

PERSONAL INCOME AND ITS DISPOSITION

Personal income rose by \$645 million or 7% from 1946 to 1947, a considerably higher percentage increase in wages, salaries, farm incomes and other forms of personal earnings being offset by sharp reductions in military pay and allowances and veterans' benefits. Transfer payments to persons by all governments, such as family allowances, old age pensions, veterans' benefits and unemployment payments, formed about 8% of personal income during 1947 as against about 6% in 1939, despite the decline in non-recurring payments to veterans which were at their peak in 1946.

TABLE 3
SOURCES OF PERSONAL INCOME

	1939	1944	1946	Prelim. 1947
(MILLIONS OF DOLLARS)				
1. Salaries, wages and supplementary labour income.. Deduct: Employer and employee contribution to social ins. and govt. pension funds....	2,565 -35	4,869 -134	5,195 -145	6,111 -165
2. Military pay and allowances.....	32	1,068	340	83
3. Net income of agriculture and other unincorporated business.....	901	1,904	2,065	2,308
4. Interest, dividends and net rental income of persons.	564	783	877	937
5. Transfer payments to persons (excluding interest)				
(a) from government.....	250	264	1,123	826
(b) charitable contributions made by corpora- tions.....	6	11	10	10
6. Personal Income (1+2+3+4+5).....	4,283	8,765	9,465	10,110

Whereas personal income increased by \$645 million from 1946 to 1947, direct taxes fell by \$10 million, leaving an additional \$655 million for spending or saving. In fact, personal expenditure on goods and services rose by \$1,024 million, reflecting the increased availability of durables like automobiles and household appliances as well as higher prices. Accordingly, personal saving out of the year's income declined by \$369 million between 1946 and 1947.

TABLE 4
DISPOSITION OF PERSONAL INCOME

	1939	1944	1946	Prelim. 1947
(MILLIONS OF DOLLARS)				
1. Personal direct taxes ⁽¹⁾				
(a) income taxes.....	61	771	711	694
(b) succession duties.....	28	40	54	61
(c) miscellaneous.....	32	25	31	31
Total direct taxes.....	121	836	796	786
2. Personal expenditure on consumer goods and services—				
(a) goods.....	2,477	4,309	5,518	6,371
(b) services.....	1,407	1,895	2,200	2,395
(c) net expenditure abroad.....	-56	49	-6	-30
Total personal expenditure.....	3,828	6,253	7,712	8,736
3. Personal saving—				
(a) personal saving excluding farm inventories...	274	1,800	998	688
(b) net changes in farm inventories.....	60	-124	-41	-100
Total personal saving.....	334	1,676	957	588
4. Personal Income (1+2+3).....	4,283	8,765	9,465	10,110

(1) Tax collections excluding \$76 million estimated refundable income and excess profits tax in 1944.