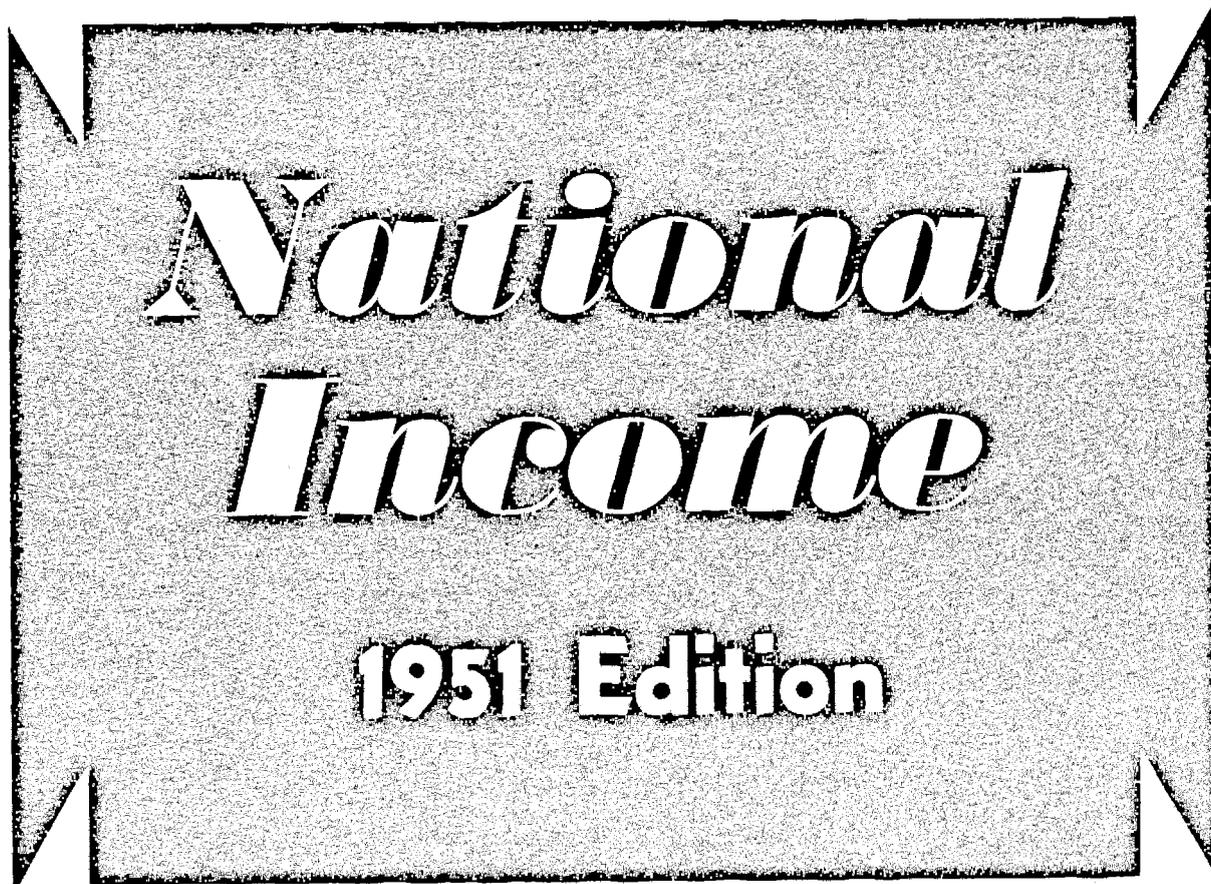


A Supplement to the Survey of Current Business



UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF FOREIGN AND DOMESTIC COMMERCE
OFFICE OF BUSINESS ECONOMICS

U. S. DEPARTMENT OF COMMERCE • CHARLES SAWYER, SECRETARY
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National Income and Product

