

Corporate Profits

Information on corporate profits is at present confined to published reports for the first three quarters of the year; data for the full year are not yet available. Merely in order to complete the national income table and not implying an actual forecast, fourth-quarter profits have been calculated by averaging the results obtained by holding constant, first, third-quarter corporate profits before tax plus the inventory valuation adjustment and, second, third-quarter corporate profits before tax without that adjustment. It is believed that the annual figure which is obtained in this manner will be near enough to the final estimates for general purposes.

Corporate profits before tax rose from about 30 billion dollars in 1947 to 32 billion in 1948. If the inventory valuation adjustment is introduced the increase is much more pronounced. Corporate profits so adjusted are seen to

have risen from about 24½ billion dollars to 29 billion.

Corporate profits including the inventory valuation adjustment measure the level of corporate profits which would have obtained if corporations had charged the replacement cost of inventories used up in production as a cost of sales. Under accounting practices most generally used, the charge actually made falls below replacement cost in periods of rising prices, and explains the fact that unadjusted profits were higher than adjusted profits both in 1947 and 1948. Owing to the sharper rise in prices during 1947 than during 1948, the overstatement of profits in terms of national income concepts was also larger in the former year—5 billion dollars in 1947 as compared with 3 billion in 1948.

Taxes took roughly 40 percent of corporate profits in both years. Dividend disbursements did not keep pace and consequently the share of undistributed earnings increased.

Table 5.—National Income and Product, 1947 and 1948¹

[Billions of dollars]

