Cultural Revolution - has virtues for the short-run expansion of production but is unsuitable for the development and operation of China's industrial system of the late 1970s. For example, the educational system denigrates activity in basic research and discourages the exchange of ideas with the outside world. The system of spontaneous "self-reliant" technological innovation makes standardization of machinery and parts difficult and, like the Soviet system, fails to reward suitably those managers who take risks in innovation.

c. The rising level of educational attainment, job skill, and career expectations among the Chinese people is not being matched by corresponding increases in standards of living or by the easing of harsh conditions of work. Peking probably

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will face increasing problems in dampening the rising expectations of the population in these areas.

d. Peking also will be facing the problem of adjusting to an international environment in which change and flexibility are necessary to meet the competition. Even though China will obviously be widening the technological margin it enjoys over ordinary less developed countries, it may well find itself falling farther behind the dynamic industrial nations of Europe and, of course, Japan.

APPENDIX

People's Republic of China: Key Economic Series as of January 1972

	1952	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971*
GNP (billion 1970 US dollars) ^b	60	85	95	95	90	70	90	85	90	100	110	105	100	115	125	130
Population, mid-year (million persons).....	570	642	658	674	689	701	710	721	735	751	766	783	800	818	836	855
Per capita GNP (1970 US dollars) ^b	105	130	145	140	130	105	115	115	125	135	145	135	130	140	150	155
Grain (million metric tons).....	154	185	200	165	160	160	175-180	175-180	180-185	190-195	195-200	210-215	195-200	200-205	215-220	215-220
Cotton (million metric tons).....	1.3	1.6	1.7	1.5	1.4	0.9	0.9	0.9	1.3	1.3	1.6	1.8	1.6	1.7	1.7	1.6
Industrial production index (1957=100).....	51	100	130	163	160-162	103-105	106-109	117-123	133-141	155-165	177-190	142-154	147-162	178-198	208-233	231-259
Crude steel (million metric tons).....	1.35	5.35	8.0	10	13	8	8	9	10	11	13	10	10	11.5	14.5	18
Coal (million metric tons).....	66.5	130.7	230	300	280	170	180	190	200	220	240	190	200	250	300	325
Electric power (billion kilowatt hours).....	7.3	19.3	27.5	41.5	47	31	30	33	36	42	47	41	44	50	60	70
Crude oil (million metric tons).....	2.44	1.46	2.26	3.7	4.6	4.5	5.0	5.5	6.9	8	10	10	11	14	18	23
Aluminum (thousand metric tons).....	0	39	49	70	80	60	70	85	100	115	125	145	160	195	230	248
Cement (million metric tons).....	2.86	6.3	9.3	10.6	9.0	6.0	5.5	7.3	8.7	10.9	12.0	10.2	10.5	12	13	14
Chemical fertilizers (million metric tons of product weight)																
Supply.....	0.4	1.9	3.0	3.1	3.5	2.4	3.1	4.9	4.7	6.8	8.0	8.3	8.8	9.9	11.7	13.9
Production.....	0.2	0.8	1.4	1.9	2.5	1.4	2.1	2.9	3.5	4.5	5.5	4.0	4.8	5.8	7.4	9.6
Imports.....	0.2	1.1	1.6	1.2	1.0	1.0	1.0	2.0	1.2	2.3	2.5	4.3	4.0	4.1	4.3	4.3
Trucks (thousand units).....	0	7.5	16.0	19.4	15	1	14	16	26	34	47	34	31	60	65	70
Locomotives (units).....	20	167	350	500	600	100	25	25	25	50	140	200	240	260	280	300
Freight cars (thousand units).....	5.8	7.3	11	17	23	3	4.0	5.9	5.7	6.6	7.5	6.9	8.7	11	12	14
Cotton cloth (billion linear meters).....	3.83	5.05	5.7	7.5	5.8	4.0	4.2	4.5	4.9	5.4	6.0	4.8	4.8	6.5	7.5	7.5
Foreign trade (billion current US dollars)																
Total.....	1.89	3.03	3.74	4.26	3.98	3.02	2.68	2.77	3.22	3.85	4.20	3.89	3.75	3.86	4.26	4.50
Exports.....	0.88	1.60	1.91	2.20	1.95	1.52	1.53	1.57	1.75	2.00	2.16	1.94	1.93	2.03	2.07	2.30
Imports.....	1.01	1.43	1.83	2.06	2.03	1.50	1.15	1.20	1.47	1.86	2.04	1.95	1.82	1.83	2.19	2.20

* Estimates for 1971 are preliminary; the year-end economic claims of the PRC have been taken into account in making the estimates.

^b The estimates of GNP in 1970 US dollars for 1952 and 1957-70 have been made by taking the unrounded estimates of GNP in 1969 US dollars,

and multiplying them by 1.0552, which is the 1970:1969 ratio in the US implicit price deflator index for total GNP, as given

The results were then rounded to the nearest \$5 billion. The GNP for 1971 was estimated as being 5% above the 1970 level. The estimates for per capita GNP were taken by dividing the unrounded estimates for total GNP by the population series. The results were then rounded to the nearest \$5.

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