

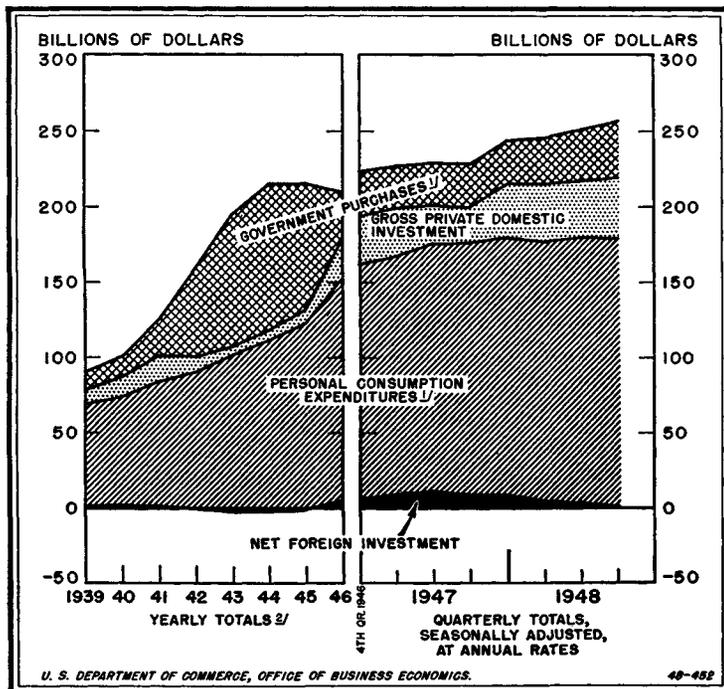
National Product and Income in the Third Quarter of 1948

THE market value of the Nation's output of goods and services, as measured by gross national product, rose to an annual rate of 256 billion dollars in the third quarter of 1948, an increase of 6 billion over the second quarter. The national income, which measures the Nation's output in terms of the incomes accruing in production, showed a comparable increase, although precise figures cannot yet be given because information on third-quarter corporate profits is not available.

Personal income rose by 5 billion dollars to an annual rate of 214 billion. This third major indicator of national economic activity consists of the current income receipts of persons from all sources and differs from national income by excluding incomes that are not distributed (such as undistributed corporate profits), and by including income receipts that are not derived from current production (such as social-security benefits and other transfers).

The third-quarter rise in the flow of incomes and of production was due to a continued increase in prices, as well as to larger physical volume based mainly on higher employment and some improvement in materials supplies.

Chart 3.—Gross National Product, by Major Components



¹ Data are for goods and services.

² "Gross National Product" for the years 1942-45 consists of the positive values shown on the chart minus the negative values shown for "Net Foreign Investment."

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

Aggregate Demand Continues Strong in Third Quarter

Third-quarter expansion was a continuation of second-quarter developments (discussed in the August issue of the SURVEY). It was in contrast to the hesitancy of economic activity which was noticeable in the first quarter (May issue of the SURVEY). As will be recalled, this first-quarter hesitancy was shown in the February break of farm prices and a leveling-off in other prices. It was traceable also in a large accumulation of inventories which, in part at least, could be diagnosed as involuntary and resulting from lower-than-anticipated purchases by consumers. The first-quarter increase of these purchases was less than any prior quarterly increase in the entire postwar period.

Three major developments that occurred at the turn of the first quarter contributed to the resumption of inflationary trends in the second: the reduction of individual income taxes, the enactment of the Foreign Assistance Act, and the prospect of increased military expenditures. Prices rose from their February lows; consumer expenditures expanded;

Table 3.—National Income and Product, First Three Quarters of 1948¹

[Billions of dollars]

