

the reduced rate of nonfarm inventory accumulation noted below, as other components of private investment either remained constant or increased moderately.

After a rapid rise in the latter half of 1947, new private construction activity has continued at the high rate of the fourth quarter. A slight increase was registered in the first 3 months of this year, the resultant rate of 14.3 billion dollars being sustained in the second quarter. For three consecutive quarters, private construction has constituted a larger proportion of gross national product than in any year since 1930.

No significant shifts in the composition of new construction occurred during the second quarter. There were fractional declines in industrial and nonfarm residential building,

**Table 3.—National Income and Product, First and Second Quarters of 1948<sup>1</sup>**

[Billions of dollars]

Item	Unadjusted		Seasonally adjusted, at annual rates	
	I	II	I	II
<i>National income by distributive shares</i>				
National income.....	53.2	(3)	215.1	(3)
Compensation of employees.....	32.9	33.5	133.7	133.9
Wages and salaries.....	31.6	32.3	128.8	129.1
Private.....	27.1	27.7	111.1	111.0
Military.....	.9	.9	3.5	3.6
Government civilian.....	3.6	3.7	14.2	14.5
Supplements to wages and salaries.....	1.3	1.2	4.9	4.9
Proprietors' and rental income <sup>2</sup> .....	12.6	13.0	50.6	51.9
Business and professional.....	6.3	6.4	25.0	25.4
Farm.....	4.5	4.7	18.0	18.9
Rental income of persons.....	1.9	1.9	7.5	7.6
Corporate profits and inventory valuation adjustment.....	6.5	(3)	26.2	(3)
Corporate profits before tax.....	7.8	(3)	31.4	(3)
Corporate-profits tax liability.....	3.0	(3)	12.2	(3)
Corporate profits after tax.....	4.8	(3)	19.2	(3)
Inventory valuation adjustment.....	-1.3	-6	-5.3	-2.5
Net interest.....	1.2	1.2	4.6	4.7
Addendum: Compensation of general government employees.....	4.2	4.3	16.5	16.9
<i>Gross national product or expenditure</i>				
Gross national product.....	59.3	60.5	243.8	248.2
Personal consumption expenditures.....	41.0	43.0	172.0	175.1
Durable goods.....	4.9	5.3	21.4	22.3
Nondurable goods.....	23.7	25.0	101.0	102.4
Services.....	12.5	12.6	49.6	50.4
Gross private domestic investment.....	10.0	8.4	38.5	37.2
New construction.....	2.9	3.6	14.3	14.3
Residential nonfarm.....	1.4	1.7	7.0	6.9
Other.....	1.5	1.8	7.3	7.4
Producers' durable equipment.....	4.9	5.1	19.6	20.6
Change in business inventories, total.....	2.2	-3	4.6	2.3
Nonfarm only.....	2.3	-4	5.1	1.8
Net foreign investment.....	1.0	1.0	3.9	3.9
Government purchases of goods and services.....	7.3	8.2	29.4	32.1
Federal.....	4.3	4.6	17.3	18.6
Less: Government sales.....	.3	.2	1.3	.7
State and local.....	3.3	3.7	13.4	14.2
<i>Disposition of personal income</i>				
Personal income.....	51.1	52.4	207.3	208.8
Less: Personal tax and nontax payments.....	9.3	3.9	23.6	21.6
Federal.....	8.6	3.3	21.5	19.4
State and local.....	.6	.6	2.1	2.1
Equals: Disposable personal income.....	41.8	48.5	183.7	187.3
Less: Personal consumption expenditures.....	41.0	43.0	172.0	175.1
Equals: Personal saving.....	.7	5.5	11.7	12.2
<i>Relation of gross national product, national income, and personal income</i>				
Gross national product.....	59.3	60.5	243.8	248.2
Less: Capital consumption allowances.....	3.5	3.6	14.0	14.2
Indirect business tax and nontax liability.....	4.6	4.8	18.9	19.4
Business transfer payments.....	.2	.2	.6	.6
Statistical discrepancy.....	-2.2	(3)	-5.2	(3)
Plus: Subsidies less current surplus of government enterprises.....	-.1	-.1	-.3	-.3
Equals: National income.....	53.2	(3)	215.1	(3)
Less: Corporate profits and inventory valuation adjustment.....	6.5	(3)	26.2	(3)
Contributions for social insurance.....	1.3	1.3	5.0	5.0
Excess of wage accruals over disbursements.....	0	0	0	0
Plus: Government transfer payments.....	2.7	2.7	10.9	10.6
Net interest paid by government.....	1.1	1.4	4.6	4.7
Dividends.....	1.7	1.7	7.3	7.3
Business transfer payments.....	.2	.2	.6	.6
Equals: Personal income.....	51.1	52.4	207.3	208.8

