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FOURTH QUARTER 1966 CORPORATE
PROFITS AND NATIONAL INCOME

Corporate profits before taxes, as measured for national income purposes, were at a seasonally adjusted annual rate of almost \$82 billion in the fourth quarter of 1966, up about \$2-3/4 billion from the third quarter rate, according to preliminary estimates announced today by the Department of Commerce.

The increase in profits centered in the manufacturing industries and in financial institutions, the Office of Business Economics pointed out. The effect of these increases was partially offset by decreases in other industry groups.

Book profits (which include gains or losses due to the difference between the replacement cost of goods taken out of inventory and their recorded acquisition cost) had reached \$82 billion in the third quarter, including \$2-3/4 billion due to inventory valuation gains. Such gains were negligible in the fourth quarter and book profits were unchanged from the third quarter total.

Corporate profits taxes, at \$33-3/4 billion, and profits after taxes, at \$48-1/4 billion, were also the same as in the third quarter. Dividends paid in the fourth quarter were down almost \$1/2 billion from the third quarter rate and retained earnings were higher by a like amount. Since corporate capital consumption allowances were up more than \$1/2 billion in the fourth quarter, cash flow rose over \$1 billion.

National income in the fourth quarter increased to \$627 billion (seasonally adjusted annual rate), \$13 billion above the third quarter. In addition to the rise in corporate profits, the fourth quarter national income increase included a \$9 billion gain in employee compensation. The other components of national income - proprietors' income, rental income, and net interest - also rose in line with recent trends.

[More]

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Preliminary fourth quarter and full year 1966 corporate profits and national income estimates are shown in the accompanying table, together with comparative data for recent periods.

More details will appear in the March 1967 issue of the Survey of Current Business, the monthly magazine of the Department of Commerce. The Survey is available from the Field Offices of the Department, or from the Superintendent of Documents, U. S. Government Printing Office, Washington, D.C. 20402, at an annual subscription price of \$6.00, including weekly supplements; single copy 45 cents.

	1964	1965	1966 ^{1/}	1966				
				IV	I	II	III	IV ^{1/}
				Seasonally adjusted at annual rates				
National income	517.3	559.0	610.1	577.8	595.7	604.1	613.8	626.9
Compensation of employees	365.7	392.9	433.3	406.5	419.6	427.9	438.3	447.5
Wages and salaries	333.6	358.4	392.3	370.8	380.0	387.4	396.7	405.0
Private	269.3	289.1	314.8	298.5	305.9	311.5	318.0	323.9
Military	11.7	12.1	14.6	13.0	13.6	14.1	15.0	15.8
Government civilian	52.6	57.1	62.8	59.3	60.4	61.8	63.7	65.2
Supplements to wages and salaries	32.0	34.5	41.0	35.7	39.6	40.5	41.5	42.5
Employer contributions for								
social insurance	15.4	16.0	20.2	16.3	19.6	19.9	20.4	20.8
Other labor income	16.6	18.5	20.8	19.4	20.0	20.6	21.1	21.7
Proprietors' income	51.9	55.7	57.8	57.1	58.4	57.9	57.3	57.5
Business and professional	39.9	40.7	41.8	41.1	41.4	41.6	41.9	42.3
Farm	12.0	15.1	16.0	16.0	17.0	16.3	15.4	15.2
Rental income of persons	17.7	18.3	18.9	18.5	18.7	18.8	18.9	19.1
Corporate profits and inventory valuation adjustment	66.6	74.2	80.2	76.9	80.0	79.9	79.1	81.9
Profits before tax	67.0	75.7	82.3	78.7	82.7	82.8	81.9	81.9
Profits tax liability	28.4	31.2	33.9	32.4	34.1	34.1	33.7	33.8
Profits after tax	38.7	44.5	48.4	46.3	48.7	48.7	48.2	48.2
Dividends	17.3	19.2	20.9	20.2	20.9	21.1	21.1	20.7
Undistributed profits	21.3	25.3	27.5	26.1	27.8	27.6	27.1	27.5
Inventory valuation adjustment	-.4	-1.5	-2.1	-1.8	-2.8	-2.9	-2.8	.0
Net interest	15.5	17.8	20.0	18.7	19.1	19.6	20.2	21.0

^{1/}Fourth quarter 1966 national income total and the corporate profits share are based on preliminary estimates and are subject to revision next month.