

United States merchandise exports in the second quarter increased, but only to an extent roughly commensurate with the concomitant rise in government grants under the European Recovery Program. Since such grants are included in the Government purchases component of gross national product, equivalent amounts of exports are excluded from the international balance as measured by net foreign investment. The change in nongovernment financed exports in the June quarter was negligible.

Merchandise imports, after recovering from the mid-1949 low in response to expanding domestic industrial activity and other factors, levelled off in the second quarter at a dollar volume not far below that prevailing prior to the 1949 downturn. Changes in receipts and payments on service transactions were largely seasonal in character, and in combination had little net effect upon the foreign balance.

Government purchases maintained

The share of the Nation's output bought by the Federal and State and local governments held steady in the June quarter at an annual rate of \$41½ billion. This figure was moderately below the corresponding total a year earlier, but remained larger than in any postwar quarter prior to 1949.

Declines in Government purchases of goods and services since the middle of last year have been concentrated in a few major Federal programs—notably foreign aid (including civilian relief in occupied areas), military and stockpiling activities, and farm price support. Trends in these programs during the second quarter were mixed, but resulted, on balance, in an arrest of the previous downdrift.

A slight further drop in military expenditures of the Defense Department was offset only to a minor extent by a small pickup in outlays for strategic and critical materials. The outlook for these programs subsequent to the second quarter, however, has of course been altered radically upward by the United States response to the Korean hostilities. Both procurement and military payrolls, as well as a wide variety of supporting outlays, will mount rapidly as the announced expansion of our military strength gets under way.

Farm price support expenditures also moved downward in the second quarter, as the continuing recovery of agricultural prices diminished dependence upon government support. Difficulties of seasonal adjustment impair the precision of quarterly data on this component of Federal purchases, but the general declining trend is clear.

Offsetting the diminution of military and price-support disbursements in the April-June period was an upswing in expenditures for foreign aid, mainly under the European Recovery Program. This rise was temporary, reflecting chiefly the make-up of earlier lags behind original schedules for fiscal 1950, and the rate of ERP payments is expected to subside in coming months. Expenditures from the Mutual Defense Assistance appropriation, on the other hand, first appeared in more than nominal volume in the second quarter, and will be a growing factor as the year progresses. This rise will be very sharply reinforced, of course, if the President's recommendation of an additional \$4 billion for this purpose is adopted.

The steady advance of State and local government purchases, which has persisted throughout the entire postwar period, began to taper off somewhat last year. This tapering off appeared to be confirmed in the second quarter, when State and local outlays for goods and services showed no further increase.

THE FLOW OF INCOME

Basic personal income flow higher

Personal income in the second quarter—other than the special insurance dividend payments to veterans—was at an annual rate of \$213 billion, \$5 billion above the March quarter.

Table 4.—National Income and Product, Fourth Quarter 1949 and First two Quarters 1950¹

[Billions of dollars]