<sup>1</sup> Detail will not necessarily add to totals because of rounding.

<sup>2</sup> Includes noncorporate inventory valuation adjustment.

<sup>3</sup> Not available.

offset by minor gains in the public-utility group, but seasonal adjustment factors are not sufficiently precise to permit attachment of meaning to changes of such magnitudes. Residential building continued, as in the previous two quarters, to constitute an extraordinarily large portion—about half—of new private construction.

Business investment in producers' durable equipment advanced to an annual rate of 20.6 billion dollars, as compared with 19.6 billion dollars during the first quarter. Virtually all components, including machinery, commercial motor vehicles, and railroad equipment, shared in the advance. However, a considerable part of the increase was probably attributable to price factors rather than to an increase in the physical volume of production.

The accelerated accumulation of business inventories which took place in the first quarter of 1948 was curtailed in the second to a billion dollar annual rate. As noted in the May SURVEY, the increase in the early months of the year had been restricted to trade inventories and was concentrated at the retail level. Its association with a flattening of consumer expenditures suggested that the accumulation was, at least in part, involuntary. In the second quarter, however, with disposable personal income increasing, retail sales picked up again. In consequence, retailers' stocks were more readily moved, and these inventories, in real terms, remained very nearly constant. The less pronounced accumulation of wholesale trade inventories in the first quarter also virtually disappeared in the second.

In contrast with trade stocks, manufacturing inventories, which had remained stable (after valuation adjustment) in the early part of the year, rose moderately in the second quarter to account for the bulk of the nonfarm business inventory movement shown in table 3.

#### Shift in Financing Foreign Requirements

Net foreign investment, following the large decline in the first quarter, held steady at an annual rate of approximately 4 billion dollars. While merchandise imports fell off somewhat from the peak achieved earlier in the year, this was offset by an increase in Government unilateral transfers, which had the same statistical effect upon the net foreign investment figure as a rise in imports (or a reduction of exports). The drain on foreign gold and dollar reserves, which had slackened sharply in the first quarter, was temporarily renewed (although by no means to the 1947 level) pending full-scale operation of the European Recovery Program. This shift in foreign countries' means of financing imports from the United States was occasioned primarily by reduced disbursements of Government loans.

In interpreting changes in net foreign investment between 1947 and 1948, an important alteration in the form of U. S. Government assistance should be borne in mind. Last year, American aid consisted predominantly of loans, and expenditure of the proceeds of such loans by foreigners for our exports entered gross national product under the heading of net foreign investment. This year, on the other hand, direct assistance in the form of grants will predominate, and these are reflected in the gross national product as Government expenditures. In the computation of the balance of international payments, the recording of unilateral transfers representing such direct aid offsets a corresponding amount of exports, and thus eliminates that amount from net foreign investment. It is apparent, then, that a shift from foreign investment to Government expenditures may transpire without a significant change in the actual net international flow of goods and services. To a considerable degree, this has been, in fact, the nature of the decline in net foreign investment in 1948.

The aggregate Government component of gross national product accelerated its slow climb from the postwar low

# Monthly BUSINESS STATISTICS



THE DATA here are a continuation of the statistics published in the 1942 Supplement to the SURVEY OF CURRENT BUSINESS. That volume contains monthly data for the years 1938 to 1941, and monthly averages for earlier years back to 1913 insofar as available; it also provides a description of each series and references to sources of monthly figures prior to 1938. Series added or revised since publication of the 1942 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 June for selected series will be found in the Weekly Supplement to the Survey.

