

The Flow of Income

Personal income declined by 3 billion from an annual rate of \$220 billion in the fourth quarter of 1948 to \$217 billion in the first quarter. The decline from the December peak to March was larger—3 percent or 7 billion, from a \$221 billion to a \$214 billion rate. Despite this decline, total personal income in March still exceeded the levels prevailing in the first half of 1948.

It has already been noted that the decline in personal income has been less than that in gross national product. In part this is due to the fact that incomes paid out by the business system have declined less than the value of business production, as witnessed by the maintenance of dividend disbursements. It also stems from the fact that an increase in government transfer payments in the form of unemployment insurance has worked as an offset to the decline of production incomes. Accordingly, the declines in personal income have been in wages and salaries and in proprietors' and rental income.

Wage and salary receipts drop

Total wage and salary receipts as measured in personal income dropped from the 138 billion annual rate in the fourth quarter of 1948 to a rate of 134½ billion in the first quarter of 1949. As in the case of total personal income this quarterly change somewhat understates the decline which had occurred by the end of the quarter, wages and salaries having dropped to 132 billion by March. This rate corresponds to the one which they had reached in the middle of 1948.

The decline was concentrated in manufacturing. On a seasonally adjusted basis pay rolls in other commodity-producing industries and in the distributive industries showed a smaller change, and pay rolls in the service industries and in government were maintained. Lower employment was the major factor in the decline of manufacturing pay rolls. It was reinforced by a decrease in the number of hours worked. Somewhat higher average wage rates acted as a small offset.

Drop in farm income

The net income of farm proprietors dropped from an annual rate of 18½ billion in the fourth quarter of 1948 to 17½ billion in the first quarter, roughly the level which had prevailed a year earlier. Farm income has shown a tendency to decline since the middle of 1948 and the quarterly comparison accordingly understates somewhat the fall which had occurred by March from the postwar peak.

The first quarter drop in agricultural income reflected smaller receipts from marketings—prices were lower while the volume of marketing was broadly maintained—as well as smaller net additions to farm inventories. As in the latter part of 1948, Commodity Credit Corporation outlays for price support continued to be an important element in receipts and served to maintain the income and purchasing power of farmers. In the absence of these supports the fall in prices, and the decline in the current dollar measures of national income and production that can be traced to the price element, would undoubtedly have been much larger.

The influence of agricultural support operations on the physical volume of national output produced is harder to assess. But it is probable that the psychological effects of larger price declines would have had a depressing influence on the physical volume of output also. A more detailed review of the farm situation appeared in the April SURVEY.

The drop in the income of non-farm proprietors was more moderate than in farm income and reflected mainly developments in retail trade and to a lesser extent in manufacturing and construction.

Table 2.—National Income and Product, Fourth Quarter 1948 and First Quarter 1949¹

