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NEWS

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BUREAU OF
ECONOMIC ANALYSIS

FOR WIRE TRANSMISSION AT 11:00 A.M. FRIDAY, MARCH 19, 1976
Jacquelin Bauman: 523-0833 BEA 76-19

FOURTH QUARTER 1975
• CORPORATE PROFITS
• REVISED GROSS NATIONAL PRODUCT (GNP)

Corporate profits from current production rose \$1.0 billion in the fourth quarter of 1975 to a seasonally adjusted annual rate of \$114.1 billion, according to preliminary estimates by the Bureau of Economic Analysis of the U.S. Department of Commerce. Before tax-book profits were up \$4.3 billion, reaching \$133.8 billion (preliminary).

The difference between the increase in book profits and the increase in profits from current production is accounted for by changes in the inventory valuation adjustment (IVA) and the capital consumption adjustment. The IVA equals the cost at which goods taken out of inventory are charged to production less the replacement cost of those goods. The IVA is estimated at -\$13.1 billion in the fourth quarter compared with -\$9.9 billion in the third. The capital consumption adjustment equals capital consumption allowances based on tax-return depreciation less "economic" capital consumption allowances. "Economic" capital consumption allowances is based on consistent service lives of assets and depreciation formulas and valued at replacement cost in current prices. The capital consumption adjustment is estimated at -\$6.6 billion in the fourth quarter of 1975 compared with -\$6.5 billion in the third.

Most of the increase in domestic profits from current production was accounted for by financial institutions. There was a \$0.4 billion decline in the net inflow of property income from abroad in the form of branch profits and dividends.

Corporate profits tax liability rose to a seasonally adjusted annual rate of \$53.2 billion (preliminary), compared with \$50.7 billion in the third quarter. After-tax earnings, estimated at \$80.6 billion, were \$1.8 billion above the third quarter rate. Dividend payments, at \$33.1 billion, were \$0.4 billion less than in the third quarter and retained earnings, at \$47.5 billion, were up \$2.2 billion. Tax-return based corporate capital consumption allowances rose to \$91.1 billion in the fourth quarter, compared with \$89.0 billion in the third and corporate net cash flow reached \$138.6 billion, up \$4.3 billion. The "economic" measure of corporate capital consumption is estimated at \$97.7 billion for the fourth quarter compared with \$95.5 billion a quarter earlier.

Gross national product (revised) and gross domestic product

Fourth quarter GNP was revised up \$0.4 billion to reflect an increase in estimated property income from abroad. GNP is now estimated at \$1,572.9 billion, \$44.4 billion above the third quarter rate. Real output (GNP adjusted to exclude price change) rose at an annual rate of 5.0 percent, compared with a 12.0 percent increase in the previous period.

Gross domestic product, which does not include factor income from abroad, was not revised. It is estimated at \$1,562.2 billion, up \$45.3 billion from the third quarter. Real gross domestic product rose at an annual rate of 5.2 percent, compared with an increase of 11.7 percent in the third quarter.

Definitions of GNP and GDP

GNP is the market value of the output of goods and services accruing to residents of the Nation. It includes factor income received by U.S. residents from abroad -- primarily the return on U.S.-owned capital in foreign countries -- and excludes factor income earned in the United States by foreigners -- primarily the return on foreign-owned capital in the United States. GDP is the market value of the output produced within the boundaries of the United States. It excludes factor income received by U.S. residents from abroad and includes factor income earned in the United States by foreigners.

The accompanying tables show: (1) gross national product, gross domestic product, and disposition of personal income; (2) corporate profits and the other components of national income; and (3) prices, costs, and profits per unit of output for nonfinancial corporations. Additional data will appear in the March issue of the Survey of Current Business, the monthly magazine of the Bureau of Economic Analysis.

FORM BE-681
(2-19-76)U.S. DEPARTMENT OF COMMERCE
BUREAU OF ECONOMIC ANALYSISTable 1
NATIONAL INCOME BY TYPE OF INCOME
(Billions of dollars)

