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PERSONAL INCOME - DECEMBER AND YEAR 1972

Personal income rose \$7.7 billion in December to a seasonally adjusted annual rate of \$983.4 billion, according to the Bureau of Economic Analysis, an agency of the Social and Economic Statistics Administration of the U. S. Department of Commerce. The November increase of \$11.9 billion (revised) included a \$3.0 billion increase in railroad retirement and veterans' educational benefits, \$2.1 billion of which represented a nonrecurring speedup payment to veterans. Excluding the effect of these items, personal income rose \$9.8 billion in December and \$8.9 billion in November.

Wage and salary disbursements advanced \$5.6 billion, about the same as in November. All major industry groups registered gains. Commodity-producing industries rose \$2.3 billion; distributive industries, \$1.4 billion; services, \$1.3 billion; and government, \$0.6 billion.

Manufacturing payrolls rose \$2.5 billion. Increases in employment, average weekly hours and in earnings all contributed, with gains in earnings accounting for more than half of the rise. The largest payroll increases in the durable goods industries were in transportation equipment, machinery, primary and fabricated metals. Among nondurable goods industries, textiles, chemicals, and petroleum showed the strongest gains.

Transfer payments declined \$1.6 billion in December, following a \$3.6 billion rise in November which included a speedup in the payment of veterans' educational benefits amounting to \$2.1 billion and a permanent increase in benefits of \$0.4 billion at an annual rate. The speedup resulted from recent legislation which authorized payments to be made at the beginning of the covered month rather than in the following month. As a result the November payments included benefits for both October and November. November transfer payments also included a 20 percent increase in railroad retirement annuities amounting to \$0.5 billion. Excluding these onetime advances from the November figures, transfer payments in December increased \$0.5 billion compared with \$0.6 billion in November.

Farm income showed a large gain for the second straight month as prices rose sharply.

Personal Income in 1972

Personal income for the year 1972 amounted to \$935.8 billion, a gain of \$74.4 billion or 8.6 percent over 1971. The 1971 gain was 6.8 percent.

Wage and salary disbursements increased 9.4 percent, and accounted for 72.7 percent of the advance last year.

Details of personal income for 1971 and 1972 and for December and selected recent periods are shown in Table 1. Table 2 shows BEA estimates of the disbursements of retroactive pay increases approved by the Pay Board that are included in the wage and salary component of personal income. Additional data appear each month in the Survey of Current Business, published by the Bureau of Economic Analysis.

The Survey is available from Field Offices of the Department of Commerce or from the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402, at an annual subscription price of \$20, including weekly supplements; single copy, \$2.25.

TABLE 1
PERSONAL INCOME

(Seasonally adjusted annual rates in billions of dollars)

	Full Year		Oct.	Nov.	Dec.	Oct.	Nov.	Dec.
	1971	1972	1971	1971	1971	1972	1972	1972
TOTAL PERSONAL INCOME.....	861.4	935.8	874.8	879.4	890.4	963.8	975.7	983.4
Wage and salary disbursements, total.....	572.9	627.0	579.9	583.4	594.3	643.0	648.5	654.1
Commodity-producing industries.....	206.1	224.6	207.9	208.8	213.1	231.0	233.3	235.6
Manufacturing only.....	160.3	175.9	161.3	161.7	165.1	181.5	183.9	186.4
Distributive industries.....	138.2	151.5	140.4	140.8	143.8	155.0	156.3	157.7
Service industries.....	105.0	116.1	107.5	108.2	109.4	119.3	119.9	121.2
Government.....	123.5	134.8	124.0	125.5	128.0	137.7	139.0	139.6
Other labor income.....	36.5	40.3	37.8	38.0	38.3	41.4	41.8	42.1
Proprietors' income:								
Business and professional.....	52.6	55.6	53.6	53.8	53.9	57.0	57.4	57.8
Farm.....	17.3	19.6	18.0	18.1	18.1	19.7	21.6	23.5
Rental income of persons.....	24.5	25.6	24.9	25.0	25.1	27.0	26.7	26.9
Dividends.....	25.4	26.4	25.5	25.5	24.6	26.7	26.6	26.8
Personal interest income.....	69.6	72.9	70.5	70.6	70.7	73.7	74.5	75.3
Transfer payments ¹	93.6	104.0	96.2	96.8	97.6	111.6	115.2	113.6
Less: Personal contributions for social insurance.....	31.2	35.5	31.6	31.8	32.3	36.4	36.5	36.6
Addenda:								
Total nonagricultural income ²	837.2	909.2	850.0	854.5	865.0	937.1	947.2	953.0
Total agricultural income.....	24.2	26.6	24.8	24.9	25.4	26.7	28.5	30.5

1. Consist mainly of social insurance benefits, direct relief 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.

Source: U. S. Department of Commerce, Bureau of Economic Analysis.

Table 2. - Retroactive Disbursements 1/ Included in
 Personal Income
 (Annual rates in billion of dollars)

	Full Year 1972	Oct. 1972	Nov. 1972	Dec. 1972
Wage and salary disbursements, total	1.2	.3	.6	.3
Commodity-producing industries	.4	<u>2/</u>	.1	.3
Manufacturing only	.4	<u>2/</u>	.1	.3
Distributive industries	.4	.3	<u>2/</u>	<u>2/</u>
Service industries	.1	<u>2/</u>	0	.1
Government	.3	<u>2/</u>	.4	-

Addendum:

Month to month changes in
 total wages and salaries
 excluding retroactive
 disbursements

7.4 5.3 5.3

1/ These are estimates prepared by the Bureau of Economic Analysis of the disbursements of retroactive pay increases approved by the Pay Board. These estimates are included in the wage and salary component of personal income in the months in which the disbursements are made. The addendum shows the changes in wages and salaries if the retroactive "lump sum" payments are excluded.

2/ Less than \$50 million.

Source: U. S. Department of Commerce, Bureau of Economic Analysis

Billion Dollars