Item	Unadjusted			Seasonally adjusted at annual rates		
	1949	1950		1949	1950	
	IV	I	II	IV	I	II
NATIONAL INCOME BY DISTRIBUTIVE SHARES						
National income	54.1	53.8	(?)	214.2	217.2	(?)
Compensation of employees.....	35.6	35.0	36.9	140.2	142.3	147.6
Wages and salaries.....	34.0	33.2	35.0	133.6	135.2	140.2
Private.....	28.6	27.9	29.6	112.7	114.3	119.2
Military.....	1.2	1.1	1.1	4.6	4.5	4.5
Government civilian.....	4.3	4.2	4.3	16.4	16.4	16.5
Supplements to wages and salaries.....	1.6	1.8	1.9	6.6	7.1	7.4
Proprietors' and rental income ²	10.2	10.4	10.3	40.7	41.5	41.3
Business and professional.....	5.1	5.4	5.6	20.6	21.4	22.3
Farm.....	3.2	3.2	3.0	12.8	12.8	11.8
Rental income of persons.....	1.8	1.8	1.8	7.3	7.3	7.2
Corporate profits and inventory valuation adjustment.....	7.1	7.2	(?)	28.4	28.4	(?)
Corporate profits before tax.....	6.9	7.3	(?)	27.6	29.2	(?)
Corporate profits tax liability.....	2.7	2.9	(?)	10.6	11.4	(?)
Corporate profits after tax.....	4.2	4.5	(?)	16.9	17.8	(?)
Inventory valuation adjustment.....	.2	-.2	-.6	.8	-.7	-2.3
Net interest.....	1.2	1.2	1.3	4.8	5.0	5.0
Addendum: Compensation of general government employees.....	5.1	5.1	5.1	20.0	19.7	19.8
GROSS NATIONAL PRODUCT OR EXPENDITURE						
Gross national product	67.2	63.1	65.7	253.8	262.5	269.9
Personal consumption expenditures.....	48.9	43.2	45.7	180.6	182.4	184.5
Durable goods.....	7.2	6.0	6.5	25.3	26.9	26.7
Nondurable goods.....	27.4	22.6	24.4	97.9	97.5	99.0
Services.....	14.3	14.6	14.8	57.4	58.0	58.8
Gross private domestic investment.....	7.7	10.4	10.0	31.2	40.5	45.9
New construction.....	4.7	4.1	5.2	18.2	19.9	20.9
Producers' durable equipment.....	4.7	4.8	5.6	18.7	19.3	21.6
Change in business inventories, total.....	-1.7	1.4	-.8	-5.7	1.3	3.4
Nonfarm only.....	-1.5	1.5	-.7	-4.7	2.1	4.0
Net foreign investment.....	-.1	-.5	-.5	-.7	-1.9	-2.0
Government purchases of goods and services.....	10.8	10.1	10.5	42.8	41.4	41.4
Federal.....	6.1	5.7	5.7	24.6	22.8	22.8
Less: Government sales.....	.1	.1	.1	.3	.3	.2
State and local.....	4.7	4.4	4.9	18.5	18.9	18.8
DISPOSITION OF PERSONAL INCOME						
Personal income	52.6	53.4	53.6	205.4	216.4	214.7
Less: Personal tax and nontax payments.....	3.7	6.8	3.8	18.7	18.7	19.2
Federal.....	3.1	6.0	3.2	16.1	16.1	16.6
State and local.....	.5	.8	.6	2.5	2.6	2.6
Equals: Disposable personal income.....	49.0	46.6	49.7	186.8	197.7	195.5
Less: Personal consumption expenditures.....	48.9	43.2	45.7	180.6	182.4	184.5
Equals: Personal saving.....	.1	3.4	4.0	6.2	15.3	11.0
RELATION OF GROSS NATIONAL PRODUCT, NATIONAL INCOME, AND PERSONAL INCOME						
Gross national product	67.2	63.1	65.7	253.8	262.5	269.9
Less: Capital consumption allowances.....	4.8	4.9	5.1	19.3	19.7	20.4
Indirect business tax and nontax liability.....	5.5	5.3	5.6	21.5	21.7	22.7
Business transfer payments.....	.2	.2	.2	.7	.7	.7
Statistical discrepancy.....	2.6	-1.0	(?)	-1.9	3.4	(?)
Plus: Subsidies less current surplus of government enterprises.....	.0	.1	.1	.0	.2	.5
Equals: National income.....	54.1	53.8	(?)	214.2	217.2	(?)
Less: Corporate profits and inventory valuation adjustment.....	7.1	7.2	(?)	28.4	28.4	(?)
Contributions for social insurance.....	1.3	1.8	1.8	5.7	6.7	6.9
Excess of wage accruals over disbursements.....	.0	.0	.0	.0	.0	.0
Plus: Government transfer payments.....	3.0	5.3	3.5	11.8	20.9	14.2
Net interest paid by government.....	1.3	1.1	1.4	4.7	4.7	4.7
Dividends.....	2.5	1.9	1.8	8.2	8.1	8.1
Business transfer payments.....	.2	.2	.2	.7	.7	.7
Equals: Personal income.....	52.6	53.4	53.6	205.4	216.4	214.7

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 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.