	1973	1974	1975 ^{1/}	1974		1975			
				IV		I	II	III	IV ^{1/}
				Seasonally adjusted at annual rates					
National income	1,067.3	1,141.1	1,208.1	1,161.3	1,155.2	1,180.8	1,232.5	1,264.0	
Compensation of employees	797.7	873.0	921.4	898.1	897.1	905.4	928.2	955.1	
Wages and salaries	700.9	763.1	801.6	783.6	781.0	787.6	807.3	830.7	
Private	552.3	603.0	627.3	617.7	611.7	615.0	631.9	650.5	
Military	22.1	22.3	23.0	23.0	22.9	22.8	22.8	23.6	
Government civilian	126.5	137.7	151.3	142.9	146.4	149.7	152.6	156.5	
Supplements to wages and salaries	96.8	110.0	119.8	114.4	116.1	117.8	120.9	124.4	
Employer contributions for social insurance	49.3	55.5	58.5	56.9	57.1	57.5	58.9	60.6	
Other labor income	47.5	54.5	61.3	57.6	59.0	60.3	62.0	63.8	
Proprietors' income with inventory valuation and capital consumption adjustments	91.7	85.1	83.3	83.6	79.6	78.6	88.0	87.1	
Farm	32.4	25.6	24.6	24.6	21.0	20.1	29.3	28.2	
Nonfarm	59.3	59.5	58.7	59.0	58.6	58.5	58.7	58.9	
Rental income of persons with capital consumption adjustment	21.3	21.0	21.1	20.9	20.8	20.5	20.9	22.0	
Corporate profits with inventory valuation and capital consumption adjustments	100.2	91.3	100.7	82.0	78.9	96.6	113.1	114.1	
Profits before tax	117.0	132.1	117.1	123.9	97.1	108.2	129.5	133.8	
Profits tax liability	48.2	52.6	45.7	49.2	37.5	41.6	50.7	53.2	
Profits after tax	68.8	79.5	71.4	74.7	59.6	66.6	78.8	80.6	
Dividends	27.8	31.1	32.8	31.7	32.1	32.6	33.5	33.1	
Undistributed profits	40.9	48.4	38.6	43.0	27.5	34.0	45.3	47.5	
Inventory valuation adjustment	-18.4	-38.5	-10.8	-37.7	-13.7	-6.6	-9.9	-13.1	
Capital consumption adjustment	1.6	-2.3	-5.7	-4.2	-4.5	-5.0	-6.5	-6.6	
Net interest	56.3	70.7	81.6	76.7	78.7	79.7	82.2	85.7	

FORM BE-729
(2-19-76)U.S. DEPARTMENT OF COMMERCE
BUREAU OF ECONOMIC ANALYSISTable 2
GROSS DOMESTIC PRODUCT OF NONFINANCIAL CORPORATE BUSINESS

	1973	1974	1975 ^{1/}	1974		1975			
				IV		I	II	III	IV ^{1/}
				Seasonally adjusted at annual rates					
Gross domestic product of nonfinancial corporate business	751.9	808.7	864.4	821.8	816.4	845.1	886.2	909.9	
Capital consumption allowances with capital consumption adjustment	68.7	78.3	89.0	83.1	85.0	87.3	91.0	92.9	
Indirect business taxes plus transfer payments less subsidies	80.6	86.0	93.2	87.5	88.5	91.6	95.5	97.2	
Compensation of employees	502.2	549.5	568.7	562.3	554.4	556.9	572.7	590.9	
Wages and salaries	435.7	474.3	488.5	484.3	476.5	478.1	491.8	507.5	
Supplements to wages and salaries	66.6	75.2	80.3	78.0	78.0	78.8	80.9	83.4	
Net interest	24.5	31.7	34.3	34.0	33.2	33.6	34.4	35.8	
Corporate profits with inventory valuation and capital consumption adjustments	75.9	63.2	79.2	54.8	55.3	75.7	92.7	93.1	
Profits before tax	92.8	103.8	95.1	96.3	73.1	86.8	108.5	111.9	
Profits tax liability	39.1	42.7	36.1	39.4	27.1	32.0	41.6	43.5	
Profits after tax	53.7	61.1	59.0	56.9	46.0	54.8	66.8	68.5	
Dividends	24.5	30.5	30.8	30.4	30.1	30.7	31.3	31.2	
Undistributed profits	29.2	30.6	28.2	26.5	15.9	24.0	35.5	37.3	
Inventory valuation adjustment	-18.4	-38.5	-10.8	-37.7	-13.7	-6.6	-9.9	-13.1	
Capital consumption adjustment	1.6	-2.1	-5.1	-3.8	-4.1	-4.5	-5.9	-5.8	
Gross product of nonfinancial corporate business	717.7	697.6	679.4	678.3	652.9	667.2	693.5	704.2	
Current dollar cost and profit per unit of constant dollar gross product	1.048	1.159	1.272	1.212	1.251	1.267	1.278	1.292	
Capital consumption allowances with capital consumption adjustment . . . . .	.096	.112	.131	.123	.130	.131	.131	.132
Net domestic product . . . . .	.952	1.047	1.141	1.089	1.120	1.136	1.147	1.160
Indirect business taxes plus transfer payments less subsidies . . . . .	.112	.123	.137	.129	.135	.137	.138	.138
Domestic income . . . . .	.840	.924	1.004	.960	.985	.998	1.009	1.022
Compensation of employees . . . . .	.700	.788	.837	.829	.849	.835	.826	.839
Corporate profits with inventory valuation and capital consumption adjustments . . . . .	.106	.091	.117	.081	.085	.113	.134	.132
Profits tax liability . . . . .	.055	.061	.053	.058	.042	.048	.060	.062
Profits after tax with inventory valuation and capital consumption adjustments . . . . .	.051	.029	.063	.023	.043	.065	.074	.070
Net interest . . . . .	.034	.045	.050	.050	.051	.050	.050	.051

