UNITED STATES DEPARTMENT OF
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BUREAU OF
ECONOMIC ANALYSIS

FOR WIRE TRANSMISSION 3:00 P.M. TUESDAY, APRIL 19, 1977

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CORPORATE PROFITS AND NATIONAL INCOME (REVISED)
FOURTH QUARTER 1976

Corporate profits from current production declined $4.2 billion in the fourth quarter of 1976 to a seasonally adjusted annual rate of $117.8 billion, according to revised estimates by the Bureau of Economic Analysis of the U.S. Department of Commerce. Before-tax book profits increased $4.0 billion, to $154.2 billion. The revised profits estimates are $0.3 billion below the preliminary figures issued last month. Inventory profits, which are excluded from profits from current production but included in before-tax book profits, increased in the fourth quarter, accounting for most of the increase in before-tax book profits.

The profits tax liability component of the before-tax book profits total rose to a seasonally adjusted annual rate of $67.4 billion, from $65.1 billion in the third quarter. After-tax profits, at $86.8 billion, were $1.7 billion above the third quarter rate. Dividends, at $37.7 billion, were $2.3 billion above the third quarter; and undistributed profits, at $49.1 billion, declined $0.6 billion.

National income by type of income

National income, which measures the incomes generated in the production of GNP, advanced $26.8 billion (revised), to $1,389.3 billion. Employee compensation rose $27.0 billion, to $1,064.5 billion. Farm proprietors' income declined $1.4 billion, to $20.3 billion; nonfarm proprietors' income rose $2.4 billion, to $76.8 billion. Rental income of persons increased $0.9 billion, to $24.3 billion. Net interest increased $2.1 billion, to $85.6 billion.

Corporate profits by industry

Domestic profits from current production decreased $5.5 billion in the fourth quarter, to $109.3 billion. Profits of financial corporations increased $0.9 billion, to $15.4 billion, and profits of nonfinancial corporations declined $6.5 billion, to $93.8 billion. The foreign component of profits, as measured by the net inflow of branch profits and dividends from the rest of the world, rose $1.3 billion, to $8.5 billion.

Manufacturing accounted for nearly all of the decrease in fourth quarter nonfinancial corporate profits. Most of the decline occurred in durable manufacturing where profits fell for the second consecutive quarter. Primary metal profits, reflecting a slowdown in demand for heavy steel products, registered the largest decline and fell to the lowest levels in nearly four years. Small decreases were widespread among the other durable manufacturing industries. In nondurable manufacturing, large declines in food and chemicals were partially offset by gains in petroleum.

The decline in other nonfinancial profits was in trade as the remaining industries were unchanged from the previous quarter.

The accompanying tables show: (1) corporate profits and the other components of national income; (2) total and per unit costs, profits, and prices for nonfinancial corporations; (3) corporate profits by industry; and (4) national income without capital consumption adjustment by industry. Additional data will appear in the April issue of the Survey of Current Business, a monthly magazine of the Bureau of Economic Analysis.

The Survey is available from most 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 $48.30 including weekly supplements; single copy $3.00.

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Table 1
NATIONAL INCOME BY TYPE OF INCOME
(Billions of dollars)

	1974	1975	1976	1975 IV	1976 I	1976 II	1976 III	1976 IV
				Seasonally adjusted at annual rates				
National income	1,135.7	1,207.6	1,348.4	1,264.6	1,304.7	1,337.4	1,362.5	1,389.3
Compensation of employees	875.8	928.8	1,028.4	963.1	994.4	1,017.2	1,037.5	1,064.5
Wages and salaries	764.5	806.7	890.4	836.4	861.5	881.1	897.8	921.0
Government and government enterprises	160.4	175.8	190.7	182.2	185.4	188.7	191.7	197.0
Other	604.1	630.8	699.7	654.1	676.1	692.4	706.1	723.9
Supplements to wages and salaries	111.3	122.1	138.0	126.7	132.9	136.2	139.6	143.5
Employer contributions for social insurance	55.8	59.7	67.9	61.6	65.9	67.1	68.6	70.2
Other labor income	55.5	62.5	70.1	65.2	67.1	69.0	71.1	73.3
Proprietors' income with inventory valuation and capital consumption adjustments	86.9	90.2	96.7	97.2	93.2	100.3	96.1	97.1
Farm	25.8	24.9	22.8	28.3	21.9	27.5	21.7	20.3
Nonfarm	61.1	65.3	73.8	69.0	71.4	72.8	74.4	76.8
Rental income of persons with capital consumption adjustment	21.0	22.4	23.5	22.9	23.3	23.1	23.4	24.3
Corporate profits with inventory valuation and capital consumption adjustments	84.8	91.6	117.8	105.6	115.1	116.4	122.0	117.8
Profits before tax	127.6	114.5	147.9	131.3	141.1	146.2	150.2	154.2
Profits tax liability	52.4	49.2	64.4	57.2	61.4	63.5	65.1	67.4
Profits after tax	75.2	65.3	83.6	74.1	79.7	82.7	85.1	86.8
Dividends	30.8	32.1	35.1	32.2	33.1	34.4	35.4	37.7
Undistributed profits	44.4	33.2	48.4	41.9	46.6	48.3	49.7	49.1
Inventory valuation adjustment	-39.8	-11.4	-14.6	-12.3	-11.5	-14.4	-12.6	-20.0
Capital consumption adjustment	-3.0	-11.5	-15.5	-13.5	-14.5	-15.4	-15.7	-16.4
Net interest	67.1	74.6	82.0	75.8	78.6	80.3	83.5	85.6

