

1948 to the first quarter of 1949 was in communications and public utilities, where an 8-percent increase in profits was recorded. This experience reflected the basic growth trend in these industries, together with the fact that their profits are influenced by government regulation of public-utility rates, which neither advanced as much as commodity prices earlier in the postwar period nor followed their recent decline. Mining registered a drop of 9 percent, as did transportation, and combined profits for all other industries (dominated by trade) fell off by about 12 percent.

Consumer demand steady

The weakening of consumer demand, which was an outstanding feature of economic developments toward the end of last year and especially in early 1949, did not extend into the second quarter. In that period, personal-consumption expenditures held firm at a \$178 billion annual rate despite a small reduction in disposable income. Apparently the price declines which had occurred by the middle of the first quarter were sufficient in some lines to overcome most of the mounting consumer resistance observable before the onset of widespread reductions.

Although aggregate consumer demand has remained stable since early in the year, this has been partly dependent upon the buoyancy of demand for durable goods and, to a lesser extent, for services, especially housing. Consumer purchases of nondurables have continued downward, although by no means so precipitately as in the first quarter.

The rising trend of durables has resulted chiefly from continued strength of new passenger automobile sales, where supply remains the limiting factor at least in the lower-price field. After being restricted in January by model change-overs in several major plants, automotive sales rose rapidly in subsequent months to account for most of the \$1 billion expansion in consumers' purchases of durables in the second quarter. Together with some further increase in services (which did not share in the earlier downturn), this sufficed to offset such declines as occurred in consumer outlays for food and a few other nondurable goods.

Relationship of personal income, consumption, and saving

Personal income and consumption, discussed separately above, are brought into appropriate focus in chart 5, where total personal income and its disposition as between taxes, consumption, and saving are shown for the last 6 quarters. Historical perspective is provided through juxtaposition of annual data since 1929.

The chart shows how personal consumption, although rising in absolute terms throughout 1948, did not keep pace with the upward movement of disposable income; as a consequence, there occurred large increases in personal saving, which restored a more normal spending-saving relationship after the unusually high rate of spending earlier in the postwar period. The weakening of consumer demand implied late last year by the disproportion between increments of disposable income and of expenditures took more definite form in the first quarter of 1949, when personal saving rose still further despite a fall in disposable income. Conversely, the firming of consumer demand in the second quarter occurred in the face of additional reductions of personal and disposable income. Accordingly, the upward trend in personal saving was interrupted, and the second quarter annual rate of \$16 billion was \$1 billion less than in the previous period.

One clue to 1949 movements of personal saving is probably to be found in the trends of automotive sales outlined above. Had the latter not been subject to supply limitations in the

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

[Billions of dollars]

