

with the goods portion down and services up. Consumer prices moved up a little, with the overall movement the result of divergent tendencies again in the markets for commodities and services.

Increases have continued in shelter outlays, coming from the improved supply of housing and the rise in rents, and in such associated items as telephone and utility services. Volume gains as well as some price advances have occurred in these areas of demand.

### Drop in durables

Purchases of consumer durable goods were reduced by 4 percent, almost \$2 billion at an annual rate, in the third quarter, as auto buying fell back from its poststrike peak while furniture and appliance sales moved downward for the third consecutive quarter.

The decrease in purchasing of new cars was the major element in the lowering of durables spending. Allowances for seasonal variation cannot be precise, particularly as last summer's auto market was influenced by the unusually early changeover to the new models and by the prospect of additional lines of compact cars to be introduced in the fall. It appears, however, that consumer auto purchases in the third

quarter approximated a seasonally adjusted annual rate between \$17 and \$18 billion. This was a billion or two under the highs established in the first half of the year, which had owed something to the poststrike backlog of demand.

The easing in sales of household durables since 1960 opened has been more noticeable in major appliances than in furniture. The course of demand in these markets is affected by changes in the rate at which new houses are being completed and occupied.

Several of the principal shifts in consumer buying since midyear have been of types which are often accompanied by short-run changes in the flow of saving. The decline in spending for durable goods was reflected in a slowing of consumer credit expansion and some lessening of pressure on the liquid asset position of consumers. Changes in buying of items of longer life among the nondurables, such as clothing, probably have a similar though less marked effect; and on several occasions changes in food costs have also been associated with inverse movements in consumer saving.

Lessened buying with income maintained resulted in an advanced rate of saving in the third quarter, though in relation to disposable income it is still

not much higher than the average rates of 1951-53 and 1956-58.

### Fixed Investment and Inventories

The largest change in the third quarter came from the shift in business inventory policy, with a resultant cessation of the earlier strong demand from this source. Producers' equipment outlays and private construction activity were little changed.

Residential building continued to move down. A moderate easing of interest rates has occurred, but lead series such as permits issued and applications for FHA and VA backing indicated little if any strengthening of demand.

Outlays for current residential work are now off about one-tenth from the high reached in the spring of 1959, and the cut in the number of housing units started has been more pronounced. The decrease centered mainly in one-family dwellings, as apartment-building activity has not declined so much and is strong in comparison with earlier postwar years.

### Fixed investment high

Business fixed investment approached a seasonally adjusted annual rate of \$50 billion in the third quarter. This important segment is \$10 billion higher,

Table 10.—Gross National Product In Current and Constant Dollars (1-3, 1-5)

[Seasonally adjusted at annual rates]

