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BUREAU OF
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CORPORATE PROFITS AND NATIONAL INCOME (Revised)
FIRST QUARTER 1974

Before-tax book profits of corporations rose $16.6 billion in the first quarter of 1974 to a seasonally adjusted annual rate of $144.0 billion, 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 $140.1 billion.

The first quarter gain in book profits was due to a large increase in inventory profits. In a period of rising prices such profits arise from the difference between the replacement cost of goods taken out of inventory and the cost at which they were charged to production. The rapid rise in wholesale prices resulted in inventory profits estimated at $31.2 billion, $15.7 billion above the fourth quarter rate.

When BEA measures profits for national income purposes, inventory profits (or losses) are removed through an "inventory valuation adjustment." The national income measure -- profits arising from current production -- rose $1.0 billion from the fourth quarter to $112.9 billion.

Corporate profits taxes, which accrue on profits from current production and on inventory profits, increased $4.9 billion to $60.6 billion at a seasonally adjusted annual rate. After-tax earnings increased $11.8 billion to $83.4 billion. Dividend payments, at $29.5 billion, increased $0.5 billion and retained earnings rose $11.3 billion to $53.9 billion. Corporate capital consumption allowances rose $0.9 billion to $75.1 billion. Corporate cash flow -- capital consumption allowances plus retained earnings -- reached $129.0 billion, up $12.2 billion from the fourth quarter.

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Industry profits and national income

Higher earnings of domestic oil refiners plus increased net remittances from the rest of the world -- largely due to higher petroleum prices -- were almost offset by reduced earnings in most other industries. There was a small increase in profits of financial institutions.

National income, which measures the Nation's output in terms of incomes generated in production, increased $13.7 billion (revised) to $1,108.8 billion. Employee compensation reached $826.8 billion, up $12.1 billion, and there were small gains in business and professional income, rental income of persons, and in net interest. Farm income declined to $29.1 billion from $31.3 billion in the fourth quarter.

First quarter national income gains were recorded for most industry divisions. Above average relative increases occurred in the net inflow of investment income from abroad and in income originating in nondurable goods manufacturing industries. Decreases were recorded for the public utilities, durable goods manufacturing industries, and for agriculture, forestry, and fisheries. Income originating in wholesale and retail trade and in the service industries was close to the fourth quarter level. Increases in the other industry divisions were modest.

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 divisions. 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 $34.45 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)

	1971	1972	1973	1973 I	1973 II	1973 III	1973 IV	1974 I
				Seasonally adjusted at annual rates				
National income	859.4	941.8	1053.9	1015.0	1038.2	1067.4	1095.1	1108.8
Compensation of employees	644.1	707.1	785.2	757.4	774.9	794.0	814.7	826.8
Wages and salaries	573.8	627.3	691.4	666.7	682.3	699.3	717.2	726.2
Private	449.7	493.3	546.0	525.1	538.7	553.2	566.9	573.3
Military	19.4	20.3	20.8	20.9	20.5	20.4	21.3	21.2
Government civilian	104.7	113.8	124.6	120.7	123.1	125.7	129.1	131.7
Supplements to wages and salaries	70.3	79.7	93.9	90.8	92.6	94.7	97.5	100.6
Employer contributions for social insurance	33.7	39.0	49.0	47.4	48.3	49.4	50.8	52.7
Other labor income	36.6	40.7	44.9	43.3	44.2	45.3	46.7	47.9
Proprietors' income	68.7	74.2	84.2	80.6	81.5	85.0	89.8	88.4
Business and professional	51.9	54.0	57.5	56.3	57.1	57.9	58.5	59.3
Farm	16.8	20.2	26.8	24.3	24.4	27.1	31.3	29.1
Rental income of persons	24.5	24.1	25.1	24.7	24.6	25.3	25.7	25.8
Corporate profits and inventory valuation adjustment	80.1	91.1	109.0	104.3	107.9	112.0	111.9	112.9
Profits before tax	85.1	98.0	126.3	119.6	128.9	129.0	127.4	144.0
Profits tax liability	37.4	42.7	55.8	52.7	57.4	57.6	55.7	60.6
Profits after tax	47.6	55.4	70.4	66.9	71.6	71.5	71.6	83.4
Dividends	25.1	26.0	27.8	26.9	27.3	28.1	29.0	29.5
Undistributed profits	22.5	29.3	42.6	40.0	44.2	43.4	42.6	53.9
Inventory valuation adjustment	-4.9	-6.9	-17.3	-15.4	-21.1	-17.0	-15.5	-31.2
Net interest	42.0	45.2	50.4	47.9	49.4	51.1	53.0	55.0

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

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FORM BE-729 (12-19-72)

U.S. DEPARTMENT OF COMMERCE
SOCIAL AND ECONOMIC STATISTICS ADMIN.
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Table 2
NONFINANCIAL CORPORATIONS: GROSS PRODUCT AND UNIT COSTS 1/