Item	Unadjusted			Seasonally adjusted, at annual rates		
	1948	1949		1948	1949	
	IV	I	II	IV	I	II
NATIONAL INCOME BY DISTRIBUTIVE SHARES						
National income.....	58.9	56.0	(?)	234.3	225.3	(?)
Compensation of employees.....	36.7	35.0	35.4	144.9	142.5	141.7
Wages and salaries.....	35.6	33.7	34.0	139.8	137.5	136.6
Private.....	30.4	28.5	28.7	119.6	117.2	116.0
Military.....	1.0	1.0	1.0	4.1	4.1	4.0
Government civilian.....	4.2	4.2	4.3	16.1	16.2	16.5
Supplements to wages and salaries.....	1.2	1.3	1.3	5.0	5.0	5.1
Proprietors' and rental income ³	12.4	12.0	11.7	49.7	47.8	46.7
Business and professional.....	6.1	6.0	6.0	24.5	24.0	24.1
Farm.....	4.6	4.3	4.0	18.5	17.1	15.9
Rental income of persons.....	1.7	1.7	1.7	6.7	6.7	6.7
Corporate profits and inventory valuation adjustment.....	8.8	8.0	(?)	35.7	30.8	(?)
Corporate profits before tax.....	8.5	7.4	(?)	34.5	28.4	(?)
Corporate profits tax liability.....	3.3	2.9	(?)	13.6	11.2	(?)
Corporate profits after tax.....	5.1	4.5	(?)	20.9	17.3	(?)
Inventory valuation adjustment.....	.3	.6	1.2	1.2	2.3	4.7
Net interest.....	1.0	1.0	1.1	4.1	4.2	4.3
Addendum: Compensation of general Government employees.....	4.8	4.9	5.0	18.8	18.9	19.1
GROSS NATIONAL PRODUCT OR EXPENDITURE						
Gross national product.....	71.0	63.4	63.0	270.3	262.5	256.1
Personal consumption expenditures.....	49.0	42.0	44.6	180.9	177.9	178.2
Durable goods.....	6.7	5.0	6.1	22.9	22.5	23.6
Nondurable goods.....	28.7	23.1	24.4	103.3	99.9	98.7
Services.....	13.6	13.9	14.0	54.8	55.4	55.9
Gross private domestic investment.....	11.5	10.9	7.3	48.0	41.9	34.0
New construction.....	4.6	3.5	4.1	17.9	16.8	16.5
Producers' durable equipment.....	5.4	5.1	5.2	21.2	21.0	20.3
Change in business inventories, total.....	1.4	2.2	-2.0	9.0	4.1	-2.8
Nonfarm only.....	1.0	1.9	-2.2	7.1	2.8	-3.5
Net foreign investment.....	.4	.1	.2	1.0	.7	.8
Government purchases of goods and services.....	10.1	10.4	11.0	40.3	42.1	43.1
Federal.....	5.9	6.3	6.4	23.8	25.3	25.7
Less: Government sales.....	.1	.1	.1	.3	.2	.2
State and local.....	4.3	4.1	4.6	16.9	17.0	17.7
DISPOSITION OF PERSONAL INCOME						
Personal income.....	55.4	52.5	53.3	216.6	213.7	212.9
Less: Personal tax and nontax payments.....	3.7	7.3	3.4	20.4	18.7	18.7
Federal.....	3.3	6.6	2.7	18.2	16.4	16.3
State and local.....	.5	.7	.7	2.2	2.3	2.4
Equals: Disposable personal income.....	51.7	45.2	49.9	196.2	195.0	194.2
Less: Personal consumption expenditures.....	49.0	42.0	44.6	180.9	177.9	178.2
Equals: Personal saving.....	2.6	3.2	5.3	15.3	17.1	16.0
RELATION OF GROSS NATIONAL PRODUCT, NATIONAL INCOME, AND PERSONAL INCOME						
Gross national product.....	71.0	63.4	63.0	270.3	262.5	256.1
Less: Capital consumption allowances.....	4.1	4.1	4.2	16.4	16.4	16.9
Indirect business tax and nontax liability.....	5.4	5.0	5.2	20.7	20.4	21.1
Business transfer payments.....	.2	.2	.2	.6	.6	.6
Statistical discrepancy.....	2.6	-1.7	(?)	-1.3	.1	(?)
Plus: Subsidies less current surplus of Government enterprises.....	.1	.1	0	.4	.3	.1
Equals: National income.....	58.9	56.0	(?)	234.3	225.3	(?)
Less: Corporate profits and inventory valuation adjustment.....	8.8	8.0	(?)	35.7	30.8	(?)
Contributions for social insurance.....	1.2	1.4	1.4	5.3	5.2	5.2
Excess of wage accruals over disbursements.....	0	0	-1	.1	.1	-.3
Plus: Government transfer payments.....	2.6	2.8	2.9	9.9	11.1	11.5
Net interest paid by Government.....	1.2	1.0	1.4	4.5	4.5	4.6
Dividends.....	2.6	1.9	2.0	8.3	8.4	8.5
Business transfer payments.....	.2	.2	.2	.6	.6	.6
Equals: Personal income.....	55.4	52.5	53.3	216.6	213.7	212.9

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

² Not available.

³ Includes noncorporate inventory valuation adjustment.