Item	1947	1948	Quarterly, 1948							
			Unadjusted				Seasonally adjusted at annual rates			
			I	II	III	IV	I	II	III	IV
NATIONAL INCOME BY DISTRIBUTIVE SHARES										
National income.....	202.5	224.4	53.0	55.6	57.1	58.7	213.9	222.3	228.2	233.2
Compensation of employees.....	127.5	139.4	33.0	34.1	35.6	36.6	134.0	136.3	142.4	144.7
Wages and salaries.....	122.2	134.4	31.8	32.8	34.4	35.4	129.1	131.3	137.4	139.6
Private.....	104.7	115.6	27.3	28.2	29.9	30.3	111.4	113.2	118.2	119.6
Military.....	3.9	3.5	0.9	0.9	0.9	0.9	3.4	3.5	3.5	3.7
Government civilian.....	13.6	15.2	3.6	3.7	3.6	4.2	14.2	14.6	15.6	16.2
Supplements to wages and salaries.....	5.3	5.0	1.3	1.3	1.3	1.2	4.9	5.0	5.1	5.1
Proprietors' and rental income ²	46.0	50.9	12.5	12.9	12.7	12.8	49.9	51.6	50.6	51.4
Business and professional.....	23.2	25.2	6.2	6.3	6.3	6.4	24.8	25.3	25.2	25.6
Farm.....	15.6	18.2	4.4	4.7	4.5	4.6	17.6	18.9	18.1	18.4
Rental income of persons.....	7.1	7.4	1.9	1.9	1.8	1.9	7.5	7.4	7.4	7.4
Corporate profits and inventory valuation adjustment.....	24.7	29.2	6.3	7.4	7.5	(3)	25.3	29.6	30.2	(3)
Corporate profits before tax.....	29.8	32.2	7.6	8.0	8.5	(3)	30.5	32.1	34.0	(3)
Corporate profits tax liability.....	11.7	12.5	3.0	3.1	3.3	(3)	11.8	12.5	13.3	(3)
Corporate profits after tax.....	18.1	19.7	4.7	4.9	5.2	(3)	18.7	19.6	20.8	(3)
Inventory valuation adjustment.....	-5.1	-3.0	-1.3	-0.6	-1.0	-1.1	-5.3	-2.5	-3.9	-4.4
Net interest.....	4.3	4.9	1.2	1.2	1.3	1.3	4.7	4.8	5.0	5.2
Addendum: Compensation of general Government employees.....	16.8	17.4	4.2	4.3	4.1	4.7	16.5	16.8	17.7	18.4
GROSS NATIONAL PRODUCT OR EXPENDITURE										
Gross national product.....	231.6	254.9	59.4	61.3	64.6	69.6	244.9	251.9	258.1	264.9
Personal consumption expenditures.....	164.8	177.7	41.2	43.5	44.1	48.9	172.5	177.3	180.1	181.0
Durable goods.....	21.0	22.7	4.9	5.5	5.6	6.7	21.3	22.8	23.7	22.9
Nondurable goods.....	96.5	103.6	23.8	25.3	25.5	29.1	101.4	103.7	104.3	105.1
Services.....	47.3	51.4	12.5	12.7	13.0	13.2	49.8	50.8	52.1	53.0
Gross private domestic investment.....	30.0	39.7	9.7	8.5	11.1	10.3	38.0	38.0	40.2	42.8
New construction.....	11.7	14.6	2.9	3.6	4.2	3.8	14.3	14.4	14.8	14.7
Residential nonfarm.....	5.3	7.0	1.4	1.7	2.1	1.8	7.0	6.9	7.1	6.9
Other.....	6.4	7.6	1.5	1.9	2.2	2.0	7.3	7.4	7.6	7.9
Producers' durable equipment.....	17.8	21.4	5.0	5.3	5.4	5.7	19.8	21.0	21.9	22.7
Change in business inventories, total.....	6.6	3.8	1.8	-0.3	1.5	0.8	3.9	2.6	3.5	5.3
Nonfarm only.....	2.7	3.0	1.9	-0.6	1.1	0.5	4.3	1.7	2.1	4.1
Net foreign investment.....	8.9	1.5	1.0	-0.7	-1.1	-1.1	3.9	2.7	-3.3	-4.4
Government purchases of goods and services.....	28.0	36.0	7.5	8.6	9.4	10.4	30.5	33.9	38.2	41.5
Federal.....	16.9	21.5	4.5	5.0	5.7	6.3	17.9	19.8	22.9	25.4
Less: Government sales.....	1.3	0.6	0.3	0.2	0.1	0.1	1.2	0.7	0.2	0.3
State and local.....	12.3	15.1	3.4	3.8	3.8	4.1	13.7	14.8	15.5	16.3
DISPOSITION OF PERSONAL INCOME										
Personal income.....	195.2	213.6	51.1	52.7	53.7	56.1	207.0	210.8	216.3	219.6
Less: Personal tax and nontax payments.....	21.6	21.0	0.2	3.9	4.2	3.6	23.0	20.6	20.0	20.2
Federal.....	19.7	18.9	8.6	3.3	3.8	3.2	21.0	18.5	17.9	18.0
State and local.....	2.0	2.1	0.6	0.6	0.5	0.5	2.1	2.1	2.1	2.2
Equals: Disposable personal income.....	173.6	192.6	41.8	48.8	49.5	52.5	183.9	190.2	196.2	199.4
Less: Personal consumption expenditures.....	164.8	177.7	41.2	43.5	44.1	48.9	172.5	177.3	180.1	181.0
Equals: Personal saving.....	8.8	14.9	0.7	5.4	5.4	3.5	11.4	12.9	16.1	18.4
RELATION OF GROSS NATIONAL PRODUCT, NATIONAL INCOME, AND PERSONAL INCOME										
Gross national product.....	231.6	254.9	59.4	61.3	64.6	69.6	244.9	251.9	258.1	264.9
Less: Capital consumption allowances.....	13.3	14.4	3.5	3.6	3.6	3.7	14.0	14.3	14.6	14.9
Indirect business tax and nontax liability.....	18.5	19.8	4.7	4.9	5.0	5.2	19.1	19.7	20.0	20.3
Business transfer payments.....	0.6	0.6	0.2	0.2	0.2	0.2	0.6	0.6	0.6	0.6
Statistical discrepancy.....	-3.4	-4.4	-2.0	-2.9	-1.3	1.8	-2.9	-5.2	-5.1	-4.0
Plus: Subsidies less current surplus of Government enterprises.....	-1.1	0.0	-1.1	0.0	0.0	0.0	-2.2	-2.2	-2.2	-2.2
Equals: National income.....	202.5	224.4	53.0	55.6	57.1	58.7	213.9	222.3	228.2	233.2
Less: Corporate profits and inventory valuation adjustment.....	24.7	29.2	6.3	7.4	7.5	(3)	25.3	29.6	30.2	(3)
Contributions for social insurance.....	5.6	5.1	1.3	1.3	1.3	1.2	5.0	5.0	5.2	5.1
Excess of wage accruals over disbursements.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Plus: Government transfer payments.....	11.1	10.5	2.8	2.7	2.5	2.6	11.0	10.7	10.3	9.9
Net interest paid by government.....	4.4	4.6	1.1	1.1	1.0	1.2	4.5	4.5	4.6	4.6
Dividends.....	6.9	7.8	1.7	1.7	1.8	3.6	7.4	7.4	7.7	8.3
Business transfer payments.....	0.6	0.6	0.2	0.2	0.2	0.2	0.6	0.6	0.6	0.6
Equals: Personal income.....	195.2	213.6	51.1	52.7	53.7	56.1	207.0	210.8	216.3	219.6

¹ Detail will not necessarily add to totals because of rounding.