Item	[Billions of dollars]			
	Unadjusted		Seasonally adjusted, at annual rates	
	1948	1949	1948	1949
	IV ²	I	IV ²	I
NATIONAL INCOME BY DISTRIBUTIVE SHARES				
National income.....	59.3	(³)	235.6	(³)
Compensation of employees.....	36.6	35.3	144.7	141.9
Wages and salaries.....	35.4	33.9	139.6	136.8
Private.....	30.3	28.9	119.6	116.9
Military.....	.9	.9	3.7	3.7
Government civilian.....	4.2	4.1	16.2	16.2
Supplements to wages and salaries.....	1.2	1.3	5.1	5.1
Proprietors' and rental income ⁴	12.8	12.5	51.4	50.0
Business and professional.....	6.4	6.2	25.6	24.9
Farm.....	4.6	4.4	18.4	17.7
Rental income of persons.....	1.9	1.9	7.4	7.4
Corporate profits and inventory valuation adjustment.....	8.6	(³)	34.3	(³)
Corporate profits before tax.....	8.7	(³)	34.7	(³)
Corporate profits tax liability.....	3.4	(³)	13.5	(³)
Corporate profits after tax.....	5.3	(³)	21.2	(³)
Inventory valuation adjustment.....	-1.1	.5	-4	1.9
Net interest.....	1.3	1.3	5.2	5.3
Addendum: Compensation of general Government employees.....	4.7	4.7	18.4	18.5
GROSS NATIONAL PRODUCT OR EXPENDITURE				
Gross national product.....	69.6	62.1	264.9	255.9
Personal consumption expenditures.....	48.9	41.9	181.0	176.6
Durable goods.....	6.7	4.9	22.9	21.5
Nondurable goods.....	29.1	23.5	105.1	101.4
Services.....	13.2	13.5	53.0	53.7
Gross private domestic investment.....	10.3	9.9	42.8	37.7
New construction.....	3.8	2.9	14.7	13.5
Residential nonfarm.....	1.8	1.2	6.9	5.9
Other.....	2.0	1.7	7.9	7.6
Producers' durable equipment.....	5.7	5.5	22.7	22.0
Change in business inventories, total.....	.8	1.6	5.3	2.2
Nonfarm only.....	.5	1.4	4.1	1.4
Net foreign investment.....	-1.1	.4	-4	1.5
Government purchases of goods and services.....	10.4	9.9	41.5	40.1
Federal.....	6.3	5.9	25.4	23.7
Less: Government sales.....	.1	.1	.2	.2
State and local.....	4.1	4.0	16.3	16.7
DISPOSITION OF PERSONAL INCOME				
Personal income.....	56.1	53.6	219.6	216.6
Less: Personal tax and nontax payments.....	3.6	7.4	20.2	18.8
Federal.....	3.2	6.7	18.0	16.5
State and local.....	.5	.7	2.2	2.3
Equals: Disposable personal income.....	52.5	46.1	199.4	197.8
Less: Personal consumption expenditures.....	48.9	41.9	181.0	176.6
Equals: Personal saving.....	3.5	4.2	18.4	21.2
RELATION OF GROSS NATIONAL PRODUCT, NATIONAL INCOME, AND PERSONAL INCOME				
Gross national product.....	69.6	62.1	264.9	255.9
Less: Capital consumption allowances.....	3.7	3.8	14.9	15.2
Indirect business tax and nontax liability.....	5.2	4.9	20.3	20.0
Business transfer payments.....	.2	.2	.6	.6
Statistical discrepancy.....	1.2	(³)	-6.4	(³)
Plus: Subsidies less current surplus of Government enterprises.....	0	.1	.2	.2
Equals: National income.....	59.3	(³)	235.6	(³)
Less: Corporate profits and inventory valuation adjustment.....	8.6	(³)	34.3	(³)
Contributions for social insurance.....	1.2	1.4	5.1	5.2
Excess of wage accruals over disbursements.....	0	0	-1	-1
Plus: Government transfer payments.....	2.6	2.8	9.9	11.1
Net interest paid by Government.....	1.2	1.0	4.6	4.6
Dividends.....	2.6	1.8	8.3	8.3
Business transfer payments.....	.2	.2	.6	.6
Equals: Personal income.....	56.1	53.6	219.6	216.6

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

² Data for the fourth quarter of 1948 are the same as those in the February issue of the SURVEY, with the exception that an actual estimate of fourth-quarter corporate profits has been substituted for the arbitrary figure previously assumed. Revisions of the national income and product estimates for 1948 to incorporate recent information will be made in the July issue of the SURVEY. It should be noted that in the interim national product data will not agree fully with revised information already published for certain components of national product, notably new private construction.

³ Not available.

⁴ Includes noncorporate inventory valuation adjustment.