	Billions of current dollars								Billions of 1954 dollars							
	1957	1958	1959	1959		1960			1957	1958	1959	1959		1960		
				III	IV	I	II	III				III	IV	I	II	III
<b>Gross national product</b> .....	442.8	444.2	482.1	481.4	486.4	501.3	505.0	503.5	408.6	401.0	428.0	426.3	429.1	440.5	442.2	438.0
<b>Personal consumption expenditures</b> .....	285.2	293.5	313.8	316.0	319.6	323.3	329.0	328.3	271.2	273.6	289.4	290.8	292.8	294.8	298.3	296.9
Durable goods.....	40.4	37.3	43.4	44.0	43.5	44.2	44.5	42.7	38.5	35.6	40.8	41.2	41.1	41.8	41.9	40.2
Nondurable goods.....	137.7	142.0	147.6	148.0	149.6	150.5	153.5	152.7	132.6	133.7	139.3	139.5	140.5	141.1	143.2	142.3
Services.....	107.1	114.2	122.8	124.1	126.6	128.6	130.9	132.9	100.1	104.3	109.3	110.1	111.2	112.0	113.3	114.4
<b>Gross private domestic investment</b> .....	66.1	56.0	72.0	67.5	70.8	79.3	75.5	70.8	58.1	48.3	60.9	56.7	59.4	66.2	62.8	58.6
New construction.....	36.1	35.4	40.3	41.1	39.4	40.8	40.7	40.5	31.8	31.0	34.4	35.0	33.4	34.0	33.8	33.6
Residential nonfarm.....	17.0	18.0	22.3	22.6	21.3	21.4	21.3	21.1	15.3	16.2	19.4	19.6	18.3	18.3	18.2	18.0
Other.....	19.0	17.4	18.0	18.5	18.1	19.3	19.4	19.5	16.5	14.9	15.0	15.4	15.0	15.7	15.6	15.6
Producers' durable equipment.....	28.5	23.1	25.8	26.5	26.8	27.1	29.5	29.7	24.6	19.4	21.3	21.7	22.2	22.4	24.2	24.4
Change in business inventories.....	1.6	-2.5	5.9	-1	4.7	11.4	5.3	.6	1.6	-2.2	5.2	.0	3.8	9.8	4.8	.6
Nonfarm.....	.8	-3.6	5.4	-1.5	4.3	11.0	5.0	.3	.7	-3.1	4.9	-1	4.0	9.4	4.5	.3
<b>Net exports of goods and services</b> .....	4.9	1.2	-1.0	-1.2	-1.4	1.2	2.0	3.7	3.8	-1.2	-2.4	-1.7	-1.5	-1	.7	2.2
Exports.....	26.2	22.7	22.9	24.0	23.5	25.2	26.4	27.3	24.4	21.4	21.9	23.1	22.5	23.8	25.2	25.8
Imports.....	21.3	21.5	23.8	24.2	23.9	23.9	24.4	23.5	20.6	21.6	24.3	24.8	24.0	24.0	24.5	23.6
<b>Government purchases of goods and services</b> .....	86.5	93.5	97.1	98.1	96.4	97.5	98.6	100.7	75.5	79.3	80.2	80.5	78.5	79.6	80.3	80.3
Federal.....	49.7	52.6	53.3	53.6	52.5	51.8	51.7	52.7	43.2	44.5	43.6	43.5	42.3	41.8	41.8	41.2
National defense.....	44.4	44.8	46.0	46.1	45.5	44.9	44.7	45.1	.....	.....	.....	.....	.....	.....	.....	.....
Other.....	5.7	8.3	7.8	8.0	7.5	7.5	7.6	8.2	.....	.....	.....	.....	.....	.....	.....	.....
Less: Government sales.....	.4	.5	.5	.5	.5	.5	.6	.6	.....	.....	.....	.....	.....	.....	.....	.....
State and local.....	36.8	40.8	43.9	44.5	43.9	45.7	46.9	48.0	32.2	34.8	36.6	37.0	36.2	37.8	38.6	39.1

was nearly, but not quite, offset by continued strong advances in consumer demand and in non-Federal Government buying. With Federal outlays turning up quickly and expansion continuing in other markets, new highs in total demand were soon being recorded.

### Construction demand strong

Demand for construction has up to now mitigated the severity of the post-war business declines and spurred the recoveries, partly as a result of Gov-

ernment actions. From early 1956 through early 1958 construction volume showed little change in total, and at the GNP trough it was slightly higher than it had been at the peak of general business 2 quarters earlier. It turned strongly upward in the middle of 1958, providing considerable support to the overall economic recovery, as direct governmental action in this field and the move of the Reserve authorities towards general credit ease combined to make effective a rise in real demand.

Government construction outlays increased throughout the period. Federal steps to make more housing credit available were quickly reflected in the pace of residential building, which had been tapering before the business downturn, but leveled thereafter and moved vigorously up in the summer of 1958. Business investment in construction declined moderately at the end of 1957 and then sharply during most of 1958; recovery did not get underway until 1959.