OF THE UNITED STATES

1929-1950

PREPARED BY THE NATIONAL INCOME DIVISION

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	PAGE
PART I. National Income and Product, 1929-50: A Review	1
Basic Trends in the Economy	2
Growth of the Economy	2
Shifts in the Use of National Output	2
Changes in the Income Flow	4
Expansion of Personal Income	9
Fluctuations in Economic Activity	10
Gross National Product Patterns	10
Chronological Review: 1929-50	12
 PART II. The Conceptual Framework of National Income Statistics.	 19
Nature and Significance of National Income Statistics.	19
Summary Construction of National Output Measures.	21
Detailed Structure of the Accounts	34
Definitions of Concepts and Terms	52
 PART III. Sources and Methods of National Income Estimation	 55
Introduction	55
Section:	
1. Wages and Salaries	63
2. Supplements to Wages and Salaries	67
3. Income of Unincorporated Enterprises	70
4. Rental Income of Persons	79
5. Corporate Profits	84
6. Interest	90
7. Personal Consumption Expenditures for Commodities	97
8. Personal Consumption Expenditures for Services	107
9. New Construction	112
10. Producers' Durable Equipment	116
11. Change in Business Inventories	122
12. Net Foreign Investment	125
13. Government Receipts and Expenditures	130
14. Transfer Payments	136
15. Personal Saving	137
16. Capital Consumption Allowances	138
 PART IV. Gross National Product in Constant Dollars, 1929-50	 141
Characteristics of Constant-Dollar Gross National Product	141
Statistical Sources and Methods	143
Summary Tables	146
 PART V. Statistical Section	 147
List of Statistical Tables	147

ACKNOWLEDGMENTS

WORK ON the present volume was initiated by Milton Gilbert, former Chief of the National Income Division. It was carried through under the joint direction of George Jaszi, the present Chief of the National Income Division, and Charles F. Schwartz, the Assistant Chief.

The conceptual framework and statistical methodology discussed in this volume are those established in the *National Income Supplement* to the July 1947 SURVEY OF CURRENT BUSINESS. Mr. Gilbert directed the major undertaking of fundamentally recasting the official national income statistics for publication in the 1947 report. His principal assistants were Edward F. Denison, now Assistant Director of the Office of Business Economics, Mr. Jaszi, and Mr. Schwartz.

Part I of the present report, dealing with trends in national income and product, was prepared by Carl P. Blackwell. The accompanying charts were prepared under the direction of Edwin C. Warren, Chief Draftsman in the Printing Section of the Department of Commerce, with the cooperation of Anna M. Guindon of the Office of Business Economics.

Numerous staff members of the National Income Division participated in the writing of the various sections of the technical notes in Part III. Special credit is due to Harlow D. Osborne in connection with the sections on income of unincorporated farm enterprises, rental income of persons, corporate profits, new construction, net foreign investment, and capital consumption allowances.

Acknowledgments to other staff members are listed in the sequence in which the technical notes appear in Part III: wages and salaries—Franklin M. Aaronson and Lawrence Grose; supplements to wages and salaries, income of unincorporated enterprises—Lawrence Grose; interest—Elwyn T. Bonnell; personal consumption expenditures for commodities—Edward O. Bassett and Raymond Nassimbene; personal consumption expenditures for services—Carolyn G. Bernhard; producers' durable equipment—Robert C. Wasson and Raymond Nassimbene; change in business inventories—George M. Cobren; government receipts and expenditures—Carl P. Blackwell; transfer payments—Lawrence Grose; capital consumption allowances—Robert C. Wasson.

In addition, the Balance of Payments and Business Structure Divisions of the Office of Business Economics provided materials relating to the descriptions of net for-

eign investment and personal consumption expenditures for commodities, respectively.

In the preparation of Part IV, John W. Kendrick of the National Economics Division of the Office of Business Economics was principal assistant to Mr. Jaszi. Major contributions to this part of the report were also made by Edward O. Bassett, Carolyn G. Bernhard, Morris Cohen, Joseph B. Epstein, and Millard L. Gallop.

The vast statistical work underlying the estimation of the multiplicity of income and product series contained in this report is the result of the cooperation of all the members of the National Income Division and others in the Office of Business Economics, and is founded on their effort and experience. However, in a larger sense, the statistics rest upon the work of Government statistical agencies as a whole and of private agencies as well. These provide the basic source data and the considerable volume of supplementary information needed to construct the national income and product accounts. The statistical work of the Social Security Administration, the Bureau of the Census of the Department of Commerce, the Treasury, Agriculture, and Labor Departments, and the various regulatory commissions is of fundamental importance in this regard.

