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CORPORATE PROFITS AND NATIONAL INCOME (Revised)
FIRST QUARTER 1973

Before-tax book profits of corporations rose $12.8 billion in the first quarter of 1973 to $114.3 billion at a seasonally adjusted annual rate, according to revised estimates by the Bureau of Economic Analysis, an agency of the Social and Economic Statistics Administration of the U. S. Department of Commerce. The preliminary figure issued a month ago was $113.1 billion. The bulk of the revision reflects a stronger inflow of property income from abroad than was apparent at the time of the preliminary report.

Corporate profits tax liability is now estimated at $50.6 billion at a seasonally adjusted annual rate, compared with $44.3 billion in the fourth quarter. After-tax earnings rose $6.5 billion to $63.7 billion, and dividend payments rose $0.6 billion to $27.3 billion. Retained earnings amounted to $36.4 billion, $5.9 billion above the fourth quarter rate. Corporate capital consumption allowances rose $1.1 billion to $70.6 billion. Corporate cash flow -- retained earnings plus capital consumption allowances -- reached $107.0 billion, up $7.0 billion from the fourth quarter rate.

The book profits measure includes gains or losses due to the difference between the replacement cost of goods taken out of inventory and the cost at which they are charged to production. When BEA measures profits for national income purposes, such inventory gains or losses are excluded through an "inventory valuation adjustment" (IVA).

First quarter inventory profits, estimated at $14.1 billion, were more than double those of the previous quarter. As a result, the national income measure of pre-tax corporate profits rose only $4.6 billion to $100.2 billion.

Industry profits and national income

The increase in profits centered in durable goods manufacturing and in financial institutions. Estimated profits of durable goods manufacturers, measured on a national income basis, rose $5.1 billion to $25.0 billion, as earnings of automakers, lumber firms and nonelectrical machinery manufacturers advanced strongly. Profits of financial institutions rose $0.6 billion to $19.9 billion.

National income -- the earnings of labor and property from the production of goods and services -- increased $34.1 billion (revised) to $1,008.3 billion. Employee compensation advanced $26.7 billion to $757.0 billion. There were small gains in proprietors' income and net interest. Rental income declined slightly.

First quarter national income gains were spread widely. Above average relative gains occurred in income originating in durable goods manufacturing; in the net inflow of property income from abroad; and in farm income. Less than average gains were registered for nondurable goods manufacturing; communication, electric, gas and sanitary services; wholesale and retail trade; and finance, insurance and real estate. The increases for mining and construction, transportation, services, and government just about matched the overall average increase.

The accompanying tables, which will appear in the June issue of the Survey of Current Business, the monthly magazine of the Bureau of Economic Analysis, show: (1) corporate profits and the other components of national income; (2) prices, costs, and profits per unit of output for nonfinancial corporations; (3) corporate profits and inventory valuation adjustment by broad industry groups; and (4) national income by industry division. Industry information on corporate profits and national income is published regularly in the Survey.

The Survey is available from the District 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.

FORM BE-681
(12-19-72)

U.S. DEPARTMENT OF COMMERCE
SOCIAL AND ECONOMIC STATISTICS ADMIN.
BUREAU OF ECONOMIC ANALYSIS

Table 1

NATIONAL INCOME BY TYPE OF INCOME
(Billions of dollars)

