

Table 2.—Expenditures on New Plant and Equipment by U. S. Business 1945-51¹

[Millions of dollars]

Item	1945	1946	1947	1948	1949	1950	1950				1951		
							January-March	April-June	July-September	October-December	January-March	April-June ²	July-September ²
Manufacturing	3,210	5,910	7,460	8,340	7,250	8,220	1,520	1,860	2,050	2,790	2,460	3,240	3,270
Mining	440	560	690	800	740	680	150	160	180	200	180	220	220
Railroad	550	570	910	1,320	1,350	1,140	230	300	290	320	300	440	410
Other transportation	320	660	800	700	520	440	80	90	120	140	120	140	130
Electric and gas utilities	630	1,040	1,900	2,680	3,140	3,170	650	760	820	940	750	950	1,000
Commercial and miscellaneous ²	1,480	3,300	4,430	5,390	5,120	4,920	1,060	1,160	1,240	1,440	1,340	1,420	1,370
Total	6,630	12,040	16,180	19,230	18,120	18,560	3,700	4,330	4,700	5,830	5,160	6,420	6,400

¹ Date exclude expenditures of agricultural business and outlays charged to current account.² Anticipated expenditures for the second and third quarters of 1951 were reported by business during May and early June.³ Data include trade, service, communications, construction and finance.

Source: U. S. Department of Commerce, Office of Business Economics, and Securities and Exchange Commission.

Scheduled expenditures increasing at slower rate

While capital outlays planned in the third quarter represent a continuation of the upward trend in expenditures which began early in 1950, some slackening in the rate of increase is indicated. The rise anticipated between the second and third quarters is (after seasonal adjustment) only 4 percent as against a rate of increase of about 10 percent between each of the previous five quarters. Capital goods costs, however, have been on a plateau in the past few months so that less of a slackening is implied in the physical volume of additions.

On an industry basis, the upward trend in plant and equipment expenditures in the third quarter is confined to manufacturing and the electric and gas utilities, with other major industries expecting to maintain second quarter rates. As can be seen in chart 7, manufacturing continues to be the main area of expansion, particularly in such industries as primary metals, the metal fabricating group, and paper and pulp. Third quarter programs of manufacturers as a whole, however, also indicate a slowing down in the rate of expansion. Planned capital outlays in the third quarter are 6 percent higher than in the second quarter as against 10 to 20 percent increases in earlier quarters. The electric and gas utilities are the only major group not evidencing a slackening in their rate of growth.

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National Income

A Supplement to the Survey of Current Business

THE ENLARGED NEW EDITION—FIRST SINCE 1947—CONTAINS

- National income and product statistics, 1929-1950
- A review of economic trends in the past two decades
- The basic principles underlying national accounts
- An explanation of methods and sources
- Allowance for inflation: constant vs. current dollars

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National Income and Corporate Profits, First Quarter 1951

THE national income moved rapidly upward over the past year, reaching the annual rate of \$269 billion in the first quarter of 1951. The rise over the initial quarter of 1950 was \$50 billion, or more than one-fifth.

The advance in income during the past year flowed from an increase in all major shares of income. Expansion in wages and salaries stemmed from increases in employment and wage rates. The sharp upsurge in earnings of farmers and other individual business proprietors reflected the stimulus of expanding demand and higher prices. These same basic influences also accounted for the rapid advance in corporation profits. The movements of the income shares were reviewed in the May issue excepting the corporate profit component, for which data have only now become available.

Profit trends

Since early 1950, corporate profits have risen rapidly as all sectors of industry participated in the business upswing. Total book profits before taxes advanced from \$31.9 billion (annual rates) in the first quarter of last year to \$50.3 billion in the fourth quarter of 1950. Of the increase, over \$10.3 billion were carried into the net after taxes, raising the latter to \$27.8 billion in the fourth quarter. In that quarter dividends moved up to a postwar high as many companies passed on year-end extras. Nevertheless, dividends still represented only two-fifths of earnings after taxes, the remainder being retained by corporations to finance their large capital expenditure programs and for other working capital and reserve purposes.

In the first quarter of this year the rise in corporate profits before taxes slackened—the advance being about 3 percent, on a seasonally adjusted basis, over the fourth quarter rate. As a result of the new provisions of last year's tax bills becoming fully applicable in the first quarter, the tax liability was raised to an over-all rate of about 55 percent of profits before taxes, so that profits after taxes were reduced from \$27.8 billion in the fourth quarter to about \$23.3 billion in the first quarter of this year, at seasonally corrected annual rates. Dividend payments in the first quarter dropped below those of the final quarter of 1950, largely because of the unusual volume of year-end special dividends in the former period.