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 June 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					
	June	July	August	September	October	November	December	January	February	March	April	May	June
GENERAL BUSINESS INDICATORS													
NATIONAL INCOME AND PRODUCT†													
Seasonally adjusted quarterly totals at annual rates:													
National income, total..... bil. of dol.	224.9			230.4			234.3			225.3			
Compensation of employees, total..... do.	137.7			143.3			144.9			142.5			141.7
Wages and salaries, total..... do.	132.8			138.3			139.8			137.5			136.6
Private..... do.	114.3			118.6			119.6			117.2			116.0
Military..... do.	3.8			3.9			4.1			4.1			4.0
Government civilian..... do.	14.7			15.7			16.1			16.2			16.5
Supplements to wages and salaries..... do.	4.9			5.0			5.0			5.0			5.1
Proprietors' and rental income, total..... do.	50.4			49.9			49.7			47.8			46.7
Business and professional..... do.	24.6			24.5			24.5			24.0			24.1
Farm..... do.	19.1			18.8			18.5			17.1			15.9
Rental income of persons..... do.	6.7			6.6			6.7			6.7			6.7
Corporate profits and inventory valuation adjustment, total..... bil. of dol.	33.0			33.3			35.7			30.8			
Corporate profits before tax, total..... do.	35.0			36.6			34.5			28.4			
Corporate profits tax liability..... do.	13.7			14.4			13.6			11.2			
Corporate profits after tax..... do.	21.3			22.2			20.9			17.3			
Inventory valuation adjustment..... do.	-2.0			-3.3			1.2			2.3			4.7
Net interest..... do.	3.7			3.9			4.1			4.2			4.3
Gross national product, total..... do.	261.6			266.5			270.3			262.5			256.1
Personal consumption expenditures, total..... do.	178.7			180.3			180.9			177.9			178.2
Durable goods..... do.	23.8			24.8			22.9			22.5			23.6
Nondurable goods..... do.	102.4			101.8			103.3			99.9			98.7
Services..... do.	52.5			53.7			54.8			55.4			55.9
Gross private domestic investment..... do.	44.2			47.1			48.0			41.9			34.0
New construction..... do.	18.1			18.7			17.6			16.8			16.5
Producers' durable equipment..... do.	20.8			21.0			21.2			21.0			20.3
Change in business inventories..... do.	5.3			7.4			9.0			4.1			2.8
Net foreign investment..... do.	2.8			-1			1.0			.6			.8
Government purchases of goods and services, total..... bil. of dol.	35.9			39.2			40.3			42.1			43.1
Federal (less Government sales)..... do.	20.4			22.8			23.4			25.1			25.4
State and local..... do.	15.5			16.4			16.9			17.0			17.7
Personal income, total..... do.	210.3			215.4			216.6			213.7			212.9
Less: Personal tax and nontax payments..... do.	20.7			20.2			20.4			18.7			18.7
Equals: Disposable personal income..... do.	189.6			195.2			196.2			195.0			194.2
Personal savings§..... do.	10.8			15.0			15.3			17.1			16.0
PERSONAL INCOME BY SOURCE†													
Seasonally adjusted, at annual rates:													
Total personal income..... bil. of dol.	213.4	214.5	215.4	216.3	216.3	216.6	217.0	215.7	212.9	212.4	212.5	* 212.9	213.5
Wage and salary receipts, total..... do.	132.5	134.6	136.5	137.7	138.1	137.5	137.1	136.6	135.0	133.5	134.7	* 134.8	134.5
Employer disbursements, total..... do.	134.7	136.8	138.7	139.9	140.3	139.7	139.4	138.9	137.3	135.8	136.8	* 137.0	136.8
Commodity-producing industries..... do.	60.1	60.7	61.9	62.8	62.7	62.7	62.3	61.4	60.6	58.9	58.6	* 58.3	58.4
Distributive industries..... do.	39.1	39.8	40.2	40.4	40.4	39.8	40.0	40.2	39.5	39.4	40.5	* 40.9	40.8
Service industries..... do.	16.7	16.9	16.9	16.7	16.9	16.9	16.9	17.0	16.9	17.1	17.1	* 17.3	17.1
Government..... do.	18.8	19.4	19.7	20.0	20.3	20.3	20.2	20.3	20.3	20.4	20.6	* 20.5	20.5
Less employee contributions for social insurance..... bil. of dol.	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.3	2.3	2.1	2.2	2.3
Other labor income..... do.	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.2
Proprietors' and rental income..... do.	51.8	50.8	49.5	49.4	49.0	49.8	50.3	49.0	47.2	47.3	46.3	46.7	47.2
Personal interest income and dividends..... do.	15.9	16.0	16.3	16.5	16.8	16.9	16.9	17.0	17.1	17.1	17.2	* 17.3	17.5
Total transfer payments..... do.	11.2	11.1	11.1	10.7	10.4	10.4	10.7	11.1	11.5	12.4	12.2	12.0	12.1
Total nonagricultural income..... do.	188.4	190.2	192.0	193.3	192.9	192.8	193.6	* 192.6	191.7	* 191.4	192.3	* 192.3	192.3
NEW PLANT AND EQUIPMENT EXPENDITURES													
All industries, total..... mil. of dol.	4,820			4,830			5,410			4,460			4,820
Electric and gas utilities..... do.	640			699			850			680			1,810
Manufacturing..... do.	2,140			2,090			2,320			1,850			1,960
Mining..... do.	200			200			220			190			200
Railroad..... do.	310			320			410			300			410
Other transportation..... do.	190			170			170			130			140
Commercial and miscellaneous..... do.	1,340			1,360			1,440			1,260			1,300

* 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. Quarterly estimates of national income, gross national product, and personal income have been revised beginning 1939; monthly estimates of personal income have been revised beginning 1942; see pp. 26-31 of the July 1949 Survey for the revised figures.