U. S. DEPARTMENT OF COMMERCE OFFICE OF BUSINESS ECONOMICS

BUSINESS NEWS REPORTS

Personal Income -- December and Year 1960

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Personal income in December moved lower to a seasonally adjusted annual rate of $406-3/4 billion, bringing the total for the year 1960 to $404 billion, the Office of Business Economics, U. S. Department of Commerce announced today. As compared with the $383 billion total for 1959, the rise in income was 5½ percent in dollars and 4 percent in terms of purchasing power.

December income was 3 percent in dollars and 1½ percent in purchasing power above the rate at the end of 1959. The decline from November centered in wage and salary disbursements, which were off $2½ billion as a result mainly of the drop in commodity production. The aggregate of all other incomes was sustained at a peak rate. Labor income continued above the year-earlier figure in December as it had throughout 1960.

Manufacturing payrolls were reduced by $1½ billion, at an annual rate, in December, with all major industries (except tobacco) recording a slackening. In most lines, both employment and hours worked were cut.

Wages and salaries in nonmanufacturing industries generally were sustained at November levels, or inched downward. Unseasonably bad weather in many areas curtailed outdoor activity and contract construction payrolls fell.

December changes in most nonpayroll incomes were comparatively small. The largest was a rise of $1/3 billion in transfer payments; this stemmed mainly from an expansion in old-age and survivors insurance benefit payments as coverage was extended and the benefit formula liberalized.

Personal income includes wages and salaries, the net income of proprietorships and partnerships -- farm and nonfarm -- as well as dividends and interest, net rents received by landlords, and other types of individual income. The annual rates, which are used to facilitate comparison with previous annual totals, represent the seasonally adjusted dollar totals for each month multiplied by 12.

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(Over)

The year 1960 as a whole

Personal income in 1960 established a new record, substantially above that of 1959, the best previous year. With income and other personal taxes up about $4 billion, disposable income available for spending and saving increased by 5 percent to $354 billion. Most of this rise represented a gain in real income, as consumer prices advanced by less than 2 percent.

Wages and salaries rose by $14 billion, or 5½ percent; property income flows -- interest, dividends, and rents -- by $4 billion, or 8 percent; and government transfer payments by $2 billion, or 7½ percent. Increases occurred in each of the other major components of personal income.

The 1959-60 advance in payrolls was attributable partly to increased employment and partly to higher pay scales. Average hours worked were somewhat less in 1960 than a year earlier.

Aggregate payrolls in manufacturing advanced 4 percent over the previous year, as reductions in a few industries -- notably textiles, lumber and leather -- were offset by good gains in electrical machinery, printing and chemicals.

Outside of manufacturing the increases were relatively larger, as wholesale trade, services, and State and local government each expanded more than 6 percent. Government payrolls -- Federal, State and local combined -- were up about 6½ percent.

Three-fifths of the increase noted in transfer payments last year resulted from higher old-age benefits under the Social Security program, as the secular uptrend of recent years continued. Unemployment benefits began to rise substantially in the second half of 1960, mainly as a result of the decline in factory payrolls, and this flow accounted for another fifth of the total increase in transfers.

Changes within the year

The course of the personal income flow during the year was upward at a slackened pace as the business cycle matured. By year-end the rise had topped off, with the last month recording a drop as a result of retrenchment in commodity production.

Expansion in most major income components lost momentum in the second half of 1960. Transfer payments offset in part the decline in manufacturing income.

Details of personal income in December and other recent periods, as well as for the years 1959 and 1960, are shown in the following table.

(Over)

MONTHLY PERSONAL INCOME

(Seasonally adjusted annual rates in billions of dollars)

	Dec. 1960	Nov. 1960	Oct. 1960	Dec. 1959	Nov. 1959	Oct. 1959	Full year 1960	Full year 1959
TOTAL PERSONAL INCOME	406.7	409.0	409.7	393.9	388.7	384.3	404.2	383.3
Wage and salary disbursements, total	271.1	273.6	274.8	265.0	260.8	258.6	272.5	258.2
Commodity-producing industries	107.0	109.5	110.9	110.4	107.0	105.6	111.4	107.2
Manufacturing only	84.6	86.2	87.2	87.6	84.5	83.5	88.0	84.7
Distributive industries	72.5	72.5	72.5	69.4	69.1	68.8	71.9	68.2
Service industries	41.9	42.0	42.0	39.1	38.8	38.5	41.0	37.5
Government	49.7	49.6	49.4	46.1	46.0	45.7	48.2	45.3
Other labor income	11.0	11.1	11.3	10.5	10.5	10.4	11.0	10.1
Proprietors' income:								
Business and professional	35.8	35.9	36.1	35.2	35.1	35.0	35.9	34.7
Farm	12.9	12.9	12.6	12.3	11.2	10.1	12.0	11.8
Rental income of persons	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.4
Dividends	14.0	14.1	14.1	13.6	13.8	13.8	14.0	13.4
Personal interest income	27.7	27.6	27.6	24.8	24.5	24.2	26.8	23.5
Transfer payments 1/	30.8	30.5	30.0	27.9	28.2	27.4	29.0	27.0
Less: Personal contributions for social insurance	9.2	9.2	9.3	8.0	7.9	7.9	9.3	7.8
Total nonagricultural income 2/	389.9	392.1	393.0	377.4	373.5	370.3	388.1	367.6
Total agricultural income	16.8	16.9	16.7	16.5	15.2	14.0	16.1	15.7

1/ Consist mainly of social insurance benefits and veterans' payments.

2/ Equals personal income exclusive of net income of unincorporated farm enterprises, farm wages, agricultural net interest, and net dividends paid by agricultural corporations.

NOTE: These figures have not been adjusted to include Alaska and Hawaii.