Unless otherwise stated, statistics through 1941 and descriptive notes may be found in the 1942 Supplement to the Survey	1947						1948						
	June	July	August	Sep-tember	Octo-ber	Novem-ber	Decem-ber	Janu-ary	Febru-ary	March	April	May	June
<b>GENERAL BUSINESS INDICATORS</b>													
<b>NATIONAL INCOME AND PRODUCT*</b>													
Seasonally adjusted quarterly totals at annual rates:													
National income..... bil. of dol.	199.3			200.6			212.8			† 215.1			
Compensation of employees..... do.	125.3			127.6			132.2			† 133.7			133.9
Wages and salaries..... do.	119.6			122.5			127.1			128.8			129.1
Private..... do.	102.3			105.3			109.5			111.1			111.0
Military..... do.	3.9			3.7			3.6			3.5			3.6
Government civilian..... do.	13.4			13.5			14.0			14.2			14.5
Supplements to wages and salaries..... do.	5.7			5.1			5.0			† 4.9			4.9
Proprietors' and rental income..... do.	44.6			44.4			48.6			50.6			51.9
Business and professional..... do.	22.7			23.0			24.7			25.0			25.4
Farm..... do.	14.9			14.3			16.5			18.0			18.9
Rental income of persons..... do.	7.0			7.1			7.4			7.5			7.6
Corporate profits and inventory valuation ad-justment..... bil. of dol.	25.2			24.3			27.5			† 26.2			
Corporate profits before tax..... do.	28.8			29.1			32.4			31.4			
Corporate profits tax liability..... do.	11.3			11.4			12.7			12.2			
Corporate profits after tax..... do.	17.5			17.7			19.7			19.2			
Inventory valuation adjustment..... do.	-3.6			-4.8			-4.9			-5.3			-2.5
Net interest..... do.	4.2			4.4			4.5			4.6			4.7
Gross national product..... do.	228.3			227.9			243.8			† 243.8			248.2
Personal consumption expenditures..... do.	164.2			165.6			171.1			† 172.0			175.1
Durable goods..... do.	21.1			21.1			22.1			21.4			22.3
Nondurable goods..... do.	96.3			96.8			100.2			† 101.0			102.4
Services..... do.	46.7			47.7			48.8			49.6			50.4
Gross private domestic investment..... do.	26.4			25.6			35.4			† 38.5			37.2
New construction..... do.	10.3			11.6			14.0			14.3			14.3
Producers' durable equipment..... do.	17.9			17.6			18.9			19.6			20.6
Change in business inventories..... do.	-1.8			-3.5			2.5			† 4.6			2.3
Net foreign investment..... do.	10.2			8.4			8.2			3.9			3.9
Government purchases of goods and services..... bil. of dol.	27.6			28.3			29.0			29.4			32.1
Federal (less Government sales)..... do.	15.7			15.7			15.5			16.0			17.9
State and local..... do.	11.9			12.6			13.5			13.4			14.2
Personal income..... do.	189.6			196.7			203.1			207.3			208.8
Less: Personal tax and nontax payments..... do.	21.4			21.7			22.2			† 23.6			21.6
Equals: Disposable personal income..... do.	168.2			175.0			180.9			† 183.7			187.3
Personal savings\$..... do.	4.1			9.4			9.7			† 11.7			12.2
<b>PERSONAL INCOME*</b>													
Seasonally adjusted, at annual rates:													
Total personal income..... bil. of dol.	192.4	193.2	190.8	206.2	200.0	201.4	207.7	209.4	206.8	205.6	207.4	† 207.2	211.9
Wage and salary receipts, total..... do.	119.6	119.4	120.1	121.9	122.7	125.5	127.4	127.5	126.9	125.7	125.0	† 126.8	129.1
Total employer disbursements..... do.	121.7	121.4	122.2	123.9	124.7	127.3	129.4	129.7	128.9	127.8	127.0	† 128.8	131.3