Table 4.—Gross National Product By Major Type of Product, in Constant Dollars

(Billions of 1954 dollars, seasonally adjusted, at annual rates)

	Total GNP	Final sales	Inventory change	Goods output									Services	Construction
				Total	Final sales	Inventory change	Durable goods			Nondurable goods				
							Total	Final sales	Inventory change	Total	Final sales	Inventory change		
1947: I	278.4	277.8	0.6	161.3	160.7	0.6	54.5	52.4	2.1	106.8	108.3	-1.5	94.2	22.9
II	280.4	280.9	- .5	163.4	163.9	- .5	55.9	54.0	1.9	107.5	109.9	-2.4	94.5	22.5
III	282.9	285.4	-2.5	163.2	165.7	-2.5	59.0	55.2	3.8	104.2	110.6	-6.3	95.3	24.4
IV	287.2	285.2	2.0	165.3	163.3	2.0	55.8	55.4	.3	109.5	107.9	1.6	94.9	27.0
1948: I	286.4	283.7	2.7	164.5	161.8	2.7	54.1	53.9	.2	110.4	107.9	2.5	95.0	26.9
II	293.3	288.4	4.9	168.0	163.1	4.9	55.5	54.8	.7	112.5	108.3	4.3	96.8	28.5
III	295.6	289.8	5.8	169.1	163.3	5.8	55.8	54.7	1.2	113.2	108.6	4.7	97.6	28.9
IV	297.3	293.2	4.1	169.4	165.4	4.1	56.2	54.9	1.3	113.3	110.5	2.8	99.6	28.2
1949: I	291.5	292.0	- .4	164.0	164.5	- .4	52.5	52.0	.4	111.6	112.5	- .9	99.4	28.1
II	290.3	296.3	-6.0	161.4	167.4	-6.0	50.0	54.9	-4.8	111.4	112.5	-1.2	100.3	28.5
III	295.6	297.6	-2.0	163.7	165.7	-2.0	55.3	55.5	-.2	108.4	110.2	-1.8	101.8	30.1
IV	293.0	299.1	-6.0	160.0	166.0	-6.0	49.5	54.7	-5.2	110.5	111.4	- .8	101.2	31.8
1950: I	302.7	300.0	2.7	166.7	164.1	2.7	53.8	54.5	- .8	113.0	109.5	3.4	102.7	33.3
II	312.0	306.6	5.4	173.1	167.7	5.4	62.0	57.8	4.2	111.1	109.9	1.2	103.7	35.2
III	325.6	320.4	5.2	183.9	178.7	5.2	71.3	68.5	2.8	112.6	110.2	2.4	105.4	36.2
IV	331.6	316.1	15.5	186.9	171.4	15.5	74.9	63.4	11.6	111.9	108.0	3.9	108.4	36.3
1951: I	334.0	324.0	10.0	187.2	177.2	10.0	71.5	66.3	5.2	115.7	110.9	4.8	110.2	36.6
II	340.0	325.6	14.5	190.1	175.6	14.5	75.3	64.5	10.8	114.8	111.1	3.6	113.7	36.2
III	346.3	336.5	9.8	194.6	184.8	9.8	77.4	68.2	9.2	117.3	116.6	.6	116.0	35.8
IV	346.9	342.4	4.5	194.5	190.0	4.5	74.1	70.5	3.6	120.4	119.4	.9	116.8	35.6
1952: I	349.6	345.0	4.6	194.4	189.8	4.6	75.0	71.7	3.3	119.4	118.1	1.3	118.9	36.3
II	349.3	352.0	-2.7	192.3	195.0	-2.7	73.7	75.5	-1.8	118.6	119.5	-.9	120.1	36.9
III	352.6	348.9	3.8	196.0	192.2	3.8	71.0	70.5	.5	124.9	121.7	3.2	119.9	36.8
IV	362.3	357.4	4.9	204.5	199.6	4.9	80.6	77.8	2.8	123.9	121.8	2.1	120.3	37.5
1953: I	368.9	366.4	2.6	208.6	206.1	2.6	82.7	79.2	3.5	125.9	126.9	-1.0	121.5	38.8
