

income accounts for business and persons, so that their impact on these broad areas of the national economy can readily be traced back to the public policies and programs involved. In particular, it is important to note that transactions with business are measured in accordance with the accounting practices of business rather than those of government. Corporate taxes are reported on an accrual basis, for example; and, since this is a current account, borrowing and other capital-fund transactions are excluded.

The composition of transfers has already been indicated, and that of purchases is discussed below. The movements in the fourth line of the table stemmed mainly from the item of subsidies less enterprise surpluses, which has fluctuated irregularly with changes in postal, farm price support, and soil bank operations of the Federal Government.

Expansion in purchases

Purchases by the Federal, State, and local governments in the third quarter amounted to \$93½ billion, at annual rates, or one-fifth of the gross national product.

Total buying by these governments was off fractionally in the summer of 1957. The decline involved a downward reaction in national security spending from the 3-year high reached earlier in the year; and the non-Federal portion of the government total was held level at this time, as supply

difficulties temporarily checked the growth of construction outlays.

In each of the next three quarters, however, the government market expanded by \$1 billion to \$1½ billion, at annual rates. The advance last summer amounted to \$2½ billion.

The increases during the business downswing were principally in State and local expenditures. The Federal Government adopted a policy of expediting the award of supply contracts as a means of fighting recession, and noneconomic factors brought an increase in emphasis on military preparedness. The stretchout in production and delivery schedules could not be reversed immediately, however. Among other difficulties, the stepping up of the rate of purchases involved complicated technical problems arising, e. g., from the growing importance of revolutionary new types of weapons and power plants.

Defense purchases began to move up around midyear. Increased outlays for military personnel and for research and development have contributed to the expansion, which continued in the summer quarter.

Changes in defense procurement schedules begin to affect the national economy well in advance of the delivery dates concerned. Contract awards for military procurement fell off \$1½ billion in the summer of 1957, but had more than made up this drop by the opening quarter of 1958 and rose several billion further in the spring. One apparent consequence of this trend was the tapering, late in the winter,

Table 1.—Gross National Product, 1953-57, and First 3 Quarters, 1958

[Billions of dollars]

	1953	1954	1955	1956	1957	Seasonally adjusted at annual rates						
						1957				1958		
						I	II	III	IV	I	II	III
Gross national product	365.4	363.1	397.5	419.2	440.3	436.3	441.2	445.6	438.9	425.8	429.0	439.0
Personal consumption expenditure.....	232.6	238.0	256.9	269.4	284.4	279.8	282.5	288.3	287.2	286.2	288.3	291.5
Durable goods.....	32.9	32.4	39.6	38.4	39.9	40.2	39.5	40.4	39.6	36.3	35.6	36.1
Nondurable goods.....	118.0	119.3	124.8	131.4	138.0	135.5	137.1	140.5	138.8	139.8	141.4	142.9
Services.....	81.8	86.3	92.5	99.6	106.5	104.1	105.9	107.4	108.7	110.1	111.3	112.5
Gross private domestic investment.....	50.3	48.9	63.8	68.2	65.3	65.9	67.0	66.7	61.5	49.6	49.2	53.7
New construction.....	27.6	29.7	34.9	35.7	36.5	36.1	36.1	36.6	37.1	36.3	34.9	36.3
Residential nonfarm.....	13.8	15.4	18.7	17.7	17.0	17.2	16.5	16.9	17.6	17.1	16.2	17.9
Other.....	13.8	14.3	16.2	18.1	19.5	18.9	19.6	19.7	19.6	19.2	18.7	18.4
Producers' durable equipment.....	22.3	20.8	23.1	27.0	27.9	28.7	28.1	28.0	26.7	22.9	22.3	22.3
Change in business inventories, total.....	.4	-1.6	5.8	5.4	1.0	1.1	2.9	2.2	-2.3	-9.5	-8.0	-5.0
Nonfarm only.....	1.1	-2.1	5.5	5.9	.2	.6	2.0	1.3	-3.1	-9.3	-7.8	-5.4
Net foreign investment.....	-2.0	-.4	-.4	1.4	3.5	4.2	4.2	3.6	1.9	.5	.5	.5
Government purchases of goods and services.....	84.4	76.6	77.1	80.3	87.1	86.4	87.5	87.0	88.3	89.5	90.9	93.3
Federal.....	59.5	48.9	46.8	47.1	50.8	50.5	51.5	50.9	50.5	50.9	51.9	53.4
National security.....	51.5	43.0	41.3	42.5	46.5	45.8	47.4	46.9	46.0	45.6	46.0	46.6
National defense.....	49.3	41.2	39.1	40.3	44.3	43.7	44.9	44.9	43.9	43.7	44.1	44.5
Other national security.....	2.3	1.9	2.2	2.2	2.2	2.1	2.5	2.0	2.1	1.9	2.0	2.1
Other.....	8.4	6.2	5.9	5.0	4.8	5.1	4.5	4.5	5.0	5.7	6.2	7.2
Less: Government sales.....	.4	.4	.4	.4	.5	.4	.4	.5	.5	.4	.4	.4
State and local.....	24.9	27.7	30.3	33.1	36.3	35.9	36.0	36.1	37.8	38.6	39.1	39.9