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Table 2
GROSS DOMESTIC PRODUCT OF NONFINANCIAL CORPORATE BUSINESS

	1974	1975	1976	1975 IV	1976 I	1976 II	1976 III	1976 IV
				Seasonally adjusted at annual rates				
				Billions of dollars				
Gross domestic product of nonfinancial corporate business	810.0	870.4	981.5	916.1	949.0	972.8	993.8	1,010.3
Capital consumption allowances with capital consumption adjustment	80.8	96.6	107.9	101.9	104.2	106.8	108.9	111.6
Net domestic product	729.3	773.8	873.6	814.2	844.8	866.1	885.0	898.6
Indirect business taxes plus transfer payments less subsidies	86.1	93.4	100.6	97.5	97.4	99.7	101.2	103.9
Domestic income	643.2	680.4	773.1	716.7	747.4	766.4	783.7	794.7
Compensation of employees	554.7	577.1	641.5	598.5	620.3	635.4	646.9	663.3
Wages and salaries	478.1	494.6	548.1	513.0	530.5	543.2	552.6	566.2
Supplements to wages and salaries	76.6	82.5	93.4	85.5	89.9	92.2	94.3	97.1
Corporate profits with inventory valuation and capital consumption adjustments	59.6	72.5	95.8	86.1	93.2	95.7	100.3	93.8
Profits before tax	102.3	95.5	126.0	112.0	119.4	125.6	128.6	130.3
Profits tax liability	42.6	39.7	54.0	47.6	51.1	53.4	54.7	56.6
Profits after tax	59.8	55.8	72.0	64.4	68.3	72.2	73.9	73.7
Dividends	30.4	29.0	31.7	28.6	28.2	31.9	32.9	34.0
Undistributed profits	29.4	26.7	40.3	35.9	40.1	40.3	41.0	39.7
Inventory valuation adjustment	-39.8	-11.4	-14.6	-12.3	-11.5	-14.4	-12.6	-20.0
Capital consumption adjustment	-3.0	-11.6	-15.6	-13.6	-14.7	-15.5	-15.7	-16.4
Net interest	29.0	30.8	35.8	32.0	33.9	35.2	36.5	37.6
				Billions of 1972 dollars				
Gross domestic product of nonfinancial corporate business	698.7	676.8	726.2	696.1	713.9	725.7	731.5	733.9
				Dollars				
Current dollar cost and profit per unit of constant dollar gross domestic product	1.159	1.286	1.352	1.316	1.329	1.341	1.359	1.377
Capital consumption allowances with capital consumption adjustment	.116	.143	.149	.146	.146	.147	.149	.152
Net domestic product	1.044	1.143	1.203	1.170	1.183	1.193	1.210	1.225
Indirect business taxes plus transfer payments less subsidies	.123	.138	.138	.140	.136	.137	.138	.142
Domestic income	.921	1.005	1.064	1.030	1.047	1.056	1.071	1.083
Compensation of employees	.794	.853	.883	.860	.869	.876	.884	.904
Corporate profits with inventory valuation and capital consumption adjustments	.085	.107	.132	.124	.131	.132	.137	.128
Profits tax liability	.061	.059	.074	.068	.072	.074	.075	.077
Profits after tax with inventory valuation and capital consumption adjustments	.024	.048	.058	.055	.059	.058	.062	.051
Net interest	.041	.045	.049	.046	.047	.049	.050	.051

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Table 3

CORPORATE PROFITS BY INDUSTRY

(Billions of dollars)