Item	Unadjusted			Seasonally adjusted, at annual rates		
	I	II	III	I	II	III
<i>National income by distributive shares</i>						
National income.....	53.2	55.5	(2)	215.1	221.7	(2)
Compensation of employees.....	32.9	33.6	35.2	133.7	134.2	140.6
Wages and salaries.....	31.6	32.3	33.9	128.8	129.3	135.6
Private.....	27.1	27.7	29.5	111.1	111.2	116.4
Military.....	.9	.9	.9	3.5	3.6	3.7
Government civilian.....	3.6	3.7	3.6	14.2	14.5	15.6
Supplements to wages and salaries.....	1.3	1.3	1.3	4.9	5.0	5.0
Proprietors' and rental income ²	12.6	13.0	12.6	50.6	51.8	50.2
Business and professional.....	6.3	6.3	6.2	25.0	25.4	24.8
Farm.....	4.5	4.7	4.5	18.0	18.9	17.9
Rental income of persons.....	1.9	1.9	1.9	7.5	7.6	7.5
Corporate profits and inventory valuation adjustment.....	6.5	7.8	(2)	26.2	30.9	(2)
Corporate profits before tax.....	7.8	8.4	(2)	31.4	33.4	(2)
Corporate profits tax liability.....	3.0	3.3	(2)	12.2	13.0	(2)
Corporate profits after tax.....	4.8	5.1	(2)	19.2	20.4	(2)
Inventory valuation adjustment.....	-1.3	-6	-1.0	-5.3	-2.5	-3.9
Net interest.....	1.2	1.2	1.2	4.6	4.7	4.8
Addendum: Compensation of general government employees.....	4.2	4.3	4.1	16.5	16.9	17.8
<i>Gross national product or expenditure</i>						
Gross national product.....	59.6	61.0	64.2	244.9	250.4	255.9
Personal consumption expenditures.....	41.1	43.3	43.8	172.1	176.5	178.5
Durable goods.....	4.8	5.4	5.6	21.2	22.6	23.6
Nondurable goods.....	23.8	25.2	25.2	101.2	103.2	102.9
Services.....	12.5	12.7	13.0	49.7	50.6	51.9
Gross private domestic investment.....	10.1	8.5	10.9	38.7	37.6	39.0
New construction.....	2.9	3.6	4.3	14.3	14.4	14.8
Residential nonfarm.....	1.4	1.7	2.1	7.0	6.9	7.1
Other.....	1.5	1.9	2.2	7.3	7.4	7.7
Producers' durable equipment.....	5.0	5.2	5.3	19.8	20.9	21.4
Change in business inventories, total.....	2.2	-3	1.3	4.6	2.3	2.8
Nonfarm only.....	2.3	-4	1.1	5.1	1.8	1.8
Net foreign investment.....	1.0	.7	.2	3.9	2.9	.7
Government purchases of goods and services.....	7.5	8.5	9.3	30.1	33.5	37.7
Federal.....	4.4	4.8	5.7	17.6	19.3	22.6
Less: Government sales.....	.3	.1	.1	1.2	.5	.4
State and local.....	3.4	3.8	3.7	13.7	14.7	15.5
<i>Disposition of personal income</i>						
Personal income.....	51.1	52.4	53.2	207.3	209.0	213.9
Less: Personal tax and nontax payments.....	9.2	3.9	4.3	23.2	20.8	20.2
Federal.....	8.6	3.3	3.8	21.1	18.7	18.1
State and local.....	.6	.6	.5	2.1	2.1	2.1
Equals: Disposable personal income.....	41.8	48.5	48.9	184.1	188.2	193.7
Less: Personal consumption expenditures.....	41.1	43.3	43.8	172.1	176.5	178.5
Equals: Personal saving.....	.7	5.2	5.1	12.0	11.7	15.2
<i>Relation of gross national product, national income, and personal income</i>						
Gross national product.....	59.6	61.0	64.2	244.9	250.4	255.9
Less: Capital consumption allowances.....	3.5	3.6	3.6	14.0	14.3	14.6
Indirect business tax and nontax liability.....	4.7	4.9	5.1	19.1	19.7	20.1
Business transfer payments.....	-2	-2	-2	.6	.6	.6
Statistical discrepancy.....	-2.0	-3.1	(2)	-4.2	-6.0	(2)
Plus: Subsidies less current surplus of Government enterprises.....	0	0	.1	-.2	-.1	.3
Equals: National income.....	53.2	55.5	(2)	215.1	221.7	(2)
Less: Corporate profits and inventory valuation adjustment.....	6.5	7.8	(2)	26.2	30.9	(2)
Contributions for social insurance.....	1.3	1.3	1.3	5.0	5.0	5.2
Excess of wage accruals over disbursements.....	0	0	0	0	0	-.1
Plus: Government transfer payments.....	2.7	2.7	2.5	10.9	10.6	10.2
Net interest paid by government.....	1.1	1.4	1.0	4.6	4.7	4.8
Dividends.....	1.7	1.7	1.8	7.3	7.3	7.7
Business transfer payments.....	.2	.2	.2	.6	.6	.6
Equals: Personal income.....	51.1	52.4	53.2	207.3	209.0	213.9