Commodity-producing industries..... do.	54.0	53.6	54.3	55.4	55.9	57.4	59.2	59.3	58.0	57.0	56.3	† 57.2	59.0
Distributive industries..... do.	35.0	35.2	35.4	36.0	36.0	37.1	37.4	37.5	37.8	37.5	37.2	† 37.9	38.2
Service industries..... do.	15.3	15.5	15.3	15.2	15.2	15.2	15.2	15.3	15.4	15.4	15.6	† 15.6	15.8
Government..... do.	17.4	17.1	17.2	17.3	17.6	17.6	17.6	17.6	17.7	17.9	17.9	† 18.1	18.3
Less employee contributions for social insur-ance..... bil. of dol.	2.1	2.0	2.1	2.0	2.0	1.8	2.0	2.2	2.0	2.1	2.0	2.0	2.2
Other labor income..... do.	1.8	1.8	1.8	1.9	1.9	1.9	1.9	1.9	2.0	1.9	2.0	2.0	2.0
Proprietors' and rental income..... do.	45.1	45.3	42.8	45.0	47.5	47.1	51.3	52.4	50.0	49.3	51.9	† 50.7	53.0
Personal interest income and dividends..... do.	15.4	15.6	15.6	16.2	15.9	16.1	16.2	16.5	16.6	16.6	16.7	† 16.8	16.8
Total transfer payments..... do.	10.5	11.1	10.5	21.2	12.0	10.8	10.9	11.1	11.3	12.1	11.8	† 10.9	11.0
Total nonagricultural income..... do.	172.4	172.9	173.1	187.4	179.7	181.4	184.2	184.7	184.5	184.1	183.7	184.4	187.1
<b>NEW PLANT AND EQUIPMENT EXPENDITURES*</b>													
All industries, total..... mil. of dol.	3,940			4,140			4,960			4,170			4,600
Electric and gas utilities..... do.	450			500			620			500			610
Manufacturing and mining..... do.	2,010			2,050			2,500			1,980			2,190
Railroad..... do.	220			230			310			270			350
Commercial and miscellaneous..... do.	1,260			1,360			1,530			1,420			1,540
<b>FARM INCOME AND MARKETINGS</b>													
Cash farm income, total, including Government payments*..... mil. of dol.	2,211	2,662	2,517	3,060	3,773	3,109	2,927	2,581	1,866	2,001	2,096	† 2,103	
From marketings and C. C. C. loans*..... do.	2,185	2,657	2,505	3,049	3,759	3,096	2,909	2,555	1,837	1,961	2,047	† 2,065	2,377
Crops..... do.	743	1,205	1,187	1,497	2,122	1,540	1,299	1,044	717	698	670	† 602	764
Livestock and products*..... do.	1,442	1,452	1,318	1,552	1,637	1,556	1,610	1,511	1,120	1,263	1,377	† 1,463	1,613
Dairy products*..... do.	392	382	353	334	319	293	303	329	318	373	392	† 460	468
Meat animals*..... do.	782	785	711	958	1,039	970	1,019	968	593	645	720	† 725	873
Poultry and eggs*..... do.	234	251	232	244	262	280	279	206	201	237	250	† 255	243

\* Revised. † Personal savings is the excess of disposable income over personal consumption expenditures shown as a component of gross national product above.

\*New series. Quarterly data for 1939-43 and earlier annual data beginning 1929 for national income and gross national product and monthly data for 1929-43 for personal income are published in the "National Income Supplement to Survey of Current Business," which is available from the Superintendent of Documents, Washington, D. C., for 25 cents; revised figures beginning 1944 on pp. 27-29 of the July 1948 Survey. For description of the series on plant and equipment expenditures and data for 1929-45, see p. 24 of the March 1948 Survey; second quarter of 1948 estimates are based on anticipated capital expenditures of business. Revisions for January 1945-May 1946 for farm income are available on request; see note in September 1947 Survey regarding earlier data; revisions beginning 1945 were in part to adjust the series to levels indicated by 1945 Census data; 1940-44 data have not been similarly revised.