UNITED STATES DEPARTMENT OF
COMMERCE
NEWS
WASHINGTON, D.C. 20230

BUREAU OF
ECONOMIC ANALYSIS

FOR WIRE TRANSMISSION 2:30 P.M. WEDNESDAY, APRIL 19, 1978

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CORPORATE PROFITS AND NATIONAL INCOME (REVISED)
FOURTH QUARTER 1977

Corporate profits from current production declined $4.2 billion in the fourth quarter of 1977, to a seasonally adjusted annual rate of $144.8 billion, according to revised estimates by the Bureau of Economic Analysis of the U.S. Department of Commerce. Before-tax book profits increased $5.5 billion, to $178.3 billion. Inventory profits, which are excluded from profits from current production but included in before-tax book profits, increased in the fourth quarter, accounting for the increase in before-tax book profits. The revised profits estimates are $0.3 billion above the preliminary figures issued last month.

The profits tax liability component of the before-tax book profits total increased $4.0 billion in the fourth quarter to a seasonally adjusted annual rate of $73.3 billion. After-tax profits increased $1.4 billion, to $105.0 billion; dividends increased $1.3 billion, to $43.6 billion; and undistributed profits increased $0.2 billion, to $61.4 billion.

National income by type of income

National income, which measures the incomes generated in the production of GNP, advanced $45.2 billion (revised), to $1,585.7 billion in the fourth quarter. Employee compensation increased $35.9 billion, to $1,203.3 billion. Farm proprietors' income increased $7.2 billion, to $22.7 billion; nonfarm proprietors' income increased $2.4 billion, to $82.4 billion. Rental income of persons increased $0.9 billion, to $26.4 billion. Net interest increased $3.0 billion, to $106.1 billion.

Corporate profits by industry

Domestic profits from current production, at $138.1 billion, were $1.4 billion below the third-quarter rate. Profits of financial corporations increased $0.9 billion, to $21.9 billion, and those of nonfinancial corporations decreased $2.4 billion, to $116.1 billion. The foreign component of profits, as measured by the net inflow of branch profits and dividends from the rest of the world, decreased $2.9 billion, to $6.7 billion.

The decline in domestic profits of nonfinancial corporations was more than accounted for by a turn-around in trade profits, which decreased in the fourth quarter by about the same amount as they had increased in the third quarter. Profits of manufacturing corporations increased more rapidly in the fourth quarter than in the third quarter. An improvement in the profits of the primary metals industry , which declined in the third quarter, was offset by a decline in profits of the food industry. Increases in other manufacturing industries were widespread.

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.

Survey of Current Business is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. First class mail: annual subscription $31.00 domestic; single issue $2.75 domestic. Second class mail: annual subscription $19.00 domestic, $23.75 foreign; single copy $1.60 domestic, $2.00 foreign.

FORM BE-681
(REV. 4-77)

U.S. DEPARTMENT OF COMMERCE
BUREAU OF ECONOMIC ANALYSIS

Table 1

NATIONAL INCOME BY TYPE OF INCOME
(Billions of dollars)

	1975	1976	1977	1976 IV	1977 I	1977 II	1977 III	1977 IV
				Seasonally adjusted at annual rates				
National Income	1,217.0	1,364.1	1,520.5	1,402.1	1,450.2	1,505.7	1,540.5	1,585.7
Compensation of employees	930.3	1,036.3	1,156.3	1,074.2	1,109.9	1,144.7	1,167.4	1,203.3
Wages and salaries	805.7	891.8	990.0	923.2	951.3	980.9	998.9	1,029.1
Government and government enterprises	175.4	187.2	199.9	192.5	194.8	197.2	200.6	206.9
Other	630.3	704.6	790.1	730.7	756.4	783.6	798.3	822.2
Supplements to wages and salaries	124.6	144.5	166.3	150.9	158.6	163.8	168.5	174.3
Employer contributions for social insurance	59.8	68.6	77.7	70.9	75.4	77.1	78.2	80.2
Other labor income	64.9	75.9	88.6	80.0	83.2	86.7	90.3	94.0
Proprietors' income with inventory valuation and capital consumption adjustments	86.0	88.0	98.2	88.7	95.1	97.0	95.5	105.0
Farm	23.2	18.6	19.7	16.6	20.7	19.7	15.5	22.7
Nonfarm	62.8	69.4	78.5	72.0	74.3	77.3	80.0	82.4
[illegible]al income of persons with capital consumption adjustment	22.3	23.3	25.3	24.1	24.5	24.9	25.5	26.4
Corporate profits with inventory valuation and capital consumption adjustments	99.3	128.1	139.9	123.1	125.4	140.2	149.0	144.8
Profits before tax	123.5	156.9	171.7	154.8	161.7	174.0	172.8	178.3
Profits tax liability	50.2	64.7	69.2	63.9	64.4	69.7	69.3	73.3
Profits after tax	73.4	92.1	102.5	90.9	97.2	104.3	103.6	105.0
Dividends	32.4	35.8	41.2	38.4	38.5	40.3	42.3	43.6
Undistributed profits	41.0	56.4	61.4	52.5	58.8	64.1	61.2	61.4
Inventory valuation adjustment	-12.0	-14.1	-14.6	-16.9	-20.6	-17.8	-5.9	-14.1
Capital consumption adjustment	-12.2	-14.7	-17.2	-14.8	-15.6	-15.9	-17.9	-19.4
Net interest	79.1	88.4	100.9	92.0	95.3	98.9	103.1	106.1
Addenda:								
Corporate profits with inventory valuation and capital consumption adjustments	99.3	128.1	139.9	123.1	125.4	140.2	149.0	144.8
Profits tax liability	50.2	64.7	69.2	63.9	64.4	69.7	69.3	73.3
Profits after tax with inventory valuation and capital consumption adjustments	49.1	63.3	70.7	59.2	61.0	70.6	79.7	71.5
Dividends	32.4	35.8	41.2	38.4	38.5	40.3	42.3	43.6
Undistributed profits with inventory valuation and capital consumption adjustments	16.7	27.6	29.5	20.8	22.5	30.3	37.4	27.9