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 September 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				1948								
	September	October	November	December	January	February	March	April	May	June	July	August	September
GENERAL BUSINESS INDICATORS													
NATIONAL INCOME AND PRODUCT†													
Seasonally adjusted quarterly totals at annual rates:													
National income, total..... bil. of dol.	200.6			212.8			215.1			† 221.7			
Compensation of employees, total..... do	127.6			132.2			133.7			† 134.2			140.6
Wages and salaries, total..... do	122.5			127.1			128.8			† 129.3			135.6
Private..... do	105.3			109.5			111.1			† 111.2			116.4
Military..... do	3.7			3.6			3.5			3.6			3.7
Government civilian..... do	13.5			14.0			14.2			14.5			15.6
Supplements to wages and salaries..... do	5.1			5.0			4.9			† 5.0			5.0
Proprietors' and rental income, total..... do	44.4			48.6			50.6			† 51.8			50.2
Business and professional..... do	23.0			24.7			25.0			25.4			24.8
Farm..... do	14.3			16.5			18.0			18.9			17.9
Rental income of persons..... do	7.1			7.4			7.5			7.6			7.5
Corporate profits and inventory valuation adjustment, total..... bil. of dol.	24.3			27.5			26.2			30.9			
Corporate profits before tax, total..... do	29.1			32.4			31.4			33.4			
Corporate profits tax liability..... do	11.4			12.7			12.2			13.0			
Corporate profits after tax..... do	17.7			19.7			19.2			20.4			
Inventory valuation adjustment..... do	-4.8			-4.9			-5.3			-2.5			-3.9
Net interest..... do	4.4			4.5			4.6			4.7			4.8
Gross national product, total..... do	227.9			243.8			† 244.9			† 250.4			255.9
Personal consumption expenditures, total..... do	165.6			171.1			† 172.1			† 176.5			178.5
Durable goods..... do	21.1			22.1			† 21.2			† 22.6			23.6
Nondurable goods..... do	96.8			100.2			† 101.2			† 103.2			102.9
Services..... do	47.7			48.8			† 49.7			† 59.6			51.9
Gross private domestic investment..... do	25.6			35.4			† 38.7			† 37.6			39.0
New construction..... do	11.6			14.0			14.3			† 14.4			14.8
Producers' durable equipment..... do	17.6			18.9			† 19.8			† 20.9			21.4
Change in business inventories..... do	-3.5			2.5			4.6			2.3			2.8
Net foreign investment..... do	8.4			8.2			3.9			† 2.9			.7
Government purchases of goods and services, total..... bil. of dol.	28.3			29.0			† 30.1			† 33.5			37.7
Federal (less Government sales)..... do	15.7			15.5			† 17.6			† 19.3			22.6
State and local..... do	12.6			13.5			† 13.7			† 14.7			15.5
Personal income, total..... do	196.7			203.1			207.3			† 209.0			213.9
Less: Personal tax and nontax payments..... do	21.7			22.2			† 23.2			† 20.8			20.2
Equals: Disposable personal income..... do	175.0			180.9			† 184.1			† 188.2			193.7
Personal savings§..... do	9.4			9.7			† 12.0			† 11.7			15.2
PERSONAL INCOME BY SOURCE †													
Seasonally adjusted, at annual rates:													
Total personal income..... bil. of dol.	206.2	200.0	201.4	207.7	209.4	206.8	205.6	207.4	207.2	212.3	212.9	† 214.6	214.6
Wage and salary receipts, total..... do	121.9	122.7	125.5	127.4	127.5	126.9	125.7	125.0	126.8	129.7	131.8	† 134.3	134.5
Employer disbursements, total..... do	123.9	124.7	127.3	129.4	129.7	128.9	127.8	127.0	128.8	131.9	134.0	† 136.5	136.8
Commodity-producing industries..... do	55.4	55.9	57.4	59.2	59.3	58.0	57.0	56.3	57.2	59.6	60.0	† 61.3	61.5
Distributive industries..... do	36.0	36.0	37.1	37.4	37.5	37.8	37.5	37.2	37.9	38.2	39.0	† 39.5	39.5
Service industries..... do	15.2	15.2	15.2	15.2	15.3	15.4	15.4	15.6	15.6	15.8	16.2	† 16.3	16.2
Government..... do	17.3	17.6	17.6	17.6	17.6	17.7	17.9	17.9	18.1	18.3	18.8	† 19.4	19.6
Less employee contributions for social insurance..... bil. of dol.	2.0	2.0	1.8	2.0	2.2	2.0	2.1	2.0	2.0	2.2	2.2	2.2	2.3
Other labor income..... do	1.9	1.9	1.9	1.9	1.9	2.0	1.9	2.0	2.0	2.0	2.1	2.1	2.1
Proprietors' and rental income..... do	45.0	47.5	47.1	51.3	52.4	50.0	49.3	51.9	50.7	52.8	51.0	† 50.0	49.8
Personal interest income and dividends..... do	16.2	15.9	16.1	16.2	16.5	16.6	16.6	16.7	16.8	16.8	17.0	† 17.3	17.6
Total transfer payments..... do	21.2	22.0	20.8	20.9	21.1	21.3	21.2	21.8	20.9	21.1	21.0	20.9	20.6
Total nonagricultural income..... do	187.4	179.7	181.4	184.2	184.7	184.5	184.1	183.7	184.4	187.7	189.3	† 191.6	192.2
NEW PLANT AND EQUIPMENT EXPENDITURES													
All industries, total..... mil. of dol.													
Electric and gas utilities..... do	4,140			† 4,940			4,170			4,810			† 4,950
Manufacturing..... do	500			620			500			640			† 690
Mining..... do	1,870			2,290			1,800			2,140			† 2,160
Railroad..... do	180			210			180			200			† 200
Other transportation..... do	230			† 300			270			300			† 360
Commercial and miscellaneous..... do	1,160			1,340			1,240			1,340			† 1,170

† Revised.

‡ Estimated 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.