^{1/} Fourth quarter 1975 corporate profits and related totals are preliminary and subject to revision next month. USCOMM-DC 91310-P76

Table 3

FORM BE-679
(1-26-76)

GROSS NATIONAL PRODUCT AND DISPOSITION OF PERSONAL INCOME

U.S. DEPARTMENT OF COMMERCE
BUREAU OF ECONOMIC ANALYSIS

GROSS NATIONAL PRODUCT	1973	1974	1975	1974				1975				1973	1974	1975	1974				1975											
				I		II		III		IV					I		II		III		IV		I		II		III		IV	
				Seasonally adjusted at annual rates											Seasonally adjusted at annual rates															
				Billions of current dollars											Billions of 1972 dollars															
Gross national product (GNP)	1306.3	1406.9	1498.9	1441.3	1433.6	1460.6	1528.5	1572.9	1233.4	1210.7	1186.1	1186.8	1158.6	1168.1	1201.5	1216.2														
Personal consumption expenditures	808.5	885.9	963.8	908.4	926.4	950.3	977.4	1001.0	766.3	759.8	766.9	748.9	752.3	764.1	771.6	779.4														
Durable goods	122.9	121.9	128.1	117.3	118.9	123.8	131.8	137.6	120.9	112.5	109.5	102.9	104.0	106.5	112.3	115.3														
Nondurable goods	334.4	375.7	409.8	387.1	394.1	404.8	416.4	423.7	309.6	303.0	306.6	298.9	300.8	306.9	308.0	310.7														
Services	351.3	388.3	426.0	404.0	413.4	421.6	429.2	439.7	335.8	344.4	350.7	347.2	347.5	350.8	351.2	353.3														
Gross private domestic investment	220.5	212.2	182.6	210.3	168.7	161.4	194.9	205.4	207.4	180.0	138.3	166.9	129.7	124.1	147.8	151.4														
Fixed investment	203.0	202.5	197.3	199.8	193.5	191.1	197.1	207.4	191.4	172.2	148.8	159.3	148.7	144.8	148.7	153.0														
Nonresidential	136.5	147.9	148.5	151.1	149.3	146.1	146.7	151.9	131.3	127.5	112.2	120.8	115.2	110.8	110.6	112.3														
Structures	49.0	54.4	52.7	56.1	54.9	51.1	51.2	53.6	45.3	42.7	37.2	40.5	38.9	36.2	36.2	37.4														
Producers' durable equipment	87.5	93.5	95.8	95.0	94.4	95.0	95.6	98.3	85.9	84.9	75.1	80.3	76.3	74.7	74.5	74.9														
Residential	66.5	54.6	48.7	48.7	44.2	45.0	50.4	55.4	60.1	44.7	36.6	38.5	33.6	34.0	38.0	40.7														
Nonfarm structures	64.7	52.2	46.8	46.3	42.6	43.1	48.2	53.3	58.4	42.6	35.0	36.4	32.3	32.4	36.2	39.0														
Farm structures	.6	1.0	.6	1.2	.4	.5	.8	.7	.5	.8	.4	.9	.3	.4	.6	.5														
Producers' durable equipment	1.2	1.3	1.3	1.3	1.2	1.3	1.4	1.4	1.2	1.3	1.1	1.2	1.0	1.1	1.2	1.2														
Change in business inventories	17.5	9.7	-14.6	10.4	-24.8	-29.6	-2.1	-2.0	16.0	7.7	-10.5	7.6	-19.0	-20.7	-.8	-1.6														
Nonfarm	14.1	11.6	-16.5	13.7	-23.3	-29.6	-5.7	-7.5	13.6	8.5	-11.8	9.0	-17.9	-20.6	-3.3	-5.3														
Farm	3.5	-1.9	1.9	-3.2	-1.5	-1	3.6	5.6	2.4	-8.8	1.3	-1.5	-1.2	-.1	2.5	3.7														
Net exports of goods and services	7.4	7.7	21.3	8.2	17.3	24.2	22.1	21.7	7.2	16.6	23.4	17.4	21.5	24.9	23.5	23.8														
Exports	101.5	144.2	147.8	153.6	148.2	140.7	148.5	153.8	87.6	97.6	90.6	95.7	90.7	86.8	90.8	94.0														
Imports	94.2	136.5	126.5	145.3	130.9	116.4	126.4	132.1	80.4	81.0	67.2	78.3	69.2	62.0	67.3	70.2														
Government purchases of goods and services	269.9	301.1	331.2	314.4	321.2	324.7	334.1	344.8	252.5	254.3	257.6	253.6	255.1	254.9	258.7	261.6														