Monthly averages for 1949 are shown in the March 1950 issue of the Survey of Current Business. Data subsequent to June 1950 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	1949						1950						
	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.	217.8			216.7			214.2			217.2			
Compensation of employees, total..... do	140.5			140.0			140.2			142.3			147.6
Wages and salaries, total..... do	134.2			133.6			133.6			135.2			140.2
Private..... do	114.0			113.0			112.7			114.3			119.2
Military..... do	4.2			4.3			4.6			4.5			4.5
Government civilian..... do	16.1			16.3			16.4			16.4			16.5
Supplements to wages and salaries..... do	6.3			6.4			6.6			7.1			7.4
Proprietors' and rental income, total ‡..... do	42.2			40.1			40.7			41.5			41.3
Business and professional..... do	21.1			20.7			20.6			21.4			22.3
Farm..... do	13.7			12.2			12.8			12.8			11.8
Rental income of persons..... do	7.4			7.2			7.3			7.3			7.2
Corporate profits and inventory valuation adjustment, total..... bil. of dol.	30.4			31.8			28.4			28.4			
Corporate profits before tax, total..... do	26.4			28.2			27.6			29.2			
Corporate profits tax liability..... do	10.0			10.8			10.6			11.4			
Corporate profits after tax..... do	16.4			17.3			16.9			17.8			
Inventory valuation adjustment..... do	3.9			3.7			.8			-.7			-2.3
Net interest..... do	4.7			4.8			4.8			5.0			5.0
Gross national product, total..... do	255.2			254.4			253.8			262.5			269.9
Personal consumption expenditures, total..... do	178.4			179.0			180.6			182.4			184.5
Durable goods..... do	23.0			24.7			25.3			26.9			26.7
Non-durable goods..... do	99.2			97.6			97.9			97.5			99.0
Services..... do	56.2			56.6			57.4			58.0			58.8
Gross private domestic investment..... do	31.3			32.1			31.2			40.5			45.9
New construction..... do	16.8			16.9			18.2			19.9			20.9
Producers' durable equipment..... do	19.8			19.4			18.7			19.3			21.6
Change in business inventories..... do	-5.3			-4.2			-5.7			1.3			3.4
Net foreign investment..... do	1.3			.1			-.7			-1.9			-2.0
Government purchases of goods and services, total..... bil. of dol.	44.3			43.2			42.8			41.4			41.4
Federal (less Government sales)..... do	26.6			25.1			24.3			22.6			22.6
State and local..... do	17.7			18.2			18.5			18.9			18.8
Personal income, total..... do	206.8			203.8			205.4			216.4			214.7
Less: Personal tax and nontax payments..... do	18.7			18.7			18.7			18.7			19.2
Equals: Disposable personal income..... do	188.2			185.1			186.8			197.7			195.5
Personal savings..... do	9.8			6.2			6.2			15.3			11.0
PERSONAL INCOME, BY SOURCE †													
Seasonally adjusted, at annual rates:													
Total personal income..... bil. of dol.	205.9	* 203.5	* 204.3	203.4	202.4	205.7	208.4	214.6	215.4	219.3	213.8	* 214.5	215.8
Wage and salary receipts, total..... do	131.6	131.4	131.3	131.6	130.3	131.3	132.9	132.2	131.5	133.6	135.3	* 137.7	138.9
Employer disbursements, total..... do	133.9	133.5	133.5	133.8	132.5	133.4	135.1	135.0	134.2	136.4	138.1	* 140.5	141.8
Commodity-producing industries..... do	56.4	56.0	56.3	56.4	54.8	55.5	57.0	56.7	55.8	57.7	59.1	* 60.9	62.3
Distributive industries..... do	39.6	39.4	39.4	39.4	39.0	39.0	39.3	39.5	39.3	39.6	39.7	* 40.1	40.1
Service industries..... do	17.5	17.4	17.3	17.4	17.8	17.8	17.8	17.9	18.1	18.1	18.2	* 18.5	18.5
Government..... do	20.4	20.7	20.5	20.6	20.9	21.1	21.0	20.9	21.0	21.0	21.1	* 21.0	20.9
Less employee contributions for social insurance..... bil. of dol.	2.3	2.1	2.2	2.2	2.2	2.1	2.2	2.8	2.7	2.8	2.8	2.8	2.9
Other labor income..... do	2.9	2.9	2.9	3.0	3.0	3.1	3.1	3.0	3.0	3.3	3.3	3.4	3.4
Proprietors' and rental income..... do	42.2	40.2	40.7	39.2	39.8	41.7	40.6	43.5	41.0	40.2	39.8	41.5	42.7
Personal interest income and dividends..... do	16.8	16.6	16.8	17.0	17.2	17.2	18.9	17.5	17.7	18.0	18.2	* 17.8	17.4
Total transfer payments..... do	12.4	12.4	12.6	12.6	12.1	12.4	12.9	18.4	22.2	24.2	17.2	14.1	13.4
Total nonagricultural income..... do	187.4	186.8	187.3	187.8	186.0	187.6	191.1	195.2	199.0	203.7	198.7	* 198.4	199.1
NEW PLANT AND EQUIPMENT EXPENDITURES													
All industries, quarterly total..... mil. of dol.													
Manufacturing..... do	4,660			4,370			4,630			3,700			4,530
Mining..... do	1,880			1,690			1,830			1,520			1,970
Railroad..... do	190			180			180			150			1,160
Other transportation..... do	380			310			300			230			1,300
Electric and gas utilities..... do	140			140			120			80			1,900
Commercial and miscellaneous..... do	780			790			890			650			1,850
	1,290			1,260			1,320			1,060			1,170

* Revised. † Estimates based on anticipated capital expenditures of business; estimates for July-September 1950 are shown on p. 2 of the June 1950 SURVEY.
 ‡ Revised series. Quarterly estimates of national income, gross national product, and personal income and monthly estimates of personal income have been revised beginning 1946; see pp. 28-35 of the July 1950 SURVEY for the revised figures.
 §Includes inventory valuation adjustment.
 ¶Personal saving is excess of disposable income over personal consumption expenditures shown as a component of gross national product above.