	1974	1975	1976	1975 IV	1976 I	1976 II	1976 III	1976 IV
				Seasonally adjusted at annual rates				
Corporate profits with inventory valuation and capital consumption adjustments	84.8	91.6	117.8	105.6	115.1	116.4	122.0	117.8
Domestic industries	73.7	85.4	110.3	99.2	107.4	109.6	114.8	109.3
Financial	14.1	12.9	14.5	13.1	14.2	13.9	14.5	15.4
Nonfinancial	59.6	72.5	95.8	86.1	93.2	95.7	100.3	93.8
Rest of the world	11.2	6.2	7.5	6.4	7.7	6.8	7.2	8.5
Corporate profits with inventory valuation adjustment and without capital consumption adjustment	87.8	103.1	133.3	119.1	129.6	131.8	137.6	134.2
Domestic industries	76.7	97.0	125.8	112.7	121.9	125.0	130.5	125.6
Financial	14.1	12.9	14.4	12.9	14.0	13.8	14.4	15.4
Federal Reserve banks	5.7	5.7	6.0	5.8	6.1	5.9	5.9	6.1
Other	8.4	7.2	8.4	7.1	7.9	7.9	8.5	9.3
Nonfinancial	62.6	84.1	111.4	99.8	107.9	111.2	116.0	110.3
Manufacturing	36.9	46.4	64.3	55.3	61.2	66.4	67.2	62.3
Nondurable goods	25.1	29.2	36.6	34.3	37.5	35.6	37.6	35.8
Food and kindred products	2.6	5.8	7.0	6.0	7.3	6.1	8.0	6.4
Chemicals and allied products	4.9	5.7	7.9	7.3	8.3	8.2	8.5	6.9
Petroleum and coal products	10.1	9.3	10.8	10.4	11.2	10.4	10.1	11.5
Other	7.5	8.4	10.9	10.6	10.8	10.8	10.9	11.0
Durable goods	11.9	17.2	27.6	21.1	23.7	30.7	29.6	26.5
Primary metal industries	4.9	3.6	3.3	2.7	3.3	4.5	3.5	1.9
Fabricated metal products	1.5	3.1	3.9	3.5	3.6	4.3	4.1	3.4
Machinery, except electrical	1.7	4.6	6.1	5.2	5.9	5.9	6.5	6.2
Electrical equipment and supplies	.4	1.2	2.3	1.4	1.8	2.5	2.6	2.4
Motor vehicles and equipment	.2	.9	5.4	2.8	4.6	6.1	5.5	5.4
Other	3.2	3.8	6.6	5.4	4.5	7.4	7.3	7.2
Wholesale and retail trade	12.4	20.9	28.1	25.0	29.0	26.6	28.8	27.9
Transportation, communication, and electric, gas, and sanitary services	6.0	7.9	9.9	9.7	8.6	9.5	10.7	10.8
Other	7.2	9.0	9.1	9.7	9.1	8.8	9.3	9.3
Rest of the world	11.2	6.2	7.5	6.4	7.7	6.8	7.2	8.5

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Table 4

NATIONAL INCOME WITHOUT CAPITAL CONSUMPTION ADJUSTMENT BY INDUSTRY

(Billions of dollars)

	1974	1975	1976	1975	1976			
				IV	I	II	III	IV
				Seasonally adjusted at annual rates				
National income without capital consumption adjustment	1,152.0	1,236.2	1,384.1	1,296.7	1,338.7	1,372.5	1,398.6	1,426.7
Domestic income	1,137.5	1,225.6	1,370.7	1,285.6	1,325.8	1,360.1	1,384.9	1,412.0
Agriculture, forestry, and fisheries	42.7	44.4	44.4	48.7	42.5	48.6	43.5	42.9
Mining and contract construction	76.6	79.2	84.9	82.0	82.6	83.8	85.3	88.0
Manufacturing	298.2	309.9	360.0	329.2	347.3	360.0	365.3	367.1
Nondurable goods	119.3	126.7	147.5	137.1	147.4	146.8	147.0	148.6
Durable goods	178.9	183.2	212.5	192.1	199.9	213.2	218.3	218.5
Transportation	45.0	44.8	51.2	48.0	49.2	51.0	51.9	52.8
Communication	24.3	26.4	30.0	27.2	28.5	29.4	30.3	31.8
Electric, gas, and sanitary services	18.4	22.9	24.1	23.9	23.3	23.8	24.6	24.8
Wholesale and retail trade	174.2	195.6	220.1	205.6	215.2	216.5	222.4	226.2
Finance, insurance, and real estate	126.8	137.6	151.4	141.9	146.9	148.6	152.7	157.4
Services	150.6	165.1	186.7	171.9	178.3	183.0	189.6	195.8
Government and government enterprises	180.6	199.7	217.9	207.2	211.7	215.4	219.3	225.1
Rest of the world	14.5	10.6	13.4	11.1	13.0	12.4	13.7	14.7

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