

Coyne
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PERSONAL INCOME -- SEPTEMBER 1961

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Personal income in September was at a seasonally adjusted annual rate of \$420 billion, the Office of Business Economics, U.S. Department of Commerce announced today. This was \$3/4 billion higher than in August and \$17 billion above the February low.

Half of the August-September advance was in wages and salaries, which were up nearly \$1/2 billion for the second successive month. As in the preceding month, the September increases stemmed from moderate gains in non-manufacturing industries.

Trade payrolls rose as the 1961 amendments to the Fair Labor Standards Act brought additional workers under the provisions of the minimum wage law and raised the minimum wage for some already covered. Small advances in wages and salaries in service, finance, and government resulted primarily from increased employment. In government, most of the rise occurred in State and local educational systems, which showed further expansion as the fall school term began. Military pay inched up as the initial payroll effects of the military buildup were felt.

Factory payrolls were down almost \$1/2 billion. About half the decline was due to strikes in automobile plants which delayed the pickup that normally follows the temporary layoffs occasioned by the fall model changes. The other half stemmed from payroll declines in auto-supply industries -- fabricated metals and machinery -- and in the textile and apparel industries. Wage and salary disbursements in primary metals were up from August as both employment and hours worked showed more than seasonal improvement.

Small advances occurred in nonwage components of personal income, principally in government transfer payments. A decline in unemployment benefits, reflecting improvement in the employment picture, was more than offset by an increase in old-age and survivors' insurance benefits. The latter resulted chiefly from recent legislative amendments to the Social Security Act which went into effect last month. These provided optional retirement with reduced benefits for men at age 62, increased benefit amounts for widows and parents, raised minimum family benefit from \$33 to \$40 a month, and made minor coverage extensions for State and local government employees.

(Over)

Third quarter record

Personal income rose \$7 billion at annual rates in the third quarter, compared with a gain of \$8½ billion in the second quarter of the year. This tapering in the rate of increase is more pronounced on a monthly basis. Since June, the regular income flow has risen \$3 billion, with nearly half of this occurring in the month of July. The small decline in manufacturing wages and salaries during the quarter reflects the combined effect of model changeover and strikes in the auto industry. Wage and salary disbursements in all other types of manufacturing showed little change from June to September.

Personal income includes wages and salaries, the net income of proprietorships -- 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.

Details of personal income in September and other recent periods are shown in the following table.

MONTHLY PERSONAL INCOME IN THE UNITED STATES
(Seasonally adjusted annual rates in billions of dollars)

	Sept. 1961	Aug. 1961	July 1961	Sept. 1960	Aug. 1960	July 1960	First 9 months 1961	1960	Full year 1960
TOTAL PERSONAL INCOME	420.2	419.4	(418.6) 421.2	405.5	405.2	404.7	412.8	401.3	402.2
Wage and salary disbursements, total..	283.2	282.8	282.3	273.0	273.2	273.6	276.8	271.3	271.3
Commodity-producing industries	112.4	112.9	113.2	110.0	110.2	111.3	109.9	111.2	110.4
Manufacturing only	88.6	89.0	89.3	86.7	86.9	88.0	86.8	88.1	87.4
Distributive industries	74.6	74.2	74.0	72.3	72.6	72.6	73.0	71.7	71.8
Service industries	43.8	43.6	43.3	41.3	41.2	41.1	42.6	40.5	40.7
Government	52.4	52.1	51.8	49.4	49.1	48.6	51.2	47.9	48.4
Other labor income	11.2	11.2	11.1	10.9	10.9	10.9	10.9	10.8	10.9
Proprietors' income:									
Business and professional	36.7	36.6	36.6	36.3	36.3	36.3	36.3	36.2	36.2
Farm	12.7	12.8	12.9	12.4	12.4	12.3	12.9	11.7	12.0
Rental income of persons	11.5	11.5	11.5	11.7	11.7	11.7	11.5	11.7	11.7
Dividends	14.4	14.3	14.3	14.3	14.1	14.0	14.3	14.1	14.1
Personal interest income	27.5	27.4	27.2	26.6	26.4	26.3	27.0	26.0	26.2
Transfer payments	32.7	32.5	(32.5) 35.2	29.8	29.3	28.8	32.8	28.7	29.1
Less: Personal contributions for social insurance	9.8	9.8	9.8	9.4	9.3	9.3	9.7	9.2	9.3
Total nonagricultural income	403.2	402.4	(401.4) 404.0	389.0	388.7	388.3	395.8	385.4	386.2
Total agricultural income	17.0	17.0	17.2	16.5	16.5	16.4	16.9	15.8	16.1

* Figures in parentheses exclude special Government life insurance dividend payments to veterans; disbursements of \$216 million multiplied by 12 (to put on annual rate basis) amounted to \$2.6 billion.