An important factor affecting profit trends in 1950 and early this year was the rise in prices, since, by usual accounting methods, inventory profits arise whenever prices are advancing. The inventory profits are calculated at over \$8 billion at annual rates in both the third and fourth quarters of 1950 and were of similar importance in the first quarter of 1951. Thus, in the fourth quarter of 1950, corporate profits on a national income basis—that is, with an adjustment to remove the effects of inventory profits—were \$42 billion at an annual rate, compared with reported book profits of \$50 billion.

Many industries showed lower book profits before taxes, unadjusted for seasonal variations, in the first quarter of this year than in the preceding quarter. Among those showing gains in unadjusted earnings before taxes from the final quarter of 1950 were the textiles, lumber, paper, chemicals, and machinery (except electrical) industries. The aircraft industry, notwithstanding a huge and growing backlog of Government business, had lower profits than in the preceding quarter and only moderately higher profits than a year ago. Table 4, (page 26), presents unadjusted quarterly profits by broad industrial groups.

Table 3.—National Income and Product, 1948–1950, Last Two Quarters 1950 and First Quarter 1951

[Billions of dollars]

	1948	1949	1950	Seasonally adjusted at annual rates		
				1950		1951
				III	IV	I
NATIONAL INCOME BY DISTRIBUTIVE SHARES						
National income	223.5	216.7	239.0	245.8	260.1	269.4
Compensation of employees.....	140.2	139.9	153.3	157.3	165.2	172.2
Wages and salaries.....	134.4	133.4	145.8	149.7	157.2	163.8
Private.....	115.7	113.0	123.6	127.2	132.7	137.7
Military.....	4.0	4.2	5.1	5.0	6.6	-----
Government civilian.....	14.7	16.1	17.2	17.5	17.9	-----
Supplements to wages and salaries.....	5.8	6.5	7.5	7.7	7.9	8.1
Proprietors' and rental income.....	47.3	41.4	44.0	45.6	47.2	48.1
Business and professional.....	22.1	20.9	22.3	23.2	23.0	24.1
Farm.....	17.7	13.0	13.7	14.3	15.8	16.4
Rental income of persons.....	7.5	7.5	8.0	8.1	8.4	8.3
Corporate profits and inventory valuation adjustment.....	31.7	30.5	36.2	37.4	42.2	42.9
Corporate profits before tax.....	33.8	28.3	41.4	45.7	50.3	51.8
Corporate profits tax liability.....	13.0	11.0	18.6	20.5	22.5	28.1
Corporate profits after tax.....	20.7	17.3	22.8	25.2	27.8	23.7
Inventory valuation adjustment.....	-2.1	2.1	-5.1	-8.3	-8.2	-8.8
Net interest.....	4.3	4.9	5.4	5.5	5.6	5.6
Addendum: Compensation of general gov- ernment employees.....	17.4	19.4	20.9	21.1	23.1	25.2