Source: U. S. Department of Commerce, Official 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 March 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	1948										1949		
	March	April	May	June	July	August	September	October	November	December	January	February	March
GENERAL BUSINESS INDICATORS													
NATIONAL INCOME AND PRODUCT†													
Seasonally adjusted quarterly totals at annual rates:													
National income, total..... bil. of dol.	213.9			222.3			228.2				† 235.6		
Compensation of employees, total..... do.	134.0			136.3			142.4				144.7		141.9
Wages and salaries, total..... do.	129.1			131.3			137.4				139.6		136.8
Private..... do.	111.4			113.2			118.2				119.6		116.9
Military..... do.	3.4			3.5			3.5				3.7		3.7
Government civilian..... do.	14.2			14.6			15.6				16.2		16.2
Supplements to wages and salaries..... do.	4.9			5.0			5.1				5.1		5.1
Proprietors' and rental income, total..... do.	49.9			51.6			50.6				51.4		50.0
Business and professional..... do.	24.8			25.3			25.2				25.6		24.9
Farm..... do.	17.6			18.9			18.1				18.4		17.7
Rental income of persons..... do.	7.5			7.4			7.4				7.4		7.4
Corporate profits and inventory valuation adjustment, total..... bil. of dol.	25.3			29.6			30.2				34.3		
Corporate profits before tax, total..... do.	30.5			32.1			34.0				34.7		
Corporate profits tax liability..... do.	11.8			12.5			13.3				13.5		
Corporate profits after tax..... do.	18.7			19.6			20.8				21.2		
Inventory valuation adjustment..... do.	-5.3			-2.5			-3.9				-4		1.9
Net interest..... do.	4.7			4.8			5.0				5.2		5.3
Gross national product, total..... do.	244.9			251.9			258.1				264.9		255.9
Personal consumption expenditures, total..... do.	172.5			177.3			180.1				181.0		176.6
Durable goods..... do.	21.3			22.8			23.7				22.9		21.5
Nondurable goods..... do.	101.4			103.7			104.3				105.1		101.4
Services..... do.	49.8			50.8			52.1				53.0		53.7
Gross private domestic investment..... do.	38.0			38.0			40.2				42.8		37.7
New construction..... do.	14.3			14.4			14.8				14.7		13.5
Producers' durable equipment..... do.	19.8			21.0			21.9				22.7		22.0
Change in business inventories..... do.	3.9			2.6			3.5				5.3		2.2
Net foreign investment..... do.	3.9			2.7			-3				-4		1.5
Government purchases of goods and services, total..... bil. of dol.	30.5			33.9			38.2				41.5		40.1
Federal (less Government sales)..... do.	16.7			19.1			22.7				25.2		23.5
State and local..... do.	13.7			14.8			15.5				16.3		16.7
Personal income, total..... do.	207.0			210.8			216.3				219.6		216.6
Less: Personal tax and nontax payments..... do.	23.0			20.6			20.0				20.2		18.8
Equals: Disposable personal income..... do.	183.9			190.2			196.2				199.4		197.8
Personal savings..... do.	11.4			12.9			16.1				18.4		21.2
PERSONAL INCOME BY SOURCE†													
Seasonally adjusted, at annual rates:													
Total personal income..... bil. of dol.	205.7	208.6	209.2	214.4	214.8	216.7	217.3	218.5	219.9	221.0	† 219.2	† 216.3	214.3
Wage and salary receipts, total..... do.	126.6	126.8	129.0	131.4	133.4	135.9	136.7	137.5	138.0	137.7	† 136.3	† 134.7	132.4
Employer disbursements, total..... do.	128.7	128.8	131.0	133.6	135.6	138.0	138.9	139.6	140.1	139.9	† 138.6	† 136.9	134.6
Commodity-producing industries..... do.	57.7	57.3	58.5	60.4	60.9	62.3	63.0	63.0	63.8	63.6	62.1	† 61.5	59.3
Distributive industries..... do.	37.6	37.8	38.6	38.8	39.5	40.0	40.0	40.2	39.7	39.8	39.9	† 39.0	38.8
Service industries..... do.	15.6	15.9	15.9	16.1	16.4	16.5	16.4	16.6	16.6	16.6	16.6	16.6	16.6
Government..... do.	17.8	17.8	18.0	18.3	18.8	19.2	19.5	19.8	20.0	19.9	20.0	19.9	19.9
Less employee contributions for social insurance..... bil. of dol.	2.1	2.0	2.0	2.2	2.2	2.1	2.2	2.1	2.1	2.2	2.3	2.2	2.2
Other labor income..... do.	1.9	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Proprietors' and rental income..... do.	48.4	51.2	50.4	53.0	51.7	50.3	50.4	50.7	51.4	52.1	51.4	† 49.7	49.0
Personal interest income and dividends..... do.	16.6	16.7	16.8	16.8	17.0	17.3	17.5	17.8	18.1	18.4	† 18.3	† 18.3	18.3
Total transfer payments..... do.	12.2	11.9	11.0	11.1	11.1	11.1	10.6	10.4	10.3	10.7	11.1	11.5	12.5
Total nonagricultural income..... do.	185.1	185.3	186.6	189.7	191.3	193.8	195.0	195.6	196.3	197.4	† 195.4	† 194.1	192.6
NEW PLANT AND EQUIPMENT EXPENDITURES													
All industries, total..... mil. of dol.	4,170			4,820			4,830			5,410			4,680
Electric and gas utilities..... do.	500			640			690			850			720
Manufacturing..... do.	1,800			2,140			2,090			2,320			1,940
Mining..... do.	180			200			200			220			180
Railroad..... do.	270			310			320			410			390
Other transportation..... do.	180			190			170			170			160
Commercial and miscellaneous..... do.	1,240			1,340			1,360			1,440			1,290

† Revised.

‡ 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.