II	373.2	370.0	3.2	211.7	208.5	3.2	83.0	80.7	2.2	128.7	127.7	1.0	122.9	38.7
III	370.2	369.4	.7	208.5	207.8	.7	83.3	80.9	2.4	125.2	126.9	-1.7	123.0	38.7
IV	363.9	368.5	-4.6	202.1	206.6	-4.6	74.4	78.7	-4.2	127.6	128.0	-.3	122.7	39.1
1954: I	360.4	362.9	-2.5	197.8	200.4	-2.5	72.3	75.8	-3.5	125.5	124.6	.9	122.7	39.9
II	359.4	362.3	-2.9	194.9	197.8	-2.9	70.5	74.5	-4.0	124.4	123.2	1.2	123.8	40.7
III	362.1	364.1	-2.0	195.7	197.7	-2.0	70.2	72.6	-2.5	125.6	125.1	.5	124.2	42.1
IV	370.1	369.2	.8	201.1	200.3	.8	73.1	73.3	-.2	128.0	127.0	1.0	125.5	43.5
1955: I	382.2	377.5	4.7	208.1	203.4	4.7	78.7	76.8	1.9	129.4	126.6	2.8	128.8	45.3
II	389.5	383.0	6.5	214.4	207.8	6.5	82.9	78.7	4.2	131.4	129.1	2.4	129.2	45.9
III	397.5	391.5	6.0	220.8	214.8	6.0	84.8	82.6	2.2	136.0	132.2	3.8	131.0	45.7
IV	401.1	394.0	7.1	224.2	217.1	7.1	85.9	82.4	3.5	138.3	134.7	3.6	131.6	45.3
1956: I	398.8	393.0	5.8	222.1	216.3	5.8	87.1	82.3	4.8	134.9	134.0	.9	132.8	43.9
II	398.9	394.8	4.1	220.9	216.8	4.1	84.3	82.0	2.3	136.6	134.8	1.8	133.7	44.3
III	400.2	396.2	3.9	219.5	215.6	3.9	82.7	81.9	.8	136.9	133.7	3.2	136.6	44.0
IV	405.5	401.5	4.0	223.2	219.2	4.0	85.6	82.8	2.8	137.6	136.4	1.2	138.8	43.5
1957: I	409.6	407.1	2.5	226.5	224.0	2.5	86.6	85.4	1.2	139.8	138.5	1.3	138.9	44.2
II	410.0	407.2	2.8	225.2	222.4	2.8	87.6	85.5	2.0	137.6	136.9	.7	140.8	43.9
III	411.0	408.7	2.3	224.6	222.3	2.3	87.3	85.2	2.2	137.2	137.1	.1	142.7	43.8
IV	403.8	404.8	-1.0	217.2	218.2	-1.0	80.3	81.9	-1.6	136.9	136.3	.6	142.4	44.2
1958: I	391.6	397.9	-6.2	205.5	211.7	-6.2	69.6	75.9	-6.3	135.9	135.8	.1	142.1	44.0
II	394.6	398.7	-4.1	207.1	211.2	-4.1	69.4	73.6	-4.2	137.7	137.7	.1	144.5	43.0
III	403.1	404.4	-1.3	212.7	214.0	-1.3	71.0	72.5	-1.5	141.7	141.5	.2	146.3	44.0
IV	414.3	411.4	2.9	219.5	216.6	2.9	76.0	74.7	1.3	143.5	141.9	1.6	148.3	46.5
1959: I	422.9	416.1	6.8	225.4	218.6	6.8	81.7	76.9	4.9	143.7	141.8	2.0	148.6	48.9
II	434.2	424.1	10.1	233.7	223.6	10.1	87.1	80.2	6.9	146.6	143.4	3.2	150.7	49.8
III	426.3	426.3	-.0	225.2	225.2	-.0	78.5	81.1	-2.6	146.7	144.1	2.6	152.5	48.6
IV	429.1	425.3	3.8	228.8	225.0	3.8	81.2	79.8	1.4	147.7	145.2	2.4	154.6	45.7
1960: I	440.5	430.7	9.8	237.5	227.7	9.8	88.7	80.4	8.3	148.8	147.3	1.5	155.6	47.4
II	442.2	437.4	4.8	237.1	232.3	4.8	85.3	82.6	2.7	151.8	149.6	2.2	157.4	47.6
III	438.0	437.4	.6	231.5	230.9	.6	81.4	81.5	- .1	150.1	149.4	.7	158.8	47.7