GROSS NATIONAL PRODUCT OR EXPENDITURE						
Gross national product.....	259.0	257.3	282.6	287.4	303.7	318.5
Personal consumption expenditures.....	177.9	180.2	193.6	202.5	198.4	208.2
Durable goods.....	22.9	23.9	29.2	34.3	29.4	31.5
Nondurable goods.....	100.9	98.7	102.3	105.5	104.9	111.5
Services.....	54.1	57.6	62.1	62.7	64.0	65.2
Gross private domestic investment.....	42.7	33.0	48.9	47.3	60.2	59.6
New construction.....	17.7	17.2	22.1	23.5	23.3	23.9
Residential nonfarm.....	8.6	8.3	12.6	13.7	13.1	12.9
Other.....	9.1	9.0	9.5	9.8	10.2	11.0
Producers' durable equipment.....	19.9	19.0	22.5	24.5	25.0	26.5
Change in business inventories, total.....	5.0	-3.2	4.3	-7	11.8	9.3
Nonfarm only.....	3.7	-2.5	3.6	-1.8	10.6	8.1
Net foreign investment.....	1.9	.5	-2.3	-3.2	-2.7	-2.3
Government purchases of goods and serv- ices.....	36.6	43.6	42.5	40.8	47.8	52.9
Federal.....	21.7	25.9	23.1	21.4	27.5	32.1
Less: Government sales.....	.6	.4	.2	.2	.2	.2
State and local.....	15.6	18.1	19.7	19.7	20.4	21.1
DISPOSITION OF PERSONAL INCOME						
Personal income.....	209.5	205.1	224.7	227.3	238.3	244.1
Less: Personal tax and nontax payments.....	21.1	18.6	20.5	20.2	23.1	26.6
Federal.....	19.0	16.2	17.8	17.5	20.3	23.8
State and local.....	2.1	2.5	2.7	2.7	2.7	2.8
Equals: Disposable personal income.....	188.4	186.4	204.3	207.1	215.2	217.5
Less: Personal consumption expenditures.....	177.9	180.2	193.6	202.5	198.4	208.2
Equals: Personal saving.....	10.5	6.3	10.7	4.6	16.8	9.3
RELATION OF GROSS NATIONAL PRODUCT, NATIONAL INCOME, AND PERSONAL INCOME						
Gross national product.....	259.0	257.3	282.6	287.4	303.7	318.5
Less: Capital consumption allowances.....	17.6	19.1	21.2	21.8	22.2	22.6
Indirect business tax and nontax liability.....	20.4	21.7	23.8	25.3	24.3	25.9
Business transfer payments.....	.7	.7	.8	.8	.8	.8
Statistical discrepancy.....	-3.2	-.8	-1.8	-6.4	-3.4	.5
Plus: Subsidies less current surplus of Govern- ment enterprises.....	0	0	.3	-.1	.2	.8
Equals: National income.....	223.5	216.7	239.0	245.8	260.1	269.4
Less: Corporate profits and inventory valuation adjustment.....	31.7	30.5	36.2	37.4	42.2	42.9
Contributions for social insurance.....	5.2	5.7	7.0	7.0	7.4	8.3
Excess of wage accruals over disburse- ments.....	0	0	0	0	0	0
Plus: Government transfer payments.....	10.5	11.6	14.3	11.0	11.1	11.5
Net interest paid by Government.....	4.5	4.6	4.7	4.7	4.7	4.8
Dividends.....	7.2	7.6	9.2	9.4	11.1	8.8
Business transfer payments.....	.7	.7	.8	.8	.8	.8
Equals: Personal income.....	209.5	205.1	224.7	227.3	238.3	244.1