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

Monthly BUSINESS STATISTICS



THE STATISTICS here are a continuation of the data published in the 1957 edition of BUSINESS STATISTICS, biennial Statistical Supplement to the SURVEY OF CURRENT BUSINESS. That volume (price \$2) contains monthly (or quarterly) data for the years 1953 through 1956 and monthly averages for all years back to 1929 insofar as available; it also provides a description of each series and references to sources of monthly figures prior to 1953. Series added or significantly revised since publication of the 1957 BUSINESS STATISTICS are indicated by an asterisk (*) and a dagger (†), respectively; certain revisions for 1956 issued too late for inclusion in the aforementioned volume appear in the monthly SURVEY beginning with the July 1957 issue. Except as otherwise stated, the terms "unadjusted" and "adjusted" refer to adjustment for seasonal variation.

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[Averages for the year 1957 are provided in the May 1958 issue of the SURVEY]

Unless otherwise stated, statistics through 1956 and descriptive notes are shown in the 1957 edition of BUSINESS STATISTICS	1957				1958								
	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.	368.7			361.5			350.6			352.4				
Compensation of employees, total..... do	257.3			254.8			250.9			250.7			255.3	
Wages and salaries, total..... do	240.5			238.0			234.4			234.2			238.4	
Private..... do	199.9			197.4			192.7			191.8			195.0	
Military..... do	9.8			9.5			9.4			9.6			10.0	
Government civilian..... do	30.8			31.1			32.3			32.8			33.4	
Supplements to wages and salaries..... do	16.8			16.8			16.5			16.4			16.9	
Proprietors' and rental income, total ² do	55.5			55.0			55.3			56.2			56.6	
Business and professional ³ do	31.7			31.3			30.6			30.7			31.1	
Farm..... do	11.8			11.5			12.6			13.4			13.3	
Rental income of persons..... do	12.0			12.2			12.1			12.1			12.2	
Corporate profits and inventory valuation adjustment, total..... bil. of dol.	43.1			38.8			31.3			32.5				
Corporate profits before tax, total..... do	44.2			39.9			31.7			32.0				
Corporate profits tax liability..... do	22.0			19.9			16.1			16.3				
Corporate profits after tax..... do	22.1			20.0			15.5			15.7				
Inventory valuation adjustment..... do	-1.1			-1.1			-3			5			.2	
Net interest..... do	12.8			12.9			13.0			13.1			13.2	
Gross national product, total..... do	445.6			438.9			425.8			429.0			439.0	
Personal consumption expenditures, total..... do	288.3			287.2			286.2			288.3			291.5	
Durable goods..... do	40.4			39.6			36.3			35.6			36.1	
Nondurable goods..... do	140.5			138.8			139.8			141.4			142.9	
Services..... do	107.4			108.7			110.1			111.3			112.5	
Gross private domestic investment, total..... do	66.7			61.5			49.6			49.2			53.7	
New construction..... do	36.6			37.1			36.3			34.9			36.3	