² Includes noncorporate inventory valuation adjustment.

³ Data for estimating fourth-quarter corporate profits are not yet available. In order to arrive at a national income total for the fourth quarter and at national income and its components for the year, corporate profits for the fourth quarter were obtained arbitrarily through averaging the results derived by holding constant, first, third-quarter corporate profits before tax and second, third-quarter corporate profits and inventory valuation adjustment. It is believed that totals calculated on this basis will be sufficiently accurate for general purposes.

NOTE.—Data for prior years are published in the July 1948 SURVEY and in the National Income Supplement to the July 1947 SURVEY.

Source: U. S. Department of Commerce, Office of Business Economics.

Monthly BUSINESS STATISTICS



THE DATA here are a continuation of the statistics published in the 1947 Statistical Supplement to the SURVEY OF CURRENT BUSINESS. That volume contains monthly data for the years 1941 to 1946, and monthly averages for earlier years back to 1935 insofar as available; it also provides a description of each series and references to sources of monthly figures prior to 1941. Series added or revised since publication of the 1947 Supplement are indicated by an asterisk (*) and a dagger (†), respectively, the accompanying footnote indicating where historical data and a descriptive note may be found. The terms "unadjusted" and "adjusted" used to designate index numbers refer to adjustment of monthly figures for seasonal variation.

Data subsequent to December for selected series will be found in the Weekly Supplement to the Survey.