[Continued on page 26]

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 1949 Statistical Supplement to the SURVEY OF CURRENT BUSINESS. That volume (price \$1.25) contains monthly data for the years 1945 to 1948, 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 1945. Series added or revised since publication of the 1949 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 and dollar values refer to adjustment of monthly figures for seasonal variation.

Data subsequent to May 1951 for selected series will be found in the Weekly Supplement to the SURVEY.

Unless otherwise stated, statistics through 1948 and descriptive notes are shown in the 1949 Statistical Supplement to the Survey	1950								1951				
	May	June	July	August	September	October	November	December	January	February	March	April	May
GENERAL BUSINESS INDICATORS													
NATIONAL INCOME AND PRODUCT†													
Seasonally adjusted quarterly totals at annual rates:													
National income, total, bil. of dol.	230.6				245.8			260.1			269.4		
Compensation of employees, total, do.	148.6				157.3			165.2			172.1		
Wages and salaries, total, do.	141.3				149.7			157.2			163.6		
Private, do.	120.1				127.2			132.7			137.1		
Military, do.	4.5				5.0			6.6					
Government civilian, do.	16.8				17.5			17.9					
Supplements to wages and salaries, do.	7.4				7.7			7.9			8.5		
Proprietors' and rental income, total, do.	41.8				45.6			47.2			48.8		
Business and professional, do.	21.9				23.2			23.0			24.1		
Farm, do.	12.2				14.3			15.8			16.4		
Rental income of persons, do.	7.8				8.1			8.4			8.3		
Corporate profits and inventory valuation adjustment, total, bil. of dol.	34.8				37.4			42.2			42.9		
Corporate profits before tax, total, do.	37.5				45.7			50.3			51.8		
Corporate profits tax liability, do.	16.9				20.5			22.5			28.5		
Corporate profits after tax, do.	20.6				25.2			27.8			23.3		
Inventory valuation adjustment, do.	-2.7				-8.3			-8.2			-8.9		
Net interest, do.	5.3				5.5			5.6			5.6		
Gross national product, total, do.	275.0				287.4			303.7			318.5		
Personal consumption expenditures, total, do.	188.7				202.5			198.4			208.2		
Durable goods, do.	26.6				34.3			29.4			31.5		
Nondurable goods, do.	100.4				105.5			104.9			111.5		
Services, do.	61.6				62.7			64.0			65.2		
Gross private domestic investment, do.	47.9				47.3			60.2			59.6		
New construction, do.	21.4				23.5			23.3			23.9		
Producers' durable equipment, do.	21.4				24.5			25.0			26.5		
Change in business inventories, do.	5.2				-7			11.8			9.3		
Net foreign investment, do.	-1.6				-3.2			-2.7			-2.3		
Government purchases of goods and services, total, bil. of dol.	40.1				40.8			47.8			52.9		
Federal (less Government sales), do.	20.9				21.2			27.3			31.9		
State and local, do.	19.2				19.7			20.4			21.1		
Personal income, total, do.	217.1				227.3			238.3			244.1		
Less: Personal tax and nontax payments, do.	19.5				20.2			23.1			26.6		
Equals: Disposable personal income, do.	197.5				207.1			215.2			217.5		
Personal saving\$, do.	8.9				4.6			16.8			9.3		
PERSONAL INCOME, BY SOURCE†													
Seasonally adjusted, at annual rates:													
Total personal income, bil. of dol.	216.9	219.0	222.7	227.7	231.5	234.1	236.4	244.4	243.6	243.3	245.5	249.0	249.5
Wage and salary receipts, total, do.	138.3	141.1	143.2	147.2	149.7	152.4	154.2	155.9	158.0	160.0	162.2	164.8	164.1
Employer disbursements, total, do.	141.2	144.1	146.1	150.3	152.6	155.6	157.3	158.9	161.6	163.4	165.9	168.2	167.8
Commodity-producing industries, do.	61.3	62.8	63.9	66.2	67.1	69.3	69.9	70.8	71.7	72.4	73.7	75.0	74.4
Distributive industries, do.	40.4	41.3	41.9	42.8	42.8	43.1	43.2	43.6	44.3	44.5	44.9	45.3	45.0
Service industries, do.	18.5	18.7	18.8	18.9	19.1	19.3	19.5	19.6	19.9	19.8	20.0	20.1	20.2
Government, do.	21.0	21.3	21.5	22.4	23.6	23.9	24.7	24.9	25.7	26.7	27.3	27.8	28.2
Less employee contributions for social insurance, bil. of dol.	2.9	3.0	2.9	3.1	2.9	3.2	3.1	3.0	3.6	3.4	3.7	3.4	3.7
Other labor income, do.	3.5	3.5	3.6	3.6	3.6	3.6	3.7	3.7	3.7	3.8	3.8	3.8	3.8
Proprietors' and rental income, do.	42.4	42.5	45.3	46.1	45.3	46.3	47.2	48.1	50.5	48.2	47.7	48.1	48.7
Personal interest income and dividends, do.	18.4	18.4	18.4	18.9	21.6	19.7	19.5	25.0	18.8	19.2	19.7	20.2	20.2
Total transfer payments, do.	14.3	13.5	12.2	11.9	11.3	12.1	11.8	11.7	12.6	12.1	12.1	12.1	12.7
Total nonagricultural income, do.	199.9	202.6	204.0	208.6	212.9	214.3	215.5	223.4	221.4	222.9	225.2	227.8	228.1
NEW PLANT AND EQUIPMENT EXPENDITURES													
All industries, quarterly total, mil. of dol.	4,330				4,700			5,830			5,160		16,420
Manufacturing, do.	1,860				2,050			2,790			2,400		13,240
Mining, do.	160				180			200			180		1,220
Railroad, do.	300				290			320			300		1,440
Other transportation, do.	90				120			140			120		1,140
Electric and gas utilities, do.	760				820			940			750		1,950
Commercial and miscellaneous, do.	1,160				1,240			1,440			1,340		1,420

* Revised. † Estimates for April-June 1951, based on anticipated capital expenditures of business.
† Revised series. Quarterly estimates of national income, gross national product, and personal income and monthly estimates of personal income have been revised beginning 1948; for these revisions and for earlier revisions (covering data for 1946-47), see tables 41, 43, 45, and 48 in part V of the National Income Supplement to the SURVEY, July 1951.
‡ Includes inventory valuation adjustment.
§ Personal saving is excess of disposable income over personal consumption expenditures shown as a component of gross national product above.