Paralleling the 1957 experience, construction outlays were firm after the peak in general business in both 1948-49 and 1953-54, total expenditures remaining about unchanged during the following half year in each case. In

the two earlier postwar recessions, construction activity then rose rapidly and was a substantial expansionary element in the economy.

As in the more recent period, its general strength reflected the basic

uptrend in government purchasing and firmness followed by rapid expansion in residential building as the Federal authorities took affirmative action. Earlier the backlog and legacy of the war had been factors.

## National Product and Income

(Continued from page 12)

The recent course of the various types of personal income is traced in table 11, and quarterly changes so far this year are summarized on a national income basis in the accompanying text table.

### Income from corporate business

The production declines which took place were largely in areas such as manufacturing, metal mining, and rail transportation, where the corporate form of business organization is the rule. A number of the areas where expansion occurred, by contrast, are largely or entirely outside the corporate sphere. Government, for example, provided much of the increase over the second quarter in total compensation of employees.

This pattern of change in the industrial composition of the national income was not favorable to corporate business, and meant more pressure on profit margins, which moved lower. From present indications there was a substantial reduction in profits, though data are not available to measure its size. Marked declines in profits and margins are reported for primary metals, auto manufacturing and chemicals, among other industries.

### Pattern of payroll rise

Strength in the wage and salary component of national income since midyear has been mainly a reflection of developments in government and other lines which are more influenced by the growth trend in the national economy than by short-term market fluctuations. Underlying the \$2-billion increase in the annual payroll rate for the summer quarter was a \$1-billion dip in manufacturing, mining, and railroads, more than offset by increases of \$3 billion elsewhere. Of the latter total, the Federal Government accounted for \$1 billion—mostly reflecting the recent pay increase—and State and local governments provided \$½ billion. Most of the remainder came from trade, construction, and services, in roughly equal proportions; minor advances also occurred in finance and communications. In the majority of these industries, the flow of labor income continued strong from month to month during the third quarter.

The decline in manufacturing was sharpest in those durables industries for which production cutbacks have been noted in the analysis elsewhere in this

issue. Among the nondurables, wage and salary payments reflected some tapering in employment and hours worked in food, textile and certain other lines.

Table 17.—Changes in National Income, 1960

	Change from preceding quarter at seasonally adjusted annual rates		
	I	II	III
	(Billions of dollars)		
<b>National income, total.....</b>	<b>11.6</b>	<b>4.9</b>	<b>n. a.</b>
Wages and salaries:			
Private.....	6.5	3.4	0.5
Government.....	.7	1.0	1.4
Supplements to wages and salaries.....	1.4	.4	.4
Interest income.....	.9	.8	.6
Proprietors' and rental income.....	-.3	2.0	.2
Corporate profits and inventory valuation adjustment.....	2.5	-2.6	n. a.

The factors responsible for payroll change were somewhat different after midyear than before. Overall—and in most of the individual industries for which data are available—shifts in employment and weekly hours played a neutral or negative role; expansion stemmed from pay increases.

# Monthly BUSINESS STATISTICS



THE STATISTICS here are a continuation of the data published in the 1959 edition of BUSINESS STATISTICS, biennial Statistical Supplement to the SURVEY OF CURRENT BUSINESS. That volume (price \$2.25) contains monthly (or quarterly) data for the years 1955 through 1958 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 1955. Series added or significantly revised since publication of the 1959 BUSINESS STATISTICS are indicated by an asterisk (\*) and a dagger (†), respectively; certain revisions for 1958 issued too late for inclusion in the aforementioned volume appear in the monthly SURVEY beginning with the July 1959 issue. Except as otherwise stated, the terms "unadjusted" and "adjusted" refer to adjustment for seasonal variation.

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Unless otherwise stated, statistics through 1958 and descriptive notes are shown in the 1959 edition of BUSINESS STATISTICS	1959				1960									
	September	October	November	December	January	February	March	April	May	June	July	August	September	October