FORM BE-729
(5-21-76)

Table 2

U.S. DEPARTMENT OF COMMERCE
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GROSS DOMESTIC PRODUCT OF NONFINANCIAL CORPORATE BUSINESS

	1975	1976	1977	1977 IV	1977 I	1977 II	1977 III	1977 IV
				Seasonally adjusted at annual rates				
				Billions of dollars				
Gross domestic product of nonfinancial corporate business	875.2	991.0	1,105.2	1,017.2	1,049.3	1,094.9	1,124.8	1,151.7
Capital consumption allowances with capital consumption adjustment	97.3	107.0	116.6	110.2	112.5	114.2	118.2	121.4
Net domestic product	778.0	884.0	988.6	907.0	936.8	980.7	1,006.6	1,030.3
Indirect business taxes plus transfer payments less subsidies	92.1	99.4	108.6	102.5	105.3	107.5	109.4	112.1
Domestic income	685.8	784.6	880.1	804.5	831.6	873.3	897.2	918.2
Compensation of employees	576.6	650.3	733.1	674.4	700.6	727.4	741.2	763.4
Wages and salaries	492.7	552.6	619.9	572.3	593.1	615.7	626.3	644.6
Supplements to wages and salaries	83.9	97.7	113.2	102.0	107.5	111.7	114.9	118.7
Corporate profits with inventory valuation and capital consumption adjustments	78.3	101.9	110.2	97.1	96.3	109.8	118.5	116.1
Profits before tax	102.3	130.6	141.8	128.7	132.4	143.4	142.0	149.3
Profits tax liability	40.8	53.7	57.0	52.7	52.8	57.7	56.9	60.4
Profits after tax	61.6	76.9	84.8	76.0	79.5	85.7	85.1	88.9
Dividends	29.0	32.4	38.2	36.0	35.2	37.2	39.4	41.0
Undistributed profits	32.5	44.5	46.6	40.0	44.3	48.5	45.7	47.9
Inventory valuation adjustment	-12.0	-14.1	-14.6	-16.9	-20.6	-17.8	-5.9	-14.1
Capital consumption adjustment	-12.0	-14.5	-17.0	-14.7	-15.5	-15.8	-17.6	-19.1
Net interest	30.9	32.4	36.7	33.0	34.6	36.1	37.5	38.7
				Billions of 1972 dollars				
Gross domestic product of nonfinancial corporate business	678.9	731.0	774.4	736.5	753.3	771.7	781.2	791.5
				Dollars				
Current dollar cost and profit per unit of constant dollar gross domestic product	1.289	1.356	1.427	1.381	1.393	1.419	1.440	1.455
Capital consumption allowances with capital consumption adjustment	.143	.146	.151	.150	.149	.148	.151	.153
Net domestic product	1.146	1.209	1.277	1.231	1.244	1.271	1.288	1.302
Indirect business taxes plus transfer payments less subsidies	.136	.136	.140	.139	.140	.139	.140	.142
Domestic income	1.010	1.073	1.136	1.092	1.104	1.132	1.148	1.160
Compensation of employees	.849	.890	.947	.916	.930	.943	.949	.964
Corporate profits with inventory valuation and capital consumption adjustments	.115	.139	.142	.132	.128	.142	.152	.147
Profits tax liability	.060	.073	.074	.072	.070	.075	.073	.076
Profits after tax with inventory valuation and capital consumption adjustments	.055	.066	.069	.060	.058	.068	.079	.070
Net interest	.045	.044	.047	.045	.046	.047	.048	.049

FORM BE-821
(5-19-76)

U.S. DEPARTMENT OF COMMERCE
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Table 3

CORPORATE PROFITS BY INDUSTRY

(Billions of dollars)