	1970	1971	1973	1972				1973
				I	II	III	IV	I
				Seasonally adjusted at annual rates				
National income	798.6	855.7	935.6	903.1	922.1	943.0	974.2	1008.3
Compensation of employees	603.8	644.1	705.3	682.7	697.8	710.2	730.3	757.0
Wages and salaries	541.9	573.5	626.5	606.6	620.0	630.6	648.8	668.1
Private	426.8	449.7	491.9	475.8	487.1	494.8	510.0	524.6
Military	19.6	19.4	20.6	20.8	20.5	20.4	20.6	21.8
Government civilian	95.5	104.4	114.0	110.0	112.4	115.4	118.1	121.6
Supplements to wages and salaries	61.9	70.7	78.8	76.1	77.8	79.6	81.5	88.9
Employer contributions for social insurance	29.7	34.1	38.5	37.3	38.0	38.8	39.8	46.2
Other labor income	32.1	36.5	40.3	38.8	39.8	40.8	41.8	42.7
Proprietors' income	66.8	70.0	75.2	73.3	73.2	75.3	79.0	81.2
Business and professional	49.9	52.6	55.6	54.3	54.4	56.2	57.4	58.7
Farm	16.9	17.3	19.6	19.1	18.7	19.1	21.6	22.5
Rental income of persons	23.3	24.5	25.6	25.2	24.2	26.2	26.9	26.5
Corporate profits and inventory valuation adjustment	69.9	78.6	88.2	81.8	86.1	89.6	95.6	100.2
Profits before tax	74.3	83.3	94.3	88.2	91.6	95.7	101.5	114.3
Profits tax liability	34.1	37.3	41.3	38.8	40.1	41.8	44.3	50.6
Profits after tax	40.2	45.9	53.0	49.5	51.5	53.9	57.2	63.7
Dividends	24.8	25.4	26.4	26.0	26.2	26.5	26.7	27.3
Undistributed profits	15.4	20.5	26.6	23.5	25.3	27.3	30.5	36.4
Inventory valuation adjustment	-4.4	-4.7	-6.0	-6.5	-5.5	-6.1	-5.9	-14.1
Net interest	34.8	38.5	41.3	40.1	40.9	41.7	42.5	43.4

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

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U.S. DEPARTMENT OF COMMERCE
SOCIAL AND ECONOMIC STATISTICS ADMIN.
BUREAU OF ECONOMIC ANALYSIS

Table 2

NONFINANCIAL CORPORATIONS: GROSS PRODUCT AND UNIT COSTS 1/

	1970	1971	1972	1972 I	1972 II	1972 III	1972 IV	1973 I
				Seasonally adjusted at annual rates				
				Billions of dollars				
Gross product originating in nonfinancial corporations	516.1	549.4	605.5	582.4	599.3	610.0	630.3	652.7
Capital consumption allowances	53.2	58.0	64.8	62.1	65.2	65.5	66.5	67.5
Indirect business taxes plus transfer payments less subsidies	50.3	54.3	58.2	56.5	57.4	58.8	60.2	61.8
Compensation of employees	346.9	365.0	400.8	387.0	396.7	403.1	416.3	431.9
Wages and salaries	306.5	319.6	350.0	338.0	346.5	351.8	363.6	373.9
Supplements to wages and salaries	40.4	45.3	50.8	48.9	50.2	51.3	52.7	58.0
Net interest	15.0	16.1	17.3	16.8	17.1	17.4	17.7	18.0
Corporate profits and inventory valuation adjustment	50.7	56.1	64.4	59.9	62.8	65.2	69.6	73.5
Profits before tax	55.1	60.8	70.4	66.4	68.4	71.3	75.6	87.6
Profits tax liability	26.9	29.4	33.1	31.1	32.1	33.5	35.6	41.5
Profits after tax	28.2	31.3	37.3	35.4	36.3	37.7	39.9	46.1
Dividends	19.9	19.5	20.2	20.3	20.3	20.2	20.2	20.6
Undistributed profits	8.3	11.9	17.1	15.1	16.0	17.5	19.8	25.5
Inventory valuation adjustment	-4.4	-4.7	-6.0	-6.5	-5.5	-6.1	-5.9	-14.1
				Billions of 1958 dollars				
Gross product originating in nonfinancial corporations	427.4	438.8	475.7	459.6	471.7	478.9	492.5	504.4
				Dollars				
Current dollar cost per unit of 1958 dollar gross product originating in nonfinancial corporations 2/	1.208	1.252	1.273	1.267	1.271	1.274	1.280	1.294
Capital consumption allowances	.124	.132	.136	.135	.138	.137	.135	.134
Indirect business taxes plus transfer payments less subsidies	.118	.124	.122	.123	.122	.123	.122	.122
Compensation of employees	.812	.832	.843	.842	.841	.842	.845	.856
Net interest	.035	.037	.036	.037	.036	.036	.036	.036
Corporate profits and inventory valuation adjustment	.119	.128	.135	.130	.133	.136	.141	.146
Profits tax liability	.063	.067	.069	.068	.068	.070	.072	.082
Profits after tax plus inventory valuation adjustment	.056	.061	.066	.063	.065	.066	.069	.063

1/ Excludes gross product originating in the rest of the world.