	1971	1972	1973	1973 I	1973 II	1973 III	1973 IV	1974 I
				Seasonally adjusted at annual rates				
				Billions of dollars				
Gross product originating in nonfinancial corporations	554.1	608.9	679.8	656.7	672.5	689.3	700.6	702.2
Capital consumption allowances	58.1	63.2	68.4	66.3	67.5	68.6	71.0	71.8
Indirect business taxes plus transfer payments less subsidies	55.1	58.0	62.6	61.3	62.2	63.1	63.8	64.3
Compensation of employees	365.3	403.0	451.0	434.1	445.4	456.7	467.9	472.3
Wages and salaries	320.3	351.5	389.7	375.0	384.9	394.8	404.2	407.1
Supplements to wages and salaries	45.0	51.5	61.3	59.2	60.5	61.8	63.7	65.2
Net interest	16.5	17.4	18.8	18.2	18.6	19.0	19.4	19.8
Corporate profits and inventory valuation adjustment	59.2	67.3	79.0	76.8	78.8	81.8	78.5	73.9
Profits before tax	64.1	74.3	96.2	92.1	99.9	98.9	94.0	105.1
Profits tax liability	29.7	35.0	46.4	44.3	48.2	47.7	45.5	50.1
Profits after tax	34.4	39.2	49.8	47.8	51.7	51.2	48.5	54.9
Dividends	20.3	21.2	22.3	21.4	21.9	22.5	23.4	24.9
Undistributed profits	14.1	18.1	27.5	26.4	29.8	28.6	25.1	30.0
Inventory valuation adjustment	-4.9	-6.9	-17.3	-15.4	-21.1	-17.0	-15.5	-31.2
				Billions of 1958 dollars				
Gross product originating in nonfinancial corporations	442.7	475.5	512.1	503.4	509.6	517.2	517.8	507.8
				Dollars				
Current dollar cost per unit of 1958 dollar gross product originating in nonfinancial corporations 2/	1.252	1.281	1.328	1.305	1.320	1.333	1.353	1.383
Capital consumption allowances	.131	.133	.134	.132	.132	.133	.137	.141
Indirect business taxes plus transfer payments less subsidies	.125	.122	.122	.122	.122	.122	.123	.127
Compensation of employees	.825	.847	.881	.862	.874	.883	.904	.930
Net interest	.037	.037	.037	.036	.037	.037	.037	.039
Corporate profits and inventory valuation adjustment	.134	.142	.154	.152	.155	.158	.152	.146
Profits tax liability	.067	.074	.091	.088	.095	.092	.088	.099
Profits after tax plus inventory valuation adjustment	.067	.068	.064	.064	.060	.066	.064	.047

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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FORM BE-765
(1-12-73)

U.S. DEPARTMENT OF COMMERCE
SOCIAL AND ECONOMIC STATISTICS ADMIN.
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Table 3
CORPORATE PROFITS (BEFORE TAX) AND INVENTORY VALUATION ADJUSTMENT BY BROAD INDUSTRY GROUPS
(Billions of dollars)

	1971	1972	1973	1973 I	1973 II	1973 III	1973 IV	1974 I
				Seasonally adjusted at annual rates				
All industries, total	80.1	91.1	109.0	104.3	107.9	112.0	111.9	112.9
Financial institutions	15.2	17.5	21.7	19.8	21.4	22.3	23.2	23.5
Federal Reserve banks	3.3	3.4	4.5	3.9	4.4	4.8	5.0	5.3
Other financial institutions	11.9	14.1	17.2	16.0	17.0	17.5	18.1	18.2
Nonfinancial corporations	64.9	73.6	87.3	84.5	86.5	89.7	88.7	89.3
Manufacturing	32.5	40.1	50.8	49.7	52.4	51.9	49.2	48.7
Nondurable goods	17.8	20.0	24.2	22.8	23.9	25.3	24.9	29.7
Durable goods	14.7	20.2	26.6	26.9	28.5	26.6	24.4	19.0
Transportation, communication, and public utilities	8.6	9.3	9.3	9.2	8.5	10.3	9.1	7.1
All other industries	23.9	24.2	27.3	25.6	25.6	27.5	30.4	33.5

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

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FORM BE-764
(1-11-73)

U.S. DEPARTMENT OF COMMERCE
SOCIAL AND ECONOMIC STATISTICS ADMINISTRATION
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Table 4
NATIONAL INCOME BY INDUSTRY DIVISION
(Billions of dollars)

	1971	1972	1973	1973 I	1973 II	1973 III	1973 IV	1974 I
				Seasonally adjusted at annual rates				
All industries, total	859.4	941.8	1053.9	1015.0	1038.2	1067.4	1095.1	1108.8
Agriculture, forestry, and fisheries	26.2	30.4	37.8	34.7	35.1	38.2	43.2	41.7
Mining and construction	53.7	59.9	67.2	64.0	65.5	68.8	70.4	71.4
Manufacturing	226.4	252.6	291.2	280.8	290.4	295.0	298.6	298.2
Nondurable goods	91.8	99.9	111.0	107.3	109.9	112.6	114.4	120.6
Durable goods	134.5	152.7	180.1	173.5	180.5	182.4	184.2	177.6
Transportation	32.8	36.0	39.3	38.2	38.5	39.7	40.7	41.5
Communication	17.8	20.0	21.7	20.9	21.0	22.5	22.2	22.5
Electric, gas, and sanitary services	16.5	18.2	19.8	19.1	19.4	20.6	20.3	18.9
Wholesale and retail trade	130.9	139.7	151.6	146.9	149.7	153.4	156.5	156.1
Finance, insurance, and real estate	100.1	107.9	119.0	114.2	117.3	120.8	123.7	125.5
Services	109.8	120.1	133.6	128.4	131.4	135.4	139.1	143.1
Government and government enterprises	138.2	149.5	162.9	158.6	160.9	163.7	168.5	172.1
Rest of the world	7.0	7.5	9.8	9.1	8.9	9.3	11.9	17.8

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

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