Federal	102.0	111.7	123.2	118.2	119.4	119.2	124.2	129.9	96.1	95.0	94.3	94.7	93.7	92.4	94.9	96.1														
National defense	73.4	77.4	84.0	80.5	81.4	82.1	84.9	87.4	XXXXXX	XXXXXX																				
Nondefense	28.6	34.3	39.2	37.7	38.0	37.1	39.3	42.5	XXXXXX	XXXXXX																				
State and local	168.0	189.4	208.0	196.3	201.9	205.5	209.9	214.8	156.3	159.3	163.3	158.9	161.4	162.5	163.8	165.5														
Addenda:																														
Final sales (GNP less change in business inventories)	1288.8	1397.2	1513.5	1430.9	1458.4	1490.2	1530.6	1574.9	1217.3	1203.0	1196.6	1179.3	1177.6	1188.7	1202.4	1217.8														
Gross domestic product (GNP less rest-of-world sector)	1297.3	1392.5	1488.4	1426.6	1424.0	1450.6	1516.9	1562.2	1225.7	1203.7	1181.3	1180.3	1154.3	1163.5	1196.1	1211.3														
Implicit price deflator, index numbers, 1972 = 100:																														
GNP	105.92	116.20	126.37	121.45	123.74	125.04	127.21	129.33	XXXXXX	XXXXXX																				
Gross domestic product	105.8	115.7	126.0	120.9	123.4	124.7	126.8	129.0	XXXXXX	XXXXXX																				
Gross domestic business product	105.6	115.8	126.6	121.3	124.0	125.3	127.5	129.5	XXXXXX	XXXXXX																				
Change from preceding period, percent at annual rate:																														
GNP	11.5	7.7	6.5	4.8	-2.1	7.7	19.9	12.1	5.3	-1.8	-2.0	-7.5	-9.2	3.3	12.0	5.0														
Gross domestic product	11.4	7.3	6.9	4.6	-7.7	7.7	19.6	12.5	5.3	-1.8	-1.9	-7.8	-8.5	3.2	11.7	5.2														
GNP implicit price deflator	5.9	9.7	8.8	13.4	7.8	4.3	7.1	6.8	XXXXXX	XXXXXX																				
Gross domestic product implicit price deflator	5.8	9.4	8.9	13.5	8.5	4.3	7.1	7.0	XXXXXX	XXXXXX																				
Gross domestic business product implicit price deflator	5.6	9.7	9.3	14.0	9.3	4.2	7.2	6.4	XXXXXX	XXXXXX																				
GNP chain price index	6.0	9.7	8.8	12.5	8.2	4.3	7.3	6.9	XXXXXX	XXXXXX																				
GNP fixed-weighted price index	6.0	9.7	8.8	12.5	7.8	4.4	7.3	7.2	XXXXXX	XXXXXX																				
DISPOSITION OF PERSONAL INCOME																														
Personal income	1054.3	1154.7	1245.9	1194.8	1203.6	1223.8	1261.7	1294.5	XXXXXX	XXXXXX																				
Less: Personal tax and nontax payments	151.2	171.2	169.2	178.9	179.6	142.1	174.6	180.5	XXXXXX	XXXXXX																				
Equals: Disposable personal income	903.1	983.6	1076.7	1015.9	1024.0	1081.7	1087.1	1114.0	856.0	843.5	856.7	837.6	831.6	869.8	858.2	867.3														
Less: Personal outlays	830.4	909.5	987.8	932.4	950.4	974.2	1001.3	1025.4	XXXXXX	XXXXXX																				
Equals: Personal saving	72.7	74.0	88.9	83.6	73.6	107.5	85.9	88.6	XXXXXX	XXXXXX																				
Per capita disposable personal income, dollars	4,292	4,642	5,040	4,779	4,808	5,070	5,083	5,197	4,068	3,981	4,010	3,940	3,905	4,077	4,012	4,047														
Personal saving as a percentage of disposable personal income	8.0	7.5	8.3	8.2	7.2	9.9	7.9	7.9	XXXXXX	XXXXXX																				

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

USCOMM-DC 31240-P-76