Certain of the estimates themselves are prepared outside the National Income Division: farm income by the Bureau of Agricultural Economics of the Department of Agriculture; direct estimates of personal saving by the Securities and Exchange Commission; new construction activity by the Building Materials Division, National Production Authority of the Department of Commerce, in cooperation with the Bureau of Labor Statistics of the Department of Labor; net foreign investment by the Balance of Payments Division; and personal consumption expenditures for commodities since 1940 by the Business Structure Division.

Progress in the national income field has been facilitated by the Bureau of the Budget, not only by its direct support, but by its continuing recognition and furtherance of the needs of the Office of Business Economics' national income work in the development of the Government's statistical program. Finally, it is recognized that what has been achieved has been possible only by the support and encouragement given by the Congress continuously since these studies were initiated at the direction of the 72nd Congress.

THIS VOLUME marks a further major development in the work on United States national income statistics which was initiated in 1932 in response to Senate Resolution No. 220 of the 72nd Congress, and carried forward in the Office of Business Economics. The information presented in it is designed to meet in comprehensive fashion the needs of business and other users of national income data.

Originally, Congress directed the preparation of measures of the national income, its industrial origin, and its distribution in the form of wages, profits, and other types of payments. The initial report was published early in 1934 as Senate Document No. 124, 72nd Congress, 2nd Session. National income estimates have been published annually since then. They were supplemented in the late nineteen-thirties by estimates of the income flow to individuals, on a monthly basis for the Nation as a whole and on an annual basis for the various States.

The outbreak of the war expedited the measurement of the gross national product. This estimate of the value of the Nation's output of goods and services was essential for the establishment of goals designed to maximize total production and for the necessary diversion of production to war purposes, involving major changes in the structure of output. The product estimate was required also to supplement the income measurements in the calculation of the inflationary pressures being generated.

The gross national product was added to the income series shortly after Pearl Harbor and was gradually expanded into an extensive body of information on the composition of the commodity flow. Quarterly estimates were developed for both national income and national product to provide comprehensive data on the current economic situation.

The year 1947 was a landmark in the national income work of the Office of Business Economics. In the *National Income Supplement* to the SURVEY OF CURRENT BUSINESS of July 1947 new estimates were published, basically recast into the framework of a comprehensive national economic accounting system designed to provide a systematic picture of the economic structure and process in terms of inter-related income and product flows. All statistical series back to 1929 were reworked to incorporate improvements in statistical methodology, and a brief explanation of the concepts underlying the estimates was provided.

The present volume meets the need for a detailed discussion of the conceptual framework and of the statistical sources and methods underlying the United States national income statistics. This makes up Parts II and III. In addition, the report contains, in Part I, a review of changes in national income and product since 1929; series on gross national product in constant dollars for the years 1929-50, in Part IV; and, in the final section, a complete set of statistical tables for 1929-50.

Thus, the present report contains all the national income statistics of the Office of Business Economics with the exception of the annual series on State income payments. As such it will serve as a comprehensive base book superseding all previously published series, and the figures contained in it will be brought up to date in the monthly SURVEY OF CURRENT BUSINESS.

During the past two decades national income statistics have become firmly established as basic tools of economic analysis—not only in the United States but elsewhere as well. The present volume incorporates the great progress which has been made in national income measurement over this period. This process of development is not complete. Many unsettled problems remain and there will be further conceptual and statistical improvements. Particularly pointing up the need for the development of additional basic statistical data required for improved income measurement, the present report discusses very frankly those areas which call for further work. It is thought that in this manner a maximum contribution to progress in this field can be made.

The further progress required does not impair the utility of this volume as a source of integrated information on the functioning of the United States economy. It provides material equally essential for the production and marketing programs of business and for furthering the knowledge requisite for the formulation and development of Government economic programs.

Complete recognition of the theoretical and statistical contributions to the national income work which is embodied in this volume is not possible, but on the facing page we have endeavored to make partial acknowledgment, particularly to the staff and others who have had a major share in the production of this 1951 national income report.



Director

From 1929 to 1950 THE NATIONAL OUTPUT of the United States Increased . . .

172 % in Dollars

80 % in Volume

44 % in Volume Per Capita