	1975	1976	1977	1976 IV	1977 I	1977 II	1977 III	1977 IV
				Seasonally adjusted at annual rates				
Corporate profits with inventory valuation and capital consumption adjustments	99.3	128.1	139.9	123.1	125.4	140.2	149.0	144.8
Domestic industries	93.1	119.9	130.6	115.4	115.3	129.5	139.5	138.1
Financial	14.8	18.0	20.4	18.3	19.1	19.7	21.0	21.9
Nonfinancial	78.3	101.9	110.2	97.1	96.3	109.8	118.5	116.1
Rest of the world	6.1	8.1	9.3	7.7	10.1	10.7	9.6	6.7
Corporate profits with inventory valuation adjustment and without capital consumption adjustment	111.5	142.7	157.1	137.9	141.0	156.2	166.9	164.2
Domestic industries	105.4	134.6	147.8	130.2	131.0	145.5	157.4	157.5
Financial	15.0	18.2	20.7	18.4	19.2	19.9	21.2	22.3
Federal Reserve banks	5.7	6.0	6.2	6.1	6.1	6.2	6.2	6.4
Other	9.4	12.2	14.4	12.3	13.1	13.7	15.1	15.9
Nonfinancial	90.3	116.4	127.2	111.8	111.8	125.5	136.1	135.2
Manufacturing	47.9	66.3	75.4	62.9	65.2	76.4	77.6	82.2
Nondurable goods	29.4	36.4	37.8	33.9	33.7	37.0	40.1	40.4
Food and kindred products	7.4	8.3	6.2	7.1	5.1	5.6	8.0	6.2
Chemicals and allied products	5.9	7.4	8.1	6.6	7.7	8.3	8.1	8.4
Petroleum and coal products	7.8	9.9	10.1	9.9	9.2	10.5	9.9	11.0
Other	8.4	10.8	13.3	10.3	11.7	12.6	14.2	14.8
Durable goods	18.5	29.9	37.5	29.0	31.5	39.4	37.5	41.8
Primary metal industries	3.3	2.4	1.5	1.1	1.0	2.7	.3	2.0
Fabricated metal products	2.9	3.5	4.0	3.0	3.2	4.1	4.3	4.4
Machinery, except electrical	4.3	5.9	8.1	6.6	6.8	7.7	8.3	9.5
Electrical equipment and supplies	2.0	3.7	5.4	4.0	4.6	5.3	5.7	6.0
Motor vehicles and equipment	2.0	7.2	8.6	6.9	8.0	9.8	8.5	8.2
Other	4.1	7.2	9.9	7.4	7.9	9.8	10.4	11.6
Wholesale and retail trade	22.1	27.1	26.5	27.4	24.0	25.4	31.2	25.4
Transportation, communication, and electric, gas, and sanitary services	9.3	11.5	12.9	10.4	11.6	11.5	14.1	14.5
Other	11.0	11.5	12.4	11.1	11.0	12.2	13.2	13.1
Rest of the world	6.1	8.1	9.3	7.7	10.1	10.7	9.6	6.7

USCOMM-DC 31419 P-76

FORM BE-764
(2-19-76)

Table 4

U.S. DEPARTMENT OF COMMERCE
BUREAU OF ECONOMIC ANALYSIS

NATIONAL INCOME WITHOUT CAPITAL CONSUMPTION ADJUSTMENT BY INDUSTRY

(Billions of dollars)

	1975	1976	1977	1976	1977			
				IV	I	II	III	IV
				Seasonally adjusted at annual rates				
National income without capital consumption adjustment	1,246.7	1,399.3	1,562.5	1,437.9	1,488.2	1,545.7	1,583.6	1,632.4
Domestic income	1,236.2	1,384.9	1,545.4	1,423.4	1,470.6	1,527.3	1,565.9	1,617.7
Agriculture, forestry, and fisheries	42.7	40.8	44.7	39.8	44.4	44.2	41.0	49.4
Mining and contract construction	79.7	87.1	99.0	89.5	90.7	99.5	102.1	103.5
Manufacturing	311.5	365.0	412.2	370.8	386.5	410.8	418.3	433.3
Nondurable goods	127.1	146.9	160.8	148.3	152.4	159.4	166.4	169.5
Durable goods	184.4	218.1	251.4	222.6	234.1	251.4	251.9	263.7
Transportation	44.5	50.6	56.2	52.1	53.2	55.5	56.6	59.3
Communication	27.1	30.9	35.4	32.5	33.3	34.5	36.0	37.9
Electric, gas, and sanitary services	24.4	25.9	28.5	25.4	28.0	27.4	29.6	29.2
Wholesale and retail trade	195.4	220.7	245.1	229.5	234.8	241.8	251.4	252.3
Finance, insurance, and real estate	143.1	160.8	181.6	166.8	172.2	177.9	184.4	191.7
Services	168.2	188.2	211.6	195.5	202.5	207.9	214.4	221.6
Government and government enterprises	199.5	214.9	231.1	221.4	225.0	227.9	232.0	239.5
Rest of the world	10.5	14.4	17.1	14.4	17.6	18.4	17.7	14.7