## GENERAL BUSINESS INDICATORS

NATIONAL INCOME AND PRODUCT†														
Seasonally adjusted quarterly totals at annual rates: ‡														
National income, total.....bil. of dol.	399.4			402.8			414.4			419.4				
Compensation of employees, total.....do.	279.5			281.6			290.2			295.0			297.2	
Wages and salaries, total.....do.	259.7			261.5			268.7			273.1			274.9	
Private.....do.	214.2			215.6			222.1			225.5			226.0	
Military.....do.	9.9			9.8			9.9			10.0			10.1	
Government civilian.....do.	35.7			36.1			36.7			37.6			38.8	
Supplements to wages and salaries.....do.	19.8			20.1			21.5			21.9			22.3	
Proprietors' income, total§.....do.	46.1			46.3			46.0			48.1			48.3	
Business and professional§.....do.	35.0			35.1			35.4			36.0			36.1	
Farm.....do.	11.1			11.2			10.6			12.1			12.2	
Rental income of persons.....do.	12.4			12.5			12.5			12.5			12.5	
Corporate profits and inventory valuation adjustment, total.....bil. of dol.	44.9			45.5			48.0			45.3				
Corporate profits before tax, total.....do.	45.3			44.8			48.8			45.7				
Corporate profits tax liability.....do.	22.3			22.1			23.8			22.3				
Corporate profits after tax.....do.	22.9			22.7			25.0			23.4				
Inventory valuation adjustment.....do.	- .4			.7			- .8			- .4				
Net interest.....do.	16.5			16.9			17.8			18.5			19.1	
Gross national product, total.....do.	481.4			486.4			501.3			505.0			503.5	
Personal consumption expenditures, total.....do.	316.0			319.6			323.3			329.0			328.3	
Durable goods.....do.	44.0			43.5			44.2			44.5			42.7	
Nondurable goods.....do.	148.0			149.6			150.5			153.5			152.7	
Services.....do.	124.1			126.6			128.6			130.9			132.9	
Gross private domestic investment, total.....do.	67.5			70.8			79.3			75.5			70.8	
New construction.....do.	41.1			39.4			40.8			40.7			40.5	
Producers' durable equipment.....do.	26.5			26.8			27.1			29.5			29.7	
Change in business inventories.....do.	- .1			4.7			11.4			5.3			.6	
Net exports of goods and services.....do.	- .2			- .4			1.2			2.0			3.7	
Exports.....do.	24.0			23.5			25.2			26.4			27.3	
Imports.....do.	24.2			23.9			23.9			24.4			23.5	
Government purchases of goods and services, total.....bil. of dol.	98.1			96.4			97.5			98.6			100.7	
Federal (less Government sales).....do.	53.6			52.5			51.8			51.7			52.7	
National defense §.....do.	46.1			45.5			44.9			44.7			45.1	
State and local.....do.	44.5			43.9			45.7			46.9			48.0	
Personal income, total.....do.	384.8			389.0			396.2			404.2			408.0	
Less: Personal tax and nontax payments.....do.	46.3			46.5			49.2			50.0			50.5	
Equals: Disposable personal income.....do.	338.5			342.4			347.0			354.1			357.5	
Personal saving §.....do.	22.5			22.8			23.7			25.2			29.2	
GNP in constant (1954) dollars														
Gross national product, total.....bil. of dol.	426.3			429.1			440.5			442.2			438.0	
Personal consumption expenditures, total.....do.	290.8			292.8			294.8			298.3			296.9	
Durable goods.....do.	41.2			41.1			41.8			41.9			40.2	
Nondurable goods.....do.	139.5			140.5			141.1			143.2			142.3	
Services.....do.	110.1			111.2			112.0			113.3			114.4	
Gross private domestic investment, total.....do.	56.7			59.4			66.2			62.8			58.6	
New construction.....do.	35.0			33.4			34.0			33.8			33.6	
Producers' durable equipment.....do.	21.7			22.2			22.4			24.2			24.4	
Change in business inventories.....do.	.0			3.8			9.8			4.8			.6	
Net exports of goods and services.....do.	-1.7			-1.5			- .1			.7			2.2	
Government purchases of goods and services, total.....bil. of dol.	80.5			78.5			79.6			80.3			80.3	
Federal.....do.	43.5			42.3			41.8			41.8			41.2	
State and local.....do.	37.0			36.2			37.8			38.6			39.1	

\*Revised. †Revised series. Estimates of national income and product and personal income have been revised back to 1957; revisions prior to the 2d quarter 1959 (and prior to May 1959 for personal income) appear on pp. 8 ff. of the July 1960 SURVEY. §Includes inventory valuation adjustment. ¶Government sales are not deducted. §Personal saving is excess of disposable income over personal consumption expenditures shown as a component of gross national product above.