Producers' durable equipment..... do	28.0			26.7			22.9			22.3			22.3	
Change in business inventories..... do	2.2			-2.3			-9.5			-8.0			-5.0	
Net foreign investment..... do	3.6			1.9			.5			.5			.5	
Government purchases of goods and services, total..... bil. of dol.	87.0			88.3			89.5			90.9			93.3	
Federal (less Government sales)..... do	50.9			50.5			50.9			51.9			53.4	
National security ⁴ do	46.9			46.0			45.6			46.0			46.6	
State and local..... do	36.1			37.8			38.6			39.1			39.9	
Personal income, total..... do	351.8			349.7			347.3			349.8			357.5	
Less: Personal tax and nontax payments..... do	43.1			43.0			42.3			42.3			43.5	
Equals: Disposable personal income..... do	308.7			306.8			305.0			307.5			314.0	
Personal saving ⁵ do	20.4			19.6			18.8			19.2			22.5	
PERSONAL INCOME, BY SOURCE														
Seasonally adjusted, at annual rates: †														
Total personal income..... bil. of dol.	351.4	350.6	350.2	348.4	348.2	346.4	347.1	348.1	349.9	352.0	¹ 354.2 ¹ 358.8	356.1	^r 357.8	357.5
Wage and salary disbursements, total..... do	240.2	238.6	238.0	237.3	235.1	233.2	232.6	232.0	233.1	235.8	¹ 242.2	238.5	^r 239.4	238.6
Commodity-producing industries..... do	102.4	101.5	101.0	99.8	99.8	95.6	95.3	95.0	95.6	96.6	97.1	97.7	^r 98.4	97.5
Distributive industries..... do	64.2	63.5	63.6	63.7	63.5	63.4	62.9	62.4	62.6	63.3	63.5	63.6	^r 63.6	63.7
Service industries..... do	32.9	32.9	32.9	33.2	33.1	33.2	33.3	33.4	33.4	33.6	33.7	33.8	^r 33.9	33.9
Government..... do	40.7	40.7	40.5	40.6	40.7	41.0	41.1	41.2	41.5	42.4	¹ 48.0	43.4	^r 43.5	43.6
Other labor income..... do	9.1	9.2	9.2	9.2	9.1	9.0	8.9	8.9	8.9	8.9	9.0	9.1	^r 9.2	9.2
Proprietors' and rental income..... do	55.4	55.1	54.8	55.2	55.1	55.3	55.7	56.1	56.5	56.2	56.3	56.6	^r 57.0	57.4
Personal interest income and dividends..... do	31.8	31.8	31.8	30.0	31.8	31.8	31.7	31.7	31.7	31.8	31.8	31.9	^r 31.9	32.0
Transfer payments..... do	21.5	22.6	23.0	23.3	23.9	23.8	24.8	26.1	26.4	26.0	26.5	26.8	^r 27.0	26.9
Less personal contributions for social insurance..... bil. of dol.	6.6	6.6	6.6	6.6	6.7	6.7	6.6	6.6	6.7	6.7	7.0	6.8	^r 6.8	6.7
Total nonagricultural income..... do	336.1	335.7	335.2	333.0	332.5	330.1	330.5	331.0	332.4	335.1	¹ 342.0	339.2	^r 340.9	340.5

^r Revised. ¹ Italicized total excludes and other footnoted figures include lump-sum retroactive salary payments to Federal employees; disbursements of \$380 million multiplied by 12 (to put on annual rate basis) amounted to \$4.6 billion. ² Revised series. Estimates of national income and product and personal income have been revised back to 1946; revisions beginning 1946 appear on pp. 12 ff. of the July 1958 SURVEY. ³ Includes inventory valuation adjustment. ⁴ Government sales are not deducted. ⁵ Personal saving is excess of disposable income over personal consumption expenditures shown as a component of gross national product above.