2/ This is equal to the deflator for gross product of nonfinancial corporations, with the decimal point shifted two places to the left.

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

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U.S. DEPARTMENT OF COMMERCE
SOCIAL AND ECONOMIC STATISTICS ADMIN.
BUREAU OF ECONOMIC ANALYSIS

Table 3

CORPORATE PROFITS (BEFORE TAX) AND INVENTORY VALUATION ADJUSTMENT BY BROAD INDUSTRY GROUPS

(Billions of dollars)

	1970	1971	1972	1972				1973
				I	II	III	IV	I
				Seasonally adjusted at annual rates				
All industries, total	69.9	78.6	88.2	81.8	86.1	89.6	95.6	100.2
Financial institutions	14.5	16.7	17.9	16.5	17.5	18.3	19.3	19.9
Federal Reserve banks	3.6	3.3	3.4	3.4	3.3	3.4	3.5	3.9
Other financial institutions	10.9	13.3	14.5	13.2	14.2	14.9	15.9	16.0
Nonfinancial corporations	55.4	61.9	70.3	65.2	68.5	71.3	76.3	80.3
Manufacturing	27.7	30.9	37.9	35.4	37.0	37.9	41.3	46.2
Nondurable goods	16.7	16.8	19.0	17.7	17.6	19.5	21.3	21.3
Durable goods	11.0	14.1	18.9	17.7	19.4	18.4	19.9	25.0
Transportation, communication, and public utilities	7.6	8.2	9.0	7.8	8.8	9.6	9.9	9.2
All other industries	20.1	22.9	23.4	22.0	22.8	23.8	25.1	24.9

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

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FORM BE-764
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U.S. DEPARTMENT OF COMMERCE
SOCIAL AND ECONOMIC STATISTICS ADMINISTRATION
BUREAU OF ECONOMIC ANALYSIS

Table 4

NATIONAL INCOME BY INDUSTRY DIVISION

(Billions of dollars)

	1970	1971	1972	1972				1973
				I	II	III	IV	I
				Seasonally adjusted at annual rates				
All industries, total	798.6	855.7	935.6	903.1	922.1	943.0	974.2	1008.3
Agriculture, forestry, and fisheries	25.5	26.5	29.1	28.5	28.2	28.5	31.1	32.4
Mining and construction	50.5	54.2	57.8	57.5	57.3	57.5	58.8	60.9
Manufacturing	216.3	223.2	249.0	238.0	245.6	250.2	262.1	275.4
Nondurable goods	87.5	90.3	98.4	94.8	96.3	99.2	103.2	105.3
Durable goods	128.7	132.9	150.6	143.1	149.3	151.0	158.9	170.2
Transportation	29.7	32.5	35.8	34.8	35.0	36.0	37.4	38.8
Communication	16.8	18.2	21.0	19.7	20.5	21.5	22.1	22.5
Electric, gas, and sanitary services	14.6	16.3	17.7	16.6	17.9	18.1	18.2	18.5
Wholesale and retail trade	121.2	130.8	140.3	135.8	138.8	141.5	145.2	148.4
Finance, insurance, and real estate	90.0	98.7	106.0	102.3	103.6	107.6	110.7	112.4
Services	102.7	110.6	121.6	117.1	120.2	123.2	126.0	130.5
Government and government enterprises	126.8	137.9	150.1	145.9	148.1	151.4	154.8	160.3
Rest of the world	4.6	6.9	7.3	6.8	6.9	7.6	7.8	8.2

Source: U[illegible] Department of Commerce, Bureau of Economic Anal[illegible]s.

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