Unless otherwise stated, statistics through 1946 and descriptive notes may be found in the 1947 Supplement to the Survey	1947												
	December	January	February	March	April	May	June	July	August	September	October	November	December
GENERAL BUSINESS INDICATORS													
NATIONAL INCOME AND PRODUCT†													
Seasonally adjusted quarterly totals at annual rates:													
National income, total, bil. of dol.	212.8			* 213.9			* 222.3			* 228.2			233.2
Compensation of employees, total, do.	132.2			* 134.0			* 136.3			* 142.4			144.7
Wages and salaries, total, do.	127.1			* 129.1			* 131.3			* 137.4			139.6
Private, do.	109.5			* 111.4			* 113.2			* 118.2			119.6
Military, do.	3.6			* 3.4			* 3.5			* 3.5			3.7
Government civilian, do.	14.0			14.2			* 14.6			15.6			16.2
Supplements to wages and salaries, do.	5.0			4.9			5.0			* 5.1			5.1
Proprietors' and rental income, total, do.	48.6			* 49.9			* 51.6			* 50.6			51.4
Business and professional, do.	24.7			* 24.8			* 25.3			* 25.2			25.6
Farm, do.	16.5			* 17.6			18.9			* 18.2			18.4
Rental income of persons, do.	7.4			7.5			* 7.4			* 7.4			7.4
Corporate profits and inventory valuation adjustment, total, bil. of dol.	27.5			* 25.3			* 29.6			* 30.2			
Corporate profits before tax, total, do.	32.4			* 30.5			* 32.1			* 34.0			
Corporate profits tax liability, do.	12.7			* 11.8			* 12.5			* 13.3			
Corporate profits after tax, do.	19.7			* 18.7			* 19.6			* 20.8			
Inventory valuation adjustment, do.	-4.9			-5.3			-2.5			-3.9			-4
Net interest, do.	4.5			* 4.7			* 4.8			* 5.0			5.2
Gross national product, total, do.	243.8			244.9			* 251.9			* 258.1			264.9
Personal consumption expenditures, total, do.	171.1			* 172.5			* 177.3			* 180.1			181.0
Durable goods, do.	22.1			* 21.3			* 22.8			* 23.7			22.9
Nondurable goods, do.	100.2			* 101.4			* 103.7			* 104.3			105.1
Services, do.	48.8			* 49.8			* 50.8			* 52.1			53.0
Gross private domestic investment, do.	35.4			* 38.0			* 38.0			* 40.2			42.8
New construction, do.	14.0			14.3			14.4			14.8			14.7
Producers' durable equipment, do.	18.9			19.8			* 21.0			* 21.9			22.7
Change in business inventories, do.	2.5			* 3.9			* 2.6			* 3.5			5.3
Net foreign investment, do.	8.2			3.9			* 2.7			-3			-4
Government purchases of goods and services, total, bil. of dol.	29.0			* 30.5			* 33.9			* 38.2			41.5
Federal (less Government sales), do.	15.5			* 16.7			* 19.1			* 22.7			25.2
State and local, do.	13.5			13.7			* 14.8			15.5			16.3
Personal income, total, do.	203.1			* 207.0			* 210.8			* 216.3			219.6
Less: Personal tax and nontax payments, do.	22.2			* 23.0			* 20.6			* 20.0			20.2
Equals: Disposable personal income, do.	180.9			* 183.9			* 190.2			* 196.2			199.4
Personal savings, do.	9.7			* 11.4			* 12.9			* 16.1			18.4
PERSONAL INCOME BY SOURCE†													
Seasonally adjusted, at annual rates:													
Total personal income, bil. of dol.	207.7	* 208.8	* 206.4	* 205.7	* 208.6	* 209.2	* 214.4	* 214.8	* 216.7	* 217.3	* 218.5	* 219.9	220.8
Wage and salary receipts, total, do.	127.4	* 127.4	* 126.8	* 126.6	* 126.8	* 129.0	* 131.4	* 133.4	* 135.9	* 136.7	* 137.5	* 138.0	137.3
Employer disbursements, total, do.	129.4	* 129.6	* 128.8	* 128.7	* 128.8	* 131.0	* 133.6	* 135.6	* 138.0	* 138.9	* 139.6	* 140.1	139.5
Commodity-producing industries, do.	59.2	* 58.9	* 57.8	* 57.7	* 57.3	* 58.5	* 60.4	* 60.9	* 62.3	* 63.0	* 63.0	* 63.8	63.2
Distributive industries, do.	37.4	* 37.5	* 37.8	* 37.6	* 37.8	* 38.6	* 38.8	* 39.5	* 40.0	* 40.0	* 40.2	* 39.7	39.7
Service industries, do.	15.2	* 15.5	* 15.6	* 15.6	* 15.9	* 15.9	* 16.1	* 16.4	* 16.5	* 16.4	* 16.6	* 16.6	16.5
Government, do.	17.6	* 17.7	* 17.6	* 17.8	* 17.8	* 18.0	18.3	18.8	* 19.2	* 19.5	* 19.8	20.0	20.1
Less employee contributions for social insurance, bil. of dol.	2.0	2.2	2.0	2.1	2.0	2.0	2.2	2.2	* 2.1	* 2.2	* 2.1	* 2.1	2.2
Other labor income, do.	1.9	1.9	2.0	1.9	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1
Proprietors' and rental income, do.	51.3	* 51.8	* 49.6	* 48.4	* 51.2	* 50.4	* 53.0	* 51.7	* 50.3	* 50.4	* 50.7	* 51.4	52.2
Personal interest income and dividends, do.	16.2	16.5	16.6	16.6	16.7	16.8	16.8	17.0	17.3	17.5	* 17.8	* 18.1	18.4
Total transfer payments, do.	10.9	* 11.2	* 11.4	* 12.2	* 11.9	* 11.0	11.1	* 11.1	* 11.1	* 10.6	* 10.4	10.3	10.8
Total nonagricultural income, do.	184.2	* 184.3	184.3	185.1	185.3	186.6	189.7	191.3	193.8	195.0	195.6	* 196.3	197.1
NEW PLANT AND EQUIPMENT EXPENDITURES													
All industries, total, mil. of dol.													
Electric and gas utilities, do.	4,940			4,170			4,820			4,830			5,010
Manufacturing, do.	620			500			640			690			780
Mining, do.	2,290			1,900			2,140			2,090			1,210
Railroad, do.	210			180			200			200			1180
Other transportation, do.	300			270			310			330			1400
Commercial and miscellaneous, do.	190			180			190			170			1150
	1,340			1,240			1,340			1,360			1,330

* Revised.

† Estimates based on anticipated capital expenditures of business.

§ Personal savings is excess of disposable income over personal consumption expenditures shown as a component of gross national product above.

¶ Revised series. Estimates of national income, gross national product, and personal income have been revised beginning 1944; see pp. 27-29 of the July 1948 Survey for the revised figures.